

Exhibit 10:

Transitions to MIFRS

Exhibit 10: Deferral And Variance Accounts

Tab 1 (of 8): Overview of Transition to MIFRS

MANAGER'S SUMMARY

INTERNATIONAL FINANCIAL REPORTING STANDARDS

Introduction

IFRS is the accounting standard that WPI is required to adopt based on the ruling of the Accounting Standards Board of Canada ("AcSB") which in 2008 prescribed that publicly accountable entities are required to transition to IFRS by 2012. On March 30, 2012, the AcSB issued the Accounting Standards Board – Decision Summary, March 20-21, 2012, which indicated the AcSB's decision to allow an additional one-year deferral of the mandatory adoption of IFRS to January 1, 2013 for Canadian utilities with qualifying rate-regulated activities for financial reporting purposes.

Further to the AcSB's decision, the Board issued a letter dated *April 30, 2012 re: Impact of the Decision to Defer the Mandatory Date for the Implementation of International Financial Reporting Standards to January 1, 2013 by the Canadian Accounting Standards Board*. The letter states the following:

The Board notes that by virtue of the existing AcSB standard the rate-regulated utilities are required to adopt IFRS by January 1, 2013. The Board therefore expects that all 2013 cost of service applications will be filed on the basis of MIFRS.

Further to the Board's Letter of April 30, 2012 WPI has filed its rate application using Modified International Financial Reporting Standards ("MIFRS") for the years 2012 to 2013. MIFRS is encompassed within WPI's transition to International Financial Reporting Standards ("IFRS").

In simple terms, MIFRS is a "subset" of IFRS that fulfils the OEB's rate filing and reporting requirements. The difference between IFRS and MIFRS is that IFRS does not recognize rate regulated accounting (i.e., regulatory assets and liabilities) but MIFRS does. Adopting IFRS was a significant undertaking for WPI.

1 As a result of the decision of the AcSB, WPI initiated a project plan to adopt IFRS. IFRS,
 2 as prescribed by the International Accounting Standards Board ("IASB") are intended to
 3 provide transparency and comparability in a global context. Over one hundred countries
 4 worldwide have adopted IFRS or have committed to the conversion to IFRS.

5 Table 1 below highlights the changes to WPI's balance sheet and income statement that
 6 result from MIFRS starting in 2012. These changes are described in more detail
 7 throughout this Exhibit.

8 **Table 1: MIFRS – Impacts on Balance Sheet and Income Statement**

Area	MIFRS	Jan 1 2012 Opening Balance Sheet Impact	Dec 31 2012 Balance Sheet Impact	Dec 31 2012 Income Statement Impact
Property, plant & equipment (PP&E)	Useful lives were extended as a result of the depreciation analysis WPI performed internally		Increase in PP&E of \$1.1M	Decrease in Depreciation expense of \$1.1M
	Costs that are not directly attributable to the asset are expensed		Decrease in PP&E of \$606K	Increase in OM&A of \$606K
	Assets that are fully amortized with no further useful life are written off to retained earnings upon adoption	Decrease in NBV of PP&E by \$131K Decrease in retained earnings by \$131K		

9

10 For this filing WPI has followed the direction of the Ontario Energy Board ("OEB" or
 11 "Board") as outlined in:

- 12 • The Report of the Board, *Transition to International Financial Reporting*
 13 *Standards (EB-2008-0408)* issued in July 2009;
- 14 • The letter from the Board on February 24, 2010 clarifying the overhead
 15 capitalization policy;
- 16 • The OEB Depreciation Study performed by Kinectrics released in July 2010;

- 1 • The November 8, 2010 letter from the Board that updated the report for the
2 optional one year delay in the adoption of IFRS from 2011 to 2012 as announced
3 by the AcSB;
- 4 • The Addendum to the Report of the Board in June 2011, *Implementing*
5 *International*
6 *Reporting Standards in an Incentive Rate Mechanism Environment*;
- 7 • The Accounting Procedures Handbook effective January 1, 2012;
- 8 • The Accounting Standards Board - Decision Summary, March 20-21, 2012,
9 which indicated the AcSB's decision to allow an additional one-year deferral of
10 the mandatory adoption of IFRS to January 1, 2013 for Canadian utilities with
11 qualifying rate-regulated activities for financial reporting purposes. The AcSB in
12 its April 2012 FYI confirmed the extension date for the mandatory changeover to
13 January 1, 2013 and stated such entities must now adopt IFRS by January 1,
14 2013; and
- 15 • The letter from the Board on April 30, 2012 which provided guidance for all
16 electricity utilities regarding the impact of the decision by the Canadian
17 Accounting Standards Board (the "AcSB") to defer the mandatory changeover to
18 International Financial Reporting Standards ("IFRS") to January 1, 2013.

19 This exhibit discusses the impact of transitioning from Canadian Generally Accepted
20 Accounting Principles ("CGAAP") to MIFRS for OEB reporting for 2012 and 2013.

21 Although 2013 is the year of transition to IFRS, 2012 must also be restated under IFRS
22 for comparative purposes. Throughout this rate application, 2012 financial information
23 may be stated in both CGAAP and MIFRS. The reader must therefore use caution when
24 making certain year-over-year comparisons.

25 In order to implement IFRS effectively and efficiently and to ensure compliance with
26 MIFRS as specified by the OEB, WPI created an IFRS project team which included
27 representatives from Finance and Operations.

28 WPI began the IFRS transition project working with a group of three other utilities of
29 similar size and shared costs of an external advisor. Once the initial discussion and

1 understanding of the magnitude of the project was complete, WPI chose to engage
2 KPMG as its external advisor for the IFRS project to ensure compliance with the
3 applicable IFRS standards issued by the IASB and MIFRS guidance issued by the OEB,
4 as well as any updates to the standards issued.

5 WPI's IFRS project consisted of four phases: initial assessment, detailed assessment,
6 design and implementation. WPI completed its initial assessment in 2009 and detailed
7 assessment commenced in 2010. This involved a high level review of the major
8 differences between CGAAP and IFRS. During the detailed assessment, it was
9 determined that the area of accounting differences with the highest potential impact to
10 WPI would be the accounting for Property, Plant and Equipment ("PP&E") and regulatory
11 assets. WPI began to develop a detailed project plan for the impacted areas to
12 determine the IFRS options, business process changes and system changes.

13 During 2011, WPI completed the design phase of the project. The design phase involved
14 establishing an IFRS project team, which worked with KPMG on writing a number of
15 technical papers for each IFRS topic. Within these papers an analysis was made of the
16 issues, and the team developed recommendations for changes in accounting and
17 business processes.

18 Based on the outcomes of these technical papers, WPI determined the projected
19 impacts of adopting IFRS on its financial statements after considering the exemptions
20 available under *First Time Adoption of IFRS* ("IFRS 1"). IFRS 1 is a standard applied by
21 first time IFRS adopters during the preparation of their IFRS financial statements. The
22 objective of this standard is to ensure that an entity's first IFRS financial statements
23 contain high quality information that:

24 (a) Is transparent for users and comparable over all periods presented;

25 (b) Provides a suitable starting point for accounting in accordance with IFRS; and

26 (c) Can be generated at a cost that does not exceed the benefits.

1 In 2012 WPI completed the implementation phase. During this phase WPI finalized new
2 accounting policies, processes and procedures, and amended it's computer systems to
3 allow for dual reporting of both IFRS and CGAAP financial statements. WPI also
4 developed revised internal control processes and updated key controls as well as trained
5 staff on the new changes. Further system changes will be implemented in order to
6 enable WPI to report under IFRS and MIFRS.

7 **International Context**

8 On February 13, 2008, the AcSB confirmed that Canadian publicly accountable
9 enterprises will be required to adopt IFRS for fiscal years commencing on or after
10 January 1, 2011. As well, in October 2009 the Canadian Public Sector Accounting Board
11 ("PSAB") issued an amendment to the scope of the public sector accounting standards
12 that supported government and business enterprises adopting IFRS. As a result of these
13 decisions, WPI commenced its IFRS project in 2009. In September 2010, the AcSB
14 approved an optional one year deferral for qualifying entities with rate regulated
15 activities. WPI elected to take the one year deferral; accordingly the adoption of IFRS
16 was to occur on January 1, 2012. In March 2012, the AcSB again approved an optional
17 one year deferral for qualifying entities with rate regulated activities. WPI elected to take
18 the one year deferral; accordingly the adoption of IFRS will occur on January 1, 2013.

19 On July 23, 2009, the IASB issued an Exposure Draft ("ED") proposing accounting
20 requirements for rate-regulated activities. The ED proposed to allow entities with rate
21 regulated activities to recognize regulatory assets and liabilities. On February 17, 2010,
22 the IASB met to discuss the ED and the comment letters received. The result of this
23 meeting was that the IASB asked their staff to continue to perform further research on
24 the project and to focus on the key issue of whether regulatory assets and regulatory
25 liabilities exist in accordance with the current framework. On September 3, 2010, the
26 IASB staff issued an agenda paper on rate regulated accounting which concluded that
27 regulatory assets and liabilities did not meet the definition of assets and liabilities under
28 the current IFRS framework. On September 16, 2010 the IASB met to discuss the
29 agenda paper on rate regulated accounting. The IASB members were divided on this
30 issue and decided to obtain feedback on what the next steps in this project should be.

1 This was done through public consultation where comments were due by November
2 2011. Comments received resulted in a decision for further discussion and as such, a
3 further extension to an adoption date of January 1, 2013 was issued. On September 6,
4 2012 the AcSB met and a decision was again made to defer IFRS adoption until January
5 1, 2014. This is the case, given recent statements the IASB has made publicly about the
6 priority it intends to give rate-regulated activities when setting its future agenda. The
7 AcSB decided it was better to end stakeholder uncertainty about a further extension
8 now, than to wait until closer to the end of 2012 to do so. The AcSB expects to issue the
9 amendment to the Introduction to Part I of the Handbook in October 2012. As of the
10 date of filing, rate regulated accounting is not allowed under IFRS and any amendments
11 are unknown at this time.

12 **OEB Guidance on MIFRS**

13 In May 2008, the OEB initiated a consultative process to determine the nature of any
14 changes to regulatory reporting requirements in response to IFRS. The OEB held public
15 meetings and a formal stakeholder conference in May 2009. WPI participated at each
16 opportunity offered to assist the OEB. On July 28, 2009, the OEB released a Report
17 from the Board on how regulatory reporting requirements will change in response to
18 IFRS. This report provided specific guidance on how to account for certain transactions.
19 This guidance sometimes differed from what was required by IFRS and as a result the
20 OEB called this guidance Modified IFRS ("MIFRS").

21 On February 24, 2010 the OEB issued additional guidance on the accounting for
22 overhead costs associated with capital work. In this letter the OEB specifically noted that
23 the Board is requiring full compliance with IFRS requirements on capitalization of
24 overheads which may result in a reduction in capitalized overhead for some electricity
25 distributors that had previously capitalized administration and overhead costs.

26 On November 8, 2010 the OEB issued an amendment to their July 2009 Board Report
27 on the transition to IFRS. This amendment reflected the change in the transition date to
28 IFRS from January 1, 2011 to January 1, 2012 as approved by the AcSB.

1 On November 17, 2010, the OEB initiated a working group to develop recommendations
2 on how IFRS should be implemented in an Incentive Rate Mechanism environment. On
3 June 13, 2011 the OEB issued a Report from the Board entitled *Implementing IFRS in*
4 *an Incentive Rate Mechanism Environment* which provided further guidance on
5 implementing MIFRS. This report addressed the issuance of additional deferral accounts
6 to track the differences in PP&E as a result of the transition to IFRS.

7 The key difference between IFRS and MIFRS is that MIFRS allows regulatory
8 accounting to be applied. This includes the recognition of rate regulated assets and
9 liabilities on the balance sheet with minimal impact to the income statement. IFRS does
10 not recognize regulatory accounting and thus rate regulated assets and liabilities under
11 IFRS will flow through the income statement as expenses and revenues.

13 **WPI IFRS Project Team and Governance Structure**

15 Project Team

17 WPI established a project team to ensure the successful transition from CGAAP to IFRS.
18 This project team was assisted by KPMG and regularly reported to the Audit Committee
19 and WPI's Board of Directors. The IFRS project team was accountable for leading the
20 business changes. This accountability included:

- 21 • identifying major impacts and affected areas;
- 22 • identifying major impacts to external stakeholders;
- 23 • facilitating engagement and communication to all stakeholders;
- 24 • determining timelines and priorities;
- 25 • developing implementation plans and resource requirements;
- 26 • identifying system, process, policy and procedure changes;
- 27 • delivering business requirements to facilitate system changes;
- 28 • approving system changes as acceptable to supporting business requirements;
- 29 • providing training;

- 1 • liaising with the areas which have the highest impact to establish new systems
- 2 and procedures to handle the new reporting requirements;
- 3 • managing the transition from testing phase to formal reporting; and
- 4 • conducting a post implementation review.

5 The project had the following phases:

- 6 • Phase 1: Awareness and Initial Assessment; completed in 2009;
- 7 • Phase 2: Detailed Assessment Phase; completed in 2011;
- 8 • Phase 3: Design; completed in 2012; and
- 9 • Phase 4: Implementation; completed in May 2012.

10 External Resources

11 WPI enlisted external resources to provide support in a number of areas of the IFRS
12 project and included the following parties:

- 13 • KPMG was used as an external IFRS consultant. They assisted in identifying the
14 differences between IFRS and CGAAP;
- 15 • Serio Consulting was used as the external system consultant. They assisted in
16 the establishment of general ledgers in order to track and reconcile CGAAP,
17 IFRS and MIFRS;
- 18 • KPMG is WPI's external auditor. They reviewed and signed off on all position
19 papers and completed the audit of the opening IFRS balances, system work,
20 IFRS policies, procedures and process flows as well as the reconciliations
21 between ledgers. A letter received from KPMG can be found at Attachment 1 to
22 this schedule;
- 23 • KPMG's tax experts were also used for tax advisory services. They advised us
24 on the impacts on our taxes as a result of IFRS; and
- 25 • The Kinectrics depreciation study sponsored by the OEB was utilized to
26 determine the reasonableness of the useful lives of our assets and components
27 under IFRS.

28

Summary of Differences between CGAAP and MIFRS

In the discussion below, WPI has focused on the differences between CGAAP and MIFRS, rather than CGAAP and IFRS. MIFRS is the relevant comparison as it is used for regulatory purposes and rate filings. Table 2 below summarizes the differences between CGAAP and MIFRS as they pertain to WPI.

Table 2: Summary of Differences between CGAAP and MIFRS

Area	CGAAP	MIFRS
PP&E - Useful Lives	OEB approved useful lives are used	WPI has undertaken a depreciation analysis to determine the typical useful life of each asset component as required under IFRS. The typical useful lives are within the ranges described in the OEB Kinectrics depreciation study. As a result of the analysis, the useful lives of the assets have typically increased.
PP&E - Derecognition	The pooled method is used when an asset is removed from service; as a result no gain or loss is recognized upon removal of the asset. The asset remains in the general ledger until the end of its useful life.	Derecognition involves removing the cost and the associated depreciation from the general ledger. If an asset is removed from service earlier than the retirement date then a gain or loss is recognized as depreciation expense and disclosed separately.
Burdens (Directly attributable costs)	Capitalization policy in place which includes capitalization of administration and overhead costs.	Costs must be directly attributable to the capital project and cannot include indirect administrative or overhead costs.
Intangible Assets	Intangible assets are classified separately from PP&E.	Intangible assets are classified separately from PP&E.
Income Taxes	Taxes are prepared under CGAAP which is the same as OEB for 2012.	Taxes are prepared based on the external IFRS financial statements, which includes the above changes in determination of taxable income.

The changes on the conversion from CGAAP to MIFRS are discussed in more detail below:

Property, Plant and Equipment ("PP&E")

- WPI undertook a depreciation analysis which provided a range of useful lives. WPI's operations staff used their technical skills and knowledge of WPI's assets and maintenance program and then concluded on the appropriate useful life for WPI. The results are consistent with the ranges in the Board's useful life study.
- Gains or losses on retirement ("derecognition") are recognized in other income in IFRS and as depreciation expense under MIFRS. WPI implemented a process to track assets that have been removed from the field in order to determine the gain or loss to be recognized.
- The IFRS 1 deemed cost exemption for entities with operations subject to rate regulation was taken which allowed WPI to not have to restate PP&E balances from periods prior to the transition to IFRS (i.e. January 1, 2012). PP&E cost was deemed to be opening net book value.

Burdens (Directly attributable costs)

- Costs that were capitalized under CGAAP were analyzed to determine if they met the IFRS criteria of directly attributable to the asset. Any costs that were not directly attributable were expensed in both IFRS and MIFRS.
- Costs no longer capitalized include training costs, consulting costs, general plant costs, general wages, stores, engineering and administrative costs that cannot be directly attributed to the asset.

Intangible Assets

- Computer software was reclassified from PP&E to intangible assets as they are classified as intangible assets under IFRS and in recent changes to CGAAP. For MIFRS these have been included in the PP&E amounts used to calculate rate base.

Income taxes

- For MIFRS purposes, WPI will be using the IFRS projection as the starting point to calculate the PILs payable. The tax impacts under MIFRS are summarized below:
 - Current tax liability will be lower under MIFRS as compared to CGAAP due to expensing non-directly attributable costs formerly capitalized.
 - A lower amount will be added back for depreciation expense due to extension of the useful lives of assets under MIFRS and the recognition of losses due to derecognition. This will cause temporary “timing” differences between the net book value of PP&E and the corresponding Undepreciated Capital Cost (UCC) balance to increase. Under IFRS the future tax impact of the differences are recognized in current income tax expense.

Summary of the Impacts of MIFRS

Table 3 below summarizes the financial impacts on the balance sheet as a result of implementing MIFRS. These amounts are as at December 31, 2012 and only include accounts that will change as a result of MIFRS, all other normal business changes between CGAAP and MIFRS are not discussed here.

Table 3: MIFRS Impacts on Balance Sheet at End of 2012 (\$000)

Description	CGAAP	MIFRS	Increase/ (Decrease)
PP&E (including intangibles)	33,939	34,356	417
Retained earnings	- 10,890	- 11,182	- 292

The analysis of the balance sheet changes are discussed below by balance sheet account line item.

Property, plant and equipment including intangibles:

The increase in the property, plant and equipment account from CGAAP to MIFRS is the result of the following:

- 1 • Derecognizing the assets that are fully amortized (decrease of \$131K);
- 2 • Costs that are no longer allowed to be capitalized are not included in PP&E as
- 3 they are not directly attributable (decrease of \$606K); this is offset by the lower
- 4 depreciation expense as a result of extending the useful lives of our assets
- 5 (increase of \$1.1M).

6 Retained earnings increased under MIFRS for the following reasons:

- 7 • Depreciation expense is lower under MIFRS
- 8 • This is partially offset by the decreased retained earnings of \$131K for assets
- 9 written off which were no longer in service.

10 Table 4 below summarizes the financial impacts on the 2012 income statement as a
 11 result of implementing MIFRS.

12 **Table 4: MIFRS Impacts on the 2012 Income Statement (\$000)**

Description	CGAAP	MIFRS	Increase/ (Decrease)
Operating expense	5,050	5,937	887
Depreciation expense	2,348	1,274	- 1,074
Net income	1,256	1,548	292

13

14 The analysis of the income statement changes are discussed below by income
 15 statement account line item.

16

17 Operating expenses:

- 18 • Operating expenses have increased as a result of costs that are now being
- 19 expensed which were previously capitalized as they are not directly attributable
- 20 to the asset being installed.

21

22

1 Depreciation expense:

- 2 • Depreciation expense has decreased under MIFRS as a result of extending the
3 useful lives of our assets from the previous OEB prescribed useful life to the
4 useful life that was determined by the analysis.

5
6 Income taxes:

- 7 • There is no change in income tax expense as the 2012 income taxes were filed
8 based on the 2012 CGAAP bridge year financial statements.

9
10 The changes in depreciation expense under MIFRS have no effect on taxable income
11 and taxes payable as depreciation expense is added back and replaced with capital cost
12 allowance ("CCA") in arriving at taxable income. For 2013 onwards, the burden amounts
13 expensed under IFRS and MIFRS that were capitalized under CGAAP will reduce both
14 financial statement and taxable income under MIFRS. This will be offset partially by the
15 lower capital additions to the capital cost pool resulting in lower capital cost allowance.

16
17 The net impact is lower taxable income and taxes payable under MIFRS.

18 19 **Impact on External Financial Statements**

20
21 For external reporting purposes, financial statements will be presented under IFRS. As
22 noted previously, the key difference between IFRS and MIFRS is that IFRS does not
23 recognize rate regulated accounting (i.e. does not permit the recognition of regulatory
24 assets and liabilities on the balance sheet, instead these will flow through the income
25 statement).

26 **IFRS Deferral Accounts**

27 The OEB has approved two variance and deferral accounts related to IFRS for use by all
28 electricity distributors:

- 29 • Account 1508 Other Regulatory Assets, IFRS Transition Costs

- Account 1575 IFRS-CGAAP Transitional PP&E Amounts

In *Addendum to Report of the Board: Implementing IFRS in an Incentive Rate Mechanism Environment (EB-2008-0408)*, ("Addendum") the Board recognizes that there are a number of additional deferral accounts that may be needed depending on the circumstances of each distributor.

Each of these accounts is discussed below under their respective headings.

Account 1508 Other Regulatory Assets, IFRS Transition Costs:

As noted in the OEB Board Report on the transition to IFRS, when a utility incurs incremental costs related to the transition to IFRS during a period for which rates have already been set and for which the Board did not consider such costs, the utility may record in a Board approved deferral account such incremental costs for consideration by the Board at the next cost of service proceeding.

In the OEB Accounting Procedures Handbook Frequently Asked Questions dated October 2009, further guidance was provided. This distinguished between the case where the utility did not have any amount in rates related to IFRS transition and the case where the most recent cost of service rates did include an amount related to IFRS transition costs in its administrative costs.

WPI has captured the costs related to incremental IFRS transition costs in account 1508 Sub-account IFRS Transition Costs Variance. WPI's actual IFRS transition costs to December 31, 2011 are shown in Table 5.

Table 5: Actual IFRS Transition Costs and Carrying Charges

	Actual to Dec 31 2011
Costs	37,578
Interest	498
Net Balance	\$ 38,076

1 The majority of the incremental IFRS transition costs relate to third party consultants that
2 were used to help implement IFRS as noted below. The main categories of costs are as
3 follows:

- 4 • KPMG consulting costs - KPMG was used as an IFRS consultant for the
5 implementation of the IFRS project. They assisted with identifying the differences
6 between CGAAP and IFRS and documented our positions in white papers which
7 were used to substantiate our conclusions to our auditors as well as identify the
8 steps to implement each position. These costs would not have been incurred if
9 WPI had not been required to transition to IFRS.
- 10 • Serio Consulting consulting costs – Serio Consulting was used as an Information
11 System consultant. They helped set up the ledgers and configure the asset
12 module in the financial system in order to track and reconcile CGAAP, IFRS and
13 MIFRS. These costs would not have been incurred if we had not been required to
14 transition to IFRS.
- 15 • KPMG external audit costs - As part of the IFRS financial statements we are
16 required to disclose balances at January 1, 2012, December 31, 2012 and
17 December 31, 2013 on our December 31, 2013 financial statements. To enable
18 the auditors to audit the December 31, 2013 financial statements they are
19 required to audit our opening balances at January 1, 2012 and comparative
20 information on December 31, 2012. The anticipated December 31, 2013 audit fee
21 will not be included in the deferral account as this is not incremental to the
22 transition to IFRS; however the opening balance audit and December 31, 2012
23 comparative audit are costs that are incremental to WPI's annual financial
24 statement audit and are a specific requirement for the transition to IFRS. These
25 costs will be realized in 2012 and 2013.
- 26 • The remaining costs included in this account relate to other external resources
27 that were used to assist in preparing the documentation of our new policies,
28 procedures and process flows as a result of implementing IFRS. There were also
29 costs included in this account for training. These costs would not have been
30 incurred if we had not been required to transition to IFRS.

- Interest (carrying charges) has been calculated monthly based on the opening principal balance in this sub-account at the OEB prescribed interest rates, on a simple interest basis.
- As of December 31, 2011, accrued interest was a debit balance of \$498. Accrued carrying charges are forecast to be for the one year period to \$552 at December 31, 2012. The debit balance for carrying charges reflects the fact that the principal balance was in a debit balance for much of the period.

Table 6 provides a summary of the above types of costs making up the costs recorded to December 31, 2011 and the projected total cost to the end of 2012.

Table 6: Summary of Non-capital IFRS Transition Costs

	Actual to Dec 31 2011
IFRS consultant	\$28,000
IT consultant	\$4,450
Training and other	\$5,128
Total	\$37,578

The proposed disposition of the deferral account is discussed in Exhibit 9 Tab 1, Deferral and Variance Accounts.

Account 1575 IFRS-CGAAP Transitional PP&E Amounts:

On page 11 of the Addendum to the Report of the Board, the Board approved a generic Property, Plant and Equipment ("PP&E") deferral account: *"to capture PP&E differences arising only as a result of accounting policy changes caused by the transition from CGAAP to MIFRS. It is for use by utilities to record PP&E differences arising during the period since their last rebasing under CGAAP up to their first rebasing under IFRS, including utilities using IRM rate-setting methodology."*

1 Due to the deadlines for submission of cost of service rate applications, the Board
2 realized that it would be necessary to forecast the PP&E amounts for the bridge year.
3 The Board addressed this on page 13 to 14 of the Addendum: *"Clearing an account on*
4 *the basis of forecast numbers is a departure from the Board's standard practice. The*
5 *Board recognized that this is a unique account, which is "cleared" through an adjustment*
6 *to rate base, which itself includes components that are forecast for the bridge and test*
7 *years, for example capital additions and working capital allowance. The Board believes*
8 *that in general, the account should be cleared at the first rebasing under MIFRS, while*
9 *recognizing that some portion of the amount for which clearance is sought is based on a*
10 *forecast."*

11 WPI is applying for cost of service ("COS") rates effective May 1, 2013 on the basis of
12 MIFRS. WPI will be adopting IFRS as of January 1, 2013, and as required, has restated
13 2012 under IFRS for purposes of accounting and financial reporting under IFRS.

14 WPI has tracked and recorded the actual PP&E differences arising on the restatement of
15 2012 under IFRS in account 1575 as directed in the Accounting Procedures Handbook.
16 For purposes of the 2013 COS filing, WPI has forecast the PP&E differences for 2012.

17 The PP&E differences between CGAAP and MIFRS are summarized in Table 7 below.
18

1

2 **Table 7: PP&E Difference between CGAAP and MIFRS (\$000)**

Net book value of PP&E	CGAAP	MIFRS	Difference
December 31, 2011 Actual	29,827	29,827	-
Change in 2012			467
December 31, 2012 Forecasted	32,076	32,543	467

3 The sources of these differences are summarized in Table 8 below.

4 **Table 8: Summary of PP&E Differences (\$000)**

Summary of Differences	CGAAP	MIFRS	Difference
2012 Forecasted			
Depreciation	- 2,210	- 1,136	- 1,074
Burdens capitalized	1,330	656	674
Contributed capital	- 434	- 367	- 67
Total			-\$467

5

6 The total PP&E difference at December 31, 2012 between CGAAP and MIFRS of
 7 \$466,709 has been deducted from rate base before the calculation of the deemed
 8 interest and allowed return on equity components of revenue requirement. WPI
 9 proposes to amortize this difference over four years resulting in an annual reduction of
 10 \$116,677 to depreciation expense. The proposed revenue requirement requested in this
 11 Application reflects both of the above adjustments.

12 **Impact on Financial Statements – OM&A Expenditures**

13 The variance analysis for both historical and forecasted expenditures in this rate
 14 application thus far has essentially been in CGAAP for comparison purposes. The

1 difference between CGAAP and MIFRS for both the bridge and test year is noted in
 2 Table 9 below.

3 **Table 9: OM&A Costs – CGAAP and MIFRS**

	Last Rebasings Year (2009 BA)	Last Rebasings Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year - CGAAP	2012 Test Year CGAAP	2012 Bridge Year - MIFRS	2013 Test Year - MIFRS
Operations	\$ 480,400	\$ 238,669	\$ 213,163	\$ 265,336	\$ 289,000	\$ 334,000	\$ 369,000	\$ 440,000
Maintenance	\$ 1,160,575	\$ 1,452,469	\$ 1,236,425	\$ 1,217,086	\$ 1,427,000	\$ 1,558,000	\$ 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	\$ 1,130,000	\$ 1,191,000
Community Relations	\$ 35,500	\$ 14,696	\$ 3,636	\$ 12,288	\$ 45,000	\$ 46,000	\$ 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	\$ 2,332,500	\$ 2,317,500
Total	\$ 4,737,725	\$ 4,577,470	\$ 4,294,323	\$ 4,607,019	\$ 5,049,500	\$ 5,191,500	\$ 5,936,500	\$ 6,292,500
%Change (year over year)			-6.2%	7.3%	9.6%	2.8%	28.9%	6.0%

4 The differences noted between the test year and bridge year between CGAAP and
 5 MIFRS are due to the overhead costs which are no longer permissible to be capitalized
 6 under MIFRS are therefore expensed. This has the largest impact on the Operations,
 7 Maintenance and Administration line items.



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Ms. Lisa Milne
President and Chief Executive Officer
Westario Power Inc.
24 Eastridge Road
R. R. 2
Walkerton ON N0G 2V0

August 15, 2012

Dear Lisa:

IFRS Compliant Accounting Policies

We are writing this letter to describe the nature of our assistance to Westario Power Inc. ("the Company") in its effort to develop accounting policies compliant with IFRS - IAS 16 for depreciation and overhead burdens. KPMG provided its services through a series of facilitated sessions to guide management of the Company in its development of these IFRS compliant accounting policies. This facilitation process has been used in KPMG's work with several other utilities. The KPMG team has worked with 18 other utilities assisting them with their conversion to IFRS. The KPMG team also worked with the Ontario Energy Board (the "OEB") to develop the Board report on the Transition to International Financial Reporting Standards.

KPMG facilitated a session with management and engineering/operations staff to assist them with the determination of the level of componentization required by IFRS. Once the IFRS compliant components were determined by management, KPMG facilitated a session with management and engineering/operations staff to determine the useful lives of the components based upon the definition of useful life contained in IAS 16. As instructed by the Ontario Energy Board ("OEB"), the Company made use of the Kinectrics Report commissioned by the OEB "to assist the distributors in their transition from Canadian Generally Accepted Accounting Principles ... to these international standards."¹, the facilitated session was used by management of the Company to consider the information in the Kinectrics Report to develop the asset service lives suitable in the Company's circumstances as advised by the OEB and outlined in its letter to All Licensed Distributors dated July 8, 2010.

¹ Ontario Energy Board, Letter to All Licensed Electricity Distributors dated July 8, 2010



KPMG facilitated a session with management to review the costs included in the Company's burden rates used to capitalize overhead costs to the construction of its assets. The costs were reviewed by management to determine whether they were "costs that were directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management."² Costs were also reviewed by management for any costs specifically excluded from the definition of the elements of cost in IAS 16.19. Management discussed and determined an appropriate definition of administration and other general overhead costs in relation to the costs included in the Company's CGAAP burden costs.

At the conclusion of the facilitated sessions, KPMG read management's accounting policy documents based upon the decisions and conclusions made by management during the facilitated sessions.

Yours very truly

A handwritten signature in black ink that reads "KPMG LLP". The signature is written in a cursive, stylized font. Below the signature is a long, horizontal, slightly wavy line.

Ian J. Jeffreys
Partner
519-660-2137

² IAS 16.16(b)

Exhibit 10: Deferral And Variance Accounts

Tab 2 (of 8): Gross Assets, Plant and Equipment

TRANSITION OF 2011 ENDING CGAAP TO OPENING IFRS BALANCES

The following Schedules 2 and 3 identify the transition to IFRS from the standpoint that the opening values in Schedule 2 (MIFRS 2012 Bridge Year Gross and Net Fixed Assets) agree to the closing CGAAP value at December 31, 2011. This closing number carries forward to the Schedule 3 opening balances of MIFRS 2013 Test Year Gross and Net Fixed Assets.

The difference between CGAAP and MIFRS is picked up in the IFRS-CGAAP Transitional PP&E Amounts, which is found at Tab 2 Schedule 4. Schedule 2 and Schedule 5 support the Transitional PP&E Amount in Schedule 4. Schedule 5 is also provided to enable the reader to compare CGAAP to MIFRS.

**Appendix 2-B
Fixed Asset Continuity Schedule - MIFRS**

Year **2012**

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%	\$ 2,486,318	\$ 5,000		\$ 2,491,318	-\$ 225,197	-\$ 49,979		-\$ 275,176	\$ 2,216,142
13	1810	Leasehold Improvements					\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV					\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	3.33%	\$ 4,269,129	\$ 463,809		\$ 4,732,938	-\$ 1,575,655	-\$ 293,076		-\$ 1,868,731	\$ 2,864,207
47	1825	Storage Battery Equipment					\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 7,106,083	\$ 734,446		\$ 7,840,529	-\$ 2,348,061	-\$ 101,800		-\$ 2,449,861	\$ 5,390,667
47	1835	Overhead Conductors & Devices	4.00%	\$ 9,746,857	\$ 707,985		\$ 10,454,842	-\$ 3,339,848	-\$ 124,763		-\$ 3,464,611	\$ 6,990,231
47	1840	Underground Conduit	4.00%	\$ 3,044,636	\$ 239,152		\$ 3,283,788	-\$ 959,558	-\$ 29,018		-\$ 988,576	\$ 2,295,212
47	1845	Underground Conductors & Devices	4.00%	\$ 8,848,611	\$ 368,494		\$ 9,217,105	-\$ 2,651,521	-\$ 127,289		-\$ 2,778,810	\$ 6,438,295
47	1850	Line Transformers	4.00%	\$ 8,007,561	\$ 504,230		\$ 8,511,791	-\$ 2,691,469	-\$ 216,368		-\$ 2,907,837	\$ 5,603,954
47	1855	Services (Overhead & Underground)	4.00%	\$ 4,430,482	\$ 527,103		\$ 4,957,585	-\$ 1,314,820	-\$ 76,296		-\$ 1,391,116	\$ 3,566,469
47	1860	Meters	4.00%	\$ 1,579,564			\$ 1,579,564	-\$ 417,283	-\$ 50,089		-\$ 467,372	\$ 1,112,192
8	1860	Meters (Smart Meters)	6.67%	\$ 105,634	\$ 29,737		\$ 135,371	-\$ 2,150	-\$ 8,038		-\$ 10,188	\$ 125,183
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	-\$ 7,895		-\$ 193,924	\$ 73,553
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	-\$ 17,278		-\$ 124,772	\$ 51,065
12	1925	Computer Software (Formally known as Account 1925)	33.33%	\$ 944,456	\$ 50,000		\$ 994,456	-\$ 813,572	-\$ 36,848		-\$ 850,420	\$ 144,036
10	1930	Transportation Equipment	12.50%	\$ 1,984,171	\$ 450,000	-\$ 150,000	\$ 2,284,171	-\$ 1,188,623	-\$ 97,893	\$ 150,000	-\$ 1,136,516	\$ 1,147,655
8	1935	Stores Equipment	10.00%	\$ 85,037			\$ 85,037	-\$ 26,166	-\$ 5,887		-\$ 32,053	\$ 52,984
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 296,781	\$ 72,000		\$ 368,781	-\$ 184,380	-\$ 14,840		-\$ 199,220	\$ 169,561
8	1945	Measurement & Testing Equipment	10.00%	\$ 67,544			\$ 67,544	-\$ 34,989	-\$ 3,255		-\$ 38,244	\$ 29,299
8	1950	Power Operated Equipment	12.50%	\$ 89,272			\$ 89,272	-\$ 37,367	-\$ 5,190		-\$ 42,557	\$ 46,715
8	1955	Communications Equipment	10.00%	\$ 176,173			\$ 176,173	-\$ 105,991	-\$ 8,288		-\$ 114,279	\$ 61,895
8	1955	Communication Equipment (Smart Meters)					\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	10.00%	\$ 43,493	\$ 40,000		\$ 83,493	-\$ 29,742	-\$ 3,462		-\$ 33,204	\$ 50,289
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	-\$ 366,832		-\$ 8,555,289	\$ 1,719,807	\$ 140,936		\$ 1,860,743	-\$ 6,694,547
	etc.						\$ -				\$ -	\$ -
		Total		\$ 46,355,641	\$ 3,852,124	-\$ 150,000	\$ 50,057,765	-\$ 17,079,279	-\$ 1,136,616	\$ 150,000	-\$ 18,065,895	\$ 31,991,870

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 - MIFRS

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	-\$ 275,176	-\$ 50,119		-\$ 325,295	\$ 2,175,023
13	1810	Leasehold Improvements		\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV		\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	3.33%	\$ 4,732,938	\$ 520,121		\$ 5,253,059	-\$ 1,868,731	-\$ 230,732		-\$ 2,099,463	\$ 3,153,596
47	1825	Storage Battery Equipment		\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	4.00%	\$ 7,840,529	\$ 781,179		\$ 8,621,708	-\$ 2,449,861	-\$ 114,430		-\$ 2,564,291	\$ 6,057,416
47	1835	Overhead Conductors & Devices	4.00%	\$ 10,454,842	\$ 748,211		\$ 11,203,053	-\$ 3,464,611	-\$ 135,965		-\$ 3,600,576	\$ 7,602,477
47	1840	Underground Conduit	4.00%	\$ 3,283,788	\$ 335,057		\$ 3,618,845	-\$ 988,576	-\$ 32,396		-\$ 1,020,972	\$ 2,597,873
47	1845	Underground Conductors & Devices	4.00%	\$ 9,217,105	\$ 404,073		\$ 9,621,178	-\$ 2,778,810	-\$ 133,727		-\$ 2,912,537	\$ 6,708,641
47	1850	Line Transformers	4.00%	\$ 8,511,791	\$ 529,371		\$ 9,041,162	-\$ 2,907,837	-\$ 229,328		-\$ 3,137,165	\$ 5,903,997
47	1855	Services (Overhead & Underground)	4.00%	\$ 4,957,585	\$ 532,665		\$ 5,490,250	-\$ 1,391,116	-\$ 85,957		-\$ 1,477,073	\$ 4,013,177
47	1860	Meters	4.00%	\$ 1,579,564			\$ 1,579,564	-\$ 467,372	-\$ 50,099		-\$ 517,471	\$ 1,062,093
8	1860	Meters (Smart Meters)	6.67%	\$ 135,371	\$ 168,851		\$ 304,222	-\$ 10,188	-\$ 14,566		-\$ 24,754	\$ 279,468
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	-\$ 193,924	-\$ 8,245		-\$ 202,169	\$ 67,308
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	-\$ 124,772	-\$ 22,337		-\$ 147,109	\$ 57,328
12	1925	Computer Software (Formally known as Account 1925)	33.33%	\$ 994,456	\$ 45,000		\$ 1,039,456	-\$ 850,420	-\$ 47,960		-\$ 898,380	\$ 141,076
10	1930	Transportation Equipment	12.50%	\$ 2,284,171	\$ 400,000	-\$ 50,000	\$ 2,634,171	-\$ 1,136,516	-\$ 126,308	\$ 50,000	-\$ 1,212,824	\$ 1,421,347
8	1935	Stores Equipment	10.00%	\$ 85,037			\$ 85,037	-\$ 32,053	-\$ 5,887		-\$ 37,940	\$ 47,097
8	1940	Tools, Shop & Garage Equipment	10.00%	\$ 368,781	\$ 72,000		\$ 440,781	-\$ 199,220	-\$ 22,040		-\$ 221,260	\$ 219,521
8	1945	Measurement & Testing Equipment	10.00%	\$ 67,544			\$ 67,544	-\$ 38,244	-\$ 3,255		-\$ 41,499	\$ 26,044
8	1950	Power Operated Equipment	12.50%	\$ 89,272			\$ 89,272	-\$ 42,557	-\$ 5,190		-\$ 47,747	\$ 41,525
8	1955	Communications Equipment	10.00%	\$ 176,173			\$ 176,173	-\$ 114,279	-\$ 8,288		-\$ 122,567	\$ 53,607
8	1955	Communication Equipment (Smart Meters)		\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	10.00%	\$ 83,493	\$ 45,000		\$ 128,493	-\$ 33,204	-\$ 7,712		-\$ 40,916	\$ 87,577
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%	-\$ 8,555,289	-\$ 373,740		-\$ 8,929,029	\$ 1,860,743	\$ 147,888		\$ 2,008,631	-\$ 6,920,399
	etc.						\$ -				\$ -	\$ -
		Total		\$ 50,057,765	\$ 4,247,388	-\$ 50,000	\$ 54,255,153	-\$ 18,065,895	-\$ 1,186,653	\$ 50,000	-\$ 19,202,548	\$ 35,052,605
		Smart Meter Additions (from 1555)										

File Number: EB2012-0176
Exhibit: 10
Tab: 2
Schedule: 3
Page: 2 pages
Date: 09-Oct-12

Appendix 2-B Fixed Asset Continuity Schedule - MIFRS

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
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				\$ 54,020,996	\$ 4,247,388	-\$ 50,000	\$ 58,218,384	-\$ 18,863,026	-\$ 1,495,814	\$ 50,000	-\$ 20,308,840	\$ 37,909,544

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.

File Number: EB2012-0176

Exhibit: 10

Tab: 2

Schedule: 4

Page: 1

Date: 09-Oct-12

Appendix 2-EB IFRS-CGAAP Transitional PP&E Amounts 2013 Adopters of IFRS for Financial Reporting Purposes

For applicants that adopt IFRS on **January 1, 2013** for financial reporting purposes

Note: this sheet should be filled out if the applicant adopts IFRS for its financial reporting purpose as of January 1, 2013.

Reporting Basis Forecast vs. Actual Used in Rebasing Year	2009 Rebasing Year	2010	2011	2012	2013 Rebasing Year	2014	2015	2016
	CGAAP	IRM	IRM	IRM	MIFRS	IRM	IRM	IRM
	Forecast	Actual	Actual	Forecast	Forecast			
			\$	\$	\$	\$	\$	\$
PP&E Values under CGAAP								
Opening net PP&E - Note 1		27,424,582	28,311,060	29,827,327	32,076,126			
Additions		2,741,802	3,527,103	4,458,595	5,148,418			
Depreciation (amounts should be negative)		- 1,855,324	- 2,010,837	- 2,209,796	- 2,715,462			
Closing net PP&E (1)		27,424,582	28,311,060	29,827,327	32,076,126			

PP&E Values under MIFRS (Starts from 2012, the transition year)

Opening net PP&E - Note 1		27,424,582	28,311,060	29,827,327	32,542,835			
Additions		2,741,802	3,527,103	3,852,124	4,247,388			
Depreciation (amounts should be negative)		- 1,855,324	- 2,010,837	- 1,136,616	- 1,495,814			
Closing net PP&E (2)		27,424,582	28,311,060	29,827,327	32,542,835			

Difference in Closing net PP&E, CGAAP vs. MIFRS (Shown as adjustment to rate base on rebasing)				-466,709				
---	--	--	--	----------	--	--	--	--

Account 1575 - IFRS-CGAAP Transitional PP&E Amounts

Opening balance				-	466,709	- 350,032	- 233,355	- 116,677
Amounts added in the year				- 466,709				
Sub-total				- 466,709	466,709	- 350,032	- 233,355	- 116,677
Amount of amortization, included in depreciation expense - Note 2					116,677	116,677	116,677	116,677
Closing balance in deferral account				- 466,709	- 350,032	- 233,355	- 116,677	-

Effect on Revenue Requirement

Amortization of deferred balance as above - Note 2	- 116,677
Return on Rate Base Associated with deferred PP&E balance at WACC - Note 3	- 32,530
Amount included in Revenue Requirement on rebasing	- 149,207

WACC 6.97%

Disposition Period - Note 4

4 Years

Notes:

- For an applicant that adopts IFRS on January 1, 2013, the PP&E values as of January 1, 2012 under both CGAAP and MIFRS should be the same.
- Amortization of the deferred balance in Account 1575 will start from the rebasing year.
Assume the utility requests for a certain disposition period, the amortization that should be included in the depreciation expense is calculated as:
the opening balance of Account 1575 / the approved disposition period
- Return on rate base associated with deferred balance is calculated as:
the deferred account opening balance as of 2013 rebasing year x WACC
* Please note that the calculation should be adjusted once WACC is updated and finalized in the rate application.
- Consistent with the 4 year normal rate cycle, the model is using a 4 year amortization period as a default selection to "clear" the PP&E deferral account through a one-time adjustment to ratebase to capture and remove the impact of the accounting policy changes as caused by the transition from CGAAP to MIFRS.

**Appendix 2-B
Fixed Asset Continuity Schedule - CGAAP**

Year **2012**

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%	\$ 2,486,318	\$ 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				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%	\$ 2,491,318	\$ 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	-\$ 1,515,860	-\$ 226,946	-\$ 1,742,806	\$ 3,982,999	
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 10: Deferral And Variance Accounts

Tab 3 (of 8): MIFRS Capital Expenditures

CAPITAL EXPENDITURE COMPARISON BETWEEN CGAAP AND MIFRS, 2012 BRIDGE YEAR

The variance between the CGAAP and MIFRS capital expenditures in the 2012 bridge year is due to the change in burdens. An analysis by capital project of the variances for 2012 is noted in Table 1 below:

Table 1: 2012 Bridge Year Capital Expenditure Comparison – CGAAP vs. MIFRS

	CGAAP	MIFRS	Variance
Building	5,000	5,000	-
Capital #6 Copper Primary Replacement	1,290,202	1,203,939	- 86,263
Decrepit Poles from Audit	573,418	436,127	- 137,291
Capital Poles	472,558	358,160	- 114,398
Hanover MS1 Reactor Installation	242,020	223,550	- 18,470
Harriston T2 Upgrade	143,891	132,068	- 11,823
Station Grid Code Upgrade Stations Non compliant	120,928	108,191	- 12,737
Port Elgin 5KV Cable and Poletran Replacement	490,065	400,768	- 89,297
New 3 Phase Customers	320,091	253,062	- 67,029
New Underground Service Connections	292,934	215,156	- 77,778
Projected 200 New Lots Developed	270,633	213,935	- 56,698
Non-demarcation Customers	31,716	30,000	- 1,716
Transportation	450,000	450,000	-
double bucket truck			
Tools & Equipment	72,000	72,000	-
Miscellaneous Equipment	40,000	40,000	-
construction material trailer			
Office furniture & equipment	5,000	5,000	-
Computer hardware	22,000	22,000	-
Computer software	50,000	50,000	-
Contributed Capital	- 433,861	- 366,832	67,029
Total	4,458,595	3,852,124	- 606,471

CAPITAL EXPENDITURE COMPARISON BETWEEN CGAAP AND MIFRS, 2013 TEST YEAR

The variance between the CGAAP and MIFRS capital expenditures in the 2013 test year is due to the change in burdens. An analysis by capital project of the variances for 2013 is noted in Table 1 below:

Table 1: 2013 Test Year Capital Expenditure Comparison – CGAAP vs. MIFRS

	CGAAP	MIFRS	Variance
Building	9,000	9,000	-
Capital #6 Copper Primary Replacement	1,404,459	1,325,030	- 79,429
Decrepit Poles from Audit	567,155	415,808	-151,347
Metering	280,648	138,919	-141,729
Capital Poles	476,955	342,616	-134,339
Emergency Transformer Refurb & Ready Stations	301,252	256,186	- 45,066
Upgrade Station Metering	129,422	114,638	- 14,784
Station Grid Code Upgrade Stations Non compliant	209,369	187,725	- 21,644
Port Elgin 5KV Cable and Poletran Replacement	741,355	612,345	-129,010
New 3 Phase Customers	303,893	229,970	- 73,923
New Underground Service Connections	259,832	169,141	- 90,691
Projected 200 New Lots Developed	248,142	187,150	- 60,992
Non-demarcation Customers	42,000	40,000	- 2,000
Transportation	400,000	400,000	-
radial boom digger			
Tools & Equipment	72,000	72,000	-
Miscellaneous Equipment	45,000	45,000	-
pole trailer			
Office furniture & equipment	2,000	2,000	-
Computer hardware	28,600	28,600	-
Computer software	45,000	45,000	-
Contributed Capital	- 417,663	- 343,740	73,923
	5,148,418	4,277,388	-871,030

Exhibit 10: Deferral And Variance Accounts

Tab 4 (of 8): MIFRS Depreciation

MIFRS DEPRECIATION, 2012 BRIDGE YEAR

The variance in depreciation between CGAAP and MIFRS is due to reduced capitalization of assets as a result of burden adjustments and increased useful lives under MIFRS vs. CGAAP. The variance in 2012 is noted in Table 1 below. The detailed depreciation schedules are attached to this schedule.

Table 1: 2012 Depreciation Expense Comparison – CGAAP vs. MIFRS

	CGAAP	MIFRS	Variance
Depreciation Expense	2,209,796	1,136,616	- 1,073,180

**Appendix 2-CF
Depreciation and Amortization Expense**

Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013
Year 2012 CGAAP

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2012	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2012 Depreciation Expense	2012 Depreciation Expense per Appendix 2 B Fixed Assets, Column K (l)	Variance ²
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) ¹	(f)	(g) = 1 / (f)	(h) = (e) / (f)		(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1612	Land Rights (Formally known as Account 1906)	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1805	Land	\$ 227,769		\$ 227,769	\$ -	\$ 227,769	-	0.00%	\$ -	\$ -	\$ -
1808	Buildings	\$ 2,486,318		\$ 2,486,318	\$ 5,000	\$ 2,488,818	50.00	2.00%	\$ 49,776	\$ 49,937	\$ 161
1810	Leasehold Improvements	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1815	Transformer Station Equipment >50 kV	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1820	Distribution Station Equipment <50 kV	\$ 4,269,129		\$ 4,269,129	\$ 417,529	\$ 4,477,894	30.00	3.33%	\$ 149,263	\$ 147,775	\$ 1,488
1825	Storage Battery Equipment	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 7,106,083		\$ 7,106,083	\$ 888,906	\$ 7,550,536	23.00	4.35%	\$ 328,284	\$ 327,658	\$ 626
1835	Overhead Conductors & Devices	\$ 9,746,857		\$ 9,746,857	\$ 838,997	\$ 10,166,356	23.00	4.35%	\$ 442,015	\$ 441,852	\$ 163
1840	Underground Conduit	\$ 3,044,636		\$ 3,044,636	\$ 290,681	\$ 3,189,976	23.00	4.35%	\$ 138,695	\$ 136,788	\$ 1,907
1845	Underground Conductors & Devices	\$ 8,848,611		\$ 8,848,611	\$ 454,468	\$ 9,075,845	23.00	4.35%	\$ 394,602	\$ 392,366	\$ 2,236
1850	Line Transformers	\$ 8,007,561		\$ 8,007,561	\$ 592,656	\$ 8,303,889	23.00	4.35%	\$ 361,039	\$ 360,782	\$ 257
1855	Services (Overhead & Underground)	\$ 4,430,482		\$ 4,430,482	\$ 637,257	\$ 4,749,111	23.50	4.26%	\$ 202,090	\$ 201,040	\$ 1,050
1860	Meters	\$ 1,579,564		\$ 1,579,564	\$ 89,310	\$ 1,624,219	24.50	4.08%	\$ 66,295	\$ 67,812	\$ 1,517
1860	Meters (Smart Meters)	\$ 105,634		\$ 105,634	\$ 38,652	\$ 124,960	15.00	6.67%	\$ 8,331	\$ 8,418	\$ 87
1905	Land	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1908	Buildings & Fixtures	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1910	Leasehold Improvements	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 262,476	\$ 114,122	\$ 148,354	\$ 5,000	\$ 150,854	10.00	10.00%	\$ 15,085	\$ 15,084	\$ 1
1915	Office Furniture & Equipment (5 years)	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1920	Computer Equipment - Hardware	\$ 275,946	\$ 275,946	\$ 0	\$ -	\$ 0	5.00	20.00%	\$ 0	\$ -	\$ 0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 52,212	\$ 52,212	\$ 0	\$ -	\$ 0	5.00	20.00%	\$ 0	\$ -	\$ 0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 153,837	\$ 29,316	\$ 124,521	\$ 22,000	\$ 135,521	5.00	20.00%	\$ 27,104	\$ 27,104	\$ 0
1925	Computer Software (Formally known as Account 1925)	\$ 944,456	\$ 758,615	\$ 185,841	\$ 50,000	\$ 210,841	3.00	33.33%	\$ 70,280	\$ 70,279	\$ 1
1930	Transportation Equipment	\$ 1,984,171	\$ 370,253	\$ 1,613,918	\$ 450,000	\$ 1,838,918	8.00	12.50%	\$ 229,865	\$ 229,861	\$ 4
1935	Stores Equipment	\$ 85,037	\$ 2,078	\$ 82,959	\$ -	\$ 82,959	10.00	10.00%	\$ 8,296	\$ 8,296	\$ 0
1940	Tools, Shop & Garage Equipment	\$ 296,781	\$ 109,125	\$ 187,656	\$ 72,000	\$ 223,656	10.00	10.00%	\$ 22,366	\$ 22,364	\$ 2
1945	Measurement & Testing Equipment	\$ 67,544	\$ 1,095	\$ 66,449	\$ -	\$ 66,449	10.00	10.00%	\$ 6,645	\$ 6,645	\$ 0
1950	Power Operated Equipment	\$ 89,272	\$ 9,299	\$ 79,973	\$ -	\$ 79,973	10.00	10.00%	\$ 7,997	\$ 7,997	\$ 0
1955	Communications Equipment	\$ 176,173	\$ 74,263	\$ 101,910	\$ -	\$ 101,910	5.00	20.00%	\$ 20,382	\$ 20,382	\$ 0
1955	Communication Equipment (Smart Meters)	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1960	Miscellaneous Equipment	\$ 43,493	\$ 20,070	\$ 23,423	\$ 40,000	\$ 43,423	10.00	10.00%	\$ 4,342	\$ 4,342	\$ 0
1975	Load Management Controls Utility Premises	\$ 258,631	\$ 258,631	\$ -	\$ -	\$ -	10.00	10.00%	\$ 0	\$ -	\$ 0
1980	System Supervisor Equipment	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1985	Miscellaneous Fixed Assets	\$ 1,427	\$ 1,427	\$ -	\$ -	\$ -	10.00	10.00%	\$ -	\$ -	\$ -
1995	Contributions & Grants	\$ 8,188,457	\$ 632,720	\$ 7,555,737	\$ 433,861	\$ 7,772,668	23.00	4.35%	\$ 337,942	\$ 336,986	\$ 956
etc.		\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
		\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
Total		\$ 46,355,641	\$ 1,443,732.00	\$ 44,911,909	\$ 4,458,595	\$ 47,141,207			\$ 2,214,810	\$ 2,209,796	\$ 5,014

Notes:

- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

Appendix 2-CG Depreciation and Amortization Expense

Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013

Year 2012 MIFRS

Account	Description	Opening NBV as at Jan 1, 2012 ⁵	Additions	Average Remaining Life of Opening NBV ⁴	Years (new additions only) ³	Depreciation Rate on New Additions	Depreciation Expense on Opening NBV	Depreciation Expense on Additions ¹	2012 Depreciation Expense	2012 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance ²	Depreciation Expense on 2012 Full Year Additions	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2012 Full Year Depreciation ⁶
		(a)	(d)	(l)	(f)	(g) = 1 / (f)	(j) = (a) / (l)	(h) = ((d)*0.5)/(f)	(k) = (j) + (h)		(m) = (k) - (l)	(n) = ((d))/(f)		(p) = (j) + (n) - (o)
1611	Computer Software (Formally known as Account 1925)					0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1612	Land Rights (Formally known as Account 1906)					0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1805	Land	\$ 227,769				0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1808	Buildings	\$ 2,261,121	\$ 5,000	45.29	50.00	2.00%	\$ 49,929	\$ 50	\$ 49,979	\$ 49,979	\$ -	\$ 100		\$ 50,029
1810	Leasehold Improvements		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1815	Transformer Station Equipment >50 kV		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1820	Distribution Station Equipment <50 kV	\$ 2,500,546	\$ 463,809	8.68	45.00	2.22%	\$ 287,923	\$ 5,153	\$ 293,076	\$ 293,076	\$ 0	\$ 10,307	\$ 73,277	\$ 224,953
1825	Storage Battery Equipment					0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1830	Poles, Towers & Fixtures	\$ 4,758,021	\$ 734,446	49.73	60.00	1.67%	\$ 95,680	\$ 6,120	\$ 101,800	\$ 101,800	\$ 0	\$ 12,241		\$ 107,921
1835	Overhead Conductors & Devices	\$ 6,407,009	\$ 707,985	53.70	65.00	1.54%	\$ 119,317	\$ 5,446	\$ 124,763	\$ 124,763	\$ 0	\$ 10,892		\$ 130,209
1840	Underground Conduit	\$ 2,085,078	\$ 239,152	75.52	85.00	1.18%	\$ 27,611	\$ 1,407	\$ 29,018	\$ 29,018	\$ 0	\$ 2,814		\$ 30,425
1845	Underground Conductors & Devices	\$ 6,197,090	\$ 368,494	49.89	60.00	1.67%	\$ 124,218	\$ 3,071	\$ 127,289	\$ 127,289	\$ 0	\$ 6,142		\$ 130,360
1850	Line Transformers	\$ 5,316,092	\$ 504,230	25.31	40.00	2.50%	\$ 210,065	\$ 6,303	\$ 216,368	\$ 216,368	\$ 0	\$ 12,606		\$ 222,671
1855	Services (Overhead & Underground)	\$ 3,115,662	\$ 527,103	43.57	55.00	1.82%	\$ 71,504	\$ 4,792	\$ 76,296	\$ 76,296	\$ 0	\$ 9,584		\$ 81,088
1860	Meters	\$ 1,225,937		24.48	30.00	3.33%	\$ 50,089	\$ -	\$ 50,089	\$ 50,089	\$ -	\$ -		\$ 50,089
1860	Meters (Smart Meters)	\$ 103,522	\$ 29,737	14.69	15.00	6.67%	\$ 7,047	\$ 991	\$ 8,038	\$ 8,038	\$ 0	\$ 1,982		\$ 9,029
1905	Land		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1908	Buildings & Fixtures		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1910	Leasehold Improvements		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1915	Office Furniture & Equipment (10 years)	\$ 76,448	\$ 5,000	10.00	10.00	10.00%	\$ 7,645	\$ 250	\$ 7,895	\$ 7,895	\$ -	\$ 500		\$ 8,145
1915	Office Furniture & Equipment (5 years)		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1920	Computer Equipment - Hardware		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 75,389	\$ 22,000	5.00	5.00	20.00%	\$ 15,078	\$ 2,200	\$ 17,278	\$ 17,278	\$ -	\$ 4,400		\$ 19,478
1925	Computer Software (Formally known as Account 1925)	\$ 130,884	\$ 50,000	4.11	5.00	20.00%	\$ 31,848	\$ 5,000	\$ 36,848	\$ 36,848	\$ -	\$ 10,000	\$ 1,612	\$ 43,460
1930	Transportation Equipment	\$ 794,677	\$ 450,000	9.95	12.50	8.00%	\$ 79,893	\$ 18,000	\$ 97,893	\$ 97,893	\$ -	\$ 36,000	\$ 2,918	\$ 112,975
1935	Stores Equipment	\$ 58,871	\$ -	10.00	10.00	10.00%	\$ 5,887	\$ -	\$ 5,887	\$ 5,887	\$ -	\$ -		\$ 5,887
1940	Tools, Shop & Garage Equipment	\$ 112,401	\$ 72,000	10.00	10.00	10.00%	\$ 11,240	\$ 3,600	\$ 14,840	\$ 14,840	\$ 0	\$ 7,200		\$ 18,440
1945	Measurement & Testing Equipment	\$ 32,554	\$ -	10.00	10.00	10.00%	\$ 3,255	\$ -	\$ 3,255	\$ 3,255	\$ 0	\$ -		\$ 3,255
1950	Power Operated Equipment	\$ 51,905	\$ -	10.00	10.00	10.00%	\$ 5,191	\$ -	\$ 5,191	\$ 5,191	\$ 1	\$ -		\$ 5,191
1955	Communications Equipment	\$ 70,183	\$ -	8.47	10.00	10.00%	\$ 8,288	\$ -	\$ 8,288	\$ 8,288	\$ -	\$ -		\$ 8,288
1955	Communication Equipment (Smart Meters)		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1960	Miscellaneous Equipment	\$ 14,623	\$ 40,000	10.00	10.00	10.00%	\$ 1,462	\$ 2,000	\$ 3,462	\$ 3,462	\$ 0	\$ 4,000		\$ 5,462
1975	Load Management Controls Utility Premises		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1980	System Supervisor Equipment		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1985	Miscellaneous Fixed Assets		\$ -			0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
1995	Contributions & Grants	\$ 6,468,651	\$ 433,861	47.32	51.25	1.95%	\$ 136,703	\$ 4,233	\$ 140,936	\$ 140,936	\$ 0	\$ 8,466		\$ 145,169
etc.						0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
						0.00%	\$ -	\$ -	\$ -		\$ -	\$ -		\$ -
	Total	\$ 29,147,131	\$ 3,785,095				\$ 1,076,467	\$ 60,151	\$ 1,136,618	\$ 1,136,618	\$ 2	\$ 120,301	\$ 74,583.00	\$ 1,122,185

Notes:

- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence
- The applicant should ensure that the years for new additions of assets are the asset useful lives determined by management in accordance with IFRS.
A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding 2012 additions) under IFRS. For example, Asset A had a useful life of 20 years under CGAAP. On January 1, 2012, the date of transition, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) under CGAAP as of January 1, 2012. Due to the transition to IFRS, management re-assessed the asset useful lives under IFRS principles and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of opening balance of Asset A is determined to be 27 years (30 years less 3 years) under IFRS as of January 1, 2012.
- NBV must exclude assets still on the books but which have been fully amortized or depreciated.
- This column refers to the calculated full year depreciation but excludes the depreciation expense on assets fully depreciated during the year. This column is used for the purpose of calculating depreciation expense in the following year on the next worksheet.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

MIFRS DEPRECIATION, 2013 TEST YEAR

The variance in depreciation between CGAAP and MIFRS is due to reduced capitalization of assets as a result of burden adjustments and increased useful lives under MIFRS vs. CGAAP. The variance in 2013 is noted in Table 1 below. The detailed depreciation schedules are attached to this schedule.

Table 1: 2013 Depreciation Expense Comparison – CGAAP vs. MIFRS

	CGAAP	MIFRS	Variance
Depreciation Expense	2,715,462	1,495,814	-1,219,648

**Appendix 2-CJ
Depreciation and Amortization Expense**

Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013
Year 2013 CGAAP

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2013	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2013 Depreciation Expense	2013 Depreciation Expense per Appendix 2-B Fixed Assets, Column K	Variance ²
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) ¹	(f)	(g) = 1 / (f)	(h) = (e) / (f)	(i)	(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1612	Land Rights (Formally known as Account 1906)	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1805	Land	\$ 227,769		\$ 227,769	\$ -	\$ 227,769	-	0.00%	\$ -	\$ -	\$ -
1808	Buildings	\$ 2,491,318		\$ 2,491,318	\$ 9,000	\$ 2,495,818	50.00	2.00%	\$ 49,916	\$ 50,077	\$ 161
1810	Leasehold Improvements	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1815	Transformer Station Equipment >50 kV	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1820	Distribution Station Equipment <50 kV	\$ 4,775,968		\$ 4,775,968	\$ 594,855	\$ 5,073,396	30.00	3.33%	\$ 169,113	\$ 166,136	\$ 2,977
1825	Storage Battery Equipment	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 7,994,989		\$ 7,994,989	\$ 958,576	\$ 8,474,277	23.25	4.30%	\$ 364,485	\$ 364,607	\$ 122
1835	Overhead Conductors & Devices	\$ 10,585,854		\$ 10,585,854	\$ 893,675	\$ 11,032,692	23.25	4.30%	\$ 474,524	\$ 476,505	\$ 1,981
1840	Underground Conduit	\$ 3,335,317		\$ 3,335,317	\$ 409,989	\$ 3,540,311	23.25	4.30%	\$ 152,271	\$ 150,801	\$ 1,470
1845	Underground Conductors & Devices	\$ 9,303,079		\$ 9,303,079	\$ 505,661	\$ 9,555,909	23.25	4.30%	\$ 411,007	\$ 411,569	\$ 562
1850	Line Transformers	\$ 8,600,217		\$ 8,600,217	\$ 627,227	\$ 8,913,830	23.25	4.30%	\$ 383,391	\$ 385,180	\$ 1,789
1855	Services (Overhead & Underground)	\$ 5,067,739		\$ 5,067,739	\$ 658,066	\$ 5,396,772	24.00	4.17%	\$ 224,866	\$ 226,946	\$ 2,080
1860	Meters	\$ 1,579,564		\$ 1,579,564	\$ -	\$ 1,579,564	24.50	4.08%	\$ 64,472	\$ 67,812	\$ 3,340
1860	Meters (Smart Meters)	\$ 144,286		\$ 144,286	\$ 316,432	\$ 302,502	15.00	6.67%	\$ 20,167	\$ 20,245	\$ 78
1905	Land	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1908	Buildings & Fixtures	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1910	Leasehold Improvements	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 267,476	\$ 124,075	\$ 143,401	\$ 2,000	\$ 144,401	10.00	10.00%	\$ 14,440	\$ 14,437	\$ 3
1915	Office Furniture & Equipment (5 years)	\$ -		\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1920	Computer Equipment - Hardware	\$ 275,946	\$ 275,946	\$ 0	\$ -	\$ 0	5.00	20.00%	\$ 0	\$ -	\$ 0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 52,212	\$ 52,212	\$ 0	\$ -	\$ 0	5.00	20.00%	\$ 0	\$ -	\$ 0
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 175,837	\$ 49,324	\$ 126,513	\$ 28,600	\$ 140,813	5.00	20.00%	\$ 28,163	\$ 28,162	\$ 1
1925	Computer Software (Formally known as Account 1925)	\$ 994,456	\$ 812,525	\$ 181,931	\$ 45,000	\$ 204,431	3.00	33.33%	\$ 68,144	\$ 68,144	\$ 0
1930	Transportation Equipment	\$ 2,284,171	\$ 451,171	\$ 1,833,000	\$ 400,000	\$ 2,033,000	8.00	12.50%	\$ 254,125	\$ 254,125	\$ 0
1935	Stores Equipment	\$ 85,037	\$ 2,078	\$ 82,959	\$ -	\$ 82,959	10.00	10.00%	\$ 8,296	\$ 8,296	\$ 0
1940	Tools, Shop & Garage Equipment	\$ 368,781	\$ 125,031	\$ 243,750	\$ 72,000	\$ 279,750	10.00	10.00%	\$ 27,975	\$ 27,972	\$ 3
1945	Measurement & Testing Equipment	\$ 67,544	\$ 1,095	\$ 66,449	\$ -	\$ 66,449	10.00	10.00%	\$ 6,645	\$ 6,645	\$ 0
1950	Power Operated Equipment	\$ 89,272	\$ 9,299	\$ 79,973	\$ -	\$ 79,973	10.00	10.00%	\$ 7,997	\$ 7,997	\$ 0
1955	Communications Equipment	\$ 176,173	\$ 75,704	\$ 100,469	\$ -	\$ 100,469	5.00	20.00%	\$ 20,094	\$ 20,092	\$ 2
1955	Communication Equipment (Smart Meters)	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1960	Miscellaneous Equipment	\$ 83,493	\$ 60,070	\$ 23,423	\$ 45,000	\$ 45,923	10.00	10.00%	\$ 4,592	\$ 4,592	\$ 0
1975	Load Management Controls Utility Premises	\$ 258,631	\$ 258,631	\$ 1	\$ -	\$ 1	10.00	10.00%	\$ 0	\$ -	\$ 0
1980	System Supervisor Equipment	\$ -	\$ -	\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
1985	Miscellaneous Fixed Assets	\$ 1,427	\$ 1,427	\$ -	\$ -	\$ -	10.00	10.00%	\$ -	\$ -	\$ -
1995	Contributions & Grants	\$ 8,622,318	\$ 688,000	\$ 7,934,318	\$ 417,663	\$ 8,143,150	23.00	4.35%	\$ 354,050	\$ 354,039	\$ 11
etc.				\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
				\$ -	\$ -	\$ -	-	0.00%	\$ -	\$ -	\$ -
Total		\$ 50,664,236	\$ 1,610,588	\$ 49,053,648	\$ 5,148,418	\$ 51,627,857			\$ 2,400,633	\$ 2,406,301	\$ 5,668
Smart Meter Additions											
Meters (Smart Meters)				\$ -	\$ 3,626,141	\$ 3,626,141	15.00	6.67%	\$ 241,743	\$ 241,743	\$ 0
Computer Hardware (Smart Meters)				\$ -	\$ 62,873	\$ 62,873	5.00	20.00%	\$ 12,575	\$ 12,575	\$ 0
Computer Software (Smart Meters)				\$ -	\$ 274,217	\$ 274,217	3.00	33.33%	\$ 91,406	\$ 54,843	\$ 36,563
Revised Total		\$ 50,664,236	\$ 1,610,588	\$ 49,053,648	\$ 9,111,649	\$ 55,591,088			\$ 2,746,356	\$ 2,715,462	\$ 30,894

Notes:

- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

**Appendix 2-CH
Depreciation and Amortization Expense**

Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2013

		Year	2013	MIFRS			
Account	Description	Additions	Years (new additions only)	Depreciation Rate on New Additions	2013 Depreciation Expense ¹ (n)=2012 Full Year Depreciation + ((d)*0.5)/(f)	2013 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance ²
		(d)	(f)	(g) = 1 / (f)			(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)			0.00%	\$ -		\$ -
1612	Land Rights (Formally known as Account 1906)			0.00%	\$ -		\$ -
1805	Land			0.00%	\$ -		\$ -
1808	Buildings	\$ 9,000	50.00	2.00%	\$ 50,119	\$ 50,119	\$ -
1810	Leasehold Improvements	\$ -	-	0.00%	\$ -	\$ -	\$ -
1815	Transformer Station Equipment >50 kV	\$ -	-	0.00%	\$ -	\$ -	\$ -
1820	Distribution Station Equipment <50 kV	\$ 520,121	45.00	2.22%	\$ 230,732	\$ 230,732	\$ 0
1825	Storage Battery Equipment	\$ -	-	0.00%	\$ -	\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 781,179	60.00	1.67%	\$ 114,431	\$ 114,430	\$ 1
1835	Overhead Conductors & Devices	\$ 748,211	65.00	1.54%	\$ 135,965	\$ 135,965	\$ 0
1840	Underground Conduit	\$ 335,057	85.00	1.18%	\$ 32,395	\$ 32,396	\$ 1
1845	Underground Conductors & Devices	\$ 404,073	60.00	1.67%	\$ 133,727	\$ 133,727	\$ 0
1850	Line Transformers	\$ 629,371	40.00	2.50%	\$ 229,288	\$ 229,328	\$ 40
1855	Services (Overhead & Underground)	\$ 632,665	55.00	1.82%	\$ 85,930	\$ 85,957	\$ 27
1860	Meters	\$ -	30.00	3.33%	\$ 50,089	\$ 50,099	\$ 10
1860	Meters (Smart Meters)	\$ 168,851	15.00	6.67%	\$ 14,658	\$ 14,566	\$ 92
1905	Land	\$ -	-	0.00%	\$ -	\$ -	\$ -
1908	Buildings & Fixtures	\$ -	-	0.00%	\$ -	\$ -	\$ -
1910	Leasehold Improvements	\$ -	-	0.00%	\$ -	\$ -	\$ -
1915	Office Furniture & Equipment (10 years)	\$ 2,000	10.00	10.00%	\$ 8,245	\$ 8,245	\$ -
1915	Office Furniture & Equipment (5 years)	\$ -	-	0.00%	\$ -	\$ -	\$ -
1920	Computer Equipment - Hardware	\$ -	-	0.00%	\$ -	\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ -	-	0.00%	\$ -	\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ 28,600	5.00	20.00%	\$ 22,338	\$ 22,337	\$ 1
1925	Computer Software (Formally known as Account 1925)	\$ 45,000	5.00	20.00%	\$ 47,960	\$ 47,960	\$ -
1930	Transportation Equipment	\$ 400,000	15.00	6.67%	\$ 126,308	\$ 126,308	\$ 0
1935	Stores Equipment	\$ -	10.00	10.00%	\$ 5,887	\$ 5,887	\$ -
1940	Tools, Shop & Garage Equipment	\$ 72,000	10.00	10.00%	\$ 22,040	\$ 22,040	\$ 0
1945	Measurement & Testing Equipment	\$ -	10.00	10.00%	\$ 3,255	\$ 3,255	\$ 0
1950	Power Operated Equipment	\$ -	10.00	10.00%	\$ 5,191	\$ 5,190	\$ 1
1955	Communications Equipment	\$ -	10.00	10.00%	\$ 8,288	\$ 8,288	\$ -
1955	Communication Equipment (Smart Meters)	\$ -	-	0.00%	\$ -	\$ -	\$ -
1960	Miscellaneous Equipment	\$ 45,000	10.00	10.00%	\$ 7,712	\$ 7,712	\$ 0
1975	Load Management Controls Utility Premises	\$ -	-	0.00%	\$ -	\$ -	\$ -
1980	System Supervisor Equipment	\$ -	-	0.00%	\$ -	\$ -	\$ -
1985	Miscellaneous Fixed Assets	\$ -	-	0.00%	\$ -	\$ -	\$ -
1995	Contributions & Grants	\$ 373,740	51.25	1.95%	\$ 148,815	\$ 147,888	\$ 927
etc.				0.00%	\$ -	\$ -	\$ -
				0.00%	\$ -	\$ -	\$ -
	Total	\$ 4,247,388			\$ 1,185,743	\$ 1,186,653	\$ 910
	Smart Meter Additions						
	Meters (Smart Meters)		15.00	6.67%	\$ 241,743	\$ 241,743	\$ -
	Computer Hardware (Smart Meters)		5.00	20.00%	\$ 12,575	\$ 12,575	\$ -
	Computer Software (Smart Meters)		5.00	20.00%	\$ 54,843	\$ 54,843	\$ -
	Depreciation expense adjustment resulting from amortization of Account 1575				\$ 116,677		
	Total Depreciation expense to be included in the test year revenue requirement				\$ 1,611,581.32		

Notes:

- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

Exhibit 10: Deferral And Variance Accounts

Tab 5 (of 8): MIFRS Rate Base

RATE BASE COMPARISON

The rate base for 2013 under MIFRS is approximately \$769K higher than under CGAAP as identified in Table 1 below. The detailed schedules in this attachment calculate the rate base under CGAAP (Attachment 1) and MIFRS for 2012 and 2013 (Attachment 2). The increase under MIFRS is a result of average net capital assets in service being higher than under CGAAP due to lower depreciation rates based on the extension of useful lives partially offset by fewer burdens being capitalized. Working Capital Allowance is also higher because under MIFRS there are not as many burdened expenses and thus they will decrease net income.

Table 1: Rate Base Comparison – 2013

	CGAAP	MIFRS	Variance
<i>Net Capital Assets in Service:</i>			
Opening Balance	31,525,162	31,991,871	466,709
Ending Balance	37,124,218	37,909,551	785,333
Average Balance	34,324,690	34,950,711	626,021
Working Capital Allowance (see below)	6,600,458	6,743,588	143,130
Total Rate Base	40,925,148	41,694,299	769,151
<i>Expenses for Working Capital</i>			
<i>Eligible Distribution Expenses:</i>			
3500-Distribution Expenses - Operation	334,000	440,000	106,000
3550-Distribution Expenses - Maintenance	1,558,000	2,298,000	740,000
3650-Billing and Collecting	1,191,000	1,191,000	0
3700-Community Relations	46,000	46,000	0
3800-Administrative and General Expenses	2,062,500	2,317,500	255,000
3950-Taxes Other Than Income Taxes	33,000	33,000	0
Total Eligible Distribution Expenses	5,224,500	6,325,500	1,101,000
3350-Power Supply Expenses	45,548,250	45,548,250	0
Total Expenses for Working Capital	50,772,750	51,873,750	1,101,000
Working Capital factor	13.0%	13.0%	0.0%
Working Capital Allowance	6,600,458	6,743,588	143,130

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 Trend - CGAAP/MIFRS

		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
<i>Expenses for Working Capital</i>						
<i>Eligible Distribution Expenses:</i>						
3500-Distribution Expenses - Operation	480,400	238,670	213,163	265,336	369,000	440,000
3550-Distribution Expenses - Maintenance	1,134,675	1,452,470	1,236,423	1,217,086	2,060,000	2,298,000
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	2,332,500	2,317,500
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	5,989,600	6,325,500
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	51,395,935	51,873,750
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	7,709,390	6,743,588

Exhibit 10: Deferral And Variance Accounts

Tab 6 (of 8): MIFRS PILs

MIFRS PILS MODEL

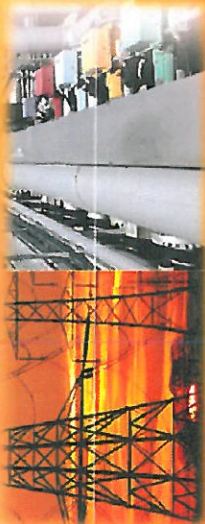
The CGAAP PILs Model (Attachment 1) and MIFRS PILs Model (Attachment 2) are included with this schedule. The 2013 rates requested by WPI have been calculated using MIFRS. Under the MIFRS PILs Model, the model is calculating a tax loss of approximately \$26K (see page 28 of 29 of the model). It should be noted that there are two items that are not included in the PILs model that WPI accounts for when completing its annual income tax return, that being gains or losses on interest rate swaps and the reconciliation or regulatory assets. When these two components are factored into the tax return, it is highly anticipated that WPI will not have a tax loss but rather taxable income. Excerpts of the differences between the two models in the 2013 Test Year is noted below in Table 1.

Table 1: Difference between CGAAP and MIFRS PILs Model – Test Year

	CGAAP	MIFRS
Net Income Before Taxes	1,492,949	1,521,008
Amortization of tangible assets	2,715,462	1,495,814
Test Year CCA	3,003,543	2,981,926
Net income (loss) for tax purposes	1,113,812	- 26,161
Income Tax (grossed up)	339,447	-

v 2.0

Income Tax/PILs Workform for 2013 Filers



CGAAP

Utility Name	Westario Power Inc.
Assigned EB Number	EB-2012-0176
Name and Title	Lisa Milne, CGA - President/CEO
Phone Number	519-507-6666 x-216
Email Address	lisa.milne@westario.com
Date	09-Oct-12
Last COS Re-based Year	2009

Note: Drop-down lists are shaded blue; Input cells are shaded green.

This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your IRM application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.

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 results.



Income Tax/PILs Workform for 2013 Filers

1. Info

A. Data Input Sheet
B. Tax Rates & Exemptions
C. Sch 8 Hist
D. Schedule 10 CEC Hist
E. Sch 13 Tax Reserves Hist
F. Sch 7-1 Loss Cfwd Hist
G. Adj. Taxable Income Historic
H. PILs, Tax Provision Historic
I. Schedule 8 CCA Bridge Year
J. Schedule 10 CEC Bridge Year

K. Sch 13 Tax Reserves Bridge
L. Sch 7-1 Loss Cfwd Bridge
M. Adj. Taxable Income Bridge
N. PILs, Tax Provision Bridge
O. Schedule 8 CCA Test Year
P. Schedule 10 CEC Test Year
Q. Sch 13 Tax Reserve Test Year
R. Sch 7-1 Loss Cfwd
S. Taxable Income Test Year
T. PILs, Tax Provision

Income Tax/PILs Workform for 2013 Filers

Rate Base

\$ 40,925,147

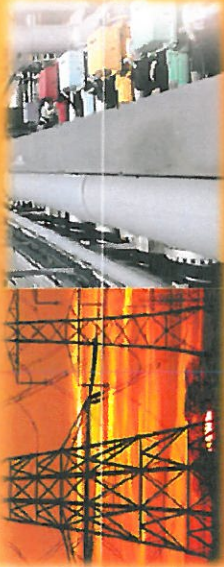
Return on Ratebase

Deemed ShortTerm Debt %	4.00%	T	\$	1,637,006	$W = S * T$
Deemed Long Term Debt %	56.00%	U	\$	22,918,082	$X = S * U$
Deemed Equity %	40.00%	V	\$	16,370,059	$Y = S * V$
Short Term Interest Rate	2.08%	Z	\$	34,050	$AC = W * Z$
Long Term Interest	5.79%	AA	\$	1,326,957	$AD = X * AA$
Return on Equity (Regulatory Income)	9.12%	AB	\$	1,492,949	$AE = Y * AB$
Return on Rate Base			\$	2,853,956	$AF = AC + AD + AE$

Questions that must be answered

- Does the applicant have any Investment Tax Credits (ITC)?
- Does the applicant have any SRED Expenditures?
- Does the applicant have any Capital Gains or Losses for tax purposes?
- Does the applicant have any Capital Leases?
- Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?
- Since 1999, has the applicant acquired another regulated applicant's assets?
- Did the applicant pay dividends?
If Yes, please describe what was the tax treatment in the manager's summary.
- Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

Historic	Bridge	Test Year
Yes	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
Yes	Yes	Yes
No	No	No



Income Tax/PILs Workform for 2013 Filers

Tax Rates

Federal & Provincial As of June 20, 2012

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

Rate reduction

Ontario income tax

Combined federal and Ontario

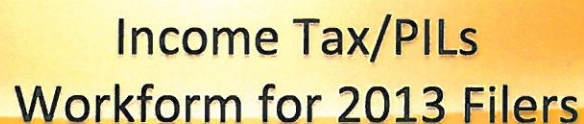
Federal & Ontario Small Business

Federal small business threshold
Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective January-01-11	Effective January-01-12	Effective January-01-13	Effective January-01-14
General corporate rate	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%
Rate reduction	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
Ontario income tax	11.75%	11.50%	11.50%	11.50%
Combined federal and Ontario	28.25%	26.50%	26.50%	26.50%
Federal small business threshold	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%



Class	Class Description	UCC End of Year Historic per tax returns	Less: Non- Distribution Portion	UCC Regulated Historic Year
1	Distribution System - post 1987	9,795,470		9,795,470
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	1,850,744		1,850,744
2	Distribution System - pre 1988	4,614,152		4,614,152
8	General Office/Stores Equip	2,892,417		2,892,417
10	Computer Hardware/ Vehicles	525,913		525,913
10.1	Certain Automobiles			0
12	Computer Software	151,516		151,516
13 ₁	Lease # 1			0
13 ₂	Lease #2			0
13 ₃	Lease # 3			0
13 ₄	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable			0
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	1,470		1,470
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	12,345,395		12,345,395
50	Data Network Infrastructure Equipment - post Mar 2007	36,420		36,420
52	Computer Hardware and system software			0
95	CWIP			0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	32,213,497	0	32,213,497



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital **946,865**

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

946,865

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

946,865

Current Year Deduction

946,865

x 7% =

66,281

Cumulative Eligible Capital - Closing Balance

880,584



Income Tax/PILs Workform for 2013 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance	335,164		335,164
-Short & Long-term Disability			0
-Accumulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	335,164	0	335,164



Income Tax/PILs Workform for 2013 Filers

Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance
Actual Historic			0

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance
Actual Historic			0

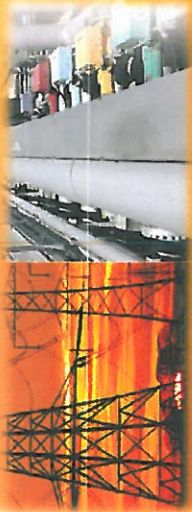


Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	1,144,522		1,144,522
Additions:				
Interest and penalties on taxes	103	83		83
Amortization of tangible assets	104	2,010,837		2,010,837
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	6,110		6,110
Charitable donations	112	19,553		19,553
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116	2,392,676		2,392,676
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	4,527		4,527
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125	335,164		335,164
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Contingent Penalty Liability		160,000		160,000

				0
Apprentice Credits 2010		30,618		30,618
Amorization of LTA		36,393		36,393
SWAP Valuation 2010		1,761,722		1,761,722
				0
				0
				0
				0
				0
Total Additions		6,757,683	0	6,757,683
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	2,779,289		2,779,289
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	66,281		66,281
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	346,753		346,753
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
Long term asset deductible for tax	393	2,438		2,438
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
Capital tax recovered in f/s		9,185		9,185
Carrying charges and other expenses deducted for tax		1,753,170		1,753,170
SWAP Valuation - prior year		1,025,090		1,025,090
				0
2012 ATTC included in income		21,781		21,781
				0
				0
Total Deductions		6,003,987	0	6,003,987
Net Income for Tax Purposes		1,898,218	0	1,898,218
Charitable donations from Schedule 2	311	19,553		19,553
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		1,878,665	0	1,878,665



Income Tax/PILs Workform for 2013 Filers

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

Wires Only

\$ 1,878,665 A

Regulatory Taxable Income

Ontario Income Taxes <i>Income tax payable</i>	Ontario Income Tax	11.75%	B	\$	220,704	C = A * B
<i>Small business credit</i>	Ontario Small Business Threshold Rate reduction (negative)	\$	500,000	D		
		-7.25%	E	-\$	36,240	F = D * E

Ontario Income tax

\$ 184,465 J = C + F

Combined Tax Rate and PILs

Effective Ontario Tax Rate
Federal tax rate
Combined tax rate

9.82% K = J / A
16.50% L

26.32% M = K + L

Total Income Taxes

Investment Tax Credits
Miscellaneous Tax Credits
Total Tax Credits

\$ 494,444 N = A * M

\$ 4,000 O

\$ 17,781 P

\$ 21,781 Q = O + P

Corporate PILs/Income Tax Provision for Historic Year

\$ 472,663 R = N - Q

Class		Class Description	UCC Regulated Historic Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}
1	Distribution System - post 1987	\$ 9,795,470			\$ 9,795,470	\$ -	
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	\$ 1,850,744			\$ 1,850,744	\$ -	
2	Distribution System - pre 1988	\$ 4,614,152			\$ 4,614,152	\$ -	
8	General Office/Stores Equip	\$ 2,892,417	\$ 345,652		\$ 3,238,069	\$ 172,826	
10	Computer Hardware/ Vehicles	\$ 525,913	\$ 490,000	- \$	\$ 150,000	\$ 170,000	
10.1	Certain Automobiles				\$ -	\$ -	
12	Computer Software	\$ 151,516	\$ 115,000		\$ 266,516	\$ 57,500	
13 1	Lease # 1				\$ -	\$ -	
13 2	Lease #2				\$ -	\$ -	
13 3	Lease # 3				\$ -	\$ -	
13 4	Lease # 4				\$ -	\$ -	
14	Franchise				\$ -	\$ -	
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs				\$ -	\$ -	
42	Fibre Optic Cable				\$ -	\$ -	
43.1	Certain Energy-Efficient Electrical Generating Equipment				\$ -	\$ -	
43.2	Certain Clean Energy Generation Equipment				\$ -	\$ -	
45	Computers & Systems Software acq'd post Mar 22/04	\$ 1,470			\$ 1,470	\$ -	
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ 12,345,395	\$ 3,780,943		\$ 16,126,338	\$ 1,890,472	
47	Distribution System - post February 2005	\$ 36,420	\$ 22,000		\$ 58,420	\$ 11,000	
50	Data Network Infrastructure Equipment - post Mar 2007				\$ -	\$ -	
52	Computer Hardware and system software				\$ -	\$ -	
95	CWIP				\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
					\$ -	\$ -	
TOTAL		\$ 32,213,437	\$ 4,753,595	- \$	\$ 150,000	\$ 36,817,092	\$ 2,301,798

Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
\$ 9,795,470	4%	\$ 391,819	\$ 9,403,651
\$ 1,850,744	6%	\$ 111,045	\$ 1,739,699
\$ 4,614,152	6%	\$ 276,849	\$ 4,337,303
\$ 3,065,243	20%	\$ 613,049	\$ 2,625,020
\$ 695,913	30%	\$ 208,774	\$ 657,139
\$ -	30%	\$ -	\$ -
\$ 209,016	100%	\$ 209,016	\$ 57,500
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -	8%	\$ -	\$ -
\$ -	12%	\$ -	\$ -
\$ -	30%	\$ -	\$ -
\$ -	50%	\$ -	\$ -
\$ 1,470	45%	\$ 662	\$ 809
\$ -	30%	\$ -	\$ -
\$ 14,235,867	8%	\$ 1,138,869	\$ 14,987,469
\$ 47,420	55%	\$ 26,081	\$ 32,339
\$ -	100%	\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
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\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ 34,515,295		\$ 2,976,163	\$ 33,840,929



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

880,584

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 =

0

0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

880,584

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

880,584

Current Year Deduction

880,584

x 7% =

61,641

Cumulative Eligible Capital - Closing Balance

818,944



Income Tax/PILs Workform for 2013 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0	0	0			0	0	0
Tax Reserves Not Deductible for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(i)	0	0	0			0	0	0
Reserve for goods and services not delivered ss. 20(1)(m)	0	0	0			0	0	0
Reserve for unpaid amounts ss. 20(1)(n)	0	0	0			0	0	0
Debt & Share Issue Expenses ss. 20(1)(e)	0	0	0			0	0	0
Other tax reserves	0	0	0			0	0	0
	0	0	0			0	0	0
Total	0	0	0	0	0	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0	0	0			0	0	0
General reserve for bad debts	0	0	0			0	0	0
Accrued Employee Future Benefits:								
- Medical and Life Insurance	335,164	0	335,164	33,470	38,597	330,037	-5,127	0
- Short & Long-term Disability	0	0	0			0	0	0
- Accumulated Sick Leave	0	0	0			0	0	0
- Termination Cost	0	0	0			0	0	0
- Other Post-Employment Benefits	0	0	0			0	0	0
Provision for Environmental Costs	0	0	0			0	0	0
Restructuring Costs	0	0	0			0	0	0
Accrued Contingent Litigation Costs	0	0	0			0	0	0
Accrued Self-Insurance Costs	0	0	0			0	0	0
Other Contingent Liabilities	0	0	0			0	0	0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 79(4)	0	0	0			0	0	0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0	0	0			0	0	0
Other	0	0	0			0	0	0
	0	0	0			0	0	0
Total	335,164	0	335,164	33,470	38,597	330,037	-5,127	0



Income Tax/PILs Workform for 2013 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historic		0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year		0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year		0

Net Capital Loss Carry Forward Deduction		Total
Actual Historic		0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year		0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year		0



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	1,408,481

Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	2,347,616
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	10,000
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	10,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	330,037
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		2,697,653
Deductions:		
Gain on disposal of assets per financial statements	401	24,000
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	2,976,163
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	61,641
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	335,164
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		3,396,968
Net Income for Tax Purposes		709,166
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		709,166



Income Tax/PILs Worksheet for 2013 Filers

PILS Tax Provision - Bridge Year

				Wires Only	
				\$	709,166 A
Regulatory Taxable Income					
Ontario Income Taxes					
Income tax payable	Ontario Income Tax	11.50% B	\$	81,554 C = A * B	
Small business credit	Ontario Small Business Threshold Rate reduction	\$ 500,000 D			
		-7.00% E	-\$	35,000 F = D * E	
Ontario Income tax				\$	46,554 J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate	6.56% K = J / A			
	Federal tax rate	15.00% L			
	Combined tax rate				21.56% M = K + L
Total Income Taxes				\$	152,929 N = A * M
Investment Tax Credits					O
Miscellaneous Tax Credits					P
Total Tax Credits				\$	- Q = O + P
Corporate PILs/Income Tax Provision for Bridge Year				\$	152,929 R = N - Q

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.

Schedule 8 CCA - Test Year

Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}
1	Distribution System - post 1987	\$ 9,403,651			\$ 9,403,651	\$ -
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	\$ 1,739,699			\$ 1,739,699	\$ -
2	Distribution System - pre 1988	\$ 4,337,303			\$ 4,337,303	\$ -
8	General Office/Stores Equip		435,432		\$ 3,060,452	\$ 217,716
10	Computer Hardware/ Vehicles	\$ 2,625,020	400,000	-50,000	\$ 1,007,139	\$ 175,000
10.1	Certain Automobiles	\$ 657,139			\$ -	\$ -
12	Computer Software	\$ 57,500	45,000		\$ 102,500	\$ 22,500
13.1	Lease # 1	\$ -			\$ -	\$ -
13.2	Lease #2	\$ -			\$ -	\$ -
13.3	Lease # 3	\$ -			\$ -	\$ -
13.4	Lease # 4	\$ -			\$ -	\$ -
14	Franchise	\$ -			\$ -	\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	\$ -			\$ -	\$ -
42	Fibre Optic Cable	\$ -			\$ -	\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	\$ -			\$ -	\$ -
43.2	Certain Clean Energy Generation Equipment	\$ -			\$ -	\$ -
45	Computers & Systems Software acq'd post Mar 22/04	\$ 809			\$ 809	\$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	\$ -			\$ -	\$ -
47	Distribution System - post February 2005	\$ 14,987,469	4,239,386		\$ 19,226,855	\$ 2,119,693
50	Data Network Infrastructure Equipment - post Mar 2007	\$ 32,339	28,600		\$ 60,939	\$ 14,300
52	Computer Hardware and system software	\$ -			\$ -	\$ -
95	CWIP	\$ -			\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
					\$ -	\$ -
TOTAL		\$ 33,840,929	\$ 5,148,418	\$ 50,000	\$ 38,939,347	\$ 2,549,209

Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
\$ 9,403,651	4%	\$ 376,146	\$ 9,027,505
\$ 1,739,699	6%	\$ 104,382	\$ 1,635,317
\$ 4,337,303	6%	\$ 260,238	\$ 4,077,065
\$ 2,842,736	20%	\$ 568,547	\$ 2,491,905
\$ 832,139	30%	\$ 249,642	\$ 757,497
\$ -	30%	\$ -	\$ -
\$ 80,000	100%	\$ 80,000	\$ 22,500
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -	8%	\$ -	\$ -
\$ -	12%	\$ -	\$ -
\$ -	30%	\$ -	\$ -
\$ -	50%	\$ -	\$ -
\$ 809	45%	\$ 364	\$ 445
\$ -	30%	\$ -	\$ -
\$ 17,107,162	8%	\$ 1,368,573	\$ 17,858,282
\$ 46,639	55%	\$ 25,651	\$ 35,288
\$ -	100%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ 36,390,138		\$ 3,033,543	\$ 35,905,804



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

818,944

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal 818,944

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Cumulative Eligible Capital Balance

818,944

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

818,944 x 7% = 57,326

Cumulative Eligible Capital - Closing Balance

761,617



Income Tax/PILs Workform for 2013 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.401(i)	0	0	0			0	0	0
Tax Reserves Not Deductible for accounting purposes								
Reserve for doubtful accounts ss. 201(i)	0	0	0			0	0	0
Reserve for goods and services not delivered ss. 201(m)	0	0	0			0	0	0
Reserve for unpaid amounts ss. 201(n)	0	0	0			0	0	0
Debt & Share Issue Expenses ss. 201(e)	0	0	0			0	0	0
Other tax reserves	0	0	0			0	0	0
	0	0	0			0	0	0
Total	0	0	0	0	0	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0	0	0			0	0	0
General reserve for bad debts	0	0	0			0	0	0
Accrued Employee Future Benefits:	0	0	0			0	0	0
- Medical and Life Insurance	330,037	0	330,037	33,470	39,200	324,307	-6,730	0
- Short & Long-term Disability	0	0	0			0	0	0
- Accumulated Sick Leave	0	0	0			0	0	0
- Termination Cost	0	0	0			0	0	0
- Other Post-Employment Benefits	0	0	0			0	0	0
Provision for Environmental Costs	0	0	0			0	0	0
Restructuring Costs	0	0	0			0	0	0
Accrued Contingent Litigation Costs	0	0	0			0	0	0
Accrued Self-Insurance Costs	0	0	0			0	0	0
Other Contingent Liabilities	0	0	0			0	0	0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0	0	0			0	0	0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0	0	0			0	0	0
Other	0	0	0			0	0	0
	0	0	0			0	0	0
Total	330,037	0	330,037	33,470	39,200	324,307	-5,730	0



Income Tax/PILs Workform for 2013 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year		Total	Utility Balance
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year		0	0
Amount to be used in Test Year			0
Balance available for use post Test Year		0	0

Net Capital Loss Carry Forward Deduction			
Actual/Estimated Bridge Year		Total	Utility Balance
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year		0	0
Amount to be used in Test Year			0
Balance available for use post Test Year		0	0



Income Tax/PILs Workform for 2013 Filers

Taxable Income - Test Year

		Test Year Taxable Income
Net Income Before Taxes		1,492,949

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	2,715,462
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	10,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	0
Reserves from financial statements- balance at end of year	126	324,307
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		3,049,769
Deductions:		
Gain on disposal of assets per financial statements	401	8,000
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	3,033,543
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	57,326
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	330,037
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		3,428,906
NET INCOME FOR TAX PURPOSES		1,113,812
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		1,113,812



Income Tax/PILs Worksheet for 2013 Filers

PILs Tax Provision - Test Year

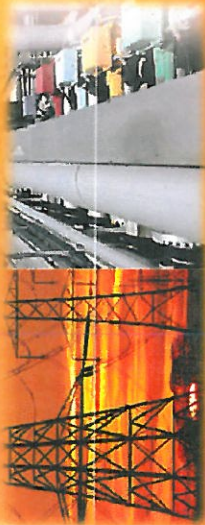
Regulatory Taxable Income					Wires Only
Ontario Income Taxes <i>Income tax payable</i>					\$ 1,113,812 A
Small business credit					
Ontario Income Tax		11.50%	B	\$	128,088 C = A * B
Ontario Small Business Threshold Rate reduction		\$ 500,000 D			
		-7.00%	E	-\$	35,000 F = D * E
Ontario Income tax					\$ 93,088 J = C + F
Combined Tax Rate and PILs					
Effective Ontario Tax Rate		8.36%			K = J / A
Federal tax rate		15.00%			L
Combined tax rate					23.36% M = K + L
Total Income Taxes					
Investment Tax Credits					\$ 260,160 N = A * M
Miscellaneous Tax Credits					O
Total Tax Credits					P
Corporate PILs/Income Tax Provision for Test Year					\$ - Q = O + P
Corporate PILs/Income Tax Provision Gross Up ¹					\$ 260,160 R = N - Q
Income Tax (grossed-up)		76.64%			\$ 79,287 T = R / S - R
					\$ 339,447 U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

v 2.0

Income Tax/PILs Worksheet for 2013 Filers



IFRS

Utility Name	Westario Power Inc.
Assigned EB Number	
Name and Title	Lisa Milne, CGA - President/CEO
Phone Number	519-507-6666 x-216
Email Address	lisa.milne@westario.com
Date	09-Oct-12
Last COS Re-based Year	2009

Note: Drop-down lists are shaded blue; Input cells are shaded green.

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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 results.



Income Tax/PILs Workform for 2013 Filers

1. Info

- A. Data Input Sheet
- B. Tax Rates & Exemptions
- C. Sch 8 Hist
- D. Schedule 10 CEC Hist
- E. Sch 13 Tax Reserves Hist
- F. Sch 7-1 Loss Cfwd Hist
- G. Adj. Taxable Income Historic
- H. PILs, Tax Provision Historic
- I. Schedule 8 CCA Bridge Year
- J. Schedule 10 CEC Bridge Year

- K. Sch 13 Tax Reserves Bridge
- L. Sch 7-1 Loss Cfwd Bridge
- M. Adj. Taxable Income Bridge
- N. PILs, Tax Provision Bridge
- O. Schedule 8 CCA Test Year
- P. Schedule 10 CEC Test Year
- Q. Sch 13 Tax Reserve Test Year
- R. Sch 7-1 Loss Cfwd
- S. Taxable Income Test Year
- T. PILs, Tax Provision

Income Tax/PILs Workform for 2013 Filers



Rate Base

\$ 41,694,295

Return on Ratebase

Deemed ShortTerm Debt %
Deemed Long Term Debt %
Deemed Equity %

4.00%
56.00%
40.00%

T \$ 1,667,772
U \$ 23,348,805
V \$ 16,677,718

$W = S * T$
 $X = S * U$
 $Y = S * V$

Short Term Interest Rate

2.08%

Z \$ 34,690

$AC = W * Z$

Long Term Interest

5.79%

AA \$ 1,351,896

$AD = X * AA$

Return on Equity (Regulatory Income)

9.12%

AB \$ 1,521,008

$AE = Y * AB$

Return on Rate Base

\$ 2,907,593

$AF = AC + AD + AE$

Questions that must be answered

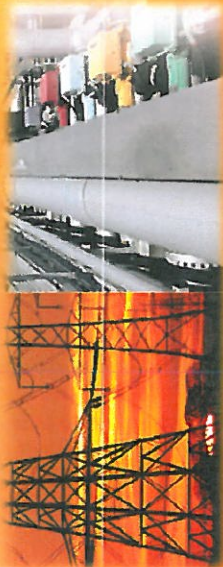
- Does the applicant have any Investment Tax Credits (ITC)?
- Does the applicant have any SRED Expenditures?
- Does the applicant have any Capital Gains or Losses for tax purposes?
- Does the applicant have any Capital Leases?
- Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?
- Since 1999, has the applicant acquired another regulated applicant's assets?
- Did the applicant pay dividends?
If Yes, please describe what was the tax treatment in the manager's summary.
- Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

Historic

Bridge

Test Year

Yes	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
Yes	Yes	Yes
No	No	No



Income Tax/PILs Workform for 2013 Filers

Tax Rates

Federal & Provincial
As of June 20, 2012

Federal income tax

General corporate rate
Federal tax abatement
Adjusted federal rate

Rate reduction

Ontario income tax

Combined federal and Ontario

Federal & Ontario Small Business

Federal small business threshold

Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective January-01-11	Effective January-01-12	Effective January-01-13	Effective January-01-14
General corporate rate	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%
Rate reduction	-11.50%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%
Ontario income tax	11.75%	11.50%	11.50%	11.50%
Combined federal and Ontario	28.25%	26.50%	26.50%	26.50%
Federal & Ontario Small Business				
Federal small business threshold	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%



Class	Class Description	UCC End of Year Historic per tax returns	Less: Non- Distribution Portion	UCC Regulated Historic Year
1	Distribution System - post 1987	9,795,470		9,795,470
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	1,850,744		1,850,744
2	Distribution System - pre 1988	4,614,152		4,614,152
8	General Office/Stores Equip	2,892,417		2,892,417
10	Computer Hardware/ Vehicles	525,913		525,913
10.1	Certain Automobiles			0
12	Computer Software	151,516		151,516
13 ₁	Lease # 1			0
13 ₂	Lease #2			0
13 ₃	Lease # 3			0
13 ₄	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable			0
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	1,470		1,470
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	12,345,395		12,345,395
50	Data Network Infrastructure Equipment - post Mar 2007	36,420		36,420
52	Computer Hardware and system software			0
95	CWIP			0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	32,213,497	0	32,213,497



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital

946,865

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

946,865

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

946,865

Current Year Deduction

946,865

x 7% =

66,281

Cumulative Eligible Capital - Closing Balance

880,584

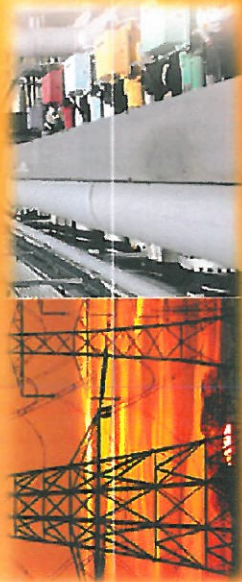


Income Tax/PILs Workform for 2013 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
Total	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance	335,164		335,164
-Short & Long-term Disability			0
-Accumulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	335,164	0	335,164



Income Tax/PILs Workform for 2013 Filers

Schedule 7-1 Loss Carry Forward - Historic

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance
Actual Historic			0

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance
Actual Historic			0



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	1,144,522		1,144,522
Additions:				
Interest and penalties on taxes	103	83		83
Amortization of tangible assets	104	2,010,837		2,010,837
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	6,110		6,110
Charitable donations	112	19,553		19,553
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116	2,392,676		2,392,676
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	4,527		4,527
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125	335,164		335,164
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Contingent Penalty Liability		160,000		160,000

				0
Apprentice Credits 2010		30,618		30,618
Amorization of LTA		36,393		36,393
SWAP Valuation 2010		1,761,722		1,761,722
				0
				0
				0
				0
				0
Total Additions		6,757,683	0	6,757,683
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	2,779,289		2,779,289
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	66,281		66,281
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413	346,753		346,753
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
Long term asset deductible for tax	393	2,438		2,438
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
Capital tax recovered in f/s		9,185		9,185
Carrying charges and other expenses deducted for tax		1,753,170		1,753,170
SWAP Valuation - prior year		1,025,090		1,025,090
				0
2012 ATTC included in income		21,781		21,781
				0
				0
Total Deductions		6,003,987	0	6,003,987
Net Income for Tax Purposes		1,898,218	0	1,898,218
Charitable donations from Schedule 2	311	19,553		19,553
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		1,878,665	0	1,878,665



Income Tax/PILs Workform for 2013 Filers

PILs Tax Provision - Historic Year

Note: Input the actual information from the tax returns for the historic year.

				Wires Only	
Regulatory Taxable Income				\$	1,878,665 A
Ontario Income Taxes Income tax payable	Ontario Income Tax	11.75% B	\$ 220,704 C = A * B		
Small business credit	Ontario Small Business Threshold Rate reduction (negative)	\$ 500,000 D -7.25% E	36,240 F = D * E		
Ontario Income tax				\$	184,465 J = C + F
Combined Tax Rate and PILs					
Effective Ontario Tax Rate				9.82% K = J / A	
Federal tax rate				16.50% L	
Combined tax rate				26.32% M = K + L	
Total Income Taxes				\$	494,444 N = A * M
Investment Tax Credits				\$	4,000 O
Miscellaneous Tax Credits				\$	17,781 P
Total Tax Credits				\$	21,781 Q = O + P
Corporate PILs/Income Tax Provision for Historic Year				\$	472,663 R = N - Q

[illegible]

Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
\$ 9,795,470	4%	\$ 391,819	\$ 9,403,651
\$ 1,850,744	6%	\$ 111,045	\$ 1,739,699
\$ 4,614,152	6%	\$ 276,849	\$ 4,337,303
\$ 3,065,243	20%	\$ 613,049	\$ 2,625,020
\$ 695,913	30%	\$ 208,774	\$ 657,139
\$ -	30%	\$ -	\$ -
\$ 209,016	100%	\$ 209,016	\$ 57,500
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -	8%	\$ -	\$ -
\$ -	12%	\$ -	\$ -
\$ -	30%	\$ -	\$ -
\$ -	50%	\$ -	\$ -
\$ 1,470	45%	\$ 662	\$ 809
\$ -	30%	\$ -	\$ -
\$ 14,235,867	8%	\$ 1,138,869	\$ 14,987,469
\$ 47,420	55%	\$ 26,081	\$ 32,339
\$ -	100%	\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
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\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ 34,515,295		\$ 2,976,163	\$ 33,840,929



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital

880,584

Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal

880,584

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

0

Subtotal

0

x 3/4 =

0

Cumulative Eligible Capital Balance

880,584

Current Year Deduction

880,584

x 7% =

61,641

Cumulative Eligible Capital - Closing Balance

818,944



Income Tax/PILs Workform for 2013 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Historic Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments		Balance for Bridge Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0				0	0
Tax Reserves Not Deductible for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(i)	0		0			0	0	0
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	0
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	0
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	0
Other tax reserves	0		0			0	0	0
	0		0			0	0	0
	0		0			0	0	0
Total	0	0	0	0	0	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	0
General reserve for bad debts	0		0			0	0	0
Accrued Employee Future Benefits:								
- Medical and Life Insurance	335,164		335,164	33,470	38,597	330,037	-5,127	0
- Short & Long-term Disability	0		0			0	0	0
- Accumulated Sick Leave	0		0			0	0	0
- Termination Cost	0		0			0	0	0
- Other Post-Employment Benefits	0		0			0	0	0
Provision for Environmental Costs	0		0			0	0	0
Restructuring Costs	0		0			0	0	0
Accrued Contingent Litigation Costs	0		0			0	0	0
Accrued Self-insurance Costs	0		0			0	0	0
Other Contingent Liabilities	0		0			0	0	0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	0
Other	0		0			0	0	0
	0		0			0	0	0
Total	335,164	0	335,164	33,470	38,597	330,037	-5,127	0



Income Tax/PILs Workform for 2013 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historic		0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year		0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year		0

Net Capital Loss Carry Forward Deduction		Total
Actual Historic		0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year		0
Amount to be used in Bridge Year		
Balance available for use post Bridge Year		0



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	1,548,246

Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	1,274,436
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	10,000
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	10,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	330,037
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		1,624,473
Deductions:		
Gain on disposal of assets per financial statements	401	24,000
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	2,976,163
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	61,641
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	335,164
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		



Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		3,396,968
Net Income for Tax Purposes		-224,249
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113. from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		-224,249



Income Tax/PILs Workform for 2013 Filers

PILS Tax Provision - Bridge Year

		Wires Only	
		-\$	224,249 A
Regulatory Taxable Income			
Ontario Income Taxes			
<i>Income tax payable</i>	4.50%	B	- C = A * B
<i>Small business credit</i>	\$	D	
	-7.00%	E	- F = D * E
Ontario Income tax			\$ - J = C + F
Combined Tax Rate and PILs			
	Effective Ontario Tax Rate		K = J / A
	Federal tax rate		L
	Combined tax rate		0.00% 0.00% M = K + L
Total Income Taxes			
Investment Tax Credits			\$ - N = A * M
Miscellaneous Tax Credits			O
Total Tax Credits			P
			\$ - Q = O + P
Corporate PILs/Income Tax Provision for Bridge Year			\$ - R = N - Q

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.

Schedule 8 CCA - Test Year

[illegible]

Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
\$ 9,403,651	4%	\$ 376,146	\$ 9,027,505
\$ 1,739,699	6%	\$ 104,382	\$ 1,635,317
\$ 4,337,303	6%	\$ 260,238	\$ 4,077,065
\$ 2,768,946	20%	\$ 553,789	\$ 2,359,082
\$ 832,139	30%	\$ 249,642	\$ 757,497
\$ -	30%	\$ -	\$ -
\$ 80,000	100%	\$ 80,000	\$ 22,500
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -		\$ -	\$ -
\$ -	8%	\$ -	\$ -
\$ -	12%	\$ -	\$ -
\$ -	30%	\$ -	\$ -
\$ -	50%	\$ -	\$ -
\$ 809	45%	\$ 364	\$ 445
\$ -	30%	\$ -	\$ -
\$ 16,744,737	8%	\$ 1,339,579	\$ 17,162,427
\$ 32,339	55%	\$ 17,786	\$ 14,553
\$ -	100%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ -	0%	\$ -	\$ -
\$ 35,339,623		\$ 2,981,926	\$ 35,056,391



Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

818,944

Additions

Cost of Eligible Capital Property Acquired during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

0

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

0

Subtotal 818,944

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

0

Other Adjustments

0

Subtotal 0 x 3/4 = 0

Cumulative Eligible Capital Balance

818,944

Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")

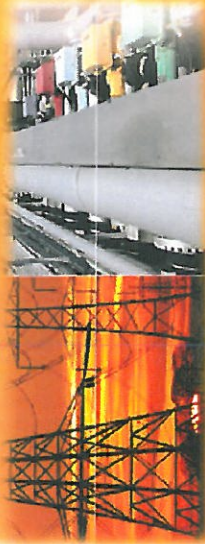
818,944 x 7% = 57,326

Cumulative Eligible Capital - Closing Balance

761,617

Continuity of Reserves

	Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments		Balance for Test Year	Change During the Year	Disallowed Expenses
					Additions	Disposals			
	Capital Gains Reserves ss.40(1)			0				0	0
	Tax Reserves Not Deducted for accounting purposes								
	Reserve for doubtful accounts ss. 20(1)(l)			0				0	0
	Reserve for goods and services not delivered ss. 20(1)(m)			0				0	0
	Reserve for unpaid amounts ss. 20(1)(n)			0				0	0
	Debt & Share Issue Expenses ss. 20(1)(e)			0				0	0
	Other tax reserves			0				0	0
				0				0	0
				0				0	0
				0				0	0
	Total		0	0	0	0	0	0	0
	Financial Statement Reserves (not deductible for Tax Purposes)								
	General Reserve for Inventory Obsolescence (non-specific)			0				0	0
	General reserve for bad debts			0				0	0
	Accrued Employee Future Benefits:			0				0	0
	- Medical and Life Insurance	330,037		330,037			324,307		
	- Short & Long-term Disability				33,470	39,200		-5,730	
	- Accumulated Sick Leave			0			0	0	0
	- Termination Cost			0			0	0	0
	- Other Post-Employment Benefits			0			0	0	0
	Provision for Environmental Costs			0			0	0	0
	Restructuring Costs			0			0	0	0
	Accrued Contingent Litigation Costs			0			0	0	0
	Accrued Self-Insurance Costs			0			0	0	0
	Other Contingent Liabilities			0			0	0	0
	Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0			0	0	0
	Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0			0	0	0
	Other			0			0	0	0
				0			0	0	0
	Total	330,037	0	330,037	33,470	39,200	324,307	-5,730	0



Income Tax/PILs Workform for 2013 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year			0
Application of Loss Carry Forward to reduce taxable income in 2005			0
Other Adjustments Add (+) Deduct (-)			0
Balance available for use in Test Year	0	0	0
Amount to be used in Test Year			0
Balance available for use post Test Year	0	0	0



Income Tax/PILs Workform for 2013 Filers

Taxable Income - Test Year

		Test Year Taxable Income
Net Income Before Taxes		1,521,008

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P489</i>	104	1,495,814
Amortization of intangible assets <i>2-4 ADJUSTED ACCOUNTING DATA P490</i>	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	10,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	0
Reserves from financial statements- balance at end of year	126	324,307
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
<i>Other Additions: (please explain in detail the nature of the item)</i>		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		1,830,121
Deductions:		
Gain on disposal of assets per financial statements	401	8,000
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	2,981,926
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	57,326
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	330,037
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
<i>Other deductions: (Please explain in detail the nature of the item)</i>		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		3,377,289
NET INCOME FOR TAX PURPOSES		-26,161
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		-26,161



Income Tax/PILs Worksheet for 2013 Filers

PILs Tax Provision - Test Year

		Wires Only	
		-\$	26,161 A
Regulatory Taxable Income			
Ontario Income Taxes	Ontario Income Tax	4.50%	B \$ - C = A * B
Income tax payable	Ontario Small Business Threshold	\$	- D
Small business credit	Rate reduction	-7.00%	E \$ - F = D * E
Ontario Income tax		\$	- J = C + F
Combined Tax Rate and PILs	Effective Ontario Tax Rate	0.00%	K = J / A
	Federal tax rate	0.00%	L
	Combined tax rate		0.00% M = K + L
Total Income Taxes		\$	- N = A * M
Investment Tax Credits			O
Miscellaneous Tax Credits			P
Total Tax Credits		\$	- Q = O + P
Corporate PILs/Income Tax Provision for Test Year		\$	- R = N - Q
Corporate PILs/Income Tax Provision Gross Up ¹		\$	- S = 1 - M T = R / S - R
Income Tax (grossed-up)		\$	- U = R + T

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

Exhibit 10: Deferral And Variance Accounts

Tab 7 (of 8): MIFRS Revenue Requirement

MIFRS REVENUE REQUIREMENT COMPARISON

The revenue requirement is presented in Table 1 below in both CGAAP and MIFRS. The figures are presented based on 2013 normalized information. These variances are a result of fewer burdens capitalized which increases the OM&A expenses but the offset is the longer useful life under MIFRS which decreases amortization expense. For greater detail as to the calculations comprising the revenue requirement, please refer to the OEB Revenue Requirement Work Forms found at Tab 8 to this Exhibit.

Table 1: Revenue Requirement – 2013 Test Year

	CGAAP	MIFRS	Variance
OM&A Expenses	5,224,500	6,325,500	1,101,000
Amortization Expense	2,715,462	1,379,137 -	1,336,325
Total Distribution Expenses	7,939,962	7,704,637 -	235,325
Regulated Return On Capital	2,853,956	2,875,064	21,108
PILs (with gross-up)	339,447	- -	339,447
Service Revenue Requirement	11,133,365	10,579,701 -	553,664
Less: Revenue Offsets	653,041	653,041	-
Base Revenue Requirement	10,480,325	9,926,660 -	553,664

Exhibit 10: Transitions To Mifrs

Tab 8 (of 8): Revenue Requirement Work Form

1

REVENUE REQUIREMENT WORK FORM

2

The following attachments are the MIFRS Revenue Requirement Work Form

3

(Attachment 1) and CGAAP Revenue Requirement Work Form (Attachment 2).



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% (9)	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.
- (4) Average of Gross Fixed Assets at beginning and end of the Test Year
- (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
- (6) 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.
- (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
- (8) 4.0% unless an Applicant has proposed or been approved for another amount.
- (9) 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.
- (10) 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.
- (11) 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.



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>
		(%)	(\$)	(%)	(\$)
	<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>
Per Board Decision					
		(%)	(\$)	(%)	(\$)
	<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
1	Revenue Deficiency from Below		\$977,793		(\$1,792,619)
2	Distribution Revenue	\$8,939,434	\$8,948,867	\$8,939,434	\$11,719,279
3	Other Operating Revenue	\$653,041	\$653,041	\$ -	\$ -
	Offsets - net				
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
6	Deemed Interest Expense	\$1,386,585	\$1,386,585	\$ -	\$ -
7		(\$32,530) (2)	(\$32,530)	\$ - (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
9	Utility Income Before Income Taxes	\$533,783	\$1,521,009	\$1,234,797	\$2,222,023
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
12	Income Tax Rate	26.50%	26.50%	26.50%	26.50%
13	Income Tax on Taxable Income	(\$268,547)	(\$6,932)	(\$82,778)	\$178,837
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$802,330	\$1,521,009	\$1,317,575	(\$7,704,637)
16	Utility Rate Base	\$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%
19	Target Return - Equity on Rate Base	9.12%	9.12%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-4.31%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	5.25%	6.97%	3.16%	0.00%
22	Requested Rate of Return on Rate Base	6.97%	6.97%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-1.72%	0.00%	3.16%	0.00%
24	Target Return on Equity	\$1,521,008	\$1,521,008	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$718,678	\$1	(\$1,317,575)	\$ -
26	Gross Revenue	\$977,793 (1)		(\$1,792,619) (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



Revenue Requirement Workform



Version 3.00

CGAAP

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

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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)	\$55,195,061		\$ 55,195,061	\$55,195,061
Accumulated Depreciation (average)	(\$20,870,371)	(5)	(\$20,870,371)	(\$20,870,371)
Allowance for Working Capital:				
Controllable Expenses	\$5,224,500		\$ 5,224,500	\$5,224,500
Cost of Power	\$45,548,250		\$ 45,548,250	\$45,548,250
Working Capital Rate (%)	13.00%	(9)	13.00% (9)	13.00% (9)
2	Utility Income			
Operating Revenues:				
Distribution Revenue at Current Rates	\$8,939,434			
Distribution Revenue at Proposed Rates	\$10,480,325			
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	\$5,191,500		\$ 5,191,500	\$5,191,500
Depreciation/Amortization	\$2,715,462	(10)	\$ 2,715,462	\$2,715,462
Property taxes	\$33,000		\$ 33,000	\$33,000
Other expenses				
3	Taxes/PILs			
Taxable Income:				
Adjustments required to arrive at taxable income	(\$379,137)	(3)		
Utility Income Taxes and Rates:				
Income taxes (not grossed up)	\$260,160			
Income taxes (grossed up)	\$339,447			
Federal tax (%)	15.00%			
Provincial tax (%)	6.36%			
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 (\$)	\$ -	(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 (%)
 - (2) 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
 - (3) Net of addbacks and deductions to arrive at taxable income.
 - (4) Average of Gross Fixed Assets at beginning and end of the Test Year
 - (5) Average of Accumulated Depreciation at the beginning and end of the Test Year. Enter as a negative amount.
 - (6) 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.
 - (7) Input total revenue offsets for deriving the base revenue requirement from the service revenue requirement
 - (8) 4.0% unless an Applicant has proposed or been approved for another amount.
 - (9) 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.
 - (10) 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.
 - (11) 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.



Revenue Requirement Workform

Rate Base and Working Capital

Line No.	Particulars	Initial Application		Per Board Decision
1	Gross Fixed Assets (average)	(3)	\$ -	\$ -
2	Accumulated Depreciation (average)	(3)	\$ -	\$55,195,061
3	Net Fixed Assets (average)	(3)	\$ -	(\$20,870,371)
				\$34,324,690
4	Allowance for Working Capital	(1)	\$ -	\$ -
				\$6,600,458
5	Total Rate Base		\$ -	\$ -
				\$40,925,148

Allowance for Working Capital - Derivation

(1)

6	Controllable Expenses	\$5,224,500	\$ -	\$ -	\$5,224,500
7	Cost of Power	\$45,548,250	\$ -	\$ -	\$45,548,250
8	Working Capital Base	\$50,772,750	\$ -	\$ -	\$50,772,750
9	Working Capital Rate %	(2)	0.00%	13.00%	13.00%
10	Working Capital Allowance		\$ -	\$ -	\$ -
					\$6,600,458

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)	\$10,480,325		\$ -	\$ -
2	Other Revenue	(1) \$653,041	(\$10,480,325)	\$ -	\$ -
3	Total Operating Revenues	\$11,133,366	(\$653,041)	\$ -	\$ -
Operating Expenses:					
4	OM+A Expenses	\$5,191,500	\$ -	\$5,191,500	\$5,191,500
5	Depreciation/Amortization	\$2,715,462	\$ -	\$2,715,462	\$2,715,462
6	Property taxes	\$33,000	\$ -	\$33,000	\$33,000
7	Capital taxes	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$7,939,962	\$ -	\$7,939,962	\$7,939,962
10	Deemed Interest Expense	\$1,361,007	(\$1,361,007)	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$9,300,969	(\$1,361,007)	\$ -	\$7,939,962
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	\$ -	\$ -	\$ -	\$ -
13	Utility income before income taxes	\$1,832,397	(\$9,772,359)	(\$7,939,962)	(\$7,939,962)
14	Income taxes (grossed-up)	\$339,447	\$ -	\$339,447	\$339,447
15	Utility net income	\$1,492,951	(\$9,772,359)	(\$8,279,409)	(\$8,279,409)
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	\$1,492,949	\$ -	\$ -
2	Adjustments required to arrive at taxable utility income	(\$379,137)	\$ -	(\$379,137)
3	Taxable income	<u>\$1,113,812</u>	<u>\$ -</u>	<u>(\$379,137)</u>
<u>Calculation of Utility income Taxes</u>				
4	Income taxes	<u>\$260,160</u>	<u>\$260,160</u>	<u>\$260,160</u>
6	Total taxes	<u>\$260,160</u>	<u>\$260,160</u>	<u>\$260,160</u>
7	Gross-up of Income Taxes	<u>\$79,287</u>	<u>\$79,287</u>	<u>\$79,287</u>
8	Grossed-up Income Taxes	<u>\$339,447</u>	<u>\$339,447</u>	<u>\$339,447</u>
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$339,447</u>	<u>\$339,447</u>	<u>\$339,447</u>
10	Other tax Credits	\$ -	\$ -	\$ -
<u>Tax Rates</u>				
11	Federal tax (%)	15.00%	15.00%	15.00%
12	Provincial tax (%)	8.36%	8.36%	8.36%
13	Total tax rate (%)	<u>23.36%</u>	<u>23.36%</u>	<u>23.36%</u>

Notes



Revenue Requirement Workform

Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate	Return
		Initial Application			
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	56.00%	\$22,918,083	5.79%	\$1,326,957
2	Short-term Debt	4.00%	\$1,637,006	2.08%	\$34,050
3	Total Debt	60.00%	\$24,555,089	5.54%	\$1,361,007
	Equity				
4	Common Equity	40.00%	\$16,370,059	9.12%	\$1,492,949
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	40.00%	\$16,370,059	9.12%	\$1,492,949
7	Total	100.00%	\$40,925,148	6.97%	\$2,853,956
		(%)	(\$)	(%)	(\$)
	Debt				
1	Long-term Debt	0.00%	\$ -	0.00%	\$ -
2	Short-term Debt	0.00%	\$ -	0.00%	\$ -
3	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
4	Common Equity	0.00%	\$ -	0.00%	\$ -
5	Preferred Shares	0.00%	\$ -	0.00%	\$ -
6	Total Equity	0.00%	\$ -	0.00%	\$ -
7	Total	0.00%	\$40,925,148	0.00%	\$ -
		(%)	(\$)	(%)	(\$)
	Debt				
8	Long-term Debt	0.00%	\$ -	5.79%	\$ -
9	Short-term Debt	0.00%	\$ -	2.08%	\$ -
10	Total Debt	0.00%	\$ -	0.00%	\$ -
	Equity				
11	Common Equity	0.00%	\$ -	9.12%	\$ -
12	Preferred Shares	0.00%	\$ -	0.00%	\$ -
13	Total Equity	0.00%	\$ -	0.00%	\$ -
14	Total	0.00%	\$40,925,148	0.00%	\$ -

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
1	Revenue Deficiency from Below		\$1,540,890		(\$1,115,018)
2	Distribution Revenue	\$8,939,434	\$8,939,435	\$8,939,434	\$11,595,343
3	Other Operating Revenue	\$653,041	\$653,041	\$ -	\$ -
	Offsets - net				
4	Total Revenue	\$9,592,475	\$11,133,366	\$8,939,434	\$10,480,325
5	Operating Expenses	\$7,939,962	\$7,939,962	\$7,939,962	\$7,939,962
6	Deemed Interest Expense	\$1,361,007	\$1,361,007	\$ -	\$ -
7		\$ - (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	\$9,300,969	\$9,300,969	\$7,939,962	\$7,939,962
9	Utility Income Before Income Taxes	\$291,506	\$1,832,397	\$999,472	\$2,540,363
10	Tax Adjustments to Accounting Income per 2013 PILs model	(\$379,137)	(\$379,137)	(\$379,137)	(\$379,137)
11	Taxable Income	(\$87,631)	\$1,453,260	\$620,335	\$2,161,226
12	Income Tax Rate	23.36%	23.36%	23.36%	23.36%
13	Income Tax on Taxable Income	(\$20,468)	\$339,447	\$144,895	\$504,811
14	Income Tax Credits	\$ -	\$ -	\$ -	\$ -
15	Utility Net Income	\$311,975	\$1,492,951	\$854,577	(\$8,279,409)
16	Utility Rate Base	\$40,925,148	\$40,925,148	\$40,925,148	\$40,925,148
17	Deemed Equity Portion of Rate Base	\$16,370,059	\$16,370,059	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	1.91%	9.12%	0.00%	0.00%
19	Target Return - Equity on Rate Base	9.12%	9.12%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-7.21%	0.00%	0.00%	0.00%
21	Indicated Rate of Return	4.09%	6.97%	2.09%	0.00%
22	Requested Rate of Return on Rate Base	6.97%	6.97%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-2.89%	0.00%	2.09%	0.00%
24	Target Return on Equity	\$1,492,949	\$1,492,949	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$1,180,975	\$1	(\$854,577)	\$ -
26	Gross Revenue	\$1,540,890 (1)		(\$1,115,018) (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	\$5,191,500	\$5,191,500	\$5,191,500
2	Amortization/Depreciation	\$2,715,462	\$2,715,462	\$2,715,462
3	Property Taxes	\$33,000	\$33,000	\$33,000
5	Income Taxes (Grossed up)	\$339,447	\$339,447	\$339,447
6	Other Expenses	\$ -		
7	Return			
	Deemed Interest Expense	\$1,361,007	\$ -	\$ -
	Return on Deemed Equity	\$1,492,949	\$ -	\$ -
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	\$ -	\$ -	\$ -
8	Service Revenue Requirement (before Revenues)	<u>\$11,133,365</u>	<u>\$8,279,409</u>	<u>\$8,279,409</u>
9	Revenue Offsets	\$653,041	\$ -	\$ -
10	Base Revenue Requirement (excluding Transformer Ownership Allowance credit adjustment)	<u>\$10,480,324</u>	<u>\$8,279,409</u>	<u>\$8,279,409</u>
11	Distribution revenue	\$10,480,325	\$ -	\$ -
12	Other revenue	\$653,041	\$ -	\$ -
13	Total revenue	<u>\$11,133,366</u>	<u>\$ -</u>	<u>\$ -</u>
14	Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)	<u>\$1</u>	<u>(1) (\$8,279,409)</u>	<u>(1) (\$8,279,409) (1)</u>

Notes

(1) Line 11 - Line 8