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November 10, 2011

Kirsten Walli, Board Secretary
Ontario Energy Board
P.O. Box 2319
2300 Yonge Street, 27th Floor
Toronto ON M4P 1E4

Dear Ms. Walli,

Re: EB-2011-0054 - Hydro Ottawa Limited 2012 Cost of Service Rate Application

Please find enclosed two (2) copies of the Undertakings from the Oral Hearing on November 7 and 8, 2011for Hydro Ottawa Limited (EB-2011-0054).

Yours truly,

Original signed by P. Hoey

Patrick Hoey
Director, Regulatory Affairs

cc EB-2011-0054 Intervenors
Violet Binette (Ontario Energy Board)
Fred Cass (Aird & Berlis)

Undertaking

Undertaking L1.1

To explain the differences in Table 13 and the response to LT1.10 in terms of corrections or changes made.

Response

This Undertaking was answered orally at the Hearing on November 8, 2011 (page 3 and 4 of the Transcript).

Undertaking

Undertaking L1.2

To review and, if necessary, correct calculations on page 38 of Energy Probe compendium flowing out of changes in table 2.

Response

Hydro Ottawa Limited ("Hydro Ottawa") has reviewed the information provided on page 38 of 43 of the compendium provided by Energy Probe. The specific information as provided by Energy Probe, are revised versions of Tables 1, 2, 24 and 25 of Exhibit B4-2-1. Hydro Ottawa understands that the information in Tables 1, 24 and 25 simply flows from changes in the overall revenue lags as determined in Table 2. In a sense, results of Table 2 are the "root" of all the other changes in the subsequent tables on the page.

Hydro Ottawa disagrees with the primary premise underlying Energy Probe's Table 2; that Service Lags can be developed based on revenue weighting without making commensurate adjustments in the other components contributing to overall revenue lags to ensure consistency. A more accurate approach would be to first separate customers into those that are billed monthly from those that are billed bi-monthly. Second, if the service lag were to be revenue weighted, then all components of the revenue lag (service, billing, collections, and payment processing) should be revenue weighted as well. This approach would be consistent with the discussion reflected on pages 31 and 32 of Hydro Ottawa's oral hearing transcripts from November 7, 2011.

Hydro Ottawa's derivation of these estimates is summarized in the Table 1 below followed by revised version of Tables 1, 24 25 and 26 that reflect these new estimates in deriving a revised working capital requirement of 14.4%.

Table 1

	Monthly		Bi Monthly	
	2009	**2010**	**2009**	**2010**
Service Lag – Days	15.21	15.21	30.42	30.42
Billing Lag – Days	16.34	16.65	20.27	20.14
Collections Lag – Days	18.61	17.31	36.50	32.45
Payment Processing Lag – Days	1.15	1.13	1.15	1.13
Total Lag – Days	51.31	50.30	88.34	84.14
Revenue Weights	31%	31%	69%	69%
Weighted Average Lag – Days	15.94	15.35	60.89	58.47
Total Weighted Revenue Lag 2009 – Days	76.83			
Total Weighted Revenue Lag 2010 – Days	73.81			

Note that in Table 1, the service lag (in days) is un-weighted; so are the billing and payment processing lags (see Tables 5 and 6 of Exhibit.B-4-2-1 for the un-weighted billing and payment processing lags). The Collections lag (in days) is derived separately for monthly and bi-monthly customers using a mid-point (or average age) approach rather than the Days Sales Outstanding ("DSO") approach used in Hydro Ottawa's initial application. The average age of the first interval is considered to be 16 days. As per evidence provided in the proceeding (see Oral Hearing transcripts from November 7, 2011, pages 27 and 28). Hydro Ottawa believes that 16 days is a more appropriate basis for this estimate since there is no other basis for assuming anything else (Hydro Ottawa's Customer Information System does not provide this information). The revenue weights given in Table 1 above are based on the relative proportion of distribution revenue provided by monthly and bi-monthly customers.

Table 24 from Exhibit B4-2-1- Revised - 2009 Working Capital Requirement Adjusted for HST

Expense Item Description	Revenue Lag (Days)	Expense Lead (Days)	Net Lag (Lead) (Days)	Working Capital Factor	Expenses from Financial Statements	Working Capital Requirement
	(A)	(B)	(C) = (A) - (B)	(D) = (F)/(E)	(E)	(F) = (E) X (C)/365
Cost of Power	77.11	33.96	43.15	11.82%	587,958,000	69,507,537
OM&A Expense	77.11	11.28	65.83	18.04%	53,828,665	9,708,297
Interest on Long Term Debt	77.11	45.63	31.48	8.62%	14,642,000	1,262,813
PILs	77.11	13.59	63.52	17.40%	13,920,000	2,422,452
Debt Retirement Charges	77.11	33.82	43.29	11.86%	52,464,792	6,222,435
Sub Total					722,813,457	89,123,534
HST					16,723,956	5,655,516
Capital Expense			-21.4		45,932,777	350,096
Total (Including HST)						95,129,146
Working Capital as a % of OM&A including Cost of Power						14.82%

Table 25 from Exhibit B4-2-1 - Revised - 2010 Working Capital Requirement Adjusted for HST

Expense Item Description	Revenue Lag (Days)	Expense Lead (Days)	Net Lag (Lead) (Days)	Working Capital Factor	Expenses from Financial Statements	Working Capital Requirement
	(A)	(B)	(C) = (A) - (B)	(D) = (F)/(E)	(E)	(F) = (E)x(C)/365
Cost of Power	74.12	33.67	40.45	11.08%	621,842,000	68,906,602
OM&A Expense	74.12	11.18	62.94	17.24%	54,948,488	9,474,598
Interest on Long Term Debt	74.12	45.63	28.49	7.80%	15,542,000	1,212,950
PILs	74.12	-3.31	77.43	21.21%	13,773,000	2,921,605
Debt Retirement Charges	74.12	32.61	41.51	11.37%	52,701,411	5,992,919
Sub Total					758,806,899	88,508,673
HST					17,106,564	5,215,216
Capital Expense			-21.05		50,050,932	375,245
Total (Including HST)						94,099,134
Working Capital as a % of OM&A including Cost of Power						13.90%

Table 26 from Exhibit B4-2-1 - Revised - Working Capital Allowance for Test Year

	2009	2010	Total
Cost of Power $	587,958,000	621,842,000	1,209,800,000
OM&A $	53,828,665	54,948,488	108,777,153
Total $	641,786,665	676,790,488	1,318,577,153
Working Capital %	14.8%	13.9%	14.4%

While Hydro Ottawa has prepared the above Working Capital Allowance calculation, based on Energy Probe’s proposed scenario, it is still Hydro Ottawa’s belief that the Working Capital Allowance of 14.2%, as presented in the original evidence, is the most appropriate.

Undertaking

Undertaking L1.3

Recalculate Table 7 and 8 shown in Interrogatory 2-2-5, but using the weighting for the midpoint that was calculated in LT1.2, using 11.5 days in the 1 to 17 days category.

Response

Please see the revised Tables 7 and 8 from Interrogatory K2-2-5c, using the weighting for the midpoint that was calculated in LT1.2, using 11.5 days in the 1 to 17 days category.

2009 Collection Lag – Monthly Billed Customers ($000)[1]

Month	1-17 Days	18-30 Days	31-60 Days	61-90 Days	91-120 Days	121-365 Days	Over 365 Days	Total
January	$26,473	$1,235	$1,517	$53	$18	$40	$46	$29,383
February	24,405	898	603	20	12	32	47	26,018
March	10,601	3,920	547	333	11	30	53	15,495
April	21,003	604	345	32	5	27	49	22,066
May	19,780	1,016	671	158	13	25	53	21,715
June	10,964	3,162	541	143	105	20	43	14,979
July	20,029	597	497	97	62	60	45	21,387
August	19,071	634	411	110	55	113	46	20,440
September	25,989	1,032	295	95	18	83	8	27,520
October	20,842	639	404	65	34	25	9	22,018
November	24,089	882	337	53	41	48	11	25,462
December	21,804	691	439	46	15	29	15	23,039
Total	$245,053	$15,311	$6,606	$1,205	$388	$531	$427	$269,522
Mid Point of Aging Days	11.5	23.5	45.5	75.5	105.5	242.5	408.5	
Weighting Factor	91%	6%	2%	0%	0%	0%	0%	100%
Weighted Lag Time (Days)	10.46	1.33	1.12	0.34	0.15	0.48	0.65	14.52

[1] Totals can be out due to rounding

2009 Collection Lag – Bi-monthly Billed Customers ($000)[2]

Month	1-17 Days	18-30 Days	31-60 Days	61-90 Days	91-120 Days	121-365 Days	Over 365 Days	Total
January	$17,670	$3,745	$3,507	$1,449	$813	$705	$192	$28,082
February	20,232	2,730	4,877	957	646	853	180	30,475
March	16,391	5,872	3,476	1,651	459	824	183	28,855
April	17,877	1,617	4,173	1,241	722	706	184	26,521
May	15,139	4,248	3,635	1,892	664	788	167	26,534
June	13,260	2,979	3,947	1,446	984	783	169	23,568
July	13,393	2,702	3,289	1,689	841	981	167	23,062
August	15,565	2,539	3,367	1,439	918	1,030	156	25,013
September	16,751	4,344	2,948	1,349	634	1,020	165	27,211
October	21,195	1,747	3,757	1,276	572	922	168	29,637
November	13,722	3,422	3,722	1,410	515	791	176	23,759
December	14,218	2,464	3,363	1,514	596	700	174	23,029
Total	$195,411	$38,410	$44,062	$17,312	$8,365	$10,102	$2,082	$315,744
Mid Point of Aging Days	11.5	23.5	45.5	75.5	105.5	242.5	408.5	
Weighting Factor	62%	12%	14%	5%	3%	3%	1%	100%
Weighted Lag Time (Days)	7.12	2.86	6.35	4.14	2.80	7.76	2.69	33.71

2010 Collection Lag – Monthly Billed Customers ($000)[2]

Month	1-17 Days	18-30 Days	31-60 Days	61-90 Days	91-120 Days	121-365 Days	Over 365 Days	Total
January	$32,106	$1,315	$548	$76	$25	$26	$15	$34,112
February	28,116	1,617	455	41	23	26	16	30,293
March	24,374	905	304	130	16	10	6	25,745
April	22,008	400	375	100	102	13	6	23,005
May	22,638	1,136	1,083	88	18	9	9	24,982
June	21,311	389	305	59	35	15	9	22,122
July	22,123	592	334	83	13	35	6	23,186
August	29,020	679	228	87	32	12	6	30,063
September	21,310	521	238	47	16	25	6	22,163
October	21,302	827	265	43	19	32	6	22,495
November	24,870	562	407	40	10	31	6	25,927
December	27,355	879	1,083	42	16	12	6	29,393
Total	$296,534	$9,824	$5,626	$836	$325	$245	$96	$313,486
Mid Point of Aging Days	11.5	23.5	45.5	75.5	105.5	242.5	408.5	
Weighting Factor	95%	3%	2%	0%	0%	0%	0%	100%
Weighted Lag Time (Days)	10.88	0.74	0.82	0.2	0.11	0.19	0.13	13.06

[2] Totals can be out due to rounding

2010 Collection Lag – Bi-monthly Billed Customers ($000)[3]

Month	1-17 Days	18-30 Days	31-60 Days	61-90 Days	91-120 Days	121-365 Days	Over 365 Days	Total
January	$16,690	$4,414	$3,461	$1,374	$542	$645	$189	$27,314
February	18,992	3,448	4,272	894	503	616	198	28,923
March	17,167	5,093	3,544	1,285	352	521	202	28,165
April	17,360	1,537	4,312	1,265	453	436	201	25,565
May	13,014	4,217	3,729	1,578	504	415	225	23,683
June	16,259	2,127	3,179	1,335	586	446	223	24,154
July	16,611	3,025	3,071	1,275	512	531	233	25,258
August	21,022	2,667	3,225	1,083	536	481	229	29,243
September	19,127	3,907	3,541	1,042	378	478	235	28,707
October	20,638	3,080	4,041	1,461	377	448	236	30,280
November	13,458	3,456	3,535	1,241	412	376	215	22,692
December	19,517	2,434	3,229	1,295	457	347	210	27,489
Total	$209,856	$39,405	$43,138	$15,127	$5,612	$5,740	$2,595	$321,473
Mid Point of Aging Days	11.5	23.5	45.5	75.5	105.5	242.5	408.5	
Weighting Factor	65%	12%	13%	5%	2%	2%	1%	100%
Weighted Lag Time (Days)	7.51	2.88	6.11	3.55	1.84	4.33	3.30	29.52

[3] Totals can be out due to rounding

Undertaking

Undertaking L1.4

To update page 4 of undertaking LT1.14 with new numbers.

Response

Please find below the tables from page 4 of undertaking LT1.14 updated with the Smart Meter numbers as per the approved Settlement Agreement.

Per unit cost by class including meter and installation costs.(note that there is no change from LT1.14, as meter and installation costs have not been updated).

Customer Class	Per Unit Costs ($)
Residential	145.17
General Service <50KW	371.35
General Service 50-1500KW	794.91
General Service 1500-5000 KW	1,804.27
Large Users	2,022.77

Revenue requirement by class and the over and under collection by class.

Table 1

Customer Class	Meter Cost	Software and Hardware Costs	OM&A	Interest	Total Revenue Requirement
Residential	15,418,741	1,276,437	6,327,770	449,224	23,461,366
General Service <50KW	3,362,862	265,200	532,441	81,180	4,239,731
General Service 50-1500KW	1,053,783	603,996	74,631	33,803	1,765,400
General Service 1500-5000 KW	41,227	-	-	804	42,012
Large Users	7,703	-	-	150	7,850
Total	**19,884,316**	**2,145,633**	**6,934,842**	**565,161**	**29,516,358**

Table 2

Customer Class	Revenue Collected to December 2011 plus interest	Total Revenue Requirement plus interest	Over/Under collection	2012 average customers	To clear balance after Dec 2011	Proposed Rate Rider
Residential	(25,332,628)	23,461,366	(1,871,262)	280,901	(0.56)	0.41
General Service <50KW	(2,335,878)	4,239,731	1,903,853	23,636	6.71	0.41
General Service 50-1500KW	(327,848)	1,765,400	1,437,552	3,340	35.87	0.41
General Service 1500-5000 KW	(7,289)	42,012	34,723	71	40.75	0.41
Large Users	(1,129)	7,850	6,721	11	50.92	0.41
Total	**(28,004,772)**	**29,516,358**	**1,511,586**	**307,959**		

Undertaking

Undertaking L1.5

To break out, under the updated meter costs, Table 1 of Exhibit I2-1-1, how much of those costs are actually allocated portions of the demand meters and collectors costs.

Response

Note that this Undertaking should have referred to the Meter Costs in Table 1 of Undertaking LT1.14. The following table shows the breakout of the revenue requirement for class specific meter costs and for allocated demand meter and collector costs for the various classes.

Customer Class	Revenue Requirement based on Class Specific Meter Costs $	Revenue Requirement based on Allocated Costs $	Total Revenue Requirement $
Residential	15,082,502	336,237	15,418,741
General Service <50kW	3,289,527	73,334	3,362,862
General Service 50-1500 kW	1,030,803	22,980	1,053,783
General Service 1500-5000 kW	40,328	899	41,227
Large Use	7,535	168	7,703
Total	**19,450,696**	**433,620**	**19,884,316**

Undertaking

Undertaking L1.6

To provide revised Table 2 from undertaking LT2.13 with respect to actual CDM savings, 2008 OPA and third tranche programs.

Response

Please see the attached update to Table 2 from undertaking LT2.13 which removes the third tranche programs from the Lost Revenue calculation based on actual CDM Savings and includes an adjustment to the 2009 and 2010 OPA results to account for a change in persistence.

Variable Rates	**2007**	**2008**	**2009**	**2010**				
Residential	$0.0183	$0.0205	$0.0207	$0.0207				
GS < 50 kW	$0.0180	$0.0183	$0.0185	$0.0185				
GS 50-1500 kW	$2.5463	$2.9918	$3.0271	$3.0325				
GS 1500-5000 kW	$2.3357	$2.8573	$2.8910	$2.8962				
Large Use	$2.5918	$2.7352	$2.7675	$2.7725				
Street lighting	$2.4671	$3.4037	$3.4439	$3.4501				
Based on 2008 Load Forecast Adjustment for CDM					**Lost Revenue**			
	MWh/kW	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**Total**
Residential	21,334	$0.0198	$0.0206	$0.0207	$421,702	$440,192	$441,614	$1,303,507
GS < 50 kW	3,071	$0.0182	$0.0184	$0.0185	$55,892	$56,609	$56,814	$169,314
GS 50-1500 kW	5,409	$2.8433	$3.0153	$3.0307	$15,379	$16,310	$16,393	$48,082
GS 1500-5000 kW	1,289	$2.6834	$2.8798	$2.8945	$3,459	$3,712	$3,731	$10,902
Large Use	856	$2.6874	$2.7567	$2.7708	$2,300	$2,360	$2,372	$7,032
Street lighting	79	$3.0915	$3.4305	$3.4480	$244	$271	$272	$788
								$1,539,626
Based on Actual CDM Savings (2008 OPA Programs)					**Lost Revenue**			
	MWh/kW	**2008**	**2009**	**2010**	**2008**	**2009**	**2010**	**Total**
Residential	11,335	$0.0198	$0.0206	$0.0207	$224,055	$217,331	$218,012	$659,398
GS < 50 kW	265	$0.0182	$0.0184	$0.0185	$4,823	$1,622	$1,628	$8,073
Average	38,463	$2.8264	$3.0206	$3.0360	$108,712	$110,538	$111,103	$330,353
								$997,825

1

Undertaking

Undertaking L1.7

To recalculate LRAM number.

Response

Please find below the revise LRAM calculation based on the final CDM saving results from 2010 OPA programs, as provided in Exhibit MT2.4.

Updated Table 4 - Residential LRAM						
	First 4 Months Variable Distribution Rate	**Last 8 Months Variable Distribution Rate**	**Blended (4/12 +8/12)**	**kWh from 2009 Programs**	**kWh from 2010 Programs**	**LRAM $**
2009	$0.0205	$0.0207	$0.02063	6,779,222		$139,878
2010	$0.0207	$0.0207	$0.0207	6,660,623	6,464,000	$271,680
2011	$0.0207	$0.0207	$0.0207	6,660,623	6,252,000	$267,291
					Total	**$678,849**

Updated Table 5 – Commercial LRAM						
	First 4 Months Variable Distribution Rate	**Last 8 Months Variable Distribution Rate**	**Blended (4/12 +8/12)**	**kW from 2009 Programs**	**kW from 2010 Programs**	**LRAM $**
2009	$2.8614	$2.8952	$2.88393	35,926		$103,608
2010	$2.8952	$2.9004	$2.8987	2,512	37,600	$116,271
2011	$2.9004	$2.9056	$2.9039	2,512	21,881	$70,834
					Total	**$290,714**
					Subtotal	$969,563
					Interest	$10,194
					Total	**$979,757**

Undertaking

Undertaking L1.8

To provide update to Table 4 on page 43 of Energy Probe's cross-examination compendium, Exhibit M1.4.

Response

The following Table 4 for Exhibit D1-1-2 Operating Maintenance and Administration Summary Cost Drivers has been updated as follows:

1. Property taxes have been removed from the Total OM&A;
2. A 2007 Actual column has been added; and
3. Number of FTE's has been reviewed and reconciled to match Exhibit D3-1-1 Employee Compensation Breakdown - Attachment AC

Certain of the FTE figures on the original Table 4 were inadvertently incorrect as compared to Attachment AC, either due to rounding or other factors.

1 **Table 4 - OM&A Cost per Customer and FTE from D1-1-2 updated**

2

	2007 Actual	2008 Actual	2009 Actual	2010 Actual	2011 Budget	2012 Budget
Number of Customers year end	286,963	291,639	296,007	300,664	305,383	310,111
OM&A excluding Property Tax	$42,781,207	$51,628,904	$52,034,715	$53,350,684	$61,334,539	$63,891,432
Cost per customer	$149	$177	$176	$177	$201	$206
Number of FTEs[1]	535	529	546	551	557	598
Customers per FTE[1]	536	551	542	546	548	519
OM&A cost per FTE[1]	$79,965	$97,597	$95,302	$96,825	$110,116	$106,842
1. 2007 is forecast head count as per Hydro Ottawa 2008 Rate Application. All other years are actual or budgeted FTE.						

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Undertaking

Undertaking L2.1

To provide a table similar to LT2.6 prepared with the non-calibrated number.

Response

Please see the table below which is a similar format to Table 1 in Undertaking LT2.6 but uses the non-calibrated forecast sales for 2011 and 2012. Note that the 2012 CDM adjustment has been updated to reflect the approved Settlement Agreement.

Hydro Ottawa Limited ("Hydro Ottawa") does not believe that this presents an accurate reflection of the load forecast for 2011 and 2012, as an important step in the methodology of the load forecast has been missed; that is the calibration of the class forecasts to the system forecast. The system forecast is based on calendar month actuals, whereas the individual class forecasts are based on billed month actuals. For example, one month's billed sales can include consumption from that month plus the previous two months. The calibration factor brings the billed month forecast into line with the calendar month system forecast. Hydro Ottawa believes that the calibrated class forecasts are more accurate than the non calibrated class forecasts.

Year	Res	GS50	GS1000NI	GS1000I	GS1500	GS5000	GSLRG	StLgt	USL	Dry Core Transformer Losses	Total	% Growth
2010 Weather Normalized Actual	2,286,858	731,073	1,620,276	1,072,569	343,838	834,778	690,075	43,815	17,420	3,010	7,643,712	0.83%
2011 non-calibrated before adjustments	2,325,855	786,433	1,689,363	1,065,613	353,338	852,360	680,716	41,916	17,845	3,076	7,816,516	2.26%
2011 Suite Meter adjustment	900		-900								0	
2011 CDM adjustments	11,629	3,932	8,447	5,328	1,767	4,262	3,404	210	89	15	39,083	
2011 non-calibrated after adjustments	2,315,126	782,501	1,680,017	1,060,285	351,571	848,098	677,312	41,706	17,756	3,061	7,777,433	1.75%
2012 non-calibrated before adjustments	2,335,060	789,905	1,707,507	1,077,058	357,133	859,647	691,024	42,371	17,851	3,078	7,880,634	0.82%
2012 Suite Meter adjustment	5,400		-5,400								0	
2012 CDM adjustments as per Settlement	22,223	7,518	16,250	10,250	3,399	8,181	6,576	403	170	29	75,000	
2012 non calibrated after adjustments	2,318,237	782,387	1,685,857	1,066,808	353,734	851,466	684,448	41,968	17,681	3,049	7,805,634	0.36%

Undertaking

Undertaking L2.2

To provide target OM&A per customer for 2008 to 2012 used for the purposes of determining incentives, and explain methodology for determining targets.

Response

Quantitative performance targets are determined based on the performance goals that the Board of Directors approve in the annual business planning and budget process. Measures and targets are to help guide business performance and progress, evaluate whether a particular goal is on track, and identify where adjustments may be required.

The OM&A per customer targets are presented in Table 1. Targets are based on budgeted OM&A including the Conservation and Demand Management (CDM) program divided by the estimated number of customers in the budget year. Please note that this measure was not used as a quantitative metric prior to 2009. It has been used as a portion of the Organizational Effectiveness measure of corporate performance since 2009.

Table 1: OM&A Per Customer Targets

	2008	**2009**	**2010**	**2011**
OM&A Per Customer	NA	$220	$236	$250

Undertaking

Undertaking L2.3

To provide reasons for six executive incentive bonuses.

Response

The undertaking is referencing Exhibit D3-1-1 Employee Compensation Breakdown Table 6 Average Annual Incentive Pay.

Actual incentive costs, while accrued based on an estimate at year end to the appropriate year, are paid and therefore posted in the subsequent year. That is, the 2009 average arises from 2008 performance, and the 2010 average arises from 2009 performance.

As noted in response to Energy Probe Interrogatory #51 (Ref: K4-4-9), incentive payments are determined based on the sum of individual and divisional/corporate scores, where the weighting of each factor is dependent on the level of eligible employee.

The increased average in 2010 actual cost results from year over year improvement in the 2009 corporate score. Individual scores have remained reasonably constant, and therefore have not significantly impacted the average. Corporate performance results year over year were better in 3 key areas of focus – financial strength, customer value and organizational effectiveness.

The 2011 Bridge Year average is based on a budget assumption of achieving targets, not exceeding.

Undertaking

Undertaking L2.4

To provide update of D1, Tab 2, Schedule 1, page 2 take out 17 employees from table and put them back into exhibit D1, Tab 2, Schedule 1, page 12; to advise total employees at the utility

Response

Updates to requested documents are attached as Attachment 1.

Number of Employees (FTEs & Temporary)	Last Rebasing Year 2008	Historical Year 2009	Historical Year 2010	Bridge Year 2011	Test Year 2012
Number of Full-Time Employees					
Executive	6	6	6	5	5
Management	96	101	102	107	127
Non-Union	39	37	38	38	41
Union	388	402	405	407	425
Total	529	546	551	557	598
Number of Temporary Employees					
Executive	0	0	0	0	0
Management	1	0	0	2	2
Non-Union	5	3	3	1	1
Union	4	4	5	5	5
Total	10	7	8	8	8
Total Salary and Wages ($)					
Executive	791,698	805,687	829,088	701,341	730,466
Management	8,862,186	9,370,149	9,714,911	10,599,039	13,337,017
Non-Union	2,787,422	2,622,382	2,701,294	2,745,259	3,141,466
Union	24,242,591	25,879,165	27,017,395	27,556,918	29,730,587
Total	36,683,897	38,677,382	40,262,688	41,602,556	46,939,536
Total Benefits ($)					
Executive	177,908	188,093	197,543	182,068	189,350
Management	1,803,966	1,945,918	2,013,229	2,554,404	3,162,336
Non-Union	572,534	559,210	582,860	740,467	838,540
Union	5,507,852	5,943,148	6,191,629	7,444,097	7,919,182
Total	8,062,261	8,636,370	8,985,262	10,921,036	12,109,408
Total Compensation (Salary, Wages, & Benefits) ($)					
Executive	969,607	993,780	1,026,631	883,409	919,816
Management	10,666,152	11,316,067	11,728,141	13,153,443	16,499,353
Non-Union	3,359,956	3,181,592	3,284,154	3,485,726	3,980,006
Union	29,750,444	31,822,313	33,209,024	35,001,015	37,649,769
Total	44,746,158	47,313,752	49,247,950	52,523,592	59,048,944
Compensation - Average Yearly Base Wages ($)					
Executive	131,950	134,281	138,181	143,743	149,493
Management	92,094	92,499	95,058	98,252	102,600
Non-Union	72,401	70,684	70,530	72,303	76,747
Union	62,447	64,355	66,660	67,283	69,232
Total	69,354	70,838	73,072	74,213	77,530
Compensation - Average Yearly Overtime ($)					
Executive	0	0	0	0	0
Management	0	0	0	0	0
Non-Union	0	0	0	0	0
Union	5,295	6,605	6,358	6,025	5,923
Total	5,295	6,605	6,358	6,025	5,923
Compensation - Average Yearly Incentive Pay ($)					
Executive	34,692	37,676	40,859	34,895	36,290
Management	5,970	11,757	11,902	11,328	12,741
Non-Union	3,245	0	0	0	0
Union	0	0	0	0	0
Total	6,949	17,978	17,978	15,129	15,479
Compensation - Average Yearly Benefits ($)					
Executive	29,651	29,549	32,924	36,414	37,870
Management	17,891	18,186	18,815	22,407	23,425
Non-Union	9,871	10,754	10,997	17,630	18,634
Union	12,899	14,017	14,136	17,152	17,716
Total	13,619	14,620	14,876	18,355	19,160
Total Compensation ($)	49,538,906	51,881,632	52,658,511	57,003,607	63,651,951
Total Compensation Charged to OM&A ($)	35,756,345	36,302,775	37,388,495	41,251,768	46,391,375
Total Compensation Capitalized ($)	14,805,466	16,139,120	15,809,921	16,317,807	17,849,184

Table 4 - Holding Company Services and Costs from 2008 to 2012

Service Offered	2008 Actual $000	2009 Actual $000	2010 Actual $000	2011 Budget $000	2012 Budget $000	2012 Budget* $000
Legal, Corporate Admin & Regulatory	$460	$609	$571	$550	$194	$567
Finance, Internal Audit & Risk Mgmt	977	2,026	2,666	2,690	1,627	2,781
HR, Safety & Environment	380	621	493	720	547	742
Corporate Communications	123	166	232	300	154	309
Information Mgmt. &Technology	n/a	n/a	n/a	850	179	876
Management	320	469	797	640	607	659
Conservation	n/a	n/a	n/a	150	192	192
TOTAL	$2,260	$3,891	$4,759	$5,900	$3,500	$6,125

*2012 Budget assuming no transfer of positions

Undertaking

Undertaking L2.5

To provide audit opinion from Ernst & Young on report.

Response

Attachment 1 is the Ernst & Young document presented to the Hydro Ottawa Limited Audit Committee on November 8, 2011, which presents the results of their audit of the opening IFRS statement of financial position as at January 1, 2011 of Hydro Ottawa.

Hydro Ottawa Holding Inc.

Special purpose internal opening IFRS statement of financial position as at 1 January 2011 audit results

ERNST & YOUNG
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1 November 2011

The Audit Committee of the Board of Directors
Hydro Ottawa Holding Inc.

Dear Members of the Audit Committee,

We are pleased to present the results of our audit of the internal opening consolidated IFRS statement of financial position as at 1 January 2011 of Hydro Ottawa Holding Inc. ("HOHI" or the "Corporation") and summary of significant accounting policies and other explanatory information (together the "Financial Statement"), and the status of our audit procedures. As agreed with management, our audit work on the opening consolidated IFRS statement of financial position excluded the audit of regulatory assets and liabilities as the accounting treatment has yet to be determined. Our audit work on these financial statement items will be performed once the accounting treatment is finalized.

The level of our audit was designed to express an opinion on the Financial Statement as of 1 January 2011. In planning the audit we held discussions with management, considered significant Canadian GAAP and IFRS differences relevant to the Corporation performed an assessment of risks that could materially affect the conversion and the Financial Statement, and aligned our audit procedures accordingly. We received the full support and assistance of the Corporation's personnel in conducting our audit.

At Ernst & Young, we are continually evaluating the quality of our professionals' work in order to deliver audit services of the highest quality that will meet or exceed your expectations. We encourage you to use our Assessment of Service Quality (ASQ) process to provide your input on our performance. The ASQ process is a critical tool in enabling us to continually monitor and improve the quality of our audit services to the Corporation.

Furthermore, this report is also intended solely for the information and use of the Audit Committee and is not intended to be and should not be used by anyone other than the specified parties. We disclaim any responsibility to any third party who may rely on it. Further, this report is a by-product of our audit of the Financial Statement and indicates matters identified during the course of our audit. Our audit did not necessarily identify all matters that may be of interest to the Audit Committee in fulfilling its responsibilities. The detailed terms of our engagement are outlined in our engagement letter, which was approved by the Audit Committee on May 26, 2011.

We appreciate this opportunity to meet with you to discuss the contents of this report and answer any questions you may have about these or any other audit related matters.

Very truly yours,

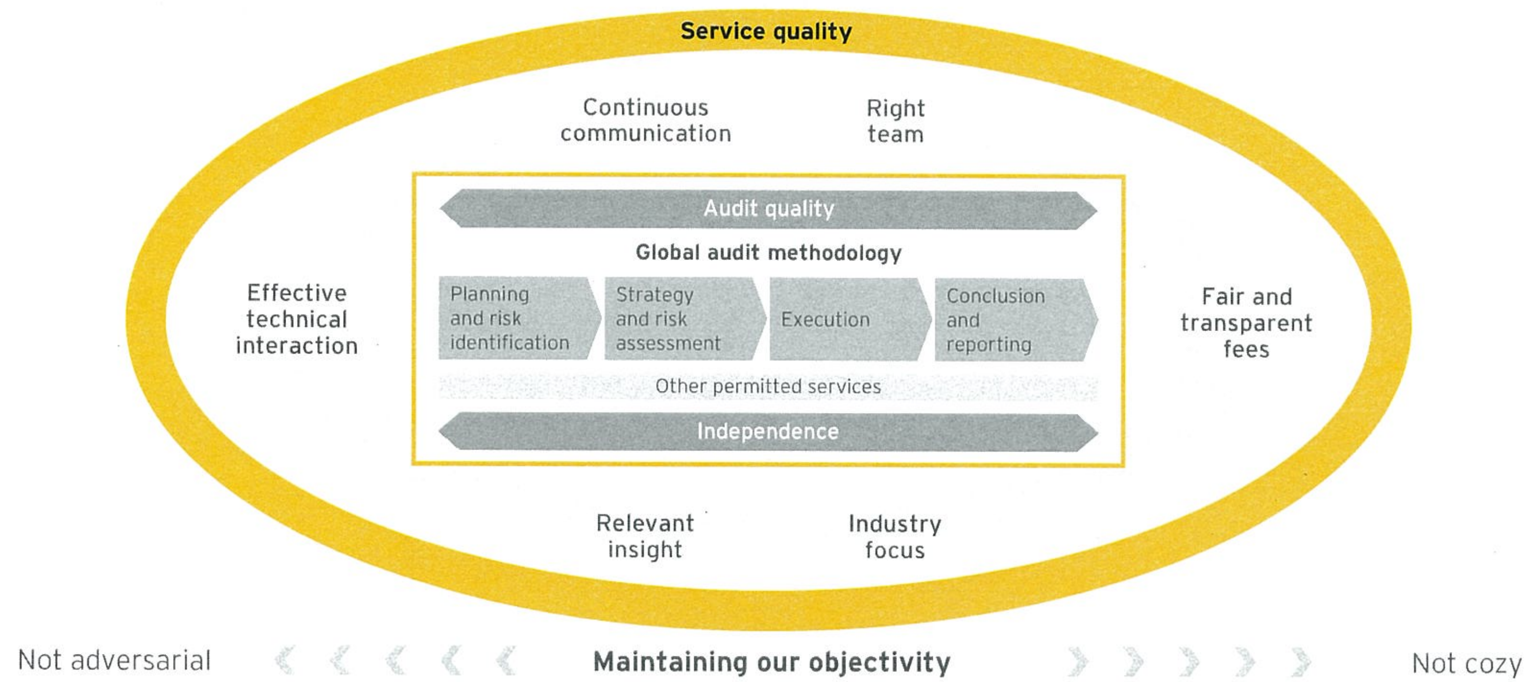
Ernst & Young LLP

Chartered Accountant
Licensed Public Accountants

Agenda

- Our client service commitment to Hydro Ottawa Holding Inc.
- Deliverables
- Global audit methodology
  - Overview of the audit process
  - Required communications
  - Critical policies, estimates and areas of emphasis
  - IFRS 1 exemptions applied
  - Fraud considerations and the risk of management override
  - Identified fraud risks
  - Summary of audit differences and omitted disclosures

Our client service commitment to Hydro Ottawa Holding Inc.



Our service commitment	Ernst & Young is committed to delivering consistent high-quality client service to the Corporation. Our service commitment is centered on our most critical objective of performing a high-quality audit of the Corporation's Financial Statement. Additionally, we strive to provide "Quality In Everything We Do" and recognize that service quality extends well beyond execution of our audit methodology. It is driven by the quality of our team and the effectiveness and value of our communications with management and the audit committee. Our overall service commitment to the Corporation is depicted above and is aligned with our Ernst & Young Assurance Service Delivery Approach.

Deliverables

	Audit deliverables	Status update
Opinion	▸ Express an opinion on the consolidated internal opening IFRS statement of financial position and summary of significant accounting policies and other explanatory information of Hydro Ottawa Holding Inc. and related entities including: ▸ Hydro Ottawa Limited ("HOL"); ▸ Energy Ottawa Inc. ("EO"); ▸ PowerTrail Inc. ("PT"); ▸ Telecom Ottawa Holding Inc. ("TOHI")	▸ Finalize conclusions with respect to the accounting for regulatory assets and liabilities; ▸ Assess any impacts on the Financial Statement that result from the OEB approval of the most recent rate submission; ▸ Review the consolidation under IFRS as well as the deconsolidation of PowerTrail; ▸ Obtain a letter of representations from management; ▸ Perform final procedures relating to the draft of the Financial Statement; ▸ Engagement Quality Review; ▸ Obtain legal letters from external counsel.
Internal control communications	▸ Issue a written communication to management and the Audit Committee describing significant weaknesses identified during our audit, should any arise.	▸ We will issue a communication upon finalization of our procedures.

Global audit methodology
Overview of the audit process

Important matters for Audit Committee consideration

- Required communications
- Findings and observations
- Fraud considerations and the risk of management override
- Summary of audit differences

Required communications

Area	Comments
Auditors' responsibilities under Canadian generally accepted auditing standards (GAAS)	
The Financial Statement is the responsibility of management. Our audit is designed in accordance with Canadian Generally Accepted Auditing Standards to obtain reasonable, rather than absolute, assurance about whether the Financial Statement is prepared using the basis of accounting described in Note 2.	Upon completion of our remaining audit procedures, we currently expect to issue an unqualified opinion on the Corporation's Financial Statement as at 1 January 2011.
Major issues discussed with management in connection with initial or recurring retention	
We discuss with the Audit Committee [or those charged with governance] any major professional issues that were discussed (orally or in writing) with management in connection with our initial or recurring retention as the auditor, including, among other matters, any discussions regarding the application of accounting principles and auditing standards.	None.
Our judgments about the quality of the Corporation's accounting principles	
We discuss our judgments about the quality, not just the acceptability, of the accounting policies as adopted and applied in the Corporation's Financial Statement, including the consistency of their application and the clarity and completeness of the Financial Statement and related disclosures.	We are currently finalizing our review of the Financial Statement and the accounting policies that have been applied by management. Based on our procedures to date, nothing has come to our attention to suggest that the accounting policies selected by management are not reasonable, consistently applied and provide reliable and relevant accounting information. See "Critical policies, estimates and areas of emphasis" for further discussion.
Disagreements with management	
We discuss with the Audit Committee any disagreements with management, whether or not satisfactorily resolved, about matters that individually or in the aggregate could be significant to the entity's Financial Statement or the auditor's report.	None.

Required communications

Area	Comments
Non-trivial recorded audit adjustments We provide the Audit Committee with information about recorded adjustments arising from the audit that could in our judgment, either individually or in the aggregate, have a significant effect on the Corporation's Financial Statement.	There were no significant recorded audit adjustments related to the audit.
Unrecorded audit differences considered by management to be immaterial We inform the Audit Committee about unrecorded audit differences accumulated by us (i.e., adjustments either identified by us or brought to our attention by management) during the current audit that were determined by management to be immaterial, both individually and in the aggregate, to the Financial Statement as a whole.	Refer to "Summary of audit differences" section.

Required communications

Area	Comments
Consultation with other accountants When we are aware that management has consulted with other accountants about auditing or accounting matters, we discuss with the Audit Committee our views about significant matters that were the subject of such consultation.	Management has not consulted with other accountants during the preparation of the IFRS opening balance sheet.
Serious difficulties encountered in dealing with management when performing the audit We inform the Audit Committee of any significant difficulties encountered in dealing with management related to the performance of the audit.	None.
The adoption of, or a change in an accounting principle We determine that the Audit Committee is informed about the initial selection of significant accounting principles or their application when the accounting principle or its application, including alternative methods of applying the accounting principle, has a material effect on the Financial Statement.	Related to the conversion of HOHI and related entities, all accounting policies in Note 3 Significant accounting policy note to the Financial Statement represent newly adopted policies. Some of these policies resulted in a material adjustment from Canadian GAAP as described in Note 8 First-Time Adoption of IFRS reconciliation note to the Financial Statement.

Required communications

Area	Comments
Methods of accounting for significant unusual transactions and for controversial or emerging areas We determine that the Audit Committee is informed about the methods used to account for significant unusual transactions and the effects of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.	We are not aware of any significant unusual transactions recorded by the Corporation or of any significant accounting policies used by the Corporation related to controversial or emerging areas for which there is a lack of authoritative guidance.
Sensitive accounting estimates and disclosures The preparation of the Financial Statement requires the use of accounting estimates. Certain estimates and disclosures are particularly sensitive due to their significance to the Financial Statement and the possibility that future events may differ significantly from management's current judgments. We determine that the Audit Committee is informed about management's process for formulating particularly sensitive accounting estimates and about the basis for our conclusions regarding the reasonableness of those estimates.	Significant judgments and estimates are described in Note 4 - Accounting Judgments, Estimates and Assumptions. The significant judgments and estimates as identified by management at the date of our report are: - Accounting for PowerTrail as a Joint Venture; - Accounting for dark fiber capacity as a service agreement; - Rate-regulated assets and liabilities; - Accounting for Streetlight Intelligence Options as equity instruments; - Accounting for post-employment benefit plans; - Accounting for decommissioning liability; - Related Party Transaction - related to interest free debt in PowerTrail; - Useful lives of property, plant and equipment and intangibles; - Directly attributable capitalized to property, plant and equipment. All of the matters have been addressed in the "Critical policies, estimates and areas of emphasis" section. As discussed with management, we will review the directly attributable cost model under IFRS as part of our 2011 Canadian GAAP interim audit and then will review the application of the model as part of the 2011 Comparative IFRS audit.

Required communications

Area	Comments
Fraud and illegal acts We communicate to the Audit Committee fraud and illegal acts involving senior management and fraud and illegal acts (whether caused by senior management or other employees) that cause a material misstatement of the Financial Statement. In addition we discuss fraud involving employees who have significant roles in internal control, questions regarding the honesty and integrity of management, and matters that may cause future financial statements to be materially misstated as well as any misappropriations perpetrated by lower-level employees, based on our understanding with the Audit Committee regarding the nature and extent of communications with the committee about such matters.	We are not aware of any matters that require communication. Refer to the "Fraud considerations" section for more information about our procedures related to the risks of material misstatement due to fraud.
Material weaknesses in internal control We communicate all material weaknesses in internal control that may have been identified during the course of our audit.	No material weaknesses were identified.

Required communications

Area	Comments
All material alternative accounting treatments discussed with management We discuss with the Audit Committee all alternative accounting treatments within IFRS for policies and practices related to material items (including recognition, measurement, presentation and disclosure alternatives) that have been discussed with management during the current audit period including: ▶ Ramifications of the use of such alternative disclosures and treatments, including the reasons why the alternative was selected and, if management did not select our preferred alternative, the reasons why it was not selected. ▶ The treatment preferred by us.	We discussed material alternative accounting treatments with management in the following areas: ▶ Accounting for Regulatory Assets and Liabilities under IFRS; ▶ Control versus joint control over PowerTrail by Energy Ottawa; ▶ Accounting for dark fiber leases as service contracts rather than operating leases. See "Critical policies, estimates and areas of emphasis" for the details of the transaction.

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Required communications

Area	Comments
Independence We communicate, at least annually, the following to the Audit Committee or those charged with governance: ▶ Describe, in writing, all relationships between Ernst & Young and our associated entities and the Company and its affiliates or persons in financial reporting oversight roles at the Company that may reasonably be thought to bear on our independence; ▶ Discuss with the Audit Committee the potential effects of those relationships on independence; and ▶ Affirm, in writing, that we are independent in compliance with the Rules of Professional Conduct / Code of Ethics as set out by the Institute of Chartered Accountants of Ontario.	Please refer to our independence letter issued as part of the 2010 audit dated March 22, 2011. There have been no changes in our independence since March 22, 2011. Our next written independence letter will be issued in conjunction with our 2011 audit which is expected to be in March 2012.
Related party transactions Related party transactions identified by the auditor that are not in the normal course of operations and that involve significant judgments made by management concerning measurement or disclosure must be disclosed to the Audit Committee.	None of which we are aware.
Matters relating to component entities of the Company When the Financial Statement of a Company (primary entity) includes financial information from the financial statements of a component entity (a subsidiary, investee (other than a portfolio investment), or joint venture; or an entity whose financial information from financial statements is included in the Financial Statement of the primary entity), the auditor communicates with the Audit Committee those matters relating to the component entities that in the auditor's judgment are of significance in the context of the primary entity (for example, weaknesses in systems of internal control that have resulted, or could result, in material errors in the primary entity's consolidated financial statements).	None of which we are aware.

Critical policies, estimates and areas of emphasis

Ernst & Young comments on quality of accounting policy and application

We are required to communicate our judgments about the quality, not just the acceptability, of the Company's accounting policies. The communications should be tailored to each company's circumstances, including accounting applications and practices not explicitly addressed in the accounting literature, such as those that may be unique to an industry.

CICA 5751, *Communications With Those Having Oversight Responsibility For The Financial Reporting Process*, notes that discussions on the quality of an entity's accounting principles generally should include such matters as the consistency of the entity's accounting policies and their application and the clarity and completeness of the entity's financial statements, which include related disclosures. The discussion also should include items that have a significant impact on the representational faithfulness, verifiability and neutrality of the accounting information included in the financial statements.

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Regulatory Asset and Liabilities Canadian GAAP allows for the recognition of regulatory assets and liabilities, there is not an equivalent standard under IFRS nor is there an active project underway to address regulatory accounting by the IASB. Therefore should an entity desire to record regulatory assets and liabilities, then they must demonstrate that they are consistent with the IFRS *Framework*. Entities that have been able to demonstrate that regulatory assets and liabilities are consistent with the IFRS Framework have been able to demonstrate that the regulatory assets and liabilities meet the criteria to be recorded as a financial instrument. The key elements to this argument are: - there is a contract between the utility and the individual customer for the services to be performed; - the amounts will be paid without any future service ; - the amounts are collectible. To demonstrate that the regulatory assets and liabilities meet the criteria utilities have engaged external legal counsel to support arguments made and recognition in line with IAS 39. The Corporation has engaged Tory's LLP to assist with their assessment.	*IFRS Framework* IAS 39 *Financial Instruments - Recognition and Measurement.*	We have obtained a copy of the two drafts of the legal opinion that has been rendered by Tory's LLP with respect to the recognition of regulatory assets and liabilities under IFRS by the Corporation. Based on our review of the legal opinion the criteria for recognition have not yet been met as all of the key elements that are required to be included in the assessment have not been achieved to date. The key element absent in the analysis is: - The requirement for the customer to pay in the absence of future service. Status - Discussions and analysis are ongoing with respect to the issue in order to demonstrate the regulatory assets and liabilities do meet the IFRS requirements for recognition.

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Property, Plant & Equipment Property, plant and equipment ("PPE") is the largest account for HOL, EO and PT. There are many similarities between CICA 3061 - *Property, Plant and Equipment* and IAS 16 - *Property, Plant and Equipment*. The main two differences that have an impact on the opening balance sheet of the Corporation are the more stringent componentization requirements in IAS 16, and the requirement to re-assess useful lives annually under IFRS. Under Canadian GAAP, HOL componentized and depreciated assets in line with OEB guidelines. Under IFRS, HOL is required to perform independent assessments of its components and useful lives and not defer to those that were previously established by the OEB. To assist entities, the OEB commissioned a study (performed by Kinetrics) to assist utilities in componentizing and determining the useful lives of their assets. HOL's components were determined by finance and operations based on the application of professional judgment and historical experience with the assets and represent management's best estimates at this time. For EO and PT, given they are not regulated entities, they did not follow OEB requirements similar to HOL under Canadian GAAP. However, in many cases under Canadian GAAP, assets were not componentized in line with IFRS requirements nor was the depreciation rates assessed annually in detail. Similar to HOL, EO and PT's components and useful lives were determined by finance and operations based on the application of professional judgments and historical experience with the assets and represent management's best estimates at this time.	IAS 16 – *Property, Plant and Equipment* *IFRIC 18 – Transfers of Assets from Customers.*	We have performed detailed procedures with respect to the determination of the components as well as the useful lives under IFRS. To assess the reasonableness, we performed the following: - We reviewed the assumptions and the documentation performed by the internal engineering specialists with respect to the components and the useful lives for all entities; - We obtained representations from operations and finance with respect to the components and useful lives; - We compared the useful lives as determined by management to the report from Kinetrics and obtained an understanding of the variances between the components and the useful lives a determined by HOL to those in the report; -We performed the necessary reliance on specialists procedures with respect to the evidential matter supplied by the internal engineering specialists; Based on the procedures performed, the components and the useful lives as determined by management appear to be reasonable.

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Property, Plant & Equipment (continued) On transition, as a regulated entity, HOL was able to use the IFRS 1 exemption available to use the net book value as determined under Canadian GAAP as the deemed cost on transition to IFRS. This exemption was not available to EO and PT, as such a detailed assessment of cost of the assets was required to be performed to assess that they were in compliance with IFRS. As EO elected to use the IFRS 1 exemption for business combinations (see "IFRS 1 exemptions applied") the assessment only required EO to consider the net book value of the assets at the date of the business combination and all additions subsequent. IFRS also provides specific guidance with respect to the accounting for contributions received from customers. Specifically, IFRIC 18 - *Transfers of Assets from Customers* requires the contributions to be recorded directly into income when received or deferred , recognized as a liability and amortized over the life of the asset depending on the nature and the terms of the contribution. HOL has determined that the latter represents the appropriate treatment based on the terms of the contributions received.	IAS 16 – *Property, Plant and Equipment* IFRIC 18 – *Transfers of Assets from Customers*	Management performed a detailed analysis to allocate the cost as determined under IFRS to the revised components. To assess the reasonableness, we performed the following: - We reviewed the methodology and assumptions used to allocate the costs as determined under IFRS based on historical evidence supplied by the Corporation; - We assessed the mechanics of the calculations performed by management; - We obtained detailed representations from the internal engineers with respect to the assumptions used in the allocation methodology; - We assessed the revised net book value for the assets that required further componentization under IFRS, including the revised cost and accumulated depreciation. For those that did not require additional componentization, we assessed that the revised useful life was applied prospectively. Based on the procedures performed, the cost under IFRS as well as the allocation to the revised components at 1 January 2011 appears to be reasonable. With respect to contributions received from customers, we reviewed the analysis performed by management to assess the appropriate recognition of the contributions (immediate or deferred and amortized). Based on the procedures performed, we concurred with the conclusions that have been reached by management.

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Consolidation of PowerTrail by Energy Ottawa Under Canadian GAAP management concluded that PowerTrail was a variable interest entity ("VIE") as defined by AcG- 15 *Consolidation Variable Interest Entities*. In addition, management determined that it was the primary beneficiary and thus consolidated PowerTrail Inc. into Energy Ottawa. Although the concepts for consolidation under Canadian GAAP are consistent with those under IFRS, there are differences, notably, the concept of VIE does not exist under IFRS. To this, there are differences in the application of consolidation under the VIE model and the model under IAS 27 *Consolidated and Separate Financial Statements* and SIC 12 - *Consolidation - Special Purpose Entities*.	IAS 27 *Consolidated and Separate Financial Statements* SIC 12 - *Consolidation - Special Purpose Entities*	Management re-assessed the consolidation of PowerTrail under IFRS and concluded that consolidation was no longer appropriate and determined that based on the application of IFRS, PowerTrail was under joint control and should be accounted for as a joint venture. The key elements to the conclusion are that there is no concept of VIE under IFRS and the application of the guidance does not require an entity to consider related parties and focus on the entity that would be required to absorb the majority of the losses. To supplement this, there are specific provisions in the shareholder agreement between EO and IGRS that require unanimous consent of both shareholders that indicate that there is joint control over PowerTrail. Specifically, the requirement that both parties agree to the operating and capital budgets is a key element in the analysis supporting that there is joint control over PowerTrail. We have reviewed the analysis and conclusions that have been reached by management on this issue and concur that PowerTrail be accounted for as a joint venture under IFRS and that there are specific differences between Canadian GAAP and IFRS that support this conclusion. The impact on the financial statements is that PowerTrail will be accounted for using the equity method ("one-line consolidation'). This deconsolidation is required to be retrospectively applied. As at the date of this report, we have not reviewed the deconsolidation or the application of equity accounting for PowerTrail under IFRS.

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Leases Consistent with Canadian GAAP, IFRS requires the classification of leases as either financing (referred to as 'capital lease' under Canadian GAAP) or operating. The main difference between IFRS and Canadian GAAP is related to the classification criteria, specifically, IFRS does not have defined quantitative criteria that are to be used to assess classification, the assessment is more qualitative in nature. This difference required additional efforts to re-assess the appropriate classification of lease arrangements. All leases were classified as operating leases under Canadian GAAP and management has assessed that there is no change under IFRS.	IAS 17 - *Leases* IFRIC 4 - *Determining whether an arrangement contains a lease*	Management first performed a detailed analysis to assess whether arrangements that had been entered into were leases in accordance with IFRIC 4 - *Determining whether an Arrangement contains a Lease*. There was no change in conclusion from Canadian GAAP as a result of this assessment except for dark fiber leases that had been entered into with Atria Networks. Upon review of the agreement considering the requirements of IFRIC 4 and IAS 17, management concluded that the arrangements with Atria Networks for dark fiber capacity represent a service contract and not a lease. The key factor in this assessment is that HOL and EO only receive a small portion of the capacity from the dark fiber lines and hence are not in full control of the asset. We have reviewed the IFRIC 4 conclusions on a sample basis by reviewing the detailed documentation provided by management as well as the signed contracts between the Corporation and the counterparties and concur with the conclusions reached by management. For those arrangements that constitute a lease in accordance with IFRIC 4, we reviewed management's analysis under IAS 17 for the classification of the lease as either operating or financing. To assess the reasonableness, the following was performed: - Selected a sample of leases and reviewed management's analysis against supporting lease agreements and the requirements of IAS 17 for appropriate classification; - Assessed the procedures performed by management to ensure the completeness of the population of leases to be reviewed; Based on the procedures performed, we concur with management's assessment that all leases are to be recorded as operating leases, consistent with Canadian GAAP.

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Employee Benefits Hydro Ottawa's life insurance plan, retirement grant, as well as routine employee benefits (e.g. salaries and vacation) that are provided to employees are subject to reporting standards under IAS 19. IFRS 1 provides the option to retrospectively apply the corridor approach under IAS 19 - *Employee Benefits*, for the recognition of actuarial gains and losses, or recognize all cumulative gains and losses deferred under Canadian GAAP in opening retained earnings at the Transition Date.	IAS 19 - *Employee Benefits*	The Corporation has made use of the IFRS 1 election to recognize all actuarial gains and losses as of the date of transition of IFRS to retained earnings. As a result of the IFRS 1 election, the Corporation recorded a reduction in retained earnings and a credit to long-term employee benefit obligations of $2,747,895 at January 1, 2011. As part of our procedures to assess the reasonableness of the transitional adjustment, we performed the following procedures: - Engaged our internal actuarial specialists to review the IAS 19 valuation report completed by management's experts (Morneau Shepell)for reasonableness. Our specialists also assessed the IFRIC 14 - *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* conclusions reached by the external specialist; - Assessed the reasonableness of the adjustment to retained earnings at 1 January 2011 related to actuarial gains and losses; - Performed the required reliance on specialist procedures with respect to the company's actuary; - Assessed the conclusions reached for the remaining Canadian GAAP and IFRS differences related to IAS 19 that are applicable to the Corporation and have concurred with the conclusions that have been reached by the Corporation. Based on our procedures performed, we identified no audit differences.

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Provisions Canadian GAAP does not differentiate between provisions and contingent liabilities; however, IFRS does distinguish the two requiring provisions to be recorded and contingent liabilities to be disclosed. IFRS also requires the recognition of liabilities when they are probable (interpreted to be 50% likely to occur) compared to 70% likely to occur under Canadian GAAP. In IFRS, management is required to measure the decommissioning liability for PCB's in accordance with IAS 37. IFRS requires management's best estimate of the Corporation's cash flows rather than the fair value measurement on initial recognition as in Canadian GAAP.	IAS 37 - *Provisions, Contingent Liabilities and Contingent Assets*	Under Canadian GAAP, the Corporation had several contingent liabilities primarily related to legal claims. As part of the conversion to IFRS, management re-assessed their conclusions with respect to these claims and concluded that no adjustment was required as a result of applying the requirements of IAS 37 to these claims. · We reviewed the conclusions reached by management with respect to the contingent liabilities at 1 January 2011 and concur that no additional provisions were required to be recorded for legal claims. ·Prior to the issuance of our opinion, we will send revised legal inquiry letters to external counsel to further validate the conclusions that have been reached by management. In relation to the decommissioning liability, EY reviewed management's assumptions under IFRS including management's estimated cash flows and current interest rate. At 1 January 2011, the ARO was recorded at $771K under Canadian GAAP and the value using assumptions under IFRS was nominally different. As a result of the minimal difference between CGAAP and IFRS management did not record an adjustment and we concurred with this conclusion.
Income Taxes There are minimal differences between IAS 12 - *Income Taxes* CICA 3465 - *Income Taxes* and none of which that applied to the Corporation. However, the transition from Canadian GAAP to IFRS under standards other that IAS 12 has in some cases resulted in an adjustment to the accounting basis that is used to calculate the temporary differences when calculating deferred income taxes.	IAS 12 - *Income Taxes*	The transitional differences as a result of the application of IFRS related primarily to the change in the accounting basis used to determined the temporary differences as a result of applying IFRS standards other than IAS 12 (e.g. IAS 16 - *Property, Plant and Equipment*). As part of our procedures we performed the following: ·Recalculated the revised temporary differences and deferred income tax assets and liabilities under IFRS as a result of the non IAS 12 adjustments recorded; ·Reviewed management's conclusions for the Canadian GAAP to IFRS differences that were deemed to be not applicable ·Based on the procedures performed, we concurred with the conclusions reached by management.

Ernst & Young
Quality In Everything We Do

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Financial Instruments There are a number of differences between CICA 3855 Financial Instruments - Recognition and Measurement and IAS 39 Financial Instruments Recognition and Measurement. However, substantially all of the differences are not applicable except for the requirement to perform a two-tier impairment test for financial instruments held at amortized cost and the requirement to fair value equity securities that do not have an active market. In addition, IFRS does not have specific guidance on how to account for related party transaction as Canadian GAAP did. An entity is thus required to use the guidance that would be applicable for the transaction should it not have been with a related party. This requirement has an impact on some intercompany loans where the Corporation could account for these loans at cost under Canadian GAAP, but are now required to record them at fair value.	IAS 39 - *Financial Instruments Recognition and Measurement* IAS 24 - *Related Party Disclosures*	We reviewed the two-tier impairment assessment for financial assets held at amortized cost and concurred with the assessment by management that there is no impact at 1 January 2011. The requirements to fair value equity securities that do not have an active market is applicable to the SLI options. As a result of the conversion and the future intentions with respect to these securities management elected to continue to account for the securities at cost and not record them at fair value. Therefore, the resulting differences as noted on our Summary of Audit Differences for the 2010 Canadian GAAP audit remain. Hydro Ottawa group of companies have various intercompany debt held within the entities. Specifically, the types of debt held includes interest free loans, debt with conversion options and debt with demand features. Management has individually assessed the treatment of each type of debt held at 1 January 2011 and the related fair value at the date that the loan was issued. Based on the analysis performed, management concluded that only one of the loans requires adjustment upon conversion to IFRS as the terms were not considered to be 'market' at the time the loan was issued. An interest free loan between EO and PT was revalued under IFRS resulting in an "investment in joint venture" of $2.3M on the books of EO and related contributed surplus in the books of PT. In order to verify proper treatment of the intercompany debt, EY performed the following procedures: - Reviewed management's analysis of intercompany debt fair value against the intercompany debt agreements and IAS 39 requirements; - For debt which has been discounted to its fair value, we assessed the repayment term of the debt to cash flow forecasts and assessed interest rates against benchmark market rates; Based upon the procedures performed, we concur with the conclusions reached by management.

Ernst & Young Quality In Everything We Do

Critical policies, estimates and areas of emphasis (cont'd)

Area	IFRS basis	Ernst & Young comments on quality of accounting policy and application
Investment Property IAS 40 defines investment property as property held to earn rental income, or for capital appreciation, or for both. Canadian GAAP does not contain specific rules on the accounting for investment properties. All of the properties owned by Hydro Ottawa were presented within Property, Plant & Equipment under Canadian GAAP. There are some differences between CICA 3061 - *Property, Plant and Equipment and* IAS 40 *Investment Properties*, with the notable one providing an entity to make an accounting policy choice to account for investment property using the cost model or the fair value model under IFRS. However, should the cost model be selected from a measurement perspective, an entity is required to disclose the fair value of the property that is held.	IAS 40 - *Investment Property*	Management identified one major property in Kanata as well as several smaller properties downtown, none of which are used in operations and are currently rented out. In order to assess the reasonableness of the fair value disclosure for the investment properties, we performed the following procedures: - Verified the completeness of properties classified as investment properties by comparing to the fixed asset schedule and reviewing management's assessment of the uses of each property; - Reviewed the valuation by Altus, valuation specialists at 1 January 2010 for the major property in Kanata and the assessment that the valuation at 1 January 2010 continues to be appropriate for the fair value disclosure requirements at 1 January 1, 2011. We also performed the required reliance on specialist procedures with respect to the valuation expert engaged by management. - Reviewed the fair value assessments of the remaining investment properties to verify appropriate fair value disclosure. Based on the procedures performed, EY did not note any differences in the fair value disclosure of the investment properties or the cost of the properties upon transition to IFRS.

IFRS1 exemptions applied

- IFRS1 provides companies with a number of possible exemptions which can be applied upon the initial adoption of IFRS. The following tables summarize the notable exemptions applied by the Corporation and Ernst & Young's comments on the application of these exemptions.

Nature of exemption	Ernst & Young comments on application of exemption
IAS 16, *Property, Plant and Equipment* IAS 38, *Intangible Assets* IAS 40, *Investment Property* A first-time adopter may elect to use the previous GAAP carrying amount of an item that was subject to rate regulation at the date of transition to IFRSs as deemed cost. If an entity applies this exemption to an item, it need not apply it to all items. At the date of transition to IFRSs, an entity shall test for impairment in accordance with IAS 36 each item for which this exemption is used.	Hydro Ottawa Limited elected to use this exemption and as such, have used the net book value ("NBV") of the property, plant and equipment , intangible assets and certain investment property at 1 January 2011 as its deemed cost under IFRS. As such, management has allocated the NBV at 1 January 2011 to the revised components under IFRS and have performed an impairment assessment in accordance with IAS 36. We have reviewed the allocation of the NBV to the revised components and concur with the conclusions reached by management. We have also reviewed the impairment assessment performed at 1 January 2011 and concur that there are no indicators of impairment at 1 January 2011.
IFRS 3, *Business Combinations* A first-time adopter may elect not to apply IFRS 3 (as revised in 2008) retrospectively to business combinations that occurred before the date of transition to IFRSs.	Hydro Ottawa Limited and Energy Ottawa have elected to use this exemption to not restate the respective business combinations that occurred in November 2000. The creation of Hydro Ottawa Limited was the result of the combination of the distribution assets of the five local utilities prior to their amalgamation in 2000. The creation of Energy Ottawa was the result of a combination of the generating assets of the five local utilities prior to their amalgamation in 2000. At the time, Canadian GAAP allowed entities to follow the 'pooling of interests' or the 'purchase' method to account for business combinations. The amalgamation of the distribution assets and the creation of Hydro Ottawa Limited was determined to be a business combination and hence available for the exemption. The amalgamation of the generating assets and the creation of Energy Ottawa was determined to be a business combination and hence eligible for the exemption. As a result, Hydro Ottawa Limited and Energy Ottawa have made use of the exemption and have not restated their respective business combinations upon transition to IFRS.

IFRS1 exemptions applied (cont'd)

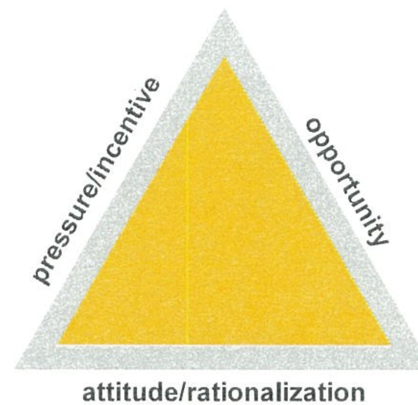
Nature of exemption	Ernst & Young comments on application of exemption
IAS 19, *Employee benefits* IFRS 1 provides the option to retrospectively apply the corridor approach under IAS 19, Employee Benefits, for the recognition of actuarial gains and losses, or recognize all cumulative gains and losses deferred under Canadian GAAP in opening retained earnings at the Transition Date.	The Corporation elected to recognize all cumulative actuarial gains and losses that existed at its Transition Date (1 January 2011) in opening retained earnings for all of its employee benefit plans. This resulted in a decrease to opening retained earnings of approximately $2,747,895. The application of this exemption appears to be reasonable.
IFRIC 4, *Determining Whether an Arrangement Contains a Lease* If a first-time adopter made the same determination of whether an arrangement contained a lease in accordance with previous GAAP as that required by IFRIC 4 but at a date other than that required by IFRIC 4, the first-time adopter need not reassess that determination when it adopts IFRSs. For an entity to have made the same determination of whether the arrangement contained a lease in accordance with previous GAAP, that determination would have to have given the same outcome as that resulting from applying IAS 17 Leases and IFRIC 4.	The Corporation had performed a similar assessment to that required by IFRIC 4 for all arrangements that were entered into or amended after 1 January 2005 as part of the requirements of EIC 150 - *Determining Whether an Arrangement Contains a Lease* (EIC 150 was required to be applied prospectively from 1 January 2005). As such, management reviewed the remaining arrangements held that were entered into or amended prior to 1 January 2005 for compliance with IFRIC 4 and no new lease arrangements were identified. As noted under the *Leases* discussion the only change as a result of the application of IFRIC 4 was that the dark fiber leases were determined to not contain a lease, but are service contracts.

Fraud considerations and the risk of management override

We are responsible for planning and performing the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or by fraud (CICA 5135, *The Auditor's Responsibility To Consider Fraud*).

Our audit procedures will encompass the requirements of CICA 5135: brainstorming, gathering information to facilitate the identification of and response to fraud risks and performing mandatory procedures to address the risk of management override (including examining journal entries, reviewing accounting estimates and evaluating the business rationale of significant unusual transactions).

- We evaluate the risk of management override using the fraud triangle and consider the actions management has taken to respond to those risks.
- We consider, among other things:
  - Code of conduct/ethics
  - Effective and independent oversight by audit committee
  - Process for dealing with whistle-blower allegations
  - Adequacy of internal audit oversight of activity
  - Entity's risk assessment processes
- Role and oversight responsibilities of the audit committee:
  - Management's assessment of the risks of fraud
  - Programs and controls to mitigate the risk of fraud
  - Process for monitoring multiple locations for fraud
  - Management communication to employees on its views on business practices and ethical behavior



Occupational Fraud and Abuse, by Joseph T. Wells, CPA, CFR (Obsidian Publishing Co, 1997);
Fraud Examination, by W. Steve Albrecht (Thomson South-Western Publishing, 2003)

Identified fraud risks

Identified fraud risks	Controls related to fraud risk	Summary of tests of controls and substantive procedures and related findings
Incentive to use the opening balance sheet to "clean-up" the balance sheet and record adjustments to equity on transition to IFRS.	Controls related to the risk include, but are not limited to: - Steering Committee and Audit Committee oversee the entire conversion process; - Steering Committee meets regularly and approves all key accounting policies and judgments made; - Director of Finance and CFO approve all IFRS related accounting decisions.	Based on the procedures performed we did not identify any instances of management using the opening balance sheet to "clean-up" the balance sheet and record adjustments to equity.

Summary of audit differences and omitted disclosures

- During the course of our audit, we accumulate differences between amounts recorded by the Corporation and amounts that we believe are required to be recorded based on the basis of accounting described in Note 2 to the Financial Statement. We have noted no differences based on the application of IFRS by management to the date of our report. However, the Canadian GAAP differences that were presented to the Audit Committee on March 22, 2011 continue to exist upon transition to IFRS.
- We noted minor re-classifications as a result of our procedures, however, none that were material to warrant further discussion with the Audit Committee.
- In addition, we identify those material disclosures required in the Financial Statement. Based on the procedures performed to the date of this report, we have not identified any material disclosure deficiencies.

Ernst & Young

Assurance I Tax I Transactions I Advisory

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Undertaking

Undertaking L2.6

To file all survivor curves Hydro Ottawa has that form the basis of useful life evidence.

Response

Asset Life Expectancy Analysis

Survivor curves are a tool used to graphically display the amount of assets existing in a category/group at each age throughout the life of the group. Iowa curves are a specific set of survivor curves originally developed at Iowa State College in 1935, based on observation, classification and statistical analysis of ages at which industrial property had been retired. From an asset survivor curve the average life of the group can be calculated. In an environment where operating conditions remain constant, the curve can be used to calculate remaining life expectancy and probable life for the assets.

The Weibull Distribution analysis is an equivalent tool used to deal with probability and statistics. The Weibull Distribution is used in reliability engineering and failure analysis, and in survival analysis. There are significant similarities in the probability distributions represented by the IOWA curves and Weibull analysis.

As stated by the US Army Corps of Engineering in the technical letter RELIABILITY ANALYSIS OF HYDROPOWER EQUIPMENT - ETL 1110-2-550:

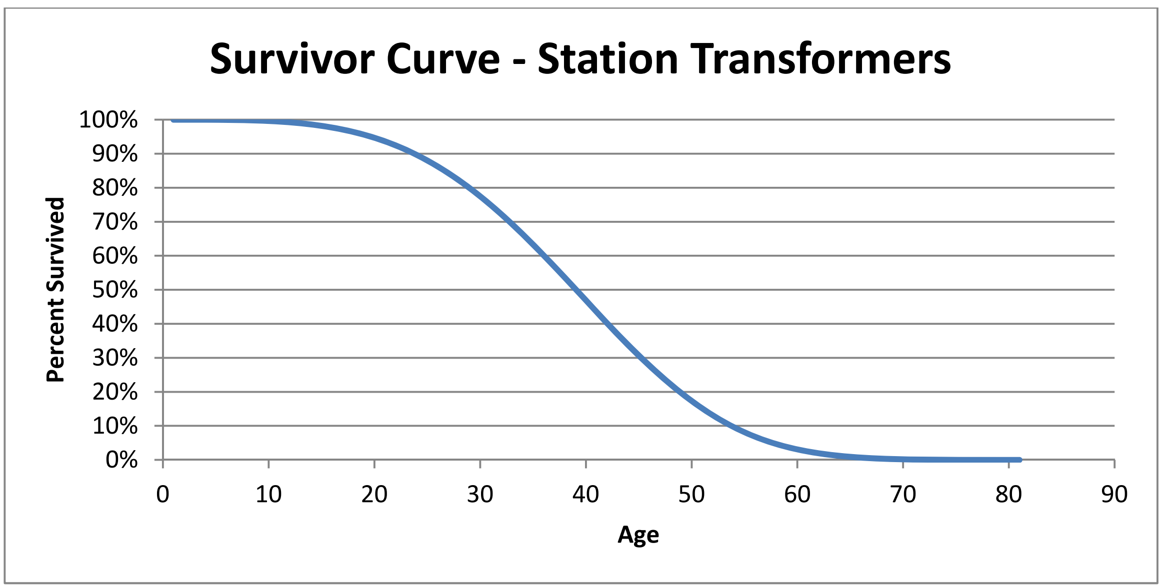
> *"The Weibull Distribution is one of the most widely used reliability functions. It has been shown that the differences between the Iowa Curves and a Weibull Distribution are statistically insignificant. The Weibull Distribution is much easier to adapt to computer analysis techniques."*

In the development and annual update of Hydro Ottawa Limited's ("Hydro Ottawa") Asset Management Plan ("AMP"), Hydro Ottawa evaluates projected failure rates of its major distribution assets including wood poles, overhead transformers, padmount transformers, kiosk transformers, vault transformers, XLPE cable, station transformers, and station switchgear. The 2005 Asset Management Plan, developed with assistance from Acres Consulting, is the starting point for much of this analysis. Hydro Ottawa failure data was very limited for the 2005 AMP, so models were created using a mixture of actual data and assumed data on each asset class.

The failure rates and associated recommendations for replacement rates were based largely on projected asset failure curves developed using a normal distribution. Each year the latest asset failure and inspection data is used to update the information and analysis. The 2010 and 2011 Asset Management Plans were both developed based on annually updated asset failure rate analysis and are both included in the 2012 Rate Application information (Exhibit B6-Tab1-Schedule1 – Attachments V & W). Hydro Ottawa used the Weibull Distribution to model asset failure versus aging for these updates. With a minimum of specific age at failure for many of our assets, the Weibull Distribution is flexible enough to model a wide range of aging modes, and parameter fitting can be done utilizing mathematical objective methods. Hydro Ottawa's evaluation took into account available failure and demographic information. Parameter estimation for the Weibull Distribution was done using either Maximum Likelihood Estimation or Hazard Fitting, based on the available information for parameter fitting. This analysis, done in 2009 for the 2010 AMP, was also the basis for our initial evaluation of asset technical lives as part of the IFRS process.

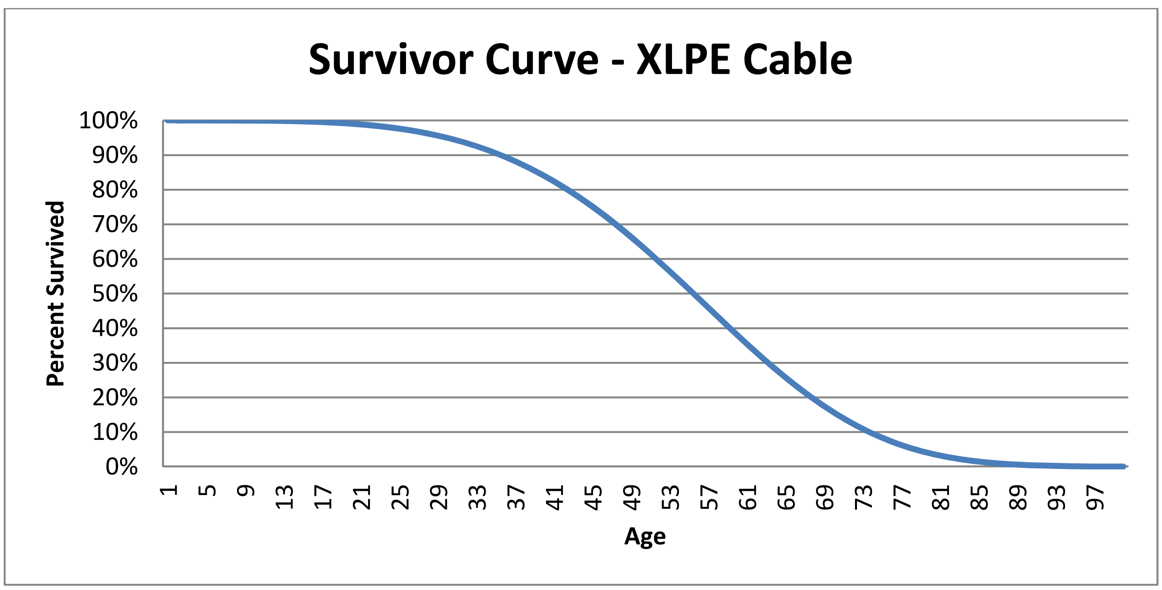
Historically age at failure has not been consistently collected for many assets. This creates challenges in development of asset failure models, due to the limitations of available information. The objective mathematical methods and wide use of the Weibull distribution led Hydro Ottawa to its use, as tools such as Hazard fitting can and have been objectively applied in circumstances where age data is not available. Hydro Ottawa reviews and updates these models annually through the asset planning process as new information is collected. These updates are documented in the annual update to the Asset Management Plan.

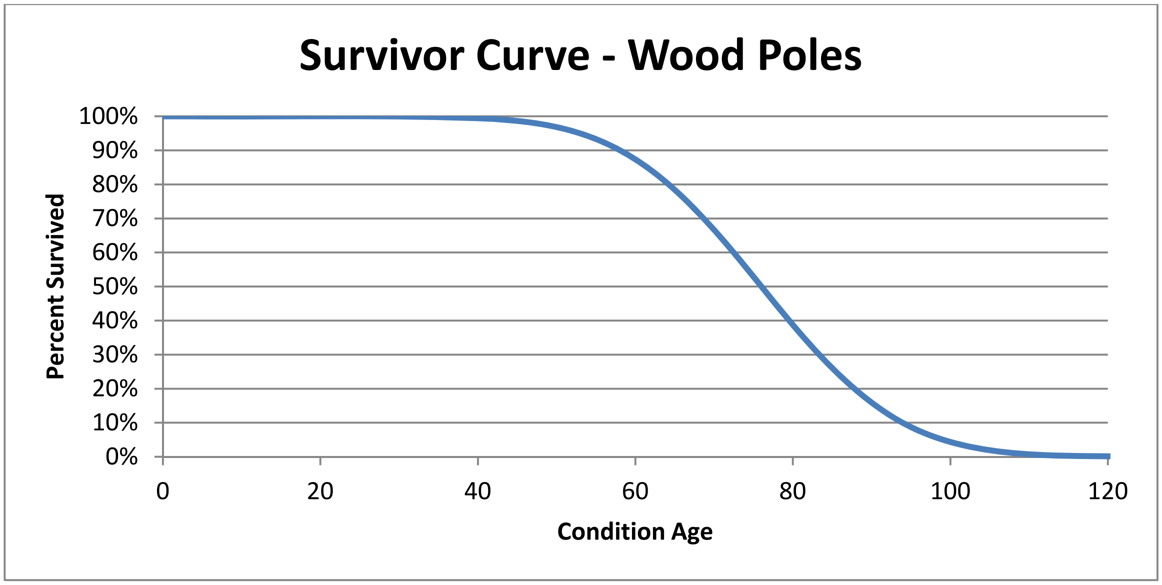
The Weibull asset models can be displayed in several formats. The asset management plan focused on the asset Hazard curves and presents the asset models in that configuration. The same fitted distribution can be presented in the format of a survivor curve, examples of this can be found below. Station transformers are an asset class where age at failure data has been collected which allowed for the application of Maximum Likelihood Estimation in the fitting of the Weibull distribution. Based on the quality and quantity of failure data it is the best representative example of a Hydro Ottawa specific Survivor Curve representation. The curves do not include asset retirement data, which in categories such as poles and polemount transformers is a significant factor in determining commercial life expectancy.

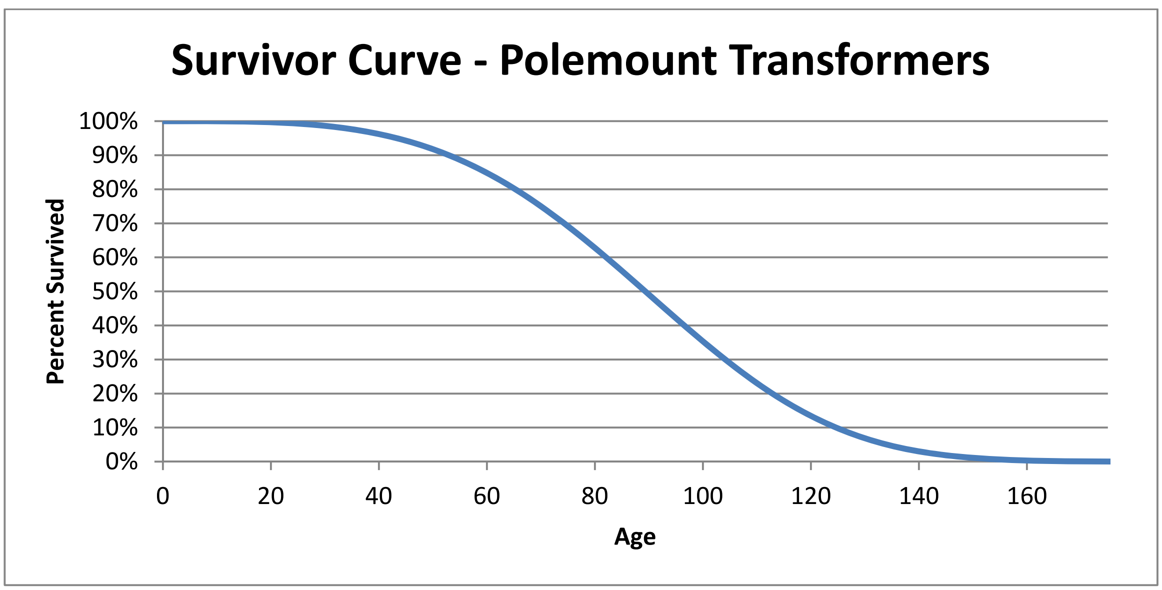


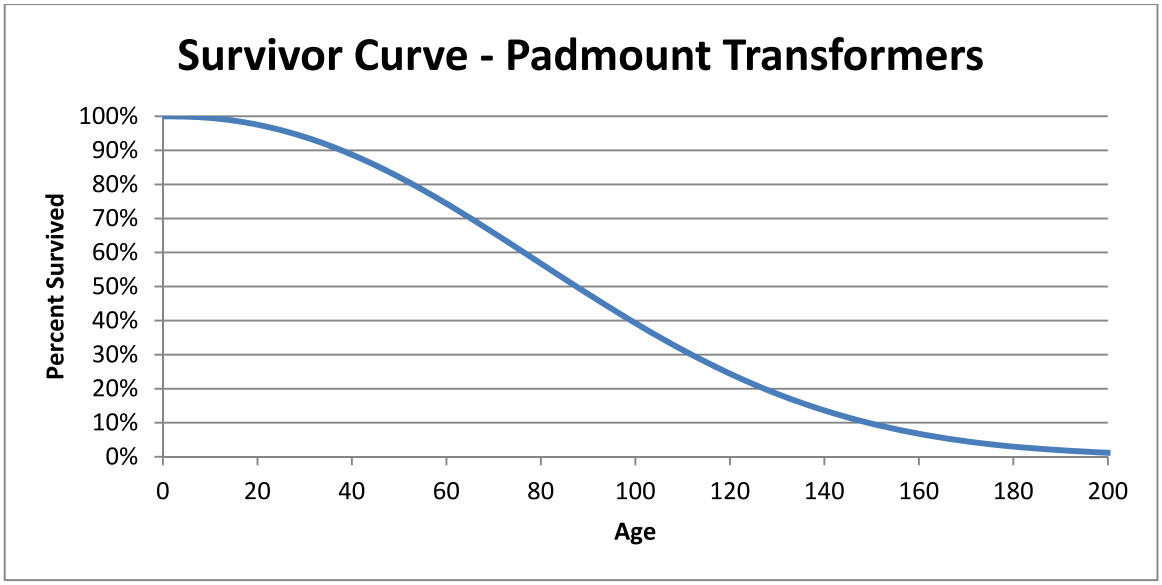
Conversely, XLPE cable, Wood Poles, Polemount transformers and Padmount transformers are asset classes where very limited age at failure is available. This data limitation lends it self to the use of hazard fitting to derive the best fit from asset demographics and annual quantity of failed assets data.

Limitations in the available data must be taken into considerations when interpreting the results of such asset life studies. The current assessment has been skewed by a limited window of failure data (10 years or less), coupled with age demographics which reflect longevity in some of the equipment within the asset group. Currently Hydro Ottawa has polemount transformers which are greater than 60 years of age, and padmount transformers which are greater than 45 years of age in the system. The current window of failure data is insufficient to capture the early asset failures which have occurred for these older vintage assets. Hydro Ottawa does not have experience to support, nor expects that distribution transformers will last in excess of a 100 years as is indicated by the current models. Rather these models reflect an asset classes which may have lower age dependence in failure and a higher random failure component. As such Hydro Ottawa regards these curves as a starting point for understanding and forecasting asset failure, and has undertaken data collection activities to refine the models moving forward.




Survivor Curve - Wood Poles
Percent Survived
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
20
40
60
80
100
120
Condition Age


Survivor Curve - Polemount Transformers
Percent Survived
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
0
20
40
60
80
100
120
140
160
Age



The process for determining Hydro Ottawa's IFRS Useful Lives started late in 2008. The engineers from Assets used existing information regarding asset failure rates to determine technical lives from the 2005 Asset Management Plan (AMP), also considering 2006/2007 asset management analysis and information, and industry technical reports. The evaluation of technical life span of assets focuses on the failure of assets only, rather than the broader question of asset retirement, and as such does not consider assets retired from service for external reasons, such as capacity upgrades, relocations, and vehicle collisions. It also does not accurately account for significant environmental changes or changes in use or loading. The AMP focus on end-of-life failure based on limited failure data and provides appropriate models for forecasting proactive asset replacement requirements. However, typically results in higher average age than would be appropriate for asset depreciation. Utilizing the AMP technical analysis together with their experience and professional judgement, the engineers considered existing and future issues which were pertinent to Hydro Ottawa's asset operational conditions, in order to develop appropriate commercial useful lives.

Results of this process are included in Hydro Ottawa Components and Estimated Useful Lives Report dated May 31, 2011

Undertaking

Undertaking L2.7

To Track the 4.1 Million in J1-1-1 approved in 2008 to the CGAAP 2012 test budget to see how much it has grown between 2008 and today.

Response

The transcript of the undertaking references the $4.1 million in Exhibit J1-1-1, but the reference should be to Exhibit M2.3 titled Issue 3.4 – Change in Accounting Policy

Exhibit M2.3 is an excerpt from Hydro Ottawa Limited's 2008 Rate Application Decision (EB-2007-0713). In the table, the 2008 amount capitalized as indirect costs is $4.1 million, where "Indirect costs in the table include IT, human resources, finance, facilities, and corporate and holding company allocations."

The comparable figure in the CGAAP 2012 Test Year budget is $4.7 million. This figure was included in response to Board Staff Interrogatory #80 (Exhibit K11-1-2). Column 2 on Table 1 provides the CGAAP 2012 Test Year budget. The summation of rows 2 through 9 is the appropriate comparator.

Undertaking

Undertaking L2.8

To provide list of items that formerly capitalized before and proposed to be capitalized in the application.

Response

Table 1 of Board Staff Interrogatory #80 (Exhibit K11-1-2) provides the 2012 Test Year overhead costs capitalized under CGAAP versus those capitalized under MIFRS. Attachment 1 provides a brief description of the expenses, by Hydro Ottawa cost element, that are no longer eligible to be capitalized by denoting an “N” in the MIFRS column. Details are provided by cost elements specific to Supply Chain, Engineering, and Supervision. The specific expense type at the granular detail level is not the only consideration for eligibility for capitalization under IFRS. That is, even though by definition the cost elements listed with a “Y” in the attachment are eligible, expenses can be capitalized only if directly attributable to a specific asset. Not all of the costs incurred by the employees in these functions are directly attributable to a specific asset therefore an estimate of directly attributable time is applied to the base pool to determine the eligible costs applied to capital. As such, the variance noted in Table 1 of Board Staff Interrogatory #80 (Exhibit K11-1-2) is not simply the sum of the expenses with an “N” in the MIFRS column of Attachment 1.

	Engineering		Supervision		Supply Chain	
Account	**CGAAP**	**MIFRS**	**CGAAP**	**MIFRS**	**CGAAP**	**MIFRS**
Labour Regular Hourly	Y	Y				
Labour Regular Salary	Y	Y			Y	Y
Labour Overtime Hourly	Y	Y			Y	Y
Labour Overtime Salary	Y	Y			Y	Y
Union Vacation	Y	Y			Y	Y
Union Statutory Holidays	Y	Y			Y	Y
Union Leave	Y	Y			Y	Y
Training Regular Hourly	Y	N			Y	N
Training Regular Salary	Y	N			Y	N
Training Overtime Hourly	Y	N				
Inclement Weather Rglr Hourly	Y	N				
Union Business	Y	N				
Vacancy Allowance	Y	Y				
Management Salaries	Y	Y	Y	Y	Y	Y
Mgmt Supplementary Time	Y	N	Y	N		
Bonuses	Y	Y	Y	Y	Y	Y
Management Vacation	Y	Y	Y	Y	Y	Y
Management Statutory Holidays	Y	Y	Y	Y	Y	Y
Management Leave	Y	Y	Y	Y	Y	Y
Specialty Payments	Y	N				
Management Training	Y	N			Y	N
Temporary Services	Y	Y				
Employer Pension Contributions	Y	Y			Y	Y
Canada Pension	Y	Y			Y	Y
Employment Insurance	Y	Y			Y	Y
Workplace Safety and Insurance	Y	Y			Y	Y
Ontario Health Tax	Y	Y			Y	Y
Employee Health Plan	Y	Y			Y	Y
Uniforms & Safety Equipment	Y	N			Y	N
Employee Purchase Programs	Y	N			Y	N
Other Benefits	Y	Y				
Non-Stock Materials					Y	N
Vehicles & Equipment					Y	Y
Outside Services					Y	N
Vehicle & Equip. Rentals					Y	N
Small Tools					Y	Y
Small Equip. Repairs					Y	N
Freight & Transport					Y	Y
Waste Disposal					Y	Y
Office Supplies	Y	Y	Y	Y	Y	Y
Office Equipment Rentals	Y	Y	Y	Y	Y	Y
Office Equipment Maintenance	Y	Y	Y	Y		
Paper and Printing	Y	Y	Y	Y	Y	Y
Postage and Meter Rentals	Y	N	Y	N	Y	N
Courier	Y	Y	Y	Y	Y	N

	Engineering		Supervision		Supply Chain	
Account	**CGAAP**	**MIFRS**	**CGAAP**	**MIFRS**	**CGAAP**	**MIFRS**
Travel Meals & Entertainment	Y	N	Y	N	Y	N
Travel Transportation	Y	N	Y	N	Y	N
Travel Lodging	Y	N	Y	N	Y	N
Mileage Reimbursement	Y	N	Y	N	Y	N
Vehicles	Y	N	Y	N		
Travel Other	Y	N	Y	N	Y	N
Training Meals & Entertainment	Y	N	Y	N	Y	N
Training Regstrtn & Tuitions	Y	N	Y	N	Y	N
Training Transportation	Y	N	Y	N	Y	N
Training Lodging	Y	N	Y	N	Y	N
Training Mileage Reimbur	Y	N	Y	N	Y	N
Training Other	Y	N	Y	N	Y	N
Interest Expense	Y	N	Y	N	Y	N
Unreconciled Credit Card Chrgs	Y	N	Y	N	Y	N
Foreign Exch. Gain/Loss					Y	N
Consulting Services	Y	N	Y	N	Y	N
IT Licenses	Y	N	Y	N		
IT Maintenance Contracts	Y	N	Y	N		
Computer Equipment	Y	N	Y	N		
Computer Software	Y	N	Y	N		
Computer Supplies	Y	N	Y	N	Y	N
Telephone - Land Based	Y	N	Y	N		
Telephone - Mobile	Y	Y	Y	Y	Y	Y
Radio Leasing and Licenses	Y	Y	Y	Y		
Communications Hardware	Y	N	Y	N		
Demonstrations & Promotions	Y	N	Y	N		
Hospitality Meals & Entertainm	Y	N	Y	N	Y	N
Other Meals & Entertainment	Y	N	Y	N	Y	N
Recruiting Other	Y	N	Y	N		
Regulatory Memberships	Y	Y	Y	Y		
Professional Dues & Licenses	Y	Y	Y	Y	Y	Y
Other Membership Fees	Y	Y	Y	Y	Y	Y
Subscriptions	Y	N	Y	N	Y	N
Easements & Licenses	Y	N	Y	N		
Central Registry	Y	N	Y	N		
Vehicle Licenses	Y	N	Y	N		
Inv. Write Offs & Obsolescence	Y	N	Y	N		
Inv. Shortages & Overages	Y	N	Y	N		
Physical Inventory Count	Y	N	Y	N		
Average Cost Adjustment	Y	N	Y	N		
Cycle Count Adjustment	Y	N	Y	N		
Rewards & Recognition	Y	N	Y	N		
Miscellaneous & Transfers	Y	N	Y	N		