

own civil contractor. Customers are responsible to construct the underground duct bank and transformer pad as per OPUCN construction specifications.

OPUCN will then design and install the transformer and cable and associated equipment to the new service.

Project 2010 - General Plant and System Capital: Total cost: \$246,903

Projects in this category are related to IT systems, business or operational improvements.

1. GIS System Replacement– OPUCN existing GIS system was not operating as expected and negatively impacted design and operations productivity. In July 2010, OPUCN received approval from the Board of Directors to proceed with its replacement. Following a tendered process, and approval from the Board, OPUCN purchased and implemented Intergraph's G-Technology V10.1 and awarded a contract to First Base Solutions to convert OPUCN data as part of the implementation. Upgraded Work stations were also required for increased performance. Cost \$246,903

TABLE 10
FIXED ASSET CONTINUITY SCHEDULE 2011

		Cost				Accumulated Depreciation					
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	293,875	0	0	293,875	0	0	0	0	293,875
CEC	1808	Land Rights	0	0	0	0	0	0	0	0	0
47	1808	Buildings and Fixtures	570,963	326,527	897,590	306,647	18,533	325,180	572,710	0	0
13	1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
47	1815	Transformer Station Equipment - Normally Prime	0	0	0	0	0	0	0	0	0
47	1820	Distribution Station Equipment - Normally Prime	12,057,872	1,783,658	13,841,710	7,760,695	347,918	8,108,602	5,733,108	0	0
47	1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
47	1830	Poles, Towers and Fixtures	0	0	0	0	0	0	0	0	0
47	1835	Overhead Conductors and Devices	51,225,428	2,763,471	53,988,899	25,164,484	1,839,226	26,803,710	27,185,188	0	0
47	1840	Underground Conduit	0	0	0	0	0	0	0	0	0
47	1845	Underground Conductors and Devices	62,940,852	1,631,221	64,572,073	28,185,193	2,277,235	30,462,428	34,109,645	0	0
47	1850	Line Transformers	15,755,642	1,820,579	17,576,221	13,564,510	396,908	13,961,418	3,614,803	0	0
47	1855	Services	0	0	0	0	0	0	0	0	0
47	1860	Meters	9,133,506	647,523	9,781,032	5,815,400	200,956	6,006,355	3,874,677	0	0
N/A	1865	Other Installations on Customer's Premises	0	0	0	0	0	0	0	0	0
N/A	1905	Land	0	0	0	0	0	0	0	0	0
CEC	1908	Land Rights	0	0	0	0	0	0	0	0	0
47	1908	Buildings and Fixtures	0	0	0	0	0	0	0	0	0
13	1910	Leasehold Improvements	266,465	260,000	556,465	115,393	18,457	133,850	422,615	0	0
8	1915	Office Furniture and Equipment	707,745	0	707,745	663,598	10,680	674,278	33,467	0	0
10	1920	Computer Equipment - Hardware	2,074,786	154,500	2,229,286	2,010,840	39,103	2,049,943	179,343	0	0
12	1925	Computer Software	235,770	154,500	390,270	230,850	43,545	274,395	115,875	0	0
10	1930	Transportation Equipment	3,622,595	1,040,000	4,662,595	3,095,195	211,578	3,306,773	1,355,822	0	0
8	1935	Stores Equipment	24,516	0	24,516	23,941	115	24,056	480	0	0
8	1940	Tools, Shop and Garage Equipment	1,415,480	50,000	1,465,480	825,284	90,564	915,848	549,632	0	0
8	1945	Measurement and Testing Equipment	405,788	0	405,788	292,605	56,592	349,197	56,592	0	0
8	1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
8	1955	Communication Equipment	264,585	0	264,585	243,237	9,511	252,748	11,837	0	0
8	1960	Miscellaneous Equipment	23,602	0	23,602	11,082	2,380	13,442	10,160	0	0
47	1970	Load Management Controls - Customer Premises	107,035	0	107,035	107,035	0	107,035	0	0	0
47	1975	Load Management Controls - Utility Premises	1,021,893	107,500	1,129,193	724,891	47,823	772,714	356,480	0	0
47	1980	System Supervisory Equipment	293,582	0	293,582	293,582	0	293,582	0	0	0
47	1985	Sentinel Lighting Rentals	0	0	0	0	0	0	0	0	0
47	1990	Other Tangible Property	0	0	0	0	0	0	0	0	0
47	1995	Contributions and Grants	(28,454,846)	0	(28,454,846)	(6,344,389)	(1,138,194)	(7,482,583)	(60,972,263)	0	0
2005		Property under Capital Lease	0	0	0	0	0	0	0	0	0
		Total before Work In Process	134,016,940	10,740,059	0	144,756,999	82,899,063	4,362,969	0	87,252,973	57,594,026
WIP		Work In Process	969,391	(0)	969,391	0	0	0	0	969,391	0
		Total after Work In Process	134,986,331	10,740,059	0	145,726,390	82,899,063	4,362,969	0	87,252,973	58,473,417

1925	Transportation
1930	Stores Equipment

Less: Fully Allocated Depreciation
Transportation 211,578
Communication
Net Depreciation 4,151,331

2. Distribution construction renovations Phase 1 and Phase 2 to be completed in 2011:
\$160,000

TABLE 11
FIXED ASSET CONTINUITY SCHEDULE 2012

		Cost				Accumulated Depreciation					
CCA Class	OEB	Description	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
N/A	1805	Land	293,875	0	0	293,875	0	0	0	0	293,875
CEC	1806	Land Rights	0	0	0	0	0	0	0	0	0
47	1808	Buildings and Fixtures	897,890	330,534	0	1,228,424	325,180	34,970	0	360,150	868,274
13	1810	Leasehold Improvements	0	0	0	0	0	0	0	0	0
47	1815	Transformer Station Equipment - Normally Prime	0	0	0	0	0	0	0	0	0
47	1820	Distribution Station Equipment - Normally Prime	13,841,710	279,547	0	14,121,257	8,108,602	382,308	0	8,490,910	5,630,347
47	1825	Storage Battery Equipment	0	0	0	0	0	0	0	0	0
47	1830	Poles, Towers and Fixtures	0	0	0	0	0	0	0	0	0
47	1835	Overhead Conductors and Devices	53,988,899	2,287,974	0	56,276,873	26,803,710	1,712,831	0	28,516,541	27,760,332
47	1840	Underground Conduit	0	0	0	0	0	0	0	0	0
47	1845	Underground Conductors and Devices	64,572,073	1,647,965	0	66,220,038	30,462,428	2,297,060	0	32,759,488	33,460,550
47	1850	Line Transformers	17,576,221	4,445,000	0	22,021,221	13,961,418	452,694	0	14,414,112	7,607,108
47	1855	Services	0	0	0	0	0	0	0	0	0
47	1860	Meters	15,865,775	286,323	0	16,152,098	6,492,849	702,709	0	7,195,558	8,956,540
N/A	1865	Other Installations on Customer's Premises	0	0	0	0	0	0	0	0	0
N/A	1905	Land	0	0	0	0	0	0	0	0	0
CEC	1906	Land Rights	0	0	0	0	0	0	0	0	0
47	1908	Buildings and Fixtures	0	0	0	0	0	0	0	0	0
13	1910	Leasehold Improvements	556,465	25,000	0	581,465	133,850	25,582	0	159,432	422,033
8	1915	Office Furniture and Equipment	707,745	0	0	707,745	674,278	10,580	0	684,958	22,787
10	1920	Computer Equipment - Hardware	2,229,286	50,000	0	2,279,286	2,049,943	57,766	0	2,107,709	171,578
12	1925	Computer Software	690,270	50,000	0	740,270	424,395	189,750	0	614,145	126,125
10	1930	Transportation Equipment	4,662,595	1,220,000	0	5,882,595	3,308,773	294,778	0	3,601,550	2,281,045
8	1935	Stores Equipment	24,516	0	0	24,516	24,056	115	0	24,171	345
8	1940	Tools, Shop and Garage Equipment	1,465,480	50,000	0	1,515,480	915,848	95,564	0	1,011,412	504,068
8	1945	Measurement and Testing Equipment	405,788	0	0	405,788	349,197	56,592	0	405,788	(0)
8	1950	Power Operated Equipment	0	0	0	0	0	0	0	0	0
8	1955	Communication Equipment	264,585	0	0	264,585	252,748	8,337	0	261,085	3,500
8	1960	Miscellaneous Equipment	23,602	0	0	23,602	13,442	2,360	0	15,893	7,800
47	1970	Load Management Controls - Customer Premises	107,035	0	0	107,035	107,035	0	0	107,035	0
47	1975	Load Management Controls - Utility Premises	1,129,193	450,000	0	1,579,193	772,714	75,698	0	848,411	730,782
47	1980	System Supervisory Equipment	293,582	0	0	293,582	293,583	0	0	293,583	(1)
47	1985	Sentinel Lighting Rentals	0	0	0	0	0	0	0	0	0
47	1990	Other Tangible Property	0	0	0	0	0	0	0	0	0
47	1995	Contributions and Grants	(28,454,846)	0	0	(28,454,846)	(7,482,583)	(1,138,194)	0	(8,620,777)	(19,834,069)
2005		Property under Capital Lease	0	0	0	0	0	0	0	0	0
		Total before Work in Process	151,141,741	11,122,343	0	162,264,084	87,989,466	5,261,598	0	93,251,064	69,013,020
WIP		Work in Process	969,391	0	0	969,391	0	0	0	0	969,391
		Total after Work in Process	152,111,132	11,122,343	0	163,233,475	87,989,466	5,261,598	0	93,251,064	69,982,411

1925	Transportation
1930	Stores Equipment

Less: Fully Allocated Depreciation
Transportation 294,778
Communication
Net Depreciation 4,966,820

TABLE 31
2011 DEPRECIATION EXPENSE SUMMARY

Account	Description	Opening Balance	Less Fully Depreciated (1)	Net for Depreciation	Additions	Total for Depreciation (e)=(c) + 0.5 x (d) (2)	Years	Depreciation Rate	Depreciation Expense
		(a)	(b)	(c) = (a) - (b)	(d)		(f)	(g) = 1 / (f)	(h) = (e) / (f)
1805	Land	293,875							
1806	Land Rights								
1808	Buildings and Fixtures	570,963	55,316	515,646	326,927	679,110	37	2.7%	18,533
1810	Leasehold Improvements								
1815	Transformer Station Equipment - Normally > 50 kV								
1820	Distribution Station Equipment - Normally < 50 kV	12,057,872	1,580,956	10,476,917	1,783,838	11,368,836	33	3.1%	347,918
1825	Storage Battery Equipment								
1830	Poles, Towers and Fixtures								
1835	Overhead Conductors and Devices	50,225,428	9,873,518	40,351,910	2,763,471	41,733,646	25	3.9%	1,639,226
1840	Underground Conduit								
1845	Underground Conductors and Devices	63,940,851	6,786,154	57,154,697	1,631,221	57,970,307	25	3.9%	2,277,235
1850	Line Transformers	15,755,642	5,372,914	10,382,728	1,820,579	11,293,017	28	3.5%	399,908
1855	Services								
1860	Meters	9,133,509	1,927,185	7,206,324	647,523	7,530,086	26	3.9%	290,956
1865	Other Installations on Customer's Premises								
1905	Land								
1906	Land Rights								
1908	Buildings and Fixtures								
1910	Leasehold Improvements	296,465	124,275	172,190	260,000	302,190	16	6.1%	18,457
1915	Office Furniture and Equipment	707,745	600,948	106,797	0	106,797	10	10.0%	10,680
1920	Computer Equipment - Hardware	2,074,786	1,926,726	148,061	154,500	225,311	6	17.4%	39,103
1925	Computer Software	235,770	225,929	9,841	154,500	87,091	2	50.0%	43,545
1930	Transportation Equipment	3,622,596	3,526,616	95,980	1,040,000	615,980	3	34.3%	211,578
1935	Stores Equipment	24,516	23,366	1,150	0	1,150	10	10.0%	115
1940	Tools, Shop and Garage Equipment	1,415,480	354,139	1,061,341	50,000	1,111,341	12	8.1%	90,564
1945	Measurement and Testing Equipment	405,788	122,828	282,960	0	282,960	5	20.0%	56,592
1950	Power Operated Equipment								
1955	Communication Equipment	264,585	121,799	142,786	0	142,786	15	6.7%	9,511
1960	Miscellaneous Equipment	23,602	0	23,602	0	23,602	10	10.0%	2,360
1970	Load Management Controls - Customer Premises	107,035	107,035	0	0	0	0	0.0%	0
1975	Load Management Controls - Utility Premises	1,021,693	597,214	424,479	107,500	478,229	10	10.0%	47,823
1980	System Supervisory Equipment	293,582	293,582	0	0	0	5	20.0%	0
1985	Sentinel Lighting Rentals								
1990	Other Tangible Property								
1995	Contributions and Grants	(28,454,846)	0	(28,454,846)	0	(28,454,846)	25	4.0%	(1,138,194)
	Total	134,016,940	33,620,500	100,102,564	10,740,059	105,497,593			4,362,909
	Per FA Continuity Schedule 2011	<u>134,016,940</u>	<u>0</u>		<u>10,740,059</u>				<u>4,362,909</u>
					<u>0</u>				<u>0</u>

TABLE 32
2012 DEPRECIATION EXPENSE SUMMARY

Account	Description	Opening Balance	Less Fully Depreciated (1)	Net for Depreciation	Additions	Total for Depreciation (e)=(c) + 0.5 x (d) (2)	Years	Depreciation Rate	Depreciation Expense
		(a)	(b)	(c) = (a) - (b)	(d)		(f)	(g) = 1 / (f)	(h) = (e) / (f)
1805	Land	293,875							
1806	Land Rights								
1808	Buildings and Fixtures	897,890	55,316	842,573	330,534	1,007,840	29	3.5%	34,970
1810	Leasehold Improvements								
1815	Transformer Station Equipment - Normally > 50 kV								
1820	Distribution Station Equipment - Normally < 50 kV	13,841,710	1,580,956	12,260,755	279,547	12,400,528	32	3.1%	382,308
1825	Storage Battery Equipment								
1830	Poles, Towers and Fixtures								
1835	Overhead Conductors and Devices	52,988,899	11,658,158	41,332,741	2,087,974	42,376,728	25	4.0%	1,708,831
1840	Underground Conduit								
1845	Underground Conductors and Devices	65,572,072	7,930,113	57,641,960	1,642,965	58,463,442	25	3.9%	2,296,960
1850	Line Transformers	17,576,221	7,318,939	10,257,282	4,650,000	12,582,282	28	3.6%	456,794
1855	Services								
1860	Meters	15,870,417	2,241,580	13,628,837	286,323	13,771,998	20	5.1%	703,018
1865	Other Installations on Customer's Premises								
1905	Land								
1906	Land Rights								
1908	Buildings and Fixtures								
1910	Leasehold Improvements	555,465	124,275	432,190	25,000	444,690	17	5.8%	25,582
1915	Office Furniture and Equipment	707,745	600,948	106,797	0	106,797	10	10.0%	10,680
1920	Computer Equipment - Hardware	2,229,286	1,955,459	263,828	50,000	288,828	5	20.0%	57,766
1925	Computer Software	690,270	225,929	464,341	50,000	489,341	3	33.3%	189,750
1930	Transportation Equipment	4,662,596	3,526,616	1,135,980	1,220,000	1,745,980	6	16.9%	294,778
1935	Stores Equipment	24,516	23,366	1,150	0	1,150	10	10.0%	115
1940	Tools, Shop and Garage Equipment	1,465,480	354,139	1,111,341	50,000	1,136,341	12	8.4%	95,564
1945	Measurement and Testing Equipment	405,788	122,828	282,960	0	282,960	5	20.0%	56,592
1950	Power Operated Equipment								
1955	Communication Equipment	264,585	121,799	142,786	0	142,786	17	5.8%	8,337
1960	Miscellaneous Equipment	23,602	0	23,602	0	23,602	10	10.0%	2,360
1970	Load Management Controls - Customer Premises	107,035	107,035	0	0	0	0	0.0%	0
1975	Load Management Controls - Utility Premises	1,129,193	597,214	531,979	450,000	756,979	10	10.0%	75,698
1980	System Supervisory Equipment	293,582	293,582	0	0	0	5	20.0%	0
1985	Sentinel Lighting Rentals								
1990	Other Tangible Property								
1995	Contributions and Grants	(26,454,846)	0	(26,454,846)	0	(26,454,846)	25	4.0%	(1,138,194)
	Total	151,146,383	38,846,253	112,006,255	11,122,343	117,567,427			5,261,907
Per FA Continuity Schedule 2012		<u>151,146,383</u>			<u>11,122,343</u>				<u>5,261,907</u>
		<u>0</u>			<u>0</u>				<u>0</u>

DETERMINATION OF LOSS ADJUSTMENT FACTORS

Total Loss Factor

OPUCN has calculated the total loss factor to be applied to customers' consumption based on the average wholesale and retail kWh for the years 2004 to 2009. The calculations are summarized in Table 33 below.

OVERVIEW

Operating Costs

The operations, maintenance and administrative costs ("OM&A") presented in this Exhibit represent the annual expenditures required to sustain OPUCN's distribution operations. OPUCN follows the OEB's Accounting Procedures Handbook (the "APH") in distinguishing work performed between operations, maintenance, billing and collections, community relations and administration and general expenses. A summary of OPUCN's operating costs for 2008 Board approved, 2008 Actual, 2009 Actual, 2010 Actual, 2011 Bridge Year and the 2012 Test Year in accordance with the Filing Requirements, is provided in Table 1 below. A summary of the variances as required by the Filing Requirements is provided in Tables 2 through 7.

TABLE 1
SUMMARY - OM&A EXPENSES

Summary of OM&A Expenses	2008 Board Approved \$	2008 Actual \$	2009 Actual \$	2010 Actual \$	2011 Bridge \$	2012 Test \$
Operations	162,576	293,376	589,979	548,159	1,098,811	1,404,342
Maintenance	1,009,725	1,215,986	1,067,491	1,028,033	1,204,572	1,480,709
Billing & Collecting	2,263,907	2,143,541	2,300,172	2,279,448	2,302,950	2,659,399
Community Relations	1,054,004	1,079,971	648,758	760,663	852,097	945,160
Administrative & General	4,716,351	4,110,228	4,167,945	4,218,205	4,383,530	5,192,469
Total OM&A Expense	9,206,563	8,843,103	8,774,345	8,834,508	9,841,961	11,682,080
Year over Year Increase		(3.9)%	(0.8)%	0.7%	11.4%	18.7%
CAGR from 2008 Approved			(4.7)%	(2.0)%	2.2%	6.1%
CAGR from 2008 Actual			(0.8)%	(0.0)%	3.6%	7.2%
Inflation Rate (Canada CPI)	2.3%	2.3%	0.3%	1.8%	1.8%	1.8%

*2011 and 2012 Inflation Rate of 1.8% based on actual 2010 Canada Consumer Price Index ("CPI") from www.statcan.gc.ca

TABLE 2
SUMMARY - OM&A EXPENSE VARIANCES 2008 APPROVED VS. 2008 ACTUAL

	2008 (Board Approved)	2008 (Actuals)	Variance \$	Variance %
Operations	162,576	293,376	130,800	80.5%
Maintenance	1,009,725	1,215,986	206,262	20.4%
Billing and Collecting	2,263,907	2,143,541	(120,366)	(5.3)%
Community Relations	1,054,004	1,079,971	25,968	2.5%
Administrative and General	4,716,351	4,110,228	(606,124)	(12.9)%
Total OM&A Expenses	9,206,563	8,843,103	(363,460)	(3.9)%
Inflation Rate	2.3%	2.3%		

TABLE 23
EMPLOYEE COMPENSATION

	2008 Board Approved	2008 Actual	2009 Actual	2010 Actual	2011 Bridge	2012 Test
Number of Employees (FTEs including Part-Time)						
Management	8	8	6	7	9	9
Non-Union	10	11	10	8	11	13
Union	64	61	53	51	54	57
Total	82	80	69	66	74	79
Total Salary and Wages						
Management	616,665	823,612	635,865	738,960	986,072	1,043,827
Non-Union	948,015	1,058,662	804,186	674,980	872,560	1,173,564
Union	3,974,072	3,825,719	3,558,447	3,537,469	3,757,653	4,139,332
Total	5,538,751	5,707,993	4,998,499	4,951,410	5,616,286	6,356,724
Current Benefits						
Management	190,930	116,811	146,349	207,628	233,247	278,261
Non-Union	174,352	250,626	177,715	158,338	220,653	290,772
Union	1,040,782	810,931	695,292	763,725	880,500	1,008,943
Total	1,406,065	1,178,368	1,019,355	1,129,690	1,334,400	1,577,976
Accrued Pension and Post-Retirement Benefits						
Management	129,265	162,883	112,697	135,906	185,488	177,885
Non-Union	209,613	185,707	143,556	124,714	164,443	202,354
Union	935,434	767,455	644,601	695,308	742,270	739,761
Total	1,274,312	1,116,045	900,855	955,929	1,092,200	1,120,000
Total Benefits (Current + Accrued)						
Management	320,195	279,694	259,046	343,534	418,735	456,146
Non-Union	383,965	436,333	321,271	283,052	385,095	493,126
Union	1,976,216	1,578,386	1,339,893	1,459,033	1,622,770	1,748,704
Total	2,680,377	2,294,413	1,920,210	2,085,618	2,426,600	2,697,976
Total Compensation (Salary, Wages, & Benefits)						
Management	936,860	1,103,307	894,911	1,082,494	1,404,807	1,499,973
Non-Union	1,331,980	1,494,994	1,125,458	958,032	1,257,656	1,666,690
Union	5,950,288	5,404,104	4,898,340	4,996,502	5,380,423	5,888,037
Total	8,219,127	8,002,405	6,918,709	7,037,028	8,042,886	9,054,700
Compensation - Average Yearly Base Wages						
Management	71,786	96,662	100,062	97,788	107,316	110,595
Non-Union	67,549	86,652	82,844	81,959	85,382	87,098
Union	62,749	63,127	67,193	69,433	72,286	72,620
Total	64,216	69,816	72,344	73,956	78,364	79,329
Compensation - Average Yearly Overtime						
Management	2,614	1,507	1,909	1,036	1,015	1,016
Non-Union	1,112	2,318	2,893	4,709	3,753	3,197
Union	5,279	7,074	6,791	7,867	7,324	7,429
Total	4,511	5,849	5,807	6,761	6,052	6,002
Compensation - Average Yearly Incentive Pay						
Management	8,718	7,030	7,132	7,108	7,574	7,684
Non-Union	5,529	4,952	4,890	4,717	4,517	3,954
Union	0	0	0	0	0	0
Total	1,524	1,405	1,326	1,320	1,561	1,526
Compensation - Average Yearly Benefits						
Management	40,024	33,297	41,664	48,585	47,855	50,683
Non-Union	38,397	40,842	33,585	36,562	35,823	37,933
Union	30,878	26,044	25,301	28,638	30,005	30,679
Total	32,688	28,793	27,934	31,715	32,978	34,152
Total Compensation	8,219,127	8,002,405	6,918,709	7,037,028	8,042,886	9,054,700
Total Compensation Charged to OM&A	3,439,946	3,264,054	2,701,564	2,810,090	3,924,059	4,863,809
Total Compensation Capitalized	4,779,181	4,738,351	4,217,144	4,226,938	4,118,826	4,190,891

TABLE 36
DETAILED TAX CALCULATIONS

Description	2011 Bridge	2012 Test
Determination of Taxable Income		
Utility Income Before Taxes	3,688,512	4,381,618
Book to Tax Adjustments		
Additions to Accounting Income:		
Amortization of tangible assets	4,362,909	5,261,598
Charitable donations	4,500	0
Reserves from financial statements- balance at end of year	10,731,273	11,243,273
Other Additions (Apprenticeship Tax Credits)	10,000	30,000
Total Additions	15,108,682	16,534,871
Deductions from Accounting Income:		
Deductions:		
Capital cost allowance from Schedule 8	4,558,765	5,348,011
Reserves from financial statements - balance at beginning of year	10,215,273	10,731,273
Total Deductions	14,774,038	16,079,284
Regulatory Taxable Income	4,023,156	4,837,205
Corporate Income Tax Rate	28.00%	25.63%
Subtotal		
Less: R&D ITC (0.3)		
Regulatory Income Tax	1,126,541	1,239,766
Calculation of Utility Income Taxes		
Income Taxes	1,126,541	1,239,766
Large Corporation Tax	0	0
Ontario Capital Tax	0	0
Total Taxes	1,126,541	1,239,766
Tax Rates		
Federal Tax	16.50%	15.00%
Provincial Tax	11.75%	11.25%
Tax Credit Adjustment	-0.25%	-0.62%
Total Tax Rate	28.00%	25.63%

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account and subsequently collected from rate payers. OPUCN is requesting the deferral account, in addition to the return on rate base that would have otherwise been earned, be disposed of over four years to minimize the impact on its rate payers. The amount per year to be collected is approximately \$461 thousand.

Impact on Rate Base

Rate Base	CGAAP \$000s	MIFRS \$000s
2011 Net Fixed Assets	63,152	61,710
2012 Net Fixed Assets	69,013	67,217
Average Fixed Assets	66,083	64,463
Cost of Power		
OM&A	11,831	12,336
Working Capital Requirement @	15% 1,775	15% 1,850
Rate Base	67,857	66,314
Increase / (Decrease) in Rate Base		(1,544)

Deferral Account in Relation to PP&E and Post-Retirement Benefits

	2011 \$000s			
PP&E Values under CGAAP				
Opening NBV	51,127			
Additions	10,740			
Additions - Smart Meters	6,385			
Depreciation	(4,363)			
Depreciation - Smart Meters	(736)			
Closing NBV	63,152			
PP&E Values under MIFRS				
Opening NBV	51,127			
Additions	10,740			
Additions - Smart Meters	6,385			
Depreciation	(5,097)			
Depreciation - Smart Meters	(1,445)			
Closing NBV	61,710			
Difference in Closing NBV	(1,443)	0		
Deferral Account - PP&E		2012 \$000s	2013 \$000s	2014 \$000s
Opening Balance	0	1,443	1,082	721
Amount added in year	1,443	0	0	0
Amount of Amortization, included in depreciation expense ¹	0	361	361	361
Closing Balance	1,443	1,082	721	361
Effect on Revenue Requirement of Including Deferral Account Amortization on Rebasing				
Amortization of deferred balance as above	361			
Return on rate base associated with deferred balance at WACC (6.95%)	100			
Amount included in Revenue Requirement on rebasing	461			

¹ Beginning in 2012, amortization of the difference included in the deferral account over a 4 year period and return on the unamortized balance

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Impact on Revenue Requirement

Revenue Requirement	CGAAP \$000s	MIFRS \$000s	Difference \$000s
OM&A	11,831	12,337	505
Depreciation	5,262	5,110	(152)
PILs	1,240	1,170	(70)
Return on Capital @ 6.95%	4,716	4,609	(107)
Revenue Requirement Impact			176
MIFRS Deferral Account	0	461	461
Total Impact on Revenue Requirement			637

- c) With the exception of transitioning to MIFRS on January 1, 2012, OPUCN did not change capitalization policies since its last rebasing application filed with the Board.
- d) Parts i and ii are the same.
- i. Please refer to Tables in response to part b) above.
- iii. With the exception of transitioning to MIFRS on January 1, 2012, OPUCN did not change capitalization policies since its last rebasing application filed with the Board.

64 Reference: Exhibit 1 page 14 Bridge and Test Year Updates

Report of the Board Transition to International Financial Reporting Standards ("IFRS") July 29 EB-2008-0408

Letter of the Board Transition to IFRS – Amendment to Board Policy, November 8, 2010

In the November 2010 letter the Board stated:

"9.1.2 Electricity distributors filing cost of service applications for rates in the year they choose to adopt IFRS for financial reporting must provide the required actual years, the bridge year and the forecasts for the test year(s) in CGAAP based format. An electricity distributor may choose to present modified IFRS based forecasts for the bridge and test years, if the distributor seeks to have rates set on the basis of modified IFRS. If the distributor is seeking rates based on modified IFRS accounting, the