



EXHIBIT 4

OPERATING EXPENSES

2025 Cost of Service

Centre Wellington Hydro Ltd.
EB-2024-0012

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1 4.2 OVERVIEW

2 In accordance with the OEB's minimum filing requirements, OEB Appendix 2-JB, OM&A Cost
3 Drivers, below outlines the key drivers of OM&A costs over the 2018 to 2025 period. The following
4 pages will provide explanations of year over year cost drivers. Centre Wellington Hydro (CWH)
5 will provide analysis of all variances greater than \$50,000.

6 Operations and maintenance expenses include all costs relating to the operation and
7 maintenance of the CWH's distribution system which are necessary to keep the distribution
8 system in a state of good repair. The work typically involves inspection, testing, cleaning, and
9 verification activities. This includes both direct labor costs and non-capital material spending to
10 support both scheduled and reactive maintenance events.

11 CWH strives to provide safe, reliable service while minimizing the life cycle costs of assets by
12 doing predictive and preventative work. Maintenance work helps to identify those areas that
13 require capital investments. CWH is then able to adjust capital spending priorities to address
14 these matters. This process is described in more detail in CWH's Distributions System Plan,
15 found in Exhibit 2.

16 CWH places a high priority on the upkeep and replacement of its aging infrastructure. Asset
17 management leads to increases in operational costs. Distribution equipment that was placed in-
18 service over 40 years ago, in many cases, has reached its normal useful life. Therefore, CWH is
19 faced with the ongoing replacement of this aging infrastructure that originated in those early years
20 when growth accelerated. Customer expectations for reliability have increased over time and as
21 new technology is added to the system, it can only perform on a solid base of well-maintained
22 distribution infrastructure. Thus, investment in replacement equipment along with its associated
23 operational costs has become a continuous reality for CWH as it commits to satisfying the
24 essential community needs.

4.2.1 BUDGETING AND ECONOMIC ASSUMPTIONS

CWH compiles budget information for the three major components of the budgeting process: (1) revenue forecasts; (2) operating, maintenance and administration (“OM&A”); and (3) capital costs. CWH uses a combination of zero-based budgeting and inflationary increases.

Revenue Forecast

The revenue forecasts are based on throughput volume and existing rates for the 2024 Bridge Year and CWH’s proposed rates for the 2025 Test Year. The forecasted volumes have been weather normalized and consider such factors as new customer additions and load for all classes of customers. Details are presented in Exhibit 3.

OM&A Costs

OM&A costs presented in Exhibit 4, show CWH’s reliability and customer focused activity needed to meet public and employee objectives. These costs are essential to comply with the Distribution System Code, environmental requirements, and government direction, and to maintain distribution business service quality and reliability at targeted performance levels. OM&A costs also include providing services to customers connected to CWH’s distribution system and meeting the requirements of the OEB’s Standard Supply Code and Retail Settlement Code.

The proposed OM&A cost expenditures for the 2025 Test Year are the result of planning and work prioritization process that ensures that the most appropriate, cost-effective solutions are put in place.

Capital Costs

In managing its capital assets, CWH’s primary objectives are to optimize asset performance in a cost-effective manner, enhance safety, protect the environment, improve operational efficiency, maintain high standards of reliability, adhere to regulation and meet customer demand. CWH develops capital programs on both a short and longer-term basis and prepares annual budgets and forecasts as the basis for capital investments. CWH’s approach to managing its distribution system is comprised of the following strategy:

System Planning; add new assets and/or replace assets that are at or nearing the end of their useful life. This includes consideration for:

- Capital Investment
- Contingency Planning
- Managing and Sustaining Existing Assets;

1 CWH's approach to managing its distribution assets is described in more detail in CWH's
2 Distribution System Plan, in Exhibit 2.

3 Capital costs in Exhibit 2 have been developed with the key strategies above in mind.

4

5 **Overall Budgeting Process**

6 The capital and operating budgets are prepared annually by management and reviewed and
7 approved by the Board of Directors. Once approved, the budget is only revised if a material
8 change in the plan is required. In such cases, the revised budget is once again reviewed and
9 approved by the Board of Directors.

10 CWH strives to deliver its operating and capital plans on target and on budget.

11 The OM&A costs presented in Exhibit 4 are the result of business planning and work prioritization
12 process that ensures that the most appropriate, cost-effective solutions are put in place while still
13 providing an acceptable level of service and reliability. The budget process used to determine
14 OM&A and Capital budget involves the following steps:

- 15 • Detailed expenses for the prior years are provided to the managers as well as
16 expenditures to date in the current year.
- 17 • The expenses for all departments are based on analysis of previous years' actual
18 information, the current year's forecast and known changes in external costs.
- 19 • A spreadsheet is used to analysis costs by job number and USoA account
20 numbers. The spreadsheet is set up so that labour hours and associated cost are
21 equal to the number of FTEs that are expected to be on staff that year. It also
22 takes into consideration materials, contractors, supplies, engineering fees, and
23 miscellaneous expenses. CWH starts out from a zero budget and then reviews
24 the previous years' actual expenses to determine if the expense is on-going or a
25 one-time cost.
- 26 • After this process is completed, the budget forecast is again compared to the
27 previous four years' actual expenditures to determine if the new value is in line with
28 previous years and whether any significant changes are justified and accurate.
- 29 • An inflation rate of 3.5% was used in 2024 and 2025 when the expense increase
30 could not be specifically identified.

31 The forecasted capital budget is influenced by many factors: safety considerations, reliability, end
32 of life infrastructure, CWH's capacity to finance the capital projects, staffing levels; outside
33 influences, such as the Township of Centre Wellington's capital projects within its service area,
34 developers plans, customer demand and capacity and regulatory requirements.

1 Prior to budgets being presented to the CWH Audit and Finance Committee the Vice President/
2 Treasurer inputs the historical and forecast values in the current Benchmarking OEB model to
3 confirm that the proposed budget will not negatively impact CWH's efficiency factor.

4 The budgets are presented to CWH's Audit and Finance Committee and reviewed in detail – for
5 Revenues and OMA expenses the budget is reviewed by USoA, the type of expense (Distribution
6 Revenue, Other Revenue, Non-Utility Expenses and Revenues, Operation, Maintenance, Billing
7 & Collecting, Community Relations, General Admin, etc.) and then also by overall net income.
8 The Capital Budgets are reviewed by USoA, type of expenditure (Intangible, Distribution Plant,
9 General Plant, etc.) as well as by Job Code/Project based. Once the Audit and Finance
10 Committee is satisfied with their analysis and the results, the committee would recommend that
11 the CWH Board approve the draft budgets. This process occurs annually in November/December.
12 Once approved the budget is not changed unless an unforeseen expenditure occurs. If this
13 happens the expenditure is taken to the Board of Directors for approval or re-prioritization of jobs
14 to accommodate the additional expense if possible.

15 The Board is updated regularly as to the status of projects, whether they are anticipated to be
16 completed on time or consideration towards being a work in progress bridging the calendar year
17 is necessary. In August/September of each year a meeting for the Finance and Audit Committee
18 is held, and a detailed review is completed by the Vice President/Treasurer. At this meeting the
19 budget to actual expenditures for the period of January to June are compared and explanations
20 are provided by project level and by USoA. Anything that is not at or exceeding 50% of the budget
21 value is discussed.

22 Monthly updates of actual expenditures are completed by the Vice President/Treasurer and
23 provided to the President and Manager of Operations. This is for the capital projects as well as
24 OMA expenditures.

25 CWH was originally scheduled to file a CoS for rates effective January 1, 2023. In 2021/2022
26 CWH completed budgets for what would have been the Bridge and Test years and went through
27 the process with the models to see the impacts prior to requesting a two-year deferral.

28

29 **Industry Environment Changes**

30 As will be discussed in the variance analysis, CWH's OMA expenditures for 2020 to 2022 are not
31 "typical" due to the pandemic that was experienced worldwide. While many aspects of its business
32 are "back to normal" such as staff being in the office, conferences and networking returning to in-
33 person, we continue to experience supply chain issues and escalated material and equipment
34 costs are persistent.

35

36 An additional area of concern over recent years is the intensity and frequency of severe inclement
37 weather in the province, causing what seems to be major damage to distribution systems. While
38 CWH has had a few major weather events, we have fortunately not experienced what some other
39 Ontario LDCs have.

1 **Business Environment Changes**

2 The regulatory environment in Ontario has seen many changes over the past seven years and
3 CWH has been able to implement the additional regulatory pieces while still maintaining a very
4 similar FTE of staff. Some of the more significant changes in its industry include:

- 5 • Conservation First CDM program being removed from the LDC and primarily run by IESO
- 6 • Implementing the Customer Choice Initiative allowing customers to choose either Time of
7 Use (TOU) or Fixed Tier Pricing
- 8 • Multiple fixed rate changes/freezes between 2020 and 2022
- 9 • Changes to Ontario Energy Rebate (OER)
- 10 • Implementing the Ultra-Low Overnight (ULO) customer choice
- 11 • Implementing Net Metering
- 12 • Critical changes and enhancements required regarding cyber security.
- 13 • Implementing Green Button
- 14 • Electrification increasing demands for service upgrades.
- 15 • Increasing fleet costs including fuel prices Supply chain issues, increased costs, and lead
16 time – more specific to capital items
- 17 • Staffing – finding quality employees for the long term
- 18 • Activity and Program based Benchmarking Initiative
- 19 • Mass deployed Smart Meter reverification requirements
- 20 • Transitioning of MIST Meters to interval meters and interval billing

21 Specific to CWH

- 22 • Implement CIS updates to accommodate regulatory requirements.
- 23 • Upgrade of CIS
- 24 • Upgrade of Financial System
- 25 • Implementing EFT payments for CWH's Accounts Payable
- 26 • Implementing a paperless solution for the financial area of CWH
- 27 • Changing CWH's CIS and Financial Systems IT hosting services provider
- 28 • Changing CWH's IT management service provider
- 29 • Between 2018 and 2024, CWH had 4 retirements within Management, 1 senior billing
30 clerk retired and an additional 3 staff had a leave of absence
- 31 • Implemented IVR system to assist with collection reminder notices.
- 32 • Stopped using a 3rd party for conducting locates, returned as in-house for CWH
- 33 • Very successful uptake in net metering with CWH's residents
- 34 • Implementing real time service order tablets for field staff
- 35 • Implementing a shared services arrangement with CHEC members to acquire a GIS
36 expert to manage necessary ESRI GIS licence requirements and upgrades.

1 In 2024 CWH will:

- 2 • Implement a customer bill redesign to have a clearer monthly bill for customers to
- 3 understand their usage patterns and what they owe.
- 4 • Implement a new customer portal, SilverBlaze.
- 5 • Replace the gatekeepers and upgrade software to run CWH's AMI mesh network.
- 6 • Implement new protocols for billing net meters via the MDMR.
- 7 • Complete migrating CWH's current GIS application to an enterprise system

4.3 OM&A EXPENSES

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

Administration costs for CWH and Regulatory issues take up a large amount of staff and management time and are a direct cost borne by CWH.

OM&A expenses included in the calculation of a utility's revenue requirement are those determined to be reasonable in amount and necessary for and related to the provision of the utility service and benefits to the customers. OM&A expenses consist of the required expenditures necessary to maintain and operate CWH's distribution system assets; the costs associated with metering, billing and collecting from its customers; the costs associated with ensuring all stakeholders safety (public, employees, etc.); and costs to maintain the distribution business service quality and reliability standards with the regulating bodies.

As required in the Affiliate Relationship Code ("ARC"), CWH has at least one third of its Board of Directors as independent directors.

An inflation rate of 3.5% for 2024 and 2025 was used where the expense increase could not be specifically identified. The inflation rate used considered the 2024 OEB inflation increase and CWHs current union agreement as well as CWHs predicted stretch factor.

CWH's 2025 Test Year operating costs are \$3,130,127, which is an increase of 33.6% or 4.80% annually over the 2018 Board Approved amount or 29% or 4.14% annually over 2018 actual amounts. Details are summarized in Table 1 below.

The following table shows the OMA Expenses that CWH is seeking in this application. Further explanations are found within this exhibit.

1 **Table 1: Summary of Total OM&A-2018 Board Approved Compared to 2025 Test Year**

	Board Approved	2018	2025	Variance from BA 2018	Variance 2018 Actual
Operations	\$365,600	\$353,176	\$487,436	\$121,836	\$134,260
Maintenance	\$319,700	\$418,665	\$467,974	\$148,274	\$49,309
Billing and Collecting	\$520,700	\$508,579	\$713,824	\$193,124	\$205,245
Community Relations	\$39,500	\$35,161	\$46,162	\$6,662	\$11,001
Administrative and General	\$1,096,950	\$1,111,012	\$1,414,731	\$317,781	\$303,719
Total	\$2,342,450	\$2,426,593	\$3,130,127	\$787,677	\$703,533
%Change			6.5%	33.6%	29.0%

2 The following is an explanation of the significant fluctuations between 2018 Board Approved and
3 2025 Test Year:

4 **Operations expenses increased by \$121,836 between the 2018 OEB Board Approved**
5 **amount and the 2025 Test Year.**

- 6 • Of the various operating expenses, account 5085—Miscellaneous Distribution Expense—
7 experienced the most substantial growth at \$80,500. CWH has been sharing a CHEC staff
8 member for GIS services since 2022 and beyond. Prior to that, the company used the
9 expertise of neighbouring utilities as needed. Additionally, during this period, CWH hired
10 an apprentice who performed the duties of both a powerline maintainer and a meter
11 technician. The increased cost of training resulted from the employee being an apprentice
12 in two programs. In accordance with CWH's succession planning, an apprentice is
13 expected to be employed in the future, and the current training budget through 2025 will
14 remain in effect.
- 15
- 16 • An increase was also seen in account 5017 – Distribution Stn Eq –\$20K this is related to
17 the cost of insurance for the stations. CWH had to increase the replacement value of
18 these assets due to station equipment, material, and construction escalations on top of
19 insurance rates from providers increasing.
- 20
- 21 • Account 5005 - Op Supervision and Engineering saw a \$37K increase. This is attributed
22 to the increasing number of labour hours in this account, resulting from the redistribution
23 of management's time between capital and OM&A operations. Additionally, there were
24 increases in labour rates and burdens.

25 **Maintenance expenses increased by \$148,274 between the 2018 OEB board approved**
26 **amount and the 2025 Test Year.**

- 27 • In 2025, labour hours are expected to be nearly double what they were in 2018. In 2020,
28 CWH raised its operations workforce from four to five. It wasn't until 2023 that the utility
29 had a whole year with all five positions filled. The increase in labour hours, together with
30 wage increases, accounts for a significant share of the increase in maintenance accounts.

31

- 1 • The majority of maintenance hours are scheduled to optimize the performance of assets.
2 However, fluctuations in these hours from year to year are primarily caused by the need
3 to address problematic equipment through repairs, replacements, or further investigation.
4 The projections for unforeseen events are derived from past occurrences.
5
- 6 • Tree trimming will cost \$113K in 2025, up from \$59K in 2018. There are an addition 130
7 hours in 2025 for tree trimming, compared to 2018 Board Approved however the difference
8 is that nearly half of the labour hour costs were designated for a co-op student in 2018,
9 albeit at a reduced burden allocation and wage rate.

10 **Billing and Collecting expenses have increased by \$193,124 between the 2018 OEB board**
11 **approved amount and the 2025 Test Year.**

- 12 • In 2025, the Billing and Collecting accounts maintain the same number of FTEs as in 2018.
13 The costs of labour and burdens have risen over time, and CWH, like all Ontario LDCs,
14 have found it difficult to recruit and retain quality employees; as a result, salaries and
15 benefits must remain competitive. In addition to overall salary, utilities must ensure that
16 they invest in their employees by providing enough training chances to keep up with this
17 fast-paced industry.
- 18 • Within the Billing & Collecting accounts, account 5315 – Customer Billing had the largest
19 increase over 2018 at \$122K. This account includes a variety of costs for the billing
20 process, such as labour and associated burdens, costs for the CIS system, postage,
21 stationery and paperless solutions and training. Part of the increase is due to wages and
22 burdens as mentioned above in the first bullet.
- 23 • CWH is a member of the UCS group, which is a collaborative effort of LDCs. This
24 organization is responsible for managing the hosting of the CIS and Financial systems for
25 CWH. The hosting costs for UCS were adjusted upwards in 2020 to reflect their choice of
26 vendor. The associated expenses are included in the Billing & Collecting accounts. CWH
27 has experienced a rise in these expenses (\$40K) as a result of a decrease in the number
28 of members in UCS, mostly due to mergers. Even while the price of shared participation
29 in UCS joint ventures has gone up, being a part of the group still has advantages over
30 what CWH would have to pay to host and license its own CIS system.

31 **Administrative and General Expenses increased by \$314,915 between the 2018 OEB**
32 **board approved amount and the 2025 Test Year.**

- 33 • The Administrative and General accounts have the same number of FTEs and directors
34 allocated in 2025 as compared to 2018. The costs for labour and burdens have increased
35 over the years and it is important to CWH to retain quality staff and in order to achieve that
36 the wages and benefits need to remain competitive. This contributes to \$155K of the
37 increase. The increase in the cost of group benefits does not translate to large increases
38 in benefits received by the employee, the increase in cost of group benefits from 2018 is
39 \$36K.

- 1 • A significant change within the A&G accounts is the cost of managing cyber security risks.
2 In 2018 CWH hired a third-party consultant to monitor the performance of the IT service
3 management provider and ensure the required OEB Cyber Security changes were being
4 implemented. The combination of the agreement with the consultant and the costs of
5 various enhancements to CWH's cyber security posture has increased this category by
6 \$47K.
- 7 • Since 2018, some costs that were formerly purchased outright have transitioned to a
8 subscription-based model. This includes computer operating systems, software
9 applications, and cloud-based solutions such as security cameras and storage. These
10 costs have evolved into monthly subscription fees, amounting to approximately \$14K per
11 year. CWH has not observed a proportional decrease in the cost of its assets, so the
12 related depreciation expense for these assets has remained similar. Aside from
13 subscriptions, CWH has experienced a rise in service packages, amounting to \$15k.
14 These packages cover the expenses associated with supporting computer systems,
15 staying current with technology, and managing cyber hazards.
- 16 The materiality threshold used to determine OM&A accounts requiring analysis as described by
17 the letter dated March 28, 2024, Re: Very Small Utilities Working Group Report to the OEB No.:
18 EB-2023-0229, the materiality threshold for distributors has been restored to \$50,000. In section
19 4.2.1, Summary and Cost Driver, CWH uses tables to explain variances plus or minus \$50,000.
- 20 OEB Appendix 2-JA below shows a summary of CWH's Operations, Maintenance and
21 Administrative ("OM&A") costs as required by the OEB's filing guidelines.

1

Table 2: Appendix 2-JA – Summary of Recoverable OM&A Expenses

	Board Approved	2018	2019	2020	2021	2022	2023	2024	2025
Operations	\$365,600	\$353,176	\$347,001	\$392,585	\$346,940	\$435,131	\$425,313	\$441,893	\$487,436
Maintenance	\$319,700	\$418,665	\$503,992	\$384,407	\$342,252	\$453,141	\$474,137	\$461,833	\$467,974
SubTotal	\$685,300	\$771,841	\$850,993	\$776,993	\$689,193	\$888,272	\$899,450	\$903,726	\$955,410
%Change (year over year)		12.6%	10.3%	-8.7%	-11.3%	28.9%	1.3%	0.5%	5.7%
%Change (Test Year vs Last Rebasing Year - Actual)									39.4%
Billing and Collecting	\$520,700	\$508,579	\$538,923	\$562,200	\$598,189	\$637,311	\$621,430	\$687,711	\$713,824
Community Relations	\$39,500	\$35,161	\$32,743	\$34,186	\$43,349	\$44,783	\$44,020	\$45,425	\$46,162
Administrative and General+LEAP	\$1,096,950	\$1,111,012	\$1,151,234	\$1,059,712	\$1,092,554	\$1,122,032	\$1,204,056	\$1,303,143	\$1,414,731
SubTotal	\$1,657,150	\$1,654,752	\$1,722,901	\$1,656,097	\$1,734,092	\$1,804,126	\$1,869,507	\$2,036,279	\$2,174,717
%Change (year over year)		-0.1%	4.1%	-3.9%	4.7%	4.0%	3.6%	8.9%	6.8%
%Change (Test Year vs Last Rebasing Year - Actual)									31.2%
Total	\$2,342,450	\$2,426,593	\$2,573,894	\$2,433,089	\$2,423,285	\$2,692,398	\$2,768,957	\$2,940,005	\$3,130,127
%Change (year over year)			6.1%	-5.5%	-0.4%	11.1%	2.8%	6.2%	6.5%
									33.6%

	Board Approved	2018	2019	2020	2021	2022	2023	2024	2025
Operations	\$365,600	\$353,176	\$347,001	\$392,585	\$346,940	\$435,131	\$425,313	\$441,893	\$487,436
Maintenance	\$319,700	\$418,665	\$503,992	\$384,407	\$342,252	\$453,141	\$474,137	\$461,833	\$467,974
Billing and Collecting	\$520,700	\$508,579	\$538,923	\$562,200	\$598,189	\$637,311	\$621,430	\$687,711	\$713,824
Community Relations	\$39,500	\$35,161	\$32,743	\$34,186	\$43,349	\$44,783	\$44,020	\$45,425	\$46,162
Administrative and General	\$1,096,950	\$1,111,012	\$1,151,234	\$1,059,712	\$1,092,554	\$1,122,032	\$1,204,056	\$1,303,143	\$1,414,731
Total	\$2,342,450	\$2,426,593	\$2,573,894	\$2,433,089	\$2,423,285	\$2,692,398	\$2,768,957	\$2,940,005	\$3,130,127
%Change (year over year)		3.6%	6.1%	-5.5%	-0.4%	11.1%	2.8%	6.2%	13.0%

2

1 4.3.1 SUMMARY OF COST DRIVERS

2 **Table 3: Appendix 2-JB – Recoverable OM&A Cost Driver Table**

OM&A	2018	2019	2020	2021	2022	2023	2024	2025
	Board Approved	Actual	Actual	Actual	Actual	Actual	Bridge Year	Test Year
Opening Balance	\$2,342,400	\$2,426,594	\$2,573,894	\$2,433,090	\$2,423,285	\$2,692,398	\$2,768,956	\$2,940,005
Inflation	\$21,082	\$29,119	\$43,756	\$46,229	\$46,042	\$91,542	\$128,757	\$102,900
Regulatory Costs (1/5)						-\$31,078		\$48,308
Locates	\$25,096	-\$9,241	\$8,368	-\$54,081				
Conference, Seminars, Training	\$9,219	-\$3,501	-\$30,111	-\$2,555	\$16,233	-\$6,766	\$11,272	\$19,500
Profession Services & Membership Dues	\$18,829	\$3,694	-\$23,486	\$4,212	-\$18,113	\$-9,520	\$5,453	\$38,302
One Time Material Costs		\$35,871	-\$102,697	\$9,194	-\$9,194			
IT	\$1,833	\$1,187	\$10,022	\$2,838	\$12,472	\$11,738	\$9,168	\$15,434
Staffing and Overhead	\$8,135	\$5,125	-\$42,510	\$111,000	\$91,260	\$106,997	\$11,224	\$50,315
Capital/Operation Timing Labour and Overhead	\$0	\$85,046	-\$4,146	-\$126,640	\$130,413	-\$105,393	\$5,174	-\$84,638
Closing Balance	\$2,426,594	\$2,573,894	\$2,433,090	\$2,423,285	\$2,692,398	\$2,768,956	\$2,940,005	\$3,130,127

3

4 Table 3 above shows the year over year variances of OM&A expenses for 2018 Board Approved
5 to the 2025 Test Year by cost driver.

6 Between 2018 and 2025 the largest cost drivers are changes in inflation and labour and burdens.
7 Inflation has been calculated using the OEB inflation rate adjusted. Labour and burdens are
8 explained further in section 4.4 of this exhibit. CWH's 2025 FTE is consistent with 2018 Board
9 Approved FTE, however as succession planning has occurred retired staff are being replaced
10 with specialized degrees and industry background and CWH has had change in staff so that all
11 positions were not filled for the full year. The employer's cost of statutory deductions and benefits
12 have also increased and are included in this driver.

13 Another significant cost driver is labour allocation between capital and operations and
14 maintenance. Depending on the focus for capital jobs and unplanned interruptions, the operations
15 staff can see fluctuations in their time between these two categories. CWH staff construct the
16 capital projects using contractors only where it is necessary. There are fluctuations in CWH's
17 labour required for capital projects.

18 Other cost drivers include professional services (which includes contractors) and membership
19 dues and IT expenses, among others, however these drivers are all vital to the operation of CWH
20 and ensuring the customers information, privacy and assets are safe and secure to the
21 expectations that the customers deserve. CWH is wholly owned by the Township of Centre
22 Wellington and essentially our customers are our shareholder; in an evolving cyber environment
23 it is paramount that CWH protect our assets and customers to our very best.

24 The cost drivers are all further explained in greater detail year-over-year below. CWH has chosen
25 to file its OM&A by USoA using Appendix 2-JD from the chapter 2 Appendices, which is presented

1 below. For the purpose of variance analysis CWH will use the major OM&A categories as per
2 Appendix 2-JA, year-over-year variances start at Table 6. CWH has explained the year-over-year
3 variances for all year's comparisons.

4

5 **4.3.2 YEAR OVER YEAR VARIANCE ANALYSIS**

6 CWH has chosen to file its OM&A by USoA using Appendix 2-JD from the chapter 2 Appendices,
7 which is presented below. For the purpose of variance analysis CWH will use the major OM&A
8 categories as per Appendix 2-JA as provided starting at Table 6. CWH has explained the year-
9 over-year variances for all year's comparisons.

10

11 **Table 4: Summary of Total OM&A-2018 Board Approved Through to 2025 Test Year**

	Board Approved	2018	2019	2020	2021	2022	2023	2024	2025
Operations	\$365,600	\$353,176	\$347,001	\$392,585	\$346,940	\$435,131	\$425,313	\$441,893	\$487,436
Maintenance	\$319,700	\$418,665	\$503,992	\$384,407	\$342,252	\$453,141	\$474,137	\$461,833	\$467,974
Billing and Collecting	\$520,700	\$508,579	\$538,923	\$562,200	\$598,189	\$637,311	\$621,430	\$687,711	\$713,824
Community Relations	\$39,500	\$35,161	\$32,743	\$34,186	\$43,349	\$44,783	\$44,020	\$45,425	\$46,162
Administrative and General	\$1,096,950	\$1,111,012	\$1,151,234	\$1,059,712	\$1,092,554	\$1,122,032	\$1,204,056	\$1,303,143	\$1,414,731
Total	\$2,342,450	\$2,426,593	\$2,573,894	\$2,433,089	\$2,423,285	\$2,692,398	\$2,768,957	\$2,940,005	\$3,130,127
%Change (year over year)		3.6%	6.1%	-5.5%	-0.4%	11.1%	2.8%	6.2%	6.5%

12

1

Table 5: Appendix 2-JD – OM&A by USoA

Description	2018BA	2018	2019	2020	2021	2022	2023	2024	2025
Operations									
5005-Operation Supervision and Engineering	\$84,900	\$68,732	\$67,939	\$69,282	\$94,525	\$102,981	\$137,362	\$118,687	\$122,248
5010-Load Dispatching	\$12,100	\$12,710	\$13,533	\$9,796	\$8,495	\$22,663	\$13,508	\$22,524	\$21,560
5012-Station Buildings and Fixtures Expense	\$77,800	\$89,530	\$74,653	\$61,194	\$63,916	\$74,343	\$63,906	\$62,847	\$64,571
5016-Distribution Station Equipment - Operation Labour	\$1,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5017-Distribution Station Equipment - Operation Supplies and Expenses	\$12,000	\$14,118	\$13,863	\$17,112	\$20,543	\$23,563	\$25,875	\$30,800	\$32,340
5020-Overhead Distribution Lines and Feeders - Operation Labour	\$13,300	\$4,653	\$5,650	\$1,307	\$4,555	\$890	\$208	\$2,142	\$1,955
5025-Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	\$13,300	\$6,672	\$7,614	\$9,524	\$16,049	\$12,992	\$9,231	\$9,750	\$9,945
5030-Overhead Sub transmission Feeders - Operation	\$600	\$939	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5035-Overhead Distribution Transformers- Operation	\$2,500	\$196	\$2,368	\$0	\$0	\$0	\$0	\$0	\$0
5045-Underground Distribution Lines and Feeders - Operation Supplies and Expenses	\$0	\$338	\$0	\$1,460	\$0	\$0	\$0	\$0	\$0
5055-Underground Distribution Transformers - Operation	\$12,500	\$12,792	\$9,325	\$0	\$0	\$0	\$5,210	\$10,511	\$10,826
5060-Street Lighting and Signal System Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5065-Meter Expense	\$73,400	\$87,196	\$97,098	\$93,787	\$71,480	\$75,069	\$68,365	\$67,406	\$75,961
5085-Miscellaneous Distribution Expense	\$55,800	\$55,300	\$46,868	\$117,990	\$55,791	\$110,925	\$90,646	\$105,726	\$136,300
5090-Underground Distribution Lines and Feeders - Rental Paid	\$6,400	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5095-Overhead Distribution Lines and Feeders - Rental Paid	\$0	\$0	\$8,092	\$11,134	\$11,586	\$11,706	\$11,003	\$11,500	\$11,730
Total - Operations	\$365,600	\$353,176	\$347,001	\$392,585	\$346,940	\$435,131	\$425,313	\$441,893	\$487,436
Maintenance									
5105-Maintenance Supervision and Engineering	\$40,500	\$20,899	\$16,975	\$18,801	\$20,906	\$21,706	\$33,882	\$23,177	\$23,872
5114-Maintenance of Distribution Station Equipment	\$24,300	\$33,263	\$69,134	\$37,094	\$25,433	\$31,337	\$36,959	\$24,488	\$23,339
5120-Maintenance of Poles, Towers and Fixtures	\$22,600	\$50,261	\$60,396	\$26,940	\$21,062	\$44,285	\$30,150	\$39,119	\$40,037
5125-Maintenance of Overhead Conductors and Devices	\$8,600	\$23,623	\$42,826	\$17,401	\$18,357	\$16,907	\$44,490	\$17,097	\$17,588
5130-Maintenance of Overhead Services	\$31,100	\$46,628	\$48,979	\$33,139	\$78,207	\$106,333	\$85,578	\$76,062	\$78,152
5135-Overhead Distribution Lines and Feeders - Right of Way	\$54,000	\$47,220	\$42,738	\$52,013	\$61,537	\$64,445	\$90,182	\$110,092	\$113,347

5145-Maintenance of Underground Conduit	\$1,400	\$2,966	\$1,491	\$378	\$0	\$3,060	\$1,935	\$1,000	\$1,000
5150-Maintenance of Underground Conductors and Devices	\$3,400	\$11,394	\$35,171	\$9,104	\$1,331	\$404	\$1,878	\$7,074	\$7,259
5155-Maintenance of Underground Services	\$90,500	\$135,876	\$134,226	\$159,787	\$84,403	\$116,559	\$97,848	\$114,324	\$116,732
5160-Maintenance of Line Transformers	\$42,400	\$46,534	\$52,055	\$29,750	\$31,017	\$48,105	\$51,234	\$49,400	\$46,648
5175-Maintenance of Meters	\$900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total - Maintenance	\$319,700	\$418,665	\$503,992	\$384,407	\$342,252	\$453,141	\$474,137	\$461,833	\$467,974
Billing and Collecting									
5305-Supervision	\$55,900	\$64,261	\$64,736	\$67,049	\$73,090	\$77,156	\$67,894	\$82,908	\$88,689
5310-Meter Reading Expense	\$114,400	\$115,138	\$116,106	\$116,035	\$117,461	\$116,588	\$119,706	\$125,904	\$129,128
5315-Customer Billing	\$250,900	\$234,582	\$263,944	\$281,314	\$312,300	\$336,890	\$333,437	\$359,410	\$372,766
5320-Collecting	\$93,200	\$84,857	\$87,082	\$91,645	\$90,151	\$100,435	\$93,514	\$112,689	\$116,305
5325-Collecting- Cash Over and Short	\$0	-\$3	-\$111	\$0	\$0	\$0	\$1	\$0	\$0
5330-Collection Charges	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5335-Bad Debt Expense	\$6,300	\$9,744	\$7,166	\$6,156	\$5,188	\$6,243	\$6,878	\$6,800	\$6,936
5340-Miscellaneous Customer Accounts Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total - Billing and Collecting	\$520,700	\$508,579	\$538,923	\$562,200	\$598,189	\$637,311	\$621,430	\$687,711	\$713,824
Community Relations									
5405-Supervision	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5410-Community Relations - Sundry	\$25,300	\$25,883	\$28,895	\$24,323	\$36,667	\$35,461	\$27,581	\$31,124	\$31,560
5415-Energy Conservation	\$2,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5420-Community Safety Program	\$2,800	\$0	\$0	\$1,619	\$5,550	\$1,015	\$975	\$3,833	\$3,833
5425-Miscellaneous Customer Service and Informational Expenses	\$9,400	\$9,279	\$3,848	\$8,244	\$1,133	\$8,307	\$15,464	\$10,468	\$10,769
5505-Supervision	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5510-Demonstrating and Selling Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5515-Advertising Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5520-Miscellaneous Sales Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total - Community Relations	\$39,500	\$35,161	\$32,743	\$34,186	\$43,349	\$44,783	\$44,020	\$45,425	\$46,162
Account									
Administrative and General Expenses									

5605-Executive Salaries and Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5610-Management Salaries and Expenses	\$380,700	\$378,155	\$386,193	\$370,816	\$386,539	\$397,205	\$412,448	\$435,993	\$453,356
5615-General Administrative Salaries and Expenses	\$234,000	\$272,342	\$279,392	\$221,941	\$225,565	\$243,274	\$263,744	\$281,970	\$315,363
5620-Office Supplies and Expenses	\$60,400	\$90,861	\$101,468	\$99,961	\$100,521	\$91,404	\$131,311	\$161,988	\$166,848
5630-Outside Services Employed	\$50,300	\$53,889	\$59,370	\$55,081	\$60,183	\$58,861	\$67,956	\$72,900	\$75,816
5635-Property Insurance	\$5,800	\$5,725	\$5,817	\$2,191	\$2,857	\$3,176	\$3,090	\$4,000	\$4,160
5640-Injuries and Damages	\$45,000	\$39,528	\$37,614	\$42,890	\$36,889	\$35,039	\$47,699	\$49,100	\$51,555
5645-Employee Pensions and Benefits	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
5646 Employee Pensions and OPEB	\$18,400	\$17,785	\$12,857	\$22,555	\$15,981	\$14,866	\$25,093	\$18,533	\$21,656
5655-Regulatory Expenses	\$158,400	\$121,824	\$134,588	\$111,826	\$130,295	\$141,969	\$109,502	\$111,703	\$152,421
5660-General Advertising Expenses	\$500	\$0	\$0	\$0	\$0	\$0	\$0	\$500	\$500
5665-Miscellaneous General Expenses	\$100,400	\$90,731	\$96,202	\$99,892	\$95,351	\$97,324	\$102,690	\$122,310	\$126,298
5675-Maintenance of General Plant	\$26,700	\$23,103	\$21,410	\$17,569	\$22,386	\$22,559	\$23,908	\$25,596	\$26,707
5680-Electrical Safety Authority Fees	\$10,500	\$10,304	\$10,419	\$9,374	\$10,592	\$10,270	\$10,462	\$10,900	\$11,336
5681-Special Purpose Charge Expense	\$2,950	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
6205-Donations									
6205-Sub-account LEAP Funding	\$0	\$4,750	\$4,750	\$4,750	\$4,750	\$4,750	\$4,750	\$4,750	\$5,815
6225-Other Deductions	\$2,900	\$2,014	\$1,153	\$866	\$645	\$1,335	\$1,403	\$2,900	\$2,900
Total - Administrative and General Expenses	\$1,096,950	\$1,111,012	\$1,151,234	\$1,059,712	\$1,092,554	\$1,122,032	\$1,204,056	\$1,303,143	\$1,414,731
Total OM&A	\$2,342,450	\$2,426,593	\$2,573,894	\$2,433,089	\$2,423,285	\$2,692,398	\$2,768,957	\$2,940,005	\$3,130,127

1

Table 6: 2018 Board Approved vs. 2018 Actual

	Board Approved	2018	\$ Variance	% Variance
Operations	\$365,600	\$353,176	-\$12,424	-3%
Maintenance	\$319,700	\$418,665	\$98,965	31%
Billing and Collecting	\$520,700	\$508,579	-\$12,121	-2%
Community Relations	\$39,500	\$35,161	-\$4,339	-11%
Administrative and General	\$1,096,950	\$1,111,012	\$14,062	1%
Total	\$2,342,450	\$2,426,593	\$84,143	4%

2

3 **2018 Board Approved vs. 2018 Actual**

4 The total OM&A expenses in 2018 are \$84,143 or 4% more than the 2018 Board Approved
 5 amount.

6 1) Decrease in operations of \$12,424.

- 7 • The Manager of Operations devoted less time to Account 5005 – Operation
 8 Supervision and Engineering in 2018 due to increased time allocation to Account
 9 5105 – Maintenance Supervision and Engineering.

10

11 2) Increase in Maintenance of \$98,965.

- 12 • This increase is mainly due to a windstorm in May 2018, which resulted in a Major
 13 Outage Event. The high winds caused broken poles and line damage, the increase
 14 is seen in account 5120 and 5125, amounting to \$58K. This cost is not in CWH's
 15 control.

16

- 17 • A telecommunications company installed fiber optic in every home in CWH's
 18 service area. The number of installations in 2018 was the same as in 2017.
 19 However, when the Board approved costs in the 5155 account, it was expected
 20 that the number of installations would decrease in 2018. Contrary to expectations,
 21 the number of installations did not decrease. The increase in locates compared to
 22 the 2018 Board Approved amount was \$45K. The number of locates requested is
 23 not in CWH's control. CWH hired a third-party to conduct the locates as CWH's
 24 existing staff could not complete the increased volume of locates and meet the
 completion metric.

25

26 3) Decrease in Billing and Collecting of \$12,121.

27

28 4) Decrease in Community Relations of \$4,339.

29

30 5) The increase in Administrative and General of \$14,062.

1

Table 7: 2018 Actual vs. 2019 Actual

	2018	2019	\$ Variance	% Variance
Operations	\$353,176	\$347,001	-\$6,175	-1.75%
Maintenance	\$418,665	\$503,992	\$85,326	20.38%
Billing and Collecting	\$508,579	\$538,923	\$30,344	5.97%
Community Relations	\$35,161	\$32,743	-\$2,418	-6.88%
Administrative and General	\$1,111,012	\$1,151,234	\$40,222	3.62%
Total	\$2,426,593	\$2,573,894	\$147,300	6.07%

2

3 **2018 Actual vs. 2019 Actual**

4 The total OM&A expenses in 2019 are \$147,300 or 6.07% more than the 2018 amount.

5 1) Decrease in operations of \$6,175.

6

7 2) Increase in Maintenance of \$85,326.

8

- In 2019 CWH had a station transformer fail and a temporary transformer was
- 9 borrowed from a neighbouring LDC until a new transformer was purchased,
- 10 delivered, and installed. The increase in this account was related to having the
- 11 temporary transformer installed and energized. This increased the cost in account
- 12 5114 by \$36K in 2019. CWH notes that the costs for installing the new, permanent
- 13 transformer were capitalized. The failure of the transformer was not in CWH's
- 14 control and was very fortunate to have a replacement available at a neighbouring
- 15 LDC.

16

- Through pole-line visual inspections, maintenance was required on a 44kv feeder.
- 17 This added additional costs of \$10K in account 5120 and \$19K in account 5125.

18

- In 2019 CWH experienced some underground primary and secondary cables
- 19 failing. The labour time and material to conduct cable repairs and complete the
- 20 unplanned maintenance project came at a cost of \$23K.

21

22 3) Increase in Billing and Collecting of \$30,344.

23

- In 2019 CWH's senior billing clerk retired and CWH's succession plan included
- 24 overlap of the incoming new/replacement employee. Training costs in 2019 also
- 25 increased to assist with the new staff member. This increased costs in account
- 26 5315 by \$29K.

27

28 4) Decrease in Community Relations of \$2,418.

29

30 5) The increase in Administrative and General of \$40,222.

- 1 • In 2019 CWH had a retirement of a staff member who was allocated within the
2 A&G accounts and for succession purposes an overlap of staff was planned which
3 increased the cost in this account by \$25K.

- 4 • In 2019 CWH started the process to switch its IT managed services vendors.
5 There were additional one-time costs in 2019 to perform varied analysis of its
6 current system and our cyber security. The new vendor started supporting CWH
7 in Q1 of 2020. This had costs of \$10K.

1

Table 8: 2019 Actual vs. 2020 Actual

	2019	2020	\$ Variance	% Variance
Operations	\$347,001	\$392,585	\$45,584	13.14%
Maintenance	\$503,992	\$384,407	-\$119,585	-23.73%
Billing and Collecting	\$538,923	\$562,200	\$23,276	4.32%
Community Relations	\$32,743	\$34,186	\$1,442	4.40%
Administrative and General	\$1,151,234	\$1,059,712	-\$91,522	-7.95%
Total	\$2,573,894	\$2,433,089	-\$140,804	-5.47%

2

3 **2019 Actual vs 2020 Actual**

4 The total OM&A expenses in 2020 are \$140,804 or 5.47% less than the 2019 amount.

5 1) Increase in operations of \$45,584.

- 6 • The increase was due to staff labour during the pandemic. Our journeymen staff
- 7 were split into two crews and alternated one week working, one week off during
- 8 the height of the pandemic. The wages for the staff when they were not working
- 9 either due to rotation or illness due to covid was allocated to account 5085 within
- 10 Operations. The total amount was \$72,294 – this time would have normally been
- 11 allocated to other operations, maintenance or Capital jobs. There were increased
- 12 costs for health, safety and personal protective equipment, but this was offset with
- 13 no costs for training as courses and seminars were all cancelled/postponed. These
- 14 costs were not in CWH’s control.

15

16 2) Decrease in Maintenance of \$119,585.

- 17 • In 2020 the expenditures in account 5114 returned to typical values after the
- 18 onetime expense that occurred in 2019 of installing the temporary distribution
- 19 station transformer, this was a year to year \$32K decrease.
- 20 • In 2020 CWH did not experience any weather-related storms or major unplanned
- 21 outages by other cause effects, therefore costs in accounts 5120, 5125 and 5130
- 22 decreased by \$74.6K. Storms or lack thereof are not in CWH’s control.
- 23 • Account 5150 had a total decrease of \$25k from 2019 to 2020 as the 2019 increase
- 24 due to unexpected cable issues was not persistent through to 2020.

25

26 3) Increase in Billing and Collecting of \$23,276

- 27 • The increase in 2020 was primarily due to preparations and preliminary labour
- 28 work required to change vendors for hosting and supporting the CIS system and
- 29 servers. The CIS migration occurred in March 2021, however expenditures
- 30 occurred in 2020 preparing for the move. The cost was \$17K.

1 4) Increase in Community Relations of \$1,442

2

3 5) Decrease in Administrative and General of \$91,522.

4

5 • In 2019 there was succession planning and overlapping of staff time therefore in
6 2020 there was a decrease due to having a full staff, within A&G, without any
7 overlapping for succession planning. This cost was \$25K.

8 • Due to the COVID pandemic there was a decrease in conferences, seminars and
9 training sessions. CWH also saw a reduction in utility bills for our office space with
10 less staff in the office as well as less supplies such as paper and printer toner.
11 Some services were temporarily paused at the onset of the State of Emergency to
12 limit contact. While none of these items individually were material the total effect
13 of these added up and costs started to return in 2021 and 2022. This was not in
14 CWH's control.

1

Table 9: 2020 Actual vs. 2021 Actual

	2020	2021	\$ Variance	% Variance
Operations	\$392,585	\$346,940	-\$45,645	-11.63%
Maintenance	\$384,407	\$342,252	-\$42,155	-10.97%
Billing and Collecting	\$562,200	\$598,189	\$35,989	6.40%
Community Relations	\$34,186	\$43,349	\$9,163	26.80%
Administrative and General	\$1,059,712	\$1,092,554	\$32,842	3.10%
Total	\$2,433,089	\$2,423,285	-\$9,805	-0.40%

2

3 **2020 Actual vs 2021 Actual**

4 The total OM&A expenses in 2021 are \$9,805 or 0.4% less than the 2020 amount.

5 1) Decrease in operations of \$45,645.

- 6 • In 2021 CWH saw a decrease in operations spending as the journeymen crew
- 7 were not rotated to limit exposure to each other. Other practices were continued
- 8 from 2020 to ensure safe distance. This accounted for \$45K.

9

10 2) Decrease in Maintenance of \$42,155.

- 11 • 2020 had a \$15K invoice for a 2019 project, however it was received well after
- 12 2019 was closed and the costs could not be properly allocated to 2019. This was
- 13 a one-time shift in cost, and there was no similar cost shift from 2020 to 2021,
- 14 resulting in the variance.

- 15 • In 2021 CWH reduced labour costs by hiring a part time dedicated staff member
- 16 to complete locates for most of the year, and there was an overall reduction in
- 17 locate requests in 2021 which led to an over \$55K reduction in 2021 compared to
- 18 2020. CWH stopped using the third-party for conducting locates in March 2020 as
- 19 the timing metric of completing the locates in 5 days was not being met. Another
- 20 contributing factor was a reduction in materials used in the maintenance of UG
- 21 services compared to 2020. This is seen in account 5155.

- 22 • In 2021 CWH saw an increase in OH disconnect and reconnects (account 5130)
- 23 which are requested by the owner or contractor, typically for panel upgrades or
- 24 moving the panel and requests are not in CWH's control.

25

26 3) Increase in Billing and Collecting of \$35,989.

- 27 • An employee on leave returned part way through 2020, therefore 2020 did not
- 28 have a full year of wages for this position as the replacement hired in 2019 did not
- 29 complete the full leave period. Therefore, the increase in 2021 is a result of having
- 30 the billing and collecting positions filled for the full year, no additional positions
- 31 were in this department in 2021, this accounts for \$14K of the increase.

1 • CWH had an increase in costs with shared billing and collecting services through
2 UCS – a collaborative group within the CHEC group, as 2 former members left the
3 UCS group and therefore the cost increased for the remaining members, this
4 amounted to \$6K increase in costs for 2021.

5
6 4) Increase in Community Relations of \$9,163

7 • Due to COVID and lack of events in 2020, CWH did not need to purchase event-
8 related materials.

9 • As an incentive for consumers to sign up for e-billing, CWH's entire workforce
10 participated in a tree planting day campaign in 2021. The trees were purchased
11 and planted inside CWH's service area.

12
13 5) The increase in Administrative and General of \$32,842

14 • During 2021, as CWH prepared for a CoS filing, additional time was spent doing a
15 comprehensive analysis to determine whether a request for deferral should be
16 submitted.

17 • In addition to the deferral analysis, CWH gathered the information necessary to
18 update its Demand Profile for its upcoming CoS. This labour-intensive process was
19 deemed to be doable internally, however, it could not be completed during
20 standard business hours. \$12K was allocated for the additional time required to
21 prepare the demand data. The remainder of the increase was attributable to
22 increased labour rates and benefit costs for existing employees.

1

Table 10: 2021 Actual vs. 2022 Actual

	2021	2022	\$ Variance	% Variance
Operations	\$346,940	\$435,131	\$88,191	25.42%
Maintenance	\$342,252	\$453,141	\$110,888	32.40%
Billing and Collecting	\$598,189	\$637,311	\$39,123	6.54%
Community Relations	\$43,349	\$44,783	\$1,434	3.31%
Administrative and General	\$1,092,554	\$1,122,032	\$29,478	2.70%
Total	\$2,423,285	\$2,692,398	\$269,113	11.11%

2

3 **2021 Actual vs 2022 Actual**

4 The total OM&A expenses in 2022 are \$269,113 or 11.11% more than the 2021 amount.

5 1) Increase in operations of \$88,191.

6 • As the impact of the pandemic lessened, CWH witnessed the resumption of
 7 training, seminars, and conferences, which also allowed apprentices to continue
 8 their in-person instruction. CWH experienced a rise in GIS support expenses that
 9 exceeded those of previous years. These impacts totaled \$55K and is reflected in
 10 account 5085.

11 • Within account 5012, CWH had a \$10K increase as 2022 was a more “typical”
 12 year. Staff returned to the building full-time, so the value spent on utilities returned
 13 to pre-pandemic values.

14 • In 2022 CWH had increased hours in account 5010 for feeder and station load
 15 balancing. This was a cost of \$14K.

16
 17 2) Increase in Maintenance of \$110,888.

18 • In 2022 CWH experienced 3 major outage events caused by storms that affected
 19 CWH’s supply from Hydro One as well as CWH distribution lines being damaged
 20 from falling trees and limbs. The resulting damage forced an increase in labour
 21 hours and materials to repair the damage. Some of the restoration labour occurred
 22 during regular hours, however the majority of labour time was outside of regular
 23 hours. This increase in costs is primarily seen in account 5120 for \$23K. These
 24 outages were not in CWH’s control.

25 • The year over year increase in account 5130 is attributed to numerous things
 26 including unplanned outages from differing causes, and a continued moderate
 27 increase in requests for disconnects/reconnects for service upgrades and moving
 28 panels. All of which contributed to the overall increase (\$28K) in the account labour
 29 costs. Neither of these causes for increases are within CWH’s control.

- 1 • The locate portion of the 5155-account increased by \$10K over 2021 which was a
2 direct result of increased locate requests over 2021, the requests for locates are
3 not in CWH's control.
- 4 • In 2022 CWH experienced some underground equipment failures and the material
5 and labour required to correct them was higher than 2021, this amounted to \$22K.
- 6 • 2022 saw the return of CWH staff labour to pre COVID amounts in account 5160,
7 this amounted to \$17K.
- 8
- 9 3) Increase in Billing and Collecting of \$39,123
- 10 • In 2022 CWH hired an additional full time CSR to proactively plan for succession
11 within the billing department. The cost of the additional CSR was partially offset
12 through a shared services arrangement with another LDC that was put in place
13 part way through the 2022 calendar year. The increase for this was \$26K.
- 14 • Other costs over the 2021 actuals in B&C included the return of many in-person
15 conferences/training sessions requiring travel, these amounts were not material.
- 16
- 17 4) Increase in Community Relations of \$1,434.
- 18
- 19 5) The increase in Administrative and General of \$29,478.
- 20
- 21 • A full-time employee's maternity leave created a position overlap as the
22 prospective part-time contract employee received training on their responsibilities.
23 In addition, approximately \$17,000 was spent on labour for which full-time
24 employees and the temporary worker were required to increase their workload in
25 order to complete year-end financials.
- 26 • As mentioned in the B&C section above, 2022 saw the return of many in-person
27 conference/seminars and training sessions, which is seen in accounts 5610 and
28 5615. This amounted to an increase of \$5K.

1

Table 11: 2022 Actual vs. 2023 Actual

	2022	2023	\$ Variance	% Variance
Operations	\$435,131	\$425,313	-\$9,818	-2.26%
Maintenance	\$453,141	\$474,137	\$20,996	4.63%
Billing and Collecting	\$637,311	\$621,430	-\$15,881	-2.49%
Community Relations	\$44,783	\$44,020	-\$763	-1.70%
Administrative and General	\$1,122,032	\$1,204,056	\$82,025	7.31%
Total	\$2,692,398	\$2,768,957	\$76,559	2.84%

2

3 **2022 Actual vs 2023 Actual**

4 The total OM&A expenses in 2023 are \$76,559 or 2.84% more than the 2022 amount.

5 In 2023 CWH had a 11.4% increase in Group Benefit expenses. This is allocated among all
6 labour accounts in the OMA and capital GLs.

7 1) Decrease in operations of \$9,818.

8

9 2) Increase in Maintenance of \$20,996.

10 • In 2023 CWH did not have any of the major weather storms that had occurred in
11 2022. Some of the maintenance accounts were lower because of the decrease in
12 labour, however in account 5125 an increase was seen for varying items requiring
13 maintenance attention, such as air brake switches, replacing damaged secondary
14 services and connecting grounds for 3rd party broadband companies, which all
15 attributed to a \$27K increase.

16 • In 2023 CWH had one of their operation staff members retire, who primarily has
17 labour in account 5005 and 5105. For succession planning the existing employee
18 and the newly hired employee did overlap their time; following the initial overlap,
19 the new employee has reallocated labour hours within the 5005, 5105 accounts
20 and capital labour, which has brought some changes.

21

22 3) Decrease in Billing and Collecting of \$15,881.

23 • During the entirety of 2023, CWH maintained a shared service agreement with
24 another LDC, which counterbalanced the labour expenses incurred for the CSR
25 hired in 2022. As a result, CWH was able to reduce the aggregate cost in this
26 account for the duration of 2023.

27

28 4) Decrease in Community Relations of \$763.

29

30 5) The increase in Administrative and General of \$82,025.

- 1 • In 2023, a CWH employee took an unanticipated six-month leave of absence.
2 Numerous staff members' jobs were affected by this absence; therefore, a
3 university co-op student was brought in to assist with some of the workload. This
4 reflected a \$20K increase, the majority of which was allocated to account 5615.
- 5 • In 2023 CWH had additional costs of almost \$40K for computer expenses, of which
6 \$13K was directly attributed to cyber security measures. In 2023 it was determined
7 after the 2022 yearend had been completed that CWH had not received a Financial
8 System support invoice, this was for \$15K and should have been for 2022;
9 accordingly, the software support fee appears to have temporarily doubled in 2023,
10 when in fact it represents the costs for both 2022 and 2023.
- 11 • In addition to the Group Benefit increase in 2023 CWH also saw an increase in
12 portions of their insurance coverage. The liability portion increased over \$12K in
13 2023.

1

Table 12: 2023 Actual vs. 2024 Bridge Year

	2023	2024	\$ Variance	% Variance
Operations	\$425,313	\$441,893	\$16,580	3.90%
Maintenance	\$474,137	\$461,833	-\$12,304	-2.59%
Billing and Collecting	\$621,430	\$687,711	\$66,281	10.67%
Community Relations	\$44,020	\$45,425	\$1,405	3.19%
Administrative and General	\$1,204,056	\$1,303,143	\$99,087	8.23%
Total	\$2,768,957	\$2,940,005	\$171,048	6.18%

2

3 **2023 Actual vs 2024 Bridge Year**

4 The total OM&A expenses in 2024 are \$171,048 or 6.18% more than the 2023 amount.

- 5 1) Increase in operations of \$16,580.
- 6 • In 2023 CWH entered into a shared services agreement with 5 other CHEC
- 7 members for a GIS Analyst. In 2024 the arrangement will be in place for the full
- 8 twelve months, whereas 2023 it was just a partial year. The increase over 2023
- 9 will be \$15K.
- 10
- 11 2) Decrease in Maintenance of \$12,304.
- 12 • CWH allocates some labour within various maintenance accounts for unforeseen
- 13 requirements. For budget purposes the average of the previous 5 years in each
- 14 maintenance account is reviewed and analyzed – by both the labour hours and
- 15 expenditure. These averaged values are reviewed with the Manager of Operations
- 16 and the President and then identified maintenance projects are added in or
- 17 determined if the average calculated hours are sufficient. It was determined
- 18 through the 2024 analysis that a reduction in hours would be acceptable for
- 19 maintenance.
- 20 • The forecast locate expenses are based on historical activity without any expected
- 21 impact from the Getting Ontario Connected Act (GOCA). In the event there is an
- 22 impact CWH will take advantage of the GOCA account provided by the OEB.
- 23 • In 2024 CWH has increased the expenditure in account 5135 for tree trimming over
- 24 the amount in 2023. CWH continually reviews its vegetation and tree trimming work
- 25 and has increased the labour hours budget for 2024. The increase will address the
- 26 recent high vegetation growth years and falls in line with CWH's commitment to
- 27 proactive vegetation management to mitigate outages due to tree and limb contact
- 28 during adverse weather. This increase accounts for \$19K.
- 29 3) Increase in Billing and Collecting of \$66,281.
- 30 • In 2024 CWH will have a new Manager of Customer Service due to retirement.
- 31 Training has been increased for this position to ensure the staff are properly
- 32 prepared for the many facets that Customer Service covers – including billing,

1 collections, regulatory with respect to customer service. A planned overlap for
2 succession of the outgoing and incoming Manager to account for the above
3 activities amount to \$30K and are within accounts 5305, 5315 and 5320.

- 4
- 5 • In 2023 CWH had lower costs due to multiple years of a sales credit for 2018 to
6 2021 being received in 2021. Going forward the anticipated sales credit will be
7 accrued to the appropriate year prior to closing the books. The credit received in
8 2023 was for \$27K and was spread among accounts 5315 (\$19K), 5320 (\$600)
9 and 5620 (\$7,600). The 2024 amounts are representative of a full 12 months,
without the large credit for multiple years.

10
11 4) Increase in Community Relations of \$1,405.

12
13 5) Increase in Administrative and General of \$99,087.

- 14
- 15 • The increase in group insurance for 2024 is over 10% from 2023's value and these
16 projections are based on discussions with its benefit provider. This is allocated in
17 accounts 5610 and 5615 and is approximately \$35K.
 - 18 • In 2024 CWH is planning various enhancements to its cyber security posture.
19 Items include evaluation of and enhancements to the current vulnerability scanning
20 tool and complete penetration testing and remediation. Cyber security requires
21 multiple layers of protection to ensure business continuity and customer privacy
22 protection and CWH is carrying out risk tracking to ensure this. These items are
23 recorded in account 5620 and have a cost of \$31K.
 - 24 • In 2023 CWH increased the training and seminar forecast to allow directors to take
25 specific director training to acquire Director accreditation. This is shown in account
26 5665 and has a combined value of \$20K.

1

Table 13: 2024 Bridge vs. 2025 Test Year

	2024	2025	\$ Variance	% Variance
Operations	\$441,893	\$487,436	\$45,543	10.31%
Maintenance	\$461,833	\$467,974	\$6,141	1.33%
Billing and Collecting	\$687,711	\$713,824	\$26,113	3.80%
Community Relations	\$45,425	\$46,162	\$737	1.62%
Administrative and General	\$1,303,143	\$1,414,731	\$111,588	8.56%
Total	\$2,940,005	\$3,130,127	\$190,122	6.47%

2 **2025 Test Year vs 2024 Bridge Year**

3 The total OM&A expenses in 2025 are \$190,122 or 6.47% more than the 2024 projected amount.

- 4 1) Increase in operations of \$45,543.
- 5 • The largest contributor to the increase is for a \$20K increase in contracts/maps for
- 6 the ESRI licence.
- 7
- 8 2) Increase in Maintenance of \$6,141.
- 9
- 10 3) Increase in Billing and Collecting of \$26,113.
- 11
- 12 • The increase in 2025 B&C costs is attributed to an increase in group benefits,
- 13 labour wages and maintenance costs for the CIS support from third party vendors.
- 14
- 15 4) Increase in Community Relations of \$737.
- 16
- 17 5) Increase in Administrative and General of \$111,588.
- 18
- 19 • CWH is filing rates for January 1, 2025, therefore an estimate of \$48,300 as the
- 20 annual CoS one-time costs portion has been included. CWH's last CoS ended in
- 21 2023, therefore there have been no costs recorded in 2023 or 2024. This is
- 22 recorded in account 5655.
- 23 • No new staff or new benefit coverage is forecasted in 2025. There are increases
- 24 projected for labour wages, group benefits and insurance – property, fleet, liability
- 25 and cyber.

26 CWH recognizes savings for the 2025 rate year could take place in account 5655-Regulatory

27 costs, if CWH has less than two intervenors.

1 **Recoverable OM&A Cost per Customer and per FTE**

2 Table 14: Appendix 2-L Recoverable OM&A Cost per Customer and per FTE below outlines the
3 cost per customer per full time employee equivalent. This information is provided for the 2018 to
4 2025 period, in accordance with the OEB's minimum filing requirements, discussions of cost per
5 customer follows the table.

6 **Table 14: Appendix 2-L Recoverable OM&A Cost per Customer and per FTE**

	2018	2018	2019	2020	2021	2022	2023	2024	2025
OM&A Costs									
O&M	\$685,300	\$771,841	\$850,993	\$776,993	\$689,193	\$888,272	\$899,450	\$903,726	\$955,410
Admin Expenses	\$1,657,150	\$1,654,752	\$1,722,901	\$1,656,097	\$1,734,092	\$1,804,126	\$1,869,507	\$2,036,279	\$2,174,717
Total Recoverable OM&A from Appendix 2-JB⁵	\$2,342,450	\$2,426,593	\$2,573,894	\$2,433,089	\$2,423,285	\$2,692,398	\$2,768,957	\$2,940,005	\$3,130,127
Number of Customers^{2,4}	\$8,669	\$8,774	\$8,923	\$9,085	\$9,216	\$9,326	\$9,366	\$9,479	\$9,593
Number of FTEs^{3,4}	\$15	\$15	\$15	\$14	\$15	\$15	\$17	\$16	\$16
Customers/FTEs	\$567	\$583	\$595	\$672	\$614	\$604	\$558	\$610	\$617
OM&A cost per customer									
O&M per customer	\$79	\$88	\$95	\$86	\$75	\$95	\$96	\$95	\$100
Admin per customer	\$191	\$189	\$193	\$182	\$188	\$193	\$200	\$215	\$227
Total OM&A per customer	\$270	\$277	\$288	\$268	\$263	\$289	\$296	\$310	\$326
OM&A cost per FTE									
O&M per FTE	\$44,820	\$51,285	\$56,733	\$57,470	\$45,885	\$57,493	\$53,602	\$58,117	\$61,441
Admin per FTE	\$108,381	\$109,950	\$114,860	\$122,492	\$115,452	\$116,772	\$111,413	\$130,950	\$139,853
Total OM&A per FTE	\$153,201	\$161,235	\$171,593	\$179,962	\$161,337	\$174,265	\$165,015	\$189,068	\$201,294

7 As shown in the OEB appendix 2-L above, the total OM&A per FTE in the Test Year has increased
8 from \$153,201 to 201,294 or 31.39% since the 2018 Board Approved costs. Explanations for
9 increases in OM&A are explained above and the FTE count is reviewed in detail starting at Table
10 16 in section 4.4 below.

11 **Capitalization of Overhead Expenses**

12 CWH has not changed its methodology for capitalizing overhead since their last CoS. CWH does
13 not allocate any indirect costs to capital, only directly attributable costs to the capital job are
14 capitalized. CWH has not completed Appendix 2-D for overhead expenses as the costs are not
15 within the OM&A accounts.

16 During CWH's internal budget process costs related to trucks, inventory handling and payroll
17 deductions are forecasted. These costs are tracked in clearing accounts, outside of the USoA
18 OM&A accounts, therefore these accounts do not have yearend balances as all costs are
19 allocated to jobs worked on in that year. Two percentages are used; the first one for inventory
20 handling and the second for payroll deductions. These percentages are based on forecasted
21 costs and are determined once the budget is finalized and approved by the CWH Board. The
22 rates are based on the total annual working hours for the operation staff. Regarding truck costs,
23 the costs are converted into an hourly truck cost. The truck rate and inventory handling and
24 payroll deductions percentage is applied at the time of payroll and based on the time entry for the
25 jobs worked. This allows no indirect costs to be allocated to jobs.

4.4 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

CWH's overall compensation philosophy for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel in an industry that is facing an aging workforce and is very competitive for skilled resources. The compensation package includes an annual adjustment equal to the annual percentage increase included in the union contract which was based on industry experience and projections.

CWH's workforce is comprised of both unionized and non-unionized employees.

Compensation - Union

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 CWH's distribution system, as well as the competitive wage levels of its geographic market.

CWH was notified on October 20, 2020, that further to an Ontario Labour Relations Board Decision of October 2, 2020, the Power Workers' Union (PWU) is recognized as the new bargaining agent of CWH union staff, replacing the International Brotherhood of Electrical Workers (IBEW).

PWU has represented CWH Union staff for two Collective Agreements; September 1, 2020 to August 31, 2023 and September 1, 2023 to August 31, 2026. In September of 2023, the utility negotiated a 3-year collective agreement with the bargaining unit, effective September 1st, 2023 to August 31st, 2026. Wage increases were negotiated at 3.50% in year 1, 3.0% in year 2 and 3.0% in year 3. CWH has provided a copy of its Collective Agreement following this schedule in Appendix B.

In preparation for negotiations, CWH compiled and reviewed current agreements of the LDCs within its geographic service area. This was to ensure the amounts being requested were reasonable for the industry and remained competitive so that employee retention was not jeopardized.

Compensation – Non-Union

All non-union employees' compensation levels are reviewed by the President / Secretary and the Board of Directors. The compensation and benefit packages for non-union staff are negotiated subsequent to union negotiations with a similar approach of reviewing comparable positions and working conditions, including similar geographical areas, of other LDCs' labour forces, to renegotiate agreements.

CWH's wages are typically administered as an hourly rate and do not include performance pay. Benefits are negotiated equally for all staff to use the full employee count to acquire the competitive rates offered.

1 **Employee Pensions and Benefits**

2 **Pension**

3 The employees of all LDCs are required to participate in the OMERS retirement plan. Therefore,
4 the pension benefits provided to the employees of CWH are consistent with the pension benefits
5 provided to employees of other LDCs.

6 **Benefits**

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

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

14 OEB Appendix 2-K presented as Table 15 details CWH's employee compensation.

15 In accordance with Board policy: "Where there are three or fewer employees in any category, the
16 applicant must aggregate this category with the category to which it is most closely related. This
17 higher level of aggregation must be continued, if required, to ensure that no category contains
18 three or fewer employees."

19 CWH has aggregated information relating to its employees as per the instructions above.

1

Table 15: OEB Appendix 2-K – Employee Compensation

	Board Approved								
	2018	2018	2019	2020	2021	2022	2023	2024	2025
Number of Employees (FTEs including Part-Time)									
Management (including executive)	5.00	5.00	5.00	4.00	4.00	4.00	4.00	4.00	4.00
Non-Management (union and non-union)	10.29	10.05	9.92	9.52	11.02	11.45	12.78	11.55	11.55
Total	15.29	15.05	14.92	13.52	15.02	15.45	16.78	15.55	15.55
Total Salary and Wages including overtime and incentive pay									
Management (including executive)	\$574,700	\$595,338	\$599,463	\$533,350	\$536,209	\$538,628	\$572,197	\$609,876	\$628,173
Non-Management (union and non-union)	\$870,200	\$792,920	\$794,379	\$823,532	\$926,592	\$1,017,789	\$1,046,108	\$1,066,998	\$1,099,008
Total	\$1,444,900	\$1,388,258	\$1,393,842	\$1,356,882	\$1,462,801	\$1,556,417	\$1,618,305	\$1,676,874	\$1,727,181
Total Benefits (Current + Accrued)									
Management (including executive)	\$138,400	\$114,369	\$118,097	\$108,011	\$114,705	\$119,990	\$124,682	\$130,233	\$134,140
Non-Management (union and non-union)	\$196,600	\$235,624	\$235,572	\$247,230	\$270,651	\$287,458	\$329,956	\$350,851	\$361,376
Total	\$335,000	\$349,992	\$353,670	\$355,241	\$385,356	\$407,448	\$454,638	\$481,084	\$495,516
Total Compensation (Salary, Wages, & Benefits)									
Management (including executive)	\$713,100	\$709,706	\$717,560	\$641,361	\$650,914	\$658,618	\$696,878	\$740,109	\$762,312
Non-Management (union and non-union)	\$1,066,800	\$1,028,544	\$1,029,952	\$1,070,761	\$1,197,243	\$1,305,246	\$1,376,064	\$1,417,849	\$1,460,385
Total	\$1,779,900	\$1,738,250	\$1,747,512	\$1,712,122	\$1,848,157	\$1,963,865	\$2,072,942	\$2,157,958	\$2,222,697
Total Compensation Breakdown (Capital, OM&A)									
OM&A	\$ 1,528,780	\$1,459,960	\$1,532,435	\$1,492,895	\$1,524,916	\$1,751,782	\$1,786,243	\$1,813,044	\$1,805,499
Capital	\$ 251,120	\$ 278,290	\$ 215,077	\$ 219,227	\$ 323,241	\$ 212,082	\$ 286,700	\$ 344,914	\$ 417,198
Total	\$ 1,779,900	\$1,738,250	\$1,747,512	\$1,712,122	\$1,848,157	\$1,963,865	\$2,072,942	\$2,157,958	\$2,222,697

2

3 Staffing and Compensation Strategy

4 The number of employees is based on the calculation of the number of full-time equivalent (FTE)
5 positions throughout each of the fiscal years. A position that was added in a particular year is
6 counted as a portion of an FTE in the calendar year based on the start date of the position.

1 The salaries and wage amounts include all salaries and wages paid, inclusive of overtime,
2 vacations, float holidays, sick leave, bereavement leave, union meets and other miscellaneous
3 paid leave.

4 The benefit amounts include the employer's portion of statutory benefits (CPP and EI), employer
5 contributions to EHT, WSIB, OMERS, and CWH's costs for providing extended health care,
6 dental, long-term disability, life insurance.

7 **Employee Staff Levels**

8 The number of staff for CWH is 15 full-time employees, which is in line with the 2018 Board
9 Approved value. There have been various staff workload rearrangements that have allowed CWH
10 to maintain an FTE which continues to be both efficient and effective with its staff time and
11 responsibilities. CWH has also been able to recruit employees with advanced designations and/or
12 Industry experience which has assisted with maintaining a lean workforce.

13 There is an additional 0.55 FTE dedicated to performing underground locates and other functions
14 related to fieldwork. The hours worked by this employee are driven by the number of locates
15 requested, ability to adhere to legislated response times, work at month end to obtain water reads
16 (which are directly allocated to the Township of Centre Wellington), and 1 day per month for
17 delivering collection letters when the disconnect moratorium is lifted from June to October each
18 year.

19 A management retirement and shift in resources allowed for an additional FTE in 2020 within
20 Operations department.

21 In 2019 a new Human Resources and Payroll position was staffed by a designated professional
22 to assist with compliance and workplace legislation, again, this was accomplished through a shift
23 in overall resources without an increase to CWH's FTE count.

24 CWH continues to support Apprenticeship Co-op placements in the field and Post-Secondary Co-
25 Op placements in the office when workload allows and it benefits CWH's workforce.

26 An atypical fluctuation in staff numbers from 2020-2022 was due to statutory leaves, retirements
27 and recruitment.

1

Table 16: Employee Compensation Variance Analysis

	2018 Act vs 2018 OEB BA	2019 vs 2018	2020 vs 2019	2021 vs 2020	2022 vs 2021	2023 vs 2022	2024 Bridge vs 2023	2025 Test vs 2024 Bridge
Number of Employees (FTEs including Part-Time)								
Management (including executive)	0.00	0.00	-1.00	0.00	0.00	0.00	0.00	0.00
Non-Management (union and non-union)	-0.24	-0.13	-0.40	1.50	0.43	1.33	-1.23	0.00
Total	-0.24	-0.13	-1.40	1.50	0.43	1.33	-1.23	0.00
Total Salary and Wages including overtime and incentive pay								
Management (including executive)	\$20,638	\$4,125	-\$66,113	\$2,859	\$2,419	\$33,568	\$37,680	\$18,296
Non-Management (union and non-union)	-\$77,280	\$1,459	\$29,152	\$103,060	\$91,196	\$28,320	\$20,890	\$32,010
Total	-\$56,642	\$5,585	-\$36,960	\$105,919	\$93,615	\$61,888	\$58,570	\$50,306
Total Benefits (Current + Accrued)								
Management (including executive)	-\$24,031	\$3,728	-\$10,086	\$6,694	\$5,285	\$4,692	\$5,551	\$3,907
Non-Management (union and non-union)	\$39,024	-\$51	\$11,657	\$23,421	\$16,807	\$42,498	\$20,895	\$10,526
Total	\$14,992	\$3,677	\$1,571	\$30,115	\$22,092	\$47,190	\$26,446	\$14,433
Total Compensation (Salary, Wages, & Benefits)								
Management (including executive)	-\$3,394	\$7,854	-\$76,199	\$9,553	\$7,704	\$38,260	\$43,231	\$22,203
Non-Management (union and non-union)	-\$38,256	\$1,408	\$40,810	\$126,482	\$108,003	\$70,818	\$41,785	\$42,535
Total	-\$41,650	\$9,262	-\$35,389	\$136,035	\$115,707	\$109,078	\$85,016	\$64,739

2

3 2018-2025 Variances, that increased above the materiality threshold are as follows:

- 4
- 5 • In 2020, the total CWH employee compensation decreased by 2% or \$35K over 2019 actual amount as a result of:
 - 6 • Retirement of 1 Full Time Management Position in 2019
 - 7 • Partial year of 1 Full Time Office Position who had gone on Statutory Leave in
 - 8 2019
 - 9 • COVID pandemic restricted the hiring of any part time positions or co-op
 - 10 placements.
 - 11 • End of Part Time Project Manager role
 - 12
 - 13 • In 2021, the total CWH employee compensation increased by 7.9% or \$136K as a result
 - 14 of
 - 15 • Locator duties brought back in-house with part time contract.
 - 16 • Operations department with 5 Full Time Union Staff
 - 17 • April 1, 2021 wage increase of 1.0%
 - 18 • Sep 1, 2021 wage increase of 1.0%
 - 19 • Significant Overtime hours performed by Regulatory staff to implement Demand
 - 20 Data information for multiple years.
 - 21
 - 22 • In 2022, the total CWH employee compensation increased by 6.3% or \$116K over the
 - 23 prior year as a result of:
 - 24 • April 1, 2022 wage increase of 1.0%
 - 25 • Sep 1, 2022 wage increase of 1.25%

- 1 • Hiring of 1 Full Time Office Staff to ensure adequate training and development and
2 compensate for staff changes and succession planning
- 3 • CWH entered into a contract with another LDC to share the services of one CWH
4 employee, used cost-base to rebill labour
- 5 • Increased overtime in Operations staff relating to repairs and maintenance caused
6 by multiple storm systems
- 7
- 8 • In 2023, the total CWH employee compensation increased by 5.6% or \$109K over the
9 prior year as a result of:
 - 10 • April 1, 2023 wage increase of 1.25%
 - 11 • Sep 1, 2023 wage increase of 3.5%
 - 12 • Management recruitment to replace retiring Operations Manager; Position now
13 requires candidate with a professional designation and wage adjustment reflective
14 of qualifications.
 - 15 • All Full-Time staff members in place for full calendar year.
 - 16 • Temporary contracts for both Office Co-Op and Apprenticeship Co-Op placements
 - 17
- 18 • In 2024, the total CWH employee compensation is projected to increase by 4.1% or \$85K
19 over the prior year as a result of:
 - 20 • The negotiated 2024 wage increase of 3.0%
 - 21 • No replacement of 1 FTE office position following retirement
 - 22 • Succession planning allowed the Management role to be filled in-house. Wage rate
23 was increased accordingly to account for specialized designation and degree.
 - 24 • Overtime hours for both Management and Staff were anticipated for work related
25 to the Cost of Service filing.
 - 26 • Temporary contracts or other Office Co-Op and Apprenticeship Co-Op
27 placements.
 - 28 • Eligible staff continue to move through the salary pay grid following successful
29 performance reviews.
 - 30
- 31 • In 2025, the total CWH employee compensation is projected to increase by 3.0% or \$65K
32 over the prior year as a result of:
 - 33 • The negotiated 2025 wage increase of 3.0%

1 **Annual Wages**

2 A summary of annual wage increases are presented in Table 17Error! Not a valid bookmark
3 self-reference. below.

4 The increases shown in the table represent percentage increases that were negotiated with
5 respective categories of employees.

6

7 **Table 17: Summary of Wage Increases by Year**

Year	Union/Non-Union		Year	Management	
	% Increase	Cumulative		% Increase	Cumulative
Sept 1 2018	2.15%	2.50%	Sept 1 2018	2.15%	2.50%
Sept 1 2019	2.15%	4.65%	Sept 1 2019	2.15%	4.65%
Sept 1 2020	2.50%	7.15%	Sept 1 2020	2.50%	7.15%
April 1 2021	1.00%	8.15%	April 1 2021	1.00%	8.15%
Sept 1 2021	1.00%	9.15%	Sept 1 2021	1.00%	9.15%
April 1 2022	1.00%	10.15%	April 1 2022	1.00%	10.15%
Sept 1 2022	1.25%	11.40%	Sept 1 2022	1.25%	11.40%
April 1 2023	1.25%	12.65%	April 1 2023	1.25%	12.65%
Sept 1 2023	3.50%	16.15%	Sept 1 2023	3.50%	16.15%
Sept 1 2024	3.00%	19.15%	Sept 1 2024	3.00%	19.15%
Sept 1 2025	3.00%	22.15%	Sept 1 2025	3.00%	22.15%

8

9 **Benefit Program Costs**

10 A detailed summary of the benefit program costs is presented in the table below.

11 Company statutory benefits have increased by \$44K or 45% over the period of 2018 to 2025.
12 OMERS increased by \$43K or 31.0%. OMERS annual rates did not change; however, contribution
13 amounts are driven by YMPE and employee pensionable earnings which have increased over
14 this period. Health, dental, life, AD&D premium rates also increased by \$51K or 51%, which can
15 be attributed to an increase in employee earnings, standard annual increases in premiums by the
16 Provider and additional costs related to experience-rated benefits. During the 2020 Pandemic the
17 Provider did offer a temporary premium discount window for Health & Dental benefits which
18 amounted to \$3,271. CWH expenses benefits on an accrual basis.

1

Table 18: Benefit Expenses

Benefit	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Bridge	2025 Test
Statutory								
CPP	39,568	41,808	42,267	49,776	56,016	65,310	67,270	69,288
EI	18,636	18,876	17,649	19,947	21,798	24,821	25,566	26,333
EHT	27,486	27,599	26,737	28,823	30,707	32,832	33,817	34,831
WSIB	12,578	12,426	10,310	11,185	10,350	10,894	11,221	11,557
Total Statutory Company	98,268	100,708	96,963	109,732	118,871	133,857	137,872	142,009
OMERS	139,650	140,809	138,661	144,319	155,185	172,199	177,365	182,686
Health	99,518	99,628	106,394	118,020	118,677	132,008	146,878	150,716
Life Insurance	12,556	12,524	13,223	13,285	14,715	16,574	18,968	20,106
Total Company	251,724	252,961	258,278	275,624	288,577	320,781	343,211	353,508
Total Benefit Costs	349,992	353,670	355,240	385,356	407,448	454,638	481,084	495,516

2

3 **OPEBs (Other Post-Employment Benefits) Costs**

4 CWH pays certain medical and life insurance benefits on behalf of some of its retired employees.
5 In Table 19 below, CWH shows the annual OPEB costs. CWH did not include the cost of OPEBs
6 in any capital expenditures. The table below reflects the actual costs incurred, as well as the year-
7 end adjustment based on the actuary report. This practice has not changed since CWH's last CoS
8 application.

9

Table 19: OPEBs (Other Post-Employment Benefits) Costs

Post Retirement Benefits	Board Approved 2018	2018	2019	2020	2021	2022	2023	2024	2025
OM&A	\$11,700	\$17,785	\$12,857	\$16,055	\$15,981	\$14,866	\$17,993	\$18,553	\$19,089
Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$11,700	\$17,785	\$12,857	\$16,055	\$15,981	\$14,866	\$17,993	\$18,553	\$19,089

10

11 **OMERS Pension Plan**

12 CWH's employees are members of the Ontario Municipal Employees Retirement System
13 ("OMERS"). OMERS is a multi-employer pension plan that most LDCs participate in, therefore
14 the pension benefit provided to CWH's employees is consistent with that of other LDCs. The plan
15 is a contributory defined benefit pension plan, which is financed by equal contributions from the
16 employer and employee based on the employee's contributory earnings. CWH's pension premium

1 information is detailed above. Pensions are accounted for on an accrual basis based on OMERS
2 rates.

3 **Actuarial Report**

4 CWH's latest Actuarial Report prepared by RSM, "Report on the Actuarial Valuation of Post-
5 Retirement Non-Pension Benefits," is at Appendix A. It was completed February 24, 2023. CWH
6 has an actuary valuation completed every three years.

4.5 SHARED SERVICES & CORPORATE COST ALLOCATION

CWH provides water and wastewater billing and street light maintenance to the Township of Centre Wellington. IT support services are provided to CWH by Township of Centre Wellington, who is the sole shareholder of CWH.

In 2020 CWH and the Township of Centre Wellington updated the Water/Wastewater Billing Services Agreement. Pursuant to the Services Agreement, CWH provides water and wastewater billing services for the Township of Centre Wellington. These services include all associated clerical, labour and administrative services for meter reading, bill preparation and presentment, payment processing, collections, bad debt management and customer care.

As a result of CWH providing water and wastewater billing services to the Township of Centre Wellington, both corporations end up with a greater return on each dollar spent. Costs related to the water billing are divided as per the number of customers being billed between the two entities or on the actual cost. 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. CWH confirms that pricing for these services is based on a transfer pricing methodology that adheres to the ARC's transfer pricing rules.

In 2020 CWH changed IT managed services to have service and support provided by the IT department from the Township of Centre Wellington. The annual cost of the IT services is competitive however it falls under the \$100K threshold as stated in the ARC, section 2.3.3.3, therefore a tender or bid process was not completed. Prior to the IT services being provided a Services Agreement was signed by both parties.

OEB Appendix 2-N Shared Services/Corporate Cost Allocation are presented below:

CWH confirms that it has not included any Board of Director costs for affiliates in the LDC costs.

Table 20: Appendix 2-N - Shared Services and Corporate Cost Allocation – 2018 Board Approved

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 7,500
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 7,550	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 148,600
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 162,900	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ -	

1 **Table 21: Appendix 2-N - Shared Services and Corporate Cost Allocation – 2018**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 8,333
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 8,333	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 150,296
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 175,386	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ 1,230	

2

3

4 **Table 22: Appendix 2-N - Shared Services and Corporate Cost Allocation – 2019**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 14,345
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 14,345	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 159,750
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 179,463	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ 6,990	

5

6

7 **Table 23: Appendix 2-N - Shared Services and Corporate Cost Allocation – 2020**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 63,200
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 63,200	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 178,181
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 185,226	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ 14,820	
Township of Centre Wellington	Centre Wellington Hydro Ltd.	IT support services		\$ 18,267	

8

9

1 **Table 24: Appendix 2-N - Shared Services and Corporate Cost Allocation – 2021**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 5,374
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 5,374	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 190,528
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 191,337	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ 11,010	
Township of Centre Wellington	Centre Wellington Hydro Ltd.	IT support services			\$ 22,000

2

3 **Table 25: Appendix 2-N - Shared Services and Corporate Cost Allocation - 2022**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 3,026
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 3,026	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 190,954
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 202,407	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ 8,700	
Township of Centre Wellington	Centre Wellington Hydro Ltd.	IT support services	Market rate		\$ 19,750

4

5

6 **Table 26: Appendix 2-N - Shared Services and Corporate Cost Allocation - 2023**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 29,622
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 29,622	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 193,504
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 223,613	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ 24,210	
Township of Centre Wellington	Centre Wellington Hydro Ltd.	IT support services			\$ 22,173

7

8

1 **Table 27: Appendix 2-N - Shared Services and Corporate Cost Allocation - 2024**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 7,262
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 7,262	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 200,996
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 227,800	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ 20,200	
Township of Centre Wellington	Centre Wellington Hydro Ltd.	IT support services			\$ 22,000

4 **Table 28: Appendix 2-N - Shared Services and Corporate Cost Allocation - 2025**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation	Cost-base		\$ 7,479
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Street Lights Mtce and Installation - Revenue	Cost-base	\$ 7,479	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing	Cost-base		\$ 205,016
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	# of Customers	\$ 232,356	
Centre Wellington Hydro Ltd.	Township of Centre Wellington	Water/Wastewater billing - Revenue	First Bill fee	\$ 8,000	
Township of Centre Wellington	Centre Wellington Hydro Ltd.	IT support services			\$ 22,000

7 **Pricing Methodology for Corporate Cost Allocation *Methodology***

8 **Water and Wastewater Billing Pricing Methodology**

9 CWH's provides water and wastewater billing services to the Township of Centre Wellington. The
 10 agreement states a fully allocated cost model where actual Costs, where easily identified, are
 11 charged directly to the water/wastewater sub-account of 4380-Expenses for Non-Rate-Regulated
 12 Utility Operations. However, expenses related to the Collections, CIS, stationary and postage that
 13 apply to both electric, water and wastewater billing are split based on the number of municipal
 14 customers compared to the number of electric customers. CWH believes this methodology is
 15 most appropriate as it ensures that electric customers are not subsidizing the water and
 16 wastewater billing functions. By providing water and wastewater billing the costs that would have
 17 been borne totally by the electrical customers are now being split with the Municipality, with both
 18 entities benefiting from the cost sharing arrangement. CWH asserts that this cost-base method
 19 conforms to the ARC.

1 **Table 29: Corporate Cost Allocation Variance Analysis is provided below:**

	2018	2018	2019	2020	2021	2022	2023	2024	2025
	Board Appr	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected
4375 Rev Non-Utility - Water/Wastewater	-\$ 162,900	-\$ 175,386	-\$ 179,463	-\$ 185,226	-\$ 191,337	-\$ 202,407	-\$ 223,613	-\$ 227,800	-\$ 232,356
4375 Rev Non-Utility - Water/Wastewater Occupancy		-\$ 1,230	-\$ 6,990	-\$ 14,820	-\$ 11,010	-\$ 8,700	-\$ 24,210	-\$ 20,200	-\$ 8,000
4375 Rev Non-Utility - Apprentice Completion Credit			-\$ 1,000			-\$ 2,000	-\$ 1,000		
4375 Rev Non-Utility - Net Meter Credit Expired						-\$ 6,254	-\$ 4,749		
4375 Rev Non-Utility - CDM	-\$ 251,400	-\$ 268,524	-\$ 147,907	-\$ 24,187	-\$ 27,572	-\$ 13,982	-\$ 2,632	\$ -	\$ -
4375 Rev Non-Utility - EV Charger				-\$ 2,000	-\$ 2,000	-\$ 861	-\$ 5,702	-\$ 8,000	-\$ 8,000
Total	-\$ 414,300	-\$ 445,140	-\$ 335,360	-\$ 226,233	-\$ 231,919	-\$ 234,204	-\$ 261,906	-\$ 256,000	-\$ 248,356
4375 Rev from Non-Utility Operations from Exhibit 3	-\$ 414,300	-\$ 445,139	-\$ 335,360	-\$ 226,233	-\$ 231,919	-\$ 234,203	-\$ 261,907	-\$ 256,000	-\$ 248,756
Variance	\$ -	-\$ 0	-\$ 0	\$ 0	\$ 0	-\$ 1	\$ 1	\$ -	\$ 400
4380 Exp Non-Utility - Water/Wastewater	\$ 148,600	\$ 150,296	\$ 159,750	\$ 178,181	\$ 190,528	\$ 190,954	\$ 193,504	\$ 200,996	\$ 205,016
4380 Exp Non-Utility - CDM	\$ 251,400	\$ 181,241	\$ 147,907	\$ 24,187	\$ 27,572	\$ 13,982	\$ 2,632	\$ -	\$ -
4380 Exp Non-Utility - EV Charger				\$ 16,162	\$ 1,319	\$ 6,109	\$ 5,702	\$ 3,962	\$ 4,160
4380 Exp Non-Utility - AFT		\$ 863	\$ 9,474	\$ 2,459	-\$ 12,796				
4380 Exp Non-Utility - Street Light Obsolete Inventory		\$ 2,118					\$ 16,024		
Total	\$ 400,000	\$ 334,518	\$ 317,131	\$ 220,989	\$ 206,623	\$ 211,045	\$ 217,862	\$ 204,958	\$ 209,176
4380 Exp of Non-Utility Operations from Exhibit 3	\$ 400,000	\$ 334,519	\$ 317,131	\$ 220,989	\$ 206,623	\$ 211,045	\$ 217,861	\$ 204,958	\$ 209,176
Variance	\$ -	-\$ 1	\$ 0	\$ 0	-\$ 0	\$ 0	\$ 1	\$ -	\$ -

2
3 The net revenues have increased as the above variance analysis shows. The revenues being
4 generated by providing water and wastewater billing service to the Township of Centre Wellington
5 continue to provide income to the LDC and is not putting a burden on the hydro rate payers but
6 in fact continues to reduce cost that would otherwise be borne entirely by the LDC.

7 **Street Lights Maintenance & Installation Pricing Methodology**

8 CWH also provides street light maintenance services to the Township of Centre Wellington on a
9 full cost bases, there is no profit or loss to record for this service. The costs are recorded in
10 account 5165 and invoiced to the Township of Centre Wellington at the end of each quarter. The
11 costs below include labour, burdens, contractor and material if required.

12 **Table 30: Corporate Cost Allocation – Costs Bases – Street Light Maintenance**

Street Light Maintenance	2018	2018	2019	2020	2021	2022	2023	2024	2025
	Board Appr	Actual	Actual	Actual	Actual	Actual	Actual	Projected	Projected
5165 Mtce of St Lgt - Exp - Lab, Bur, Equip, Mtrl, Cont	\$ 7,550	\$ 8,333	\$ 14,345	\$ 63,200	\$ 5,374	\$ 3,026	\$ 29,622	\$ 7,262	\$ 7,479
5165 Mtce of St Lgt - Cost Recovery Invoiced	-\$ 7,550	-\$ 8,333	-\$ 14,345	-\$ 63,200	-\$ 5,374	-\$ 3,026	-\$ 29,622	-\$ 7,262	-\$ 7,479
13 Total Acct 5165	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

4.6 NON- AFFILIATE SERVICES, ONE TIME COSTS, REGULATORY COSTS

4.6.1 NON – AFFILIATE SERVICES

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

CWH confirms that all material transactions followed the procurement policy. The policy has been included as Appendix C in this exhibit. No material transactions were undertaken that were not in compliance with CWH’s policy.

Purchase Authorization: The Manager of Operations, with the input of board members and President, approves all purchases of goods and/or services related to the capital, operations and maintenance of the distribution infrastructure.

Purchase Authorization

The Board of Directors approves all purchases over \$100,000 after three quotes are obtained if the items have not been board approved in the current budget.

Tendering

When goods or services are tendered, a tender/request for proposal/request for quote will be issued to a minimum of three vendors if availability permits. The Operations Manager, VP/Treasurer and President/Secretary are authorized to accept and award proposals.

CWH’s 2023 Vendor list over the materiality threshold of \$50,000 is presented in the table below.

Table 31: Products and Services from Non-Affiliates

Name	Activity	Process/Department	Total
Anixter Power Solutions	Line maintenance supplies	RFQ - Line equipment/large scale respected supplier / product availability	\$127,582.47
Anvil Crawler Development Corp	AC Solar Net Meter installation	RFQ - Local company with experience in installing solar generation	\$100,490.00
Canada Post Corporation	Postage and delivery of customer hydro bills	National postal service	\$87,296.06
G&W Canada	Switchgear	Rfqs: Operations/stations/dep	\$94,038.60

		endable product with good value for the costs	
Lakeport Power Ltd.	Transformers	RFQ: Operations quality supplier / transformer availability	\$53,098.70
Manulife Financial	Employee Benefits	Vendor is selected through a broker who goes out to tender once every 3 years. Through the broker, CWH belongs to a consortium of like size companies which allows for better pricing.	\$131,022.60
Mearie Management inc.	Insurance - Plant, Prop, Equip. Liability, Cyber, Life Insurance	RFQ: Management to make decision	\$135,186.41
Noramco Wire & Cable	Conductors	RFQ: Operations quality supplier of specific conductor	\$133,264.33
Reliable Motors Ltd	Fleet purchases & maintenance	Only 1 local supplier of EV truck	\$77,694.56
Stella-Jones Inc	Wood Poles	RFQ - Industry-wide provider of wood utility poles	\$94,969.61
Stress Crete Limited	Concrete Poles	RFQ - Provider of Township's concrete street light poles	\$56,325.98
Utilismart Corporation	Meter Data-Wholesale Retail Settlement Process	RFP was used in original selection	\$81,360.00
Utility Collaborative Service (UCS)	CIS Software, Hosting, Support	CWH belongs to the USC group. This group using the RFP process, UCS will go to vendors providing CIS software, IT hosting and support, to request vendor pricing that obtains better pricing breaks due to the increase in customer numbers.	\$179,107.98
Virginia Transformer Corp	Transformers	RFP prepared by CWH approved consulting Engineer.	\$277,143.80

- 1
- 2 CWH's purchasing policy is presented in Appendix C.

1 4.6.2 ONE TIME COSTS

2 The only noteworthy one-time costs that have been included in the 2025 Test Year, relates to the
3 costs associated with 2025 Cost of Service application which are amortized over a period of 5
4 years. Regulatory costs are discussed in the next section. CWH would like to note that the
5 majority of the costs related to the DSP have also been amortized over a period of 5 years and
6 included in the regulatory costs. These are also discussed in the regulatory section of the
7 application at the next schedule.

8 The one-time cost related to the 2025 Cost of Service application, EB-2024-0012, totals \$241,540;
9 this amount was amortized over 5 years at the rate of \$48,308 per year.

4.6.3 REGULATORY COSTS

The top portion of Table 32, Appendix 2-M Regulatory Cost Schedule, below shows CWH's regulatory costs for the historical years, bridge and test year.

The historical consultant costs for regulatory matters shown at line 5 of the table reflect actual costs of on-going expenses for consultants' assistance with IRM applications, ROE Calculation, and other regulatory matters.

A detailed breakdown of regulatory costs for the 2025 test year is presented in the lower portion of Table 32. The \$241,540 is made up of legal fees, consultant's costs, operating expenses related to the application and intervenor costs, expenses to the end of December 31, 2023 are recorded in the "Most Current Actuals Year 2023".

All regulatory on-going costs listed below are tracked in account 5655 – Regulatory Expenses. Costs directly associated with the CoS application (one-time costs) are originally recorded in a sub account of 1180 (prepaid) and once approved in the CoS process, these costs amortized over a period of 5 years to the 5655 – Regulatory Expenses account (2025 to 2029). Such costs include expert witness fees, legal fees, consulting fees, OEB costs and intervenor costs.

Table 32: Regulatory Cost Schedule (Appendix 2-M)

Regulatory Cost Category	USoA Account	Last Rebasing Year (2018 OEB Approved)	Last Rebasing Year (2018 Actual)	Most Current Actuals Year 2023	2024 Bridge Year	Annual % Change	2025 Test Year	Annual % Change	
(A)	(B)	(D)	(E)	(F)	(G)	(H)=[(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)	
Regulatory Costs (Ongoing)									
1	OEB Annual Assessment	5655	\$31,700	\$28,738	\$35,955	\$37,033	3.00%	\$38,145	3.00%
2	OEB Section 30 Costs (OEB-initiated)	5655	\$3,500	\$1,290	\$2,019	\$2,300	13.92%	\$2,300	0.00%
5	Consultants' costs for regulatory matters	5655	\$11,000	\$6,481	\$1,125	\$5,000	344.44%	\$1,000	-80.00%
6	Operating expenses associated with staff resources allocated to regulatory matters	5655	73,300	\$50,290	\$65,973	\$62,669	-5.01%	\$57,968	-7.50%
12	Safety and Satisfaction Surveys	5655							
13	Amortization of 2018 COS	5655	\$34,200	\$31,079	\$0	\$0		\$48,308	
14	External Auditor Fees	5655							
15	ESA fees	5655	\$4,700	\$3,946	\$4,429	\$4,700	6.12%	\$4,700	0.00%
16									
Regulatory Costs (One-Time)									
1	Expert Witness costs	1180	30,000						
2	Legal costs	1180	20,000	\$26,750	\$1,400	\$31,100	2121.43%	\$32,500	4.50%
3	Consultants' costs	1180	129,600	\$85,808	\$91,908	\$62,633	-31.85%	\$154,540	146.74%
5	Incremental operating expenses associated with other resources allocated to this application. ¹	1180	1,500	\$3,306	\$1,440	\$2,060	43.06%	\$3,500	69.90%
6	Intervenor costs	1180	40,000	\$26,992	\$0	\$35,000		\$35,000	0.00%
7	OEB Section 30 Costs (application-related)	1180		\$11,346	\$0	\$16,000		\$16,000	0.00%
8	Community Meeting	1180		\$1,193	\$0				
9									
1	Sub-total - Ongoing Costs ²		\$158,400	\$121,824	\$ 109,501	\$111,702	2.01%	\$152,421	36.45%
2	Sub-total - One-time Costs ³		\$221,100	\$155,394	\$ 94,748	\$146,793	54.93%	\$241,540	64.55%
3	Total		\$379,500	\$277,218	\$ 204,249	\$258,495	26.56%	\$200,729	-22.35%

Application-Related One-Time Costs	Total
Total One-Time Costs Related to Application to be Amortized over IRM Period	\$241,540
1/5 of Total One-Time Costs	\$48,308

\$ -

- 1
- 2 The 2025 Test Year decrease of \$5,979 over 2018 Board Approved is the result of a number of
3 CWH staff having gained experience and understanding of the IRM application process that has
4 remained fairly consistent, in turn limiting the need for consulting assistance required for the
5 process and filing.

4.7 LOW-INCOME ENERGY ASSISTANCE PROGRAMS & CDM

CWH has included \$5,815 for the Low-Income Energy Assistance Program (LEAP) under Deductions Donation Expense-LEAP (USoA #6205).

This amount is based on the Board's determination that the greater amount of 0.12% of a distributor's Board-Approved distribution revenue requirement or \$2,000 should be included in the utility's costs and therefore recovered from all rate classes. In 2018 CoS, the 0.12% of BA distribution revenue was \$4,750, this amount was provided for LEAP each year.

In 2021 CWH gave an additional \$3,104 directly to LEAP, the amount was calculated by the OEB and was part of CWH's July 2021 cost assessment invoice from the OEB. The letter with the direction and sample allocations was issued July 14, 2021. The amount recorded in the cost assessment, account 5655, is the full cost, however the \$3,104 was directly given to LEAP.

CWH has partnered with Community Resource Centre (CRC), as the Intake Agency, to assist in the program intended to provide emergency relief to eligible low-income customers who may be experiencing difficulty paying current arrears to CWH.

In compliance with OEB policy, CWH:

- Collects money from ratepayers for LEAP EFA in the amount approved by the OEB as part of the recoverable OM&A expenses;
- Transfers program funds to CRC (Intake Agency);
- Allows CRC to determine funding allocations within their service territory by geography;
- Receives a monthly report from the CRC agency showing the disbursements and balance of the LEAP funds remaining.
- Leaves the assessment of eligibility of CWH customers and records to CRC
- Confirms customer and account information used in determining program eligibility, including information on payment history and arrears owing; and
- Reports to the OEB in accordance with OEB reporting requirements through filings

CWH has historically been an active participant in managing and implementing the provincial government's CDM Programs. However, in March 2019, the Minister of Energy, Northern Development and Mines ("MEDM") issued directives to the OEB and the IESO with the effect of concluding the Conservation First Framework ("CFF") but allowing certain projects in progress to be completed by August 31, 2022, and if certain conditions are met the deadline for completion may be extended to December 31, 2022.

Currently, CDM activity under the provincial 2021-2024 CDM Framework is centralized under the IESO and funded through the Global Adjustment ("GA") mechanism. The 2021 CDM Guidelines indicate that any efforts by LDCs to support these IESO programs should be limited in nature and non-duplicative of the IESO's activities, and that LDCs should not request funding through distribution rates for dedicated CDM staff to support IESO programs.

1 As a result, CWH confirms that there are no capital nor OM&A costs included in 2025 related to
2 the 2021-2024 CDM Framework, nor any future CDM framework. Furthermore, currently CWH
3 does not intend to participate in the IESO's Local Initiatives Program ("LIP").

4 **4.8 CHARTIABLE, POLITICAL DONATIONS AND DISALLOWED EXPENSES**

5 CWH has a policy in place where donations are made primarily to charities and non-profit groups
6 locally, that support residents in its two service areas. CWH confirms that no charitable donations
7 have been included in OM&A expenses for 2025 other than the \$5,815 for LEAP funding which
8 is recorded in a sub-account 6205-Donations-LEAP Funding as directed by the OEB.

9 CWH does not make any political donations, therefore no political contributions have been
10 included for recovery.

11

12 **4.9 CONSERVATION AND DEMAND MANAGEMENT**

13 CWH has not included any costs related to CDM in its application.

14

15 **4.10 FUNDING OPTIONS FOR FUTURE CONSERVATION AND DEMAND** 16 **MANAGEMENT ACTIVITIES**

17 CWH is not considering funding options for further CDM activities at this time.

1 **APPENDICES**

2

Appendix A	Report on the Actuarial Valuation of Post-Retirement Non-Pensions Benefits by RSM
Appendix B	Collective Agreement Power Workers Union
Appendix C	CWH Purchasing Policy

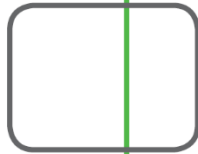
3

Centre Wellington Hydro Ltd.

Exhibit 4

Appendix A

Actuarial Valuation of Post Retirement
Non Pension Benefits



CENTRE WELLINGTON HYDRO LTD.

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

AS AT DECEMBER 31, 2022

Final – February 24, 2023

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EXECUTIVE SUMMARY

Purpose

RSM Canada Consulting LP was engaged by Centre Wellington Hydro Ltd. (the “Corporation”) to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2022. The nature of these benefits is defined benefit.

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

The most recent full valuation was prepared as at December 31, 2019 with our final report dated January 3, 2020, based on the assumptions chosen by management at that date and in accordance with IAS 19.

The purpose of this valuation is threefold:

- i) To determine the Corporation’s liabilities in respect of post-retirement non-pension benefits at December 31, 2022;
- ii) To determine the defined benefit costs to be recognized for fiscal year 2022; and
- iii) To provide all other pertinent information necessary for compliance with IAS 19.

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

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

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

SECTION A — VALUATION RESULTS

Section A.1 shows the key valuation results compared to previous year's figures projected from the most recent full valuation as well as a breakdown between active and retired individuals and type of benefit.

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

Section A.3 shows the development of changes in the present value of defined benefit obligation as a result of the re-measurement at December 31, 2022.

Valuation Results

Section A.1—Valuation Results

Results from the actuarial valuation as at December 31, 2022 compared to previous year's figures projected from the most recent full valuation, disclosed in the consolidated Financial Statements as at December 31, 2021:

	December 31, 2021	December 31, 2022
Present Value of Defined Benefit Obligation (PV DBO)	263,600	198,800

	CY 2021	CY 2022
Current Service Cost	6,600	6,100
Interest Cost	7,700	7,700
Defined Benefit Cost Recognized in Income Statement	14,200	13,800
Actuarial (Gain)/Loss	-	(65,700)
Defined Benefit Cost Recognized In OCI	-	(65,700)
Defined Benefit Cost	14,200	(51,900)

The following table provides results from the actuarial valuation as at December 31, 2022 broken down by active and retired individuals and type of post-retirement non-pension benefit:

Dec. 31, 2022 PV DBO	Actives	Retirees	Total
Life	61,800	70,900	132,700
Additional Life and AD&D	3,600	-	3,600
Health	47,200	-	47,200
Dental	15,300	-	15,300
Total	127,900	70,900	198,800

Sensitivity Analysis

Section A.2—Sensitivity Analysis

	Dec. 31, 2022 PV DBO	Difference	% Difference
Base Assumptions	198,800		
Cost Trends +1%	204,500	5,700	3%
Cost Trends -1%	193,900	(4,900)	-2%
Discount Rate +1%	170,700	(28,100)	-14%
Discount Rate -1%	235,500	36,700	18%

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

Development of Changes in the Present Value of Defined Benefit Obligation

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

PV DBO at December 31, 2021	263,600
2022 Current Service Cost	6,100
2022 Benefit Payments	(12,900)
2022 Interest Cost	7,700
Expected PV DBO at December 31, 2022	264,500
Actuarial (Gain)/Loss at December 31, 2022	(65,700)
PV DBO at December 31, 2022	198,800

The decrease indicated above of \$65,700 in the PV DBO from the expected PV DBO at December 31, 2022 is due to the re-measurement of the liability; a breakdown of the changes is as follows:

Change in composition of active and retiree data (actual experience different from expected)	16,600
Change in assumptions:	
Claims Cost	9,500
Load on AD&D	(600)
Mortality Improvement	(1,700)
Spousal Age Offset	-
Withdrawal	(1,400)
Discount Rate	(88,000)
Total Actuarial (Gain)/Loss at December 31, 2022	(65,700)

Pursuant to IAS 19, the re-measurement of the PV DBO at December 31, 2022 based on the changes in the assumptions and experience is recognized immediately in other comprehensive income at December 31, 2022.

SECTION B — PLAN PARTICIPANTS

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

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

Participation Data

Section B.1—Participant Data

Membership data as at October 31, 2022 was received from the Corporation and included information such as name, gender, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

Although the data provided reflected status and benefit information as at October 31, the Corporation has indicated that no changes in status and other member data occurring from November 1 to December 31 are expected to be material to the valuation results.

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

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

In addition, the following tests were performed:

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

	December 31, 2019	October 31, 2022
Employee Count		
Male	6	7
Female	7	9
Total	13	16
Employee Average Service		
Male	11.3	11.0
Female	8.7	9.6
Total	9.9	10.2
Retiree (in Receipt of Benefits) Count		
Male	3	3
Female	4	4
Total	7	7

Age	Employee Count as of October 31, 2022			Employee Avg Service as of October 31, 2022		
	Male	Female	Total	Male	Female	Total
< 30	2	-	2	1.8	-	1.8
30 - 35	-	1	1	-	5.8	5.8
36 - 40	1	2	3	0.2	6.5	4.4
41 - 45	-	2	2	-	12.5	12.5
46 - 50	1	-	1	29.6	-	29.6
51 - 55	1	1	2	13.0	4.0	8.5
56 - 60	2	2	4	15.5	10.6	13.0
61 - 65	-	1	1	-	17.7	17.7
66 - 70	-	-	-	-	-	-
71 - 75	-	-	-	-	-	-
> 75	-	-	-	-	-	-
Total	7	9	16	11.0	9.6	10.2

Participant Reconciliation

Section B.2—Participation Reconciliation

	Actives	Disabled	Retired
As at Dec. 31, 2019	13	-	7
New Entrants	5	-	-
Actives	-	-	-
Terminated	(2)	-	-
Retired	-	-	-
Deceased	-	-	-
Disabled	-	-	-
As at Oct. 31, 2022	16	-	7

SECTION C — SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

Actuarial Method

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

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

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

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

The PV DBO at December 31, 2022 is based on membership data as at October 31, 2022 and management's best estimate assumptions established for calculations as at December 31, 2022.

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

Effective Period	Health Single	Health Family	Dental Single	Dental Family
January 1, 2020 – December 31, 2020	\$ 158.89	\$ 280.66	\$ 54.55	\$ 133.59
January 1, 2023 – December 31, 2023	\$ 162.19	\$ 408.30	\$ 53.81	\$ 131.75

Also, the above rates are at the 100% level and prior to any cost-sharing provisions under the plan.

Management's Best Estimate Assumptions

The following are management's best estimate economic and demographic assumptions for calculations as at December 31, 2022.

Economic Assumptions

Discount Rate

The rate used to discount future benefits is assumed to be 5.05% per annum as of December 31, 2022 using the spot rates curve as of December 31, 2022 from Fiera Capital. This rate reflects the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the market yields on high quality bonds at December 31, 2022.

The assumption used in the previous valuation was 3.00% per annum at December 31, 2019.

Salary Increase Rate

The rate used to increase salaries is assumed to be 3.30 % per annum. This rate has been chosen by the Corporation's management and reflect the expected Consumer Price Index adjusted for productivity, merit and promotion and for company-specific information.

This salary increase rate assumption remains unchanged from the previous valuation.

Claims Cost Trend Rate

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

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

Year	Current Valuation	
	Health	Dental
2023	4.90%	5.10%
2025	5.30%	5.60%
2030	5.30%	5.30%
2035	4.60%	4.60%
2040 and thereafter	4.00%	4.00%

Demographic Assumptions

Mortality Table

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

The mortality table assumption remains unchanged from the previous valuation, but the mortality improvement assumption has been updated from the CPM Improvement Scale B-2014.

Rates of Withdrawal

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

Age Bucket	Current Valuation	Previous Valuation
18 – 29	2.75%	3.50%
30 – 34	2.20%	2.00%
35 – 39	1.65%	1.65%
40 – 49	1.40%	1.30%
50 – 54	1.20%	0.95%

Retirement Age

All active employees are assumed to retire at age 61 (or immediately if currently over age 61), which was based on the Corporation's retirement experience as well as the experience of other similar companies for which data was available.

This assumption remains unchanged from the previous valuation.

Disability

No provision was made for future disability.

This assumption remains unchanged from the previous valuation.



Other Assumptions

Family/Single Coverage

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

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

The coverage type at retirement and spousal gender assumptions remain unchanged from the previous valuation, but the spousal age offset has been updated from male spouses being assumed to be three years older than female spouses.

Expenses and Taxes

For health and dental coverage, the above premium rates are inclusive of expenses and taxes and therefore no additional assumptions regarding expenses is required.

For life coverage, including the post-retirement life, additional life, and accident death and dismemberment (“AD&D”) insurance, it is assumed that 10% of the accrued benefit obligation reflects the cost of sponsoring and administering the program for life insurance. These assumptions remain unchanged from the previous valuation.

In addition, we have included a load onto the additional life insurance benefit amount to reflect the cost of AD&D. The load is approximately 39.7% based on the AD&D premium charge for eligible retirees. The load used in the previous valuation was approximately 62.4%.

SECTION D — SUMMARY OF POST-RETIREMENT BENEFITS

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

Eligibility

Upon retirement, all employees are eligible for post-retirement life insurance benefits. In addition, four employees are eligible for post-retirement additional life insurance, AD&D insurance, health, and dental benefits.

Participant Contributions

The Corporation shall pay 100% of the cost of the post-retirement life, additional life insurance, AD&D insurance, health and dental benefits for the eligible retirees.

Past Service

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

Length of Service

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

Summary of Benefits

Life Insurance

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

Plan Option	Amount of Coverage	Eligibility
1	Flat \$2,000.	Employee retires with less than 10 years of service in the Plan.
2	50% of final annual earnings, reducing by 2.5% of final annual earnings each year for 10 years, to a final benefit equal to 25% of final annual earnings. Reduction occurs on the anniversary date of retirement.	If employee was ever insured under Employee Plan option 2, 3, or 4, or if employee retires with 10 or more years of service in Plan but was never in superseded plan.
3	50% of final annual earnings.	Employee was insured under the superseded plan and was hired on or after May 1, 1967 and elected coverage under option 1 only.
4	70% of final amount insured under the life plan immediately prior to retirement.	Employee was insured under the superseded plan and was hired before May 1, 1967 and elected coverage under option 1 only.

Upon retirement, eligible employees are also entitled to additional life insurance coverage with an AD&D insurance rider up to age 65. The additional life coverage amount is equal to 50% of the salary at retirement to a maximum of \$320,000 and the AD&D coverage is equal to 200% of the salary at retirement to a maximum of \$320,000.

Health and Dental Benefits

Eligible employees are entitled to post-retirement health and dental benefits to age 65.

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

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Centre Wellington Hydro Ltd. (the “Corporation”) as at December 31, 2022, for the purposes described in this report.

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

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

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

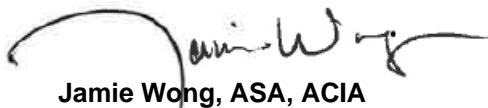
The latest date on which the next actuarial valuation should be performed is December 31, 2025. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,

RSM CANADA CONSULTING LP



Stanley Caravaggio, FSA, FCIA
Director



Jamie Wong, ASA, ACIA
Manager

Toronto, Ontario

February 24, 2023

SECTION E — EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan of Centre Wellington Hydro Ltd. Actuarial Valuation as at December 31, 2022

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

- i) The membership data summarized in Section B is accurate and complete;
- ii) The assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and
- iii) The summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2022.

CENTRE WELLINGTON HYDRO LTD.

February 23, 2023

Date

Heather Dowling

Signature

Heather Dowling

Name

Vice President/Treasurer

Title



APPENDIX — DETAILED ACCOUNTING SCHEDULES

Centre Wellington Hydro
Estimated Benefit Expense (IAS 19)
Consolidated

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.00%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

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

Net Defined Benefit Liability/(Asset) as at January 1	263,560	198,847	202,623	205,845
Defined Benefit Cost Recognized in Income Statement	13,851	13,890	14,192	13,473
Defined Benefit Cost Recognized in Other Comprehensive Income	(65,714)	-	-	-
Benefits Paid by the Employer	(12,850)	(10,114)	(10,970)	(11,638)
Net Defined Benefit Liability/(Asset) as at December 31	<u>198,847</u>	<u>202,623</u>	<u>205,845</u>	<u>207,680</u>

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Current Service Cost	6,136	4,102	4,232	3,369
Interest Cost	7,715	9,788	9,960	10,104
Defined Benefit Cost Recognized in Income Statement	<u>13,851</u>	<u>13,890</u>	<u>14,192</u>	<u>13,473</u>

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

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	(79,168)	-	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	(3,109)	-	-	-
Net Actuarial Loss/(Gain) arising from Experience Adjustments	16,563	-	-	-
Return on Plan Assets (Excluding Amounts Included in Net Interest Cost)	-	-	-	-
Change in Effect of Asset Ceiling	-	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	<u>(65,714)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Defined Benefit Cost	<u>(51,863)</u>	<u>13,890</u>	<u>14,192</u>	<u>13,473</u>

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	263,560	198,847	202,623	205,845
Current Service Cost	6,136	4,102	4,232	3,369
Interest Cost	7,715	9,788	9,960	10,104
Benefits Paid	(12,850)	(10,114)	(10,970)	(11,638)
Net Actuarial Loss/(Gain)	(65,714)	-	-	-
Present Value of Defined Benefit Obligation as at December 31	<u>198,847</u>	<u>202,623</u>	<u>205,845</u>	<u>207,680</u>

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data as at December 31, 2019 and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

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

Centre Wellington Hydro
Estimated Benefit Expense (IAS 19)
Consolidated

	Actuals CY 2022 *	Projected ** CY 2023	Projected ** CY 2024	Projected ** CY 2025
Discount Rate at January 1	3.00%	5.05%	5.05%	5.05%
Discount Rate at December 31	5.05%	5.05%	5.05%	5.05%
Health Benefit Cost Trend Rate at December 31	4.70%	4.90%	5.10%	5.30%
Dental Benefit Cost Trend Rate at December 31	4.90%	5.10%	5.40%	5.60%
Long Term Health and Dental Benefit Cost Trend Rate	4.00%	4.00%	4.00%	4.00%
First Year Of Long Term Health and Dental Benefit Cost Trend Rate	2040	2040	2040	2040
Assumed Increase in Employer Contributions	actual	expected ***	expected ***	expected ***

D. Calculation of Component Items

Interest Cost

Present Value of Defined Benefit Obligation as at January 1	263,560	198,847	202,623	205,845
Benefits Paid	(6,425)	(5,057)	(5,485)	(5,819)
Accrued Benefits	257,135	193,790	197,138	200,026
Interest Cost	7,715	9,788	9,960	10,104

Expected Present Value of Defined Benefit Obligation as at December 31

Present Value of Defined Benefit Obligation as at January 1	263,560	198,847	202,623	205,845
Current Service Cost	6,136	4,102	4,232	3,369
Benefits Paid	(12,850)	(10,114)	(10,970)	(11,638)
Interest Cost	7,715	9,788	9,960	10,104
Expected Present Value of Defined Benefit Obligation as at December 31	264,561	202,623	205,845	207,680

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) as at December 31

Expected Present Value of Defined Benefit Obligation	264,561	202,623	205,845	207,680
Actual Present Value of Defined Benefit Obligation	198,847	202,623	205,845	207,680
Net Actuarial Loss/(Gain) as at December 31	(65,714)	-	-	-

* The expected December 31, 2022 PV DBO and CY 2022 defined benefit cost are calculated based on membership data as at December 31, 2019 and management's best estimate assumptions at December 31, 2021.

** Projected CY 2023, 2024 and 2025 results are provided for informational purposes only. Significant changes such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require revised projections or a full actuarial review.

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

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Centre Wellington Hydro Ltd.

Exhibit 4

Appendix B

CWH's Collective Agreement Power
Workers Union



COLLECTIVE AGREEMENT

between

CENTRE WELLINGTON HYDRO LTD.

Hereinafter referred to as "the Employer"

and

POWERS WORKERS' UNION

CUPE LOCAL 1000

Hereinafter referred to as "the Union"

September 1st, 2023- August 31st, 2026

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ARTICLE 1 - PURPOSE

- 1.01 The purpose of this Agreement is to promote and maintain a harmonious relationship between the Employer and the employees and to provide an amicable method of settling any differences or grievances, which might possibly arise.

ARTICLE 2 - RECOGNITION

- 2.01 The Employer recognizes the Union as the exclusive bargaining agent for negotiating working conditions, hours of work and wages on behalf of the employees in the bargaining unit as defined below:
- 2.02 All employees of the Employer save and except Operations Manager, those above that rank, temporary employees who perform general maintenance and cleaning duties at the shop, office staff and students hired during their summer vacation period, or on a school cooperative program.

ARTICLE 3 – MANAGERMENTS RIGHTS

- 3.01 The Employer agrees that it will not in any manner object to any employees being or becoming a member of the Union and will not discriminate against such employee because of his membership or proposed membership in the Union. The Employer has, and shall retain, the exclusive right to manage its business and direct its working forces. The Employer shall retain the right to hire, suspend, discharge, demote and discipline any employee. No regular employee shall be discharged or disciplined except for just and sufficient cause. Any regular employee who feels they have been subjected to unfair treatment shall have the right to seek redress in accordance with Article 7.

ARTICLE 4 - UNION SECURITY AND CHECK-OFF

- 4.01 The Employer hereby agrees that after the date of signing of this Agreement, present employees who are members of the Union and all new employees within the bargaining unit shall be members of the Union and remain in good standing in said Union. When new employees are engaged, they shall have a trial period of six (6) months, and if retained and found satisfactory, they shall be deemed to be regular employees and shall file application for membership in, and immediately become members of, the Union and remain in good standing during their employment with the Employer.
- 4.02 **From each bi-weekly payroll the Employer will deduct an amount equivalent to regular weekly dues from each employee in the bargaining unit. The monies will be remitted on a monthly basis to the Union's Financial Officer prior to the end of each following calendar month. The Financial Officer of the Union shall notify the Employer, in writing, of the amount of such weekly dues to be deducted under this section, and from time to time, of any changes in the amount thereof. Union dues will be included on the employee's T4 slip.**
- 4.03 The Union agrees to indemnify and save harmless the Employer against any claim or

liability arising out of or resulting from the collection and forwarding of regular monthly dues.

- 4.04 **The Employer will submit all new memberships and any membership updates to the Union as they occur and within one month of a change taking effect, and include employee number, start date and job classification/occupation code as well as personal contact information (address, phone number and email address). The Union will be provided with a current member listing on a monthly basis.**

ARTICLE 5 - SENIORITY

- 5.01 Seniority shall be defined as the length of continuous service with the Employer by employees of the Employer falling within the bargaining unit.
- 5.02 In filling vacancies and making promotions or transfers among employees of the bargaining unit, management will consider the qualifications and ability as primary factors. In the event qualifications and ability of the respective applicants are relatively equal then seniority shall be the deciding factor. When vacancies occur or when new positions are created, a notice shall be posted on the bulletin board for a period of five (5) working days. Regular employees covered by this agreement shall have the opportunity of filling an application for the said position.
- 5.03 In the event of a lay-off the last employee hired shall be the first employee laid off; upon recalling employees to work after a lay-off, the last employee laid off shall be the first employee recalled to work provided the remaining or recalled employees are capable of performing the required work. Recall to work after lay-off shall be by registered letter to the employee's last known address with a copy to the local representative.
- 5.04 Employee Categories

Probationary employees are persons hired on a trial basis for a period of six (6) months to determine their suitability for employment in regular positions. A probationary employee may be discharged at the sole discretion of the Employer and does not have recourse to the grievance procedure for discharge.

Regular employees are persons who have successfully completed the probationary period and are currently working for the Employer.

ARTICLE 6 - LOCKOUTS AND STRIKES

- 6.01 The Employer agrees that it will not cause or direct any lockout of its employees from the date of execution of this Agreement to the date of termination thereof. The Union agrees its members shall not sanction or call a strike and shall refrain from any interruption of or interference with the operations (including slowdowns) from the date of execution of this Agreement to the date of termination thereof. The Union agrees that it will not coerce employees into joining the Union.

ARTICLE 7 – GRIEVANCE

7.01

- a) Any difference of opinion regarding the interpretation, application, administration or alleged violation of the terms of this Agreement shall be considered a fit matter for the grievance process.
- b) The parties acknowledge that in the interests of promoting good working relationships, the above-mentioned differences should be dealt with and settled at the earliest possible stage. The employee will seek to resolve the issue with their first line of supervision (and Principal Steward/Steward if requested) prior to invoking the aforementioned formal process. Failing resolution after ten (10) working days regarding the issue, Step 1 of the grievance process will be applied.
- c) Grievances shall be in writing for all steps and must cite the grievous act or, specific provision(s) of the agreement, which is claimed to have been violated and the redress sought, with a copy to Human Resources. Grievances must be filed by the employee, with the assistance of Union or Principal Steward (or delegate) within ten (10) working days of the alleged violation and shall be dealt with in the steps outlined below. The time limit set out for the processing of grievances shall be observed strictly by the parties except in the case of mutual agreement to alter the time limits of the grievance procedure.

Step 1

The employee, with assistance of a Principal Steward (or delegate), shall take the grievance up with the first line of supervision. Management shall respond in writing, on or with the grievance document within five (5) working days. The Principal Steward (or delegate) will advise Management in writing within five (5) working days as to the reason(s) why a written settlement offer has been declined. Failing settlement at this stage, the Principal Steward (or delegate) may immediately proceed to Step 2 within an additional five (5) working days.

Step 2

The employee, with the assistance of a Principal Steward (or delegate), may take the matter up with the next level of supervision within five (5) working days, at which time any or all the people concerned may be present. The Supervisor shall respond within ten (10) working days. Failing settlement at this stage, the Principal Steward (or delegate) may immediately proceed to Step 3 within an additional five (5) working days.

Step 3

The employee with the assistance of a Principal Steward (or delegate), may then take the matter up with the President (or designate) within five (5) working days, at which time any or all the people concerned may be present. Failing settlement at this level within twenty (20) working days, the matter may then be referred to arbitration, as provided in Article 8 of this agreement.

7.02

All policy grievances will start at Step 3 of the grievance procedure and will start at the President.

- 7.03 It is understood that the President of the Union and/or the Power Workers' Union Representative have the option of attending any step of the grievance procedure, along with the grievor and the Steward.

ARTICLE 8 - ARBITRATION

- 8.01 Any difference of opinion relating to the interpretation, application, administration or alleged violation of this Agreement, which cannot be settled after exhausting the Grievance Procedure, may be settled by Arbitration as set forth in the Ontario Labour Relations Act.
- 8.02 When either party requests that a grievance be submitted to Arbitration, it shall make such request in writing addressed to the other party, and at the same time, submit the names of three (3) potential arbitrators. The selection of the arbitrator shall be mutually agreed between the parties.
- 8.03 The Arbitrator shall set a hearing date to take place within ten (10) working days of the referral and shall render a decision on the case within thirty (30) days of the completion of the hearing of the matter. The parties agree that they will facilitate to the greatest extent possible the expeditious completion of the hearing process.
- 8.04 The decision of the Arbitrator shall be final, binding and enforceable on the parties. The Arbitrator shall not have jurisdiction to alter or overrule this Agreement or to make any decision inconsistent with this Agreement.
- 8.05 The Arbitrator shall have all the power and authority of an arbitrator under Section 48 of the Ontario Labour Relations Act, 1995.
- 8.06 Each party will share equally in the expenses and fee of the Arbitrator.

ARTICLE 9 - WORKING HOURS

- 9.01 A normal working day is one of nine (9) hours, Monday to Thursday, inclusive, from 7:00 a.m. to **4:00p.m.** with **thirty (30) minute** paid lunch and Friday from 7:00 am to 11:00am. The Employer has the right to alter working hours with ten (10) working days' notice with mutual agreement with the Union. No request will be unreasonably denied.

a) In the event of a Recognized Holiday Management will configure daily hours of work to ensure a forty (40) hour work week is attained.

- 9.02 Overtime

Due to the nature of the Employer's operations, the Employer may require employees to work overtime. Overtime shall be defined as that time worked, which is outside of the normal hours of work, which are outlined in 9.01 above. Payment for overtime hours worked shall be as follows:

Double Time

Two (2) times the employee's normal hourly rate shall be paid for all hours worked outside of their regular working hours.

Banked Time

Employees may opt to bank their overtime hours at the rate at which they are earned to a maximum of **56** hours per calendar year. Banking of overtime requires the approval of the **Management, which will not be unreasonably denied.**

Stand-by

Standby duties are defined as duties performed outside of the normal working hours Friday to Friday.

Employees performing standby duties shall be paid the amount of **\$38.00** per day from Monday to Thursday effective the date of ratification, **\$40.00 per day from Monday to Thursday (effective September 1, 2025)**, \$55.00 per day for Friday and Saturday and \$62.00 per day for Sunday effective the date of ratification plus pay at the applicable overtime rate of pay for all actual time worked. A minimum of two (2) hours for call-out will be paid at the appropriate overtime rate to the employee on standby duty. All calls within two (2) hours shall be considered as one (1) call. Time in excess of two (2) hours shall be paid at the appropriate overtime rate. An employee required to do standby on a Recognized Holiday shall be paid his normal day's pay, plus the applicable overtime rate of pay for all actual time worked, with an additional day off in lieu of the Recognized Holiday worked. Time off in lieu of a Recognized Holiday shall be mutually agreed upon between the Operations Manager and the employee affected. Employees who are on standby duty will commence at **4:00 p.m.** Thursday and continue until **4:00 p.m.** the following Thursday. In the event that a statutory holiday falls on a Thursday, the employee currently on call shall retain his on call duty until Friday at 7:00 a.m. In the event that a statutory holiday falls on a Thursday and Friday, the employee currently on call shall cease to be on call at 7:00 a.m. the Wednesday prior to the statutory holiday. In any case, the amount of on call payment shall remain consistent regardless of the number of days in a week that the employee is on call.

Employees may exchange their period of duty with other qualified employees provided such change or exchange is satisfactory to the **Operations Manager**. The **Operations Manager** shall not unreasonably deny the exchange.

- 9.03 An employee who is not on standby and is called out shall receive a minimum of two (2) hours pay at **their** overtime rate of pay. All calls within two (2) hours shall be considered as one (1) call.

9.04 Meal Allowance

Except in pre-arranged overtime, an employee shall receive a meal allowance of twenty dollars (\$20.00) when working unscheduled overtime for one (1) hour or more prior to normal starting time; two (2) hours or more past normal quitting time; or four (4) consecutive hours, and to a maximum of three (3) meals per day. One-half hour recess time for such meal will be paid except where the recess time is not taken. Or a hot meal may also be provided by the employer.

ARTICLE 10 - RECOGNIZED HOLIDAYS

10.01 a) The holidays recognized by the Employer and paid for at the employee's hourly rate of pay are as follows:

New Year's Day	Family Day	Good Friday	Easter Monday
Victoria Day	Canada Day	Civic Holiday	Labour Day
Thanksgiving Day	Remembrance Day	Christmas Day	Boxing Day

(b) In addition, the one-half (1/2) working day prior to Christmas Day and the one-half (1/2) working day prior to New Year's Day shall be observed with pay.

(c) One (1) floater day to be taken at a mutually agreeable time between the employee and Employer shall also be granted with pay, for a total of fourteen (14) paid holidays.

10.02 If a specified holidays falls on a Saturday, the Holiday will be observed on the Friday immediately preceding, and if on a Sunday, the Holiday will be observed on the Monday immediately following.

ARTICLE 11 - ANNUAL VACATION

11.01 Employees in their first year of service shall receive a **pro-rated vacation allotment in accordance with their employment date and the annual vacation entitlement schedule.**

11.02 Employees who terminate their employment with the Employer shall be paid pro-rated vacation pay based on earned and unused vacation for the year in which their employment ends, and for which they have not been paid. Any adjustments will be made to their final pay.

11.03 Employees who have taken unearned vacation prior to termination shall reimburse the Employer for the same. Any adjustments will be made to their final pay.

11.04 Employees retiring at age 55 or older in any given year will receive 50% of their annual vacation pay based on unused vacation for the year in which their employment ends and for which they have not been paid. In the event employees have unused vacation carried over from the year prior, they will receive 100% of their vacation pay in respect of the unused carry over days.

11.05 In the year in which an Employee completes one (1) year of continuous service with the Employer, **they** shall be entitled to ten (10) days (80 hours at **their** normal hourly rate) paid vacation.

11.06 In the year in which an Employee completes three (3) years of continuous service with the Employer, **they** shall be entitled to fifteen (15) days (120 hours at **their** normal hourly rate) paid vacation.

11.07 In the year in which an Employee completes nine (9) years of continuous service with the Employer, **they** shall be entitled to twenty (20) days (160 hours at **their** normal hourly rate) Paid vacation.

11.08 In the year in which an Employee completes sixteen (16) years of continuous service with the Employer, **they** shall be entitled to twenty-five (25) days (200 hours at **their** normal hourly rate) paid vacation.

- 11.09 In the year in which an Employee completes twenty-five **(25)** years of continuous service with the Employer, **they** shall be entitled to thirty (30) days (240 hours at **their** normal hourly rate) paid vacation.
- 11.10 The employee's vacation schedule shall be determined by May 1st with the Employer each year, providing the taking of vacation does not interfere with the efficient operation of the Employer's business. Should Recognized Holidays as per Article 10 fall within an employee's vacation period, the employee will be allowed another day off in lieu of the holiday, or an extra day's pay (8 hours at his normal hourly rate).
- 11.11 Seniority shall be the deciding factor when making choice of vacations up to and including March 1st. After March 1st, vacations shall be granted on a first come first served basis.
- 11.12 Up to five (5) days of unused vacation may be carried over and taken by June 1st of the next calendar year.
- 11.13 Employees annual maximum vacation shall not exceed **seven (7) weeks**, unless approved by a Supervisor **and shall not be unreasonably denied**.

ARTICLE 12 - MEDICAL AND HOSPITAL BENEFITS

- 12.01 The Employer shall pay one hundred percent (100%) of the cost of the following plans for each employee:

Manulife Financial as outlined in the Group Benefit Plan-Edition Update

Dispensing fee cap of \$10.00 per prescription to be implemented upon ratification.

Ward coverage

Dental Plan - Manulife Financial as outlined in the Group Benefit Plan-Edition Update: Basic Preventative and Basic Restorative including endodontics, periodontics, and standard denture services, (including relining and rebasing denture adjustments) at 100% reimbursement/unlimited maximum.

Add Major Restorative at 50% reimbursement, maximum \$2,000 per calendar year per employee and their dependents, and add orthodontics at 50% reimbursement, with lifetime maximum of \$2,000 for dependent children.

All dental services are reimbursed in accordance with the current ODA fee guide for General Practitioners.

- 12.02 Payment for absence due to sickness and long-term disability shall be made as listed below.
- 12.03 The Employer will pay for provision of prescription eyeglasses for dependents under 18, **\$500.00** every 12 months, all other persons **\$550.00** every 24 months. Employees may utilize such coverage for laser eye surgery. The Employer shall reimburse for the cost of eye examinations, by a qualified practitioner, to a maximum of **\$125.00** annually for dependents under the age of eighteen and **\$125.00** every twenty-four months for all other persons.

For benefits paid 100% by the Company, the Company reserves the right to tender this coverage and place it to its advantage as long as the coverage is not less than the benefits provided by the previous carrier at the time of transfer.

Professional Services Chiropractor: \$600 per calendar year. In addition, up to 1 x-ray per calendar.

Osteopath: \$600 per calendar year. In addition, up to 1 x-ray per calendar year.

Podiatrist: \$600 per calendar year combined for services of a podiatrist and chiropodist. In addition, up to 1 x-ray per calendar year. Chiropodist: \$600 per calendar year combined for services of a podiatrist and chiropodist. In addition, up to 1 x-ray per calendar year.

Massage Therapist: \$600 per calendar year

Naturopath: \$600 per calendar year

Speech Therapist: \$600 per calendar year

Physiotherapist: \$600 per calendar year

Psychologist, Social worker and Psychotherapist: **\$900** per calendar year effective upon ratification

Air ambulance coverage

12.04 Sick Leave Plan

For every month of service an employee shall be entitled to sick leave credit of one and one-half (1/2) days (**12 hours**) per month and such credits shall be cumulative from month to month and year to year. From such credits shall be deducted the number of days which an employee is absent by reason of illness or **medical appointment**, but not by reason of injuries received in the course of duty unless such absence or illness is not covered by the benefits through the Workplace Safety and Insurance Board.

- 12.05 Monthly sick leave credit accrues to an employee on the first day of the month following each completed calendar month of service and is cumulative to an amount not exceeding one hundred and eighty (180) days for a period of continuous and unbroken service with the Employer.
- 12.06 An employee who has qualified for sick leave credit is entitled to sick leave at his standard normal hourly rate of pay. Overtime, extra pay, or any other additional remuneration shall not be included in calculation of sick pay allowance.
- 12.07 During the first three (3) years of employment should an employee require additional sick leave they have the option to draw from future sick leave credits up to a maximum of one hundred and forty-four (144) hours or one (1) year of sick leave credits. The employee can only use this provision if the member is proceeding towards long term disability or has encountered an unforeseen illness or injury.
- 12.08 An employee is not entitled to sick leave pay:

- (a) if **the employee** fails to report **the** absence from work on their first day of absence due to illness;
- (b) if **the employee** fails to file a sick leave certificate from **their** doctor if **the** absence from work due to illness exceeds three (3) working days; if the Employer requests a medical certificate, the Employer will pay the cost, if any;
- (c) during a period of lay-off;
- (d) during leave of absence granted without pay;
- (e) during any absence immediately following annual vacation, unless a sick leave certificate from **their** doctor is filed; subject to the provisions of Clause **12.09(b)** of this Appendix;
- (f) notwithstanding the provisions of Paragraph (b) of this section, an employee claiming sick leave pay may be required to file a sick leave certificate for one (1) or more days of absence, subject to the provision of Clause **12.09(b)** of this Appendix.

12.10 An employee loses **their** cumulative sick leave credit and any benefits under this sick leave plan if:

- i) **The employee** is discharged from **their** employment for just and sufficient cause, and is not reinstated through the grievance procedure;
- ii) **The employee** resigns **their** employment.

12.11 (a) When an employee is absent due to an accident and is in receipt of Workers' Compensation, the Employer shall make up the difference between the amount of Workers' Compensation paid and **their** salary, for twelve (12) calendar months, and the difference shall be charged against their sick leave credits to the limit of such accrued credits after twelve (12) calendar months.

(b) Sick leave credits under this sick leave plan shall continue to accrue to an employee during **their** absence from work due to accident or illness not in excess of twelve (12) per month.

(c) An employee who:

- (i) is absent by reason of injury caused by another person, whereby **their** sick leave credits are reduced or exhausted and recovers damages by way of action or settlement from such other person for such loss of sick leave credits, shall be entitled to repay to the Employer the sum so awarded to **them** so as to restore pro tanto **their** sick leave credits to the position in which they were before the accident, computed according to **their** rate of remuneration at that time;
- (ii) resigns or is discharged for just cause and returns to employment by the Employer, may be considered to be a new employee and may not be entitled to re-establishment of any credits accumulated by reason of **their** previous employment unless mutually agreed to by the parties.

12.12 (a) Only regular assigned working days form a part of an illness period and only such working days shall be charged against an employee's cumulative sick leave credit.

(b) Paid holidays and regular days off do not form part of an illness period.

12.13 Long Term Disability Plan

The Employer will provide and pay for a Long-Term Disability Plan with the following provision:

- (a) Waiting period - six (6) months;
- (b) Seventy-five percent (75%) of monthly basic earnings to a maximum of **\$ 6,000 effective upon ratification and \$6,500 effective September 1, 2025.**
 - (i) COLA adjustment applied each January to a maximum of 5%
- (c) OHIP, EHC and Life Insurance premiums will continue to be paid for a period of **eighteen (18)** calendar months from date of commencement of LTD benefits.

Seniority with the Employer shall be maintained for a period of twenty-four (24) calendar months from the date of commencement of long-term disability.

ARTICLE 13 - PENSION AND INSURANCE

- 13.01 **Employees** covered by **this** Agreement shall participate in the Ontario Municipal Employees' Retirement System Plan, the Canada Pension Plan and the Group Life Insurance **as established**. The Employer shall provide at no cost to the employee a Life Insurance Plan equivalent to two (2) times the amount of their regular annual wages.

ARTICLE 14 - LEAVE OF ABSENCE

- 14.01 A regular employee will be allowed up to **five (5)** consecutive days' leave of absence with pay in the event of the death of his/her father, mother, common-law partner, husband, wife, son, daughter, and stepchild. Such leave shall be for the purpose of making arrangements for attending the funeral and/or grieving. Only that portion of said **five (5)** days that would otherwise have been regular time worked will be paid.
- 14.02 Regular employees will be allowed up to **four (4)** consecutive days' leave of absence with pay in the event of the death of sister, brother, mother-in-law, brother-in-law, sister-in-law and father-in-law. Such leave shall be for the purpose of making arrangements for attending the funeral and/or grieving. Only that portion of said **four (4)** days that would otherwise have been regular time worked will be paid.
- 14.03 **Regular employees will be allowed up to three (3) consecutive working days' leave of absence with pay in the event of the death of a daughter-in-law, son-in-law, his/her grandparent, grandchild.**
- 14.04 Regular employees will be allowed up to one (1) day leave of absence with pay in the event of the death of an aunt, uncle, **niece, nephew** and when asked as a pallbearer. This leave shall be for the purpose of attending the funeral or making funeral arrangements.

It is understood that weekends or scheduled 'off' days are not included in the entitlement of consecutive working days.

- 14.05 Regular employees will be granted one-half (1/2) days' leave of absence with pay for the purpose of attending the funeral of a fellow employee from the same department, subject to the maintenance of customer service.
- 14.06 Leave of absence without loss of pay or benefits shall be granted to an employee when requested to report for Jury Duty or when summoned or subpoenaed to appear in court as a witness. In all cases of this nature, the Employer shall continue to employee's normal pay and benefits, and the employee shall turn over to the Employer any remuneration paid by the Courts for such appearance, minus any personal expense allowance the Courts may grant said employee.
- 14.07 Leave of absence with pay will be granted to employees while discussing matters relative to this Agreement during working hours with the Employer or Management. Permission for same must be arranged in advance.
- 14.08 Leave of absence without pay (paid by the Union for approved Union leave) to a maximum of **seven (7)** days per year may be granted to bargaining unit representatives to attend special Union training or functions. Permission for such time off must be arranged in advance with the Supervisor.
- 14.09 Personal unpaid leaves of absence require the written permission of the Operations Manager and applications for such leave should be submitted in writing two (2) weeks in advance to ensure consideration.

Pregnancy and Parental Leave

- 14.10 Pregnancy and parental leaves shall be granted without pay in accordance with the Employment Standards Act of Ontario. When possible, employees are requested to provide a minimum of thirty (30) days written notice to the employer when requesting such leave.

Employees are entitled, during pregnancy and parental leave, to continue participating in the group benefit and pension plans that they participated in prior to taking the leave. While on pregnancy and parental leave, employees continue to accumulate service for the purposes of determining seniority and vacation entitlement.

ARTICLE 15 – GENERAL

- 15.01 Weather Conditions

During inclement weather other work will be carried on, as assigned by the Operations Manager, at the employee's normal hourly rate of pay. The decision as to what is inclement weather shall be made by the Operations Manager, when necessary. In emergency for employees to work during such weather, the Employer will supply the appropriate outer safety clothing.

- 15.02 Tools and Equipment

The Employer will supply all tools and equipment necessary to carry out the work

involved in maintaining the service. An employee must return worn out or broken article in order to receive a replacement. The employee will be responsible for proper care of all such tools. The Employer will supply the regulation rubber gloves and covers. The rubber gloves to be tested by approved methods at least every three (3) months or sooner if the employee has reason to believe that his gloves have become defective. The Employer will supply to the employees the required number of pairs of work gloves for summer and winter wear. A sum of three hundred and eighty-five (\$385.00) dollars per year will be allowed towards the purchase of any and all recognized safety work boots, payable on or about September 1st, 2021.

The cost of the first pair of **safety** prescription glasses, including the optical dispensing fee, will be paid for by Centre Wellington Hydro to a maximum amount of \$175.00.

For subsequent prescription renewals, CWH will pay up to \$175.00 every two years towards the cost of prescription safety glasses. Employees will be responsible for paying the cost of the optical dispensing fee, when charged, for renewal prescriptions obtained.

The CSA publishes the Canadian Standard for Eye and Face Protectors, Z.94.3-07. The American National Standards Institute (ANSI) publishes the Occupational and Educational Personal Eye & Face Protection Devices ANSI/ASSE Z87.1-2003 as the U.S. standard. Only eyewear manufactured to these standards is acceptable for use at CWH.

The employee MUST obtain a signature from the dispensing optician verifying that the product meets the CSA/ANSI standards as per above, along with a detailed receipt of payment.

15.03 First Aid Practice

First aid kits will be supplied by the Employer and made easily available to all employees. The Employer will hold safety meetings from time to time, to familiarize the employees with safe working practices and to entertain suggestions relating to safety in general.

15.04 Safety Clothing

Upon hire, the Company shall issue an initial allotment of the following clothing. This clothing must be worn by employees while working in the field. On an as needed basis, the employer shall then replace any of the clothing up to the allotted maximums as set out below, which is damaged due to normal wear and tear, upon the return by the employee of the damaged clothing. The employer shall also cover the delivery costs for such clothing for two bulk orders for all employees, one on or about May 1st, and one on or about October 1st.

- 4 pairs of FR work pants
- 5 FR orange long sleeve work/t-shirts (crew neck or polo style)
- 5 FR orange t-shirts
- 1 pair 14 oz. FR bib coveralls

- 1 orange FR traffic bomber or 1 FR insulated vest or 1 FR hooded sweatshirt
- 1 FR parka or a bomber
- 1 pair of FR insulated Bib overalls

Each current Employee shall be issued a Parka/ Bomber, and a pair of Insulated Bib Overalls.

15.05 Driver's License

All employees who drive any Employer-owned motor vehicle will be required to have a proper driver's license and keep it in good standing.

All employees may be required to provide proof of a valid driver's license upon request by Management. The Employer will cover the cost incurred for the endorsement only in the successful renewal of AZ/DZ license. The reasonable medical examination cost, as required, will be covered by the Employer.

15.06 Training School

When an employee has been selected by the Employer to attend a training school, the Employer agrees to maintain the employee's normal earnings, exclusive of overtime, for the period the employee is attending such training school. The Employer further agrees to pay for the employee's meals, lodging, provide company vehicle or mileage (to/from the training facility), if applicable, with the submission of receipts. The mileage amount will be in accordance with the "reasonable per-kilometre allowance" as per the Canada Revenue Agency.

ARTICLE 16 - WAGE RATES AND CLASSIFICATION

16.01 The wage rates and classifications of the employees covered by this Agreement shall be those shown in Appendix 'A' attached hereto and forming an integral part of this Agreement.

Effective September 1, 2023, a general wage increase of 3.5% to all PWU members.
 Effective September 1, 2024, a general wage increase of 3% to all PWU members.
 Effective September 1, 2025, a general wage increase of 3% to all PWU members.

ARTICLE 17 - DURATION OF AGREEMENT

17.01 The provisions of this Agreement shall be effective September 1st, **2023** and remain in effect until August 31st, **2026** and from year to year thereafter unless either party gives notice in writing of its desire to amend same within a period of not more than ninety (90) days and not less than sixty (60) days previous to the expiry date.

ARTICLE 18 - LABOUR MANAGEMENT COMMITTEE

18.01 The parties agree to the establishment of a Labour/Management Committee to discuss items of mutual interest. Such time in attendance shall be considered as time worked, exclusive of premiums.

ARTICLE 19 - SAFETY COMMITTEE

The parties agree to the setting of a safety committee composed of Employer and Union Representatives, which shall meet once **per month**, unless the Committee agrees otherwise. Such time in attendance shall be considered as time worked, exclusive of premiums.

ARTICLE 20 - RESPONSE TIME

20.01 The parties agree that response time by the bargaining unit employees shall be a maximum of **thirty-five (35)** minutes to the main service center.

ARTICLE 21 - CONTRACTING OUT

21.01 No seniority employees shall be laid off as a result of the Employer contracting out any of its present work or services.

21.02 In the event that a reduction of staff does occur, it is further agreed that probationary, temporary and student employees who are not permanent fulltime employees of the Employer shall be released before any bargaining unit employee is laid off.

ARTICLE 22-NEW MERGER/AMALGAMATION

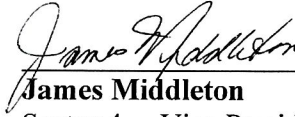
22.01 Should the Employer merge, amalgamate, or combine any of its operations or functions with another Commission, Company or Companies, the Employer agrees to give the Union as much notice as practically possible prior to any intent by the Employer to implement the above.

22.02 In the event there is a merger with another Commission, Company or Companies, in which the covered Employees therein are represented by another Union, the representation rights and the Collective Agreement and the status quo of Power Workers' Union members shall be maintained in respect of those members until a final determination is made under the Labour Relations Act of Ontario or any successor organization as to the proper representation of the combined group.

IN WITNESS THEREOF, the parties hereto have executed this Agreement under the hands of their proper officers this 22 day of November, 2023.



Wayne Dyce
President/Secretary
Centre Wellington Hydro Ltd.



James Middleton
Sector 4 – Vice President
Power Workers' Union



Michelle Phillips
Chair, CWH Board of Directors
Centre Wellington Hydro Ltd

APPENDIX 'A'

Wage rates and classifications shall be based on the following progression schedule listed below:

Classification	1-Sep 2023 3.50%	1-Sep 2024 3.00%	1-Sep 2025 3.00%
Foreperson	\$52.51	\$54.08	\$55.70
Powerline Technician	\$47.72	\$49.16	\$50.63
Meter Technician	\$47.72	\$49.16	\$50.63
Operations/ Powerline Technician	\$47.72	\$49.16	\$50.63

Apprentice Progression to **Powerline Technician** and Meter Technician classifications to be as follows:

	Step 1 70%	Step 2 75%	Step 3 80%	Step 4 85%	Step 5 90%	Step 6 95%
Apprentice						

Thereafter, 100% of **Powerline Technician**, Meter Technician or Operations/**Powerline Technician** rate, whichever category the employee is hired to. An employee shall qualify himself to the satisfaction of the **Supervisor** in order to progress in accordance with the above schedules.

Should an employee not progress in accordance with the above schedules; the **Supervisor** shall make known the reasons in writing, to the employee affected, so that **they** can make every effort to improve himself/herself. The Superintendent shall review the employee's progress every six (6) months.

The employee classified as **Foreperson** shall receive ten percent (10%) above the **Powerline Technician** rate.

When necessary Management may **request** an employee to act as relieving **Foreperson**, the appointed shall be paid the **Foreperson** rate of pay for all hours worked. The relieving **Foreperson** position may be assigned not assumed.

LETTER OF AGREEMENT #1

BETWEEN

CENTRE WELLINGTON HYDRO LTD.
(Hereinafter referred to as the
Employer)

AND

POWER WORKERS UNION
(Hereinafter referred to as the Union)

Re: Article 2

The parties hereby agree that the following terms and conditions address issues relating to work being performed by part-time, temporary or contract employees.

Whereas Article 2 of the Collective Agreement states;


- 2.1 The Employer recognizes the Union as the exclusive bargaining agent for negotiating working conditions, hours of work and wages on behalf of the employees in the bargaining unit as defined below:
- 2.2 All employees of the Employer save and except Operations Manager, those above that rank, temporary employees who perform general maintenance and cleaning duties at the shop, office staff and students hired during their summer vacation period, or on a school cooperative program.

The Union agrees that the Company may utilize the services of a part-time, temporary or Contract employee to perform the following related functions;

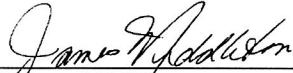
- Meter reading
- Re-reads
- Delivering of notices
- Locates (excluding after working hours)
- Meter Reverification and Testing

All functions performed outside of those listed above will require mutual agreement between the parties. It is further agreed that in the event of a layoff, any part-time, temporary or contract employee performing the related functions above will be laid off prior to bargaining unit members.

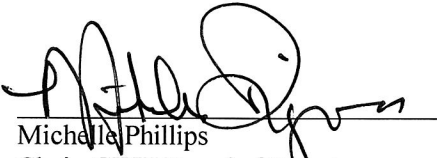
In addition, any bargaining unit member who may require light duties or accommodation under the provision of the Workplace Safety and Insurance Act will have the option of performing these duties.



Wayne Dyce
President/Secretary
Centre Wellington Hydro Ltd.



James Middleton
Sector 4 – Vice President
Power Workers' Union



Michelle Phillips
Chair, CWH Board of Directors
Centre Wellington Hydro Ltd

LETTER OF AGREEMENT #2

BETWEEN


CENTRE WELLINGTON HYDRO LTD.
(Hereinafter referred to as the
Employer)

AND

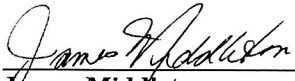
POWER WORKERS UNION
(Hereinafter referred to as the Union)

Re: Cell Phone Allowance


1. The Employer shall pay the first (1st) pay of every month a cell phone allowance of **thirty-five (\$35.00)** dollars to all line staff. The **Foreperson** shall be provided a company cell phone.



Wayne Dyce
President/Secretary
Centre Wellington Hydro Ltd.



James Middleton
Sector 4 – Vice President
Power Workers' Union



Michelle Phillips
Chair, CWH Board of Directors
Centre Wellington Hydro Ltd

LETTER OF AGREEMENT #3

BETWEEN

CENTRE WELLINGTON HYDRO LTD.
(Hereinafter referred to as the
Employer)

AND

POWER WORKERS' UNION
(Hereinafter referred to as the Union)

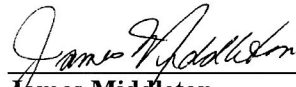
Re: Retirement

Normal retirement age is sixty-five (65) years. If an Employee takes early retirement under the OMERS early retirement criteria the Employer will pay one thousand, two hundred (\$1200.00) dollars per year for five (5) years to purchase a MROO Plan or comparable. The following conditions apply:

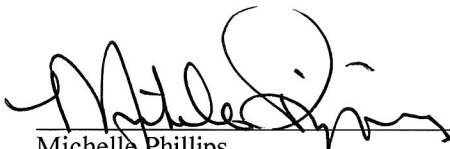
- a) Retiree does not take full-time job elsewhere.
- b) Retiree has a minimum 20 years' service with the Employer.
- c) Retiree is 55 years of age or qualifies for early retirement.
- d) Automatically ending at age 65.
- e) Annual Proof of enrolment.



Wayne Dyce
President/Secretary
Centre Wellington Hydro Ltd.



James Middleton
Sector 4 – Vice President
Power Workers' Union



Michelle Phillips
Chair, CWH Board of Directors
Centre Wellington Hydro Ltd

LETTER OF AGREEMENT #4

BETWEEN

CENTRE WELLINGTON HYDRO LTD.

(Hereinafter referred to as the Employer)

AND

POWER WORKERS' UNION

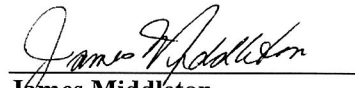
(Hereinafter referred to as the Union)

To attract individuals for difficult to fill positions resulting from a skilled labour shortage in the market, CWH may offer additional vacation to candidates who meet the required criteria. The foregoing is intended to allow for the recognition of an individual's years of service towards the calculation of vacation entitlement.

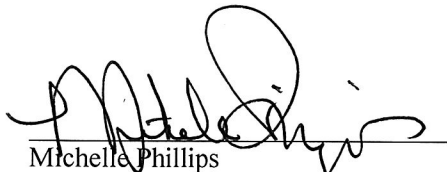
1. For a returning regular employee, CWH will recognize 100% of the employee's prior years of service at CWH solely for determining the employee's vacation benefit under Article 11.
2. For new hires, the company may recognize the individual's prior years of service at other like-companies and/or who have expertise relative to the posted position solely for determining the employee's vacation benefit under Article 11.
3. When exercising its discretion in bullet two (2), the company will act in a reasonable and consistent manner.
4. Management will inform the Union of individuals who will be offered the vacation attraction benefit.
5. The maximum annual weeks of vacation that a new employee will be granted is four (4) weeks.
6. The vacation benefit as noted above will be prorated from start date to end of calendar year.
7. All other benefits will be offered in accordance with the current Collective Agreement.
8. Seniority shall remain as defined in Article 5.
9. The vacation attraction benefit may be cancelled by either party with thirty (30) days written notice.



Wayne Dyce
President/Secretary
Centre Wellington Hydro Ltd.



James Middleton
Sector 4 – Vice President
Power Workers' Union



Michelle Phillips
Chair, CWH Board of Directors
Centre Wellington Hydro Ltd

Centre Wellington Hydro Ltd.

Exhibit 4

Appendix C

CWH's Purchasing Policy



SUBJECT: PURCHASING AND TENDERS		
Department: OPERATIONS		No: E-4
President/Secretary: W. DYCE		VP Finance/Regulatory: H. DOWLING
Date: September 1, 2023	Revision No. 3	Page 1 of 5

The following describes the policies of Centre Wellington Hydro in purchasing all supplies, material, equipment, and services (goods and services). The term "Corporation" shall mean in all cases, Centre Wellington Hydro (CWH).

- A. Wherever we can influence the life cycle of goods and services, each department of the Corporation shall apply the reduce, reuse, recycle and recover methodology, to reduce our environmental impact.
- B. The Operations Manager, VP/Treasurer & President shall have the following duties, powers and responsibilities:
- To have charge of and be responsible for the purchase of all goods by, for, or on behalf of the Corporation in accordance with the laws and regulations of the Province of Ontario and the standards of the Corporation. No goods shall be purchased by, for, or on behalf of the Corporation except through the Operations Manager, VP/Treasurer or President.
 - Under the direction of the President, and except as otherwise herein provided, to have the sole power to purchase, store and distribute all goods required by the Corporation.
 - To operate therein a uniform modern system of stores control based on perpetual inventory, maintaining on hand a sufficient stock of staple commodities to supply the budgeted and current needs of the Corporation.
 - To maintain good vendor relations and, where necessary, refer them to other departments when technical information is required. All inquiries regarding materials, prices, services, delivery, terms and conditions are to be conducted by or through the Operations Manager, VP/Treasurer or President.
 - To be responsible for the issuing of all "Tender Calls". All "Tenders" are to be returned to the Corporation plainly marked "Sealed Tender" and are to be addressed to the attention of the Operations Manager, VP/Treasurer or President (whomever is applicable).
 - Except where a non-competitive commodity is required, to make all purchases on a competitive basis, consistent with corporate standards, quality and service,



SUBJECT: PURCHASING AND TENDERS		
Department: OPERATIONS		No: E-4
President/Secretary: W. DYCE		VP Finance/Regulatory: H. DOWLING
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all things being equal, preference being given first to goods of local manufacturers and second to goods offered by local suppliers.

- To visit suppliers when necessary to create goodwill and/or to expedite deliveries to the Corporation.
- C. Where tenders are required on contracts for construction work or other projects undertaken by the Corporation, the Operations Manager will be responsible for the preparation of all necessary plans and specifications.
- D. The following provisions shall apply to purchases of goods and services.
- Every purchase of goods or services shall be covered by a purchase order, except for authorized petty cash purchases, normal office supply purchases, and field orders for goods or services to be picked up, delivered, or provided to an authorized employee of the Corporation, where the value of the goods or services does not exceed \$2,500 per order.
 - Where the value of goods or services required is in excess of \$2,500 but does not exceed \$20,000 the purchase may be made on the authority of the Operations Manager, VP/Treasurer or President.
 - Where the value of goods or services required is in excess of \$20,000 but does not exceed \$100,000 the purchase may be made on the authority of the Operations Manager, VP/Treasurer or President, provided a requisition signed by the President has been obtained and an attempt has been made to obtain three (3) written formal quotations, unless the goods or services are non-competitive.
 - Where the estimated value of goods or services required exceeds \$100,000 the purchase shall be made by a request for sealed tenders.
 - Where the value of goods or services required has not been provided for in current budgets and the value exceeds \$10,000, excluding purchase for inventory, the purchase shall be presented to the Board of Directors for approval.
 - Requisitions or purchase orders shall not be artificially structured to avoid any of the above restrictions or limits.



SUBJECT: PURCHASING AND TENDERS		
Department: OPERATIONS		No: E-4
President/Secretary: W. DYCE		VP Finance/Regulatory: H. DOWLING
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- The Operations Manager, VP/Treasurer or President shall not order goods or services, the purchase of which has not been authorized by this Corporation except goods or services required for current needs, the cost of which is provided for in current budgets.
 - Authorization of budgeted work by this Corporation constitutes authorization for any purchases necessary to carry out such work.
 - The Corporation will comply with Ontario Regulation 22/04, and or any applicable standards such as ANSI, USF, CSA or similar.
- E. The Operations Manager, VP/Treasurer & President may under one of the following conditions, purchase by negotiating with one or more sources or bidders. Under the following cases the requirements for inviting tenders and formal quotations may be waived.
- The goods or services are in short supply due to market conditions in the judgment of the Operations Manager, VP/Treasurer or President.
 - Two or more identical bids have been received.
 - All bids received failed to meet the specifications and/or tender terms and conditions and it is impractical to recall tenders or formal quotations.
 - Certain professional services which require specialized technical knowledge to ensure compliance with structural, civil, environmental, or other regulatory standards, or which are critical to the Corporation's information technology support systems.
- F. The Operations Manager, VP/Treasurer & President may, under one of the following conditions, purchase by sole source procurement:
- When goods and services can be obtained only from one (1) person or firm,



SUBJECT: PURCHASING AND TENDERS		
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- The expertise of an individual organization or individual is deemed to be specifically required by the Corporation.
- When competition is precluded because of the existence of patent rights, copyrights, secret processes, control of raw material or other such conditions.
- When it is the only product or service that has been approved by the Corporation for use in the distribution system.
- When the procurement is for technical services in connection with the assembly, installation, or servicing of equipment of a highly technical or specialized nature.
- When the procurement is for parts or components to be used as replacements in support of equipment specifically designed by the manufacturer.
- The contractor is already at work on the site (based on an existing Purchase Order) and it would not be practical to engage another contractor.
- Specific Health and Safety items as approved by the Operations Manager.

G. The following procedure shall be followed in the calling and opening of sealed tenders.

- Tenders shall be opened in the presence of at least two of the following witnesses. The President, VP/Treasurer or the Operations Manager; their designates; or by an approved consultant and their designates as appointed by the Corporation. Any other authorized Corporation member desiring to be present at the opening of tenders may attend.
- Prior to the opening of tenders, the Operations Manager or VP/Treasurer shall advise the President as to the description of the tenders and the time and place of the opening.
- Requests for tenders shall clearly denote the exact date and time deadline and location tenders will be received.
- No one shall reveal pricing information pertaining to sealed tenders and



SUBJECT: PURCHASING AND TENDERS		
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quotations, to any of the bidders concerned. However, if any bidder deems it desirable to do so they may apply to the President who may order that such pricing information be revealed to him.

- The Board of Directors will pre-authorize tendering for any major capital project which is not considered part of the normal operations of the Corporation, i.e., Office Buildings, etc.
- The awarding of the tender will be in favour of a bidder meeting specifications, terms and conditions of the tender and whose tender offers the lowest ultimate cost to the Corporation for the goods, equipment, or services with due consideration of the importance of delivery, quality, service, and price.

H. Stock Audit

- A physical inventory of stock items shall be taken annually in the last quarter of each year. The Operations Manager and the Line Foreperson will conduct these stock audits and prepare a reconciliation report for the VP/Treasurer.

I. Disposal of Surplus

- Where any goods or equipment or salvage are surplus, obsolete, or non-repairable, they shall be declared surplus by the Operations Manager or President. When no other use can be found for same by other Departments, they shall be added to the surplus list for disposal.