EXHIBIT 1

ADMINISTRATIVE DOCUMENTS

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Additional Documents Filed with this Application

Chapter 2 Appendices	Excel & PDF format
Revenue Requirement Work Form	Excel format
Cost Allocation Model	Excel format
LRAMVA Workform	Excel format
Tariff Schedule and Bill Impact Model	Excel format
Test Year Income Tax PILs Model	Excel format
RTSR Workform	Excel format
DVA Continuity Schedule	Excel format
GA Analysis Workform	Excel format
Benchmarking Spreadsheet Forecast Model (PEG)	Excel format
Chapter 5 Appendix	Excel format
Load Forecast Model	Excel format

LEGAL APPLICATION

IN THE MATTER OF the Ontario Energy Board Act, 1998, S.O. 1998, c.15, 3 Schedule B, as amended (the "OEB Act");

AND IN THE MATTER OF an Application by Grimsby Power Inc. under Section 78 of the OEB Act to the Ontario Energy Board for an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity as of January 1, 2022.

BACKGROUND

1. The Applicant is a corporation incorporated pursuant to the Business Corporations Act (Ontario) with its head office in the Town of Grimsby. The Applicant carries on the business of distributing electricity within the Town of Grimsby pursuant to distribution license (ED-2002-0554) issued by the Ontario Energy Board ("OEB").

2. The Application has been prepared pursuant to the OEB's Renewed Regulatory Framework for Electricity Distributors as detailed in the Report of the Board dated October 18, 2012 (the "RRFE").

3. The Applicant followed Chapter 2 of the OEB's Filing Requirements for Electricity Distribution Rate Applications last revised on June 24, 2021 (the "Filing Requirements") in preparing the Application. There are no deviations from the Filing Requirements in this Application.

4. The Applicant has prepared a Consolidated Distribution System Plan ("DSP") in accordance with Chapter 5 of the OEB's Filing Requirements

for Electricity Transmission and Distribution Applications dated June 24, 2021.

5. The Applicant acknowledges that the OEB will publish an update to the cost of capital parameters later in 2021 and will appropriately reflect this update in Revenue Requirement prior to the approval of rates in this proceeding.

6. Applicant's Name: Grimsby Power Incorporated
(the "Applicant" or "Grimsby Power")

7. Applicants Address: 231 Roberts Road
Grimsby, Ontario
L3M 5N2

2022 COST OF SERVICE APPLICATION SUMMARY

Grimsby Power is the Local Distribution Company (LDC) proudly serving the Town of Grimsby. Grimsby Power is located in Southern Ontario and is incorporated pursuant to the Ontario Business Corporations Act. Grimsby Power is a subsidiary of Niagara Power Inc., which is 90% owned by the Town of Grimsby and 10% by Fortis Ontario Incorporated.

Grimsby Power currently serves approximately 11,700 electric distribution customers. Utilizing 689 km of electricity lines and covers 69 km² of distribution area within the Town of Grimsby boundaries. The business of Grimsby Power is regulated by the Ontario Energy Board (OEB) under the Ontario Energy Board Act, 1998 (Ontario).

Grimsby Power Inc. (GPI) is committed to providing the residents and businesses of Grimsby with a safe and reliable supply of electricity while operating effectively and efficiently at an equitable cost. We strive to meet the needs of customers through effective customer engagement, a focus on financial prudence, superior safety practices, and the highest consideration regarding reliability.

GPI's strategy is to continue to improve its operations, with employee safety and reliability being of foremost importance. GPI continues to focus on productivity improvements and cost containment by further leveraging current resources, infrastructure and other technologies.

GPI's customer base continues to grow steadily, efficiencies will be realized that will help mitigate the pressure of rising costs, and as a result, the average cost of servicing customers will remain relatively constant over the planning period. The Company continues to invest in capital to accommodate future growth and maintain reliability of existing plant. In order to maintain operations over the long term, the Company focuses on staff resourcing and succession planning.

Values

- We put our employees and safety first

- We value our customers
- We care about our community
- We treat each other with respect and take pride in our work

Grimsby Power's Vision is to:

- Be adaptable
- Continue to provide economical efficient energy
- Be in business for our customers
- Be a locally owned business
- Strive to be efficient in any new operation to meet our customers' needs
- Partner with others to drive economies of scale and scope

Strategic Objectives

- **Safety**: Creating an injury-free workplace and investing in our employees
- **Reliability**: Building and maintaining a reliable cost-effective distribution system
- **Continuous Innovation**: Ensuring a modern, flexible and advanced distribution system
- **Customer Service**: Meeting customer expectations
- **Finance**: Maintaining a commercial culture that increases value for our shareholder and achieving productivity improvements and cost-effectiveness

Grimsby Power Inc. is filing a comprehensive Cost of Service rebasing application for 2022 with a Service Revenue Requirement of $7,069,531, as summarized in Table 1-1 below:

Table 1-1

Summary Service Revenue Requirement

Component	Balance
Total Revenue Requirement	**$ 7,069,531**
Administrative & General, Billing & Collecting	$ 2,439,500
Operation & Maintenance	$ 1,558,767
Donations - LEAP	$ 8,485
Depreciation & Amortization	$ 1,320,629
Property Taxes	$ 43,800
Deemed Interest	$ 463,786
Total Costs and Expenses	**$ 5,834,967**
Utility Income Before Taxes	**$ 1,234,564**

The revenue will be used to:

- Invest consistently in asset replacements and maintenance to ensure high levels of reliability
- Invest in technology to meet Cyber Security protocols and to ensure continuous improvement in innovation, including meeting Cyber Security requirements.
- Maintain financial viability and keep up with a changing work force
- Improve ongoing communication with customers to improve their understanding of the electricity bill and the electricity distribution system

The main drivers of the increase in revenue requirement are an increase in OM&A of $863,721 and an increase in depreciation expense of $322,148 from 2016 OEB Approved levels.

OPERATIONS, MAINTENANCE AND ADMINISTRATION PROGRAMS

Each of the categories of OM&A are discussed in more detail in Exhibit 4. Grimsby Power has reviewed each of the operating cost categories to ensure they provide value to its customers and ensure the long-term sustainability and reliability of its assets. For each category, the increase in the 2022 Test Year from Grimsby Power's last cost of service application is:

- ***Customer Focus***: Costs related to costumer focus increased by $167,804 during that time period, or 36.1%;
- ***Operational Effectiveness:*** Costs related to operational effectiveness increased by $514,494 during that time period, or about 23.5%;
- ***Public and Regulatory Responsiveness:*** Costs related to public and regulatory responsiveness increased by $181,423 during that period, or 38.0%.

Customer Focus

The Customer Focus program includes costs associated with activities in customer accounts, billing, bad debt and collections. These activities include:

- meter reading, billing, call centre, payment processing, move-in move-out requests,
- retailer settlement functions,
- processing meter change requests and other office functions,
- collection activities and bad debt

Operational Effectiveness

The Operational Effectiveness program includes a majority of the functions of the utility. Those include costs associated with:

- supervision of operations and engineering staff,
- the operation and maintenance of the Niagara West MTS,
- the installation, testing, sampling and commissioning of existing and new, simple and complex metering installations,
- the maintenance of overhead services with annual inspections,

- maintenance of underground services including the cleaning of pad mounted switchgear and the repair of secondary burn offs,
- annual inspection of underground services including primary cable testing,
- vegetation maintenance (tree trimming),
- costs for the administration, regulatory and human resource areas.

Public and Regulatory Responsiveness

GPI utilizes the services of third parties to provide expert advice on a wide range of issues including legal services, regulatory matters, recruitment and auditing services. Some of the activities include:

- recruitment of staff,
- audit of financial statements and legal services,
- customer surveys including the Customer Satisfaction survey and the Public Awareness of Electrical Safety survey.

Budgeting Process and Cost Drivers

Grimsby Power commences its annual budget and business planning processes in mid to late summer for the next fiscal year with targeted approval by the Grimsby Power Board of Directors in early December. The planning process includes the identification of major priorities for the year. This includes Operations, Maintenance, and Administrative (OM&A) activities linked to these priorities and the Capital investment requirements identified in Grimsby Power's Distribution System Plan (DSP). These priorities are compared against the RRFE to ensure they meet the OEB's objectives. Once the major priorities are identified, a detailed bottom-up budget is constructed.

The 2022 budget was developed in three stages.

- The first stage involved the OM&A side of the business where all known

expenses and expenses of various work programs were tabulated to form a line-by-line budget. Every known expense was detailed in terms of labour, equipment, material, and third-party expenses. For the next prospective year, costs related to continuing expenses were adjusted by inflation factors noted in agreements for those services or by an general inflation factor. The forecasted Consumer Price Index was utilized as the general inflation factor. All expenses were scrutinized for inclusion in the budget and the budget was modified to keep the spending as level as possible over the next five years.

- The second stage involved detailing of the capital investments to be made. This information was developed based on Grimsby Power's Distribution Asset Condition Assessment and Distribution System Plan (DSP). The DSP provides for a five-year capital investment forecast with specific projects identified. These projects were entered into the budget in the same detail as the OM&A expenses. The DSP is provided in Exhibit 2, Tab 3, Attachment 1.

- The third stage involved the forecasting of revenue. This process has evolved from simply trending historical revenue to a more sophisticated process of utilizing a Weather Normalization model to predict kWh and thus calculate revenue from known or proposed rates.

As discussed in detail in Exhibit 4 one of the main drivers of the increase in OM&A is the change requested in staffing levels.

Since 2016 OEB Approved levels, wage increases, employee turnover and increased benefit costs have contributed to changes in the operating costs of GPI in the amount of $597,577.

The main factors causing the increase in costs are related to Human Resources requirements and payroll:

- The need to deploy a comprehensive succession-planning program to provide for business continuity in the light of a significant number of potential retirements over the training horizon.

- The requirement for new FTEs to support the growth in GPI's customer base and to support government mandated initiatives such as the need to be more customer centric.

- Annual collective agreement wage adjustments, progression increases for union employees and merit and progression increases for non-union staff; increases in benefits costs for OMERS pension and group benefits including health and dental benefits.

Table 1-2 below illustrates the changes in staffing levels, wages and benefits compared to the last OEB approved application.

Table 1-2
Changes in Staffing Levels
2016 OEB Approved vs. 2022 Test Year

	Last Rebasing Year (2016 OEB Approved)	2022 Test Year	2016 OEB Approved vs. 2022 Test Year
Number of Employees (FTEs including Part-Time)[1]			
Management (including executive)	8	8	0
Non-Management (union and non-union)	9	13	4
Total	17	21	4
Total Salary and Wages including ovetime and incentive pay			
Management (including executive)	$ 808,122	$ 973,337	$165,214
Non-Management (union and non-union)	$ 674,588	$ 949,561	$274,973
Total	$1,482,711	$1,922,898	$440,187
Total Benefits (Current + Accrued)			
Management (including executive)	$ 199,079	$ 235,269	$ 36,190
Non-Management (union and non-union)	$ 185,692	$ 288,891	$103,199
Total	$ 384,771	$ 524,160	$139,389
Total Compensation (Salary, Wages, & Benefits)			
Management (including executive)	$1,007,201	$1,208,606	$201,405
Non-Management (union and non-union)	$ 860,280	$1,238,452	$378,172
Total	$1,867,481	$2,447,058	$579,577

Rate Base

In Exhibit 2, Tab 1, Grimsby Power has analyzed in detail the rate base variances from 2016. A summary of the change in rate base compared to the last Board-approved ($ and %) is presented in table 1-3 below. The cumulative change in Grimsby Power's 2022 Test Year rate base over the Board approved 2016 rate base is $4,391,088. Of this amount, a $3,904,971 increase in average net book value is a reflection of Grimsby Power's continuous investment in its distribution system.

Table 1-3
Summary of Change in Rate Base
2016 OEB Approved vs. 2022 Test Year

Fixed Assets Description	2016 OEB Approved	2022 Test Year	2016 OEB Approved vs. 2022 Test Year $	2016 OEB Approved vs. 2022 Test Year %
Gross Fixed Assets, Opening Balance	27,777,831	37,646,622	9,868,791	36%
Gross Fixed Assets, Closing Balance	29,288,011	40,160,087	10,872,076	37%
Average Gross Fixed Assets	**28,532,921**	**38,903,355**	**10,370,434**	**36%**
Accumulated Depreciation, Opening Balance	5,488,649	11,849,473	6,360,823	116%
Accumulated Depreciation, Closing Balance	6,522,970	13,093,073	6,570,103	101%
Average Accumulated Depreciation	**6,005,810**	**12,471,273**	**6,465,463**	**108%**
Average Net Book Value	**22,527,111**	**26,432,082**	**3,904,971**	**17%**
Eligible Working Capital Expenses	**2016 OEB Approved**	**2022 Test Year**	**2016 OEB Approved vs. 2022 Test Year $**	**2016 OEB Approved vs. 2022 Test Year %**
Cost of Power	24,178,909	29,756,512	5,577,603	23%
Operations	699,287	929,860	230,573	33%
Maintenance	587,574	628,908	41,334	7%
Billing & Collecting	533,068	719,553	186,485	35%
Admin & General Expense	1,291,536	1,719,947	428,411	33%
Donations - LEAP	7,528	8,485	957	13%
Property Taxes	27,594	43,800	16,206	59%
Total Eligible Working Capital Expenses	**27,325,496**	**33,807,065**	**6,481,569**	**24%**
Working Capital Allowance (%)	7.50%	7.50%		
Working Capital Allowance	**2,049,412**	**2,535,530**	**486,118**	**24%**
Rate Base	**24,576,524**	**28,967,612**	**4,391,088**	**18%**

Capital Expenditures Requested for the 2022 Test Year

The capital budget forecast for 2022 is influenced, among other factors, by Grimsby Power's ongoing commitment to maintain a safe and reliable distribution system.

- Distribution asset related projects were prioritized based on multiple factors as explained in the Distribution System Plan and Grimsby Power's assessment of the condition of its assets. Grimsby Power has moved to a full and complete Asset Condition Assessment that allows it to better manage its assets that are near or at their end-of-life.

- General asset related projects have been reviewed by department Managers and in some instances supported by third party reviews. Fleet requirements are based on Grimsby Power's fleet assessment.

In the 2022 Test Year and throughout the forecast period, the biggest driver for capital spending is related to System Renewal projects. Namely Grimsby Power will target the replacement of assets that are at or nearing their end-of-life. Targeting these assets will help maintain and improve reliability going forward.

Significant System Renewal capital projects for the 2022 Test Year include:

- Program – ***Replace Defective Poles*** – this program is executed based upon the results of a yearly inspection completed by an external company and also covers any emergency replacements. A number of poles are at or nearing the end-of-life and need to be replaced over the test period, $521,019.

- Program – ***Replace Pad Mounted Transformers*** - this program is executed based upon the results of a yearly inspection completed by an external company and also covers any emergency replacements. The priority of pad-mounted transformers to be replaced is determined through the GPI capital prioritization process. This is proactive asset replacement work required to maintain reliable service to GPI's existing customers, $84,253

- Program – ***Rear Lot Conversion*** – this program involves the relocation of existing electrical plant located in customer's backyards to front yard supply. Existing rear lot plant is difficult to access for GPI staff to perform maintenance or power restoration when outages occur, and in some cases, the plant poses a potential safety risk due to insufficient clearances, $598,550.

Significant Access capital projects for the 2022 Test Year include:

- ***Metrolinx-related work*** - Grimsby GO Station is a proposed commuter rail station on the GO Transit train and bus network. GPI will be supporting this initiative through a multi phased project under Customer Access investment portfolio which includes installation of a new double circuit pole line along the road extension (Livingston Ave. from Casablanca Blvd. to Oakes St.) to service new growth in the area and to enhance connectivity with adjacent feeders at either end of the road extension, $134,000.

- ***Residential Expansion*** – Grimsby will continue to experience residential expansion over the forecast period. In recent years, cost related to residential expansion have varied extensively, but are expected to remain steady throughout the forecast period. Residential expansion costs account for the majority of all System Access-related spending, $660,249

In the category of System Service, Grimsby Power will invest in primary overhead conductor and underground cable reinforcements, $81,541.

In the category of General Plant, Grimsby Power will invest in its building and computer hardware, $101,063.

Utility Performance

This section identifies Grimsby Power's performance in each of the scorecard measures over the 2016-2019 period and identifies performance improvement targets (where applicable) aimed to enhance Grimsby Power's performance over the term of the rate-setting plan. It also provides benchmarking information relating to Grimsby Power's performance compared to its peers using the OEB published annual

yearbook and scorecard measures. Lastly, it discusses a forecast of Grimsby Power's efficiency assessment using the Pacific Economics Group ("PEG") forecasting model for the test year.

New Residential/Small Business Services Connected on Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Service Quality	New Residential/Small Business Services Connected on Time	98.60%	98.02%	96.71%	100%

Over the 2016-2019 period, Grimsby Power has always exceeded the standard for connecting new services. In 2019, GPI connected 100% of 108 eligible low-volume residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Distribution System Code ("DSC"). The utility constantly reviews and enhances (where needed) its procedures and processes to ensure its customers' inquiries and connection needs are handled efficiently and expeditiously. Over the rate term, Grimsby Power plans to maintain its performance in this measure.

Scheduled Appointments Met On Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Service Quality	Scheduled Appointments Met On Time	100%	100%	99.53%	100%

Grimsby Power met an average of 9.8 percent of all requested appointments on time over the 2016-2019 period, consistently exceeding the performance standard set by the OEB of 90 percent. In 2019, Grimsby Power attended 100% of 95 appointments where customer presence was required within the prescribed timelines. The appointments included disconnect and reconnect type services (mainly upgrades to customer owned equipment) and other miscellaneous work requested by customers or their representatives. Grimsby Power constantly reviews and enhances (where

needed) its procedures and processes to ensure customers' needs are handled efficiently and expeditiously. Over the rate term, Grimsby Power plans to maintain its performance in this measure.

Telephone Calls Answered On Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Service Quality	Telephone Calls Answered On Time	70.00%	75.37%	88.54%	90.24%

Grimsby Power has exceeded the industry standard of 65 percent of all qualified phone calls to be answered within 30 seconds of receiving the call. Despite the increasing number of phone calls Grimsby Power has been receiving since 2016, its overall trend has been consistently improving year-over-year. In 2019, customer service representatives received over 7,900 phone calls from customers, a 10 percent increase compared to 2018, and a representative answered the call within 30 seconds just over 90 percent of the time, compared to 88.5 percent in 2018. The number of calls answered on time continues to be a customer service focus for Grimsby Power. Over the rate term, Grimsby Power will focus on maintaining its performance in this metric.

First Contact Resolution

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Customer Satisfaction	First Contact Resolution	99.94%	99.97%	99.93%	99.86%

First Contact Resolution tracks the successful resolution of a customer's concern or needs in the first instance they contact the utility. The measure is determined by taking the number of calls escalated to management over the total number of calls received by customer service representatives in a given year. Grimsby Power's

success in answering customer inquiries and resolving customer issues has been on average 99 percent over the 2016-2019 period. Continued focus on customer service and continued awareness of customer needs through customer satisfaction surveys empowers Grimsby Power to have continued success in its first contact resolution. Grimsby Power plans to maintain its performance in this measure over the rate term.

Billing Accuracy

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Customer Satisfaction	Billing Accuracy	99.98%	99.96%	99.87%	99.98%

On average, Grimsby Power issued an accurate bill 99.9 percent of the time to its customers over the 2016-2019 period, exceeding the industry standard of 98 percent. Grimsby Power strives for excellence in billing accuracy results and continues its ongoing effort to recognize any issues that may arise and identify opportunities for improvement. Over the rate term, Grimsby Power plans to maintain its performance in this measure.

Customer Satisfaction Survey Results

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Customer Satisfaction	Customer Satisfaction Survey Results	75.4%	75.4%	78.8%	78.8%

Engaging customers in a constantly changing energy environment is increasingly important. Grimsby Power commissions a customer satisfaction survey on a biennial basis and these survey results provide valuable insights into customers' perceptions, needs and preferences.

The 2016 result of 75.4% was based on a weighted score of several questions within the survey including overall satisfaction, power quality and reliability, billing and payment, customer service experience, communications and price. If only overall

satisfaction is considered, Grimsby Power would have received a score of 81% for 2016, 90% for 2018 and 91% for 2020.

Customer satisfaction survey results are used to support discussions around improving customer service within all departments and levels at Grimsby Power. All management staff review the survey results and also the verbatim comments provided by customers to gain insight beyond the structured questions. The outcomes of the survey and the verbatim comments are used to influence decisions about future projects.

The 2019 survey results showed the most improvement in overall satisfaction, billing and payment. There were also improvements in the score relating to the reasonableness of the amount of money that Grimsby Power retains from the bill and reliability and power quality. While the customer satisfaction index has improved over time, there are areas that Grimsby Power targets to improve over the rate term, including the price of the bill, the number of outages, communication during outages and social media presence.

Safety

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Safety	Component A: Level of Public Awareness	82%	82.6%	82.6%	82.9%
		Component B: Level of Compliance with O Reg 22/04	C	C	C	C
		Component C: Serious Electrical Incident Index	Nil	Nil	Nil	Nil

Component A: Level of Public Awareness

Grimsby Power conducts a public awareness survey among a representative sample of its territory population. The survey measures awareness levels of key electrical safety concepts related to distribution assets and is based on a standard survey methodology developed by the Electrical Safety Authority ("ESA"). Grimsby Power Level of Public Awareness has been above 82% over the 2016-2019 period.

Grimsby Power values safety and proactively ensures awareness and importance of safety in the vicinity of its distribution equipment. For the rate term period, Grimsby Power intends to continue to monitor the level of public safety awareness relating to the distribution system as well as continuing to meet or exceed the current OEB targets relating to public safety measure.

Component B: Level of Compliance with Ontario Regulation 22/04

Ontario Regulation 22/04 – Electrical Distribution Safety establishes the requirements for electrical distribution safety related to the design, construction, and maintenance of electrical distribution assets owned by the utility. This includes making sure appropriate procedures are in place to prevent accidents or incidents, keeping the system in safe working condition, etc. The utility must demonstrate how well it met the standards by providing declarations, audit results, inspection reports, and other documentation.

Over the 2016-2019 period, the ESA deemed Grimsby Power to be compliant with the requirements of Ontario Regulation 22/04 – Electrical Distribution Safety in each of the years. These results were achieved through successful due diligence inspections, resolution of public safety concerns, compliance investigations, and annual compliance audits conducted by the ESA and a declaration of compliance. Grimsby Power intends to remain in compliance with Ontario Regulation 22/04 through the rate term period.

Component C: Serious Electrical Incident Index

Grimsby Power has not had any serious electrical incidents involving the general public. The utility intends to meet or exceed the relevant distributor target for this measure.

SAIDI/SAIFI

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	System Reliability	SAIDI	0.55	1.20	1.73	5.00
		SAIFI	0.69	0.99	1.17	3.44

Grimsby Power's average SAIDI performance for the 2016-2019 period was 2.12 while the average SAIFI performance for the period was 1.57. In 2019, the utility experienced significant amount of adverse weather events, including high winds, snow and ice storms. In 2019, Grimsby Power experienced twenty weather related events. In 2018 the number adverse weather events was only seven and in 2020, that number dropped to four. By excluding 2019 adverse weather statistic, which represented 80% of the SAIFI and 72% of the SAIDI, SAIFI would have been 0.69 and SAIDI would have been 1.39. The 2019 statistics with adverse weather events removed is more in line with the averages from 2016-2018. Grimsby Power's average SAIDI performance for the 2016-2018 period was 1.16 while the average SAIFI performance for the period was 0.95, which exceed the OEB's distributor targets.

Despite the fact that adverse weather events are beyond the utility's control, Grimsby Power made certain improvements to reduce the duration and frequency of outages. Those improvements include replacing 13 pad mounted transformers with units having primary load break switching capability to reduce the number of customers impacted by an outage, voltage conversions from 4.8/8.3kV to 16.0/27.6kV (single/three phase) again reducing outage frequency and improvements to GPI's SCADA system to help reduce outage duration through improved access to power and equipment data.

Distribution System Plan ("DSP") Implementation Progress

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Asset Management	Distribution System Plan Implementation Progress	88.73%	64.83%	86.64%	86.23%

Monitoring actual spending compared to budgets established in the DSP is another measure of efficiency. There are a number of external factors that can significantly affect actual costs within a given year. In particular System Access projects are driven by third parties, municipalities and customers. The timing on these projects can be unpredictable since they are outside of GPI's control. Also, extreme weather, vehicle accidents and other external events can affect actual costs.

Grimsby Power filed its last DSP as part of its 2016 Cost of Service Application. The DSP outlines how Grimsby Power develops, manages and maintains its distribution system equipment to provide a safe, reliable, efficient and cost-effective distribution system. Over the 2016-2019 period, Grimsby Power was able to achieve on average 81.6 percent of actual capital expenditures. Over this period, Grimsby Power was exposed to various external factors that were out of Grimsby Power's control and yet had a direct impact on Grimsby Power's plans to achieve its' planned capital spending. Such external factors consist of delays to the major new connections projects and regional road widening projects. In the same time Grimsby Power also had internal delays in execution of some of the major planned projects such as addition of new feeders due to the very lengthy and complex connection agreements process that had to be executed prior to the actual start of the construction. More detailed analysis of capital spending variances are further described in the Capital expenditure summary of Grimsby Power's DSP (Exhibit 2, Tab 3).

During the rate term period, Grimsby Power will continue to report the progress of its DSP implementation based on the approved annual amounts.

Efficiency Assessment

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Cost Control	Efficiency Assessment	2	2	2	1

Efficiency is determined using an econometric benchmarking model that compares each actual total cost to average total costs predicted by the model, which benchmarks against Ontario-based utilities. Utilities' total costs are evaluated to produce a single efficiency ranking. This is divided into five groups based on the magnitude of the difference between each utility's actual and predicted costs and reflects the potential for incremental productivity gains for each utility.

Based on 2019 performance year results, Grimsby Power was assigned to Group 1. A Group 1 distributor is defined as a distributor with actual costs more that 25 percent below predicted costs on average over three years. On average from 2017 to 2019, Grimsby Power was 28.1% below average. A Group 1 utility is considered the most efficient and Grimsby Power is one of only seven utilities in Ontario placed in Group 1. Grimsby Power's continued focus on reasonable costs has made the utility more cost-effective year over year. In 2019, Grimsby Power's actual costs were 31.8% below predicted. This is a 14.8% gain in efficiency in 5 years.

Over the term of a rate period, Grimsby Power forecasts to remain in Group 1. Utilizing the OEB's Benchmarking Spreadsheet model, Grimsby Power will not only remain in Group 1 but also have an annual cost performance that improves each year from 2021 to 2025 based on the three-year average. The costs in the model are based on the forecast 2021-Bridge Year and 2022 Test Year OM&A as well as the capital figures from the DSP in this application. Table 1-4 below shows the 2020 historical, 2021 Bridge Year, 2022 Test Year and 2023 to 2025 forecast.

Table 1-4
Actual vs Predicted Cost (PEG Model)
2020 to 2025

Grimsby Power Incorporated						
Year	2020	2021	2022	2023	2024	2025
	Actual	Bridge Year	Test Year	Forecast	Forecast	Forecast
Actual Total cost	6,892,119	7,120,570	7,596,465	7,822,230	8,044,427	8,264,230
Predicted Total Cost	9,830,741	10,520,072	11,071,849	11,744,655	12,442,339	13,166,677
Difference	(2,938,621)	(3,399,502)	(3,475,384)	(3,922,425)	(4,397,911)	(4,902,447)
Percent Difference	-35.5%	-39.0%	-37.7%	-40.6%	-43.6%	-46.6%
Three-Year Average Performance	-31.6%	-35.4%	-37.4%	-39.1%	-40.6%	-43.6%

Total Cost per Customer

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Cost Control	Total Cost per Customer	$611	$559	$584	$594

Total cost per customer is calculated as the sum of Grimsby Power's capital and operating costs and dividing this cost by the total number of customers that Grimsby Power serves. Over the 2016-2019 period, the average cost to serve a customer has not materially fluctuated and remained consistent, at approximately $587/customer. As discussed above, Grimsby Power has been consistently recognized as one of the most efficient distributors in the province. Grimsby Power will continue to focus on delivering distribution services in efficient manner, replacing aging distribution assets taking into account system risks and impacts on customer rates.

Total Cost per Km of Line

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Cost Control	Total Cost per Km of Line	$27,753	$9,383	$9,793	$10,029

This measure uses the same total cost that is used in the Cost per Customer calculation above; the total costs are divided by the kilometers of line that Grimsby Power operates to serve its customers. Grimsby Power's 2019 rate is $10,029 per Km of line. This is a slight increase compared to 2018 but a significant decrease (51%) over the previous five years average due to the inclusion of secondary lines in Grimsby Power reporting. Grimsby Power continues to see low growth in its total kilometers of lines and an increased growth in capital additions due to an increase in residential subdivision development relative to past years. Typically, these developments "lie along" existing distribution lines and this keeps the total kilometers of line low whereas the density of the customer base increases. Grimsby Power will continue to focus on delivering distribution services in efficient manner, replacing aging distribution assets taking into account system risks and impacts on customer rates.

Net Cumulative Energy Savings

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Public Policy Responsiveness	CDM	Net Cumulative Energy Savings	48.69%	74.26%	85.21%	90.58%

Under the 2015 to 2020 Conservation First Framework ("CFF"), the Independent Electricity System Operator ("IESO") allocates energy savings to be achieved by each utility in the province. Each utility is then responsible for achieving its allocated 2015-2020 CDM Plan Target. On March 21, 2019, Ministerial Directives to the OEB and the IESO discontinued the CFF and established a scaled down Interim Framework for the balance of 2019 and 2020, to be delivered centrally by the IESO.

As part of the CFF, Grimsby Power was assigned a target of 10.85 GWh. To the end of 2019, the utility has achieved 91 percent of its total plan target. Grimsby Power's success was made possible by the strong participation from local businesses in retrofit programs, energy efficient lighting programs and other conservation and demand management programs offered to Grimsby consumers through a dedicated expert third party service provider.

Renewable Generation Connection Impact Assessments Completed on Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Public Policy Responsiveness	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed on Time	-	100%	-	-

Electricity distributors are required to conduct Connection Impact Assessments ("CIAs") within 60 days of the receipt of the application if there is no distribution system reinforcement or expansion required and within 90 days if there is distribution system reinforcement or expansion required. Grimsby Power completed all CIA's within the prescribed time frame 100 percent of the time. Over the rate term, Grimsby Power plans to maintain its performance in this measure.

New Micro-embedded Generation Facilities Connected On Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Public Policy Responsiveness	Connection of Renewable Generation	New Micro-embedded Generation Facilities Connected On Time	100%	100%	100%	100%

The OEB requires electricity distributors to connect new micro-embedded generation facilities (Net Metering projects of less or equal than 10 kW) 90% of the time within the prescribed time frame of five business days. Grimsby Power has been connecting new micro-embedded generation facility (micro FIT projects of less than 10 kW) within the prescribed time frame of five business days 100% of the time. Over the rate term, Grimsby Power plans to maintain its performance in this measure.

Liquidity: Current Ratio (Current Assets/Current Liabilities)

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Financial Performance	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.60	1.07	1.09	1.03

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations.

The change in liquidity from 2016 to 2017 and forward was due to a large decrease in current portion of long-term debt. As per the settlement from GPI's 2016 cost of service application Grimsby Power financed the debt from the former NWMTS through a long-term loan instead of the Swap agreement that was in place when Grimsby Power amalgamated with the Niagara West Transformer Corporation. The change moved $4,408,000 from current to long-term debt. In addition, the outstanding debt on the end of 2016 was classified as current as the Loan Agreement were matured on April 1, 2017.

Over the rate term Grimsby Power plans on keeping the current ratio above 1 and remaining liquid.

Leverage: Total Debt to Equity Ratio

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Financial Performance	Financial Ratios	Leverage: Total Debt to Equity Ratio	1.60	1.44	1.46	1.26

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to

equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A debt to equity ratio that is higher than 1.5 may indicate that an electricity distributor could have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring. In 2019, Grimsby Power moved away slightly away from the 60/40 split with a total debt to equity ratio from 1.26 in 2019 from 1.46 in 2018. The current 1.26 debt to equity ratio represents approximately 55% debt and 45% equity.

As of December 31, 2020 GPI's debt ratio is 56% Debt and 44% Equity. GPI is forecast to remain outside the deemed 60% Debt to 40% Equity position in 2021 Bridge Year and 2022 Test Year.

Disparity from deemed capital structure is generally under the control of GPI as it may relate to the timing for debt financing for planned investments and the shareholder interest to reinvest retained earnings.

Profitability: Regulatory Return on Equity – Deemed and Achieved

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Financial Performance	Financial Ratios	ROE: Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%
		ROE: Achieved	2.39%	10.92%	8.45%	10.39%

Grimsby Power's current distribution rates were approved by the OEB and include an expected or deemed regulatory return on equity of 9.19%. This deemed rate was determined through the rate application process in 2016 (EB-2015-0072). The OEB monitors the achieved regulatory return on equity and if an LDC achieves +/- 3% of their deemed regulatory return on equity the OEB may make further inquiries with distributors.

In 2016, Grimsby Power's ROE was significantly below the 9.19% approved in the 2016 cost of service application. There were two main contributing factors to the low ROE. The first was OM&A expenses that were higher than the OEB approved OM&A. The second was that revenue was lower than the OEB approved revenue due to rates being approved effective September 1, 2016.

In the remaining years since, the ROE remained relatively stable with an average ROE from 2017 to 2019 being 9.92%. Those years were also within the 3% dead band of deemed ROE.

The deemed ROE in this rate application is set at 8.34%. Over the rate term Grimsby Power plans to remain within the 3% dead band of the deemed return on equity.

Benchmarking

Grimsby Power is an efficient organization that strives to continue to deliver its services in efficient and effective manner. Inherent in its focus on outputs and value is an emphasis on measuring and tracking performance, using benchmarking. Grimsby Power's performance has been strong, including noticeable improvements in efficiency assessment. As further described above, in 2020 (based on 2019 Performance Year results), Grimsby Power was ranked amongst the most efficient utilities in the Province, by being one of only seven utilities in the Group 1 efficiency assessment category. Grimsby Power's continued focus on reasonable costs has made the utility more cost effective year over year.

As illustrated in Tables 1-5 to 1-8 below, Grimsby Power's strong performance is confirmed when benchmarked against its peers. The utility monitors and analyses its performance and costs against other utilities in Ontario using annual scorecard measures as well as the OEB annual yearbooks. Grimsby Power's peers include utilities located in the same geographical region (Niagara) and utilities with similar customer count.

Tables 1-5 and 1-6 provide benchmarking results of Grimsby Power's performance compared against its peers using select 2019 (most recent available year) scorecard

measures. As can be observed, Grimsby Power compares favorably to its peers and is one of the most efficient utilities in its benchmarking cohorts. Notable metrics include Grimsby Power having the lowest costs per kilometer of line in both benchmarking cohorts (i.e. geographical and similar size utilities) and being the only Group 1 utility (i.e. the most efficient) in the geographical benchmarking cohort. Grimsby Power is a very strong performer in the customer focus related metrics (e.g. new services connected on time, appointments met, and phone calls answered on time, and billing accuracy) and has one of the highest results amongst its peers, consistently exceeding the industry standards.

Tables 1-7 and 1-8 provide benchmarking result of Grimsby Power's performance compared against its peers using the OEB 2019 Yearbook. Using another set of metrics, Grimsby Power continues to be one of the most efficient and lowest cost utilities. Grimsby Power has the lowest (i) OM&A per customer, (ii) Net PPP&E per customer and (iii) monthly residential service charge amongst its geographical peers. When compared to a cohort with similar size utilities, Grimsby Power also compares favorably to its peers, having one of the lowest costs in the same metrics as in geographical cohort.

Table 1-5: OEB 2019 Scorecard – Geographical Benchmarking Cohort

Distributor	New Services Connected on Time (Target: 90%)	Scheduled Appointments Met on Time (Target: 90%)	Telephone Calls Answered on Time (Target: 65%)	Billing Accuracy (Tar: 98%)	SAIFI	SAIDI	Efficiency Assessment	$/Customer	$/Km of Line	ROE: Deemed	ROE: Achieved
Grimsby Power Incorporated	100.00%	100.00%	90.24%	100	3.44	5	1	594	10,029	9.19%	10.39%
Canadian Niagara Power Inc.	93.27%	100.00%	79.73%	100	2.00	3.01	4	893	16,421	8.78%	5.84%
Niagara Peninsula Energy Inc.	93.57%	99.50%	84.67%	99	1.63	2.03	3	786	13,712	9.30%	4.73%
Niagara-on-the-Lake Hydro Inc.	100.00%	100.00%	86.80%	100	0.38	0.5	3	758	19,676	8.98%	14.38%
Welland Hydro-Electric System Corp.	94.82%	93.16%	88.90%	100	2.41	1.71	2	512	24,714	8.78%	10.44%

Table 1-6: OEB 2019 Scorecard – Similar Size Utility Benchmarking Cohort

Distributor	New Services Connected on Time (Target: 90%)	Scheduled Appointments Met on Time (Target: 90%)	Telephone Calls Answered on Time (Target: 65%)	Billing Accuracy (Tar: 98%)	SAIFI	SAIDI	Efficiency Assessment	$/Customer	$/Km of Line	ROE: Deemed	ROE: Achieved
Grimsby Power Incorporated	100%	100%	90.24%	100	3.44	5	1	594	10,029	9.19%	10.39%
Algoma Power Inc.	97.10%	100%	81.61%	100	3.39	7.33	5	2,235	12,107	9.30%	8.44%
E.L.K. Energy Inc.	99.34%	100%	97.69%	100	0.72	1.85	1	418	31,613	8.78%	9.66%
Lakefront Utilities Inc.	97.57%	100%	94.10%	100	0.68	0.76	2	501	23,885	8.78%	7.58%
Lakeland Power Distribution Ltd.	100%	100%	89.61%	100	0.66	1.29	2	730	28,074	8.98%	11.51%
Niagara Peninsula Energy Inc.	93.57%	99.50%	84.67%	99	1.63	2.03	3	786	13,712	9.30%	4.73%
Orangeville Hydro Limited	100%	100%	99.90%	100	0.39	0.33	2	568	32,501	9.36%	10.36%
Ottawa River Power Corporation	100%	98.15%	99.95%	100	1.35	7.53	2	530	11,771	9.19%	14.48%
Tillsonburg Hydro Inc.	99.56%	98.44%	84.59%	100	0.56	0.96	3	748	40,406	8.98%	4.74%
Wasaga Distribution Inc.	100%	100%	99.98%	100	0.61	1.39	1	468	22,913	9.19%	7.14%

Table 1-7: OEB 2019 Yearbook – Geographical Benchmarking Cohort

Unitized & Other Statistics For the Year Ended December 31, 2019	Grimsby Power Incorporated	Canadian Niagara Power Inc.	Niagara Peninsula Energy Inc.	Niagara-on-the-Lake Hydro Inc.	Welland Hydro-Electric System Corp.
OM&A per Customer ($)	276.58	347.75	340.98	300.81	293.74
Net PP&E per Customer ($)	2,506.66	3,942.27	2,602.22	3,272.71	1,382.51
Monthly Residential Service Charge 2020 ($)	28.75	36.76	33.67	29.41	28.82

Table 1-8: OEB 2019 Yearbook – Similar Size Utility Benchmarking Cohort

Unitized & Other Statistics For the Year Ended December 31, 2019	Grimsby Power Incorporated	Algoma Power Inc.	ERTH Power Corporation	Lakefront Utilities Inc.	Lakeland Power Distribution Ltd.	Niagara-on-the-Lake Hydro Inc.	Orangeville Hydro Limited	Orillia Power Distribution Corporation	Ottawa River Power Corporation	Tillsonburg Hydro Inc.	Wasaga Distribution Inc.
OM&A per Customer ($)	276.58	1,047.24	315.50	254.29	351.32	300.81	275.36	352.91	296.83	403.02	249.97
Net PP&E per Customer ($)	2,506.66	9,962.59	2,742.56	1,833.84	2,606.45	3,272.71	1,654.68	2,398.47	1,086.94	2,205.66	986.08
Monthly Residential Service Charge 2020	28.75	46.72	34.08	23.30	34.72	29.41	27.11	27.93	24.14	28.58	23.41

Community and Customer Focus

Grimsby Power has undertaken a detailed approach in planning to ensure all of the costs required to reliably operate its assets are prudent, maintain the long-term health of the utility and limit to the greatest extent possible the financial impact on its customers.

Assisting customers in becoming better informed about safe, economical and efficient uses of electricity through the distribution of billing inserts, messaging on monthly invoices, conducting a customer satisfaction survey, regular updates

with the Town of Grimsby council, attendance at various community events, participation in a municipal utility coordination group, and meeting the various metrics established inside of the OEB's RRR reporting and scorecard.

In particular, in 2021 Grimsby Power will implement a new customer portal that will allow customers to view up to date payment records and offers easy access to consumption and payment options with one log in. This investment is the most recent example of Grimsby Power looking to implement technological solutions an in an effort to improve customer service.

Grimsby Power conducted a customer satisfaction survey and targeted research of customer preferences in developing its DSP. It also met with a number of large general service and industrial customers to review opportunities and explore conservation initiatives and investments. This feedback was incorporated into the DSP and spending plans throughout the test period.

Community safety is of utmost importance for Grimsby Power. Every task, regardless of conditions, must be executed safely and without harm to Grimsby Power's workers and the public. Grimsby Power has an excellent public safety record which is confirmed by Grimsby Power's continued compliance (and record of compliance) with Ontario Regulation 22/04.

Rates and Rate Design

Grimsby Power has calculated its proposed distribution rates by rate class based on the proposed Rate Design model in Exhibit 8. The total bill impact of the requested revenue requirement ranges from a decrease of -52.1% (USL Customers) to an increase of 6.1% (GS<50 kW Non-RPP Customers).

In the residential rate class a RPP customer with 750 kWh of consumption will see a total bill impact of 2.1% or $2.43. The same customer enrolled with a retailer will see a total bill impact of 5.0% or $6.01. The 5.0% increase is attributable to an increase in the Global Adjustment rate rider.

The General Service less than 50kW total bill increase for an RPP customer with 2,000 kWh of consumption will be 3.0% or $9.05. The same customer enrolled with a retailer will see a total bill impact of 6.1% or $18.59. The increase in a retailer enrolled customer is mainly attributable to an increase in the Global Adjustment rate rider.

The General Service 50 – 4,999 kW rate category will see an increase in the range of 5.1% of 5.7%. The higher increases are attributable to an increase in the Global Adjustment Rate Rider for market customers and those enrolled with a retailer.

The table 1-9 below shows the total bill impacts for a range of customers within Grimsby Power's rate classes.

Table 1-9

Summary of Bill Impacts

RATE CLASSES / CATEGORIES (eg: Residential TOU, Residential Retailer)	Consumption (kWh)	Demand kW (if applicable)	Units	Sub-Total A		Sub-Total B		Sub-Total C		Total Total Bill	
				$	%	$	%	$	%	$	%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	750		kwh	$ 1.65	5.6%	$ 1.47	4.0%	$ 2.65	5.9%	$ 2.43	2.1%
RESIDENTIAL SERVICE CLASSIFICATION - RPP	1,300		kwh	$ 1.81	6.2%	$ 1.91	4.6%	$ 3.94	7.0%	$ 3.62	2.0%
RESIDENTIAL SERVICE CLASSIFICATION - Non-RPP (Retailer)	750		kwh	$ 1.65	5.6%	$ 5.37	14.8%	$ 6.55	14.5%	$ 6.01	5.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	2,000		kwh	$ 7.35	11.0%	$ 6.93	8.2%	$ 9.85	9.3%	$ 9.05	3.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - RPP	5,800		kwh	$ 19.51	13.5%	$ 18.29	9.4%	$ 26.77	10.4%	$ 24.57	3.0%
GENERAL SERVICE LESS THAN 50 KW SERVICE CLASSIFICATION - Non-RPP (Retailer)	2,000		kwh	$ 7.35	11.0%	$ 17.33	20.6%	$ 20.25	19.1%	$ 18.59	6.1%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	23,000	65	kw	$ 45.50	10.6%	$ 167.78	33.0%	$ 202.22	25.8%	$ 228.21	5.7%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	75,000	200	kw	$ 85.46	9.9%	$ 483.72	43.6%	$ 589.66	30.2%	$ 665.35	5.4%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	140,000	275	kw	$ 107.66	9.8%	$ 847.02	59.2%	$ 992.68	38.3%	$ 1,119.93	5.1%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Retailer)	250,000	570	kw	$ 194.98	9.5%	$ 1,518.52	55.4%	$ 1,820.45	35.4%	$ 2,053.89	5.2%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	290,000	720	kw	$ 239.38	9.5%	$ 1,777.12	52.0%	$ 2,158.50	33.4%	$ 2,435.37	5.3%
GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION - Non-RPP (Other)	900,000	3000	kw	$ 914.26	9.3%	$ 5,718.16	42.0%	$ 7,307.26	27.8%	$ 8,245.61	5.5%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Other)	440	1	kw	$ 0.78	4.9%	$ 3.04	15.8%	$ 3.43	15.4%	$ 3.88	4.7%
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Retailer)	61,000	170	kw	$ 371.42	4.9%	$ 685.31	8.8%	$ 752.46	9.1%	$ 849.49	4.8%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Retailer)	50		kwh	$ (24.28)	-60.6%	$ (24.41)	-60.3%	$ (24.33)	-59.3%	$ (22.34)	-52.1%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	200		kwh	$ (26.48)	-60.6%	$ (27.98)	-61.6%	$ (27.69)	-58.2%	$ (25.42)	-39.5%
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - RPP	600		kwh	$ (32.36)	-60.6%	$ (36.87)	-63.0%	$ (35.99)	-55.4%	$ (33.04)	-27.3%
EMBEDDED DISTRIBUTOR SERVICE CLASSIFICATION - Non-RPP (Other)	4,500,000	14000	kw	$ 2,254.04	5.9%	$ 3,000.24	7.0%	$ 13,441.44	13.3%	$ 12,474.43	1.8%

Grimsby Power Inc.
Business Plan

2022

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1. Executive Summary

Grimsby Power Incorporated (GPI) is a Local Distribution Company (LDC) located in Southern Ontario and is incorporated pursuant to the Ontario Business Corporations Act. Grimsby Power is a subsidiary of Niagara Power Inc. which is 90% owned by the Town of Grimsby and 10% by Fortis Ontario Incorporated.

Grimsby Power currently has 16 employees who are responsible for approximately 11,700 electric distribution customers. Utilizing 689 km of electricity lines, GPI covers approximately 69 km^2 of distribution area within the Town of Grimsby boundaries. The business of Grimsby Power is regulated by the Ontario Energy Board (OEB) under the Ontario Energy Board Act, 1998 (Ontario).

COMMUNITY SERVED: Municipality of the Town of Grimsby

TOTAL SERVICE AREA: 69 km^2

DISTRIBUTION TYPE: Electricity distribution

SERVICE AREA POPULATION: 27,315 (2016 statistic)

Grimsby Power Inc. filed a comprehensive cost of service rebasing application for 2022 revenue requirement of $7,069,531 in its 2022 Cost of Service. The funds were used as follows:

Table 1: Revenue Requirement

Total Revenue Requirement	**$ 7,069,531**
Administrative & General, Billing & Collecting	$ 2,439,500
Operation & Maintenance	$ 1,558,767
Donations - LEAP	$ 8,485
Depreciation & Amortization	$ 1,320,629
Property Taxes	$ 43,800
Deemed Interest	$ 463,786
Total Costs and Expenses	**$ 5,834,967**
Utility Income Before Taxes	**$ 1,234,564**

The distribution revenue will be used to:

- Invest consistently in asset replacements and maintenance to ensure high levels of reliability
- Invest in technology to meet Cyber Security protocols and to ensure continuous improvement in innovation, including meeting Cyber Security requirements
- Maintain financial viability and keep up with changing work force
- Improve ongoing communication with customers to improve their understanding of the electricity bill and the electricity distribution system

1.1 Mission

Grimsby Power Inc. (GPI) is committed to providing the residents and businesses of Grimsby with a safe and reliable supply of electricity while operating effectively and efficiently at an equitable cost. We strive to meet the needs of customers through effective customer engagement, a focus on financial prudence, superior safety practices, and the highest consideration regarding reliability.

GPI's strategy is to continue to improve its operations, with employee safety and reliability being of foremost importance. GPI continues to focus on productivity improvements and cost containment by further leveraging current resources, infrastructure and other technologies. GPI's customer base continues to grow, efficiencies will be realized that will help mitigate the pressure of rising costs, and as a result, the average cost of servicing customers will remain relatively constant over the planning period. The Company continues to invest in capital to accommodate future growth and maintain reliability of existing plant. In order to maintain operations over the long term, the Company focuses on staff resourcing and succession planning.

Values

- We put our employees and safety first
- We value our customers
- We care about our community
- We treat each other with respect and take pride in our work

Grimsby Power's Vision is to:

- Be adaptable
- Continue to provide economical efficient energy
- Be in business for our customers
- Be a locally owned business
- Strive to be efficient in any new operation to meet our customers' needs
- Partner with others to drive economies of scale and scope

Our business focuses on these primary objectives:

Strategic Objectives

- **Safety**: Creating an injury-free workplace and investing in our employees
- **Reliability**: Building and maintaining a reliable cost-effective distribution system
- **Continuous Innovation**: Ensuring a modern, flexible and advanced distribution system
- **Customer Service**: Meeting customer expectations

- **Finance**: Maintaining a commercial culture that increases value for our shareholder and achieving productivity improvements and cost-effectiveness

Our team has been mindful of the technological changes which are affecting how electricity is produced, transported and consumed. GPI has also considered the importance of enhancing regulated utility performance and productivity to ensure that customers receive value for their electricity dollars.

GPI continues to excel and be a leader in providing the highest levels of efficiency and service:

- GPI provides reliable, less expensive power while serving a higher number of customers per employee
- Over 400,000 hours without a lost time incident
- One of the top seven utilities of the OEB Cost Efficiency Rating (PEG report)
- 2020 Electrical Safety Authority (ESA) Audit resulted in zero non-compliance notices and zero needs improvement notices
- Lower than industry average in frequency and duration of outages
- GPI staff continue to answer 90% of phone calls within 30 seconds and line crews keep up with customer support, maintenance and capital projects

Safety

a) <u>Creating An Injury-Free Workplace And Investing In Our Employees</u>

GPI's planning takes into consideration the safety of its staff and the public. Given the nature of the work performed, safety remains Grimsby Power's top priority. The Company measures its safety performance by focusing on working safely and returning home to our families. Grimsby Power will continue to focus on working without a Loss Time Incident while searching for new innovative approaches to keep safety in the forefront. The Company is committed to continual health and safety training and skills upgrades for all of its employees.

This objective has been given the highest priority by GPI. "Safety first" comprises organizational efforts to ensure that worker and public safety is paramount in day to day activities and is explicitly ranked this way in the corporate strategy. It is recognized that some safety issues (i.e. live conductor on ground) require emergency remedial action (mandatory) and are not "planned investment" considerations. They are acted upon immediately and level of effort may impact other non-mandatory investments that would otherwise have had the resources (labour, funds) allocated to them. Other planned investments may impact long term safety "risk" and safety "value" and can be paced and prioritized where safety is just one of the Asset Management Objectives that is addressed by the investment.

GPI recognizes the importance employees play in the delivery of its mission and vision principles. Thus, GPI fosters an environment of employee involvement and empowerment, which encourages

and nurtures the skill sets of all employees in their respective disciplines through provision of professional experiences and skill-specific development and training.
GPI provides the environment in which employees, with enhanced skills development, work as a team to continuously improve systems and processes.
Grimsby Power has a Public Safety program, which includes conducting safety programs supporting various emergency preparedness exercises, communication programs such as "call before you dig", and education programs for fire-fighters and for emergency responders.

Since 2008, the Grimsby Power team has worked 408,858 hours without a lost time incident while continuing to operate efficiently. In 2018, we received the Health and Safety Association's Presidents (IHSA) Award for our safety efforts and more recently, has been nominated for the WSIB Small Business Health and Safety Award.

This goal will be achieved by:

- Continuing to work on achieving zero loss time incidents.
- Completing all target field audits for GPI staff.
- Establishing a learning and development framework which supports appropriate training and development of opportunities for staff.
- Introducing programs that support employee satisfaction and increase retention.
- Providing an environment in which employees, with enhanced skills development, work as a team to continuously improve systems and processes.

Reliability

b) <u>Building and Maintaining a Reliable Cost-effective Distribution System</u>

The focus for Grimsby Power will continue to be Capital Projects, Distribution & Transmission, General Plant Maintenance & Inspection Programs, and Cyber Security.

GPI recognizes that infrastructure is the main driver of increasing costs in the electricity sector, while being essential to long term reliability to the customers. GPI's network reliability is a primary goal, designed to ensure its assets' are appropriately managed and provide a sustainable and reliable service to its customers. GPI understands the importance of proper asset management and a proactive approach.

Grimsby Power 2022-2026 DSP will be used to prepare the investment plan from 2022 to 2026 for the planned replacement of aging distribution assets. The Company's capital replacement programs and projects are planned around the sustainment, development and maintenance needs in support of the DSP and the work plan.

The DSP is built on the strategy of centralizing key decision making in order to maximize the long-term effectiveness of investments while maintaining performance levels. The principle of the strategy is to invest in and maintain assets to achieve the lowest long-term cost of ownership while adhering to accepted design standards, construction codes and requirements, system performance targets and prescribed manufacturing specifications. The DSP also considers economic, service quality, community safety, legal and reputational risks.

GPI will continue to monitor the age and reliability of all plant to optimize the in-service life of equipment and determine the priority of future rehabilitation projects and replacements. The Company closely monitors repeat equipment failures and system events as they occur in order to determine the root cause of the failures and to identify trends that would warrant the implementation of remedial programs versus singular or isolated responses.

In addition to actual asset maintenance, a number of programs exist to enhance the reliability of the assets, or to identify problems with assets. These programs include but not limited to: Ultrasound and Infrared Thermography Inspection, Line Clearing and Tree trimming, Distribution System Plan Inspections, Ground Level Maintenance, Off Road High Voltage line Inspection and Maintenance, Switch Maintenance and the Transformer Station Maintenance.

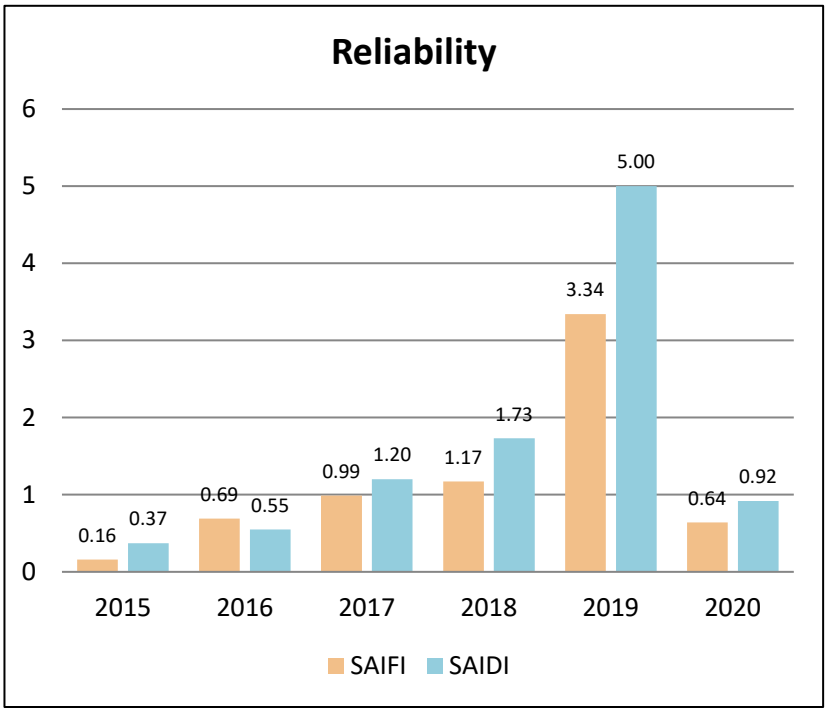
The Company will continue with testing and replacing Defective Poles throughout the Town of Grimsby to reinforce power delivery infrastructure.

In 2018, the *Asset Condition Assessment (*ACA) study was undertaken with the assistance of Kinectrics and presents an overall assessment of the Company's distribution assets based on asset health. The study also provides guidance on suggested asset maintenance and replacement schedules.

The ACA results identify improvements to data capture and sample sizes as well as an improved health index as a result of enhanced maintenance and replacement of critical assets such as pole mounted transformers and pad mounted switchgear. The ACA also identified two areas of action including the need to enhance testing and maintenance for specific assets such as wood poles, transformers and switches as well as increased rehabilitation efforts of early generation underground cables.

This goal will be achieved by:

Chart 1: Reliability



- Identifying appropriate service levels for the community and their costs.
- Investing and operating in a manner that increases efficiency and encourages innovation, and to provide customers with a reliable electricity supply at a reasonable cost.
- Proactively implement Maintenance and Inspection programs on a continual basis.
- Decreasing the trend of the rolling average of the duration and frequency of customer power interruptions.
- Developing and supporting robust cyber security and cyber incident response programs to protect the critical business operations from threats, while maintaining an appropriate level of customer protection.

Continuous Innovation

c) <u>Focusing on Continuous Innovation to Ensure a Modern Flexible and Advanced Distribution System</u>

Grimsby Power continues to expand on developing the existing Geographic Information System (GIS) and Supervisory Control and Data Acquisition system (SCADA) through automation of the core product software and the acquisition of add-on applications. The additional applications will help improve productivity, provide better customer information and help make back office information more accessible to field staff. These new products will primarily support asset management, system reliability and regulatory initiatives.

Meeting customer expectations is a key focus at GPI. In order to achieve this, improvements must be made to existing infrastructure in the continuing effort to manage growth in support of new and existing customers while maintaining high levels of service reliability. As part of GPI's effort to accommodate "new" customer connections, the Company must support customers' embedded

generation requests as they arise and be responsible for ensuring that any such connections to the system are made in a safe and expedient manner.

In order to increase resiliency to the weather and equipment failure risks, and maintain GPI's overall goal of sustaining and improving reliability, GPI included a number of projects and initiatives in the DSP that will help with system reliability through outage impact containment and restoration efficiencies. These projects include but not limited to: Fault Detection improvements, Automating primary 3-phase switches (reclosers), SCADA improvements, Rear Lot Conversions and Increased system renewal investments.

An example of a program that is cost effective and mitigates risk is the underground cable injection and rehabilitation program. Replacing underground cables is very costly and a major inconvenience to customers. Grimsby Power has implemented an innovative solution using silicone cable injection that eliminates the need to dig up trenches and driveways in order to replace the cable.

Grimsby Power is currently one of the lowest-cost utilities in the province, a result accomplished by careful planning of projects, use of cost containment initiatives, contracting out when economically beneficial and negotiating favorable collective agreements. A focus on cost control is achieved through continuous improvement of management systems, reporting and monitoring of productivity.

Utility companies look to the annual Pacific Economics Group (PEG) report as a benchmark of efficiency. The PEG report in 2019 ranked Grimsby Power, for the first time, in Group 1. A group 1 utility is considered the most efficient and GPI is one of only seven LDC's with actual costs more than 25 percent below predicted costs, on average, over a three year period. Grimsby Power was 28.1% below average from 2017 to 2019.

This goal will be achieved by:

- Developing more web-based applications to be used for equipment and electrical plant inspections, field data collection, field records updating and enhanced customer information.
- Investing in technology and digital services to leverage existing staff resources and increase organizational capacity.
- Promoting innovation, technology, collaboration, and best practices appropriately.
- Continuing the ongoing process of refining the replacement program of IT hardware and software resources.

Customer Service

d) Focusing On Our Customers - Meeting Customer Expectations

Grimsby Power effectively meets the service expectations of its customers and delivers good value for the money. This standard of service is one GPI intends to preserve. The Board of Directors and employees understand the importance of being customer-focused and ensures the highest standards are put in place.

Grimsby Power will continue to strive for strong customer relations and increased customer contacts by staff and by senior management. The Company aims to achieve customer satisfaction results that exceed the Ontario average.

Grimsby Power's investments in their distribution system have been noticed by its customers. The SAIDI SAIFI numbers in 2020, and trending for 2021, are significantly lower than previous years.

GPI's 2020 reliability measures were better amongst Niagara utilities when measured by System Average Interruption Duration Index (SAIDI), Index of Reliability and total outage minutes per customer. GPI also has the lowest SAIDI measure and total Outage Minutes per Customer compared to other Niagara utilities.

This goal will be achieved by:

- Continuing with an effective community outreach and engagement to enhance the quality, quantity and accessibility of resources available to electricity customers.
- Hosting events that will help customers to become engaged.
- Answering customer calls within 30 seconds.
- Resolving customer call needs without escalation.
- Issuing accurate customer bills.
- Using various communication tools to make the provision of services known.
- Informing stakeholders of the short and longer term strategic and corporate priorities.
- Creating and supporting relationships with customers to develop more informed and involved customers.

Financial

e) Maintaining a Commercial Culture that Increases Value for our Shareholder

Grimsby Power understands the responsibility entrusted from the customers to be financially responsible and to make the best efforts to maintain and protect its assets.

Grimsby Power strives to earn its OEB regulatory return on equity while maintaining a commercial culture that focuses on efficiency and providing value for its customers. In 2019 the Company achieved superior performance on several financial metrics. Grimsby Power will continue to focus on shareholder value by meeting its net income and controllable cost targets included on the OEB Scorecard.

Grimsby Power's current distribution rates include an expected or deemed regulatory return on equity of 9.19%. This deemed rate was determined through the rate application process in 2016 (EB-2015-0072). Grimsby Power's achieved regulated return in 2019 was 10.39%, which is within the OEB range of +/-3% of 9.19%

Grimsby Power's current debt to equity ratio is 1.26 which represents approximately 55% debt and 45% equity.

GPI's current (2019) asset/liability ratio is 1.03 which is indicative of a financially healthy organization.

Chart 2: Return on Equity

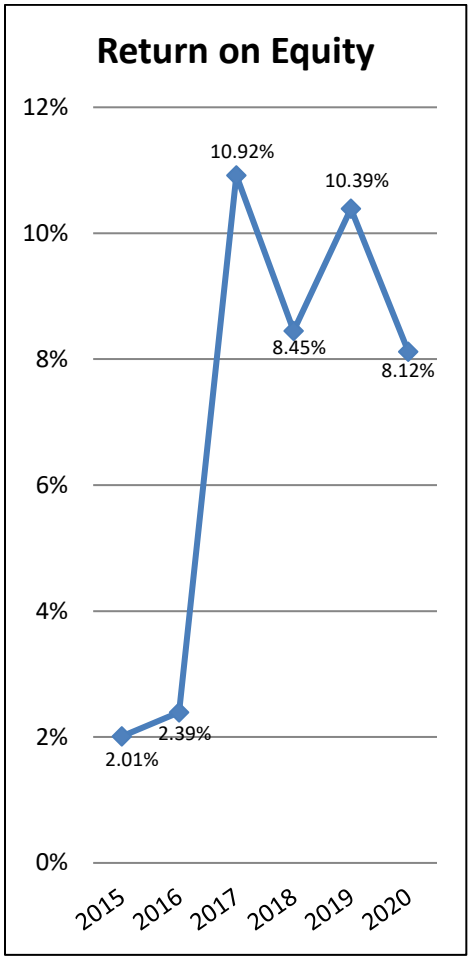
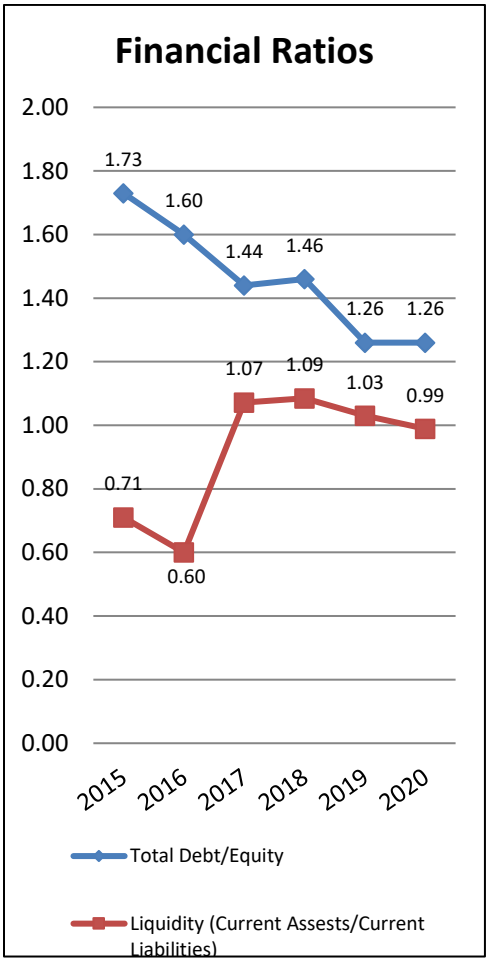


Chart 3: Financial Ratios



This goal will be achieved by:

- Establishing a financial plan to guide decision making on appropriate growth, balance, and timing of operating and capital costs through effective yearly budgets;
- Developing guidance for the GPI Board on best practices in corporate governance to encourage governance which protects customers and enhances customer and investors' confidence in regulated entity;
- Executing budget expenses as close to budget dollars as possible;
- Executing budgets at a lower cost than originally anticipated;
- Demonstrating productivity or cost efficiency improvements;
- Developing GPI's strategic plan by setting goals, determining actions to achieve the goals, and mobilizing resources to execute actions;
- Documenting and communicating GPI's strategy and implementation;
- Demonstrating incremental OM&A cost savings;
- Promoting the completion of capital projects.

2. About the Utility

2.1 Utility Description

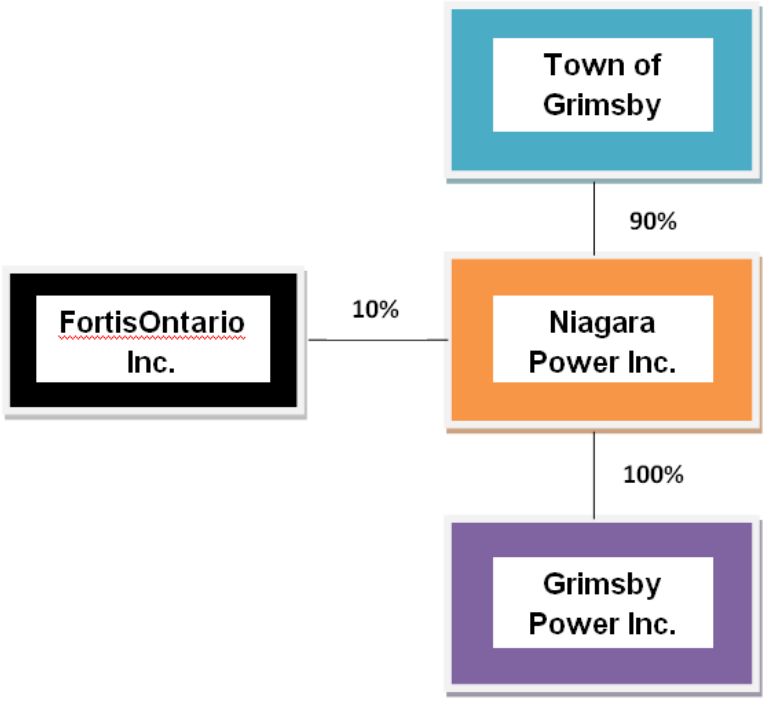
Grimsby Power is a subsidiary of Niagara Power Inc., which is 90% owned by the Town of Grimsby and 10% by Fortis Ontario Incorporated. Grimsby Power owns and operates a 230kV to 27.6kV transformer station. The transformer station, known as Niagara West MTS (NW MTS), supplies Grimsby Power and Niagara Peninsula Energy Inc., a neighboring Local Distribution Company (LDC). GPI receives electricity from the provincial electricity grid and transports it safely and reliably through its electricity distribution network.

The Board of Directors of Grimsby Power is comprised of five members. Two members are representatives of the Town of Grimsby and one member is a representative of FortisOntario. Lastly, two members are independent from all shareholders.

2.2 Corporate Structure of the Utility

The following are corporations or other entities related to or affiliated with Grimsby Power Inc.:

Chart 4: Corporate Chart



3. Economic Overview and Customer Description

3.1 Economic Overview of the Service Area

Grimsby Power Inc. is situated in the Town of Grimsby on the southern shore of Lake Ontario. Grimsby is part of the Niagara Region and is bordered by the City of Hamilton to the west and the Town of Lincoln to the east. The Town of Grimsby has experienced significant growth over the past decade with 27,315 residents, 10,581 homes, and over 900 businesses (2016 statistics). It is home to a "Friendly by Nature" community complete with many restaurants, parks, trails and sports facilities. Grimsby is known as the "Gateway" to the Niagara region and the starting point for touring the Niagara wine region. In the 2016 federal census, Grimsby has a relatively young population with 63% of its residents 15 to 64 years of age.

4. Outcomes of the Renewed Regulatory Framework

On October 18, 2012, the Ontario Energy Board (OEB) issued its "Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach". The report set out a comprehensive performance-based approach for the Renewed Regulatory Framework which promotes the achievement of outcomes that would:

1. Benefit existing and future customers.

2. Align customer and distributor interest.
3. Continue to support the achievement of important public policy objectives.
4. Place a greater focus on delivering value for money.

On March 5, 2014, the OEB issued its report on "Performance Measurement for Electricity Distributors: A Scorecard Approach" The report set out the OEB's policies on the measures that are to be used to assess a distributor's effectiveness and improvement in achieving customer focus, operational effectiveness, public policy responsiveness, and financial performance to the benefit of existing and future customers.

With the above in mind, the next section provides an account of how GPI continues to improve in its understanding of the needs and expectations of its customers and its delivery of services.

4.1 Customer Focus

Customer focus has always been important to the success of Grimsby Power. The engagement process allows Grimsby Power to receive constant input from stakeholders in the community. The feedback from customers influences the decisions made by Grimsby Power regarding future investments.

Grimsby Power is continuing investment in platforms that allow our customers to communicate on a continuous basis. Key platforms including the Grimsby Power website, the customer accounts portal and twitter provide important information to customers to help them manage their costs and provides information about how to stay safe in the community.

4.2 Seeking Customer Input

Customer input is sought to form the basis of customer expectations from Grimsby Power. Grimsby Power seeks to inform and receive the opinion of our customers through various forums including our updated website, phone conversations, in person at community events and in office, presentations to community leaders, small and large commercial customers and through customer surveys.

Grimsby Power Website

A company website can be the first source of information for customers. Whether they are seeking information about applying for service within the Town of Grimsby, seeking information about power outages, electricity rates or programs available to help reduce the electricity bill.

Grimsby Power's website was updated in 2019 to include more easy to find information, easy online forms, more automated information about power outages and more avenues of communication.

Updates to the website will continue bringing more information and resources to customers.

Phone Conversations

Grimsby Power takes prides in its ability to answer customer calls in a timely manner. Grimsby Power answer calls within 30 seconds approximately 90% of the time.

It is through these phone calls Grimsby Power staff learn about customer concerns, expectations and needs. Through these conversations we are able to communicate about customer bills, programs available to customers to help lower the electricity bill and advise customers about any coming changes.

These conversations play an important role in both receiving feedback to improve service and educate customers.

Community Events

Attending community events has led to many important conversations with customers and community leaders.

Through our presence at community events we have been able to educate customers on ongoing capital projects, our tree trimming program, electricity rates, conservation programs, programs that can help reduce the bill and resources available to monitor usage.

During community events customers have spoken about their frustration with power outages and the cost of electricity. They have also expressed appreciation for having a local utility that responds to its customers.

These events and Grimsby Power's participation will remain a key focus.

Presentations to Community Leaders, Small and Large Commercial Customers

Presentations to community leaders and small and large commercial customers help Grimsby Power communicate the local businesses. These presentations act to specifically educate our local professional about their electricity bill and ways that it can be managed.

Another key component to that communication is requesting feedback from customers about capital projects, power outages and rates.

This feedback is used on an ongoing basis to drive Grimsby Power projects.

4.3 Alignment of Goals to Needs and Preference of Customers

Customer engagement through various forums has identified four main priorities for customers.

Those priorities are as follows:

1. Affordable Electricity Costs And Value Of Money

Everyday Grimsby Power hears from its customers about the importance of affordable electricity. At the same time customers also ask for services and have an expectation that the power will stay on and when it is not on will come back quickly.

Grimsby Power will propose distribution rates that balance the needs for customer focus, operational effectiveness (safety and reliability), public policy responsiveness and solid financial performance.

Grimsby Power spending on capital and OM&A allow Grimsby Power to remain efficient. In 2019 Grimsby Power achieved a Group 1 efficiency ranking in the annual benchmarking update. It is Grimsby Power's goal to remain in Group 1.

2. Assistance With Consumption Reduction And Electricity Costs

Grimsby Power was very successful in delivering CDM programs to its customers. Since 2011 Grimsby Power has delivered its CDM programs through an expert third party service provider. This allowed Grimsby Power to offer CDM programs across all customer segments with expertise in all programs. For residential customers these programs include HVAC incentives, appliance retirement and bi-annual retailer events.

For the commercial/industrial, customer's programs included retrofit, direct install lighting, the business refrigeration program, energy audit and high performance new construction. The collective knowledge and benefit of the third party service provider far exceeded the capacity of existing or dedicated staff at Grimsby Power. . Throughout the delivery of those programs Grimsby Power exceeded cumulative energy savings target and achieved 91% of its 10.85 GWh energy savings target for 2015-2020 with a full 21 months left in the plan before the IESO took over. Grimsby Power also received a midterm incentive in 2018 as we had exceeded targets halfway through the term of the plan.

Grimsby Power's efforts to provide customers with information on conservation and demand management as well as customer bill information helps customers understand their electricity habits and how costs are impacted.

An enhanced customer account portal will provide further information to residential and small commercial customers, including high usage alerts and event flags. Large commercial and industrial customers can gain insight regarding their usage and demand by using the C&I Energy Manager.

The Affordability Fund Trust program was offered to residential customers to help with energy efficient products for the home to again help reduce consumption. The program allowed 31

residents to have level 1 energy savings kits delivered to their homes and 7 received level 2 initiatives installed in their home.

Grimsby Power also promoted Customer Choice. The ability for a residential or small commercial customer to choose either Time-of-use rates or Tiered rates further helps reduce electricity bills. The Customer Choice initiative gave customers insight into how they use power and a means to reduce their monthly invoice.

Grimsby Power also administers the CEAP and CEAP SB program to individuals struggling to pay their electricity invoice during the pandemic and will continue to do so until the initiative ends.

4.4 Reliability of Service With Rapid Response To Un-planned Outages

Grimsby Power will improve reliability compared to historic performance levels. These performance levels include the average number of hours and times that power to a customer is interrupted. Grimsby Power will remain below the current 1.36 with regard to the duration of outages and below 1.07 for the frequency of outages.

Continued emphasis on capital projects that focus on increasing reliability will drive the increase in reliability. Those projects along with the use of better technology for the maintenance of its assets will lead to reliability improvement with reduced frequency and duration of outages at reasonable costs.

4.5 Improved Communications With Better Technology

Grimsby Power has made significant strides in its communication avenues with customers. Grimsby Power updated its website to include more online forms, increased use of its twitter account and continues to have open phone lines and a local office.

The Grimsby Power website now also includes a power outage notification page were customers can access up to date power outage information. The website is also easy to use from any mobile device.

Grimsby Power will also establish a customer accounts portal to make more information available to customers with an easy to use site. For the first time Grimsby Power customers will be able to see up to date information regarding their electricity bill, payments made on the account and have easy access to make online payments.

4.6 Public Policy Responsiveness

The energy sector in Ontario is changing. While current public policy is built around language that focuses on sustainability of generation, transmission and distribution focus is beginning to change. A new focus on different customer profiles, electrification, climate change and decarbonization in increasingly uncertain times.

Customers are becoming more aware of and interested in ways to reduce their electricity bill

including electricity generation and storage. Electric cars are becoming more prevalent as the cost for those items begins to decrease. While some customers focus on new ways to electrify their home or business others are focused on keeping costs low through conservation.

Grimsby Power remains committed to having a distribution system that enables customers to pursue different options when it comes to how they use power while maintaining a system with reasonable costs.

5. Performance Metrics and Benchmarking

With the use of benchmarking studies levels of customer satisfaction across utilities are effectively compared. High scores in benchmarking studies can show that utilities are recognized as being the best in class.

Most widely-known benchmark of efficiency rating comes from the Pacific Economics Group (PEG) report which surveys all utilities in Ontario. The PEG analysis is one of the only instruments that compares utilities' cost efficiencies on a consistent basis and is publicly available (also embedded as one of the Cost Control Performance Categories with OEB published Scorecards for each utility). PEG produces an annual report that provides a ranking of the utilities included in the study, summarizes the results, and provides insight into the trends in utility efficiency scoring.

Because of this study, Grimsby Power has expended considerable effort to understand the drivers of its efficiency ranking and has undertaken initiates to improve its scores ultimately achieving best cost efficiency ranking in 2019.

The following section reviews past performances and introduces future performances based on load forecast and forecasted capital and operational expenditures.

5.1 Past Performance

The PEG past performance table below shows Grimsby Power's rating for the last five historical years of business. The PEG report uses econometrics to determine the cost efficiency of distributors. In 2013, the benchmarking groups expanded from three groups to five groups. Grimsby Power is assigned to group 1 (most efficient group).

Table 2: PEG Past Performance (Stretch Factor)

Details	2016	2017	2018	2019	2020
Stretch Factor Cohort - Annual Result	2	2	2	1	1
Associated Stretch	0.15	0.15	0.15	0	0

The percentage difference between actual and predicted cost is the measure of cost performance. Utilities with largest negative differences between actual and predicted costs, such as Grimsby Power, are the best cost performers and therefore eligible for the lowest stretch factors. According to OEB's 2019 Scorecard report, when it comes to Cost Control, in 2019 Grimsby Power was 1 of only 7 utilities in Ontario (out of 59 registered Utilities in Ontario in 2019) that has achieved the lowest (the most efficient) Efficiency Assessment rating of 1. The table below shows Grimsby Power's difference between its actual costs and predicted, and although total costs have increased, cost performances are improving.

Table 3: Summary of Cost Performance Results

Year	2016	2017	2018	2019	2020
	Actual	Actual	Actual	Actual	Actual
Actual Total cost	6,827,296	6,352,193	6,747,285	6,909,837	6,892,119
Predicted Total Cost	7,771,667	8,151,863	8,896,103	9,491,981	9,830,741
Difference	(944,371)	(1,799,670)	(2,148,818)	(2,582,144)	(2,938,621)
Percent Difference	-13.0%	-24.9%	-27.6%	-31.8%	-35.5%
Three-Year Average Performance			-21.8%	-28.1%	-31.6%

The utility's historical capital additions have been stable, having few years with incremental changes that were predominately driven by unplanned increases in customer driven projects.

Table 4: Historical Capital Additions

Details	2016	2017	2018	2019	2020
Capital Additions	1,432,662	2,192,609	1,904,743	2,410,931	1,964,545
Average					1,981,098

The utility's Rate Base has increased proportionally to its capital investments and as such has remained historically as stable as its other financial metrics.

Table 5: Historical Revenues

Customer Class	2016	2017	2018	2019	2020
Residential	3,210,924	3,389,235	3,526,004	3,638,371	3,771,333
GS<50 kW	530,635	589,370	583,205	579,650	635,874
GS 50-4999 kW	594,523	803,676	802,793	739,121	800,150
Street Lighting	79,549	84,218	85,046	87,537	90,487
Unmetered Scattered Load	22,001	33,041	37,112	37,336	37,029
Embedded Distributor	132,874	383,372	439,113	435,703	480,010
Total Distribution Revenue	**4,570,507**	**5,282,912**	**5,473,273**	**5,517,717**	**5,814,883**
Average					**5,331,859**

Grimsby Power's distribution revenues have been consistent, with an increase of $1,244,377 from 2016 to 2020 or an average of 6%.

5.2 Short and Long-Term Capital Spending

Grimsby Power is very conscious and proactive of providing attention to its aging infrastructure. In its Distribution System Plan (DSP), it has presented graphical representations of the ages of its major system components and an overall representation of the average age of its system in historical and projected years. Using this information along with the results of ongoing maintenance programs, Grimsby Power then forecasts and optimizes the level of future capital investments to maintain a reasonable average life expectancy.

Grimsby Power's Operations department is responsible for managing, planning work execution, and building utility's infrastructure above and below ground. It exercises innovation and continuous improvement in implementing sustainable programs. Operations department works closely with Grimsby Power's Engineering department who is accountable for design and system planning in effort to optimize work execution and ensure that ongoing system improvements are achieved along with fulfillment of new customer connections and modifications to the existing services.

Grimsby Power is committed to providing services that balance social responsibility with the benefits of economic prosperity and environmental stewardship.

At the core of Grimsby Power's mandate is the responsibility to deliver a trusted source of safe, efficient, and reliable power to its customers, which supports growth and accommodates economic development in the utility's service area.

Grimsby Power is committed to providing the residents and business of Grimsby with a safe and reliable supply of electricity while operating effectively and efficiently at an equitable cost. Grimsby Power places a high priority on the upkeep and replacement of its aging infrastructure. Distribution equipment that was placed in-service over 40 years ago, in many cases, has reached

its normal useful life. Therefore, Grimsby Power is faced with the ongoing replacement of this aging, and in many cases, possibly unreliable infrastructure. Customer expectations for reliability are high and can only be met with a well-maintained distribution system. Thus, investment in replacement equipment along with its associated operational costs has become a continuous reality for Grimsby Power as it commits to satisfying the essential community needs.

2021-2022 Capital Spending

Priorities and strategies for budget development are found within Grimsby Power's DSP which starts with background and drivers for capital investment in each of the four general categories: system access, system renewal, system service, and general plant. These background drivers formed the basis for determining priority spending for specific projects. This information is in turn used in further considerations through engagement with all partners/stakeholders involved in the planning process.

Grimsby Power is trying to optimize capital spending over the forecasted period and particularly over its Bridge 2021 and Test Year 2022. Slight increase in System Access over these two years is related to completion of forecasted activities initiated by the Region. Significant increase in forecasted spend in 2022 for System Renewal is aligned with Grimsby Power's strategy to invest in proactive replacement of aged assets and maintain/improve reliability targets (i.e. increase spend on Defective Poles Replacement Program and CNR Line Relocation Project). Within System Service there is a decrease in spend year over year as Grimsby Power is set to complete installation of a new feeder in 2021 to align with its set goal of providing adequate capacity and reliability within its' service territory. When comparing forecast in General Plant investment category in 2022, there is lower spend forecasted as by that time Grimsby Power will complete its proactive fleet replacements which were major investments in this category for Grimsby Power.

Table 6: Projected Capital Additions 2022-2026

	2022	2023	2024	2025	2026	Total	Average
	$ '000						
System Access	883	713	550	605	611	3,362	672
System Renewal	1,871	891	1,304	1,295	1,443	6,805	1,361
System Service	82	1,138	611	362	231	2,424	485
General Plant	101	391	204	397	396	1,489	298
Contributed Capital	(423)	(327)	(322)	(347)	(354)	(1,774)	(355)
TOTAL EXPENDITURE	**2,513**	**2,806**	**2,348**	**2,312**	**2,326**	**12,306**	**2,461**
Percent Change from Previous Year		11.7%	-16.4%	-1.5%	0.6%		-1.4%

Grimsby Power places a high priority on balancing its obligations to accommodate growth while addressing the upkeep and replacement of its aging infrastructure. The key objectives of the capital investment program proposed by Grimsby Power include:

- Ensuring customer needs for supply system security and reliability are met through implementation of cost-effective solutions, by mitigating the risk of asset failures in service, and through economically efficient investments.

- Mitigating and reducing the public safety risks from distribution system operations.

- Meeting Grimsby Power's obligations to customer service, including the obligation to serve customers within the service territory and the regulatory obligation to reallocate lines when required by the Regional and Municipal governments, in conjunction with road widening programs and compliance with Measurement Canada regulations.

- Continuing to invest prudently in modern information technology to provide customers with clear, meaningful bills that can assist them in managing their electricity usage.

- Providing access to connect green energy generation to the distribution system through Smart Grid development initiatives, improving protection, controls, and monitoring of distribution assets, and effective use of data provided by smart meters for energy conservation and demand management.

- Constantly improving worker safety and productivity and enhancing operating efficiency.

5.3 Operational Costs

Grimsby Power's operations strategy is to provide reliable, safe service to its customers while maintaining the financial and physical health of the utility's assets going forward. GPI ensures that its spending are prudent and provide value to both its current and future customers.
Grimsby Power continually reviews its business and operational goals against:

1. Impact on customers.
2. Financial strength.
3. Workforce needs.

Grimsby Power is very customer centric and strives to be very adaptive to its' customer needs. Grimsby Power recognizes the importance and value of maintaining a skilled and engaged workforce where all employees are customer focused and enjoy working for the utility.

Grimsby Power continuously analyzes its' operation and engineering budget on a regular basis to ensure that it operates as closely to the budget amounts as possible and immediately attempts to mitigate any cost overages. Operational planning

focuses on balancing cost-effective spending with practical operational requirements and finding efficiencies on the continuous basis.

Table 7: Operating Costs

	2016 Last Rebasing Year OEB Approved	2016 Last Rebasing Year Actuals	2017 Actuals	2018 Actuals	2019 Actuals	2020 Actuals	2021 Bridge Year	2022 Test Year
Operations	$ 699,287	$ 786,475	$ 800,624	$ 876,797	$ 831,139	$ 938,714	$ 940,797	$ 929,860
Maintenance	$ 587,574	$ 661,048	$ 497,770	$ 624,703	$ 640,714	$ 644,984	$ 534,030	$ 628,908
SubTotal	**$1,286,861**	**$1,447,522**	**$1,298,393**	**$1,501,500**	**$1,471,854**	**$1,583,698**	**$1,474,827**	**$1,558,767**
%Change (year over year)		12.5%	-10.3%	15.6%	-2.0%	7.6%	-6.9%	5.7%
%Change (Test Year vs Last Rebasing Year - Actual)								7.7%
Billing and Collecting	$ 533,068	$ 590,853	$ 587,960	$ 739,770	$ 488,201	$ 585,847	$ 671,341	$ 719,553
Community Relations								
Administrative and General	$1,314,617	$1,465,636	$1,171,456	$1,151,879	$1,210,703	$1,370,419	$1,356,542	$1,719,947
SubTotal	**$1,847,685**	**$2,056,490**	**$1,759,415**	**$1,891,650**	**$1,698,904**	**$1,956,266**	**$2,027,883**	**$2,439,500**
%Change (year over year)		11.3%	-14.4%	7.5%	-10.2%	15.1%	3.7%	20.3%
%Change (Test Year vs Last Rebasing Year - Actual)								18.6%
Total	**$3,134,546**	**$3,504,012**	**$3,057,809**	**$3,393,150**	**$3,170,758**	**$3,539,965**	**$3,502,710**	**$3,998,267**
%Change (year over year)		11.8%	-12.7%	11.0%	-6.6%	11.6%	-1.1%	14.1%

5.4 Return on Equity

The regulated return on equity for 2020 was 8.12% which indicates an under earning when compared to the Ontario Energy Board Approved 2016 rate of return of 9.19%. Further information on the topic of Return on Equity can be found under Section 8.

5.5 Target Performance

This section summarizes the projected performance of the utility and the long-term perspective on the health and age of distribution assets. It captures the results of Grimsby Power's projected PEG performance, Rate Base, and projected revenues based on its priorities for capital investments and operational expenditures.

Table 8: PEG Target Performance (Stretch Factor)

Details	2021	2022
Stretch Factor Cohort - Annual Result	1	1
Associated Stretch	0	0

Table 9: Target Cost Performance Results

Year	2021	2022	2023	2024	2025
	Bridge Year	Test Year	Forecast	Forecast	Forecast
Actual Total cost	7,120,570	7,596,465	7,803,176	8,005,653	8,205,050
Predicted Total Cost	10,520,072	11,071,849	11,744,655	12,442,339	13,166,677
Difference	(3,399,502)	(3,475,384)	(3,941,479)	(4,436,686)	(4,961,627)
Percent Difference	-39.0%	-37.7%	-40.9%	-44.1%	-47.3%
Three-Year Average Performance	-39.0%	-38.4%	-39.2%	-40.9%	-44.1%

Grimsby Power's projected OM&A for 2021 to 2022 is as follows:

Table 10: OM&A Target Cost Performance Results

Budget Year	OM&A	% Change
2021 Bridge Year	$ 3,502,710	-1.1%
2022 Test Year	$ 3,998,267	14.1%

The expected 2021 OM&A is 1.1% less than the final 2020 OM&A and 14.1% higher in 2022 compared with 2021.

Grimsby Power's projected capital spending for 2021 and 2022 are as follows:

Table 11: Projected Capital Additions

Budget Year	2016	2017
2021 Bridge Year	$2,582,739	31.47%
2022 Test Year	$2,936,891	13.71%

Overall, Grimsby Power feels that the investments as identified address Grimsby Power's needs to update its aging overhead infrastructure to allow Grimsby Power to maintain acceptable reliability levels and yet accommodate any new service requests throughout the forecast period. Also, management is confident that they have identified the current need for continued growth within Grimsby Power's service territory.

5.6 Scorecard Results and Analysis

Grimsby Power's scorecard tracks ongoing performance in several key areas including:

1. Customer Focus
2. Operational Effectiveness
3. Public Policy Responsiveness
4. Financial Performance

These key performance indicators allow both the company and the public to gauge how well the company is performing and compare Grimsby Power's performance to other utilities. Grimsby Power is committed to performance that industry exceeds performance standards. Grimsby Power has exceeded industry targets year over year.

Customer Focus

									Target	
Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	Trend	Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	98.30%	98.60%	98.02%	96.71%	100.00%	↑	90.00%	
		Scheduled Appointments Met On Time	94.10%	100.00%	100.00%	99.53%	100.00%	↑	90.00%	
		Telephone Calls Answered On Time	65.30%	70.00%	75.37%	88.54%	90.24%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution	99.93%	99.94%	99.97%	99.93%	99.86%			
		Billing Accuracy	99.97%	99.98%	99.96%	99.87%	99.98%	↓	98.00%	
		Customer Satisfaction Survey Results	92%	75.4%	75.40	78.8%	78.8%			

The indices within the Customer Focus portion of the scorecard emphasize the importance of responding to customers. Grimsby Power places a tremendous amount of effort on ensuring the customer comes first. GPI's 2019 scorecard shows that commitment.

									Target	
Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	Trend	Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	98.30%	98.60%	98.02%	96.71%	100.00%	↑	90.00%	
		Scheduled Appointments Met On Time	94.10%	100.00%	100.00%	99.53%	100.00%	↑	90.00%	
		Telephone Calls Answered On Time	65.30%	70.00%	75.37%	88.54%	90.24%	↑	65.00%	
	Customer Satisfaction	First Contact Resolution	99.93%	99.94%	99.97%	99.93%	99.86%			
		Billing Accuracy	99.97%	99.98%	99.96%	99.87%	99.98%	↓	98.00%	
		Customer Satisfaction Survey Results	92%	75.4%	75.40	78.8%	78.8%			

The statistics show that GPI is focused on customer response and maintains a high level of performance. Grimsby Power has shown the most improvement in answering customer calls within 30 seconds. Since 2015 the percentage of calls answered within 30 seconds has gone up 25%.

The customer satisfaction survey results have shown a decrease since the initial survey in 2014. Grimsby Power achieved a customer satisfaction result of 79% in 2020 increasing its results by nearly 5% since 2016.

All other statistics remain relatively stable.

Operational Effectiveness

Performance Outcomes	Performance Categories	Measures		2015	2016	2017	2018	2019	Trend	Target Industry	Target Distributor
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness		82.00%	82.00%	82.60%	82.60%	82.90%			
		Level of Compliance with Ontario Regulation 22/04 [1]		NI	C	C	C	C			C
		Serious Electrical Incident Index	Number of General Public Incidents	0	0	0	0	0			0
			Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000			0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted [2]		0.37	0.55	1.20	1.73	5.00			1.36
		Average Number of Times that Power to a Customer is Interrupted [2]		0.16	0.69	0.99	1.17	3.44			1.07
	Asset Management	Distribution System Plan Implementation Progress		84.00%	88.73%	64.83	86.64%	86.23%			
	Cost Control	Efficiency Assessment		2	2	2	2	1			
		Total Cost per Customer [3]		$575	$611	$559	$584	$594			
		Total Cost per Km of Line [3]		$26,284	$27,753	$9,383	$9,793	$10,029			

The operational effectiveness category ensures that Grimsby Power is showing continuous improvement in several areas including safety, system reliability, asset management and cost control.

Safety

Grimsby Power maintains safety as a high priority in its daily functions. That commitment is responsible to the achievement of the scorecard statistics compare well with other utilities. Although not on the scorecard, Grimsby Power is immensely proud of a Health and Safety record that has seen no lost time incidents since 2008 (over 400,000 hours without a loss time injury).

System Reliability

Grimsby Power has invested in capital and maintenance programs that are contributing to improving our reliability. In 2019 GPI had a year with a high number of outages with longer durations due to various weather related and equipment failure events. Proactive investment capital and maintenance programs, along with less weather events, helped improve our reliability statistics. In 2020 Grimsby Power's SAIDI was 0.64 and SAIFI was 0.92. Grimsby Power will continue to maintain a high level of reliability with a SAIDI goal of less than 1.36 and a SAIFI goal of less than 1.07.

Asset Management

Grimsby Power plans its capital projects in accordance with the needs of customers and the operation of a safe and reliable distribution system. The statistic on the scorecard is a measure of how many capital projects Grimsby Power completed weighted by the budget for each

project.

Cost Control

Grimsby Power has been able to become more efficient year over year. In 2019 Grimsby Power was placed in Group 1 for efficiency in the annual review of utilities benchmarking. The benchmarking result for 2019 was a 3 year and average of 28% below expected costs. In 2015 Grimsby Power was 17% below expected costs, in 2019 Grimsby Power was 31.8% below expected costs.

Grimsby Power will strive to remain in Group 1 through prudent expenditures that keep our distribution system reliable and meet the expectations of customers.

Public Policy Responsiveness

									Target	
Performance Outcomes	Performance Categories	Measures	2015	2016	2017	2018	2019	Trend	Industry	Distributor
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings [4]	25.85%	48.69%	74.26%	85.00%	91.00%			10.85 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%		100.00%					
		New Micro-embedded Generation Facilities Connected On Time	100.00%	100.00%	100.00%	100.00%	100.00%	➲	90.00%	

In the 2019 scorecard, there are two components to public policy responsiveness, conservation and demand management and connection of renewable generation.

Grimsby Power is pleased to have achieved 91% of its total plan target after five years in the Conservation First Framework. Grimsby Power was allocated a total plan target of 10,850,000 kWhs. This amount of energy savings was to be achieved from 2015 to 2020. Due to a directive from the Ministry of Energy Northern Development and Mines effective April 1, 2019 the IESO will be responsible for conservation programs.

Our successful achievement was made possible by the strong participation from local businesses in retrofit programs, energy efficient lighting programs and other conservation and demand management programs offered to Grimsby consumers through a dedicated expert third party service provider.

Grimsby Power has always connected renewable generation on time. As electrification becomes more predominant this index will remain a priority for Grimsby Power.

Financial Performance

Performance Outcomes	Performance Categories	Measures		2015	2016	2017	2018	2019	Trend	Target Industry	Target Distributor
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)		0.71	0.60	1.07	1.09	1.03			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio		1.73	1.60	1.44	1.46	1.26			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)	9.42%	9.19%	9.19%	9.19%	9.19%			
			Achieved	2.01%	2.39%	10.92%	8.45%	10.39%			

Financial performance is integral to the stability of a utility company. Financial ratios for liquidity, leverage and profitability all indicated a company's financial status.

- Liquidity: Current Ratio (Current Assets/Current Liabilities)

Grimsby Power's current ratio has gone down slightly from the 2018 ratio of 1.09 to 1.03. The slight decrease in the liquidity ratio was due to an increase in current liabilities. A ratio of 1.03 is indicative of a financially healthy organization and Grimsby Power intends on remaining within a healthy range.

- Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A debt to equity ratio that is higher than 1.5 may indicate that an electricity distributor could have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring. In 2019, Grimsby Power moved away slightly away from the 60/40 split with a total debt to equity ratio from 1.26 in 2019 from 1.46 in 2018. The current 1.26 debt to equity ratio represents approximately 55% debt and 45% equity.

- Profitability: Regulatory Return on Equity – Deemed

Grimsby Power's current distribution rates were approved by the OEB and include an expected or deemed regulatory return on equity of 9.19%. Since 2017 Grimsby Power has maintained a regulated return on equity that is within +/- 3% of our deemed return on equity.

GPI will continue to monitor its business objectives to ensure that they are aligned with the OEB scorecard and actively drive cost reductions and productivity improvement.

- Reviewing its mission statement to ensure that it reflects the direction of the utility and serves as a guide for long-term growth/development.

- Reviewing its current employee structure, including the roles and responsibilities of

the management team and employees. In doing so, GPI reviewed areas for enhancement and higher technological skill sets as well as succession planning.

- Detailing specific long-term goals and short-term objectives by developing an action plan for each goal and objective.

- Analyzing its economic conditions to better understand its effect on business strategy including consideration for load forecast, predicted capital and operational costs, and resources.

- Reflecting on the actions that have led to the growth of the company. It is especially important to document the direction of the utility to its shareholders.

6. Strategy and Implementation Summary

6.1 SWOT Analysis

The use of the SWOT (strengths, weaknesses, opportunities, and threats) analysis has proven to be an important management tool that has helped evaluate key aspects of the utility to identify factors that will drive performance and decision making going forward.

6.2 GPI Strengths

Cost Efficiency

Grimsby Power Inc. continues to be one of the most efficient electricity distributors in the province and is one of only seven utilities in Group 1 of the OEB Cost Efficiency Rating (PEG report). GPI has and will continue to plan and invest in future needs keeping in mind to balance between long-term debt, asset values, operations and maintenance expenditures and operating revenue.

Cost efficiencies are always top of mind when senior management and the Board of Directors are guiding GPI into the future. Detailed planning and forecasting is essential and it allows the utility to spread out costly system upgrades. Furthermore, consistent and regular maintenance is imperative as it is a key indicator of future costs.

In 2015, GPI's actual costs were 17% lower than predicted. In 2019, GPI's actual costs were 31.8% below predicted. This equates to a 14.8% gain in efficiency over the last 5 years.

Customer Rates

In 2019, the company had the lowest OM&A per customer of $277 compared with the surrounding utilities who were at $326. Our residential customers pay 11% less than the average utility customer in Ontario; small business customers pay 11% less and large business customers pay 42% less.

GPI provides reliable, less expensive power while serving a higher number of customers per employee. Our employees work together to mitigate costs, find efficiencies, and provide the best service at the lowest possible cost to the consumer. GPI wants to ensure that consumers are getting value for their money.

Safe Workplace & Construction Practices

As we work with electricity, Health and Safety remains a top priority for Grimsby Power. Since 2008, GPI has achieved 408.858 hours without a lost time incident. In 2016, we were the recipient of the IHSA President's Award for Safety and, more recently, nominated for the 2021 WSIB Small Business Health and Safety Award. Lastly, Grimsby Power is being recognized by the CHEC Group for being a leader in the industry for safety.

In 2020, the Electrical Safety Authority (ESA) Audit of Grimsby Power resulted in zero non-compliance notices and zero needs improvement notices.

The GPI Capital Replacement and Projects are planned around the sustainment, development and

maintenance needs in support of the Asset Condition Assessment. In 2021, GPI developed a 5 year Distribution Systems Plan, detailing a breakdown of all Capital spending keeping in line with the Ontario Energy Boards guidelines for utilities.

Reliability

Grimsby Power utilizes effective methods of communication within our Outage Response team and with customers via the GPI Outage Portal which provides an effective visual presentation of outages.

Over the last 5 years, Grimsby Power customers had their power interrupted 1.44 times for a total of 1.82 hours. We have made improvements to reduce the duration and frequency of outages and, as a result, the year-over-year reliability improvement drastically. In 2020, the power was interrupted on average per customer just .92 times for .64 hours compared to the 2019 reliability numbers of 3.44 times for 5 hours.

GPI has implemented a new tree trimming program, pro-active defective pole replacement program, and installed transformer switches with primary load break switching capability. Furthermore, we have added communicative Fault Indicators, working on voltage conversions, and adding improvements in technology to GPI's operations by working on a SCADA system.

Customer Support

Grimsby Power has been providing the highest level of customer service in the industry. Whether dealing with contractors, shareholders or customers, our staff provide that small-town service that our customers have come to expect.

Upgrades to our website and phone system allow for increased communication in a timely manner. Website forms are updated to make them more user friendly and the website now includes outage information.

We continue to promote programs available to help lower electricity bills and in 2021, upgraded our current e-billing and consumption portal so that information is only one click away.

High Performing Staff

Currently GPI has 16 staff members and services almost 12,000 customers. We serve a higher number of customers per employee than any other utility in the area (2019 statistic). Grimsby Power staff are highly professional, adaptable, well-trained individuals who are focused on safety and customer service.

Recent statistics show that our staff answers 90% of phone calls within 30 seconds and line crews

keep up with customer support, maintenance, capital projects, and after hour calls in a timely manner. GPI values input and feedback from its customers and builds positive, cooperative and lasting relationships with its stakeholders.

GPI values their employees and welcomes a collaborative work environment; encouraging employee learning, engagement and participation. The company promotes continue professional growth and development.

6.3 GPI Weaknesses

Utility and Staff Size

Being a small utility, Grimsby Power has continual challenges between the significant workload and having only 16 full-time staff. Over the last few years with changes in regulations and policy changes, it has become increasingly challenging to increase staff responsibilities without increasing staff size. GPI will continue to address this challenge through strategic alliances and collaborating with partners ensuring we stay efficient and economically sound.

Managing Unexpected Costs

Planning and budgeting for any unexpected costs is always difficult. GPI strives to plan, well in advance, for any significant expenses but unexpected costs can occur. For example, in recent years, cyber security issues have impacted many companies and its' related costs add pressure to an already tight budget. Larger utilities can more easily absorb these additional costs without much impact on rates or performance. As a smaller utility, GPI is affected significantly when faced with this type of added cost. GPI will continue to review, identify and plan for possible future risks and issues that may eventually come with a related cost to the company.

Suite Metering Customers

The Ontario Energy Board (OEB) requires all new multi-residential buildings to be sub-metered (suite meter) in Ontario. Suite meters drive the best consumer behavior to lower energy consumption as the consumer is directly accountable for the energy they use. To participate in electrical sub-metering, an LDC must also participate in non-electrical metering for the other services (water, thermal and gas).

Grimsby has had significant growth in new multi-residential building developments over the past few years and this provides an opportunity for growth. Unfortunately, non-electrical metering requires added resources including technology, staff and staff training. Furthermore, 3rd party metering providers whose rates are not regulated as it is the case with GPI rates, offer developers an allowance payment per meter that GPI cannot compete with. Continued education, focus, and planning related to this program is required.

Employee Recruitment and Retention

Grimsby Power Inc. prides itself on its well-trained and talented employees. GPI strives to pay competitively and equitably for employee performance while recognizing the budgetary and business constraints. Unfortunately, due to our size, we face numerous challenges with candidate recruitment and employee retention.

Currently, GPI has a total of 16 staff employed on a full-time basis. Many of our employees have very specialized skills in the power industry and are in high demand throughout Ontario. Due to a shortage in Ontario of candidates with LDC-specific skills, larger utilities proactively recruit staff from other utilities; filling these vacated positions has been a challenge. To compound this issue, an aging workforce and a shifting of employee values and work expectations characterize the utility sector. The bottom line is that it is getting more challenging to attract and retain employees and contain compensation related costs. GPI will continue to work with their partners and contract outside services for specialized expertise when appropriate.

Increased Regulatory Requests

The introduction of regulations in the utility sector provides the necessary framework for how the industry is to conduct business; keeping in mind the best interest of the consumer. Unfortunately, compliance with these regulations requires a time consuming amount of work and attention to detail. As stated early, Grimsby Power has limited human capital to devote to these tasks making it difficult to complete in the most efficient and timely manner. Grimsby Power will continue to pre-plan ahead of time for future regulatory submissions and meet deadlines on specific requests.

Building Assets in Neighbouring Utility Territory

Grimsby Power is currently collaborating with its neighboring utility, Niagara Peninsula Energy Inc. (NPEI), on our 3rd feeder installation. As GPI was approaching our load capacity, it was imperative to finalize an agreement for this feeder route. Obtaining the approval and signed contract with a neighbouring utility proved to be an arduous task. Lengthy negotiations took years to finalize and required immense person hours to complete by GPI staff, consultants and legal representatives.

6.4 GPI Opportunities

Operational Systems – GIS, Applications, Design

Grimsby Power has taken advantage of various technologies, including GIS and SCADA, with positive results. GPI is planning to further implement Outage Management System (OMS) over the next forecasted cycle which is to rely on the smart meter network and transformers loading for data. Grimsby Power views technological advancements as opportunities not threats and will continue to capitalize on these opportunities.

Grimsby Power is to continue to embrace the future with technology at the forefront and not default to the status quo, thereby ensuring the utility is positioned well for the future in order to encourage growth and sustainability in the community through innovative approaches.

Optimization of use of enhanced operational systems with innovative and yet standardized designs is also an opportunity for Grimsby Power that will be further utilized.

Control Room Activities

In effort to optimize its operational effectiveness with positive impact on OM&A costs along with long term strategic goals Grimsby Power is to evaluate potential partnership with similar LDCs that would benefit from development of fully operational control room. Development of control room is in line with Grimsby Power's plans of deploying and further development of mature technologies such as SCADA and GIS.

Community Involvement

As a utility located in a small town, we are naturally focused on our community and the people and business within it. We find ourselves with a variety of opportunities to connect with the community in a meaningful and genuine way. When the opportunity arises, we educate consumers on safety and conservation programs. We pride ourselves on being a leader in Grimsby, where our support includes donations to local non-profit agencies, high school graduate bursaries, Christmas food drive, and local speaking engagements. Furthermore, Grimsby Power is very mindful to support the local economy where possible which is our special initiative to support local businesses

Collaboration with Neighbouring Utilities

As in the past, Grimsby Power will continue to develop relationships and collaborate effectively with neighboring LDCs like Niagara on the Lake and Niagara Peninsula Energy Inc. Grimsby Power will continue involvement with CHEC and USF if effort to collaborate with wider group of LDCs and with those who may be interested in establishing shared services. Our view on working cooperatively is in the hopes of streamlining services, creating greater customer satisfaction and establishing shared services as a way of cost savings.

Suite Metering

Grimsby Power recognizes the opportunity of acquiring customers with owning the suite metering as that acquisition has an impact on revenue. As the growth of new multi-residential developments continues in Grimsby, GPI will endeavor to optimize this opportunity by further expanding its capabilities by partnering up with suite metering service providers and that way expand its service level options when it comes to suite metering services.

6.5 GPI Threats or Risks

Workforce Reduction

With a staff of 16 full-time employees who serve almost 12,000 customers, it is increasingly difficult to operate Grimsby Power effectively and efficiently as workloads continue to increase. Since 2016, the number of employees has fluctuated at GPI due to various circumstances including the reduction and/or elimination of certain positions while, in some cases, a position may have been eliminated/reduced in one year, but subsequently added in another year. Management is increasingly concerned at how employee vacation time is becoming harder and harder to take as there are not enough employees to cover the time off.

IT Technologies – ERP, Cyber Security

Grimsby Power has used same ERP system since 2014 and has become familiar with benefits and limitations of the existing system. During the next forecast period (2022-2026) Grimsby Power will proactively try to extract more value from the existing ERP system. Grimsby Power it to continue to collaborate with other LDCs that use same ERP system and initiate direct interactions with the ERP vendor to optimize on experience gained with this ERP with the ultimate outcome of extracting more value from the ERP.

Dealing with Cyber Security is embedded in Grimsby Power's planning process where Business Risk Management approach was leveraged to identify residual operational risks relative to current performance outcomes. System risk profile, as reflected in asset management planning includes amongst other also cyber security risks. Grimsby Power has developed various cyber security policies and is to continue to be proactive on Cyber Security front. Effective collaboration with neighboring LDCs like Canadian Niagara Power on topic of cyber security is to continue.

Experienced Employees Eligible to Retire

A continuing theme of an aging workforce has resulted in cost pressures to recruit and develop a new generation of employee. During the period from 2016 to 2020, there were five retirements, which represents one quarter of GPI's employees. Over the next five to eight years, five employees from existing staff are eligible to retire. This trend is impacting Human Resource planning and compensation. The bottom line is that it is getting more challenging to attract and retain employees and contain compensation related costs.

Legislative and Regulatory Changes

Legislative and regulatory changes directly affect LDC's in many ways. As a regulated business, GPI must adhere to the directions provided to us by Government legislated boards and committees. In recent years, commitments were required for the industry to invest in new

technology such as smart meters, and billing systems for time of use rates. Any new implementation increases pressure on distributors and their limited resources. New and updated rules and regulations do result in additional man-hours for dealing with these changes. Company processes would need to be updated and additional employee training may be necessary.

Changes to regulatory and report requirements increase costs in ways such as:

1. Customer Satisfaction Survey.
2. Asset Condition Assessment.
3. Distribution System Plan.
4. Disconnection Moratorium.
5. Cyber Security Requirements.
6. Increased Cost of Service Filing Requirements.

Grimsby power will continue to working cooperatively with all governmental boards and committees in order to comply with legislative and regulatory requirements.

Utility Acquisition/Sale

Grimsby Power Inc. is owned by the Town of Grimsby with 10% of the shares owned by FortisOntario. Developments about utility acquisitions and sales is a constant and on-going issue and GPI will continue to work cooperatively with the Board of Directors and the shareholders of the company to provide best value for GPI's stakeholders and best service to its' customers.

7. Personnel Plan

Utilities across Ontario are facing many of the same challenges regarding its aging workforce and a shortage of uniquely skilled labour. In 2021, GPI engaged a third party to conduct an assessment of key management positions and a review of the overall organization to analyze future looking risks as it relates to the achievement of corporate goals and ongoing continuity of the business. As a result, a resource strategy plan has been prepared and is in the early stages of implementation. Included in the plan are a talent retention and skills development and coaching program.

Grimsby Power's staff compliment has remained relatively unchanged since 2016. With the review of the organization as a whole certain positions were identified that could lead Grimsby Power into the next five years. Those positions included Accounting Supervisor, Communications & IT Specialist, Journeyman Apprentice and the expansion of the Senior Customer Accounts position to full time. These positions will help Grimsby Power remain focused on key strategies including maintaining commercial value, meeting and exceeding customer expectations continuous innovation and reliability.

ADMINISTRATION

4.1 ACCURACY CERTIFICATION

As the President and Chief Executive Officer and the Director of Finance of Grimsby Power Inc. we certify that the evidence filed in Grimsby Power's 2022 Cost of Service Application is accurate, consistent and complete to the best of our knowledge and belief. The filing is consistent with the Filing Requirements.

Grimsby Power Inc. confirms that documents filed in support of its 2022 Cost of Service Application EB-2021-0027 do not include any personal information as defined in the Freedom of Information and Protection of Privacy Act.

DATED at Grimsby, Ontario, this 30th day of July 2021.

All of which is respectfully submitted,

Remy Fernandes	Mioara Domokos
President & Chief Executive Officer	Director of Finance
Grimsby Power Inc.	Grimsby Power Inc.

4.2 APPLICANT CONTACT INFORMATION

Grimsby Power Inc.
231 Robert Road
Grimsby, Ontario
L3M 5N2

Primary Contacts for Electricity Distribution License

Remy Fernandes	Phone:	905-945-5437 Ext	221
President & Chief Executive Officer	Fax:	905-945-9933	
E-mail:	remyf@grimsbypower.com		

Mioara Domokos	Phone:	905-945-5437 Ext	232
Director of Finance	Fax:	905-945-9933	
E-mail:	mioarad@grimsbypower.com		

Primary Contact for Application

Amy La Selva	Phone :	905-945-5437 Ext	258
Regulatory & Customer Accounts Supervisor	Fax:	905-945-9933	
E-mail:	amyl@grimsbypower.com		

4.3 IDENTIFICATION OF LEGAL REPRESENTATION

Firm Name:	MRB Law
Address:	24 Humber Trail
	Toronto, Ontario
	M6S 4C1
Legal Counsel:	Michael R. Buonaguro
Phone:	(416) 767-1666
Fax:	(416) 767-1666
Email:	mrb@mrb-law.com

4.4 APPLICANTS INTERNET ADDRESS

Web Site Address www.grimsbypower.com

Grimsby Power Twitter Account - GrimsbyPower (@GrimsbyPower) / Twitter

The persons affected by this Application are the ratepayers of Grimsby Power's distribution business.

4.5 NOTICE OF HEARING PUBLICATION

Grimsby Power is proposing that notices related to the Application appear in Newsnow a local paper owned and operated by 16002207 Ontario Ltd.

The Newsnow is distributed as an unpaid circulation with approximately 26,529 distributed copies and services the communities of Grimsby, Lincoln, and West Lincoln. Newsnow is published once per week 52 weeks per year.

4.6 BILL IMPACTS

In accordance with the Filing Requirements, Grimsby Power presents below the bill impacts to be used for the notice of application for a typical residential customer using

750 kWh per month and for a General Service <50 kW customer using 2,000 kWh per month:

	Selected Delivery Charge and Bill Impacts							
	Subtotal A - Monthly Delivery Charge				Total Bill			
	Current	Proposed	Change $	Change %	Current	Proposed	Change $	Change %
Residential - 750 kWh/month	29.38	31.03	1.65	5.60	118.29	120.72	2.43	2.05
GS < 50 kW - 2000 kWh/month	66.99	74.34	7.35	10.97	301.86	310.90	9.05	3.00

4.7 STATEMENT OF REQUESTED HEARING FORM

For efficiency, the Applicant requests that this Application be processed of by way of a written hearing.

4.8 EFFECTIVE DATE REQUESTED

Grimsby Power applies to the OEB for approval of its proposed distribution rates and other charges, effective January 1, 2022.

4.9 STATEMENT OF DEVIATION FROM FILING REQUIREMENTS

The Applicant has followed Chapter 2 of the OEB's Filing Requirements in the preparation of this Application. There are no deviations from the Filing Requirements in this Application.

4.10 STATEMENT OF CHANGES IN METHODOLOGY

The methodologies used in this Application are consistent with those used in Grimsby Power's EB-2015-0072 Application, except:

- OM&A labour costs were previously shown as a separate line item in OEB Appendix 2-JC and associated work program discussion. In this Application, labour costs are included in each specific work program line item to present the total cost of that work. For comparison purposes, specific 2016 approved OM&A Work Program line item costs have been re-stated accordingly, with the total

being consistent with the OM&A level that was approved ($3,134,546, excluding Property Tax and LEAP).

4.11 IDENTIFICATION OF OEB DIRECTIVES FROM PREVIOUS OEB DECISIONS

There are currently no outstanding directives from the OEB.

4.12 REFERENCE TO CONDITIONS OF SERVICE

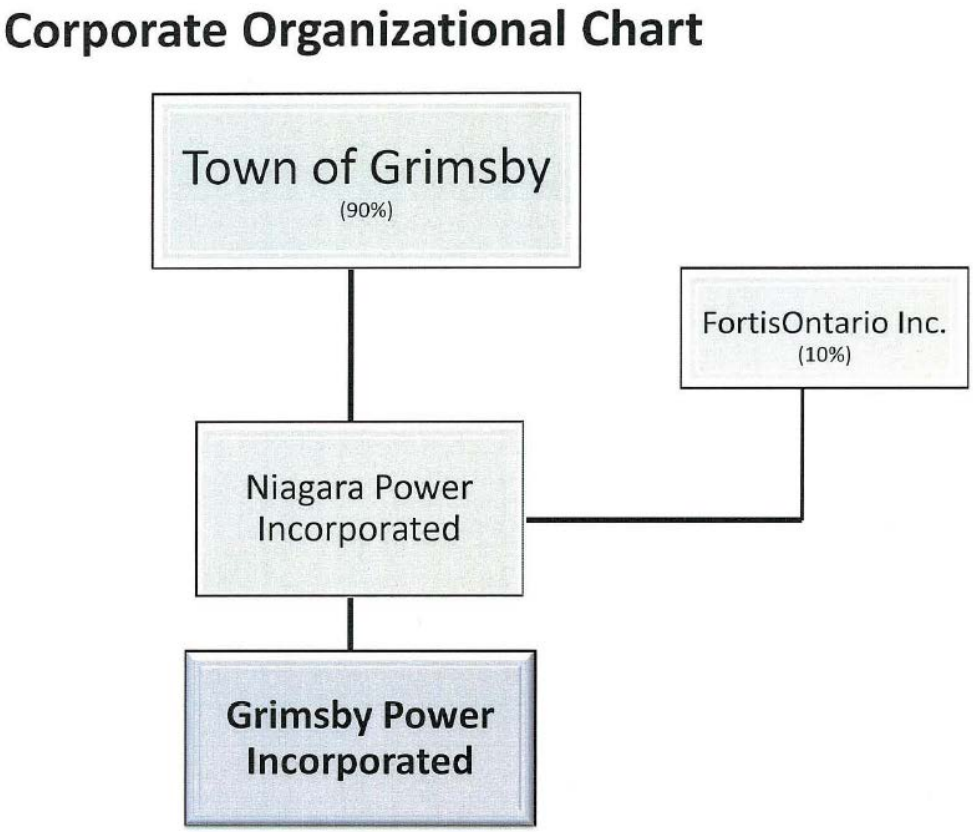
Grimsby Power's Conditions of Service document is publicly available on Grimsby Power's website. Grimsby Power confirms that this is the current version; last updated effective January 1, 2019. There are no changes to Grimsby Power's Conditions of Service that result from approval of this application. There are no rates or charges included in Conditions of Service.

Exhibit 1, Tab 4, Attachment 1 provides a summary of the key changes made to the Conditions of Service since the last version dated August 20, 2007.

4.13 DESCRIPTION OF CORPORATE AND UTILITY ORGANIZATIONAL STRUCTURE

Grimsby Power is a subsidiary of Niagara Power Inc. which is 90% owned by the Town of Grimsby and 10% by Fortis Ontario Incorporated. Grimsby Power reports directly to Niagara Power Inc. Niagara Power Inc. does not have any staff and Grimsby Power does not share any staff with Niagara Power Inc. Niagara Power Inc. and Grimsby Power both have separate Boards of Directors. A chart illustrating Grimsby Power's current corporate family is provided below:

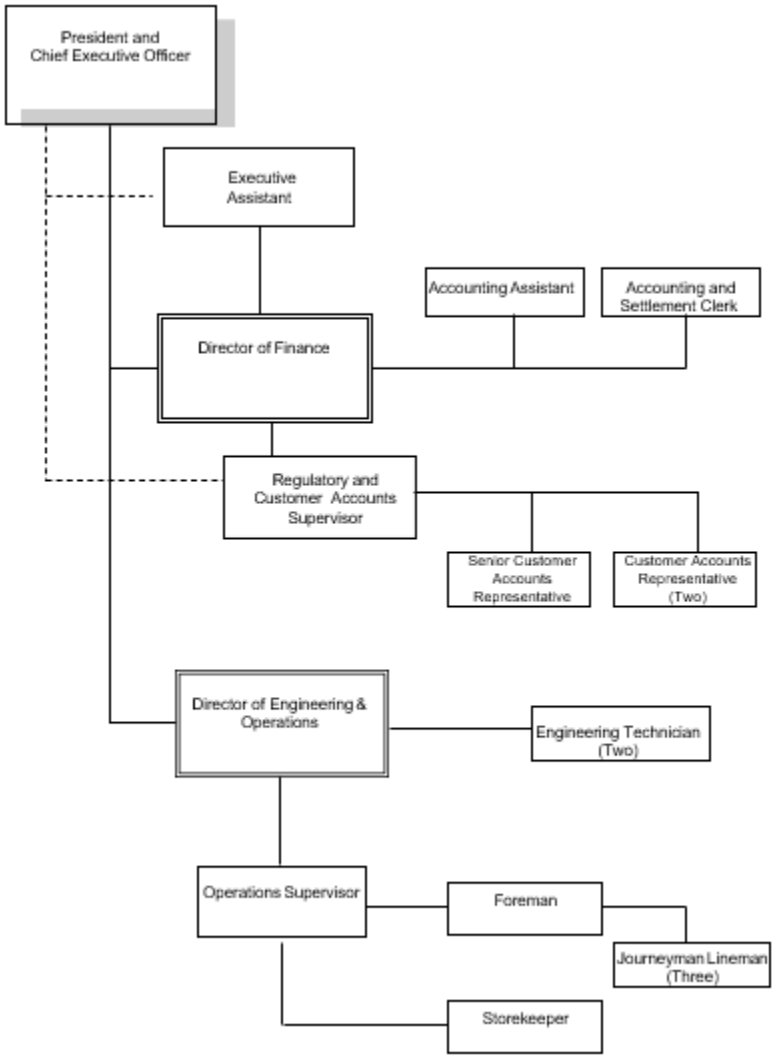
Figure 1-1
Corporate Organizational Structure – 2021



A copy of Grimsby Power's current utility organizational chart is provided below:

Figure 1-2

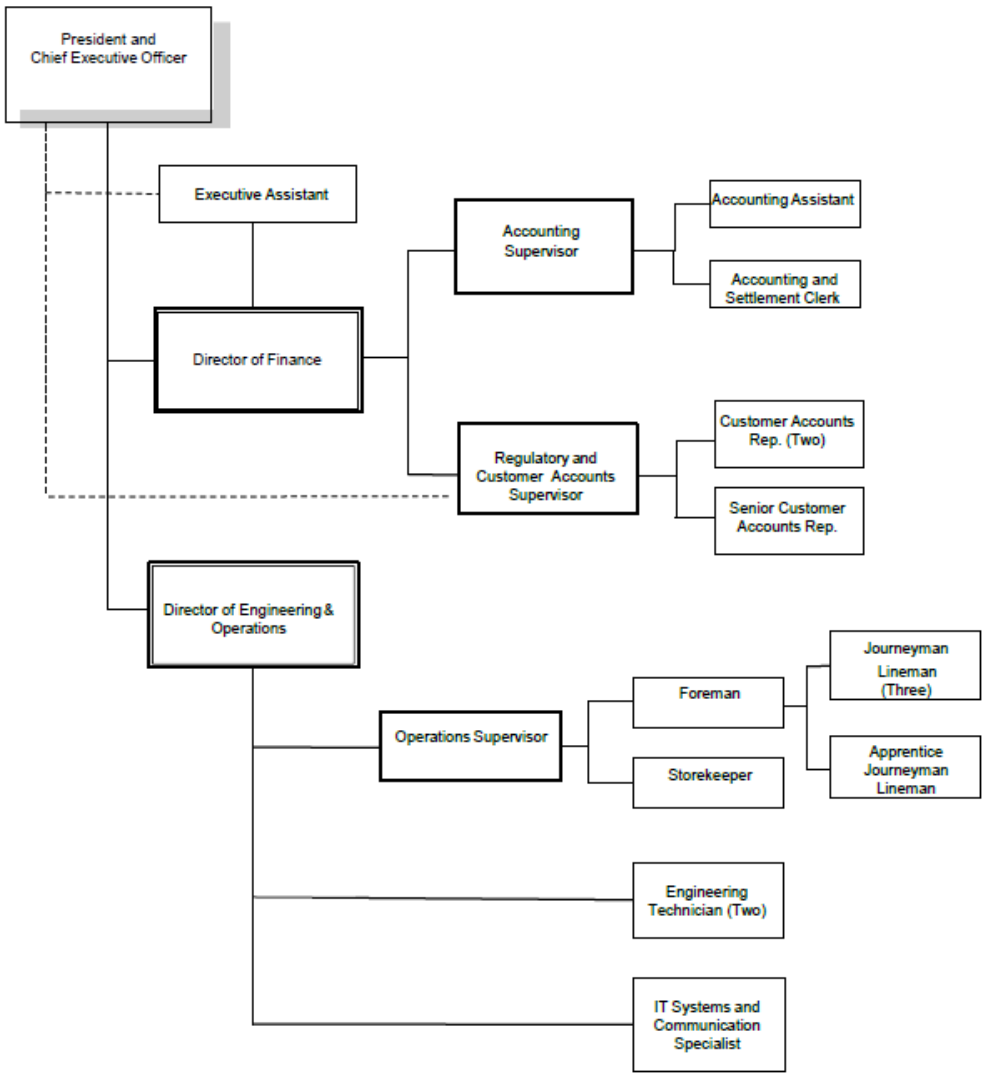
Grimsby Power Organizational Structure – 2020



A copy of Grimsby Power's 2022 utility organizational chart is provided below:

Figure 1-3

Grimsby Power Organizational Structure – 2022



4.14 BOARD OF DIRECTORS MEMBERSHIP

Grimsby Power has a Board of Directors with five members. Two Grimsby Power Board members are independent as per the Shareholders agreement which states:

> *At least one third of the Grimsby Board shall be independent of any affiliate of Grimsby Power and the composition of the Grimsby Board shall comply with the Affiliate Relationship Code.*

Below is a list of current GPI Board Members.

1) Mr. Philip Besseling, Chair
2) Mr. Kurt Whitnell (Also NPI Director, Chair)
3) Mr. Glen King (Also NPI Director)
4) Mr. Dave Kadwell
5) Mr. Dave Sharpe

The Grimsby Power Board also has two Board committees focused on Operational and Human Resource and Audit functions. The two committees and the members of each is provided below.

Operations Committee	**HR & Audit Committee**
1) Philip Besseling, Chair	1) Kurt Whitnell, Chair
2) Glen King	2) Philip Besseling
3) Dave Sharpe	3) Glen King
4) Dave Kadwell	

Operations Committee

The mandate functions for this committee are:

- Assets Planning - The primary function is long range planning relating to the corporation and to review planned expenditures on the distribution systems and other infrastructure.

- Health and Safety - The primary function is to review and ensure compliance with safety legislation, policies, programs and standards.

- Customer Engagement - The primary function is to review and make recommendations on customer engagement strategy and planning in addition to customer information handling and management.

- Regulatory Policy - The primary functions is to review regulatory instruments that govern the utility, such as codes, filing requirements, guidelines and accounting, this includes reporting and record keeping requirements.

HR/Audit Committee

The mandate functions for this committee are:

- Audit and Finance - The primary functions are to assist the Board in its oversight of the reliability and integrity of the accounting principles and practices, financial statements and other financial reporting, and disclosure practices followed by the Corporation.

- HR/Succession Planning - The primary functions are to assist the Board in carrying out its responsibilities by reviewing human resources issues and making recommendations to the Board as appropriate in addition to developing a succession plan.

- Management Compensation - The primary function is to make recommendations to the Board relating to compensation of the Company's Management and Executive staff.

- Enterprise Risk Assessment - The primary functions of are to identify risk in all areas of the corporation, assessing and quantifying risk potential, communicating risk issues, choosing and implementing "the best" risk

treatment method and monitoring the result for opportunities for improvements.

4.15 LIST OF APPROVALS REQUESTED

a) The Applicant applies for an Order or Orders approving the proposed distribution rates and other charges set out in Exhibit 8 to this Application as just and reasonable rates and charges pursuant to Section 78 of the OEB Act, to be effective January 1, 2022;

b) In the event that the OEB is unable to provide a Decision and Order in this Application for implementation by the Applicant as of January 1, 2022, the Applicant requests that the OEB issue an Interim Rate Order declaring the current Distribution Rates and Specific Service Charges as interim pending the implementation of the Board-approved 2022 distribution rates; and

c) In the event that the implementation date of the Board's 2022 Rate Order is later than the effective date for 2022 distribution rates and charges, Grimsby Power requests permission to recover the incremental revenue from the effective date to the implementation date by way of an appropriate rate rider.

d) Approval of the following as detailed in Exhibit 8

   i. Adjusted Retail Transmission Network and Connection rates
   ii. Adjusted Low Voltage rates
   iii. Adjusted Loss Factors
   iv. Continuance of Specific Service Charges
   v. Adjusted Retail Service Charges

e) Approval of the following as described in Exhibit 9

   i. Rate riders for disposition of Group 1 and Group 2 Deferral and Variance Account balances
   ii. Continuance/Discontinuance of Group 2 accounts

Please see Exhibit 1, Tab 4, Attachment 2 for the completed OEB Appendix 2-A List of Requested Approvals.

4.16 MATERIALITY THRESHOLD

Grimsby Power's revenue requirement for the 2022 test year is $6,514,606. As Grimsby Power has a distribution revenue requirement less than $10 million, the materiality threshold used in this application is $50,000.

GPI Conditions of Service - Revision History
The following is a summary of key changes made to the document.

Revision: Rev 2.0 October 2018

Section	Subject	Reason for Change
1.1	**Identification of Grimsby Power and Service Area**	Added licence number.
1.1.1	**Distribution Overview**	Added Niagara West Municipal Transformer Station.
1.1.2	**General**	Added section with general information about servicing, obligations of GPI and customers. Added references to Unit Sub-Meter Code.
1.2	**Related Codes and Governing Laws**	Updated list to include other applicable codes and laws, including privacy rules.
1.3	**Interpretations**	Added additional terms with clarifications on meanings.
1.6	**Customer Rights and Obligations**	Added several subsections to clarify the obligations of customers, including the requirement to notify GPI of load changes such as the installation of an electric vehicle charger.
1.7	**Grimsby Power Rights**	Clarified the right of access to customer property.
1.7.2	**Safety of Equipment**	Added details regarding ON1CALL for locates. Added details regarding landscaping near GPI equipment.
1.9	**Service Quality Requirements**	Added section to reference service quality indicators and the Annual Scorecard.
1.10	**Liability**	Added section outlining limits of liability.
1.11	**Force Majeure**	Added section outlining Force Majeure
2.1	**Connections - Process and Timing**	Separated load connections and generator connections. Clarified response times for written requests for connection and "ready to be connected" requests. Added reference to "New Service/Upgrades Application" process.
2.1.1.1	**Connection Charges**	The current connection charges will be available from the Engineering Department, and no longer published in this document. Customer Deposit information is in Section 2.4.3.
2.1.2.4	**Rebates Related to Expansions**	The "Line Monitoring Agreement" will be available from the Engineering Department, and no longer published in this document.
2.1.3	**Connection Denial**	Updated list of reasons for connection denial to include lack of municipal, provincial, or federal approvals as applicable.
2.1.4	**Inspections Before Connections**	Added paragraph to emphasize requirements of Regulation 22/04 (Certficate of Approval required for design drawings).

GPI Conditions of Service - Revision History
The following is a summary of key changes made to the document.

Revision: Rev 2.0 October 2018

Section	Subject	Reason for Change
2.1.5	**Relocation of Plant**	The typical costs for pole relocations will be available from the Engineering Department, and no longer published in this document. Relocation requests by a road authority within 5 years of receiving consent are 100% payable by the road authority.
2.1.7.1	**Standard Form of Contract**	Removed reference to appendix for deposit information. Any deposit information will be noted in the Contract with the Customer or in Section 2.4.3.
2.1.7.3	**Special Contracts**	Noted that Residential Subdivisions are an example of a service that will require a special contract.
2.1.7.5	**Opening and Closing of Accounts**	Added option for Residential Customers to complete on-line move-in form, or download form and submit to office. Added option to complete the moving-out notification on-line.
2.2	**Disconnections**	Added Regulation 22/04 to list of specific regulations where a violation could result in disconnection. Added reference to leaving "Fire Safety Notice" when disconnecting a property.
2.2.1	**Load Limiters**	Added paragraph describing written information GPI provides when installing a load limiter.
2.2.2	**Reminder/Disconnect Notices**	Details have been placed in a separate document referred to as the Disconnection/Reconnection Policy, which is available on the GPI website.
2.2.3	**Disconnection Due to Hazardous Conditions**	Added note that GPI can disconnect a service within a reasonable time if the condition is not remedied, and ESA inspection may be required.
2.3.1	**Limitations on the Guarantee of Supply**	Added reference to life support equipment, details for customers to check own equipment before contacting GPI for outages or power quality problems.
2.3.2	**Power Quality**	Added details regarding force majeure events
2.3.2.1	**Power Quality Testing**	Added details that customers may be disconnected if they do not correct a power quality problem caused by their own equipment.
2.3.2.6	**Customers on Life Support**	Updated section to reflect current industry practice. GPI is not able to provide special notification to customers on life support. Customers are responsible for providing their own equipment for backup electrical supply.

GPI Conditions of Service - Revision History
The following is a summary of key changes made to the document.

Revision: Rev 2.0 October 2018

Section	Subject	Reason for Change
2.3.2.9	**Outage Reporting**	Added details that news releases may be on website and/or social media, GPI will use best efforts to provide regular updates.
2.3.4.2	**Secondary Voltage Offerings**	Changed maximum service size for overhead 600V/347V to 150 kVA (industry norm), changed maximum service size for padmount 600V/347V to 1500 kVA (industry norm). Added section for customer owned transformers for sizes not stocked by GPI.
2.3.5	**Voltage Guidelines**	Moved table of acceptable voltages from Appendix into this section.
2.3.6	**Backup Generators**	Added clarification of backup generators vs generation connected to the distribution system.
2.3.7.1	**General**	Added clarification for requirements for customer owned transformers. Added note that customer must receive approval for locating meters in non-standard locations. Added note that for grouped meters, each meter and related equipment must be clearly marked with municipal address and unit number, as applicable. Added note regarding locking provisions. Added note regarding ownership and maintenance obligations. Added note regarding metering seals.
2.3.7.1.1	**Metering for Multi-Unit Residential Buildings**	Added a new section to identify metering options available to developers of multi-unit residential buildings.
2.3.7.4	**Meter Reading**	Added note that an estimate will be used if an actual reading cannot be obtained. Added note that if a phone line is required for meter reads, the customer is responsible for the phone line including all costs and any necessary repairs.
2.3.7.6	**Fault Registration of Meters**	Updated reference to "applicable Acts and Regulations".
2.3.7.7	**Meter Dispute Testing**	Added details if meter is found to be inaccurate.
2.3.7.8	**Meter Location**	New section outlining requirements for location of meters and related equipment.
2.3.7.9	**Metal Enclosed Switchgear**	New section outlining requirements for metering equipment installed in customer owned switchgear.
2.3.7.10	**Switchgear Connected to Wye Source**	New section outlining requirements for neutral conductor from metering compartment to neutral.

GPI Conditions of Service - Revision History
The following is a summary of key changes made to the document.

Revision: Rev 2.0 October 2018

Section	Subject	Reason for Change
2.3.7.11	**Four Quadrant Metering (Generation)**	New section outlining basic metering requirements for generation installations.
2.3.7.12	**Net Metering for Embedded Generation**	New section outlining basic metering requirements for Net Metering for generation installations.
2.4.1	**Service Connections**	Added note that Rates are posted on the Grimsby Power website.
2.4.3	**Deposits**	Moved details regarding deposits from Appendix into this section.
2.4.4	**Billing**	Updated to refer customers to the OEB website for the most up to date information regarding the various line items on the invoice. Specific details for different rate classifications have been removed from this document as they can change when new rates are approved by the OEB. Added section on use of estimates for billing when a reading is not available.
2.4.5	**Payments and Interest Charges**	Updated to refer customers to the Grimsby Power website for the most current listing of payment options.
2.5	**Customer Information**	Added reference to the Retail Settlement Code for details on the rights of customers and retailers regarding access to customer information. Added details regarding the use of customer information by GPI, and reference to PIPEDA (privacy act).
2.6.1	**Pole Attachments**	Updated to include allowable telecom attachments and need for written agreements, and annual fees as determined by the OEB. Added details regarding Joint Use agreements, Reg 22/04 compliance, make ready work, maintenance of attachments, and timely transfers.
2.6.2	**Service Calls**	Removed rerference to service upgrades. Customer must contact Engineering Department for latest guidelines.
2.6.6	**Preventive Programs**	Updated Call Before You Dig section with new ON1CALL phone number and website.
2.6.8	**Customer Owned Substations**	Updated wording to emphasize customers are required to maintain their electrical equipment.
3.1	**Residential Service Information**	Added details to define residential service and requirements for obtaining a service layout.
3.1.2	**Standard Overhead Services (Secondary)**	Updated section to clearly note that new overhead services for residential dwellings are not permitted.

GPI Conditions of Service - Revision History
The following is a summary of key changes made to the document.

Revision: Rev 2.0 October 2018

Section	Subject	Reason for Change
3.1.3	**Standard Underground Services (Secondary)**	Deleted reference to drawing in appendix, added note to contact Engineering Department for latest standards, drawings, material specifications and maximum conductor lengths / sizes.
3.1.6	**Early Consultation**	Added note that significant loads includes electric vehicle chargers.
3.1.10	**Inspection**	Added details that GPI or designate must inspect and approve metering provisions. Clarified connection will be made within 5 days of notification that all conditions have been met.
3.2	**General Service Information**	Updated title to clarify section applies to non-residential customers. Added note about early consultation. Added note that subdivision developments require a separate agreement.
3.2.1	**General**	Added note that customers with existing 3-wire delta services must contact the Engineering Department for additional information before making any changes to the service.
3.2.1b	**Standard Underground Services (Single Phase Secondary)**	Removed reference to specific drawings, conductor sizes and maximum lengths. Customers must contact Engineering Department for latest specifications.
3.2.1c	**Large General Services (Single Phase Secondary)**	Removed reference to specific drawings. Customers must contact Engineering Department for latest specifications.
3.2.1d	**Primary Services**	Removed reference to specific drawings. Customers must contact Engineering Department for latest specifications.
3.2.1e	**Transformation**	Increased maximum size of 3 phase padmount transformers to 1500 kVA.
3.2.10.1	**Revenue Metering Specifications**	Added reference to section 2.3.7.9. Added details for requirements for metering rooms.
3.2.10.2	**Meter Socket Specifications**	Removed reference to specific drawings and suppliers. Customers must contact Engineering Department for latest specifications and acceptable suppliers.
3.2.10.3	**Commercial and Industrial Meter Cabinet Specifications**	Removed reference to specific drawings and suppliers. Customers must contact Engineering Department for latest specifications and acceptable suppliers.

GPI Conditions of Service - Revision History
The following is a summary of key changes made to the document.

Revision: Rev 2.0 October 2018

Section	Subject	Reason for Change
3.2.10.5	**Current Transformer Cabinet**	Removed reference to specific drawings and suppliers. Customers must contact Engineering Department for latest specifications and acceptable suppliers.
3.2.10.6	**Metal Enclosed Switchgear**	Removed reference to specific drawings and suppliers. Customers must contact Engineering Department for latest specifications and acceptable suppliers.
3.2.10.8	**Interval Metering**	Replaced "400 amp or larger services" with "General Services above 50kW"
3.3	**General Service (Above 50 kW)**	Updated classification requirements to be 5 consecutive months during the year with demand greater than 50 kW.
3.5	**Embedded Generation**	Updated to include references to the DSC and IESO.
3.6	**Embedded Market Participant**	Added note that market participants must inform GPI at least 30 days prior to participation in the market.
3.7	**Embedded Distributor**	Added note that Embedded Distributors must inform GPI at least 90 days prior to connection and sign an Agreement.
3.8	**Unmetered Connections**	Updated section to reflect current industry practice - only street lighting and power supplies for communication amplifiers will be unmetered.
3.9	**Small Metered Connections**	Updated section to be more generic regarding the types of small metered connections.
4	**Glossary of Terms**	updated various terms and agencies
5	**Appendices**	all appendices have been removed and relevant information embedded within the document, or available upon request. Only Table 1 and Table 2 remain.

Appendix 2-A
List of Requested Approvals

The distributor must fill out the following sheet with the complete list of specific approvals requested and relevant section(s) of the legislation must be provided. All approvals, including accounting orders (deferral and variance accounts) new rate classes, revised specific service charges or retail service charges which the applicant is seeking, must be separately identified, as well being clearly documented in the appropriate sections of the application.

Additional requests may be added by copying and pasting blank input rows, as needed.

If additional requests arise, or requested approvals are removed, during the processing of the application, the distributor should update this list.

Grimsby Power Incorporated is seeking the following approvals in this application:

1		The Applicant applies for an Order or Orders approving the proposed distribution rates and other charges set out in Exhibit 8 to this Application as just and reasonable rates and charges pursuant to Section 78 of the OEB Act, to be effective January 1, 2022
2		In the event that the OEB is unable to provide a Decision and Order in this Application for implementation by the Applicant as of January 1, 2022, the Applicant requests that the OEB issue an Interim Rate Order declaring the current Distribution Rates and Specific Service Charges as interim pending the implementation of the Board-approved 2022 distribution rates
3		In the event that the implementation date of the Board's 2022 Rate Order is later than the effective date for 2022 distribution rates and charges, Grimsby Power requests permission to recover the incremental revenue from the effective date to the implementation date by way of an appropriate rate rider.
4		Approval of adjusted Retail Transmission Network and Connection Rates as filed in the RTSR Workform
5		Approval of adjusted low voltage rates
6		Continuance of Specific Service Charges as per the filed Tariff Schedule
7		Approval of Retail Service Charges adjusted by inflation as per the filed Tariff Schedule

8		Approval of rate riders for the disposition of Group 1, Group 2 and other Deferral and Variance Account balances as filed in the DVA Schedule
9		Continuance/Discontinuance of Group 2 accounts as per exhibit 9

CUSTOMER ENGAGEMENT

Customer Engagement and Customer Focus

Grimsby Power has taken a different approach to customer engagement as compared to its last application. The approach since 2016 has been to seek feedback and educate customers on an ongoing basis. This approach sought to meet with customers in the community and at specific events attended by Grimsby Power customers, and business and community leaders.

Customer engagement has always been important to the success of Grimsby Power. The engagement process allows Grimsby Power to receive ongoing input from stakeholders in the community. The feedback from customers influences the decisions made by Grimsby Power regarding future investments.

Since 2016, Grimsby Power has engaged customers through various community events and surveys. These initiatives include the following:

Customer Engagement Activities

2016

. Canadian Tire – Instant Discount Days
. Grimsby Home Show
. Mayor's Breakfast

2017

. Canadian Tire – Instant Discount Days
. Grimsby Power Business Breakfast
. Mayor's Breakfast
. Town Council Presentation
. Meeting with Developers
. Customer Satisfaction Survey

2018

. Canadian Tire – Instant Discount Days
. Grimsby Power Business Breakfast
. Grimsby Chamber of Commerce Presentation
. Town Council Presentation
. Electrical Safety Authority Public Awareness Survey

2019

. Grimsby Power Business Breakfast
. Town Council Presentation
. Electrical Awareness for Emergency Responders
. Grimsby Seniors Club Presentation
. Grimsby Community Safety Event
. Happening in Grimsby
. Grimsby Farmers Market
. Customer Satisfaction Survey

2020

. Electrical Safety Authority Public Awareness Survey
. Town Council Presentation

2021

. Customer Satisfaction Survey
. Town Council Presentation

Beyond the activities described above Grimsby Power strives to communicate with customers on an ongoing basis through phone conversations, in office visits, bill inserts, articles in a local paper, the Grimsby Power website and Twitter.

In response to the COVID-19 pandemic, in March of 2020 Grimsby Power closed its doors to the public in light of health and safety concerns for both customers and staff. In addition, Grimsby community events throughout 2020 and into 2021 were cancelled due to the pandemic and unfortunately, this eliminated the ability to meet with the

public in person. As such, Grimsby Power continued ongoing communications through telephone interaction, the website, Twitter and the local newspaper.

The feedback from engagement activities from 2016 to 2020 was used to influence this application. The capital projects the customers were informed of in 2019 are of the same nature as the projects in the 2022 application, including defective pole replacement, secondary bus refurbishments, replacement of pad mounted transformers and rear lot conversions.

Feedback from Stakeholders

Residential Customers

Canadian Tire Instant Discount Days and the Grimsby Home Show

From 2016 – 2018, Grimsby Power held events at the local Canadian Tire store to promote instant discount days and had a booth at the Grimsby Home Show. Grimsby Power staff and a third party consultant engaged with customers about the use of energy efficient products in homes and their ability to help reduce consumption and the electricity bill.

Feedback:

- Customers reiterated the need for energy saving products at lower prices and the need for more conservation to promote energy reduction.
- Customers also highlighted that the cost of the electricity bill was getting higher and energy efficient home products helped reduce their bill.

Presentation to Grimsby Seniors Club

In 2019, Grimsby Power was a presenter for the Grimsby Seniors Club speaker series. In the presentation Grimsby Power discussed who we are, system reliability, understanding the electricity bill, programs to help reduce the electricity bill and safety around power lines.

Feedback:

- Customers were interested in ways to reduce their electricity bill.
- Positive feedback was received regarding the explanation of the electricity bill and how it can be reduced.
- Interest was expressed in charging stations and the Niagara West MTS.

Community Safety Event and Electrical Awareness for Emergency Responders

To promote safety around distribution equipment Grimsby Power participated in a local Community Safety Event and held an awareness presentation for emergency responders.

At the community safety event, Grimsby Power enacted a scene with wires on a vehicle and demonstrated how to safely navigate the situation. Grimsby Power staff also spoke to customers about voltage conversion projects, pole line upgrades and the tree trimming program.

Emergency responders learned the appropriate response to downed wires.

Feedback:

- Customers were interested in displays that helped them to identify distribution equipment and what to do in emergency situations.
- The event took place shortly after a large outage. Customers wanted explanations regarding the outage and the time it took to restore power. Customers indicated that they expected more communication about power outages.
- Emergency responders appreciated the information about distribution equipment and how to respond in an emergency.

Happening in Grimsby and the Grimsby Farmer's Market

Grimsby Power participated in five events during 2019 to discuss tree trimming, power outages, capital projects and to engage customers for feedback. During one of the

events at the Grimsby Farmer's Market customers were asked to voluntarily participate in a short survey about capital projects.

Feedback:

- Customers were interested in capital projects and their impact on service.
- Customers were interested in what crews were working on when they see Grimsby Power trucks on their street.
- Customers expressed concern over high bills.
- Customers identified concerns with print on invoices (printing on back was purple and hard to see for seniors and the logo on the front of invoices made the bill hard to read).
- Customers appreciated information about power outages and the cause of the outages. There was concern about the number of outages and how long it took to restore power.
- Customers were interested in understanding how power is fed to the Town of Grimsby.
- Customers expressed interest in e-billing and programs that could help reduce their bill. Again, customers were concerned about the cost of electricity.
- Capital Investment Survey – Focused on Voltage Conversion, Installation of Looped Feed, Backyard Conversions and the increased cost of moving equipment underground. The feedback was solicited to gain insight into projects slated for the 2021 Cost of Service application that was deferred. All projects focused on reliability either through reducing the number of customers impacted by an outage or the duration of an outage. No customers disagreed with any of the projects while the majority of those who participated in the survey agreed with the projects. Regarding backyard conversions, when asked, customers would prefer to have the service moved underground even with a cost four times that of above ground. 75% of responses still preferred underground. (8 people volunteered to take the survey).
- One resident expressed concern around the use of smart meters and exposure to radiation.

- Tree trimming was also a big topic of discussion with local residents. Customers appreciated the information about what zones where in each cycle of trimming and why the trees are cut in certain formations.

Commercial Customers

Grimsby Power Business Breakfast Events, Grimsby Chamber of Commerce Presentation, Meeting with Developers.

These events focused on understanding the electricity bill, conservation, monitoring usage, capital projects and the rate application. Grimsby Power held the Business Breakfast events in 2017, 2018 and 2019. The events in 2017 and 2018 focused on conservation programs, how to monitor usage and Grimsby Power capital projects. The event in 2019 focused on capital projects and rates for Grimsby Power's anticipated 2021 cost of service application.

The presentation to the Grimsby Chamber of Commerce focused on understanding the bill and programs that would reduce the electricity bill including conservation programs.

The meeting with developers focused on the high performance new construction program.

Feedback

- Customers appreciated learning about conservation programs that can reduce consumption.
- Customers liked the ability to gain access to a system that can help them monitor consumption (C&I Energy Manager).
- Customers showed appreciation and interest in meeting with and speaking to Grimsby Power staff.
- In 2019, Grimsby Power focused the Business Breakfast on 2021 Capital Projects, the DSP and the impact of capital projects and changes in OM&A on rates for Large Commercial customers. To further open up the discussion on capital projects and customer needs, round table discussions took place to help drive the understanding of customer needs and wants.

- The discussions focused on hopes for the future and what customers wanted from Grimsby Power.
    - Hopes for the Future
        - Fewer outages
        - Good value for money
        - Sustainability
        - Stay local
        - Keep costs reasonable
    - Customer Wants
        - Decreased regulations
        - More system integration between LDC's, suppliers and regulators
        - Education around energy usage and impact on bills
        - More understanding of 73% of the bill
        - Reduced cost
        - Local production of power (solar)
        - Reduced consumption to lower costs

Other Engagement Activities

Town Council Presentations and Mayors Breakfast

Presentations focused on corporate performance, rates for residential customers, capital investments, reliability and meeting customer expectations.

Customer Satisfaction Surveys

Grimsby Power conducts a customer satisfaction survey every other year. These surveys help Grimsby Power identify areas that can be improved.

Feedback:

- Lower the bill
- Stay local
- More communication
- Keep rates flat
- Customers don't understand the bill

- More payment options
- Use more technology to communicate power outages
- Have less power outages
- Bury hydro lines. For the most part the request to bury lines is about esthetics and the assumption that buried lines will reduce outages.

Grimsby Power maintains an open line of communication with all customers. These open lines of communication include phone calls, e-mail, the Grimsby Power website and Twitter. These communication channels allow customers to raise any issue with Grimsby Power such as concerns with their bill, capital projects, distribution equipment or power outages.

Specific Customer Engagement Activities

Grimsby Power has completed Appendix 2-AC as per the filing requirements and this is included as Exhibit 1, Tab 5, Attachment 1 to this Exhibit.

Municipal Government Consultations

Grimsby Power interacts with the Town of Grimsby, neighboring municipalities, and the Region of Niagara in a number of different ways and each interaction helps in the coordination of infrastructure planning and the connection of customers in a timely fashion.

Grimsby Power maintains membership in the North Niagara Public Utilities Co-ordinating Committee (NNPUCC). Members of this committee include the Town of Grimsby, Town of Lincoln, Township of West Lincoln, Town of Niagara on the Lake, Region of Niagara, Bell Canada, Cogeco, Niagara Regional Broadband Network (NRBN) Enbridge Gas, Niagara on the Lake Hydro (NOTLH) and Niagara Peninsula Energy Inc. (NPEI). The NNPUCC meets approximately seven times per year to discuss topics such as new subdivision development, road widening projects and commercial development. Information considered by this group comes from its members, builders and developers. The main benefits of this committee are to identify the impacts of development as it relates to providing utility services requested by customers of these parties and to coordinate activities between the utilities present.

Grimsby Power also maintains a close working relationship with the Town of Grimsby. Grimsby Power participates in the Town's "Site Plan Pre Consultation Meetings". These meetings are held with builders and developers so that the members of the group can provide input into preliminary site plan drawings. This allows builders to maximize their investment in planning a development. It also provides the Grimsby Power's Engineering Department staff with a list of projects to monitor and to allow for coordination of infrastructure plans between the Town of Grimsby and Grimsby Power.

There are also a number of other informal means of sharing information with various agencies. This happens on a less frequent basis and it is important to keep these lines of communication open. The various agencies include:

- Town of Grimsby - Grimsby Economic Development Advisory Committee (GEDAC)
- Region - Public Works Committee
- Town of Grimsby - Heritage Advisory Committee
- Niagara Peninsula Conservation Authority
- Region - Transportation Strategy Steering Committee
- Region – Planning and Economic Development Committee
- Region - Economic Development Advisory Council

Consultations with CDM Program Partners

Grimsby Power offered IESO prescribed CDM programs from 2011-2019.

On March 21, 2019 the Ministry of Energy, Northern Development and Mines issued a directive to discontinue the Conservation First Framework 2015-2020. Effective April 1, 2019 all conservation programs moved from LDC administration to centralized administration by the IESO.

Grimsby Power continues to support conservation through its website and referring customers to the IESO for program enrollment.

Consultations with the Transmitter (Hydro One)

Regional planning in Ontario is predominantly organized by Hydro One Networks Inc. (HONI) (for Needs Assessment part of the Regional Planning) and the IESO. HONI has initiated the process of organizing regional planning and has divided Ontario into three groups. Grimsby Power has been assigned to Group 3 and within Group 3 has been assigned to the "Niagara" regional planning group. The IESO has stated that the beginning of the planning process for the Niagara group will begin in mid 2021. At the time of writing of this application, IESO had just announced the initiation of the process for the Niagara group. Hydro One Networks Inc. (HONI) completed the Needs Assessment part of the regional planning in March 2021.

During the recently completed Need Assessment part of the Regional Planning, there were no immediate transmissions capacity constraints identified to limit new connections.

Consultations with the Embedded Distributor - Niagara Peninsula Energy Inc.

Grimsby Power has an Embedded Distributor Connection Agreement with NPEI in accordance with DSC requirements. Load forecasting is the responsibility of Grimsby Power as the host Distributor. NPEI provides load and load forecast information on request to support Grimsby Power's planning process. Additionally, NPEI will notify Grimsby of any proposed new load connection 1 MW or greater that has not been identified in the most recently submitted load forecast. When NPEI receives a request for a Connection Impact Assessment from a proposed generator on the portion of their system supplied by Grimsby Power, the process includes notification of the proposed generator connection details and determination of whether a Grimsby Power Connection Impact Assessment is required.

Grimsby Power's Response to Customer Focus

Through its ongoing customer engagement activities as summarized above, Grimsby Power has identified four key customer preferences. Grimsby Power has summarized how it takes each of these preferences into account in the operation of its business, as follows:

1. Affordable electricity costs and value of money

On an ongoing basis, Grimsby Power hears from its customers about the importance of affordable electricity. At the same time, customers also ask for services and have an expectation that the power will stay on and when it is not on will come back quickly.

Grimsby Power is filing a cost of service application that balances the needs for customer focus, operational effectiveness (safety and reliability), public policy responsiveness and solid financial performance.

Based of 2019 performance, Grimsby Power achieved a Group 1 efficiency ranking in the annual PEG benchmarking update. It is noted that only seven out of fifty-nine LDC's achieved this Group 1 efficiency ranking. With the OM&A and Capital expenditures proposed in this application, Grimsby Power will retain its Group 1 efficiency assessment in 2022.

2. Assistance with consumption reduction and electricity costs

Grimsby Power was very successful in delivering CDM programs to its customers. Since 2011, Grimsby Power delivered its CDM programs through an expert third party service provider. This allowed Grimsby Power to offer CDM programs across all customer segments with expertise in all programs. For residential customers these programs include HVAC incentives, appliance retirement and bi-annual retailer events.

The commercial/industrial customer programs included retrofit, direct install lighting, the business refrigeration program, energy audits and high performance new construction. The collective knowledge and benefit of the third party service provider far exceeded the capacity of existing or dedicated staff at Grimsby Power. Throughout the delivery of those programs, Grimsby Power exceeded the cumulative energy savings target and achieved 91% of its 10.85 GWh energy savings target for 2015-2020 with a full eighteen months left in the plan. Grimsby Power also received a mid-term incentive in 2018 as we had exceeded targets halfway through the term of the plan.

Grimsby Power's efforts to provide customers with information on conservation and demand management as well as customer bill information helps customers understand how their electricity habits impact their electricity cost.

An enhanced customer account portal will provide further information to residential and small commercial customers, including high usage alerts and event flags. The maintenance of this portal is included in the OM&A proposed in 2022. Large commercial and industrial customers can gain insight regarding their usage and demand by using the C&I Energy Manager.

The Affordability Fund Trust program was offered to residential customers to help with energy efficient products for the home to help reduce consumption. The program allowed 31 residents to have Level 1 energy savings kits delivered to their homes and 7 received Level 2 initiatives installed in their home.

Grimsby Power also promoted Customer Choice, which gave customers insight into how they use power. The ability for a residential or small commercial customer to choose either Time-of-use Rates or Tiered Rates further helped customers to reduce their electricity bill.

Grimsby Power also offered the CEAP and CEAP SB program to individuals struggling to pay their electricity invoice during the pandemic.

3. Increased Reliability of service with rapid response to un-planned outages

Grimsby Power will improve reliability compared to historic performance levels. These performance levels include the average number of hours and times that, power to a customer is interrupted. Grimsby Power will remain below the current duration of 1.36 average hours that power to a customer is interrupted and below the frequency of 1.07 times per year that power to a customer is interrupted.

Continued emphasis on capital projects that focus on increasing reliability will drive the increase in reliability. Some of the projects related to reliability include voltage conversion, installation of sectionalizers and reclosers and further enhancements to SCADA. Those projects along with the use of better technology for the maintenance of its assets will lead to reliability improvement with reduced frequency and duration of outages at reasonable costs.

Grimsby Power's continues make plans to invest in an Outage Management System (OMS). The purpose of this project is to implement an OMS that, integrated with other systems (i.e. CIS, SCADA, GIS) and all smart field devices, would facilitate and streamline communications and information that is shared with customers, especially when outages occur. Acquisition of an adequate OMS module is required to enable the SCADA Outage Management System capabilities with integration to various existing systems, which will be used to provide customers with as much real time or next to real time information as possible regarding outages. To date Grimsby Power has installed various smart field devices (i.e. reclosers, fault current indicators, etc.) with the plan to integrate them with the OMS and further optimize its' outage response. The continuous improvement of GPI's outage response process with the implementation of an OMS will result in increased reliability and more timely information to customers. OMS will augment SCADA capabilities by more quickly identifying the location of outages thereby making the restoration dispatch more efficient. OMS will directly improve the management of distribution system outages through coordinated operation of devices such as reclosers. Having OMS fully implemented and operational will also provide faster and almost instantaneous outage reporting which is also another important benefit of OMS that Grimsby Power is trying to achieve.

4. Improved communications with better technology

Grimsby Power has made significant strides in its communication channels with customers. Grimsby Power updated its website to include more online forms, increased use of its Twitter account and continues to have open phone lines and a local office.

The Grimsby Power website now also includes a power outage notification page where customers can access up to date power outage information. The website is also easy to use from any mobile device.

Grimsby Power will also establish a customer accounts portal to make more information available to customers with an easy to use site. For the first time Grimsby Power customers will be able to see up to date information regarding their electricity bill, payments made on the account and have easy access to make online payments.

Customer Feedback - Application Impact

Customer Feedback	*Project/Program/Activity*	*Impact on the Application*
Affordable Electricity Costs and Value for Money	*Grimsby Power strived to achieve budgets that keep costs in line. Grimsby Power achieved a Group 1 ranking in the annual benchmarking review from Pacific Economics Group.* *Grimsby Power communicates with customers regarding bill reduction programs. Bill inserts, the Grimsby Power website and Twitter are also used.*	*Grimsby Power's 2022 CoS budget includes projects and OM&A items that are in line with customer wants and needs while maintaining and operating the distribution system at industry standards.*

Assistance with consumption reduction and electricity costs	*Implementation of customer accounts portal.* *Continued promotion and access to financial assistance programs.*	*The application contains ongoing costs of programs that give customers access to consumption information and increase awareness of reduction programs available.*
Increased Reliability	*Defective Pole replacement* *Secondary bus refurbishment* *Replace Sectionalizing Terminal* *Replace Pad Mounted Transformers* *Replace Gang Operated Load Break Switch* *Primary Cable Testing* *Primary Overhead Conductor and Underground Cable Reinforcements*	*Programs focused on reliability help drive outcomes related to customer expectations.*
Improved Communication with better technology	*Increased use of the Grimsby Power website and Twitter.* *Use of customer accounts portal for messaging and usage alerts.*	*In the 2022 application, Grimsby Power has included development and maintenance of items specific to these programs.*

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Appendix 2-AC
Customer Engagement Activities Summary

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
Customer Satisfaction Survey - An independent Customer Satisfaction Survey has been completed every other year since 2014. 2016 2018 2020	The surveys have provided insight into the need for reduced costs, improved communication and reliability. Also the needs for more information regarding account payment status and easier payment options.	GPI has made a conscious effort to keep costs reasonable. GPI still uses its website to communicate with customers and recently started using twitter. The capital projects over the next five years will help increase reliability. In 2021 Grimsby Power will implement a new customer portal that will allows customers to view up to date payment records and offers easy access to consumption and payment options with one log in.
ESA Survey - An independent ESA Survey has been completed every other year since 2016. 2017 2019	The survey identified certain areas where customers have less knowledge. The main area was what to do when a power line is touching a vehicle.	As a result of the survey's Grimsby Power has started communicating more frequently about safety around the distribution system. This included a display at the Grimsby Community Safety Event in 2019. At the Community Safety Event Grimsby Power set up a display that replicated a downed power line over a vehicle and showed kids and adults what to do if they come across this type of situation.
GPI Website - Customers have access to everything GPI has to offer and contact information if they have any additional questions.	Through the use of the website customers have identified the preference of having more online option.	The website was updated to be more interactive but still have the same amount of information available for customers.
Customer Service Phone calls	Through daily conversations with customers we have learned of their concerns regarding cost, more payment options, having more information about their current status of their account online and the need for improved reliability.	GPI has made a conscious effort to keep costs reasonable. GPI still uses its website to communicate with customers and recently started using twitter. The capital projects over the next five years will help increase reliability. In 2021 Grimsby Power will implement a new customer portal that will allows customers to view up to date payment records and offers easy access to consumption and payment options with one log in.
Customer Walk Ins - Customers are able to walk into Grimsby Power's office Monday through Friday.	Often times the customers served in office do not have access to the internet or have accessibility issues. Customers appreciate having the option to walk into the office to speak with someone face to face. Customers often come in with "tree issues" or other issues about the distribution equipment on their property.	Grimsby Power will continue to have an office open for its customers. Grimsby Power also has a 24 hour drop off box for customers convenience.
Customer contact during an outage (during regular business hours)	Communication during an outage is important to our customers. During office hours all calls are answered by GPI staff. During these times customers have identified the concerns about how the outage effects them.	In response to this feedback Grimsby Power posts information more frequently on our website and communicates directly with customers if they request a call back with an update. Grimsby Power also has outage information on Twitter.
Engagement with Town Council	Through engaging our local Town Council members we have learned of our customers preference to have their local utility involved in the community.	Since 2015 Grimsby Power has participated in the annual Town of Grimsby Christmas parade and donated to local charities. Grimsby Power also provides annual feedback to Town Council regarding corporate performance, rates for residential customers, capital investments and reliability.
Grimsby Home Show - Customers engaged with GPI representatives April 15-16, 2016	Customers expressed concerns regarding energy use and the need to reduce use and cost.	Grimsby Power continued to promote conservation programs to help customers reduce their consumption.
Presentation to Grimsby Senior's Group - Grimsby Power presented to the Grimsby Senior's group about understanding the electricity bill, safety around the distribution system and programs available to help reduce the electricity bill. February 25, 2019	Seniors expressed concerns about cost, renewable energy and charging stations.	Seniors where given information to help them sign up for available programs that help reduce the bill including AFT and the home heating and cooling program. Reminders about the time of use prices were also provided.
Grimsby Community Safety Event - Grimsby Power set up a display that replicated a downed power line and showed kids and adults what to do if they come across this type of situation. May 11, 2019	During the event customers expressed concerns about power outages. Some people that engaged with Grimsby Power staff appreciated the safety information shared. Once they saw the enactment they realized the type of service wires in their community.	Continued promotion of safety around distribution equipment at other events. Safety tips posted on Grimsby Power website.
Business Customer Engagement Breakfast - Grimsby Power has had three Breakfast Engagement Events. At the events customers are updated on capital projects, conservation programs and consumption monitoring tools. November 22, 2017 November 21, 2018 November 28, 2019	At the event customers have expressed the need for the following: -Fewer outages, value for money, conservation and reduced usage/demand, sustainability, stay local, keep costs reasonable, decreased regulations, more integration between LDC's, suppliers and regulators, education on energy usage and impact on bills, and renewable energy	Grimsby Power continued to promote conservation programs to help customers reduce their consumption. We also helped customers receive access to the C&I Energy Manager tool available to help monitor consumption and demand. Through the engagement events we also spoke with customers individually about capital projects that may impact their business.
Town Hall Meetings - The CEO of GPI speaks at the Town Hall Council meetings providing the town council and observers with updates from the OEB and our local LDC performance metrics and conservation September 18, 2017 August 26, 2019 September 21, 2020	Through Town Hall meetings we have heard about the importance of costs, financial stability and conservation.	GPI has made a conscious effort to keep costs reasonable. Dividends have been reinvested in the company to ensure investments are made in the distribution system.

Happening in Grimsby - A community event in the Downtown core of Grimsby. Grimsby Power set up a booth at the event and had information about AFT, Time of Use pricing , Capital projects and Tree Trimming. June 22, 2019	Customers appreciated learning about the projects taking place in their community and the need for more communication. Customers liked hearing about why the projects were needed and the impact on our system.	GPI continued to take part in community events to inform customers and answer questions.
LEAP - Low income customers receive information about the LEAP program through handouts and on the phone with customer service. GPI partners with GBF Community Services to help low income customers.	Through interaction with customers eligible for LEAP GPI recognizes that cost is still an issue for some customers in Grimsby.	The "Take Charge" LEAP brochure is included with every hand delivered disconnection notice promoting the LEAP funding and Low Income Service Rules to increase awareness of the programs for those customers in need.
Spring & Fall Coupon Events April 23, 2016 October 22, 2016 April 8, 2017 October 21, 2017 April 21, 2018 October 20, 2018	During the yearly events customers spoke about the importance of reducing energy use and how the rebates and coupons helped reduce the cost of making the switch within their home.	These events continued until the Minister of Energy, Northern Development and Mines centralized the Save on Energy programs effective April 1, 2019.
Grimsby Chamber of Commerce Presentation - GPI Presented to a group of small to medium sized business owners in Grimsby about understanding an electricity bill, the distribution system and conservation programs. April 5, 2018	The participants expressed interest in conservation and reducing the bill.	Continued outreach to customers interested in conservation programs and understanding their bill.
Mayor's Breakfast - Grimsby Power set up a table for promoting conservation and low income programs October 25, 2016 October 24, 2017	At the event GPI was able to connect with developers, business owners and community leaders. Participants expressed the need to reduce energy consumption and interest in Save on Energy programs. They were also interested in capital projects and subdivision development.	GPI continued outreach to customers interested in conservation programs and spoke with developers regarding upcoming projects.
Meeting with Developer's - A meeting with developer's building in the Town of Grimsby November 23, 2017	While developers expressed interest in High Performance New Construction the work needed to apply to the program seemed to out way the benefit.	GPI continued outreach to customers interested in conservation programs.
Electrical Awareness for Emergency Responders - GPI staff presented about distribution safety to local emergency responders. January 23, 2019	The event was geared towards local responders attending events involving distribution equipment. At the event the responders commented on the need for training like this to keep people safe in an emergency situation.	GPI will continue to have events like this to help responders know what to do in an emergency situation involving distribution equipment.
Grimsby Farmer's Market - GPI staff set up a booth and the Grimsby Farmer's Market. At the booth there was information about conservation, capital projects, power outages and tree trimming. June 27, 2019 July 25, 2019 August 29, 2019	Many customers stopped at the booth to ask about projects, outages, their hydro bill, smart meters, conservation programs, consumption etc.	Customers were contacted after the event regarding their specific questions if they could not be answered right away. Information was provided to customers interested in applying for AFT. Feedback regarding outages and projects was responded to by informing customers about capital projects that would address their concern and future projects related to reliability.

PERFORMANCE MEASUREMENT & BENCHMARKING

6.1 OVERVIEW

Under the Renewed Regulatory Framework ("RRF"), the OEB expects distributors to continuously improve their understanding of the needs and expectations of its customers and its delivery of services. To facilitate performance monitoring and benchmarking of distributors, the OEB uses a scorecard approach and benchmarking.

GPI reports annually on its progress against measures aligned with the following core RRF objectives: Customer Focus, Operational Effectiveness, Public Policy Responsiveness, and Financial Performance. These results are reported as part of the OEB's electricity distributor scorecard and used to assess GPI's performance over time and in comparison to other utilities.

Along with the scorecard, the OEB uses econometric benchmarking to assess the efficiency of distributors in Ontario and to compare them to each other. Efficiency is determined using a model that compares each actual total cost to average total costs predicted by the model. Utilities' total costs are evaluated to produce a single efficiency ranking. This is divided into five groups based on the magnitude of the difference between each utility's actual and predicted costs; Group 1 being the most efficient and Group 5 the least efficient.

GPI is an efficient organization that strives to continue to deliver its services in efficient and effective manner. Inherent in its focus on outputs and value is an emphasis on measuring and tracking performance, using benchmarking. GPI uses variety of tools, including internal and external benchmarking information provided through scorecards, OEB annual yearbooks and annual efficiency rankings to assess its performance and to ensure the utility continues to meet or exceed its customers' and OEB's expectations. As a result of its commitments to operate effectively and efficiently, GPI's performance has been improving year-over-year and consistently exceeding the industry standards in almost all scorecard measures. Based on 2019 performance results, GPI became one of only seven utilities in Ontario placed in the

Group 1 efficiency assessment category, the most efficient. GPI's continued focus on reasonable costs has made the utility more cost effective.

This exhibit discusses the utility's performance in each of the scorecard measures over the 2016-2019 period and identifies performance improvement targets (where applicable) aimed to enhance GPI's performance over the term of the rate-setting plan. It also provides benchmarking information relating to GPI's performance compared to its peers using the OEB published annual yearbook and scorecard measures. Lastly, this exhibit discusses a forecast of GPI's efficiency assessment using the OEB Benchmarking Spreadsheet Forecast Model for the Test Year and various efficiency initiatives that GPI has been undertaking and/or plans to undertake to ensure its continuous performance improvement.

6.2 GPI's Performance and Continuous Improvement

With respect to continuous improvement, GPI will track Cost Efficiency and Effectiveness through the following measures:

- DSP Progress Variance - GPI will be monitoring its execution of the projects and programs included in the DSP. On an annual basis, GPI will calculate for that year, and on a cumulative basis for the five years of the DSP, its actual capital spending compared to the approved capital budget. GPI's target for this measure is that DSP actual spending to be within 10% of approved DSP capital budget.

Project/Program Variance Analysis - GPI monitors capital projects and maintenance program spending. Going forward, for material capital projects, actual costs will be compared to estimates and variances exceeding designated thresholds will require detailed explanation by operating staff that executed the project, and engineering staff that planned the project. This will help improve the accuracy of estimate to actual spending. The performance measure is that these projects and programs are completed within the budget year unless carryover spending has been specifically identified. Planned maintenance programs are expected to be completed within the budget and calendar year. GPI's target for this measure is that actual variances shall be within 20% of estimate. This section discusses GPI's performance

for each of the scorecard measures for the four year period 2016-2019 and plans for continuous improvement and associated targets, as applicable. The discussion in this section is consistent with GPI's 2019 scorecard.

B1 New Residential/Small Business Services Connected on Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Service Quality	New Residential/Small Business Services Connected on Time	98.60%	98.02%	96.71%	100%

Over the 2016-2019 period, GPI has always exceeded the standard for connecting new services. In 2019, GPI connected 100% of 108 eligible low-volume residential and small business customers (those utilizing connections under 750 volts) to its system within the five-day timeline prescribed by the Distribution System Code ("DSC"). The utility constantly reviews and enhances (where needed) its procedures and processes to ensure its customers' inquiries and connection needs are handled efficiently and expeditiously. Over the rate term, GPI plans to maintain its performance in this measure.

B2 Scheduled Appointments Met On Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Service Quality	Scheduled Appointments Met On Time	100%	100%	99.53%	100%

GPI met an average of 99.88 percent of all requested appointments on time over the 2016-2019 period, consistently exceeding the performance standard set by the OEB of 90 percent. In 2019, GPI attended 100% of 95 appointments where customer presence was required within the prescribed timelines. The appointments included disconnect and reconnect type services (mainly upgrades to customer owned equipment) and other miscellaneous work requested by customers or their representatives. GPI constantly reviews and enhances (where needed) its procedures and processes to ensure customers' needs are handled efficiently and expeditiously. Over the rate term, GPI plans to maintain its performance in this measure.

B3 Telephone Calls Answered On Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Service Quality	Telephone Calls Answered On Time	70.00%	75.37%	88.54%	90.24%

GPI has exceeded the industry standard of 65 percent of all qualified phone calls to be answered within 30 seconds of receiving the call. Despite the increasing number of phone calls GPI has been receiving since 2016, its overall trend has been consistently improving year-over-year. In 2019, customer service representatives received over 7,900 phone calls from customers, a 10 percent increase compared to 2018, and a representative answered the call within 30 seconds just over 90 percent of the time, compared to 88.5 percent in 2018. The number of calls answered on time continues to be a customer service focus for GPI. Over the rate term, GPI will focus on maintaining its performance in this metric.

B4 First Contact Resolution

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Customer Satisfaction	First Contact Resolution	99.94%	99.97%	99.93%	99.86%

First Contact Resolution tracks the successful resolution of a customer's concern or needs in the first instance they contact the utility. The measure is determined by taking the number of calls escalated to management over the total number of calls received by customer service representatives in a given year. GPI's success in answering customer inquiries and resolving customer issues has been on average 99.9 percent over the 2016-2019 period. Continued focus on customer service and continued awareness of customer needs through customer satisfaction surveys empowers GPI to have continued success in its first contact resolution. GPI plans to maintain its performance in this measure over the rate term.

B5 Billing Accuracy

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Customer Satisfaction	Billing Accuracy	99.98%	99.96%	99.87%	99.98%

On average, GPI issued an accurate bill 99.9 percent of the time to its customers over the 2016-2019 period, exceeding the industry standard of 98 percent. GPI strives for excellence in billing accuracy results and continues its ongoing effort to recognize any issues that may arise and identify opportunities for improvement. Over the rate term, GPI plans to maintain its performance in this measure.

B6 Customer Satisfaction Survey Results

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Customer Focus	Customer Satisfaction	Customer Satisfaction Survey Results	75.4%	75.4%	78.8%	78.8%

Engaging customers in a constantly changing energy environment is increasingly important. GPI commissions a customer satisfaction survey on a biannual basis and these survey results provide valuable insights into customers' perceptions, needs and preferences.

Starting in 2016, GPI began utilizing standard questions and methodologies developed by the Innovative Research Group. The survey asks customers questions on a wide range of topics, including overall satisfaction with GPI, reliability and power quality, customer service, and billing and payment.

In the 2016 survey, GPI saw a drop in customer satisfaction from 92% in 2015 to 75.4%. The main contributor was a change in the methodology behind the two surveys. The 92% satisfaction result from the previous survey was based on the percentage of customers that were very or fairly satisfied. The following year's result of 75.4% was based on a weighted score of several questions within the survey including overall satisfaction, power quality and reliability, billing and payment, customer service experience, communications and price. Considering only overall satisfaction, GPI would have received a score of 81% for 2016, 90% for 2018 and 91% for 2020.

Customer satisfaction survey results are used to support discussions around improving customer service within all departments and levels at GPI. All management staff review the survey results and also the verbatim comments provided by customers to receive

insight beyond the structured questions. The outcomes of the survey and the verbatim comments are used to influence decisions about future projects.

The 2019 survey results showed the most improvement in overall satisfaction, billing and payment. There were also improvements in the score relating to the reasonableness of the amount of money that GPI retains from the bill and reliability and power quality. While the customer satisfaction index has improved over time, there are areas that GPI targets to improve over the rate term, including the price of the bill, the number of outages, communication during outages and social media presence. GPI continues to invest in capital projects that reduce the number and duration of outages, as further described in Exhibit 2, Tab 2. GPI renewed its website with better power outage information, added a feature to our phone system that relays power outage information as well as creating an account on social media to allow customers to better track outage related information.

B7 Safety

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Safety	Component A: Level of Public Awareness	82%	82.60%	82.60%	82.90%
		Component B: Level of Compliance with O Reg 22/04	C	C	C	C
		Component C: Serious Electrical Incident Index	Nil	Nil	Nil	Nil

<u>Component A: Level of Public Awareness</u>

GPI conducts a public awareness survey among a representative sample of its territory population. The survey measures awareness levels of key electrical safety concepts related to distribution assets and is based on a standard survey methodology developed by the Electrical Safety Authority ("ESA"). GPI Level of Public Awareness has been above 81% over the 2015-2019 period.

GPI values safety and proactively ensures awareness and importance of safety in the vicinity of its distribution equipment. For the rate term period, GPI intends to continue to monitor the level of public safety awareness relating to the distribution system as

well as continuing to meet or exceed the current OEB targets relating to public safety measure.

Component B: Level of Compliance with Ontario Regulation 22/04

Ontario Regulation 22/04 – Electrical Distribution Safety establishes the requirements for electrical distribution safety related to the design, construction, and maintenance of electrical distribution assets owned by the utility. This includes making sure appropriate procedures are in place to prevent accidents or incidents, keeping the system in safe working condition, etc. The utility must demonstrate how well it met the standards by providing declarations, audit results, inspection reports, and other documentation.

Over the 2016-2019 period, the ESA deemed GPI to be compliant with the requirements of Ontario Regulation 22/04 – Electrical Distribution Safety in each of the years. These results were achieved through successful due diligence inspections, resolution of public safety concerns, compliance investigations, and annual compliance audits conducted by the ESA and a declaration of compliance. GPI intends to remain in compliance with Ontario Regulation 22/04 through the rate term period.

Component C: Serious Electrical Incident Index

GPI has not had any serious electrical incidents involving the general public. The utility intends to meet or exceed the relevant distributor target for this measure.

B8 SAIDI/SAIFI

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	System Reliability	SAIDI	0.55	1.20	1.73	5.00
		SAIFI	0.69	0.99	1.17	3.44

GPI's average SAIDI performance for the 2016-2019 period was 2.12 while the average SAIFI performance for the period was 1.57. In 2019, the utility experienced significant amount of adverse weather events, including high winds, snow and ice storms. In 2019, GPI experienced twenty weather related events. In 2018 the number adverse weather events was only seven and in 2020, that number dropped to four.

By excluding 2019 adverse weather statistic, which represented 80% of the SAIFI and 72% of the SAIDI, SAIFI would have been 0.69 and SAIDI would have been 1.39. The 2019 statistics with adverse weather events removed is more in line with the averages from 2016-2018. GPI's average SAIDI performance for the 2016-2018 period was 1.16 while the average SAIFI performance for the period was 0.95, which is better than the OEB's distributor targets.

Despite the fact that adverse weather events are beyond the utility's control, GPI made certain improvements to reduce the duration and frequency of outages. Those improvements include replacing 13 pad mounted transformers with units having primary load break switching capability to reduce the number of customers impacted by an outage, voltage conversions from 4.8/8.3kV to 16.0/27.6kV (single/three phase) again reducing outage frequency and improvements to GPI's SCADA system to help reduce outage duration through improved access to power and equipment data.

Over the 2016-2019 GPI has further enhanced its's distribution system by installation of 3 reclosers and 14 Fault Current Indicators that have data communication capabilities (commonly referred to as Smart FCIs). The installation of such devices is a building block to the Smart Grid that will have direct positive impact on reliability and operational effectiveness. Reclosers reduce the impact of transient and sustained interruptions by sensing fault current and responding accordingly. If a fault is transient in nature, the reclosers will restore power automatically to the affected section of line, hence reducing frequency of fuse operations and the need to dispatch a trouble crew to patrol, locate and re-fuse the affected portion of line. In addition, recloser placement will sectionalize feeders hence limiting service outages to smaller segments of the system for sustained interruptions. In the absence of reclosers, breaker-level faults require crews to patrol the entire feeder to locate the fault. Smart FCIs compliment reclosers effectively by providing additional system visibility capabilities.

In addition, GPI continues to invest in further development of the Supervisory Control and Data Acquisition (SCADA) system. The SCADA system quickly identifies electrical system problems so that they can be addressed quicker and hence overall reliability is improved. The SCADA system also aids in the efficient day-to-day operation of GPI's

distribution system due to its ability to enable remote control of any smart devices such as reclosers.

The continuous improvement of GPI's Outage Management System (OMS) will also ultimately have a positive impact on the reliability. The OMS will augment the SCADA capabilities by more quickly identifying the location of outages thereby making the restoration dispatch more efficient. The OMS will also improve the management of distribution system outages through coordinated operation of devices such as reclosers and/or sectionalizers.

B9 Distribution System Plan ("DSP") Implementation Progress

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Asset Management	Distribution System Plan Implementation Progress	88.73%	64.83%	86.64%	86.23%

Monitoring actual spending compared to budgets established in the DSP is another measure of efficiency. There are a number of external factors that can significantly affect actual costs within a given year. In particular, System Access projects are driven by third parties, municipalities and customers. The timing on these projects can be unpredictable since they are outside of GPI's control. Also, extreme weather, vehicle accidents and other external events can affect actual costs.

GPI continues to monitor projects and programs included in the DSP and will continue to compare actual capital spending to the approved budget.

GPI filed its last DSP as part of its 2016 Cost of Service Application. The DSP outlined how GPI develops, manages and maintains its distribution system equipment to provide a safe, reliable, efficient and cost effective distribution system. Over the 2016-2019 period, GPI was able to achieve on average 81.6 percent of actual capital expenditures. Over this period, GPI was exposed to various external factors that were out of GPI's control and yet had a direct impact on GPI's plans to achieve its' planned capital spending. Such external factors consist of delays to the major new connections projects and regional road widening projects. In the same time, GPI also had internal delays in execution of some of the major planned projects such as addition of new feeders due to the very lengthy and complex connection agreements process that had

to be executed prior to the actual start of the construction. More detailed analysis of capital spending variances over the 2016-2020 period are described in the Capital Expenditure summary of GPI's DSP (Exhibit 2, Tab 3, Schedule 1).

During the forecast period, GPI will continue to report the progress of its DSP implementation based on the approved amount.

B10 Efficiency Assessment

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Cost Control	Efficiency Assessment	2	2	2	1

Efficiency is determined using an econometric benchmarking model that compares each actual total cost to average total costs predicted by the model, which benchmarks against Ontario-based utilities. Utilities' total costs are evaluated to produce a single efficiency ranking. This is divided into five groups based on the magnitude of the difference between each utility's actual and predicted costs and reflects the potential for incremental productivity gains for each utility.

Based on 2019 performance, GPI was assigned to Group 1. A Group 1 distributor is defined as a distributor with actual costs more that 25 percent below predicted costs on average over three years. For the period 2017 to 2019, GPI averaged 28.1% below predicted costs. A Group 1 utility is considered the most efficient and GPI is one of only seven utilities in Ontario placed in Group 1. GPI's continued focus on reasonable costs has made the utility more cost effective year over year. For 2016, GPI's actual costs were 13.0% below predicted, in 2019, GPI's actual costs were 31.8% below predicted. This is an 18.8% gain in efficiency in 3 years.

Over the term of a rate period, GPI forecasts to remain in Group 1. Utilizing the OEB's Benchmarking Spreadsheet model, GPI will not only remain in Group 1 but also have an annual cost performance that improves each year from 2021 to 2025 based on the three-year average. The costs in the model are based on the forecast 2021-Bridge Year and 2022 Test Year OM&A as well as the capital figures from the DSP in this application.

Table 1-10
Actual vs Predicted Cost (PEG Model)
2020 to 2025

Year	2020	2021	2022	2023	2024	2025
	Actual	Bridge Year	Test Year	Forecast	Forecast	Forecast
Actual Total cost	6,892,119	7,120,570	7,596,465	7,822,230	8,044,427	8,264,230
Predicted Total Cost	9,830,741	10,520,072	11,071,849	11,744,655	12,442,339	13,166,677
Difference	(2,938,621)	(3,399,502)	(3,475,384)	(3,922,425)	(4,397,911)	(4,902,447)
Percent Difference	-35.5%	-39.0%	-37.7%	-40.6%	-43.6%	-46.6%
Three-Year Average Performance	-31.6%	-35.4%	-37.4%	-39.1%	-40.6%	-43.6%

B11 Total Cost per Customer

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Cost Control	Total Cost per Customer	$611	$559	$584	$594

Total cost per customer is calculated as the sum of GPI's capital and operating costs and dividing this cost by the total number of customers that GPI serves. Over the 2016-2019 period, the average cost to serve a customer has not materially fluctuated and remained consistent, at approximately $587/customer. As discussed above, GPI has been consistently recognized as one of the most efficient distributors in the province. GPI will continue to focus on delivering distribution services in efficient manner, replacing aging distribution assets taking into account system risks and impacts on customer rates.

B12 Total Cost per Km of Line

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Operational Effectiveness	Cost Control	Total Cost per Km of Line	$27,753	$9,383	$9,793	$10,029

This measure uses the same total cost that is used in the Cost per Customer calculation above; the total costs are divided by the kilometers of line that GPI operates to serve its customers. GPI's 2019 rate is $10,029 per Km of line. This is a slight increase compared to 2018 but a significant decrease (64%) from 2016 due to the inclusion of secondary lines in GPI reporting. GPI continues to see low growth in its total kilometers

of lines and an increased growth in capital additions due to an increase in residential subdivision development relative to past years. Typically, these developments "lie along" existing distribution lines and this keeps the total kilometers of line low whereas the density of the customer base increases. GPI will continue to focus on delivering distribution services in efficient manner, replacing aging distribution assets taking into account system risks and impacts on customer rates.

B13 Net Cumulative Energy Savings

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Public Policy Responsiveness	CDM	Net Cumulative Energy Savings	48.69%	74.26%	85.21%	90.58%

Under the Conservation First Framework ("CFF"), the Independent Electricity System Operator ("IESO") allocated energy savings to be achieved by each utility in the province. Each utility was then responsible for achieving its allocated 2015-2020 CDM Plan Target. On March 21, 2019, Ministerial Directives to the OEB and the IESO discontinued the CFF and established a scaled down Interim Framework for the balance of 2019 and 2020, to be delivered centrally by the IESO.

As part of the CFF, GPI was assigned a target of 10.85 GWh. To the end of 2019, the utility achieved 91 percent of its total plan target. GPI's success was made possible by the strong participation from local businesses in retrofit programs, energy efficient lighting programs and other conservation and demand management programs offered to Grimsby consumers through a dedicated expert third party service provider.

B14 Renewable Generation Connection Impact Assessments Completed on Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Public Policy Responsiveness	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed on Time	-	100%	-	-

Electricity distributors are required to conduct Connection Impact Assessments ("CIAs") within 60 days of the receipt of the application if there is no distribution system reinforcement or expansion required and within 90 days if there is distribution

system reinforcement or expansion required. GPI completed all CIA's within the prescribed time frame 100 percent of the time. Over the rate term, GPI plans to maintain its performance in this measure.

B15 New Micro-embedded Generation Facilities Connected On Time

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Public Policy Responsiveness	Connection of Renewable Generation	New Micro-embedded Generation Facilities Connected On Time	100%	100%	100%	100%

The OEB requires electricity distributors to connect new micro-embedded generation facilities (Net Metering projects of less or equal than 10 kW) 90% of the time within the prescribed time frame of five business days. GPI has been connecting new micro-embedded generation facility (micro FIT projects of less than 10 kW) within the prescribed time frame of five business days 100% of the time. Over the rate term, GPI plans to maintain its performance in this measure.

B16 Liquidity: Current Ratio (Current Assets/Current Liabilities)

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Financial Performance	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.60	1.07	1.09	1.03

As an indicator of financial health, a current ratio that is greater than 1 is considered good as it indicates that the company can pay its short-term debts and financial obligations. Companies with a ratio of greater than 1 are often referred to as being "liquid". The higher the number, the more "liquid" and the larger the margin of safety to cover the company's short-term debts and financial obligations.

The change in liquidity from 2016 to 2017 and forward was due to a large decrease in current portion of long-term debt. As per the settlement from GPI's 2016 cost of service application GPI financed the debt from the former NWMTS through a long-term loan instead of the Swap agreement that was in place when GPI amalgamated with the Niagara West Transformer Corporation. The change moved $4,408,000 from current to long-term debt. In addition, the outstanding debt at the end of 2016 was classified as current as the Loan Agreement matured on April 1, 2017.

Over the rate, term GPI plans on keeping the current ratio above 1 and remaining liquid.

B17 Leverage: Total Debt to Equity Ratio

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Financial Performance	Financial Ratios	Leverage: Total Debt to Equity Ratio	1.60	1.44	1.46	1.26

The OEB uses a deemed capital structure of 60% debt, 40% equity for electricity distributors when establishing rates. This deemed capital mix is equal to a debt to equity ratio of 1.5 (60/40). A debt to equity ratio of more than 1.5 indicates that a distributor is more highly levered than the deemed capital structure. A debt to equity ratio that is higher than 1.5 may indicate that an electricity distributor could have difficulty generating sufficient cash flows to make its debt payments. A debt to equity ratio of less than 1.5 indicates that the distributor is less levered than the deemed capital structure. A low debt-to-equity ratio may indicate that an electricity distributor is not taking advantage of the increased profits that financial leverage may bring. In 2019, GPI moved away slightly away from the 60/40 split with a total debt to equity ratio from 1.26 in 2019 from 1.46 in 2018. The current 1.26 debt to equity ratio represents approximately 55% debt and 45% equity.

As of December 31, 2020 GPI's debt ratio is 56% Debt and 44% Equity. GPI is forecast to remain outside the deemed 60% Debt to 40% Equity position in 2021 Bridge Year and 2022 Test Year.

Disparity from deemed capital structure is generally under the control of GPI as it may relate to the timing for debt financing for planned investments and the shareholder interest to reinvest retained earnings.

B18 Profitability: Regulatory Return on Equity – Deemed and Achieved

Performance Outcomes	Performance Categories	Measures	2016	2017	2018	2019
Financial Performance	Financial Ratios	ROE: Deemed (included in rates)	9.19%	9.19%	9.19%	9.19%
		ROE: Achieved	2.39%	10.92%	8.45%	10.39%

GPI's current distribution rates were approved by the OEB and include an expected or deemed regulatory return on equity of 9.19%. This deemed rate was determined through the rate application process in 2016 (EB-2015-0072). The OEB monitors the achieved regulatory return on equity and if an LDC achieves +/- 3% of their deemed regulatory return on equity the OEB may make further inquiries with distributors.

In 2016, GPI's ROE was significantly below the 9.19% approved in the 2016 cost of service application. There were two contributing factors to the low ROE. The first was OM&A expenses that were higher than the OEB approved OM&A. The second was that revenue was lower that the OEB approved revenue due to rates being approved effective September 1, 2016.

In the remaining years since, the ROE has remained relatively stable with an average ROE from 2017 to 2019 being 9.92%. These years were within the 3% dead band of deemed ROE.

The deemed ROE in this rate application is set at 8.34%. Over the rate term GPI plans to remain within the 3% dead band of the deemed return on equity.

6.3 Benchmarking

GPI is an efficient organization that strives to continue to deliver its services in efficient and effective manner. Inherent in its focus on outputs and value is an emphasis on measuring and tracking performance, using benchmarking. GPI's performance has been strong, including noticeable improvements in efficiency assessment. As described above, based on 2019 performance, GPI became one of only seven utilities in Ontario placed in the Group 1 (highest) efficiency assessment category. GPI's continued focus on reasonable costs has made the utility more cost effective year over year.

As illustrated in Tables 1-11 to 1-14 below, GPI's strong performance is confirmed when benchmarked against its peers. The utility monitors and analyses its performance and costs against other utilities in Ontario using annual scorecard measures as well as the OEB annual yearbooks. GPI's peers include utilities located in the same geographical region (Niagara) and utilities with similar customer count.

Tables 1-11 and 1-12 provide benchmarking results of GPI's performance compared against its peers using select 2019 scorecard measures. As can be observed, GPI compares favorably to its peers and is one of the most efficient utilities in its benchmarking cohorts. Notable metrics include GPI having the lowest costs per kilometer of line in both benchmarking cohorts (i.e. geographical and similar size utilities) and being the only Group 1 utility (i.e. the most efficient) in the geographical benchmarking cohort. GPI is a very strong performer in customer focus related metric (e.g. new services connected on time, appointments met, and phone call answered on time, and billing accuracy) and has one of the highest results amongst its peers, consistently exceeding the industry standards.

Tables 1-13 and 1-14 provide benchmarking result of Grimsby Power's performance compared against its peers using the OEB 2019 Yearbook. Using another set of metrics, GPI continues to be one of the most efficient and lowest cost utilities. GPI has the lowest (i) OM&A per customer, (ii) Net PPP&E per customer and (iii) monthly residential service charge amongst its geographical peers. When compared to a cohort with similar size utilities, GPI also compares favorably to its peers, having one of the lowest costs in the same metrics as in geographical cohort.

Table 1-11: OEB 2019 Scorecard – Geographical Benchmarking Cohort

Distributor	New Services Connected on Time (Target: 90%)	Scheduled Appointments Met on Time (Target: 90%)	Telephone Calls Answered on Time (Target: 65%)	Billing Accuracy (Tar: 98%)	SAIFI	SAIDI	Efficiency Assessment	$/Customer	$/Km of Line	ROE: Deemed	ROE: Achieved
Grimsby Power Incorporated	100.00%	100.00%	90.24%	100	3.44	5	1	594	10,029	9.19%	10.39%
Canadian Niagara Power Inc.	93.27%	100.00%	79.73%	100	2.00	3.01	4	893	16,421	8.78%	5.84%
Niagara Peninsula Energy Inc.	93.57%	99.50%	84.67%	99	1.63	2.03	3	786	13,712	9.30%	4.73%
Niagara-on-the-Lake Hydro Inc.	100.00%	100.00%	86.80%	100	0.38	0.5	3	758	19,676	8.98%	14.38%
Welland Hydro-Electric System Corp.	94.82%	93.16%	88.90%	100	2.41	1.71	2	512	24,714	8.78%	10.44%

Table 1-12: OEB 2019 Scorecard – Similar Size Utility Benchmarking Cohort

Distributor	New Services Connected on Time (Target: 90%)	Scheduled Appointments Met on Time (Target: 90%)	Telephone Calls Answered on Time (Target: 65%)	Billing Accuracy (Tar: 98%)	SAIFI	SAIDI	Efficiency Assessment	$/Customer	$/Km of Line	ROE: Deemed	ROE: Achieved
Grimsby Power Incorporated	100%	100%	90.24%	100	3.44	5	1	594	10,029	9.19%	10.39%
Algoma Power Inc.	97.10%	100%	81.61%	100	3.39	7.33	5	2,235	12,107	9.30%	8.44%
E.L.K. Energy Inc.	99.34%	100%	97.69%	100	0.72	1.85	1	418	31,613	8.78%	9.66%
Lakefront Utilities Inc.	97.57%	100%	94.10%	100	0.68	0.76	2	501	23,885	8.78%	7.58%
Lakeland Power Distribution Ltd.	100%	100%	89.61%	100	0.66	1.29	2	730	28,074	8.98%	11.51%
Niagara Peninsula Energy Inc.	93.57%	99.50%	84.67%	99	1.63	2.03	3	786	13,712	9.30%	4.73%
Orangeville Hydro Limited	100%	100%	99.90%	100	0.39	0.33	2	568	32,501	9.36%	10.36%
Ottawa River Power Corporation	100%	98.15%	99.95%	100	1.35	7.53	2	530	11,771	9.19%	14.48%
Tillsonburg Hydro Inc.	99.56%	98.44%	84.59%	100	0.56	0.96	3	748	40,406	8.98%	4.74%
Wasaga Distribution Inc.	100%	100%	99.98%	100	0.61	1.39	1	468	22,913	9.19%	7.14%

Table 1-13: OEB 2019 Yearbook – Geographical Benchmarking Cohort

Unitized & Other Statistics For the Year Ended December 31, 2019	Grimsby Power Incorporated	Canadian Niagara Power Inc.	Niagara Peninsula Energy Inc.	Niagara-on-the-Lake Hydro Inc.	Welland Hydro-Electric System Corp.
OM&A per Customer ($)	276.58	347.75	340.98	300.81	293.74
Net PP&E per Customer ($)	2,506.66	3,942.27	2,602.22	3,272.71	1,382.51
Monthly Residential Service Charge 2020 ($)	28.75	36.76	33.67	29.41	28.82

Table 1-14: OEB 2019 Yearbook – Similar Size Utility Benchmarking Cohort

Unitized & Other Statistics For the Year Ended December 31, 2019	Grimsby Power Incorporated	Algoma Power Inc.	ERTH Power Corporation	Lakefront Utilities Inc.	Lakeland Power Distribution Ltd.	Niagara-on-the-Lake Hydro Inc.	Orangeville Hydro Limited	Orillia Power Distribution Corporation	Ottawa River Power Corporation	Tillsonburg Hydro Inc.	Wasaga Distribution Inc.
OM&A per Customer ($)	276.58	1,047.24	315.50	254.29	351.32	300.81	275.36	352.91	296.83	403.02	249.97
Net PP&E per Customer ($)	2,506.66	9,962.59	2,742.56	1,833.84	2,606.45	3,272.71	1,654.68	2,398.47	1,086.94	2,205.66	986.08
Monthly Residential Service Charge 2020	28.75	46.72	34.08	23.30	34.72	29.41	27.11	27.93	24.14	28.58	23.41

Data Required for Cost Benchmarking

Grimsby Power Incorporated

Select LDC from Dropdown Box: Grimsby Power Incorporated

Required Item		History 2019	History 2020	Bridge 2021	Test 2022	Additonal Years for Custom IR Filings 2023	2024	2025	The values provided for 2020-2025 are placeholder values that must be replaced
	Gross Capital Cost Additions Data								
1	Total Gross Capital Additions	2,337,779	1,956,442	2,582,729	2,936,891	2,682,489	2,671,389	2,670,966	Enter Values
2	HV Gross Capital Additions	-	-	-	-	-	-	-	Enter Values
	Output and Other Business Conditions								
3	Number of Customers	11,632	11,749	11,921	12,217	12,339	12,463	12,587	Enter Values
4	Delivery Volume	228,394,773	243,846,965	242,891,739	242,566,383	242,566,383	242,566,383	242,566,383	Enter Values
5	Annual Peak Demand	55,347	61,540	61,540	61,540	61,540	61,540	61,540	Enter Values
6	Distribution Circuit-km	689	689	689	689	689	689	689	Enter Values
7	Ten Year Customer Growth Percentage	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	Enter Values
	Inflation Measures								
8	Wage Growth	2.72%	2.72%	2.72%	2.72%	2.72%	2.72%	2.72%	Enter values. The default values provid
9	Growth in Economy-wide Inflation	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	1.95%	Enter values. The default values provid
10	Rate of Return (WACC)	6.02%	5.32%	5.32%	4.90%	4.90%	4.90%	4.90%	Enter Values
	OM&A Expenses Included in Cost Benchmarking								
Choose a Method:	N **Use Method 1 [1A - 1B + 1C]**	3,151,551	3,406,602	3,467,900	3,965,717	4,045,031	4,125,932	4,208,451	Formula
	Y **Use Method 2 [2A - 2B + 2C]**	3,151,551	3,282,131	3,355,012	3,810,775	3,886,990	3,964,730	4,044,025	Formula
11	**OM&A Values Transfered to Calculations Worksheet**	3,151,551	3,282,131	3,355,012	3,810,775	3,886,990	3,964,730	4,044,025	Formula
	Method 1: Enter Values Calculated Elsewhere		Enter Values Supported by Separate Calculations						
	1A Total OM&A Consistent with accounts included in [2B]	3,239,410	3,406,602	3,467,900	3,965,717	4,045,031	4,125,932	4,208,451	Enter Values
	1B HV Cost (Accounts 5014, 5015, and 5112) if included in total	87,859							Enter Values
	1C LV Adjustment	-							Enter Values
	Method 2: Enter Detailed Data								
	OM&A Data								
	5005 Operation Supervision and Engineering	166,202	134,290	113,639	119,997	122,397	124,845	127,342	Enter Values
	5010 Load Dispatching	85,380	104,237	95,874	90,060	91,861	93,698	95,572	Enter Values
	5012 Station Buildings and Fixtures	26,960	30,361	34,632	28,270	28,835	29,412	30,000	Enter Values
	5014 Transformer Station Equipment - Operation Labor	5,868	1,480	4,807	4,735	4,830	4,927	5,025	Enter Values
	5015 Transformer Station Equipment - Operation Supplies and Expenses	60,874	72,337	74,001	86,681	88,415	90,183	91,987	Enter Values
	5016 Distribution Station Equipment - Operation Labor	-	-	-	-	-	-	-	Enter Values
	5017 Distribution Station Equipment - Operation Supplies and Expenses	2,660	3,183	3,475	3,475	3,545	3,616	3,688	Enter Values
	5020 Overhead Distribution Lines and Feeders - Operation Labor	26,239	20,487	21,768	21,365	21,792	22,228	22,673	Enter Values
	5025 Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	13,947	13,806	11,432	16,080	16,402	16,730	17,064	Enter Values
	5035 Overhead Distribution Transformers - Operation	7,898	5,160	9,343	8,058	8,219	8,384	8,551	Enter Values
	5040 Underground Distribution Lines and Feeders - Operation Labor	7,838	2,900	4,657	3,528	3,599	3,671	3,744	Enter Values
	5045 Underground Distribution Lines and Feeders - Operation Supplies and Expenses	45,411	70,853	64,677	64,248	65,533	66,844	68,180	Enter Values
	5055 Overhead Distribution Lines and Feeders	1,296	12,853	-	-	-	-	-	Enter Values
	5065 Meter Expense	153,585	213,986	250,907	241,576	246,407	251,335	256,362	Enter Values
	5070 Customer Premises - Operation Labor	50,779	45,855	45,106	34,373	35,060	35,761	36,476	Enter Values

5075	Customer Premises - Operation Materials and Supplies	17,490	14,758	15,825	8,304	8,470	8,639	8,812	Enter Values
5085	Miscellaneous Distribution Expense	123,261	131,969	141,734	145,097	147,998	150,958	153,978	Enter Values
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-	-	-	-	-	Enter Values
5095	Overhead Distribution Lines and Feeders - Rental Paid	35,450	60,198	48,920	54,012	55,093	56,194	57,318	Enter Values
5096	Other Rent (Distribution)	-	-	-	-	-	-	-	Enter Values
	Subtotal: Operation	**831,139**	**938,714**	**940,797**	**929,860**	**948,457**	**967,426**	**986,775**	Formula
5105	Maintenance Supervision and Engineering	280,848	233,942	147,267	164,365	167,653	171,006	174,426	Enter Values
5110	Maintenance of Buildings and Fixtures	-	3,500	-	-	-	-	-	Enter Values
5112	Maintenance of Transformer Station Equipment	21,117	50,653	34,080	63,526	64,796	66,092	67,414	Enter Values
5114	Maintenance of Distribution Station Equipement	-	889	-	-	-	-	-	Enter Values
5120	Maintenance of Poles, Towers and Fixtures	75,843	105,369	112,958	138,259	141,024	143,845	146,722	Enter Values
5125	Maintenance of Overhead Conductors and Devices	69,220	65,590	54,244	48,766	49,741	50,736	51,751	Enter Values
5130	Maintenance of Overhead Services	55,154	29,166	28,110	26,193	26,717	27,251	27,796	Enter Values
5135	Overhead Distribution Lines and Feeders - Right of Way	91,044	71,515	71,912	98,128	100,090	102,092	104,134	Enter Values
5145	Maintenance of Underground Conduit	17	776	-	-	-	-	-	Enter Values
5150	Maintenance of Underground Conductors and Devices	10,988	10,706	21,764	11,840	12,077	12,319	12,565	Enter Values
5155	Maintenance of Underground Services	15,800	47,499	27,449	51,951	52,990	54,049	55,130	Enter Values
5160	Maintenance of Line Transformers	20,684	25,380	36,246	25,880	26,397	26,925	27,464	Enter Values
5175	Maintenance of Meters	-	-	-	-	-	-	-	Enter Values
	Subtotal: Maintenance	**640,714**	**644,984**	**534,030**	**628,908**	**641,486**	**654,316**	**667,402**	Formula
5305	Supervision (Billing and Collection)	52,698	57,942	67,354	68,853	70,230	71,635	73,068	Enter Values
5310	Meter Reading Expense	76,853	75,174	76,682	84,958	86,657	88,390	90,158	Enter Values
5315	Customer Billing	423,452	421,396	474,401	516,762	527,097	537,639	548,392	Enter Values
5320	Collecting	18,886	8,641	24,984	23,320	23,786	24,262	24,747	Enter Values
5325	Collecting - Cash Over and Short	-	-	-	-	-	-	-	Enter Values
5330	Collection Charges	1,914	362	1,000	1,000	1,020	1,040	1,061	Enter Values
5340	Miscellaneous Customer Account Expenses	117	35	660	660	673	687	700	Enter Values
	Subtotal : Billing and Collections	**573,921**	**563,549**	**645,081**	**695,553**	**709,464**	**723,653**	**738,126**	Formula
5405	Supervision (Community Relations)	-	-	-	-	-	-	-	Enter Values
5410	Community Relations - Sundry	-	-	-	-	-	-	-	Enter Values
5420	Community Safety Program	-	-	-	-	-	-	-	Enter Values
5425	Miscellaneous Customer Service and Informational Expense	-	-	-	-	-	-	-	Enter Values
	Subtotal: Community Relations	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Formula
5605	Executive Salaries and Expenses	236,473	280,632	248,356	251,557	256,588	261,719	266,954	Enter Values
5610	Management Salaries and Expenses	165,110	189,430	355,255	421,065	429,487	438,076	446,838	Enter Values
5615	General Administrative Salaries and Expenses	252,039	238,175	283,080	415,538	423,849	432,326	440,973	Enter Values
5620	Office Supplies	47,866	40,770	54,088	50,128	51,131	52,154	53,197	Enter Values
5625	Administrative Expense Transferred - Credit	-	-	-	-	-	-	-	Enter Values
5630	Outside Services Employed	154,805	239,532	94,395	125,005	127,505	130,055	132,656	Enter Values
5640	Injuries and Damages	-	-	-	-	-	-	-	Enter Values
5645	OMERS Pensions and Benefits	10,367	9,982	11,100	14,400	14,688	14,982	15,281	Enter Values
5646	Employee Pensions and OPEB	-	-	-	-	-	-	-	Enter Values
5647	Employee Sick Leave	-	-	-	-	-	-	-	Enter Values
5650	Franchise Requirements	-	-	-	-	-	-	-	Enter Values
5655	Regulatory Expenses	113,003	112,741	32,200	113,200	115,464	117,773	120,129	Enter Values
5665	Miscellaneous General Expenses	76,671	111,077	101,104	104,115	106,198	108,322	110,488	Enter Values
5670	Rent (Administrative and General)	-	-	-	-	-	-	-	Enter Values
5672	Lease Payment Expense	-	-	-	-	-	-	-	Enter Values
5675	Maintenance of General Plant	104,484	-	129,983	174,767	178,262	181,828	185,464	Enter Values
5680	Electrical Safety Authority Fees	-	-	-	-	-	-	-	Enter Values
	Sutotal: A&G Expenses	**1,160,819**	**1,222,338**	**1,309,562**	**1,669,776**	**1,703,172**	**1,737,235**	**1,771,980**	Formula
5635	Property Insurance	32,817	37,017	38,430	41,621	42,453	43,302	44,168	Enter Values
6210	Life Insurance	-	-	-	-	-	-	-	Enter Values
	Subtotal: Insurance	**32,817**	**37,017**	**38,430**	**41,621**	**42,453**	**43,302**	**44,168**	Formula
5515	Advertinsing	-	-	-	-	-	-	-	Enter Values
	Subtotal Advertising	**-**	**-**	**-**	**-**	**-**	**-**	**-**	Formula
	2A Total of Above Accounts Used for Benchmarking	3,239,410	**3,406,602**	**3,467,900**	**3,965,717**	**4,045,031**	**4,125,932**	**4,208,451**	Formula
Adjustments to OM&A for Benchmarking									
	5014	5,868	1,480	4,807	4,735	4,830	4,927	5,025	Formula
	5015	60,874	72,337	74,001	86,681	88,415	90,183	91,987	Formula
	5112	21,117	50,653	34,080	63,526	64,796	66,092	67,414	Formula
	2B Subtotal: HV Adjustment (to subtract from cost)	**87,859**	**124,471**	**112,888**	**154,942**	**158,041**	**161,202**	**164,426**	**Formula**

2C LV Adjustment	-	-	-	-	-	-	-	Enter Values

Benchmarking Calculations for LDC Forecasting

Selected LDC: Grimsby Power Incorporated

Line Reference Number	Row Nu	Account	2019	Forecasted Values 2020	2021	2022	2023	2024	2025
Section 1: Source Data and OM&A Calculations									
1		**OM&A Data (Detail may be hidden or expanded using the +/- buttons to the left of the row numbers)**							
2	5005	2 Operation Supervision and Engineering	166,202						
3	5010	3 Load Dispatching	85,380						
4	5012	4 Station Buildings and Fixtures	26,960						
5	5014	5 Transformer Station Equipment - Operation Labor	5,868						
6	5015	6 Transformer Station Equipment - Operation Supplies and Expenses	60,874						
7	5016	7 Distribution Station Equipment - Operation Labor	-						
8	5017	8 Distribution Station Equipment - Operation Supplies and Expenses	2,660						
9	5020	9 Overhead Distribution Lines and Feeders - Operation Labor	26,239						
10	5025	10 Overhead Distribution Lines and Feeders - Operation Supplies and E	13,947						
11	5035	11 Overhead Distribution Transformers - Operation	7,898						
12	5040	12 Underground Distribution Lines and Feeders - Operation Labor	7,838						
13	5045	13 Underground Distribution Lines and Feeders - Operation Supplies an	45,411						
14	5055	14 Overhead Distribution Lines and Feeders	1,296						
15	5065	15 Meter Expense	153,585						
16	5070	16 Customer Premises - Operation Labor	50,779						
17	5075	17 Customer Premises - Operation Materials and Supplies	17,490						
18	5085	18 Miscellaneous Distribution Expense	123,261						
19	5090	19 Underground Distribution Lines and Feeders - Rental Paid	-						
20	5095	20 Overhead Distribution Lines and Feeders - Rental Paid	35,450						
21	5096	21 Other Rent (Distribution)	-						
22		**Subtotal: Operation**	831,139						
23	5105	22 Maintenance Supervision and Engineering	280,848						
24	5110	23 Maintenance of Buildings and Fixtures	-						
25	5112	24 Maintenance of Transformer Station Equipment	21,117						
26	5114	25 Maintenance of Distribution Station Equipement	-						
27	5120	26 Maintenance of Poles, Towers and Fixtures	75,843						
28	5125	27 Maintenance of Overhead Conductors and Devices	69,220						
29	5130	28 Maintenance of Overhead Services	55,154						
30	5135	29 Overhead Distribution Lines and Feeders - Right of Way	91,044						
31	5145	30 Maintenance of Underground Conduit	17						
32	5150	31 Maintenance of Underground Conductors and Devices	10,988						
33	5155	32 Maintenance of Underground Services	15,800						
34	5160	33 Maintenance of Line Transformers	20,684						
35	5175	34 Maintenance of Meters	-						
36		**Subtotal: Maintenance**	640,714						
37	5305	35 Supervision (Billing and Collection)	52,698						
38	5310	36 Meter Reading Expense	76,853						
39	5315	37 Customer Billing	423,452						
40	5320	38 Collecting	18,886						
41	5325	39 Collecting - Cash Over and Short	-						
42	5330	40 Collection Charges	1,914						
43	5340	41 Miscellaneous Customer Account Expenses	117						

44			**Subtotal : Billing and Collections**	573,921					
45	5405	42	Supervision (Community Relations)	-					
46	5410	43	Community Relations - Sundry	-					
47	5420	44	Community Safety Program	-					
48	5425	45	Miscellaneous Customer Service and Informational Expenses	-					
49			**Subtotal: Community Relations**	-					
50	5605	47	Executive Salaries and Expenses	236,473					
51	5610	48	Management Salaries and Expenses	165,110					
52	5615	49	General Administrative Salaries and Expenses	252,039					
53	5620	50	Office Supplies	47,866					
54	5625	51	Administrative Expense Transferred - Credit	-					
55	5630	52	Outside Services Employed	154,805					
56	5640	53	Injuries and Damages	-					
57	5645	54	OMERS Pensions and Benefits	10,367					
58	5646	55	Employee Pensions and OPEB	-					
59	5647	56	Employee Sick Leave	-					
60	5650	57	Franchise Requirements	-					
61	5655	58	Regulatory Expenses	113,003					
62	5665	59	Miscellaneous General Expenses	76,671					
63	5670	60	Rent (Administrative and General)	-					
64	5672	61	Lease Payment Expense	-					
65	5675	62	Maintenance of General Plant	104,484					
66	5680	63	Electrical Safety Authority Fees	-					
67			**Sutotal: A&G Expenses**	1,160,819					
68	5635	64	Property Insurance	32,817					
69	6210	65	Life Insurance	-					
70			**Subtotal: Insurance**	32,817					
71	5515	46	Advertinsing	-					
72			**Subtotal Advertising**	-					
73			**Total of Above Accounts Used for Benchmarking**	3,239,410					
74									
75	**Adjustments to OM&A for Benchmarking**								
76			5014	5,868					
77			5015	60,874					
78			5112	21,117					
79			Subtotal: HV Adjustment (to subtract from cost)	87,859					
80			LV Adjustment	-					
81			Total Adjusted OM&A Expense	3,151,551	3,282,131	3,355,012	3,810,775	3,886,990	3,964,730	4,044,025
82									
83	**Gross Capital Cost Additions Data**								
84			Total Gross Capital Additions	2,337,779	1,956,442	2,582,729	2,936,891	2,682,489	2,671,389	2,670,966
85			HV Gross Capital Additions	-	-	-	-	-	-	-
86									
87	**Output and Other Business Conditions**								
88			Number of Customers	11,632	11,749	11,921	12,217	12,339	12,463	12,587
89			Delivery Volume	228,394,773	243,846,965	242,891,739	242,566,383	242,566,383	242,566,383	242,566,383
90			Annual Peak Demand	55,347	61,540	61,540	61,540	61,540	61,540	61,540
91			Distribution Circuit km	689	689	689	689	689	689	689
92									
93									

Section 2: Actual Cost Calculations

94	**Actual Cost**							
95								
96	OM&A		3,151,551.19	3,282,131.33	3,355,012.37	3,810,774.91	3,886,990.41	3,964,730.22	4,044,024.83
97									
98	Capital								
99		Rate of Return	6.02%	5.32%	5.32%	4.90%	4.90%	4.90%	4.90%
100		Depreciation Rate	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%	4.59%
101		Construction Cost Index	173.42	176.84	180.33	183.89	187.52	191.22	194.99
102		Capital Price	18.19	17.34	17.68	17.28	17.62	17.97	18.32
103		Gross Plant Additions	2,337,779	1,956,442	2,582,729	2,936,891	2,682,489	2,671,389	2,670,966
104		HV Capital Additions	-	-	-	-	-	-	-
105		Quantity of Capital Additions	13,481	11,063	14,322	15,971	14,305	13,970	13,698
106		Quantity of Capital Removed	9,289	9,482	9,554	9,773	10,058	10,253	10,423
107		Capital Quantity	206,575	208,157	212,925	219,122	223,370	227,088	230,362

108		Capital Cost	3,758,286	3,609,988	3,765,558	3,785,690	3,935,239	4,079,697	4,220,205
109									
110	Total Actual Cost		6,909,837	6,892,119	7,120,570	7,596,465	7,822,230	8,044,427	8,264,230

Section 3: Predicted Cost Calculations

111	**Predicted Cost**								
112									
113		**Output Quantity**							
114		Number of Customers	11,632	11,749	11,921	12,217	12,339	12,463	12,587
115		Delivery Volume	228,394,773	243,846,965	242,891,739	242,566,383	242,566,383	242,566,383	242,566,383
116		Annual Peak Demand	55,347	61,540	61,540	61,540	61,540	61,540	61,540
117		Capacity Proxy	57,081	61,540	61,540	61,540	61,540	61,540	61,540
118									
119		**Input Prices**							
120		GDP IPI [30% Weight]	112.4	114.6	116.9	119.2	121.5	123.9	126.4
121		Average Hourly Earnings [70% Weight]	1,049.67	1,078.58	1,108.28	1,138.81	1,170.17	1,202.40	1,235.51
122		OM&A Price Index Growth [30% GDPIPI growth + 70% AWE Growth]	2.488%	2.488%	2.488%	2.488%	2.488%	2.488%	2.488%
123		OM&A Price Index Level	146.33	150.02	153.80	157.67	161.64	165.72	169.89
124									
125		Capital Price Index	18.19	17.34	17.68	17.28	17.62	17.97	18.32
126									
127		**Business Conditions**							
128		Line km	689.00	689.00	689.00	689.00	689.00	689.00	689.00
129		2002-2013 Average Line km	306.39	331.90	354.22	373.91	391.41	407.95	423.56
130		Customers Ten Years Ago	9,992						
131		Ten Year Customer Growth Percentage	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%
132									
133	(Details of the predicted cost calculations may be hidden by using the +/- button to the left of row 248)								
134									
135	**Company Values for Variables Used in the Prediction Equation**								
136									
137		Constant	1.00	1.00	1.00	1.00	1.00	1.00	1.00
138		Capital Price / OM&A Price (WK)	0.1243	0.1156	0.1150	0.1096	0.1090	0.1084	0.1078
139		Customers (Y1)	11,632	11,749	11,921	12,217	12,339	12,463	12,587
140		Capacity (Y2)	57,081	61,540	61,540	61,540	61,540	61,540	61,540
141		Deliveries (Y3)	228,394,773	243,846,965	242,891,739	242,566,383	242,566,383	242,566,383	242,566,383
142		Average Line Length	306.4	331.9	354.2	373.9	391.4	407.9	423.6
143		Customers Added in last 10 years	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%	16.41%
144		Trend	13	14	15	16	17	18	19
145									
146									
147	**Company-Specific Parameter Estimates***								
148		91 Constant	12.8145	12.8145	12.8145	12.8145	12.8145	12.8145	12.8145
149		92 Capital Price / OM&A Price (WK)	0.6288	0.6288	0.6288	0.6288	0.6288	0.6288	0.6288
150		93 Customers (Y1)	0.4390	0.4390	0.4390	0.4390	0.4390	0.4390	0.4390
151		94 Capacity (Y2)	0.1567	0.1567	0.1567	0.1567	0.1567	0.1567	0.1567
152		95 Deliveries (Y3)	0.1143	0.1143	0.1143	0.1143	0.1143	0.1143	0.1143
153		96 WKWK	0.1262	0.1262	0.1262	0.1262	0.1262	0.1262	0.1262
154		97 Y1Y1	(0.3894)	(0.3894)	(0.3894)	(0.3894)	(0.3894)	(0.3894)	(0.3894)
155		98 Y2Y2	0.1730	0.1730	0.1730	0.1730	0.1730	0.1730	0.1730
156		99 Y3Y3	0.2158	0.2158	0.2158	0.2158	0.2158	0.2158	0.2158
157		100 WKY1	0.0494	0.0494	0.0494	0.0494	0.0494	0.0494	0.0494
158		101 WKY2	0.0115	0.0115	0.0115	0.0115	0.0115	0.0115	0.0115
159		102 WKY3	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027	0.0027
160		103 Y1Y2	0.1771	0.1771	0.1771	0.1771	0.1771	0.1771	0.1771
161		104 Y1Y3	0.0383	0.0383	0.0383	0.0383	0.0383	0.0383	0.0383
162		105 Y2Y3	(0.2172)	(0.2172)	(0.2172)	(0.2172)	(0.2172)	(0.2172)	(0.2172)
163		106 Average Line Length	0.2841	0.2841	0.2841	0.2841	0.2841	0.2841	0.2841
164		107 Customers Added in last 10 years	0.0166	0.0166	0.0166	0.0166	0.0166	0.0166	0.0166
165		108 Trend	0.0169	0.0169	0.0169	0.0169	0.0169	0.0169	0.0169
166									
167	**Sample Mean Values**								
168									
169		Constant	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
170		Capital Price / OM&A Price (WK)	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644	0.1644
171		Customers (Y1)	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118	63,422.3118
172		Capacity (Y2)	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146	345,129.0146

Deliveries (Y3	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994	1,630,327,994
WKWK	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y1	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y2Y2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y3Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY1	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
WKY3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y2	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y1Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Y2Y3	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Average Line Length	2,723	2,723	2,723	2,723	2,723	2,723	2,723
Customers Added in last 10 years	0.1286	0.1286	0.1286	0.1286	0.1286	0.1286	0.1286

2013 Values Logged and Mean Scaled (where applicable)

Constant	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Capital Price / OM&A Price (WK)	(0.2794)	(0.3521)	(0.3575)	(0.4057)	(0.4110)	(0.4164)	(0.4217)
Customers (Y1)	(1.6961)	(1.6860)	(1.6715)	(1.6470)	(1.6370)	(1.6271)	(1.6171)
Capacity (Y2)	(1.7994)	(1.7242)	(1.7242)	(1.7242)	(1.7242)	(1.7242)	(1.7242)
Deliveries (Y3)	(1.9655)	(1.9000)	(1.9039)	(1.9053)	(1.9053)	(1.9053)	(1.9053)
WKWK	0.0390	0.0620	0.0639	0.0823	0.0845	0.0867	0.0889
Y1Y1	1.4383	1.4214	1.3970	1.3563	1.3399	1.3237	1.3076
Y2Y2	1.6190	1.4865	1.4865	1.4865	1.4865	1.4865	1.4865
Y3Y3	1.9315	1.8050	1.8125	1.8150	1.8150	1.8150	1.8150
WKY1	0.4738	0.5937	0.5975	0.6682	0.6729	0.6775	0.6820
WKY2	0.5027	0.6071	0.6164	0.6995	0.7087	0.7179	0.7271
WKY3	0.5491	0.6690	0.6806	0.7730	0.7831	0.7933	0.8035
Y1Y2	3.0520	2.9071	2.8821	2.8398	2.8226	2.8055	2.7883
Y1Y3	3.3335	3.2035	3.1824	3.1379	3.1190	3.1000	3.0811
Y2Y3	3.5367	3.2760	3.2828	3.2851	3.2851	3.2851	3.2851
Average Line Length	(2.1846)	(2.1046)	(2.0395)	(1.9854)	(1.9397)	(1.8983)	(1.8607)
Customers Added in last 10 years	127.63%	127.63%	127.63%	127.63%	127.63%	127.63%	127.63%
Trend	13.0000	14.0000	15.0000	16.0000	17.0000	18.0000	19.0000

Product of Parameter and 2013 Values

Constant	12.815	12.815	12.815	12.815	12.815	12.815	12.815
Capital Price / OM&A Price (WK)	(0.176)	(0.221)	(0.225)	(0.255)	(0.258)	(0.262)	(0.265)
Customers (Y1)	(0.745)	(0.740)	(0.734)	(0.723)	(0.719)	(0.714)	(0.710)
Capacity (Y2)	(0.282)	(0.270)	(0.270)	(0.270)	(0.270)	(0.270)	(0.270)
Deliveries (Y3)	(0.225)	(0.217)	(0.218)	(0.218)	(0.218)	(0.218)	(0.218)
WKWK	0.005	0.008	0.008	0.010	0.011	0.011	0.011
Y1Y1	(0.560)	(0.553)	(0.544)	(0.528)	(0.522)	(0.515)	(0.509)
Y2Y2	0.280	0.257	0.257	0.257	0.257	0.257	0.257
Y3Y3	0.417	0.389	0.391	0.392	0.392	0.392	0.392
WKY1	0.023	0.029	0.030	0.033	0.033	0.034	0.034
WKY2	0.006	0.007	0.007	0.008	0.008	0.008	0.008
WKY3	0.001	0.002	0.002	0.002	0.002	0.002	0.002
Y1Y2	0.541	0.515	0.511	0.503	0.500	0.497	0.494
Y1Y3	0.128	0.123	0.122	0.120	0.120	0.119	0.118
Y2Y3	(0.768)	(0.711)	(0.713)	(0.713)	(0.713)	(0.713)	(0.713)
Average Line Length	(0.621)	(0.598)	(0.579)	(0.564)	(0.551)	(0.539)	(0.529)
Customers Added in last 10 years	0.021	0.021	0.021	0.021	0.021	0.021	0.021
Trend	0.219	0.236	0.253	0.270	0.287	0.303	0.320
Log of Predicted Total Cost / OM&A Price	11.0801	11.0903	11.1332	11.1594	11.1935	11.2263	11.2580
Real Predicted Total Cost / OM&A Price	64,867	65,531	68,403	70,221	72,658	75,082	77,501
OM&A Price	146.33	150.02	153.80	157.67	161.64	165.72	169.89
Predicted Total Cost	9,491,981	9,830,741	10,520,072	11,071,849	11,744,655	12,442,339	13,166,677

237	Actual Cost	6,909,837	6,892,119	7,120,570	7,596,465	7,822,230	8,044,427	8,264,230
238	Predicted Cost	9,491,981	9,830,741	10,520,072	11,071,849	11,744,655	12,442,339	13,166,677
239	Actual less Predicted Cost	(2,582,144)	(2,938,621)	(3,399,502)	(3,475,384)	(3,922,425)	(4,397,911)	(4,902,447)
240	Percentage Difference (Arithmetic for Comparison)	-27.20%	-29.89%	-32.31%	-31.39%	-33.40%	-35.35%	-37.23%
241								
242	**Percent Difference (Logarithmic)**	**-31.75%**	**-35.51%**	**-39.03%**	**-37.67%**	**-40.64%**	**-43.61%**	**-46.58%**

[redacted]

Summary of Cost Benchmarking Results

Grimsby Power Incorporated

Cost Benchmarking Summary	2019 (History)	2020 (History)	2021 (Bridge)	2022 (Test Year)	2023	2024	2025
Actual Total Cost	6,909,837	6,892,119	7,120,570	7,596,465	7,822,230	8,044,427	8,264,230
Predicted Total Cost	9,491,981	9,830,741	10,520,072	11,071,849	11,744,655	12,442,339	13,166,677
Difference	(2,582,144)	(2,938,621)	(3,399,502)	(3,475,384)	(3,922,425)	(4,397,911)	(4,902,447)
Percentage Difference (Cost Performance)	**-31.8%**	**-35.5%**	**-39.0%**	**-37.67%**	**-40.64%**	**-43.61%**	**-46.58%**
Three-Year Average Performance			-35.4%	-37.41%	-39.11%	-40.64%	-43.61%
Stretch Factor Cohort							
Annual Result	1	1	1	1	1	1	1
Three Year Average			1	1	1	1	1

FINANCIAL INFORMATION

7.1 AUDITED FINANCIAL STATEMENTS

A copy of GPI's 2020 Audited Financial Statements are provided in Exhibit 1, Tab 7, Attachment 1. The statement deals with GPI only and as such do not include any operations of affiliated companies.

7.2 ACCOUNTING STANDARD USED

GPI is reporting under Modified International Financial Reporting Standards (MIFRS) for all years in the application. MIFRS was adopted in 2015 with 2014 being restated.

7.3 ANNUAL REPORT AND MD&A FOR PARENT COMPANY

GPI nor its parent company, Niagara Power Inc. produce publicly available annual report or an MD&A. As a result, this requirement is not applicable.

7.4 RATING AGENCY REPORTS

GPI does not have any rating reports and there are no plans for public issuances.

7.5 CHANGE IN TAX STATUS

GPI has not, nor is planning any future changes in tax status. GPI is a corporation incorporated pursuant to the Ontario Business Corporation Act.

7.6 EXISTING/PROPOSED ACCOUNTING ORDER

GPI does not have any specific Board Approved Accounting Order.

7.7 DEPARTURES FROM THE UNIFORM SYSTEM OF ACCOUNTS

GPI has not departed from the Accounting Procedure Handbook. GPI has followed the accounting principles and accounts categories as stated in the OEB Accounting Procedure Handbook and the Uniform System of Accounts in the preparation of this Application.

7.8 NON-UTILITY BUSINESS

GPI confirms that only utility business is included in rate regulated activities.

Financial Statements of

GRIMSBY POWER INCORPORATED

And Independent Auditors' Report thereon

Year ended December 31, 2020

KPMG LLP
80 King Street, Suite 620
St. Catharines ON L2R 7G1
Canada
Tel 905-685-4811
Fax 905-682-2008

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Grimsby Power Incorporated

Opinion

We have audited the financial statements of Grimsby Power Incorporated (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020
- 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, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

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 ***"Auditors' Responsibilities for the Audit of the Financial Statements"*** section of our auditors' 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 International Financial Reporting 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.

Auditors' 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 auditors' 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 auditors' 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 auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.

- 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

Hamilton, Canada
April 22, 2021

GRIMSBY POWER INCORPORATED

Statement of Financial Position

As at December 31, 2020, with comparative information for 2019

	Notes	2020	2019
Assets			
Current assets			
Accounts receivable	4	$ 1,788,677	$ 1,610,818
Due from related parties	18	6,275	35
Unbilled revenue		2,884,911	2,711,001
Inventory	5	910,353	791,703
Prepaid expenses		200,778	271,757
Total current assets		5,790,994	5,385,314
Non–current assets			
Property, plant and equipment	6	29,670,685	29,030,465
Intangible assets	7	66,549	43,810
Deferred tax assets	9	1,574,529	1,471,868
Other capital assets	6	127,603	80,727
Total non–current assets		31,439,366	30,626,870
Total assets		37,230,360	36,012,184
Regulatory balances	10	1,788,352	1,261,921
Regulatory balances – income tax	10	798,708	574,139
Total regulatory balances		2,587,060	1,836,060
Total assets and regulatory balances		$ 39,817,420	$ 37,848,244

GRIMSBY POWER INCORPORATED

Statement of Financial Position (continued)

As at December 31, 2020, with comparative information for 2019

	Notes	2020	2019
Liabilities and Equity			
Current liabilities			
Bank indebtedness		$ 120,447	$ 50,856
Accounts payable and accrued liabilities	11	2,966,530	3,816,472
Line of credit	12	2,090,000	530,000
Due to related parties	18	26,984	11,165
Deferred tax liabilities	9	-	177,629
Customer deposits		82,176	86,074
Long-term debt due within one year	12	568,739	555,203
Total current liabilities		5,854,876	5,227,399
Non–current liabilities			
Developers' deposits		1,186,357	1,193,608
Deferred tax liabilities	9	2,495,620	1,999,031
Deferred revenue	8	4,986,478	4,679,573
Other long-term liabilities		152,117	176,762
Long-term debt	12	12,436,931	13,004,883
Total non-current liabilities		21,257,503	21,053,857
Total liabilities		27,112,379	26,281,256
Equity			
Share capital	13	5,782,747	5,782,747
Contributed capital		70,721	70,721
Retained earnings		6,129,310	5,366,619
Total equity		11,982,778	11,220,087
Total liabilities and shareholders' equity		39,095,157	37,501,343
Regulatory balances	10	510,606	194,754
Regulatory balances – income tax	10	211,657	152,147
Total regulatory balances		722,263	346,901
Commitments and contingencies	16		
Total liabilities, equity and regulatory balances		$ 39,817,420	$ 37,848,244

See accompanying notes to the financial statements.

On behalf of the Board:

_____ Director _____ Director

GRIMSBY POWER INCORPORATED

Statement of Comprehensive Income

Year ended December 31, 2020, with comparative information for 2019

	Notes	2020	2019
Revenue:			
Sale of energy		$ 35,890,085	$ 29,530,671
Distribution revenue		5,742,554	5,610,594
Other		345,526	413,894
	14	41,978,165	35,555,159
Operating expenses:			
Distribution expenses – operations		938,714	831,139
Distribution expenses – maintenance		644,984	640,714
Billing and collecting		572,363	476,547
Administration and general		1,370,420	1,210,703
Property taxes		39,416	35,547
Depreciation and amortization	6, 7	1,205,929	1,153,414
Other deductions		9,303	10,645
		4,781,129	4,358,709
Cost of power purchased		36,113,590	29,511,017
Total expenses		40,894,719	33,869,726
Income from operating activities		1,083,446	1,685,433
Finance costs	15	(480,094)	(478,974)
Income before income taxes		603,352	1,206,459
Income tax expense	9	216,299	295,323
Net income for the year		387,053	911,136
Net movement in regulatory balances	10	210,579	(99,755)
Tax recovery on net movement	10	165,059	313,105
		375,638	213,350
Net income for the year and net movement in regulatory balances		762,691	1,124,486
Total comprehensive income for the year		$ 762,691	$ 1,124,486

See accompanying notes to the financial statements.

GRIMSBY POWER INCORPORATED

Statement of Changes in Equity

Year ended December 31, 2020, with comparative information for 2019

	Share Capital	Contributed surplus	Retained earnings	Total
Balance at January 1, 2019	$ 5,782,747	$ 70,721	$ 4,242,133	$ 10,095,601
Net income and net movement in regulatory balances	-	-	1,124,486	1,124,486
Dividends	-	-	-	-
Balance at December 31, 2019	$ 5,782,747	$ 70,721	$ 5,366,619	$ 11,220,087
Balance at January 1, 2020	$ 5,782,747	$ 70,721	$ 5,366,619	$ 11,220,087
Net income and net movement in regulatory balances	-	-	762,691	762,691
Dividends	-	-	-	-
Balance at December 31, 2020	$ 5,782,747	$ 70,721	$ 6,129,310	$ 11,982,778

See accompanying notes to the financial statements.

GRIMSBY POWER INCORPORATED

Statement of Cash Flows

Year ended December 31, 2020, with comparative information for 2019

	2020	2019
Operating activities:		
Net income and net movement in regulatory balances	$ 762,691	$ 1,124,486
Adjustments for:		
Depreciation and amortization	1,205,929	1,153,414
Amortization of deferred revenue	(154,859)	(145,598)
Loss (gain) on disposal of property, plant	18,733	(1,716)
Income tax expense	216,299	295,323
Finance costs	480,094	478,974
	2,528,887	2,904,883
Changes in non–cash operating working capital:		
Accounts receivable	(177,859)	176,951
Due from related parties	(6,240)	7,002
Unbilled revenue	(173,910)	(24,283)
Inventory	(118,650)	(126,372)
Prepaid expenses	70,979	31,257
Accounts payable and accrued liabilities	(849,942)	257,842
Due to related parties	15,819	(10,119)
Customer and developer deposits	(11,149)	26,924
Other long-term liabilities	(24,645)	(17,586)
	(1,275,597)	321,616
Regulatory balances	(375,638)	(213,350)
Contributions received from customers – deferred revenue	461,764	214,248
Income tax paid	-	(1,425)
Interest paid	(480,094)	(474,245)
Net cash from operating activities	859,322	2,751,727
Investing activities:		
Purchase of property, plant and equipment	(1,886,476)	(2,230,013)
Purchase of intangibles	(48,021)	-
Proceeds on disposal of property, plant and equipment	-	25,404
Net cash used by investing activities	(1,934,497)	(2,204,609)
Financing activities:		
Advance (repayment) of line of credit	1,560,000	(50,000)
Repayment of long-term debt	(554,416)	(551,155)
Net cash from financing activities	1,005,584	(601,155)
Change in cash	(69,591)	(54,037)
(Bank indebtedness) cash, beginning of year	(50,856)	3,181
Bank indebtedness, end of year	$ (120,447)	$ (50,856)

See accompanying notes to the financial statements.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements

Year ended December 31, 2020

1. Reporting entity:

Grimsby Power Incorporated (the “Corporation"), is incorporated under the laws of Ontario and is owned by Niagara Power Incorporated, which in turn is wholly owned by The Corporation of the Town of Grimsby. The Corporation’s head office is located at 231 Roberts Road, Grimsby, Ontario, L3M 5N2.

The principal activity of the Corporation is to distribute electricity to the residents and businesses in the Town of Grimsby, under a license issued by the Ontario Energy Board (“OEB”). The Corporation is regulated by the OEB and adjustments to the Corporation’s distribution and power rates require OEB approval.

The financial statements are for the Corporation as at and for the year ended December 31, 2020.

2. 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 April 22, 2021.

(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:

(i) Assumptions and estimation uncertainty:

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.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Basis of presentation (continued):

(d) Use of estimates and judgments (continued):

(i) Assumptions and estimation uncertainty (continued):

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.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

- Notes 3 (d), (e), (f), 6 and 7 – estimation of useful lives of its property, plant and equipment and intangible assets and related impairment tests on long-lived assets;
- Notes 3 (i), 10 – recognition and measurement of regulatory balances;
- Notes 3 (h), 16 – recognition and measurement of provisions and contingencies.

(ii) Judgments:

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

- Note 3 (j) – leases: whether an arrangement contains a lease; and
- Note 3 (b) – determination of the performance obligation for contributions from customers and the related amortization period.
- Notes 3 (i), 10 – recognition of regulatory balances;

(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.

The OEB has a decision and order in place banning LDC's in Ontario from disconnecting homes for non-payment during the winter. This ban is normally in place from November 15 to April 30 each year but was extended during the year to July 31, 2020.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Basis of presentation (continued):

(e) Rate regulation (continued):

(i) Distribution rates:

The Corporation is required to file a "Cost of Service" ("COS") rate application every five years, unless approved for a deferral, under which the OEB establishes the revenues required to recover the forecasted operating costs, including amortization and income taxes, of providing the regulated electricity distribution service and providing a fair return on the Corporation's rate base. The Corporation estimates electricity usage and the costs to service each customer class in order to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and any registered interveners. Rates are approved based upon the review of evidence and information, including any revisions resulting from that review.

In the intervening years, an Incentive Regulation 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 Inflator for Final Domestic Demand ("GDP IPI–FDD") net of a productivity factor set by the OEB and a "stretch factor" determined by the relative efficiency of an electricity distributor.

On December 23, 2015, the Corporation submitted a COS rate application to the OEB to change distribution rates effective May 1, 2016. The application was approved by the OEB on August 18, 2016 and issued its Rate Order on September 22, 2016.

On August 12, 2019 the Corporation submitted an IRM Application to the OEB requesting approval to change distribution rates effective January 1, 2020. The IRM Application, which provided a mechanistic and formulaic adjustment to distribution rates and charges, was approved by the OEB on December 12, 2019. The GDP IPI–FDD for 2019 is 2.0%, the Corporation's stretch factor is 0.15% and the productivity factor determined by the OEB is 0%, resulting in a net adjustment of 1.85% to the previous year's rates.

(ii) Electricity rates:

The OEB typically sets Ontario electricity prices for low–volume consumers twice each year (May and November) based on an estimate of how much it will cost to supply the province with electricity for the next year. In 2017, the OEB set new lower Regulated Price Plan (RPP) prices established under the *Ontario Fair Hydro Act, 2017*.

On May 9, 2019, the Government of Ontario enacted Bill 87, the *Fixing the Hydro Mess Act, 2019*. The legislation amended the *Ontario Rebate for Electricity Consumers Act, 2016*, and *the Ontario Fair Hydro Plan Act, 2017*.

2. Basis of presentation (continued):

(e) Rate regulation (continued):

(ii) Electricity rates (continued):

Effective November 1, 2019, the OEB set electricity prices under the RPP based on the estimated cost to supply the province with electricity. The Ministry of Energy, Northern Development and Mines set the amount of the rebate under the *Ontario Rebate for Electricity Consumers Act, 2016* such that the monthly bill for a typical customer increased by the rate of inflation.

In 2020, the OEB also adjusted the Regulated Price Plan (RPP) prices in March and June in response to the Government issued Emergency Orders under the *Emergency Management and Civil Protection Act* to assist Ontarians who were forced to stay home due to the COVID-19 pandemic.

All remaining consumers pay the market price for electricity.

The Corporation is billed for the cost of the electricity that its customers use by the Independent Electricity System Operator and passes this cost on to the customer at cost without a mark–up.

(iii) Retail transmission rates:

These are the costs of delivering electricity from generating stations across the Province to local distribution networks. These charges include the costs to build and maintain the transmission lines, towers and poles and operate provincial transmission systems. Retail transmission rates are passed through to the operators of transmission networks and facilities.

(iv) Wholesale market service rates:

These are the costs of administering the wholesale electricity system and maintaining the reliability of the provincial grid and include the costs associated with funding Ministry of Energy conservation and renewable energy programs. The Corporation is billed for the cost of the wholesale electricity system by the Independent Electricity System Operator and passes this cost on to the customer at cost without a mark–up.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Financial instruments:

All financial assets and all financial liabilities are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f). The Corporation does not enter into derivative instruments. Hedge accounting has not been used in the preparation of these financial statements.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. 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 estimated 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.

Capital contributions:

Developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. The developer is not a customer and therefore the contributions are scoped out of IFRS 15 *Revenue from Contracts with Customers*. Cash contributions, received from developers are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight–line basis over the useful life of the related asset.

Certain customers are also required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. These contributions fall within the scope of IFRS 15 *Revenue from Contracts with Customers*. The contributions are received to obtain a connection to the distribution system in order receive ongoing access to electricity. The Corporation has concluded that the performance obligation is the supply of electricity over the life of the relationship with the customer which is satisfied over time as the customer receives and consumes the electricity. Revenue is recognized on a straight–line basis over the useful life of the related asset.

Other revenue:

Revenue earned from the provision of services is recognized as the service is rendered.

Government grants and the related performance incentive payments under Conservation and Demand Management (“CDM”) programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Significant accounting policies (continued):

(c) Inventory:

Inventory, 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 weighted 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, 2014 are measured at deemed cost established on the date of transition to IFRS, 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, 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 six months to construct.

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.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Significant accounting policies (continued):

(d) Property, plant and equipment (continued):

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. Construction–in–progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

	Years
General plant	3 to 50
Distribution plant	10 to 60

(e) Intangible assets:

Intangible assets used in rate–regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the date of transition to IFRS, less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation after January 1, 2014, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is 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:

	Years
Computer software	5

(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.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Significant accounting policies (continued):

(f) Impairment (continued):

(ii) Non–financial assets:

The carrying amounts of the Corporation's non–financial assets, other than 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.

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.

The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to CGUs that are expected to benefit from the synergies of the combination.

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. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a prorated basis, if applicable.

An impairment loss in respect of goodwill is not reversed. For other assets, 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.

For the regulated business, the carrying costs of most of the Corporation's non-financial assets are included in rate base (the aggregate of approved investment in PP&E and intangible assets, excluding construction in progress, less accumulated depreciation and amortization and unamortized capital contributions from customers, plus an allowance for working capital) where they earn an OEB-approved rate of return. Asset carrying values and the related return are recovered through approved rates. As a result, such assets are only tested for impairment in the event that the OEB disallows recovery, in whole or in part, or if such a disallowance is judged to be probable.

3. Significant accounting policies (continued):

(g) Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills and deposits. Interest is paid on customer deposits. Deposits are also received for planned chargeable work. No interest is paid on these 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:

The Corporation elected to apply the requirements of IFRS 14, effective December 31, 2015.

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.

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 (“OCI”). 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.

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 OCI. When the amounts are returned to the customer at rates approved by the OEB the amounts are recognized as a reduction of revenue.

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.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

3. Significant accounting policies (continued):

(j) Leased assets:

At inception of a contract, the Corporation assess whether the contract is or contains a lease. A contract is determined to contain a lease if it provides the Corporation with the right to control the use of an identified asset for a period of time in exchange for consideration. Contracts determined to contain a lease are accounted for as leases. 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.

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.

The Corporation has elected not to recognize right–of–use assets and lease liabilities for leases that have a lease term of 12 months or less or for 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.

(k) Finance income and finance costs:

Finance costs comprise interest expense on borrowings, customer deposits and bank charges. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

3. Significant accounting policies (continued):

(l) Post–employment benefits:

The Corporation provides a pension plan for some of its full–time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi–employer pension plan that provides pensions for employees of Ontario municipalities, local boards and public utilities. OMERS is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by investment earnings. To the extent that the plan finds itself in an under–funded position, additional contribution rates may be assessed to participating employers and members.

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.

(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 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. Payments in lieu of taxes and payments under the Tax Acts are collectively 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.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

4. Accounts receivable:

	2020	2019
Customer accounts receivable	$ 1,628,915	$ 1,372,911
Other receivables	166,262	244,407
	1,795,177	1,617,318
Less: loss allowance	(6,500)	(6,500)
	$ 1,788,677	$ 1,610,818

5. Inventory:

The amount of inventory consumed by the Corporation and recognized as an expense during the year was $645,417 (2019 – $772,712). Inventory consumed consists primarily of parts used for repairs in the field.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

6. Property, plant and equipment:

	General Plant	Distribution Plant	Total
Cost or deemed cost			
Balance, January 1, 2020	$ 4,697,715	$ 33,774,731	$ 38,472,446
Additions	229,543	1,686,980	1,916,523
Disposals	(8,103)	-	(8,103)
Balance, December 31, 2020	$ 4,919,155	$ 35,461,711	$ 40,380,866
Balance, January 1, 2019	$ 4,339,815	$ 31,772,072	$ 36,111,887
Additions	381,528	2,029,403	2,410,931
Disposals	(23,628)	(26,744)	(50,372)
Balance, December 31, 2019	$ 4,697,715	$ 33,774,731	$ 38,472,446

	General Plant	Distribution Plant	Total
Accumulated amortization			
Balance, January 1, 2020	$ 1,403,136	$ 8,038,845	$ 9,441,981
Depreciation	237,653	1,037,035	1,274,688
Disposals/retirements	(6,488)	-	(6,488)
Balance, December 31, 2020	$ 1,634,301	$ 9,075,880	$ 10,710,181
Balance, January 1, 2019	$ 1,208,720	$ 7,053,550	$ 8,262,270
Depreciation	218,044	988,351	1,206,395
Disposals/retirements	(23,628)	(3,056)	(26,684)
Balance, December 31, 2019	$ 1,403,136	$ 8,038,845	$ 9,441,981
Carrying amounts			
December 31, 2020	$ 3,284,854	$ 26,385,831	$ 29,670,685
December 31, 2019	$ 3,294,579	$ 25,735,886	$ 29,030,465

At December 31, 2020, property plant and equipment with a carrying amount of $29,670,685 (2019 – $29,030,465) are subject to a general security agreement.

There were no borrowing costs capitalized as part of the cost of property, plant and equipment in 2020 and 2019. During the year, $94,041 (2019 – $86,344) of depreciation was capitalized during the year. As at December 31, 2020, $127,603 (2019 – $80,727) has been recognized as construction–in–progress included in other capital assets and not yet placed into service. During the year, $17,118 (2019 - $nil) was disposed of from construction-in-progress and recognized in profit or loss.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

7. Intangible assets:

	Computer software
Cost or deemed cost	
Balance, January 1, 2020	$ 834,907
Additions	48,021
Disposals	-
Balance, December 31, 2020	$ 882,928
Balance, January 1, 2019	$ 857,687
Additions	-
Disposals	(22,780)
Balance, December 31, 2019	$ 834,907
Accumulated amortization	
Balance, January 1, 2020	$ 791,097
Amortization	25,282
Disposals	-
Balance, December 31, 2020	$ 816,379
Balance, January 1, 2019	$ 780,514
Amortization	33,363
Disposals	(22,780)
Balance, December 31, 2019	$ 791,097
Carrying amounts	
December 31, 2020	$ 66,549
December 31, 2019	$ 43,810

8. Deferred revenue:

	2020	2019
Balance, beginning of year	$ 4,679,573	$ 4,610,923
Additions	461,764	214,248
Amortization	(154,859)	(145,598)
Balance, end of year	$ 4,986,478	$ 4,679,573

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

8. Deferred revenue (continued):

Deferred revenue relates to capital contributions received from customers and others. The amount of deferred revenue received is $4,986,478 (2019 – $4,679,573). Deferred revenue is recognized as revenue on a straight–line basis over the life of the related asset for which the contribution was received.

9. Income tax expense:

Current tax expense

	2020	2019
Current year	$ -	$ -
Adjustment for prior years	-	1,425
	$ -	$ 1,425

Deferred tax expense

	2020	2019
Origination and reversal of temporary differences	$ 216,299	$ 293,898

Reconciliation of effective tax rate

	2020	2019
Income before taxes	$ 603,352	$ 1,206,459
Canada and Ontario statutory Income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	159,888	319,712
Increase (decrease) in income taxes resulting from:		
Non–deductible expenses	319	714
Adjustment for prior years	287	1,333
Regulatory movements	55,805	(26,436)
Income tax expense	$ 216,299	$ 295,323

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Income tax expense (continued):

Components of the Corporation's deferred tax balances:

	2020	2019
Deferred tax assets:		
Non–capital losses	$ 168,252	$ 126,610
Deferred revenue	1,321,417	1,240,087
Other tax reserves	84,860	105,171
	$ 1,574,529	$ 1,471,868

	2020	2019
Deferred tax liabilities:		
Property, plant, equipment and intangibles	$(2,164,837)	$ (1,893,860)
Regulatory assets	(330,783)	(282,800)
	$(2,495,620)	$ (2,176,660)

10. Regulatory balances:

The Corporation has determined that certain debit and credit balances arising from rate–regulated activities qualify for regulatory accounting treatment in accordance with IFRS 14 and the OEB's prescribed accounting procedures for electricity distributors. The regulatory balances are comprised of regulatory debit variances of $2,587,060 (2019 – $1,836,060) and regulatory credit balances for $722,263 (2019 – $346,901) for a net regulatory asset of $1,864,797 (2019 – $1,489,159).

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three–month rate plus a spread of 25 basis points, with the exception of the tax balances. In 2020, the rate was 2.18% for the period January to June and 0.57% from July to December.

The regulatory balances for the Corporation consist of the following:

(a) Settlement variances:

This account includes the variances between amounts charged by the Corporation, based on regulated rates, and the corresponding cost of electricity and non–competitive electricity service costs incurred by the Corporation such as commodity charges, retail transmission rates and wholesale market services charges. The Corporation has deferred the variances and related recoveries in accordance with the criteria set out in the accounting principles prescribed by the OEB. This account also includes variances between the amounts approved for disposition by the OEB and the amounts collected or paid through OEB approved rate riders.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

10. Regulatory balances (continued):

(a) Settlement variances (continued):

Settlement variances are reviewed annually as part of a COS or IRM application submitted to the OEB and a request for disposition is made if the aggregate of the settlement accounts exceeds the OEB's prescribed materiality level.

In the Corporation's 2020 IRM application, submitted in August 2019, Grimsby Power obtained OEB approval for this disposition of the 2017 audited balances as they were above the OEB's prescribed materiality level. The OEB authorized the Corporation to dispose of a net debit balance of $514,512 through rate riders that take effect January 1, 2020 to December 31, 2020.

(b) Income taxes:

The customer asset/liability for deferred taxes variance account relates to the expected regulatory asset or liability relating to deferred taxes arising from timing differences in the determination of income taxes as well as CCA acceleration.

(c) Lost revenue adjustment mechanism:

This deferral account includes the lost revenue adjustment variances in relation to the conservation and demand management ("CDM") programs or activities undertaken by the Corporation in accordance with OEB prescribed requirements (e.g. licence, codes and guidelines).

(d) Other:

This deferral account includes the allowable costs associated with cost assessments, retail charges and other miscellaneous regulatory accounts.

Reconciliation of the carrying amount for each class of regulatory balances:

Regulatory deferral account debit balances	January 1, 2020	Additions/ transfers	Recovery/ reversal	December 31, 2020	Remaining years
Settlement variances	$ 1,112,430	$ 953,877	$ (501,612)	$ 1,564,695	1
Lost revenue adjustment mechanism	70,688	60,321	(223)	130,786	1
Other regulatory accounts	78,803	27,552	(13,484)	92,871	1
Income tax	574,139	224,569	-	798,708	Note 1
	$ 1,836,060	$ 1,266,319	$ (515,319)	$ 2,587,060	

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

10. Regulatory balances (continued):

(d) Other (continued):

Regulatory deferral account debit balances	January 1, 2019	Additions/ transfers	Recovery/ reversal	December 31, 2019	Remaining years
Settlement variances	$ 1,193,678	$ (81,248)	$ -	$ 1,112,430	2
Lost revenue adjustment mechanism	65,760	4,928	-	70,688	2
Other regulatory accounts	88,685	(9,882)	-	78,803	2
Income tax	108,887	465,252	-	574,139	Note 1
	$ 1,457,010	$ 379,050	$ -	$ 1,836,060	

Regulatory deferral account credit balances	January 1, 2020	Additions/ transfers	Recovery/ reversal	December 31, 2020	Remaining years
Settlement variances	$ 194,754	$ 315,852	$ -	$ 510,606	1
Income tax	152,147	59,510	-	211,657	Note 1
	$ 346,901	$ 375,362	$ -	$ 722,263	

Regulatory deferral account credit balances	January 1, 2019	Additions/ transfers	Recovery/ reversal	December 31, 2019	Remaining years
Settlement variances	$ 181,201	$ 13,553	$ -	$ 194,754	2
Income tax	-	152,147	-	152,147	Note 1
	$ 181,201	$ 165,700	$ -	$ 346,901	

Note 1 – these balances will be recovered over the life of the related capital assets.

The “Additions/transfers” column consists of new additions to regulatory balances (for both debits and credits). The “Recovery/reversal” column consists of amounts collected or paid through rate riders or transactions reversing an existing regulatory balance to recover. Recoveries and reversals occur as a result of the approval of an application. There were no reversals of regulatory balances for the year ended December 31, 2020.

11. Accounts payable and accrued liabilities:

	2020	2019
Accounts payable – energy purchases	$ 1,975,041	$ 2,341,382
Payroll payable	167,828	66,843
Interest payable	131,986	132,347
Trade payables	691,675	1,275,900
	$ 2,966,530	$ 3,816,472

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

12. Long–term debt:

Long term liabilities comprise promissory notes and term loans.

	2020	2019
Promissory note payable to the Town of Grimsby bearing interest at a rate of 4.54% per annum due February, 2022	$ 5,782,746	$ 5,782,746
TD term loan (for Smart Meters) with blended monthly instalments of $10,739, at a fixed rate of 2.68%, due May 2026	639,918	750,226
TD term loan (economic evaluation and term loan) with interest only instalments at a fixed rate of 2.58%, due February 2023	3,270,000	3,270,000
TD term loan (for bucket truck, and breakage fee) with blended monthly instalments of $40,539 at a fixed rate of 2.68%, due February 2027	2,763,200	3,170,505
TD term loan (for bucket truck and SCADA) with blended monthly instalments of $4,366 at a fixed rate of 2.68%, due April 2033	549,806	586,609
	13,005,670	13,560,086
Less: current portion of long–term debt	(568,739)	(555,203)
	$ 12,436,931	$ 13,004,883

All TD loans are secured by a General Security Agreement over the assets of the Corporation, as well as an assignment of fire insurance on inventory and equipment, assignment of liability insurance, and Postponement Agreement executed by the bank, the Corporation and the Town of Grimsby.

The Corporation holds a line of credit bearing interest at prime, which at December 31, 2020 was 2.45% (2019 - 3.95%). As at December 31, 2020, $2,090,000 (2019 – $530,000) was owing.

Based upon current repayment terms, the estimated annual principal repayments are as follows:

2021	$ 568,739
2022	6,366,916
2023	3,870,019
2024	616,173
2025	633,017
2026 and thereafter	950,806
	$ 13,005,670

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

13. Share capital:

	2020	2019
Authorized:		
Unlimited number of common shares		
Issued:		
1,001 common shares	$ 5,782,747	$ 5,782,747

Dividends:

The holders of the common shares are entitled to receive dividends from time to time.

For the year ended December 31, 2020, the Board of Directors of the Corporation declared and paid dividends to shareholders in the amount of $nil ($2019 - $ nil) per share totaling $nil (2019 - $ nil) on the outstanding preferred shares.

14. Revenue from contracts with customers and other sources:

	2020	2019
Revenue from contracts with customers:		
Energy sales	$ 35,890,085	$ 29,530,671
Distribution revenue	5,742,554	5,610,594
Ancillary services	93,099	110,555
Other regulatory service charges	34,431	53,965
Rental	82,450	81,556
	41,842,619	35,387,341
Revenue from other sources:		
Amortization of deferred revenue	154,859	145,598
Other	(19,313)	22,220
	$ 41,978,165	$ 35,555,159

The following table disaggregates revenues from contracts with customers by type of customer for energy sales and distribution revenue:

	2020	2019
Revenue from contracts with customers:		
Residential	$ 20,075,143	$ 16,562,051
Commercial	3,001,348	2,504,731
Large Users	18,146,692	15,578,106
Other	409,456	496,377
	$ 41,632,639	$ 35,141,265

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

15. Finance costs:

	2020	2019
Interest expense on long–term debt	$ 472,531	$ 467,775
Interest expense on customer deposits	1,852	6,169
Other	5,711	5,030
	$ 480,094	$ 478,974

16. Commitments and contingencies:

(a) General:

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

(b) 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, 2020, no assessments have been made.

(c) Letters of credit:

The Corporation has an irrevocable commercial letter of credit for contracted services with a third party service provider, of which $421,504 (2019 - $421,504) has posted with the third party service provider.

The Corporation also has a facility for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which $964,845 has posted with the IESO (2019 - $964,845).

17. Post–employment benefits:

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. The latest actuarial valuation as at December 31, 2020 reported a funding deficit of $3.2 billion (2019 - $3.4 billion). OMERS expects the contributions and policy changes made in response to the deficit to return the plan to a fully funded position by 2025. Contributions were made in the 2020 calendar year at rates ranging from 9.0% to 14.6% depending on the level of earnings. In 2020, the Corporation made employer contributions of $126,556 to OMERS (2019 – $140,003) of which $18,298 (2019 – $20,972) has been capitalized as part of property, plant and equipment and $108,258 (2019 – $119,030) has been recognized in profit or loss. The Corporation estimates that a contribution of $156,064 to OMERS will be made during the next fiscal year.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

18. Related party transactions:

(a) Parent and ultimate controlling party:

The sole shareholder of the Corporation is Niagara Power Incorporated ("NPI") which is owned by The Corporation of the Town of Grimsby and another related party. The Town of Grimsby produces consolidated financial statements that are available for public use.

The following summarizes the Corporation's related party transactions recorded at the exchange amount and balances with the Town of Grimsby and NPI for the year ended December 31:

	2020	2019
Revenue:		
Service revenue	$ 626,454	$ 691,231
Other	3,840	6,342
Expenses:		
Interest charges	262,898	262,537
Other expenses	58,773	58,730

These transactions have taken place in the ordinary course of business and are recorded at a fair market exchange amount. The Corporation also delivers electricity to the Town of Grimsby throughout the year for the electricity needs of the Town and its related organizations. Electricity deliver charges are at prices and terms approved by the OEB.

(b) Outstanding balances with related parties:

	2020	2019
Amounts due to related parties:		
Long–term debt	$ 5,782,746	$ 5,782,746
Due to related parties	26,984	11,165
Amounts due from related parties:		
Due from related parties	6,275	35

Amounts due to / from related parties are non–interest bearing with no fixed terms of repayment. Long–term debt bears interest at 4.54% per annum (see note 12).

In 2009, the Corporation migrated its billing system to a SAP platform. The Corporation has a contractual commitment to pay $6,396 per month for system administration and non–system related support to a related party.

GRIMSBY POWER INCORPORATED

Notes to Financial Statements (continued)

Year ended December 31, 2020

18. Related party transactions:

(c) Transaction with other related parties:

In the ordinary course of business, the corporation incurred the following transactions with other related parties under common control:

	2020	2019
Expenses:		
IT services	$ 88,296	$ 91,902
Other	7,885	1,056

(d) Key management personnel:

Key management personnel are comprised of the Corporation's senior executive officers and members of the Board of Directors. The compensation costs associated with key management personnel are as follows:

	2020	2019
Directors' fees	$ 36,367	$ 18,188
Salaries, bonuses and other short–term benefits	416,378	398,312
	$ 452,745	$ 416,500

19. Financial instruments and financial risk management:

Fair value disclosure

The carrying values of cash and cash equivalents, bank indebtedness, line of credit 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 TD term loans of $7,222,924 has a fair value estimated at $7,972,812 using a discount rate of 2.45%. This discount rate is determined using indicative quoted rates for instruments with approximately the same terms and credit risk.

The fair value of the notes payable to The Corporation of the Town of Grimsby is estimated at $6,365,000 using a discount rate of 2.38%. This discount rate is determined using indicative quoted rates for instruments with approximately the same terms and credit risk.

19. Financial instruments and financial risk management:

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, market risk and liquidity risk as well as related mitigation strategies are discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Corporation's exposure to all risks listed.

(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 Town of Grimsby. No single customer accounts for a balance in excess of 10% of total accounts receivable.

The carrying amount of accounts receivable is reduced through the use of an allowance for estimated credit losses 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, 2020 is $6,500 (2019 – $6,500). An loss allowance of $22,298 (2019 recovery of – ($85,720)) was recognized during the year in profit or loss.

The Corporation’s credit risk associated with accounts receivable is primarily related to payments from distribution customers. The Corporation’s credit risk associated with accounts receivable is primarily related to payments from its electricity distribution customers. As a result of the COVID-19 pandemic, certain of the Corporation’s customers have experienced loss of employment, business shut-downs and other disruptions. The extension of the OEB’s winter disconnection ban negatively impacted the Corporation’s ability to exercise the full extent of its collection tools to manage the credit risk. In response to the increased collection risk, the Corporation has increased its loss allowance for expected credit losses to adjust for the higher level of expected customer defaults on accounts receivable. The Corporation has estimated the expected credit losses using its historical loss rates and recent trends for customer collections along with current and forecasted economic conditions and data. There is a greater degree of estimation uncertainty over this loss estimate than in 2019. To support residential and small business customers struggling to pay their energy bills, the Government of Ontario provided funding for the COVID-19 Energy Assistance Program (“CEAP”). At December 31, 2020, approximately $28,308 (2019 – $14,587) is considered 60 days past due. The Corporation has over 11,000 (2019 – 11,000) 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. At December 31, 2020 the Corporation holds security deposits in the amount of $1,268,533 (2019 – $1,279,682).

19. Financial instruments and financial risk management (continued):

(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.

(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 $3,250,000 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, 2020, $2,090,000 (2019 – $530,000) had been drawn under the Corporation's credit facility.

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, to comply with covenants related to its credit facilities, to prudently manage 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, line of credit and long–term debt. As at December 31, 2020, shareholder's equity amounts to $11,982,778 (2019 – $11,220,087) and long–term debt amounts to $15,095,670 (2019 – $14,090,086).

20. Comparative information:

Certain comparative information has been reclassified to conform to the presentation adopted in the current year. There is no impact to profit or loss or equity as a result of reclassification.

COS CHECKLIST

The Cost of Service Checklist is attached as Exhibit 1, Tab 8, Attachment 1.

2022 Cost of Service Checklist

Grimsby Power Inc.

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Filing Requirement Page # Reference		Evidence Reference, Notes (Note: if requirement is not applicable, please provide reasons)
GENERAL REQUIREMENTS		
Ch 1, Pg. 2	Certification by a senior officer that the evidence filed is accurate, consistent and complete	Exhibit 1 Tab 4 Section 1
Ch 1, Pg. 3-4	Confidential Information - Practice Direction has been followed	- no request for confidentiality is being made
Ch 1, Pg. 4	Certification by a senior officer that the application and any evidence filed in support of the application does not include any personal information unless it is filed in accordance with Rule 9A of the OEB's Rules (and the Practice Direction, as applicable).	Exhibit 1 Tab 4 Section 1
Ch 2, Pg. 2	Statement identifying all deviations from Filing Requirements	Exhibit 1 Tab 4 Section 9
2	Chapter 2 appendices in PDF and live Microsoft Excel format; PDF and Excel copy of current tariff sheet	Ch. 2 PDF - Filed as standalone document Tariff PDFs - Exhibit 8, Tab 5, Attachments 1 & 2
3	If applicable, late applications filed after the commencement of the rate year for which the application is intended to set rates is converted to the following rate year.	N/A
3	If aligning rate year with fiscal year, application filed no later than the end of April of the year prior to the test year	N/A
4	Text searchable and bookmarked PDF documents	Confirmed
5	Links within Excel models not broken and models names so that they can be identified (e.g. RRWF instead of Attachment A)	Confirmed
5	Materiality threshold; additional details below the threshold if necessary (for rate base, capital expenditures and OM&A)	Exhibit 1 Tab 4, Section 16, Pg 12
EXHIBIT 1 - ADMINISTRATIVE DOCUMENTS		
Table of Contents		
6	Table of Contents listing major sections and subsections of the application. Electronic version of application appropriately bookmarked to provide direct access to each section.	Exhibit 1 Tab 1 Section 1 Pg 1
Executive Summary and Business Plan		
6	Summary identifying key elements of the proposals and the Business Plan underpinning application, as guided by the Rate Handbook including plain language information about its goals	Exhibit 1 Tab 3 Section 1
Customer Summary		
7	Brief but complete summary of the application that will be posted as a stand-alone document on the OEB's website for review by the general public and be made available to customers of the applicant. Must include: main requests (with section references), description of impacts of requests, bill impact for customer at 750kWh as well as a typical consumer for a distributor's service area for each of the residential and small business customer classes (bill impacts to be based on commodity rates based on	Combined with Application Summary per OEB letter of April 15 2021 re. "Pilots for Small Cost of Service Filers" (Appendix A). Exhibit 1 Tab 3 Section 1.
Administration		
7	Primary contact information (name, address, phone, fax, email)	Exhibit 1 Tab 4 Section 2 Pg 2
7	Identification of legal (or other) representation	Exhibit 1 Tab 4 Section 3 Pg 3
7	Applicant's internet address for viewing of application and any social media accounts used by the applicant to communicate with customers	Exhibit 1 Tab 4 Section 4 Pg 3
7	Statement identifying where notice should be published and why	Exhibit 1 Tab 4 Section 5 Pg 3
7	Bill impacts - distribution only impacts for 750 kWh residential and 2000 kWh GS<50 (sub-total A of Tariff Schedule and Bill Impact Spreadsheet Model) to be used for notice; proposed bill impacts based on alternative consumption profiles and customer groups as appropriate given consumption patterns of a distributors customers	Exhibit 1 Tab 4 Section 6 Pg 4
7	Form of hearing requested and why	Exhibit 1 Tab 4 Section 7 Pg 4
7	Requested effective date	Exhibit 1 Tab 4 Section 8 Pg 4
8	Statement identifying and describing any changes to methodologies used vs previous applications	Exhibit 1 Tab 4 Section 10 Pg 4
8	Identification of OEB directions from any previous OEB Decisions and/or Orders. The applicant must clearly indicate how these are being addressed in the current application (e.g., filing of a study as directed in a previous decision)	Exhibit 1 Tab 4 Section 11 Pg 5
8	Reference to Conditions of Service - LDC does not need to file Conditions of Service, but must provide reference to website and confirm version is current; identify if there are changes to Conditions of Service (a) since last CoS application or (b) as a result of the current application. Confirmation that there are no rates and charges linked in the Conditions of Service that are not in the distributor's Tariff of Rates and Charges must be provided	Exhibit 1 Tab 4 Section 12 Pg 5
8	Description of the corporate and utility organizational structure, showing the main units and executive and senior management positions within the utility. Include a corporate entities relationship chart, showing the extent to which the parent company is represented on the utility company's Board of Directors and a description of the reporting relationships between utility and parent company management. Also include any planned changes in corporate or operational structure, including any changes in	Exhibit 1 Tab 4 Section 13

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Filing Requirement Page # Reference		Evidence Reference, Notes (Note: if requirement is not applicable, please provide reasons)
8	List of approvals requested (and relevant section of legislation). All approvals including accounting orders, new rate classes, revised specific service charges or retail service charges which the distributor is seeking, must be separately identified in Appendix 2-A and clearly documented in the appropriate sections of the application - a PDF copy of Appendix 2-A should be provided in this section	Exhibit 1 Tab 4 Section 15
Distribution System Overview		
8	Description of Service Area (including map, communities served)	Exhibit 1 Tab 3 Attachment 1 Pg 3 of 36
8 & 9	Description of whether the distributor is a host distributor and/or embedded distributor. Identification of embedded and/or host distributors; if partially embedded provide %load from host distributor. If the distributor is a host, the applicant should identify whether there is a separate Embedded Distributor customer class or if any embedded distributors are included in other customer classes such as GS > 50 kW	Exhibit 2 Tab 3 Attachment 1 Pg 7
9	Statement as to whether or not the distributor has had any transmission or high voltage assets deemed by the OEB as distribution assets and whether or not there are any such assets the distributor is seeking approval for in this application	Exhibit 2 Tab 3 Attachment 1 Pg 7
Application Summary		
At a minimum, the items below must be provided. Applicants must also identify all proposed changes that will have a material impact on customers.		
9	Revenue Requirement - service RR, increase/decrease ($ and %) from change from previously approved and main drivers	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
9	Budgeting and Accounting Assumptions - economic overview (such as growth and inflation), and identification of accounting standard used for test year and brief explanation of impacts arising from any change in standards	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
9	Load Forecast Summary - load and customer growth, % change in kWh/kW and customer numbers from last OEB-approved, description of forecasting method(s) used for customer/connection and consumption/demand	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
9 & 10	Rate Base and DSP - major drivers of DSP, rate base for test year, change in rate base from last approved ($ and %), capital expenditures requested for the test year, change in capital expenditures from last approved ($ and %), summary of costs requested for renewable energy connections/expansions, smart grid, and regional planning initiatives, any O.Reg 339/09 planned recovery	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
10	OM&A Expense - OM&A for test year and change from last approved ($ and %), summary of drivers and cost trends, inflation assumed, total compensation for test year and change from last approved ($ and %).	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
10	Cost of Capital - summary table showing proposed capital structure and cost of capital parameters used in WACC. Statement regarding use of OEB's cost of capital parameters; summary of any deviations	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
10	Cost Allocation & Rate Design - summary of any deviations from OEB methodologies, significant changes proposed to revenue-to-cost ratios and fixed/variable splits and summary of proposed mitigation plans	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
10	Deferral and Variance Accounts - total disposition (RPP and non-RPP), disposition period, new accounts requested and any requested discontinuation of existing DVAs	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
10	Bill Impacts - total impacts ($ and %) for all classes for typical customers	Exhibit 1 Tab 3 Section 1, Exhibit 1 Tab 3 Attachment 1
Customer Engagement		
10 & 11	Discussion on how customers were informed of the proposals being considered for inclusion in the application and the value of those proposals to customers i.e. costs, benefits, and the impact on rates	Exhibit 1 Tab 5 Section 1
11	Discussion of any feedback provided by customers and how the feedback shaped the final application	Exhibit 1 Tab 5 Section 1
11	Impact of customer engagement activities on the development of the capital plan are to be filed as part of the capital plan requirements in Chapter 5	Exhibit 1 Tab 5 Section 1
11	Reference to any other communication sent to customers about the application i.e. bill inserts, town hall meetings or other forms of out reach and the feedback received from customers through these engagement activities. Provide summary of feedback received through engagement activities.	Exhibit 1 Tab 5 Section 1
11	Complete Appendix 2-AC Customer Engagement Activities Summary - explicit identification of the outcomes of customer engagement in terms of the impacts on the distributor's plans, and how that information has shaped the application	Exhibit 1 Tab 5 Section 1
11	All responses to matters raised in letters of comment filed with the OEB	N/A at date of filing
Performance Measurement		
11 & 12	Discussion of performance for each of the distributor's scorecard measures over the last five years; drivers for its performance, plans for continuous improvement currently and going forward	Exhibit 1 Tab 6 Section 2
12	Identify performance improvement targets, forecast of efficiency assessment using the PEG forecasting model for the test year, discussion on how the results obtained from the PEG model has informed the business plan and application	Exhibit 1 Tab 6 Section 2 Pg 10
12	Activity and Performance-based Benchmarking (APB) results - dicussion of performance for each of the ten programs and provide any immediate remedial actions distributor plans to take. Distributors may include how the APB results will infulence future planning	N/A
Facilitating Innovation		
13	In order to support the OEB's consideration of its new objective to facilitate innovation in the electricity sector, it would be helpful for distributors to include in their cost-based applications a description of the ways that their approach to innovation have shaped the proposals in the application. This could include an explanation of its approach to innovation in its business more generally, or related to specific projects, including enabling characteristics or constraints in its ability to undertake innovative solutions for enhancing the provision of distribution services in a way that benefits customers.	Exhibit 2 Tab 3 Attachment 1 Pg 19 5.2.1.h
Financial Information		April 15, 2021 OEB letter (Appendix A) removed this requirement
13	Non-consolidated Audited Financial Statements for 3 most recent historical years (i.e. 2 years statements must be filed, covering 3 years of historical actuals)	Exhibit 1 Tab 7 Section 1 Pg 1
13	Detailed reconciliation of AFS with regulatory financial results filed in the application, including a reconciliation of the fixed assets in order to, as one example, separate non-distribution business. This must include identification of any deviations that are being proposed between AFS and regulatory financial results, including the identification of any prior OEB approvals for such deviations	N/A

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Filing Requirement Page # Reference		Evidence Reference, Notes (Note: if requirement is not applicable, please provide reasons)
13	Annual Report and MD&A for most recent year of distributor and parent company, as available and applicable	N/A per April 15, 2021 OEB letter (Appendix A)
13	Rating Agency Reports, if available; Prospectuses, etc. for recent and planned public issuances	N/A
13	Any change in tax status	Exhibit 1 Tab 7 Section 5
13	Existing accounting orders and departures from these orders, as well as any departures from the USoA	Exhibit 1 Tab 7 Section 6
13	Accounting Standards used for financial statements and when adopted	Exhibit 1 Tab 7 Section 2
13 & 14	Confirmation that accounting treatment of any non-utility business has segregated activities from rate regulated activities	Exhibit 1 Tab 7 Section 8
Distributor Consolidation		
14	If a distributor has acquired or amalgamated with another distributor, identify any incentives that formed part of the acquisition or amalgamation transaction if the incentive represents costs that are being proposed to remain or enter rate base and/or revenue requirement. A distributor must specify whether any commitments made to	N/A
14	List of exhibits in application in which incentives are discussed	N/A
14	Description of actual savings as a result of consolidation compared to what was in the approved consolidation application and explanation of how savings are sustainable and the efficacy of any rate plan approved as part of the MAADs application	N/A

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Filing Requirement Page # Reference		Evidence Reference, Notes (Note: if requirement is not applicable, please provide reasons)
14	Identify approved ACM or ICM from a previous Price Cap IR application it proposes be incorporated into rate base	N/A
EXHIBIT 2 - RATE BASE		
Overview		
15	Completed Fixed Asset Continuity Schedule (Appendix 2-BA) - in Application and Excel format	Exhibit 2, Tab 1, Pg 11
15	For rate base, must include opening and closing balances, average of opening and closing balances for gross assets and accumulated depreciation (discussion of methodology if applicant uses an alternative method); working capital allowance (historical actuals, bridge and test year forecast)	Exhibit 2, Tab 1, Pg 2
15	Continuity statements (year end balance, including interest during construction and overheads). Explanation for any restatement (e.g. due to change in accounting standards) Year over year variance analysis; explanation where variance greater than materiality threshold Hist. OEB-Approved vs Hist. Actual (for the most recent historical OEB-approved year) Hist. Act. vs. preceding Hist. Act. (for the relevant number of years) Hist. Act. vs. Bridge Bridge vs. Test	Exhibit 2, Tab 1, Pg 3
15	Opening and closing balances of gross assets and accumulated depreciation must correspond to fixed asset continuity statements. If not, an explanation must be provided (e.g. CWIP, ARO). Reconciliation must be between net book value balances reported on Appendix 2-BA and balances included in rate base calculation	Exhibit 2 Tab 1 Section 1 Pg 3-10
16	Distributor may include in-service balances previously recorded in DVAs, such as MIST meters or renewable generation/smart grid related accounts, in its opening test year property, plant and equipment balances, if these costs have not been previously reviewed and approved for disposition, but disposition is being requested in this application. In this situation, the distributor must clearly show in its evidence (e.g. Appendix 2-BA) that the addition was included in the opening test year balances and must reconcile the closing bridge year and opening test year figures. Distributors must provide the same reconciliation for accumulated depreciation	N/A
Gross Assets - PP&E and Accumulated Depreciation		
16	Breakdown by function (transmission or high voltage plant, distribution plant, general plant, other plant) for required statements and analyses	Exhibit 2 Tab 1 Section 1 Pg 10
16	Breakdown by major plant account for each functionalized plant item; for test year, each plant item must be accompanied by description	Exhibit 2 Tab 1 Section 1 Pg 10
16	Summary of approved and actual costs for any ICM(s) and/ or ACM approved in previous IRM applications	N/A
16	Continuity statements must reconcile to calculated depreciation expenses under Exhibit 4 and presented by asset account	Exhibit 2 Tab 1 Section 1 Pg 10
16	All asset disposals clearly identified in the Chapter 2 Appendices for all historical, bridge and test years	Exhibit 2 Tab 1 Section 1 Pg 10
Allowance for Working Capital		
16 & 17	Working Capital - 7.5% allowance or Lead/Lag Study or Previous OEB Direction	Exhibit 2 Tab 1 Section 4 Pg 22
17	Lead/Lag Study - leads and lags measured in days, dollar-weighted	N/A
17	Cost of Power must be determined by split between RPP and non-RPP Class A and Class B customers based on actual data, use most current RPP (TOU) price, use current UTR. Calculation must include the impact of the most up to date Ontario Electricity Rebate, currently set at of 18.9% on the total bill. Distributors must complete Appendix 2-Z - Commodity Expense.	Chapter 2 Appendicies - 2-ZA & 2-ZB
Distribution System Plan and Capital Expenditures Summary		
18	DSP filed as a stand-alone document; a discrete element within Exhibit 2	Exhibit 2, Tab 3, Attachment 1
18	Overall summary of capital expenditures over the past five historical years, including the last OEB-approved amounts, as well as the bridge year and the test year. The summary must show capital expenditures, treatment of contributed capital, and additions and deductions from CWIP. As part of Exhibit 2, a distributor must also provide explanations of year-over-year variances and an explanation of the variance, if any, between the OEB-approved capital expenditure amount in the last rebasing year as	Exhibit 2, Tab 2, Pg 8
18	Complete Appendix 2-AB - four historical years must be actuals, forecasts for the bridge and test years; at a minimum, for historical years, applicants must provide actual totals for each DSP category.	Exhibit 2, Tab 2, Attachment 1
Policy Options for the Funding of Capital		
18 & 19	Distributor may propose ACM capital project coming into service during Price Cap IR (a discrete project documented in DSP). Provide cost and materiality calculations to demonstrate ACM qualification	N/A
18 & 19	Distributor must establish need for and prudence of these projects based on DSP information; identification that distributor is proposing ACM treatment for these future projects, preliminary cost information. The ACM Report provides further details on the information required.	N/A
19	Complete Capital Module Applicable to ACM and ICM	N/A
Addition of Previously Approved ACM and ICM Project Assets to Rate Base		
19 & 20	Distributor with previously approved ACM(s) and/or ICM(s) - schedule of ACM/ICM amounts proposed to be incorporated into rate base. The distributors must compare actual capital spending with OEB-approved amount and provide an explanation for variances	N/A
20	Balances in Account 1508 sub-accounts, reconciliation with proposed rate base amounts; recalculated revenue requirement should be compared with rate rider revenue	N/A
20 & 21	Accelerated capital cost allowance (CCA) should not be reflected in the ACM/ICM revenue requirement associated with these projects. Distributors should include the impact of the CCA rule change associated with the ACM/ICM project(s) in Account 1592 - PILs and Tax Variances – CCA Changes sub-account for CCA changes	N/A
Capitalization Policy		Exhibit 2, Tab 2, Pg -18
21	Capitalization policy including changes since its last rebasing application. Must identify the changes and the causes of the changes.	
Capitalization of Overhead		
21	Appendix 2-D complete; identification of burden rates and burden rates prior to changes, if any	Exhibit 2, Tab 2, Pg 20
Costs of Eligible Investments for the Connection of Qualifying Generation Facilities		

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22 & 23	Generation Facilities - If applicable, proposal to divide the costs of eligible investments between the distributor's ratepayers and all Ontario ratepayers per O.Reg. 330/09. Request for rate protection exceeds the materiality threshold in section 2.0.8 of the Filing Requirements - Appendices 2-FA through 2-FC identifying all eligible investments for recovery	Exhibit 2, Tab 2, Pg 21
Service Quality **23**	5 historical years of SQRs, explanation for any under-performance vs standard and actions taken. If available, any outcomes of such actions.	Exhibit 2, Tab 2, Pg 22
23	Completed Appendix 2-G; confirmation that the data is consistent with scorecard, or explanation of any inconsistencies	Exhibit 2, Tab 2, Pg 23
Ch5 p5	Where applicable, explanation for section headings other than Chapter 5 headings; cross reference table	Ch. 5 Hearings used, table of contents included in DSP
Ch5 p5-6	Distribution System Plan Overview - key elements, overview of how projects address customer preferences, sources of cost savings, period covered, vintage of information on investment drivers, changes to asset management process since last DSP filing, dependencies, projects related to grid modernization/distributed energy	Exhibit 2, Tab 3, Attachment 1, Pg 8
Ch5 p6-7	Coordinated Planning with 3rd parties - description of consultations - deliverables of the Regional Planning Process, or status of deliverables - relevant material documents provided to other participants in the process - IESO letter in relation to REG investments (Ch 5 p13) and Dx response letter	Exhibit 2, Tab 3, Attachment 1, Pg 22
Ch5 p8-9	Performance Measurement - identify and define methods and measures used to monitor DSP performance providing for each a brief description of its purpose, form (e.g. formula if quantitative metric) and driver (e.g. consumer, legislative, regulatory, corporate) - unit cost metrics for capital expenditures and O&M/customer, km of line, peak capacity as outlined in Appendix 5-A - summary of performance and trends over historical period. Must include SAIFI and SAIDI for all interruptions and all interruptions excluding loss of supply. Applicant should also provide a summary of Major Events that occurred since the last Cost of Service. For each cause interruption: Number of interruptions that occurred as a result of the cause of interruption, number of customer interruptions that occurred as a result of the cause of interruption, number of customer-hours of interruptions that occurred as a result of the cause of interruption. Explanation for any adverse deviations from trend of targets (including any established in a previously filed DSP) and any under-performance in SAIDI and SAIFI measures, and actions taken or to be taken to address the issues and any outcomes, if available. - explain how information has affected DSP	Exhibit 2, Tab 3, Attachment 1, Pg 25
Ch5 p9	Realized efficiencies due to smart meters -documented capital and operating efficiencies realized as a result of the deployment and operationalization of smart meters and related technologies. Both qualitative and quantitative descriptions should be provided	Exhibit 2, Tab 3, Attachment 1, Pg 46
Ch5 p10	Asset Management Process Overview - description of AM objectives/corporate goals and how Dx ranks objectives for prioritizing investments; Inputs/Outputs of the AM process and information flow for investments - flowchart accompanied by explanatory text recommended	Exhibit 2, Tab 3, Attachment 1, Pg 47
Ch5 p11	Overview of Assets Managed - description of service area (including evolution of features in forecast period affecting DSP), - description of system configuration including length (km) of underground and overhead systems, number and length of circuits by voltage level, and number and capacity of transformer stations - service profile and condition by asset type (tables and/or figures) - date data compiled - assessment of degree the capacity of system assets is utilized	Exhibit 2, Tab 3, Attachment 1, Pg 55
Ch5 p12	Asset Lifecycle Optimization - description of asset lifecycle optimization policies and practices, including asset replacement and refurbishment, maintenance planning criteria and assumptions - description of asset life cycle risk management policies and practices, assessment methods and approaches to mitigation	Exhibit 2, Tab 3, Attachment 1, Pg 63
Ch5 p12-13	System Capability Assessment for REG - REG applications > 10 kW, number and MW of REG connections for forecast period, capacity of Dx to connect REG, capacity constraints	Exhibit 2, Tab 3, Attachment 1, Pg 72
Ch5 p13-14	Capital Expenditure Plan - should set out and justify a distributor's proposed expenditures on its distribution system and (non-system) general plant over a five-year planning period, including investment and asset-related operating and maintenance expenditures. Distributors must provide overview of: customer engagement activities to obtain information on their preferences and how the results of assessing this information are reflected in the capital expenditure plan, how the distributor expects its system to develop over the next five years, including in relation to load and customer growth, climate change adaptation, grid modernization and/or the accommodation of forecasted REG projects	Exhibit 2, Tab 3, Attachment 1, Pg 74
Ch5 p14-15	Capital Expenditure Planning Process Overview - description of the analytical tools and methods used for risk management and its correlation to the capital expenditure plan - description of the process(es), tools and methods (including relevant linkages to the distributor's asset management process) used to identify, select, prioritize and pace the execution of projects/programs in each investment category - if different from that described above, the method and criteria used to prioritize REG investments - approach to assessing non-distribution system alternatives to relieving system capacity or operational constraints, including the role of Regional Planning Processes in identifying and assessing alternatives - strategy in taking advantage of opportunities that arise during system planning to implement cost-effective modernization of the distribution system (options, mechanisms that faciliate real time data and behind the meter services, investments necessary, adoption of innovative processes etc. - consideration of distribution rate funded CDM programs, that are not funded by the Global Adjustment Mechanism, to defer distribution infrastructure	Exhibit 2, Tab 3, Attachment 1, Pg 77
Ch5 p15-16	Rate-Funded Activities to Defer Distribution Infrastructure -CDM programs that target distributor-specific peak demand reductions to address a local constraint of the distribution system -demand response programs to reduce peak demand in order to defer capital investment -programs to improve the efficiency of the distribution system and reduce distribution losses -energy storage programs whose primary purpose is to defer specific capital spending for the distribution system	Exhibit 2, Tab 3, Attachment 1, Pg 85

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Ch5 p16-17	Capital Expenditure Summary - completed Appendix 2-AB for historical and forecast period - At a minimum, for historical years, applicants that have previously filed a DSP must provide the actual total expenditures in each DSP category. All years must be provided per the Chapter 5 investment categories. - description of the impacts of capital expenditures on O&M must be given for each year or a statement that the capital plans did not impact O&M costs - Explanations should be provided if there are material changes in the percentage a given investment category is of the total investment over the forecast period relative to actual spending over the historical period. In addition to the Plan vs. Actual variances for individual investment categories, explanations must be provided for the following: • Plan vs. Actual variances for the total plan for each year of the historical period • Variances in a given investment category that are trending much higher or lower over the historical period - Must also complete Chapter 2 Appendix 2-AA, along with explanations of variances by project or category, the proposed accounting treatments, a statement should be	Exhibit 2, Tab 3, Attachment 1, Pg 87
Ch5 p17	Justifying Capital Expenditures -filings must enable OEB to assess whether and how a distributor's DSP delivers value to customers, including by controlling costs in relation to its proposed investments through appropriate optimization, prioritization, and pacing of capital-related expenditures -distributors should also keep pace with technological changes and integrate cost-effective innovative projects and traditional planning needs such as load growth, asset condition and reliability	Exhibit 2, Tab 3, Attachment 1, Pg 96
Ch5 p17-18	Overall Plan - comparative expenditures by category over historical period, forecast impact of system investment on O&M, drivers of investments by category including historical trend and expected evolution of each driver over the forecast period, information related to Dx system capability assessment	Exhibit 2, Tab 3, Attachment 1, Pg 96
Ch5 p18-25	Material investments - For each project that meets materiality threshold set in Ch 2 General Information - total capital and, where applicable, (non-capitalized) O&M costs proposed for recovery in rates - any capital contributions made or forecast to be made to a transmitter with respect to a Connection and Cost Recovery Agreement (must include initial forecast used to calculate contribution, amount of contribution (if any), true-up dates and potential true-up payments - customer attachments - dates - risks - variances - REG investments - Information on total capital and OM&A costs associated with REG investment, if any, included in a project/program; and a description of how the REG investment is expected to improve the system's ability to accommodate the connection of REG facilities. Evaluation criteria and information requirements for each project/program - may include: efficiency, customer value, reliability, etc. See filing requirements for investment evaluation criteria and the qualitative or quantitative evidence that a distributor can use to demonstrate that an investment is consistent with these criteria Category specific requirements for each project - category-specific information and analyses should be used to support a project/program (or elements thereof as applicable). system access, system renewal, system service, general plant (as applicable) - see filing requirements for detailed discussion	Exhibit 2, Tab 3, Attachment 1, Pg 107
EXHIBIT 3 - OPERATING REVENUE		
Load and Revenue Forecasts		
23	Explanation of causes, assumptions and adjustments for volume forecast, including economic assumptions and data sources for customer and load forecasts	Exhibit 3, Tab 1, Section 2
23	Explanation of weather normalization methodology	Exhibit 3, Tab 1, Section 2, Pg 10-12
24	Completed Appendix 2-IB; the customer and load forecast for the test year must be entered on RRWF, Tab 10	Ch. 2 Appendices
24 & 25	Multivariate Regression Model - rationale for choice, regression statistics (including explanation for any resulting unintuitive relationships), explanation of weather normalization methodology, sources of data for endogenous and exogenous variables (where a variable has been constructed, a complete explanation of the variable data used and source), any binary variables used to either account for individual data points or to account for seasonal or cyclical trends or for discontinuities in the historical data (where such variable has been used, explanation and justification must be provided), explanation of any specific adjustments made; data used in load	Load Forecast Model Exhibit 3, Tab 1, Section 2, Pg 12-15
25	NAC Model - rationale for choice, data supporting NAC variables, description of accounting for CDM in historical period and how CDM impacts are factored into test year forecast), discussion of weather normalization considerations	N/A - Multivariance Regression Model used
CDM Adjustment for the Load Forecast for Distributors		
26	CDM Adjustment - If a distributor expects impacts from any CFF-related projects not deployed by April 2019 but for which a distributor is contractually obligated to complete, or for other programs delivered by the distributor after April 2019, a distributor may include these amounts as part of a CDM manual adjustment to the 2022 load forecast but must ensure that sufficient supporting evidence is provided for all estimated CDM savings	Exhibit 3, Tab 1, Section 3, Pg 29
26	If a distributor proposes a CDM adjustment to its 2022 load forecast, it should document the CDM savings to be used as the basis for the 2022 LRAMVA threshold. In addition, the allocation of the CDM savings for the LRAMVA and the load forecast adjustment should be provided by customer class and for both kWh and, as applicable to a customer class, kW. The distributor should document its proposal adequately, including how CDM savings will be tracked and reported in order to account for differences between forecast revenue loss attributable to CDM activity embedded in rates and actual revenue loss due to the impacts of CDM programs	N/A - No CDM Adjustment
26	Appendix 2-I - is provided as one approach for calculating the aggregate amounts for the LRAMVA and the corresponding CDM adjustment to the load forecast.	Ch. 2 Appendices
Accuracy of Load Forecast and Variance Analyses		
26	Completed Appendix 2-IB	Ch. 2 Appendices

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26	For customer/connection counts - identification as to whether customer/connection count is shown in year end or average format, year-over-year variances in changes of customer/connection counts with explanation of major changes, explanations of bridge and test year forecasts by rate class, for last rebasing variance analysis between last OEB-approved and actuals with explanations for material differences	Exhibit 3, Tab 2, Section 1, Pg 2
26 & 27	For consumption and demand - explanation to support how kWh are converted to kW for applicable demand-billed classes, year-over-year variances in kWh and kW by rate class and for system consumption overall (kWh) with explanations for material changes in the definition of or major changes over time (should be done for both historical actuals against each other and historical weather-normalized actuals over time), explanations of the bridge and test year forecasts by rate class, variance analysis between the last OEB-approved and the actual and weather-normalized actual results	Exhibit 3, Tab 1, Section 2, Pg 24-25
27	For revenues - calculation of bridge year forecast of revenues at existing rates; calculation of test year forecasted revenues at each of existing rates and proposed rates	Exhibit 3, Tab 2, Section 2, Pg. 11
27	With respect to average consumption, for each rate class, distributors are to provide weather-actual and weather-normalized average annual consumption or demand per customer as applicable for the rate class for last OEB approved and historical, weather normalized average annual consumption or demand per customer for the bridge and test years, explanation of the net change in average consumption from last OEB-approved and actuals from historical, bridge and test years based on year-over-year	Exhibit 3, Tab 1, Section 2, Pg 20-21 Exhibit 3, Tab 1, Section 2, Pg 22-23
Other Revenue		
28	Completed Appendix 2-H	Ch. 2 Appendices

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28	Variance analysis (including explanations for significant variances) - year over year, historical, bridge and test	Exhibit 3, Tab 3, Section 1, Pg 2-6
28	Any new proposed specific service charges, or proposed changes to rates or application of existing specific service charges	N/A
28	Revenue from affiliate transactions, shared services, corporate cost allocation as described in 2.4.3.2. For each affiliate transaction, identification of the service, the nature of the service provided to affiliate entities, accounts used to record the revenue and associated costs (Appendix 2-N)	Exhibit 3, Tab 3, Section 2, Pg 6-7
28	Accounts related to affiliate revenue and affiliate expense are shown in the footnote of Appendix 2-H	Ch. 2 Appendices
28	Balances recorded in Account 4375 and Account 4380 must reconcile to the balances recorded in Appendix 2-N – Shared Services and Corporate Allocation for the three historic years, the bridge year and the test year. Any differences must be reconciled	Ch. 2 Appendices
29	Identification of any discrete customer groups that may be materially impacted by changes to other rates and charges.	N/A
EXHIBIT 4 - OPERATING COSTS		
Overview		
29 & 30	Brief explanation of test year OM&A levels, cost drivers, significant changes, trends in costs including OM&A per customer (and its components) for the historical, bridge and test years, inflation rate assumed, business environment changes	Exhibit 4, Tab 1, Section 1, Pg 1
Summary and Cost Driver Tables		
30	Summary of recoverable OM&A expenses; Appendix 2-JA	Exhibit 4, Tab 2, Section 1, Pg 1
30	Recoverable OM&A cost drivers; Appendix 2-JB	Exhibit 4, Tab 2, Section 1, Pg 5
30	OM&A programs table; Appendix 2-JC	Exhibit 4, Tab 3, Section 1, Pg 1
30	Recoverable OM&A Cost per customer and per FTE; Appendix 2-L	Exhibit 4, Tab 2, Section 1, Pg 4
30	Identification of change in OM&A in test year in relation to change in capitalized overhead.	Exhibit 4, Tab 2, Section 1, Pg 15; Exhibit 2, Tab 2, Section 1, Pg 19
30	OM&A variance analysis for test year with respect to bridge and historical years; Appendix 2-D	Exhibit 4, Tab 2, Section 1, Pg 16
Program Delivery Costs with Variance Analysis		
30	Completed Appendix 2-JC OM&A Programs Table - completed by program; include variance analysis between test year costs against each of the last OEB approved costs and most recent actuals for variances that are outliers based on historical trend. The variance analysis should explain whether the change was within or outside the	Exhibit 4, Tab 3, Section 2, Pg 2
30 & 31	For each significant change within the applicant's control describe business decision that was made to manage the cost increase/decrease and the alternatives	Exhibit 4, Tab 3, Section 6, Pg 11
Workforce Planning and Employee Compensation		
31	Employee Compensation - completed Appendix 2-K	Exhibit 4, Tab 4, Section 1, Pg 1
31	Description of previous and proposed workforce plans, including compensation strategy	Exhibit 4, Tab 4, Section 2, Pg 2
31	Discussion of the outcomes of previous plans and how those outcomes have impacted their proposed plans including an explanation of the reasons for all material changes to headcount and compensation. Explanation for all years includes: - year over year variances, inflation rates used for forecasts, and the plan for any new employees - basis for performance pay, eligible employee groups, goals, measures, and review process for pay-for-performance plans, - relevant studies (e.g. compensation benchmarking)	Exhibit 4, Tab 4, Section 3, Pg 9
31	For virtual utilities - Appendix K completed in relation to the employees of the affiliates who are doing the work of the regulated utility. The status of pension funding and all assumptions used in the analysis must be provided. Three or fewer employees - the applicant must aggregate this category with the category to which it is most closely related. This higher level of aggregation must be continued, if required, to ensure that no category contains three or fewer employees.	N/A
32	Details of employee benefit programs including pensions, other post-employment retirement benefits (OPEBs), and other costs charged to OM&A. A breakdown of the pension and OPEBs amounts included in OM&A and capital must be provided for the last OEB-approved rebasing application, and for historical, bridge and test years	Exhibit 4, Tab 4, Section 3, Pg 22
32	Most recent actuarial report	N/A
32	Accounting method for pension and OPEBs; if cash method, sufficient supporting rationale. If proposing to change the basis in which pension and OPEB costs included in OM&A, quantification of impact of transition	N/A
Shared Services and Corporate Cost Allocation		
32	Identification of all shared services among affiliates and parent company; identification of the extent to which the applicant is a "virtual utility"	Exhibit 4, Tab 5, Section 1, Pg 1
32	Allocation methodology for corporate and shared services, pricing methodology, list of costs and allocators, including any third party review	Exhibit 4, Tab 5, Section 1, Pg 1
33	Completed Appendix 2-N for service provided or received for historical, bridge and test; including reconciliation with revenue included in Other Revenue	Exhibit 4, Tab 5, Section 1, Pg 2
33	Shared Service and Corporate Cost Variance analysis - test year vs last OEB approved and test year vs most recent actual	Exhibit 4, Tab 5, Section 1, Pg 2
33	Identification of any Board of Director costs for affiliates included in LDC costs	N/A
Non-Affiliate Services, One-Time Costs, Regulatory Costs		
33	Purchased Non-Affiliated Services - file a copy of procurement policy (signing authority, tendering process, non-affiliate service purchase compliance)	Not required as per April 15, 2021 OEB letter (Appendix A)
33	For material transactions that are not in compliance with procurement policy, or that were undertaken pursuant to exceptions contemplated within the policy, an explanation as to why as well as a summary of the nature and cost of the product, and a description of the specific methodology used for selecting the vendor	Exhibit 4, Tab 6, Section 1, Pg 1
33 & 34	Identification of one-time costs in historical, bridge, test; explanation of cost recovery in test (or future years). If no recovery of one-time costs is being proposed in the test year and subsequent IRM term, an explanation must be provided	Exhibit 4, Tab 6, Section 2, Pg 2

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34	Regulatory costs - breakdown of actual and anticipated regulatory costs, including OEB cost assessments and expenses related to the CoS application (e.g. legal fees, consultant fees), proposed recovery (i.e. amortized?) Completed Appendix 2-M	Exhibit 4, Tab 6, Section 3, Pg 3
34	Information supporting the incremental level of the costs associated with the preparation and review of the current application. In addition, the applicant must identify over what period the costs are proposed to be recovered. For distributors, the recovery period would normally be the duration of the expected cost of service plus IRM term under the Price Cap IR option (i.e. five years). If the applicant is proposing a different recovery period, it must explain why it believes this is appropriate.	Exhibit 4, Tab 6, Section 4, Pg 4

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LEAP, Charitable and Political Donations		
34	LEAP - the greater of 0.12% of forecasted service revenue requirement or $2,000 should be included in OM&A and recovered from all rate classes	Exhibit 4, Tab 7, Section 1, Pg 1
34	Detailed information for all contributions that are claimed for recovery	N/A
34	Charitable Donations - the applicant must confirm that no political contributions have been included for recovery	Exhibit 4, Tab 7, Section 2, Pg 2
Depreciation, Amortization and Depletion		
35	Explanations for any useful lives of an asset that are proposed that are not within the ranges contained in the Kinectrics Report	Exhibit 4, Tab 8, Section 1, Pg 1
35	Depreciation, Amortization and Depletion details by asset group for historical, bridge and test years. Include asset amount and rate of depreciation/amortization. Must complete Appendix 2-C which must agree to accumulated depreciation in Appendix 2-BA under rate base	Exhibit 4, Tab 8, Section 1, Pg 4
35	Identification of any Asset Retirement Obligations and associated depreciation, accretion expense	Exhibit 4, Tab 8, Section 1, Pg 1
35	Identification of historical depreciation practice and proposal for test year. Variances from half year rule must be documented and supporting rationale provided	Exhibit 4, Tab 8, Section 1, Pg 1
35	Copy of depreciation/amortization policy, or equivalent written description; summary of changes to depreciation/amortization policy since last CoS	Exhibit 4, Tab 8, Section 1, Pg 1
35	Explanation of any deviations from the practice of depreciating significant parts or components of PP&E separately	Exhibit 4, Tab 8, Section 1, Pg 1
36	For any depreciation expense policy or asset service lives changes since its last rebasing application: - identification of the changes and detailed explanation for the causes of the changes -use of Kinectrics study or another study to justify changes in useful life - list detailing all asset service lives tied to USoA, detail differences in TUL from Kinectrics and explain differences outside of minimum and maximum TUL range from Kinectrics; Appendix 2-BB if there have been changes in asset service lives since last rebasing	Exhibit 4, Tab 8, Section 1, Pg 3
Income Tax or PILs		
36	Completed version of the PILs model (PDF and Excel); derivation of adjustments for historical, bridge, test years	Exhibit 4, Tab 9, Section 1, Pg 2
36	Supporting schedules and calculations identifying reconciling items	Exhibit 4, Tab 9, Section 1, Pg 4
36	Most recent federal and provincial tax returns	Exhibit 4, Tab 9 Attachment 1
36	Financial Statements included with tax returns if different from those filed with application	N/A
37	Calculation of Tax Credits; redact where required (filing of unredacted versions is not required)	Exhibit 4, Tab 9, Attachment 1
37	Supporting schedules, calculations and explanations for other additions and deductions	Exhibit 4, Tab 9, Pg 3
37	Completion of the integrity checks in the PILs Model	Exhibit 4, Tab 9, Attachment 1
37 & 38	Accelerated CCA - Distributors must provide: the full revenue requirement impact recorded in Account 1592 and the balance sought for review and disposition, the method used in calculating the revenue requirement impact recorded in Account 1592, detailed calculations by year for the full revenue requirement impact recorded in	Exhibit 4, Tab 9, Attachment 1
Other Taxes		
38	Taxes other than income taxes or PILs, as defined in the APH (e.g. property taxes), should only be included in Account 6105, effective January 1, 2012. Account 6105 is not an OM&A account and should therefore be excluded from all OM&A totals. The applicant should provide an explanation of how these tax amounts are derived.	Exhibit 4, Tab 9, Attachment 1

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Non-recoverable and Disallowed Expenses		
38	Exclude from regulatory tax calculation any non-recoverable or disallowed expenses	Exhibit 4, Tab 9, Attachment 1
Conservation and Demand Management		
39	Statement confirming that costs directly attributable to CDM programs (e.g. staff labour dedicated to such programs) are not included in the revenue requirement to be recovered through distribution rates	Exhibit 4, Tab 10, Pg 1
Lost Revenue Adjusment Mechanism Variance Account		
39 - 44	Distributors must provide version 6 of LRAMVA Work Form (Excel) when making LRAMVA requests for remaining amounts related to CFF activity. An application for lost revenues should include: Final Verified Annual Reports if claiming lost revenues from savings from CDM programs delivered in 2017 or earlier, Participation and Cost reports in Excel format made available by the IESO. - Personal information and commercially sensitive information removed. An application for lost revenues should also provide: - statement identifying the year(s) of new lost revenues and prior year savings persistence claimed in the LRAMVA disposition - statement confirming LRAMVA based on verified savings results supported by the distributors final CDM Report and Persistence Savings Report (both filed in Excel format). - statement indicating that the distributor has relied on the most recent input assumptions available at the time of program evaluation - summary table with principal and carrying charges by rate class and resulting rate riders - statement providing the disposition period; rationale provided for disposing the balance in the LRAMVA if one or more classes do not generate significant rate riders - details for the forecasted CDM savings included in the LRAMVA calculation including reference to the OEBs approval, or an explanation if there are no forecast CDM savings - rationale confirming how rate class allocations for actual CDM savings were determined by class and program (Tab 3-A of LRAMVA Work Form) - statement confirming whether additional documentation was provided in support of projects that were not included in distributors final CDM Annual Report (Tab 8 of LRAMVA Work Form as applicable) - for a distributor's street lighting project(s) which may have been completed in collaboration with local municipalities, the following must be provided: Explanation of the methodology to calculate street lighting savings; Confirmation whether the street lighting savings were calculated in accordance with OEB-approved load profiles for street lighting projects; Confirmation whether the street lighting project(s) received funding from the IESO and the appropriate net-to-gross assumption used to calculate street lighting savings For the recovery of lost revenues related to demand savings from street light upgrades, distributors should provide the following information: o Explanation of the forecast demand savings from street lights, including assumptions built into the load forecast from the last CoS application o Confirmation that the street light upgrades represent incremental savings attributable to participation in the IESO program, and that any savings not attributable to the IESO program have been removed (for example, other upgrades under normal asset management plans) o Confirmation that the associated energy savings from the applicable IESO program have been removed from the LRAMVA workform so as not to double count savings (for example, if requesting lost revenue recovery for the demand savings from a street light upgrade program, the associated energy savings from the Retrofit program have been subtracted from the Retrofit total) o Confirmation that the distributor has received reports from the participating municipality that validate the number and type of bulbs replaced or retrofitted through the IESO program o A table, in live excel format, that shows the monthly breakdown of billed demand over the period of the street light upgrade project, and the detailed calculations of the change in billed demand due to the street light upgrade project (including data on number of bulbs, type of bulb replaced or retrofitted, average demand per bulb). For the recovery of lost revenues related to demand savings from other programs that are not included in the monthly Participation and Cost Reports of the IESO (for example Combined Heat and Power projects), distributors should provide the following information: The third party evaluation report that describes the methodology to calculate the demand savings achieved for the program year. In particular, if the proposed methodology is different than the evaluation approaches used by the IESO, an explanation must be provided explaining why the proposed approach is more appropriate, the rationale for net-to-gross assumptions used, a breakdown of billed demand and detailed level calculations in live excel format Participation and Cost Reports and detailed project level savings files made available by the IESO to support the clearance of energy- and/or demand-related LRAMVA balances where final verified results from the IESO are not available. These reports should be filed in excel format, similar to the previous Final Verified Annual Reports from 2015 to 2017. o If a distributor seeks to claim any additional program savings to December 31, 2020: - Related to CCF programs: an explanation must be provided as to how savings have been estimated based on the available data (i.e. IESO's Participation & Cost Reports) and/or	LRAMVA Workform Exhibit 4, Tab 11, Section 2
EXHIBIT 5 - COST OF CAPITAL AND CAPITAL STRUCTURE		
Capital Structure		
44	Statement that LDC adopts OEB's guidelines for cost of capital and confirms that updates will be done. Alternatively - utility specific cost of capital with supporting	Exhibit 5, Tab 1, Section 1, Pg 1
44	Completed Appendix 2-OA for last OEB approved and test year	Exhibit 5, Tab 1, Section 1, Pg 3
44	Completed Appendix 2-OB for historical, bridge and test years	Exhibit 5, Tab 1, Section 2, Pg 4
44	Explanation for any changes in capital structure	Exhibit 5, Tab 1, Section 1, Pg 2
Cost of Capital (Return on Equity and Cost of Debt)		
44	Calculation of cost for each capital component	Exhibit 5, Tab 1,Section 3, Pg 6
45	Profit or loss on redemption of debt	Exhibit 5, Tab ab 1, Section 3, Pg 9
45	Copies of promissory notes or other debt arrangements with affiliates	Exhibit 5, Tab 1, Attachment 1-5
45	Explanation of debt rate for each existing debt instrument including an explanation on how the debt rate was determined and is in compliance with the policies documented in the 2009 Report	Exhibit 5, Tab 1, Section 2, Pg 3
45	Forecast of new debt in bridge and test year - details including estimate of rate	N/A
45	If proposing any rate that is different from the OEB guidelines, a justification of the proposed rate(s), including key assumptions	N/A
45	Notional Debt - should attract the weighted average cost of actual long-term debt rather than the current deemed long-term debt rate issued by the OEB	Exhibit 5, Tab 1, Section 3, Pg 9
Not-for-Profit Corporations		
46	The requested capital structure and cost of capital (including the proposed cost of long-term and short-term debt and proposed return on equity)	Exhibit 5, Tab 1, Section 3, Pg 9

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46	Statement as to whether the revenues derived from the return on equity component of the cost of capital is to be used to build up operating and capital reserves or will be used for other purposes	N/A
46	If the revenues derived from the return on equity component of the cost of capital will be used to fund reserves, provide the specifications for each proposed reserve fund and a description of the governance (policies, procedures, sign-off authority, etc.) that will be applied	N/A
46	If the revenues derived from the return on equity component of the cost of capital will be used for other purposes, provide a statement as to whether these revenues will be used for non-distribution activities (in the situation where the excess revenues are greater than the amounts needed to fund distribution activities). Provide rationale supporting the use of the revenues in this manner. Also provide the governance (policies, procedures, sign-off authority, etc.) that will be applied to the funding of non-	N/A
46	If there are approved reserves from previous OEB decisions provide the following: -the limits of any capital and/or operating reserves as approved by the OEB, and identifying the decisions establishing these reserve accounts and their limits -the current balances of any established capital and/or operating reserves	N/A
EXHIBIT 6 - REVENUE DEFICIENCY/SUFFICIENCY		
47	Revenue deficiency or sufficiency calculations net of electricity price differentials captured in the Retail Settlement Variance Accounts (RSVAs) and also net of any cost associated with low voltage (LV) charges or DVA balances of distribution expenditures/revenues being tracked through approved deferral and variance accounts for certain distribution assets (e.g. ICM and ACM capital projects, MIST meters) and for which disposition is not being sought in the application.	Exhibit 6, Tab 1, Section 2
47	Summary of drivers for test year deficiency/sufficiency, how much each driver contributes; references in application evidence mapped to drivers	Exhibit 6, Tab 1, Section 3

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47	Impacts of any changes in methodologies to deficiency/sufficiency	Exhibit 6, Tab 1, Section 3
Revenue Requirement Work Form		
48	RRWF - in PDF and Excel. Revenue requirement, def/sufficiency, data entered in RRWF must correspond with other exhibits	Exhibit 6, Tab 1
48	If the enhanced RRWF cannot reflect a distributor's proposed rates accurately, the distributor must file its rate generator model	N/A
EXHIBIT 7 - COST ALLOCATION		
Cost Allocation Study Requirements		
48	Completed cost allocation study using the OEB-approved methodology or a comparable model must be filed reflecting future loads and costs and be supported by appropriate explanations and live Excel spreadsheets. Sheets 11 and 12 of the RRWF must also be completed. Updated load profiles or scaled version of HONI CAIF. Model must be consistent with test year load forecast, changes to customer classes and load profiles.	Exhibit 7, Tab 1, Attachment 1 (CA Model Sheets) Cost Allocation Model Exhibit 7, Tab 1, Scetion 2 (Load Profiles)
48 & 49	Explanation provided if a distributor is unable to update its load profiles and confirm that it intends to put plans in place to update its load profiles the next time a cost	Exhibit 7, Tab 1, Section 2, Pg 5
49	Provide spreadsheet and a description with example calculations to show how the demand data in the cost allocation model was derived from the load forecast and load	Exhibit 7, Tab 1, Attachment 2
49	Description of weighting factors, and rationale for use of default values (if applicable)	Exhibit 7, Tab 1, Section 1, Pg 2-4
49	Complete live Excel cost allocation model, whether using the OEB-issued one or a different model. If using the OEB-issued model, Input sheet I.2, cells c15 and c17 must be used to identify the final run of the model on each sheet. If using another model, the distributor must file equivalent information.	Cost Allocation Model filed
50	Host Distributor only - evidence of consultation with embedded Dx - statement regarding embedded Dx support for approach to allocation of costs - if embedded Dx is separate class - class in cost allocation study and RRWF, Sheet 11 - if new embedded Dx class - rationale and supporting evidence (cost of serving, load served, asset ownership information, distribution charges); include in cost allocation study and RRWF, Sheet 11 - if embedded Dx billed as GS customer - , include with the GS class in cost allocation model and Appendix 2-P. Provide cost of serving, load served, asset ownership information, distribution charges, appropriateness of rate class. File Appendix 2-Q.	Exhibit 7, Tab 1, Section 3, Pg 6-8 Exhibit 7, Tab 1, Attachment 3 (ED Correspondence) Exhibit 7, Tab 2, Attachment 1 (RRWF Sheet 11)
51	Unmetered Loads (including Street Lighting) - Confirmation of communication with unmetered load customers when proposing changes to the level of the rates and charges or the introduction of new rates and charges	Exhibit 7, Tab 1, Section 1, Pg 4
51	microFIT - if the applicant believes that it has unique circumstances which would justify a certain rate, appropriate documentation must be provided	Exhibit 7, Tab 1, Section 1, Pg 4
51	Standby Rates - distributors should request approval for its standby rates to be made final and provide evidence confirming that they have advised all affected customers of the proposal. A distributor that seeks changes to its standby charges, including a change in the methodology on which these rates are based, must provide full documentation supporting its proposal, and confirm that all affected customers have been notified of the proposed change(s).	N/A
51 & 52	New customer class or eliminated customer class - rationale and restatement of revenue requirement from previous CoS	N/A
Class Revenue Requirements		

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52	To support a proposal to rebalance rates, the distributor must provide information on the revenue by class that would apply if all rates were changed by a uniform percentage. Ratios must be compared with the ratios that will result from the rates being proposed by the distributor.	Exhibit 7, Tab 2, Section 2, Pg 2
Revenue to Cost Ratios		
53	If R:C ratios outside deadband based on model - distributors must include cost allocation proposal to bring them within the OEB-approved ranges. In making any such adjustments, distributors should address potential mitigation measures if the impact of the adjustments on the rates of any particular class or classes is significant.	Exhibit 7, Tab 2, Section 2, Pg 2
53	If distributor proposes to continue rebalancing rates after the cost of service test year, the ratios proposed for subsequent year(s) must be provided	N/A
53	If Cost Allocation Model other than OEB model used - exclude LV, exclude DVA such as smart meters	N/A
EXHIBIT 8 - RATE DESIGN		
54	Monthly fixed charges - 2 decimal places; variable charges - 4 decimal places	RRWF
Fixed Variable Proportion		
54	The following is to be provided in relation to the fixed/variable proportion of proposed rates: -Current F/V with supporting info -Proposed F/V proportion with explanation for any changes (billing determinants from proposed load forecast) -Table comparing current and proposed monthly fixed charges with the floor and ceiling as in cost allocation study Analysis must be net of rate adders, funding adders, and rate riders	 Exhibit 8, Tab 1, Section 1, Pg 2 Exhibit 8, Tab 1, Section 1, Pg 2 Exhibit 8, Tab 2, Section 1, Pg 2
Rate Design Policy		
55	Applicants that are still transitioning to fully fixed residential rates should refer to the approach to implementation of the policy, including mitigation expectations, was described in a letter from the OEB published on July 16, 2015	N/A
55	Fully fixed rate design for new charges applicable to the residential class provided that those charges are specifically related to the distribution of electricity. Pass-through costs (e.g. transmission rates, Low Voltage charges, and Group 1 deferral and variance accounts) and LRAMVA amounts are to continue to be recovered as variable charges because the distributor's costs vary with electricity usage. Previously approved distribution-specific charges or rate riders on a distributor's tariff should remain unchanged until they expire, even if they were declared interim.	Exhibit 8, Tab 2, Section 1, Pg 1
RTSRs		
55	Retail Transmission Service Rate Work Form - PDF and Excel	Exhibit 8, Tab 3, Attachment 1
55	RTSR information must be consistent with working capital allowance calculation; explanation for any differences	Exhibit 8, Tab 3, Section 1, Pg 1 Exhibit 2, Tab 1, Section 4, Pg 26
Retail Service Charges		
55	If proposing changes to Retail Service Charges or introduction of new rates and charges - evidence of consultation and notice, and results of consultation	Exhibit 8, Tab 3, Section 2, Pg 2
56	Distributors that are still using the Retail Service Costs Variance Accounts (RCVAs) will dispose of the balances and the RCVAs will be eliminated. Distributors should forecast retail services revenues based on the updated charges and include the costs of providing retail services in revenue requirement	Exhibit 9, Tab 1, Section 4, Pg 8
Regulatory Charges		
56	If applying for a rate other than the generic rate set by the OEB, distributors must provide justification as to why their specific circumstances would warrant a different rate, in addition to a detailed derivation of their proposed rate	N/A
Specific Service Charges		
56	Specific Service Charge description/purpose/reason for new and revised SSC; calculations to support charges	Exhibit 8, Tab 3, Section 4, Pg 2
56 & 57	Identification in the Application Summary all proposed changes that will have a material impact on customers, including charges that may affect a discrete group	Exhibit 1, Tab 3
57	Identification of any rates and charges in Conditions of Service that do not appear on tariff sheet. Explain nature of costs, provide schedule outlining revenues or capital contributions recovered from these rates from last OEB-approved year to 2020 and the revenue forecasted for the bridge and test years. A proposal and explanation as to whether these charges should be included on tariff sheet	N/A
57	Ensure revenue from SSCs corresponds with Operating Revenue evidence	Exhibit 3, Tab, 3, Section 1, Pg 2
Wireline Pole Attachment Charge		
58	Record the excess incremental revenue as of September 1, 2018 until the effective date of its rebased rates in a new variance account related to pole attachment charge. Distributors will need to refund the closing balance in the distributor's next cost of service application. Distributors may forecast a balance up to the effective date of its new rates, provided it can do so with reasonable accuracy, and the OEB may consider disposing of the forecasted amount and closing the account.	Exhibit 9, Tab 1, Section 3, Pg 7
57 & 58	OEB issued an Order which determined that the inflationary adjustment for 2021 would be suspended. The Order stated that the province-wide pole attachment charge of $44.50 will remain in effect as of January 1, 2021 on an interim basis, until further notice. The Order does not affect any distributor that has an approved distributor-	Exhibit 8, Tab 3, Section 5, Pg 2
Low Voltage Service Rates		
If the distributor is fully or partially embedded, information on the following must be provided:		
58	Forecast LV Cost	Exhibit 8, Tab 3, Section 6, Pg 3

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58	Actual LV Cost (historical, bridge, test), variances and explanations for substantive changes	Exhibit 8, Tab 3, Section 6, Pg 3
58	Support for forecast LV, e.g. Hydro One Sub-Transmission charges	Exhibit 8, Tab 3, Section 6, Pg 3
58	Allocation of forecasted LV cost to customer classes (typically proportional to Tx connection revenue)	Exhibit 8, Tab 3, Section 6, Pg 4
58	Proposed LV rates by customer class	Exhibit 8, Tab 3, Section 6, Pg 4
Smart Meter Entity Charge		
58	Distributor must follow accounting guidance provided on March 23, 2018	Exhibit 8, Tab 3, Section 7, Pg 4
Loss Factors		
59	Proposed SFLF and Total Loss Factor for test year	Exhibit 8, Tab 4, Section 1, Pg 2
59	Statement as to whether LDC is embedded including whether fully or partially	Exhibit 8, Tab 4, Section 1, Pg 1
59	Study of losses if required by previous decision	N/A
59	3-5 years of historical loss factor data - Completed Appendix 2-R	Exhibit 8, Tab 4, Section 1, Pg 2
59	If proposed loss factor >5%, explanation and action plan to reduce losses going forward	N/A
59	Explanation of SFLF if not standard	Exhibit 8, Tab 4, Section 1, Pg 2
Tariff of Rates and Charges		
59	Current and proposed Tariff of Rates and Charges filed in the Tariff Schedule/Bill Impacts Model - **must be filed in Excel format** Explanation and support of each change in the appropriate section of the application	Tariff Schedule and Bill Impact Model
59	Explanation of changes to terms and conditions of service if changes affect application of rates	Exhibit 8, Tab 5, Section 1
59	Proposed tariffs must include applicable regulatory charges, and any other generic rates as ordered by the OEB	Exhibit 8, Tab 5, Section 1
Revenue Reconciliation		
60	Calculations of revenue per class under current and proposed rates; reconciliation of rate class revenue and other revenue to total revenue requirement (i.e. breakout volumes, rates and revenues by rate component etc.)	Exhibit 8, Tab 2, Section 2
60	Completed RRWF - Sheet 13 - rates and charges entered on this sheet should be rounded to the same decimal places as tariff	RRWF
Bill Impact Information		
60	Completed Tariff Schedule and Bill Impacts Model. Bill impacts must identify existing rates, proposed changes to rates, and detailed bill impacts (including % change in distribution excluding pass through costs - Sub-Total A, % change in distribution - Sub-Total B, % change in delivery - Sub-Total C, and $ change in total bill)	Tariff Schedule and Bill Impact Model
60	Impact of changes resulting from the as-filed application on representative samples of end-users (i.e. volume, % rate change and revenue). Commodity and regulatory charges held constant	Exhibit 8, Tab 5, Section 3, Pg 4
60	Rates and charges input in the tariff schedule and Bill Impacts Model rounded to the decimal places as shown on the existing tariff	Tariff Schedule and Bill Impact Model
60	Bill impacts provided for typical customers and consumption levels. Must provide residential 750 kWh, residential at the lowest 10th percentile and GS<50 2,000 kWh. Bill impacts must be provided for a range of consumption levels relevant to the service territory.	Exhibit 8, Tab 5, Section 3, Pg 4
61	If applicable, for certain classes where one or more customers have unique consumption and demand patterns, the distributor must show a typical impact and provide an	N/A
Rate Mitigation		
61	For distributors still in the process of moving to fully fixed residential rates - refer to the approach to implementation of the policy, including mitigation expectations described in a letter from the OEB published on July 16, 2015. Distributors should also refer to the OEB's previous decision approving the extended implementation of fully fixed residential rates.	N/A
61	Mitigation plan if total bill increase for any customer class is >10% including: specification of class and magnitude of increase, description of mitigation measures, justification, revised impact calculation. The Tariff Schedule and Bill Impacts Model must reflect any mitigation plan proposed.	N/A
61 & 62	Rate Harmonization Plans, if applicable - including impact analysis	N/A
EXHIBIT 9 - DEFERRAL AND VARIANCE ACCOUNTS		
62	List of all outstanding DVA and sub-accounts; provide description of DVAs that were used differently than as described in the APH	Exhibit 9, Tab1, Section 1, Pg 3
62	Completed DVA continuity schedule for period following last disposition to present - live Excel format. Continuity schedule must show separate itemization of opening balances, annual adjustments, transactions, dispositions, interest and closing balances for all outstanding deferral and variance accounts. The opening principal amounts as well as the opening interest amounts for Group 1 and 2 balances, shown in the DVA Continuity Schedule, must reconcile with the last applicable approved closing	Exhibit 9, Tab 1, Attachment 9-2 Filed in Excel Format
62	Confirm use of interest rates established by the OEB by month or by quarter for each year	Exhibit 9, Tab 1, Section 2 Pg 3
62	Explanation if account balances in continuity schedule differs from trial balance in RRR and AFS. This includes all Account 1508 sub-accounts. A reconciliation of all the Account 1508 sub-accounts to the Account 1508 control account reported in the RRR is to be provided in the continuity schedule	Exhibit 9, Tab 1, Section 3 Pg 4
63	Identification of Group 2 accounts that will continue/discontinue going forward, with explanation	Exhibit 9, Tab 1, Section 4 Pg 6
63	Statement as to any new accounts, and justification.	Exhibit 9, Tab 1, Section 12 Pg 26

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63	Statement whether any adjustments made to DVA balances previously approved by OEB on final basis - the OEB expects that no adjustment will be made to any deferral and variance account balances previously approved by the OEB on a final basis. Distributors to refer to OEB letter of October 2019 in addressing accounting or other errors in respect of Group 1 deferral and variance accounts that have previously been disposed of by the OEB on a final basis. Applicants must provide explanations for the nature and the amounts of adjustments, and include appropriate supporting documentation, under a section titled "Adjustments to Deferral and Variance Accounts".	Exhibit 9, Tab 1, Section 1 Pg 1
63	Breakdown of energy sales and cost of power by USoA - as reported in AFS mapped and reconciled to USoA. Provide explanation if there are differences between the reported energy sales and cost of power expense	Exhibit 9, Tab 1, Section 5 Pg 10
63	Completed GA Analysis Workform for each year that has not previously been approved by the OEB for disposition irrespective of whether seeking disposition of the Account 1589 balance as part of current application. If the distributor is adjusting the Account 1589 balance that was previously approved on an interim basis, the GA Analysis Workform is required to be completed from the year after the distributor last received final disposition for Account 1589.	Exhibit 9, Tab 1, Attachement 9-3
64	Statement confirming distributor has complied with OEB guidance of February 21, 2019 on the accounting for Accounts 1588 and 1589	Exhibit 9, Tab 1, Section 11 Pg 26
Disposition of Deferral and Variance Accounts		
64	Identify all accounts for which LDC is seeking disposition; identify DVA for which LDC is not proposing disposition and the reasons why	Exhibit 9, Tab 1, Section 3 Pg 6
65	Statement whether DVA balances before forecasted interest match the last AFS; explain any variances	Exhibit 9, Tab 1, Section 1 Pg 2
64	If the RRR balances do not agree to the year-end balances in the continuity schedule, a distributor must reconcile and explain the difference(s).	Exhibit 9, Tab 1, Section 3 Pg 5
64	For any utility specific accounts requested for disposition (e.g. Account 1508 sub-accounts), supporting evidence showing how the annual balance is derived must be provided. The relevant accounting order must also be provided	Exhibit 9, Tab 1, Section 4 Pg 7 & Attachment 9-1
64	Request final disposition of residual balances for vintage Account 1595 sub-accounts only once. Distributors are expected to seek disposition of the audited account balance in the fourth rate year after the expiry of the rate rider. A completed 1595 Analysis Workform for residual balances that meet the eligibility requirements for dispositions of Account 1595 Sub-accounts must be filed	Exhibit 9, Tab 1, Section 6 Pg 15
64	Proposed mechanisms for disposition with all relevant calculations: - allocation of each account (including rationale) - proposed billing determinants, including charge type for recovery purposes - in accrodance with section 2.8.2, and include in cont. schedule	Exhibit 9, Tab 1, Section 6 Pg 13 & S8 Pg 17
64	Propose rate riders for recovery or refund of balances that are proposed for disposition. The default disposition period is one year; if the applicant is proposing an alternative recovery period must provide explanation	Exhibit 9, Tab 1, Section 8
65	Rate riders where volumetric rider is $0.0000 for one or more classes not included in the tariff for those classes	Exhibit 9, Tab 1, Section 8 Pg 18
65	Establish separate rate riders to recover balances in the RSVA's from Market Participants who must not be allocated the RSVA balances related to charges for which the MP's settle directly with the IESO	Exhibit 9, Tab 1, Section 7
65	Propose disposition of Account 1592 – PILs and Tax Variances, Sub-account CCA Changes (see 2.4.5.1 of filing requirements)	Exhibit 9, Tab 1, Section 4 Pg 9
Global Adjustment		
66	Establishment of a separate rate rider included in the delivery component of the bill that would apply prospectively to Non-RPP Class B customers when clearing balances from the GA Variance Account	Exhibit 9, Tab 1, Section 10 & S8 Pg 20
66	GA Analysis Workform in live Excel format for each year that has not previously been approved by the OEB for disposition (on an interim or final basis), irrespective of whether or not seeking disposition of Group 1 deferral and variance account balances. If the distributor is adjusting the Account 1589 GA balance that was previously approved on an interim basis, the GA Analysis Workform is required to be completed from the year after the distributor last received final disposition for Account 1589	Exhibit 9, Tab 1, Attachment 9-3
66	As part of Note 5 in the GA Analysis Workform, reconciliation of any discrepancy between the actual and expected balance by quantifying differences pertaining to factors such as true-ups between estimated and actual costs and/or revenues. Any remaining, unexplained discrepancy will be assessed for materiality and could prompt further analysis before disposition of the balance is approved. Any unexplained discrepancy that is greater than +/- 1% of the total annual IESO GA charges will be considered	Exhibit 9, Tab 1, Section 10 Pg 23
66	To further support a conclusion that GA charges have been appropriately allocated between customer classes, distributors must also perform a reasonability test for the balance in Account 1588. The reasonability test is included in the GA Analysis Workform.	Exhibit 9, Tab 1, Attachment 9-3
Commodity Accounts 1588 and 1589		
67	If a distributor has not implemented OEB's February 21, 2019 accounting guidance, it must indicate this	N/A Exhibit 9, Tab 1, Section 11 Pg 26
67	Indication of the year in which Account 1588 and Account 1589 balances were last approved for disposition, and whether the balances were approved on an interim or final basis. If the balances were last disposed on an interim basis, distributors should indicate the year in which balances were last disposed on a final basis.	Exhibit 9, Tab 1, Section 11 Pg 26 & Attachment 9-3
67	In order to request for final disposition of historical balances as part of the current application, distributors must provide confirmation that these balances have been considered in the context of the accounting guidance and provide a summary of the review performed. Distributors must also discuss the results of the review, whether any systemic issues were noted, and whether any material adjustments to those balances have been recorded. A summary and description of each adjustment made to	Exhibit 9, Tab 1, Section 11 Pg 26
67 & 68	Expectations of final disposition requests of commodity pass-through account balances are: - Interim disposition of historical balances or no disposition requested: some distributors may have received approval for interim disposition of historical account balances or did not request disposition of account balances in a prior rate application due to the threshold test. If these distributors have reviewed the balances in the context of the new accounting guidance and are confident that there are no systemic issues with their RPP settlement and related accounting processes, distributors may request final disposition of account balances. If these distributors identified errors or discrepancies that materially affect the ending account balances, utilities should adjust their account balances prior to requesting final disposition - No disposition of historical balacnes and concerns noted: distributors that did not receive approval for disposition of historical account balances due to concerns noted by	Exhibit 9, Tab 1, Section 11 Pg 26
68	If accounting guidance not fully implemented effective January 1, 2019, a distributor must provide an explanation as to why this guidance has not been implemented, the status of the implementation process, and the expected implementation date.	Exhibit 9, Tab 1, Section 11 Pg 26

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68	Certification by the CEO, CFO or equivalent that distributor has robust processes and internal controls in place for the preparation, review, verification and oversight of account balances being proposed for disposition	Exhibit 9, Tab 1, Section 13 Pg 27
Disposition of CBR Class B Variance		
68 & 69	Proposed disposition of Account 1580 sub-account CBR Class B in accordance with the CBR Accounting Guidance. Must be disposed over one year. - In the DVA continuity schedule, applicants must indicate whether they serve any Class A customers during the period where Account 1580 CBR Class B sub-account balance accumulated. In the event that the allocated CBR Class B amount results in a volumetric rate rider that rounds to zero at the fourth decimal place in one or more rate classes, the entire balance in Account 1580 CBR Class B sub-account will be added to the Account 1580 – WMS control account to be disposed through the general purpose Group 1 DVA rate riders - Account 1580 sub-account CBR Class A is not to be disposed through rates proceedings but rather follow the OEB's accounting guidance - The DVA continuity schedule will allocate the portion of Account 1580 sub-account CBR Class B allocated to customers who transitioned between Class A and Class B	Exhibit 9, Tab 1, Section 8 Pg 18
Disposition of Account 1595		
69	Applicants are expected to request disposition of residual balances in Account 1595 Sub-accounts for each vintage year only once, on a final basis	Exhibit 9, Tab 1, Section 6 Pg 15
70	Account 1595 Analysis Workform - live Excel - for distributors who meet the eligibility requirements for disposition of residual balances of Account 1595 sub-accounts	Exhibit 9, Tab 1, Section 6 Pg 15
70	Reconciliation of 1595 residual balance with any amounts that have yet to result in associated rate riders (for example, shared tax savings amounts that were previously approved to be transferred to Account 1595 for disposition at a later date).	Exhibit 9, Tab 1, Section 6 Pg 15
70	Material residual balances wil require further analysis, consisting of separating the components of the residual balances by each applicable rate rider and by customer rate class. Detailed explanations for any significant residual balances attributable to specific rate riders for each customer rate class. Explanations must include for example, volume differences between forecast volumes (used to calculate the rate riders) as compared to actual volumes at which the rate riders were billed.	Exhibit 9, Tab 1, Section 6 Pg 15
Retail Service Charges		
70 & 71	Retail Service Charges - if there is a balance in 1518 or 1548, distributor must: - confirm variances are incremental costs of providing retail services; identify drivers for balances - provide schedule identifying all revenues and expenses listed by USoA that are incorporated into the variances - state whether Article 490 of APH has been followed; explanation if not followed	Exhibit 9, Tab 1, Section 9
71	The OEB established a new variance account for electricity distributors that no longer used the RCVAs. The balance in the account would be refunded to ratepayers in a future rate application, and the new account subsequently closed. Distributors can forecast a balance up to the effective date of new rates and the OEB may consider disposing of the forecasted amount	Exhibit 9, Tab 1, Section 9
Establishment of New Deferral and Variance Accounts		
71	New DVA - information provided which addresses that the requested DVA meets the following criteria: causation, materiality, prudence; include draft accounting order.	Exhibit 9, Tab 1, Section 12 Pg 26