



WESTARIO POWER INC.
2013 COS APPLICATION
EB-2012-0176

Submitted on: October 9, 2012

Westario Power Inc.
24 Eastridge Road
RR 2
Walkerton, ON
N0G 2V0















October 9, 2012
Ontario Energy Board P.O.
Box 2319 27th Floor
2300 Yonge Street Toronto,
Ontario M4P 1E4

Attention: Ms. Kirsten Walli, Board Secretary
Regarding: EB-2012-0176 2013 Cost of Service Application

Dear Ms. Walli,

Westario Power Inc. is pleased to submit to the Ontario Energy Board its 2013 Cost of Service Application, in compliance with the OEB letter dated January 26, 2012. This application is being filed pursuant to the Board's e-Filing Services. Two hard copies of the Application will be delivered to the Board over the next few business days.

Excel versions of the following supporting OEB models are being filed pursuant to the Board's e-Filing Services.

-  WPI EB-2012-0176 2013COS EDDVAR_Continuity_Schedule_CoS_v2
-  WPI EB-2012-0176 2013COS Filing_Requirements_Chapter2_Appendices_V1.1
-  WPI EB-2012-0176 2013COS LF Wholesale Data
-  WPI EB-2012-0176 2013COS RateMaker_v2 - CGAAP
-  WPI EB-2012-0176 2013COS RateMaker_v2 - MIFRS
-  WPI EB-2012-0176 2013COS Rev_Reqt_Work_Form_V3_20120628 CGAAP
-  WPI EB-2012-0176 2013COS Rev_Reqt_Work_Form_V3_20120628 MIFRS
-  WPI EB-2012-0176 2013COS RTSR Model_20120301_V2_2
-  WPI EB-2012-0176 2013COS Smart_Meter_Model_V3.0_20120703
-  WPI EB-2012-0176 2013COS Test_year_IncomeTax_PILs_Workform_V2_20120703_CGAAP
-  WPI EB-2012-0176 2013COS Test_year_IncomeTax_PILs_Workform_V2_20120703_MIFRS
-  WPI EB-2012-0176 2013COS Westario_Cost_Allocation_Model_V3

We would be pleased to provide any further information or details that you may require relative to this application.

Yours truly,

Lisa Milne, CGA
President/CEO
Email: lisa.milne@westario.com
Phone: 519-507-6666 x-216

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LEGAL APPLICATION

ONTARIO ENERGY BOARD

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O.1998, c.15 (Sched. B)

AND IN THE MATTER OF an application by Westario
Power Inc. for an Order or Orders pursuant to section 78 of
the *Ontario Energy Board Act, 1998* for 2013 distribution
rates and related matters.

APPLICATION

1) The Applicant is Westario Power Inc. ("WPI"). WPI is a licensed electricity distributor operating pursuant to license ED-2002-0515. The urban communities served by WPI are limited to the following municipalities:

- a. The Township of Huron-Kinloss (Villages of Ripley and Lucknow)
- b. The Municipality of Kincardine (Kincardine Ward 1)
- c. The Municipality of South Bruce (Villages of Mildmay and Teeswater)
- d. The Town of Saugeen Shores (Towns of Port Elgin and Southampton)
- e. The Township of North Huron (Town of Wingham)
- f. The Municipality of Brockton (Town of Walkerton and Village of Elmwood)
- g. The Town of Hanover (Town of Hanover)
- h. The Town of Minto (Towns of Harriston and Palmerston, Village of Clifford)

i. The Township of West Grey (Village of Neustadt)

WPI has no special conditions in it's' license. WPI is an embedded distributor; the adjacent distributor is Hydro One Inc.

2) WPI hereby applies to the Ontario Energy Board (the "Board") for an order or orders made pursuant to Section 78 of the *Ontario Energy Board Act, 1998*, as amended,(the "OEB Act") approving just and reasonable rates for the distribution of electricity based on a 2013 test year.

3) WPI hereby certifies that the application has been reviewed and approved by the President/CEO of WPI and certifies that the information and evidence presented herein is accurate to the best of the applicants knowledge.

4) Specifically, WPI hereby applies for an order or orders granting approval of:

a) Approval to charge rates effective May 1, 2013 to recover a revenue requirement of \$9,926,659 which includes a revenue deficiency of \$977,793;

b) Approval of the proposed loss factor of 1.07;

c) Approval to revise Low Voltage Rates as proposed;

d) Approval to revise Retail Transmission Network and Connection rates as proposed;

e) Approval to continue to charge Wholesale Market and Rural Rate Protection Charges;

f) Approval of other regulated income of \$653,041;

g) Approval to dispose of Group 1 & Group 2 Regulatory Asset, Deferral and Variance accounts;

h) Approval of a Stranded Meter rate rider as proposed;

- 1 i) Approval to continue with Account 1508 – Other Regulatory Assets – sub
2 account – Deferred IFRS Transition Costs and sub-account – Incremental
3 Capital Charges to track costs, revenues and interest for amounts to be
4 disposed of in a future rate proceeding;
- 5 j) Approval of WPI's Smart Meter Initiative expenditures, including but not limited
6 to the approval of Smart Meter Disposition Rate Riders to recover Smart Meter
7 Initiative expenditures incurred to December 31, 2012 as presented in this
8 Application and the inclusion of the Smart Meter Initiative capital expenditures
9 in Rate Base effective January 1, 2013;
- 10 k) In the event the Board is unable to implement WPI's 2013 rates by May 1, 2013,
11 WPI requests that its current rates be made interim effective May 1, 2013.
- 12 5) As indicated by WPI's pre-filed evidence, its proposed 2013 revenue requirement is
13 \$9,926,659. Based on current distribution rates and forecasted load, WPI projects a
14 revenue deficiency of \$977,793.
- 15 6) The 2013 rates proposed by WPI will result in monthly total bill impacts as follows: a)
16 a Residential customer using 800 kWh's - a 8.43% increase; b) a General Service
17 customer less than 50 kW using 2,000 kWh's - a 7.75% increase; c) a General
18 Service customer 50 to 4,999 kW with a demand of 140 kW and energy of 50,000
19 kWh's – a 5.67% increase; d) Unmetered Scattered Load using 375 kWh's – a
20 15.42% decrease; e) Sentinel Lighting with a demand of 0.20 kW and energy of 200
21 kWh – a 21.27% increase; and f) Street Lighting with a demand of 3 kW's and
22 energy of 500 kWh's – an 12.26% increase.
- 23 7) This Application is made in accordance with the Board's Chapter 2 of the Board's
24 Filing Requirements for Transmission and Distribution Applications dated July 12,
25 2012.
- 26 8) This Application is supported by written evidence. The written evidence will be pre-
27 filed and may be amended from time to time, prior to the Board's final decision on
28 this Application.

1 9) The Applicant requests that, pursuant to Section 34.01 of the Board's Rules of
2 Practice and Procedure, this proceeding be conducted by way of written hearing.

3 10) The Applicant requests that a copy of all documents filed with the Board in this
4 proceeding be served on the Applicant and the Applicant's advisor, as follows:

5 **Applicants Name:** Westario Power Inc.

6
7 **Applicants Address:** 24 Eastridge Road
8 RR 2
9 Walkerton, ON
10 N0G 2V0
11

12 **Applicants Contacts:** Lisa Milne, CGA
13 President/CEO
14 Email: lisa.milne@westario.com
15 Phone: 519-507-6666 x-216
16 Fax: 519-507-6777
17

18 **Applicants Counsel:** Mr. Andrew Taylor
19 The Energy Boutique
20 120 Adelaide Street West
21 Suite 2500
22 Toronto, Ontario
23 M5H 1T1
24 Email: ataylor@energyboutique.ca
25 Phone: 416-644-1568
26 Fax: 416-367-1954

STATEMENT OF PUBLICATION

WPI proposes that the notice appear in the publications noted in Table 1 below:

Table 1: Listing of Publications in Westario Power Territory

Publication	Distribution	Circulation	Paid/Free Subscription
Town Crier	Mildmay, Walkerton, Teeswater, Hanover, Clifford	2,000	Paid
The Post	Neustadt, Hanover, Ayton, Walkerton, Elmwood, Formosa, Mildmay, Cargill, Chepstow, Chesley	14,804	Free
Kincardine Independent	Kincardine, Tiverton, Ripley, Lucknow, Port Elgin, Southampton	2,500	Free
Wingham Advance Times	Wingham	2,500	Free
Minto Express	Harriston, Palmerston, Clifford	1,300	Paid

The Notice of Application will be published in the newspapers noted above as they provide coverage to each community in our service territory. These are all local papers, some of which are paid and some of which are available free to customers. WPI has selected newspapers that have the greatest readership in each community as well as papers that have been used in the past by WPI to publish public notices. WPI therefore submits that each paper noted in Table 1 will reach the most customers than any other available print media.

PROPOSED ISSUES LIST

WPI has compiled a list of matters pertaining to the 2013 Test Year that may constitute issues in this Application. They include the following:

Rate Base

- Is the proposed Rate Base for the 2013 Test Year appropriate?
- Is the proposed Working Capital Allowance for the 2013 Test Year appropriate?
- Are the proposed Capital Expenditures for the 2013 Test Year appropriate?

Operating Revenue

- Are the proposed customers/connections, energy forecast and billing demand forecasts for the 2013 Test Year appropriate?
- Are the proposed forecasts of other revenue and charges appropriate?

Operating Costs

- Is the proposed forecast for total OM&A costs for the 2013 Test Year appropriate?
- Is the proposed forecast of the Depreciation/Amortization expense for the 2013 Test Year appropriate?
- Is the proposed forecast for PILs for the 2013 Test Year appropriate?

Cost of Capital and Capital Structure

- Is the proposed Cost of Capital for the 2013 Test Year appropriate?

Cost Allocation

- Is the proposed Cost Allocation for the 2013 Test Year appropriate?

1 **Rate Design**

- 2 • Is WPI's derivation of fixed and variable charges appropriate?
- 3 • Is WPI's proposal to continue with its approved Transformer Ownership
- 4 Allowance appropriate?
- 5 • Is WPI's application of revenue to cost ratio adjustments appropriate?
- 6 • Is WPI's derivation of retail transmission service rates appropriate?
- 7 • Is WPI's derivation of low voltage charges appropriate?
- 8 • Are WPI's proposed distribution losses appropriate?

9 **Deferral and Variance Accounts**

- 10 • Is the proposed clearance of regulatory deferral and variance account balances
- 11 appropriate?

12 **Smart Meters**

- 13 • Is WPI's proposal for the inclusion of Smart Meter capital into Rate Base
- 14 appropriate?
- 15 • Is WPI's proposal to dispose of the Stranded meter assets appropriate?
- 16 • Is WPI's proposed Smart Meter Disposition Rate Rider to recover costs related to
- 17 the true-ups of revenue requirement up to December 31, 2012 appropriate?

18 **Transition to MIFRS**

- 19 • Is the proposed service revenue requirement determined under WPI's move to
- 20 MIFRS and proposed accounting policy appropriate?
- 21 • Is the proposed change in accounting policy regarding the capitalization of
- 22 overhead costs appropriate?
- 23 • Is the proposed change in accounting estimates regarding the estimated useful
- 24 lives of property, plant & equipment appropriate?

UTILITY OPERATING ENVIRONMENT

Name of distributor: Westario Power Inc.

License number: ED-2002-0515

Communities served: Westario Power serves 15 communities in Bruce, Grey and Wellington counties: Clifford, Elmwood, Hanover, Harriston, Kincardine, Lucknow, Mildmay, Neustadt, Palmerston, Port Elgin, Ripley, Southampton, Teeswater, Walkerton and Wingham.

Adjacent distributors: Hydro One Networks Inc.

Characteristics: Large non-contiguous service area (80 x 60 km) consisting of 15 urban communities in three counties with Hydro One Networks Inc. serving the interurban areas.

Embedded/Host: Westario Power is embedded in Hydro One Network Inc.'s low voltage distribution system.

Mailing address: 24 Eastridge Road RR#2

Walkerton, ON N0G 2V0

Key contacts: Lisa Milne, Chief Executive Officer

Telephone: 519-507-6666, ext. 216

Fax: 519-507-6787

E-mail: lisa.milne@westario.com

Westario Power Backgrounder

Pre-Westario Power Background

Westario Power Formation

On November 1, 2000 Westario Power Holdings Inc. and its affiliates Westario Power Services Inc. and Westario Power Inc. were incorporated as new business entities. The shareholders of Westario Power Holdings Inc. were:

The Township of Huron-Kinloss	3.19%
The Municipality of Kincardine	13.48%
The Municipality of South Bruce	3.67%
The Town of Saugeen Shores	24.98%
The Township of North Huron	7.71%
The Municipality of Brockton	12.61%
The Town of Hanover	15.09%
The Town of Minto	9.28%
Fortis Ontario Inc.	9.99%

The corporation was comprised of the following corporate entities:

Westario Power Holdings Inc.	Holding Company
Westario Power Inc.	Local Distribution Company (LDC)
Westario Power Services Inc.	Services Company

In 2007, Westario Power Holdings Inc. applied to the Ontario Energy Board (OEB) to amalgamate Westario Power Inc. and Westario Power Services Inc. into Westario Power Holdings Inc. and then rename the resulting company as Westario Power Inc. This would consolidate the three companies into an LDC only.

OEB approval was received on July 17, 2007, and the amalgamation occurred on January 1, 2008.

Predecessor Utilities

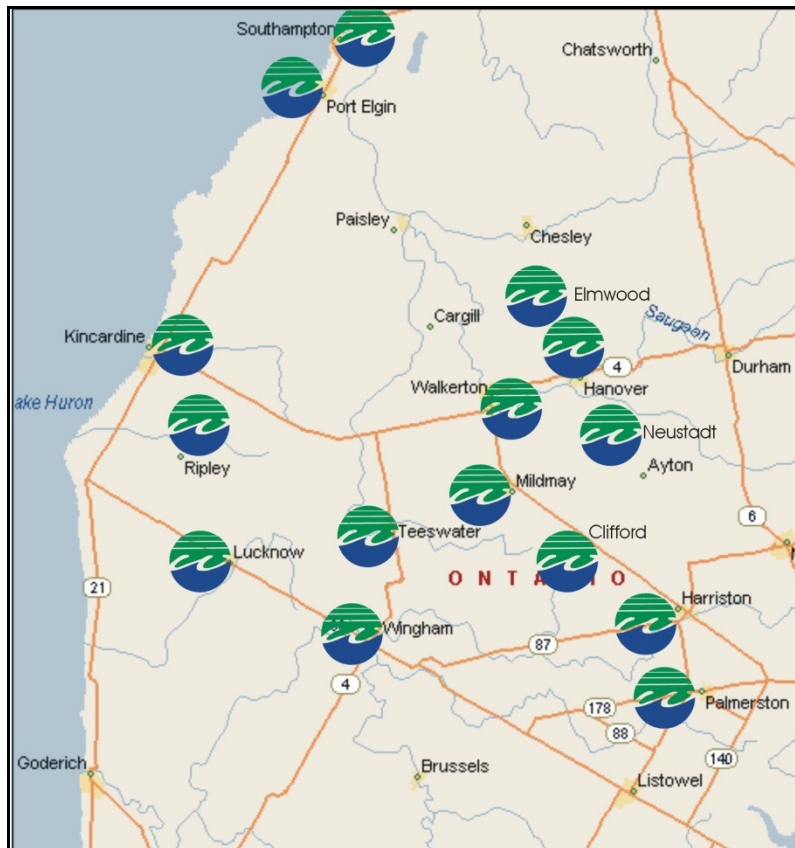
The service territories currently supplied by Westario Power were previously served by eight municipal entities. Table 1 below lists the service territories supplied by the predecessor utilities and the number of customers they served.

Table 1

Municipal Entity	Predecessor Utility Service Area	November 2000 Customer Count
The Township of Huron-Kinloss	Village of Ripley Village of Lucknow	1,200
The Municipality of Kincardine	Kincardine (Ward 1)	3,098
The Municipality of South Bruce	Village of Mildmay Village of Teeswater	1,094
The Town of Saugeen Shores	Town of Port Elgin Town of Southampton	5,293
The Township of North Huron	Town of Wingham	1,484
The Municipality of Brockton	Town of Walkerton Village of Elmwood	2,367
The Town of Hanover	Town of Hanover Village of Neustadt	3,283
The Town of Minto	Village of Clifford Town of Harriston Town of Palmerston	2,360

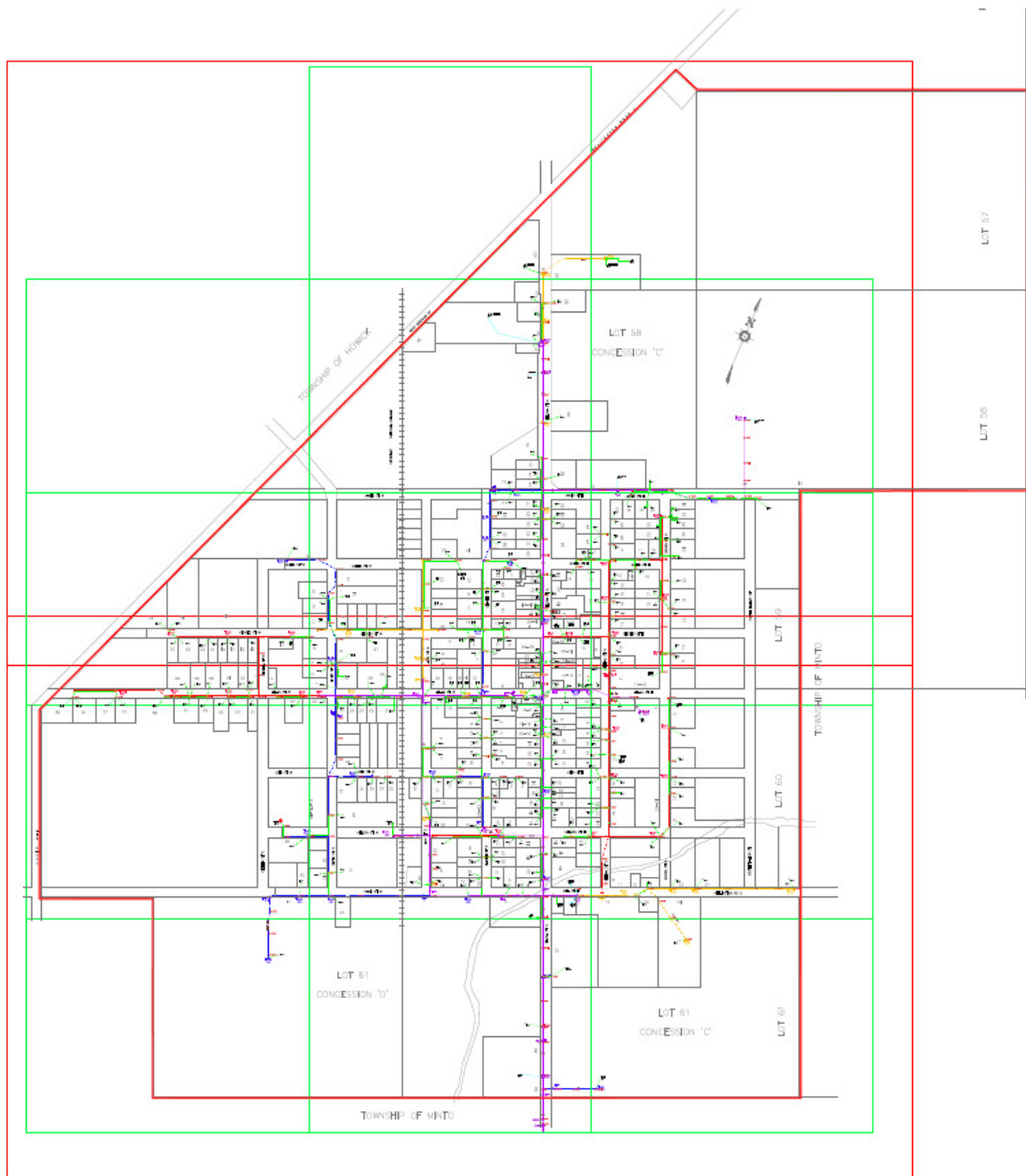
1 **Geographical Map of Westario Power Service Territory**

2 The map below shows the 15 communities that Westario Power Inc. operates in the
3 Bruce, Grey and Wellington counties.

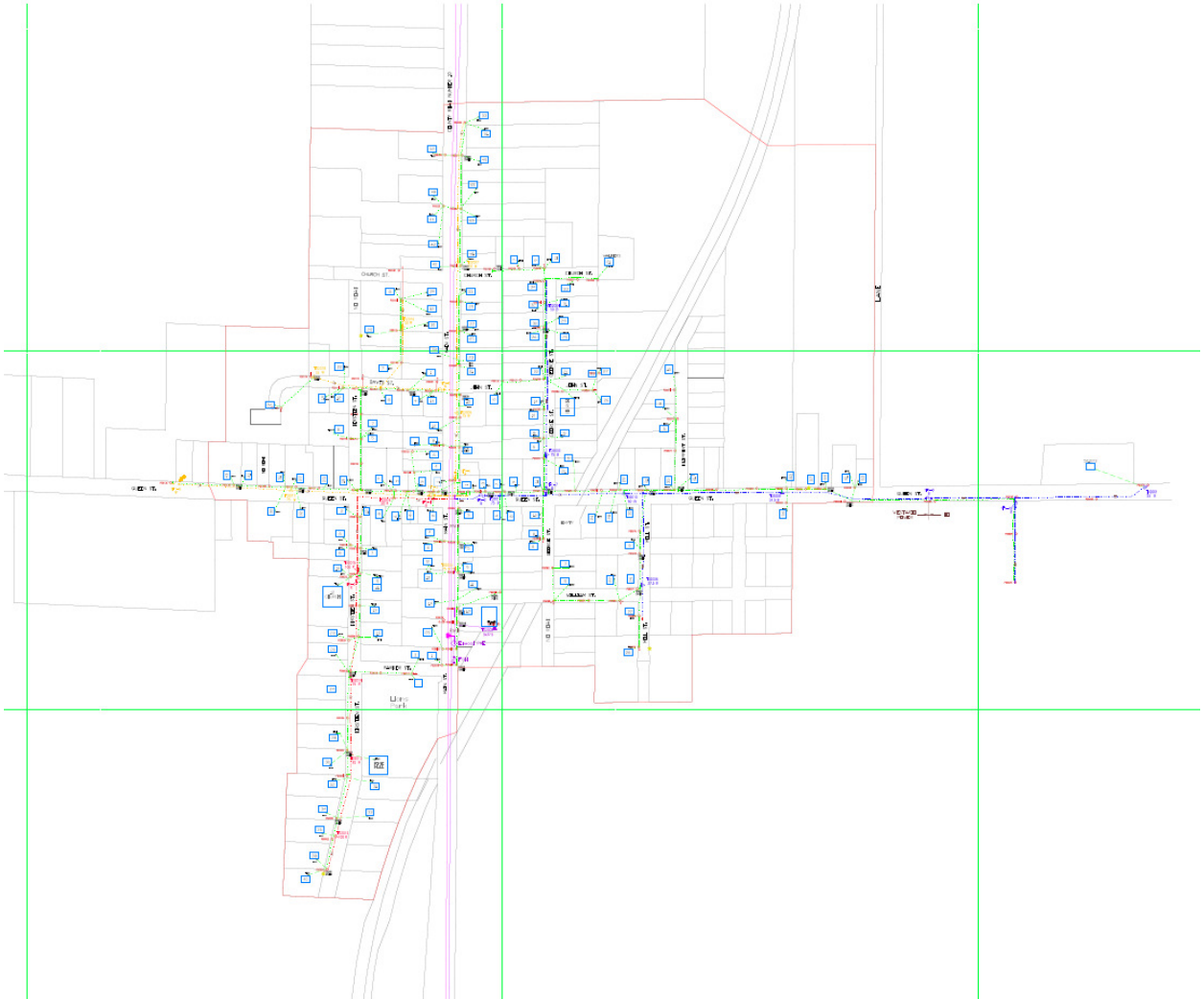


4
5 Maps of WPI's distribution system are presented at Attachment 1 of this Schedule.

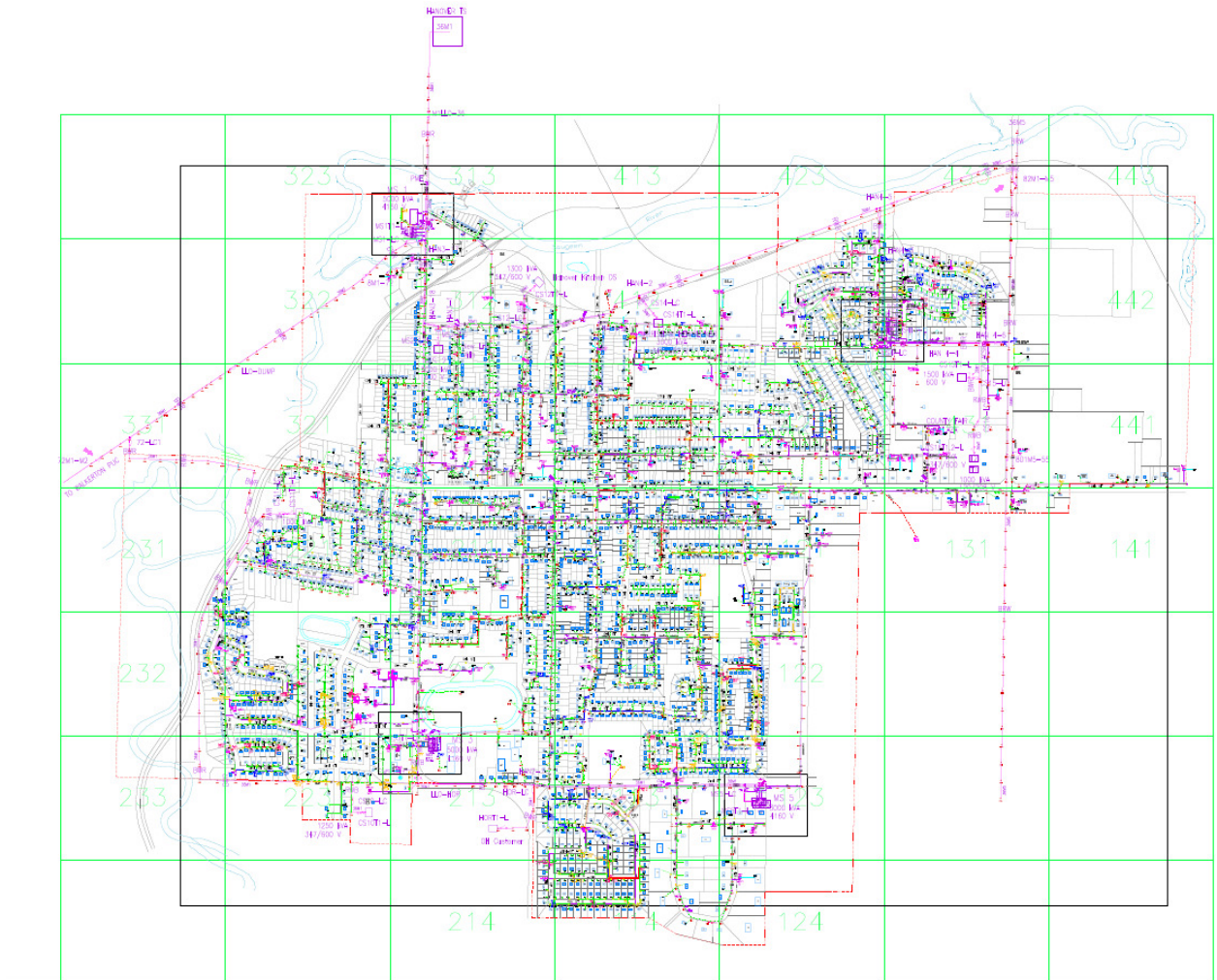
**Village of
Clifford**



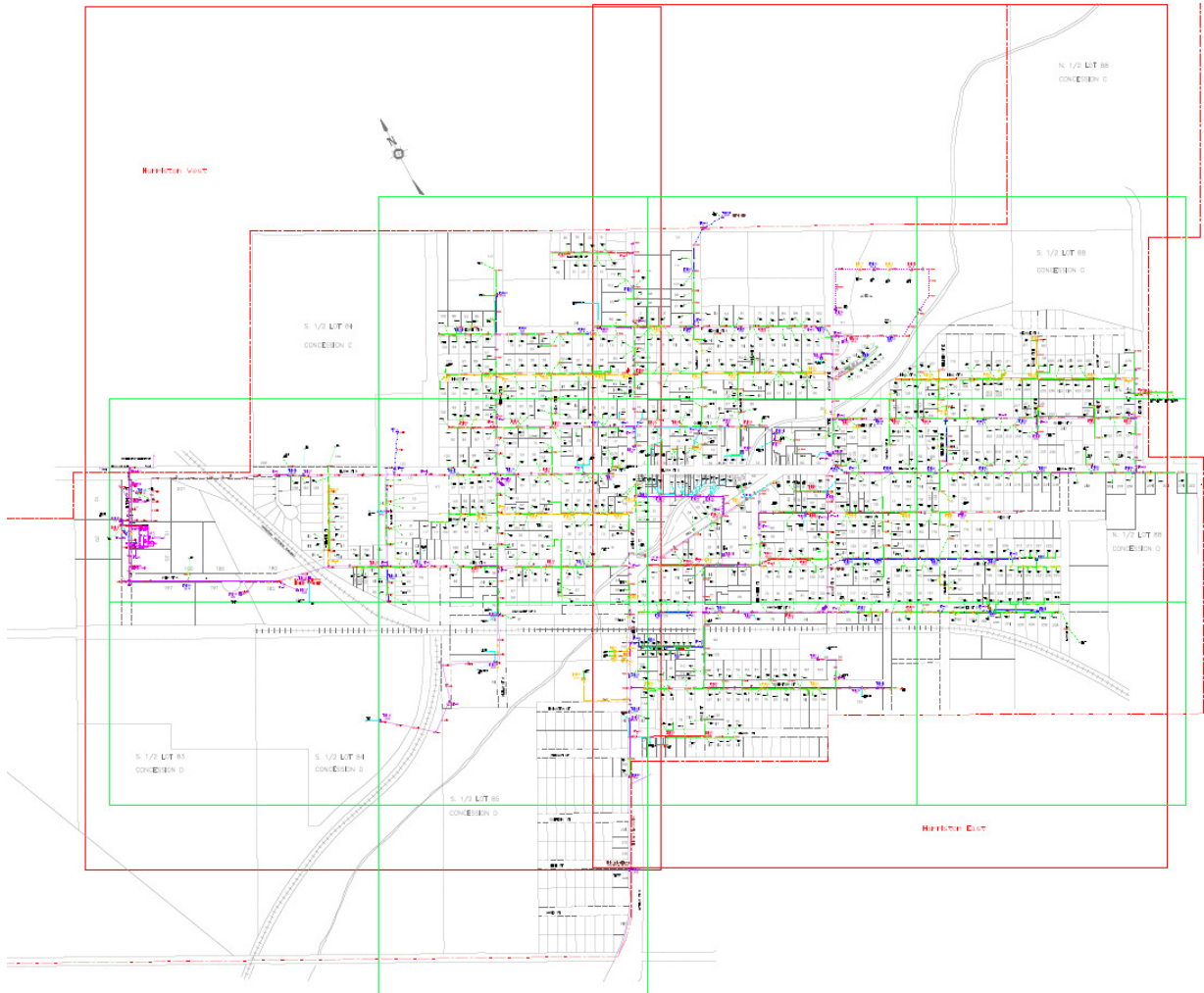
Village of Elmwood



Town of Hanover

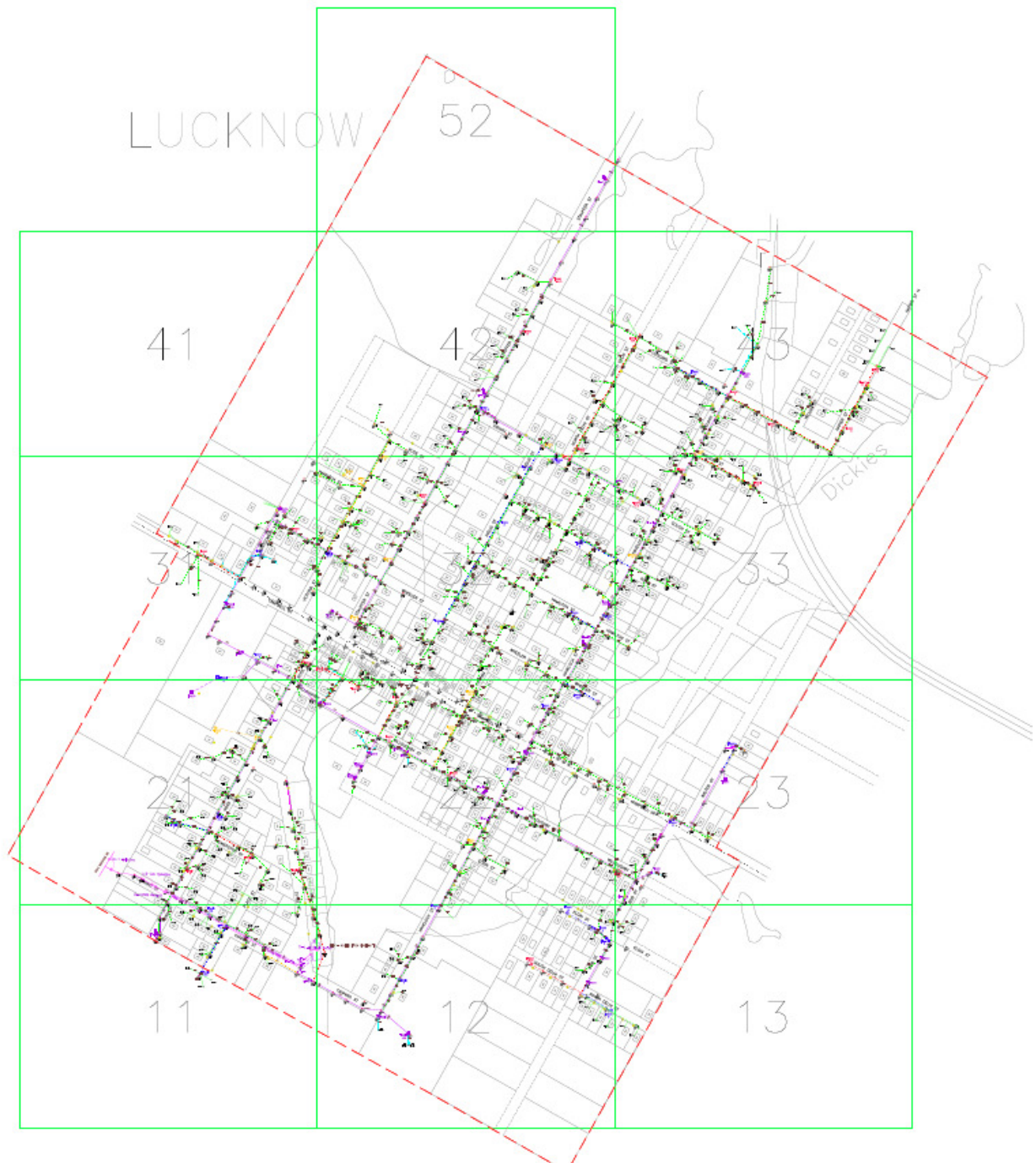


Town of Harriston

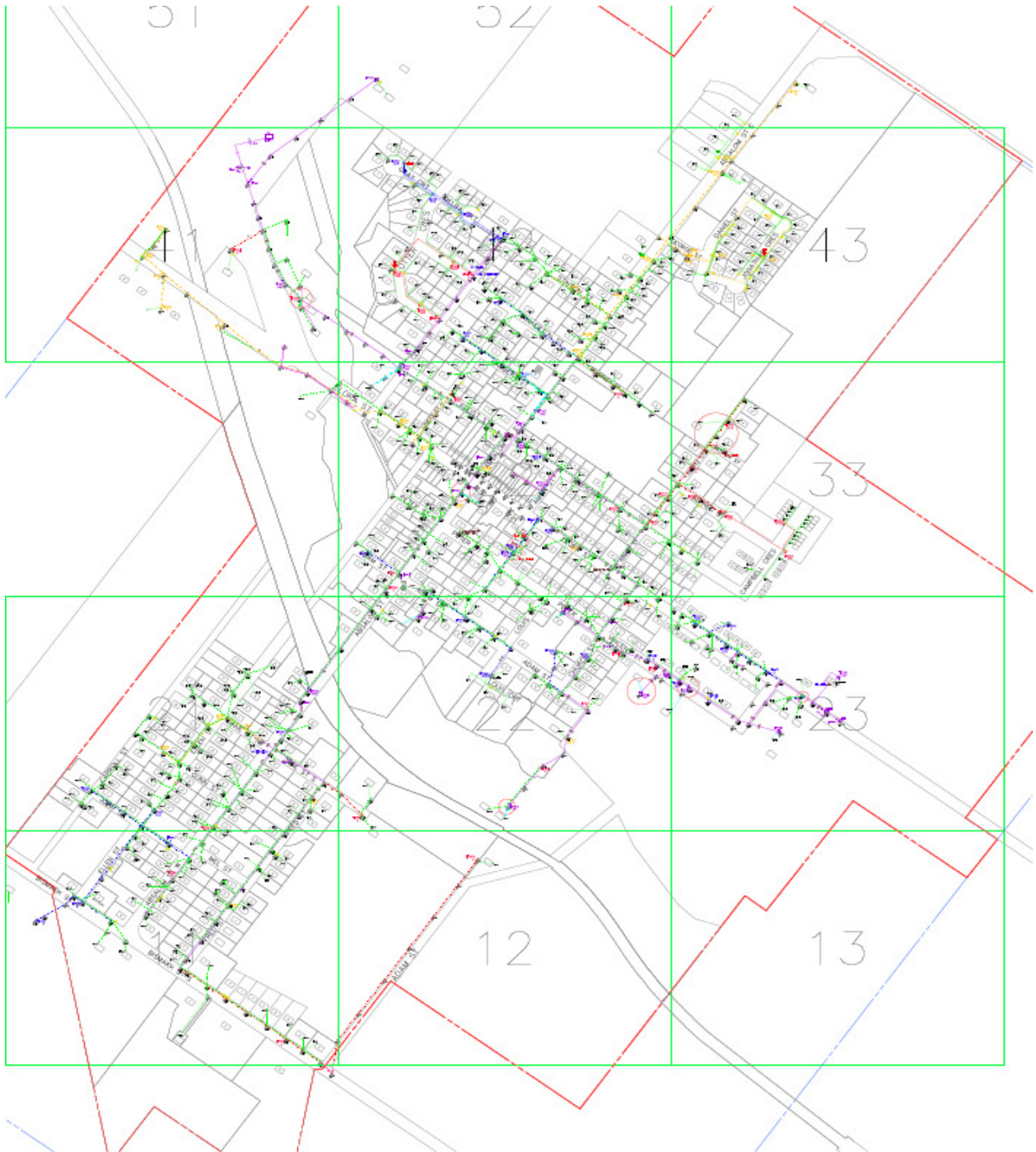




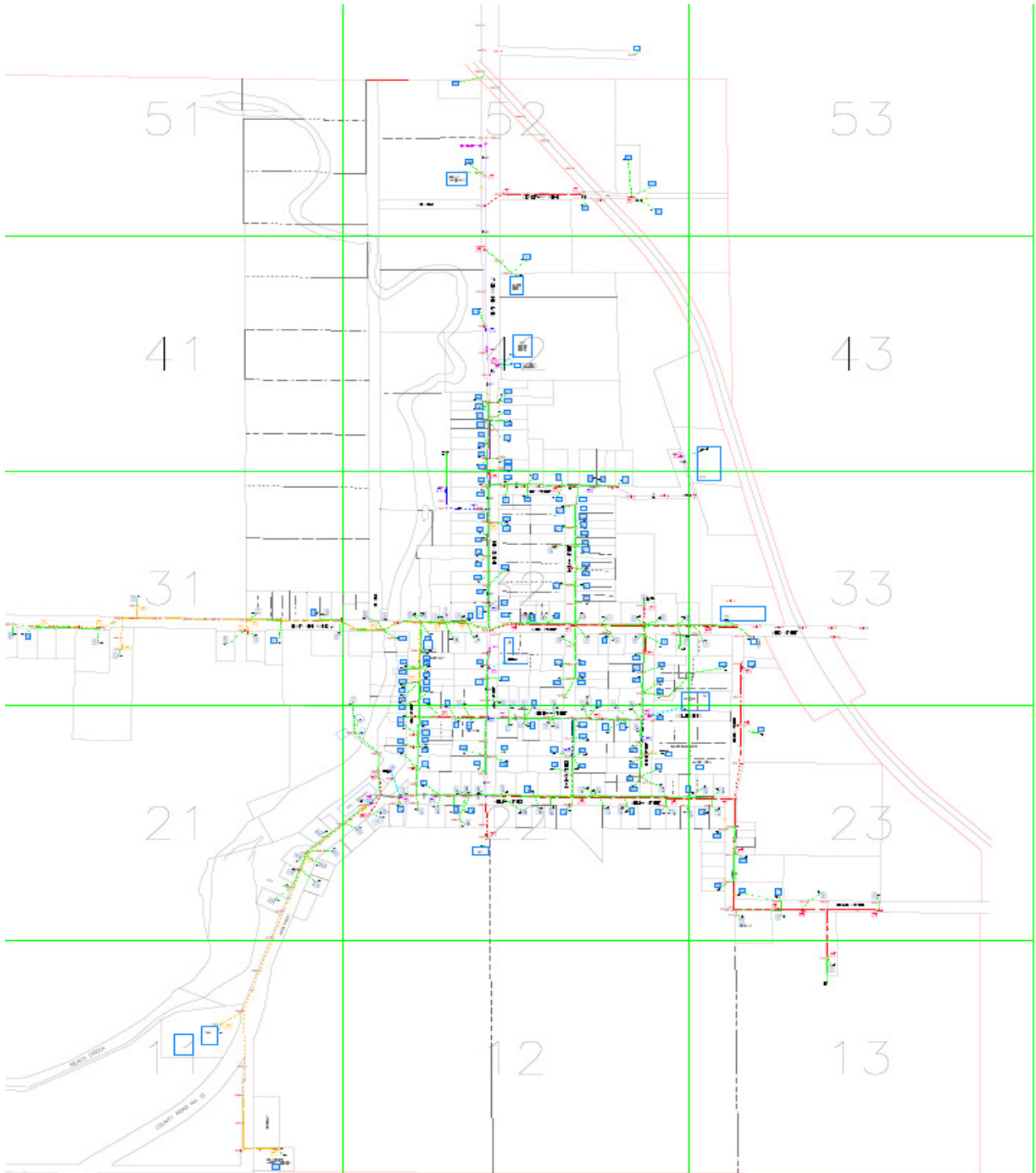
Village of Lucknow



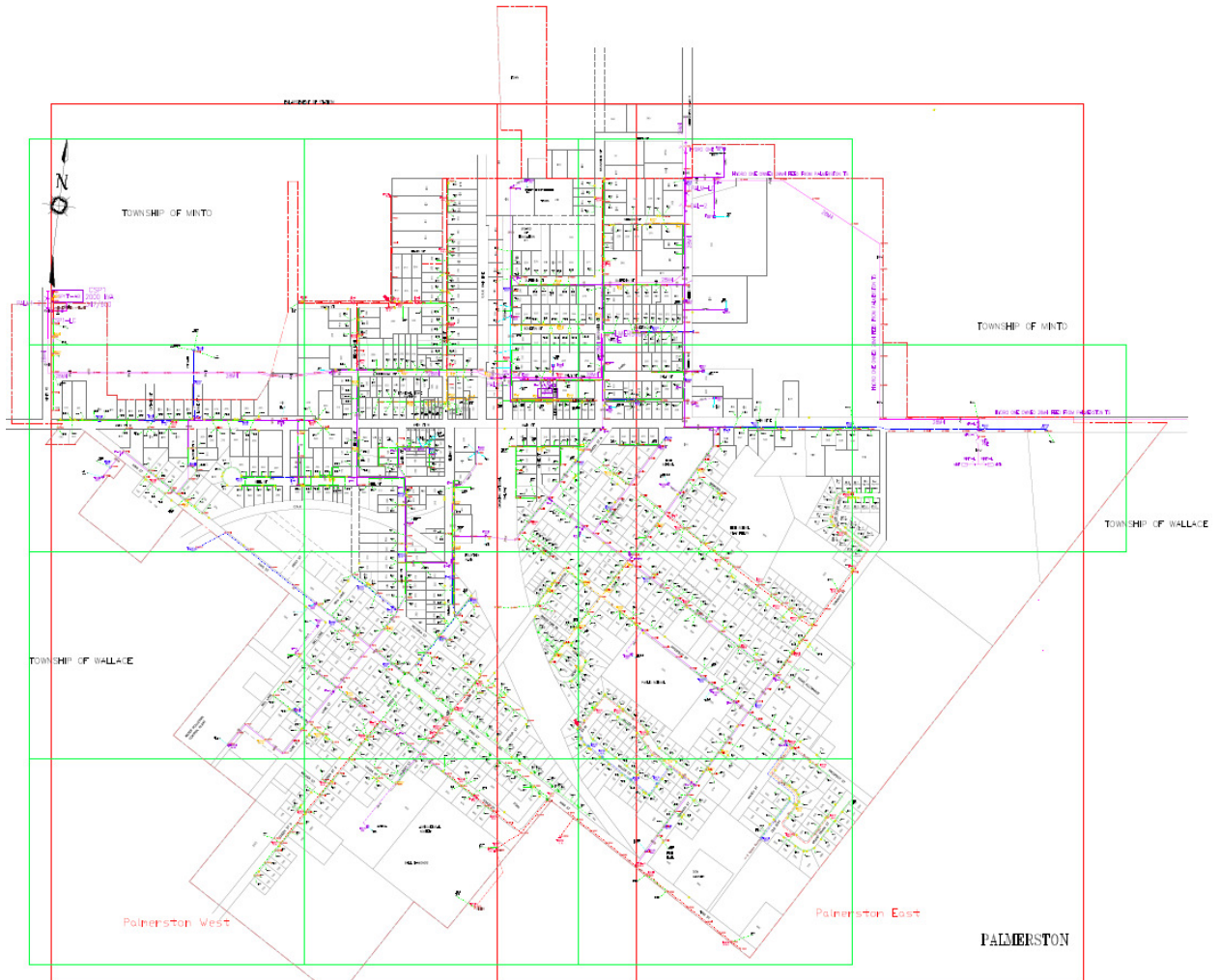
Village of Mildmay



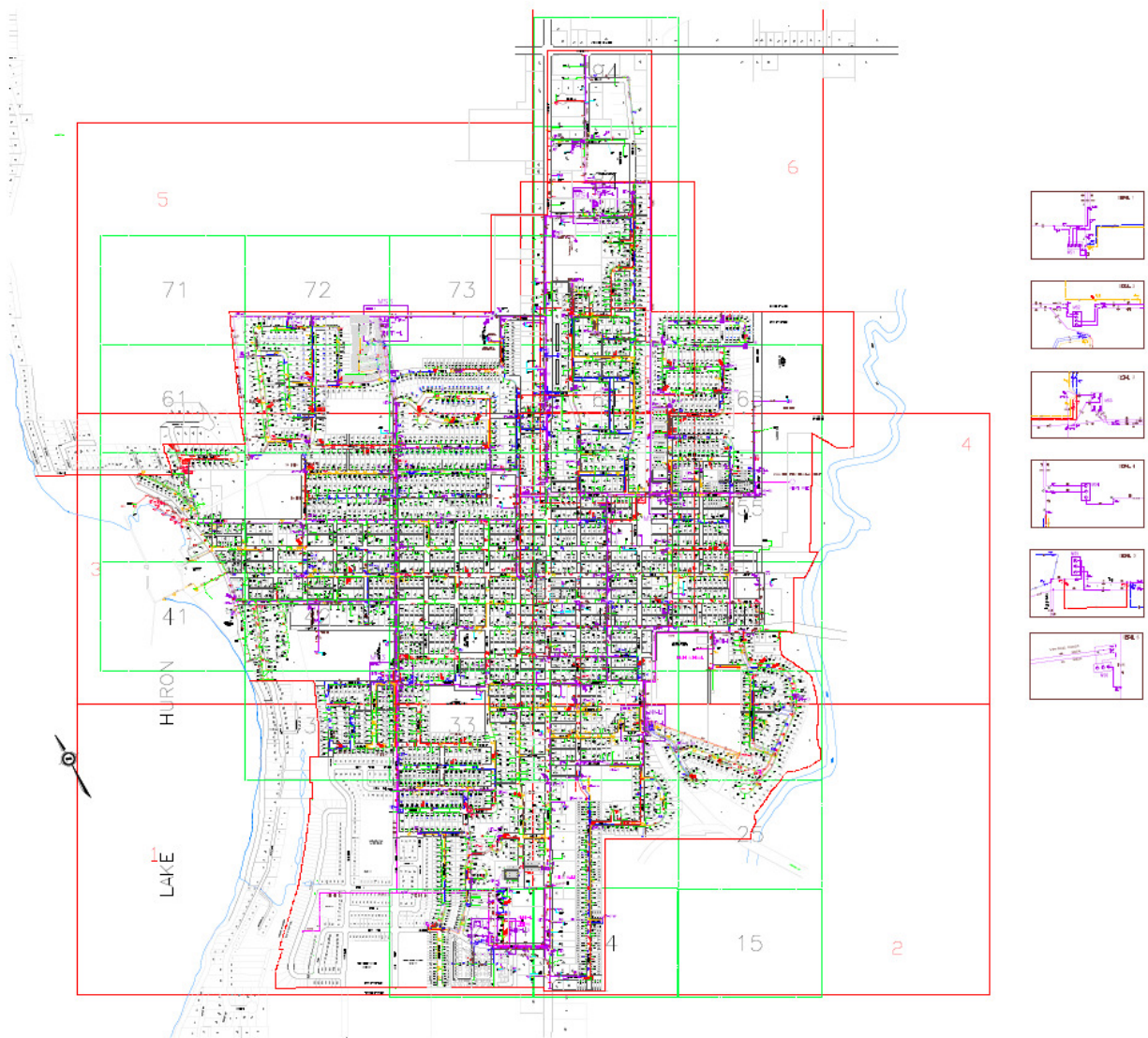
Village of Neustadt



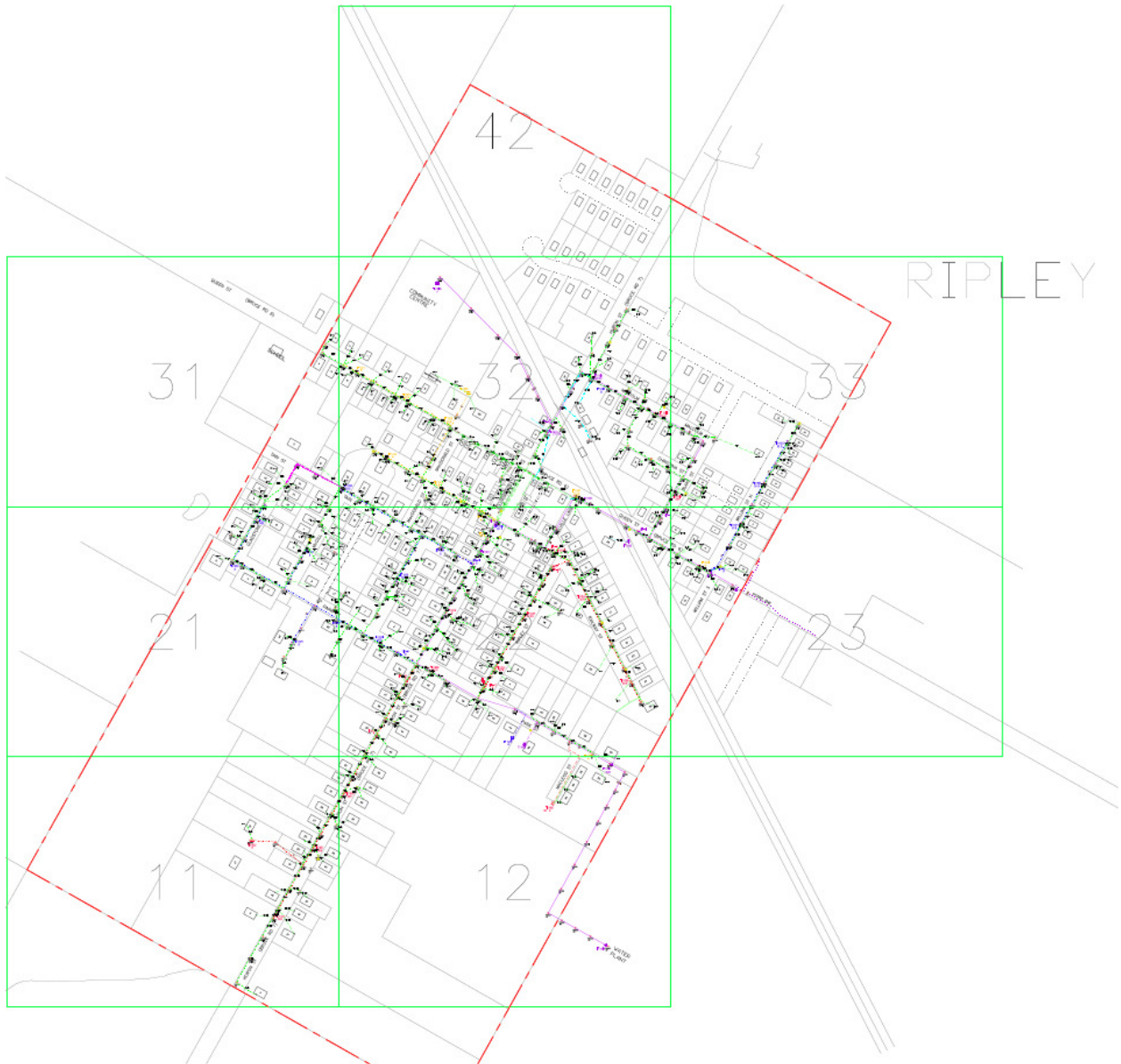
Town of Palmerston



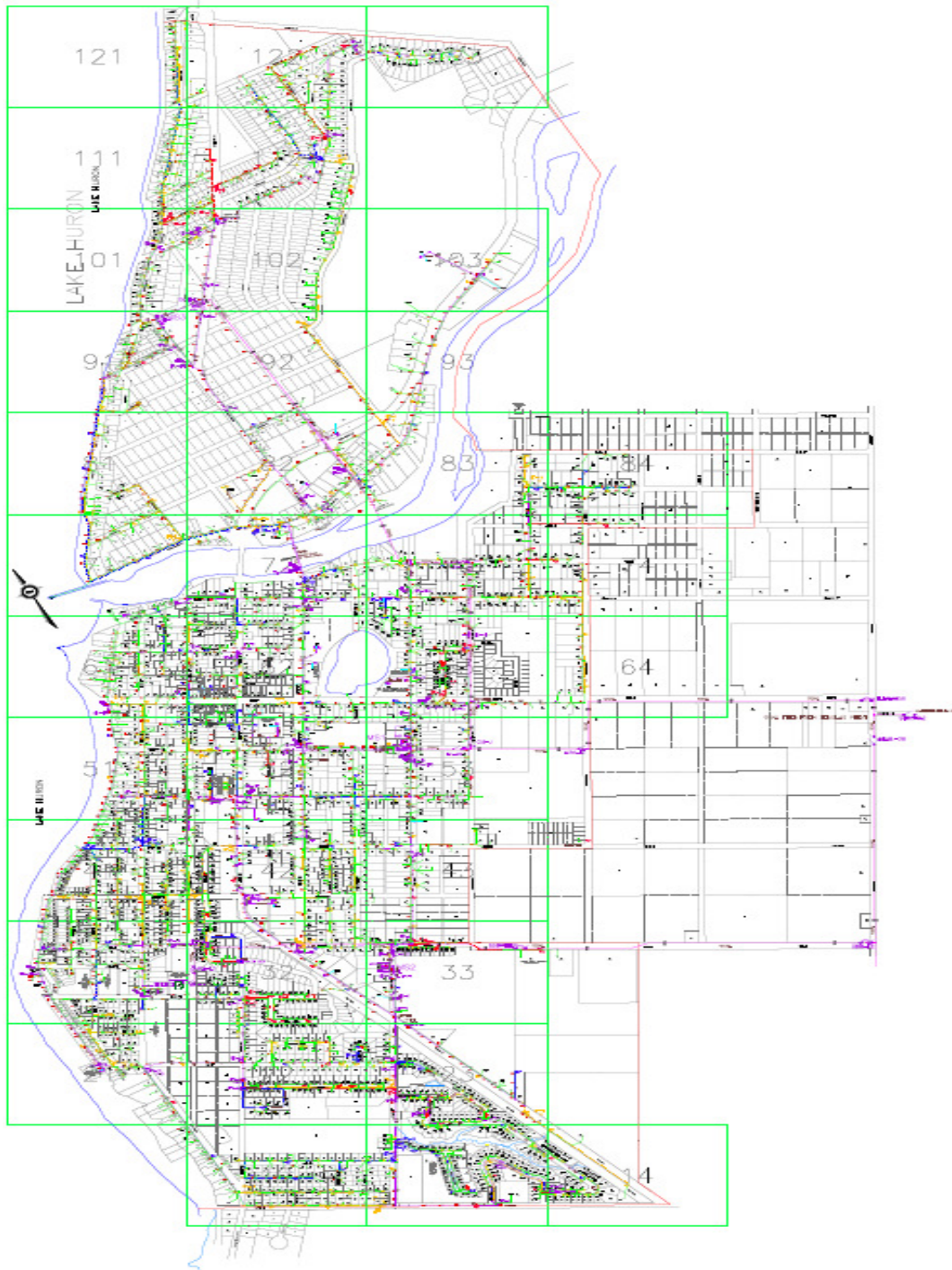
Town of Port Elgin



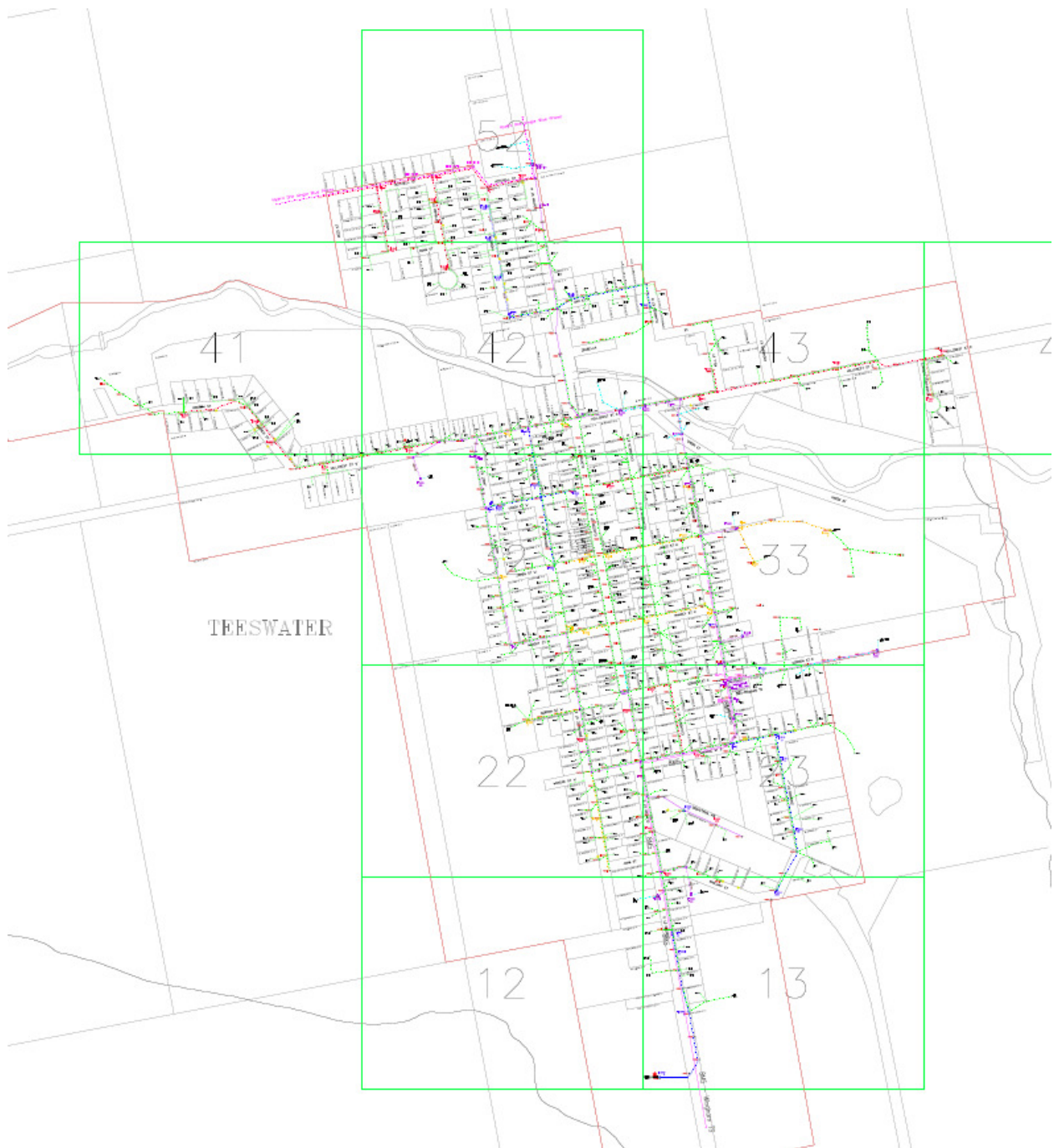
Village of Ripley



Town of Southampton

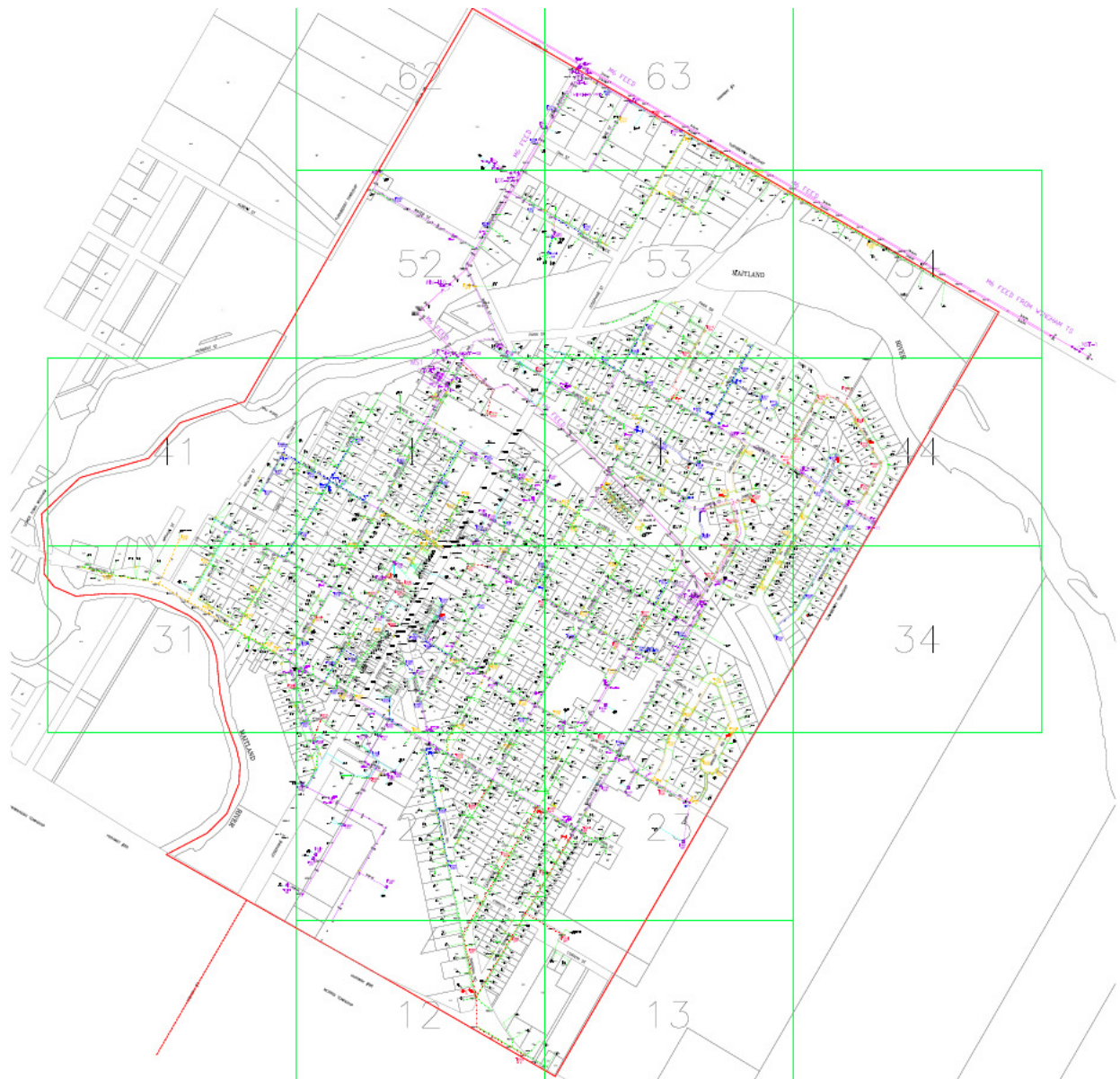


Village of Teeswater





Town of Wingham



CORPORATE ORGANIZATION

Company Overview

WPI is an electricity distributor licensed by the Ontario Energy Board.

Fortis Ontario Inc. only holds a ten percent (10%) interest in Westario Power Inc. and accordingly, Westario Power Inc. is not an affiliate of Canadian Niagara Power Inc. as defined by the *Ontario Energy Board Act, 1998*.

The remaining eight shareholders each hold less than 25% of the shareholdings and are comprised of the municipalities in WPI territory.

Representation of WPI Board

WPI has nine directors who serve on its Board of Directors, each Director representing a shareholder of the corporation.

OEB License Number

WPI has a distribution license (ED-2002-0515).

Organizational Charts

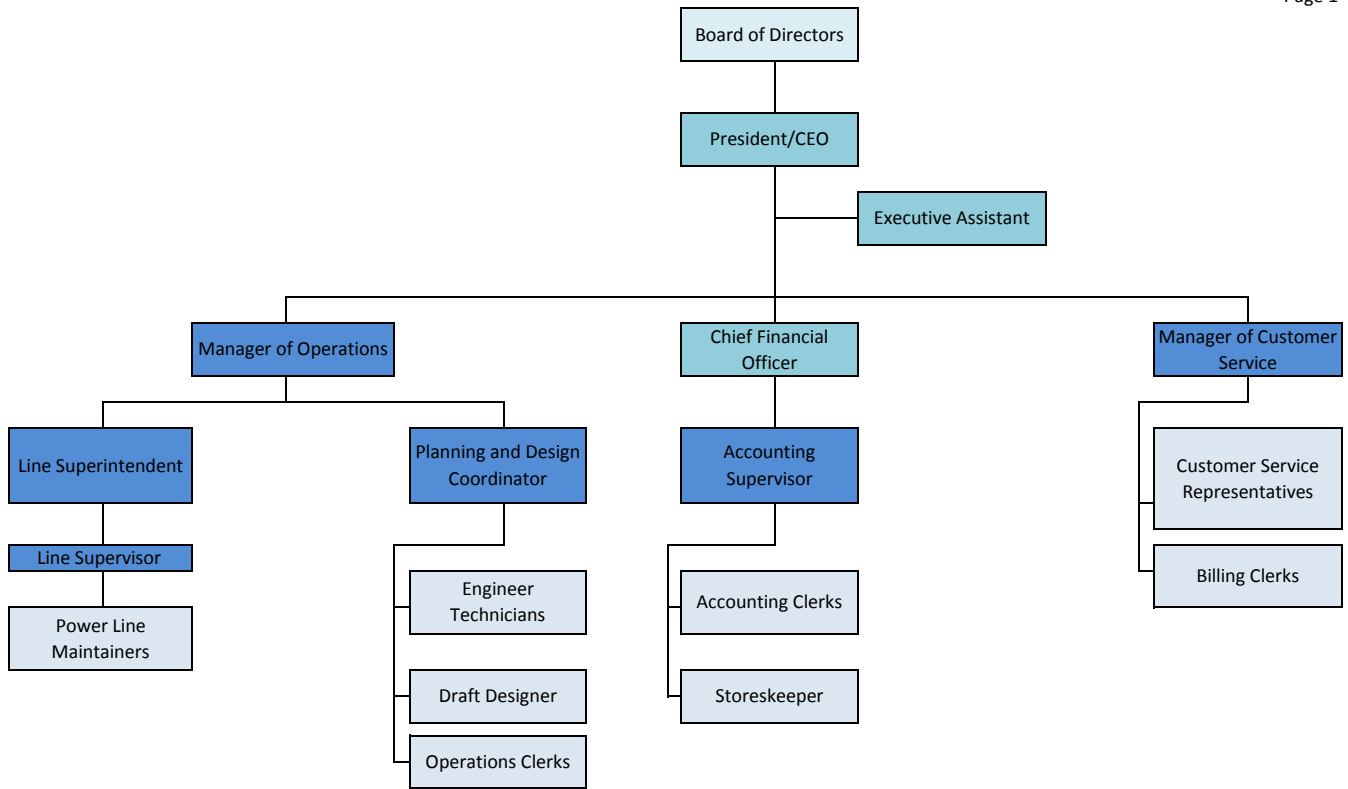
On January 1, 2008, Westario Power Inc., Westario Power Holdings Inc. and Westario Power Services Inc. amalgamated to form a single corporation that carries on as a distribution company under the name Westario Power Inc. The shareholders of Westario Power Holdings Inc. are the shareholders of the amalgamated company. Therefore, WPI is the sole corporate entity.

The utility organizational chart is presented at Attachment 1 of this Schedule. No changes to WPI's corporate and operational structures are planned at the present time.



Westario Power Inc. Organizational Chart

Exhibit 1
Tab 1
Schedule 6
Attachment 2
Page 1



1 **BOARD DIRECTION FROM PREVIOUS EDR DECISIONS**

2 At the date of this submission, WPI is not aware of any Board Directives from any
3 previous Board Decisions and/or Orders that require addressing in this Application. The
4 2009 Rate Order and the 2012 Rate Order are attached for reference.

Ontario Energy
Board

Commission de l'énergie
de l'Ontario



EB-2008-0250

IN THE MATTER OF the *Ontario Energy Board Act, 1998*,
S.O. 1998, c. 15, (Schedule B);

AND IN THE MATTER OF an application by Westario
Power Inc. for an order approving or fixing just and
reasonable rates and other charges for the distribution of
electricity to be effective May 1, 2009.

BEFORE: Cynthia Chaplin
Presiding Member

Paul Sommerville
Member

DECISION AND ORDER

April 24, 2009

BACKGROUND

Westario Power Inc. ("Westario" or "the Company") filed an application with the Ontario Energy Board (the "Board") on August 22, 2008, under section 78 of the *Ontario Energy Board Act, 1998*, seeking approval for changes to the rates that it charges for electricity distribution to be effective May 1, 2009. Westario is the licensed electricity distributor serving approximately 21,300 customers in eight municipalities encompassing fifteen communities in the counties of Bruce, Grey and Wellington.

Westario is one of over 80 electricity distributors in Ontario that are regulated by the Board. In 2006, the Board announced the establishment of a multi-year electricity distribution rate-setting plan for the years 2007-2010. In an effort to assist distributors in preparing their applications, the Board issued the *Filing Requirements for Transmission and Distribution Applications* on November 14, 2006. Chapter 2 of that document outlines the filing requirements for cost of service rate applications, based on a forward test year, by electricity distributors.

Westario informed the Board by letter dated April 11, 2008 that it would be one of the electricity distributors to have its rates rebased in 2009. Accordingly, Westario filed a cost of service application based on 2009 as the forward test year.

Westario requested a revenue requirement of \$10,326,383 to be recovered in new rates effective May 1, 2009. The application indicated that the existing rates would produce a revenue deficiency of \$1,462,069 for 2009. The resulting requested rate increase was estimated as 21.5% on the distribution component of the bill for a residential customer consuming 1,000 kWh per month.

The Board assigned the application file number EB-2008-0250 and issued a Notice of Application and Hearing dated September 22, 2008. The Board approved three interventions: The Vulnerable Energy Consumers' Coalition ("VECC"); the School Energy Coalition ("SEC"); and the Association of Major Power Consumers in Ontario ("AMPCO"). The Board also received four letters of comment expressing concerns over the magnitude of the increase sought by Westario.

Procedural Order No.1 was issued on November 3, 2008. The Board made provision for written interrogatories and a transcribed technical conference. On January 14, 2009 the Board issued Procedural Order No.2 converting the technical conference to a

supplemental round of interrogatories and providing dates for submissions. VECC and SEC filed interrogatories and made submissions. Board staff also posed interrogatories and made submissions. Westario's reply argument was filed on March 19, 2009.

During the proceeding, Westario proposed certain changes to its revenue requirement resulting in a revised proposal of \$9,811,263. Westario submitted revised bill impacts including an impact of 18.7% on the distribution component of the bill for a residential customer consuming 1,000 kWh per month. The full record is available at the Board's offices.

THE ISSUES

The following issues were raised in the submissions filed by Board staff, VECC and/or SEC and are addressed in this Decision:

- Load Forecast
- Operating, Maintenance & Administrative Expenses
- Payments in Lieu of Taxes
- Rate Base and Capital Expenditures
- Assessment of Asset Conditions and Asset Management Plan
- Cost of Capital and Capital Structure
- Cost Allocation and Rate Design
- Deferral and Variance Accounts
- Smart Meters

LOAD FORECAST

Westario's load forecast was developed in three steps. First, Westario developed a multi-factor regression analysis of monthly wholesale purchases for the distribution system from 2003 to 2007. These volumes represent the bulk electricity system deliveries to the distribution utility. Second, the class specific forecasts were derived by allocating each rate class' share in wholesale kWh, exclusive of distribution losses. Average weather conditions over the period 1998-2007 were used to determine the weather normalized forecast. Of the non-weather sensitive classes, Sentinel Lighting and USL sales were assumed to remain at the 2007 levels and Street Lighting was projected to grow at the same rate as wholesale consumption. Third, a customer count forecast was developed for each class based on historical trends.

Customer Count

Westario's test year customer forecast is 27,644 customers (including Street Lighting connections). The test year forecast is approximately 3% higher (or 788 customers) than the 2006 Actual. The forecast was derived by applying the class specific average annual growth rate from 2004 to 2007 as the growth rate for the bridge and test years. Westario confirmed that the test year forecast is based entirely on historical growth and that it did not rely on additional external sources when developing the forecast.

Board staff noted that, since 2004, the Residential, GS<50 kW and GS 50 to 4999 kW classes have experienced an average annual increase of approximately 241 customers per year. Accordingly, Westario forecasted an annual increase of 250 customers, in each of 2008 and 2009. In Board staff's view the forecast is in line with observed historical trends.

Weather Normalization

Westario's load forecast was based on normal weather. The forecast is based on 10-years of average heating degree days ("HDD") and cooling degree days ("CDD") as reported at Warton airport in Bruce County. Westario stated that the 10-year normal forecast "is a reasonable compromise that likely reflects the average weather experienced in recent years."

Board staff noted that, with the exception of the 2006 year when the variance between actual HDD and forecast HDD was high (approximately 12%), the proposed methodology performed well when tested on previous years (in 2007 and 2008 the variance was 2%). VECC expressed concern regarding the use of 2007 non-weather normalized class shares to establish each class' share of the weather normalized total sales forecast. VECC noted that this approach assumed, potentially incorrectly, that the weather adjustment factor would be the same for all classes. VECC concluded that, given the limited data Westario had to work with, there may not have been a better approach.

Load Forecast

Westario is seeking Board approval for a test year KWh forecast of 453,203,301. This represents a 1.1% increase from 2006 Actual. The load for the three major classes is projected to increase by approximately 1.6% compared to 2006 Actual.

The class specific forecasts are:

Load Forecast

Rate Class	<u>(kWh)</u>
Residential	197,649,413
GS<50 kW	70,476,543
GS 50 to 4999 kW	161,192,485
Street Light	4,144,560
Sentinel Lights	16,635
USL	501,647
Total	453,203,301

Westario's load forecast is based on a linear relationship between total actual wholesale volumes, HDD and CDD, peak days and regional employment. As noted above, class specific forecasts are derived based on each class' share in 2007 exclusive of distribution losses. Board staff noted that this method of forecasting total wholesale purchases, based on a single regression equation, does not take into account the effect of class specific drivers of demand that could impact the class specific forecasts. Board staff submitted that, while these assumptions may be the result of practical considerations given the poor quality of the consumption data, both of these assumptions are simplistic and do not take into account the effect of class specific drivers.

Board staff, VECC and SEC expressed concern that the proposed regression equation does not include number of customers as an explanatory variable. Westario indicated that one of the reasons for this exclusion is the lack of monthly class specific customer data prior to 2004. Board staff noted that, when the available numbers of customers were included as a variable in the regression equation, the proposed forecast increased by 4.9% (or 22,065,232 kWh).

VECC added that Westario's projections for the average use per customer for the Residential and GS< 50 kW classes are lower than either the historical averages for 2004-2007 or the 2004 weather normal use calculated by Hydro One Networks for Westario's cost allocation filing. VECC provided the following comparisons:

	2004-2007 Actual	HONI CA Values	2009 Forecast
Residential	10,962	11,388	10,472
GS<50 kW	30,004	30,804	29,800
GS 50 to 4999 kW	606,920	580,389	639,653

VECC noted that the use per customer value for the GS 50 to 4999 kW class appeared considerably higher than both comparators but that the actual customer use for this class in 2006 and 2007 was approximately 650,000 kWh per year. VECC submitted that a regression equation model that also included customer count would yield slightly higher values and is therefore more in line with the comparators above. VECC concluded that these results should be the basis for Westario's 2009 load forecast. SEC agreed.

Both VECC and Board staff submitted that Westario should endeavour to refine its load forecasting as it accumulates more data.

In its reply submission, Westario submitted that, since no intervenor expressed concern over Westario's customer count forecast and since Board staff concluded that the Company's forecast seems reasonable, the Board should approve the forecast as proposed. Westario made a similar submission on its 10-year average method for weather normalization.

In terms of the overall load forecast, Westario responded to three issues raised by intervenors and Board staff:

- Use of a single equation forecast for wholesale purchases;
- Including number of customers as an explanatory variable; and
- VECC's "check of reasonableness" of Westario's projection for weather sensitive classes.

As to the first point, Westario submitted that the small sample of available data (i.e. three years) was only part of the reason why wholesale data was used rather than class specific data. Billing data could not be used to determine weather normalized consumption by customer class because the monthly class-specific consumption data that was available did not correlate with the observed weather. Westario stated that it

chose to use monthly wholesale consumption and degree days to normalize consumption and allocate it to the classes and noted that the Board has approved this approach in the past for Toronto Hydro's forecasts.¹ Westario also stated that this approach would incorporate the historical and most current consumption, weather, and economic conditions, and the relationships between them. Since no other parties raised a specific concern with this issue and no alternative was proposed, Westario submitted that the Board should approve Westario's methodology for the purposes of setting 2009 rates.

Regarding the use of customer counts as an explanatory variable, Westario submitted that economic variables such as employment (which were included in Westario's methodology) will reflect changes in customer counts as well as behavioral and economic reasons for changes in energy consumption. Westario again cited the two Toronto Hydro cases where the Board approved a similar approach.

Finally, on VECC's reasonableness test, Westario submitted that VECC's analysis compares customer use at different time periods without taking into consideration the changing level of consumption over time. Westario noted that this can result in misleading results. Westario provided an alternative comparison using the weather normal average use per customer generated using its consultant's (Elenchus Research Associates) model provided in response to VECC interrogatory #9 e) to calculate the Hydro One cost allocation values for 2004. Westario submitted that the results show consistency between the values:

	2004-2007 Actual	HONI CA Values	ERA Model (2004)
Residential	11,189	11,388	11,349
GS<50 kW	30,306	30,804	30,684
GS 50 to 4999 kW	598,996	580,389	583,501

Westario submitted that the Board should approve the load forecast as proposed by Westario as it is the best approach to use in this case.

Board Findings

The Board accepts Westario's customer count forecast, weather normalization method and load forecast. The Board notes that no significant dispute arose in relation to the customer count forecast or the weather normalization method. With respect to the load

¹ Toronto Hydro, 2006 rates, EB-2005-0421 and 2008 rates, EB-2007-0680

forecast, Board staff and the intervenors have raised some concerns regarding technical aspects of the forecasting methodology. The Board accepts Westario's explanations regarding the approach it took for the regression analysis, and the Board concludes that the results are sufficiently reliable for purposes of setting rates at this time. The Board expects that Westario will continue to work to refine and develop its forecasting methodology and will be in a position to present an improved approach at the time of its next rebasing.

OPERATING, MAINTENANCE and ADMINISTRATIVE EXPENSE ("OM&A")

The table below shows the components of the proposed OM&A expense for 2009 and compares them with previous years. The table also reflects two adjustments (identified by Board staff) to 2007 actual to remove two significant non-recurring items.

Summary of OM&A	2006 Board Approved	2006 Actual	2007 Actual	2008 Bridge	2009 Test
Operation	\$97,077	\$406,210	\$319,525	\$332,475	\$480,400
Maintenance	\$945,725	\$1,184,709	\$535,748	\$1,505,770	\$1,164,675
Billing and Collection	\$1,207,662	\$1,139,082	\$1,286,330	\$1,146,035	\$1,242,900
Community Relations	\$6,300	\$18,791	\$485,353	\$23,470	\$35,500
Administrative and General Expenses	\$2,549,321	\$1,478,869	\$1,907,783	\$1,850,765	\$1,888,350
Total (as filed)	\$4,806,085	\$4,227,661	\$4,534,739	\$4,858,515	\$4,811,825
CDM 3rd Tranche adjustment			(\$467,450)		
Meter exit fee credit adjustment			\$263,400		
TOTAL OM&A (adjusted)	\$4,806,085	\$4,227,661	\$4,330,689	\$4,858,515	\$4,811,825

The submissions of Board staff, VECC and SEC raised a number of issues, each of which is summarized below:

- Inflation
- Field Asset Program
- Maintenance of Overhead and Underground Services
- Tree Trimming and Line Clearing Operations
- 2009 Regulatory Costs
- Efficiency and Amalgamation Savings and Building Rent.

Inflation

VECC questioned Westario's 3% inflation forecast for 2009, noting that more recent estimates are lower. While not recommending a specific reduction, VECC suggested that inflation in 2009 will be materially less than Westario has estimated. In response, Westario referred to Board staff's submission which noted that where detailed data was not available, the assumption of a 3% inflation rate is not unreasonable, despite more recent forecasts of a lower inflation rate. In this regard, Westario clarified that the dollar amount in 2009 equating to the 3% was \$5,000 and not \$160,000 as indicated in the response to VECC interrogatory #34.

Westario also disputed VECC's analysis on the grounds that: (i) it is not reasonable to selectively update cost inputs; (ii) VECC would oppose such adjustments if they reflected increased inflation; (iii) changes in inflation are partially reflected in the updated rates of return; and (iv) under the Board's Incentive Regulation framework reducing a cost, based on a short term variation, would not be reasonable if the inflation rate were expected to rise by the same amount or more during the four year incentive program. Westario also took issue with what it saw as VECC's assertion that operating costs should be set using inflation, without regard to particular circumstances.

Board Findings

The Board notes that the inflation factor accounts for only about \$5,000 of Westario's forecast 2009 budget. Although inflation is now lower than the 3% estimate used by Westario, the Board will make no adjustment to the budget as the change is not material.

Field Asset Program

Board staff submitted that Westario's Field Asset Program appears to account for a significant portion of the OM&A increase since 2007, but that it was difficult from the available evidence to ascertain the specifics of the program.² For Board staff, the absence of a consistent expenditure explanation put into question the amount included in 2009 OM&A for the Field Asset Program. Board staff requested Westario confirm in

² In its pre-filed evidence Westario explained that \$140,000 of the increase in account 5040 (Underground Distribution Lines and Feeders) from 2008 to 2009 is due to the ongoing Field Asset Program while in the response to VECC (supplementary) interrogatory #28, Westario stated that in 2009, Field Asset Program costs of \$356,000 are allocated to account 5040 while in 2008 no costs were allocated in account 5040 for the Field Asset collection.

its reply submission what it has spent or plans to spend (by four digit account) on the Field Asset Program in 2007, 2008 and 2009.

Westario responded that there is no discrepancy in its Field Asset Program amounts and confirmed that it is planning to spend \$382,000 in 2008 (recorded in account 5160) and \$356,000 in 2009 (recorded in account 5040).

Board Findings

The Board is concerned with the apparently inconsistent and unclear evidence provided by Westario in its original filing and interrogatory responses in this area. The Company has the onus to demonstrate that any material spending proposals are appropriately supported by evidence. This evidence should form part of the original filing; related interrogatory responses should be consistent with the original filing, and with each other. This standard has only marginally been met in this case.

At this time, and with reference to this specific area of proposed spending, the Board is prepared to accept the Company's explanation and will make no specific adjustment for this item. The Board expects Westario's filings in subsequent proceedings to meet a higher standard.

Maintenance of Overhead and Underground Services

VECC questioned the \$150,000 increase for Overhead and Underground Services (accounts 5125, 5130 and 5155) from the \$200,000 budgeted in 2008 to the \$350,000 forecast for 2009. VECC submitted that the amount for 2009 should be reduced by \$100,000. As calculated by VECC, a 2009 budget that reflects 3% for inflation, a 10% workload increase and a corresponding increase in Engineering Burden would total no more than \$230,000.

Westario disagreed with VECC's analysis. Westario, in response to VECC's analysis, submitted a table that included additional accounts (accounts 5175- Maintenance of Meters and 5630 – Outside Services Employed) and covered the whole incentive period 2006 to 2009. Westario pointed out that inter-year variances of more than 3% or 4% are to be expected given that the environment in which Westario operates is not static. Using data from the table, Westario suggested that there is an inherent unreliability to an analysis based upon any approach that selects which years and which accounts to compare. Westario pointed out that for the five accounts, the total of \$273,500 for 2009 is only slightly higher than the 2006 actual of \$246,872.

With respect to VECC's assumption that increases in the amount of Engineering Burden allocated to an account should vary in the same proportion as the direct charges to the account, Westario acknowledged that the evidence VECC relied on may have been less than clear.³ Westario clarified that the allocated Engineering Burden is roughly the same as the direct labour costs. With this correction in mind, Westario submitted that VECC's call for a \$100,000 reduction should be disregarded.

Board Findings

The Board accepts Westario's position that it is appropriate to look at the trends in these expenditures in the context of all the related areas. On that basis, the increases over the historical period are reasonable. The Board will make no specific adjustment for this item. Once again, the Board is concerned at the admitted lack of clarity in the interrogatory responses offered by Westario. The Board is dependent upon the information filed by applicants; that information must be accurate and complete.

Tree Trimming and Line Clearing Operations

Board staff questioned Westario's 2009 Tree Trimming and Line Clearing Operations ("Tree Trimming") budget of \$270,000, which represented a \$40,000 increase over 2008 and a \$113,000 increase over 2007 actual. Board staff noted that, after allowing for 6% inflation and 10% for variables, the 2009 forecast was still about \$85,000 over 2007. On this basis Board staff submitted that the 2009 budget should be no more than \$200,000, which is approximately the average of 2007 and 2008 plus inflation. In a similar vein, but allowing a base of \$200,000, VECC submitted that the appropriate 2009 budget would be \$233,400. VECC also questioned why the rate of escalation of Engineering Burden costs allocated to Tree Trimming should exceed the growth in direct costs. VECC submitted that the Board should reduce the 2009 proposed budget by \$35,000.

Westario responded that Board staff had used a "worse case" scenario in selecting 2007 as the basis of its calculation, disregarding the \$193,000 spent in 2006 and the \$230,000 budgeted for 2008. Westario pointed out that Board staff did not ask for further details or explanations for the increase and has no basis to suggest an arbitrary reduction. Westario submitted that the Board should accept the 2009 budget as filed, in that it represents management's best estimates of the amount of Tree Trimming required to prevent outages and accidents from happening. With respect to VECC's

³ Response to Board Staff interrogatory # 7

concern regarding the rate of escalation in Engineering Burden, Westario provided the same explanation noted above regarding Maintenance of Overhead and Underground Services. Westario concluded that VECC's call for a \$35,000 reduction should be disregarded.

Board Findings

Board staff suggests that an appropriate budget can be based on the level of spending in 2007. Westario argues that the spending should be examined in a broader historical context, including 2006 when the expenditures in this area were substantially higher than in 2007.

The Board agrees that it is appropriate to look at a number of years for comparison purposes. The Board can examine trends as well as explanations for significant incremental increases in expenditures. In this area, the budget for 2009 is substantially higher than 2007, but it is also about 40% higher than in 2006. Westario has offered no particular explanation for the magnitude of this increase, but it argues that it was not asked to do so. The Board reminds Westario that the onus is on the applicant to prove its case, which means all expenditures (such as increases) must be justified through evidence and explanation. The Board concludes that on any reasonable comparison the increases in this area are excessive and that a modest adjustment to the overall OM&A is warranted in light of this. The Board will reduce the total OM&A by \$30,000.

2009 Regulatory Costs

VECC submitted that the provision in the 2009 test year budget for regulatory costs should be reduced from \$80,000 to \$55,000 on the basis that, absent an oral component and limited intervenor activity, the overall cost for this proceeding will be less than the projected \$240,000. VECC also argued that the overall costs should be amortized over a four year period, rather than the proposed three year period. While not questioning the overall regulatory cost forecast, Board staff indicated that amortizing these costs over four years rather than three would reduce 2009 OM&A by \$20,000.

Westario agreed that its 2009 OM&A should be reduced by \$20,000 to reflect a four year amortization period for regulatory costs related to the 2009 proceeding. Westario characterised the further decrease proposed by VECC as flawed because it ignores the fact that the oral component was replaced with supplemental interrogatories and a teleconference, that the level of intervenor participation was normal for a utility of

Westario's size, and that Westario's regulatory costs in a non-re-basing year averages approximately \$60,000.

Board Findings

The Board will reduce 2009 OM&A by \$20,000 to reflect a four year amortization period for one-time regulatory expenses. The Board concludes that a reduction to the overall cost is not warranted. Although there was no oral hearing, the Board accepts that Westario would incur analogous costs related to the teleconference and the supplemental interrogatories.

Efficiency and Amalgamation Savings and Overall OM&A

In 2007 Westario began operating from a new operations center and administration office in Walkerton. Prior to that, Westario had its staff and operations located in leased premises in various communities. The premises were leased from some of the municipalities which are shareholders of Westario and the associated expense was approximately \$221,000. Westario stated that "the need for the [new center] was identified ... when it became obvious that serving 15 communities out of eight offices across a large service area would be inefficient and would create operational challenges."⁴ Westario explained that concentration of its staff and resources (e.g. inventory) in one location, central to all of the communities that Westario serves, will contribute to operational savings and better service to Westario's ratepayers.

Board staff submitted that Westario "should have better documented the cost justification and the benefits related to the \$2.4 million investment in the Walkerton centre." SEC noted Board staff's concerns, but agreed with Westario that the net present value calculation provided by Westario demonstrated adequately the benefit of owning one facility in comparison to the leasing of eight facilities. Both SEC and Board staff noted that the rental savings would be offset in Westario's revenue requirement by the capital related costs (e.g., cost of capital and amortization expense) associated with the new building.

⁴ March 19, 2009 reply submission, Section 4.1, p. 38. See also Exhibit 2/Tab 3/Schedule 4/ pp. 5-9.

Westario responded that it had documented its decision to invest in the centralized Walkerton centre, including:

*the financial, operational and resource savings ... which included annual lease savings of \$221, 000, improved customer service, faster response times, shorter outages, tighter inventory control, reduced travel costs and improved employee communications.*⁵

Westario submitted that ratepayers will benefit because the consolidation has a net present value of \$2.6 million. Westario reiterated that the cost savings of \$267,000 associated with the amalgamation and the facility centralization are both reflected in the 2008 and 2009 forecast. Westario explained that it is unable to provide a detailed listing of the individual cost savings because it viewed the incurring of costs to track and calculate the savings as an inappropriate use of its resources.

SEC submitted that Westario's 2009 OM&A should be reduced from the requested level of \$4,811,825. SEC based its recommendation on a number of factors. First, SEC submitted that for comparison purposes and in addition to the adjustments for the CDM 3rd tranche and the Meter exit fee credit, the 2007 actual should also be adjusted to remove the lease costs because those costs have now been replaced by the new Westario building and so associated costs will flow through rate base (and depreciation). With that adjustment, SEC submitted that the 2007 starting point would be the adjusted number taking into account the three adjustments above. On this basis, the increase between 2007 and 2009 would be over 17%. Second, SEC submitted that, because Westario has acknowledged that operating efficiencies will arise because of its centralization to one location but has been unable to quantify the efficiencies, the efficiencies have not been factored into the 2009 budget. For these reasons, SEC proposed that 2009 should be calculated by starting with the adjusted 2007, indexing by 4% for each of 2008 and 2009 and adding \$60,000 for the first year of a four year amortization of the projected regulatory costs for this proceeding.

Westario disagreed with SEC's assertion that the savings associated with moving to a single facility have not been factored in to 2009 OM&A. Westario pointed to the declining growth of OM&A as proof that it has factored in efficiencies and submitted that SEC's conclusion lacked an evidentiary basis.

⁵ March 19, 2009 reply submission, sec. 4.1, p. 39 / ll. 10-13.

Board staff noted that, over the 2003 to 2007 period, Westario's actual OM&A expense increased by approximately 0.3% annually and that over the 2007 to 2009 period the average annual increase was 5.7%. Board staff also pointed out that the 5.7% annual increase was significantly higher than the 1.1% average annual increase in the number of residential and general service customers over the same period.

Westario responded that, by selecting 2007 and adjusting for non-recurring items, Board staff presented the worst case scenario, that being the highest per annum increase possible in the 2006 to 2009 period. Westario argued that if a comparison to a prior period is required, then it should be the 2006 Board approved level since it is the starting point for the previous incentive period. On this basis there is virtually no increase in costs.

Board Findings

The Board finds that the evidence Westario has provided on the benefits and savings arising from the amalgamation and consolidation of facilities is satisfactory. The Board cautions that, while it may be self-evident that such initiatives provide net benefits to ratepayers, it is important for utilities to assess those benefits and to present them in the context of their applications.

Shifting from rented premises to an owned facility shifts costs from OM&A to rate base (cost of capital and amortization). In such circumstances, the Board would expect to see material and ongoing OM&A savings, other than just rent reduction, to offset these capital related costs. Westario has documented savings beyond just rent reduction and the Board accepts that Westario has incorporated these efficiencies in its OM&A forecast.

However, the Board must take account of this reduction in ongoing OM&A costs when it is assessing the overall level of OM&A and the trend over time. When these rent-related costs are removed from OM&A, the increase over the period is in the order of 17% between 2007 and 2009, which is quite significant. Westario suggests that the Board should use the 2006 Board approved level for comparison purposes, and also notes that there is a decrease between 2008 and 2009. The Board accepts that these are other relevant comparisons, but concludes that Westario's actual performance in 2006 and 2007 (net of lease costs and net of the adjustments for CDM and Hydro One meter exit credit) is an important comparison. On this basis, the growth in OM&A over the period borders on excessive. The Board concludes that for rate setting purposes a further \$50,000 should be removed from 2009 OM&A.

This brings the total OM&A reduction to \$100,000, for an approved level of approximately \$4.7 million. This is approximately the same level as the 2006 Board approved level and is still a significant increase over 2007, in the order of 14.7% from the adjusted 2007 level of \$4.1million.

PAYMENTS IN LIEU OF TAXES

In the original application, Westario proposed a 2009 PILs allowance of \$897,156, composed of \$855,475 for combined federal and provincial income taxes and \$41,681 in capital taxes; this allowance was confirmed in Westario's reply submission.

Staff submitted that Westario should update its PILs allowance to reflect the Board's decision and to reflect applicable tax changes in the recently-passed federal budget. The changes relate to the threshold for the federal small business tax rate and an acceleration of the capital cost allowance ("CCA") for Class 50 computer assets purchased after January 27, 2009 but prior to February 2011. VECC supported Board staff's proposal and also noted that Westario agreed to remove regulatory assets from its determination of taxable income, consistent with the findings of recent Board decisions.

Westario responded that the recent change in the small business tax threshold does not apply to Westario as its taxable capital exceeds \$15 million. Westario also noted that the accelerated CCA for 2008 and 2009 capital additions does not apply, as Westario's assets are class 12 rather than class 50 or 50.1; this was a correction to the evidence on the record. Westario proposed a revised PILs allowance of \$515,025. Westario also noted that it will update its PILs calculations as part of the Draft Rate Order process.

Board Findings

The Board approves Westario's methodology, as explained in the reply submission. The Board directs Westario to update its PILs allowance to reflect the findings in this Decision and to reflect any impacts of the recently-passed federal budget. In filing its Draft Rate Order, Westario should incorporate all other known income and capital tax changes into its PILs calculations for 2009 that have arisen since the application was filed.

Westario did not provide the specific calculations that showed how the revised PILs allowance of \$515,025 was determined. The Board directs Westario to provide a

summary table showing the calculation of the PILs allowance as part of its Draft Rate Order.

The Board also wishes to express its concern regarding the corrections which were reported in Westario's reply submission. While there is pressure on the applicant to proceed expeditiously with its application, it must do so with a view to filing complete, timely and accurate information. As the Board relies upon the information filed by the applicant, it must be confident that the applicant is providing accurate information. In this case, the Board is surprised that Westario identified this significant error so late in the process.

RATE BASE AND CAPITAL EXPENDITURES

Rate Base

Westario's rate base is summarized in the following table⁶:

Summary of Rate Base						
	2006 EDR Board- approved	2006 Actual	2007 Actual	2008 Bridge	2009 Test	
Net Fixed Assets						
Opening Balance	\$ 20,118,370	\$ 21,121,135	\$ 22,383,568	\$ 25,725,285	\$ 27,491,909	
Closing Balance	\$ 19,508,372	\$ 22,383,568	\$ 25,725,285	\$ 27,491,909	\$ 28,242,596	
Average Balance	\$ 19,813,371	\$ 21,752,352	\$ 24,054,427	\$ 26,608,597	\$ 27,867,253	
Working Capital Allowance	\$ 5,284,227	\$ 5,308,729	\$ 5,451,977	\$ 5,689,824	\$ 5,762,946	
Total Rate Base	\$ 25,097,598	\$ 27,061,081	\$ 29,506,404	\$ 32,298,421	\$ 33,630,199	

The requested rate base of \$33.63 million is a 14.0% increase (\$4,123,795) from Westario's 2007 actual and a 24.3% increase (\$6,569,118) from its 2006 actual.

Board staff noted that Westario's proposed rate base is increased by \$6.6 million compared to 2006 actuals; of this, \$2.4 million is due to the new operations centre in Walkerton and \$1.0 million is due to assets transferred as part of Westario's amalgamation with its parent and service companies on January 1, 2008.

⁶ Exhibit 1/Tab 1/Schedule 3

Submissions were directed at the following rate base related issues:

- Capital Expenditures; and
- Working Capital Allowance.

Submissions were also made with respect to Assessment of Asset Conditions and Asset Management.

Capital Expenditures

The table below sets out the level of capital expenditures and the year over changes from 2007 to 2009.

Changes in Capital Expenditures from 2007-2009⁷

	2007 Actual	2008 Bridge	2009 Test
Capital Expenditures	\$404,275	\$615,215	\$391,000
% change as compared to the prior year		52.2%	(36.4%)

Spending for smart meters is not included in the capital expenditures for any of these years.

Westario's capital additions in 2007 and 2008 are impacted by two factors:

- The new operations center was added in Walkerton, replacing rental properties in various communities (\$2,443,787). This issue has been addressed in the OM&A section; and
- Assets previously in Westario Power Holdings Inc. and Westario Power Services Inc. were added to Westario's rate base upon the amalgamation with Westario on January 1, 2008, pursuant to Board approval of a merger application in 2007. These assets had a gross book value of approximately \$2.97 million and a net book value of \$1.0 million.⁸ Previously, recovery of the costs of the assets of Westario Power Services Inc. was through expenses for services provided by it and charged to Westario pursuant to a Master Services Agreement.

⁷ Based on Exhibit 2/Tab 3/Schedule 1

⁸ Exhibit 2/ Tab 2 / Schedule 3/pp. 9-10

Board staff noted that, if these factors were removed, Westario's 2009 proposed capital expenditure of \$2,570,400 is consistent with historical spending. VECC and SEC also noted the consistency of spending and concurred that Westario has appropriately explained, screened and prioritized its proposed capital projects. No party objected to Westario's proposed 2009 capital expenditures.

Board Findings

The Board finds that Westario's proposed capital expenditures for 2009 are reasonable. The Board also finds that Westario has appropriately included in its rate base the assets transferred as a result of the amalgamation.

Assessment of Asset Conditions and Asset Management Plan

Westario filed a copy of its Asset Management Plan in its application.⁹ In response to a Board staff interrogatory¹⁰, Westario filed two associated documents referenced in the Asset Management Plan. These documents, taken together, guide Westario's management and staff in determining and prioritizing operational and capital projects.

Intervenors did not make submissions directly on Westario's Asset Management approach, but did comment that Westario's proposed capital projects were appropriately screened and prioritized in accordance with the Company's Asset Management policies.

Board staff noted that Westario's Asset Management Plan is the first such plan for the Company and submitted that Westario's asset management is more complicated due to the legacy systems in the several communities served which have different engineering designs. Staff observed that, while Westario has provided explanations on the nature, need and prioritization of major capital projects in recent years, the Company does not appear to have a significantly integrated or harmonized approach for managing the assets in the various communities. Staff submitted that Westario should undertake such a study to allow for better network design, assessment management and operational efficiency and to ensure better reliability and increased cost savings for the utility and its ratepayers.

⁹ Exhibit 2/ Tab 2/ Schedule 1

¹⁰ Board staff interrogatory #20

In its reply, Westario acknowledged the comments of staff, and stated its commitment to improving its policy.

Board Findings

The Board finds that Westario has adequately supported the need for and prioritization of its capital projects in recent years and those proposed for 2009. The Board is satisfied that Westario's approach to this issue is appropriate in the circumstances, and is also assured by Westario's commitment to improving its efforts, as necessary and appropriate. The Board considers it reasonable that benefits, in terms of operational efficiencies and cost savings to Westario and its ratepayers, will result from improvements to its asset management policies and practices given the different legacy systems that Westario operates.

Working Capital

Westario forecasted a working capital allowance ("WCA") for 2009 of \$5,762,946.¹¹

VECC submitted that Westario should update its WCA to reflect the most current estimate of the cost of power, and also to reflect the most current estimates of the costs of Hydro One Networks' transmission and Low Voltage ("LV") costs. VECC also recommended that the Board should work with the IESO and distributors to determine what commodity price should be factored into the determination of the cost of power for calculating the WCA.

In its reply submission, Westario concurred with VECC's proposal to update the WCA to reflect the most current cost of power as well as the most recent estimates of Hydro One Networks' transmission and LV costs.

¹¹ Exhibit 2 / Tab 4 / Schedule 1 and 2. See also Exhibit 2 / Tab 1/ Schedule 2. Variance analysis of year over year changes in rate base, including changes in the Working Capital Allowance, are provided in Exhibit 2/Tab 1/Schedule 3/ Attachment 1.

Board Findings

The Board concludes that the most accurate data should be used in the calculation of working capital and notes that Westario agrees with this approach. The Board directs Westario to update the cost of power to reflect the price contained in the April 2009 RPP price report, \$0.06072/kWh. With respect to the level of retail transmission service rates and LV rates to be used in the calculation, the Board will address these matters later in this Decision under Retail Transmission Service Rates and Low Voltage Costs.

VECC has proposed that the cost of power element be more precisely derived. Given the limited magnitude of this item, the Board has determined that on balance the current use of the RPP is a reasonable proxy for purposes of determining the WCA.

COST OF CAPITAL and CAPITAL STRUCTURE

On December 20, 2006, the Board issued the *Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors* (the "Board Report"). The Board Report provides the Board's policy guidelines for determining the capitalization and cost of capital to be used for electricity rate-setting.

The following table summarizes Westario's proposed capital structure and cost of capital:

Cost of Capital Parameter	Westario's Proposal
Capital Structure	56.7% debt (composed of 52.7% long-term debt and 4.0% short-term debt) and 43.3% equity
Short-Term Debt	4.47%, but to be updated in accordance with section 2.2.2 of the Board Report, as confirmed in response to Board staff IR #24.
Long-Term Debt	5.82%, as a weighted average of several affiliated and third-party debt instruments. (References: E6/T1/D2/Attachment and response to Board staff IR #25)
Return on Equity	8.57%, but to be updated in accordance with the methodology in Appendix B of the Board Report. This was further clarified by Westario in its reply to VECC's submission.
Return on Preference Shares	Not applicable
Weighted Average Cost of Capital	6.96% as proposed, but subject to change as the short-term debt rate and ROE are updated per the Board Report at the time of the Board's Decision.

As noted, Westario has agreed that the return on equity, deemed short-term debt rate and deemed long-term debt rate would be updated based on Bank of Canada *Consensus Forecasts* and TSX data for January 2009 in accordance with the methodologies documented in the Board Report.

On February 24, 2009, the Board issued a letter setting out the updated cost of capital parameters to be used in determining distribution rates for 2009 cost of service applications. These parameters are set out below:

Cost of Capital Parameter	Updated Value for 2009 Cost of Service Applications
Return on Equity	8.01%
Deemed Long-term Debt Rate	7.62%
Deemed Short-term Debt Rate	1.33%

VECC submitted that Westario should confirm that the ROE, like the short-term debt rate, should be updated in accordance with the guidelines in the Board Report. Westario reaffirmed this in its reply submission.

Board Findings

The Board finds that Westario's proposed capitalization and cost of capital complies with the guidelines established in the Board Report. Accordingly, the Board finds that Westario's 2009 distribution rates will be based on a deemed capital structure of 56.7% debt (52.7% long-term; 4% short-term) and 43.3% equity, in accordance with the Board's established transition process. The Board will allow Westario's embedded cost of debt at 5.82% as documented in the application.

The table below sets out the Board's findings for Westario's deemed capital structure and cost of capital:

Board-approved 2009 Capital Structure and Cost of Capital

Capital Component	% of Total Capital Structure	Cost rate (%)
Long-Term Debt	52.7	5.82
Short-Term Debt	4.0	1.33
Equity	43.3	8.01
Weighted Average Cost of Capital		6.59

COST ALLOCATION AND RATE DESIGN

The following issues are addressed in this section:

- Line Losses
- Low Voltage Costs
- Customer Reclassification
- Revenue to Cost Ratios
- Monthly Service Charges
- Retail Transmission Rates

Line Losses

Westario proposed a total loss factor (“TLF”) of 1.0788 for 2009 for secondary metered customers less than 5000 kW. This number is based on a supply facilities loss factor (“SFLF”) of 1.024 and a distribution loss factor (“DLF”) of 1.0535. The latter is based on average actual DLFs over four years (2004-2007). Westario did not apply for a TLF for customers larger than 5000 kW, and does not have an approved TLF currently for this class.

Board staff and VECC submitted that the TLF in the application is reasonable.

Board Findings

The Board finds that Westario’s TLFs as set out in its reply submission are appropriate. The total loss factors are:

Secondary metered < 5000 kW	1.0788
Primary metered < 5000 kW	1.0680

Low Voltage Costs

Westario originally forecasted LV charges for 2009 at \$733,477 and has revised the forecast to \$601,861. In response to concerns expressed by Board staff regarding the consistency of Westario’s updated forecast with the current Hydro One application (EB-2008-0187), Westario indicated it will update its forecast to be consistent with Hydro One’s application for Sub-transmission rates to be effective May 1, 2009.

Westario proposed to allocate the LV cost in proportion to revenue from its Retail Transmission Service – Connection rates, and to recover the cost by means of rate adders on the volumetric rates.

VECC submitted that the working capital allowance should reflect the most current estimate of the costs of Hydro One's transmission services and LV costs for 2009.

Board Findings

The Board directs Westario to update its LV cost forecast based on the Hydro One rates as approved by the Board on January 28, 2009, and to submit supporting documentation with its Draft Rate Order. The Board also notes that Hydro One will include a substantial rate rider credit for two years, whereas the LV rate adder being established in this proceeding will likely be in place for the four years of the 3rd Generation IRM process. Therefore, in its Draft Rate Order, Westario should provide an updated forecast based on the Hydro One LV rates approved in EB-2007-0681, including the effect of Rider # 4 at one-half of its annual value.

The Board approves Westario's proposal for the allocation and recovery of LV costs.

Customer Re-Classification

Westario has applied to discontinue its time-of-use rate class, and to include the single customer in this existing class in the GS 50-4999 kW class.

The customer that has been paying time-of-use distribution rates currently has a monthly service charge of \$43.98 per month compared to \$240.40 for the other customers in the same size range, and a volumetric distribution charge of \$0.3328 per kW compared to \$2.2180 for the other customers. Westario calculated a total bill impact for this customer of 15%, most of it due to the re-classification proposal.

Board staff submitted that this impact is high, and noted that the Board had approved a phase-in over two years in a similar situation in 2008, when Wellington North Power applied to re-classify certain General Service customers.¹² Westario submitted that the bill impact is reasonable in light of the benefit that this customer has received in past years, and submitted further that the customer's savings have not been related to any savings in Westario's distribution costs.

¹² EB-2007-0693, p. 33

Board Findings

The Board finds that Westario's proposal to discontinue the GS Time-of-Use rate classification is reasonable. The transfer of the single customer to the GS 50-4999 kW class will result in a total bill impact of about 15%. When bill impacts are greater than 10%, the Board generally considers whether some form of rate impact mitigation is appropriate. The Board concludes that a phased-in approach to this change is warranted.

The Board directs Westario to submit in its Draft Rate Order a monthly service charge and a volumetric rate to be charged to the GS time-of-use customer in 2009 that will limit the total bill impact to 10% or less, and to submit a calculation demonstrating the impact. The Board expects that Westario's application for 2010 will not include a separate rate for the customer in question because it appears that the remaining impact will be less than 10%. The Board will allow Westario to recover the small revenue shortfall during this single transitional year from the remaining customers.

Revenue to Cost Ratios

The following table sets out Westario's current and proposed revenue to cost ratios. Columns 2 and 4 are representative of the existing ratios: column 2 uses the model distributed by the Board for the Informational Filing; column 3 uses a variation on the Informational Filing which excludes the \$72,097 cost of the Transformer Ownership Allowance. VECC submitted that the resulting ratios are a more appropriate reference point than the initial Informational Filing. Westario agreed that the ratios in column 3 are more accurate than those in the Informational Filing (column 2).

The ratios proposed initially are in column 4, and a revised proposal is in column 5. The Board's target ranges, as established in the Board Report, *Application of Cost Allocation for Electricity Distributors*, EB-2007-0667, are set out in column 6.

Revenue to Cost Ratio [%]

1	2	3	4	5	6
Customer Class	Informational Filing Run 2	Response to VECC IR 21c	Proposed ratios as per Application: Exhibit 8 / Tab 1 / Schedule 2	Proposed ratios as adjusted: Reply Submission	Board Policy Range
Residential	94.75	95.48	94.93	95.55	85 – 115
GS < 50 kW	80.77	81.13	81.17	81.38	80 – 120
GS 50-4999 kW	168.03	163.46	166.28	163.18	80 – 180
USL	100.39	99.92	100.00	100.00	80 – 120
Street Lights	50.04	51.03	75.05	74.88	70 – 120
Sentinel Lights	99.35	101.06	100.00	71.03	70 – 120

Westario discovered a mistake in its Informational Filing with respect to the number of Sentinel Lights. The numbers of Sentinel Lighting customers used to derive revenues and to allocate costs were not consistent. In response to an interrogatory, Westario submitted revised cost allocation results and a revised estimate of existing revenue from the class. VECC submitted that Westario should design its rates to recover 0.003% of its revenue from Sentinel Lights, considerably less than proposed. Board staff submitted that the revised version of the cost allocation study did not provide support for a rate increase of the size that Westario was proposing. In its reply submission, Westario clarified that the ratio that reflects the existing rates and customer numbers should have been reduced by a factor of 6/16. Accordingly, it revised its proposal so that the increase will yield a revenue to cost ratio of 71.03%.

Board staff and VECC noted that the Informational Filing and the revised version of the cost allocation model (columns 2 and 3) omitted revenue from late payment penalties. Board staff submitted that the proposed ratios following re-balancing would be affected very little by a correction. VECC submitted that revised results were necessary, and submitted an alternative set of revenue to cost ratios with its own adjustment. In this version, VECC attributed the total revenue from late payment charges amongst the various classes on a pro-rata basis. Westario submitted that the matter is non-consequential.

VECC submitted that the proportions of class loads in the rate year will be different than they were in the year analyzed in the cost allocation study. In VECC's view, an alternative approach that reflects updated proportions would be preferable. VECC calculated the proportion of distribution cost that is allocated to each class in the Information Filing and submitted an alternative set of proportions that are based on its analysis of updated billing quantities of each class.¹³ Westario responded that it had earlier decided against incurring the cost of a full update to the Informational Filing because of the stability of its service area, and it submitted that the small differences found in VECC's calculation confirm this decision.

With respect to re-balancing, Westario's goal was to change the revenue to cost ratio of any class only to the extent that is required to bring the ratio within the Board's guidelines. For the classes already within the range, Westario's proposal is to change the ratios (as corrected) as little as possible, and if changed within the range then to ensure that the ratio moves closer to 100%. This strategy underlies the ratios in column 4 and those now proposed in column 5 of the table above.

VECC did not agree with Westario's proposed ratios. The proposal would change the ratios for most classes even though they are already within the recommended range. VECC indicated that the proposal would increase the ratio for the Residential and GS < 50 kW classes. VECC also submitted that the GS > 50 kW class should be the only class to benefit from the additional revenue that arises from increasing the revenue to cost ratio of Street Lighting, because it has the highest revenue to cost ratio.

SEC submitted that the Board should direct Westario to submit lower rates for the GS > 50 kW class, such that the revenue to cost ratio would be 134% in 2009, which is halfway from the status quo to 100%. SEC submitted that it recognized that this would necessitate higher revenue to cost ratios for other classes, in particular the GS < 50 kW class (which also includes schools). SEC submitted that distributors should strive for the principle of eliminating cross-subsidization by moving all revenue to cost ratios to 100%.

Board Findings

The Board agrees that the cost allocation with the adjusted treatment for the Transformer Ownership Allowance represents a better point from which to consider the existing revenue to cost ratios.

¹³ VECC submission, para. 9.13

VECC argued that an adjustment should be made to take account of the late payment penalties. The Board agrees with Westario that an adjustment for the late payment penalties is not warranted. This correction is applied on a pro-rata basis and therefore there is no material impact on the relative results.

VECC has also argued that the analysis should take account of changes in the relative proportions of class revenues between the time of the Informational Filing and the test year. The Board finds that, for Westario, the revenue responsibility proportions are similar enough that no adjustments for this factor are required. It is also the Board's view that an adjustment for the purposes of updating the revenue shares would not be appropriate in the absence of updating other cost allocation factors such as cost drivers.

The Board continues to be of the view that, if the revenue to cost ratios are in the Board policy range, changes are not required unless such changes arise as a consequence of ensuring that another class moves toward or into the target range. Westario has proposed to move the Street Lighting class to the bottom of the target range. The Board approves this proposal. The additional revenue should be allocated to the GS>50 kW class because that class is the highest above 100% (although it remains in the Board's target range).

The Board is also satisfied with Westario's proposal regarding the revenue to cost ratio for the Sentinel Lighting class, namely that it be 71%, given the corrections that have been made to customer number data.

Monthly Fixed Charges

For the Residential class Westario proposed to maintain its fixed/variable revenue proportions unchanged. The proportions in question are net of the rate adders, before the proposed Smart Meter adder which affects the Monthly Service Charge and the LV adder which affects the volumetric rate. In the application, Westario proposed that the Monthly Service Charge including the Smart Meter adder would increase by 27.3% and the volumetric rate including the LV adder would increase 21.1%. In the documentation accompanying the reply submission, these percentages were reduced to 22.3% and 15.8% respectively.

The following table was provided by Westario at Exhibit 9 / Tab 1 / Schedule 1 / page 3 of its application:

Table 3 – Current and Proposed Fixed/Variable Split

	Current		Proposed		Difference	
	Fixed	Variable	Fixed	Variable	Fixed	Variable
Residential	47.76%	52.24%	47.76%	52.24%	0.00%	0.00%
General Service Less Than 50 kW	47.68%	52.32%	47.68%	52.32%	0.00%	0.00%
General Service 50 to 4,999 kW	42.19%	57.81%	33.55%	66.45%	-8.64%	8.64%
Unmetered Scattered Load	13.82%	86.18%	27.98%	72.02%	14.16%	-14.16%
Sentinel Lighting	45.09%	54.91%	45.09%	54.91%	0.00%	0.00%
Street Lighting	88.64%	11.36%	88.64%	11.36%	0.00%	0.00%

VECC submitted that the Residential Monthly Service Charge is within the range produced by the Cost Allocation study and the fixed/variable split does not need to be altered to conform with the Board's policy. However, VECC submitted that the bill impact is greater on smaller customers than larger customers, in percentage terms, when the rate adders are included. VECC noted that over 20% of Westario's Residential customers use less than 500 kWh per month, 5% use less than 250 kWh per month, and that Westario has not submitted bill impact calculations for these smaller customers.

Westario proposed to increase the Monthly Service Charge for Unmetered Scattered Load ("USL") customers from \$4.40 to \$11.19 per month, on a "per connection" basis, together with a small increase in the volumetric rate. The proposed charge is equal to the floor amount in Westario's cost allocation study. Board staff submitted that the illustrative bill impacts showed a large bill impact on the smallest USL connections, due to the increase in the fixed charge, and submitted that the bill impact would be a matter of concern if there are actual customers that would be affected, as in the illustrative calculation. In its reply submission, Westario clarified that the customer experiencing the largest increase will have a total bill impact of 17.6% and that the increase will be \$7.87 in the customer's monthly bill. Westario submitted that the impact is reasonable in absolute terms.

Board Findings

The Board notes VECC's concern that impacts on smaller Residential customers may be more than 10%, and directs Westario to include bill impact calculations for Residential customers using 250 kWh and 500 kWh per month in support of its Draft Rate Order. Further, if the initial estimate of the impact on customers using 250 kWh and 500 kWh per month is more than 10%, the Board directs Westario to decrease its fixed/variable split by proposing a lower Residential Monthly Service Charge (and higher volumetric rate) so that the total bill impact will be no more than 10%.

The Board notes that the Monthly Service Charge for USL has been less than 25% of the comparable charge to General Service customers, and that in Westario's proposal it is still less than 50% of the comparable charge. The existing fixed/variable split is 14/86, and would increase to 28/72, still the lowest of any class.¹⁴ The Board finds the proposed increase in the fixed/variable split to be reasonable, and approves Westario's application to increase the Monthly Service Charge to the floor amount calculated in the Informational Filing. While the bill impact is significant in percentage terms, the Board finds that the absolute increase is not of a magnitude that requires mitigation.

Retail Transmission Service ("RTS") Rates

As an embedded distributor Westario's transmission costs are determined by the RTS rates of its host distributor, Hydro One. In its initial application, Westario applied to continue its current RTS rates which had been approved effective May 1, 2008. Those rates mirrored the change in Hydro One's interim rates that became effective at that time. Westario pointed out that Hydro One was expected to apply for further changes in the transmission service rates, and that Westario was applying for no change pending the Board's decision on Hydro One RTS rates that would be paid by Westario.

The Board issued a guideline, *Electricity Distribution Retail Transmission Service Rates [G-2008-0001]* on October 22, 2008, indicating the process to be used by distributors to adjust RTS rates to reflect changes in the Ontario Uniform Transmission ("UT") rates. The changes in the UT rates are shown in the following table.

Uniform Transmission Rates

	Current Rate (\$/kW/month)	Effective rate on January 1, 2009 (\$/kW/month)	Effective increase
Network Service Rate	2.31	2.57	11.3%
Line Connection Service Rate	0.59	0.70	18.6%
Transformation Connection Service Rate	1.61	1.62	0.6%

As anticipated by Westario in its application, Hydro One has an RTS rates application currently before the Board (EB-2008-0187). The RTS rates are proposed to be adjusted in these same proportions, to be effective May 1, 2009.

¹⁴ Exhibit 9 / Tab 1 / Schedule 1 / p. 3

Westario provided an estimate of the shortfall that would occur if it did not increase its Retail Transmission Network rates, and of the surplus that it would expect if it did not decrease its Retail Transmission Connection rates in 2009¹⁵.

VECC and Board staff submitted that Westario should adjust its RTS Rates to make the disparity between its wholesale cost and its retail revenues in the rate year as small as possible. Westario submitted that maintaining its existing rates rather than increasing them would serve to mitigate total bill impacts, as well as reversing the over-recovery of transmission costs that has occurred over a period of years.

Board Findings

The Board does not accept Westario's proposal to leave the RTS rates unchanged. The Board notes that Westario has surpluses in both of the variance accounts associated with the pass-through of transmission costs – nearly \$400,000 in the Network account and nearly \$2,000,000 in the Connection account. The Board recognizes that in Westario's proposal the anticipated shortfall in Network cost would have the desired effect of decreasing the accumulated surplus in account 1584. With respect to recovery of Connection cost, the record before the Board does not show whether there would be a shortfall nor how many years it would take to clear the variance account 1586 even if there is a shortfall.

The Board directs Westario to submit RTS rates that are designed to recover, as nearly as possible, its forecast 2009 transmission costs based on percentage changes made to the January 1, 2009 approved UT rates. This would involve addressing the wholesale adjustment and including a factor that addresses, going forward, the historical bias in the variance accounts arising from the disparity between the previous wholesale and retail rates. The Board notes that Westario provided a calculation of the projected difference between revenues and expenses for 2009 in response to Board staff interrogatory #43 d). Westario should adjust its RTS rates to reduce this difference to zero. The Board points out that there is a process for clearing deferral and variance accounts by means of regulatory rate riders, and addresses this subject below.

¹⁵ Board staff interrogatory #43 d)

DEFERRAL AND VARIANCE ACCOUNTS

Westario applied for approval of Regulatory Asset Recovery Rate Riders that are designed to recover the balances in Account 1508 – Other Regulatory Assets, and Account 1550 – Low Voltage over two years. The total balance proposed for recovery is \$1,120,875.

Parties did not express any concerns with the amounts in the accounts proposed for disposition. Board staff noted that the methodology proposed by Westario for the disposition of accounts 1508 and 1550 was consistent with the disposition of such costs in previous decisions. Board staff also submitted that the Board might wish to evaluate the reasonableness of rate riders that would dispose of other deferral and variance account balances in addition to those proposed by Westario.

The following table sets out the balances in Westario's deferral and variance accounts. The balances represent the December 31, 2007 year end plus interest to April 30, 2009. The rows shaded in grey are those accounts for which Westario is proposing disposition.

Deferral and Variance Accounts

Account Number	Account Description	Total (\$)
1508	Other Regulatory Assets – Sub-Account – OEB Cost Assessments	50,826
1508	Other Regulatory Assets – Sub-Account – Pension Contributions	215,387
1518	Retail Cost Variance Account - Retail	(49,624)
1548	Retail Cost Variance Account - STR	86,157
1582	RSVA - One-time Wholesale Market Service	36,490
	Sub-Total	\$339,236
1550	Low Voltage Variance Account	854,662
1580	RSVA – Wholesale Market Service Charge-	(621,239)
1584	RSVA – Retail Transmission Network Charge	(387,244)
1586	RSVA – Retail Transmission Connection Charges	(1,983,291)
1588	RSVA – Power (including Global Adjustment)	2,985,135
	Sub-Total	\$848,023
1555	Smart Meter Capital and Recovery Offset	(134,277)
1556	Smart Meter OM&A	
1562	Deferred PILs	185,630
1563	Deferred PILs Contra Account	(129,820)
1565	CDM Expenditures and Recoveries	(52,580)
1566	CDM Contra Account	52,580
1590	Recovery of Regulatory Asset Balances	1,019,121
	Sub-Total	\$940,654

In addition to its proposal, Westario provided hypothetical rate riders that would recover the balances of accounts in two scenarios, one in which the balances in Accounts 1518, 1548, and 1582 would be recovered in addition to those proposed by Westario, and the second in which the balances in accounts 1580, 1584, 1586, and 1588 would also be recovered. Board staff noted that the rate riders in both scenarios turned out to be almost equal to those proposed by Westario in the first place.

VECC supported Westario's proposed rate riders, and suggested that, in light of the small aggregate balance of the other accounts, their disposition should await the completion of the Board's separate initiative announced on February 19, 2008 on this subject.

Board Findings

Notwithstanding the announcement of the separate initiative, the Board notes that it will be some time before that process is completed. There are significant balances in the RSVA accounts. The Board concludes that these amounts should be disposed of at this time.

The Board also finds it appropriate to dispose of the remaining accounts, except the two PILS accounts (which are subject to a review in a separate proceeding), account 1590 (the Board has typically not disposed of this account until such time as the final balance can be verified) and the smart meter and CDM tracking accounts (which will be reviewed at a later date).

The Board notes that the total balance of the accounts to be disposed of is \$1,187,259. This represents only a modest increase from Westario's proposal to dispose of only accounts 1508 and 1550 (\$1,120,875). Therefore, the Board finds that a two year recovery period, as originally proposed, remains appropriate.

The Board directs Westario to include documentation in its Draft Rate Order which shows the allocation of each account to each rate class.

SMART METERS

Westario proposed to increase the smart meter funding adder, currently \$0.26 per month per metered customer, to \$1.00 and stated that it was becoming authorized under the amended regulation pursuant to and in compliance with the London Hydro RFP process.

The basis for the increase to the funding adder was that on June 25, 2008, the Government of Ontario filed amendments to three smart metering regulations, namely O. Reg. 427/06 (*Smart Meters: Discretionary Metering and Procurement Principles*), O. Reg. 426/06 (*Smart Meters: Cost Recovery*), and O. Reg. 393/07 (*Designation of Smart Metering Entity*).

Westario stated that it qualified for the increased adder since amendments to O. Reg. 427/06 will authorize metering activities for distributors pursuant to and in compliance with the *Request for Proposal (RFP) for Advanced Metering Infrastructure (AMI) – Phase 1 Smart Meter Deployment* issued on August 14, 2007 by London Hydro Inc.

On October 22, 2008, the Board issued its Guideline G-2008-0002, *Smart Meter Funding and Cost Recovery*. Guideline G-2008-0002 outlines requirements for applicants wishing to request a \$1.00 smart meter funding adder. The Board noted that the standard \$1.00 funding adder would provide funding for distributors that are authorized and clearly intend to install smart meters in the test year. Guideline G-2008-0002 established informational requirements to be provided in support of a request for an increased smart meter funding adder of \$1.00 per month per metered customer.

Westario stated that it intends to install approximately 19,125 meters during the test year at an estimated cost per meter of \$216.65 and total cost of \$4,143,612. Westario has not included any capital costs for smart meters in its rate base, nor is it including operating expenses related to smart meters in its revenue requirement. Smart meter funding adders and capital and operating costs related to smart meters will continue to be recorded in established deferral accounts 1555 and 1556, for review and disposition in a future application.

Board staff and SEC made no submission on Westario's proposal for smart meters, while VECC supported Westario's proposal.

Board Findings

The Board issued Guideline G-2008-0002 to provide guidance to distributors to assist in facilitating implementation of smart meters when a distributor becomes authorized, and aid in the review of smart meter funding and cost recovery.

The Board finds that Westario has complied with legislation and with the Board's Guideline G-2008-0002, and so approves an increased smart meter funding adder of \$1.00 per month per metered customer. In so finding, the Board makes no determination of the prudence and reasonableness of Westario's estimated smart meter costs, which will be reviewed in a future application when Westario applies for disposition of the smart meter variance account balances.

IMPLEMENTATION

The Board has made findings in this Decision which will change Westario's revenue requirement, and therefore the proposed 2009 distribution rates. These changes are to be reflected in a Draft Rate Order prepared by Westario.

The Board issued an Interim Order on April 14, 2009 which makes Westario's current rates interim effective May 1, 2009 and allows for an effective date for Westario's new rates as early as May 1, 2009. As Westario was not late in filing its application, the Board has determined that an effective date as of May 1, 2009 for Westario's new 2009 rates is appropriate.

In developing its Draft Rate Order, Westario is directed to establish the 2009 rates assuming a 12 month recovery period. The implementation date of the Final Rate Order will be June 1, 2009. Westario is also directed to calculate rate riders that would recover one month of foregone revenue. Westario should propose an appropriate time period for recovery giving due consideration to bill impacts. The current interim rates are in effect until the Board approves the Final Rate Order.

As the 2009 rates will be implemented beginning June 1, 2009, for the rate riders to dispose of approved deferral and variance account balances, Westario is directed to calculate the rate riders to collect the balances from customers over a period of 23 months rather than 24 months.

In filing its Draft Rate Order, it is the Board's expectation that Westario will not use a calculation of the revised revenue deficiency to reconcile the new distribution rates with the Board's findings in this Decision. Rather, the Board expects Westario to file detailed supporting material, including all relevant calculations showing the impact of this Decision on Westario's proposed revenue requirement, the allocation of the approved revenue requirement to the classes and the determination of the final rates. Supporting documentation shall include, but not be limited to, filing a completed version of the Revenue Requirement Work Form excel spreadsheet, which can be found on the Board's website. Westario should also show detailed calculations of the revised low voltage rate adders, retail transmission rates and variance account rate riders reflecting this Decision.

RATE ORDER

A Rate Order decision will be issued after the processes set out below are completed.

COST AWARDS

The Board may grant cost awards to eligible stakeholders pursuant to its power under section 30 of the *Ontario Energy Board Act, 1998*. The Board will determine eligibility for costs in accordance with its Practice Direction on Cost Awards. When determining the amount of the cost awards, the Board will apply the principles set out in section 5 of the Board's Practice Direction on Cost Awards. The maximum hourly rates set out in the Board's Cost Awards Tariff will also be applied.

All filings with the Board must quote the file number EB-2008-0250, and be made through the Board's web portal at www.errr.oeb.gov.on.ca, and consist of two paper copies and one electronic copy in searchable / unrestricted PDF format. Filings must be received by the Board by 4:45 p.m. on the stated date. Please use the document naming conventions and document submission standards outlined in the RESS Document Guideline found at www.oeb.gov.on.ca. If the web portal is not available you may e-mail your documents to the attention of the Board Secretary at BoardSec@oeb.gov.on.ca. All other filings not filed via the Board's web portal should be filed in accordance with the Board's Practice Directions on Cost Awards.

THE BOARD DIRECTS THAT:

1. Westario shall file with the Board, and shall also forward to intervenors, a Draft Rate Order attaching a proposed Tariff of Rates and Charges reflecting the Board's findings in this Decision, within 14 days of the date of this Decision. The Draft Rate Order shall also include customer rate impacts and detailed supporting information showing the calculation of the final rates including the Revenue Requirement Work Form in Microsoft Excel format.
2. Intervenors shall file any comments on the Draft Rate Order with the Board and forward to Westario within 7 days of the date of filing of the Draft Rate Order.
3. Westario shall file with the Board and forward to intervenors responses to any comments on its Draft Rate Order within 7 days of the date of receipt of intervenor submissions.
4. Intervenors shall file with the Board, and forward to Westario, their respective cost claims within 30 days from the date of this Decision.

5. Westario shall file with the Board and forward to intervenors any objections to the claimed costs within 44 days from the date of this Decision.
6. Intervenors shall file with the Board and forward to Westario any responses to any objections for cost claims within 51 days of the date of this Decision.
7. Westario shall pay the Board's costs incidental to this proceeding upon receipt of the Board's invoice.

DATED at Toronto, April 24, 2009

ONTARIO ENERGY BOARD

Original Signed By

Kirsten Walli
Board Secretary

Ontario Energy
Board

Commission de l'énergie
de l'Ontario



EB-2011-0205

IN THE MATTER OF the *Ontario Energy Board Act*,
1998, S.O. 1998, c.15 (Schedule B);

AND IN THE MATTER OF an application by
Westario Power Inc. for an order or orders approving
or fixing just and reasonable distribution rates and
other charges, to be effective May 1, 2012.

BEFORE: Karen Taylor
Presiding Member

Paula Conboy
Member

FINAL RATE ORDER

Introduction

Westario Power Inc. ("WPI"), a licensed distributor of electricity, filed an application with the Ontario Energy Board (the "Board") on November 25, 2011, under section 78 of the *Ontario Energy Board Act*, 1998, S.O. 1998, c. 15, (Schedule B), seeking approval for changes to the rates that WPI charges for electricity distribution, to be effective May 1, 2012.

In its Decision and Order on the Application, issued on April 19, 2012, the Board ordered WPI to file a draft Rate Order reflecting the Board's findings in the Decision. On April 26, 2012, WPI filed its draft Rate Order including revised models in Excel format and a proposed Tariff of Rates and Charges.

On April 30, 2012, Board staff filed its comments on WPI's draft Rate Order. Board staff

submitted that WPI had appropriately reflected the Board's findings in all areas except for the calculation of deferral and variance account balances.

In accordance with the Board's Decision, WPI revised the billing determinant for the GS>50 kW customer class to calculate the deferred Payments in Lieu of Taxes ("PILs") collection for 2003, 2004, 2005 and four months of 2006. As a result, the amount due from customers was reduced from \$273,814 to \$33,814. Board staff accepted WPI's revised balance, but noted that WPI included a balance of \$273,828 on sheet 9 (line 40) of the Rate Generator instead of the revised balance of \$33,814. Board staff further noted that WPI also included a separate rate rider reflecting the disposition of the revised deferred PILs amount on sheet 14, Proposed Rate Riders. Board staff submitted that sheet 9 of the Rate Generator should be updated to reflect the revised PILs amount of \$33,814 and that the rate riders for "Disposition of PILs 1562" on sheet 14 should be removed. Board staff further submitted that these separate rate riders should be included in the "Rate Rider for Deferral/Variance Account Disposition (2012)" and should be removed from the Tariff of Rates and Charges.

No other comments were received.

On May 1, 2012, WPI filed a reply to Board staff's comments including a revised model and a revised draft Tariff of Rates and Charges. WPI accepted Board staff's comments and revised the 2012 IRM Rate Generator, to reflect the reduced 1562 Deferred PILs amounts due from customers of \$33,814.

The Board has reviewed the information provided by WPI in its draft Rate Order and reply to Board staff's comments. The Board finds that WPI's debit balance of \$33,814 for Account 1562 is appropriate and reflective of the Board's Decision and Order. The Board approves the disposition of this balance in Account 1562, on a final basis, over a one year period, from May 1, 2012 to April 30, 2013. The Board is satisfied that the revised draft Tariff of Rates and Charges filed by WPI on May 1, 2012 accurately reflects the Board's Decision and Order.

THE BOARD ORDERS THAT:

1. The Tariff of Rates and Charges set out in Appendix A of this Order will become final and will apply to electricity consumed or estimated to have been consumed on and after May 1, 2012. WPI shall notify its customers of the rate changes no later than

with the first bill reflecting the new rates.

DATED at Toronto, May 10, 2012

ONTARIO ENERGY BOARD

Original signed by

Kirsten Walli
Board Secretary

Appendix A

To Final Rate Order

Final Tariff of Rates and Charges

Board File No: EB-2011-0205

DATED: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0205

RESIDENTIAL SERVICE CLASSIFICATION

This classification refers to customers residing in residential dwelling units taking energy at 600 volts or less, with energy generally supplied as single phase, 3-wire, 60 Hertz, having a nominal voltage of 120/240 volts. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	11.34
Distribution Volumetric Rate	\$/kWh	0.0142
Low Voltage Service Rate	\$/kWh	0.0012
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kWh	0.0007
Rate Rider for Tax Adjustments – effective until April 30, 2013	\$/kWh	(0.0003)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0015)
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0052
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0019

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Issuance Date: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0205

GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION

This classification refers to general service buildings, defined as buildings that are used for purposes other than single-family dwellings, taking energy at 600 volts or less, requiring a connection with a connected load of less than 50 kW, and including Town Houses and Condominiums that require centralized bulk metering, whose average monthly maximum demand is less than, or is forecast to be less than, 50 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

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It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	20.77
Distribution Volumetric Rate	\$/kWh	0.0092
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kWh	0.0002
Rate Rider for Tax Adjustments – effective until April 30, 2013	\$/kWh	(0.0002)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0015)
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0017

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Issuance Date: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0205

GENERAL SERVICE 50 to 4,999 kW SERVICE CLASSIFICATION

This classification refers to general service buildings, defined as buildings that are used for purposes other than single-family dwellings, requiring a connection with a connected load greater than 50 kW but less than 5,000 kW, whose average monthly maximum demand used for billing purposes is equal to or greater than, or is forecast to be equal to or greater than, 50 kW but less than 5,000 kW. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	240.15
Distribution Volumetric Rate	\$/kW	2.2373
Low Voltage Service Rate	\$/kW	0.3990
Rate Rider for Lost Revenue Adjustment Mechanism (LRAM) Recovery – effective until April 30, 2013	\$/kW	0.0244
Rate Rider for Tax Adjustments – effective until April 30, 2013	\$/kW	(0.0371)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.5770)
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.1048)
Retail Transmission Rate – Network Service Rate	\$/kW	1.9887
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.6929

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Issuance Date: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0205

UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION

This classification refers to an account taking electricity at 600 volts or less whose monthly average peak demand is less than, or is forecast to be less than, 50 kW and the consumption is unmetered. Such connections include cable TV power packs, bus shelters, telephone booths, traffic lights, railway crossings, etc. The customer will provide detailed manufacturer information/documentation with regard to electrical demand/consumption of the proposed unmetered load. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per customer)	\$	11.30
Distribution Volumetric Rate	\$/kWh	0.0422
Low Voltage Service Rate	\$/kWh	0.0011
Rate Rider for Tax Adjustments – effective until April 30, 2013	\$/kWh	(0.0006)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kWh	(0.0012)
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kWh	(0.0003)
Retail Transmission Rate – Network Service Rate	\$/kWh	0.0048
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kWh	0.0017

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Issuance Date: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0205

SENTINEL LIGHTING SERVICE CLASSIFICATION

This classification refers to accounts that are an unmetered lighting load supplied to a sentinel light. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	2.53
Distribution Volumetric Rate	\$/kW	13.0802
Low Voltage Service Rate	\$/kW	0.3153
Rate Rider for Tax Adjustments – effective until April 30, 2013	\$/kW	(0.2288)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(1.1627)
Retail Transmission Rate – Network Service Rate	\$/kW	1.5096
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.5476

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Issuance Date: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0205

STREET LIGHTING SERVICE CLASSIFICATION

This classification refers to an account for roadway lighting with a Municipality, Regional Municipality, Ministry of Transportation and private roadway lighting operation, controlled by photocells. The consumption for these customers will be based on the calculated connected load times the required lighting times established in the approved OEB street lighting load shape template. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge (per connection)	\$	3.88
Distribution Volumetric Rate	\$/kW	3.2599
Low Voltage Service Rate	\$/kW	0.3079
Rate Rider for Tax Adjustments – effective until April 30, 2013	\$/kW	(0.2780)
Rate Rider for Deferral/Variance Account Disposition (2012) – effective until April 30, 2013	\$/kW	(0.8471)
Rate Rider for Global Adjustment Sub-Account Disposition – effective until April 30, 2013		
Applicable only for Non-RPP Customers	\$/kW	(0.1653)
Retail Transmission Rate – Network Service Rate	\$/kW	1.4976
Retail Transmission Rate – Line and Transformation Connection Service Rate	\$/kW	0.5348

MONTHLY RATES AND CHARGES – Regulatory Component

Wholesale Market Service Rate	\$/kWh	0.0052
Rural Rate Protection Charge	\$/kWh	0.0011
Standard Supply Service – Administrative Charge (if applicable)	\$	0.25

Issuance Date: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

**This schedule supersedes and replaces all previously
approved schedules of Rates, Charges and Loss Factors**

EB-2011-0205

microFIT GENERATOR SERVICE CLASSIFICATION

This classification applies to an electricity generation facility contracted under the Ontario Power Authority's microFIT program and connected to the distributor's distribution system. Further servicing details are available in the distributor's Conditions of Service.

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

MONTHLY RATES AND CHARGES – Delivery Component

Service Charge	\$	5.25
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ALLOWANCES

Transformer Allowance for Ownership - per kW of billing demand/month	\$/kW	(0.60)
Primary Metering Allowance for transformer losses – applied to measured demand and energy	%	(1.00)

Issuance Date: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0205

SPECIFIC SERVICE CHARGES

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Customer Administration		
Arrears Certificate	\$	15.00
Statement of Account	\$	15.00
Pulling post dated cheques	\$	15.00
Duplicate invoices for previous billing	\$	15.00
Request for other billing information	\$	15.00
Easement letter	\$	15.00
Income tax letter	\$	15.00
Notification charge	\$	15.00
Account history	\$	15.00
Credit reference/credit check (plus credit agency costs)	\$	15.00
Returned cheque charge (plus bank charges)	\$	15.00
Charge to certify cheques	\$	15.00
Legal letter charge	\$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	\$	30.00
Special Meter reads	\$	30.00
Meter dispute charge plus Measurement Canada fees (if meter found correct)	\$	30.00
Non-Payment of Account		
Late Payment - per month	%	1.50
Late Payment - per annum	%	19.56
Collection of account charge – no disconnection	\$	30.00
Collection of account charge – no disconnect – after regular hours	\$	165.00
Disconnect/Reconnect at meter - during regular hours	\$	65.00
Disconnect/Reconnect at meter - after regular hours	\$	185.00
Disconnect/Reconnect at pole – during regular hours	\$	185.00
Disconnect/Reconnect at pole – after regular hours	\$	415.00
Install/Remove load control device – during regular hours	\$	65.00
Install/Remove load control device – after regular hours	\$	185.00
Service call – customer owned equipment	\$	30.00
Service call – after regular hours	\$	165.00
Temporary service installation and removal – overhead – no transformer	\$	500.00
Temporary service installation and removal – underground – no transformer	\$	300.00
Temporary service installation and removal – overhead – with transformer	\$	1000.00
Specific charge for access to the power poles – per pole/year	\$	22.35

Issuance Date: May 10, 2012

Westario Power Inc.

TARIFF OF RATES AND CHARGES

Effective and Implementation Date May 1, 2012

This schedule supersedes and replaces all previously approved schedules of Rates, Charges and Loss Factors

EB-2011-0205

RETAIL SERVICE CHARGES (if applicable)

APPLICATION

The application of these rates and charges shall be in accordance with the Licence of the Distributor and any Code or Order of the Board, and amendments thereto as approved by the Board, which may be applicable to the administration of this schedule.

No rates and charges for the distribution of electricity and charges to meet the costs of any work or service done or furnished for the purpose of the distribution of electricity shall be made except as permitted by this schedule, unless required by the Distributor's Licence or a Code or Order of the Board, and amendments thereto as approved by the Board, or as specified herein.

Unless specifically noted, this schedule does not contain any charges for the electricity commodity, be it under the Regulated Price Plan, a contract with a retailer or the wholesale market price, as applicable.

It should be noted that this schedule does not list any charges, assessments or credits that are required by law to be invoiced by a distributor and that are not subject to Board approval, such as the Debt Retirement Charge, the Global Adjustment, the Ontario Clean Energy Benefit and the HST.

Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity

One-time charge, per retailer, to establish the service agreement between the distributor and the retailer	\$	100.00
Monthly Fixed Charge, per retailer	\$	20.00
Monthly Variable Charge, per customer, per retailer	\$/cust.	0.50
Distributor-consolidated billing monthly charge, per customer, per retailer	\$/cust.	0.30
Retailer-consolidated billing monthly credit, per customer, per retailer	\$/cust.	(0.30)
Service Transaction Requests (STR)		
Request fee, per request, applied to the requesting party	\$	0.25
Processing fee, per request, applied to the requesting party	\$	0.50
Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail Settlement Code directly to retailers and customers, if not delivered electronically through the Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year		no charge
More than twice a year, per request (plus incremental delivery costs)	\$	2.00

LOSS FACTORS

If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors will be implemented upon the first subsequent billing for each billing cycle.

Total Loss Factor – Secondary Metered Customer < 5,000 kW	1.0788
Total Loss Factor – Primary Metered Customer < 5,000 kW	1.0680

Issuance Date: May 10, 2012

**PROCEDURAL ORDERS. MOTIONS &
CORRESPONDENCE**

1
2

3 On January 26, 2012 the Board issued its list of distributors that it anticipates will be
4 filing a Cost of Service Application for 2013. Westario Power Inc. was included on that
5 list and as such, is therefore filing this 2013 Cost of Service Application.

1

ACCOUNTING ORDERS

2

As part of this proceeding no new accounting orders are being requested.

3

WPI has substantively followed the OEB's Uniform System of Accounts (referred to in

4

this application as the "USoA") in the preparation of this Application.

1 **ACCOUNTING TREATMENT OF NON-UTILITY RELATED**
2 **BUSINESS**

3 WPI does not have any non-utility related business and therefore does not have any
4 information to disclose regarding the accounting treatment of such.

5

1

COMPLIANCE ORDERS

2 At the date of this submission, WPI is not aware of any Compliance Orders that require
3 addressing in this Application.

1

OTHER BOARD DIRECTIONS

2 At the date of this submission, WPI is not aware of any other Board Directions that
3 require addressing in this Application.

CONDITIONS OF SERVICE

1

2 WPI reviews its Conditions of Service on a regular basis and the current version is
3 available to the public on its website;
4 [www.westario.com/Residential/RatesConditions/ConditionsofService/tabid/74/Default.as](http://www.westario.com/Residential/RatesConditions/ConditionsofService/tabid/74/Default.aspx)
5 [px](http://www.westario.com/Residential/RatesConditions/ConditionsofService/tabid/74/Default.aspx) and also available in hard copies at its office.

6 WPI does not document any rates or charges in its Conditions of Service.

7 Board approval of this electricity distribution rate Application will not initiate a change to
8 WPI's Conditions of Service.

9

Exhibit 1: Administrative Documents

Tab 2 (of 5): Overview of Filing

SUMMARY OF APPLICATION

Introduction

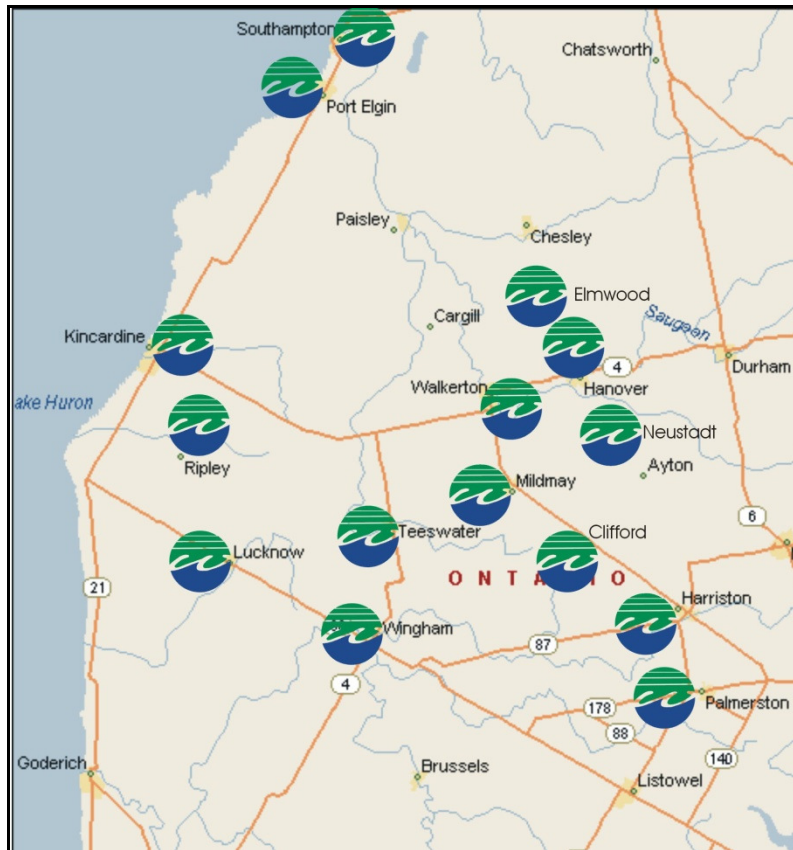
Westario Power Inc. is submitting a cost of service rate application, based on a forward test year, for 2013 Electricity Distribution Rates to be effective from May 1, 2013 to April 30, 2014. This application has been prepared in accordance with the Board's Filing Requirements. The Board's *2006 Electricity Distribution Rate Handbook* ("2006 EDR Handbook") was also used to guide certain elements of the application, such as the grouping of accounts.

Westario Power's Unique Characteristics

On November 1, 2000 Westario Power Holdings Inc. and its' affiliates Westario Power Services Inc. and Westario Power Inc. were incorporated as new business entities. The shareholders of Westario Power Holdings Inc. included eight municipalities and one private entity. The service territory of Westario Power Inc. consisted of the territory previously served by the eight (8) municipal entities previously owned by the eight municipal shareholders of Westario Power Holdings Inc. This service territory encompassed fifteen communities.

In 2007, application was made to the Ontario Energy Board (OEB) to amalgamate the holding company, the services company and the LDC into one company, Westario Power Inc. OEB approval was received on July 17, 2007, and the amalgamation took place on January 1, 2008.

The fifteen (15) communities that Westario Power Inc. serves are spread over a large geographical area spanning approximately 60 kilometres east/west by 80 kilometres north/south. The area between these service territories is served by Hydro One Networks Inc. A map of the communities that Westario Power services is below.



1

2 In addition to being disbursed over a large area, each service territory has a relatively
3 small customer base. In November 2000, there were a total of 17,810 customers. The
4 greatest single customer population is in the towns of Port Elgin/Southampton at 30%.
5 Customer growth is low – averaging less than 1 percent over all 15 communities.

6 An overview of the distribution system in each community and the challenges that came
7 with the merger is included below.

8 **WPI's Distribution System Investment Requirements**

9 Commencing in 2008, WPI began a program to collect data on all installed distribution
10 system assets. This program has permitted the development of an effective asset
11 management plan that addresses growth, line loss minimization, reliability performance
12 measures, and financial capabilities of the company. The Asset Management Plan is
13 included in this rate application.

As set out in the following sections, as a result of the condition of the existing systems within WPI's service territory, WPI has been increasing its capital investments in order to maintain system safety and reliability. The urgency for this work was apparent to WPI prior to the initiation of the project to develop a systematic asset management plan.

State of the Inherited Infrastructure

The state of the infrastructure and the types of systems in place vary considerably across the service territories. Some areas were in reasonably good condition prior to the 2000 amalgamation while others were in extremely poor condition.

WPI undertook a more comprehensive asset management planning process than in the past that has revealed the need to further invest in capital. Investment in capital and maintenance projects is required in a variety of areas both small and large. The most serious maintenance issues from the predecessor utilities relate to:

- Tree Trimming – which in the past was minimal and was performed on an ad-hoc basis;
- Substation Maintenance – where regularly scheduled maintenance did not exist in most communities;
- Pole Replacements – where many poles are beyond their useful life and need replacing, affecting the reliability of the distribution system;
- Metering – where seal dates must be extended to adhere to Measurement Canada standards
- #6 Copper - where in the past #6 Copper primary wire was an inexpensive solution for extending power lines to areas with small energy demand. These areas are now experiencing load growth and feeder extensions off the #6 primary wire. The wire has grown brittle and is undersized for the average load; and

- 5KV Cable and Poletran Replacements – where butyl rubber high voltage primary cable and poletran transformers are failing at a high rate, affecting reliability of the distribution system and staff safety due to clearance issues.

Investing in the Infrastructure

Investments made by Westario Power in capital and maintenance programs since 2000 have raised the general condition of the distribution systems to the status of fair to good. More investment is needed and this application details the continued efforts proposed in these areas.

9

For the ongoing maintenance and upkeep, a number of programs have been put in place including:

- Tree Trimming – where trimming in all communities is carried out on a rotating five year schedule and trees are trimmed sufficiently to provide the required clearances for the timeframe;
- Substation Maintenance – where plans are in place for a four year schedule, the work performed is documented and any identified issues are addressed;
- Pole Replacements – where capital pole replacement budgets are allocated on an annual basis. Poles are prioritized for replacement based upon age, condition and potential adverse impact on the reliability of the distribution system;
- Metering – where a study was conducted to identify any meters approaching expiry and setting out a plan to replace them in the required time period;
- #6 Copper Conductor – where continuing and expanding on the capital projects carried out over recent years will minimize future safety and reliability issues; and
- 5KV Cable and Poletran Replacements – where continuing and expanding on the capital projects carried out over recent years will minimize future safety and reliability issues.

1 These programs are ongoing and will continue for the foreseeable future. Additionally,
2 other past and proposed capital projects have been undertaken to address line losses by
3 removing undersized and over utilized assets from service and replacing them with
4 larger capacity and more robust plant. The proposed line loss has been reduced from
5 1.0788 to 1.070 as evidenced in Exhibit 8, Tab 3, Schedule 6. These initiatives are
6 retiring undersized feeder and conductors and deploying more accurate meters into the
7 distribution system.

8
9 WPI has limited growth of approximately 250 customers per year or 1% of its total
10 customer base. The majority of WPI's capital spending has been due to the necessity of
11 upgrading WPI's current distribution system, rather than as a result of customer growth.
12 Due to the minimal growth of WPI's customer base, there have been little additional
13 revenues to fund the level of capital expenditures that have been required for the public
14 safety and reliability of the distribution system.

15 16 **Systems and Asset Management**

17 Each former utility had its own customer billing system and financial systems, making
18 centralization a major challenge. Some formal LDCs even managed through manual
19 systems.

20 Documentation on the distribution system assets was generally limited to maps of the
21 system. There were no records containing such information as age of equipment, years
22 in service, fuse/disconnect ratings, equipment manufacturer, PCB surveys, condition
23 assessments, failure history, transformer connections, etc. In addition to the operating
24 challenges that this lack of information presents, it has prevented the development of a
25 cost effect asset management plan that addresses growth, line loss minimization,
26 reliability performance measures, and financial capabilities of the Company.

27 Through the merger, the Company has installed one computer information system with
28 fully integrated customer billing/inquiry, financial, project management, purchasing,
29 device management, and inventory and capital asset modules. Customer inquiries are

1 now addressed through a central call centre with the capabilities of tracking the
2 customer service related Service Quality Indicator (SQI) targets. WPI is addressing the
3 lack of information on its infrastructure through the Asset Management Plan mentioned
4 above.

5 **Scope of Application**

6 This application seeks approval for a 2013 service revenue requirement based on a
7 forecast for 2013 of Operations, Maintenance and Administration ("OM&A") expenses,
8 return on rate base, amortization expense and payments in lieu of taxes ("PILs"). These
9 forecasts are presented on an IFRS basis with certain comparatives in CGAAP. Exhibits
10 2-4 are primarily CGAAP with Exhibit 10 providing a reconciliation of CGAAP and IFRS.
11 For the determination of the revenue requirement for distribution rates, the revenue from
12 other sources, referred to as other revenue, is subtracted from the service revenue
13 requirement and the credit provided to customers for transformer ownership is added
14 back.

15 For OM&A, capital expenditures and other revenue, WPI has grouped the accounts in
16 the manner described in Appendix A of the 2006 EDR Handbook. The rate base is
17 determined from an average of opening and closing net book values ("NBV") of assets
18 for the 2013 Test Year, plus a 13% working capital allowance. The return on rate base is
19 determined using the Board deemed capital structure as determined in the *Report of the*
20 *Board on Cost of Capital and Incentive Regulation* dated December 20, 2006 ("Board
21 Report on CoC and IRM"). The rate of return on equity ("ROE") and short-term interest
22 rates have also been determined in accordance with the Board Letter dated March 2,
23 2012.

24 PILs have been determined using the same methodology as in the 2006 EDR
25 Handbook. Large Corporation Tax has now been eliminated and is therefore no longer
26 included in the calculation.

27 WPI's revenue requirement for 2013 contemplates the recovery of its costs of providing
28 distribution service; its permitted Return on Equity and the funds necessary to service its

debt (based on the OEB's deemed debt/equity ratio of 60% debt/40% equity); and its Payments in Lieu of Taxes ("PILs"). When its forecasted results for 2013 are taken into account, WPI estimates that its current rates will produce a deficiency in distribution revenue of \$977,793 for the 2013 Test Year. The Applicant therefore seeks the Board's approval to revise its rates applicable to its distribution of electricity. The issues to be reviewed in this case, as the applicant sees them, are discussed below.

As illustrated in Table 1 below; the proposed rates will recover WPI's forecasted revenue requirement of \$9,926,660. WPI's proposed distribution rates are necessary to avoid a forecasted revenue deficiency in the amount of \$977,793 during the 2013 rate year as per Exhibit 6, Tab 2.

Table 1: Summary of Revenue Requirement

Base Revenue Requirement	IFRS	CGAAP	Reference
Rate Base	\$ 41,694,299	\$ 40,925,148	Exhibit 2, Tab 1 & Exhibit 10 Tab 5
Requested Rate of Return	6.97%	6.97%	Exhibit 5, Tab 1, Schedule 2
IFRS Adjustment	- 32,530	-	Exhibit 10, Tab 2, Schedule 4
Regulated Return on Capital	\$ 2,875,064	\$ 2,853,956	
Operations, Maintenance and Administration	6,325,500	5,224,500	Exhibit 4, Tab 1
Amortization	1,379,137	2,715,462	Exhibit 4, Tab 7
PILs	-	339,447	MIFRS - Exhibit 10, Tab 6, CGAAP - Exhibit 4, Tab 8
Service Revenue Requirement	10,579,701	11,133,365	
Other Revenue	- 653,041	- 653,041	Exhibit 3, Tab 2
Base Revenue Requirement	\$ 9,926,660	\$ 10,480,324	

The major components of Table 1 are described below:

Table 2: Rate Base

IFRS

	CGAAP				MIFRS	
	2009 Approved	2009 Actual	2010 Actual	2011 Actual	2012 Projection	2013 Projection
<i>Net Capital Assets in Service:</i>						
Opening Balance	27,491,910	27,288,767	27,202,855	27,955,074	29,276,363	31,991,871
Ending Balance	28,242,596	27,202,855	27,955,074	29,276,363	31,991,871	37,909,551
Average Balance	27,867,253	27,245,811	27,578,964	28,615,719	30,634,117	34,950,711
Working Capital Allowance (see below)	6,100,908	5,114,408	6,150,644	6,192,957	7,709,390	6,743,588
Total Rate Base	33,968,161	32,360,219	33,729,609	34,808,675	38,343,507	41,694,299

CGAAP

	CGAAP					
	2009 Approved	2009 Actual	2010 Actual	2011 Actual	2012 Projection	2013 Projection
<i>Net Capital Assets in Service:</i>						
Opening Balance	27,491,910	27,288,767	27,202,855	27,955,074	29,276,363	31,525,162
Ending Balance	28,242,596	27,202,855	27,955,074	29,276,363	31,525,162	37,124,218
Average Balance	27,867,253	27,245,811	27,578,964	28,615,719	30,400,763	34,324,690
Working Capital Allowance (see below)	6,100,908	5,114,408	6,150,644	6,192,957	7,576,340	6,600,458
Total Rate Base	33,968,161	32,360,219	33,729,609	34,808,675	37,977,103	40,925,148

WPI's forecasted revenue deficiency can be primarily attributed to its' proposed rate base additions. The last full rebasing of WPI's distribution rates took place in the 2009 year. Capital expenditures since that time are not reflected in WPI's rate base, although capital expenditures have increased since 2009 and the need for more capital improvements will continue over the next four years. These improvements are necessary due to the condition of the system as described above.

Continued investment in the distribution infrastructure results in a forecast growth in the year-end NBV of assets between the 2009 EDR Approved and the 2013 Test year of \$9,666,948 under IFRS (\$8,881,621 under CGAAP). This includes investments related to the Asset Management Plan, capacity planning and general plant purchases. Details of these capital expenditures can be found in Exhibit 2.

Operating Costs

WPI's operating costs include operations, maintenance, & administration ('OM&A'). A summary of WPI's operating costs are set out in the following table:

Table 3: Operating Costs

IFRS

	Last Rebasng Year (2009 BA)	Last Rebasng Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Operations	\$ 480,400	\$ 238,669	\$ 213,163	\$ 265,336	\$ 369,000	\$ 440,000
Maintenance	\$ 1,160,575	\$ 1,452,469	\$ 1,236,425	\$ 1,217,086	\$ 2,060,000	\$ 2,298,000
Billing and Collecting	\$ 1,242,900	\$ 1,366,180	\$ 1,165,395	\$ 1,125,350	\$ 1,130,000	\$ 1,191,000
Community Relations	\$ 35,500	\$ 14,696	\$ 3,636	\$ 12,288	\$ 45,000	\$ 46,000
Administrative and General	\$ 1,818,350	\$ 1,505,456	\$ 1,675,704	\$ 1,986,959	\$ 2,332,500	\$ 2,317,500
Total	\$ 4,737,725	\$ 4,577,470	\$ 4,294,323	\$ 4,607,019	\$ 5,936,500	\$ 6,292,500
%Change (year over year)			-6.2%	7.3%	28.9%	6.0%

CGAAP

	Last Rebasng Year (2009 BA)	Last Rebasng Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2013 Test Year
Operations	\$ 480,400	\$ 238,669	\$ 213,163	\$ 265,336	\$ 289,000	\$ 334,000
Maintenance	\$ 1,160,575	\$ 1,452,469	\$ 1,236,425	\$ 1,217,086	\$ 1,427,000	\$ 1,558,000
Billing and Collecting	\$ 1,242,900	\$ 1,366,180	\$ 1,165,395	\$ 1,125,350	\$ 1,130,000	\$ 1,191,000
Community Relations	\$ 35,500	\$ 14,696	\$ 3,636	\$ 12,288	\$ 45,000	\$ 46,000
Administrative and General	\$ 1,818,350	\$ 1,505,456	\$ 1,675,704	\$ 1,986,959	\$ 2,158,500	\$ 2,062,500
Total	\$ 4,737,725	\$ 4,577,470	\$ 4,294,323	\$ 4,607,019	\$ 5,049,500	\$ 5,191,500
%Change (year over year)			-6.2%	7.3%	9.6%	2.8%

WPI's OM&A has remained fairly consistent and has decreased by approximately \$131,000 from the 2009 EDR Approved year to 2011 actual. This is due to WPI's ongoing commitment to finding efficiencies while ensuring the safe and reliable operation of our distribution plant. Costs for the 2013 Test Year are more reflective of administrative expenditures and a robust maintenance program moving forward. More information on WPI's operating costs is shown in Exhibit 4.

1 **Timing**

2
3 The financial information supporting the Test Year for this Application will be the
4 Applicant's fiscal year ending December 31, 2013 (the "2013 Test Year"). However, this
5 information will be used to set rates for the period May 1, 2013 to April 30, 2014. The
6 Test Year revenue requirement is that forecast by the Applicant as needed to enable it to
7 recover the amounts discussed above for fiscal 2013.

8
9 **Impact on Rates**

10 The 2013 rates proposed by WPI will result in monthly total bill impacts as follows: a) a
11 Residential customer using 800 kWh's - a 8.43% increase; b) a General Service
12 customer less than 50 kW using 2,000 kWh's - a 7.75% increase; c) a General Service
13 customer 50 to 4,999 kW with a demand of 140 kW and energy of 50,000 kWh's – a
14 5.67% increase; d) Unmetered Scattered Load using 375 kWh's – a 15.42% decrease;
15 e) Sentinel Lighting with a demand of 0.20 kW and energy of 200 kWh – a 21.27%
16 increase; and f) Street Lighting with a demand of 3 kW's and energy of 500 kWh's – an
17 12.26% increase.

18 WPI respectfully submits that its proposed rates are reasonable and well in line with
19 other utilities of roughly the same size (customer count/revenue requirement).

20
21 The table below uses data published by the OEB on September 27, 2012¹ for
22 comparison purposes.

23
24

¹ http://www.ontarioenergyboard.ca/OEB/Documents/2012EDR/bill_impacts_2012.pdf

The numbers in the chart have been calculated using the following data and assumptions:

- shows estimated total bill impacts for those utilities with 2012 distribution rates
- a residential consumer using 800 kilowatt hours per month
- loss factor adjustment has been applied
- a consumer who is on the RPP, purchasing their electricity through their utility.

Cohort	Delivery Charge
Collus	\$26.73
Festival	\$35.55
Innisfil	\$43.59
Norfolk	\$49.50
NorthBay	\$36.29
St-Thomas	\$28.85
Welland	\$37.77
Woodstock	\$41.05
Westario	\$28.91
2012 Average	\$36.47
Westario 2013 Proposed Delivery Charge	\$38.36

A large portion of WPI's bill impacts can be attributed to Rate Riders which are for the most part related to either government mandated costs or spending (i.e. smart meters), or Pass-through Charges (i.e. DVA and LV Charges) which WPI considers to be beyond the utility's control. With the removal of its rate riders from the bill impact and in order to isolate the total bill impact of the distribution rate changes., the bill impact drops from 8.43% to 4.18% for a residential class customer. All line items related to the bill impacts are addressed in various Exhibits of this application.

1 **Other Items**

2

3 WPI used Elenchus Research Associates 'RateMaker model to determine its 2013
4 Distribution Rates. The Applicant has based this Application on its forecasted results for
5 the 2013 Test Year. As required by the OEB, the Applicant is also presenting the
6 historical actual information for fiscal 2009 Board Approved, 2009 Actual – 2011 Actual;
7 as well as six months actual and six months forecast information for the fiscal 2012
8 bridge year.

1 **ACCOUNTING STANDARD FOR FINANCIAL REPORTING**

2 WPI has followed the accounting principles and main categories of accounts as stated in
3 the OEB's Accounting Procedures Handbook (the "APH") and the Uniform System of
4 Accounts ("USoA") in the preparation of this application.

5 WPI has filed trial balances, financial statements and forecasted results for the 2012
6 bridge year, 2013 test year and all proceeding years in accordance with Canadian
7 Generally Accepted Accounting Principles ("CGAAP").

8 Further to the Board's Letter of April 30, 2012 WPI has filed its rate application using
9 Modified International Financial Reporting Standards ("MIFRS") for the years 2012 to
10 2013. MIFRS is encompassed within WPI's transition to International Financial Reporting
11 Standards ("IFRS") as further explained in Exhibit 10 of this Application.

BUDGET DIRECTIVES AND ASSUMPTIONS

The Applicant compiles budget information for the three major components of the budgeting process: revenue forecasts; operating, maintenance and administration (“OM&A”) expenses forecast; and capital budgets. This budget information is compiled for 2012 Bridge Year and 2013 Test Year.

Revenue Forecast

WPI calculated its revenue forecast from the 2012 ‘Ratemaker’ model developed by Elenchus Research Associates (“ERA”). The revenue forecasts are based on throughput volume and existing rates for the 2012 Bridge Year and the WPI’s proposed rates for the 2013 Test Year. The forecasted volumes have been weather normalized as outlined in Exhibit 3, Tab 1, Schedule 2 and considers such factors as new customer additions and load for all classes of customers. In addition, the forecast has been adjusted to reflect the CDM initiatives currently undertaken by the applicant. The CDM adjusted forecast can be found in Exhibit 3, Tab 1, Schedule 3.

OM&A Costs

OM&A costs in Exhibit 4 represent WPIs integrated set of asset maintenance and customer activity needs to meet public and employee safety objectives, to comply with the Distribution System Code, environmental requirements and government direction, and to maintain distribution business service quality and reliability at targeted performance levels. OM&A costs also include providing services to customers connected to WPIs distribution system, and meeting the requirements of the OEB’s Standard Supply Code and Retail Settlement Code.

The proposed OM&A cost expenditures for the 2013 Test Year are the result of a business planning and work prioritization process that ensures that the most appropriate, cost effective solutions are put in place.

1 **Capital Costs**

2 In managing its capital assets, WPI's primary objectives are to optimize asset
3 performance in a cost-effective manner, enhance safety, protect the environment,
4 improve operational efficiency, maintain high standards of reliability, adhere to regulation
5 and meet customer demand. WPI develops capital programs on both a short and longer-
6 term basis, and prepares annual budgets and forecasts as the basis for capital
7 investments. WPI's approach to managing its distribution system is comprised of the
8 following two key strategies:

9 1) System Planning; add new assets and/or replace assets that are at or nearing
10 the end of their useful life. This includes consideration for:

11 ○ Capital Investment

12 ○ Contingency Planning

13 2) Managing and Sustaining Existing Assets; maintain and operate existing
14 distribution assets to prevent failures and maximize equipment useful life. WPI's
15 approach to managing its distribution assets is described in more detail in WPI's
16 *Distribution Asset Management Program (DAMP)*.

17 ○ Asset Knowledge

18 ○ Asset Condition.

19 ○ Operating and Maintaining Assets

20 Capital costs in Exhibit 2 have been developed with the key strategies above in mind.

21

22 **Overall Budgeting Process**

23 The capital and operating budgets are prepared annually by management and reviewed
24 and approved by the Board of Directors. Each department Manager is responsible for
25 the preparation of their departmental budget. Managers are directed to build their
26 departmental budgets using a "bottom up" approach, which requires each functional

1 area within WPI to build work plans that identify resources, including labour, materials
2 and other third party costs that are required to execute the work plans. This approach
3 develops budgets that ensure that departmental responsibilities are met and that
4 anticipated works will be completed during the fiscal year. Once approved, the budget is
5 only revised if a material change in plan is required. In such cases, the revised budget is
6 approved by the Board of Directors.

CHANGES IN METHODOLOGY

1

2 WPI is not requesting any changes in methodology in this current proceeding except as
3 identified in Exhibit 10, Transition to MIFRS.

4

1

REVENUE SUFFICIENCY / DEFICIENCY

2 WPI has provided detailed calculations supporting its 2013 revenue deficiency. WPI's
3 net revenue deficiency is \$718,678; and when grossed up for PILs is \$977,793. Table 1
4 below provides the revenue deficiency for the 2013 Test Year at the 2012 Board-
5 Approved rates and the 2013 Test Year Revenue Requirement.
6

Table 1: Revenue Deficiency for 2013 (MIFRS)

Line No.	Particulars	Initial Application	
		At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$977,793
2	Distribution Revenue	\$8,939,434	\$8,948,867
3	Other Operating Revenue	\$653,041	\$653,041
	Offsets - net		
4	Total Revenue	\$9,592,475	\$10,579,701
5	Operating Expenses	\$7,704,637	\$7,704,637
6	Deemed Interest Expense	\$1,386,585	\$1,386,585
7	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$32,530) (2)	(\$32,530)
8	Total Cost and Expenses	\$9,058,692	\$9,058,692
9	Utility Income Before Income Taxes	\$533,783	\$1,521,009
10	Tax Adjustments to Accounting Income	(\$1,547,168)	(\$1,547,168)
11	Taxable Income	(\$1,013,385)	(\$26,159)
12	Income Tax Rate	26.50%	26.50%
13	Income Tax on Taxable Income	(\$268,547)	(\$6,932)
14	Income Tax Credits	\$ -	\$ -
15	Utility Net Income	\$802,330	\$1,521,009
16	Utility Rate Base	\$41,694,295	\$41,694,295
17	Deemed Equity Portion of Rate Base	\$16,677,718	\$16,677,718
18	Income/(Equity Portion of Rate Base)	4.81%	9.12%
19	Target Return - Equity on Rate Base	9.12%	9.12%
20	Deficiency/Sufficiency in Return on Equity	-4.31%	0.00%
21	Indicated Rate of Return	5.25%	6.97%
22	Requested Rate of Return on Rate Base	6.97%	6.97%
23	Deficiency/Sufficiency in Rate of Return	-1.72%	0.00%
24	Target Return on Equity	\$1,521,008	\$1,521,008
25	Revenue Deficiency/(Sufficiency)	\$718,678	\$1
26	Gross Revenue Deficiency/(Sufficiency)	\$977,793 (1)	

APPROVED REVENUE REQUIREMENT

WPI has provided below in Table 1; the last Board Approved Revenue Requirement as per Board Decision (EB-2008-0250) dated April 24, 2009.

Table 1 – Board Approved Revenue Requirement



REVENUE REQUIREMENT WORK FORM

Name of LDC: WESTARIO POWER INC.
 File Number: EB-2008-0250
 Rate Year: 2009

Line No.	Particulars	Revenue Requirement	
		Application	Per Board Decision
1	OM&A Expenses	\$4,868,425	\$4,768,425
2	Amortization/Depreciation	\$1,829,713	\$1,829,713
3	Property Taxes	\$ -	\$ -
4	Capital Taxes	\$41,681	\$41,681
5	Income Taxes (Grossed up)	\$855,475	\$323,295
6	Other Expenses	\$ -	\$ -
7	Return		
	Deemed Interest Expense	\$1,091,029	\$1,059,923
	Return on Deemed Equity	\$1,248,817	\$1,178,128
8	Distribution Revenue Requirement before Revenues	\$9,935,140	\$9,201,165
9	Distribution revenue	\$9,265,283	\$8,531,592
10	Other revenue	\$669,555	\$669,555
11	Total revenue	\$9,934,838	\$9,201,147
12	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	(\$302) (1)	(\$18) (1)



Revenue Requirement Workbook



Version 3.00

MIFRS

Utility Name	Westario Power Inc.
Service Territory	
Assigned EB Number	EB2012-0176
Name and Title	Lisa Milne, President and CEO
Phone Number	519-507-6666 x-216
Email Address	lisa.milne@westario.com

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While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the



Revenue Requirement Workform

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

Notes:

- (1) Pale green cells represent inputs
- (2) Pale green boxes at the bottom of each page are for additional notes
- (3) Pale yellow cells represent drop-down lists

Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled. Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel



Revenue Requirement Workform

Data Input ⁽¹⁾

	Initial Application	(2)	(6)	Per Board Decision
1	Rate Base			
Gross Fixed Assets (average)	\$54,138,075		\$ 54,138,075	\$54,138,075
Accumulated Depreciation (average)	(\$19,187,368)	(5)	(\$19,187,368)	(\$19,187,368)
Allowance for Working Capital:				
Controllable Expenses	\$6,325,500		\$ 6,325,500	\$6,325,500
Cost of Power	\$45,548,250		\$ 45,548,250	\$45,548,250
Working Capital Rate (%)	13.00%	(9)	13.00%	13.00% (9)
2	Utility Income			
Operating Revenues:				
Distribution Revenue at Current Rates	\$8,939,434			
Distribution Revenue at Proposed Rates	\$9,926,660			
Other Revenue:				
Specific Service Charges	\$436,418			
Late Payment Charges	\$89,685			
Other Distribution Revenue				
Other Income and Deductions	\$126,938			
Total Revenue Offsets	\$653,041	(7)		
Operating Expenses:				
OM+A Expenses	\$6,292,500		\$ 6,292,500	\$6,292,500
Depreciation/Amortization	\$1,379,137	(10)	\$ 1,379,137	\$1,379,137
Property taxes	\$33,000		\$ 33,000	\$33,000
Other expenses				
3	Taxes/PILs			
Taxable Income:				
Adjustments required to arrive at taxable income	(\$1,547,168)	(3)		
Utility Income Taxes and Rates:				
Income taxes (not grossed up)				
Income taxes (grossed up)				
Federal tax (%)	15.00%			
Provincial tax (%)	11.50%			
Income Tax Credits				
4	Capitalization/Cost of Capital			
Capital Structure:				
Long-term debt Capitalization Ratio (%)	56.0%			
Short-term debt Capitalization Ratio (%)	4.0%	(8)	(8)	(8)
Common Equity Capitalization Ratio (%)	40.0%			
Preferred Shares Capitalization Ratio (%)	100.0%			
Cost of Capital				
Long-term debt Cost Rate (%)	5.79%			
Short-term debt Cost Rate (%)	2.08%			
Common Equity Cost Rate (%)	9.12%			
Preferred Shares Cost Rate (%)				
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS (\$)	(\$32,530)	(11)	(11)	(11)

Notes:

- General** Data inputs are required on Sheets 3. Data from Sheet 3 will automatically complete calculations on sheets 4 through 9 (Rate Base through Revenue Requirement). Sheets 4 through 9 do not require any inputs except for notes that the Applicant may wish to enter to support the results. Pale green cells are available on sheets 4 through 9 to enter both footnotes beside key cells and the related text for the notes at the bottom of each sheet.
- (1) All inputs are in dollars (\$) except where inputs are individually identified as percentages (%)
- Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I
- (2) Net of addbacks and deductions to arrive at taxable income.
- (3) Average of Gross Fixed Assets at beginning and end of the Test Year
- (4) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (5) Select option from drop-down list by clicking on cell M10. This column allows for the application update reflecting the end of discovery or Argument-in-Chief. Also, the outcome of any Settlement Process can be reflected.
- (6) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (7) 4.0% unless an Applicant has proposed or been approved for another amount.
- (8) Starting with 2013, default Working Capital Allowance factor is 13% (of Cost of Power plus controllable expenses). Alternatively, WCA factor based on lead-lag study or approved WCA factor for another distributor, with supporting rationale.
- (9) Depreciation Expense should include the adjustment resulting from the amortization of the deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.
- (10) Adjustment should include the adjustment to the return on rate base associated with deferred PP&E balance as shown on Appendix 2-EA or Appendix 2-EB of the Chapter 2 Appendices to the Filing Requirements.
- (11)



Revenue Requirement Workform

Rate Base and Working Capital

Line No.	Particulars	Initial Application		Per Board Decision
1	Gross Fixed Assets (average) (3)	\$54,138,075	\$ -	\$54,138,075
2	Accumulated Depreciation (average) (3)	(\$19,187,368)	\$ -	(\$19,187,368)
3	Net Fixed Assets (average) (3)	\$34,950,707	\$ -	\$34,950,707
4	Allowance for Working Capital (1)	\$6,743,588	\$ -	\$6,743,588
5	Total Rate Base	\$41,694,295	\$ -	\$41,694,295

Allowance for Working Capital - Derivation

(1)

6	Controllable Expenses	\$6,325,500	\$ -	\$6,325,500
7	Cost of Power	\$45,548,250	\$ -	\$45,548,250
8	Working Capital Base	\$51,873,750	\$ -	\$51,873,750
9	Working Capital Rate % (2)	13.00%	0.00%	13.00%
10	Working Capital Allowance	\$6,743,588	\$ -	\$6,743,588

Notes

- (2) Some Applicants may have a unique rate as a result of a lead-lag study. Default rate for 2013 cost of service applications is 13%.
 (3) Average of opening and closing balances for the year.

Revenue Requirement Workform

Utility Income

Line No.	Particulars	Initial Application			Per Board Decision
Operating Revenues:					
1	Distribution Revenue (at Proposed Rates)	\$9,926,660		\$ -	\$ -
2	Other Revenue	(1) \$653,041		\$ -	\$ -
3	Total Operating Revenues	\$10,579,701		\$ -	\$ -
Operating Expenses:					
4	OM&A Expenses	\$6,292,500		\$ -	\$6,292,500
5	Depreciation/Amortization	\$1,379,137		\$ -	\$1,379,137
6	Property taxes	\$33,000		\$ -	\$33,000
7	Capital taxes	\$ -		\$ -	\$ -
8	Other expense	\$ -		\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$7,704,637		\$ -	\$7,704,637
10	Deemed Interest Expense	\$1,386,585		\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$9,091,222		\$ -	\$7,704,637
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS		\$32,530	\$ -	\$ -
13	Utility Income before income taxes	\$1,521,009		\$ -	
14	Income taxes (grossed-up)	\$ -		\$ -	
15	Utility net income	\$1,521,009		\$ -	
Other Revenues / Revenue Offsets					
Notes					
(1)	Specific Service Charges	\$436,418		\$ -	\$ -
	Late Payment Charges	\$89,685		\$ -	\$ -
	Other Distribution Revenue	\$ -		\$ -	\$ -
	Other Income and Deductions	\$126,938		\$ -	\$ -
	Total Revenue Offsets	\$653,041		\$ -	\$ -



Revenue Requirement Workform

Taxes/PILs

Line No.	Particulars	Application		Per Board Decision
<u>Determination of Taxable Income</u>				
1	Utility net income before taxes	\$1,521,008	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$1,547,168)	\$ -	(\$1,547,168)
3	Taxable income	(\$26,160)	\$ -	(\$1,547,168)
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	\$ -	\$ -	\$ -
6	Total taxes	\$ -	\$ -	\$ -
7	Gross-up of Income Taxes	\$ -	\$ -	\$ -
8	Grossed-up Income Taxes	\$ -	\$ -	\$ -
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	\$ -	\$ -	\$ -
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	11.50%	11.50%	11.50%
13	Total tax rate (%)	26.50%	26.50%	26.50%

Notes



Revenue Requirement Workform

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
Initial Application					
		(%)	(\$)	(%)	(\$)
	<u>Debt</u>				
1	Long-term Debt	56.00%	\$23,348,805	5.79%	\$1,351,896
2	Short-term Debt	4.00%	\$1,667,772	2.08%	\$34,690
3	<u>Total Debt</u>	<u>60.00%</u>	<u>\$25,016,577</u>	<u>5.54%</u>	<u>\$1,386,585</u>
	<u>Equity</u>				
4	Common Equity	40.00%	\$16,677,718	9.12%	\$1,521,008
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<u>Total Equity</u>	<u>40.00%</u>	<u>\$16,677,718</u>	<u>9.12%</u>	<u>\$1,521,008</u>
7	<u>Total</u>	<u>100.00%</u>	<u>\$41,694,295</u>	<u>6.97%</u>	<u>\$2,907,593</u>
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	<u>Debt</u>				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	<u>Total Debt</u>	<u>0.00%</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ -</u>
	<u>Equity</u>				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	<u>Total Equity</u>	<u>0.00%</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ -</u>
7	<u>Total</u>	<u>0.00%</u>	<u>\$41,694,295</u>	<u>0.00%</u>	<u>\$ -</u>
		(%)	(\$)	(%)	(\$)
	<u>Debt</u>				
8	Long-term Debt	0.00%	\$ -	5.79%	\$ -
9	Short-term Debt	0.00%	\$ -	2.08%	\$ -
10	<u>Total Debt</u>	<u>0.00%</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ -</u>
	<u>Equity</u>				
11	Common Equity	0.00%	\$ -	9.12%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	<u>Total Equity</u>	<u>0.00%</u>	<u>\$ -</u>	<u>0.00%</u>	<u>\$ -</u>
14	<u>Total</u>	<u>0.00%</u>	<u>\$41,694,295</u>	<u>0.00%</u>	<u>\$ -</u>

Notes

(1) Data in column E is for Application as originally filed. For updated revenue requirement as a result of interrogatory responses, technical or settlement conferences, etc., use column M and Adjustments in column I



Revenue Requirement Workform

Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application				Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$977,793		(\$1,792,619)		\$7,704,637
2	Distribution Revenue	\$8,939,434	\$8,948,867	\$8,939,434	\$11,719,279	\$ -	(\$7,704,637)
3	Other Operating Revenue Offsets - net	\$653,041	\$653,041	\$ -	\$ -	\$ -	\$ -
4	Total Revenue	\$9,592,475	\$10,579,701	\$8,939,434	\$9,926,660	\$ -	\$ -
5	Operating Expenses	\$7,704,637	\$7,704,637	\$7,704,637	\$7,704,637	\$7,704,637	\$7,704,637
6	Deemed Interest Expense	\$1,386,585	\$1,386,585	\$ -	\$ -	\$ -	\$ -
7		(\$32,530) (2)	(\$32,530)	\$ - (2)	\$ -	\$ - (2)	\$ -
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS						
8	Total Cost and Expenses	\$9,058,692	\$9,058,692	\$7,704,637	\$7,704,637	\$7,704,637	\$7,704,637
9	Utility Income Before Income Taxes	\$533,783	\$1,521,009	\$1,234,797	\$2,222,023	(\$7,704,637)	(\$7,704,637)
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$1,547,168)	(\$1,547,168)	(\$1,547,168)	(\$1,547,168)	\$ -	\$ -
11	Taxable Income	(\$1,013,385)	(\$26,159)	(\$312,371)	\$674,855	(\$7,704,637)	(\$7,704,637)
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
13		(\$268,547)	(\$6,932)	(\$82,778)	\$178,837	(\$2,041,729)	(\$2,041,729)
	Income Tax on Taxable Income						
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$802,330	\$1,521,009	\$1,317,575	(\$7,704,637)	(\$5,662,908)	(\$7,704,637)
16	Utility Rate Base	\$41,694,295	\$41,694,295	\$41,694,295	\$41,694,295	\$41,694,295	\$41,694,295
17	Deemed Equity Portion of Rate Base	\$16,677,718	\$16,677,718	\$ -	\$ -	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	4.81%	9.12%	0.00%	0.00%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.12%	9.12%	0.00%	0.00%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-4.31%	0.00%	0.00%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	5.25%	6.97%	3.16%	0.00%	-13.58%	0.00%
22	Requested Rate of Return on Rate Base	6.97%	6.97%	0.00%	0.00%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-1.72%	0.00%	3.16%	0.00%	-13.58%	0.00%
24	Target Return on Equity	\$1,521,008	\$1,521,008	\$ -	\$ -	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$718,678	\$1	(\$1,317,575)	\$ -	\$5,662,908	\$ -
26	Gross Revenue	\$977,793 (1)		(\$1,792,619) (1)		\$7,704,637 (1)	
	Deficiency/(Sufficiency)						

Notes:

- (1) Revenue Deficiency/Sufficiency divided by (1 - Tax Rate)
 (2) Treated as an adjustment pre-tax to avoid an impact on taxes/PILs and hence on revenue sufficiency deficiency



Revenue Requirement Workform

Revenue Requirement

Line No.	Particulars	Application		Per Board Decision
1	OM&A Expenses	\$6,292,500	\$6,292,500	\$6,292,500
2	Amortization/Depreciation	\$1,379,137	\$1,379,137	\$1,379,137
3	Property Taxes	\$33,000	\$33,000	\$33,000
5	Income Taxes (Grossed up)	\$ -	\$ -	\$ -
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$1,386,585	\$ -	\$ -
	Return on Deemed Equity	\$1,521,008	\$ -	\$ -
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	(\$32,530)	\$ -	\$ -
8	Service Revenue Requirement (before Revenues)	<u>\$10,579,700</u>	<u>\$7,704,637</u>	<u>\$7,704,637</u>
9	Revenue Offsets	\$653,041	\$ -	\$ -
10	Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)	<u>\$9,926,659</u>	<u>\$7,704,637</u>	<u>\$7,704,637</u>
11	Distribution revenue	\$9,926,660	\$ -	\$ -
12	Other revenue	\$653,041	\$ -	\$ -
13	Total revenue	<u>\$10,579,701</u>	<u>\$ -</u>	<u>\$ -</u>
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$1</u>	<u>(1) (\$7,704,637)</u>	<u>(1) (\$7,704,637)</u>

Notes

(1) Line 11 - Line 8

1

AFFILIATE TRANSACTIONS

2 Westario Power Inc. does not have any affiliates and therefore there is nothing further to
3 report. No single shareholder holds greater than 25% of common shares of the
4 corporation.

Exhibit 1: Administrative Documents

Tab 3 (of 5): Financial Information

HISTORICAL FINANCIAL STATEMENTS

Table 1: Audited Financial Statements

Attachment 1	Year ended 31 December, 2009
Attachment 2	Year ended 31 December, 2010
Attachment 3	Year ended 31 December, 2011



Financial statements of

Westario Power Inc.

For the year ended December 31, 2011



KPMG LLP
Chartered Accountants
140 Fullarton Street Suite 1400
PO Box 2305
London ON N6A 5P2
Canada

Telephone (519) 672-4880
Fax (519) 672-5684
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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Westario Power Inc.

We have audited the accompanying financial statements of Westario Power Inc., which comprise the balance sheet as at December 31, 2011, the statements of earnings and retained earnings, comprehensive income, accumulated other comprehensive (loss) income and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Westario Power Inc. as at December 31, 2011, and its results of earnings and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

April 17, 2012

London, Canada

WESTARIO POWER INC.

Balance Sheet

December 31, 2011, with comparative figures for 2010

	2011	2010
Assets		
Current assets:		
Cash	\$ 5,846,690	\$ 4,511,070
Accounts receivable, net of allowance	2,450,997	4,252,960
Income taxes receivable	67,012	19,884
Accrued unbilled revenue	4,281,239	4,793,983
Inventories	43,100	75,779
Prepaid expenses	319,711	228,771
	<u>13,008,749</u>	<u>13,882,447</u>
Investment in equities	12,663	20,174
Property, plant and equipment (note 3)	30,166,412	28,675,210
Regulatory assets (note 4)	6,332,529	3,787,247
Long-term asset (note 5)	193,332	227,288
Future tax regulatory asset (note 4)	380,000	168,000
Goodwill	2,214,322	2,214,322
	<u>\$ 52,308,007</u>	<u>\$ 48,974,688</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 8,396,930	\$ 6,245,642
Customer deposits and credit balances (note 6)	1,097,481	763,065
Current portion of long-term debt (note 9)	587,764	451,814
	<u>10,082,175</u>	<u>7,460,521</u>
Post-retirement benefits (note 11)	335,164	346,753
Future income tax liability (note 10)	144,000	212,000
Long-term customer deposits (note 7)	399,020	373,101
Long-term debt (note 9)	14,463,668	14,565,752
Unrealized loss on interest rate swap (note 9)	1,761,722	1,025,090
Shareholders' equity:		
Share capital (note 12)	18,269,168	18,269,168
Accumulated other comprehensive income (loss)	(571)	6,940
Retained earnings	6,853,661	6,715,363
	<u>25,122,258</u>	<u>24,991,471</u>
Commitment (note 8)		
Contingencies (note 16)		
	<u>\$ 52,308,007</u>	<u>\$ 48,974,688</u>

WESTARIO POWER INC.

Statement of Earnings and Retained Earnings

December 31, 2011, with comparative figures for 2010

	2011	2010
Revenue:		
Electricity, market related	\$ 36,641,937	\$ 36,625,253
Distribution	8,508,953	8,595,718
Retail services	72,543	71,076
Rental of electric property	109,638	109,637
Late payment charges	95,563	83,639
Other	629,223	502,779
	46,057,857	45,988,102
Expenses:		
Electricity, market related	36,641,937	36,625,253
Distribution, operation and maintenance	1,465,515	1,430,975
Amortization	2,010,837	1,855,324
Billing and collecting	1,108,444	1,147,133
Community relations and donations	32,551	33,790
Administration	1,941,061	1,620,844
Interest on long-term debt	788,013	718,229
Unrealized loss on interest rate swap (note 9)	736,632	144,877
Capital and municipal taxes	47,921	84,722
Other interest	71,213	113,691
Rent and maintenance of general plant	69,211	92,082
	44,913,335	43,866,920
Earnings before income taxes	1,144,522	2,121,182
Income tax expense (recovery) (note 10)		
Current	501,000	478,000
Future	(280,000)	(175,000)
	221,000	303,000
Net earnings	923,522	1,818,182
Retained earnings, beginning of year	6,715,363	5,297,465
Dividends paid	(785,224)	(400,284)
Retained earnings, end of year	\$ 6,853,661	\$ 6,715,363

WESTARIO POWER INC.

Statement of Comprehensive Income

December 31, 2011, with comparative figures for 2010

	2011	2010
Net earnings	\$ 777,374	\$ 1,818,182
Other comprehensive income:		
Unrealized loss on available-for-sale securities	(7,511)	(94)
Comprehensive income	\$ 769,863	\$ 1,818,088

WESTARIO POWER INC.

Statement of Accumulated Other Comprehensive (Loss) Income

December 31, 2011, with comparative figures for 2010

	2011	2010
Accumulated other comprehensive income, beginning of year	\$ 6,940	\$ 7,034
Other comprehensive loss:		
Unrealized loss on available-for-sale securities	(7,511)	(94)
Accumulated other comprehensive (loss) income, end of year	\$ (571)	\$ 6,940

WESTARIO POWER INC.

Statement of Cash Flows

December 31, 2011, with comparative figures for 2010

	2011	2010
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 923,522	\$ 1,818,182
Items not involving cash:		
Amortization of property, plant and equipment	2,010,837	1,855,324
Post-retirement benefits	(11,589)	12,400
Future income tax liability	(68,000)	(23,000)
Future tax regulatory asset	(212,000)	(152,000)
Gain on disposal of capital assets	6,110	(14,331)
Unrealized loss on interest rate swap	736,632	144,877
Changes in non-cash operating working capital (note 13)	4,695,022	(333,607)
	8,080,534	3,307,845
Financing activities:		
Capital contributions	632,720	287,613
Long-term customer deposits	25,919	-
Additions to long-term debt (note 9)	3,781,774	1,022,226
Repayment of long-term debt (note 9)	(3,747,908)	(362,106)
Dividends paid	(785,224)	(400,284)
	(92,719)	547,449
Investing activities:		
Additions to property, plant and equipment	(4,329,738)	(2,936,522)
Proceeds on disposal of property, plant and equipment	27,635	14,331
Long-term asset	33,956	27,921
Regulatory assets (note 4)	(2,384,048)	543,965
	(6,652,195)	(2,350,305)
Increase in cash	1,335,620	1,504,989
Cash, beginning of year	4,511,070	3,006,081
Cash, end of year	\$ 5,846,690	\$ 4,511,070

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

Westario Power Inc. (the "Company") was incorporated under the laws of the Province of Ontario on January 1, 2008.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP").

(a) Rate regulation:

The Company is regulated by the Ontario Energy Board ("OEB") under the authority of the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote electricity customers, and for ensuring distribution companies fulfill obligations to connect and service customers.

Such change in timing involves the application of rate regulated accounting, giving rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. The Company's regulatory liabilities represent costs with respect to non-distribution market related charges and variances in recoveries that are expected to be settled in future periods.

The economic impact of rate regulation is reported in these financial statements. Regulatory assets represent certain costs that may be recovered from customers in future periods through the rate-making process. In its capacity to approve or fix rates, the OEB has specified the following regulatory treatments, which have resulted in accounting treatments that differ from GAAP for enterprises operating in a non-regulatory environment.

The Company has deferred certain post-market opening retail settlement variances in accordance with Article 490 set out in the OEB's Accounting Procedures ("AP") Handbook. The settlement variances relate primarily to service charges, non-competitive electricity charges, and power charges. Other than the variances for cost of imported power, the nature of the settlement variances is such that their balances shall change each reporting period-end date.

(b) Revenue recognition:

In accordance with OEB regulation, the Company recognizes as revenue the regulated distribution tariffs associated with energy distributed and variances between energy purchase costs and energy billed are recorded as regulatory assets or liabilities for future rate application consideration.

The Company follows the practice of cycle billing customers' accounts and revenue is recognized in the period billed. An accrual is made in the accounts at December 31 for distribution power earned on power supplied but not billed to customers between the date the meters were last read and the end of the year.

Interest revenue is recognized when the interest is earned.

(c) Cash

Cash consists of cash on hand and bank balances.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

1. Significant accounting policies (continued):

(d) Spare transformers and meters:

Spare transformers and meters are classified as property, plant and equipment in accordance with guidance in the AP Handbook.

(e) Inventories:

Inventories are measured at the lower of cost and net realizable value. Any items considered to be major components of property, plant and equipment are recorded in property, plant and equipment.

(f) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Amortization is provided on a straight-line basis. The following annual rates are used:

Asset	Years
Buildings	25 - 50
Distribution stations	30
Distribution lines, overhead	25
Distribution lines, underground	25
Distribution equipment	25
Distribution transformers	25
Meters	25
Computer software	5
Communications equipment	5
Computer equipment	5
Office furniture	10
Tools and garage equipment	10
Trucks	8

(g) Contributed capital:

Contributions are received from developers and contractors for capital costs incurred by the Company. These contributions are included as a reduction to the cost of the related plant and equipment when those assets are placed in service.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

1. Significant accounting policies (continued):

(h) Impairment of long-lived assets:

Long-lived assets, including property, plant and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate assets and liability section of the balance sheet.

(i) Goodwill:

Goodwill reflects the excess of the purchase price over the fair value of net tangible assets acquired. Goodwill is not amortized, but tested for impairment on an annual basis. No goodwill was impaired during the year.

(j) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

In assessing the realizability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the period in which the temporary differences are deductible. Management considers the scheduled reversals of future income tax liabilities, the character of the future income tax asset, and tax planning strategies in making this assessment. To the extent that management believes that the realization of future income tax assets does not meet the more likely than not realization criteria, a valuation allowance is recorded against the future income tax assets.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

1. Significant accounting policies (continued):

(k) Employee future benefits:

(i) Pension benefits:

The Company has a pension agreement with the Ontario Municipal Employee Retirement System which is a multi-employer contributory defined benefit plan. Company contributions to the plan are recognized as an expense in the period incurred. As this is a multi-employer plan, no liability is recorded in the Company's financial statements.

(ii) Post-retirement benefits:

The Company provides post-retirement life insurance benefits to eligible retired employees. The benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected benefit costs. Actuarial gains and losses in a year are combined with the unamortized balance of gains and losses from prior years. The portion of the total that exceeds ten percent of the accrued benefit obligation is amortized over the average remaining service period of the active employees. Past service costs arising from plan amendments are amortized over the future years of service of active employees.

(l) Derivative instruments:

Derivative financial instruments are contracts that require or provide the opportunity to exchange cash flows or payments determined by applying certain rates, indices or changes therein to notional contract amounts. The Company uses derivative financial instruments, primarily interest rate swaps, in order to manage interest rate exposure. The Company's policy is not to utilize financial instruments for trading or speculative purposes. From January 1, 2007, derivatives are carried at fair value and are reported on the Balance Sheet as other assets where they have a positive fair value and as derivative financial liabilities where they have a negative fair value.

(m) Financial assets and liabilities:

The standards require that as financial assets and liabilities are initially recognized that they be measured at fair value. After initial recognition, financial assets are categorized as assets held for trading, held-to-maturity investments, loans and receivables or available-for-sale assets. Financial liabilities are categorized as held-for-trading or other financial liabilities. The Company has classified its financial instruments as follows:

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Investment in equities	Available-for-sale assets
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities

(n) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

1. Significant accounting policies (continued):

(o) Regulation:

The Ontario Energy Board Act, 1998 ("OEBA") conferred on the OEB increased powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote residential electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to electricity distributors which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate Setting

The distribution rates of the Company are based on a revenue requirement that provides a regulated Maximum Allowable Return on Equity ("MARE") on the amount of shareholders' equity supporting the business of electricity distribution, which is also determined by regulation. The Company files a rate application with the OEB annually. Rates are typically effective May 1 to April 30 of the following year. Accordingly, for the first four months of 2011, distribution revenue is based on the rates approved for 2010. Once every four years, the Company files an Electricity Distribution Rate application ("EDR") where rates are rebased through a cost of service review. In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. A cost of service EDR application is based upon a forecast of the amount of operating and capital expenses, debt and shareholders' equity required to support the Company's business. An IRM application results in a formulaic adjustment to distribution rates to increase distribution rates for the annual change in the GDP IPI-FDD net of a productivity factor and a "Stretch Factor" determined by the relative efficiency of an electricity distributor.

The Company's last cost of service EDR application was made in August 2008 and approved on May 22, 2009, with rates effective June 1, 2009. Such decision provided for 2009 distribution service revenue requirement and rate base of \$8,538,060 and \$34,066,336, respectively. Such amounts do not include provision for the investment of the Company in the Smart Meter Initiative, further elaborated upon below. Management is currently preparing a cost of service EDR application as required by the OEB, which is anticipated to be submitted in April 2012 with rates effective January 1, 2013.

The Company has filed IRM applications to adjust its rates effective May 1, 2011. Accordingly, the Company's rate for residential customers consuming 800 kWh/month were increased by 0.1%, effective May 1, 2011. The Company's 2011 IRM application was approved on April 21, 2011, with an increase in distribution rates for the annual change in the GDP IPI-FDD of 1.3% net of a productivity factor of 0.72% and a "Stretch Factor" of 0.40%, determined by the relative efficiency of the Company.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

1. Significant accounting policies (continued):

(o) Regulation (continued):

In December 2009, the OEB concluded a Cost of Capital proceeding with the issuance of a final report. The report principally dealt with the adequacy and determination of the MARE. The Board has acknowledged that it needs to refine and reset its current formula for determining MARE to:

- i) acknowledge and incorporate a utility spread off of Canada long-bonds within the Equity Risk Premium ("ERP") to better reflect utility borrowing costs (initially 141.5bps);
- ii) include a 50bps "transaction cost" component within the ERP to reflect estimated transaction costs related to utility borrowings; and
- iii) reduce MARE volatility from annual changes in the Canada long-bond and by reducing the annual adjustment factor from 0.75 to 0.5;
- iv) reflect a more realistic and "fair" base risk premium for Local Distribution Companies ("LDCs").

The method of transition to the new MARE is through a Cost of Service Application similar to the 2009 EDR Application.

Smart Meter Initiative

The Province of Ontario committed to have "Smart Meter" electricity meters installed in all homes and small businesses throughout Ontario by the end of 2011. Smart meters permit consumption to be recorded within specific time intervals and specific tariffs to be levied within such intervals.

In support of this initiative, the Company deployed smart meters throughout 2009 to February 2012. A total of 22,000 smart meters have been changed out in the Company's service territory. Testing with the provincial Meter Data Management Repository was completed on February 22, 2012. The Company will be issuing Time of Use invoices to residential and general service <50 kW customers in June, 2012 based on May, 2012 consumption.

Green Energy and Green Economy Act

In early 2009, the government tabled the Green Energy and Green Economy Act. This new legislation makes fundamental changes to the roles and responsibilities of LDCs in the areas of renewable power generation, conservation and demand management delivery, and the development of smart distribution grids.

The Green Energy and Green Economy Act provides LDCs with the freedom to own and operate a portfolio of renewable power generation and will permit them to provide district heating services in their communities through co-generation. LDCs will also bear added responsibilities to assist and enable consumers to reduce their peak demand and conserve energy in an effort to meet provincial conservation targets. LDCs will also gain new responsibilities in transforming their local distribution networks into smart grids harnessing advanced technologies to facilitate the connection of small-scale generators and the two-way flow of information.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

1. Significant accounting policies (continued):

(o) Regulation (continued):

New LDC License Requirements - Conservation and Demand Management ("CDM") Targets

On November 12, 2010, the OEB amended LDC licenses to include requirements for achieving certain CDM targets over a four year period commencing January 1, 2011. The Company's CDM targets include a demand reduction target of 4.0 MW and a consumption reduction target of 21 million kWh. LDCs must also comply with a new CDM Code of the OEB, which provides LDC requirements for the development and delivery of CDM Strategy to the OEB for the achievement of LDC-specific CDM targets, annual accounting and reporting to the OEB, and eligibility criteria for performance incentive payments. The Company has filed its CDM Strategy with the OEB. As at December 31, 2011, the Company has received funds totaling \$347,288 and accumulated expenditures totaling \$102,256.

2. Emerging accounting changes:

Transition to International Financial Reporting Standards

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. On September 10, 2010, the Accounting Standards Board granted an optional one-year deferral for IFRS adoption for entities subject to rate regulation. The Company elected to take the optional one-year deferral of its adoption of IFRS; therefore, it continues to prepare its financial statements in accordance with Canadian GAAP accounting standards in Part V of the CICA Handbook in 2011.

In March 2012, the Accounting Standards Board extended the deferral of adoption of Part 1 of the CICA Handbook for qualifying entities with activities subject to rate regulation for an additional year to January 1, 2013. The Company had decided to implement IFRS commencing January 1, 2012 and is now assessing whether the extended deferral option will be taken.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

3. Property, plant and equipment:

	Cost	Accumulated amortization	2011 Net book value	2010 Net book value
Land	\$ 227,769	\$ -	\$ 227,769	\$ 227,769
Buildings	2,486,318	225,197	2,261,121	2,311,007
Distribution stations	4,269,129	1,575,655	2,693,474	2,379,274
Distribution lines, overhead	13,096,597	5,282,923	7,813,674	7,326,826
Distribution lines, underground	11,893,247	3,611,079	8,282,168	7,888,948
Distribution equipment	258,631	258,631	-	-
Distribution transformers	8,007,561	2,691,469	5,316,092	5,147,533
Meters	1,685,197	419,433	1,265,764	1,351,800
Computer software	534,885	436,359	98,526	74,625
Communications equipment	176,173	105,991	70,182	90,565
Computer equipment	891,566	783,819	107,747	88,589
Office furniture	262,476	186,029	76,447	80,389
Tools and garage equipment	583,554	314,071	269,483	293,978
Trucks	1,984,171	1,188,623	795,548	695,406
Assets under construction	213,186	-	213,186	36,488
Major spare parts inventory	675,231	-	675,231	682,013
	\$ 47,245,691	\$ 17,079,279	\$ 30,166,412	\$ 28,675,210

No amortization is taken on assets under construction as these assets are not available for use at December 31.

4. Regulatory amounts:

	2011	2010
2006 OEB approved recoverable regulatory assets	\$ -	\$ 6,942,830
2009 OEB approved recoverable regulatory assets (i)	1,187,261	1,187,261
2011 OEB approved recoverable regulatory assets (ii)	1,212,184	-
Post market energy variances	1,977,467	405,417
Deferred payment in lieu of taxes	55,811	55,811
Other	3,771,097	2,970,073
	8,203,820	11,561,392
Less recovery of regulatory assets	(1,871,291)	(7,774,145)
	6,332,529	3,787,247
Future tax regulatory asset	380,000	168,000
Regulatory asset, net	\$ 6,712,529	\$ 3,955,247

Included with other regulatory amounts is \$161,234 relating to stranded meters which were transferred from property, plant and equipment during the year.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

4. Regulatory amounts (continued):

Recovery of regulatory amounts:

- (i) On August 22, 2008, the Company submitted the 2009 Cost of Service Application to the OEB. In its application, the Company sought recovery of balances in the deferral accounts amounting to \$1,187,261. The OEB approved recovery over a two year period, commencing May 1, 2009, which amounted to the recovery of \$227,410 (2010 - \$615,527) during the year.
- (ii) On November 25, 2010, the Company submitted the 2011 Incentive Rate Mechanism Application to the OEB. In its application, the Company sought recovery of balances in the deferral accounts amounting to \$1,212,184. The OEB approved recovery over a two year period, commencing May 1, 2011, which amounted to the recovery of \$686,282 (2010 - \$nil) during the year.

5. Long-term asset:

	2011		2010	
2009 OEB approved expenditures related to Cost of Service Rate Application	\$	14,569	\$	48,525
2005 Hydro One Networks Inc. recovery		178,763		178,763
	\$	193,332	\$	227,288

In 2008, the Company submitted a rate application for 2009 distribution rates. Included in these amounts are costs incurred for the 2009 Cost of Service Rate Application process. The OEB acknowledged that these expenditures are to be amortized over a 4-year period upon approval of the new rates. The approved rates became effective June 1, 2009.

In 2012, the Company will submit a rate application for 2013 distribution rates. Included in these amounts are costs incurred for the 2013 Cost of Service Rate Application process. The OEB acknowledged that these expenditures are to be amortized over a 4-year period upon approval of the new rates. The approved rates should become effective January 1, 2013.

Included in regulatory assets was an amount related to low voltage system charges from Hydro One Networks Inc. ("Hydro One"). A corresponding amount was being repaid to Hydro One over several years and an accrual had been recognized. Charges for 2005 and 2006 year were to end in 2008 and 2009, respectively; however, Hydro One received permission from the OEB to continue collecting these charges, which resulted in an overpayment of \$178,763. This overpayment will be addressed for recovery through the 2013 COS Rate Application to be filed with the OEB.

6. Customer deposits and credit balances:

Customer deposits include security deposits for energy consumption bearing interest at a rate of prime less 2% per annum and developer deposits held in accordance with regulation.

7. Long-term customer deposits:

Revenue guarantees collected from third party developers are held by the Company for a five year period from the date the offer to connect is signed. Once the five year period has expired, a true up is prepared by the Company and any residual amounts are refunded to the third party developer.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

8. Letters of credit:

The Company has a bank operating line of credit of \$1,897,399, available by way of letters of credit. At December 31, 2011, the line was fully drawn by way of a letter of credit, issued in favour of the Independent Electricity System Operator ("IESO"), to satisfy the Company's prudential support obligation for participation in and withdrawing electricity from the IESO controlled electricity grid.

The Company has a bank operating line of credit of \$100,000, available by way of letters of credit. At December 31, 2011, the line was fully drawn by way of a letter of credit, issued in favour of the Ministry of Environment with regards to compliance under the terms of the Provisional Certificate of Approval for Waste Management System.

The Company has a bank operating line of credit of \$3,500,000. At December 31, 2011, the amount drawn by the Company under the line was \$nil (2010 - \$nil). The line of credit bears interest at bank prime rate.

The lines of credit and operating line of credit are secured by a general security agreement conveying a security interest in the personal property of the Company.

9. Long-term debt:

	2011	2010
Notes payable to shareholders, 5.47% payable quarterly interest only, due on demand	\$ 5,260,460	\$ 5,260,460
Non-revolving term installment loan bearing interest at the Banker's Acceptance rate of 5.33% plus a stamping fee of 0.80%, payable in blended monthly installments of \$48,800, due September 30, 2013	4,421,709	4,725,970
Non-revolving term installment loan bearing interest at the Banker's Acceptance rate of 3.38% plus a stamping fee of 1.65%, payable in blended monthly installments of \$27,900, due September 30, 2013	3,191,069	2,772,226
Non-revolving term installment loan bearing interest at the Banker's Acceptance rate of 5.38% plus a stamping fee of 0.80%, payable in blended monthly installments of \$18,200, due September 30, 2013	2,178,193	2,258,910
	15,051,431	15,017,566
Current portion of term loans	(587,764)	(451,814)
	\$ 14,463,668	\$ 14,565,752

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

9. Long-term debt (continued):

The shareholders' notes are only due on demand to the extent the shareholder requests payment ninety days prior to year end. In the event a request is made, the Company is obligated to repay the shareholder during the following fiscal year. No repayments are required without a written request. No amounts were requested by shareholders of the Company on or before September 30, 2011.

The term installment loans are secured by a general security agreement conveying a security interest in the personal property of the Company, a first priority present and future fixed charge securing not more than \$2,500,000 over the real property at 24 Eastridge Road, and acknowledgement of fire insurance, with first loss payable to CIBC.

The Company entered into an interest rate swap agreement on a notional principal of \$5,655,638 as at June 28, 2007 maturing on February 28, 2022. The swap is a receive variable, pay fixed swap with the CIBC World Markets. This agreement has effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 5.33% plus stamping fee.

The Company entered into an interest rate swap agreement on a notional principal of \$3,277,000 as at June 30, 2011 maturing on December 30, 2024. The swap is a receive variable, pay fixed swap with the CIBC World Markets. This agreement has effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 3.38% plus stamping fee.

The Company entered into an interest rate swap agreement on a notional principal of \$2,500,000 as at July 3, 2007 maturing on July 3, 2027. The swap is a receive variable, pay fixed swap with the CIBC World Markets. This agreement has effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 5.38% plus stamping fee.

The three swaps entered into by the Company do not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are marked to market at each year end with the gain or loss recorded in the income statement. The loss recorded in 2011 was \$736,632 (2010 – \$144,877).

10. Income taxes:

(a) Income tax status:

The Company is exempt from income taxes under the Income Tax Act (Canada). Effective October 1, 2001 and pursuant to the Electricity Act ("EA") (1998) (Ontario) the Company is required to make payments in lieu of tax to the Ontario Electricity Financial Corporation. The amount of payments in lieu of tax will be approximately equivalent to the corporate taxes that would have to be paid if the Company was a taxable corporation under the Income Tax Act (Canada).

(b) Income tax expense:

CICA 3465.103 recognizes that, as a rate regulated entity, certain future income tax balances will be returned to or recovered from customers. As a result, increases and decreases in these future income tax balances are offset by a regulatory asset or liability.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

10. Income taxes (continued):

	2011	2010
Earnings before income taxes	\$ 1,144,522	\$ 2,121,182
Income tax expense based on combined federal and provincial statutory income tax rate of 28.25% (2010 - 31.00%)	\$ 323,000	\$ 658,000
Tax effect of undeductible amounts	44,000	2,000
Tax effect of temporary differences	(151,000)	(215,000)
Other items	5,000	(142,000)
Income tax expense recognized	\$ 221,000	\$ 303,000

(c) Future income taxes:

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at December 31 are presented below:

	2011	2010
Future income tax assets:		
Property, plant and equipment, difference between net book value and tax cost	\$ 131,000	\$ 276,000
Non-deducted post retirement benefits	84,000	87,000
Unrealized interest for tax purposes	440,000	256,000
	655,000	619,000
Future income tax liabilities:		
Intangible assets, difference between net book value and tax cost	\$ 195,000	\$ 175,000
Regulatory assets	546,000	584,000
Other	58,000	72,000
	799,000	831,000
Net future income tax liability	\$ 144,000	\$ 212,000

The determination of whether recovery or settlement of an asset or liability will result in future income tax outflows or benefits is determined by reference to the difference between carrying values and tax basis of assets and liabilities. Management compares the carrying value and tax basis of assets and liabilities at December 31 of each year, to determine the temporary differences and the timing of the expected reversal. Taxable temporary differences give rise to future income tax liabilities while deductible temporary differences give rise to future income tax assets.

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

11. Post-retirement benefits:

(a) Pension plan:

The Company participates in the Ontario Municipal Employees Retirement Fund ("OMERS"), a multi-employer plan, on behalf of its employees. The plan is a contributory defined benefit pension plan. Contributions to the plan for 2011 were \$181,483 (2010 - \$168,416).

(b) Other benefits:

The Company provides post-retirement life insurance benefits to eligible retired employees. In measuring the Company's accrued benefit obligation, a discount rate of 4.95% (2010 - 4.95%) was assumed by management. A 3% (2010 - 3%) salary increase for life insurance coverage was assumed. The Company's liability at December 31 for this plan is as follows:

	2011	2010
Accrued benefit obligation	\$ 437,825	\$ 443,121
Unamortized actuarial loss	(102,661)	(96,368)
Post-retirement benefit liability	\$ 335,164	\$ 346,753

The transition obligation has been amortized over the average remaining service life of current employees, which is five (2010 - six) years. Other information about the Company's plan for the year ended December 31 is as follows:

	2011	2010
Service cost	\$ 1,740	\$ 1,532
Interest cost	21,319	22,061
Benefits paid	14,178	13,772
Contributions paid	45,059	27,544
Amortization of unamortized gain/loss	10,411	16,351

12. Share capital:

	2011	2010
Authorized:		
Unlimited common shares, voting		
Issued:		
10,000 common shares	\$ 18,269,168	\$ 18,269,168

Westario Power Inc.

Notes to the Financial Statements
Year ended December 31, 2011

13. Change in non-cash operating working capital:

	2011	2010
Accounts receivable, net of allowance	\$ 1,801,963	\$ (80,574)
Income taxes receivable	(47,128)	(92,400)
Accrued unbilled revenue	512,744	(75,421)
Inventories	32,679	(1,472)
Prepaid expenses	(90,940)	(153,223)
Accounts payable and accrued liabilities	2,151,288	220,300
Customer deposits and credit balances	334,416	(150,817)
	\$ 4,695,022	\$ (333,607)

14. Public liability insurance:

The Company joined the Municipal Electrical Association Reciprocal Insurance Exchange ("MEARIE") in 2000. MEARIE is a pooling of public liability insurance risks of many of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. At December 31, 2011, no assessments have been made.

15. Financial risk management:

(a) Credit risk

Credit risk is the risk that a counter party will fail to discharge its obligation to the Company reducing the expected cash inflow from Company assets recorded at the Balance Sheet date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions.

The Company has assessed that there are no significant concentrations of credit risk other than the present uncertainty relating to the recovery of regulatory assets. The final regulatory amount recoverable will be assessed in future years by the regulator after the audit of those costs.

(b) Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Company has entered into interest rate swaps, as described in note 9, to reduce its exposure to fluctuations in interest expense on certain of its debt instruments.

Westario Power Inc.

Notes to the Financial Statements

Year ended December 31, 2011

16. Contingencies:

- (a) The Company has a future asset retirement obligation related to an environmental liability to dispose of wooden creosote-treated hydro poles. Management is currently unable to estimate the future costs for disposal at this time as a detailed inventory of creosote-treated poles in use and their remaining useful lives is not available.
- (b) The Company has been named as a defendant in one statement of claim. The matter is currently being handled by the Company's insurer. The Company does not expect any negative consequences of the statement of claim.
- (c) The Company has been charged under the Occupational Health and Safety Act due to a workplace safety incident that occurred in 2010. The Company and its lawyer are currently working towards the settlement of this issue with the Ministry of Labour. As such, management has made an accrual in the 2011 financial statements for the amount expected to be paid as a result of this incident.



Exhibit 1
Tab 3
Schedule 1
Attachment 2

Financial statements of

Westario Power Inc.

For the year ended December 31, 2010



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Westario Power Inc.

We have audited the accompanying financial statements of Westario Power Inc., which comprise the balance sheet as at December 31, 2010, the statements of earnings and retained earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Westario Power Inc. as at December 31, 2010, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Chartered Accountants, Licensed Public Accountants

April 5, 2011

London, Canada

WESTARIO POWER INC.

Balance Sheet

December 31, 2010, with comparative figures for 2009

	2010	2009
Assets		
Current assets:		
Cash	\$ 4,511,070	\$ 3,006,081
Accounts receivable, net of allowance	4,252,960	4,172,386
Income taxes receivable	19,884	-
Accrued unbilled revenue	4,793,983	4,718,562
Inventories	75,779	74,307
Prepaid expenses	228,771	75,548
	<u>13,882,447</u>	<u>12,046,884</u>
Investment in equities	20,174	20,268
Property, plant and equipment (note 3)	28,675,210	27,881,625
Regulatory assets (note 6)	3,787,247	4,331,212
Long-term asset (note 5)	227,288	255,209
Future tax regulatory asset (note 6)	168,000	-
Goodwill	2,214,322	2,214,322
	<u>\$ 48,974,688</u>	<u>\$ 46,749,520</u>

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,245,642	\$ 6,025,341
Income taxes payable	-	72,516
Customer deposits and credit balances (note 4)	763,065	913,882
Current portion of long-term debt (note 9)	451,814	2,112,106
	<u>7,460,521</u>	<u>9,123,845</u>
Post retirement benefits (note 11)	346,753	334,353
Future income tax liability (note 10)	212,000	67,000
Future tax regulatory liability (note 6)	-	152,000
Long-term customer deposits (note 7)	373,101	373,101
Long-term debt (note 9)	14,565,752	12,245,341
Unrealized loss on interest rate swap (note 9)	1,025,090	880,213
Shareholders' equity:		
Share capital (note 12)	18,269,168	18,269,168
Accumulated other comprehensive income	6,940	7,034
Retained earnings	6,715,363	5,297,465
	<u>24,991,471</u>	<u>23,573,667</u>
Contingencies (note 16)		
	<u>\$ 48,974,688</u>	<u>\$ 46,749,520</u>

WESTARIO POWER INC.

Statement of Earnings and Retained Earnings
December 31, 2010 with comparative figures for 2009

	2010	2009
Revenue:		
Electricity, market related	\$ 36,625,253	\$ 29,407,699
Distribution	8,595,718	7,968,541
Retail services	71,076	66,659
Rental of electric property	109,637	122,951
Late payment charges	83,639	80,834
Unrealized gain on interest rate swap (note 9)	-	853,265
Other	502,779	754,075
	45,988,102	39,254,024
Expenses:		
Electricity, market related	36,625,253	29,407,699
Distribution, operation and maintenance	1,430,975	1,677,295
Amortization	1,855,324	1,791,243
Billing and collecting	1,147,133	1,352,336
Community relations and donations	33,790	26,985
Administration	1,620,844	1,460,904
Interest on long-term debt	718,229	751,879
Unrealized loss on interest rate swap (note 9)	144,877	-
Capital and municipal taxes	84,722	110,879
Other interest	113,691	25,016
Rent and maintenance of general plant	92,082	72,243
	43,866,920	36,676,479
Earnings before income taxes	2,121,182	2,577,545
Income taxes (recovery)/expense (note 10)		
Current	478,000	429,990
Future	(175,000)	293,581
	303,000	723,571
Net earnings	1,818,182	1,853,974
Retained earnings, beginning of year	5,297,465	4,146,120
Regulatory liabilities adjustment	-	(164,610)
Dividends paid	(400,284)	(538,019)
Retained earnings, end of year	\$ 6,715,363	\$ 5,297,465

WESTARIO POWER INC.

Statement of Comprehensive Income

December 31, 2010, with comparative figures for 2009

	2010	2009
Net earnings	\$ 1,818,182	\$ 1,853,974
Other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	(94)	1,213
Comprehensive income	\$ 1,818,088	\$ 1,855,187

WESTARIO POWER INC.

Statement of Accumulated Other Comprehensive Income
December 31, 2010, with comparative figures for 2009

	2010		2009	
Accumulated other comprehensive income, beginning of year	\$	7,034	\$	5,821
Other comprehensive income:				
Unrealized gain (loss) on available-for-sale securities		(94)		1,213
Accumulated other comprehensive income, end of year	\$	6,940	\$	7,034

WESTARIO POWER INC.

Statement of Cash Flows

December 31, 2010, with comparative figures for 2009

	2010	2009
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 1,818,182	\$ 1,853,974
Items not involving cash:		
Amortization of property, plant and equipment	1,855,324	1,791,243
Post-retirement benefits	12,400	(12,111)
Future income tax liability	(23,000)	373,425
Future tax regulatory liability	(152,000)	(79,845)
Gain on disposal of capital assets	(14,331)	(15,000)
Unrealized (gain)/loss on interest rate swap (note 9)	144,877	(853,265)
Changes in non-cash operating working capital (note 13)	(333,607)	1,600,647
	3,307,845	4,659,068
Financing activities:		
Capital contributions	287,613	1,264,357
Long-term customer deposits	-	174,079
Long-term debt (note 9)	660,120	1,409,407
Long-term regulatory liability	-	(36,725)
Dividends paid	(400,284)	(538,019)
	547,449	2,273,099
Investing activities:		
Additions to property, plant and equipment	(2,936,522)	(3,329,535)
Proceeds on disposal of property, plant and equipment	14,331	15,000
Long-term asset	27,921	(171,004)
Regulatory assets	543,965	(3,006,123)
	(2,350,305)	(6,491,662)
Increase in cash	1,504,989	440,505
Cash, beginning of year	3,006,081	2,565,576
Cash, end of year	\$ 4,511,070	\$ 3,006,081

Westario Power Inc. (the "Company") was incorporated under the laws of the Province of Ontario on January 1, 2008.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(a) Rate regulation:

The Company is regulated by the OEB under the authority of the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote electricity customers, and for ensuring distribution companies fulfill obligations to connect and service customers.

Such change in timing involves the application of rate regulated accounting, giving rise to the recognition of regulatory assets and liabilities. The Company's regulatory assets represent certain amounts receivable from future customers and costs that have been deferred for accounting purposes because it is probable that they will be recovered in future rates. The Company's regulatory liabilities represent costs with respect to non-distribution market related charges and variances in recoveries that are expected to be settled in future periods.

The economic impact of rate regulation is reported in these financial statements. Regulatory assets represent certain costs that may be recovered from customers in future periods through the rate-making process. In its capacity to approve or fix rates, the OEB has specified the following regulatory treatments, which have resulted in accounting treatments that differ from GAAP for enterprises operating in a non-regulatory environment.

(i) Settlement variances:

The Company has deferred certain post-market opening retail settlement variances in accordance with Article 490 set out in the AP Handbook. The settlement variances relate primarily to service charges, non-competitive electricity charges, and power charges. Other than the variances for cost of imported power, the nature of the settlement variances is such that their balances shall change each reporting period-end date.

(ii) Conservation and demand management costs:

Conservation and demand management ("CDM") program costs in 2010 were \$nil (2009 - \$nil). Provincial regulations allowed electricity distribution companies to apply to the OEB to adjust its distribution rates in 2005 for its approved third installment of its market adjusted requirement ("MARR"). OEB approval in regard to this final MARR installment is conditional on investing an amount equal to one year's incremental returns in conservation and demand management initiatives, by no later than July 31, 2009. The Company's final incremental MARR was \$659,218, of which the unused balance at December 31, 2010 is \$17,231.

1. Significant accounting policies (continued):

(a) Rate regulation (continued):

(iii) OEB incremental cost assessments:

OEB costs which had been assessed to the Company in 2005, and which are incremental to amounts already included in the Company's rates, were deferred in accordance with the AP Handbook. These costs are being recovered in rates beginning in 2006. To the extent that OEB cost assessments have been incurred which do not qualify for deferral, these costs have been expensed during the period they were incurred.

(b) Revenue recognition:

In accordance with OEB regulation, the Company recognizes as revenue the regulated distribution tariffs associated with energy distributed and variances between energy purchase costs and energy billed are recorded as regulatory assets or liabilities for future rate application consideration.

The Company follows the practice of cycle billing customers' accounts and revenue is recognized in the period billed. An accrual is made in the accounts at December 31, for distribution power earned on power supplied but not billed to customers between the date the meters were last read and the end of the year.

Interest revenue is recognized when the interest is earned.

(c) Cash

Cash consists of cash on hand and bank balances.

(d) Spare transformers and meters:

Spare transformers and meters are classified as capital assets in accordance with guidance in the AP Handbook.

(e) Inventories:

Inventories are measured at the lower of cost and net realizable value. Any items considered to be major components of property, plant and equipment are recorded in property, plant and equipment.

1. Significant accounting policies (continued):

(f) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Amortization is provided on a straight-line basis. The following annual rates are used:

Asset	Years
Buildings	25 - 50
Distribution stations	33
Distribution lines, overhead	25
Distribution lines, underground	25
Distribution equipment	25
Distribution transformers	25
Meters	25
Computer software	5
Communications equipment	5
Computer equipment	5
Office furniture	10
Tools and garage equipment	10
Trucks	4 - 8

(g) Contributed capital:

Contributions are received from developers and contractors for capital costs incurred by the Company. These contributions are included as a reduction to the cost of the related capital assets when those assets are placed in service.

(h) Impairment of long-lived assets:

Long-lived assets, including property, plant and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate assets and liability section of the balance sheet.

(i) Goodwill:

Goodwill reflects the excess of the purchase price over the fair value of net tangible assets acquired. Goodwill is not amortized, but tested for impairment on an annual basis. No goodwill was impaired during the year.

1. Significant accounting policies (continued):

(j) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

In assessing the realizeability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the period in which the temporary differences are deductible. Management considers the scheduled reversals of future income tax liabilities, the character of the future income tax asset, and tax planning strategies in making this assessment. To the extent that management believes that the realization of future income tax assets does not meet the more likely than not realization criteria, a valuation allowance is recorded against the future income tax assets.

(k) Employee future benefits:

(i) Pension benefits:

The Company has a pension agreement with the Ontario Municipal Employee Retirement System which is a multi-employer contributory defined benefit plan. Company contributions to the plan are recognized as an expense in the period incurred. As this is a multi-employer plan, no liability is recorded in the Company's financial statements.

(ii) Post-retirement benefits:

The Company provides post-retirement life insurance benefits to eligible retired employees. The benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected benefit costs. Actuarial gains and losses in a year are combined with the unamortized balance of gains and losses from prior years. The portion of the total that exceeds ten percent of the accrued benefit obligation is amortized over the average remaining service period of the active employees. Past service costs arising from plan amendments are amortized over the future years of service of active employees.

(l) Derivative instruments:

Derivative financial instruments are contracts that require or provide the opportunity to exchange cash flows or payments determined by applying certain rates, indices or changes therein to notional contract amounts. The Company uses derivative financial instruments, primarily interest rate swaps, in order to manage interest rate exposure. The Company's policy is not to utilize financial instruments for trading or speculative purposes. From January 1, 2007, derivatives are carried at fair value and are reported on the Balance Sheet as other assets, where they have a positive fair value and as derivative financial liabilities where they have a negative fair value.

1. Significant accounting policies (continued):

(m) Financial assets and liabilities:

The standards require that as financial assets and liabilities are initially recognized that they be measured at fair value. After initial recognition, financial assets are categorized as assets held for trading, held-to-maturity investments, loans and receivables or available-for-sale assets. Financial liabilities are categorized as held-for-trading or other financial liabilities. The Company has classified its financial instruments as follows:

Cash	Held-for-trading
Accounts receivable	Loans and receivables
Investment in equities	Available-for-sale assets
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities

(n) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

(o) Regulation:

The Ontario Energy Board Act, 1998 (Ontario) ("OEBA") conferred on the Ontario Energy Board ("OEB") increased powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote residential electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to electricity distributors which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

Rate Setting

The distribution rates of the Company are based on a revenue requirement that provides a regulated Maximum Allowable Return on Equity ("MARE") on the amount of shareholder's equity supporting the business of electricity distribution, which is also determined by regulation. The Corporation files a rate application with the OEB annually. Rates are typically effective May 1 to April 30 of the following year. Accordingly, for the first four months of 2010, distribution revenue is based on the rates approved for 2009. Once every four years, the Company files an Electricity Distribution Rate application ("EDR") where rates are rebased through a cost of service review. In the intervening years an Incentive Rate Mechanism application ("IRM") is filed. A cost of service EDR application is based upon a forecast of the amount of operating and capital expenses, debt and shareholder's equity required to support the Company's business. An IRM application results in a formulaic adjustment to distribution rates to increase distribution rates for the annual change in the GDP IPI-FDD net of a productivity factor and a "Stretch Factor" determined by the relative efficiency of an electricity distributor.

1. Significant accounting policies (continued):

(o) Regulation (continued):

The Company's last cost of service EDR application was made in August 2008 and approved on May 22, 2009, with rates effective June 1, 2009. Such decision provided for 2009 distribution service revenue requirement and rate base of \$8,538,060 and \$34,066,336, respectively. Such amounts do not include provision for the investment of the Company in the Smart Meter Initiative, further elaborated below.

The Corporation has filed IRM applications to adjust its rates effective May 1, 2010 and May 1, 2011. Accordingly, the Company's rate for residential customers consuming 800 kWh/month were increased by 16.9%, effective May 1, 2010. The Corporation's 2010 IRM application was approved on April 12, 2010, with an increase in distribution rates for the annual change in the GDP IPI-FDD of 1.3% net of a productivity factor of 0.72% and a "Stretch Factor" of 0.40% determined by the relative efficiency of the Company.

In December 2009, the OEB concluded a Cost of Capital proceeding with the issuance of a final report. The report principally dealt with the adequacy and determination of the Maximum Allowable Return on Equity ("MARE"). The Board has acknowledged that it needs to refine and reset its current formula for determining MARE to:

- i) acknowledge and incorporate a utility spread off of Canada long-bonds within the Equity Risk Premium ("ERP") to better reflect utility borrowing costs (initially 141.5bps);
- ii) to include a 50bps "transaction cost" component within the ERP to reflect estimated transaction costs related to utility borrowings; and
- iii) reduce MARE volatility from annual changes in the Canada long-bond and by reducing the annual adjustment factor from 0.75 to 0.5; and
- iv) reflect a more realistic and "fair" base risk premium for Local Distribution Companies ("LDCs").

The method of transition to the new MARE is through a Cost of Service Application similar to the 2009 EDR Application.

Smart Meter Initiative

The Province of Ontario has committed to have "Smart Meter" electricity meters installed in all homes and small businesses throughout Ontario by the end of 2010. Smart Meters permit consumption to be recorded within specific time intervals and specific tariffs to be levied within such intervals.

In support of this initiative, the Corporation deployed Smart Meters throughout 2009 and 2010, with 20,882 Smart Meters deployed by the end of 2010. Testing with the provincial Meter Data Management Repository ("MDMR") is scheduled to be completed by September 1, 2011 and a pilot migration to Time of Use ("TOU") rates for 613 residential customers will commence on December 5, 2011.

Green Energy and Green Economy Act

In early 2009, the government tabled the Green Energy and Green Economy Act ("GEGEA"). This new legislation makes fundamental changes to the roles and responsibilities of LDCs in the areas of renewable power generation, conservation and demand management delivery, and the development of smart distribution grids.

1. Significant accounting policies (continued):

(o) Regulation (continued):

The Green Energy and Green Economy Act provides LDCs with the freedom to own and operate a portfolio of renewable power generation and will permit them to provide district heating services in their communities through co-generation. LDCs will also bear added responsibilities to assist and enable consumers to reduce their peak demand and conserve energy in an effort to meet provincial conservation targets. LDCs will also gain new responsibilities in transforming their local distribution networks into smart grids harnessing advanced technologies to facilitate the connection of small-scale generators and the two-way flow of information.

New LDC License Requirements - Conservation and Demand Management Targets

On November 12, 2010, the OEB amended LDC licenses to include requirements for achieving certain CDM targets over a four year period commencing January 1, 2011. The Company's CDM targets include a demand reduction target of 4.0MW and a consumption reduction target of 21,000,000kWh. LDCs must also comply with a new CDM Code of the OEB, which provides LDC requirements for the development and delivery of CDM Strategy to the OEB for the achievement of LDC-specific CDM targets, annual accounting and reporting to the OEB, and eligibility criteria for performance incentive payments. The Company has filed its CDM Strategy with the OEB.

2. Emerging accounting changes:

Transition to International Financial Reporting Standards

The Canadian Accounting Standards Board ("AcSB") has adopted a strategic plan that will have Canadian GAAP converge with IFRS, effective January 1, 2011 which will require entities to restate, for comparative purposes, their interim and annual financial statements and their opening financial position.

In October 2010, the AcSB approved the incorporation of IFRS 1 into Part 1 of the Canadian Institute of Chartered Accountants ("CICA") Handbook for qualifying entities with activities subject to rate regulation. Part 1 of the CICA Handbook specifies that first-time adoption is mandatory for interim and annual financial statements relating to annual periods beginning on or after January 1, 2012.

The amendment also requires entities that do not prepare its interim and annual financial statements in accordance with Part 1 of the Handbook during the annual period beginning on or after January 1, 2011 to disclose that fact.

The Company has decided to implement IFRS commencing on January 1, 2012.

Westario Power Inc.
Notes to the Financial Statements
Year ended December 31, 2010

3. Property, plant and equipment:

	Cost	Accumulated amortization	2010 Net book value	2009 Net book value
Land	\$ 227,769	-	\$ 227,769	\$ 227,769
Buildings	2,486,318	175,311	2,311,007	2,355,722
Distribution stations	3,818,490	1,439,216	2,379,274	2,353,408
Distribution lines, overhead	12,040,238	4,713,412	7,326,826	9,292,450
Distribution lines, underground	11,003,832	3,114,884	7,888,948	5,892,446
Distribution equipment	258,631	258,631	-	-
Distribution transformers	7,500,291	2,352,758	5,147,533	4,658,567
Meters	1,820,050	468,250	1,351,800	1,356,654
Computer software	445,120	370,495	74,625	44,462
Communications equipment	176,173	85,608	90,565	4,586
Computer equipment	846,180	757,591	88,589	66,479
Office furniture	251,887	171,498	80,389	91,904
Tools and garage equipment	577,544	283,566	293,978	291,948
Trucks	1,838,671	1,143,265	695,406	568,095
Assets under construction	36,488	-	36,488	8,370
Major spare parts inventory	682,013	-	682,013	668,765
	44,009,695	15,334,485	28,675,210	27,881,625

4. Customer deposits and credit balances:

Customer deposits include security deposits for energy consumption bearing interest at a rate of prime less 2% per annum and developer deposits held in accordance with regulation.

5. Long-term asset:

	2010	2009
2009 OEB approved expenditures related to Cost of Service Rate Application	\$ 48,525	\$ 84,918
2005 Hydro One Networks Inc. recovery	178,763	170,291
	\$ 227,288	\$ 255,209

In 2008, the Company submitted a rate application for 2009 distribution rates. Included in these amounts are costs incurred for the 2009 Cost of Service Rate Application process. The OEB acknowledged that these expenditures are to be amortized over a 4-year period upon approval of the new rates. The approved rates became effective June 1, 2009.

Westario Power Inc.
Notes to the Financial Statements
Year ended December 31, 2010

5. Long-term asset (continued):

Included in regulatory assets was an amount related to low voltage system charges from Hydro One Networks Inc. ("Hydro One"). A corresponding amount was being repaid to Hydro One over several years and an accrual had been recognized. Charges for 2005 and 2006 year were to end in 2008 and 2009, respectively; however, Hydro One received permission from the OEB to continue collecting these charges, which resulted in an overpayment of \$178,763. This overpayment will be addressed for recovery through future rate applications filed with the OEB.

6. Regulatory amounts:

	2010	2009
2006 OEB approved recoverable regulatory assets	\$ 6,942,830	\$ 6,942,830
2009 OEB approved recoverable regulatory assets	1,187,261	1,187,261
Post market energy variances	405,417	1,081,103
Deferred payment in lieu of taxes	55,811	55,811
Other	2,970,073	2,222,825
	11,561,392	11,489,830
Less recovery of regulatory assets	(7,774,145)	(7,158,618)
	3,787,247	4,331,212
Future tax regulatory asset/(liability) (note 2(b))	168,000	(152,000)
Regulatory asset, net	\$ 3,955,247	\$ 4,179,212

Recovery of regulatory amounts:

On August 22, 2008, the Company submitted the 2009 Cost of Service Application to the Ontario Energy Board. In its application, the Company sought recovery of balances in the deferral accounts amounting to \$1,187,261. The OEB has approved recovery over a two year period, commencing May 1, 2009, which amounted to the recovery of \$615,527 (2009 - \$593,630) during the Company's fiscal 2010 year.

7. Long-term customer deposits:

Revenue guarantees collected from third party developers are held by the Company for a five year period from the date the offer to connect is signed. Once the five year period has expired, a true up is prepared by the Company and any residual amounts are refunded to the third party developer.

8. Term loan and letters of credit:

The Company has a bank operating line of credit of \$1,897,399, available by way of letters of credit. At December 31, 2010, the line was fully drawn by way of a letter of credit, issued in favour of the Independent Electricity System Operator ("IESO"), to satisfy the Company's prudential support obligation for participation in and withdrawing electricity from the IESO controlled electricity grid.

The Company has a bank operating line of credit of \$100,000, available by way of letters of credit. At December 31, 2010, the line was fully drawn by way of a letter of credit, issued in favour of the Ministry of Environment with regards to compliance under the terms of the Provisional Certificate of Approval for Waste Management System.

Westario Power Inc.
Notes to the Financial Statements
Year ended December 31, 2010

8. Term loan and letters of credit (continued):

The Company has a bank operating line of credit of \$3,500,000. At December 31, 2010, the amount drawn by the Company under the line was \$nil (2009 - \$nil). The line of credit bears interest at bank prime rate.

The lines of credit and operating line of credit are secured by a general security agreement conveying a security interest in the personal property of the Company.

9. Long-term debt:

	2010	2009
Notes payable to shareholders, 5.47% payable quarterly interest only, due on demand	\$ 5,260,460	\$ 5,260,460
Non-revolving term installment loan bearing interest at the Banker's Acceptance rate of 5.33% plus a stamping fee of 0.80%, payable in blended monthly installments of \$48,700, due September 10, 2012	4,725,970	5,012,186
Non-revolving term installment credit facility of up to \$4,500,000 issued towards the installation of smart meters, at the Banker's Acceptance rate of 5.38% plus a stamping fee of 0.80%, payable in blended monthly installments of \$24,700, due September 10, 2012	2,772,226	1,750,000
Non-revolving term installment loan bearing interest at the Banker's Acceptance rate of 5.38% plus a stamping fee of 0.80%, payable in blended monthly installments of \$18,150, due September 10, 2012	2,258,910	2,334,801
	15,017,566	14,357,447
Current portion of term loans	(451,814)	(2,112,106)
	\$ 14,565,752	\$ 12,245,341

The shareholder's notes are only due on demand to the extent the shareholder requests payment ninety days prior to year end. In the event a request is made, the Company is obligated to repay the shareholder during the following fiscal year. No repayments are required without a written request. No amounts were requested by shareholders of the Company on or before September 30, 2010.

The term installment loans are secured by a general security agreement conveying a security interest in the personal property of the Company, a first priority present and future fixed charge securing not more than \$2,500,000 over the real property at 24 Eastridge Road, and acknowledgement of fire insurance, with first loss payable to CIBC.

9. Long-term debt (continued):

Westario Power Inc. entered into an interest rate swap agreement on a notional principal of \$5,655,638 as at June 28, 2007 maturing on June 28, 2022. The swap is a receive variable, pay fixed swap with the CIBC World Markets. This agreement has effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 5.33% plus stamping fee.

Westario Power Inc. entered into an interest rate swap agreement on a notional principal of \$2,500,000 as at July 3, 2007 maturing on July 3, 2027. The swap is a receive variable, pay fixed swap with the CIBC World Markets. This agreement has effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 5.38% plus stamping fee.

The two swaps entered into by Westario Power Inc. do not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are marked to market at each year end with the gain or loss recorded in the income statement. The loss recorded in 2010 was \$144,877 (2009 – gain of \$853,265).

10. Income taxes:

(a) Income tax status:

The Company is exempt from income taxes under the Income Tax Act (Canada). Effective October 1, 2001 and pursuant to the EA (1998) (Ontario) the Company is required to make payments in lieu of tax to the Ontario Electricity Financial Corporation. The amount of payments in lieu of tax will be approximately equivalent to the income and capital taxes that would have to be paid if the Company was a taxable corporation under the Income Tax Act (Canada).

(b) Income tax expense:

CICA 3465.103 recognizes that, as a rate regulated entity, certain future income tax balances will be returned to or recovered from customers. As a result, increases and decreases in these future income tax balances are offset by a regulatory asset or liability.

	2010	2009
Earnings before income taxes	\$ 2,121,182	\$ 2,577,545
Income tax expense based on combined federal and provincial statutory income tax rate of 31.00% (2009 - 33.00%)	\$ 658,000	\$ 851,000
Tax effect of undeductible amounts	2,000	2,000
Tax effect of temporary differences	(215,000)	(168,000)
Impact on future income taxes resulting from statutory rate decreases	-	85,000
Other items	(142,000)	(46,429)
Income tax expense recognized	\$ 303,000	\$ 723,571

Westario Power Inc.
Notes to the Financial Statements
Year ended December 31, 2010

10. Income taxes (continued):

(c) Future income taxes:

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at December 31 are presented below:

	2010	2009
Future income tax assets:		
Property, plant and equipment, difference between net book value and tax cost	\$ 276,000	\$ 258,000
Non-deducted post retirement benefits	87,000	83,000
Unrealized interest for tax purposes	256,000	220,000
Regulatory liability	-	44,000
	619,000	605,000
Future income tax liabilities:		
Intangible assets, difference between net book value and tax cost	\$ 175,000	\$ 154,000
Regulatory assets	584,000	439,000
Other	72,000	79,000
	831,000	672,000
Net future income tax liability	\$ 212,000	\$ 67,000

The determination of whether recovery or settlement of an asset or liability will result in future income tax outflows or benefits is determined by reference to the difference between carrying values and tax basis of assets and liabilities. Management compares the carrying value and tax basis of assets and liabilities at December 31 of each year, to determine the temporary differences and the timing of the expected reversal. Taxable temporary differences give rise to future income tax liabilities while deductible temporary differences give rise to future income tax assets.

Westario Power Inc.
Notes to the Financial Statements
Year ended December 31, 2010

11. Post-retirement benefits:

(a) Pension plan:

The Company participates in the Ontario Municipal Employees Retirement Fund ("OMERS"), a multi-employer plan, on behalf of its employees. The plan is a contributory defined benefit pension plan. Contributions to the plan for 2010 were \$168,416 (2009 - \$166,445).

(b) Other benefits:

The Company provides post-retirement life insurance benefits to eligible retired employees. In measuring the Company's accrued benefit obligation, a discount rate of 4.95% (2009 - 5.25%) was assumed by management. A 3% (2009 - 3%) salary increase for life insurance coverage was assumed. The Company's liability at December 31 for this plan is as follows:

	2010	2009
Accrued benefit obligation	\$ 443,121	\$ 385,377
Unamortized actuarial loss	(96,368)	(51,024)
Post-retirement benefit liability	\$ 346,753	\$ 334,353

The transition obligation has been amortized over the average remaining service life of current employees, which is six (2009 - five) years. Other information about the Company's plan for the year ended December 31 is as follows:

	2010	2009
Service cost	\$ 1,532	\$ 1,469
Interest cost	22,061	21,035
Benefits paid	13,772	13,359
Contributions paid	27,544	26,096
Amortization of unamortized gain/loss	16,351	8,519

12. Share capital:

	2010	2009
Authorized:		
Unlimited common shares, voting		
Issued:		
10,000 common shares	\$ 18,269,168	\$ 18,269,168

13. Change in non-cash operating working capital:

	2010	2009
Accounts receivable, net of allowance	\$ (80,574)	\$ 641,882
Income taxes receivable/payable	(92,400)	944,698
Accrued unbilled revenue	(75,421)	1,104,208
Inventories	(1,472)	(20,938)
Prepaid expenses	(153,223)	127,134
Accounts payable and accrued liabilities	220,300	(1,069,006)
Customer deposits and credit balances	(150,817)	(127,332)
	<u>\$ (333,607)</u>	<u>\$ 1,600,646</u>

14. Public liability insurance:

The Company joined the Municipal Electrical Association Reciprocal Insurance Exchange ("MEARIE") in 2000. MEARIE is a pooling of public liability insurance risks of many of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. At December 31, 2010, no assessments have been made.

15. Financial risk management:

(a) Credit risk

Credit risk is the risk that a counter party will fail to discharge its obligation to the Company reducing the expected cash inflow from Company assets recorded at the balance sheet date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions.

The Company has assessed that there are no significant concentrations of credit risk other than the present uncertainty relating to the recovery of regulatory assets. The final regulatory amount recoverable will be assessed in future years by the regulator after the audit of those costs.

(b) Interest rate risk

Interest rate risk arises from the possibility that the value of, or cash flows related to, a financial instrument will fluctuate as a result of changes in market interest rates. The Company has entered into an interest rate swap, as described in note 9, to reduce its exposure to fluctuations in interest expense on certain of its debt instruments.

16. Contingencies:

- (a) The Company has a future asset retirement obligation related to an environmental liability to dispose of wooden creosote-treated hydro poles. Management is currently unable to estimate the future costs for disposal at this time as a detailed inventory of creosote-treated poles in use and their remaining useful lives are not available.
- (b) The Company has been named as a defendant in one statement of claim. In the opinion of management the outcome of the lawsuit, now pending, is not determinable. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.
- (c) Pursuant to its order dated July 22, 2010 (the "Order"), the Ontario Superior Court of Justice approved the settlement of a class action lawsuit, which was served on the former Toronto Hydro-Electric Commission, continuing as Toronto Hydro Corporation, on November 18, 1998. The original class action was for the amount of \$500,000 and was initiated against the former Toronto Hydro-Electric Commission as the representative of the Defendant Class consisting of all municipal electric utilities ("MEU") in Ontario, of which the Corporation is a successor MEU, which have charged Late Payment charges on overdue utility bills at any time after April 1, 1981.

The order formalized a settlement pursuant to which the defendant MEUs will pay the amount of \$17,000,000 plus costs and taxes in settlement of all claims. The amount allocated for payment by each MEU is its proportionate share of the settlement amount based on its percentage of distribution service revenue over the period for which it has exposure for repayment of late payment penalties exceeding the interest rate limit in the Criminal Code. The Corporation's share of the settlement amount is \$63,698 payable on June 30, 2011. Under the settlement, all the MEUs involved in the settlement, including the Corporation, will request an order from the OEB allowing for the future recovery from customers of all costs related to the settlement. The Corporation has accrued a liability in the amount of \$63,698 and the request for recovery has been filed with the OEB.

The amounts paid under this settlement, after deduction of class counsel fees, will be paid to the Winter Warmth Fund or a similar charity in the Company's service territory. Under the settlement, all distributors involved, including the Company, requested an order from the OEB for future recovery from customers of all amounts paid under the settlement agreement. Subsequent to December 31, 2010, the OEB issued its Decision dated February 22, 2011 in which it approved recovery by Distributors of amounts payable under this settlement agreement, however the OEB has yet to authorize the establishment of a specific deferral account for these expenditures.

- (d) The Ministry of Labour is currently investigating a workplace safety incident that occurred during the year. If during the investigation charges are laid against the Company, the Company may be subject to fines and penalties that may not be covered by existing insurance policies. However, as the outcome of the investigation is unknown and the amount of any possible fines is not reasonably estimable, an accrual has not been recorded in these financial statements.

17. Comparative figures:

Certain of the 2009 comparative figures have been reclassified to conform with the financial statement presentation adopted in the current year.



Financial statements of

Westario Power Inc.

For the year ended December 31, 2009



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AUDITORS' REPORT

To the Shareholders of Westario Power Inc.

We have audited the balance sheet of Westario Power Inc. as at December 31, 2009 and the statements of earnings and retained earnings, comprehensive income, accumulated other comprehensive income, and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font and is underlined with a single horizontal stroke.

Chartered Accountants, Licensed Public Accountants

London, Canada

February 26, 2010

WESTARIO POWER INC.

Balance Sheet

December 31, 2009, with comparative figures for 2008

	2009	2008
Assets		
Current assets:		
Cash	\$ 3,006,081	\$ 2,565,576
Accounts receivable, net of allowance	4,172,386	4,814,268
Income taxes receivable	-	872,182
Accrued unbilled revenue	4,718,562	5,822,770
Inventories	74,307	53,369
Prepaid expenses	75,548	202,682
	12,046,884	14,330,847
Investment in equities	20,268	19,055
Property, plant and equipment (note 4)	27,881,625	28,022,371
Regulatory assets (note 7)	4,331,212	910,408
Long-term asset (note 6)	255,209	84,205
Future income tax asset (note 11)	-	239,190
Goodwill	2,214,322	2,214,322
	\$ 46,749,520	\$ 45,820,398

Liabilities and Shareholders' Equity

Current liabilities:		
Accounts payable and accrued liabilities	\$ 6,025,341	\$ 7,094,347
Income taxes payable	72,516	-
Customer deposits and credit balances (note 5)	913,882	1,041,214
Term installment loan (note 8)	1,750,000	-
Current portion of long-term debt (note 10)	362,106	340,593
	9,123,845	8,476,153
Post retirement benefits (note 12)	334,353	346,464
Future income tax liability (note 11)	67,000	-
Future tax regulatory liability (note 7)	152,000	-
Long-term regulatory liability	-	36,725
Long-term customer deposits (note 9)	373,101	199,022
Long-term debt (note 10)	12,245,341	12,607,447
Unrealized loss on interest rate swap (note 10)	880,213	1,733,478
Shareholders' equity:		
Share capital (note 13)	18,269,168	18,269,168
Accumulated other comprehensive income	7,034	5,821
Retained earnings	5,297,465	4,146,120
	23,573,667	22,421,109
Contingencies (note 17)		
	\$ 46,749,520	\$ 45,820,398

On behalf of the Board:

Director

Director

WESTARIO POWER INC.

Statement of Earnings and Retained Earnings

December 31, 2009, with comparative figures for 2008

	2009	2008
Revenue:		
Electricity, market related	\$ 29,407,699	\$ 31,300,617
Distribution	7,968,541	7,729,060
Retail services	66,659	63,064
Rental of electric property	122,951	132,474
Late payment charges	80,834	76,807
Unrealized gain on interest rate swap (note 10)	853,265	-
Other	754,075	794,396
	39,254,024	40,096,418
Expenses:		
Electricity, market related	29,407,699	31,300,617
Distribution, operation and maintenance	1,677,295	2,372,145
Amortization	1,791,243	1,500,443
Billing and collecting	1,352,336	1,087,348
Community relations and donations	26,985	21,722
Energy conservation	-	35,349
Administration	1,460,904	1,416,069
Interest on long-term debt	751,879	731,405
Unrealized loss on interest rate swap (note 10)	-	1,287,014
Capital and municipal taxes	110,879	89,006
Other interest	25,016	64,662
Rent and maintenance of general plant	72,243	79,915
	36,676,479	39,985,695
Earnings before income taxes	2,577,545	110,723
Income taxes expense (note 11)		
Current	429,990	419,804
Future	293,581	(367,114)
	723,571	52,690
Net earnings	1,853,974	58,033
Retained earnings, beginning of year	4,146,120	4,627,758
Regulatory liabilities adjustment (note 2)	(164,610)	-
Dividends	(538,019)	(539,671)
Retained earnings, end of year	\$ 5,297,465	\$ 4,146,120

WESTARIO POWER INC.

Statement of Comprehensive Income

December 31, 2009, with comparative figures for 2008

	2009	2008
Net earnings	\$ 1,853,974	\$ 58,033
Other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	1,213	(18,271)
Comprehensive income	\$ 1,855,187	\$ 39,762

WESTARIO POWER INC.

Statement of Accumulated Other Comprehensive Income

December 31, 2009, with comparative figures for 2008

	2009	2008
Accumulated other comprehensive income, beginning of year	\$ 5,821	\$ 24,092
Other comprehensive income:		
Unrealized gain (loss) on available-for-sale securities	1,213	(18,271)
Accumulated other comprehensive income, end of year	\$ 7,034	\$ 5,821

WESTARIO POWER INC.

Statement of Cash Flows

December 31, 2009, with comparative figures for 2008

	2009	2008
Cash provided by (used in):		
Operating activities:		
Net earnings	\$ 1,853,974	\$ 58,033
Items not involving cash:		
Amortization of property, plant and equipment	1,791,243	1,500,443
Post-retirement benefits	(12,111)	49,551
Future income tax liability	373,425	(367,414)
Future tax regulatory liability	(79,845)	-
Gain on disposal of capital assets	(15,000)	(17,191)
Unrealized (gain)/loss on interest rate swap (note 10)	(853,265)	1,287,014
Changes in non-cash operating working capital (note 14)	1,600,647	(58,153)
	4,659,068	2,452,283
Financing activities:		
Proceeds on disposal of property, plant and equipment	15,000	17,191
Capital contributions	1,264,357	892,416
Term instalment loan	1,750,000	-
Long-term customer deposits	174,079	199,022
Long-term debt (note 10)	(340,593)	(320,358)
Long-term regulatory liability	(36,725)	26,976
Dividends paid	(538,019)	(539,671)
	2,288,099	275,576
Investing activities:		
Additions to property, plant and equipment	(3,329,535)	(3,788,758)
Long-term asset	(171,004)	(84,205)
Regulatory assets	(3,006,123)	841,140
	(6,506,662)	(3,031,823)
Increase (decrease) in cash	440,505	(303,964)
Cash, beginning of year	2,565,576	2,869,540
Cash, end of year	\$ 3,006,081	\$ 2,565,576

Westario Power Inc.
Notes to the financial statements
Year ended December 31, 2009

Westario Power Inc. (the "Company") was incorporated under the laws of the Province of Ontario on January 1, 2008.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

1. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

(a) Rate regulation:

The Company is regulated by the OEB under the authority of the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote electricity customers, and for ensuring distribution companies fulfill obligations to connect and service customers

The economic impact of rate regulation is reported in these financial statements. Regulatory assets represent certain costs that may be recovered from customers in future periods through the rate-making process. In its capacity to approve or fix rates, the OEB has specified the following regulatory treatments, which have resulted in accounting treatments that differ from GAAP for enterprises operating in a non-regulatory environment.

(i) Settlement variances:

The Company has deferred certain post-market opening retail settlement variances in accordance with Article 490 set out in the AP Handbook. The settlement variances relate primarily to service charges, non-competitive electricity charges, and power charges. Other than the variances for cost of imported power, the nature of the settlement variances is such that their balances shall change each reporting period-end date.

(ii) Conservation and demand management costs:

Conservation and demand management ("CDM") program costs in 2009 were \$nil (2008 - \$35,349) of which \$nil (2008 - \$nil) was capitalized. Provincial regulations allowed electricity distribution companies to apply to the OEB to adjust its distribution rates in 2005 for its approved third installment of its market adjusted requirement ("MARR"). OEB approval in regard to this final MARR installment is conditional on investing an amount equal to one year's incremental returns in conservation and demand management initiatives, by no later than July 31, 2009. The Company's final incremental MARR was \$659,218, of which the unused balance at December 31, 2009 is \$17,231.

1. Significant accounting policies:

(a) Rate regulation (continued):

(iii) OEB incremental cost assessments:

OEB costs which had been assessed to the Company in 2005, and which are incremental to amounts already included in the Company's rates, were deferred in accordance with the AP Handbook. These costs are being recovered in rates beginning in 2006. To the extent that OEB cost assessments have been incurred which do not qualify for deferral, these costs have been expensed during the period they were incurred.

(b) Revenue recognition:

In accordance with OEB regulation, the Company recognizes as revenue the regulated distribution tariffs associated with energy distributed and variances between energy purchase costs and energy billed are recorded as regulatory assets or liabilities for future rate application consideration.

The Company follows the practice of cycle billing customers' accounts and revenue is recognized in the period billed. An accrual is made in the accounts at December 31, for distribution power earned on power supplied but not billed to customers between the date the meters were last read and the end of the year.

Interest revenue is recognized when the interest is earned.

(c) Cash

Cash consists of cash on hand and bank balances.

(d) Spare transformers and meters:

Spare transformers and meters are classified as capital assets in accordance with guidance in the AP Handbook.

(e) Inventories:

Inventories are measured at the lower of cost and net realizable value. Any items considered to be major components of property, plant and equipment are recorded in property, plant and equipment.

1. Significant accounting policies:

(f) Property, plant and equipment:

Property, plant and equipment are recorded at cost. Amortization is provided on a straight-line basis. The following annual rates are used:

Asset	Years
Buildings	25 - 50
Distribution stations	33
Distribution lines, overhead	25
Distribution lines, underground	25
Distribution equipment and transformers	25
Meters	25
Computer software	5
Communications equipment	5
Computer equipment	5
Office furniture	10
Tools and garage equipment	10
Trucks	4 - 8

(g) Contributed capital:

Contributions are received from developers and contractors for capital costs incurred by the Company. These contributions are included as a reduction to the cost of the related capital assets when those assets are placed in service.

(h) Impairment of long-lived assets:

Long-lived assets, including property, plant and equipment and purchased intangibles subject to amortization, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset. Assets to be disposed of would be separately presented in the balance sheet and reported at the lower of the carrying or fair value less costs to sell, and are no longer depreciated. The assets and liabilities of a disposed group classified as held for sale would be presented separately in the appropriate assets and liability section of the balance sheet.

(i) Goodwill:

Goodwill reflects the excess of the purchase price over the fair value of net tangible assets acquired. Goodwill is not amortized, but tested for impairment on an annual basis. No goodwill was impaired during the year.

1. Significant accounting policies:

(j) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future income tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax bases. Future income tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future income tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

In assessing the realizeability of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the period in which the temporary differences are deductible. Management considers the scheduled reversals of future income tax liabilities, the character of the future income tax asset, and tax planning strategies in making this assessment. To the extent that management believes that the realization of future income tax assets does not meet the more likely than not realization criteria, a valuation allowance is recorded against the future income tax assets.

(k) Employee future benefits:

(i) Post-retirement benefits:

The Company provides post-retirement life insurance benefits to eligible retired employees. The benefits earned by employees are actuarially determined using management's best estimate of salary escalation, retirement ages of employees and expected benefit costs. Actuarial gains and losses in a year are combined with the unamortized balance of gains and losses from prior years. The portion of the total that exceeds ten percent of the accrued benefit obligation is amortized over the average remaining service period of the active employees. Past service costs arising from plan amendments are amortized over the future years of service of active employees.

(ii) Pension benefits:

The Company has a pension agreement with the Ontario Municipal Employee Retirement System which is a multi-employer contributory defined benefit plan. Company contributions to the plan are recognized as an expense in the period incurred. As this is a multi-employer plan, no liability is recorded in the Company's financial statements.

(l) Derivative instruments:

Derivative financial instruments are contracts that require or provide the opportunity to exchange cash flows or payments determined by applying certain rates, indices or changes therein to notional contract amounts. The Company uses derivative financial instruments, primarily interest rate swaps, in order to manage interest rate exposure. The Company's policy is not to utilize financial instruments for trading or speculative purposes. From January 1, 2007, derivatives are carried at fair value and are reported on the Balance Sheet as other assets, where they have a positive fair value and as derivative financial liabilities where they have a negative fair value.

1. Significant accounting policies:

(m) Financial assets and liabilities:

The standards require that as financial assets and liabilities are initially recognized that they be measured at fair value. After initial recognition, financial assets are categorized as assets held for trading, held-to-maturity investments, loans and receivables or available-for-sale assets. Financial liabilities are categorized as held-for-trading or other financial liabilities. The Company has classified its financial instruments as follows:

Cash and cash equivalents	Held-for-trading
Accounts receivable	Loans and receivables
Investments in equities	Available-for-sale assets
Accounts payable and accrued liabilities	Other liabilities
Long-term debt	Other liabilities

(n) Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

2. Change in accounting policies:

Effective January 1, 2009, the Company adopted the amended sections of the CICA Handbook Section 1100, Generally Accepted Accounting Principles, CICA Handbook Section 3465, Income Taxes and Accounting Guideline 19 - "Disclosures by Entities Subject to Rate Regulation".

- (a) The amendment to CICA Handbook Section 1100 removed the temporary exemption pertaining to the application of that section to the recognition and measurement of assets and liabilities arising from rate regulation. In response to the removal of the exemption, the Company established accounting policies for the recognition and measurement of assets and liabilities arising from rate regulation. In accordance with the Canadian GAAP hierarchy guidance framework outlined in CICA Handbook Section 1100, the Company has determined that its assets and liabilities arising from rate regulation qualify for recognition under Canadian GAAP and this recognition is consistent with U.S., Statement of Financial Accounting Standards No. 71, Accounting for the Effects of Certain Types of Regulation ("FAS71"). The Company concluded that its policies for assets and liabilities arising from rate regulation were consistent with the primary sources of Canadian GAAP and were developed through the exercise of professional judgment. As a result there was no change in the Company's opening retained earnings as at January 1, 2009 or the Company's results from operations for the year ended December 31, 2009 as a result of the adoption of this section.
- (b) The amendment to CICA Handbook Section 3465 states that where future income taxes may be expected to be included in approved rates charged to customers in the future and to be recovered or returned to future customers, the recognition of a regulatory asset or liability for the increase or reduction in future revenue is required. Furthermore, the regulatory asset or liability established by this requirement is a temporary difference for which an additional future income tax asset or liability is recognized. This change has been applied on a retroactive basis without restatement for prior periods. As a result of this change, opening retained earnings decreased by \$164,610 and regulatory liabilities and future income tax asset increased by \$231,845 and \$67,235 respectively at January 1, 2009.

3. Emerging accounting changes:

International Financial Reporting Standards ("IFRS")

On February 13, 2008, the Accounting Standards Board of Canada ("AcSB") confirmed that publicly accountable enterprises will be required to adopt IFRS in place of Canadian GAAP for interim and annual reporting purposes for fiscal years beginning on or after January 1, 2011. On October 14, 2009 the Public Sector Accounting Board released a decision summary confirming that government organizations following commercial practices adhere to standards for publicly accountable entities after January 1, 2011. As such, the Company will apply IFRS to its financial statements ending December 31, 2011 with restatement of the amounts recorded on the opening IFRS balance sheet as at January 1, 2010, for comparative purposes.

A limited number of converged or IFRS-based standards will be incorporated into Canadian GAAP prior to 2011, with the remaining standards to be adopted at the change over date.

The Company has an internal initiative to govern the conversion process and is currently in the process of evaluating the potential impact of the conversion to IFRS on its financial statements. Although the impact of the adoption of IFRS on the Company's financial position and results of operations is not yet reasonably determinable or estimatable, the Corporation does expect a significant increase in financial statement disclosure requirements resulting from the adoption of IFRS, and is designing the systems and related process changes, which will be required in order to provide the additional information required to make these disclosures.

In July 2009, the International Accounting Standards Board ("IASB") issued an exposure draft on rate regulated activities. The IASB staff has postponed presenting their analysis of the responses to the IASB. This presentation may include options for the next steps of the rate regulated activities project. It is unclear at this time what the outcome of the IASB's deliberations will be and how that will impact the Company's reporting under IFRS.

The Company continues to assess the impact of conversion to IFRS on its results of operations.

Westario Power Inc.
Notes to the financial statements
Year ended December 31, 2009

4. Property, Plant and Equipment:

	Cost	Accumulated amortization	2009 Net book value	2008 Net book value
Land	\$ 227,769	\$ -	\$ 227,769	\$ 227,769
Buildings	2,481,212	125,490	2,355,722	2,374,327
Distribution stations	3,667,852	1,314,444	2,353,408	2,388,963
Distribution lines, overhead	13,667,753	4,375,304	9,292,450	8,963,654
Distribution lines, underground	8,486,026	2,593,580	5,892,446	5,767,758
Distribution equipment and transformers	258,631	258,631	-	-
Distribution transformers	6,567,333	1,908,766	4,658,567	4,636,081
Meters	1,891,284	534,630	1,356,654	1,821,683
Computer software	750,359	705,897	44,462	23,182
Communications equipment	102,070	97,484	4,586	15,448
Computer equipment	421,728	355,248	66,479	100,064
Office furniture	244,053	152,150	91,904	110,857
Tools and garage equipment	532,298	240,350	291,948	192,661
Trucks	1,647,124	1,079,029	568,095	669,383
Assets under construction	8,370	-	8,370	116,801
Major spare parts inventory	668,766	-	668,766	613,742
	\$ 41,622,629	\$ 13,741,004	\$ 27,881,625	\$ 28,022,371

5. Customer deposits and credit balances:

Customer deposits include security deposits for energy consumption bearing interest at a rate of prime less 2% per annum and developer deposits held in accordance with regulation.

6. Long-term asset:

	2009	2008
2009 OEB approved expenditures related to Cost of Service Rate Application	\$ 84,918	\$ 84,205
2005 Hydro One Networks Inc. recovery	170,291	-
	\$ 255,209	\$ 84,205

In 2008, the Company submitted a rate application for 2009 distribution rates. Included in these amounts are costs incurred for the 2009 Cost of Service Rate Application process. The OEB acknowledged that these expenditures are to be amortized over a 4 year period upon approval of the new rates. The approved rates became effective May 1, 2009.

6. Long-term asset:

Included in regulatory assets was an amount related to low voltage system charges from Hydro One Networks Inc. ("Hydro One"). A corresponding amount was being repaid to Hydro One over several years and an accrual had been recognized. Charges for the 2005 year were to end in 2008; however, Hydro One received permission from the OEB to continue collecting these charges, which resulted in an overpayment of \$170,291. This overpayment will be addressed for recovery through future rate applications filed with the OEB.

7. Regulatory amounts:

	2009	2008
2006 OEB approved recoverable regulatory assets	\$ 6,942,830	\$ 7,153,939
2009 OEB approved recoverable regulatory assets	1,187,261	-
Post market energy variances	1,081,103	819,196
Deferred payment in lieu of taxes	55,811	55,811
Other	2,222,825	66,198
	11,489,830	8,095,143
Less recovery of regulatory assets	(7,158,618)	(7,184,734)
	4,331,212	910,408
Regulatory liability (note 2(b))	(152,000)	-
Regulatory asset, net	\$ 4,179,212	\$ 910,408

Recovery of regulatory amounts:

On August 22, 2008, the Company submitted the 2009 Cost of Service Application to the Ontario Energy Board. In its application, the Company sought recovery of balances in the deferral accounts amounting to \$1,187,261. The OEB has approved recovery over a two year period, commencing May 1, 2009, which will amount to an approximate recovery of \$593,630 (2009 - \$342,073) during the Company's fiscal 2010 year.

Included in regulatory assets is \$689,597 related to low voltage system charges from Hydro One Networks Inc. ("Hydro One"). A corresponding amount is being repaid to Hydro One over several years and an accrual has been recognized. The amount due in 2010 is \$27,809 and is included under Accounts payable and accrued liabilities.

8. Term Loan and Letters of Credit:

The Company has a bank operating line of credit of \$1,897,399, available by way of letters of credit. At December 31, 2009, the line was fully drawn by way of a letter of credit, issued in favour of the Independent Electricity System Operator ("IESO"), to satisfy the Company's prudential support obligation for participation in and withdrawing electricity from the IESO controlled electricity grid.

The Company has a bank operating line of credit of \$100,000, available by way of letters of credit. At December 31, 2009, the line was fully drawn by way of a letter of credit, issued in favour of the Ministry of Environment with regards to compliance under the terms of the Provisional Certificate of Approval for Waste Management System.

Westario Power Inc.
Notes to the financial statements
Year ended December 31, 2009

8. Term Loan and Letters of Credit:

The Company has a non-revolving term installment credit facility of \$4,500,000 issued towards the installation of smart meters. At December 31, 2009, the amount drawn by the Company under the facility was \$1,750,000 (2008 - \$nil). The loan is available at a variable rate of interest at Banker's Acceptances plus 1.65% or Prime plus 0% overdraft. At December 31, 2009, the rate was 2.25%.

The Company has a bank operating line of credit of \$3,500,000. At December 31, 2009, the amount drawn by the Company under the line was \$nil (2008 - \$nil). The line of credit bears interest at bank prime rate less 0.50%. At December 31, 2009, the rate was 1.75% (2008 - 3.00%).

The lines of credit and operating line of credit are secured by a general security agreement conveying a security interest in the personal property of the Company.

9. Long-term customer deposits:

Revenue guarantees collected from third party developers are held by the Company for a five year period from the date the offer to connect is signed. Once the five year period has expired, a true up is prepared by the Company and any residual amounts are refunded to the third party developer.

10. Long-term debt:

	2009	2008
Notes payable to shareholders, 5.47% payable quarterly interest only, due on demand	\$ 5,260,460	\$ 5,260,460
Non-revolving term instalment loan bearing interest at the Banker's Acceptance rate of 5.33% plus a stamping fee of 0.80%, payable in blended monthly instalments of \$48,700, due August 21, 2011	5,012,186	5,281,425
Non-revolving term instalment loan bearing interest at the Banker's Acceptance rate of 5.38% plus a stamping fee of 0.80%, payable in blended monthly instalments of \$18,150, due August 21, 2011	2,334,801	2,406,155
	12,607,447	12,948,040
Current portion of term loans	(362,106)	(340,593)
	\$ 12,245,341	\$ 12,607,447

The shareholder notes are only due on demand to the extent the shareholder requests payment ninety days prior to year end. In the event a request is made, the Company is obligated to repay the shareholder during the following fiscal year. No repayments are required without a written request. No amounts were requested by shareholders of the Company on or before September 30, 2009.

10. Long-term debt:

The term installment loans are secured by a general security agreement conveying a security interest in the personal property of the Company, a first priority present and future fixed charge securing not more than \$2,500,000 over the real property at 24 Eastridge Road, and acknowledgement of fire insurance, with first loss payable to CIBC.

Westario Power Inc. entered into an interest rate swap agreement on a notional principal of \$5,655,638 as at June 28, 2007 maturing on June 28, 2022. The swap is a receive variable, pay fixed swap with the CIBC World Markets. This agreement has effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 5.33% plus stamping fee.

Westario Power Inc. entered into an interest rate swap agreement on a notional principal of \$2,500,000 as at July 3, 2007 maturing on July 3, 2027. The swap is a receive variable, pay fixed swap with the CIBC World Markets. This agreement has effectively converted variable interest rates on the unsecured Banker's Acceptances to an effective fixed interest rate of 5.38% plus stamping fee.

The two swaps entered into by Westario Power Inc. do not meet the standard to apply hedge accounting. Accordingly, the interest rate swap contracts are marked to market at each year end with the gain or loss recorded in the income statement. The gain recorded in 2009 was \$853,265 (2008 - loss of \$1,287,814).

11. Income taxes:

(a) Income tax status:

The Company is exempt from income taxes under the Income Tax Act (Canada). Effective October 1, 2001 and pursuant to the EA (1998) (Ontario) the Company is required to make payments in lieu of tax to the Ontario Electricity Financial Corporation. The amount of payments in lieu of tax will be approximately equivalent to the income and capital taxes that would have to be paid if the Company was a taxable corporation under the Income Tax Act (Canada).

(b) Income tax expense:

CICA 3465.103 has been implemented effective January 1, 2009 in order to recognize that, as a rate regulated entity, Future Income Tax Assets will be returned to customers as they are recovered. As a result, all increases and decreases in Future Income Tax Assets are offset by a Regulatory Liability. This transition has been applied retroactively and without restatement.

Westario Power Inc.
Notes to the financial statements
Year ended December 31, 2009

11. Income taxes:

	2009	2008
Earnings before income taxes	\$ 2,577,545	\$ 110,723
Income tax expense based on combined federal and provincial statutory income tax rate of 33.00% (2008 - 33.50%)	\$ 851,000	\$ 37,092
Tax effect of undeductible amounts	2,000	11,025
Tax effect of temporary differences	(168,000)	-
Impact on future income taxes resulting from statutory rate decreases	85,000	(15,771)
Other items	(46,000)	20,344
Income tax expense recognized	\$ 724,000	\$ 52,690

(c) Future income taxes:

The tax effects of temporary differences that give rise to significant portions of the future tax assets and future tax liabilities at December 31 are presented below:

	2009	2008
Future income tax assets:		
Property, plant and equipment, difference between net book value and tax cost	\$ 258,000	\$ 251,089
Non-deducted post retirement benefits	83,000	100,475
Unrealized interest for tax purposes	220,000	502,709
Regulatory liability	44,000	-
	605,000	854,273
Future income tax liabilities:		
Intangible assets, difference between net book value and tax cost	(154,000)	(157,935)
Regulatory asset	(439,000)	(428,128)
Other	(79,000)	(29,020)
	(672,000)	(615,083)
Net future income tax asset (liability)	\$ (67,000)	\$ 239,190

The determination of whether recovery or settlement of an asset or liability will result in future income tax outflows or benefits is determined by reference to the difference between carrying values and tax basis of assets and liabilities. Management compares the carrying value and tax basis of assets and liabilities at December 31 of each year, to determine the temporary differences and the timing of the expected reversal. Taxable temporary differences give rise to future income tax liabilities while deductible temporary differences give rise to future income tax assets.

Westario Power Inc.
Notes to the financial statements
Year ended December 31, 2009

12. Post-retirement benefits:

(a) Pension plan:

The Company participates in the Ontario Municipal Employees Retirement Fund ("OMERS"), a multi-employer plan, on behalf of its employees. The plan is a contributory defined benefit pension plan. Contributions to the plan for 2009 were \$166,445 (2008 - \$168,391).

(b) Other benefits:

The Company provides post-retirement life insurance benefits to eligible retired employees. In measuring the Company's accrued benefit obligation, a discount rate of 5.25% (2008 - 7.00%) was assumed by management. A 3% (2008 - 3%) salary increase for life insurance coverage was assumed. The Company's liability at December 31, 2009 for this plan is as follows:

	2009	2008
Accrued benefit obligation	\$ 385,377	\$ 312,388

The transition obligation has been amortized over the average remaining service life of current employees, which is five (2008 - six) years. The resulting liability on the balance sheet at year end is as follows:

	2009	2008
Post-retirement benefit liability	\$ 334,353	\$ 346,464

Other information about the Company's plan for the year ended December 31, 2009 is as follows:

	2009	2008
Service cost	\$ 1,469	\$ 2,305
Interest cost	21,035	19,716
Benefit paid	13,359	13,533
Contributions paid	26,096	24,512
Amortization of unamortized gain/loss	8,519	13,907

13. Share capital:

	2009	2008
Authorized:		
Unlimited common shares, voting		
Issued:		
10,000 common shares	\$ 18,269,168	\$ 18,269,168

14. Change in non-cash operating working capital:

	2009	2008
Accounts receivable, net of allowance	\$ 641,882	\$ (1,259,326)
Income taxes receivable	944,698	(964,169)
Accrued unbilled revenue	1,104,208	(199,922)
Inventories	(20,938)	664,341
Prepaid expenses	127,134	26,751
Accounts payable and accrued liabilities	(1,069,006)	1,419,258
Customers deposits and credit balances	(127,332)	254,914
	\$ 1,600,647	\$ (58,153)

15. Public liability insurance:

The Company joined the Municipal Electrical Association Reciprocal Insurance Exchange ("MEARIE") in 2000. MEARIE is a pooling of public liability insurance risks of many of the municipal utilities in Ontario. All members of the pool are subject to assessment for losses experienced by the pool for the years in which they were members on a pro-rata basis based on the total of their respective service revenues. It is anticipated that should such an assessment occur it would be funded over a period of up to five years. At December 31, 2009, no assessments have been made.

16. Credit risks:

Credit risk is the risk that a counter party will fail to discharge its obligation to the Company reducing the expected cash inflow from Company assets recorded at the balance sheet date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions.

The Company has assessed that there are no significant concentrations of credit risk other than the present uncertainty relating to the recovery of regulatory assets. The final regulatory amount recoverable will be assessed in future years by the regulator after the audit of those costs.

17. Contingencies:

- (a) The Company has a future asset retirement obligation related to an environmental liability to dispose of wooden creosote-treated hydro poles. Management is currently unable to estimate the future costs for disposal at this time as a detailed inventory of creosote-treated poles in use and their remaining useful lives are not available.
- (b) The Company has been named as a defendant in one statement of claim. In the opinion of management the outcome of the lawsuit, now pending, is not determinable. Should any loss result from the resolution of this claim, such loss will be charged to operations in the year of resolution.

17. Contingencies:

On March 2, 2010 the Electricity Distributors Association ("EDA") presented to its members and all electric distributors in Ontario, the terms of a tentative settlement with respect to a pending class action lawsuit against all local distribution companies ("LDC's") regarding the charging of late payment penalties ("LPP's") which are alleged to have contravened Section 347 of the Criminal Code. It is contended that the LPP's are "interest" as defined in the Criminal Code and that, in certain circumstances, the implied rate of interest exceeds the prescribed limit of 60%.

The plaintiffs seek repayment of all improper LPP charges. This litigation has been pending since 1994 in the case of Toronto Hydro, and since 1998 in the case of all other LDC's. Similar class actions were also brought against Enbridge/Consumers Gas and Union Gas. On each of these occasions, the Supreme Court of Canada has made rulings which were favorable to the plaintiffs and which deprived the defendant utilities of most of their defences to these claims.

In light of the settlements on the other cases, industry counsel instructed by an Ad Hoc Committee of the EDA recently participated in a court-supervised mediation process to explore possible settlement of the case against the LDC's. A settlement in principle of this litigation on behalf of all LDC's has now been reached. The tentative settlement agreement requires unanimous consent on or before April 5, 2010. If a unanimous acceptance of this offer is indicated by all LDC's, the Ontario Superior Court of Justice will convene a hearing on May 26, 2010 to consider the settlement of the class action suit.

Under the terms of the settlement, the Company would make a one-time payment of \$64,000 on June 30, 2011. The amounts paid under this settlement, after deduction of class counsel fees, would be paid to the Winter Warmth Fund or a similar charity in the Company's service territory.

1 **HISTORICAL FINANCIAL RESULT FILINGS**

2 The historical financial results that have been filed with the OEB are found in the
3 Attachment of this Schedule for 2009 – 2011.

4

Westario Power (ED-2002-0515)

2013 EDR Application (EB-2012-0176) version: 1

October 9, 2012

A2 Approved & Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
1050-Current Assets	1005-Cash	5,549,066	4,144,310.87	2,612,166.11	1,578,458.00
	1010-Cash Advances and Working Funds				
	1020-Interest Special Deposits				
	1030-Dividend Special Deposits				
	1040-Other Special Deposits	297,624	366,759.42	393,914.67	467,000.00
	1060-Term Deposits				
	1070-Current Investments	12,663	20,173.70	20,267.50	
	1100-Customer Accounts Receivable	1,497,100	3,739,092.52	3,519,943.07	3,489,000.00
	1102-Accounts Receivable - Services	246,709	277,594.15	123,714.30	(45,000.00)
	1104-Accounts Receivable - Recoverable Work	178,342	49,571.33	237,686.14	63,000.00
	1105-Accounts Receivable - Merchandise, Jobbing, etc.	42,489			
	1110-Other Accounts Receivable		19,884.00		
	1120-Accrued Utility Revenues	4,281,239	4,793,982.51	4,718,562.42	5,623,000.00
	1130-Accumulated Provision for Uncollectible Accounts--Credit	(254,300)	(234,000.00)	(251,000.00)	(360,500.00)
	1140-Interest and Dividends Receivable				
	1150-Rents Receivable				
	1170-Notes Receivable				
	1180-Prepayments	319,711	228,770.64	75,548.09	191,000.00
	1190-Miscellaneous Current and Accrued Assets	740,582	337,323.05	272,988.81	120,000.00
	1200-Accounts Receivable from Associated Companies				
	1210-Notes Receivable from Associated Companies				
1100-Inventory	1305-Fuel Stock				
	1330-Plant Materials and Operating Supplies	718,331	757,792.57	743,073.32	718,000.00
	1340-Merchandise				
1150-Non-Current Assets	1350-Other Materials and Supplies				
	1405-Long Term Investments in Non-Associated Companies				28,000.00
	1408-Long Term Receivable - Street Lighting Transfer				

Westario Power (ED-2002-0515)

2013 EDR Application (EB-2012-0176) version: 1

October 9, 2012

A2 Approved & Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
1200-Other Assets and Deferred Charges	1410-Other Special or Collateral Funds				
	1415-Sinking Funds				
	1425-Unamortized Debt Expense				
	1445-Unamortized Discount on Long-Term Debt--Debit				
	1455-Unamortized Deferred Foreign Currency Translation Gains and Losses				
	1460-Other Non-Current Assets	193,332	227,287.60	255,209.04	240,000.00
	1465-O.M.E.R.S. Past Service Costs				
	1470-Past Service Costs - Employee Future Benefits				
	1475-Past Service Costs - Other Pension Plans				
	1480-Portfolio Investments - Associated Companies				
	1485-Investment in Associated Companies - Significant Influence				
	1490-Investment in Subsidiary Companies				
	1505-Unrecovered Plant and Regulatory Study Costs				
	1508-Other Reg Assets-OEB Cost Assessments	(9,106)	54,591.11	(15,242.54)	263,441.00
	1508-Other Reg Assets-Pension Contributions				
	1508-Other Reg Assets- Deferred IFRS Transition	38,077	19,789.14	6,739.08	
	1508-Other Reg Assets- Incremental Capital	17,329	17,080.19	10,613.11	
	1518-RCVARetail	(82,171)	(67,839.49)	(48,937.44)	(49,122.00)
	1521-Special Purpose Charge Assessment Variance Account	1,647	26,842.27		
	1525-Miscellaneous Deferred Debits				
	1530-Deferred Losses from Disposition of Utility Plant				
	1531-Renewable Connection Capital Deferral	8,315	8,194.70	803.42	
	1532-Renewable Connection OM&A Deferral	666	656.84	228.14	
	1534-Smart Grid Capital Deferral				

Westario Power (ED-2002-0515)

2013 EDR Application (EB-2012-0176) version: 1

October 9, 2012

A2 Approved & Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	1535-Smart Grid OM&A Deferral				
	1540-Unamortized Loss on Reacquired Debt				
	1545-Development Charge Deposits/ Receivables				
	1548-RCVASTR	127,493	91,042.03	55,224.11	85,300.00
	1550-LV Variance Account	195,725	477,481.86	499,333.08	845,941.00
	1555-Smart Meters Capital Variance Account	2,964,072	2,404,677.08	2,079,454.36	(132,914.00)
	1556-Smart Meters OM&A Variance Account	754,442	452,686.42	133,943.07	
	1560-Deferred Development Costs				
	1562-Deferred Payments in Lieu of Taxes	187,624	186,346.32	185,651.53	184,666.00
	1563-Account 1563 - Deferred PILs Contra Account	(131,813)	(130,535.64)	(129,840.85)	(128,855.00)
	1565-Conservation and Demand Management Expenditures and Recoveries	(17,231)	(17,231.03)	(17,231.03)	(52,580.00)
	1566-CDM Contra Account	17,231	17,231.03	17,231.03	52,580.00
	1570-Qualifying Transition Costs				
	1571-Pre-market Opening Energy Variance				
	1572-Extraordinary Event Costs				
	1574-Deferred Rate Impact Amounts				
	1580-RSVAWMS	(866,594)	(909,786.52)	(421,531.18)	(623,092.00)
	1582-RSVAONE-TIME	(8,776)	(8,792.80)	(8,801.82)	35,229.00
	1584-RSVANW	(73,201)	(73,644.99)	26,671.44	(387,859.00)
	1586-RSVACN	805,576	(1,247,310.00)	(1,119,592.05)	(1,974,024.00)
	1588-RSVAPOWER Main Account	1,386,005	2,167,469.06	2,105,023.67	2,924,261.00
	1589-1588 Global Adjustment sub-account	538,732			
	1590-Recovery of Regulatory Asset Balances		126,284.91	126,284.91	73,311.00
	1592-2006 PILs/Taxes Variance				
	1595-Disposition and Recovery of Regulatory Balances	478,488	192,014.53	845,188.27	
1300-Intangible Plant	1605-Electric Plant in Service - Control Account				
	1606-Organization				
	1608-Franchises and Consents				
	1610-Miscellaneous Intangible Plant				
1350-Not for distributor use	1615-Land				

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Account Grouping	Account Description	2011 <input type="checkbox"/> Actual	2010 <input type="checkbox"/> Actual	2009 <input type="checkbox"/> Actual	2009 Approved
	1616-Land Rights				
	1620-Buildings and Fixtures				
	1630-Leasehold Improvements				
	1635-Boiler Plant Equipment				
	1640-Engines and Engine-Driven Generators				
	1645-Turbogenerator Units				
	1650-Reservoirs, Dams and Waterways				
	1655-Water Wheels, Turbines and Generators				
	1660-Roads, Railroads and Bridges				
	1665-Fuel Holders, Producers and Accessories				
	1670-Prime Movers				
	1675-Generators				
	1680-Accessory Electric Equipment				
	1685-Miscellaneous Power Plant Equipment				
	1705-Land				
	1706-Land Rights				
	1708-Buildings and Fixtures				
	1710-Leasehold Improvements				
	1715-Station Equipment				
	1720-Towers and Fixtures				
	1725-Poles and Fixtures				
	1730-Overhead Conductors and Devices				
	1735-Underground Conduit				
	1740-Underground Conductors and Devices				
	1745-Roads and Trails				
1450-Distribution Plant	1805-Land	227,769	227,768.86	227,768.86	227,769.00
	1806-Land Rights				
	1808-Buildings and Fixtures	2,486,318	2,486,318.00	2,481,211.90	2,466,304.00
	1810-Leasehold Improvements				
	1815-Transformer Station Equipment - Normally Primary above 50 kV				
	1820-Distribution Station Equipment - Normally Primary below 50 kV	4,269,129	3,818,489.54	3,667,852.05	3,829,176.00
	1825-Storage Battery Equipment				

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1500-General Plant	1830-Poles, Towers and Fixtures	7,106,083	6,563,767.39	5,881,292.72	5,848,861.00
	1835-Overhead Conductors and Devices	9,746,857	9,073,534.28	8,346,677.88	8,775,517.00
	1840-Underground Conduit	3,044,636	2,706,285.59	2,670,882.75	2,809,409.00
	1845-Underground Conductors and Devices	8,848,611	8,297,546.35	7,664,743.39	7,139,137.00
	1850-Line Transformers	8,007,561	7,500,290.76	7,601,276.07	7,257,963.00
	1855-Services	4,430,482	3,957,038.32	3,706,161.00	3,265,243.00
	1860-Meters	1,685,197	1,820,049.54	2,007,851.50	2,746,274.00
	1865-Other Installations on Customer's Premises	1,635	1,634.63	1,634.63	
	1870-Leased Property on Customer Premises				
	1875-Street Lighting and Signal Systems				
	1905-Land				
	1906-Land Rights				
	1908-Buildings and Fixtures				
	1910-Leasehold Improvements				
	1915-Office Furniture and Equipment	262,476	251,887.35	244,053.30	247,418.00
	1920-Computer Equipment - Hardware	481,994	436,608.88	421,727.66	407,974.00
	1925-Computer Software	944,456	854,691.24	750,359.22	750,290.00
	1930-Transportation Equipment	1,984,171	1,838,671.03	1,647,124.24	1,654,555.00
	1935-Stores Equipment	85,037	90,937.21	90,937.21	92,342.00
	1940-Tools, Shop and Garage Equipment	296,781	278,276.02	242,108.78	274,420.00
	1945-Measurement and Testing Equipment	67,544	63,138.50	59,760.00	51,482.00
	1950-Power Operated Equipment	89,272	100,271.96	100,271.96	72,011.00
	1955-Communication Equipment	176,173	176,173.24	102,070.39	99,188.00
	1960-Miscellaneous Equipment	43,493	43,493.47	37,793.26	27,970.00
	1965-Water Heater Rental Units				
	1970-Load Management Controls - Customer Premises				
	1975-Load Management Controls - Utility Premises	258,631	258,630.50	258,630.50	258,631.00
	1980-System Supervisory Equipment				
	1985-Sentinel Lighting Rental Units	1,427	1,426.68	1,426.68	
	1990-Other Tangible Property				
1550-Other Capital Assets	1995-Contributions and Grants - Credit	(8,188,457)	(7,555,736.97)	(7,268,123.68)	(6,094,728.00)
	2005-Property Under Capital Leases				

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	2010-Electric Plant Purchased or Sold				
	2020-Experimental Electric Plant Unclassified				
	2030-Electric Plant and Equipment Leased to Others				
	2040-Electric Plant Held for Future Use				
	2050-Completed Construction Not Classified--Electric				
	2055-Construction Work in Progress--Electric	213,186	36,488.27	8,370.15	50,000.00
	2060-Electric Plant Acquisition Adjustment	2,888,247	2,888,247.00	2,888,247.00	2,888,247.00
	2065-Other Electric Plant Adjustment				
	2070-Other Utility Plant				
	2075-Non-Utility Property Owned or Under Capital Leases				
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	(17,079,279)	(15,334,483.92)	(13,741,003.51)	(13,964,611.00)
	2120-Accumulated Amortization of Electric Utility Plant - Intangibles				
	2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	(673,925)	(673,925.00)	(673,925.00)	(673,925.00)
	2160-Accumulated Amortization of Other Utility Plant				
	2180-Accumulated Amortization of Non-Utility Property				
1650-Current Liabilities	2205-Accounts Payable	(3,575,913)	(3,992,031.44)	(4,897,978.13)	(4,000,000.00)
	2208-Customer Credit Balances	(600,041)	(224,326.94)	(377,644.19)	(320,000.00)
	2210-Current Portion of Customer Deposits	(297,624)	(366,759.42)	(393,914.67)	(467,000.00)
	2215-Dividends Declared				
	2220-Miscellaneous Current and Accrued Liabilities	(4,807,422)	(2,155,499.28)	(849,491.11)	(448,500.00)
	2225-Notes and Loans Payable			(1,750,000.00)	
	2240-Accounts Payable to Associated Companies				
	2242-Notes Payable to Associated Companies				
	2250-Debt Retirement Charges(DRC) Payable	31			

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1700-Non-Current Liabilities	2252-Transmission Charges Payable				
	2254-Electrical Safety Authority Fees Payable				
	2256-Independent Market Operator Fees and Penalties Payable				
	2260-Current Portion of Long Term Debt	(587,764)	(451,814.00)	(362,105.98)	(340,594.00)
	2262-Ontario Hydro Debt - Current Portion				
	2264-Pensions and Employee Benefits - Current Portion				
	2268-Accrued Interest on Long Term Debt				
	2270-Matured Long Term Debt				
	2272-Matured Interest on Long Term Debt				
	2285-Obligations Under Capital Leases--Current				
	2290-Commodity Taxes				
	2292-Payroll Deductions / Expenses Payable				
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	67,012		(72,516.00)	(801,261.00)
	2296-Future Income Taxes - Current				
	2305-Accumulated Provision for Injuries and Damages				
	2306-Employee Future Benefits	(335,164)	(346,752.50)	(334,352.79)	(342,850.00)
	2308-Other Pensions - Past Service Liability				
	2310-Vested Sick Leave Liability				
	2315-Accumulated Provision for Rate Refunds				
	2320-Other Miscellaneous Non-Current Liabilities				
	2325-Obligations Under Capital Lease--Non-Current				
	2330-Development Charge Fund				
	2335-Long Term Customer Deposits				
	2340-Collateral Funds Liability				
	2345-Unamortized Premium on Long Term Debt				
	2348-O.M.E.R.S. - Past Service Liability - Long Term Portion				

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	2350-Future Income Tax - Non-Current	(144,000)	(212,000.00)	(67,000.00)	(128,224.00)
	2405-Other Regulatory Liabilities	366,448	153,269.94	(160,818.57)	(175,000.00)
	2410-Deferred Gains from Disposition of Utility Plant				
	2415-Unamortized Gain on Reacquired Debt				
	2425-Other Deferred Credits	(598,835)	(545,079.68)	(515,423.88)	
	2435-Accrued Rate-Payer Benefit				
1800-Long-Term Debt	2505-Debentures Outstanding - Long Term Portion				
	2510-Debenture Advances				
	2515-Reacquired Bonds				
	2520-Other Long Term Debt	(10,964,930)	(10,330,381.85)	(13,125,553.60)	(5,260,461.00)
	2525-Term Bank Loans - Long Term Portion				(7,793,449.00)
	2530-Ontario Hydro Debt Outstanding - Long Term Portion				
	2550-Advances from Associated Companies	(5,260,461)	(5,260,460.75)		
1850-Shareholders' Equity	3005-Common Shares Issued	(18,269,167)	(18,269,167.00)	(18,269,167.00)	(15,380,920.00)
	3008-Preference Shares Issued				
	3010-Contributed Surplus				
	3020-Donations Received				
	3022-Development Charges Transferred to Equity				
	3026-Capital Stock Held in Treasury				
	3030-Miscellaneous Paid-In Capital				(2,888,247.00)
	3035-Installments Received on Capital Stock				
	3040-Appropriated Retained Earnings	570	(6,940.30)	(7,034.10)	(15,000.00)
	3045-Unappropriated Retained Earnings	(9,634,064)	(7,815,881.63)	(5,961,908.03)	(6,068,485.00)
	3046-Balance Transferred From Income				(454,945.00)
	3047-Appropriations of Retained Earnings - Current Period				
	3048-Dividends Payable-Preference Shares				
	3049-Dividends Payable-Common Shares	3,703,923	2,918,698.94	2,518,414.96	1,980,396.00
	3055-Adjustment to Retained Earnings				
	3065-Unappropriated Undistributed Subsidiary Earnings				

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3000-Sales of Electricity	4006-Residential Energy Sales	(18,686,705)	(16,469,475.69)	(9,725,926.05)	(12,946,973.00)
	4010-Commercial Energy Sales	(3,928,726)	(3,924,558.81)	(3,228,202.35)	(10,558,871.00)
	4015-Industrial Energy Sales				
	4020-Energy Sales to Large Users				
	4025-Street Lighting Energy Sales	(77,345)	(91,676.66)	(237,300.74)	(271,488.00)
	4030-Sentinel Lighting Energy Sales	(1,273)	(1,209.23)	(1,120.52)	(1,090.00)
	4035-General Energy Sales	(4,260,506)	(4,192,160.18)	(5,329,650.08)	(4,649,407.00)
	4040-Other Energy Sales to Public Authorities				
	4045-Energy Sales to Railroads and Railways				
	4050-Revenue Adjustment		(2,916.10)		
	4055-Energy Sales for Resale	(3,353,276)	(4,945,375.03)	(4,225,930.14)	
	4060-Interdepartmental Energy Sales				
	4062-Billed WMS	(2,658,484)	(2,598,780.17)	(2,880,367.26)	(3,043,164.00)
	4064-Billed-One-Time				
	4066-Billed NW	(2,307,345)	(2,225,549.67)	(1,805,457.65)	(2,190,467.00)
	4068-Billed CN	(885,255)	(1,717,223.40)	(1,641,431.23)	(1,747,378.00)
	4075-Billed-LV	(483,022)	(459,243.97)	(332,312.88)	(495,457.00)
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	(8,569,065)	(8,650,875.20)	(8,025,009.14)	(7,803,993.00)
	4082-Retail Services Revenues	(11,564)	(11,836.36)	(9,374.71)	(12,500.00)
	4084-Service Transaction Requests (STR) Revenues	(868)	(1,166.50)	(816.25)	(2,000.00)
	4090-Electric Services Incidental to Energy Sales				
3070-Not for distributor use	4105-Transmission Charges Revenue				
	4110-Transmission Services Revenue				
3100-Other Operating Revenues	4205-Interdepartmental Rents				
	4210-Rent from Electric Property	(109,638)	(109,637.24)	(122,951.04)	(129,630.00)
	4215-Other Utility Operating Income				
	4220-Other Electric Revenues	(227,730)	(265,903.25)	(283,575.35)	
	4225-Late Payment Charges	(95,563)	(83,638.87)	(80,833.58)	(85,000.00)
	4230-Sales of Water and Water Power				
	4235-Miscellaneous Service Revenues	(5,696)	(4,572.12)	(4,787.14)	(292,645.00)
	4240-Provision for Rate Refunds				
	4245-Government Assistance Directly Credited to Income				

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Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
3150-Other Income & Deductions	4305-Regulatory Debits				
	4310-Regulatory Credits				
	4315-Revenues from Electric Plant Leased to Others				
	4320-Expenses of Electric Plant Leased to Others				
	4325-Revenues from Merchandise, Jobbing, Etc.	(218,034)	(122,480.36)	(270,835.01)	(40,000.00)
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	11,061	21,430.84	44,419.26	
	4335-Profits and Losses from Financial Instrument Hedges				
	4340-Profits and Losses from Financial Instrument Investments				
	4345-Gains from Disposition of Future Use Utility Plant				
	4350-Losses from Disposition of Future Use Utility Plant				
	4355-Gain on Disposition of Utility and Other Property	(21,475)	(15,671.06)	(15,000.00)	(7,500.00)
	4360-Loss on Disposition of Utility and Other Property	27,585			
	4365-Gains from Disposition of Allowances for Emission				
	4370-Losses from Disposition of Allowances for Emission				
	4375-Revenues from Non-Utility Operations	(203,499)	(279,575.98)	(21,773.71)	
	4380-Expenses of Non-Utility Operations	182,206	250,819.19	19,974.48	
	4385-Non-Utility Rental Income				
	4390-Miscellaneous Non-Operating Income	(22,760)	(3,683.80)	(4,341.92)	(7,500.00)
	4395-Rate-Payer Benefit Including Interest				
	4398-Foreign Exchange Gains and Losses, Including Amortization				
3200-Investment Income	4405-Interest and Dividend Income	(150,880)	(83,142.93)	(218,155.50)	(318,459.00)

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	4415-Equity in Earnings of Subsidiary Companies				
3250-Not for distributor use	4505-Operation Supervision and Engineering				
	4510-Fuel				
	4515-Steam Expense				
	4520-Steam From Other Sources				
	4525-Steam Transferred--Credit				
	4530-Electric Expense				
	4535-Water For Power				
	4540-Water Power Taxes				
	4545-Hydraulic Expenses				
	4550-Generation Expense				
	4555-Miscellaneous Power Generation Expenses				
	4560-Rents				
	4565-Allowances for Emissions				
	4605-Maintenance Supervision and Engineering				
	4610-Maintenance of Structures				
	4615-Maintenance of Boiler Plant				
	4620-Maintenance of Electric Plant				
	4625-Maintenance of Reservoirs, Dams and Waterways				
	4630-Maintenance of Water Wheels, Turbines and Generators				
	4635-Maintenance of Generating and Electric Plant				
	4640-Maintenance of Miscellaneous Power Generation Plant				
3350-Power Supply Expenses	4705-Power Purchased	30,307,831	29,624,455.60	22,748,129.88	28,427,829.00
	4708-Charges-WMS	2,658,484	2,598,780.17	2,880,367.26	3,043,164.00
	4710-Cost of Power Adjustments				
	4712-Charges-One-Time				
	4714-Charges-NW	2,307,345	2,225,549.67	1,805,457.65	2,190,467.00
	4715-System Control and Load Dispatching				

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	4716-Charges-CN	885,255	1,717,223.40	1,641,431.23	1,747,378.00
	4720-Other Expenses				
	4725-Competition Transition Expense				
	4730-Rural Rate Assistance Expense				
	4750-Charges-LV	483,022	459,243.97	332,312.88	495,457.00
3450-Not for distributor use	4805-Operation Supervision and Engineering				
	4810-Load Dispatching				
	4815-Station Buildings and Fixtures Expenses				
	4820-Transformer Station Equipment - Operating Labour				
	4825-Transformer Station Equipment - Operating Supplies and Expense				
	4830-Overhead Line Expenses				
	4835-Underground Line Expenses				
	4840-Transmission of Electricity by Others				
	4845-Miscellaneous Transmission Expense				
	4850-Rents				
	4905-Maintenance Supervision and Engineering				
	4910-Maintenance of Transformer Station Buildings and Fixtures				
	4916-Maintenance of Transformer Station Equipment				
	4930-Maintenance of Towers, Poles and Fixtures				
	4935-Maintenance of Overhead Conductors and Devices				
	4940-Maintenance of Overhead Lines - Right of Way				
	4945-Maintenance of Overhead Lines - Roads and Trails Repairs				
	4950-Maintenance of Overhead Lines - Snow Removal from Roads and Trails				
	4960-Maintenance of Underground Lines				

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3500-Distribution Expenses - Operation	4965-Maintenance of Miscellaneous Transmission Plant				
	5005-Operation Supervision and Engineering				
	5010-Load Dispatching	(77)		46.85	
	5012-Station Buildings and Fixtures Expense				
	5014-Transformer Station Equipment - Operation Labour				
	5015-Transformer Station Equipment - Operation Supplies and Expenses				
	5016-Distribution Station Equipment - Operation Labour	520			
	5017-Distribution Station Equipment - Operation Supplies and Expenses				
	5020-Overhead Distribution Lines and Feeders - Operation Labour	(1,945)			
	5025-Overhead Distribution Lines & Feeders - Operation Supplies and Expenses				
	5030-Overhead Subtransmission Feeders - Operation				
	5035-Overhead Distribution Transformers-Operation		671.76	185.43	
	5040-Underground Distribution Lines and Feeders - Operation Labour	193,401	165,988.22	182,539.30	469,400
	5045-Underground Distribution Lines & Feeders - Operation Supplies & Expenses				10,000
	5050-Underground Subtransmission Feeders - Operation				
	5055-Underground Distribution Transformers - Operation				
	5060-Street Lighting and Signal System Expense				
	5065-Meter Expense	71,983	46,227.56	53,790.07	
	5070-Customer Premises - Operation Labour				
	5075-Customer Premises - Materials and Expenses				1,000

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	5085-Miscellaneous Distribution Expense	1,454	275.16	2,108.36	
	5090-Underground Distribution Lines and Feeders - Rental Paid				
	5095-Overhead Distribution Lines and Feeders - Rental Paid				
	5096-Other Rent				
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	16,906	18,611.23	13,845.04	16,775
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	5,573	3,894.93	6,436.19	
	5112-Maintenance of Transformer Station Equipment				
	5114-Maintenance of Distribution Station Equipment	270,915	122,607.54	279,501.83	246,800
	5120-Maintenance of Poles, Towers and Fixtures	75,811	97,136.67	83,420.91	77,400
	5125-Maintenance of Overhead Conductors and Devices	197,254	183,688.35	293,180.94	131,200
	5130-Maintenance of Overhead Services	81,891	117,955.88	101,546.02	106,600
	5135-Overhead Distribution Lines and Feeders - Right of Way	132,971	278,752.80	310,590.87	240,900
	5145-Maintenance of Underground Conduit	39,006	48,051.19	47,790.21	
	5150-Maintenance of Underground Conductors and Devices				
	5155-Maintenance of Underground Services	230,736	189,231.81	145,595.45	112,000
	5160-Maintenance of Line Transformers	102,204	112,302.51	107,604.75	108,000
	5165-Maintenance of Street Lighting and Signal Systems				
	5170-Sentinel Lights - Labour	3,208	816.63	185.43	
	5172-Sentinel Lights - Materials and Expenses		7,910.00		
	5175-Maintenance of Meters	59,217	54,667.80	62,772.06	95,000
	5178-Customer Installations Expenses- Leased Property				
	5185-Water Heater Rentals - Labour				

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	5186-Water Heater Rentals - Materials and Expenses				
	5190-Water Heater Controls - Labour				
	5192-Water Heater Controls - Materials and Expenses				
	5195-Maintenance of Other Installations on Customer Premises	1,394	795.96		
3600-Not for distributor use	5205-Purchase of Transmission and System Services				
	5210-Transmission Charges				
	5215-Transmission Charges Recovered				
3650-Billing and Collecting	5305-Supervision	16,906	18,611.23	13,845.04	16,775
	5310-Meter Reading Expense	272,000	275,347.57	272,932.42	272,000
	5315-Customer Billing	367,868	416,167.64	367,012.20	387,725
	5320-Collecting	398,059	387,666.20	365,184.70	416,400
	5325-Collecting- Cash Over and Short				
	5330-Collection Charges				
	5335-Bad Debt Expense	70,517	67,601.70	347,206.18	150,000
	5340-Miscellaneous Customer Accounts Expenses				
3700-Community Relations	5405-Supervision				
	5410-Community Relations - Sundry				20,500
	5415-Energy Conservation		349.60		
	5420-Community Safety Program	12,288	3,285.96	10,935.58	15,000
	5425-Miscellaneous Customer Service and Informational Expenses			3,760.30	
	5505-Supervision				
	5510-Demonstrating and Selling Expense				
	5515-Advertising Expense				
	5520-Miscellaneous Sales Expense				
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	421,135	355,289.26	343,007.11	130,000
	5610-Management Salaries and Expenses	423,368	345,079.29	296,653.14	689,400
	5615-General Administrative Salaries and Expenses	159,152	150,724.79	130,243.20	143,300
	5620-Office Supplies and Expenses	315,157	286,317.17	280,973.62	368,650

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A2 Approved & Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	5625-Administrative Expense Transferred Credit				
	5630-Outside Services Employed	155,412	194,978.55	159,276.19	178,500
	5635-Property Insurance	116,789	101,468.54	106,444.38	101,125
	5640-Injuries and Damages	160,000		134.83	2,500
	5645-Employee Pensions and Benefits				
	5650-Franchise Requirements				
	5655-Regulatory Expenses	116,652	98,973.82	85,751.39	120,000
	5660-General Advertising Expenses	5,771	13,568.05	3,040.26	3,000
	5665-Miscellaneous General Expenses	33,812	37,222.46	27,690.08	33,550
	5670-Rent				
	5675-Maintenance of General Plant	69,211	92,081.95	72,242.92	48,325
	5680-Electrical Safety Authority Fees				
	5685-Independent Market Operator Fees and Penalties				
	5695-Smart Meters OM&A Contra				
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	2,010,837	1,855,323.56	1,791,242.61	1,720,456.00
	5710-Amortization of Limited Term Electric Plant				
	5715-Amortization of Intangibles and Other Electric Plant				
	5720-Amortization of Electric Plant Acquisition Adjustments				
	5725-Miscellaneous Amortization				
	5730-Amortization of Unrecovered Plant and Regulatory Study Costs				
	5735-Amortization of Deferred Development Costs				
	5740-Amortization of Deferred Charges				
3900-Interest Expense	6005-Interest on Long Term Debt	1,524,645	863,106.40	(101,385.56)	775,350.00
	6010-Amortization of Debt Discount and Expense				
	6015-Amortization of Premium on Debt Credit				
	6020-Amortization of Loss on Reacquired Debt				

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A2 Approved & Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2011 Actual	2010 Actual	2009 Actual	2009 Approved
	6025-Amortization of Gain on Reacquired Debt--Credit				
	6030-Interest on Debt to Associated Companies				
	6035-Other Interest Expense	71,213	113,691.26	25,015.73	38,100.00
	6040-Allowance for Borrowed Funds Used During Construction--Credit				
	6042-Allowance For Other Funds Used During Construction				
	6045-Interest Expense on Capital Lease Obligations				
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	47,921	84,722.40	110,879.39	56,600.00
4000-Income Taxes	6110-Income Taxes	501,000	478,000.00	429,990.00	801,261.00
	6115-Provision for Future Income Taxes	(280,000)	(175,000.00)	293,581.00	
4100-Extraordinary & Other Items	6205-Donations	20,263	30,504.15	12,289.59	
	6210-Life Insurance				
	6215-Penalties				
	6225-Other Deductions				
	6305-Extraordinary Income				
	6310-Extraordinary Deductions				
	6315-Income Taxes, Extraordinary Items				
	6405-Discontinues Operations - Income/ Gains				
	6410-Discontinued Operations - Deductions/ Losses				
	6415-Income Taxes, Discontinued Operations				
1150-Non-Current Assets	1407-Finance Lease Receivable				
	1481-Investment in Equity-Accounted Joint Venture				
	1495-Deferred Taxes - Non-Current Assets				
1200-Other Assets and Deferred Charges	1506-1508-Other Reg Assets-IFRS Transition Costs Sub-account				
	15071508-Other Reg Assets- Incremental Capital Charges Sub-account				

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A2 Approved & Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2011 <input type="checkbox"/> Actual	2010 <input type="checkbox"/> Actual	2009 <input type="checkbox"/> Actual	2009 Approved
	1509-1508-Other Reg Assets- Financial Assistance Payment and Recovery Variance - OCEB Sub-account				
	1533-Renewable Generation Connection Funding Adder Deferral Account				
	1536-Smart Grid Funding Adder Deferral Account				
	1567-Board Approved CDM Programs Variance Account				
	1575-IFRS-CGAPP Transitional PP&E Amounts				
	1593-1592 2006 PILs/Tax Variance - HST / OVAT Input Tax Credits Sub-Account				
	1596-1595-Disposition and Recovery of Regulatory Balances - Principal Balances Approved - Sub Account				
	1597-1595-Disposition and Recovery of Regulatory Balances - Carrying Balances Approved - Sub Account				
	1598-1595-Disposition and Recovery of Regulatory Balances - Carrying Charges for Net Principal - Sub Account				
1300-Intangible Plant	1609-Capital Contributions Paid				
	1611-Computer Software				
	1612-Land Rights				
1450-Distribution Plant	1861-1860-Meters - Smart Meter Sub-Account				
1550-Other Capital Assets	2076-2075-Non-Utility Property - Generation Facility Assets Sub-Account				
1650-Current Liabilities	2265-Non-OMERS-Current				
	2286-2285-Obligations Under Capital Leases - Current - Generation Facility Liabilities Sub-Account				
1700-Non-Current Liabilities	2326-2325-Obligations Under Capital Lease--Non-Current - Generation Facility Liabilities - Sub-Account				

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A2 Approved & Actual Balances*Enter historical approved and actual results by USA account*

Account Grouping	Account Description	2011 <input type="checkbox"/> Actual	2010 <input type="checkbox"/> Actual	2009 <input type="checkbox"/> Actual	2009 Approved
1550-Other Capital Assets	2440-Deferred Revenues				
1850-Shareholders' Equity	3070-Non Rate-Regulated Utility Shareholders Equity				
	3071-Non Rate-Regulated Utility Shareholders Equity- Generation Facilities Sub-Account				
	3080-Current Taxes - Shareholders Equity				
	3081-Deferred Taxes - Shareholders Equity				
	3090-Accumulated Other Comprehensive Income				
3150-Other Income & Deductions	4324-Special Purpose Charge Recovery				
	4376-4375-Revenues from Non-Utility Operations Generation Facility Revenues - Sub-Account				
	4381-4380-Expenses of Non-Utility Operations - Generation Facility Expenses - Sub-Account				
3200-Investment Income	4420-Share of Profit or Loss of Joint Venture				
3350-Power Supply Expenses	4707-Charges-Global Adjustment				
3800-Administrative and General Expenses	5646-Employee Pensions and OPEB				
	5647-Employee Sick Leave				
	5672-Lease Payment Expense				
	5681-Special Purpose Charge Expense				
4100-Extraordinary & Other Items	6206-6205-Donations - LEAP Funding - Sub-Account				
4200-Other Comprehensive Income	7005-Available-for-Sale Financial Asset or Cash Flow Hedge				
	7010-Pension Actuarial Gains or Losses or Remeasurement Adjustment				
	7020-Current Taxes - Other Comprehensive Income				
	7025-Deferred Taxes				
	7030-Miscellaneous				
Balance Sheet Total		923,522	1,818,182.19	1,853,973.60	
Net Income		(923,522)	(1,818,182.19)	(1,853,973.60)	

RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND RESULTS FILED

Reconciliation Details

Please see Table 1 below to reconcile the audited financial statements to the regulatory accounting balances to account for those expenses which the OEB has disallowed as OM&A for regulatory rate setting purposes. These are itemized in the Table 1 and have been removed from the requested OM&A expenses for the 2013 Test Year in Exhibit 4 of this Application

Table 1 – Reconciliation Between Audited OM&A Expense and Regulatory OM&A Expense

	2011	2010	2009
OM&A per Audited Financial Statements	\$ 4,664,703	\$ 4,409,546	\$ 4,700,642
Less:			
Non-LEAP Charitable Donations	\$ 9,763	\$ 30,504	\$ 12,290
Taxes other than Income Taxes	\$ 47,921	\$ 84,722	\$ 110,879
Regulatory OM& A Expense	\$ 4,607,019	\$ 4,294,320	\$ 4,577,473

1

FINANCIAL PROJECTIONS

2 Pro Forma Statements for the 2012 Bridge Year and 2013 Test Year are displayed in
3 Attachment 1 in MIFRS. Attachment 2 is the same information; however it has been
4 presented in CGAAP.

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2012 Bridge Year Pro Forma - MIFRS

Account Grouping	Account Description	2011 Actual	2012
			Final Projection
1050-Current Assets	1005-Cash	5,549,066	1,984,793
	1040-Other Special Deposits	297,624	300,000
	1070-Current Investments	12,663	13,000
	1100-Customer Accounts Receivable	1,497,100	1,600,000
	1102-Accounts Receivable - Services	246,709	250,000
	1104-Accounts Receivable - Recoverable Work	178,342	200,000
	1105-Accounts Receivable - Merchandise, Jobbing, etc.	42,489	40,000
	1120-Accrued Utility Revenues	4,281,239	4,300,000
	1130-Accumulated Provision for Uncollectible Accounts-- Credit	-254,300	-250,000
	1180-Prepayments	319,711	300,000
	1190-Miscellaneous Current and Accrued Assets	740,582	400,000
1100-Inventory	1330-Plant Materials and Operating Supplies	718,331	740,000
1150-Non-Current Assets	1460-Other Non-Current Assets	193,332	200,000
1200-Other Assets and Deferred Charges	1508-Other Reg Assets-OEB Cost Assessments	-9,106	-9,000
	1508-Other Reg Assets- Deferred IFRS Transition	38,077	38,628
	1508-Other Reg Assets- Incremental Capital	17,329	17,578
	1518-RCVARetail	-82,171	-83,348
	1521-Special Purpose Charge Assessment Variance Account	1,647	
	1531-Renewable Connection Capital Deferral	8,315	
	1532-Renewable Connection OM&A Deferral	666	677
	1548-RCVASTR	127,493	129,329

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2012 Bridge Year Pro Forma - MIFRS

Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	1550-LV Variance Account	195,725	228,205
	1555-Smart Meters Capital Variance Account	2,964,072	2,950,561
	1556-Smart Meters OM&A Variance Account	754,442	765,131
	1562-Deferred Payments in Lieu of Taxes	187,624	
	1563-Account 1563 - Deferred PILs Contra Account	-131,813	-11,000
	1565-Conservation and Demand Management Expenditures and Recoveries	-17,231	
	1566-CDM Contra Account	17,231	
	1580-RSVAWMS	-866,594	-872,506
	1582-RSVAONE-TIME	-8,776	-8,768
	1584-RSVANW	-73,201	-74,629
	1586-RSVACN	805,576	830,480
	1588-RSVAPOWER Main Account	1,386,005	1,430,072
	1589-1588 Global Adjustment sub-account	538,732	540,366
	1590-Recovery of Regulatory Asset Balances		
	1592-2006 PILs/Taxes Variance		

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2012 Bridge Year Pro Forma - MIFRS

Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	1595-Disposition and Recovery of Regulatory Balances	478,488	-227,410
1450-Distribution Plant	1805-Land	227,769	227,769
	1808-Buildings and Fixtures	2,486,318	2,491,318
	1820-Distribution Station Equipment - Normally Primary below 50 kV	4,269,129	4,732,938
	1830-Poles, Towers and Fixtures	7,106,083	7,840,529
	1835-Overhead Conductors and Devices	9,746,857	10,454,842
	1840-Underground Conduit	3,044,636	3,283,788
	1845-Underground Conductors and Devices	8,848,611	9,217,105
	1850-Line Transformers	8,007,561	8,511,791
	1855-Services	4,430,482	4,957,585
	1860-Meters	1,685,197	1,714,934
	1865-Other Installations on Customer's Premises	1,635	
1500-General Plant	1915-Office Furniture and Equipment	262,476	267,476
	1920-Computer Equipment - Hardware	481,994	503,994
	1925-Computer Software	944,456	994,456
	1930-Transportation Equipment	1,984,171	2,284,171
	1935-Stores Equipment	85,037	85,037
	1940-Tools, Shop and Garage Equipment	296,781	368,781
	1945-Measurement and Testing Equipment	67,544	67,544
	1950-Power Operated Equipment	89,272	89,272
	1955-Communication Equipment	176,173	176,173
	1960-Miscellaneous Equipment	43,493	83,493
	1975-Load Management Controls - Utility Premises	258,631	258,631
	1985-Sentinel Lighting Rental Units	1,427	1,427
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-8,188,457	-8,555,289
	2055-Construction Work in Progress--Electric	213,186	150,000
	2060-Electric Plant Acquisition Adjustment	2,888,247	2,888,247

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2012 Bridge Year Pro Forma - MIFRS

Account Grouping	Account Description	2011 Actual	2012
			Final Projection
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-17,079,279	-18,065,894
	2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	-673,925	-673,925
1650-Current Liabilities	2205-Accounts Payable	-3,575,913	-4,000,000
	2208-Customer Credit Balances	-600,041	-300,000
	2210-Current Portion of Customer Deposits	-297,624	-350,000
	2220-Miscellaneous Current and Accrued Liabilities	-4,807,422	-3,400,000
	2225-Notes and Loans Payable	-5,260,461	
	2250-Debt Retirement Charges(DRC) Payable	31	
	2260-Current Portion of Long Term Debt	-587,764	-625,000
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	67,012	
1700-Non-Current Liabilities	2306-Employee Future Benefits	-335,164	-330,000
	2350-Future Income Tax - Non-Current	-144,000	-140,000
	2405-Other Regulatory Liabilities	366,448	360,000
	2425-Other Deferred Credits	-598,835	-550,000
1800-Long-Term Debt	2520-Other Long Term Debt	-10,964,930	-10,400,000
	2550-Advances from Associated Companies		-5,260,461
1850-Shareholders' Equity	3005-Common Shares Issued	-18,269,167	-18,269,167
	3040-Appropriated Retained Earnings	570	600
	3045-Unappropriated Retained Earnings	-9,634,064	-9,634,064
	3046-Balance Transferred From Income		-1,548,246
	3049-Dividends Payable-Common Shares	3,703,923	4,367,985
3000-Sales of Electricity	4006-Residential Energy Sales	-18,686,705	-17,670,758
	4010-Commercial Energy Sales	-3,928,726	-5,640,530
	4025-Street Lighting Energy Sales	-77,345	-468,974
	4030-Sentinel Lighting Energy Sales	-1,273	-1,567
	4035-General Energy Sales	-4,260,506	-14,786,640
	4055-Energy Sales for Resale	-3,353,276	
	4062-Billed WMS	-2,658,484	-3,011,295

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Attachment 1

2012 Bridge Year Pro Forma - MIFRS

Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	4066-Billed NW	-2,307,345	-2,442,360
	4068-Billed CN	-885,255	-872,410
	4075-Billed-LV	-483,022	-511,801
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	-8,569,065	-8,993,141
	4082-Retail Services Revenues	-11,564	-20,960
	4084-Service Transaction Requests (STR) Revenues	-868	-115,200
3100-Other Operating Revenues	4210-Rent from Electric Property	-109,638	-105,000
	4220-Other Electric Revenues	-227,730	
	4225-Late Payment Charges	-95,563	-89,685
	4235-Miscellaneous Service Revenues	-5,696	-130,321
3150-Other Income & Deductions	4325-Revenues from Merchandise, Jobbing, Etc.	-218,034	-212,138
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	11,061	167,000
	4355-Gain on Disposition of Utility and Other Property	-21,475	-24,000
	4360-Loss on Disposition of Utility and Other Property	27,585	10,000
	4375-Revenues from Non-Utility Operations	-203,499	-200,000
	4380-Expenses of Non-Utility Operations	182,206	200,000
	4390-Miscellaneous Non-Operating Income	-22,760	-20,000
3200-Investment Income	4405-Interest and Dividend Income	-150,880	-119,836
3350-Power Supply Expenses	4705-Power Purchased	30,307,831	38,568,470
	4708-Charges-WMS	2,658,484	2,485,513
	4714-Charges-NW	2,307,345	2,442,360
	4716-Charges-CN	885,255	872,410
	4730-Rural Rate Assistance Expense		525,782
	4750-Charges-LV	483,022	511,801
3500-Distribution Expenses - Operation	5010-Load Dispatching	-77	

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2012 Bridge Year Pro Forma - MIFRS

Account Grouping	Account Description	2011 Actual	2012
			Final Projection
3550-Distribution Expenses - Maintenance	5016-Distribution Station Equipment - Operation Labour	520	
	5020-Overhead Distribution Lines and Feeders - Operation Labour	-1,945	
	5040-Underground Distribution Lines and Feeders - Operation Labour	193,401	204,000
	5065-Meter Expense	71,983	150,000
	5085-Miscellaneous Distribution Expense	1,454	15,000
	5105-Maintenance Supervision and Engineering	16,906	18,000
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	5,573	
	5114-Maintenance of Distribution Station Equipment	270,915	304,000
	5120-Maintenance of Poles, Towers and Fixtures	75,811	149,000
	5125-Maintenance of Overhead Conductors and Devices	197,254	214,000
	5130-Maintenance of Overhead Services	81,891	202,000
	5135-Overhead Distribution Lines and Feeders - Right of Way	132,971	545,000
	5145-Maintenance of Underground Conduit	39,006	68,000
	5155-Maintenance of Underground Services	230,736	320,000
	5160-Maintenance of Line Transformers	102,204	180,000

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2012 Bridge Year Pro Forma - MIFRS

Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	5170-Sentinel Lights - Labour	3,208	
	5175-Maintenance of Meters	59,217	60,000
	5195-Maintenance of Other Installations on Customer Premises	1,394	
3650-Billing and Collecting	5305-Supervision	16,906	18,000
	5310-Meter Reading Expense	272,000	272,000
	5315-Customer Billing	367,868	352,000
	5320-Collecting	398,059	392,000
	5330-Collection Charges		34,000
	5335-Bad Debt Expense	70,517	62,000
3700-Community Relations	5410-Community Relations - Sundry		25,000
	5420-Community Safety Program	12,288	14,000
	5425-Miscellaneous Customer Service and Informational Expenses		6,000
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	421,135	542,000
	5610-Management Salaries and Expenses	423,368	439,000
	5615-General Administrative Salaries and Expenses	159,152	303,000
	5620-Office Supplies and Expenses	315,157	499,000
	5630-Outside Services Employed	155,412	201,000
	5635-Property Insurance	116,789	80,000
	5640-Injuries and Damages	160,000	1,000

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2012 Bridge Year Pro Forma - MIFRS

Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	5655-Regulatory Expenses	116,652	117,500
	5660-General Advertising Expenses	5,771	
	5665-Miscellaneous General Expenses	33,812	37,000
	5675-Maintenance of General Plant	69,211	113,000
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	2,010,837	1,274,436
3900-Interest Expense	6005-Interest on Long Term Debt	1,524,645	841,000
	6035-Other Interest Expense	71,213	
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	47,921	53,100
4000-Income Taxes	6110-Income Taxes	501,000	
	6115-Provision for Future Income Taxes	-280,000	
4100-Extraordinary & Other Items	6205-Donations	20,263	

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2013 Test Year Pro Forma - MIFRS

Account Grouping	Account Description	2012 Projection	2013
			Final Projection
1050-Current Assets	1005-Cash	1,984,793	99,576
	1040-Other Special Deposits	300,000	300,000
	1070-Current Investments	13,000	13,000
	1100-Customer Accounts Receivable	1,600,000	1,600,000
	1102-Accounts Receivable - Services	250,000	250,000
	1104-Accounts Receivable - Recoverable Work	200,000	200,000
	1105-Accounts Receivable - Merchandise, Jobbing, etc.	40,000	40,000
	1120-Accrued Utility Revenues	4,300,000	4,300,000
	1130-Accumulated Provision for Uncollectible Accounts-- Credit	-250,000	-250,000
	1180-Prepayments	300,000	300,000
	1190-Miscellaneous Current and Accrued Assets	400,000	400,000
1100-Inventory	1330-Plant Materials and Operating Supplies	740,000	740,000
1150-Non-Current Assets	1460-Other Non-Current Assets	200,000	200,000
1200-Other Assets and Deferred Charges	1508-Other Reg Assets-OEB Cost Assessments	-9,000	-9,000
	1508-Other Reg Assets- Deferred IFRS Transition	38,628	38,628
	1508-Other Reg Assets- Incremental Capital	17,578	17,578
	1518-RCVARetail	-83,348	-83,348
	1521-Special Purpose Charge Assessment Variance Account		
	1532-Renewable Connection OM&A Deferral	677	677
	1548-RCVASTR	129,329	129,329
	1550-LV Variance Account	228,205	228,205

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2013 Test Year Pro Forma - MIFRS

Account Grouping	Account Description	2012 Projection	2013
			Final Projection
	1555-Smart Meters Capital Variance Account	2,950,561	
	1556-Smart Meters OM&A Variance Account	765,131	
	1562-Deferred Payments in Lieu of Taxes		
	1563-Account 1563 - Deferred PILs Contra Account	-11,000	
	1580-RSVAWMS	-872,506	-872,506
	1582-RSVAONE-TIME	-8,768	-8,768
	1584-RSVANW	-74,629	-74,629
	1586-RSVACN	830,480	830,480
	1588-RSVAPOWER Main Account	1,430,072	1,430,072
	1589-1588 Global Adjustment sub-account	540,366	540,366
	1590-Recovery of Regulatory Asset Balances		
	1592-2006 PILs/Taxes Variance		
	1595-Disposition and Recovery of Regulatory Balances	-227,410	-227,410
1450-Distribution Plant	1805-Land	227,769	227,769
	1808-Buildings and Fixtures	2,491,318	2,500,318
	1820-Distribution Station Equipment - Normally Primary below 50 kV	4,732,938	5,253,059

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2013 Test Year Pro Forma - MIFRS

Account Grouping	Account Description	2012	2013
		Projection	Final Projection
1500-General Plant	1830-Poles, Towers and Fixtures	7,840,529	8,621,708
	1835-Overhead Conductors and Devices	10,454,842	11,203,053
	1840-Underground Conduit	3,283,788	3,618,845
	1845-Underground Conductors and Devices	9,217,105	9,621,178
	1850-Line Transformers	8,511,791	9,041,162
	1855-Services	4,957,585	5,490,250
	1860-Meters	1,714,934	5,509,932
	1915-Office Furniture and Equipment	267,476	269,476
	1920-Computer Equipment - Hardware	503,994	595,467
	1925-Computer Software	994,456	1,313,673
	1930-Transportation Equipment	2,284,171	2,634,171
	1935-Stores Equipment	85,037	85,037
	1940-Tools, Shop and Garage Equipment	368,781	440,781
	1945-Measurement and Testing Equipment	67,544	67,544
	1950-Power Operated Equipment	89,272	89,272
	1955-Communication Equipment	176,173	176,173
	1960-Miscellaneous Equipment	83,493	128,493
1550-Other Capital Assets	1975-Load Management Controls - Utility Premises	258,631	258,631
	1985-Sentinel Lighting Rental Units	1,427	1,427
	1995-Contributions and Grants - Credit	-8,555,289	-8,929,029
	2055-Construction Work in Progress--Electric	150,000	150,000
1600-Accumulated Amortization	2060-Electric Plant Acquisition Adjustment	2,888,247	2,888,247
	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-18,065,894	-20,308,839
	2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	-673,925	-673,925
1650-Current Liabilities	2205-Accounts Payable	-4,000,000	-4,000,000
	2208-Customer Credit Balances	-300,000	-300,000
	2210-Current Portion of Customer Deposits	-350,000	-350,000
	2220-Miscellaneous Current and Accrued Liabilities	-3,400,000	-3,400,000

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Account Grouping	Account Description	2012	2013
		Projection	Final Projection
1700-Non-Current Liabilities	2260-Current Portion of Long Term Debt	-625,000	-620,000
	2306-Employee Future Benefits	-330,000	-324,000
	2350-Future Income Tax - Non-Current	-140,000	-140,000
	2405-Other Regulatory Liabilities	360,000	360,000
1800-Long-Term Debt	2425-Other Deferred Credits	-550,000	-550,000
	2520-Other Long Term Debt	-10,400,000	-9,770,000
	2550-Advances from Associated Companies	-5,260,461	-5,260,461
	3005-Common Shares Issued	-18,269,167	-18,269,167
1850-Shareholders' Equity	3040-Appropriated Retained Earnings	600	600
	3045-Unappropriated Retained Earnings	-9,634,064	-11,182,310
	3046-Balance Transferred From Income	-1,548,246	-968,771
	3049-Dividends Payable-Common Shares	4,367,985	4,367,985
3000-Sales of Electricity	4006-Residential Energy Sales	-17,670,758	-17,503,973
	4010-Commercial Energy Sales	-5,640,530	-5,557,319
	4025-Street Lighting Energy Sales	-468,974	-462,445
	4030-Sentinel Lighting Energy Sales	-1,567	-1,546
	4035-General Energy Sales	-14,786,640	-14,574,131
	4062-Billed WMS	-3,011,295	-2,974,304
	4066-Billed NW	-2,442,360	-2,796,335
	4068-Billed CN	-872,410	-958,925
	4075-Billed-LV	-511,801	-719,273
	4080-Distribution Services Revenue	-8,993,141	-9,005,191
3050-Revenues From Services - Distribution	4082-Retail Services Revenues	-20,960	-19,900
	4084-Service Transaction Requests (STR) Revenues	-115,200	-115,125
3100-Other Operating Revenues	4210-Rent from Electric Property	-105,000	-105,000
	4225-Late Payment Charges	-89,685	-89,685
	4235-Miscellaneous Service Revenues	-130,321	-130,636

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Account Grouping	Account Description	2012 Projection	2013
			Final Projection
3150-Other Income & Deductions	4325-Revenues from Merchandise, Jobbing, Etc.	-212,138	-210,938
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	167,000	167,000
	4355-Gain on Disposition of Utility and Other Property	-24,000	-8,000
	4360-Loss on Disposition of Utility and Other Property	10,000	
	4375-Revenues from Non-Utility Operations	-200,000	-200,000
	4380-Expenses of Non-Utility Operations	200,000	200,000
	4390-Miscellaneous Non-Operating Income	-20,000	-20,000
3200-Investment Income	4405-Interest and Dividend Income	-119,836	-77,727
3350-Power Supply Expenses	4705-Power Purchased	38,568,470	38,099,413
	4708-Charges-WMS	2,485,513	2,454,981
	4714-Charges-NW	2,442,360	2,796,335
	4716-Charges-CN	872,410	958,925
	4730-Rural Rate Assistance Expense	525,782	519,323
	4750-Charges-LV	511,801	719,273
3500-Distribution Expenses - Operation	5040-Underground Distribution Lines and Feeders - Operation Labour	204,000	231,000
	5065-Meter Expense	150,000	194,000
	5085-Miscellaneous Distribution Expense	15,000	15,000
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	18,000	18,000
	5114-Maintenance of Distribution Station Equipment	304,000	254,000
	5120-Maintenance of Poles, Towers and Fixtures	149,000	220,000
	5125-Maintenance of Overhead Conductors and Devices	214,000	251,000

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Account Grouping	Account Description	2012 Projection	2013
			Final Projection
	5130-Maintenance of Overhead Services	202,000	244,000
	5135-Overhead Distribution Lines and Feeders - Right of Way	545,000	580,000
	5145-Maintenance of Underground Conduit	68,000	115,000
	5155-Maintenance of Underground Services	320,000	341,000
	5160-Maintenance of Line Transformers	180,000	215,000
	5175-Maintenance of Meters	60,000	60,000
3650-Billing and Collecting	5305-Supervision	18,000	18,000
	5310-Meter Reading Expense	272,000	276,000
	5315-Customer Billing	352,000	356,000
	5320-Collecting	392,000	435,000
	5330-Collection Charges	34,000	37,000
	5335-Bad Debt Expense	62,000	69,000
3700-Community Relations	5410-Community Relations - Sundry	25,000	25,000
	5420-Community Safety Program	14,000	14,000
	5425-Miscellaneous Customer Service and Informational Expenses	6,000	7,000
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	542,000	525,000
	5610-Management Salaries and Expenses	439,000	444,000
	5615-General Administrative Salaries and Expenses	303,000	310,000
	5620-Office Supplies and Expenses	499,000	507,000

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Account Grouping	Account Description	2012 Projection	2013
			Final Projection
	5630-Outside Services Employed	201,000	161,000
	5635-Property Insurance	80,000	87,000
	5640-Injuries and Damages	1,000	1,000
	5655-Regulatory Expenses	117,500	132,500
	5665-Miscellaneous General Expenses	37,000	37,000
	5675-Maintenance of General Plant	113,000	113,000
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	1,274,436	1,495,814
3900-Interest Expense	6005-Interest on Long Term Debt	841,000	825,117
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	53,100	33,000

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2012 Bridge Year Pro Forma - CGAAP

Account Grouping	Account Description	2011	2012
		Actual	Final Projection
1050-Current Assets	1005-Cash	5,549,066	2,062,394
	1040-Other Special Deposits	297,624	300,000
	1070-Current Investments	12,663	13,000
	1100-Customer Accounts Receivable	1,497,100	1,600,000
	1102-Accounts Receivable - Services	246,709	250,000
	1104-Accounts Receivable - Recoverable Work	178,342	200,000
	1105-Accounts Receivable - Merchandise, Jobbing, etc.	42,489	40,000
	1120-Accrued Utility Revenues	4,281,239	4,300,000
	1130-Accumulated Provision for Uncollectible Accounts--Credit	-254,300	-250,000
	1180-Prepayments	319,711	300,000
	1190-Miscellaneous Current and Accrued Assets	740,582	400,000
1100-Inventory	1330-Plant Materials and Operating Supplies	718,331	740,000
1150-Non-Current Assets	1460-Other Non-Current Assets	193,332	200,000
1200-Other Assets and Deferred Charges	1508-Other Reg Assets-OEB Cost Assessments	-9,106	-9,000
	1508-Other Reg Assets- Deferred IFRS Transition	38,077	38,628
	1508-Other Reg Assets- Incremental Capital	17,329	17,578
	1518-RCVARetail	-82,171	-83,348
	1521-Special Purpose Charge Assessment Variance Account	1,647	
	1531-Renewable Connection Capital Deferral	8,315	
	1532-Renewable Connection OM&A Deferral	666	677
	1548-RCVASTR	127,493	129,329

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Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	1550-LV Variance Account	195,725	228,205
	1555-Smart Meters Capital Variance Account	2,964,072	2,996,976
	1556-Smart Meters OM&A Variance Account	754,442	765,131
	1562-Deferred Payments in Lieu of Taxes	187,624	
	1563-Account 1563 - Deferred PILs Contra Account	-131,813	-11,000
	1565-Conservation and Demand Management Expenditures and Recoveries	-17,231	
	1566-CDM Contra Account	17,231	
	1580-RSVAWMS	-866,594	-872,506
	1582-RSVAONE-TIME	-8,776	-8,768
	1584-RSVANW	-73,201	-74,629
	1586-RSVACN	805,576	830,480
	1588-RSVAPOWER Main Account	1,386,005	1,430,072
	1589-1588 Global Adjustment sub-account	538,732	540,366
	1590-Recovery of Regulatory Asset Balances		
	1595-Disposition and Recovery of Regulatory Balances	478,488	-227,410

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Account Grouping	Account Description	2011	2012
		Actual	Final Projection
1450-Distribution Plant	1805-Land	227,769	227,769
	1808-Buildings and Fixtures	2,486,318	2,491,318
	1820-Distribution Station Equipment - Normally Primary below 50 kV	4,269,129	4,775,968
	1830-Poles, Towers and Fixtures	7,106,083	7,994,989
	1835-Overhead Conductors and Devices	9,746,857	10,585,854
	1840-Underground Conduit	3,044,636	3,335,317
	1845-Underground Conductors and Devices	8,848,611	9,303,079
	1850-Line Transformers	8,007,561	8,600,217
	1855-Services	4,430,482	5,067,739
	1860-Meters	1,685,197	1,723,849
	1865-Other Installations on Customer's Premises	1,635	
1500-General Plant	1915-Office Furniture and Equipment	262,476	267,476
	1920-Computer Equipment - Hardware	481,994	503,994
	1925-Computer Software	944,456	994,456
	1930-Transportation Equipment	1,984,171	2,284,171
	1935-Stores Equipment	85,037	85,037
	1940-Tools, Shop and Garage Equipment	296,781	368,781
	1945-Measurement and Testing Equipment	67,544	67,544
	1950-Power Operated Equipment	89,272	89,272
	1955-Communication Equipment	176,173	176,173
	1960-Miscellaneous Equipment	43,493	83,493
	1975-Load Management Controls - Utility Premises	258,631	258,631
	1985-Sentinel Lighting Rental Units	1,427	1,427
	1995-Contributions and Grants - Credit	-8,188,457	-8,622,318
1550-Other Capital Assets	2055-Construction Work in Progress--Electric	213,186	200,000
	2060-Electric Plant Acquisition Adjustment	2,888,247	2,888,247
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-17,079,279	-19,139,074

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Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	-673,925	-673,925
1650-Current Liabilities	2205-Accounts Payable	-3,575,913	-4,000,000
	2208-Customer Credit Balances	-600,041	-300,000
	2210-Current Portion of Customer Deposits	-297,624	-350,000
	2220-Miscellaneous Current and Accrued Liabilities	-4,807,422	-3,400,000
	2250-Debt Retirement Charges(DRC) Payable	31	
	2260-Current Portion of Long Term Debt	-587,764	-625,000
	2294-Accrual for Taxes, Payments in Lieu of Taxes, Etc.	67,012	
1700-Non-Current Liabilities	2306-Employee Future Benefits	-335,164	-330,000
	2350-Future Income Tax - Non-Current	-144,000	-140,000
	2405-Other Regulatory Liabilities	366,448	360,000
	2425-Other Deferred Credits	-598,835	-550,000
1800-Long-Term Debt	2520-Other Long Term Debt	-10,964,930	-10,400,000
	2550-Advances from Associated Companies	-5,260,461	-5,260,461
1850-Shareholders' Equity	3005-Common Shares Issued	-18,269,167	-18,269,167
	3040-Appropriated Retained Earnings	570	600
	3045-Unappropriated Retained Earnings	-9,634,064	-9,634,064
	3046-Balance Transferred From Income		-1,255,552
	3049-Dividends Payable-Common Shares	3,703,923	4,367,985
3000-Sales of Electricity	4006-Residential Energy Sales	-18,686,705	-17,670,758
	4010-Commercial Energy Sales	-3,928,726	-5,640,530
	4025-Street Lighting Energy Sales	-77,345	-468,974
	4030-Sentinel Lighting Energy Sales	-1,273	-1,567
	4035-General Energy Sales	-4,260,506	-14,786,640
	4055-Energy Sales for Resale	-3,353,276	
	4062-Billed WMS	-2,658,484	-3,011,295
	4066-Billed NW	-2,307,345	-2,442,360
	4068-Billed CN	-885,255	-872,410
	4075-Billed-LV	-483,022	-511,801

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Account Grouping	Account Description	2011 Actual	2012
			Final Projection
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	-8,569,065	-8,993,141
	4082-Retail Services Revenues	-11,564	-20,960
	4084-Service Transaction Requests (STR) Revenues	-868	-115,200
3100-Other Operating Revenues	4210-Rent from Electric Property	-109,638	-105,000
	4220-Other Electric Revenues	-227,730	
	4225-Late Payment Charges	-95,563	-89,685
3150-Other Income & Deductions	4235-Miscellaneous Service Revenues	-5,696	-130,321
	4325-Revenues from Merchandise, Jobbing, Etc.	-218,034	-212,138
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	11,061	167,000
	4355-Gain on Disposition of Utility and Other Property	-21,475	-24,000
	4360-Loss on Disposition of Utility and Other Property	27,585	10,000
	4375-Revenues from Non-Utility Operations	-203,499	-200,000
	4380-Expenses of Non-Utility Operations	182,206	200,000
	4390-Miscellaneous Non-Operating Income	-22,760	-20,000
	4405-Interest and Dividend Income	-150,880	-166,251
3200-Investment Income			
3350-Power Supply Expenses	4705-Power Purchased	30,307,831	38,568,470
	4708-Charges-WMS	2,658,484	2,485,513
	4714-Charges-NW	2,307,345	2,442,360
	4716-Charges-CN	885,255	872,410
	4730-Rural Rate Assistance Expense		525,782
	4750-Charges-LV	483,022	511,801
3500-Distribution Expenses - Operation	5010-Load Dispatching	-77	
	5016-Distribution Station Equipment - Operation Labour	520	

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Account Grouping	Account Description	2011 Actual	2012
			Final Projection
3550-Distribution Expenses - Maintenance	5020-Overhead Distribution Lines and Feeders - Operation Labour	-1,945	
	5040-Underground Distribution Lines and Feeders - Operation Labour	193,401	193,000
	5065-Meter Expense	71,983	81,000
	5085-Miscellaneous Distribution Expense	1,454	15,000
	5105-Maintenance Supervision and Engineering	16,906	18,000
	5110-Maintenance of Buildings and Fixtures - Distribution Stations	5,573	
	5114-Maintenance of Distribution Station Equipment	270,915	241,000
	5120-Maintenance of Poles, Towers and Fixtures	75,811	110,000
	5125-Maintenance of Overhead Conductors and Devices	197,254	124,000
	5130-Maintenance of Overhead Services	81,891	111,000
	5135-Overhead Distribution Lines and Feeders - Right of Way	132,971	431,000
	5145-Maintenance of Underground Conduit	39,006	42,000
	5155-Maintenance of Underground Services	230,736	183,000
	5160-Maintenance of Line Transformers	102,204	107,000
	5170-Sentinel Lights - Labour	3,208	

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Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	5175-Maintenance of Meters	59,217	60,000
	5195-Maintenance of Other Installations on Customer Premises	1,394	
3650-Billing and Collecting	5305-Supervision	16,906	18,000
	5310-Meter Reading Expense	272,000	272,000
	5315-Customer Billing	367,868	352,000
	5320-Collecting	398,059	392,000
	5330-Collection Charges		34,000
	5335-Bad Debt Expense	70,517	62,000
3700-Community Relations	5410-Community Relations - Sundry		25,000
	5420-Community Safety Program	12,288	14,000
	5425-Miscellaneous Customer Service and Informational Expenses		6,000
3800-Administrative and General Expenses	5605-Executive Salaries and Expenses	421,135	542,000
	5610-Management Salaries and Expenses	423,368	408,000
	5615-General Administrative Salaries and Expenses	159,152	120,000
	5620-Office Supplies and Expenses	315,157	478,000
	5630-Outside Services Employed	155,412	248,000
	5635-Property Insurance	116,789	122,000
	5640-Injuries and Damages	160,000	1,000
	5655-Regulatory Expenses	116,652	117,500

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Account Grouping	Account Description	2011 Actual	2012
			Final Projection
	5660-General Advertising Expenses	5,771	
	5665-Miscellaneous General Expenses	33,812	37,000
	5675-Maintenance of General Plant	69,211	85,000
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	2,010,837	2,347,616
3900-Interest Expense	6005-Interest on Long Term Debt	1,524,645	841,000
	6035-Other Interest Expense	71,213	
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	47,921	53,100
4000-Income Taxes	6110-Income Taxes	501,000	152,929
	6115-Provision for Future Income Taxes	-280,000	
4100-Extraordinary & Other Items	6205-Donations	20,263	

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Account Grouping	Account Description	2012 Projection	2013
			Final Projection
1050-Current Assets	1005-Cash	2,062,394	337,602
	1040-Other Special Deposits	300,000	300,000
	1070-Current Investments	13,000	13,000
	1100-Customer Accounts Receivable	1,600,000	1,600,000
	1102-Accounts Receivable - Services	250,000	250,000
	1104-Accounts Receivable - Recoverable Work	200,000	200,000
	1105-Accounts Receivable - Merchandise, Jobbing, etc.	40,000	40,000
	1120-Accrued Utility Revenues	4,300,000	4,300,000
	1130-Accumulated Provision for Uncollectible Accounts-- Credit	-250,000	-250,000
	1180-Prepayments	300,000	300,000
	1190-Miscellaneous Current and Accrued Assets	400,000	400,000
1100-Inventory	1330-Plant Materials and Operating Supplies	740,000	740,000
1150-Non-Current Assets	1460-Other Non-Current Assets	200,000	200,000
1200-Other Assets and Deferred Charges	1508-Other Reg Assets-OEB Cost Assessments	-9,000	
	1508-Other Reg Assets- Deferred IFRS Transition	38,628	38,628
	1508-Other Reg Assets- Incremental Capital	17,578	17,578
	1518-RCVARetail	-83,348	-83,348
	1521-Special Purpose Charge Assessment Variance Account		
	1532-Renewable Connection OM&A Deferral	677	677
	1548-RCVASTR	129,329	129,329
	1550-LV Variance Account	228,205	228,205

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Account Grouping	Account Description	2012 Projection	2013
			Final Projection
	1555-Smart Meters Capital Variance Account	2,996,976	
	1556-Smart Meters OM&A Variance Account	765,131	
	1562-Deferred Payments in Lieu of Taxes		
	1563-Account 1563 - Deferred PILs Contra Account	-11,000	
	1580-RSVAWMS	-872,506	-872,506
	1582-RSVAONE-TIME	-8,768	-8,768
	1584-RSVANW	-74,629	-74,629
	1586-RSVACN	830,480	830,480
	1588-RSVAPOWER Main Account	1,430,072	1,430,072
	1589-1588 Global Adjustment sub-account	540,366	540,366
	1590-Recovery of Regulatory Asset Balances		
	1595-Disposition and Recovery of Regulatory Balances	-227,410	-227,410
1450-Distribution Plant	1805-Land	227,769	227,769
	1808-Buildings and Fixtures	2,491,318	2,500,318
	1820-Distribution Station Equipment - Normally Primary below 50 kV	4,775,968	5,370,823
	1830-Poles, Towers and Fixtures	7,994,989	8,953,565
	1835-Overhead Conductors and Devices	10,585,854	11,479,529

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Attachment 2

2013 Test Year Pro Forma - CGAAP

Account Grouping	Account Description	2012	2013
		Projection	Final Projection
	1840-Underground Conduit	3,335,317	3,745,306
	1845-Underground Conductors and Devices	9,303,079	9,808,740
	1850-Line Transformers	8,600,217	9,227,444
	1855-Services	5,067,739	5,725,805
	1860-Meters	1,723,849	5,666,422
1500-General Plant	1915-Office Furniture and Equipment	267,476	269,476
	1920-Computer Equipment - Hardware	503,994	595,467
	1925-Computer Software	994,456	1,313,673
	1930-Transportation Equipment	2,284,171	2,634,171
	1935-Stores Equipment	85,037	85,037
	1940-Tools, Shop and Garage Equipment	368,781	440,781
	1945-Measurement and Testing Equipment	67,544	67,544
	1950-Power Operated Equipment	89,272	89,272
	1955-Communication Equipment	176,173	176,173
	1960-Miscellaneous Equipment	83,493	128,493
	1975-Load Management Controls - Utility Premises	258,631	258,631
	1985-Sentinel Lighting Rental Units	1,427	1,427
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-8,622,318	-9,039,981
	2055-Construction Work in Progress--Electric	200,000	200,000
	2060-Electric Plant Acquisition Adjustment	2,888,247	2,888,247
1600-Accumulated Amortization	2105-Accum. Amortization of Electric Utility Plant - Property, Plant, & Equipment	-19,139,074	-22,601,667
	2140-Accumulated Amortization of Electric Plant Acquisition Adjustment	-673,925	-673,925
1650-Current Liabilities	2205-Accounts Payable	-4,000,000	-4,000,000
	2208-Customer Credit Balances	-300,000	-300,000
	2210-Current Portion of Customer Deposits	-350,000	-350,000
	2220-Miscellaneous Current and Accrued Liabilities	-3,400,000	-3,400,000
	2260-Current Portion of Long Term Debt	-625,000	-620,000
1700-Non-Current Liabilities	2306-Employee Future Benefits	-330,000	-324,000

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2013 Test Year Pro Forma - CGAAP

Account Grouping	Account Description	2012	2013
		Projection	Final Projection
	2350-Future Income Tax - Non-Current	-140,000	-140,000
	2405-Other Regulatory Liabilities	360,000	360,000
	2425-Other Deferred Credits	-550,000	-550,000
1800-Long-Term Debt	2520-Other Long Term Debt	-10,400,000	-9,770,000
	2550-Advances from Associated Companies	-5,260,461	-5,260,461
1850-Shareholders' Equity	3005-Common Shares Issued	-18,269,167	-18,269,167
	3040-Appropriated Retained Earnings	600	600
	3045-Unappropriated Retained Earnings	-9,634,064	-10,889,616
	3046-Balance Transferred From Income	-1,255,552	-773,156
	3049-Dividends Payable-Common Shares	4,367,985	4,367,985
3000-Sales of Electricity	4006-Residential Energy Sales	-17,670,758	-17,503,973
	4010-Commercial Energy Sales	-5,640,530	-5,557,319
	4025-Street Lighting Energy Sales	-468,974	-462,445
	4030-Sentinel Lighting Energy Sales	-1,567	-1,546
	4035-General Energy Sales	-14,786,640	-14,574,131
	4062-Billed WMS	-3,011,295	-2,974,304
	4066-Billed NW	-2,442,360	-2,796,335
	4068-Billed CN	-872,410	-958,925
	4075-Billed-LV	-511,801	-719,273
3050-Revenues From Services - Distribution	4080-Distribution Services Revenue	-8,993,141	-9,005,191
	4082-Retail Services Revenues	-20,960	-19,900
	4084-Service Transaction Requests (STR) Revenues	-115,200	-115,125
3100-Other Operating Revenues	4210-Rent from Electric Property	-105,000	-105,000
	4225-Late Payment Charges	-89,685	-89,685
	4235-Miscellaneous Service Revenues	-130,321	-130,636
3150-Other Income & Deductions	4325-Revenues from Merchandise, Jobbing, Etc.	-212,138	-210,938

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2013 Test Year Pro Forma - CGAAP

Account Grouping	Account Description	2012 Projection	2013
			Final Projection
	4330-Costs and Expenses of Merchandising, Jobbing, Etc.	167,000	167,000
	4355-Gain on Disposition of Utility and Other Property	-24,000	-8,000
	4360-Loss on Disposition of Utility and Other Property	10,000	
	4375-Revenues from Non-Utility Operations	-200,000	-200,000
	4380-Expenses of Non-Utility Operations	200,000	200,000
	4390-Miscellaneous Non-Operating Income	-20,000	-20,000
3200-Investment Income	4405-Interest and Dividend Income	-166,251	-138,580
3350-Power Supply Expenses	4705-Power Purchased	38,568,470	38,099,413
	4708-Charges-WMS	2,485,513	2,454,981
	4714-Charges-NW	2,442,360	2,796,335
	4716-Charges-CN	872,410	958,925
	4730-Rural Rate Assistance Expense	525,782	519,323
	4750-Charges-LV	511,801	719,273
3500-Distribution Expenses - Operation	5040-Underground Distribution Lines and Feeders - Operation Labour	193,000	216,000
	5065-Meter Expense	81,000	113,000
	5085-Miscellaneous Distribution Expense	15,000	5,000
3550-Distribution Expenses - Maintenance	5105-Maintenance Supervision and Engineering	18,000	18,000
	5114-Maintenance of Distribution Station Equipment	241,000	222,000
	5120-Maintenance of Poles, Towers and Fixtures	110,000	146,000
	5125-Maintenance of Overhead Conductors and Devices	124,000	141,000
	5130-Maintenance of Overhead Services	111,000	134,000

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2013 Test Year Pro Forma - CGAAP

Account Grouping	Account Description	2012 Projection	2013
			Final Projection
	5135-Overhead Distribution Lines and Feeders - Right of Way	431,000	447,000
	5145-Maintenance of Underground Conduit	42,000	71,000
	5155-Maintenance of Underground Services	183,000	195,000
	5160-Maintenance of Line Transformers	107,000	124,000
	5175-Maintenance of Meters	60,000	60,000
3650-Billing and Collecting	5305-Supervision	18,000	18,000
	5310-Meter Reading Expense	272,000	276,000
	5315-Customer Billing	352,000	356,000
	5320-Collecting	392,000	435,000
	5330-Collection Charges	34,000	37,000
3700-Community Relations	5335-Bad Debt Expense	62,000	69,000
	5410-Community Relations - Sundry	25,000	25,000
	5420-Community Safety Program	14,000	14,000
	5425-Miscellaneous Customer Service and Informational Expenses	6,000	7,000
	5605-Executive Salaries and Expenses	542,000	525,000
3800-Administrative and General Expenses	5610-Management Salaries and Expenses	408,000	373,000
	5615-General Administrative Salaries and Expenses	120,000	136,000
	5620-Office Supplies and Expenses	478,000	507,000
	5630-Outside Services Employed	248,000	161,000

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2013 Test Year Pro Forma - CGAAP

Account Grouping	Account Description	2012 Projection	2013
			Final Projection
	5635-Property Insurance	122,000	105,000
	5640-Injuries and Damages	1,000	1,000
	5655-Regulatory Expenses	117,500	132,500
	5665-Miscellaneous General Expenses	37,000	37,000
	5675-Maintenance of General Plant	85,000	85,000
3850-Amortization Expense	5705-Amortization Expense - Property, Plant, and Equipment	2,347,616	2,853,282
3900-Interest Expense	6005-Interest on Long Term Debt	841,000	825,117
3950-Taxes Other Than Income Taxes	6105-Taxes Other Than Income Taxes	53,100	33,000
4000-Income Taxes	6110-Income Taxes	152,929	

Exhibit 1: Administrative Documents

Tab 4 (of 5): Materiality Threshold

1

MATERIALITY THRESHOLD

2 Section 2.2.4 of the Board's filing requirements, state that a materiality threshold of
3 \$50,000 is applied to utility with a revenue requirement of 10M or less. Since WPI's
4 annual revenue requirement is approximately \$10 million, the utility has opted to use the
5 threshold of \$50,000.

Exhibit 1: Administrative Documents

Tab 5 (of 5): Information Deemed Non-Applicable

INFORMATION DEEMED NON-APPLICABLE

While the following minimum filing requirements have been identified by the Board, WPI respectfully advises that the following requirements are not applicable to WPI, therefore are not included or referenced in this application:

- Rating Agency Reports
- Prospectuses, etc. for recent and planned public issuances
- Summary of ICM adjustment for IRM
- GEA – Capex
- Revenue from Affiliate Transactions
- Shared Services and Corporate Costs
- Accounting Standard other than IFRS
- Profit or Loss on Redemption of Debt
- Forecast for new debt within Test Year

Exhibit 2:

RATE BASE

Exhibit 2: Rate Base

Tab 1 (of 7): Overview

RATE BASE OVERVIEW

Introduction

The derivation of Rate Base follows the definition from the 2006 EDR Handbook as an average of the balances at the beginning and the end of the 2013 Test Year (MIFRS), plus a working capital allowance, which is 13% of the sum of the cost of power and controllable expenses.

The net fixed assets include those distribution assets that are associated with activities that enable the conveyance of electricity for distribution purposes. WPI does not have any non-distribution assets in rate base. WPI has calculated its 2013 Test Year Rate Base as \$40,925,148 (CGAAP) by summing the average of net fixed assets in 2013 with the working capital allowance. WPI has provided a summary, at Attachment 1, of its rate base calculations for the 2009 Board Approved, 2009 to 2011 Actual, 2012 Bridge Year and 2013 Test Year (CGAAP). The 2013 Test Year (MIFRS) is in Table 2 below.

Table 1: Summary of Rate Base – CGAAP

	CGAAP					
	2009 Approved	2009 Actual	2010 Actual	2011 Actual	2012 Projection	2013 Projection
<i>Net Capital Assets in Service:</i>						
Opening Balance	27,491,910	27,288,767	27,202,855	27,955,074	29,276,363	31,525,162
Ending Balance	28,242,596	27,202,855	27,955,074	29,276,363	31,525,162	37,124,218
Average Balance	27,867,253	27,245,811	27,578,964	28,615,719	30,400,763	34,324,690
Working Capital Allowance (see below)	6,100,908	5,114,408	6,150,644	6,192,957	7,576,340	6,600,458
Total Rate Base	33,968,161	32,360,219	33,729,609	34,808,675	37,977,103	40,925,148

Table 2: 2013 Test Year MIFRS Rate Base Calculation

	2013 Projection
<i>Net Capital Assets in Service:</i>	
Opening Balance	31,991,871
Ending Balance	37,909,551
Average Balance	34,950,711
Working Capital Allowance (see below)	6,743,588
Total Rate Base	41,694,299
<i>Expenses for Working Capital</i>	
<i>Eligible Distribution Expenses:</i>	
3500-Distribution Expenses - Operation	440,000
3550-Distribution Expenses - Maintenance	2,298,000
3650-Billing and Collecting	1,191,000
3700-Community Relations	46,000
3800-Administrative and General Expenses	2,317,500
3950-Taxes Other Than Income Taxes	33,000
Total Eligible Distribution Expenses	6,325,500
3350-Power Supply Expenses	45,548,250
Total Expenses for Working Capital	51,873,750
Working Capital factor	13.0%
Working Capital Allowance	6,743,588

Further details on WPI's proposed Rate Base under MIFRS are presented at Exhibit 10.

WPI's capital investment in distribution plant has averaged \$4.68 million per year (2007-2011) (averages do not include investments in smart meters) which accounts for the year over year variance in Average Net Book Value. As discussed throughout this application and WPI's Distribution Asset Management Plan (DAMP), filed as Tab 4, Schedule 4, Attachment 1 to this Exhibit, the most significant drivers for capital investment are the improvements to substations, replacement of #6 copper primary and secondary, 5 KV cable and poletrun replacement and capital pole replacements. Each of these drivers mainly focused on the improvements to reliability and safety. Customer driven investments are another driver that increases capital investments. Drivers are discussed in more detail throughout this Exhibit.

WPI has provided a summary of its controllable expenses and cost of power used in calculating working capital for the period 2009 Board Approved, 2009 Actual to 2011 Actual,

1 2012 Bridge Year, 2013 Test Year (CGAAP), and 2013 Test Year (MIFRS) in Table 3 below.

2 Details of WPI's calculation of working capital allowance are provided further in this Exhibit.

3

4 **Table 3: Summary of Controllable Expenses and Cost of Power**

5

	CGAAP						MIFRS
	2009 Approved	2009 Actual	2010 Actual	2011 Actual	2012 Projection	2013 Projection	2013 Projection
<u>Controllable Expenses:</u>							
Distribution Expenses - Operation	480,400	238,670	213,163	265,336	289,000	334,000	440,000
Distribution Expenses - Maintenance	1,134,675	1,452,470	1,236,423	1,217,086	1,427,000	1,558,000	2,298,000
Billing and Collecting	1,242,900	1,366,181	1,165,394	1,125,350	1,130,000	1,191,000	1,191,000
Community Relations	35,500	14,696	3,636	12,288	45,000	46,000	46,000
Administrative and General Expenses	1,818,350	1,505,457	1,675,704	1,976,459	2,158,500	2,062,500	2,317,500
Taxes Other Than Income Taxes	56,600	110,879	84,722	47,921	53,100	33,000	33,000
Total Controllable Expenses	4,768,425	4,688,353	4,379,042	4,644,440	5,102,600	5,224,500	6,325,500
Cost of Power Expenses	35,904,295	29,407,699	36,625,253	36,641,937	45,406,335	45,548,250	45,548,250
Total Expenses for Working Capital	40,672,720	34,096,052	41,004,295	41,286,377	50,508,935	50,772,750	51,873,750

6

7 Approximately 15% of the change in Rate Base arises from an increase in Working Capital

8 Allowance. The balance of the difference reflects the ongoing investment in net fixed assets,

9 and the inclusion of smart meter costs in 2013 from the smart meter project that concluded in

10 2012. The year over year variances are explained in greater detail in Schedule 2.

Rate Base Trend - CGAAP

	CGAAP					
	2009 Approved	2009 Actual	2010 Actual	2011 Actual	2012 Projection	2013 Projection
<i>Net Capital Assets in Service:</i>						
Opening Balance	27,491,910	27,288,767	27,202,855	27,955,074	29,276,363	31,525,162
Ending Balance	28,242,596	27,202,855	27,955,074	29,276,363	31,525,162	37,124,218
Average Balance	27,867,253	27,245,811	27,578,964	28,615,719	30,400,763	34,324,690
Working Capital Allowance (see below)	6,100,908	5,114,408	6,150,644	6,192,957	7,576,340	6,600,458
Total Rate Base	33,968,161	32,360,219	33,729,609	34,808,675	37,977,103	40,925,148
<i>Expenses for Working Capital</i>						
<i>Eligible Distribution Expenses:</i>						
3500-Distribution Expenses - Operation	480,400	238,670	213,163	265,336	289,000	334,000
3550-Distribution Expenses - Maintenance	1,134,675	1,452,470	1,236,423	1,217,086	1,427,000	1,558,000
3650-Billing and Collecting	1,242,900	1,366,181	1,165,394	1,125,350	1,130,000	1,191,000
3700-Community Relations	35,500	14,696	3,636	12,288	45,000	46,000
3800-Administrative and General Expenses	1,818,350	1,505,457	1,675,704	1,976,459	2,158,500	2,062,500
3950-Taxes Other Than Income Taxes	56,600	110,879	84,722	47,921	53,100	33,000
Total Eligible Distribution Expenses	4,768,425	4,688,353	4,379,042	4,644,440	5,102,600	5,224,500
3350-Power Supply Expenses	35,904,295	29,407,699	36,625,253	36,641,937	45,406,335	45,548,250
Total Expenses for Working Capital	40,672,720	34,096,052	41,004,295	41,286,377	50,508,935	50,772,750
Working Capital factor	15.0%	15.0%	15.0%	15.0%	15.0%	13.0%
Working Capital Allowance	6,100,908	5,114,408	6,150,644	6,192,957	7,576,340	6,600,458

RATE BASE VARIANCE ANALYSIS

This section includes a variance analysis on rate base which provides a listing of the Net Capital Assets in Service and Working Capital for the 2009 EDR approved amount, 2009 Actual to 2011 Actual, 2012 Bridge Year and 2013 Test Year. Attachment 1 shows the annual variances in the rate base. Variances in fixed asset balances are described in Exhibit 2 Tab 3 Schedule 1. Variances in the Working Capital Allowance are described in Exhibit 2 Tab 5 Schedule 1. For ease of comparison, please note that the variances below are shown in CGAAP and therefore exclude variances due to the transition from CGAAP to MIFRS. Impacts from the transition to IFRS are presented at Exhibit 10.

2013 Test Year vs. 2012 Bridge Year:

The projected rate base in 2013 (CGAAP) of \$40.9 million is \$2.9 million higher than in 2012. \$1M of the \$2.9M in variance is attributable to the decrease in Working Capital Allowance from 15% to 13% in 2013. The balance of \$3.9M in variance arose from higher net fixed assets, primarily due to the transfer of smart meters from the deferral account to the fixed assets and investments in distribution plant. WPI remains committed to providing a safe and reliable distribution system for its customers, the public and its employees and in doing so has forecasted capital projects consistent with the needs identified in the Distribution Asset Management Plan.

2012 Bridge Year vs. 2011 Actual:

The rate base in 2012 of \$38.0 million was \$3.2 million higher than in 2011. \$1.4 million of the difference is an increase due in Working Capital Allowance, the majority of which is comprised of higher power supply costs. The remaining increase of \$1.8 million is mainly due to increased investments in station equipment and transportation equipment.

1 **2011 Actual vs. 2010 Actual**

2 The rate base in 2011 of \$34.8 million is approximately \$1.1 million higher than in 2010,
3 mainly due to additional investments in distribution plant.
4

5 **2010 Actual vs. 2009 Actual**

6 The rate base in 2010 of \$33.7 million was \$1.4 million higher than in 2009. The
7 increase was largely due to an increase of \$1.0 million in Working Capital Allowance,
8 reflecting higher power supply costs and the balance is due to an increase of \$333K in
9 net fixed assets.

10 **2009 Actual vs. 2009 Board-Approved**

11 The rate base in 2009 of \$32.4 million was \$1.6 million lower than the 2009 Board
12 approved amount. \$997K of the difference arose from a lower Working Capital
13 Allowance, reflecting lower power supply costs and lower operation and administrative
14 costs. The balance of the difference was due to lower net fixed assets.

Exhibit 2

Tab 1

Schedule 2

Attachment 1

Rate Base Variance Table

Westario Power (ED-2002-0515)

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X23 Rate Base Variance Analysis

Variances > 10% (min \$2,000) or \$50,000 are shown in bold

	2013 Projection	2012 Projection	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	31,525,162	29,276,363	2,248,799	7.7%
Ending Balance	37,124,218	31,525,162	5,599,056	17.8%
Average Balance	34,324,690	30,400,763	3,923,928	12.9%
Working Capital Allowance (see below)	6,600,458	7,576,340	(975,883)	(12.9%)
Total Rate Base	40,925,148	37,977,103	2,948,045	7.8%

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	334,000	289,000	45,000	15.6%
3550-Distribution Expenses - Maintenance	1,558,000	1,427,000	131,000	9.2%
3650-Billing and Collecting	1,191,000	1,130,000	61,000	5.4%
3700-Community Relations	46,000	45,000	1,000	2.2%
3800-Administrative and General Expenses	2,062,500	2,158,500	(96,000)	(4.4%)
3950-Taxes Other Than Income Taxes	33,000	53,100	(20,100)	(37.9%)
Total Eligible Distribution Expenses	5,224,500	5,102,600	121,900	2.4%
3350-Power Supply Expenses	45,548,250	45,406,335	141,916	0.3%
Total Expenses for Working Capital	50,772,750	50,508,935	263,816	0.5%
Working Capital factor	13.0%	15.0%	(0)	(13.3%)
Working Capital Allowance	6,600,458	7,576,340	(975,883)	(12.9%)

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X23 Rate Base Variance Analysis

Variances > 10% (min \$2,000) or \$50,000 are shown in bold

	2012 Projection	2011 Actual	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	29,276,363	27,955,074	1,321,289	4.7%
Ending Balance	31,525,162	29,276,363	2,248,799	7.7%
Average Balance	30,400,763	28,615,719	1,785,044	6.2%
Working Capital Allowance (see below)	7,576,340	6,192,957	1,383,384	22.3%
Total Rate Base	37,977,103	34,808,675	3,168,428	9.1%

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	289,000	265,336	23,664	8.9%
3550-Distribution Expenses - Maintenance	1,427,000	1,217,086	209,914	17.2%
3650-Billing and Collecting	1,130,000	1,125,350	4,650	0.4%
3700-Community Relations	45,000	12,288	32,712	266.2%
3800-Administrative and General Expenses	2,158,500	1,976,459	182,041	9.2%
3950-Taxes Other Than Income Taxes	53,100	47,921	5,179	10.8%
Total Eligible Distribution Expenses	5,102,600	4,644,440	458,160	9.9%
3350-Power Supply Expenses	45,406,335	36,641,937	8,764,398	23.9%
Total Expenses for Working Capital	50,508,935	41,286,377	9,222,558	22.3%
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	7,576,340	6,192,957	1,383,384	22.3%

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X23 Rate Base Variance Analysis

Variances > 10% (min \$2,000) or \$50,000 are shown in bold

	2011 Actual	2010 Actual	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	27,955,074	27,202,855	752,219	2.8%
Ending Balance	29,276,363	27,955,074	1,321,289	4.7%
Average Balance	28,615,719	27,578,964	1,036,754	3.8%
Working Capital Allowance (see below)	6,192,957	6,150,644	42,312	0.7%
Total Rate Base	34,808,675	33,729,609	1,079,066	3.2%

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	265,336	213,163	52,173	24.5%
3550-Distribution Expenses - Maintenance	1,217,086	1,236,423	(19,337)	(1.6%)
3650-Billing and Collecting	1,125,350	1,165,394	(40,044)	(3.4%)
3700-Community Relations	12,288	3,636	8,652	238.0%
3800-Administrative and General Expenses	1,976,459	1,675,704	300,755	17.9%
3950-Taxes Other Than Income Taxes	47,921	84,722	(36,801)	(43.4%)
Total Eligible Distribution Expenses	4,644,440	4,379,042	265,398	6.1%
3350-Power Supply Expenses	36,641,937	36,625,253	16,684	0.0%
Total Expenses for Working Capital	41,286,377	41,004,295	282,082	0.7%
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	6,192,957	6,150,644	42,312	0.7%

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X23 Rate Base Variance Analysis

Variances > 10% (min \$2,000) or \$50,000 are shown in bold

	2010 Actual	2009 Actual	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	27,202,855	27,288,767	(85,912)	(0.3%)
Ending Balance	27,955,074	27,202,855	752,219	2.8%
Average Balance	27,578,964	27,245,811	333,154	1.2%
Working Capital Allowance (see below)	6,150,644	5,114,408	1,036,237	20.3%
Total Rate Base	33,729,609	32,360,219	1,369,390	4.2%

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	213,163	238,670	(25,507)	(10.7%)
3550-Distribution Expenses - Maintenance	1,236,423	1,452,470	(216,046)	(14.9%)
3650-Billing and Collecting	1,165,394	1,366,181	(200,786)	(14.7%)
3700-Community Relations	3,636	14,696	(11,060)	(75.3%)
3800-Administrative and General Expenses	1,675,704	1,505,457	170,247	11.3%
3950-Taxes Other Than Income Taxes	84,722	110,879	(26,157)	(23.6%)
Total Eligible Distribution Expenses	4,379,042	4,688,353	(309,310)	(6.6%)
3350-Power Supply Expenses	36,625,253	29,407,699	7,217,554	24.5%
Total Expenses for Working Capital	41,004,295	34,096,052	6,908,243	20.3%
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	6,150,644	5,114,408	1,036,237	20.3%

Westario Power (ED-2002-0)
2013 EDR Application (EB-2012-0176)
October 9, 2012

X23 Rate Base Variance Analysis

Variances > 10% (min \$2,000) or \$50,000 are shown in bold

	2009 Actual	2009 Approved	Var \$	Var %
<i>Net Capital Assets in Service:</i>				
Opening Balance	27,288,767	27,491,910	(203,143)	(0.7%)
Ending Balance	27,202,855	28,242,596	(1,039,741)	(3.7%)
Average Balance	27,245,811	27,867,253	(621,442)	(2.2%)
Working Capital Allowance <i>(see below)</i>	5,114,408	6,100,908	(986,500)	(16.2%)
Total Rate Base	32,360,219	33,968,161	(1,607,942)	(4.7%)

Expenses for Working Capital

<i>Eligible Distribution Expenses:</i>				
3500-Distribution Expenses - Operation	238,670	480,400	(241,730)	(50.3%)
3550-Distribution Expenses - Maintenance	1,452,470	1,134,675	317,795	28.0%
3650-Billing and Collecting	1,366,181	1,242,900	123,281	9.9%
3700-Community Relations	14,696	35,500	(20,804)	(58.6%)
3800-Administrative and General Expenses	1,505,457	1,818,350	(312,893)	(17.2%)
3950-Taxes Other Than Income Taxes	110,879	56,600	54,279	95.9%
Total Eligible Distribution Expenses	4,688,353	4,768,425	(80,072)	(1.7%)
3350-Power Supply Expenses	29,407,699	35,904,295	(6,496,596)	(18.1%)
Total Expenses for Working Capital	34,096,052	40,672,720	(6,576,668)	(16.2%)
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	5,114,408	6,100,908	(986,500)	(16.2%)

Exhibit 2: Rate Base

Tab 2 (of 7): Capital Asset Policies

CAPITALIZATION POLICY

Applicability

This policy applies to the capitalization of assets in both CGAAP and MIFRS. WPI lists the policies that are common to both CGAAP and MIFRS first and the latter part of this policy specifically outlines the changes as a result of MIFRS.

Policy Statement & Purpose

It is the policy of the company to maintain strong financial control over expenditures for capital assets by evaluating and approving capital requests for projects that enhance or improve the efficiency of the Company's assets.

Expenditures are capitalized to ensure there is an equitable allocation of costs to existing and future customers. Assets are expected to provide future economic benefits for more than one year. Any expenditure associated with the acquisition, construction, development or betterment of an asset should be capitalized and allocated over the useful life of the asset.

The policy describes the process used for determining if expenditures should be capitalized or expensed. A materiality amount is used and any expenditure below that threshold will be expensed to operations in the current year.

Guidelines:

Tangible Assets

Property, plant and equipment are identified as tangible assets provided they are held for use in the production or supply of goods and services, are intended for a continuing use, and are not intended for sale in the ordinary course of business.

Intangible Assets

An intangible asset is an asset that lacks physical substance.

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Goodwill

When an asset is acquired for a cost over and above the net amount of the acquired assets and assumed liability, the excess cost is considered goodwill.

Capital Assets

Capital Assets include tangible assets which include property, plant, and equipment provided they are held for use in the production or supply of goods and services.

Intangible assets are also considered capital assets and are identified as assets that lack physical substance.

Betterment

A betterment is a cost which enhances the service potential of a capital asset and is therefore capitalized. This enhancement can result in an increase in physical output or service capacity, a decrease to operating costs, extension of the useful life of the asset, or improvement in the quality of the asset's output.

Repair

A repair is a cost incurred to maintain the service potential of a capital asset. Expenditures for repairs are expensed to the current operating period.

Materiality

All additions to capital assets and betterments will be capitalized subject to materiality limits as set out in this policy. At times the administrative costs of capitalizing an asset may outweigh the intended benefits. While the expenditure may meet the definition to qualify as a capital asset, a level is set, which if an expenditure falls below, it is not capitalized but charge to expense in the current period. This level is known as a materiality limit.

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Materiality Limits
Identifiable Assets
Distribution Plant \$ 1,000
General Plant \$ 1,000
Grouped Assets
Distribution Plant \$ 1,000
General Plant \$ 1,000

2

3 **Identifiable Assets**

4 An identifiable capital asset that has a sufficiently high unit cost and is easily
5 identifiable such that the asset is individually tracked and recorded.

6

7 **Grouped Assets**

8 For efficiency, capital assets may be grouped if, by their nature, it would be
9 impractical to identify individual units. These grouped assets are managed as a
10 pool for the purposes of amortization.

11

12 **Capital Asset Records**

13

14 **Cost**

15 Cost is the amount of consideration given up to acquire, construct, develop or
16 better a capital asset. Capital assets will be recorded at the fully allocated cost.

17

18 **Fully Allocated costs**

19 Fully allocated costs include all expenditures necessary to put a capital asset in
20 service including all overhead cost based on full absorption costing.

21

22 **Amortization**

23 Capital assets are generally amortized based on a method and life set by the
24 OEB which is considered a suitable indicator of estimated useful life for the

1 electrical distribution industry. Large and unique capital expenditures will be
2 reviewed on an individual basis to determine the expected life and appropriate
3 method of depreciation.

4 5 **Capital Spares**

6 Spare transformers and meters will be accounted for as capital assets since they
7 form an integral part of the reliability program for a distribution system. These
8 spares are held for the purpose of backing up transformers and meters in-service
9 for a distribution system.

10 11 **Extraordinary Items**

12 Extraordinary items will be identified separately provided they exceed the
13 materiality threshold established by the OEB. Recovery of extraordinary items
14 through rates as a "Z" Factor expense will follow OEB guidelines.

15 16 **Change in Capitalization Policy upon adoption of MIFRS**

17 On February 24, 2010 the OEB issued additional guidance on the accounting for
18 overhead costs associated with capital work. In this letter the OEB specifically noted that
19 the Board was requiring full compliance with IFRS requirements on capitalization of
20 overheads which would result in a reduction in capitalized overhead for some electricity
21 distributors that had previously capitalized administration and overhead costs.

22
23 MIFRS prescribes which costs can be included as part of the cost of an asset and
24 indicates that only costs that are directly attributable to a specific asset can be
25 capitalized. Indirect overhead costs, such as general and administration costs that are
26 not directly attributable to an asset, that were capitalized under CGAAP, are not
27 permitted under MIFRS.

28
29 After review and internal analysis WPI concluded that it would cease the capitalization of
30 general overhead costs, including indirect labour, general administration and material
31 handling, for regulatory and external reporting under MIFRS. This change results in a

decrease in the amount of costs capitalized and an increase in operating expenses under MIFRS.

Early Derecognition of Assets

Under IFRS an asset should be derecognized when it is disposed or when no future economic benefits are expected from its use. Any gain or loss upon derecognition should be included in profit or loss when the item is derecognized.

As described in the Board Report, electricity distributors are required to reclassify such gains and losses as depreciation expense and disclose these amounts separately.

WPI pools assets under CGAAP and does not derecognize an asset unless an amount or individual component can be determined accurately. Under IFRS, WPI is required to derecognize or expense an item when it is disposed of rather than over the estimated useful life of the pool.

Burden Rates

(The MIFRS stated that an applicant must identify the burden rates related to the capitalization of costs of self-constructed assets). Listed in Table 1 below are WPI's burden rates under CGAAP and MIFRS.

Table 1: Burden Rates

2012 CGAAP	Engineering burden 200% Stores burden 11% Admin burden 6%
2012 MIFRS	Engineering burden 95% Stores burden 4% Admin burden 0%
2013 CGAAP	Engineering burden 180% Stores burden 8% Admin burden 5%
2013 MIFRS	Engineering burden 50% Stores burden 3% Admin burden 0%

Appendix 2-D Overhead Expense

The following table should be completed based on the information requested below. An explanation should be provided for any blank entries. The entries should include overhead costs that are currently capitalized on self-constructed assets under MIFRS or an alternate accounting

	(A) ¹	(B)	(C)	(D)	(E) ¹	(F)	(G)
Nature of the Overhead Costs	Dollar Impact on PP&E Historic Year	Dollar Impact on PP&E Bridge Year	Dollar Impact on PP&E Test Year	Dollar Impact - PP&E Variance Test versus Bridge	Dollar Impact - PP&E Variance Test versus Historic	Directly Attributable? (Y/N)	Reasons why the overhead costs are allowed to be capitalized under MIFRS or an alternate accounting standard given limitations on capitalized overhead
employee benefits		\$ 61,307	\$ 67,526	\$ 6,219	\$ 67,526	Y	lineman labour hours - directly trackable to capital jobs
costs of site preparation				\$ -	\$ -		no overhead costs to be realized
initial delivery and handling costs		\$ 29,612	\$ 30,257	\$ 645	\$ 30,257	N	costs specifically tracked via time study that are directly attributable to capital jobs
costs of testing whether the asset is functioning properly				\$ -	\$ -		no overhead costs to be realized
professional fees				\$ -	\$ -		costs are directly charged to jobs. Therefore not overhead
costs of opening a new facility				\$ -	\$ -		WPI does not have any new facilities
costs of introducing a new product or service (including costs of advertising and promotional activities)				\$ -	\$ -		WPI does not have any new costs or services
costs of conducting business in a new location or with a new class of customer (including costs of staff training)				\$ -	\$ -		WPI does not have any new locations or new customer classes
administration and other general overhead costs		\$ 476,956	\$ 486,329	\$ 9,373	\$ 486,329	N	costs specifically tracked via time study that are directly attributable to capital jobs
costs for operation of trucks		\$ 251,084	\$ 234,300	\$ 16,784	\$ 234,300	Y	truck costs - directly trackable by labour hour
Total	\$ -	\$ 818,959	\$ 818,412	\$ 547	\$ 818,412		

The following table should be completed based on the information requested below. An explanation should be provided for any blank entries. The entries should include overhead costs that were capitalized on self-constructed assets under CGAAP but are no longer capitalized under MIFRS or an alternate accounting standard and are included in OM&A.

	(A) ¹	(B)	(C)	(D)	(E) ¹	(F)	(G)
Nature of the Overhead Costs	Dollar Impact on OM&A Historic Year	Dollar Impact on OM&A Bridge Year	Dollar Impact on OM&A Test Year	Dollar Impact - OM&A Variance Test versus Bridge	Dollar Impact - OM&A Variance Test versus Historic	Directly Attributable? (Y/N)	Reasons why the overhead costs are not allowed to be capitalized under MIFRS or an alternate accounting standard given limitations on capitalized overhead
employee benefits				\$ -	\$ -		these costs are permitted under MIFRS
costs of site preparation				\$ -	\$ -		no overhead costs to be realized
initial delivery and handling costs		\$ 36,772	\$ 34,683	\$ 2,089	\$ 34,683	N	
costs of testing whether the asset is functioning properly				\$ -	\$ -		no overhead costs to be realized
professional fees				\$ -	\$ -		costs are directly charged to jobs. Therefore not overhead
costs of opening a new facility				\$ -	\$ -		WPI does not have any new facilities
costs of introducing a new product or service (including costs of advertising and promotional costs of conducting business in a new location or with a new class of customer (including costs of				\$ -	\$ -		WPI does not have any new costs or services
				\$ -	\$ -		WPI does not have any new locations or new customer
administration and other general overhead costs		\$ 150,516	\$ 136,688	\$ 13,828	\$ 136,688	N	these costs are not directly attributable and therefore specifically disallowed under MIFRS
Engineering Charges		\$ 474,220	\$ 419,992	\$ 54,228	\$ 419,992	N	these costs are not directly attributable and therefore specifically disallowed under MIFRS
costs for operation of trucks		\$ 81,900	\$ 91,800	\$ 9,900	\$ 91,800	Y	this is a negative because under CGAAP, we did not include depreciation for truck depreciation and insurance but under MIFRS we do. Truck costs are directly trackable by labour hour.
Total	\$ -	\$ 579,608	\$ 499,563	\$ 80,045	\$ 499,563		

Notes:
¹ If the applicant chooses to adopt IFRS or an alternate accounting standard for financial reporting purposes in 2013, the applicant does not need to complete Columns A, E. If the applicant adopts IFRS or an alternate accounting standard for financial reporting purposes in 2012, the applicant must complete all columns.

ASSET RETIREMENT POLICY

WPI generally retires capital assets from its IFRS balance sheet when these assets are no longer in service. For CGAAP, pooled assets are not removed from the balance sheet. There is one exception in this rate application, which are the legacy meters that were removed from service with the deployment of smart meters. In accordance with Board policy,¹ these assets remain part of the rate base until such time the Board approves a disposition of WPI's stranded costs for legacy meters. These stranded meters have been moved to the smart meter deferral account.

To ensure compliance with IAS 16.14 requirements, WPI, for IFRS purposes must derecognize the remaining portion of a component that is replaced by a new component. The remaining carrying amount of the component(s) that has been replaced, will be written off immediately to (gains)/losses on the income statement [IAS 16.67-71]. In the event the component(s) are fully depreciated, no offset is required against (gains)/losses. However, the assets will be removed from the asset register and from the cost and accumulated depreciation of the asset class.

The only other planned asset retirements are for vehicles and trailers reaching the end of their typical useful life.

Further information on WPI's assets and planned retirements can be found in the Distribution Asset Management Plan at Exhibit 2 Tab 4 Schedule 4.

WPI has no identifiable Asset Retirement Obligations at this time.

¹ Guideline G-2008-0002: Smart Meter Funding and Cost Recovery, October 22, 2008, Appendix B

DEPRECIATION POLICY

Westario Power Inc. uses the straight line method of amortization which reflects a constant expense to the bottom line for the service as a function of time, based on the estimated average useful life of the asset. The estimated average useful lives of various asset categories are consistent with Board policy under CGAAP.¹ Under MIFRS, the applicant completed an internal analysis which supports the revised average useful lives of various asset categories based on historical evidence and is within the typical useful life bands outlined in the Kinectrics Report “Asset Depreciation Study for the Ontario Energy Board”.

The difference between CGAAP and MIFRS as well as whether the assets are componentized under MIFRS is detailed in Table 1 below.

¹ Ontario Energy Board, 2006 Electricity Distribution Rate Handbook, May 11, 2005, Appendix B

Table 1: CGAAP vs. MIFRS Depreciation Rate

Asset Account and Description	CGAAP Asset Life	Componentized for IFRS	Asset Life for IFRS
1808 Building	25 and 50 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	50 years
1820 Distribution Station Equipment	25 years	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	45 years
1830 Poles	25 years	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Steel			70 years
Wood			50 years
1835 Overhead Conductors and Devices	25 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	65 years
1840 Underground Conduit	25 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	85 years
1845 Underground Conductors and Devices	25 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	60 years
1850 Transformers	25 years	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Overhead			40 years
Underground	25 years		40 years
1855 Services	25 years	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Overhead			65 years
Underground			45 years
1860 Meters	25 years	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Smart Meters			15 years
Electric Meters			35 years
Wholesale Meters			25 years
1915 Office Furniture and Equipment	10 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	10 years
1920 Computer Equipment - Hardware	5 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5 years
1925 Computer Equipment - Software	3 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	5 years
1930 Rolling Stock	8 years	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	
Large Trucks			15 years
Pick-up trucks			10 years
Cars			10 years
1935 Stores Equipment	10 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	10 years
1940 Tools and Equipment	10 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	10 years
1945 Measurement and Testing Equipment	10 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	10 years
1950 Power Equipment	10 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	10 years
1955 Communication Equipment	5 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	10 years
1960 Miscellaneous Equipment	10 years	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	10 years

For financial reporting purposes, WPI records a half-year of depreciation expense on new capital assets in the year they are added and in the year they are disposed of.

CAPITAL CONTRIBUTION POLICY

Capital contributions are calculated in accordance with the Distribution System Code (“DSC”). The expansion of WPI’s distribution system is regularly completed to accommodate customer-driven requests for service or additional power requirements.

An economic evaluation tool is used with each request to determine whether the future incremental distribution revenue from the system expansion will pay for the capital costs and ongoing maintenance costs of this expansion. A shortfall in revenue will result in a capital contribution being required from the customer. Where future customer connections make use of an expansion within five years, an adjustment is made back to the original customer.

Further to the requirements of the DSC, WPI also provides transformation for new commercial developments. In addition, capital contributions are obtained from road authorities on a shared basis for electrical plant rearrangements required by road work.

Exhibit 2: Rate Base

Tab 3 (of 7): Fixed Assets

GROSS ASSETS

Attachment 1 shows the annual variances in the balances for gross capital assets. The investments leading to increases in specific account balances are described in Exhibit 2, Tab 4, Schedule 3. The balances are as per the CGAAP Fixed Asset Continuity Schedules and as per the OEB Appendices 2-B (Exhibit 2, Tab 3, Schedule 3, Attachment 1).

2013 Test Year vs. 2012 Bridge Year:

The total projected ending balance in 2013 of \$59.7 million is \$9.1 million greater than 2012. The increase is primarily due to a \$3.9 million increase to meters upon approval by the Board to dispose of the smart meter capital deferral accounts. In addition, there are significant monies budgeted for distribution station equipment (\$595K), #6 copper primary and secondary replacement (\$1.4 million), pole replacement (\$1.0 million), Port Elgin 5 KV cable and poletrun replacement (\$741K), GS>50 KW meter change to smart meter (\$280K), as well as increases in poles, overhead and underground conductors and devices, underground conduit, transformers, meters and services (\$854K). In addition, the company has budgeted for a new radial truck (\$400K) and other general plant totaling \$202K.

2012 Bridge Year vs. 2011 Actual:

The total projected ending balance in 2012 of \$50.6 million is \$4.3 million greater than 2011. There are significant monies budgeted for distribution station equipment (\$506K), capital #6 copper primary and secondary replacement (\$1.3 million), pole replacement (\$1.0 million), Port Elgin 5 KV cable and poletrun replacement (\$490K), as well as increases in poles, overhead and underground conductors and devices, underground conduit, transformers, meters and services (\$915K). In addition, the company has budgeted for a double bucket truck (\$450K) and other general plant totaling \$189K.

1 **2011 Actual vs. 2010 Actual:**

2 The total ending balance in 2011 of \$46.4 million is \$3.1 million greater than 2010.
3 There was significant monies spent for distribution station equipment (\$401K), capital #6
4 copper primary replacement (\$884K), pole replacement (\$843K), Port Elgin 5 KV cable
5 and poletran replacement (\$451K), as well as increases in poles, overhead and
6 underground conductors and devices, underground conduit, transformers, meters and
7 services (\$1.1 million). In addition, the company had acquired a bucket truck (\$284K)
8 and other general plant totaling \$169K.

9 **2010 Actual vs. 2009 Actual:**

10 The total ending balance in 2010 of \$43.3 million is \$2.3 million greater than 2009.
11 There were significant monies spent for distribution station equipment (\$302K), capital
12 #6 copper replacement (\$513K), pole replacement (\$465K), Port Elgin 5 KV cable and
13 poletran replacement (\$451K), as well as increases in poles, overhead and underground
14 conductors and devices, underground conduit, transformers, services and meters
15 (\$944K). In addition, the company purchased a bucket truck (\$276K), a two way radio
16 system (\$100K) and other general plant totaling \$69K.

17 **2009 Actual vs. 2009 Board-Approved:**

18 The actual ending balance in 2009 was \$40.9 million, \$1.3 million less than the 2009
19 Board Approved. \$1.8 million of the difference reflects balance increases in overhead
20 conductors/devices, poles, line transformers, services and underground plant. The 2009
21 Board approved contributed capital amount was \$1.2 million less than the actual amount
22 received in 2009. The reclassification of stranded meters from the capital asset account
23 to a deferral account reduced the meters balance by \$664K. These reductions to gross
24 assets were partially offset by increases in poles, overhead and underground conductors
25 and devices, underground conduit, transformers and services (\$554K).

26

27

1 **Three Year Forecast**

2 The applicant is aware that the Board has requested a three year capital forecast as per
3 the filing requirements. At the time of this application, this information is not available.
4 The utility continues to review the information gathered via our asset management
5 program found at Exhibit 2, Tab 4, Schedule 4 of this application for the purposes of
6 determining future capital expenditures. At this time, WPI is not aware of any significant
7 capital projects that would have a material impact on the amount of capital invested in
8 the applicant's distribution plant in the next 3 years, and expects that costs will be
9 comparable to those amounts requested in the 2013 Test Year. The applicant continues
10 to monitor the Renewed Regulatory Framework initiative undertaken by the Board, most
11 specifically as it relates to future rate setting alternatives.

Gross Asset Variance Table

Variances > 10% (min \$2,000) or \$50,000 are shown in bold

Variances > 10% (m

Account Grouping	2013 @ existing rates	2012 Projection	Var \$	Var %	2012 Projection	2011 Actual
1450-Distribution Plant	62,705,721	54,106,099	8,599,622	15.9%	54,106,099	49,852,643
1500-General Plant	6,060,145	5,180,455	879,690	17.0%	5,180,455	4,691,455
1550-Other Capital Assets	-9,039,981	-8,622,318	-417,663	(4.8%)	-8,622,318	-8,188,457
1600-Accumulated Amortization	-22,601,667	-19,139,074	-3,462,593	(18.1%)	-19,139,074	-17,079,279
Total Assets	37,124,218	31,525,162	5,599,056	17.8%	31,525,162	29,276,362

Gross Asset Variance Table

in \$2,000) or \$50,000 are shown in bold

Account Grouping	Var \$	Var %
1450-Distribution Plant	4,253,456	8.5%
1500-General Plant	489,000	10.4%
1550-Other Capital Assets	-433,861	(5.3%)
1600-Accumulated Amortization	-2,059,795	(12.1%)
Total Assets	2,248,800	7.7%

Variances > 10% (min \$2,000) or \$50,000 are shown in bold

2011 Actual	2010 Actual	Var \$	Var %
49,852,643	46,451,089	3,401,554	7.3%
4,691,455	4,394,206	297,249	6.8%
-8,188,457	-7,555,737	-632,720	(8.4%)
-17,079,279	-15,334,484	-1,744,795	(11.4%)
29,276,362	27,955,074	1,321,288	4.7%

Gross Asset Variance Table

Account Grouping	2010 Actual	2009 Actual	Var \$	Var %
1450-Distribution Plant	46,451,089	44,255,718	2,195,371	5.0%
1500-General Plant	4,394,206	3,956,263	437,943	11.1%
1550-Other Capital Assets	-7,555,737	-7,268,124	-287,613	(4.0%)
1600-Accumulated Amortization	-15,334,484	-13,741,004	-1,593,480	(11.6%)
Total Assets	27,955,074	27,202,853	752,221	2.8%

Gross Asset Variance Table

Variances > 10% (min \$2,000) or \$50,000 are shown in bold

Account Grouping	2009 Actual	2009 Approved	Var \$	Var %
1450-Distribution Plant	44,255,718	44,365,653	-109,935	(0.2%)
1500-General Plant	3,956,263	3,936,281	19,982	0.5%
1550-Other Capital Assets	-7,268,124	-6,094,728	-1,173,396	(19.3%)
1600-Accumulated Amortization	-13,741,004	-13,964,611	223,607	1.6%
Total Assets	27,202,853	28,242,595	-1,039,742	(3.7%)

CAPITAL ACCUMULATED DECPRECIATION

The calculation of WPI's annual amortization expense is presented in Exhibit 4, Tab 7, Schedule 1, Attachment 1.

The 2013 forecasted amortization expense of \$2.7 million is approximately \$1 million higher than the 2009 Board-approved amount, reflecting the investment in capital described in Exhibit 2, Tab 3 Schedule 1. The year over year variances in capital accumulated depreciation is outlined below and is nicely detailed in Exhibit 2 Tab 3 Schedule 3 Attachment 1:

- **2013 Test Year vs 2012 Bridge Year:** the accumulated amortization increase of \$3.46 million was primarily due to the depreciation incurred during the year of \$2.7 million offset by a disposition of transportation equipment (\$50K). In addition, \$800K of accumulated depreciation was transferred to the opening balance based upon transfer of smart meter capital from the deferral account (upon Board approval).
- **2012 Bridge Year vs 2011 Actual:** the accumulated amortization increase of \$2.1 million was primarily due to the depreciation incurred during the year of \$2.2 million offset by a disposition of transportation equipment (\$150K).
- **2011 Actual vs 2010 Actual:** the accumulated amortization increase of \$1.7 million was primarily due to the depreciation incurred during the year of \$2.0 million offset by a disposition of transportation equipment (\$139K), power operated equipment (\$11K) and the transfer of stranded meters from the capital account to the deferral account.
- **2010 Actual vs 2009 Actual:** the accumulated amortization increase of \$1.6 million was primarily due to the depreciation incurred during the year of \$1.9 million offset by disposition of transportation equipment (\$85K), communication equipment (\$22K) and the transfer of stranded meters from the capital account to the deferral account.
- **2009 Actual vs 2009 Board-approved:** the accumulated amortization decrease of \$224K between forecasted and actual accumulated depreciation was primarily due to

1 the transfer of stranded meters from the capital account to the deferral account.

2 Actual depreciation incurred during the year was \$1.8 million.

3

FIXED ASSET CONTINUITIES

Attachment 1 presents the continuity statements for fixed assets, from 2007 approved to the projected 2013 year-end balances. The amortization expense amounts in these statements are consistent with the amounts calculated in accordance with the half-year rule for depreciation.¹ Explanations for annual balance changes in excess of the materiality threshold are provided in Schedule 1 (for Gross Assets) and Schedule 2 (for Accumulated Amortization) of this Tab / Exhibit.

The 'Disposals' column in the continuity statements represents amounts related to asset retirements or other adjustments included in the account balances. These amounts are detailed in Table 1 on the following page:

¹ see Exhibit 4, Tab 7, Schedule 1, Attachment 1

Table 1: Fixed Asset Balance Adjustments

Year	Account	Amount	Description
2009	1835 -	1,202,043	reclassification of assets recorded in the incorrect asset grouping
	1860 -	664,055	stranded meters
	1995	3,378	stranded meters
2010	1835 -	1,032,464	reclassification of assets as a result of 2009 COS - to conform to Accounting Procedure Handbook
	1845	1,760,894	reclassification of assets as a result of 2009 COS - to conform to Accounting Procedure Handbook
	1850 -	721,852	reclassification of assets as a result of 2009 COS - to conform to Accounting Procedure Handbook
	1860 -	286,177	stranded meters
	1930 -	85,000	sale of retired vehicles
	1955 -	24,925	disposal of retired equipment
2011	1860 -	305,370	stranded meters
	1930 -	138,750	sale of retired vehicles
	1935 -	5,900	sale of retired equipment
	1950 -	11,000	sale of retired equipment
2012	1930 -	150,000	anticipated sale of retired vehicles
2013	1860	3,626,141	transfer of smart meter costs from deferral accounts - upon board approval
	1920	62,873	transfer of smart meter costs from deferral accounts - upon board approval
	1925	274,217	transfer of smart meter costs from deferral accounts - upon board approval
	1930 -	50,000	anticipated sale of retired vehicle

Appendix 2-B
Fixed Asset Continuity Schedule

Year2007

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)					\$ -				\$ -	\$ -
CEC	1612	Land Rights (Formally known as Account 1906)					\$ -				\$ -	\$ -
N/A	1805	Land		\$ 242,769		-\$ 15,000	\$ 227,769				\$ -	\$ 227,769
47	1808	Buildings	2.00%	\$ 6,517	\$ 2,443,787		\$ 2,450,304	-\$ 2,023	-\$ 24,758		\$ 26,781	\$ 2,423,523
13	1810	Leasehold Improvements					\$ -				\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV					\$ -				\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	3.33%	\$ 3,073,798	\$ 83,593		\$ 3,157,391	-\$ 862,166	-\$ 143,364		\$ 1,005,530	\$ 2,151,861
47	1825	Storage Battery Equipment					\$ -				\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 4,811,058	\$ 194,258		\$ 5,005,316	-\$ 1,094,849	-\$ 217,108		\$ 1,311,957	\$ 3,693,359
47	1835	Overhead Conductors & Devices	4.00%	\$ 6,734,937	\$ 622,265		\$ 7,357,202	-\$ 1,442,428	-\$ 316,175		\$ 1,758,603	\$ 5,598,599
47	1840	Underground Conduit	4.00%	\$ 2,094,546	\$ 389,798		\$ 2,484,344	-\$ 393,133	-\$ 100,545		\$ 493,678	\$ 1,990,666
47	1845	Underground Conductors & Devices	4.00%	\$ 5,563,155	\$ 695,407		\$ 6,258,562	-\$ 1,130,311	-\$ 265,053		\$ 1,395,364	\$ 4,863,198
47	1850	Line Transformers	4.00%	\$ 5,896,988	\$ 624,935		\$ 6,521,923	-\$ 1,143,249	-\$ 276,309		\$ 1,419,558	\$ 5,102,365
47	1855	Services (Overhead & Underground)	4.00%	\$ 2,727,052	\$ 277,646		\$ 3,004,698	-\$ 555,934	-\$ 125,438		\$ 681,372	\$ 2,323,326
47	1860	Meters	4.00%	\$ 2,302,027	\$ 136,217	-\$ 61,140	\$ 2,377,104	-\$ 490,587	-\$ 105,800		\$ 596,387	\$ 1,780,717
8	1860	Meters (Smart Meters)	4.00%		\$ 61,140		\$ 61,140				\$ -	\$ 61,140
N/A	1905	Land					\$ -				\$ -	\$ -
47	1908	Buildings & Fixtures					\$ -				\$ -	\$ -
13	1910	Leasehold Improvements					\$ -				\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)					\$ -				\$ -	\$ -
8	1915	Office Furniture & Equipment (5 years)					\$ -				\$ -	\$ -
10	1920	Computer Equipment - Hardware					\$ -				\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)					\$ -				\$ -	\$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)					\$ -				\$ -	\$ -
12	1925	Computer Software (Formally known as Account 1925)	20.00%	\$ 267,519			\$ 267,519	-\$ 209,098	-\$ 53,503		\$ 262,601	\$ 4,918
10	1930	Transportation Equipment					\$ -				\$ -	\$ -
8	1935	Stores Equipment					\$ -				\$ -	\$ -
8	1940	Tools, Shop & Garage Equipment					\$ -				\$ -	\$ -
8	1945	Measurement & Testing Equipment					\$ -				\$ -	\$ -
8	1950	Power Operated Equipment					\$ -				\$ -	\$ -
8	1955	Communications Equipment					\$ -				\$ -	\$ -
8	1955	Communication Equipment (Smart Meters)					\$ -				\$ -	\$ -
8	1960	Miscellaneous Equipment					\$ -				\$ -	\$ -
47	1975	Load Management Controls Utility Premises	10.00%	\$ 258,631			\$ 258,631	-\$ 258,631			\$ 258,631	\$ -
47	1980	System Supervisor Equipment					\$ -				\$ -	\$ -
47	1985	Miscellaneous Fixed Assets					\$ -				\$ -	\$ -
47	1995	Contributions & Grants	4.00%	-\$ 4,437,179	-\$ 677,549		-\$ 5,114,728	\$ 424,159	\$ 194,413		\$ 618,572	\$ 4,496,156
	etc.						\$ -				\$ -	\$ -
		Total		\$ 29,541,818	\$ 4,851,497	-\$ 76,140	\$ 34,317,175	-\$ 7,158,250	-\$ 1,433,640	\$ -	\$ 8,591,890	\$ 25,725,285

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation\$ -

Notes:

- 1Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- 2The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- 3The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
- 4The depreciation column (D) is not required as the relevant information will be provided in the following 2-C series of appendices.

Appendix 2-B
Fixed Asset Continuity Schedule

Year 2008

CCA Class		OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation					
					Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value	
12	1611		Computer Software (Formally known as Account 1925)					\$ -				\$ -	\$ -	
CEC	1612		Land Rights (Formally known as Account 1906)					\$ -				\$ -	\$ -	
N/A	1805		Land		\$ 227,769			\$ 227,769				\$ -	\$ 227,769	
47	1808		Buildings	2.00%	\$ 2,450,304			\$ 2,450,304	-\$ 26,781	-\$ 49,196		\$ 75,977	\$ 2,374,327	
13	1810		Leasehold Improvements					\$ -				\$ -	\$ -	
47	1815		Transformer Station Equipment >50 kV					\$ -				\$ -	\$ -	
47	1820		Distribution Station Equipment <50 kV	3.33%	\$ 3,157,391	\$ 387,320		\$ 3,544,711	-\$ 1,005,530	-\$ 150,219		\$ 1,155,749	\$ 2,388,962	
47	1825		Storage Battery Equipment					\$ -				\$ -	\$ -	
47	1830		Poles, Towers & Fixtures	4.00%	\$ 5,005,316	\$ 284,012		\$ 5,289,328	-\$ 1,311,957	-\$ 226,678		\$ 1,538,635	\$ 3,750,693	
47	1835		Overhead Conductors & Devices	4.00%	\$ 7,357,202	\$ 325,395		\$ 7,682,597	-\$ 1,758,603	-\$ 493,352		\$ 2,251,955	\$ 5,430,642	
47	1840		Underground Conduit	4.00%	\$ 2,484,344	\$ 113,840		\$ 2,598,184	-\$ 493,678	-\$ 110,610		\$ 604,288	\$ 1,993,896	
47	1845		Underground Conductors & Devices	4.00%	\$ 6,258,562	\$ 523,410		\$ 6,781,972	-\$ 1,395,364	-\$ 131,252		\$ 1,526,616	\$ 5,255,356	
47	1850		Line Transformers	4.00%	\$ 6,521,923	\$ 699,162		\$ 7,221,085	-\$ 1,419,558	-\$ 302,788		\$ 1,722,346	\$ 5,498,739	
47	1855		Services (Overhead & Underground)	4.00%	\$ 3,004,698	\$ 356,816		\$ 3,361,514	-\$ 681,372	-\$ 138,124		\$ 819,496	\$ 2,542,018	
47	1860		Meters	4.00%	\$ 2,377,104	\$ 151,290		\$ 2,528,394	-\$ 596,387	-\$ 101,817		\$ 698,204	\$ 1,830,190	
8	1860		Meters (Smart Meters)	4.00%	\$ 61,140			\$ 61,140		-\$ 9,774		\$ 9,774	\$ 51,366	
N/A	1905		Land					\$ -				\$ -	\$ -	
47	1908		Buildings & Fixtures					\$ -				\$ -	\$ -	
13	1910		Leasehold Improvements					\$ -				\$ -	\$ -	
8	1915		Office Furniture & Equipment (10 years)	10.00%		\$ 244,053		\$ 244,053		-\$ 133,197		\$ 133,197	\$ 110,856	
8	1915		Office Furniture & Equipment (5 years)					\$ -				\$ -	\$ -	
10	1920		Computer Equipment - Hardware	20.00%		\$ 69,332		\$ 69,332		-\$ 152,871		\$ 152,871	\$ 83,539	
45	1920		Computer Equip.-Hardware(Post Mar. 22/04)	20.00%		\$ 275,946		\$ 275,946		-\$ 132,138		\$ 132,138	\$ 143,808	
45.1	1920		Computer Equip.-Hardware(Post Mar. 19/07)	20.00%		\$ 52,212		\$ 52,212		-\$ 44,775		\$ 44,775	\$ 7,437	
12	1925		Computer Software (Formally known as Account 1925)	33.33%	\$ 267,519	\$ 459,353		\$ 726,872	-\$ 262,601	-\$ 408,731		\$ 671,332	\$ 55,540	
10	1930		Transportation Equipment	12.50%		\$ 1,648,262	-\$ 30,000	\$ 1,618,262		-\$ 978,880	\$ 30,000	\$ 948,880	\$ 669,382	
8	1935		Stores Equipment	10.00%		\$ 23,501		\$ 23,501		-\$ 7,006		\$ 7,006	\$ 16,495	
8	1940		Tools, Shop & Garage Equipment	10.00%		\$ 214,184		\$ 214,184		-\$ 136,811		\$ 136,811	\$ 77,373	
8	1945		Measurement & Testing Equipment	10.00%		\$ 59,760		\$ 59,760		-\$ 16,339		\$ 16,339	\$ 43,421	
8	1950		Power Operated Equipment	12.50%		\$ 66,947		\$ 66,947		-\$ 26,037		\$ 26,037	\$ 40,910	
8	1955		Communications Equipment	10.00%		\$ 102,070		\$ 102,070		-\$ 86,622		\$ 86,622	\$ 15,448	
8	1955		Communication Equipment (Smart Meters)					\$ -				\$ -	\$ -	
8	1960		Miscellaneous Equipment	10.00%		\$ 32,903		\$ 32,903		-\$ 18,442		\$ 18,442	\$ 14,461	
47	1975		Load Management Controls Utility Premises	10.00%	\$ 258,631			\$ 258,631	-\$ 258,631			\$ 258,631	\$ -	
47	1980		System Supervisor Equipment					\$ -				\$ -	\$ -	
47	1985		Miscellaneous Fixed Assets	10.00%		\$ 1,427		\$ 1,427		-\$ 1,427		\$ 1,427	\$ -	
47	1995		Contributions & Grants	4.00%	-\$ 5,114,728	-\$ 892,416		-\$ 6,007,144	\$ 618,572	\$ 223,216		\$ 841,788	\$ 5,165,356	
	etc.							\$ -				\$ -	\$ -	
			Total		\$ 34,317,175	\$ 5,198,779	-\$ 30,000	\$ 39,485,954	-\$ 8,591,890	-\$ 3,633,870	\$ 30,000	-\$ 12,195,760	\$ 27,290,194	

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation
 Transportation
 Stores Equipment
Net Depreciation **\$ 30,000**

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
- The depreciation column (D) is not required as the relevant information will be provided in the following 2-C series of appendices.

Appendix 2-B Fixed Asset Continuity Schedule

Year 2009

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)					\$ -				\$ -	\$ -
CEC	1612	Land Rights (Formally known as Account 1906)					\$ -				\$ -	\$ -
N/A	1805	Land		\$ 227,769			\$ 227,769				\$ -	\$ 227,769
47	1908	Buildings	2.00%	\$ 2,450,304	\$ 30,908		\$ 2,481,212	-\$ 75,977	-\$ 49,513		\$ 125,490	\$ 2,355,722
13	1810	Leasehold Improvements					\$ -				\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV					\$ -				\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	3.33%	\$ 3,544,711	\$ 123,141		\$ 3,667,852	-\$ 1,155,749	-\$ 158,695		\$ 1,314,444	\$ 2,353,408
47	1825	Storage Battery Equipment					\$ -				\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 5,289,327	\$ 591,965		\$ 5,881,293	-\$ 1,538,635	-\$ 244,176		\$ 1,782,811	\$ 4,098,482
47	1835	Overhead Conductors & Devices	4.00%	\$ 8,884,640	\$ 664,081	-\$ 1,202,043	\$ 8,346,678	-\$ 2,251,955	-\$ 403,032		\$ 2,654,987	\$ 5,691,691
47	1840	Underground Conduit	4.00%	\$ 2,598,184	\$ 72,699		\$ 2,670,883	-\$ 604,288	-\$ 114,350		\$ 718,637	\$ 1,952,245
47	1845	Underground Conductors & Devices	4.00%	\$ 5,229,426	\$ 2,435,317		\$ 7,664,743	-\$ 1,526,616	-\$ 262,473		\$ 1,789,088	\$ 5,875,655
47	1850	Line Transformers	4.00%	\$ 7,571,587	\$ 29,689		\$ 7,601,276	-\$ 1,722,346	-\$ 331,417		\$ 2,053,763	\$ 5,547,514
47	1855	Services (Overhead & Underground)	4.00%	\$ 3,361,513	\$ 344,648		\$ 3,706,161	-\$ 819,496	-\$ 152,160		\$ 971,656	\$ 2,734,506
47	1860	Meters	4.00%	\$ 2,528,394	\$ 82,373	-\$ 602,915	\$ 2,007,852	-\$ 698,204	-\$ 87,460	\$ 236,945	\$ 548,719	\$ 1,459,132
8	1860	Meters (Smart Meters)	4.00%	\$ 61,140		-\$ 61,140	\$ 0	-\$ 9,774		\$ 9,774	\$ -	\$ 0
N/A	1905	Land					\$ -				\$ -	\$ -
47	1908	Buildings & Fixtures					\$ -				\$ -	\$ -
13	1910	Leasehold Improvements					\$ -				\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	\$ 244,053			\$ 244,053	-\$ 133,197	-\$ 18,953		\$ 152,150	\$ 91,904
8	1915	Office Furniture & Equipment (5 years)					\$ -				\$ -	\$ -
10	1920	Computer Equipment - Hardware	20.00%	\$ 275,946			\$ 275,946	-\$ 152,871			\$ 152,871	\$ 123,075
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20.00%	\$ 52,212			\$ 52,212	-\$ 132,138	-\$ 9,176		\$ 141,314	\$ 89,102
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20.00%	\$ 69,332	\$ 24,238		\$ 93,570	-\$ 44,775	-\$ 16,288		\$ 61,064	\$ 32,506
12	1925	Computer Software (Formally known as Account 1925)	33.33%	\$ 726,871	\$ 23,488		\$ 750,359	-\$ 671,332	-\$ 34,565		\$ 705,897	\$ 44,462
10	1930	Transportation Equipment	12.50%	\$ 1,618,262	\$ 28,862		\$ 1,647,124	-\$ 948,880	-\$ 130,149		\$ 1,079,029	\$ 568,095
8	1935	Stores Equipment	10.00%	\$ 23,501	\$ 67,436		\$ 90,937	-\$ 7,006	-\$ 5,518		\$ 12,524	\$ 78,413
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 214,184	\$ 27,924		\$ 242,109	-\$ 136,811	-\$ 12,919		\$ 149,791	\$ 92,378
8	1945	Measurement & Testing Equipment	10.00%	\$ 59,760			\$ 59,760	-\$ 16,339	-\$ 5,973		\$ 22,312	\$ 37,449
8	1950	Power Operated Equipment	12.50%	\$ 66,947	\$ 33,325		\$ 100,272	-\$ 26,037	-\$ 6,335		\$ 32,372	\$ 67,900
8	1955	Communications Equipment	10.00%	\$ 102,070			\$ 102,070	-\$ 86,622	-\$ 10,862		\$ 97,484	\$ 4,586
8	1955	Communication Equipment (Smart Meters)					\$ -				\$ -	\$ -
8	1960	Miscellaneous Equipment	10.00%	\$ 32,903	\$ 4,890		\$ 37,793	-\$ 18,442	-\$ 3,543		\$ 21,985	\$ 15,809
47	1975	Load Management Controls Utility Premises	10.00%	\$ 258,631			\$ 258,631	-\$ 258,631			\$ 258,631	\$ -
47	1980	System Supervisor Equipment					\$ -				\$ -	\$ -
47	1985	Miscellaneous Fixed Assets	10.00%		\$ 1,427		\$ 1,427	-\$ 1,427			\$ 1,427	\$ 0
47	1995	Contributions & Grants	4.00%	-\$ 6,007,144	-\$ 1,264,357	\$ 3,378	-\$ 7,268,124	\$ 841,788	\$ 266,315	-\$ 721	\$ 1,107,382	-\$ 6,160,742
	etc.						\$ -				\$ -	\$ -
		Total		\$ 39,484,525	\$ 3,322,053	-\$ 1,862,720	\$ 40,943,858	-\$ 12,195,758	-\$ 1,791,243	\$ 245,998	-\$ 13,741,004	\$ 27,202,854

Less: Fully Allocated Depreciation

Transportation	
Stores Equipment	
Net Depreciation	\$ 245,998

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
- The depreciation column (D) is not required as the relevant information will be provided in the following 2-C series of appendices.

**Appendix 2-B
Fixed Asset Continuity Schedule**

Year **2010**

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)					\$ -				\$ -	\$ -
CEC	1612	Land Rights (Formally known as Account 1906)					\$ -				\$ -	\$ -
N/A	1805	Land		\$ 227,769			\$ 227,769				\$ -	\$ 227,769
47	1808	Buildings	2.00%	\$ 2,481,212	\$ 5,106		\$ 2,486,318	\$ 125,490	\$ 49,821		\$ 175,311	\$ 2,311,007
13	1810	Leasehold Improvements					\$ -				\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV					\$ -				\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	3.33%	\$ 3,667,852	\$ 150,637		\$ 3,818,490	\$ 1,314,444	\$ 124,772		\$ 1,439,216	\$ 2,379,274
47	1825	Storage Battery Equipment					\$ -				\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 5,881,293	\$ 682,475		\$ 6,563,767	\$ 1,782,811	\$ 270,377		\$ 2,053,188	\$ 4,510,579
47	1835	Overhead Conductors & Devices	4.00%	\$ 8,346,678	\$ 726,856		\$ 9,073,534	\$ 2,654,987	\$ 273,416		\$ 2,928,404	\$ 6,145,130
47	1840	Underground Conduit	4.00%	\$ 2,670,883	\$ 35,403		\$ 2,706,286	\$ 718,637	\$ 116,732		\$ 835,370	\$ 1,870,916
47	1845	Underground Conductors & Devices	4.00%	\$ 7,664,743	\$ 632,803		\$ 8,297,546	\$ 1,789,088	\$ 490,426		\$ 2,279,514	\$ 6,018,032
47	1850	Line Transformers	4.00%	\$ 7,601,276	\$ 100,985		\$ 7,500,291	\$ 2,053,763	\$ 298,995		\$ 2,352,758	\$ 5,147,533
47	1855	Services (Overhead & Underground)	4.00%	\$ 3,706,161	\$ 250,877		\$ 3,957,038	\$ 971,656	\$ 164,339		\$ 1,135,995	\$ 2,821,044
47	1860	Meters	4.00%	\$ 2,007,852	\$ 98,375	\$ 286,177	\$ 1,820,050	\$ 548,719	\$ 74,019	\$ 154,488	\$ 468,250	\$ 1,351,800
8	1860	Meters (Smart Meters)	4.00%				\$ -				\$ -	\$ -
N/A	1905	Land					\$ -				\$ -	\$ -
47	1908	Buildings & Fixtures					\$ -				\$ -	\$ -
13	1910	Leasehold Improvements					\$ -				\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	\$ 244,053	\$ 7,834		\$ 251,887	\$ 152,150	\$ 19,348		\$ 171,498	\$ 80,389
8	1915	Office Furniture & Equipment (5 years)					\$ -				\$ -	\$ -
10	1920	Computer Equipment - Hardware	20.00%	\$ 275,946			\$ 275,946	\$ 152,871			\$ 152,871	\$ 123,075
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20.00%	\$ 52,212			\$ 52,212	\$ 141,314	\$ 4,927		\$ 146,241	\$ 94,029
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20.00%	\$ 93,570	\$ 14,881		\$ 108,451	\$ 61,064	\$ 20,202		\$ 81,266	\$ 27,186
12	1925	Computer Software (Formally known as Account 1925)	33.33%	\$ 750,359	\$ 104,332		\$ 854,691	\$ 705,897	\$ 41,812		\$ 747,709	\$ 106,982
10	1930	Transportation Equipment	12.50%	\$ 1,647,124	\$ 276,547	\$ 85,000	\$ 1,838,671	\$ 1,079,029	\$ 149,236	\$ 85,000	\$ 1,143,265	\$ 695,406
8	1935	Stores Equipment	10.00%	\$ 90,937			\$ 90,937	\$ 12,524	\$ 8,886		\$ 21,410	\$ 69,527
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 242,109	\$ 36,167		\$ 278,276	\$ 149,731	\$ 16,123		\$ 165,854	\$ 112,422
8	1945	Measurement & Testing Equipment	10.00%	\$ 59,760	\$ 3,379		\$ 63,139	\$ 22,312	\$ 6,145		\$ 28,456	\$ 34,682
8	1950	Power Operated Equipment	12.50%	\$ 100,272			\$ 100,272	\$ 32,372	\$ 7,997		\$ 40,370	\$ 59,902
8	1955	Communications Equipment	10.00%	\$ 102,070	\$ 99,028	\$ 24,925	\$ 176,173	\$ 97,484	\$ 10,479	\$ 22,355	\$ 85,608	\$ 90,565
8	1955	Communication Equipment (Smart Meters)					\$ -				\$ -	\$ -
8	1960	Miscellaneous Equipment	10.00%	\$ 37,793	\$ 5,700		\$ 43,493	\$ 21,985	\$ 4,064		\$ 26,049	\$ 17,445
47	1975	Load Management Controls Utility Premises	10.00%	\$ 258,631			\$ 258,631	\$ 258,631			\$ 258,631	\$ -
47	1980	System Supervisor Equipment					\$ -				\$ -	\$ -
47	1985	Miscellaneous Fixed Assets	10.00%	\$ 1,427			\$ 1,427	\$ 1,427			\$ 1,427	\$ 0
47	1995	Contributions & Grants	4.00%	\$ 7,268,124	\$ 287,613		\$ 7,555,737	\$ 1,107,382	\$ 296,794		\$ 1,404,175	\$ 6,151,562
	etc.						\$ -				\$ -	\$ -
		Total		\$ 40,943,858	\$ 2,741,802	\$ 396,102	\$ 43,289,558	\$ 13,741,004	\$ 1,855,324	\$ 261,843	\$ 15,334,484	\$ 27,955,074

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation	
Stores Equipment	
Net Depreciation	\$ 261,843

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
- The depreciation column (D) is not required as the relevant information will be provided in the following 2-C series of appendices.

**Appendix 2-B
Fixed Asset Continuity Schedule**

Year **2011**

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)					\$ -				\$ -	\$ -
CEC	1612	Land Rights (Formally known as Account 1906)					\$ -				\$ -	\$ -
N/A	1805	Land		\$ 227,769			\$ 227,769				\$ -	\$ 227,769
47	1808	Buildings	2.00%	\$ 2,486,318			\$ 2,486,318	-\$ 175,311	-\$ 49,887		\$ 225,197	\$ 2,261,121
13	1810	Leasehold Improvements					\$ -				\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV					\$ -				\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	3.33%	\$ 3,818,490	\$ 450,639		\$ 4,269,129	-\$ 1,439,216	-\$ 136,439		\$ 1,575,655	\$ 2,693,474
47	1825	Storage Battery Equipment					\$ -				\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 6,563,767	\$ 542,315		\$ 7,106,083	-\$ 2,053,188	-\$ 294,873		\$ 2,348,061	\$ 4,758,021
47	1835	Overhead Conductors & Devices	4.00%	\$ 9,073,534	\$ 673,323		\$ 9,746,857	-\$ 2,928,404	-\$ 411,445		\$ 3,339,848	\$ 6,407,009
47	1840	Underground Conduit	4.00%	\$ 2,706,286	\$ 338,350		\$ 3,044,636	-\$ 835,370	-\$ 124,188		\$ 959,558	\$ 2,085,078
47	1845	Underground Conductors & Devices	4.00%	\$ 8,297,546	\$ 551,064		\$ 8,848,611	-\$ 2,279,514	-\$ 372,006		\$ 2,651,521	\$ 6,197,090
47	1850	Line Transformers	4.00%	\$ 7,500,291	\$ 507,270		\$ 8,007,561	-\$ 2,352,758	-\$ 338,711		\$ 2,691,469	\$ 5,316,092
47	1855	Services (Overhead & Underground)	4.00%	\$ 3,957,038	\$ 473,444		\$ 4,430,482	-\$ 1,135,995	-\$ 178,825		\$ 1,314,820	\$ 3,115,662
47	1860	Meters	4.00%	\$ 1,820,050	\$ 64,884	-\$ 305,370	\$ 1,579,564	-\$ 468,250	-\$ 61,785	\$ 112,752	\$ 417,283	\$ 1,162,281
8	1860	Meters (Smart Meters)	4.00%		\$ 105,634		\$ 105,634		-\$ 2,150		\$ 2,150	\$ 103,484
N/A	1905	Land					\$ -				\$ -	\$ -
47	1908	Buildings & Fixtures					\$ -				\$ -	\$ -
13	1910	Leasehold Improvements					\$ -				\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	\$ 251,887	\$ 10,589		\$ 262,476	-\$ 171,498	-\$ 14,531		\$ 186,029	\$ 76,448
8	1915	Office Furniture & Equipment (5 years)					\$ -				\$ -	\$ -
10	1920	Computer Equipment - Hardware	20.00%	\$ 275,946			\$ 275,946	-\$ 152,871			\$ 152,871	\$ 123,075
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20.00%	\$ 52,212			\$ 52,212	-\$ 146,241			\$ 146,241	\$ 94,029
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20.00%	\$ 108,451	\$ 45,385		\$ 153,837	-\$ 81,266	-\$ 26,228		\$ 107,494	\$ 46,343
12	1925	Computer Software (Formally known as Account 1925)	33.33%	\$ 854,691	\$ 89,765		\$ 944,456	-\$ 747,709	-\$ 65,863		\$ 813,572	\$ 130,884
10	1930	Transportation Equipment	12.50%	\$ 1,838,671	\$ 284,250	\$ 138,750	\$ 1,984,171	-\$ 1,143,265	-\$ 184,108	\$ 138,750	\$ 1,188,623	\$ 795,548
8	1935	Stores Equipment	10.00%	\$ 90,937		-\$ 5,900	\$ 85,037	-\$ 21,410	-\$ 8,296	\$ 3,540	\$ 26,166	\$ 58,871
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 278,276	\$ 18,505		\$ 296,781	-\$ 165,854	-\$ 18,526		\$ 184,380	\$ 112,401
8	1945	Measurement & Testing Equipment	10.00%	\$ 63,139	\$ 4,405		\$ 67,544	-\$ 28,456	-\$ 6,533		\$ 34,989	\$ 32,554
8	1950	Power Operated Equipment	12.50%	\$ 100,272		-\$ 11,000	\$ 89,272	-\$ 40,370	-\$ 7,997	\$ 11,000	\$ 37,367	\$ 51,905
8	1955	Communications Equipment	10.00%	\$ 176,173			\$ 176,173	-\$ 85,608	-\$ 20,382		\$ 105,991	\$ 70,183
8	1955	Communication Equipment (Smart Meters)					\$ -				\$ -	\$ -
8	1960	Miscellaneous Equipment	10.00%	\$ 43,493			\$ 43,493	-\$ 26,049	-\$ 3,693		\$ 29,742	\$ 13,751
47	1975	Load Management Controls Utility Premises	10.00%	\$ 258,631			\$ 258,631	-\$ 258,631			\$ 258,631	\$ -
47	1980	System Supervisor Equipment					\$ -				\$ -	\$ -
47	1985	Miscellaneous Fixed Assets	10.00%	\$ 1,427			\$ 1,427	-\$ 1,427			\$ 1,427	\$ 0
47	1995	Contributions & Grants	4.00%	\$ 7,555,737	-\$ 632,720		\$ 8,188,457	\$ 1,404,175	\$ 315,631		\$ 1,719,807	\$ 6,468,651
	etc.						\$ -				\$ -	\$ -
		Total		\$ 43,289,558	\$ 3,527,103	-\$ 461,020	\$ 46,355,641	-\$ 15,334,484	-\$ 2,010,837	\$ 266,042	-\$ 17,079,279	\$ 29,276,362

Less: Fully Allocated Depreciation

Transportation	
Stores Equipment	
Net Depreciation	\$ 266,042

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
- The depreciation column (D) is not required as the relevant information will be provided in the following 2-C series of appendices.

**Appendix 2-B
Fixed Asset Continuity Schedule - CGAAP**

Year **2012**

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				Net Book Value
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
12	1611	Computer Software (Formally known as Account 1925)					\$ -				\$ -	\$ -
CEC	1612	Land Rights (Formally known as Account 1906)					\$ -				\$ -	\$ -
N/A	1805	Land		\$ 227,769			\$ 227,769				\$ -	\$ 227,769
47	1908	Buildings	2.00%	\$ 2,486,318	\$ 5,000		\$ 2,491,318	-\$ 225,197	-\$ 49,937		\$ 275,134	\$ 2,216,184
13	1810	Leasehold Improvements					\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV					\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	3.33%	\$ 4,269,129	\$ 506,839		\$ 4,775,968	-\$ 1,575,655	-\$ 147,775		\$ 1,723,430	\$ 3,052,538
47	1825	Storage Battery Equipment					\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 7,106,083	\$ 888,906		\$ 7,994,989	-\$ 2,348,061	-\$ 327,658		\$ 2,675,719	\$ 5,319,269
47	1835	Overhead Conductors & Devices	4.00%	\$ 9,746,857	\$ 838,997		\$ 10,585,854	-\$ 3,339,848	-\$ 441,852		\$ 3,781,700	\$ 6,804,154
47	1840	Underground Conduit	4.00%	\$ 3,044,636	\$ 290,681		\$ 3,335,317	-\$ 959,558	-\$ 136,788		\$ 1,096,346	\$ 2,238,971
47	1845	Underground Conductors & Devices	4.00%	\$ 8,848,611	\$ 454,468		\$ 9,303,079	-\$ 2,651,521	-\$ 392,366		\$ 3,043,887	\$ 6,259,192
47	1850	Line Transformers	4.00%	\$ 8,007,561	\$ 592,656		\$ 8,600,217	-\$ 2,691,469	-\$ 360,782		\$ 3,052,251	\$ 5,547,966
47	1855	Services (Overhead & Underground)	4.00%	\$ 4,430,482	\$ 637,257		\$ 5,067,739	-\$ 1,314,820	-\$ 201,040		\$ 1,515,860	\$ 3,551,879
47	1860	Meters	4.00%	\$ 1,579,564			\$ 1,579,564	-\$ 417,283	-\$ 67,812		\$ 485,095	\$ 1,094,469
8	1860	Meters (Smart Meters)	6.67%	\$ 105,634	\$ 38,652		\$ 144,286	-\$ 2,150	-\$ 8,418		\$ 10,568	\$ 133,718
N/A	1905	Land					\$ -	\$ -			\$ -	\$ -
47	1908	Buildings & Fixtures					\$ -	\$ -			\$ -	\$ -
13	1910	Leasehold Improvements					\$ -	\$ -			\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	\$ 262,476	\$ 5,000		\$ 267,476	-\$ 186,029	-\$ 15,084		\$ 201,113	\$ 66,364
8	1915	Office Furniture & Equipment (5 years)					\$ -	\$ -			\$ -	\$ -
10	1920	Computer Equipment - Hardware	20.00%	\$ 275,946			\$ 275,946	-\$ 152,871			\$ 152,871	\$ 123,075
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20.00%	\$ 52,212			\$ 52,212	-\$ 146,241			\$ 146,241	\$ 94,029
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20.00%	\$ 153,837	\$ 22,000		\$ 175,837	-\$ 107,494	-\$ 27,104		\$ 134,598	\$ 41,239
12	1925	Computer Software (Formally known as Account 1925)	33.33%	\$ 944,456	\$ 50,000		\$ 994,456	-\$ 813,572	-\$ 70,279		\$ 883,851	\$ 110,605
10	1930	Transportation Equipment	12.50%	\$ 1,984,171	\$ 450,000	-\$ 150,000	\$ 2,284,171	-\$ 1,188,623	-\$ 229,861	\$ 150,000	\$ 1,268,484	\$ 1,015,687
8	1935	Stores Equipment	10.00%	\$ 85,037			\$ 85,037	-\$ 26,166	-\$ 8,296		\$ 34,462	\$ 50,575
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 296,781	\$ 72,000		\$ 368,781	-\$ 184,380	-\$ 22,364		\$ 206,744	\$ 162,037
8	1945	Measurement & Testing Equipment	10.00%	\$ 67,544			\$ 67,544	-\$ 34,989	-\$ 6,645		\$ 41,634	\$ 25,909
8	1950	Power Operated Equipment	12.50%	\$ 89,272			\$ 89,272	-\$ 37,367	-\$ 7,997		\$ 45,364	\$ 43,908
8	1955	Communications Equipment	10.00%	\$ 176,173			\$ 176,173	-\$ 105,991	-\$ 20,382		\$ 126,373	\$ 49,801
8	1955	Communication Equipment (Smart Meters)					\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	10.00%	\$ 43,493	\$ 40,000		\$ 83,493	-\$ 29,742	-\$ 4,342		\$ 34,084	\$ 49,409
47	1975	Load Management Controls Utility Premises	10.00%	\$ 258,631			\$ 258,631	-\$ 258,631			\$ 258,631	\$ -
47	1980	System Supervisor Equipment					\$ -	\$ -			\$ -	\$ -
47	1985	Miscellaneous Fixed Assets	10.00%	\$ 1,427			\$ 1,427	-\$ 1,427			\$ 1,427	\$ 0
47	1995	Contributions & Grants	4.00%	\$ 8,188,457	-\$ 433,861		\$ 8,622,318	\$ 1,719,807	\$ 336,986		\$ 2,056,793	\$ 6,565,526
	etc.						\$ -				\$ -	\$ -
		Total		\$ 46,355,641	\$ 4,458,595	-\$ 150,000	\$ 50,664,236	-\$ 17,079,279	-\$ 2,209,796	\$ 150,000	-\$ 19,139,075	\$ 31,525,161

10		Transportation
8		Stores Equipment

Less: Fully Allocated Depreciation

Transportation	
Stores Equipment	
Net Depreciation	\$ 150,000

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
- The depreciation column (D) is not required as the relevant information will be provided in the following 2-C series of appendices.

**Appendix 2-B
Fixed Asset Continuity Schedule - CGAAP**

Year **2013**

CCA Class	OEB	Description	Depreciation Rate	Cost				Accumulated Depreciation				
				Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Net Book Value
12	1611	Computer Software (Formally known as Account 1925)					\$ -				\$ -	\$ -
CEC	1612	Land Rights (Formally known as Account 1906)					\$ -				\$ -	\$ -
N/A	1805	Land		\$ 227,769			\$ 227,769				\$ -	\$ 227,769
47	1808	Buildings	2.00%	\$ 2,491,318	\$ 9,000		\$ 2,500,318	\$ 275,134	\$ 50,077		\$ 325,211	\$ 2,175,107
13	1810	Leasehold Improvements					\$ -				\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV					\$ -				\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	3.33%	\$ 4,775,968	\$ 594,855		\$ 5,370,823	\$ 1,723,430	\$ 166,136		\$ 1,889,566	\$ 3,481,257
47	1825	Storage Battery Equipment					\$ -				\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 7,994,989	\$ 958,576		\$ 8,953,565	\$ 2,675,719	\$ 364,607		\$ 3,040,326	\$ 5,913,238
47	1835	Overhead Conductors & Devices	4.00%	\$ 10,585,854	\$ 893,675		\$ 11,479,529	\$ 3,781,700	\$ 476,505		\$ 4,258,205	\$ 7,221,324
47	1840	Underground Conduit	4.00%	\$ 3,335,317	\$ 409,989		\$ 3,745,306	\$ 1,096,346	\$ 150,801		\$ 1,247,147	\$ 2,498,159
47	1845	Underground Conductors & Devices	4.00%	\$ 9,303,079	\$ 505,661		\$ 9,808,740	\$ 3,043,887	\$ 411,569		\$ 3,455,456	\$ 6,353,284
47	1850	Line Transformers	4.00%	\$ 8,600,217	\$ 627,227		\$ 9,227,444	\$ 3,052,251	\$ 385,180		\$ 3,437,431	\$ 5,790,013
47	1855	Services (Overhead & Underground)	4.00%	\$ 5,067,739	\$ 658,066		\$ 5,725,805	\$ 1,515,880	\$ 226,946		\$ 1,742,826	\$ 3,982,979
47	1860	Meters	4.00%	\$ 1,579,564			\$ 1,579,564	\$ 485,095	\$ 67,812		\$ 552,907	\$ 1,026,657
8	1860	Meters (Smart Meters)	6.67%	\$ 144,286	\$ 316,432		\$ 460,718	\$ 10,568	\$ 20,245		\$ 30,813	\$ 429,905
N/A	1905	Land					\$ -				\$ -	\$ -
47	1908	Buildings & Fixtures					\$ -				\$ -	\$ -
13	1910	Leasehold Improvements					\$ -				\$ -	\$ -
8	1915	Office Furniture & Equipment (10 years)	10.00%	\$ 267,476	\$ 2,000		\$ 269,476	\$ 201,113	\$ 14,437		\$ 215,550	\$ 53,927
8	1915	Office Furniture & Equipment (5 years)					\$ -				\$ -	\$ -
10	1920	Computer Equipment - Hardware	20.00%	\$ 275,946			\$ 275,946	\$ 152,871			\$ 152,871	\$ 123,075
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	20.00%	\$ 52,212			\$ 52,212	\$ 146,241			\$ 146,241	\$ 94,029
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	20.00%	\$ 175,837	\$ 28,600		\$ 204,437	\$ 134,598	\$ 28,162		\$ 162,760	\$ 41,677
12	1925	Computer Software (Formally known as Account 1925)	33.33%	\$ 994,456	\$ 45,000		\$ 1,039,456	\$ 883,851	\$ 68,144		\$ 951,995	\$ 87,461
10	1930	Transportation Equipment	12.50%	\$ 2,284,171	\$ 400,000	\$ 50,000	\$ 2,634,171	\$ 1,268,484	\$ 254,125	\$ 50,000	\$ 1,472,609	\$ 1,161,562
8	1935	Stores Equipment	10.00%	\$ 85,037			\$ 85,037	\$ 34,462	\$ 8,296		\$ 42,758	\$ 42,279
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 368,781	\$ 72,000		\$ 440,781	\$ 206,744	\$ 27,972		\$ 234,716	\$ 206,065
8	1945	Measurement & Testing Equipment	10.00%	\$ 67,544			\$ 67,544	\$ 41,634	\$ 6,645		\$ 48,279	\$ 19,264
8	1950	Power Operated Equipment	12.50%	\$ 89,272			\$ 89,272	\$ 45,364	\$ 7,997		\$ 53,361	\$ 35,911
8	1955	Communications Equipment	10.00%	\$ 176,173			\$ 176,173	\$ 126,373	\$ 20,092		\$ 146,465	\$ 29,709
8	1955	Communication Equipment (Smart Meters)					\$ -				\$ -	\$ -
8	1960	Miscellaneous Equipment	10.00%	\$ 83,493	\$ 45,000		\$ 128,493	\$ 34,084	\$ 4,592		\$ 38,676	\$ 89,817
47	1975	Load Management Controls Utility Premises	10.00%	\$ 258,631			\$ 258,631	\$ 258,631			\$ 258,631	\$ -
47	1980	System Supervisor Equipment					\$ -				\$ -	\$ -
47	1985	Miscellaneous Fixed Assets	10.00%	\$ 1,427			\$ 1,427	\$ 1,427			\$ 1,427	\$ 0
47	1995	Contributions & Grants	4.00%	\$ 8,622,318	\$ 417,663		\$ 9,039,981	\$ 2,056,793	\$ 354,039		\$ 2,410,832	\$ 6,629,150
	etc.						\$ -				\$ -	\$ -
		Total		\$ 50,664,236	\$ 5,148,418	\$ 50,000	\$ 55,762,654	\$ 19,139,075	\$ 2,406,301	\$ 50,000	\$ 21,495,376	\$ 34,267,278
		Smart Meter Additions (from 1555)										
8	1860	Meters (Smart Meters)	6.67%	\$ 3,626,141			\$ 3,626,141	\$ 662,079	\$ 241,743		\$ 903,822	\$ 2,722,319
45.1	1920	Computer Hardware (Smart Meters)	20.00%	\$ 62,873			\$ 62,873	\$ 35,193	\$ 12,575		\$ 47,768	\$ 15,105
12	1925	Computer Software (Smart Meters)	33.33%	\$ 274,217			\$ 274,217	\$ 99,859	\$ 54,843		\$ 154,702	\$ 119,515
		Revised Total		\$ 54,627,467	\$ 5,148,418	\$ 50,000	\$ 59,725,885	\$ 19,936,206	\$ 2,715,462	\$ 50,000	\$ 22,601,668	\$ 37,124,217

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation
Transportation
Stores Equipment
Net Depreciation **\$ 50,000**

Notes:

- Tables in the format outlined above covering all fixed asset accounts should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
- The "CCA Class" for fixed assets should agree with the CCA Class used for tax purposes in Tax Returns. Fixed Assets sub-components may be used where the underlying asset components are classified under multiple CCA Classes for tax purposes. If an applicant uses any different classes from those shown in the table, an explanation should be provided. (also see note 3 below).
- The table may need to be customized for a utility's asset categories or for any new asset accounts announced or authorized by the Board.
- The depreciation column (D) is not required as the relevant information will be provided in the following 2-C series of appendices.

Exhibit 2: Rate Base

Tab 4 (of 7): Capital Plan

SUMMARY OF HISTORICAL CAPITAL EXPENDITURES

The following table summarizes WPI's annual total historical capital expenditures for the year 2007 to 2011 as well as forecasted expenditures for 2012 and 2013:

Table 1: Capital Expenditure History

Year	Amount (\$K)
2007	4,851
2008	5,199
2009	3,321
2010	2,742
2011	3,527
2012	4,459
2013	5,148

The increase from 2007 to 2008 was mainly due to the amalgamation of the three Westario companies into one in 2008. Effective January 1, 2008, WPI assumed all the capital assets of the Westario Power Services Inc. Details of this increase were presented in WPI's 2009 Cost of Service application.

The decrease in 2009 can be explained by reduced investment in general plant assets compared to historical years. Another contributing factor was an atypically high level of contributed capital.

In 2010, WPI suffered a fatality which had a significant impact on the operations of the business. Given the timing of the fatality and the inability of the workforce to complete capital works that had been originally scheduled, there was a decrease in capital costs for the year. In addition, the downturn in the economy was also a contributor in the lower than usual new growth and development.

1
2 Capital expenditures on a dollar for dollar basis for materials and services include PST in
3 the cost up to June 30, 2010 and exclude HST subsequent to this date.

4
5 In 2011, the increase from the prior year is primarily due to the additional works required
6 on the municipal substations to ensure they remain compliant with current Electrical
7 Safety Authority standards.

8
9 Schedule 2 describes WPI's investment planning process.

10
11 In order to provide a better comparative of historical vs forecast capital spending,
12 Schedule 3 presents each capital project complete with variance analysis from 2007 to
13 the 2013 test year. The analysis includes a summary of the justification for the
14 investment, a description of the project scope, purpose of the project, and, if known, the
15 related customer attachments, load, starting date, in-service date and spending amounts
16 by asset account.

17
18 Exhibit 2, Tab 4, Schedule 3, Attachment 1 presents the OEB Appendix 2-A Capital
19 Projects Table listing all projects from 2007 to the 2013 Test Year.

PROJECT/PROGRAM CLASSIFICATIONS

In managing its capital assets WPI's primary objectives are to optimize asset performance in a cost-effective manner, enhance safety, protect the environment, improve operational efficiency, maintain high standards of reliability, adhere to regulations and meet customer demand. WPI develops capital programs on both a short and longer-term basis, and prepares annual budgets and forecasts as the basis for capital investments. WPI's approach to managing its distribution system is comprised of the following two key strategies:

- 1) System Planning; add new assets and/or replace assets that are at or nearing the end of their useful life. This includes consideration for:

- Capital Investment
- Contingency Planning

This is described in further detail below.

- 2) Managing and Sustaining Existing Assets; maintain and operate existing distribution assets to prevent failures and maximize equipment useful life. WPI's approach to managing its distribution assets is described in more detail in WPI's *Distribution Asset Management Program (DAMP)*.

- Asset Knowledge
- Asset Condition.
- Operating and Maintaining Assets

These are described in more detail below.

1. System Planning:

Analysis of System Capacity

The primary purpose of System Planning is to ensure that sufficient system capacity is available to serve existing customers and meet the needs of future customers. The System Planning process involves the following main activities:

- Analyzing system loads at feeder, substation, and power transformer levels. Data is obtained from current recorders that are installed on lines to gain load profiles of sections of feeders or via Utilismart (third party contractor who manages and compiles data information on a substation, wholesale meter or interval meter level). In the future, more effective system loading models can be developed because data from Smart Meters can be utilized to more accurately identify how loads are distributed along feeders.
- Analyzing system voltages at substations and various feeder locations utilizing Utilismart data, line voltage regulators, or voltage recording devices.
- Forecasting future peak loading by estimating the impact of future load additions and base load growth.
- Identifying power transformers and feeders that are at risk of exceeding their rated capacity within a five-year timeframe, either under normal or emergency conditions.
- Detecting areas of the system that may experience less than acceptable voltages over the next two years.
- Identifying corrective actions to rectify forecasted loading or voltage issues including facility upgrades, system expansions, load transfers, or the installation of voltage regulators or capacitors.

1 ***Contingency Planning:***

2 There are two main objectives of Contingency Planning:

- 3 1. ensuring that adequate system capacity exists so that affected customers can be
4 supplied from alternate sources should a major component fail, and
- 5 2. reducing the number of customers affected by forced line outages.

6 An example of planning for adequate capacity would include ensuring that affected
7 customers can be restored from an alternate source in a reasonable time period during a
8 power transformer failure. Where such alternate sources do not exist or are of
9 insufficient capacity, then investments must be made to upgrade or expand the system
10 to provide this capacity. This planning process includes the following main activities:

- 11 • Reviewing power transformer and feeder loading data.
- 12 • Identifying backup sources for each power transformer and distribution feeder.
- 13 • Forecasting power transformer and feeder loads under emergency conditions
14 and identifying any components that may exceed emergency ratings.
- 15 • Identifying corrective actions to rectify forecasted capacity issues including facility
16 upgrades, system expansions, or load transfers.

17 The Contingency Planning objective of reducing the number of customers affected by
18 forced line outages is accomplished by:

- 19 • Investing in additional distribution system protection.
- 20 • Deploying line reclosers on long feeders.
- 21 • Ensuring that spur lines are appropriately protected.

22

2. Managing and Sustaining Existing Assets:

Asset replacement based on condition can take two forms. Firstly, assets can be replaced on a reactive basis when they fail, such as in the case of underground cable or distribution transformer failures. The second category is the proactive upgrading or replacement of assets that are at or nearing the end of their useful life. WPI utilizes several strategies to assess asset condition for possible proactive replacement, including:

- Visual inspections
- Component failure history
- Predictive testing, such as power transformer Dissolved Gas Analysis (DGA)

These programs are described in more detail in the DAMP and in the section on WPI Maintenance Programs.

CAPITAL INVESTMENT OBJECTIVES

WPI considers several factors when planning capital investments in its distribution systems. A capital investment can be made to meet one or more of the following broad objectives:

Customer Demand

These investments are made to meet customer needs for new or upgraded services.

WPI undertakes these projects in accordance with its Conditions of Service and the Distribution System Code. Typical projects include connecting new customers, servicing new residential subdivisions, and upgrading service lines or distribution transformers to serve increased customer loads. The cost of basic connections is recovered as part of

1 WPI's revenue requirement. Customer capital contributions towards expansion projects
2 are assessed and collected by WPI in accordance with the Distribution System Code.

3 ***Replace Aging Assets***

4 These investments are made to replace assets that are nearing or have reached the end
5 of their useful life. New plant typically provides greater capacity, offers improved
6 reliability, requires less maintenance, and enhances safety. The decision to replace
7 older distribution plant is based on factors such as its reliability performance, its capacity
8 to meet present and future needs, and the result of asset condition assessments. Where
9 deterioration is identified, replacements may be limited to a small area, but where an
10 entire geographic area is of similar vintage and the deterioration is widespread, the
11 project may involve upgrading or replacing the assets in the entire area. The Port Elgin
12 5KV Cable and Poletran Replacement is an example of a major undertaking that falls
13 under the latter category of asset replacement.

14 ***Improve System Reliability***

15 Investments to improve system reliability are undertaken when failure of a component
16 may result in widespread and/or lengthy outages to customers or where inadequate
17 contingency exists due to a lack of feeder or substation transfer capability. Projects to
18 rectify this situation could typically involve constructing feeder inter-ties to provide
19 backup power sources or upgrading plant to improve emergency transfer capability.
20 Where it is identified that failure of a component could result in a widespread outage,
21 projects are undertaken to install additional switching locations or line reclosers to
22 sectionalize longer feeders and reduce the number of customers that would be affected
23 by a failed component. Projects are also undertaken to address issues where outages
24 are caused by repeated failures of a certain type of component.

25 ***Expand System Capacity***

26 Customer demand for new services in addition to load growth of existing customers can
27 result in overloading in various parts of the distribution system. Where potential

1 overloading under normal or contingency scenarios could occur, investments are made
2 to increase system capacity by adding or upgrading lines, transformers, or substations.

3 ***Install Metering***

4 Investments in this category include the purchase and installation of meters and
5 instrument transformers to service new or upgraded customer facilities, install wholesale
6 metering points, replace deteriorated meters and associated equipment, and meet
7 Measurement Canada and IESO installation and measurement standards.

8 ***Distribution System Technology Upgrades***

9 WPI invests in new technologies to more effectively operate its distribution systems and
10 to enhance access to system data. WPI deploys electronic reclosers at strategic
11 locations on its distribution systems to enhance feeder sectionalizing, fault locating, and
12 outage restoration. As older substations are upgraded or replaced, protective relaying
13 systems are modernized by replacing older electromechanical relays with modern
14 microprocessor-based relays. These newer-style relays provide more protective
15 functionality and flexibility, access to data, and fault analysis capability. WPI is also
16 implementing mapping/geographical information system applications. These systems will
17 improve system planning functions, enhance outage response, improve the efficiency of
18 the planning process, and support asset management initiatives. The effectiveness of
19 these systems will be further enhanced by integrating data from WPI's Smart Meters.

20 ***Improve Communications Systems***

21 Investments in this category include expenditures pertaining to WPI's telephone system
22 and the two-way radio system. These expenditures are necessary to maintain effective
23 internal and external communications to conduct day to day operations and promote
24 safety and reliability.

25 ***Transportation***

26 WPI invests in fleet vehicles – cars, trucks, trailers, and associated equipment to support
27 construction, maintenance, and operation of its distribution systems.

1 ***Maintain and Upgrade Facilities***

2 Investments in this category include expenditures associated with the maintenance and
3 upgrading of WPI's building and other facilities to provide employees with adequate, safe
4 and healthy work environments. These facilities support the construction, maintenance,
5 and operation of WPI's distribution systems.

6 ***Enhance Safety and Protection of the Environment***

7 Investments in this category are made to enhance employee and/or public safety,
8 protect the environment, or conform to legislative requirements. Examples of such
9 investments could include investments in substations to reduce personnel exposure to
10 arc-flash hazards, the construction of power transformer oil collection systems, and the
11 elimination of PCB-contaminated equipment to meet the requirements of federal
12 legislation.

13 Detailed descriptions of all of WPI's distribution system capital projects for the period
14 2007-2013 under all categories of investment appear in Exhibit 2, Tab 4, Schedule 3.

15 **Construction Work in Progress ("CWIP")**

16 WPI follows the guidelines set out in the Accounting Procedures Handbook with respect
17 to recording construction work in progress. Any capital projects which remain
18 uncompleted at year end are recorded as CWIP and capitalized in the year that the
19 project is completed.

INVESTMENTS BY PROJECT

Overview:

Each capital project has been presented in CGAAP for 2007-2013 Test Year for comparability purposes. Any changes as a result of reporting under MIFRS will be further detailed in Exhibit 10.

#6 Copper Replacement Program

Need: Projects in this classification are undertaken to upgrade distribution lines to expand system capacity, replace aging assets, enhance safety and protection of the environment, and improve system reliability.

Scope: Communities with #6 Copper primary and secondary wire.

Purpose of project: In the past #6 Copper primary and secondary wire was an inexpensive solution for extending power lines to areas with small energy demands. These areas are now experiencing load growth and feeder extensions off the #6 primary wire. The wire has grown brittle and is undersized for the average load. This wire type poses a public and worker safety issue should the wire break and fall. Because of the smallness of the wire, the protection equipment at the substation does not sense the fault and does not operate to isolate the line.

Many of the installations at which the Restricted Conductors (#4 & #6 solid copper and ACSR conductor) have been identified are 60 years old or more. The age of these conductors in combination with over tensioning, their small strand size used in long spans and poorer quality in their original manufacture all seem to be contributing factors to the breakage of these Restricted Conductors.

Westario Power will actively target this wire for replacement. This will be an ongoing budget item for some time to come.

1 **Related customer attachments:** unknown

2 **Load:** unknown

3 **Starting date:** 2009 and ongoing

4 **In-service date:** 2009 and ongoing

5 **Capital costs:**

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
<i>Capital #6 Primary Replacement</i>							
Poles, Towers & Fixtures			143,729	182,424	224,903	322,551	351,114
Overhead Conductors & Devices			201,622	201,865	295,784	387,061	421,338
Underground Conduit			10,799	7,802	4,070		
Underground Conductors & Devices			82,044	36,147	58,496	64,510	70,223
Line Transformers			137,421	23,617	136,620	258,040	280,892
Services			75,775	60,143	163,793	258,040	280,892
Meters			782	947			
Sub-Total	0	0	652,172	512,945	883,666	1,290,202	1,404,459
\$ Variance		0	652,172	-139,227	370,721	406,536	114,257
Percentage Variance				-21%	72%	46%	9%

6

7 **Variance Analysis:** The capital project began in 2009 and is not expected to be
 8 completed in the near future. WPI has identified various areas of its service territory that
 9 require upgrading over the next eight to ten years. The net variances year over year
 10 result due to the priority of the jobs that need to be completed in the year and the
 11 number of man hours allocated annually to the job. For 2012 and 2013, WPI has
 12 increased the priority level as this project warrants replacement in the near future. One
 13 point to note is that an incident occurred when live wire fell on a pedestrian in one of our
 14 communities in 2008. Fortunately, no injury occurred. This conductor is throughout the
 15 communities that WPI serves. WPI has prioritized projects based on levels of failure and
 16 field assessments and have forecasted from this assessment where and when we are
 17 able to replace the conductor. For 2012 and going forward, WPI has budgeted for the
 18 work to be completed by third party contractors as chosen utilizing the Purchasing
 19 Policy. It should be emphasized that WPI's loss factor has declined from 7.88% to
 20 7.00% which signifies that the program is contributing to a smaller line loss for the utility.

1

2 **Capital Poles – Priority Level 5**

3 **Need:** Projects in this classification are undertaken to replace aging assets, enhance
4 safety and protection of the environment, and improve system reliability.

5 **Scope:** All communities are affected.

6 **Purpose of project:** Westario Power has conducted a Pole Audit which has continued
7 into 2012. This will identify all poles in WPI's service area. In some cases the severity of
8 the hazards is high. Westario Power has taken a managed approach to prioritizing and
9 replacement of such plant. Identified projects are scored against a pre-established set
10 of criteria in categories including reliability, public safety and worker safety prudence of
11 expense.

12 Westario Power has a large quantity of defective poles across the service territory.
13 There is a risk of poles falling from high winds and ice loading. Many of the poles are on
14 circuits that deliver power to commercial and industrial customers, who would be at risk
15 if there was no program to deal with these poles.

16 These projects involve the replacement of deteriorated or substandard distribution
17 infrastructure and electrical equipment that pose a serious and likely risk to public and
18 worker safety.

19 Public and Worker Safety projects can involve either the complete rebuilding of
20 deteriorated lines or the selective replacement of line components. Renewal decisions
21 are based on the need to maintain the integrity, safety and reliability of the system.

22 **Related customer attachments:** For 2012-2013, WPI has budgeted for approximately
23 50 poles to be replaced on an annual basis for this project.

24 **Load:** not applicable

25 **Starting date:** 2009 and ongoing

1 **In-service date:** 2009 and ongoing

2 **Capital costs:**

<i>Capital Poles - Priority Level 5</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures			204,510	151,385	182,403	200,696	198,504
Overhead Conductors & Devices			259,122	120,732	243,633	229,367	226,862
Underground Conduit			9,848	4,364	6,823	14,336	14,179
Underground Conductors & Devices			124,252	5,468	21,975	43,006	42,537
Line Transformers			133,695	10,252	140,419	28,671	28,358
Services			78,986	15,413	72,855	57,342	56,715
Meters			58	5,071	1,057		
Sub-Total	0	0	810,471	312,685	669,165	573,418	567,155
\$ Variance		0	810,471	-497,786	356,480	-95,747	-6,263
Percentage Variance		#DIV/0!	#DIV/0!	-61%	114%	-14%	-1%

3
 4 **Variance Analysis:** A forecast of 50 poles per year is estimated for the 2012 bridge
 5 year and 2013 test year based on the information gathered in the pole audit. Variances
 6 in previous years are based on actual number of poles changed out and burden rates.
 7 Burden rates are the indirect costs associated with functionality of the operations
 8 department (ie. safety, training, small tools, indirect labour, etc.). Burden rates may
 9 increase or decrease depending on the forecasted indirect costs as well as the allocated
 10 labour hours with which to apply the burdens.

11 **Capital Poles**

12 **Need:** Projects in this classification are undertaken to conform to ESA standards,
 13 replace aging assets, and improve system reliability.

14 **Scope:** various communities

15 **Purpose of project:** Many of these are poles, which during the previous design of jobs
 16 have been paid for by the customer, now do not meet ESA standards and will not pass
 17 CVP (Construction Verification Program) inspections. Also during the design of
 18 Commercial / Industrial services or in Subdivision planning, Westario may have to
 19 increase the size of its work area to take into consideration poles on either side of job.

1 On an individual basis, Westario will need to determine if these poles will need to be
 2 changed as well to meet the new standards.

3 **Related customer attachments:** unknown

4 **Load:** not applicable

5 **Starting date:** ongoing

6 **In-service date:** ongoing

7 **Capital costs:**

<i>Capital Poles</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	295,760	155,438					
Poles, Towers & Fixtures			84,835	71,400	105,344	283,535	286,173
Overhead Conductors & Devices			41,557	45,296	42,486	118,139	119,238
Underground Conduit			1,964	3,166	530		
Underground Conductors & Devices			10,320	11,525	2,835	11,814	11,924
Line Transformers			21,938	14,319	12,098	35,442	35,771
Services			9,837	5,685	9,514	23,628	23,848
Meters				499	1,302		
Sub-Total	295,760	155,438	170,451	151,890	174,109	472,558	476,954
\$ Variance		-140,322	15,013	-18,561	22,219	298,449	4,396
Percentage Variance		-47%	10%	-11%	15%	171%	1%

9 **Variance Analysis:** A forecast of 50 poles per year is estimated for the 2012 bridge
 10 year and 2013 test year based on the information gathered from the pole audit. The
 11 pole audit confirmed that a significant number of poles in WPIs service territory are
 12 beyond their useful lives therefore a systematic program has been established to identify
 13 and prioritize poles that do not comply with ESA standards. Variances in previous
 14 years are based on actual number of poles changed out and burden rates.

15

16 **Port Elgin 5KV Cable & Poletran Replacement**

17 **Need:** Projects in this classification are undertaken to enhance safety and protection of
 18 the environment, replace aging assets and improve system reliability.

1 **Scope:** Port Elgin area

2 **Purpose of project:** To retire poletran transformers and butyl rubber high voltage
 3 primary cable. This transformer poses high risk to WPI's field staff as clearances within
 4 the high voltage compartment is limited. The butyl rubber cable has been failing at an
 5 alarming rate as it has outlived its expected life cycle of 20 years.

6 Currently Westario Power does not stock replacement Poletrons and very few parts are
 7 available. From a system reliability stand point Westario Power will be in a better
 8 position by removing these transformers. At this point in time, if a poletran fails we have
 9 no choice but to replace it with a padmounted transformer. This work when not planned
 10 in advance is difficult and time consuming.

11 **Related customer attachments:** unknown

12 **Load:** unknown

13 **Starting date:** 2010 and ongoing

14 **In-service date:** 2010 and ongoing

15 **Capital costs:**

<i>Port Elgin 5KV Cable & Poletran Replacement</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures				5,708	12,234	24,503	37,068
Overhead Conductors & Devices				14,637	18,862	24,503	37,068
Underground Conduit				1,454	259,280	220,529	333,610
Underground Conductors & Devices				194,247	113,176	122,516	185,339
Line Transformers				37,217	34,568	49,007	74,135
Services				6,086	12,463	49,007	74,135
Meters							
Sub-Total	0	0	0	259,349	450,583	490,065	741,355
\$ Variance		0	0	259,349	191,234	39,482	251,290
Percentage Variance					74%	9%	51%

16
 17 **Variance Analysis:** Each year between 25 and 30 poletrons are budgeted to be
 18 replaced. This project must be phased in as WPI is committed to ensuring a constant

power supply for our customers. We anticipate costs to rise from 2011 to 2014 and then they will begin to decline until the project wraps up in 2017.

Kincardine Poletran & BRI Cable Replacement

Need: Projects in this classification are undertaken to enhance safety and protection of the environment, replace aging assets and improve system reliability.

Scope: Kincardine

Purpose of project: This project was to replace all 5KV butyl rubber cable and PoleTrans in Kincardine. This type of cable has shown to have a life expectancy of about 20 years. Most of this cable was well over 30 years old. When it fails, the major problem is that it is direct buried. The cost for emergency boring is extremely high when dealing with a lateral feed. In the past, WPI has had to set poles temporarily and string lines. This infrastructure was failing at an alarming rate. This program has helped minimize outages and improve reliability.

Related customer attachments: unknown

Load: unknown

Starting date: 2007-2008

In-service date: 2007-2008

Capital costs:

<i>Kincardine Poletran & BRI Cable Replacement</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	344,866	411,744					
Sub-Total	344,866	411,744	0	0	0	0	0
\$ Variance		66,878	-411,744	0	0	0	0
Percentage Variance		19%	-100%				

Variance Analysis: The Poletran component of this project was completed in 2008. It is anticipated the 5kv butyl rubber cable will start to be replaced again in 2014.

1 **Southampton Saugeen Street**

2 **Need:** Projects in this classification are undertaken to enhance safety and protection of
 3 the environment and improve system reliability.

4 **Scope:** Southampton – Saugeen Street and Huron Street

5 **Purpose of project:** The pole line at Saugeen Street and Huron Street was
 6 substandard. The project rebuilt portions of the line to realign the pole line and bury
 7 where there is no alternative. The cottages on Saugeen Street sit very close to the road
 8 and there is little, if any, boulevard space for proper guying and anchoring. The primary
 9 line was encroaching on homes due to improper guying, and the line tension was
 10 slowing pulling over the poles, causing the primary wire to droop over the roofs of the
 11 houses.

12 **Related customer attachments:** unknown

13 **Load:** unknown

14 **Starting date:** 2008 and 2009

15 **In-service date:** 2008 and 2009

16 **Capital costs:**

<i>Southampton Saugeen Street</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		39,600					
Poles, Towers & Fixtures			5,600				
Overhead Conductors & Devices			8,538				
Underground Conduit			241				
Underground Conductors & Devices			19,396				
Line Transformers			51,044				
Services			12,620				
Meters			1,503				
Sub-Total	0	39,600	98,942	0	0	0	0
\$ Variance		39,600	59,342	-98,942	0	0	0
Percentage Variance			150%	-100%			

17
 18 **Variance Analysis:** This was a onetime project budgeted over 2 years.

Kincardine Saugeen Street Rebuild

Need: Projects in this classification are undertaken to improve system reliability and replace aging assets.

Scope: Kincardine - Saugeen Street between Durham and Broadway

Purpose of project: The lateral on Saugeen Street is #6 Copper primary wire, and has been problematic. Poles are old and the secondary distribution is open bus. The secondary has been known to slap together when high winds blow-in from the lake causing power outages and wires to burn down. This project was initiated to replace the aged infrastructure with more current infrastructure.

Related customer attachments: unknown

Load: unknown

Starting date: 2007

In-service date: 2007

Capital costs:

<i>Kincardine Saugeen Street Rebuild</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	115,402						
Sub-Total	115,402	0	0	0	0	0	0
\$ Variance		-115,402	0	0	0	0	0
Percentage Variance		-100%					

Variance Analysis: one time project

Harriston Poletran Rebuild

Need: Projects in this classification are undertaken to improve system reliability and replace aging assets.

1 **Scope:** Harriston – King Street South

2 **Purpose of project:** This project was to replace all 5KV butyl rubber cable and
 3 PoleTrans on King Street South in Harriston. This type of cable has shown to have a life
 4 expectancy of about 20 years. Most of this cable is well over 30 years old. When it fails,
 5 the major problem is that it is direct buried. The cost for emergency boring is extremely
 6 high when dealing with a lateral feed. In the past, WPI has had to set poles temporarily
 7 and string lines. This program has helped minimize outages and increase reliability.

8 **Related customer attachments:** unknown

9 **Load:** unknown

10 **Starting date:** 2007

11 **In-service date:** 2007

12 **Capital costs:**

<i>Harriston Poletran Rebuild</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	49,798						
Sub-Total	49,798	0	0	0	0	0	0
\$ Variance		-49,798	0	0	0	0	0
Percentage Variance		-100%					

13 **Variance Analysis:** one time project

15

16 **Kincardine Hunter Street Defective Transformer Foundations**

17 **Need:** Projects in this classification are undertaken to enhance safety and protection of
 18 the environment and replace aging assets.

19 **Scope:** Kincardine – Hunter Street

20 **Purpose of project:** Fibreglass transformer foundations were decaying and the
 21 transformers were sitting askew. As the sidewalls decayed, the high voltage cables

became accessible, exposing the public to potential contact hazards. The fibreglass foundations were replaced with pre-cast concrete foundations.

Fiberglass transformer foundations were once in vogue at utilities. They were inexpensive, lightweight, and easy to manipulate. In time the fiberglass decayed and the weight of the transformers accelerated the wall collapse. The energized high voltage cables were accessible, exposing the public to potential contact hazards

Related customer attachments: unknown

Load: unknown

Starting date: 2008

In-service date: 2008

Capital costs:

<i>Kincardine Hunter Street Defective Transformer Foundations</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		54,334					
Sub-Total	0	54,334	0	0	0	0	0
\$ Variance		54,334	-54,334	0	0	0	0
Percentage Variance			-100%				

Variance Analysis: one time project

Padmount Transformers with No Ground Gradient

Need: Projects in this classification are undertaken to enhance safety and protection of the environment, replace aging assets, as well as upgrade distribution system technology.

Scope: Port Elgin - Identified sub-standard ground grids

1 **Purpose of project:** These projects involve the replacement of deteriorated or
 2 substandard distribution infrastructure and electrical equipment that pose a serious and
 3 likely risk to public and worker safety.

4 **Related customer attachments:** unknown

5 **Load:** unknown

6 **Starting date:** 2009 and ongoing

7 **In-service date:** 2009 and ongoing

8 **Capital costs:**

<i>Padmount Transformers with no Ground Gradient</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Distribution Station Equipment					2,176		
Poles, Towers & Fixtures				467	1,798		
Overhead Conductors & Devices			2,398		3,555		
Underground Conduit			525		468		
Underground Conductors & Devices			17,427	678	7,593		
Line Transformers			16,434	1,427	38,492		
Services				2,205	5,658		
Meters					2,523		
Sub-Total	0	0	36,784	4,777	62,263	0	0
\$ Variance		0	36,784	-32,007	57,486	-62,263	0
Percentage Variance				-87%	1203%	-100%	

9
 10 **Variance Analysis:** Ongoing project to be completed over 6 years, however, there are
 11 no projects planned for in this category for the bridge or test years.

12
 13 **Harriston Substation Contingency 2 MVA**

14 **Need:** Projects in this classification are undertaken to improve system reliability.

15 **Scope:** Harriston

16 **Purpose of project:** A spare substation transformer has been acquired for Harriston.
 17 Harriston was the only Westario municipality served by a 13,860/8,000V distribution
 18 system. Westario did not own a spare substation transformer of this voltage, and the
 19 substation had no alternative supply.

1 **Related customer attachments:** unknown

2 **Load:** unknown

3 **Starting date:** 2008

4 **In-service date:** 2010

5 **Capital:**

<i>Harriston Substation Contingency 2 MVA</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		64,433					
Distribution Station Equipment			4,094	81,230			
Poles, Towers & Fixtures			11,655				
Overhead Conductors & Devices			8,341	4,015			
Underground Conduit			924	469			
Underground Conductors & Devices			55,553	6,351			
Line Transformers			1,007	1,807			
Services							
Meters				32,243			
Sub-Total	0	64,433	81,574	126,115	0	0	0
\$ Variance		64,433	17,141	44,541	-126,115	0	0
Percentage Variance			27%	55%	-100%		

7 **Variance Analysis:** one time project extending over three years. Costs comprised of
 8 third party installation costs and equipment purchase costs. Third party costs are vetted
 9 according to WPI's Purchasing Policy.

10 **Wingham MS1 Reclosure Replacement**

11 **Need:** Projects in this classification were undertaken to upgrade distribution system
 12 technology and replace aging assets.

13 **Scope:** Wingham

14 **Purpose of project:** To replace old equipment for which replacement parts are no
 15 longer available. This project had been included in the 2009 Board approved rate base.

16 **Related customer attachments:** unknown

1 **Load:** unknown

2 **Starting date:** 2009

3 **In-service date:** 2009

4 **Capital:**

<i>Wingham MS1 Reclosure Replacement</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Distribution Station Equipment			113,046				
Poles, Towers & Fixtures							
Overhead Conductors & Devices			224				
Underground Conduit							
Underground Conductors & Devices			13,726				
Line Transformers							
Services							
Meters							
Sub-Total	0	0	126,996	0	0	0	0
\$ Variance		0	126,996	-126,996	0	0	0
Percentage Variance				-100%			

6 **Variance Analysis:** one time project

8 **Southampton MS1 Structure Rebuild**

9 **Need:** Projects in this classification were undertaken to improve system reliability,
 10 replace aging assets and comply with Regulation 22/04.

11 **Scope:** Southampton

12 **Purpose of project:** This project rebuilt the structure in which supply lines connect to
 13 the substation. The main support beam between the twin structures has rotted and
 14 poses a high possibility of failure. This potential failure has been documented in our
 15 ongoing station inspection work and is part of our requirements under Regulation 22/04.

16 **Related customer attachments:** unknown

17 **Load:** unknown

1 **Starting date:** 2010 - 2011

2 **In-service date:** 2010 - 2011

3 **Capital costs:**

<i>Southampton MS1 Structure Rebuild</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures				17,082	84,318		
Overhead Conductors & Devices				35,587			
Underground Conduit				1,495			
Underground Conductors & Devices				1,924			
Line Transformers							
Services							
Meters							
Sub-Total	0	0	0	56,088	84,318	0	0
\$ Variance		0	0	56,088	28,230	-84,318	0
Percentage Variance					50%	-100%	

5 **Variance Analysis:** one time project extending over 2 years. Costs comprised of third
 6 party installation costs and equipment purchase costs.

8 **Emergency Transformer & Ready Stations**

9 **Need:** Projects in this classification are undertaken to improve system reliability by
 10 having a backup transformer in case of failure.

11 **Scope:** All Westario owned Sub-Stations

12 **Purpose of project:** To have a spare transformer that can be used on 3 different
 13 voltages. This transformer can be used on all substations. Westario Power Inc. has
 14 been very fortunate to have never had a transformer fail at any of its substations. WPI is
 15 committed to providing reliable electricity to its customers and if a substation transformer
 16 was to fail, the consequence of not being able to quickly replace the transformer could
 17 be very detrimental to our customers. WPI has 27 substations, and the applicant
 18 believes this to be a cost effective means to create redundancy in the system and
 19 improve reliability.

1 **Related customer attachments:** unknown

2 **Load:** unknown

3 **Starting date:** 2013

4 **In-service date:** Unknown at this time

5 **Capital costs:**

<i>Emergency Transformer Refurb & Ready Stations</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost							
Distribution Station Equipment							256,064
Poles, Towers & Fixtures							30,125
Overhead Conductors & Devices							15,063
Sub-Total	0	0	0	0	0	0	301,252
\$ Variance		0	0	0	0	0	301,252
Percentage Variance							

6
 7 **Variance Analysis:** one time project

8

9 **Hanover MS2 Cable Replacement**

10 **Need:** Projects in this classification are undertaken to improve system reliability and
 11 replace aging assets.

12 **Scope:** Hanover

13 **Purpose of project:** This project was to replace the cables between the substation and
 14 a large commercial customer. The existing cable was aged and deteriorating.

15 **Related customer attachments:** one

16 **Load:** unknown

17 **Starting date:** 2008

18 **In-service date:** 2008

1 **Capital costs:**

<i>Hanover MS2 Cable Replacement</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		41,250					
Sub-Total	0	41,250	0	0	0	0	0
\$ Variance		41,250	-41,250	0	0	0	0
Percentage Variance			-100%				

2
 3 **Variance Analysis:** one time project

4
 5 **Hanover MS2 Ground Grid Reactor**

6 **Need:** Projects in this classification are undertaken to improve and enhance safety and
 7 protection of the environment and adhere to ESA regulations.

8 **Scope:** Hanover

9 **Purpose of project:** Ground grid design is a source of major concern as it relates to
 10 any substation installation, whether utility owned or privately owned. In distribution
 11 voltage systems without a system neutral, establishing the Station Grounding Electrode
 12 is critical in ensuring safety of both personnel and equipment. This project began after
 13 the failure of the Palmerston station transformer; as water infiltration to the paper
 14 insulation of the core meant the transformer was heading for a major failure. When
 15 remediation work was underway it was recognized that the ground grid at this station
 16 was not compliant with ESA regulations. The levels at two of the stations in Hanover are
 17 so high that reactors had to be installed. The study concluded that the installation of
 18 ground electrodes and a wider footprint of a station grid would not satisfy code. In 2011
 19 Hanover MS2 saw the installation of a ground reactor in order to satisfy regulatory code.

20 **Related customer attachments:** unknown

21 **Load:** unknown

22 **Starting date:** 2011

23 **In-service date:** 2011

1 **Capital costs:**

<i>Hanover MS2 Ground Grid Reactor</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Distribution Station Equipment					169,049		
Sub-Total	0	0	0	0	169,049	0	0
\$ Variance		0	0	0	169,049	-169,049	0
Percentage Variance						-100%	

2
 3 **Variance Analysis:** one time project

4

5 **Upgrade Station Metering**

6 **Need:** Projects in this classification are undertaken to better monitor loads via the
 7 installation of meters.

8 **Scope:** All substations

9 **Purpose of project:** To be able to monitor loads for better system reliability. This will
 10 enable WPI to have the necessary information for system optimization and to better plan
 11 for future growth and potential capacity constraints.

12 **Related customer attachments:** unknown

13 **Load:** unknown

14 **Starting date:** 2013

15 **In-service date:** Ongoing project to start in 2013

16 **Capital costs:**

<i>Upgrade Station Metering</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Distribution Station Equipment							129,422
Sub-Total	0	0	0	0	0	0	129,422
\$ Variance		0	0	0	0	0	129,422
Percentage Variance							

17
 18 **Variance Analysis:** one time project commencing in 2013 that will extend over a
 19 number of years.

1

2 **Hanover MS1 Reactor Installation**

3 **Need:** Projects in this classification are undertaken to improve system reliability and
 4 satisfy regulatory code.

5 **Scope:** Hanover MS1 reactor

6 **Purpose of project:** The levels of ground potential rise level (testing resistivity of the
 7 station grid) at two of the stations in Hanover are so high that reactors need to be
 8 installed. The study concluded that the installation of ground electrodes and a wider
 9 footprint of a station grid would not satisfy the code due to high fault levels and location
 10 to Hydro One Transmission Station

11 **Related customer attachments:** all customers on the reactor

12 **Load:** unknown

13 **Starting date:** 2012

14 **In-service date:** 2012

15 **Capital costs:**

<i>Hanover MS1 Reactor Installation</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Distribution Station Equipment						242,020	
Sub-Total	0	0	0	0	0	242,020	0
\$ Variance		0	0	0	0	242,020	-242,020
Percentage Variance							-100%

16

17 **Variance Analysis:** One year project. Third party costs will be vetted based on WPI's
 18 Purchasing Policy.

19

1 **Palmerston MS Reclosure Replacement**

2 **Need:** Projects in this classification are undertaken to improve system reliability.

3 **Scope:** Palmerston

4 **Purpose of project:** This project was to replace the substation reclosers at Palmerston
 5 MS. The replaced reclosers appeared to have been installed without much
 6 consideration for supporting adjacent feeders. As a result, two of the three feeders are
 7 incapable of picking-up the load of an adjacent feeder. By installing properly sized and
 8 coordinated reclosers, system reliability was improved and operational issues were
 9 addressed.

10 **Related customer attachments:** unknown

11 **Load:** unknown

12 **Starting date:** 2008

13 **In-service date:** 2008

14 **Capital costs:**

<i>Palmerston MS Recloser Replacement</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		143,325					
Sub-Total	0	143,325	0	0	0	0	0
\$ Variance		143,325	-143,325	0	0	0	0
Percentage Variance			-100%				

16 **Variance Analysis:** one time project

17

18 **Substation Fencing**

19 **Need:** Projects in this classification are undertaken to improve Public safety.

20 **Scope:** Wingham

1 **Purpose of project:** This project was undertaken to expand the ground grid and fence
 2 for public and worker safety and better access to the substation.

3 **Related customer attachments:** N/A

4 **Load:** N/A

5 **Starting date:** 2011

6 **In-service date:** 2011

7 **Capital costs:**

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
<i>Substation Fencing</i>							
Building				3,263			
Distribution Station Equipment				13,760			
Poles, Towers & Fixtures							
Overhead Conductors & Devices							
Underground Conduit							
Underground Conductors & Devices							
Line Transformers							
Services							
Meters							
Sub-Total	0	0	0	17,023	0	0	0
\$ Variance		0	0	17,023	-17,023	0	0
Percentage Variance					-100%		

9 **Variance Analysis:** one time project

10

11 **Station Grid Upgrade – 25 Stations**

12 **Need:** Projects in this classification are undertaken to meet ESA code, enhance safety
 13 and protection of the environment and improve system reliability.

14 **Scope:** 3-5 stations per year.

15 **Purpose of project:** In distribution voltage systems, establishing the Station Grounding
 16 Electrode is critical in ensuring safety of both personnel and equipment. Further budget

work to test the grids at all stations proved a 5 year plan would be required to bring this safety and ESA code issue to proper step potential values. Step and touch voltages relate to voltages that a person may encounter should they be present within a grid area during a fault event.

With the soil resistivity tests completed in 2009, values from many of the stations had been identified as non compliant with the ESA code and pose a risk to Public and Worker Safety.

The calculations show appropriate increase in ground rod depth and copper grid installation will bring these stations compliant to OESC values for step potential.

Related customer attachments: All customers attached to the applicable station.

Load: unknown

Starting date: 2010 and ongoing

In-service date: 2010 and ongoing

Capital costs:

<i>Station Grid Upgrade - 25 Stations</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Distribution Station Equipment				102,543	147,139	120,928	209,369
Sub-Total	0	0	0	102,543	147,139	120,928	209,369
\$ Variance		0	0	102,543	44,596	-26,211	88,441
Percentage Variance					43%	-18%	73%

Variance Analysis: As WPI has a total of 27 substations, the variance is dependent on the issues identified at the various substations during the ongoing inspection process. This work is typically conducted by a third party contractor that has been vetted via WPI's Purchasing Policy.

1 **Substation Transformer Refurbishment**

2 **Need:** Projects in this classification are undertaken to improve system reliability.

3 **Scope:** Palmerston

4 **Purpose of project:** This project permitted the refurbishment of the 3 MVA substation
 5 transformer removed from Palmerston in 2006. The Palmerston Substation 3 MVA
 6 substation transformer was removed in 2006 when oil sampling indicated the potential
 7 for the transformer to fail. This transformer was changed out from another in service
 8 transformer within our service territory.

9 **Related customer attachments:** unknown

10 **Load:** unknown

11 **Starting date:** 2007

12 **In-service date:** 2007

13 **Capital costs:**

<i>Substation Transformer Refurbishment</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	47,196						
Sub-Total	47,196	0	0	0	0	0	0
\$ Variance		-47,196	0	0	0	0	0
Percentage Variance		-100%					

14
 15 **Variance Analysis:** This was a onetime project.

16

17 **Harriston T2 Upgrade**

18 **Need:** Projects in this classification are undertaken to improve system reliability.

19 **Scope:** Harriston Substation

Purpose of project: The Town of Harriston is the only Westario Power community served by a 13800/8000 V distribution system. Westario Power purchased a second transformer for the substation and the tower was erected in 2009 with final cables and reclosures installed in 2010. The transformer failed in 2011. After some investigation it was found to have a different impedance and not sufficient in size to carry the entire towns load during maintenance on T1. Westario Power plans to use its credit from the failed transformer and purchase a 5MVA (same size as T1), complete with tap settings on the secondary side for possible use at all Westario Power stations. This will improve system reliability and redundancy within the system.

Related customer attachments: all customers on Harriston substation

Load: unknown

Starting date: 2012 anticipated

In-service date: 2012 anticipated

Capital costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
<i>Harriston T2 Upgrade</i>							
Distribution Substation Equipment						143,891	
Sub-Total	0	0	0	0	0	143,891	0
\$ Variance		0	0	0	0	143,891	-143,891
Percentage Variance							-100%

Variance Analysis: One year project. Third party contractor costs will be vetted via WPIs Purchasing Policy.

Walkerton MS1 New Substation Transformer

Need: Projects in this classification are undertaken to improve system reliability and replace aging assets.

Scope: Walkerton

Purpose of project: A replacement substation transformer was acquired for Walkerton MS1. Dissolved gas analysis indicated that the paper insulation was breaking down. This may have been a function of age, a manufacturing defective, or a combination of both. The transformer was more than 40 years old. Attempts to slow the deterioration are costly and are generally not effective. The substation transformer needed to be replaced.

Related customer attachments: unknown

Load: unknown

Starting date: 2008

In-service date: 2008

Capital costs:

<i>Walkerton MS1 New Substation Transformer</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		175,176					
Sub-Total	0	175,176	0	0	0	0	0
\$ Variance		175,176	-175,176	0	0	0	0
Percentage Variance			-100%				

Variance Analysis: one time project

Live Line Openers

Need: Projects in this classification are undertaken to give Westario demarcation between Hydro One and Westario Power which improves system reliability.

Scope: Kincardine, Wingham, Walkerton, Hanover, Port Elgin

Purpose of project: To have Westario owned loops to be able to take substations out of service for maintenance.

Related customer attachments: unknown

Load: unknown

1 **Starting date:** 2008

2 **In-service date:** 2008

3 **Capital costs:**

<i>Live Line Openers</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		21,299					
Sub-Total	0	21,299	0	0	0	0	0
\$ Variance		21,299	-21,299	0	0	0	0
Percentage Variance			-100%				

4
 5 **Variance Analysis:** one time project

6

7 **Neustadt PME**

8 **Need:** Projects in this classification are undertaken to repair metering for IESO
 9 monitoring by installing metering.

10 **Scope:** Neustadt

11 **Purpose of project:** The PME (Primary Metering Entity) was not working because the
 12 installed CT's were not the proper size.

13 **Related customer attachments:** unknown

14 **Load:** unknown

15 **Starting date:** 2011

16 **In-service date:** 2011

17 **Capital costs:**

<i>Neustadt PME</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					1,862		
Overhead Conductors & Devices					23,140		
Underground Conduit							
Underground Conductors & Devices							
Line Transformers					2,333		
Services					23,013		
Meters							
Sub-Total	0	0	0	0	50,348	0	0
\$ Variance		0	0	0	50,348	-50,348	0
Percentage Variance						-100%	

Variance Analysis: one time project

Metering

Need: Projects in this classification are undertaken to meet the requirements of the Electricity and Gas Regulations and Measurement Canada regulations by installing metering.

Scope: various communities

Purpose of project: To meet the requirements of the regulation for the recertification of electric meters.

Related customer attachments: unknown

Load: unknown

Starting date: 2013

In-service date: 2013

Capital costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Metering							
Meters							280,648
Sub-Total	0	0	0	0	0	0	280,648
\$ Variance		0	0	0	0	0	280,648
Percentage Variance							

Variance Analysis: Westario Power is soliciting proposals from qualified firms to serve as a meter deployment contractor for the installation of smart meters for their industrial accounts. This project has been undertaken in an effort to standardize metering types and to meet Measurement Canada's requirement to recertify or remove older types and replace with new technology. It is anticipated that this will be a two year project and when complete, all customers within WPI's service territory will be on the Smart Meter network. By replacing the conventional style meters with a new smart meter, WPI anticipates a reduction of its costs for manual meter reading, as well as provide greater data for load control and outage management. In addition, a customer can swing from a GS<50 KW customer to a GS<50 KW customer and vice versa in any given year, based on the demand. GS<50 KW customers were mandated to have a smart meter installed. Therefore, this project will also mitigate switching meters.

Walkerton: Peter Street

Need: Projects in this classification are undertaken to improve system reliability and expand system capacity.

Scope: Peter Street, Walkerton

Purpose of project: Rebuilding of the primary feeder on Peter Street, Walkerton. This project was to increase feeder capacity, thereby accommodating load growth, and improve the ability to switch loads between feeders.

Related customer attachments: unknown

Load: unknown

Starting date: 2007

1 **In-service date:** 2007

2 **Capital costs:**

3

<i>Walkerton: Peter Street</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	103,529						
Sub-Total	103,529	0	0	0	0	0	0
\$ Variance		-103,529	0	0	0	0	0
Percentage Variance		-100%					

4

5 **Variance Analysis:** one time project

6

7 **Wingham: Capital Rebuild – Martha to George Street**

8 **Need:** Projects in this classification are undertaken to improve system reliability and
 9 replace aging assets.

10 **Scope:** Wingham

11 **Purpose of project:** Replace old deteriorated poles and restricted wire for worker and
 12 public safety.

13 **Related customer attachments:** unknown

14 **Load:** unknown

15 **Starting date:** 2008

16 **In-service date:** 2008

17 **Capital costs:**

<i>Wingham: Capital Rebuild - Martha to George Street</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		70,280					
Sub-Total	0	70,280	0	0	0	0	0
\$ Variance		70,280	-70,280	0	0	0	0
Percentage Variance			-100%				

18

19 **Variance Analysis:** one time project

Underground Burnoffs

Need: Projects in this classification are undertaken to improve safety reliability.

Scope: Kincardine

Purpose of project: Underground high voltage burnoff in Kincardine. In order to restore power to the customers affected by this burnoff, a pole line was erected.

Related customer attachments: unknown

Load: unknown

Starting date: 2011

In-service date: 2011

Capital costs:

<i>Underground Burnoffs</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					17,582		
Overhead Conductors & Devices					11,651		
Underground Conduit					57,235		
Underground Conductors & Devices					64,209		
Line Transformers					2,148		
Services					5,695		
Meters					1,277		
Sub-Total	0	0	0	0	159,797	0	0
\$ Variance		0	0	0	159,797	-159,797	0
Percentage Variance						-100%	

Variance Analysis: one time project

Underground Cable Installation

Need: Projects in this classification are undertaken to improve system reliability.

Scope: Kincardine – major community

1 **Purpose of project:** install high voltage cable to replace cable that had a smaller
 2 capacity.

3 **Related customer attachments:** unknown

4 **Load:** unknown

5 **Starting date:** 2011

6 **In-service date:** 2011

7 **Capital costs:**

8

<i>Underground Cable Installation</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					1,217		
Overhead Conductors & Devices					924		
Underground Conduit					170		
Underground Conductors & Devices					44,382		
Line Transformers					74		
Services					22,550		
Meters							
Sub-Total	0	0	0	0	69,317	0	0
\$ Variance		0	0	0	69,317	-69,317	0
Percentage Variance						-100%	

9

10 **Variance Analysis:** one time project

11

12 **Non-demarcation Customers**

13 **Need:** Projects in this classification are undertaken to meet customer demand as per the
 14 Distribution System Code.

15 **Scope:** various

16 **Purpose of project:** Install new poles and underground road bores for residential
 17 connections.

18 **Related customer attachments:** unknown

1 **Load:** unknown

2 **Starting date:** ongoing

3 **In-service date:** ongoing

4 **Capital costs:**

<i>Non-demarcation Customers</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	22,744						
Poles, Towers & Fixtures				33,863	2,922	4,757	6,300
Overhead Conductors & Devices							
Underground Conduit			10,849	2,310	18,556	26,959	35,700
Underground Conductors & Devices							
Line Transformers							
Services							
Meters							
Sub-Total	22,744	0	10,849	36,173	21,478	31,716	42,000
\$ Variance		-22,744	10,849	25,324	-14,695	10,238	10,284
Percentage Variance		-100%		233%	-41%	48%	32%

5
 6 **Variance Analysis:** Projects in this classification are ongoing and are completed for
 7 customers upgrading their service where a road crossing is required. Either an
 8 underground bore or a pole is required to clear the roadway.

9

10 **Registered Meter Point Resealing**

11 **Need:** Projects in this classification are undertaken to improve system reliability and
 12 install metering.

13 **Scope:** various

14 **Purpose of project:** Measurement Canada requires that revenue meters be recertified
 15 for measuring accuracy on a regular basis. Some meter types are no longer supported
 16 by certified Meter Service Providers, and cannot be recertified. This project allowed
 17 Westario Power to acquire new electronic meters to replace obsolete meters.

1 Measurement Canada reduced the seal duration on certain types of thermal meters.
 2 Recertifying these old meter types would have only served to accelerate meter operating
 3 expenses as these meters are to be recertified more often. Replacing these older type
 4 meters with new electronic meters allows a longer duration between recertification
 5 cycles and placed more accurate electronic meters in service.

6 **Related customer attachments:** unknown

7 **Load:** unknown

8 **Starting date:** 2010

9 **In-service date:** 2010

10 **Capital costs:**

<i>Registered Meter Point Resealing</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures							
Overhead Conductors & Devices							
Underground Conduit							
Underground Conductors & Devices							
Line Transformers							
Services							
Meters				13,885			
Sub-Total	0	0	0	13,885	0	0	0
\$ Variance		0	0	13,885	-13,885	0	0
Percentage Variance					-100%		

11

12 **Variance Analysis:** one time project

13

14 **Prior Year Capital Projects Completed**

15 **Need:** Projects in this classification are undertaken to meet customer demand and
 16 improve system reliability.

17 **Scope:** various

1 **Purpose of project:** These projects are a sum of multiple small projects under the
 2 materiality threshold that were planned in 2008 but not completed until 2009.

3 **Related customer attachments:** unknown

4 **Load:** unknown

5 **Starting date:** 2009

6 **In-service date:** 2009

7 **Capital costs:**

<i>Prior Year Capital Projects Completed</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures			3,270				
Overhead Conductors & Devices			8,038				
Underground Conduit							
Underground Conductors & Devices			3,270				
Line Transformers			1,327				
Services							
Meters							
Sub-Total	0	0	15,905	0	0	0	0
\$ Variance		0	15,905	-15,905	0	0	0
Percentage Variance				-100%			

9 **Variance Analysis:** Numerous projects.

10

11 **Current Year Capital Projects – Non-budgeted**

12 **Need:** Projects in this classification are undertaken to meet customer demand and
 13 improve system reliability.

14 **Scope:** various

15 **Purpose of project:** These projects are a sum of multiple small WPI capital projects
 16 that were unplanned but required for 2009.

17 **Related customer attachments:** unknown

1 **Load:** unknown

2 **Starting date:** 2009

3 **In-service date:** 2009

4 **Capital costs:**

<i>Current Year Capital Projects - non budgeted</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures			1,041				
Overhead Conductors & Devices			3,237				
Underground Conduit			397				
Underground Conductors & Devices			27,261				
Line Transformers			11,593				
Services			26,048				
Meters							
Sub-Total	0	0	69,577	0	0	0	0
\$ Variance		0	69,577	-69,577	0	0	0
Percentage Variance				-100%			

5
6 **Variance Analysis:** One year of small capital projects.

7

8 **Install Primary, Transformer & Metering**

9 **Need:** Projects in this classification are undertaken to improve system reliability,
 10 enhance safety and protection of the environment and replace aging assets.

11 **Scope:** Port Elgin

12

13 **Purpose of project:** Replace 5kv butyl rubber and substandard submersible
 14 transformer with new high voltage primary and 500kv padmount transformer and
 15 metering.

16 **Related customer attachments:** unknown

17 **Load:** unknown

18 **Starting date:** 2011

19 **In-service date:** 2011

Capital costs:

<i>Install Primary, Transformer & Metering</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					14,379		
Overhead Conductors & Devices					12,628		
Underground Conduit					423		
Underground Conductors & Devices					11,445		
Line Transformers					40,556		
Services					11,413		
Meters					3,270		
Sub-Total	0	0	0	0	94,114	0	0
\$ Variance		0	0	0	94,114	-94,114	0
Percentage Variance						-100%	

Variance Analysis: one time project

Infrastructure Rebuild – Storm

Need: Projects in this classification are undertaken to improve system reliability and enhance safety and protection of the environment.

Scope: various communities, mainly along the Lake Huron shoreline

Purpose of project: A significant storm in 2009 resulted in downed power lines and numerous tripped breakers. High winds caused broken tree limbs and uprooted trees to fall across hydro lines resulting in numerous power outages across Westario's territory.

Related customer attachments: unknown

Load: unknown

Starting date: 2009

In-service date: 2009

Capital costs:

<i>Infrastructure Rebuild - Storm</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures				17,936			
Overhead Conductors & Devices				8,111			
Underground Conduit				519			
Underground Conductors & Devices							
Line Transformers							
Services				3,230			
Meters							
Sub-Total	0	0	0	29,796	0	0	0
\$ Variance		0	0	29,796	-29,796	0	0
Percentage Variance					-100%		

Variance Analysis: onetime costs due to storm damage.

Municipal Roads Act

Need: Projects in this classification are undertaken to meet customer demand and improve system reliability.

Scope: various communities

Purpose of project: Relocation projects, should a request be made, are performed primarily because third parties need plant relocated in order to do their work. Projects in this group benefit customers by increasing reliability as permanent relocations that are built to current standards replace plant that is usually older and less reliable.

Related customer attachments: unknown

Load: unknown

Starting date: 2009

In-service date: 2009

Capital costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
<i>Municipal Roads Act</i>							
Poles, Towers & Fixtures			16,246				
Overhead Conductors & Devices			16,545				
Underground Conduit			1,223				
Underground Conductors & Devices			41,528				
Line Transformers			4,017				
Services			787				
Meters							
Sub-Total	0	0	80,346	0	0	0	0
\$ Variance		0	80,346	-80,346	0	0	0
Percentage Variance				-100%			

Variance Analysis: Onetime costs. Dependent upon customer demand.

Mildmay PME Lightning Strike

Need: Projects in this classification are undertaken to improve system reliability

Scope: Mildmay

Purpose of project: Lightning struck the Mildmay PME in the summer of 2009. Temporary measures were initially made in 2009 and the new PME was installed in 2010.

Related customer attachments: unknown

Load: unknown

Starting date: 2009

In-service date: 2009 & 2010

Capital costs:

<i>Mildmay PME Lightning Strike</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures							
Overhead Conductors & Devices			5,838				
Underground Conduit			154				
Underground Conductors & Devices			26,227				
Line Transformers			20,874				
Services							
Meters			7,746	16,471			
Sub-Total	0	0	60,839	16,471	0	0	0
\$ Variance		0	60,839	-44,368	-16,471	0	0
Percentage Variance				-73%	-100%		

Variance Analysis: Temporary restoration measures were made in 2009 and the actual PME was replaced in 2010.

Walkerton MS3 – Copper Theft

Need: Projects in this classification are undertaken to enhance safety and protect the environment and improve system reliability.

Scope: Walkerton

Purpose of project: The copper grid at Walkerton MS3 was stolen, resulting in power fluctuations and severe public and worker safety issues. The copper grid at the substation required replacing.

Related customer attachments: unknown

Load: unknown

Starting date: 2009

In-service date: 2009

Capital costs:

<i>Walkerton MS3 - Copper Theft</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Distribution Station Equipment			6,001				
Poles, Towers & Fixtures							
Overhead Conductors & Devices							
Underground Conduit							
Underground Conductors & Devices			11,859				
Line Transformers							
Services							
Meters							
Sub-Total	0	0	17,860	0	0	0	0
\$ Variance		0	17,860	-17,860	0	0	0
Percentage Variance				-100%			

Variance Analysis: One time expenditure to restore power and safety.

CUSTOMER PAY PROJECTS:

Customer pay projects are primarily projects for which WPI is permitted to collect contributions from the customers to fund the project. This is the contributed capital which is shown in its own section below. Many of the projects are 100% paid for by the customer, however there are some projects that are shared by WPI and the customer. Shared costs include projects resulting in an expansion to the system where an economic evaluation or "EEM" is run which determines what portion the customer pays in the form of contributed capital. In addition, new services or service upgrades less than 200 amps for residential customers receive a basic service allowance ("BSA") which is a fixed amount that is calculated for a "typical" service as defined in the conditions of service and applied to the total cost; with the customer paying for amounts in excess of the BSA.

New Lots Developed

Need: Projects in this classification are undertaken to meet customer demand under the Distribution System Code and expand system capacity.

Scope: New subdivisions, various communities.

1 **Purpose of project:** Projects in this group include installations of service wires and
 2 transformers to connect new customers to the electrical distribution system, and new
 3 subdivision development.

4 **Related customer attachments:** Varies

5 **Load:** unknown

6 **Starting date:** ongoing

7 **In-service date:** ongoing

8 **Capital costs:**

<i>New Lots Developed</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	30,832	262,618					
Poles, Towers & Fixtures			226	973	29,337	13,532	12,407
Overhead Conductors & Devices			15,955	5,586	42,783	40,595	37,221
Underground Conduit			4,575	973	2,559	13,532	12,407
Underground Conductors & Devices			106,235	42,688	154,318	135,315	124,071
Line Transformers			194,308	9,887	63,511	54,127	49,629
Services			3,239	486	10,219	13,532	12,407
Meters							
Sub-Total	30,832	262,618	324,538	60,593	302,727	270,633	248,142
\$ Variance		231,786	61,920	-263,945	242,134	-32,094	-22,491
Percentage Variance		752%	24%	-81%	400%	-11%	-8%

9
 10 **Variance Analysis:** Connections vary from one year to the next. Dependent upon
 11 economic conditions and approval at various levels of municipal, government and
 12 organizations.

13 **New 3 Phase Customers**

14 **Need:** Projects in this classification are undertaken to meet customer demand under the
 15 Distribution System Code and expand system capacity.

16 **Scope:** New 3 phase customers, various communities

1 **Purpose of project:** Projects in this group include installations of service wires and
 2 transformers to connect new customers to the electrical distribution system.

3 **Related customer attachments:** varies

4 **Load:** unknown

5 **Starting date:** ongoing

6 **In-service date:** ongoing

7 **Capital costs:**

<i>New 3 Phase Customers</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	214,345	119,891					
Poles, Towers & Fixtures			3,265	14,108	18,287	32,009	30,389
Overhead Conductors & Devices			9,506	19,505	18,824	32,009	30,389
Underground Conduit			707	2,142	216	8,002	7,597
Underground Conductors & Devices			7,595	20,760	30,342	48,014	45,584
Line Transformers			114,813	79,551	94,318	160,046	151,946
Services			2,302	7,825	9,620	16,005	15,195
Meters			7,426	11,236	7,512	24,006	22,793
Sub-Total	214,345	119,891	145,614	155,127	179,119	320,091	303,893
\$ Variance		-94,454	25,723	9,513	23,992	140,972	-16,198
Percentage Variance		-44%	21%	7%	15%	79%	-5%

9 **Variance Analysis:** Connections vary from one year to the next. Dependent upon
 10 economic conditions, approval at various levels of government and organizations.

11 **New Low Voltage Services**

12 **Need:** Projects in this classification are undertaken to meet customer demand under the
 13 Distribution System Code.

14 **Scope:** New low voltage customers, various communities

15 **Purpose of project:** Projects in this group include installations of service wires and
 16 transformers to connect new customers to the electrical distribution system.

1 **Related customer attachments:** varies

2 **Load:** unknown

3 **Starting date:** ongoing

4 **In-service date:** ongoing

5 **Capital costs:**

<i>New low voltage services</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	243,180	200,000					
Poles, Towers & Fixtures			7,074	396	2,723	7,323	6,496
Overhead Conductors & Devices			2,261	9,278	3,358	7,323	6,496
Underground Conduit			442	3,763	566	7,323	6,496
Underground Conductors & Devices			27,053	19,508	29,192	29,293	25,983
Line Transformers			77,586	9,793	831	7,323	6,496
Services			264	101,079	122,044	219,703	194,874
Meters				2,858	6,733	14,646	12,991
Sub-Total	243,180	200,000	114,680	146,675	165,447	292,934	259,832
\$ Variance		-43,180	-85,320	31,995	18,772	127,487	-33,102
Percentage Variance		-18%	-43%	28%	13%	77%	-11%

7 **Variance Analysis:** Connections vary from one year to the next. Dependent upon
 8 economic conditions, approval at various levels of government and organizations.

9

10 **New Service or Upgrade to 400 Amp**

11 **Need:** Projects in this classification are undertaken to meet customer demand under the
 12 Distribution System Code and expand system capacity.

13 **Scope:** New/existing customers, various communities

14 **Purpose of project:** Projects in this group include installations of service wires and
 15 transformers to connect/upgrade new/existing customers to the electrical distribution
 16 system.

1 **Related customer attachments:** varies

2 **Load:** unknown

3 **Starting date:** ongoing

4 **In-service date:** ongoing

5 **Capital costs:**

<i>New Service or Upgrade to 400 Amp</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	65,805	3,273					
Poles, Towers & Fixtures				2,080			
Overhead Conductors & Devices				2,734			
Underground Conduit				371			
Underground Conductors & Devices				1,581			
Line Transformers				33,749			
Services				1,092			
Meters				364			
Sub-Total	65,805	3,273	0	41,971	0	0	0
\$ Variance		-62,532	-3,273	41,971	-41,971	0	0
Percentage Variance		-95%	-100%		-100%		

7 **Variance Analysis:** Connections vary from one year to the next. Dependent upon
 8 economic conditions, approval at various levels of government and organizations,
 9 customer needs.

10
 11 **Lucknow 6-Plex**

12 **Need:** Projects in this classification are undertaken to meet customer demand under the
 13 Distribution System Code.

14 **Scope:** Lucknow

15 **Purpose of project:** Projects in this group include installations of service wires and
 16 transformers to connect new customer to the electrical distribution system.

17 **Related customer attachments:** one

1 **Load:** immaterial

2 **Starting date:** 2008

3 **In-service date:** 2008

4 **Capital costs:**

<i>Lucknow 6-Plex</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		3,897					
Sub-Total	0	3,897	0	0	0	0	0
\$ Variance		3,897	-3,897	0	0	0	0
Percentage Variance			-100%				

6 **Variance Analysis:** one time project

7

8 **Service Upgrade for Customer Owned Substation**

9 **Need:** Projects in this classification are undertaken to meet customer demand under the
 10 Distribution System Code and expand system capacity.

11 **Scope:** Hanover

12 **Purpose of project:** Projects in this group include one industrial customer requiring
 13 upgrades at its transformer substation.

14 **Related customer attachments:** one

15 **Load:** 2,000 – 2,500 KW monthly

16 **Starting date:** 2009

17 **In-service date:** 2009

18 **Capital costs:**

<i>Service Upgrade for Customer Owned Substation</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures			30,904				
Overhead Conductors & Devices			35,823				
Underground Conduit			2,181				
Underground Conductors & Devices			13,066				
Line Transformers			5,229				
Services			393				
Meters			2,404				
Sub-Total	0	0	90,000	0	0	0	0
\$ Variance		0	90,000	-90,000	0	0	0
Percentage Variance				-100%			

Variance Analysis: one time project

Service Upgrade for Industrial Customer – EkoFuels

Need: Projects in this classification are undertaken to meet customer demand under the Distribution System Code.

Scope: Walkerton

Purpose of project: Projects in this group include service upgrade request for an industrial customer in Walkerton.

Related customer attachments: one

Load: unknown

Starting date: 2009

In-service date: 2009

1 **Capital costs:**

<i>Service Upgrade for Industrial Customer - EkoFuels</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures			57				
Overhead Conductors & Devices			1,947				
Underground Conduit			134				
Underground Conductors & Devices			1,566				
Line Transformers			26,026				
Services							
Meters			1,454				
Sub-Total	0	0	31,184	0	0	0	0
\$ Variance		0	31,184	-31,184	0	0	0
Percentage Variance				-100%			

3 **Variance Analysis:** one time project

4

5 **Service Upgrade – Port Elgin Docks**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code.

8 **Scope:** Port Elgin

9 **Purpose of project:** Projects in this group include service upgrade request for the Port
 10 Elgin Docks.

11 **Related customer attachments:** one

12 **Load:** unknown

13 **Starting date:** 2007 and 2009

14 **In-service date:** 2007 & 2009

15

1 **Capital costs:**

<i>Service Upgrade - PE Docks</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	26,863						
Poles, Towers & Fixtures			214				
Overhead Conductors & Devices			440				
Underground Conduit							
Underground Conductors & Devices			3,919				
Line Transformers			21,472				
Services							
Meters							
Sub-Total	26,863	0	26,045	0	0	0	0
\$ Variance		-26,863	26,045	-26,045	0	0	0
Percentage Variance		-100%		-100%			

2
 3 **Variance Analysis:** Project split over 2 years based on funding availability of the
 4 municipality.

5

6 **Power Supply – Eastlink**

7 **Need:** Projects in this classification are undertaken to meet customer demand under the
 8 Distribution System Code.

9 **Scope:** various communities

10 **Purpose of project:** Projects in this group include request to upgrade poles so third
 11 party attachments could be made by a local cable TV company

12 **Related customer attachments:** unknown

13 **Load:** unknown

14 **Starting date:** 2009

15 **In-service date:** 2009

16

1 **Capital costs:**

<i>Power Supply - Eastlink</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures							
Overhead Conductors & Devices			5,193				
Underground Conduit							
Underground Conductors & Devices			80				
Line Transformers			5,515				
Services			11,008				
Meters			3,538				
Sub-Total	0	0	25,334	0	0	0	0
\$ Variance		0	25,334	-25,334	0	0	0
Percentage Variance				-100%			

3 **Variance Analysis:** one time project

4

5 **Fibre Make Ready**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code.

8 **Scope:** various communities

9 **Purpose of project:** Projects in this group include request to upgrade poles so third
 10 party attachments could be made by a local cable TV companies.

11 **Related customer attachments:** unknown

12 **Load:** unknown

13 **Starting date:** 2008-2011

14 **In-service date:** 2008-2011

15

1 **Capital costs:**

<i>Fibre Make Ready</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		25,533					
Poles, Towers & Fixtures			148,425	13,680	853		
Overhead Conductors & Devices			93,024	21,215	366		
Underground Conduit			31,938	1,149			
Underground Conductors & Devices			23,913	6,861			
Line Transformers			19,235	515	487		
Services			23,050	250	731		
Meters							
Sub-Total	0	25,533	339,585	43,670	2,437	0	0
\$ Variance		25,533	314,052	-295,915	-41,233	-2,437	0
Percentage Variance			1230%	-87%	-94%	-100%	

2

3 **Variance Analysis:** one time project done over a four year period for the installation of
 4 fibre optics.

5

6 **Replace 3 Phase Bank**

7 **Need:** Projects in this classification are undertaken to meet customer demand under the
 8 Distribution System Code.

9 **Scope:** Port Elgin

10 **Purpose of project:** Projects in this group include request to replace a 3 phase bank in
 11 Port Elgin at the customer's request. The customer was responsible for paying 100% of
 12 the cost to replace.

13 **Related customer attachments:** one

14 **Load:** unknown

15 **Starting date:** 2010

16 **In-service date:** 2010

17

1 **Capital costs:**

<i>Replace 3 Phase Bank</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures							
Overhead Conductors & Devices				2,312			
Underground Conduit				460			
Underground Conductors & Devices				884			
Line Transformers				13,873			
Services							
Meters							
Sub-Total	0	0	0	17,529	0	0	0
\$ Variance		0	0	17,529	-17,529	0	0
Percentage Variance					-100%		

2
 3 **Variance Analysis:** one time project

4

5 **New Load Transfer Customer**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code.

8 **Scope:** Hanover

9 **Purpose of project:** Projects in this group included a request to install new primary and
 10 transformer for a new customer who became a load transfer customer.

11 **Related customer attachments:** one

12 **Load:** unknown

13 **Starting date:** 2010

14 **In-service date:** 2010

15

1 **Capital costs:**

<i>New Load Transfer Customer</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures							
Overhead Conductors & Devices				1,232			
Underground Conduit				246			
Underground Conductors & Devices				13,230			
Line Transformers				8,331			
Services				1,142			
Meters							
Sub-Total	0	0	0	24,181	0	0	0
\$ Variance		0	0	24,181	-24,181	0	0
Percentage Variance					-100%		

2

3 **Variance Analysis:** one time project

4

5 **Service Relocation for Town of Hanover – Left Turn Lane Reconstruction**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code.

8 **Scope:** Hanover

9 **Purpose of project:** Projects in this group include request to relocate the poles and
 10 services at the main intersection in the Town of Hanover.

11 **Related customer attachments:** minimal

12 **Load:** unknown

13 **Starting date:** 2010

14 **In-service date:** 2010

15

1 **Capital costs:**

2

3

<i>Service Relocation for Town of Hanover - Left Turn Lane Reconstruction</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures				45,516			
Overhead Conductors & Devices				31,590			
Underground Conduit				727			
Underground Conductors & Devices							
Line Transformers							
Services							
Meters							
Sub-Total	0	0	0	77,833	0	0	0
\$ Variance		0	0	77,833	-77,833	0	0
Percentage Variance					-100%		

4

5 **Variance Analysis:** one time project

6

7 **Steel Pole Relocation for Town of Lucknow – Fire Hall**

8 **Need:** Projects in this classification are undertaken to meet customer demand under the
 9 Distribution System Code.

10 **Scope:** Lucknow

11 **Purpose of project:** Projects in this group include request to relocate the poles and
 12 services for the construction of a new fire hall in the Town of Lucknow.

13 **Related customer attachments:** minimal

14 **Load:** unknown

15 **Starting date:** 2010

16 **In-service date:** 2010

1 **Capital costs:**

<i>Steel Pole Relocation for Town of Lucknow - Fire Hall</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures				2,080			
Overhead Conductors & Devices				4,297			
Underground Conduit				759			
Underground Conductors & Devices				11,524			
Line Transformers							
Services				1,054			
Meters							
Sub-Total	0	0	0	19,714	0	0	0
\$ Variance		0	0	19,714	-19,714	0	0
Percentage Variance					-100%		

2

3 **Variance Analysis:** one time project

4

5 **Pole Line Relocation**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code.

8 **Scope:** various communities

9 **Purpose of project:** Projects in this group include request to relocate the poles and
 10 services for new construction, municipal needs, etc.

11 **Related customer attachments:** minimal

12 **Load:** unknown

13 **Starting date:** as requested

14 **In-service date:** as rebuilt

15

1 **Capital costs:**

<i>Pole Line Relocation</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	15,703	16,363					
Poles, Towers & Fixtures				8,096			
Overhead Conductors & Devices				9,504			
Underground Conduit				430			
Underground Conductors & Devices				2,417			
Line Transformers							
Services							
Meters							
Sub-Total	15,703	16,363	0	20,447	0	0	0
\$ Variance		660	-16,363	20,447	-20,447	0	0
Percentage Variance		4%	-100%		-100%		

2

3 **Variance Analysis:** dependent upon demand, municipal funding, etc.

4

5 **Southampton: Strut Guy Conversion**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code.

8 **Scope:** Southampton

9 **Purpose of project:** Projects in this group include request to convert guys to strut guys
 10 by the Municipality

11 **Related customer attachments:** N/A

12 **Load:** unknown

13 **Starting date:** as requested

14 **In-service date:** as rebuilt

15

1 **Capital costs:**

<i>Southampton: Strut Guy Conversion</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	4,576						
Sub-Total	4,576	0	0	0	0	0	0
\$ Variance		-4,576	0	0	0	0	0
Percentage Variance		-100%					

3 **Variance Analysis:** one time project

4

5 **Hanover: Broken Pole**

6 **Need:** Projects in this classification are undertaken to improve system reliability and
 7 enhance safety and protection of the environment.

8 **Scope:** Hanover

9 **Purpose of project:** Replace a broken pole in Hanover.

10 **Related customer attachments:** minimal

11 **Load:** unknown

12 **Starting date:** 2007

13 **In-service date:** 2007

14 **Capital costs:**

<i>Hanover: Broken Pole</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	16,034						
Sub-Total	16,034	0	0	0	0	0	0
\$ Variance		-16,034	0	0	0	0	0
Percentage Variance		-100%					

15
 16 **Variance Analysis:** one time project

17

1 **Walkerton: Walkerton Industrial Park**

2 **Need:** Projects in this classification are undertaken to meet customer demand under the
 3 Distribution System Code and expand system capacity.

4 **Scope:** Walkerton

5 **Purpose of project:** Projects in this group include request to install wire service, poles
 6 and transformers in the Walkerton Industrial Park.

7 **Related customer attachments:** unknown

8 **Load:** unknown

9 **Starting date:** 2007

10 **In-service date:** 2007

11 **Capital costs:**

<i>Walkerton: Walkerton Industrial Park</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	32,621						
Sub-Total	32,621	0	0	0	0	0	0
\$ Variance		-32,621	0	0	0	0	0
Percentage Variance		-100%					

12
 13 **Variance Analysis:** one time project

14

15 **Port Elgin: Elgin Lodge Addition**

16 **Need:** Projects in this classification are undertaken to meet customer demand under the
 17 Distribution System Code.

18 **Scope:** Port Elgin

19 **Purpose of project:** Provide necessary service and upgrade materials to meet
 20 customer demand.

1 **Related customer attachments:** one

2 **Load:** unknown

3 **Starting date:** 2007

4 **In-service date:** 2007

5 **Capital costs:**

<i>Port Elgin: Elgin Lodge Addition</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	56,075						
Sub-Total	56,075	0	0	0	0	0	0
\$ Variance		-56,075	0	0	0	0	0
Percentage Variance		-100%					

7 **Variance Analysis:** one time project

8

9 **Hanover: Hanover Industrial Park**

10 **Need:** Projects in this classification are undertaken to meet customer demand under the
 11 Distribution System Code and expand system capacity.

12 **Scope:** Hanover

13 **Purpose of project:** Projects in this group include request to install wire, poles and
 14 transformers in the Hanover Industrial Park.

15 **Related customer attachments:** unknown

16 **Load:** unknown

17 **Starting date:** 2007

18 **In-service date:** 2007

1 **Capital costs:**

<i>Hanover: Hanover Industrial Park</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	60,828						
Sub-Total	60,828	0	0	0	0	0	0
\$ Variance		-60,828	0	0	0	0	0
Percentage Variance		-100%					

2
 3 **Variance Analysis:** one time project

4

5 **Hanover: Mini Plaza**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code.

8 **Scope:** Hanover

9 **Purpose of project:** Projects in this group include request to expand service to an
 10 addition for a plaza in Hanover.

11 **Related customer attachments:** one

12 **Load:** unknown

13 **Starting date:** 2008

14 **In-service date:** 2008

15 **Capital costs:**

<i>Hanover: Mini Plaza</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		2,932					
Sub-Total	0	2,932	0	0	0	0	0
\$ Variance		2,932	-2,932	0	0	0	0
Percentage Variance			-100%				

16
 17 **Variance Analysis:** one time project

18

1 **Overhead to Underground: Customer Driven**

2 **Need:** Projects in this classification are undertaken to meet customer demand under the
 3 Distribution System Code.

4 **Scope:** Ripley

5 **Purpose of project:** Projects in this group include request to relocate infrastructure
 6 from overhead to underground in Ripley

7 **Related customer attachments:** one

8 **Load:** unknown

9 **Starting date:** 2008

10 **In-service date:** 2008

11 **Capital costs:**

<i>Overhead to Underground - Customer Driven</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		79,928					
Sub-Total	0	79,928	0	0	0	0	0
\$ Variance		79,928	-79,928	0	0	0	0
Percentage Variance			-100%				

12
 13 **Variance Analysis:** one time project

14

15 **Port Elgin 4-Plex**

16 **Need:** Projects in this classification are undertaken to meet customer demand under the
 17 Distribution System Code.

18 **Scope:** Port Elgin

19 **Purpose of project:** Projects in this group include installations of service wires and
 20 transformers to connect new customer to the electrical distribution system.

1 **Related customer attachments:** one

2 **Load:** immaterial

3 **Starting date:** 2008

4 **In-service date:** 2008

5 **Capital costs:**

<i>Port Elgin 4-Plex</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		2,865					
Sub-Total	0	2,865	0	0	0	0	0
\$ Variance		2,865	-2,865	0	0	0	0
Percentage Variance			-100%				

7 **Variance Analysis:** one time project

8

9 **Service Upgrade: Teeswater School**

10 **Need:** Projects in this classification are undertaken to meet customer demand under the
 11 Distribution System Code and expand system capacity.

12 **Scope:** Teeswater

13 **Purpose of project:** Projects in this group include request for upgrade at Teeswater
 14 school location.

15 **Related customer attachments:** one

16 **Load:** unknown

17 **Starting date:** 2008

18 **In-service date:** 2008

19

1 **Capital costs:**

<i>Service Upgrade - Teeswater School</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		2,875					
Sub-Total	0	2,875	0	0	0	0	0
\$ Variance		2,875	-2,875	0	0	0	0
Percentage Variance			-100%				

3 **Variance Analysis:** one time project

4

5 **Southampton: Service 2 Lots to Lot Line**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code.

8 **Scope:** Southampton

9 **Purpose of project:** Projects in this group include request to service 2 lots to the lot line

10 **Related customer attachments:** two

11 **Load:** unknown

12 **Starting date:** 2008

13 **In-service date:** 2008

14 **Capital costs:**

<i>Southampton: Service 2 Lots to Line Lot</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		3,331					
Sub-Total	0	3,331	0	0	0	0	0
\$ Variance		3,331	-3,331	0	0	0	0
Percentage Variance			-100%				

16 **Variance Analysis:** one time project

17

1 **Walkerton: Durham Street – Metering Upgrade**

2 **Need:** Projects in this classification are undertaken to meet customer demand under the
 3 Distribution System Code and install metering.

4 **Scope:** Walkerton

5 **Purpose of project:** Projects in this group include request to upgrade a meter.

6 **Related customer attachments:** one

7 **Load:** unknown

8 **Starting date:** 2008

9 **In-service date:** 2008

10 **Capital costs:**

<i>Walkerton: Durham Street - Metering Upgrade</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		3,367					
Sub-Total	0	3,367	0	0	0	0	0
\$ Variance		3,367	-3,367	0	0	0	0
Percentage Variance			-100%				

11

12 **Variance Analysis:** one time project

13

14 **Walkerton: Industrial Road Upgrade**

15 **Need:** Projects in this classification are undertaken to meet customer demand under the
 16 Distribution System Code, install metering and expand system capacity.

17 **Scope:** Walkerton

18 **Purpose of project:** Projects in this group include request to upgrade metering and
 19 secondary.

1 **Related customer attachments:** one

2 **Load:** unknown

3 **Starting date:** 2008

4 **In-service date:** 2008

5 **Capital costs:**

6

<i>Walkerton: Industrial Road Updgrade</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		16,049					
Sub-Total	0	16,049	0	0	0	0	0
\$ Variance		16,049	-16,049	0	0	0	0
Percentage Variance			-100%				

7

8 **Variance Analysis:** one time project

9

10 **Wingham: Metering Upgrade**

11 **Need:** Projects in this classification are undertaken to meet customer demand under the

12 Distribution System Code, install metering and expand system capacity.

13 **Scope:** Wingham

14 **Purpose of project:** Projects in this group include request to upgrade a meter

15 **Related customer attachments:** one

16 **Load:** unknown

17 **Starting date:** 2008

18 **In-service date:** 2008

19

1 **Capital costs:**

<i>Wingham: Metering Upgrade</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost		2,568					
Sub-Total	0	2,568	0	0	0	0	0
\$ Variance		2,568	-2,568	0	0	0	0
Percentage Variance			-100%				

3 **Variance Analysis:** one time project

4

5 **Bi-Directional Meters**

6 **Need:** Projects in this classification are undertaken to meet customer demand under the
 7 Distribution System Code and Ontario Power Authority.

8 **Scope:** various communities

9 **Purpose of project:** connect MicroFit generators.

10 **Related customer attachments:** 16

11 **Load:** N/A

12 **Starting date:** 2011

13 **In-service date:** 2011

14

Capital costs:

<i>Bi-Directional Meters</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					413		
Overhead Conductors & Devices					4,735		
Underground Conduit					47		
Underground Conductors & Devices							
Line Transformers					4,423		
Services					1,738		
Meters					1,431		
Sub-Total	0	0	0	0	12,787	0	0
\$ Variance		0	0	0	12,787	-12,787	0
Percentage Variance						-100%	

Variance Analysis: these meter installations have been tracked separately beginning in 2011.

Relocate Transformers

Need: Projects in this classification are undertaken to meet customer demand under the Distribution System Code.

Scope: Mildmay

Purpose of project: Customer request to upgrade from 100 – 200A. Relocation of transformer to a new pole was required to accommodate the request.

Related customer attachments: minimal

Load: unknown

Starting date: 2011

In-service date: 2011

Capital costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
<i>Relocate Transformers</i>							
Poles, Towers & Fixtures					65		
Overhead Conductors & Devices					50		
Underground Conduit							
Underground Conductors & Devices							
Line Transformers					4,483		
Services					1,328		
Meters					104		
Sub-Total	0	0	0	0	6,030	0	0
\$ Variance		0	0	0	6,030	-6,030	0
Percentage Variance						-100%	

Variance Analysis: one time project

New Pole

Need: Projects in this classification are undertaken to meet customer demand under the Distribution System Code.

Scope: various communities

Purpose of project: Customer request new pole at cost to customer.

Related customer attachments: minimal

Load: unknown

Starting date: 2011

In-service date: 2011

Capital costs:

<i>New Pole</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					18,424		
Overhead Conductors & Devices					4,398		
Underground Conduit					331		
Underground Conductors & Devices					126		
Line Transformers							
Services					811		
Meters					104		
Sub-Total	0	0	0	0	24,194	0	0
\$ Variance		0	0	0	24,194	-24,194	0
Percentage Variance						-100%	

Variance Analysis: one time projects.

Strut Guy Installation

Need: Projects in this classification are undertaken to meet customer demand under the Distribution System Code.

Scope: various communities

Purpose of project: Customer request conversion from anchor to strut guy.

Related customer attachments: N/A

Load: N/A

Starting date: 2011

In-service date: 2011

Capital costs:

<i>Strut Guy Installation</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					8,113		
Overhead Conductors & Devices					772		
Underground Conduit					264		
Underground Conductors & Devices					317		
Line Transformers					317		
Services					211		
Meters					493		
Sub-Total	0	0	0	0	10,487	0	0
\$ Variance		0	0	0	10,487	-10,487	0
Percentage Variance						-100%	

Variance Analysis: one time project

Harriston Library Upgrade

Need: Projects in this classification are undertaken to meet customer demand under the Distribution System Code.

Scope: Harriston

Purpose of project: Customer request to replace transformers, upgrade metering.

Related customer attachments: one

Load: unknown

Starting date: 2011

In-service date: 2012

Capital costs:

<i>Harriston Library Upgrade</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					1,935		
Overhead Conductors & Devices					290		
Underground Conduit							
Underground Conductors & Devices							
Line Transformers					9,766		
Services							
Meters							
Sub-Total	0	0	0	0	11,991	0	0
\$ Variance		0	0	0	11,991	-11,991	0
Percentage Variance						-100%	

Variance Analysis: one time project which started in 2011 and wound up in 2012.

Retro For Demolition

Need: Projects in this classification are undertaken to meet customer demand under the Distribution System Code.

Scope: Southampton

Purpose of project: Customer request to remove bus for demolition purposes.

Related customer attachments: one

Load: unknown

Starting date: 2011

In-service date: 2012

Capital costs:

<i>Retro for Demolition</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures					1,995		
Overhead Conductors & Devices					173		
Underground Conduit							
Underground Conductors & Devices							
Line Transformers					115		
Services					462		
Meters							
Sub-Total	0	0	0	0	2,745	0	0
\$ Variance		0	0	0	2,745	-2,745	0
Percentage Variance						-100%	

Variance Analysis: one time project which started in 2011 and wound up in 2012.

Non-budgeted Work Orders

Need: Projects in this classification are undertaken to meet customer demand and improve system reliability.

Scope: various

Purpose of project: These projects are a sum of multiple customer driven small projects under the materiality threshold that were completed in each year.

Related customer attachments: unknown

Load: unknown

Starting date: ongoing

In-service date: ongoing

1 **Capital costs:**

<i>Non-budgeted Work Orders</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	249,844	317,468					
Poles, Towers & Fixtures			3,345	478	1,344		
Overhead Conductors & Devices			9,570	7,252	3,947		
Underground Conduit			1,451	793	151		
Underground Conductors & Devices			300	7,820	1,964		
Line Transformers			6,304	6,870	515		
Services			63,421	38,161	81,004		
Meters			4,825	5,565	2,435		
Sub-Total	249,844	317,468	89,216	66,939	91,360	0	0
\$ Variance		67,624	-228,252	-22,277	24,421	-91,360	0
Percentage Variance		27%	-72%	-25%	36%	-100%	

2
 3 **Variance Analysis:** Reporting in 2007 and 2008 made it difficult to break out jobs and
 4 therefore, there are a greater number of jobs that were not individually identified.

5
 6 **Other:**

7 **Stock**

8
 9 **Need:** Projects in this classification are undertaken to ensure that adequate equipment
 10 stock are on hand to meet customer demand and ensure that restoration efforts will be
 11 completed.

12 **Scope:** Inventory

13 **Purpose of project:** Ensure an adequate supply of equipment is available. WPI
 14 purchases conform to the WPI Purchasing Policy.

15 **Related customer attachments:** N/A

16 **Load:** N/A

17 **Starting date:** ongoing

18 **In-service date:** ongoing

Capital costs:

<i>Stock</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Distribution Station Equipment				55,648			
Poles, Towers & Fixtures				3,249			
Overhead Conductors & Devices				624			
Underground Conduit				22			
Underground Conductors & Devices				40,764			
Line Transformers	24,158	30,696	-2,944	18,899			
Services				7,135			
Meters	50,000	50,000	55,395	6,571	112,118		
Sub-Total	74,158	80,696	52,451	132,912	112,118	0	0
\$ Variance		6,538	-28,245	80,461	-20,794	-112,118	0
Percentage Variance		9%	-35%	153%	-16%	-100%	

Variance Analysis:

WPI maintains a fairly consistent level of inventory from year to year. 2011 meters are higher due to extra stock remaining once the smart meter installation program was completed. Nothing has been budgeted in the bridge or test year as the amount has not been material to WPI in the past and a min/max for meters and transformers has been implemented. It is felt that the amount used and the amount purchased should net to \$Nil in the upcoming years.

Burden Clearing, Scrap Inventory Adjustment and Other

Need: Projects in this classification are undertaken to balance burdens charged vs. actual costs, allocate scrap inventory properly and record the amount of plant assets that could not be separately identified in any of the other categories. Records prior to 2009 were not readily identifiable and therefore have been lumped in this classification. Therefore this category can be grouped with system reliability improvement.

Scope: Distribution assets.

Purpose of project: Balance burdens, scrap inventory and record non-allocated capital.

1 **Related customer attachments:** N/A

2 **Load:** N/A

3 **Starting date:** ongoing

4 **In-service date:** ongoing

5 **Capital costs:**

6

<i>Other - Burden Clearing and Scrap Inventory Adjustment</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Capital Cost	1,015,100	283,194					
Distribution Station Equipment					47,957		
Poles, Towers & Fixtures			-65,358	9,011	-105,818		
Overhead Conductors & Devices			-69,910	11,906	-59,036		
Underground Conduit			-7,472	1,990	-13,339		
Underground Conductors & Devices			-57,711	78	10,694		
Line Transformers			-85,665	257	-72,048		
Services			-40,406	-109	-63,683		
Meters			-3,023	60	5,408		
Sub-Total	1,015,100	283,194	-329,545	23,193	-249,865	0	0
\$ Variance		-731,906	-612,739	352,738	-273,058	249,865	0
Percentage Variance		-72%	-216%	-107%	-1177%	-100%	

7

8 **Variance Analysis:** 2007 capital charges are not easily identifiable as WPI had a
 9 services company that performed the work, Westario Power Services Inc. (WPSI).
 10 WPSI would bill WPI monthly and all capital for that month would post via a settlement
 11 journal entry. The job specifics were not identified in the posting. Therefore segregation
 12 by job classification is not apparent through the general ledger. The remaining
 13 variances from 2008-2011 are a result of inventory reconciliation and adjusting burdens
 14 charged out to actual costs.

15

16 **Reclassified or Transferred**

17 **Need:** Projects in this classification are undertaken to correct for classification errors.

1 **Scope:** Correct for plant assets that were identified as previously misclassified via the
 2 2009 cost of service application.

3 **Purpose of project:** Record the proper values in the books of WPI.

4 **Related customer attachments:** N/A

5 **Load:** N/A

6 **Starting date:** 2009

7 **In-service date:** historical

8 **Capital costs:**

9

<i>Reclassified or Transferred</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Poles, Towers & Fixtures							
Overhead Conductors & Devices				-1,032,464			
Underground Conduit							
Underground Conductors & Devices				1,760,894			
Line Transformers				-721,852			
Services							
Meters				2,605			
Sub-Total	0	0	0	9,183	0	0	0
\$ Variance		0	0	9,183	-9,183	0	0
Percentage Variance					-100%		

10

11 **Variance Analysis:**

12 An analysis was prepared with the 2009 cost of service application to determine the total
 13 amount that required reclassification between asset classes. Once the Final Decision
 14 and Order was received in 2010, the reclassification adjustments were made.

15

1 **Contributed Capital**

2 **Need:** Projects in this classification are undertaken to comply with the Distribution
3 System Code. Budgeted capital expenditures for WPI capital budgets are gross
4 amounts that include capital contributions. These contributions are made by customers,
5 developers, municipal or regional entities to contribute to the cost of capital expenditures
6 made for the following:

- 7 • Installations to serve new residential, commercial, or industrial customers;
- 8 • Relocation of plant along roadways because of municipal projects

9 A description of WPI's capital contribution methodology for the two categories of capital
10 contribution follows below:

11 ***New Customer Connections***

12 These projects involve the installation of WPI facilities to connect new commercial,
13 industrial, or residential customers. The primary driver in this category is residential
14 connections, mainly for townhouse and subdivision developments. The volume of work
15 and level of capital contributions estimated for budgeting purposes are based on
16 evaluating historical spending and known anticipated projects.

17 WPI's capital costs are for the installation of overhead and underground distribution
18 lines, transformers, and accessories. These facilities may be new installations on the
19 distribution system or upgrades to the system to increase capacity to meet the customer
20 load demand. WPI performs an economic evaluation of the costs of these service
21 projects based on the OEB's Distribution System Code ("DSC"), Appendix B -
22 Methodology and Assumptions for an Economic Evaluation. The economic evaluation
23 includes a discounted cash flow analysis to determine whether the stream of future
24 customer revenues from the new service is sufficient to cover the net present value of
25 capital and ongoing maintenance costs of the distribution system expansion. If there is a
26 shortfall between the present value of the projected costs and revenues, the customer
27 pays the difference as a capital contribution in accordance with the DSC.

1 **Roadway Relocations**

2 The primary drivers for these projects are requests by municipalities and road authorities
3 for plant relocation or modifications. These projects generally occur due to road
4 widening, resurfacing, and or realignment. Plant relocations or modifications may also be
5 required for special municipal beautification projects. The work budgeted for this
6 category in a given year is derived from advance notice of each known customer,
7 Municipal or Regional project.

8 The *Public Service Works on Highways Act* provides for a cost sharing arrangement
9 whereby the Road Authority contributes 50% of the cost of labour and equipment for the
10 project. WPI is responsible for the remaining 50% of the labour and equipment costs,
11 and 100% of the material costs for the project. In the case of beautification projects,
12 municipalities contribute 100% of the cost of this beautification portion. The guidelines of
13 determining the cost of beatification is that the town will pay any portion of the project
14 cost beyond the regular construction cost if need. For example, if the roadway relocation
15 is required, the utility portion of the cost of constructing the new line is determined. Any
16 portion above this cost is considered beautification cost.

17 **Scope:** Projects initiated based on customer demand.

18 **Purpose of project:** Recover the customer's share of the capital works to the capital
19 build.

20 **Related customer attachments:** unknown

21 **Load:** unknown

22 **Starting date:** ongoing

23 **In-service date:** ongoing

24

Capital costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Contributed Capital	-677,549	-892,416	-1,264,357	-287,613	-632,720	-433,861	-417,663
\$ Variance		-214,867	-371,941	976,744	-345,107	198,859	16,198
Percentage Variance			42%	-77%	120%	-31%	-4%

Variance Analysis:

The contributed capital fluctuates from year to year based on a number of customer demand factors including the strength of the economy and government and municipal incentives. In addition, the overhead rate that WPI calculates can vary from one year to the next as it is based on number of line staff and support staff and projected costs, among other factors. 100% of the capital cost associated with contributed capital is listed under the capital pay projects section.

General Plant Assets

Introduction:

General plant includes assets such as buildings, computer hardware and software, office, furniture and equipment, transportation equipment, communications equipment and tools. Each general plant type will be examined individually in the following pages.

In addition, a significant addition occurred in 2008 amongst the various general plant assets. Previous to January 1, 2008, the structure of Westario Power was a Holding company, a Services company and a Wires company. General plant assets were held by the Services Company. The Board granted approval to amalgamate the three companies into one, and the amalgamation became effective January 1, 2008. On that date, all assets transferred into Westario Power Inc. at the total cost. The total amounts transferred were approximately \$2,972,000.

1 **Capital costs:**

<i>Other</i>	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Buildings	2,443,787		30,908	1,843		5,000	9,000
Office Furniture & Equipment		244,053		7,834	10,589	5,000	2,000
Computer Hardware		397,489	24,238	14,881	45,385	22,000	28,600
Computer Software		726,872	23,488	104,332	89,765	50,000	45,000
Transportation Equipment		1,618,262	28,862	276,547	284,250	450,000	400,000
Stores Equipment		23,501	67,436				
Tools, Shop & Garage Equipment		214,184	27,924	36,167	18,505	72,000	72,000
Measurement & Testing Equipment		59,760		3,379	4,405		
Power Operated Equipment		66,947	33,325				
Communications Equipment		102,070		99,028			
Miscellaneous Equipment		32,903	4,890	5,700		40,000	45,000
Sub-Total	2,443,787	3,486,041	241,071	549,711	452,899	644,000	601,600
Miscellaneous		1,427					

2

3

4 **Buildings:**

5 **Need:** Projects in this classification are undertaken to fulfill the needs of the corporation.
 6 Westario Power Inc. had offices/workshops in multiple communities and a cost-benefit
 7 analysis resulted in a recommendation to consolidate the locations to one central
 8 location, the purpose of which was to maintain and upgrade facilities.

9 **Scope:** Walkerton

10 **Purpose of project:** Cost savings as a result of one building instead of three, more
 11 centrally located administrative offices, better control of inventory, unity amongst staff
 12 and management.

13 **Starting date:** 2006

14 **In-service date:** 2007

15

1 **Capital Costs:**

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Buildings	2,443,787		30,908	1,843		5,000	9,000
\$ Variance		-2,443,787	30,908	-29,065	-1,843	5,000	4,000
Percentage Variance		-100%		-94%	-100%		80%

3 **Variance Analysis:** The new administrative building and warehouse was a onetime
 4 project in 2007. In 2009, paving and electrical work was completed for the back yard
 5 area where the large trucks are parked. Amounts have been budgeted for 2012-2013 as
 6 the building is getting older and some capital repair work may be required. In 2013, the
 7 corporation intends to upgrade interior lighting.

8
 9 **Office Furniture & Equipment:**

10 **Need:** Projects in this classification are undertaken to fulfill the needs of the corporation.
 11 Westario Power Inc. had old furniture and equipment pre-amalgamation that was not
 12 ergonomically friendly and required replacing. In addition, some of the printers/copiers
 13 were obsolete and required replacing. These initiatives maintain and upgrade facilities
 14 and equipment.

15 **Scope:** Office furniture and equipment

16 **Purpose of project:** Minimize musculoskeletal hazards for inside staff by providing
 17 them with ergonomic workstations. Replace obsolete equipment with new equipment to
 18 create efficiencies in the workplace.

19 **Starting date:** ongoing

20 **In-service date:** ongoing

21

1 **Capital Costs:**

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Office Furniture & Equipment		244,053		7,834	10,589	5,000	2,000
\$ Variance		244,053	-244,053	7,834	2,755	-5,589	-3,000
Percentage Variance			-100%		35%	-53%	-60%

3 **Variance Analysis:** A significant portion of the 2008 expenditure was a result of the
 4 amalgamation of the Services company, Holdings company and Wires company. The
 5 remainder was for new workstations. In 2010, one workstation was purchased along
 6 with new ergonomic chairs for the lines staff room and a mailing machine to replace a
 7 defective one. In 2011, one workstation was purchased as well as a new
 8 photocopier/printer/scanner to upgrade the existing one. Amounts have been budgeted
 9 for 2012-2013 as the office furniture and equipment is getting older and some capital
 10 replacement may be required. In 2012, the corporation will replace one workstation plus
 11 a small amount is set aside for unforeseen capital costs. In 2013 a small amount which
 12 is based on historical figures has been set aside for unforeseen capital costs.

13

14 **Computer Hardware:**

15 **Need:** Computer equipment is used in all departments of utility operations and is a key
 16 enabler in Westario Power's initiatives to improve reliability, improve customer service
 17 and reduce costs. New and replacement computer hardware consists of the following
 18 equipment:

- 19 • Desktops;
- 20 • Laptops;
- 21 • Monitors;
- 22 • Servers;
- 23 • Keyboards;

1 • Printers and;

2 • Scanners;

3 It is common industry practice to keep both the hardware and software environments up
4 to date. Increased incidence of hardware failure, reduced technical support, new
5 technical standards and higher performance requirements of current operating systems
6 and applications drive this lifecycle.

7 Other benefits of replacing computer equipment and adding new equipment are:

8 • Reducing the dependence on IT resources to support older equipment;

9 • Taking advantage of new technologies and increasing server utilization;

10 • Empowering employees to be more productive with the right equipment to do
11 their jobs;

12 • Improving access to data and other information;

13 • Adhering to best practices; and

14 • Allowing for growth

15 These initiatives maintain and upgrade facilities and equipment and improve
16 communications systems.

17 **Scope:** Computer hardware

18 **Purpose of project:** Replace obsolete equipment with new equipment to create
19 efficiencies in the workplace.

20 **Starting date:** ongoing

21 **In-service date:** ongoing

22

1 **Capital Costs:**

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Computer Hardware		397,489	24,238	14,881	45,385	22,000	28,600
\$ Variance		397,489	-373,251	-9,357	30,504	-23,385	6,600
Percentage Variance			-94%	-39%	205%	-52%	30%

3 **Variance Analysis:** A significant portion of the 2008 expenditure was a result of the
 4 amalgamation of the Services company, Holdings company and Wires company. The
 5 remainder was for new desktops for the Operations department and Toughbooks for the
 6 outside staff as well as a new server. In 2009, the company incurred capital costs for
 7 some laptops, a cheque signer and a server switch. In 2010, desktops were purchased
 8 to replace existing desktops that had reached their end of useful life. In 2011, desktops
 9 were purchased for the CCS department as well as some laptops for management to
 10 replace computers that had reached the end of their useful lives. In addition, a new
 11 printer and server were purchased to replace obsolete equipment. The applicant has
 12 completed a full inventory of its computer hardware, and with the assistance of its IT
 13 support service provider; has established a replacement program for all its computer
 14 hardware needs. The replacement program takes into account the expected useful life
 15 of each of the hardware components (ie. desktop, laptop, server, etc.) to ensure the
 16 applicant is able to maximize productivity and efficiencies with the use of new
 17 technologies. Consistent with the replacement program, in 2012, the corporation will
 18 replace desktops for the Shared Services department, a laptop, the GIS server and two
 19 printers. In 2013 the budget includes the replacement of two Executive laptops,
 20 desktops for the Operations department, the bill printer and a new server.

21 **Computer Software:**

22 **Need:** Today, the functioning of computer software is tied closely into the hardware it
 23 resides on and it is important that the specification of any PC or Server is appropriate for
 24 the software being installed.

25 Benefits of adding or replacing computer software:

- 1 • Improvements in productivity from software enhancements;
- 2 • Empowering employees with the latest software technologies;
- 3 • Keeping up to date with industry standards;
- 4 • Ease of integration to other applications;
- 5 • Reduced costs using common operating system;
- 6 • Taking advantage of higher levels of security;
- 7 • Reduced dependence on IT resources; and
- 8 • Improved tools for web development/design.

9 Adding and replacing computer software systems is necessary to support the running of
10 all application programs. Software provides the support necessary for computers to
11 interact with each other. Business Applications software processes transactions that are
12 essential to running the business.

13 These initiatives maintain and upgrade facilities and equipment and improve
14 communications systems.

15 **Scope:** Computer software

16 **Purpose of project:** Computer software, whether operating system software or
17 application software, are programs written in machine-readable languages, that control
18 the operations of hardware or that enable users to perform certain tasks on computers.

19 The operating system software controls the hardware and manages its internal
20 functions: controls input, output and storage and, handles its interaction with application
21 programs. Application software enables users to accomplish particular tasks.

22 Computer software is purchased to fulfill the demands of the users, provide efficiencies
23 or improve the ability to meet regulatory requirements.

1 **Starting date:** ongoing

2 **In-service date:** ongoing

3 **Capital Costs:**

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Computer Software		726,872	23,488	104,332	89,765	50,000	45,000
\$ Variance		726,872	-703,384	80,844	-14,567	-39,765	-5,000
Percentage Variance			-97%	344%	-14%	-44%	-10%

4

5

6 **Variance Analysis:** A significant portion of the 2008 expenditure was a result of the
 7 amalgamation of the Services company, Holdings company and Wires company. The
 8 remainder was for software used by the Operations department for asset mapping. In
 9 2009, the company incurred capital costs for software used by the Operations
 10 department such as AutoCAD, pole analysis software and Ontario parcel assessment
 11 mapping software. In 2010, the Asset module was configured for SAP, an SAP add on
 12 for reporting was purchased, software for health and safety was purchased and an
 13 Office 2007 upgrade was implemented. In 2011, the majority of the expenditures were
 14 for upgrading SAP and the purchase of filing structure software. In 2012, Gilmore
 15 OverKlick Technologies eBill, an innovative and unique electronic document
 16 presentment and payment network will enable Westario Power to address our
 17 customers' growing demands for electronic delivery of important documents. As well,
 18 TAB Records Management System will help the Executive Assistant to organize, access
 19 and manage Westario Power's critical information through integrated records
 20 management solutions. The TAB program allows custom design and naming
 21 conventions to electronic folders so information can be found faster and more reliably.
 22 By partnering with TAB, Westario Power will reduce the amount of space paper files
 23 occupy, effectively manage both paper and electronic information and be compliant with
 24 the legislation and regulations that affect the way records must be retained. In 2013 the
 25 majority of the budget is for health and safety software that will meet the goals of the
 26 organization to efficiently run the company's health and safety program while focusing
 27 on continuing improvement.

1

2 **Transportation Equipment:**

3 **Need:** This project is justified based on the need to maintain vehicle functionality and
 4 provide safe, reliable tools and fleet equipment. The Corporation carries out a high level
 5 of maintenance on its' entire fleet. Regular maintenance, inspections, and
 6 manufacturer's recommended maintenance schedules are strictly adhered to in order
 7 that the safety, reliability and productivity of the fleet is not compromised. Transportation
 8 maintenance and upgrades is important to be able to maintain system reliability.

9 **Scope:** Fleet

10 **Purpose of project:** Transportation equipment is purchased when existing equipment
 11 has reached the point where it is cost prohibitive to repair and maintain it. Many of the
 12 large trucks were inherited from predecessor utilities and are therefore more than twelve
 13 years old. Typically, pick-up trucks are replaced every ten years, and large trucks are
 14 replaced every fifteen years.

15 **Starting date:** ongoing

16 **In-service date:** ongoing

17 **Capital Costs:**

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Transportation Equipment		1,618,262	28,862	276,547	284,250	450,000	400,000
\$ Variance		1,618,262	-1,589,400	247,685	7,703	165,750	-50,000
Percentage Variance			-98%	858%	3%	58%	-11%

18

19

20 **Variance Analysis:** A significant portion of the 2008 expenditure was a result of the
 21 amalgamation of the Services company, Holdings company and Wires company. The
 22 remainder was for the purchase of two pick-up trucks and a car to replace aged fleet. In
 23 2009, the company incurred capital costs for one pick-up truck to replace aged fleet. In
 24 2010, the budget provided for the replacement of one pick-up truck (Circa 2000) and one

single bucket truck (Circa 1995) to support the construction and maintenance of the electricity distribution system for Westario Power. In 2011 the budget provided for the replacement of one single bucket truck (Circa 1995) to support the construction and maintenance of the electricity distribution system for Westario Power. In 2012, this project will provide for the replacement of four fully depreciated line trucks that are obsolete and inefficient with a new double bucket truck, at a cost of \$450,000 to support the construction and maintenance of the electricity distribution system for Westario Power. In 2013, this project will provide for the replacement of a fully depreciated radial boom truck at a cost of \$400,000 to support the construction and maintenance of the electricity distribution system for Westario Power.

Stores Equipment:

Need: This project is justified based on the need to maintain equipment functionality and provide safe, reliable tools and equipment. Regular maintenance, inspections, and manufacturer's recommended maintenance schedules are adhered to in order that the safety, reliability and productivity of the equipment are not compromised. These initiatives maintain and upgrade facilities and equipment.

Scope: Stores equipment

Purpose of project: Stores equipment is purchased when existing equipment has reached the point where it is cost prohibitive to repair and maintain it.

Starting date: ongoing

In-service date: ongoing

Capital Costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Stores Equipment		23,501	67,436				
\$ Variance		23,501	43,935	-67,436	0	0	0
Percentage Variance			187%	-100%			

Variance Analysis: A significant portion of the 2008 expenditure was a result of the amalgamation of the Services company, Holdings company and Wires company. The remainder was for a storage container for spent transformers to conform to environmental regulations. In 2009, a forklift was acquired to replace the existing one which was approximately 40 years old.

Tools, Shop & Garage Equipment:

Need: This project is justified based on the need to maintain equipment functionality and provide safe, reliable tools and equipment. Regular maintenance, inspections, and manufacturer's recommended maintenance schedules are adhered to in order that the safety, reliability and productivity of the equipment is not compromised. These initiatives maintain and upgrade facilities and equipment.

Scope: Tools, shop & garage equipment

Purpose of project: Tools, shop and garage equipment is purchased when existing equipment has reached the point where it is cost prohibitive to repair and maintain it.

Starting date: ongoing

In-service date: ongoing

Capital Costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Tools, Shop & Garage Equipment		214,184	27,924	36,167	18,505	72,000	72,000
\$ Variance		214,184	-186,260	8,243	-17,662	53,495	0
Percentage Variance			-87%	30%	-49%	289%	0%

Variance Analysis: A significant portion of the 2008 expenditure was a result of the amalgamation of the Services company, Holdings company and Wires company. The remainder was for four presses and some grounding elbow kits. In 2009, four pruners, six presses and a chain saw was purchased. In 2010, the company purchased six

hydraulic presses, some house to house jumpers and extensions, two retrofit DRA's and a 3-phase power analyzer. The company incurred capital expenditures in 2011 for meterbase extensions, a total station package and a pair of extension resistors. The 2012 bridge and 2013 test year show a higher budgeted amount than actually incurred in historical years to ensure that equipment continues to be replaced to allow for safety and efficiencies. Some budgeted costs may be allocated to measurement and testing equipment, depending on the nature of the equipment being purchased.

Measurement and Testing Equipment:

Need: This project is justified based on the need to maintain equipment functionality and provide safe, reliable tools and equipment. Regular maintenance, inspections, and manufacturer's recommended maintenance schedules are adhered to in order that the safety, reliability and productivity of the equipment are not compromised. These initiatives maintain and upgrade facilities and equipment.

Scope: Measurement and testing equipment

Purpose of project: Measurement and testing equipment is purchased when existing equipment has reached the point where it is cost prohibitive to repair and maintain it.

Starting date: ongoing

In-service date: ongoing

Capital Costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Measurement & Testing Equipment		59,760		3,379	4,405		
\$ Variance		59,760	-59,760	3,379	1,026	-4,405	0
Percentage Variance			-100%		30%	-100%	

Variance Analysis: A significant portion of the 2008 expenditure was a result of the amalgamation of the Services company, Holdings company and Wires company. The

remainder was for an amp meter, a ground jumper/tester and a laser measuring device. In 2010, the company purchased a laser measuring device. The company incurred capital expenditures in 2011 for load buster tools and a tester.

Power Operated Equipment:

Need: This project is justified based on the need to maintain equipment functionality and provide safe, reliable equipment. Regular maintenance, inspections, and manufacturer's recommended maintenance schedules are adhered to in order that the safety, reliability and productivity of the equipment is not compromised. These initiatives maintain and upgrade facilities and equipment.

Scope: Power operated equipment

Purpose of project: Power operated equipment is purchased when existing equipment has reached the point where it is cost prohibitive to repair and maintain it.

Starting date: ongoing

In-service date: ongoing

Capital Costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Power Operated Equipment		66,947	33,325				
\$ Variance		66,947	-33,622	-33,325	0	0	0
Percentage Variance			-50%	-100%			

Variance Analysis: Approximately \$30,000 of the 2008 expenditure was a result of the amalgamation of the Services company, Holdings company and Wires company. The remainder was for a new chipper. In 2009, the company purchased another new chipper to replace a chipper that was beyond its useful life, and was cost prohibitive to repair to ensure compliance with current standards.

Communication Equipment:

Need: This project is justified based on the need to maintain equipment functionality and provide safe, reliable, up-to-date equipment. These initiatives improve communications systems.

Scope: Communication equipment

Purpose of project: Communication equipment is purchased when existing equipment has reached the point where a cost benefit analysis derives the decision that the equipment is technologically outdated and could result in unsafe conditions in the field. The radio system that had previously been in place did not provide complete coverage within Westario Power's service territory. Because of our proximity to the lakeshore, our crews frequently experienced the inability to communicate with each other by either radio transmission or cellular phone. The inability to communicate had been problematic in a number of operational situations, and caused the Corporation to implement additional 'mayday' procedures for the safety of our staff. The radio system is based on a digital technology that was tested to be effective in our service territory.

Starting date: 2010

In-service date: 2010

Capital Costs:

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Communications Equipment		102,070		99,028			
\$ Variance		102,070	-102,070	99,028	-99,028	0	0
Percentage Variance			-100%		-100%		

Variance Analysis: A significant portion of the 2008 expenditure was a result of the amalgamation of the Services company, Holdings company and Wires company. The remainder was for a new conferencing phone and office paging system. In 2010, the company replaced the mobile radio system for the trucks.

1 **Miscellaneous Equipment:**

2 **Need:** This project is justified based on the need to maintain equipment functionality
 3 and provide safe, reliable equipment. Regular maintenance, inspections, and
 4 manufacturer's recommended maintenance schedules are adhered to in order that the
 5 safety, reliability and productivity of the equipment is not compromised. These initiatives
 6 maintain and upgrade facilities and equipment.

7 **Scope:** Miscellaneous equipment

8 **Purpose of project:** Miscellaneous equipment is purchased when existing equipment
 9 has reached the point where it is cost prohibitive to repair and maintain it.

10 **Starting date:** ongoing

11 **In-service date:** ongoing

12 **Capital Costs:**

	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Miscellaneous Equipment		32,903	4,890	5,700		40,000	45,000
\$ Variance		32,903	-28,013	810	-5,700	40,000	5,000
Percentage Variance			-85%	17%	-100%		13%

13

14
 15 **Variance Analysis:** \$28,000 of the 2008 expenditure was a result of the amalgamation
 16 of the Services company, Holdings company and LDC. The remainder was for a lawn
 17 tractor for grass cutting at our facilities. In 2009, a snow blower attachment for the lawn
 18 mower and a small utility trailer was retrofitted. In 2010, a utility trailer was purchased to
 19 improve efficiencies when construction crews were working at temporary worksites. In
 20 2012 a pole trailer has been budgeted to replace two fully depreciated pole trailers that
 21 no longer meet current regulations and are cost prohibitive to repair. The 2013
 22 budgeted amount is for the replacement of a two fully depreciated pole trailers with one
 23 new trailer. The two fully depreciated trailers will be retrofitted so they can be used to

- 1 accommodate our tension equipment. It is planned that during the bridge and test years,
- 2 four obsolete pole trailers will be replaced with two new trailers over a two year period.

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Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
<i>Capital #6 Primary Replacement</i>							
Poles, Towers & Fixtures			143,729	182,424	224,903	322,551	351,114
Overhead Conductors & Devices			201,622	201,865	295,784	387,061	421,338
Underground Conduit			10,799	7,802	4,070		
Underground Conductors & Devices			82,044	36,147	58,496	64,510	70,223
Line Transformers			137,421	23,617	136,620	258,040	280,892
Services			75,775	60,143	163,793	258,040	280,892
Meters			782	947			
Sub-Total	0	0	652,172	512,945	883,666	1,290,202	1,404,459
<i>Capital Poles - Priority Level 5</i>							
Poles, Towers & Fixtures			204,510	151,385	182,403	200,696	198,504
Overhead Conductors & Devices			259,122	120,732	243,633	229,367	226,862
Underground Conduit			9,848	4,364	6,823	14,336	14,179
Underground Conductors & Devices			124,252	5,468	21,975	43,006	42,537
Line Transformers			133,695	10,252	140,419	28,671	28,358
Services			78,986	15,413	72,855	57,342	56,715
Meters			58	5,071	1,057		
Sub-Total	0	0	810,471	312,685	669,165	573,418	567,155
<i>Capital Poles</i>							
Capital Cost	295,760	155,438					
Poles, Towers & Fixtures			84,835	71,400	105,344	283,535	286,173
Overhead Conductors & Devices			41,557	45,296	42,486	118,139	119,238
Underground Conduit			1,964	3,166	530		
Underground Conductors & Devices			10,320	11,525	2,835	11,814	11,924
Line Transformers			21,938	14,319	12,098	35,442	35,771
Services			9,837	5,685	9,514	23,628	23,848
Meters				499	1,302		
Sub-Total	295,760	155,438	170,451	151,890	174,109	472,558	476,954
<i>Southampton Saugeen Street</i>							
Capital Cost		39,600					
Poles, Towers & Fixtures			5,600				
Overhead Conductors & Devices			8,538				
Underground Conduit			241				
Underground Conductors & Devices			19,396				
Line Transformers			51,044				

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Services			12,620				
Meters			1,503				
Sub-Total	0	39,600	98,942	0	0	0	0
<i>Kincardine Saugeen Street Rebuild</i>							
Capital Cost	115,402						
Sub-Total	115,402	0	0	0	0	0	0
<i>Harriston Substation Contingency 2 MVA</i>							
Distribution Station Equipment			4,094	81,230			
Poles, Towers & Fixtures			11,655				
Overhead Conductors & Devices			8,341	4,015			
Underground Conduit			924	469			
Underground Conductors & Devices			55,553	6,351			
Line Transformers			1,007	1,807			
Services							
Meters				32,243			
Sub-Total	0	0	81,574	126,115	0	0	0
<i>Wingham MS1 Reclosure Replacement</i>							
Distribution Station Equipment			113,046				
Poles, Towers & Fixtures							
Overhead Conductors & Devices			224				
Underground Conduit							
Underground Conductors & Devices			13,726				
Line Transformers							
Services							
Meters							
Sub-Total	0	0	126,996	0	0	0	0
<i>Southampton MS1 Structure Rebuild</i>							
Poles, Towers & Fixtures				17,082	84,318		
Overhead Conductors & Devices				35,587			
Underground Conduit				1,495			
Underground Conductors & Devices				1,924			
Line Transformers							
Services							
Meters							
Sub-Total	0	0	0	56,088	84,318	0	0
<i>Emergency Transformer Refurb & Ready Stations</i>							
Capital Cost							
Distribution Station Equipment							256,064

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Poles, Towers & Fixtures							30,125
Overhead Conductors & Devices							15,063
Sub-Total	0	0	0	0	0	0	301,252
<i>Hanover MS2 Cable Replacement</i>							
Capital Cost		41,250					
Sub-Total	0	41,250	0	0	0	0	0
<i>Hanover MS2 Ground Grid Reactor</i>							
Distribution Station Equipment					169,049		
Sub-Total	0	0	0	0	169,049	0	0
<i>Upgrade Station Metering</i>							
Distribution Station Equipment							129,422
Sub-Total	0	0	0	0	0	0	129,422
<i>Hanover MS1 Reactor Installation</i>							
Distribution Station Equipment						242,020	
Sub-Total	0	0	0	0	0	242,020	0
<i>Palmerston MS Recloser Replacement</i>							
Capital Cost		143,325					
Sub-Total	0	143,325	0	0	0	0	0
<i>Substation Fencing</i>							
Building				3,263			
Distribution Station Equipment				13,760			
Poles, Towers & Fixtures							
Overhead Conductors & Devices							
Underground Conduit							
Underground Conductors & Devices							
Line Transformers							
Services							
Meters							
Sub-Total	0	0	0	17,023	0	0	0
<i>Station Grid Upgrade - 25 Stations</i>							
Distribution Station Equipment				102,543	147,139	120,928	209,369
Sub-Total	0	0	0	102,543	147,139	120,928	209,369
<i>Substation Transformer Refurbishment</i>							
Capital Cost	47,196						
Sub-Total	47,196	0	0	0	0	0	0

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
<i>Harriston MS Spare Substation Transformer</i>							
Capital Cost		64,433					
Sub-Total	0	64,433	0	0	0	0	0
<i>Harriston T2 Upgrade Distribution Substation Equipment</i>						143,891	
Sub-Total	0	0	0	0	0	143,891	0
<i>Walkerton MS1 New Substation Transformer</i>							
Capital Cost		175,176					
Sub-Total	0	175,176	0	0	0	0	0
<i>Live Line Openers</i>							
Capital Cost		21,299					
Sub-Total	0	21,299	0	0	0	0	0
<i>Lucknow 6-Plex</i>							
Capital Cost		3,897					
Sub-Total	0	3,897	0	0	0	0	0
<i>Port Elgin 5KV Cable & Poletran Replacement</i>							
Poles, Towers & Fixtures				5,708	12,234	24,503	37,068
Overhead Conductors & Devices				14,637	18,862	24,503	37,068
Underground Conduit				1,454	259,280	220,529	333,610
Underground Conductors & Devices				194,247	113,176	122,516	185,339
Line Transformers				37,217	34,568	49,007	74,135
Services				6,086	12,463	49,007	74,135
Meters							
Sub-Total	0	0	0	259,349	450,583	490,065	741,355
<i>Kincardine Poletran & BRI Cable Replacement</i>							
Capital Cost	344,866	411,744					
Sub-Total	344,866	411,744	0	0	0	0	0
<i>Harriston Poletran Rebuild</i>							
Capital Cost	49,798						
Sub-Total	49,798	0	0	0	0	0	0
<i>Kincardine Hunter Street Defective Transformer Foundations</i>							
Capital Cost		54,334					
Sub-Total	0	54,334	0	0	0	0	0
<i>Padmount Transformers with no Ground Gradient</i>							
Distribution Station Equipment					2,176		
Poles, Towers & Fixtures				467	1,798		

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Overhead Conductors & Devices			2,398		3,555		
Underground Conduit			525		468		
Underground Conductors & Devices			17,427	678	7,593		
Line Transformers			16,434	1,427	38,492		
Services				2,205	5,658		
Meters					2,523		
Sub-Total	0	0	36,784	4,777	62,263	0	0
<i>New 3 Phase Customers</i>							
Capital Cost	214,345	119,891					
Poles, Towers & Fixtures			3,265	14,108	18,287	32,009	30,389
Overhead Conductors & Devices			9,506	19,505	18,824	32,009	30,389
Underground Conduit			707	2,142	216	8,002	7,597
Underground Conductors & Devices			7,595	20,760	30,342	48,014	45,584
Line Transformers			114,813	79,551	94,318	160,046	151,946
Services			2,302	7,825	9,620	16,005	15,195
Meters			7,426	11,236	7,512	24,006	22,793
Sub-Total	214,345	119,891	145,614	155,127	179,119	320,091	303,893
<i>New low voltage services</i>							
Capital Cost	243,180	200,000					
Poles, Towers & Fixtures			7,074	396	2,723	7,323	6,496
Overhead Conductors & Devices			2,261	9,278	3,358	7,323	6,496
Underground Conduit			442	3,763	566	7,323	6,496
Underground Conductors & Devices			27,053	19,508	29,192	29,293	25,983
Line Transformers			77,586	9,793	831	7,323	6,496
Services			264	101,079	122,044	219,703	194,874
Meters				2,858	6,733	14,646	12,991
Sub-Total	243,180	200,000	114,680	146,675	165,447	292,934	259,832
<i>Non-demarcation Customers</i>							
Capital Cost	22,744						
Poles, Towers & Fixtures				33,863	2,922	4,757	6,300
Overhead Conductors & Devices							
Underground Conduit			10,849	2,310	18,556	26,959	35,700
Underground Conductors & Devices							
Line Transformers							
Services							
Meters							
Sub-Total	22,744	0	10,849	36,173	21,478	31,716	42,000
<i>New Lots Developed</i>							
Capital Cost	30,832	262,618					
Poles, Towers & Fixtures			226	973	29,337	13,532	12,407
Overhead Conductors & Devices			15,955	5,586	42,783	40,595	37,221
Underground Conduit			4,575	973	2,559	13,532	12,407

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Underground Conductors & Devices			106,235	42,688	154,318	135,315	124,071
Line Transformers			194,308	9,887	63,511	54,127	49,629
Services			3,239	486	10,219	13,532	12,407
Meters							
Sub-Total	30,832	262,618	324,538	60,593	302,727	270,633	248,142
<i>Registered Meter Point Resealing</i>							
Poles, Towers & Fixtures							
Overhead Conductors & Devices							
Underground Conduit							
Underground Conductors & Devices							
Line Transformers							
Services							
Meters				13,885			
Sub-Total	0	0	0	13,885	0	0	0
<i>Prior Year Capital Projects Completed</i>							
Poles, Towers & Fixtures			3,270				
Overhead Conductors & Devices			8,038				
Underground Conduit							
Underground Conductors & Devices			3,270				
Line Transformers			1,327				
Services							
Meters							
Sub-Total	0	0	15,905	0	0	0	0
<i>Current Year Capital Projects - non budgeted</i>							
Poles, Towers & Fixtures			1,041				
Overhead Conductors & Devices			3,237				
Underground Conduit			397				
Underground Conductors & Devices			27,261				
Line Transformers			11,593				
Services			26,048				
Meters							
Sub-Total	0	0	69,577	0	0	0	0
<i>Municipal Roads Act</i>							
Poles, Towers & Fixtures			16,246				
Overhead Conductors & Devices			16,545				
Underground Conduit			1,223				
Underground Conductors & Devices			41,528				
Line Transformers			4,017				
Services			787				
Meters							
Sub-Total	0	0	80,346	0	0	0	0

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
<i>Mildmay PME Lightning Strike</i>							
Poles, Towers & Fixtures							
Overhead Conductors & Devices			5,838				
Underground Conduit			154				
Underground Conductors & Devices			26,227				
Line Transformers			20,874				
Services							
Meters			7,746	16,471			
Sub-Total	0	0	60,839	16,471	0	0	0
<i>Walkerton MS3 - Copper Theft</i>							
Distribution Station Equipment			6,001				
Poles, Towers & Fixtures							
Overhead Conductors & Devices							
Underground Conduit							
Underground Conductors & Devices			11,859				
Line Transformers							
Services							
Meters							
Sub-Total	0	0	17,860	0	0	0	0
<i>Service Upgrade for Customer Owned Substation</i>							
Poles, Towers & Fixtures			30,904				
Overhead Conductors & Devices			35,823				
Underground Conduit			2,181				
Underground Conductors & Devices			13,066				
Line Transformers			5,229				
Services			393				
Meters			2,404				
Sub-Total	0	0	90,000	0	0	0	0
<i>Service Upgrade for Industrial Customer - EkoFuels</i>							
Poles, Towers & Fixtures			57				
Overhead Conductors & Devices			1,947				
Underground Conduit			134				
Underground Conductors & Devices			1,566				
Line Transformers			26,026				
Services							
Meters			1,454				
Sub-Total	0	0	31,184	0	0	0	0

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
<i>Service Upgrade - PE Docks</i>							
Capital Cost	26,863						
Poles, Towers & Fixtures			214				
Overhead Conductors & Devices			440				
Underground Conduit							
Underground Conductors & Devices			3,919				
Line Transformers			21,472				
Services							
Meters							
Sub-Total	26,863	0	26,045	0	0	0	0
<i>Power Supply - Eastlink</i>							
Poles, Towers & Fixtures							
Overhead Conductors & Devices			5,193				
Underground Conduit							
Underground Conductors & Devices			80				
Line Transformers			5,515				
Services			11,008				
Meters			3,538				
Sub-Total	0	0	25,334	0	0	0	0
<i>Fibre Make Ready</i>							
Capital Cost		25,533					
Poles, Towers & Fixtures			148,425	13,680	853		
Overhead Conductors & Devices			93,024	21,215	366		
Underground Conduit			31,938	1,149			
Underground Conductors & Devices			23,913	6,861			
Line Transformers			19,235	515	487		
Services			23,050	250	731		
Meters							
Sub-Total	0	25,533	339,585	43,670	2,437	0	0
<i>New Service or Upgrade to 400 Amp</i>							
Capital Cost	65,805	3,273					
Poles, Towers & Fixtures				2,080			
Overhead Conductors & Devices				2,734			
Underground Conduit				371			
Underground Conductors & Devices				1,581			
Line Transformers				33,749			
Services				1,092			
Meters				364			
Sub-Total	65,805	3,273	0	41,971	0	0	0
<i>Replace 3 Phase Bank</i>							
Poles, Towers & Fixtures							
Overhead Conductors & Devices				2,312			
Underground Conduit				460			

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Underground Conductors & Devices				884			
Line Transformers				13,873			
Services							
Meters							
Sub-Total	0	0	0	17,529	0	0	0
<i>New Load Transfer Customer</i>							
Poles, Towers & Fixtures							
Overhead Conductors & Devices				1,232			
Underground Conduit				246			
Underground Conductors & Devices				13,230			
Line Transformers				8,331			
Services				1,142			
Meters							
Sub-Total	0	0	0	24,181	0	0	0
<i>Service Relocation for Town of Hanover - Left Turn Lane Reconstruction</i>							
Poles, Towers & Fixtures				45,516			
Overhead Conductors & Devices				31,590			
Underground Conduit				727			
Underground Conductors & Devices							
Line Transformers							
Services							
Meters							
Sub-Total	0	0	0	77,833	0	0	0
<i>Steel Pole Relocation for Town of Lucknow - Fire Hall</i>							
Poles, Towers & Fixtures				2,080			
Overhead Conductors & Devices				4,297			
Underground Conduit				759			
Underground Conductors & Devices				11,524			
Line Transformers							
Services				1,054			
Meters							
Sub-Total	0	0	0	19,714	0	0	0
<i>Pole Line Relocation</i>							
Capital Cost	15,703	16,363					
Poles, Towers & Fixtures				8,096			
Overhead Conductors & Devices				9,504			
Underground Conduit				430			
Underground Conductors & Devices				2,417			
Line Transformers							

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Services							
Meters							
Sub-Total	15,703	16,363	0	20,447	0	0	0
<i>Infrastructure Rebuild - Storm</i>							
Poles, Towers & Fixtures				17,936			
Overhead Conductors & Devices				8,111			
Underground Conduit				519			
Underground Conductors & Devices							
Line Transformers							
Services				3,230			
Meters							
Sub-Total	0	0	0	29,796	0	0	0
<i>Non-budgeted Work Orders</i>							
Capital Cost	249,844	317,468					
Poles, Towers & Fixtures			3,345	478	1,344		
Overhead Conductors & Devices			9,570	7,252	3,947		
Underground Conduit			1,451	793	151		
Underground Conductors & Devices			300	7,820	1,964		
Line Transformers			6,304	6,870	515		
Services			63,421	38,161	81,004		
Meters			4,825	5,565	2,435		
Sub-Total	249,844	317,468	89,216	66,939	91,360	0	0
<i>Metering</i>							
Meters							280,648
Sub-Total	0	0	0	0	0	0	280,648
<i>Walkerton: Peter Street</i>							
Capital Cost	103,529						
Sub-Total	103,529	0	0	0	0	0	0
<i>Southampton: Strut Guy Conversion</i>							
Capital Cost	4,576						
Sub-Total	4,576	0	0	0	0	0	0
<i>Hanover: Broken Pole</i>							
Capital Cost	16,034						
Sub-Total	16,034	0	0	0	0	0	0
<i>Walkerton: Walkerton Industrial Park</i>							
Capital Cost	32,621						
Sub-Total	32,621	0	0	0	0	0	0
<i>Port Elgin: Elgin Lodge Addition</i>							
Capital Cost	56,075						
Sub-Total	56,075	0	0	0	0	0	0

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
<i>Hanover: Hanover Industrial Park</i>							
Capital Cost	60,828						
Sub-Total	60,828	0	0	0	0	0	0
<i>Hanover: Mini Plaza</i>							
Capital Cost		2,932					
Sub-Total	0	2,932	0	0	0	0	0
<i>Overhead to Underground - Customer Driven</i>							
Capital Cost		79,928					
Sub-Total	0	79,928	0	0	0	0	0
<i>Port Elgin 4-Plex</i>							
Capital Cost		2,865					
Sub-Total	0	2,865	0	0	0	0	0
<i>Service Upgrade - Teeswater School</i>							
Capital Cost		2,875					
Sub-Total	0	2,875	0	0	0	0	0
<i>Southampton: Service 2 Lots to Line Lot</i>							
Capital Cost		3,331					
Sub-Total	0	3,331	0	0	0	0	0
<i>Walkerton: Durham Street - Metering Upgrade</i>							
Capital Cost		3,367					
Sub-Total	0	3,367	0	0	0	0	0
<i>Walkerton: Industrial Road Updgrade</i>							
Capital Cost		16,049					
Sub-Total	0	16,049	0	0	0	0	0
<i>Wingham: Capital Rebuild - Martha to George Street</i>							
Capital Cost		70,280					
Sub-Total	0	70,280	0	0	0	0	0
<i>Wingham: Metering Upgrade</i>							
Capital Cost		2,568					
Sub-Total	0	2,568	0	0	0	0	0
<i>Underground Burnoffs</i>							
Poles, Towers & Fixtures					17,582		
Overhead Conductors & Devices					11,651		
Underground Conduit					57,235		
Underground Conductors & Devices					64,209		
Line Transformers					2,148		
Services					5,695		

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Meters					1,277		
Sub-Total	0	0	0	0	159,797	0	0
<i>Neustadt PME</i>							
Poles, Towers & Fixtures					1,862		
Overhead Conductors & Devices					23,140		
Underground Conduit							
Underground Conductors & Devices							
Line Transformers					2,333		
Services					23,013		
Meters							
Sub-Total	0	0	0	0	50,348	0	0
<i>Bi-Directional Meters</i>							
Poles, Towers & Fixtures					413		
Overhead Conductors & Devices					4,735		
Underground Conduit					47		
Underground Conductors & Devices							
Line Transformers					4,423		
Services					1,738		
Meters					1,431		
Sub-Total	0	0	0	0	12,787	0	0
<i>Relocate Transformers</i>							
Poles, Towers & Fixtures					65		
Overhead Conductors & Devices					50		
Underground Conduit							
Underground Conductors & Devices							
Line Transformers					4,483		
Services					1,328		
Meters					104		
Sub-Total	0	0	0	0	6,030	0	0
<i>Underground Cable Installation</i>							
Poles, Towers & Fixtures					1,217		
Overhead Conductors & Devices					924		
Underground Conduit					170		
Underground Conductors & Devices					44,382		
Line Transformers					74		
Services					22,550		
Meters							
Sub-Total	0	0	0	0	69,317	0	0
<i>New Pole</i>							
Poles, Towers & Fixtures					18,424		
Overhead Conductors & Devices					4,398		
Underground Conduit					331		

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Underground Conductors & Devices					126		
Line Transformers							
Services					811		
Meters					104		
Sub-Total	0	0	0	0	24,194	0	0
<i>Install Primary, Transformer & Metering</i>							
Poles, Towers & Fixtures					14,379		
Overhead Conductors & Devices					12,628		
Underground Conduit					423		
Underground Conductors & Devices					11,445		
Line Transformers					40,556		
Services					11,413		
Meters					3,270		
Sub-Total	0	0	0	0	94,114	0	0
<i>Strut Guy Installation</i>							
Poles, Towers & Fixtures					8,113		
Overhead Conductors & Devices					772		
Underground Conduit					264		
Underground Conductors & Devices					317		
Line Transformers					317		
Services					211		
Meters					493		
Sub-Total	0	0	0	0	10,487	0	0
<i>Harriston Library Upgrade</i>							
Poles, Towers & Fixtures					1,935		
Overhead Conductors & Devices					290		
Underground Conduit							
Underground Conductors & Devices							
Line Transformers					9,766		
Services							
Meters							
Sub-Total	0	0	0	0	11,991	0	0
<i>Retro for Demolition</i>							
Poles, Towers & Fixtures					1,995		
Overhead Conductors & Devices					173		
Underground Conduit							
Underground Conductors & Devices							
Line Transformers					115		
Services					462		
Meters							
Sub-Total	0	0	0	0	2,745	0	0
<i>Stock</i>							

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Distribution Station Equipment				55,648			
Poles, Towers & Fixtures				3,249			
Overhead Conductors & Devices				624			
Underground Conduit				22			
Underground Conductors & Devices				40,764			
Line Transformers	24,158	30,696	-2,944	18,899			
Services				7,135			
Meters	50,000	50,000	55,395	6,571	112,118		
Sub-Total	74,158	80,696	52,451	132,912	112,118	0	0
<i>Other - Burden Clearing and Scrap Inventory Adjustment</i>							
Capital Cost	1,015,100	283,194					
Distribution Station Equipment					47,957		
Poles, Towers & Fixtures			-65,358	9,011	-105,818		
Overhead Conductors & Devices			-69,910	11,906	-59,036		
Underground Conduit			-7,472	1,990	-13,339		
Underground Conductors & Devices			-57,711	78	10,694		
Line Transformers			-85,665	257	-72,048		
Services			-40,406	-109	-63,683		
Meters			-3,023	60	5,408		
Sub-Total	1,015,100	283,194	-329,545	23,193	-249,865	0	0
<i>Reclassified or Transferred</i>							
Poles, Towers & Fixtures							
Overhead Conductors & Devices			1,202,043	-1,032,464			
Underground Conduit							
Underground Conductors & Devices				1,760,894			
Line Transformers				-721,852			
Services							
Meters				2,605			
Sub-Total	0	0	1,202,043	9,183	0	0	0
<i>Other</i>							
Buildings	2,443,787		30,908	1,843		5,000	9,000
Office Furniture & Equipment		244,053		7,834	10,589	5,000	2,000
Computer Hardware		397,489	24,238	14,881	45,385	22,000	28,600
Computer Software		726,872	23,488	104,332	89,765	50,000	45,000
Transportation Equipment		1,618,262	28,862	276,547	284,250	450,000	400,000
Stores Equipment		23,501	67,436				
Tools, Shop & Garage Equipment		214,184	27,924	36,167	18,505	72,000	72,000
Measurement & Testing Equipment		59,760		3,379	4,405		
Power Operated Equipment		66,947	33,325				
Communications Equipment		102,070		99,028			
Miscellaneous Equipment		32,903	4,890	5,700		40,000	45,000

Appendix 2-A Capital Projects Table

Projects	2007	2008	2009	2010	2011	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Sub-Total	2,443,787	3,486,041	241,071	549,711	452,899	644,000	601,600
Miscellaneous		1,427					
Total	5,529,046	6,091,195	4,584,982	3,029,418	4,159,822	4,892,456	5,566,081
Contributed Capital	-677,549	-892,416	-1,264,357	-287,613	-632,720	-433,861	-417,663
Net Total	4,851,497	5,198,779	3,320,625	2,741,805	3,527,102	4,458,595	5,148,418

Notes:

1 Please provide a breakdown of the major components of each capital project. Please ensure that all projects below the materiality threshold are included in the miscellaneous line. Add more projects as required.

2 Amounts should be reported on a MIFRS basis for the adoption year and any subsequent years, only.

ASSET MANAGEMENT PLAN

Westario's Distribution Asset Management Plan ("DAMP") is presented at Attachment 1 of this schedule.

The DAMP is designed as a "living document" whose primary use is to establish the optimum form of the assets required for WPI to deliver, within resource limits, the results and services sought by customers and regulators. The DAMP details the actions the Utility proposes to undertake to manage its asset needs.

The applicant acknowledges that certain asset condition studies have been undertaken; however, due to the significant size of the raw data the files and documentation have not been enclosed with this application. Rather, copies of the studies and related data are available upon request.

Westario Power Inc.
Distribution Asset Management
Plan
2012-2032



Introduction

Developing a focused asset-management strategy permits utilities to maximize their current assets and plan for future expansion, as well as replacement due to age, condition, and failure.

Asset management is an integrated approach for utilities to reduce cost and improve efficiency of transmission and distribution systems. Utilities can achieve optimal efficiency of their assets by effectively planning, analyzing data, and executing operations within the framework of sound asset management strategies.

Westario Power Inc. (“WPI”) and its predecessors have been managing the distribution system assets since electrification occurred in the province of Ontario. Although the concept of asset management is not new, the formal documentation of a plan is new for this utility.

The “Distribution Asset Management Plan” (DAMP) provides stakeholders an explanation of the framework within which WPI intends to operate and manage the distribution system assets to meet the required service levels while maintaining a safe and reliable distribution system for its consumers.

WPI welcomes feedback from stakeholders on its DAMP and its approach to maintaining a cost effective, safe, and reliable electrical supply to its customers.

Liability Disclaimer

The information and statements made in this DAMP are prepared on the assumptions, projections, forecasts and represents WPI's intentions and opinions at the date of preparation.

Circumstances will change, assumptions and forecasts may prove to be wrong, events may occur that were not predicted, and WPI may, at a later date, decide to take different actions from those it currently intends to take as expressed in this DAMP.

WPI cannot be held liable for any loss, injury, or damage arising directly or indirectly as a result of use or reliance on any information contained within this DAMP. The information and statements made in this DAMP are prepared on the assumptions, projections, forecasts and represents WPI's intentions and opinions at the date of preparation.

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1 Background

1.1 WPI's Distribution System & Approach to Asset Management

WPI is the licensed electricity distributor serving approximately 23,000 customers in Westario's service territory which encompasses fifteen (15) communities. Westario was created by the amalgamation of 8 former municipal hydro-electric commissions and currently serves the communities of Clifford, Elmwood , Hanover, Harriston,; Kincardine, Lucknow, Mildmay, Neustadt, Palmerston, Port Elgin, Ripley, Southampton, Teeswater, Walkerton, and Wingham.,

Westario distributes power to its customers through either direct transmission-connected feeders or through its municipal distribution substations which is comprised of primarily urban customers. Westario owns twenty-seven (27) municipal substations within its service territory. Within its service territory, there are a total of five (5) communities that are directly fed by Hydro One owned distribution stations as there is no Westario owned distribution station. These communities are Clifford, Elmwood, Mildmay, Neustadt, and Ripley.

The service area of WPI covers a large geographical area spanning approximately 60 kilometers east/west by 80 kilometers north/south. The service territory is non-contiguous and areas between these service territories are served by Hydro One Network Inc.

1.2 Service Levels

WPI abides by the OEB prescribed levels of service and reliability standards dictated by the following:

- Chapter 15 of the 2006 Electricity Distribution Rate Handbook – Service Quality Regulation and,
- Amendments to the Distribution System Code - Board File No. EB-2008-0001.

1.3 Historical Perspective

Prior to the merger, local utility offices and/or service centers existed in 9 communities – namely Hanover, Harriston, Kincardine, Lucknow, Mildmay, Port Elgin, Teeswater, Walkerton, and Wingham. None of these communities was large enough to accommodate the combined staff, fleet and inventory of the new LDC. Nor did any of these sites have enough land to expand the facility to meet these needs.

Merging such a collection of small utilities spread over a large area produced a number of significant customer service and distribution system operating/maintenance issues.

Generally, the former utilities had little, if any, documentation on the distribution system assets.

Information that was available was usually limited to a map or maps of the system. There were no records containing such information as age of equipment, years in service, fuse/disconnect ratings, equipment manufacturer, PCB surveys, condition assessments, failure history, transformer connections, etc.

In addition to the operating challenges that this lack of information presents, it prevents the development of a cost effective asset management plan that addresses growth, line loss minimization, reliability performance measures, and financial capabilities of the Company.

The condition of the inherited distribution systems in many communities was poor to fair. While some former utilities had made reasonable investments in their systems, the majority appeared to have taken the approach of “If it isn’t broken, don’t fix it”. In 2008, the Company commenced a program to collect data on all installed distribution system assets. This ongoing program permits the development of an effective asset management plan which addresses growth, line loss minimization, reliability performance measures, and financial capabilities of the Company.

When WPI inherited the amalgamation of all distribution systems, the lack of investment in capital and maintenance projects is most evident in the following categories:

- Tree Trimming

The tree trimming performed was minimal and needs to be performed every year. Since the merger, tree trimming in all communities is carried out on a rotating five year schedule. Trees are trimmed sufficient to provide the required clearances for the five year timeframe.

WPI outsources its tree trimming services as the third party service provider is better trained for this specific service and can perform the required task in a more effective manner than if it were done in house. The result has been that trees are now trimmed in a manner specific to the tree species, yet still provide the clearances needed to last the timeframe, in a fashion that is generally acceptable to the public.

- Substation Maintenance

Prior to the merger, a regular schedule of maintenance did not exist in most communities. Since then, all substations are now maintained on a four year rotation schedule. The work performed is documented and any identified issues are addressed.

- Pole Replacements

Prior to the merger, a substantial number of poles were beyond their useful life and needed replacing, as leaving them in service can significantly impact the safety and reliability of the distribution system. Under WPI, the utility allocates a capital pole replacement budget on an annual basis. Poles are prioritized for replacement based upon age, condition and potential adverse impact on the reliability of the distribution system.

- #6 Copper Conductor

In the past #6 Copper primary wire was an inexpensive solution for extending power lines to areas with small energy demands. These areas are now experiencing load growth and feeder extensions off the #6 primary wires. The wire has grown brittle and is undersized for the average load.

Due to its brittle nature, #6 copper wires pose a public and worker safety issue should the wire break and fall. Westario Power has experienced incidents of #6 copper wires breaking and falling to the ground unrelated to weather events.

These events are a potential and significant safety risk to line workers and the public. As a result, efforts have been made throughout the industry to remove #6 copper wires from service.

Two other significant operational issues arise for the continued use of #6 copper wires:

- Line Losses

Because of the small cross-sectional diameter of the wire, this wire has a high electrical resistance. As loads increase, and more current passes through #6 copper wire sections, line resistance losses increase. Energy losses from wire resistance usually lead to heating of the wire. This resistance is proportional to the square of the current passing through the line. WPI anticipates that it will be able to further reduce its line losses once the conversion is complete.

- Improper Fault Current Protection

As described above, the small cross-sectional diameter of the wire means high electrical resistance. Fault protection equipment at the substation is designed to sense a line fall when there is a sudden and continuous increase in line current. The high wire resistance effectively attenuates the line currents. As a result the fault current protection equipment at the substation does not always sense the fault current, and the substation fault protection devices do not operate to isolate the line.

Worker and public safety is highly compromised when the high resistance of the #6 copper wire causes faults current protection equipment,

Capital works since the merger proposes a more aggressive plan to replace #6 copper.

Additionally, other past and proposed capital projects address line losses by removing undersized and over utilized assets from service and replacing them with larger capacity and more robust plant. Examples of these projects are as follows:

- A Pole line rebuild project seeks to replace undersized main feeders with new larger capacity feeders, thus reducing loss.
- The 5 kV cable replacement program is a similar issue to the No. 6 copper issue except that the work is replacement of underground cables and transformers. The old style inefficient and overloaded transformers are displaced and replaced with new, more efficient transformers.
- A project to replace old thermal demand poly-phase meters with new electronic demand meters. Meter error accuracy in old mechanical meters will be reduced. Mechanical meters tend to register lower readings as they fail, unlike electronic meters which cease to display upon failure.

1.4 Managing Stakeholder Interests

1.4.1 Identifying Stakeholders

WPI is governed by a Board of Directors and has 8 municipal shareholders and one private entity (Fortis Ontario). Other stakeholders include:

- Electricity retailers, customers, and end consumers
- Contractors and service providers
- Distribution Supplier - Hydro One & 8 municipal shareholders and one private entity
- Government agencies such as the OEB, OPA, & IESO
- Land owners where WPI lines run

WPI has contact with all of its stakeholders. Their suggestions provide opportunities for WPI to conduct its business and provide perspective about rates and service levels.

1.4.2 Accommodating Stakeholder Interests

Stakeholder interests can be viewed from a number of perspectives including financial stability, electricity rates, and quality of supply, safety, and compliance. Financial stability is required to ensure that shareholders and lending institutions have sufficient confidence to continue owning and investing in WPI. Electricity rates provide the means for WPI to create revenue and signal underlying costs. Not charging appropriate rates has economic implications for both WPI and its customers. Quality of Supply includes emphasis on reliability with respect to the number of interruptions, the duration of interruptions, the amount of flicker, and the quality of voltage. Safety involves staff, contractors, customers, and the general public. WPI must ensure the operation of the distribution system is safe for all. Compliance with respect to financial, safety, and environmental matters need to be complied with.

WPI accommodates stakeholder interests as follows:

Interest	How WPI accommodates stakeholder interests
Financial Stability	WPI will accommodate stakeholders' needs for long term viability by returning a dividend to the shareholders.
Electricity Rates	WPI's revenue is constrained by regulatory requirements, conservation and demand management activities, and the state of the economy. Failure to collect enough revenue to fund reliable assets will impact customers in a negative way. Conversely collecting too much revenue penalizes customers and transfers a disproportionate proportion of wealth to the shareholder. WPI's pricing strategy must be cost effective and at the same time be enough to continue to balance distribution system security, capacity, reliability, and return on investment.
Quality of Supply	WPI conducts annual customer satisfaction surveys. The last survey was done in the fall of 2011 where customers indicated that they expect their utility to provide consistent, reliable energy, handle outages and restore power quickly and make using electricity safely an important priority. For this reason WPI will continue to effectively rebuild its infrastructure with funds available.
Safety	WPI will ensure that the public is kept safe by ensuring all assets are structurally sound, live conductors have maintained at least minimum clearances, enclosures are kept locked, and touch & step potentials are kept to a minimum. WPI will ensure the safety of its staff by implementing and continuously improving its safety management program.
Compliance	WPI will disclose performance information as required by regulators and ensure that safety issues are thoroughly documented.

1.4.3 Managing Conflicting Interests

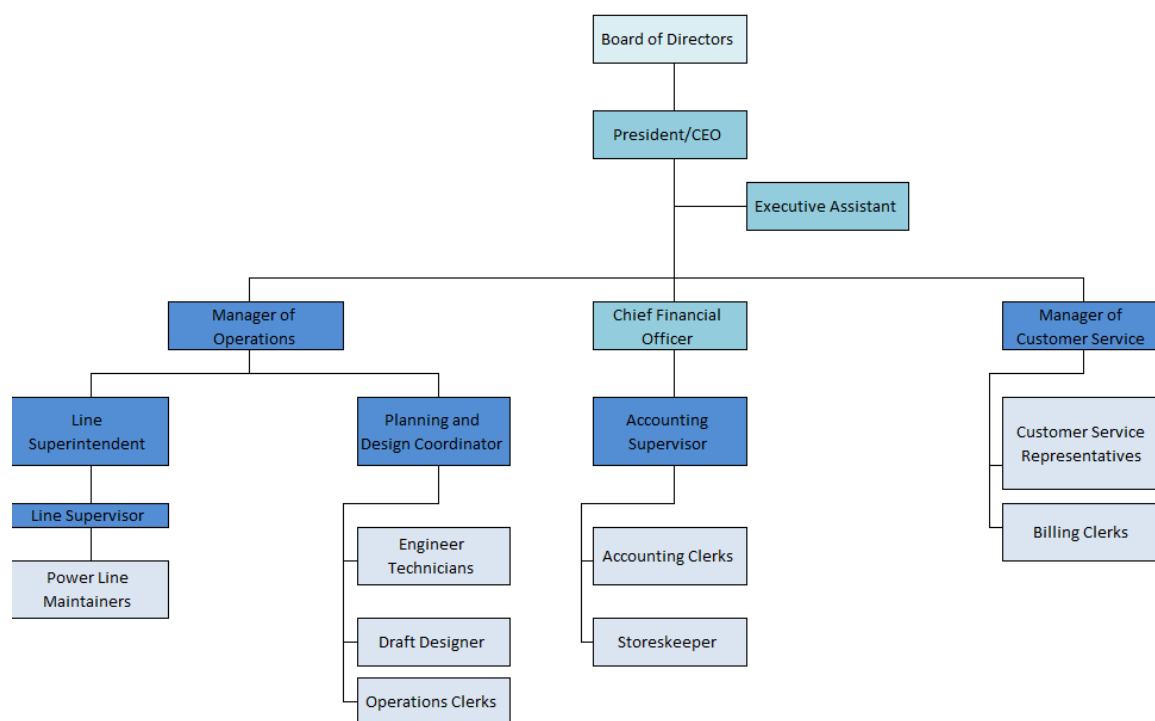
Conflicting interests will be managed as follows:

- Safety must be 1st Priority - Safety of staff, contractors, and the public will always be the highest priority even if this means exceeding budgets or risking non-compliance.
- All other interests must be managed as the situation dictates and will out of necessity be a balance of some proportion (not necessarily equal proportions) between the interests:
- Financial Stability – WPI must be financially viable or it will not exist to manage other conflicts.
- Quality of Supply – Customers want value and are willing to pay for a certain level of quality.
- Electricity Rates – Rates reflect an appropriate balance between revenues and expenditures.
- Compliance – Other than safety.

1.5 Accountabilities for Asset Management

WPI's accountabilities for asset management are reflected in the following figures describing the corporate entities and corporate organizational structure with area of responsibility.

Westario Power Inc. Organizational Chart



1.5.1 Accountability at Governance Level

WPI is governed by a Board of Directors as appointed by each of the shareholders. Each shareholder has one representative on the Board of Directors. Directors are approved on an annual basis by the Shareholders of WPI at the Annual General Meeting of Shareholders.

1.5.1.1 Accountability at the Executive and Management Level

The Chief Executive Officer (CEO) is accountable to the Board of Directors and the Management Level is accountable to the CEO through business goals, the development and execution of annual budgets, and various standards & processes that apply to the distribution system assets.

Accountability for financial and regulatory activities lies with the Chief Financial Officer. This role provides all financial reporting, assets funding provisions, and budgeting process for all phases of the DAMP.

Accountability for managing the lifecycle of existing assets, the installation of new developments, and the installation of new assets lies with the Manager of Operations. This role addresses long term planning issues such as capacity and security.

Accountability for the daily continuity and restoration of electrical supply lies with the Line Superintendent. This role provides control and dispatch for electrical restoration.

1.5.2 Key Reporting Lines

The Board of Directors governs WPI's electrical distribution business and manages this overall responsibility through the CEO.

The WPI Board of Directors meets quarterly and receives quarterly reporting from management outlining financial, operational, and safety performance as well as the progress in maintenance, operational, and capital programs.

1.5.3 WPI Operating Structure

1.5.3.1 Operations Group

The Operations Department provides a seamless design to build processes which includes:

- Planning and design for new capital works including all new connections to the distribution system;
- Analysis of system configuration with such inputs as growth, new connections, voltage levels, and capacity information with a view to optimize the configuration of the distribution system;
- Operating, emergency response, connection services, maintenance services, and capital construction services;
- In conjunction with contractors collects information required by the “Distribution System Maintenance & Inspection Program” in the management of existing assets;
- Executes the design plans;
- Produces material requirements to be utilized and warehoused.

1.5.3.2 Finance Group

The Shared Services Department provides financial reporting & analysis, budget support, accounting, rate design, and regulatory support to meet regulatory requirements

2 Introduction to the Asset Management Plan

Asset management planning is the process of making the best possible decisions regarding the building, operating, maintaining, renewing, replacing and disposing of infrastructure assets. The objective is to maximize benefits, manage risk, and provide satisfactory levels of service to the public in a sustainable manner.

Asset management requires a thorough understanding of the characteristics and condition of infrastructure assets, as well as the service levels expected from them. It also involves setting strategic priorities to optimize decision-making about when and how to proceed with investments.

This DAMP is not intended to be a detailed description of WPI's distribution system assets, but it is intended to be a description of the thinking, the policies, the strategies, the plans, and the resources that WPI uses to manage the assets.

2.1 Purpose of this DAMP

The purpose of the DAMP is to provide a management framework to ensure that WPI:

- Maintains service levels that will meet customer, community, and regulatory expectations for its distribution system network.
- Understands what levels of distribution system capacity, reliability, and security of supply will be required both now and in the future, and what issues will drive these requirements.
- Have programs and procedures to manage all phases of the distribution system life cycle from inception to retirement.
- Has considered the management of the distribution system in terms of the best risk management practices with the ultimate goal of minimizing identified risks.

- Has made adequate provisions to fund all phases of the distribution system asset life cycle.
- Makes decisions based on structured business strategies and models.
- Has a continuously improving knowledge of its assets with respect to locations, age, condition, capacity, and attributes.

2.2 Period Covered

The planning horizon of the DAMP is from 2012 to 2032. It is intended that the DAMP will be a living document that will be reviewed on a periodic basis.

The planning horizon extends for a twenty (20) year period. The main focus of the plan concentrates on both 2012 and 2013 as budgets for these years have been developed. The Asset Condition Assessment is based on a planning horizon of twenty (20) years and predicts the sustainment of assets through to 2030.

It is very likely that new developments, that are not identified here, will arise at any given time even in the short term of five (5) years.

There is an obvious degree of uncertainty in any predictions of the future and as such the DAMP contains a level of uncertainty. The influence of government regulation, ongoing adjustments to LDC regulation by the OEB, customer growth, and the general state of the economy makes for a substantial degree of uncertainty.

Accordingly WPI has established the following certainties to the timeframes of the DAMP:

Timeframe	Residential	Commercial/Industrial
Year 1	Certain	Little if any certainty
Year 2	Certain	Little if any certainty
Year 3 to 20	Some Certainty	Little if any certainty

2.3 Planning and Operating Contexts

All of WPI's distribution system assets exist within a strategic context that is shaped by a wide range of issues including WPI's Vision and Mission, this DAMP, regulatory environment, government policy objectives, commercial pressures, and technology trends. WPI's distribution assets are also influenced by technical regulations (i.e. – construction and clearance standards), asset deterioration, and various risk exposures independently of the strategic context.

2.3.1 Strategic Context

WPI's strategic context includes many issues that range from the local and Canadian economy to developing technologies. Issues which are considered to impact this DAMP include:

- The prevailing regulatory environment which constrains electricity rates and rates of return, requires stable or improving reliability indices, and requires complex reporting of financial and operating performance.
- Government policy objectives such as the implementation of conservation and demand management programs, smart meters and the introduction of the Green Energy Act.
- Local, national, and global economic cycles.

- Interest rates and the general business confidence within the communities WPI serves which influences the rates at which new customers connect to lines.
- Ensuring sufficient funds and skilled people are available in the short, medium, and long term to resource WPI's service requirements.

2.3.2 Independence from Strategic Context

While WPI's assets and asset configuration will be shaped by the strategic issues identified above in "Strategic Context" that are relevant to its stakeholders, it is also important to recognize that the assets will also be influenced (and sometimes constrained) by issues that are independent of the strategic context. For example the rate at which wooden poles rot is independent of the scarcity of skilled contractors. This issue may constrain the rate at which WPI replaces rotten poles, but it does not influence the rate of rot.

Samples of issues that are independent of WPI's strategic context include:

- Technical regulations including Regulation 22/04 – Electrical Safety and the new Regulations on Farm Stray Voltage.
- Asset configuration, condition, and deterioration – these parameters will significantly limit the rate at which WPI can invest in upgrades or enhancements to the distribution system.
- The physical characteristics of electricity systems which govern such fundamental issues as voltage regulation, capacity, power flows, and faults.
- Physical risk exposures – exposure to such events as wind, lightning, snow/ice, motor vehicle impacts, theft of copper, and unwanted human interference are independent of strategic context.
- Health and safety requirements such as line clearances and grounding of equipment.

2.4 Key Assumptions

The development of this DAMP is based on a series of key assumptions that are made as a foundation for planning and forecasting predictions of future activities, whether to maintain, replace or develop new assets (discretionary capital projects).

The key assumptions for this DAMP are as follows:

- Electricity growth rates will continue to be slow in the next five (5) years due to an economy in recovery and the impact of the Conservation and Demand Management (CDM) Programs in lowering demand and electricity usage.
- Recognition that the economy of the areas served by WPI depends on a secure and reliable supply of electricity.
- The Green Energy Act which received Royal Assent on May 15, 2009 could require significant investment in the distribution infrastructure in order to meet the “Smart Grid” characteristics alluded to in the legislation.
- The installation of smart meters requires significant investment to harness the capability of the new metering devices and to promote the “Smart Grid”.
- With reference to the “Smart Grid” new technologies will be developed within the planning horizon of this plan. However, at this time the specific nature of how these new technologies would be developed to benefit WPI’s customers is not known.
- Present service levels will continue to be maintained and will remain a balance between customer count, needs, price-quality tradeoffs, and industry best practice(s). Service levels will not be changed significantly due to introduction of new regulatory requirements.
- WPI’s DAMP is a strategic document to convey future distribution system development and maintenance plans to stakeholders.

- WPI's asset management systems will continue to be developed in order to process performance information to meet demand, capacity, security, and reliability levels in a timely manner.
- Use of outside line construction firms to perform distribution maintenance, replace, and install assets (as prescribed by work plans of projects) will continue.
- Compliance with relevant regulatory requirements as they pertain to electricity rates, filing requirements, health & safety, and environmental protection will be maintained.
- Meet the requirements of our Shareholder by achieving the objectives set down in WPI's mission statement.
- Asset management planning involves forecasts based on information collected from many sources. Distribution system development for the next two (2) years (2012/13) has been established. The following three (3) years (2014 thru 2016) are less certain and the remaining years of the plan are based solely on trending. As the years pass a regular review of this plan will ensure it is the best it can be.

Review of future achievement (apart from regulatory compliance) will be centered on the following areas:

- Health & Safety Performance
- Financial Performance
- Economic Efficiency Performance
- Reliability Consistency and Improvement
- Environmental Performance

3 Asset Management Systems

3.1 Asset Knowledge

Asset information is essential to a properly functioning asset management plan. WPI has various records, both paper and electronic, which identify asset attributes and condition data. The following table summarizes the status of the collection of asset attributes with respect to each asset category (based on May 2012 information).

Description of Asset	% Of Asset Attributes Known	% of Condition Data Collected
Distribution Station Transformers	100%	100%
Pole Mounted Transformers	100%	90-100%
Pad Mounted Transformers	100%	100%
Poles	80%	80%
Smart Meters	100%	100%
Fleet	100%	100%

The method of information collection and storage is a key component to successfully managing the data from all assets. Records are kept in a number of formats either paper based files, database (RamSys), or spreadsheet (MS Excel-Sp) based.

3.2 Improving and Using Asset Knowledge

Currently asset data, for poles and distribution transformers, such as global coordinates, asset number (unique ID #) and physical attributes are available or accessible directly from AutoCAD maps and WPI's asset management software (RamSys). Condition data is being collected (electronically) for poles, transformers and switchgear and downloaded into databases. This information is then analyzed and used to prepare meaningful asset condition assessments upon which replacement and development activities and budget related decisions can be made.

3.3 Key Systems and Processes

In order to manage its assets, WPI uses an AutoCAD mapping system which shows the geographical location of the specific asset; then the asset is linked to database software (RamSys) which stores all relevant information on the asset in question. Although the current process may not provide the level of sophistication a GIS systems does, it is for the time being sufficient to keep the utility well-informed on the condition of its distribution assets.

The RamSys system cannot accommodate the large amount of information on smart meters; accordingly WPI records all information on its smart meters in SAP. In addition to the processes currently in place, a number of paper records also exist which contain the asset information.

3.4 Key Planning Documents

3.4.1 WPI's Vision and Mission Statements

WPI's vision and mission statement is as follows:

Westario Power is an energy distribution corporation with a mission to build a quality, customer focused organization.

Our company will provide safe, reliable cost-effective services and products achieving sustainable growth while respecting the community and the environment.

We are dedicated to creating superior value for our customers and shareholders, and a safe and rewarding work environment for our employees.

We will grow our business through innovation and creative leadership, based on sound fiscal management and business practices.

3.4.2 Purpose of an Asset Strategy

The Asset Strategy is primarily for use by the Utility to establish the optimum form of the assets required for them to deliver, within resource limits, the results and services sought by the customers and regulators. The strategy detail the actions the Utility proposes to undertake to manage its asset needs.

3.4.3 Asset Strategy

The asset strategy, which until now, has not been formally documented as an asset management plan, has been utilized to varying degrees since the inception of the distribution system in Ontario. The guiding principles for today's distribution system asset strategy are:

- Maintain awareness of safety around electricity at the forefront for company, customers, and the general public.
- Exploit the availability of lines constructed for 44kV to improve reliability and electrical losses.
- As maintenance and construction occurs upgrade hardware on all distribution equipment to facilitate a seamless transition to the 44kV feeder voltage.
- Design the distribution system with the intent of maximizing the reduction in electrical losses.
- Improve customer reliability through effective maintenance plans and planned replacement of assets at their end of life.
- Maintain power quality by implementing the modeling of the electrical distribution system in GIS and distribution engineering simulation software (DESS).
- Assist the connection of renewable embedded generation by identifying the constraints and providing solutions which enable proponents to connect to the distribution system.

3.4.4 Prevailing Regulatory Environment

The Electricity Distribution Industry in Ontario is regulated under the Ontario Energy Board Act, 1998, the Electricity Act, 1998, and the Electricity Restructuring Act, 2004 all of which are administered by the Ontario Energy Board (OEB).

The Ontario Energy Board Act, 1998 sets out the following guiding objectives for the OEB with respect to electricity:

- To protect the interests of consumers with respect to prices and the adequacy, reliability, and quality of electricity service.
- To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.

These regulatory requirements dictate or heavily influence WPI's rates, fees, and return on equity. Rates are required by legislation to be approved annually by the mechanisms specified by the OEB.

The Electricity Act establishes the structure of the electricity industry and the roles and responsibilities of parties such as the Independent Electricity System Operator (IESO), Electrical Safety Authority (ESA), Ontario Power Authority (OPA) and the Smart Meter Entity (SME). The Electricity Act further establishes both rights and obligations for distributors. Upon request, distributors are obligated to connect any building that lies along their distribution systems and access to this system must be non-discriminatory. The Green Energy Act establishes mandatory timelines and information requirements for each step of a process established for the connection of generation facilities that will sell electricity through the distribution grid.

3.4.5 Electrical Safety Authority

As a condition of license, WPI must comply with rules and regulations as set out by the Electrical Safety Authority's (ESA) whose role is to enhance public electrical safety in Ontario. As a delegated administrative authority acting on behalf of the Government of Ontario, ESA is responsible for administering specific regulations related to the Ontario Electrical Safety Code, the licensing of Electrical Contractors and Master Electricians, electricity distribution system safety, and electrical product safety. ESA works extensively with stakeholders throughout the province to educate, train, promote, and foster electrical safety.

3.4.6 Annual Business Planning

WPI has produced, or updates a number of key documents which support the annual business planning process. These documents include the distribution system maintenance and inspection program, asset condition assessment, and detailed budgets. Going forward, this distribution asset management plan will also be reviewed and revised on a regular basis.

3.4.7 Annual Budgets

Each year WPI produces an annual budget for the year ahead which reflects the costs of individual projects and expenditures over the year. This budget is created by reviewing asset and operational issues experienced in the past and anticipated for the future. This budget contributes to the long term alignment with the strategic context. It must be understood that this alignment process is very much a moving target.

For the last two years and in support for WPI's rate application, WPI has produced budgets going forward two years. Moving forward, a critical activity for WPI is to ensure that the annual budget reflects the fundamentals of this DAMP.

3.4.8 Risk Management

Ontario Regulation 22/04 - Electrical Distribution Safety is a key regulation which requires WPI and all other LDCs to maintain distribution standards, material

standards, and construction verification programs to safeguard the public from hazards associated with the distribution system. The Electrical Safety Authority (ESA) is responsible for enforcing the regulation and this is done through a system of annual audits and regular field inspections.

WPI promotes excellence in health and safety management in order to prevent losses to people, assets, environment, and reputation. Keys to this H&S Management system are the evaluation of risk for all workplace hazards, regular H&S meetings with staff, and feedback on losses or near losses occurring in the workplace.

Written emergency response procedures have been prepared as follows:

- Distribution System Emergency Preparedness Plan
- System Restoration Plan

WPI will follow all regulatory requirements and guidelines to ensure the distribution system has a low risk impact on the environment.

4 Summary of Assets Covered

4.1 Distribution Area

WPI's distribution system covers approximately 640 square kilometers and serves Westario Power is the local distribution company (LDC) supplying electricity to the Ontario communities of:

Clifford, Elmwood, Hanover, Harriston, Kincardine, Lucknow, Mildmay, Neustadt, Palmerston, Port Elgin, Ripley, Southampton, Teeswater, Walkerton and Wingham

All areas between communities served by WPI are serviced by Hydro One Networks. The greatest single customer population is in the Town of Saugeen Shores (Port Elgin/Southampton) representing 30% of the overall customer base. WPI currently serves approximately 23,000 customers. A map of the service territory is shown in Appendix B.

Generally speaking the urban service territory is comprised of mostly residential development with a supporting small commercial area.

4.1.1 *Demographics*

4.1.1.1 *Key Economic Activities*

WPI is comprised of fifteen small communities located in western Ontario. Most of the small businesses located within its territory are of a retail nature, or small manufacturing companies. WPI's large commercial customer base is approximately 278 customers representing approximately 35% of its total load. The area that WPI services is highly dependent on summer tourism as approximately 40% of its customer base is located along the Lake Huron Shoreline in the communities of Kincardine, Port Elgin and Southampton.

WPI does not have any industrial customers within its service territory as its largest customer peaks at approximately 4.5 MW; however, the area is highly dependent on the success of Bruce Power. Bruce Power is located in Tiverton, within the Municipality of Kincardine and is by far the largest employer in Grey and Bruce counties.

Energy & Demand Characteristics

Key energy and demand figures separated into transformer station areas and based on historical information from 2004 to 2010 are as follows:

Municipal Sub-Stations	Long Term Trend GWh	Long Term Trend MW
Hanover	Flat Growth	Flat Growth
Harriston	Flat Growth	Flat Growth
Kincardine	Flat Growth	Flat Growth
Lucknow	Flat Growth	Flat Growth
Palmerston	Flat Growth	Flat Growth
Port Elgin	Flat Growth	Flat Growth
Southampton	Flat Growth	Flat Growth
Teeswater	Flat Growth	Flat Growth
Walkerton	Flat Growth	Flat Growth
Wingham	Flat Growth	Flat Growth

4.2 Network Configuration

WPI is connected to the Ontario power transmission grid at four (4) transformer stations which are owned by Hydro One (HO). WPI customers are supplied via seven (7) 44kv feeder circuits which feed 27 WPI owned Sub-Stations. Within the service territory of WPI there are also multiple customer owned distribution stations fed from the 44KV circuits.

4.3 Assets by Category

WPI has the following major assets. The data is current as of December 2011.

Description of Asset	# of Assets
Distribution Station Transformers	27
Pole Mounted Transformers	2103
Single Phase Pad Mounted Transformers	704
Three Phase Pad Mounted Transformers	226
Poles	10844
Underground Cable	515km

5 Managing the Existing Assets

Electricity assets like any other type of physical asset have a lifecycle. This section describes how WPI assets are managed over their entire lifecycle from conception to retirement.

5.1 Maintenance Planning

WPI manages assets with the intent of providing a safe, efficient, reliable, and cost effective electricity distribution system.

For example distribution transformers are manufactured with the intent that there is no need to provide regular maintenance (maintenance free) for the duration of their lifecycle. Generally speaking they remain in service providing continuous service until they reach the end of their lifecycle – they fail in service.

Some distribution assets remain in service delivering electricity with little required maintenance. However, a small percentage of the distribution assets such as substation transformers do require regular maintenance. These transformers generally supply many hundreds or thousands of customers and a failure would likely result in a lengthy outage and a significant number of resources to replace a failed unit. This maintenance involves regular condition testing which highlights or identifies possible problems.

The maintenance and inspection program was first introduced in 2006 and is very much a work in progress. Prior to this time there was no documented program in place and records of maintenance or inspection activities were either poorly organized or non-existent. The document is continuously being updated with new information upon which maintenance or inspections of equipment are based. Maintenance standards in the program are built upon manufacturer's recommendations, industry regulatory requirements, industry best practices, and WPI's own experience with performing the maintenance or inspection. The document clearly describes the geographic area and frequency of programs, the

specifications or standards for the work, who is responsible to carry out specific actions, the accounting job numbers associated with the work, and the forms necessary to document the field work.

The strategy behind this program was based on the fact that for the most part minimal maintenance had been performed or documented for the majority of distribution assets. The initial intent of the program is to provide base knowledge to provide enough information to make informed decisions on future maintenance. Initial intervals for maintenance may be changed based on actual experience with field data collected. For example, most of the maintenance forms have the following questions that are required to be filled out by the maintainer:

Appendix D
Patrol Deficiency Record

Town _____
 Circuit _____
 Grid _____

Date: _____
 Patrolled By: _____
 Page: _____

Location	Equipment No.	Equipment Type	Describe Problem	Severity			Repair Work Order	Date repair completed
				High	Med	Low		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		

This process will allow WPI to collect information and base future intervals on the actual existing condition of the asset. In this way the cost to perform maintenance can be optimized. The data collected from the maintenance provides valuable information upon which to base repair work, refurbishment activities, and asset replacement schedules.

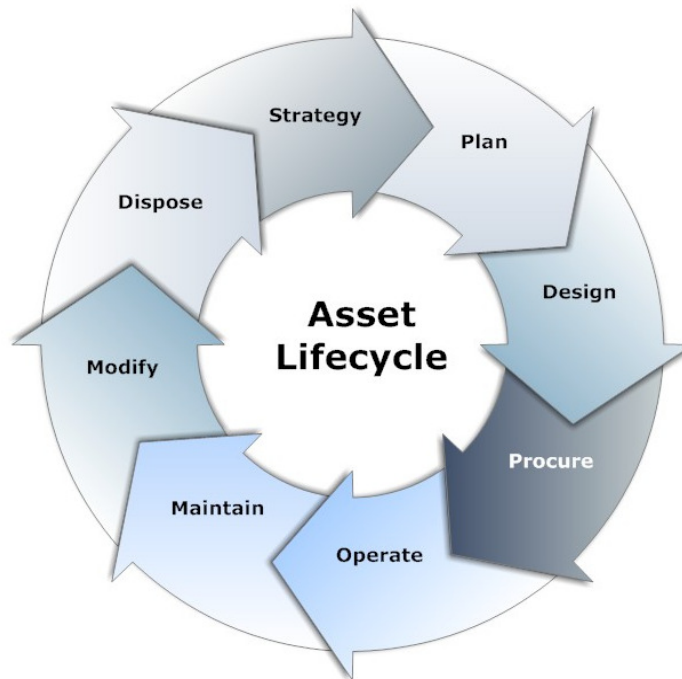
In addition to actual asset maintenance a number of programs exist to enhance the reliability of the assets or to identify problems with assets. These programs are as follows:

- Pole Testing - a visual pole test is completed to inspect for rot, pockets, cracks, ants, spalling, mechanical damage, poor tops and bird holes. For

poles that are 1995 and older, a drill test is conducted to grade the pole accordingly.

- Line Clearing and Tree Trimming – Tree contacts are a major cause of distribution system outages and momentary interruptions for WPI customers. WPI has a regular line clearing and tree trimming maintenance program. This program cycles through the service territory on a five year basis. In 2011 the program was changed to an area by area program. Currently the schedule is to complete each area at least once in a five year period subject to change based on conditions found.

5.2 Understanding Asset Lifecycles



Definition of **Key** Lifecycle Activities that impact the DAMP:

Activity	Detailed Definition
Strategy/Planning and Procurement	<p>Cost Replacement</p> <ul style="list-style-type: none">• Estimate replacement costs of key elements (structure, services, equipment, furniture)• Estimate replacement costs using life spans• Prepare annualized costs and rates <p>Recurrent Costs</p> <ul style="list-style-type: none">• Identify energy costs• Identify maintenance costs and rates <p>Identify Operating Budget</p> <ul style="list-style-type: none">• Annual Maintenance, Periodic, Life Cycle, Recurrent

	<ul style="list-style-type: none"> • Management and Administration <p>Prepare plans and financial analysis for maintenance of life cycle items</p>
Operations	Involves changing the design parameters of an asset such as changes in circuit configuration or setting a tap setting on a transformer. Does not involve a physical change to the asset. Line clearing of trees is an operations activity.
Maintenance	Involves replacing consumable components on asset assemblies but not the whole assembly. Generally these sub components wear out before the whole assembly fails. For example an insulator on a pole assembly or an arc snuffer/muffler on a gang operated load break switch.
Sustainment/Modify	Involves replacing assets in terms of the assets listed under asset categories. For example replacing a pole in a pole line.
Disposal/Retirement	Removes an asset from the distribution system. For example removing a redundant pole line from service. By definition retirement would be a reduction in the distribution system footprint.

5.3 Operating the Assets

Operational activities generally arise in dealing with distribution system issues when assets are not operating as normal. For example a number of triggers exist as follows:

- Voltage levels too high or too low – outside of Canadian Standards Association Voltage Variation Limits for circuits up to 1000V under “Normal Operating and Extreme Operating Conditions”
- Fault current exceeds thresholds on protective devices such as reclosers, fuses, and breakers

- Demand exceeds thresholds on protective devices and or the assets current carrying capacity
- Customer concerns about the quality or reliability of electricity being supplied to them

5.4 Maintaining the Assets

As stated above, maintenance is primarily about replacing consumable components of assets. Components wear out in a number of ways including oxidation, pitting or erosion of contact surfaces, material rot, gasket degradation, pitting of insulators, etc. Continued operations of devices which clearly exhibit component degradation will eventually lead to a failure in the distribution system. What leads to failure is a complex interaction of parameters such as quality of manufacture, quality of installation, age, operating hours, number of operations, loading cycles, stress due to fault events, ambient temperature, contaminants, and the maintenance performed during the life of the asset.

6 Sustaining Existing Assets

6.1 Assets by Category

WPI's distribution assets are grouped as follows:

- Municipal Substations
- Pole Mounted Transformers
- Pad Mounted Transformers – separated into single and three phase units
- Poles
- Gang Operated Overhead Switches
- Pad Mounted Switchgear
- Underground Cable
- Meters
- Fleet

6.2 Asset Condition Assessment

WPI's current asset management strategy came into effect in 2001 when WPI inherited assets from 8 separate utilities. Prior to the merger, WPI engaged the services of Elecsar Engineering and Pollutech Geoenvironmental Limited to perform a Health and Safety and Operational Audit of Saugeen Shores, Hanover, Kincardine, South Bruce, Huron-Kinloss and Wingham Electric Systems, Brockton (Walkerton, Elmwood) and Minto (Palmerston, Harrison, Clifford). The condition of the inherited distribution systems in many communities was poor to fair. While some former utilities had made reasonable investments in their systems, the majority took a reactive approach vs. a proactive approach to maintaining their assets. Smaller communities are often subject to local pressures to keep rates down and therefore preventative type investments in capital and maintenance are often put on the backburner.

The scope of the Due Diligence Audit included the following matters:

- Conditions of Physical Assets

- Human Resources/Safety
- Environmental Responsibility
- Economic Viability
- Site Security
- Nomenclature
- Safety Equipment
- Distribution System
- Lighting Surge Protection
- Operational Protection Issues
- Liability Insurance
- Study Program

Prior to amalgamation, records for the 8 utilities were mostly kept in paper or spreadsheet form however, generally, details on the various asset numbers, attributes and their condition were generally poorly documented or unknown. Starting in approximately 2001 substation attributes was collected and manually input into a database. Over the years since, pole, transformer, conductor and switch attributes, for the entire distribution system, was collected and input in the RamSys database.

The major goal of an asset condition assessment is to approximate future capital expenditures over an extended horizon. WPI has conducted its own asset assessments based on the asset data base it has created. WPI's assessment is contained in the individual asset categories highlighted in Section 7.2.

WPI has recently completed an assessment on assets to meet the IFRS accounting standards. In its analysis, WPI utilized the Kinectrics Inc. Report number K-418033-RA-001-R000 dated July 8, 2010 titled "Asset Depreciation Study for the Ontario Energy Board" to assist with the determination of the useful lives of its assets. With each of the asset categories a typical useful life (TUL) has been determined and this life has been utilized to extrapolate the replacement of assets into the future over the next 20 year horizon.

6.3 Asset Maintenance Strategies

6.3.1 Municipal Substation

6.3.1.1 Condition Assessment

There are currently 27 substations in service within WPI's territory. All 27 substations undergo quarterly gas & oil analysis, monthly visual checks as well as quarterly inspections by third party contractors.

6.3.1.2 WPI Sustainment Strategy

WPI's sustainment strategy is predicated on the following factors:

- The average age of WPI's 27 substations is thirty-one (31) years old, ranging from 17 years to 51 years old. Eighteen of the twenty seven substations are greater than thirty (30) years old and will reach their Typical Useful Life (TUL) of 45 years for power transformers within the next 15 years.
- Testing of substation transformer oil is a very good predictor of when a transformer is reaching the end of its life. Regular testing allows time to make decisions about transformer replacement and capital investment is therefore, based on a proactive approach.
- At this time, there is no redundancy or backup available in the event that one of these substation fails however WPI did include capital costs in its 2012 budget for the purchase of a backup substation that can accommodate the various voltage.

These factors have led WPI to adopt the following strategy:

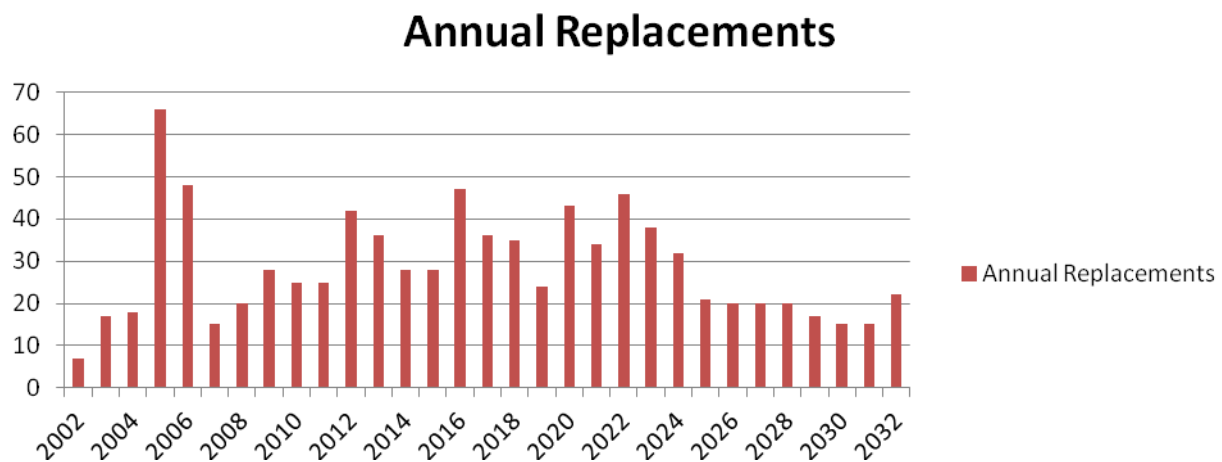
- Thorough analysis and reporting of the inspection results and close monitoring older substations.
- WPI's capital budget process will include projects that upgrade or replace ageing transformers.

6.3.2 Pole Mounted Transformers

6.3.2.1 Results of Asset Evaluation

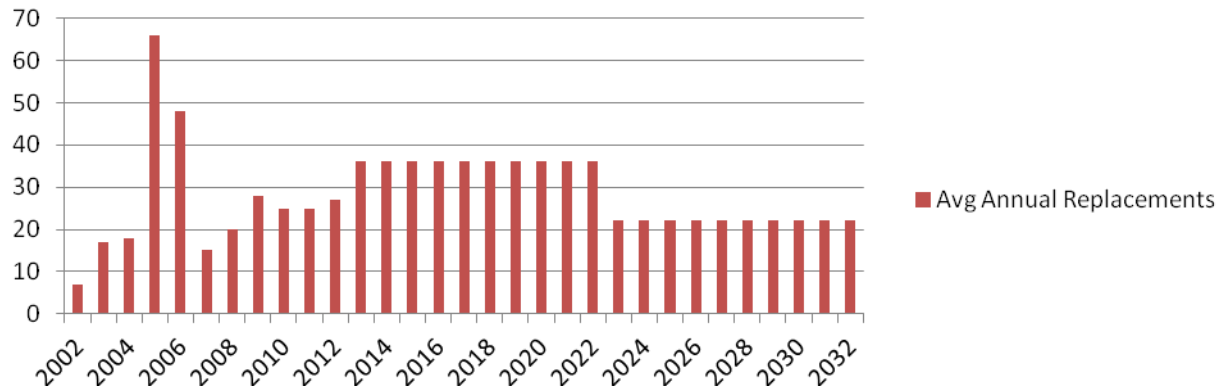
Pole Mounted Transformers as a whole is a very large asset base. The age and condition of transformers is spread over a broad range 1961 to 2010 with an average age of 26 years old. WPI has used a Typical Useful Life (TUL) of thirty-five (35) years for Pole Mounted Transformers. When 35 years is added to the age distribution the number of potential replacements at end of life can be forecasted. This projection revealed 318 transformers that have met or exceeded the 35 year old TUL criteria. This quantity of transformers has been distributed over the twenty year replacement projection which added 18 units per year starting from 2012 to 2032.

Shown below is a bar graph indicating the above mentioned asset evaluation which shows the number of Pole Mounted Transformers in WPI's distribution system that will need replacing over the next 20 years.



In the interest of maintaining rate stability and minimizing the financial and operational affects, WPI's approach to budgeting is an average transformer replacement based on a 10 year period. The bar graph below presents annual pole replacement based on a 10 year average.

Avg Annual Replacements



6.3.2.2 WPI's Sustainment Strategy

WPI's sustainment strategy is predicated on the following factors:

- The distribution transformer requires no maintenance.
- The outage impact of an individual transformer failure is limited to a very small number of customers and in some cases due to the low density nature of parts of the service territory only one customer is involved.

These factors have led WPI to adopt the following strategy:

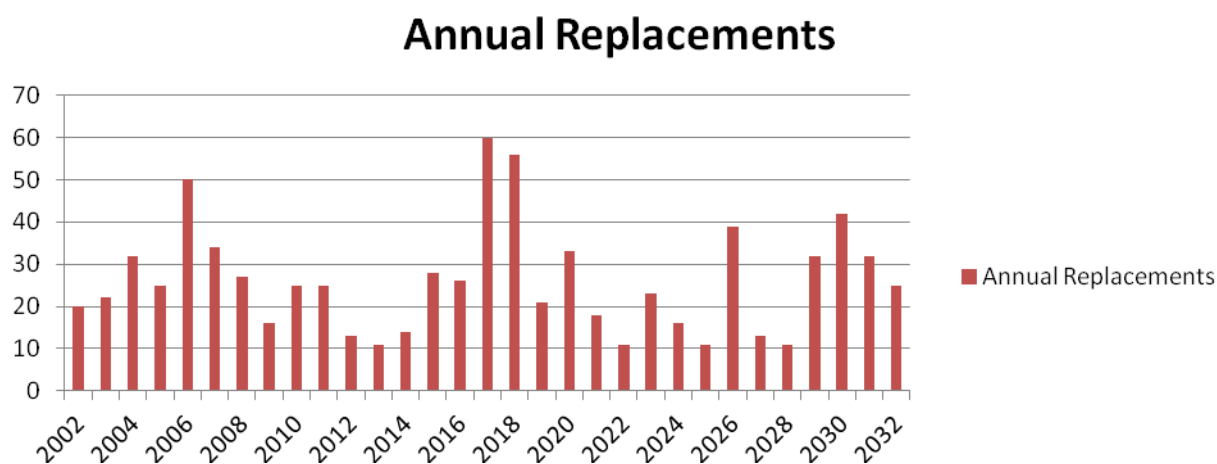
- Inspect and monitor condition.
- Replace when conditions dictate - such as cracked bushings, leaking oil, etc.
- Replace when unit fails – thus, on a reactive replacement basis.
- Closely monitor the number of failures occurring between 2010 and 2017, if failure rates indicate an increasing trend change strategy to a preplanned replacement program to minimize the financial and operational effects on the large number of transformer replacements that could potentially occur between 2023 and 2031.

6.3.3 Single Phase Pad Mounted Transformers

6.3.3.1 Results of Asset Evaluation

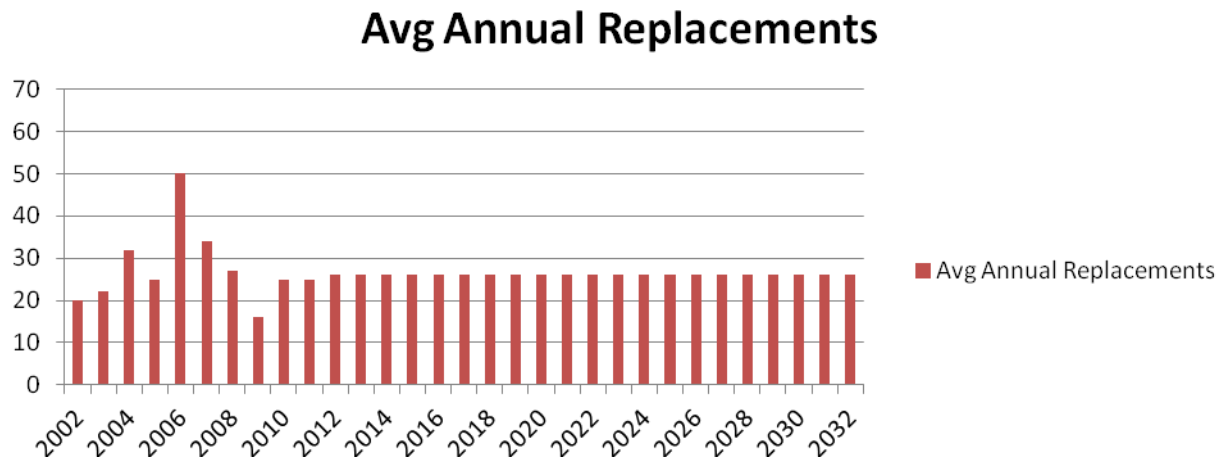
Single Phase Pad Mounted Transformers as a whole is a large asset base. There are currently 649 single phase pad mounted transformers in service. The age and condition of transformers is spread over a broad range of 1961 to 2010 with an average age of 25 years old. WPI has used a Typical Useful Life (TUL) of thirty (30) years for Single Phase Pad Mounted Transformers. When 30 years is added to the age distribution the number of potential replacements at end of life can be forecasted. This projection revealed 204 transformers that have met the 30 year old TUL criteria in the 2012. This quantity of transformers has been averaged and spread over the twenty year replacement projection which added 10 units per year starting from 2012 to 2032.

Shown below is a bar graph indicating the above mentioned asset evaluation which shows the number of Single Phase Pad Mounted Transformers in WPI's distribution system that will need to be replaced in the next 20 years.



In the interest of maintaining rate stability and minimizing the financial and operational affects, WPI's approach to budgeting is an average transformer

replacement based on a 10 year period. The bar graph below presents annual pole replacement based on a 10 year average.



6.3.3.2 WPI's Sustainment Strategy

WPI's sustainment strategy is predicated on the following factors:

- The single phase pad mounted distribution transformer requires very little maintenance. Maintenance is generally confined to replacing faded warning labels and potentially painting the units.
- The outage impact of an individual transformer failure is limited to usually 10 to 12 customers.

These factors have led WPI to adopt the following strategy:

- Inspect and monitor condition.
- Replace when conditions dictate - such as rusted tanks and frames, cracked bushings, leaking oil, etc.
- Replace when unit fails – thus, on a reactive replacement basis
- Continue with the preplanned twenty six (26) transformer replacements per year that warrant replacements as established from yearly inspections. If inspections reveal that transformer conditions are

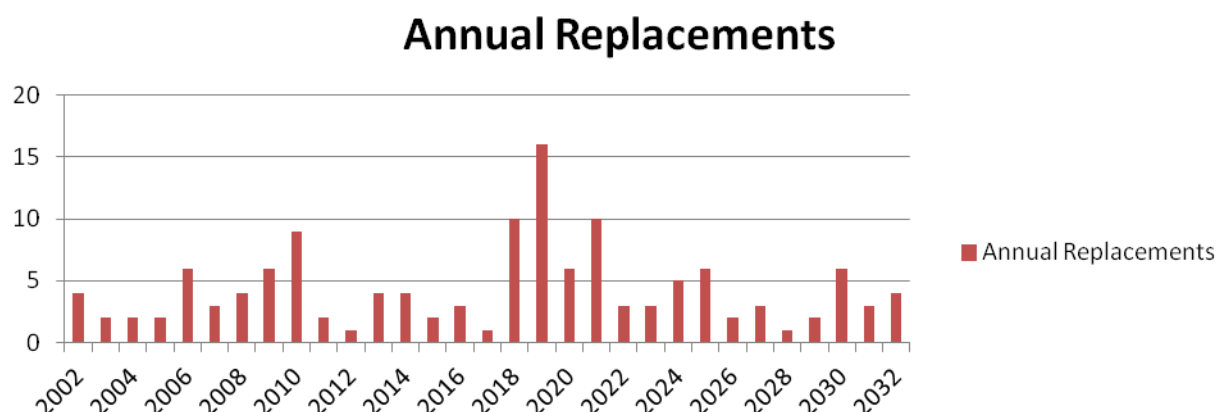
worsening increase the number of transformer replacements per year as required.

6.3.4 Three Phase Pad Mounted Transformers

6.3.4.1 Results of Asset Evaluation

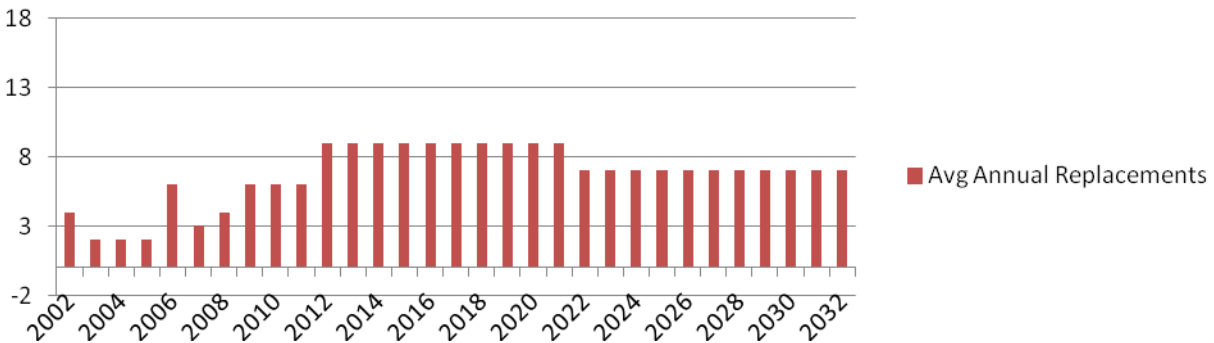
Three Phase Pad Mounted Transformers as a whole is a very large asset base due to dollar value. The age and condition of transformers is spread over a broad range 1963 to 2011 with an average age of 26 years old. WPI has used a Typical Useful Life (TUL) of thirty (30) years for three Phase Pad Mounted Transformers. When 30 years is added to the age distribution the number of potential replacements at end of life can be forecasted. This projection revealed 81 transformers which currently exceed the TUL of 30 years. This quantity of transformers has been averaged and spread over the twenty year replacement projection which added 4 units per year starting from 2012 to 2032.

Shown below is a bar graph indicating the above mentioned asset evaluation which shows the number of Three Phase Pad Mounted Transformers in WPI's distribution system that will need replacing in the next 20 years:



In the interest of maintaining rate stability and minimizing the financial and operational affects, WPI's approach to budgeting is using an average transformer replacement based on a 10 year period. The bar graph below presents annual pole replacement based on a 10 year average.

Avg Annual Replacements



6.3.4.2 WPI's Sustainment Strategy

WPI's sustainment strategy is predicated on the following factors:

- The three phase pad mounted distribution transformer requires very little maintenance. Maintenance is generally confined to replacing faded warning labels and potentially painting the units.
- The outage impact of an individual transformer failure is limited to one service site either commercial or industrial.

These factors have led WPI to adopt the following strategy:

- Inspect and monitor condition.
- Replace when conditions dictate - such as rusted tanks and frames, cracked bushings, leaking oil, etc.
- Replace when unit fails – thus, on a reactive replacement basis.
- Monitor conditions closely starting in year 2013, if failure rates indicate an increasing trend change to a preplanned replacement program to minimize the financial and operational affects.

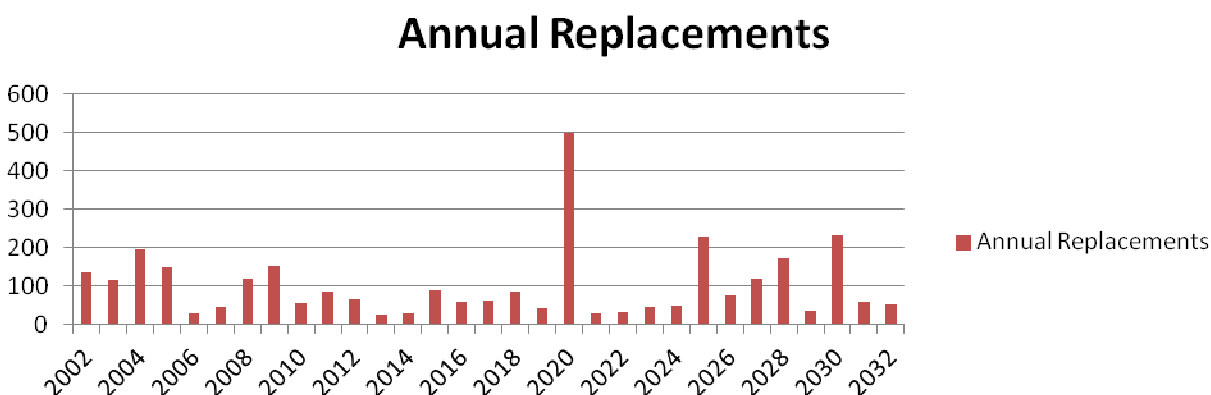
6.3.5 Poles

6.3.5.1 Results of Asset Evaluation

Poles by far have the largest number of assets within the distribution system. The age and condition of poles covers the full range of possibilities from newly installed to seventy-four (67) years for age with an average age of 33 years. WPI's inspection and testing over the last few years has resulted in very few unplanned pole replacements indicating that the overall pole condition is good.

WPI has used a Typical Useful Life (TUL) of sixty (60) years for Poles. When 60 years is added to the age distribution the number of potential replacements at end of life can be forecasted. This projection revealed 264 poles that have met the 60 year old TUL criteria in 2012. This quantity of poles is spread over the next 8 year replacement projection which added 33 poles per year starting from 2013.

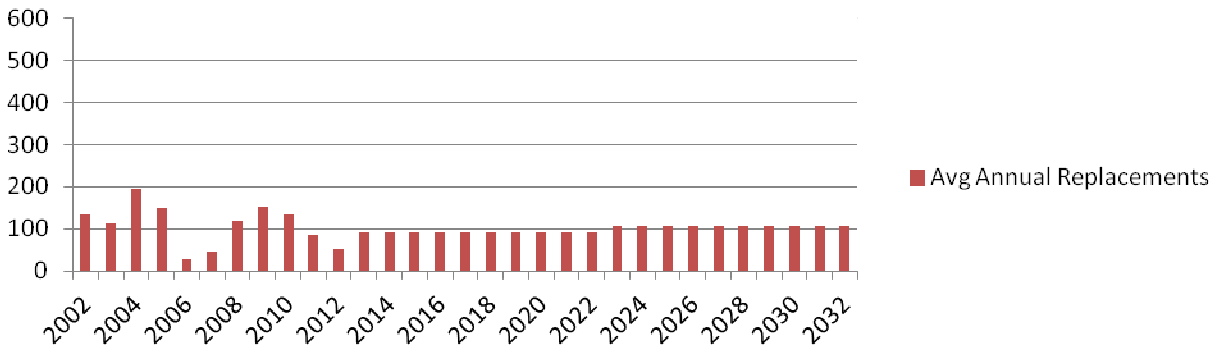
Shown below is a bar graph indicating the above mentioned asset evaluation which shows the number of Poles in WPI's distribution system that will need to be replaced over the next 20 years.



In the interest of maintaining rate stability and minimizing the financial and operational affects, WPI's approach to budgeting is using an average pole

replacement based on a 10 year period. The bar graph below presents annual pole replacement based on a 10 year average.

Avg Annual Replacements



6.3.5.2 WPI's Sustainment Strategy

WPI's sustainment strategy is predicated on the following factors:

- The life expectancy of poles ranges from thirty-five (35) to seventy-five (75) years and condition is affected by many factors such as; weather, soil condition and loading.
- WPI's inspection procedure is regulated by the OEB and as poles are inspected a determination is made as to whether they need to be tested. If they are tested their condition is rated as replace ASAP, replace in two (2) to three (3) years, or retest in six (6) years. Their condition is therefore, readily known at regular intervals allowing time for budgeting and replacement before they fail and cause an emergency response.
- A pole failure (depending on its function) can be a significant risk as the results of a failure could injure the public and result in lengthy interruptions in service to a widespread area and a large number of customers.
- WPI will also take the liberty of changing poles when it makes good business sense to do so. For example, if a pole mounted transformer is in need of replacement and the pole shows early signs of aging, WPI may decide to replace the pole before it has reached its useful life.

These factors have led WPI to adopt the following strategy:

- Inspect and monitor condition.
- Replace when conditions dictate replacement – thus, a proactive replacement basis.
- Continuing with the upgrades to the distribution system will eliminate a substantial amount of the older poles from the system.
- Continue with the preplanned one hundred and fifteen (115) pole replacements per year that warrant replacements as established from yearly inspections. If inspections reveal that pole conditions are worsening increase the number of pole replacements per year as required.

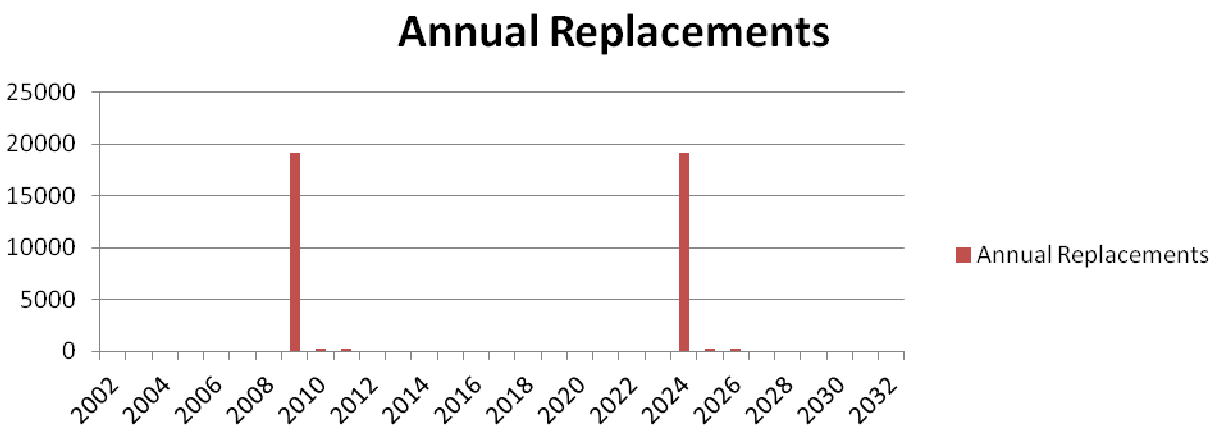
6.3.6 Smart Meters

6.3.6.1 Results of Asset Evaluation

Smart Meters represent a large portion of WPI's distribution system.

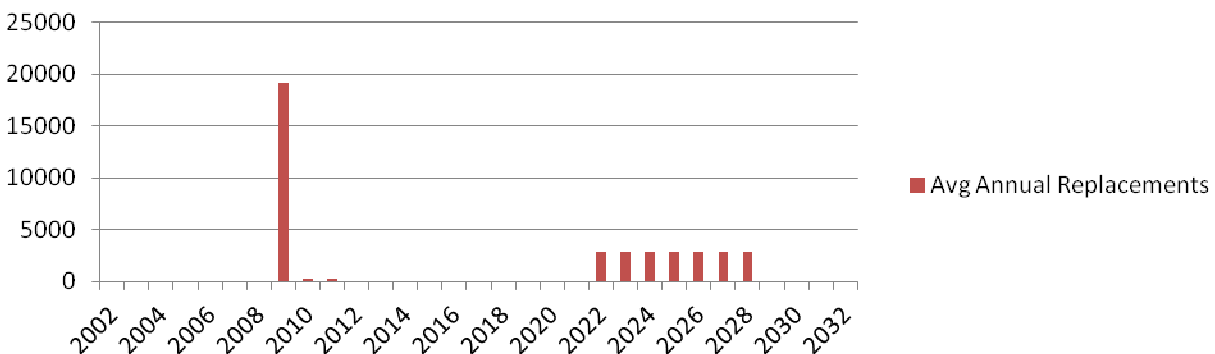
Smart Meters were installed between 2009 and 2011 when the Provincial Government mandated the replacement of the electromechanical billing meters with the new Smart Meter and Advanced Meter Infrastructure ("AMI") two-way communication system. WPI has used a Typical Useful Life (TUL) of fifteen (15) years for Smart Meters. When 15 years is added to the age distribution the number of potential replacements at end of life can be forecasted. This projection revealed 0 meters that have met the 15 year old TUL criteria in 2012 but most smart meters will be in need of replacement in the next 20 years.

Shown below is a bar graph indicating the above mentioned asset evaluation which shows the number of Smart Meters in WPI's distribution system that will need to be replaced over the next 20 years.



In the interest of maintaining rate stability and minimizing the financial and operational affects, WPI's approach to budgeting is using an average meter replacement based on a 10 year period starting in 2022. The bar graph below presents annual pole replacement based on a 10 year average.

Avg Annual Replacements



In addition, Meter Re-verifications are required due to regulations under the Electricity and Gas Inspection Act enforced by Measurement Canada to ensure that all revenue meters meet strict accuracy and operational standards over the life of the meter. The process of removing and testing the meter is referred to as re-verification. Although meter re-verifications are not, as of yet, required on smart meters, all will be due for re-verification in 2019. Since typical meter re-verification can take up to 1 week, WPI must install a replacement smart meter on the premises. Once the meter comes back from evaluation, it is then used as a replacement at another location. In order to complete this rotation in a timeframe that is manageable by WPI's operations, WPI plans are purchasing 1000 meters to use as initial replacement. The re-verification process will start in 2017 and will last 4 years

6.3.6.2 WPI's Sustainment Strategy

WPI's sustainment strategy is predicated on the following factors:

- The typical useful life expectancy of smart meters are determined to be fifteen (15) years however, WPI is finding that smart meters tend to break easily and more often than traditional meters.
- When a smart meter fails replacement must take place as soon as possible to minimize the time that customer energy consumption data is

lost. Such a failure does not typically involve a significant risk since it mainly affects a single customer.

- WPI may decide to replace the smart meter before it had reached its useful life if it makes good business sense.

6.3.7 Fleet

6.3.7.1 Results of Asset Evaluation

This sub-category involves the purchase in three vehicle classifications: Heavy Duty;

Light/Medium and Miscellaneous. A vehicle is considered for replacement based on an expected life. WPI has established an expected life for each class of vehicle. Replacement is determined by achieving years of use, mileage or hours of use as per manufacturer's recommendations for replacement.

This expected life replacement approach is in keeping with industry practice and is important to assist WPI's ability to forecast vehicle spending, assist WPI in achieving a lower risk of catastrophic vehicle failure and enhancing WPI's ability to negotiate long term procurement contracts with vendors and realize savings.

WPI has 11 heavy duty units including derricks and diggers for work on distribution lines.

WPI has 10 light/medium units such as pickups and automobiles used across the organization by various roles such as Line Superintendent, Line Supervisors, Leadhand, Engineering Technicians, Customer Service Representatives, etc.

WPI has 17 miscellaneous units including pole trailers, general use trailers, tension machines and forklifts. These units are either used to move material around or assist in the distribution line work.

Shown below is a table showing the age of WPI's fleet by category.

Heavy Duty Units

Type	Year	Make	Model
Line/Boom Truck	2011	Freightliner	M2
Single Bucket	2010	Freightliner	M2
Single Bucket	2007	International	7400
Dump Truck	2006	Ford	F350
Single Bucket	2006	Freightliner	M2
Single Bucket	2005	Freightliner	M2
Dump Truck	1999	GMC	8500
Double Bucket	1999	International	4900
Line/Boom Truck	1995	GMC	Topkick
Double Bucket	1993	Ford	F800

Light/Medium Units

Type	Year	Make	Model
Pick Up - 4x4	2011	Chevrolet	SIL
Pick Up - 4x4	2010	Ford	F150
Car	2009	Toyota	Matrix
Pick Up - 4x4	2008	Toyota	Tundra
Pick Up - 4x4	2008	Toyota	Tundra
Pick Up	2006	Dodge	RAM
Pick Up	2006	Dodge	RAM
Pick Up	2006	Dodge	RAM
Pick Up	2005	Dodge	RAM
Pick Up	2005	Dodge	RAM

Misc. Units

Type	Year	Make	Model
Job Trailer	2010	USCG	Trail'n Sport
Stock / Inventory	2009		
Forklift	2009	JCB	930
Chipper	2008	Bandit	250XP
Lawn Tractor	2008	John Deere	X320
Chipper	2007	Altec	DC 1217HP
Dump	2005	JDJ	
Pole & Reel	2002		
Tensioner	1999	Frieburger	
Hydraulic Reel	1997	Util	
Electric Reel	1996		
Dump	1996	JDJ	
Puller	1993	Frieburger	
Pole	1992	Frieburger	
Pole	1992		
Pole	1991	Frieburger	
Pole	1991	Frieburger	

6.3.7.2 WPI's Sustainment Strategy


WPI's sustainment strategy is predicated on the following factors:

- Vehicles categorized as "heavy-duty" are essential to the day to day operation of the utility.
- Due to a service territory that spans over an area of 5000 square kilometers, WPI's vehicle utilization tends to be high in comparison to other utilities of similar size.
- WPI's fleet management strategy links in the utility's other strategic priorities and also link in with the utility's environmental aims.
- The operation's department including the vehicle drivers, offer a broad perspective on the strategic direction of fleet management. Regular communication and consultation with these groups of users contribute to the strategy by being well informed.

- WPI also looks outside the utility to consider the benefits of working with external bodies to provide the most effective and efficient fleet.
- As much as possible, WPI will try to reduce the number and length of journeys by adopting a well-planned and efficient scheduling process. This produces financial savings, reduces the impact on the environment and reduces the risk of accidents.

APPENDIX A

Distribution System Inspection Under Ontario Regulation 22/04

	WESTARIO POWER STANDARD OPERATING PROCEDURE	
Distribution System Inspection Under Ontario Regulation 22/04	Document No.:	SR-002-07
	Page:	Page 1 of 16
	Issued:	2009
	Issue No.:	1
	Effective:	Sept 30, 2007

1. Background:

Section 4 of *Ontario Regulation 22/04* (Electrical Distribution Safety) requires that Westario Power has processes in place to ensure that:

- All distribution systems and electrical installations, and;
- All electrical equipment forming part of such systems are designed, constructed, installed, protected, used, maintained, repaired, extended, connected and disconnected so as to reduce the probability of exposure to electrical safety hazards.

For overhead systems, underground systems, and substations, including secondary distribution lines, and other electrical installations operating at 750 volts or below that are not a direct part of a distribution system, Westario Power must ensure that:

- Equipment is maintained in proper operating condition;
- There is sufficient space to allow proper operation/maintenance;
- Energized conductors and live parts are adequately barriered;
- Grounding, where required, is effective;
- Structures are sufficiently strong to withstand loads imposed by equipment/weather loadings.

2. Purpose:

The intent of this document is to establish guidelines and processes when maintaining electrical equipment and lines for the overhead and underground electrical distribution systems, including substations and other electrical installations operating at 750 volts or below that are not direct parts of a distribution system, as outlined in Section 4 of *Regulation 22/04*.



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3. Definitions:

Urban means areas with higher density and, by definition pose safety and reliability consequences to greater numbers of people. For the purpose of this work procedure, Westario Power has been designated an **URBAN** utility by the Ontario Energy Board.

Civil Infrastructure refers to structures such as duct and vault systems, ducts suspended from or attached to structures, flush-to-grade hand holes, poles and towers supporting distribution plant, and buildings that house substation equipment. It is intended that civil infrastructure will be inspected as part of the patrol of the distribution system or in the course of doing routine utility work. There may be instances where it will be extremely difficult to perform a visual inspection (e.g. where access is restricted due to energized equipment in an enclosure), and therefore the civil infrastructure associated with this would be inspected in the course of doing normal utility work, which would require the utility to de-energize the equipment.

Patrol means visual inspection of distribution system components to identify problems and hazards such as leaning poles, damaged equipment enclosures, and vandalism. This will include an inspection of related peripheral equipment, hardware, connections, all supports and attachments. This would also include an assessment of vegetation encroachment on right-of-ways.

Municipal Substation (MS), also known as Distribution Substation (DS), is a transformation facility with the primary operating at a sub-transmission voltage and the secondary operating at a distribution voltage. The upstream transformation facility is a Transformer Station. A Municipal Substation supplies main feeders for wide area distribution.

Customer-Specific Substation: A transformation facility supplying a specific industrial, institutional, or commercial customer. The primary operates at a distribution or sub-transmission voltage. These substations are not owned, maintained, or inspected by Westario Power.



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Outdoor Open Substations typically refers to a substation surrounded by a locked security fence. Within the substation fence bare energized components operating at distribution voltage levels or higher are readily accessible.

Outdoor Enclosed Substations are similar to “Outdoor Open” (above) however all bare live components are enclosed in locked metal enclosures.

Indoor Substations typically refers to a substation located within a secure building. Access by the public to bare energized components within the station is prevented by the building enclosure.

Conductors and Cables – Underground: It is not possible to inspect underground cable directly; however, the system can be checked for exposed cable and or grade changes that may indicate that the cable has been brought too close to the surface. Patrol inspection of cable chambers is not required since a visual inspection will not reveal faults because the failure mechanism for underground cable (e.g. voids, water trees) is not visually detectable.

Vegetation refers to encroachment of vegetation upon distribution lines on any right-of-way; either public road allowance or private property. It is intended that vegetation will be inspected as part of the regular patrol of distribution equipment.

4. Scope:

In order to meet the requirements of Section 4 of Ontario Regulation 22/04, Westario Power has adopted a cyclic inspection program so as to identify system deficiencies, deteriorating or defective equipment, abnormal conditions, and safety hazards. The inspection program will ensure all parts of the distribution system will be inspected to identify deficiencies before these deficiencies lead to system failures that may:

- a) Impair the safety of Westario Power employees or the public,
- b) Impair system reliability and reduce the quality of service to our customers,
- c) Seriously reduce the life expectancy of equipment and increase cost,
- d) Adversely affect the environment.



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This procedure includes an inspection program that will be part of the regulatory cycle inspection for the overhead, underground and substations situated in Westario Power's service areas.

This procedure shall be read in conjunction with the relevant regulations under the Occupational Health & Safety Act, and the E&USA Rulebook, and all related Westario Power work procedures.

5. Priority Guide:

6. The inspectors should use their knowledge and experience of system operations when deciding if a specific field condition should be reported for further repair, refurbishment or replacement. High priority problems must be attended to immediately. Judgment should be exercised as to whether to repair medium and low priority problems while on site.
7. **High Priority** items are those that are likely to cause an outage, equipment damage, or pose a significant safety risks to workers or the public and significantly increase operational hazards.
8. **Medium Priority** items are those that, if left unsolved or unattended, could lead to a future problem (for example incorrect records, missing or incorrect nomenclature, rust, etc)
9. **Low Priority** items are those not likely to cause a power outage, or pose a safety risk. (For example: aesthetic issues, base levelling issues, etc.)

6. Guidelines for Conducting an Inspection:

- a) Westario Power shall ensure that only persons qualified under the Occupation of Health and Safety Act are involved in inspection activities.
- b) The inspection shall be performed by a qualified person who has sufficient knowledge to identify defects and assess the severity of the defect that may require immediate attention, from those that can be repaired at a later date.



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- c) The inspector shall be properly trained to protect himself, his coworker(s), and the public. Some inspections can expose the inspector to energized lines or high voltage circuits and equipment.
- d) In cases where the inspector notices that a problem exists, or identifies a condition that warrants a more thorough or rigorous inspection, the inspector shall escalate the concern to the Supervisor.



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6.1 Overhead, Underground, and Substation Inspections:

- 6.1.1 6.1.1 Patrol or simple visual inspections may consist of walking and driving by equipment to identify obvious structural problems and hazards such as leaning power poles, damaged equipment enclosures, and vandalism.
- 6.1.2 For underground systems, riser poles should be checked as above, with a visual check of cable guards, terminators, and arrestors. It is not possible to inspect underground cable directly; however, the system can be checked for exposed cable.
- 6.1.3 The specifics of these inspections shall be recorded (Appendix D & E). Records of the inspection shall be held on file for five years. The file shall contain the records of inspection activities carried-out during the year, identified issues, the associated work to remedy the issue, the target date for completion of patrols which were not completed as planned (See Appendix C), and all notes and comments on inspection issues not followed-up.
- 6.1.4 A contract inspection service may use its own internally developed forms. Before these are accepted by Westario Power for use in our inspection practice, these shall be reviewed by Westario Power for suitability and adherence to this standard. A contractor granted leave to use its own form shall follow all record-keeping practices of this standard.
- 6.1.5 Appendix B provides a list of the requirements to be expected from a typical distribution line patrol inspection in terms of the types of defects that may be visually detected.
- 6.1.6 As shown in Appendix A, inspection cycles are categorized by the following major distribution facilities:
- Distribution Transformers,
 - Substations, substation switching and protective devices,



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- Conductors and cables,
- Vegetation,
- Poles and guying,
- Civil infrastructure.

For each of these facilities, Westario Power shall further distinguish between overhead facilities, underground facilities and the facilities' locations.

- 6.1.7 Westario Power may determine that more frequent inspections may be required due to local or relative importance to overall system reliability of a particular piece of equipment, or portion of the distribution system.
- 6.1.8 It is intended that Westario Power will perform the inspection of approximately one-third of the system in each year. Westario Power has been designated by the Ontario Energy Board as an **urban utility**.
- 6.1.9 In all cases, Westario Power is responsible to ensure that appropriate follow-up and corrective action is taken regarding problems identified during an inspection.
- 6.1.10 Before any switching is performed, a complete visual check of the physical appearance of the substation, overhead, or underground equipment shall be completed for possible mechanical or electrical hazards. The equipment may have to be isolated and de-energized following safe work procedures prior to an attempt at an inspection of the apparatus. Once isolation is established, proper de-energization work practices must be followed.
- 6.1.11 Station maintenance work generally involves cleaning and maintenance of equipment such as load interrupters, gaskets and bushings, lightning arresters, relays, reclosers, circuit breakers, and oil levels.



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- 6.1.12 The maintenance activities shall only be carried out by qualified personnel and/or qualified contractors.
- 6.1.13 When maintenance services are contracted, a review of the Maintenance Contractor's health and safety procedures and reputation shall be considered with the same attention to detail as the determination of quality of work and delivery capabilities.
- 6.1.14 Contractors must be made aware of Westario Power's Health and Safety Procedures to effectively control the risk of accidents and incidents.
- 6.1.15 The Manager of System Reliability shall designate a Contract Administrator to be accountable in meeting the safety responsibilities with respect to selecting Maintenance Contractors, and managing and reviewing contract work to perform these tasks.
- 6.1.16 In the event of non-compliance with the required safety standards or policies, safety issues will be dealt with the contractor's supervisor or representative. It will be the responsibility of the Maintenance Contractor to address the issues with his/her employees prior to resuming work for Westario Power. If the matter continues to be unresolved, Westario Power will provide its concern in writing to the Maintenance Contractor.
- 6.1.17 Maintenance Contractors and their employees working on site shall wear appropriate personal protective equipment as set out by Westario Power while within the plant or areas where such protection is required.



WESTARIO POWER STANDARD OPERATING PROCEDURE

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7. Records:

All records of inspection and maintenance shall be retained with the project files and survive as long as the substation does. These should be readily available to both the ESA and OEB upon request for a period of at least one year after the annual audit, following inspection and maintenance completion.



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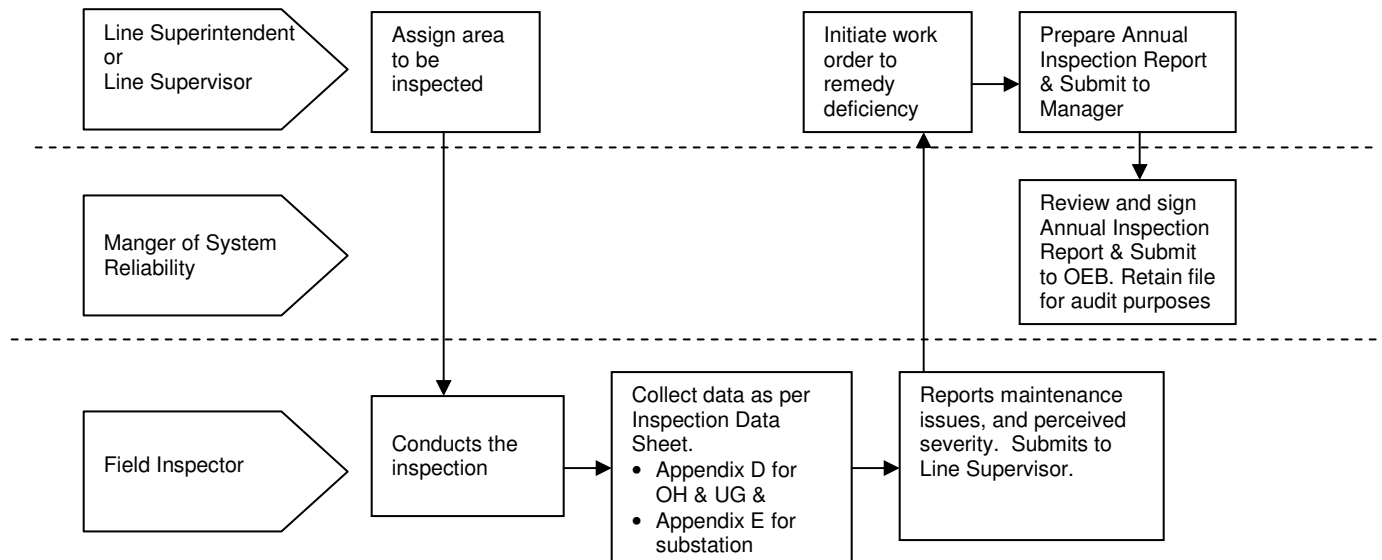
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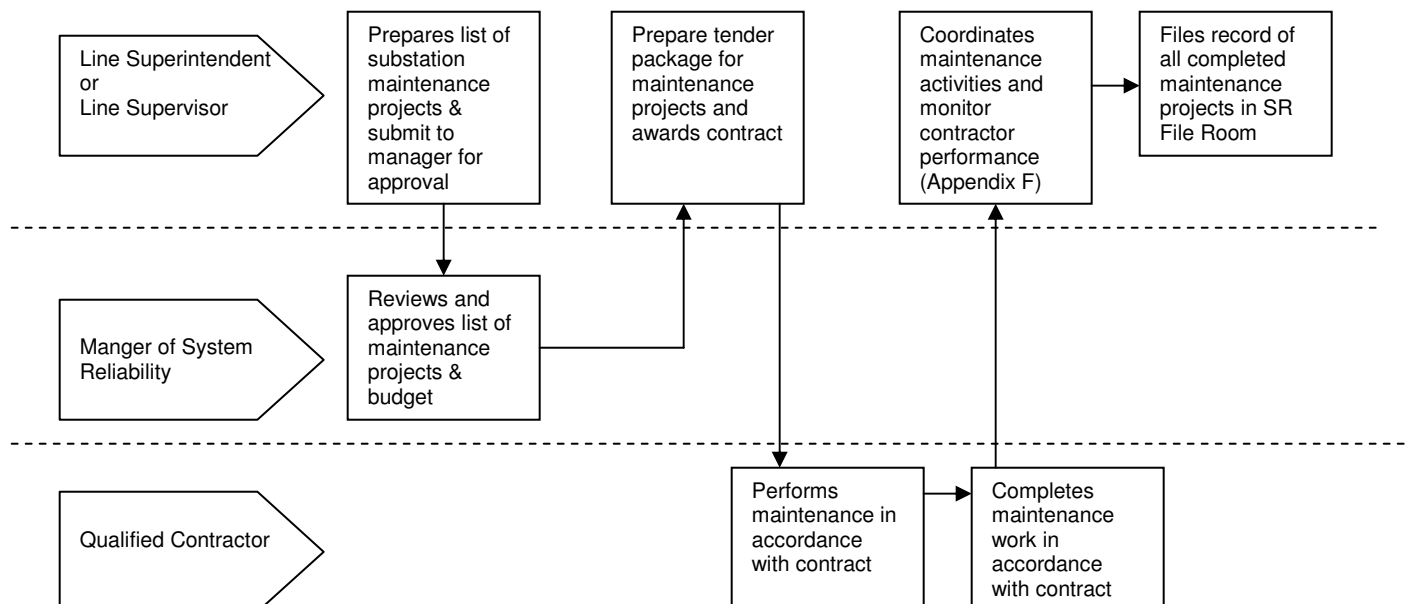
Issue No.: 1

Effective: Sept 30, 2007

Distribution System Inspection Process:



Substation Inspection and Maintenance Process:





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Appendix A System Inspection Cycle

Municipal Substations	Outdoor Open	Outdoor enclosed	Indoor enclosed
Distribution Station	Every 3 months	Every 3 months	Every 3 months
Customer Substation	This is the customer's responsibility under the Ontario Electrical Safety Code		

Distribution Facility	Inspection
All Distribution Transformers	3 Years

Lines and Equipment	Inspection
Switching and Protective Devices	3 Years
Conductors and Cables -- Overhead	3 Years
Conductors and Cables -- Underground	3 Years
Vegetation	3 Years
Poles	3 Years
Civil Infrastructure	3 Years



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Appendix B

Types Defects That Can Be Detected During a Patrol

Distribution Facilities	Types of Defect
Transformers and switching kiosks	<ul style="list-style-type: none">• Paint condition and corrosion,• placement on pad or vault,• check for lock and penta bolt in place,• grading changes,• Access changes (shrubs, tree, etc.)• phase indicators and unit match operating map,• leaking oil, flashed or cracked insulators
Switching/Protective Devices: <ul style="list-style-type: none">• Overhead• Underground• Pad mounted	<ul style="list-style-type: none">• Bent, broken bushings and cut-outs,• Damaged lightning arresters,• Damaged enclosures,• Current and potential transformers.• Security and structural condition of enclosure
Conductors and Cables	<ul style="list-style-type: none">• Low conductor clearance• Broken/frayed conductors or tie wires• Tree conditions,• exposed broken ground conductors,• broken strands, bird caging,• excessive or inadequate sag,• Insulation fraying on secondary especially open-wire.
Poles and Structures	<ul style="list-style-type: none">• Bent, cracked or broken poles,• excessive surface wear or scaling,• loose, split or broken cross arms and brackets,• Woodpecker or insect damage, bird nest,• loose or unattached guy wires or stubs,• guy strain insulators pulled apart or broken,• guy guards out of position or missing,• indications of burning or scorching
Hardware and attachments	<ul style="list-style-type: none">• Loose or missing hardware,• Insulators detached from pins,• Conductors unattached from insulators,• Tie wires unravelled,• ground wire broken or removed
Equipment Installation (includes transformers)	<ul style="list-style-type: none">• Contamination/discoloration of bushings, evidence of bushing flashover,• oil leaks,• rust,• Ground lead attachments, ground wires on arrestors unattached,• bird or animal nests,• Vines or bush growth interference.• Accessibility compromised.
Vegetation and Right of Way	<ul style="list-style-type: none">• Leaning or broken "danger" trees,• Growth into line of "climbing" trees,• unapproved/unsafe occupation



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Appendix C ANNUAL INSPECTION SUMMARY REPORT

Reviewed: _____
System Reliability Manager

Date: _____

Part 1 Lines	Percentage of Distribution System Scheduled for Patrol (%)	Percentage of Distribution System Actually Patrolled (%)	Reason Patrol was not Completed	Date Patrol will be Completed
Overhead Plant				
Transformers				
Switching & Protective Devices				
Conductors				
Vegetation				
Poles				
Underground Plant				
Transformers				
Switching & Protective Devices				
Conductors				
Vegetation				
Poles				
Civil Infrastructure				

Part 2 Substation	No. of Substation in Distribution System	No. of Substation Patrols Scheduled	No. of Scheduled Patrols not completed	Reason Patrols not completed	No. of Substation patrolled during period	Date Substation Patrol will be resumed
Transformer Station	N/A	N/A	N/A	N/A	N/A	N/A
Distribution Station	28	196				
Customer Specific Substation	N/A	N/A	N/A	N/A	N/A	N/A



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Appendix D Patrol Deficiency Record

Town _____
Circuit _____
Grid _____

Date: _____
Patrolled By _____
Page: _____

Location	Equipment No.	Equipment Type	Describe Problem	Severity			Repair Work Order	Date repair completed
				High	Med	Low		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		
				<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>		



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Appendix E

Substation Visual Data Sheet

Location		Substation
Transformer	Findings	Remarks
Oil Temperature (Inst/Peak) in °C		
Oil level in main tank		
Oil Leaks		
H.V. Bushing Condition		
Transformer paint condition		
Sample valve plug		
Sample valve locked		
Main Valve locked		
Tap changer locked		
Tap position		
Explosion Vent intact		
Grounding		
Nomenclature in place		
Phase markers in place		
Substation – within station compound	Findings	Remarks
Yard Debris/Vegetation		
Crushed Stone (wash-out, ruts, etc)		
Ground Grid Condition		
Substation Primary/Secondary Structure	Findings	Remarks
Structure Condition		
Insulator Condition		
Grounding		
Lightning Arrester Condition		
Switch Condition		
Fuse Condition		
Bus/cables intact		
Switch locked		
Animal guard in place		
Nomenclature in place		
Phase markers in place		
Station Fence	Findings	Remarks
Fence Condition		
Fence Grounding		
Barb wire condition		
Danger sign, Locks in place		
Gates		

Inspected by:

Print Name

Sign Name

Date:

DD-MMM-YYYY



WESTARIO POWER STANDARD OPERATING PROCEDURE

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Appendix F INSPECTOR'S DAILY LOG BOOK

FOR CONTRACTED MAINTENANCE WORK

Site Name:	Date of this report:
Contractor Name:	
Contractor Address:	Tel:
Contractor Site Representative:	
Contractor Role: _____ Contractor _____ Subcontractor _____ Sub-Subcontractor	
Scope of work:	

ON-SITE QUALITY AND SAFETY EVALUATION

(A- Excellent; E-Unsatisfactory)

Factor	A	B	C	D	E
<input type="checkbox"/> Quality of work					
<input type="checkbox"/> Quality/Productivity of Manpower					
<input type="checkbox"/> Ability to provide adequate manpower					
<input type="checkbox"/> Quality of on-site supervision					
<input type="checkbox"/> Cooperation in handling extra work					
<input type="checkbox"/> Condition and quality of equipment					
<input type="checkbox"/> Commitment to schedule					
<input type="checkbox"/> Adequacy of safety equipment					
<input type="checkbox"/> Compliance with safety requirements and regulations					
<input type="checkbox"/> Attitude toward safety					
<input type="checkbox"/> Cooperation in correcting safety problems					

Were there any labour incidents? _____ Yes _____ No (If yes, please explain below)

Explanation: _____

Do you recommend Contractor for future work? _____ Yes _____ No

Comments: _____

Inspector

Date

Contract Administrator

Date

TREATMENT OF STRANDED ASSETS RELATED TO SMART METER DEPLOYMENT

Stranded meters are the conventional meters that were retired prematurely as a result of the requirement to replace them with a smart meter.

The utility started its Smart Meter deployment in 2009. Based on the Board's *Guideline: Smart Meter Funding and Cost Recovery*¹ WPI reallocated the gross cost and accumulated amortization of stranded assets to the appropriate smart meter deferral account. This exercise was repeated in each year of 2009-2011. WPI ceased to calculate any further depreciation on stranded meters once the meters were no longer in service.

Table 1 discloses the stranded meter amount transferred to the smart meter deferral account each year.

Table 1: Stranded Meter Net Book Value

Year	Notes	Cumulative Gross Asset Value (A)	Cumulative Accumulated Amortization (B)	Contributed Capital (Net of Amortization) (C)	Net Asset (D) = (A) - (B) - (C)	Proceeds on Disposition (E)	Residual Net Book Value (F) = (D) - (E)
2006					\$ -	\$ -	\$ -
2007					\$ -	\$ -	\$ -
2008					\$ -	\$ -	\$ -
2009		\$ 664,055	\$ 246,718	\$ 2,657	\$ 414,680	\$ 5,223	\$ 409,457
2010		\$ 950,232	\$ 401,681	\$ 4,409	\$ 544,142	\$ 6,339	\$ 537,803
2011		\$ 1,221,695	\$ 511,911	\$ 4,409	\$ 705,375	\$ 6,339	\$ 699,036
2012	(1)	\$ 1,221,695	\$ 649,731	\$ 4,409	\$ 567,555	\$ 6,339	\$ 561,216

See Exhibit 9, Tab 3, for more details regarding the remaining costs related to smart meter implementation for which WPI is seeking disposition.

¹ G-2008-0002

1 **GREEN ENERGY PLAN CAPITAL EXPENDITURES**

2 As per Exhibit 2, Tab 7, Schedule 1, Attachment 1 section 3.5, WPI has no proposed
3 budget with respect to connection of renewable generation, but will continue to monitor
4 project schedules and related costs.

5

HARMONIZED SALES TAX

During the 2010 IRM application process, the Board directed electricity distributors to record in deferral account 1592 (PILS and Tax Variances, Sub-account HST/OVAT ITCs), beginning July 1, 2010 the incremental ITCs received on distribution revenue requirement items that were previously subject to PST and became subject to HST. Pursuant to additional accounting guidance provided in the December 2010 FAQs on the Accounting Procedures Handbook for electricity distributors, WPI has recorded 100% of the HST savings as well as the contra amounts in sub accounts of deferred account 1592 using the transactional basis approach up to December 31, 2011. See Table 1 below for actual HST savings for the years 2010 and 2011. In this same table WPI has calculated 50% of the HST savings, the amount to return to ratepayers in accordance with the December 2010 FAQs. WPI will be requesting disposition of the December 31, 2011 audited balance as part of the deferral and variance account disposition requests in a future application.

Table 1: HST Savings

	2010 Actual	2011 Actual	Total
Capital HST Savings	52,430	173,518	225,948
OM&A HST Savings	8,496	45,092	53,589
Total HST Savings	60,926	218,611	279,537
50% Return to Ratepayers	30,463	109,305	139,769

Budgeting Practice

For the 2012 test year and forward, WPI budgets for all capital and OM&A expenditures on a net tax basis. 2011 actual figures exclude tax and therefore 2011 was used as a baseline when comparing the 2012 Test year and 2013 Bridge year figures. A further examination of how PST embedded in costs impacts comparatives for future years can be found in Exhibit 2, Tab 4, Schedule 1 (for capital expenditures) and Exhibit 4, Tab 1, Schedule 1 (for OM&A costs).

Exhibit 2: Rate Base

Tab 5 (of 7): Allowance for Working Capital

DERIVATION OF WORKING CAPITAL ALLOWANCE

In a letter dated April 12, 2012, the Board provided an update to electricity distributors and transmitters on the options established in the June 22, 2011 cost of service filing requirements for the calculation of the allowance for working capital for the 2013 rate year. Utilities were directed to take one of two approaches for the calculation of its allowance for working capital: (1) the 13% allowance approach; or (2) the filing of a lead/lag study. WPI opted to use the 13% allowance approach for the purpose of determining its 2013 Rate Base and Revenue Requirement.

The 13% Allowance Approach is calculated to be 13% of the sum of Cost of Power and controllable expenses (i.e., Operations, Maintenance, Billing and Collecting, Community Relations, Administration and General).

The commodity price estimate used to calculate the Cost of Power was determined by using the RPP price as per the Board's Price Report dated April 2, 2012. WPI's proposed calculation also reflects the most recent Uniform Transmission Rates¹.

WPI requests that if new information becomes available for Uniform Transmission Rates and RPP during the course of a proceeding, the Cost of Power will be updated to reflect the new rates.

The working capital allowance has been derived by applying a 13% factor to the 2013 test year.

Attachment 1 shows the calculation of the working capital allowance by grouping, for the 2013 test year and preceding years since the previous Board-approved amount from the 2009 EDR.

¹ (EB2011-0268), issued on December 20, 2011

1 **2013 Projection vs 2012 Projection**

2 The projected working capital allowance of \$6.6 million is \$1.0 million lower than the
3 2012 projected amount. The variance arises mainly from a decreased working capital
4 factor of 13% from the previous 15%. A 15% factor in 2013 would have resulted in a
5 variance over the prior year of \$40K.

6

7 **2012 Projection vs 2011 Actual**

8 The projected working capital allowance of \$7.6 million is \$1.4 million higher than the
9 2011 amount. The variance arises mainly from higher power supply expenses, due
10 primarily to higher power purchases, reflecting higher commodity prices.

11

12 **2011 Actual vs 2010 Actual**

13 The working capital allowance of \$6.2 million was \$42K higher than the 2010 amount.
14 This change is not material.

15

16 **2010 Actual vs 2009 Actual**

17 The working capital allowance of \$6.2 million was \$1.0 million higher than the 2009
18 amount. The variance arose from lower power supply expenses, due to higher power
19 supply expenses.

20

21 **2009 Actual vs 2009 Board-approved**

22 The working capital allowance of \$5.1 million was \$987K lower than the Board-approved
23 amount. The variance arose mainly from lower power supply expenses, primarily due to
24 lower commodity prices.

Working Capital Allowance

	Variances > 10% (min \$2,000) or \$50,000 are shown in bold				Variances > 10% (min \$2,000) or \$50,000 are shown in bold			
	2013 Projection	2012 Projection	Var \$	Var %	2012 Projection	2011 Actual	Var \$	Var %
Expenses for Working Capital								
<i>Eligible Distribution Expenses:</i>								
3500-Distribution Expenses - Operation	334,000	289,000	45,000	15.6%	289,000	265,336	23,664	8.9%
3550-Distribution Expenses - Maintenance	1,558,000	1,427,000	131,000	9.2%	1,427,000	1,217,086	209,914	17.2%
3650-Billing and Collecting	1,191,000	1,130,000	61,000	5.4%	1,130,000	1,125,350	4,650	0.4%
3700-Community Relations	46,000	45,000	1,000	2.2%	45,000	12,288	32,712	266.2%
3800-Administrative and General Expenses	2,062,500	2,158,500	-96,000	(4.4%)	2,158,500	1,976,459	182,041	9.2%
3950-Taxes Other Than Income Taxes	33,000	53,100	-20,100	(37.9%)	53,100	47,921	5,179	10.8%
Total Eligible Distribution Expenses	5,224,500	5,102,600	121,900	2.4%	5,102,600	4,644,440	458,160	9.9%
3350-Power Supply Expenses	45,548,250	45,406,335	141,916	0.3%	45,406,335	36,641,937	8,764,398	23.9%
Total Expenses for Working Capital	50,772,750	50,508,935	263,816	0.5%	50,508,935	41,286,377	9,222,558	22.3%
Working Capital factor	13.0%	15.0%	-0	(13.3%)	15.0%	15.0%		
Working Capital Allowance	6,600,458	7,576,340	-975,883	(12.9%)	7,576,340	6,192,957	1,383,384	22.3%

Westario Power (ED-2002-05)
2013 EDR Application (EB-2012-0176)
October 9, 2012

Working Capital Allowance

	Variances > 10% (min \$2,000) or \$50,000 are shown in bold				Variances > 10% (min \$2,000) or \$50,000 are shown in bold			
	2011 Actual	2010 Actual	Var \$	Var %	2010 Actual	2009 Actual	Var \$	Var %
Expenses for Working Capital								
<u>Eligible Distribution Expenses:</u>								
3500-Distribution Expenses - Operation	265,336	213,163	52,173	24.5%	213,163	238,670	-25,507	(10.7%)
3550-Distribution Expenses - Maintenance	1,217,086	1,236,423	-19,337	(1.6%)	1,236,423	1,452,470	-216,046	(14.9%)
3650-Billing and Collecting	1,125,350	1,165,394	-40,044	(3.4%)	1,165,394	1,366,181	-200,786	(14.7%)
3700-Community Relations	12,288	3,636	8,652	238.0%	3,636	14,696	-11,060	(75.3%)
3800-Administrative and General Expenses	1,976,459	1,675,704	300,755	17.9%	1,675,704	1,505,457	170,247	11.3%
3950-Taxes Other Than Income Taxes	47,921	84,722	-36,801	(43.4%)	84,722	110,879	-26,157	(23.6%)
Total Eligible Distribution Expenses	4,644,440	4,379,042	265,398	6.1%	4,379,042	4,688,353	-309,310	(6.6%)
3350-Power Supply Expenses	36,641,937	36,625,253	16,684	0.0%	36,625,253	29,407,699	7,217,554	24.5%
Total Expenses for Working Capital	41,286,377	41,004,295	282,082	0.7%	41,004,295	34,096,052	6,908,243	20.3%
Working Capital factor	15.0%	15.0%			15.0%	15.0%		
Working Capital Allowance	6,192,957	6,150,644	42,312	0.7%	6,150,644	5,114,408	1,036,237	20.3%

Westario Power (ED-2002-05)
2013 EDR Application (EB-2012-0176)
October 9, 2012

Working Capital Allowance

Variances > 10% (min \$2,000) or \$50,000 are shown in bold				
	2009 Actual	2009 Approved	Var \$	Var %
Expenses for Working Capital				
<u>Eligible Distribution Expenses:</u>				
3500-Distribution Expenses - Operation	238,670	480,400	-241,730	(50.3%)
3550-Distribution Expenses - Maintenance	1,452,470	1,134,675	317,795	28.0%
3650-Billing and Collecting	1,366,181	1,242,900	123,281	9.9%
3700-Community Relations	14,696	35,500	-20,804	(58.6%)
3800-Administrative and General Expenses	1,505,457	1,818,350	-312,893	(17.2%)
3950-Taxes Other Than Income Taxes	110,879	56,600	54,279	95.9%
Total Eligible Distribution Expenses	4,688,353	4,768,425	-80,072	(1.7%)
3350-Power Supply Expenses	29,407,699	35,904,295	-6,496,596	(18.1%)
Total Expenses for Working Capital	34,096,052	40,672,720	-6,576,668	(16.2%)
Working Capital factor	15.0%	15.0%		
Working Capital Allowance	5,114,408	6,100,908	-986,500	(16.2%)

Exhibit 2: Rate Base

Tab 6 (of 7): Service Quality and Reliability Performance

SERVICE QUALITY AND RELIABILITY PERFORMANCE AND RELIABILITY PERFORMANCE

WPI reports its service quality indicators ("SQIs") and electricity service quality requirements (ESQR's) annually to the Ontario Energy Board. The SQIs are defined in Chapter 7 of the Distribution System Code and the ESQR's are defined in Reporting and Record Keeping Requirements. WPI has met the minimum standards for all SQIs each year, as indicated in the following table:

Table 1 – SQIs for 2009 - 2011

Service Quality Indicator	Minimum Standard	2009	2010	2011
Connection of New Services – Low Voltage	90% or better	97.9%	96.9%	93.2%
Connection of New Service – High Voltage	90% or better	n/a	100.0%	100.0%
Underground Cable Locates	90% or better	93.2%	98.3%	99.6%
Appointments Met	90% or better	100.0%	97.2%	99.4%
Telephone Accessibility	65% or better	88.7%	81.0%	92.2%
Written Response to Enquires	80% or better	97.7%	94.6%	100.0%
Emergency Response – Urban	80% or better	89.2%	100.0%	87.5%
Emergency Response – Rural	80% or better	n/a	n/a	n/a
Reliability Metrics – excluding Loss Of Supply				
SAIDI (System Average Interruption Duration Index)	Within the range of performance over the previous 3 years	0.74	1.15	1.44
SAIFI (System Average Interruption Frequency Index)	Within the range of performance over the previous 3 years	6.94	9.19	0.48
CAIDI (Customer Average Interruption Duration Index)	Within the range of performance over the previous 3 years	0.11	0.12	3.02
Reliability Metrics – All Interruptions				
SAIDI (System Average Interruption Duration Index)		1.35	1.54	11.77
SAIFI (System Average Interruption Frequency Index)		0.89	9.51	1.93
CAIDI (Customer Average Interruption Duration Index)		1.52	0.16	6.09

Results are used to aid in maintenance activity planning, asset management planning and customer service enhancement.

Clicking Save or Apply will not automatically submit this filing. To SUBMIT this filing, scroll to the end of the page, select Yes in the Submit drop down then click the SAVE button.

Report Summary

Filing Due Year	Filing Form Name	RRR Filing No
2010	2.1.4	534
Reporting Period and Company Name	Licence Type	Status
January- 2010Westario Power Inc., Walkerton: Corporation; ED-2002-0515; ;	Distributor	Submitted
Report Version	Extension Granted	Extension Deadline
0		
Filing Due Date	Reporting From	Reporting To
March 31, 2010		
Submitted On	Submitter Name	Expiry Date
March 31, 2010	Alvin Allim	May 1, 2010

Connection of New Services - Low Voltage (LV)

The percentage of new low voltage (<750 volts) connection requests where the connection is made within 5 working days of all applicable service conditions being satisfied.

Please refer to section 7.2 of the Distribution System Code.

OEB Approved Standard: at least 90% on a yearly basis

Month	# of new LV services connected within 5 days	# of new LV services requested	% of new LV services connected within 5 days
January	6	6	100.00
February	11	11	100.00
March	2	2	100.00
April	8	8	100.00
May	10	11	90.91
June	9	10	90.00
July	17	17	100.00
August	20	20	100.00
September	12	13	92.31

October	14	14	100.00
November	20	20	100.00
December	11	11	100.00

New Connection - LV Annual Totals

Annual # of new LV services connected within 5 days

140

Annual # of new LV services requested

143

Annual % new LV services connected within 5 days

97.90

Connection of New Services - High Voltage (HV)

The percentage of new high voltage (≥ 750 volts) connection requests where the connection is made within 10 working days of all applicable service conditions being satisfied.

Please refer to section 7.2 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of new HV services connected within 10 days	# of new HV services requested	% of new HV services connected within 10 days
January	0	0	0.00
February	0	0	0.00
March	0	0	0.00
April	0	0	0.00
May	0	0	0.00
June	0	0	0.00
July	0	0	0.00
August	0	0	0.00
September	0	0	0.00
October	0	0	0.00
November	0	0	0.00
December	0	0	0.00

New Connection - HV Annual Totals

Annual # of new HV services connected within 10 days

Annual # of new HV services requested

Annual % of new HV services connected within 10 days

0

0

0.00

Appointment Scheduling

The percentage of appointments scheduled according to the standards stated in section 7.3 of the Distribution System Code

Please refer to section 7.3.5 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of appointments scheduled/completed as required	# of appointment requests received	% appointments scheduled/completed as required
January	10	10	100.00
February	24	24	100.00
March	16	16	100.00
April	29	29	100.00
May	29	29	100.00
June	30	30	100.00
July	32	32	100.00
August	34	34	100.00
September	36	36	100.00
October	40	40	100.00
November	44	44	100.00
December	48	48	100.00

Appointments Scheduled - Annual Totals

Annual # of appointments scheduled/completed as required

372

Annual # of appointment requests received

372

Annual % appointments scheduled/completed as required

100.00

Appointments Met

The percentage of appointments involving meeting a customer or the customer's representative where the appointment date and time is met.

Please refer to section 7.4 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of appointments completed as required	# of appointments scheduled with customer/representative	% appointments met
January	10	10	100.00
February	24	24	100.00
March	16	16	100.00
April	29	29	100.00
May	29	29	100.00
June	30	30	100.00
July	32	32	100.00
August	34	34	100.00
September	36	36	100.00
October	40	40	100.00
November	44	44	100.00
December	48	48	100.00

Appointments Met - Annual Totals

Annual # of appointments completed as required	Annual # of appointments scheduled with customer/representative	Annual % appointments met
372	372	100.00

Rescheduling a missed appointment

The percentage of appointments rescheduled in the event that an appointment is missed or going to be missed

Please refer to section 7.5 of the Distribution System Code

OEB Approved Standard: 100% on a yearly basis

Month	# of appointments rescheduled as required	# of missed/about to be missed appointments	% appointments rescheduled
January	0	0	0.00
February	0	0	0.00
March	0	0	0.00
April	0	0	0.00
May	0	0	0.00

June	0	0	0.00
July	0	0	0.00
August	0	0	0.00
September	0	0	0.00
October	0	0	0.00
November	0	0	0.00
December	0	0	0.00

Appointments Rescheduled - Annual Totals

Annual # of appointments rescheduled as required

0

Annual # of missed/about to be missed appointments

0

Annual % appointments rescheduled

0.00

Telephone Accessibility

The percentage of qualified incoming calls to the utility that are answered in person within 30 seconds.

Please refer to section 7.6 of the Distribution System Code

OEB Approved Standard: at least 65% on a yearly basis

Month	# of qualified incoming calls answered within 30 seconds	# of qualified incoming calls	% qualified incoming calls answered within 30 seconds
January	2,331	2,640	88.30
February	2,698	3,123	86.39
March	692	822	84.18
April	2,764	3,194	86.54
May	2,659	3,030	87.76
June	2,729	3,096	88.15
July	2,474	2,706	91.43
August	2,740	3,027	90.52
September	2,522	2,828	89.18
October	2,887	3,188	90.56

November	2,479	2,771	89.46
December	2,116	2,354	89.89

Telephone Accessibility Annual Totals

Annual # of qualified incoming calls answered within 30 seconds

29,091

Annual # of qualified incoming calls

32,779

Annual % qualified incoming calls answered within 30 seconds

88.70

Telephone Call Abandon Rate

The percentage of qualified incoming telephone calls that are abandoned before they are answered

Please refer to section 7.7 of the Distribution System Code

OEB Approved Standard: 10% or less on a yearly basis

Month	# of qualified incoming calls abandoned after 30 seconds	# of qualified incoming calls	% qualified incoming calls abandoned after 30 seconds
September	173	2,522	6.86
January	219	2,331	9.40
February	224	2,698	8.30
March	87	692	12.57
April	268	2,764	9.70
May	276	2,659	10.38
June	244	2,729	8.94
July	165	2,474	6.67
August	203	2,740	7.41
October	189	2,887	6.55
November	217	2,771	7.83
December	140	2,354	5.95

Annual # of qualified incoming calls abandoned after 30 seconds

2,405

Annual # of qualified incoming calls

29,621

Annual % qualified incoming calls abandoned after 30 seconds

8.10

Written Responses to Enquiries

The percentage of written responses provided within 10 days to qualified enquiries.

Please refer to section 7.8 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of written responses provided within 10 days	# of qualified enquiries received	% written responses provided within 10 days
January	1	1	100.00
February	3	3	100.00
March	6	6	100.00
April	7	8	87.50
May	7	7	100.00
June	4	4	100.00
July	5	5	100.00
August	10	10	100.00
September	6	6	100.00
October	8	9	88.89
November	19	19	100.00
December	10	10	100.00

Written Responses Annual Totals

Annual # of written responses provided within 10 days

86

Annual # of qualified enquiries received

88

Annual % written responses provided within 10 days

97.70

Emergency Response Urban

The percentage of emergency (fire, police, ambulance) calls where a qualified service person is on site within 60 minutes of the call.

The definition of "rural" and "urban" should correspond to the municipality's definition

Please refer to section 7.9 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of urban emergency calls responded within 60 minutes	# of urban emergency calls	% urban emergency calls responded within 60 minutes
-------	--	----------------------------	---

January	9	10	90.00
February	10	11	90.91
March	7	8	87.50
April	8	9	88.89
May	6	7	85.71
June	7	8	87.50
July	5	6	83.33
August	10	12	83.33
September	5	6	83.33
October	10	10	100.00
November	3	3	100.00
December	3	3	100.00

Emergency Response Urban Annual Totals

Annual # of urban emergency calls responded within 60 minutes

83

Annual # of urban emergency calls

93

Annual % urban emergency calls responded within 60 minutes

89.20

Emergency Response Rural

The percentage of emergency (fire, police, ambulance) calls where a qualified service person is on site within 120 minutes of the call.

The definition of "rural" and "urban" should correspond to the municipality's definition

Please refer to section 7.9 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of rural emergency calls responded within 120 minutes	# of rural emergency calls	% rural emergency calls responded within 120 minutes
January	0	0	0.00
February	0	0	0.00
March	0	0	0.00
April	0	0	0.00

May	0	0	0.00
June	0	0	0.00
July	0	0	0.00
August	0	0	0.00
September	0	0	0.00
October	0	0	0.00
November	0	0	0.00
December	0	0	0.00

Emergency Response Rural Totals

Annual # of rural emergency calls responded within 120 minutes

0

Annual # of rural emergency calls

0

Annual % rural emergency calls responded within 120 minutes

0.00

Service Reliability Indices

Includes outages caused by a Loss of Supply

Loss of Supply means customer interruptions due to an outage that occurs upstream of a distributor's distribution system

Please include all planned and unplanned sustained interruptions. Sustained means a period of interruption of one minute or more

SAIDI - System Average Interruption Duration Index

SAIFI - System Average Interruption Frequency Index

CAIDI - Customer Average Interruption Duration Index

OEB Approved Standard: Within the range of 3 years historical performance.

Total number of customers equals the number of customer accounts served by the distributor in the reporting month

Month	Total Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Total Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/(3)	SAIFI (2)/(3)	CAIDI (4)/(5)
January	0	0	21,618	0.00	0.00	0.00
February	7,833	4,816	21,653	0.36	0.22	1.63
March	7,578	4,700	21,653	0.35	0.22	1.61
April				0.00	0.00	0.00

	0	0	21,658			
May	0	0	21,671	0.00	0.00	0.00
June	0	0	21,694	0.00	0.00	0.00
July	0	0	21,726	0.00	0.00	0.00
August	0	0	21,776	0.00	0.00	0.00
September	0	0	21,800	0.00	0.00	0.00
October	13,832	9,764	21,803	0.63	0.45	1.42
November	0	0	21,837	0.00	0.00	0.00
December	0	0	21,846	0.00	0.00	0.00

Service Reliability Indices Annual Totals and Average

Total Customer Hours of Interruptions

29,243

Total Customer Interruptions

19,280

Average # of Customers

21,727.92

Total SAIDI (1)/(3)

1.35

Total SAIFI (2)/(3)

0.89

Total CAIDI (4)/(5)

1.52

Loss of Sply Adjusted Service Reliability Indices

Excludes outages caused by a Loss of Supply

Loss of Supply means customer interruptions due to an outage that occurs upstream of a distributor's distribution system

Please deduct interruptions caused by Loss of Supply from all planned and unplanned sustained interruptions. Sustained means a period of interruption of one minute or more

SAIDI - System Average Interruption Duration Index

SAIFI - System Average Interruption Frequency Index

CAIDI - Customer Average Interruption Duration Index

Total number of customers equals the number of customer accounts served by the distributor in the reporting month

OEB Approved Standard: Within the range of 3 years historical performance.

Month	Adjusted Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Adjusted Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/(3)	SAIFI (2)/(3)	CAIDI (4)/(5)
-------	---	---	---	---------------	---------------	---------------

January	420	2,040	21,618	0.02	0.09	0.21
February	728	742	21,653	0.03	0.03	0.98
March	455	2,590	21,653	0.02	0.12	0.18
April	2,074	8,480	21,658	0.10	0.39	0.24
May	2,956	104,006	21,671	0.14	4.80	0.03
June	492	1,971	21,694	0.02	0.09	0.25
July	2,818	6,810	21,726	0.13	0.31	0.41
August	2,452	7,434	21,776	0.11	0.34	0.33
September	730	1,880	21,800	0.03	0.09	0.39
October	2,265	12,006	21,803	0.10	0.55	0.19
November	409	1,314	21,837	0.02	0.06	0.31
December	214	1,470	21,846	0.01	0.07	0.15

Service Reliability Indices Annual Totals and Average

Adjusted Customer Hours of Interruptions

16,013

Adjusted Customer Interruptions

150,743

Average # of Customers

21,727.92

Total Loss of Supply Adjusted SAIDI (1)/ (3)

0.74

Total Loss of Supply Adjusted SAIFI (2)/(3)

6.94

Total Loss of Supply Adjusted CAIDI (4)/(5)

0.11

Momentary Average Interruption Frequency Index

Distributors that do not have the system capability that enables them to capture or measure MAIFI are exempted from this reporting requirement.

All planned and unplanned interruptions should be used to calculate this index.

Month	Momentary Interruption	Number of Customers served	MAIFI (1)/(2)
January	0.00	0	0.00
February	0.00	0	0.00
March	0.00	0	0.00
April	0.00	0	0.00

May	0.00	0	0.00
June	0.00	0	0.00
July	0.00	0	0.00
August	0.00	0	0.00
September	0.00	0	0.00
October	0.00	0	0.00
November	0.00	0	0.00
December	0.00	0	0.00

Total Momentary Interruption

0.00

Average Number of Customers Served

0.00

Total Momentary Average Interruption Frequency Index (MAIFI)

0.00

Reconnection Performance Standard

The number of customers disconnected for non-payment who were reconnected completed in two days

Please refer to section 7.10 of the Distribution Service Code

OEB Approved Standard: at least 85% of a yearly bases

Reconnection Performance Standard

Month	Reconnections completed in 2 business days for customers disconnected for non-payment	Number of reconnections for customers disconnected for non-payment	Percent of reconnections completed in 2 business days for customers disconnected for non-payment
No Records			

Annual No of reconnections completed in two days for customers disconnected for non-payment

Annual No of reconnections for customers disconnected for non-payment

Annual % of reconnections completed in 2 business days for customers disconnected nonpayment

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Report Summary

Filing Due Year	Filing Form Name	RRR Filing No
2011	2.1.4	610
Reporting Period and Company Name	Licence Type	Status
January- 2011Westario Power Inc., Walkerton: Corporation; ED-2002-0515; ;	Distributor	Submitted
Report Version	Extension Granted	Extension Deadline
0		
Filing Due Date	Reporting From	Reporting To
March 31, 2011		
Submitted On	Submitter Name	Expiry Date
March 31, 2011	Alvin Allim	April 1, 2011

Connection of New Services - Low Voltage (LV)

The percentage of new low voltage (<750 volts) connection requests where the connection is made within 5 working days of all applicable service conditions being satisfied.

Please refer to section 7.2 of the Distribution System Code.

OEB Approved Standard: at least 90% on a yearly basis

Month	# of new LV services connected within 5 days	# of new LV services requested	% of new LV services connected within 5 days
January	23	26	88.46
February	12	12	100.00
March	10	10	100.00
April	12	12	100.00
May	16	16	100.00
June	21	21	100.00
July	31	31	100.00
August	18	19	94.74
September	24	25	96.00

October	22	23	95.65
November	21	22	95.45
December	7	7	100.00

New Connection - LV Annual Totals

Annual # of new LV services connected within 5 days

217

Annual # of new LV services requested

224

Annual % new LV services connected within 5 days

96.90

Connection of New Services - High Voltage (HV)

The percentage of new high voltage (≥ 750 volts) connection requests where the connection is made within 10 working days of all applicable service conditions being satisfied.

Please refer to section 7.2 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of new HV services connected within 10 days	# of new HV services requested	% of new HV services connected within 10 days
January	3	3	100.00
February	0	0	0.00
March	1	1	100.00
April	1	1	100.00
May	0	0	0.00
June	0	0	0.00
July	0	0	0.00
August	1	1	100.00
September	0	0	0.00
October	1	1	100.00
November	1	1	100.00
December	1	1	100.00

New Connection - HV Annual Totals

Annual # of new HV services connected within 10 days

Annual # of new HV services requested

Annual % of new HV services connected within 10 days

9

9

100.00

Appointment Scheduling

The percentage of appointments scheduled according to the standards stated in section 7.3 of the Distribution System Code

Please refer to section 7.3.5 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of appointments scheduled/completed as required	# of appointment requests received	% appointments scheduled/completed as required
January	105	105	100.00
February	88	88	100.00
March	197	197	100.00
April	571	571	100.00
May	617	635	97.17
June	633	643	98.44
July	505	508	99.41
August	450	455	98.90
September	415	417	99.52
October	370	388	95.36
November	384	401	95.76
December	81	84	96.43

Appointments Scheduled - Annual Totals

Annual # of appointments scheduled/completed as required

4,416

Annual # of appointment requests received

4,492

Annual % appointments scheduled/completed as required

98.30

Appointments Met

The percentage of appointments involving meeting a customer or the customer's representative where the appointment date and time is met.

Please refer to section 7.4 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of appointments completed as required	# of appointments scheduled with customer/representative	% appointments met
January	28	33	84.85
February	15	16	93.75
March	22	22	100.00
April	33	34	97.06
May	33	33	100.00
June	39	40	97.50
July	50	50	100.00
August	41	42	97.62
September	39	42	92.86
October	63	63	100.00
November	29	29	100.00
December	24	24	100.00

Appointments Met - Annual Totals

Annual # of appointments completed as required

416

Annual # of appointments scheduled with customer/representative

428

Annual % appointments met

97.20

Rescheduling a missed appointment

The percentage of appointments rescheduled in the event that an appointment is missed or going to be missed

Please refer to section 7.5 of the Distribution System Code

OEB Approved Standard: 100% on a yearly basis

Month	# of appointments rescheduled as required	# of missed/about to be missed appointments	% appointments rescheduled
January	5	5	100.00
February	1	1	100.00
March	0	0	0.00
April	1	1	100.00
May	0	0	0.00

June	1	1	100.00
July	0	0	0.00
August	1	1	100.00
September	3	3	100.00
October	0	0	0.00
November	0	0	0.00
December	0	0	0.00

Appointments Rescheduled - Annual Totals

Annual # of appointments rescheduled as required

12

Annual # of missed/about to be missed appointments

12

Annual % appointments rescheduled

100.00

Telephone Accessibility

The percentage of qualified incoming calls to the utility that are answered in person within 30 seconds.

Please refer to section 7.6 of the Distribution System Code

OEB Approved Standard: at least 65% on a yearly basis

Month	# of qualified incoming calls answered within 30 seconds	# of qualified incoming calls	% qualified incoming calls answered within 30 seconds
January	2,357	2,832	83.23
February	2,457	3,153	77.93
March	3,163	4,210	75.13
April	2,944	3,733	78.86
May	2,700	2,975	90.76
June	2,532	3,027	83.65
July	2,281	2,690	84.80
August	2,498	3,208	77.87
September	2,771	3,641	76.11
October	2,297	2,677	85.81

November	2,334	2,811	83.03
December	1,832	2,263	80.95

Telephone Accessibility Annual Totals

Annual # of qualified incoming calls answered within 30 seconds

30,166

Annual # of qualified incoming calls

37,220

Annual % qualified incoming calls answered within 30 seconds

81.00

Telephone Call Abandon Rate

The percentage of qualified incoming telephone calls that are abandoned before they are answered

Please refer to section 7.7 of the Distribution System Code

OEB Approved Standard: 10% or less on a yearly basis

Month	# of qualified incoming calls abandoned after 30 seconds	# of qualified incoming calls	% qualified incoming calls abandoned after 30 seconds
January	233	2,832	8.23
February	355	3,153	11.26
March	568	4,210	13.49
April	329	3,733	8.81
May	204	2,975	6.86
June	248	3,027	8.19
July	216	2,690	8.03
August	406	3,208	12.66
September	511	3,641	14.03
October	191	2,677	7.13
November	247	2,811	8.79
December	226	2,263	9.99

Annual # of qualified incoming calls abandoned after 30 seconds

3,734

Annual # of qualified incoming calls

37,220

Annual % qualified incoming calls abandoned after 30 seconds

10.00

Written Responses to Enquiries

The percentage of written responses provided within 10 days to qualified enquiries.

Please refer to section 7.8 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of written responses provided within 10 days	# of qualified enquiries received	% written responses provided within 10 days
January	7	7	100.00
February	3	3	100.00
March	8	8	100.00
April	4	5	80.00
May	6	7	85.71
June	8	8	100.00
July	0	0	0.00
August	0	0	0.00
September	2	2	100.00
October	2	2	100.00
November	6	6	100.00
December	7	8	87.50

Written Responses Annual Totals

Annual # of written responses provided within 10 days

53

Annual # of qualified enquiries received

56

Annual % written responses provided within 10 days

94.60

Emergency Response Urban

The percentage of emergency (fire, police, ambulance) calls where a qualified service person is on site within 60 minutes of the call.

The definition of "rural" and "urban" should correspond to the municipality's definition

Please refer to section 7.9 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of urban emergency calls responded within 60 minutes	# of urban emergency calls	% urban emergency calls responded within 60 minutes
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January	1	1	100.00
February	0	0	0.00
March	1	1	100.00
April	0	0	0.00
May	1	1	100.00
June	2	2	100.00
July	1	1	100.00
August	1	1	100.00
September	0	0	0.00
October	0	0	0.00
November	0	0	0.00
December	1	1	100.00

Emergency Response Urban Annual Totals

Annual # of urban emergency calls responded within 60 minutes

8

Annual # of urban emergency calls

8

Annual % urban emergency calls responded within 60 minutes

100.00

Emergency Response Rural

The percentage of emergency (fire, police, ambulance) calls where a qualified service person is on site within 120 minutes of the call.

The definition of "rural" and "urban" should correspond to the municipality's definition

Please refer to section 7.9 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of rural emergency calls responded within 120 minutes	# of rural emergency calls	% rural emergency calls responded within 120 minutes
January	0	0	0.00
February	0	0	0.00
March	0	0	0.00
April	0	0	0.00

May	0	0	0.00
June	0	0	0.00
July	0	0	0.00
August	0	0	0.00
September	0	0	0.00
October	0	0	0.00
November	0	0	0.00
December	0	0	0.00

Emergency Response Rural Totals

Annual # of rural emergency calls responded within 120 minutes

0

Annual # of rural emergency calls

0

Annual % rural emergency calls responded within 120 minutes

0.00

Service Reliability Indices

Includes outages caused by a Loss of Supply

Loss of Supply means customer interruptions due to an outage that occurs upstream of a distributor's distribution system

Please include all planned and unplanned sustained interruptions. Sustained means a period of interruption of one minute or more

SAIDI - System Average Interruption Duration Index

SAIFI - System Average Interruption Frequency Index

CAIDI - Customer Average Interruption Duration Index

OEB Approved Standard: Within the range of 3 years historical performance.

Total number of customers equals the number of customer accounts served by the distributor in the reporting month

Month	Total Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Total Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/ (3)	SAIFI (2)/ (3)	CAIDI (4)/ (5)
January	1,329	12,411	21,862	0.06	0.57	0.11
February	221	1,425	21,882	0.01	0.07	0.16
March	3,321	30,984	21,901	0.15	1.41	0.11
April				0.37	0.45	0.82

	8,165	9,926	21,910			
May	7,346	28,075	21,926	0.34	1.28	0.26
June	3,933	14,386	21,951	0.18	0.66	0.27
July	2,048	11,365	21,971	0.09	0.52	0.18
August	1,257	15,525	21,978	0.06	0.71	0.08
September	1,519	11,424	21,986	0.07	0.52	0.13
October	1,775	64,728	22,023	0.08	2.94	0.03
November	165	708	22,094	0.01	0.03	0.23
December	2,733	7,931	22,099	0.12	0.36	0.34

Service Reliability Indices Annual Totals and Average

Total Customer Hours of Interruptions

33,812

Total Customer Interruptions

208,888

Average # of Customers

21,965.25

Total SAIDI (1)/(3)

1.54

Total SAIFI (2)/(3)

9.51

Total CAIDI (4)/(5)

0.16

Loss of Sply Adjusted Service Reliability Indices

Excludes outages caused by a Loss of Supply

Loss of Supply means customer interruptions due to an outage that occurs upstream of a distributor's distribution system

Please deduct interruptions caused by Loss of Supply from all planned and unplanned sustained interruptions. Sustained means a period of interruption of one minute or more

SAIDI - System Average Interruption Duration Index

SAIFI - System Average Interruption Frequency Index

CAIDI - Customer Average Interruption Duration Index

Total number of customers equals the number of customer accounts served by the distributor in the reporting month

OEB Approved Standard: Within the range of 3 years historical performance.

Month	Adjusted Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Adjusted Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/(3)	SAIFI (2)/(3)	CAIDI (4)/(5)
-------	---	---	---	---------------	---------------	---------------

January	1,329	12,411	21,862	0.06	0.57	0.11
February	221	1,425	21,882	0.01	0.07	0.16
March	3,321	30,984	21,901	0.15	1.41	0.11
April	318	3,160	21,910	0.01	0.14	0.10
May	7,346	28,075	21,926	0.34	1.28	0.26
June	3,706	14,256	21,951	0.17	0.65	0.26
July	1,479	11,190	21,971	0.07	0.51	0.13
August	1,257	15,525	21,978	0.06	0.71	0.08
September	1,519	11,424	21,986	0.07	0.52	0.13
October	1,775	64,728	22,023	0.08	2.94	0.03
November	165	708	22,094	0.01	0.03	0.23
December	2,733	7,931	22,099	0.12	0.36	0.34

Service Reliability Indices Annual Totals and Average

Adjusted Customer Hours of Interruptions

25,169

Adjusted Customer Interruptions

201,817

Average # of Customers

21,965.25

Total Loss of Supply Adjusted SAIDI (1)/ (3)

1.15

Total Loss of Supply Adjusted SAIFI (2)/(3)

9.19

Total Loss of Supply Adjusted CAIDI (4)/(5)

0.12

Momentary Average Interruption Frequency Index

Distributors that do not have the system capability that enables them to capture or measure MAIFI are exempted from this reporting requirement.

All planned and unplanned interruptions should be used to calculate this index.

Month	Momentary Interruption	Number of Customers served	MAIFI (1)/(2)
January	0.00	0	0.00
February	0.00	0	0.00
March	0.00	0	0.00
April	0.00	0	0.00

May	0.00	0	0.00
June	0.00	0	0.00
July	0.00	0	0.00
August	0.00	0	0.00
September	0.00	0	0.00
October	0.00	0	0.00
November	0.00	0	0.00
December	0.00	0	0.00

Total Momentary Interruption

0.00

Average Number of Customers Served

0.00

Total Momentary Average Interruption Frequency Index (MAIFI)

0.00

Reconnection Performance Standard

The number of customers disconnected for non-payment who were reconnected completed in two days

Please refer to section 7.10 of the Distribution Service Code

OEB Approved Standard: at least 85% of a yearly bases

Reconnection Performance Standard

Month	Reconnections completed in 2 business days for customers disconnected for non-payment	Number of reconnections for customers disconnected for non-payment	Percent of reconnections completed in 2 business days for customers disconnected for non-payment
No Records			

Annual No of reconnections completed in two days for customers disconnected for non-payment

Annual No of reconnections for customers disconnected for non-payment

Annual % of reconnections completed in 2 business days for customers disconnected nonpayment

Submit?

* Submit Form

No

Clicking Save or Apply will not automatically submit this filing. To SUBMIT this filing, scroll to the end of the page, select Yes in the Submit drop down then click the SAVE button.

Report Summary

Filing Due Year	Filing Form Name	RRR Filing No
2012	2.1.4	1,276
Reporting Period and Company Name	Licence Type	Status
January- 2012Westario Power Inc., Walkerton: Corporation; ED-2002-0515; ;	Distributor	Submitted
Report Version	Extension Granted	Extension Deadline
0		
Filing Due Date	Reporting From	Reporting To
April 30, 2012	Jan 1, 2011	Dec 31, 2011
Submitted On	Submitter Name	Expiry Date
May 2, 2012	Lisa Milne	May 3, 2012

Connection of New Services - Low Voltage (LV)

The percentage of new low voltage (<750 volts) connection requests where the connection is made within 5 working days of all applicable service conditions being satisfied.

Please refer to section 7.2 of the Distribution System Code.

OEB Approved Standard: at least 90% on a yearly basis

Month	# of new LV services connected within 5 days	# of new LV services requested	% of new LV services connected within 5 days
January	14	14	100.00
February	6	7	85.71
March	11	11	100.00
April	9	12	75.00
May	16	16	100.00
June	15	18	83.33
July	15	15	100.00
August	14	14	100.00
September	13	13	100.00

October	5	5	100.00
November	10	12	83.33
December	10	11	90.91

New Connection - LV Annual Totals

Annual # of new LV services connected within 5 days

138

Annual # of new LV services requested

148

Annual % new LV services connected within 5 days

93.20

Connection of New Services - High Voltage (HV)

The percentage of new high voltage (≥ 750 volts) connection requests where the connection is made within 10 working days of all applicable service conditions being satisfied.

Please refer to section 7.2 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of new HV services connected within 10 days	# of new HV services requested	% of new HV services connected within 10 days
January	0	0	0.00
February	0	0	0.00
March	0	0	0.00
April	0	0	0.00
May	1	1	100.00
June	3	3	100.00
July	0	0	0.00
August	0	0	0.00
September	0	0	0.00
October	0	0	0.00
November	1	1	100.00
December	0	0	0.00

New Connection - HV Annual Totals

Annual # of new HV services connected within 10 days

Annual # of new HV services requested

Annual % of new HV services connected within 10 days

5

5

100.00

Appointment Scheduling

The percentage of appointments scheduled according to the standards stated in section 7.3 of the Distribution System Code

Please refer to section 7.3.5 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of appointments scheduled/completed as required	# of appointment requests received	% appointments scheduled/completed as required
January	73	73	100.00
February	71	71	100.00
March	127	128	99.22
April	482	484	99.59
May	779	779	100.00
June	789	794	99.37
July	547	547	100.00
August	648	654	99.08
September	683	687	99.42
October	631	632	99.84
November	530	532	99.62
December	171	172	99.42

Appointments Scheduled - Annual Totals

Annual # of appointments scheduled/completed as required

5,531

Annual # of appointment requests received

5,553

Annual % appointments scheduled/completed as required

99.60

Appointments Met

The percentage of appointments involving meeting a customer or the customer's representative where the appointment date and time is met.

Please refer to section 7.4 of the Distribution System Code

OEB Approved Standard: at least 90% on a yearly basis

Month	# of appointments completed as required	# of appointments scheduled with customer/representative	% appointments met
January	87	87	100.00
February	77	78	98.72
March	138	139	99.28
April	491	496	98.99
May	795	795	100.00
June	804	812	99.01
July	562	562	100.00
August	662	668	99.10
September	692	696	99.43
October	636	637	99.84
November	540	544	99.26
December	181	183	98.91

Appointments Met - Annual Totals

Annual # of appointments completed as required	Annual # of appointments scheduled with customer/representative	Annual % appointments met
5,665	5,697	99.40

Rescheduling a missed appointment

The percentage of appointments rescheduled in the event that an appointment is missed or going to be missed

Please refer to section 7.5 of the Distribution System Code

OEB Approved Standard: 100% on a yearly basis

Month	# of appointments rescheduled as required	# of missed/about to be missed appointments	% appointments rescheduled
January	0	0	0.00
February	0	0	0.00
March	1	1	100.00
April	2	2	100.00
May	0	0	0.00

June	5	5	100.00
July	0	0	0.00
August	6	6	100.00
September	4	4	100.00
October	1	1	100.00
November	2	2	100.00
December	1	1	100.00

Appointments Rescheduled - Annual Totals

Annual # of appointments rescheduled as required

22

Annual # of missed/about to be missed appointments

22

Annual % appointments rescheduled

100.00

Telephone Accessibility

The percentage of qualified incoming calls to the utility that are answered in person within 30 seconds.

Please refer to section 7.6 of the Distribution System Code

OEB Approved Standard: at least 65% on a yearly basis

Month	# of qualified incoming calls answered within 30 seconds	# of qualified incoming calls	% qualified incoming calls answered within 30 seconds
January	2,720	2,989	91.00
February	2,531	2,790	90.72
March	3,285	3,527	93.14
April	4,583	5,651	81.10
May	3,474	3,866	89.86
June	4,747	5,068	93.67
July	3,270	3,439	95.09
August	2,626	2,728	96.26
September	2,503	2,576	97.17
October	2,253	2,322	97.03

November	2,338	2,366	98.82
December	1,960	2,019	97.08

Telephone Accessibility Annual Totals

Annual # of qualified incoming calls answered within 30 seconds

36,290

Annual # of qualified incoming calls

39,341

Annual % qualified incoming calls answered within 30 seconds

92.20

Telephone Call Abandon Rate

The percentage of qualified incoming telephone calls that are abandoned before they are answered

Please refer to section 7.7 of the Distribution System Code

OEB Approved Standard: 10% or less on a yearly basis

Month	# of qualified incoming calls abandoned after 30 seconds	# of qualified incoming calls	% qualified incoming calls abandoned after 30 seconds
January	225	2,989	7.53
February	259	2,790	9.28
March	252	3,537	7.12
April	1,068	5,651	18.90
May	392	3,866	10.14
June	321	5,068	6.33
July	169	3,483	4.85
August	102	2,728	3.74
September	73	2,576	2.83
October	69	2,322	2.97
November	28	2,366	1.18
December	59	2,019	2.92

Annual # of qualified incoming calls abandoned after 30 seconds

3,017

Annual # of qualified incoming calls

39,395

Annual % qualified incoming calls abandoned after 30 seconds

7.70

Written Responses to Enquiries

The percentage of written responses provided within 10 days to qualified enquiries.

Please refer to section 7.8 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of written responses provided within 10 days	# of qualified enquiries received	% written responses provided within 10 days
January	5	5	100.00
February	4	4	100.00
March	2	2	100.00
April	2	2	100.00
May	2	2	100.00
June	1	1	100.00
July	5	5	100.00
August	3	3	100.00
September	5	5	100.00
October	5	5	100.00
November	14	14	100.00
December	1	1	100.00

Written Responses Annual Totals

Annual # of written responses provided within 10 days

49

Annual # of qualified enquiries received

49

Annual % written responses provided within 10 days

100.00

Emergency Response Urban

The percentage of emergency (fire, police, ambulance) calls where a qualified service person is on site within 60 minutes of the call.

The definition of "rural" and "urban" should correspond to the municipality's definition

Please refer to section 7.9 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of urban emergency calls responded within 60 minutes	# of urban emergency calls	% urban emergency calls responded within 60 minutes
-------	--	----------------------------	---

January	0	0	0.00
February	0	0	0.00
March	1	1	100.00
April	0	0	0.00
May	0	0	0.00
June	0	0	0.00
July	0	1	0.00
August	1	1	100.00
September	1	1	100.00
October	2	2	100.00
November	1	1	100.00
December	1	1	100.00

Emergency Response Urban Annual Totals

Annual # of urban emergency calls responded within 60 minutes

7

Annual # of urban emergency calls

8

Annual % urban emergency calls responded within 60 minutes

87.50

Emergency Response Rural

The percentage of emergency (fire, police, ambulance) calls where a qualified service person is on site within 120 minutes of the call.

The definition of "rural" and "urban" should correspond to the municipality's definition

Please refer to section 7.9 of the Distribution System Code

OEB Approved Standard: at least 80% on a yearly basis

Month	# of rural emergency calls responded within 120 minutes	# of rural emergency calls	% rural emergency calls responded within 120 minutes
January	0	0	0.00
February	0	0	0.00
March	0	0	0.00
April	0	0	0.00

May	0	0	0.00
June	0	0	0.00
July	0	0	0.00
August	0	0	0.00
September	0	0	0.00
October	0	0	0.00
November	0	0	0.00
December	0	0	0.00

Emergency Response Rural Totals

Annual # of rural emergency calls responded within 120 minutes

0

Annual # of rural emergency calls

0

Annual % rural emergency calls responded within 120 minutes

0.00

Service Reliability Indices

Includes outages caused by a Loss of Supply

Loss of Supply means customer interruptions due to an outage that occurs upstream of a distributor's distribution system

Please include all planned and unplanned sustained interruptions. Sustained means a period of interruption of one minute or more

SAIDI - System Average Interruption Duration Index

SAIFI - System Average Interruption Frequency Index

CAIDI - Customer Average Interruption Duration Index

OEB Approved Standard: Within the range of 3 years historical performance.

Total number of customers equals the number of customer accounts served by the distributor in the reporting month

Month	Total Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Total Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/(3)	SAIFI (2)/(3)	CAIDI (4)/(5)
January	1,914	501	22,112	0.09	0.02	3.82
February	585	263	22,125	0.03	0.01	2.22
March	19,618	6,439	22,129	0.89	0.29	3.05
April				0.26	0.22	1.15

	5,700	4,975	22,150			
May	711	337	22,159	0.03	0.02	2.11
June	196,156	17,123	22,220	8.83	0.77	11.46
July	11,071	6,835	22,247	0.50	0.31	1.62
August	5,629	1,365	22,272	0.25	0.06	4.12
September	14,541	3,472	22,288	0.65	0.16	4.19
October	543	345	22,296	0.02	0.02	1.57
November	4,134	445	22,310	0.19	0.02	9.29
December	905	816	22,333	0.04	0.04	1.11

Service Reliability Indices Annual Totals and Average

Total Customer Hours of Interruptions

261,507

Total Customer Interruptions

42,916

Average # of Customers

22,220.08

Total SAIDI (1)/(3)

11.77

Total SAIFI (2)/(3)

1.93

Total CAIDI (4)/(5)

6.09

Loss of Sply Adjusted Service Reliability Indices

Excludes outages caused by a Loss of Supply

Loss of Supply means customer interruptions due to an outage that occurs upstream of a distributor's distribution system

Please deduct interruptions caused by Loss of Supply from all planned and unplanned sustained interruptions. Sustained means a period of interruption of one minute or more

SAIDI - System Average Interruption Duration Index

SAIFI - System Average Interruption Frequency Index

CAIDI - Customer Average Interruption Duration Index

Total number of customers equals the number of customer accounts served by the distributor in the reporting month

OEB Approved Standard: Within the range of 3 years historical performance.

Month	Adjusted Customer Hours of Interruptions (i.e., 15 mins interruption = .25X200 Customer = 50 hours of interruption)	Adjusted Customer Interruptions (i.e., 100 customers interrupted 2 times = 200 customers interrupted)	Total # of Customers (i.e., Not just affected customer, total customers served for the month)	SAIDI (1)/(3)	SAIFI (2)/(3)	CAIDI (4)/(5)
-------	---	---	---	---------------	---------------	---------------

January	1,914	501	22,112	0.09	0.02	3.82
February	585	263	22,125	0.03	0.01	2.22
March	9,433	3,044	22,129	0.43	0.14	3.10
April	2,004	889	22,150	0.09	0.04	2.25
May	711	337	22,159	0.03	0.02	2.11
June	7,069	1,876	22,220	0.32	0.08	3.77
July	2,177	905	22,247	0.10	0.04	2.41
August	5,629	1,365	22,272	0.25	0.06	4.12
September	155	87	22,288	0.01	0.00	1.78
October	543	345	22,296	0.02	0.02	1.57
November	884	185	22,310	0.04	0.01	4.78
December	905	816	22,333	0.04	0.04	1.11

Service Reliability Indices Annual Totals and Average

Adjusted Customer Hours of Interruptions

32,009

Adjusted Customer Interruptions

10,613

Average # of Customers

22,220.08

Total Loss of Supply Adjusted SAIDI (1)/(3)

1.44

Total Loss of Supply Adjusted SAIFI (2)/(3)

0.48

Total Loss of Supply Adjusted CAIDI (4)/(5)

3.02

Momentary Average Interruption Frequency Index

Distributors that do not have the system capability that enables them to capture or measure MAIFI are exempted from this reporting requirement.

All planned and unplanned interruptions should be used to calculate this index.

Month	Momentary Interruption	Number of Customers served	MAIFI (1)/(2)
January			
February			
March			
April			

May			
June			
July			
August			
September			
October			
November			
December			

Total Momentary Interruption

0.00

Average Number of Customers Served

0.00

Total Momentary Average Interruption Frequency Index (MAIFI)

0.00

Reconnection Performance Standard

The number of customers disconnected for non-payment who were reconnected completed in two days

Please refer to section 7.10 of the Distribution Service Code

OEB Approved Standard: at least 85% of a yearly bases

Reconnection Performance Standard

Month	Reconnections completed in 2 business days for customers disconnected for non-payment	Number of reconnections for customers disconnected for non-payment	Percent of reconnections completed in 2 business days for customers disconnected for non-payment
January	13	13	100.00
February	83	83	100.00
March	81	81	100.00
April	123	125	98.40
May	162	163	99.39
June	103	107	96.26
July	94	94	100.00
August	86	88	97.73

September	65	66	98.48
October	74	77	96.10
November	93	93	100.00
December	24	24	100.00

Annual No of reconnections completed in two days for
customers disconnected for non-payment

1,001

Annual No of reconnections for customers
disconnected for non-payment

1,014

Annual % of reconnections completed in 2 business
days for customers disconnected nonpayment

98.70

Submit?

* Submit Form

No

Exhibit 2: Rate Base

Tab 7 (of 7): Green Energy Plan

GREEN ENERGY ACT PLAN

For the purposes of this rate application, WPI is submitting a Basic Green Energy Act Plan. This document is located at Attachment 1.

WPI also issued a letter to the OPA requesting their comment on the above (see Attachment 3), for which a response was received and filed (see Attachment 2).

A letter was issued to Hydro One requesting comment (Attachment 4); however, a response was not received in time for inclusion in this application.



Westario Power Inc.

Basic Green Energy Act Plan

July 2012

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1.0 Introduction

The *Green Energy and Green Economy Act, 2009* (“the Act” or “GEA”) was introduced in the Ontario legislature on February 23, 2009. Its intent was to expand renewable energy production and encourage energy conservation. Under the GEA, a number of feed-in tariff rates for different types of energy sources were created. Most notably, the microFIT program for small non-commercial systems under 10 kilowatts, and FIT, the larger commercial version which covers a number of project types with sizes into the megawatts. The objectives of the Act include the following;

- To stimulate energy conservation, through the establishment of programs and policies within the Ministry or such agencies as may be prescribed, load management and the use of renewable energy sources throughout Ontario;
- To encourage prudence in the use of energy in Ontario;
- To stimulate the planning and increase the development of infrastructure in Ontario, and
- To support planning and growth and building strong communities in Ontario.

Two other key elements of the Act include:

- To facilitate the implementation of a smart grid in Ontario; and
- To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

1.1 GEA Plan Guiding Principles

The Act requires that each LDC file a Green Energy Act Plan (“GEA Plan”). with the Ontario Energy Board (“the OEB” or “the Board”), in a manner consistent with the requirements in the GEA. The plan filing will serve three main purposes:

- 1) To provide information to the Board and interested stakeholders regarding the readiness of a distributor's system to accommodate the connection of renewable generation, as well as the expansion or reinforcement necessary to accommodate renewable generation, and the development and implementation of "smart grid";
- 2) To provide evidence in rate applications for capital budget approvals related to infrastructure investments for renewable generation and smart grid, and the recovery of the resulting costs from ratepayers; and
- 3) To provide a basis, through the approval of a GEA Plan, by which the costs of certain investments will be the responsibility of the distributor under the DSC, and therefore possibly recovered through the provincial cost recovery mechanism set out in section 79.1 of the OEB Act.

The OEB has identified two types of Plans; the Basic GEA Plan and the Detailed GEA Plan. As a minimum, a Basic GEA Plan is required of all LDCs. A Detailed GEA Plan is required only for those distributors where:

- a. The total capital costs of all a distributor's planned projects related to the connection of renewable generation and/or the development of a smart grid in any one year:
 - i. *Are more than \$100,000 and exceed 3% of the distributor's distribution rate base; and*
 - ii. *Exceed \$5,000,000.*
- b. The total capital costs of all a distributor's planned projects related to the connection of renewable generation and/or the development of a smart grid over five years:
 - i. *Are more than \$100,000 and exceed 6% of the distributor's distribution rate base; and*
 - ii. *Exceed \$10,000,000.*

Westario Power Inc. (“Westario”) does not meet the threshold for filing a Detailed GEA Plan and, as such, has prepared this Basic GEA Plan. The Basic GEA Plan includes requirements for:

1. A current assessment of the LDC’s distribution system;
2. A planned approach (if required) to upgrading the distribution system to accommodate renewable generation; and
3. Proposed initiatives to enable the development of a “smart grid”.

In accordance with the OEB’s filing requirements under the *Green Energy and Green Economy Act, 2009*, Westario Power has prepared this Basic Green Energy Plan (“GEA Plan”). The GEA Plan provides summary information about current demands from generation, a description of the current efforts to enable renewable generation and future plans to accommodate anticipated new connections.

1.2 Enabling Renewable Generation Connections - Overview

To ensure that renewable generation projects can be readily connected to the LDCs distribution system without undue delay is a major focus of the Act. To this end, LDCs are subject to the following requirements:

- a. The licensee is required to provide, in accordance with such rules as may be prescribed by regulation and in the manner mandated by the market rules or by the Board, priority connection access to its transmission system or distribution system for renewable energy generation facilities that meet the requirements prescribed by regulation made under subsection 26 (1.1) of the Electricity Act, 1998.
- b. The licensee is required to prepare plans, in the manner and at the times mandated by the Board or as prescribed by regulation and to file them with the Board for approval for;

- i. the expansion or reinforcement of the licensee's transmission system or distribution system to accommodate the connection of renewable energy generation facilities, and
 - ii. the development and implementation of the smart grid in relation to the licensee's transmission system or distribution system.
- c. The licensee is required, in accordance with a plan referred to in Paragraph 2, that has been approved by the Board or in such other manner and at such other times as mandated by the Board or prescribed by regulation;
 - i. to expand or reinforce its transmission system or distribution system to accommodate the connection of renewable energy generation facilities, and
 - ii. to make investments for the development and implementation of the smart grid in relation to the licensee's transmission system or distribution system.

2.0 Current Assessment – Westario Power’s Distribution System

Westario Power Inc. is the licensed electricity distributor serving approximately 23,000 customers in Westario’s service territory which encompasses fifteen (15) communities. Westario was created by the amalgamation of 8 former municipal hydro-electric commissions and currently serves the communities of Clifford ; Elmwood ; Hanover ; Harriston ; Kincardine ; Lucknow ; Mildmay ; Neustadt ; Palmerston ; Port Elgin ; Ripley ; Southampton ; Teeswater ; Walkerton ; Wingham.

Westario distributes power to its customers through either direct transmission-connected feeders or through its municipal distribution substations which is comprised of primarily urban customers. Westario owns twenty-seven (27) municipal substations within its service territory. Within its service territory, there are a total of five (5) communities that are directly fed by Hydro One owned distribution stations as there is no Westario owned distribution station. These communities are Clifford, Elmwood, Mildmay, Neustadt, and Ripley.

In addition, Westario has completed the installation of approximately 22,250 Smart Meters for residential and small commercial (GS<50kW) customers. We intend to explore the potential use of the communication capability of the Smart Meter system to further improve customer service through more advanced outage detection and outage response.

The following table summarizes general statistics of Westario distribution system:

Table 1: Westario Power Inc. Distribution System Statistics

	2007	2008	2009	2010	2011
Service Area (sq km)	64.04	64.04	64.04	64.04	64.04
Total Metered Customers	21,224	21,523	21,759	22,019	22,263
Number of Municipal Stations (owned by Westario Power Inc.)	27	27	27	27	27
O/H Circuit (km)	309	309	310	310	371
U/G Circuit (km)	126	131	126	144	144
Number of Poles	N/A	N/A	10,561	10,522	10,575
System Peak – Summer (MW)	73.472	65.309	60.590	72.813	73.789
System Peak – Winter (MW)	90.205	84.988	80.151	89.468	86.667

Table 2: Total Energy Purchased (annual MWH)

2007	470,987.374
2008	467,519.383
2009	482,358.097
2010	470,860.970
2011	471,627.001

Since the introduction of the Feed-in-Tariff (FIT) program, Westario has connected and settles a total of:

- 26 MicroFIT contracts issued totaling 207.805 kW of generation
- 42 Pending MicroFIT installation totaling 398 kW of generation
- 1 pending FIT installations totaling 100 kW of generation.

The distribution system has been virtually unaffected by the projects connected thus far. In 2010 the rate of connections (7) was slow likely due to the economy and availability of contractors to install these types of installations as well as the infancy of the new OPA MicroFit and FIT programs. The number of connections in 2011 (20) and 2012 (3 + pending) has continued on a steady pace and it is likely that the rate of connections will decrease slightly due to the decrease in the contract pricing offered by the Ontario Power Authority. Westario's forecast of connections is based on its experience to date and requests for information from prospective generators. This GEA Plan includes information on how the anticipated renewable connections will impact the distribution system.

Overall, Westario's distribution system has been determined to be adequate to accept the influx of renewable generation that is anticipated. There have been constraints reported by the utility's host distributor Hydro One for the five (5) communities that are within Westario's service territory, but are supplied by a direct connection from Hydro One (Clifford, Elmwood, Mildmay, Neustadt, and Ripley). Westario Power continues to work with its host distributor to address the constraints identified in the five communities listed above. There are no known barriers within Westario's distribution system for projects that are serviced by our own municipal substations.

Based on the fact that there are no known barriers to renewable generation related to matters under the control of Westario, the utility does not propose any material investments in renewable infrastructure. The utility does expect modest growth in renewable generation and minor system expansions/upgrades to accommodate renewable generation but does not seek to fund those expansions through this GEA Plan.

Finally, this Basic GEA Plan includes Westario's plans for Smart Grid investment. The utility proposes to focus on research and analysis of their system and new customer-driven initiatives. The utility will continue those efforts and build upon them where further opportunities should present themselves.

Westario is not proposing to recover those costs through this GEA Plan; instead the utility advises the OEB that the utility will be recording these costs to the Smart Grid deferral account for later disposition.

2.1 System Limitations

It is anticipated that the connection of small-scale inverter-based renewable generation will not impose limitations, but that over time a larger concentration of renewable generators on the same distribution feeder will have a noticeable impact on the distribution system and upstream elements. Westario does not anticipate a sufficient number of small-scale projects to reach a level of constraint in the near term of this GEA Plan.

Large scale projects tend to have an immediate impact on the utility's distribution system and will require a detailed study and analysis to understand the impact of the proposed connection. The rules for FIT 2.0 are not yet finalized so it is not possible to predict with certainty the potential for large scale projects to be located in our territory. In any event, those constraints would not likely relate to Westario Power-owned equipment. Furthermore, the typical planning process for larger projects generally provides Westario an adequate timeframe to plan any required expansions to accommodate any new mid-sized load or large generation additions.

As such, the amount of generation capacity to be connected to Westario's distribution system could be constrained by a variety of engineering factors, such as:

- a. Feeder ampacity
- b. Feeder loading

- c. Short circuit capacity
- d. Power quality (i.e. harmonics)
- e. Limits on reverse power flow and short circuit capability (at transformers and substations).

These factors are considered in totality in determining any possible limitations on the distribution system prior to connecting any new generation.

Tables below, show connection limitations as well as the “available generation capacity”.

Table 1 - Hydro One Owned Transformer Stations:

Hydro One Owned Transformer Stations							
Generated Connection Limitation							
		Forecasted FIT Connections	Forecasted MicroFIT Connections	Total Forecasted Generator Connections	Total Existing Generation Installed	HONI Thermal Limit	HONI Short Circuit Limit
Station	Bus/Feeders	(KW)	(KW)	(KW)	(KW)	(MW)	(MW)
Douglas Point T.S.	M1	6000	306	6306	13400	52.4	348.5
	M2	0	0	0	0		
	M3	0	0	0	0		
	M4	8200	0	8200	0		
	M5	0	0	0	0		
	M6	2749	790	3539	0		
	M8	500	0	500	0		
Hanover T.S.	M1	0	0	0	0	69.1	545.9
	M2	806	536	1342	100		
	M3	260	166	426	600		
	M4	600	834	1434	170		
	M5	1250	748	1998	300		
	H1E	21980	707	22687	250		
Palmerston T.S.	M1	160	320	480	0	55.8	610.6
	M2	980	849	1829	0		
	M3	40	720	760	0		
	M4	250	450	700	0		
Wingham T.S.	M3	150	46	196	0	57	249.3
	M4	18243	528	18771	0		
	M5	100	592	692	0		
	M6	0	0	0	0		

This table provides the generation limitations set forth by Hydro One as well as forecasted and existing generation installed that flows into the Hydro One stations. These generation capacity limits were established by Hydro One and are publicly available on Hydro One's website. In addition, it is anticipated that Hydro One transmission stations and Westario substations may experience constraints on renewable generation connections as a result of limitations of reverse power flow,

thermal loading and short circuit capability. These types of limitations will constrain the total generating capacity that can be added to the feeders.

The available generation capacity (microFIT and Fit) for Hydro One-shared 44 kV feeders directly connected to Hydro One transformer stations is 400 amps. For 8.32 kV feeders directly connected to Hydro One distribution stations the available generation capacity is 200 amps.

Table 2 - Westario Power Owned Distribution Connected Feeders:

Town	Station	Feeder	Forecasted MicroFit Connections (kW)	Forecasted FIT Connections (kW)	Total Existing Generation Installed	Total Forecasted Generator Connection (kW)
Hanover	MS1	F1	0	0	0	0
		F2	0	0	0	0
		F3	6.6	0	0	6.6
	MS3	F1	10	0	0	10
		F2	0	0	0	0
		F3	0	0	0	0
	MS4	F1	0	0	2.4	2.4
		F2	6	0	0	6
		F3	0	0	0	0
	MS5	F1	6	0	17.8	23.8
		F2	0	0	0	0
		F3	40	0	0	40
Harriston	MS1	F1	60	0	19.6	79.6
		F2	20	0	0	20
Kincardine	MS1	F1	10	0	7.5	17.5
		F2	0	0	0	0
		F3	0	0	0	0
	MS2	F1	0	0	0	0
		F2	0	0	0	0
		F3	0	0	0	0
		F4	0	0	0	0

Town	Station	Feeder	Forecasted MicroFit Connections (kW)	Forecasted FIT Connections (kW)	Total Existing Generation Installed	Total Forecasted Generator Connection (kW)
Kincardine	MS3	F1	0	0	0	0
		F2	0	0	0	0
		F3	0	0	0	0
		F4	10	0	10	20
	MS4	F1	0	0	0	0
		F2	0	0	0	0
		F3	0	0	0	0
		F4	10	0	10	10
Lucknow	MS1	F1	0	0	0	0
		F2	20	0	0	20
Palmerston	MS1	F1	30	0	0	30
		F2	10	0	0	10
		F3	20	0	10	30
Port Elgin	MS1	F1	0	0	0	0
		F2	0	0	0	0
		F3	10	0	0	10
		F4	10	0	0	10
	MS2	F1	0	0	0	0
		F2	0	0	0	0
		F3	0	0	0	0
		F4	4.1	0	0	4.1
	MS3	F1	0	0	0	0
		F2	0	0	0	0
		F3	0	0	0	0
		F4	0	0	0	0
	MS4	F1	10	0	0	10
		F2	10	0	0	10
		F3	10	0	0	10
	MS5	F1	0	0	0	0
		F2	10	0	0	10
		F3	0	0	0	0
	MS6	F1	0	0	0	0
		F2	10	0	0	10
		F3	0	0	0	0

Town	Station	Feeder	Forecasted MicroFit Connections (kW)	Forecasted FIT Connections (kW)	Total Existing Generation Installed	Total Forecasted Generator Connection (kW)
Southampton	MS1	F1	0	0	0	0
		F2	20	0	0	20
		F3	10	0	0	10
	MS2	F1	0	0	6.4	6.4
		F2	0	0	0	0
		F3	10	0	0	10
	MS3	F1	3.44	0	0	3.44
		F2	0	0	0	0
		F3	0	0	0	0
Teeswater	MS1	F1	0	0	9.6	9.6
		F2	0	0	4.32	4.32
Walkerton	MS1	F1	0	0	0	0
		F2	0	0	0	0
		F3	0	0	0	0
		F4	9.5	0	9.945	19.445
	MS2	F1	10	100	9.9	119.9
		F2	20	0	0	20
		F3	0	0	0	0
		F4	0	0	0	0
	MS3	F1	10	0	76	86
		F2	0	0	0	0
		F3	10	0	0	10
Wingham	MS1	F1	0	0	0	0
		F2	0	0	0	0
		F3	0	0	0	0
	MS2	F1	0	0	11.64	11.64
		F2	0	0	0	0
		F3	0	0	0	0
		F4	0	0	0	0

Table 2 above provides the to-date installed and forecasted generation that flows into the Westario Power owned distribution feeders.

In addition, it is anticipated that Westario Power transformer stations and Hydro One transformer stations within our territory may experience constraints on renewable generation connections as a result of limitations of reverse power flow, thermal loading and short circuit capability. These types of limitations will constrain the total generating capacity that can be added to the feeders. Within 5 communities that Westario Power serves; customers are directly connected distribution stations owned by Hydro One that currently have capacity restrictions not allowing generator connections. Westario Power continues to work with Hydro One to find solutions to these capacity restraints.

For MicroFIT generation, the number of connections to a Westario Power owned feeder will be limited, based on the minimum feeder loading (limiting the number of MicroFIT generators connected to a feeder is necessary to prevent islanding condition). To determine feeder limits, Westario Power will continue to monitor monthly feeder loading data to determine minimum feeder loads. This table provides the total available capacity on Westario Power-owned 5 kV feeders that are connected to Hydro One-owned Transmission stations. For microFIT generation, the number of connections to a Westario Power-owned feeder will be limited, based on the minimum feeder loading (limiting the number of microFIT generators connected to a feeder is necessary to prevent an islanding condition). To determine the feeder limit, Westario Power reviewed monthly feeder loading data for a two year period (2010 -2011) where minimum feeder load was determined.

3.0 Anticipated Renewable Generation Connection Requests

In order to forecast the anticipated demand for renewable generation connections, Westario has looked to previous uptake for the MicroFIT and FIT programs. To date, there have been 114 microFIT applications, of which 42 are pending, and 1 pending FIT application submitted. Of those applications, Westario has connected 27 Micro-FIT projects and 0 FIT projects to-date. The detailed breakdowns are shown in Table 2 and Table 3 below.

Table 1 – Breakdown of current applications – microFIT Projects

microFIT Projects	
Total Applications Submitted	114
Total Contracts Issued	26
Applications Terminated	46
Pending Connection*	17
Submitted	8
Pending LDC Offer to Connect	8
Connection Completed	1
Connection Completed- Information Requested	0

Table 2 – Breakdown of current applications – FIT Projects

FIT Projects	
Applications in your service area which require you to perform DAT testing	0
Applications in your service area which have completed DAT testing	0
Applications in your service area which are undergoing TAT	0
Applications in your service area which require an ECT	0
Applications in your service area for which a Connection Assessment has been requested	1
Applications in your service area that have been issued contracts	0
Applications in your service area which are Capacity Allocation Exempt	0

Given the interest expressed by Westario Power customers to-date, we have forecast the expected number of FIT and Micro-FIT applications in our territory in Table 3 below. These numbers provided are speculative in nature, but they are based on our experience dealing with customers over the past several years.

Table 3 – Forecast of connections

Application Type	2013	2014	2015	2016	2017
Forecast microFIT Connections	20	15	15	15	15
Forecast FIT Connections	0	1	0	1	0

Project applications that are less than 10 kW and small capacity allocation exempt (CAE) under the FIT/microFIT program typically have capacities less than the building load. Peak generation for solar projects of this size will tend to coincide with peak building energy use.

Westario expects these connections to be accommodated with standard metering and connection techniques.

With respect to large scale projects, Westario does not anticipate significant uptake in our territory for large scale projects. In the event these projects do materialize, the utility generally has sufficient lead time to allow for an appropriate response by Westario Power and Hydro One.

In conclusion, based on the anticipated uptake of the program and our assessment of our systems capabilities, Westario Power is forecasting sufficient capacity to accommodate the anticipated connections with the need to prioritize the projects.

3.1 Consultation with Affected Transmitter

Westario Power has consulted with Hydro One, the affected transmitter, with respect to the Hydro One “List of Station Capacity”, Threshold Connection Impact Assessments and Connection Impact Assessments (CIA’s). To date, Hydro One has released 100 kW to accommodate renewable projects. Westario continues to work co-operatively with Hydro One to address capacity issues within its service territory.

3.2 Planned Development to accommodate Renewable Generation

As noted throughout this GEA Plan, Westario Power has not proposed any development or expansions of its distribution system in order to accommodate Renewable Generation.

3.3 Prioritization Method

Projects will be prioritized to align with the intent of the OPA FIT and microFIT programs. Prioritization of FIT projects is based on project application dates and the ongoing status of the new development. Westario Power intends to prioritize and expedite renewable generation projects that are ready to connect to the distribution system.

3.4 *Direct Benefits for Customers*

Westario Power is not proposing that any of its costs incurred to make eligible investments for the purpose of enabling the connection of renewable electricity generation be recovered from provincial ratepayers rather than solely from Westario Power's ratepayers. It is therefore not necessary to calculate the direct benefits accruing to Westario Power customers.

3.5 *Proposed Budget*

There is no proposed budget with respect to connection of renewable generation under the FIT program. Westario Power will undertake an annual review of the anticipated renewable generation connection project schedule as well as related costs.

4. Smart Grid Development

Westario has been closely monitoring the development of Smart Grid projects in Ontario. Smart Grid development projects are for the most part in a discovery phase. Given Westario's excellent reliability, small service territory, and limited number of feeders it is not planning on performing any Smart Grid Pilot projects at this time.

The term "Smart Grid" has been used to describe a number of initiatives within the electrical distribution, transmission, and generation environments. For distribution utilities like Westario Smart Grid projects are likely to centre on the following concepts:

- Optimization of the Distribution System
- Creating Self Healing Distribution Networks – Network Automation
- Distribution Intelligence – Monitoring the Network
- Two Way Communication Interfaces with the Customer
- Demand Control at the Customers Load – Home Area Networks

Smart Grid pilot projects, of all types, are being tested around the globe in various jurisdictions and are very much in a preliminary discovery phase. Significant impediments to the implementation of Smart Grid would include:

- Consumer Concerns Over Privacy
- Social Concerns over the Use of Distribution System Information (including customer information)
- Limited ability of utilities to transform their networks in a short period of time
- Concerns over giving governments control over power using activities
- The cost benefit of projects

Given the uncertain nature of Smart Grid development; Westario 's strategy will be to adopt a very conservative approach to the implementation of Smart Grid projects. Westario will continue to monitor development in the Smart Grid arena and when sufficient progress is made in this area will evaluate projects on an individual basis as it may suit the needs of Westario's customers. Before projects can be undertaken a full cost benefit analysis must be completed. It is anticipated that costs to monitor and keep up to date with Smart Grid development will be contained within Westario 's existing cost structure.

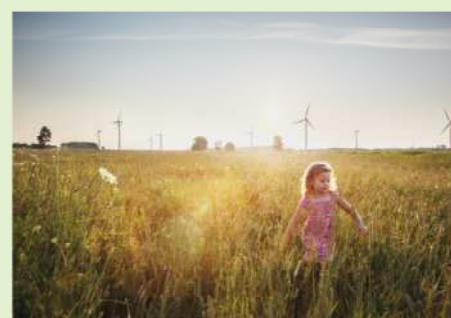
5. Reporting

5.1 Green Energy Act Plan Annual Status Report

Westario will review this document on a regular basis and will publish updates to this document as needed or required by the OEB.

Once the OEB provides further direction as to the time and manner of GEA Plan reporting, indicated as pending in EB-2009-0397 (page 25), Westario will comply with the OEB directives.

OPA Letter of Comment: Westario Power Inc. Basic Green Energy Act Plan



August 30, 2012



Introduction

On March 25, 2010, The Ontario Energy Board (“the OEB”) issued its Filing Requirements for Distribution System Plans. As a condition of Licence, Ontario Distributors are required to file a Green Energy Act Plan as part of their cost of service application.

The Filing Requirements distinguish between Basic and Detailed Green Energy Act Plans (“Plan” or “GEA Plan”) and outline the specific information and level of detail which must be provided for each type of Plan. Recognizing the importance of coordinated planning in achieving the goals of the *Green Energy and Green Economy Act, 2009* (the “GEA”), distributors must consult with embedded and host distributors, upstream transmitters and the OPA in preparing their Plans. For both Basic and Detailed Plans, distributors are required to submit as part of the Plan, a letter of comment from the OPA.

The OPA will review distributors’ Basic Plans to ensure consistency with regard to FIT and microFIT applications received, as well as with integrated Plans for the region or the system as a whole.

Westario Power Inc. - Basic Green Energy Act Plan

The OPA has reviewed the Basic GEA Plan from Westario Power Inc. (“Westario”) dated July, 2012, and has provided its comments below.

OPA FIT/microFIT Applications Received

Westario Power Inc.’s GEA Plan indicates that to date 26 microFIT contracts issued totaling 207.805 kW of capacity, and 1 pending FIT installation totaling 100 kW are in Westario Power Inc.’s service territory. This information is shown in section 2.0 on page 9 of the plan.

To date, the OPA has processed 74 microFIT applications totalling approximately 0.645 MW of capacity in Westario Power Inc.’s service territory. Of these, approximately 0.21 MW have been offered a contract as of July 2012. Additionally, the OPA has received and offered contracts to 2 capacity allocation exempt FIT applications, totalling approximately 0.176 MW that have identified themselves as connecting within Westario Power Inc.’s service territory. All of the applications are remained active as of July 2012.

Upstream Transmission Constraints

The updated Transmission Availability Table for Small FIT 2012 available on the OPA’s FIT website as follows: <http://fit.powerauthority.on.ca/sites/default/files/TAT%20Table%20Final%20-%20April%205%20for%20posting.pdf>. Based on this table, there are no currently known transmission circuit constraints applicable to Westario’s system.

Ontario Power Authority

120 Adelaide Street West, Ste. 1600, Toronto, Ontario M5H 1T1 Tel 416 967-7474 Fax 416 967-1947 1-800-797-9604 Toll Free
info@powerauthority.on.ca www.powerauthority.on.ca

Economic Connection Test

The OPA received a directive dated April 5, 2012 from the Minister of Energy with respect to the Feed-in Tariff Program Review. The directive states that “[g]iven the transmission projects planned through the Long Term Energy Plan and changes to the FIT Program, the OPA shall not run the Economic Connection Test “. A link to the full directive is provided on the OPA’s website:

<http://www.powerauthority.on.ca/sites/default/files/page/FIT-ReviewApril-2012.pdf>

Opportunities for Integrated Solutions

There are no known corresponding expansions among neighbouring LDCs that could be addressed through integrated transmission solutions at this time.

Conclusion

The OPA finds that Westario Power Inc.’s GEA Plan is reasonably consistent with the OPA’s information regarding renewable energy generation applications to date.

The OPA appreciates the opportunity to comment on Westario Power Inc.’s Basic GEA Plan.



Westario Power Inc.

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August 15, 2012

Miriam J. Heinz
Regulatory Coordinator
Ontario Power Authority
Legal, Aboriginal and Regulatory Affairs

Email: RegulatoryAffairs@powerauthority.on.ca

Re: GEA Plan Review and Comment

Dear Ms. Heinz;

On January 26, 2012 the Ontario Energy Board ("OEB") identified the electricity distributors ("LDCs") scheduled to apply for rebasing for 2013 rates, and Westario Power Inc. was on the list.

Based on the Filing Requirements: Distribution System Plans issued by the OEB on March 25, 2010, the OPA is responsible for providing LDCs with comments to Green Energy Act Plans that LDCs are required to submit under these Filing Requirements.

Please find attached Westario Power Inc.'s Basic GEA Plan for the OPA's review and comment.

This Basic GEA must be accompanied by a letter of comment from the OPA for inclusion in our 2013 cost of service application. In this regard, LDCs are required to submit their Basic Plan to the OPA not less than 30 days in advance of the date the LDC needs to receive the OPA's letter of comment.

While Westario Power acknowledges that it has not submitted its Plan 30 days in advance of our submission date, we respectfully request that the OPA provide their letter of comment by no later than August 31, 2012.

Should you have any questions or comments, please do not hesitate to contact me at 519-507-6666 ext-216 or lisa.milne@westario.com.

Yours truly,

WESTARIO POWER INC.

Lisa Milne, CGA
President/CEO



Westario Power Inc.

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Hydro One Networks Inc.
855 Pond Mills Road
London ON N5Z 4R1
Email Address: alex.urbanowicz@hydroone.com

July 25, 2012

Attn: Alex Urbanowicz
Re: Review and Comment on Connection Forecasts.

Dear Alex,

On January 26, 2012, the Ontario Energy Board ("OEB") identified the electricity distributors ("LDC") scheduled to submit "Cost of Service" applications in 2013. Westario Power Inc. was identified as one of these LDCs.

The filing requirements state that utilities filing a Cost of Service application must prepare and file a GEA plan as part of their submission. In preparing a GEA Plan, must therefore take into account certain key factors including:

- *The overall potential for developing renewable generation in the distributor's service area;*
- *Upstream constraints of a host distributor or transmitter that may affect the ability to accommodate renewable generation connection in the distributor's service area;*

Distributors must therefore consult with their host distributors when preparing their GEA Plans

Please find attached a list of existing and outstanding FIT and micro-Fit applications reflecting the developing renewable generation in our service area.

Westario Power Inc. respectfully requests that HONI provide a letter of comment no later than August 16, 2012. , the letter of comments should address any, constraints within the distributor's system related to the connection of renewable generation. Should you have any questions, please feel free to contact me at 519-507-6666 x-216 or lisa.milne@westario.com.

Respectfully yours,

Lisa Milne, CGA
President/CEO