



ANNUAL REPORT 2020

TOWN OF COBOURG HOLDINGS INC.



Lakefront
Utility
Services
Inc.



Lakefront
Utilities
Inc.



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CORPORATE MISSION, VISION AND VALUES

CORPORATE MISSION

We are a community-based corporation dedicated to the responsible management and delivery of safe, reliable integrated services.

CORPORATE VISION

To be recognized as a company committed to innovation, prosperity, and service excellence, valued by our customers, and reinvesting in our community's future.

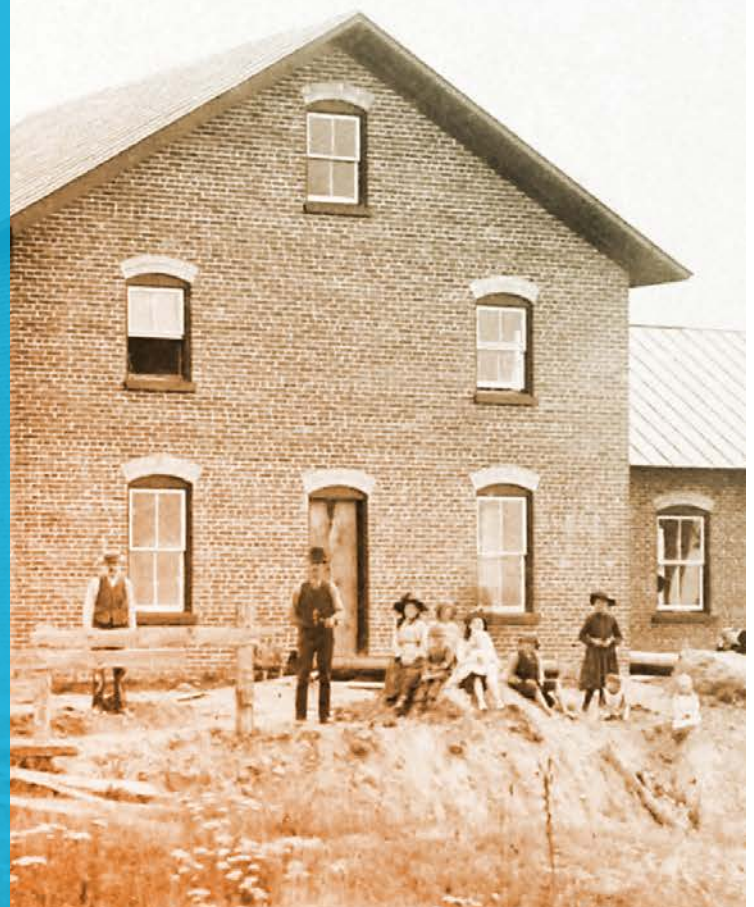
VALUES

Life: Nothing is more important than the health, safety, and well-being of employees and customers.

Unified: A locally owned company where all divisions work together to build one unified team providing reliable and integrated services to the community.

Service: The customer is why we are here. We provide excellent service by offering advice, delivering services, and providing solutions that contribute to the safety and comfort of our communities.

Innovation: We harness the power of relationships by collaborating with stakeholders to drive innovation and excellence.



A LETTER TO OUR CUSTOMERS

Town of Cobourg Holdings Inc. (Holdco) continues to provide safe, reliable, and cost-effective utility services to our customers in compliance with all applicable acts, regulations, and codes. Our services include electrical distribution, water treatment and supply, and the operation of a fibre optic network.

2020 was a particularly challenging year - both for our organization and for our customers - due to the COVID-19 pandemic. We were all forced to adapt and minimize exposure to the virus through social distancing and isolation. For our essential utility services, this posed particular challenges. While administrative staff were able to work from home through technology, it was necessary at times to close our office doors to protect both customers and staff. Both physical and procedural modifications were necessary to permit our safe re-opening.

Our essential water and electrical operations staff had to remain on duty throughout the pandemic to keep both the water treatment and distribution system and the electrical distribution system operational. This required splitting them into distinct teams scheduled to work at different times so that if one team was compromised by infection and needed to self-isolate, the other team could continue to keep services operational. We are quite proud of the dedication of all our staff to keeping our systems operational and also of their patience and adaptability in often stressful working conditions.

During this time, our three boards and our committees continued to meet on schedule through a variety of electronic means. The Directors continued providing the necessary oversight of our three corporations. All three boards were highly supportive of the leadership of the President and CEO in making the necessary operational changes to adhere to health service recommendations and protocols for safety - both for staff and customers - while enabling operations to continue without disruption.

When Provincial workplace standards during the pandemic were revised to allow construction, both Lakefront Utilities Inc. (LUI), our local electrical distribution company, and Lakefront Utility Services Inc. (LUSI), our waterworks department, undertook the capital projects that had been planned.

LUI continued to invest in distribution infrastructure to achieve sustained grid reliability through ongoing maintenance, replacement, upgrading and expansion. A key project was the replacement and upgrading of outdated electrical distribution services serving homes in the Pebble Beach area at a cost of \$750,000.

Once again LUI placed well in the annual Provincial Scorecard (available on-line) that compares and ranks all local distribution companies regardless of size.

Waterworks continued the deployment of "smart" water meters that read and monitor water flows continuously through radio frequency and automatically advises customers of leaks in their homes and businesses. Other key initiatives included the development of a Cobourg Drinking Water System Master Plan for water infrastructure and a Rate Study. Most importantly, Waterworks continued to maintain a Quality Management System that exceeded Drinking Water Quality Management Standards for the province of Ontario.

As we look forward to 2021, we recognize that the pandemic is not over and has an indeterminate endpoint. We will continue to operate in adaptive mode for as long as necessary. One of the changes driven by the pandemic is the shift to greater use of technology by all corporations including moving to electronic billing and payment. Over the past five years, our organization has been modernizing and transforming itself through technology. We aim to remain on this path to keep pace with the changing needs of our customers and with future development trends. This includes more social and environmental awareness by our boards in important decisions, promoting increased use of renewables, greenhouse gas emission reductions, and improved energy efficiency - all of which impact the company and our communities.

We hope that our customers recognize the benefits of having a local municipally owned utility. Many of our workers live in the community and are available for immediate response to emergencies. Our customers enjoy lower rates for both electricity and water than those in surrounding communities - in fact, lower than most areas of the Province. Unlike a remote larger entity which would have more competing priorities, we are able to give priority to co-ordinating with and supporting local projects.

Our three small boards - Town of Cobourg Holdings Inc. - and two subsidiary boards - Lakefront Utilities Inc. (electric) and Lakefront Utility Services Inc. (water) are led by Directors giving much of their required time to the challenge of running successful companies. The major challenge is three-part: keeping customer rates moderate while covering increasing operational costs; making appropriate investments in infrastructure to ensure the reliability of both the electric and water distribution systems and of the facilities that support them; and improving the long-term value of the assets while making prudent dividend payments to the Town of Cobourg when conditions permit.

Our outstanding staff is our major strength. We continue to recruit, evaluate, and retain employees and directors, ensuring that their qualifications, experience, and perspective collectively add value to the company while maintaining a commitment to serving the community.

The Town of Cobourg Holdings Inc. is pleased to present its annual report for the year ending December 31, 2020. The annual report communicates to residents, businesses, and stakeholders the results of Holdco's 2020 performance.



Dereck C. Paul
President & C.E.O.

Barry Gutteridge
Chair of Town of Cobourg Holdings Inc.

OUR COMPANY PROFILE

TOWN OF COBOURG HOLDINGS INC.

TOWN OF COBOURG HOLDINGS INC.

Incorporated under the Business Corporation Act (Ontario) on April 12, 2000, Town of Cobourg Holdings Inc. (Holdco) is an amalgamation of Lakefront Utilities Inc. and Lakefront Utility Services Inc. and serves over 10,300 residential and commercial customers. The Corporation of the Town of Cobourg is the majority shareholder of Holdco with the Township of Cramahe (Colborne) owning one share.

**"COMMITTED TO
INNOVATION,
PROSPERITY AND
SERVICE EXCELLENCE."**



LAKEFRONT UTILITIES INC. (LUI)

A regulated utility through which it distributes electricity and promotes energy conservation.

TOWN OF COBOURG HOLDINGS INC.

The Corporation of the Town of Cobourg is the majority shareholder of Holdco with the Township of Cramahe (Colborne) owning one share.



LAKEFRONT UTILITY SERVICES INC. (LUSI)

A non-regulated services company which provides services to municipalities related to the design, operation, and maintenance of water systems and high-speed dedicated data systems.

FUNCTIONS

	LUI	LUSI	Holdco	Waterworks Town of Cobourg
Regulated by the Ontario Energy Board	■		■	
Regulated by the Ministry of Environment				■
Operation of Colborne and Grafton water system		■	■	
Water quality services to Hamilton Township		■	■	
Fibre-optic high-speed dedicated data systems		■	■	
Distributes electricity	■		■	
Sale and treatment of water				■
Operation of Town of Cobourg water system				■
Solar - Venture 13		■	■	
Solar - Water Treatment Plant		■	■	
Electric, Water, Sewer Billing - Cobourg		■	■	
Water and Sewer Billing - Colborne		■	■	
Water Billing - Grafton		■	■	

BOARD OF DIRECTORS

The Board of Directors at The Town of Cobourg Holdings Inc. provide leadership by overseeing operations, approving business practices, policies, strategic goals and helping to guide management decisions. Holdco, its affiliates, Board of Directors, and management are committed to the highest standards of corporate governance and business ethics. Although not publicly traded, the Directors and management team target compliance with the corporate governance guidelines of the Canadian Securities Act and the requirements of the Ontario Energy Board's Affiliate Relationship Code.



BARRY GUTTERIDGE
CHAIR



DAVID TSUBOUCHI
VICE CHAIR



JOHN HENDERSON



MANDY MARTIN



PAUL HOUSE



ROBERT BELL



JOHN FARRELL

The Board of Directors is made up of members fully independent of management. The remuneration policy for members of the Board of Directors reflects the interests of the shareholders and the company, taking into consideration board members' required competencies, effort, and the scope of the board work, including the number of meetings. The Directors are reimbursed for their out-of-pocket expenses in attending Board and Committee meetings or otherwise in respect of the performance by them of their duties.

TOTAL BOARD REMUNERATION IN 2020:

Holdco (7 Members)	\$27,100
LUSI (4 Members)	\$10,800
LUI (5 Members)	\$7,500

Holdco's consolidated financial statement as at December 31, 2020 is available on Lakefront's website at lakefrontutilities.com/financial

BOARD OF DIRECTORS

Lakefront Utility Services Inc. (LUSI) is responsible for unregulated energy related businesses and manages the operation of the water distribution systems for the Town of Cobourg Waterworks, Village of Colborne, Township of Hamilton, and Hamlet of Grafton.

Other unregulated services include a dedicated fibre optic system and generation. LUSI continues to leverage the company's fibre assets to sell fibre optic capacity to other large corporations, government agencies, and healthcare and educational institutions.

LUSI also provides the human resources, administrative, financial, and operational services to Holdco and its subsidiaries, in compliance with applicable regulations.



PETER CHILIBECK
CHAIR



MARC COOMBS



ROBERT BELL



LUSI AT A GLANCE

50,212 Hours Worked with Zero Lost-Time Injury

1,605 Water Meters upgraded to Radio Frequency Meters in 2020

100% Compliance across all 4 Water Systems operated by LUSI

\$143,630 Net Income

\$0 Dividend

WATER INFRASTRUCTURE

2 Water Towers

7,783 Water Meters

209 km Water Distribution System

3,123,797 m³ Water Delivered

22,440 Service Area Population

LUSI REVENUE IS COMPRISED OF THE FOLLOWING:

\$101,742 Fibre

\$187,833 Management Fees

\$397,966 Operations

\$61,106 Interest

\$12,397 Solar – Venture 13

\$11,735 Solar – Water Treatment Plant

\$8,457 Miscellaneous Revenue

\$781,236 TOTAL REVENUE

LUSI NET INCOME & DIVIDEND

Dividend

94,500

\$223,000

\$200,00

\$150,000

\$125,000

\$0

Net Income

187,836

\$319,763

\$160,692

\$136,423

\$197,266

\$143,630

2015

2016

2017

2018

2019

2020

*The dividends exclude regulated income and have no effect on electric or water rates. Financial information at December 31, 2020 is consolidated with Lakefront Utilities Inc.

WATERWORKS AT A GLANCE

REVENUE, SURPLUS, ADDITIONS

Revenue-
Sale of Water

\$3,883,600

\$4,376,420

\$4,467,056

\$4,785,010

\$4,786,000

\$5,140,761

Annual
Surplus

\$453,729

\$863,062

\$860,866

\$982,634

\$923,264

\$1,137,978

Capital
Additions

\$1,552,341

\$2,010,344

\$1,831,747

\$3,215,496

\$3,065,847

\$3,546,882

2015

2016

2017

2018

2019

2020

WATERWORKS OF THE TOWN OF COBOURG

Waterworks, the operating authority for drinking water systems in Cobourg, prides itself on public safety. Waterworks is committed to maintaining a high level of trust, commitment, and accountability by consistently delivering high quality drinking water to over 9,000 customers. In 2020, this commitment was proven when the Cobourg water system received a final inspection rating of 100% during the Drinking Water System Inspection conducted by the Ministry of the Environment, Conservation and Parks.

Throughout 2020, Waterworks conducted mandatory sampling from source to tap. This constant process ensures compliance with all sampling and testing as required by Ontario Regulation 170/03. More information is provided in the 2020 Cobourg Drinking Water System Annual Report which is available at www.lakefrontutilities.com/regulatory-water

In 2020, Waterworks continued their multi-year Water Meter Replacement program, contracted to Neptune Technology Group. The installation of the new meters allows commercial and residential customers' usage to be read and monitored

through radio frequency (RF), and automatically advises customers of leaks in their homes and businesses. In 2020, 1,605 RF meters were installed before the program was suspended in December due to the increase of local cases of COVID-19. The safety of the community and of Lakefront staff and contractors is paramount to LUSI and the utility responded in the interest of public safety and accountability.

Financial and business-related decisions and priorities are guided by the Waterworks' Water Rate Study and Financial Plan. The plan acknowledges the importance of transparency, accountability, and the responsible management of financial resources. Revenue from the operation of Waterworks consists of profits related to the monthly base charge and usage charge. Although Waterworks generates a surplus, the amount is reinvested in the Town of Cobourg's water infrastructure.

Capital additions in 2020 were derived from long-term capital forecasts for Waterworks, as well as an assessment of the lifecycle replacement needs of the existing infrastructure. The prioritization of capital infrastructure replacement is based on safety, cost, and operational efficiencies.

2020 Waterworks Major Projects included:

Cobourg Water Treatment Plant

- Intake/Crib Repairs
- Raw Water Actuator Valve
- Waste Tank Pump #1 Replacement & Upgrade
- High Lift Motor 3 Rebuild

Cobourg Water Distribution System

- Matthew Street Watermain Replacement
- Distribution Sampling Stations
- Tower 2 Generator Upgrades
- Booster Station Generator Upgrades
- Purchase of Watermain Repair Truck

Miscellaneous

- Development of Water Master Plan
- Work Order Management System

As a growing municipality, Council and Lakefront seek to balance customers' increasing expectations with the cost of delivering municipal services. Water rate increases in recent years have reflected the requirement for the renewal of aging infrastructure. To minimize future rate implications, Waterworks has worked hard to minimize increases in its operating expenses in a proven effort to continue to provide customers with reasonable rates. For the period 2015 to 2020, Waterworks' operating expenses increased by an average of 1.93% which is consistent with inflation over the same period.

Below is analysis of Cobourg's 2020 water rates compared to other municipalities

Municipality	Monthly Base Charge (5/8")	\$/m3	Total	Base Charge	Volume Charge
City of Kawartha Lakes	\$31.17	\$2.72	\$808.79	\$374.04	\$434.75
Township of Alnwick/ Haldimand	\$35.96	\$2.11	\$769.12	\$431.52	\$337.60
Municipality of Port Hope	\$38.25	\$1.68	\$727.80	\$459.00	\$268.80
Township of Hamilton	\$39.92	\$1.31	\$689.07	\$479.00	\$210.07
Township of Cavan Monaghan	\$32.68	\$1.82	\$683.30	\$392.10	\$291.20
Township of Cramahe	\$22.79	\$2.06	\$603.08	\$273.48	\$329.60
City of Belleville	\$24.77	\$1.86	\$594.84	\$297.24	\$297.60
Municipality of Trent Hills	\$28.03	\$1.19	\$526.76	\$336.36	\$190.40
Peterborough Utilities Commission	\$21.79	\$1.42	\$489.02	\$261.48	\$227.54
City of Quinte West	\$22.00	\$1.26	\$465.60	\$264.00	\$201.60
Municipality of Brighton	\$22.00	\$1.14	\$446.40	\$264.00	\$182.40
Cobourg - 2021	\$14.74	\$1.47	\$412.08	\$176.88	\$235.20
Region of Durham	\$19.11	\$1.14	\$411.24	\$229.32	\$181.92
Cobourg - 2020	\$13.75	\$1.37	\$384.20	\$165.00	\$219.20

Waterworks' financial statement as at December 31, 2020 is available at www.lakefrontutilities.com/financial

LAKEFRONT UTILITIES INC.

Lakefront Utilities Inc. (LUI) holds the Ontario Energy Board license to own and operate an electricity distribution system which delivers electricity to customers in the Town of Cobourg and Village of Colborne. While LUI owns the wires, poles, transformers, and meters that bring electricity from the provincial electricity transmission grid to over 10,300 homes and businesses, the electrical system is operated by the employees of LUSI.

Lakefront Utilities Inc. generates revenue from charges to its customers for delivery of electricity through its low-voltage distribution system. Distribution charges have two components: a fixed monthly service charge and a volumetric charge based on electricity consumption or demand. LUI's rates are regulated and approved by the Ontario Energy Board.

The organization's sustainable and forward-thinking approach to financial management continues to serve the organization well as it responds to the ongoing growth and challenges within the community.



GIL BROCANIER,
CHAIR



BARRY GUTTERIDGE



DAVID TSUBOUCHI



LISA MILNE



MANUELA RIS-SCHOFIELD

NET INCOME

Interest paid to Town of Cobourg	\$507,500	\$507,500	\$507,500	\$507,500	\$507,500	\$260,400
Dividend	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	\$510,233	\$470,794	\$510,233	\$443,734	\$269,142	\$143,264
	2015	2016	2017	2018	2019	2020

LUI AT A GLANCE

99.77% First Contact Resolution

99.79% Billing Accuracy

6th lowest Residential Rates in the Province

4th lowest OM&A Cost per Customer in the Province

\$5,038,863 Total Shareholder Equity

\$271,176 Other Income

\$143,264 Net Income

\$0 Dividend

\$260,400 Interest to the Town of Cobourg

\$501 OM&A Cost per Customer

6,491 Electric Inbound Customer Calls

77.7% 2020 Customer Satisfaction Score

INFRASTRUCTURE

10,300 Customers

7 Distribution Stations

1,297 Distribution Transformers

10,789 Meters

3,718 Poles

189 Primary Switches

44,356 kW Peak Load

236,186,591 kWh Electricity Delivered

158 km of Overhead Line

65 km of Underground Line

27.64 km² Service Territory (urban)

24,300 Service Area Population

LUI's financial statement as at December 31, 2020 is available on Lakefront's website at lakefrontutilities.com/financial

LAKEFRONT UTILITIES INC.'S ELECTRICAL DISTRIBUTION SYSTEM

Annually, LUI's management and Board of Directors balance the programs, services, and infrastructure desired by the community while maintaining long-term financial sustainability through the annual budget. Lakefront's costs are essential in order to comply with the Distribution System Code, environmental requirements, government direction, and to maintain distribution business service quality and reliability at targeted performance levels. LUI continued its focus on operational efficiency in 2020, achieving the 4th lowest Operations, Maintenance and Administration (OM&A) cost per residential customer in the province.

At the beginning of the pandemic, Lakefront assessed its 2020 capital budget, analyzing each project to develop a fact base to support informed decision making. These facts included spending to date, committed spending, stoppage costs, measurement of expected benefits, customer impact, and risk trade-offs, to name a few. Despite the impacts from COVID-19, Lakefront did not experience any delays or disruptions in completing its scheduled 2020 capital projects.

LUI's capital expenditures in 2020 totalled \$2.1 million which included several infrastructure upgrades:

INFRASTRUCTURE UPGRADES

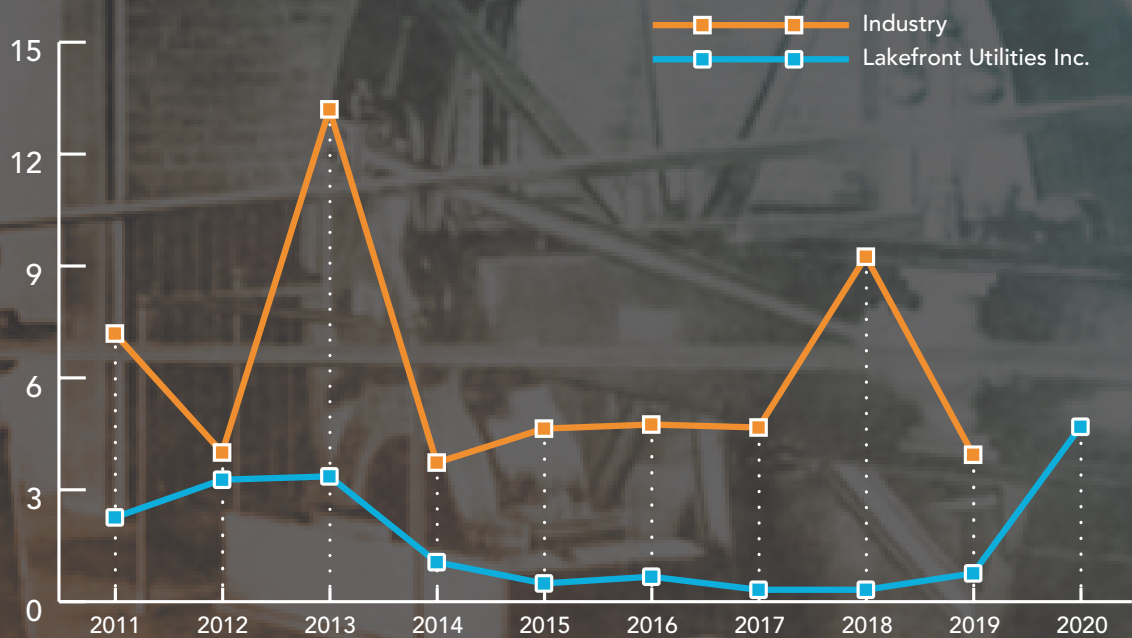
- Pebble Beach – Underground 27.6 kV voltage system conversion and transformer relocation
- Burnham Street - Overhead 27.6 kV voltage conversion
- King Street – Underground secondary servicing upgrades
- Kerr Street – New 27.6 kV voltage conversion
- Kerr Street - New pole line and additional streetlighting
- Overhead and Pad-mount Transformer Inspection and Replacement
- Overhead and Underground System Inspection and Infrastructure Replacement
- Annual Meter Testing and Replacement

SUBDIVISION DEVELOPMENTS/NEW CUSTOMER SERVICES

- New Amhurst, Cobourg
- East Village, Cobourg
- Foxtail Ridge, Colborne
- Cedar Shores, Cobourg

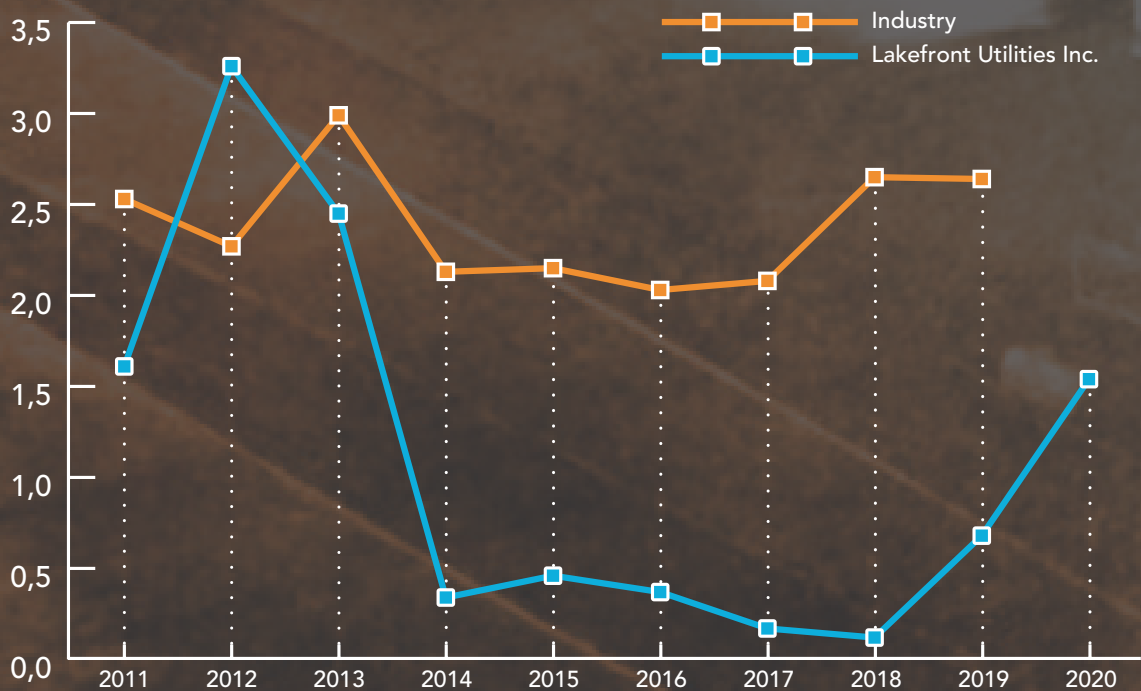


SAIDI



* SAIDI represents the number of hours the average customer's power is off in a year.

SAIFI



SAIFI represents the number of power interruptions the average customer experiences yearly.

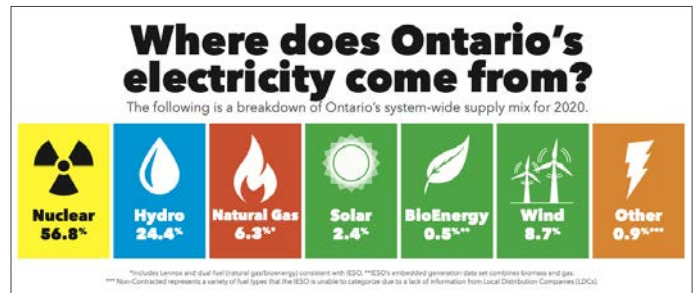
Holdco's corporate mission is the responsible management and delivery of safe and reliable integrated services. LUI's dedication to that mission is evident through their annual SAIDI and SAIFI statistics, which consistently exceed industry standards.

For 2020, LUI's average number of hours that power to a customer was interrupted was 4.69. This is a significant increase compared to prior years and compared to the target.

In July 2020, Lakefront had two significant power outages. On July 23, 2020, Lakefront had an outage that impacted 4,955 Cobourg customers. Crews were dispatched and discovered an issue at the Victoria Street substation in Cobourg. Lakefront engaged with a third-party contractor to replace the bus bars and clean the switchgear cells affected by the flash over. A second outage occurred on July 27, 2020 and impacted 7,705 Cobourg customers. All 27.6 kV Cobourg customers were being supplied at the time from the Brook Road substation due to the July 23rd outage and the ongoing work on the Victoria Street substation. It was discovered that a relay setting was not updated in 2015 when the transformer was replaced and was therefore set too low for the current loading conditions on the transformer. The relay was adjusted to its correct setting and the load was restored.

The average number of times that power to a customer is interrupted is another measure of system reliability and is also a high priority for Lakefront. LUI customers experienced interrupted power 1.54 times during 2020. As previously noted, the decrease in reliability is attributed to two outages in July 2020.

LUI is preparing a Distribution System Plan for their Cost of Service Rate Application which includes the purchase and installation of a third station transformer during the 5-year plan. The third transformer will significantly improve system redundancy and flexibility and meet future loading requirements due to natural load growth and the conversion of the remaining 4.16 KV customers to the 27.6 KV system.



FINANCE AND REGULATORY

Despite challenging conditions and operating environments, Holdco continued to focus on providing customers with essential services. Holdco delivered a stable underlying profit in 2020 and their capital structure continued to improve. A continued focus on cost reduction resulted in operating costs decreasing by 3.22%. Holdco's results for the past few years have shown a substantial improvement in its financial performance. In line with this trend, the 2020 financial year performance was generally positive, especially as the organization continued with initiatives for efficiency improvements, cost containment, as well as intensified collection.

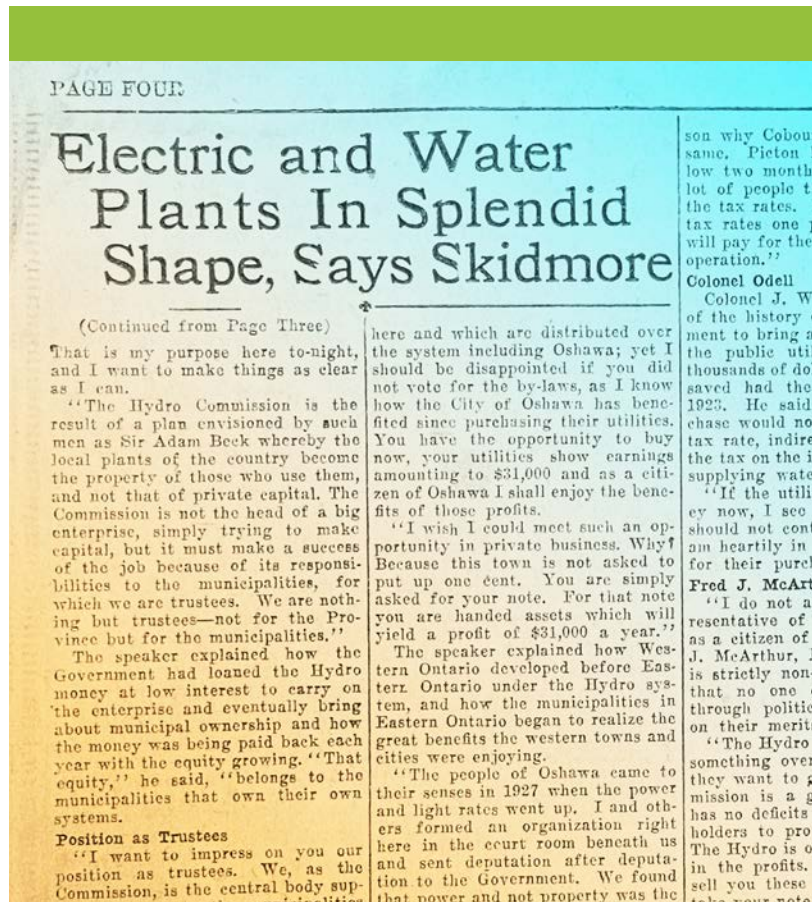
Holdco has a lot to celebrate from the past year as they have exceeded their goals across every financial metric. Holdco's operational expenditures have been maintained as they transform the business with better procurement outcomes, better processes, and technology innovation, while still maintaining a solid net income. Overall, this is a strong set of results from the business and a strong performance of which to be proud.

Unsurprisingly, there are challenges in the sector. While Holdco unreservedly respects the role of regulators in the industry, they find themselves in an environment which is continually shifting and demanding more from them as they seek to deliver more for customers. Supporting regulation that secures the future means engaging in constructive dialogue with the regulators who govern the sector. Over the long term Holdco endeavors to advocate for positive changes.

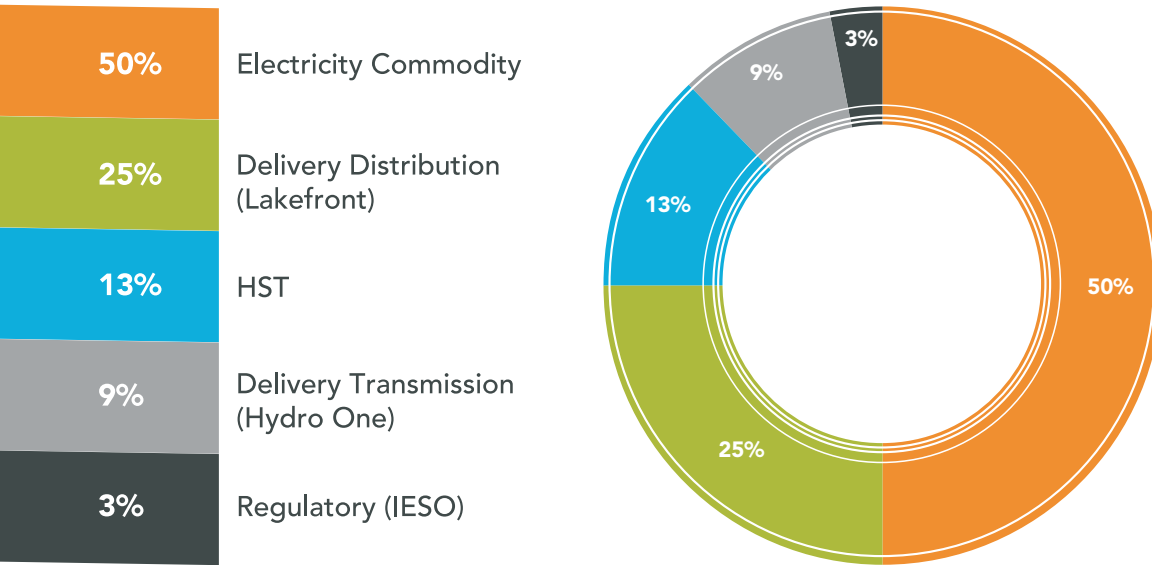
By successfully navigating the forces effecting Ontario's energy sector in 2020, Holdco kept the impact of these challenges on their income in check. This result was compounded by ongoing regulatory challenges that limited their ability to collect disconnection fees for non-payment and the cancellation of provincial conservation and demand management programs administered by local distribution companies. However, Holdco was able to mitigate these impacts by controlling operating expenses and continuing to implement their long-term business strategy of augmenting income from regulated activities with revenue from unregulated operations.

In 2020, Holdco invested \$2.1M in capital projects. These investments will enable them to make significant improvements in network reliability.

Costs and rates vary from one distributor to another, depending on factors such as the age and condition of assets, geographic terrain and distances served, population density and growth, and the proportion of residential to commercial and industrial consumers. LUI's distribution charge represents 25 percent of a customer's total electricity bill. LUI collects the whole amount but keeps only the distribution portion. The remainder is passed on, without mark-up, to regulators, the provincial government, and the other companies responsible for generating and transmitting electricity. LUI's distribution rates are set by the Ontario Energy Board (OEB), based on rate-change applications. The OEB permits distributors to file annual applications in order for their revenue to keep pace with inflation. Most distributors do not receive the full inflationary increase because the OEB includes a tangible incentive to improve efficiency, and to lower operating and capital costs where possible.

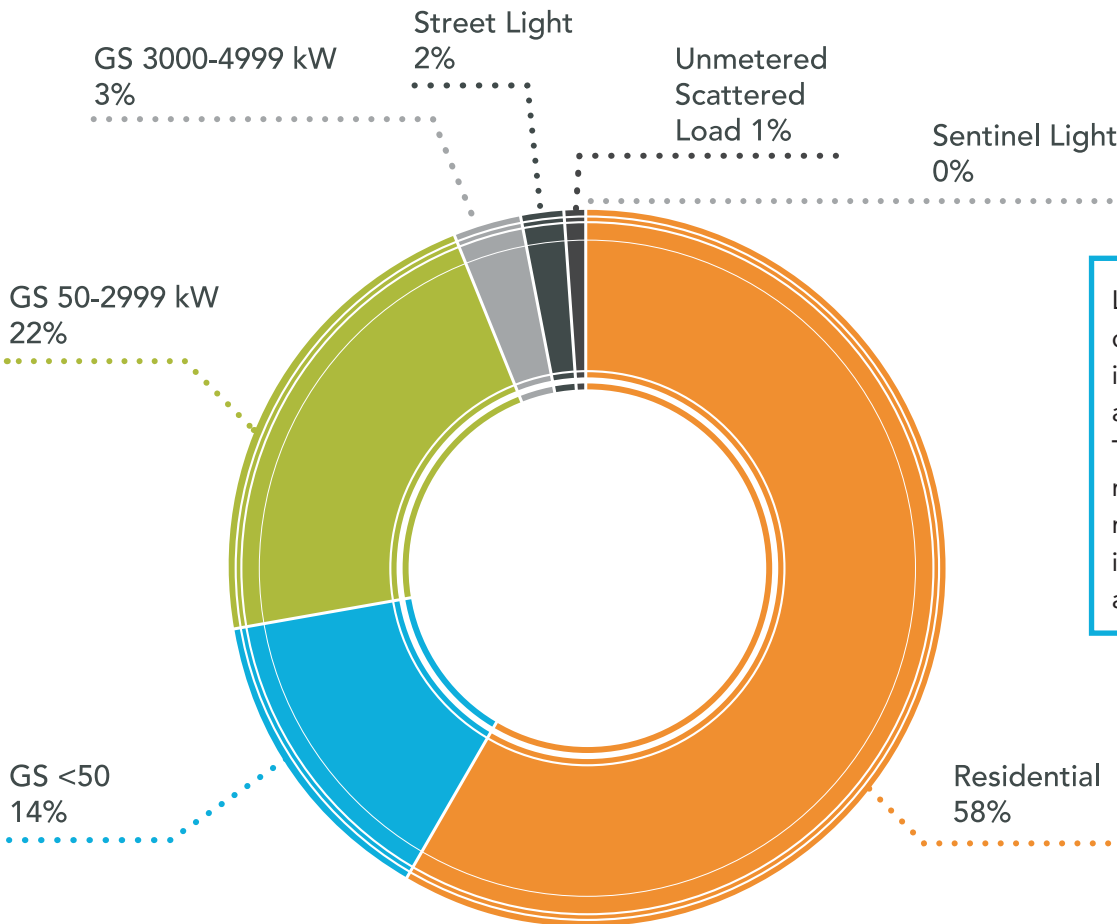


BREAKDOWN OF 750 KWH RESIDENTIAL BILL




LUI's 2020 residential rates are the sixth lowest in the Province. LUI's rates are a testament of the hard work and efforts that staff gives every day to the continued improvement of the utility and betterment of the community.

BREAKDOWN OF REVENUE



LUI has seven different customer classes that it bills based on rates approved by the OEB. The breakdown of revenue by customer class represented on this graph is only the distribution and volumetric charge.

PUBLIC UT



The essence of Lakefront's business strategy is to put the customer at the centre of everything they do. From the onset of the COVID-19 pandemic, Lakefront's leadership team prioritized working with their customers to strengthen relationships and assist them through challenging times. As customers were furloughed and retreated into isolation, a primary barometer of their customer experience was how the utility, that they depend upon to deliver essential services, worked to keep them safe, responded to their new needs, and demonstrated understanding and empathy.

Lakefront further prioritized their customers during the pandemic by:

- Listening and responding to their customers by submitting an enquiry to the OEB on March 16, 2020 regarding implementing a 24/7 fixed rate during the pandemic.
- Continuing to offer increased payment flexibility to customers experiencing hardship beyond the disconnection moratorium that ended July 31, 2020.
- Offering flexible payment arrangements to assist customers with paying their monthly bill.
- Removing all interested charges on outstanding balances effective March 16, 2020 until August 31, 2020.
- Increasing LEAP funding by \$3,000, for a total of \$8,580 in 2020.
- Offering the Provincial COVID-19 Energy Assistance Programs for both residential and small business customers.
- Implementing strict safety protocols, policies, and procedures to protect staff and the community.
- Suspending the Water Meter Replacement Program in December when local COVID-19 cases spiked.
- Introducing a cloud-based phone system allowing Customer Service Representatives to safely work from home while not interrupting timely service to customers.

All utilities in Ontario are mandated by the Ontario Energy Board to facilitate a biennial Customer Satisfaction Survey. The telephone survey was comprised of 402 randomly selected interviews of Lakefront Utilities' residential and general service under 50kW customers. Lakefront Utilities' 2020 Customer Satisfaction Index Score was 77.7%. The results from the Survey are used to drive continuous improvement in customer service.

Results from the 2020 Survey showed that 48% of customers ranked reliability as the most important aspect of customer service from the utility, while 31% indicated that price was the most important. 68% of customers also indicated that they are not willing to accept a higher price of electricity for improved reliability of service. In keeping with these findings, Lakefront is proud to have the sixth lowest

residential rates in the province and the fourth lowest Operations, Maintenance and Administration (OM&A) cost per customer, all while consistently exceeding industry standards for reliability.

Results from the 2020 Survey also revealed that 44% of LUI customers hold that their electricity bill has a major impact on their finances. Through community outreach, energy education, conservation and provincial programs, Lakefront Utilities Inc. prioritized helping customers reduce the burden felt by utility bills. LUI also promoted and supported programs that can reduce electricity bills such as the Ontario Electricity Support Program, Save On Energy provincial programs, the Affordability Fund, and the COVID-19 Energy Assistance Program for both residential and small business customers.

SATURDAY

V

COBOURG, SATURDAY

Personal Mention

Grace Mulhall left this week for Oshawa, where she has secured permanent position.

Mr. and Mrs. A. Caspersz, of Cranleigh, Surrey, England, were guests of Mr. and Mrs. A. Cochrane this week.

Helen Jex, of Bishop Bethune College, Oshawa, is in town visiting her parents, Mr. and Mrs. A. Jex.

Arthur Terry represented the O. L. at the provincial grand lodge of Ontario East L. O. L. at Windsor this week.

Card of Thanks

The brothers and sisters of the late Erick Holbeck desire to express their thanks to friends for their floral tributes and expressions of sympathy during their recent bereavement.

I. O. D. E.

A regular meeting of the I. O. D. E. will be held on Tuesday afternoon, March 27th, at 3:30 in the Grand Army Building. Please note the

Electrical System For Sale

For \$100,771.41 the Hydro Electric Power Commission offers to dispose of the electrical system to the town of Cobourg. This price does not include the utility equipment and office furniture valued at \$917.30 nor does it include stores, which would be disposed of at cost to the commission on the date of the disposal of the property. The commission also submitted an operating statement based upon conditions experienced by the commission during the year ending Oct. 31, 1927, but revised to meet conditions that would maintain under municipal ownership, providing for a 20 year municipal debenture to purchase the property.

The statement showed a revenue of \$70,375.72 and a net surplus of \$10,580.03, after providing for renewals and debenture payments for 20 years at 5½ per cent.

The matter was referred to a committee of the whole council to be dealt with later.

Public School Board Ask For Additional \$1500

Interest and Architect's Fees Add \$650 to Costs

At the regular meeting of the town council on Monday night a letter was received from the secretary of the Public School Board asking the council to increase the grant of \$16,500 to them by adding \$1500. It was pointed out in the letter that the architect's fees for preparing plans, etc. will amount to \$350 and a further \$300 will be necessary to take care of interest, etc. besides other improvement not figured on originally. The matter was laid on the table and will be taken up at a future meeting of the council.

No Appropriation For Deepening Harbor

Cost \$140,000 to Increase Depth From 12 to 18 Feet

Maybe Not Who Re

"I am not concerned that I should receive the amount being promised, but will be provided the work with and satisfaction," writes M. P., for Northumberland, council for the reing him for the i taken in the grant improvements. So will 1928 see the w ed?

Passing of Fident at

The death occurred on Monday, May 19, well known citizen the person of E widow of the late man, aged 85 years. Deceased was born and came to Cobourg years ago and resided

EVOLVING WITH TECHNOLOGY

The pandemic has accelerated the need for companies to adopt virtual and digital technologies to engage with their customers. For utility providers, this means offering online features that puts information and customer service at the fingertips of ratepayers, such as automatic updates, detailed usage reports, historical data, and online self-serve options. Lakefront has been adding to their digital customer service offerings for years through programs such as:

- Customer Portal SilverBlaze
- MailChimp eNewsletter campaigns
- Lakefront's Mobile Application
- Electronic Billing Option
- LiveChat Website Feature
- www.lakefrontutilities.com
- Social Media communications via Facebook and Twitter

Having a solid digital customer experience has had a positive impact on customer service ratings. Results from Lakefront's 2020 Customer Satisfaction survey proves that customers are moving most of their communications online with 59% indicating that email is their preferred method to stay in touch with the utility.

In 2020, Lakefront continued to invest in automating some of their operations to be more efficient and increase service to their customers. LUSI, with their contractors Neptune Technology Group, installed 1,605 Radio Frequency meters in the Town of Cobourg as part of their final phase of their Water Meter Replacement Program. These meters provide a more efficient means to read meters, as well as assist in billing accuracy and water conservation efforts.

LUI also continued with the development of their Outage Management System (OMS). The OMS is scheduled to have a customer-facing outage map to better communicate outage information, such as cause and estimated time for restoration, in Q3 2021. This technology will greatly improve customer service surrounding outages, as well as provide LUI staff with situational awareness and improved outage response.



INVESTING IN OUR COMMUNITY

Holdco embraces a corporate culture that gives back to the community it serves. The pandemic limited staff's ability to participate in the usual community fundraisers and endeavors in person. However Holdco's commitment to supporting the community through unprecedented times was even more paramount during 2020 and they increased their community support in a variety of ways to help their customers when and where it was needed most.

FOOD 4 ALL

In 2020, Lakefront Staff wanted to help those impacted by the COVID-19 pandemic and chose to direct their efforts towards Northumberland Food 4 All. Staff coordinated a food drive and LUSI generously offered to match each employee contribution, made via payroll deduction, to double the positive impact on the community. In total, Lakefront and staff donated a total of \$6,930 to Northumberland Food 4 All, plus boxes of non-perishable food and personal items.



SALVATION ARMY

Lakefront staff also coordinated a toy drive at the end of 2020 with the Salvation Army to help make the holidays a bit brighter for children in the community.



HELP CENTRE

In 2020 Lakefront Utilities increased their financial contribution to the Low-Income Energy Assistance Program, by presenting the Help Centre with a cheque for an additional \$3,000, bringing their annual contribution to \$8,580.



SCHOLARSHIP

Lakefront's multi-disciplinary scholarship program promotes and supports the academic pursuits of local students. In 2020, Lakefront awarded two \$1,000 renewable scholarships to students pursuing careers as Electrical Engineering Technicians. Lakefront is proud to support the next generation of professionals in the water and electricity fields, as investing in the future leaders of the industry will help to drive innovation.



PRIORITIZING SAFETY



The safety of employees and the community is of the utmost importance to Holdco and drives all decisions made by the organization. Measurable goals and objectives are in place to ensure that a culture of safety is cultivated at all levels of the organization.

The pandemic greatly impacted Lakefront’s operations and Lakefront reacted quickly in response. On March 23, 2020 Lakefront closed its doors to the public and implemented a shift rotation schedule. Staff in every department were split into two groups, performing essential, emergency, and filler work with very little to no contact with customers or the public. As well, all management and staff with laptop computers were directed to work from home on a rotating schedule. Weekly video conference calls were arranged to keep staff working as a team while staying apart.

This safety protocol was effective until July 11th when Lakefront decided to return to the normal 40-hour work week schedule. After implementing appropriate safety protocols, including plexiglass barriers and an electronic door entrance controlled by the Customer Service staff, Lakefront reopened its office at 207 Division Street on August 4th with reduced hours to the public. In December, Lakefront chose to close their office to the public once again when cases of COVID-19 in the community increased significantly.

Representatives from different departments at LUSI form the Joint Health and Safety Committee (JHSC) which meets bi-monthly to review recent inspections, discuss outstanding business, and prepare for any changes to safety codes. In 2020, the JHSC met 4 times, conducted a total of 48 worksite inspections, and reported 50,212 Hours Worked with No Lost-Time Injury.

In addition to regular safety training planned throughout the year, staff received extra training in response to the pandemic;

- Using Temperature Detection Cameras to Fight COVID-19
- How to Use a Medical Mask
- COVID-19 Employee Health & Safety Training

The Ontario Energy Board requires utilities to measure public electrical safety awareness among their customers via a biennial telephone survey. Lakefront maintains a score of 83 percent. This score reflects Lakefront’s efforts to promote safety and advance prevention through its integrated safety campaign which includes safety information on www.lakefrontutilities.com, seasonal social media campaigns, messages distributed via the Mobile Application, information in the quarterly Stay Connected newsletters, safety materials available in the front office, and topical electric safety information playing on Lakefront’s phone system.

SUPPORTING OUR PEOPLE

While remaining mindful of efficiency objectives, Holdco is committed to having an appropriately sized workforce in place to execute their corporate mission to provide safe, reliable, and integrated services. Holdco continuously adapts its corporate culture to stay competitive and current within the ever-evolving industry in order to attract and retain a skilled and adaptable workforce. In 2020, LUSI had 34 FTE, with 17 FTE working specifically for LUI.

Training and development are identified as one of LUSI's levers with the highest potential for improving collaboration between workers, attracting, and retaining great employees, making the company a better place to work, and increasing job satisfaction and morale among employees. In 2020, much of

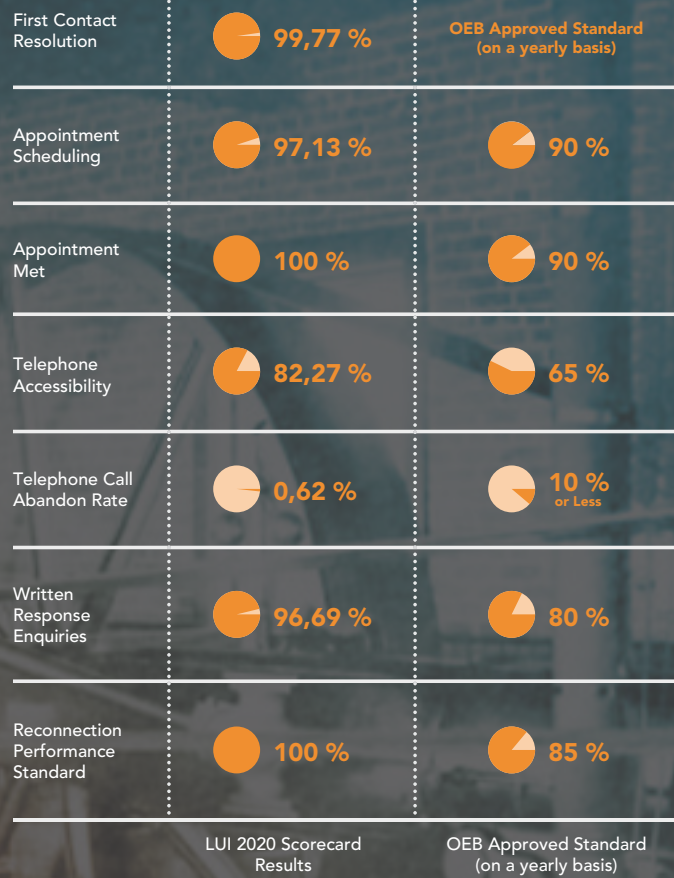
the scheduled training was postponed or cancelled due to the pandemic, however new training courses emerged in response, such as Talent Management Post COVID-19.

Lakefront increased their supports to workers in 2020 due to the pandemic by prioritizing staff's mental health. Lakefront temporarily reduced on-site work hours, while maintaining the same wages, to allow everyone to spend valuable time with family during the challenging situation. Lakefront also leveraged their membership to the Employee Assistance Program by highlighting and encouraging use of the resources and programs available to staff during the difficult time.

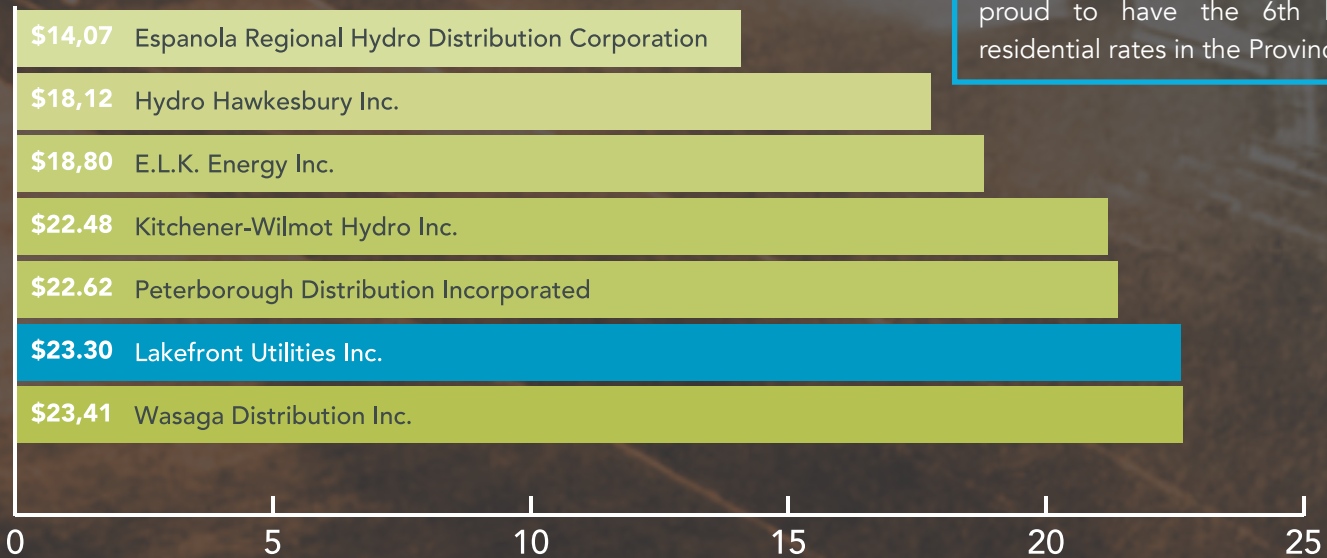


EXCEEDING STANDARDS AND EXPECTATIONS

Utilizing the scorecard approach, designed by the Ontario Energy Board, Lakefront Utilities Inc. monitors its performance in key areas as compared to other utilities. The standardized scorecard encourages electricity distributors to operate effectively, continually improve productivity, and focus on improvements that customers value by evaluating utilities based on a series of standard metrics. The scorecard summary demonstrates LUI's commitment to exceptional customer service in 2020.



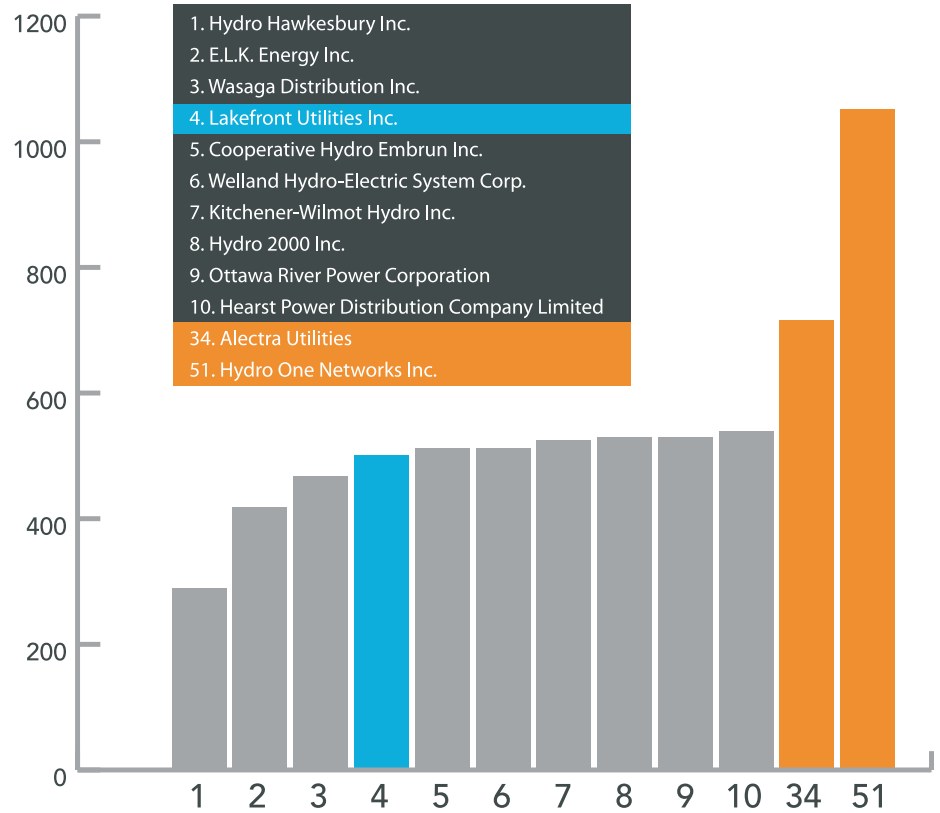
RESIDENTIAL RATE CHART 2020



LUI's residential rates are a testament of the hard work, efforts, and prudent financial management of staff. In 2020, Lakefront was proud to have the 6th lowest residential rates in the Province.

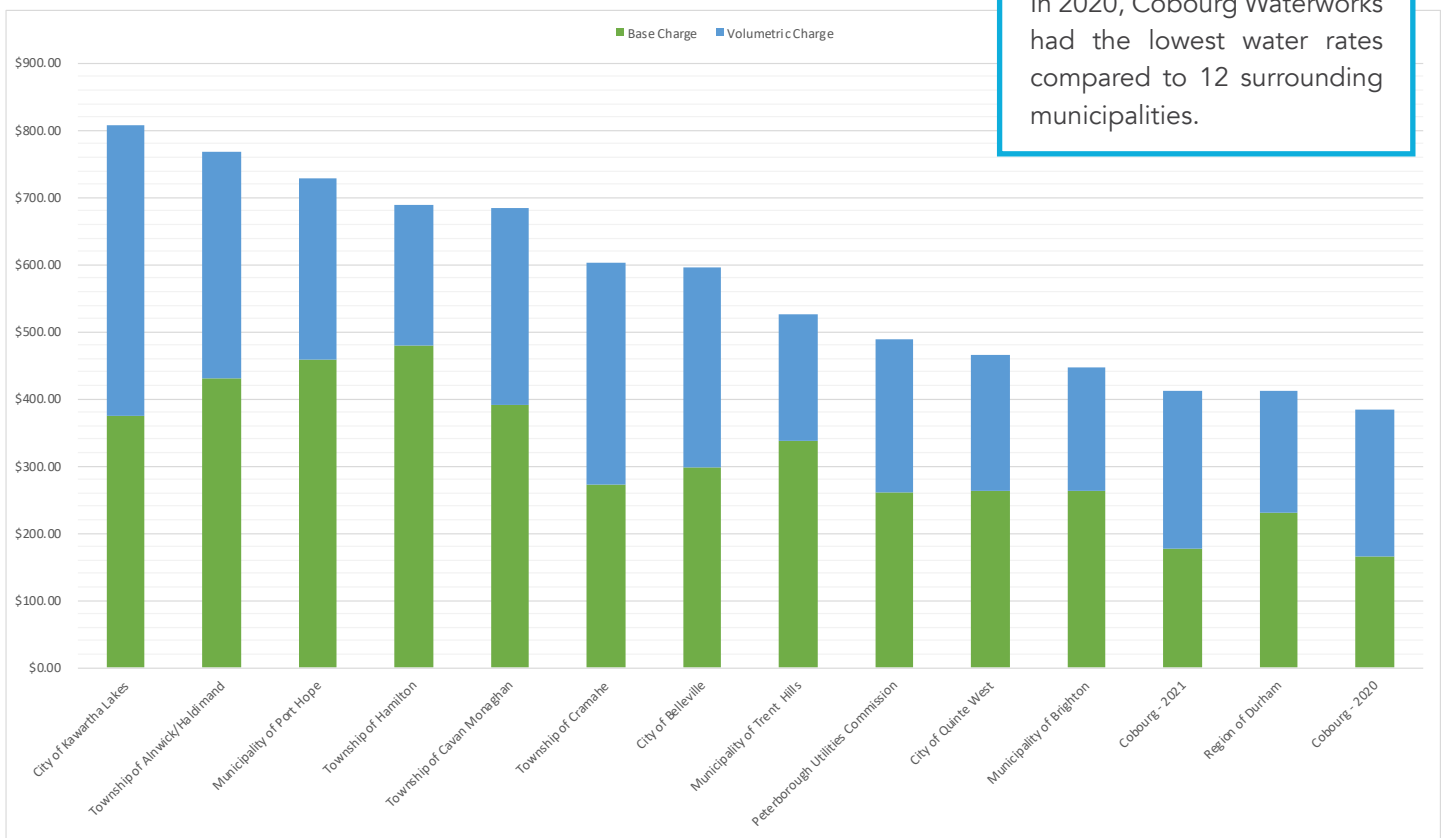
OM&A

Contributing to these low rates is the fact that Lakefront Utilities had the 4th lowest Operations, Maintenance and Administration costs in the Province in 2020.



WATER RATES COMPARISON

In 2020, Cobourg Waterworks had the lowest water rates compared to 12 surrounding municipalities.



The Cobourg, Grafton and Colborne water systems, along with portions of the Township of Hamilton water distribution system managed by LUSI, all received a final rating of 100% during the most recent Drinking Water System Inspections conducted by the Ministry of the Environment, Conservation and Parks (MECP). This latest round of perfect scores adds to LUSI's long history of surpassing industry standards for the water systems they manage.

COLLABORATING FOR EFFICIENCIES

Holdco is an active member of industry associations within the broader water and electric communities. This is an effort to remain current and to collaborate with other utilities to maximize opportunities for efficiencies, streamlined costs, and to provide value to customers and shareholders.



Lakefront Utilities Inc. is a member of Cornerstone Hydro Electric Concepts (CHEC), a collaborative organization of 15 small utilities that share resources and expertise to provide cost efficiencies and best practices to all members of the association. LUI benefits from the support available through CHEC in Finance, Regulatory, Operations, and Health and Safety by gaining access to economies of scale and ensuring all areas of its operations are efficient and cost effective.



Lakefront Utilities Inc. is a member of Utilities Standards Forum (USF), a non-profit, volunteer-based corporation owned by 50 Ontario electricity distributor members that service over 1.9 million customers. USF's primary purpose is to develop and maintain system design standards approved to Regulation 22/04. USF also offers member representatives a mechanism for collaboration and networking on other common technical challenges and regulatory requirements.

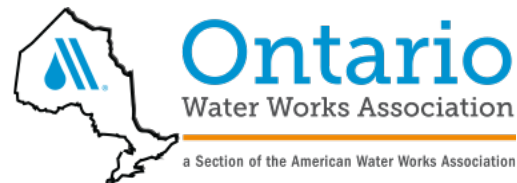


Utilities Working Together
The Power of Collaboration

Utility Collaborative Services (UCS) is an Ontario co-operative that gives local distribution companies, such as Lakefront Utilities, the opportunity to work together and benefit from collective buying pools, hosted solutions, shared resources, and standardization. LUI is a member of UCS and has optimized the power of collaboration by joining this strong, established co-operative that shares the utility's interests and needs.





The Ontario Municipal Water Association (OMWA) acts as the voice of Ontario's public water authorities through actions which sustain and protect the life cycle of water and represents more than 180 Municipalities and Public Drinking Water Authorities in Ontario. OMWA brings together a wide cross-section of expertise to provide direction and leadership on policy, legislative, and regulatory issues. Lakefront Utility Services Inc. is a member of OMWA to aid in ensuring the safety, quality, reliability, and sustainability of drinking water in Ontario.





The Ontario Water Works Association (OWWA) is a leader in the delivery of safe drinking water. OWWA, with the support of its parent organization, the American Water Works Association, is at the forefront of research, technology, and policy development with respect to safe, sufficient, and sustainable drinking water. LUSI is a member of OWWA and benefits from its place as the authoritative 'voice' of the water industry.

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