



EXHIBIT 4 – OPERATING EXPENSES

2027 Cost of Service

Ottawa River Power Corporation
EB-2026-0066

TABLE OF CONTENTS

4.1 Overview.....	4
4.1.1 Overview	4
4.2 Summary & Cost Driver Tables.....	15
4.2.1 Summary of Cost Drivers.....	15
Operations	18
Maintenance	21
Billing and collecting.....	23
Administration.....	25
4.3 OM&A Variance Analysis	28
4.3.1 Actual vs Inflation.....	34
4.3.2 Program Variances and Descriptions.....	35
4.4 Workforce Planning and Employee Compensation.....	36
4.4.1 Compensation - Non-Union/Union.....	37
4.4.2 Pension and Benefits.....	39
4.4.3 Compensation and Full-Time Equivalents.....	39
4.4.4 Post-Employment Retirement Benefits (OPEBs)	44
4.4.5 Staffing and Compensation Strategy.....	46
4.5 Shared Services & Corporate Cost Allocation	47
4.6 Purchases of Non-Affiliate Services	54
4.6.1 Non-Affiliate Services	54
4.7 Regulatory Costs	57
4.8 LEAP, Charitable & Political Donations.....	59
4.9 Costs of Non-Wires Solutions & Conservation and Demand Management.....	61
4.9.1 Funding Options for Future Non-Wires Solutions.....	61
4.10 Appendices	62
4.10.1 Appendix 4A – Shared Services Agreement	63
4.10.2 Appendix 4B – Actuarial Valuation Report.....	64

LIST OF TABLES

1	Table 1 - Total OM&A.....	6
2	Table 2 – Appendix 2-JA OM&A.....	6
3	Table 3 – Appendix 2-JA Year over Year Variances.....	7
4	Table 4 – Appendix 2-JD OM&A by USofA Account Table.....	10
5	Table 5 - Appendix 2-JB – Recoverable OM&A Cost Driver Table.....	16
6	Table 6 – 2022 Actual vs. 2022 Board Approved	29
7	Table 7 - 2023 Actual vs. 2022 Actual	29
8	Table 8 - 2024 Actual vs. 2023 Actual	30
9	Table 9 - 2025 Actual vs. 2024 Actual	30
10	Table 10 – 2026 Bridge vs. 2025 Actual.....	31
11	Table 11 – 2027 Test vs. 2026 Bridge	31
12	Table 12 – PEG Actual vs Predicted Costs.....	33
13	Table 13 – OEB Appendix 2-L Recoverable OM&A Cost per Customer and FTE	33
14	Table 14 – 2027-2027 Inflationary Increase	34
15	Table 15 – OEB Appendix 2-K – Employee Compensation	41
16	Table 16 – Employee FTE Count by Position	42
17	Table 17 – Salaries and Wages and Benefits Variances.....	43
18	Table 18 – Post Employment Benefits.....	44
19	Table 19 – Shared Services and Corporate Cost Allocation.....	48
20	Table 20 – Appendix 2-N Reconciliation to USofA 4375	54
21	Table 21 – Regulatory Costs specific to the 2027 Cost of Service.....	58
22	Table 22 - Total OM&A.....	60

LIST OF FIGURES

23	Figure 1 - Year to Year Comparison Chart by Category.....	14
24		

4.1 OVERVIEW

4.1.1 OVERVIEW

The operating costs discussed in this exhibit represent expenditures that are required to maintain and operate ORPC's distribution system assets at the targeted levels of performance, to meet customer expectations, ensure public and employee safety, and provide quality service. These operating costs are necessary to comply with the Distribution System Code, environmental requirements, and government direction. OM&A expenses consist of but are not limited to the required expenditures necessary to maintain and operate ORPC's distribution system assets, the costs associated with metering, billing, and collecting from ORPC's customers, the costs associated with ensuring the safety of all stakeholders, and costs to maintain distribution service quality and reliability.

While preparing its 2026 Bridge and 2027 Test Year budgets, ORPC took into consideration the bill impact and reliability implications associated with these OM&A costs. ORPC's Board of Directors have met and have been involved in the determining of the final 2026 and 2027 proposed budgets and its customer engagement activities.

ORPC uses zero based budgeting to develop its annual OM&A budgets by detailing all known costs by vendor and type of expense and adjusting expenses by the applicable vendor's projected increases or historical usage. For variable costs, historical averages are used to project for the budget year. Labour costs are assigned to USofA accounts and programs based on individual historical employee allocations plus burdens at projected wage rates. Once drafted, the budgets are presented to the Finance & Audit Committee who recommend to the Board of Directors. The Board of Directors approves the budget.

ORPC's 2027 Test Year operating costs are projected to be \$5,215,106 which represents an increase of \$1,591,712 (43.9%) from the 2022 Cost of Service approved level. Details are presented in

1 Table 1 - Total OM&A below:

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Table 1 - Total OM&A

	2022 Board Approved	2027	Diff
<i>Operations</i>	\$872,757	\$1,084,238	\$211,481
<i>Maintenance</i>	\$576,747	\$755,925	\$179,178
<i>Billing and Collecting</i>	\$934,527	\$1,232,010	\$297,483
<i>Community Relations</i>	\$42,318	\$38,080	\$(4,238)
<i>Administrative and General</i>	\$1,197,045	\$2,104,854	\$907,809
Total	\$3,623,394	\$5,215,106	\$1,591,712

Table 2 – Appendix 2-JA OM&A shows historical and budgeted OM&A costs by major function.

Table 2 – Appendix 2-JA OM&A

	Board Approved	2022	2023	2024	2025	2026	2027
<i>Operations</i>	\$872,757	\$773,946	\$943,452	\$812,188	\$1,224,942	\$940,920	\$1,084,238
<i>Maintenance</i>	\$576,747	\$680,047	\$577,974	\$584,754	\$712,695	\$696,942	\$755,925
Subtotal	\$1,449,504	\$1,453,994	\$1,521,426	\$1,396,942	\$1,937,637	\$1,637,863	\$1,840,163
<i>%Change (year over year)</i>		11.9%	4.6%	-8.2%	38.7%	-15.50%	12.40%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>							27.0%
<i>Billing and Collecting</i>	\$934,527	\$868,547	\$817,614	\$1,045,682	\$1,119,399	\$1,154,809	\$1,232,010
<i>Community Relations</i>	\$42,318	\$36,357	\$28,354	\$29,510	\$23,586	\$26,163	\$38,080
<i>Administrative and General</i>	\$1,197,045	\$1,479,963	\$1,785,901	\$1,661,970	\$1,632,423	\$1,776,887	\$2,104,854
Subtotal	\$2,173,890	\$2,384,867	\$2,631,869	\$2,737,162	\$2,775,408	\$2,957,859	\$3,374,943
<i>%Change (year over year)</i>		9.20%	10.40%	4.00%	1.40%	6.60%	14.10%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>							55.2%
Total	\$3,623,394	\$3,838,861	\$4,153,296	\$4,134,104	\$4,713,045	\$4,595,722	\$5,215,106
<i>%Change (year over year)</i>		10.20%	8.20%	-0.50%	14.00%	-2.50%	13.50%

Table 3 – Appendix 2-JA Year over Year Variances

	Board Approved	BA-22	22-23	23-24	24-25	25-26	26-27
<i>Operations</i>	\$872,757	-\$98,811	\$169,506	-\$131,264	\$412,754	-\$284,021	\$143,317
<i>Maintenance</i>	\$576,747	\$103,300	-\$102,073	\$6,779	\$127,941	-\$15,753	\$58,983
<i>Billing and Collecting</i>	\$934,527	-\$65,980	-\$50,933	\$228,068	\$73,717	\$35,410	\$77,201
<i>Community Relations</i>	\$42,318	-\$ 5,961	-\$8,003	\$1,156	-\$5,925	\$2,577	\$11,917
<i>Administrative and General</i>	\$1,197,045	\$ 282,918	\$305,938	-\$123,931	-\$29,547	\$144,464	\$327,967
Total	\$ 3,623,394	\$ 215,467	\$314,435	-\$19,192	\$578,941	-\$117,323	\$619,385

Overall, 2027 costs have increased by \$1,591,712 from the Board-Approved amount in the last Cost of Service Application in 2022.

Operations expenditures increase by \$211,481 from 2022 Board-Approved to 2027. Notably, rent increased by \$91,166 due to lease renegotiations for ORPC's Almonte Operations Centre. Customer Premises materials and expenses increased due to the introduction of a new locating software with annual expenses of \$8,829 combined with an increase of \$5,709 in Ontario One Call expenses due to rising locate requests. Vehicle maintenance expenditures, mapping, training, and personal protective equipment have also seen combined inflationary increases totalling \$30,737. The remaining variance is attributed to cost inflation.

Maintenance expenditures increase by \$179,178. This increase includes an additional \$60,000 in outside contractor assistance for right of way maintenance, primarily for backlot and difficult-to-reach areas that ORPC cannot access. Account 5114 includes an additional \$40,000 for contractor assistance with substation maintenance requirements. ORPC previously employed a substation electrician but moved to a contractor following their retirement and hiring challenges. The remaining variance is attributed to cost inflation.

Billing and Collecting expenditures increase by \$297,483 from the last board approved Cost of Service Application. Increases include \$49,419 in postage costs, \$32,860 for a new meter reading service provider, \$22,725 in inflation for ORPC's Customer Information System, \$11,342 in inflation for its Operational Data Store (ODS), \$17,120 in wages, and \$59,805 in increased bad debts

expense. ORPC also introduced the Green Button initiative and a new e-billing platform which resulted in increased annual costs of \$9,688 and \$30,797 respectively.

Administrative and General expenditures increase by \$907,809 primarily due to:

- \$124,577 annually for an outside IT services provider as ORPC transitioned from an internal role to external
- \$54,039 annually for a new accounting system as the old system was antiquated and did not meet the needs of the utility
- \$51,000 annually for hardware support and server maintenance costs which have increased greater than the average rate of inflation
- \$15,000 annually for security planning assistance
- \$58,591 for rent of the Pembroke office and garage spaces which was previously at no cost to the utility
- \$47,326 in inflation of property insurance
- \$25,500 in additional LEAP funding to meet the needs of ORPC customers
- \$20,000 annually in general administration staff training
- \$140,398 in wage progressions and increases
- \$78,278 for inflation of annual health benefit costs
- \$39,849 for new benefit costs under the most recent 2024 collective agreement

ORPC believes that there is a minimum cost required to operate any utility. As a small rural utility, the proposed 2027 OM&A expenditures reflect the minimum required funding level. The proposed OM&A expenses for 2027 are in line with what ORPC expects regular yearly OM&A costs will be going forward before any inflationary impacts..

More specifics regarding year over year variances are presented in Section 4.2.2 of this Exhibit, and a comparison to an inflationary increase is presented at Section 4.3.2.

1 **Inflation Rate and Assumptions**

2 The CPI rate is a measure that can fluctuate significantly from quarter to quarter and year over
3 year. The average inflation rate for 2022-2026 as published by the Bank of Canada is 2.79%.
4 Using the most recent rate does not always reflect the historical trends nor predicted trends,
5 therefore ORPC uses the most recently published Ontario Energy Board inflation parameters for
6 budgeting purposes.

7 **Other Assumptions**

8 All Outside, Office and Technical employees are unionized, and compensation is adjusted yearly
9 based on a Collective Agreement. Management and non-union compensation is either adjusted
10 yearly based on the inflation factor included the Collective Agreement for Outside, Office and
11 Technical employees or adjusted based on progression and performance on a yearly basis. The
12 utility does not expect any significant changes in its business environment (ref: Business Plan)
13 and expects no material growth going forward (ref: Exhibit 3). The utility expects to hire one
14 additional employee in the 2027-2031 period in its service department to support engineering
15 and mapping activities.

16 Appendix 2-JD below shows a summary of ORPC Operations, Maintenance and Administrative
17 ("OM&A") costs as required by the OEB's filing guidelines.

1 **Table 4 – Appendix 2-JD OM&A by USofA Account Table**

Description	2022 Board Approved	2022	2023	2024	2025	2026	2027
Operations							
5005 - Operation Supervision and Engineering	251,800	166,008	162,398	122,981	187,987	114,116	127,431
5010 - Load Dispatching	3,331	5,428	13,427	21,753	15,868	15,851	16,527
5012 - Station Buildings and Fixtures Expense	108,616	92,164	98,947	93,880	110,637	107,374	107,729
5014 - Transformer Station Equipment - Operation Labour	0	0	0	0	0	0	0
5015 - Transformer Station Equipment - Operation Supplies and Expenses	0	0	0	0	0	0	0
5016 - Distribution Station Equipment - Operation Labour	21,501	15,016	8,239	16,365	21,260	12,945	13,370
5017 - Distribution Station Equipment - Operation Supplies and Expenses	9,600	428	39	763	9,125	9,088	10,490
5020 - Overhead Distribution Lines and Feeders - Operation Labour	17,195	20,259	20,508	40,277	23,763	31,655	32,679
5025 - Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	3,500	632	4,698	1,275	6,132	10,504	11,284
5030 - Overhead Subtransmission Feeders - Operation	18,558	2,138	8,851	9,847	2,624	17,737	18,511
5035 - Overhead Distribution Transformers - Operation	9,016	2,979	390	169	365,468	52,855	55,203
5040 - Underground Distribution Lines and Feeders - Operation Labour	0	5,877	10,702	1,169	5,418	0	0
5045 - Underground Distribution Lines and Feeders - Operation Supplies and Expenses	0	250	2,298	0	4,217	822	823
5050 - Underground Subtransmission Feeders - Operation	0	0	216	0	0	0	0
5055 - Underground Distribution Transformers - Operation	8,557	11,397	3,822	15,945	9,066	13,105	13,752
5060 - Street Lighting and Signal System Expense	0	0	0	0	0	0	0
5065 - Meter Expense	69,062	61,926	54,797	73,110	85,941	88,440	97,674
5070 - Customer Premises - Operation Labour	29,956	101,041	68,588	109,662	86,835	95,933	98,819
5075 - Customer Premises - Materials and Expenses	9,370	10,707	28,174	17,055	39,024	40,470	48,516
5085 - Miscellaneous Distribution Expense	267,406	229,177	414,487	197,079	65,604	199,121	298,143
5090 - Underground Distribution Lines and Feeders - Rental Paid	0	0	0	0	0	0	0
5095 - Overhead Distribution Lines and Feeders - Rental Paid	38,391	41,620	30,455	3,958	99,074	33,966	35,221
5096 - Other Rent	6,900	6,900	12,417	86,900	86,900	96,940	98,066
Total - Operations	872,757	773,946	943,452	812,188	1,224,942	940,920	1,084,238
Maintenance							
5105 - Maintenance Supervision and Engineering	66,106	48,388	61,591	19,927	4,538	107,298	114,721
5110 - Maintenance of Buildings and Fixtures - Distribution Stations	68,745	13,872	20,886	33,732	35,632	38,791	42,729
5112 - Maintenance of Transformer Station Equipment	0	0	0	0	0	0	0
5114 - Maintenance of Distribution Station Equipment	78,618	120,817	85,993	155,259	103,181	88,119	95,526

5120 - Maintenance of Poles, Towers and Fixtures	17,445	76,828	13,042	13,329	21,437	13,098	14,690
5125 - Maintenance of Overhead Conductors and Devices	45,047	99,398	64,605	53,572	59,943	63,713	66,689
5130 - Maintenance of Overhead Services	47,635	47,796	48,006	52,325	42,440	50,498	53,493
5135 - Overhead Distribution Lines and Feeders - Right of Way	156,226	146,055	204,401	137,121	222,510	218,932	241,953
5145 - Maintenance of Underground Conduit	9,075	1,887	19	483	0	636	1,456
5150 - Maintenance of Underground Conductors and Devices	12,182	13,239	3,119	17,531	33,692	18,453	19,638
5155 - Maintenance of Underground Services	17,995	53,989	32,761	35,570	25,836	35,593	37,972
5160 - Maintenance of Line Transformers	42,686	57,184	43,315	65,814	146,914	61,229	64,967
5165 - Maintenance of Street Lighting and Signal Systems	0	0	0	0	0	0	0
5170 - Sentinel Lights - Labour	0	0	0	0	0	0	0
5172 - Sentinel Lights - Materials and Expenses	0	0	0	0	0	0	0
5175 - Maintenance of Meters	14,986	594	235	90	16,572	584	2,091
5178 - Customer Installations Expenses- Leased Property	0	0	0	0	0	0	0
5185 - Water Heater Rentals - Labour	0	0	0	0	0	0	0
5186 - Water Heater Rentals - Materials and Expenses	0	0	0	0	0	0	0
5190 - Water Heater Controls - Labour	0	0	0	0	0	0	0
5192 - Water Heater Controls - Materials and Expenses	0	0	0	0	0	0	0
5195 - Maintenance of Other Installations on Customer Premises	0	0	0	0	0	0	0
Total - Maintenance	576,747	680,047	577,974	584,754	712,695	696,942	755,925
Billing and Collecting							
5305 - Supervision	61,129	58,583	63,868	63,962	67,587	69,799	81,806
5310 - Meter Reading Expense	61,176	29,457	87,746	42,111	39,992	39,098	40,041
5315 - Customer Billing	583,595	509,819	457,297	583,443	600,632	639,965	681,164
5320 - Collecting	127,047	173,516	151,635	212,994	218,498	221,307	231,583
5325 - Collecting - Cash Over and Short	0	-2,703	164	-412	0	0	0
5330 - Collection Charges	0	-7,065	-6,640	-15,235	-13,690	-14,300	-14,300
5335 - Bad Debt Expense	101,500	107,134	63,709	124,611	153,985	150,000	161,305
5340 - Miscellaneous Customer Accounts Expenses	80	-193	-165	34,210	52,396	48,940	50,410
Total – Billing and Collecting	934,527	868,547	817,614	1,045,682	1,119,399	1,154,809	1,232,010
Community Relations							
5405 - Supervision	0	415	0	0	0	0	0
5410 - Community Relations - Sundry	13,337	32,077	19,573	24,000	23,586	16,163	27,710
5415 - Energy Conservation	0	0	0	0	0	0	0

5420 - Community Safety Program	28,982	3,865	8,781	5,510	0	10,000	10,370
5425 - Miscellaneous Customer Service and Informational Expenses	0	0	0	0	0	0	0
5505 - Supervision	0	0	0	0	0	0	0
5510 - Demonstrating and Selling Expense	0	0	0	0	0	0	0
5515 - Advertising Expense	0	0	0	0	0	0	0
5520 - Miscellaneous Sales Expense	0	0	0	0	0	0	0
Total - Community Relations	42,318	36,357	28,354	29,510	23,586	26,163	38,080
Administrative and General Expenses							
5605 - Executive Salaries and Expenses	46,047	42,013	53,645	54,581	51,955	56,458	58,732
5610 - Management Salaries and Expenses	389,909	448,209	451,140	367,415	397,801	413,220	469,710
5615 - General Administrative Salaries and Expenses	35,126	114,586	224,139	254,246	167,159	226,445	289,612
5620 - Office Supplies and Expenses	81,814	80,245	63,943	48,062	54,259	55,607	84,283
5625 - Administrative Expense Transferred/Credit	0	0	0	0	0	0	0
5630 - Outside Services Employed	32,452	36,144	119,768	202,155	185,994	212,573	234,948
5635 - Property Insurance	13,000	35,211	35,689	40,066	42,566	44,141	60,326
5640 - Injuries and Damages	0	0	0	0	0	0	0
5645 - Employee Pensions and Benefits	173,524	155,319	140,052	157,398	199,042	223,835	220,812
5647 - Employee Sick Leave	0	138,547	121,300	105,320	117,577	121,536	135,246
5650 - Franchise Requirements	0	0	0	0	0	0	0
5655 - Regulatory Expenses	183,062	148,662	271,824	157,418	158,032	149,134	181,544
5660 - General Advertising Expenses	0	0	0	0	0	0	0
5665 - Miscellaneous General Expenses	81,500	80,190	85,844	84,921	85,069	88,217	91,021
5670 - Rent	12,000	12,323	10,269	12,323	13,175	15,732	75,508
5675 - Maintenance of General Plant	132,811	173,320	193,247	162,368	144,402	154,312	161,834
5680 - Electrical Safety Authority Fees	8,300	7,694	7,691	8,198	7,892	8,178	8,278
5681 - Special Purpose Charge Expense	0	0	0	0	0	0	0
5685 - Independent Market Operator Fees and Penalties	0	0	0	0	0	0	0
5695 - OM&A Contra	0	0	0	0	0	0	0
6205 - Donations	0	5,146	500	0	0	0	0
6205 - Sub-account LEAP Funding	7,500	7,500	7,350	7,500	7,500	7,500	33,000
6210 - Life Insurance	0	0	0	0	0	0	0

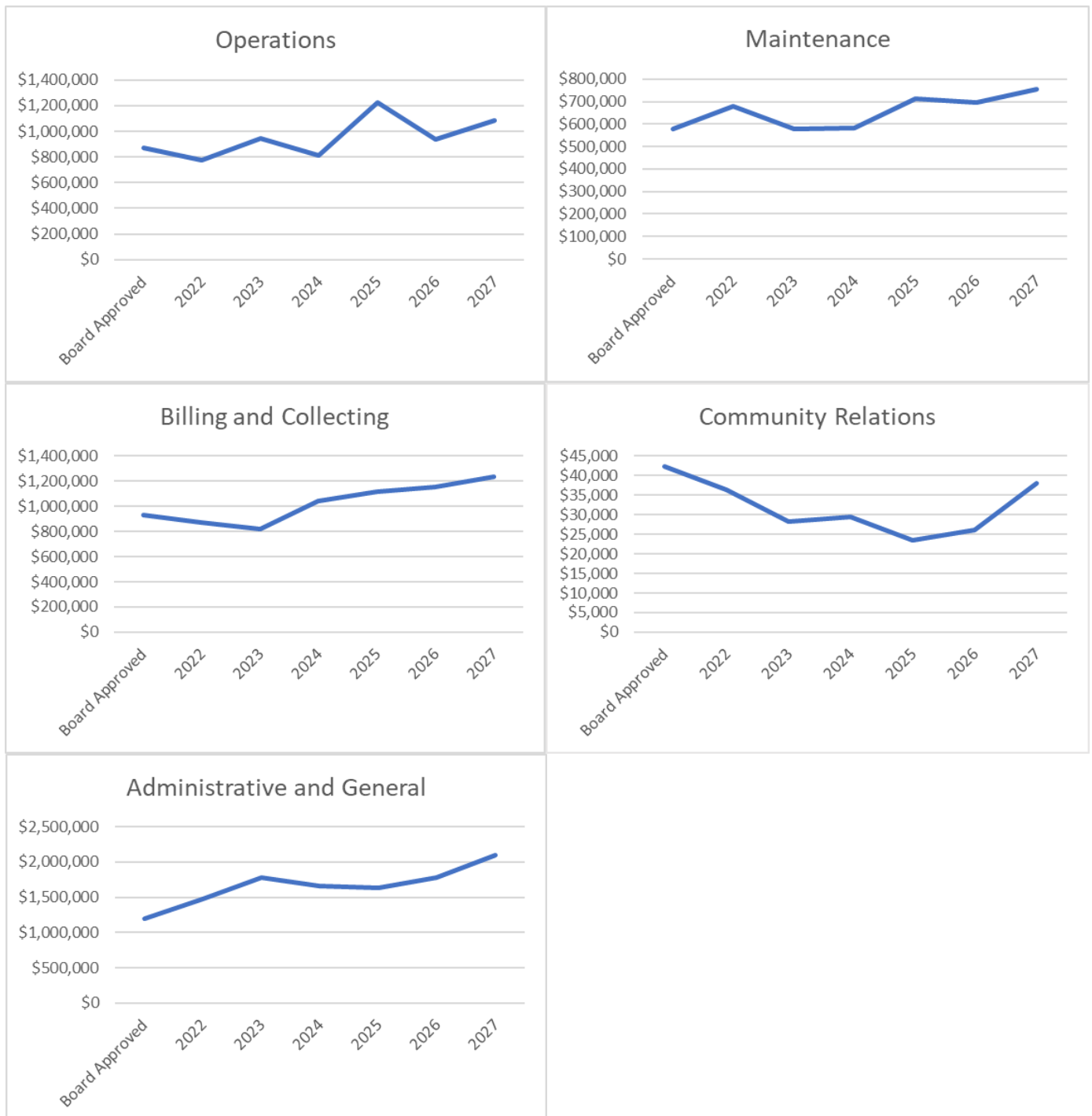
6215 - Penalties	0	0	0	0	0	0	0
6225 - Other Deductions	0	0	0	0	0	0	0
6305 - Extraordinary Income	0	0	0	0	0	0	0
6310 - Extraordinary Deductions	0	0	0	0	0	0	0
6315 - Income Taxes: Extraordinary Item	0	0	0	0	0	0	0
Total - Administrative and General Expenses	1,197,045	1,485,109	1,786,401	1,661,970	1,632,423	1,776,887	2,104,854
Total OM&A	3,623,394	3,844,006	4,153,796	4,134,104	4,713,045	4,595,722	5,215,106

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1
2 The figures below compare the year-to-year spending in each category from the Board
3 Approved amounts to 2027:

5 **Figure 1 - Year to Year Comparison Chart by Category**



4.2 SUMMARY & COST DRIVER TABLES

4.2.1 SUMMARY OF COST DRIVERS

Appendix 2-JB, Recoverable OM&A Cost Driver Table, presented below outlines the key drivers of OM&A costs over the period of 2022 to 2027. The highlighted items represent the items that exceed the \$50,000 materiality threshold and further explanation is provided. An overview of the reasons behind the costs drivers is presented in the following the table, and detailed explanations are presented in Section 4.2.2-Year over Year Variance Analysis.

Table 5 - Appendix 2-JB – Recoverable OM&A Cost Driver Table

<i>Description</i>	Approved -22	22-23	23-24	24-25	25-26	26-27
Operations						
5005-Operation Supervision and Engineering	(85,792)	(3,610)	(39,417)	65,006	(73,871)	13,315
5010-Load Dispatching	2,097	7,999	8,326	(5,885)	(17)	676
5012-Station Buildings and Fixtures Expense	(16,452)	6,783	(5,067)	16,757	(3,263)	355
5016-Distribution Station Equipment - Operation Labour	(6,485)	(6,777)	8,126	4,895	(8,315)	425
5017-Distribution Station Equipment - Operation Supplies and Expenses	(9,172)	(389)	724	8,362	(37)	1,402
5020-Overhead Distribution Lines and Feeders - Operation Labour	3,064	249	19,769	(16,514)	7,892	1,024
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	(2,868)	4,066	(3,423)	4,857	4,372	780
5030-Overhead Sub transmission Feeders - Operation	(16,420)	6,713	996	(7,223)	15,113	774
5035-Overhead Distribution Transformers- Operation	(6,037)	(2,589)	(221)	365,299	(312,613)	2,348
5040-Underground Distribution Lines and Feeders - Operation Labour	5,877	4,825	(9,533)	4,249	(5,418)	0
5045-Underground Distribution Lines and Feeders – Operation Supplies and Expenses	250	2,048	(2,298)	4,217	(3,395)	1
5050-Underground Subtransmission Feeders - Operation	0	216	(216)	0	0	0
5055-Underground Distribution Transformers - Operation	2,840	(7,575)	12,123	(6,879)	4,039	647
5065-Meter Expense	(7,136)	(7,129)	18,313	12,831	2,499	9,234
5070-Customer Premises - Operation Labour	71,085	(32,453)	41,074	(22,827)	9,098	2,886
5075-Customer Premises - Materials and Expenses	1,337	17,467	(11,119)	21,969	1,446	8,046
5085-Miscellaneous Distribution Expense	(38,229)	185,310	(217,408)	(131,475)	133,517	99,022
5095-Overhead Distribution Lines and Feeders - Rental Paid	3,229	(11,165)	(26,497)	95,116	(65,108)	1,255
5096-Other Rent	0	5,517	74,483	0	10,040	1,126
Total - Operations	(98,812)	169,506	(131,265)	412,755	(284,021)	143,316
Maintenance						
5105-Maintenance Supervision and Engineering	(17,718)	13,203	(41,664)	(15,389)	102,760	7,423
5110-Maintenance of Buildings and Fixtures - Distribution Stations	(54,873)	7,014	12,846	1,900	3,159	3,938
5114-Maintenance of Distribution Station Equipment	42,199	(34,824)	69,266	(52,078)	(15,062)	7,407
5120-Maintenance of Poles, Towers and Fixtures	59,383	(63,786)	287	8,108	(8,339)	1,592
5125-Maintenance of Overhead Conductors and Devices	54,351	(34,793)	(11,033)	6,371	3,770	2,976
5130-Maintenance of Overhead Services	161	210	4,319	(9,885)	8,058	2,995
5135-Overhead Distribution Lines and Feeders - Right of Way	(10,171)	58,346	(67,280)	85,389	(3,578)	23,021
5145-Maintenance of Underground Conduit	(7,188)	(1,868)	464	(483)	636	820
5150-Maintenance of Underground Conductors and Devices	1,057	(10,120)	14,412	16,161	(15,239)	1,185
5155-Maintenance of Underground Services	35,994	(21,228)	2,809	(9,734)	9,757	2,379
5160-Maintenance of Line Transformers	14,498	(13,869)	22,499	81,100	(85,685)	3,738

5175-Maintenance of Meters	(14,392)	(359)	(145)	16,482	(15,988)	1,507
Total - Maintenance	103,301	(102,074)	6,780	127,942	(15,751)	58,981
Billing and collecting						
5305-Supervision	(2,546)	5,285	94	3,625	2,212	12,007
5310-Meter Reading Expense	(31,719)	58,289	(45,635)	(2,119)	(894)	943
5315-Customer Billing	(73,776)	(52,522)	126,146	17,189	39,333	41,199
5320-Collecting	46,469	(21,881)	61,359	5,504	2,809	10,276
5325-Collecting- Cash Over and Short	(2,703)	2,867	(576)	412	0	0
5330-Collection Charges	(7,065)	425	(8,595)	1,545	(610)	0
5335-Bad Debt Expense	5,634	(43,425)	60,902	29,374	(3,985)	11,305
5340-Miscellaneous Customer Accounts Expenses	(273)	28	34,375	18,186	(3,456)	1,470
Total - Billing and Collecting	(65,979)	(50,934)	228,070	73,716	35,409	77,200
Community Relations						
5405-Supervision	415	(415)	0	0	0	0
5410-Community Relations - Sundry	18,740	(12,504)	4,427	(414)	(7,423)	11,547
5420-Community Safety Program	(25,117)	4,916	(3,271)	(5,510)	10,000	370
Total - Community Relations	(5,962)	(8,003)	1,156	(5,924)	2,577	11,917
Administrative and General Expenses						
5605-Executive Salaries and Expenses	(4,034)	11,632	936	(2,626)	4,503	2,274
5610-Management Salaries and Expenses	58,300	2,931	(83,725)	30,386	15,419	56,490
5615-General Administrative Salaries and Expenses	79,460	109,553	30,107	(87,087)	59,286	63,167
5620-Office Supplies and Expenses	(1,569)	(16,302)	(15,881)	6,197	1,348	28,676
5630-Outside Services Employed	3,692	83,624	82,387	(16,161)	26,579	22,375
5635-Property Insurance	22,211	478	4,377	2,500	1,575	16,185
5645-Employee Pensions and Benefits	(18,205)	(15,267)	17,346	41,644	24,793	(3,023)
5647-Employee Sick Leave	138,547	(17,247)	(15,980)	12,257	3,959	13,710
5655-Regulatory Expenses	(34,400)	123,162	(114,406)	614	(8,898)	32,410
5665-Miscellaneous General Expenses	(1,310)	5,654	(923)	148	3,148	2,804
5670-Rent	323	(2,054)	2,054	852	2,557	59,776
5675-Maintenance of General Plant	40,509	19,927	(30,879)	(17,966)	9,910	7,522
5680-Electrical Safety Authority Fees	(606)	(3)	507	(306)	286	100
6205-Sub-account LEAP Funding	0	(150)	150	0	0	25,500
Total - Administrative and General Expenses	282,917	305,940	(123,933)	(29,548)	144,465	327,966

OPERATIONS

5005-Operation Supervision and Engineering

Board Approved – 2022: Decrease of \$85,792

ORPC included expenses of \$98,999 for its engineering technician position in this account. In 2022, most of the salary was included in 5085 as the position mainly performed mapping activities.

2024 – 2025: Increase of \$65,006

The increase is largely attributed to the Customer Service & Engineering Manager position being vacant for part of 2024 due to position turnover combined with wage and benefit inflation.

2025 – 2026: Decrease of \$73,871

The decrease is a result of anticipated reallocations between USofA 5005 and 5105 in 2026. Category 5105 expects a decrease of \$102,760 mainly due to time coding changes.

5035-Overhead Distribution Transformers - Operation

2024 – 2025: Increase of \$365,299

ORPC performed significant PCB transformer replacement activities to meet the mandated replacement of transformers containing 50+ PPM of PCBs deadline of December 31, 2025 established by Environment Canada. The increase includes ORPC labour of 1,180 hours for PCB testing, related equipment usage, and \$191,848 paid to a third party for oil sample testing. ORPC sampled oil and gathered nameplate pictures and data for 576 line transformers.

2025 – 2026: Decrease of \$312,613

ORPC expects limited PCB transformer replacement activities in 2026 as compared to 2025 as almost all transformer sampling was completed in 2025. The 2026 expenses include an allowance for completion of its PCB transformer program.

5070-Customer Premises – Operation Labour

Board Approved – 2022: Increase of \$71,085

ORPC estimated labour on customer premises in its 2022 Cost of Service at \$27,899 whereas the actual labour expenses amounted to \$94,813 representing an increase of \$66,914. The amount in the Cost of Service was estimated based on historical labour trends. However, ORPC saw an increase in locate volumes as many customer projects started as pandemic restrictions were lifted increasing from 921 locates in 2021 to 2347 locates in 2022.

5085-Miscellaneous Distribution Expense

2022 – 2023: Increase of \$185,310

Increase of \$34,288 in personal protective equipment including \$17,232 for bonding mats and large clothing orders. Increase in inventory maintenance expenditures primarily due to a pricing adjustment on 200A Fuse Links, resulting in an expense adjustment of \$49,818. Increase of \$12,429 in training expenditures due to new staff and staff rotation. Additional \$20,986 in large vehicle rental fees due to extensive repairs required on existing vehicles. Decrease of \$49,649 in vehicle credits allocated to other categories due to repairs performed on existing trucks.

2023 – 2024: Decrease of \$217,408

ORPC performed a vehicle rate analysis in 2024 for both small and large vehicles. This analysis increased the large vehicle rate from \$45/hr to \$100/hr in July 2024 which allocated additional expenses to other USofA accounts as 5085 contains all vehicle

expenses and the credit account for the applicable rates. This analysis is now performed annually in July to ensure reasonability of rates and minimize year to year variances.

2024 – 2025: Decrease of \$131,475

The 2025 fiscal year is the first full year with the change in large vehicle rates with a total of 5,150 large vehicle hours which contributed additional credits of \$141,625 in the first 6 months of the year.

2025 – 2026: Increase of \$133,517

This increase is composed of an additional \$35,263 in wage progressions and employee retention and \$47,000 for data migration services to a new GIS server. The remaining increase is due to an estimated decrease in vehicle usage credits as 2025 saw a significant increase in vehicle usage with ongoing PCB sampling and large customer driven projects. The 2026 expenditures were estimated based on a 2-year historical average of vehicle and equipment usage.

2026 – 2027: Increase of \$99,022

The 2027 increase is largely attributable to the introduction of a second engineering technician to assist with mapping and engineering activities.

5095-Overhead Distribution Lines and Feeders – Rental Paid

2024 – 2025: Increase of \$95,116

ORPC received invoices from Bell for joint use of poles for 2023, 2024 and 2025 fiscal years due to missed billings. The total billings for all 3 years combined amounted to \$86,116 compared to \$0 in billings in 2024.

2025 – 2026: Decrease of \$65,108

In 2025, ORPC received invoices from Bell for joint use of poles for 2023, 2024 and 2025 fiscal years due to missed billings. ORPC only included 2026 Bell joint use expenditures in the following year resulting in the decrease.

5096-Other Rent

2023 – 2024: Increase of \$74,483

In 2024, the municipality introduced a lease agreement for LDC-occupied premises in its Almonte service territory in the amount of \$80,000 annually. The premises was previously occupied at no cost to ORPC.

MAINTENANCE

5105-Maintenance Supervision and Engineering

2025 – 2026: Increase of \$102,760

The increase is a result of anticipated reallocations between USofA 5005 and 5105 in 2026 as ORPC experiences rotation in its Engineering Manager position and trains new employees on time coding. Category 5005 expects a decrease of \$73,871 from these time coding changes.

5110-Maintenance of Buildings and Fixtures

Board Approved – 2022: Decrease of \$54,873

The 2022 Approved figure was estimated based on historical labour patterns. Total labour was estimated at \$62,745 compared to actuals of \$11,283. Employee time coding has changed significantly over time as ORPC has improved its time coding accuracy through staff education.

5114-Maintenance of Distribution Station Equipment

2023 – 2024: Increase of \$69,266

In 2024, there was an increase of \$45,818 in substation equipment maintenance from its third-party contractor in 2024 due to the cycle requirements of substation equipment maintenance.

2024 – 2025: Decrease of \$52,078

Third-party contractor performed substation maintenance of \$75,119 in 2024 compared to \$40,660 in 2025. This was caused by the rotation of substation maintenance requirements which varies year to year depending on the substations requiring maintenance.

5120-Maintenance of Poles, Towers and Fixtures

Board Approved – 2022: Increase of \$59,383

Additional expenses of \$46,089 paid to external service in 2022 to collect pole data to improve ORPC's asset data accuracy and GIS.

2022 – 2023: Decrease of \$63,786

Expenses of \$46,089 paid to external service in 2022 to collect pole data. There was also a decrease of \$11,413 in pole maintenance in 2023 as 2022 experienced additional storm damage in Almonte necessitating repairs.

5125-Maintenance of Overhead Conductors and Devices

Board Approved – 2022: Increase of \$54,351

Additional repairs and maintenance labour and expenses of \$43,761 incurred in 2022 due to the Derecho storm in Almonte that caused a significant amount of damage.

5135-Overhead Distribution Lines and Feeders - Right of Way

2022 – 2023: Increase of \$58,346

Employed a contractor in 2023 at a cost of \$91,010 to perform tree trimming and catch up on work not achieved throughout the pandemic, partially offset by a decrease of 520 tree trimming labour hours in 2023 with labour redirected to capital projects as the subcontractor provided significant assistance with tree trimming.

2023 – 2024: Decrease of \$67,280

ORPC employed a contractor at a cost of \$91,010 in 2023 to assist with tree trimming activities and catch up on work not achieved throughout the pandemic. This contract finished in 2023 the subsequent cost reduction was partially offset by an increase in internal labour in 2024 from resuming regular activities.

2024 – 2025: Increase of \$85,389

ORPC employed a contractor in 2025 at a cost of \$49,978 to perform tree trimming on behalf of ORPC in difficult to reach spots and backlots. The remaining difference is mainly attributed to the increase in large vehicle rates noted in the 2024-2025 variance explanation for USofA 5085.

5160-Maintenance of Line Transformers

2024 – 2025: Increase of \$81,100

2025 expenditures include \$89,246 paid to dispose of PCB contaminated line transformers that tested positive for PCBs in excess of 50 PPM as part of ORPC's PCB transformer testing program.

2025 – 2026: Decrease of \$85,685

The decrease is due to the expectation of no disposals of PCB contaminated line transformers in 2026 which cost \$89,246 in 2025.

BILLING AND COLLECTING

5310-Meter Reading Expense

2022 – 2023: Increase of \$58,289

ORPC previously had customers that requested interval metering where the installation of a communication line with the customer's interval meter

was required. These customers were charged a fixed monthly fee of \$29.84 relating to the communication line to the meter. The charge was applied to a total of 13 accounts all beginning between 2008 and 2013. When ORPC converted existing installations that had a monthly average peak demand of over 50kW to MIST metering to meet section 5.1.3 of the Distribution System Code, ORPC mistakenly applied this communication charge to 72 customers meeting that criteria. ORPC reported this error to the Ontario Energy Board and received a Notice of Inspection on November 5, 2024, with the inspection having been closed on April 10, 2025. In total, ORPC refunded \$63,606 in interval service fees to its interval customers which are included in this account and contribute to most of the variance.

5315-Customer Billing

Board Approved – 2022: Decrease of \$73,776

The 2022 Approved funding for billing and collecting included 4.5 FTEs whereas 3.5 FTEs were realized in 2022 due to employee turnover and parental leaves. ORPC faced challenges issuing bills within its normal timelines, especially when there was vacation, sick leave or holidays. To meet its billing timelines, ORPC incurred \$10,642 in direct overtime expenses and additional indirect expenses as bills were issued an average of 28 days after the end of the usage period, 5 days more than the average to date in 2026 resulting in cash flow delays.

2022 – 2023: Decrease of \$52,522

ORPC employed an IT Network Administrator until July 2022 which was included in the prior year expenses. This was outsourced to an IT management firm which is now included under category 5630.

2023 – 2024: Increase of \$126,146

ORPC previously included billings for third party billing services to other LDCs as a reduction to costs in account 5315. In 2024, ORPC reallocated these billings to USofA 4375. The 2023 billings amounted to \$109,944.

5320-Collecting

2023 – 2024: Increase of \$61,359

Increase of \$42,227 in Service Department Labour as a more significant push was made on disconnects during the summer months. Staff were reallocated from the Operations Department to assist with collections.

5335-Bad Debt Expense

2023 – 2024: Increase of \$60,902

Increase primarily pertain to residential customers which saw additional bad debts of \$42,152 compared to 2023.

ADMINISTRATION

5610-Management Salaries and Expenses

Board Approved – 2022: Increase of \$58,300

Utilities Standards Forum membership fee of \$8,750 was coded to 5610 in 2022 versus 5665 in 2021. Increase of \$13,862 in management labour due to wage increases of 2.65% on July 1st of each fiscal year. Increase of \$4,952 in management training expenses pertaining to the end of the pandemic resulting in increased in-person training courses and therefore additional hotel and meal expenses. Also, additional training expenses incurred for the replacement accounting assistant.

2023 – 2024: Decrease of \$83,725

Increased accuracy in time coding by employees against projects resulting in decreased allocations to administration categories combined with an offsetting allocation to 5615 which increased by \$30,107.

2026 – 2027: Increase of \$56,490

The increase includes \$54,145 in wage increases for position salary adjustments to industry averages to attract and retain talent as ORPC tries to become more competitive in the job market and decrease FTE vacancies.

5615-General Administrative Salaries and Expenses

Board Approved – 2022: Increase of \$79,460

This increase is largely attributed to the fact that ORPC included Accounting Assistant costs in category 5610 in its 2022 Cost of Service. The actual expense was coded to category 5615 as the position is not management.

2022 – 2023: Increase of \$109,553

Increase of \$25,249 in General Admin Labour as two Accounting Assistants were employed simultaneously for part of the year to implement the new accounting system and transition duties, \$14,310 in regulatory training for the Finance & Regulatory Specialist and \$47,634 in computer expenses due to the introduction of a new accounting system. The increase also included a reallocation of \$21,740 for Health and Safety labour and expenses that was previously included in Community Relations.

2024 – 2025: Decrease of \$87,087

The 2024 expenses included \$29,580 in legal settlements. The majority of the remaining difference pertains to allocation changes between USofA 5610 and 5615. Account 5610 saw an increase of \$30,386 in 2025 from 2024.

2025 – 2026: Increase of \$59,286

The increase includes an additional \$20,000 for ongoing Dell Hardware Support as the IT services provider experiences significant inflation of component prices. The remaining increase is composed of an additional \$13,000 in training expenses as ORPC progresses positions for succession planning and general inflation of wages and expenses.

2026 – 2027: Increase of \$63,167

The 2027 expenses include an additional \$31,000 for BroadComm Server Maintenance due to increases in provider fees as they transition to focus on larger businesses at a significant cost to smaller businesses. Additionally, ORPC has included \$15,000 for ongoing annual penetration tests as part of its cyber security plan requirements.

5630-Outside Services Employed

2022 – 2023: Increase of \$83,624

Increase of \$50,304 in fees paid to Information Technology management firm. ORPC last employed an IT individual in July 2022 with 2023 being the first full year with the service provider. There was also an increase of \$28,331 in legal fees mainly due to work performed on revising the shared services agreement and negotiating new lease agreements in Pembroke and Almonte.

2023 – 2024: Increase of \$82,387

Increase of \$34,215 in Information Technology external services due to increasing number of servers combined with a reallocation of external auditor fees from account 5655 to 5630 in 2024. The total 2023 audit expenditure was \$46,706.

5647-Employee Sick Leave

Board Approved – 2022: Increase of \$138,547

ORPC embedded sick leave across the USofA accounts via labour burdens in its 2022 Cost of Service application but in actuality tracks sick leave expenses in USofA 5647.

5655-Regulatory Expenses

2022 – 2023: Increase of \$123,162

ORPC saw an increase due to regulatory assistance for IRM and GA matters totalling \$14,875 in 2023 and write off of the remaining balance of \$80,101 in its 2019 1595 Account due to under collection from ORPC having applied the rate only to non-RPP customers.

Also, there was an increase of \$23,591 due to first full year of 2022 Cost of Service amortization which began on May 1st, 2022.

2023 – 2024: Decrease of \$114,406

ORPC reallocated of external auditor fees from account 5655 to 5630 in 2024. The total 2023 audit expenditure was \$46,706. In 2023, ORPC wrote off the remaining balance of \$80,101 in its 2019 1595 Account as noted in the explanation above. ORPC had no such write offs in 2024.

5670-Rent

2026 – 2027: Increase of \$59,776

The municipality is expected to introduce a lease agreement for LDC-occupied premises in its Pembroke service territory in the amount of \$58,591 annually. The premises was previously occupied at no cost to ORPC.

4.3 OM&A VARIANCE ANALYSIS

The following section provides explanations of the year over year cost variances and drivers. As with the previous section, the utility explains variances above the materiality threshold of \$50,000. For each significant change ORPC has described the reasons and decisions made to manage the cost increase or decrease.

The tables below show the year over year variances of OM&A expenses from the 2022 Board-Approved amounts to 2027. Overviews of significant variances are explained below each table.

Table 6 – 2022 Actual vs. 2022 Board Approved

	Board Approved	2022	\$ Var	% Var
<i>Operations</i>	\$872,757	\$773,946	-\$98,811	-11.32%
<i>Maintenance</i>	\$576,747	\$680,047	\$103,300	17.91%
<i>Billing and Collecting</i>	\$934,527	\$868,547	-\$65,980	-7.06%
<i>Community Relations</i>	\$42,318	\$36,357	-\$5,961	-14.09%
<i>Administrative and General</i>	\$1,197,045	\$1,479,963	\$282,918	23.63%
Total	\$3,623,394	\$3,838,861	\$215,467	5.95%

The total OM&A expenses in 2022 were \$215,467 higher than 2022 Board Approved. Operations and Maintenance activities have offsetting variances due to budget to actual time coding differences. The difference in Billing and Collecting was a result of having 1 full FTE vacant throughout the year. Administrative and General increased as ORPC did not separate sick leave into USofA 5647 when it prepared its 2022 Cost of Service by burdening it across the other labour categories. Additionally, there was an increase of 2.65% in wages and benefits.

Table 7 - 2023 Actual vs. 2022 Actual

	2022	2023	\$ Var	% Var
<i>Operations</i>	\$773,946	\$943,452	\$169,506	21.90%
<i>Maintenance</i>	\$680,047	\$577,974	-\$102,073	-15.01%
<i>Billing and Collecting</i>	\$868,547	\$817,614	-\$50,933	-5.86%
<i>Community Relations</i>	\$36,357	\$28,354	-\$8,003	-22.01%
<i>Administrative and General</i>	\$1,479,963	\$1,785,901	\$305,938	20.67%
Total	\$3,838,861	\$4,153,296	\$314,435	8.19%

The total OM&A expenses in 2023 were \$314,435 greater than in 2022. Operations and Maintenance costs normalized in 2023 offsetting variances from 2022 Approved to 2022 actuals. The Operations expenses increased with an additional \$34,288 in personal protective equipment, \$49,918 due to an inventory pricing error, and \$12,429 in training expenditures due to new staff and staff rotation. There was an additional \$20,986 in large vehicle rental fees due to extensive repairs required on existing vehicles and a decrease of \$49,649 in vehicle credits allocated to other categories due to repairs performed on existing trucks. Billing and Collecting decreased as ORPC employed an IT Network Administration until July 2022 which was included in the prior year expenses. This was outsourced to an IT management firm which is now included under category 5630. General and Administrative expenses increased by \$305,938 due to the introduction of a

new accounting system, the hiring of an information technology management firm with 2023 being the first full year with the firm and the write off of ORPC's 2019 1595 Account.

Table 8 - 2024 Actual vs. 2023 Actual

	2023	2024	\$ Var	% Var
<i>Operations</i>	\$943,452	\$812,188	-\$131,264	-13.91%
<i>Maintenance</i>	\$577,974	\$584,754	\$6,779	1.17%
<i>Billing and Collecting</i>	\$817,614	\$1,045,682	\$228,068	27.89%
<i>Community Relations</i>	\$28,354	\$29,510	\$1,156	4.08%
<i>Administrative and General</i>	\$1,785,901	\$1,661,970	-\$123,931	-6.94%
Total	\$4,153,296	\$4,134,104	-\$19,192	-0.46%

The total OM&A expenses in 2024 were \$19,192 less than 2023 actuals. Operations expenditures decreased by \$131,264 mainly due to ORPC's large vehicle rate analysis resulting in a large vehicle rate increasing from \$45/hr to \$100/hr. Billing and Collecting increased by \$228,068 due to ORPC previously included billings for third party billing services to other LDCs as a reduction to costs in account 5315 and reallocating these billings to USofA 4375 combined with material increases in bad debt and collections expenses due to inflationary pressures on customers. Finally, Administrative and General decreased mainly due to the 2019 1595 Account write off completed in 2023.

Table 9 - 2025 Actual vs. 2024 Actual

	2024	2025	\$ Var	% Var
<i>Operations</i>	\$812,188	\$1,224,942	\$412,754	50.82%
<i>Maintenance</i>	\$584,754	\$712,695	\$127,941	21.88%
<i>Billing and Collecting</i>	\$1,045,682	\$1,119,399	\$73,717	7.05%
<i>Community Relations</i>	\$29,510	\$23,586	-\$5,925	-20.08%
<i>Administrative and General</i>	\$1,661,970	\$1,632,423	-\$29,547	-1.78%
Total	\$4,134,104	\$4,713,045	\$578,941	14.00%

The total OM&A expenses in 2025 were \$578,941 higher than in 2024. Operations and Maintenance expenditures both saw material increases relating to ORPC's PCB program which included ORPC labour of 1,180 hours, related equipment usage, and \$191,848 paid to a third party for oil sample testing and \$89,246 in disposal costs for PCB contaminated transformers. Additionally, ORPC incurred costs of \$49,978 for tree trimming contractor assistance and saw an increase of \$95,116 in overhead distribution lines and feeders rental paid due to Bell missed billings. Billing and Collecting increased by \$73,717 with an additional \$29,374 in bad debts due to increasing financial pressures

on customers. The remaining variance mainly pertains to a 3.7% increase in wages as agreed in Collective Bargaining Agreements.

Table 10 – 2026 Bridge vs. 2025 Actual

	2025	2026	\$ Var	% Var
<i>Operations</i>	\$1,224,942	\$940,920	-\$284,021	-23.19%
<i>Maintenance</i>	\$712,695	\$696,942	-\$15,753	-2.21%
<i>Billing and Collecting</i>	\$1,119,399	\$1,154,809	\$35,410	3.16%
<i>Community Relations</i>	\$23,586	\$26,163	\$2,577	10.93%
<i>Administrative and General</i>	\$1,632,423	\$1,776,887	\$144,464	8.85%
Total	\$4,713,045	\$4,595,722	-\$117,323	-2.49%

Operations expenditures are expected to decrease significantly with the concentrated PCB program having largely been completed in 2025. Administrative and General expenses are expected to increase by \$144,464 with an additional \$20,000 for ongoing Dell Hardware Support, an additional \$13,000 in training expenses, \$20,000 for ORPC's Cyber Security Assessment as required by the OEB and \$24,000 in rate increases for health benefits and programs combined with expected inflation of all other expenses.

Table 11 – 2027 Test vs. 2026 Bridge

	2026	2027	\$ Var	% Var
<i>Operations</i>	\$940,920	\$1,084,238	\$143,317	15.23%
<i>Maintenance</i>	\$696,942	\$755,925	\$58,983	8.46%
<i>Billing and Collecting</i>	\$1,154,809	\$1,232,010	\$77,201	6.69%
<i>Community Relations</i>	\$26,163	\$38,080	\$11,917	45.55%
<i>Administrative and General</i>	\$1,776,887	\$2,104,854	\$327,967	18.46%
Total	\$4,595,722	\$5,215,106	\$619,385	13.48%

The total OM&A expenses in 2027 are \$619,385 higher than expected 2026. Operations and Maintenance are expected to increase by \$143,317 and \$58,983 respectively, mainly due to the introduction of a second engineering technician position combined with expected wage increases and adjustments to existing compensation to maintain competitiveness. Similarly, Billing and Collecting is expected to see additional costs of \$22,085 in wage adjustments to industry averages with the remainder of the increase attributed to project wage inflation of 3.7% and inflation of costs. Finally, Administrative and General increases by \$327,967 with wage adjustments of \$70,908 combined with an additional \$31,000 in server maintenance, \$15,000 in cyber security testing

requirements, \$58,591 in rent for ORPC's Pembroke operations centres, an additional \$25,000 in training as ORPC continues its succession planning, 18,000 in legal fees based on the historical average and with the incoming board of directors, \$16,185 in forecasted increased property insurance, and \$26,000 in increased Cost of Service amortization due to increased use of consultants from 2022 to 2027. The remaining difference is attributed to non-material cost inflation.

Cost per Customer as per OEB Chapter 2 Appendices

Table 13 OEB Appendix 2-L Employee Costs below show the OM&A cost per customer from the last board approved amounts to the current test year.

ORPC's OM&A costs and related operating metrics demonstrate an overall upward trend over the historical period and into the 2027 Test Year, with some year-over-year variability. Total OM&A increased from \$3.8 million in 2022 Actuals to \$4.7 million in 2025 Actuals, before decreasing to \$4.6 million in the 2026 Bridge Year and increasing to \$5.2 million in the 2027 Test Year.

On a per-customer basis, total OM&A increased from \$330 in 2022 Actuals to \$398 in 2025, decreases to \$383 in the 2026 Bridge Year, and is forecast to increase to \$431 in the 2027 Test Year. The 2027 amount consists of \$152 per customer for O&M and \$279 per customer for administrative expenses, compared with \$125 and \$205, respectively, in 2022 Actuals. The increase in OM&A per customer reflects cost pressures described throughout this Exhibit

Cost per Customer as per PEG Benchmarking Calculations

ORPC has been in the 1st efficiency cohort since 2022 reaching a cost efficiency assessment of -31.4% in 2024. ORPC's actual costs (2024) of \$7,923,902 are \$2,926,777 lower than its Predicted costs of \$10,850,679. ORPC expects to remain in the first cohort in 2027 with a forecast cost efficiency of -30.24%. ORPC's Test Year costs of \$9,620,935 are \$3,396,653 lower than its Predicted costs of \$13,017,588. ORPC commits to continuing to look for ways of finding efficiencies to help avoid cost increases for its customers when feasible regardless of its cohort ranking.

Table 12 – PEG Actual vs Predicted Costs

	2024	2025	2026	2027
	(Historical)	(Historical)	(Bridge)	(Test Year)
<i>Actual Total Cost</i>	7,923,902	8,352,847	8,452,320	9,620,935
<i>Predicted Total Cost</i>	10,850,679	10,957,124	11,794,049	13,017,588
<i>Difference</i>	(2,926,777)	(2,604,277)	(3,341,729)	(3,396,653)
<i>Percentage Difference (Cost Performance)</i>	-31.43%	-27.14%	-33.32%	-30.24%
<i>Three-Year Average Performance</i>		-28.3%	-30.6%	-30.2%
<i>Stretch Factor Cohort</i>				
Annual Result	1	1	1	1
Three Year Average		1	1	1

Table 13 – OEB Appendix 2-L Recoverable OM&A Cost per Customer and FTE

	2022 Board Appr	2022 Actuals	2023 Actuals	2024 Actuals	2025 Actuals	2026 Bridge Year	2027 Test Year
<i>Reporting Basis</i>	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
<i>OM&A Costs</i>							
<i>O&M</i>	\$1,449,504	\$1,453,994	\$1,521,426	\$1,396,942	\$1,937,637	\$1,637,863	\$1,840,163
<i>Admin Expenses</i>	\$2,173,890	\$2,384,867	\$2,631,869	\$2,737,162	\$2,775,408	\$2,957,859	\$3,374,943
<i>Total Recoverable OM&A from Appendix 2-JA⁵</i>	\$3,623,394	\$3,838,861	\$4,153,296	\$4,134,104	\$4,713,045	\$4,595,722	\$5,215,106
<i>Number of Customers^{2,4}</i>	11,637	11,626	11,716	11,783	11,827	12,050	12,151
<i>Number of FTEs^{3,4}</i>	26	24	23	23	24	25	26
<i>Customers/FTEs</i>	448	484	502	508	495	490	475
<i>OM&A cost per customer</i>							
<i>O&M per customer</i>	\$125	\$125	\$130	\$119	\$164	\$136	\$151
<i>Admin per customer</i>	\$187	\$205	\$225	\$232	\$235	\$245	\$278
<i>Total OM&A per customer</i>	\$311	\$330	\$354	\$351	\$398	\$381	\$429
<i>OM&A cost per FTE</i>							
<i>O&M per FTE</i>	\$55,750	\$60,482	\$65,185	\$60,239	\$81,175	\$66,852	\$72,163
<i>Admin per FTE</i>	\$83,611	\$99,204	\$112,762	\$118,032	\$116,272	\$120,729	\$132,351
<i>Total OM&A per FTE</i>	\$139,361	\$159,686	\$177,948	\$178,271	\$197,446	\$187,580	\$204,514

4.3.1 ACTUAL VS INFLATION

Utilities are under constant pressure to manage their expenditures in response to inflationary impacts; therefore, in the preparation of the Test Year budget, ORPC has calculated the year over year inflationary increase in OM&A costs at a rate of 3.7% based on the 2026 OEB inflation parameters and has compared to its 2026 projected OM&A costs.

Table 14 below show ORPC's actual year over year variances against a hypothetical year over year variance.

Table 14 – 2027-2027 Inflationary Increase

	2026 Proposed	2027 at inflationary increase	2027 Proposed	Var from inflationary increase
A	B (A + 3.7%)	C	B - C	
<i>Operations</i>	940,920	975,734	1,084,238	108,504
<i>Maintenance</i>	696,942	722,729	755,925	33,196
<i>Billing and Collecting</i>	1,154,809	1,197,537	1,232,010	34,473
<i>Community Relations</i>	26,163	27,131	38,080	10,949
<i>Administrative and General</i>	1,776,887	1,842,632	2,104,854	262,222
Total	4,595,722	4,765,763	5,215,106	449,344

Operations expenses are seeing an increase of \$108,504 beyond inflation which is primarily the result of the new engineering position. Administrative and General expenses are increasing due to wage adjustments to industry averages combined with additional server maintenance costs, training costs and cyber security requirements. ORPC has also included \$58,591 for rent of its Pembroke operations centre.

4.3.2 PROGRAM VARIANCES AND DESCRIPTIONS

ORPC tracks its O&M costs at a financial statement grouping level and at an individual general ledger account level. All costs are regularly reviewed by management by comparing year over year and actual over budget by financial statement grouping and further by individual general ledger account as the year progresses. The Board of Directors reviews costs at a financial statement level as compared to established budgets. The financial statement groupings include:

- Distribution Operation and Maintenance
- Community Relations
- Billing and Collecting
- General and Administrative
- Depreciation and Amortization
- Unregulated Expenses
- Interest and Bank Charges
- Interest on Long-Term Debt

If it is noted that the utility will be over budget based on the results to date, ORPC reviews its planned and expected expenditures to determine if the expenditure can be delayed into the next fiscal year. If it is expected that the utility will be under budget, then consideration is given to advancing needed projects planned for the next fiscal year into the current fiscal year. ORPC assesses its needs on an ongoing basis to determine if any other expenditure will become necessary based on the changing condition of assets and the changing IT and regulatory environments.

The analysis utilized by ORPC is identical to the variance analysis presented in sections 4.2.1.

4.4 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

ORPC currently has 25 employees, comprised of the following positions:

- President and CEO
- CFO
- Engineering and Customer Service Manager
- Executive Administrative Assistant
- Meter Technician
- Engineering Technician
- Maintenance Person
- Finance and Regulatory Specialist
- Office Manager
- 5 Data Clerks
- Operations Manager
- 10 linesmen

The President and CEO is responsible for managing the overall operation of the corporation while staying in compliance with the ORPC mission statement.

The CFO is responsible for the financial activities and rate setting for the company including liaison with banks. The CFO also provides financial reports to the Board of Directors and shareholders.

The Engineering and Customer Service Manager is responsible for the coordinating various electricity distribution system projects and ensuring a high level of customer service satisfaction throughout all departments within the organization.

The Office Manager is responsible for the billing department including external communications with customers, as well as assistance with customer billing.

The Operations Manager is responsible for supporting operations staff in both Pembroke and Almonte. This position manages the capital and maintenance budgets and executes capital and maintenance projects for the LDC.

4.4.1 COMPENSATION - NON-UNION/UNION

Compensation

Ottawa River Power is committed to making the company increasingly safe, secure and efficient. To succeed in an environment of increased growth, budget constraints, technological advances to the grid, and regulatory changes, Ottawa River Power must recruit and retain individuals with the appropriate skill set to remain current and competitive. To meet this challenge, Ottawa River Power requires employees who are skilled, creative and committed to accomplishing the company's objectives.

In an industry faced with challenges of a competitive labour market, Ottawa River Power must position itself to attract, motivate and retain the talent that is critical to maintaining and renewing its distribution system. Therefore, Ottawa River Power's total compensation package and ability to offer a rewarding work experience must enable it to compete successfully for employees with the requisite skill sets. To avoid falling behind market rates, it is important that the compensation system be maintained and appropriately adjusted on an annual basis. As a result, any recommended compensation adjustments are based on market data from HR consultants and industry projections with ORPC targeting the 50th percentile for its compensation level in comparison to data of similar-sized LDCs where available. ORPC's workforce is comprised of non-unionized and unionized employees where the Collective Bargaining Agreement is presently in effect until June 30, 2027.

Unionized Employees

IBEW Local 636 is the sole bargaining agent for over 70 percent of Ottawa River Power's employees. Compensation for unionized employees is negotiated through the collective bargaining process. When negotiating wage levels, consideration is given to the skill sets required to work within the distribution system, as well as the competitive wage levels of its geographic market.

Ottawa River Power has two Collective Agreements with IBEW Local 636 representing both Office and Trades workers. Ottawa River Power's present contract is effective from July 1, 2024, until June 30, 2027. Wage increases were negotiated at 3.75 percent in 2024, 3.25 percent in 2025 and 3.00 percent in 2026. This is consistent with other negotiated settlements with the LDCs in its geographic area. The previously negotiated wage increases were 2.65% per year from 2019 until 2024. ORPC has included projected increases of 3.7% for 2027 based on current inflation parameters.

Management and Non-Union Employees

Ottawa River Power provides its non-unionized employees consisting of the Executive, managers and other non-union staff with a compensation package comprised of a base salary. Ottawa River Power has a formal and disciplined approach in awarding merit increases to employees. Merit pay is intended to provide a system to reward employee's success and achievement through increases to base pay.

To ensure Ottawa River Power remains competitive in their compensation package for their non-union staff it takes part in the Management Salary Surveys from MEARIE and CHEC. Currently, ORPC's aggregate current compensation represents approximately 86.6% of the aggregate market benchmark, or approximately 13.4% below the 50th percentile target for its compensation of management and non-union employees..

4.4.2 PENSION AND BENEFITS

OMERS Pension Plan

OMERS is the predominant pension plan used by most LDCs in Ontario. Employees of Ottawa River Power participate in the OMERS retirement plan. Therefore, the pension benefits provided to the employees of Ottawa River Power are consistent with the pension benefits provided to employees of other LDCs within the OMERS retirement plan. This plan is a contributory plan with employees contributing 50 percent of the premiums and Ottawa River Power contributing 50 percent.

Employee Benefit Plan

Employees are provided with a comprehensive and competitive benefits package that includes health and dental insurance, life insurance, vacation and leave policies. The plans are designed to address the health and wellness needs of the employee.

Benefit plans for each employee group are identical. The unionized benefit plans, negotiated through collective bargaining, play a significant role in driving the plan design for the non-unionized employees, with most plan provisions remaining common across all employee groups.

4.4.3 COMPENSATION AND FULL-TIME EQUIVALENTS

1 Table 15 – OEB Appendix 2-K – Employee Compensation below shows employee
2 compensation from 2022 actuals to 2027. The number of employees is based on the
3 compensation of the number of full-time equivalent (FTE) positions in each fiscal year.

4

Table 15 – OEB Appendix 2-K – Employee Compensation

	Board Approved	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
	2022	2022	2023	2024	2025	2026	2027
Number of Employees (FTEs including Part-Time)							
Management (including executive)	6	6	6	6	6	6	6
Non-Management (union and non-union)	20	18	17	17	18	19	20
Total	26	24	23	23	24	25	26
Total Salary and Wages including overtime and incentive pay							
Management (including executive)	\$623,959	\$642,758	\$659,593	\$631,774	\$669,583	\$698,384	\$781,362
Non-Management (union and non-union)	\$1,492,299	\$1,591,382	\$1,431,424	\$1,615,196	\$1,721,868	\$1,704,386	\$1,868,785
Total	\$2,116,258	\$2,234,140	\$2,091,017	\$2,246,970	\$2,391,451	\$2,402,770	\$2,650,147
Total Benefits (Current + Accrued)							
Management (including executive)	\$171,589	\$145,238	\$151,958	\$147,936	\$168,089	\$175,319	\$196,149
Non-Management (union and non-union)	\$410,382	\$408,364	\$398,134	\$404,020	\$494,870	\$490,778	\$538,525
Total	\$581,971	\$553,603	\$550,093	\$551,956	\$662,959	\$666,097	\$734,674
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	\$795,548	\$787,996	\$811,551	\$779,710	\$837,672	\$873,702	\$977,511
Non-Management (union and non-union)	\$1,902,681	\$1,999,747	\$1,829,558	\$2,019,216	\$2,216,738	\$2,195,164	\$2,407,310
Total	\$2,698,229	\$2,787,743	\$2,641,110	\$2,798,926	\$3,054,410	\$3,068,867	\$3,384,821
						From last Board Approved	25.4%

Total compensation costs have increased 25.4% when comparing 2027 projected to 2022 Board Approved amounts. The Collective Bargaining Agreements (CBAs) are estimated to increase by 17.5% from 2022 to 2027 when considering the negotiated wage increases and the estimated inflation using the most current inflation parameters. The existing CBA, which was negotiated in 2024, is effective through 2027. ORPC typically applies the same percentage increase to non-union staff. Non-union staff will also see adjustments to match industry averages to allow ORPC to remain competitive in the employment market.

The Number of Employees represents the FTE count of each fiscal year. This number decreased by 2 in 2022 when comparing to Board Approved totals due to multiple retirements, parental leaves and terminations. Total FTEs have remained at 23 or 24 each year mainly due to employee rotation, retirements, and parental leaves combined with challenges in hiring. There are currently 2 vacancies at ORPC based on the last approved Cost of Service headcount. ORPC eliminated its IT/Network Administrator position in 2022 moving to the use of an outside contractor. ORPC is proposing to introduce 1 additional position in 2027 to meet engineering and mapping requirements. The following table details the changes in FTEs per position:

1

Table 16 – Employee FTE Count by Position

Position	BA	2022	2023	2024	2025	2026	2027
President & CEO	1	1	1	1	1	1	1
Executive Assistant	1	1	1.2	1	1	1	1
Chief Financial Officer	1	1	1	1	1	1	1
Operations Manager	1	1	1	1	0.8	1	1
Office Manager	1	1	1	1	1	1	1
Engineering and Customer Service Manager	1	1	0.9	0.8	1	1	1
Total Management	6.0	6.0	6.1	5.8	5.8	6.0	6.0
Power Line Technicians	10	8.9	8.4	9.6	9.8	10	10
Data Clerk	6	3.9	3.3	3.2	3.4	4	4
Cashier	0	0.6	0.6	0.6	0.9	0.5	0.5
Meter Technician	1	1	1	1	0.9	1	1
Engineering Technician	1	0.7	1	1	1	1	2
IT/Network Administrator	1	0.6	0	0	0	0	0
Maintenance Worker	1	1.2	0.9	1	1	1	1
Finance & Regulatory Specialist	0	1.2	2	1	1	1	1
Total Non-Management	20.0	18.1	17.3	17.4	18.0	18.5	19.5
Total Combined	26.0	24.1	23.4	23.2	23.8	24.5	25.5

2 Management FTEs were essentially consistent from the board approved level (6.0 FTEs) through
3 to the projected test year, with very little vacancy.

4 Non-Management positions were subject to vacancies from the board approved level (20.0 FTEs).
5 Variances include Data Clerks and Cashiers with terminations and leaves of absence including
6 temporary replacements for parental leaves. Temporary replacements saw high turnover with
7 permanent positions sought elsewhere. The board-approved amounts were previously combined
8 into Data Clerks with 1.5 FTEs representing Cashiers in 2022. ORPC eliminated 1 Cashier FTE and
9 1 IT/Network Administrator FTE in the 2022 to 2027 period with the IT/Network Administrator
10 position being replaced by an outside contractor. ORPC added a Finance & Regulatory Specialist
11 position to support the CFO with accounting and regulatory matters which have steadily increased
12 in quantity and complexity. With this position, ORPC has been able to improve its regulatory

accounting controls and analyses and more thoroughly review regulatory requirements and changes. In 2027, ORPC is proposing to add 1 Engineering Technician FTE to improve asset data accuracy and meet increasing customer design and mapping requirements.

Total Salary and Wages increase by 25.2% from the 2022 Board Approved amounts to 2027. Total Benefits increase of 26.2% with 17.5% attributed to CBA increases and the remainder mainly due to wage adjustments and progressions to realign to industry averages. The following table represents the year over year variance of total salaries and wages and of benefits:

Table 17 – Salaries and Wages and Benefits Variances

	BA-22	22-23	23-24	24-25	25-26	26-27
Salaries and Wages	\$117,882	\$(143,123)	\$155,953	\$144,481	\$11,319	\$247,377
Benefits	\$(28,368)	\$(3,510)	\$1,863	\$111,003	\$3,138	\$68,577
Total (\$)	\$89,514	\$(146,633)	\$157,816	\$255,484	\$14,457	\$315,954
Total (%)	3.3%	(5.3)%	6.0%	9.1%	0.5%	10.3%

Board Approved – 2022: Increase of \$89,514

The 2022 actuals were \$89,514 higher than the approved amount in ORPC's last Cost of Service. This increased because of the allocation of sick leave in 2022 Cost of Service amounts.

2022 – 2023: Decrease of \$146,633

The 2023 fiscal year was the first full year without the IT/Network Administrator position which was contracted to an outside party, contributing to a decrease of 0.6 FTEs from 2022 to 2023. Additionally, the Data Clerk positions decreased by 0.6 FTEs with multiple parental leaves.

2023 – 2024: Increase of \$157,816

There were wage increases of 2.65% on July 1, 2023, and 3.75% on July 1, 2024, contributing to approximately \$99,000 of the increase. The remaining variance is mainly attributed to the increase of 1.2 Linesperson FTEs. Although the overall FTE count remains relatively stable, the Linespersons have higher compensation cost than the Finance & Regulatory Specialist position.

2024 – 2025: Increase of \$255,484

There were wage increases of 3.75% on July 1, 2024, and 3.25% on July 1, 2025, contributing to approximately \$117,000 of the increase. The 2025 fiscal year saw an increase of 0.6 FTEs compared to the previous year and was the first full year of the new Collective Bargaining Agreement implemented on July 1, 2024, which included an increase of \$24,042 for Wellness Account expenses. The new CBA also included partial orthodontic coverage and increases to paramedical limits.

2026 – 2027: Increase of \$315,954

The increase includes 3.0% on July 1, 2026, per the CBA and an estimated 3.7% on July 1, 2027, based on the 2026 OEB Inflation Parameters contributing to approximately \$119,000 of the increase. Non-management wage adjustments to industry averages contributes an estimated additional total of \$216,000 to the increase.

4.4.4 POST-EMPLOYMENT RETIREMENT BENEFITS (OPEBS)

ORPC participates in the OMERS retirement plan and pays life insurance premiums for its retired members who retired prior to July 1, 2024. The table below shows the historical OPEB costs included in OM&A. A breakdown of the pension and OPEBs amounts included in OM&A is provided below.

Table 18 – Post Employment Benefits

	OPEB Costs	OMERS Costs
2022	\$32,467	\$215,614
2023	\$33,286	\$216,396
2024	\$37,000	\$224,558
2025	\$35,469	\$244,228
2026	\$35,080	\$250,000
2027	\$40,122	\$272,810

Pension and OPEB costs are included in ORPC's rates on a cash basis. This is consistent with ORPC's COS decision in EB-2021-0052, and remains reasonable for both ORPC's OPEB costs and its OMERS costs for several reasons:

a) Pension and OPEB costs were included in rates on a cash basis in 2022, such that changing to accrual now and going forward would require a review of the transition impacts. This is consistent with board policy, which cites consistency as one reason to support an alternate method promoting stability and predictability;

b) Because ORPC participates in the OMERS pension plan, there is no difference between the accrual and cash accounting methods in terms of end value. OMERS does not require an actuarial evaluation;

c) With respect to OPEBs, which relate only to life insurance premiums for employees that retired as of 2024 or earlier years, the fees paid require an actuarial evaluation. This results in the liability and expense to fluctuate significantly year over year with the interest rates set by the banks; and

d) Effective July 1, 2024, ORPC's employees are no longer entitled to OPEBs; once ORPC ceases making cash payments on behalf of the existing cohort of already retired employees with OPEBs, the annual cash cost of OPEBs will fall to zero.

With respect to its OPEB costs, ORPC performs a full actuarial valuation on the retirement life insurance plan every three years and minor updates in the intervening years. The most recent full Actuarial Report is provided at Appendix B. We note that the current service cost of ORPC's OPEB obligation for 2027 is zero; this reflects the fact that the OPEB entitlement no longer exists for current employees, such that there is only the residual interest cost associated with the legacy cohort to account for. As noted above, once ORPC ceases being obligated to pay the cash cost of OPEBs for those legacy employees, OPEB costs will cease to accumulate at all, and there will only be OMERS costs remaining.

4.4.5 STAFFING AND COMPENSATION STRATEGY

Finding qualified staff in smaller rural areas is challenging. Therefore, like other smaller utilities, ORPC prefers to invest time and energy in training its existing employees rather than hiring external skilled workers.

In doing so ORPC must also balance reliance on third party contractors and use its workforce to its best advantage for the customer and community. On an annual basis, ORPC evaluates its agreements with consultants and contractors to ensure that they are the best option possible for the utility.

ORPC uses the CHEC and MEARIE salary survey benchmarking studies to determine salary ranges. ORPC also utilizes salary ranges of similar utilities in Ontario and of local similar workforces for use as guidelines. In this application, ORPC is proposing wage adjustments to 6 non-union positions where ORPC's aggregate compensation for these positions represents approximately 86.6% of the aggregate market benchmark, or approximately 13.4% below the 50th percentile. ORPC first compared these positions to the CHEC survey results as CHEC utilities are more similar to ORPC in comparison of size, and subsequently to the MEARIE survey results where information was not available in the CHEC survey. The market benchmark represents the midpoint of the reported minimum and maximum annual compensation range for the applicable comparator position.

Salaries of both union and non-union employees are adjusted based on the negotiated increases in the Collective Bargaining Agreement. When the agreement is negotiated, management and the utility's Board of Directors will review and assess employee salaries to ensure they are competitive with neighboring cohort LDCs. It is also important to note that as existing non-union staff gain training and expertise, management may increase salaries according to new qualifications and experience.

The salaries and wage amounts include all salaries and wages paid, inclusive of overtime, and vacations. The benefit amounts include the employer's portion of statutory holidays, sick leave, bereavement leave, and other miscellaneous paid leave or labor dispute settlement amounts, Provincial benefits (CPP and EI), employer contributions to EHT, WSIB, OMERS pension plan and

ORPC's costs for providing extended health care, dental, long-term disability, life insurance and the Employee Assistance Program.

4.5 SHARED SERVICES & CORPORATE COST ALLOCATION

ORPC provides services to and receives services from Ottawa River Energy Solutions Inc. (ORES). ORPC and ORES share the same ownership structure rendering the two sister companies.

The current Shared Services Agreement between ORPC and ORES is effective from April 20, 2022, to April 20, 2027. This agreement is provided in Appendix A. Pursuant to the Services Agreement, ORPC provides water heater, sentinel light, fibre, solar and other maintenance services to ORES. These services include all associated accounting, administrative and billing and collecting services. These services stem from historical retail lines of the former amalgamated utilities. Ottawa River Energy Solutions provides internet services to Ottawa River Power based on market pricing.

ORES utilizes the physical space of ORPC. ORPC applies a markup of 30% after burdened costs are applied to capture ORES' utilization of indirect costs related to access to client reception area, central communication, cashiering services, the inventory warehouse and maintenance and other services. All direct costs, including burdened labour, materials and vehicle time, are invoiced monthly to ORES. The revenues and expenses by service provided are detailed in Appendix 2-N Shared Services/Corporation Cost Allocation.

In accordance with Article 340 of the APH, the utility confirms that there is no cross-subsidization between regulated and non-regulated or non-rate-regulated distributor lines of business. The pricing methodology outlined adheres to the ARC's transfer pricing rules. No Board of Director costs for affiliates have been included in LDC costs.

Board of Directors

Ottawa River Energy Solutions Inc. has a seven-member Board of Directors that is separate from Ottawa River Power Corporation. This is comprised of four members appointed by the City of Pembroke, and one member from the remaining three communities: Municipality of Mississippi Mills, Township of Whitewater and Township of Killaloe, Hagarty & Richards.

1 Pricing Methodology

2 The services provided by Ottawa River Power Corporation to Ottawa River Energy Solutions Inc.
3 are typically charged on a cost basis (including labour burdens of 45%) plus a 30% markup to
4 ensure the utility earns a fair return and covers all indirect associated costs for shared space. A
5 project and job costing system is used to track time, material and equipment for the services
6 provided.

7 OEB Appendix 2-N Shared Services/Corporate Cost Allocation is presented below for 2022 to 2025
8 historical and 2026 to 2027 projected.

Table 19 – Shared Services and Corporate Cost Allocation

Year: **2022**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
ORPC	ORES	Administration	Cost Base	\$71,640	\$55,108
ORPC	ORES	Electrical Contracting	Cost Base	\$382,652	\$136,240
ORPC	ORES	Systems Maintenance	Cost Base	\$20,786	\$15,989
ORES	ORPC	Internet/Fiber	Market		\$11,240

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
ORPC	ORES	Property Insurance	Property Value	25%	\$9,041

Year: **2023**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
ORPC	ORES	Administration	Cost Base	\$71,158	\$54,737
ORPC	ORES	Electrical Contracting	Cost Base	\$166,193	\$127,841
ORPC	ORES	Systems Maintenance	Cost Base	\$19,938	\$15,337
ORPC	ORES	Rent	Market	\$10,933	\$2,532
ORPC	ORES	Billing	Cost Base	\$15,996	\$8,458
ORES	ORPC	Internet/Fiber	Market		\$11,220

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
ORPC	ORES	Property Insurance	Property Value	25%	\$11,785

Year: **2024**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
ORPC	ORES	Administration	Cost Base	\$59,604	\$45,849
ORPC	ORES	Electrical Contracting	Cost Base	\$209,282	\$160,986
ORPC	ORES	Systems Maintenance	Cost Base	\$43,267	\$33,282
ORPC	ORES	Rent	Market	\$11,277	\$2,127
ORPC	ORES	Billing	Cost Base	\$16,495	\$9,286
ORES	ORPC	Internet/Fiber	Market		\$12,240

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
ORPC	ORES	Property Insurance	Property value	25%	\$15,836
ORPC	ORES	Accounting System	Employee time	25%	\$8,710

Year: 2025

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
ORPC	ORES	Administration	Cost Base	\$54,591	\$41,993
ORPC	ORES	Electrical Contracting	Cost Base	\$198,811	\$152,932
ORPC	ORES	Systems Maintenance	Cost Base	\$32,371	\$24,901
ORPC	ORES	Rent	Market	\$11,506	\$1,892
ORPC	ORES	Billing	Cost Base	\$16,807	\$9,005
ORES	ORPC	Internet/Fiber	Market		\$12,240

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
ORPC	ORES	Property Insurance	Property value	25%	\$17,757
ORPC	ORES	Accounting System	Employee time	25%	\$8,710

1

2

Year: 2026

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
ORPC	ORES	Administration	Cost Base	\$49,315	\$37,934
ORPC	ORES	Electrical Contracting	Cost Base	\$191,787	\$147,529
ORPC	ORES	Systems Maintenance	Cost Base	\$32,664	\$25,126
ORPC	ORES	Rent	Market	\$11,758	\$2,021
ORPC	ORES	Billing	Cost Base	\$20,423	\$9,788
ORES	ORPC	Internet/Fiber	Market		\$12,240

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
ORPC	ORES	Property Insurance	Property value	25%	\$17,757
ORPC	ORES	Accounting System	Employee time	25%	\$8,710

Year: **2027**

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
ORPC	ORES	Administration	Cost Base	\$51,139	\$39,338
ORPC	ORES	Electrical Contracting	Cost Base	\$198,883	\$152,987
ORPC	ORES	Systems Maintenance	Cost Base	\$33,873	\$26,056
ORPC	ORES	Rent	Market	\$12,373	\$2,120
ORPC	ORES	Billing	Cost Base	\$21,178	\$9,308
ORES	ORPC	Internet/Fiber	Market		\$12,240

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
ORPC	ORES	Property Insurance	Property value	25%	\$18,415
ORPC	ORES	Accounting System	Employee time	25%	\$8,710

The Corporate Cost Allocation includes 25% of property insurance as the two companies share a property insurance policy, which has been estimated based on the proportion of property value. Additionally, it includes 25% for the new accounting system introduced at the end of 2023 which houses both companies which was estimated based on proportion of accounting staff time spent on the affiliate.

The following table is a reconciliation of amounts included in Appendix 2-N presented above to the proposed in account 4375 in Exhibit 6:

Table 20 – Appendix 2-N Reconciliation to USofA 4375

Year	Total Price for Service	Billing and Metering Services Provided to other LDCs	Account 4375 Balance
	A	B	A + B
2022	\$(475,078)	\$(105,952)	\$(581,030)
2023	\$(284,218)	\$(109,944)	\$(394,162)
2024	\$(339,924)	\$(203,345)	\$(543,268)
2025	\$(314,087)	\$(182,529)	\$(391,458)
2026	\$(305,947)	\$(179,006)	\$(484,953)
2027	\$(317,446)	\$(184,757)	\$(502,203)

A detailed variance analysis of Other Revenues, including account 4375, is included in Exhibit 6.

4.6 PURCHASES OF NON-AFFILIATE SERVICES

4.6.1 NON-AFFILIATE SERVICES

ORPC purchases goods and services based on overall price as well as product quality, the ability to deliver on time, reliability, environmental impact, safety record of contractors, preference to support local suppliers, standardization of equipment and the impact on the ongoing work process.

The procurement of goods and services for ORPC is carried out with highest of ethical standards and consideration to the public nature of the expenditures. ORPC's purchasing policy reads as follows:

Aim

To provide fairness to suppliers and assure value to ORPC customers in the purchasing of goods and services. More specifically the procurement of goods and services will be based on:

1. Overall price impact for ORPC
2. Quality of goods
3. Reputation and performance of supplier
4. Delivery
5. Environmental impact
6. Safety record of contractors
7. Preference to support local suppliers, based on (in order) suppliers who are customers of ORPC, local suppliers, provincial suppliers, national suppliers
8. Standardization of equipment
9. Impact on the ongoing work process
10. Guidelines

Authorization

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

\$0 to \$20,000	Supervisors
>\$20,000	President or Delegate

For goods and services not approved in the capital or operating budgets:

Less than \$10,000	President or Delegate
>\$10,000	Board

1 **Process**

2 Normally the requirements will follow the following routines:

RFP (Request for Proposal)	To be issued for goods and services that are being considered for purchase that are not well defined and are of higher value. RFP may be followed up using a tender process or a purchase decision may be made based on the RFP.
Tender	Formal tender process for goods and services >\$20,000 or items of complex nature that require well defined specifications and terms and conditions. Fixed closing date/time and official opening by two staff required.
Quotation	Fax, e-mail or telephone quotations >\$200
Single Source	-For emergency work or sole source vendor work/ goods should be limited to the minimum amount to respond to the emergency -For goods and services <\$1000

3 **Evaluation of Bids**

4 Criteria for evaluation of tenders should be included within the request for tender/quotations
5 whenever possible. Evaluation criteria such as reputation, performance record, etc. are more
6 subjective and should be weighed in view of the risk to the utility and the need to
7 encourage/develop the supplier pool.

Construction Contractors

Acquiring services from construction contractors needs special attention due to the contractual obligations under the OH&S Act. The Quotation/Tender process must provide adequate assurance that the contractor has the skills and competence for the work to be performed, and they have an acceptable H&S Program in place.

Service Provider

ORPC has several service contracts that are integral to the operation of the utility. While it is possible to re-tender these contracts on a regular basis, changing of suppliers would be disruptive to the operation of the utility. These services will be reviewed on ongoing basis to assure that the value is received and ORPC continues to receive competitive pricing.

Supplier Alliances

Agreements may be established with key supplies to form an alliance whereby benefits flow to both parties that can include reduced inventory levels and improved service levels. Vendor alliances should be reviewed on an annual basis to assure that ORPC is receiving value from the arrangement.

4.7 REGULATORY COSTS

The costs related to this Cost of Service application include costs of having an Engineering firm develop the Distribution System Plan and Asset Condition Assessments, legal review, consulting assistance, OEB fees and intervenor fees.

The regulatory costs in this application do not include provisions for legal fees related to a written or oral hearing. If the parties are unable to reach a full settlement, ORPC reserves the right to include such hearing costs as part of Regulatory Costs and seek disposition in the approved manner. All regulatory costs listed below are tracked in account 5655 – Regulatory Expenses. Costs directly associated with the Cost of Service application will be amortized over a period of 5 years (2027-2031).

1

Table 21 – Regulatory Costs Specific to the 2027 Cost of Service

Regulatory Costs (One-Time)		Last Rebasing (2022 OEB Approved)	Last Rebasing (2022 Actual)	Sum Of Historical Years (2023- 2025)	2026 Bridge Year	2027 Test Year
		(A)	(B)	(C)	(D)	(E)
1	Expert Witness costs					
2	Legal costs	30,000	23,700		15,000	15,000
3	Consultants' costs	30,000	35,753	3,750	100,000	24,625
4	Intervenor costs	75,000	43,222			60,000
5	OEB Section 30 Costs (application-related)					
6	DSP/ACA	220,000	251,184	106,250	134,844	
7	Accounting Assistance	15,500				
8	Production & Submission	1,000				
9	Public Notice	2,000				
10	Software Provider Reporting re Load Forecasting			9,100		
11	Financing Capacity Assessment				11,500	
12						
25						
26						
27						
28						
	Sub-total - One-time Costs	\$373,500	\$353,859	\$119,100	\$261,344	\$99,625

2

3

The table above shows a breakdown of the incremental costs for the Cost of Service application. The estimated Cost of Service regulatory costs for this application are \$480,069 (Columns C, D, and E), amortizing this amount equally over 5 years results in \$96,014 per year being included in rates from 2027 to 2031. Account 5655 also includes ongoing costs of \$85,530 for the OEB's quarterly assessments, annual licencing and miscellaneous case fees along with \$3,000 budget for non-COS application external assistance.

In its 2022 Cost of Service application, the OEB approved \$183,062 in regulatory costs per year which included \$74,700 per year for the amortization of the 2022 Cost of Service application.

4.8 LEAP, CHARITABLE & POLITICAL DONATIONS

ORPC has partnered with United Way Simcoe Muskoka (Lead Agency) to manage its emergency relief program for eligible low-income customers. The program is intended to provide relief to residential customers s experiencing financial challenges. In compliance with OEB policy, ORPC:

- Established partnership, contract and operational procedures with Lead Agency;
- Collects money from ratepayers for LEAP EFA in the amount approved by the OEB;
- Transfers program funds to the customer based on approvals from United Way Simcoe Muskoka;
- Records funds issued in excess of the previously approved amount in a 1508 variance account;
- Receives, records and takes appropriate action upon notification from Lead Agency that an assessment of eligibility is being undertaken;
- Receives, records and takes appropriate action upon notification from Lead Agency of decisions on applications; and
- Confirms customer and account information used in determining program eligibility, including information on payment history.

ORPC has included \$33,000 in OM&A for the Low-Income Energy Assistance Program Emergency Financial Assistance (LEAP EFA) under Donations Expense (USoA Account 6205). The proposed

amount is based on ORPC's actual LEAP EFA experience following the changes to the program implemented by the OEB in 2024.

Effective March 1, 2024, the OEB implemented several changes to LEAP EFA, including expanded income eligibility thresholds and increased maximum annual grant amounts. In addition, while the LEAP EFA funding mechanism remained unchanged, the OEB determined that no eligible LEAP EFA applicant should be denied assistance due to a lack of available program funding.

Prior to these changes, ORPC's annual LEAP EFA funding requirement was approximately \$7,500, representing 0.12% of its OEB-approved distribution revenue requirement. As shown in the table below, LEAP EFA grants were equal to the available \$7,500 in both 2022 and 2023. Following implementation of the program changes in 2024, however, LEAP EFA grants increased to \$26,669 in 2024 and \$32,495 in 2025. ORPC projects LEAP EFA grants of approximately \$33,000 in 2026 and 2027.

Table 22 - Total OM&A

	Available Leap Funding	LEAP Granted	Difference
<i>2022 Actual</i>	\$7,500	\$7,500	\$-
<i>2023 Actual</i>	\$7,500	\$7,500	\$-
<i>2024 Actual</i>	\$7,500	\$26,669	\$19,169
<i>2025 Actual</i>	\$7,500	\$32,495	\$24,995
<i>2026 Projected</i>	\$7,500	\$33,000	\$25,500
<i>2027 Proposed</i>		\$33,000	

The results demonstrate a sustained increase in LEAP EFA assistance following the 2024 program changes. Actual grants increased from \$7,500 in 2023 to \$26,669 in 2024 and \$32,495 in 2025. The \$33,000 proposed for the 2027 Test Year is therefore consistent with ORPC's most recent actual experience and its projected 2026 program requirements and is not based on an assumed escalation in LEAP EFA expenditures.

ORPC recognizes that the proposed LEAP EFA funding of \$33,000 exceeds 0.12% of its forecast service revenue requirement. Demographic information for ORPC's service areas supports the

demonstrated need for funding above this level. Based on Statistics Canada's 2021 Census¹, the prevalence of low income residents based on the Low-income Measure, After Tax (LIM-AT) was 16.5% in Pembroke, ORPC's largest service area, compared with 10.1% for Ontario as a whole. The median household income in Pembroke was \$63,200 in 2020, compared with \$91,000 for Ontario. Low-income prevalence was also evident in ORPC's other service communities, with LIM-AT rates of 8.3% in Almonte, 8.2% in Beachburg and 21.6% in Killaloe. Approximately 63% of ORPC's customer base resides in Pembroke, highlighting that a significant proportion of customers are located in areas with lower income levels. These demographic indicators, together with ORPC's actual LEAP EFA experience following the 2024 program changes, demonstrate a continuing need for financial assistance within ORPC's service territory and support the proposed \$33,000 LEAP EFA funding level for the 2027 Test Year.

ORPC reports to the OEB in accordance with reporting requirements through filings 2.1.16. ORPC attests that the test year revenue requirement does not include legacy low-income energy assistance programs and does not include any charitable or political contributions.

4.9 COSTS OF NON-WIRES SOLUTIONS & CONSERVATION AND DEMAND MANAGEMENT

ORPC has not proposed any non-wires solutions in its distribution system plan and has not included any associated costs in its revenue requirement. ORPC has also not included any costs to evaluate future non-wires solutions.

ORPC confirms that no costs for supporting IESO programs funded under the eDSM Framework are included in its revenue requirement.

4.9.1 FUNDING OPTIONS FOR FUTURE NON-WIRES SOLUTIONS

ORPC presently has no non-wires solutions expected to come into service during the Price CAP IR term. Therefore, there are no associated costs included in its revenue requirement.

¹ Statistics Canada. 2023. (table). *Census Profile*. 2021 Census of Population. Statistics Canada Catalogue no. 98-316-X2021001. Ottawa. Released November 15, 2023. <https://www12.statcan.gc.ca/census-recensement/2021/dp-pd/prof/index.cfm?Lang=E> (accessed August 13, 2026).

4.10 APPENDICES

Appendix 4A	Shared Services Agreement
Appendix 4B	Actuarial Valuation Report

4.10.1 APPENDIX 4A – SHARED SERVICES AGREEMENT

1
2

SERVICES AGREEMENT

Made as of April 20, 2022

Between

OTTAWA RIVER POWER CORPORATION
("ORPC")

and

OTTAWA RIVER ENERGY SOLUTIONS INC.
("ORESI")

TABLE OF CONTENTS

	Page
ARTICLE 1 – DEFINITIONS AND INTERPRETATION	1
Section 1.1 Definitions	1
Section 1.2 Derivations	3
Section 1.3 Extended Meanings	3
Section 1.4 Accounting Terms	4
Section 1.5 Industry Terms	4
Section 1.6 Interpretation of Agreement and Schedules	4
Section 1.7 Governing Law	4
Section 1.8 Legislation, Regulations and Rules	4
Section 1.9 Article, Section, Subsection and Item References	4
Section 1.10 Headings	4
Section 1.11 “Hereof” Etc.	5
Section 1.12 Currency of Contract	5
Section 1.13 Waiver of Contra-Proferentem Rule	5
ARTICLE 2 – MANAGEMENT AND OFFICE PERSONNEL	5
Section 2.1 Supply of Management and Office Personnel.....	5
Section 2.2 Responsibilities of Management and Office Personnel	5
Section 2.3 Conflicts of Interest and Release	5
Section 2.4 Indemnity and Release	6
Section 2.5 Not Employees	6
Section 2.6 Charge for Management and Office Personnel ORESI.....	6
ARTICLE 3 – SERVICE PERSONNEL	7
Section 3.1 Supply	7
Section 3.2 Obligation to Supply and Conditions	7
Section 3.3 Equipment	8
Section 3.4 Time Sheets/Work Orders	8
Section 3.5 Charges for Service Personnel	8
Section 3.6 Not Employees	9
Section 3.7 Limited Warranty	9
ARTICLE 4 – CONTRACTORS	9
Section 4.1 Contractors	9
ARTICLE 5 – EQUIPMENT.....	10
Section 5.1 Supply	10
Section 5.2 Obligation and Conditions of Supply	10
Section 5.3 Charges for ORPC Equipment	11
Section 5.4 No Liability	11
Section 5.5 No Warranty	11
ARTICLE 6 – SYSTEMS.....	12
Section 6.1 No Charge	12

Section 6.2 Reimbursement for Consumables	12
ARTICLE 7 – BILLING, COLLECTION, AND ORESI CUSTOMER SERVICE	12
Section 7.1 Allowed Functions	12
Section 7.2 Charge for Billing, Collections, and ORESI Customer Service.....	12
Section 7.3 Taxes	13
ARTICLE 8 – PROVISION OF INSURANCE COVERAGE.....	13
Section 8.1 Coverage upon Request.....	13
ARTICLE 9 – PREMISES	13
Section 9.1 Provision.....	13
Section 9.2 Codes Compliance.....	13
Section 9.3 Vacating Premises	13
Section 9.4 Office Equipment	14
Section 9.5 Payment.....	14
ARTICLE 10 – PAYMENTS, INTEREST AND ADJUSTMENTS	14
Section 10.1 Payments	14
Section 10.2 Interest	14
Section 10.3 Adjustments.....	14
Section 10.4 Set-Off.....	14
ARTICLE 11 – INDUSTRY CODES AND STANDARDS.....	15
Section 11.1 Compliance is Objective	15
Section 11.2 Best Efforts.....	15
Section 11.3 Amendment	15
Section 11.4 Code Session	15
ARTICLE 12 – TERM & TERMINATION.....	15
Section 12.1 Term	15
Section 12.2 Early Termination	15
Section 12.3 End of Term Obligations	15
Section 12.4 Removal	16
Section 12.5 Effect of Termination	16
ARTICLE 13 – FORCE MAJEURE	16
Section 13.1 Generally	16
ARTICLE 14 – DEFAULT	16
Section 14.1 Events of Default.....	16
Section 14.2 Remedies	17
ARTICLE 15 – TRANSFER	17
Section 15.1 Prohibition	17
Section 15.2 Exception re: Security	17
Section 15.3 Exception re: Affiliate	18
Section 15.4 Change in Control	18
ARTICLE 16 – INSURANCE.....	18

Section 16.1 Maintenance	18
ARTICLE 17 – DISPUTE RESOLUTION PROVISIONS.....	18
Section 17.1 Generally	18
Section 17.2 Fees and Expenses.....	18
Section 17.3 Procedures	19
Section 17.4 Private Arbitration.....	19
Section 17.5 Arbitration Binding	19
ARTICLE 18 – LOGOS	19
Section 18.1 Logos.....	19
ARTICLE 19 – BOARD OF DIRECTORS	19
Section 19.1 Independent Directors	19
ARTICLE 20 – COMPLIANCE MEASURES	19
Section 20.1 Compliance Measures	19
ARTICLE 21 – NON-DISCLOSURE.....	20
Section 21.1 Definitions	20
Section 21.2 Obligations Arising From Disclosure	20
Section 21.3 Exceptions	21
Section 21.4 Discretionary Disclosure	22
Section 21.5 No Warranty.....	22
Section 21.6 Intellectual Property	22
Section 21.7 Indemnity	22
Section 21.8 Equitable Remedies.....	22
Section 21.9 Independent Activities.....	23
Section 21.10 No Implied Obligations.....	23
Section 21.11 Termination and Survival.....	23
ARTICLE 22 – NOTICES	23
Section 22.1 Addresses	23
Section 22.2 Time of Receipt.....	24
Section 22.3 Change of Address	24
ARTICLE 23 – GENERAL	24
Section 23.1 Prior Agreements.....	24
Section 23.2 Inurement	24
Section 23.3 Relationship of Parties	24
Section 23.4 Waiver in Writing.....	25
Section 23.5 Delay Not Waiver.....	25
Section 23.6 Acceptance of Payment Not Waiver	25
Section 23.7 Amendments.....	25
Section 23.8 Time of the Essence	25
Section 23.9 Further Assurances	25
Section 23.10 Severability.....	25
Section 23.11 Use of Name.....	25

Section 23.12 Waiver of Relief	26
Section 23.13 No Third Party Beneficiaries.....	26
Section 23.14 Attornment	26
Section 23.15 Good Faith.....	26
Section 23.16 Language of Agreement	26
Section 23.17 Entire Agreement	26
Section 23.18 Counterparts and Facsimile Execution.....	26

SERVICES AGREEMENT

This Agreement is made as of April 20, 2022, between

OTTAWA RIVER POWER CORPORATION., an Ontario corporation having offices within the City of Pembroke, in the Province of Ontario
(hereinafter referred to as “**ORPC**”)

and

OTTAWA RIVER ENERGY SOLUTIONS INC., an Ontario corporation having offices within the City of Pembroke, in the Province of Ontario
(hereinafter referred to as “**ORESI**”)

RECITALS:

- A. ORPC is a utility, engaged in the business of the local distribution of electricity and for such purposes has personnel, corporate services, accounting services, premises, and equipment.
- B. ORESI is an affiliate of ORPC, engaged in the business of providing services related to the electrical industry and for such purposes has need of personnel, corporate services, accounting services, premises and equipment.
- C. ORPC and ORESI have agreed on the basis upon which the personnel, corporate services, accounting services, office premises and equipment of ORPC may be made available to ORESI, and the Parties wish to enter into this Agreement to record their agreements.

FOR VALUE RECEIVED the Parties covenant and agree as follows:

ARTICLE 1 – DEFINITIONS AND INTERPRETATION

Section 1.1 Definitions

In this Agreement, unless the subject matter or context is inconsistent therewith, the words and phrases set forth below shall have the meanings attributed below:

“**Act**” means the *Ontario Energy Board Act, 1998*.

“**affiliate**” with respect to a corporation, has same meaning as in the *Ontario Business Corporations Act*.

“**Aggrieved Party**” has the meaning given to it in Section 17.1.

“**Agreement**” means this Services Agreement and includes all schedules to this Services Agreement and, further, includes all amendments and supplements as may be made from time to time.

"ARC" means the Affiliate Relationships Code for Electricity Distributors and Transmitters (revised March 15, 2010) issued by the Ontario Energy Board, as amended from time to time.

"Available Hours" means the hours in a calendar year that an employee of ORPC is available to provide services to ORPC or as ORPC may direct.

"Billing Services" means hourly costs incurred by staff to program and prepare invoicing to ORESI customers, plus any applicable postage.

"Business Day" means a day that is not a Saturday, Sunday or a public or bank holiday in the Province of Ontario.

"Codes" means the ARC, and all other codes, legislation, regulation and rules applicable to ORPC and/or ORESI from time to time.

"confidential information" means information the utility has obtained relating to a specific smart sub-metering provider, wholesaler, consumer, retailer or generator in the process of providing current or prospective utility service.

"Control" has the meaning given to it in the *Business Corporations Act* (Ontario).

"Default" has the meaning given to it in Section 14.1.

"direct costs" means costs that can reasonably be identified with a specific unit of product or service or with a specific operation or cost centre.

"Dispute Resolution Provisions" means the provisions of Article 17.

"energy service provider" means a person, other than a utility or a shareholder of a utility that is a municipal corporation or the provincial government, involved in the supply of electricity or gas or related activities, including: retailing of electricity; marketing of natural gas; generation of electricity; energy management services; conservation or demand management programs; street lighting services; sentinel lighting services; metering (including smart sub-metering that is the subject of the Smart Sub-Metering Code and wholesale metering); billing other than solely for the delivery and supply of electricity or natural gas or for sewer or water services; and appliance (including water heater) sales, service and rentals.

"Force Majeure" means in relation to the performance of any obligation under this Agreement, any cause, condition or event of any nature whatsoever which is beyond the reasonable control of the Party responsible for such obligation which prevents in whole or in part the performance by either Party of its respective obligations including without limitation, acts of war, revolution, riot, sabotage, vandalism, earthquakes, storms, flooding, lightning and other acts of God, local or national emergencies, strikes, lockouts, work slowdowns and all other labour disputes, whether lawful or unlawful.

"fully-allocated cost" means the sum of direct costs plus a proportional share of indirect costs.

"indirect costs" means costs that cannot be identified with a specific unit of product or service or with a specific operation or cost centre, and include but are not limited to overhead costs, administrative and general expenses, and taxes.

"ORPC Equipment" has the meaning given to it in Section 5.1.

"Management and Office Personnel" means the President, Chief Financial Officer, Accounting Assistant, Executive Administrative Assistant, Office Manager, Billing Clerks, Engineering and Customer Service Manager, Operations Manager, IT/Network Administrator, Journeypersons, Service Person, Engineering Technician of ORPC, from time to time.

"market price" means the price reached in an open and unrestricted market between informed and prudent parties, acting at arm's length and under no compulsion to act.

"Notice" has the meaning given to it in Section 22.1.

"Payment Notice" has the meaning given to it in Section 14.1(1).

"Person" means an individual, partnership, limited partnership, joint venture, syndicate, sole proprietorship, company or corporation with or without share capital, unincorporated association, trust, trustee, executor, administrator or other legal personal representative, regulatory body or agency, government or governmental agency, authority or entity however designated or constituted.

"Prescribed Rate" means the rate of interest allowed, from time to time, to ORPC on its debt for the purposes of calculating the electricity distribution rates for ORPC by the Ontario Energy Board.

"Service Personnel" means the operations staff of ORPC other than Management and Office Personnel.

"shared corporate services" means business functions that provide shared strategic management and policy support to the corporate group of which the utility is a member, relating to legal, regulatory, procurement services, building or real estate support services, information management services, information technology services, corporate administration, finance, tax, treasury, pensions, risk management, audit services, corporate planning, human resources, health and safety, communications, investor relations, trustee, or public affairs.

"Term" means the period of time that this Agreement is in effect pursuant to the provisions of Article 12.

"utility" means an electricity transmitter or electricity distributor that is licensed under Part V of the Act.

Section 1.2 Derivations

Where a word or phrase is defined for the purposes of this Agreement, a derivative of that word or phrase shall have a corresponding meaning.

Section 1.3 Extended Meanings

In this Agreement words importing the singular number only include the plural and vice versa, words importing any gender include all genders and words importing persons include all Persons.

Section 1.4 Accounting Terms

All accounting terms not otherwise defined in this Agreement shall have the meanings assigned to them in accordance with Canadian generally accepted accounting principles and the International Financial Reporting Standards (IFRS), except where inappropriate in the context in which such accounting term is used in this Agreement.

Section 1.5 Industry Terms

Unless expressly defined herein, words having well known technical or trade meanings within the electricity distribution and related industries shall be so construed.

Section 1.6 Interpretation of Agreement and Schedules

The body of this Agreement and all the Schedules to this Agreement constitute one and the entire agreement between the Parties hereto and, accordingly, the body of this Agreement and all such Schedules hereto shall be interpreted and enforced as though the provisions of such Schedules were set forth in the body of this Agreement prior to the execution page hereof and without giving paramountcy to the provisions of the body of this Agreement or any of the Schedules to this Agreement over the provisions of the other.

Section 1.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of Ontario and the federal laws of Canada applicable in the Province of Ontario and shall be treated in all respects as an Ontario contract.

Section 1.8 Legislation, Regulations and Rules

Any reference in this Agreement to all or any part of any statute, regulation or rule shall, unless otherwise expressly stated herein, be a reference to the statute, regulation or rule, or part thereof, as amended from time to time.

Section 1.9 Article, Section, Subsection and Item References

The division of this Agreement into Articles, Sections and Subsections are for convenience of reference only and shall not affect or be considered to affect the construction or interpretation of the provisions of this Agreement. References in this Agreement or in a Schedule to this Agreement to an Article, Section or Subsection shall mean a reference to an Article, Section or Subsection within the body of this Agreement. References herein to an Item without identifying the Section in which the Item is contained shall mean a reference to the Item in the same Section where the reference is made.

Section 1.10 Headings

The headings of Articles, Sections and Subsections herein and in the Schedules to this Agreement and the Table of Contents are inserted for convenience of reference only and shall not affect or be considered to affect the construction or interpretation of the provisions of this Agreement.

Section 1.11 "Hereof" Etc.

The terms "hereof", "hereunder", "herein", "hereto" and similar expressions refer to this Agreement in its entirety and not to any particular Article, Section, Subsection or other portion of this Agreement.

Section 1.12 Currency of Contract

All references in this Agreement to money shall denote the lawful currency of Canada, except as may be otherwise expressly stated.

Section 1.13 Waiver of Contra-Proferentem Rule

Each Party to this Agreement acknowledges and agrees that it has participated in the drafting of this Agreement and, accordingly, this Agreement shall not be interpreted either more or less favorably in favor of any Party to this Agreement by virtue of the fact that one Party or its counsel has been principally responsible for the drafting of all or a portion of this Agreement.

ARTICLE 2 – MANAGEMENT AND OFFICE PERSONNEL

Section 2.1 Supply of Management and Office Personnel

(1) Subject to Section 2.1(2), ORPC shall, throughout the Term, supply the services of the Management and Office Personnel to provide to ORESI shared corporate services as the Management and Office Personnel provide to ORPC and, in addition, to provide such other services as may be requested of them by ORESI from time to time.

(2) Notwithstanding any provision to the contrary in this Agreement, ORESI acknowledges and agrees that in accordance with Section 2.2.3 of the ARC, that ORPC shall not share with ORESI (to the extent that ORESI is an energy service provider) Management and Office Personnel that are directly involved in collecting, or have access to confidential information.

Section 2.2 Responsibilities of Management and Office Personnel

The Management and Office Personnel shall fulfill the same responsibilities with respect to ORESI that the Management and Office Personnel fulfill with respect to ORPC and, in addition, shall fulfill such other responsibilities as may be requested of them by ORESI from time to time.

Section 2.3 Conflicts of Interest and Release

ORESI acknowledges that the Management and Office Personnel are officers and employees of ORPC and, as such, they will have a conflict of interest with respect to any matter which would involve business or other relations between ORPC and ORESI. ORESI agrees that, insofar as this Agreement is concerned, the obligations that each of the Management and Office Personnel has to ORPC is paramount to the obligations that the Management and Office Personnel has to ORESI. Accordingly, in each event of a conflict of interest in the obligations that any Management and Office Personnel owes to ORPC and ORESI, the Management and Office Personnel is excused from performing such obligation and the particular event shall be referred to officers or employees of ORESI that do not have such a conflict or, failing that, to the Board of Directors for resolution. Further, ORESI hereby releases the Management and Office

Personnel, and each of them, and ORPC from all liability that may arise or be associated with any conflict of interest that any of the Management and Office Personnel may have as a result of being an officer of both ORESI and ORPC, performing any of the responsibilities associated with being an officer of ORESI or providing services to ORESI pursuant to this Agreement.

Section 2.4 Indemnity and Release

ORESI shall indemnify and hold harmless ORPC and each of the Management and Office Personnel from and against all loss, claims and liability whatsoever that arises howsoever from or may be associated with the performance by the Management and Office Personnel of their responsibilities to ORESI except such thereof as results from the negligence or wilful misconduct of the Management and Office Personnel, or any of them.

Section 2.5 Not Employees

The Management and Office Personnel are not, and shall in no event become, employees of ORESI. In no event shall ORESI become obligated howsoever to pay, or make any contribution to ORPC in respect of, the salaries, wages, benefits or other compensation payable by ORPC to the Management and Office Personnel except to pay to ORPC any amount payable by ORESI to ORPC pursuant to Section 2.6. In no event shall the use by ORESI of the services of the Management and Office Personnel become the basis for any right of any labour union or similar organization to become the bargaining agent for the employees of ORESI.

Section 2.6 Charge for Management and Office Personnel ORESI

(1) ORPC shall provide periodic invoices to ORESI based upon the amount of time required in order for the Management and Office Personnel to provide the services and to fulfil their obligations to ORESI pursuant to this Agreement. Subject to Section 2.6(2), in accordance with Section 2.3.5.1 of the ARC, the amount payable by ORESI to ORPC for the services of the Management and Office Personnel shall be on the basis of fully-allocated cost-based pricing (as calculated in accordance with sections 2.3.4.1 and 2.3.4.2 of the ARC) and shall include:

- (a) compensation to ORPC for indeterminable costs of the equipment and supplies used by the Management and Office Personnel for the equipment used by them to provide their services and fulfil their responsibilities to ORESI pursuant to this Agreement; and
- (b) a fair and reasonable allocation of gross payroll and benefits costs of ORPC attributable to the Management and Office Personnel in respect of the time that the Management and Office Personnel spend to provide their services and fulfil their responsibilities to ORESI pursuant to this Agreement, such allocation being based upon Available Hours.

(2) The foregoing pricing shall be subject to ORPC's compliance with Sections 2.3.4.3 of the ARC, and in the event of non-compliance, then the pricing for the Management and Office Personnel shall be in accordance with Sections 2.3.3.1 or 2.3.3.6 of the ARC.

(3) ORPC shall, from time to time, calculate the amounts to be charged to ORESI for the Management and Office Personnel provided by ORPC to ORESI pursuant to this Agreement and shall give ORESI notice thereof and of each change thereto. In the event that ORESI disputes

that any charge for the Management and Office Personnel is calculated in accordance with the provisions of this Agreement, then ORESI shall give Notice of its dispute to ORPC whereupon ORPC and ORESI shall endeavor in good faith to resolve the dispute provided, however, that either ORPC or ORESI may at any time refer the dispute for resolution pursuant to the Dispute Resolution Provisions.

(4) In consideration of the payments by ORESI to ORPC pursuant to this Section, ORESI shall not be required or expected to make any further contribution to the provision of the offices, equipment, support staff or other requirements that the Management and Office Personnel may require to provide their services and fulfil their responsibilities to ORESI under this Agreement.

ARTICLE 3 – SERVICE PERSONNEL

Section 3.1 Supply

At ORESI's request, ORPC may, at any time and from time to time, agree to provide particular Service Personnel to provide services to ORESI, utilizing equipment, in particular locations or areas, and over a particular period of time.

Section 3.2 Obligation to Supply and Conditions

The supply the requested Service Personnel by ORPC to ORESI shall be subject to the following conditions:

- (1) ORPC determines, in its sole unfettered judgment that it has the requested Service Personnel available that are capable of performing the specified tasks, during the period of time and in the location or area indicated in the request made by ORESI;
- (2) the supply of Service Personnel is subject to interruption due to emergency requirements of ORPC, as determined by ORPC in its sole and unfettered judgment, for the purposes of its own business, but not otherwise;
- (3) ORPC determines, in its sole unfettered judgment, that it has the equipment available which will allow the requested Service Personnel to perform the tasks for which they have been requested by ORESI, provided, however, that ORPC shall provide the requested Service Personnel notwithstanding that ORPC may have determined that it does not have the equipment available which -will allow the requested Service Personnel to perform the tasks for which they have been requested by ORESI in the event that ORESI undertakes to provide the necessary equipment;
- (4) unless included in the rate for a particular piece of equipment, ORESI will provide and/or otherwise reimburse ORPC for all fuel, lubricants and other consumables consumed in the operation of the equipment used by the Service Personnel;
- (5) unless included in the rate for particular Service Personnel, ORESI will reimburse ORPC for the cost of all materials provided by ORPC to ORESI for the purposes of completing the assignment of the Service Personnel;
- (6) ORPC shall not be required to supply or continue the supply of Service Personnel if, in the sole and unfettered judgment of ORPC, the work environment in which the Service

Personnel are or will be providing their services does not satisfy applicable safety laws and/or regulations or ORPC's safety rules and protocols; and

(7) ORESI shall indemnify and hold harmless ORPC and each of the Service Personnel from and against all loss, claims and liability whatsoever that may arise from or be, in any way, associated with the performance by the Service Personnel of their responsibilities to ORESI except such as results from the negligence or willful misconduct of the Service Personnel, or any of them.

Section 3.3 Equipment

In addition to the Service Personnel provided by ORPC to ORESI, ORPC shall supply the equipment required by the Service Personnel in order to perform the tasks in respect of which the services of the Service Personnel are being provided.

Section 3.4 Time Sheets/Work Orders

ORPC shall cause each of the Service Personnel to make a written record, which may be in the form of time sheets or work orders, of the time spent by such Service Personnel and chargeable equipment and material used by such Service Personnel in order to provide services to ORESI pursuant to this Agreement and the charges of ORPC to ORESI for the services of the Service Personnel and equipment and material used by such Service Personnel shall be calculated on the basis of such written records.

Section 3.5 Charges for Service Personnel

(1) ORESI shall pay ORPC appropriate fees and charges for the services of the Service Personnel, the use of equipment and the consumption of materials used by such Service Personnel and those fees and charges will represent the fair market value of those services provided, equipment used and materials consumed and will:

- (a) be no less than the greater of:
 - (i) the market price for the services of the Service Personnel; and
 - (ii) ORPC's fully-allocated cost to provide the Service Personnel;
- (b) include in the calculation of such charges a fair and reasonable allocation of gross payroll and benefits costs of ORPC attributable to the Service Personnel in respect of the time that the Service Personnel spend to provide their services and fulfil their responsibilities to ORESI pursuant to this Agreement, such allocation being based upon Available Hours, being based only on actual charges paid to third Parties and not including any notional calculations; and
- (c) include, with respect to equipment provided with Service Personnel, only charges consistent with the provisions of Article 4.

(2) ORPC shall, from time to time, calculate the amounts to be charged to ORESI for the Service Personnel provided by ORPC to ORESI pursuant to this Agreement and shall give ORESI notice thereof and of each change thereto. In the event that ORESI disputes how any

charge for the Service Personnel is calculated in accordance with the provisions of this Agreement, then ORESI shall give Notice of its dispute to ORPC whereupon ORPC and ORESI shall endeavor in good faith to resolve the dispute provided, however, that either ORPC or ORESI may at any time refer the dispute for resolution pursuant to the Dispute Resolution Provisions.

(3) In consideration of the payments by ORESI to ORPC pursuant to this Section, ORESI shall not be required or expected to make any further contribution to the provision of the offices, equipment, support staff or other requirements that the Service Personnel may require to provide their services and fulfil their responsibilities to ORESI under this Agreement.

Section 3.6 Not Employees

The Service Personnel are not, and shall in no event become, employees of ORESI. In no event shall ORESI become obligated howsoever to pay, or make any contribution to ORPC in respect of, the salaries, wages, benefits or other compensation payable by ORPC to the Service Personnel except to pay to ORPC any amount payable by ORESI to ORPC pursuant to Section 3.4. In no event shall the use by ORESI of the services of the Service Personnel become the basis for any right of any labour union or similar organization to become the bargaining agent for the employees of ORESI.

Section 3.7 Limited Warranty

ORESI acknowledges that, except as set forth in this Agreement ORPC makes no warranty, representation or indemnity, express or implied, with respect to any of the Service Personnel and equipment provided by ORPC to ORESI pursuant to this Article or for any work performed by the Service Personnel and equipment provided by ORPC to ORESI pursuant to this Article, including any and all warranties of design, merchantability or fitness for particular purpose or arising from a course of dealing, usage or trade, and each Party expressly waives and disclaims all such warranties, representations and indemnities except that the Service Personnel are properly trained and fully qualified to perform the services that they are intended to, and do, perform for ORESI pursuant to this Agreement and the equipment provided by ORPC to the Service Personnel are adequate and safe for use by the Service Personnel to perform the services to be performed by the Service Personnel for ORESI pursuant to this Agreement. The warranties set forth in this Agreement constitute the only warranties made by a Party to the other Party with respect to this Agreement and are made in lieu of all other warranties or conditions, written or oral, statutory, express or implied.

ARTICLE 4 – CONTRACTORS

Section 4.1 Contractors

ORESI shall reimburse ORPC for a percentage of the actual cost to ORPC of each provider of services to ORPC under contract with ORPC equal to the percentage of the services of such Service Provider used by ORESI is of the total services provided by such Service Provider to both ORPC and ORESI. In the event that ORESI might make available to ORPC the services of a Service Provider under contract with ORESI, ORPC shall reimburse ORESI for a percentage of the actual cost to ORESI of such Service Provider equal to the percentage of the services of such

Service Provider used by ORPC is of the total ORESI provided by such Service Provider to both ORPC and ORESI.

ARTICLE 5 – EQUIPMENT

Section 5.1 Supply

(1) ORESI and ORPC may, at any time and from time to time, agree on particular equipment from ORPC for use by ORESI without Service Personnel (such equipment being referred to as “**ORPC Equipment**”),

(2) Alternatively to an agreement between ORESI and ORPC pursuant to Section 5.1(1), ORESI may, at any time and from time to time, request equipment from ORPC for use by ORESI without Service Personnel (such equipment also being referred to as “**ORPC Equipment**”). Each request by ORESI to ORPC for ORPC Equipment shall be in writing, and may be in the form of a purchase order, and shall specify:

- (a) the type and number or quantity of ORPC Equipment required;
- (b) the period of time for which the ORPC Equipment is required, including a contingency period which shall be separately specified;
- (c) the purpose for which the ORPC Equipment is required, including the specific tasks for which the various ORPC Equipment will be used; and
- (d) the location or area in which the ORPC Equipment will be used.

Section 5.2 Obligation and Conditions of Supply

Upon agreement between ORESI and ORPC pursuant to Section 5.1(1) with respect to the supply of particular ORPC Equipment or upon receipt by ORPC of a request from ORESI for ORPC Equipment satisfying the requirements of Section 5.1(2), ORPC shall supply the requested ORPC Equipment to ORESI for the purposes agreed or requested, as the case may be, subject to the following conditions:

- (1) ORPC determines, in its sole unfettered judgement, that it has the requested ORPC Equipment available that is capable of performing the specified tasks, during the period of time and in the location or area indicated in the request made by ORESI;
- (2) the supply of ORPC Equipment is subject to interruption due to emergency requirements of ORPC for the purposes of its own business, but not otherwise, determined by ORPC in its sole and unfettered judgment;
- (3) ORPC determines, in its sole and unfettered judgment, that the persons that will be operating and maintaining the ORPC Equipment are properly qualified and that the ORPC Equipment will be safely operated;
- (4) ORPC determines, in its sole and unfettered judgment, that adequate insurance is being carried by ORESI with respect to loss or damage to the ORPC Equipment and with respect to the persons who will be operating the ORPC Equipment;

- (5) unless included in the rate for a particular piece of ORPC Equipment, ORESI will provide and/or otherwise reimburse ORPC for all fuel, lubricants and other consumables consumed in the operation of the ORPC Equipment;
- (6) all ORPC Equipment is provided pursuant and subject to ORPC's conditions, from time to time, for the supply of equipment;
- (7) ORESI shall reimburse ORPC for any damage to the ORPC Equipment, reasonable wear and tear excepted; and
- (8) ORESI shall indemnify and hold harmless ORPC from and against all loss, claims and liability whatsoever that arises howsoever from or associated with the use by ORESI of the ORPC Equipment except such loss, claim or liability attributable to the ORPC Equipment itself and not to the manner of its use.

Section 5.3 Charges for ORPC Equipment

- (1) ORESI shall pay ORPC appropriate fees and charges for the use of ORPC Equipment and related supplies and materials and such charges will:
 - (a) be shall be no less than the greater of:
 - (i) the market price for the use of ORPC Equipment; and
 - (ii) ORPC's fully-allocated cost to provide the ORPC Equipment;
 - (b) include, with respect to equipment provided with Service Personnel, only charges consistent with the provisions of Article 3.
- (2) ORPC shall, from time to time, calculate the amounts to be charged to ORESI for the ORPC Equipment provided by ORPC to ORESI pursuant to this Agreement and shall give ORESI notice thereof and of each change thereto. In the event that ORESI disputes that any charge for the ORPC Equipment is calculated in accordance with the provisions of this Agreement, then ORESI shall give notice of its dispute to ORPC whereupon ORPC and ORESI shall endeavor in good faith to resolve the dispute provided, however, that either ORPC or ORESI may at any time refer the dispute for resolution pursuant to the Dispute Resolution Provisions.

Section 5.4 No Liability

ORESI shall have no liability to ORPC related to the use of the ORPC Equipment associated with ordinary wear and tear or with usage of the ORPC Equipment not involving negligence or wilful misuse. It is the intent of the Parties that the amounts payable by ORESI to ORPC for use of the ORPC Equipment includes an amount to compensate ORPC for the ordinary wear and tear that would result from the customary usage of the ORPC Equipment.

Section 5.5 No Warranty

ORESI acknowledges that, except as expressly set forth in this Agreement ORPC makes no warranty, representation or indemnity, express or implied, with respect to the design,

merchantability or fitness for particular purpose of any of the ORPC Equipment or arising from a course of dealing, usage or trade, and ORESI hereby expressly waives and disclaims all such warranties, representations and indemnities except that the ORPC Equipment is in industry standard condition for usage at the time that it is delivered to ORESI for usage. The warranties set forth in this Agreement constitute the only warranties made by a Party hereto to the other Party hereto with respect to this Agreement and are made in lieu of all other warranties or conditions, written or oral, statutory, express or implied.

ARTICLE 6 – SYSTEMS

Section 6.1 No Charge

The Parties agree that the various charges by ORPC to ORESI pursuant to this Agreement include a component compensating ORPC for the use made by the Management, Office and Service Personnel of the computer hardware and software used by such Personnel in order to provide services to ORESI pursuant to this Agreement and, accordingly there shall not be any separate charge by ORPC to ORESI in relation to such use of computer hardware and software.

Section 6.2 Reimbursement for Consumables

Notwithstanding the provisions of Section 6.1, ORESI shall reimburse ORPC for the cost to ORPC of any materials consumed through the use of ORPC's computer systems (for example, invoice formats acquired by ORPC for use in invoicing ORESI' customers) in the course of ORPC performing its obligations to ORESI hereunder.

ARTICLE 7 – BILLING, COLLECTION, AND ORESI CUSTOMER SERVICE

Section 7.1 Allowed Functions

- (1) ORPC agrees that the services of the Management, Office and Service Personnel may be used by ORESI to prepare, deliver and collect bills issued by ORESI to its customers and to provide customer service to the customers of ORESI.
- (2) The Parties acknowledge and agree that in addition to the functions set forth in Section 7.1(1), that ORPC shall include ORESI charges for hot water heaters and sentinel lighting on its ORPC invoices to its customers.

Section 7.2 Charge for Billing, Collections, and ORESI Customer Service

- (1) The charges for the Management, Office and Service Personnel so doing the functions provided for in Section 7.1(1) are included in the periodic charges payable by ORESI to ORPC pursuant to Section 2.6.
- (2) ORESI shall pay ORPC for any service provided pursuant to Section 7.1(2) a fee which shall be no less than the greater of:
 - (a) the market price of the service, product resource or use of an asset; and
 - (b) ORPC's fully allocated cost to provide the service, product, resource or use of asset,

in accordance with Section 2.3.3.6 of the ARC.

Section 7.3 Taxes

The amounts stated in this Agreement to be payable by ORESI to ORPC pursuant to this Agreement do not include any taxes. ORESI shall be responsible for the payment of (and shall pay or reimburse ORPC if such tax is paid by ORPC) all Goods and Services taxes, Harmonized Services Tax, Provincial Sales Tax and other taxes of a similar nature applicable to, or arising from the price or value, purchase or sale or the provision or use of any of the personnel, services, equipment and materials provided by ORPC to ORESI pursuant to this Agreement, regardless of the period or entity actually taxed.

ARTICLE 8 – PROVISION OF INSURANCE COVERAGE

Section 8.1 Coverage upon Request

ORPC and ORESI acknowledge and agree that ORPC has added ORESI as an additional insured under the insurance policies of ORPC so as to make ORESI insured under such insurance policies. ORESI shall be responsible to pay ORPC for the incremental costs incurred by ORPC to obtain such insurance for ORESI.

ARTICLE 9 – PREMISES

Section 9.1 Provision

ORPC shall, upon receipt of Notice from ORESI so requesting, make available to ORESI premises within the offices and warehouse of ORPC located in the main offices of ORPC in Pembroke, Ontario, or such other office space as the Parties may agree on from time to time for the conduct by ORESI of its business; subject to ORPC determining, in its sole and unfettered judgment, that it has space that could be made available to ORESI for such purposes. Any office or warehouse space provided by ORPC to ORESI pursuant to this Section shall, as requested by ORESI for the purposes of compliance with the Codes, be separate, and shall have separate access from the offices of ORPC.

Section 9.2 Codes Compliance

ORPC and ORESI shall co-operate and take all reasonable measures to insure that any premises made available by ORPC to ORESI pursuant to this Article are made available in compliance with the requirements of the Codes.

Section 9.3 Vacating Premises

In the event that:

- (1) ORPC at any time determines that it needs the premises made available to ORESI pursuant to this Article in order for ORPC to conduct its own business; or
- (2) the Codes no longer allow ORPC to make available to ORESI premises within the offices of ORPC located in the main offices of ORPC,

then ORESI shall vacate the premises made available by ORPC to ORESI pursuant to this Article within six (6) months of receipt of Notice to vacate from ORPC.

Section 9.4 Office Equipment

ORESI shall be allowed the use of ORPC office equipment and supplies as part of the premises made available by ORPC to ORESI pursuant to this Article.

Section 9.5 Payment

ORESI shall pay ORPC such amounts as may be agreed upon by the Parties, for which ORPC shall issue periodic invoices, including for rent and utilities, for the premises and the use of office equipment and supplies made available by ORPC to ORESI pursuant to this Article, which will be no less than the greater of:

- (1) the market price for the use of the premises and utilities; and
- (2) ORPC's fully-allocated cost to provide the premises and utilities.

ARTICLE 10 – PAYMENTS, INTEREST AND ADJUSTMENTS

Section 10.1 Payments

All amounts payable by a Party hereto pursuant to this Agreement shall be paid forthwith upon demand by ORPC to ORESI.

Section 10.2 Interest

All amounts not paid by a Party hereto after demand for the payment thereof shall bear interest until paid at the Prescribed Rate and all such interest payable by a Party hereto shall be paid at the same time as the amount to which such interest relates is paid.

Section 10.3 Adjustments

Upon the request of either Party hereto, the Parties hereto shall negotiate in good faith any change to this Agreement reasonably sought by a Party hereto, without any obligation upon the Parties hereto to agree to any change to this Agreement and, subject to express provision otherwise made elsewhere in this Agreement, the Dispute Resolution Provisions shall not apply to such negotiations.

Section 10.4 Set-Off

A Party hereto obliged to make a payment to the other Party hereto may set off against the amount otherwise payable any amount to which the first Party is then entitled to receive from the other Party and to remit to the other Party the amount by which the amount owed by the first Party to the other Party exceeds the amount owed to it by the other Party, if any, provided the first Party informs the other Party of it having so done prior to the date upon which the other Party is obliged to remit to the first Party the amount which the first Party has set off against the amount otherwise payable by the first Party to the other Party.

ARTICLE 11 – INDUSTRY CODES AND STANDARDS

Section 11.1 Compliance is Objective

It is the expressed intent of both Parties that the arrangements provided for in this Agreement shall at all times be in compliance with the Codes as they apply to the Parties from time to time.

Section 11.2 Best Efforts

Each Party shall use all reasonable efforts to comply with the Codes insofar as the Codes apply to the particular Party. Each Party shall use all reasonable efforts (excepting such as would have an adverse economic consequence to the Party) to adapt its conduct so as to allow the other Party to comply with the Codes insofar as the Codes apply to that other Party.

Section 11.3 Amendment

In the event that the Parties cannot voluntarily adapt their conduct so as to comply with the requirements of the Codes or, if to so do would have adverse economic consequences to either Party, then either Party may require the other Party to amend this Agreement such that both Parties would be in compliance with the requirements of the Codes and to adjust the economic provisions of this Agreement such that the burden of such compliance is properly borne by the Party which had the obligation to change this Agreement in order for it to comply with the Codes and, failing such agreement, the Parties may have recourse to the Dispute Resolution Provisions to resolve the matter.

Section 11.4 Code Session

Forthwith upon complete execution of this Agreement, the Parties shall jointly host a meeting of all Management and Office Personnel and Service Personnel that might be expected to provide services pursuant to this Agreement for the purposes of explaining the requirements of the Codes with respect to their provision of services and equipment to ORESI on behalf of ORPC pursuant to this Agreement.

ARTICLE 12– TERM & TERMINATION

Section 12.1 Term

This Agreement shall be in effect for a period of five (5) years following the Effective Date, unless terminated earlier in accordance with the provisions of this Agreement (the “Term”).

Section 12.2 Early Termination

Either Party shall have the unilateral right to terminate the Agreement in advance of the expiration of the Term by providing the other Party with thirty (30) days written notice.

Section 12.3 End of Term Obligations

Upon expiration of the Term or termination of this Agreement, the rights granted by each Party to the other Party shall immediately terminate and neither Party shall have any further obligations to the other except:

- (1) to finally settle accounts between the Parties regarding the activities of the Parties during the Term;
- (2) regarding those matters that this Agreement provides will be done upon termination of this Agreement; and
- (3) as expressly otherwise provided in this Agreement.

Section 12.4 Removal

Promptly upon termination of this Agreement for any reason, each Party shall, at its sole cost and expense, remove all of its equipment, facilities and other associated property from the property and facilities of the other Party under the supervision of such other Party should such other Party desire. Should a Party fail to effect such removal within thirty (30) days following termination of this Agreement, the equipment, facilities and other associated property of the Party shall be deemed abandoned and may be removed by the other Party at the expense of the Party whose property is removed.

Section 12.5 Effect of Termination

Notwithstanding the foregoing or any other provision of this Agreement, no termination or expiration of this Agreement shall effect the rights or obligations of any Party:

- (1) with respect to any prior breach or any then existing defaults of the obligation to make any payment hereunder attributable to the period prior to the date of termination or expiration; or
- (2) with respect to those provisions of this Agreement which survive the expiry of the Term of the Agreement by virtue of the express provisions of this Agreement or necessary implication based upon the terms of this Agreement or the course of dealing between the Parties to the Agreement.

ARTICLE 13 – FORCE MAJEURE

Section 13.1 Generally

Neither Party shall be liable to the other Party for any default in performance or compliance with provisions of this Agreement if such default is due to any circumstance beyond the reasonable control of the affected Party including, without limitation of the foregoing, any act of God, fire, flood, lack of or delay in transportation, the adoption or amendment of government codes, ordinances, laws, rules, regulations or restrictions that materially impair the affected Parties performance hereunder, war or civil disorder, strikes, law, codes or other labour disputes. Notwithstanding anything in the preceding sentence of this Section, none of the foregoing shall excuse any default in payment of any amount payable pursuant to this Agreement.

ARTICLE 14 – DEFAULT

Section 14.1 Events of Default

A Party shall be in default under this Agreement (a “Default”) if:

- (1) it fails to pay any amount which is due and unpaid within thirty (30) days of receipt from the Party to which the amount is due of a written notice (a "**Payment Notice**") that the amount is due and unpaid; or
- (2) the other Party gives it written notice that it has given it three (3) or more Payment Notices in any given twelve (12) month period;
- (3) in the case of any other material breach of this Agreement, it fails to cure such breach within thirty (30) days after notice specifying such breach, provided that if the breach is of a nature that cannot be cured within thirty days, a default shall not have occurred so long as the breaching Party has commenced to cure the breach, within said time period and thereafter diligently pursues such cure to completion;
- (4) it becomes insolvent or bankrupt or any bankruptcy, reorganization, debt arrangement or other proceeding under any bankruptcy or insolvency law or any dissolution or liquidation proceeding being instituted by or against it; or
- (5) the private or, court appointment of a receiver or receiver and manager or officer with similar powers over any part of its property.

Section 14.2 Remedies

In the event of a Default by a Party, the non-defaulting Party may avail itself of one or more of the following remedies:

- (1) take such action or actions as it determines reasonable or necessary, in its sole discretion, to correct the default; or
- (2) pursue any remedies it may have under applicable law or principles of equity, including specific performance; or
- (3) terminate this Agreement upon thirty (30) days prior written notice to the defaulting Party.

Except as set forth to the contrary herein, any right or remedy of a Party hereto shall be cumulative and without prejudice to any other right or remedy, whether contained herein or not.

ARTICLE 15 – TRANSFER

Section 15.1 Prohibition

This Agreement may not be assigned, in whole or in part, by either Party without the prior written consent of the other Party. Each Party shall have the right to arbitrarily withhold, delay or condition such consent.

Section 15.2 Exception re: Security

Notwithstanding any other provision of this Agreement, a Party may assign this Agreement as collateral security to a lender.

Section 15.3 Exception re: Affiliate

Notwithstanding any other provision of this Agreement, either Party may assign this Agreement to an Affiliate or delegate the performance of its obligations under this Agreement to an Affiliate provided that the Party making any such assignment or delegation shall remain jointly liable with its assignee or delegate to the other Party with respect to the performance of this Agreement or of the obligations under this Agreement delegated.

Section 15.4 Change in Control

In the event of a change in control of a Party, the other Party shall have the right to terminate this Agreement by giving Notice of termination to the Party who has had a change in Control. For the purposes of this Section, "Control" shall have the meaning given thereto for the purposes of the Ontario Business Corporations Act.

ARTICLE 16 – INSURANCE

Section 16.1 Maintenance

During the term of this Agreement and at its sole expense, each Party shall maintain commercial general liability insurance which shall have a minimum limit of liability of five million dollars (\$5,000,000.00) per occurrence and shall include premises and operations liability, contractor's contingency liability with respect to the operations of subcontractors, completed operations liability and contractual liability.

ARTICLE 17 – DISPUTE RESOLUTION PROVISIONS

Section 17.1 Generally

Should any dispute or disagreement of any kind arise at any time with respect to the interpretation or application of this Agreement or the carrying out by a Party of its obligations hereunder, the Parties agree that good faith negotiations shall take place between them with the objective of resolving such dispute or disagreement, and the dispute or disagreement shall thereafter be referred to the Chief Executive Officers of the Parties who shall attempt in good faith to resolve such dispute or disagreement. If within the next following thirty (30) day period, the dispute or disagreement has not been resolved to the satisfaction of the Parties, any Party to whose satisfaction such dispute or disagreement has not been resolved (the "**Aggrieved Party**") may refer the dispute or disagreement to binding arbitration pursuant to the *Arbitration Act*, 1991 (Ontario) in accordance with this Section by notice in writing to the other Party. Within ten (10) days of giving of such notice of arbitration, the Parties shall jointly select a single arbitrator who shall be independent of and acceptable to the Parties. In the event that the Parties hereto are unable to agree upon a suitable arbitrator within such ten (10) day period, the arbitrator shall be selected by a Justice of the Ontario Superior Court of Justice upon application by any Party to this Agreement.

Section 17.2 Fees and Expenses

The fees and expenses of the arbitrator shall be split equally between the Parties to the dispute.

Section 17.3 Procedures

The arbitrator shall fix the appropriate procedures for the arbitration which may include an oral hearing. Unless the Parties wish to mutually set the points at issue, the arbitrator shall order the Parties to file statements pursuant to S. 25 of the *Arbitration Act*, 1991. The arbitrator may order interest on any award and the arbitrator may award costs to either Party. In the absence of any such award of costs, each of the Parties shall bear its own costs of any arbitration pursuant to this Section. The arbitrator shall be strictly bound by legal principles and the nature of this Agreement in rendering his decision.

Section 17.4 Private Arbitration

The arbitration shall be completely private (subject to the regulatory requirements of any Party or its Affiliates as a public company or regulated company) and shall take place in Pembroke, Ontario unless the Parties agree otherwise.

Section 17.5 Arbitration Binding

The Parties agree that good faith negotiations and arbitration shall all be without recourse to the Courts and that the award of the arbitrator or arbitrators shall be final and binding, except that:

- (1) either Party may appeal an arbitration award to the Courts of the Province of Ontario on a question of law; and
- (2) either Party may apply to a court of competent jurisdiction for an interim measure of protection.

ARTICLE 18 – LOGOS

Section 18.1 Logos

ORESI shall not use ORPC's name, logo, trade dress, trade marks or other distinguishing characteristics: (i) without the prior written consent of ORPC; and (ii) in the event that ORPC consents to such use by ORESI, ORESI must not undertake such use in a manner which might reasonably be construed or mislead consumers as to the distinction between ORPC and ORESI.

ARTICLE 19 – BOARD OF DIRECTORS

Section 19.1 Independent Directors

In accordance with Section 2.1.2 of the ARC, at all times during the Term, at least one-third of ORPC's Board of Directors shall be independent from ORESI.

ARTICLE 20 – COMPLIANCE MEASURES

Section 20.1 Compliance Measures

ORESI acknowledges and agrees that in accordance with section 2.7.1 of the ARC, ORPC is responsible for ensuring compliance with the ARC and on that basis, shall: (a) perform

periodic compliance reviews; (b) communicate the ARC to its employees; and (c) monitor its employees' compliance with the ARC.

ARTICLE 21 – NON-DISCLOSURE

Section 21.1 Definitions

For the purposes of this Agreement, “**Information**” means:

- (a) all business, financial and technical information and data, whether oral or - written, in whatever media or form, which is disclosed, directly or indirectly, by either Party hereto to the other Party hereto whether before, on or after the date hereof including, without limiting the generality of the foregoing, any other information or data relating to, comprising, describing or incorporating a Party's current or proposed products, services, prices, suppliers, customers, dealers, agents, employees, businesses, business opportunities, addresses, locations, systems, specifications, drawings, sketches, designs, ideas, creations, inventions, formulas, improvements, models, samples, processes, codes, equipment, methods, techniques, experiments, demonstrations, prototypes, procedures, design methodology, evaluation methodology and criteria, trade secrets, business operations, reports, plans, forecasts, costs, salaries, sales, income, profit, profitability, pricing, business information, financial information and situation, business or marketing plans, distribution and other business strategies, current or historical data, test data, research, technology, computer systems, computer programs, source, object and any other codes, routines and other software and documentation, scientific, computer or technical information and network architecture maps, specifications and service;
- (b) any information marked “private”, “restricted”, “confidential”, “proprietary” (or otherwise marked or described so as to indicate confidentiality) or which, by the nature of the circumstances surrounding the disclosure thereof, ought in good faith be treated as confidential, in all cases in its original form or whether it is converted to different forms or combined with additional information, and including any information relating to third parties contained therein; and
- (c) any notes, memoranda, summaries, analyses, compilations or any other writings relating howsoever to any of the foregoing prepared relative thereto by the receiving Party or on its behalf.

Section 21.2 Obligations Arising From Disclosure

During the course of the relationship established between the parties pursuant to this Agreement, each Party may disclose to the other Party or permit the other Party access to certain Information, either directly or indirectly. Alternatively, a Party may learn of Information independent of any disclosure by the other Party. Each disclosure of Information will be made or permitted upon the basis of, and all Information of the other Party otherwise learned by a Party is received on the basis of, the confidential relationship established between the Parties by this Agreement and upon each Party's agreement that, unless otherwise specifically authorized in writing by the other, it will:

- (1) use the Information solely for the purpose for which it was disclosed;
- (2) take all reasonable care and precautions, at least as great as the care and precautions that it takes to protect its own confidential or proprietary information, to keep the Information confidential;
- (3) not disclose, or allow the disclosure of, any Information before or after the termination of this Agreement, except as permitted by this Agreement;
- (4) restrict disclosure of the Information only to its employees or other personnel, advisors, consultants, and agents (collectively, "**Representatives**") with a need to know the Information and who are bound to maintain the Information confidential;
- (5) notify each Representative that receives any Information of the requirements of this Agreement and of the restrictions on use and disclosure of Information imposed by this Agreement;
- (6) insure that no Representative breaches or causes or allows to be breached any of the receiving Party's obligations hereunder and direct each Representative to abide by the terms of this Agreement;
- (7) not use, or allow to be used, howsoever any Information to compete with or in a manner detrimental or adverse to the commercial interests of the disclosing Party;
- (8) except in connection with the purpose for which Information is disclosed, not copy or duplicate such Information or knowingly allow anyone else to copy or duplicate such Information; and
- (9) promptly return to the disclosing Party, upon its request made before or after termination of this Agreement, or certify as destroyed, the Information in whatever form and regardless of whether such Information was made or compiled by the receiving Party or furnished by the disclosing Party, together with all copies thereof, howsoever made.

Section 21.3 Exceptions

The obligations under this Agreement shall not apply to any Information that the receiving Party can demonstrate to the disclosing Party's reasonable satisfaction:

- (1) became public and generally known through no act or omission of the receiving Party or its Representatives;
- (2) was disclosed on a non-confidential basis in good faith to the receiving Party by a third Party which the receiving Party had reasonable grounds to believe had legitimate possession thereof and the right to make such disclosure;
- (3) was in legitimate possession of the receiving Party prior to its disclosure by the disclosing Party to the receiving Party;
- (4) that the receiving Party is required by law, judicial or arbitration process to disclose, provided that, prior to disclosing any Information, the receiving Party shall promptly notify the

disclosing Party of such requirement to disclose and take such steps as are reasonably necessary, and cooperate with the disclosing Party, to lawfully limit such disclosure and to maintain the confidentiality of the Information in the hands of the receiving Party, including obtaining appropriate protective orders; or

(5) is approved in writing by the disclosing Party for release or other use by the receiving Party according to the terms set out in such written approval.

The burden of demonstrating the applicability of any exception in this Section shall be upon the Party seeking to rely upon any such exception.

Section 21.4 Discretionary Disclosure

Each Party acknowledges that, notwithstanding the execution of this Agreement, each Party maintains the sole and absolute discretion to determine what, if any, Information it will release to the other Party. The receiving Party acknowledges that the Information disclosed in any manner whatsoever is proprietary to the disclosing Party.

Section 21.5 No Warranty

Each Party warrants that it has all requisite authorization to enter into this Agreement and that it has the right to disclose any Information disclosed to the other Party. Each Party acknowledges and understands that the other Party makes no other representation or warranty in relation to any Information disclosed including, without limiting the generality of the foregoing, as to its adequacy, accuracy, or suitability for any purpose and, except as expressly agreed in writing, shall not be liable for any loss or damage arising from the use of the Information howsoever caused.

Section 21.6 Intellectual Property

Each Party acknowledges and agrees that all Information shall be owned solely by the disclosing Party. Each Party further agrees that nothing contained in this Agreement shall be construed as granting any rights, by licence or otherwise, under any intellectual property rights in, or concerning any of, the disclosing Party's Information.

Section 21.7 Indemnity

The receiving Party shall indemnify and save harmless the disclosing Party from and against all losses, liabilities, damages, costs and expenses (including reasonable legal fees and disbursements) suffered or incurred by the disclosing Party as a result of a breach of a term of this Agreement by the receiving Party or its Representatives.

Section 21.8 Equitable Remedies

In the event of a breach or threatened breach of any term of this Agreement, the receiving Party agrees that the harm suffered or that may be suffered by the disclosing Party would not be compensable by monetary damages alone and, accordingly, that the disclosing Party shall, in addition to other available legal or equitable remedies, be entitled to the issuance of immediate injunctive relief, specific performance and any other remedies in law or equity for such breach or threatened breach of the receiving Party's obligations hereunder. The receiving Party shall

reimburse the disclosing Party for all reasonable costs and expenses, including reasonable legal fees and disbursements, incurred by the disclosing Party in attempting to enforce the obligations under this Agreement of the receiving Party or its Representatives.

Section 21.9 Independent Activities

Each Party, as a disclosing Party, understands that the receiving Party may currently or in the future be developing information internally, or receiving information from a third Party that may be similar to the disclosing Party's Information. Accordingly, nothing in this Agreement shall be construed as a representation or warranty that the receiving Party will not develop products or services, or have products or services developed for it, or enter into any arrangement that, without violation of any of the provisions of this Agreement, compete with the products or services which are contemplated by, or which are the subject of, the disclosing Party's Information or the purpose for which Information was disclosed.

Section 21.10 No Implied Obligations

Neither this Agreement, nor the disclosure or receipt of any Information, shall imply or confirm any intention to enter into any contract or other business relationship, or to purchase any product or service, by either of the Parties or any commitment by either of the Parties with respect to the present or future development, production or distribution of any product or service.

Section 21.11 Termination and Survival

Either Party may terminate this Agreement at any time upon prior written notice to the other Party. In the event that this Agreement is terminated, this Agreement shall not apply to any Information disclosed after such termination but, notwithstanding the termination of this Agreement, shall continue to apply to any and all Information disclosed prior to the termination of this Agreement.

ARTICLE 22 – NOTICES

Section 22.1 Addresses

All notices and other communications from one Party hereto to another (a "Notice") that are required or permitted under this Agreement shall be in writing and shall be delivered by hand or by courier, transmitted by facsimile, sent by mail or sent by e-mail to the Party hereto to whom it is to be given at the address for such Party below:

(1) to ORPC:

Postal Address: 283 Pembroke St. West
Pembroke, Ontario K8A 6Y6
Attention: Executive Administrative Assistant

E-mail Address: inquiries@orpowercorp.com

(2) to ORESI:

Postal Address: 186 Frank Nighbor St.
Pembroke, Ontario K8A 4M5
Attention: Executive Administrative Assistant

E-mail Address: inquiries@orenergysolutions.com

Section 22.2 Time of Receipt

A Notice will be received for the purposes of this Agreement when actually received by intended recipient thereof. Notices shall be deemed to have been received in the following circumstances:

- (1) when transmitted by e-mail transmission, at 10:00 a.m. local time of the recipient) on the next Business Day following the day upon which the Notice is transmitted, provided that another copy of the Notice is received or deemed received by the recipient by delivery, courier or post within ten days of the date of deemed receipt of the Notice by e-mail transmission; and
- (2) by mail, on the tenth day (days upon which there is an interruption of postal service in Canada excepted) following the day on which the Notice was mailed.

Section 22.3 Change of Address

A Party hereto may change its address for the purposes of Section 22.1 by giving Notice to the other Party hereto and in such event all notices thereafter given to that Party shall be to such changed address.

ARTICLE 23 – GENERAL

Section 23.1 Prior Agreements

This Agreement supersedes and terminates all prior agreements, understandings or writings between the Parties hereto and their predecessors, whether written or oral and whether legally enforceable or not, in connection with the matters dealt with in this Agreement.

Section 23.2 Inurement

This Agreement shall be binding upon and shall inure to the benefit of the Parties hereto and their respective successors, assigns and, as provided for herein, receivers, receiver-managers and trustees.

Section 23.3 Relationship of Parties

The relationship between the Parties hereto shall not be that of partners, agents, or joint venturers for one another, and nothing contained in this Agreement shall be deemed to constitute a partnership or agency agreement between them for any purposes, including, but not limited, to federal or provincial income tax purposes. The Parties hereto, in performing any of their obligations hereunder, shall be independent contractors or independent Parties and shall discharge their contractual obligations at their own risk subject, however, to the terms and conditions of this Agreement.

Section 23.4 Waiver in Writing

No waiver by a Party hereto of any provision, or the breach of any provision, of this Agreement shall be effective unless it is contained in a written instrument signed by authorized officers or representatives of the Party hereto. Such written waiver shall affect only the matter specifically identified in the instrument granting the waiver and shall not extend to any other matter, provision or breach.

Section 23.5 Delay Not Waiver

The failure of a Party hereto to give notice to any other Party hereto or to take any other steps in exercising any right, or in respect of the breach or nonfulfillment of any provision of this Agreement, shall not operate as a waiver of that right, breach or provision nor shall any single or partial exercise of any right preclude any other or future exercise of that right or the exercise of any other right, whether in law or in equity or otherwise.

Section 23.6 Acceptance of Payment Not Waiver

Acceptance of payment by a Party hereto after the breach or nonfulfillment of any provision of this Agreement by another Party shall not constitute a waiver of the provisions of this Agreement, other than any breach cured by such payment.

Section 23.7 Amendments

This Agreement may only be amended by a written agreement executed on behalf of both Parties hereto by their duly authorized representatives in such regards.

Section 23.8 Time of the Essence

Time shall be of the essence of this Agreement.

Section 23.9 Further Assurances

Each of the Parties hereto shall at its own cost and expense, from time to time and without further consideration, execute or cause to be executed all documents and shall take or refrain from taking all actions which are reasonably necessary or reasonably desirable to give effect to the provisions of this Agreement.

Section 23.10 Severability

In the event that any provision of this Agreement shall be adjudged to be invalid for any reason whatsoever, such invalidity shall not affect the operation of any other provision of this Agreement and such invalid provision shall be deemed to have been deleted from this Agreement.

Section 23.11 Use of Name

Each Party hereto agrees that it will not use, suffer or permit to be used, directly or indirectly, the name of any other Party hereto for any purpose whatsoever without, in each instance, first obtaining the written consent of such other Party.

Section 23.12 Waiver of Relief

The Parties acknowledge that any default, forfeiture or assignment provisions contained in this Agreement are, in view of the risks inherent in the business to be conducted by the Parties, reasonable and equitable. Each Party waives any and all rights which it may have at law or in equity against default, forfeiture or penalty if such provisions herein are invoked.

Section 23.13 No Third Party Beneficiaries

Nothing in this Agreement shall entitle any Person other than the Parties and their respective successors to any claim, cause of action, remedy or right of any kind in respect of this Agreement or the subject matter of this Agreement.

Section 23.14 Attornment

Each Party irrevocably submits to and accepts the jurisdiction of the courts of the Province of Ontario, Canada and all courts of appeal therefrom as regards any legal proceedings relative to this Agreement. Each Party irrevocably waives, to the fullest extent that it may effectively do so, the defense of an inconvenient forum to the maintenance in the courts of the Province of Ontario and all courts of appeal therefrom as regards any legal proceedings relative to this Agreement. Each of the Parties hereto agrees that a final judgment of the courts of the Province of Ontario, Canada or any court of appeal therefrom and in respect of which all appeal periods have expired without appeal shall be conclusive and may be enforced in other jurisdictions by legal proceedings on the judgment or in any other manner provided by law.

Section 23.15 Good Faith

Each of the Parties hereto shall have a duty to act in good faith in the performance and enforcement of this Agreement. All actions, activities, consents, approvals and other undertakings of the Parties hereto shall be performed in a reasonable and timely manner.

Section 23.16 Language of Agreement

The Parties to this Agreement have expressly agreed that this Agreement be drawn in the English language. Les Parties aux presentes ont expressement convenu que le present contrat soit redige en anglais.

Section 23.17 Entire Agreement

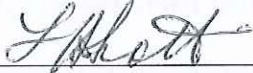
This instrument (including all Schedules hereto, if any) states and comprises the entire agreement between the Parties hereto relative to the subject matter hereof. There is no representation, warranty or collateral agreement relating to this transaction except as expressly set forth herein.

Section 23.18 Counterparts and Facsimile Execution

This Agreement and any amendment, supplement, restatement or termination of any provision of this Agreement may be executed and delivered in any number of counterparts, each of which when executed and delivered is an original but all of which taken together constitute one and the same instrument.

The Parties have executed this Agreement.

OTTAWA RIVER POWER CORPORATION

By: 
Name: Les Scott
Title: Chairperson

OTTAWA RIVER ENERGY SOLUTIONS INC.

By: 
Name: Ron Gervais
Title: Chairperson

1 **4.10.2 APPENDIX 4B – ACTUARIAL VALUATION REPORT**

2

**OTTAWA RIVER POWER CORPORATION ACTUARIAL
VALUATION REPORT AT DECEMBER 31, 2025**

POST-RETIREMENT LIFE INSURANCE BENEFITS



February 6, 2026

TABLE OF CONTENTS

INTRODUCTION 3

SUMMARY OF RESULTS..... 4

CERTIFICATION 5

APPENDIX A – ACTUARIAL ASSUMPTIONS 6

APPENDIX B – MEMBERSHIP DATA..... 7

APPENDIX C – SUMMARY OF PLAN PROVISIONS 9

APPENDIX D – ACCOUNTING POLICIES 9

APPENDIX E – GAINS AND LOSSES 9

APPENDIX F – ACCOUNTING DISCLOSURE EXHIBITS 10

INTRODUCTION

The Ottawa River Power Corporation (“the Corporation”) has retained the services of Mondelis Corporation to prepare accounting results with respect to the Corporation’s post-employment benefits (the “Plan”) effective December 31, 2025. A full valuation of the Plan has been prepared effective December 31, 2025 for the current reporting period. The previous full valuation was prepared December 31, 2022. The following results have been prepared in accordance with our understanding of the International Accounting Standard 19 (“IAS 19”).

This document contains the accounting results to be disclosed in the December 31, 2025 financial statements. Disclosure exhibits are in Appendix F.

The detailed exhibits, a summary of membership data, plan provisions and assumptions are provided in this report.

SUMMARY OF RESULTS

The following tables summarize the results for fiscal years 2024 and 2025.

	Jan 1, 2024 to Dec 31, 2024	Jan 1, 2025 to Dec 31, 2025
Periodic Benefits Expense:		
Current Service Cost	1,408	-
Past Service Cost	(33,401)	-
Interest Cost	13,375	11,646
Net Periodic Benefit Cost	(18,618)	11,646

	Jan 1, 2024 to Dec 31, 2024	Jan 1, 2025 to Dec 31, 2025
Change in Net (Liability) or Asset:		
Balance at Beginning	(303,181)	(260,361)
Net periodic benefit cost	18,618	(11,646)
Benefits paid by employer	27,677	25,128
Actuarial gains/(losses) passed through OCI	(3,475)	(58,299)
Net Balance Sheet Asset/(Liability) at Ending	(260,361)	(305,178)

	Dec 31, 2024	Dec 31, 2025
Benefit Obligation		
Active members	0	0
Retired members	260,361	305,178
Total	260,361	305,178

Benefit obligation at December 31, 2025 is based on a discount rate of 4.90% per year.
The Plan is not funded, therefore there are no Plan assets.

CERTIFICATION

I confirm the following:

- The Plan benefits are defined benefits as per IAS 19.
- The valuation and extrapolations were performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from the valuation and extrapolations were determined in accordance with my understanding of IAS 19.
- The results were prepared using the Corporation's best-estimate assumptions at December 31, 2025, with input from me.
- I am not aware of any events subsequent to December 31, 2025 which, in my opinion, would have a material impact on the results of the valuation and extrapolations.
- I am a member in good standing of the Canadian Institute of Actuaries. I understand that this report will be used for audit evidence.
- I am, and Mondelis Corporation is, independent with respect to the Corporation.

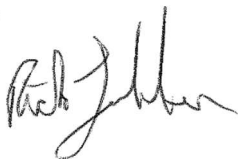
In my opinion,

- the data upon which this valuation is based are sufficient and reliable for the purpose of the valuation and extrapolations,
- the assumptions are appropriate for purposes of the valuation, and
- the calculations have been made in accordance with my understanding of the requirements of IAS 19.

This report has been prepared, and my opinions given, in accordance with generally accepted actuarial practice in Canada.

Emerging experience differing from assumptions will result in gains and losses which will be revealed in future valuations. Please let me know if you require further information.

Sincerely,



Rick Johnston, FSA, FCIA
rick.johnston@mondelis.com
226-336-8962

APPENDIX A – ACTUARIAL ASSUMPTIONS

Fiscal year ending	December 31, 2025	December 31, 2024
Economic Factors		
Discount rate for calculation of benefit expense	4.70%	4.60%
Discount rate for calculation of disclosures	4.90%	4.70%
Salary Increases	Not applicable	Same
Demographic Factors		
Mortality	Canadian Pensioners' Mortality Table Public Sector (CPM2014Publ) projected on a generational basis using improvement scale CPM-B	Same
Termination of employment	Not applicable	Same
Retirement age	Actual retirement age	Same
Attribution period	Not applicable	Same
Sales tax and expenses	10%	Same
Participation rate at retirement	100%	Same

In the table above, all rates and percentages are annualized unless otherwise noted.

Discount Rate used under PSAB 3250/3255

The discount rate was determined as the single rate, rounded to the nearest 0.10%, that closely matches the Plan's obligations determined using the Fiera Capital/CIA yield curve at December 31, 2025. The duration of the defined benefit obligation is 11.0 years.

Actuarial Methods

There are only retirement members in the Plan. The defined benefit obligation is equal to the actuarial present value of all future benefits taking into account the assumptions described above.

APPENDIX B – MEMBERSHIP DATA

We have based our valuation on membership data effective December 31, 2025 as provided by the Corporation. Active members who retire on or after July 1, 2024 are not eligible for post-retirement life insurance coverage. Age and amount of life insurance at December 31, 2025 is summarized in the following tables:

Data removed for confidentiality reasons

Data removed for confidentiality reasons

APPENDIX C – SUMMARY OF PLAN PROVISIONS

Effective July 1, 2024, the Plan was amended to remove post-retirement life insurance coverage for members who retire on or after July 1, 2024.

The following summary is based on information provided by the Corporation and summarizes the amount of life insurance upon retirement for members who retired prior to July 1, 2024.

Option	Service Criteria	Amount of Post-Retirement Life Insurance
1	Less than 10 years of service at retirement	\$2,000
2	10 or more years of service at retirement	50% of final annual earnings, reducing by 2.5% of final annual earnings each year to an ultimate benefit of 25% of final annual earnings
3 & 4 (Grandfathered retirees only, who were insured under the Superseded Plan*)	10 or more years of service at retirement	Coverage based on option elected prior to retirement. Option 3: 50% of final annual earnings, does not reduce Option 4: 105% of final annual earnings, does not reduce

**This is the prior life insurance plan which has been replaced by the current plan effective March 1, 1980.*

APPENDIX D – ACCOUNTING POLICIES

The Corporation uses a December 31 measurement date for valuing the post-retirement life insurance benefits.

APPENDIX E – GAINS AND LOSSES

The following table summarizes the sources of gains and losses on the obligation at December 31, 2025:

Source of (Gain)/Loss on obligation:	
Change in experience	65,116
Change in discount rate assumption	(6,817)
Total	<u>58,299</u>

APPENDIX F – ACCOUNTING DISCLOSURE EXHIBITS

Period Beginning	2024-01-01	2025-01-01
Period Ending	2024-12-31	2025-12-31
Weighted-average Assumptions		
Period Beginning Discount Rate	4.60%	4.70%
Period Ending Discount Rate	4.70%	4.90%
Periodic Benefits Expense for the 12-Month Period		
Current Service Cost	1,408	0
Past Service Cost	(33,401)	0
Administrative Expenses	0	0
Interest Cost	13,375	11,646
Net Periodic Benefit cost [1]	(18,618)	11,646
Remeasurement effects recognized in OCI		
Actuarial (gain)/loss - experience	7,961	65,116
Actuarial (gain)/loss - demographic assumptions	0	0
Actuarial (gain)/loss - financial assumptions	(4,486)	(6,817)
Gain/(loss) on asset ceiling	0	0
Remeasurement effects recognized in OCI [2]	3,475	58,299
Total Cost Recognized in Comprehensive Income [1]+[2]	(15,143)	69,945
Benefit Obligation		
Balance at Beginning	303,181	260,361
Current Service Cost	1,408	0
Net Interest cost on benefit obligation	13,375	11,646
Actuarial (gain)/loss - experience	7,961	65,116
Actuarial (gain)/loss - demographic assumptions	0	0
Actuarial (gain)/loss - financial assumptions	(4,486)	(6,817)
Gross benefits paid	(27,677)	(25,128)
Past service cost	(33,401)	0
Balance at End	260,361	305,178
Funded status, end of period:		
Fair value of plan assets	0	0
Benefit obligation	260,361	305,178
Funded status	(260,361)	(305,178)
Change in Net (Liability) or Asset:		

Period Beginning	2024-01-01	2025-01-01
Period Ending	2024-12-31	2025-12-31
Balance at Beginning	(303,181)	(260,361)
Current year benefit cost	18,618	(11,646)
Benefits paid by employer	27,677	25,128
Change in liability due to recognition of Asset Ceiling	0	0
Actuarial gains/(losses) passed through OCI	(3,475)	(58,299)
Net Balance Sheet Asset/(Liability) at Ending	<u>(260,361)</u>	<u>(305,178)</u>

Sensitivity Testing (Change in Obligation)

Change with 1.0% lower discount rate	36,900
Change with 1.0% higher discount rate	(30,500)
Change with 1 year greater life expectancy	7,800
Change with 1 year increase in retirement age assumption	0