



CWH RESPONSE TO IRS

2025 Cost of Service

Centre Wellington Hydro Ltd.
EB-2024-0012

Filed on August 1, 2024

CWH Response to Interrogatories

2025 Electricity Distribution Rates Application Centre Wellington Hydro Inc. ("CWH")

EB-2024-0012

Date: August 1, 2024

Exhibit 1 – Administration

1-Staff-1

Updated Revenue Requirement Work Form (RRWF) and Models

Upon completing all interrogatories from Ontario Energy Board (OEB) staff and intervenors, please provide an updated RRWF in working Microsoft Excel format with any corrections or adjustments that the Applicant wishes to make to the amounts in the populated version of the RRWF filed in the initial applications. Entries for changes and adjustments should be included in the middle column on sheet 3 Data_Input_Sheet. Sheets 10 (Load Forecast), 11 (Cost Allocation), and 13 (Rate Design) should be updated, as necessary. Please include documentation of the corrections and adjustments, such as a reference to an interrogatory response or an explanatory note. Such notes should be documented on Sheet 14 Tracking Sheet and may also be included on other sheets in the RRWF to assist understanding of changes.

In addition, please file an updated set of models that reflects the interrogatory responses. Please ensure the models used are the latest available models on the OEB's 2024 Electricity Distributor Rate Applications webpage.

[CWH Response: CWH has updated and filed the following models and confirms that it has used the appropriate column of the RRWF to update its numbers.](#)

- [01.EB-2024-0012 CWH 2024 Load Forecast Model IRR](#)
 - [3-Staff-31](#)
 - [3-Staff-34](#)
 - [3.0-VECC-23](#)
 - [3.0-VECC-22 Scenario](#)
 - [3.0-VECC-24](#)
- [02.EB-2024-0012 CWH 2023 Demand Profile IRR](#)
 - [As a result of Load Forecast changes mentioned above](#)
- [03.EB-2024-0012 CWH 2025 RTSR Workform IRR](#)
 - [8-Staff-58](#)

- 04.EB-2024-0012 CWH 2025 Income Tax PILs Workform IRR
 - 6-Staff-48
 - 6-Staff-49
- 05.EB-2024-0012 CWH 2025 Rev Req Workform IRR
 - 6-Staff-46
 - 6.0-VECC-33
- 06.EB-2024-0012 CWH Benchmarking Forecast Model IRR
- 07.EB-2024-0012 CWH 2025 Cost Allocation IRR
 - 7-Staff-51
- 08.EB-2024-0012 CWH 2025 DVA Continuity Schedule IRR
 - 9-Staff-63
- 09.EB-2024-0015 CWH 2025 Tariff Schedule Bill Impact Model IRR
 - 8-Staff-57
 - 8-Staff-60
- 10.EB-2024-0012 CWH 2025 Chapter 2 Appendices IRR
 - 2-Staff-10, 2-Staff-13 (2-AA)
 - 2-Staff-10 (2-AB)
 - 2-Staff-10 (2-BA)
 - 4.0-VECC-28 (2-JB)
 - 4-SEC-16 (2-JC)
 - 5-Staff-45 (2-OA)
 - 5-Staff-45 (2-OB)
 - 6-Staff-46 (2-H)
 - 6.0-VECC-33 (2-H)
 - 8.0-VECC-50 (2-R)
- 11.EB-2024-0012 CWH 2025 1595 Worksheet IRR
- 12.EB-2024-0012 CWH 2025 ACM Model IRR
 - 2-Staff-28
- 13.EB-2024-0012 CWH 2025 GA Workform
- 14.EB-2024-0012 CWH 2025 COS Checklist IRR

1-Staff-2

Ref 1: Exhibit 1, p. 50

Ref 2: [2019 Scorecard Management Discussion and Analysis](#)

Preamble:

Based on Centre Wellington Hydro's 2022 scorecard in reference 1, Centre Wellington Hydro has achieved ROE outside of the dead band of +/-300 basis points in 2019 (381 basis points below deemed).

In Reference 2, Centre Wellington Hydro explains that the achieved ROE was below the dead band primarily because of a tax adjustment on the regulatory balance.

Question(s):

- a) Please explain the tax adjustment on the regulatory balance in further detail and provide additional calculations/spreadsheets to support the explanations.

CWH Response: In 2019 it was found that CWH did not record the 2018 future tax on the regulatory balance entry. Therefore in 2019 the 2018 and 2019 entries were posted. The entry that should have been recorded in 2018 was:

Dac Description	Acct # / Job Number		DR	CR
Oth Non-CurLiabs:FutureTaxes	2	2320.000.2321	313,552.00	
Unapprop Retained Earnings	2	3045.000.3045		313,552.00
Rec 2018 True-up Reg tax bal				

This entry was posted at December 31, 2019.

1-Staff-3

Activity and Program Benchmarking

Ref 1: [2022 Unit Cost Calculations - October 11, 2023](#)

Ref 2: [Exhibit 1, Table 19, p. 53](#)

Preamble:

References 2 provides a summary of the Activity and Program Benchmarking unit cost results for Billing OM&A from Reference 1.

In Reference 2, Centre Wellington Hydro states that:

The higher-than-average OM&A expenditures are in part due to CWH taking a very focused approach to accurate billing with minimal estimation and delinquent accounts and in part due to spreading out the costs related for the necessary systems and staffing to complete billing across fewer customers for a small LDC.

Question(s):

- a) Considering Centre Wellington Hydro's 48.6% above-average status compared to industry standards, with the scorecard 'Billing Accuracy' metric only improving from 99.82% to 99.9%, please provide further details on the specific measures taken to ensure accurate billing.

CWH Response: CWH's specific measures to ensure accurate billing with minimal estimation and supporting customers prior to becoming delinquent is to spend more manual labour hours for meter data and billing system checks, and customer communications. Staff reviews and checks daily meter communication with respect to usage and reads sent to both the ODS and MDMR, allowing CWH to react to and manage meter issues well in advance of billing customers. Billing

Clerks run manual reading and usage variance and exception reports within CWH's CIS that would indicate additional meter issues or missing data from the MDMR and manage these exceptions at this time. The large focus on exceptions at the various levels allow CWH to be proactive in fixing issues prior to billing, resulting in a higher degree of accuracy and customer satisfaction.

- b) Provide the benefit cost analysis performed to show why the increase in Billing O&M is warranted for less than 0.1% performance improvement while still being above 1.5% above industry target?

CWH Response: All Customer Service performance (and metrics) are important to CWH and aside from billing accuracy performance other criteria such as answering calls, meeting schedules, taking time to assist customers with managing their accounts to reduce delinquents, supporting customers with rate options, answering questions about conservation/DERS, addressing regulated changes to rates, applications (green button) in a timely manner, and customer service across the board are included in the cost of Billing OM&A.

Demand on the customer service and billing department continues to grow year over year. The following are a few examples of reasons for this.

The uptake on net metering projects has required additional CS and billing focus, both in billing and supporting new customers and their projects, a trend we expect to continue growing. Answering customer enquiries on the rules and regulations around how net meters are billed and credit clearing takes time and focus from this department.

Since COVID and the following years there has been an increase in collections assistance and time required to support customers in managing their accounts and provide information on various assistance programs, how they can access them, and suitable payment plans.

- c) The causes of the consistent year-over-year increases in Billing O&M per Customer costs from 2019 to 2022.

CWH Response: The increase in B&C is explained in exhibit 4, Tables 8 through 10. Within the B&C accounts increases have been partially due to staffing changes as a result of leaves and retirements. The maintenance costs for the CIS and billing process are allocated to the billing accounts and also had increases in those years – including but not limited to changing IT vendors and the host of the CIS. The number of customers (not connections) over this period increased 5.0% but as a small utility this was 358 customers, which was not enough to cover the increases that occurred in the B&C accounts, therefore B&C cost per customer increased.

1-Staff-4

Activity and Program Benchmarking

Ref 1: [2022 Unit Cost Calculations - October 11, 2023](#)

Ref 2: **Exhibit 1, Table 25, p. 55**

Preamble:

Reference 2 provides a summary of the Activity and Program Benchmarking unit cost results for Lines OM&A from reference 1.

In Reference 2, Centre Wellington Hydro states that it attributes Line Maintenance programs to extremely positive reliability performance of the system and low outages.

Question(s):

- a) What factors contributed to the 25% increase in the Lines O&M unit cost from 2021 to 2022?

CWH Response: In 2022 there were 3 major event outages caused by storms that affected CWH's supply from Hydro One as well as CWH lines being damaged from trees and falling limbs. These outages forced an increase in labour hours to repair the damage within the various maintenance accounts used in this calculation. Other contributing factors include troubleshooting transformer failures and continued moderate increase in requests for disconnects/reconnects for upgrading/moving panels. All of which contributed to the overall increase in the account labour costs.

- b) Please provide additional details about the reliability metrics that Centre Wellington Hydro is specifically referring to? What specific metrics are used to measure this reliability, and what were the results that indicate positive performance?

CWH Response: CWH was specifically referring to SAIDI and SAIFI reliability metrics. As can be seen from the table below, CWH's 5-year average reliability statistics from 2018 to 2022 are positive compared to the industry average.

RELIABILITY METRIC	5-year/avg	
	SAIFI	SAIDI
Industry Avg	1.67	2.47
CW Hydro	0.36	0.30

1-Staff-5

Activity and Program Benchmarking

Ref 1: [2022 Unit Cost Calculations - October 11, 2023](#)

Ref 2: Exhibit 1, Table 26, p. 55

Preamble:

Reference 2 provides a summary of the Activity and Program Benchmarking unit cost results for Stations OM&A from Reference 1.

In Reference 2, Centre Wellington Hydro states in the explanation provided for Stations O&M that:

Further to this CWH contracts out all station maintenance for both scheduled and unplanned work that is required.

Question(s):

- a) Please elaborate further on Centre Wellington Hydro's practice of outsourcing all station maintenance, both scheduled and unplanned. Specifically, how does this outsourcing strategy influence Centre Wellington Hydro's operational costs, and what strategies are implemented to ensure cost efficiency in this contractual arrangement?

CWH Response: CWH solicits invited quotes from contractors that provide station maintenance services. As part of the budgeting process, CWH anticipates inflationary increases year-over-year for these services. Recommendations that come from the annual inspection and maintenance are either handled immediately, if warranted, or budgeted for in a future year.

- b) OEB staff notes that the provincial average figure for Stations O&M provided in Exhibit 1 appears incorrect. Please verify and adjust this figure as needed.

CWH Response: CWH agrees, the average should have been \$1,715.5, rather than the value of \$1,508.59. CWH's comment about being slightly higher than the provincial average stills holds true.

	Cost (\$1,000)					Scale (Total MVA)					Unit Cost (\$/MVA per Station)					Average
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	
	47.4	83.0	54.2	46.0	54.9	33.0	36.0	32.0	32.0	32.0	1,435.79	2,305.48	1,693.95	1,436.75	1,715.63	1,717.5
Year-over-Year Chg (\$)		35.62	- 28.79	- 8.23	8.92		3.00	- 4.00	-	-		869.69	- 611.54	- 257.20	278.88	
Year-over-Year Chg (%)		75.17%	-34.69%	-15.18%	19.41%		9.09%	-11.11%	0.00%	0.00%		60.57%	-26.53%	-15.18%	19.41%	

1-Staff-6

Activity and Program Benchmarking

Ref 1: [2022 Unit Cost Calculations - October 11, 2023](#)

Ref 2: Exhibit 1, Table 23, p. 54

Preamble:

Reference 2 provides a summary of the Activity and Program Benchmarking unit cost results for Poles, Towers and Fixtures O&M from reference 1.

In reference 2, Centre Wellington Hydro states in the explanation provided for Poles, Towers and Fixtures O&M that:

CWH had an aggressive pole testing and inspection over the 5-year period which contributed to the higher than average spend.

Question(s):

- a) Please provide more details on the aggressive pole testing and inspection program.
 - i. What activities were undertaken as part of this initiative, and how has it impacted overall system reliability and performance?

CWH Response: As identified within CWH's 2021 Asset Condition Assessment, when considering asset health wood poles require continued investment to minimize unplanned failure. As a result, CWH performs day-to-day visual inspections by operations staff as well as annual inspections of a portion of CWH's poles by an engineering contractor who performs both a visual inspection and polux test.

As detailed within Table 2-14 of CWHs DSP the following table is a detail of the outages experienced over time, showing a decreasing outage trend that confirms improved overall system reliability and performance during the period 2018 to 2023.

POWER OUTAGES BY YEAR	
YR	# OF POWER OUTAGES*
2018	13
2019	13
2020	11
2021	5
2022	7
2023	8
* - EXCLUDED SCHEDULED, LOSS OF SUPPLY AND FOREIGN INTERFERENCE	

- ii. How many cycles are there for a full-service area inspection

CWH Response: Approximately 17% of poles are tested annually which is equal to every pole in service being tested every 6 years. Additionally informal pole inspections are completed by operations staff during their day-to-day activities while completing capital and maintenance projects on the distribution system.

- iii. For each of the last five years, what percentage of total poles were inspected in each of those years?

CWH Response: CWH contractor inspects on average 16.5% of our wood poles in-service annually.

YEAR	# OF POLES INSPECTED
2018	310
2019	380
2020	431
2021	463
2022	574
2023	378

- b) The year-over-year trend shows significant variability in Poles, Towers, and Fixtures O&M costs. What factors contributed to this variability? Specifically, what led to the 109% increase from 2021 to 2022?

CWH Response: The variability in Poles, Towers and Fixtures O&M costs is typically the result of unforeseen maintenance, such as storms and high winds. In 2022 there were 3 major event outages caused by storms that affected CWH's supply from Hydro One as well as CWH lines being damaged from trees and falling limbs. These outages forced an increase in labour hours to repair the damage within the pole maintenance account. CWH had a decrease in the pole maintenance account in 2020 and 2021 as fortunately CWH didn't experience any storms or unforeseen maintenance.

- c) Given that Centre Wellington Hydro's average unit cost per pole is 66% higher than the industry average, are there any measures in place to reduce these operational costs moving forward while still maintaining asset integrity and safety?

CWH Response: CWH employs measures such as pole testing and inspections to identify substandard poles and rectify the deficiencies during planned work as opposed to unplanned times that come at a greater cost. Further to this CWHs capital program has an emphasis on replacing wood poles as this asset class was identified as CWHs lowest performing asset class in the 2021 asset condition assessment.

1-Staff-7

Activity and Program Benchmarking

Ref 1: [2022 Unit Cost Calculations - October 11, 2023](#)

Ref 2: [Exhibit 1, Table 24, p. 54](#)

Preamble:

Reference 2 provides a summary of the Activity and Program Benchmarking unit cost results for Poles, Towers and Fixtures CapEx (Table 24) from reference 1.

Question(s):

- a) What specific factors contributed to the upward trend observed in Table 24 where unit costs (\$/Pole) increased by 36.5% from 2020 to 2021 and by 52.0% from 2021 to 2022?

CWH Response: In 2021 CWH had \$56K in contributed capital recorded in the USoA 1830; if the contributed capital was removed the unit cost would decrease to a value that is more in line with CWH's other years. In 2022, CWH determined that an asset that had been recorded as part of the 1820 USoA should have been recorded in the 1830 USoA. An entry was done in the amount of \$251,750. The actual value spent on installing new poles, towers and fixtures in 2022 was \$179K. This adjustment of \$252K increased the \$/pole.

The following table has been revised to show the removal of contributed capital in 2021 and the reallocation adjustment in 2022. This is for presentation only; these values have not been resubmitted through the RRR filing.

Table 8: Unit Cost Indexes by Distributor: Poles, Towers and Fixtures CAPEX

	Cost (\$1,000)					Scale (Poles Additions)					Unit Cost (\$/Pole Addition)					Average
	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	2018	2019	2020	2021	2022	
	194.2	159.9	196.9	213.0	178.9	52	43	55	55	58	3,734	3,720	3,579	3,873	3,084	3,598
Year-over-Year Chg (\$)		- 34.2	36.9	16.2	- 34.1		- 9	12	-	3		- 14.15	- 140.13	293.99	- 788.97	
Year-over-Year Chg (%)		-17.6%	23.1%	8.2%	-16.0%		-17.3%	27.9%	0.0%	5.5%		-0.4%	-3.8%	8.2%	-20.4%	

1-Staff-8

Activity and Program Benchmarking

Ref 1: [2022 Unit Cost Calculations - October 11, 2023](#)

Ref 2: Exhibit 1, Table 28, p. 56

Preamble:

Reference 2 provides a summary of the Activity and Program Benchmarking unit cost results for Line Transformer CapEx from reference 1.

In Reference 2, Line Transformer CAPEX increased by 34% in 2019 compared to 2018 and by 222% in 2022 compared to 2021.

Centre Wellington Hydro states that:

CWH has experienced significantly higher transformer procurement costs over the last three years and expects this trend to continue into the future which will lead to higher capital expenditures.

Question(s):

- a) Please provide detailed factors contributing to these increases. How many line transformer units were installed in each year from 2020 to 2022?

CWH Response: CWH has seen considerable increases in the purchase price for procuring all types of transformers, which is being seen by all LDCs in the sector and is due to supply chain issues since 2020. This increased cost trend resulting from supply chain issues developed as a result of COVID and related lack of availability and production backlogs. COVID effects on the open market, supply and demand conditions are directly linked to the costs associated with procuring transformers.

YEAR	# OF TXs INSTALLED
2020	23
2021	11
2022	11

- b) Please elaborate on the specific reasons for the rising transformer procurement costs, particularly for overhead and underground distribution line transformers.

CWH Response: CWH has seen considerable supply chain issues related to transformer procurement since 2020. CWH believes price increases have resulted from supply chain issues,

lack of availability and production backlogs that developed as a result of COVID, and the resulting impact of these issues on the market for these assets.

- c) Are there any strategic decisions or alternative approaches being considered to manage or reduce future capital expenditures for transformers?

CWH Response: Strategic decisions to reduce future capital expenditures for transformers include increasing transformer inventory counts, which would increase cost in the short term and decrease cost in the long term, purchasing used transformers in acceptable condition from vender/suppliers and directly from LDCs that have a surplus of 4kV transformers, and repairing transformers where it is a viable option.

1-Staff-9

Distributor Consolidation **Ref: Exhibit 1, pp. 62-64**

Preamble:

Centre Wellington Hydro states that it has a long history collaborating with several organizations such as Cornerstone Hydro Electric Concepts (CHEC) and Utility Collaborative Services (UCS) to share costs and/or resources. In addition, Centre Wellington Hydro also collaborates with and is a member of other organizations, groups or LDCs' by using their services. Examples include Electricity Distributors Association, Utilities Standard Forum (USF), ERTN, Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) that provide competitive offerings, resources and support, to name a few.

Question(s):

- a) Please provide details and quantification on where the collaborations have been incorporated into the current application for 2025 rates.

CWH Response: Many of the partnerships listed in Exhibit 1 have been in place for many years and are woven into established and on-going processes and functions within CWH's business practices. Some of these are through the mentioned working groups and committees that share information and practices to guide resolutions and results, and some are more tangible such as shared services, i.e. full-time staff at CHEC, shared GIS tech amongst LDCs, and shared membership for enterprise application fees. CWH is constantly collaborating with the mentioned partners to address the proliferation of regulatory changes, rates and billing advancements, technological advancements, and supply chain disruption. The related costs for these partnerships have been included in the budget line items in this application. The following items/projects tasked to the applicable LDC departments have the corresponding collaborative partner listed and it is understood that anywhere within the current application that these projects are addressed collaboration occurred to successfully complete each.

Billing and Collecting department: Examples of changes and tasks completed are implementing green button, addressing disconnection ban over winter months, implementing ULO, configuring billing setups for Net Metering, Collection policies, standardizing the collection/disconnect letter, and implementing online forms. Partners that CWH collaborated with to address these tasks were the CHEC group, EDA, UCS, and USF.

Operations department: Examples of changes and tasks completed are continued staff safety training and changes in safety regulations, equipment/material/labour sourcing, regulatory (labour/equipment/environment) changes, and innovation. Partners that CWH collaborated with to address these were CHEC, EDA, USF.

Finance Regulatory department: Examples of changes and tasks completed are all OEB regulatory changes such as application filling requirements, newly introduced benchmarking standards, IESO processes for the 1598 submission and reconciliation, reviewing various vendors for financial systems, software training, and economic evaluation processes. Partners that CWH collaborated with to address these were CHEC, EDA, USF, and MEARIE.

Other areas including HR and IT have examples of changes and new requirements that need to be addressed and in all of the areas CWH uses collaboration to work through.

The examples of collaboration above are directly related to CWH being able to continue with current staffing levels over the last CoS timeframe without increasing the FTE count, as well as assisting in moving to cohort 2 of the PEG report.

1.0-VECC -1

Reference: Exhibit 1, page 40

Preamble:

The majority of CWH's customers receive a physical bill in the mail.

How many of CWH's customers receive an e-bill?

CWH Response: As of June 2024, approximately 1,853 CWH customers receive an e-bill on a monthly basis.

Please discuss if CWH has analyzed the costs and benefits of e-billing compared to mail billing and provide the outcome.

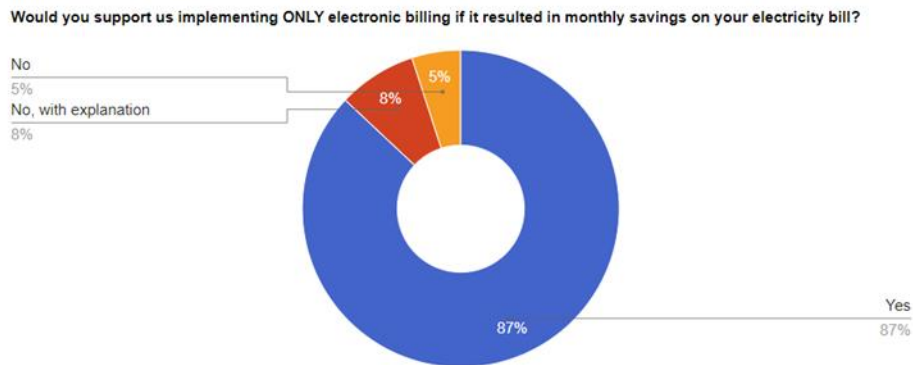
CWH Response: CWH has not performed a formal cost/benefit comparison, however, E-billing is a service included within our current web portal solution, with no added cost for sending the e-bill notification. As such, the cost benefit is generally equivalent to the avoided cost of paper, envelopes, printing, and the resources related to stuffing and mailing a bill.

Has CWH sought customer input on this issue? Please discuss.

CWH Response: Please see the below electronic billing information and follow up question CWH posed within its DSP's Customer Engagement Survey.

Electronic Billing

Producing paper bills each month comes with a considerable cost in postage, paper, supplies and equipment. If we switched all of our customers to electronic billing, where you received your bill via e-mail each month, certain costs would be eliminated.



1.0-VECC -2

Reference: Exhibit 1, page 58

Preamble:

At Table 29, CWH provides the ROE deemed and achieved.

Please explain the drivers for the achieved ROE in 2023 and the forecast for 2024 and 2025.

CWH Response: In 2023, CWH achieved a Return on Equity (ROE) of 11.42%. This increase was driven by a \$729K rise in distribution revenue compared to the 2018 Board-approved figures, as well as a 50% increase in other revenue, which grew by \$147K over the 2018 Board-approved amount. The growth in other revenue includes higher earnings from water and wastewater billing, additional one-time scrap material revenue, and increased interest earned on CWH's bank balance.

CWH has updated its projected ROE for 2024 to 9.28%. However, a precise calculation of the ROE is currently not feasible due to the incomplete financial year and the absence of audited financial statements for 2024. Adjustments to the income are not yet available, and this projection is intended solely for illustrative purposes and may change. As such, it should not be relied upon for definitive financial analysis at this time.

For 2025, the rate-making mechanism should set the deemed rate of return at 9.21%.

1-SEC-1

Ref: [Ex.1]

Please provide copies of all benchmarking studies, reports, and analyses that CWH has undertaken or participated in since its last rebasing application, that are not already included in the Application.

CWH Response: The Benchmarking studies CWH participated in since last rebasing that are not included in the application are the 2023 MEARIE Salary Survey attached as Appendix A and CHEC Wage and Benefit Analysis – 2023 as Appendix B.

1-SEC-2

Ref: [Ex.1]

Please provide a copy of all documents that were provided to the CWH's Board of Directors in approving the underlying budgets contained in this Application.

CWH Response: CWH presented the 2024 and 2025 Other Revenue and OM&A and 2025-2029 Capital budgets to their board, these budgets were approved on November 22, 2023. The budgets are attached to this document as Appendix C. The DSP/ACA and BP documents were also used by the CWH Board for the purpose of budget deliberations.

1-SEC-3

Ref: [Ex.1]

Does CWH have a corporate scorecard or similar document used by its Board of Directors to monitor and measure performance? If so, please provide a copy of each annual document since 2018.

CWH Response: CWH uses the OEB annual scorecard and all LDCs annual yearbook as Key performance indicators and does not use a separate, internal scorecard.

1-SEC-4

Ref: [Ex.1, p.58]

CWH has, or forecasts to earn, above its ROE included in base rates for each year between 2021 and 2024.

- a) Please provide an explanation of the drivers of the over earning.

CWH Response: 2021 had an ROE of 9.84%. In 2021 CWH's operating revenues increased by 8% over 2018 BA and the expenses increased by 3%, this led to a net increase in income.

2022 had an ROE of 9.33%. In 2022 CWH's revenues and expenses increased in the same proportion, 15%, therefore the ROE was closer to deemed of 9.00%.

In 2023, CWH achieved a Return on Equity (ROE) of 11.42%. This increase was driven by a \$729K rise in distribution revenue compared to the 2018 Board-approved figures, as well as a 50% increase in other revenue, which grew by \$147K over the 2018 Board-approved amount. The growth in other revenue includes higher earnings from water and wastewater billing, additional one-time scrap material revenue, and increased interest earned on CWH's bank balance.

CWH would like to note that the projected ROE for 2024 has been projected to be 9.28%. However, as mentioned at 1-VECC-2, a complete and accurate calculation of the ROE is currently not feasible due to the incomplete financial year 2024 and the lack of audited financial statements for this period. CWH notes that adjustments to the income are not yet available. The projection is solely for illustrative purposes and is subject to change.

b) Please express the over earning in each year in a dollar amount.

CWH Response:

2021= \$96,185

2022 = \$58,448

2023 = \$217,436

Exhibit 2 – Rate Base

2-Staff-10

2024 Bridge Year Actuals

Ref: Chapter 2 Appendix 2-AA

Preamble:

Centre Wellington Hydro has provided its forecasted capital plan for 2024 but has not specified how many months of data are included in the forecast as actual spending.

Question(s):

- a) Please update Chapter 2 Appendices 2-AA, 2-AB, 2-BA, and other affected models to reflect updates to 2024 estimates, if any.

CWH Response: At the time of filing the application, no actual data for 2024 was used, it used all the values that were approved in CWH's OM&A and Capital budgets. CWH has updated the requested appendices using January to June 30, 2024 actuals and then projected July to December, 2024.

- b) Please confirm that there are no expenditures for 'System Supervisory Equipment' and 'Mill Street Conversion – Twp Coshare' in the historical or forecast period given that there is a line item for these programs in Chapter 2 Appendix 2-AA. If there are no expenditures, please remove the items.

CWH Response: These two descriptions have been removed from Chapter 2 Appendix 2-AA.

2-Staff-11

2024 Bridge Year Projects

Ref: Chapter 2 Appendix 2-AA

Preamble:

Centre Wellington Hydro has historically spent on average \$1M per year from 2018-2023. However, in 2024, capital spending will increase to \$3M in part due to three projects: EMS-2 Transformer (\$994k), Computer Software (\$246k), and Transportation (\$640k).

Question(s):

- a) Please explain when and how Centre Wellington Hydro formulated its capital plan for 2023 and 2024 given that these years were outside of the previous DSP period.

CWH Response: CWH had METSCO complete an Asset Condition Assessment in 2021 and a DSP refresh that guided the 2023 and 2024 capital budget planning process. Management budget deliberations for both the 2023 and 2024 years began in Q2 of each prior year using the ACA information to prioritize and formulate the planned projects. Budget planning continued through to Q4 of each prior year and ultimately passed by resolution of the CWH Board in Q4 of the previous year.

2-Staff-12

Defective Equipment Outages

Ref: Exhibit 2 – Rate Base, Table 2-14 and Table 2-15, pp.37-38

Preamble:

Centre Wellington Hydro has provided reliability data from 2018-2023 for various cause codes including defective outages.

Question(s):

- a) Please provide a breakdown of customer interruptions/hours of customer interruptions by distribution station if available.

CWH Response: CWH has consolidated the information available manually, from hard copy reports, and have not reconciled or verified this data with data sets as recorded in other documents. Cause Codes 0, 1 and 9, unknown/other, scheduled, foreign interference, respectively, were excluded from the below counts as they are not representative of station specific issues.

Centre Wellington Hydro Ltd.
Outages by Station/Feeder
July 2024

STATION	SUM of CUSTOMERS	Sum of CUSTOMER HOURS OF INTERRUPTION	OUTAGE COUNT
Elora MS-1	1,718.0	2,325.0	10.0
Elora MS-2	1,057.0	1,804.6	11.0
Fergus MS-1	433.0	283.1	8.0
Fergus MS-2	1,534.0	928.6	9.0
Fergus MS-3	2,462.0	2,302.4	8.0
Fergus MS-4	1,551.0	1,697.0	12.0

- b) What does Centre Wellington Hydro attribute to the decrease in defective equipment customer interruptions/hours of interruption following 2019?

CWH Response: CWH attributes the decrease observed in defective equipment outages following 2019 to a number of factors including its annual capital investment and infrared inspection and maintenance programs.

2-Staff-13

Elora MS-2 Project

Ref 1: Exhibit 2 – Rate Base, p. 15

Ref 2: Distribution System Plan: Material Investment Narrative – Fergus MS-5

Ref 3: Distribution System Plan: Asset Condition Assessment 2021, p. 57

Preamble:

In reference 1, Centre Wellington Hydro states that it is replacing the Elora MS-2 station transformer for an estimated \$994k in the 2024 Bridge Year. The transformer was manufactured in 1973 and refurbished in 1997. The status quo 5MVA size was not adequate to service Elora's total load if required during peak load seasons in the event the Elora MS-1 station is taken out of service.

Question(s):

- a) What is the status of this project?

CWH Response: To date, the project design has been completed and construction tender awarded. Civil works including concrete transformer pad, and duct work from the transformer pad to the secondary structure were completed in May/June and the station transformer has been placed in position. The remaining construction is scheduled to take place in Q3 of 2024 during the shoulder peak season to reduce risks associated with relying on a single station and associated feeders to service all load.

- b) According to reference 2 (Exhibit 2, p. 246 of PDF), the Elora MS-2 station was last rebuilt in 2016 (\$497k). Please clarify if the transformer was not part of this rebuild. If the transformer was part of the rebuild, how was future loading considered during the rebuild in 2016 to avoid early replacement?

CWH Response: The 2016 Elora MS-2 station rebuild project was completed without the station transformer being a part of the rebuild/replaced equipment.

- c) As per reference 1, Centre Wellington Hydro notes in its 2018-2022 Distribution System Plan that Elora MS-2 was a risk due to its age. However, according to the 2021 Asset Condition Assessment in reference 3, the transformer is in overall 'good' condition. Please confirm whether Centre Wellington Hydro still considers the station to be a risk despite the asset condition results and why.

CWH Response: CWH confirms that the Elora MS-2 station is at risk of not being capable and reliable in servicing the overall load in the town of Elora. Despite the overall asset condition of the station transformer being considered good within the ACA, the transformer went through a relocation (it was a used transformer at the time of the Elora MS-2 initial construction and commissioning) and painting, 27 years ago, in 1997, and CWH painted it in 2016 during the station rebuild. CWH does plan on keeping the existing station transformer in stock as a back up for emergency purposes as CWH does not currently have a spare station transformer in inventory.

- d) What is the new capacity of the station?

CWH Response: The planned new capacity of the station will be 8MVA maximum as the new transformer will have a 6/8 MVA rating.

- e) What is Centre Wellington Hydro's target/accepted utilization percentage for Elora MS-1/Elora MS-2?

CWH Response: There are two substations in Elora that supply the 4 kV distribution system. In the event of a failure of either station, the remaining station must carry all of the load. With the 2024 upgrade of Elora MS-2, each Elora substation transformer will have a fan-cooled rating of 8,000 kVA. With the loss of one transformer, there is 8,000 kVA of remaining capacity for the town. Assuming equal distribution of the town load on both stations, each station would be allocated 4,000 kVA of maximum load. Expressed as a percentage, this is 67% of each transformer's self-cooled rating (ONAN), or 50% of each transformer's fan-cooled rating (ONAF).

- f) Please provide a table for Elora similar to that provided for the Fergus distribution system as per Reference 2 (Exhibit 2, p. 252 of PDF) forecasting the peak load in the near- and medium-term forecast. Please list any assumptions used to prepare the forecast.

CWH Response:

Feeder	Historical Data			Near Term Forecast (MW)					Medium Term Forecast (MW)				
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
M7 - Elora total load	10.27	9.68	10.31	10.68	11.68	12.68	13.68	14.43	14.93	15.23	15.53	15.84	16.16

Assumptions used to prepare the forecast table above was an average annual load increase of 2% plus new load from known projects that are anticipated to be connected from customer connection requests in the near term.

2-Staff-14

New Services

Ref 1: Distribution System Plan, Material Investment Narrative – New Services

Ref 2: Distribution System Plan, Material Narrative – Fergus MS-5, p. 244 of PDF

Ref 3: Exhibit 2, Section 2.6.6, p. 54

Ref 4: Exhibit 3, Table 16, p. 27

Preamble:

In Reference 1, Centre Wellington Hydro states that the “development of new subdivisions is limited and within [Centre Wellington Hydro’s] service territory the municipalities residential development potential plans indicate approximately 200 new residences within the 5-year timeframe.” Historically, Centre Wellington Hydro has performed 198 to 218 service upgrades from 2018 to 2021 and 166 in 2022.

In Reference 2, Centre Wellington Hydro stated that “the new station will accommodate the anticipated growth in the Township of Centre Wellington, which is expected to be 10% over this DSP timeframe.”

In Reference 3, Centre Wellington Hydro states that through various consultations including the Regional Planning Process with the Independent Electricity System Operator and Hydro One Networks Inc., its load forecast data identified approximately 5% increased load year-over-year over the 5-year cost of service timeframe.

In Reference 4, Centre Wellington Hydro provides the volume load forecasts for 2018 to 2023, 2024 Bridge Year, and 2025 Test Year. OEB staff calculated a decrease of 1% in volume from 2018 Actual to 2025 Test Year and an increase of 0.2% from 2024 Bridge Year to 2025 Test Year. OEB staff notes that the percentage load growth in 2025 is inconsistent with the forecast 5% year-over-year load growth in reference 3.

Question(s):

- a) How many service upgrades are expected in 2025? Has Centre Wellington Hydro estimated the same number of new service upgrades over the forecast period (2026-2029)?

CWH Response: Service upgrades are customer driven, and CWH projects a cost for current and future budgets by using the historic annualized spend. These costs are recorded in CP1 and for 2025-2028 CWH has forecasted \$71,900 and for 2029 \$71,600. CWH estimates new service

upgrades over the forecasted period by using the historical average from 2018 to 2023, which equates to 94 new service upgrades for the period 2025 to 2029.

- b) Please explain the correlation between the estimated number of new service upgrades and the annual 5% increased load over the 5-year cost of service timeframe.
- i. Please explain how Centre Wellington Hydro derived the forecast 5% year-over-year load increase.

CWH Response: CWH derived the forecasted 5% year-over-year load increase by consulting with the region and municipality to determine expected new connections through development/owner requests, and existing customer interactions, and in some cases load reductions due to closures. Service upgrades are included in the estimate although they do not always result in increased load, as sometimes a service upgrade is performed by a customer to replace aged customer-owned equipment of a similar rating. Examples of anticipated new customers through planning requests and customers that will be disconnected and terminating connections are listed below for the near future:

Development/Customer	Estimated Kva load	Connection year/s
Business Park total 1,800kW over 5 years	1800kw	2024 to 2032
GS>50 customer – Victoria Cr	(1000kw)	2025
Hwy 6 Corridor (South-end)	2.93	2027 to 2032
St David St N	580kw	2024 to 2025
TCW service centre	1000kw	2026 to 2027
Upgrade services for EV Chargers South Fergus	1000kw	2025 to 2026
North Fergus Condos	250kw	2026 to 2027
CW Intensification (County MCR)	250kw	2024 to 2032
GS>50 customer – Gzowski St	500kw	2027 to 2029
GS>50 customer – Hill St	2.2	2028 to 2032
GS>50 customer – Union St	500kw	2026 to 2028
Elora South development	1500kw	2026 to 2030
GS>50 customer – Park St	1500kw	2024 to 2027
GS>50 customer – 1 st Line	2000kW	2025 to 2029
Elora revitalization	1500 kw	2024 to 2027

- c) Please clarify whether the anticipated growth of 10% in reference 2 is customer growth or load growth over the DSP timeframe.

- i. If 10% represents load growth, please explain the inconsistency between the load growth percentages in reference 2 and reference 3. Please reconcile these two references as needed.

CWH Response: To clarify the 10% and 20% (in the following paragraph within the narrative) growth in the overview section within the material narrative for the Fergus MS-5 project are referenced from regional and provincial planning projections for population and used by CWH to frame the expectation that population and commercial and economic growth are predicted, and electrical servicing needs to be planned for.

- d) Please explain the inconsistency in the 2025 forecast load growth of 5% in reference 3 and 0.2% in reference 4.

CWH Response: Load forecasting for rate-making purposes and load forecasting for regional planning serve different objectives.

When developing a Load Forecasting for Rate-Making Purposes, the primary goal is to determine the future electricity demand to set appropriate rates for customers. Load forecasting for rate-making purposes ensures that utilities can recover costs, earn a reasonable return, and provide reliable service through rates charged to its customers. Furthermore, the load forecast at Exhibit 3 is restricted to the OEB methodology which may not reflect actual predictions for power supply requirements.

When developing Load Forecasting for Regional Planning, the goal is to ensure the long-term reliability and adequacy of the regional power supply. This involves planning for future generation capacity, transmission infrastructure, and ensuring that the overall system can meet future demand. Regional Planning most often covers a broader geographic area or multiple utilities and jurisdictions.

2-Staff-15

Fleet Purchases

Ref 1: Exhibit 2 – Rate Base, p.15

Ref 2: Distribution System Plan, pp.109-110

Ref 3: Distribution System Plan, p.104

Preamble:

In Reference 1, Centre Wellington Hydro forecasted the acquisition of a new digger truck in 2024 for \$640k. The applicant notes that the truck replaces a vehicle that was purchased in 2007 and has fully depreciated.

In Reference 2, Centre Wellington Hydro notes that it considers extending the life of the vehicles beyond typical timeframes if the vehicles are still functioning and are not incurring huge maintenance costs.

In Reference 3, Centre Wellington Hydro notes that fleet investment will be required in 2028 and 2029.

Question(s):

- a) Please describe the methodology used to determine that the digger truck needed replacement. Was the truck experiencing increased maintenance costs and/or presenting any undue safety hazard or risk at the time of ordering the new one?

CWH Response: CWH's replacement plan for large trucks is typically a 12-year schedule, which falls within the Kinectrics 5 to 15 year timeframe. CWH tracks maintenance costs and at the time of ordering the new truck, which has a > 2-year delivery period, the trucks maintenance trend was normal with typical replacement of tires, fluid changes, hydraulic leaks, and stress crack welding replacement to ensure safety. The truck is currently 17 years old, and CWH's only truck of its kind without a 2nd back up. In the event of break downs of these trucks they can require delivery to service shops not in CWH's service area that can come with delays and the potential for CWH to be without its only RBD for days and weeks at a time that jeopardizes CWH ability to respond to unplanned incidents and effects planned projects schedule.

- b) Please describe how Centre Wellington Hydro demonstrated economic prudence when selecting the replacement digger truck set to be delivered in 2024.

CWH Response: CWH hired a consultant that specializes in fleet procurement to prepare a specification that CWH solicited for competitive quotes.

- c) Please describe what vehicles are being replaced in 2028 and 2029 as per reference 3. Please discuss why these vehicles are being replaced and at what costs. Are any of the purchases in 2028 or 2029 for electric alternatives?

CWH Response: CWH's replacement plan for small trucks is an 8-year schedule and for large trucks is typically a 12-year schedule, both falling within the Kinectrics 5 to 15 year frame. In 2028, a 2019 pick-up truck is planned for replacement at a cost of \$80,000. At this time, this truck will be nine years old and be replaced as per CWH schedule. In 2029, CWH budgeted \$750,000 to replace its only double bucket truck in the fleet and at that time the existing truck will be 14 years old, which is at the upper limit of the Kinectrics range. EV options will be considered for these replacements.

2-Staff-16

Computer Software

Ref: Exhibit 2 – Rate Base, p. 37

Preamble:

Centre Wellington Hydro has forecasted to spend \$246k on computer software in 2024. Centre Wellington Hydro notes that \$183k is to obtain an ESRI Enterprise license due to its current ESRI system becoming obsolete and no longer supported.

Question(s):

- a) When did the ESRI system become obsolete?

CWH Response: CWHs existing system will become obsolete and unsupported at March 1, 2026. The ESRI application is CWH's asset database and GIS that will take numerous months to transition to the new product with migration tasks being outsourced to a contractor and the project schedule dependent on ESRI Canada.

- b) If the ESRI system is already obsolete, why did Centre Wellington Hydro wait until the system became obsolete before replacing it?

CWH Response: CWH is working to proactively replace this software prior to its end-of-life date.

- c) Please describe the risk of deferring the project to future years.

CWH Response: If this project was deferred, CWH would risk having to work with a GIS mapping system that is not supported by the vendor and would be unrecoverable in the event of a bug or breakdown. GIS mapping is a critical component of all CWHs operation activities, and asset management database.

- d) What is the status of this project?

CWH Response: CWH is currently working with a consultant and CW IT to develop a system architecture for the new system as well as reviewing our existing database to prepare the data for integration and migration into the new software.

2-Staff-17

METSCO Asset Condition Assessment Recommendations

Ref: Asset Condition Assessment, pp. 79-83

Preamble:

METSCO conducted an Asset Condition Assessment for Centre Wellington Hydro, which was based on data from 2020 for distribution assets and May 2021 data for station assets. As part of its Asset Condition Assessment, METSCO made several recommendations.

Question(s):

- a) Please explain if and/or how Centre Wellington Hydro has addressed or plans to address the recommendations made by METSCO when it comes to improving:
 - a. the health index of several of the asset types

CWH Response: CWH is addressing METSCO's HI recommendations as per the following explanations:

1. Concrete poles: A concrete pole inspection procedure will be added to CWH's maintenance program with an appropriate cycle scheduled to collect recommended data.
2. Underground Primary Cable: If, as METSCO states, the rate of underground primary cable failures increase, CWH will consider inspecting, on a set cycle, the condition of the concentric neutral and loading history of cable as required.
3. Pole Mount Transformers: The purpose of CWH's current pole mount transformer inspection process is to determine if these transformers need to be replaced in the field due to physical damage, oil leaks, or corrosion. There would be no benefit to digitize and store these inspection reports as they are used for the sole purpose of determining at a point in time if the transformer needs to be replaced only, and the information is not conducive to establish condition trends.
4. Overhead Switches: Similar to overhead transformers, overhead switch inspections are performed at a point in time and repairs are made immediately, eliminating the benefit of tracking the condition to produce condition trends or degradation information.
5. Station Switchgear: CWH will discuss the breaker truck condition inspection recommendation with station maintenance contractors during regularly scheduled station maintenance to determine the benefits of the recommended data collection.
6. Reclosers: CWH will discuss the Recloser condition inspection recommendation of IR scanning with station maintenance contractors during regularly scheduled station maintenance to determine the benefits and need of the recommended data collection.
7. Protection Relay: CWH will discuss the Protection Relay MTBF recommendation with station maintenance contractors during regularly scheduled station maintenance to determine the benefits and need of the recommended analysis. To date, CWH has not had any Protection relay failures or concerns.

- b. Data availability, such as low Data Availability Indices for certain asset types (especially wood poles), as well as changing from a three-tier condition parameter grading system to a five-tier system.

CWH Response: As METSCO states, “CWH’s testing, inspection, and maintenance programs are well-positioned to continue to capture data and information using processes and technologies in place”, and the current three-tier condition parameter grading has served CWH’s needs. CWH’s operations department will consider the benefits of adding grading parameters where it could enhance the HI score of assets that require more granular condition assessments; this would be completed through changes to inspection templates with the Fulcrum application and CWH transitioning to an ESRI Enterprise version license to improve asset data availability, both of which will come at a cost.

- b) Did Centre Wellington Hydro consider conducting a renewed Asset Condition Assessment to align with its 2025 Test Year? If so, what was the reason why a renewed Asset Condition Assessment was not conducted?

CWH Response: CWH considered a renewed Asset Condition Assessment and decided that the 2021 ACA was still representative of CWH’s assets and that the 2-year deferral period was not sufficient to warrant the cost associated with completing a 2-year refresh.

- c) Did METSCO provide a flag-for-action plan or a recommendation of how many assets of each type to address per year?

CWH Response: METSCO did not provide a flag-for-action plan for each asset type.

2-Staff-18

Scheduled Outages

Ref: Distribution System Plan, pp. 34 and 37

Preamble:

Centre Wellington Hydro notes that, excluding major event days, scheduled outages made up 68% of outages and 21% of customer hours of interruption from 2018-2023.

Question(s):

- a) What steps, if any, is Centre Wellington Hydro taking to lower the number of outages and customer hours of interruption due to scheduled outages?

CWH Response: CWH's planned scheduled outages as a percentage of total outages looks high due to the low overall outage stats, and the actual number of planned outages and coinciding duration are not concerning. CWH's planned outages are coordinated to minimize total length and done through consultation with customers. Scheduled outages are required to perform work safely and replace assets in a controlled manner which avoids unplanned outages and is more cost effective overall.

2-Staff-19

Pole Replacements

Ref 1: Distribution System Plan, Appendix D, Asset Condition Assessment 2021 Report, p. 34

Ref 2: Chapter 2 Appendix 2-AA

Ref 3: Distribution System Plan, Material Investment Narrative – Annual Pole Line Rebuild, Exhibit 2, p.215 of PDF

Ref 4: Distribution System Plan, Material Investment Narrative – Annual Pole Replacement, Exhibit 2, p.225 of PDF

Preamble:

In reference 1, only approximately 59% of Centre Wellington Hydro's poles have been tested for strength, rot, damage, or other defects.

According to the capital plan in reference 2, Centre Wellington Hydro plans to spend \$115k on the Annual Pole Replacement program and \$121k on the Pole Line Rebuild program in 2025. Combined, this is 18% of the \$1.3M capital budget for the test year.

In reference 4 Centre Wellington Hydro stated that it plans to replace 5-10 poles annually in the forecast period as part of the Annual Pole Replacement program.

Question(s):

- a) As per reference 3, Centre Wellington Hydro states that pole line rebuilds are dependent on several considerations, including the condition, age and health index scores of in-service poles, and opportunities to create efficiencies between planned pole rebuild projects and other third-party projects. Please describe the Forfar St & St David St 2025 pole line rebuild project in the context of these considerations.

CWH Response: Forfar St & St David St project is mainly being completed to bring an additional feeder further north to shift load from Fergus MS-4, F9 feeder which is becoming saturated to the Fergus MS-1, F7 feeder. This project is being completed in conjunction with a major road reconstruction project which will help minimize construction impacts for customers as well as allow

CWH to benefit from road closures while completing its work, making the work safer and minimizing cost.

- b) Does Centre Wellington Hydro have pole strength data on the poles being replaced as part of the Forfar St & St David 2025 pole line rebuild project?

CWH Response: The poles being replaced during this project have been assessed with their scores detailed within this chart:

ID	Zone	Final result
10	CWH20230621	Green
38	CWH20230621	Green
39	CWH20230621	Green
37	CWH20230621	Green
36	CWH20230621	Orange
26	CWH20230621	Green
25	CWH20230621	Green

- c) What testing strategy does Centre Wellington Hydro use to test its poles given that only 59% have been tested? For instance, does Centre Wellington Hydro do sample testing on pole lines (for example, every third pole on a pole line) or it test by area?

CWH Response: As answered in question 1-Staff-6, CWH tests all poles on an average 6-year cycle. Since the 2021 ACA was completed a further 1,415 poles have been tested. Since 2016, CWH has tested 2,536 poles which represents approximately 79% of CWHs pole population. CWH has tested all poles with a stamp date 2006 or earlier. Poles to be tested in each year are determined by age, previous testing results, and from results of visual inspections.

- d) How many poles did Centre Wellington Hydro include in its estimate to determine the \$115k budget for the Annual Pole Replacement program? What other assumptions are included in this estimate?

CWH Response: CWH based this estimate of replacement of ten average poles, keeping in mind that some poles are much more complicated to replace than others.

2-Staff-20

CP9 Annual Distribution Transformers

Ref 1: Distribution System Plan, Material Investment Narrative CP9 / Annual Distribution Transformers

Ref 2: Distribution System Plan, Figure 2-3 and Figure 2-4, pp.30-31

Ref 3: Distribution System Plan, Appendix D - Asset Condition Assessment, Table 0-2, p.11

Preamble:

In Reference 1, Centre Wellington Hydro notes that it is planning to replace thirteen transformers per year as well as purchase additional three-phase pad-mount transformers. From 2018-2023, Centre Wellington Hydro notes that it replaced sixteen transformers. The average annual cost of the program was \$82k from 2018-2023.

Question(s):

- a) Please explain why there is a need to increase spending on distribution transformer replacements in 2024 and 2025 (\$219k and \$306k respectively) given that both SAIDI and SAIFI have trended downwards (reference 2) and given that less than 4% of pole-mounted and pad-mounted transformers are in poor condition according to Asset Condition Assessment results (reference 3).

CWH Response: The increased spending is necessary due to inflationary cost increases for transformers as described in answering 1-Staff-8, and CWH needing to be diligent in replacing transformers in the field as necessary through the identification of issues found through regular inspections. CWH has identified a need to replace transformers, specifically pad-mount transformers, as a result of enclosure deterioration likely from the increased application of sidewalk salt. Once compromised, transformer presents public safety risk because of ease of access.

Below are two pictures that show a common example of where pad mount transformers are susceptible to rusting and needing replaced.



2-Staff-21

Equipment Delivery Lead Times

Ref 1: Distribution System Plan – Material Investment Narrative: Distribution Transformers, Exhibit 2, p. 231 of PDF

Ref 2: Distribution System Plan, Table 4-8, p. 98

Ref 3: Distribution System Plan, p.10

Ref 4: Distribution System Plan – Material Investment Narrative: Distribution Transformers, Exhibit 2, p. 245 of PDF

Ref 5: Exhibit 4, p. 21

Preamble:

In Reference 3, Centre Wellington Hydro states that the lead time for ordering and shipment of material is becoming longer.

In References 1-4, Centre Wellington Hydro discusses the lead time for equipment such as transformers, reclosers, and meters, and the need for spare equipment due to this lead time.

In Reference 5, Centre Wellington Hydro states that:

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

Question(s):

- a) Given the incident in Reference 5, does Centre Wellington Hydro have a reciprocal agreement with other utilities to share spare equipment (such as transformers, reclosers, meters, etc.) to avoid long lead times and reduce costs if no replacement is available? If not, has this option been considered? Please explain.

CWH Response: CWH does not have a reciprocal agreement for material and equipment, however, as in the example of the station transformer failure, it is common for utilities to loan and or share equipment. This practice has alleviated situations where there are immediate needs due to unforeseen circumstances as well as long lead time issues. Although contractual agreements for equipment sharing have been considered, the additional requirement to be obligated to have inventory for unexpected lending needs along with the administration of a binding agreement has

not been determined to be necessary as the status quo relationship between other utilities continues to be adequate.

2-Staff-22

Capital Contributions

Ref 1: Chapter 2 Appendix 2-AB

Ref 2: Exhibit 2 Rate Base, p. 37

Preamble:

Centre Wellington Hydro has reported its planned capital amounts from 2018-2022 as well as its forecasted capital plan from 2025-2029 on a net basis instead of a gross basis.

In reference 2, Centre Wellington Hydro states that it has not planned nor is it aware of any developments or new services that will trigger capital contributions.

Question(s):

- a) Please confirm whether Centre Wellington Hydro had accounted for capital contributions in its planned amounts from 2018-2022.

CWH Response: CWH did not include capital contributions in the planned amounts for 2018-2022.

- b) Please provide additional explanation as to why Centre Wellington Hydro expects no capital contributions over the 2025-2029 period.

CWH Response: CWH's capital projects identified in the DSP are for planned projects based on information that CWH has from the municipality, regional County and developers, and results of the ACA and staff's inspections of CWH's distribution system. At this time none of the projects are expected to have contributed capital as the costs that would be incurred are not known. All capital projects listed will all be paid for by CWH.

- c) For what type of projects does Centre Wellington Hydro typically receive capital contributions?

CWH Response: Typically, CWH receives capital contributions from projects that are driven by Municipal Road widening and rebuild projects, and new GS > 50 service connections and upgrade.

2-Staff-23

St David St N Reconstruction Connecting Link Project Ref: Distribution System Plan – Material Investment Narrative: St David St N Reconst Connecting Link, Exhibit 2, p. 236 of PDF

Preamble:

In the reference 1, Centre Wellington Hydro notes that the Township is planning a road construction project along St David St North in Fergus and will be replacing three existing poles that were installed circa 1990.

Question(s):

- a) Given that this is part of a road construction project, why is the Township not contributing to this project?

CWH Response: CWH is taking the opportunity through the road construction phase to transfer existing overhead poles at the intersection to underground. These poles are out of plumb and CWH is unable to straighten them and bring them to current day standards due to the limited space available for guying. As part of this project CWH is adding a circuit, the Fergus F7 along a stretch of the St David St North that the existing Fergus F9 currently services load and which is becoming overloaded. These improvements are driven by CWH's system planning and the timing of the road reconstruction offers benefits to CWH during construction, such as the road being closed to traffic and pedestrians, limiting multiple construction periods for area residents and co-sharing underground road crossing costs with other service providers, and not being responsible for the costs of road resurfacing and other civil construction costs.

- b) As part of the project, Centre Wellington Hydro noted that it is converting some assets into underground assets. Please provide cost-benefit rationale for converting these assets underground.

CWH Response: The purpose of installing some UG through a major intersection is the limited space for guying of angle/corner poles that is required. As can be seen in the pictures below of the existing angle poles at this intersection, they are out of plumb with no means to straighten through the use of guying and anchoring due to the limited space to do so. Current standards are not available to replace or straighten the poles with sufficient and safe guying options. Further, removing the poles and placing the infrastructure underground will remove the poles as obstacles from a major intersection that are in very close proximity to the roadway and pedestrian sidewalk which provides for better safety and reduced risk of vehicular accidents with poles. There will be reliability benefits as the new UG section will be less susceptible to storm damage, and co-sharing the installation of ducts and infrastructure during this municipal driven project will result in cost saving.

Below are pictures of the angle poles on the corners with limited ability to comply with guying standards.





2-Staff-24

Building Fixtures

Ref: Distribution System Plan – Material Investment Narrative: Building Fixtures, Exhibit 2, pp. 193-194 of PDF

Preamble:

Centre Wellington Hydro has spent \$117k in building fixtures in 2023, plans to spend \$45k in 2024, and \$72k in 2025. Investments in 2025 include two bay door replacements, parking lot/yard enhancements, and other general replacement repairs and upgrades.

Question(s):

- a) Please provide the implications of deferring the bay door replacements and/or the parking lot/yard enhancements from 2025, given that Centre Wellington Hydro has stated that these are low-priority projects.

CWH Response: Bay door replacement is a continuation of a replacement project that was started in 2018. At an estimate cost of \$17,300 this project has negligible impact on the 2025 capital budget. The new garage doors will provide better insulation and functionality than the current door which are aged and showing signs of wear.

The parking lot / yard enhancements are required in order to provide spill containment and drainage improvements for CWH's transformer storage area.

- b) Please provide the cost of the bay door replacements and the parking lot/yard enhancements separately.

CWH Response: Respective bay door replacement and parking lot/yard enhancement estimates are found in below table.

Centre Wellington Hydro Ltd.		
Building & Fixture Investment (2025)		
July 2024		
	ACCT	ESTIMATE
GARAGE DOOR REPLACEMENT	1908	\$ 17,300
PARKING LOT / YARD IMPROVEM	1908	\$ 55,000
TOTAL		\$ 72,300

2-Staff-25

Gartshore Extension

Ref: Distribution System Plan – Material Investment Narrative: Gartshore Extension, Exhibit 2, p.207 of PDF

Preamble:

Centre Wellington Hydro states that the Gartshore Extension project will extend the 4/44kV north to service a new Operations Centre as well as provide flexibility for future commercial-industrial-residential land servicing. Centre Wellington Hydro has estimated the cost of the project to be \$423k in 2025 but is awaiting the anticipated loading for the connection to complete an economical evaluation and to determine potential capital contributions.

Question(s):

- a) Since the time of filing its cost of service application, has Centre Wellington Hydro completed the economic evaluation? If so, please provide an updated cost breakdown. If not, when is the economic evaluation anticipated to be complete?

CWH Response: An economic evaluation has not been completed to date as connected loading information is not available as yet. The necessary information to complete an economic evaluation is anticipated to be provided by Q2 of 2025.

- b) Please break down how the estimate of \$423k was derived.

CWH Response:

Centre Wellington Hydro Ltd.		
Gartshore Project Breakdown		
July 2024		
	ACCT	ESTIMATE
POLES	1830	\$ 205,000
OH CONDUCTOR AND DEVICES	1835	\$ 161,900
UG CONDUCTOR AND DEVICES	1845	\$ 55,800
TOTAL		\$ 422,700

- c) Does Centre Wellington Hydro expect a high variance in the estimate for the extension once an evaluation is complete? If not, why not?

CWH Response: CWH does not expect a high variance in the estimate for this extension once an evaluation is completed as the design of the 44kv circuit poleline extension will not be altered

significantly regardless of variance of actual customer connected load as it has been confirmed the minimum size of transformer they will require will have a 1MVA rating.

- d) Please confirm if the \$423k includes an estimate for capital contributions. If not, why not?

CWH Response: The estimate does not include a capital contribution amount as an economic evaluation has not been completed to date as there is not enough information confirmed to do so and contributions are not anticipated.

2-Staff-26

Fergus MS-5 Project

Ref 1: Exhibit 2 – Rate Base, p.55

Ref 2: Distribution System Plan – Material Investment Narrative: Fergus MS-5, Exhibit 2, p. 244 of PDF

Ref 3: Distribution System Plan – Material Investment Narrative: Fergus MS-5, Exhibit 2, p. 253 of PDF

Ref 4: Distribution System Plan – Material Investment Narrative: Fergus MS-5, Exhibit 2, pp. 245-246 of PDF

Ref 5: Distribution System Plan – Material Investment Narrative: Fergus MS-5, Exhibit 2, p. 252 of PDF

Preamble:

As per reference 1, Centre Wellington Hydro is seeking Advanced Capital Module (ACM) treatment for the construction of a new distribution station, Fergus MS-5 (6/8MVA).

In reference 2, Centre Wellington Hydro states that there are four existing distribution stations in the Fergus distribution system with a combined capacity of 21MVA.

In reference 3, Centre Wellington Hydro provided the utilization normal and absolute peak utilization of each Fergus MS. In reference 3, Centre Wellington Hydro also provided a figure depicting the Fergus distribution stations.

In reference 4, Centre Wellington Hydro states that it replaced the fully depreciated 5MVA station transformer at Fergus MS-2 in 2019 with a 6MVA unit.

In reference 5, Centre Wellington Hydro provided a near-term and medium-term forecast for the Fergus distribution system.

Question(s):

- i. What is an acceptable/target utilization for each Fergus MS and why?

CWH Response: There are four stations in Fergus that carry all of the 4 kV distribution system load. In the event of a failure at any station, the remaining three stations must carry all of the town load. For planning purposes, we assume that if the largest unit (MS-2 6000 kVA) fails, the remaining stations have a combined 20,000 kVA of capacity (with cooling fans). The gross load for Fergus is just over 16,000 KVA. For planning purposes, each station is allocated 4,000 kVA of normal load, as follows:

Station	Self Cooled	Fan Cooled	2022 Load	Allocated	Percentage Self Cooled	Percentage Fan Cooled
Fergus MS-1	5000	6667	3112	4000	80%	60%
Fergus MS-2	6000	8000	5239	4000	67%	50%
Fergus MS-3	5000	6667	3104	4000	80%	60%
Fergus MS-4	5000	6667	4626	4000	80%	60%
Total	21000	28001	16081			
Loss of Largest Unit	15000	20001	16081			

- ii. Are the existing four Fergus MS rated to have cooling fans? If so, do these stations have fans installed? If not, has Centre Wellington Hydro done a cost/benefit analysis of installing fans to increase capacity?

CWH Response: All existing Fergus station transformers are equipped with fans. However, only the Fergus MS-2 transformer records this on its nameplate and can be counted on for continuous use as per the 6/8MVA manufacturer nameplate rating. The other 3 stations have fans, although the nameplate does not indicate the ONAF provisional rating and therefore CWH uses the generic 33% increased capacity that typically goes with the additional fan rating (ONAF) for short durations and non-continuous loads.

- iii. Fergus MS-5 is rated at 6/8 MVA. Will Fergus MS-5 be installed with fans to maximize capacity?

CWH Response: The Fergus MS-5 station transformer will be designed with fans installed to bring the maximum capacity up to the 8MVA rating.

- iv. Please explain how Centre Wellington Hydro determined that 6/8MVA was the ideal size for Fergus MS-5 in the context of the mid-term and long-term expected load growth while balancing costs. Please describe how Centre Wellington Hydro considered distributed energy resources, and the adoption of EV's and electric heating when sizing Fergus MS-5.

CWH Response: A 6,000/8,000 kVA is the ideal size for the Fergus MS-5 as it is the largest unit that can be supported on a 4.16 kV distribution system, due to short circuit levels on the 4 kV system. The cost of a smaller unit, for example a 5MVA transformer would be nominally less with all the same connection and cabling requirements. The larger transformer will accommodate higher DER connections from a system capacity standpoint along with greater loads from the adoption of EV chargers (see answer to 2.0-VECC -15, a) that are anticipated along with all other future electrical loads in the South of Fergus.

- v. When upgrading Fergus MS-2 from 5MVA to 6MVA in 2019 as per reference 4, did Centre Wellington Hydro consider further increasing capacity to Fergus MS-2 to delay the need for Fergus MS-5? Please explain.

CWH Response: CWH considered installing a transformer larger than 6/8MVA at Fergus MS-2 in 2019 to accommodate the increasing capacity, however, 6,000/8,000 kVA is the largest unit that can be supported on a 4.16 kV distribution system, due to short circuit levels on the 4 kV system.

- vi. Please expand upon why Fergus MS-2 has limited flexibility to use feeders from other stations to support switching and loading purposes as per reference 3. With the installation of Fergus MS-5, what are the plans for improving upon the "limited flexibility to use feeders from other stations to support for switching and loading purposes" at Fergus MS-2?

CWH Response: The geographical location of the Fergus MS-2 station in relationship to the other 3 stations is "in between" load customers on the south side of Fergus. The Fergus MS-2 station feeders egress to this area, making it challenging to direct other stations feeders to the same area as the majority of the distribution system to the far south is underground and not feasible to install more feeders. Once the Fergus MS-5 is energized, it will service what is now the farthest area of load to the south, from the current Fergus MS-2 station. The Fergus MS-2 station feeders (F4, F5, & F8) will be natural paralleling feeders to back-up the new station when necessary and the load alleviated from Fergus MS-2 will allow it to assist servicing load towards the middle and north of Fergus where densification and load increases have occurred.

- vii. Please list any assumptions used to prepare the near and medium-term peak load forecast in reference 5.

CWH Response: Assumptions used to prepare the near and medium term peak load forecasts are explained in answer to 2-Staff-14 b) i

2-Staff-27

Fergus MS-5 Project – Cost Breakdown

Ref 1: Distribution System Plan – Material Investment Narrative: Fergus MS-5, Exhibit 2, p.246 of PDF

Ref 2: Exhibit 2 – Rate Base, Table 44, p.54

Preamble:

Centre Wellington Hydro provides a cost breakdown of the \$3.4M Fergus MS-5 project in reference 2.

In reference 1, Centre Wellington Hydro notes that the project is identical to the Elora MS-1 new station build in 2014 of \$1.9M but the cost estimate for Fergus MS-5 is 70% greater due to supply chain costs.

Question(s):

- a) Please file Centre Wellington Hydro's latest budget sheet for the ACM project breaking down the seven cost categories in Table 44 of reference 2.

CWH Response: CWH's budget sheet for the ACM project has not changed and the line item summaries in Table 44 and provided again below for reference are still representative of estimated costs.

Table 44: Breakdown of MS-5 Costs

Component		Summary
1)	Property Costs	\$ 60,000
2)	Engineering, Design, Construction Mgmt	\$ 180,500
3)	Major equipment	\$ 1,573,600
4)	Civil Construction	\$ 727,500
5)	Electrical	\$ 296,000
6)	Miscellaneous	\$ 55,000
7)	NBH Staff Costs	\$ 25,000
	Sub-Total	\$ 2,917,600
	Contingency 15%	\$ 437,640
	Total	\$ 3,355,240
Design	Pole Mt 44 kV LBS, Padmounted 15 kV Switchgear, Underground Construction, Padmounted Reclosers and Isolating Switches, Underground 12.47 kV Risers x 3	
Voltage	44 - 4.16/2.4 kV	
Installed Capacity	6/8 MVA	
Switchgear Type	Padmount	
Main Breaker	none	
Feeder Breakers	15 kV 630A Solid Dielectric Reclosers	
Schedule	Summer 2025, energize Q1 2026	

- b) Please describe how the cost breakdown in Table 44 of reference 2 was developed. What types of methodologies were used in the estimate (for example, were suppliers contacted for quotes, were estimates based on past work, and/or were estimates based on reference material)?

CWH Response: The preliminary/draft budget for the station project was prepared in Q2 of 2023 by CWH's Operations Manager in collaboration with Lakeside Power Consulting Inc. (Lakeside). Lakeside provided a preliminary budget for Fergus MS-5 leveraging its experience having been the primary engineering consultant on several recent, similar station construction projects in Ontario with current actual cost information for major equipment and contract labour. In addition to the "station specific" budget provided by Lakeside, the estimate was adjusted to reflect additional project scope that will be completed by CWH's internal forces – pole line adjustment and switching.

- c) What class of construction estimate is provided in Table 44 of reference 2? What is Centre Wellington Hydro's expected +/- percentage of error on the \$3.4M estimate?

CWH Response: The construction estimate in Table 44 would be considered a class D estimate and was developed in Q2 of 2023.

CWH's expected +/- percent error on the estimate is 35%.

- d) Has Centre Wellington Hydro already begun the purchase of major equipment? If so, please provide a list of equipment that has been purchased including associated costs, and equipment that still needs to be purchased including costs.

CWH Response: Yes, CWH has begun the purchase of the station transformer for this project which has a 52+ week lead time for delivery, and challenges for competitive qualified transformer manufacturer bids. The total cost of the transformer for the RFP process is \$640,000. No other equipment has been purchased or ordered to date. The cost of all other equipment is reflected within the latest budget sheet within the answer to question a) above.

- e) Please explain why the 15% contingency is included in the cost breakdown in Table 44 and how the percentage is derived (i.e. provide assumptions and methodology). What other contingencies, safety factors, or major assumptions are included in the budget?

CWH Response: This is a contingency to allow for any minor changes in scope due to unforeseen circumstances at the preliminary design phase. Budget numbers are based on actual costs of recent projects, budgetary estimates from suppliers and contractors, and escalation on recent inflationary statistics. To some extent we have also allowed for increased costs due to unusual market conditions, including post pandemic supply chain issues that impact delivery and product costs.

- f) Given that the project is identical to the Elora MS-1 build as per reference 1, please provide a cost breakdown comparison between Elora MS-1 and Fergus MS-5. Please explain any major increases in cost.

CWH Response: The table below shows the increased cost for major station equipment that makes up the bulk of the material costs for a new build. As can be seen the cost increases for these items over the last ten years is in the hundreds of thousands, ranging from 164% to 326%. The total station cost increase percentage from 2014 to current estimates is 74%, which includes engineering, consultants, and construction labour contract costs for civil and electrical work.

Centre Wellington Hydro Ltd.			
Actual Elora MS-1 Costs (2014) v. Fergus MS-5 Estimate			
July 2024			
Major Equipment	Elora MS-1 (2014)	Fergus MS-5	% Increase
Station Transformer	\$ 164,490	\$ 700,000	326%
Recloser	\$ 85,324	\$ 225,000	164%
Switchgear	\$ 67,950	\$ 180,000	165%
TOTAL	\$ 1,925,636	\$ 3,355,240	74%

Note: The line items do not add up to the total price – the 3 specific line items are examples of the major equipment increases and it is understood that the total includes these costs, as well as all other electrical/civil material, and construction & Engineering costs.

2-Staff-28

Fergus MS-5 Project – ACM Model and ROE

Ref 1: Exhibit 2, pp. 55-56 and ACM Model

Ref 2: OEB Letter - [2025 Inflation Parameters](#)

Ref 3: Revenue Requirement Workform, Tab 13, Columns O-S

Preamble:

In Reference 1, as part of its Advanced Capital Module request, Centre Wellington Hydro has filed the ACM Model using the 2024 inflation factor of 4.8%.

In Reference 2, the OEB released the 2025 inflation factor of 3.6% for electricity distributors on June 20, 2024.

Centre Wellington Hydro has stated that its 2024 ROE is calculated to be 10.06%.

OEB staff notes that some of the numbers in the ACM Model appear incorrect:

- Tab 3, Cell H21 should read 0.0228.
- Tab 6, Cell C20 should read 0.
- Tab 6, Cell E22 should read 98.

OEB staff also notes that the calculated current base revenue amounts in Tab 7, columns L-N in the ACM Model do not reconcile with the amounts in reference 3.

Question(s):

- a) Please update the ACM model with the 2025 inflation factor of 3.6%. Please also enable macros on the models, ensuring that the final tab populates with the preliminary rate rider calculations.

CWH Response: CWH has updated the inflation factor and macros have been enabled. CWH sought assistance from ratesmodels@oeb.ca and was advised that tab 11 should not show up for CoS Applications, therefore rates should not populate during a CoS.

- b) Please provide Centre Wellington Hydro's 2026 expected ROE if possible, with and without incremental funding.

CWH Response: It is important to note that a complete and accurate calculation of the ROE is currently not feasible due to the incomplete financial year 2024 and 2025 and the lack of audited financial statements for this period. CWH notes that adjustments to the income are not yet available.

- c) Please confirm OEB staff's observation on the incorrect numbers in the ACM Model and revise the evidence as needed.

CWH Response: CWH agrees with the 3 corrections above and has made the corrections in the model.

- d) Please explain the discrepancies in the current base revenues in the ACM Model and the Revenue Requirement Workform (e.g. rounding). Please revise the evidence as needed.

CWH Response: CWH has ensured the updated model is the same as the RRWF.

2-Staff-29

Non-Wire Solutions

Ref 1: Exhibit 2, Appendix B, p. 8, Table 2-4

Ref 2: Exhibit 2, p. 88, section 5.3.5

Ref 3: Exhibit 2, Appendix A, p. 49

Preamble:

Table 2-4 (reference 1) provides forecasted capital investment over the planning period. This table briefly explains Centre Wellington Hydro's gross capital expenses of \$4.4M in 2026. Of this, \$3.4M is allocated for constructing a new distribution station in Fergus (Fergus MS 5), which is planned for commissioning in Q1 of 2026.

In Reference 2: Centre Wellington Hydro states that it considered CDM as part of its planning process.

In Reference 3, Centre Wellington Hydro notes the following regarding Battery Energy Storage Systems (BESS) alternatives when planning the Fergus MS-5 project:

[Centre Wellington Hydro] did not consider a non-wires solution, specifically a BESS project, as our challenge is not capacity on the sub-transmission feeder that currently has adequate capacity with additional capacity available, or meeting a portion of peak demand on the 4kV system for a select few hours which are generally the benefits of BESS systems. Rather, needing a solution to allow for appropriately loaded feeders as per their design parameters with flexible switching options for normal and abnormal scenarios for the distribution system as a whole within the 4kV systems inherent distance capabilities.

Question(s):

- a) How does Centre Wellington Hydro consider CDM (or other non-wires solutions) in its planning process to determine their viability as alternatives to the planned investments over the forecast period.

CWH Response: Typically, CDM programs are considered when planning for the distribution system as a whole and CWH's total capacity needs from the host distributor. Demand response programs can be effective for large users and in turn a distributors overall load and capacity needs from the host distributor. To date CWH has not identified established CDM programs (non-wires solutions) or feasible BESS, that would be considered useful for its 4kV distribution system investments.

- b) Specifically, how did Centre Wellington Hydro consider CDM in planning for the construction of the new Distribution Station Fergus MS-5? Does the need for redundancy and flexibility rule out other demand side solutions like energy efficiency and demand response?

CWH Response: CWH's current system access projects are for the purpose of upgrading capacity for new and increased load from existing customer connections and are related to the infrastructure near the load and demarcation points. These projects are not commonly the focus of CDM programs. CWH does not consider redundancy and flexibility ruling out demand side solutions, but is unaware of a feasible non-wires solution for the 4kv application that the Fergus MS-5 is needed for.

2-Staff-30

Fixed Asset Continuity Schedule

Ref 1: Exhibit 3, pp. 25-26

Ref 2: 10_CWH_Updated_2025 Chapter 2_20240605.xls, Tab App2.BA

Preamble:

OEB staff notes that the 2024 & 2025 Total PP&E in reference 1 deviates from what was reported in reference 2. The table below presents a summary of the variances that is compiled by OEB staff:

	Reference 1	Reference 2	Variance
2024 Closing Balance - Cost	\$33,427,826	\$33,427,827 (Cell G607)	-
2025 Opening Balance – Cost	\$33,427,827	\$33,635,728 (Cell D699)	\$207,901
2025 Additions - Cost	\$1,318,200	\$1,110,298	\$(207,901)

Questions:

- a) Please explain the variance, as it appears to OEB staff, that is related to Construction Work in Progress.
Please revise the schedules or the evidence as needed.

CWH Response: Yes, the difference was the WIP. CWH has updated the App2-BA to reflect the same WIP value.

2.0-VECC -3

Reference: Exhibit 2, page 34

Preamble:

Table 2-14 provides the Outage Number by Cause Code Excluding MEDs.

Please provide a breakdown of Defective Equipment by Equipment Type.

CWH Response:

Centre Wellington Hydro Ltd.	
2018 to 2023 Outages by Defective Equipment-type	
July 2024	
Defective Equipment-type	# of Outages
Insulator	1
Connector	12
Switch	8
Transformer	4
Underground Cable	7
Fuse	3
Arrester	1
Total Outages by Defective Equipment	36

2.0-VECC -4

Reference: Exhibit 2, page 36

Preamble:

CWH is anticipating the delivery of the digger/RBD truck in 2024.

Please provide the current forecast delivery date.

CWH Response: The Digger truck is currently in Township of Centre Wellington at metal fabricator's awaiting the installation of its metal body cabinetry and storage bins. Delivery is anticipated during Q4 2024.

2.0-VECC -5

Reference: Exhibit 2, page 56

Preamble:

The existing four stations have a total capacity of 21MVA, and the average peak demand for the stations from 2021 to 2023 was 16.5MVA, with an absolute peak aggregate load of 19.1MVA. The existing capacity allows for the removal of one of the stations for scheduled or unplanned outages, but no other stations can be removed at the same time. The construction of the new substation is crucial to maintaining the accessibility and reliability of its service to customers.

- a) Please provide the age of each of the four substations.

CWH Response:

Centre Wellington Hydro Ltd.			
Station Details			
Jul-24			
Station	TX Size	TX Year	Built/rebuilt Year
Fergus MS-1	5 MVA	1974	2013
Fergus MS-2	6/8 MVA	2019	2012
Fergus MS-3	5 MVA	1992	2015
Fergus MS-4	5 MVA	1989	2016
Elora MS-1	6/8 MVA	2014	2014
Elora MS-2	5 MVA	1973/1997	2016*
* Elora MS-2 station transformer is currently being replaced (2024)			

- b) Please describe the circumstances in the past ten years where more than one station would need to be removed at the same time.

CWH Response: CWH has never had the capability to have more than one station removed from service at the same time without causing outages. Therefore, CWH strategically plans station outages in the spring and fall shoulder seasons when loading is typically lower to reduce the risk of unplanned outages at other stations and on other feeders. CWH does not track and document circumstances where more than one station could need to be removed from service. From 2014 to 2019 CWH rebuilt 6 stations in Fergus and Elora and replaced a station transformer at one station in Fergus. During this time there were certain capital projects that had to be delayed as there was no option to switch feeders from specific stations to isolate sections that would be required for construction purposes. During this timeframe, and since, there is always the risk that when a station is out of service, other stations could be forced out of service for unplanned outages, without having the station capacity to re-energize isolated circuits from other stations.

2.0-VECC -6

Reference: Exhibit 2, page 56

Preamble:

Based on CWH's calculations, the expected ROE for 2024 is 10.06%. At Exhibit 1, page 58 the forecast ROE for 2024 is 11.0%. Please reconcile.

CWH Response: The updated ROE forecast for 2024 is 9.82%. The reference at Exhibit 1 was incorrect and should have been stated as 10.06%, however with the updates made through these responses, an updated ROE for 2024 has been calculated and is 9.82%.

2.0-VECC -7

Reference: Exhibit 2, DSP Appendix A Building Fixtures page 2

Please discuss if the proposed capital expenditures in 2024 and 2025 could be paced over rate term.

CWH Response: Regarding the General Plant assets, CWH has two large items in 2024. The digger truck at \$640K was ordered in 2022 for expected delivery in 2023, however it did not arrive. The other large capital expenditure in 2024 is the Connexo software and hardware components and as explained in 2-SEC-11, it is required due to the gatekeepers replacement. The air conditioning unit that was purchased in 2024 was required as the server/fibre room is critical to CWH and needs to be kept at a specific temperature and the previous AC unit was a concern and risk. CWH does pace computer hardware spending, by replacing a few computers/laptops/tablets each year rather than all at once. Within the general plant there are some large value assets that make it difficult to avoid the ebbs and flows in spending.

Regarding the distribution assets within system access, system renewal and system service jobs within these categories are planned based on need as explained in CWH's DSP. There are some large capital projects, such as the EMS-2 Transformer replacement, that are also difficult to "pace".

2.0-VECC -8

Reference: Exhibit 2, DSP Appendix A IT Hardware – page 1

Preamble:

Staff computers replaced based on a 3-year rotation to align with the warranty at time of purchase and ensure all systems are running on the same operating system, which helps with improved IT security.

Please provide the expected service life of a staff computer.

CWH Response: The expected service life for staff computers is a 3 year in use schedule.

2.0-VECC -9

Reference: Exhibit 2, DSP Appendix A New Services page 2

Preamble:

CWH provides the number of service upgrades for the years 2018 to 2022.

Please provide the number of service upgrades for the years 2023 to 2029.

CWH Response: In 2023 CWH had 93 actual service upgrades. CWH estimates new service upgrades over the forecasted period by using the historical average from 2018 to 2023, which equates to 94 new service upgrades in each year for the period 2025 to 2029.

2.0-VECC -10

Reference: Exhibit 2, DSP Appendix A Annual Pole Line Rebuild

Please provide the number of poles replaced in each of the years 2018 to 2023 and the forecast for each of the years 2024 to 2029.

CWH Response: Please see below the total poles (not solely for pole line rebuild projects) replaced in years 2018 to 2024 to date:

Historic year	2018	2019	2020	2021	2022	2023	2024 to date
Total poles replaced	52	44	55	55	58	42	3

Please see below the total projected pole replacements to occur from 2024 to 2029 for all Capital projects:

Future Year	2024	2025	2026	2027	2028	2029
Total planned pole replacements	17	30	16	36	38	26

2.0-VECC -11

Reference: Exhibit 2, DSP Appendix A Annual Pole Line Replacement

Preamble:

CWH provides the number of poles replaced in each of the years 2018 to 2023.

Please provide the number of poles forecast to be replaced in each of the years 2024 to 2029.

CWH Response: CWH has forecast 10 poles to be replaced in each year between 2024-2029 through the CP7, Pole replacement project. These numbers are included in the above totals that include all capital projects that have pole replacements included.

2.0-VECC -12

Reference: Exhibit 2, DSP Appendix A CP9/Annual Distribution Transformers

Please explain the increase in gross capital costs from \$82,000 in 2022, to \$219,000 in 2024 and \$306,000 in 2025 and provide the associated asset units replaced in each year.

CWH Response: CWH capitalizes transformers upon receiving them. CWH has seen considerable increases in the purchase price for procuring all types of transformers, which is being seen by all LDCs in the sector and is due to supply chain issues since 2020. This increased cost trend resulted from said supply chain issues developed as a result of COVID and the lack of availability and production backlogs.

Transformers Purchased:

2022	2023	2024 Forecast	2025 Forecast
\$27,099	\$81,187	\$219,000	\$305,900
4	10	9	11

As of June 30, 2024, CWH has purchased 9 transformers at a total cost of \$220,931

2.0-VECC -13

Reference: Exhibit 2, DSP Appendix A CP13 Metering

Preamble:

CWH provides the number of meters purchased for the years 2018 to 2023.

Please provide the number of meters to be purchased for the years 2024 to 2029.

CWH Response:

Actual Meters purchased

2018	2019	2020	2021	2022	2023
118	512	297	44	318	16

Forecast Meters to be purchased

2024	2025	2026	2027	2028	2029
300	231	253	1,000	1,000	1,000

As of June 30, 2024, CWH has purchased 64 meters at a total cost of \$13,000

As can be seen in the above table, the very large increase in meters to be purchased starting in 2027 is due to CWH's original smart meters coming to end of life and the need to replace these assets accordingly.

2.0-VECC -14

Reference: Exhibit 2, DSP Appendix A CP122 Fergus MS-5

Preamble:

Through various consultations including the Regional Planning Process (RPP) with the Independent Electricity System Operator ("IESO") and Hydro One Networks Inc. ("HONI"), CWH's load forecast data identified approximately 5% increased load year over year over the 5-year CoS timeframe.

Please provide relevant correspondence from the IESO and HONI on this issue.

CWH Response: The Kitchener Waterloo Cambridge Guelph (KWCG) Regional Planning 3rd tranche Scoping Assessment Kick-Off Meeting occurred on May 14, 2024 and the agenda presentation is Appendix D. CWH provided the IESO with load forecasts via email as attached as Appendix E. The most recent local CWH and HONI Dx planning meeting outcomes email from Q4 of 2024 are attached as Appendix F.

2.0-VECC -15

Reference: Exhibit 2, DSP Appendix A CP122 Fergus MS-5 page 5

a) Page 5: Please provide the Asset Condition analysis and EV charging requests.

CWH Response: The Asset Condition analysis was undertaken in 2021 through METSCO to assess the condition of the system and to have data on which to base the revised project prioritization. The ACA involves the interpretation of condition and performance data of key assets to assess the overall condition of the assets. Essentially, the ACA is a key supporting tool for developing an optimized lifecycle plan for asset sustainability. The results of the condition assessment were incorporated into a formalized capital plan and have resulted in the revision of project prioritization within the service area for the forecast period. Specific to the need for the Fergus MS-5 project the Fergus Distribution System as a whole was analyzed. The main data sets used for this were station and feeder single line diagrams, conductor type and sizes, station equipment ratings, and station and feeder loading. All of these items are embedded within the ACA, DSP, and Fergus MS-5 station build narrative.

To answer the second part of the question, in regards to EV charging requests, CWH has three specific requests for service upgrades for EV charging connections in the South Fergus area that will ultimately be supplied by the new Fergus MS-5 station.

The three requests were a car dealership, restaurant, and apartment building. Two of these customers have applied for the Charge-On program and the 3rd has installed a limited amount of chargers to date. The combined peak demand of these is 757 kW.

b) Page 7: Please provide the cost estimate for Option 3.

CWH Response: There is no “rule of thumb” or guiding cost estimation template to establish a cost for a voltage conversion other than to perform detailed design for the specific distribution system which would come at significant upfront costs which is not considered feasible to CWH at this time and therefore a cost estimate for a distribution system wide voltage conversion in Fergus has not been performed. As found in the DSP, this would be a multi year, multi million-dollar project requiring the replacement of all existing Municipal Stations, all distribution transformers and significant investment in other system upgrades.

c) Please provide a detailed project schedule for the Fergus MS-5 project.

CWH Response: Please see requested schedule within table below.

Activity	Start Date	End Date
Procurement of Major Equipment:		
Station Transformer	2023 Q4	2024 Q3
Station reclosers	2024 Q3	2025 Q2
Station switchgear	2024 Q3	2025 Q2
Load-break switch	2024 Q3	2025 Q2
Preparation of Design / Construction Drawings	2024 Q3	2024 Q4
Tendering Period & Award	2025 Q1	2025 Q1
Civil Works Construction	2025 Q2	2025 Q3P;
Electrical Works Construction	2025 Q3	2025 Q4
Testing, Commission & Energization	2026 Q1	2026 Q1

d) Please provide the impact on reliability if the OEB does not approve this project.

CWH Response: If the OEB does not approve the Fergus MS-5 project reliability of the Fergus Distribution System will be impacted mainly around the overall system capability of shifting load.

Based on the systems loading and capacity, CWH has near future concerns with the supply capability for several feeders and at the station level.

Managing operational functions such as switching for load transfers for planned and unplanned purposes is currently challenging and will only escalate without the new station build to the point that planned outages could potentially increase in magnitude to complete capital and maintenance projects.

2.0-VECC -16

Reference: Exhibit 2, DSP Appendix D

Preamble:

CWH provides Metsco's Asset Condition Assessment 2021 report.

- a) Please provide a list of Asset Condition Assessment reports undertaken.

CWH Response:

2012 – Substation Condition Assessment Study by Costello Associates Inc.

2015 (Dec) – Asset Condition Assessment by METSCO

2021 – Asset Condition Assessment by METSCO/BBA

- b) Please provide any subsequent Asset Condition Assessment reports beyond 2021.

CWH Response: Answered in question a) above

- c) Please provide CWH's first Asset Condition Assessment report.

CWH Response: CWH's first Asset Condition Assessment report was included in CWH's 2015 AMP and is attached as Appendix G.

2-SEC-5

Reference: [Ex.2, Appendix 2AB] With respect to Appendix 2-AB:

- a) Please explain the basis of the 'Plan' amount for each of the historic and bridge years.

CWH Response: For the historical years 2018-2022, CWH used the values in the DSP that it filed with its 2018 CoS as the “plan” values. The “Plan” values for 2023 and bridge year are based on CWH’s annual planning process – as those years were not included as part of the 2018 CoS.

- b) Please provide a revised version of Appendix 2-AB on an in-service addition basis.

CWH Response: The amounts in the actual column are on an in-service additions basis, no revision is required.

2-SEC-6

Reference: [Ex.2, p.52-55; Material Investment Narrative; Appendix C, Business Plan]

With respect to the proposed ACM for the Fergus MS-5:

- a) Please provide a copy of the internal business case (or similar document) for the project.

CWH Response: The relevant documentation to support the project are within Exhibit 2 of the application including the ACM Model, DSP and corroborating ACA, and project narrative.

- b) [p.56] CWH states: “As previously stated, the existing four stations have a total capacity of 21MVA, and the average peak demand for the stations from 2021 to 2023 was 16.5MVA, with an absolute peak aggregate load of 19.1MVA.” For each of the 4 stations, please provide:
 - i. its capacity
 - ii. peak demand for each between 2013 and 2023
 - iii. age and condition
 - iv. number of outages and minutes of outages for each year between 2013 and 2023

CWH Response: The requested information is provided in the following tables. However, please note CWH does not have station-specific data for the period 2013 to 2017.

Centre Wellington Hydro Ltd.				
Station Details				
July 2024				

Station	TX Size	TX Nameplate	Rebuilt	Condition
Fergus MS-1	5MVA	1974	2013	Exhibit 2 (Pg. 141-145), DSP Page 66-75
Fergus MS-2	6/8MV A	2019	2019	Exhibit 2 (Pg. 141-145), DSP Page 66-75
Fergus MS-3	5MVA	1992	2015	Exhibit 2 (Pg. 141-145), DSP Page 66-75
Fergus MS-4	5MVA	1989	2016	Exhibit 2 (Pg. 141-145), DSP Page 66-75
Elora MS-1	6/8MV A	2014	2014	Exhibit 2 (Pg. 141-145), DSP Page 66-75
Elora MS-2	5MVA	1997/1973	2016*	Exhibit 2 (Pg. 141-145), DSP Page 66-75
* - Elora MS-2 station transformer is currently being replaced (2024).				

CWH Response to ii:

Municipal Station	2017 Peak KVA	2018 Peak KVA	2019 Peak KVA	2020 Peak KVA	2021 Peak KVA	2022 Peak KVA	2023 Peak KVA
Elora MS-1	3,795	4,642	3,711	4,050	3,540	3,498	3,242
Elora MS-2	1,935	2,021	2,384	2,408	3,173	4,650	2,471
Fergus MS-1	4,699	4,472	4,767	3,214	3,200	3,846	3,080
Fergus MS-2	4,772	4,645	4,905	5,440	5,130	5,239	4,393
Fergus MS-3	3,744	4,767	5,449	4,671	4,450	4,698	3,502
Fergus MS-4	4,019	5,521	5,160	4,909	4,824	5,336	4,620

CWH Response to iv:

	Count of Outages	Duration of Outage in Minutes
2018	11	1,679
Elora MS1	0	0
Elora MS2	1	35
Fergus MS1	2	420
Fergus MS2	3	339
Fergus MS3	2	690
Fergus MS4	3	195
2019	10	745
Elora MS1	1	82
Elora MS2	2	200
Fergus MS1	0	0
Fergus MS2	1	48
Fergus MS3	4	185
Fergus MS4	2	230
2020	11	1,530
Elora MS1	3	358
Elora MS2	3	842
Fergus MS1		
Fergus MS2	1	120
Fergus MS3	2	65
Fergus MS4	2	145
2021	5	411

Elora MS1	2	160
Elora MS2	1	126
Fergus MS1	1	85
Fergus MS2	0	0
Fergus MS3	0	0
Fergus MS4	1	40
2022	10	1,011
Elora MS1	2	270
Elora MS2	2	205
Fergus MS1	2	170
Fergus MS2	2	190
Fergus MS3	0	0
Fergus MS4	2	176
2023	9	1,046
Elora MS1	2	238
Elora MS2	2	180
Fergus MS1	3	229
Fergus MS3	0	0
Fergus MS2	1	300
Fergus MS4	1	99
2024	2	8
Elora MS1	0	0
Elora MS2	0	0
Fergus MS1	0	0

Fergus MS2	1	4
Fergus MS3	0	0
Fergus MS4	1	4

- c) [p.53] CWH states the existing capacity allows for the removal of one of the stations for scheduled or unplanned outages, but no other stations can be removed at the same time. Please explain why the Applicant believes that it requires the ability to have 2 to 5 stations out of service.

CWH Response: CWH currently has the ability to remove one of the existing 4 stations from service for maintenance, repair, and unplanned outages due to all causes. Currently, when one of the 4 stations is removed from service for any of the aforementioned reasons, there is an added risk to reliability as no other stations (a 2nd station) can be removed from service at the same time, as the total load on the distribution system would be greater than any 2 of the remaining stations total capacity. Installing the planned Fergus MS-5 station would eliminate this risk and give CWH the capability to have up to two stations removed from service at the same time, albeit during shoulder seasons when system load remains below the system peak.

- d) [p.56] CWH states: "The construction of the new substation is crucial to maintaining the accessibility and reliability of its service to customers." Please explain why, in light of your response to part (c), why the additional cost is commensurate with the incremental reliability provided by the proposed project.

CWH Response: The additional reliability the Fergus MS-5 station would allow for is enhanced operational functionality and greater certainty that the system has the capacity at the station level to accommodate the load, and also flexibility at the feeder level to allow for switching load from different geographical areas to accommodate both planned and unplanned work.

- e) [Material Investment Narrative] CWH states that it has acquired preliminary budgetary costing. Please provide the source of the budgetary costing and its date.

CWH Response: The Fergus MS-5 preliminary/draft budget costing was sourced from Lakeside Power Consulting Inc. & Bayfield Engineering in Q2 of 2023.

- f) Is the Applicant proposing to undertake the work, in whole or in part, by way of a competitive procurement process? If so, please provide details.

CWH Response: CWH will not undertake any of the Fergus MS-5 station construction.

- g) [Material Investment Narrative; Exhibit 2, Appendix C Business Plan, p.11] CWH provides various information regarding the population growth in and around its service territory, presumably to demonstrate the need for the project. Yet, as part of its Business Plan, the Applicant comments on its “modest increase in residential, small commercial and industrial connections is expected over the coming years”, and that “[t]his limited customer growth will be a challenge for CWH”. Please reconcile.

CWH Response: The context of the “modest and limited growth” statement within the business plan are from an efficiency perspective and that CWH is not a high growth LDC. The wording in the business plan is an effort to articulate that CWH will continue to have a challenge of keeping costs per customer inline with inflation without high growth that would assist in covering the cost of OM&A and Capital expenditures.

- h) [Material Investment Narrative] CWH states under the ‘Do nothing’ option: “Based on the current growth projection of the population as outlined in the Official Plan by the town, CWH’s existing distribution system will become overloaded from the system capacity stand-point, less reliable because of lack of system redundancy and new development in the area cannot be serviced, which would put CWH in breach of its obligations to facilitate new customer connections.” Please provide further information to demonstrate that without the project “CWH’s existing distribution system will become overloaded from the system capacity stand-point.....and new development in the area cannot be serviced.”

CWH Response: As explained in answering question 2.0-VECC -15, a) CWH provided EV Charging proponents planned capacity “request” for Charge-On applications which total over 1MVA of load; these projects alone without considering future requests would increase the Fergus MS-2 station load to above the targeted load factor. If these connections come to fruition there would not be capacity on the existing system to connect any further EV chargers or customer requests to increase service size for any reason in the South of Fergus area.

2-SEC-7

Reference: [Ex.2, DSP, p.57]

For each year between 2018 and 2025, please provide the, a) number of poles and b) transformers (by type), replaced.

CWH Response:

Centre Wellington Hydro Ltd.							
Pole Replacements							
July 2024							
	2018	2019	2020	2021	2022	2023	2024
Wood	52	43	54	55	52	42	3
Concrete	0	1	1	0	0	0	0
Composite	0	0	0	0	6	0	0
TOTAL	52	44	55	55	58	42	3
Notes: 2024 figures are year-to-date							

Centre Wellington Hydro Ltd.							
TX Replacements							
July 2024							
	2018	2019	2020	2021	2022	2023	2024
Pole-mount	11	2	3	4	5	12	1
Pad-mount	6	10	1	2	4	3	6
TOTAL	17	12	4	6	9	15	7
Notes: 2024 figures are year-to-date							

2-SEC-8

Reference: [Ex.2, DSP, p.92-93]

CWH explains that most of its 2018 and 2019 system access spending was a result of the Wellington Place Service project being changed to an underground connection as well as cable cost increases. Please provide a comparison of the following, a) total actual vs planned gross project costs, b) total plan vs. actual capital contribution, and c) total plan vs actual net capital costs.

CWH Response:

- a) The total actual gross cost for the final underground project completion was \$664,567 vs the 2018 planned gross project cost within the 2018 to 2023 DSP which was on the premise of an overhead build plan of \$244,100.
- b) The original capital contribution for the overhead plan was \$0 (ZERO) vs the total actual capital contribution that was realized for the underground connection of \$155,967.
- c) Total actual NET project cost = \$508,599 vs the original budgeted NET cost of \$244,100.

2-SEC-9

Reference: [Ex.2, DSP, p.111]

Please explain how CWH determined the 2024 test year budget.

CWH Response: The 2024 test year budget was determined through the same process as other years, through prioritizing as per the Asset management Process as described within CWH_Ex 2_Updated_Rate Base__20240605, and audit finance meetings to ultimately being passed by the CWH BoD. The budget is prepared by the Vice President, President and Manager of Operations. Further details for CWH's capital and OM&A budget processes are in Exhibit 4.2.1.

2-SEC-10

Reference: [Ex.2, DSP, p.97]

Please provide the status of the Digger truck.

CWH Response: The Digger truck is now in Township of Centre Wellington at the metal body fabrication vendors awaiting the installation of its cabinetry and storage bins. Delivery is anticipated during Q4 2024.

2-SEC-11

Reference: [Ex.2, DSP, p.10; Appendix 2-AA]

In 2024, CWH forecasts to spend \$246,400 in computer software and \$65,200 in computer hardware which is significantly higher than historic levels. Please provide a full breakdown of the expenditures and why each is required to be purchased in 2024.

CWH Response: Regarding the computer software it is made up of the following projects:

Connexo Net Sense Software \$13,400

- Due to the transition and upgraded gatekeepers/routers, the Connexo software operates the Mesh network system (NetSense) also needs to be upgraded. The gatekeepers are at end of life and are critical in our business.

ESRI \$183,000

- CWH is currently using an ESRI system that is deployed on a desktop within the control room. The existing system is becoming obsolete and will no longer be supported by ESRI. Regarding the ESRI project see also the response above to 2-Staff-16.

Silverblaze Customer Portal \$50,000

- CWH's current customer portal was installed in 2012 and with technology constantly improving the current portal is outdated and not as user friendly as current options are. CWH has moved some of our forms online and customers are gravitating to the online forms, with the change to SilverBlaze the customers experience will be enhanced as it is available over smart phones, tablets and computers and more online options. In 2023 it was determined this was a priority for many of the CHEC members and going through the transition together would assist with implementation and roll out to customers by supporting each other.

Regarding the hardware budget of \$65,200

- Computer replacements \$6,000: The replacement of computers is typical in each budget. Staff computers are replaced every three years to align with the warranty on the computers.
- Tablets for Operation \$6,000: The replacement of tablets is typical. Tablets are replaced every four years to ensure efficiency while out in the field.
- Gatekeepers \$53,200: CWH's existing Gatekeepers are at end of life and Honeywell/Elster Canada no longer supports them with hardware replacement parts. Further to this Energy Access Local Area Network (EA_LN) platform they work on, is being phased out and revenue meters that CWH will be purchasing from 2024 onward will be on a different platform.

2-SEC-12

Reference: [Ex. 2, DSP, p.14-15; Appendix B]

With respect to the DSP Customer Survey Report:

- a. The DSP Customer Survey Report includes information demonstrating that its SAIDI and SAIFI were significantly lower (i.e. better) than the Ontario average. How has the CWH's superior reliability performance considered in the context of its capital planning.

CWH Response: CWH strives to maintain the current levels of SAIDI and SAIFI reliability performance as discussed within the mentioned customer engagement. Within the context of capital planning this will be accomplished by referencing our ACA report, and the condition of apparatus deployed in the field, along with performance indices and inspections to ensure equipment in the field is prioritized for replacement appropriately and at the required pace. CWH customers agree with this approach, with the understanding that the investment costs stay inline with increased inflation.

- b. Please provide a full copy of the Customer Engagement Survey results.

CWH Response: A full copy of the Customer Engagement Survey results can be found in Appendix B of CWH_Ex 2_Updated_Rate Base__20240605

2-SEC-13

Reference: [Ex.2, Appendix 2-AA]

Please provide a revised version of Appendix 2-AA that includes additional columns to show year-to-date actuals for 2024, and year-to-date actuals at the same point in time in 2022 and 2023.

CWH Response: CWH unlocked the App.2-AA_Capital Projects tab and added 3 columns as requested.

Exhibit 3 – Operating Revenue

3-Staff-31

Customer Forecast

Ref 1: Exhibit 3, p. 20

Ref 2: Load Forecasting Model excel file, Tab Input – Customer Data

Preamble:

In Reference 1, Centre Wellington Hydro states that it has used historical customer/connection usage from 2014 to 2023 to forecast future usage.

In Reference 2, the geomean used to forecast 2024/2025 customers/connections does not include 2023 data.

Question(s):

- a) Please update the Load Forecasting Model in reference 2 to include 2023 customers/connections data in the geomean calculations.

CWH Response: The formula has been corrected to include 2023 in its geomean calculations.

Year	Residential	General Service < 50 kW	General Service 50 to 4999 kW	Unmetered Scattered Load	Sentinel Lighting	Street Lighting	
Before update							
2024	6707	800	62	13	25	1872	1.0098
2025	6794	809	62	13	25	1890	1.0098
After update							
2024	6701	799	62	12	25	1872	1.0098
2025	6781	808	62	12	25	1890	1.0098

3-Staff-32

Load Forecast

Ref 1: Exhibit 1, p. 57

Ref 2: Exhibit 2, DSP, p. 10 (p. 85 of PDF)

Ref 3: Exhibit 3, p. 14-19 and Load Forecasting Model

Ref 4: Distribution System Plan, Material Investment Narrative, Fergus MS-5, p. 252 of PDF

Preamble:

In Reference 1, Centre Wellington Hydro states that establishing a reliable distribution system that can accommodate REG's is one way to proactively facilitate positive change and CWH will continue to focus on renewing its distribution system with this in mind. Along with the adoption of EV's as their use is a positive step to fighting climate change and CWH is encouraging the use of EV's by installing chargers in both its service areas, Fergus and Elora. CWH has installed 3 chargers in its service territory to date, which are currently free of charge to users.

In Reference 2, Centre Wellington Hydro states that the Fergus MS-5 station will also increase capacity to service new growth load that is anticipated in the Township of Centre Wellington, as well as load growth associated with the increase in electrification that Ontario is seeing due to increased uptake of EVs and heating electrification.

In Reference 3, Centre Wellington Hydro provides load forecasts from 2018 to 2025.

In Reference 4, Centre Wellington Hydro provides a near-term (2023-2027) and mid-term (2028-2032) load forecasts for the Fergus distribution system.

Question(s):

- a) Based on the information in reference 1, has Centre Wellington Hydro incorporated the impact of Distributed Energy Resources/other emerging technologies such as electric vehicles and electric heating into its load forecasts? Please explain.
 - i. If not, please provide the load forecasts (or an estimate) for these technologies if Centre Wellington Hydro has developed them separately (if available).

CWH Response: With respect to EV chargers, CWH has included CWH owned EV chargers in the load forecast. In the load forecast for setting rates CWH did not include DERs or other emerging technologies.

- b) Given Centre Wellington Hydro's statement in reference 2, does the Fergus distribution system load forecast in reference 4 include growth due to EV's, electric heating adoption or other DERs? If so, why does the load forecast from Exhibit 3 not incorporate the impacts of these technologies?

CWH Response: As explained above, CWH confirms that its load forecast includes the anticipated demand from EV charging for known customers Charge-On applications only and to the extent that the forecast methodology accounts for it.

The adoption of EV's and the exact increased load CWH will realize over the CoS period is an unknown and recent news suggests EV adoption may be declining, for example according to Global News, "*EV sales in Ontario have seen a decline recently. According to recent data, there has been a drop in new EV registrations in Ontario, which has contributed to a decrease in the national market share of zero-emission vehicles (ZEVs) in Canada. While EV sales continue to grow overall, the pace has slowed, and Ontario's numbers have been a significant factor in this trend*". Therefore, CWH did not add any load specifically for EV charging.

Load forecasting for rate-making purposes and load forecasting for regional planning serve different objectives.

When developing a Load Forecasting for Rate-Making Purposes, the primary goal is to determine the future electricity demand to set appropriate rates for customers. Load forecasting for rate-making purposes ensures that utilities can recover costs, earn a reasonable return, and provide reliable service through rates charged to its customers. Furthermore, the load forecast at Exhibit 3 is restricted to the OEB methodology which may not reflect actual predictions for power supply requirements.

When developing Load Forecasting for Regional Planning, the goal is to ensure the long-term reliability and adequacy of the regional power supply. This involves planning for future generation capacity, transmission infrastructure, and ensuring that the overall system can meet future demand. Regional Planning most often covers a broader geographic area or multiple utilities and jurisdictions.

3-Staff-33

Load Forecast

Ref: Exhibit 3, p. 14

Preamble:

Centre Wellington Hydro states that:

CWH tested and included a Covid flag to identify the lockdown of March, April and May of 2020. This variable has been used in many applications and has proven to be favorable in CWH's case.

Question(s):

- a) Was a variable using a longer time horizon than March-May 2020 to capture broader impacts of COVID-19 considered?
 - i. If so, what were the results? If not, why not?

CWH Response: As outlined in our application, CWH carefully followed the precedent set by earlier applications in determining the months that should be marked with a Covid Flag. CWH believes that the initial three months of the pandemic were the most economically disruptive and had the greatest impact on customer usage patterns. By the time the first lockdown ended, government measures had taken effect, and the utilities including CWH were starting to stabilize and adapt to the new normal.

- b) Has Centre Wellington observed COVID-19 related changes in consumption outside of March-May 2020?

CWH Response: During the two subsequent shutdowns, CWH could not confidently differentiate between fluctuations related to COVID-19 and typical fluctuations. As a result, it was deemed untenable to use the COVID Flag during these periods.

3-Staff-34

Load Forecast

Ref: Load Forecasting Model, Tab Bridge&Test Year Class Forecast

Preamble:

In the reference, as part of its load forecast methodology, Centre Wellington Hydro used an average of ten-year historical data (2014-2023) for all rate classes except two sets of data for Street Lighting (KWh per connection and 3-year KW per connection) to forecast 2024 and 2025 loads. For the kWh per connection and kW per connection data for Street Lighting, an average of three-year historical data (2020-2022) was used.

- a) Please explain why the three-year average of kWh per connection and the three-year average KW per connection were used instead of ten-year average.

CWH Response: CWH apologizes for the error in the model. The intended period for analysis was 2016-2023, as this timeframe reflects the load after the LED installation. The revised model, which incorporates this corrected timeframe, has been filed along with these responses.

3.0-VECC -17

Reference: Exhibit 3, page 3

Preamble:

The Application states:

“In this application, CWH has merged the General Service 50-2,999 kW and General Service 3000-4,999 kW into a new General Service 50-4,999 KW.

CWH assesses its customers' consumption on a yearly basis to determine whether it should remain in the GS>50kW class. During its annual evaluation, CWH noted that the lone customer in the GS 3,000-4,999 kW class had persistently lingered near the lower threshold level and was likely to move there based on recent demand.”

- a) Please provide more details regarding the basis for CWH’s conclusion that the lone customer in the GS 3,000-4,999 class was likely to move into the GS 50-2,999 kW class?

CWH Response: At the time CWH started working on the cost allocation model, Customer A had fewer than 5 consecutive months of demand greater than 3,000 kW within the last 12 months and an average monthly maximum demand of less than 3,000 kW, which would indicate at Reclassification time, Customer A may shift down into the GS 50-2,999 kW class. Their 2023 usage was fully reviewed in January 2024 at Reclassification time, and it was found they did indeed qualify to be reclassified into the 50-2,999 kW class, and were billed as such effective January 1, 2024, usage.

During the annual Reclassification assessment, it was found there was a different customer, Customer B, who qualified to be moved up to the GS 3,000-4,999 kW from the GS 50-2,999 kW class, using the same parameters for Reclassification noted above. Customer B began billing as GS 3,000-4,999 kW as of January 1, 2024, usage as well.

- b) Since the preparation of the Application has the monthly demand for the lone customer in the current GS 3,000-4,999 kW class fallen below 3,000 kW? If yes, how often has this occurred (i.e., number of months above and below 3,000 kW)?

CWH Response: In 2024, Customer A (GS > 50-2,999) has had 4 months of demand billed > 3,000 kW and 2 months of demand billed < 3,000 kW. The 4 months of > 3,000 kW are not consecutive.

In 2024, Customer B (the new lone GS 3,000-4,999) has been billed 4 months of demand < 3,000 kW and 2 months of demand > 3,000. It should be noted, the summer months billed are generally billed at > 3,000 kW, with 2023 having 7 consecutive months of > 3,000 kW.

3.0-VECC -18

Reference: Exhibit 3, page 3

Preamble:

The Application states:

“While preparing its Cost of Service application, CWH examined the cost allocation component of these two distinct classes to see if there was any advantage in keeping

both. While determining the weighting criteria and various elements, it was found that there is little or no cost difference between customers with monthly demand greater than 3,000kW and those with demand less than that level; therefore, to be consistent with utilities of similar sizes, CWH opted to create a new combined class namely GS 50-4999kW.”

- a) Please provide details regarding the results of CWH's assessment of differences/similarities in the cost allocation to the two customer classes.

CWH Response: CWH found that customers in the GS 50-2,999 kW and customers in GS 3,000-4,999 kW classes are very similar to each other with respect to cost allocation parameters. Their service requirements are similar, the cost and resources of preparing the billing and collections are identical. The metering is also identical. One benefit that would be seen by CWH having a merged class is that there will be one less class to change rates for and subsequently test rate changes.

3.0-VECC -19

Reference: Exhibit 3, page 12
Load Forecast Model, Input–Adjustments and Variables Tab

- a) In the Load Forecast Model, Input-Adjustments and Variable Tab, please explain what the “adjustments” in Columns C and D are each for.

CWH Response: Column C displays the kWh data for one of CWH's existing customers who relocated their major operation in 2014. Column D, on the other hand, shows the kWh data for a new customer who began their operations in March 2020.

- b) Please explain why the adjustments in Columns C and D are subtracted from the Unadjusted Wholesale Purchases (Column B) in order to derive the Revised Wholesale Purchases (Column H).

CWH Response: One of CWH's existing customers relocated its major operation to the US in September 2014, resulting in a significant decrease in usage since then. In contrast, a new customer began operations with substantial usage starting in March 2020. Given these significant changes in usage during the period from 2014 to 2023, both customers have been excluded from the unadjusted Wholesale Purchases for regression analysis purposes.

- c) Exhibit 8, Table 16 makes reference to a wholesale participant. Are one or more of CWH's customers an IESO market participant?

CWH Response: One of CWH's customers is an active participant in the Independent Electricity System Operator (IESO) market.

- i. If yes, how is this load accounted for in CWH's load forecast?

CWH Response: The customer referenced in the previous response falls into the current General Service 50-2,999 kW category. For the purpose of CWH's load forecasting, only the kW measurements of this customer's usage are considered; kWh data is not included in the load forecast calculations.

- d) The title to Table 5 (page 12) indicates that the values include Fit and MicroFit, please confirm whether or not this is actually the case.

CWH Response: CWH confirms that the values include Fit and MicroFIT related load.

3.0-VECC -20

Reference: Exhibit 3, page 15 Load Forecast Model

Preamble:

The Application states:

"All relevant scenarios tested by the utility can be found in the regression model at table 6 entitled Regression Scenarios."

- a) The Load Forecast Model does not appear to include the referenced Table 6. Please provide.

CWH Response: Please find the missing Table 6 below. CWH acknowledges that it does not document every conceivable scenario; instead, it primarily records the outcomes associated with the inclusion or exclusion of the variables that are commonly used in utility regression analysis.

Variables	Test 1	Test 2	Test 3	Test 4	Test5
<u>With Adjustments</u>					
HDD/CDD	0.6957	0.6957	0.6957	0.6957	0.6957
Day in Month		0.743	0.743	0.743	0.743
Spring/Fall			0.7548	0.7548	0.7548

Covid	0.8271	0.8271
Number of Cust		0.831
<u>Without</u>		
<u>Adjustments</u>		
All 5 variables		0.798

3.0-VECC -21

Reference: Exhibit 3, page 16

Preamble:

The Application states:

“CWH tested and included a Covid flag to identify the lockdown of March, April and May of 2020. This variable has been used in many applications and has proven to be favorable in CWH’s case.”

- a) Were any other COVID-related variables tested?

CWH Response: No, please see 3-Staff-33

- b) If yes, what other COVID-related variables were tested and why were they rejected?

CWH Response: CWH tested dozens of scenarios to ensure the best possible outcome. However, CWH does not consistently document results unless they have a significantly positive impact. Regarding the Covid Flag, it is likely that other months were considered and tested. Ultimately, CWH chose to conform to the recommended months used in previous submissions.

3.0-VECC -22

Reference: Exhibit 3, page 16

Preamble:

The Application states:

“During the process of testing the regression analysis, many different variables and times periods are tested to arrive to what the utility deems as the best R-Squared. CWH’s rational behind selecting or dropping certain variables involves a “no-worst” rational. In other words, if a variable is justified and does not worsen the results, it is generally kept as one of the regression variables.” (emphasis added)

- a) Please explain what CWH means by “justified”

CWH Response: By justified, CWH means “applicable” and “rational”. Adding more variables will ultimately result in a more positive results however, sometimes, variables are not particularly useful. Research from Willfrid Laurier, posted on LinkedIn, shows that “Adding too many variables can lead to overfitting, where the model becomes too complex and captures noise rather than the underlying relationship. It’s crucial to balance the number of variables with the size of the dataset and to use techniques like cross-validation to ensure the model’s generalizability.”

- b) Please explain what CWH means by “does not worsen the results”.

CWH Response: As explained in 3-Vecc-31 b), CWH tests numerous scenarios. If a variable’s inclusion reduces the R-Square, it is generally discarded. The objective is to achieve the highest possible R-Square while using variables that are relevant to the utility and justifiable.

- c) Did CWH tests include consideration of a trend variable (i.e., a variable that increases by 1.0 each month)?

CWH Response: CWH did not test a trend variable as it feels that the variables used provide their own trend. CWH feels that its selected variables may be overshadowed by the trend variable. It may be difficult to see the impact of other important variables if the trend accounts for a sizable amount of the variance.

- i. If yes, what were the results ((i.e., resulting equation, statistics and forecast for 2024 and 2025)?

CWH Response: Not applicable.

- ii. If not, please provide the results (i.e., resulting equation, statistics and forecast for 2024 and 2025) of including a trend variable along with the other variables proposed by CWH.

CWH Response: CWH has provide the requested scenario for illustrative purposes only. It is not committing to adopting the scenario.

3.0-VECC -23

Reference: Exhibit 3, page 18 Load Forecast Model, Input-Adjustments & Variables Tab; Input-Customer Data Tab and Bridge & Test Year Class Forecast Tab

- a) Please confirm that the dependent variable used in the development of the regression model was the Revised Wholesale Purchases (per the Input-Adjustments and Variables Tab – Column H)

CWH Response: The wholesale data used for the regression was adjusted for various known factors. However, the adjusted data (Tab Input-Adjustments & Variables, column H) was not correctly transposed into (Tab Input, column B). The model has now been updated accordingly. The table below shows the variances between the initial Load Forecast Model, the Input-Adjustments & Variables Tab, the Input-Customer Data Tab, and the Bridge & Test Year Class Forecast Tab.

Jan	211.43	-0.39	0.13	-0.07	-0.54	-0.45	-0.27	-0.42	-0.23	0.26
Feb	-13.01	-0.43	-0.39	-0.45	0.50	0.26	0.23	0.29	-0.37	0.49
Mar	-7.68	-0.38	-0.46	-0.22	-0.26	-0.43	-0.27	-0.01	-0.22	0.34
Apr	15.62	0.39	-0.50	-0.31	-0.48	-0.49	0.27	0.25	-0.08	-0.46
May	37.57	-0.05	0.23	0.07	-0.09	-0.23	0.30	-0.25	0.05	-0.43
Jun	-11.03	-0.33	-0.07	0.43	-0.10	-0.30	0.39	0.00	0.39	0.03
July	-28.21	0.24	0.32	-0.28	-0.40	0.49	0.37	-0.02	-0.08	-0.10
Aug	1.55	0.04	-0.33	0.45	0.26	0.14	0.11	0.11	0.45	0.03
Sept	17.22	0.25	-0.18	-0.38	-0.10	0.15	0.01	0.29	0.47	-0.09
Oct	-13.96	0.49	-0.19	-0.20	-0.45	0.27	0.32	0.06	-0.12	0.21
Nov	12.97	-0.06	0.14	0.46	-0.27	0.20	0.11	0.50	-0.32	1.05
Dec	-71.44	0.14	-0.11	0.43	-0.33	0.34	0.49	-0.37	0.07	0.23

- i. If confirmed, please explain why it is appropriate (in Exhibit 3, Table 9) to compare the predicted Wholesale Purchases values with actual unadjusted Wholesale Purchases.

CWH Response: Table 9 compares unadjusted wholesale values to predicted values, as there is no specific requirement to use a particular iteration of the wholesale data. Based on this interrogatory, CWH understands that VECC would prefer a comparison between adjusted wholesale values and predicted values. Accordingly, the table below presents this alternative comparison.

kWh Purchased VS Weather Adjusted					
Year	Wholesale	year over year	Predicted	year over year	Wholesale vs Predicted
2014	145,661,558		142,711,554		2.03%
2015	142,939,977	-1.87%	144,742,180	1.42%	1.26%
2016	143,959,879	0.71%	141,643,465	-2.14%	1.61%
2017	140,102,693	-2.68%	146,141,861	3.18%	4.31%
2018	146,076,623	4.26%	144,222,537	-1.31%	1.27%
2019	143,375,282	-1.85%	141,296,568	-2.03%	1.45%
2020	140,693,839	-1.87%	144,293,681	2.12%	2.56%
2021	144,550,584	2.74%	144,577,389	0.20%	0.02%
2022	145,384,291	0.58%	142,374,651	-1.52%	2.07%
2023	143,132,132	-1.55%	145,170,626	1.96%	1.42%
				Mean	1.80%
				Median	1.53%

- b) Please confirm that in the Load Forecast Bridge & Test Year Class Forecast Tab, for each of the Residential, GS<50 and GS>50 classes the ratio of historic sales to wholesale purchases (Column D) is calculated using the unadjusted Wholesale purchase values.

CWH Response: Confirmed

- i. If confirmed please explain this is appropriate when the ratio is then applied to the predicted Wholesale purchases for which the regression model used the Revised Wholesale purchases as the dependent variable.

CWH Response: The model should have picked up the adjusted wholesale.

- c) Please provide a revised version of the Load Forecast model where in the Load Forecast Bridge & Test Year Class Forecast Tab, the historic ratios are calculated using the Revised Wholesale Purchase values for each year.

CWH Response: The corrected model is filed with these responses.

3.0-VECC -24

Reference: Exhibit 3, page 19

Preamble:

The Application states:

“CWH has used a different weather station in the 2025 proposed load forecast therefore the utility is not providing an alternative twenty-year normal weather condition.”

- a) Please explain why CWH used a different weather station for the current Application (i.e., what station was previously used, what station is used for the current Application and why the change).

CWH Response: In the 2018 application, CWH evaluated data from both stations. However, the Fergus station did not have a complete 10-year dataset at that time. For the 2025 load forecast, CWH reassessed both stations and determined that the Fergus station now possesses a full 10 years of reliable data. Given that the Fergus station is located within the service area and more accurately reflects local weather patterns, CWH deemed it more appropriate to use this station for the load forecast.

- b) Please explain why the use of a different weather station precluded providing an alternative twenty-year normal weather condition forecast.

CWH Response: As explained above, the data prior to 2014 was incomplete and could not be relied on for the 2018 forecast and therefore would not be reliable for the 10-year average.

3.0-VECC -25

Reference: Load Forecast Model, Forecast Tab

- a) Please explain why different weather normal HDD and CDD values are used for 2024 versus 2025.

CWH Response: The requirements call for a 10-year average; therefore, for 2024, the forecast uses 2014-2023 and for 2025 uses 2015-2024.

3.0-VECC -26

Reference: Exhibit 3, pages 20-21

- a) Please provide the actual customer/connection count for each of CWH's customer classes as of June 30, 2024.
 - i. If actual values are not available for June 30, 2024 please provide the customer/connection count by customer class for the most recent month for which actual values are available.

CWH Response: Actual customer/connection count as of June 30, 2024

Residential:	6,655
General service < 50 kw:	790
General Service 50-4999 kw:	70
Unmetered Scattered Load:	14
Street light connection:	1,884
Sentinel light connection:	15

3-SEC-14

Reference: [Ex.3, p.8, Table 4]

Please provide a revised version of Table 4 that includes additional columns to show year-to-date actuals for 2024, and year-to-date actuals at the same point in time in 2022 and 2023.

3-SEC-14 CWH Response:

	Year	2018BA	2018	2019	2020	2021	2022	2023	2024	2025	2022 January - May 31	2023 January - May 31	2024 January - May 31
Residential	Cust/Conn	6,107	6,172	6,268	6,383	6,493	6,593	6,621	6,701	6,781	6,589	6,619	6,650
	kWh	44,844,896	46,568,391	45,878,451	49,496,753	49,937,426	50,179,106	49,125,071	47,317,257	47,392,023	21,179,834	20,210,352	20,556,894
General Service < 50 kW	Cust/Conn	758	749	760	782	779	786	790	799	808	786	788	788
	kWh	20,920,091	23,320,954	22,669,049	23,240,083	23,835,443	25,258,077	25,014,670	23,291,155	23,327,957	10,537,428	10,488,986	9,851,591
General Service 50 to 4999 kW	Cust/Conn	45	53	54	54	59	60	61	62	62	61	61	71
	kWh	61,343,551	69,455,133	67,788,854	64,996,033	68,607,925	67,692,411	66,838,929	68,835,784	68,944,551	28,597,022	28,348,339	30,831,441
	kW	158,301	187,416	186,569	181,724	190,019	195,066	191,782	190,347	190,648	80,277	80,072	82,328
Unmetered Scattered Load	Cust/Conn	13	13	13	13	14	14	12	12	12	14	14	14
	kWh	559,426	571,748	585,041	589,141	619,395	631,477	644,042	553,756	550,939	259,866	268,530	267,963
Sentinel Lighting	Cust/Conn	29	27	26	26	26	26	26	25	25	26	26	15
	kWh	39,009	36,405	35,563	35,581	35,485	35,485	35,152	33,332	33,332	14,682	14,572	9,871
	kW	101	101	99	99	99	98	98	92	92	41	40	27
Street Lighting	Cust/Conn	1,716	1,758	1,802	1,826	1,845	1,845	1,854	1,872	1,890	1,845	1,850	1,884
	kWh	569,977	520,136	517,704	525,998	532,299	530,327	534,834	556,740	562,177	251,081	251,732	257,750
	kW	1,520	1,436	1,429	1,445	1,467	1,467	1,472	1,541	1,556	611	613	623
Total	Cust/Conn	8,668	8,773	8,923	9,084	9,215	9,325	9,366	9,472	9,579	9,321	9,358	9,422
	kWh	128,276,950	140,472,767	137,474,662	138,883,589	143,567,973	144,326,883	142,192,699	140,588,025	140,810,978	60,839,913	59,582,511	61,775,510
	kW	159,922	188,954	188,096	183,268	191,585	196,631	193,352	191,980	192,296	80,929	80,725	82,978

Exhibit 4 – Operating Costs

4-Staff-35

Cost Drivers - Inflation

Ref: Exhibit 4

Preamble:

Centre Wellington Hydro states that inflation is one of the largest cost drivers for OM&A between 2018 and 2025.

Question(s):

- a) Please provide an annual inflation estimate using the 2018 OEB-approved OM&A as the base and escalating each year thereafter using the adjusted inflation value (OEB inflation minus stretch factor) from 2018 OEB-approved to 2025 in the format shown below.

	OEB Inflation (%)	Stretch Factor (%)	Adjusted Inflation (%)	OM&A Cost Escalated by Adjusted Inflation (\$)	Total OM&A Cost from Appendix 2-JA (\$)
	(A)	(B)	(C = A - B)	(D = D _{previous year} X (1+ C _{current year}))	(E)
2018 OEB-Approved	%	%	%	\$2,344,300	\$2,344,300
2019	%	%	%	\$	\$2,573,894
2020	%	%	%	\$	\$2,433,090
2021	%	%	%	\$	\$2,423,285
2022	%	%	%	\$	\$2,692,398
2023	%	%	%	\$	\$2,768,957
2024	%	%	%	\$	\$2,940,005
2025	%	%	%	\$	\$3,130,127
\$ Increase from 2018 OEB-approved to 2025	-	-	-	\$	\$785,827
% Increase from 2018 OEB-approved to 2025	-	-	-	%	34%

CWH Response:

	OEB Inflation (%)	Stretch Factor (%)	Adjusted Inflation (%)	OM&A Cost Escalated by Adjusted Inflation (\$)	Total OM&A Cost from Appendix 2-JA (\$)	Total Actual OM&A Cost as % of Adjusted OM&A Cost (%)
	(A)	(B)	(C = A - B)	(D = D _{previous year} x (1+ C _{current year}))	(E)	(F = (E - D)/D)
2018 OEB-Approved	%	%	%	\$2,344,300	\$2,344,300	
2019	1.50%	0.30%	1.20%	\$2,372,432	\$2,573,894	8.49%
2020	2.00%	0.30%	1.70%	\$2,412,763	\$2,433,090	0.84%
2021	2.20%	0.30%	1.90%	\$2,458,605	\$2,423,285	-1.44%
2022	3.30%	0.30%	3.00%	\$2,532,364	\$2,692,398	6.32%
2023	3.70%	0.30%	3.40%	\$2,618,464	\$2,768,957	5.75%
2024	4.80%	0.15%	4.65%	\$2,744,150	\$2,940,005	7.29%
2025	3.60%	0.15%	3.45%	\$2,838,823	\$3,130,127	10.42%
\$ Increase from 2018 OEB-approved to 2025	-	-	-	\$494,523	\$785,827	
% Increase from 2018 OEB-approved to 2025	-	-	-	21%	34%	

- b) From the table in (a), please calculate the percentage of the total inflation amount (\$ increase from 2018 OEB-approved to 2025 in column D) as part of the total increase in OM&A cost (\$ increase from 2018 OEB-approved to 2025 in column E) from the 2018 OEB-approved to the 2025 Test Year.

CWH Response: CWH notes that 62.9% of the total \$785,827 increase from 2018 to 2025 is attributable to inflation. CWH notes that the requested presentation does not account for the impact of customer growth on OM&A costs. According to PEG, each percentage point of customer growth results in an additional 0.4448 percentage points of increased OMA costs. Additionally, the table does not include costs that are mandatory or beyond the utility's control.

4-Staff-36

Labour Allocation

Reference: Exhibit 4, p. 15

Preamble:

Centre Wellington Hydro states that one significant cost driver for OM&A is labour allocation between capital and operations and maintenance. Depending on the focus for capital jobs and unplanned interruptions, the operations staff can see fluctuations in their time between these two categories. Centre Wellington Hydro staff construct the capital projects using contractors only where it is necessary. There are fluctuations in Centre Wellington Hydro's labour required for capital projects.

Question(s):

- a) Please provide the labour allocation percentages between capital and operations and maintenance from 2018 OEB-approved, 2018 Actual – 2023, 2024 Bridge Year, and 2025 Test Year. Please explain any significant changes in the labour allocation percentages.

CWH Response:

	2018 BA	2018 Actual	2019	2020	2021	2022	2023	2024	2025
Capital	30%	32%	24%	28%	37%	26%	30%	32%	34%
O&M	36%	39%	46%	46%	33%	42%	37%	35%	34%

The percentages won't add to 100%, the difference will be time spent on rebillable jobs, billing and collecting, inventory, vehicles, community relations, vacation etc.

As can be seen by the above table, there are fluctuations from year to year for how the Capital and O&M labour hours are spent. This is due to numerous factors and the ebbs and flows of the operations work force in any given year. Some years capital projects are prioritized and are necessary to complete in certain years and the labour force has to allocate more time to these, for example, capital labour hours went up in years 2018, 2021, 2024, and 2025. Conversely O&M labour hours were higher in 2019, 2020 and 2022 as there were maintenance projects that took priority due to previous years capital priority work completion. Examples of these were customer service upgrades including replacing delta (with no neutral) services and improving and/or eliminating backlot construction in 2019, Covid related expenses in 2020, and one-off underground transformer outages in 2022. CWH balances the need to complete capital asset

replacement programs with O&M programs, although from year to year there are fluctuations, and some years OM&A is higher for the reasons mentioned.

4-Staff-37

Business Environment Changes

Reference: Exhibit 4, p. 8

Preamble:

In the reference, Centre Wellington Hydro provides a list of significant changes specific to Centre Wellington Hydro due to regulatory environment changes over the past seven years which include:

- Implement CIS updates to accommodate regulatory requirements
- Upgrade of CIS
- Upgrade of Financial System
- Implementing EFT payments for Centre Wellington Hydro's Accounts Payable
- Implementing a paperless solution for the financial area of Centre Wellington Hydro
- Changing Centre Wellington Hydro's CIS and Financial Systems IT hosting services provider
- Changing Centre Wellington Hydro's IT management service provider
- Implemented IVR system to assist with collection reminder notices.
- Very successful uptake in net metering with Centre Wellington Hydro's residents
- Implementing real time service order tablets for field staff
- Implementing a shared services arrangement with CHEC members to acquire a GIS 35 expert to manage necessary ESRI GIS license requirements and upgrades.

Question(s):

- a) Please provide a brief explanation on improvements that have been made for each of these changes.

CWH Response:

- Implement CIS updates to accommodate regulatory requirements
 - Updates required for Green button integration with CIS and Web Portal
 - Integration updates for new Silverblaze web portal implementation
 - Updates to bill print to present Net Meter accumulated credit information (ongoing)
 - Updates to accommodate switch to Tier and ULO customer choice
 - OESP and Collections Modifications (ongoing) – will provide for a better mechanism to track OESP credits, collection modifications allow for multiple collection streams at any given time

- Upgrade of CIS
 - When CWH moved to the new hosting services provider, the CIS version had to be upgraded to the latest release, to be in line with the other customers they were supporting. This also ensured we had the most current enhancements and fixes, with the main benefit being CIS performance fixes for issues that were impacting customer service.
- Upgrade of Financial System
 - More user friendly, enhancement to search and export function of transactions spanning many years, previous version was not going to be supported in the following couple of years. The financial system is still on a physical server, it is not cloud based.
- Implementing EFT payments for Centre Wellington Hydro's Accounts Payable
 - Reduced staff time to clear cashed cheques, mail cheques, stop cheques at bank, reduced cost of mailing out cheques.
- Implementing a paperless solution for the financial area of Centre Wellington Hydro
 - Allow access to information that was stored via paper now online and accessible when staff work from home and easier to share with others. Less folders/binders required to have copies of paperwork.
- Changing Centre Wellington Hydro's CIS and Financial Systems IT hosting services provider
 - When CWH was using their old hosting provider, our system would go down approximately once per month, often resulting in delays in printing bills, the inability to access customer accounts for customer service inquiries and general resource frustration. It also resulted in the customer's inability to access their account online. The service provider was unable to identify the source of the issue and the issues seemed to be compounding over time.
 - Moving to the new host has resulted in much less down time – the only down time has been directly related to issues outside of their control. This has resulted in a much better end user experience and improved customer service.
- Changing Centre Wellington Hydro's IT management service provider
 - Due to new Cyber Security requirements CWH started contracting a consultant and started working through the process of becoming compliant with the new regulations. It was determined the previous IT management contractor was unable to provide the required changes to CWH's IT management and a switch was made to a new vendor. CWH has successfully improved our Cyber Security posture and as reported in the most recent OEB RRR, complies with the new OEB Cyber Security Control Objectives that have been included within the amendments to the DSC.
- Implemented IVR system to assist with collection reminder notices.
 - Reduced staff time to print and stuff letters. Reduction of stamps and envelopes.
- Very successful uptake in net metering with Centre Wellington Hydro's residents
 - The uptake in net metering in Centre Wellington has required a lot of focus from and changes within our billing processes, in order to accommodate the larger

number of net meter customers. The following improvements have been made to accommodate our increasing numbers:

- Finalize formal application process, with Operations and Billing responsibilities clearly defined
- Move from manually entering generation “usage” for net meter customers to importing a generation file for billing purposes.
- Procedure for balancing Net Meter generation and load to ensure accurate billing
- Credit tracking and accumulated credit clearing balance, and sending customers a letter to explain the regulation around net meter credit clearing
- Implementing real time service order tablets for field staff
 - Have operations staff connected to system while out in field to ensure orders are not missed by having paper copies or requiring staff to return to the office to have information for work order.
 - Allows office have to get real time updates of completed orders.
- Implementing a shared services arrangement with CHEC members to acquire a GIS 35 expert to manage necessary ESRI GIS license requirements and upgrades.

CWH notes that all the improvements listed above were completed over the timeframe without an increase to staffing levels and CWH’s FTE. These projects were driven by a variety of reasons including, regulation additions/changes, increase ease and efficiency for customers and staff and or to stay current with technology. Many projects were one-time costs, however where noted some have annual costs associated with the project.

b) Please provide the cost increase or savings for each of the changes.

CWH Response:

- Implement CIS updates to accommodate regulatory requirements
 - Regulatory modifications are not included in regular maintenance fees
 - If training or services are required to implement a change a SOW will also be provided by the vendor
 - Modification to accommodate Customer Choice – Tiered \$6,500
 - Modification to accommodate Customer Choice - Ultra-Low Overnight pricing - \$4250
 - OESP and Collection Modifications - \$5,000
 - Cannot estimate a cost savings
 - Ongoing costs for the above is \$3,200/year increasing by 5% each year
- Upgrade of CIS
 - CIS general software updates and fixes are typically included in regular maintenance fees
- Upgrade of Financial System

- The upgrade of CWH's financial system cost was \$110K
- Implementing EFT payments for Centre Wellington Hydro's Accounts Payable
 - There was no incremental cost for this as CWH's annual support and maintenance fees included this type of change to the system.
 - There is a fee per bank file (\$5/file) that is uploaded to CWH's bank, however it is not material.
- Implementing a paperless solution for the financial area of Centre Wellington Hydro
 - CWH had an incremental cost of \$7,900 to complete this project. There is no incremental on-going cost as CWH was already using the paperless solution for other departments and annual costs did not increase.
- Changing Centre Wellington Hydro's CIS and Financial Systems IT hosting services provider
 - CWH incurred \$16K costs in 2021 to change hosting partners.
 - Comparing the hosting cost between the two vendors, CWH did not experience an increase in cost for changing hosts.
- Changing Centre Wellington Hydro's IT management service provider
 - CWH's IT and Cyber Security management contracting out has increased by \$10K from 2018 to 2024.
- Implemented IVR system to assist with collection reminder notices.
 - There was no project cost to implement the IVR, however, there was a cost of \$6,000 cost to implement an interface between the IVR results and customer accounts in the CIS
 - IVR Job cost is \$45 per job
 - Primarily used for Account Overdue Notices – CWH was mailing ~550 overdue notices per month at ~\$1.10 per unit \$605, costs \$45, savings of \$560/month less than 11 month return on investment
- Very successful uptake in net metering with Centre Wellington Hydro's residents
 - Bill Print Modification - \$3,024 – allow for better visibility for customers and tracking their generation credits
 - Import File for generation 'usage' – no cost but has saved around 3 hours per month of manual data entry, and eliminates the change of human error
 - Procedural and process changes – part of daily operational cost, resulting in better customer service and more accurate billing
- Implementing real time service order tablets for field staff
 - Project cost \$5,795
 - Very difficult to estimate cost savings, cannot put a price on having real time information. There are some personnel cost savings where the field rep doesn't have to come back to the office to have an order generated and assigned to them.
- Implementing a shared services arrangement with CHEC members to acquire a GIS 35 expert to manage necessary ESRI GIS license requirements and upgrades.
 - Annual additional cost is \$27K for this shared service.

- c) Please indicate whether any of the changes is a result of shifting from on-premise solutions to subscription-based or cloud-based solutions.

CWH Response: For the above list, the changes that occurred did not change any item to a cloud-based solution.

4-Staff-38

Business Environment Changes

Reference: Exhibit 4, p. 9

Preamble:

In the reference, Centre Wellington Hydro states that it will implement the following changes in 2024:

- A customer bill redesign to have a clearer monthly bill for customers to understand their usage patterns and what they owe.
- A new customer portal, SilverBlaze.
- Replace the gatekeepers and upgrade software to run Centre Wellington Hydro's AMI mesh network.
- New protocols for billing net meters via the MDMR.
- Complete migrating Centre Wellington Hydro's current GIS application to an enterprise system

Question(s):

- a) Please provide additional changes expected in the forecast 2024 – 2029 period if they are not on the list.

CWH Response:

For 2024 no further projects than listed above.

For 2025-2029:

- Transition to a new ERP/financial system
- Market Renewal Program (MRP)
- GA for non RPP customers – currently in review with OEB Staff
- Upgrade to CIS
- Significant meter replacement for residential and GS <50kW customers

- b) Have these changes already been implemented? If not, when are they expected to be implemented?

CWH Response:

For 2024 projects:

- The customer bill redesign is expected to be completed by Q4 of 2024,
- Silverblaze migration is anticipated to be completed by Q4 of 2024,
- Gatekeeper and AMI software version upgrade is scheduled to be complete in 2024,
- NET metered protocol changes by the end of 2024
- CWH's ESRI application migration is hoped to be completed by Q3 of 2025. For 2025-2029 no changes have been implemented.
- Transition to a new ERP/financial system – Q3 2027
- Market Renewal Program – May 2025
- GA for non RPP – project scope is currently with OEB staff, not ready for implementation by LDCs.
- Upgrade to CIS - 2029
- Significant meter replacement for residential and GS <50kW customers

- c) Please provide a brief explanation on improvements that will be made for each of these changes.

CWH Response:

Customer Bill Redesign

CWH has not done a full bill print re-design since the inception of Deregulation. As different regulated line-item changes and additions have been introduced the format has changed accordingly but the look and feel are the same as it was in 2002 and we have continued to use our CIS vendor's generic inhouse bill print solution.

Customers have often commented that our bills are difficult to understand and that they are looking for the information in a more easily understood and to read format.

Not only will the new bill print design meet regulatory requirements but it will offer customers additional information through graphs, widgets and pictures, intended to assist with understanding their electric consumption, pricing options, consumption management and much more. The look is much more modern and user friendly than our current solution and is well over due.

Silverblaze Migration

Our current web portal solution has reached it's "end of life", meaning our solution vendor will no longer fix minor issues or complete any updates or improvements on the product. CWH implemented Customer Connect, our current solution many years ago, and few

updates have been made to the portal in the past 5 years. It is not user friendly or intuitive and CWH's Customer Service Reps field many customer inquiries related to their account.

Silverblaze will offer CWH's customers a much more current and user-friendly solution. The Customer Choice and Green Button integrations are seamless and the smart meter data presentation is excellent, allowing for pricing option comparison and usage drill down functionality. The portal will provide our customers with a much better experience than our current solution. This is our vendor's flagship portal solution, so they will continue to invest in enhancements and continuous improvement for a long time.

Gatekeeper and AMI software version upgrade

Aside from being necessary to ensure being on a vendor supported version/platform, the new Gatekeepers are next generation RTU's that will accommodate CWH's future transition to smart meters 2.0. They will continue to allow CWH's current metering infrastructure to operate while also allowing CWH to connect the latest ELSTER/HONEYWELL smart meters that CWH will be phasing in starting in 2027.

NET metered protocol changes

Moving to integrating with the MDMR for Net Meter Generation billing has been mandated and requires all LDCs integrate with the MDMR by January 1, 2025. This will be an improvement as all net meter data will then be held in the central repository along with all other residential and small commercial data, eliminating the need for CWH to retrieve the data from their settlement provider. This will streamline the billing and sync process and ensure the data is consistent with all other smart meter data.

CWH's ESRI Enterprise Project

CWH will be migrating to a newer GIS system (ArcGIS Utility Network) which will ensure we are able to continue to receive software vendor service and support as our current version becomes obsolete in March 2026. The new software will allow CWH to deploy mapping to multiple devices, including tablets for field staff, ensuring up-to-date mapping is available on demand. The new software will also allow for better analytics of distribution system data that can be used for operations, maintenance and capital planning. Built in data input vetting will ensure GIS data entry is complete and consistent, which will provide for more reliable analysis.

- d) Please provide the forecast cost increase or savings for each of the changes.

CWH Response:

The customer bill redesign has a one-time cost of \$8,500

Silverblaze migration: this project is in CWH's 2024 capital budget, \$50K and an annual amount for hosting similar to what CWH currently pays for current customer portal.

The on-going maintenance and service agreement with vender for the Gatekeepers and AMI software will stay in place with the continued annual inflation escalation. This project is in the 2024 budget, \$66,600.

NET metered protocol changes: Regulatory modifications are no longer included in CIS Maintenance. Cost will be similar to the cost to implement Customer Choice, approximately \$5,000.

CWH's ESRI Enterprise Project: This project is estimated to cost \$183k in CWH's capital budget for 2024. On-going service and maintenance fees are increasing by \$20K and will see the annual inflation rate applied after the initial cost increase

Transition to a new ERP/financial system (in Capital Budget in 2027 for \$200K)

Market Renewal Program – May 2025 - Regulatory modifications are no longer included in CIS Maintenance. Cost will be similar to the cost to implement Customer Choice, approximately \$5,000.

GA for non RPP – project scope is currently with OEB staff, not ready for implementation by LDCs. Regulatory modifications are no longer included in CIS Maintenance. Costs are unknown until the specifics of the project are more detailed.

Upgrade to CIS – 2029 – No quoted costs at this time.

Significant meter replacement for residential and GS <50kW customers (in Capital Budget in 2027).

- e) Please indicate whether any of the changes is a result of shifting from on-premise solutions to subscription-based or cloud-based solutions.

CWH Response: At this time CWH is not sure if the Financial System upgrade in the capital budget for 2027 will result in a cloud-based solution. Similarly the CIS is unknown at this time if it will result in cloud based solution. The GIS will be cloud-based.

4-Staff-39

On-premise, Subscription-based, and cloud-based solutions

Ref 1: Exhibit 4, p. 13

Ref 2: Exhibit 1, Appendix A, p. 24 (p. 93 of PDF)

In Reference 1, Centre Wellington Hydro provides an explanation for OM&A cost increases from 2018 to 2025. Centre Wellington Hydro states that since 2018, some costs that were formerly purchased outright have transitioned to a subscription-based model including computer operating systems, software applications, and cloud-based solutions. Centre Wellington Hydro has not

observed a proportional decrease in the cost of its assets, so the related depreciation expense for these assets has remained similar.

In Reference 2, Centre Wellington Hydro explains cost challenges in its Business Plan (2023-2029). Centre Wellington Hydro states that cloud-based solutions for systems and process in the industry are also driving up OM&A costs and overall costs in general as these have shifted from an upfront capital cost to monthly service and maintenance fees. These costs are typically higher over the timeframes than upfront capital costs would be attributed too.

Question(s):

- a) Please complete the following tables on capital and OM&A spending between on-premise solutions and subscription-based model/cloud-based solutions.

Costs for On-premise Solutions from 2018-2029

	2018	2019	2020	2021	2022	2023
Capex	\$	\$	\$	\$	\$	\$
OM&A	\$	\$	\$	\$	\$	\$

	2024	2025	2026	2027	2028	2029
Capex	\$	\$	\$	\$	\$	\$
OM&A	\$	\$	\$	\$	\$	\$

Costs for Subscription-based/Cloud-based Solutions from 2018-2029

	2018	2019	2020	2021	2022	2023
Capex	\$	\$	\$	\$	\$	\$
OM&A	\$	\$	\$	\$	\$	\$

	2024	2025	2026	2027	2028	2029
Capex	\$	\$	\$	\$	\$	\$
OM&A	\$	\$	\$	\$	\$	\$

CWH Response: Prior to 2019 when CWH started subscribing to O365, there was not a specific cost for the Microsoft Suite of modules listed on CWH's historical invoices. CWH last purchased an Adobe licence in 2017 and the one time cost was \$378.12, however since moving to subscription based CWH now pays over \$29/month/user. Not all CWH staff have adobe.

Costs for On-premise Solutions from 2018-2029

	2018	2019	2020	2021	2022	2023
Capex	\$	\$	\$	\$	\$	\$
OM&A	\$	\$	\$	\$	\$	\$

	2024	2025	2026	2027	2028	2029
Capex	\$	\$	\$	\$	\$	\$
OM&A	\$	\$	\$	\$	\$	\$

Costs for Subscription-based/Cloud-based Solutions from 2018-2029

	2018	2019	2020	2021	2022	2023
Capex	\$	\$	\$	\$	\$	\$
OM&A	\$0	\$1208	\$4,834	\$5,082	\$5,616	\$8,281

	2024	2025	2026	2027	2028	2029
Capex	\$	\$	\$	\$	\$	\$
OM&A	\$8,500	\$8,700	\$8,900	\$9,100	\$9,300	\$9,500

- b) Please explain any cost savings as a result of moving to a subscription-based model or cloud-based solutions which Centre Wellington Hydro would otherwise be incurring with on-premise solutions.

CWH Response: CWH does not expect to realize any long-term savings to move to subscription-based models as the on-going long-term fees will eventually surpass upfront capex costs to implement systems. Through attending various meetings and trade shows CWH staff have been informed of costs of going to cloud based solutions and at this point, CWH has not moved to the cloud-based solutions, with the exception of our security camera recordings being saved to the cloud.

4-Staff-40

Vegetation Management Costs

Ref 1: Exhibit 4, pp. 12 and 31
Ref 2: Chapter 2 Appendix 2-JC

Preamble:

Centre Wellington Hydro states in reference 1 that:

Tree trimming will cost \$113K in 2025, up from \$59K in 2018. There are an additional 130 hours in 2025 for tree trimming, compared to 2018 Board Approved however the difference is that nearly half of the labour hour costs were designated for a co-op student in 2018, albeit at a reduced burden allocation and wage rate.

Centre Wellington Hydro also states that in 2024 it has increased the expenditure in account 5135 for tree trimming over the amount in 2023 in order to address the recent high vegetation growth years and falls in line with Centre Wellington Hydro's commitment to proactive vegetation management to mitigate outages due to tree and limb contact during adverse weather.

Question(s):

- a) Please provide a number of outages as a result of tree and limb contact during adverse weather from 2018 to 2023 and 2024 year-to-date.

CWH Response: CWH reported three (3) power outages as a result of "tree contact" during the period 2018 to June 2024.

- b) Please explain in more detail why is there a forecast increase of 130 hours of tree trimming required in 2025 compared to 2018?

CWH Response: The 130 hours increase in labour hours for tree trimming from 2018 to 2025 represents a marginal increase over the 5-year period. The increased budget was determined through recent years actual time spent on vegetation management which has seen an increase due to staff's necessary time to adequately and safely trim trees. CWH's average O&M spend on vegetation management over the 5-year APB model at \$28.38 is much lower than the provincial average of \$68.27 and CWH is confident even with the slight increase it will remain lower than the provincial average.

4-Staff-41

Miscellaneous Distribution Expense Program

Ref 1: Chapter 2 Appendix 2-JC

Ref 2: Exhibit 4, pp. 39-40

Ref 3: Chapter 2 Appendix 2-K

Preamble:

In Reference 1, OM&A costs for Account 5085-Miscellaneous Distribution Expense increased sharply by 152%, 99% and 29% in 2020 and 2022 respectively.

In Reference 2, Centre Wellington Hydro explains an overall increase for Account 5085 which includes a shared GIS expert and an increased cost of training resulted from an employee being an apprentice in two programs (powerline maintainer and a meter technician). Centre Wellington Hydro states that the apprentice is expected to be employed in the future, and the current training budget through 2025 will remain in effect.

Question(s):

- a) Please explain drivers of the increases specifically for each of the years in 2020 and 2022.

CWH Response:

2019-2020: Increase of \$71,122. Increase was due to staff labour during the pandemic. Our journeymen staff were split into two crews and alternated one week working, one week off during the height of the pandemic. The wages for the staff when they were not working were allocated to this account. The total amount was \$72,294 – this time would have normally gone to other operations, maintenance or capital jobs. There were increased costs for health and safety equipment, but this was offset with no costs for training as courses and seminars were all cancelled/postponed.

2021-2022: Increase of \$55,134. In 2022 CWH saw the return of training, seminars and conferences, which included our apprentice to resume their in-class instruction. In 2022 CWH experienced \$10K in labour dollars that the staff was either sick with COVID or isolating to try and keep other staff members safe. CWH also had an increase in GIS support costs that were higher than previous years.

- b) For the apprentice being trained in two programs, please provide the following:
 - i. The cost of training per year since the first year of training until 2025 and a brief explanation of different costs associated with the training.

CWH Response:

2021	2022	2023	2024	2025
\$6,008	\$13,230	\$7,144	\$10,700	\$19,700

This includes only the cost of the training, this doesn't include employee labour to attend training.

- ii. When is the training expected to be completed?

CWH Response: The apprentice completed PLT3 in 2024 and will plan on completing Metering3 in 2025, and PLT4 in 2026.

4-Staff-42

Locates

Ref 1: Exhibit 4, Table 3, p. 15

Ref 2: Exhibit 4, pp. 25 and 39

Ref 3: Exhibit 4, p. 38

Preamble:

In Reference 1, OEB staff notes that the cost driver for locates show an overall decrease from the 2018 OEB-approved to 2021.

In Reference 2, Centre Wellington Hydro states that it stopped using a third party for conducting locates in March 2020 as the timing metric of completing the locates in 5 days was not being met. In 2021, Centre Wellington Hydro reduced labour costs by hiring a part time dedicated staff member to complete locates for most of the year, and there was an overall reduction in locate requests in 2021 which led to an over \$55K reduction in 2021 compared to 2020.

In Reference 3, Centre Wellington Hydro states that there is an additional 0.55 FTE dedicated to performing underground locates and other functions related to fieldwork.

Question(s):

- a) Please provide annual locate costs incurred from using the third party during the historic period.

CWH Response:

2018 = \$89,746.45

2019 = \$79,349.69

2020 = \$7,549.81 only used for 3 months of 2020

- b) Please explain whether bringing the locator in-house resulted in cost savings over the historic period.

CWH Response: Completing all locates in-house without contracting out a locator over the historic period did not result in cost savings as CWH's staff had to be either taken off other operations department work that typically requires a qualified PLM or work overtime to complete locates at a higher cost than what a contractor would have been.

The volume of locate requests fluctuate over time and CWH did not see that bringing the locate position in-house resulted in any noticeable cost savings over the historic period.

- i. If so, please provide cost savings as a result of bringing the locator in-house compared to the cost that Centre Wellington Hydro would otherwise incur with the third-party locator.

CWH Response: As answered in above question, there was no cost saving realized.

- ii. If not, please provide cost increases from bringing the locator in-house

CWH Response: The cost for contracting out locating services is not considered to be cost increases compared to completing locates within full-time house staff. CWH uses the hybrid approach of in-house staff and contracted staff to ensure we are meeting our obligation of completing locates on time. CWH does not have the full-time staff compliment in the operations department to complete all locate requests and would have to increase the FTE compliment, or complete locates through overtime from qualified PLM's which both would result in higher costs.

4-Staff-43

Ref 1: [The OEB's Decision and Order for Getting Ontario Connected Act Variance Account, October 31, 2023](#)

Ref 2: Exhibit 4, p. 31

Preamble:

In reference 1, the OEB issued a decision and order EB-2023-0143 for Getting Ontario Connected Act Variance Account (GOCA variance account) on October 31, 2023. The decision states that:

The OEB notes that the GOCA variance account will only be available to a utility until the end of its current IRM period. The account is not available for utilities that have reflected Bill 93 in their most recent rebasing applications.

The disposition of any balance in this account will be subject to a prudence review and a requirement to establish that any cost incurred over and above what is provided for in initial and IRM adjusted base rates is an incremental cost resulting from Bill 93.

In Reference 2, Centre Wellington Hydro states that the forecast locate expenses [when discussing maintenance expenses for the 2024 bridge year] are based on historical activity without any expected impact from the Getting Ontario Connected Act (GOCA). In the event there is an impact CWH will take advantage of the GOCA account provided by the OEB.

Question(s):

- a) In light of the OEB's decision that GOCA will only be available to the end of the current IRM term, please explain why Centre Wellington cannot include the expected impact from the GOCA in its OM&A expense for the test year.

CWH Response: CWH does not expect to be impacted by the GOCA. In 2016 an internet provider completed a project of bringing an underground fibre network into CWH's service area. CWH doesn't have any rural customers.

4.0 -VECC -27

Reference: Exhibit 4, page 8

Preamble:

CWH provides a list of significant changes specific to CWH.

- a) Please provide the corresponding dates for each item on the list.

CWH Response:

Change	Date Completed
Implement CIS updates to accommodate regulatory requirements	Q4 2020, Q2 2022, Q4 2022, 2024
Upgrade of CIS	Q1 2018, Q3 2021
Upgrade of Financial System	Q3 2022
Implementing EFT payments for Centre Wellington Hydro's Accounts Payable	Q1 2021
Implementing a paperless solution for the financial area of Centre Wellington Hydro	Q2 2021
Changing Centre Wellington Hydro's CIS and Financial Systems IT hosting services provider	Q1 2021

Changing Centre Wellington Hydro's IT management service provider	Q1 2020
Implemented IVR system to assist with collection reminder notices.	Q4 2021
Very successful uptake in net metering with Centre Wellington Hydro's residents	2017 – current (2021 = 10 installs, 2022 = 8, 2023 = 10)
Implementing real time service order tablets for field staff	Q3 2022
Implementing a shared services arrangement with CHEC members to acquire a GIS 35 expert to manage necessary ESRI GIS license requirements and upgrades.	Q4 2022

b) Please list the significant changes specific to CWH in 2025.

CWH Response:

Market Renewal Program

The implementation of the IESO Market Renewal Program is expected to go live May 2025. There will be changes required by our Wholesale Settlement Provider as well as our CIS Vendor in order to implement this. The changes will be billable and there will be considerable effort for implementing and testing by CWH.

Dynamic Pricing for Non-RPP Class B

Given the discussion around Dynamic Pricing Options for Non-RPP Class B Electricity Consumers, CWH expects there will be considerable effort spent on this project in 2025. CWH has been in discussions with our CIS vendor and either pricing option will require major software updates which will not be included in standard maintenance and will require a lot of testing.

For further detailed information please see 4-Staff-38 and 4-Staff-39 above.

4.0 -VECC -28

Reference: Exhibit 4, Appendix 2-JB

a) Please explain the increase in Outside Professional Services & Membership Dues in 2025.

CWH Response: On the Cost Driver Table, Appendix 2-JB, the amount in 2025 has been corrected to \$28,145. The largest contributor to the increase is for a \$20,000 increase in contracts/maps for the ESRI licence. The remaining \$8K is for outside services.

b) Please explain the increase in Capital/Ops Mtce Movement in 2025.

CWH Response: CWH realized they had a formula error in the Cost Driver table and the cost driver values for “Staffing & Overhead” and “Outside Professional Services & Membership Dues” were incorrect. In 2025 there is no new staffing anticipated compared to 2024. The increases in wages/salaries and overhead are captured in the “inflation” line of the table. CWH has corrected Appendix 2-JB to reflect this correction and apologizes for the confusion. In 2025, CWH anticipates more labour and applicable overhead charges to be capitalized than in 2024, therefore there will be less labour and overhead charges spread across the OM&A accounts.

4.0 -VECC -29

Reference: Exhibit 4, page 37

Please explain the increase in union benefits from \$196,600 in 2018 (Board Approved) to \$361,376 in 2025.

CWH Response: The increase in total benefits between 2018 (Board Approved) and 2025 as listed within Table 15: OEB Appendix 2-K – Employee Compensation can be further explained by the following.

The Total Benefits (Current + Accrued) section includes all Non-Management, Union and Non-Union, staff. The Total Benefits amount combines all Government/Statutory Benefits (CPP, EI, EHT, WSIB) and Company Benefits (OMERS, Group Health and Life Benefits).

As is typical with statutory and company benefits, the annual increase in costs is driven by a combination of; changes in employee salaries, increase in government contribution rates and implementation of new programs, and premium increases instituted by group benefit providers.

1. Salaries: Between 2018 – 2025 there were two collective bargaining agreements resulting in a cumulative increase in employee salaries of 22.15%. This increase in employee pensionable earnings directly impacts contribution amounts for statutory deductions and company-paid benefits.
2. Statutory Deductions: The government’s annual increase in Yearly Maximum Pensionable Earnings and implementation of the CPP Enhancement Program from 2019 – 2025 saw a noticeable increase to statutory benefit contribution amounts. In all years, except 1, the annual increase for statutory deductions was

greater than the annual OEB approved inflationary factor, with 2022 and 2020 being the highest at a 13% increase over the previous year.

3. **Company Benefits:** An increase in employee pensionable earnings has a direct impact on the OMERS Pension Plan's employer matched contributions.

Group Benefit providers increased their premiums annually relative to market conditions and member usage.

4. **Staffing:** During the life of this application CWH added a Powerline/Operations Technician FTE to the Operations Department, and this Apprentice has been working through the necessary certification and wage progression steps since the fall of 2020. It is expected that by the end of 2024 they will be receiving job rate for this position. Also, when preparing for expected retirements and as part of regular succession planning, CWH took the opportunity to place qualified, professional staff with industry experience into Management and other roles. The increase in pensionable earnings for these positions also contributed to an increase in statutory deductions and employer-paid benefits over the period.

4.0 -VECC -30

Reference: Exhibit 4, page 37

Please discuss CWH's Performance Pay Plan and provide the amounts paid in 2018 and the forecast for 2025.

CWH Response: As noted in Exhibit 4, Section 4.4 Workplace Planning and Employee Compensation, page 35, CWH's wages are typically administered as an hourly rate and do not include performance pay. CWH does not participate in a Performance Pay Plan. All staff are paid a base wage and not further compensated with bonuses or additional incentive pay structures. Therefore, there is no amount to report for the year 2018 or a forecasted amount for 2025.

4.0 -VECC -31

Reference: Exhibit 4

- a) Please provide the number of vacancies in 2022 and 2023.

CWH Response: In 2022 there was one (1) short-term vacancy within the Operations Department. The position was vacated and re-filled within a four-month period; however, CWH was not actively recruiting for the entire time.

In 2023 there were no vacancies to report.

- b) Please provide the current vacancies and include information on the vacant position(s) and number of days each position has been unfilled.

CWH Response: There are no vacancies to report in 2024.

4-SEC-15

Reference: [Ex.4, p.15; Appendix 2-JB]

Please explain specifically how CWH determines which cost increases would be included in the 'Inflation' cost driver category.

CWH Response: CWH used the previous years OM&A value and applied the OEB inflationary rate less CWH's productivity factor.

4-SEC-16

Reference: [Ex.4, p.17, Appendix 2-JD]

Please provide a revised version of Appendix 2-JD that includes additional columns to show year-to-date actuals for 2024, and year-to-date actuals at the same point in time in 2022 and 2023.

CWH Response: CWH has opted not to use 2-JD, but rather 2-JC. The requested columns have been added and populated to June 30th of the requested years.

4-SEC-17

Reference: [Ex.4, p.37, Appendix 2-K]

SEC has calculated the Total Compensation Cost/Per FTE. Please explain the significant year-over-year increase across all categories (management, non-management, total) in 2020 (11.73%, 8.33%, and 8.12%), and 2024 (6.2%, 14.01%, and 12.34%).

CWH maintains a lean FTE count and although there is a difference of only two FTEs between 2020 and 2024, there were some moving parts with succession between each of these years, readjustment of the org chart, and the need for CWH to be a competitive employer.

In 2020 the Management count was reduced from 5 to 4 with the retirement of the Executive Vice President. The Vice President/Treasurer assumed the role and maintained all Financial and Regulatory facets of the two positions and by reallocating tasks among current staff and hiring of the HR/Payroll position, further discussed below. During 2020 there were various employee

leaves including statutory and voluntary resignations, and certain positions that were not filled or funded for the complete year. Also, due to the Pandemic, 2020 was a year without part time or apprenticeship co-op roles, which attributed to the reduction in FTE count and total compensation. However, the total compensation reduction was not as great due to the creation of a new non management role to support HR, Payroll and Board of Directors functions, and a new Operations Technician position to manage Lines Technical duties such as GIS, Mapping and Metering. Both of these positions required speciality designations and allowed the various duties, originally scattered over multiple positions, to be the responsibility of independent roles.

In 2024, a Management Retirement allowed for the promotion of an existing non management staff member and the non management count was reduced from 13 to 12. Through the succession plan the existing non management position was not replaced, instead duties were redistributed amongst the existing team and a shared employee agreement ended, and the employee resumed working full time hours for CWH. The new manager has maintained certain duties from their previous role which they specialize in, including project management and business analyst. When the existing role of the Operations Manager was vacated in 2023 through retirement, the incumbent hired had a formal designation and industry experience and therefore the salary rate was adjusted to reflect the level of formal qualification and additional responsibility.

Finally, with concurrent ratified collective agreements staff salaries continue to increase year over year and with that corresponding statutory benefit costs and total compensation.

4-SEC-18

Reference: [Ex.4, p.41]

Table 17 shows that the union/non-union and management wage increases are identical. Does CWH have a policy that non-union and management salary increase match union negotiated increases? If so, please explain why CWH believes that is appropriate.

CWH Response: CWH does not have a policy that stipulates negotiated increases with union employees are matched with non-union and management salaries. Non-union and management wages are negotiated concurrently in an effort to be efficient in managing and administering compensations such as health benefits, pensions, wages, and support a work environment for all departments that allows for labour management discussions to consider staff as a collective whole.

4-SEC-19

Reference: [Ex.4, p.48, Table 29]

Please explain in detail how CWH calculates the non-utility water/wastewater billing costs.

CWH Response: Actual costs, where easily identified, are charged directly to the water/wastewater sub-account of 4380-Expenses for Non-Rate-Regulated Utility Operations. However, shared expenses that apply to both electric, water and/or wastewater billing are split based on an average number of water/wastewater customer percentage, which is updated each year. CWH believes this methodology is most appropriate as it ensures that electric customers are not subsidizing the water and wastewater billing. By providing water and wastewater billing the costs that would have been borne totally by the electricity customers are now being split with the Township, with both entities are benefiting from the cost sharing arrangement. This cost allocation and shared services methodology does not result in any additional costs being allocated to CWH than if CWH was a stand-alone entity, there is actually a cost savings to CWH by sharing some costs through the water and wastewater billing services.

CWH's allocation methodology is as follows:

- Customer service labour and burden costs specific to collections are separated between electric and water/wastewater based on time spent for billing, currently at 50.1% of the total salary, benefits and burden costs that is recorded as worked within account 5320 are allocated as a water/wastewater expense. All shared expenses are coded at the GL level, when the expense is paid to the Billing and Collecting USoA accounts and at each month end a reallocation entry to ensure all shared costs are properly allocated to the USoA 4380
- Directly allocated costs to water billing are expenses that are incurred only for the purposes of billing water and wastewater. These costs are charged to 100% water billing. These include water meter reading costs and IVR calling to customers specifically for overdue water and wastewater bills. Any other costs that are specifically related to water billing would be allocated 100% to water when incurred.
- Tasks related to reading water meters and billing for water/wastewater consumption are allocated directly to a water expense account within the USoA 4380. This includes the labour and burden portion. This time is recorded by the individual staff member doing the work and is allocated during the payroll process, every two weeks.
- General office maintenance expenses such as utility costs, property taxes, office cleaning, insurance, office landline phone, and other general office contractors are split as 10% to water/wastewater. This was determined as a percentage of total office space. Many of these expenses are incurred whether water billing and collecting takes place, therefore there is a significant savings to electric customers. All shared expenses are coded at the GL level, when the expense is paid to the Billing and Collecting USoA accounts and at each month end a reallocation entry to ensure all shared costs are properly allocated.

4-SEC-20

Reference: [Ex.5, p.5, Appendix 2-OB]

With respect to CWH's 2025 forecast debt costs:

- a. CWH forecasts a new debt instrument with a principal of \$1.5M in 2024. What is the status of that new debt instrument?

CWH Response: CWH has submitted the application to Infrastructure Ontario and is waiting for further direction/information from them. CWH is anticipating having the loan start in October 2024.

- b. CWH forecasts a new debt instrument with a principal of \$3.2M in 2025. Please provide an update on the status of that forecast debt, and when in 2025 does it expect to enter into the debt instrument?

CWH Response: CWH has submitted the application to Infrastructure Ontario and is waiting for further direction/information from them. CWH anticipates getting the acceptance from Infrastructure Ontario in conjunction with the 2024 debt in part a above. CWH forecasts receiving \$3.2M in July 2025.

- c. For each of the debt instruments referenced in part (b), CWH has set the debt rate at the 2024 OEB deemed long-term debt rate. Does CWH propose to use that debt rate or have it updated based on the OEB's 2025 deemed long-term debt rate when it is issued?

CWH Response: CWH will use a rate of 5.05% for the new 3rd party debts in 2024 and use the OEB deemed long term rate of 4.58% for 2025. Infrastructure Ontario provided the current rate of 5.05% to CWH on July 26, 2024.

Exhibit 5 – Cost of Capital

5-Staff-44

Ref 1: EB-2024-0063, Notice, March 6, 2024

Ref 2: EB-2024-0063, OEB Letter, April 22, 2024

Preamble:

On March 6, 2024, the OEB commenced a hearing (EB-2024-0063) on its own motion to consider the methodology for determining the values of the cost of capital parameters and deemed capital structure to be used to set rates for electricity transmitters, electricity distributors, natural gas utilities, and Ontario Power Generation Inc. The methodology for determining the OEB's prescribed interest rates and matters related to the OEB's Cloud Computing Deferral Account will also be considered, including what type of interest rate, if any, should apply to this deferral account.

On April 22, 2024, the OEB approved the final Issues List for this proceeding, including the following two issues, amongst other issues:

18. How should any changes in the cost of capital parameters and/or capital structure of a utility be implemented (e.g., on a one-time basis upon rebasing or gradually over a rate term)?
19. Should changes in the cost of capital parameters and/or capital structure arising out of this proceeding (if any) be implemented for utilities that are in the middle of an approved rate term, and if so, how?

Question(s):

- a) Please confirm that the applicant proposes to implement the outcomes from the OEB's generic cost of capital proceeding, including what the OEB decides with respect to implementation. If this is not the case, please explain.

CWH Response: CWH will implement the outcomes from the OEB's generic cost of capital proceeding, insofar as they are applicable to CWH.

5-Staff-45

Ref 1: Exhibit 5, pp. 9-10

Ref 2: Chapter 2 Appendix 2-OB

Ref 3: Chapter 2 Appendix 2-OA

Preamble:

In Reference 1, Centre Wellington Hydro explains its long-term debt instruments which include a promissory note of \$5.0M that was issued with the Township of Centre Wellington at the rate of 7.25% that on November 1, 2000, the financing of \$1.5M in 2024 to replenish cash after a large capital spend in 2023, and the financing of \$3.2M in 2025 for the new Fergus MS-5 station (ACM project) which will be built in 2025 and energized in 2026. At the time of filing the application, Wellington Hydro states that it has not secured the financing with a third-party and therefore has used the deemed long-term debt rate for these two loans.

For the promissory note with the Township of Centre Wellington, OEB staff notes that the interest rate of 7.25% is significantly higher than interest rates from other lenders which drives the weighted long-term debt rate higher.

In Reference 2 (Appendix 2-OB), Centre Wellington Hydro provides the debt instruments from 2018 to 2025. The weighted long-term debt rate is 5.31% (cell H169) for 2025. OEB staff notes that the last two debt instruments for 2025 in Appendix 2-OB do not show the start dates for these loans.

OEB staff also notes that the loan of \$3.2M for the ACM project (Fergus MS-5 station) is included in the 2025 debt instrument table in Appendix 2-OB when the cost of this project is not part of the 2025 rate base of \$20.3M.

Reference 3 (Appendix 2-OA) shows the Capital Structure and Cost of Capital table for 2025 rates setting.

OEB staff notes that the proposed 2025 long-term debt rate of 4.58% (Appendix 2-OA) for rates setting does not reconcile with the weighted long-term debt rate of 5.31% from Appendix 2-OB.

Question(s):

- a) Has Centre Wellington Hydro secured the loans of \$1.5M (in 2024) and \$3.2M (in 2025) with the third-party lenders yet?
 - i. If so, please update rows 5 and 6 in the 2025 Debt Instruments table (Appendix 2-OB) to reflect updated information including the start dates.

CWH Response: CWH has submitted the application to Infrastructure Ontario and is waiting for further direction/information from them. CWH is anticipating having the loan start in October 2024.

- ii. If not, please add tentative start dates in cells F160 and F161 in Appendix 2-OB.

CWH Response: Added tentative start dates.

- b) Has Centre Wellington Hydro considered renegotiating the contract with the Township of Centre Wellington or other financing strategy to reduce the interest rate? Please explain.

CWH Response: The current promissory note interest payment with the shareholder is a long-established arrangement within CWH's Shareholder's direction. Although the interest rate paid on the promissory note is 7.25% the interest rate included for rate setting purposes is subject to the OEB's deemed long term debt rate. Accordingly, for the purposes of this application, CWH has assumed the current deemed long term debt rate for the promissory note, subject to update when the OEB updates the applicable deemed long term debt rate for rate year 2025 applications.

- c) Please explain why Centre Wellington Hydro applied the deemed long-term debt rate of 4.58% in cell K22 in Appendix 2-OA instead of using the weighted long-term debt rate of 5.31% (cell in Appendix 2-OB).
 - i. Will Centre Wellington Hydro update the long-term debt rate in cell K22 in Appendix 2-OA to reflect the OEB's 2025 deemed long-term debt rate as the information becomes available?

CWH Response: CWH made an error and should have used the weighted long-term debt rate at the time of filing. CWH has updated the current models to reflect the current Infrastructure Ontario rate of 5.05% for the 2024 loan and using the deemed 4.58% for 2025 with the assumption that interest rates will continue to decrease prior to receiving the funding in 2025.

- d) Please run a scenario where the interest rate of 7.25% for promissory note with the Township of Centre Wellington Hydro (in the 2025 Debt Instruments table in Appendix 2-OB) is replaced with the OEB's 2024 deemed long-term debt rate of 4.38%, and the 2025 debt issue related to the new station is removed. Based on this scenario, please provide the following:
 - i. Updated 2025 Debt Instruments table in Appendix 2-OB with an updated weighted average long-term debt rate.

CWH Response: CWH notes that while the promissory note was included in the evidence tables at its face rate, it was included in the weighted average cost of debt calculation at the OEBs 2024 deemed debt rate. A table has been provided below to reflect CWH's intentions.

Debt	Actual Principal	Weight	Weighted Principal (Weight x Principal)	Actual Rate	Proposed Rate	Weighted Interest (Weight x Principal x Proposed Rate)	Notes
Township of Centre Wellington	\$5,046,753	100.00%	\$5,046,753	7.25%	4.58%	\$231,141	Deemed Rate
Infrastructure Ontario	\$1,329,000	100.00%	\$1,329,000	4.52%	4.52%	\$60,071	Actual
Infrastructure Ontario	\$1,238,000	100.00%	\$1,238,000	3.78%	3.78%	\$46,796	Actual
Infrastructure Ontario	\$1,926,000	100.00%	\$1,926,000	3.56%	3.56%	\$68,566	Actual
Infrastructure Ontario - To be determined, October 15, 2024	\$1,500,000	100.00%	\$1,500,000	4.58%	5.05%	\$75,750	Current IO Rate
Third-party: To be determined, July 1, 2025	\$3,200,000	100.00%	\$3,200,000	4.58%	4.58%	\$146,560	Deemed Rate
Total Debt	\$14,239,753	100%	\$14,239,753		4.42%	\$628,884	

- ii. Updated 2025 Cost of Capital table in Appendix 2-OA using the updated weighted average long-term debt rate in (i) as an input for the long-term debt rate in cell K12.

CWH Response: CWH has updated Appendix 2-OA

Exhibit 6 – Revenue Requirement and Revenue Deficiency or Sufficiency

6-Staff-46

Other Revenue–Interest and Dividend Income

Ref 1: Chapter 2 Appendix 2-H

Ref 2: Exhibit 6, pp. 26-27

Ref 3: Filing Requirements, Chapter 2, December 15, 2022, Section 2.6.3, p. 43

Preamble:

Appendix 2-H in Reference 1 shows a breakdown of Account 4405 – Interest and Dividend Income which records Regulatory – Carry Interest Earned (Row 152) from 2018 to 2025 Test Year.

In Reference 2, Centre Wellington Hydro states that:

In account 4405, in 2023 CWH had an increase in interest income earned. CWH had a healthy cash balance each month as well as the interest rate steadily increased, resulting in an increase in interest earned. CWH also saw an increase in carrying charges calculated on the RCVA and RSVA accounts with the prescribed interest rate also increasing.

In 2024 CWH anticipates increasing financing for the large capital expenditures in 2023 and 2024, therefore CWH is projecting a lower cash balance and therefore a lower interest amount earned, as seen in account 4405.

In Reference 3, the Filing Requirements state that revenues or costs (including interest) associated with deferral and variance accounts (DVAs) must not be included in other revenues.

Question(s):

- a) Please confirm whether Account 4405 contains interest amounts related to DVAs or not.

CWH Response: Yes, Account 4405 originally included interest related to DVAs.

- i. If so, please revise Appendix 2-H to remove any interest amounts associated with DVAs as needed.

CWH Response: CWH has unprotected Appendix 2-H and updated the values for Account 4405 to not include any interest related to DVAs.

6-Staff-47

Ref: Exhibit 6, p. 14

Preamble:

Centre Wellington Hydro states that, at the time of filing its application, the distributor has not filed its 2023 corporate income tax returns.

Question(s):

- a) Please provide a copy of the 2023 filed tax returns, if available.

CWH Response: [The 2023 filed tax returns are included as Appendix H.](#)

- b) Please provide an updated PILS work form including 2023 actuals.

CWH Response: [CWH has provided an updated PILs workform.](#)

6-Staff-48

Ref 1: Exhibit 6, pp. 9, 14,16-17

Ref 2: [OEB Letter - Accounting Direction Regarding Bill C-97 and Other Changes in Regulatory or Legislated Tax Rules for Capital Cost Allowance, July 25, 2019](#)

Ref 3: Centre Wellington's 2018 cost of service application, PILs model

Ref 4: Chapter 2 Appendix 2-BA

Preamble:

In Reference 1, Centre Wellington Hydro states that:

CWH is not including an amount for PILs in the 2025 rates, this is the same as in 2018. Between 2018 and 2023 CWH has taken the accelerated CCA, however for 2024, the bridge year, and 2025, the test year, CWH is proposing to not take the accelerated CCA. CWH would have been able to maintain zero PILs in 2018 to 2023 even had the Accelerated CCA related credits not been used. CWH has a large loss carryover and expects that PILs will remain zero to at least 2029.

At the time of filing CWH has not filed its 2023 PILs return with the Ministry, therefore the Notice of Assessment is outstanding. CWH's external auditor, KPMG, has used the 2025 OEB PILs Tax Work Form model to calculate the amount of taxes for inclusion in its 2025 rates, using the taxable income for the 2025 Test Year provided by CWH. PILs have been computed under MIFRS

accounting policies. CWH in conjunction with KPMG have ensured that the current and proposed tax rates have been applied, that the amount of PILs calculated appears reasonable.

Instead of recording (fictional) tax savings because of the application of Accelerated CCA from 2018 to 2023, the Accelerated CCA credits created between 2018 and 2023 are being brought forward to the credit of ratepayers in the test year and beyond. As a result of CWH's election not to take Accelerated CCA in the 2024 bridge and 2025 Test years, there will be no amounts recorded in Account 1592 to reflect the impact of Accelerated CCA in 2024 or the impact of the phase out of Accelerated CCA between 2024 and 2027.

In Reference 1, Centre Wellington Hydro is requesting to close Account 1592 because it has a zero balance.

Reference 2 states that:

Under the Accounting Procedures Handbook, electricity distributors and transmitters are to record the impact of any differences that result from a legislative or regulatory change to the tax rates or rules assumed in the OEB Tax Model that is used to determine the tax amount that underpins rates. The impact of any differences that are not reflected in rates (due to such factors as timing of known changes) are to be recorded in Account 1592 - PILs and Tax Variances, Sub-Account CCA Changes.

OEB staff notes that Centre Wellington Hydro had used the OEB's PILs model which applied the legacy half-year rule at the time for its 2018 PILs. OEB staff also notes from the 2018 PILs model that was updated with the settlement proposal (specifically the T1 Taxable Income Test Year) that there is a large difference between the amortization of \$590,700 and the CCA deducted for the test year of \$1,395,390.

With the information in the PILs model of this application and the model in 2018 rebasing application, OEB staff compiled certain information in the following table:

	The PILs model in this application			PILs model of 2018 rebasing
	2023	2024	2025	2018
Capital Addition \$	n/a	3,181,201	1,318,200	973,000
UCC ending \$	14,472,821	16,174,674	16,053,521	16,152,667
Amortization added back in T1	754,379	820,063	872,779	590,700
CCA deducted in T1	1,220,817	1,291,075	1,425,154	1,395,390

Amortization less CCA (OEB staff calculation)	(466,438)	(471,012)	(552,375)	(804,690)
Net Income for Tax Purpose (before applying the loss carryforward)	110,483	226,833	220,306	(147,855)
Loss carry forward	2,024,691	1,797,858	1,577,552	1,148,408

Question(s):

- a) Please clarify the statement of “for 2024, the bridge year, and 2025, the test year, CWH is proposing to not take the accelerated CCA” while Centre Wellington Hydro has used the OEB’s PILs model for the CCA calculations for bridge year and test year. Please update the PILs model by removing the Accelerated rule in 2024 and 2025 if Centre Wellington Hydro confirms that it will not apply the accelerated CCA rule for its capital additions in the actual tax filings for these two years.

CWH Response: On Tabs B8 and T8 in the PILS workform, columns Q and T were intentionally left blank in the latest filing to ensure no AIPP was included.

- b) Please confirm the table compiled by OEB staff as above and revise the information in the table as applicable.

CWH Response: The table above does match what CWH had originally filed.

- c) For the PILs information in the 2018 PILs model of last rebasing application (reference 3), please explain why there was a large difference between the amortization added back and CCA deducted in 2018 T1 while the half year rule was still applied for the capital additions in the year. In explaining the large difference of \$804,690, please identify the asset class where the amortization of the asset class was much lower than the CCA of the year.

CWH Response: The CCA classes 1 and 47 have the largest balance. The accounting depreciation life is much longer than the CCA life, for example 45 years for accounting vs 12.5 years for CCA. This is the reason why there is such a large variance between the two.

- d) As per the table compiled by OEB staff above, the loss carry forward has increased from \$1,148,408 at end of 2018 in the 2018 PILs model to \$2,024,691. Please provide the reasons of the increase including:
- i. The difference between the amortization and the CCAs

Actual capital additions per Appendix 2BA	1,195,088	1,702,859	631,186	678,323	684,081	1,139,070	
Legacy CCA based on the half-year rule (A)							
Accelerated CCA based on the legacy (B)							
Difference (C=B-A)							
Grossed up based on effective tax rate							
Account 1592 – \$ balance							

CWH Response:

	2018	2019	2020	2021	2022	2023	Total
Actual capital additions per Appendix 2BA	1,195,088	1,702,859	631,186	678,323	684,081	1,139,070	6,030,607
Legacy CCA based on the half-year rule (A)	1,371,323	1,345,960	1,314,613	1,223,515	1,181,642	1,159,073	7,596,126
Accelerated CCA based on the legacy (B)	1,371,323	1,547,724	1,340,719	1,241,826	1,322,442	1,165,896	7,989,930
Difference (C=B-A)	-	201,764	26,106	18,311	140,800	6,823	393,804
Tax effected, at 26.5%		53,467	6,918	4,852	37,312	1,808	104,358
Grossed up based on effective tax rate	-	72,745	9,412	6,602	50,765	2,460	141,984
Account 1592 – \$ balance	-	72,745	82,157	88,759	139,524	141,984	141,984

CWH notes that while a hypothetical value for 1592 is calculated above, that is not CWH's reality as loss carry forwards were used and will continue to be used to have the current PILs tax implications remain at zero.

- f) Please provide the loss carry forward amount by excluding the balance in Account 1592 as calculated above.

CWH Response: The loss carry forward amount of \$2,024,691 is reduced by \$393,804, for a proforma amount of \$1,630,887, if accelerated CCA was not claimed.

6-Staff-49

Ref 1: Exhibit 6, p. 8

Ref 2: Exhibit 6, 2022 Income tax return, Schedule 4 Corporation Loss Continuity and Application

Ref 3: Chapter 2 Filing Requirements, December 15, 2022, Section 2.6.2 Taxes or Payments In Lieu of Taxes (PILs) and Property Taxes

Ref 4: Exhibit 6, p. 14

Preamble:

In reference 1, Centre Wellington Hydro provided the following information on its PILs:

	2018	2019	2020	2021	2022	2023	2024	2025
Grossed up PILs	\$0	(\$237,202)	\$182,631	\$33,157	\$53,883	\$46,293	\$0	\$0

Per the Chapter 2 Filing Requirements for cost-of-service applications, distributors must make use of the stand-alone principle when determining these amounts (see section 2.0.3). Distributors are expected to exercise sound tax planning and are expected, for rate-setting purposes, to maximize tax credits and take the maximum deductions allowed.

OEB staff notes that in reference 3, at the beginning of 2018, Centre Wellington Hydro had \$850k in loss carryforward to apply.

Additionally, Centre Wellington Hydro stated that they consulted KPMG to assist in preparing the PILs model and assessing the impact of AIIP on the CoS (reference 4).

Question(s):

- a) Please confirm whether Centre Wellington Hydro applied any of its significant loss carry forward in its income tax returns for the years 2018 through 2023, and in what amounts.

CWH Response: CWH applied loss carry forward in the following years and amounts:

2018 - \$371,412

2019 - \$221,595

2021 - \$35,467

2023 - \$148,346

- i. If confirmed, was the loss carryforward maximized for the year? If not, why not?

CWH Response: Yes

- ii. If not confirmed, please explain why no losses were applied.

CWH Response: NA

- b) Centre Wellington stated that they consulted KPMG to assist in preparing the PILs model and assessing the impact of AIIP on the CoS. Please describe any tax planning advice that KPMG gave to Centre Wellington for its rebasing term.

CWH Response: KPMG assisted with model work for the application, however KPMG did not provide tax planning advice to CWH regarding the rebasing application or term.

6.0-VECC-32

Reference: Exhibit 6, page

- a) Please provide the basis for the 2024 and 2025 forecasts for the following

Accounts:

- #4210
- #4235
- #4355
- #4360
- #4375
- #4380
- #4390

CWH Response:

Account 4210: This account originally was primarily the building rental. CWH has contracts in place and used the rates that will be in place for 2024 and 2025. Through IRs it was determined that pole revenue should be accounted for in this account as well, so effective January 1, 2025, CWH will record the pole revenue in this account. See below question for details of pole rental forecast.

Account 4235: Through IRs it was determined that pole revenue should not be accounted for in this account, so effective January 1, 2025, CWH will record the pole revenue in the 4210 account. Chapter 2 Appendix 2-H has been updated to reflect this.

Within the updated account 4235 are the Specific Service Charges approved for CWH. These were forecasted based on historical and not inflated as these charges are a set flat amount.

Account 4355: Historically the values in this account are for proceeds from selling a large truck. CWH is expecting a large truck replacement in 2024 so an estimated amount of \$28K was used, the digger truck to be sold is fully depreciated. In 2025 CWH doesn't anticipate any gains as no large trucks will be sold.

Account 4360: CWH used a historical average to record losses in 2024 and 2025.

Account 4375: Within the account 4375 are revenues from water & wastewater billing. The revenue rate used is on a per customer/per month basis and increases annually with the CPI index value. CWH used projected water/wastewater only customer numbers and the 3.5% inflation rate. Within the revenues for water and wastewater billing is a first bill set up fee for customers who do not have an electric service. Based on the historical average CWH doesn't anticipate the number of new water/wastewater-only customers to be as high as it was in 2023 so for 2025 it is lower, which shows a 3% decrease in the 2025 revenue.

Also within the 4375 are revenues from EV chargers that CWH started charging for at the end of 2022. CWH used a 5% increase for the EV revenue to cover the anticipated increase use as the price CWH charges is not anticipated to change.

Account 4380: Within the 4380 accounts are the expenses from water & wastewater billing. The allocation of costs is discussed in IR 4-SEC-19 above. Expenses include customer billing salaries and burden costs, stationary costs, general office maintenance expenses, etc. For 2024 projections the labour and burden costs are based on historical hours as the volume of customers being billed, to a certain extent, doesn't change the time required to complete the billing process. Regarding 2025, a 3.5% increase was used. Directly attributable costs are reviewed and if costs are set the known cost would be used or a 3.5% increase would be applied. Many of the new water/wastewater customers are signing up for e-billing and PAP, so for the amount of postage and stationary only a 1% increase was used.

Also within the 4380 are the EV charger expenses. CWH doesn't anticipate adding any EVs in 2024 or 2025 so the expense was based on our current expenses that are incurred with a 3.5% increase to cover the increase in electric usage/cost that is anticipated.

Account 4390: This account is used for scrap material that is recycled for which CWH receives money in exchange. CWH used an average of \$4,000 in each year. The increase and then decrease in 2021 and 2022 are explained in Exhibit 6, Tables 14 and 15 and were not used in calculating the average.

6.0-VECC-33

Reference: Exhibit 6, page 28

Preamble:

The Application states:

“In account 4235 for 2025, CWH has recorded 100% of the joint pole revenue in this account. Between 2018 and 2024 CWH recorded the amount of joint pole revenue at the rate of \$22.35 in this account and the difference between the annual approved rate and the 2018 rate was recorded in a sub account of 1508 (this is being requested for disposal in this application, see Exhibit 9 for further details). In 2025 the joint pole revenue was calculated using the approved 2024 rate (\$37.78) +4.8%, the total joint pole revenue of \$104,289 is included in account 4235.”

- a) Please explain why CWH has included the revenues from the pole attachment rate in Account #4235 and not Account #4210 (Rent from Electric Property).

CWH Response: CWH has historically recorded pole rental revenue in account 4235. In account 4210 CWH records the revenue it earns on rent on its physical building. CWH is able to start using account 4210 in January 2025 to align with the APH for Electrical Distributors.

- b) Please provide the basis for the Joint Use Pole Attachments revenue portion of Account #4235 for 2023, 2024 and 2025 (i.e. # of poles, rate per pole, etc.).

CWH Response:

	2023 - Actual	2024 - Forecast	2025 - Actual
# of Poles	2,634	2,634	2,634
Rate per Pole	\$36.05	\$37.78	\$39.14
Revenue recorded in account 4235	\$58,870	\$58,870	\$103,095
Amount in 1508	\$36,086	\$40,643	0

- c) Please update the 2025 Joint Use Pole Attachments revenue to reflect the 3.6% inflation factor for 2025 as published by the OEB on June 20, 2024.

CWH Response: CWH has updated the joint pole revenue rate to be \$39.14 which is used in the calculation above. The Ch 2 Appendix 2-H has been updated to reflect this.

- d) Does OEB's updated inflation factor of 3.6% for 2025 impact CWH's 2025 revenue forecast for any other accounts? If so, please indicate which ones.

CWH Response: No, CWH did not use the inflation factor for any other accounts.

- e) As applicable please provide an updated version of Appendix 2-R that reflects the OEB's updated inflation factor of 3.6% for 2025 t.

CWH Response: CWH has updated Appendix 2-H with the updated revenue. CWH doesn't believe this affects the loss factor, Appendix 2-R.

6.0-VECC-34

Reference: Exhibit 6, page 20

Preamble:

At Table 9, CWH provides Other Operating Revenue.

- a) Please explain the variance in Other income or deductions 2018 Board Approved vs 2018 actuals.

CWH Response:

Account 4355 - Gain on Disposition and account 4360 - Loss on Disposition were both higher in 2018 than what was in the Board Approved values. Regarding the gain, CWH sold a bucket truck for \$28,000. With respect to the losses in 2018, CWH's largest loss was for smart meters that were removed prior to their end of life as they were not functioning properly, and this accounted for \$14K of the loss. Other losses occurred within poles, overhead conductor, and transformers.

Account 4375 - Revenues from Non-Utility Operations, increased by \$30,839. The difference is made up of \$14K more in water/wastewater revenue and \$17K in CDM revenues.

Account 4380 - Expenses for Non-Utility Operations, decreased by \$65,481. This amount consists of fewer dollars being charged for CDM expenditures of \$70,159 for incentives and expenditures for 2018.

Account 4405 - Interest and Dividend Income, increased by \$22K. Of this change \$10K was due to earning more interest on CWH's cash bank balance and the remaining was for interest earned on RSVA/RVCA accounts which will be disposed of when they are eligible, if not already disposed of.

- b) Please explain the variance in Other income or deductions 2023 Actual

compared to 2022 Actual.

CWH Response: In account 4405, in 2023 CWH had an increase in interest income earned. CWH had a healthy cash balance each month as well as the interest rate steadily increased, resulting in an increase in interest earned.

- c) Please provide the basis for Other income or deductions for 2024 forecast and 2025 projection.

CWH Response: In 2025 CWH will not have a large truck to sell, therefore the decrease in gains on disposal is reduced, this is in account 4355, (\$28K).

In 2025 CWH anticipates increasing financing for the new distribution station, therefore CWH is projecting a lower cash balance and therefore a lower interest amount earned, as seen in account 4405.

Within the revenues, 4375, for water and wastewater billing is a first bill set up fee for customers who do not have an electric service. Based on the historical average CWH doesn't anticipate the number of new water/wastewater only customers to be as high as it was in 2023 so for 2025 it is lower, which shows a 3% decrease in the 2025 revenue.

6-SEC-21

Reference: [Ex.6, p.26]

Please explain how CWH forecasts 2024 and 2025 Other Revenue.

CWH Response: Please see above, 6.0-VECC-32, for the details of these account projections.

6-SEC-22

Reference: [Ex.6; Appendix 2-JH]

Please provide a revised version of Appendix 2-JH that includes additional columns to show year-to-date actuals for 2024, and year-to-date actuals at the same point in time in 2022 and 2023.

CWH Response: Appendix 2-H Other Operating Revenue has been updated with the 3 additional columns.

Exhibit 7 – Cost Allocation

7-Staff-50

Ref: Cost Allocation Model, Tab I7.1, Cells F54-59, I49, I52-I55, I57-58

Preamble:

OEB staff notes that the cells in the reference contain no formula, resulting in no calculated meter costs for residential and GS<50 rate classes.

Based on OEB staff's calculation, the missing formulas result in additional meter costs of \$2,031,400 and \$123,588 for residential and GS<50 rate classes respectively.

Question(s):

- a) Please confirm OEB staff's observation and calculation.

CWH Response: CWH apologizes for that oversight. The model has been unlocked and the missing formulas have been populated. CWH agrees with the residential difference stated above, however the total weighted meter cost for GS <50 should be \$581,764.32 and the GS 50 to 4,999 kW should be \$134,604.17

- b) If confirmed in (a), please revise the evidence as needed.

CWH Response: The model has been unlocked and the missing formulas have been populated. Cells that had a change on tab I7.1 Meter Capital have been put in **bold font**.

7-Staff-51

Revenue

Ref: Cost Allocation Model, Tab I6.1

Preamble:

For GS>50kW rate class, the forecast kW included in CDEM for customers receiving line transformer allowance (cell F27) has decreased significantly from 134,287 kW (sum of GS > 50 to 2999 kW and GS > 3000 to 5000 kW) in the last OEB-approved to 93,768 kW in this application.

Question(s):

- a) Please confirm that the value in cell F27 is accurate.

CWH Response: Thank you for pointing this out. The value was not accurate.

- i. If confirmed, please explain the large decrease.

CWH Response: NA

- ii. If not confirmed, please revise the evidence as needed.

CWH Response: Sorry for the confusion, the value has been corrected to 133,981kW.

7-Staff-52

Weighting Factors

Ref: Exhibit 7, p. 13 and Cost Allocation Model, Tab I5.2

Preamble:

Centre Wellington Hydro states that the weightings are based on a review of time and costs incurred in servicing its customer classes. OEB staff notes that weighting factors for some of the rate classes have changed compared to the last OEB approved weighing factors used in 2018.

Question(s):

- a) Please provide the derivation of the proposed weighting factors.

CWH Response: CWH first started with preparing the 2024 and 2025 budgets by account based on the budget process outlined in Exhibit 4, Section 4.2.1. Once this was completed the costs in each account were reviewed and determined if the cost was specific to a customer class or if it should be shared among multiple or possibly all the classes. Percentages were used if the costs needed to be shared among classes. The split could be based on the number of customers in that class or how much time it takes to bill, collect or install a service for a specific "typical" customer. Once this was completed each class ended with an overall percentage of the costs in that account to be allocated. This process was completed with the President, Vice President, Manager of Operations and Manager of Customer Service.

- b) Please explain why the weighting factors have changed from the 2018 OEB approved.

CWH Response: Through the above process it was determined that previous weighting factors needed to be adjusted. Through review of the previous weightings against current experience with the various functions CWH felt the updated weighting factors more accurately reflected CWH's current processes and costs for installing services, billing customers and collecting from customers based on the characteristics of each rate class.

7-Staff-53

Load Profile Methodology and Assumptions

Ref 1: Exhibit 7, p. 12

Ref 2: Exhibit 7, Appendix A, p. 29 of PDF

Preamble:

In Reference 1, Centre Wellington Hydro states that it has used actual hourly demand data based on rate class for 2023 to develop the load profiles.

In Reference 2, Centre Wellington Hydro states that to update load profiles, it opted to prioritize the year 2023 over an average of earlier years, as it considered that 2023 accurately represents a year of normalcy after the pandemic.

Question(s):

- a) How many years of historical hourly demand data prior to 2023 does Centre Wellington Hydro have access to?

CWH Response: Year 2020-2022.

- i. If one year or more, did Centre Wellington Hydro test using historical average of the hourly demand data? What were the results?

CWH Response: No, CWH did not test using historical average of the hourly demand data because they do not reflect a normal year for CWH.

7-Staff-54

Load Profile Methodology

Ref: Exhibit 7, Appendix A, p. 31 of PDF

Preamble:

In the reference, Centre Wellington Hydro provides its methodology for each rate class.

For the Unmetered Scattered Load rate class, Centre Wellington Hydro states the following:

CWH bills Unmetered Scattered Load based on number of connections, kW per connection, and operation hours per day per month. This results in the sentinel lighting profile.

kW and number of connections are provided by the customer upon connection.

CWH used the sentinel lighting profile to create an hourly demand profile.

Question(s):

- a) Why does the billing of Unmetered Scattered Load result in the Sentinel Lighting profile? Please explain.

CWH Response: CWH made a typing error. It should read:

CWH bills Unmetered Scattered Load based on number of connections, kW per connection, and operation hours per day per month. This results in the unmetered scattered load profile.

kW and number of connections are provided by the customer upon connection.

CWH used the unmetered scattered load profile to create an hourly demand profile.

- b) Why did Centre Wellington Hydro use the Sentinel Lighting profile to create an hourly demand profile for the Unmetered Scattered Load rate class. Please explain.

CWH Response: CWH made a typing error. It should read:

CWH bills Unmetered Scattered Load based on number of connections, kW per connection, and operation hours per day per month. This results in the unmetered scattered load profile.

kW and number of connections are provided by the customer upon connection.

CWH used the unmetered scattered load profile to create an hourly demand profile.

7-Staff-55

Revenue to Cost Ratio

Ref 1: Exhibit 7, p. 12

Ref 2: Exhibit 8, p. 27

Preamble:

Centre Wellington Hydro states that:

CWH proposes to reduce the ratio for the Residential class to 103.26% from 104.94% to absorb the shortfall created by the USL and Street Light class being brought up to the floor of .80. Both the General Service <50kW at 94.17% and GS 50-4999kW at 99.85% stayed the same.

OEB staff notes that the adjustment is proposed to be fully implemented for 2025.

In Reference 2, Centre Wellington Hydro states that:

Two classes, USL and Street Lighting, fell above a total bill impact of 10%. CWH is open to exploring rate mitigation tactics for any classes that fall above the threshold. Such tactics could involve adjustments to the cost allocation process or rate design such as revenue to cost adjustments over multiples years if necessary.

Question(s):

- a) Have USL and Street Lighting customers been informed about the proposed total bill impacts?

CWH Response: They have not.

- b) Please provide a scenario to adjust the revenue to cost ratios for the USL and Street Lighting class over multiple years in order to avoid bill impacts over 10% for both rate classes. Please describe the subsequent adjustments/bill impacts on the remaining rate classes.

CWH Response: CWH notes that the following scenarios are derived from the updated models submitted with CWH interrogatories responses, rather than the models filed on May 1, 2024.

	Starting Point (CA model)	2025		2026	
Customer Class Name	Proposed R/C ratio	Proposed R/C ratio	Revenue Reallocation	Proposed R/C ratio	Revenue Reallocation
Residential	100.41%	99.95%	-\$2,577.74	99.96%	-\$2,264.85

General Service < 50 kW	104.83%	103.00%	-\$12,531.43	102.00%	-\$21,338.47
General Service 50 to 4999 kW	104.13%	103.00%	-\$12,378.75	102.03%	-\$23,016.18
			\$0.00		\$0.00
Unmetered Scattered Load	53.56%	70.00%	\$3,347.42	80.00%	\$5,405.17
Sentinel Lighting	94.39%	94.39%	\$16.08	94.39%	\$16.08
Street Lighting	56.06%	70.00%	\$24,124.43	80.00%	\$41,198.26

Starting Point Bill Impact

Table 2

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$0.61	1.8%	\$2.30	5.3%	\$2.73	4.7%	\$2.61	1.9%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	\$1.08	1.5%	\$6.20	6.2%	\$7.07	5.3%	\$6.78	2.0%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$83.33	2.0%	-\$570.32	-8.7%	-\$492.11	-4.1%	-\$56.01	-0.1%
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$3,954.12	28.1%	-\$1,219.80	-4.7%	-\$4,230.48	-8.1%	-\$2,513.90	-1.1%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	\$0.37	2.8%	\$0.96	5.8%	\$1.08	5.1%	\$1.04	2.1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kw	\$44.91	3.4%	-\$28.86	-1.9%	-\$17.99	-1.0%	-\$16.85	-0.9%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$200.16	37.4%	\$163.55	24.7%	\$166.74	18.9%	\$217.07	6.9%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$0.61	1.8%	\$2.30	5.4%	\$2.72	4.8%	\$2.61	2.2%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$1.08	1.5%	\$6.18	6.3%	\$7.05	5.4%	\$6.76	2.2%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kW	\$83.33	2.0%	-\$570.32	-8.7%	-\$492.11	-4.1%	-\$56.01	-0.1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Retailer)	kW	\$44.91	3.4%	-\$28.86	-1.9%	-\$17.99	-1.0%	-\$16.85	-0.9%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$257.92	2.0%	-\$1,748.52	-8.8%	-\$1,506.46	-4.1%	-\$70.45	0.0%
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$3,574.38	27.6%	-\$1,168.38	-4.9%	-\$3,928.17	-8.2%	-\$2,579.88	-1.3%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$327.36	2.0%	-\$2,261.61	-9.0%	-\$1,954.38	-4.2%	-\$349.50	-0.2%

Proposed 2025 Bill Impact

Table 2

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$0.44	1.3%	\$2.13	4.9%	\$2.56	4.5%	\$2.46	1.8%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	-\$0.39	-0.5%	\$4.73	4.7%	\$5.60	4.2%	\$5.40	1.6%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$97.44	2.3%	-\$556.21	-8.5%	-\$478.00	-4.0%	-\$40.06	-0.1%
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$4,014.60	28.6%	-\$1,159.32	-4.4%	-\$4,170.00	-7.9%	-\$2,445.56	-1.1%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	\$5.20	40.0%	\$5.79	35.0%	\$5.91	27.9%	\$5.56	11.0%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kw	\$44.91	3.4%	-\$28.86	-1.9%	-\$17.99	-1.0%	-\$16.85	-0.9%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$369.99	69.2%	\$333.37	50.4%	\$336.56	38.2%	\$408.97	13.0%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$0.44	1.3%	\$2.13	5.0%	\$2.55	4.5%	\$2.45	2.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	-\$0.39	-0.5%	\$4.71	4.8%	\$5.58	4.2%	\$5.38	1.8%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kW	\$97.44	2.3%	-\$556.21	-8.5%	-\$478.00	-4.0%	-\$40.06	-0.1%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Retailer)	kW	\$44.91	3.4%	-\$28.86	-1.9%	-\$17.99	-1.0%	-\$16.85	-0.9%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$301.60	2.4%	-\$1,704.84	-8.6%	-\$1,462.78	-4.0%	-\$21.09	0.0%
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$3,629.82	28.0%	-\$1,112.94	-4.6%	-\$3,872.73	-8.0%	-\$2,517.23	-1.3%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$382.80	2.4%	-\$2,206.17	-8.8%	-\$1,898.94	-4.1%	-\$286.85	-0.2%

Proposed 2026 Bill Impact

Table 2

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Units	Sub-Total						Total	
		A		B		C		Total Bill	
		\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	\$0.44	1.3%	\$2.13	4.9%	\$2.56	4.5%	\$2.46	1.8%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	kWh	-\$1.05	-1.4%	\$4.07	4.1%	\$4.94	3.7%	\$4.79	1.4%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$50.57	1.2%	-\$603.08	-9.2%	-\$524.87	-4.4%	-\$93.03	-0.2%
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$3,813.72	27.1%	-\$1,360.20	-5.2%	-\$4,370.88	-8.3%	-\$2,672.56	-1.2%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	kWh	\$8.13	62.5%	\$8.72	52.7%	\$8.84	41.7%	\$8.31	16.5%
SENTINEL LIGHTING SERVICE CLASSIFICATION - RPP	kw	\$44.91	3.4%	-\$28.86	-1.9%	-\$17.99	-1.0%	-\$16.85	-0.9%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	kW	\$489.82	91.6%	\$453.20	68.6%	\$456.39	51.8%	\$544.37	17.4%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	\$0.44	1.3%	\$2.13	5.0%	\$2.55	4.5%	\$2.45	2.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kWh	-\$1.05	-1.4%	\$4.05	4.1%	\$4.92	3.7%	\$4.77	1.6%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	kW	\$50.57	1.2%	-\$603.08	-9.2%	-\$524.87	-4.4%	-\$93.03	-0.2%
SENTINEL LIGHTING SERVICE CLASSIFICATION - Non-RPP (Retailer)	kw	\$44.91	3.4%	-\$28.86	-1.9%	-\$17.99	-1.0%	-\$16.85	-0.9%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$156.52	1.2%	-\$1,849.92	-9.4%	-\$1,607.86	-4.4%	-\$185.03	-0.1%
GENERAL SERVICE 3,000 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$3,445.68	26.6%	-\$1,297.08	-5.4%	-\$4,056.87	-8.4%	-\$2,725.31	-1.4%
GENERAL SERVICE 50 TO 2,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kw	\$198.66	1.2%	-\$2,390.31	-9.5%	-\$2,083.08	-4.5%	-\$494.93	-0.3%

c) Please describe any other rate mitigation proposals considered by Centre Wellington Hydro and why they were not proposed in the current application.

CWH Response: The necessity for and viability of any rate mitigation proposal depends largely on the final determination of the various other elements of the rates to be charged to each class by the OEB either through the hearing process or the approval of a settlement proposal. At the time of filing the application it was CWH's expectation, as it appears is also the expectation of OEB Staff through their interrogatory 7-Staff-55, that rate mitigation in this application in relation to the USL and Streetlighting Classes can be adequately accomplished through the phasing in of revenue to cost ratios, a measure that CWH believes is not uncommon. Precisely how long a period the phase in will be required depends on the outcome of the other elements of the application; per OEB Staff's request we have provided at 7-Staff-55 a phase in of revenue to cost ratios that would be appropriate based purely on the application as filed, and can, if necessary, provided an updated phasing proposal as part of any settlement proposal or subsequent to any decision of the OEB.

7-Staff-56

Cost Allocation

Ref: Cost Allocation Model (Excel), Tab I6.1, Cell K29

Question(s):

- a) OEB staff notes that kWh data for Sentinel Lighting in cell K29 appears to be missing. Please update this cell to include kWh data for this rate class.

CWH Response: Staff is correct in that the cell was inadvertently blanked out. This error has been rectified in the model filed with these responses.

7.0-VECC-35

Reference: Exhibit 7, page 4

Preamble:

The Application states:

“CWH is not seeking approval on a final basis, or changes to standby charges.”

- a) Does CWH currently have standby charges that have been approved on an interim basis?

CWH Response: No, CWH doesn't have a standby charge approved on an interim basis.

7.0-VECC-36

Reference: Exhibit 7, page 5 (Table 2)

- a) In Table 2, is the second part of the table (2018 Revenue Requirement restated (combined GS >50 classes)) based on:
 - i. simply adding the results for the GS 50-2,999 and GS 3,000-4,999 classes as provided in the first part of the table or
 - ii. redoing the cost allocation based on a single GS 50-4,999 class and the applicable allocators for the new (combined) rate class?

If the latter, were the demand allocators for the GS>50 class adjusted to account for the diversity in timing of NCP demand as between the GS 50-2,999 and the GS 3,000-4,999 classes?

CWH Response: The exercise was for illustrative purposes only and involved simply adding the results together.

7.0-VECC-37

Reference: Exhibit 7, page 8
CWH's Conditions of Service, Sections 3.1, 3.2 and 3.3
Cost Allocation Model, Tab I4-BO Assets

- a) CWH's Conditions of Service makes reference to customers paying a variable connection charge to cover costs above the basic connection. However Tab I4 does not show any contributed capital associated with Account #1855 (Services). Please reconcile.

CWH Response: A basic service connection for a residential customer is determined at thirty meters of overhead cable. CWH is able to perform most customer connections within this allowance.

- b) Does the basic connection allowance vary by customer class?

CWH Response: CWH provides transformation up to 500KVA to all customer classes. Beyond 500KVA customers must purchase their own transformation.

- c) Do the proposed Services weighting factors take into account the fact that customers are responsible for connection costs above the basic connection?

CWH Response: Yes, CWH used a typical connection for each class when determining the weighting factor.

7.0-VECC-38

Reference: Exhibit 7, page 10

Preamble:

The Application states:

“CWH updated the capital cost meter information on Sheet I7.1 and the meter reading information on I7.2 to reflect its most recent reading costs”

- a) Do all Residential, GS<50 and GS>50 each have only one meter that is owned and/or read by CWH?

CWH Response: The bulk of all customer classes have 1 meter per service/location however 4, GS>50 customers have 2 or more meters per service/location.

- b) If not, how many customers have more than one meter and to which customer classes do they belong?

CWH Response: 4 GS>50 customers have 2 or more meters per service/location.

7.0-VECC-39

Reference: Exhibit 7, page 12
Exhibit 3, page 14

Preamble:

The Application states (Exhibit 3, page 14):

“CWH has adopted a 10-year average from 2014 to 2023 as the definition of weather normal.”

- a) In developing the CP and NCP values for the Cost Allocation Model was the same 10 period (2014-2023) used to determine “weather normal” in Step 3 (b) per Exhibit 7, page 12?

CWH Response: Yes, the CP and NCP values for the Cost Allocation Model used the same 10 period (2014-2023) to determine “weather normal” in Step 3(b) per Exhibit 7, page 12.

- b) If not, why not?

CWH Response: NA

7.0-VECC-40

Reference: Exhibit 7, page 25

Preamble:

The Application states:

“CWH proposes to reduce the ratio for the Residential class at to 103.26% from 104.94% to absorb the shortfall created by the USL and Street Light class being brought up to the floor of .80. Both the General Service <50kW at 94.17% and GS 50-4999kW at 99.85% stayed the same.”

- a) It is noted that the proposed ratio for GS>50 in Table 2 is 99.80% as opposed to 99.85% as indicated in the Preamble. Is the difference just due to rounding of the rates?

CWH Response: The percentage in the preamble was not updated to reflect to information in Table 2 which it should have.

7.0-VECC-41

Reference: Exhibit 7, Appendix A, pdf page 33

Preamble:

The Application states:

“Every October each year, CWH reviews a GS<50 kW and GS 50-4,999kW customer’s monthly kW demand data for the period October last year to September current year.

Criteria for moving from GS<50kW to GS 50-4,999kW:

- 6 months out of 12 with over 55kW demand
 - 5 of those months must be consecutive
 - The average demand must be over 55 kW.”
- a) Prior to the proposed amalgamation of the GS 50-2,999 and GS 3,000-4,999 classes what was the criteria used for moving: i) a GS 50-2,999 customer to the GS 3,000-4,999 class and ii) a GS 3,000-4,999 customer to the GS 50-2,999 class?

CWH Response:

i) Criteria for moving from GS 50-2,999kW to GS 3,000-4,999kW:

- 6 months out of 12 with over 3,000kW demand
- 5 of those months must be consecutive
- The average demand must be over 3,000 kW.

ii) Criteria for moving from GS 3,000-4,999kW to GS 50-2,999kW:

- 6 months out of 12 with less than 3,000kW but over 50kW demand
- 5 of those months must be consecutively between 50 kW and 2,999 kW
- The average demand must be less than 3,000 kW and greater than 50 kW

7.0-VECC-42

Reference: Exhibit 7, Appendix A, Section 2.3 (pdf page 39)

- a) Please confirm that the Predicted Purchases with HDD/CDD and the Predicted Purchases without HDD/CDD will both include sales to customer classes that are assumed not be weather sensitive (i.e., GS>50, Street Lighting, USL and Sentinel).

CWH Response: Yes, CWH confirms that the Predicted Purchases with HDD/CDD and the Predicted Purchases without HDD/CDD both include sales to customer classes that are assumed not be weather sensitive.

- b) Please confirm that the percentages set out in Figure 4 are used for both the Residential and GS<50 classes and, in doing so, the methodology used by CWH assumes that the Residential and GS<50 classes have the same percentage of weather sensitive load in each month.

CWH Response: Yes, CWH confirms that the percentages set out in Figure 4 are used for both the Residential and GS<50 classes. However, this percentage in Figure 4 is only used to estimate the HDD/CDD Weather Related Hourly Data inside the actual Residential Demand and GS<50 Demand hourly data for the Weather Normalized Demand Data purpose. This HDD/CDD Weather Related Hourly Data is deducted from the actual Residential Demand and GS<50 hourly data. CWH then uses daily percentage of 10-year average HDD/CDD over Actual HDD/CDD to estimate HDD/CDD Weather Normal Hourly Data for the Weather Normalized Demand Data purpose.

- c) Please confirm that the methodology used by CWH assumes that all hours in the month have the same percentage of weather sensitive load, regardless of the HDD/CDD values for that hour.

CWH Response: The actual demand data for Residential and GS<50 classes are not weather-normalized. Consequently, it is necessary to estimate the HDD/CDD weather-related hourly data that should be deducted and then add the estimated HDD/CDD weather-normalized hourly data. To estimate the HDD/CDD weather-related hourly data in the actual Residential and GS<50 demand data, CWH uses the percentage shown in Figure 4, which applies the same percentage to all hours in the month, consistent with the USF methodology. Subsequently, CWH calculates the HDD/CDD weather-normalized hourly data by applying the daily percentage of the 10-year average HDD/CDD to the actual HDD/CDD, in order to achieve weather-normalized demand data.

7.0-VECC-43

Reference: Exhibit 7, Appendix A, Section 2.3 (pdf pages 43-45)

- a) Please explain why it is necessary to identify and replace the outliers as described in Section 2.3 (i.e. why would using the actual values be inappropriate).

CWH Response: One of the primary goals of the load forecast is to obtain weather-normalized data. If actual data is identified as an outlier, indicating it falls outside the normal range, it must be replaced with data that reflects typical conditions to achieve the weather-normalized objective.

7.0-VECC-44

Reference: Exhibit 7, page 11

Preamble:

The Application states:

“In CWH’s most previous Cost of Service application, EB-2017-0032, CWH relied on load profiles produced by Hydro One Networks Inc., (HONI) which were based on sample data from 2004. Within the previous CoS, the coincident peak and non-coincident peak values populated in worksheet I8 of the OEB’s Cost Allocation model were scaled from CWH’s initial cost allocation informational filing, using the ratio of the Test Year load forecast to the base year load for each rate class.”

- a) Please provide a version of CWH’s 2025 Cost Allocation model where the demand allocators (Tab I8) are derived using the same approach as in EB-2017-0032.

CWH Response: [The requested file is filed along with these responses.](#)

7-SEC-24

Reference: [Ex.7, p.4]

CWH proposes to eliminate its GS 3000-4999 kW rate class. CWH states: “While completing the Cost Allocation model and considering the weighting criteria for various components within the model, it was concluded that there are no substantial cost allocation differences or overall burdens as a result of CWH’s administration, billing, and operations between a customer with a monthly demand larger than 3,000kW and a client with a lower monthly demand.” Please provide a revised Cost Allocation model that includes the current GS 3000-4999 kW rate class and provides a comparison that demonstrates that there are no substantial cost allocation differences.

CWH Response: [CWH wishes to emphasize that historically, there has been minimal differences in the time, resources, and costs associated with servicing each of the GS>50 classes. CWH can attest that the inputs to the load forecast driving the allocation are, for the most part, consistent for both the GS 50-2999 and GS 3000-4999 classes. However, CWH is not familiar with the detailed mechanics of cost allocation and the distribution of costs in the background. CWH’s statement specifically refers to the inputs it controls.](#)

[The most recent iteration of the Cost Allocation model, which includes both GS>50 classes, dates back to February 2024. CWH used this model to fulfill the requested scenario to the best of its ability. However, due to time and resource constraints, CWH did not develop an updated load forecast for the two GS>50 classes separately, nor did it rerun the load profiles.](#)

[Consequently, a February 2024 HONI load profile for the two classes in question was used.](#)

[CWH cautions interveners and Board Staff that this scenario is for illustrative purposes only and may contain inconsistencies, as many inputs to the cost allocation model could not be updated. The requested model is filed with these responses.](#)

Exhibit 8 – Rate Design

8-Staff-57

Ref 1: Tariff Schedule and Bill Impact Model

Ref 2: [OEB Letter - 2025 Inflation Parameters](#)

Preamble:

The Tariff Schedule and Bill Impact Model in reference 1, Tab 3 contains Miscellaneous Service Charges which are calculated based on an inflation factor of 4.8% for 2023.

In reference 2, the OEB has recently issued a letter on June 20, 2024 with updated 2025 Inflation Parameters. In the letter, the OEB states that it has calculated the 2025 inflation factor for electricity distributors to be 3.6%.

Question(s):

- a) Please update the Miscellaneous Service Charges in Tab 3 (reference 1) to reflect the 2025 inflation factor of 3.6%.

[CWH Response: The Bill impact model has been updated accordingly as has the tariff sheet filed with these responses.](#)

- b) Please revise other tabs in reference 1 to reflect the update in (a).

[CWH Response: The Bill impact model has been updated accordingly as has the tariff sheet filed with these responses.](#)

8-Staff-58

RTSRs

Ref 1: RTSR Workform

Ref 2: [Decision and Rate Order, EB-2023-0222, January 18, 2024](#)

Ref 3: [Partial Decision and Rate Order, EB-2023-0030, June 13, 2024](#)

Preamble:

In Reference 2, the OEB approved the 2024 Uniform Transmission Rates (UTRs) on January 18, 2024.

In Reference 3, OEB approved 2024 Hydro One Network Inc.'s host Retail Transmission Service Rates (RTSRs) on December 14, 2023.

Question(s):

- a) Please confirm which historic year of Reporting and Record Keeping Requirements (RRR) data has been used at reference 1.

CWH Response: The RRR Data on tab 3. RRR Data is 2023's historical consumption and demand. Upon review, it is noted that the Non-Loss Adjusted Metered kWh for the GS 50-2,999 kW class is not the combination of the GS 50-2,999 kW and the GS 3,000-4,999 kW. The Non-Loss Adjusted Metered kW is correct. Cells F21 and F22 have been updated to reflect the kWhs. The values for Sentinel Lighting and Street Lighting in the Non-Loss Adjusted Metered kW were slightly off so they have been adjusted as well.

- b) Please confirm which year of wholesale purchase volumes have been used.

CWH Response: CWH used the 2023 actual data to populate tab 5. Historical Wholesale.

8-Staff-59

Low Voltage

Ref: Exhibit 8, p. 14

Preamble:

Centre Wellington Hydro states that the 2025 projected low voltage charges are based on an internal review of historical charges.

Question(s):

- a) Please provide and explain the calculation used to derive the 2025 low voltage charges of \$466,034.

CWH Response: CWH used the 2023 demand and used the 2024 rate in place at the time of filing the CoS. This calculated value was used for 2024 and 2025.

- b) Please provide the low voltage expense that would result if the most recent Hydro One's rates excluding rate riders were applied to a five-year average of 2019-2023 volumes.

CWH Response: CWH used the average of 2019-2023's actual volumes and applied the 2024 rates, excluding rate riders. The total LV expense would be \$522,740.93.

8-Staff-60

Loss Factor

Ref 1: Chapter 2 Appendix 2-R

Ref 2: Exhibit 8, Table 17, p. 26

Ref 3: Exhibit 8, Table 16, p. 25

Ref 4: [2018 Chapter 2 Appendix 2-R, Settlement Proposal](#)

Ref 5: Tariff Schedule and Bill Impact Model

Preamble:

OEB staff notes that lines B, C, G and I in Reference 1 do not reconcile with Table 17 in Reference 2.

In Reference 3, Centre Wellington Hydro presents a calculation of Supply Facilities Loss Factor 2023 data in Table 16. Centre Wellington Hydro states that it has calculated its supply loss factor using a weighted average of the IESO and Hydro One 2023 data which results in the Supply Facility Loss Factor of 1.0242 (Table 16) instead of a 5-year average.

In Reference 4, the OEB approved Centre Wellington Hydro's proposed Supply Facilities Loss Factor (line H) in its 2018 rebasing application which was calculated based on a 5-year average of historical data.

Question(s):

- a) Please reconcile the difference between reference 1 and reference 2 and revise the evidence as needed. Please also update the Tariff and Bill Impact Model accordingly.

CWH Response: In its last cost of service, CWH didn't fully analyze the supplier weightings for the SFLF calculation. Following recent applications, CWH decided to use the previously Board-approved methods and present a table showing supplier allocations. Instead of the five-year average of 1.0137, CWH followed the OEB directive to calculate the SFLF as the weighted average. CWH notes it applied this method only to the most recent year and not to historical data, thus not calculating a five-year average.

- b) Please explain the variance between the Supply Facility Loss Factor of 1.0242 in Table 16 (reference 3) and the 5-year historical average (2019-2023) in line H in Table 17 (reference 2).

CWH Response: The Bill Impact (table 17) should have shown the calculated loss factor of 1.0593. The model has been updated to reflect the proposed total supply loss factor.

- c) Please explain why Centre Wellington Hydro used a different approach to calculate Supply Facilities Loss Factor in Table 16 (reference 3) from the methodology that was approved (using 5-year average of historical data in reference 4) in its last rebasing application.

CWH Response: Please see response to a)

8-Staff-61

Bill Impacts

Ref 1: Exhibit 8, Table 1, p. 5

Ref 2: Exhibit 8, p. 8

Preamble:

Table 1 in reference 1 show the bill impacts for all rate classes.

OEB staff notes that the bill impacts for GS>50 to 2,999 kW and GS>3,000 to 4,999 kW are based on the same 2025 unit rates (due to the proposal to merge these two rate classes).

In reference 2, Centre Wellington Hydro states that:

It was determined there are no significant cost differences and overall burden due to the administration, billing, and operations CWH completes between a customer who has a monthly demand greater than 3,000kW and a customer that is below.

Question(s):

- a) Please provide any bill impact analysis Centre Wellington Hydro conducted comparing bill impacts with and without the proposed merger of classes.

CWH Response: A Cost Allocation, RRWF and Bill Impact with the two GS>50 classes separated are filed with this application.

8.0-VECC-45

Reference: Exhibit 8, page 8

Preamble:

The Application states:

“It was at this time in conjunction with completing the Cost Allocation model and considering the weighting factors for various components within the model, that having two separate customer classes is redundant. It was determined there are no significant cost differences and overall burden due to the administration, billing, and operations CWH completes between a customer who has a monthly demand greater than 3,000kW and a customer that is below.”

- a) Based on the results of the Cost Allocation model used for CWH's 2018 COS please provide a schedule that sets out for each of the GS 50-2,999 and GS 3,000-4,999 classes:
- i. The total allocated demand related costs
 - ii. The total forecast kW
 - iii. The ratio of item (i) to item (ii)
 - iv. The total allocated customer-related costs
 - v. The total forecast customer count
 - vi. The ration of item (iv) to item (v).

CWH Response:

2018 CA	
i. The total allocated demand related costs	10,503,645.01
ii. The total forecast kW	203,029.54
iii. The ratio of item (i) to item (ii)	51.73
iv. The total allocated customer-related costs	4,893,300.97
v. The total forecast customer count	6,936.54
vi. The ratio of item (iv) to item (v).	705.44

8.0-VECC-46

Reference: Exhibit 8, page 10

Preamble:

The Application states:

“The Fixed to Variable ratio for the newly created General Service 50 – 4,999 kW is 14.82% fixed to 85.18% using the former General Service 50 – 2,999 KW as a benchmark to set the fixed to variable split for the newly combined class..”

- a) What would be the fixed to variable split for the newly combined class if the fixed and variable portions were calculated using the current 2024 rates for each class and the 2023 actual billing determinants for each class?

CWH Response: Please see the requested scenario below

As filed

Customer Class Name	Current Rates at Fixed to Variable Split			Proposed Rates at Current Fixed to Variable Split		
	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %
Residential	\$33.79	100.00%		\$34.19	100.00%	0.00%
General Service < 50 kW	\$24.38	28.77%	71.23%	\$25.11	28.77%	71.23%
General Service 50 to 2999 kW	\$198.93	14.82%	85.18%	\$208.63	14.82%	85.18%
General Service 3000-4999 kW	\$801.69					
Unmetered Scattered Load	\$9.15	14.60%	85.40%	\$14.71	14.60%	85.40%
Sentinel Lighting	\$6.75	54.98%	45.02%	\$6.97	54.98%	45.02%
Street Lighting	\$2.55	75.73%	24.27%	\$4.12	75.73%	24.27%

Requested Scenario

Customer Class Name	Current Rates at Fixed to Variable Split			Proposed Rates at Current Fixed to Variable Split		
	Rate	Fixed %	Variable %	Rate	Fixed %	Variable %
Residential	\$33.79	100.00%		\$34.19	100.00%	0.00%
General Service < 50 kW	\$24.38	28.81%	71.19%	\$25.14	28.81%	71.19%
General Service 50 to 2999 kW	\$198.93	14.85%	85.15%	\$208.99	14.85%	85.15%
General Service 3000-4999 kW	\$801.69					
Unmetered Scattered Load	\$9.15	14.71%	85.29%	\$14.83	14.71%	85.29%
Sentinel Lighting	\$6.75	54.98%	45.02%	\$6.97	54.98%	45.02%
Street Lighting	\$2.55	75.91%	24.09%	\$4.13	75.91%	24.09%

8.0-VECC-47

**Reference: Exhibit 8, pages 19 (Table 10)
Tariff Schedule Bill Impact Model, Tab 6 – Bill Impacts**

- a) Please clarify whether, in Table 10, the LV rates for the Residential, GS<50, and USL classes were calculated using the delivered loads for the loss adjusted loads.

CWH Response: CWH confirms that it is using the “Delivered” load as indicated in Tab 9 of the RTSR model.

8.0-VECC-48

**Reference: Exhibit 8, pages 16 – 17
RTSR Workform, Tabs 3 and 5**

- a) Please confirm that the RRR data in Tab 3 and the billing determinants in Tab 5 are both based on the same year.

CWH Response: Yes, both Tab 3 and Tab 5 are using 2023 data.

8.0-VECC -49

Reference: Exhibit 8, page 25

Preamble:

The Application states:

“CWH is a fully embedded distributor to Hydro One Networks Inc. ("HONI") as the host distributor. CWH receives electricity from the host distributor from two sources, one of which is an IESO wholesale point and one of which is metered by means of a HONI retail point.”

- a) Why is CWH considered to be a fully embedded distributor if one of its supply delivery points is an IESO wholesale point?

CWH Response: The IESO wholesale supply delivery point is referencing CWH owned Elora East meter registered with the IESO. This meter is an additive meter point embedded within HONI's M7, 44kv distribution feeder that is shared by HONI, CWH, and ENOVA, all having customers fed from it. Metering CWH's load on the feeder relies on CWH's additive meter and HONI owned Elora West Wholesale metering, making CWH embedded within a HONI owned, shared feeder.

8.0-VECC -50

Reference: Appendix 2-R

- a) With respect to Exhibit 8, Table 16, please explain the basis for assigning the Wholesale Market Participant a loss factor of 1.0453.

CWH Response: Hydro One applies CWH's loss factor to the Wholesale Market Participant to deduct from the Hydro One meter point in Fergus for the purpose of the calculation of CWH's wholesale purchase from this meter point. The reason is because this wholesale Market Participant's meter is behind CWH's wholesale meter point in Fergus. Therefore, it uses 1.0453 loss factor (CWH's loss factor approved in 2018 CoS) for the Wholesale Market Participant in Exhibit 8, Table 16.

- b) Given CWH has no Large Use class customer, please explain the basis for the values shown in Row B of Appendix 2-R.

CWH Response: CWH apologizes for the error. Row B should be blank. It has been corrected.

Exhibit 9 – Deferral and Variance Accounts

9-Staff-62

Ref 1: Exhibit 9, P. 20

Ref 2: EB-2022-0200 Decision and Rate Order, December 8, 2022, p. 20

Preamble:

Centre Wellington Hydro indicates that it “is requesting to discontinue use of the LRAMVA for one or more activities related to distribution rate-funded CDM activities.”

In reference 2, consistent with the OEB practice, the OEB’s 2023 IRM decision for Centre Wellington Hydro set the LRAMVA balance to zero and indicated that no further entries to the LRAMVA are permitted at this time, but that the LRAMVA will not be discontinued, in the event that Centre Wellington Hydro requests the use of the LRAMVA for a CDM activity in a future application, which the OEB will consider on a case-by-case basis.

Question(s):

- a) Please confirm that in accordance with OEB's practice as indicated in reference 2, Centre Wellington Hydro intends to maintain the DVA account, but does not anticipate recording any further amounts at this time.

CWH Response: That is correct. CWH doesn't anticipate recording any further amounts at this time.

9-Staff-63

DVA Continuity Schedule

Ref 1: [Prescribed interest rates](#)

Ref 2: DVA Continuity Schedule

Preamble:

In reference 1, the OEB has recently published its prescribed interest rate for deferral and variance account balances for Q3 2024 of 5.20%.

OEB staff notes that the DVA Continuity Schedule in reference 2 has not been updated with the Q3 2024 prescribed interest rate of 5.20%.

Question(s):

- a) Please update the total balance and carrying charges in the DVA Continuity Schedule to reflect the updated Q3 2024 prescribed interest rates.

CWH Response: Updated with the Q3 2024 prescribed interest rate as per request.

9-Staff-64

Group 2 DVA Balances

Ref 1: Exhibit 1, p. 37

Ref 2: Exhibit 9, pp. 9-10 and 13

Ref 3: [OEB Letter on Green Button Implementation](#)

Ref 4: [OEB Letter on Accounting Order - Customer Choice Initiative](#)

Ref 5: [OEB Letter on Accounting Order for Ultra Low Overnight Option](#)

Ref 6: [OEB Letter on Revisions to the Ontario Energy Board Cost Assessment Model](#)

Preamble:

Centre Wellington Hydro notes in Reference 1 that it has used \$50,000 as a materiality threshold throughout this application.

In Reference 2, Centre Wellington Hydro is requesting the disposition of the following accounts.

- Account 1508 – Customer Choice Initiative Costs (debit balance of \$9,434.41),
- Account 1508 – Green Button Initiative Costs (debit balance of \$19,155.05),
- Account 1508 – ULO Implementation Cost (debit balance of \$5,125.43) and
- Account 1508 OEB assessment (debit balance of \$15,402.76).

References 3, 4, 5 and 6 note that “The OEB will assess any claimed costs recorded in the sub-account at the time the subaccount is requested for disposition, subject to the causation, materiality and prudence criteria”.

Questions:

- a) Please explain why Centre Wellington Hydro is requesting disposition of accounts with balances less than \$50,000.

CWH Response: The aggregate of the above 1508 sub accounts is \$49,117.65. While this amount is under the \$50K threshold, CWH felt it was important to track the costs when the OEB released the accounting guidance for the new sub accounts. With the assessment and other initiatives not being at the choice of CWH, it was felt that they should be recovered as they are very close to the threshold.

b) Is Centre Wellington Hydro agreeable to closing the following accounts. If not, please explain.

i. Green Button Initiative Costs

CWH Response: Yes, CWH will close this account effective January 1, 2025 once the disposition is recorded.

ii. Customer Choice Initiative Costs

CWH Response: Yes, CWH will close this account effective January 1, 2025 once the disposition is recorded.

iii. ULO Implementation Costs

CWH Response: Yes, CWH will close this account effective January 1, 2025 once the disposition is recorded.

9-SEC-25

Reference: [Ex.9, p.13]

For each of the following accounts, please provide a forecast of 2024 principal entries and an explanation of what costs CWH expects to incur in 2024:

- a. Customer Choice Initiative Costs
- b. Green Button Initiative
- c. ULO Implementation Cost

CWH Response: CWH doesn't anticipate any further principal costs for the above items.

Centre Wellington Hydro Ltd.

Interrogatories

Appendix A

2023 MEARIE Salary Survey

(1-SEC-1)

The MEARIE Group

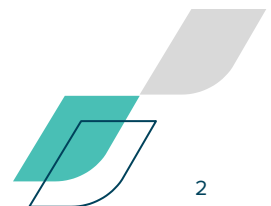
2023
Management
Salary Survey of
Local
Distribution
Companies

September 2023

Survey Administrators: Eckler Ltd.
Confidential and Proprietary

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Introduction

The MEARIE Group is pleased to present this report of the 2023 Management Salary Survey of Local Distribution Companies (LDCs).

In today's competitive talent market, Local Distribution Companies (LDCs) are challenged with establishing and maintaining competitive, yet affordable, compensation programs and policies. High inflation and changing workplaces in response to the COVID-19 pandemic have also further impacted compensation programs and policies. The MEARIE Group established the Management Salary Survey of Ontario's LDCs to assist you and in understanding the competitive landscape and support your efforts in developing pay practices that attract, motivate, and retain high quality, high performing employees.

The survey was administered in 2023 in partnership with Eckler Ltd., who are experts in developing and managing salary surveys across all sectors of the economy. There were no significant changes to the survey for 2023. The survey was launched in May 2023 and 37 organizations provided completed survey materials to inform this report. The report is divided into two parts:

Part 1 – Study Report (this document)

- Profile of survey participants
- Overview of salary projections for 2024 salary planning, and other market trends and programs
- Information on benefits programs and offerings
- Summary of the survey methodology and definitions of terms
- Job descriptions for the 56 benchmark jobs

Part 2 – Benchmark Job Tables (provided as a separate Excel file)

- Reporting based on number of customers, number of employees, region, and revenue
- Reporting up to total cash compensation, including annual incentive or variable pay information

Confidentiality Policy

The MEARIE Group recognizes the importance of maintaining the security of your information and has developed the following policy that applies to all participants (and their delegates) in the Management Salary Survey and the Survey on Board of Director Compensation (each, a “Survey”), as well as the Survey Administrator and The MEARIE Group.

An individual LDC will provide its authorization for the sharing of information identified as being information of that LDC by completing the Survey Data Submission for a Survey. This will result in the LDC’s data being identified by name in the listing of participants. This enables participants to be aware of the names of the other participants in the Survey to determine the relevance of Survey data cuts (e.g., by geography or size).

All of the information obtained through this Survey will be treated with the utmost confidentiality. Data will be reported on an aggregate basis only, and in such a way as to ensure that individual participant data cannot be identified/attributed. Standards for minimum number of data will be strictly enforced to ensure confidentiality. Neither the Survey Administrator nor The MEARIE Group will release or disclose to any other person whatsoever any information pertaining to any individual LDC participant.

Survey results will be reported only to those LDCs who participate in the Survey and provide comprehensive data. Comprehensive participation means that each LDC is expected to match as many of the Survey benchmark positions as they are able, and provide data for all incumbents of matched positions. **All participants must consider this information as strictly confidential.**

The results of a Survey will not be disclosed/sold to or shared with organizations that have not participated in that Survey, whether by The MEARIE Group or the Survey Administrator or Survey participants. **Participants may not share the Survey reports/results with non-participant LDCs or any entity under any circumstances.**

The data collected for a Survey will also be included in the Survey Administrator’s compensation database. Information in the Survey Administrator’s database is maintained with the highest standards of confidentiality; analysis and reporting of data is on an aggregate basis only, and in such a way as to ensure that individual participant data cannot be identified or attributed.

The obligations of confidentiality set out in this policy are subject to the requirements of applicable law. However, LDCs may not disclose the existence or results of a Survey to any regulatory body (or other person) unless compelled by law to do so, and if an LDC is compelled by law to make such a disclosure, it will give The MEARIE Group as much notice in advance as possible of the disclosure and the reasons the disclosure is legally required. In such circumstances, the LDC will take such steps as The MEARIE Group reasonably requests, or will co-operate with respect to any steps The MEARIE Group and/or Survey Administrator reasonably wishes to take, to contest or limit the scope of the disclosure.

The MEARIE Group will not be liable for breaches by participating LDCs or the Survey Administrator of this Confidentiality Policy.

Survey Overview

Benchmark Positions

This survey covers 56 benchmark jobs that are representative of the functions within The MEARIE Group's member organizations. No changes were made to the benchmark jobs in 2023. The job descriptions for each benchmark are provided in **Appendix C**.

Job Family	Job Code	Job Title
Executives	0000	President & Chief Executive Officer
Executives	0001	Chief Operating Officer
Executives	0002	Head of Operations and/or Engineering
Executives	0003	Chief Financial Officer / Head of Finance
Executives	0004	Head of Customer Service
Executives	0005	Head of Regulatory Affairs
Executives	0006	Head of Human Resources
Executives	0007	Head of Information Technology / Information Services
Administration	1000	Executive Assistant
Administration	1001	Administrative Assistant
Engineering	2000	Director, Engineering
Engineering	2001	Engineering Manager / Distribution Engineer
Engineering	2002	Project Engineer
Engineering	2003	Supervisor, Engineering
Operations	2500	Director, Operations
Operations	2501	Manager, Operations
Operations	2502	Manager, Control Centre
Operations	2503	Supervisor, Control Centre
Operations	2504	Supervisor, Protection and Control
Operations	2505	Supervisor, Station Maintenance
Operations	2506	Line Supervisor
Operations	2507	Manager, Meter Department
Operations	2508	Supervisor, Meter Department
Operations	2509	Manager, Continuous Improvement
Supply Chain / Procurement	3000	Director, Supply Chain Management

Supply Chain / Procurement	3001	Manager, Procurement and/or Inventory and/or Facilities and/or Fleet
Supply Chain / Procurement	3002	Supervisor, Stores/Inventory/Warehouse
Accounting/Finance	4000	Controller / Director, Finance
Accounting/Finance	4001	Manager, Accounting
Accounting/Finance	4002	Manager, Risk Management
Accounting/Finance	4003	Supervisor Accounting
Accounting/Finance	4004	Financial or Business Analyst
Accounting/Finance	4005	Accountant
Customer Service	5000	Director, Customer Service
Customer Service	5001	Manager, Customer Service and/or Billing
Customer Service	5002	Supervisor, Customer Service and/or Billing and/or Collections
Customer Service	5003	Key Account Specialist
Communications	5500	Director, Communications
Communications	5501	Manager, Communications
Communications	5502	Communications Specialist
Regulatory Affairs	6000	Director, Regulatory Affairs
Regulatory Affairs	6001	Manager, Regulatory Affairs
Regulatory Affairs	6002	Regulatory Accountant
Conservation/Demand	7000	Settlement or Rate Analyst
Information Systems/Technology	8000	Director, Information Systems
Information Systems/Technology	8001	Manager, Information Systems
Information Systems/Technology	8002	Systems and/or Program Administrator / Applications and/or Systems Support Professional
Information Systems/Technology	8003	Manager Information Security
Information Systems/Technology	8004	Network Specialist/Manager/Engineer
Human Resources	9000	Human Resources Manager
Human Resources	9001	Human Resources Generalist
Human Resources	9002	Human Resources Coordinator

Human Resources	9003	Payroll
Human Resources	9004	Manager, Health & Safety
Non-Regulated Business - Business Development Roles	N001	Executive Role - Non-Regulated Business
Non-Regulated Business - Business Development Roles	N002	Non-Executive Role - Non-Regulated Business

List of Participants

All Ontario LDC MEARIE members were invited to participate in the survey, and 37 organizations submitted completed survey materials:

Alectra Utilities Inc	Kingston Hydro
Bluewater Power Distribution	Lakeland Power Distribution Ltd
Burlington Hydro Inc	London Hydro Inc
Centre Wellington Hydro Ltd	Milton Hydro Distribution Inc
E.L.K. Energy Inc	Newmarket-Tay Power Distribution Limited
Elexicon Energy Inc	Niagara Peninsula Energy Inc
Enova Power Corp	North Bay Hydro Distribution Limited
Entegrus Inc	Northern Ontario Wires Inc
ENWIN Utilities Ltd	Orangeville Hydro Limited
EPCOR Electricity Distribution Ontario Inc	Oshawa PUC Networks Inc
ERTH Power Corporation	Ottawa River Power Corporation
Essex Powerlines	Peterborough Utilities Group
Festival Hydro Inc	PUC Services Inc
Fort Frances Power Corporation	Rideau St. Lawrence Distribution
GrandBridge Energy	Sioux Lookout Hydro Inc
Greater Sudbury Utilities	Synergy North
Grimsby Power Inc	Wasaga Distribution Inc
Halton Hills Hydro Inc	Welland Hydro-Electric System Corp
InnPower Corporation	

Participant Profile

The profile of the 37 participants is summarized in the tables below. The figures are reported as provided by the participants and have not been verified.

LDC Profile (N = 37)	P25	P50	P75	Average ¹
Operating Budget, excluding cost of energy (millions)	\$6.8	\$14.2	\$28.3	\$37.6
Operating Budget, including cost of energy (millions)	\$35.6	\$85.6	\$177.9	\$254.8
Number of Employees (full-time equivalent)	25.0	55.0	122.0	120.5
Number of Union Employees (full-time equivalent)	12.0	36.0	83.0	68.0
Number of Non-Union Employees (full-time equivalent)	10.0	24.0	41.0	52.5
Number of Customers	14,423	28,324	58,421	72,171
Gross Revenue, including cost of energy (millions)	\$37.2	\$87.7	\$191.3	\$263.8
Gross Revenue, excluding cost of energy (millions)	\$8.8	\$19.6	\$38.2	\$55.5
Regulated Gross Revenue ²	97.0%	98.6%	99.0%	96.3%
Unregulated Gross Revenue ²	1.0%	1.4%	3.0%	3.7%

1. Where averages are significantly higher than the median (or P75) of the market, this indicates a small number of observations with a large number which skew the average data high.
2. Twenty-five (25) of the 37 participants indicated there is a split between regulated and unregulated gross revenue; the data provided for this statistic is only the organizations indicating the split. Twelve organizations are not reporting blended revenue.

All organizations that responded reported that their fiscal year end is December.

Participants were also asked to report any sister company revenue and number of employees information, if applicable. Overall, 16 organizations reported some revenue from sister companies. Where organizations did not have direct employees generating the revenue, this was due to administration of non-employee contractors, or, overseeing other staff not within the LDC and revenue sharing arrangements.

Sister Profile (N = 16)	P25	P50	P75	Average
Total Revenue (millions)	\$0.3	\$1.8	\$13.7	\$10.5
Number of Employees (full-time equivalent)	0.0	4.3	29.0	30.0

Salary Administration

Salary Adjustments

Compensation ranges, also known as salary frameworks or salary structures, are the guidelines by which companies administer compensation. These frameworks may be single job rates, step rate systems, salary ranges, or broad bands. Typically, compensation ranges are adjusted based on economic factors on a regular basis (annually). Actual compensation, or salaries paid, is the actual amount paid to employees within the role. The actual compensation of an incumbent is typically within the salary range and their position in the range/steps varies with tenure, experience and often, performance.

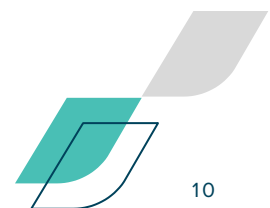
Organizations were asked how they adjusted salary ranges and actual salaries in 2022 and 2023, what they are forecasting for 2024.

Salary Range Adjustments

The most common month of salary range adjustments is January, followed by April. The below table shows the average salary range adjustments, excluding zeros. Survey participants are planning to increase salary ranges in 2024 by an average of 2.98%.

Year	CEO	Executive	Director	Management	Professional/ Technical	Admin	Overall
2022							
(N=35)	3.86%	3.62%	3.50%	3.00%	3.05%	3.00%	3.35%
2023							
(N=30)	3.53%	3.24%	3.19%	3.05%	3.14%	3.08%	3.20%
2024							
(N=13)	3.27%	3.27%	3.00%	2.77%	2.77%	2.77%	2.98%

The salary range adjustment predictions have trended below what is implemented in the coming year. Given higher and sustained inflation than forecasts indicated, organizations adjusted at a higher percentage. Eckler’s 2022 Salary Forecast survey also indicated that close to one-third of organizations also made a mid-year adjustment to ranges in addition to annual adjustment to attempt to maintain market position and mitigate talent loss. Historically organizations have adjusted ranges annually, or even less periodically (i.e., every 2 or 3 years with market review).



Actual Salary Increases

The most common month of actual salary increases is January, followed by April. The below table shows the average actual salary increases, excluding zeros. Survey participants are planning to increase salaries in 2024 by an average of 3.19%.

Year	CEO	Executive	Director	Management	Professional/ Technical	Admin	Overall
2022							
(N=35)	2.87%	3.04%	3.05%	3.11%	3.04%	2.98%	3.07%
2023							
(N=32)	3.66%	3.67%	3.63%	3.51%	3.49%	3.39%	3.57%
2024							
(N=14)	2.98%	3.33%	3.22%	3.18%	3.12%	3.10%	3.19%

Similar to salary range movement, actual salary increases in 2022/2023 are higher than the predicted values in 2021/2022.

Incentive Programs

Performance Factors

For organizations that have a broad-based annual incentive plan in place, participants were asked to provide the weighting of factors that are used to determine actual bonus payouts. The below table reports the average weighting of each performance metric, by employee category. Executives and Senior Management are typically more heavily weighted toward corporate performance, while Middle Management, Professional, and Administrative jobs are typically more heavily weighted toward individual performance. Team/Department factors are not commonly used, with only five participants reporting a weighting for Team/Department performance.

Performance Factor	CEO (N=24)	Executive (N=22)	Director (N=18)	Management (N=20)	Professional/ Technical (N=15)	Admin (N=17)
Corporate	67.9%	55.9%	50.5%	40.8%	30.9%	37.5%
Individual	28.7%	36.3%	45.4%	49.4%	64.9%	60.6%
Team/ Department	2.4%	6.7%	4.1%	8.5%	4.3%	1.9%

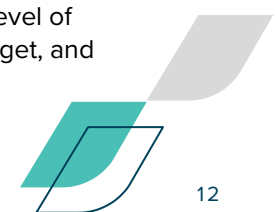
The most common plan for management roles is 50% equal weighting between corporate and individual performance, and the most common plan for professional/technical and administrative staff is 100% individual performance.

Incentive Opportunity Range

Target-based incentive programs typically have a minimum level of performance that must be achieved to receive an incentive payout. If that threshold level of performance is not achieved, then there is no payout. Conversely, target-based incentive programs typically also have a maximum level of payout, where regardless of how much an employee exceeds their performance targets, the payout will not be any higher than the maximum. Between the payout at threshold performance and the maximum payout, incentive plans typically increase the level of payout as the performance levels also increase.

For example, if a job has an incentive target of 20% of base salary and the payout at the threshold level of performance is half of the target, then the threshold level of performance is achieved, the payout will be 10% of base salary. If the maximum incentive is 2X the target, then the payout will be capped at 40% of base salary.

The below table reports the average maximum incentive and average incentive at the threshold level of performance, as a multiple of target, by employee category. The typical maximum payout is 1X target, and



the typical payout at the threshold level of performance is 0.5X target. In the broader market, it is more common to see higher maximum bonus levels as a multiple of target, especially at the Senior Management and Executive levels.

Incentive Payout Range	CEO (N=20)	Executive (N=19)	Director (N=19)	Management (N=18)	Professional/ Technical (N=15)	Admin (N=16)
Maximum Payout	1.40X	1.39X	1.31X	1.33X	1.29X	1.35X
Payout at Threshold Level of Performance	0.55X	0.54X	0.52X	0.56X	0.47X	0.50X

Compression Policies

Participants were asked if they have a formal salary compression program in place. Only 8% of participants (N=37) reported that they do have a formal program. Jobs affected include Line Supervisor and Operations Manager.

Line Supervisors

The direct supervisor of unionized staff is typically called the “Line Supervisor”. Most organizations (60%) (21 of 35 respondents) reported that Line Supervisors receive overtime compensation. The organizations that do not offer overtime to Line Supervisors typically do offer other compensation, most commonly time in lieu, but may also be a bonus or on call premiums.

The below table reports the average annual amount of overtime paid to the Line Supervisors and average union staff incumbent reporting to the Line Supervisor; 11 organizations were able to provide average annual overtime dollar amounts.

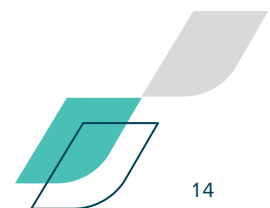
Position (N=11)	P25	P50	P75	Average
Line Supervisor	\$7,350	\$15,000	\$23,500	\$16,357
Union Staff	\$10,250	\$14,000	\$18,966	\$18,272

Both the Line Supervisor (N=21) and the union staff (N=25) roles typically have an overtime and/or on call compensation rate of 2X regular base salary.

Participants were asked if any additional staff other than front-line supervisor roles are eligible for overtime. Out of the 22 organizations that responded, 50% do offer overtime to other roles. Typically, only roles below the Supervisor or Manager level are eligible for overtime.

The below table shows the team sizes for field teams, i.e., the number of union roles per supervisor.

Team Size (N=33)	P25	P50	P75	Average
Union Roles per Supervisor	7	9	11	9



72% of LDCs (26 of 36 respondents) indicated that a company owned or leased car is provided to supervisors for work purposes.

- 23 organizations provided information about car storage. 74% of these organizations indicated that company cars can be stored at the employee's home and 26% indicated that company cars are stored at their work location.
- 25 organizations provided information about personal use of company cars. 64% of these organizations allow some level of personal use of company cars.
 - Of these 16 organizations, 81% have a mileage tracking system in place for personal use of company cars. The most common method used to track mileage of personal use of company cars is a logbook.
 - 14 organizations provided details on limitations of personal use of company cars. 43% indicated that employees can use company cars for personal use with no limitations, 29% indicated that employees can use company cars for commuting only, 14% indicated that employees can use company cars for personal use within reason, 7% indicated the employees can use company cars for personal use by exception only, and 7% indicated that only the employee can drive the company car.
- Seven organizations provided taxable benefit amounts for company cars. The median amount reported was \$5,500.00, and the average amount reported was \$8,081.14.

Non-Regulated Operations

Some participants in this survey earn additional revenue via non-regulated revenue channels. This section discusses the details of these non-regulated operations.

Non-Regulated Revenue

32% of organizations (N=37) indicated that they do not have any non-regulated revenue, 38% of organizations indicated that the non-regulated revenue is structured as a separate company, and 30% indicated that non-regulated revenue is embedded within the organization.

Of the organizations that have some non-regulated revenue, 20 provided details around the non-regulated revenue is supported.

Non-Regulated Revenue	Yes	No
Full time dedicated sales staff	30%	70%
Full time dedicated non-sales staff	45%	55%
Regulated company provides corporate services for a fee	75%	25%
Shared staffing arrangement with regulated company	70%	30%

Key Performance Indicators

Participants that have non-regulated sources of income were asked what the Key Performance Indicators (KPIs) for the business are, as well as proportion of each used in incentive and/or performance measurement. The below table summarizes the prevalence and average scorecard weighting of each KPI.

Key Performance Indicator	KPI Used (% Yes)	Average Scorecard Weighting ¹
	(N=13)	(N=7)
Earnings / Net Income	62%	42.7%
Other Financial Metric	54%	36.9%
Innovation: New Product / Service Offering / Development	31%	*
Customer: Retention/New	15%	*
Other	46%	30.0%

**Insufficient data to report*

1. Average scorecard weighting is based upon organizations only where the KPI = Yes.

Of the organizations that responded “other”, common descriptions were health and safety, system reliability, and individual goals.

Of the eleven organizations provided information, 45% of organizations are seeking to grow their non-regulated business 10-20% in the next three years, 36% are looking to maintain, 9% are seeking to grow 5-10%, and 9% are seeking to grow 30%.

Engineer Compensation

Many organizations (43%, N=35) differentiate compensation for engineers-in-training / P.Eng candidates. Generally, engineers can expect a pay increase once they have achieved the designation. Most commonly, engineers-in-training are paid on different salary grids/ranges than engineers with their P.Eng designation, so once the designation is achieved, the engineer moves to the licensed engineer grid/range, which is higher than the engineer-in-training grid/range. In some other cases, engineers-in-training and licensed engineers are on the same pay band, however engineers-in-training cannot achieve full job rate until they have achieved the P.Eng designation.

COVID-19 Strategies

COVID-19 Impact

Participants were asked if COVID-19 impacted different aspects of their salary administration programs.

- 5% of organizations (N=37) reported that salary range and/or actual salary increases were affected by COVID-19.
- No organizations (N=37) reported that promotions and/or salary increases were delayed due to COVID-19.
- 5% of organizations (N=37) reported that merit increase budgets were higher or lower due to COVID-19 (though this is also due to broader economic pressure beyond COVID-19).
- 7% of organizations (N=30) reported that adjustments were made mid-year to short-term variable pay programs due to COVID-19.
- 7% of organizations (N=28) reported that incentive programs were affected by COVID-19, for example adjusting key performance indicators.
- 3% of organizations (N=37) reported that pay premiums were adopted for front-line roles due to COVID-19.

COVID-19 Strategies

Organizations were asked what strategies were utilized to combat the labour challenges faced since the onset of the COVID-19 pandemic, and, if those strategies were temporary measures or have become continuous measures. The prevalence of “yes” responses overall is reported below.

Tactic (N=36)	Tactic Used: % Yes	Temporary Measure %	Continuous Measure %
Increase or introduction of employee wellness allowances	11%	0%	100%
Optional leave	8%	100%	0%
Stipends, home allowances, or other compensation allowances	8%	67%	33%

Increased benefits, including expanded EAP coverage	8%	0%	100%
Early retirement provision	6%	*	*
Permanent position eliminations/ terminations	6%	*	*
Bonus / discretionary compensation reduction	6%	*	*
Pay premiums / hazard pay	6%	*	*
Retention awards	6%	*	*
Introduction of new benefits	6%	*	*
Temporary layoffs / furloughs	3%	*	*
Spot / recognition bonuses	3%	*	*
Base salary freeze	0%	*	*
Temporary pay reduction with no hours/duties adjustment	0%	*	*
Temporary pay reduction with hours/duties also reduced	0%	*	*
Work-sharing program	0%	*	*
Amendments to car allowances	0%	*	*

**Insufficient data to report*

Details are provided for the following commonly used tactics:

- The most utilized tactic was increasing or introducing employee wellness allowances, which is a measure that continues to be in place for all organizations that offer it. Organizations increased the value of their wellness benefits and added at-home exercise equipment to their employee purchase plan program. This combined with increased benefits, including expanded EAP coverage

and increased values of health care spending accounts indicate a higher concentration on employee health and wellness and building that into total rewards.

- Optional leave was temporarily offered, where employees were unable to find childcare / dependent care and could not work from home, or where employees exhausted vacation time.
- Stipends, home allowances, and other compensation allowances were typically offered on a temporary basis. For example, employees were allowed to claim workspace items through existing allowance accounts.

Remote Work

Participants were asked to provide details on their remote work policies. All respondents (N=27) indicated that they have not, nor will they be changing compensation policies for remote roles versus office-based roles.

Four organizations indicated that there are no remote employees, and all employees are in the office five days a week. Two organizations have no minimum in-office requirement and 11 organizations indicated that have a hybrid model:

- 13 organizations require employees to be in the office on occasion or on an ad-hoc basis, depending on meetings and events happening.
- Three organizations require employees to be in the office two days a week.
- Four organizations require employees to be in the office three days a week.
- Two organizations require employees to be in the office four days a week.
- One organization's hybrid model varies depending on the department.

Three organizations indicated that there are no limits to where an employee resides. Most organizations (N=26) do have a policy about employee geography limitations where:

- 12 organizations require employees to be able to meet in-office day requirements or be close to service their service territory.
- Four organizations require employees to be located in Ontario, and one additional organization indicated a preference for employees to be located in Ontario.
- Two organizations require employees to be in Canada.
- Two organization require employees to be within reasonable commute of their office / in the municipality.

Employee Engagement

Participants were asked to provide details on their employee engagement strategies. Common measures employed to keep employees engaged included:

- Increased communications reported by 11 organizations, including online check-ins, team meetings, and town halls.
- Virtual company lunches and other events, or in-person if restrictions allowed reported by six organizations.
- Wellness programs/initiatives and/or awareness training reported by four organizations.
- Employee recognition initiatives reported by four organizations.

30% of organizations (N=33) experienced higher than usual voluntary turnover during the COVID-19 pandemic. Accommodations that HR made to retain employees that were subject to added pressures due to the pandemic included:

- Work from home allowances reported by 13 organizations.
- Flexible/modified work schedules reported by eight organizations.
- Unpaid leave where work from home was not possible was reported by four organizations.
- Enhanced sick leave provisions to cover COVID-related absences were reported by two organizations.

Five organizations indicated that no formal accommodations were made.

Benefits Policies

Company Cars

Company-Owned Cars and Car Allowances

Where organizations provide a car allowance or company car as a perquisite (i.e., not cars provided for business use only), they are most commonly offered as a monthly allowance. The below table shows the monthly allowance amounts reported, by employee category.

Monthly Car Allowance	P25	P50	P75	Average
CEO (N=16)	\$692	\$850	\$1,000	\$1,076
Executive (N=13)	\$584	\$750	\$750	\$715
Director (N=5)	*	\$450	*	\$430
Management (N=1)	*	*	*	*

*Insufficient data to report

Monthly leases are also offered to CEOs by three organizations. The average monthly lease reported was \$1,072. Two organizations provide the CEO with a company owned car.

Reimbursement Rates

The below table shows the reimbursement rates reported for using a personal automobile for business purposes. The typical rate is 68 cents per kilometer, reported by 20 organizations and is aligned with the Canada Revenue Agency mileage rate for 2023.

Mileage (N=37)	P25	P50	P75	Average
Reimbursement Rate (\$/km)	\$0.61	\$0.68	\$0.68	\$0.64

Participants were also asked to provide details regarding reimbursement for travel, meals, or other allowance coverage. Common themes identified are:

- 16 organizations provided information on meal allowances. The average daily meal allowance reported was \$81.35 (N=12). Two organizations reported that meals are reimbursed based on the actual costs incurred, excluding alcohol.
- 11 organizations reported that employees must submit an expense reimbursement form and provide receipts.
- Six organizations reported that hotel and ground transportation expenses are reimbursed based on the actual costs incurred.
- Three organizations reported that they pay for highway tolls and parking, in addition to their mileage reimbursement policy.

Perquisites

Additional Benefit Level

Participants were asked to provide the basic and supplemental life insurance coverage offered to senior management, where the organization pays the premium. Generally, more organizations are providing a higher level of life insurance coverage to senior level roles.

Employee Level	Basic Coverage	Supplemental Coverage
CEO	1.5X N=17	2 – 3X N=9
Executive	1.5X N=16	2 – 3X N=9
Director	1.5X N=13	2X N=8
Management	1.5X N=13	2X N=7

Education Reimbursement

24 organizations reported having a policy for post graduate programs. Common themes in the details of these plans included:

- Six organizations report that the program must be beneficial and add value to the organization.
- Three organizations reported that employees must be pre-approved for post graduate education programs.
- Three organizations reported that their post graduate programs policy covers all employees, while one organization reported that it is only offered to management and executives.

23 organizations provided information on the qualification criteria in their policy for post graduate programs:

- Nine organizations reported that the post graduate program must be a job requirement and/or beneficial for the employee’s current or future position.
- Seven organizations reported that post graduate program must be pre-approved.
- Seven organizations reported that the policy applies to all permanent employees that have completed their probationary period.
- Three organizations reported that to be eligible, the employee must be a high performer or noted as a potential leader.

Five organizations reported that there is no maximum amount that will be reimbursed for post graduate programs. Twelve organizations reported specific annual maximum reimbursement amounts.

Education Reimbursement (N=12)	P25	P50	P75	Average
Annual Maximum	\$1,875	\$2,500	\$10,000	\$6,083

24 organizations provided information on any conditions of the subsidy for the employee to repay all or part of the subsidy if they leave the company within a specified time period:

- Five organizations reported that there is no formal policy in place.
- Eight organizations reported that their repayment policy requires different percentages of repayment based on years of service.
- Where the policy has a flat pay back percentage, it is most commonly either 50% or 100% of the amount reimbursed.

Club Membership – Fitness/Wellness

The below table reports the annual value of fitness/wellness club membership fees per employee, by employee category.

Employee Category	P25	P50	P75	Average
CEO (N=19)	\$200	\$300	\$400	\$382
Executive (N=19)	\$200	\$300	\$400	\$317
Director (N=19)	\$190	\$300	\$400	\$304
Management (N=19)	\$200	\$300	\$400	\$302
Professional/ Technical (N=17)	\$200	\$300	\$400	\$296

Health Care Spending Account

The below table reports the annual value of health care spending accounts per employee, by employee category.

Employee Category	P25	P50	P75	Average
CEO (N=13)	\$680	\$1,700	\$2,000	\$1,625
Executive (N=13)	\$565	\$1,600	\$2,000	\$1,393
Director (N=12)	\$500	\$725	\$1,263	\$1,054
Management (N=10)	\$500	\$725	\$1,263	\$960
Professional/ Technical (N=9)	\$500	\$700	\$1,350	\$952

Executive Medical Plan

The below table reports the annual value of executive medical plans per employee, by employee category.

Employee Category	P25	P50	P75	Average
CEO (N=8)	\$1,150	\$2,713	\$3,125	\$2,283
Executive (N=8)	\$1,150	\$2,713	\$3,125	\$2,283
Director (N=4)	*	\$3,250	*	\$2,809
Management (N=0)	*	*	*	*
Professional/ Technical (N=0)	*	*	*	*

**Insufficient data to report*

Personal Computer / Internet Connection for Home Use

The below table reports the annual value of personal computers and/or internet connection for home use per employee, by employee category.

Employee Category	P25	P50	P75	Average
CEO (N=4)	*	\$1,100	*	\$1,024
Executive (N=4)	*	\$1,100	*	\$1,032
Director (N=4)	*	\$1,100	*	\$1,032
Management (N=3)	*	*	*	\$933
Professional/ Technical (N=3)	*	*	*	\$933

**Insufficient data to report*

Other Perquisites

Participants were also asked about other perquisites that were not reported as commonly offered.

- Five organizations pay for employees' membership/professional dues. At the Management level, the average annual dues paid per employee is \$1,100.00.
- Social club memberships are only offered by two organizations to the CEO and Executive levels, and only one organization to other employee levels.
- One organization offers second opinion medical advice to the CEO only.

Vacation

Vacation Entitlement – CEO

The below table reports the years of service required to be eligible for the number of vacation weeks indicated for CEOs.

CEO	2 Weeks (N=11)	3 Weeks (N=20)	4 Weeks (N=28)	5 Weeks (N=31)	6+ Weeks (N=35)
Average	Start	2	5	12	16
Median	Start	2	7	14	20
Most Common	Start	Start	Start	17	25

Vacation Entitlement – Executives

The below table reports the years of service required to be eligible for the number of vacation weeks indicated for Executives.

Executives	2 Weeks (N=9)	3 Weeks (N=18)	4 Weeks (N=27)	5 Weeks (N=29)	6+ Weeks (N=31)
Average	Start	1	5	12	17
Median	Start	1	6	14	20
Most Common	Start	Start	Start	17	25

Vacation Entitlement – Directors

The below table reports the years of service required to be eligible for the number of vacation weeks indicated for Directors.

Directors	2 Weeks (N=8)	3 Weeks (N=19)	4 Weeks (N=27)	5 Weeks (N=27)	6+ Weeks (N=28)
Average	Start	1	5	13	19
Median	Start	Start	6	15	21
Most Common	Start	Start	Start	15	25

Vacation Entitlement – Management

The below table reports the years of service required to be eligible for the number of vacation weeks indicated for Management.

Management	2 Weeks (N=13)	3 Weeks (N=33)	4 Weeks (N=36)	5 Weeks (N=36)	6+ Weeks (N=36)
Average	Start	1	6	13	20
Median	Start	Start	7	14	21
Most Common	Start	Start	9	15	25

Vacation Entitlement – Professional/Technical

The below table reports the years of service required to be eligible for the number of vacation weeks indicated for Professional/Technical roles.

Professional/ Technical	2 Weeks (N=16)	3 Weeks (N=30)	4 Weeks (N=32)	5 Weeks (N=32)	6+ Weeks (N=32)
Average	Start	2	7	15	22
Median	Start	2	8	15	24
Most Common	Start	Start	9	15	25

Unused Vacation

Participants were asked about their policy on annual vacation entitlement that is not fully utilized before the end of the year. All 37 survey participants responded to this question.

- 51% of organizations reported that a maximum amount of unused vacation can be carried over.
- 32% of organizations reported that unused vacation entitlement may be carried over, subject to a maximum total accumulated balance.
- 14% of organizations reported that all unused vacation entitlement may be carried over with no restrictions.
- 3% of organizations reported that unused vacation entitlement cannot be carried over to the next year.

Of the organizations that allow unused vacation entitlement to be carried over with restrictions, five organizations allow the full annual entitlement to be carried over. 24 organizations have a specified number of days in their carry over policy, which is most commonly five days, or eight days on average.

- 10 organizations have no time limits within outstanding vacation days must be used.
- 14 organizations require employees to use carried over vacation days within six months or less.
- 12 organizations require employees to use carried over vacation days within 12 months.

Participants were asked to provide details on any variations in vacation carry over policies by level or length of service:

- Six organizations reported that there are no variations by level or length of service.
- Three organizations reported that under special circumstances, the Board and/or President may approve an employee to carry over more than the regular carry over policy.
- One organization reported that under special circumstances, Management positions and above may be able to have unused vacation days paid out.
- One organization reported different numbers of days based on years of service, where the longer employees have been with the company, the more days they are entitled to carry over.

Benchmark Positions Survey Results

The benchmark job tables are provided as a separate Excel file. The file includes the statistical data for the survey benchmark jobs for up to total cash compensation, including annual incentive or variable pay information.

Reporting is available based on number of customers, number of employees, region, and revenue.

Market fluctuations can occur due to a variety of reasons, including true market movements, as well as changes in sample. Statistics derived from small sample sizes are particularly vulnerable to variations.

The table below shows the median values from the “All” data cut. The other percentiles and data cuts are available in the Excel file, where there is sufficient data to report.

Job Code	Job Title	Nb. of Incumbents	Base Salary	Salary Range Minimum	Job Rate	Salary Range Maximum	Target Incentive %	Actual Total Cash	Total Cash Design
			P50	P50	P50	P50	P50	P50	P50
0000	President & Chief Executive Officer	31	\$265,000	\$207,500	\$251,000	\$267,800	26.25%	\$314,000	\$311,500
0001	Chief Operating Officer	8	\$184,700	\$158,200	\$192,500	\$205,400	12.43%	\$206,000	\$204,600
0002	Head of Operations and/or Engineering	22	\$191,000	\$151,700	\$179,900	\$200,100	15.44%	\$207,500	\$207,000
0003	Chief Financial Officer / Head of Finance	32	\$182,300	\$144,300	\$176,400	\$186,200	15.47%	\$207,500	\$202,700
0004	Head of Customer Service	7	\$164,000	\$127,100	\$171,100	\$182,000	14.56%	\$183,700	\$198,400
0005	Head of Regulatory Affairs	8	\$184,200	\$149,900	\$176,500	\$202,200	21.10%	\$232,100	\$208,100
0006	Head of Human Resources	17	\$160,100	\$135,600	\$157,200	\$173,400	14.95%	\$177,000	\$180,500
0007	Head of Information Technology / Information Services	13	\$165,600	\$140,100	\$164,800	\$179,300	17.83%	\$203,500	\$188,000
1000	Executive Assistant	25	\$85,000	\$71,500	\$84,700	\$97,100	5.45%	\$89,800	\$89,300
1001	Administrative Assistant	15	\$73,300	\$61,200	\$70,400	\$75,300	4.54%	\$75,300	\$73,800
2000	Director, Engineering	10	\$152,300	\$124,700	\$156,600	\$172,800	14.18%	\$165,400	\$174,000
2001	Engineering Manager / Distribution Engineer	28	\$133,500	\$112,400	\$132,400	\$144,900	6.75%	\$139,400	\$140,600
2002	Project Engineer	14	\$105,500	\$89,200	\$109,700	\$118,800	5.18%	\$111,800	\$112,700
2003	Supervisor, Engineering	14	\$118,800	\$95,600	\$116,600	\$134,800	5.00%	\$124,900	\$124,900
2500	Director, Operations	12	\$149,300	\$118,400	\$143,200	\$158,100	13.43%	\$162,700	\$157,500
2501	Manager, Operations	25	\$135,000	\$110,600	\$130,300	\$138,600	7.28%	\$142,100	\$137,600
2502	Manager, Control Centre	5	\$150,000	\$117,000	\$130,800	\$150,200	9.69%	\$158,200	\$150,200
2503	Supervisor, Control Centre	8	\$118,700	\$97,500	\$112,100	\$121,900	5.00%	\$118,700	\$118,400
2504	Supervisor, Protection and Control	6	\$121,000	\$96,100	\$116,100	\$124,900	4.67%	\$126,300	\$125,100
2505	Supervisor, Station Maintenance	7	\$119,300	\$96,000	\$112,500	\$120,000	-	\$120,000	\$118,900
2506	Line Supervisor	26	\$117,100	\$96,100	\$113,400	\$122,400	5.39%	\$122,000	\$118,800
2507	Manager, Meter Department	8	\$126,300	\$99,600	\$120,300	\$133,300	8.24%	\$135,100	\$129,200
2508	Supervisor, Meter Department	10	\$111,200	\$94,200	\$110,700	\$119,500	6.09%	\$117,900	\$119,000

Job Code	Job Title	Nb. of Incumbents	Base Salary	Salary Range Minimum	Job Rate	Salary Range Maximum	Target Incentive %	Actual Total Cash	Total Cash Design
			P50	P50	P50	P50	P50	P50	P50
2509	Manager, Continuous Improvement	5	\$129,600	\$111,800	\$134,000	\$154,100	9.17%	\$140,600	\$147,000
3000	Director, Supply Chain Management	5	\$147,400	\$108,400	\$130,800	\$156,500	10.79%	\$167,600	\$152,900
3001	Manager, Procurement and/or Inventory and/or Facilities and/or Fleet	15	\$120,300	\$98,300	\$118,200	\$131,100	7.00%	\$123,700	\$122,800
3002	Supervisor, Stores/Inventory/Warehouse	10	\$105,100	\$88,900	\$108,100	\$114,300	4.56%	\$114,400	\$111,700
4000	Controller / Director, Finance	13	\$144,200	\$115,000	\$142,800	\$164,300	10.19%	\$160,600	\$162,600
4001	Manager, Accounting	13	\$130,300	\$98,400	\$121,400	\$133,600	8.60%	\$132,100	\$131,200
4002	Manager, Risk Management	4	\$130,000	\$99,100	\$128,200	\$143,100	-	\$145,400	\$137,900
4003	Supervisor Accounting	13	\$108,500	\$91,500	\$107,700	\$118,900	5.47%	\$114,600	\$111,300
4004	Financial or Business Analyst	21	\$95,600	\$80,300	\$96,800	\$106,900	4.27%	\$97,600	\$102,500
4005	Accountant	8	\$94,100	\$77,200	\$90,600	\$102,100	7.00%	\$95,400	\$90,600
5000	Director, Customer Service	10	\$146,300	\$125,400	\$145,200	\$169,700	12.38%	\$163,700	\$164,100
5001	Manager, Customer Service and/or Billing	23	\$113,400	\$96,200	\$117,400	\$125,400	7.78%	\$118,400	\$119,100
5002	Supervisor, Customer Service and/or Billing and/or Collections	22	\$98,800	\$88,900	\$103,500	\$112,500	5.36%	\$105,200	\$106,100
5003	Key Account Specialist	4	\$110,400	\$88,000	\$110,000	\$123,900	-	\$110,900	\$120,800
5500	Director, Communications	5	\$147,000	\$114,100	\$142,700	\$150,500	11.06%	\$155,000	\$145,700
5501	Manager, Communications	9	\$118,200	\$100,900	\$119,600	\$128,500	6.18%	\$119,100	\$127,100
5502	Communications Specialist	18	\$82,100	\$71,600	\$84,800	\$94,000	4.80%	\$84,900	\$88,600
6000	Director, Regulatory Affairs	8	\$144,300	\$119,000	\$142,700	\$162,800	12.99%	\$161,300	\$161,100
6001	Manager, Regulatory Affairs	12	\$126,700	\$105,700	\$119,600	\$131,700	5.13%	\$130,600	\$124,900
6002	Regulatory Accountant	11	\$97,300	\$80,800	\$97,000	\$111,500	6.36%	\$100,000	\$103,600
7000	Settlement or Rate Analyst	5	\$97,300	\$84,200	\$100,000	\$114,900	4.05%	\$108,100	\$105,200
8000	Director, Information Systems	9	\$150,200	\$120,200	\$150,200	\$173,400	10.57%	\$162,200	\$173,900
8001	Manager, Information Systems	18	\$132,600	\$107,200	\$127,300	\$135,300	6.81%	\$137,600	\$130,700
8002	Systems and/or Program Administrator / Applications and/or Systems Support Professional	19	\$104,900	\$79,400	\$101,400	\$108,100	6.59%	\$104,900	\$103,200
8003	Manager Information Security	10	\$129,400	\$104,400	\$129,600	\$133,000	8.00%	\$134,100	\$137,100
8004	Network Specialist/Manager/Engineer	10	\$108,000	\$81,000	\$99,800	\$112,800	5.51%	\$113,500	\$106,900
9000	Human Resources Manager	13	\$126,200	\$108,400	\$121,900	\$135,500	7.61%	\$126,200	\$127,400
9001	Human Resources Generalist	14	\$93,500	\$82,300	\$98,200	\$105,100	3.32%	\$96,700	\$104,000
9002	Human Resources Coordinator	10	\$76,500	\$67,000	\$80,800	\$89,600	4.02%	\$78,900	\$85,200
9003	Payroll	14	\$88,600	\$72,200	\$89,800	\$98,500	5.00%	\$92,100	\$93,200

Job Code	Job Title	Nb. of Incumbents	Base Salary	Salary Range Minimum	Job Rate	Salary Range Maximum	Target Incentive %	Actual Total Cash	Total Cash Design
			P50	P50	P50	P50	P50	P50	P50
9004	Manager, Health & Safety	19	\$128,500	\$100,900	\$121,900	\$133,600	8.20%	\$134,500	\$128,500
N001	Executive Role - Non Regulated Business	5	\$198,000	\$158,400	\$200,500	\$211,100	14.42%	\$208,500	\$236,600
N002	Non-Executive Role - Non Regulated Business	4	\$110,400	\$97,500	\$112,200	\$126,900	-	\$112,200	\$117,200

Appendix A: Survey Methodology

To formulate the information in this report, Eckler collected data, conducted quality assurance, and aggregated information to publish statistics.

A survey package was distributed to each participant that collected jobs data for the survey benchmark roles, as well as information on the organization's profile, salary administration policies, and benefits policies. Participants matched their jobs to the benchmark job profiles and provided data for each position, where applicable. For each position where an organization submitted more than one match, each unique data point was reviewed to ensure that all matches were accurate and should all be included. If all are valid, then each unique data point was used for that organization.

Eckler reviewed all submitted survey packages and contacted participants to verify the data provided, as necessary. Space was provided for additional comments with respect to the reported data for the role as well to ensure participants were able to provide any important context to the data of special circumstances that would influence the pay for an incumbent or position. If any of the submitted matches to the benchmark roles were deemed incorrect or not representative of the market, those outlier data points were removed from the aggregated survey results.

Appendix B: Terms and Definitions

For collecting compensation data, Eckler provided definitions for various compensation elements which form both compensation design – the intended range of pay for a position, as well as actual compensation – what an incumbent is currently being paid in the role.

Job Match Information

Data Collection Field	Description
Job Title within your Organization	The title used in your organization for the position you have matched to the benchmark.
Quality of Match	<p>Your assessment of the "size" (scope/complexity) of the job in your organization compared the benchmark job description provided. For some positions, indicators of scope are discussed in the description; for others it will be a matter of subjective assessment.</p> <p>+ The position in your organization has greater scope and/or complexity than the benchmark. Typically, the job would be perceived as at least 15% larger. For people managers, greater scope may include a larger than "typical" number of staff and/or wider range of activities/functions being managed or supervised. At senior management & executive levels, greater scope may also include additional functions reporting into this position (e.g., IT and Customer Service reporting to the CFO would make the job "wider" than the CFO in the benchmark description).</p> <p>= The position in your organization is of similar scope and/or complexity as the benchmark. Typically, the job would be perceived as within +/- 15% of the benchmark.</p> <p>- The position in your organization has smaller scope and/or complexity than the benchmark. Typically, the job would be perceived as at least 15% smaller (i.e., less than 85% of the scope/complexity of the benchmark). For people managers, scope may include a smaller than "typical" number of staff and/or narrower range of activities/functions being managed or supervised. At senior management & executive levels, smaller scope may include functions that would normally be expected to report into this position reporting elsewhere.</p>
Work Location	The postal code of the work location for this position.
Standard Hours of Work	The standard hours of work per week.

Number of Incumbents The number of incumbents in the position you have matched.

Pay Grade	The pay grade / job grade / grade level used within your organization to designate the level of the job.
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Design Compensation: Salary Range

Data Collection Field	Description
Minimum	The lowest salary/rate that the organization is prepared to pay for an incumbent in the position. May be the starting salary for inexperienced/non-qualified hire.
Job Rate / Control Point	The salary your organization is prepared to pay for competent performance by a fully trained incumbent. This is typically the midpoint of a salary range or the highest step of a step structure.
Maximum	The highest point in the salary range or the highest step of a step structure.

Design Compensation: Short Term (Annual Incentive)

Data Collection Field	Description
Eligible? (Y/N)	Is the position typically eligible to participate in a defined incentive plan designed to reward the individual for performance/results achieved during a period of one year or less?
Target (%)	If the position is eligible, record the target bonus rate for the position if the target bonus is communicated as a percentage of base salary. Target bonus is the level of award that an employee in this position would expect to receive if all corporate, team and individual performance goals are met.
Target (\$)	If the position is eligible, record the target bonus rate for the position if the target bonus is communicated as a dollar amount. Target bonus is the level of award that an employee in this position would expect to receive if all corporate, team and individual performance goals are met.

Discretionary	If the position is eligible and the bonus plan is "discretionary". Discretionary plans have no target bonus rate and pay out at the end of the year at the discretion of executives / the board.
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Actual Compensation

Data Collection Field	Description
Base Salary (\$)	This is the annualized amount paid for work performed on a regular, ongoing basis. It does NOT include variable bonus or incentive payments, sales commissions, shift premiums, or overtime payments. Record on an annual, full time equivalent basis, as of April 1, 2023.
Bonus Paid (\$)	Total of all short-term incentive awards paid to the incumbent(s) for performance/results over the previous year. If the incumbent joined the organization and/or became eligible for incentive pay during the year, and the actual bonus paid was on a pro-rated basis, please advise the annualized amount (before pro-rating).

Additional Information

Data Collection Field	Description
Comments / Additional Information	Record any information which you feel may assist in validating position matching or explaining special circumstances that influence pay.

Aggregated Statistics

Aggregated statistics are compiled by summing compensation elements; specifically, Eckler has prepared two aggregated statistics which provide a more holistic view of an incumbent’s annual compensation.

- Total Cash Design: Salary Control Point or Job Rate + Incentive Target
- Actual Total Cash: Base Salary + Bonus Paid

Where a role is not provided with an incentive, Total Cash Design is equal to the Salary Control Point or Job Rate, and Actual Total Cash is equal to Base Salary.

Information surveyed is provided in aggregated form only to ensure that (1) data for individual organizations or incumbents is not disclosed and (2) to ensure a statistically relevant sample. Eckler requires a minimum number of observations to publish compensation statistics as follows:

Statistic	Definition	Minimum Number of Data Observations
P90	90th percentile If all observations were sorted and listed from highest/largest to lowest/smallest, 10% of the observations would fall above the 90th percentile and 90% would fall below.	12
P75	75th percentile If all observations were sorted and listed from highest/largest to lowest/smallest, 25% of the observations would fall above this value and 75% would fall below.	8
P50	50 th percentile, also referred to as “median” If all observations were sorted and listed from highest/largest to lowest/smallest, 50% of the observations would fall above this value and 50% would fall below.	4
P25	25th percentile If all observations were sorted and listed from highest/largest to lowest/smallest, 75% of the observations would fall above this value and 25% would fall below.	8
P10	10th percentile If all observations were sorted and listed from highest/largest to lowest/smallest, 90% of the observations would fall above this value and 10% would fall below.	12
Average	Average The arithmetic mean of all values, calculated by adding up all the values and dividing by the number of observations.	3

Appendix C: Benchmark Job Models

Executives

Job Code	Job Title	Description
0000	President & Chief Executive Officer	Directs the development of short- and long-term strategic plans, operational objectives, policies, budgets, and operating plans for the organization, as approved by the Board of Directors. Establishes an organization hierarchy and delegates limits of authority to subordinate executives regarding policies, contractual commitments, expenditures, and human resource matters. Represents the organization to the financial community, industry groups, government and regulatory agencies and the general public.
0001	Chief Operating Officer	Highest ranking operations position. Reporting to the President/CEO, directs the operational elements of the organization, could include operations & engineering, customer services, metering, and information technology. Develops the short- and long-term strategic plans, directs the development of operational objectives, policies, budgets for his/her areas of accountability. The position reports directly to the President/CEO.
0002	Head of Operations and/or Engineering	Highest ranking operations/engineering position. Reporting to COO or President. Directs both the operations and engineering functions. Develops the short- and long-term strategic plans, formulates and implements plans, budgets, policies, and procedures to facilitate and improve processes. Establishes clear controls, objectives, and measures to ensure safe and appropriate delivery of power and power related services. Evaluates the feasibility of new or revised systems or procedures and oversees operations and engineering to ensure compliance with established standards.
0003	Chief Financial Officer / Head of Finance	Highest ranking financially oriented position within the company. Reporting to the President & CEO, this strategic role plans directs and controls the organization's overall financial plans, policies and accounting practices and relationships with lending institutions, shareholders, and the financial community in mid to large organizations. Provides advice and guidance for the Board of Directors on financial matters. May direct such functions as finance, general accounting, tax, payroll, customer billing, regulatory affairs, and information systems and may be responsible for Administration functions. Normally possesses a CA, CMA or CGA designation.
0004	Head of Customer Service	The highest-ranking customer service position in the utility. Provides direction for all departmental activities, services, and practices, including customer care/call centre, billing, credit, and collections. Accountable for the development, implementation, and integration of all customer service-related activities to achieve a competitive advantage through customer driven initiatives and strategies. Directs and oversees the implementation of customer service standards, policies, and procedures; manages and coordinates budgets.

0005	Head of Regulatory Affairs	Represents the organization on quality and regulatory matters before government agencies and conformity assessment bodies including providing of evidence, regulatory filings, supporting analyses, position papers, interrogatory responses, etc. Keeps abreast of on-going developments in regulatory practices affecting electrical distribution utilities. Ensures that regulatory information is disseminated throughout the organization in a timely and effective manner. Is responsible for the filing of written communications and regulatory submissions to government agencies (OEB) and conformity assessment bodies (IMO). Generally, reports to President & CEO or a senior executive.
0006	Head of Human Resources	The highest-ranking human resources position in the organization. Provides direction, support and alignment of organization-wide Human Resources practices and systems with the business in terms of mission, vision, and the strategic imperatives. Ensures that existing needs and future demands of internal customers are met through a cost effective and efficient HR services. Directs HR management and staff in the development and implementation of Human Resources strategy, policies and programs covering employment, negotiations & labour relations, training, compensation, organization development, performance management, benefits and may include health & safety. Provides coaching and counsel to the executive and Board of Directors.
0007	Head of Information Technology / Information Services	The top information technology related position in the organization. Provides direction, support and alignment of organization-wide information technology practices and systems with the business in terms of mission, vision, and the strategic imperatives. Ensures that existing needs and future demands of internal and external customers are met through operationally secure and well-designed technology solutions. Directs staff/vendors in the development and implementation of information technology strategy & policies. This role will oversee software development, infrastructure development, end users support, data management, cyber security, project management, IT processes and business applications.

Administration

Job Code	Job Title	Description
1000	Executive Assistant	Performs advanced, diversified, and confidential administrative duties requiring broad knowledge of organizational policies and practices. Initiates and prepares correspondence, reports, either routine or non-routine. Screens telephone calls and visitors and resolves routine and complex inquiries. Schedules appointments, meetings, and travel itineraries. In some cases, may have responsibility for routine HR and administrative services. Records, prepares, and distributes minutes of meetings, including Board of

Director minutes. Reports to the President & CEO and may provide support to other executives.

1001	Administrative Assistant	Performs advanced, diversified, and confidential administrative duties for executives and/or senior management, requiring broad and comprehensive experience and knowledge of organizational policies and practices. Prepares correspondence, reports, either routine or non-routine. Screens telephone calls and visitors and resolves routine and complex inquiries. Schedules appointments, meetings, and travel itineraries. Reports to a senior executive or executive team.
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Engineering

Job Code	Job Title	Description
2000	Director, Engineering	Plans and directs the overall engineering activities and engineering staff of the organization. Formulates and implements plans, budgets, policies, and procedures to facilitate and improve processes. Coordinates the creation, development, design and improvement of the organization's projects and products in conformance with established programs and objectives. Oversees plans, resources and budgets of the department aligned with business strategy.
2001	Engineering Manager / Distribution Engineer	<p>"Supervises and directs the work of an engineering division such as distribution, line design, transmission planning, distribution planning and/or civil engineering. Responsible for engineering work involving a wide scope of assignments. Handles personnel coordination and issues of the division, prepares estimates, specifications, and designs, including the supervision, planning, and scheduling of work within the division – Requires a P. Eng.</p> <p>OR</p> <p>Supervises engineering technicians or service technicians. Directs and coordinates the activities, schedules and projects of the construction and maintenance group of those involved with the distribution of electrical power from transformer substations, construction, and maintenance of distribution systems. Consults with other department management on plant design, construction, and maintenance. Prepares monthly operating reports, budget estimates, and work and materials specifications. Reviews and approves material requisitions, work authorizations and drawings for facilities. Requires a P. Eng.</p>

2002 Project Engineer Non-supervisory position. Directs and coordinates activities related to utility engineering project work, such as smart grid systems, renewables, large utility projects, asset renewal, etc. Requires a P. Eng.

2003	Supervisor, Engineering	Supervises a small technical work group which may include CAD operators and/or engineering technicians. Coordinates the development and maintenance of engineering and construction standards and systems (GIS, AM/FM, CAD). Organizes, stores, and maintains the integrity of hard copy file records, digital formats, and mapping standards. Normally requires a C.E.T. or A.Sc. T. Typically reports to an engineering manager.
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Operations

Job Code	Job Title	Description
2500	Director, Operations	NOT the head of function. Plans and directs all operations functions (no engineering responsibility), of the utility. Formulates and implements plans, budgets, policies, and procedures to facilitate and improve processes and establishes clear controls, objectives, and measures to ensure safe and appropriate delivery of services and clarity of roles and responsibilities. Evaluates the feasibility of new or revised systems or procedures and oversees operations to ensure compliance with established standards.
2501	Manager, Operations	NOT the head of function. Supervises, co-ordinates, directs, schedules, and controls the construction, maintenance, and personnel of the division, including budgets, transportation, equipment and material requirements and fleet management. Division responsibilities include construction, maintenance, and repair of all overhead transmission, overhead and underground distribution and may include coordination of tree trimming for geographical area assigned to the division. In smaller utilities, a professional engineer may fill this role.
2502	Manager, Control Centre	Supervises, co-ordinates, directs, schedules, and controls the control centre and technical staff. Provide leadership in the planning and coordination of the control centre relative to safety, reliability, and control of the distribution system. Is responsible for budgets, and the direct operations of the control centre approving system outages, switching and maintenance requirements to maintain and improve system reliability.

2503	Supervisor, Control Centre	Directs and supervises control centre technical staff. Provides planning and coordination of control centre scheduling and maintenance required for the safe, reliable operation and control of the distribution system, including the authorization of the operation of system devices, equipment and control access to electrical plant and substations. Approves and coordinates system outages and switching as required for maintenance and system reliability. Oversees power interruptions and emergencies with dispatch staff to affect corrective measures for isolation, emergency repairs and restoration purposes. Monitors feeder load profiles.
2504	Supervisor, Protection and Control	Responsible for the management of all Protection & Controls activities related to the installation, maintenance, and commissioning of: Protective Relaying Schemes and Station Automation Systems; SCADA System, Visual Display System and Remote Terminal Units; Operations Ethernet and system-wide Area Communications Networks; Distribution Automation Systems, Sectionalizing Devices and Remote Supervisory Controlled Devices. Prepares and administers reports, budgets, Policies and Procedures, record keeping systems.
2505	Supervisor, Station Maintenance	Responsible for the planning, coordinating both maintenance and installation of substations, as well as ensuring reliability of the underground plant, through testing and troubleshooting. Supervises, coordinate and schedule the activities of Station Maintenance Electricians and Protection and Control Technicians, Reviews work assignments, daily logs, reports, and orders. Co-ordinate crews and plan jobs, assigns work per shift, long-term work, and shift coverage to ensure the smooth flow of routine work and that all shifts are covered.
2506	Line Supervisor	Coordinates and directs the lead journey person and/or crews in the construction and maintenance of distribution lines and equipment (overhead and/or underground). Works with lead journey person to develop plans and schedules required in directing and assigning a crew or crews of skilled trade staff in performing construction, maintenance and operation of the distribution system lines in a safe and efficient manner. Supervises and coordinates subcontractors engaged in planning and executing work procedures, interpreting specifications, and managing construction.
2507	Manager, Meter Department	Supervises the overall operations of the Meter department, prepares budgets, directs the purchase and maintenance of equipment and technology related to the department. Provides direction on the supervision of meter staff, the assignment of work and productivity of staff. Supervises the work related to interactions

		with electronic meter programming and interaction with/or the operation of the MV90 or similar data collection systems.
2508	Supervisor, Meter Department	Responsible for overall operation of the Meter department, including operations, budgeting and supervision of meter technicians or other operations staff. Assigns, monitors, and inspects the daily work and productivity of the staff in metering operations to ensure timely delivery of services, maintenance of equipment and identification of issues. Develops work plans for the department that include supervising meter re-verification, new meter installs, record maintenance and monitoring of meter maintenance, damage, reporting and theft issues. Ensures compliance with technical standards for equipment. Responsible for electronic meter programming and interaction with/operation of an MV90 or similar data collection system.
2509	Manager, Continuous Improvement	Responsible for defining, measuring, and testing procedures in a company with an eye to improving operations/production/products/services efficiency. Analyzes maintains and/or improves organizational performance, using a variety of skills, such as project design, leadership, and management to ensure performance and process development and ultimately optimization. Qualifications: Engineering background.

Supply Chain / Procurement

Job Code	Job Title	Description
3000	Director, Supply Chain Management	Responsible for the overall operation of the Procurement, Inventory, Fleet and/or Facilities programs and initiatives in the organization. Formulates and implements plans, budgets, policies, and procedures to facilitate and improve processes and establishes clear controls, objectives, and measures to ensure safe and appropriate delivery of services and clarity of roles and responsibilities. Oversees the establishment of user service level agreements and provides contract management expertise and acts as a resource for contract negotiation, review, and approval. Directs the effective capital acquisition and maintenance of the corporate fleet and/or directs the effective maintenance and capital investment of the organization’s facilities and assets.

3001	Manager, Procurement and/or Inventory and/or Facilities and/or Fleet	Responsible for all purchasing and/or inventory and/or facilities and/or fleet for all areas of the utility. Negotiates vendor agreements and manages the tender process. May also be responsible for stores and inventory control in the warehouse. Is responsible for budgets, policies and procedures and directs the work of the purchasing or buyers and/or stores and/or facilities and/or fleet personnel. Works with the organization in setting partnership relationships to understand and meet the needs of the organization, its operations and risk associated with the effective and efficient operations of the company.
3002	Supervisor, Stores/Inventory/Warehouse	Supervises inventory control, records, and stores operation. Orders material to maintain on-hand quantities with procurements approval. Responsible for testing safety equipment, i.e., hoses, blankets, gloves, etc., small tool and equipment repair and reconditioning. Assists procurement department in the sale of obsolete equipment and material.

Accounting/Finance

Job Code	Job Title	Description
4000	Controller / Director, Finance	NOT the head of function. Responsible for all financial reporting, accounting and record keeping functions. Directs the establishment and maintenance of the organization's accounting and finance principles, practices, and procedures for the maintenance of its fiscal records and the preparation of its financial reports. Directs general and property accounting, cost accounting and budgetary control. Appraises operating results in terms of costs, budgets, operating policies, trends, and increased profit opportunities. Reports to a CFO/VP Finance.
4001	Manager, Accounting	Manages the general accounting functions and the preparation of reports and statistics reflecting earnings, profits, cash balances and other financial results. Formulates and administers approved accounting practices throughout the organization to ensure that financial and operating reports accurately reflect the condition of the business and provide reliable information. Reports to Controller/Director Finance or CFO/VP Finance.

4002	Manager, Risk Management	Responsible for risk management activities including cash flow management, credit facilities management, insurance and support for credit and collection policies throughout the corporation. May be responsible for Ensuring that cash liquidity risk is managed in an appropriate fashion such that bank account balances are sufficient to meet operational, capital expenditures and debt servicing requirements while minimizing short-term borrowings or surplus investing. Provides leadership in the developing new and refining existing risk management policies to respond to changes in risk tolerances and business conditions and as financial risks are better understood in accordance with industry best practices. Reports to Head of Finance or COO or CEO.
4003	Supervisor Accounting	Coordinates activities of the payable/receivable clerks. Supervises accounts payable and receivable transactions, entries, and trial balances; responsible for the accuracy of all journal entries and reconciliation of invoices; updates credit department on account status.
4004	Financial or Business Analyst	Conducts analysis of information for budgeting, investment, and financial forecasts; applies principles of accounting to analyze past and present financial operations; estimates future revenues and expenditures; prepares budgets; develops and maintains budgeting systems; Process and prepares business transactions and reports, reconciles ledgers and sub-ledgers, cash flow projections, entry of source documents. Holds a financial designation, either CA, CMA or CGA.
4005	Accountant	Supports the organization decisions through financial information and relevant analysis. Ensure the integrity between the CS work order systems and general ledger system is maintained. Initiate corrective measures when discrepancies occur between the systems. Collect and combine information for the decision-making process by management, including financial statements and special projects as assigned (e.g., preparation of rate submission supplemental information).

Customer Service

Job Code	Job Title	Description
5000	Director, Customer Service	NOT the head of function. Provides direction for all departmental activities, services, and practices, including customer care/call centre, billing, credit, and collections. Accountable for the implementation and integration of all customer service-related activities. Oversees the implementation of customer service standards, policies, and procedures; manages budgets; manages activities of CS managers and/or supervisory staff.
5001	Manager, Customer Service and/or Billing	NOT the head of function. Manages a team of customer service and/or billing representatives in providing information, receiving, and responding to customer inquiries, complaint, or requests. Develops and maintains customer information systems, processes and procedures including billing, credit, deposits, and collections. Liaises with representatives of other organizations and customer groups to share information and resolve administrative, organizational, and technical problems. Responds to elevated customer complaints. This function may also be responsible for coordinating meter installation/maintenance, residential electric service connections, and service calls.
5002	Supervisor, Customer Service and/or Billing and/or Collections	Supervises customer service representatives (billing clerks and/or collections clerks) and coordinates customer service programs within the framework of established customer service policies. Schedules and organizes staff to accommodate anticipated workflow from bill inquiries, delinquent accounts, re-connections and disconnections, customer deposits, etc. Recommends corrective steps to address customer issues and refers unique issues to manager for response.
5003	Key Account Specialist	Works the organizations' largest customers to ensure customer satisfaction as well as retain top customers and nurture those key relationships over time. Acts as a strategic partner and advisor to the client, providing services, resolving complaints and where appropriate discovering new opportunities, growing the business, and meeting customer needs.

Communications

Job Code	Job Title	Description
5500	Director, Communications	Directs the development, management, and execution of internal and external corporate communications strategies for the company, and marketing and public relations initiatives. Acts as the Chief Spokesperson for the organization. Leads the management and development of the corporate brand and identity. Oversees the development, production and distribution of corporate publications including, but not limited to, the annual report, customer newsletters, information brochures, bill inserts, Green marketing materials, employee newsletters and media releases. Directs the development and management of the company’s external (corporate internet site) and internal (corporate intranet site) web presence and strategy. Oversees the management and execution of internal and external corporate events as well as community-relations activities such as sponsorship and donation programs.
5501	Manager, Communications	Responsible for managing the development and implementation of all customer communications initiatives as well as the marketing communications expertise and support required for the successful delivery of the customer communications. Communication materials may include, but are not limited to, customer newsletters, information brochures, bill form design, employee intranet, LCD information monitors, and website communications. Working in conjunction with Regulatory Affairs, develop materials or other communication methods to communicate regulatory changes/issues that may directly impact the customer. Manages event planning for internal and external company events.
5502	Communications Specialist	Responsible for providing communications support for internal and external communications. Evaluates and utilizes best platform for communication, including social media. Keeps current of industry and communication trends, monitoring communication efficacy and data as available to support the communications team by providing input to the overall communications plan. Assists in the development of key messages, composing press releases and preparing other communications materials (including website).

Regulatory Affairs

Job Code	Job Title	Description
6000	Director, Regulatory Affairs	NOT the head of function. Supports the VP or may represent the organization on regulatory matters before government agencies and conformity assessment bodies including providing of evidence, regulatory filings, supporting analyses, position papers, interrogatory responses, etc. Ensures that regulatory information is disseminated throughout the organization in a timely and effective manner. Is responsible for or supports the filing of written communications and regulatory submissions to government agencies (OEB) and conformity assessment bodies (IMO).
6001	Manager, Regulatory Affairs	NOT the head of function. Manages the organization’s regulatory staff, programs, and activities to ensure compliance. Assists the organization on quality and regulatory matters before government agencies, providing research and analyses. Ensures that regulatory information is disseminated throughout the organization in a timely and effective manner. Coordinates the filing of written communications and regulatory submissions to government agencies (OEB) and conformity assessment bodies (IMO).
6002	Regulatory Accountant	Ensures that the accounting activities for regulatory financial reporting are in compliance with all Ontario Energy Board (OEB) policies and guidelines. Act as a key resource to provide expert advice and recommendations in the implantation of all OEB, OPA and IESO codes and regulations in order to ensure corporate compliance. Track and reconcile all OEB accounts, including business rationale for changes in balances, cost side of accounts subject to prudence review (i.e., conservation, smart meters) and the cost side of Ontario Power Authority (OPA) programs.

Conservation/Demand

Job Code	Job Title	Description
7000	Settlement or Rate Analyst	Responsible for recording, creating, analyzing, processing and reconciling metering data. Operates and administers an MV-90 or similar data collection system, downloading, validating, editing, estimating, and processing interval meter-related information. Has in-depth understanding of commercial billing practices, the IMO and the OEB's Retail Settlement Code. Analyses rates using rate sensitivity models and develops appropriate rate structures, using the specific models.

Information Systems/Technology

Job Code	Job Title	Description
8000	Director, Information Systems	Accountable for operations and alignment of the Information and Telecommunication Systems with the business in terms of organization objectives and imperatives. Ensures that existing needs and future demands of internal and external customers are met through a cost effective and efficient information and telecommunication infrastructure. Oversees IS management in areas of computer operations, systems planning, design, security, programming, and telecommunications. Reviews and evaluates project feasibility and needs based upon management's and business requirements and priorities. Develops departmental plans, strategy, budgets, and resource requirements. Typically reports to the Chief IT role or may report directly to the CEO and/or CFO.
8001	Manager, Information Systems	Manages and directs staff in areas of computer operations, systems planning, design, programming, and telecommunications. Develops and maintains systems standards and procedures and assigns work to department staff. Reviews and evaluates project feasibility and needs based upon management's and business requirements and priorities. Develops departmental plans, project plans, budgets, and resource requirements.

8002	Systems and/or Program Administrator / Applications and/or Systems Support Professional	Responsible for maintenance of software systems including system analysis, programming and design, updates, and changes. Makes a preliminary study of new applications and recommendations to implement them, including hardware and software. Troubleshoots and corrects problems in existing programs, other than normal problems, usually caused by changes of software or hardware.
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8003	Manager Information Security	Oversees all initiatives that concern the overall security of an organization’s technology assets and information. Defines strategies, policies, and procedures to ensure the integrity, confidentiality, and availability of the organization’s information. Manages and maintains the organization’s cyber security systems and infrastructure as well as the organization’s IT systems and computer networks against cyber-attacks, intrusions, malware, and various types of data breaches. Oversees the implementation of continued security improvements. Initiates auditing of current systems and risk assessments.
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8004	Network Specialist/Manager/Engineer	Designs integrated IT infrastructure systems to support the organization’s business needs. Analyzes and interprets business needs and delivers network solutions. Designs, installs, configures, and supports IT networks, including maintenance and troubleshooting. Develops and maintains documentation/policy relating to procedures, processes, and standards. Plans, tests, and implements upgrades and patches for networking equipment. Tunes network hardware and software to ensure optimum performance, resource utilization, and capabilities enhancement (technology strategy and road maps).
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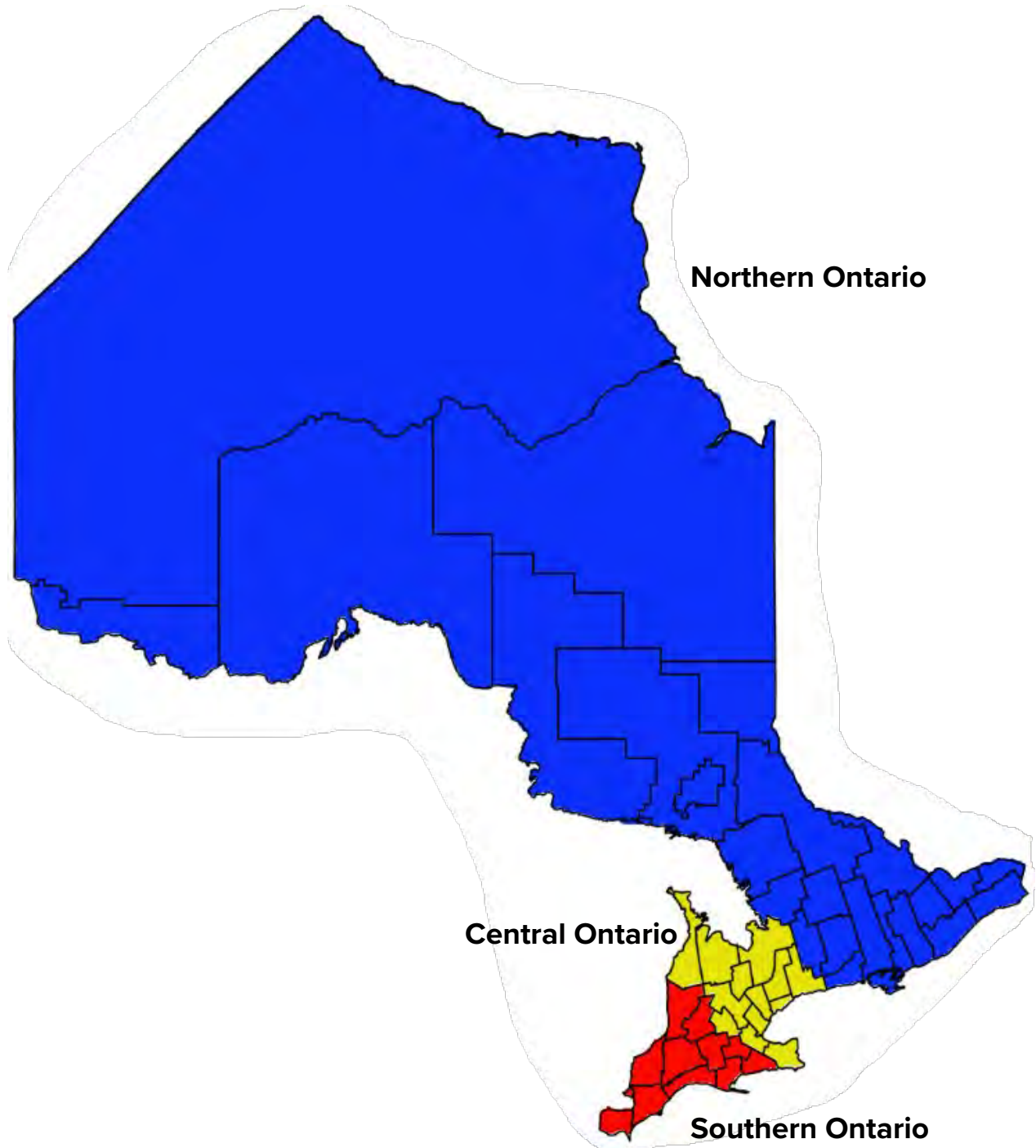
Human Resources

Job Code	Job Title	Description
9000	Human Resources Manager	NOT the head of function. Develops and implements human resources programs, including compensation, benefits, recruitment, performance management, labour relations/negotiations, training, and development, assists in policy development, HR planning, record keeping or payroll etc. May supervise a team of HR professionals or support staff. Reports to a senior HR professional (Director or VP or equivalent).
9001	Human Resources Generalist	Assists in the development and implementation of human resources policies and programs by providing support and guidance to managers and employees in the areas of compensation, labour relations, employee relations, performance management, benefits, recruitment, training and HRIS systems. Acts as a business partner to the organization in the areas of human capital. May assist in the preparation of negotiations.
9002	Human Resources Coordinator	Administrative support to one or more functional areas of HR and/or Safety. Processes, coordinates, and enters into a HRIS or other system, a variety of documents including employment applications, benefits, compensation and payroll changes and confidential employee information. Responds to routine employment questions and distributes and maintains manuals and employee program communications.
9003	Payroll	Performs the payroll coordination and administration. Maintains the organizations internal or external payroll system. Prepares monthly requisitions for WSIB, Employee Health Tax, Receiver General, OMERS Pension and Union Dues. Administers employee pension program and provides pension calculation estimates as requested. Reconciles monthly payroll for year-end finance procedures. Prepares annual T4's and T4A's and OMERS Pension and respond to inquiries from employees and pensioners regarding the pension plan.
9004	Manager, Health & Safety	Accountable for the development and implementation of occupational health, safety, and environmental programs, including training, maintenance of safe working conditions, investigation and reporting of workplace accidents. Also identifies areas of potential risk and makes recommendations to reduce or eliminate potential accident or health hazards in compliance with government regulations.

Non-Regulated Business – Business Development Roles

Job Code	Job Title	Description
N001	Executive Role - Non-Regulated Business	Reporting to either/or the CEO or the Board, this role is responsible for non-regulated revenue streams, and achieving growth/revenue targets for the organization. This includes the development of new offerings, enhancing existing offerings or creating value for clients by diversifying the organization's services. They are responsible for maintaining and growing client relationships as well as building relationships with additional clients in the market. May be supported by analytical staff or more junior business development roles.
N002	Non-Executive Role - Non-Regulated Business	Reporting to an executive within an LDC or an executive in a sister/nonregulated company, this role is responsible for non-regulated revenue generation. They will have growth/revenue targets for the organization and are focused on maintaining/growing relationships with clients by enhancing existing offerings or creating value by diversifying the organization's services. They may also support the development of additional market offerings.

Appendix D: Region Map



Appendix E: About Eckler

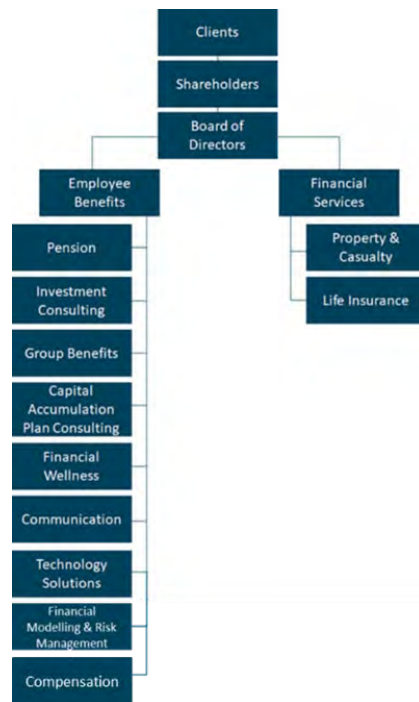
Established in 1927, Eckler Ltd. is one of the longest-established and most respected consulting and actuarial practices in Canada. With over 300 employees, we are the largest independent benefits and pensions consulting firm in the country. Our head office is located in Toronto, with additional offices in Winnipeg, Vancouver, Montreal, Quebec City, and Halifax; and two offices in the Caribbean (Jamaica and Barbados). In November 2021, Eckler was recognized by Waterstone Human Capital as one of Canada’s Most Admired Corporate Cultures for 2021. We have once again been awarded this honour in 2022. Eckler have always been guided by our democratic culture of trust and commitment to purpose.

We have evolved from a strictly actuarial firm to a fully integrated consulting practice, offering a complete range of employee benefit services including group benefits consulting, investment consulting, asset/liability modelling, technology solutions, communication and change management consulting, defined contribution plan consulting, compensation consulting, as well as financial wellbeing education.

We are a privately-owned company with Principal Shareholders who are actively involved in our consulting practice. Each Shareholder owns an equal number of shares in the firm, which ensures a highly democratic and equitable distribution of authority and responsibility. This operational structure helps us to maintain a strong entrepreneurial culture while ensuring stability.

Eckler has a unique organizational structure that consists of two distinct business units:

- Employee benefits which provides consulting services primarily to sponsors of pension and benefits plans; and
- Financial services, which consults primarily to insurance and other financial services companies.



Compensation Experience with Surveys

Understanding compensation, and specialized fields and industries can be very challenging. As a result, many sectors opt to conduct surveys that are specific to their own sector to obtain a clearer picture of the available talent in the market, and the cost of that talent. With high inflation, and a shrinking labour pool in Canada for many professions, and a growing trend of needing to compete on a regional or even national level when work is remote/hybrid enabled, organizations are facing unprecedented challenges to attract, recruit, and retain talent.

We have supported many organizations in developing programs that recognize workforces being a significant asset, and designing total rewards programs and communications plans that better position their total rewards strategically. In all our projects, our insights and program development are based upon reliable industry data which is a core deliverable of this project.

Our compensation team is located in Toronto, Vancouver, and Montreal, with several of the staff members having experience in running large scale national surveys, as well as specific industry or profession surveys. In addition to our core consulting team, we also have communications and technology solutions that may be useful to leverage for communicating data insights, and assisting in how the data should be published.

Examples of surveys led by our consulting staff previously:

- National Compensation Database – over 700 organizations, including multinational corporations and 600,000+ incumbents
- Canadian post secondary institutions survey – over 50 participants focused on executive compensation data
- Wealth Management survey – approximately 30 participants annually with a focus on 40 jobs, specializing in mutual fund sales
- Credit Union Surveys
- Healthcare surveys – focusing on several benchmark roles specific to primary care delivery and organizations in Ontario but also some nationally

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Centre Wellington Hydro Ltd.

Interrogatories

Appendix B

CHEC Wage and Benefit Analysis

(1-SEC-1)

Filed as a Separate Document

Centre Wellington Hydro Ltd.

Interrogatories

Appendix C

CWH 2024 Capital and OMA Budget

As Presented to CWH Board

(1-SEC-2)



Centre Wellington Hydro Ltd.

2024 Capital Budget

2024 Distribution Revenue and OMA Budget

Presented for approval at the Board of Directors Meeting

November 22nd, 2023

Private and Confidential



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2. CWH 2024 Details of Capital Jobs
3. CWH 2024 GL Capital Budget with historical actuals
4. CWH 2024 Revenue and OMA budget notes
5. CWH 2024 Revenue and OMA budget with historical actuals

Centre Wellington Hydro
Capital Investment Forecast - based on In Service Additions, all CWH costs - no capital contributions

System Access	2024 - Bridge Yr	2025 - Test Yr	2026	2027	2028	2029	5-Year Total (2025-2029)	5-Year Average (2025-2029)
CP 1 New Services	\$ 63,400	\$ 71,900	\$ 71,900	\$ 71,900	\$ 71,900	\$ 71,600	\$ 359,200	\$ 71,840
CP Transformers purchased for Access								
Beatty Line Garafraxa St W	\$ 108,900						\$ -	\$ -
Gartshore Extension		\$ 422,700					\$ 422,700	\$ 84,540
Carleton			\$ 353,000				\$ 353,000	\$ 70,600
McQueen			\$ 140,200				\$ 140,200	\$ 28,040
Glengarry Cres						\$ 121,200	\$ 121,200	\$ 24,240
Capital Contributions	\$ -						\$ -	\$ -
TOTAL SYSTEM ACCESS	\$ 172,300	\$ 494,600	\$ 565,100	\$ 71,900	\$ 71,900	\$ 192,800	\$ 1,396,300	\$ 279,260
System Renewal	2024 - Bridge Yr	2025 - Test Yr	2026	2027	2028	2029	5-Year Total (2025-2029)	5-Year Average (2025-2029)
CP7 Annual Pole Replacment	\$ 105,000	\$ 114,700	\$ 114,700	\$ 114,700	\$ 114,700	\$ 114,700	\$ 573,500	\$ 114,700
CP8 OH Conductor Replacment							\$ -	\$ -
CP 9 Transformers purchased for replacement	\$ 219,000	\$ 305,900	\$ 305,900	\$ 305,900	\$ 305,900	\$ 305,900	\$ 1,529,500	\$ 305,900
CP10 Annual Pole Line Rebuild Program	\$ 269,100	\$ 121,300		\$ 332,100	\$ 258,100	\$ 169,200	\$ 880,700	\$ 176,140
St David St N Reconst connecting link		\$ 114,000					\$ 114,000	\$ 22,800
							\$ -	\$ -
Capital Contributions							\$ -	\$ -
TOTAL SYSTEM RENEWAL	\$ 593,100	\$ 655,900	\$ 420,600	\$ 752,700	\$ 678,700	\$ 589,800	\$ 3,097,700	\$ 619,540
System Service	2024 - Bridge Yr	2025 - Test Yr	2026	2027	2028	2029	5-Year Total (2025-2029)	5-Year Average (2025-2029)
CP 13 Meters	\$ 52,500	\$ 24,900	\$ 51,400	\$ 272,300	\$ 272,300	\$ 272,300	\$ 893,200	\$ 178,640
EMS - 2 Transformer	\$ 993,500						\$ -	\$ -
CP 122 Fergus MS-5 New (Tx purchased in 2024 - WIP)			\$ 3,355,200				\$ 3,355,200	\$ 671,040
							\$ -	\$ -
TOTAL SYSTEM SERVICE	\$ 1,046,000	\$ 24,900	\$ 3,406,600	\$ 272,300	\$ 272,300	\$ 272,300	\$ 4,248,400	\$ 849,680
General Plant	2024 - Bridge Yr	2025 - Test Yr	2026	2027	2028	2029	5-Year Total (2025-2029)	5-Year Average (2025-2029)
CG1611 Computer Software	\$ 246,400			\$ 200,000			\$ 200,000	\$ 40,000
CG 1908 Building Fixtures	\$ 45,000	\$ 72,300	\$ 9,000				\$ 81,300	\$ 16,260
CG 1915 Office Furniture							\$ -	\$ -
CG 1920 Computer Hardware	\$ 65,200	\$ 57,400	\$ 24,900	\$ 9,600	\$ 21,400	\$ 11,800	\$ 125,100	\$ 25,020
CG1930 Transportation	\$ 640,000		\$ -		\$ 80,000	\$ 750,000	\$ 830,000	\$ 166,000
CG1935 Stores Equip							\$ -	\$ -
CG1940 Tools	\$ 5,100	\$ 11,600	\$ 5,100	\$ 5,100	\$ 5,100	\$ 5,100	\$ 32,000	\$ 6,400
CG1945 Measurement	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 7,500	\$ 1,500
CG1950 Power Op Equip							\$ -	\$ -
CG1955 Communication							\$ -	\$ -
CG1960 Misc Equipment							\$ -	\$ -
CG1980 System Sup Equipment							\$ -	\$ -
CG2075 Non Rate Reg Prop Owned - Net Metering	\$ -	\$ -	\$ -	\$ -			\$ -	\$ -
TOTAL GENERAL PLANT	\$ 1,003,200	\$ 142,800	\$ 40,500	\$ 216,200	\$ 108,000	\$ 768,400	\$ 1,275,900	\$ 255,180
Capital Total	\$ 2,814,600	\$ 1,318,200	\$ 4,432,800	\$ 1,313,100	\$ 1,130,900	\$ 1,823,300	\$ 10,018,300	\$ 2,003,660
Removed Tx for New Station	613,200							
Budget as passed on Nov 22, 2023	3,427,800							
Capital Total without 2026 New Station	\$ 2,814,600	\$ 1,318,200	\$ 1,077,600	\$ 1,313,100	\$ 1,130,900	\$ 1,823,300	\$ 6,663,100	\$ 1,332,620

Capital Budget Review 2024

Capital Projects:

A summary of the capital projects is listed below and broken out between the distribution plant and general plant. Details of each project are provided in the next section. The 2024 total capital gross addition budget is \$2,814,600.

Total Distribution Plant Capital is \$1,811,400 and is broken down as follows:

- CP 1 – New Overhead and Underground Services - \$63,400
- CP 13 – Meters - \$52,500
- CP 7 – Annual Pole Replacement - \$105,000
- CP 9 – Transformers - \$219,000
- CP 10 – Annual Pole Line Rebuild Program - \$269,100
- CP 118 – Beatty Line Garafraxa - \$108,900
- CP 121 – EMS-2 Station Transformer Replacement - \$993,500

Total General Plant Capital is \$1,003,200 and is broken down as follows:

- CG 1611 – Computer Software - \$246,400
- CG 1908 – Buildings & Fixtures - \$45,000
- CG 1920 – Computer Hardware - \$65,200
- CG 1930 – Transportation Equipment - \$640,000
- CG 1940 – Tools, Shop & Garage Equipment - \$5,100
- CG 1945 – Measurement Testing Equipment - \$1,500

Capital Project Allocation: Connexo Upgrade					
Job Number:	CG1611		Discretionary / Non-discretionary:	Non-discretionary	
Investment Category:	General Plant		Project Start Date:	2024	
			Project End Date:	2024	
Asset Category:	General Plant		Project Driver(s):	Due to the transition and upgraded Gatekeeper/Routers the Connexo software that operates the Mesh network system (NetSense) also needs to be upgraded to version 12.x	
Background:	The Connexo NetSense software that runs CWH's Automated Metering Infrastructure (AMI) Mesh network was implemented in 2015.				
USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	2022 Budget	Final Costs
1611-Computer Software	\$ 13,400.00	CG1611		\$ 13,400.00	
Total Cost of Project	\$ 13,400.00			\$ 13,400.00	
Project Need:					
This upgrade is required to operate new Gatekeeper/Routers and continue to run CWH's smart meter AMI system for the collection of revenue metering data.					
Scope:					
The Upgrade includes the following services:					
<ul style="list-style-type: none"> • Installation of new version of Connexo NetSense software <ul style="list-style-type: none"> • Data migration from old release to new release • Installation of latest Connexo NetSense patches • Installation / upgrade / configuration of applicable integration software, custom configuration (LDAP, HTTPS, web services, etc.) 					
Materials:	Quantity	Unit Cost			
Connexo NetSense 12.x upgrade	1	\$ 13,358.74	\$	13,400.00	
	1		\$	-	
	1		\$	-	
	1		\$	-	
	1		\$	-	
			\$	-	
			\$	-	
			\$	-	
Total Materials			\$	<u>13,400.00</u>	
Total Cost of Capital Project before Rounding			\$	<u>13,400.00</u>	
10 % Contingency					
Total cost			\$	<u>13,400.00</u>	

Capital Project Allocation:		ESRI Enterprise Project			
Job Number:	CG1611	Discretionary / Non-discretionary:	Non-discretionary		
Investment Category:	General Plant	Project Start Date:	2024		
		Project End Date:	2024		
Asset Category:	General Plant	Project Driver(s):	CWH is currently using an ESRI Editor System that is deployed on a desktop within the control room. The existing system is becoming obsolete and will no longer be supported by ESRI. It also limits CWH flexibility to leverage this system.		
Background:	CWH is currently using an ESRI Editor System that is deployed on a desktop within the control room. The existing system is becoming obsolete and will no longer be supported by ESRI. It also limits CWH flexibility to leverage this system.				
USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	2024 Budget	Final Costs
1611-Computer Software	\$ 183,000.00	CG1611		\$ 183,000.00	
Total Cost of Project	\$ 183,000.00			\$ 183,000.00	
Project Need:					
CWH's ESRI (GIS) software upgrade is required to operate to increase ability to leverage this software and because the current system is obsolete and not being supported by the vendor.					
Scope:					
The implementation project will include the following scope provided and will be managed by a share CHEC team member resource: <ul style="list-style-type: none"> • Purchase and installation of ESRI Enterprise software • Data migration from old release to new release • Installation / upgrade / configuration of applicable integration software, custom configuration (LDAP, HTTPS, web services, etc.) 					
Materials:					
	Quantity	Unit Cost			
ESRI Enterprise Software	1	\$ 175,000.00	\$	175,000.00	
CWH Tech Time	80	\$ 100.00	\$	8,000.00	
	1		\$	-	
	1		\$	-	
	1		\$	-	
			\$	-	
	Total Materials			\$ 183,000.00	
	Total Cost of Capital Project before Rounding			\$ 183,000.00	
	10 % Contingency				
	Total cost			\$ 183,000.00	

Capital Project Allocation: SilverBlaze Customer Portal					
Job Number:	CG1611-2	Discretionary / Non-discretionary:		Non-discretionary	
Investment Category:	General Plant	Project Start Date:		2024	
		Project End Date:		2024	
Asset Category:	General Plant	Project Driver(s):	SilverBlaze is a potential option to enhance the mobile customer experience and can turn passive rate-payers into active partners through a powerful and user-friendly customer web-portal available over smartphones, tablets or PCs. Users are empowered with quick and convenient access to the information that matter most.		
Background:	CWH currently has "Customer Connect" portal for customers to sign into and see their bills online as well as monitor electrical usage. It was first installed in 2012, with technology constantly improving the current instance is outdated and not as user friendly as current options are.				
USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
1611-Computer Software	\$ 50,000.00	CG1611-2		\$ 50,000.00	
Total Cost of Project	\$ 50,000.00			\$ 50,000.00	
Project Need:					
Regulated requirement and improved Consumer engagement which also supports various related access to and control of information. Offering consumers modern self-serve options, also provides operational efficiencies by reducing load on CSRs allowing them to focus on priority tasks such as key account management, billing anomalies and collections. Current application used for customers to have access to their data will not be updated or enhanced any further.					
Scope:					
Project will be launched to integrate the solution with existing CIS and other applications CWH already uses.					
Materials:	Quantity	Unit Cost			
Implement SilverBlaze hosted by ERTH	1	\$ 50,000.00	\$	50,000.00	
	1		\$	-	
	1		\$	-	
			\$	-	
	Total Materials			<u>\$ 50,000.00</u>	
Total Cost of Capital Project before Rounding				<u>\$ 50,000.00</u>	
10 % Contingency				<u>\$ 5,000.00</u>	
Total cost				<u>\$ 55,000.00</u>	

Capital Project Allocation:		Air Conditioner for Server room			
Job Number:		Discretionary / Non-discretionary:		Non-discretionary	
Investment Category:		Building		Project Start Date:	
				2024	
				Project End Date:	
				2024	
Asset Category:		General Plant		Project Driver(s):	
Background:					
CWH has a climate controlled Server room for all of its own IT needs including administration servers, SCADA server, Security System server and GIS mapping server. This space is also rented out to communications companies as a Fibre Point of Presence (POP). The room has to be cooled 24/7, 365 days a year as the equipment generates heat.		The mentioned server & POP room has been functioning for these purposes for 20 years with a conventional 2.5 ton cooling unit and a wall mount ductless split unit as a backup. Additional IT equipment added over the years is increasing the heat and the backup unit is not large enough to be a reliable redundant backup.			
USoA Account:					
		Estimate Cost		Cost Allocation:	
CG1908-Building Fixtures		\$ 24,000.00		CG1908-1	
Total Cost of Project		\$ 24,000.00			
Project Need:					
CWH's Servers and SCADA systems are critical for day to day operations and for the communications companies that rent space. Adding a redundant 3.5 ton air handler (AC unit) will provide backup for failure issues as well as lengthen the useful lifespan of the current unit by cycling the old and new units on a daily basis.					
Scope:					
Upper Grand Refrigeration & heating will supply and install one, 3-1/2 Ton Mitsubishi air handler equipped with one 3-1/2 Ton Mitsubishi ultra low temperature condensing unit capable of cooling in -40°c ambient.					
Materials:					
		Quantity		Unit Cost	
Air Conditioner		1		\$ 24,000.00	
				\$ -	
				\$ 24,000.00	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
				\$ -	
Total Materials				\$ 24,000.00	
				\$ 24,000.00	
Total Cost of Capital Project before Rounding				\$ 24,000.00	
				\$ -	
10 % Contingency				\$ -	
				\$ 24,000.00	
Total cost				\$ 24,000.00	
Materials Being Removed:					
		Quantity		Scrapped Yes/No	
				Yes	
Total Materials Removed (if any)					

Capital Project Allocation:		Blinds for office	
Job Number:		Discretionary / Non-discretionary:	Non-discretionary
Investment Category:	Building	Project Start Date:	2024
		Project End Date:	2024
Asset Category:	General Plant	Project Driver(s):	The blinds are used to block direct sun, however they are starting to deteriorate.
Background: CWHs window covering are original to the building in 2001.			

USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
CG1908-Building Fixtures	\$ 8,000.00	CG1908-1		\$ 8,000.00	
Total Cost of Project	\$ 8,000.00			\$ 8,000.00	

Project Need:

Blinds in the office are over 20 years old and are deteriorating. The office was renovated in 2019, however the window blinds were not completed at that time.

Scope:

Quotes have been obtained from three local vendors for replacement of the blinds in 2024.

Materials:	Quantity	Unit Cost	
Blinds for office	1	\$ 8,000.00	\$ 8,000.00
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
			\$ -
Total Materials			<u>\$ 8,000.00</u>
Total Cost of Capital Project before Rounding			<u>\$ 8,000.00</u>
10 % Contingency			<u>\$ -</u>
Total cost			<u><u>\$ 8,000.00</u></u>

Materials Being Removed:	Quantity	Scrapped Yes/No
		Yes
Total Materials Removed (if any)		

Capital Project Allocation:		Garage Doors for Shop	
Job Number:		Discretionary / Non-discretionary:	Non-discretionary
Investment Category:	Building	Project Start Date:	2024
		Project End Date:	2024
Asset Category:	General Plant	Project Driver(s):	Doors are 27 years old and showing wear. Door maintenance calls for repairs have increased yearly, and all components have been replaced as part of maintenance program due to age of doors, hardware and components have become obsolete and out dated, resulting in limited opportunity to repair if further unforeseen failures occur.
Background:	CWH service centre garage bay doors were installed at time of building construction-1995.		

USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
CG1908-Building Fixtures	\$ 13,000.00	CG1908-2		\$ 13,000.00	
Total Cost of Project	\$ 13,000.00			\$ 13,000.00	

Project Need:

Door age is resulting in less opportunity to find replacement parts as needed. New door replacement schedule of 2 bay doors per year will help insure reliable safe bay doors will be put in place.

Scope:

Contract accredited door replacement specialists to remove old bay doors and install new components/safety devices and bay doors in an approved safety compliant manner.

Materials:	Quantity	Unit Cost		
2 bay doors	2	\$ 6,500.00	\$ -	\$ 13,000.00
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
			\$ -	
Total Materials			<u>\$</u>	<u>13,000.00</u>
Total Cost of Capital Project before Rounding			<u>\$</u>	<u>13,000.00</u>
10 % Contingency			<u>\$</u>	<u>-</u>
Total cost			<u>\$</u>	<u>13,000.00</u>

Materials Being Removed:	Quantity	Scrapped Yes/No
		Yes
Total Materials Removed (if any)		

Capital Project Allocation: CG1920-1 Computer Hardware-Office					
Job Number:		Discretionary / Non-discretionary:		Non-discretionary	
Investment Category: General Plant		Project Start Date:		2024	
System Supervisory Equipment		Project End Date:		2024	
Asset Category: General Plant		Project Driver(s):		As equipment becomes older newer more efficient products will become available to better serve CWH staff. Ever present Cyber security protections and controls require the constant updating of systems including hardware.	
Background: To upgrade computers at end of life.					
USoA Account:					
	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
1920-Computer Hardware	\$ 6,000.00	CG1920-1	3 years	\$ 6,000.00	
Total Cost of Project	\$ 6,000.00			\$ 6,000.00	
Project Need:					
Newer demands will require modern updated equipment to help support reliability in CWH equipment. All CWH departments and business functions rely on computer hardware systems operating effectively and safely.					
Scope:					
Replacing equipment as needs change and arise with support from Township of Centre Wellington IT department an CWH requirements, and the installation and management of all new and existing computer and IT needs.					
Materials:					
	Quantity	Unit Cost			
Vice President	1	\$ 1,800.00	\$ 2,000.00		
Mgr CS Billing		\$ 1,800.00	\$ -		Employee Retiring
Sr Billing Coordinator	1	\$ 1,800.00	\$ 2,000.00		
Fin/Reg Coordinator	1	\$ 1,800.00	\$ 2,000.00		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Materials			<u>\$ 6,000.00</u>		
Total Cost of Capital Project before Rounding			<u>\$ 6,000.00</u>		
10 % Contingency					
Total cost			<u>\$ 6,000.00</u>		
Materials Being Removed:					
	Quantity	Scrapped Yes/No			
Total Materials Removed (if any)					

Capital Project Allocation: CG1920-2 Computer Hardware-Operations			
Job Number:		Discretionary / Non-discretionary: Non-discretionary	
Investment Category: General Plant		Project Start Date: 2024	
System Supervisory Equipment		Project End Date: 2024	
Asset Category: General Plant		Project Driver(s):	As equipment becomes older newer more efficient products will become available to better serve CWH staff. Ever present Cyber security protections and controls require the constant updating of systems including hardware.
Background: To upgrade desktop computer with a laptop			

USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
1920-Computer Hardware	\$ 6,000.00	CG1920-2	4 years	\$ 6,000.00	
Total Cost of Project	\$ 6,000.00			\$ 6,000.00	

Project Need:
Newer demands will require modern updated equipment to help support reliability in CWH equipment. All CWH departments and business functions rely on computer hardware systems operating effectively and safely.

Scope:
Replacing equipment as needs change and arise with support from Township of Centre Wellington IT department an CWH requirements, and the installation and management of all new and existing computer and IT needs.

Materials:	Quantity	Unit Cost		
Ops Tablets	4	\$ 1,500.00	\$	6,000.00
			\$	-
			\$	-
			\$	-
			\$	-
			\$	-
			\$	-
			\$	-
Total Materials			\$	<u>6,000.00</u>
Total Cost of Capital Project before Rounding			\$	<u>6,000.00</u>
10 % Contingency				
Total cost			\$	<u><u>6,000.00</u></u>

Materials Being Removed:	Quantity	Scrapped Yes/No
Total Materials Removed (if any)		

Capital Project Allocation: CG1920-9 Computer Hardware-Operations					
Job Number:		Discretionary / Non-discretionary:		Non-discretionary	
Investment Category: General Plant		Project Start Date:		2024	
System Supervisory Equipment		Project End Date:		2024	
Asset Category: General Plant		Project Driver(s):		<p>CWH's existing Gatekeepers are at end of life and Honeywell/Elster Canada no longer supports them with hardware replacement parts. Further to this Energy Access Local Area Network (EA_LN) platform they work on is being phased out and revenue meters that CWH will be purchasing from 2024 onward will be on a different platform.</p>	
Background:					
<p>CWHs existing gatekeeper network with 9 units (plus 1 spare) strategically placed in and around Fergus and Elora are at end-of-life and in need for replacement.</p>					
USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
1920-Computer Hardware	\$ 53,227.40	CG1920-2	3 years	\$ 53,200.00	
Total Cost of Project	\$ 53,227.40			\$ 53,200.00	
Project Need:					
Existing gatekeepers are at end of life.					
Scope:					
New gatekeepers will be supplied by Honeywell/Elster Canada as per the following specs: SNR-NMGK - Gatekeeper, AC Powered with battery backup, Ethernet, communications Ready, local LAN antenna, comes with weather proof Polycarbonate NEMA enclosure. CWH staff will					
Materials:	Quantity	Unit Cost			
10 Gatekeepers	10	\$ 5,322.74	\$	53,227.40	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
Total Materials			\$	53,227.40	
Total Cost of Capital Project before Rounding			\$	53,227.40	
10 % Contingency					
Total cost			\$	53,227.40	
Materials Being Removed:	Quantity	Scrapped Yes/No			
Total Materials Removed (if any)					

Capital Project Allocation: Transportation-Digger Truck - Replacement					
Job Number:	CG1930-1		Discretionary / Non-discretionary:	Non-discretionary	
Investment Category:	General Plant		Project Start Date:	2024	
			Project End Date:	2024	
Asset Category:	General Plant		Project Driver(s):	The 2007 International RBD/digger truck has been extended past CWH's normal 12 year replacement cycle for large trucks. It has reached the end it's useful life based on asset base depreciation and management fleet scheduling timelines. Purchase of a new RBD/digger truck will ensure CWH meets its operational tasks to maintain and replace its distribution system through normal and adverse conditions.	
Background:	Replacement of 2007 International RBD/Digger Truck				
USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
Single bucket replacement consultant	\$ 640,000.00	CG1930-1	12 years	\$ 640,000.00	
Total Cost of Project	\$ 640,000.00				
Project Need:					
Existing RBD/digger truck reached it's end of use life in 2019 and a tender for a replacement has been prepared in 2022 and PO issued. Truck orders of this size have seen the delivery times extended out to 52 plus weeks.					
Scope:					
In 2021, CWH hired a consultant to spec out the truck and obtain quotes for the major components, truck & chassis, Radial Boom Derrick (RBD), and tool boxes and compartments. The expected delivery date is now 2024.					
Contracts:					
A utility fleet consultant, John Saunders, assisted on the purchase of the 2015 double bucket truck and the 2017 single bucket truck for CWH and his assistance was invaluable based on his vast knowledge and expertise in vehicle design and specs. CWH used Mr. Saunders again for this large truck replacement project. Consulting work was completed in 2021.					
Consultant	0	\$ -	\$ -	CG1930-1	
	0	\$ -	\$ -		
Total Contracts			<u>\$ -</u>		
Materials:	Quantity	Unit Cost			
RBD Truck	1	\$ 640,000.00	\$ 640,000.00	CG1930-1	
Misc-rounding	0	\$ -	\$ -		
	0	\$ -	\$ -		
Total Materials			<u>\$ 640,000.00</u>		
Total Cost of Capital Project before Rounding			<u>\$ 640,000.00</u>		
			<u>\$ -</u>		
Total cost			<u>\$ 640,000.00</u>		
Materials Being Removed:	Quantity	Scrapped Yes/No			
Disposal of 2007 RBD Truck	1	Yes			
Total Materials Removed (if any)					

Capital Project Allocation: CG1940-1 Tools shop garage equipment					
Discretionary / Non-discretionary: Non-discretionary					
Investment Category: tools shop equipment	Project Start Date: 2024				
	Project End Date: 2024				
Asset Category: General Plant	Project Driver(s):				
Background: To maintain a supply of tools and equipment to allow CWH staff to complete tasks safely at our service centre.					
USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
1940-tools shop garage equipment	\$ 5,100.00	CG1940-1	10 yrs average	\$ 5,100.00	
Total Cost of Project	\$ 5,100.00			\$ 5,100.00	
Project Need: As equipment becomes worn and unsafe for use, regular upgrading of tools have to be carried out. Tools, Shop and Garage Equipment are depreciated over 10 years.					
Scope: Tools to be considered for replacement would include, but not be limited to, road traffic control signage, hydraulic shop tools, tree trimming hydraulic tools.					
Materials:					
	Quantity	Unit Cost			
Tools Shop Garage Equipment	1	\$ 5,100.00	\$ 5,100.00		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
			\$ -		
Total Materials			<u>\$ 5,100.00</u>		
Total Cost of Capital Project before Rounding			<u>\$ 5,100.00</u>		
10 % Contingency			<u>\$ -</u>		
Total cost			<u><u>\$ 5,100.00</u></u>		
Materials Being Removed:	Quantity	Scrapped Yes/No			
		Yes			
Total Materials Removed (if any)					

Capital Project Allocation:		CG1945-1 Measurement-Testing Equipment			
Job Number:		Discretionary / Non-discretionary:		Non-discretionary	
Investment Category:		Project Start Date:		2024	
		Project End Date:		2024	
Asset Category:		Project Driver(s):		CWH employee safety/equipment to be current and tested for accuracy.	
Background:					
To upgrade testing equipment due to age or condition.					
<hr/>					
USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Cost
1945- Measurement Equipment	\$ 1,500.00	CG1945-1	10 Years	\$ 1,500.00	
Total Cost of Project	\$ 1,500.00			\$ 1,500.00	
<hr/>					
Project Need:					
<hr/>					
Scope:					
<hr/>					
Materials:	Quantity	Unit Cost			
Measurement Testing Equipment	1	\$ 1,500.00	\$	1,500.00	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
			\$	-	
Total Materials				<u><u>\$ 1,500.00</u></u>	
Total Cost of Capital Project before Rounding				<u><u>\$ 1,500.00</u></u>	
10 % Contingency				<u><u>\$ -</u></u>	
Total cost				<u><u>\$ 1,500.00</u></u>	
<hr/>					
Materials Being Removed:	Quantity	Scrapped Yes/No			
<hr/>					
Total Materials Removed (if any)					

Capital Project Allocation:		CP 1 New Services				
		Discretionary / Non-discretionary:				
Investment Category:		System Access		Project Start Date:		2024
				Project End Date:		2024
Background:		Project Driver(s):		Developers & contractors of residential, commercial, and industrial new builds drive new service connections in CWH service area.		
CWH provides new service connections to new customers, through developers and contractors in CWH's service area. These new connections support economic development through industrial, commercial, and residential growth in CW, and is also a requirement of CWH's OEB licence obligations.						
USoA Account:						
	4 or 44 kV	Est Cost	Cost Alloc:	Life Cycle	Budget	Final Costs
1830-Poles Towers & Fixtures	4	\$ 2,434.32	-1		\$ 2,400.00	
1835-OH Conductor & Devices	4	\$ 14,215.39	-2		\$ 14,200.00	
1840-UG Conduit	4	\$ -	-5		\$ -	
1845-UG Conductor & Devices	4	\$ 6,426.04	-7		\$ 6,400.00	
1850-OH Line Transformer	4	\$ -	-9		\$ -	
1850-UGLine Transformer	4	\$ -	-13		\$ -	
1855-OH Services		\$ 10,326.04	-11		\$ 10,300.00	
1855-UG Services		\$ 30,062.14	-12		\$ 30,100.00	
1860-Meters		\$ -	-14		\$ -	
Total Cost of Project		\$ 63,463.92			\$ 63,400.00	
Project Need:						
CWH connects new service connections for all customer classes as required by developers, contractors, and customers' requests within its service territory.						
Scope:						
Developer/contractor/customer requests new service connections and works with the Operations Manager to design connection layout. New connection agreements are established, and new connections are scheduled. Once Electrical Safety Authority passes inspection, CWH operations staff energize new services.						
Preliminary Budget Costs:						
Labour:	4 or 44 kV	Regular Hours	OT Hours	Reg. Costs	Est Cost	Job Code
Total Labour and Overheads		490	0		\$ 53,063.92	
Contracts:						
	4 or 44 kV	\$ Value	Contingency		Est Cost	Job Code
1830-Poles Towers & Fixtures			20%		\$ -	-1
1835-OH Conductor & Devices			20%		\$ -	-2
1840-UG Conduit			20%		\$ -	-5
1845-UG Conductor & Devices			20%		\$ -	-7
1850-OH Line Transformer			20%		\$ -	-9
1850-UGLine Transformer			20%		\$ -	-13
1855-OH Services			20%		\$ -	-11
1855-UG Services			20%		\$ -	-12
1860-Meters			20%		\$ -	-14
Total Contracts					\$ -	
Type of Circuit (Single or 3 Phase)						
Materials:						
	4 or 44 kV	Quantity	Unit Cost	Contingency		Job Code
40' Wooden Class 3 poles				20%	\$ -	-1
Assorted Hardware OH Conduct				20%	\$ -	-2
OH Conductor - \$6 per meter				20%	\$ -	-2
Assorted Hardware UG Conduit				20%	\$ -	-5
Assorted Hardware UG Conduct				20%	\$ -	-7
Assorted Hardware OH Trans				20%	\$ -	-9

Capital Project Allocation:		CP 1 New Services					
Assorted Hardware UG Trans				20%	\$	-	-13
Assorted Hardware OH Services		1	\$ 3,000.00	30%	\$	3,900.00	-11
Assorted Hardware UG Services		1	\$ 5,000.00	30%	\$	6,500.00	-12
Assorted Hardware Meters				20%	\$	-	-14
Total Materials						\$ 10,400.00	
Total Cost of Capital Project before Rounding						\$ 63,463.92	
Materials Being Removed:							
		Height/Length	Quantity	Scrapped Yes/No			
Poles Tower Fixtures							
Assorted Hardware OH conductor							
Assorted Hardware UG Conductor							
OH Conductor							
Customer Attachments and Load (5.4.5.2 A.2)							
No. Residential Customers:		TBD					
No. GS <50kW Customers:							
No. GS>50 kW Customers:							
Load Impacted:							
Start Date (5.4.5.2 A.3)	01-Jan-24	In Service Date (5.4.5.2 A.3)				31-Dec-24	
Expenditure Timing	Q1	Q2	Q3	Q4			
	25%	25%	25%	25%			

Capital Project Allocation:		CP7 - Annual Pole Replacement				
		Discretionary / Non-discretionary				
Investment Category:	SYSTEM RENEWAL	Project Start Date:		2024		
		Project End Date:		2024		
Asset Category:		Project Driver(s):				
Background: CWH completes pole replacements annually to remove poles in poor condition from the distribution system. Poles are marked for replacement as their poor condition has been identified through pole testing, Asset Condition Assessment, or found to be suspect through operations inspections.				Pole condition, including age, cracks, and reduced strength is the main driver for CWH's pole replacement program. Pole height, limited framing options and non standard framing is also a consideration due to shorter poles and larger conductor installed since poles were set originally.		
USoA Account:						
	4 or 44 kV	Est Cost	Cost Alloc:	Life Cycle	Budget	Final Costs
1830-Poles Towers & Fixtures	4	\$ 81,067.46	-1		\$ 81,100.00	
1835-OH Conductor & Devices	4	\$ 16,469.71	-2		\$ 16,500.00	
1840-UG Conduit	4	\$ -	-5		\$ -	
1845-UG Conductor & Devices	4	\$ -	-7		\$ -	
1850-OH Line Transformer	4	\$ -	-9		\$ -	
1850-UGLine Transformer	4	\$ -	-13		\$ -	
1855-OH Services		\$ 7,404.03	-11		\$ 7,400.00	
1855-UG Services		\$ -	-12		\$ -	
1860-Meters		\$ -	-14		\$ -	
Total Cost of Project		\$ 104,941.19			\$ 105,000.00	
Project Need:						
Upgrade and replace poles based on pole condition as described in "background section" and Pole limitations as described in "Project Driver" section. Through CWH's 2021 ACA over 200 poles were found to be in poor or very poor condition, requiring approximately 40 to 50 poles to be replaced annually to appropriately address the needed long term asset replacement schedule and mitigate the risk of failure in the field.						
Scope:						
The scope for pole replacements entails the following steps. 1) design engineered drawings 2) stakeout-locates 3) contracted hydrovac of each location 4) Install new poles and hardware, transfer primary, transformers, secondary, and services as required. Upon energization of new plant, all existing old poles hardware conductor to be removed/disposed.						
Preliminary Budget Costs:						
Labour:	4 or 44 kV	Regular Hours	OT Hours	Costs	Est Cost	Job Code
Total Labour and Overheads		<u>375</u>	<u>0</u>		<u>\$ 40,601.19</u>	
Contracts:						
	4 or 44 kV	Total \$ value	Contingency		Est Cost	Job Code
1830-Poles Towers & Fixtures	4	\$ 20,000	20%		\$ 24,000.00	-1
1835-OH Conductor & Devices			20%		\$ -	-2
1840-UG Conduit			20%		\$ -	-5
1845-UG Conductor & Devices			20%		\$ -	-7
1850-OH Line Transformer			20%		\$ -	-9
1850-UGLine Transformer			20%		\$ -	-13
1855-OH Services			20%		\$ -	-11

Capital Project Allocation:		CP7 - Annual Pole Replacement				
1855-UG Services			20%		\$ -	-12
1860-Meters			20%		\$ -	-14
Total Contracts					\$ 24,000.00	
Type of Circuit (Single or 3 Phase)		3				
Materials:	4 or 44 kV	Quantity	Unit Cost	Contingency	Est Cost	Job Code
45' class 3		10	\$ 2,500.00	20%	\$ 30,000.00	-1
Assorted Hardware OH Conduct		10	\$ 500.00	30%	\$ 6,500.00	-2
OH Conductor - \$6 per meter		100	\$ 6.00	20%	\$ 720.00	-2
Assorted Hardware UG Conduit				20%	\$ -	-5
Assorted Hardware UG Conduct				20%	\$ -	-7
Assorted Hardware OH Trans				20%	\$ -	-9
Assorted Hardware UG Trans				20%	\$ -	-13
Assorted Hardware OH Services		400	\$ 6.00	30%	\$ 3,120.00	-11
Assorted Hardware UG Services				20%	\$ -	-12
Assorted Hardware Meters				20%	\$ -	-14
Total Materials					<u>\$ 40,340.00</u>	
Total Cost of Capital Project before Rounding					<u>\$ 104,941.19</u>	
Materials Being Removed:		Height/Length	Quantity	Scrapped Yes/No		
Poles Tower Fixtures		40	10	y		
Assorted Hardware OH conductor						
Assorted Hardware UG Conductor						
OH Conductor						
Customer Attachments and Load (5.4.5.2 A.2)						
No. Residential Customers:	30					
No. GS <50kW Customers:						
No. GS>50 kW Customers:						
Load Impacted:						
Start Date (5.4.5.2 A.3)	01-04-2024	In Service Date (5.4.5.2 A.3)			31-12-2024	
Expenditure Timing	Q1	Q2	Q3	Q4		
		33%	33%	34%		

Capital Project Allocation:		CP9 Transformers				
		Discretionary / Non-discretionary:				
Investment Category:	System Renewal	Project Start Date:		2024		
		Project End Date:		2024		
Asset Category:	Project Driver(s):		CWH will require new transformers, UG and OH to maintain a reasonable supply at our service centre to be able to respond to planned and unplanned transformer replacements and installs.			
Background:						
Underground and overhead transformers for new service and replacements. - 3 1PH OH transformers, 3 1PH UG transformers and 3 3PH UG transformers.						
USoA Account:	4 or 44 kV	Est Cost	Cost Alloc:	Life Cycle	Budget	Final Costs
1830-Poles Towers & Fixtures		\$ -	-1		\$ -	
1835-OH Conductor & Devices		\$ -	-2		\$ -	
1840-UG Conduit		\$ -	-5		\$ -	
1845-UG Conductor & Devices		\$ -	-7		\$ -	
1850-OH Line Transformer	4	\$ 45,000.00	-9		\$ 45,000.00	
1850-UGLine Transformer	4	\$ 174,000.00	-13		\$ 174,000.00	
1855-OH Services		\$ -	-11		\$ -	
1855-UG Services		\$ -	-12		\$ -	
1860-Meters		\$ -	-14		\$ -	
Total Cost of Project		\$ 219,000.00			\$ 219,000.00	
Project Need:						
Purchasing plan to maintain reasonable transformer supply on hand for both planned and unplanned transformer installations.						
Scope:						
Annual estimate of transformer purchase requirements to have adequate supply of all transformer sizes and configurations for new installations for planned projects and replace failing/damaged transformers as needed. The lead time to receive an ordered transformer has been known to be upwards of 52 weeks, with delivery times recently increasing.						
Preliminary Budget Costs:						
Labour:	4 or 44 kV	Regular Hours	OT Hours	Reg. Costs	Est Cost	Job Code
Total Labour and Overheads		<u>233</u>	<u>74</u>		<u>\$ 38,142.98</u>	
Contracts:	4 or 44 kV	\$ Value	Contingency		Est Cost	Job Code
1850-OH Line Transformer			20%		\$ -	-9
1850-UGLine Transformer			20%		\$ -	-13
Total Contracts					\$ -	
Type of Circuit (Single or 3 Phase)						
Materials:	4 or 44 kV	Quantity	Unit Cost	Contingency		Job Code
40' Wooden Class 3 poles				20%	\$ -	-1
Assorted Hardware OH Conduct				20%	\$ -	-2
OH Conductor - \$6 per meter				20%	\$ -	-2
Assorted Hardware UG Conduit				20%	\$ -	-5
Assorted Hardware UG Conduct				20%	\$ -	-7
Assorted Hardware OH Trans		3	\$ 15,000.00	0%	\$ 45,000.00	-9
Assorted Hardware UG Trans		6	\$ 29,000.00	0%	\$ 174,000.00	-13
Assorted Hardware OH Services				0%	\$ -	-11
Assorted Hardware UG Services				0%	\$ -	-12
Assorted Hardware Meters				20%	\$ -	-14
Total Materials					<u>\$ 219,000.00</u>	

Capital Project Allocation:		CP9 Transformers	
Total Cost of Capital Project before Rounding		<u>\$ 257,142.98</u>	
Materials Being Removed:	Height/Length	Quantity	Scrapped Yes/No
Poles Tower Fixtures			
Assorted Hardware OH conductor			
Assorted Hardware UG Conductor			
OH Conductor			
Customer Attachments and Load (5.4.5.2 A.2)			
No. Residential Customers:		60	
No. GS <50kW Customers:			
No. GS>50 kW Customers:		3	
Load Impacted:		480	
Start Date (5.4.5.2 A.3)	01-04-2024	In Service Date (5.4.5.2 A.3)	31-12-2024
Expenditure Timing	Q1	Q2	Q3
		33%	33%
			33%

Capital Project Allocation:		CP10B - Mary St rebuild WIP from 2023				
		Discretionary / Non-discretionary:				
Investment Category:	SYSTEM RENEWAL	Project Start Date:		2023		
		Project End Date:		2024		
Background:		Project Driver(s):				
The poleline along Mary St, Elora, between East Mill St and Church St is fed from the Elora MS-1 station on the F2 Feeder and was built in 1972. There is one pole with primary and a transformer. No new secondary bus conductor or transformers are required.				The poles planned for replacement were installed in 1972 and some are identified in CWH's 2021 ACA as being in poor condition.		
USoA Account:						
	4 or 44 kV	Est Cost	Cost Alloc:	Life Cycle	Budget	Final Costs
1830-Poles Towers & Fixtures	4	\$ 33,673.38	-1		\$ 33,700.00	\$ -
1835-OH Conductor & Devices	4	\$ 11,881.36	-2		\$ 11,900.00	\$ -
1840-UG Conduit	4	\$ -	-5		\$ -	\$ -
1845-UG Conductor & Devices	4	\$ -	-7		\$ -	\$ -
1850-OH Line Transformer	4	\$ 3,213.02	-9		\$ 3,200.00	\$ -
1850-UGLine Transformer	4	\$ -	-13		\$ -	\$ -
1855-OH Services		\$ 5,584.03	-11		\$ 5,600.00	\$ -
1855-UG Services		\$ 4,284.03	-12		\$ 4,300.00	\$ -
1860-Meters		\$ -	-14		\$ -	\$ -
Total Cost of Project		\$ 58,635.81			\$ 58,700.00	\$ -
Project Need:						
6 - 40' CL3 poles need to be replaced within this project, along with hardware including brackets and connections/taps. Transfer all services including four (4) underground services.						
Scope:						
The scope of this project is to replace the 6 identified poles using the following steps; 1) Notify 3rd party attachers of project, and design stamped engineered drawings, 2) stake pole locations and order locates, 3) obtain road occupancy permit from TCW and notify affected customers of project, 4) contract hydrovac of each pole location and 5) Install new poles and hardware, transfer secondary, and services as required. Upon completion of all transfers, existing old poles and hardware will be removed/disposed.						
Preliminary Budget Costs:						
Labour:	4 or 44 kV	Regular Hours	OT Hours	Costs	Est Cost	Job Code
PolesTwrsFix - Manager		10		\$ 136.33	\$ 1,363.31	-1
PolesTwrsFix - Line crew		100		\$ 107.10	\$ 10,710.06	-1
OH Cond&Dev - Manager		10		\$ 136.33	\$ 1,363.31	-2
OH Cond&Dev - Line crew		80		\$ 107.10	\$ 8,568.05	-2
UG Conduit - Manager				\$ 136.33	\$ -	-5
UG Conduit - Line crew				\$ 107.10	\$ -	-5
UG Cond&Dev - Manager				\$ 136.33	\$ -	-7
UG Cond&Dev - Line crew				\$ 107.10	\$ -	-7
OH Line Trans - Manager				\$ 136.33	\$ -	-9
OH Line Trans - Line crew		30		\$ 107.10	\$ 3,213.02	-9
UG Line Trans - Manager				\$ 136.33	\$ -	-13
UG Line Trans - Line crew				\$ 107.10	\$ -	-13
OH Services - Manager				\$ 136.33	\$ -	-11
OH Services - Line crew		40		\$ 107.10	\$ 4,284.03	-11
UG Services - Manager				\$ 136.33	\$ -	-12
UG Services - Line crew		40		\$ 107.10	\$ 4,284.03	-12

Capital Project Allocation:		CP10B - Mary St rebuild WIP from 2023					
Meters - Manager				\$	136.33	\$ -	-14
Meters - Line crew				\$	107.10	\$ -	-14
Total Labour and Overheads		<u>310</u>	<u>0</u>			<u>\$ 33,785.81</u>	
Contracts:							
	4 or 44 kV	Total \$ value	Contingency		Est Cost	Job Code	
1830-Poles Towers & Fixtures	4	\$ 9,000	20%		\$ 10,800.00	-1	
1835-OH Conductor & Devices			20%		\$ -	-2	
1840-UG Conduit			20%		\$ -	-5	
1845-UG Conductor & Devices			20%		\$ -	-7	
1850-OH Line Transformer			20%		\$ -	-9	
1850-UGLine Transformer			20%		\$ -	-13	
1855-OH Services			20%		\$ -	-11	
1855-UG Services			20%		\$ -	-12	
1860-Meters			20%		\$ -	-14	
Total Contracts					\$ 10,800.00		
Type of Circuit (Single or 3 Phase)		1					
Materials:							
	4 or 44 kV	Quantity	Unit Cost	Contingency	Est Cost	Job Code	
45' class 3	4	6	\$ 1,500.00	20%	\$ 10,800.00	-1	
Assorted Hardware OH Conduct	4	6	\$ 250.00	30%	\$ 1,950.00	-2	
OH Conductor - \$6 per meter				20%	\$ -	-2	
Assorted Hardware UG Conduit				20%	\$ -	-5	
Assorted Hardware UG Conduct				20%	\$ -	-7	
Assorted Hardware OH Trans				20%	\$ -	-9	
Assorted Hardware UG Trans				20%	\$ -	-13	
Assorted Hardware OH Services		200	\$ 5.00	30%	\$ 1,300.00	-11	
Assorted Hardware UG Services				20%	\$ -	-12	
Assorted Hardware Meters				20%	\$ -	-14	
Total Materials					\$ 14,050.00		
Total Cost of Capital Project before Rounding					<u>\$ 58,635.81</u>		
Materials Being Removed:							
	Height/Length	Quantity	Scrapped Yes/No				
Poles Tower Fixtures	45	6	Yes				
Assorted Hardware OH conductor							
Assorted Hardware UG Conductor							
OH Conductor							
Customer Attachments and Load (5.4.5.2 A.2)							
No. Residential Customers:	16						
No. GS <50kW Customers:							
No. GS>50 kW Customers:							
Load Impacted:							
Start Date (5.4.5.2 A.3)	2023-05-01	In Service Date (5.4.5.2 A.3)				2023-11-30	
Expenditure Timing	Q1	Q2	Q3	Q4			
		50%	40%	10%			

Capital Project Allocation:		CP10C - Hill St E Rebuild				
		Discretionary / Non-discretionary				
Investment Category:	SYSTEM RENEWAL	Project Start Date:			2024	
		Project End Date:			2024	
Background: The poleline along Hill St, Fergus, between Herrick St and Gartshore St is fed from the Fergus MS-4 station on the F10 Feeder and the poles needing changed were installed in 1980 to 1982. It is a single phase primary radial feed with one pole being secondary only. No new conductor or transformers are required.		Project Driver(s):		The poles planned for replacement were installed in the early 1980's and some of these poles are identified in CWH's 2021 ACA as being in poor condition.		
USoA Account:	4 or 44 kV	Est Cost	Cost Alloc:	Life Cycle	Budget	Final Costs
1830-Poles Towers & Fixtures	4	\$ 78,061.55	-1		\$ 78,100.00	
1835-OH Conductor & Devices	4	\$ 17,465.39	-2		\$ 17,500.00	
1840-UG Conduit	4	\$ -	-5		\$ -	
1845-UG Conductor & Devices	4	\$ -	-7		\$ -	
1850-OH Line Transformer	4	\$ 4,040.83	-9		\$ 4,000.00	
1850-UGLine Transformer	4	\$ -	-13		\$ -	
1855-OH Services		\$ 18,436.10	-11		\$ 18,400.00	
1855-UG Services		\$ -	-12		\$ -	
1860-Meters		\$ -	-14		\$ -	
Total Cost of Project		\$ 118,003.87			\$ 118,000.00	
Project Need:						
10 - 45' CL3 poles need to be replaced within this project, along with hardware including brackets, insulators, connections/taps, and switches. Three (3) underground services need to be transferred within this project. This project's construction is being coordinated with the Township's reconstruction project.						
Scope:						
The scope of this project is to replace the 10 identified poles using the following steps; 1) Notify 3rd party attachers of project, and design stamped engineered drawings, 2) stake pole locations and order locates, 3) obtain road occupancy permit from TCW and notify affected customers of project, 4) contract hydrovac of each pole location and 5) install new poles and hardware, transfer primary, transformers, secondary, and services as required. Upon completion of all transfers, existing old poles and hardware will be removed/disposed.						
Preliminary Budget Costs:						
Labour:	4 or 44 kV	Regular Hours	OT Hours	Costs	Est Cost	Job Code
Total Labour and Overheads		<u>715</u>	<u>0</u>		<u>\$ 77,453.87</u>	
Contracts:						
	4 or 44 kV	Total \$ value	Contingency		Est Cost	Job Code
1830-Poles Towers & Fixtures	4	\$ 15,000	20%		\$ 18,000.00	-1
1835-OH Conductor & Devices			20%		\$ -	-2
1840-UG Conduit			20%		\$ -	-5
1845-UG Conductor & Devices			20%		\$ -	-7
1850-OH Line Transformer			20%		\$ -	-9
1850-UGLine Transformer			20%		\$ -	-13
1855-OH Services			20%		\$ -	-11

Capital Project Allocation:		CP10C - Hill St E Rebuild				
1855-UG Services			20%		\$ -	-12
1860-Meters			20%		\$ -	-14
Total Contracts					\$ 18,000.00	

Type of Circuit (Single or 3 Phase) 1

Materials:	4 or 44 kV	Quantity	Unit Cost	Contingency	Est Cost	Job Code
45' class 3	4	10	\$ 1,500.00	20%	\$ 18,000.00	-1
Assorted Hardware OH Conduct	4	10	\$ 250.00	30%	\$ 3,250.00	-2
OH Conductor - \$6 per meter				20%	\$ -	-2
Assorted Hardware UG Conduit				20%	\$ -	-5
Assorted Hardware UG Conduct				20%	\$ -	-7
Assorted Hardware OH Trans				20%	\$ -	-9
Assorted Hardware UG Trans				20%	\$ -	-13
Assorted Hardware OH Services		200	\$ 5.00	30%	\$ 1,300.00	-11
Assorted Hardware UG Services				20%	\$ -	-12
Assorted Hardware Meters				20%	\$ -	-14
Total Materials					<u>\$ 22,550.00</u>	
Total Cost of Capital Project before Rounding					<u><u>\$ 118,003.87</u></u>	

Materials Being Removed:	Height/Length	Quantity	Scrapped Yes/No
Poles Tower Fixtures	45	10	y
Assorted Hardware OH conductor			
Assorted Hardware UG Conductor			
OH Conductor			

Customer Attachments and Load (5.4.5.2 A.2)			
No. Residential Customers:	39		
No. GS <50kW Customers:			
No. GS>50 kW Customers:			
Load Impacted:			
Start Date (5.4.5.2 A.3)	June 01/24	In Service Date (5.4.5.2 A.3)	Dec 31/24
Expenditure Timing	Q1	Q2	Q3
		15%	50%
			35%

Capital Project Allocation:		CP10E Forfar Street East - Victoria Terrace to Gzowski				
		Discretionary / Non-discretionary:				
Investment Category:		System Renewal		Project Start Date:		2024
				Project End Date:		2024
Asset Category:			Project Driver(s):		As commercial and industrial development continues in the north-west portion of Fergus. The need to transfer load between CWH's 4kV feeders and substations becomes more necessary to ensure reliability. Specifically this project will allow electrical load from F9 to be transferred to F10.	
Background: Project would extend the F10 (4kV) from Gzowski Street to Victoria Terrace along Forfar Street providing operations with additional flexibility for load management.						
USoA Account:						
	4 or 44 kV	Est Cost	Cost Alloc:	Life Cycle	Budget	Final Costs
1830-Poles Towers & Fixtures	4	\$ 34,015.39	-1		\$ 34,000.00	
1835-OH Conductor & Devices	4	\$ 58,391.61	-2		\$ 58,400.00	
1840-UG Conduit	4	\$ -	-5		\$ -	
1845-UG Conductor & Devices	4	\$ -	-7		\$ -	
1850-OH Line Transformer	4	\$ -	-9		\$ -	
1850-UGLine Transformer	4	\$ -	-13		\$ -	
1855-OH Services		\$ -	-11		\$ -	
1855-UG Services		\$ -	-12		\$ -	
1860-Meters		\$ -	-14		\$ -	
Total Cost of Project		\$ 92,407.00			\$ 92,400.00	
Project Need:						
CWH needs to extend the F10 circuit to pick-up existing F9 load. This will help support residential and commercial development in the north-west portion of Fergus.						
Scope:						
The scope of this project is to extend the F10 between Gzowski Street and Victoria Terrace using the following steps: 1) Install 3-50' poles, 2) Install 225m of 336 AL conductor, 3) Prepare stamped engineered designs, 4) Notify third party attachers of project, 5) stake pole locations and order locates, 5) obtain road occupancy permit from TCW, and 6) notify any customers in the area of the project.						
Preliminary Budget Costs:						
Labour:	4 or 44 kV	Regular Hours	OT Hours	Costs	Est Cost	Job Code
Total Labour and Overheads		540	40		\$ 66,127.00	
Contracts:						
	4 or 44 kV	Total \$ value	Contingency		Est Cost	Job Code
1830-Poles Towers & Fixtures	4	\$ 9,500	20%		\$ 11,400.00	-1
1835-OH Conductor & Devices			20%		\$ -	-2
1840-UG Conduit			20%		\$ -	-5
1845-UG Conductor & Devices			20%		\$ -	-7
1850-OH Line Transformer			20%		\$ -	-9
1850-UGLine Transformer			20%		\$ -	-13
1855-OH Services			20%		\$ -	-11
1855-UG Services			20%		\$ -	-12
1860-Meters			20%		\$ -	-14
Total Contracts					\$ 11,400.00	

Capital Project Allocation: CP10E Forfar Street East - Victoria Terrace to Gzowski

Type of Circuit (Single or 3 Phase) 3

Materials:	4 or 44 kV	Quantity	Unit Cost	Contingency	Est Cost	Job Code
50' CI2	4	3	\$ 1,500.00	20%	\$ 5,400.00	-1
55' poles				20%	\$ -	-1
Misc Pole hardware		5	\$ 500.00	20%	\$ 3,000.00	-1
Assorted Hardware OH Conduct				30%	\$ -	-2
OH Conductor - \$6 per meter		900	\$ 6.00	20%	\$ 6,480.00	-2
Assorted Hardware UG Conduit				20%	\$ -	-5
Assorted Hardware UG Conduit				20%	\$ -	-7
Assorted Hardware OH Trans				20%	\$ -	-9
Assorted Hardware UG Trans				20%	\$ -	-13
Assorted Hardware OH Services			\$ 5.00	30%	\$ -	-11
Assorted Hardware UG Services				20%	\$ -	-12
Assorted Hardware Meters				20%	\$ -	-14

Total Materials \$ 14,880.00

Total Cost of Capital Project before Rounding \$ 92,407.00

Materials Being Removed:	Height/Length	Quantity	Scrapped Yes/No
Poles Tower Fixtures	40' CL4	3	YES
Assorted Hardware OH conductor			
Assorted Hardware UG Conductor			
OH Conductor			

Customer Attachments and Load (5.4.5.2 A.2)

No. Residential Customers:	1200
No. GS <50kW Customers:	100
No. GS>50 kW Customers:	
Load Impacted:	

Start Date (5.4.5.2 A.3) 01-May-24 **In Service Date (5.4.5.2 A.3)** 31-Dec-24

Expenditure Timing	Q1	Q2	Q3	Q4
		25%	25%	50%

Capital Project Allocation:		Meters			
Job Number:	CP13	Discretionary / Non-discretionary:	Non-discretionary		
Investment Category:	System Service	Project Start Date:	2024		
		Project End Date:	2024		
Background:		Project Driver(s):			
<p>CWH has an active and stock meter population (total meter count) of 7840. CWH schedules regular Meter reverification changeouts and sampling on a proactive bases and replaces damaged and failed meters in the field on an as needed bases. CWH is experiencing an average failure rate of approximately 1.5% for smart meters which were mass deployed in 2009.</p>			<p>CWH meets Measurement Canadas electric meter regulations by testing, calibrating and resealing meters as required. CWH experiences an average failure rate of approximately 1.5% of residential smart meters which were mass deployed in 2009.</p>		
USoA Account:	Estimate Cost	Cost Allocation:	Life Cycle	Budget	Final Costs
1860-Meters	\$ 50,044.97	CP13-14		\$ 50,000.00	
1860-Potential Transformers	\$ 1,440.00	CP13-17		\$ 1,400.00	
1860-Current Transformers	\$ 1,056.00	CP13-16		\$ 1,100.00	
Total Capital	\$ 52,540.97			\$ 52,500.00	
5065-Mtrs	\$ 3,360.00	OP711-10		\$ 3,400.00	
5065-Mtr Mtce	\$ 39,627.23	OP711-11		\$ 39,600.00	
5065-Mtr MDMR	\$ -	OP711-12		\$ -	
5065-Mtr AMI	\$ -	OP711-13		\$ -	
5065-Mtr Microfits	\$ 3,840.00	OP711-14		\$ 3,800.00	
5065-Mtr Smart Grid	\$ -	OP711-15		\$ -	
5065-Mtr Collector-Savage Reports	\$ 2,142.01	OP711-16		\$ 2,100.00	
5065-Mtr Installations	\$ 1,071.01	OP711-17		\$ 1,100.00	
5065-Mtr Training	\$ 2,500.00	OP711-18		\$ 2,500.00	
5065-Mtr Re-Verifications	\$ 12,761.54	OP711-19		\$ 12,800.00	
Total Operations	\$ 65,301.79			\$ 65,300.00	
Total Cost of Project	\$ 117,842.76			\$ 117,800.00	
Project Need:					
<p>The majority of the residential meters were installed in 2009 with a seal year of 2019. CWH completed sampling in 2019 and 2020 for these mass deployed meters and acquired seal extensions. All other meters require 100% reverification. CWH has experienced approximately a 1.5% failure rate of meters in the field requiring replacement on an as needed bases.</p>					
Scope:					
<p>CWH has a limited number of meters to reverify in 2024. The majority of the 2024 budget for capital meter project is for purchasing new meters to have an appropriate amount of stock meters to continually replace and reseal meters. This includes single and three phase meters for all customer classes. A quantity of 300, Form 2S, A4R, 200 AMP, self-contained, socket base, 240VAC, single phase, 4 jaw meters are ordered and will be shipped in 2024.</p>					
Preliminary Budget Costs: (Note: labour cost includes the cost of Overheads and trucking costs)					
Labour:	Hours	Costs	Estimated Cost	Job Code	Final Cost
Total Labour and Overheads	<u>480</u>		<u>\$ 51,846.76</u>		

Contracts:

Rodan-MSP Site Mtce Elora East PME	12	\$	280.00	\$	3,360.00	OP711-10
Utilismart-Microfit Reads (\$10/mth / mtr)	32	\$	120.00	\$	3,840.00	OP711-14
Rodan-Mtr Installation Testing Service				\$	-	OP711-17
Training	1	\$	2,500.00	\$	2,500.00	OP711-18
Contractor-Sealing of new meters	1	\$	1,000.00	\$	1,000.00	OP711-19
Contractor-Re-sealing of meters				\$	1,000.00	OP711-19
Contractor-Testing and calibrating	0			\$	3,800.00	OP711-19
Sub Total Contracts				\$	15,500.00	
			10% Contingency	\$	-	
Total Contracts				\$	15,500.00	

Type of Circuit (Single or 3 Phase)

Materials:

	Quantity	Unit Cost				
Meters-Residential REX2	300	\$	160.00	\$	48,000.00	CP13-14
Meters-Residential REX3		\$	165.00	\$	-	CP13-14
REX2 R2S		\$	190.45	\$	-	CP13-14
Potential Transformers	8	\$	180.00	\$	1,440.00	CP13-17
Current Transformers	3	\$	352.00	\$	1,056.00	CP13-16
16S & 95 Alpha A3RL		\$	600.00	\$	-	CP13-14
Meters-Change out of 60 A3RL meters	0	\$	600.00	\$	-	CP13-14
Test blocks, Switches, adapters, etc.		\$	1,000.00	\$	-	OP711-19
				\$	-	
				\$	-	
Sub Total Materials				\$	50,496.00	
			10% Contingency	\$	-	
Total Materials				\$	50,496.00	
Total Cost of Capital Project before Rounding				\$	117,842.76	

Materials Being Removed:

Quantity Scrapped Yes/No

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Total Materials Removed (if any)

Capital Project Allocation:		CP118 Beatty Line to Garafraxa Street West WIP from 2023				
		Discretionary / Non-discretionary:				
Investment Category:		SYSTEM ACCESS			Project Start Date:	
					2023	
					Project End Date:	
					2024	
Asset Category:		Project Driver(s):		Road reconstruction planned by Township requires all utilities to convert to underground during road construction, and upgrade as required to service new development. This project is being driven by and in collaboration with TCW.		
Background:						
Township of Centre Wellington rebuilt Beatty Line at Garafraxa Street West during the 2023 construction season. This project required CWH to make underground a portion of pole line including adding a switching cubical.						
USoA Account:						
	4 or 44 kV	Est Cost	Cost Alloc:	Life Cycle	Budget	Final Costs
1830-Poles Towers & Fixtures	4	\$ 2,434.32	-1		\$ 2,400.00	
1835-OH Conductor & Devices	4	\$ 13,181.36	-2		\$ 13,200.00	
1840-UG Conduit	4	\$ 681.66	-5		\$ 700.00	
1845-UG Conductor & Devices	4	\$ 45,601.72	-7		\$ 45,600.00	
1850-OH Line Transformer	4	\$ 42,720.00	-9		\$ 42,700.00	
1850-UGLine Transformer	4	\$ 4,284.03	-13		\$ 4,300.00	
1855-OH Services		\$ -	-11		\$ -	
1855-UG Services		\$ -	-12		\$ -	
1860-Meters		\$ -	-14		\$ -	
Total Cost of Project		\$ 108,903.08			\$ 108,900.00	
Project Need:						
CWH to convert overhead electrical plant to underground as required to accommodate intersection work at Beatty Line and Garafraxa Street West.						
Scope:						
Engineered drawings including the placement of CWH plant will be completed by the TCW engineers as common trench with communications plant will be included in plans and to ensure no conflicts with other services. TCW will contract all excavation and duct placement through RFP tender. CWH will remove 1-55 pole and relocate a primary riser complete with 15 KV underground conductor to a new switchgear. New switchgear will prepare CWH for future service connections in this area of town.						
Preliminary Budget Costs:						
Labour:	4 or 44 kV	Regular Hours	OT Hours	Costs	Est Cost	Job Code
Total Labour and Overheads		260	0		\$ 28,723.08	
Contracts:						
	4 or 44 kV	Total \$ value	Contingency		Est Cost	Job Code
1830-Poles Towers & Fixtures			20%		\$ -	-1
1835-OH Conductor & Devices			20%		\$ -	-2
1840-UG Conduit EXCAVATION (PRI)			20%		\$ -	-5

Capital Project Allocation:		CP118 Beatty Line to Garafraxa Street West WIP from 2023					
1840-UG Conduit DUCT INSTALL	TRITON / DE	\$ 5,000	20%		\$ 6,000.00	-7	
1840-UG CONDUIT SERVICES			20%		\$ -	-9	
1850-UGLine Transformer			20%		\$ -	-13	
1855-OH Services			20%		\$ -	-11	
1855-UG Services			20%		\$ -	-12	
1860-Meters			20%		\$ -	-14	
CWH responsible for \$3000.00 poles/ \$9000.00 excavation/\$5040.00 duct install/\$5000.00 conduit s					\$ 6,000.00		
Type of Circuit (Single or 3 Phase)		3					
Materials:	4 or 44 kV	Quantity	Unit Cost	Contingency	Est Cost	Job Code	
55' class 2				20%	\$ -	-1	
Assorted Hardware OH Conduct	risers	1	\$ 2,500.00	30%	\$ 3,250.00	-2	
UG Conductor - \$11 per meter				30%	\$ -	-2	
Assorted Hardware UG Conduct				20%	\$ -	-5	
Assorted Hardware UG Conduct	350mcm	1	\$ 21,700.00	30%	\$ 28,210.00	-7	
Assorted Hardware UG TRANS	MJ	1	\$ 35,600.00	20%	\$ 42,720.00	-9	
Assorted Hardware UG Trans				20%	\$ -	-13	
Assorted Hardware OH Services				20%	\$ -	-11	
Assorted Hardware UG Services				30%	\$ -	-12	
Assorted Hardware Meters				20%	\$ -	-14	
Total Materials					<u>\$ 74,180.00</u>		
Total Cost of Capital Project before Rounding					<u>\$ 108,903.08</u>		
350 MCM +MJ should be billed to TWSP							
Materials Being Removed:	Height/Length	Quantity	Scrapped Yes/No				
Poles Tower Fixtures	55'	1	y				
Assorted Hardware OH conductor							
Assorted Hardware UG Conductor							
OH Conductor	40m	120m	y				
Customer Attachments and Load (5.4.5.2 A.2)							
No. Residential Customers:							
No. GS <50kW Customers:							
No. GS>50 kW Customers:							
Load Impacted:							
Start Date (5.4.5.2 A.3)	2023	In Service Date (5.4.5.2 A.3)			2024		
Expenditure Timing	Q1	Q2	Q3	Q4			
		50%	50%				

Capital Project Allocation:		CP 121 - EMS-2 Transformer Replacement				
Investment Category:		SYSTEM RENEWAL		Project Start Date:		2024
				Project End Date:		2024
Asset Category:		Project Driver(s):		The age of the station transformer and the size at 5,000 KVA present a risk of either failing due to the age or in the event that EMS-1 has to be taken out of service for any reason. The total combined peak load of the 2 stations in Elora is 6,258 KVA and the 5,000 KVA transformer at ES-2 would not be able to comfortable service this load for a sustained period of time.		
Background: Although the EMS-2 station was commissioned in 1998 the station transformer was manufactured in 1973 and was refurbished in 1997. There are 2 stations in Elora servicing all residential and small commercial & industrial customers. If the power transformer at Elora MS-1 were to fail during peak periods, which is typically when transformers can fail as they are loaded the most, Elora MS-2's transformer would not be able to handle its own load and the load of Elora MS-1.						
USoA Account:						
	4 or 44 kV	Est Cost	Cost Alloc:	Life Cycle	Budget	Final Costs
1830-Poles Towers & Fixtures	4	\$ 8,812.42	-1		\$ 8,800.00	
1835-OH Conductor & Devices	4	\$ 21,420.13	-2		\$ 21,400.00	
1840-UG Conduit	4	\$ -	-5		\$ -	
1845-UG Conductor & Devices	4	\$ 14,118.34	-7		\$ 14,100.00	
1850-OH Line Transformer	4	\$ 17,526.62	-9		\$ 17,500.00	
1850-UGLine Transformer	4	\$ -	-13		\$ -	
1855-OH Services		\$ -	-11		\$ -	
1855-UG Services		\$ -	-12		\$ -	
1820-Dist Stn Eq		\$ 931,650.00	ST12		\$ 931,700.00	
Total Cost of Project		\$ 993,527.51			\$ 993,500.00	
Project Need:						
CWH to contract independent 3rd party engineering firm to quote ,source and procure 6/8 MVA station transformer, compatable with existing CWH 4 KV infrastructure. 3rd party contractor will tender the installation/replacement of station transformer project to qualified construction companies and contract all required work as designed.						
Scope:						
The current 5MVA transformer will be replaced with a new 6/8 MVA transformer to acceptable carry all of Elora's load when necessary. CWH will plan this project and schedule at an opportune time during either spring or fall, low load shoulder seasons to remove the existing transformer from service and install new transformer. CWH crews will transfer station load from the EMS-2 to the EMS-1 station and isolated the transformer and all secondary and primary electrical apparatus within the station for the completion of the work. After the transformer replacement is completed and all witness testing signed off the transformer and station will be energized by CWH and load transferred back to normal.						
Preliminary Budget Costs:						
Labour:	4 or 44 kV	Regular Hours	OT Hours	Costs	Est Cost	Job Code
Total Labour and Overheads		<u>545</u>	<u>0</u>		<u>\$ 61,877.51</u>	

Capital Project Allocation: CP 121 - EMS-2 Transformer Replacement

Contracts:	4 or 44 kV	Total \$ value	Contingency	Est Cost	Job Code
Transformer replacement		\$ 931,650	0%	\$ 931,650.00	ST12
1835-OH Conductor & Devices			20%	\$ -	-2
1840-UG Conduit			20%	\$ -	-5
1845-UG Conductor & Devices			20%	\$ -	-7
1850-OH Line Transformer			20%	\$ -	-9
1850-UGLine Transformer			20%	\$ -	-13
1855-OH Services			20%	\$ -	-11
1855-UG Services			20%	\$ -	-12
1860-Meters			20%	\$ -	-14
Total Contracts				\$ 931,650.00	

Type of Circuit (Single or 3 Phase) 3

Materials:	4 or 44 kV	Quantity	Unit Cost	Contingency	Est Cost	Job Code
45' class 3				20%	\$ -	-1
Assorted Hardware OH Conduct				20%	\$ -	-2
OH Conductor - \$6 per meter				20%	\$ -	-2
Assorted Hardware UG Conduit				20%	\$ -	-5
Assorted Hardware UG Conduit				20%	\$ -	-7
Assorted Hardware OH Trans		1		20%	\$ -	-9
Assorted Hardware UG Trans				20%	\$ -	-13
Assorted Hardware OH Services				20%	\$ -	-11
Assorted Hardware UG Services				20%	\$ -	-12
Assorted Hardware Meters				20%	\$ -	-14
Total Materials					\$ -	

Total Cost of Capital Project before Rounding \$ 993,527.51

Materials Being Removed:	Height/Length	Quantity	Scrapped Yes/No
Poles Tower Fixtures			
Assorted Hardware OH conductor			
Assorted Hardware UG Conductor			
OH Conductor			

Customer Attachments and Load (5.4.5.2 A.2)

No. Residential Customers:	
No. GS <50kW Customers:	
No. GS >50 kW Customers:	
Load Impacted:	

Start Date (5.4.5.2 A.3) 01-06-2024 **In Service Date (5.4.5.2 A.3)** 31-12-2024

Expenditure Timing	Q1	Q2	Q3	Q4
			50%	50%

Centre Wellington Hydro Ltd.
2024 Detailed Capital Budget
With Current Budget Compared to Actuals from Previous Years

Account No.	Description	Actual 31-Dec-18	Actual 31-Dec-19	Actual 31-Dec-20	Actual 31-Dec-21	Actual 31-Dec-22	Budget 2023	Year End Projection 31-Dec-23	2023 Actual vs 2023 Budget	Budget 2024
1800	Total DISTRIBUTION ASSETS	1,330,618	1,691,917	602,141	729,789	522,864	815,800	859,079	105%	1,811,400
1805	LAND	-	-	-	-	-	-	-	-	-
1808	BUILDINGS & FIXTURES	-	-	-	-	-	-	-	-	-
1820	DIST STN EQUIP-PRIM<50kV	40,752	805,689	-	-	(251,750)	-	104,427	-	931,700
1825	STORAGE BATTERY EQUIPMENT	-	-	-	-	-	-	-	-	-
1830	POLES, TOWERS & FIXTURES	194,153	159,941	196,869	268,738	430,648	292,400	346,673	119%	240,500
1835	OH CONDUCTORS & DEVICES	172,157	36,858	155,258	177,190	99,807	204,000	159,128	78%	153,100
1840	UNDERGROUND CONDUIT	204,859	30,922	-	217	-	1,300	2,580	198%	700
1845	UG CONDUCTORS & DEVICES	333,064	306,856	38,822	112,466	41,772	78,400	56,234	72%	66,100
1850	LINE TRANSFORMERS	168,726	127,568	88,958	13,849	44,607	200,800	109,722	55%	290,700
1855	SERVICES	182,980	123,352	84,549	131,504	78,227	87,000	51,058	59%	76,100
1860	METERS	33,928	100,731	37,686	25,825	79,554	31,000	29,257	94%	52,500
	Contributed Capital - from Current Jobs						(79,100)	(79,100)		
1600	Total INTANGIBLE ASSETS	41,293	52,827	26,060	20,815	124,708	71,000	4,000	6%	246,400
1609	Capital Contributions Paid	34,393	-	-	-	-	-	-	-	-
1611	COMPUTER SOFTWARE	6,900	52,827	26,060	20,815	124,708	71,000	4,000	6%	246,400
1900	Total GENERAL ASSETS	62,998	21,516	40,903	18,339	69,236	884,100	225,587	26%	756,800
1900	GENERAL PLANT - CONTROL	62,998	21,516	40,903	18,339	69,236	884,100	225,587	25%	756,800
1908	BUILDING & FIXTURES	40,965	-	-	-	-	21,000	18,556	88%	45,000
1915	OFFICE FURNITURE & EQUIP	-	-	-	-	14,253	2,000	2,420	121%	-
1920	COMPUTER EQUIP HRDWRE	15,633	16,181	27,492	7,986	29,158	12,300	8,885	72%	65,200
1930	TRANSPORTATION EQUIPMENT	-	-	-	-	-	721,200	82,029	11%	640,000
1935	STORES EQUIPMENT	-	2,735	-	-	-	9,000	6,000	67%	-
1940	TOOLS, SHOP & GARAGE EQUIP	6,400	2,600	2,584	5,859	2,026	5,100	4,736	93%	5,100
1945	MEASUREMENT&TESTING EQUIP	-	-	-	-	18,805	1,500	-	0%	1,500
1950	POWER OPERATED EQUIPMENT	-	-	-	1,894	-	-	-	-	-
1955	COMMUNICATION EQUIPMENT	-	-	8,216	-	4,994	-	-	-	-
1960	MISCELLANEOUS EQUIPMENT	-	-	2,611	2,600	-	2,000	2,355	118%	-
1980	SYSTEM SUPERVISORY EQUIP	-	-	-	-	-	-	-	-	-
2075	NonRate Reg Util Prop-Generate Fac	-	-	-	-	-	110,000	100,605	91%	-
TOTAL CAPITAL BUDGET		1,434,909	1,766,260	669,104	768,943	716,808	1,770,900	1,088,665	61%	2,814,600
2440	Deferred Revenues	(247,219)	(224,575)	(19,010)	(67,911)	(8,705)	(43,800)	(43,800)	100%	(19,300)
TOTAL CAPITAL and DEFERRED REVENUE		1,187,690	1,541,685	650,094	701,032	708,103	1,727,100	1,044,865	60%	2,795,300
Total disposals		(383,508)	(282,470)	(167,659)	(140,984)	(157,753)	(402,100)	(72,855)	0	(441,400)
Net Capital Assets - Actuals		1,051,401	1,483,790	501,445	627,960	559,055	1,325,000	1,015,810	76%	2,353,900

Revenue and OM&A Budget Review 2024

The projected net income for Centre Wellington Hydro Ltd. (CWH) for 2024 is \$700,700. When you add back the portion of interest paid to the Township of Centre Wellington which is not recovered in rates (\$155,900), and donations (\$20,000), the net regulatory income before taxes is \$876,600. The additional interest paid to the Township of Centre Wellington is considered a dividend by the OEB.

The projected regulatory income for 2023 is 32% higher than the approved 2018 budget through CWH's 2018 Cost of Service Application (CoS). The final 2018 budget had a projected regulatory income of \$664,800.

CWH has populated the Benchmarking Forecast spreadsheet, which is a worksheet provided by the OEB and required for a CoS. Based on these preliminary draft budget figures, CWH maintains having a three-year average of greater than 10% below predicted costs and therefore will remain in group 2. It is this group that dictates the "inflationary" factor used in annual IRM applications. The inflationary factor for 2024 rates as set by the OEB is 4.8%. This rate is then reduced by 0.15% because of being in group 2; therefore, the inflationary factor used for Distribution Rates in the 2024 budget is 4.65% (4.8%-0.15%).

Revenues:

The distribution service revenue for 2024 was increased by the factor used in CWH's 2023 IRM application, 4.65%. This results in a Distribution Service Revenue of \$4,576,500. CWH's Residential customers are on a fully fixed Distribution Service Charge. All other classes remain with a combination of both fixed and variable charges. CWH's revenue budget is based on historical usage.

In CWH's 2018 CoS, it was agreed that CWH in 2019 would commence having an annual Rate Rider that provides a refund back to the customer on each monthly invoice; this was in lieu of further reducing CWH's OM&A base level. The refund portion for 2024 is \$46,100 and can be found in the 4080 section "Total Rate Rider: 2018 Settlement Proposal". This amount is a reduction to Revenue from Services - Distribution. This refund stays in place annually until CWH files a CoS application with the OEB.

The 2024 budget amount for "Other Operating Revenue" is \$214,500, this shows an increase over 2023's budget figure by \$4,300. This increase is primarily due to the inflationary increase on the room rental, that can be seen in account 4210 "Rent from Electric Property."

Regarding "Other Income and Deductions" the overall change from 2023's budget is an increase of \$14K. This is due to the increase in customers and the inflationary increase on the rate CWH charges for billing the water and wastewater for the Township of Centre Wellington, which can be seen in account 4375 "Revenue: Water Sewer Billing." To be noted, as found on line "4375 REV-Non-Utility Revenue EV Chargers" CWH is now charging users of EV chargers around Centre Wellington and expenses are shown on line "4380 EXP-Non Utility Expenses EV Charger." Since CWH started charging part way through 2023, a full year of this user data is not available to determine if the most recent usage is typical for paying users.

In 2024, CWH does not anticipate removing a significant amount of wire, therefore the budget for 2024 is not reflecting the actual for 2023 to date in the budgeted amount for account 4390 "Misc Non-Operating Income - Miscellaneous", which is money received for scrap material.

Within Investment Income, CWH is forecasting the interest earned to be lower than 2024's budget amount due to the decrease in the amount of cash on hand. CWH anticipates the cash balance to not be as high as 2023's cash balance due to the purchase of the digger truck and various other capital expenditures.

Expenses:

Total budget expenses for 2024 of \$4,224,900 reflects an increase of 20% or \$730,500 over the 2018 OEB approved CoS budget expenses of \$3,494,400. This total expense includes amortization and interest.

Operations 50XX:

2024's total Operations expenses budget is \$442,000, which is a decrease of 2.8% or \$12,800 lower than 2023's budget amount of \$454,800.

Account 5017 – Dist Stn Eq<50 kV Op Sup Exp – increased by \$5,100 and CWH is currently reviewing replacement costs within our property insurance due to the high cost of many materials, including station transformers, and it is anticipated the cost of insurance for our distribution stations will increase for 2024.

Account 5065 – Meter Expenses – decreased by \$19,100. This reduction is primarily due to reduced labour hours spent on meter operations.

Account 5085 – Misc Distribution Expense – increase of \$9,100. In 2024 CWH has a capital project for the GIS so extra hours were put in 5085 to allow for additional time working in the upgraded system to become familiar with the application.

Maintenance 51XX:

Total Maintenance expenses for 2024 has a budget of \$461,800, which is \$1,900 higher than 2023's budget of \$459,900.

Overall, within the maintenance account, budgets are set for planned maintenance and unexpected events such as trouble calls resulting from storms (primarily ice and wind), outages due to faulty equipment and or traffic accidents as some examples. In 2023 to date, CWH has been fortunate and have not experienced significant inclement weather that has caused excessive damage; however, we can not anticipate this unusual reduction to be "normal."

Account 5105 – Mtce Supervision & Engineering – in the 2023 budget, succession planning for the Manager of Operations position was built in. In 2024, the position has been filled and therefore the overlap has been removed.

Account 5135 – Mtce of Overhead Lines & Feeders – in 2024, CWH will focus on tree trimming in Fergus. The labour hours specific for tree trimming have increased, reducing labour in other maintenance accounts.

Billing and Collecting (B&C) 53XX:

Total Billing and Collecting expenses for 2024 has a budget of \$687,800, which is an increase of 3.15% or \$21,000 higher than 2023's budget amount of \$666,800.

In 2024, CWH's current Manager of Customer Service and Billing will retire, and the current Billing Coordinator will move into the role. No additional staff will be hired in 2024 for the Billing and Collecting department. A current staff member that has had their time split between CWH and another utility will be returning to CWH full time and therefore CWH will not be billing their time out to another LDC in 2024. The retirement of one employee and the return to full-time hours for CWH for another employee has kept the increase low. It has been advantageous in the past few years to have a Customer Service Manager as well as the Billing Coordinator position, however CWH feels the current staffing level will be adequate going forward for the foreseeable future.

Account 5315 – B&C: Collecting for 2024 includes a \$10,000 cost to update CWH's current bill print to aid customers with understanding their monthly invoice, while remaining compliant with regulations for bill presentment.

Comm Relations 54XX:

Total Community Relations expenses for 2024 has a budget of \$45,400, which is \$6,600 higher than the amount of 2023's budget.

Every three years CWH contracts the ESA to run electrical safety presentations to all the elementary schools in the Township of Centre Wellington's area. Due to provincial teacher strikes in 2019 and the pandemic in 2020-2022 school years, the three-year rotation was disrupted. Going forward the ESA will present to 1/3 of the total group of schools, which will allow the annual amount year to year to remain smoother.

Administration & General (A&G) 56XX:

Total Administration and General expenses for 2023 has a budget of \$1,283,000, which is an increase of 3.6% or \$44,300 higher than 2023's budget amount of \$1,238,700.

Account 5620 – A&G: Office Supplies and Expenses – increase \$6,800, which is primarily within the "Computer Expenses" account. In 2024, CWH is looking at various enhancements to its cyber posture. First, a tool like the Vulnerability scanning tool will be evaluated. This evaluation may see the continuance of the current tool, or if there is any advancement in this area, a replacement will be obtained. Next, as part of Cyber Insurance/Framework requirements, a Penetration Tool will be evaluated and implemented – such a tool looks at the security for the network from "Outside In", and ensures our Firewalls are sufficiently hardened to protect the wide area network entrance. Finally, the security tools provided by our IT Provider, TCW, will be reviewed to consider a new tool to further enhance their capability. This new tool will be another Layer of Protection on top of the existing solution, as cyber security requires Layers of Protection to ensure safety.

Account 5630 – A&G: Outside Services – increase \$9,600. In 2023, CWH saw an increase in the annual audit fees outside of the fee schedule. This increase was required for additional work and testing due to increasing accounting requirements.

Account 5646 – A&G: OPEB Retired Employees – decrease due to not requiring an actuary report this year. CWH contracts to have an updated actuary report issued every 3 years.

Account 5665 – A&G: Misc General Expenses – increase of \$7,000 over the 2023 budget for increasing training for CWH's Board of Directors.

Amortization Expense 57XX:

Total Amortization Expenses for 2024 has a budget of \$713,400, which is an increase of 10% or \$66,600 higher than 2023's budget amount of \$646,800. The increase is due to the purchase of larger General Plant Assets, which have a shorter life than the Distribution Assets. See the Capital 2024 Budget for further details.

Interest Expense 60XX:

Total Interest Expense for 2024 has a budget of \$550,400, which is an increase of 8.7% or \$44,000 higher than 2023's budget amount of \$506,400.

Account 6005 – Interest on Long Term Debt – increased \$44,000. As the principal on the three loans with Ontario Infrastructure decreases the interest is reduced, however in 2024, CWH anticipates entering into a long term loan to fund the purchase of two station transformers and the Elora MS2 capital job which will use one of the two station transformers purchased.

Taxes 61XX:

Account 6110 and 6115 – Income Taxes and Provision for Future Income taxes – calculated and recorded by KPMG during yearend financial statement preparation. Due to the complexity of taxes, amounts are not projected.

Other Deductions 62XX:

Total Other Deductions for 2024 has a budget of \$27,700. The donation budget is \$20,000 and \$4,800 is donated to the Community Resource Centre as directed by the OEB for the Low Energy Assistance Program (LEAP)

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Centre Wellington Hydro Ltd.

2024 Budget with comparisons to previous years actuals and 2025 Projections

Account No.	Description	Actual 2022	Approved Budget 2023	Projected Dec 31, 2023 2023	'23 Projection as % of '23 Budget	'23 Projection as % of '22 Actual	Draft Budget 2024	2024 Budget as % of 2023 Projection	2024 Budget as % of 2023 Budget	Budget for CoS Purposes 2025	'25 Budget as % of '24 Budget
4080-4499	DISTRIBUTION REVENUES	(4,511,882)	(4,684,700)	(4,759,546)	102%	105%	(4,925,600)	103%	105%	(5,042,700)	102%
4080-4086	REV FROM SERVICES-DISTRIBUTION	(4,249,166)	(4,397,500)	(4,382,382)	100%	103%	(4,576,500)	104%	104%	(4,762,600)	104%
4080	Total Residential DSR	(2,460,363)	(2,544,000)	(2,549,602)	100%	104%	(2,668,200)	105%	105%	(2,748,200)	103%
4080	Total Street Lights	(71,511)	(73,800)	(66,947)	91%	94%	(73,500)	110%	100%	(75,700)	103%
4080	Total Sentinel Lights	(3,574)	(3,700)	(3,668)	99%	103%	(3,800)	104%	103%	(4,000)	105%
4080	Total GS<50 kW	(805,645)	(833,000)	(833,613)	100%	103%	(872,400)	105%	105%	(898,600)	103%
4080	Total GS<50 Non Fixed	-	-	-	-	-	-	-	-	-	-
4080	Total Unmetered Scattered Load	(9,355)	(9,700)	(9,793)	101%	105%	(10,200)	104%	105%	(10,500)	103%
4080	Total GS>50 (G1)	-	-	-	-	-	-	-	-	-	-
4080	Total GS>50<250000 (H1)	-	-	-	-	-	-	-	-	-	-
4080	Total GS>50 Designated (B1)	-	-	-	-	-	-	-	-	-	-
4080	Total GS>50 Interval (v1)	(663,204)	(687,000)	(677,929)	99%	102%	(694,000)	102%	101%	(715,800)	103%
4080	Total GS>1000 Interval (T1)	(138,399)	(143,900)	(152,330)	106%	110%	(159,400)	105%	111%	(164,900)	103%
4080	Total Intermediate GS>3000	(111,420)	(115,800)	(102,752)	89%	92%	(108,400)	105%	94%	(112,200)	104%
4080	Total LRAM Recovery	-	-	-	-	-	-	-	-	-	-
4080	Total Smart Mtr Disposition Rider	-	-	-	-	-	-	-	-	-	-
4080	Total Rate Rider: 2018 Settlement Prop	46,819	45,700	46,196	101%	99%	46,100	100%	101%	-	0%
4082	Retail Service Revenue	(10,657)	(10,500)	(9,998)	95%	94%	(10,500)	105%	100%	(10,500)	100%
4084	Service Transaction Req (STR)	(39)	(100)	(26)	26%	67%	(100)	385%	100%	(100)	100%
4086	Total SSS Admin Charge	(21,818)	(21,700)	(21,920)	101%	100%	(22,100)	101%	102%	(22,100)	100%
4200	OTHER OPERATING REVENUES	(196,298)	(210,200)	(215,950)	103%	110%	(214,500)	99%	102%	(216,900)	101%
4210	RENT FROM ELECTRIC PROP	(89,034)	(85,800)	(94,581)	110%	106%	(90,300)	95%	105%	(92,700)	103%
4225	LATE PAYMENT CHARGE	(8,681)	(8,500)	(8,004)	94%	92%	(8,000)	100%	94%	(8,000)	100%
4235	MISC SERVICE REVENUES	(74,561)	(91,100)	(89,365)	98%	120%	(92,600)	104%	102%	(92,600)	100%
4245	Cust Contributions Amort to Income	(24,023)	(24,800)	(24,000)	97%	100%	(23,600)	98%	95%	(23,600)	100%
4300	OTHER INCOME/DEDUCTIONS	(6,805)	(47,300)	(27,757)	59%	408%	(61,300)	221%	130%	(22,000)	36%
4325	REV frm MERCHANDISE, JOBBING	-	-	-	-	-	-	-	-	-	-
4330	CSTS & EXP of MERCH, JOBBING	-	-	(1,339)	-	-	-	0%	-	-	-
4355	GAINonDISP UTIL&OTHER PROP	-	(30,000)	(12,000)	40%	-	(28,000)	233%	93%	-	0%
4360	LOSSonDISP UTIL&OTHER PROP	12,073	17,500	17,584	100%	146%	21,700	123%	124%	21,700	100%
4375	REV-WATER SEWER BILLING	(211,106)	(214,500)	(243,606)	114%	115%	(248,000)	102%	116%	(240,400)	97%
4375	REV-Non Utility Revenue	(8,254)	-	(4,825)	-	58%	-	0%	-	-	-
4375	REV-Non Utility Revenue EV Chargers	(861)	(3,500)	(4,813)	-	-	(8,000)	166%	229%	(8,400)	105%
4375	REV:CDM PROGRAMS	(13,982)	-	-	-	0%	-	-	-	-	-
4380	EXP:WATER & SEWER BILLING	190,954	182,700	198,386	109%	104%	201,000	101%	110%	204,900	102%
4380	EXP:CDM	13,982	-	-	-	0%	-	-	-	-	-
4380	AFT Programing Costs	-	-	-	-	-	-	-	-	-	-
4380	EXP-Non Utility Expenses EV Charger	6,109	3,500	36,375	1039%	-	4,000	11%	114%	4,200	105%
4385	NON-UTILITY RENTAL INCOME	-	-	-	-	-	-	-	-	-	-
4390	MISC NON-OP INCOME-MISC	4,280	(3,000)	(13,519)	451%	-316%	(4,000)	30%	133%	(4,000)	100%
4400	INVESTMENT INCOME	(59,612)	(29,700)	(133,457)	449%	224%	(73,300)	55%	247%	(41,200)	56%
4405	INTEREST & DIVIDENDS INCOME	(59,612)	(29,700)	(133,457)	449%	224%	(73,300)	55%	247%	(41,200)	56%

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Centre Wellington Hydro Ltd.
2024 Budget with comparisons to previous years actuals and 2025
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Account No.	Description	Actual 2022	Approved Budget 2023	Projected Dec 31, 2023 2023	'23 Projection as % of '23 Budget	'23 Projection as % of '22 Actual	Draft Budget 2024	2024 Budget as % of 2023 Projection	2024 Budget as % of 2023 Budget	Budget for CoS Purposes 2025	'25 Budget as % of '24 Budget
5000-9999	DISTRIBUTION EXPENDITURES	3,950,110	4,077,900	3,843,388	94%	97%	4,224,900	110%	104%	4,535,700	107%
5000	OPERATIONS EXPENSES	435,131	454,800	406,905	89%	94%	442,000	109%	97%	487,500	110%
5005	OP SUPERVISION & ENGINEERING	102,981	119,700	138,170	115%	134%	118,700	86%	99%	122,300	103%
5010	LOAD DISPATCHING	22,663	21,500	13,183	61%	58%	22,500	171%	105%	21,500	96%
5012	STN BLDGS&FIXTURES EXPS	74,343	71,700	65,547	91%	88%	62,800	96%	88%	64,600	103%
5016	DIST STN EQ<50kv-OP LAB	-	-	-	-	-	-	-	-	-	-
5017	DIST STN EQ<50kv OpSupExp	23,563	25,700	25,651	100%	109%	30,800	120%	120%	32,300	105%
5020	OH DIST LINES&FDRS-OP LAB	890	1,900	196	10%	22%	2,200	1124%	116%	1,900	86%
5025	OH DIST LNS&FDRS-OPsupEXP	12,992	9,800	9,231	94%	71%	9,800	106%	100%	10,000	102%
5030	OH SUBTRANS FEEDERS-OPER	-	-	-	-	-	-	-	-	-	-
5055	UG DIST TRANSFORMERS- OP	-	9,500	-	0%	-	10,500	-	111%	10,900	104%
5060	ST LTG & SIG SYSTEMS EXP	-	-	-	-	-	-	-	-	-	-
5065	METER EXPENSES	75,069	86,600	58,155	67%	77%	67,500	116%	78%	76,000	113%
5075	CUST PREMS-MLTS & EXPS	-	-	-	-	-	-	-	-	-	-
5085	MISC DISTRIBUTION EXPENSE	110,925	96,600	85,769	89%	77%	105,700	123%	109%	136,200	129%
5095	OH Dist Lines&Feeders-Rental Pd	11,700	11,800	11,003	93%	94%	11,500	105%	97%	11,800	103%
5100	DISTRIBUTION EXP-MTCE	453,141	459,900	377,407	82%	83%	461,800	122%	100%	467,800	101%
5105	MTCE SUPERVISION & ENG	21,706	36,500	29,080	80%	134%	23,100	79%	63%	23,800	103%
5110	MTC BLDGS & FIXS-DIST STN	-	-	-	-	-	-	-	-	-	-
5114	MTCofDIST ST EQ<50kv	31,337	23,300	25,642	110%	82%	24,500	96%	105%	23,300	95%
5120	MTCEofPOLES, TOWERS, FIX	44,285	51,600	21,456	42%	48%	39,100	182%	76%	40,000	102%
5125	MTC OF OH CONDS&DEVS	16,907	15,600	29,167	187%	173%	17,100	59%	110%	17,500	102%
5130	MTC OF OH SERVICES	106,333	82,700	64,263	78%	60%	76,100	118%	92%	78,200	103%
5135	MTC OH DIST LINES&FDRS-ROW	64,445	80,600	88,240	109%	137%	110,100	125%	137%	113,400	103%
5145	MTC OF UG CONDUIT	3,060	1,000	-	0%	0%	1,000	100%	100%	1,000	100%
5150	MTCofUG CONDUCTS&DEVICES	404	6,500	-	0%	0%	7,100	109%	109%	7,300	103%
5155	MTC OF UG SERVICES	116,559	115,400	81,183	70%	70%	114,300	141%	99%	116,600	102%
5155-UG Services		52,116	46,600	34,416	74%	66%	50,900	148%	109%	52,300	103%
5155-UG Locates		64,443	68,800	46,767	68%	73%	63,400	136%	92%	64,300	101%
5160	MTC OF LINE TRANSFORMERS	48,105	46,700	38,377	82%	80%	49,400	129%	106%	46,700	95%
5165	MTCE OF ST LTG&SIGNAL SYS	-	-	-	-	-	-	-	-	-	-
5300	BILLING & COLLECTING	637,311	666,800	634,002	95%	99%	687,800	108%	103%	716,700	104%
5305	B&C: SUPERVISION	77,156	81,100	67,423	83%	87%	82,900	123%	102%	88,600	107%
5310	B&C: METER READING EXP	116,588	121,600	122,030	100%	105%	125,900	103%	104%	129,100	103%
5315	B&C: CUSTOMER BILLING	336,890	345,400	329,276	95%	98%	359,500	109%	104%	372,900	104%
5320	B&C: COLLECTING	100,435	108,700	106,241	98%	106%	112,700	106%	104%	116,200	103%
5325	B&C: CASH OVER & SHORT	-	-	(0)	-	-	-	0%	-	-	-
5330	B&C: COLLECTION CHARGES	-	-	-	-	-	-	-	-	-	-
5335	B&C: BAD DEBT EXPENSES	6,243	7,000	9,033	129%	145%	6,800	75%	97%	6,900	101%
5340	B&C: MISC CUST ACCT EXP	-	3,000	-	0%	-	-	0%	0%	3,000	-

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Centre Wellington Hydro Ltd.
2024 Budget with comparisons to previous years actuals and 2025
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Account No.	Description	Actual	Approved Budget	Projected	'23 Projection as % of '23 Budget	'23 Projection as % of '22 Actual	Draft Budget	2024 Budget as % of 2023 Projection	2024 Budget as % of 2023 Budget	Budget for CoS Purposes	'25 Budget as % of '24 Budget
		2022	2023	Dec 31, 2023			2024			2025	
5400	COMMUNITY RELATIONS	44,783	38,800	43,156	111%	96%	45,400	105%	117%	46,000	101%
5410	COMM RELATIONS-SUNDRY	35,461	29,200	30,923	106%	87%	31,100	101%	107%	31,500	101%
5415	ENERGY CONSERVATION	-	-	-	-	-	-	-	-	-	-
5420	COMMUNITY SAFETY PRGMS	1,015	500	975	195%	96%	3,800	390%	760%	3,800	100%
5425	MISC CUST SERV&INFO EXP	8,307	9,100	11,257	124%	136%	10,500	93%	115%	10,700	102%
5600	ADMIN & GENERAL EXPENSES	1,115,947	1,238,700	1,165,131	94%	104%	1,283,000	110%	104%	1,394,700	109%
5610	ADMIN&GEN: MGMT SALS&EXPS	397,205	412,100	404,804	98%	102%	436,000	108%	106%	453,400	104%
5615	ADMIN&GEN: GEN ADM SAL&EXP	243,274	290,800	260,089	89%	107%	281,900	108%	97%	315,300	112%
5620	ADMIN&GEN:OFF SUPP/EXPS	91,404	155,200	124,541	80%	136%	162,000	130%	104%	166,900	103%
5630	ADMIN&GEN: OUTSIDE SERV EMP	58,861	63,300	66,038	104%	112%	72,900	110%	115%	75,800	104%
5635	ADMIN&GEN: PROPERTY INSUR	3,176	3,400	3,434	101%	108%	4,000	116%	118%	4,200	105%
5640	ADMIN&GEN:INJURIES/DMGS	35,039	45,500	46,750	103%	133%	49,100	105%	108%	51,600	105%
5646	A&G:OPEB RETIRED EMPLOYEES	14,866	17,900	19,703	110%	133%	13,100	66%	73%	13,400	102%
5655	ADMIN&GEN: REGULATORY EXPS	141,969	97,800	102,874	105%	72%	104,700	102%	107%	149,300	143%
5660	ADMIN&GEN: GEN ADV EXPS	-	500	-	0%	-	500	100%	100%	500	100%
5665	ADMIN&GEN: MISC GEN EXPS	97,324	115,300	100,136	87%	103%	122,300	122%	106%	126,200	103%
5675	ADMIN&GEN: MTCE OF GEN PLNT	22,559	25,800	26,302	102%	117%	25,600	97%	99%	26,700	104%
5680	ADMIN&GEN: ELEC SFTY AUTH FE	10,270	11,100	10,462	94%	102%	10,900	104%	98%	11,400	105%
5685	A&G: IMO FEES & PENALTIES	-	-	-	-	-	-	-	-	-	-
5700	AMORTIZATION EXPENSE	654,140	646,800	646,518	100%	99%	713,400	110%	110%	768,200	108%
5705	AMORT EXP- PRPTY PLNT&EQUI	607,316	560,900	572,374	102%	94%	605,700	106%	108%	664,200	110%
5715	AMORT EXP - INTANGIBLES	46,824	85,900	74,143	86%	158%	107,700	145%	125%	104,000	97%
6000	INTEREST EXPENSE	518,012	506,400	536,355	106%	104%	550,400	103%	109%	608,200	111%
6005	INTEREST ON L/T DEBT	137,631	132,000	132,000	100%	96%	176,000	133%	133%	233,800	133%
6030	Int on Debt to Associated Company	365,890	365,900	365,890	100%	100%	365,900	100%	100%	365,900	100%
6035	OTHER INTEREST EXPENSE	14,492	8,500	38,465	453%	265%	8,500	22%	100%	8,500	100%
6100	TAXES	62,502	13,000	12,876	99%	21%	13,400	104%	103%	13,900	104%
6105	TAXS OTHER THAN INCOME TAXES	8,619	13,000	12,876	99%	149%	13,400	104%	103%	13,900	104%
6110	INCOME TAXES	-	-	-	-	-	-	-	-	-	-
6115	PROV FOR FUTURE INC TAXES	53,883	-	-	-	0%	-	-	-	-	-
6200	OTHER DEDUCTIONS	29,142	52,700	21,038	40%	72%	27,700	132%	53%	32,700	118%
6205	DONATIONS	27,808	49,800	19,750	40%	71%	24,800	126%	50%	29,800	120%
6215	PENALTIES	-	-	-	-	-	-	-	-	-	-
6225	OTHER DEDUCTIONS	1,335	2,900	1,288	44%	96%	2,900	225%	100%	2,900	100%
9040	STORES OP-CLEARING ACCTS	44,712	40,300	52,665	131%	118%	34,700	66%	86%	35,500	102%
9049	STORES OP EXPS ALLOCATED	(44,712)	(40,300)	(52,665)	131%	118%	(34,700)	66%	86%	(35,500)	102%
9070	ROLLING STOCK EXP-CLG ACT	173,503	198,600	199,057	100%	115%	194,000	97%	98%	207,400	107%
9079	ROLLING STOCK:ALLOCATED	(173,503)	(198,600)	(199,057)	100%	115%	(194,000)	97%	98%	(207,400)	107%
9090	PAYROLL OVERHEADS/BURDENS	313,451	333,300	344,024	103%	110%	343,600	100%	103%	353,500	103%
9099	PR BURDENS ALLOCATED	(313,451)	(333,300)	(344,024)	103%	110%	(343,600)	100%	103%	(353,500)	103%

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Centre Wellington Hydro Ltd.
2024 Budget with comparisons to previous years actuals and 2025
Projections

Account No.	Description	Actual 2022	Approved Budget 2023	Projected Dec 31, 2023 2023	'23 Projection as % of '23 Budget	'23 Projection as % of '22 Actual	Draft Budget 2024	2024 Budget as % of 2023 Projection	2024 Budget as % of 2023 Budget	Budget for CoS Purposes 2025	'25 Budget as % of '24 Budget
	CWH Net (Income) loss for the year	(561,772)	(606,800)	(916,158)	151%	163%	(700,700)	76%	115%	(507,000)	72%
	Add back interest paid to CW Twp not in rates	(143,327)	(155,900)	(155,900)	100%	109%	(155,900)	100%	100%	(155,900)	100%
	Add Donations (other than LEAP)	(23,058)	(45,000)	(15,000)	33%	65%	(20,000)	133%	44%	(25,000)	125%
	CWH Regulatory Income	(705,099)	(807,700)	(1,072,058)	133%	152%	(876,600)	82%	109%	(687,900)	78%
	OM&A:										
	Operations	435,131	454,800	406,905	89%	94%	442,000	109%	97%	487,500	110%
	Maintenance	453,141	459,900	377,407	82%	83%	461,800	122%	100%	467,800	101%
	Billing & Collecting	637,311	666,800	634,002	95%	99%	687,800	108%	103%	716,700	104%
	Community Relations	44,783	38,800	43,156	111%	96%	45,400	105%	117%	46,000	101%
	Administration (5600 accounts only)	1,115,947	1,238,700	1,165,131	94%	104%	1,283,000	110%	104%	1,394,700	109%
	Donations LEAP- 6205	4,750	4,800	4,750	99%	100%	4,800	101%	100%	4,800	100%
	Other Deductions - 6225	1,335	2,900	1,288	44%	96%	2,900	225%	100%	2,900	100%
	Total OM&A per Cost of Service	2,692,398	2,866,700	2,632,640	92%	98%	2,927,700	111%	102%	3,120,400	107%
	OEB 2018 Cost of Service approval expenses	2,344,300	2,344,300	2,344,300	100%	100%	2,344,300	100%	100%	2,344,300	100%
	OMA Expenses	2,692,398	2,866,700	2,632,640	92%	98%	2,927,700	111%	102%	3,120,400	107%
	OMA Exp over 2018 Approved Expenditures	(348,098)	(522,400)	(288,340)	55%	83%	(583,400)	202%	112%	(776,100)	133%
	% increase (+) decrease (-) over 2018 OEB apprd		22.28%		0%		24.89%		112%	33.11%	133%
	Revenue:										
	Distribution Revenue (4080)	(4,249,166)	(4,397,500)	(4,382,382)	100%	103%	(4,576,500)	104%	104%	(4,762,600)	104%
	Other Operating Revenue (4200)	(196,298)	(210,200)	(215,950)	103%	110%	(214,500)	99%	102%	(216,900)	101%
	Other Income and Deductions (4300)	(6,805)	(47,300)	(27,757)	59%	408%	(61,300)	221%	130%	(22,000)	36%
	Investment Income (4400)	(59,612)	(29,700)	(133,457)	449%	224%	(73,300)	55%	247%	(41,200)	56%
	Total Income	(4,511,882)	(4,684,700)	(4,759,546)	102%	105%	(4,925,600)	103%	105%	(5,042,700)	102%
	OM&A:										
	Operations (5000)	435,131	454,800	406,905	89%	94%	442,000	109%	97%	487,500	110%
	Maintenance (5100)	453,141	459,900	377,407	82%	83%	461,800	122%	100%	467,800	101%
	Billing & Collecting (5300)	637,311	666,800	634,002	95%	99%	687,800	108%	103%	716,700	104%
	Community Relations (5400)	44,783	38,800	43,156	111%	96%	45,400	105%	117%	46,000	101%
	Administration (5600)	1,115,947	1,238,700	1,165,131	94%	104%	1,283,000	110%	104%	1,394,700	109%
	Taxes-Property (5600 part)	-	-	-	-	-	-	-	-	-	-
	Donations LEAP (6205)	4,750	4,800	4,750	99%	100%	4,800	101%	100%	4,800	100%
	Other Deductions (6225)	1,335	2,900	1,288	44%	96%	2,900	225%	100%	2,900	100%
	Total OM&A per Cost of Service	2,692,398	2,866,700	2,632,640	92%	98%	2,927,700	111%	102%	3,120,400	107%
	Amortization Expense (5700)	654,140	646,800	646,518	100%	99%	713,400	110%	110%	768,200	108%
	Interest Expense (6000)	518,012	506,400	536,355	106%	104%	550,400	103%	109%	608,200	111%
	Property Taxes (6105)	8,619	13,000	12,876	99%	149%	13,400	104%	103%	13,900	104%
	Taxes-Income	53,883	-	-	-	0%	-	-	-	-	-
	Other Deductions Less LEAP & 6225	23,058	45,000	15,000	33%	65%	20,000	133%	44%	25,000	125%
		1,257,712	1,211,200	1,210,749	100%	96%	1,297,200	107%	107%	1,415,300	109%
	Net Income	(561,772)	(606,800)	(916,158)	151%	163%	(700,700)	76%	115%	(507,000)	72%

Centre Wellington Hydro Ltd.

Interrogatories

Appendix D

KWCG Regional Planning 3rd tranche

Agenda Presentation

(2.0-VECC-14)

MAY 14, 2024

KWCG Region – Scoping Assessment Kick-Off Meeting

Agenda

- Overview of the regional planning process
 - Objectives of the Scoping Assessment
- Regional planning in KWCG
 - History and context
 - Summary of newly identified needs and considerations
- Next steps and timelines



Overview of the Regional Planning Process

Ontario's Changing Electricity Landscape



This is a pivotal point for the electricity system. Ontario is entering a period of need – by 2050, energy consumption will double.



These needs are being driven by economic growth and increased electrification.



This demand growth is happening in the midst of expiring generator contracts, nuclear refurbishments and the development of decarbonization initiatives.



Ontario's electricity system will require significant expansion, and the IESO is working to position the system to meet the growing need.

Electricity Planning in Ontario



Provincial/Bulk System Planning

Addresses provincial electricity system needs and policy directions.



Regional Planning

Addresses local electricity system needs at the transmission system level.

Underway: KWCG
Regional Electricity Plan



Distribution Planning

Addresses local electricity system needs and priorities at the distribution system level.

Led by local distribution companies.

Regional Electricity Planning

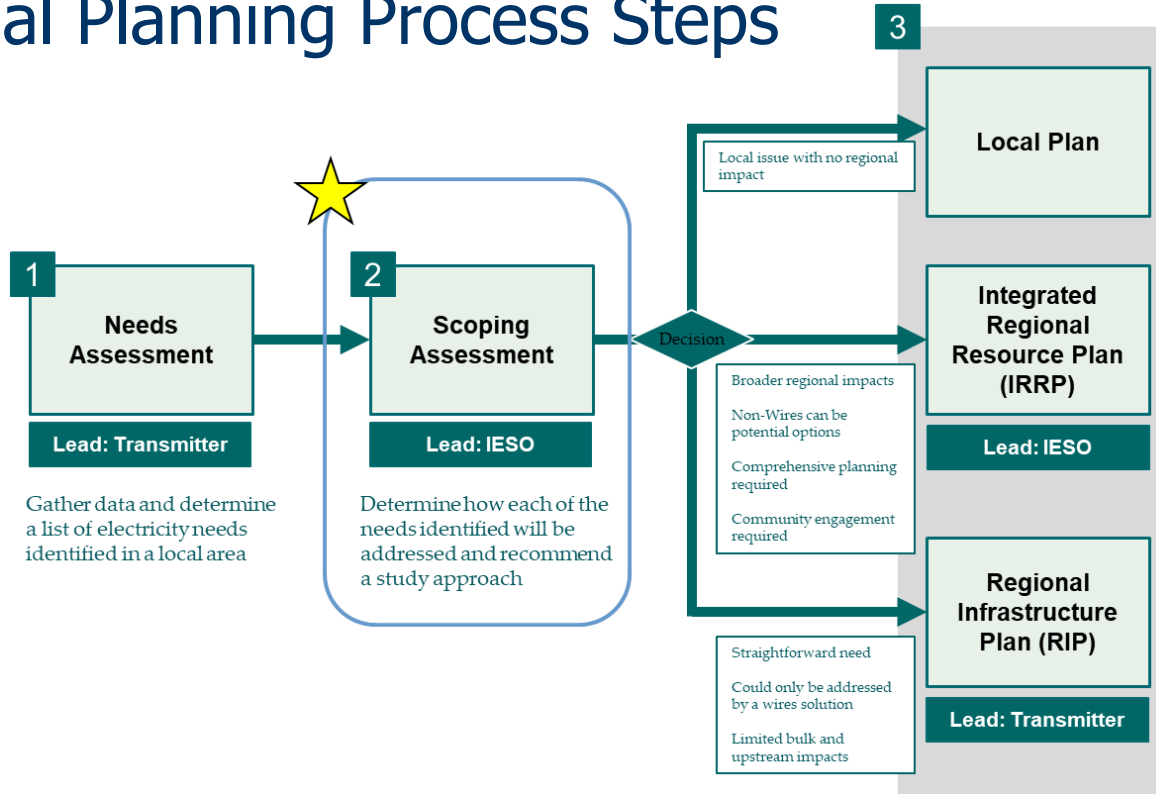
The regional system planning process ensures an affordable and reliable supply of electricity across Ontario. The process looks at the unique needs of each region, and considers a range of options and resources to keep the lights on.

An electricity plan – Integrated Regional Resource Plan (IRRP) – will be developed for the KWCG Sub-Region.

The IRRPs will be developed by a Technical Working Group, led by the IESO, and consisting of the local distribution companies and the transmitter.



Regional Planning Process Steps



What is a Scoping Assessment?

- The Scoping Assessment is triggered following the completion of a Needs Assessment
- It is led by the IESO and includes the transmitter and local distribution companies (LDCs) in the region

Key Elements

- Review needs that require comprehensive planning
- Determine the geographic grouping (sub-regions) of needs
- Determine the appropriate regional planning approach and scope
- Establish the draft terms of reference for an Integrated Regional Resource Plan, if one is required, and composition of the Technical Working Group

Scoping Assessment Working Group

Team Lead, System Operator

- Independent Electricity System Operator

Lead Transmitter

- Hydro One Networks Inc. (Transmission)

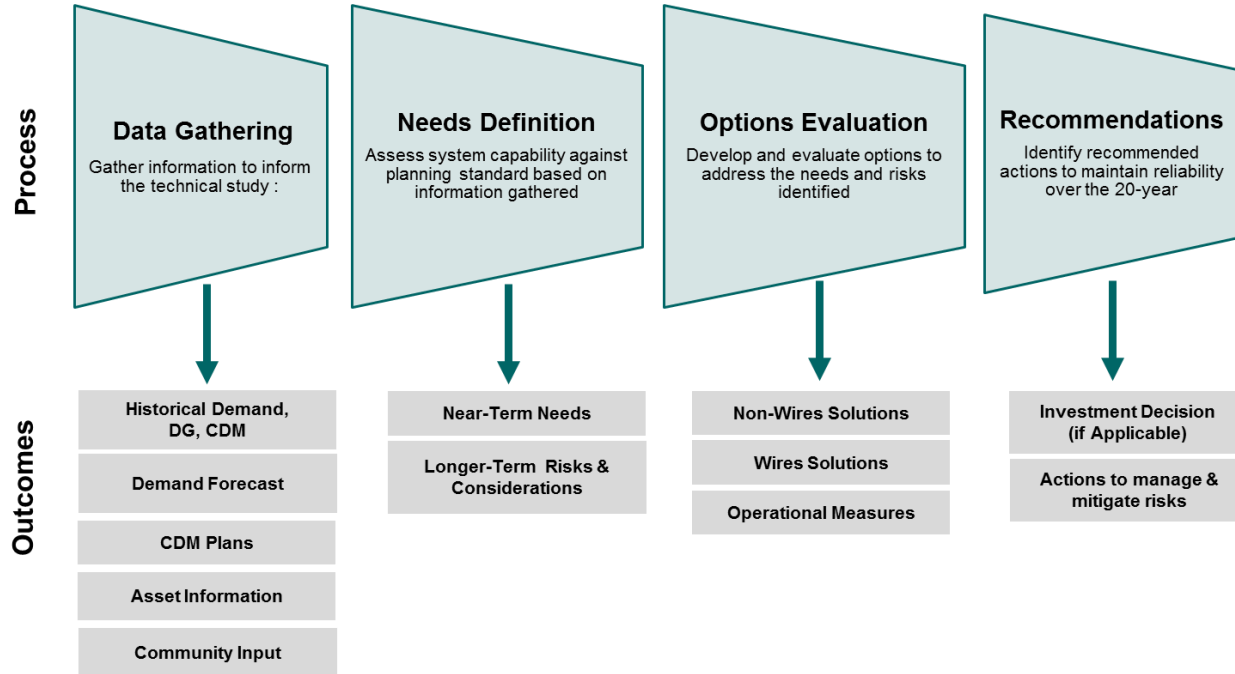
Local Distribution Companies

- Enova Power Corp.
- Alectra Inc.
- Grandbridge energy
- Centre Wellington
- Wellington North
- Halton Hills Hydro Inc.
- Hydro One Networks Inc. (Distribution)
- Milton Hydro

Identifying the Planning Approach

Approach	Typical Considerations	Parties Involved
Integrated Regional Resource Plan (IRRP)	Where a greater range of options, including non-wires, are to be considered, and/or closer coordination with communities and stakeholders is required	IESO (lead) Transmitter LDCs
Regional Infrastructure Plan (RIP)	Considers more straight-forward wires-only options with limited engagement	Transmitter (lead) LDCs IESO
Local Planning	No further regional coordination is needed	Transmitter LDCs

How do we carry out an IRRP?



IRRP Scoping and Sizing

To improve the efficiency of the IRRP, the scope of work would reflect the complexity and needs of the region.

Large IRRP

- Full utilization of the 18-month timeframe required
- Detailed comprehensive load forecast for all stations in the region
- Many urgent and complex needs with broader upstream impacts
- Highly engaged stakeholders with potential sensitivities, requiring comprehensive engagement strategy

Medium IRRP

- Some urgent and complex needs requiring an integrated approach
- Some bulk/upstream implications
- Detailed load forecasting and updating required for select stations
- Moderate interest from stakeholders; engagement required

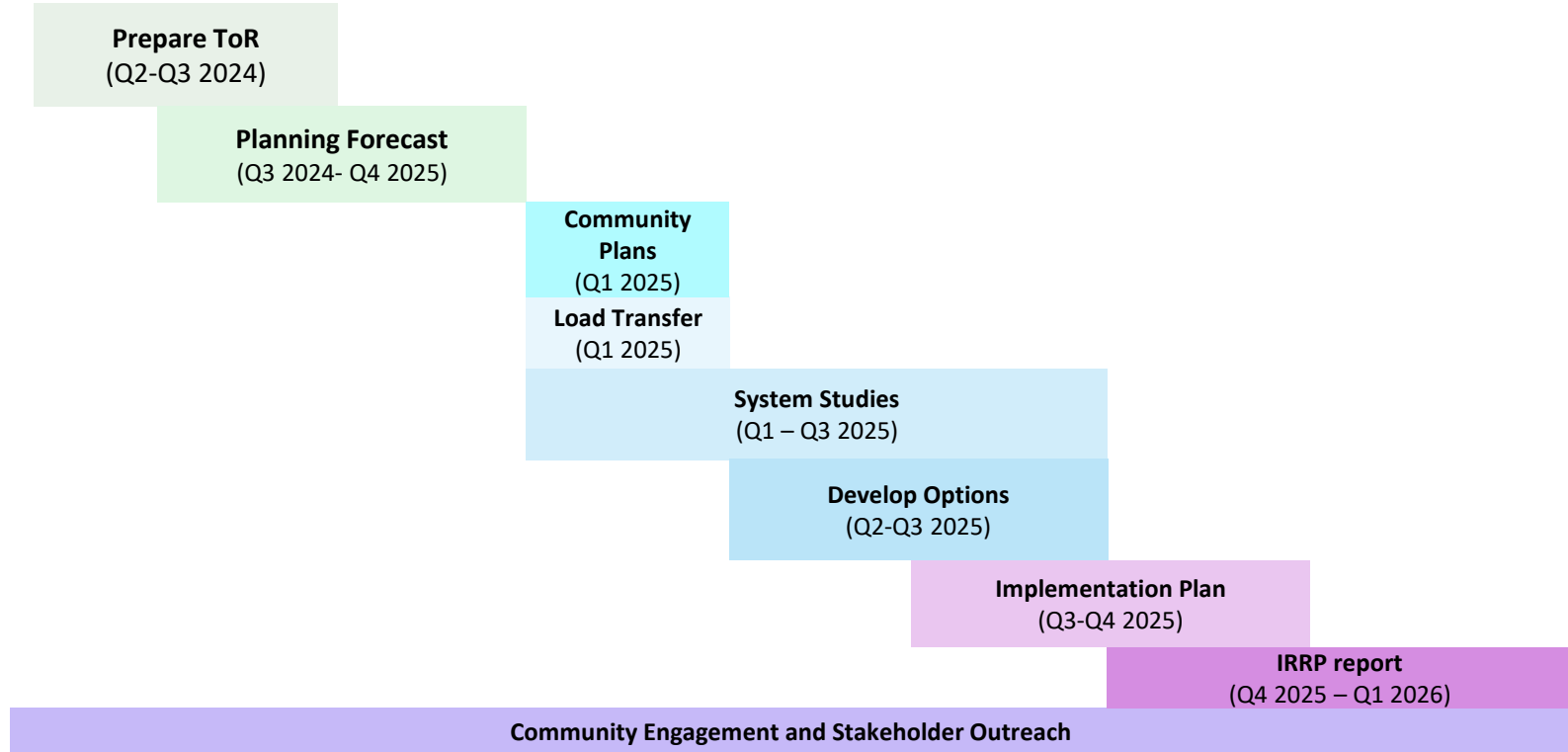
Small IRRP

- Few and small needs requiring coordination
- No bulk system impact
- Detailed load forecasting and updating required for select stations
- Opportunity for public engagement

IRRP Activities Overview

Activity	Lead Responsibility	Details
Prepare terms of reference (ToR)	IESO	Finalize terms of reference considering stakeholder input
Planning Forecast	IESO and LDCs	Establish historical data, demand forecasts, and planning forecast scenarios
Community Plans	IESO, LDCs, Indigenous Communities	Relevant community plans
Load Transfer	LDCs	Load transfer capabilities under normal and emergent conditions
System Studies	IESO, Hydro One Tx	Identify needs from demand forecast scenarios for 20-year projection
Develop Options	All	Flexible planning options for forecast scenarios
Community Engagement	All	Develop communications, collect local input, and incorporate feedback
Implementation Plan	IESO	Community and stakeholder input used to develop long-term recommendations and implementation plans
IRRP Report	IESO	Details the recommended near, medium, and long-term plan

IRRP Preliminary Timeline

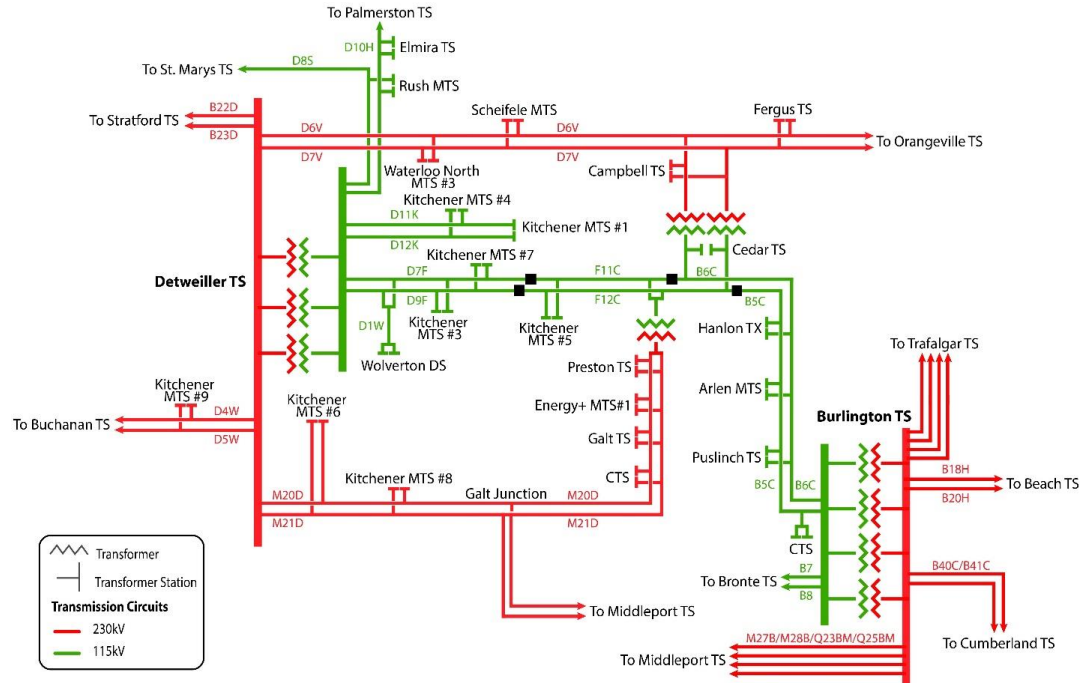




Regional Planning in the KWCG Region

KWCG Region

- The region is served electrically via:
 - 230 kV and 115 kV circuits originating from Detweiler TS and Burlington TS and
 - load stations which tap double-circuit 230 kV lines connecting to Detweiler from the following stations:
 - Orangeville via D6V & D7V
 - Middleport via M20D & M21D
 - Buchanan via D4W & D5W



Previous Regional Planning Cycle – EOL Needs

Previous IRRP was published in May 2021 and RIP in Dec 2021, with the following recommendations for EOL replacements:

Element	Year	Responsible	Status
Kitchener #5 T9 & T10	2023-2024	Enova Power (formerly Kitchener-Wilmot Hydro)	This work is currently forecasted to be completed by Q1 2025
Hanlon T1 & T2	2023-2024	Hydro One	Completed
Cedar T7 & T8	2025-2026	Hydro One	EOL now beyond 10 years. However, may need to be advanced due to capacity needs
Preston T3 & T4	2025-2026	Hydro One	Planned to be replaced by the end of 2027
Scheifele T1 & T2	2025-2026	Enova Power (formerly Waterloo North Hydro)	The expected year of replacement is between 2029-2033
Burlington TS to CTS 1 Line Section	2025-2026	Hydro One	Currently expected to be completed in Q3/ Q4 2025 timeframe
Fergus TS – T3/T4	2028-2029	Hydro One	Hydro One monitoring the condition & will proceed with plan as required
Galt TS – Breakers and Component	2028-2029	Hydro One	Hydro One monitoring the condition & will proceed with plan as required

Previous Regional Planning Cycle – Station Capacity

Element	Recommendation	Responsible	Status
Energy+ MTS #1 T1/T2	Load transfer to Galt TS and Preston TS	GrandBridge Energy Inc.	Load Transfers still underway
Preston T3/T4	Load transfer to Galt TS and Energy+ MTS #1 before end-of-life replacement** by 2025-2026	Hydro One, GrandBridge Energy & Enova Power	Load Transfers still underway, EOL replacement by the end of 2027
Scheifele (T1+T3)/(T2+T4)	Load transfer to Waterloo North Hydro MTS #3, Rush MTS and Elmira TS	Enova Power	EOL replacement between 2029-2033. Load Transfers still underway
Cedar T7/T8	End-of-life replacement** by 2025-2026; if delayed, load transfer to Cedar T1/T2	Hydro One & Alectra	EOL beyond 10 years, may need to be advanced due to capacity needs. Load Transfers still underway
Campbell T3/T4	Permanent load transfer of 4 MW to Cedar TS by 2023, load transfer to Campbell T1/T2	Hydro One & Alectra	Load Transfers still underway
Kitchener #5 T9/T10	End-of-life replacement** by 2023-2024	Enova Power	To be completed by Q1 2025
Kitchener #7 T13/T14	Load transfer to Kitchener MTS #3 or #5	Enova Power	Need date of 2028
Kitchener #8 T15/T16	Load transfer to Kitchener MTS #3	Enova Power	Need date of 2028

Previous Regional Planning Cycle – Long Term Needs

The previous IRRP identified the following long term needs to be re-evaluated as part of future IRRP(s)

Element	Need Type	Recommendation
Circuits B5C and D10H	Supply Capacity	Monitor and re-evaluate periodically
Arlen MTS, Hanlon TS, Rush MTS, Elmira TS, Kitchener MTS #1, and Waterloo North MTS #3	Station Capacity	Monitor and re-evaluate periodically
M20D & M21D	Load restoration	Monitor and re-evaluate periodically



KWCG Region New Needs

May, 2024

New Needs

– Station Capacity Exceeded at:

– H1 Stations

- Preston TS (T3/T4) – Near term (this need exists after transformers have been replaced with a higher LTR)
- Campbell TS (T3/T4) - Near term
- Cedar (T7/T8) – Near term
- Cedar (T1/T2) – Mid term

– Customer MTS

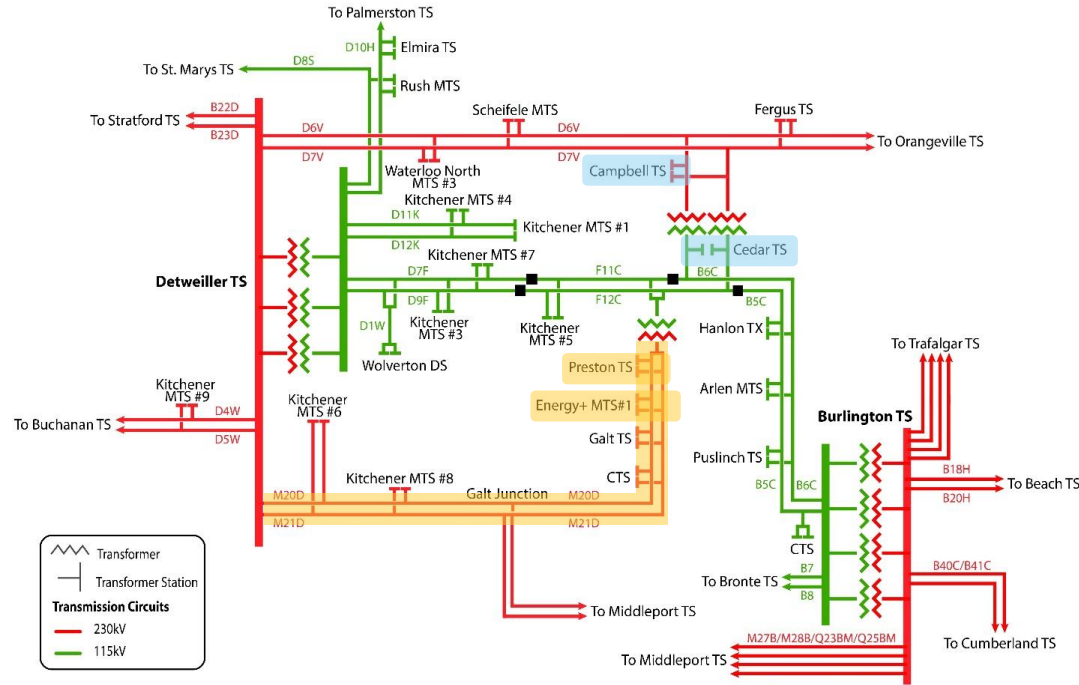
- Energy MTS - Near term
- Kitchener #7 – Mid term
- Waterloo MTS – Midterm
- Rush MTS - Midterm

New Needs

- **Lines Capacity**
 - M20D/M21D – Near Term
 - D11K/D12K – Mid Term
- **Load Security/Restoration Issues/Voltage issues for:**
 - M20D/M21D Load Security – 2032
 - D6V/D7V Load Security – Long term. Monitor for now
 - Voltage change violation on M20D/M21D - 2026
- **System Operational Issues Regarding:**
 - Palmerston-to-Detweiler Transfer During Hanover Bank Outages – No issues.

Preliminary IRRP Work Plan

- The IRRP will start off with data gathering and forecast development for the entire region
- Newly identified near-term needs will be prioritized at beginning of the IRRP
- A potential hand-off letter can be issued during the IRRP to address imminent needs
- Needs at Campbell TS and Cedar TS were identified in the last IRRP with recommendation made
 - Will be revisited after the initial set of near-term needs

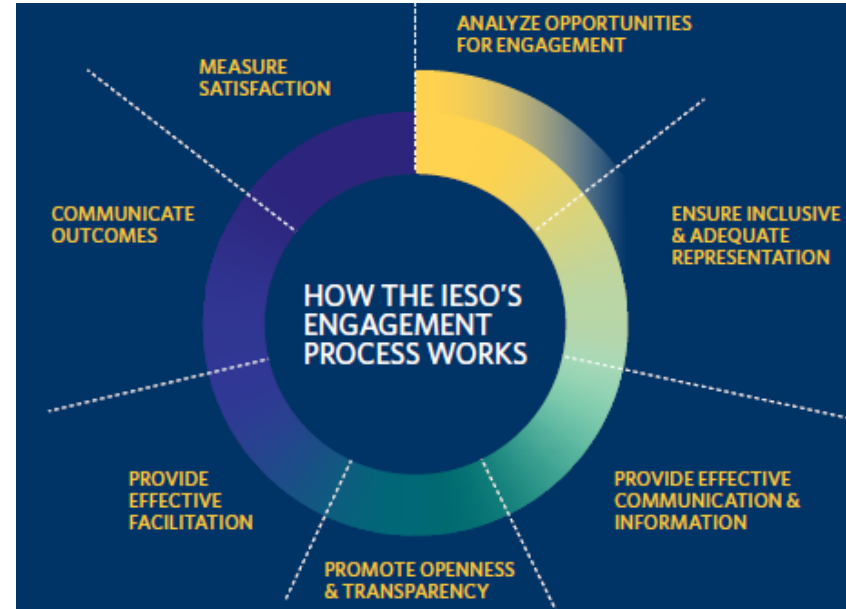




Community Engagement and Next Steps

Role of Regional & Community Engagement

- Ensure awareness and active participation of local communities and stakeholders in discussions related to their growth and development plans, energy priorities and preferences
- Consider input received and seek to align with the Technical Working Group's demand forecast, options development and analysis, and final recommendations
- Engagement throughout the planning process helps to identify and mitigate risks and lay the foundation for successful plan implementation



Last Cycle Engagement

- Engagement to inform the 2021 KWCG IRRP involved targeted outreach with Region of Waterloo, local municipalities and Waterloo Region Community Energy as well as a series of public webinars starting from the Scoping Assessment
- Input received mainly centered on a strong local preference to defer wires solutions with sustainable local energy solutions
- The medium- to long-term nature of the needs identified at that time presented a valuable opportunity for communities to mobilize projects and initiatives to meet local growth targets and energy priorities

Notable Trends Since Last Cycle

- Significant economic development – e.g. \$20 M FluidAI Medical manufacturing facility expansion in Kitchener, \$80 M investment by BWX Technologies, Inc. (BWXT) to expand nuclear manufacturing plant in Cambridge
- Continued focus on community energy initiatives – electrification of transit and heat, conservation and demand management investments (e.g. [Hespeler Wastewater Treatment Plant project](#))
- City of Kitchener awarded by province for Exceeding 2023 Housing Target

Scoping Assessment Timelines

Key Activity	Timing	Notes
Official start	April 10	
Working Group meeting	Early May	To discuss draft recommended planning approach
First draft report for review	Early-mid June	For the Working Group's review
Local discussions/targeted engagement, if required	Late May to mid-June	TBD based on needs and Working Group preferences
Public engagement webinar	Mid- to late June	Seek broader feedback on draft report and recommendations
Feedback due	Early-July	
Response to Feedback	Early-July	
Publish final report	July 08	90 days from kick-off, per regulatory requirements

Purpose of Engagement in the Scoping Assessment

- Manage expectations for scope and breadth of engagement
- Identify targeted stakeholders for one-on-one discussions to provide an overview of the initiative, gauge the level of expectation for regional planning, and seek input on future development plans
 - Can include: municipalities, transmission-connected customers, associations, government, Indigenous communities
- Invite input from a broader list of stakeholders via the public webinar for the draft Scoping Assessment

Questions to Inform Engagement Approach

- What communities or stakeholders in the region should we consider reaching out to at this stage, if any?*
- What are some of the local and regional risks/opportunities that we may need to address in the development of the Scoping Assessment?*

 - Major economic development
 - Local community energy initiatives (e.g. transit electrification)
 - Inform high scenario due to industrial growth and/or decarbonization?

*The IESO would invite members of the Working Group to these discussions, as appropriate

Thank You

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Centre Wellington Hydro Ltd.

Interrogatories

Appendix E

Load Forecast email to IESO

(2.0-VECC-14)

From: [Wayne Dyce](#)
To: [Peng Wang](#)
Subject: RE: Updates Aug 30 - RE: KWCG IRRP: presentation deck for tomorrow and updated load forecast template
Date: September 13, 2019 2:30:00 PM
Attachments: [CWH LDC Regional Load Forecasting Survey_KWCG.docx](#)
[Load Forecast Template_updated_20190830.xlsx](#)

Hi Peng,

Please find attached the completed requested information for CW Hydro. As always if you have any questions please let me know.

Have a nice Friday and weekend!

Wayne Dyce

President

Centre Wellington Hydro

Ph: 519-843-2900 ext 231

From: Peng Wang <Peng.Wang@ieso.ca>

Sent: August 30, 2019 12:06 PM

Subject: Updates Aug 30 - RE: KWCG IRRP: presentation deck for tomorrow and updated load forecast template

Hi KWCG IRRP Working Group,

Hope the email finds you well. Following our meeting last week, we didn't receive any comments on the methodology and will proceed as discussed. Attached please find the updated forecast template to reflect adjustments discussed in the meeting and new information received. **The updates are:**

- Added Loblaw's load to corresponding LDCs. For stations that have multiple LDCs, based on received information so far and interpretation of map, Loblaw's loads are added to: [Preston TS: Energy+](#), [Galt TS: Energy+](#), [Fergus TS: Centre Wellington Hydro](#), If any change is needed please let me know.
- Removed energy storage from forecast template.
- At Fergus TS, adjustments were made between Centre Wellington Hydro and Hydro One Dx loads based on inputs from the two LDCs.
- In addition, small adjustments were made to station/LDC level starting points based on recent updates.

Please let us know if you have any question on the forecast template and starting points. We can make further updates if needed.

Based on discussions with some WG members, we are also providing some **auxiliary information to assist your demand forecast** in case you need:

- In the updated template we added a sheet to show the top 30 coincidental regional summer peak hours of each year. These hours were used to calculate contribution factors from each station and LDCs. This could be useful information for your coincidental regional peak forecast.
- If lacking other methodology to estimate segmentation, the attached mapping between NAICS codes to segmentation of loads could be helpful.

A friendly reminder of action items:

- As requested earlier, if haven't already done, please provide segmentation information, forecast methodology, and confirm if your load is summer peaking. We have received such information from multiple LDCs but still a couple ones missing.
- Please provide your 20-year gross load forecast that corresponds to coincidental regional peaks **by the end of September 13th** (in the deck we said Sep 14 but that's Saturday). In case if there's difficulty to meet this deadline please let us know asap. Thanks!

As always please feel free to let me know if you have any question or we can provide any help.
Have a nice long weekend!

Kind Regards,

Peng Wang, Ph.D., P.Eng., | Senior Planner – Transmission Planning
Independent Electricity System Operator (IESO) | T: (416) 969-6409
1600 - 120 Adelaide W, Toronto, ON M5H 1T1

From: Peng Wang

Sent: August 20, 2019 2:52 PM

To: Kennan Ip; Hammad Saleem; Jiya Shoaib; Bob Chow; Humphrey Tse; Rouselle Gratela; Yasser Atwa; DMoryc@wnhydro.com; ajay.garg@HydroOne.com; Alexander.Hamlyn@HydroOne.com; BCosten@KWHydro.ca; BHartung@wnhydro.com; dwilkinson@wnhydro.com; dyce@cwhydro.ca; farooq.gureshy@HydroOne.com; GCameron@KWHydro.ca; hemant.barot@hydroone.com; jklujber@wellingtonnorthpower.com; JStephens@wnhydro.com; Khurram.Makhdoom@HydroOne.com; Mark.Brodie@HydroOne.com; MastrofrancescoA@miltonhydro.com; mattheww@haltonhillshydro.com; Christopher Hale; mmanjunath@guelphhydro.com; mwittemund@guelphhydro.com; rsinclair@energyplus.ca; RWei@wnhydro.com; sjackson@energyplus.ca; Swang@KWHydro.ca; ted.lyberogiannis@HydroOne.com; uwaqas@energyplus.ca; WMeston@KWHydro.ca; Wayne Dyce; Ralph.Bruni@HydroOne.com

Subject: KWCG IRRP: presentation deck for tomorrow and updatd load forecast template

Hi KWCG IRRP Working Group,

Please find attached the presentation deck for our meeting tomorrow, and the updated forecast template with historical demand, weather correction, and preliminary gross load starting points corresponding to coincidental regional peak demand. The forecast template also has blank rows under each LDC, reserved for if LDCs has information of additional DG information on top of IESO contracted DGs (the IESO can provide capacity factors to estimate DG output based on installed capacity and fuel type). We will cover the process in more detail tomorrow. If you can't call in please review the deck and note the next steps and timeline. Please feel free to contact me if you have any question.

In the deck we are requesting information or comments on a few items. For LDCs who can't call in tomorrow it would be great if you can review the deck and let us know your question/comment.

These items are listed below for your convenience:

1. For the stations that has Loblaw's load and multiple LDCs, we hope to confirm which LDC is supplying these stores (Fergus, Preston, Galt).
2. Segmentation information if not already provided
3. The current starting points are based on weather corrected demand of most recent year (2018). Please let us know if 2018 is an abnormal year.

Kind Regards,

Peng Wang, Ph.D., P.Eng. | Senior Planner – Transmission Planning
Independent Electricity System Operator (IESO) | T: (416) 969-6409
1600 - 120 Adelaide W, Toronto, ON M5H 1T1

Centre Wellington Hydro Ltd.

Interrogatories

Appendix F

CWH and HON1 Dx Outcomes

(2.0-VECC-14)

From: WYNTER Shevaughne <Shevaughne.Wynter@HydroOne.com>
Sent: Thursday, November 2, 2023 11:08 PM
To: NOUMAN Ahmad; JOHNSTON Jamie; AYRE Christina; GILBERT Adam; DELLANDREA Mitch; KELLOWAY Donald; Wayne Dyce; Matthew Aston; HUSSEY Denise
Subject: MoM Nov 1, 2023 -- HONI x CWH Operations and Planning Meeting

Hello everyone

Thanks again to our friends at CWH for the warm hospitality and constructive dialogue. Now that we have bridged contacts especially at the field level please don't hesitate to reach out to one another to discuss any items.

Below are brief notes from our discussions along with some take away items. We'll meet annually going forward with the next sitting in Q4 2024. And in the interim we'll keep the lines of communication open.

Recap of Actions

Mitch Dellandrea → 01NOV23_#1
 Donald Kelloway → 01NOV23_#2 // 01NOV23_#3
 Wayne Dyce → 01NOV23_#4

Attendees		
√ CWH – Wayne Dyce (President)	√ HONI – Jamie Johnston (Front Line Manager, Dx Lines)	√ HONI – Mitch Dellandrea (Operational Specialist)
√ CWH – Matt Aston (Operations Manager)	√ HONI – Adam Gilbert (Supervisor, Dx Lines)	√ HONI – Shevy Wynter (Tx and LDC Account Executive)
	√ HONI – Ahmad Nouman (Supervisor, Dx Design Services)	√ HONI – Denise Hussey (Dx Account Executive)
	√ HONI – Don Kelloway (Dx Planning)	

1. Introductions and Roles & Responsibilities	<ul style="list-style-type: none"> See attendee list. Names and contact information is attached. 	N/A
2. Overview of Dx Process (FBC, Design Services, Lines, etc.)	<ul style="list-style-type: none"> Design Services <ul style="list-style-type: none"> Joint Use Management Portal (JUMP) is a web-based intake tool for users to submit joint use request and other service requests. JUMP ensures transparent two-way communication and record keeping. Ahmad can be called for any informal inquiries or brainstorming, but JUMP should be primary intake. Wayne / Matt can be reached for an requests for CWH. JUMP can be used to send notifications to LDC only if the LDC sets it up. Distribution lines <ul style="list-style-type: none"> Responsible for executing all work in the field, from maintenance to trouble calls to capital / new build. Once Design Services completes a design, it is sent to the Field Business Centre for scheduling where the work is then released to Lines to execute. Jamie or Adam can be called for any lines related inquiries. But reminder that ISOC remains the Controlling Authority for M-class feeders (44kV) and certain requests must be approved via them i.e., feeder outage, real-time switching operations, etc. 	N/A
3. Operational items / matters (post event, etc)	<ul style="list-style-type: none"> Changes <ul style="list-style-type: none"> HONI is moving away from low tension diagrams, commonly known as "ZLT". This will be replaced by GIS prints. It will be accessible on the operations web portal. ISOC <ul style="list-style-type: none"> In general no complaints about ISOC interactions. To streamline outage requests it is best that CWH and Dx Lines work amongst themselves to develop outage postures and then relay the information to ISOC. This could avoid confusion and mitigate delays with outage approvals. Feeder performance <ul style="list-style-type: none"> M7 is considered one of HONI's worst performing feeders. HONI will be installing remote load break switches to improve reliability. No PQ or voltage complaints from CWH's customer. 	01NOV23_#1 <ul style="list-style-type: none"> Mitch will provide more information on the ZLT replacement strategy and share a copy of the legacy ZLT print.
4. Planning items / matters (growth, capacity, SAA, etc)	<ul style="list-style-type: none"> Load growth <ul style="list-style-type: none"> Projected growth in the Elora and Fergus area i.e., new residential developments, proliferation of EV charges, etc. The County has provided a detailed list and map of all the municipal works during Township meeting in Sept 2023. CWH system can handle the projected load. If load is more than system limitation then CWH will evaluate voltage conversion. KWCG Regional Planning is underway and load forecast for all LDCs out of Fergus TS will be considered. This could trigger additional infrastructure investment in the area. DS capacity <ul style="list-style-type: none"> HONI will be increasing capacity at a DS in the long-term plan. Currently CWH does not foresee a need for a F-class (8kV) supply from the DS. CWH is currently developing its Distribution Service Plan and the plan is to build 1 new 8kV station. TS capacity <ul style="list-style-type: none"> Capacity is available at Fergus TS to accommodate a new 44kV feeder if required. Takes about 3-5 years to implement – from planning to approvals to build and in-service. 	N/A
5. Future work	<ul style="list-style-type: none"> Dx enhancements <ul style="list-style-type: none"> HONI will be installing remote load break switches on the Fergus M7. Target is 2025. CWH has nothing planned for 2024 that impacts or requires support from HONI. Dx sustainment <ul style="list-style-type: none"> HONI to see if there are any plans to replace poles for M1 and M3 near the TS by Anderson St. The poles are older and in an off-road section that is not most accessible. There was a fire in the area in the past as well. Dx Lines <ul style="list-style-type: none"> HONI is planning a 3 hour interruption on Nov 26 on Fergus M1 (outage ID 23-07130). Outage will impact Wellington North Power and some DGs. External factors <ul style="list-style-type: none"> Work triggered by the Township is captured in the Utility Coordination meeting from Sept 2023. 	01NOV23_#2 <ul style="list-style-type: none"> Donald will provide more details on proposed locations for the remote load break switches for feedback/input from CWH and Dx Lines. 01NOV23_#3 <ul style="list-style-type: none"> Donald to confirm the M1 and M3 pole replacement strategy.
6. Round table	0. CWH is more than welcome to visit ISOC for tour. Possibly can visit a station as well, maybe Essa TS since it has both a 500kV and 230kV yard. Tour may require 2 separate dates to accommodate splitting of CWH crew. 1. Will keep this annual forum and meet again in November 2024.	01NOV23_#4 <ul style="list-style-type: none"> Wayne to propose some dates in 2024 that CWH is available to venture to Orillia, and Mitch/Shevy will try to arrange an ISOC and TS tour.

Shevy

Tx Account Executive | Northeast & Greater Bruce Huron | C: 705.818.0069

-----Original Appointment-----

From: WYNTER Shevaughne
Sent: Tuesday, October 10, 2023 9:07 AM
To: WYNTER Shevaughne; NOUMAN Ahmad; JOHNSTON Jamie; AYRE Christina; GILBERT Adam; MACDONALD John; DELLANDREA Mitch; KELLOWAY Donald; Wayne Dyce; Matthew Aston
Cc: HUSSEY Denise; ZHU Lei
Subject: Operations and Planning Meeting with CWH
When: Wednesday, November 1, 2023 11:00 AM-2:00 PM (UTC-05:00) Eastern Time (US & Canada).
Where: 730 Gartshore St, Fergus, ON N1M 2W8

Purpose: In-person introductory meeting between Centre Wellington Hydro and HONI for relationship building and to discuss operational and planning items.

H1 Attendees: Will confirm the HONI attendees prior to meeting.

Agenda: Please below for a high-level agenda. Feel free to propose any specific topics of interest.

Topic	Lead
1. Housekeeping	CWH
2. Introductions and Roles & Responsibilities	All
3. Overview of Dx Process (FBC, Design Services, Lines, etc.)	HONI
4. Operational items / matters (post event, etc)	All
5. Planning items / matters (growth, capacity, SAA, etc)	All
6. Future work	All
7. Round table	All

Centre Wellington Hydro Ltd.

Interrogatories

Appendix G

CWH's 2015 AMP

(2.0-VECC-16)

6 Asset Condition Assessment

This section details the results of CWH's distribution system assets' condition assessment as of October 2015. The condition assessment exercise was completed by taking into account all available indicators of asset health, including service age, results of inspections and testing. Health index algorithms described in section 4 were employed to benchmark the condition of the assets on a scale of 1 to 100. Where only partial information on health indicators was available for certain assets, the health index algorithm was modified to establish normalized health index for the asset based on the available information.

6.1 Overhead Distribution

Overhead distribution encompasses all assets downstream of the station which are configured in a typical Overhead design. As egress feeders leave the station they are either underground to a riser pole or overhead directly to the overhead circuit. Major asset classes of overhead distribution include:

- Lines conductor
- Poles
- Insulators and hardware
- Pole mounted transformers
- Protective devices
 - Switches, and cut-outs (both fused and not fused), arresters etc.

The overhead distribution network at CWH employs 3-phase 44 kV lines and both 1-phase and 3-phase 4 kV lines. Total circuit lengths employed on 44 kV and 4 kV lines is in Figure 7.

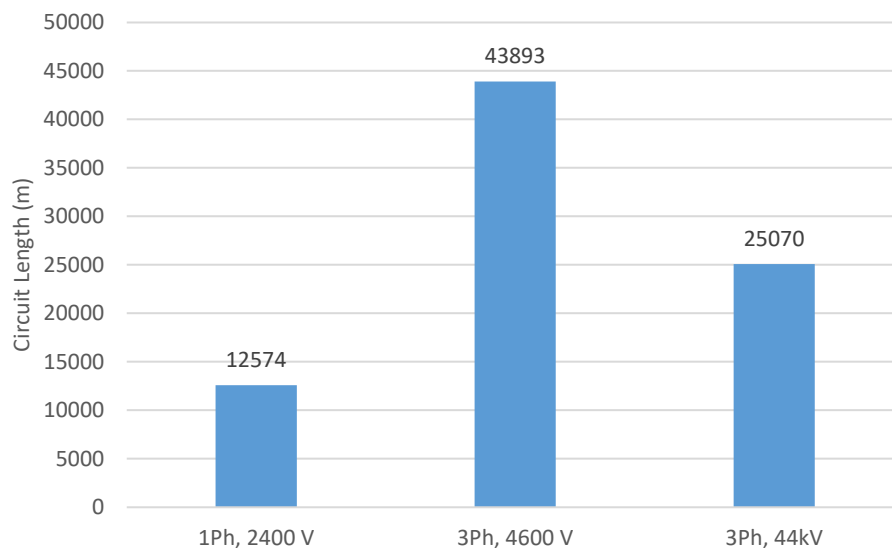


Figure 7: OH Line Circuit Lengths in Service

The 44 kV supply lines to stations employ 556 kcmil and 336 kcmil aluminum conductor. The conductor sizes employed on three phase and one phase 4kV lines are indicated in Figures 8 and 9 respectively.

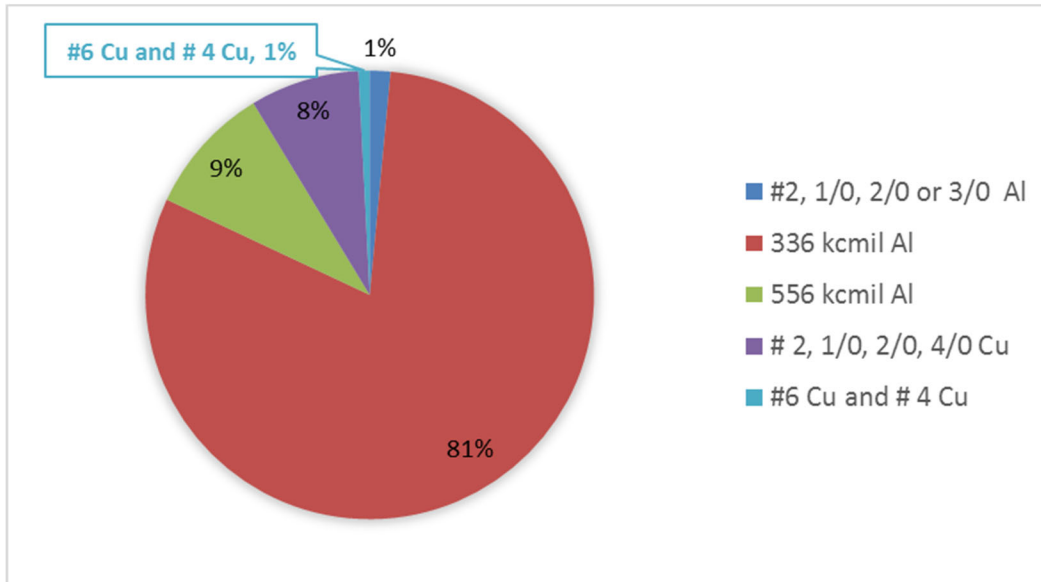


Figure 8: Conductor Sizes on 3-Ph, 4160V Lines

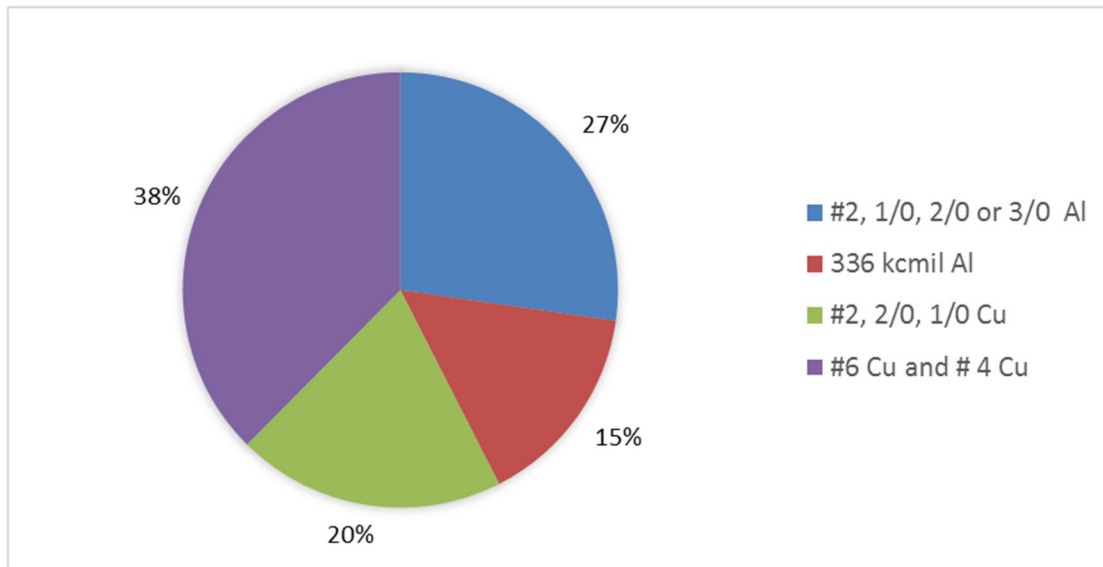


Figure 9: Conductor Sizes on 1-Ph, 2400V Lines

As indicated in Figure 8, the trunk lines on three phase circuits generally employ 336 kcmil aluminum and smaller conductor sizes are employed on branch circuits. The conductor sizes on single phase lines are also adequate for the load levels. It is noteworthy that a significantly large fraction of the single phase lines employ #4 and #6 AWG solid copper conductors. These small conductors, particularly when they approach the end of their typical service life, are known to fail in service under mechanical stress.

The typical useful life of overhead conductor is approximately 60 years. Figures 10, 11 and 12 indicate the age profile of various distribution lines as of 2015.

1-PH, 2400V OH Lines

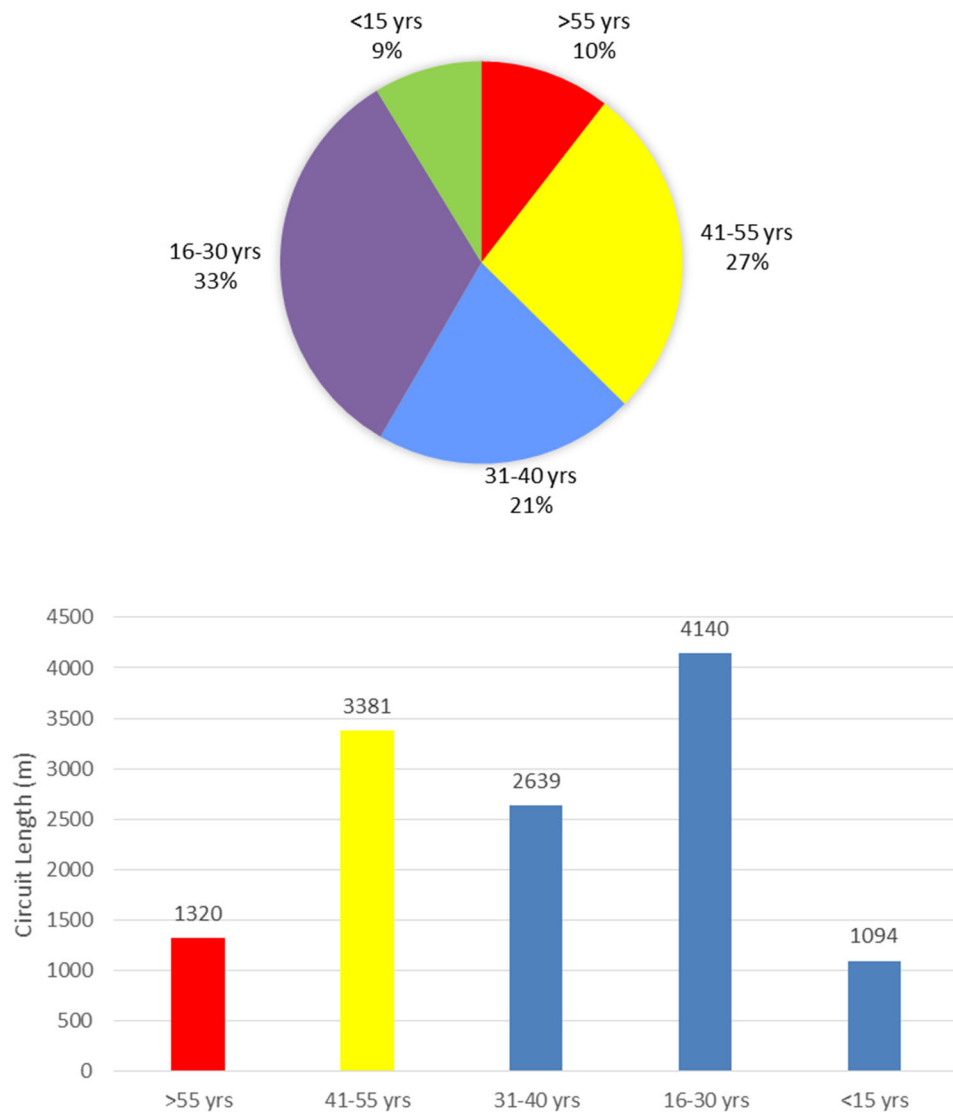


Figure 10: Age Profiles of 1-Ph 4 kV Overhead Lines

3-PH, 4160V OH Lines

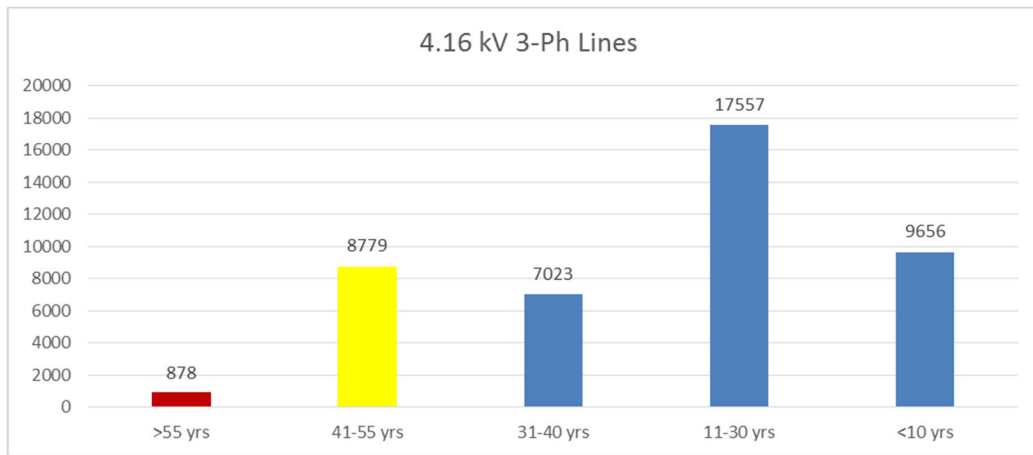
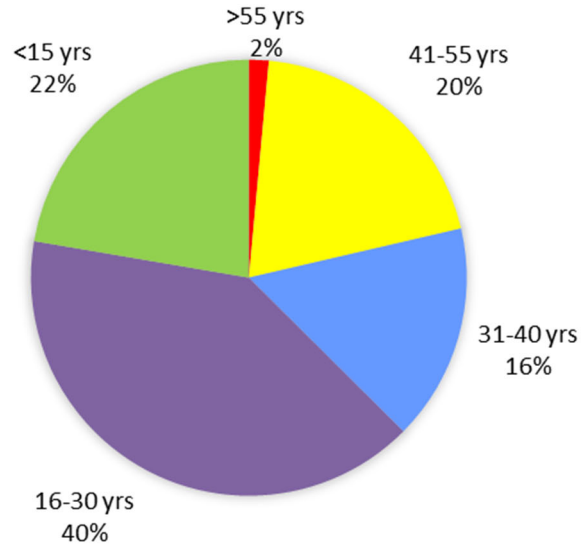


Figure 11: Age Profiles of 3-Ph 4 kV Overhead Lines

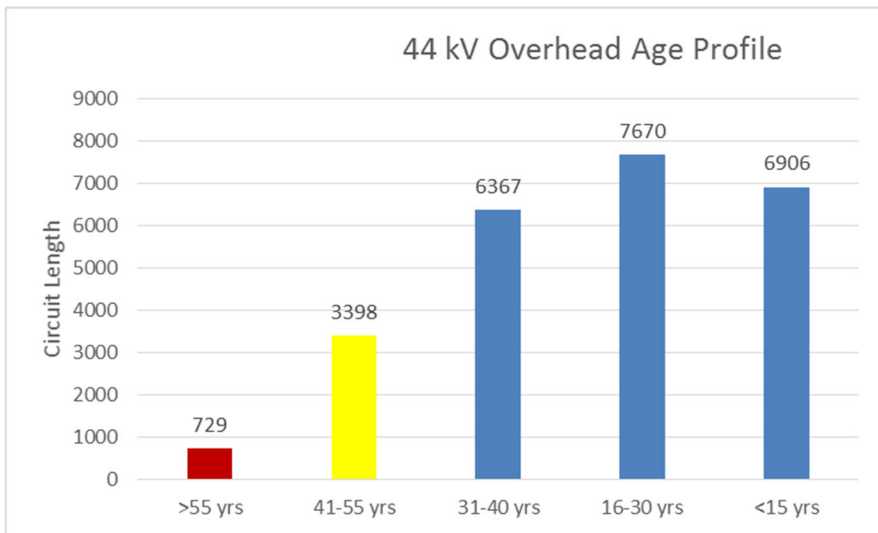
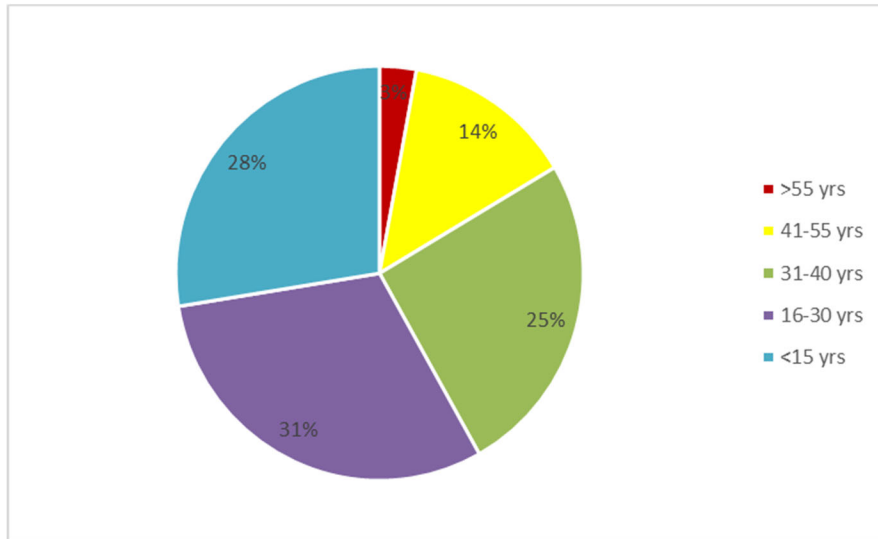


Figure 12: Age Profiles of 44 kV Overhead Lines

CWH's pole population totals 1881 poles. As indicated in Figure 13, a majority of the poles are wood poles (77%), while approximately 22% of the poles are concrete poles and a small number of steel poles are also employed. Figure 14 indicates the age profile of wood and non-wood poles.

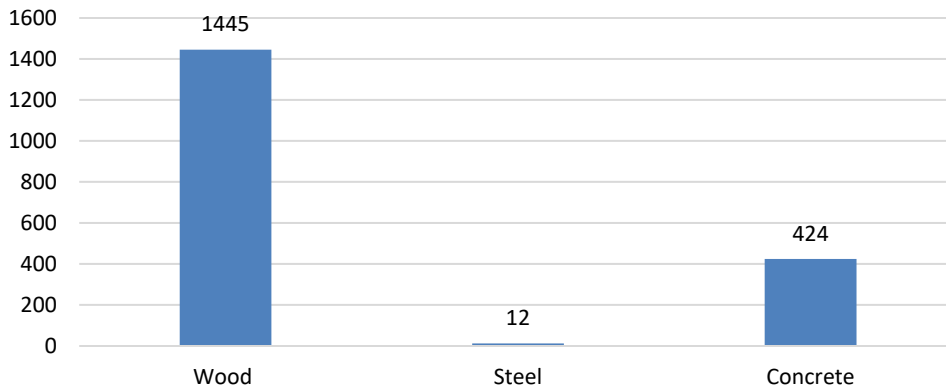
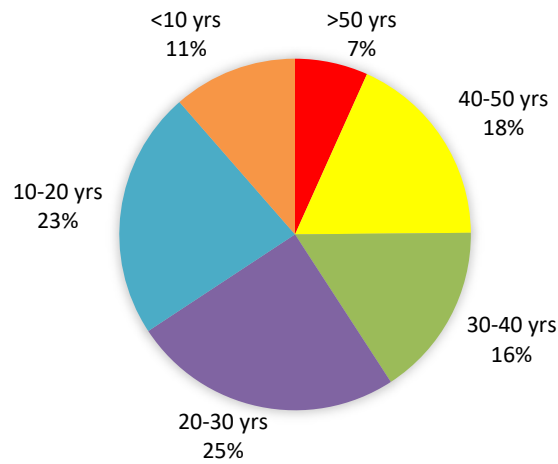
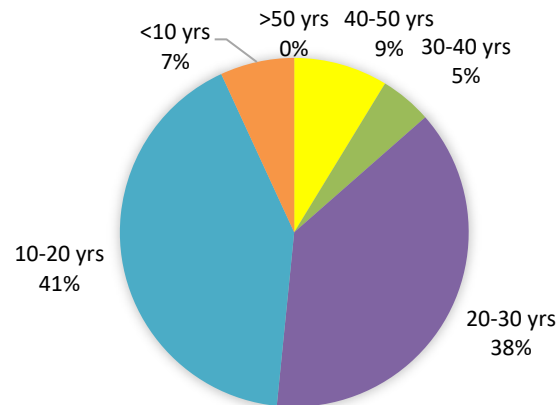


Figure 13: Pole Types Employed on CWH's Distribution System



(a) Wood Poles



(b) Concrete and Steel Poles

Figure 14: Pole Service Age Profile

The age profile presented in Figure 14 indicates approximately 25% of the wood poles will reach or exceed the typical useful service life mark of 45 years for wood poles, during the next five years. To confirm the remaining life of poles CWH tested approximately 200 randomly selected poles during 2014. The results of testing are summarized in Figure 15 and 16. As shown in Figure 15, from a batch of 100 tested poles with service life of 30 years or greater, 5% of the poles were found in poor condition, 47% in fair condition and 48% in good condition. As shown in Figure 16, from a batch of 100 poles with service age of less than 30 years, no poles were found in poor condition, 13% of poles were in fair condition and a vast majority of 87% poles were found in good condition. These test results suggest, wood poles in CWH service territory will provide a mean service life greater than the typical useful life reported in OEB commissioned asset depreciation study, summarized in Table 32.

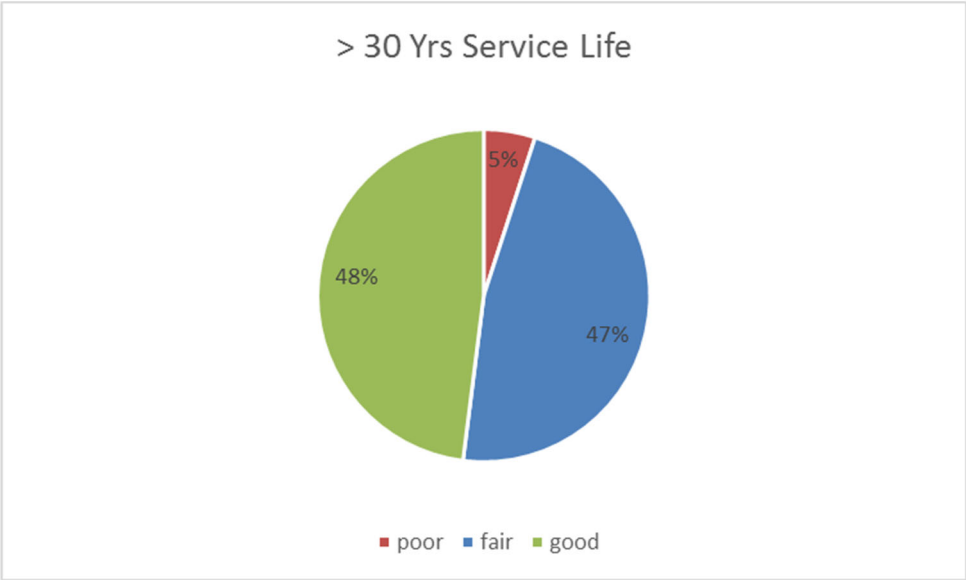


Figure 15: Wood Pole Test Results (Service Life > 30 Years)

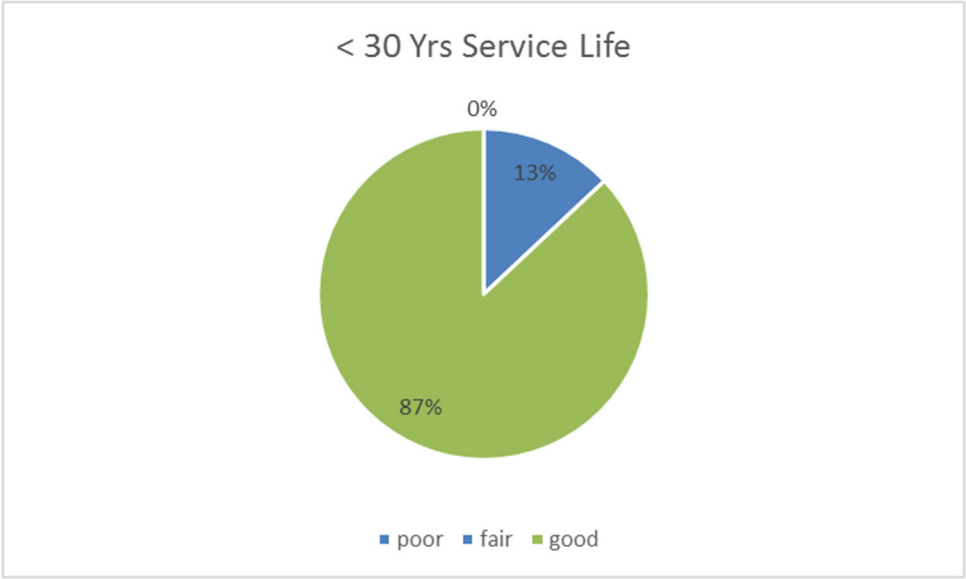


Figure 16: Wood Pole Test Results (Service Life < 30 Years)

By taking into account the service age of overhead lines, results of pole testing and the extent of small conductors (#4 and #6 copper) employed on overhead lines, Figure 17 summarizes the quantity of line sections based on health indices, ranging from very good to very poor.

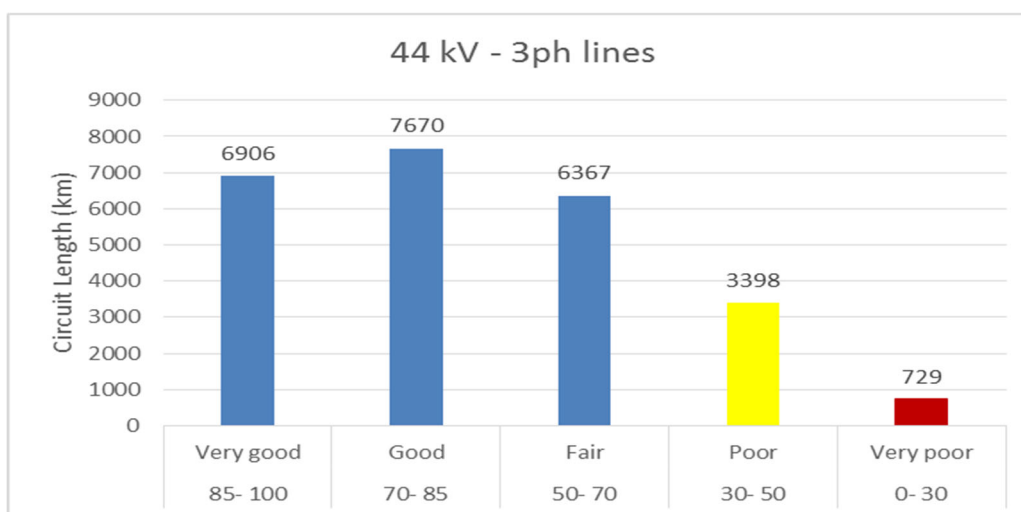
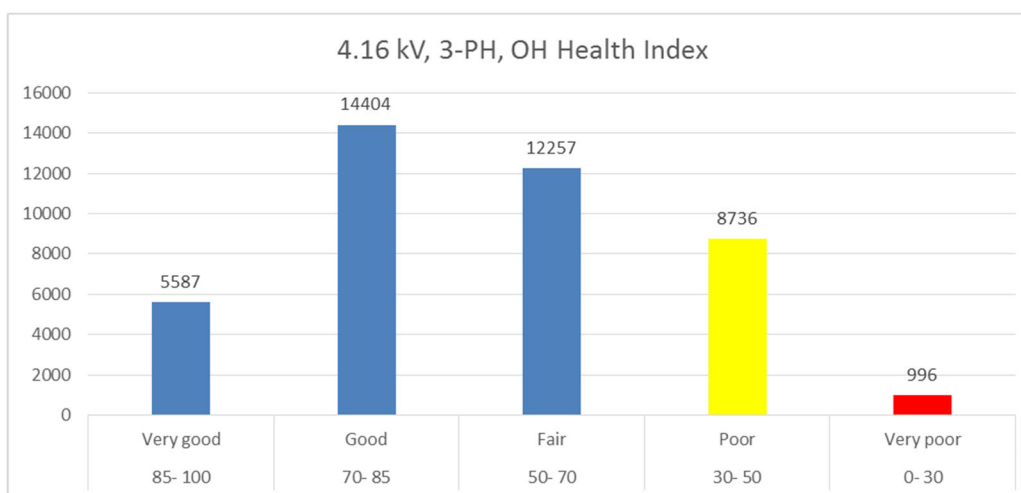
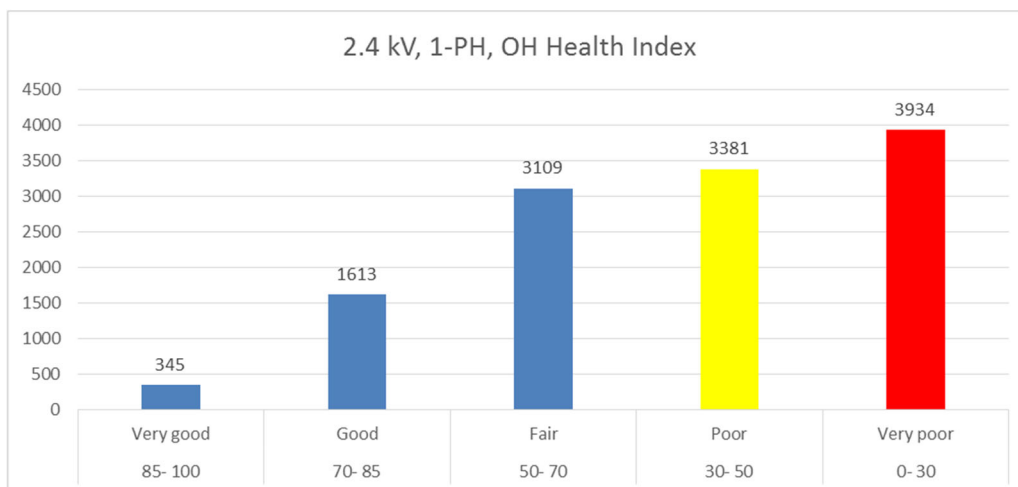


Figure 17: Overhead Line Health Indices

CWH employs approximately 318 pole-mounted distribution transformers. Figures 18 and 19 show the kVA ratings of pole mounted transformers employed in single phase, three phase (bank) applications.

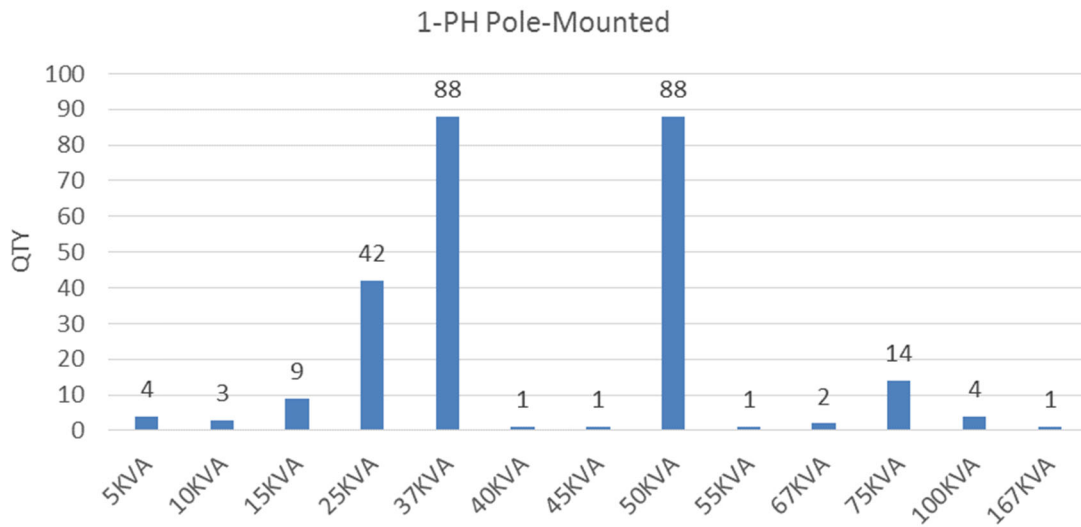


Figure 18: kVA Ratings of 1-Phase Pole-mounted Transformer

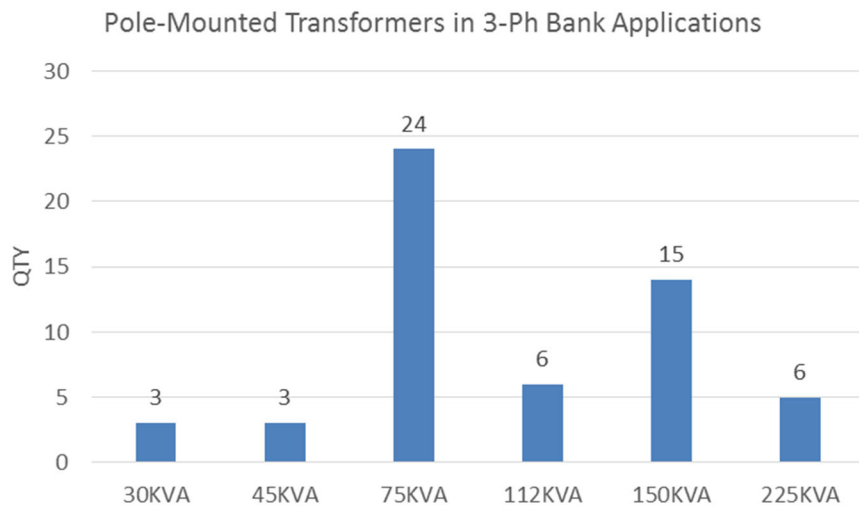


Figure 19: Number of Pole Mounted Transformers in 3-Phase Bank Applications

Figure 20 shows the number of pole-trans type distribution transformers in various ratings, which are scheduled to be replaced due to safety concerns.

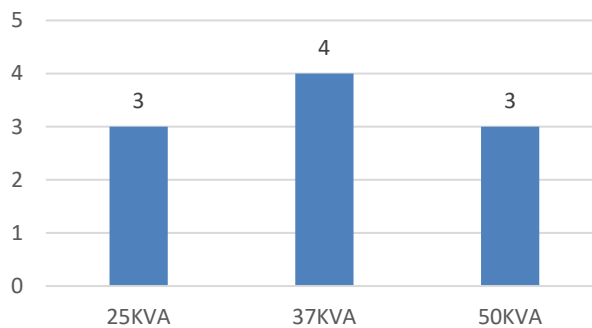


Figure 20: Pole-Trans Transformers Various Sizes

Figure 21 shows the age profile of pole mounted distribution transformers. The typical useful life of an overhead distribution transformer is 40 years. Figure 22 indicates the condition of pole-mounted transformers, based on the service age. CWH has not had extensive failure issues with distribution transformers, and like most distribution utilities, CWH manages this asset category in form of reactive replacement strategy, i.e. replace transformers upon failure, unless the inspections identify transformers that present safety risks.

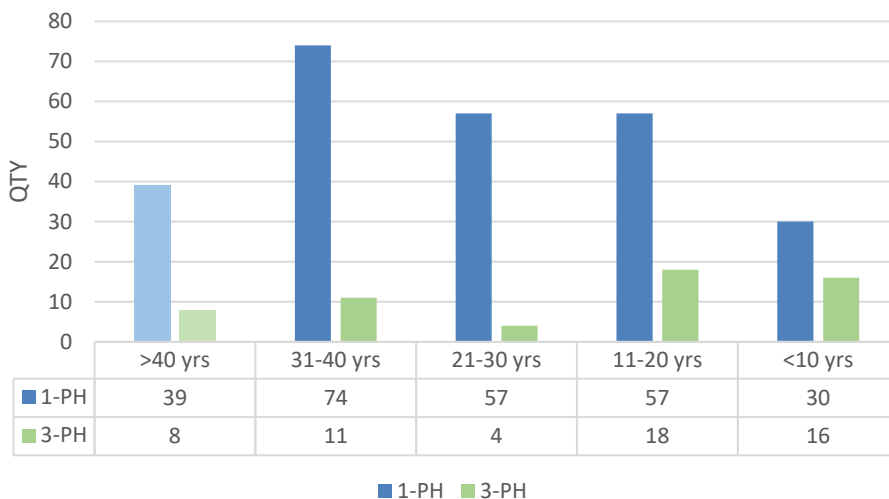


Figure 21: Age Profiles of Pole-mounted Transformers

Figure 22 summarizes the age profile of fused-cutouts, disconnect switches and load break air switches employed on CWH overhead lines.

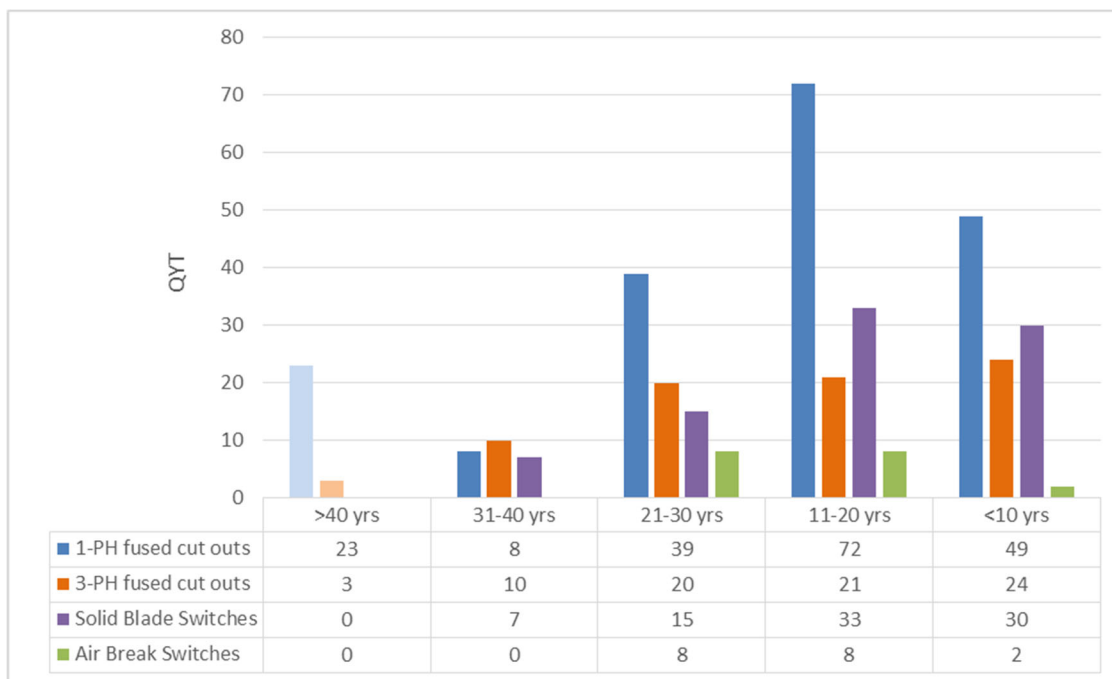


Figure 22: Overhead Line switches and Fused Cutouts

6.2 Underground Distribution System

Underground distribution system encompasses insulated cables, pad-mounted distribution transformers and pad-mounted switching kiosks. Figure 23 shows the age profile of insulated cables employed on 44 kV distribution network, mostly at the distribution stations. As shown, with the exception of a very small length of cable section, the vast majority of cables are well below their typical useful service life. The short length of old vintage 44 kV cable will be replaced in conjunction with the rebuild of distribution stations scheduled for 2016.

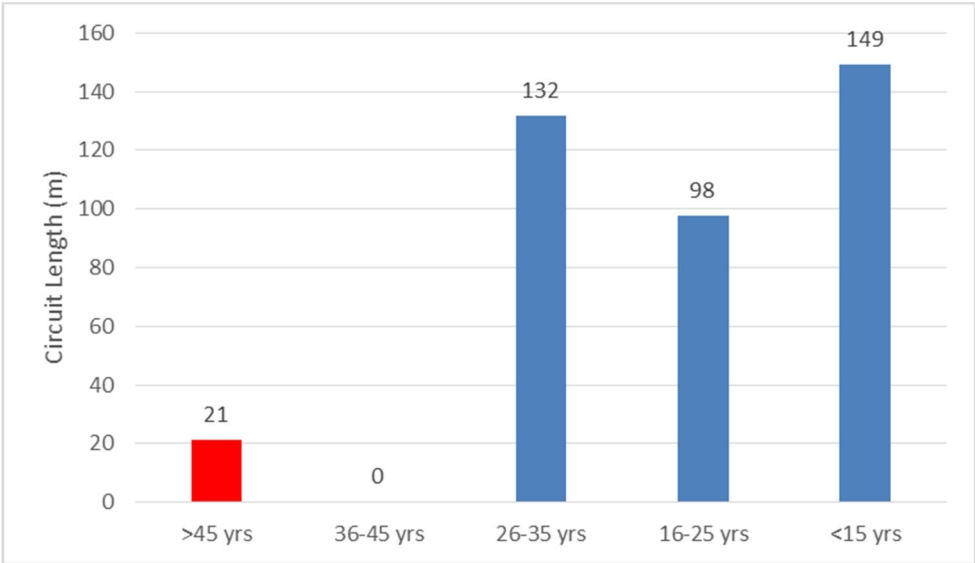


Figure 23: Age Profile of Insulated Cables Employed on 44 kV System

Figures 24 and 25, respectively, show the age profile of cables employed on 1-phase and 3 phase circuits of 4 kV underground network and Figure 26 shows the age profile of cables employed on LV lines and services. Although a small fraction of the installed cable circuits have reached beyond the typical service life expected for underground cables, so far CWH has not experienced many cable failures. CWH has schedule a poletran and underground cable replacement project for 2016 which will eliminate the majority of underground cable over 45 years old.

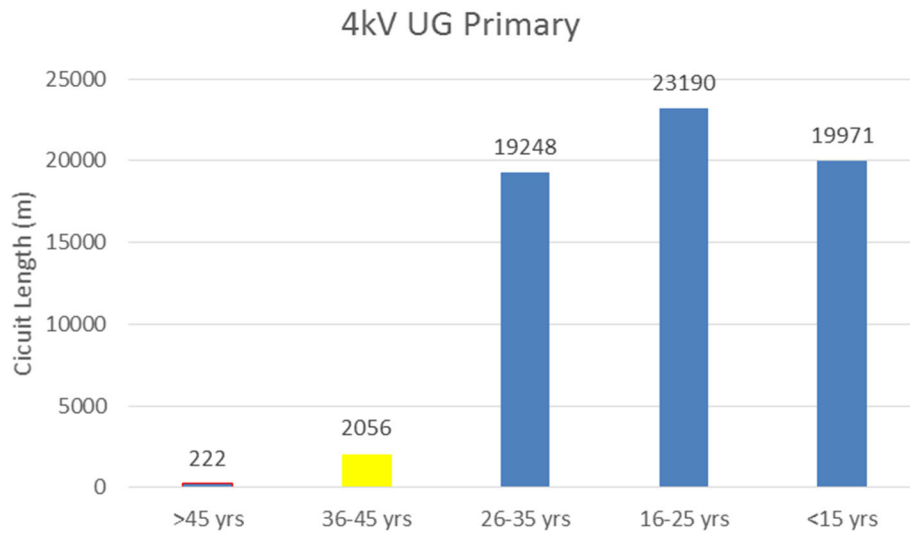


Figure 24: Age Profile of 1-phase Insulated Cables Employed on 4 kV System

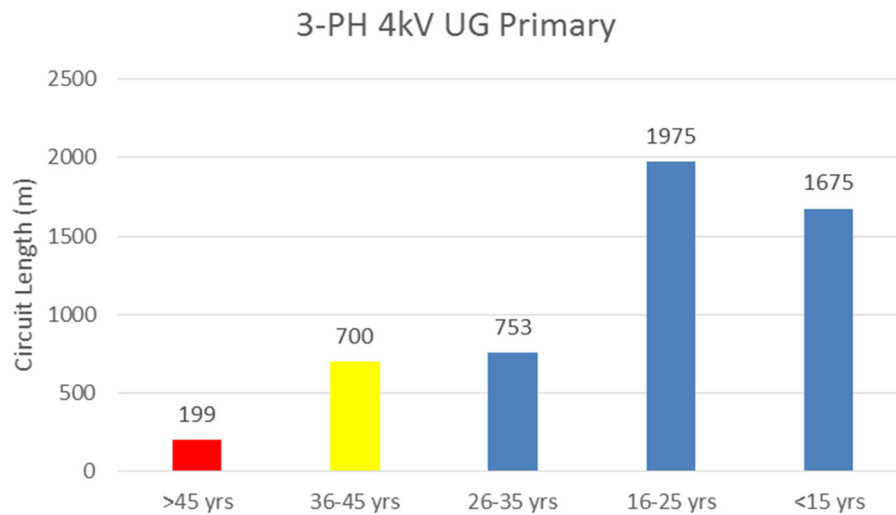


Figure 25: Age Profile of 3-phase Insulated Cables Employed on 4 kV System

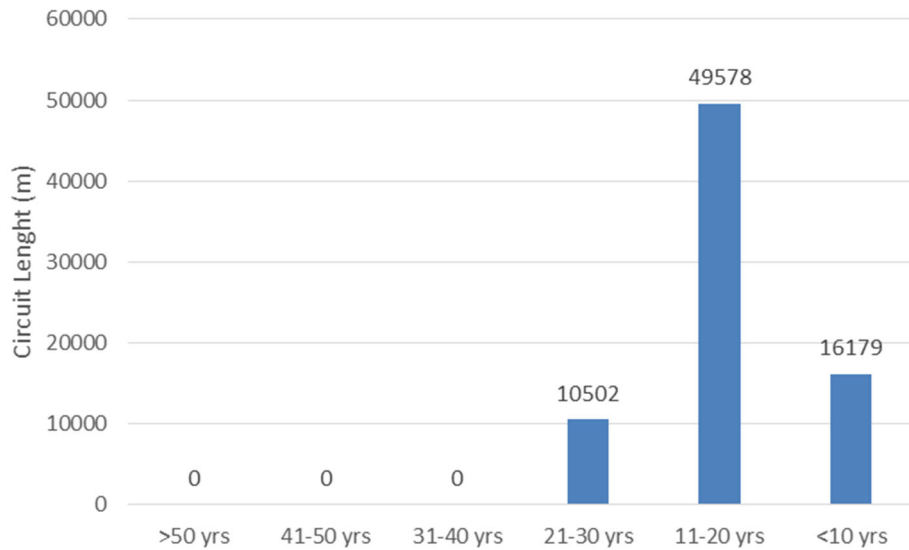


Figure 26: Age Profile of LV Cables

CWH employs approximately 394 single-phase and 96 three-phase, pad-mounted distribution transformers. Figures 27 and 28 show the kVA ratings of pad mounted transformers employed in single phase, three phase applications.

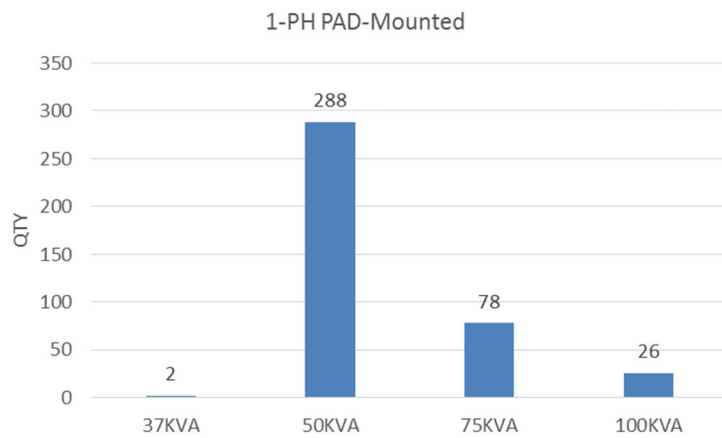


Figure 27: kVA Ratings of 1-Phase Pad-mounted Transformer

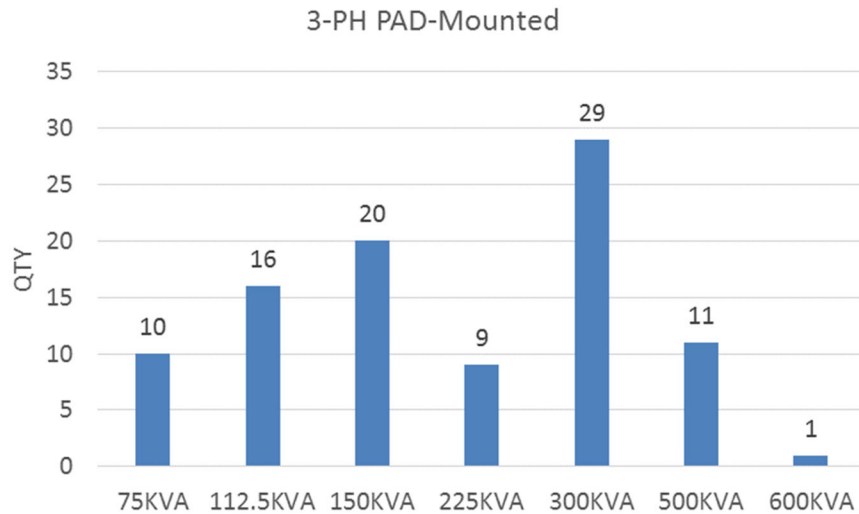


Figure 28: kVA Ratings of 3-Phase Pad-mounted Transformer

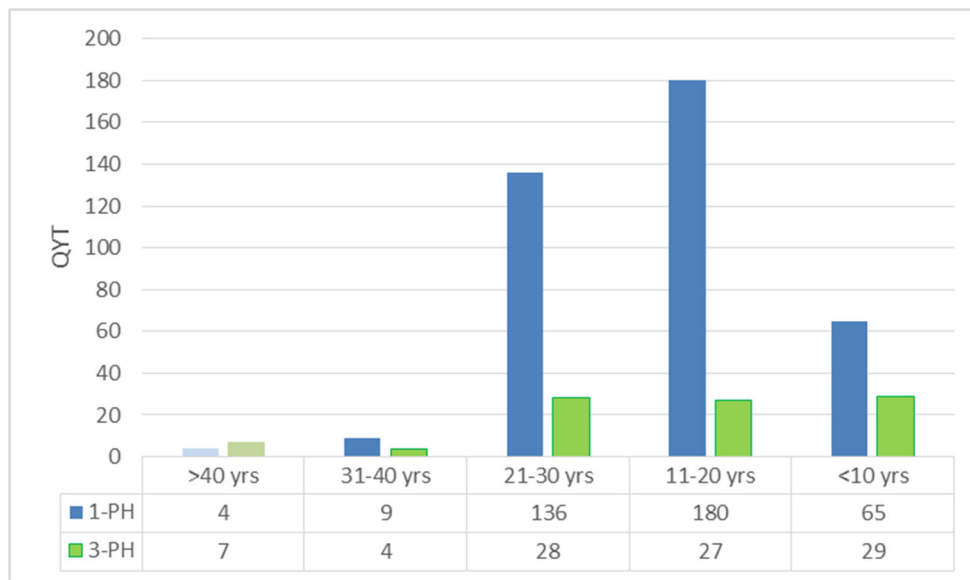


Figure 29: Age Profiles of Pad-mounted Transformers

The typical useful life of a pad-mounted transformer is 35 years. Figure 30 shows the condition of pad-mounted transformers. CWH has not had extensive failure issues with distribution transformers, and like most distribution utilities, CWH manages this asset category in form of reactive replacement strategy, i.e. replace transformers upon failure, unless the inspections identify transformers that present safety risks. As shown in Figure 30, along some main regional streets, where different types of road salts have been tried for snow melting, distribution transformers have experienced excessive corrosion of the enclosures, requiring rehabilitation.



Figure 30: Excessive Corrosion of Enclosures on UG Pads

6.3 Stations

As previously described, there are six municipal stations serving the Centre Wellington Hydro (CWH) service territory. The town of Fergus is served by four stations, designated: MS1, MS2, MS3, and MS4 and the village of Elora is served by two stations, designated MS1 and MS2. Major assets employed at municipal stations include: Power transformers, 44 kV switchgear and 4 kV switchgear.

Based on the condition assessment of major equipment and the asset management plan developed in 2012, CWH has upgraded the 44 kV and 4 kV switchgear at three of the six stations: MS-1, MS-2 and MS-3 in the town of Fergus, during the past five years. For power transformer, the tanks were repainted and equipped with cooling fans, but no work was undertaken to upgrade the coil insulation. MS-1 substation in the village of Elora was completely rebuilt and equipped with a new power transformer, in addition to new 44 kV and 4 kV switchgear. Table 36 summarizes the original manufacture/rebuilt date of power transformers and documents the recently completed and planned switchgear upgrade initiative.

Station Designation	Transformer In Service/ Rebuilt Date	Transformer Capacity	44 kV Switchgear	4 kV Switchgear with Automated Reclosers
MS-1 (Fergus)	Not Known	5MVA	Upgraded During Past Five Years	Upgraded During Past Five Years
MS-2 (Fergus)	Not Known	5MVA	Upgraded During Past Five Years	Upgraded During Past Five Years
MS-3 (Fergus)	1992	5MVA	Upgraded During Past Five Years	Upgraded During Past Five Years
MS-4 (Fergus)	1989	5MVA	Scheduled for Upgrade in 2015/16	Scheduled for Upgrade in 2015/16
MS-1 (Elora)	2014	6/8MVA	Upgraded During Past Five Years	Upgraded During Past Five Years
MS-2 (Elora)	1997	5MVA	Scheduled for Upgrade in 2015/16	Scheduled for Upgrade in 2015/16

Table 36: Recently Completed and Planned Switchgear Upgrade Projects

By taking into account the original manufacture or rebuilt date, historic loading levels, results of recent inspections and oil tests performed in 2015, health indices were developed to benchmark the relative condition of power transformers and Figure 31 shows the relative condition of power transformers, expressed on a scale of 1 to 100. The power transformers at MS-1 and MS-2 stations in Fergus are very old (MS-2 power transformer appears to be the oldest), with unknown original manufacture date. Although the insulating oil tests performed in 2015, do not reveal any concerns with internal coil insulation, due to their advanced age, the power transformers at MS-2 and MS-1 will require replacement within the 10-year period. Oil tests for power transformers at MS-3 and MS-4 in the town of Fergus indicate elevated levels of CO and CO₂ in oil, a sign of insulation overheating. The overheating situation is not at an alarming level, but should be monitored through routine oil testing. Similarly, oil testing of power transformer at MS-2 in the village of Elora has indicated slightly lower surface tension, a sign of insulation degradation, but still not alarming levels. Based on the power transformer health indices, the power transformer at Elora MS-1 is considered in “very good” condition and all of the remaining transformers are considered to be in “fair” condition.

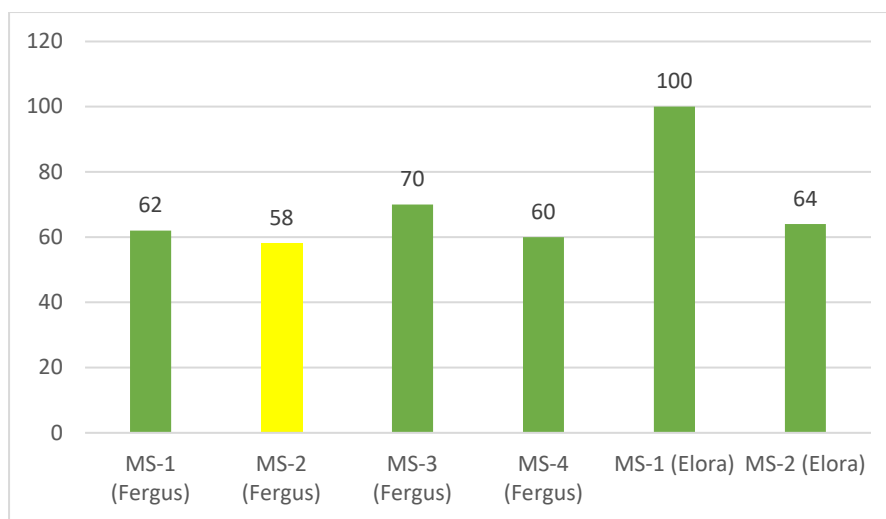


Figure 31: Power Transformer Condition

By taking into account the original manufacture date, results of recent inspections and level of sophistication of protection and control relays, health indices were developed to benchmark the relative condition of switchgear and Figure 33 shows the relative condition of switchgear, expressed on a scale of 1 to 100. Switchgear at MS-4 in the town of Fergus and MS-2 in the village of Elora is considered in “poor” condition and switchgear at all of the remaining substations is determined to be in “very good” condition.

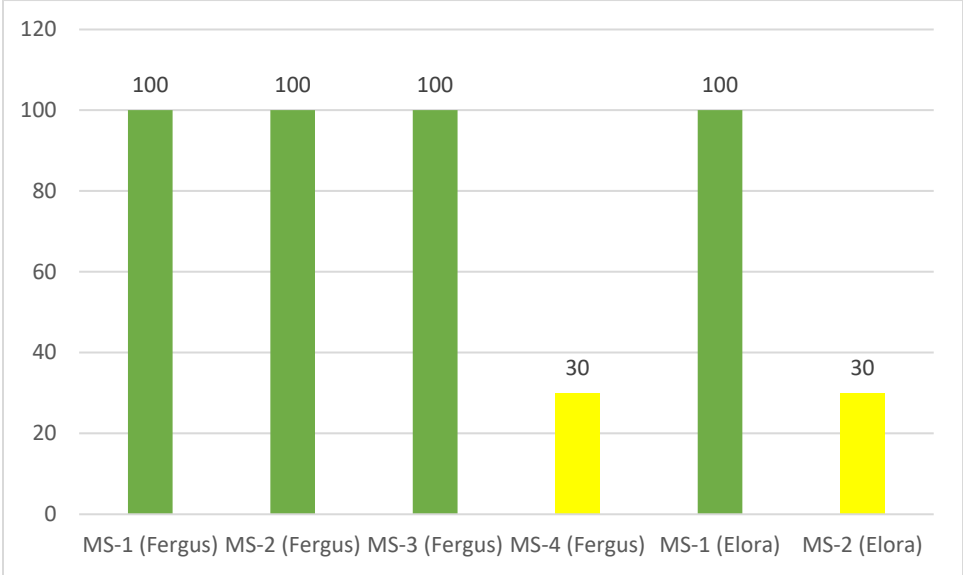


Figure 32: Switchgear (44 kV and 4 kV) Condition

6.4 Smart Grid Initiative:

Ontario Energy Board has mandated the local distribution companies (LDCs) to develop and implement smart grid initiative within their jurisdictions to improve reliability and operating efficiency of the distribution grid and to increase its capacity to accept connection of distributed generation from environmentally friendly (green) power sources.

The distribution system at CWH distributes power through 4 kV feeders, served from six substations. CWH has acquired and installed a SCADA system and it currently provides remote monitoring and metering functions. Four of the existing stations are now equipped with automated and remote controlled reclosers, protected through SEL relays. The remaining two stations are scheduled to undergo switchgear upgrade during 2016. Upon completion of this project, full features of the SCADA system will be fully utilized.

The estimated cost to equip the remaining two stations with SCADA controlled switchgear is approximately compatible switchgear is approximately \$0.95 million.

6.5 Revenue Meters

CWH owns approximately 6,793 revenue meters, installed on its customers' premises for the purpose of measuring electric consumption and demand of connected load for the purpose of billing. These meters are all ELSTER manufactured and vary in type depending on the connection type and customer class, and are capable of measuring kWh consumption, for TOU and interval customers, kW and KVA demand for GS >50, as well as bi-directional meters for renewable generation applications. CWH completed the installation of all of its Residential and General Service <50kW Smart Meters by December 2010 as part of the Province of Ontario's mandated Smart Meter initiative. Figure 33 shows the breakout of CWH active meters by customer/meter types.

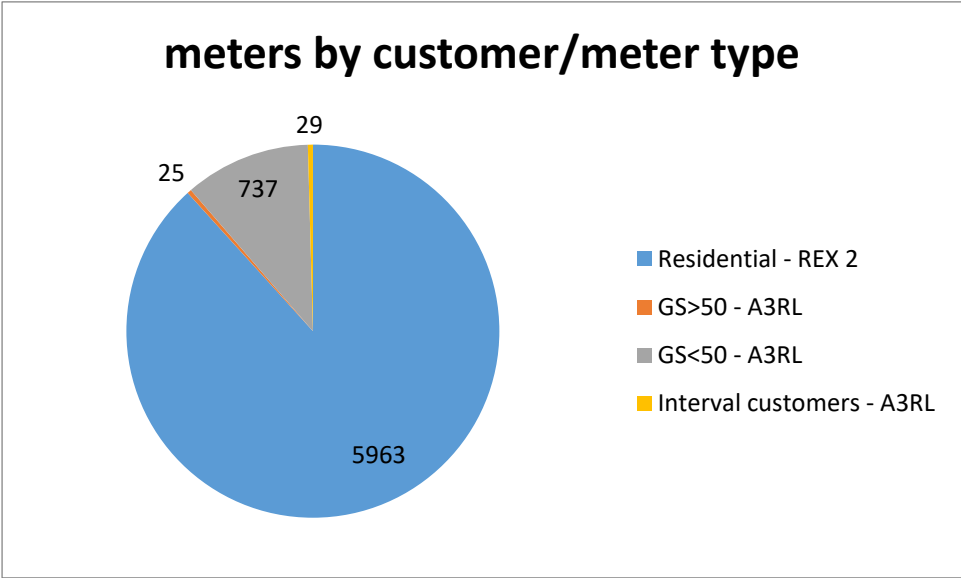


Figure 33: CWH Revenue Meter Quantities

The majority of CWH's electric meters were installed in 2009 and have a seal year of 2019. CWH has experienced a total meter failure (disposal) rate of 226 meters since 2009 or a 3.4% failure rate with its installed meters. As shown in Figure 34, revenue meter failure rate has escalated during the last 2 years with a total of 69 failures in 2014 and 75 failures to date (Nov 19) in 2015.

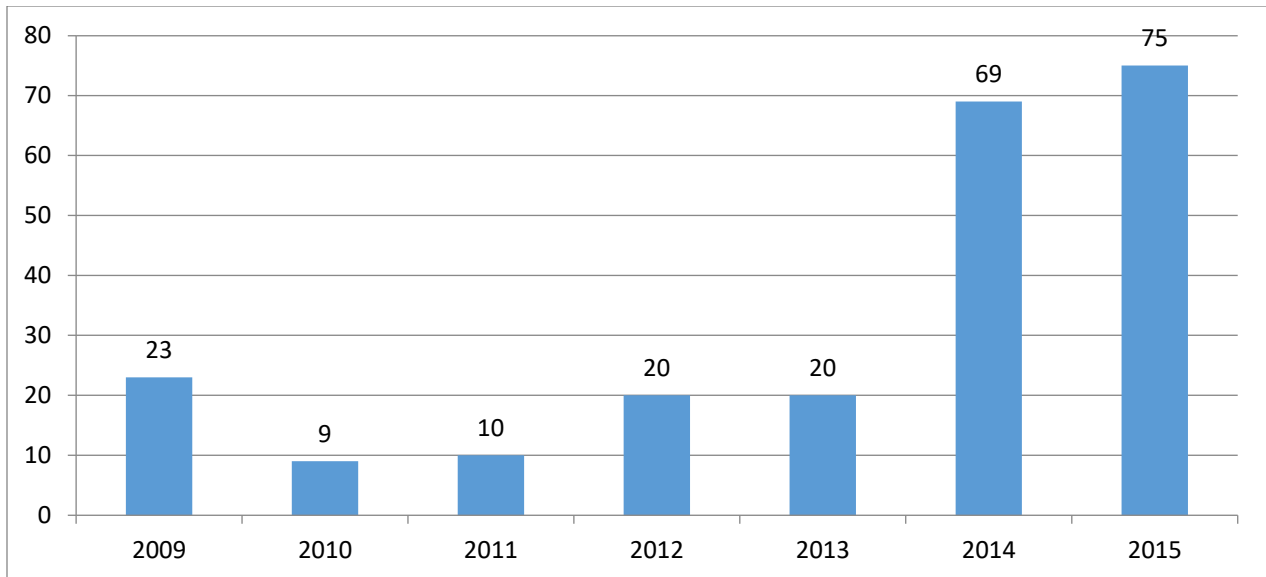


Figure 34: CWH – Number of Failed (Scrapped) Revenue Meters

CWH plans to sample 200 meters in each year of 2016 and 2017 and in accordance with Measurement Canada’s “S-S-05—Performance Requirements Applicable to Meters Granted a Conditionally Lengthened Initial Reverification Period under S-EG-01” - sample its meter population to acquire an extension of 8 years.

The following is a schedule for the meter replacements/change outs that will be completed by CWH staff.

	2016	2017	2018	2019	2020	2021
Revenue Meter Requirements for Recalibration	200	200	250			
Revenue Meter Requirements to replace failed meters	100	100	100	200	200	200
Total Revenue Meter Requirements	300	300	350	200	200	200

6.6 Preventative Maintenance:

We have reviewed the fixed asset preventative maintenance program currently in use at CWH and determined that it is in line with the best utility practices. The reliability performance over the recent years, indicated in Figure 4, provides evidence that the current preventative maintenance strategy is working well. Therefore, no changes are recommended in the preventative maintenance program, which is briefly described below:

- (a) Assets installed in substations are inspected in accordance with the following schedule.

	Inspection Schedule		
	Outdoor Open	Outdoor Enclosed	Indoor Enclosed
Distribution Station	1 month	Annually	Annually
Customer Substation	Annually	3 Years	3 Years

(b) Preventative maintenance and testing is performed on the following critical assets, in compliance with the manufacturer's recommendations and best industry practices:

- Power Transformers
- Lightning Arrestors
- Circuit Breakers / Reclosers
- Switchgear
- Protection and controls
- Control battery and Battery chargers

(c) Overhead lines and underground pads are inspected on a 3-year cycle, to comply with Electrical Safety Authority's regulations. One third of the distribution assets employed on overhead distribution system are inspected each year. Structural defects, clearance issues and electrical problems and hazards are identified through visual inspections and where problems are revealed, either repair work is scheduled or capital work is planned, as needed. Where the inspections determine an immediate hazard to the public, immediate follow up action is taken to mitigate the problem. Field inspection records are kept on file in the line superintendent's office until the next cycle of inspections.

(d) On overhead distribution lines, the following deficiencies/defects are identified on various assets:

Poles/Supports:

- Bent, cracked or broken poles
- Excessive surface wear or scaling
- Loose, cracked or broken cross arms and brackets
- Woodpecker or insect damage, bird nests
- Loose or unattached guy wires or stubs
- Guy strain insulators pulled apart or broken
- Guy guards out of position or missing
- Grading changes, or washouts
- Indications of burning

Transformers:

- Paint condition and corrosion
- Phase indicators and unit numbers match operating map (where used)
- Leaking oil
- Flashed or cracked insulators
- Contamination/dicolouration of bushings
- Ground lead attachments
- Damaged disconnect switches or lightning arresters
- Ground wire on arresters unattached

Switches and Protective Devices:

- Bent, broken bushings and cutouts
- Damaged lightning arresters
- Ground wire on arresters unattached

Hardware and Attachments:

- Loose or missing hardware
- Insulators unattached from pins
- Conductor unattached from insulators
- Insulators flashed over or obviously contaminated (difficult to see)
- Tie wires unraveled
- Ground wire broken or removed
- Ground wire guards removed or broken

Conductors and Cables:

- Low conductor clearance
- Broken/frayed conductors or tie wires
- Exposed broken ground conductors
- Broken strands, bird caging, and excessive or inadequate sag
- Insulation fraying on secondary

Third Party Plant:

- Attachment not secure
- Infringing on clearances
- Compromising access to electrical equipment
- Unapproved/unsafe occupation or secondary use

General Conditions & Vegetation:

- Leaning or broken “danger” trees
 - Growth into line of “climbing” trees
 - Accessibility compromised
 - Vines or brush growth interference (line clearance)
 - Bird or animal nests
- (e) On underground distribution lines, the following deficiencies/defects are identified on various assets:

Pad Mounted Transformers and Switching Kiosks:

- Paint condition and corrosion
- Placement on pad or vault
- Check for lock and penta bolt in place or damage
- Grading changes
- Access changes (Shrubs, trees, etc.)
- Phase indicators and unit numbers match operating map (where used)
- Leaking oil
- Lid damage, missing bolts, cabinet damage
- Cable connections
- Ground connections
- Nomenclature
- Animal nests/damage
- General conditions

Right of Way

- Accessibility compromised
 - Grade changes that could expose cable
 - Excessive vegetation on right of way
- (f) Tree trimming has been carried out on a 2-3-year cycle in the past, which we consider to be satisfactory.
- (g) In accordance with the best utility practices, thermograph inspections of distribution assets are carried out with infra-red cameras and any hot spots are promptly attended. The thermograph inspections appear to be extremely effective in detecting incipient faults and we recommend these should be continued as part of the maintenance program.
- (h) Due to the advanced age of distribution stations, power transformer oil samples are obtained and tested annually. The results of previous years oil testing have been used in assessing and ranking the condition of power transformers employed at distribution stations.

Centre Wellington Hydro Ltd.

Interrogatories

Appendix H

CWH's 2023 PILs Taxes Filed

(6-Staff-47)

T2 Corporation Income Tax Return

200

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal Income Tax Act and Income Tax Regulations. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the General Index of Financial Information (GIFI), to your tax centre. You have to file the return within six months after the end of the corporation's tax year.

For more information see canada.ca/taxes or Guide T4012, T2 Corporation – Income Tax Guide.

055 Do not use this area

Identification
Business number (BN) 001 86547 0769 RC0001

Corporation's name
002 CENTRE WELLINGTON HYDRO LTD.

Address of head office
Has this address changed since the last time the CRA was notified? 010 Yes No

If yes, complete lines 011 to 018.
011 730 GARTSHORE STREET
012 PO BOX 217

City Province, territory, or state
015 FERGUS 016 ON

Country (other than Canada) Postal or ZIP code
017 018 N1M 2W8

Mailing address (if different from head office address)
Has this address changed since the last time the CRA was notified? 020 Yes No

If yes, complete lines 021 to 028.
021 c/o
022
023

City Province, territory, or state
025 026

Country (other than Canada) Postal or ZIP code
027 028

Location of books and records (if different from head office address)
Has this address changed since the last time the CRA was notified? 030 Yes No

If yes, complete lines 031 to 038.
031
032

City Province, territory, or state
035 036

Country (other than Canada) Postal or ZIP code
037 038

040 Type of corporation at the end of the tax year (tick one)
 1 Canadian-controlled private corporation (CCPC)
 2 Other private corporation
 3 Public corporation
 4 Corporation controlled by a public corporation
 5 Other corporation (specify)

If the type of corporation changed during the tax year, provide the effective date of the change 043 Year Month Day

To which tax year does this return apply?
Tax year start Year Month Day 060 2023-01-01
Tax year-end Year Month Day 061 2023-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? 063 Yes No

If yes, provide the date control was acquired 065 Year Month Day

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? 066 Yes No

Is the corporation a professional corporation that is a member of a partnership? 067 Yes No

Is this the first year of filing after:
Incorporation? 070 Yes No
Amalgamation? 071 Yes No

If yes, complete lines 030 to 038 and attach Schedule 24.
Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 Yes No

If yes, complete and attach Schedule 24.
Is this the final tax year before amalgamation? 076 Yes No

Is this the final return up to dissolution? 078 Yes No

If an election was made under section 261, state the functional currency used 079

Is the corporation a resident of Canada? 080 Yes No
If no, give the country of residence on line 081 and complete and attach Schedule 97.

081
Is the non-resident corporation claiming an exemption under an income tax treaty? 082 Yes No
If yes, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:
085 1 Exempt under paragraph 149(1)(e) or (l)
 2 Exempt under paragraph 149(1)(j)
 4 Exempt under other paragraphs of section 149

Do not use this area

095 096 898

Attachments

Financial statement information: Use GIFL schedules 100, 125, and 141.

Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

	Yes	Schedule
Is the corporation related to any other corporations?	<input checked="" type="checkbox"/>	9
Is the corporation an associated CCPC?	<input checked="" type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	<input type="checkbox"/>	49
Does the corporation have any non-resident shareholders who own voting shares?	<input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	<input type="checkbox"/>	11
If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	<input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	<input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	<input checked="" type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter?	<input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	<input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	<input type="checkbox"/>	22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	<input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the Income Tax Regulations?	<input type="checkbox"/>	29
Did the corporation have a total amount over CAN\$1 million of reportable transactions with non-arm's length non-residents?	<input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	<input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	<input type="checkbox"/>	
Does the corporation earn income from one or more Internet web pages or websites?	<input type="checkbox"/>	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	<input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine?	<input checked="" type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	<input type="checkbox"/>	3
Is the corporation claiming any type of losses?	<input checked="" type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	<input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	<input type="checkbox"/>	6
i) Is the corporation a CCPC and reporting a) income or loss from property (other than dividends deductible on line 320 of the T2 return), b) income from a partnership, c) income from a foreign business, d) income from a personal services business, e) income referred to in clause 125(1)(a)(i)(C) or 125(1)(a)(i)(B), f) aggregate investment income as defined in subsection 129(4), or g) an amount assigned to it under subsection 125(3.2) or 125(8); or		
ii) Is the corporation a member of a partnership and assigning its specified partnership business limit to a designated member under subsection 125(8)?	<input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance?	<input checked="" type="checkbox"/>	8
Does the corporation have any resource-related deductions?	<input type="checkbox"/>	12
Is the corporation claiming deductible reserves?	<input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction?	<input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or a provincial credit union tax reduction?	<input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation?	<input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation?	<input type="checkbox"/>	20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits?	<input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits or zero-emission technology manufacturing profits?	<input type="checkbox"/>	27
Is the corporation claiming an investment tax credit?	<input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	<input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000?	<input checked="" type="checkbox"/>	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000?	<input checked="" type="checkbox"/>	
Is the corporation subject to gross Part VI tax on capital of financial institutions?	<input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit?	<input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	<input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	<input type="checkbox"/>	45
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	<input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit?	<input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit?	<input type="checkbox"/>	T1177
Is the corporation claiming a Canadian journalism labour tax credit?	<input type="checkbox"/>	58
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	<input type="checkbox"/>	92

Attachments (continued)

	Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	<input checked="" type="checkbox"/>	T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN\$100,000?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	<input type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	<input type="checkbox"/>	54
Is the corporation claiming a return of fuel charge proceeds to farmers tax credit?	<input type="checkbox"/>	63
Are you an employer reporting a non-qualified security agreement under subsection 110(1.9)?	<input type="checkbox"/>	59
Is the corporation claiming an air quality improvement tax credit?	<input type="checkbox"/>	65
Is the corporation subject to the additional 1.5% tax on banks and life insurers?	<input type="checkbox"/>	68
Is the corporation a covered entity that redeemed, acquired or cancelled equity of the corporation in the tax year?	<input type="checkbox"/>	56

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	Yes	<input checked="" type="checkbox"/>	No	<input type="checkbox"/>
Is the corporation inactive?	280	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Did the corporation meet the definition of substantive CCPC under subsection 248(1) at any time during the tax year?	290	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
What is the corporation's main revenue-generating business activity?	221122	Electric Power Distribution			
Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	HYDRO ELECTRICITY		285	100.000 %
	286			287	%
	288			289	%
Did the corporation immigrate to Canada during the tax year?	291	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	Yes	<input type="checkbox"/>	No	<input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	Year Month Day			
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	Yes	<input type="checkbox"/>	No	<input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIF	300	182,204	A
Deduct:			
Charitable donations from Schedule 2	311	33,858	
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine made before March 22, 2017, from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction*	325		
Non-capital losses of previous tax years from Schedule 4	331	148,346	
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Employer deduction for non-qualified securities	352		
Subtotal		182,204	B
Subtotal (amount A minus amount B) (if negative, enter "0")			C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C plus amount D)	360		
Taxable income for the year from a personal services business			Z.1

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 9.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income eligible for the small business deduction from Schedule 7	400	182,204	A
Taxable income from line 360 on page 3, minus 100/28 (3.57143) of the amount on line 632* on page 8, minus 4 times the amount on line 636** on page 8, and minus any amount that, because of federal law, is exempt from Part I tax	405		B
Business limit (see notes 1 and 2 below)	410	500,000	C

Notes:

- For CCPCs that are not associated, enter \$ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year **divided** by 365, and enter the result on line 410.
- For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction

Taxable capital business limit reduction for tax years starting before April 7, 2022

Amount C $\frac{500,000}{11,250} \times$ 415 *** 21,287 D = E1

Taxable capital business limit reduction for tax years starting after April 6, 2022

Amount C $\frac{500,000}{90,000} \times$ 415 *** 21,287 D = 118,261 E2

Amount E1 or amount E2, whichever applies 118,261 ► 118,261 E3

Passive income business limit reduction

Adjusted aggregate investment income from Schedule 7**** . 417 20,112 - 50,000 = .. F

Amount C $\frac{500,000}{100,000} \times$ Amount F = G

The greater of amount E3 and amount G 422 118,261 H

Reduced business limit (amount C **minus** amount H) (if negative, enter "0") 426 381,739 I

Business limit the CCPC assigns under subsection 125(3.2) (from line 515 below) J

Reduced business limit after assignment (amount I **minus** amount J) 428 381,739 K

Small business deduction – Amount A, B, C, or K, whichever is the least x 19 % = 430

Enter amount from line 430 at amount K on page 8.

- * Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.
- ** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

***** Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior** year **minus** \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current** year **minus** \$10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

**** Enter the total adjusted aggregate investment income of the corporation and all associated corporations for each tax year that ended in the preceding calendar year. Each corporation with such income has to file a Schedule 7. For a corporation's first tax year that starts after 2018, this amount is reported at line 744 of the corresponding Schedule 7. Otherwise, this amount is the total of all amounts reported at line 745 of the corresponding Schedule 7 of the corporation for each tax year that ended in the preceding calendar year.

Small business deduction (continued)

Specified corporate income and assignment under subsection 125(3.2)

L1 Name of corporation receiving the income and assigned amount	L Business number of the corporation receiving the assigned amount	M Income paid under clause 125(1)(a)(i)(B) to the corporation identified in column L ³	N Business limit assigned to corporation identified in column L ⁴
1.	490	500	505

Total **510** _____ Total **515** _____

Notes:

- This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income (other than specified farming or fishing income of the corporation for the year) from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
 - (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
 - (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
 - (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
 - (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
- The amount of the business limit you assign to a CCPC cannot be greater than the amount determined by the formula $A - B$, where A is the amount of income referred to in column M in respect of that CCPC and B is the portion of the amount described in A that is deductible by you in respect of the amount of income referred to in clauses 125(1)(a)(i)(A) or (B) for the year. The amount on line 515 cannot be greater than the amount on line 426.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year or substantive CCPCs at any time in the tax year

Taxable income from line 360 on page 3		A
Lesser of amounts 9B and 9H from Part 9 of Schedule 27	B	
Amount 13K from Part 13 of Schedule 27	C	
Personal services business income	432	D
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least*	E	
Aggregate investment income from line 440 on page 6**	F	
Subtotal (add amounts B to F)	▶	G
Amount A minus amount G (if negative, enter "0")	H	
General tax reduction for Canadian-controlled private corporations – Amount H multiplied by 13 %	I	

Enter amount I on line 638 on page 8.

* This is not applicable to substantive CCPCs.

** Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, a substantive CCPC, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from line 360 on page 3		J
Lesser of amounts 9B and 9H from Part 9 of Schedule 27	K	
Amount 13K from Part 13 of Schedule 27	L	
Personal services business income	434	M
Subtotal (add amounts K to M)	▶	N
Amount J minus amount N (if negative, enter "0")	O	
General tax reduction – Amount O multiplied by 13 %	P	

Enter amount P on line 639 on page 8.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year or substantive CCPCs at any time in the tax year

Aggregate investment income from Schedule 7 **440** x 30 2 / 3 % = A

Foreign non-business income tax credit from line 632 on page 8 B

Foreign investment income from Schedule 7 **445** x 8 % = C

Subtotal (amount B **minus** amount C) (if negative, enter "0") **▶** D

Amount A **minus** amount D (if negative, enter "0") **=====** E

Taxable income from line 360 on page 3 F

Amount from line 400, 405, 410, or 428 on page 4, whichever is the least* G

Foreign non-business income tax credit from line 632 on page 8 x 75 / 29 = H

Foreign business income tax credit from line 636 on page 8 x 4 = I

Subtotal (**add** amounts G to I) **▶** J

Subtotal (amount F **minus** amount J) K x 30 2 / 3 % = L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 9) **=====** M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least **450** **=====** N

* This is not applicable to substantive CCPCs.

Refundable dividend tax on hand

Eligible refundable dividend tax on hand (ERDTOH) at the end of the previous tax year (line 530 of the preceding tax year)	520	A
Non-eligible refundable dividend tax on hand (NERDTOH) at the end of the previous tax year (line 545 of the preceding tax year) (if negative, enter "0")	535	B
Part IV tax payable on taxable dividends from connected corporations (amount 2G from Schedule 3)	C	C
Part IV tax payable on eligible dividends from non-connected corporations (amount 2J from Schedule 3)	D	D
Subtotal (amount C plus amount D)	▶	E
Net ERDTOH transferred on an amalgamation or the wind-up of a subsidiary	525	F
ERDTOH dividend refund for the previous tax year	570	G
Refundable portion of Part I tax (from line 450 on page 6)		H
Part IV tax before deductions (amount 2A from Schedule 3)	I	I
Part IV tax allocated to ERDTOH (amount E)	J	J
Part IV tax reduction due to Part IV.1 tax payable (amount 4D of Schedule 43)	K	K
Subtotal (amount I minus total of amounts J and K)	▶	L
Net NERDTOH transferred on an amalgamation or the wind-up of a subsidiary	540	M
NERDTOH dividend refund for the previous tax year	575	N
38 1/3% of the total losses applied against Part IV tax (amount 2D from Schedule 3)		O
Part IV tax payable allocated to NERDTOH, net of losses claimed (amount L minus amount O) (if negative enter "0")		P
NERDTOH at the end of the tax year (total of amounts B, H, M, and P minus amount N) (if negative, enter "0")	545	545
Part IV tax payable allocated to ERDTOH, net of losses claimed (amount E minus the amount, if any, by which amount O exceeds amount L) (if negative, enter "0")		Q
ERDTOH at the end of the tax year (total of amounts A, F, and Q minus amount G) (if negative, enter "0")	530	530

Dividend refund

38 1/3% of total eligible dividends paid in the tax year (amount 3A from Schedule 3)	AA	AA
ERDTOH balance at the end of the tax year (line 530)	BB	BB
Eligible dividend refund (amount AA or BB, whichever is less)	CC	CC
38 1/3% of total non-eligible taxable dividends paid in the tax year (amount 3B from Schedule 3)	DD	DD
NERDTOH balance at the end of the tax year (line 545)	EE	EE
Non-eligible dividend refund (amount DD or EE, whichever is less)	FF	FF
Amount DD minus amount EE (if negative, enter "0")	GG	GG
Amount BB minus amount CC (if negative, enter "0")	HH	HH
Additional non-eligible dividend refund (amount GG or HH, whichever is less)	II	II
Dividend refund – Amount CC plus amount FF plus amount II	JJ	JJ

Enter amount JJ on line 784 on page 9.

Part I tax

Base amount Part I tax – Taxable income (from line 360 on page 3) multiplied by 38 %	550	A
Additional tax on personal services business income (section 123.5)		
Taxable income from a personal services business	555 x 5 % = 560	B
Additional tax on banks and life insurers from Schedule 68	565	C
Recapture of investment tax credit from Schedule 31	602	D
Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) or substantive CCPC's investment income (if it was a CCPC throughout the tax year or a substantive CCPC at any time in the tax year)		
Aggregate investment income from line 440 on page 6		E
Taxable income from line 360 on page 3		F
Deduct:		
Amount from line 400, 405, 410, or 428 on page 4, whichever is the least*		G
Net amount (amount F minus amount G)		H
Refundable tax on CCPC's or substantive CCPC's investment income – 10 2 / 3 % of whichever is less: amount E or amount H	604	I
Subtotal (add amounts A, B, C, D, and I)		J
Deduct:		
Small business deduction from line 430 on page 4		K
Federal tax abatement	608	
Manufacturing and processing profits deduction and zero-emission technology manufacturing deduction from Schedule 27	616	
Investment corporation deduction	620	
Taxed capital gains	624	
Federal foreign non-business income tax credit from Schedule 21	632	
Federal foreign business income tax credit from Schedule 21	636	
General tax reduction for CCPCs from amount I on page 5	638	
General tax reduction from amount P on page 5	639	
Federal logging tax credit from Schedule 21	640	
Eligible Canadian bank deduction under section 125.21	641	
Federal qualifying environmental trust tax credit	648	
Investment tax credit from Schedule 31	652	
Subtotal		L
Part I tax payable – Amount J minus amount L		M
Enter amount M on line 700 on page 9.		

* This is not applicable to substantive CCPCs.

Privacy notice

Personal information (including the SIN) is collected to administer or enforce the Income Tax Act and related programs and activities including administering tax, benefits, audit, compliance, and collection. The information collected may be used or disclosed for the purposes of other federal acts that provide for the imposition and collection of a tax or duty. It may also be disclosed to other federal, provincial, territorial, or foreign government institutions to the extent authorized by law. Failure to provide this information may result in paying interest or penalties, or in other actions. Under the Privacy Act, individuals have a right of protection, access to and correction of their personal information, or to file a complaint with the Privacy Commissioner of Canada regarding the handling of their personal information. Refer to Personal Information Bank CRA PPU 047 on Information about Programs and Information Holdings at canada.ca/cra-information-about-programs.

Summary of tax and credits

Federal tax

Part I tax payable from amount M on page 8	700	
Part II.2 tax payable from Schedule 56	705	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part VI.2 tax payable from Schedule 67	725	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	

Add provincial or territorial tax:

Provincial or territorial jurisdiction	750	ON	
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)			
Net provincial or territorial tax payable (except Quebec and Alberta)	760		

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund from amount JJ on page 7	784		
Federal capital gains refund from Schedule 18	788		
Federal qualifying environmental trust tax credit refund	792		
Return of fuel charge proceeds to farmers tax credit from Schedule 63	795		
Canadian film or video production tax credit (Form T1131)	796		
Film or video production services tax credit (Form T1177)	797		
Canadian journalism labour tax credit from Schedule 58	798		
Air quality improvement tax credit from Schedule 65	799		
Tax withheld at source	800		
Total payments on which tax has been withheld	801		
Provincial and territorial capital gains refund from Schedule 18	808		
Provincial and territorial refundable tax credits from Schedule 5	812	5,672	
Tax instalments paid	840		
Total credits	890	5,672	5,672 B

Total federal tax _____
Total tax payable **770** _____ A

Balance (amount A minus amount B) -5,672

If the result is negative, you have a **refund**. If the result is positive, you have a **balance owing**.

Enter the amount below on whichever line applies.

Refund code **894**

Refund 5,672

Balance owing _____

For information on how to enrol for direct deposit, go to canada.ca/cra-direct-deposit.

For information on how to make your payment, go to canada.ca/payments.

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? **896** Yes No

If this return was prepared by a tax preparer for a fee, provide their: EFILE number **920** G1829
ReplD **925** _____

Certification

I, **950** Dowling **951** Heather **954** Authorized signing officer

Last name First name Position, office, or rank
am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2024/06/11 *Heather Dowling* **956** (519) 843-2900
Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below **957** Yes No

958 _____ **959** _____
Name of other authorized person Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. **990**

Financial Statements of

**CENTRE WELLINGTON
HYDRO LTD.**

And Independent Auditor's Report thereon

Year ended December 31, 2023



KPMG LLP
120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Centre Wellington Hydro Ltd.

Opinion

We have audited the financial statements of Centre Wellington Hydro Ltd. (the Entity), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of comprehensive income for the year then ended
- the statement of changes in equity for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its results of operations and its cash flows for the year then ended in accordance with IFRS Accounting Standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.



Page 3

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

April 4, 2024

CENTRE WELLINGTON HYDRO LTD.

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 842,103	\$ 1,442,973
Accounts receivable (note 4)	2,835,739	2,483,851
Unbilled revenue	1,802,163	1,773,840
Materials and supplies	499,422	553,404
Prepaid expenses	272,660	220,649
Total current assets	6,252,087	6,474,717
Non-current assets:		
Property, plant and equipment (note 5)	17,983,695	17,452,255
Intangible assets (note 6)	136,742	195,719
Total non-current assets	18,120,437	17,647,974
Total assets	24,372,524	24,122,691
Regulatory debit balances (note 8)	1,064,071	967,163
Total assets and regulatory balances	\$ 25,436,595	\$ 25,089,854

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statement of Financial Position (continued)

December 31, 2023, with comparative information for 2022

	2023	2022
Liabilities		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	\$ 3,743,655	\$ 4,025,994
Long-term debt due within one year (note 10)	155,244	149,334
Customer deposits	211,494	171,643
Total current liabilities	4,110,393	4,346,971
Non-current liabilities:		
Long-term debt (note 10)	8,213,195	8,368,449
Post-employment benefits (note 11)	202,623	265,592
Deferred revenue	1,068,420	1,041,366
Deferred tax liability (note 7)	267,924	27,841
Total non-current liabilities	9,752,162	9,703,248
Total liabilities	13,862,555	14,050,219
Equity:		
Share capital (note 12)	5,035,066	5,035,066
Accumulated other comprehensive loss	49,058	-
Retained earnings	6,399,989	5,626,828
	11,484,113	10,661,894
Regulatory credit balances (note 8)	89,927	377,741
Total liabilities, equity and regulatory balances	\$ 25,436,595	\$ 25,089,854

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CENTRE WELLINGTON HYDRO LTD.

Statement of Comprehensive Income

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Sale of energy (note 13)	\$ 17,985,759	\$ 17,894,686
Distribution revenue (note 13)	4,394,307	4,249,166
Other (note 13)	308,027	235,680
	<u>4,702,334</u>	<u>4,484,846</u>
	22,688,093	22,379,532
Operating expenses:		
Cost of power	18,163,160	18,182,813
General and administrative	1,230,694	1,153,709
Billing and collection	627,569	644,210
Operations and maintenance	943,470	933,055
Depreciation and amortization	653,123	654,140
	<u>3,454,856</u>	<u>3,385,114</u>
	21,618,016	21,567,927
Income from operating activities	1,070,077	811,605
Finance income (note 15)	74,640	42,193
Finance cost (note 15)	(510,874)	(509,949)
Income before income taxes and undernoted items	633,843	343,849
Income tax expense (note 7)	222,398	160,249
Earnings before the undernoted item	411,445	183,600
Net movement in regulatory balances	361,716	378,172
Net income for the year and net movement in regulatory balances	773,161	561,772
Other comprehensive income:		
Actuarial gain (loss)	49,058	(8,687)
Other comprehensive income for the year	49,058	(8,687)
Total comprehensive income for the year	<u>\$ 822,219</u>	<u>\$ 553,085</u>

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statement of Changes in Equity

Year ended December 31, 2023, with comparative information for 2022

	Share capital	Retained earnings	Accumulated other comprehensive loss	Total
Balance at January 1, 2022	\$ 5,035,066	\$ 5,102,778	\$ (29,035)	10,108,809
Net income and net movement in regulatory balances	-	561,772	-	561,772
Other comprehensive loss	-	-	(8,687)	(8,687)
Reclassification of gains on investment	-	(37,722)	37,722	-
Balance at December 31, 2022	\$ 5,035,066	\$ 5,626,828	\$ -	10,661,894
Balance at January 1, 2023	\$ 5,035,066	\$ 5,626,828	\$ -	10,661,894
Net income and net movement in regulatory balances	-	773,161	-	773,161
Other comprehensive loss	-	-	49,058	49,058
Balance at December 31, 2023	\$ 5,035,066	\$ 6,399,989	\$ 49,058	11,484,113

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Net Income and net movement in regulatory balances	\$ 773,161	\$ 561,772
Items not involving cash:		
Depreciation and amortization	755,122	752,036
Amortization of deferred revenue	(24,902)	(22,709)
Post-employment benefits	3,774	2,032
Loss on disposal of property, plant and equipment	13,592	12,073
Net finance costs	436,069	467,755
Income tax expense	222,398	160,249
	2,179,214	1,933,208
Changes in non-cash operating working capital:		
Accounts receivable	(351,888)	(55,331)
Unbilled revenue	(28,323)	(174,780)
Materials and supplies	53,982	(72,806)
Prepaid expenses	(52,011)	3,655
Accounts payable and accrued liabilities	(282,339)	12,929
Customer deposits	39,851	(9,154)
	(620,728)	(295,487)
Regulatory balances	(384,722)	(378,129)
Interest paid	(510,874)	(509,948)
Interest received	74,805	42,193
	737,695	791,837
Financing activities:		
Repayment of long-term debt	(149,344)	(143,663)
Investing activities:		
Purchase of property, plant and equipment	(1,249,545)	(729,846)
Proceeds on disposal of long term investment	12,368	38,421
Purchase of intangible assets	(4,000)	(124,708)
Capital contributions received from customers	51,956	31,414
	(1,189,221)	(784,719)
Decrease in cash	(600,870)	(136,545)
Cash, beginning of year	1,442,973	1,579,518
Cash, end of year	\$ 842,103	\$ 1,442,973

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements

Year ended December 31, 2023

Reporting entity:

Centre Wellington Hydro Ltd. (the "Corporation") is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the Township of Centre Wellington (the "Township"). The address of the Corporation's registered office is 730 Gartshore Street, Fergus, Ontario.

The Corporation delivers electricity and related energy services to residential and commercial customers in the Township. The Corporation is wholly owned by Centre Wellington Energy Inc. and the ultimate parent company is the Township of Centre Wellington.

The financial statements are for the Corporation as at and for the year ended December 31, 2023.

1. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on March 27, 2024.

(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

- (i) Note 2(b) - measurement of unbilled revenue
- (ii) Notes 5, 6 - estimation of useful lives of its property, plant and equipment and intangible assets
- (iii) Note 8 - recognition and measurement of regulatory balances
- (iv) Note 11 - measurement of defined benefit obligations: key actuarial assumptions
- (v) Note 16 - recognition and measurement of provisions and contingencies

(e) Rate regulation:

The Corporation is regulated by the Ontario Energy Board (“OEB”), under the authority granted by the Ontario Energy Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies (“LDCs”), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate setting

Distribution revenue

For the distribution revenue included in sale of energy, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder’s equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Basis of presentation (continued):

(e) Rate regulation (continued):

In the intervening years an Incentive Rate Mechanism application (“IRM”) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand (“GDP IPI-FDD”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a COS application in May 2017 for rates effective January 1, 2018 to December 31, 2023. The GDP IPI-FDD for 2023 is 3.70%, the Corporation’s productivity factor is nil% and the stretch factor is 0.15%, resulting in a net adjustment of 3.40% to the previous year’s rates.

Electricity rates

The OEB sets electricity prices for low-volume consumers based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

2. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Financial instruments:

At initial recognition, the Corporation measures its financial assets at fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(b) Revenue recognition:

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over time using an output method to measure the satisfaction of the performance obligation. The value of the electricity services transferred to the customer is determined on the basis of cyclical meter readings plus customer usage since the last meter reading date to the end of the year and represents the amount that the Corporation has the right to bill. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties, the Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

(c) Materials and supplies:

Materials and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(d) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2015 are measured at the deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated.

The estimated useful lives are as follows:

Asset	Rate
Buildings	25-50 years
Distribution equipment	15-70 years
Solar assets	20%
Vehicles	7-12 years
Other tools and equipment	8-15 years
Computer equipment	3-6 years

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(e) Intangible assets:

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2015 are measured at deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation after January 1, 2015, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost less accumulated amortization.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

Asset	Rate
Computer software	5 years
Land rights	0-50 years

(f) Impairment:

(i) Financial assets measured at amortized cost:

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets (continued):

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(h) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(i) Regulatory balances:

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(i) Regulatory balances (continued):

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or other comprehensive income. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory deferral account debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or other comprehensive income.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or other comprehensive income. The amounts returned to the customers are recognized as a reduction of revenue. The regulatory deferral account credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or other comprehensive income.

(j) Post-employment benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(j) Post-employment benefits (continued):

(i) Pension plan (continued):

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

(k) Leased assets:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For leases and contracts that contain a lease, the Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(k) Leased assets (continued):

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability.

The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low value assets

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(l) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and dividend income.

Finance costs comprise interest expense on borrowings and net interest expense on post-employment benefits. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(m) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

3. Standards issued but not yet adopted:

At the date of authorization of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and Interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Corporation.

New standards, amendments and interpretations not adopted in the current year include the following:

- (i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- (ii) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- (iii) Definition of Accounting Estimate (Amendments to IAS 8).
- (iv) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes.

The Corporation is currently assessing the impact of these standards.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Accounts receivable:

	2023	2022
Trade customer accounts receivable	\$ 2,561,595	\$ 2,374,010
Other receivables	274,144	109,841
	<u>\$ 2,835,739</u>	<u>\$ 2,483,851</u>

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Property, plant and equipment:

	Land and buildings	Distribution equipment	Other fixed assets	Solar assets	Construction- in-progress	Total
<i>Cost or deemed cost</i>						
Balance at January 1,						
2023	\$ 1,012,878	\$ 20,133,651	\$ 1,774,044	\$ -	\$ 145,382	\$ 23,065,955
Additions	16,954	964,928	104,538	100,605	207,902	1,394,927
Transfers	-	-	-	-	(145,382)	(145,382)
Disposals/ retirements	-	(233,614)	(125,208)	-	-	(358,822)
Balance at December						
31, 2023	\$ 1,029,832	\$ 20,864,965	\$ 1,753,374	\$ 100,605	\$ 207,902	\$ 23,956,678
Balance at January 1,						
2022	\$ 1,012,878	\$ 19,673,688	\$ 1,730,601	\$ -	\$ 7,635	\$ 22,424,802
Additions	-	515,228	69,236	-	145,382	729,846
Transfers	-	7,635	-	-	(7,635)	-
Disposals/ retirements	-	(62,900)	(25,793)	-	-	(88,693)
Balance at December						
31, 2022	\$ 1,012,878	\$ 20,133,651	\$ 1,774,044	\$ -	\$ 145,382	\$ 23,065,955
<i>Accumulated depreciation</i>						
Balance at January 1,						
2023	\$ 257,738	\$ 4,173,691	\$ 1,182,271	\$ -	\$ -	\$ 5,613,700
Depreciation	32,111	509,273	150,761	-	-	692,145
Disposals	-	(207,868)	(124,994)	-	-	(332,862)
Balance at December						
31, 2023	\$ 289,849	\$ 4,475,096	\$ 1,208,038	\$ -	\$ -	\$ 5,972,983
Balance at January 1,						
2022	\$ 225,966	\$ 3,696,070	\$ 1,063,072	\$ -	\$ -	\$ 4,985,108
Depreciation	31,772	528,448	144,992	-	-	705,212
Disposals	-	(50,827)	(25,793)	-	-	(76,620)
Balance at December						
31, 2022	\$ 257,738	\$ 4,173,691	\$ 1,182,271	\$ -	\$ -	\$ 5,613,700
<i>Carrying amounts</i>						
At December 31, 2023	\$ 739,983	\$ 16,389,869	\$ 545,336	\$ 100,605	\$ 207,902	\$ 17,983,695
At December 31, 2022	755,140	15,959,960	591,773	-	145,382	17,452,255

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Intangible assets:

	Computer software	Land rights	Total
<i>Cost of deemed cost</i>			
Balance at January 1, 2023	\$ 317,806	\$ 68,420	\$ 386,226
Additions	4,000	-	4,000
Balance at December 31, 2023	\$ 321,806	\$ 68,420	\$ 390,226
Balance at January 1, 2022	\$ 262,157	\$ 68,420	\$ 330,577
Additions	124,708	-	124,708
Disposals	(69,059)	-	(69,059)
Balance at December 31, 2022	\$ 317,806	\$ 68,420	\$ 386,226
<i>Accumulated amortization</i>			
Balance at January 1, 2023	\$ 179,508	\$ 10,999	\$ 190,507
Amortization	61,367	1,610	62,977
Balance at December 31, 2023	\$ 240,875	\$ 12,609	\$ 253,484
Balance at January 1, 2022	\$ 203,353	\$ 9,389	\$ 212,742
Amortization	45,214	1,610	46,824
Disposals	(69,059)	-	(69,059)
Balance at December 31, 2022	\$ 179,508	\$ 10,999	\$ 190,507
<i>Carrying amounts</i>			
At December 31, 2023	\$ 80,931	\$ 55,811	\$ 136,742
At December 31, 2022	138,298	57,421	195,719

7. Income tax expense:

Current tax expense (recovery):

	2023	2022
Deferred tax expense	\$ 222,398	\$ 160,249

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

7. Income tax expense (continued):

Reconciliation of effective tax rate:

	2023	2022
Income before taxes	\$ 633,843	\$ 343,849
Statutory income tax rates	26.5 %	26.5 %
Expected tax provision on income at statutory rates	\$ 167,968	\$ 91,120
Increase (decrease) in income taxes resulting from:		
Permanent differences	281	(4,703)
Other	4,943	1,804
Deferred tax associated with net movement in regulatory accounts	64,061	72,028
Income tax expense	\$ 237,253	\$ 160,249

Significant components of the Corporation's deferred tax balances:

	2023	2022
Deferred tax assets (liabilities):		
Property, plant and equipment	\$ (966,262)	\$ (833,645)
Post-employment benefits	53,695	69,843
Deferred revenue	283,131	275,962
Regulatory liabilities	(161,940)	(114,108)
Non-capital losses	523,452	568,526
Other	-	5,581
	\$ (267,924)	\$ (27,841)

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Regulatory balances:

Reconciliation of the carrying amount for each class of regulatory balances:

Regulatory deferral account debit balances	January 1, 2023	Additions	Recovery/ reversal	December 31, 2023	Remaining recovery/ reversal years
Retail settlement variance accounts	\$ 899,710	\$ 274,426	\$ (189,761)	\$ 984,375	1-4
Regulatory variances disposition	11,699	185,148	(181,513)	15,334	1-4
Other	55,754	8,608	-	64,362	1-4
	\$ 967,163	\$ 468,182	\$ (371,274)	\$ 1,064,071	

Regulatory deferral account debit balances	January 1, 2022	Additions	Recovery/ reversal	December 31, 2022	Remaining recovery/ reversal years
Retail settlement variance accounts	\$ 456,165	\$ 585,178	\$ (141,633)	\$ 899,710	1-4
Regulatory variances disposition	8,394	255,898	(252,593)	11,699	1-4
Other	47,904	7,850	-	55,754	1-4
	\$ 512,463	\$ 848,926	\$ (394,226)	\$ 967,163	

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

8. Regulatory balances (continued):

Regulatory deferral account credit balances	January 1, 2023	Additions	Recovery/ reversal	December 31, 2023	Remaining recovery/ reversal years
Retail settlement					
variance accounts	\$ 143,376	\$ (143,376)	-	\$ -	1-4
Deferred income tax	16,423	-	-	16,423	-
Other	217,942	31,665	-	249,607	1-4
	\$ 377,741	\$ (111,711)	-	\$ 266,030	

Regulatory deferral account credit balances	January 1, 2022	Additions	Recovery/ reversal	December 31, 2022	Remaining recovery/ reversal years
Retail settlement					
variance accounts	\$ 6,350	\$ 260,602	\$(123,576)	143,376	1-4
Deferred income tax	122,790	-	(106,367)	16,423	-
Other	172,029	36,616	9,297	217,942	1-4
	\$ 301,169	\$ 297,218	\$(220,646)	\$ 377,741	

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. The most recent IRM application was approved in December 2022 for January 1, 2023 rates. The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In 2023, the rate range was 4.73% to 5.39% (2022 - 0.57% to 3.87%).

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Accounts payable and accrued liabilities:

	2023	2022
Accounts payable - energy purchases	\$ 1,343,240	\$ 1,379,057
Water and sewer charges payable	889,167	803,820
Other	1,511,248	1,843,117
	<u>\$ 3,743,655</u>	<u>\$ 4,025,994</u>

10. Long-term debt:

	2023	2022
Demand promissory note payable to the Corporation of the Township of Centre Wellington, interest at 7.25%	\$ 5,046,753	\$ 5,046,753
Ontario Infrastructure loan, interest at 4.48%, payable in monthly instalments, due 2038 secured by a General Security Agreement	957,386	1,001,871
Ontario Infrastructure loan, interest at 3.75%, payable in monthly instalments, due 2039 secured by a General Security Agreement	907,405	948,909
Ontario Infrastructure loan, interest at 3.56%, payable in monthly instalments, due 2040 secured by a General Security Agreement	1,456,895	1,520,250
	<u>8,368,439</u>	<u>8,517,783</u>
Less current portion of long-term debt	155,244	149,334
	<u>\$ 8,213,195</u>	<u>\$ 8,368,449</u>

The note payable is due on demand to the Township. The Township has waived its right to demand payment until January 1, 2025.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Long-term debt (continued):

Principal repayments for the next five years and thereafter are as follows:

2024	\$	155,255
2025		5,208,154
2026		167,794
2027		174,443
2028		174,443
Thereafter		2,488,350
	\$	8,368,439

11. Post-employment benefits:

(a) OMERS pension plan:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2023, the Corporation made employer contributions of \$172,199 to OMERS (2022 - \$143,993), of which \$24,184 (2022 - \$32,959) has been capitalized as part of PP&E and the remaining amount of \$148,015 (2022 - \$111,034) has been recognized in profit or loss. The Corporation estimates that a contribution of \$150,316 (2022 - \$158,300) to OMERS will be made during the next fiscal year.

As at December 31, 2022, OMERS had approximately 540,000 members, of whom 14 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2022, which reported that the plan was 97% funded, with an unfunded liability of \$4.2 billion. This unfunded liability is likely to result in future payments by participating employers and members.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

11. Post-employment benefits (continued):

(b) Post-employment benefits other than pension:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and remeasurements recognized for post-employment benefit plans.

Reconciliation of the obligation	2023	2022
Defined benefit obligation, beginning of year	\$ 265,592	\$ 263,560
Included in profit or loss:		
Current service cost	4,102	6,136
Interest cost	9,788	7,729
	13,890	13,865
Included in OCI		
Actuarial losses arising from:		
Changes in financial assumptions	(66,745)	-
	212,737	277,425
Benefits paid	(10,114)	(11,833)
	\$ 202,623	\$ 265,592
Actuarial assumptions	2023	2022
Discount (interest) rate	5.05 %	3.00 %
Salary levels	3.30 %	3.30 %
Medical costs	4.90 %	4.00 %
Dental costs	5.10 %	5.10 %

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by \$28,100. A 1% decrease in the assumed discount rate would result in the defined benefit obligation increasing by \$36,700.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Share capital:

	2023	2022
Authorized:		
Unlimited number of common shares		
Issued:		
1,100 common shares	\$ 5,035,066	\$ 5,035,066

13. Revenues:

	2023	2022
Collection and other service charges	\$ 147,191	\$ 115,818
Water and sewer billing services	54,320	20,152
Rent	89,334	89,034
Loss on disposals	(13,592)	(12,073)
Other	30,775	22,749
Total other revenue	\$ 308,028	\$ 235,680

In the following table, sale of energy and distribution revenue is disaggregated by type of customer.

	2023	2022
Residential	\$ 8,709,117	\$ 8,801,841
Commercial	4,028,246	4,039,287
Industrial	9,365,804	9,064,639
Other	217,413	238,085
	\$ 22,320,580	\$ 22,143,852

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

14. Employee salaries and benefits:

	2023	2022
Salaries, wages and benefits	\$ 1,637,228	\$ 1,574,699
CPP and EI remittances	84,378	72,947
Contributions to OMERS	172,199	155,185
	<u>\$ 1,893,805</u>	<u>\$ 1,802,831</u>

15. Finance income and costs:

	2023	2022
Finance income:		
Interest income on bank deposits	\$ 74,640	\$ 42,193
Finance costs:		
Interest expense on long-term debt	(497,837)	(503,520)
Interest expense on customer deposits	(10,449)	(3,953)
Other	(2,588)	(2,476)
	<u>(510,874)</u>	<u>(509,949)</u>
Net finance costs recognized in profit or loss	<u>\$ (436,234)</u>	<u>\$ (467,756)</u>

16. Commitments and contingencies:

General Liability Insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2023, no assessments have been made.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

17. Related party transactions:

(a) Parents and ultimate controlling party:

The sole shareholder of the Corporation is Centre Wellington Energy Inc. Centre Wellington Energy Inc. is a wholly-owned subsidiary of the Township of Centre Wellington. The Township produces consolidated financial statements that are available for public use.

(b) Outstanding balances with related parties:

	2023	2022
Township of Centre Wellington - receivable	\$ 133,994	\$ 117,985
Township of Centre Wellington - payable	(889,167)	(803,820)
Township of Centre Wellington - note payable (note 10)	(5,046,753)	(5,046,753)
	<u>\$ (5,801,926)</u>	<u>\$ (5,732,588)</u>

(c) Transactions with ultimate parents (the Township):

The Corporation provides water and sewage billing and collection services to the customers of the former Town of Fergus and the Village of Elora, which are located within the Township, as well as supplying street light energy and street lighting maintenance services to the former Town of Fergus and Village of Elora. Revenue includes \$223,613 (2022 - \$202,406) from the Township for these services.

The Corporation also delivers electricity to the Township throughout the year for the electricity needs of the Township and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Township, including streetlight maintenance services, sentinel lights and water and waste water billing and customer care services.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

17. Related party transactions (continued):

(d) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members. The compensation paid or payable is as follows:

	2023	2022
Directors' fees	\$ 44,415	\$ 46,399
Salaries and other benefits	581,567	548,135
	\$ 625,982	\$ 594,534

18. Financial instruments and risk management:

Fair value disclosure:

The carrying values of cash, accounts receivable, unbilled revenue, due from/to related parties and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the Township of Centre Wellington promissory note approximates the carrying value due to the short term nature of loan.

The fair value of the Ontario Infrastructure long-term debt at December 31, 2023 is \$3,176,221. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rates used to calculate fair value at December 31, 2023 ranged from 4.48% to 4.51%.

Financial risks:

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

18. Financial instruments and risk management (continued):

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Township of Centre Wellington. As at December 31, 2023, one customer accounts for a balance 6.5% of total accounts receivable (2022 - 6.5%).

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2023 is \$18,600 (2022 - \$18,600). An impairment loss of \$6,878 (2022 - \$6,243) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2023, approximately \$30,830 (2022 - \$25,781) is considered 60 days past due. The Corporation has over 6,900 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB and through credit insurance. As at December 31, 2023, the Corporation holds security deposits in the amount of \$211,494 (2022 - \$171,643).

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2023 would have increased interest expense on the long-term debt by \$84,431 (2022 - \$85,896), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

18. Financial instruments and risk management (continued):

(c) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a \$2,000,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2023, no amounts had been drawn under the Corporation's credit facility.

The Corporation also has a facility for \$450,000 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which \$nil has been drawn and posted with the IESO (2022 - \$nil).

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2023, shareholder's equity amounts to \$11,484,113 (2022 - \$10,661,894) and long-term debt amounts to \$8,368,439 (2022 - \$8,517,783).

CENTRE WELLINGTON HYDRO LTD.

Election Attachments to T2 PILS Return

Taxation Year: December 31, 2023

BN: 86547 0769 RC0001

Election under Subsection 13(7.4) to reduce the capital cost of depreciable property where inducement received.

Taxation Year: December 31, 2023

The above taxpayer hereby elects to have subsection 13(7.4) apply to reduce the capital cost of the depreciable property – distribution assets by \$51,957, with respect of assistance received of \$51,957 in the 2023 taxation year.

Election under Regulation 1101(5b.1)

The taxpayer hereby elects pursuant to subsection 1101(5b.1) of the Income Tax Regulations of Canada, to include each eligible non-residential building acquired during the year in a separate prescribed class. At least 90 per cent of the eligible non-residential building is used at the end of a taxation year for any non-residential use in Canada [1100(1)(a.2)] and has been included in a new Class 1b.

Corporation's name	Business number	Tax year end Year Month Day
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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements

Year ended December 31, 2023

Reporting entity:

Centre Wellington Hydro Ltd. (the "Corporation") is a rate regulated, municipally owned hydro

distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in

the Township of Centre Wellington (the "Township"). The address of the Corporation's registered office is 730 Gartshore Street, Fergus, Ontario.

The Corporation delivers electricity and related energy services to residential and commercial

customers in the Township. The Corporation is wholly owned by Centre Wellington Energy Inc. and

the ultimate parent company is the Township of Centre Wellington.

The financial statements are for the Corporation as at and for the year ended December 31, 2023.1. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on March 27, 2024.(b) Basis of measurement:

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to

make judgments, estimates and assumptions that affect the application of accounting

policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis.

Revisions to

accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

Information about assumptions and estimation uncertainties that have a significant risk of

resulting in material adjustment is included in the following notes:

(i) Note 2(b) - measurement of unbilled revenue

(ii) Notes 5, 6 - estimation of useful lives of its property, plant and equipment and intangible assets

(iii) Note 8 - recognition and measurement of regulatory balances

(iv) Note 11 - measurement of defined benefit obligations: key actuarial assumptions

(v) Note 16 - recognition and measurement of provisions and contingencies

(e) Rate regulation:

Corporation's name	Business number	Tax year end Year Month Day
CENTRE WELLINGTON HYDRO LTD.	86547 0769 RC0001	2023-12-31

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The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the Ontario Energy Board Act, 1998. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate setting

Distribution revenue

For the distribution revenue included in sale of energy, the Corporation files a "Cost of Service" ("COS") rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder's equity required to support the Corporation's business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class.

The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Basis of presentation (continued):

(e) Rate regulation (continued):

In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year's rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand ("GDP IPI-FDD") net of a productivity factor and a "stretch factor" determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third

Corporation's name	Business number	Tax year end Year Month Day
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parties, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation last filed a COS application in May 2017 for rates effective January 1, 2018 to December 31, 2023. The GDP IPI-FDD for 2023 is 3.70%, the Corporation's productivity factor is nil% and the stretch factor is 0.15%, resulting in a net adjustment of 3.40% to the previous year's rates.

Electricity rates

The OEB sets electricity prices for low-volume consumers based on an estimate of how

much it will cost to supply the province with electricity for the next year.

All remaining

consumers pay the market price for electricity. The Corporation is billed for the cost of the

electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

2. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Financial instruments:

At initial recognition, the Corporation measures its financial assets at fair value plus, in the

case of a financial asset not at fair value through profit or loss,

transaction costs that are

directly attributable to the acquisition of the financial asset. Transaction costs of financial

assets carried at fair value through profit or loss are expensed in profit or loss.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(b) Revenue recognition:

Sale and distribution of electricity

The performance obligations for the sale and distribution of electricity are recognized over

time using an output method to measure the satisfaction of the performance obligation.

The value of the electricity services transferred to the customer is determined on the basis

of cyclical meter readings plus customer usage since the last meter reading date to the

end of the year and represents the amount that the Corporation has the right to bill.

Revenue includes the cost of electricity supplied, distribution, and any other regulatory

charges. The related cost of power is recorded on the basis of power used.

For customer billings related to electricity generated by third parties and the related costs

of providing electricity service, such as transmission services and other services provided

by third parties, the Corporation has determined that it is acting as a principal for these

electricity charges and, therefore, has presented electricity revenue on a gross basis.

(c) Materials and supplies:

Materials and supplies, the majority of which is consumed by the Corporation

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in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(d) Property, plant and equipment:

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2015 are measured at the deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated depreciation.

All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings.

Qualifying assets are considered to be those that take in excess of 12 months to construct.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is

determined by comparing the proceeds from disposal, if any, with the carrying amount of the item and is included in profit or loss.

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the

item if it is probable that the future economic benefits embodied within the part will flow to

the Corporation and its cost can be measured reliably. In this event, the

replaced part of

PP&E is written off, and the related gain or loss is included in profit or

loss. The costs of

the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain

assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line

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method over their estimated useful lives, and is generally recognized in profit or loss.

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. The estimated useful lives are as follows:

Asset Rate

Buildings 25-50 years

Distribution equipment 15-70 years

Solar assets 20%

Vehicles 7-12 years

Other tools and equipment 8-15 years

Computer equipment 3-6 years

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(e) Intangible assets:

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2015 are measured at deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation after January 1, 2015, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization. Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost less accumulated amortization. Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

Asset Rate

Computer software 5 years

Land rights 0-50 years

(f) Impairment:

(i) Financial assets measured at amortized cost:

A loss allowance for expected credit losses on financial assets measured at amortized cost is recognized at the reporting date. The loss allowance is measured at an amount equal to the lifetime expected credit losses for the asset.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to

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determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non-financial assets (continued):

For the purpose of impairment testing, assets are grouped together into the smallest

group of assets that generates cash inflows from continuing use that are largely

independent of the cash inflows of other assets or groups of assets (the "cashgenerating

unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the

estimated future cash flows are discounted to their present value using a pre-tax

discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

An impairment loss is reversed only to the extent that the asset's carrying amount

does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and

retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk

as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(h) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal

or constructive obligation that can be estimated reliably, and it is probable that an outflow

of economic benefits will be required to settle the obligation. Provisions are determined by

discounting the expected future cash flows at a pre-tax rate that reflects current market

assessments of the time value of money and the risks specific to the liability. (i) Regulatory balances:

Regulatory deferral account debit balances represent costs incurred in excess of amounts

billed to the customer at OEB approved rates. Regulatory deferral account credit balances

represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

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Corporation's name	Business number	Tax year end Year Month Day
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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(i) Regulatory balances (continued):

Regulatory deferral account debit balances are recognized if it is probable that future

billings in an amount at least equal to the deferred cost will result from inclusion of that cost

in allowable costs for rate-making purposes. The offsetting amount is recognized in net

movement in regulatory balances in profit or loss or other comprehensive income. When

the customer is billed at rates approved by the OEB for the recovery of the deferred costs,

the customer billings are recognized in revenue. The regulatory deferral account debit

balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or other

comprehensive

income.

The probability of recovery of the regulatory deferral account debit balances is assessed

annually based upon the likelihood that the OEB will approve the change in rates to

recover the balance. The assessment of likelihood of recovery is based upon previous

decisions made by the OEB for similar circumstances, policies or guidelines issued by the

OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the

Corporation recognizes a regulatory deferral account credit balance. The offsetting amount

is recognized in net movement in regulatory balances in profit or loss or other

comprehensive income. The amounts returned to the customers are recognized as a reduction of revenue. The regulatory deferral account credit balance is

reduced by the

amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or other comprehensive income.

(j) Post-employment benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario

Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund

("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit

pension plan,

which is financed by equal contributions from participating employers and employees,

and by the investment earnings of the Fund. To the extent that the Fund finds itself in

an under-funded position, additional contribution rates may be assessed to

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participating employers and members.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(j) Post-employment benefits (continued):

(i) Pension plan (continued):

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information

available to enable the Corporation to directly account for the plan.

Consequently, the

plan has been accounted for as a defined contribution plan. The Corporation

is not responsible for any other contractual obligations other than the

contributions.

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by

applying the projected unit credit method and reflect management's best estimate of

certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating

to past service by employees is recognized immediately in profit or loss.

(k) Leased assets:

At inception of a contract, the Corporation assesses whether a contract is, or contains, a

lease. A contract is, or contains, a lease if the contract conveys the right to control the use

of an identified asset for a period of time in exchange for consideration.

For leases and contracts that contain a lease, the Corporation recognizes a right-of-use

asset and a lease liability at the lease commencement date. The right-of-use asset is

initially measured at cost which comprises the initial amount of the lease liability adjusted

for any lease payments made at or before the commencement date, plus any initial direct

costs incurred and an estimate of costs to dismantle and remove the underlying asset or to

restore the underlying asset or the site on which it is located, less any lease incentives received.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(k) Leased assets (continued):

The right-of-use asset is subsequently depreciated using the straight-line

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method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. Subsequent to initial recognition, the right-of-use asset is recognized at cost less any accumulated depreciation and any accumulated impairment losses, adjusted for certain remeasurements of the corresponding lease liability. The lease liability is initially measured at the present value of lease payments plus the present value of lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Corporation's estimate of the amount expected to be payable under a residual value guarantee, or if the Corporation changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Short-term leases and low value assets
The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(1) Finance income and finance costs:
Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and dividend income. Finance costs comprise interest expense on borrowings and net interest expense on postemployment benefits. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

2. Significant accounting policies (continued):

(m) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and

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the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the Electricity Act, 1998, the Corporation makes payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Tax Acts as modified by the Electricity Act, 1998, and related regulations.

Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

3. Standards issued but not yet adopted:
At the date of authorization of these financial statements, several new, but not yet effective, standards and amendments to existing standards, and Interpretations have been published by the IASB. None of these standards or amendments to existing standards have been adopted early by the Corporation. New standards, amendments and interpretations not adopted in the current year include the following:

- (i) Classification of Liabilities as Current or Non-current (Amendments to IAS 1).
- (ii) Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2).
- (iii) Definition of Accounting Estimate (Amendments to IAS 8).
- (iv) Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction - Amendments to IAS 12 Income Taxes.

The Corporation is currently assessing the impact of these standards.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

4. Accounts receivable:

2023 2022

Trade customer accounts receivable \$ 2,561,595 \$ 2,374,010

Other receivables 274,144 109,841

\$ 2,835,739 \$ 2,483,851

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

5. Property, plant and equipment:

Land and
buildings

Distribution
equipment

Other fixed
assets Solar assets

Construction in-
progress Total

Cost or deemed cost

Balance at January 1,

2023 \$ 1,012,878 \$ 20,133,651 \$ 1,774,044 \$ - \$ 145,382 \$ 23,065,955

Additions 16,954 964,928 104,538 100,605 207,902 1,394,927

Transfers - - - - (145,382) (145,382)

Disposals/ retirements - (233,614) (125,208) - - (358,822)

Balance at December

31, 2023 \$ 1,029,832 \$ 20,864,965 \$ 1,753,374 \$ 100,605 \$ 207,902 \$ 23,956,678

Balance at January 1,

2022 \$ 1,012,878 \$ 19,673,688 \$ 1,730,601 \$ - \$ 7,635 \$ 22,424,802

Additions - 515,228 69,236 - 145,382 729,846

Transfers - 7,635 - - (7,635) -

Disposals/ retirements - (62,900) (25,793) - - (88,693)

Balance at December

31, 2022 \$ 1,012,878 \$ 20,133,651 \$ 1,774,044 \$ - \$ 145,382 \$ 23,065,955

Accumulated

depreciation

Balance at January 1,

2023 \$ 257,738 \$ 4,173,691 \$ 1,182,271 \$ - \$ - \$ 5,613,700

Depreciation 32,111 509,273 150,761 - - 692,145

Disposals - (207,868) (124,994) - - (332,862)

Balance at December

31, 2023 \$ 289,849 \$ 4,475,096 \$ 1,208,038 \$ - \$ - \$ 5,972,983

Balance at January 1,

2022 \$ 225,966 \$ 3,696,070 \$ 1,063,072 \$ - \$ - \$ 4,985,108

Depreciation 31,772 528,448 144,992 - - 705,212

Disposals - (50,827) (25,793) - - (76,620)

Balance at December

31, 2022 \$ 257,738 \$ 4,173,691 \$ 1,182,271 \$ - \$ - \$ 5,613,700

Carrying amounts

At December 31, 2023 \$ 739,983 \$ 16,389,869 \$ 545,336 \$ 100,605 \$ 207,902 \$

17,983,695 At December 31, 2022 755,140 15,959,960 591,773 - 145,382 17,452,255

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

6. Intangible assets:

Computer

software Land rights Total

Cost of deemed cost

Balance at January 1, 2023 \$ 317,806 \$ 68,420 \$ 386,226

Additions 4,000 - 4,000

Balance at December 31, 2023 \$ 321,806 \$ 68,420 \$ 390,226

Balance at January 1, 2022 \$ 262,157 \$ 68,420 \$ 330,577

Corporation's name	Business number	Tax year end Year Month Day
CENTRE WELLINGTON HYDRO LTD.	86547 0769 RC0001	2023-12-31

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Notes to the financial statements

Additions 124,708 - 124,708
Disposals (69,059) - (69,059)
Balance at December 31, 2022 \$ 317,806 \$ 68,420 \$ 386,226
Accumulated amortization
Balance at January 1, 2023 \$ 179,508 \$ 10,999 \$ 190,507
Amortization 61,367 1,610 62,977
Balance at December 31, 2023 \$ 240,875 \$ 12,609 \$ 253,484
Balance at January 1, 2022 \$ 203,353 \$ 9,389 \$ 212,742
Amortization 45,214 1,610 46,824
Disposals (69,059) - (69,059)
Balance at December 31, 2022 \$ 179,508 \$ 10,999 \$ 190,507
Carrying amounts
At December 31, 2023 \$ 80,931 \$ 55,811 \$ 136,742
At December 31, 2022 138,298 57,421 195,719
7. Income tax expense:
Current tax expense (recovery):
2023 2022
Deferred tax expense \$ 222,398 \$ 160,249
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CENTRE WELLINGTON HYDRO LTD.
Notes to Financial Statements (continued)
Year ended December 31, 2023
7. Income tax expense (continued):
Reconciliation of effective tax rate:
2023 2022
Income before taxes \$ 633,843 \$ 343,849
Statutory income tax rates 26.5 % 26.5 %
Expected tax provision on income at statutory rates \$ 167,968 \$ 91,120
Increase (decrease) in income taxes resulting from:
Permanent differences 281 (4,703)
Other 4,943 1,804
Deferred tax associated with net movement in
regulatory accounts 64,061 72,028
Income tax expense \$ 237,253 \$ 160,249
Significant components of the Corporation's deferred tax balances:
2023 2022
Deferred tax assets (liabilities):
Property, plant and equipment \$ (966,262) \$ (833,645)
Post-employment benefits 53,695 69,843
Deferred revenue 283,131 275,962
Regulatory liabilities (161,940) (114,108)
Non-capital losses 523,452 568,526
Other - 5,581
\$ (267,924) \$ (27,841)
20
CENTRE WELLINGTON HYDRO LTD.
Notes to Financial Statements (continued)
Year ended December 31, 2023
8. Regulatory balances:
Reconciliation of the carrying amount for each class of regulatory balances:
Regulatory deferral
account debit balances
January 1,
2023 Additions
Recovery/
reversal

Corporation's name	Business number	Tax year end Year Month Day
CENTRE WELLINGTON HYDRO LTD.	86547 0769 RC0001	2023-12-31

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December 31,
2023
Remaining
recovery/
reversal years
Retail settlement
variance accounts \$ 899,710 \$ 274,426 \$ (189,761) \$ 984,375 1-4
Regulatory variances
disposition 11,699 185,148 (181,513) 15,334 1-4
Other 55,754 8,608 - 64,362 1-4
\$ 967,163 \$ 468,182 \$ (371,274) \$ 1,064,071
Regulatory deferral
account debit balances
January 1,
2022 Additions
Recovery/
reversal
December 31,
2022
Remaining
recovery/
reversal years
Retail settlement
variance accounts \$ 456,165 \$ 585,178 \$ (141,633) \$ 899,710 1-4
Regulatory variances
disposition 8,394 255,898 (252,593) 11,699 1-4
Other 47,904 7,850 - 55,754 1-4
\$ 512,463 \$ 848,926 \$ (394,226) \$ 967,163
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CENTRE WELLINGTON HYDRO LTD.
Notes to Financial Statements (continued)
Year ended December 31, 2023
8. Regulatory balances (continued):
Regulatory deferral
account credit
balances
January 1,
2023 Additions
Recovery/
reversal
December 31,
2023
Remaining
recovery/
reversal years
Retail settlement
variance accounts \$ 143,376 \$ (143,376) \$ - \$ - 1-4
Deferred income tax 16,423 - - 16,423 -
Other 217,942 31,665 - 249,607 1-4
\$ 377,741 \$ (111,711) \$ - \$ 266,030
Regulatory deferral
account credit
balances
January 1,
2022 Additions
Recovery/

Corporation's name	Business number	Tax year end Year Month Day
CENTRE WELLINGTON HYDRO LTD.	86547 0769 RC0001	2023-12-31

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reversal
December 31,
2022
Remaining
recovery/
reversal years
Retail settlement
variance accounts \$ 6,350 \$ 260,602 \$ (123,576) \$ 143,376 1-4
Deferred income tax 122,790 - (106,367) 16,423 -
Other 172,029 36,616 9,297 217,942 1-4
\$ 301,169 \$ 297,218 \$ (220,646) \$ 377,741
The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances. Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. The most recent IRM application was approved in December 2022 for January 1, 2023 rates. The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates. Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In 2023, the rate range was 4.73% to 5.39% (2022 - 0.57% to 3.87%).

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

9. Accounts payable and accrued liabilities:

2023 2022

Accounts payable - energy purchases \$ 1,343,240 \$ 1,379,057

Water and sewer charges payable 889,167 803,820

Other 1,511,248 1,843,117

\$ 3,743,655 \$ 4,025,994

10. Long-term debt:

2023 2022

Demand promissory note payable to the Corporation of the Township of Centre Wellington, interest at 7.25% \$ 5,046,753 \$ 5,046,753

Ontario Infrastructure loan, interest at 4.48%, payable in monthly instalments, due 2038 secured by a General Security Agreement 957,386 1,001,871

Ontario Infrastructure loan, interest at 3.75%, payable in monthly instalments, due 2039 secured by a General Security Agreement 907,405 948,909

Ontario Infrastructure loan, interest at 3.56%, payable in monthly instalments, due 2040 secured by a General

Corporation's name	Business number	Tax year end Year Month Day
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Security Agreement 1,456,895 1,520,250
8,368,439 8,517,783
Less current portion of long-term debt 155,244 149,334
\$ 8,213,195 \$ 8,368,449

The note payable is due on demand to the Township. The Township has waived its right to demand payment until January 1, 2025.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

10. Long-term debt (continued):

Principal repayments for the next five years and thereafter are as follows:

2024 \$ 155,255

2025 5,208,154

2026 167,794

2027 174,443

2028 174,443

Thereafter 2,488,350

\$ 8,368,439

11. Post-employment benefits:

(a) OMERS pension plan:

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer

and its employees. In 2023, the Corporation made employer contributions of \$172,199 to OMERS (2022 - \$143,993), of which \$24,184 (2022 - \$32,959) has been

capitalized as

part of PP&E and the remaining amount of \$148,015 (2022 - \$111,034) has been recognized in profit or loss. The Corporation estimates that a contribution of \$150,316 (2022 - \$158,300) to OMERS will be made during the next fiscal year.

As at December 31, 2022, OMERS had approximately 540,000 members, of whom 14 are recurrent employees of the Corporation. The most recently available OMERS annual report

is for the year ended December 31, 2022, which reported that the plan was 97% funded,

with an unfunded liability of \$4.2 billion. This unfunded liability is likely to result in future repayments by participating employers and members.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

11. Post-employment benefits (continued):

(b) Post-employment benefits other than pension:

The Corporation pays certain medical and life insurance benefits on behalf of some of its

retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment

benefits in rates based on the expense and remeasurements recognized for post-employment benefit plans.

Reconciliation of the obligation 2023 2022

Defined benefit obligation, beginning of year \$ 265,592 \$ 263,560

Included in profit or loss:

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Current service cost 4,102 6,136

Interest cost 9,788 7,729

13,890 13,865

Included in OCI

Actuarial losses arising from:

Changes in financial assumptions (66,745) -

212,737 277,425

Benefits paid (10,114) (11,833)

\$ 202,623 \$ 265,592

Actuarial assumptions 2023 2022

Discount (interest) rate 5.05 % 3.00 %

Salary levels 3.30 % 3.30 %

Medical costs 4.90 % 4.00 %

Dental costs 5.10 % 5.10 %

A 1% increase in the assumed discount rate would result in the defined benefit obligation

decreasing by \$28,100. A 1% decrease in the assumed discount rate would result in the defined benefit obligation increasing by \$36,700.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

12. Share capital:

2023 2022

Authorized:

Unlimited number of common shares

Issued:

1,100 common shares \$ 5,035,066 \$ 5,035,066

13. Revenues:

2023 2022

Collection and other service charges \$ 147,191 \$ 115,818

Water and sewer billing services 54,320 20,152

Rent 89,334 89,034

Loss on disposals (13,592) (12,073)

Other 30,775 22,749

Total other revenue \$ 308,028 \$ 235,680

In the following table, sale of energy and distribution revenue is disaggregated by type of customer.

2023 2022

Residential \$ 8,709,117 \$ 8,801,841

Commercial 4,028,246 4,039,287

Industrial 9,365,804 9,064,639

Other 217,413 238,085

\$ 22,320,580 \$ 22,143,852

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

14. Employee salaries and benefits:

2023 2022

Salaries, wages and benefits \$ 1,637,228 \$ 1,574,699

CPP and EI remittances 84,378 72,947

Contributions to OMERS 172,199 155,185

\$ 1,893,805 \$ 1,802,831

15. Finance income and costs:

2023 2022

Corporation's name	Business number	Tax year end Year Month Day
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Finance income:

Interest income on bank deposits \$ 74,640 \$ 42,193

Finance costs:

Interest expense on long-term debt (497,837) (503,520)

Interest expense on customer deposits (10,449) (3,953)

Other (2,588) (2,476)

(510,874) (509,949)

Net finance costs recognized in profit or loss \$ (436,234) \$ (467,756)

16. Commitments and contingencies:

General Liability Insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance

Exchange ("MEARIE"). MEARIE is a pooling of public liability insurance risks of many of the

LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced

by the pool for the years in which they were members, on a pro-rata basis

based on the total of

their respective service revenues. As at December 31, 2023, no assessments

have been made.²⁷

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

17. Related party transactions:

(a) Parents and ultimate controlling party:

The sole shareholder of the Corporation is Centre Wellington Energy Inc.

Centre

Wellington Energy Inc. is a wholly-owned subsidiary of the Township of Centre Wellington.

The Township produces consolidated financial statements that are available for public use. (b) Outstanding balances with related parties:

2023 2022

Township of Centre Wellington - receivable \$ 133,994 \$ 117,985

Township of Centre Wellington - payable (889,167) (803,820)

Township of Centre Wellington - note

payable (note 10) (5,046,753) (5,046,753)

\$ (5,801,926) \$ (5,732,588)

(c) Transactions with ultimate parents (the Township):

The Corporation provides water and sewage billing and collection services to the customers of the former Town of Fergus and the Village of Elora, which are located within

the Township, as well as supplying street light energy and street lighting maintenance

services to the former Town of Fergus and Village of Elora. Revenue includes \$223,613 (2022 - \$202,406) from the Township for these services.

The Corporation also delivers electricity to the Township throughout the year for the

electricity needs of the Township and its related organizations. Electricity delivery charges

are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Township, including street light

maintenance

services, sentinel

lights and water and waste water billing and customer care services.

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CENTRE WELLINGTON HYDRO LTD.

Corporation's name	Business number	Tax year end Year Month Day
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Notes to Financial Statements (continued)

Year ended December 31, 2023

17. Related party transactions (continued):

(d) Key management personnel:

The key management personnel of the Corporation have been defined as members of its

board of directors and executive management team members. The compensation paid or payable is as follows:

2023 2022

Directors' fees \$ 44,415 \$ 46,399

Salaries and other benefits 581,567 548,135

\$ 625,982 \$ 594,534

18. Financial instruments and risk management:

Fair value disclosure:

The carrying values of cash, accounts receivable, unbilled revenue, due from/to related parties

and accounts payable and accrued liabilities approximate fair value because of the short

maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the Township of Centre Wellington promissory note approximates the carrying value due to the short term nature of loan.

The fair value of the Ontario Infrastructure long-term debt at December 31, 2023 is \$3,176,221.

The fair value is calculated based on the present value of future principal and interest cash

flows, discounted at the current rate of interest at the reporting date. The interest rates used to

calculate fair value at December 31, 2023 ranged from 4.48% to 4.51%.

Financial risks:

The Corporation understands the risks inherent in its business and defines them broadly as

anything that could impact its ability to achieve its strategic objectives.

The Corporation's

exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

18. Financial instruments and risk management (continued):

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation

which could result in a financial loss. Financial assets held by the Corporation, such as

accounts receivable, expose it to credit risk. The Corporation earns its revenue from a

broad base of customers located in the Township of Centre Wellington. As at December 31, 2023, one customer accounts for a balance 6.5% of total accounts receivable (2022 -6.5%).

The carrying amount of accounts receivable is reduced through the use of an allowance for

impairment and the amount of the related impairment loss is recognized in profit or loss.

Subsequent recoveries of receivables previously provisioned are credited to

Corporation's name	Business number	Tax year end Year Month Day
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profit or loss.

The balance of the allowance for impairment at December 31, 2023 is \$18,600 (2022 - \$18,600). An impairment loss of \$6,878 (2022 - \$6,243) was recognized during the year. The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2023, approximately \$30,830 (2022 - \$25,781) is considered 60 days past due. The Corporation has over 6,900 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB and through credit insurance. As at December 31, 2023, the Corporation holds security deposits in the amount of \$211,494 (2022 - \$171,643).

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates. A 1% increase in the interest rate at December 31, 2023 would have increased interest expense on the long-term debt by \$84,431 (2022 - \$85,896), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

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CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements (continued)

Year ended December 31, 2023

18. Financial instruments and risk management (continued):

(c) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a \$2,000,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2023, no amounts had been drawn under the Corporation's credit facility. The Corporation also has a facility for \$450,000 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which \$nil has been drawn and posted with the IESO (2022 - \$nil).

Corporation's name	Business number	Tax year end Year Month Day
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The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt.

As at December 31, 2023, shareholder's equity amounts to \$11,484,113 (2022 - \$10,661,894) and long-term debt amounts to \$8,368,439 (2022 - \$8,517,783).

Net Income (Loss) for Income Tax Purposes

Schedule 1

Corporation's name CENTRE WELLINGTON HYDRO LTD.	Business number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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- Use this schedule to reconcile the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 Corporation – Income Tax Guide.
- All legislative references are to the Income Tax Act.

Net income (loss) after taxes and extraordinary items from line 9999 of Schedule 125 **822,219 A**

Add:

Provision for income taxes – deferred	102	222,398	
Amortization of tangible assets	104	754,379	
Amortization of intangible assets	106	743	
Loss on disposal of assets	111	13,592	
Charitable donations and gifts from Schedule 2	112	12,800	
Non-deductible meals and entertainment expenses	121	1,061	
Reserves from financial statements – balance at the end of the year	126	202,623	
Subtotal of additions		1,207,596	1,207,596

Add:

Taxable/non-deductible other comprehensive income items **239** 17,687

Other additions:

	1 Description	2 Amount		
	605	295		
1	12(1)(a) Customer Deposits	211,494		
2	Capital contributions received 12(1)(x)	51,957		
3	Net regulatory balance closing - PY	430,596		
	Total of column 2	694,047	296	694,047
	Subtotal of other additions	199	711,734	711,734 D
	Total additions	500	1,919,330	1,919,330

Amount A plus line 500 **2,741,549 B**

Deduct:

Capital cost allowance from Schedule 8	403	1,165,896	
Reserves from financial statements – balance at the beginning of the year	414	265,592	
Contributions to deferred income plans from Schedule 15	417	24,184	
Subtotal of deductions		1,455,672	1,455,672

Deduct:

Other deductions:

	1 Description	2 Amount		
	705	395		
1	20(1)(m) Customer Deposits	211,494		
2	ITA 13(7.4) Election - capital contributions received	51,957		
3	Amortization of deferred revenue	24,902		
4	Tax grouped with regulatory	176,103		
5	Net regulatory balance - EOY	639,217		
	Total of column 2	1,103,673	396	1,103,673

Subtotal of other deductions	499	<u>1,103,673</u> ▶	<u>1,103,673</u> E
Total deductions	510	<u>2,559,345</u> ▶	<u>2,559,345</u>

Net income (loss) for income tax purposes (amount B minus line 510) 182,204 C

Enter amount C on line 300 of the T2 return.

Charitable Donations and Gifts

Corporation's name CENTRE WELLINGTON HYDRO LTD.	Business number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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- For use by corporations to claim any of the following:
 - the eligible amount of charitable donations to qualified donees
 - the Ontario, Nova Scotia, and British Columbia food donation tax credits for farmers
 - the eligible amount of gifts of certified cultural property
 - the eligible amount of gifts of certified ecologically sensitive land or
 - the additional deduction for gifts of medicine made before March 22, 2017
- All legislative references are to the federal Income Tax Act, unless stated otherwise.
- The eligible amount of a gift is the amount by which the fair market value of the gifted property exceeds the amount of an advantage, if any, for the gift.
- The donations and gifts can be carried forward for 5 years except for gifts of certified ecologically sensitive land made after February 10, 2014, which can be carried forward for 10 years.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1).
- Subsection 110.1(1.2) provides as follows:
 - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control.
 - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- An eligible medical gift made before March 22, 2017, to a qualifying organization for activities outside of Canada may be eligible for an additional deduction. Calculate the additional deduction in Part 5.
- File this schedule with your T2 Corporation Income Tax Return.
- For more information, see the T2 Corporation – Income Tax Guide.

Part 1 – Charitable donations

Charity/Recipient	Amount (\$100 or more only)
Various	<u>12,800</u>
	Subtotal <u>12,800</u>
	Add: Total donations of less than \$100 each
	Total donations in current tax year <u><u>12,800</u></u>

Part 1 – Charitable donations

	Federal	Québec	Alberta
Charitable donations at the end of the previous tax year	21,058 1A	21,058	21,058
Charitable donations expired after five tax years*	239		
Charitable donations at the beginning of the current tax year (amount 1A minus line 239)	21,058	21,058	21,058
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250		
Total charitable donations made in the current year (include this amount on line 112 of Schedule 1, Net Income (Loss) for Income Tax Purposes)	210 12,800	12,800	12,800
Subtotal (line 250 plus line 210)	12,800 1B	12,800	12,800
Subtotal (line 240 plus amount 1B)	33,858 1C	33,858	33,858
Adjustment for an acquisition of control	255		
Total charitable donations available (amount 1C minus line 255)	33,858 1D	33,858	33,858
Amount applied in the current year against taxable income (cannot be more than amount 2H in Part 2)	260 33,858	33,858	33,858
(enter this amount on line 311 of the T2 return)			
Charitable donations closing balance (amount 1D minus line 260)	280		
The amount of qualifying donations for the Ontario community food program donation tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2013)	262		
Ontario community food program donation tax credit for farmers (amount on line 262 multiplied by 25%)			1
Enter amount 1 on line 420 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Ontario income tax otherwise payable or amount 1. For more information, see section 103.1.2 of the Taxation Act, 2007 (Ontario).			
The amount of qualifying donations for the Nova Scotia food bank tax credit for farmers included in the amount on line 260 (for donations made after December 31, 2015)	263		
Nova Scotia food bank tax credit for farmers (amount on line 263 multiplied by 25%)			2
Enter amount 2 on line 570 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the Nova Scotia income tax otherwise payable or amount 2. For more information, see section 50A of the Nova Scotia Income Tax Act.			
The amount of qualifying gifts for the British Columbia farmers' food donation tax credit included in the amount on line 260 (for donations made after February 16, 2016, and before January 1, 2027)	265		
British Columbia farmers' food donation tax credit (amount on line 265 multiplied by 25%)			3
Enter amount 3 on line 683 of Schedule 5, Tax Calculation Supplementary – Corporations. The maximum you can claim in the current year is whichever is less: the British Columbia income tax otherwise payable or amount 3. For more information, see section 20.1 of the British Columbia Income Tax Act.			

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1 st prior year	2022-12-31	21,058	21,058	21,058
2 nd prior year	2021-12-31			
3 rd prior year	2020-12-31			
4 th prior year	2019-12-31			
5 th prior year	2018-12-31			
6 th prior year*	2017-12-31			
7 th prior year	2016-12-31			
8 th prior year	2015-12-31			
9 th prior year	2014-12-31			
10 th prior year	2013-12-31			
11 th prior year	2012-12-31			
12 th prior year	2011-12-31			
13 th prior year	2010-12-31			
14 th prior year	2009-12-31			
15 th prior year	2008-12-31			
16 th prior year	2007-12-31			
17 th prior year	2006-12-31			
18 th prior year	2005-12-31			
19 th prior year	2004-12-31			
20 th prior year	2003-12-31			
21 st prior year*	2002-12-31			
Total (to line A)		<u>21,058</u>	<u>21,058</u>	<u>21,058</u>

* For federal and Alberta tax purposes, donations and gifts included on line 6th prior year expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line 6th prior year and donations and gifts that are included on line 21st prior year expire automatically in the current tax year.

Part 2 – Maximum allowable deduction for charitable donations

Net income for tax purposes (Note 1) multiplied by 75 %		136,653	2A
Taxable capital gains arising in respect of gifts of capital property included in Part 1 (Note 2)	225		
Taxable capital gain in respect of a disposition of a non-qualifying security under subsection 40(1.01)	227		
The amount of the recapture of capital cost allowance in respect of charitable donations	230		
Proceeds of disposition, less outlays and expenses (Note 2)		2B	
Capital cost (Note 2)		2C	
Amount 2B or 2C, whichever is less	235		
Amount on line 230 or 235, whichever is less			2D
Subtotal (add lines 225, 227, and amount 2D)			2E
Amount 2E multiplied by 25 %			2F
Subtotal (amount 2A plus amount 2F)		136,653	2G
Maximum allowable deduction for charitable donations (enter amount 1D from Part 1, amount 2G, or net income for tax purposes, whichever is the least)			33,858
			2H

Note 1: For credit unions, this amount is before the deduction of bonus interest payments and payments pursuant to allocations in proportion to borrowing made by the credit union that is otherwise deductible under subsection 137(2).

Note 2: This amount must be prorated by the following calculation: eligible amount of the gift divided by the proceeds of disposition of the gift.

Part 3 – Gifts of certified cultural property

	Federal	Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year		3A	
Gifts of certified cultural property expired after five tax years*	439		
Gifts of certified cultural property at the beginning of the current tax year (amount 3A minus line 439)	440		
Gifts of certified cultural property transferred on an amalgamation or the wind-up of a subsidiary	450		
Total gifts of certified cultural property in the current year	410		
(include this amount on line 112 of Schedule 1)			
Subtotal (line 450 plus line 410)		3B	
Subtotal (line 440 plus amount 3B)		3C	
Adjustment for an acquisition of control	455		
Amount applied in the current year against taxable income	460		
(enter this amount on line 313 of the T2 return)			
Subtotal (line 455 plus line 460)		3D	
Gifts of certified cultural property closing balance (amount 3C minus amount 3D)	480		

* For federal and Alberta tax purposes, donations and gifts expire after five tax years. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donations and gifts expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:	Federal	Québec	Alberta
1 st prior year	2022-12-31		
2 nd prior year	2021-12-31		
3 rd prior year	2020-12-31		
4 th prior year	2019-12-31		
5 th prior year	2018-12-31		
6 th prior year*	2017-12-31		
7 th prior year	2016-12-31		
8 th prior year	2015-12-31		
9 th prior year	2014-12-31		
10 th prior year	2013-12-31		
11 th prior year	2012-12-31		
12 th prior year	2011-12-31		
13 th prior year	2010-12-31		
14 th prior year	2009-12-31		
15 th prior year	2008-12-31		
16 th prior year	2007-12-31		
17 th prior year	2006-12-31		
18 th prior year	2005-12-31		
19 th prior year	2004-12-31		
20 th prior year	2003-12-31		
21 st prior year*	2002-12-31		
Total			

* For federal and Alberta tax purposes, donations and gifts included on line 6th prior year expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 24, 2006, that are included on line 6th prior year and donations and gifts that are included on line 21st prior year expire automatically in the current tax year.

Part 4 – Gifts of certified ecologically sensitive land

	Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year	4A		
Gifts of certified ecologically sensitive land expired after 5 tax years, or after 10 tax years for gifts made after February 10, 2014*	539		
Gifts of certified ecologically sensitive land at the beginning of the current tax year (amount 4A minus line 539)	540		
Gifts of certified ecologically sensitive land transferred on an amalgamation or the wind-up of a subsidiary	550		
Total current-year gifts of certified ecologically sensitive land (include this amount on line 112 of Schedule 1)	520		
Subtotal (line 550 plus line 520)	4B		
Subtotal (line 540 plus amount 4B)	4C		
Adjustment for an acquisition of control	555		
Amount applied in the current year against taxable income (enter this amount on line 314 of the T2 return)	560		
Subtotal (line 555 plus line 560)	4D		
Gifts of certified ecologically sensitive land closing balance (amount 4C minus amount 4D)	580		

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, expire after five tax years; otherwise, donation and gifts expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:	Federal	Québec	Alberta
Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date			
1 st prior year 2022-12-31			
2 nd prior year 2021-12-31			
3 rd prior year 2020-12-31			
4 th prior year 2019-12-31			
5 th prior year 2018-12-31			
6 th prior year* 2017-12-31			
7 th prior year 2016-12-31			
8 th prior year 2015-12-31			
9 th prior year 2014-12-31			
10 th prior year 2013-12-31			
11 th prior year* 2012-12-31			
12 th prior year 2011-12-31			
13 th prior year 2010-12-31			
14 th prior year 2009-12-31			
15 th prior year 2008-12-31			
16 th prior year 2007-12-31			
17 th prior year 2006-12-31			
18 th prior year 2005-12-31			
19 th prior year 2004-12-31			
20 th prior year 2003-12-31			
21 st prior year* 2002-12-31			
Total			

* For federal and Alberta tax purposes, donations and gifts made before February 11, 2014, that are included on line 6th prior year and gifts that are included on line 11th prior year expire automatically in the current year.

The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to distinguish the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years, from the portion that expires in the current tax year.

For Québec tax purposes, donations and gifts made during a tax year that ended before March 24, 2006, that are included on line 6th prior year and gifts that are included on line 21st prior year expire automatically in the current tax year.

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1 st prior year	2022-12-31			
2 nd prior year	2021-12-31			
3 rd prior year	2020-12-31			
4 th prior year	2019-12-31			
5 th prior year	2018-12-31			
6 th prior year*	2017-12-31			
7 th prior year	2016-12-31			
8 th prior year	2015-12-31			
9 th prior year	2014-12-31			
10 th prior year	2013-12-31			
11 th prior year	2012-12-31			
12 th prior year	2011-12-31			
13 th prior year	2010-12-31			
14 th prior year	2009-12-31			
15 th prior year	2008-12-31			
16 th prior year	2007-12-31			
17 th prior year	2006-12-31			
18 th prior year	2005-12-31			
19 th prior year	2004-12-31			
20 th prior year	2003-12-31			
21 st prior year*	2002-12-31			
Total				

* For federal and Alberta tax purposes, donations and gifts included on line 6th prior year expire automatically in the current tax year. For Québec tax purposes, donations and gifts made in a tax year that ended before March 19, 2007, that are included on line 6th prior year and donations and gifts that are included on line 21st prior year expire automatically in the current tax year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
	Subtotal (line D plus line E)	F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income (enter this amount on line 255 of form CO-17)		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1 st prior year	2022-12-31	
2 nd prior year	2021-12-31	
3 rd prior year	2020-12-31	
4 th prior year	2019-12-31	
5 th prior year	2018-12-31	
6 th prior year	2017-12-31	
7 th prior year	2016-12-31	
8 th prior year	2015-12-31	
9 th prior year	2014-12-31	
10 th prior year	2013-12-31	
11 th prior year	2012-12-31	
12 th prior year	2011-12-31	
13 th prior year	2010-12-31	
14 th prior year	2009-12-31	
15 th prior year	2008-12-31	
16 th prior year	2007-12-31	
17 th prior year	2006-12-31	
18 th prior year	2005-12-31	
19 th prior year	2004-12-31	
20 th prior year	2003-12-31	
21 st prior year*	2002-12-31	
Total		

* These gifts expired in the current year.

Corporation Loss Continuity and Application

Corporation's name CENTRE WELLINGTON HYDRO LTD.	Business number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the federal Income Tax Act, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the T2 Corporation – Income Tax Guide.
- File this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the federal Income Tax Act.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes		182,204	1A
Net capital losses deducted in the year (enter as a positive amount)	1B		
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)	1C		
Amount of Part VI.1 tax deductible under paragraph 110(1)(k)	1D		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)	1E		
Employer deduction for non-qualified securities – Paragraph 110(1)(e)	1F		
Subtotal (total of amounts 1B to 1F)	▶		1G
Subtotal (amount 1A minus amount 1G; if positive, enter "0")			1H
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions			1I
Subtotal (amount 1H minus amount 1I)			1J
Current-year farm loss (the lesser of: the net loss from farming or fishing included in income and the non-capital loss before deducting the farm loss)			1K
Current-year non-capital loss (amount 1J plus amount 1K; if positive, enter "0")			1L
If amount 1L is negative, enter it on line 110 as a positive.			

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year		2,117,636	1M
Non-capital loss expired (note 1)	100		
Non-capital losses at the beginning of the tax year (amount 1M minus line 100)	102	2,117,636	▶
Non-capital losses transferred on an amalgamation or on the wind-up of a subsidiary (note 2) corporation	105		
Current-year non-capital loss (from amount 1L)	110		
Subtotal (line 105 plus line 110)	▶		1N
Subtotal (line 102 plus amount 1N)		2,117,636	1O

Note 1: A non-capital loss expires after **20 tax years** and an allowable business investment loss becomes a net capital loss after **10 tax years**.

Note 2: Subsidiary is defined in subsection 88(1) as a taxable Canadian corporation of which 90% or more of each class of issued shares are owned by its parent corporation and the remaining shares are owned by persons that deal at arm's length with the parent corporation.

Part 1 – Non-capital losses (continued)

Other adjustments (includes adjustments for an acquisition of control)	150		
Section 80 – Adjustments for forgiven amounts	140		
Subsection 111(10) – Adjustments for fuel tax rebate			
Non-capital losses of previous tax years applied in the current tax year	130	148,346	
Enter line 130 on line 331 of the T2 return.			
Current and previous years non-capital losses applied against current-year taxable dividends subject to Part IV tax (note 3)	135		
		148,346	148,346 1P
Subtotal (total of lines 150, 140, 130 and 135)			
			1,969,290 1Q

Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901		
Second previous tax year to reduce taxable income	902		
Third previous tax year to reduce taxable income	903		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		
Total of requests to carry back non-capital losses to previous tax years (total of lines 901 to 913)			1R
Closing balance of non-capital losses to be carried forward to future tax years (amount 1Q minus amount 1R)		180	1,969,290

Note 3: Line 135 is the total of lines 330 and 335 from Schedule 3, Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200		
Capital losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	205		
Subtotal (line 200 plus line 205)			2A
Other adjustments (includes adjustments for an acquisition of control)	250		
Section 80 – Adjustments for forgiven amounts	240		
Subtotal (line 250 plus line 240)			2B
Subtotal (amount 2A minus amount 2B)			2C
Current-year capital loss (from the calculation on Schedule 6, Summary of Dispositions of Capital Property)	210		
Unused non-capital losses from the 11th previous tax year (note 4)			2D
Allowable business investment losses (ABILs) that expired as non-capital losses at the end of the previous tax year (note 5)			2E
Enter amount 2D or 2E, whichever is less	215		
ABILs expired as non-capital losses: line 215 multiplied by 2.000000		220	
Subtotal (amount 2C plus line 210 plus line 220)			2F

Note

If there has been an amalgamation or a wind-up of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary corporation. Add all these amounts and enter the total on line 220.

Note 4: Determine the amount of the non-capital loss from the **11th previous tax year**, and enter the part of the non-capital loss that was not deducted in the **previous 11 years**.

Note 5: Enter the amount of the ABILs from the **11th previous tax year**. Enter the full amount on amount 2E.

Part 2 – Capital losses (continued)

Capital losses from previous tax years applied against the current-year net capital gain (note 6) **225** _____
 Capital losses before any request for a carryback (amount 2F minus line 225) _____ 2G

Request to carry back capital loss to (note 7):

	Capital gain (100%)	Amount carried back (100%)	
First previous tax year	38,418	951	_____
Second previous tax year	_____	952	_____
Third previous tax year	_____	953	_____
	Subtotal (total of lines 951 to 953) _____		▶ _____ 2H
Closing balance of capital losses to be carried forward to future tax years (amount 2G minus amount 2H) (note 8)			280 _____

Note 6: To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the current tax year, enter the amount from line 225 **divided** by 2 at line 332 of the T2 return.

Note 7: On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **divide** this amount by 2. The result represents the 50% inclusion rate.

Note 8: Capital losses can be carried forward indefinitely.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year	_____	3A
Farm loss expired (note 9)	300	_____
Farm losses at the beginning of the tax year (amount 3A minus line 300)	302	_____ ▶ _____
Farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	305	_____
Current-year farm loss (amount 1K in Part 1)	310	_____
	Subtotal (line 305 plus line 310) _____ ▶ _____ 3B	
	Subtotal (line 302 plus amount 3B) _____ 3C	
Other adjustments (includes adjustments for an acquisition of control)	350	_____
Section 80 – Adjustments for forgiven amounts	340	_____
Farm losses of previous tax years applied in the current tax year	330	_____
Enter line 330 on line 334 of the T2 Return.		
Current and previous years farm losses applied against current-year taxable dividends subject to Part IV tax (note 10)	335	_____
	Subtotal (total of lines 350, 340, 330 and 335) _____ ▶ _____ 3D	
	Farm losses before any request for a carryback (amount 3C minus amount 3D) _____ 3E	

Request to carry back farm loss to:

First previous tax year to reduce taxable income	921	_____
Second previous tax year to reduce taxable income	922	_____
Third previous tax year to reduce taxable income	923	_____
First previous tax year to reduce taxable dividends subject to Part IV tax	931	_____
Second previous tax year to reduce taxable dividends subject to Part IV tax	932	_____
Third previous tax year to reduce taxable dividends subject to Part IV tax	933	_____
	Subtotal (total of lines 921 to 933) _____ ▶ _____ 3F	
Closing balance of farm losses to be carried forward to future tax years (amount 3E minus amount 3F) 380 _____		

Note 9: A farm loss expires after **20 tax years**.

Note 10: Line 335 is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business	.....	485	_____
(line 485 _____ – \$2,500) divided by 2	.....	4A	_____
Amount 4A or \$ 15,000, whichever is less	.....		▶ _____ 4B
		2,500	4C
Subtotal (amount 4B plus amount 4C)	_____	2,500	▶ _____ 4D
Current-year restricted farm loss (line 485 minus amount 4D)	_____		▶ _____ 4E

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year	.....	4F	_____
Restricted farm loss expired (note 11)	.....	400	_____
Restricted farm losses at the beginning of the tax year (amount 4F minus line 400)	.....	402	▶ _____
Restricted farm losses transferred on an amalgamation or on the wind-up of a subsidiary corporation	.....	405	_____
Current-year restricted farm loss (from amount 4E)	.....	410	_____
Enter line 410 on line 233 of Schedule 1, Net Income (Loss) for Income Tax Purposes.			
Subtotal (line 405 plus line 410)	_____		▶ _____ 4G
Subtotal (line 402 plus amount 4G)	_____		_____ 4H

Restricted farm losses from previous tax years applied against current farming income	.....	430	_____
Enter line 430 on line 333 of the T2 return.			
Section 80 – Adjustments for forgiven amounts	.....	440	_____
Other adjustments	.....	450	_____
Subtotal (total of lines 430 to 450)	_____		▶ _____ 4I
Restricted farm losses before any request for a carryback (amount 4H minus amount 4I)	_____		_____ 4J

Request to carry back restricted farm loss to:

First previous tax year to reduce farming income	.....	941	_____
Second previous tax year to reduce farming income	.....	942	_____
Third previous tax year to reduce farming income	.....	943	_____
Subtotal (total of lines 941 to 943)	_____		▶ _____ 4K
Closing balance of restricted farm losses to be carried forward to future tax years (amount 4J minus amount 4K)	_____	480	_____

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

Note 11: A restricted farm loss expires after **20 tax years**.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year 5A

Listed personal property loss expired (**note 12**) **500**

Listed personal property losses at the beginning of the tax year (amount 5A **minus** line 500) . **502** ▶

Current-year listed personal property loss (from Schedule 6) **510**

Subtotal (line 502 **plus** line 510) 5B

Listed personal property losses from previous tax years applied against listed personal property gains **530**

Enter line 530 on line 655 of Schedule 6.

Other adjustments **550**

Subtotal (line 530 **plus** line 550) 5C

Listed personal property losses remaining before any request for a carryback (amount 5B **minus** amount 5C) 5D

Request to carry back listed personal property loss to:

First previous tax year to reduce listed personal property gains **961**

Second previous tax year to reduce listed personal property gains **962**

Third previous tax year to reduce listed personal property gains **963**

Subtotal (total of lines 961 to 963) 5E

Closing balance of listed personal property losses to be carried forward to future tax years (amount 5D **minus** amount 5E) **580**

Note 12: A listed personal property loss expires after **7 tax years**.

Part 7 – Limited partnership losses

Current-year limited partnership losses

1	2	3	4	5	6	7
Partnership account number	Tax year ending YYYY/MM/DD	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 minus column 5 (if negative, enter "0")	Current -year limited partnership losses (column 3 minus column 6)
600	602	604	606	608		620

1.

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

1	2	3	4	5	6	7
Partnership account number	Tax year ending YYYY/MM/DD	Limited partnership losses at the end of the previous tax year and amounts transferred on an amalgamation or on the wind-up of a subsidiary	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 minus column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6)
630	632	634	636	638		650

1.

Continuity of limited partnership losses that can be carried forward to future tax years

1	2	3	4	5	6
Partnership account number	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred in the year on an amalgamation or on the wind-up of a subsidiary	Current-year limited partnership losses (from line 620)	Limited partnership losses applied in the current year (must be equal to or less than line 650)	Current year limited partnership losses closing balance to be carried forward to future years (column 2 plus column 3 plus column 4 minus column 5)
660	662	664	670	675	680

1.

Total (enter this amount on line 335 of the T2 return)

Note

If you need more space, you can attach more schedules.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), tick the box

190

Yes

In the case of the wind-up of a subsidiary, if the election is made, the non-capital loss, restricted farm loss, farm loss, or limited partnership loss of the subsidiary—that otherwise would become the loss of the parent corporation for a particular tax year starting after the wind-up began—will be considered as the loss of the parent corporation for its immediately preceding tax year and not for the particular year.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A				N/A		
1st preceding taxation year 2022-12-31	225,978	N/A		N/A			225,978
2nd preceding taxation year 2021-12-31		N/A		N/A			
3rd preceding taxation year 2020-12-31	803,468	N/A		N/A			803,468
4th preceding taxation year 2019-12-31		N/A		N/A			
5th preceding taxation year 2018-12-31		N/A		N/A			
6th preceding taxation year 2017-12-31	849,798	N/A		N/A			849,798
7th preceding taxation year 2016-12-31		N/A		N/A			
8th preceding taxation year 2015-12-31		N/A		N/A			
9th preceding taxation year 2014-12-31	16,431	N/A		N/A			16,431
10th preceding taxation year 2013-12-31	221,961	N/A		N/A	148,346		73,615
11th preceding taxation year 2012-12-31		N/A		N/A			
12th preceding taxation year 2011-12-31		N/A		N/A			
13th preceding taxation year 2010-12-31		N/A		N/A			
14th preceding taxation year 2009-12-31		N/A		N/A			
15th preceding taxation year 2008-12-31		N/A		N/A			
16th preceding taxation year 2007-12-31		N/A		N/A			
17th preceding taxation year 2006-12-31		N/A		N/A			
18th preceding taxation year 2005-12-31		N/A		N/A			
19th preceding taxation year 2004-12-31		N/A		N/A			
20th preceding taxation year 2003-12-31		N/A		N/A			*
Total	2,117,636				148,346		1,969,290

* This balance expires this year and will not be available next year.

Tax Calculation Supplementary – Corporations

Schedule 5

Corporation's name CENTRE WELLINGTON HYDRO LTD.	Business Number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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- Use this schedule if any of the following apply to your corporation during the tax year:
 - it had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B, and D in Part 1)
 - it is claiming provincial or territorial tax credits or rebates (see Part 2)
 - it has to pay taxes, other than income tax, for Newfoundland and Labrador or Ontario (see Part 2)
- All legislative references are to the federal Income Tax Regulations (the Regulations).
- For more information, see the T2 Corporation – Income Tax Guide.

Part 1 – Allocation of taxable income

100 _____ Enter the regulation that applies (402 to 413).

A Jurisdiction. (tick yes if your corporation had a permanent establishment in the jurisdiction during the tax year) Note 1	B Total salaries and wages paid in jurisdiction	C B multiplied by taxable income, divided by G	D Gross revenue attributable to jurisdiction	E D multiplied by taxable income, divided by H	F Allocation of taxable income (C + E x 1/2) Note 2 (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador Yes <input type="checkbox"/>	103		143		
Newfoundland and Labrador Offshore Yes <input type="checkbox"/>	104		144		
Prince Edward Island Yes <input type="checkbox"/>	105		145		
Nova Scotia Yes <input type="checkbox"/>	107		147		
Nova Scotia Offshore Yes <input type="checkbox"/>	108		148		
New Brunswick Yes <input type="checkbox"/>	109		149		
Quebec Yes <input type="checkbox"/>	111		151		
Ontario Yes <input type="checkbox"/>	113		153		
Manitoba Yes <input type="checkbox"/>	115		155		
Saskatchewan Yes <input type="checkbox"/>	117		157		
Alberta Yes <input type="checkbox"/>	119		159		
British Columbia Yes <input type="checkbox"/>	121		161		
Yukon Yes <input type="checkbox"/>	123		163		
Northwest Territories Yes <input type="checkbox"/>	125		165		
Nunavut Yes <input type="checkbox"/>	126		166		
Outside Canada Yes <input type="checkbox"/>	127		167		
Total	129	G	169	H	

Note 1: **Permanent establishment** is defined in subsection 400(2).
 Note 2: For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

- Notes:**
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the T2 Corporation – Income Tax Guide.
 2. If your corporation has provincial or territorial tax payable, complete Part 2.
 3. If your corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
Ontario basic income tax (from Schedule 500)			270
Ontario small business deduction (from Schedule 500)			402
		Subtotal (line 270 minus line 402)	5A
Ontario transitional tax debits (from Schedule 506)			276
Recapture of Ontario research and development tax credit (from Schedule 508)			277
		Subtotal (line 276 plus line 277)	5B
Gross Ontario tax (amount 5A plus amount 5B)			5C
Ontario tax credit for manufacturing and processing (from Schedule 502)			406
Ontario foreign tax credit (from Schedule 21)			408
Ontario credit union tax reduction (from Schedule 500)			410
Ontario political contributions tax credit (from Schedule 525)			415
		Ontario non-refundable tax credits (total of lines 406 to 415)	5D
		Subtotal (amount 5C minus amount 5D) (if negative, enter "0")	5E
Ontario research and development tax credit (from Schedule 508)			416
Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount 5E minus line 416) (if negative, enter "0")			5F
Ontario corporate minimum tax credit (from Schedule 510)			418
Ontario community food program donation tax credit for farmers (from Schedule 2)			420
Ontario corporate income tax payable (amount 5F minus the total of lines 418 and 420) (if negative, enter "0")			5G
Ontario corporate minimum tax (from Schedule 510)			278
Ontario special additional tax on life insurance corporations (from Schedule 512)			280
		Subtotal (line 278 plus line 280)	5H
Total Ontario tax payable before refundable tax credits (amount 5G plus amount 5H)			5I
Ontario qualifying environmental trust tax credit			450
Ontario co-operative education tax credit (from Schedule 550)		5,672	452
Ontario computer animation and special effects tax credit (from Schedule 554)			456
Ontario film and television tax credit (from Schedule 556)			458
Ontario production services tax credit (from Schedule 558)			460
Ontario interactive digital media tax credit (from Schedule 560)			462
Ontario book publishing tax credit (from Schedule 564)			466
Ontario innovation tax credit (from Schedule 566)			468
Ontario business-research institute tax credit (from Schedule 568)			470
Ontario regional opportunities investment tax credit (from Schedule 570)			472
Ontario made manufacturing investment tax credit (from Schedule 572)			474
		Ontario refundable tax credits (total of lines 450 to 474)	5,672
Net Ontario tax payable or refundable tax credit (amount 5I minus amount 5J)			290
(if a credit, enter amount in brackets). Include this amount on line 255.			-5,672

Summary

Enter the total net tax payable or refundable tax credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable tax credits	255	-5,672
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If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

Capital Cost Allowance (CCA)

Corporation's name CENTRE WELLINGTON HYDRO LTD.	Business number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under Regulation 1101(5q)? **101** Yes No

Part 1 – Agreement between associated eligible persons or partnerships (EPOPs)

Are you associated in the tax year with one or more EPOPs with which you have entered into an agreement under subsection 1104(3.3) of the Regulations? **105** Yes No

If you answered **yes**, complete Part 1. Otherwise, go to Part 2.

Enter a percentage assigned to each associated EPOP (including your corporation) as determined in the agreement.

This percentage will be used to allocate the immediate expensing limit. The total of all the percentages assigned under the agreement should not exceed 100%. If the total is more than 100%, then the associated group has an immediate expensing limit of nil. For more information about the immediate expensing limit, see note 12 in Part 2.

1 Name of EPOP	2 Identification number See note 1	3 Percentage assigned under the agreement
110	115	120
1. CENTRE WELLINGTON HYDRO LTD.	865470769RC0001	
2. Centre Wellington Energy Inc.	829366491RC0001	
3. Centre Wellington Energy Innovations Inc.	794566893RC0001	100.000
Total		100.000

Immediate expensing limit allocated to the corporation (see note 2) **125**

Note 1: The identification number is the social insurance number, business number, or partnership account number of the EPOP.

Note 2: Multiply 1.5 million by the percentage assigned to your corporation in column 3. If the total of column 3 is more than 100%, enter 0.

Part 2 – CCA calculation

1 Class number See note 3 200	Description	2 Undepreciated capital cost (UCC) at the beginning of the year 201	3 Cost of acquisitions during the year (new property must be available for use) See note 4 203	4 Cost of acquisitions from column 3 that are designated immediate expensing property (DIEP) See note 5 232	5 Adjustments and transfers See note 6 205	6 Amount from column 5 that is assistance received or receivable during the year for a property, subsequent to its disposition See note 7 221	7 Amount from column 5 that is repaid during the year for a property, subsequent to its disposition See note 8 222	8 Proceeds of dispositions See note 9 207
1. 1		5,217,152						0
2. 1b		166,919						0
3. 1b		31,024	16,955					0
4. 8	Other tools & equipment	224,986	14,250	14,250				215
5. 10		4,272						0
6. 10		132,849	77,079	77,079				0
7. 12								0
8. 14.1	Land Rights Contract	27,312						0
9. 17		3,156						0
10. 45		3						0
11. 47	Distribution Assets	8,662,495	895,787					12,154
12. 50		7,137	17,209	17,209				0
13. 95	Construction WIP	145,382	207,902	207,902	-145,382			0
Totals		14,622,687	1,229,182	316,440	-145,382			12,369

1 Class number	Description	9 Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4) 234	10 UCC (column 2 plus column 3 minus column 5) See note 10	11 UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) See note 11 236	12 Immediate expensing See note 12 238	13 Cost of acquisitions on remainder of Class (column 3 minus column 12)	14 Cost of acquisitions from column 13 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 See note 13 225	15 Remaining UCC (column 10 minus column 12) (if negative, enter "0")	16 Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 plus column 6 minus column 13 plus column 14 minus column 7) (if negative, enter "0") See note 14
1. 1			5,217,152					5,217,152	
2. 1b			166,919					166,919	
3. 1b			47,979			16,955	16,955	47,979	
4. 8	Other tools & equipment		239,021	14,250		14,250	14,250	239,021	215
5. 10			4,272					4,272	

1 Class number	Description	9 Proceeds of dispositions of the DIEP (enter amount from column 8 that relates to the DIEP reported in column 4)	10 UCC (column 2 plus column 3 plus or minus column 8) See note 10	11 UCC of the DIEP (enter the UCC amount that relates to the DIEP reported in column 4) See note 11	12 Immediate expensing See note 12	13 Cost of acquisitions on remainder of Class (column 3 minus column 12)	14 Cost of acquisitions from column 13 that are accelerated investment incentive properties (AIIP) or properties included in Classes 54 to 56 See note 13	15 Remaining UCC (column 10 minus column 12) (if negative, enter "0")	16 Proceeds of disposition available to reduce the UCC of AIIP and property included in Classes 54 to 56 (column 8 plus column 6 minus column 13 plus column 14 minus column 7) (if negative, enter "0") See note 14
6.	10	234	209,928	236	238	77,079	77,079	209,928	
7.	12								
8.	14.1		27,312					27,312	
9.	17		3,156					3,156	
10.	45		3					3	
11.	47		9,546,128			895,787	895,787	9,546,128	12,154
12.	50		24,346	17,209		17,209	17,209	24,346	
13.	95		207,902	207,902		207,902	207,902	207,902	
Totals			15,694,118	316,440		1,229,182	1,229,182	15,694,118	12,369

Part 2 – CCA calculation (continued)

1 Class number	Description	17 Net capital cost additions of AIP and property included in Classes 54 to 56 acquired during the year (column 14 minus column 16) (if negative, enter "0")	18 UCC adjustment for AIP and property included in Classes 54 to 56 acquired during the year (column 17 multiplied by the relevant factor) See note 15	19 UCC adjustment for property acquired during the year other than AIP and property included in Classes 54 to 56 (0.5 multiplied by the result of column 13 minus column 14 plus column 7 minus column 8) (if negative, enter "0") See note 16	20 CCA rate % See note 17	21 Recapture of CCA See note 18	22 Terminal loss See note 19	23 CCA (for declining balance method, the result of column 15 plus column 18 minus column 19, multiplied by column 20, or a lower amount, plus column 12) See note 20	24 UCC at the end of the year (column 10 minus column 23)
				224	212	213	215	217	220
1.	1				4	0	0	208,686	5,008,466
2.	1b				6	0	0	10,015	156,904
3.	1b	16,955	8,478		6	0	0	3,387	44,592
4.	8 Other tools & equipment	14,035	7,018		20	0	0	49,208	189,813
5.	10				30	0	0	1,282	2,990
6.	10	77,079	38,540		30	0	0	74,540	135,388
7.	12				100	0	0		
8.	14.1 Land Rights Contract				5	0	0	1,366	25,946
9.	17				8	0	0	252	2,904
10.	45				45	0	0	1	2
11.	47 Distribution Assets	883,633	441,817		8	0	0	799,036	8,747,092
12.	50	17,209	8,605		55	0	0	18,123	6,223
13.	95 Construction WIP	207,902	103,951		0	0	0		207,902
Totals		1,216,813	608,409					1,165,896	14,528,222

Enter the total of column 21 on line 107 of Schedule 1.
Enter the total of column 22 on line 404 of Schedule 1.
Enter the total of column 23 on line 403 of Schedule 1.

Note 3: If a class number has not been provided in Schedule II of the Income Tax Regulations for a particular class of property, use the subsection provided in Regulation 1101.

Note 4: Include any property acquired in previous years that has now become available for use, net of any government assistance received or entitled to be received in the year from a government, municipality or other public authority, or a reduction of capital cost after the application of section 80. This property would have been previously excluded from column 3. List separately any acquisitions of property in the class that are not subject to the 50% rule. See Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance, for exceptions to the 50% rule. Do not include any amount in column 3 in respect of property included in column 5 (see note 6).

Note 5: A DIEP reported in column 4 is a property acquired after April 18, 2021, by a corporation that was a Canadian-controlled private corporation (CCPC) throughout the year, which became available for use in the tax year (before 2024) and was designated as such on or before the day that is 12 months after the filing-due date for the tax year to which the designation relates. It includes all capital property subject to the CCA rules, if certain conditions are met, other than property included in Classes 1 to 6, 14.1, 17, 47, 49, and 51. A property can only qualify as DIEP in the year in which it becomes available for use. See subsection 1104(3.1) of the Regulations for more information.

Note 6: Enter in column 5, "Adjustments and transfers", amounts that increase or reduce the UCC (column 10). Items that increase the UCC include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the UCC (show amounts that reduce the UCC in brackets) include assistance received or receivable during the year for a property, subsequent to its disposition, if such assistance would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f). See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 5. Also include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor at least 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.

Note 7: Include all amounts of assistance you received (or were entitled to receive) after the disposition of a depreciable property that would have decreased the capital cost of the property by virtue of paragraph 13(7.1)(f) if received before the disposition.

Part 2 – CCA calculation (continued)

- Note 8: Include all amounts you have repaid during the year for any legally required repayment, made after the disposition of a corresponding property, of:
- assistance that would have otherwise increased the capital cost of the property under paragraph 13(7.1)(d) and
 - an inducement, assistance, or any other amount contemplated in paragraph 12(1)(x) received, that otherwise would have increased the capital cost of the property under paragraph 13(7.4)(b)
- Include the UCC of each property of a prescribed class acquired in the course of a corporate reorganization described under paragraph 55(3)(b) of the Act (also known as "butterfly reorganization") or include property acquired in a non-arm's length transaction (other than by virtue of a right referred to in paragraph 251(5)(b) of the Act) if the property was a depreciable property acquired by the transferor less than 364 days before the end of your tax year and continuously owned by the transferor until it was acquired by you.
- Note 9: For each property disposed of during the year, deduct from the proceeds of disposition any outlays and expenses to the extent that they were made or incurred for the purpose of making the disposition(s). The amount reported in respect of the property cannot exceed the property's capital cost, unless that property is a timber resource property as defined in subsection 13(21).
If the cost of a zero-emission passenger vehicle (or a passenger vehicle that was, at any time, a DIEP) exceeds the prescribed amount and it is disposed of to a person or partnership with which you deal at arm's length, the proceeds of disposition will be adjusted based on a factor equal to the prescribed amount as a proportion of the actual cost of the vehicle. The actual cost of the vehicle will be adjusted for payment or repayment of government assistance.
- Note 10: If the amount in column 5 (as shown in brackets) reduces the undepreciated capital cost, you must subtract it for the purposes of the calculation. Otherwise, add the amount in column 5 for the purposes of the calculation.
- Note 11: The amount to enter in column 11 must not exceed the amount in column 10. If it does, enter in column 11 the amount from column 10. If the amount determined in column 10 is zero or a negative amount, enter zero. The only amounts incurred before April 19, 2021, to be included in this column are certain inventory purchases from arm's length persons or partnerships where the conditions in paragraphs 1100(0.3)(a) to (c) are met.
- Note 12: Immediate expensing applies to a DIEP included in column 11. The total immediate expensing for the tax year (total of column 12) should not exceed the lesser of:
1. Immediate expensing limit: it is equal to one of the following five amounts, whichever is applicable:
 - \$1.5 million, if you are not associated with any other EPOP in the tax year
 - amount from line 125, if you are associated in the tax year with one or more EPOPs
 - nil, if the total of the percentages assigned in Part 1 is more than 100% or you are associated in the tax year with one or more EPOPs and have not filed an agreement in prescribed form as required under subsection 1104(3.3) of the Regulations
 - the amount determined under subsection 1104(3.5) of the Regulations for any second or subsequent tax years ending in a calendar year, if you have two or more tax years ending in the calendar year in which you are associated with another EPOP that has a tax year ending in that calendar year
 - any amount allocated by the minister under subsection 1104(3.4) of the Regulations

The immediate expensing limit has to be prorated if your tax year is less than 365 days. You cannot carry forward any unused amount of the immediate expensing limit.
 2. UCC of the DIEP: total of column 11
You have to maintain the CCPC status throughout the relevant tax year in order to claim the immediate expensing.
- Note 13: An AIIP is a property (other than property included in Classes 54 to 56) that you acquired after November 20, 2018, and that became available for use before 2028.
Classes 54 and 55 include zero-emission vehicles that you acquired after March 18, 2019, and that became available for use before 2028.
Class 56 applies to eligible zero-emission automotive equipment and vehicles (other than motor vehicles) that are acquired after March 1, 2020, and that became available for use before 2028.
See the T2 Corporation Income Tax Guide for more information.
- Note 14: Include only elements from columns 6 and 7 that are not related to the DIEP.
- Note 15: The relevant factors for property of a class in Schedule II, that is an AIIP or included in Classes 54 to 56, available for use respectively before 2024 are:
- 2 1/3 for property in Classes 43.1, 54, and 56
 - 1 1/2 for property in Class 55
 - 1 for property in Classes 43.2 and 53
 - 0 for property in Classes 12, 13, 14, 15, and 59, as well as properties that are Canadian vessels included in paragraph 1100(1)(v) of the Regulations (see note 20 for additional information) and
 - 0.5 for all other property that is an AIIP

Part 2 – CCA calculation (continued)

- Note 16: The UCC adjustment for property acquired during the year (also known as the half-year rule or 50% rule) does not apply to certain property (including AIP and property included in Classes 54 to 56). Include only elements from columns 6 and 7 that are not related to the DIEP. For special rules and exceptions, see Income Tax Folio S3-F4-C1, General Discussion of Capital Cost Allowance.
- Note 17: Enter a rate only if you are using the declining balance method. For any other method (for example, the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 23.
- Note 18: If the amount in column 10 is negative, you have a recapture of CCA. If applicable, enter the negative amount from column 10 in column 21 as a positive. The recapture rules do not apply to passenger vehicles in Class 10.1. However, they do apply to a passenger vehicle that was, at any time, a DIEP.
- Note 19: If no property is left in the class at the end of the tax year and there is still a positive amount in the column 10, you have a terminal loss. If applicable, enter the positive amount from column 10 in column 22. The terminal loss rules do not apply to:
- passenger vehicles in Class 10.1
 - property in Class 14.1, unless you have ceased carrying on the business to which it relates
 - limited-period franchises, concessions, or licences in Class 14 if, at the time of acquisition, the property was a former property of the transferor or any similar property attributable to the same fixed place of business, and you had jointly elected with the transferor to have the replacement property rules apply, unless certain conditions are met
- Note 20: If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information. For property in class 10.1 disposed of during the year, deduct a maximum of 50% of the regular CCA deduction if you owned the property at the beginning of the tax year. For AIP listed below, the maximum first year allowance you can claim is determined as follows:
- Class 13: the lesser of 150% of the amount calculated in Schedule III of the Regulations and the UCC at the end of the tax year (before any CCA deduction)
 - Class 14: the lesser of 150% of the allocation for the year of the capital cost of the property apportioned over the remaining life of the property (at the time the cost was incurred) and the UCC at the end of the tax year (before any CCA deduction)
 - Class 15: the lesser of 150% of an amount computed on the basis of a rate per cord, board foot, or cubic metre cut in the tax year and the UCC at the end of the tax year (before any CCA deduction)
 - Canadian vessels described under paragraph 1100(1)(v) of the Regulations: the lesser of 50% of the capital cost of the property and the UCC at the end of the tax year (before any CCA deduction)
 - Class 41.2: use a 25% CCA rate. The additional allowance under paragraphs 1100(1)(y.2) (for single mine properties) and 1100(1)(ya.2) (for multiple mine properties) of the Regulations is not eligible for the accelerated investment incentive. The additional allowance in respect of natural gas liquefaction under paragraph 1100(1)(yb) of the Regulations is eligible for the accelerated investment incentive
- The AIP also apply to property (other than a timber resource property) that is a timber limit or a right to cut timber from a limit as well as to industrial mineral mine or a right to remove minerals from an industrial mineral mine. See the Income Tax Regulations for more detail.

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation CENTRE WELLINGTON HYDRO LTD.	Business Number 86547 0769 RC0001	Tax year end Year Month Day 2023-12-31
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- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	100	200	300	400	500	550	600	650	700
Name	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock	
1. Centre Wellington Energy Inc.		82936 6491 RC0001	1						
2. The Corporation of Township of Cei		87256 7136 RC0001	3						
3. Centre Wellington Energy Innovatic		79456 6893 RC0001	3						

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.

Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1 Recoveries of regulatory assets					
2 Post-employment benefits	265,592		202,623	265,592	202,623
3 Settlement variance					
Reserves from Part 2 of Schedule 13					
Totals	265,592		202,623	265,592	202,623

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

Deferred Income Plans

Corporation's name CENTRE WELLINGTON HYDRO LTD.	Business number 86547 0769 RC0001	Tax year end Year Month Day 2023-12-31
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- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

Type of plan (see note 1)	Amount of contribution \$ (see note 2)	Registration number (RPP, RSUBP, PRPP, and DPSP only)	Name of EPSP trust	Address of EPSP trust	T4PS slip(s) (see note 3)
100	200	300	400	500	600
1	172,199	591091			

Note 1
Enter the applicable code number:

- 1 – RPP
- 2 – RSUBP
- 3 – DPSP
- 4 – EPSP
- 5 – PRPP

Note 2
You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:

Total of all amounts indicated in column 200 of this schedule	172,199	A
Less:		
Total of all amounts for deferred income plans deducted in your financial statements	148,015	B
Deductible amount for contributions to deferred income plans (amount A minus amount B) (if negative, enter "0")	24,184	C

Enter amount C on line 417 of Schedule 1

Note 3
T4PS slip(s) filed by: 1 – Trustee
2 – Employer
(EPSP only)

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Business Limit

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year must file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group, including those deemed to be associated under subsection 256(2) of the Income Tax Act.

Column 2: Provide the business number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code from the list below that applies to each corporation:

- 1 – Associated for purposes of allocating the business limit (unless association code 5 applies)
- 2 – CCPC that is a **third corporation** as referred to in subsection 256(2) and has filed Schedule 28, Election not to be Associated Through a Third Corporation
- 3 – Non-CCPC that is a **third corporation**
- 4 – Associated non-CCPC
- 5 – Associated CCPC to which association code 1 does not apply because a **third corporation** has filed Schedule 28

Column 4: Enter the business limit for the year of each corporation in the associated group. Enter "0" if the corporation has association code 2, 3 or 4 in column 3 (except if the corporation is a cooperative or a credit union eligible for the SBD and it has association code 4).

Column 5: Assign a percentage to allocate the business limit to each corporation that has association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A does not exceed \$500,000.

Allocating the business limit

Date filed (do not use this area)	025	Year Month Day
Enter the calendar year the agreement applies to	050	Year 2023
Is this an amended agreement for the above calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below?	075	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

	1 Name of associated corporations	2 Business number of associated corporations	3 Association code	4 Business limit for the year before the allocation \$	5 Percentage of the business limit %	6 Business limit allocated* \$
	100	200	300		350	400
1	CENTRE WELLINGTON HYDRO LTD.	86547 0769 RC0001	1	500,000	100.0000	500,000
2	Centre Wellington Energy Inc.	82936 6491 RC0001	1	500,000		
3	The Corporation of Township of Centre Wellingt	87256 7136 RC0001	3			
4	Centre Wellington Energy Innovations Inc.	79456 6893 RC0001	1	500,000		
	Total				100.0000	500,000 A

Business limit reduction under subsection 125(5.1) of the Act

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "large corporation amount" at line 415 of the T2 return. The amount at line 415 is determined using the formula $0.225\% \times (C - \$10,000,000)$. Another factor is the "adjusted aggregate investment income" from lines 744 and 745 of Schedule 7, Aggregate Investment Income and Income Eligible for the Small Business Deduction. Details of these formulas and variable C are in subsection 125(5.1) of the Act.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules for business limit

Special rules apply under subsection 125(5) if a CCPC has more than one tax year ending in the same calendar year and it is associated in more than one of those tax years with another CCPC that has a tax year ending in that calendar year. The business limit for the second or later tax year will be equal to the lesser of: the business limit determined for the first tax year ending in the calendar year or the business limit determined for the second or later tax year ending in the same calendar year.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
---------------------------------	--------------------------------	-------------------------------	---------------------	---------------------------------

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2022-12-31				
2021-12-31				
2020-12-31				
2019-12-31				
2018-12-31				
2017-12-31				
2016-12-31		2,000		2,000
2015-12-31		2,000		2,000
2014-12-31				
2013-12-31				
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				*
Total		4,000		4,000

B+C+D+G **Total ITC utilized**

* The **ITC end of year** includes the amount of ITC expired from the 20th preceding year. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Taxable Capital Employed in Canada – Large Corporations

Corporation's name CENTRE WELLINGTON HYDRO LTD.	Business number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than \$10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than \$10,000,000, file a completed Schedule 33 with your T2 *Corporation Income Tax Return* no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following year-end amounts:

Reserves that have not been deducted in calculating income for the year under Part I	101	42,943	
Capital stock (or members' contributions if incorporated without share capital)	103	5,035,066	
Retained earnings	104	6,399,989	
Contributed surplus	105		
Any other surpluses	106		
Deferred unrealized foreign exchange gains	107		
All loans and advances to the corporation	108	8,579,933	
All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations	109		
Any dividends declared but not paid by the corporation before the end of the year	110		
All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year	111		
The total of all amounts, each of which is the amount, if any, in respect of a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112		
Subtotal (add lines 101 to 112)		<u>20,057,931</u>	<u>20,057,931</u> A

Note:

Line 112 is determined by the formula $(A - B) \times C/D$ (as per paragraph 181.2(3)(g)) where:

- A is the total of all amounts that would be determined for lines 101, 107, 108, 109, and 111 in respect of the partnership for its last fiscal period that ends at or before the end of the year if
 - a) those lines applied to partnerships in the same manner that they apply to corporations, and
 - b) those amounts were computed without reference to amounts owing by the partnership
 - (i) to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership, or
 - (ii) to any partnership in which a corporation described in subparagraph (i) held a membership interest either directly or indirectly through another partnership.
- B is the partnership's deferred unrealized foreign exchange losses at the end of the period,
- C is the share of the partnership's income or loss for the period to which the corporation is entitled either directly or indirectly through another partnership, and
- D is the partnership's income or loss for the period.

Part 1 – Capital (continued)

Subtotal A (from page 1) 20,057,931 A

Deduct the following amounts:

Deferred tax debit balance at the end of the year	121	_____
Any deficit deducted in calculating its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year	122	_____
To the extent that the amount may reasonably be regarded as being included in any of lines 101 to 112 above for the year, any amount deducted under subsection 135(1) in calculating income under Part I for the year.	123	_____
Deferred unrealized foreign exchange losses at the end of the year	124	_____

Subtotal (add lines 121 to 124) _____ B

Capital for the year (amount A minus amount B) (if negative, enter "0") 190 20,057,931

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

A share of another corporation	401	_____
A loan or advance to another corporation (other than a financial institution)	402	<u>272,660</u>
A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution)	403	_____
Long-term debt of a financial institution	404	_____
A dividend payable on a share of the capital stock of another corporation	405	_____
A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim or similar obligation of, a partnership each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1)	406	_____
An interest in a partnership (see note 2 below)	407	_____
Investment allowance for the year (add lines 401 to 407)	490	<u>272,660</u>

Notes:

- Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 (other than a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
- Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
- Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation. Refer to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)	<u>20,057,931</u>	C
Deduct: Investment allowance for the year (line 490)	<u>272,660</u>	D
Taxable capital for the year (amount C minus amount D) (if negative, enter "0")	500 <u>19,785,271</u>	

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in calculating income for the year under Part I

Title Part 1 – Reserves that have not been deducted in computing income for the

Description	Operator (Note)	Amount
Sch 13 reserves		202,623 00
Deferred tax liability in regulatory assets/liabilities	-	159,680 00
	Total	42,943 00

Note: The calculations are performed one at a time, from the first to the last line, and not according to the priority rules of the operations. For example, the formula $1+2*3$ will not result in the same thing as the formula $1+3*2$.

Shareholder Information

Corporation's name CENTRE WELLINGTON HYDRO LTD.	Business number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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- All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.
- Provide only one number (business number, partnership account number, social insurance number or trust number) per shareholder.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business number or partnership account number (9 digits, 2 letters, and 4 digits. If not registered, enter "NR")	Social insurance number (9 digits)	Trust number (T followed by 8 digits)	Percentage common shares	Percentage preferred shares
	100	200	300	350	400	500
1	Centre Wellington Energy Inc.	865470769RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
CENTRE WELLINGTON HYDRO LTD.	86547 0769 RC0001	2023-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
 - 1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
 - 2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
 - 3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
 - 4) a congregation or business agency to which section 143 of the federal Act applies;
 - 5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
 - 6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	25,436,595
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	99,423,918
Total assets (total of lines 112 to 116)		124,860,513
Total revenue of the corporation for the tax year **	142	22,762,733
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	51,550,045
Total revenue (total of lines 142 to 146)		74,312,778

The corporation is subject to CMT if:

- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than \$5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than \$10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than \$50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than \$100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* Rules for total assets

- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** Rules for total revenue

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were \$1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *		210	822,219
Add (to the extent reflected in income/loss):			
Provision for current income taxes/cost of current income taxes	220		
Provision for deferred income taxes (debits)/cost of future income taxes	222	222,398	
Equity losses from corporations	224		
Financial statement loss from partnerships and joint ventures	226		
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230		
Other additions (see note below):			
Share of adjusted net income of partnerships and joint ventures **	228		
Total patronage dividends received, not already included in net income/loss	232		
281 Tax expense in OCI	282	17,687	
283	284		
Subtotal		240,085	240,085 A
Deduct (to the extent reflected in income/loss):			
Provision for recovery of current income taxes/benefit of current income taxes	320		
Provision for deferred income taxes (credits)/benefit of future income taxes	322		
Equity income from corporations	324		
Financial statement income from partnerships and joint ventures	326		
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330		
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332		
Gain on donation of listed security or ecological gift	340		
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342		
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344		
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346		
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348		
Other deductions (see note below):			
Share of adjusted net loss of partnerships and joint ventures **	328		
Tax payable on dividends under subsection 191.1(1) of the federal Act multiplied by 3	334		
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336		
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338		
381 Tax recovery with regulatory	382	176,103	
383	384		
385	386		
387	388		
389	390		
Subtotal		176,103	176,103 B
Adjusted net income/loss for CMT purposes (line 210 plus amount A minus amount B)		490	886,201

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

*** Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *	G	
Deduct:		
CMT credit expired *	600	
CMT credit carryforward at the beginning of the current tax year * (see note below)	620	
Add:		
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)	650	
CMT credit available for the tax year (amount on line 620 plus amount on line 650)		H
Deduct:		
CMT credit deducted in the current tax year (amount P from Part 5)		I
	Subtotal (amount H minus amount I)	J
Add:		
Net CMT payable (amount E from Part 3)		
SAT payable (amount O from Part 6 of Schedule 512)		
	Subtotal	K
CMT credit carryforward at the end of the tax year (amount J plus amount K)		670 L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
 – do not enter an amount on line G or line 600;
 – for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.
 For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)		M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)	1	
For a corporation that is not a life insurance corporation:		
CMT after foreign tax credit deduction (amount D from Part 3)	2	
For a life insurance corporation:		
Gross CMT (line 540 from Part 3)	3	
Gross SAT (line 460 from Part 6 of Schedule 512)	4	
The greater of amounts 3 and 4	5	
	Deduct: line 2 or line 5, whichever applies:	6
	Subtotal (if negative, enter "0")	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		
Deduct:		
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 minus line 450 from Schedule 5)	5,672	
	Subtotal (if negative, enter "0")	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)		P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes 2 No

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * Q

Deduct:

CMT loss expired * **700**

CMT loss carryforward at the beginning of the tax year * (see note below) **720**

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) **750**

CMT loss available (line 720 plus line 750) R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3)
Subtotal (if negative, enter "0") S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) **760**

CMT loss carryforward balance at the end of the tax year (amount S plus line 760) **770** T

- * For the first harmonized T2 return filed with a tax year that includes days in 2009:
 - do not enter an amount on line Q or line 700;
 - for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

**ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS
AND REVENUE FOR ASSOCIATED CORPORATIONS**

Name of corporation CENTRE WELLINGTON HYDRO LTD.	Business Number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

	Names of associated corporations	Business number (Canadian corporation only) (see Note 1)	Total assets* (see Note 2)	Total revenue** (see Note 2)
	200	300	400	500
1	Centre Wellington Energy Inc.	82936 6491 RC0001	115,715	416
2	The Corporation of Township of Centre Wellington	87256 7136 RC0001	97,974,191	51,334,860
3	Centre Wellington Energy Innovations Inc.	79456 6893 RC0001	1,334,012	214,769
	Total	450	99,423,918	550 51,550,045

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.

Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter "NR" if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation CENTRE WELLINGTON HYDRO LTD.	Business Number 86547 0769 RC0001	Tax year-end Year Month Day 2023-12-31
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- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is \$1,000 for each qualifying work placement ending before March 27, 2009, and \$3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
 - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
 - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
 - the terms of the WP require the student to engage in productive work;
 - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
 - the student is paid for the work performed in the WP;
 - the corporation is required to supervise and evaluate the job performance of the student in the WP;
 - the institution monitors the student's performance in the WP; and
 - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information Heather Dowling	120 Telephone number including area code (519) 843-2900
Is the claim filed for a CETC earned through a partnership?*	150 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>
If you answered yes to the question at line 150, what is the name of the partnership?	160
Enter the percentage of the partnership's CETC allocated to the corporation	170 _____ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year?	200 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/>
2. Was the corporation exempt from tax under Part III of the <i>Taxation Act, 2007</i> (Ontario)?	210 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/>

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 1,574,699

For eligible expenditures incurred before March 27, 2009:

- If line 300 is \$400,000 or less, enter 15% on line 310.
- If line 300 is \$600,000 or more, enter 10% on line 310.
- If line 300 is more than \$400,000 and less than \$600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} - \text{minus } \$ 400,000}{\$ 200,000} \right) \right]$$

Eligible percentage for determining the eligible amount **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is \$400,000 or less, enter 30% on line 312.
- If line 300 is \$600,000 or more, enter 25% on line 312.
- If line 300 is more than \$400,000 and less than \$600,000, enter the percentage on line 312 using the following formula:

$$\text{Eligible percentage} = 30\% - \left[5\% \times \left(\frac{\text{amount on line 300} - \text{minus } \$ 400,000}{\$ 200,000} \right) \right]$$

Eligible percentage for determining the eligible amount **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

A Name of university, college, or other eligible educational institution		B Name of qualifying co-operative education program
400		405
1.	Conestoga College	Powerline Technician
2.	Wilfred Laurier University	Double Degree BBA/Computing Co-op program
3.		

C Name of student	D Start date of WP (see note 1 below)	E End date of WP (see note 2 below)	
410	430	435	
1.	Curtis Green	2023-01-03	2023-05-05
2.	Isha Pabla	2023-09-11	2023-12-15
3.			

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	16,170	25.000 %		17
2.		10.000 %	10,688	25.000 %		14
3.		10.000 %		25.000 %		

	G Eligible amount (eligible expenditures multiplied by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	4,043	3,000	3,000		3,000
2.	2,672	3,000	2,672		2,672
3.					

Ontario co-operative education tax credit (total of amounts in column K) **500** **5,672 L**

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L _____ x percentage on line 170 in Part 1 _____ % = _____ **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:
Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is \$1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is \$3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:
(\$1,000 x X/Y) + [\$3,000 x (Y - X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009,
and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.