Exhibit 4:

OPERATING COSTS

Exhibit 4: Operating Costs

Tab 1 (of 9): Manager's Summary

OVERALL COST TRENDS

This Application reflects an increase of $3,927,799 over 2009 actual spending levels. With changes in Greater Sudbury's capitalization policy, provisions for an accident in 2009, the introduction of new Operations costs to manage the Smart Meter System and wild fluctuations in future pension benefit liabilities it is important to understand the normalized OM&A numbers in the context of the overall Application and revenue requirement being sought. The table found at Exhibit 4, Tab 1, Schedule 1, Attachment 1 normalizes OM&A spending over the past IRM period as indicated below.

Once normalized Greater Sudbury's OM&A trends show a smooth gradual curve over the IRM period with the sharpest increase occurring between 2012 and 2013 (see Exhibit 4, Tab 1 Schedule 1, Attachment 1).

The 2012 increase was primarily as a result of an increase in maintenance spending by Greater Sudbury in an effort to begin to reverse the growing mountain of distribution plant corrective actions that were not being attended to. It is important to note that the maintenance increase in cost is the only additional resource being brought to bear on the health of the distribution asset. 2012 also saw a substantial increase in OMERS rates.

The 2013 increase is primarily the result of an under-budget in 2012 for bad debts, an increase in OMERS costs, an increase in FTE’s and the implementation of Business Process Improvement and System Integration project.

In the context of the entire application the OM&A increases are more than absorbed by the decrease in amortization expense (see Appendix 2CG).

The following paragraphs are explain the OM&A normalization that is provided in Table 1 below. The intent of the normalization is to isolate the increase in items that are within management's control and to eliminate non-cash provisions and obligations that either have no impact on rates or would not be affected by any management action.

1. Provision for Accident 2009

In 2009 Greater Sudbury experienced a serious accident when one of its Power Line Technicians was involved in a serious flash causing significant injury. This was the second serious injury in 2009, in a previous incident a Crew Leader had broken a bone. Upon review of recent accidents of a similar nature it was deemed prudent to show a provision on the statements in 2009 of $300,000 in anticipation of a fine charges and the associated legal expenses that would flow from any charge. No charge was forthcoming and the provision was reversed in 2010.

2. Capitalization Policy

As noted in Exhibit 2, Tab 2, Schedule 1, Greater Sudbury amended its capitalization policy to better reflect those changes that would be required if the company had adopted IFRS. Previously expenses such as supervision and cost accounting were charged against most projects. Under IFRS this practice will not be allowed. As a result

3. Maintenance

Greater Sudbury has increased it maintenance spending in response to observations made by the Electrical Safety Authority in their annual audit in 2010. The Audit Report included an observation that Greater Sudbury had not acted in a reasonable period of time to remediate the corrective actions found during field inspections. Prior to this specific maintenance program repairs were being performed by Greater Sudbury's crews on an as available basis. This approach was not focusing enough time and attention on the maintenance matters to maintain the list at an even size let alone work the list down. As a result the number of maintenance items had continued to grow prior to 2012.

After two complete inspection repair cycles (3 year cycles) Greater Sudbury believes that much of the backlog will be caught up to and the amount of resources required for maintenance will be reduced.

4. Smart Meter Operations

Prior to the Test Year Greater Sudbury did not budget for the management of the Smart Meter system or MDMR interface directly in its OM&A budget. The 2013 OM&A budget includes an additional approximately $700,000 in costs related to Smart Meters and MDM/R interface costs, some of which had previously accrued to the smart meter deferral account. This application includes the introduction of a new position within the organization. This new position is responsible for ensuring that the smart meter systems remain in synchronization with the MDM/R and CIS systems.

A more fulsome discussion of Greater Sudbury's smart meter disposition and costs can be found at Exhibit 9, Tab 4.

5. Loss of Water Billing Contract.

Greater Sudbury has been advised that with a move to monthly billing and the results of the BDR study the City of Greater Sudbury views the costs for maintaining the single bill as too high and is investigating either self-supplying the billing service or purchasing the service from a third-party. Given this information Greater Sudbury has prepared it 2013 budget anticipating a loss of this revenue stream. The net result of the withdrawal of the water/wastewater charges from the bill is a $700,000 increase in costs to Greater Sudbury as the electric charge is the only component of the bill remaining. This will remove the economy of scale currently enjoyed causing a greater labour expense to be absorbed by the wires company as it will be the only billing client remaining. It should be noted that an increase in FTE's attributable to all remaining affiliates for shared corporate services will also affect wires with the loss of water billing. The effect of a loss of water billing is described in greater detail in the BDR Report found at Exhibit 1, Tab 1, Schedule 8, Attachment 1.

Initially Greater Sudbury had anticipated that if the contract for water billing were withdrawn by the City that a staff reduction of two persons in Customer Service would be possible. However, a staff reduction is not feasible in light of the shift to monthly billing which will double the number of bills going to customers which in turn will increase the volume of activity managing accounts.

The allocation of shared corporate services staff that previously were allocated to water are now allocated to Greater Sudbury and its affiliates in accordance with the methodology in the BDR Report. This results in a higher number of FTE's being carried by the ratepayer.

6. Scope Efficiencies

Greater Sudbury benefits from efficiencies as a result of sharing corporate services with its affiliates. The application of the transfer pricing methodology found in the BDR report and Corporate Services Agreement (Exhibit 1, Tab 2, Schedule 8, Attachment 1). resulted in a further shifting of Corporate Services costs to the affiliates resulting in a cost reduction to rate payers of approximately $1,600,000 of which $675,000 is from the billing of water and wastewater charges for the City.

The OM&A expense tables, Exhibit 4, Tab 2, Schedule 1, Attachments 1-5, describe the OM&A trends, Cost Drivers, Regulatory and costs per customer and full time equivalent employee in more particular detail.

The remainder of the Exhibit deals in detail with OM&A Variances, Staffing Issues, Shared Services, Non-affiliate purchases, taxes, depreciation and Green Energy Act Plans and Conservation and Dem and Management Costs

Conclusions

OM&A spending proposed for 2013 is set at $15,564,617. This number is a very significant increase over the 2009 approved OM&A of $11,636,818. In and of itself this increase would appear to be excessive, however consideration must be given to the three issues affecting OM&A explained above, namely; loss of the water billing contract, the implementation of smart meters, the Meter Data Management Repository and Time of Use Billing and finally, a change in capitalization policy that shifted previously capitalized overheads to OM&A.

While the issue of transfer pricing between affiliates currently continues to benefit ratepayers, and while management continues to foster the relationship between Greater Sudbury Hydro Plus and its non-regulated affiliates to further benefit Greater Sudbury's ratepayers, a cautionary note is warranted. Should costs to those non-regulated affiliates increase at rate in excess of the rates determined by the methodology in the BDR report, those affiliates will be forced like, the City of Greater Sudbury and Parry Sound in EB-2010-0140, to seek alternate arrangements for corporate services, or self supply, to ensure their survival. In the event that Greater Sudbury's affiliates should discontinue purchasing services from the Greater Sudbury Hydro Plus Inc. Greater Sudbury would find itself as a standalone organization. The effect in the Parry Sound case can be found at page 17 of that decision. The Board in that case having reduced allowable OM&A significantly recognized that the outcome was still a 30.6% increase in costs to ratepayers. In the case of Greater Sudbury the impact is calculated at $1,884,602. The detailed calculation is contained in the stand alone component of the BDR report.

We note finally that, Greater Sudbury's normalized OM&A had increased at a slower pace than inflation (CPI 119.51%-114.09%=5.42% vs. 4.1%) over the period from 2009 to 2011 Barring the requirement to increase maintenance spending over the next two inspection cycles Greater Sudbury would in all likelihood continued its pace to keep OM&A costs below inflation.

Normalized OM&A Expenses 2009-2013

	Last Rebasing Year (2009 Board Approved)	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Total OM&A	$ 11,674,545	$ 11,636,818	$ 8,139,881	$ 13,117,277	$ 12,323,003	$ 15,564,617
Adjustments for non-recoverable items						
5681-Special Purpose Charge Expense		$ -	$ 232,810	$ 138,036	$ -	$ -
6205-Donations	$ 5,000	$ 202,000	$ -	$ -	$ -	$ -
Total Recoverable OM&A prior to Normalization	**$ 11,669,545**	**$ 11,434,818**	**$ 7,907,071**	**$ 12,979,241**	**$ 12,323,003**	**$ 15,564,617**
Normalization of OM&A expenses						
Change in Burden Calculation						$ (983,813)
Additional Costs to Affiliates					$ 399,000	$ 436,588
Monthly Electric Billing (No Water)						$ (1,228,661)
Smart Meter Expenses						$ (451,326)
Gains/Losses on Future Pension Benefit			$ 2,780,264	$ (1,280,544)		
Accident Accrual		$ (300,000)	$ 300,000			
Normalized OM&A Expenses	**$ 11,669,545**	**$ 11,134,818**	**$ 10,987,335**	**$ 11,698,697**	**$ 12,722,003**	**$ 13,337,405**
% Change over 2009 Actual			-1.32%	5.06%	14.25%	19.78%
% Change over Previous Year			-1.32%	6.47%	8.75%	4.84%
$ Change over 2009 Actuals			$ (147,483)	$ 563,879	$ 1,587,185	$ 2,202,587

GREATER SUDBURY HYDRO INC.

Business Process Improvement and System Integration Project

Continuing Continuous Improvement

10/1/2012

This report proposes a comprehensive project to document, optimize and then integrate Greater Sudbury's critical business systems and processes.

Table of Contents

GSHI - Business Process Improvement and Systems Integration Project

Executive Summary

Greater Sudbury Hydro Inc. (GSHI) is a Local Distribution Company operating in parts of the City of Greater Sudbury and the Municipality of West Nipissing. GSHI operates its business using a Continuous Improvement Program that has been accredited by SAI Global as complying with the requirements of the ISO 9001:2008 and OHSAS 18001:2007 standards. GSHI employs a large number of systems and processes to deliver the services its customers expect. To date many if not all of those systems and processes have been able to provide an adequate level of service without too much consideration of how they interrelate. Increasing workloads, pressure to perform more with less and an increasingly dynamic industry environment have constrained the organization's resources to near the breaking point. New public policy requirements have led to new systems and processes layered on top the existing. While planning has been done, that planning has not always considered the whole organization to ensure that the processes employed on these systems are optimized for all of potential uses in the Corporation.

GSHI is looking to improve its business systems and processes (the "Business Process Improvement and System Integration Project" or the "BPI/SI Project" or "Project") to ensure that the operation is conducted in a manner that provides the greatest value to its Customers and Shareholder. This process review will in part relieve the building pressure on staff by ensuring that processes are designed and systems are implemented in a way that considers the interdependence of the various processes and systems and eliminates any redundant work that may currently exist. By considering this interdependency up front duplicative effort will be eliminated and errors from transposition or data entry will be stopped, ultimately resulting in greater control over revenue requirements through increased efficiency, improved availability of critical business information for decision making, less financial risk, greater customer satisfaction and streamlined internal regulatory processes. The information documented through this project will guide Greater Sudbury's Leaders in critical staffing and work organization decisions and provide a greater level of transparency for all stakeholders to review and gain confidence in Greater Sudbury's resource utilization.

In order to ensure GSHI can provide increasing value to its Customers and Shareholder, the organization must effectively employ the proper skilled people, technologies and tools to be able to react quickly to future unpredictable requirements set down by the industry, Government and Regulators. Successful technology deployments will accelerate Greater Sudbury's ability to deliver services at decreased cost. A significant risk in any technology deployment arises when the business processes that are intended to be supported through the use of technology are not thoughtfully designed and optimized. Many technology deployments fail to reach their potential or are abandoned completely wasting all of the resources that are expended on them. This project is underpinned by the belief that effective technology deployments focus first on effective, efficient and complete business process design and implementation.

Finally this project will maintain alignment with Greater Sudbury's strategic direction by balancing the three primary objectives of reliability, customer service and cost of service, as outlined in our Management Policy Statement (see Appendix B).

Purpose and Scope

GSHI is undertaking a review of its business processes, data stores and enterprise applications. The BPI/SI Project is focused on three primary objectives; documenting Greater Sudbury's business processes, optimizing processes to increase organizational effectiveness and manage and matching business process and work flows to the appropriate technology. Through the Project GSHI will enhance performance in these areas; 1. Financial; 2. regulatory; 3. employee work/life balance and 4. customer satisfaction. Additional benefits to employee safety and system reliability will also be considered in the scope of the project wherever appropriate.

To achieve these objectives the Project will take a systematic approach to process improvement as follows;

- Review of significant business processes currently in place. This review will include the following;
- Business Process Modelling (BPM) - Documenting the current process (with both a high-level flowchart and companion narrative) as it is today including any interfaces/interdependencies to/with other processes.
- Determining the associated risks and the controls in place to mitigate the identified risks.
    - Identifying risk areas that require controls and design an appropriate mitigation process.
- Consider optimization of the current process.
- Highlighting data sources and data stores including the automation of data acquisition where appropriate
- Define interfaces to other interdependent processes including all data required.
    - At this stage consideration will be given to the effect of every process on regulatory reporting or ratemaking. The interface to the regulatory process will be established in as automated a fashion as possible to increase the organization's efficiency in meeting its regulatory obligations.
- Ensuring complete and accurate collection of all information required by the corporation for use in all of its business processes.
- Designing processes that reduce and/or eliminate the amount of human intervention in the collection and entry of data and include controls that mitigate the identified risks
- Developing key reporting into a customizable "dashboard" that individual managers will use to ensure that the organization is operating in accordance with set policy and the current budget plan.
- Develop a maintenance program that will ensure that new, or altered, significant business processes will be properly documented and that all processes will be continuously improved through measurement and corrective action or periodic review.
- Provide the basis for training and orienting staff into new positions.
- Inform decision making, by the Board of Directors and Senior Leadership, related to key personnel and resource deployment.

The initial review will focus primarily on examining Greater Sudbury's business processes and applications, primarily Enterprise Resource Planning software (Sunguard). This will require consideration of some processes that, on first blush, may be viewed as more operational in nature (i.e. capturing field data describing assets). The process and application must be considered together to ensure that the areas where the various software systems' functionality will not support the current process, the new and optimized process will consider the intended functionality of the software and the appropriate modifications made to the process and control if necessary.

Once business systems are developed to the point where key financial information for planning and management are available to operate the business, a more fulsome review of operational matters will be undertaken to drive further efficiencies and/or increase communications and service levels to ratepayers. These new processes may include the wider deployment of technology for field work, the use of meter data for system planning and outage management/outage notification.

Finally, it is critical that GSHI undertake this project in a priority fashion as the organization faces the potential retirement of two key members of the executive in the next IRM period. Collectively these Vice-Presidents represent nearly 7 decades of industry experience and knowledge. Effective transfer of that knowledge is critical to the ongoing operation and improvement of GSHI

Integration with ISO 9001 and OHSAS 18001 requirements.

Greater Sudbury's management system is made up of two core components that have been certified (and recertified) by SAI Global Inc. as meeting the requirements of ISO 9001 and OHSAS 18001. The ISO 9001 standard focuses on meeting customer expectations, the OHSAS 18001 focuses on achieving superior performance and continuous improvement with respect to Occupational Health and Safety. Both system components are built on the PDCA cycle; plan, do, check and act. The implementation of the system has created the mechanics for a continuous improvement system that will allow GSHI to ensure successful outcomes from the BPI/SI Project.

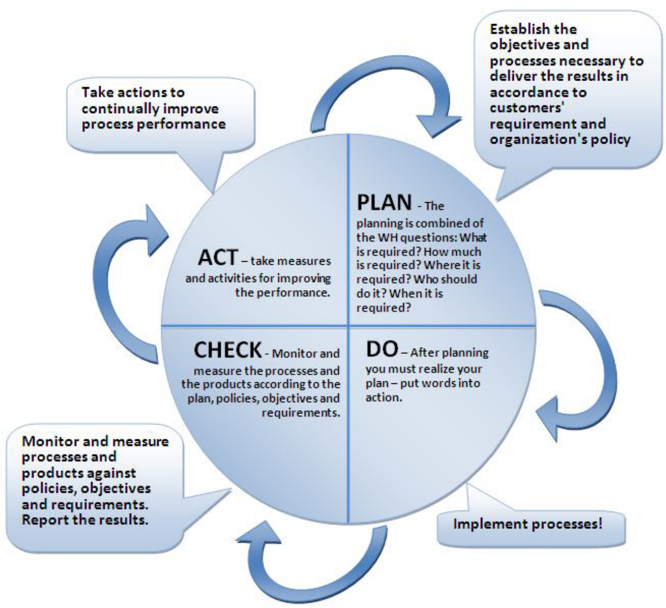

Figure 1 the PDCA Cycle

The initial Management System implementation considered only a very few processes. This was intentional to allow the organization the opportunity to learn the habits required for continual improvement without the administrative cost of a large number of processes that were required to be measured with no clearly planned means of collecting, evaluating and reporting on performance data. While in excess of 60 processes were initially considered for measurement, the data collection and collation needed would have required too much manual intervention resulting in many more labour hours than were available to the implementation and ongoing maintenance of the system. It was decided by the project implementation team that all but four measurements would be put on hold pending the output of this Project.

This Project widens the scope of the planning stages of the PDCA cycle to incorporate all key processes. As each process is reviewed consideration will be given to the measurements required to prove success or guide improvement in each process. The collection of performance data will be built into the optimized process. The level of performance deemed successful will consider, where applicable, the regulatory minimum performance. Targets that meet or exceed these regulated thresholds will be established by GSHI management. Key to continuing improvement in a process is the reduction of Management System overhead by including automated collection of performance indicator data into the design of the systems supporting the process.

Once completed process documentation will be used to augment the current Management System documents and will be used for initial orientation for new hires into a position.

Regulatory Integration

Virtually every part of the LDCs business in some way contributes data to either a regulatory reporting requirement or some other regulatory process. Not a great deal of effort has been put into building this regulatory information gathering into the normal business process. As a result in meeting its regulatory obligations GSHI staff are forced to duplicate a significant amount of data collection and collation. Considering the regulatory need when optimizing business processes will reduce the manual data collection and duplicated effort that is currently required for RRR, IESO forms and rate filings and increase confidence in the reliability of the data used for regulatory purposes by ensuring that it is compiled from contemporaneous records.

As each business process is reviewed the requirement to report on the process for a regulatory purpose will be given careful consideration. Processes that are ultimately required to be reported on will use enterprise data to have standard reports developed, either by the software vendor or Greater Sudbury's IT staff. The production of standard reports will reduce the current workload for regulatory compliance.

Every process that will have an impact on costs, reliability and customer service levels will have automated reporting for regulatory purposes built into them. While Regulatory Reporting and Record Keeping, compliance assurance and rates may be treated as discrete processes for purposes of this project, every other process will consider if there is a required output for regulatory purposes in the optimization phase.

Current State

Business Information

Currently GSHI relies on a great deal of manual intervention to derive meaningful business information. This intervention allows for human error and increases the possibility of relying on incorrect information when making business decisions. The amount of manual intervention also causes significant delay in the production of information that is useful to management in controlling the business. The development of regular financial statements, reports for regulatory reporting, information for planning cash management, reporting of costs and control of capital projects all warrant improvement to provide accurate and timely information to support decision making.

Currently the delay in the availability of complete information introduces an unacceptable risk of loss. Effective decision making to improve financial reporting is largely dependent on accurate and timely performance data. A over reliance on human intervention either at the data acquisition stage or report development stage introduces far too many inaccuracies and delays. As an example of one of the processes in place, the Materials Management and Stores Department currently captures significant amounts of data in a manual fashion. Receipts are entered into a system against purchase orders manually from shipping manifests. Materials taken from stores are manually entered into the system by way of take sheets or other printed lists. Both of these key tasks present the potential for human error and correcting these errors requires significant effort and manipulation of inventory records. It also introduces the risk of stock outs and other productivity draining non-conformances such as material not being assembled by storekeepers and available for crews at the start of a project. Stock outs not only have an impact on productivity but also potentially on customer service. If the material is not available to a crew they may not be able to connect a customer when scheduled.

Other process issues have come to light as GSHI moves to International Financial Reporting Standards (IFRS). The organization requires detailed asset information including asset value, age and year of acquisition for purposes of unitization and depreciation. Obtaining this information has been a difficult and very time consuming endeavour, due to the narrow technical focus underpinning the original design of data collection for capital asset record-keeping.

Enterprise Resource Planning (ERP)

Vendor: Sunguard HTE

Purpose: House critical business information and support most business processes such as, purchasing, accounts payable/receivable, General Journal, Human Resource Management etc.

Greater Sudbury's current ERP system has been in continual use without updating for nearly a decade. The decision to not upgrade the software was based on a series of circumstances including an extensive search to find a new business software package that met the needs of the organization, a requirement to upgrade the existing AS400 platform to move to the next generation of software and a desire to consolidate enterprise data on the same platform as much as possible.

In the past two years Sunguard HTE has released a new version of their software that runs in a windows environment (programmed using .Net) on top of a Sql Server Database. The upgrade path to this software option was a fraction of the cost of moving to a new ERP application while at the same time the base functionality was well understood and suited to Greater Sudbury's needs.

This project will ensure that the processes used to manage and operate the company are optimized as we upgrade our systems and prior to the implementation of any new software functionality included in the latest version of the Sunguard HTE product.

Geospatial Information System (GIS) Information

Vendor: ESRI

Purpose: contain critical information about Distribution System assets placed geographically on a map. The system maintains key data about all assets and has connectivity functionality.

GSHI has maintained GIS systems and data for nearly 2 decades. No formal process has been developed to ensure that the data entered into the system is complete for all potential uses of the data. Complete integration with financial and operational systems could provide more accurate data for both business (asset valuation), customer service (outage notification) and operational systems (SCADA, dynamic operating maps, System Engineering Analysis). A thorough review of business processes should be undertaken to determine how to integrate this system. This review should include, but is not limited to;

- Financial systems
    - Amortization
    - Asset Valuation
- Field Work
    - Capital Projects
    - Distribution system Inspections
- Engineering Design
- Customer Service
    - Connectivity modeling for outage planning and reporting (combined with CIS & phone system)
- Joint Use Permit management

Customer Information System (CIS) Information

Vendor; Harris Computer Systems - Northstar

Purpose; repository for customer and contact information and billing.

Northstar CIS provides customer contact functionality and the billing engine that GSHI relies on to both answer customer needs and ensure revenue. The customer centric information in CIS is not currently automatically available to any other process such as planned outage notification or emergence outage response. Integration of customer location and contact information with systems such as GIS (feeder attachments and connectivity model), SCADA (impacted feeder) and Phone Systems will allow for automatic responses during unplanned interruptions and streamlined the process of notifying customers of planned outages for maintenance or capital renewal.

Phone Systems

Vendor; Cisco

Greater Sudbury's current phone system is comprised of two Call Manager servers, 1 VoiceMail server and 1 Customer Service Queue server. The two Call Manager servers route outside calls to internal extensions - there are 2 for redundancy. The VoiceMail server takes messages that a caller leaves and delivers them to the employee's Outlook Inbox. The Customer Service Queue server plays pre-recorded messages and if need be places the caller on hold until an available agent is ready. There are options on the queue for both French and English.

Automated response systems and Integrated Voice Recording (IVR) will be a key component to determining whether customers calling in are in an area experiencing a known outage or whether their information may be important to defining or trouble shooting an outage. Automatic responses will filter many of the calls, providing quicker responses to customers and eliminate the need for a customer service representative to handle the call.

Meter Data Systems

Purpose; automatically collect and remit data to other systems for billing and other purposes and respond to events initiated by the Smart Meter/MDMR processes.

Vendors; Itron - MV90 and Harris Computer Systems Metersense.

Meter data has been available to GSHI for wholesale delivery points, embedded generators and customers with demand over 500 kW for the past decade. The deployment of smart meters over the past few years has augmented that data with consumption data for nearly all meters on the distribution system.

The large volume of meter data currently available to GSHI must be leveraged for system engineering (right sizing), mitigation of system losses through system configuration operational analysis, outage management and conservation efforts for customers to receive the best value for the dollars spent on acquiring the system.. To do this effectively meter data needs to be available not only to the Meter Data Management Repository but to operational systems such as Engineering Analysis and SCADA. Further customers will require tools that will use their own data to perform alternative analysis on purchases or behavioural changes so that they can directly see the benefit of varying choices in energy use.

System Control and Data Acquisition (SCADA) systems

Purpose: Acquire and store data about the operation of the distribution system, notify of abnormal events and allow operators to remotely operate intelligent electric devices in the field to remove dangerous conditions or restore service.

Vendor - Survalent

GSHI has operated a Control Room for twenty years utilizing Survalent technology. SCADA has and continues to be a discrete system that does not integrate with any other system. Enhanced customer service, greater levels of safety in operations and business efficiency are all potential benefits if SCADA were to be integrated with other operational systems.

Customer service may be enhanced by developing connections between SCADA, CIS and the phone system to provide automatic responses to customers during outages. Safety will be enhanced by connecting SCADA's information about the configuration of the system to GIS's connectivity model. This will allow for the development of automated, dynamic electronic operating maps that will replace the manual, paper operating map in use today. The automation of the operating map will ensure that the most accurate and always current data is available for use in the control room to define planned outages or to select feeders and devices requiring the automatic reclosing feature to be blocked. This dynamic maintenance of the Operating Schematic Maps will have a direct and immediate effect on the safety of our crews by removing the potential for human error. This specific issue was one of the factors contributing to the severity of an injury from a flash incident experience by one of our Powerline Electricians in July of 2009.

Engineering Analysis

Purpose: Create a computer model of the distribution system that allows analysis of alternative operating configurations for purposes of optimization for losses and design.

Vendor: Milsoft.

To be effective the Milsoft tool should be integrated dynamically with SCADA and/or GIS and/or the Operational Data Store. By mathematically modeling the distribution system this tool will recommend configurations of the distribution system that will provide for the lowest possible electrical losses.

Methodology

GSHI Project Leadership

This project will be led by the President and CEO. Key staff will be assigned specific responsibilities for this project and a consultant will be retained after a competitive RFP process. While some aspects of the project methodology may change based on discussion with the selected consulting firm the general components should all be included.

Discovery Phase

Together with Management the consultant will help determine the key business processes at GSHI and determine the structure to follow throughout the Project. Once the list of processes has been established management will determine priority of the Project. Processes representing the greatest risk with the least existing controls will be tackled first. The project will continue in descending order of priority until the list is exhausted.

Process Definition Phase

Current processes as determined in the discovery phase will be documented using standard BPM techniques including flow charts and companion narratives. Key interfaces to other processes will be detailed and linked so that interdependencies between various processes across the organization are understood and considered in any process refinement effort.

Process documentation will include reference to all data related to the process, how it is collected, where it is stored and how it is used. The process documentation will include an analysis of any risks including an assessment of the potential for harm or loss.

Process Review and Optimization

Each documented process will be reviewed by Senior Management with the consultant to ensure that GSHi is following industry best practice and protecting Customers and the Shareholder from any undue risk. The consultant will ensure that any areas of concern, including areas where controls are lacking, are highlighted and make suggestions to improve the process. Consideration of regulatory interfaces and inclusion into Greater Sudbury's current Management System will take place at this stage.

Process Improvement

After the process is reviewed, the processes found to be lacking or where efficiencies were identified the consultant and management will work together to make modifications to the process. The revised process will be documented, implemented, measured and improved and staff training will be provided where required. The collection of measurement data will be designed into the process so that goals can be set and progress towards those performance standards measured.

Systems Integration

Applications

Processes that are confirmed as being stable after review will be matched to the appropriate software/hardware system(s). Application Program Interfaces (API) to automate data sharing between disparate systems will be evaluated on the basis of cost vs. benefit. A consideration of the risk of harm if interfaces are not automated will be a key component of each cost/benefit analysis. Where the benefit from automation or the risk of not automating is found to outweigh the costs, an API will be developed.

Data Mapping

Accurate mapping of corporate data from collection to use will be documented. Once thoroughly understood the Corporation's data will be reviewed to determine; if there is duplication of data, which database is the most appropriate for data storage (i.e. GIS vs. ERP for the storage of asset data) and which data source is most appropriate for a given application. A significant goal of the project is to eliminate data duplication in the organization and ensure that data is available to all the systems and processes that require it.

Ongoing Maintenance

The consultant will assist Management in preparing a maintenance plan for the project, for continuous updates and changes to processes, applications and systems. At this stage all process and data documentation should be cross referenced or included in Greater Sudbury's Management System. Any new requirements affecting an existing process or requiring a new process will be developed in essentially the same way as the processes considered in this Project.

The consultant will provide sufficient training and tools to key GSHI personnel so that GSHI develops the internal capability to review, revise and implement processes as required.

Anticipated Benefits

Public Policy Initiatives

Energy Policy in the Province of Ontario continues to develop. Each new initiative inherently requires the integration of new business processes or modification of existing ones into Greater Sudbury's daily work routines. Well planned and documented processes and an organizational habit of review and optimization will extend Greater Sudbury's capability to respond to these Provincial initiatives in the most expeditious and efficient manner possible.

Decision Support &Risk Mitigation

Financial

GSHI has traditionally enjoyed the benefit of a favourable cash position that buffered it from the effect of lumpy expenses and negated the need for short term balancing of cash flow and expenditures. Given Greater Sudbury's current rate application our expectation is that this cash cushion will quickly evaporate. As GSHI moves into the next IRM period careful cash management and expenditure planning will be required to maintain liquidity. The Project is focused on ensuring that all of the processes that impact cash are accurate, responsive and reported in real time to allow GSHI staff to make informed decisions when planning large capital additions.

An additional anticipated outcome of the Project is an increased rigour in control of both OM&A and Capital spending. A dashboard will be developed, for each responsible manager, that will provide real time information when spending on accounts or projects under their control fall outside pre-set parameters. Depending on the amount of the variance from budget, certain accounts may be escalated to the executive or Chief Executive Officer to ensure that timely and effective remedial action occurs.

Customer Satisfaction Improvements

GSHi is committed to understanding and responding to the needs of its customers. Since attaining the ISO 9001

Greater effectiveness of Greater Sudbury's systems and processes will allow the organization to be more responsive to customer needs and to provide new services and methods of interacting with the LDC. Additional technical cycles combined with a greater understanding of and access to critical corporate data will allow GSHi to implement systems that will provide self-service access to customers to the information they may need or want.

Software Systems

GSHI, as noted above has, deployed and continues to deploy a significant number of new software systems to support its operations. Meter data, workforce mobility, outage management, automated customer response, warehouse automation, upgraded business systems and systems to analyse and optimize the configuration of the distribution system are all components of Greater Sudbury's near term technology strategy. There are significant financial risks in selecting and deploying these systems if the processes that they support have not been properly documented and optimized. False starts in the technology world usually result in significant loss from delayed implementation, sub-optimal integration or outright abandonment of technology investments. Deployments that do not fully consider the interdependencies between processes and departments fail to achieve the maximum benefit that may be available. The output of the BPI portion of the Project is critical to informing the Systems Integration (SI) component.

Controlling Staffing Costs

Staffing Level History

In 1999 the then Sudbury Hydro-Electric Commission employed 114 staff in the electricity distribution business. In 2000 the newly created GSHI offered a retirement incentive that saw staff count reduced by as many as 15 positions. Thus in 2002 GSHI entered the new Cost of Service rate regulation regime with a low staff count relative to its historic numbers.

Arguably the business of electricity distribution was much simpler prior to 2002 than it is today. New regulatory processes including ESA requirements, wholesale and retail settlement, public policy initiatives such as the Green Energy Act a and increased customer expectations in the areas for online services and conservation information and tools have increased the complexity of the organization from where it was before.

Table 1 Staff Count Comparators

General Statistics For the year ended December 31, 2011	Cambridge and North Dumfries Hydro Inc.	Greater Sudbury Hydro Inc.	Guelph Hydro Electric Systems Inc.	Niagara Peninsula Energy Inc.	Oakville Hydro Electricity Distribution Inc.	Thunder Bay Hydro Electricity Distribution Inc.	Waterloo North Hydro Inc.
Population Served	139,500	112,234	136,466	140,017	183,700	109,219	160,278
Municipal Population	139,500	174,423	136,466	140,946	183,700	108,359	160,278
Seasonal Population	0	0	0	0	0	0	0
Residential	46,122	42,279	46,519	45,996	57,781	44,749	46,525
General Service (<50 kW)	4,691	3,940	3,735	4,307	4,940	4,485	5,418
General Service (50-4999 kW)	768	529	601	859	893	531	667
Large User (>5000 kW)	3	0	4	0	0	0	1
Sub Transmission	0	0	0	0	0	0	0
Total Customers	51,584	46,748	50,859	51,162	63,614	49,765	52,611
Rural Service Area (sq km)	213	120	0	759	41	259	607
Urban Service Area (sq km)	90	290	93	68	102	122	65
Total Service Area (sq km)	303	410	93	827	143	381	672
Overhead km of Line	713	737	430	1,484	561	950	1,051
Underground km of Line	406	225	654	491	894	236	491
Total km of Line	1,119	962	1,084	1,975	1,455	1,186	1,542
Total kWh Delivered (excluding losses)	1,482,362,966	935,254,772	1,676,960,266	1,186,152,821	1,522,342,017	959,911,855	1,436,920,488
Total Distribution Losses (kWh)	33,176,467	48,359,356	18,897,762	81,267,924	61,757,616	36,167,880	51,792,434
Total kWh Purchased	1,515,539,433	983,614,128	1,695,858,028	1,267,420,745	1,584,099,633	996,079,735	1,488,712,922
Winter Peak (kW)	235,762	196,115	253,600	191,328	239,300	171,304	240,964
Summer Peak (kW)	309,690	155,517	297,500	269,269	380,100	154,665	294,349
Average Peak (kW)	246,578	151,771	254,900	199,310	251,564	149,558	238,844
Capital Additions in 2011	$ 9,845,215	$ 7,725,293	$ 24,307,230	$ 9,922,020	$ 29,861,000	$ 11,195,367	$ 38,214,923
Full time equivalent number of employees	95	101	Note 1: 115	125	107	137	116
Note 1. Taken from 2012 CoS rate application.							

The problem becomes one of degree. How many people to add, if any, and in what areas of the organization? What skill sets are required? Are there alternatives? What should the job description look like? Is the most effective response a job that fits into a hierarchical reporting structure or would any potential new position make more sense in a matrix structure?

A quick comparison to other mid-sized LDCs, shown in Table 1 above, certainly would seem to indicate that Greater Sudbury is at the lower end of the spectrum. The fact that GSHi retains a lower staff count than most comparable LDCs does not on its own support hiring as direct comparisons are difficult. Utility growth, outsourcing policies, succession planning requirements and a host of other factors can all affect an organizations need for labour at any given time. This fact though does lend credence to the notion that staffing levels are inadequate at Greater Sudbury when considered in the context of the other factors reviewed below.

The BPI/SI Project will ensure that if and when new staff positions are added to the organization all alternatives have been considered and that new human resource will be the best alternative solution, deployed in the most effective way possible.

Overtime

GSHI staff are currently working significant amounts of overtime to accommodate existing labour requirements. Any new requirements that may arise as a result of a public policy change, additional ESA requirements or modification to regulatory processes exacerbates the workload issues. The current levels of overtime do not allow for a healthy work/life balance for staff and will undoubtedly cause fatigue and organizational burnout that will have a deleterious effect on productivity, increase errors and contribute to illness and injury.

Taking advantage of attrition.

Typically, it is our practice on retirement to review workload to determine if there is a continuing requirement for the position or if the organization can more effectively outsource or redistribute work to eliminate the position and thereby reduce the overall cost of labour this may involve the introduction of new technologies where efficiencies can be gained. This review rarely, if ever, results in a reduction of the labour force as workload on existing staff continues to rise.

Outsourcing

GSHI regularly considers strategically outsourcing work as workload demands increase or in cases where a there is a significant cost advantage with no adverse service effects. Meter reading, civil structure construction, general labour and bill printing and stuffing are all services that GSHI acquires from third parties as a result of analysis that showed a benefit to ratepayers with no adverse impacts to service levels.

Other attempts to outsource have not met with success either for reasons of overall cost or for service related issues. Most notably GSHi had contracted out locate services but repatriated the work when service levels and accuracy continued to fail. In other cases GSHi has noted that the tendered prices for overhead line construction work exceeded Greater Sudbury's costs to provide the labour directly. Management continues to analyse outsourcing as an option as new labour requirements arrive and in every case where a position becomes vacant. Outsourcing, however, is not the panacea that some would hope it to be.

Staff Costs Conclusion

The business of delivering electricity in the Province of Ontario has become exponentially more complex since the year 2000. Public policy initiatives continue to challenge LDCs to ever increasing technical and business related challenges. By contrast GSHI employed 103 FTEs in 2009 and an equivalent of 101 full time employees as of 2012. In considering historic employment levels and a quick comparison to other similar sized LDCs in Table 1 and in consideration of the high levels of overtime currently being experienced, it is reasonable to conclude that current staffing levels are inadequate to meet the needs of the organization on an ongoing basis.

The purpose of the BPI/SI project is to ensure that the right mix of resources is being applied in an optimal way to ensure that Greater Sudbury is able to achieve the outcomes articulated in its Management Policy. We are concerned that there might be a rush to conclude that a logical outcome of this work is automatic staff reduction, in fact we believe that the opposite is true, staffing levels must increase to address current workload. As noted above however, the difficulty is in determining the optimal solution. Staffing vs. technology, self provision vs. outsourcing or reorganization of the workload. The right solution can only be determined based on a deep understanding of the organizations requirements and its capabilities. That deep understanding is what the BPI portion of this project is intended to provide.

Organizational optimization.

GSHI Leaders regularly consider the organization of the Corporation's staff in an effort to ensure that the right people are deployed in the correct position. Whenever GSHI experiences an exit careful consideration is given to the appropriateness of the current position. Typically 3 options are reviewed; replacement, outsourcing and/or redistribution of the work to other staff. A deeper understanding of the interdependencies within the organization is necessary to ensure that any consideration of replacement or addition to staffing provides the optimal benefit for both Ratepayers and the Shareholder. The deep understanding gained through completion of the project and a focus on alignment with Greater Sudbury's strategic vision as articulated in its Management Policy will ensure that the Utility continues to improve on the value that it delivers to Ratepayers.

Reengineering analysis will be informed by the BPI component of this project

A new Corporate Habit

It is expected that a significant outcome of investment in the project will be the development of a new Corporate habit. The PDCA cycle is predicated on the assumption that GSHI operates on the basis of a well documented plan that is continually measured, corrected and improved. Well defined and documented processes that consider the interfaces to other processes and interdependent nature of departments within the organization will provide a solid basis for Greater Sudbury's Leadership to make informed decisions based on a solid understanding of the current capacity and direction of all parts of the organization.

This Project is crucial to continuing and leveraging the investment that the Shareholder has made in continuous improvement to date. By completing the BPI component of the project Greater Sudbury's management system will continue to grow as a powerful tool for ensuring that the legitimate interests of our Customers and Shareholder are respected and that the expenditure of resources is carefully and appropriately balanced with the goals of reliability and customer service.Appendix A - Estimated Costs

Appendix A - Budget

Activity	Year	Estimated Investment
Document business processes	2013	OM&A - $225,000
		Capital - $75,000
Complete documentation of business processes and complete optimization.	2014	OM&A - $225,000
		Capital - $75,000
Define system integration needs. Develop required	2015	OM&A - $225,000
		Capital - $75,000

interfaces for System Integration		
Implement technology decisions	2016	OM&A - $225,000
		Capital - $75,000

Appendix B - GSHi Management Policy

MANAGEMENT POLICY

GSHi is committed to keeping the lights on, keeping the rates low, providing quality customer service while ensuring the health and safety of the public, our employees and their families.

To balance these goals, we will continually operate, maintain and improve our systems through responsible investments in people, processes, and equipment. Exceptional OH&S performance and continual improvement is who we are and what we do. The policies and procedures in our systems provide direction and structure; and meet the requirements of the OH&S Act, other statutory/regulatory and ISO 9001 and OHSAS 18001 requirements.

We will measure our performance to ensure that we will continually improve.

____

President & CEO

OM&A TEST YEAR LEVELS

Greater Sudbury, like many LDCs in Ontario, leverages its relationship with its affiliates to ensure the most efficient use of resources possible. This is evident in the BDR Report, Exhibit 1, Tab 1, Schedule 11, Attachment 1, especially in the standalone component of that report. While the transfer pricing methodology provides the objective measures to ensure that affiliates are paying their proportionate amount of shared expenses, the standalone study drives home the real net benefit to ratepayers and the potential increase in costs should the arrangement fail.

In this Application Greater Sudbury is seeking to recover $15,564,617 in OM&A spending in its rates. The 2013 OM&A amount includes a number of cost anomalies that are noted in Schedule 1 of this Tab. The full OM&A amount must be adjusted to consider the effects of the change in capitalization of overheads, the loss of scale economies with the loss of the water billing services and the impact of smart meters and time of use billing on OM&A.

Once the anomalous factors above are isolated from the 2013 Test Year, the most significant factor driving rates is the increase in maintenance spending that was implemented in 2012. It is noted that the 2013 Test Year normalized to remove the effects of the change in capitalization and smart meters, provides for an OM&A increase of less than 5% over the bridge year.

In our submission, continuing the maintenance spending that was begun in 2012 is necessary and prudent.

Exhibit 4: Operating Costs

Tab 2 (of 9): Detailed Analysis of Operating Costs

OM&A EXPENSE TABLES

Exhibit 4 contains thorough qualitative analysis of the proposed OM&A spending for the 2013 Test Year, as well as details related to variances from the 2009 Board Approved values through to the 2013 Test Year. The OEB filing Guidelines require the presentation of numerous quantitative analyses and three of the Appendices required by the Filing Guidelines are included as attachments to this Schedule. They are described as follows.

OEB Appendix 2-I Summary of OM&A Expenses

Included as Exhibit 4, Tab 2, Schedule 1, Attachment 1 is the quantitative analysis of recoverable OM&A from 2009 Board Approved figures to the 2013 Test Year..

OEB Appendix 2-G Detailed, Account by Account OM&A Expenses

Included as Exhibit 4, Tab 2, Schedule 1, Attachment 2 is the quantitative analysis of OM&A expense broken down by USofA accounts from 2009 Actuals to the 2013 Test Year.

OEB Appendix 2-L OM&A per Customer and FTEE.

Included as Exhibit 4, Tab 2, Schedule 1, Attachment 3 is the quantitative analysis of OM&A per customer and per FTEE.

The customers included in Appendix 2-L are the number of customer that correspond to the customers presented in the load forecast and represent the average number of customers in the year.

The FTEE counts were taken from Appendix 2-K at Exhibit 4, Tab 4, Schedule 1, Attachment 1.

Appendix 2-I
Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2009 BA)	Last Rebasing Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2013 Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**
Operations	$ 3,571,216	$ 3,652,054	$ 3,432,872	$ 3,763,302	$ 5,156,619	$ 6,914,732
Maintenance	$ 1,745,098	$ 1,502,331	$ 1,681,643	$ 1,497,531	$ 2,339,512	$ 2,163,820
SubTotal	**$ 5,316,314**	**$ 5,154,386**	**$ 5,114,515**	**$ 5,260,834**	**$ 7,496,131**	**$ 9,078,552**
%Change (year over year)			(0.8)%	2.9 %	42.5 %	21.1 %
%Change (Test Year vs Last Rebasing Year - Actual)						76.1 %
Billing and Collecting	$ 2,515,358	$ 2,194,104	$ 1,937,276	$ 2,321,708	$ 1,779,703	$ 3,146,864
Community Relations	$ 206,736	$ 142,484	$ 343,169	$ 439,836	$ -	$ 78,108
Administrative and General	$ 3,631,137	$ 4,145,844	$ 744,921	$ 5,094,899	$ 3,047,169	$ 3,261,093
SubTotal	**$ 6,353,231**	**$ 6,482,433**	**$ 3,025,366**	**$ 7,856,443**	**$ 4,826,872**	**$ 6,486,066**
%Change (year over year)			(53.3)%	159.7 %	(38.6)%	34.4 %
%Change (Test Year vs Last Rebasing Year - Actual)						0.1 %
Total	**$ 11,669,545**	**$ 11,636,818**	**$ 8,139,881**	**$ 13,117,277**	**$ 12,323,003**	**$ 15,564,617**
%Change (year over year)			(30.1)%	61.1 %	(6.1)%	26.3 %

	Last Rebasing Year (2009 BA)	Last Rebasing Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2013 Test Year
Operations	$ 3,571,216	$ 3,652,054	$ 3,432,872	$ 3,763,302	$ 5,156,619	$ 6,914,732
Maintenance	$ 1,745,098	$ 1,502,331	$ 1,681,643	$ 1,497,531	$ 2,339,512	$ 2,163,820
Billing and Collecting	$ 2,515,358	$ 2,194,104	$ 1,937,276	$ 2,321,708	$ 1,779,703	$ 3,146,864
Community Relations	$ 206,736	$ 142,484	$ 343,169	$ 439,836	$ -	$ 78,108
Administrative and General	$ 3,631,137	$ 4,145,844	$ 744,921	$ 5,094,899	$ 3,047,169	$ 3,261,093
Total	**$ 11,669,545**	**$ 11,636,818**	**$ 8,139,881**	**$ 13,117,277**	**$ 12,323,003**	**$ 15,564,617**
%Change (year over year)			(30.1)%	61.1 %	(6.1)%	26.3 %

	Last Rebasing Year (2009 BA)	Last Rebasing Year (2009 Actuals)	Variance 2009 BA – 2009 Actuals	2010 Actuals	Variance 2010 Actuals vs. 2009 Actuals	2011 Actuals	Variance 2011 Actuals vs. 2010 Actuals	2012 Bridge Year	Variance 2012 Bridge vs. 2011 Actuals	2013 Test Year	Variance 2013 Test vs. 2012 Bridge
Operations	$ 3,571,216	$ 3,652,054	$ (80,839)	$ 3,432,872	$ (219,182)	$ 3,763,302	$ 330,430	$ 5,156,619	$ 1,393,317	$ 6,914,732	$ 1,758,113
Maintenance	$ 1,745,098	$ 1,502,331	$ 242,767	$ 1,681,643	$ 179,312	$ 1,497,531	$ (184,112)	$ 2,339,512	$ 841,980	$ 2,163,820	$ (175,692)
Billing and Collecting	$ 2,515,358	$ 2,194,104	$ 321,254	$ 1,937,276	$ (256,828)	$ 2,321,708	$ 384,432	$ 1,779,703	$ (542,005)	$ 3,146,864	$ 1,367,161
Community Relations	$ 206,736	$ 142,484	$ 64,252	$ 343,169	$ 200,685	$ 439,836	$ 96,667	$ -	$ (439,836)	$ 78,108	$ 78,108
Administrative and General	$ 3,631,137	$ 4,145,844	$ (514,707)	$ 744,921	$ (3,400,924)	$ 5,094,899	$ 4,349,979	$ 3,047,169	$ (2,047,731)	$ 3,261,093	$ 213,924
Total OM&A Expenses	$ 11,669,545	$ 11,636,818	$ 32,727	$ 8,139,881	$ (3,496,937)	$ 13,117,277	$ 4,977,396	$ 12,323,003	$ (794,273)	$ 15,564,617	$ 3,241,614
Variance from previous year				$ (3,496,937)		$ 4,977,396		$ (794,273)		$ 3,241,614	
Percent change (year over year)				(30.1)%		61.1 %		(6.1)%		26.3 %	
Percent Change: Test year vs. Most Current Actual						18.7 %					
Simple average of % variance for all years						33.8 %					12.8 %
Compound Annual Growth Rate for all years											1,983.7 %
Compound Growth Rate (2011 Actuals vs. 2009 Actuals)						12.7 %					

Note:

1 "BA" = Board-Approved
2 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
3 Recoverable OM&A that is included on these tables should be identical to the recoverable OM&A that is shown for the corresponding periods on Appendix 2-H.

File Number:	EB-2012-0126
Exhibit:	4
Tab:	2
Schedule:	1
Attachment:	2
Date:	9 November, 2012

Appendix 2-G
Detailed, Account by Account, OM&A Expense Table
(excluding Depreciation and Amortization)

Account Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual²	Bridge Year 2012³	Test Year 2013
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**	**CGAAP**
Operations					
5005 Operation Supervision and Engineering	$ 727,709	$ 772,290	$ 903,976	$ 1,310,072	$ 1,374,758
5010 Load Dispatching	$ 594,072	$ 541,203	$ 500,315	$ 486,215	$ 579,569
5012 Station Buildings and Fixtures Expense	$ 219,147	$ 230,856	$ 218,695	$ 234,265	$ 234,956
5014 Transformer Station Equipment - Operation Labour					
5015 Transformer Station Equipment - Operation Supplies and Expenses					
5016 Distribution Station Equipment - Operation Labour	$ 349,861	$ 293,588	$ 416,176	$ 217,971	$ 217,095
5017 Distribution Station Equipment - Operation Supplies and Expenses	$ 120,130	$ 101,687	$ 173,291	$ 191,851	$ 291,851
5020 Overhead Distribution Lines and Feeders - Operation Labour	$ 138,982	$ 65,367	$ 150,176	$ 128,478	$ 120,031
5025 Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	$ 352,986	$ 260,312	$ 342,586	$ 320,061	$ 307,303
5030 Overhead Sub-transmission Feeders - Operation	$ 23,513	$ 27,488	$ 15,340	$ 18,781	$ 15,614
5035 Overhead Distribution Transformers - Operation	$ 113,835	$ 196,552	$ 105,607	$ 181,137	$ 164,805
5040 Underground Distribution Lines and Feeders - Operation Labour	$ 3,409	$ 14,322	$ 13,651	$ 13,646	$ 12,799
5045 Underground Distribution Lines and Feeders - Operation Supplies and Expenses	$ 7,409	$ 9,333	$ 4,751	$ 6,686	$ 6,686
5050 Underground Sub-transmission Feeders - Operation	$ 970	$ 366		$ 2,125	$ 2,049
5055 Underground Distribution Transformers - Operation	$ 60,792	$ 68,454	$ 106,630	$ 96,240	$ 88,655
5060 Street Lighting and Signal System Expense					
5065 Meter Expense	$ 244,856	$ 220,947	$ 186,074	$ 285,285	$ 971,684
5070 Customer Premises - Operation Labour	$ 637,696	$ 562,116	$ 549,410	$ 705,100	$ 631,689
5075 Customer Premises - Operation Materials and Expenses					
5085 Miscellaneous Distribution Expenses				$ 876,705	$ 1,813,189
5090 Underground Distribution Lines and Feeders - Rental Paid					
5095 Overhead Distribution Lines and Feeders - Rental Paid	$ 56,689	$ 67,991	$ 76,625	$ 82,000	$ 82,000
5096 Other Rent					
Total - Operations	$ 3,652,054	$ 3,432,872	$ 3,763,302	$ 5,156,619	$ 6,914,732

Account Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual²	Bridge Year 2012³	Test Year 2013
Maintenance					
5105 Maintenance Supervision and Engineering	$ 17				
5110 Maintenance of Buildings and Fixtures - Distribution Stations	$ 36,773	$ 38,253	$ 30,600	$ 18,089	$ 17,720
5112 Maintenance of Transformer Station Equipment					
5114 Maintenance of Distribution Station Equipment	$ 72,348	$ 100,719	$ 180,098	$ 160,823	$ 157,768
5120 Maintenance of Poles, Towers and Fixtures	$ 173,663	$ 129,192	$ 194,223	$ 304,658	$ 278,677
5125 Maintenance of Overhead Conductors and Devices	$ 268,802	$ 292,005	$ 158,548	$ 550,407	$ 503,398
5130 Maintenance of Overhead Services	$ 170,764	$ 154,032	$ 184,768	$ 201,107	$ 183,580
5135 Overhead Distribution Lines and Feeders - Right of Way	$ 415,591	$ 669,674	$ 416,625	$ 553,623	$ 514,475
5145 Maintenance of Underground Conduit	$ 53,447	$ 58,358	$ 102,243	$ 58,229	$ 56,309
5150 Maintenance of Underground Conductors and Devices	$ 33,764	$ 21,123	$ 68,672	$ 52,953	$ 48,520
5155 Maintenance of Underground Services	$ 69,422	$ 42,087	$ 70,439	$ 116,305	$ 106,504
5160 Maintenance of Line Transformers	$ 204,621	$ 174,983	$ 88,132	$ 323,320	$ 296,869
5165 Maintenance of Street Lighting and Signal Systems					
5170 Sentinel Lights - Labour					
5172 Sentinel Lights - Materials and Expenses					
5175 Maintenance of Meters	$ 3,118	$ 1,217	$ 3,184		
5178 Customer Installations Expenses - Leased Property					
5195 Maintenance of Other Installations on Customer Premises					
Total - Maintenance	$ 1,502,331	$ 1,681,643	$ 1,497,531	$ 2,339,512	$ 2,163,820

Account Description	Last Rebasing Year (2009 Actuals)	2010 Actual	2011 Actual[2]	Bridge Year 2012[3]	Test Year 2013
Billing and Collecting					
5305 Supervision					
5310 Meter Reading Expense	$ 224,521	$ 227,655	$ 204,715	$ 204,200	$ 29,200
5315 Customer Billing	$ 1,454,082	$ 1,328,392	$ 1,335,740	$ 1,037,933	$ 2,230,628
5320 Collecting	$ 193,042	$ 144,250	$ 203,223	$ 251,020	$ 364,089
5325 Collecting - Cash Over and Short					
5330 Collection Charges					
5335 Bad Debt Expense	$ 148,803	$ 105,536	$ 463,316	$ 165,000	$ 400,000
5340 Miscellaneous Customer Accounts Expenses	$ 173,656	$ 131,443	$ 114,714	$ 121,550	$ 122,948
Total - Billing and Collecting	$ 2,194,104	$ 1,937,276	$ 2,321,708	$ 1,779,703	$ 3,146,864
Account Description	**Last Rebasing Year (2009 Actuals)**	**2010 Actual**	**2011 Actual[2]**	**Bridge Year 2012[3]**	**Test Year 2013**
Community Relations					
5405 Supervision					
5410 Community Relations - Sundry					$ 78,108
5415 Energy Conservation	$ 142,484	$ 343,169	$ 439,836		
5420 Community Safety Program					
5425 Miscellaneous Customer Service and Informational Expenses					
5505 Supervision					
5510 Demonstrating and Selling Expense					
5515 Advertising Expenses					
5520 Miscellaneous Sales Expense					
Total - Community Relations	$ 142,484	$ 343,169	$ 439,836	$ -	$ 78,108
Account Description	**Last Rebasing Year (2009 Actuals)**	**2010 Actual**	**2011 Actual[2]**	**Bridge Year 2012[3]**	**Test Year 2013**
Administrative and General Expenses					
5605 Executive Salaries and Expenses	$ 426,685	$ 501,466	$ 417,193	$ 452,203	$ 523,280
5610 Management Salaries and Expenses	$ 509,972	$ 451,456	$ 465,060	$ 541,150	$ 551,537
5615 General Administrative Salaries and Expenses	$ 492,148	$ 529,316	$ 466,709	$ 666,396	$ 659,248
5620 Office Supplies and Expenses	$ 65,801	$ 88,610	$ 81,723	$ 249,355	$ 312,493
5625 Administrative Expense Transferred - Credit					
5630 Outside Services Employed	$ 60,163	$ 41,900	$ 53,650		
5635 Property Insurance					
5640 Injuries and Damages	$ 314,079	$ (284,366)	$ 17,884		
5645 OMERS Pensions and Benefits		$ (2,780,264)	$ 1,280,544		
5646 Employee Pensions and OPEB					
5647 Employee Sick Leave					
5650 Franchise Requirements					
5655 Regulatory Expenses	$ 553,281	$ 208,573	$ 275,241	$ 517,528	$ 486,839
5660 General Advertising Expenses	$ 49,395	$ 103,092	$ 34,408	$ 49,361	$ 52,869
5665 Miscellaneous General Expenses	$ 319,089	$ 402,942	$ 380,098	$ 317,562	$ 551,028
5670 Rent	$ 185,790	$ 274,536	$ 313,629	$ 226,614	$ 62,000
5672 Lease Payment Charge					
5675 Maintenance of General Plant	$ 967,443	$ 974,850	$ 1,143,724	$ -	$ 34,798
5680 Electrical Safety Authority Fees					
5681 Special Purpose Charge Expense		$ 232,810	$ 138,036		
5685 Independent Electricity System Operator Fees and Penalties					
5695 OM&A Contra Account					
6205 Donations	$ 202,000				
6205 Donations, Sub-account LEAP Funding			$ 27,000	$ 27,000	$ 27,000
Total - Administrative and General Expenses	$ 4,145,844	$ 744,921	$ 5,094,899	$ 3,047,169	$ 3,261,093
Total OM&A	$ 11,636,818	$ 8,139,881	$ 13,117,277	$ 12,323,003	$ 15,564,617
Adjustments for non-recoverable items					
5681 Special Purpose Charge Expense	$ -	$ 232,810	$ 138,036	$ -	$ -
6205 Donations[1]	$ 202,000	$ -	$ -	$ -	$ -
Total Recoverable OM&A	$ 11,434,818	$ 7,907,071	$ 12,979,241	$ 12,323,003	$ 15,564,617

[1] Account 6205 - Donations is generally non-recoverable. However, the sub-account LEAP funding of account 6205 is generally recoverable.

Note:

1 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required

2 If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2012 for financial reporting purposes, 2011 must be presented on both a CGAAI and MIFRS (or alternate accounting standard) basis

3 If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2013 for financial reporting purposes, 2012 must be presented on both a CGAAI and MIFRS (or alternate accounting standard) basis.

File Number:	EB-2012-0126
Exhibit:	4
Tab:	2
Schedule:	1
Attachment:	3
Date:	9 November, 2012

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTEE

	Last Rebasing Year (2009 Board-Approved)	Last Rebasing Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Number of Customers	56,751.00	56,650.00	57,011.00	57,102.00	57,256.00	57,463.00
Total Recoverable OM&A from Appendix 2-I	$ 11,700,690	$ 11,636,818	$ 8,139,881	$ 13,117,277	$ 12,323,003	$ 15,564,617
OM&A cost per customer	$ 206.18	205.42	142.78	229.72	215.23	270.86
Number of FTEEs	103	100.30	98.05	100.15	99.82	109.94
Customers/FTEEs	550.98	564.79	581.46	570.15	573.62	522.69
OM&A Cost per FTEE	113,598.93	116,017.95	83,019.39	130,972.51	123,457.77	141,578.67

Notes:

1. If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
2. The method of calculating the number of customers must be identified.
3. The method of calculating the number of FTEEs must be identified. See also Appendix 2-K
4. The number of customers and the number of FTEEs should correspond to mid-year or average of January 1 and December 31 figures.

COST DRIVERS

Appendix 2-J is included as Exhibit 4, Tab 2, Schedule 2, Attachment 1. The appendix illustrates the various drivers causing the fluctuations in the Greater Sudbury's OM&A expenses. The drivers are discussed throughout this application, however a summary of each has been included below.

A. Employee Future Benefit Obligation (gain)/loss

In 2010, an actuarial valuation on Greater Sudbury's Employee Future Benefit determined an actuarial gain of $2,780,264 had been experienced. This resulted in an offset to Greater Sudbury's OM&A expenses. In 2011, Greater Sudbury's Employee Future Benefit Obligation was determined to have suffered an actuarial loss. Actuarial gains and losses have not been recovered through the rate process and have not been included in the 2012 Bridge Year or 2013 Test Year budgets.

B. Accident Accrual

In 2009, Greater Sudbury experienced an accident which was subject to a Ministry of Labour investigation. In 2009, Greater Sudbury accrued $300,000 for possible charges against the company. The accrual was reversed in 2010 as no charges were laid as a result of the investigation.

C. Bad Debt

The reasons for the increase in bad debt expense have been described in detail at Exhibit 4, Tab 3, Schedule 1. Greater Sudbury saw a exponential rise in bad debt expense in 2011, however at the time of budget preparation for 2012, the full extent of the change was not yet known and the 2012 budget was set as it historically had been at $165,000, when in fact the 2011 bad debt experienced was in excess of $460,000. For 2013, Greater Sudbury has set its bad debt expense at $400,000.

D. General Wage Increase

Greater Sudbury's collective bargaining agreements included a general wage increase of 3% for the years 2009, 2010 and 2011. In 2012, a new collective bargaining agreement was negotiated that included a 2% wage increase for 2012, 2013 and 2014.

E. OMERS Costs

The OMERS rates in the 2009 rate year were 9.0% up to a threshold of $44,900 and 9.5% above this limit. Comparably in 2013 the ceiling rose to $48,300 but the effective rates went to 9.0% and 14.6%. The cumulative effect over the past few years is over $400,000. Costs have almost doubled since the last rebasing.

F. Difference in FTE complement

Variances in Greater Sudbury's FTE complement are discussed in detail at Exhibit 4, Tab 4, Schedule 1. However in summary, in 2009, a staff position in the Accounting budget was in the Board approved budget that was not able to be filled due to the fact that key staffs involved in hiring the position were involved in the Cost of Service Application process for the better part of the year. A vacancy left by the departure of an Executive employee in the Finance department early in 2010 left the Accounting and Finance departments in a state of reorganization as employees were shifted around to fill the gaps and return the Finance and Accounting departments to normal. The staff position in Accounting was filled mid-2011. This relates to changes in the FTE complement that are not addressed specifically in other drivers. The remaining increase in 2013 relates to the addition of positions as Greater Sudbury works to respond to increased workload and customer needs.

G. OM&A Impact – Burden Change

This change is described in detail Exhibit 2, Tab 2, however this relates solely to Greater Sudbury's change in burden calculations to more closely mirror the requirements of MIFRS.

H. Smart Meter Costs

Prior to 2013, operating costs for the smart meter program have been recorded in a deferral account. As part of the 2013 Cost of Service Application, Greater Sudbury has applied for disposition of the variance and approval of the smart meter costs as part of the ongoing OM&A budget. The figure reported in Appendix 2-J is net of cost savings from meter reading that have been budgeted in prior years.

I. Monthly Electric Billing – No Water

This driver relates solely to the increased costs for the Test Year as a result of the loss of the water billing contract with the City and the move to monthly billing. As discussed elsewhere in this Application (see Exhibit 1, Tab 2, Schedule 1, Exhibit 4, Tab 1, Schedule 1 as examples) the decision on the part of the City to discontinue the purchase of billing services with the change to monthly billing has removed the economic efficiencies inherent in sharing systems across multiple purposes. Those economic efficiencies were to the benefit of ratepayers. As described in the Summary of Application and Planned Changes to the Organizational Structure (Exhibit 1 Tab 1, Schedule 10, Attachment 3) Greater Sudbury will reorganize and self supply the billing function. The advantages gained by purchasing this service from an affiliate will end with the withdrawal of the water billing service.

J. Increase in allocation to affiliates

At the direction of the Board during Greater Sudbury's last rebasing, Greater Sudbury underwent a transfer pricing study, which was to be submitted with the 2013 COS Application (included at Exhibit 1, Tab 1, Schedule 11, Attachment 1). As a result of this study, an increased amount of OM&A expenses have been allocated to Greater Sudbury's affiliate companies.

K. Increase in Operations Maintenance

Following the 2010 ESA audit Greater Sudbury's senior Engineers, in consultation with the ESA Auditor concluded that Greater Sudbury was not making timely repairs identified as per the DSC Appendix C inspections, infrared inspections, and other inspection processes. Greater Sudbury identified that insufficient resources were in the maintenance budget to complete the required repairs in a timely manner therefore the maintenance budgets for Poles, Towers & Fixtures, Overhead Conductors & Devices and Line Transformers were all increased in each of the following years to comply with Ontario Regulation 22/04.

L. Business Process Improvement and System Integration Project (PBISI)

This initiative is new to Greater Sudbury in 2013 and is described in detail at Exhibit 4, Tab 1, Schedule 1, Attachment 2.

M. Billing System Implementation Costs

At the end of 2009, Greater Sudbury chose to end the SAP Customer Information System implementation for a variety of reasons, which are discussed at Exhibit 2, Tab 3, Schedule 1. The write off of the system resulted in some costs that were budgeted for in the 2009 Board approved budget becoming redundant for that year (maintenance agreements, ASP Charges, etc). In 2010, Greater Sudbury implemented Harris Northstar, a much less expensive option, however it is a very manual system, requiring more human intervention and as such Greater Sudbury has seen an increase in labour costs that have evened out the lack of maintenance agreements and other requirement of the SAP system.

N. Regulatory Compliance

Regulatory costs experienced as a result of the 2009 Cost of Service Application process were significantly more than had been budgeted for as part of the Board Approved budget. In 2010, these costs returned to normal levels.

O. Right of Way (Tree Trimming)

Greater Sudbury has a four year program for tree trimming. In 2009, the tree trimming program was tendered for the full four year period (with Board of Director's approval). The service territory is divided into four distinct areas for purposes of the tender and some areas are larger than others. As such the amount of monies spent in this area can fluctuate from year to year. In addition to the tendered program there is a budget for 'spot' trimming as required. Greater Sudbury has a prevalence of fast growing vegetation. This needs to be addressed on an ongoing basis.

P. Workforce Shift – Maintenance to Capital

Greater Sudbury focused more on capital than maintenance in 2009 in response to circumstances at the time.

Q. CDM – Revenue/Expense Recognition

Greater Sudbury had a OEB approved CDM program effective May 1st 2009 through April 30th 2012. Monies were collected from ratepayers via a rate rider but were recognized only as offsetting costs were incurred. The CDM component is a reflection of costs incurred above and beyond the normal OM&A program.

File Number:	EB-2012-0126
Exhibit:	4
Tab:	2
Schedule:	2
Attachment:	1
Date:	9 November, 2012

Appendix 2-J
OM&A Cost Driver Table

	OM&A	Last Rebasing Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2013 Test Year
	Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
	Opening Balance	$ 11,669,545	$ 11,434,818	$ 7,907,071	$ 12,979,241	$ 12,323,003
A	Employee Future Benefit Obligation (gain)/loss		$ (2,780,264)	$ 4,060,808	$ (1,280,554)	
B	Accident Accrual	$ 300,000	$ (600,000)	$ 300,000		
C	Bad Debt			$ 360,000	$ (300,000)	$ 235,000
D	General Wage Increase		$ 228,000	$ 230,000	$ 240,000	$ 150,000
E	OMERS Costs			$ 123,000	$ 178,000	$ 121,000
F	Differences in FTE complement	$ (100,000)	$ (110,000)	$ 80,000		$ 147,000
G	OM&A impact - burden change					$ 984,000
H	Smart Meter Costs					$ 451,326
I	Monthly Electric Billing - No Water				$ (245,000)	$ 1,228,661
J	Increase in allocation to affiliates					$ (436,588)
K	Increase in Operations Maintenance				$ 1,000,000	$ 125,000
L	BPISI Project					$ 225,000
M	Billing System Implementation Costs	$ (311,250)	$ (217,000)			
N	Regulatory Compliance	$ 230,181	$ (345,000)			
O	Right of Way	$ (130,000)	$ 250,000	$ (250,000)	$ 136,000	
P	Workforce shift - Maintenance to Capital	$ (150,000)		$ 113,000		
Q	CDM - Revenue/Expense Recognition	$ (150,000)	$ 200,000		$ (440,000)	
	Miscellaneous	$ 76,342	$ (153,483)	$ 55,362	$ 55,316	$ 11,215
	Closing Balance	$ 11,434,818	$ 7,907,071	$ 12,979,241	$ 12,323,003	$ 15,564,617

Notes:

1 For each year, a detailed explanation for each cost driver and associated amount is required.

2 The closing balance for each year becomes the opening balance for the next year.

3 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of

4 Opening Balance for "Last Rebasing Year" (cell B15) should be equal to the Board-Approved amount.

REGULATORY COSTS

The 2013 Cost of Service Application costs are forecasted to be $450,000 and will be incurred over 2012 and 2013. This represents an 11% increase over the 2009 Cost of Service Application costs of $405,562. During the 2009 Cost of Service application proceedings it was suggested that Greater Sudbury should have had legal counsel involved throughout the preparation of the application. For 2013, Greater Sudbury has retained legal counsel who will be assisting throughout the entire process. In addition, Greater Sudbury has also hired consultants to assist with the load forecast, cost allocation and LRAM requirements to ensure the items are prepared in accordance with the Board's expectation. Please see Appendix 2-M Regulatory Costs for additional information at Exhibit 4, Tab 2, Schedule 3, Attachment 1.

The 2013 Cost of Service Application costs are considered a 'one-time' cost to be recovered over the four year IRM period. As indicated in Appendix 2-M noted above, one fourth of these costs, $112,500, have been included in the budget for account 5655 Regulatory Costs for 2013 and beyond.

Account 5655 is utilized by Greater Sudbury to record all Regulatory Costs. The account includes the amortized Rebasing Costs, as well as the following items:

- Salary and associated employee expenses for the Regulatory Affairs Officer
- OEB Assessment Fees, OEB License Fees and OEB Cost Awards for OEB initiated applications
- IESO Prudential Costs
- Advertising Costs

On-going costs have increased approximately $116,000 in comparison to the cost approved during the last rebasing. The main driver for the increase in this account is the salary and associated employee expenses for the Regulatory Affairs Officer which have been included in this account for the first time in 2012. They were previously recorded in 5610, Management Salaries and Expenses.

File Number:	EB-2012-0126
Exhibit:	4
Tab:	2
Schedule:	3
Attachment:	1
Date:	9 November, 2012

Appendix 2-M
Regulatory Cost Schedule

	Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost? [2]	Last Rebasing Year (2009 Board Approved)	Most Current Actuals Year 2011	2012 Bridge Year	Annual % Change	2013 Test Year	Annual % Change
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = [(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
1	OEB Annual Assessment	5655		On-Going	$ 158,100	$ 150,202	$ 152,000	1.20%	$ 160,000	5.26%
2	OEB Section 30 Costs (Applicant-originated)	5655		On-Going						
3	OEB Section 30 Costs (OEB-initiated)	5655		On-Going	$ 60,000	$ 6,486	$ 8,000	23.34%	$ 15,000	87.50%
4	Expert Witness costs for regulatory matters			One-Time					$ 20,000	
5	Legal costs for regulatory matters	5655		One-Time	$ 65,000		$ 40,000		$ 175,000	337.50%
6	Consultants' costs for regulatory matters	5655		One-Time		$ 14,500	$ 22,000	51.72%	$ 8,000	-63.64%
7	Operating expenses associated with staff resources allocated to regulatory matters	5655		On-Going	$ 40,000	$ 54,973	$ 146,927	167.27%	$ 144,339	-1.76%
8	Operating expenses associated with other resources allocated to regulatory matters [1]									
9	Travel costs associated with cost of service related hearings/conferences	5655		One-Time					$ 40,000	
10	Other regulatory agency fees or assessments									
11	Any other costs for regulatory matters (please define) - IESO Prudential Costs, Advertisements	5655		On-Going		$ 49,080	$ 52,000	5.95%	$ 55,000	5.77%
12	Intervenor costs	5655		One-Time					$ 145,000	
13	Sub-total - Ongoing Costs [3]		$ -		$ 258,100	$ 260,741	$ 358,927	37.66%	$ 374,339	4.29%
14	Sub-total - One-time Costs [4]		$ -		$ 65,000	$ 14,500	$ 62,000	327.59%	$ 388,000	525.81%
15	Total		$ -		$ 323,100	$ 275,241	$ 420,927	52.93%	$ 762,339	81.11%

[1] Please identify the resources involved.

[2] Where a category's costs include both one-time and ongoing costs, the applicant should prove a separate breakdown between one-time and ongoing costs.

[3] Sum of all ongoing costs identified in rows 1 to 11 inclusive.

[4] Sum of all one-time costs identified in rows 1 to 11 inclusive.

Please fill out the following table for all one-time costs related to this cost of service application

		2012 Bridge Year	2013 Test Year	Total	2009 COS Actual
4	Expert Witness costs for regulatory matters	$ -	$ 20,000	$ 20,000	
5	Legal costs for regulatory matters	$ 40,000	$ 175,000	$ 215,000	$ 223,719
6	Consultants' costs for regulatory matters	$ 22,000	$ 8,000	$ 30,000	$ 14,294
7	Operating expenses associated with staff resources allocated to regulatory matters	$ -	$ -	$ -	
8	Operating expenses associated with other resources allocated to regulatory matters [1]	$ -	$ -	$ -	
9	Travel costs associated with cost of service related hearings/conferences	$ -	$ 40,000	$ 40,000	$ 26,971
12	Intervenor costs		$ 145,000	$ 145,000	$ 140,577
	Total	$ 62,000	$ 388,000	$ 450,000	$ 405,562
Recovery of costs over 4 years, included in 2013 budget @ 25%				$ 112,500	101,390.39

ONE-TIME COSTS

The only one-time costs included in the 2013 Cost of Service Application are the costs related to the application itself which have been budgeted to be recovered over four years. Please see Exhibit 4, Tab 2, Schedule 3 for further details on these costs and their inclusion in the 2013 Test Year budget.

MONTHLY BILLING

Greater Sudbury currently bills its GS<50 kW and residential customers on a bi-monthly basis. Strong indications from staff at the Ministry of Energy lead Greater Sudbury to understand that distributors will be mandated to bill customers on a monthly basis.

Greater Sudbury staff attended an August 28, 2012 briefing where Ministry staff rationalized the new monthly billing requirement based on the benefit that consumers would gain from receiving their bills more frequently. The customer benefit is found as the availability of current usage information should help consumers to better adjust their consumption habits to take better advantage of time of use rates and the lower monthly bills will aid consumers in managing their household budgets.

Given this apparent direction in public policy, Greater Sudbury is being proactive in planning for a change from bi-monthly to monthly billing.

Incremental costs associated with the move to monthly billing relate mainly to additional stationary, postage and staffing. Greater Sudbury has calculated the stationary and postage to be $71,209.

As noted elsewhere in this application, Greater Sudbury has determined that 2 staff that may have been surplus as a result of a loss of the water billing contract will now be retained to accommodate the additional workload anticipated as a result of the move to monthly billing.

LOW-INCOME ENERGY ASSISTANCE PROGRAM (LEAP)

On March 10, 2009 the Board released its Report of the Board on the Low-Income Energy Assistance Program ("LEAP Report").

Section 5.1 of the LEAP Report, prescribes that distributors commit 0.12% of the distributor's Board-approved distribution revenue requirement.

Based on Greater Sudbury's Application the LEAP amount budgeted for 2013 stands at $28,265.71.

CHARGES RELATED TO THE GREEN ENERGY AND GREEN ECONOMY ACT

Greater Sudbury has filed its Green Energy Act Plan with this Application at Exhibit 2, Tab 4, Schedule 5, Attachment 1.

Greater Sudbury has proposed OM&A expenses in its GEA plan as outlined in Table 1 below.

Table 1 GEA Plan OM&A Expenditures

	2013	2014	2015	2016	2017
Engineering FTE - FIT/MicroFIT	$125,000	$128,750	$132.613	$136,591	$140,689
Communications Costs	$1,800	$7,200	$24,300	$44,100	$67,500
DMS Software maintenance			$45,000	$45,000	$45,000
Smart Grid Education and Training	$48,050	$48,050	$39,400	$39,400	$39,400
Total OM&A	**$174,850**	**$184,000**	**$241,313**	**$265,091**	**$292,589**
Provincial Recovery Claim	$164,312	$172,960	$226,834	$249,186	$292,589
Net OM&A	**$10,488**	**$11,040**	**$14,479**	**$15,905**	**$17,555**

CDM COSTS

Greater Sudbury delivers CDM programs in accordance with '*The Conservation and Demand Management Code' (CDM Code)* dated September 16, 2010. The CDM code was issued in response to a Ministerial Directive under the Green Energy Act that mandated that distributors meet mandated CDM targets by providing CDM programs designed for that purpose.

The OPA will provide Greater Sudbury with $2,005,927 in program administration funding (PAB) and a further $6,750,582 in program funding.

Greater Sudbury had received an order (EB-2008-0147) approving certain Conservation and Demand Management Programs that were funded through rate riders for the years 2009, 2010 and 2011. Additionally, Greater Sudbury was granted approval for a Street Lighting rate rider for 2009 and 2010. Greater Sudbury received an extension and will have completed the pilot programs approved in EB-2008-0147 by December 31, 2012 and anticipates having dispersed all of the monies collected.

Greater Sudbury will only be proceeding with OPA approved programs after January 1, 2013.

Greater Sudbury accounts for all revenues and costs related to OPA program delivery and administration in USoA accounts 4375 and 4380.

Greater Sudbury is proposing recovery for lost revenue under the LRAM process. Complete analysis of Greater Sudbury's LRAM claim is at Exhibit 9, Tab 3, Schedule 1.

CHARITABLE DONATIONS

Greater Sudbury has not included any amounts for charitable donations or political donations in its OM&A, and therefore nothing is included in revenue requirement. Historical donations have been recorded to Account 6205 'Donations' and include $202,000 in 2009.

These amounts are disclosed in OEB Appendix 2-G and attached as Exhibit 4, Tab 2, Schedule 1, Attachment 2.

Exhibit 4: Operating Costs

Tab 3 (of 9): OM&A Variance Analysis

OM&A VARIANCES

Consistent with the Ontario Energy Board Chapter 2 of the Filing Requirements for Electricity Transmission and Distribution Applications dated June 28, 2012, Greater Sudbury Hydro Inc (Greater Sudbury) has provided variance explanations for each of the USofA accounts for which a variance of greater than $100,000 exists in either 2013 (test year) versus 2009 (last rebasing year actuals) or 2011 (most current actuals) versus 2009 (last rebasing year actual). Appendix 2-H OM&A Detailed Variance Analysis follows the written direct evidence.

Greater Sudbury used a materiality level of $115,000 for the purposes of this analysis which represents less than 0.5% of its revenue requirement.

Impacts of Transfer Pricing Study

At the direction of the Board during Greater Sudbury's last rebasing, Greater Sudbury underwent a transfer pricing study, which was to be submitted with the 2013 COS Application (included at Exhibit 1, Tab 1, Schedule 11, Attachment 1). As a result of the study, expenses historically charged to account 5675 – Maintenance of General Plant (this includes Building costs, IT costs and IT Support from an affiliate) are now being allocated across all departments. This affects several accounts in the following variance analysis. In order to highlight the effects of this change and to illustrate the variances in the accounts for items other than the re-allocation of account 5675, the changes to the 2013 budget resulting from the transfer pricing study have been summarized here.

	Test Year 2013
5675 - Maintenance of General Plant (Gross)	1,655,364
Redistributed to other departments	- 1,620,567
5675 - Maintenance of General Plant (Net)	34,797
5005 - Operation Supervision and Engineering	190,237
5065 - Meter Expense	11,838
5085 - Miscellaneous Distribution Expenses	859,864
5315 - Customer Billing	241,925
5605 - Executive Salaries & Expense	44,101

5610 - Management Salaries & Expenses	44,901
5620 - Office Supplies & Expenses	227,704
Total Redistribution	1,620,570

The accounts affected by the transfer pricing study are shown below with their transfer price effects so that the variances resulting from items other than the transfer pricing study can be explained more appropriately. The variances will be explained net of the transfer price effects as the variances due to the transfer pricing study have been described above.

Additionally, Corporate Service department costs allocated from an affiliate will also reflect these general plant costs as well as revised allocation drivers.

<u>Account 5005 – Operation Supervision and Engineering</u>

	2013 vs 2009	2013 vs 2011
Gross Variance	$ 647,049	$ 470,782
Transfer Price Effects	$ (190,237)	$ (190,237)
Net Variance	$ 456,812	$ 280,545

In 2013, $192,042 has been included in the budget for the first time to manage and coordinate Renewable Generation connections. This is based on the addition of a full-time Project Coordinator and overtime based on Greater Sudbury's experience of the time spent over the past two years on this initiative and the fact that the Renewable Generation projects are gaining in popularity. A portion of Engineering Management hours have also been allocated to this budget line for the overall supervision and management of the Renewable Generation initiative. The addition of a full-time Project Coordinator in 2013 has been deemed necessary due to the increasing additional workload associated with the Renewable Generation initiative assigned to current Engineering staff that has taken away from regular Engineering duties.

Also contributing to this variance is lower than typical OM&A Engineering costs in 2009 and 2011. As a result of scarce resources, Engineering staff normally deployed to OM&A type engineering projects were required to be deployed to capital projects as well as other initiatives, including Renewable Generation as described above. This resulted in low OM&A costs in comparison to what is budgeted for 2013. This trend is not expected to continue in 2013 as a vacancy left due to the departure of a Protection & Control Engineer in 2012 was replaced with a Project Coordinator in Engineering. This has provided additional time for Engineering staff to return to OM&A type engineering projects that had been previously deferred. As well, a supervisory position included only a ½ FTE in 2009, versus a full FTE in 2013.

<u>Account 5016 – Distribution Station Equipment – Operation Labour</u>

Variances

2013 vs 2009: (132,766)

2013 vs 2011: (199,080)

A significant portion of the decrease in costs in this account is the result of the redeployment of the Protection & Control Engineer position in 2012 to Engineering. Also in 2009 and 2011 was an increased effort towards preventative maintenance on station equipment after a significant number of municipal substation transformers failures were experienced. This resulted in an increased number of labour hours in those years than had been experienced historically or are budgeted for 2013.

<u>Account 5017 – Distribution Station Equipment – Operation Supplies & Expenses</u>

Variances

2013 vs 2009: 171,721

2013 vs 2011: 118,560

Included in the 2013 budget for this account is a comprehensive Arc Flash Safety Program. As part of our due diligence under the Occupational Health and Safety Act, arc flash calculations must be performed at each substation to ensure that the appropriate personal protective equipment is worn by any employee entering the substation. This program is aimed at satisfying those requirements and ensuring the continued safety of Greater Sudbury's employees. Failure to do so may create undue risk for Greater Sudbury.

Account 5065 – Meter Expense

	2013 vs 2009	2013 vs 2011
Gross Variance	$ 726,828	$ 785,609
Transfer Price Effects	$ (11,838)	$ (11,838)
Net Variance	$ 714,990	$ 773,771

In 2013, the OM&A costs related to Smart Meters that were previously charged to the variance account are now being charged to 5065 – Meter Expense. Smart Meter expenditures are budgeted to be $586,413 in 2013 and are projected to be as follows:

	2013
Wages & Benefits	$ 188,027
Vehicle Overhead	$ 2,714
Legal/Consultants	$ 5,000
Contract Labour	$ 39,200
Util-Assist MDMR Integration Contract	$ 56,160
AMI Security Audit	$ 12,000
Travel/Professional Development	$ 23,894
TGB Operating Fee/Network Operating Fee	$ 184,630
WNES Fibre Connection	$ 11,838
Support Costs for Web Presentment	$ 3,500
Meter Sense Annual Maintenance Fees	$ 25,950
Government Radio & RF Meter Licenses	$ 33,500
	$ 586,413

In addition, meter changes and sampling were deferred for GS>50 meters until 2013.

Account 5085 – Miscellaneous Distribution Expenses

	2013 vs 2009	2013 vs 2011
Gross Variance	$ 1,813,189	$ 1,813,189
Transfer Price Effects	$ (859,864)	$ (859,864)
Net Variance	$ 953,325	$ 953,325

The 2013 test year costs have increased in this account by $1,024,661 in comparison to 2009 and 2011. This variance is solely as a result of the transition to IFRS. IFRS specifically prohibits capitalization of general overhead costs that are not directly attributable to bringing assets to their locations and to the working conditions related to their intended uses. These costs include items such as training, procurement costs, supervisor and administrative salaries. As a result, Greater Sudbury has allocated the following overhead amounts from various departments previously included in capital directly to this OM&A account.

Stores Overhead	$	85,362
Operations Supervision Overhead	$	315,616
Engineering/Mapping Overhead	$	362,114
Vehicle Overhead	$	71,336
Garage Overhead	$	38,363
Outside Labour Overhead	$	88,787
Accounting Overhead	$	63,083
	$	1,024,661

While Greater Sudbury has elected to defer the adoption of IFRS to January 1, 2014, it has chosen to adopt the changes required to the capitalization policy as of January 1, 2013.

<u>Account 5125 – Maintenance of Overhead Conductors and Devices</u>

Variances

2013 vs 2009: 234,596

2013 vs 2011: 344,849

Following the 2010 ESA audit Greater Sudbury's senior Engineers, in consultation with the ESA Auditor concluded that Greater Sudbury was not making timely repairs identified as per the DSC Appendix C inspections, infrared inspections, and other inspection processes. Greater Sudbury identified that insufficient resources were in the maintenance budget to complete the required repairs in a timely manner therefore the maintenance budgets for Poles, Towers & Fixtures, Overhead Conductors & Devices and Line Transformers were all increased in each of the following years to comply with Ontario Regulation 22/04. Resources were reallocated from the operations accounts to the maintenance accounts to the extent possible. Maintenance efforts were initially focused on Poles, Towers & Fixtures as they were deemed to be more critical in nature than the maintenance required on the Overhead Conductors & Devices and Line Transformers. This resulted in a low actual expense in 2011 in this account in comparison to the 2013 budget where increased maintenance is required to comply with Ontario Regulation 22/04.

<u>Account 5160 – Maintenance of Line Transformers</u>

Variances

2013 vs 2009: 92,247

2013 vs 2011: 208,737

Following the 2010 ESA audit Greater Sudbury's senior Engineers, in consultation with the ESA Auditor concluded that Greater Sudbury was not making timely repairs identified as per the DSC Appendix C inspections, infrared inspections, and other inspection processes. Greater Sudbury identified that insufficient resources were in the maintenance budget to complete the required repairs in a timely manner therefore the maintenance budgets for Poles, Towers & Fixtures, Overhead Conductors & Devices and Line Transformers were all increased in each of the following years to comply with Ontario Regulation 22/04. As previously discussed in the analysis of account 5120 – Maintenance of Poles, Towers & Fixtures, resources were reallocated from the operations accounts to the maintenance account to the extent possible. Maintenance efforts were initially focused on Poles, Towers & Fixtures as they were deemed to be more critical in nature than the maintenance required on the Overhead Conductors & Devices and Line Transformers. This, as well as fewer transformer failures, resulted in a low actual expense in 2011 in this account in comparison to 2013 where increased maintenance is required to comply with Ontario Regulation 22/04.

<u>Account 5310 – Meter Reading Expense</u>

Variances

2013 vs 2009: (195,321)

2013 vs 2011: (175,515)

In 2013, the costs associated with manual meter reading are down significantly as Greater Sudbury has moved to Advanced Metering Infrastructure (AMI) following the Smart Meter implementation. As a result manual meter reading in no longer required for the residential and GS<50 customers who have Smart Meters installed. The costs associated with reading the Smart Meters are included in account 5065.

<u>Account 5315 – Customer Billing</u>

	2013 vs 2009	2013 vs 2011
Gross Variance	$ 776,546	$ 894,889
Transfer Price Effects	$ (241,925)	$ (241,925)
Net Variance	$ 534,621	$ 652,963

Customer billing costs have increased significantly for the test year in comparison to both 2009 and 2011. The driver of this cost increase in both cases is the loss of the water billing contract with the City. As discussed elsewhere in this Application (see Exhibit 1, Tab 2, Schedule 1, Exhibit 4, Tab 1, Schedule 1 as examples) the decision on the part of the City to discontinue the purchase of billing services with the change to monthly billing has removed the economic efficiencies inherent in sharing systems across multiple purposes. Those economic efficiencies were to the benefit of ratepayers. As described in the Summary of Application and Planned Changes to the Organizational Structure (Exhibit 1 Tab 1, Schedule 10, Attachment 3) Greater Sudbury will reorganize and self supply the billing function. The advantages gained by purchasing this service from an affiliate will end with the withdrawal of the water billing service.

<u>Account 5320 – Collecting</u>

Variances

2013 vs 2009: 171,047

2013 vs 2011: 160,865

As noted for account 5315 the increase in the collection cost, specifically cash processing, for both the 2009 and 2011 comparisons represents a loss of scale efficiencies resulting from the withdrawal of water billing by the City. The costs of staffing, contract services, stationary will now be borne by Greater Sudbury. As in the discussion of Account 5315 above, Greater Sudbury will reorganize to self supply the collection function as there is no longer any benefit to purchase this service from its affiliate.

<u>Account 5335 – Bad Debt Expense</u>

Variances

2013 vs 2009: 251,197

2013 vs 2011: (63,316)

As a result of the new rules that came into force on January 1, 2011, surrounding customer security deposits in the Distribution System Code (Revised October 1, 2011), Greater Sudbury has seen its bad debt expense rise exponentially. In the past, any deposit monies received (and not previously refunded after one year of good payment history) would be applied to the outstanding balance on the customer's account once the final bill had been issued. However, as per section 2.4.26A of the Distribution System Code: *"A distributor shall not issue a disconnection notice to a residential customer for non-payment unless the distributor has first applied any security deposit held on account for the customer against any amounts owing at that time and the security deposit was insufficient to cover the total amount owing."* This leaves Greater Sudbury with little recourse when final balances are abandoned by tenants who move away from the area. In addition, as per section 2.4.11.1 of the Distribution System Code: *"When issuing a bill for a security deposit in accordance with section 2.4.9, the distributor shall advise a residential customer that the security deposit requirement will be waived for an eligible low-income customer provided that such a customer contacts the distributor and thereafter confirms his or her low-income eligibility."* This leaves Greater Sudbury with no available deposit to apply against any arrears an eligible low-income customer incurs. These two rules impact Greater Sudbury particularly as it experiences high customer turnover. The problem is also exacerbated as Greater Sudbury bills bi-monthly. When the new requirements were introduced, Greater Sudbury's allowance for bad debts was estimated to be $1.2M, of which almost $1.1M related to final balances. As part of

Greater Sudbury's collection policy, reminder notices are generated by the billing system for accounts with final balances 7 days after the due date of the bill. If payment is still not received 10 days after the reminder notice, the accounts are flagged for further follow up by Customer Service staff. Contact with the customer is attempted by Customer Service staff and if the attempts are unsuccessful, the account is transferred to a collection agency. In addition, when a customer calls to set up an account, a search is performed by Customer Service staff to ensure they do not have any abandoned outstanding balances on another account. If the individual is found to have an abandoned outstanding balance, Greater Sudbury requires the arrears balance be paid before a new service will be provided.

The actual bad debt expense experienced by Greater Sudbury in 2011 was $463,316. The expense has been budgeted to be $400,000 in the test year.

Account 5415 – Energy Conservation

Variances

2013 vs 2009: (142,484)

2013 vs 2011: (439,836)

The expenses incurred in this account in 2009 and 2011 related exclusively to the funding Greater Sudbury received in relation to its Conservation and Demand Management plan approved by the Board (EB-2008-0147). This program has a completion date of December 31, 2012 and as a result Greater Sudbury has not budgeted any amount under this account for recovery through rates as it intends to fund all projects through OPA programs.

Account 5610 – Management Salaries and Expenses

	2013 vs 2009	2013 vs 2011
Gross Variance	$ 41,566	$ 86,477
Transfer Price Effects	$ (44,901)	$ (44,901)
Net Variance	$ (3,335)	$ 41,576

Removing the impacts of the transfer pricing study brings the variance below the materiality threshold.

Account 5615 – General Administrative Salaries and Expenses

Variances

2013 vs 2009: 167,100

2013 vs 2011: 192,539

In 2010 Greater Sudbury implemented a Quality Management System (QMS) to ensure continuous improvement within the organization. The increase in this account is primarily reflective of the addition of the program and a QMS Coordinator. This group is also tasked with responsibility for improving and formalizing Greater Sudbury's electronic records management system. The initiative is further described at Exhibit 4, Tab 3, Schedule 1, Attachment 2.

Account 5620 – Office Supplies and Expenses

	2013 vs 2009	2013 vs 2011
Gross Variance	$ 246,693	$ 230,770
Transfer Price Effects	$ (227,704)	$ (227,704)
Net Variance	$ 18,989	$ 3,066

Removing the impacts of the transfer pricing study brings the variance below the materiality threshold.

Account 5640 – Injuries and Damages

Variances

2013 vs 2009: (314,079)

2013 vs 2011: (17,884)

In 2009, Greater Sudbury experienced an accident which was subject to a Ministry of Labour investigation. In 2009, Greater Sudbury accrued $300,000 for possible charges against the company. The accrual was reversed in 2010 as no charges were laid as a result of the investigation.

Account 5645 – OMERS Pensions and Benefits

Variances

2013 vs 2009: unknown

2013 vs 2011: (1,280,544)

In 2011, Greater Sudbury's Employee Future Benefit Obligation was determined to have suffered an actuarial loss, based on an actuarial valuation dated March 14, 2011. The projected change in the obligation for 2013 cannot be reasonably estimated in advance. Greater Sudbury’s current practice is to have actuarial evaluations performed every three years. Actuarial gains and losses have not been recovered through the rate process.

Account 5655 – Regulatory Expenses

Variances

2013 vs 2009: (66,441)

2013 vs 2011: 211,598

The costs in this account are budgeted as a four year average to smooth the expenses incurred in the rebasing years as a result of the Cost of Service application. The 2013 Cost of Service Application will incur a material amount of costs during the 2012 Bridge and 2013 Test years. Greater Sudbury expects that in total, over the two years, the application will cost approximately $450,000. This is an increase over the 2009 application as it was suggested during the 2009 Cost of Service application proceedings that Greater Sudbury should have had legal counsel involved throughout the preparation of the application. For 2013, Greater Sudbury has retained legal counsel who will be assisting throughout the entire process. In addition, Greater Sudbury has also hired consultants to assist with the load forecast, cost allocation and LRAM requirements to ensure the items are prepared in accordance with the Board’s expectation. Please see

Appendix 2-M Regulatory Costs for additional information Exhibit 4, Tab 2, Schedule 3, Attachment 1.

<u>Account 5665 – Miscellaneous General Expenses</u>

Variances

2013 vs 2009: 231,939

2013 vs 2011: 170,930

In 2013, Miscellaneous General Expenses include $91,250 worth of costs for Greater Sudbury's Business Process Improvement and Systems Integration project (BPISI). This project entails a comprehensive review and documentation of Greater Sudbury's critical business systems and processes, will investigate opportunities to optimize the processes and then integrate them into Greater Sudbury's current structure. This project is described in greater detail at Exhibit 4, Tab 1, Schedule 1, Attachment 2.

<u>Account 5670 – Rent</u>

Variances

2013 vs 2009: (123,790)

2013 vs 2011: (251,629)

Rent expense is down in 2013 as a result of the transfer pricing study. Historically, amortization of computers was included in the rent charged by an affiliate. In 2013, those costs were included in the redistribution of building costs and are now being allocated across all applicable departments.

<u>Account 5675 – Maintenance of General Plant</u>

	2013 vs 2009	2013 vs 2011
Gross Variance	$ (932,645)	$ (1,108,926)
Transfer Price Effects	$ 1,620,570	$ 1,620,570
Net Variance	$ 687,925	$ 511,644

One of the significant increases in the gross budget of this account is the inclusion of the amortization of computers, reallocated from account 5670 where the charges were previously included, to account 5675 so that it may be appropriate re-distributed to all departments. In addition two FTE's were added to the gross budget in this account, one in IT Services and one deployed to Special Projects. The need for these individuals came from additional requirements to deploy and implement new technologies and systems as well as to develop efficiencies between Greater Sudbury's systems and processes. Support costs for two systems are also included in this account, which were not incurred in 2009 and only partially incurred in 2011. The first is the system used by the organization for the ISO initiative and records management (implemented in 2010). The second is the ERP software that will be implemented in 2013.

Also included in the increase are the rising costs associated with maintaining and operating Greater Sudbury's aging office building. This includes contract labour costs to maintain and repair the building and its systems as well as increases in water, hydro and insurance.

Account 5681 Special Purpose Charge Expense

A variance analysis has not been provided for this account as it is not a recoverable expense.

Account 6205 Donations (Non-LEAP)

A variance analysis has not been provided for this account as it is not a recoverable expense.

File Number:	EB-2012-0126
Exhibit:	4
Tab:	3
Schedule:	1
Attachment:	1
Date:	9 November, 2012

Appendix 2-H
OM&A Detailed Variance Analysis
(excluding Depreciation and Amortization)

Account	Description	Last Board-approved Rebasing Year (2009 Year)	Most Current Actuals Year 2011	Test Year 2013	Test Year (2013) Versus Last Rebasing (2009)		Test Year (2013) Versus Most Current Actuals (2011)	
					Variance ($)	Percentage Change (%)	Variance ($)	Percentage Change (%)
Reporting Basis		**CGAAP**	**CGAAP**	**CGAAP**				
Operations								
5005	Operation Supervision and Engineering	$ 727,709	$ 903,976	$ 1,374,758	$ 647,049	88.92%	$ 470,782	52.08%
5010	Load Dispatching	$ 594,072	$ 500,315	$ 579,569	$ (14,503)	(2.44)%	$ 79,254	15.84%
5012	Station Buildings and Fixtures Expense	$ 219,147	$ 218,695	$ 234,956	$ 15,809	7.21%	$ 16,261	7.44%
5014	Transformer Station Equipment - Operation Labour	$ -	$ -	$ -	$ -		$ -	
5015	Transformer Station Equipment - Operation Supplies and Expenses	$ -	$ -	$ -	$ -		$ -	
5016	Distribution Station Equipment - Operation Labour	$ 349,861	$ 416,176	$ 217,095	$ (132,766)	(37.95)%	$ (199,080)	(47.84)%
5017	Distribution Station Equipment - Operation Supplies and Expenses	$ 120,130	$ 173,291	$ 291,851	$ 171,721	142.95%	$ 118,560	68.42%
5020	Overhead Distribution Lines and Feeders - Operation Labour	$ 138,982	$ 150,176	$ 120,031	$ (18,950)	(13.64)%	$ (30,145)	(20.07)%
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	$ 352,986	$ 342,586	$ 307,303	$ (45,683)	(12.94)%	$ (35,283)	(10.30)%
5030	Overhead Sub-transmission Feeders - Operation	$ 23,513	$ 15,340	$ 15,614	$ (7,899)	(33.59)%	$ 275	1.79%
5035	Overhead Distribution Transformers - Operation	$ 113,835	$ 105,607	$ 164,805	$ 50,970	44.78%	$ 59,198	56.05%
5040	Underground Distribution Lines and Feeders - Operation Labour	$ 3,409	$ 13,651	$ 12,799	$ 9,390	275.48%	$ (852)	(6.24)%
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	$ 7,409	$ 4,751	$ 6,686	$ (723)	(9.76)%	$ 1,934	40.71%
5050	Underground Sub-transmission Feeders - Operation	$ 970	$ -	$ 2,049	$ 1,079	111.24%	$ 2,049	
5055	Underground Distribution Transformers - Operation	$ 60,792	$ 106,630	$ 88,655	$ 27,863	45.83%	$ (17,975)	(16.86)%
5060	Street Lighting and Signal System Expense	$ -	$ -	$ -	$ -		$ -	
5065	Meter Expense	$ 244,856	$ 186,074	$ 971,684	$ 726,828	296.84%	$ 785,609	422.20%
5070	Customer Premises - Operation Labour	$ 637,696	$ 549,410	$ 631,689	$ (6,007)	(0.94)%	$ 82,278	14.98%
5075	Customer Premises - Operation Materials and Expenses	$ -	$ -	$ -	$ -		$ -	
5085	Miscellaneous Distribution Expenses	$ -	$ -	$ 1,813,189	$ 1,813,189		$ 1,813,189	
5090	Underground Distribution Lines and Feeders - Rental Paid	$ -	$ -	$ -	$ -		$ -	
5095	Overhead Distribution Lines and Feeders - Rental Paid	$ 56,689	$ 76,625	$ 82,000	$ 25,311	44.65%	$ 5,375	7.01%
5096	Other Rent	$ -	$ -	$ -	$ -		$ -	
Total - Operations		$ 3,652,054	$ 3,763,302	$ 6,914,732	$ 3,262,678	89.34%	$ 3,151,430	83.74%
Account	**Description**							
Maintenance								
5105	Maintenance Supervision and Engineering	$ 17	$ -	$ -	$ (17)	(100.00)%	$ -	
5110	Maintenance of Buildings and Fixtures - Distribution Stations	$ 36,773	$ 30,600	$ 17,720	$ (19,053)	(51.81)%	$ (12,880)	(42.09)%
5112	Maintenance of Transformer Station Equipment	$ -	$ -	$ -	$ -		$ -	
5114	Maintenance of Distribution Station Equipment	$ 72,348	$ 180,098	$ 157,768	$ 85,420	118.07%	$ (22,330)	(12.40)%
5120	Maintenance of Poles, Towers and Fixtures	$ 173,663	$ 194,223	$ 278,677	$ 105,014	60.47%	$ 84,454	43.48%
5125	Maintenance of Overhead Conductors and Devices	$ 268,802	$ 158,548	$ 503,398	$ 234,596	87.27%	$ 344,849	217.50%
5130	Maintenance of Overhead Services	$ 170,764	$ 184,768	$ 183,580	$ 12,816	7.51%	$ (1,187)	(0.64)%
5135	Overhead Distribution Lines and Feeders - Right of Way	$ 415,591	$ 416,625	$ 514,475	$ 98,884	23.79%	$ 97,851	23.49%
5145	Maintenance of Underground Conduit	$ 53,447	$ 102,243	$ 56,309	$ 2,862	5.35%	$ (45,934)	(44.93)%
5150	Maintenance of Underground Conductors and Devices	$ 33,764	$ 68,672	$ 48,520	$ 14,756	43.70%	$ (20,152)	(29.34)%
5155	Maintenance of Underground Services	$ 69,422	$ 70,439	$ 106,504	$ 37,082	53.41%	$ 36,065	51.20%
5160	Maintenance of Line Transformers	$ 204,621	$ 88,132	$ 296,869	$ 92,247	45.08%	$ 208,737	236.85%
5165	Maintenance of Street Lighting and Signal Systems	$ -	$ -	$ -	$ -		$ -	
5170	Sentinel Lights - Labour	$ -	$ -	$ -	$ -		$ -	
5172	Sentinel Lights - Materials and Expenses	$ -	$ -	$ -	$ -		$ -	
5175	Maintenance of Meters	$ 3,118	$ 3,184	$ -	$ (3,118)	(100.00)%	$ (3,184)	(100.00)%
5178	Customer Installations Expenses - Leased Property	$ -	$ -	$ -	$ -		$ -	
5195	Maintenance of Other Installations on Customer Premises	$ -	$ -	$ -	$ -		$ -	
Total - Maintenance		$ 1,502,331	$ 1,497,531	$ 2,163,820	$ 661,489	44.03%	$ 666,288	44.49%
Account	**Description**							
Billing and Collecting								
5305	Supervision	$ -	$ -	$ -	$ -		$ -	
5310	Meter Reading Expense	$ 224,521	$ 204,715	$ 29,200	$ (195,321)	(86.99)%	$ (175,515)	(85.74)%
5315	Customer Billing	$ 1,454,082	$ 1,335,740	$ 2,230,628	$ 776,546	53.40%	$ 894,889	67.00%
5320	Collecting	$ 193,042	$ 203,223	$ 364,089	$ 171,047	88.61%	$ 160,865	79.16%
5325	Collecting - Cash Over and Short	$ -	$ -	$ -	$ -		$ -	
5330	Collection Charges	$ -	$ -	$ -	$ -		$ -	
5335	Bad Debt Expense	$ 148,803	$ 463,316	$ 400,000	$ 251,197	168.81%	$ (63,316)	(13.67)%
5340	Miscellaneous Customer Accounts Expenses	$ 173,656	$ 114,714	$ 122,948	$ (50,709)	(29.20)%	$ 8,233	7.18%
Total - Billing and Collecting		$ 2,194,104	$ 2,321,708	$ 3,146,864	$ 952,760	43.42%	$ 825,156	35.54%
Account	**Description**							
Community Relations								
5405	Supervision	$ -	$ -	$ -	$ -		$ -	
5410	Community Relations - Sundry	$ -	$ -	$ 78,108	$ 78,108		$ 78,108	
5415	Energy Conservation	$ 142,484	$ 439,836	$ -	$ (142,484)	(100.00)%	$ (439,836)	(100.00)%
5420	Community Safety Program	$ -	$ -	$ -	$ -		$ -	
5425	Miscellaneous Customer Service and Informational Expenses	$ -	$ -	$ -	$ -		$ -	
5505	Supervision	$ -	$ -	$ -	$ -		$ -	
5510	Demonstrating and Selling Expense	$ -	$ -	$ -	$ -		$ -	
5515	Advertising Expenses	$ -	$ -	$ -	$ -		$ -	
5520	Miscellaneous Sales Expense	$ -	$ -	$ -	$ -		$ -	
Total - Community Relations		$ 142,484	$ 439,836	$ 78,108	$ (64,376)	(45.18)%	$ (361,727)	(82.24)%
Account	**Description**							
Administrative and General Expenses								
5605	Executive Salaries and Expenses	$ 426,685	$ 417,193	$ 523,280	$ 96,595	22.64%	$ 106,088	25.43%
5610	Management Salaries and Expenses	$ 509,972	$ 465,060	$ 551,537	$ 41,566	8.15%	$ 86,477	18.59%
5615	General Administrative Salaries and Expenses	$ 492,148	$ 466,709	$ 659,248	$ 167,100	33.95%	$ 192,539	41.25%
5620	Office Supplies and Expenses	$ 65,801	$ 81,723	$ 312,493	$ 246,693	374.91%	$ 230,770	282.38%
5625	Administrative Expense Transferred - Credit	$ -	$ -	$ -	$ -		$ -	
5630	Outside Services Employed	$ 60,163	$ 53,650	$ -	$ (60,163)	(100.00)%	$ (53,650)	(100.00)%
5635	Property Insurance	$ -	$ -	$ -	$ -		$ -	
5640	Injuries and Damages	$ 314,079	$ 17,884	$ -	$ (314,079)	(100.00)%	$ (17,884)	(100.00)%
5645	OMERS Pensions and Benefits	$ -	$ 1,280,544	$ -	$ -		$ (1,280,544)	(100.00)%
5646	Employee Pensions and OPEB	$ -	$ -	$ -	$ -		$ -	
5647	Employee Sick Leave	$ -	$ -	$ -	$ -		$ -	
5650	Franchise Requirements	$ -	$ -	$ -	$ -		$ -	
5655	Regulatory Expenses	$ 553,281	$ 275,241	$ 486,839	$ (66,441)	(12.01)%	$ 211,598	76.88%
5660	General Advertising Expenses	$ 49,395	$ 34,408	$ 52,869	$ 3,474	7.03%	$ 18,461	53.65%
5665	Miscellaneous General Expenses	$ 319,089	$ 380,098	$ 551,028	$ 231,939	72.69%	$ 170,930	44.97%
5670	Rent	$ 185,790	$ 313,629	$ 62,000	$ (123,790)	(66.63)%	$ (251,629)	(80.23)%
5672	Lease Payment Charge	$ -	$ -	$ -	$ -		$ -	
5675	Maintenance of General Plant	$ 967,443	$ 1,143,724	$ 34,798	$ (932,645)	(96.40)%	$ (1,108,926)	(96.96)%
5680	Electrical Safety Authority Fees	$ -	$ -	$ -	$ -		$ -	
5681	Special Purpose Charge Expense	$ -	$ 138,036	$ -	$ -		$ (138,036)	(100.00)%
5685	Independent Electricity System Operator Fees and Penalties	$ -	$ -	$ -	$ -		$ -	
5695	OM&A Contra Account	$ -	$ -	$ -	$ -		$ -	
6205	Donations	$ 202,000	$ -	$ -	$ (202,000)	(100.00)%	$ -	
6205	Donations, Sub-account LEAP Funding	$ -	$ 27,000	$ 27,000	$ 27,000		$ -	0.00%
Total - Administrative and General Expenses		$ 4,145,844	$ 5,094,899	$ 3,261,093	$ (884,751)	(21.34)%	$ (1,833,806)	(35.99)%
Total OM&A		$ 11,636,818	$ 13,117,277	$ 15,564,617	$ 3,927,799	33.75%	$ 2,447,341	18.66%
Adjustments for non-recoverable items								
5681	Special Purpose Charge Expense	$ -	$ 138,036	$ -	$ -		$ (138,036)	(100.00)%
6205	Donations[1]	$ 202,000			$ (202,000)	(100.00)%	$ -	
					$ -		$ -	
					$ -		$ -	
					$ -		$ -	
Total Recoverable OM&A		$ 11,434,818	$ 12,979,241	$ 15,564,617	$ 4,129,799	36.12%	$ 2,585,376	19.92%

[1] Account 6205 - Donations is generally non-recoverable. However, the sub-account LEAP funding of account 6205 is generally recoverable.

Note:

1. If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2013 for financial reporting purposes, Column D "Most Current Actual Year" must be provided on CGAAP.
2. If the applicant is adopting IFRS or an alternate accounting standard as of January 1, 2012 for financial reporting purposes, Column D "Most Current Actual Year" must be provided on that standard.

Greater Sudbury Hydro's Quality Management System

ISO 9001:2008 and OHSAS18001:2007

In January of 2010 Greater Sudbury Hydro Inc. (GSHI) began to develop an internal Management System (MS) that would meet the stringent requirements of the International Organization for Standards' ISO 9001:2008 standard and the Occupational Health and Safety Assessment Series standard 18001:2007 (OHSAS18001:2007 standard or OHSAS 18001). GSHI successfully completed an external audit by a an accredited Certification Company, SAI Global Inc. in June of 2011 and received original certification on July 26, 2011. The Certificates of Registration are attached to this document as Appendix A. The ISO standard is focused on ensuring that GSHI consistently delivers good quality services to its customers. The OHSAS 18001 standard is focused on controlling risks in the workplace to eliminate injuries and ill health caused by or associated with work. The cost of developing the MS has been fully borne by the shareholder as this project was not included in GSHI's last Cost of Service Application.

Common Components

Both ISO and OHSAS management systems are continuous improvement systems. They recognize that improvement comes from careful planning of goals, delivery of service regular introspective reviews of errors or issues (called non-conformances) that occur in the delivery of service and the correction of errors, incidents or omissions that may occur. Commonly this cycle is referred to as the PDCA cycle (Plan, Do, Check, Act) as shown in Figure 1.

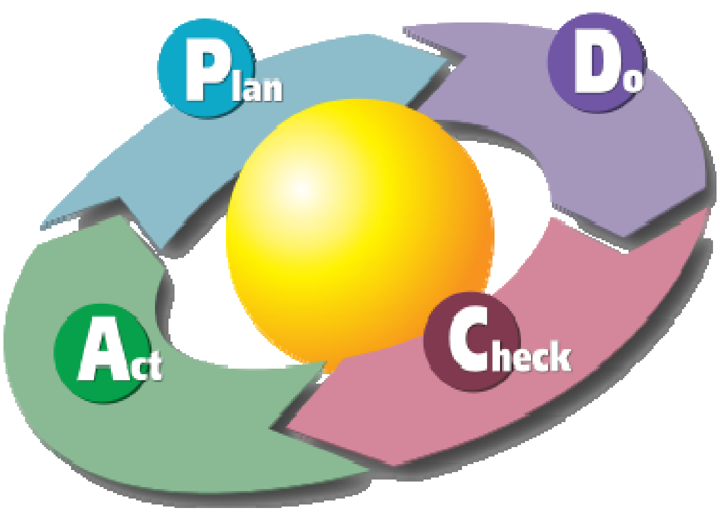

Figure 1 PDCA Cycle

The "Plan" portion of the Cycle includes the development of a Management Policy (mission statement) to describe the fundamental purpose of the organization and the development of specific goals that articulate what represents acceptable service delivery. GSHI's Management Policy is attached as Appendix B. Planning also determines the strategic policy statements that will guide the operation of the business and more detailed procedure documents that describe the steps taken for service delivery.

The planning cycle also determines the service delivery objectives that management will measure in the check cycle. GSHI currently measures a limited number of service delivery objectives, 4 in total. 2012 results to date are included as Appendix C. Note that these performance objectives are in addition to the metrics mandated by the Ontario Energy Board (the Board). The Board mandated performance standards are inherently included in the Management System. The GSHI Business Process Improvement/System Integration Project in part will add numerous critical points of measurement that will assist management in continuing organizational development and improvement while limiting the amount of manual data collection and labour overhead to operate the system.

"Do" simply refers to delivering the service. At this stage data is collected to measure performance.

The "Check" component of the cycle is where data analysis occurs to determine what is working and what isn't. Checking includes the use of Non-Conformance logs, Corrective Actions, internal audits of the system and quarterly Management Reviews. In this component reviews of the measurements and assumptions that underpin the entire Management System (including the Management Policy and performance metrics) occur to ensure that they remain effective.

"Act" is where continuous improvement happens. The results of the data analysis are used in root cause analysis. From this analysis enduring remedies are developed to ensure that past poor performance is not repeated.

The PDCA components are common to both ISO 9001:2008 and OHSAS 18001:2007. Additionally both ISO and OHSAS require that all staff be oriented and trained in the use of the MS. If there are significant modifications to a procedure, the staff responsible for that process must be trained, proved competent and a record of the training and competency kept.

ISO 9001:2008

This standard is focused on service quality and customer satisfaction. It incorporates all of the common components and further includes a requirement to test customer satisfaction on an ongoing basis. GSHI has conducted weekly customer satisfaction surveys since the inception of the Management System. These surveys are performed by a third party call centre using customer contact data provided GSHI. The customers contacted are randomly selected from logs of customers who have had contact with GSHI for a particular service, in this way the customer's opinion of service is contemporaneous to actual service delivery. The survey is intentionally brief, the customer is only to rate the service they received on a scale from 1 to 10 and then for any suggestion on how we might improve service. Ensuring the survey is performed within a short time of the customer's contact and by keeping it brief is viewed as critical to maintaining a high response rate.

OHSAS 18001:2007

As noted above this certification and the components of the Management System that are required by the standard are focused on the elimination of work related illness and injuries through the mitigation of risk and continuous improvement.

Distinct characteristics of OHSAS include the development and maintenance of a thorough Hazard Identification and Risk Assessment (HIRA) inventory, the use of accident/incident investigations, hazard observations and very close and careful attention to staff training.

Accident investigations, incident reports, hazard observations and employee preventative measure suggestions are all regularly reviewed in conjunction with the HIRA to ensure that any unsafe conditions are recognized and effectively controlled or eliminated before they result in any injuries.

Continuous Improvement, Continuing Development

The implementation of the formal MS has introduced the organizational habit of the PDCA cycle to GSHI. In the initial implementation GSHI management identified in excess of 60 processes that if monitored and improved would provide a significant positive impact on the effectiveness of the organization. The problem then, as now, was that there was no simple or automated method of collecting and collating the data required to check performance. To force monitoring of this large number of processes would have required at least two additional staff to collect and collate the large amount of data for analysis.

The decision was taken to move forward with the Management System with a limited number of measured processes and subsequently complete a thorough review of all of our business processes to ensure that we were following best practice. Additionally, the process re-engineering could allow the opportunity to automate the data collection necessary to feed both the MS Check cycle and regulatory processes.

The GSHI - Business Process Improvement and Systems Integration Project is included in this application at Exhibit 4, Tab 1, Schedule 1 , Attachment 2.

Appendix A ISO 9001 and OHSAS 18001 Certificates

CERTIFICATE OF REGISTRATION

This is to certify that

Greater Sudbury Utilities Inc.
500 Regent Street, Sudbury, Ontario P3E 4P1 Canada

operates a

Quality Management System

which complies with the requirements of

ISO 9001:2008

for the following scope of registration

The registration covers the Quality Management System for the distribution of electrical power.

Certificate No.:	CERT-0049835	Original Certification Date:	June 20, 2011
File No.:	1614416	Current Certification Date:	June 20, 2011
Issue Date:	June 20, 2011	Certificate Expiry Date:	June 19, 2014

Chris Jouppi
President,
QMI-SAI Canada Limited

Alex Ezrakhovich
General Manager,
SAI Global Certification Services Pty Ltd

Certified System

ANAB ACCREDITED

ISO 9001

Registered by:
SAI Global Certification Services Pty Ltd, 286 Sussex Street, Sydney NSW 2000 Australia with QMI-SAI Canada Limited, 20 Carlson Court, Suite 100, Toronto, Ontario M9W 7K6 Canada (SAI GLOBAL). This registration is subject to the SAI Global Terms and Conditions for Certification. While all due care and skill was exercised in carrying out this assessment, SAI Global accepts responsibility only for proven negligence. This certificate remains the property of SAI Global and must be returned to them upon request.
To verify that this certificate is current, please refer to the SAI Global On-Line Certification Register: www.qmi-saiglobal.com/qmi_companies/

SAI GLOBAL
INFORM. INSPIRE. IMPROVE.

CERTIFICATE OF REGISTRATION

This is to certify that

Greater Sudbury Utilities Inc.

500 Regent Street, Sudbury, Ontario P3E 4P1 Canada

operates a

Occupational Health & Safety Management System

which complies with the requirements of

OHSAS 18001:2007

for the following scope of registration

The registration covers the Occupational Health and Safety Management System for the distribution of electrical power.

Certificate No.:	CERT-0049834	Original Certification Date:	July 21, 2011
File No.:	1614416	Current Certification Date:	July 21, 2011
Issue Date:	July 26, 2011	Certificate Expiry Date:	July 20, 2014

Chris Jouppi
President,
QMI-SAI Canada Limited

Alex Ezrakhovich
General Manager,
SAI Global Certification Services Pty Ltd

Certified System

OHSAS 18001

Registered by:
SAI Global Certification Services Pty Ltd, 286 Sussex Street, Sydney NSW 2000 Australia with QMI-SAI Canada Limited, 20 Carlson Court, Suite 100, Toronto, Ontario M9W 7K6 Canada (SAI GLOBAL). This registration is subject to the SAI Global Terms and Conditions for Certification. While all due care and skill was exercised in carrying out this assessment, SAI Global accepts responsibility only for proven negligence. This certificate remains the property of SAI Global and must be returned to them upon request.
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Appendix B - GSHI Management Policy

GSU empowering communities
le pouvoir aux communautés

MANAGEMENT POLICY

GSHi is committed to keeping the lights on, keeping the rates low, providing quality customer service while ensuring the health and safety of the public, our employees and their families.

To balance these goals, we will continually operate, maintain and improve our systems through responsible investments in people, processes, and equipment. Exceptional OH&S performance and continual improvement is who we are and what we do. The policies and procedures in our systems provide direction and structure; and meet the requirements of the OH&S Act, other statutory/regulatory and ISO 9001 and OHSAS 18001 requirements.

We will measure our performance to ensure that we will continually improve.

President & CEO

MF 5.1.01 Effective 2011-04-07

Appendix C - Service Delivery Results

GSU empowering communities
le pouvoir aux communautés

MANAGEMENT
OBJECTIVE #1:
No Work-Related Injury Lost Days

Current Performance
August 2012 – 0 Days

MF 5.1.02 Effective 2010-08-30

GSU empowering communities
le pouvoir aux communautés

MANAGEMENT OBJECTIVE #2: Customer Satisfaction Utility-Wide Rating 8.0

Current Performance
August 2012 - Rating 8.7 (40 Samples)

	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sept
Underground Locates GOAL 8.0 Avg. Rating	8.0	N/A	N/A	N/A	9.3	9.4	5.5	8.4	
Customer Service GOAL 9.0 Avg. Rating	8.0	9.0	8.8	8.3	8.4	8.5	7.3	9.3	
Customer Connections GOAL 8.0 Avg. Rating	9.5	9.0	N/A	100	8.0	9.3	8.9	8.7	
CDM Issues GOAL 9.0 Avg. Rating	8.3	7.5	N/A	9.8	9.2	8.8	8.2	8.3	
TOTAL RATINGS GOAL 8.0 Rating	8.5	8.2	8.8	9.4	8.8	9.0	7.5	8.7	

* Green coloured box = meeting goal rating *
* Red coloured box = below goal rating *

MANAGEMENT OBJECTIVE #3: 90% Inventory Accuracy

Current Performance
August 2012 – Rating 86%

DAY	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	Sep	Oct	Nov	Dec
1	W	100	90	W	100	100	W	80				
2	W	100	90	100	70	W	W	90				
3	90	80	W	70	70	W	90	90				
4	90	W	W	80	100	80	90	W				
5	100	W	70	90	w	90	100	W				
6	100	80	90	S	w	100	100	S				
7	W	100	90	W	80	80	W	80				
8	W	100	100	W	90	100	W	90				
9	100	70	100	S	90	W	90	90				
10	100	50	W	100	90	W	70	70				
11	100	W	W	100	100	90	100	W				
12	60	W	100	70	W	80	100	W				
13	50	70	100	100	W	90	80	100				
14	W	100	80	W	100	70	W	100				
15	W	90	90	W	100	90	W	60				
16	90	80	100	100	80	W	70	90				
17	90	90	W	80	90	W	100	70				
18	70	W	W	100	90	100	90	W				
19	90	W	80	100	W	90	70	W				
20	100	S	90	100	W	90	60	80				
21	W	100	80	W	S	90	W	90				
22	W	100	90	W	90	90	W	100				
23	100	90	100	100	80	W	90	80				
24	100	90	W	90	70	W	90	90				
25	M	W	W	100	100	80	90	W				
26	M	W	90	80	W	70	100	W				
27	100	100	100	80	W	90	100	90				
28	W	70	90	W	70	90	W	90				
29	W	90	100	W	90	100	W	90				
30	M		90	100	100	W	100	70				
31	100		W		90		80	100				
Average	91%	88%	91%	92%	88%	89%	89%	86%				

MANAGEMENT
OBJECTIVE #4:
Less than 50 Sick Days Avg./Month

Current Performance
July/12 73.00 Days

Exhibit 4: Operating Costs

Tab 4 (of 9): Employee Compensation

STAFFING AND COMPENSATION LEVELS

As a provider of public service, the significant component of OM&A incurred by Greater Sudbury related to the people it employs to deliver service to its customers. This schedule has been provided to explain the trends in employees experienced over the five year period from 2009 to 2013. Included with this schedule is Appendix 2-K entitled "Employee Costs" (Exhibit 4, Tab 4, Schedule 1, Attachment 1) which contains a summary of Greater Sudbury's employee complement as well as compensation and benefit levels.

Background Information - Appendix 2-K - Employee Costs

When preparing this schedule, staff included an additional column 'LRY Adjusted' or Last Rate Year Adjusted to correct duplicate figures in the 2009 Cost of Service filing and to group categories where there were three employees or less in any given category. Also note that this Appendix includes overtime compensation.

Overall staff counts are reasonably consistent year over year with a moderate reduction in 2012 and an increase of ten FTEs in 2013. The FTE actual figures for 2009, 2010, 2011 and 2012 are lower than the Board approved. In a couple of instances there were vacancies unfilled due to Greater Sudbury's inability to recruit suitable candidates. Existing staff carried the workload as much as possible but significant overtime was incurred as a result. In 2010 Greater Sudbury had ten employees retire and the recruitment process to backfill was not immediate. The 2011 FTE count is virtually identical to the 2009 actual FTE count.

A directive from Greater Sudbury's 2009 Board Decision and Order was to conduct a transfer pricing study to determine appropriate methodologies for allocating costs with respect to shared services. Based on preliminary results of the study, Greater Sudbury's 2012 budget reflected the changes and staff allocations were calculated that adjusted the FTE numbers for 2012 in Appendix 2-K. The 2012 budget assumed a 50/50 split for water and electric billing and as such the employee counts were adjusted downwards. This adjustment was reversed in 2013's staff compensation calculations. As noted elsewhere in Greater Sudbury's Cost of Service Application, Billing and Customer Service costs have been budgeted with the assumption of monthly billing and no water billing. The result is that six FTEs that had been allocated to the City of Greater Sudbury in 2012 for water billing are now back in the OM&A costs for 2013. Additionally as noted below new positions have been included.

Compensation.

Greater Sudbury and the Union representing bargaining unit employees concluded a collective agreement in April 2012 for the period from April 1, 2012 to March 31, 2014. The Parties settled on a 2% general wage increase in each of the years with minor increases to benefit entitlement. Greater Sudbury's settlement, at the time, was the lowest general wage increase settled on in the industry. Both the Union and Greater Sudbury recognized the need for restraint in this round of bargaining.

Non-bargaining unit staff received the same increase as was negotiated with the Union.

Staffing Levels

Staffing levels are of keen interest to Greater Sudbury. While there is always a reluctance to add costs such as increased staffing, Greater Sudbury has concluded that work load has grown to the point where a real risk of corporate burnout exists. Accordingly, Greater Sudbury has chosen to include a very limited number of additional staff positions where the need is critical. The proposed Business Process Improvement /System Integration project (BPI/SI) (Exhibit 4, Tab 1, Schedule 1, Attachment 2) will be initiated to ensure that the optimal resource mix is brought to bear in achieving Greater Sudbury's understanding of all options available to complete its work requirements. Once the process documentation and optimization work is complete Greater Sudbury will be able to assess its needs and ensure that any proposal of additional staff in Greater Sudbury's future Cost of Service applications will represent an optimal solution.

Issues to be addressed after BPI/SI

Greater Sudbury's staffing levels have remained relatively consistent over the past IRM period, despite a number of challenges. The BPI/SI project is the foundational work that will guide decision making at Greater Sudbury as it formulates plans to resolve the serious resource issues discussed below:

- **Overtime**
  It is intended that overtime in the organization be used sparingly for emergency work, to complete outages affecting commercial properties and occasionally for overload on a specific project with a defined scope. The statistics over the past IRM period tell a different story. Overtime has been required to keep up to the current workload.
  As noted in the BPI/SI document**,** Greater Sudbury staff are working an extraordinary amount of overtime. Table 1 shows the paid hours worked in excess of a normal work week. What Table 1 does not show is the unpaid hours worked by non-bargaining unit staff. Anecdotally, these staff continue to put in hours in the range 30 - 70% over the hours intended in the pay structure.

Table 1 Paid Overtime 2009 - 2011

	Hours	Dollars
2009	10,098	$ 694,809.15
2010	10,395	$ 737,709.94
2011	12,636	$ 1,053,815.86
Total	33,129	$ 2,486,334.94

- **Customer Service Billing related pressures**
  Continual changes in billing, collecting and customer service practices flowing from public policy initiatives have taxed staff in the Billing/Customer Service area significantly to date. In addition to those normal stresses there are a few other significant issues that have caused an upward pressure on staffing levels.
  - Software issues - At the time of Greater Sudbury's last rebasing application it was anticipated that the Utility would proceed with an implementation of SAP. There were a variety of factors that had led Greater Sudbury to determine that SAP was the best alternative after the

system that had been in use was withdrawn from the Ontario Market.

In 2010 the project failed and Greater Sudbury made the decision to withdraw from the London/SAP project and take a loss on the investment to date (while the investment was viewed as prudent at the time it was incurred, Greater Sudbury is not seeking to recover this loss on investment in rates).

Greater Sudbury determined that it would implement Harris Software's NorthStar CIS. While NorthStar provides significant cost savings in terms of purchase and maintenance the software requires much more manual intervention and much of the work is more time consuming than Greater Sudbury is used to.

- Call Volumes

  Greater Sudbury Customer Service staff continue to experience growth in call volumes. The data in Table 1 indicates that Greater Sudbury staff will handle approximately 12,000 more calls in 2012 (based on data to October 30, 2012 and extrapolated to year's end) then in 2007.
- As with the rest of Greater Sudbury the Customer Service/Billing group continue to use overtime to keep up to normal billing schedules.

Table 2 - Call Statistics - Annual Summary

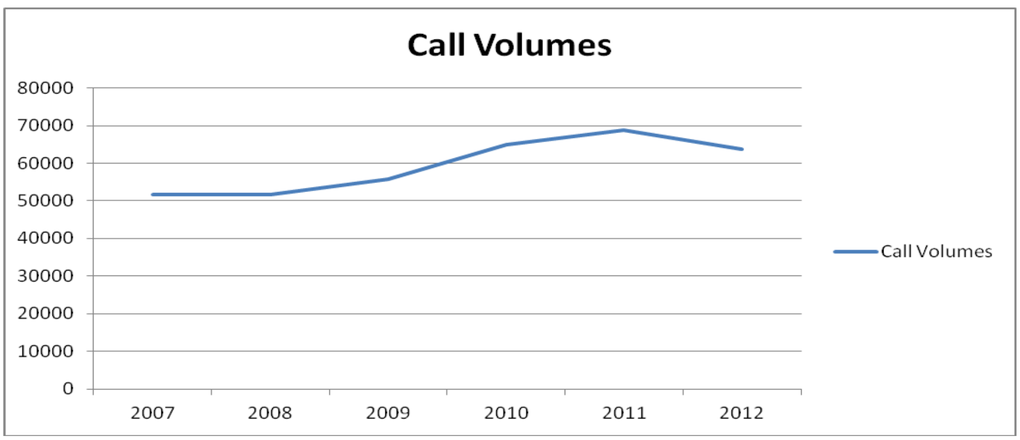
Customer Service Phone Statistics Summary														
Year	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total	Service Level
2007	4852	3849	4818	4130	4469	4638	4632	5291	4204	4273	4546	2084	51786	81%
2008	4757	3963	4164	4612	4600	4346	4588	4630	4825	4358	3668	3057	51568	88%
2009	4327	3654	4637	4680	4510	5105	4912	5316	5364	5083	4507	3687	55782	79%
2010	4856	3972	5574	5267	5241	5977	5722	6506	6787	5659	5328	4133	65022	74%
2011	5467	4206	5049	5671	6803	6287	7305	7081	5577	5819	5547	4082	68894	47%
2012	5416	4831	5565	6192	5647	5244	5188	5327	4768	5302	5383	4856	63719	68%

The data in Table 2 and a quick review of Figure 1, below is clearly indicative of a trend driven by customer service requirement as opposed to a solitary event causing a statistical outlier.

Additionally the far right column of Table 2 indicates that Greater Sudbury's service levels have continued to fall as call volumes have increased. Greater Sudbury in 2011 fell short of the OEB's mandated service level and is dangerously close to that service level again. Greater Sudbury would prefer this service metric to be above 85%, in its own weekly survey customer satisfaction, required by its Quality System, Greater Sudbury's goal is to exceed 90%.

Given the high levels of overtime, increasing call volumes and decreasing levels of service Greater Sudbury believes additional customer service/billing staff are required. It has been decided, however, to attempt to maintain service levels without adding additional labour costs in this area until after the results of the BPI/SI project are known. There is a possibility that process improvements may resolve some of the workload issues or alternatively that resources may be shifted from other areas of the organization to assist with the work. If the results of the BPI/SI Project indicate that additional staff are warranted Greater Sudbury will make that a part of its next Cost of Service Application.

Figure 1 - Call Volumes - Customer Service Queue



Issues of Immediate Effect

Effect of the loss of water billing contract - Greater Sudbury has been advised that, as a result of the increased costs related to a move to monthly billing and cost allocation resulting from the BDR study, the City of Greater Sudbury views the costs for maintaining the single bill as too high and is investigating either self-supplying the billing service or purchasing the service from a third party. This will remove the economy of scope currently enjoyed causing a greater labour expense to be absorbed by GSHi as it will be the only billing client remaining. It should be noted that an increase in FTE's attributable to all remaining affiliates for shared corporate services will also affect GSHi with the loss of water billing. The effect of a loss of water billing is described in greater detail in the BDR Report found at Exhibit 1, Tab 1, Schedule 11, Attachment 1. Initially GSHi had anticipated that if the contract for water billing were withdrawn by the City that a staff reduction of two persons in Customer Service would be possible. With the shift to monthly billing however, and given the discussion on overtime above, this efficiency is effectively eliminated as a doubling of the number of bills going to customers will increase the volume of activity managing accounts. It is worthy to note, that if the water billing contract were to continue GSHi would no doubt have been required to hire additional staff to reverse the service levels trends seen in Table 2, above.

The allocation of shared corporate services staff that previously were allocated to water are now allocated to Greater Sudbury and its affiliates in accordance with the methodology in the BDR Report. This results in a higher number of FTE's being carried by the ratepayer.

The Green Energy Act and ensuing FIT/MicroFIT applications and processes have created sufficient workload, that Greater Sudbury was forced to create an Engineering position dedicated to the facilitation of renewable connections to the distribution system. Further discussion on this position is contained in Greater Sudbury's Green Energy Act Plan that can be found at Exhibit 2, Tab 4, Schedule 5, Attachment 1.

Communicating with Customers - In preparation for this Application Greater Sudbury commissioned Oracle Research to perform a customer survey to determine ratepayers attitudes with respect to how Greater Sudbury conducted its business.

While the survey results were generally positive the number of respondents responding with a "don't know" answer did confirm significantly that ratepayers have very little information about the organization, the industry or the work that we do. Managing customer communications is not specifically assigned to any particular individual at Greater Sudbury nor does the organization have any staff person with the training or experience to effectively deliver the information that our customers need to understand the industry and their bill. To correct this Greater Sudbury has included a part time (24 hours per week) Communications Officer. While the position appears as part time from the LDCs perspective the person will actually be employed on a full-time basis with the affiliates expected to pick up the remainder of the cost of the new staff member. The successful candidate in the new position will track his or her time to ensure that it is recorded against the affiliate benefiting from the effort. This position and the time tracking methodology for transfer pricing will be added to Schedule A of the Corporate Services Agreement once the position is filled.

QMS/RMS - Greater Sudbury developed a Quality and Safety Management system in 2010. The Management System was certified by QMI-SAI Global as complying with the requirements of the ISO9001:2008 and OHSAS18001:2007 standards. The QMS/RMS position provides administrative support to ensure that Greater Sudbury's investment in continuous improvement continues to function and expand.

Additionally Greater Sudbury is moving to electronic filing in a document management system (DMS). This position is responsible for developing the electronic filing system and administering the DMS.

EB-2012-0126

Exhibit:	4
Tab:	4
Schedule:	1
Page:	1
Date:	November 9, 2012

Appendix 2-K
Employee Costs

	Last Rebasing Year (2009 Board-Approved)	LRY Board Approved Adjusted[2]	Last Rebasing Year (2009 Actuals)	2010 Actuals	2011 Actuals	2012 Bridge Year	2013 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP
Number of Employees (FTEs including Part-Time)[1]							
Executive	3.0	0.0	0.0	0.0	0.0	0.0	0.0
Management	12.0	15.0	14.0	13.8	15.1	15.4	17.6
Non-Union	3.0	3.0	2.8	3.4	3.9	4.1	4.6
Union	85.0	85.0	83.5	80.9	81.2	80.3	87.8
Total	103.0	103.0	100.3	98.0	100.2	99.8	109.9
Number of Part-Time Employees - N/A GSHi does not employ part time employees, casual employees have been included above on an FTE basis							
Executive							
Management							
Non-Union							
Union							
Total	-	-	-	-	-	-	-
Total Salary and Wages							
Executive	$ 553,837	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ 1,491,257	$ 1,612,506	$ 1,703,551	$ 1,671,425	$ 1,842,146	$ 1,709,940	$ 1,947,674
Non-Union	$ 236,908	$ 186,859	$ 177,602	$ 226,773	$ 255,719	$ 271,336	$ 288,716
Union	$ 6,995,159	$ 5,501,964	$ 5,687,267	$ 5,748,758	$ 5,902,674	$ 5,529,515	$ 6,186,363
Total	$ 9,277,161	$ 7,301,329	$ 7,568,420	$ 7,646,956	$ 8,000,539	$ 7,510,791	$ 8,422,754
Current Benefits							
Executive	$ 117,000	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ 315,588	$ 432,588	$ 413,276	$ 382,506	$ 447,951	$ 429,779	$ 494,708
Non-Union	$ 50,049	$ 50,049	$ 37,805	$ 47,041	$ 55,935	$ 79,927	$ 86,651
Union	$ 1,493,195	$ 1,493,195	$ 1,142,070	$ 1,134,200	$ 1,270,874	$ 1,510,101	$ 1,708,899
Total	$ 1,975,832	$ 1,975,832	$ 1,593,151	$ 1,563,746	$ 1,774,759	$ 2,019,808	$ 2,290,259
Accrued Pension and Post-Retirement Benefits							
Executive	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ -	$ -	$ 54,042	$ 42,566	$ 52,386	$ 49,777	$ 66,556
Non-Union	$ -	$ -	$ 10,914	$ 10,631	$ 13,520	$ 13,171	$ 17,330
Union	$ -	$ -	$ 257,728	$ 208,025	$ 242,525	$ 227,940	$ 227,940
Total	$ -	$ -	$ 322,684	$ 261,223	$ 308,431	$ 290,887	$ 311,825
Total Benefits (Current + Accrued)							
Executive	$ 117,000	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ 315,588	$ 432,588	$ 467,318	$ 425,071	$ 500,337	$ 479,556	$ 561,264
Non-Union	$ 50,049	$ 50,049	$ 48,720	$ 57,672	$ 69,455	$ 93,098	$ 103,981
Union	$ 1,493,195	$ 1,493,195	$ 1,399,797	$ 1,342,225	$ 1,513,398	$ 1,738,041	$ 1,936,839
Total	$ 1,975,832	$ 1,975,832	$ 1,915,835	$ 1,824,969	$ 2,083,191	$ 2,310,695	$ 2,602,084
Total Compensation (Salary, Wages, & Benefits)							
Executive	$ 670,837	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ 1,806,845	$ 2,045,094	$ 2,170,869	$ 2,096,496	$ 2,342,483	$ 2,189,496	$ 2,508,939
Non-Union	$ 286,957	$ 236,908	$ 226,321	$ 284,445	$ 325,174	$ 364,434	$ 392,697
Union	$ 8,488,354	$ 6,995,159	$ 7,087,065	$ 7,090,984	$ 7,416,073	$ 7,267,556	$ 8,123,202
Total	$ 11,252,993	$ 9,277,161	$ 9,484,255	$ 9,471,925	$ 10,083,730	$ 9,821,486	$ 11,024,838
Compensation - Average Yearly Base Wages							
Executive	$ 145,612	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ 91,603	$ 102,405	$ 115,348	$ 112,764	$ 114,300	$ 110,922	$ 110,942
Non-Union	$ 62,287	$ 62,287	$ 62,513	$ 64,190	$ 64,786	$ 66,520	$ 63,160
Union	$ 61,356	$ 61,356	$ 61,544	$ 64,333	$ 63,724	$ 68,843	$ 70,452
Total							
Compensation - Average Yearly Overtime							
Executive	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ 6,369	$ 6,369	$ 6,657	$ 8,710	$ 8,023	$ 8,849	$ 6,972
Non-Union	$ -	$ -	$ 466	$ 1,796	$ 1,008	$ -	$ -
Union	$ 3,131	$ 3,131	$ 6,552	$ 6,770	$ 8,963	$ 5,686	$ 5,042
Total							
Compensation - Average Yearly Incentive Pay N/A GSHi does not have incentive pay as part of its compensation							
Executive							
Management							
Non-Union							
Union							
Total							
Compensation - Average Yearly Benefits							
Executive	$ 39,000	$ -	$ -	$ -	$ -	$ -	$ -
Management	$ 26,299	$ 28,839	$ 33,468	$ 30,893	$ 33,224	$ 27,879	$ 28,179
Non-Union	$ 16,683	$ 16,683	$ 17,276	$ 16,781	$ 17,870	$ 19,595	$ 18,956
Union	$ 17,567	$ 17,567	$ 16,760	$ 16,601	$ 18,636	$ 18,801	$ 19,462
Total							
Total Compensation	$ 11,252,993	$ 9,277,161	$ 9,484,255	$ 9,471,925	$ 10,083,730	$ 9,821,486	$ 11,024,838
Total Compensation Capitalized (CGAAP)	$ 3,291,810	$ 1,922,860	$ 1,773,437	$ 2,061,401	$ 2,212,462	$ 2,933,496	$ 2,373,540
Total Compensation Charged to OM&A (CGAAP)	$ 7,961,183.00	$ 7,354,301.00	$ 7,710,817.54	$ 7,410,524.35	$ 7,871,268.10	$ 6,887,990.70	$ 8,651,297.56

[1] If an applicant wishes to use headcount, it must also file the same schedule on an FTE basis.

[2] 2009 Board approved figures have been adjusted to include executive figures with management figures for comparative purposes
In addition, a calculation error from 2009 was noted, where the benefits were counted in Salary & Wages as well as recorded in Benefits, resulting in double counting in total compensation
The total compensation capitalized was also calculated incorrectly in 2009 and has been corrected here.

Note:

1 Please report compensation on a CGAAP and MIFRS basis for your transition year - GSHi has delayed transition to MIFRS to January 1, 2014. The comparison has not been provided.

3/14/2011

Dion Durrell

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2010	Projected Calendar Year 2011
Discount Rate at January 1	5.50%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	actual	7.10%

A. Determination of Benefit Expense

	Calendar Year 2010	Projected Calendar Year 2011
Current Service Cost	280,222	330,757
Interest on Benefits	854,307	881,325
Expected Interest on Assets	-	-
Past Service Cost/(Gain)	-	-
Transitional Obligation/(Asset)	-	-
Actuarial (Gain)/Loss	(2,780,265)	1,280,544
Benefit Expense	(1,645,737)	2,492,627

B. Reconciliation of Prepaid Benefit Asset (Liability)

	Calendar Year 2010	Projected Calendar Year 2011
Accrued Benefit Obligation (ABO) as at December 31	17,488,098	18,315,474
Assets as at December 31	-	-
Unfunded ABO	(17,488,098)	(18,315,474)
Unrecognized Loss/(Gain)	1,280,544	-
Unrecognized Past Service Cost/(Gain)	-	-
Prepaid Benefit Asset (Liability)	(16,207,554)	(18,315,474)
Prepaid Benefit/(Liability) as at January 1	(18,212,495)	(16,207,554)
Benefit Income/(Expense)	1,645,737	(2,492,627)
Contributions/Benefit Payments by the Employer	359,204	384,707
Prepaid Benefit Asset (Liability)	(16,207,554)	(18,315,474)

* based on estimated employer benefit payments for those expected to be eligible for benefits

Projected calendar year 2011 figures are shown for informational purposes only. In accordance with CICA 3461 these results must be determined using assumptions appropriate to December 31, 2010.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	Calendar Year 2010	Projected Calendar Year 2011
Discount Rate at January 1	5.50%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	actual	7.10%

C. Calculation of Component Items

	Calendar Year 2010	Projected Calendar Year 2011
Calculation of the Service Cost		
- Current Service Cost	280,222	330,757
Interest on Benefits		
- ABO at January 1	15,432,230	17,488,098
- Current Service Cost	280,222	330,757
- Benefit Payments	(179,602)	(192,354)
- Accrued Benefits	15,532,850	17,626,502
- Interest	854,307	881,325
Expected Interest on Assets		
- Assets at January 1	-	-
- Funding	179,602	192,354
- Benefit Payments	(179,602)	(192,354)
- Expected Assets	-	-
- Interest	-	-
Expected ABO as at December 31		
- ABO at January 1	15,432,230	17,488,098
- Current Service Cost	280,222	330,757
- Interest on Benefits	854,307	881,325
- Benefit Payments	(359,204)	(384,707)
- Expected ABO at December 31	16,207,554	18,315,474
Expected Assets as at December 31		
- Assets at January 1	-	-
- Funding	359,204	384,707
- Interest on Assets	-	-
- Benefit Payments	(359,204)	(384,707)
- Expected Assets at December 31	-	-

Projected calendar year 2011 figures are shown for informational purposes only. In accordance with CICA 3461 these results must be determined using assumptions appropriate to December 31, 2010.

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Greater Sudbury Hydro Plus Inc.

ESTIMATED BENEFIT EXPENSE (CICA 3461)

FINAL

	Calendar Year 2010	Projected Calendar Year 2011
Discount Rate at January 1	5.50%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	actual	7.10%

D. Actuarial (Gain)/Loss

	Calendar Year 2010	Projected Calendar Year 2011
(Gain)/Loss on ABO as at January 1		
- Prepaid Benefit/(Liability)	18,212,495	
- Unamortized (Gain)/Loss From Prior Year	-	
- Expected ABO	18,212,495	17,488,098
- Actual ABO	15,432,230	17,488,098
- (Gain)/Loss on ABO	(2,780,265)	-
(Gain)/Loss on assets as at January 1		
- Expected Assets	-	-
- Actual Assets	-	-
- (Gain)/Loss on Assets	-	-
Total (Gain)/Loss as at January 1	(2,780,265)	1,280,544
10% of ABO as at January 1	1,543,223	1,748,810
Total (Gain)/Loss in Excess of 10%	(1,237,042)	-
Expected Average Remaining Service Life (Years)	9	8
Minimum Amortization for Current Year	(137,449)	-
Actual Amortization for Current Year	(2,780,265)	1,280,544
(Gain)/Loss on ABO at December 31 due to change in discount rate assumption		
- Expected ABO - December 31	16,207,554	
- Actual ABO - December 31	17,488,098	
- (Gain)/Loss on ABO	1,280,544	
Unamortized (Gain)/Loss as at December 31	1,280,544	-

Projected calendar year 2011 figures are shown for informational purposes only. In accordance with CICA 3461 these results must be determined using assumptions appropriate to December 31, 2010.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
TOTAL

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

A. Determination of Amounts Recognized in Balance Sheet

Net Liability as at January 1	16,846,902	17,740,570
Expense Recognized in Income Statement	1,278,375	1,346,205
Benefits Paid by the Employer	(384,707)	(410,867)
Net Liability/(Asset) as at December 31	17,740,570	18,675,907

B. Determination of Expense Recognized in Income Statement

Current Service Cost	424,427	447,093
Interest Cost	853,949	899,111
Expected Return on Plan Assets	-	-
Past Service Cost/(Gain) – Non-vested benefits	-	-
Past Service Cost/(Gain) – Vested benefits	-	-
Net Actuarial Loss/(Gain) Recognized in Year	-	-
Expense Recognized in Income Statement	1,278,375	1,346,205

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	16,846,902	17,740,570
Current Service Cost	424,427	447,093
Interest Cost	853,949	899,111
Past Service Cost - Non-vested benefits	-	-
Past Service Cost - Vested benefits	-	-
Unrecognized Past Service Cost/(Gain)	-	-
Benefits Paid	(384,707)	(410,867)
Actuarial Loss/(Gain)	-	-
Present Value of Defined Benefit Obligation as at December 31	17,740,570	18,675,907

D. Reconciliation of Present Value of the Defined Benefit Obligation and Net Liability

Present Value of Defined Benefit Obligation as at December 31	17,740,570	18,675,907
Unfunded Present Value of Obligation	17,740,570	18,675,907
Unrecognized Actuarial (Loss)/Gain	-	-
Unrecognized Past Service (Cost)/Gain	-	-
Assets as at December 31	-	-
Net Liability/(Asset) as at December 31	17,740,570	18,675,907

* based on estimated employer Benefits Paid for those expected to be eligible for benefits

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
TOTAL

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

E. Calculation of Component Items

	Projected Calendar Year 2011	Projected Calendar Year 2012
Calculation of the Current Service Cost		
- Current Service Cost	424,427	447,093
Interest Cost		
- Present Value of Defined Benefit Obligation as at January 1	16,846,902	17,740,570
- Current Service Cost	424,427	447,093
- Benefits Paid	(192,354)	(205,434)
- Accrued Benefits	17,078,975	17,982,230
- Interest Cost	853,949	899,111
Expected Return on Plan Assets		
- Assets at January 1	-	-
- Funding	(192,354)	(205,434)
- Benefits Paid	192,354	205,434
- Expected Assets	-	-
- Interest Cost	-	-
Expected Present Value of Defined Benefit Obligation as at December 31		
- Present Value of Defined Benefit Obligation as at January 1	16,846,902	17,740,570
- Current Service Cost	424,427	447,093
- Interest Cost	853,949	899,111
- Benefits Paid	(384,707)	(410,867)
- Expected Present Value of Defined Benefit Obligation as at December 31	17,740,570	18,675,907
Expected Assets as at December 31		
- Assets as at January 1	-	-
- Funding	(384,707)	(410,867)
- Interest on Assets	-	-
- Benefits Paid	384,707	410,867
- Expected Assets as at December 31	-	-

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
TOTAL

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

F. Actuarial Loss/(Gain)

Required Amortization of Unamortized Net Actuarial Gain		
- Actual Present Value of Defined Benefit Obligation as at January 1	16,846,902	17,740,570
- 10% of Present Value of Obligation	1,684,690	1,774,057
- Unamortized Actuarial Loss/(Gain) January 1	-	-
- Amount subject to amortization	-	-
Expected Average Remaining Service Life (Years)	8	7
Minimum Required Amortization for Current Year	-	-
Loss/(Gain) on Present Value of Defined Benefit Obligation as at December 31 due to Change in Discount Rate Assumption		
- Expected Present Value of Defined Benefit Obligation	17,740,570	18,675,907
- Actual Present Value of Defined Benefit Obligation	17,740,570	18,675,907
- Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation	-	-
Total Loss/(Gain) as at January 1	-	-
Actual Amortization for Current Year**	-	-
Unamortized Loss/(Gain) as at December 31	-	-

** based on Greater Sudbury Hydro Plus Inc.'s current accounting method of amortizing the full amount of actuarial losses/(gains) in the year following their occurrence.

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
SPLIT - COMPETITIVE SERVICES

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

A. Determination of Amounts Recognized in Balance Sheet

Net Liability as at January 1	70,466	87,939
Expense Recognized in Income Statement	17,473	19,045
Benefits Paid by the Employer	-	-
Net Liability/(Asset) as at December 31	87,939	106,984

B. Determination of Expense Recognized in Income Statement

Current Service Cost	13,286	13,950
Interest Cost	4,188	5,094
Expected Return on Plan Assets	-	-
Past Service Cost/(Gain) – Non-vested benefits	-	-
Past Service Cost/(Gain) – Vested benefits	-	-
Net Actuarial Loss/(Gain) Recognized in Year	-	-
Expense Recognized in Income Statement	17,473	19,045

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	70,466	87,939
Current Service Cost	13,286	13,950
Interest Cost	4,188	5,094
Past Service Cost - Non-vested benefits	-	-
Past Service Cost - Vested benefits	-	-
Unrecognized Past Service Cost/(Gain)	-	-
Benefits Paid	-	-
Actuarial Loss/(Gain)	-	-
Present Value of Defined Benefit Obligation as at December 31	87,939	106,984

D. Reconciliation of Present Value of the Defined Benefit Obligation and Net Liability

Present Value of Defined Benefit Obligation as at December 31	87,939	106,984
Unfunded Present Value of Obligation	87,939	106,984
Unrecognized Actuarial (Loss)/Gain	-	-
Unrecognized Past Service (Cost)/Gain	-	-
Assets as at December 31	-	-
Net Liability/(Asset) as at December 31	87,939	106,984

* based on estimated employer Benefits Paid for those expected to be eligible for benefits

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
SPLIT - COMPETITIVE SERVICES

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

E. Calculation of Component Items

	Projected Calendar Year 2011	Projected Calendar Year 2012
Calculation of the Current Service Cost		
- Current Service Cost	13,286	13,950
Interest Cost		
- Present Value of Defined Benefit Obligation as at January 1	70,466	87,939
- Current Service Cost	13,286	13,950
- Benefits Paid	-	-
- Accrued Benefits	83,752	101,889
- Interest Cost	4,188	5,094
Expected Return on Plan Assets		
- Assets at January 1	-	-
- Funding	-	-
- Benefits Paid	-	-
- Expected Assets	-	-
- Interest Cost	-	-
Expected Present Value of Defined Benefit Obligation as at December 31		
- Present Value of Defined Benefit Obligation as at January 1	70,466	87,939
- Current Service Cost	13,286	13,950
- Interest Cost	4,188	5,094
- Benefits Paid	-	-
- Expected Present Value of Defined Benefit Obligation as at December 31	87,939	106,984
Expected Assets as at December 31		
- Assets as at January 1	-	-
- Funding	-	-
- Interest on Assets	-	-
- Benefits Paid	-	-
- Expected Assets as at December 31	-	-

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
SPLIT - COMPETITIVE SERVICES

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

F. Actuarial Loss/(Gain)

	Projected Calendar Year 2011	Projected Calendar Year 2012
Required Amortization of Unamortized Net Actuarial Gain		
- Actual Present Value of Defined Benefit Obligation as at January 1	70,466	87,939
- 10% of Present Value of Obligation	7,047	8,794
- Unamortized Actuarial Loss/(Gain) January 1	-	-
- Amount subject to amortization	-	-
Expected Average Remaining Service Life (Years)	8	7
Minimum Required Amortization for Current Year	-	-
Loss/(Gain) on Present Value of Defined Benefit Obligation as at December 31 due to Change in Discount Rate Assumption		
- Expected Present Value of Defined Benefit Obligation	87,939	106,984
- Actual Present Value of Defined Benefit Obligation	87,939	106,984
- Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation	-	-
Total Loss/(Gain) as at January 1	-	-
Actual Amortization for Current Year**	-	-
Unamortized Loss/(Gain) as at December 31	-	-

** based on Greater Sudbury Hydro Plus Inc.'s current accounting method of amortizing the full amount of actuarial losses/(gains) in the year following their occurrence.

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
SPLIT - EXCLUDING COMPETITIVE SERVICES

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

A. Determination of Amounts Recognized in Balance Sheet

	Projected Calendar Year 2011	Projected Calendar Year 2012
Net Liability as at January 1	16,776,436	17,652,631
Expense Recognized in Income Statement	1,260,902	1,327,160
Benefits Paid by the Employer	(384,707)	(410,867)
Net Liability/(Asset) as at December 31	17,652,631	18,568,923

B. Determination of Expense Recognized in Income Statement

	Projected Calendar Year 2011	Projected Calendar Year 2012
Current Service Cost	411,141	433,143
Interest Cost	849,761	894,017
Expected Return on Plan Assets	-	-
Past Service Cost/(Gain) – Non-vested benefits	-	-
Past Service Cost/(Gain) – Vested benefits	-	-
Net Actuarial Loss/(Gain) Recognized in Year	-	-
Expense Recognized in Income Statement	1,260,902	1,327,160

C. Change in the Present Value of Defined Benefit Obligation

	Projected Calendar Year 2011	Projected Calendar Year 2012
Present Value of Defined Benefit Obligation as at January 1	16,776,436	17,652,631
Current Service Cost	411,141	433,143
Interest Cost	849,761	894,017
Past Service Cost - Non-vested benefits	-	-
Past Service Cost - Vested benefits	-	-
Unrecognized Past Service Cost/(Gain)	-	-
Benefits Paid	(384,707)	(410,867)
Actuarial Loss/(Gain)	-	-
Present Value of Defined Benefit Obligation as at December 31	17,652,631	18,568,923

D. Reconciliation of Present Value of the Defined Benefit Obligation and Net Liability

	Projected Calendar Year 2011	Projected Calendar Year 2012
Present Value of Defined Benefit Obligation as at December 31	17,652,631	18,568,923
Unfunded Present Value of Obligation	17,652,631	18,568,923
Unrecognized Actuarial (Loss)/Gain	-	-
Unrecognized Past Service (Cost)/Gain	-	-
Assets as at December 31	-	-
Net Liability/(Asset) as at December 31	17,652,631	18,568,923

* based on estimated employer Benefits Paid for those expected to be eligible for benefits

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
SPLIT - EXCLUDING COMPETITIVE SERVICES

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

E. Calculation of Component Items

	Projected Calendar Year 2011	Projected Calendar Year 2012
Calculation of the Current Service Cost		
- Current Service Cost	411,141	433,143
Interest Cost		
- Present Value of Defined Benefit Obligation as at January 1	16,776,436	17,652,631
- Current Service Cost	411,141	433,143
- Benefits Paid	(192,354)	(205,434)
- Accrued Benefits	16,995,223	17,880,340
- Interest Cost	849,761	894,017
Expected Return on Plan Assets		
- Assets at January 1	-	-
- Funding	(192,354)	(205,434)
- Benefits Paid	192,354	205,434
- Expected Assets	-	-
- Interest Cost	-	-
Expected Present Value of Defined Benefit Obligation as at December 31		
- Present Value of Defined Benefit Obligation as at January 1	16,776,436	17,652,631
- Current Service Cost	411,141	433,143
- Interest Cost	849,761	894,017
- Benefits Paid	(384,707)	(410,867)
- Expected Present Value of Defined Benefit Obligation as at December 31	17,652,631	18,568,923
Expected Assets as at December 31		
- Assets as at January 1	-	-
- Funding	(384,707)	(410,867)
- Interest on Assets	-	-
- Benefits Paid	384,707	410,867
- Expected Assets as at December 31	-	-

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
SPLIT - EXCLUDING COMPETITIVE SERVICES

	Projected Calendar Year 2011	Projected Calendar Year 2012
Discount Rate at January 1	5.00%	5.00%
Discount Rate at December 31	5.00%	5.00%
Withdrawal Rate	2.00%	2.00%
Assumed Increase in Employer Contributions	7.10%	6.80%

F. Actuarial Loss/(Gain)

Required Amortization of Unamortized Net Actuarial Gain		
- Actual Present Value of Defined Benefit Obligation as at January 1	16,776,436	17,652,631
- 10% of Present Value of Obligation	1,677,644	1,765,263
- Unamortized Actuarial Loss/(Gain) January 1	-	-
- Amount subject to amortization	-	-
Expected Average Remaining Service Life (Years)	8	7
Minimum Required Amortization for Current Year	-	-
Loss/(Gain) on Present Value of Defined Benefit Obligation as at December 31 due to Change in Discount Rate Assumption		
- Expected Present Value of Defined Benefit Obligation	17,652,631	18,568,923
- Actual Present Value of Defined Benefit Obligation	17,652,631	18,568,923
- Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation	-	-
Total Loss/(Gain) as at January 1	-	-
Actual Amortization for Current Year**	-	-
Unamortized Loss/(Gain) as at December 31	-	-

** based on Greater Sudbury Hydro Plus Inc.'s current accounting method of amortizing the full amount of actuarial losses/(gains) in the year following their occurrence.

Projected calendar year 2011-2012 results are provided for informational purposes only. Significant changes in 2011-2012 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2011
Discount Rate at January 1	5.00%
Discount Rate at December 31	4.50%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

A. Determination of Benefit Expense

Current Service Cost	330,757
Interest on Benefits	880,107
Expected Interest on Assets	-
Past Service Cost/(Gain)	-
Transitional Obligation/(Asset)	-
Actuarial (Gain)/Loss	1,280,544
Benefit Expense	2,491,408

B. Reconciliation of Prepaid Benefit Asset (Liability)

Accrued Benefit Obligation (ABO) as at December 31	19,726,712
Assets as at December 31	-
Unfunded ABO	(19,726,712)
Unrecognized Loss/(Gain)	1,461,200
Unrecognized Past Service Cost/(Gain)	-
Prepaid Benefit Asset (Liability)	(18,265,512)
Prepaid Benefit/(Liability) as at January 1	(16,207,556)
Benefit Income/(Expense)	(2,491,408)
Contributions/Benefit Payments by the Employer	433,451
Prepaid Benefit Asset (Liability)	(18,265,512)

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2011
Discount Rate at January 1	5.00%
Discount Rate at December 31	4.50%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

C. Calculation of Component Items

Calculation of the Service Cost	
- Current Service Cost	330,757
Interest on Benefits	
- ABO at January 1	17,488,099
- Current Service Cost	330,757
- Benefit Payments	(216,726)
- Accrued Benefits	17,602,131
- Interest	880,107
Expected Interest on Assets	
- Assets at January 1	-
- Funding	216,726
- Benefit Payments	(216,726)
- Expected Assets	-
- Interest	-
Expected ABO as at December 31	
- ABO at January 1	17,488,099
- Current Service Cost	330,757
- Interest on Benefits	880,107
- Benefit Payments	(433,451)
- Expected ABO at December 31	18,265,512
Expected Assets as at December 31	
- Assets at January 1	-
- Funding	433,451
- Interest on Assets	-
- Benefit Payments	(433,451)
- Expected Assets at December 31	-

Greater Sudbury Hydro Plus Inc.
ESTIMATED BENEFIT EXPENSE (CICA 3461)

	Calendar Year 2011
Discount Rate at January 1	5.00%
Discount Rate at December 31	4.50%
Withdrawal Rate	2.00%
Assumed Increase in Employer Contributions	actual

D. Actuarial (Gain)/Loss

(Gain)/Loss on ABO as at January 1	
- Prepaid Benefit/(Liability)	16,207,556
- Unamortized (Gain)/Loss From Prior Year	1,280,544
- Expected ABO	17,488,099
- Actual ABO	17,488,099
- (Gain)/Loss on ABO	-
(Gain)/Loss on assets as at January 1	
- Expected Assets	-
- Actual Assets	-
- (Gain)/Loss on Assets	-
Total (Gain)/Loss as at January 1	1,280,544
10% of ABO as at January 1	1,748,810
Total (Gain)/Loss in Excess of 10%	-
Expected Average Remaining Service Life (Years)	8
Minimum Amortization for Current Year	-
Actual Amortization for Current Year	1,280,544
(Gain)/Loss on ABO at December 31 due to change in discount rate assumption	
- Expected ABO - December 31	18,265,512
- Actual ABO - December 31	19,726,712
- (Gain)/Loss on ABO	1,461,200
Unamortized (Gain)/Loss as at December 31	1,461,200

Exhibit 4: Operating Costs

Tab 5 (of 9): Corporate Cost Allocation

SHARED SERVICES & CORPORATE COST ALLOCATION

Greater Sudbury is a mid-sized distributor and shares employees with, and provides services to, affiliates in an effort to benefit from economies of scope by sharing costs that would otherwise be passed on to ratepayers. As per the 2009 Cost of Service application (EB-2008-0230) Greater Sudbury was ordered by the Board to conduct a transfer pricing study of all shared services to be completed by December 31, 2011. A copy of the study is included in Exhibit 1, Tab 1, Schedule 11, Attachment 1.

In completing Appendix 2-N and the variance analysis, certain assumptions were required and those are also addressed below under the heading 'Assumptions Required’. The results of the transfer pricing study are reflected in the bridge year and the test year's allocations of shared costs. Historical data is based on prior service level agreements which were noted in the Cost of Service application of 2009 (EB-2008-0230). For the historical years of 2009, 2010 and 2011, depending on the service provided, 90 to 97.5% of the shared costs, with Billing and Collecting costs at 71%, from the affiliate were charged to Greater Sudbury. The Bridge Year 2012 and Test Year 2013 reflect the results of the transfer pricing study in terms of shared services allocated to Greater Sudbury. For a thorough discussion on the results of the transfer pricing study, please see Exhibit 1, Tab 1, Schedule 11.

Background:

The relationship between Greater Sudbury and its affiliates is explored in Exhibit 1, Tab 1, Schedule 10 entitled "Corporate Organization". That schedule describes each of the affiliates, which are defined in that schedule as Agilis Networks, @home Energy, ConverGen, and Greater Sudbury Hydro Plus. The 'Corporate Organization schedule contains a high level description of each company, its employees and the nature of activities undertaken in the affiliate company.

Further background is provided in Exhibit 1, Tab 2, Schedule 8 entitled "Affiliate Transactions". That schedule speaks to the nature of shared services. In general, Greater Sudbury Hydro Plus Inc (GSHPi) provides corporate and administrative services to its affiliates through the following departments: President and CEO's office, Finance, Human Resources, Information Systems and Technology, Purchasing, Billing and Customer Service. A Service Level Agreement is in place with GSHPi and has been updated to reflect the Transfer Pricing Study effective January 1, 2012 as seen in Exhibit 1, Tab 2, Schedule 8, Attachment 1.

Assumptions Required:

The filing guidelines require the completion of Appendix 2-N , as well as a variance analysis for 2009 approved to the 2013 Test Year and for 2011 actuals to the 2013 test year. Appendix 2-N is attached as Exhibit 4, Tab 5, Schedule1, Attachment 1 and the variance analyses are included below as Table 1.
For the purposes of the analysis of shared costs and corporate allocations, for all charges from affiliates to Greater Sudbury, shown in Table 1 and appendix 2N, the amounts for 2009 Board Approved have been set at 2009 Actuals for consistency and comparison.

Variance Analysis

A table highlighting the variances has been included as Exhibit 4, Tab 5, Schedule 1, Attachment 2. A detailed variance analysis on all OM&A costs, where these service costs are recorded, has been included at Exhibit 4, Tab 3, Schedule 1. A short summary has been provided here for each of the areas in excess of the materiality threshold of $115,000.

Corporate/Regulatory

Variances
2013 vs 2009: ($4,093)
2013 vs 2011: $237,996

In 2009, Greater Sudbury incurred significant costs as part of its Cost of Service Application, making 2009 actuals higher than had been historically experienced or was experienced in 2011. In 2013, the addition of two FTE's in Finance and Community Relations, and the redistribution of the costs historically recorded in account 5675 – Maintenance of General Plant, as a result of the transfer pricing study has increased the cost for this service.

Accounting & Admin

Variances
2013 vs 2009: $258,852
2013 vs 2011: $206,731

These variances are primarily the result of the redistribution of the costs historically recorded in account 5675 – Maintenance of General Plant as a result of the transfer pricing study. Reallocating these costs to the various departments has increased the price for this service.

Human Resources

Variances
2013 vs 2009: $120,496
2013 vs 2011: $59,785

The significant increase in the cost for this service is the result of the addition of an FTE to the Human Resources department as well as the redistribution of the costs historically recorded in account 5675 – Maintenance of General Plant, as a result of the transfer pricing study

Quality Management

Variances

2013 vs 2009: $155,842

2013 vs 2011: $155,842

In 2010 Greater Sudbury began implementing a Quality Management System (QMS) to ensure continuous improvement within the organization. The increase in this account is primarily reflective of the addition of the program and a QMS Coordinator in 2012. This group is also tasked with responsibility for improving and formalizing Greater Sudbury's electronic records management system. The initiative is further described at Exhibit 4, Tab 3, Schedule 1, Attachment 2.

Billing & Customer Service

Variances

2013 vs 2009: $1,009,608

2013 vs 2011: $1,005,285

Customer billing costs have increased significantly for the test year in comparison to both 2009 and 2011. The driver of this cost increase in both cases is the loss of the water billing contract with the City. As discussed elsewhere in this Application (see Exhibit 1, Tab 2, Schedule 1, Exhibit 4, Tab 1, Schedule 1 as examples) the decision on the part of the City to discontinue the purchase of billing services with the change to monthly billing has removed the economic efficiencies inherent in sharing systems across multiple purposes. Those economic efficiencies were to the benefit of ratepayers. As described in the Summary of Application and Planned Changes to the Organizational Structure (Exhibit 1 Tab 1, Schedule 10, Attachment 3) Greater Sudbury will reorganize and self supply the billing function. The advantages gained by purchasing this service from an affiliate will end with the withdrawal of the water billing service.

Stores/Procurement

Variances

2013 vs 2009: $208,165

2013 vs 2011: $222,186

The increase in the cost for this service is directly attributable to the redistribution of the costs historically recorded in account 5675 – Maintenance of General Plant as a result of the transfer pricing study

File Number:	EB-2012-0126
Exhibit:	4
Tab:	5
Schedule:	1
Attachment:	1
Date:	9 November, 2012

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: **2013**

Shared Services

Name of Company		Service Offered	Pricing Methdology	Percentage (%)	Price for the Service	Cost for the Service
From	To				$	$
Affiliate	Greater Sudbury	Corporate/Regulatory	Fully allocated (time tracking)	88%	$ 840,418	$ 955,550
Affiliate	Greater Sudbury	Accounting & Admin	Fully allocated (time tracking)	77%	$ 773,456	$ 1,009,719
Affiliate	Greater Sudbury	Human Resources	number of employees	86%	$ 288,060	$ 335,463
Affiliate	Greater Sudbury	Quality Management	Full allocation as other affiliates have own programs	100%	$ 155,842	$ 155,842
Affiliate	Greater Sudbury	Risk Management	50% to Greater Sudbury and number of employees	87%	$ 244,314	$ 282,378
Affiliate	Greater Sudbury	Billing & Customer Service	Fully allocated (time tracking)	99%	$ 3,146,864	$ 3,182,390
Affiliate	Greater Sudbury	Stores/Procurement	Materials issues	90%	$ 568,175	$ 632,517
Affiliate	Greater Sudbury	IT Services & amortization	Fully allocated cost (including allocations to corporate services)		$379,759 plus allocations from corp services	$ 906,586
Affiliate	Greater Sudbury	Telecommunication services	Preferred pricing	0%	$ -	$ 74,544
Greater Sudbury	Affiliates	Garage/fleet services	Hourly chargeout rate based on full cost recovery	13%	$ 160,000	$ 1,191,103
Greater Sudbury	Affiliates	Streetlight mtce services	Fully allocated cost (work order tracking)	100%	$ 680,000	$ 680,000
Greater Sudbury	Affiliates	costs	square footage	260%	$ 90,627	$ 34,798
Greater Sudbury	Affiliates	Building Services/occupancy costs	cost recovery based on square footage - LDC and affiliate providing corp services		$307,503 allocated to corp services - partial rediistribution to LDC and other affiliates	$ 678,220

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methdology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
Parent Company (GSU)	*Greater Sudbury*	Board of Directors	Number of Board members - weighted costing	50.00%	$ 44,200

File Number:	EB-2012-0126
Exhibit:	4
Tab:	5
Schedule:	1
Attachment:	1
Date:	9 November, 2012

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: **2012**

Shared Services

Name of Company		Service Offered	Pricing Methdology	Percentage (%)	Price for the Service	Cost for the Service
From	To				$	$
Affiliate	Greater Sudbury	Corporate/Regulatory	Fully allocated (time tracking)	81%	$ 446,961	$ 555,123
Affiliate	Greater Sudbury	Accounting & Admin	Fully allocated (time tracking)	77%	$ 748,464	$ 975,850
Affiliate	Greater Sudbury	Human Resources	number of employees	91%	$ 306,418	$ 336,840
Affiliate	Greater Sudbury	Quality Management	Full allocation as other affiliates have own programs	100%	$ 153,391	$ 153,391
Affiliate	Greater Sudbury	Risk Management	50% to Greater Sudbury and number of employees	87%	$ 226,364	$ 261,474
Affiliate	Greater Sudbury	Billing & Customer Service	Fully allocated (time tracking)	62%	$ 1,864,482	$ 3,009,890
Affiliate	Greater Sudbury	Stores/Procurement	Materials issues	80%	$ 531,845	$ 662,012
Affiliate	Greater Sudbury	IT Services & amortization	Fully allocated cost (including allocations to corporate services)	41%	$ 438,948	$ 1,081,770
Affiliate	Greater Sudbury	Telecommunication services	Preferred pricing	0%		$ 37,923
Greater Sudbury	Affiliates	Garage/fleet services	Hourly chargeout rate based on full cost recovery	90%	$ 1,394,027	$ 1,555,751
Greater Sudbury	Affiliates	Streetlight mtce services	Fully allocated cost (work order tracking)	100%	$ 575,212	$ 575,212
Greater Sudbury	Affiliates	Building Services/occupancy costs	Market rate applied to square footage	67%	$ 60,355	$ 90,627
Greater Sudbury	Affiliates	Building Services/occupancy costs	cost recovery based on square footage - LCD and affiliate providing corp services		$337,682 plus allocations to corp services	$ 648,289

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methdology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
Parent Company (GSU)	*Greater Sudbury*	Board of Directors	Number of Board members - weighted costing	50.00%	$ 44,200

File Number:	EB-2012-0126
Exhibit:	4
Tab:	5
Schedule:	1
Attachment:	1
Date:	9 November, 2012

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: **2011**

Shared Services

Name of Company		Service Offered	Pricing Methdology	Percentage (%)	Price for the Service	Cost for the Service
From	To				$	$
Affiliate	Greater Sudbury	Corporate/Regulatory	% allocation	97%	$ 602,422	$ 623,601
Affiliate	Greater Sudbury	Accounting & Admin	% allocation	91%	$ 566,725	$ 622,522
Affiliate	Greater Sudbury	Human Resources	% allocation	90%	$ 228,275	$ 254,217
Affiliate	Greater Sudbury	Quality Management	n/a		$ -	$ -
Affiliate	Greater Sudbury	Risk Management	% allocation	92%	$ 234,618	$ 255,019
Affiliate	Greater Sudbury	Billing & Customer Service	% allocation	71%	$ 2,141,579	$ 3,028,872
Affiliate	Greater Sudbury	Stores/Procurement	Materials issues	97%	$ 345,989	$ 355,805
Affiliate	Greater Sudbury	IT Services & amortization	% allocation	94%	$ 507,583	$ 537,625
Affiliate	Greater Sudbury	Telecommunication services	Preferred pricing		$ -	$ 26,514
Greater Sudbury	Affiliates	Garage/fleet services	Hourly chargeout rate based on full cost recovery	91%	$ 1,063,777	$ 1,170,892
Greater Sudbury	Affiliates	Building Services/occupancy costs		8%	$ 55,317	$ 691,457

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methdology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
Parent Company (GSU)	*Greater Sudbury*	Board of Directors	% allocation	86.37%	$ 56,344

File Number:	EB-2012-0126
Exhibit:	4
Tab:	5
Schedule:	1
Attachment:	1
Date:	9 November, 2012

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: **2010**

Shared Services

Name of Company		Service Offered	Pricing Methdology	Percentage (%)	Price for the Service	Cost for the Service
From	To				$	$
Affiliate	Greater Sudbury	Corporate/Regulatory	% allocation	91%	$ 415,062	$ 457,407
Affiliate	Greater Sudbury	Accounting & Admin	% allocation	92%	$ 521,531	$ 569,232
Affiliate	Greater Sudbury	Human Resources	% allocation	90%	$ 201,813	$ 224,600
Affiliate	Greater Sudbury	Quality Management	n/a		$ -	$ -
Affiliate	Greater Sudbury	Risk Management	% allocation	92%	$ 230,929	$ 251,010
Affiliate	Greater Sudbury	Billing & Customer Service	% allocation	71%	$ 2,050,662	$ 2,873,604
Affiliate	Greater Sudbury	Stores/Procurement	Materials issues	96%	$ 328,694	$ 342,734
Affiliate	Greater Sudbury	IT Services & amortization	% allocation	94%	$ 434,742	$ 461,129
Affiliate	Greater Sudbury	Telecommunication services	Preferred pricing		$ -	**$ 30,437**
Greater Sudbury	Affiliates	Garage/fleet services	Hourly chargeout rate based on full cost recovery	90%	$ 974,867	$ 1,078,342
Greater Sudbury	Affiliates	Building Services/occupancy costs	% allocation	8%	$ 47,154	$ 589,430

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methdology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
Parent Company (GSU)	*Greater Sudbury*	Board of Directors	% allocation	85.85%	$ 63,635

File Number:	EB-2012-0126
Exhibit:	4
Tab:	5
Schedule:	1
Attachment:	1
Date:	9 November, 2012

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: **2009**

Shared Services

Name of Company		Service Offered	Pricing Methdology	Percentage (%)	Price for the Service	Cost for the Service
From	To				$	$
Affiliate	Greater Sudbury	Corporate/Regulatory	% allocation	99%	$ 844,511	$ 852,176
Affiliate	Greater Sudbury	Accounting & Admin	% allocation	92%	$ 514,635	$ 560,309
Affiliate	Greater Sudbury	Human Resources	% allocation	90%	$ 167,564	$ 186,182
Affiliate	Greater Sudbury	Quality Management	n/a			
Affiliate	Greater Sudbury	Risk Management	% allocation	92%	$ 185,789	$ 201,945
Affiliate	Greater Sudbury	Billing & Customer Service	% allocation	74%	$ 2,137,256	$ 2,889,734
Affiliate	Greater Sudbury	Stores/Procurement	Materials issues	93%	$ 360,010	$ 385,380
Affiliate	Greater Sudbury	IT Services & amortization	% allocation	95%	$ 453,312	$ 479,279
Affiliate	Greater Sudbury	Telecommunication services	Preferred pricing	0%		**$ 25,700**
Greater Sudbury	Affiliates	Garage/fleet services	Hourly chargeout rate based on full cost recovery	94%	$ 998,039	$ 1,064,613
Greater Sudbury	Affiliates	Building Services/occupancy costs	% allocation	8%	$ 44,707	$ 558,837

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methdology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
Parent Company (GSU)	*Greater Sudbury*	Board of Directors	% allocation	86%	$ 81,530

Shared Services Variances

Name of Company		Service Offered	Pricing Methdology	Percentage (%)	2009 Board	2013	Variance		2011	2013	Variance	
							%	$			%	$
From	To				Approved (actuals)	Test Year	2013/2009		Actual	Test Year	2011/2013	
Affiliate	GSHi	Corporate/Regulatory	% allocation	140%	$844,511	$840,418	-0.48%	($4,093)	$602,422	$840,418	28.32%	**$237,996**
Affiliate	GSHi	Accounting & Admin	% allocation	91%	$514,635	$773,456	50.29%	**$258,821**	$566,725	$773,456	26.73%	**$206,731**
Affiliate	GSHi	Human Resources	% allocation	73%	$167,564	$288,060	71.91%	**$120,496**	$228,275	$288,060	20.75%	$59,785
Affiliate	GSHi	Quality Management	n/a			$155,842		**$155,842**	$0	$155,842	100.00%	**$155,842**
Affiliate	GSHi	Risk Management	% allocation	79%	$185,789	$244,314	31.50%	$58,525	$234,618	$244,314	3.97%	$9,696
Affiliate	GSHi	Billing & Customer Service	% allocation	100%	$2,137,256	$3,146,864	47.24%	**$1,009,608**	$2,141,579	$3,146,864	31.95%	**$1,005,285**
Affiliate	GSHi	Stores/Procurement	Materials issues	104%	$360,010	$568,175	57.82%	**$208,165**	$345,989	$568,175	39.11%	**$222,186**
Affiliate	GSHi	IT Services & amortization	% allocation	89%	$453,312	$379,759	-16.23%	($73,553)	$507,583	$379,759	-33.66%	**($127,824)**
Affiliate	GSHi	Telecommunication services	Preferred pricing	97%	$25,700	$74,544	190.05%	$48,844	$26,514	$74,544	64.43%	$48,030
GSHi	Affiliates	Garage/fleet services	Hourly chargeout rate based on full cost recovery	94%	$998,039	$1,031,103	3.31%	$33,064	$1,063,777	$1,031,103	-3.17%	($32,674)
GSHi	Affiliates	Building Services/occupancy costs	% allocation	81%	$44,707	$34,798	-22.16%	($9,909)	$55,317	$34,798	-58.96%	($20,519)

Exhibit 4: Operating Costs

Tab 6 (of 9): Purchase of Non-Affiliate Services

PURCHASES FROM SUPPLIERS

This schedule is provided to speak to GSHi's practices with respect to purchases from non-affiliated suppliers.

GSHi's procurement policy has been established to obtain the right goods/services at the right quantity and at the right time from a qualified vendor. The purchasing department provides limited services for affiliates in that it assists in the preparation of tenders and RFQs as well as process purchase orders for signature approvals. GSHi's procurement policy is outlined in Exhibit 4, Tab 6, Schedule 1, Attachment 2.

List of Vendors:
Provided in Exhibit 4, Tab 6, Schedule 1, Attachment 1 is a list of third party vendors providing a supply of goods or services in excess of GSHi's materiality threshold. The list of vendors has been provided for all historic years.

GSHi confirms that there were no purchases over the materiality threshold that were not in compliance with GSHi's purchasing policy.

Table of Purchases by Supplier

Vendor	2009 purchases	2010 purchases	2011 purchases	2012 purchases	Methodology of Selection	Product/Service
1251400 ONTARIO LTD	$ 68,456.32	$ 85,837.00	$ 143,759.29	$ 406,727.00	Tendered	Tree trimming
3-GIS, LLC	$ 124,465.05	$ 31,925.00			Tendered	Esri purchase
A & L LINE CONSTRUCTION	$ 153,831.50	$ 398,012.68			Tendered	Line rebuild
ADVANCED UTILITY SYSTEMS	$ 80,098.39	$ 102,555.14			Sole source	billing software maintenance
BORDEN LADNER GERVAIS LLP	$ 164,333.36				Expertise in field	lawyers/consultants
BUILD NORTH CONSTRUCTION INC				$ 122,322.80	RFQ	substation rebuild
CANADA POST	$ 220,000.00	$ 240,000.00	$ 240,000.00	$ 237,000.00	Sole source	postage
CANDU ENGINEERING CONSTRUCTION LTD	$ 320,536.80	$ 58,766.39	$ 265,077.25	$ 22,694.00	Expertise in field	engineering services
CANNON TECHNOLOGIES INC	$ 123,929.99	$ 60,132.67			Sole source - OPA program	peaksaver purchases
CENTRAL CABLE CONTRACTORS INC	$ 159,078.72	$ 115,861.23	$ 55,411.48	$ 40,597.85	Preferred supplier-Expertise /quotes	assist with maintenance
DOCU-LINK INTERNATIONAL INC	$ 108,014.61	$ 131,730.04	$ 134,813.73	$ 110,410.45	RFQ-multi year contract	billing printing
GENESIS INTEGRATION INC				$ 110,000.00	RFQ	control Room screens/equip
GUELPH UTILITY POLE COMPANY LTD	$ 145,044.28	$ 122,417.39	$ 202,700.67	$ 136,324.00	RFP-NEDBC*buyers group	poles
GUILLEVIN INTERNATIONAL CO	$ 252,803.42	$ 178,917.81	$ 190,948.48	$ 853,744.99	RFP-NEDBC buyers group	Stores stock
HARRIS COMPUTER SYSTEMS			$ 252,403.50	$ 76,465.00	RFQ and sole source	software/support
HD SUPPLY UTILITIES	$ 1,818,859.33	$ 2,068,338.52	$ 1,840,603.04	$ 1,843,722.27	RFP-NEDBC buyers group	Inventory materials
KTI LIMITED	$ 222,647.70	$ 4,672,314.05	$ 161,340.31	$ 175,576.33	RFP - London Group	smart meter purchase
LAPRAIRIE INC	$ 208,291.03	$ 155,373.21	$ 91,680.80	$ 87,975.28	RFP-NEDBC buyers group	Stores stock
M & G FENCING INC	$ 151,859.25	$ 60,673.53		$ 1,195.00	Quotations - individual jobs <$50k	major substation repairs
MCGUIRE'S TREE GUYS LTD	$ 293,984.50	$ 112,449.63			Tendered	Tree trimming
NEDCO	$ 163,538.59	$ 202,810.08	$ 194,778.55	$ 199,074.74	RFP-NEDBC buyers group	Stores stock
NORTHERN TRANSFORMER				$ 187,845.69	Expertise in field	transformer repair
OLAMETER INC	$ 499,666.45	$ 907,491.53	$ 511,236.85	$ 359,446.78	Tendered-multi year contract	meter reading
POSI-PLUS TECHNOLOGIES INC	$ 195,464.44		$ 357,510.34		Tendered	vehicle purchase
POWERTEL UTILITY CONTRACTORS LTD	$ 470,732.21	$ 223,388.00			RFQ	line rebuild
PRICEWATERHOUSECOOPERS LLP				$ 65,500.00	Tendered	auditors
R L CONSTRUCTION	$ 50,854.97	$ 58,886.10	$ 200,262.28	$ 181,331.93	Preferred supplier-Expertise /quotes	assist with maintenance
RAINBOW CONCRETE INDUSTRIES LTD	$ 126,743.53	$ 109,192.23	$ 98,403.01	$ 76,624.69	RFP-NEDBC buyers group	concrete product
SENSUS USA			$ 114,727.08	$ 129,668.82	RFP - London Group	Smart meter - material
SURVALENT TECHNOLOGY CORP	$ 210,442.87	$ 62,189.92		$ 14,505.00	RFQ	SCADA
TAIT ELECTRIC/1311871 ONT INC	$ 79,722.02	$ 162,067.53	$ 109,278.66	$ 145,161.03	Preferred supplier-Expertise /quotes	various jobs
THE MEARIE GROUP	$ 1,413,202.96	$ 1,243,456.87	$ 1,519,197.27	$ 1,228,723.11	Preferred vendor - pricing	group benefits/insurance
THOMAS & BETTS LTD	$ 102,780.36	$ 144,698.00			RFQ	reclosures
TOMMY CARRUTHERS SERVICE	$ 535,523.56	$ 619,171.54	$ 758,388.61	$ 395,929.83	Preferred supplier-Expertise /quotes	assist with maintenance/capital
UNIS LUMIN	$ 52,916.38	$ 71,757.71			Sole source - existing technology	Phone renewal
USS MANUFACTURING INC	$ 80,620.38	$ 65,134.67	$ 204,770.97	$ 31,640.00	RFP-NEDBC buyers group	Stores stock
WIPRO LTD	$ 335,642.50	$ 335,642.50			RFQ	SAP software conversion

Note: * NEDBC - Northeastern District Buyer's Consortium

POLICY/PROCEDURES MANUAL

Section:	**FINANCE**	**Approval Date:**	**2008-09-22**
Title:	**PURCHASING**	**Supersedes:**	**1998-02-24**
		Review Date:	**2011-09-22**
Policy No.:	**F-2**	**Page No.:**	**1 of 19**

POLICY

To specify the Purchasing Policy to be followed by the Greater Sudbury Utilities (GSU) Board of Directors' staff with respect to the procurement of goods and services for the operation of the GSU Board of Directors.

GENERAL

MISSION STATEMENT - Purchasing Objectives

To purchase for the GSU Board of Directors all required goods and services and to sell all unusable, obsolete, worn out or scrapped goods in accordance with Board of Director Policies and Procedures.

To provide material/services to all user departments in the most expedient and economical manner, consistent with an ethical purchasing policy and within the parameters of the GSU Board of Directors' Policies and Procedures.

To co-ordinate and promote co-operative interaction between departments within the Utility while conducting business in a fair and orderly manner with all qualified vendors.

To maintain inventories at levels capable of sustaining operations without committing the GSU Board of Directors to undue financial investments.

PROCEDURES

Objectives

The objectives of the Purchasing Process is to obtain the right materials and services (meeting quality requirements), in the right quantity, for delivery at the right time and the right place, from the right source (a vendor who is reliable and will meet its commitment in a timely fashion), with the right price.

Purpose and Scope

This procedure establishes guidelines covering the purchase of goods and services required to support the GSU Board of Directors' Business. These guidelines apply to all divisions/departments except for those acquisitions involving:

1. Purchase of wholesale electricity.
2. Certain consulting or personal service agreements.

Goals

THE GOALS OF THE PURCHASING PROCESS:

1. To purchase for the GSU Board of directors all required goods and services and to sell all unusable, obsolete, worn out or scrapped goods in accordance with the Board of Directors Policies and Procedures.

2. To provide material/services to all user departments in the most expedient and economical manner, consistent with an ethical purchasing policy and within the parameters of the Board of Directors Policies and Procedures.

3. Achieve harmonious, productive working relationships with all departments or functions within the GSU Board of Directors. The purchasing activities cannot be effectively accomplished solely by the efforts of the Purchasing Department. Cooperation with other departments and individuals within the Utility is vital to the success of the business.

4. Maintain adequate quality standards on materials and services in order to meet and exceed our customers' requirements.

5. Find and/or develop competent vendors. The success of the Purchasing Department depends on its skill in locating and/or developing vendors, analyzing vendor capabilities, and then selecting the appropriate vendor. Only if the final selection results in vendors who are both responsible and reliable will the GSU Board of Directors obtain the items it needs at the lowest ultimate cost.

6. To maintain inventories at levels capable of sustaining operations without committing the Board of Directors to undue financial investments.

7. Purchase required materials and services at the lowest ultimate price.

Code of Conduct

All employees of the GSU Board of Directors will abide by the Code of Conduct dated May 1995. In addition the Purchasing Department should abide by the principals as advocated by the Purchasing Management Association of Canada.

Health & Safety

MATERIALS:

1. All purchases must comply with all applicable health & safety standards, codes, regulations and organizational specifications.

2. All suppliers of "controlled products" as defined by the Workplace Hazardous Materials Information System (W.H.M.I.S.) must meet the requirements of the Occupational Health & Safety Act.

3. No "controlled product" will be purchased without knowledge of the Purchasing Agent.

4. Information on "controlled products" must be communicated to the Safety Officer in Human Resources.

5. Where there are Canadian Standards Association (C.S.A.), or equivalent standards for the product to be purchased, a Purchaser shall attempt to acquire only those products which meet the standards.

SERVICES:

1. All contracts for services will comply with the Ontario Health & Safety Act and the GSU Board of Directors Contractors Pre-qualification.

DEFINITIONS

1. **Bidders/Vendors:** Contractor, wholesale, distributor, or any outside entity competing for Utility business. For the purpose of this guideline these terms are used interchangeably and refer to the same entity.

2. **Blanket Purchase Order:** means a contract between the GSU Board of Directors and a vendor for the supply of repetitively ordered specified goods or services at specified unit prices but not specified quantity. The term of this contract will cover no more than a one (1) year period.

3. **Buyer of Record:** The individual authorized by the GSU Board of Directors to sign a purchase order.

4. **Competitive Bidding:** If fewer than three bids are used or received, Purchasing and or the requester must ensure that proper documentation is in place attesting that all reasonable measures were taken to insure adequate competition.

5. **Complete Request for Pricing Package:** Package sent to the vendor which includes the instruction to bidders, work scope and supporting documents (ie. Drawings, etc.) and terms and conditions as applicable.

6. **Formal Competitive Bidding (*Tenders*):** Procurement of goods/services, with bid publicly opened and read at a predetermined time and place. The Purchasing Agent and recording secretary must be present at all tender openings along with either the President and Secretary or Vice-President. All submissions must be sealed as per the request for pricing package.

7. **Informal Competitive Bidding (*Quotes):*** Provides for private opening of bids and allows clarifying discussions between the respondents and a representative of the GSU Board of Directors via fax or sealed envelopes; minutes and bids are duly recorded.

8. **Multi-party Negotiation:** To be used when three or more bids are received and provides for negotiation between the GSU Board of Director representatives and the bidder to determine which bid is in the Utility's best interest.

9. **Purchase Order:** A legal document between the GSU Board of Directors and a vendor to supply a specific quantity of goods or a specific set of services defined by such things as time period, location and price. A written purchase order issued by the Purchasing Department is the only authorization to a vendor to provide goods and/or services.

10. **Purchase Requisition:** An authorized request to purchase, initiated by an employee, which defines the purchase specifications and requirements.

11. **Local Purchase Orders (LP's):** To be used on an exception basis for local purchases not exceeding a value of $500.

12. **Request for Proposal (RFP):** A contracting method used when you want both competition and creative input from the marketplace. RFP's detail **"WHAT", "WHEN"**, and **"WHY" <u>BUT NOT</u> "HOW" work is to be done**. The method of completing a project is usually left up to the proposers.

12. **Tendering:** The tender is a contracting method that requires a bidder to submit bids on a specified good or service required. Use the Invitation to Tender method when: **you know "WHAT" you "WANT" done and you know "HOW" you want it done.**

13. **Requesting Employee/Requester/Originator:** The individual originating an order and/or responsible for a project. For the purpose of this guideline these terms are used interchangeably and refer to the same entity.

14. **Specification:** A document package comprised of but not limited to technical provisions, safety rules, special provisions and other contract terms and conditions which must be satisfied by the contractor in performing the work.

15. **Technical Provisions:** The technical portion of the specification which relates to drawings, quality, design, standards, description or by sample is the responsibility of the user department. Once established this information should then be forwarded to the Purchasing Department.

16. **Terms and Conditions:** Written provisions that determine the nature and scope of an agreement or contract and the responsibility and remedies of the parties to the agreement or contract.

Purchasing Process

The following are the steps in the purchasing process:

1. RECOGNITION OF A NEED

   Anyone in the organization can identify a need for equipment, material, supplies or service. The individual should know:

   What the requirements are?
   The standards and specifications of what is requested?
   How much is required?
   When the goods or services are needed?

   Purchase requisitions are generated using the H.T.E Purchase Order application, to inform the Purchasing Department of what is required. In some cases, blanket purchase orders have been placed, in which case the requisitioner would be issuing a release against that particular purchase order.

2. DESCRIPTION OF THE NEED

   The requisitioner must provide an accurate description of the materials or services required. For core service materials, a standard should be available. For new core service items, a standard must be developed. For services, a Statement or Scope of Work must be prepared.

3. DETERMINATION AND ANALYSIS OF POSSIBLE SOURCES OF SUPPLY

   All equipment, materials, supplies and services must be procured from **Preferred** and/or **Approved vendors**. All potential vendors must be assessed to determine if they have the capability to provide the equipment, material, supplies or services.

4. DETERMINATION OF TERMS AND CONDITIONS

   All Tenders/Request for Proposals must include Commercial Terms and Conditions specific for the type of product and/or service required. The following standard

Terms and Conditions are available: General, Construction, Engineered Product, Software Development; Consulting Services; Services.

5. Bidding Process

If the purchase is a release from a blanket order, the requisitioner can place a release against that with the appropriate levels of approvals from the department.

Following is the signing authority levels for the GSU Board of Directors:

- Supervisor — $ 5,000
- Board of Directors - Secretary — $10,000
- Supervisor Engineering — $20,000 (Capital Projects)
- Vice-Presidents or Purchasing Agent — $50,000
- President and Secretary — $50,000
- Board of Directors — over $50,000

The following data is required for the Purchasing Department to process a Purchase Requisition:

- Current Date and Date Required
- Description
- Project Number
- WF Number
- Commodity
- Sub Commodity
- Quantity
- Estimated Price or Budget dollars available
- Proper Authorization

The Purchase Requisition is forwarded to the Accounting Department in order to verify that the requisition has all the required information, i.e. date required, proper account and WF number, project name, and description of goods or services.
The Purchase Requisition is then forwarded to the Purchasing Department who will review or go out for quotations from approved vendors.

When Purchasing receives a purchase requisition the following steps are taken in processing the requisition:

- Solicit or review three (3) quotes from vendors. In some cases the customer will request a specific brand or product. Purchasing will make every effort to procure this item as specified.
- Check for alternative items, if required. The Purchasing Department will make every effort to investigate alternative items that might be acceptable to the customer's requirements.
- Participate in evaluating the quotations submitted, reviewing customer's request and budgeting restrictions, delivery requirements and cost, and obtain customer's input as needed.
- Award order and generate purchase order number.
- Confirm the order with the vendor and secure delivery.
- Arrange to have goods or service delivered to customer. If the materials or services are to go out for Tender/Request for Proposal, the Tender process must be followed.

6. Selection of source of supply

All potential vendors will be selected from the Vendor List. If there are no vendors on the Vendor List, all new vendors must be assessed in accordance with the Vendor Assessment Process prior to doing business with them.

7. Preparation and Placement of Purchase Order

The Purchasing Department will be responsible for all creation and issuing of all Purchase Orders. The Requisitioner will be responsible for the release of all blanket purchase orders.

8. Follow-up on and/or expediting Order

The Purchasing Department will be responsible for expediting all outstanding orders. The requisitioner will be responsible for invoicing discrepancies and will work in cooperation with the Purchasing Department to resolve such.

9. Receipts and inspection of Goods

All materials and services purchased must be received and inspected to ensure that the requirements of the Purchase Order have been met. The extent of inspection and testing on incoming materials will be dependent on the criticality of the materials or services. If material is nonconforming, it must be isolated prior to further processing. Information regarding the receipt of materials and services will be recorded and analyzed as part of the supplier performance process.

After acceptance of the materials or services, the receiver must receive to the system and forward the appropriate paper work to accounting for the payment of the invoice.

10. CLEARANCE OF THE INVOICE

All invoices will be paid for by accounting once they have received confirmation that the materials or services were received and acceptable.

11. CHANGE ORDER REQUEST

A purchase order can only be changed if the appropriate signing authority sends an electronic message to the Purchasing Department requesting the change. No changes will be made on Purchase Orders that have an assigned Board of Directors motion number.

11. RECORDS MANAGEMENT

All purchasing records must be maintained by the Purchasing Department.

Responsibilities

THE PURCHASING DEPARTMENT FUNCTIONS AS THE CENTRAL PURCHASING OFFICE FOR THE GSU BOARD OF DIRECTORS AND AS SUCH WILL ENSURE THE FOLLOWING:

a) Obtain goods/services in the most cost effective manner consistent with satisfactory quantity, quality, service and delivery.

b) That any qualified person/company capable of supplying satisfactory goods/services may have an equal opportunity to compete for the sale of products or services needed to support the requirements of the GSU Board of Directors.

c) Suppliers may be disqualified from bidding for a period of time not to exceed 24 months by the Board of Directors or the Vice-President of Purchasing and Stores on the basis that they could not meet the requirements of a contract or Purchase Order. Disqualification shall not be arbitrarily or unreasonably imposed.

d) Goods of Canadian manufacture will be purchased where at all possible, if competitive. Where prices are equal, preference will be given to Local Suppliers. Where all prices are equal, decisions will be based on conformity to specifications, record of deliveries and past performance of supplier's service.

e) All purchases over $500.00 must be ordered using an official GSU and its subsidiaries Purchase Order signed by the Purchasing Agent. Invoices for items less than $500.00 will be paid as authorized by the Signing Authority responsible.

f) The Purchasing Agent and other authorized staff will review the requested material/service on each requisition and where necessary discuss the quantity, quality and type ordered, such that the best interest of the GSU Board of Directors is served.

g) Personal purchase requests or solicitations for prizes or gifts are prohibited and will not be directed to the Purchasing Department.

h) Obtain quotations and issue ALL invitations to tender. Some departments require cost estimates to determine whether or not to proceed with a project. Suppliers must be advised that these are study estimates only and any action on a purchase will go through the standard purchase process. Departments other than Purchasing may investigate pricing for their specialized technical needs when needed. All information, including alternate quotes, is to be submitted to the Purchasing Department for processing.

i) Complete the purchase transaction by follow-up and/or expediting to ensure deliveries and schedules are met.

j) Source potential suppliers, interview sales representatives, inform all applicable departments of the information received regarding new or existing materials, equipment, processes and techniques and retain on file for reference.

THE REQUISITIONING EMPLOYEE IS RESPONSIBLE FOR DETERMINING THE NEED, SPECIFICATION, DESIGN OR OTHER TECHNICAL DATA ASSOCIATED WITH A PURCHASE AS WELL AS THE FOLLOWING:

a) All user departments are to provide the Purchasing Department with sufficient information to complete a transaction as noted. Failure to provide this information could result in a delay of turnaround time. Sufficient lead time must also be given to allow completion of the Purchasing process and delivery.

b) Supply all the necessary technical specifications and details as may be required to form a quotation and/or Tender Call.

c) Purchase Requisition - May be generated by any employee and approved electronically by the appropriate signing authority. It is a requirement that pricing, if solicited, requires three quotations. These quotes will be recorded on the electronic requisition in the field provided. Three quotes would not be required if the order falls into the classification of sole supplier, preferred supplier or emergency purchase and this is indicated on the requisition as such. Non-compliance of the above will result in the return of the purchase requisition to the source and ultimately loss of lead time.

d) Sole Supplier - An item deemed to be only available or appropriate enough from a single source is to be indicated on the requisition. If the Purchasing Department can suggest an alternative supplier, the department head will be contacted for their evaluation.

e) Preferred Supplier - An item stated as "preferred" will require a Vice-President's approval prior to the Purchasing Department proceeding with pricing. As with a sole supplier, if an alternative supplier can be suggested by the Purchasing Department they will contact the Vice-President.

f) Emergency Purchase - In some circumstances an immediate purchase order may be required without regard for competitive quotations. These situations are expected to be minimal and are to be indicated on the requisition and approved by the appropriate level of authority.

Purchases – Open Negotiations (up to $10,000)

All purchases for goods and services of less than $10,000 in total would be subject to negotiations between the Purchasing Agent and the vendors.

The objective of these negotiations would be to obtain the required goods and/or services for the GSU Board of Directors at the most economical price consistent with the Board of Directors' quality and performance specifications.

All store's materials, office furniture, rental or purchased, and/or contracted services with an estimated value of less than $10,000 may be purchased by the Purchasing Agent and other authorized staff. All necessary approvals must be obtained and adequate transaction details such as, at least three quotations received and retained for audit purposes. Competitive prices will be solicited and periodically market prices will be checked to ensure the validity of such competition.

Purchases - Quotations ($10,000 to $50,000)

The Purchasing Agent and other authorized staff will obtain quotations from at least three suppliers when the total amount of the expenditure to acquire the goods and services is in excess of $10,000 and less than $50,000. Quotations will be received and processed by the Purchasing Agent and other authorized staff. All quotations will be retained for audit purposes in the Purchasing Department.

In determining the value of goods and services the following criteria will be used:

a) The expenditure must be related to a whole or complete job, item or service
b) The purchase must not be segmented or divided in a manner that would circumvent the quotation process

Exceptions to Quotations

Exceptions to the Quotation Policy would be permitted under the following conditions:

1. Deemed emergency
2. One source for the required goods or services

Under these conditions, purchases not quoted but falling within the quotation limits, will be reported to the Board of Directors for their information at the next regular Board of Directors meeting.

Purchases - Tenders ($50,000 and over)

The GSU Board of Directors will call tenders when the total expenditure of goods and services will be $50,000 or more. In the event that a tender submission is received and is not in excess of $50,000, an advice to the Board of Directors for their information will be prepared for the next regular Board of Directors Meeting.

In determining the value of goods and services to find out if the purchase comes within the tendering limit, the following criteria will be used:

1. The expenditure must be related to a whole or complete job, item or service.
2. The purchase must not be segmented or divided in a manner that would circumvent the tendering process.

The act of tendering is an important segment of the GSU Board of Directors' Purchasing Policy in that it ensures the following:

1. That the GSU Board of Directors receives the benefit of competitive pricing.
2. It saves considerable administration effort and facilitates the procurement process for goods and services.
3. It makes the provision of goods and services to the GSU Board of Directors available to all business organizations.

The Board of Directors shall be the sole authority in awarding contracts in excess of $50,000.

Preparing a Tender Package

The Purchasing Department and the Requisitioner are both responsible for the preparation of the tender package:

THE REQUISITIONER WILL:

- provide a complete statement of work and/or list of specifications which the item or service being purchased must meet;
- provide drawings, design details and schedules;
- detail the contract agreement & general conditions;
- detail supplementary conditions, and;
- provide any addenda if necessary (prior to tender closing).

THE PURCHASING DEPARTMENT WILL:

- invite sealed tenders by public advertisement in at least one newspaper having general local circulation, and by invited bid;
- provide a standard Tender document on which the bidder will include the total price and other required information;
- provide a distinctive colour envelope in which the Tender shall be submitted.
- provide a standard Tender covering letter;
- establish the date of Tender issuing and closing;
- provide instruction to bidders detailing the how, when, where, and what form Tenders must be submitted;
- provide standard Terms of Conditions (General, Construction, Engineered Product, Software Development, consulting Services);
- make sufficient copies of the Tender package for mailing to the approved bidders;
- send out the Tender package to bidders;
- obtain confirmation from the bidders as to their intent to participate; and,
- co-ordinate and conduct all proponents' meetings.

General Rules to the Bidders

- No bids will be accepted after the Tender closing; late bids will be disqualified and returned, unopened, to the bidder.
- A new bid for the original unopened bid, can be made, provided it is received before the bid opening date and time.

- Any inquiries made by the bidder must be directed to the Purchasing Department. The Purchasing Department along with the Requisitioner will determine if a response is justified. If a response is provided, the inquiry and response will be formally issued to all bidders who have completed the confirmation of intent to participate.
- All other conditions of the tender must be met.

Receipt of Tenders

All bids must be mailed or delivered to the Reception Desk at 500 Regent Street. Upon receipt of the Tender the receiver will date and time stamp and secure the Tenders.

- All tenders awarded by the GSU Board of Directors shall close at 14:00 hours and shall be opened at 14:15 hours on the same day.
- Tenders will be opened at stated public meetings prior to Board of Directors Meetings. The results will be presented to the Board of Directors at a regular Board meeting for approval.
- Attending the Tender opening meeting will be the President and Secretary or a Vice-President, the Purchasing Agent and Recording Secretary.
- The Recording Secretary will record all attendees
- Bids will be opened and reviewed for acceptance
- Any bid that does not satisfy the requirements will be disqualified
- The supplier and pricing for each bid will be announced
- A Bid Summary Sheet will be completed
- Overall price data is public knowledge and will be supplied, if requested. If bidders request confidentiality on specification, it will be honoured.

Tenders

The Requisitioning Department along with a representative from the Purchasing Department is responsible for reviewing all approved Tenders and to prepare a Tender Evaluation Report with the Recommended Tender. In the case of RFP's this would be based on the pre-determined evaluation criteria.

This is the main feature of approving bidders. When evaluating the Tenders the following points apply:

a) Arithmetic Mistakes

In unit price contracts, if there are arithmetic mistakes in extending or adding unit prices on the Tender form, the unit prices shall prevail and the extensions and contract prices shall be adjusted accordingly.

b) *Non Conforming Tenders*

If a bid is found to be in non-compliance with the bid documents, it will be disqualified. Any changes or qualifications made to the tender form, any errors or omissions, or any other non-compliance's that give unfair advantage to one bidder over another will be considered grounds for disqualification. Grounds for disqualification is clearly stated in the Tender Document. All disqualified bidders will be formally notified of their disqualification.

c) *Post Tender Amendments*

If the scope of the work changes after the Tender closing, but prior to the award, the tender in its entirety will be withdrawn and re-tendered.

d) *Single Formal Bid*

If there is only one bid received from an approved bidder, it will be considered. The bid will be opened and if it meets all of the requirements of the bid documents the business should be awarded.

e) *Bid Security*

If a bidder submits insufficient bid security as specified in the Tender Documents, the bid will be disqualified.

Award of Contract

The Purchasing Department will notify the successful vendor, in writing, of the award of contract. The notification will state that a formal contract will be forwarded shortly. In addition, and if required, instructions about proceeding with the job will be detailed on the notification.

Preparation and Placement of Purchase Order

The Purchasing Department will generate a purchase order and the Requisitioning Department will prepare the contracts for signature. The Purchase Order will include the following information as appropriate:

- a clear description of the product or services ordered;
- precise identification of type, class, and grade of the product;
- the title or other positive identification, and applicable issues of specifications, drawings, process requirements, inspection instructions, and other relevant data;
- requirements for approval or qualification of product, procedures, process equipment, and personnel; and,
- any quality system standards which will apply.

The contracts are then sent to the Board of Directors Chairman for signature, and then forwarded to the successful bidder for acceptance. The Requisitioning Department returns one copy of the contract to the Purchasing Department.

Alternative Purchasing Processes

Request for Proposals

Professional services such as architects, engineers, banking, consultants, insurance brokers and adjusters and certain other goods and services such as computer hardware and software or property development cannot be easily defined and specified as the procurement of other more generally commercially available goods and services. Request for proposals provide a process whereby the negotiation and award is based on demonstrated competence, professional qualifications and the technical merits of the submission at a fair price.

Requests for Proposal Process

A request for proposal will follow the general procedures of the purchasing tender. However, at the opening meeting no prices will be read out loud. The receipt of the submissions and the Submitters' name will be recorded. Submitters will be notified of the meeting. The evaluation process for selection of the Supplier should be clearly outlined in each proposal. A written report by the Purchasing Department should be prepared and kept on record or submitted to the Board of Directors for approval as the case may be.

Co-Operative Purchasing

Cooperative purchasing or an arrangement between two or more public Corporations to purchase commonly used goods or services is encouraged in an effort to reduce costs by purchasing in larger volumes and by avoiding duplication of effort.

Contracts, Bonds, Indemnities

a) All contracts awarded for supply of labour and/or equipment must present proof of two (2) million liability insurance. In specific situations liability coverage in excess of (2) million will be required. The contractor shall indemnify and save harmless the Board of Directors, their agents and employees from and against all claims, demands, losses, costs, damages, actions, suits, or proceedings by third parties that arise out of, or are attributable to, the contractor's performance of the contract.

b) All contacts awarded for supply of labour and/or equipment must present a Certificate of Clearance (WSIB). It is the responsibility of the contractor to ensure that the Purchasing Department of the GSU Board of Directors has, at all times, current copies of all required documents. Failure to do so will result in termination of contract and/or disqualification from the bidder's list. Clearance certificates must be refreshed every three months (for contracts with a duration of three months or more). Progress payments will be withheld pending the receipt of the clearance certificates.

c) All tenders for supply of labour and/or equipment must provide historical information on accident frequency. This frequency shall be expressed as the number of lost time injuries multiplied by the annual hours worked, divided by 200,000 hours.

d) Every tender in excess of $20,000, utilizing the services of contractors or non GSU and its subsidiaries personnel, must be accompanied by a deposit in the form of a certified cheque, letter of credit or bond acceptable to the Board of Directors, payable to the GSU Board of Directors, equal to ten (10%) percent of the total value of the tender. The deposit of the successful tender will be retained until the Contract has been signed and the Performance Bond or Security deposit has been furnished to the satisfaction of the GSU Board of Directors. The bid deposit cheques will not be cashed but will be held by the Purchasing Department until the award of contract by the Board of Directors and the contract duly signed. At such time said deposits will be returned, without interest.

e) The bid deposit shall be forfeited to the GSU Board of Directors in all cases where a bid has been accepted and the successful bidder fails to execute the contract or to furnish the required documents within five (5) working days after notice by the requester.

f) All successful tenders, in excess of $20,000 will be required to provide either:
   (i) a Performance Bond from a licensed Surety Company in an amount equal to fifty (50%) percent of the total tender, or
   (ii) a Security deposit in the form of cash or irrevocable letter of credit acceptable to the Board of Directors, in an amount equal to fifty (50%) percent of the total tender.

   The above securities will be held in the Accounting Department and shall be maintained in good standing until the fulfillment of the contract, but may be decreased, at the Board of Directors' discretion, at a rate equal to the contract payment schedule.

e) Where deemed necessary by the Board of Directors, a document fee may be charged for the tender or quotation package.

f) Suppliers may withdraw tenders/quotations prior to time of closing but not at any time thereafter. Bid deposits of any supplier withdrawing after time of closing shall be forfeited to the GSU Board of Directors.

g) All written contracts must state that the contractor will indemnify the GSU Board of Directors against any and all liens, suits, and claims resulting from the process of said contract.

h) All contracts shall be governed by and construed in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

Exhibit 4: Operating Costs

Tab 7 (of 9): Depreciation and Amortization

DEPRECIATION RATES AND METHODOLOGY

Greater Sudbury has included the following appendices at Exhibit 4, Tab 7, Schedule 1, Attachments 2, 3, 4 which provide the details by asset account for the 2011 Historical Year, 2012 Bridge Year and 2013 Test Year. The schedules include the asset amount, number of years for depreciation and the rate of depreciation.

- Appendix 2-CE Depreciation and Amortization Expense (2011 – CGAAP)
- Appendix 2-CF Depreciation and Amortization Expense (2012 – CGAAP)
- Appendix 2-CG Depreciation and Amortization Expense (2013 – CGAAP EUL)

The depreciation schedules are shown with a variance to column K of the Appendix 2-B Continuity Schedules (Exhibit 2, Tab 3, Schedule 2, Attachment 2). Variances have resulted in some of the accounts in 2011 and 2012 as some of the useful lives of the assets being depreciated were changed in the mid-1980's and therefore the simplified calculation used in the Appendix 2-C series noted above differs from Greater Sudbury's actual depreciation expense. Also Greater Sudbury has amalgamated with three other utilities since the year 2000 and their fixed asset records were merged with Greater Sudbury's. These records were lacking details and Greater Sudbury adopted the depreciation expense the records indicated for future years. The schedules values for Opening Regulatory Gross PP&E agree to appropriate continuity schedules contained in Appendix 2-B noted above.

Greater Sudbury does not have any asset retirement obligations and therefore there are depreciation or accretion expenses included in the schedules.

Greater Sudbury adopted the half year rule as a result of the last rebasing and continues to use it for depreciation purposes.

Greater Sudbury's depreciation policy has been included at Exhibit 2, Tab 2, Schedule 3. A report prepared by Greater Sudbury with regards to the useful lives and asset components for the distribution system adopted as of January 1, 2013 has been included at Exhibit 4, Tab 7, Schedule 2, Attachment 1. This report was prepared based on the Board sponsored Kinectrics study and discusses all assets with the exception of the those included in Table 1 below, which are presented with the useful lives adopted January 1, 2013.

Table 1 – Other Assets Extended Useful Lives

Account	Asset Description	Extended Useful Life
1611	Computer Software	5
1808	Buildings	50
1808	Buildings Improvements	25
1915	Office Furniture and Equipment	10
1920	Computer Equipment - Hardware	5
1930	Transportation Equipment - Small Vehicles	8
1930	Transportation Equipment - Bucket Trucks/Trailers	12
1940	Tools, Shop and Garage Equipment	10
1955	Communication Equipment	10
1995	Contributions	45

August 31, 2012

Greater Sudbury Hydro Inc. (GSHI)

Asset Depreciation Study based on Kinectrics Report to the OEB

1.0 Introduction – The Ontario Energy Board (OEB) has decided to move from Canadian Generally Accepted Accounting Practices (CGAAP) to the International Financial Reporting System (IFRS). Concurrent with this move the OEB has decided to revise distribution asset depreciation rates from the Ontario traditional 25 year straight line to a wide variety of depreciation rates based on multiple asset classes and maximum, minimum and typical useful lives of each asset class.

GSHI has reviewed the asset classes contained in the Kinectrics report and grouped assets by logical class to reduce the number of depreciation rates and complexity of the reporting system needed to support IFRS. GSHI has used the Typical Useful Life (TUL) values and degradation mechanisms contained in the Kinectric's report, applied local knowledge to the GSHI asset base and decided upon suitable groups of assets and depreciation rates for those groups.

The asset groups were mapped against the HTE Job Order (JO) structure to ensure that all OEB reporting requirements can be met.

2.0 HTE JO Structure, Asset Class, Assets within the Class and Deprecation Rate

Each HTE JO was reviewed and materials that would typically be charged to that JO were identified using the Uniform System of Accounts (USofA) for guidance. The underlying OEB account to which the capital asset would be accrued was attached. Assets were then cross referenced with the Kinectric's report to obtain TUL and degradation factors. These were reviewed and local experience and conditions applied to arrive at depreciation rate.

2.1 Job Order 2 – Subtransmission O/H Poles and Equipment
OEB Capital Account -- 1830
Asset Class Depreciation Rate – 40 Years

The asset referred to in this category is the fully dressed pole ranging in size from 30 to 75 feet. This includes the wood pole, cross arm, bracket, insulators, miscellaneous hardware anchor and guys.

The Kinectric's report determined a 45 year TUL. Degradation mechanism was defined as loss of strength, functionality or safety (typically due to rot, decay or physical damage). The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For wood poles the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – GSHI uses only wood poles. No steel or concrete poles are installed new in the system.

The 2009 Capital Asset management Plan (CAMP) determined that the average age of poles at GSHI was about 38 years old at that time. Random structural analysis of existing poles proves that for the years prior to 2002 when no pole strength calculations were undertaken during the design phase, the typical pole is slightly to moderately undersized for the CSA load calculation. Therefore it can be concluded that higher than standard mechanical stresses will shorten the TUL of a GSHI pole. Also local environmental factors seem to promote pole rot, insect infestations, physical damage due to snow plows and wood pecker attacks. Overall it is our opinion that the TUL of a GSHI pole is less than that stated in the Kinectrics report by 5 years, for a determination of TUL=40 years.

2.2 <u>Job Order 3 – Subtransmission O/H Conductor & Devices</u>

2.2.1 <u>Conductor - OEB Capital Account -- 1835</u>
<u>Asset Class Depreciation Rate – 50 Years</u>

The asset referred to in this category is aluminum conductor steel reinforced (ACSR), all aluminum conductor (AAC), and copper.

The Kinectric's report determined a 60 year TUL. Degradation mechanism was defined as loss of conductive and mechanical properties (typically corrosion, fatigue and creep). The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For conductors the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – GSHI uses ACSR and AAC conductor in new installations. No copper conductor is installed new in the system.

GSHI's experience is that conductor is changed when the poles are replaced. This normally occurs because it is impractical or unsafe to move the live conductor from the existing line to the new line. However to be compliant with the Kinetrics report the initial IFRS life will be deemed to be 50 years.

2.2.2 <u>Conductor Devices - OEB Capital Account -- 1835</u>
<u>Asset Class Depreciation Rate – 50 Years</u>

The assets referred to in this category are devices such as overhead integral switches, line switches and reclosers.

The Kinectric's report determined a 45 year TUL for O/H integral and line switches and a TUL of 40 years for reclosers.
Line Switches - Degradation mechanism for switches was defined as corrosion, mechanical fatigue and alignment, loose connection and insulator damage. The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For switches the most important utilization factor is maintenance.
Reclosers - Degradation mechanism for reclosers was defined as deterioration due to the effects of making and breaking fault current. Many of these effects were described in terms of oil immersed recloser technology. The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For reclosers the most important utilization factor is non-physical.

GSHI Local Conditions – GSHI uses in-line and gang operated 44 kV switches. GSHI uses only vacuum based self contained 44 kV recloser technology.

Line Switches -- GSHI's experience is that switches are changed when the poles are replaced. This normally occurs because it is impractical or unsafe to move the live switches from the existing line to the new line. On this basis GSHI deems the normal life of switches and reclosers to be 40 years. However to be compliant with the Kinetrics report the initial IFRS life will be deemed to be 50 years.

2.3 <u>Job Order 4 – Subtransmission U/G Conduit</u>
<u>OEB Capital Account -- 1840</u>
<u>Asset Class Depreciation Rate – 50 Years</u>

The assets referred to in this category are ducts, concrete encased ducts and cable chambers.

The Kinectric's report determined a 50 year TUL for ducts, a 55 TUL for concrete encased ducts and a 60 TUL for chambers.

Ducts and Concrete Encased Ducts – the report identified that the degradation mechanism for ducts was difficult to assess. Despite the report's conclusion that "the duct system is typically treated on an ad hoc basis and repaired or replaced at the time of cable replacement or failure" GSHI experience is that our duct structures are outlasting cables and do not have to be replaced at the time of cable failure.
Chambers – GSHI does not have many chambers and feels they can be lumped into an asset group with duct and concrete encased duct. It is highly probable any chamber would be replaced when the duct was replaced as the chamber would be severely damaged by the removal of the old duct.

The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For ducts, concrete encased ducts and chambers the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – Use both duct and concrete encased duct. GSHI has very few chambers.

GSHI's experience would lead us to conclude that ducts, concrete encased ducts and chambers can be grouped into one asset class with a TUL=55 years similar to concrete encased duct. However to be compliant with the Kinetrics report the initial IFRS life will be deemed to be 50 years.

2.4 <u>Job Order 5 – Subtransmission U/G Conductors and Devices</u>
<u>OEB Capital Account -- 1845</u>
<u>Asset Class Depreciation Rate – 40 Years</u>

The asset referred to in this category is underground tree retardant cross link polyethylene (TR XLPE) cable in duct.

The Kinectric's report determined a 40 year TUL for TR XLPE in duct.

The report identified that the degradation mechanism for TR XLPE as primarily caused by discharge effects and water treeing.

The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For TR XLPE the most important utilization factors are mechanical stress, electrical loading and environmental factors.

GSHI Local Conditions – Uses only TR XLPE in new and replacement cable installations.

GSHI has no experiential basis or cause to deviate from the report recommended TUL=40 years.

2.5 Job Order 6 – Substation Structures

2.5.1 OEB Capital Account -- 1820
Asset Class Depreciation Rate – 45 Years

The assets referred to in this category are the station switch, rigid bus bars and steel structure. Station buildings are being moved to 1808 by accounting.

The Kinectric's report determined a 50 year TUL for the station switch, a 55 TUL for the rigid bus bars and a 50 TUL for the steel structures based on the range provide in the Kinectrics report. Degradation mechanisms were defined as corrosion, wear, mechanical stress and ambient environment. The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For this asset class the most important utilization factors are mechanical stress, operating practices, maintenance practices and environmental factors.

GSHI Local Conditions – GSHI has MS's with outdoor station switches, steel structures and rigid bulbar. These are not typically the design used in new construction.

GSHI would replace that these components as a unit. GSHI concludes that an appropriate TUL would be TUL=45 for steel structures and station switch. When these components reach end of life the remaining components would be replaced at the same time. It does not make sense to replace a steel latticework structure and not replace the other components at the same time.

2.5.2 OEB Capital Account -- 1820
Asset Class Depreciation Rate – 25 Years

The assets referred to in this category are parking lots, walls and fences. Roofs associated with stations are moved to 1808 by accounting.

The Kinectric's report determined only ranges for the assets listed.

GSHI Local Conditions – GSHI has experience that supports a 25 TUL for this asset class.

2.6 Job Order 7 – Substation Equipment

2.6.1 OEB Capital Account -- 1820
Asset Class Depreciation Rate – 45 Years

The assets referred to in this category are the overall power transformer, bushings, tap changer, station service transformer, overall metal clad switch gear, metal clad switch gear removable breaker, and station independent breakers.

The Kinectric's report determined;

- a 45 year TUL for the overall power transformer,
- a 20 year TUL for the power transformer bushing,
- a 30 year TUL for the power transformer tap changer,
- a 45 year TUL for the station service transformer,
- a 40 year TUL for the overall metal clad switch gear,
- a 40 year TUL for the metal clad switch gear removable breaker,
- a 45 year TUL for station independent breakers.

Power Transformer – "Transformers operate under many extreme conditions, and both normal and abnormal conditions affect their aging and breakdown. They are subject to thermal, electrical and mechanical aging. Overloads cause above-normal temperatures, through-faults can cause displacement of coils and insulation, and lightning and switching surges can cause internal localized over-voltages."

Tap Changer and Bushings – "Tap changers and bushings are major components of the power transformer. Tap changers are complex mechanical devices and are therefore prone to failure resulting from either mechanical or electrical degradation. Bushings are subject to aging from both electrical and thermal stresses"

Station Service Transformer – See Section 2.11 Transformers Overhead Distribution.

Overall Metal Clad Switch Gear – "Switch gear degradation is a function of a number of different factors; mechanism operation and performance, degradation of solid insulation, general degradation/corrosion, environmental factors, or post fault maintenance (condition of contacts and arc control devices)."

Metal Clad Switch Gear – Removable Breakers – see above Overall Metal Clad Switch Gear

Station Independent Breakers – Includes oil, Gas (SF6), Air blast, Magnetic blast and vacuum breakers. Degradation factors depend on the type of independent breaker but can generally be characterized as corrosion, deterioration of contacts, wear of mechanical components, and effects of moisture ingress.

The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For this asset class the most important utilization factors are mechanical stress, operating practices, maintenance practices, electrical loading, non-physical factors and environmental factors.

GSHI Local Conditions – GSHI has numerous MS's with tap changers and metal clad switch gear with station independent breakers. These are typically the design used in new construction. Overall GSHI's experience is that the power transformer and bushings should not be treated as separate components. We have transformers in service dating back to 1950 with the original bushings in place. We have generally only changed bushing when they are vandalized. As for the tap changers, our experience is similar. We have three 4 kV power transformers (1962, 1967 and 1967) that are all over 40 years old with the original tap changers still in place and functional; although nearing end of life. All indoor type stations have metal clad switch gear with independent breakers. Our experience with this type of asset is in line with the report's TUL.

GSHI would replace the power transformer/tap changer/ station service transformer as a unit and the metal clad switch gear/independent breakers as a unit. GSHI concludes that an appropriate TUL for this entire asset class would be the report's recommended TUL=45 years for power transformer – overall, station service transformer and station independent breakers. GSHI experience tells us that the tap changers and metal clad switch gear will last the additional 5 years beyond the report's recommended TUL of 40 years.

2.6.2 <u>OEB Capital Account -- 1820</u>
<u>Asset Class Depreciation Rate – 20 Years</u>

The assets referred to in this category are digital and numeric relays also called digital microprocessor relays in the report.

The Kinectric's report determined a TUL= 20 years for this asset class

GSHI Local Conditions – GSHI has no experiential evidence that refutes the report's 20 TUL for this asset class.

2.7 Job Order 8 – Primary O/H Poles and Equipment
OEB Capital Account -- 1830
Asset Class Depreciation Rate – 40 Years

The asset referred to in this category is the fully dressed pole ranging in size from 30 to 75 feet. This includes the wood pole, cross arm, bracket, insulators, miscellaneous hardware anchor and guys.

The Kinectric's report determined a 45 year TUL. Degradation mechanism was defined as loss of strength, functionality or safety (typically due to rot, decay or physical damage). The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For wood poles the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – GSHI uses only wood poles. No steel or concrete poles are installed new in the system.

The 2009 Capital Asset management Plan (CAMP) determined that the average age of poles at GSHI was about 38 years old at that time. Random structural analysis of existing poles proves that for the years prior to 2002 when no pole strength calculations were undertaken during the design phase, the typical pole is slightly to moderately undersized for the CSA load calculation. Therefore it can be concluded that higher than standard mechanical stresses will shorten the TUL of a GSHI pole. Also local environmental factors seem to promote pole rot, insect infestations, physical damage due to snow plows and wood pecker attacks. Overall it is our opinion that the TUL of a GSHI pole is less than that stated in the Kinectrics report by 5 years, for a determination of TUL=40 years.

2.8 Job Order 9 – Primary O/H Conductor & Devices
2.8.1 Conductor - OEB Capital Account -- 1835
Asset Class Depreciation Rate – 50 Years

The asset referred to in this category is aluminum conductor steel reinforced (ACSR), all aluminum conductor (AAC), and copper.

The Kinectric's report determined a 60 year TUL. Degradation mechanism was defined as loss of conductive and mechanical properties (typically corrosion, fatigue and creep). The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For conductors the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – GSHI uses ACSR and AAC conductor in new installations. No copper conductor is installed new in the system.

GSHI's experience is that conductor is changed when the poles are replaced. This normally occurs because it is impractical or unsafe to move the live conductor from the existing line to the new line. On this basis GSHI deems the normal life of conductor to be 40 years. However to be compliant with the Kinetrics report the initial IFRS life will be deemed to be 50 years.

2.8.2 Devices - OEB Capital Account -- 1835
Asset Class Depreciation Rate – 50 Years

The assets referred to in this category are devices such as overhead integral switches, line switches and reclosers.

The Kinectric's report determined a 45 year TUL for O/H integral and line switches and a TUL of 40 years for reclosers.

Line Switches - Degradation mechanism for switches was defined as corrosion, mechanical fatigue and alignment, loose connection and insulator damage. The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For switches the most important utilization factor is maintenance.

Reclosers - Degradation mechanism for reclosers was defined as deterioration due to the effects of making and breaking fault current. Many of these effects were described in terms of oil immersed recloser technology. The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For reclosers the most important utilization factor is non-physical.

GSHI Local Conditions – GSHI uses in-line, cutout type and gang operated primary switches. GSHI uses only vacuum based self contained primary recloser technology.

Line Switches -- GSHI's experience is that switches are changed when the poles are replaced. This normally occurs because it is impractical or unsafe to move the live switches from the existing line to the new line. On this basis GSHI deems the normal life of switches and reclosers to be 40 years. However to be compliant with the Kinetrics report the initial IFRS life will be deemed to be 50 years.

2.9 Job Order 10 – Primary U/G Conduit
OEB Capital Account -- 1840
Asset Class Depreciation Rate – 50 Years

The assets referred to in this category are ducts, concrete encased ducts and cable chambers.

The Kinectric's report determined a 50 year TUL for ducts, a 55 TUL for concrete encased ducts and a 60 TUL for chambers.

Ducts and Concrete Encased Ducts – the report identified that the degradation mechanism for ducts was difficult to assess. Despite the report's conclusion that "the duct system is typically treated on an ad hoc basis and repaired or replaced at the time of cable replacement or failure" GSHI experience is that our duct structures are outlasting cables and do not have to be replaced at the time of cable failure.

Chambers – GSHI does not have many chambers and feels they can be lumped into an asset group with duct and concrete encased duct. It is highly probable any chamber would be replaced when the duct was replaced as the chamber would be severely damaged by the removal of the old duct.

The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For ducts, concrete encased ducts and chambers the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – Use both duct and concrete encased duct. GSHI has very few chambers.

GSHI's experience would lead us to conclude that ducts, concrete encased ducts and chambers can be grouped into one asset class with a TUL=55 years similar to concrete encased duct. However to be compliant with the Kinetrics report the initial IFRS life will be deemed to be 50 years.

2.10 Job Order 11 – Primary U/G Conductors and Devices
OEB Capital Account -- 1845
Asset Class Depreciation Rate – 40 Years

The asset referred to in this category is underground tree retardant cross link polyethylene (TR XLPE) cable in duct.

The Kinectric's report determined a 40 year TUL for TR XLPE in duct.

The report identified that the degradation mechanism for TR XLPE as primarily caused by discharge effects and water treeing.
The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For TR XLPE the most important utilization factors are mechanical stress, electrical loading and environmental factors.

GSHI Local Conditions – Uses only TR XLPE in new and replacement cable installations.

GSHI has no experiential basis or cause to deviate from the report recommended TUL=40 years.

2.11 Job Order 12 – Transformers Overhead Distribution
OEB Capital Account -- 1850
Asset Class Depreciation Rate – 40 Years

The asset referred to in this category is the pole top distribution transformer, and associated overhead line switch, that change primary voltage to secondary voltages such as 120/240 volts for use in residential or commercial applications.

The Kinectric's report determined a 40 year TUL for these assets.

The report identified that the degradation mechanism for pole top distribution transformers as primarily caused by the deleterious effects of high load and prolonged heating of the core and insulation.

The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For distribution transformers the most important utilization factors are electrical loading, non-physical factors and environmental factors.

GSHI Local Conditions – Large numbers of the distribution transformer population in Sudbury was installed at a time when electric heating was prominent. As such we find the installed population of transformers, including but not limited to overhead pole top distribution transformers, is only moderately to lightly loaded.

GSHI's pole top distribution transformer population is experiencing longer life because the transformers are lightly to moderately loaded. GSHI determines that a TUL = 45 years is appropriate for its transformer population. However to be compliant with the Kinetrics report the initial IFRS life will be deemed to be 50 years.

2.12 Job Order 13 – Transformers Underground Distribution

2.12.1 Underground Foundations - OEB Capital Account -- 1840
Asset Class Depreciation Rate – 50 Years

The asset referred to in this category is the buried cast pre-cast concrete vault on which pad mounted transformers or switchgear is mounted.

The Kinectric's report determined a 55 year TUL. Degradation mechanism was defined as mechanical loading and corrosion due to such things as acidic salts (i.e. sulfates or chlorides). The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For conductors the most important utilization factors are mechanical stress, environmental factors and non-physical factors.

GSHI Local Conditions – No extraneous local conditions.

GSHI has no experiential basis to deviate significantly from the report recommended TUL=55 years. However, pad mount foundations are changed when ducts are replaced and the TUL has been adjusted to 50 years to recognize this reality.

2.12.2 Underground Transformers - OEB Capital Account -- 1850
Asset Class Depreciation Rate – 40 Years

The assets referred to in this category are devices such as pad mounted transformers, submersible/vault transformers and UG vault switches.

The Kinectric's report determined a TUL of 40 years for pad mounted transformers, a 35 year TUL for Submersible/Vault transformers and a 35 year TUL for UG vault switches.

Pad Mounted Transformers - Degradation mechanism for pad mounted transformers was defined primarily caused by the deleterious effects of high load and prolonged heating of the core and insulation. The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For pad mounted transformers the most important utilization factors are electrical loading and environmental factors.

Submersible/Vault Transformers -- Degradation mechanism for submersible/vault transformers was defined primarily caused by the deleterious effects of high load and prolonged heating of the core and insulation and the corrosive effects of salt due to the harsh operating environment. The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For submersible and vault transformers the most important utilization factors are electrical loading and environmental factors.

Underground Vault Switches -- Degradation mechanism for UG Vault Switches was defined primarily caused by mechanical failure of the operating mechanism. Switchgear failure is associated with outside influences, such as rodents, dirt or contamination, vehicle accidents, rusting of the case and broken insulators caused by misalignment during switching, than by age. The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For UG vault switches the most important utilization factors are environmental factors.

GSHI Local Conditions – Vaults in GSHI service territory are typically inside a building owned by the customer and in many instances are climate controlled. Therefore the harsh environments described in the report do not apply to vault transformers and switches at GSHI. In addition, large numbers of the distribution transformer population in Sudbury were installed at a time when electric heating was prominent. As such we find the installed population of transformers, including but not limited to pad mounted and vault distribution transformers, are only moderately to lightly loaded. GSHI does not install new submersible transformers. Vaults in GSHI service territory are typically owned by the customer and inside a building, rather than being subject to road salt and the elements as suggested in the report.

Pad Mounted Transformers, Submersible/Vault Transformers and UG Vault Switches – GSHI's pad mounted and vault transformer population is experiencing longer life because the transformers are lightly to moderately loaded. GSHI determines that all items in this asset class shall have a TUL= 45 years. However to be compliant with the Kinetrics report the initial IFRS life will be deemed to be 50 years.

2.13 Job Order 14 – Secondary O/H Poles and Equipment
OEB Capital Account -- 1830
Asset Class Depreciation Rate – 40 Years

The asset referred to in this category is the fully dressed pole ranging in size from 30 to 75 feet. This includes the wood pole, cross arm, bracket, insulators, miscellaneous hardware anchor and guys.

The Kinectric's report determined a 45 year TUL. Degradation mechanism was defined as loss of strength, functionality or safety (typically due to rot, decay or physical damage). The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For wood poles the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – GSHI uses only wood poles. No steel or concrete poles are installed new in the system.

The 2009 Capital Asset management Plan (CAMP) determined that the average age of poles at GSHI was about 38 years old at that time. Random structural analysis of existing poles proves that for the years prior to 2002 when no pole strength calculations were undertaken during the design phase, the typical pole is slightly to moderately undersized for the CSA load calculation. Therefore it can be concluded that higher than standard mechanical stresses will shorten the TUL of a GSHI pole. Also local environmental factors seem to promote pole rot, insect infestations, physical damage due to snow plows and wood pecker attacks. Overall it is our opinion that the TUL of a GSHI pole is less than that stated in the Kinectrics report by 5 years, for a determination of TUL=40 years.

2.14 Job Order 15 – Secondary O/H Conductor & Devices
Conductor - OEB Capital Account -- 1855
Asset Class Depreciation Rate – 40 Years

The asset referred to in this category is aluminum conductor steel reinforced (ACSR), all aluminum conductor (AAC), and copper.

The Kinectric's report determined a 60 year TUL. Degradation mechanism was defined as loss of conductive and mechanical properties (typically corrosion, fatigue and creep). The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For conductors the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – GSHI uses ACSR and AAC conductor in new installations. No copper conductor is installed new in the system.

GSHI's experience is that conductor is changed when the poles are replaced. This normally occurs because it is impractical or unsafe to move the live conductor from the existing line to the new line. On this basis GSHI deems the normal life of conductor to be 40 years.

2.15 Job Order 16 – Secondary U/G Conduit
OEB Capital Account -- 1855
Asset Class Depreciation Rate – 40 Years

The assets referred to in this category are ducts, concrete encased ducts and cable chambers.

The Kinectric's report determined a 50 year TUL for ducts, a 55 TUL for concrete encased ducts and a 60 TUL for chambers.

Ducts and Concrete Encased Ducts – the report identified that the degradation mechanism for ducts was difficult to assess. Despite the report's conclusion that "the duct system is typically treated on an ad hoc basis and repaired or replaced at the time of cable replacement or failure" GSHI experience is that our duct structures are outlasting cables and do not have to be replaced at the time of cable failure.
Chambers – GSHI does not have many chambers and feels they can be lumped into an asset group with duct and concrete encased duct. It is highly probable any chamber would be replaced when the duct was replaced as the chamber would be severely damaged by the removal of the old duct.

The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For ducts, concrete encased ducts and chambers the most important utilization factors are mechanical stress and environmental factors.

GSHI Local Conditions – Use both duct and concrete encased duct. GSHI has very few chambers.

GSHI's experience would lead us to conclude that ducts, concrete encased ducts and chambers can be grouped into one asset class with a TUL=40 years similar to the life of the conductor.

2.16 Job Order 17 – Secondary U/G Conductors and Devices
OEB Capital Account -- 1855
Asset Class Depreciation Rate – 40 Years

The asset referred to in this category is underground secondary cable in duct.

The Kinectric's report determined a 40 year TUL for secondary cable in duct.

The report identified that the degradation mechanism for secondary cable in duct as primarily caused by mechanical damage, overloading and chemical and environmental effects on the insulation.

The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For secondary cable in duct the most important utilization factors are mechanical stress, electrical loading and environmental factors.

GSHI Local Conditions – GSHI has no extraneous conditions.

GSHI has no experiential basis or cause to deviate from the report recommended TUL=40 years.

2.17 Job Order 18 – Metering

2.17.1 Wholesale Metering - OEB Capital Account -- 1860
Asset Class Depreciation Rate – 30 Years

The asset referred to in this category is the wholesale energy meters.

The Kinectric's report did not determine a TUL, but rather recommended a range from 25 to 35 years. GSHI participated in the Kinetric's survey and had determined a TUL=30years.

2.17.2 Current & Potential Transformers - OEB Capital Account -- 1860
Asset Class Depreciation Rate – 45 Years

The assets referred to in this category are instrument transformers such as current and potential transformers.

The Kinectric's report did not determine a TUL, but rather recommended a range from 35 to 50 years. GSHI participated in the Kinetric's survey and had determined a TUL=45years.

2.17.3 Smart Meters - OEB Capital Account -- 1860
Asset Class Depreciation Rate – 15 Years

The assets referred to in this category are smart meters and smart meter collectors.

The Kinectric's report did not determine a TUL, but rather recommended a range from 10 to 15 years for smart meters and 15 to 20 years for smart meter collectors. GSHI participated in the Kinetric's survey and had determined a TUL=15 years for both items, which shall be contained in a single asset class.

2.18 Job Order 21 – SCADA Fiber Optic Cable
OEB Capital Account -- 1980
Asset Class Depreciation Rate – 25 Years

The asset referred to in this category is fiber optic cable used as a SCADA communication medium.

The Kinectric's report did not determine a TUL for fiber optic cable.

GSHI has determined that a TUL=25 years shall be used for SCADA fiber optic cable.

2.19 Job Order 22 – SCADA
OEB Capital Account -- 1980
Asset Class Depreciation Rate – 20 Years

The assets referred to in this category are remote supervisory control and data acquisition master station, RTUs, OH Line switch motors and OH line switch RTUs.

The Kinectric's report determined a 20 year TUL for SCADA master station and RTUs, a 25 year TUL for an OH line switch motor and a 20 year TUL for an OH line switch RTU

The report identified that the degradation mechanism for SCADA master station and RTUs as primarily technical obsolescence.

The report went on to say that utilization factors are "factors that are expected to affect the TUL of assets and their components." For SCADA the most important utilization factor is non-physical factors.

GSHI Local Conditions – GSHI has no extraneous conditions.

GSHI has no experiential basis or cause to deviate from the report recommended TUL=20 years. The OH line switch motor shall have a TUL=20 years as it will be changed when the RTU is replaced.

2.20 Job Order 23 Station DC System
OEB Capital Account -- 1820
Asset Class Depreciation Rate – 20 Years

The assets referred to in this category are the overall Station DC System, the battery bank and the charger.

The Kinectric's report determined a 20 year TUL for overall station DC system, a 15 year TUL for a battery bank and a 20 year TUL for a battery charger.

The report identified that the degradation mechanism for batteries and battery chargers as age and usage. GSHI typically replaces the overall system as a unit i.e. both batteries and charger are replaced at the same time.

GSHI Local Conditions – GSHI has no extraneous conditions.

GSHI has no experiential basis or cause to deviate from the report recommended overall TUL=20 years.

Approved By

B.A. (Brian) McMillan, P. Eng.,
Vice-President – Distribution Electrical Systems
Greater Sudbury Hydro Inc.

File Number:	EB-2012-0126
Exhibit:	4
Tab:	7
Schedule:	1
Attachment:	2
Date:	9 November, 2012

Appendix 2-CE
Depreciation and Amortization Expense

Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2014

Year 2011 CGAAP

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2011 (a)	Less Fully Depreciated (b)	Net for Depreciation (c)	Additions (d)	Total for Depreciation (e) = (c) + ½ x (d) [1]	Years (f)	Depreciation Rate (g) = 1 / (f)	2011 Depreciation Expense (h) = (e) / (f)	2011 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance [2] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 2,505,350	$ (1,500,808)	$ 1,004,541	$ 138,685	$ 1,073,884	5	0.20	$ 214,777	$ 214,777	$ (0)
1612	Land Rights (Formally known as Account 1906)	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1805	Land	$ 857,298		$ 857,298	$ -	$ 857,298			$ -	$ -	$ -
1808	Buildings	$ 9,230,593	$ (1,213,774)	$ 8,016,819	$ -	$ 8,016,819	50	0.02	$ 160,336	$ 183,886	$ (23,550)
1808	Leaseholds Improvements	$ 567,528		$ 567,528	$ 159,351	$ 647,204	15	0.07	$ 43,147	$ 43,147	$ 0
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1820	Distribution Station Equipment <50 kV	$ 16,299,670	$ (3,109,317)	$ 13,190,354	$ 161,491	$ 13,271,099	30	0.03	$ 442,370	$ 436,763	$ 5,607
1825	Storage Battery Equipment	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1830	Poles, Towers & Fixtures	$ 16,383,183	$ (2,532,570)	$ 13,850,613	$ 1,607,668	$ 14,654,447	25	0.04	$ 586,178	$ 607,615	$ (21,437)
1835	Overhead Conductors & Devices	$ 40,866,691	$ (11,468,376)	$ 29,398,315	$ 836,177	$ 29,816,403	25	0.04	$ 1,192,656	$ 1,173,923	$ 18,734
1840	Underground Conduit	$ 19,095,050	$ (1,040,048)	$ 18,055,002	$ 862,068	$ 18,486,035	25	0.04	$ 739,441	$ 707,708	$ 31,733
1845	Underground Conductors & Devices	$ 19,989,151	$ (867,333)	$ 19,121,818	$ 676,951	$ 19,460,294	25	0.04	$ 778,412	$ 746,853	$ 31,559
1850	Line Transformers	$ 26,909,416	$ (5,955,531)	$ 20,953,885	$ 1,019,440	$ 21,463,604	25	0.04	$ 858,544	$ 863,401	$ (4,857)
1855	Services (Overhead & Underground)	$ 9,977,240	$ (1,570,156)	$ 8,407,083	$ 993,811	$ 8,903,989	25	0.04	$ 356,160	$ 343,958	$ 12,202
1860	Meters	$ 8,810,025	$ (2,462,815)	$ 6,347,210	$ 18,980	$ 6,356,700	25	0.04	$ 254,268	$ 237,975	$ 16,294
1860	Meters (Smart Meters)	$ -		$ -		$ -			$ -	$ -	$ -
1905	Land	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1908	Buildings & Fixtures	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1910	Leasehold Improvements	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1915	Office Furniture & Equipment (10 years)	$ 44,315	$ (35,144)	$ 9,171	$ -	$ 9,171	10	0.10	$ 917	$ 939	$ (21)
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1920	Computer Equipment - Hardware	$ -		$ -	$ 153,987	$ 76,993	5	0.20	$ 15,399	$ 15,399	$ 0
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1930	Transportation Equipment	$ 1,439,497	$ (974,133)	$ 465,364	$ 58,916	$ 494,822	4	0.25	$ 123,706	$ 135,293	$ (11,587)
1930	Transportation Equipment	$ 3,601,993	$ (1,616,760)	$ 1,985,233	$ 504,034	$ 2,237,250	8	0.13	$ 279,656	$ 284,186	$ (4,530)
1935	Stores Equipment	$ -		$ -	$ -	$ -			$ -		$ -
1940	Tools, Shop & Garage Equipment	$ 1,741,756	$ (943,944)	$ 797,812	$ 77,854	$ 836,739	10	0.10	$ 83,674	$ 82,930	$ 743
1945	Measurement & Testing Equipment	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1950	Power Operated Equipment	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1955	Communications Equipment	$ 2,212,830	$ (25,346)	$ 2,187,484	$ 7,757	$ 2,191,362	25	0.04	$ 87,654	$ 78,788	$ 8,866
1955	Communication Equipment (Smart Meters)	$ -		$ -		$ -			$ -	$ -	$ -
1960	Miscellaneous Equipment	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1975	Load Management Controls Utility Premises	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1980	System Supervisor Equipment	$ 1,555,443	$ (712,774)	$ 842,669	$ 17,265	$ 851,301	15	0.07	$ 56,753	$ 56,753	$ 0
1985	Miscellaneous Fixed Assets	$ 42,117	$ (42,117)	$ -	$ -	$ -			$ -	$ -	$ -
1995	Contributions & Grants	$ (13,513,098)		$ (13,513,098)	$ (1,065,203)	$ (14,045,699)	25	0.04	$ (561,828)	$ (561,828)	$ (0)
1330	WIP - Capital Inventory	$ 1,022,658		$ 1,022,658	$ 105,162	$ 1,075,239			$ -	$ -	$ -
2055	Work In Process	$ 228,308		$ 228,308	$ 430,859	$ 443,737			$ -	$ -	$ -
Total prior to Board ordered removal of CIS related to water billing		$ 169,867,013	$ (36,070,946)	$ 133,796,067	$ 6,765,253	$ 137,178,693			$ 5,712,220	$ 5,652,465	$ 59,756
1611	Computer Software	$ (126,796)		$ (126,796)	$ (2,942)	$ (128,268)	5	0.20	$ (25,654)	$ (25,654)	$ 0
Total subsequent to Board ordered removal of CIS related to water billing		$ 169,740,216	$ (36,070,946)	$ 133,669,270	$ 6,762,310	$ 137,050,426			$ 5,686,567	$ 5,626,811	$ 59,756

File Number:	EB-2012-0126
Exhibit:	4
Tab:	7
Schedule:	1
Attachment:	3
Date:	November, 2012

Appendix 2-CF
Depreciation and Amortization Expense

Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2014

Year **2012** **CGAAP**

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2012 (a)	Less Fully Depreciated (b)	Net for Depreciation (c)	Additions (d)	Total for Depreciation (e) = (c) + ½ x (d) [1]	Years (f)	Depreciation Rate (g) = 1 / (f)	2012 Depreciation Expense (h) = (e) / (f)	2012 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance [2] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 2,644,035	$ (1,500,807)	$ 1,143,228	$ 248,175	$ 1,267,315	5	0.20	$ 253,463	$ 253,463	$ 0
1612	Land Rights (Formally known as Account 1906)	$		$	$ -	$			$	$ -	$
1805	Land	$ 857,298		$ 857,298	$ 5,569	$ 860,083			$ -	$ -	$ -
1808	Buildings	$ 9,230,593	$ (1,225,941)	$ 8,004,651	$ -	$ 8,004,651	50	0.02	$ 160,093	$ 183,562	$ (23,469)
1808	Buildings Improvements	$ 726,880		$ 726,880	$ 310,379	$ 882,069	15	0.07	$ 58,805	$ 58,805	$ 0
1815	Transformer Station Equipment >50 kV	$ -		$ -	$ -	$			$	$ -	$ -
1820	Distribution Station Equipment <50 kV	$ 16,461,161	$ (3,526,054)	$ 12,935,107	$ 1,379,969	$ 13,625,092	30	0.03	$ 454,170	$ 446,812	$ 7,358
1825	Storage Battery Equipment	$ -		$ -	$ -	$ -			$	$	$ -
1830	Poles, Towers & Fixtures	$ 17,990,851	$ (2,731,938)	$ 15,258,913	$ 1,272,073	$ 15,894,949	25	0.04	$ 635,798	$ 622,917	$ 12,881
1835	Overhead Conductors & Devices	$ 41,702,868	$ (11,468,376)	$ 30,234,492	$ 1,001,641	$ 30,735,312	25	0.04	$ 1,229,412	$ 1,225,300	$ 4,112
1840	Underground Conduit	$ 19,957,117	$ (1,410,814)	$ 18,546,304	$ 1,001,465	$ 19,047,036	25	0.04	$ 761,881	$ 672,534	$ 89,348
1845	Underground Conductors & Devices	$ 20,666,103	$ (1,168,563)	$ 19,497,540	$ 778,816	$ 19,886,948	25	0.04	$ 795,478	$ 790,090	$ 5,388
1850	Line Transformers	$ 27,928,855	$ (6,747,655)	$ 21,181,200	$ 1,587,403	$ 21,974,902	25	0.04	$ 878,996	$ 853,584	$ 25,412
1855	Services (Overhead & Underground)	$ 10,971,051	$ (1,895,152)	$ 9,075,899	$ 1,040,787	$ 9,596,292	25	0.04	$ 383,852	$ 366,531	$ 17,321
1860	Meters	$ 8,829,005	$ (2,837,801)	$ 5,991,204	$ 107,254	$ 6,044,831	25	0.04	$ 241,793	$ 224,693	$ 17,100
1860	Meters (Smart Meters)	$ -		$ -	$ -	$ -			$ -		$ -
1905	Land	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1908	Buildings & Fixtures	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1910	Leasehold Improvements	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1915	Office Furniture & Equipment (10 years)	$ 44,315	$ (35,144)	$ 9,171	$ -	$ 9,171	10	0.10	$ 917	$ 939	$ (21)
1915	Office Furniture & Equipment (5 years)	$ -		$ -	$ -	$ -			$ -		$ -
1920	Computer Equipment - Hardware	$ 153,987	$ -	$ 153,987	$ 371,510	$ 339,742	5	0.20	$ 67,948	$ 67,948	$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -	$ -	$ -			$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -		$ -	$ -	$ -			$ -		$ -
1930	Transportation Equipment	$ 1,422,755	$ (1,011,000)	$ 411,756	$ 180,000	$ 501,756	4	0.25	$ 125,439	$ 115,191	$ 10,248
1930	Transportation Equipment	$ 3,740,324	$ (1,238,456)	$ 2,501,867	$ 20,000	$ 2,511,867	8	0.13	$ 313,983	$ 319,246	$ (5,263)
1935	Stores Equipment	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1940	Tools, Shop & Garage Equipment	$ 1,819,609	$ (993,986)	$ 825,624	$ 152,809	$ 902,028	10	0.10	$ 90,203	$ 89,459	$ 743
1945	Measurement & Testing Equipment	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1950	Power Operated Equipment	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1955	Communications Equipment	$ 2,220,587	$ (37,634)	$ 2,182,953	$ 66,925	$ 2,216,415	25	0.04	$ 88,657	$ 81,294	$ 7,363
1955	Communication Equipment (Smart Meters)	$ -		$ -	$ -	$ -			$ -		$ -
1960	Miscellaneous Equipment	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1975	Load Management Controls Utility Premises	$ -		$ -	$ -	$ -			$ -	$ -	$ -
1980	System Supervisor Equipment	$ 1,572,708	$ (742,550)	$ 830,158	$ -	$ 830,158	15	0.07	$ 55,344	$ 55,344	$ -
1985	Miscellaneous Fixed Assets	$ 42,117	$ (42,117)	$ -	$ -	$ -			$ -	$ -	$ -
1995	Contributions & Grants	$ (14,578,301)		$ (14,578,301)	$ (1,074,344)	$ (15,115,473)	25	0.04	$ (604,619)	$ (604,619)	$ (0)
1330	WIP - Capital Inventory	$ 1,127,820		$ 1,127,820	$ -	$ 1,127,820			$ -	$ -	$ -
2055	Work In Process	$ 430,858		$ 430,858	$ 1,669,878	$ 1,265,797			$ -		$ -
Total prior to Board ordered removal of CIS related to water billing		$ 175,962,596	$ (38,613,990)	$ 137,348,607	$ 10,120,310	$ 142,408,762			$ 5,991,613	$ 5,823,093	$ 168,520
1611	Computer Software	$ (129,739)		$ (129,739)	$ -	$ (129,739)	5	0.20	$ (25,948)	$ (25,948)	$ 0
Total subsequent to Board ordered removal of CIS related to water billing		$ 175,832,858	$ (38,613,990)	$ 137,218,868	$ 10,120,310	$ 142,279,023			$ 5,965,666	$ 5,797,145	$ 168,520

Notes:

1 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.

2 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.

File Number:	EB-2012-0126
Exhibit:	4
Tab:	7
Schedule:	1
Attachment:	4
Date:	9 November, 2012

Appendix 2-CG
Depreciation and Amortization Expense

Assumes the applicant adopted IFRS for financial reporting purposes January 1, 2014

Year 2013 CGAAP - EUL

Account	Description	Opening NBV as at Jan 1, 2013 [5] (a)	Smart Meter & Stranded Meter NBV Adjustment	Additions (d)	Average Remaining Life of Opening NBV [4] (i)	Average Remaining Life of Smart Meter Adjustment NBV [4]	Years (new additions only) [3] (f)	Depreciation Rate on New Additions (g) = 1 / (f)	Depreciation Expense on Opening NBV (j) = (a) / (i)	Depreciation Expense on Opening NBV Adjustment Smart Meters	Depreciation Expense on Additions [1] (h)=((d)*0.5)/(f)	2013 Depreciation Expense (k) = (j) + (h)	2013 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance [2] (m) = (k) - (l)	Depreciation Expense on 2013 Full Year Additions (n)=((d))/(f)	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2013 Full Year Depreciation [6] (p) = (j) + (n) - (o)
1611	Computer Software (Formally known as Account 1925)	$ 743,353	$ 193,368	$ 375,000	2.73	3.51	5.00	20.00%	$ 272,265.28	$ 55,069.37	$ 37,500.00	$ 364,834.65	$ 364,834.65	$ -	$ 75,000.00		$ 347,265.28
1612	Land Rights (Formally known as Account 1906)	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1805	Land	$ 862,867		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1808	Buildings	$ 4,765,863		$ -	20.20		50.00	2.00%	$ 235,990.15	$ -	$ -	$ 235,990.15	$ 235,990.15	$ -	$ -		$ 235,990.15
1808	Buildings Improvements	$ 872,711		$ 966,000	11.68		25.00	4.00%	$ 74,689.95	$ -	$ 19,320.00	$ 94,009.95	$ 94,009.95	$ -	$ 38,640.00		$ 113,329.95
1815	Transformer Station Equipment >50 kV	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV	$ 6,609,452		$ 637,878	13.70		20.00	5.00%	$ 482,478.07	$ -	$ 15,946.95	$ 498,425.02	$ 498,425.02	$ -	$ 31,893.90		$ 514,371.98
1820	Distribution Station Equipment <50 kV	$ -		$ 94,334			25.00	4.00%	$ -	$ -	$ 1,886.69	$ 1,886.69	$ 1,886.69	$ -	$ 3,773.38		$ 3,773.38
1820	Distribution Station Equipment <50 kV	$ -		$ 1,716,887			45.00	2.22%	$ -	$ -	$ 19,076.53	$ 19,076.53	$ 19,076.53	$ -	$ 38,153.05		$ 38,153.05
1825	Storage Battery Equipment	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 10,196,853		$ 1,456,391	28.50		40.00	2.50%	$ 357,729.78	$ -	$ 18,204.89	$ 375,934.67	$ 375,934.67	$ -	$ 36,409.78		$ 394,139.56
1835	Overhead Conductors & Devices	$ 14,377,297		$ 1,336,040	30.20		50.00	2.00%	$ 476,007.26	$ -	$ 13,360.40	$ 489,367.65	$ 489,367.65	$ -	$ 26,720.80		$ 502,728.05
1840	Underground Conduit	$ 8,780,176		$ 482,676	36.06		50.00	2.00%	$ 243,463.77	$ -	$ 4,826.76	$ 248,290.53	$ 248,290.53	$ -	$ 9,653.51		$ 253,117.28
1845	Underground Conductors & Devices	$ 9,779,057		$ 511,039	23.06		40.00	2.50%	$ 424,119.67	$ -	$ 6,387.99	$ 430,507.66	$ 430,507.66	$ -	$ 12,775.98		$ 436,895.65
1850	Line Transformers	$ 11,556,962		$ 1,272,686	24.51		40.00	2.50%	$ 471,520.09	$ -	$ 15,908.58	$ 487,428.67	$ 487,428.67	$ -	$ 31,817.15		$ 503,337.24
1855	Services (Overhead & Underground)	$ 5,517,998		$ 909,728	27.69		40.00	2.50%	$ 199,301.50	$ -	$ 11,371.61	$ 210,673.10	$ 210,673.10	$ -	$ 22,743.21		$ 222,044.71
1860	Meters	$ 256,837		$ -	14.73		25.00	4.00%	$ 17,430.41	$ -	$ -	$ 17,430.41	$ 17,430.41	$ -	$ -		$ 17,430.41
1860	Stranded Meters Disposition	$ 1,208,354	$ (1,208,354)	$ -	-			0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1860	Meters (Smart Meters)	$ -	$ 5,475,806	$ 100,000		12.59	15.00	6.67%	$ -	$ 434,908.26	$ 3,333.34	$ 438,241.60	$ 438,241.60	$ -	$ 6,666.67		$ 6,666.67
1860	Meters (Metering Equipment)	$ 188,339		$ -	35.21		45.00	2.22%	$ 5,349.09	$ -	$ -	$ 5,349.09	$ 5,349.09	$ -	$ -		$ 5,349.09
1860	Meters (Wholesale Metering)	$ 464,907		$ -	21.82		30.00	3.33%	$ 21,310.47	$ -	$ -	$ 21,310.47	$ 21,310.47	$ -	$ -		$ 21,310.47
1905	Land	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1908	Buildings & Fixtures	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1910	Leasehold Improvements	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)	$ 2,601		$ -	2.77		10.00	10.00%	$ 938.52	$ -	$ -	$ 938.52	$ 938.52	$ -	$ -		$ 938.52
1915	Office Furniture & Equipment (5 years)	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1920	Computer Equipment - Hardware	$ 442,150	$ 103,014	$ -	4.21	2.51	5.00	20.00%	$ 105,099.41	$ 40,963.07	$ -	$ 146,062.48	$ 146,062.48	$ -	$ -		$ 105,099.41
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1930	Transportation Equipment	$ 1,391,020		$ 40,000	8.28		8.00	12.50%	$ 168,029.58	$ -	$ 2,500.00	$ 170,529.58	$ 170,529.58	$ -	$ 5,000.00	$ 12,550.01	$ 160,479.57
1930	Transportation Equipment			$ 1,078,450			12.00	8.33%	$ -	$ -	$ 44,935.42	$ 44,935.42	$ 44,935.42	$ -	$ 89,870.83	$ 29,882.52	$ 59,988.31
1935	Stores Equipment	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment	$ 504,582		$ 160,000	6.00		10.00	10.00%	$ 84,164.85	$ -	$ 8,000.00	$ 92,164.85	$ 92,164.85	$ -	$ 16,000.00	$ 1,784.50	$ 98,380.35
1945	Measurement & Testing Equipment	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1950	Power Operated Equipment	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1955	Communications Equipment	$ 978,447		$ 50,000	11.56		10.00	10.00%	$ 84,639.76	$ -	$ 2,500.00	$ 87,139.76	$ 87,139.76	$ -	$ 5,000.00		$ 89,639.76
1955	Communication Equipment (Smart Meters)	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1960	Miscellaneous Equipment (Smart Meters)	$ -	$ 12,377	$ -		7.50		0.00%	$ -	$ 1,650.19	$ -	$ 1,650.19	$ 1,650.19	$ -	$ -		$ -
1975	Load Management Controls Utility Premises	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1980	System Supervisor Equipment	$ 298,106		$ 379,491	14.06		20.00	5.00%	$ 21,199.03	$ -	$ 9,487.28	$ 30,686.30	$ 30,686.30	$ -	$ 18,974.55		$ 40,173.58
1985	Miscellaneous Fixed Assets	$ -		$ -				0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
1995	Contributions & Grants	$ (11,642,363)		$ (703,790)	39.52		45.00	2.22%	$ (294,602)	$ -	$ (7,820)	$ (302,422)	$ (302,422)	$ -	$ (15,640)		$ (310,242)
etc.								0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
								0.00%	$ -	$ -	$ -	$ -		$ -	$ -		$ -
Total prior to Board ordered removal of CIS related to water billing		$ 68,155,568		$10,862,812					$ 3,451,124.43	$ 532,590.89	$ 226,726.53	$ 4,210,441.85	$ 4,210,441.85	$ -	$453,453.05	$ 44,217.03	$ 3,860,360.45
1611	Computer Software	$ (65,458)			2.52			0.00%	$ (25,948)	$ -	$ -	$ (25,948)	$ (25,948)	$ -	$ -		$ (25,948)
Total prior to Board ordered removal of CIS related to water billing		$ 68,090,111		$10,862,812					$ 3,425,177	$ 532,591	$ 226,727	$ 4,184,494.11	$ 4,184,494	$ -	$ 453,453	$ 44,217	$ 3,834,413

Notes:

1 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.

2 The applicant must provide an explanation of material variances in evidence

3 The applicant should ensure that the years for new additions of assets are the asset useful lives determined by management in accordance with IFRS.

4 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.

5 NBV must exclude assets still on the books but which have been fully amortized or depreciated.

6 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.

Exhibit 4: Operating Costs

Tab 8 (of 9): Income & Capital Taxes

PROVISION IN LIEU OF TAXES (PILS)

Greater Sudbury is required to make payments in lieu of income taxes (PILs) based on its taxable income.

Historical PILs

Greater Sudbury has included its 2009 Approved PILs Model as Exhibit 4, Tab 8, Schedule 1, Attachment 1. This model formed part of Greater Sudbury's 2009 Cost of Service Application (EB-2008-0230) which was approved by the Board.

Greater Sudbury has also included its Latest Filed Federal and Ontario PILs Return at Exhibit 4, Tab 8, Schedule 1, Attachment 2.

Greater Sudbury's 2011 Notice of Re-Assessment has been included at Exhibit 4, Tab 8, Schedule 1, Attachment 3.

2012 & 2013 Allowance for PILs

Greater Sudbury has prepared its 2013 PILs Model on a CGAAP basis. The model is included at Exhibit 4, Tab 8, Schedule 1, Attachment 4. Supporting schedules used to prepare the model have been included at Exhibit 4, Tab 8, Schedule 1, Attachment 5.

Greater Sudbury has no non-recoverable or disallowed expenses included in its recoverable expenses or in its PILs calculations.

Greater Sudbury has a capital loss carry-forward of $8,221 and it is not known at this time when or if it will be utilized.

Integrity checks as outlined in section 2.7.8.2 of the Ontario Energy Board's Chapter 2 of the Filing Requirements for Electricity Transmission and Distribution Applications dated June 28, 2012 have been performed and supporting schedules for taxable income adjustments relating to Regulatory Balances have been included at Exhibit 4, Tab 8, Schedule 1, Attachment 5.

It should be noted that the Accounting OPEB and Pension amounts added back on Schedule 1 do not agree to Appendix 2-K (Exhibit 4, Tab 4, Schedule 1, Attachment 1) relating to employee compensation as the adjustments on Schedule 1 include the interest relating to the Future Pension Benefit and that interest is not included in Appendix 2-K as the interest portion is not recovered through rates.

0
0

Determination of Tax Adjustments to Accounting Income for 2009

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	5,501,193	0	5,501,193
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109		0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	0	0	0
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120		0	0
Non-deductible meals and entertainment expense	121		0	0
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves beginning of year	125	0	0	0
Reserves from financial statements- balance at end of year	126	0	0	0
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Accrued future benefit cost		1,264,526		1,264,526
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
Debt Financing Expenses for Book Purposes	294		0	0
Regulatory asset variances		0		0

Line Item	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Utility Amount
Other Additions	295	0	0	0
Total Additions		**6,765,719**	**0**	**6,765,719**
Deductions:				
Gain on disposal of assets per financial statements	401		0	0
Dividends not taxable under section 83	402	0	0	0
Capital cost allowance from Schedule 8	403	4,979,797	0	4,979,797
Terminal loss from Schedule 8	404	0	0	0
Cumulative eligible capital deduction from Schedule 10	405	0	0	0
Allowable business investment loss	406	0	0	0
Deferred and prepaid expenses	409	0	0	0
Scientific research expenses claimed in year	411	0	0	0
Tax reserves end of year	413	0	0	0
Reserves from financial statements - balance at beginning of year	414	0	0	0
Contributions to deferred income plans	416	0	0	0
Book income of joint venture or partnership	305	0	0	0
Equity in income from subsidiary or affiliates	306	0	0	0
Interest capitalized for accounting deducted for tax	390	0	0	0
Capital Lease Payments	391	0	0	0
Non-taxable imputed interest income on deferral and variance accounts	392	0	0	0
Financing Fees for Tax Under S.20(1)(e)	393	0	0	0
Actual benefit costs		381,465		381,465
Other Deductions	394	0	0	0
Total Deductions		**5,361,262**	**0**	**5,361,262**
Charitable donations from Schedule 2	311	0	0	0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	0	0	0
Non-capital losses of preceding taxation years from Schedule 7-1	331	0	0	0
Net-capital losses of preceding taxation years from Schedule 7-1	332	0	0	0
Limited partnership losses of preceding taxation years from Schedule 4	335	0	0	0
Total Adjustments		0	0	0
Tax Adjustments to Accounting Income		**1,404,457**	**0**	**1,404,457**

Greater Sudbury Hydro Inc
Revenue Deficiency Determination - Draft Rate Order 2009/12/01 (updated 09/12/30)

Description	2008 Bridge Actual	2009 Test Existing Rates	2009 Test - Required Revenue
Revenue			
Revenue Deficiency			**1,688,649.74**
Distribution Revenue	21,174,619.23	21,105,019.22	21,105,019.22
Other Operating Revenue (Net)	1,597,554.00	1,647,880.00	1,647,880.00
Smart Meter Deferral Account Adjustment			
Total Revenue	**22,772,173.23**	**22,752,899.22**	**24,441,548.96**
Costs and Expenses			
Administrative & General, Billing & Collecting	5,748,560.00	6,353,231.00	6,353,231.00
Operation & Maintenance	4,548,253.00	5,316,313.74	5,316,313.74
Depreciation & Amortization	4,849,522.12	5,102,601.76	5,102,601.76
Property & Capital Taxes	131,234.88	138,645.03	138,645.03
Deemed Interest	2,833,523.67	2,872,689.36	2,872,689.36
Total Costs and Expenses	**18,111,093.68**	**19,783,480.89**	**19,783,480.89**
Less OCT Included Above			
Total Costs and Expenses Net of OCT	**18,111,093.68**	**19,783,480.89**	**19,783,480.89**
Utility Income Before Income Taxes	**4,661,079.55**	**2,969,418.32**	**4,658,068.07**
Income Taxes:			
Corporate Income Taxes	2,246,723.69	1,443,378.73	2,000,633.14
Total Income Taxes	**2,246,723.69**	**1,443,378.73**	**2,000,633.14**
Utility Net Income	**2,414,355.87**	**1,526,039.60**	**2,657,434.93**
Capital Tax Expense Calculation:			
Total Rate Base	73,326,613.83	76,620,013.85	76,620,013.85
Exemption	15,000,000.00	15,000,000.00	15,000,000.00
Deemed Taxable Capital	**58,326,613.83**	**61,620,013.85**	**61,620,013.85**
Ontario Capital Tax	131,234.88	138,645.03	138,645.03
Income Tax Expense Calculation:			
Accounting Income	4,661,079.55	2,969,418.32	4,658,068.07
Tax Adjustments to Accounting Income	2,045,558.32	1,404,456.60	1,404,456.60
Taxable Income	**6,706,637.87**	**4,373,874.92**	**6,062,524.67**
Income Tax Expense	2,246,723.69	1,443,378.73	2,000,633.14
	33.50%	33.00%	33.00%
Actual Return on Rate Base:			
Rate Base	73,326,613.83	76,620,013.85	76,620,013.85
Interest Expense	2,833,523.67	2,872,689.36	2,872,689.36
Net Income	2,414,355.87	1,526,039.60	2,657,434.93
Total Actual Return on Rate Base	**5,247,879.54**	**4,398,728.96**	**5,530,124.29**
Actual Return on Rate Base	7.16%	5.74%	7.22%
Required Return on Rate Base:			
Rate Base	73,326,613.83	76,620,013.85	76,620,013.85
Return Rates:			
Return on Debt (Weighted)	7.25%	6.61%	6.61%

Description	2008 Bridge Actual	2009 Test Existing Rates	2009 Test - Required Revenue
Return on Equity	9.00%	8.01%	8.01%
Deemed Interest Expense	2,833,523.67	2,872,689.36	2,872,689.36
Return On Equity	3,081,917.58	2,657,434.93	2,657,434.93
Total Return	**5,915,441.25**	**5,530,124.29**	**5,530,124.29**
Expected Return on Rate Base	8.07%	7.22%	7.22%
Revenue Deficiency After Tax	**667,561.71**	**1,131,395.33**	**-0.00**
Revenue Deficiency Before Tax	**1,003,852.20**	**1,688,649.74**	**-0.00**

Tax Exhibit

	2009
Deemed Utility Income	2,657,434.93
Tax Adjustments to Accounting Income	1,404,456.60
Taxable Income prior to adjusting revenue to PILs	**4,061,891.53**
Tax Rate	33.00%
Total PILs before gross up	**1,340,424.20**
Grossed up PILs	**2,000,633.14**

2008 Capital Taxes

Description	OCT	LCT
Total Rate Base	73,326,614	73,326,614
Exemption	-15,000,000	0
Deemed Taxable Capital	**58,326,614**	**73,326,614**
Rate	0.225%	0.000%
Gross Tax Payable	131,235	0
Surtax	0	0
Net Capital Tax Payable	**131,235**	**0**

2008 PILs Schedule

Description	Source or Input	Tax Payable
Accounting Income	09' Rev Def	4,661,080
Tax Adj to Accounting Income	09' Rev Def	2,045,558
Taxable Income		**6,706,638**
Combined Income Tax Rate	PILs Rates	33.500%
Total Income Taxes		**2,246,724**
Investment Tax Credits		
Miscellaneous Tax Credits		
Total Tax Credits		-
Total PILs		**2,246,724**

2008 Total Taxes

Description	Tax Payable
Total PILs	2,246,724
Net Capital Tax Payable	131,235
PILs including Capital Taxes	2,377,959

2009 Capital Taxes

Description	OCT	LCT
Total Rate Base	76,620,014	76,620,014
Exemption	-15,000,000	0
Deemed Taxable Capital	**61,620,014**	**76,620,014**
Rate	0.225%	0.000%
Gross Tax Payable	**138,645**	0
Surtax	0	0
Net Capital Tax Payable	**138,645**	**0**

2009 PILs Schedule

Description	Source or Input	Tax Payable
Accounting Income	09' Rev Def	4,658,068
Tax Adj to Accounting Income	09' Rev Def	1,404,457
Taxable Income		**6,062,525**
Combined Income Tax Rate	PILs Rates	33.000%
Total Income Taxes		**2,000,633**
Investment Tax Credits		
Miscellaneous Tax Credits		
Total Tax Credits		-
Total PILs		**2,000,633**

2009 Total Taxes

Description	Tax Payable
Total PILs	2,000,633
Net Capital Tax Payable	138,645
PILs including Capital Taxes	2,139,278

Canada Revenue Agency / Agence du revenu du Canada

T2 CORPORATION INCOME TAX RETURN

200

Greater Sudbury Hydro Inc.
9 November, 2012
EB-2012-0126
Exhibit 4
Tab 8
Schedule 1
Attachment 2

055

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal *Income Tax Act*. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax centre or tax services office. You have to file the return within six months after the end of the corporation's tax year.

For more information see **www.cra.gc.ca** or Guide T4012, *T2 Corporation – Income Tax Guide*.

Identification

Business Number (BN) 001 86593 7593 RC0001

Corporation's name

002 Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.

Address of head office

Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]

(If **yes**, complete lines 011 to 018.)

011 500 Regent Street

012 P.O. Box 250

City	Province, territory, or state
015 Sudbury	016 ON
Country (other than Canada)	**Postal code/Zip code**
017	018 P3E 4P1

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? . . . . 020 1 Yes [ ] 2 No [X]

(If **yes**, complete lines 021 to 028.)

021 c/o

022

023

City	Province, territory, or state
025	026
Country (other than Canada)	**Postal code/Zip code**
027	028

Location of books and records

Has the location of books and records changed since the last time we were notified? . . . . 030 1 Yes [ ] 2 No [X]

(If **yes**, complete lines 031 to 038.)

031 500 Regent Street

032 P.O. Box 250

City	Province, territory, or state
035 Sudbury	036 ON
Country (other than Canada)	**Postal code/Zip code**
037	038 P3E 4P1

040 **Type of corporation at the end of the tax year**

1 [ ] Canadian-controlled private corporation (CCPC)

2 [X] Other private corporation

3 [ ] Public corporation

4 [ ] Corporation controlled by a public corporation

5 [ ] Other corporation (specify, below)

If the type of corporation changed during the tax year, provide the effective date of the change. 043 ________ YYYY MM DD

To which tax year does this return apply?

Tax year start 060 2011-01-01 (YYYY MM DD) — Tax year-end 061 2011-12-31 (YYYY MM DD)

Has there been an acquisition of control to which subsection 249(4) applies since the previous tax year? . . . . 063 1 Yes [ ] 2 No [X]

If **yes**, provide the date control was acquired . . . . 065 ________ YYYY MM DD

Is the date on line 061 a deemed tax year-end according to:

subparagraph 88(2)(a)(iv)? . . . . 064 1 Yes [ ] 2 No [X]

subsection 249(3.1)? . . . . 066 1 Yes [ ] 2 No [X]

Is the corporation a professional corporation that is a member of a partnership? . . . . 067 1 Yes [ ] 2 No [X]

Is this the first year of filing after:

Incorporation? . . . . 070 1 Yes [ ] 2 No [X]

Amalgamation? . . . . 071 1 Yes [ ] 2 No [X]

If **yes**, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? . . . . 072 1 Yes [ ] 2 No [X]

If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? . . . . 076 1 Yes [ ] 2 No [X]

Is this the final return up to dissolution? . . . . 078 1 Yes [ ] 2 No [X]

If an election was made under section 261, state the functional currency used . . . . 079 ________

Is the corporation a resident of Canada?

080 1 Yes [X] 2 No [ ] If **no**, give the country of residence on line 081 and complete and attach Schedule 97.

081 ________

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . 082 1 Yes [ ] 2 No [X]

If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

085

1 [ ] Exempt under paragraph 149(1)(e) or (l)

2 [ ] Exempt under paragraph 149(1)(j)

3 [ ] Exempt under paragraph 149(1)(t)

4 [ ] Exempt under other paragraphs of section 149

Do not use this area

095 | 096

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.
Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160		23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165		15
Is the corporation claiming a loss or deduction from a tax shelter acquired after August 31, 1989?	166		T5004
Is the corporation a member of a partnership for which a partnership identification number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203		3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205		5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210		10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231		31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	———
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates that are not controlled foreign affiliates?	256		T1134-A
Did the corporation have any controlled foreign affiliates?	258		T1134-B
Did the corporation own specified foreign property in the year with a cost amount over $100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265		55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268		53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54

Additional information

		1 Yes	2 No
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270		X
Is the corporation inactive?	280		X

What is the corporation's main revenue-generating business activity? . . . . .

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	Hydro Distribution	285	100.000 %
286		287	%
288		289	%

		1 Yes	2 No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible . . . 294 ______ YYYY MM DD

		1 Yes	2 No
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295		

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.			300	6,320,733 A
Deduct: Charitable donations from Schedule 2	311			
Gifts to Canada, a province, or a territory from Schedule 2	312			
Cultural gifts from Schedule 2	313			
Ecological gifts from Schedule 2	314			
Gifts of medicine from Schedule 2	315			
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320			
Part VI.1 tax deduction*	325			
Non-capital losses of previous tax years from Schedule 4	331			
Net capital losses of previous tax years from Schedule 4	332			
Restricted farm losses of previous tax years from Schedule 4	333			
Farm losses of previous tax years from Schedule 4	334			
Limited partnership losses of previous tax years from Schedule 4	335			
Taxable capital gains or taxable dividends allocated from a central credit union	340			
Prospector's and grubstaker's shares	350			
Subtotal			►	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")				6,320,733 C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355	D
Taxable income (amount C **plus** amount D)			360	6,320,733
Income exempt under paragraph 149(1)(t)			370	
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)				6,320,733 Z

* This amount is equal to 3.2 times the Part VI.1 tax payable at line 724 on page 8. Use 3.5 for tax years ending after 2011.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income from active business carried on in Canada from Schedule 7	400		A
Taxable income from line 360 on page 3, **minus** 100/28* 3.37312 of the amount on line 632** on page 7, **minus** 1/(0.38 - X***) 3.77358 times the amount on line 636**** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax	405		B
Business limit (see notes 1 and 2 below)	410		C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year divided by 365, and enter the result on line 410.

2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C ______ x 415 ***** ______ D / 11,250 = ______ E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") 425 ______ F

Small business deduction

Amount A, B, C, or F, whichever is the least ______ x 17 % = 430 ______ G

Enter amount G on line 1 on page 7.

* 10/3 for tax years ending before November 1, 2011. The result of the multiplication by line 632 has to be pro-rated based on the number of days in the tax year that are in each period: before November 1, 2011, and after October 31, 2011.

** Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

*** General rate reduction percentage for the tax year. It has to be pro-rated based on the number of days in the tax year that are in each calendar year. See page 5.

**** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

***** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (Total taxable capital employed in Canada for the **prior year** minus $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (Total taxable capital employed in Canada for the **current year** minus $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3*				A
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		B		
Amount QQ from Part 13 of Schedule 27		C		
Personal service business income**	432	D		
Amount used to calculate the credit union deduction from Schedule 17		E		
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least		F		
Aggregate investment income from line 440 on page 6***		G		
Total of amounts B to G		▶		H
Amount A **minus** amount H (if negative, enter "0")				I

Amount I		x	Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year	/ 365	x 9 % =		J
Amount I		x	Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year	/ 365	x 10 % =		K
Amount I		x	Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year	365 / 365	x 11.5 % =		L
Amount I		x	Number of days in the tax year after December 31, 2011 / Number of days in the tax year	/ 365	x 13 % =		M

General tax reduction for Canadian-controlled private corporations – Total of amounts J to M .... N
Enter amount N on line 638 on page 7.

* For tax years ending after October 31, 2011, line 360 or amount Z, whichever applies.
** For tax years beginning after October 31, 2011.
*** Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from page 3 (line 360 or amount Z, whichever applies)			6,320,733	O
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		P		
Amount QQ from Part 13 of Schedule 27		Q		
Personal service business income*	434	R		
Amount used to calculate the credit union deduction from Schedule 17		S		
Total of amounts P to S		▶		T
Amount O **minus** amount T (if negative, enter "0")			6,320,733	U

Amount U	6,320,733	x	Number of days in the tax year after December 31, 2008, and before January 1, 2010 / Number of days in the tax year	/ 365	x 9 % =		V
Amount U	6,320,733	x	Number of days in the tax year after December 31, 2009, and before January 1, 2011 / Number of days in the tax year	/ 365	x 10 % =		W
Amount U	6,320,733	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year	365 / 365	x 11.5 % =	726,884	X
Amount U	6,320,733	x	Number of days in the tax year after December 31, 2011 / Number of days in the tax year	/ 365	x 13 % =		Y

General tax reduction – Total of amounts V to Y .... 726,884 Z
Enter amount Z on line 639 on page 7.

* For tax years beginning after October 31, 2011.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ____ x 26 2/3 % = ... ____ A

Foreign non-business income tax credit from line 632 on page 7 . . . . ____

Deduct:
Foreign investment income from Schedule 7 . . . . **445** ____ x 9 1/3 % = ____
(if negative, enter "0") ____ ▶ ____ B

Amount A **minus** amount B (if negative, enter "0") . . . . ____ C

Taxable income from line 360 on page 3 . . . . ____

Deduct:
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least . . . . ____

Foreign non-business income tax credit from line 632 on page 7 . . . ____ x 25/9* 25 / 9 = ____

Foreign business income tax credit from line 636 on page 7 . . . . ____ x 1(0.38 - X**) / 3.77358 = ____
____ ▶ ____

x 26 2/3 % = ____ D

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . ____ E

Refundable portion of Part I tax – Amount C, D, or E, whichever is the least . . . . **450** ____ F

* 100/35 for tax years beginning after October 31, 2011.

** General rate reduction percentage for the tax year. It has to be pro-rated.

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year . . . . **460** ____

Deduct: Dividend refund for the previous tax year . . . . **465** ____
▶ ____ G

Add the total of:

Refundable portion of Part I tax from line 450 above . . . . ____

Total Part IV tax payable from Schedule 3 . . . . ____

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation . . . . **480** ____
▶ ____ H

Refundable dividend tax on hand at the end of the tax year – Amount G **plus** amount H . . . . **485** ____

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3 . . . . ____ x 1 / 3 ____ I

Refundable dividend tax on hand at the end of the tax year from line 485 above . . . . ____ J

Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 on page 8) . . . . ____

Part I tax

Base amount of Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %		550	2,401,879	A
Recapture of investment tax credit from Schedule 31		602		B

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 3			
Deduct: Amount from line 400, 405, 410, or 425 on page 4, whichever is the least			
Net amount		▶	ii

Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount i or ii	604		C
Subtotal (**add** lines A to C)		2,401,879	D

Deduct:

Small business deduction from line 430 on page 4			1
Federal tax abatement	608	632,073	
Manufacturing and processing profits deduction from Schedule 27	616		
Investment corporation deduction	620		
Taxed capital gains 624			
Additional deduction – credit unions from Schedule 17	628		
Federal foreign non-business income tax credit from Schedule 21	632		
Federal foreign business income tax credit from Schedule 21	636		
General tax reduction for CCPCs from amount N on page 5	638		
General tax reduction from amount Z on page 5	639	726,884	
Federal logging tax credit from Schedule 21	640		
Federal qualifying environmental trust tax credit	648		
Investment tax credit from Schedule 31	652		
Subtotal		1,358,957	▶ 1,358,957 E

Part I tax payable – Line D **minus** line E . . . . . 1,042,922 F
Enter amount F on line 700 on page 8.

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	1,042,922
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		1,042,922

Add provincial or territorial tax:

Provincial or territorial jurisdiction . . . 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec and Alberta)	760	742,556	
Provincial tax on large corporations (Nova Scotia Schedule 342)	765		
		742,556 ▶	742,556
Total tax payable	770		1,785,478 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	1,548,275
Total credits	890	1,548,275 ▶ 1,548,275 B

Refund code 894 Overpayment

Balance (line A **minus** line B) 237,203

If the result is negative, you have an **overpayment**.
If the result is positive, you have a **balance unpaid**.
Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid 237,203

Enclosed payment 898 237,203

Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information 910 Branch number

914 Institution number 918 Account number

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? . . . 896 1 Yes ☐ 2 No ☒

Certification

I, 950 Whissell (Last name in block letters) 951 Nancy (First name in block letters) 954 VP, Finance (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation 956 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below . . . . 957 1 Yes ☒ 2 No ☐

958 Catherine Huneault (Name in block letters) 959 (705) 675-7536 (Telephone number)

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français.

990 1

Schedule of Instalment Remittances

Name of corporation contact
Telephone number

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	2011 Instalments paid	1,548,275

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 1,548,275 **A**

Total instalments credited to the taxation year per T9 1,548,275 **B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	29,259,064	29,454,025
	Total tangible capital assets	2008	+	175,962,594	65,185,435
	Total accumulated amortization of tangible capital assets	2009	–	108,870,022	
	Total intangible capital assets	2178	+		
	Total accumulated amortization of intangible capital assets	2179	–		
	Total long-term assets	2589	+	15,309,210	12,229,344
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	111,660,846	106,868,804
	Liabilities				
	Total current liabilities	3139	+	62,583,297	65,384,370
	Total long-term liabilities	3450	+	36,028,226	27,620,967
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	98,611,523	93,005,337
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	13,049,323	13,863,467
	Total liabilities and shareholder equity	3640	=	111,660,846	106,868,804
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	-7,798,729	-6,984,585

* Generic item

Current Assets

SCHEDULE 100

Form identifier 1599

Account	Description	GIFI		Current year	Prior year
Cash and deposits					
	* Cash and deposits	1000		7,262,780	2,700,894
	Cash and deposits		+	7,262,780	2,700,894
Accounts receivable					
	* Accounts receivable	1060		20,067,077	25,730,473
	Accounts receivable		+	20,067,077	25,730,473
Inventories					
	* Inventories	1120			1,022,658
	Inventories		+		1,022,658
Due from/investment in related parties					
	Loans/advances due from related parties	1403		1,874,207	
	Due from/investment in related parties		+	1,874,207	
Other current assets					
	Prepaid expenses	1484		55,000	
	Other current assets		+	55,000	
	Total current assets	1599	=	29,259,064	29,454,025

* Generic item

Tangible Capital Assets and Accumulated Amortization

SCHEDULE 100

Form identifier 2008/2009

Account	Description	GIFI		Tangible capital assets		Accumulated amortization	Prior year
Land							
	* Land	1600	+	857,298			
	Total			857,298			
Buildings							
	* Buildings	1680	+	9,957,472			
	*Accumulated amortization of buildings	1681			–	4,386,910	
	Total			9,957,472		4,386,910	
Machinery, equipment, furniture and fixtures							
	* Machinery, equipment, furniture, and fixtures	1740	+				65,185,435
	Motor vehicles	1742	+	5,163,078			
	Accumulated amortization of motor vehicles	1743			–	3,531,955	
	Computer equipment/software	1774	+	2,798,022			
	Accumulated amortization of computer equipment/software	1775			–	1,910,793	
	Total			7,961,100		5,442,748	
Other tangible capital assets							
	* Other tangible capital assets	1900	+	156,058,904			
	*Accumulated amortization of other tangible capital assets	1901			–	99,040,364	
	Other capital assets under construction	1920	+	1,127,820			
	Total			157,186,724		99,040,364	
	Total tangible capital assets	2008	=	175,962,594			65,185,435
	Total accumulated amortization of tangible capital assets	2009			=	108,870,022	

***** Generic item

Long-term Assets

SCHEDULE 100

Form identifier 2589

Account	Description	GIFI		Current year	Prior year
	Long-term investments				
	* Long-term investments	2300		400,000	400,000
	Long-term investments		+	400,000	400,000
	Other long-term assets				
	* Other long-term assets	2420		5,291,311	5,592,779
	Future (deferred) income taxes	2421		9,617,899	6,236,565
	Other long-term assets		+	14,909,210	11,829,344
	Total long-term assets	2589	=	15,309,210	12,229,344

* Generic item

Current Liabilities

SCHEDULE 100

Form identifier 3139

Account	Description	GIFI		Current year	Prior year
	Amounts payable and accrued liabilities				
	* Amounts payable and accrued liabilities	2620		12,709,545	14,190,503
	Amounts payable and accrued liabilities		+	12,709,545	14,190,503
	* Taxes payable	2680	+	236,921	560,504
	Due to related parties				
	* Due to related parties	2860		48,645,457	48,645,457
	Advances due to related parties	2863			1,234,727
	Due to related parties		+	48,645,457	49,880,184
	Other current liabilities				
	* Other current liabilities	2960		991,374	753,179
	Other current liabilities		+	991,374	753,179
	Total current liabilities	3139	=	62,583,297	65,384,370

* Generic item

Long-term Liabilities

SCHEDULE 100

Form identifier 3450

Account	Description	GIFI		Current year	Prior year
Long-term debt					
	* Long-term debt	3140		21,404,663	17,953,004
	Long-term debt		+	21,404,663	17,953,004
	* Future (deferred) income taxes	3240	+		6,236,565
Other long-term liabilities					
	* Other long-term liabilities	3320		14,623,563	3,431,398
	Other long-term liabilities		+	14,623,563	3,431,398
	Total long-term liabilities	3450	=	36,028,226	27,620,967

***** Generic item

Shareholder Equity

SCHEDULE 100

Form identifier 3620

Account	Description	GIFI		Current year	Prior year
	* Common shares	3500	+	20,848,052	20,848,052
	* Retained earnings/deficit	3600	+	-7,798,729	-6,984,585
	Total shareholder equity	3620	=	13,049,323	13,863,467

* Generic item

Retained Earnings/Deficit

SCHEDULE 100

Form identifier 3849

Account	Description	GIFI		Current year	Prior year
	* Retained earnings/deficit – start	3660	+	-6,984,585	-5,378,424
	* Net income/loss	3680	+	-814,144	4,729,648
	* Prior period adjustments	3720	+		-6,335,809
	Retained earnings/deficit – end	3849	=	-7,798,729	-6,984,585

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

Income statement information

Description	GIFI	
Operating name	0001	
Description of the operation	0002	
Sequence number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	107,293,392	101,178,705
	Cost of sales	8518	–	85,008,941	79,191,698
	Gross profit/loss	8519	=	22,284,451	21,987,007
	Cost of sales	8518	+	85,008,941	79,191,698
	Total operating expenses	9367	+	21,395,057	20,122,170
	Total expenses (mandatory field)	9368	=	106,403,998	99,313,868
	Total revenue (mandatory field)	8299	+	107,375,047	105,535,472
	Total expenses (mandatory field)	9368	–	106,403,998	99,313,868
	Net non-farming income	9369	=	971,049	6,221,604
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	971,049	6,221,604
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	1,785,193	1,491,956
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	-814,144	4,729,648

Revenue

SCHEDULE 125

Form identifier 8299

Account	Description	GIFI		Current year	Prior year
	* Trade sales of goods and services	8000	+	107,293,392	101,178,705
	Total sales of goods and services	8089	=	107,293,392	101,178,705

Realized gains/losses on disposal of assets

Account	Description	GIFI		Current year	Prior year
	* Realized gains/losses on disposal of assets	8210		-203,030	-230,197
	Realized gains/losses on disposal of assets		+	-203,030	-230,197

Other revenue

Account	Description	GIFI		Current year	Prior year
	* Other revenue	8230		284,685	4,586,964
	Other revenue		+	284,685	4,586,964
	Total revenue	8299	=	107,375,047	105,535,472

* Generic item

Cost of Sales

SCHEDULE 125

Form identifier 8518

Account	Description	GIFI		Current year	Prior year
	* Purchases/cost of materials	8320	+	85,008,941	79,191,698
	Cost of sales	8518	=	85,008,941	79,191,698

***** Generic item

Operating Expenses

SCHEDULE 125

Form identifier 9367

Account	Description	GIFI		Current year	Prior year
	* Amortization of tangible assets	8670	+	5,150,055	4,959,843
	Interest and bank charges				
	* Interest and bank charges	8710		1,015,005	914,168
	Interest on long-term debt	8714		3,531,660	3,531,660
	Interest and bank charges		+	4,546,665	4,445,828
	Office expenses				
	* Office expenses	8810		3,117,052	2,593,382
	Office expenses		+	3,117,052	2,593,382
	Repairs and maintenance				
	* Repairs and maintenance	8960			1,857,381
	Repairs and maintenance		+		1,857,381
	Other expenses				
	* Other expenses	9270		5,674,728	3,613,610
	General and administrative expenses	9284		2,906,557	2,652,126
	Other expenses		+	8,581,285	6,265,736
	Total operating expenses	9367	=	21,395,057	20,122,170

***** Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 141

NOTES CHECKLIST

Name of corporation	Business Number	Tax year-end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the "accountant") who prepared or reported on the financial statements.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and Guide T4012, *T2 Corporation – Income Tax Guide*.
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.

Part 1 – Information on the accountant who prepared or reported on the financial statements

Does the accountant have a professional designation?	095	1 Yes X	2 No
Is the accountant connected* with the corporation?	097	1 Yes	2 No X

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note: If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4, as applicable.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: 198

Completed an auditor's report	1	X
Completed a review engagement report	2	
Conducted a compilation engagement	3	

Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation?	099	1 Yes	2 No X

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: 110

Prepared the tax return (financial statements prepared by client)	1	
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	

Were notes to the financial statements prepared?	101	1 Yes X	2 No

If **yes**, complete lines 104 to 107 below:

Are subsequent events mentioned in the notes?	104	1 Yes	2 No X
Is re-evaluation of asset information mentioned in the notes?	105	1 Yes	2 No X
Is contingent liability information mentioned in the notes?	106	1 Yes X	2 No
Is information regarding commitments mentioned in the notes?	107	1 Yes	2 No X
Does the corporation have investments in joint venture(s) or partnership(s)?	108	1 Yes	2 No X

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . 200 1 Yes [ ] 2 No [X]

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	210		211	
Intangible assets	215		216	
Investment property	220			
Biological assets	225			
Financial instruments	230		231	
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year? . . . . 250 1 Yes [ ] 2 No [X]

Did the corporation apply hedge accounting during the tax year? . . . . 255 1 Yes [ ] 2 No [X]

Did the corporation discontinue hedge accounting during the tax year? . . . . 260 1 Yes [ ] 2 No [X]

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . 265 1 Yes [ ] 2 No [X]

If **yes**, you have to maintain a separate reconciliation.

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NET INCOME (LOSS) FOR INCOME TAX PURPOSES

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 *Corporation Income Tax Guide*.
- Sections, subsections, and paragraphs referred to on this schedule are from the *Income Tax Act*.

Amount calculated on line 9999 from Schedule 125				-814,144	A
Add:					
Provision for income taxes – current		101	1,785,193		
Interest and penalties on taxes		103	5,852		
Amortization of tangible assets		104	5,150,055		
Loss on disposal of assets		111	203,030		
Subtotal of additions			7,144,130 ▶	7,144,130	
Other additions:					
Miscellaneous other additions:					
600 2011 OEB rate increase accrual		290	483,176		
601 Accrued employee future benefits		291	1,122,924		
603 Regulatory asset variance	2,326,660				
Total	2,326,660	293	2,326,660		
604 Loss on swap contract	215,730				
Loss on employee future benefit obligation	1,280,544				
Other Amortization	502,409				
Total	1,998,683	294	1,998,683		
Subtotal of other additions		199	5,931,443 ▶	5,931,443	
Total additions		500	13,075,573 ▶	13,075,573	
Deduct:					
Capital cost allowance from Schedule 8		403	5,507,245		
Subtotal of deductions			5,507,245 ▶	5,507,245	
Other deductions:					
Miscellaneous other deductions:					
700 Actual Benefits Paid		390	433,451		
704					
Total		394			
Subtotal of other deductions		499	433,451 ▶	433,451	
Total deductions		510	5,940,696 ▶	5,940,696	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return				6,320,733	

T2 SCH 1 E (10)

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SCHEDULE 4

CORPORATION LOSS CONTINUITY AND APPLICATION

Name of corporation	Business number	Tax year-end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending (TYE) before that time is deductible in computing taxable income in a TYE after that time. Also, no amount of capital loss incurred in a TYE after that time is deductible in computing taxable income of a TYE before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide.*
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- Parts, sections, subsections, paragraphs, and subparagraphs mentioned in this schedule refer to the Act.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes			6,320,733	A
Deduct: (increase a loss)				
Net capital losses deducted in the year (enter as a positive amount)		a		
Taxable dividends deductible under sections 112, 113(1), or subsection 138(6)		b		
Amount of Part VI.1 tax deductible		c		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		d		
Subtotal (total of amounts a to d)		▶		B
Subtotal (amount A **minus** amount B; if positive, enter "0")				C
Deduct: (increase a loss)				
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions				D
Subtotal (amount C **minus** amount D)				E
Add: (decrease a loss)				
Current-year farm loss (whichever is less: the net loss from farming or fishing included in the income, or the non-capital loss before deducting the farm loss. Enter amount F on line 310)				F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0"; if negative, enter amount G on line 110 as a positive)				G

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			e		
Deduct: Non-capital loss expired*	100		f		
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102		▶		H
Add:					
Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation	105		g		
Current-year non-capital loss (amount G above)	110		h		
Subtotal (amount g **plus** amount h)			▶		I
Subtotal (amount H **plus** amount I)					J

* A non-capital loss expires as follows:
- after **7** tax years if it arose in a tax year ending before March 23, 2004;
- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss as follows:
- after **7** tax years if it arose in a tax year ending before March 23, 2004; and
- after **10** tax years if it arose in a tax year ending after March 22, 2004.

Part 1 – Non-capital losses (continued)

		Amount J from page 1			
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	150		i		
Section 80 – Adjustments for forgiven amounts	140		j		
Subsection 111(10) – Adjustments for fuel tax rebate			j.1		
Non-capital losses of previous tax years applied in the current tax year (enter on line 331 of the T2 Return)	130		k		
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax (enter on lines 330 and 335 of Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*, respectively)	135		l		
Subtotal (total of amounts i to l)			▶		K
Non-capital losses before any request for a carryback (amount J **minus** amount K)					L
Deduct – **Request to carry back non-capital loss to:**					
First previous tax year to reduce taxable income	901		m		
Second previous tax year to reduce taxable income	902		n		
Third previous tax year to reduce taxable income	903		o		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r		
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)			▶		M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)				180	N

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200	8,211	a		
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	205		b		
Subtotal (amount a **plus** amount b)		8,211	▶	8,211	A
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	250		c		
Section 80 – Adjustments for forgiven amounts	240		d		
Subtotal (amount c **plus** amount d)			▶		B
Subtotal (amount A **minus** amount B)				8,211	C
Add: Current-year capital loss (from the calculation on Schedule 6)			210		D
Unused non-capital losses that expired in the tax year*			e		
Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year**			f		
Enter amount e or f, whichever is less	215				
ABILs expired as non-capital loss: line 215 **divided** by 0.500000			220		E
Subtotal (total of amounts C to E)				8,211	F

Note
If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total on line 220 above.

* If the losses were incurred in a tax year ending before March 23, 2004, enter the losses from the 8th previous tax year. If the losses were incurred in a tax year ending after March 22, 2004, and before 2006, enter the losses from the 11th previous tax year. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line e.

** If the losses were incurred in a tax year ending before March 23, 2004, enter the losses from the 8th previous tax year. If the losses were incurred in a tax year ending after March 22, 2004, enter the losses from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

		Amount F from page 2	8,211	
Deduct: Capital losses from previous tax years applied against the current-year net capital gain (see Note 1)		225		G
		Capital losses before any request for a carryback (amount F **minus** amount G)	8,211	H

Deduct – **Request to carry back capital loss to** (see Note 2):

	Capital gain (100%)		Amount carried back (100%)	
First previous tax year		951		g
Second previous tax year		952		h
Third previous tax year		953		i
	Subtotal (total of amounts g to i)			I
Closing balance of capital losses to be carried forward to future tax years (amount H **minus** amount I)		280	8,211	J

Note 1
To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the purpose of current-year tax, enter the amount from line 225 **multiplied** by 50% on line 332 of the T2 return.

Note 2
On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **multiply** this amount by the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year			a		
Deduct: Farm loss expired*	300		b		
Farm losses at the beginning of the tax year (amount a **minus** amount b)	302				A
Add:					
Farm losses transferred on the amalgamation or the windup of a subsidiary corporation	305		c		
Current-year farm loss	310		d		
Subtotal (amount c **plus** amount d)					B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	350		e		
Section 80 – Adjustments for forgiven amounts	340		f		
Farm losses of previous tax years applied in the current tax year (enter on line 334 of the T2 Return)	330		g		
Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax (enter on lines 340 and 345 of Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*, respectively)	335		h		
Subtotal (total of amounts e to h)					D
Farm losses before any request for a carryback (amount C **minus** amount D)					E
Deduct – **Request to carry back farm loss to:**					
First previous tax year to reduce taxable income	921		i		
Second previous tax year to reduce taxable income	922		j		
Third previous tax year to reduce taxable income	923		k		
First previous tax year to reduce taxable dividends subject to Part IV tax	931		l		
Second previous tax year to reduce taxable dividends subject to Part IV tax	932		m		
Third previous tax year to reduce taxable dividends subject to Part IV tax	933		n		
Subtotal (total of amounts i to n)					F
Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F)	380				G

* A farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business			485	A
Minus the deductible farm loss:				
(amount A above ____ – $2,500) **divided** by 2 =	a			
Amount a or $ 6,250 , whichever is less		b		
		2,500 c		
Subtotal (amount b **plus** amount c)		2,500	2,500	B
Current-year restricted farm loss (amount A **minus** amount B; enter amount C on line 410)				C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d	
Deduct: Restricted farm loss expired*	400		e	
Restricted farm losses at the beginning of the tax year (amount d **minus** amount e)	402			D
Add:				
Restricted farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation	405		f	
Current-year restricted farm loss (enter on line 233 of Schedule 1)	410		g	
Subtotal (amount f **plus** amount g)				E
Subtotal (amount D **plus** amount E)				F
Deduct:				
Restricted farm losses from previous tax years applied against current farming income (enter on line 333 of the T2 Return)	430		h	
Section 80 – Adjustments for forgiven amounts	440		i	
Other adjustments	450		j	
Subtotal (total of amounts h to j)				G
Restricted farm losses before any request for a carryback (amount F **minus** amount G)				H
Deduct – Request to carry back restricted farm loss to:				
First previous tax year to reduce farming income	941		k	
Second previous tax year to reduce farming income	942		l	
Third previous tax year to reduce farming income	943		m	
Subtotal (total of amounts k to m)				I
Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I)	480			J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

* A restricted farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuité des pertes sur des biens meubles déterminés et demande de report rétrospectif

Listed personal property losses at the end of the previous tax year			a		
Deduct: Listed personal property loss expired after seven tax years	500		b		
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502		▶		A
Add: Current-year listed personal property loss (from Schedule 6)				510	B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Previous year personal property losses applied in the current tax year against listed personal property gains (enter on line 655 of Schedule 6)	530		c		
Other adjustments	550		d		
Subtotal (amount c **plus** amount d)			▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)					E
Deduct – Request to carry back listed personal property loss to:					
First previous tax year to reduce listed personal property gains	961		e		
Second previous tax year to reduce listed personal property gains	962		f		
Third previous tax year to reduce listed personal property gains	963		g		
Subtotal (total of amounts e to g)			▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)				580	G

Part 7 – Limited partnership losses

Current-year limited partnership losses

1	2	3	4	5	6	7
Partnership identifier	Tax year ending YYYY/MM/DD	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** 6)
600	602	604	606	608		620

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

1	2	3	4	5	6	7
Partnership identifier	Tax year ending YYYY/MM/DD	Limited partnership losses at the end of the previous tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6)
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future tax years

1	2	3	4	5	6
Partnership identifier	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from column 620)	Limited partnership losses applied in the current year (cannot be more than column 650)	Current year limited partnership losses closing balance to be carried forward to future years (662 + 664 + 670 – 675)
660	662	664	670	675	680

Total (enter this amount on line 335 of the T2 return)

Note

If you have any current–or previous–year losses, enter your partnership identifier on line 600, 630, or 660.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . 190 Yes

Further to a winding-up of a subsidiary, the portion of a non-capital loss, restricted farm loss, farm loss, or limited partnership loss from a wholly-owned subsidiary is deemed to be the loss of a parent from its tax year starting after the commencement of the winding-up.

Note

This election is only applicable for wind-ups under 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*, and the deemed provision is only for the tax years that start after the commencement of the wind-up.

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SCHEDULE 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Net adjustments** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ***** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1		50,325,976	159,351		0	79,676	50,405,651	4	0	0	2,016,226	48,469,101
2.	8		507,587	85,611		0	42,806	550,392	20	0	0	110,078	483,120
3.	10		1,379,041	562,950		29,117	266,917	1,645,957	30	0	0	493,787	1,419,087
4.	42		526,263			0		526,263	12	0	0	63,152	463,111
5.	47		27,577,312	6,060,910		0	3,030,455	30,607,767	8	0	0	2,448,621	31,189,601
6.	17		58,322			0		58,322	8	0	0	4,666	53,656
7.	45		111			0		111	45	0	0	50	61
8.	12		301,323	138,685		0	69,343	370,665	100	0	0	370,665	69,343
		Totals	80,675,935	7,007,507		29,117	3,489,197	84,165,128				5,507,245	82,147,080

Note: Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

** Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** Enter a rate only, if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

***** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

T2 SCH 8 (11)

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	Greater Sudbury Hydro Plus Inc./Hy		89279 2615 RC0001	3					
2.	Greater Sudbury Telecommunicatio		86593 7791 RC0001	3					
3.	Greater Sudbury Utilities Inc./Servic		89279 2813 RC0001	1					
4.	1627596 ONTARIO INC		83957 9471 RC0001	3					
5.	1700211 Ontario Inc		83037 5721 RC0001	3				100.000	400,000

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

Canada

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder: Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
	100	200	300	350	400	500
1	Greater Sudbury Utilities Inc	89279 2813 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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SCHEDULE 500

ONTARIO CORPORATION TAX CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only and does not have to be filed with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2010 / Number of days in the tax year	/ 365	x	14.00 %	=	%	A1
Number of days in the tax year after June 30, 2010, and before July 1, 2011 / Number of days in the tax year	181 / 365	x	12.00 %	=	5.95068 %	A2
Number of days in the tax year after June 30, 2011 / Number of days in the tax year	184 / 365	x	11.50 %	=	5.79726 %	A3

Ontario basic rate of tax for the year (total of rates A1 to A3) 11.74794 ► 11.74794 % A4

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . 6,320,733 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A4 from Part 1) . . . . . . 742,556 C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit, in addition to Ontario basic income tax, or has Ontario corporate minimum tax, Ontario special additional tax on life insurance corporations or Ontario capital tax payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)					1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)					2
Federal business limit before the application of subsection 125(5.1) * (amount from line 410 of the T2 return)		x		=	3

line 4 on page 4 of the T2 return

Enter the least of amounts 1, 2, and 3 .... D

Ontario domestic factor: $\frac{\text{Ontario taxable income **}}{\text{taxable income earned in all provinces and territories ***}}$ = $\frac{6,320,733.00}{6,320,733}$ = ... 1.00000 E

Amount D x amount E ________ a

Ontario taxable income (amount B from Part 2) 6,320,733 b

Ontario small business income (lesser of amount a and amount b) .... F

Number of days in the tax year before July 1, 2010 / Number of days in the tax year	/ 365	x	8.50 %	=	%	G1
Number of days in the tax year after June 30, 2010, and before July 1, 2011 / Number of days in the tax year	181 / 365	x	7.50 %	=	3.71918 %	G2
Number of days in the tax year after June 30, 2011 / Number of days in the tax year	184 / 365	x	7.00 %	=	3.52877 %	G3

OSBD rate for the year (total of rates G1 to G3) .... 7.24795 % G4

Ontario small business deduction: amount F **multiplied** by OSBD rate for the year (rate G4) .... H

Enter amount H on line 402 of Schedule 5.

* For 2011 and later tax years, enter the amount from line 410 of the T2 return on line 3 of this schedule. Otherwise, complete the calculation for this line.

** Enter amount B from Part 2.

*** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 4 – Calculation of surtax re Ontario small business deduction

Complete this part if the corporation is claiming the OSBD and its adjusted taxable income, **plus** the adjusted taxable income of each corporation with which the corporation was associated during its tax year, is greater than $500,000. If the corporation is a member of an associated group, complete Schedule 501, *Ontario Adjusted Taxable Income of Associated Corporations to Determine Surtax re Ontario Small Business Deduction*.

Note: For days in the tax year after June 30, 2010, the small business surtax rate is 0%. You do not have to complete this part if the corporation's tax year begins after June 30, 2010.

Adjusted taxable income *		I		
Adjusted taxable income of all associated corporations (amount from line 500 of Schedule 501)		J		
Aggregate adjusted taxable income (amount I **plus** amount J)		▶		K
Deduct:				
Ontario business limit			500,000	
Subtotal (amount K **minus** Ontario business limit) (if negative, enter "0" on this line and on line P)				L

Small business surtax rate for the year:

Number of days in the tax year before July 1, 2010 / Number of days in the tax year 365 x 4.25 % = % M

Amount L **multiplied by** % on line M =		N
Amount N x Ontario small business income (amount F from Part 3) / 500,000 = 500,000		O
Surtax re Ontario small business deduction: lesser of amount O and OSBD (amount H from Part 3)		P

Enter amount P on line 272 of Schedule 5.

* Adjusted taxable income is equal to the corporation's taxable income or taxable income earned in Canada for the year **plus** the amount of the corporation's adjusted Crown royalties for the year **minus** the amount of the corporation's notional resource allowance for the year (from Schedule 504, *Ontario Resource Tax Credit and Ontario Additional Tax re Crown Royalties*).

If the tax year of the corporation is less than 51 weeks, **multiply** the adjusted taxable income of the corporation for the year by 365 and **divide** by the number of days in the tax year.

Part 5 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Lesser of amount D and amount b from Part 3		Q
Surtax payable (amount P from Part 4) / Ontario domestic factor (amount E from Part 3) x OSBD rate (rate G6 from Part 3) 7.24795 % =		R

Note: Enter "0" on line R for tax years beginning after June 30, 2010.

Ontario adjusted small business income (amount Q **minus** amount R) (if negative, enter "0")		S

Enter amount S on line U in Part 6 or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 6 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17		T	
Deduct:			
Ontario adjusted small business income (amount S from Part 5)		U	
Subtotal (amount T **minus** amount U) (if negative, enter "0")		V	
OSBD rate for the year (rate G6 from Part 3)	7.24795 %		
Amount V **multiplied** by the OSBD rate for the year			W
Ontario domestic factor (amount E from Part 3)		1.00000	X
Ontario credit union tax reduction (amount W **multiplied** by amount X)			Y

Enter amount Y on line 410 of Schedule 5.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 510

ONTARIO CORPORATE MINIMUM TAX

Name of corporation	Business Number	Tax year-end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	111,660,846
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	119,306,768
Total assets (total of lines 112 to 116)		230,967,614
Total revenue of the corporation for the tax year **	142	107,375,047
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	36,143,564
Total revenue (total of lines 142 to 146)		143,518,611

The corporation is subject to CMT if:
– for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
– for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.
If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**
- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**
- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Calculation of adjusted net income/loss for CMT purposes

	Line		Line	
Net income/loss per financial statements *			210	-814,144
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	1,785,193		
Provision for deferred income taxes (debits)/cost of future income taxes	222			
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		1,785,193 ▶		1,785,193 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320			
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal		▶		B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	971,049

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – Calculation of CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		515	971,049		
Deduct:					
CMT loss available (amount R from Part 7)					
Minus: Adjustment for an acquisition of control *	518				
Adjusted CMT loss available		▶			C
Net income subject to CMT calculation (if negative, enter "0")		520	971,049		

Amount from line 520: 971,049 x (Number of days in the tax year before July 1, 2010 / Number of days in the tax year 365) x 4 % = ______ 1

Amount from line 520: 971,049 x (Number of days in the tax year after June 30, 2010 365 / Number of days in the tax year 365) x 2.7 % = 26,218 2

Subtotal (amount 1 **plus** amount 2) 26,218 3

Gross CMT: amount on line 3 above x OAF **	540	26,218	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		26,218	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		742,556	
Net CMT payable (if negative, enter "0")			E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** = ______

Ontario allocation factor 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000."

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *			G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)			▶	620	
Add:					
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)				650	
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)					H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)					J
Add:					
Net CMT payable (amount E from Part 3)					
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal			▶		K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)				670	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)					M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		742,556	1		
For a corporation that is not a life insurance corporation:					
CMT after foreign tax credit deduction (amount D from Part 3)	26,218	2			
For a life insurance corporation:					
Gross CMT (line 540 from Part 3)		3			
Gross SAT (line 460 from Part 6 of Schedule 512)		4			
The **greater** of amounts 3 and 4		5			
Deduct: line 2 or line 5, whichever applies:		26,218	6		
Subtotal (if negative, enter "0")		716,338	▶	716,338	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		742,556			
Deduct:					
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)					
Subtotal (if negative, enter "0")		742,556	▶	742,556	O
CMT credit deducted in the current tax year (least of amounts M, N, and O)					P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:
- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . Q

Deduct:

CMT loss expired * 700

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ► 720

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) 750

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . .

Subtotal (if negative, enter "0") S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) 760

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . 770 T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not transfer a loss on a vertical amalgamation under subsection 87(2.11) of the federal Act or other amalgamation of a parent and its subsidiary.
Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Greater Sudbury Hydro Inc./Hydro Du Grand Sudbury Inc.	86593 7593 RC0001	2011-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	Greater Sudbury Hydro Plus Inc./Hydro Plus Du Gran	89279 2615 RC0001	23,929,415	22,768,316
2	Greater Sudbury Telecommunications Inc./Telecomm	86593 7791 RC0001	9,771,183	3,077,859
3	Greater Sudbury Utilities Inc./Services Publics du Gra	89279 2813 RC0001	77,128,181	3,817,369
4	1627596 ONTARIO INC	83957 9471 RC0001	5,513,240	5,585,904
5	1700211 Ontario Inc	83037 5721 RC0001	2,964,749	894,116
		Total	450 119,306,768	550 36,143,564

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511 Canada

Tax Assessments and Correspondence

Ontario

Ministry of Finance
33 King St W
PO Box 622
Oshawa ON L1H 8H6

HPL - tL060

GREATER SUDBURY HYDRO INC./HYDRO DU GRAND
ATTENTION: C/O STANLY PAWLOWICZ NANCY WHIS
500 REGENT ST
PO BOX 250 STN B
SUDBURY ON P3E 4P1

Issue Date	18-Jul-2012
Business No.	865937593TW0001
Reference No.	L1433716608

Notice of Re-Assessment - Hydro Payment in Lieu

Electricity Act, 1998, Corporations Tax Act

We have received and processed your return for the period ending 31-Dec-2011. Based on the information provided, your return has been corrected as follows:

	Previous	Revised
Total Federal Tax	$1,042,922.00	$1,042,922.00
Total Ontario Tax	$0.00	$742,556.00
Total Credits	$0.00	$0.00
Loss Carry-back	$0.00	$0.00
Total Tax Payable	$1,785,478.00	$1,785,478.00
Interest		$7,306.15
Current Penalty		$0.00
Credits/Payments		($1,785,478.00)
Total Assessment		**$7,306.15**

As of 18-Jul-2012, including the amount assessed above, you have an overall balance on your account of $7,306.15.

If you have any questions concerning this Notice of Re-Assessment, please call the number listed below. After discussion with a ministry representative, if you still do not agree with this re-assessment you have the right to file a Notice of Objection with the Objections and Appeals Branch within 180 days of the issue date of this form. Any taxes, interest and penalties that are outstanding as a result of the re-assessment are due and payable even if you have filed, or intend to file, a Notice of Objection.

If you have any questions or require additional information, please visit our website or call the Ministry of Finance at the number listed below.

Enclosure

Ministry use only

0183B (2010-05)

v 2.0

Income Tax/PILs Workform for 2013 Filers

Utility Name	Greater Sudbury Hydro Inc.
Assigned EB Number	EB-2012-0126
Name and Title	Nancy Whissell, CA - VP Corporate Services
Phone Number	705-675-7536, ext 2235
Email Address	nancyw@shec.com
Date	09/11/2012
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

Income Tax/PILs Workform for 2013 Filers

Rate Base			**$**	**88,079,710**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$	3,523,188	*W = S * T*
Deemed Long Term Debt %	56.00%	U	$	49,324,638	*X = S * U*
Deemed Equity %	40.00%	V	$	35,231,884	*Y = S * V*
Short Term Interest Rate	2.08%	Z	$	73,282	*AC = W * Z*
Long Term Interest	4.41%	AA	$	2,175,217	*AD = X * AA*
Return on Equity (Regulatory Income)	9.12%	AB	**$**	**3,213,148**	*AE = Y * AB*
Return on Rate Base			**$**	**5,461,647**	*AF = AC + AD + AE*

Questions that must be answered

	Historic	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	Yes	Yes	Yes
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	Yes	No	No
7. Did the applicant pay dividends? *If Yes, please describe what was the tax treatment in the manager's summary.*	Yes	Yes	No
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No

Income Tax/PILs Workform for 2013 Filers

Tax Rates Federal & Provincial As of June 20, 2012	Effective January-01-11	Effective January-01-12	Effective January-01-13	Effective January-01-14
Federal income tax				
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%

Income Tax/PILs Workform for 2013 Filers

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historic per tax returns	Less: Non-Distribution Portion	UCC Regulated Historic Year
1	Distribution System - post 1987	48,469,101		48,469,101
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			0
2	Distribution System - pre 1988			0
8	General Office/Stores Equip	483,120		483,120
10	Computer Hardware/ Vehicles	1,419,087		1,419,087
10.1	Certain Automobiles			0
12	Computer Software	69,343		69,343
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	53,656		53,656
42	Fibre Optic Cable	463,111		463,111
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	61		61
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	31,189,601		31,189,601
50	Data Network Infrastructure Equipment - post Mar 2007			0
52	Computer Hardware and system software			0
95	CWIP			0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	82,147,080	0	82,147,080

Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital

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				0
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				0
Current Year Deduction		0	x 7% =	0
Cumulative Eligible Capital - Closing Balance				0

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
			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			0
-Short & Long-term Disability			0
-Accmulated 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	**0**	**0**	**0**

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	8,211		8,211

Adjusted Taxable Income - Historic Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	971,049		971,049
Additions:				
Interest and penalties on taxes	103	5,852		5,852
Amortization of tangible assets	104	5,150,055		5,150,055
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	203,030		203,030
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
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			0
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			0
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
2011 OEB rate increase accrual		483,176		483,176

Accrued employee future pension benefits		1,122,924		1,122,924
Regulatory asset variance		2,326,660		2,326,660
Loss on swap contract		215,730		215,730
Loss on employee future pension benefit obligation		1,280,544		1,280,544
Other amortization		502,409		502,409
				0
				0
				0
				0
Total Additions		**11,290,380**	**0**	**11,290,380**
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	5,507,245		5,507,245
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405			0
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			0
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
Other deductions - actual retiree benefits paid	393	433,451		433,451
	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
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**5,940,696**	**0**	**5,940,696**
Net Income for Tax Purposes		**6,320,733**	**0**	**6,320,733**
Charitable donations from Schedule 2	311			0
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		0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		**6,320,733**	**0**	**6,320,733**

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						$ 6,320,733	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.75%	**B**	$ 742,556	**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**				
	Rate reduction (negative)		**E**		**F = D * E**		
Ontario Income tax						$ 742,556	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.75%	**K = J / A**		
	Federal tax rate			16.50%	**L**		
	Combined tax rate					28.25%	**M = K + L**
Total Income Taxes						**$ 1,785,477**	**N = A * M**
Investment Tax Credits							**O**
Miscellaneous Tax Credits							**P**
Total Tax Credits						**$ -**	**Q = O + P**
Corporate PILs/Income Tax Provision for Historic Year						**$ 1,785,477**	**R = N - Q**

Income Tax/PILs Workform for 2013 Filers

Schedule 8 CCA - Bridge Year

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}	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	$ 48,469,101			$ 48,469,101	$ -	$ 48,469,101	4%	$ 1,938,764	$ 46,530,337
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election				$ -	$ -	$ -	6%	$ -	$ -
2	Distribution System - pre 1988				$ -	$ -	$ -	6%	$ -	$ -
8	General Office/Stores Equip	$ 483,120	$ 219,735		$ 702,855	$ 109,867	$ 592,987	20%	$ 118,597	$ 584,257
10	Computer Hardware/ Vehicles	$ 1,419,087	$ 564,966		$ 1,984,053	$ 282,483	$ 1,701,570	30%	$ 510,471	$ 1,473,582
10.1	Certain Automobiles				$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 69,343	$ 248,175		$ 317,518	$ 124,088	$ 193,431	100%	$ 193,431	$ 124,088
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	$ 53,656			$ 53,656	$ -	$ 53,656	8%	$ 4,292	$ 49,364
42	Fibre Optic Cable	$ 463,111			$ 463,111	$ -	$ 463,111	12%	$ 55,573	$ 407,538
43.1	Certain Energy-Efficient Electrical Generating Equipment				$ -	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy Generation Equipment				$ -	$ -	$ -	50%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 61			$ 61	$ -	$ 61	45%	$ 27	$ 34
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 31,189,601	$ 7,405,442		$ 38,595,043	$ 3,702,721	$ 34,892,322	8%	$ 2,791,386	$ 35,803,657
50	Data Network Infrastructure Equipment - post Mar 2007				$ -	$ -	$ -	55%	$ -	$ -
52	Computer Hardware and system software				$ -	$ -	$ -	100%	$ -	$ -
95	CWIP				$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 82,147,080	$ 8,438,318	$ -	$ 90,585,398	$ 4,219,159	$ 86,366,239		$ 5,612,542	$ 84,972,856

Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital				**0**
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				**0**
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				**0**
Current Year Deduction		**0**	**x 7% =**	**0**
Cumulative Eligible Capital - Closing Balance				**0**

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

				Bridge Year Adjustments				
Description	**Historic Utility Only**	**Eliminate Amounts Not Relevant for Bridge Year**	**Adjusted Utility Balance**	**Additions**	**Disposals**	**Balance for Bridge Year**	**Change During the Year**	**Disallowed Expenses**
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	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	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated 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	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**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	8,211
Application of Loss Carry Forward to reduce taxable income in Bridge Year	
Other Adjustments Add (+) Deduct (-)	
Balance available for use in Test Year	8,211
Amount to be used in Bridge Year	
Balance available for use post Bridge Year	8,211

Income Tax/PILs Workform for 2013 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	**A**	718,033

Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	5,792,899
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	
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	
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	0
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	

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	1,322,282
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		
Accrued employee future pension benefits		
Regulatory asset variance		-94,482
Loss on employee future pension benefit obligation		1,455,380
Total Additions		**8,476,079**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	5,612,542
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	0
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	0
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)		
Actual Benefits Paid OPEB		453,956
Total Deductions		**6,066,498**
Net Income for Tax Purposes		**3,127,614**
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		**3,127,614**

Income Tax/PILs Workform for 2013 Filers

PILS Tax Provision - Bridge Year

						Wires Only	
Regulatory Taxable Income						$ 3,127,614	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 359,676	**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**				
	Rate reduction	-7.00%	**E**	-$ 35,000	**F = D * E**		
Ontario Income tax						$ 324,676	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			10.38%	**K = J / A**		
	Federal tax rate			15.00%	**L**		
	Combined tax rate					25.38%	**M = K + L**
Total Income Taxes						**$ 793,818**	**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						**$ 793,818**	**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.

Income Tax/PILs Workform for 2013 Filers

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}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	$ 46,530,337			$ 46,530,337	$ -	$ 46,530,337	4%	$ 1,861,213	$ 44,669,123
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ -			$ -	$ -	$ -	6%	$ -	$ -
2	Distribution System - pre 1988	$ -			$ -	$ -	$ -	6%	$ -	$ -
8	General Office/Stores Equip	$ 584,257	210,000		$ 794,257	$ 105,000	$ 689,257	20%	$ 137,851	$ 656,406
10	Computer Hardware/ Vehicles	$ 1,473,582	1,118,450		$ 2,592,032	$ 559,225	$ 2,032,807	30%	$ 609,842	$ 1,982,190
10.1	Certain Automobiles	$ -			$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 124,088	375,000		$ 499,088	$ 187,500	$ 311,588	100%	$ 311,588	$ 187,500
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 E	$ 49,364			$ 49,364	$ -	$ 49,364	8%	$ 3,949	$ 45,414
42	Fibre Optic Cable	$ 407,538			$ 407,538	$ -	$ 407,538	12%	$ 48,905	$ 358,633
43.1	Certain Energy-Efficient Electrical Generating Equipment	$ -			$ -	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy Generation Equipment	$ -			$ -	$ -	$ -	50%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 34			$ 34	$ -	$ 34	45%	$ 15	$ 18
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 35,803,657	9,159,362		$ 44,963,019	$ 4,579,681	$ 40,383,338	8%	$ 3,230,667	$ 41,732,352
50	Data Network Infrastructure Equipment - post Mar 2007	$ -			$ -	$ -	$ -	55%	$ -	$ -
52	Computer Hardware and system software	$ -			$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
					$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 84,972,856	$ 10,862,812	$ -	$ 95,835,668	$ 5,431,406	$ 90,404,262		$ 6,204,030	$ 89,631,637

Income Tax/PILs Workform for 2013 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital				**0**
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				**0**
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				**0**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")		**0**	**x 7% =**	**0**
Cumulative Eligible Capital - Closing Balance				**0**

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: Additions	Test Year Adjustments: Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	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	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated 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	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**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		3,213,148

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	7,306
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104	4,184,494
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	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	
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	0
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	
Other Additions: (please explain in detail the nature of the item)		
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		
Regulatory asset variance		-472,936
Total Additions		**3,718,865**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	6,204,030
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	0
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	0
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)		
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		**6,204,030**
NET INCOME FOR TAX PURPOSES		**727,982**
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		**727,982**

Income Tax/PILs Workform for 2013 Filers

PILs Tax Provision - Test Year

						Wires Only	
Regulatory Taxable Income						$ 727,982	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 83,718	**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**				
	Rate reduction	-7.00%	**E**	-$ 35,000	**F = D * E**		
Ontario Income tax						$ 48,718	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			6.69%	**K = J / A**		
	Federal tax rate			15.00%	**L**		
	Combined tax rate					21.69%	**M = K + L**
Total Income Taxes						**$ 157,915**	**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						**$ 157,915**	**R = N - Q**
Corporate PILs/Income Tax Provision Gross Up [1]				78.31%	**S = 1 - M**	**$ 43,744**	**T = R / S - R**
Income Tax (grossed-up)						**$ 201,660**	**U = R + T**

Note:

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

Supporting Schedule for Regulatory Balance Adjustments

Projected Changes to 2012 Regulatory Balances

Deferred industry restructuring costs	5.19	A
Pre-market opening energy variances	(216.26)	A
Transition cost assets	(578.13)	A
December 31, 2008 amounts approved for recovery	(3,501.34)	
1562 PILs	200,937.07	
PILS carrying charges	(66,754.99)	A
PILS contra - carrying charges	(7,413.32)	A
Special Purpose Charge	(8,044.06)	
Special Purpose Charge - carrrying charges	(2,561.32)	A
Smart meters - revenue	(366,530.82)	
Smart meters - revenue c/c	30,776.37	A
Smart meters - expense	229,062.51	
Smart meters - expense c/c	6,341.82	A
LPP Litigation Recoverable	(73,175.58)	
OEB approved recoveries - carrying charges	309.44	A
OEB approved recoveries RSVA - carrying charges	(2,129.57)	A
OEB cost assessment - c/c post Dec 31, 2004	(362.56)	
Customer rebate - non RPP G/A - carrying charges	(185,516.65)	A
RSVA rate differential variances refunded in rates	(107,741.95)	
IFRS implementation	16,934.22	
IFRS implementation carrying charges	640.03	A
2009 CDM expenditures	(151,245.45)	
2009 CDM amounts billed to customers	1,403,800.20	
Smart Grid OM&A	21,311.47	
Smart Grid OM&A - carrying charges	366.66	A
Deferred rates impacts - 2009 rate order	(654,911.00)	
Deferred rates impacts - 2009 rate order carrying charges	(15,926.23)	A
HONI incremental capital carrying charges	28.36	A
OPG rebates	(14,277.04)	
Customer rebates - OPC flow through	(101,480.01)	
Total regulatory assets expensesd for tax purposes	148,147.06	B
Total Carrying Charges (Sum of A's)	- 242,628.60	
2012 Net Adjustment for PILs (A+B)	- 94,481.54	

Projected Changes to 2013 Regulatory Balances

Smart Meters Recovery	
SMDR per Smart Meter Model	619,447.90
Recovery over 24 months, monthly amount	25,810.33
8 months of recovery in 2013	206,482.63
Water Deferral	
Projected balance as of April 30th, 2013	- 1,361,110.39
Flow back over 48 months, monthly amount	- 28,356.47
8 months of flow back in 2013	- 226,851.73
Group 1 Accounts	
Balance per EDDVAR Continuity	- 2,715,398.97
Flow back over 48 months, monthly amount	- 56,570.81
8 months of flow back in 2013	- 452,566.50
Total PILs Adjustment for Regulatory Balances	- 472,935.59

Exhibit 4:

Tab 9 (of 9): Green Energy Act Plan O&M Costs

GREEN ENERGY ACT PLAN PROPOSAL

Greater Sudbury's GEA Plan is attached to this application as Exhibit 2, Tab 4, Schedule 5 Attachment 1. Incremental OM&A costs related to Greater Sudbury's obligations under the GEA include as follows:

- One Engineering FTE to process, coordinate and design FIT and MicroFIT connection requests.
- Communications between Greater Sudbury's systems in its offices and community energy storage devices in the field.
- Maintenance costs for Distribution System Management software.
- Education and Training.

Table 1 contains a breakdown of the total OM&A proposed in Greater Sudbury's GEA plan is $1,157.842. A more complete discussion appears in the GEA Plan.

<u>Table 1 Green Energy OM&A</u>

OM&A	**2013**	**2014**	**2015**	**2016**	**2017**	**Total**
FTE Engineering	$125,000	$128,750	$132,613	$136,591	$140,689	
Communications Costs	$1,800	$7,200	$24,300	$44,100	$67,500	
DMS Software Maintenance			$45,000	$45,000	$45,000	
Smart Grid Education and Training	$48.050	$48,050	$39,400	$39,400	$39,400	
Total OM&A	$174,850	$184,000	$241,313	$265,091	$292,589	$1,157,842