1.0 ABBREVIATIONS

Accounting Procedures Handbook ("APH")

Advanced Metering Communications Device ("AMCD")

Advanced Metering Infrastructure ("AMI")

Affiliate Relationships Code for Electricity Transmitters and Distributors ("ARC")

Arrears Management Plan ("AMP")

Canadian Generally Accepted Accounting Principles ("CGAPP")

Canadian Institute of Chartered Accountants ("CICA")

Capital Cost Allowance ("CCA")

Conservation and Demand Management ("CDM")]

Construction-Work-in-Progress ("CIP")

Consumer Price Index ("CPI")

Cooling Degree Days ("CDD")

Cost Allocation for Electricity Distributors: Application dated November 28, 2007 – Report of the Board (the "Cost Allocation Report")

Cumulative Eligible Capital ("CEC")

Customer Care & Billing ("CC&B")

Customer Information System ("CIS")

Debt Retirement Charge ("DRC")

Electricity Distribution Rate ("EDR")

Electricity Distributor's Deferral and Variance Account Review Initiative – Report of the Board ("EDDVAR Report")

Electronic Business Transactions ("EBT")

Eligible Capital Expenditure ("ECE")

Fair Market Value ("FMV")

Fault Circuit Indicator ("FCI")

Full time equivalent ("FTE")

Geographic Information System ("GIS")

Global Adjustment ("GA")

Goods and Service Tax ("GST")

Green Energy and Green Economy Act ("GEA")

Greenhouse Gas (“GHG”)
Gross Domestic Product (“GDP”)
Harmonized Sales Tax (“HST”)
Health and Safety (“H&S”)
Heating Degree Days (“HDD”)
Human Resources (“HR”)
Hydro One Networks Inc. (“Hydro One”)
Incentive Regulation Mechanism (“IRM”)
Independent Electricity System Operator (the “IESO”)
Information Management and Information Technology (“IM/IT”)
Information Technology (“IT”)
Input Tax Credit (“ITC”)
International Financial Reporting Standards (“IFRS”)
Kilowatt (“kW”)
Kilowatt hours (“kWhs”)
Large Corporation Tax (“LCT”)
Local Distribution Company (“LDC”)
Long Canada Bond Forecast (“LCBF”)
Long Term Load Transfer (“LTLT”)
Lost Revenue Adjustment Mechanism (“LRAM”)
Meter Data Management/Repository (“MDM/R”)
Modified International Financial Reporting Standards (“MIFRS”)
Monthly Service Charge (“MSC”)
Municipal Electric Association Reciprocal Insurance Exchange (“MEARIE”)
Net Book Value (“NBV”)
Net Present Value (“NPV”)
Non-Regulated Price Plan (“non RPP”)
Ontario Power Authority (“OPA”)
Ontario Price Credit (“OPC”)
Operations and Maintenance (“O&M”)
Operations, Maintenance and Administration (“OM&A”)

Outage Management System ("OMS")

Paid-up Capital ("PUC")

Payments in Lieu of Taxes ("PILs")

Personal Computer ("PC")

Polychlorinated Biphenyls ("PCBs")

Power line Maintainer ("PLM")

Property, plant and equipment ("PP&E")

Public Service Works on Highways Act ("PSWHA")

Regulated Price Plan ("RPP")

Retail Cost Variance Account ("RCVA")

Retail Settlement Variance Account ("RSVA")

Return on Equity ("ROE")

Service transaction requests ("STRs")

Shard Savings Mechanism ("SSM")

Smart Meters ("SM")

Smart Meter Initiative ("SMI")

Special Purpose Charge ("SPC")

Supervisory Control and Data Acquisition ("SCADA")

Systems of Accounts ("SOA")

Time of Use ("TOU")

Transformer Ownership Credit ("TOC")

Undepreciated Capital Cost ("UCC")

Uniform System of Accounts ("USofA")

Unmetered Scattered Load ("USL")

Update to Chapter 2 of the Filing Requirements for Transmission and Distribution Application, June 26, 2011 ("Board Filing Requirements")

West Coast Huron Energy (WCHE)

Working Capital Allowance ("WCA")

Work-order Supply Chain Process ("WSCP")

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ONTARIO ENERGY BOARD

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

AND IN THE MATTER OF an Application by West Coast Huron Energy an Interim Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity commencing Jan 1st, 2013.

AND IN THE MATTER OF an Application by West Coast Huron Energy an Order or Orders approving or fixing just and reasonable rates and other service charges for the distribution of electricity effective as at January 1, 2013 and to be implemented May 1, 2013.

APPLICATION

(1) The Applicant is West Coast Huron Energy ("**Goderich Hydro**"). Goderich Hydro is an Ontario corporation with its office in the Town of Goderich, Ontario. It carries on the business of distributing electricity pursuant to a license, License Number ED-2002-0510 issued by the Ontario Energy Board ("**OEB**").

(2) Goderich Hydro distributes electricity within the town of Goderich. A map of the licensed service territory may be found at Exhibit 1, Tab 1, Schedule 11.

(3) This is the first cost of service rate application for Goderich Hydro since the F3 Tornado in August 2011; since the installation of smart meters; significant changes to the transformer station that supplies the town and others and the expansion of the salt mine.

(4) Goderich Hydro hereby applies to the OEB pursuant to section 78 of the *Ontario Energy Board Act, 1998* for approval of its proposed distribution rates and other charges, effective January 1, 2013 from a service revenue requirement of $2,753,530.00 with an implementation date of May 1st, 2013. This service revenue requirement is based on MIFRS.

(5) At this point in time, Goderich Hydro has a revenue deficiency of $520,252.

(6) Except where specifically identified in the Application, Goderich Hydro followed Chapter 2 of the Filing Requirements for Transmission and Distribution Applications dated June 28th, 2012 (the "**Filing Requirements**") in order to prepare this Application.

(7) Excluding variance accounts related to Smart Meters, Goderich Hydro has accumulated balances in its Board-approved deferral and variance accounts since such accounts were approved by the OEB. Goderich Hydro proposes to clear the principal and interest balances accumulated in all of these accounts to December 31, 2011 and forecasted interested amounts to April 31st, 2013.

(8) Goderich Hydro has installed Smart Meters to replace existing meters. Goderich Hydro has included the new Smart Meters in rate base and proposes to remove stranded meters from the rate base. It is requesting a Smart Meter Disposition Rider consistent with the Board's direction and guideline.

(9) In accordance with the Board's Retail Settlement Code, Goderich Hydro has calculated a revised Total Loss Factor to apply to end-use metered kilowatt-hour loads for the purposes of determining charges for the electricity commodity, retail transmission rates and wholesale market charges (including rural or remote electricity rate protection and special purpose charges).

(10) Goderich Hydro is seeking approval for new Total Loss Factors based on a five year average of losses from 2007 to 2011 to be applied across the entire geographic service territory.

(11) This Application is supported by the written evidence that is filed with the Application (as enumerated in Exhibit of the evidence). Goderich Hydro may amend or supplement this written evidence

prior to or during the course of the Board's hearing of the Application.

(12) The names of Goderich Hydro's authorized representative and its counsel, with their contact information, are set out in the evidence that is filed with the Application (at Exhibit1, Tab 1, Schedule 5). Goderich Hydro requests that all documents issued or filed in connection with this proceeding are served on its authorized representative and its counsel.

(13) As part of this Application, the Schedule of Rates and Charges proposed in this Application is identified in Exhibit 8; Tab 1; Schedule 5.

(14) Goderich Hydro submits the proposed distribution rates contained in this Application are just and reasonable on the following grounds:

(a) the proposed rates for the distribution of electricity have been prepared in accordance with the Filing Requirements;
(b) the proposed adjusted rates are necessary to meet Return on Equity set by the OEB and PILs requirements;
(c) are necessary to ensure the safe, reliable and efficient distribution of electricity;
(d) there are no impacts to any of the customer classes or consumption level subgroups that are so significant as to warrant the deferral of any adjustments being requested by Goderich Hydro; and
(e) other grounds as may be set out in the material accompanying this Application Summary.

(15) Goderich Hydro applies for an Order or Orders:

(a) Approving final new rates and charges until April 30, 2013.
(b) approving clearance of the balances recorded in certain deferral and variance accounts by means of rate riders;

(c) approval of LRAM/SSM recovery over a 2 year period commencing the implementation date of the final rates set herein;

(d) approving the separate charges for Transmission, Network and Connection rates effective on the implementation date;

(e) approving new Total Loss Factors;

(f) approving Goderich Hydro' Green Energy Act Basic Plan filed with the Board pursuant to the deemed licence condition provided for in paragraph 2 of section 70(2.1) of the OEB Act;

(g) such further or other final or interim Orders as may be necessary or appropriate to give effect to this Application.

(16) The address for service of Goderich hydro is:

West Coast Huron Energy
64 West Street
Goderich, On N7A2K4

DATED at Goderich, Ontario, this 15st, day of November, 2012.

West Cost Huron Energy

_____
Larry McCabe, President

Electricity Distribution License

Attachment A is West Coast Huron Energy's Licence ED-2002-0510 issued on October 7, 2003 (valid until October 6, 2023).

Electricity Distribution Licence

ED-2002-0510

West Coast Huron Energy Inc.

Valid Until

October 6, 2023

Original Signed By

Jennifer Lea
Counsel, Special Projects
Ontario Energy Board
Date of Issuance: October 7, 2003

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

Commission de l'énergie de l'Ontario
C.P. 2319
2300, rue Yonge
27e étage
Toronto ON M4P 1E4

List of Amendments

Date of Amendment: November 12, 2010
Date of Amendment: October 18, 2011

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1 Definitions

In this Licence:

"**Accounting Procedures Handbook**" means the handbook, approved by the Board which specifies the accounting records, accounting principles and accounting separation standards to be followed by the Licensee;

"**Act**" means the *Ontario Energy Board Act, 1998*, S.O. 1998, c. 15, Schedule B;

"**Affiliate Relationships Code for Electricity Distributors and Transmitters**" means the code, approved by the Board which, among other things, establishes the standards and conditions for the interaction between electricity distributors or transmitters and their respective affiliated companies;

"**Conservation and Demand Management**" and "**CDM**" means distribution activities and programs to reduce electricity consumption and peak provincial electricity demand;

"**Conservation and Demand Management Code for Electricity Distributors**" means the code approved by the Board which, among other things, establishes the rules and obligations surrounding Board approved programs to help distributors meet their CDM Targets;

"**distribution services**" means services related to the distribution of electricity and the services the Board has required distributors to carry out, including the sales of electricity to consumers under section 29 of the Act, for which a charge or rate has been established in the Rate Order;

"**Distribution System Code**" means the code approved by the Board which, among other things, establishes the obligations of the distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum, technical operating standards of distribution systems;

"**Electricity Act**" means the *Electricity Act, 1998*, S.O. 1998, c. 15, Schedule A;

"**Licensee**" means West Coast Huron Energy Inc.;

"**Market Rules**" means the rules made under section 32 of the Electricity Act;

"**Net Annual Peak Demand Energy Savings Target**" means the reduction in a distributor's peak electricity demand persisting at the end of the four-year period (i.e. December 31, 2014) that coincides with the provincial peak electricity demand that is associated with the implementation of CDM Programs;

"**Net Cumulative Energy Savings Target**" means the total amount of reduction in electricity consumption associated with the implementation of CDM Programs between 2011-2014;

"**OPA**" means the Ontario Power Authority;

"**Performance Standards**" means the performance targets for the distribution and connection activities of the Licensee as established by the Board in accordance with section 83 of the Act;

"**Provincial Brand**" means any mark or logo that the Province has used or is using, created or to be created by or on behalf of the Province, and which will be identified to the Board by the Ministry as a provincial mark or logo for its conservation programs;

"**Rate Order**" means an Order or Orders of the Board establishing rates the Licensee is permitted to charge;

"**regulation"** means a regulation made under the Act or the Electricity Act;

"**Retail Settlement Code**" means the code approved by the Board which, among other things, establishes a distributor's obligations and responsibilities associated with financial settlement among retailers and consumers and provides for tracking and facilitating consumer transfers among competitive retailers;

"**service area**" with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

"**Standard Supply Service Code**" means the code approved by the Board which, among other things, establishes the minimum conditions that a distributor must meet in carrying out its obligations to sell electricity under section 29 of the Electricity Act;

"**wholesaler**" means a person that purchases electricity or ancillary services in the IESO administered markets or directly from a generator or, a person who sells electricity or ancillary services through the IESO-administered markets or directly to another person other than a consumer.

2 Interpretation

2.1 In this Licence, words and phrases shall have the meaning ascribed to them in the Act or the Electricity Act. Words or phrases importing the singular shall include the plural and vice versa. Headings are for convenience only and shall not affect the interpretation of the Licence. Any reference to a document or a provision of a document includes an amendment or supplement to, or a replacement of, that document or that provision of that document. In the computation of time under this Licence, where there is a reference to a number of days between two events, they shall be counted by excluding the day on which the first event happens and including the day on which the second event happens and where the time for doing an act expires on a holiday, the act may be done on the next day that is not a holiday.

3 Authorization

3.1 The Licensee is authorized, under Part V of the Act and subject to the terms and conditions set out in this Licence:

a) to own and operate a distribution system in the service area described in Schedule 1 of this Licence;

b) to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act in the manner specified in Schedule 2 of this Licence; and

c) to act as a wholesaler for the purposes of fulfilling its obligations under the Retail Settlement Code or under section 29 of the Electricity Act.

4 Obligation to Comply with Legislation, Regulations and Market Rules

4.1 The Licensee shall comply with all applicable provisions of the Act and the Electricity Act and regulations under these Acts, except where the Licensee has been exempted from such compliance by regulation.

4.2 The Licensee shall comply with all applicable Market Rules.

5 Obligation to Comply with Codes

5.1 The Licensee shall at all times comply with the following Codes (collectively the "Codes") approved by the Board, except where the Licensee has been specifically exempted from such compliance by the Board. Any exemptions granted to the licensee are set out in Schedule 3 of this Licence. The following Codes apply to this Licence:

a) the Affiliate Relationships Code for Electricity Distributors and Transmitters;

b) the Distribution System Code;

c) the Retail Settlement Code; and

d) the Standard Supply Service Code.

5.2 The Licensee shall:

a) make a copy of the Codes available for inspection by members of the public at its head office and regional offices during normal business hours; and

b) provide a copy of the Codes to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

6 Obligation to Provide Non-discriminatory Access

6.1 The Licensee shall, upon the request of a consumer, generator or retailer, provide such consumer, generator or retailer with access to the Licensee's distribution system and shall convey electricity on behalf of such consumer, generator or retailer in accordance with the terms of this Licence.

7 Obligation to Connect

7.1 The Licensee shall connect a building to its distribution system if:

a) the building lies along any of the lines of the distributor's distribution system; and

b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.2 The Licensee shall make an offer to connect a building to its distribution system if:

a) the building is within the Licensee's service area as described in Schedule 1; and

b) the owner, occupant or other person in charge of the building requests the connection in writing.

7.3 The terms of such connection or offer to connect shall be fair and reasonable and made in accordance with the Distribution System Code, and the Licensee's Rate Order as approved by the Board.

7.4 The Licensee shall not refuse to connect or refuse to make an offer to connect unless it is permitted to do so by the Act or a regulation or any Codes to which the Licensee is obligated to comply with as a condition of this Licence.

8 Obligation to Sell Electricity

8.1 The Licensee shall fulfill its obligation under section 29 of the Electricity Act to sell electricity in accordance with the requirements established in the Standard Supply Service Code, the Retail Settlement Code and the Licensee's Rate Order as approved by the Board.

9 Obligation to Maintain System Integrity

9.1 The Licensee shall maintain its distribution system in accordance with the standards established in the Distribution System Code and Market Rules, and have regard to any other recognized industry operating or planning standards adopted by the Board.

10 Market Power Mitigation Rebates

10.1 The Licensee shall comply with the pass through of Ontario Power Generation rebate conditions set out in Appendix A of this Licence.

11 Distribution Rates

11.1 The Licensee shall not charge for connection to the distribution system, the distribution of electricity or the retailing of electricity to meet its obligation under section 29 of the Electricity Act except in accordance with a Rate Order of the Board.

12 Separation of Business Activities

12.1 The Licensee shall keep financial records associated with distributing electricity separate from its financial records associated with transmitting electricity or other activities in accordance with the Accounting Procedures Handbook and as otherwise required by the Board.

13 Expansion of Distribution System

13.1 The Licensee shall not construct, expand or reinforce an electricity distribution system or make an interconnection except in accordance with the Act and Regulations, the Distribution System Code and applicable provisions of the Market Rules.

13.2 In order to ensure and maintain system integrity or reliable and adequate capacity and supply of electricity, the Board may order the Licensee to expand or reinforce its distribution system in accordance with Market Rules and the Distribution System Code, or in such a manner as the Board may determine.

14 Provision of Information to the Board

14.1 The Licensee shall maintain records of and provide, in the manner and form determined by the Board, such information as the Board may require from time to time.

14.2 Without limiting the generality of paragraph 14.1, the Licensee shall notify the Board of any material change in circumstances that adversely affects or is likely to adversely affect the business, operations or assets of the Licensee as soon as practicable, but in any event no more than twenty (20) days past the date upon which such change occurs.

15 Restrictions on Provision of Information

15.1 The Licensee shall not use information regarding a consumer, retailer, wholesaler or generator obtained for one purpose for any other purpose without the written consent of the consumer, retailer, wholesaler or generator.

15.2 The Licensee shall not disclose information regarding a consumer, retailer, wholesaler or generator to any other party without the written consent of the consumer, retailer, wholesaler or generator, except where such information is required to be disclosed:

a) to comply with any legislative or regulatory requirements, including the conditions of this Licence;

b) for billing, settlement or market operations purposes;

c) for law enforcement purposes; or

d) to a debt collection agency for the processing of past due accounts of the consumer, retailer, wholesaler or generator.

15.3 The Licensee may disclose information regarding consumers, retailers, wholesalers or generators where the information has been sufficiently aggregated such that their particular information cannot reasonably be identified.

15.4 The Licensee shall inform consumers, retailers, wholesalers and generators of the conditions under which their information may be released to a third party without their consent.

15.5 If the Licensee discloses information under this section, the Licensee shall ensure that the information provided will not be used for any other purpose except the purpose for which it was disclosed.

16 Customer Complaint and Dispute Resolution

16.1 The Licensee shall:

a) have a process for resolving disputes with customers that deals with disputes in a fair, reasonable and timely manner;

b) publish information which will make its customers aware of and help them to use its dispute resolution process;

c) make a copy of the dispute resolution process available for inspection by members of the public at each of the Licensee's premises during normal business hours;

d) give or send free of charge a copy of the process to any person who reasonably requests it; and

e) subscribe to and refer unresolved complaints to an independent third party complaints resolution service provider selected by the Board. This condition will become effective on a date to be determined by the Board. The Board will provide reasonable notice to the Licensee of the date this condition becomes effective.

17 Term of Licence

17.1 This Licence shall take effect on October 7, 2003 and expire on October 6, 2023. The term of this Licence may be extended by the Board.

18 Fees and Assessments

18.1 The Licensee shall pay all fees charged and amounts assessed by the Board.

19 Communication

19.1 The Licensee shall designate a person that will act as a primary contact with the Board on matters related to this Licence. The Licensee shall notify the Board promptly should the contact details change.

19.2 All official communication relating to this Licence shall be in writing.

19.3 All written communication is to be regarded as having been given by the sender and received by the addressee:

a) when delivered in person to the addressee by hand, by registered mail or by courier;

b) ten (10) business days after the date of posting if the communication is sent by regular mail; and

c) when received by facsimile transmission by the addressee, according to the sender's transmission report.

20 Copies of the Licence

20.1 The Licensee shall:

a) make a copy of this Licence available for inspection by members of the public at its head office and regional offices during normal business hours; and

b) provide a copy of this Licence to any person who requests it. The Licensee may impose a fair and reasonable charge for the cost of providing copies.

21 Conservation and Demand Management

21.1 The Licensee shall achieve reductions in electricity consumption and reductions in peak provincial electricity demand through the delivery of CDM programs. The Licensee shall meet its 2014 Net Annual Peak Demand Savings Target of 0.880 MW, and its 2011-2014 Net Cumulative Energy Savings Target of 8.280 GWh (collectively the "CDM Targets"), over a four-year period beginning January 1, 2011.

21.2 The Licensee shall meet its CDM Targets through:

a) the delivery of Board approved CDM Programs delivered in the Licensee's service area ("Board-Approved CDM Programs");

b) the delivery of CDM Programs that are made available by the OPA to distributors in the Licensee's service area under contract with the OPA ("OPA-Contracted Province-Wide CDM Programs"); or

c) a combination of a) and b).

21.3 The Licensee shall make its best efforts to deliver a mix of CDM Programs to all consumer types in the Licensee's service area.

21.4 The Licensee shall comply with the rules mandated by the Board's Conservation and Demand Management Code for Electricity Distributors.

21.5 The Licensee shall utilize the common Provincial brand, once available, with all Board-Approved CDM Programs, OPA-Contracted Province-Wide Programs, and in conjunction with or co- branded with the Licensee's own brand or marks.

West Coast Huron Energy Inc.
Electricity Distribution Licence ED-2002-0510

SCHEDULE 1 DEFINITION OF DISTRIBUTION SERVICE AREA

This Schedule specifies the area in which the Licensee is authorized to distribute and sell electricity in accordance with paragraph 8.1 of this Licence.

1. The Town of Goderich as at July 1, 1986.

West Coast Huron Energy Inc.
Electricity Distribution Licence ED-2002-0510

SCHEDULE 2 PROVISION OF STANDARD SUPPLY SERVICE

This Schedule specifies the manner in which the Licensee is authorized to retail electricity for the purposes of fulfilling its obligation under section 29 of the Electricity Act.

The Licensee is authorized to retail electricity directly to consumers within its service area in accordance with paragraph 8.1 of this Licence, any applicable exemptions to this Licence, and at the rates set out in the Rate Orders.

West Coast Huron Energy Inc.
Electricity Distribution Licence ED-2002-0510

SCHEDULE 3 LIST OF CODE EXEMPTIONS

This Schedule specifies any specific Code requirements from which the Licensee has been exempted.

1. Licensee is exempt from the requirements of section 2.5.3 of the Standard Supply Service Code with respect to the price for small volume/residential consumers, subject to the Licensee offering an equal billing plan as described in its application for exemption from Fixed Reference Price, and meeting all other undertakings and material representations contained in the application and the materials filed in connection with it.

2. The Licensee is exempt from the requirement to implement time-of-use pricing as of the mandatory date for RPP customers with eligible time-of-use meters as required under the Standard Supply Service Code for Electricity Distributors. The mandatory time-of-use pricing date exemption expires on January 31, 2012.

West Coast Huron Energy Inc.
Electricity Distribution Licence ED-2002-0510

APPENDIX A

MARKET POWER MITIGATION REBATES

3. **Definitions and Interpretations**

In this Licence

"embedded distributor" means a distributor who is not a market participant and to whom a host distributor distributes electricity;

"embedded generator" means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

"host distributor" means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

4. **Information Given to IESO**

a Prior to the payment of a rebate amount by the IESO to a distributor, the distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with information in respect of the volumes of electricity withdrawn by the distributor from the IESO-controlled grid during the rebate period and distributed by the distributor in the distributor's service area to:

i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and

ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998.*

b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:

i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and

ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.

c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity

consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

For the purposes of attributing electricity distributed to an embedded distributor to embedded generation, the volume of electricity distributed by a host distributor to an embedded distributor shall be deemed to consist of electricity withdrawn from the IESO-controlled grid or supplied to the host distributor by an embedded generator in the same proportion as the total volume of electricity withdrawn from the IESO-controlled grid by the distributor in the rebate period bears to the total volume of electricity supplied to the distributor by embedded generators during the rebate period.

3. Pass Through of Rebate

A distributor shall promptly pass through, with the next regular bill or settlement statement after the rebate amount is received, any rebate received from the IESO, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt, to:

a retailers who serve one or more consumers in the distributor's service area where a service transaction request as defined in the Retail Settlement Code has been implemented;

b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and

c embedded distributors to whom the distributor distributes electricity.

The amounts paid out to the recipients listed above shall be based on energy consumed and calculated in accordance with the rules set out in the Retail Settlement Code. These payments may be made by way of set off at the option of the distributor.

If requested in writing by OPGI, the distributor shall ensure that all rebates are identified as coming from OPGI in the following form on or with each applicable bill or settlement statement:

"ONTARIO POWER GENERATION INC. rebate"

Any rebate amount which cannot be distributed as provided above or which is returned by a retailer to the distributor in accordance with its licence shall be promptly returned to the host distributor or IESO as applicable, together with interest at the Prime Rate, calculated and accrued daily, on such amount from the date of receipt.

Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

ONTARIO POWER GENERATION INC. REBATES

For the payments that relate to the period from May 1, 2006 to April 30, 2009, the rules set out below shall apply.

1. Definitions and Interpretations

In this Licence

"embedded distributor" means a distributor who is not a market participant and to whom a host distributor distributes electricity;

"embedded generator" means a generator who is not a market participant and whose generation facility is connected to a distribution system of a distributor, but does not include a generator who consumes more electricity than it generates;

"host distributor" means a distributor who is a market participant and who distributes electricity to another distributor who is not a market participant.

In this Licence, a reference to the payment of a rebate amount by the IESO includes interim payments made by the IESO.

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i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented and the consumer is not receiving the prices established under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*; and

ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.

b Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the embedded distributor shall provide the host distributor, in the form specified by the IESO and before the expiry of the period specified in the Retail Settlement Code, with the volumes of electricity distributed during the rebate period by the embedded distributor's host distributor to the embedded distributor net of any electricity distributed to the embedded distributor which is attributable to embedded generation and distributed by the embedded distributor in the embedded distributor's service area to:

i consumers served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and

ii consumers other than consumers referred to in clause (i) who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998*.

c Prior to the payment of a rebate amount by the IESO to a distributor which relates to electricity consumed in the service area of an embedded distributor, the host distributor shall provide the IESO, in the form specified by the IESO and before the expiry of the period specified by the IESO, with the information provided to the host distributor by the embedded distributor in accordance with section 2.

The IESO may issue instructions or directions providing for any information to be given under this section. The IESO shall rely on the information provided to it by distributors and there shall be no opportunity to correct any such information or provide any additional information and all amounts paid shall be final and binding and not subject to any adjustment.

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b consumers who are not receiving the fixed price under sections 79.4, 79.5 and 79.16 of the *Ontario Energy Board Act, 1998* and who are not served by a retailer where a service transaction request as defined in the Retail Settlement Code has been implemented; and

c embedded distributors to whom the distributor distributes electricity.

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Nothing shall preclude an agreement whereby a consumer assigns the benefit of a rebate payment to a retailer or another party.

Pending pass-through or return to the IESO of any rebate received, the distributor shall hold the funds received in trust for the beneficiaries thereof in a segregated account.

CONTACT INFORMATION

Applicant:

Wally Curry
Director of Strategic Relationships

Address: 200-295 Wolfe Street
London ON N6B 2C4

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Fax: (519) 518-6120
E-mail: wcurry@erthcorp.com

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181 Bay Street
Toronto, ON M5J 2T9

Phone: (416) 865-4703
Fax: (416) 863-1515
E-mail: sstoll@airdberlis.com

LIST OF SPECIFIC APPROVALS REQUESTED

Goderich Hydro hereby requests the following specific approvals:

1) Approval to charge rates effective May 1, 2013 to reflect a revenue deficiency of $488,514.00 (Exhibit 6) with an Implementation Date to be determined, but Goderich Hydro is suggesting May 1, 2013 or one month following the timing of the OEB's Decision.

2) Approval of Goderich Hydro's proposed capital structure with a deemed common equity component of 40% and a long term debt component of 56% and a short-term debt component of 4%;

3) Approval for rate riders for clearance of deferral and variance accounts;

4) Approval to continue the existing deferral/variance accounts;

5) Approval to charge rate riders for LRAM and SSM;

6) Approval of the proposed total loss factor of 4.5253 Exhibit 4, Tab 2, Schedule 7.

7) Approval to print the notice of application in the Signal Star with a circulation of 1633 that spans Goderich Hydro's service territory.

DRAFT ISSUES LIST

Based upon Goderich Hydro's experience, it would expect the Application raises the following issues:

i) Rate Base:
(1) Is the proposed rate base for 2013 appropriate?
(2) Is the proposed capital expenditure program for the 2013 Test Year appropriate?
(3) Is the proposed calculation of Working Capital Allowance of 13% of the cost of power and expenses appropriate?
(4) Is the proposed cost of power appropriate?

ii) Operating Revenue:
(1) Is the proposed throughput for the 2013 Test Year appropriate?
(2) Is the customer and load forecast (kW and kWh) appropriate?
(3) Is the proposed forecast of Test Year 2013 revenues from other regulated rates and charges appropriate?

iii) Operating Costs:
(1) Is the proposed Operations and Maintenance program for the 2013 Test Year appropriate?
(2) Is the proposed level of the Depreciation/Amortization expense for the 2013 Test Year appropriate?
(3) Is the proposed PILs requirement for the 2012 Test Year appropriate?

iv) Deferral and Variance Accounts:
(1) Is the proposed clearance of deferral and variance account balances appropriate?
(2) Are the proposed new deferral and variance accounts for the test year appropriate?

v) Capital Structure and Cost of Capital:
(1) Is the proposed capital structure of 40% equity, 60% long-term debt appropriate?
(2) Is the proposed return on equity the long-term debt rate appropriate?

vi) Cost Allocation:
(1) Is the revenue to cost ratios in the cost allocation for Test Year 2013 appropriate?

vii) Rate Design:
(1) Is the full schedule of rates as proposed, including the changes to the rate classifications and the harmonization of rates, appropriate?
(2) Is the derivation of the proposed base distribution rates appropriate?
(3) Is the derivation of the proposed rate riders appropriate?
(4) Are the proposed Loss Factors appropriate?

viii) **Smart Meters:**
(1) Are the proposed elimination of the Smart Meter Rate Adder and the inclusion of the Smart Meter Disposition Rider and SMIRR rider appropriate?

ix) **Modified International financial Reporting System**

(1) Is the proposed service revenue requirement calculated utilizing MIFRS appropriate and a determination of the implications of the timing of the adoption of IFRS and its effect on Rates?

x) **CDM, Green Energy Plan:**
(1) Is the proposed Basic Green Energy Plan appropriate?
(2) Are the proposed CDM measures appropriate?

PROCEDURAL ORDERS/MOTIONS/NOTICES

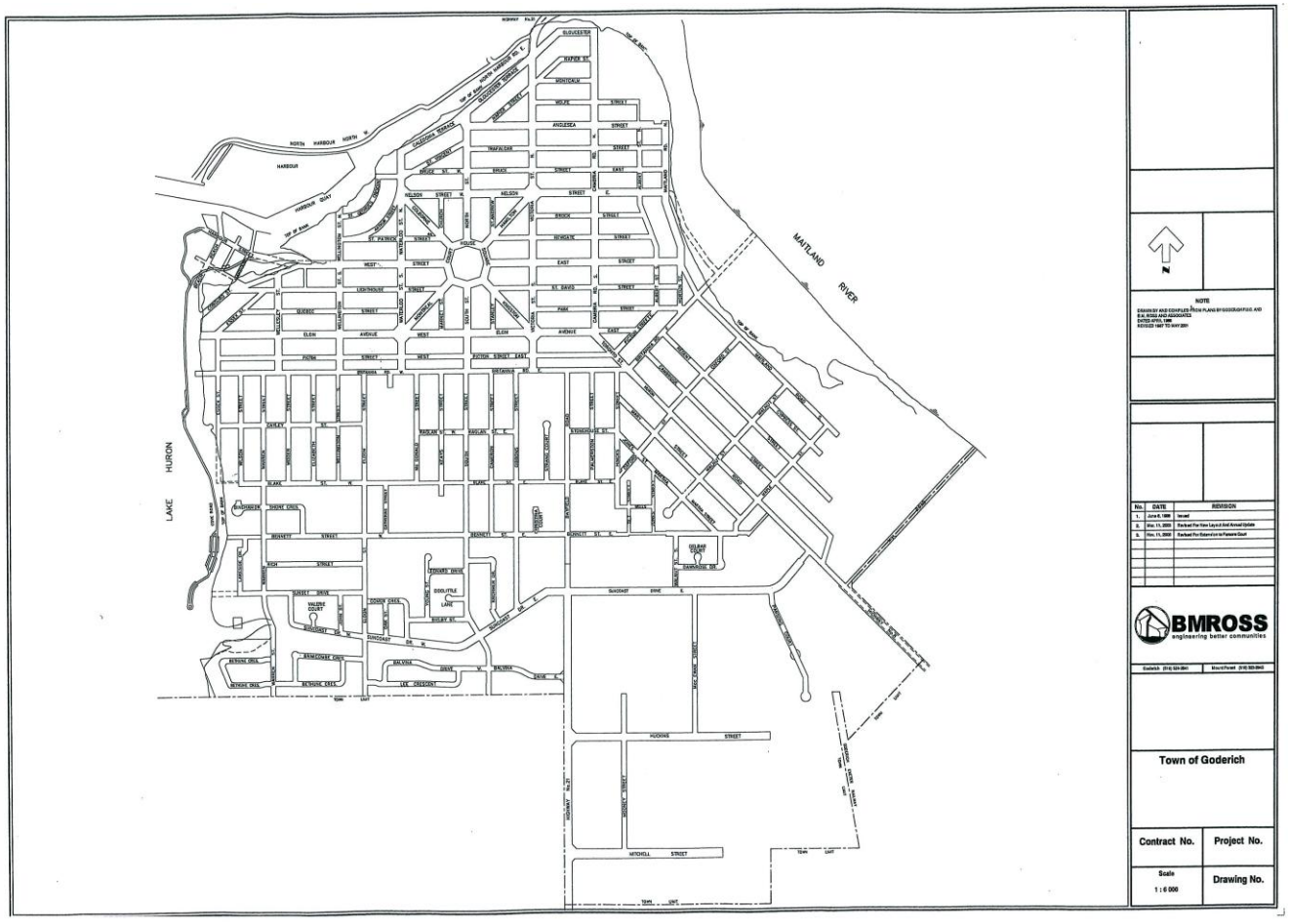
To be included when received

ACCOUNTING ORDERS

NON-COMPLIANCE WITH UNIFORM SYSTEM OF ACCOUNTS

Goderich Hydro follows the main categories and accounting guidelines as stated in the Uniform System of Accounts.

MAP OF DISTRIBUTION SYSTEM



LIST OF NEIGHBORING UTILITIES

Hydro One Networks Inc.
483 Bay St.
Toronto, ON M5G 2P5

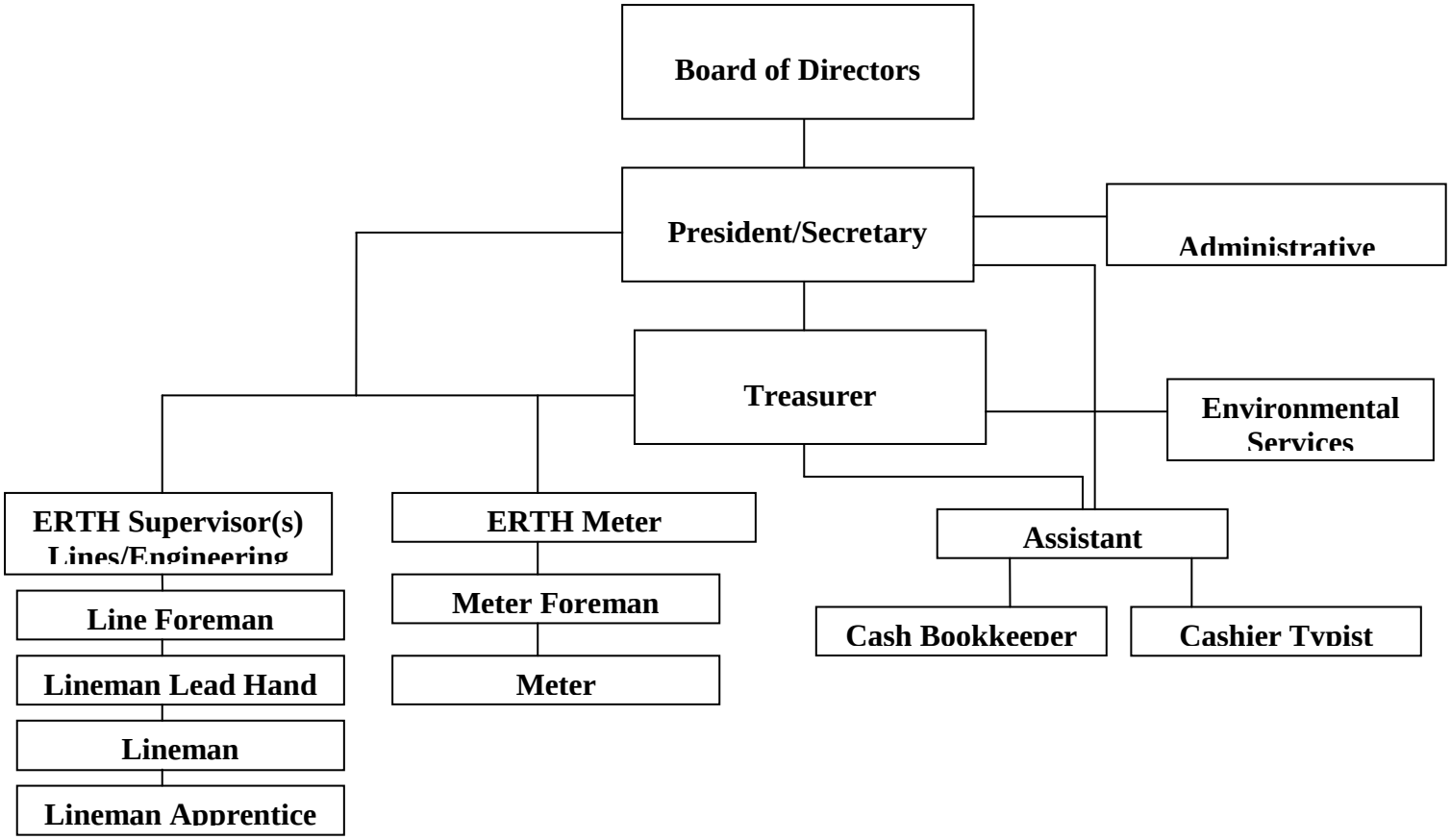
Direct line: 416-345-5000

Website: www.HydroOne.com

EXPLANATION OF HOST AND EMBEDDED UTILITIES

There are no embedded utilities in WCHE's service territory.

UTILITY ORGANIZATIONAL CHART



Corporate Structure

West Cost Huron Energy is 100% owned by the Town of Goderich

PLANNED CHANGES IN CORPORATE AND OPERATIONAL STRUCTURE

West Coast Huron Energy is not proposing any further changes to its corporate and operational structure.

STATUS REPORT ON BOARD DIRECTIVES

West Coast Huron Energy has no Board Directives at this time.

Conditions of Service

For

Cornerstone Hydro Electric Concepts Association

Prepared July 2011

CONDITIONS OF SERVICE

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SECTION 1 INTRODUCTION

1.1 Identification of Distributor and Territory

The Distributor is a corporation, incorporated under the laws of the Province of Ontario to distribute electricity.

The Distributor is licensed by the Ontario Energy Board "OEB" to supply electricity to Customers as described in the Distribution Licence issued to the Distributor by the OEB. Additionally there are requirements imposed on the Distributor by the various codes referred to in the Licence and by the Electricity Act, the Ontario Energy Board Act and other provincial legislation.

The Distributor is limited to operate distribution facilities within their Licensed Territory as defined in the Distribution Licence.

1.1.1 General

Nothing contained in this document or in any contract for the supply of electricity by the Distributor shall prejudice or affect any rights, privileges, or powers vested in the Distributor by law under any Act of the Legislature of Ontario or the Parliament of Canada, or any regulations thereunder.

All operations performed by the distributor and its agents shall be performed within the rules and regulations set out by the appropriate authorities including but not limited to: Electrical Safety Authority (ESA), Ministry of Labour, Ministry of Transportation, etc.

The Distributor will normally provide one electrical service to each customer location at a nominal service voltage.

Modifications to an existing service must comply with the requirements of the standards in effect at the time of the modifications.

The customer or their authorized representative must make application for new or upgraded electric services, temporary power services and generation connections.

The customer or their representative shall consult with the Distributor concerning the availability of supply, the voltage of supply, service location, metering and any other details. These requirements are separate from and in addition to those of the Electrical Safety Authority. The Distributor will confirm, in writing, the Characteristics of Electric Supply available at a specific site.

The customer is required to provide the Distributor sufficient lead-time in order to ensure:

(a) the timely provision of supply to new and upgraded premises or
(b) the availability of adequate capacity for additional loads to be connected in existing premises or
(c) the availability of adequate capacity for generation to be connected to the specific location.

If special equipment is required or equipment delivery problems occur then longer lead times may be necessary. The customer will be notified of any extended lead times.

Customers will be required to pay the cost of repair or replacement of the Distributors' plant that has been damaged through the customers' action or neglect.

The supply of electricity or a service connection is conditional upon the Distributor being permitted and able to provide such a supply, obtaining the necessary apparatus and material, and constructing works to provide the service. Should the Distributor not be permitted to supply or not be able to do so, it is under no responsibility to the customer whatsoever.

The customer shall not build, plant or maintain or cause to be built, planted or maintained any structure, tree, shrub or landscaping that would or could obstruct the running of distribution lines, endanger the equipment of the Distributor, interfere with the proper and safe operation of the Distributor's facilities or adversely affect compliance with any applicable legislation in the sole opinion of the Distributor.

Prior to commencing any service work, the customer must consult with the Distributor to ensure compliance with current requirements.

The customer is responsible for selecting a qualified/competent contractor. Careful selection of a contractor can significantly affect the cost of a project. The Distributor shall be consulted prior to the selection of a mutually acceptable contractor.

The customer maintains the responsibility to ensure that all work is done in accordance with the distributor's design and technical standards and specifications.

The Distributor, at the expense of the customer, reserves the right to inspect the work throughout the duration of the project, and the Contractor shall supply him such accommodations as he may require. The Inspector shall request that the Contractor stop work at any time he feels the Contractor is not proceeding in accordance with these "conditions of service". The customer shall confer with the Distributor before work recommences to mitigate undue cost and construction delays for the project.

Customers may be required to pay Capital Contributions for the addition of new and upgraded electrical services. In some instances an Economic Evaluation as defined in the Distribution System Code (DSC) may be required. Customers installing distributed generation may be required to pay for additions of new or upgraded Distributor electrical plant associated with the connection of the generation and the associated engineering studies.

1.2 Related Codes and Governing Laws

The Distributor is limited in its scope of operation by the:

1. *Electricity Act, 1998*
2. *Ontario Energy Board Act, 1998*
3. *Green Energy Act*
4. *Energy Consumer Protection Act, 2010*
5. *Distribution Licence*
   Licence Numbers
6. *Affiliate Relationships Code*
7. *Distribution System Code*
8. *Retail Settlement Code*
9. *Standard Service Supply Code*
10. *Conservation and Demand Management Code*
11. *Transmission System Code*
12. .*Ontario Regulation 22/04* - Electrical Distribution Safety *Electrical Safety Authority ESA)*
13. *Measurement Canada*
14. *Electricity and Gas Inspection Act*

In the event of a conflict between this document and the Distribution Licence or regulatory Codes issued by the OEB, or the Electricity Act, the provisions of the Act, the Distribution Licence and associated regulatory Codes shall prevail.

When planning and designing for electricity service, Customers and their agents must refer to all applicable Provincial and Canadian electrical codes, and all other applicable federal, provincial, and municipal laws, regulations, codes and by-laws to also ensure compliance with their requirements. The work shall be conducted in accordance with the Ontario Occupational Health and Safety Act, the Regulations for Construction Projects and the Electrical Utility Safety Rules (IHSA formally EUS&A) (or the OHSC Safety) rulebook.

1.3 Interpretations

In these Conditions, unless the context otherwise requires:

- Headings and underlining are for convenience only and do not affect the interpretation of these Rules.
- Words referring to the singular include the plural and vice versa.
- Words referring to a gender include any gender.

1.4 Amendments and Changes

The provisions of these Conditions of Service and any amendments made from time to time form part of any Contract made between the Distributor and any connected Customer, Generator or their agents.

In the event of changes to this Conditions of Service a notice shall be provided to customers as required in the Distribution System Code and copies made available at the Distributor's office or on the Distributors' Website.

The Customer is responsible for contacting the Distributor to ensure that the Customer has, or to obtain the current version of the Conditions of Service. The Distributor may charge a reasonable fee to recover costs for providing the Customer with more than one copy of this document.

1.5 Contact Information

The Distributor and its agents can be contacted during normal working hours. Please refer to the Contact Listing in the Appendices for phone number of the Local Distribution Company servicing your area.

1.6 Customer Rights

In those instances where the Customer will own their secondary or primary service, the Customer has the right to hire a Contractor to supply and install the service.

The customer has the right to demand identification from any person purporting to be an authorized agent or employee of the distributor.

A customer, who believes that he has suffered damages to his property or equipment as a result of negligence on the part of the Distributor, may submit a written claim for damages to the Distributor. The Distributor will investigate the claim and respond in writing within 10 business days of the receipt of the claim.

1.7 Distributor Rights

In those instances where the Customer has the authority to hire a Contractor to construct plant which will become part of the Distributors' system, the Distributor shall have the right to require the Contractor to submit proof of previous experience and satisfactory performance, and, the Distributor shall have the right to investigate such proof and approve the Contractor prior to the Owner awarding a contract for the work to the Contractor.

The Distributor shall have access to Customer property in accordance with section 40 of the *Electricity Act, 1998*.

1.8 Disputes

If, following good faith negotiations between a customer or other market participant and the Distributor, a resolution cannot be reached, the dispute may be submitted to a dispute resolution process.

Any dispute which shall arise between the Distributor and a customer(s) and other market participants subject to the terms of these Conditions of Service concerning the rights, duties or obligations of the Distributor or others subject to these Conditions of Service, shall be subject to the following dispute resolution procedure:

Mediation

- Either party (the "Initiating Party") may invoke the dispute resolution procedure by sending a written notice to the other party (the "Respondent Party") describing the nature of the dispute and designating a representative of the Initiating Party with appropriate authority to be its representative in negotiations relating to the dispute. The responding Party shall, within five business days of the receipt of such notice, send a written notice to the Initiating Party, designating a representative of the Responding party with the appropriate authority to be its representative in negotiations relating to the dispute.

- Within ten business days of the receipt by the Initiating Party of the written notice of the Responding Party the designated representatives shall enter into good faith negotiations with a view to resolving the dispute. If the dispute is not resolved in thirty days of the commencement of such negotiations, or such longer period as may be agreed upon, either party may, by written notice to the other party, require that the parties be assisted in their negotiations by the Ontario Energy Board. In accordance with the OEB dispute resolution process, The Ontario Energy Board will complete its review of the dispute within 150 days.

1.9 Service Quality Requirements

The level of service provided by the Distributor is defined in specific terms within Section 7 of the DSC. The Distributor recognizes the requirements and will strive to meet or exceed these requirements and the associated reporting to the OEB. The reporting of these requirements forms public record available to the Distributor's customers.

1.10 Liability

A distributor shall only be liable to a customer and a customer shall only be liable to a distributor for any damages which arise directly out of the willful misconduct or negligence:

1.0 Of the distributor in providing distribution services to the customer;
2.0 Of the customer in being connected to the distributor's distribution system; or
3.0 Of the distributor or customer in meeting their respective obligations under the Distribution System Code, their licences and any other applicable law.

Despite the above; neither the distributor nor the customer shall be liable under any circumstances whatsoever for any loss of profits or revenues, business interruption losses, loss of contract or loss of goodwill, or for any indirect, consequential, incidental or special damages, including but not limited to punitive or exemplary damages, whether any of the said liability, loss or damages arise in contract, tort or otherwise.

1.11 Force Majeure

Neither party shall be held to have committed an event of default in respect of any obligation under the Distribution System Code if prevented from performing that obligation, in whole or in part, because of a force majeure event.

Notwithstanding any of the foregoing, settlement of any strike, lockout, or labor dispute constituting a force majeure event shall be within the sole discretion of the party to the agreement involved in the strike, lockout, or labour dispute. The requirement that a party must use its best efforts to remedy the cause of the force majeure event, mitigate its effects, and resume full performance under the Distribution System Code shall not apply to strikes, lockouts, or labour disputes

SECTION 2 DISTRIBUTION ACTIVITIES (GENERAL)

2.1 Connections

This section includes information that is applicable to all customer classes of the distributor. Items that are applicable to only a specific customer class are covered in Section 3.

2.1.1 Obligations to Connect

As provided in Section 28 of the Electricity Act 1998 the Distributor has the Obligation to Connect any Building that 'lies along" its distribution system subject to conditions outlined in section 2.1.3.
A building 'lies along" a distribution line if it can be connected to the distributor distribution system without an expansion or enhancement.

A Building that appears to 'lie along' a distribution line may be refused connection to that line should the distribution line not have sufficient capacity for the requested connection. In such instances, the distributor shall make an offer to connect which will include the cost of the enhancement.

As provided in Section 25.36 of the Electricity Act 1998 the Distributor shall connect a renewable energy generation facility to its distribution system in accordance to regulations, the market rules and any licence issued by the Board if requested and all regulations, market rules, orders or code have been met in respect to the connection.

Connection fees as noted within the Conditions of Service shall apply. (See sections 3.1.3, 3.1.4, 3.2.3, 3.2.4, 3.3.3, 3.3.4 3.4.3, 3.4.4, 3.5.1 & 3.8.1)

2.1.2 Offer to Connect

The Distributor will make an Offer to Connect to any customer requesting a connection within the Distributors licensed territory. As required by the Distribution System Code, the Offer to Connect must be fair and reasonable and be based on the distributors' design standard. The Offer to Connect must also be made within a reasonable time from the request for connection and the receipt of all required information from the Customer.

The Distributor may require a customer to pay all or a part of the costs of electrical plant installed to supply only that customer. Such capital contributions will be calculated using the guidelines set out by the OEB in the Distribution System Code. If an expansion or enhancement of the distribution system is required to facilitate a connection, the LDC may need to perform an Economic Evaluation to establish the capital contribution required from the Customer. The Customer should review the attached Distribution Connection Process for further information.

The Distributor may require a customer proposing to install generation to pay the costs of electrical plant installed to facilitate the connection of the generation. Such capital contributions will be calculated using the guidelines set by the OEB in the Distribution System Code. The Customer proposing a generation project should review the CHEC Generation Guide and Appendix E and Appendix F of the Distribution System Code for further information and direction on the technical and administrative requirements.

2.1.3 Connection Denial

The Distribution System Code in section 3.1 sets outs the conditions for a Distributor to deny connections. A Distributor is not obligated to connect a customer within its service territory if the connection would result in any of the following:

- Contravention of existing Canadian Laws, and those of the Province of Ontario including the Ontario Electrical Safety Code.
- Violations of conditions in a Distributors' Licence.
  - Use of a distribution system line for a purpose that it does not serve and that the Distributor does not intend to serve.

- Adverse effect on the reliability and safety of the distribution system.
  - Imposition of an unsafe work situation beyond normal risks inherent in the operation of the distribution system.
- A material decrease in the efficiency of the distributors' distribution system.
- A material adverse effect on the quality of distribution services received by an existing connection.
- Discriminatory access to distribution services.
- Potential increases in monetary amounts that already are in arrears with the distributor

The distributor shall inform the person requesting the connection of the reason(s) for not connecting and, where the distributor is able to provide a remedy, make an offer to connect. If the distributor is unable to provide a remedy to resolve the issue, it is the responsibility of the customer to do so before a connection may be made.

2.1.4 Inspections Before Connections

The Distributor has the right to request an inspection prior to any connection.

All customer electrical installations shall be inspected and approved by the Electrical Safety Authority, referred to herein as the ESA.
The Distributor requires notification from the ESA of this approval prior to the connection of a customer's service.
Services that have been disconnected for a period of six months or longer shall also be inspected and approved by the ESA prior to reconnection.

Temporary services, for construction purposes, are approved by the ESA for a period of twelve months and must be re-inspected should the period of use exceed twelve months.
The Distributor reserves the right to inspect and approve Transformer rooms, Vaults and Pads prior to, during, and following the installation of equipment.
Provision for metering shall be inspected and approved by the Distributor prior to connection.

Customer owned substations must be inspected by both the Electrical Safety Authority and the Distributor, prior to connection to the Distribution system.

Duct banks and road crossings shall be inspected and approved by the Distributor prior to the pouring of concrete and again before backfilling.

The Distributor reserves the right to inspect any underground trenches prior to backfilling.

The Distributor reserves the right to approve the installation and location of all submarine cable. All documentation and permits required for laying of submarine cable must be provided to the Distributor. The installation of submarine cable must meet the requirements of all governing legislation.

All work done on existing Distributor plant must be authorized by the Distributor and carried out in accordance with all applicable safety acts and regulations.

In accordance with the Distribution System Code, if the Distributor refuses to connect a building in its service territory that lies along one of its distribution lines, the distributor shall inform the person requesting the connection of the reasons for not connecting, and where the distributor is able to provide a remedy, make an offer to connect. If the Distributor is unable to provide a remedy to resolve the issue, it is the responsibility of the customer to do so before a connection can be made.

2.1.5 Relocation of Plant

The Distributor will, where feasible, accommodate requests to relocate electrical plant such as poles and metal enclosed equipment.

The customer will be required to pay all of the costs incurred by the relocation.

Requests by civic authorities to relocate distribution facilities will be done so in accordance with the appropriate regulations. See *Public Service Works on Highways Act*.

2.1.6 Easements

To maintain the reliability, integrity and efficiency of the distribution system, the Distributor has the right to have supply facilities on private property registered against title to the property. Easements may be required when the Distributors' underground or overhead plant is to be located on private property or crosses over an adjacent private property to service a Customer.

The Customer shall acquire and grant in the distributors name, at no cost to the Distributor, where required, an easement to permit installation and maintenance of service. The width and extent of this easement shall be determined by the Distributor. The easement shall be granted prior to connection of the service.

The Owner shall furnish to the Distributor, free and clear of all encumbrances, sufficient easements to enable the servicing of all existing or proposed developments or subdivisions from plants located on the Owners' property.

Sufficient property at suitable locations shall be made available for the purpose of the installation of distributors' assets.

The Customer will prepare at its own costs a reference plan and associated easement documents to the satisfaction of the Distributors' solicitor prior to its registration and register the easement plan. Details will be provided upon application for service.

Where surface restoration by the Distributor is required following any repairs or maintenance to a service, the Distributor will in so far as is practicable, restore the property to its original condition; and provide compensation for any damages caused by the entry that cannot be repaired.

2.1.7 Contracts

Standard Form of Contract - All customers will be requested to complete and sign the standard form of contract to apply for a connection. A Standard Contract for service shall be considered as being in force from the date it is signed by the Customer and the Distributor and shall remain in force until terminated by either party.

Implied Contract - In all cases, notwithstanding the absence of a formal contract, the taking and using of electrical energy from the Distributor by any Person or Persons constitutes the acceptance of the terms and conditions of all regulations, conditions and rates as established by the Distributor. Such acceptance and use of energy shall be deemed to be the acceptance of a binding contract with the Distributor and the Person so accepting shall be liable for payment for such energy and the contract shall be binding upon the Person's heirs, administrators, executors, successors or assigns.

Special Contracts - Special contracts that are customized in accordance with the service requested by the Customer normally include, but are not necessarily limited to, the following examples:

- *construction sites*
- *mobile facilities*
- *non-permanent structures*
- *special occasions, etc.*
- *Generation*

In all cases of special contracts the terms and conditions of all regulations, conditions and charges as established by the Distributor shall apply to the customer connection unless specifically noted in the special contract.

2.2 Disconnection

The Distributor has the right and/or obligation to disconnect the supply of electrical energy or service to a Customer for causes including but not limited to:

(a) contravention of the laws of Canada or the Province of Ontario including the Ontario Electrical Safety Code;

(b) violation of conditions in a distributor's licence;

(c) materially adverse effect on the reliability or safety of the distribution system;

(d) imposition of an unsafe worker situation beyond normal risks inherent in the operation of the distribution system;

(e) a material decrease in the efficiency of the distributor's distribution system;

(f) inability of the distributor to perform planned inspections and maintenance;

(g) a materially adverse effect on the quality of distribution services received by an existing connection; and

(h) if the person requesting the connection owes the distributor money for distribution services, or for non-payment of a security deposit.

Disconnection of service shall follow the Distributor's Disconnection/Reconnection Policy.

2.3 Conveyance of Electricity

2.3.1 Guaranty of Supply

The Distributor agrees to use reasonable diligence in providing a regular and uninterrupted supply but does not guarantee a constant supply or the maintenance of unvaried frequency or voltage and will not be liable in damages to the Customer by reason of any failure in respect thereof.

Customers requiring a high degree of security of supply or power quality are responsible to provide their own back-up or standby facilities.

Customers requiring power for human life support equipment must provide their own equipment to ensure an uninterrupted supply of power. Customers on life support equipment are encouraged to contact the Distributor to inform them of their medical needs and the backup equipment which is in place.

When power is interrupted, or the Customer is experiencing power quality problems the Customer or their electrical contractor shall first ensure that interruption is not due to problems within the customer owned installation. If after verifying that the cause of the problem does not reside on the customers' installation, the customer shall contact the Distributor. The Distributor will respond to and take reasonable steps to restore power. The Distributor reserves the right to recover costs from the customer for making false claims of interruptions.

Although it is the Distributors' policy to minimize inconvenience to Customers, it is necessary to occasionally interrupt a Customers' supply to maintain or improve the Distributors' system, or to provide new or upgraded services to other Customers. Whenever practical and cost effective, as determined by the Distributor, arrangements suitable to the Customer and the Distributor may be made to minimize any inconvenience. The Distributor will endeavor to provide the Customer with reasonable advance notice, except in cases of emergency, involving danger to life and limb, or impending severe equipment damage.

The Distributor will endeavor to notify Customers prior to interrupting the supply to any individual service. However, if an unsafe or hazardous condition is found to exist, or if the use of electricity by apparatus, appliances, or other equipment is found to be unsafe or damaging to the Distributor or the public, service may be discontinued without notice.

Depending on the outage duration and the number of Customers affected, the Distributor may issue a news release to advise the general public of the outage.

2.3.2 Power Quality

The distributor will respond to and take reasonable steps to investigate consumer power quality complaints and report to the consumer on the results of the investigation. The method and level of investigation will be at the discretion of the Distributor.

If the source of a power quality problem is caused by the consumer making the complaint, the distributor may seek reimbursement for the time and cost spent to investigate the complaint.

If the source of a power quality problem is caused by a consumer, the Distributor may direct the consumer to take corrective action. If the Consumer does not take such action within a reasonable time, the Distributor may disconnect the supply of power to the Customer. (*see section 2.2*)

2.3.3 Electrical Disturbances

There are levels of voltage fluctuation and other disturbances that can cause flickering lights and more serious difficulties for Customers connected to the Distributor distribution system.

Some types of electronic equipment, such as video display terminals, can be affected by the close proximity of high electrical currents that may be present in transformer rooms.

No electrical equipment, which may produce an undesirable system disturbance, shall be connected by a customer to a customer's service without prior approval of the Distributor.
Examples of equipment, which may cause disturbance, are large motors, welders, generators and variable speed drives. In planning the installation of such equipment, the customer is required to consult with the Distributor.

The Distributor will endeavour to maintain voltage variation limits, under normal operating conditions, at the Customers' Delivery Points, as specified by the latest edition of the Canadian Standards Association, C235. However, more sensitive electronic equipment such as computers can be seriously affected by variations in quality of supply voltage. Customers who need electrical power of high quality and with rigid voltage tolerances are responsible for providing their own power conditioning equipment.

Customers requiring a three-phase supply should install protective apparatus to avoid damage to their equipment, which may be caused by the interruption of one phase, or non-simultaneous switching of phases of the Distributors' supply.

The customer shall provide such protective devices as may be necessary to protect his property or equipment from any disturbance beyond the control of the distributor.

The customer installing generation will install a Distributor approved system configuration and voltage level. In general where the connection of generation will be to the service supply the generation will be required to be the same voltage and number of phases.

2.3.4 Standard Voltage Offerings

2.3.4. For Secondary Voltage

The Supply Voltage governs the limit of supply capacity for any Customer. General guidelines for supply from overhead street circuits are as follows:

- *at 120/240 Volts single phase, or*
- *120/208 Volts three phase, four wire, or*
- *347/600 Volts three phase, four wire,*

OR

Where street circuits are buried, the Supply Voltage and limits will be determined upon application to the Distributor.

OR

Where the Customer or Developer provides a pad on private property;

- *at 120/240 Volts single phase, or*
- *at 120/208 Volts three phase, four wire, or*
- *at 347/600 Volts three-phase, four-wire*

2.3.4.2 For Primary Voltage

Primary supplies to transformers or customer-owned substations will be one of the following as determined by the Distributor:

- *2,400/4,160 Volts 3 phase 4 wire*
- *4,800/8,320 Volts 3 phase 4 wire*
- *7,200/12,400 Volts 3 phase 4 wire*
- *8,000/13,800 Volts 3 phase 4 wire*
- *16,000/27,600 Volts 3 phase 4 wire*
- *44,000 Volts 3 phase 3 wire*

The customer shall contact the Distributor when planning their service to verify standard transformer availability and supply capacity.

2.3.5 Voltage Guidelines

The Distributor maintains service voltage at the Customers' service entrance within the guidelines of C.S.A. Standard CAN3-C235 (latest edition) which specifies maximum variations from "normal operating conditions" and for "extreme operating conditions".

Where voltages lie outside the indicated limits for Normal Operating Conditions but within the indicated limits for Extreme Operating Conditions, improvement or corrective action will be taken on a planned and programmed basis, but not necessarily on an emergency basis.

Where voltages lie outside the indicated limits for Extreme Operating Conditions, improvement or corrective action will be taken on an emergency basis. The urgency for such action will depend on many factors such as the location and nature of load or circuit involved, the extent to which limits are exceeded with respect to voltage levels and duration, etc.

Where concern exists with the service voltage level customers are encouraged to contact the Distributor to confirm the allowed variations and to determine whether corrective action is required.

2.3.6 Back-up Generators

Customers with portable or permanently connected emergency generation capability shall comply with all applicable criteria of the Ontario Electrical Safety Code and in particular, shall ensure that customer emergency generation does not back-feed on the Distributors' system.

To access the Ontario Electrical Code which specifies the requirements for the connection of generators and to further review the Standby Generator Safety Checklist review Generator Safety Info.

Customers with permanently connected emergency generation equipment shall notify the Distributor regarding the presence of such equipment.

The Distributor reserves the right to have the connection of this equipment inspected.

Generation systems found to be feeding into the Distribution system without proper approval of the Distributor shall be subject to immediate disconnection.

2.3.7 Metering

2.3.7.1 General

2.3.7.1.1 Access

The Distributor or its agents shall have the right to access and read any of the Distributors' electricity meters on the Customer's premises.

All metering installations shall be accessible from a public area.

2.3.7.1.2 Costs

All the Distributor metering equipment located on the Customer's premises are in the care and at the risk of the Customer and if destroyed or damaged, other than by normal usage, the Customer will pay for the cost of repair or replacement.

Regardless of any charges for metering installations, all meters and meter instrumentation equipment shall remain the property of the Distributor and maintenance of this equipment shall be the Distributors' responsibility. Where primary metering is utilized the customer may own the current and potential transformers.

2.3.7.1.3 Voltage

Generally, metering will be at utilization voltage. Where the Distributor provides primary transformation, primary voltage metering will be allowed only in special circumstances following full discussion with the Distributor.

Customer-owned substations may require primary metering. The provisions required for these installations shall be specified and approved by the Distributor for each application.

2.3.7.1.4 Primary Metering

Primary metering units may be installed outdoors or within an electrical vault as outlined in the current Electrical Safety Code. Where the customer prefers not to provide an approved electrical vault, the Distributor at additional cost can provide a metering unit with non-flammable coolant.

2.3.7.1.5 Bulk Metering

Non-residential or mixed-use buildings will normally be bulk metered by a single meter. However, where specific areas are clearly and permanently defined and in other respects as a separate entity, individual metering of the loads may be required.

Individual residential condominium or apartment units should be metered individually to empower the residents with control over their individual costs. In such instances, one or more bulk meters may still be required at the facility for the purpose of calculating house loads and/or transformer allowances (on customer owned transformers) where applicable.

Individual suite metering can be installed and operated by the Distributor or private unit sub-metering providers. The installation and operations of systems will comply with the requirements as outlined in the Energy Consumer Protection Act, 2010 S.O. 2010, Chapter 8.

In all installations where the Customer requests revenue metering remote from the secondary entrance equipment or downstream from a Customer-owned dry-core transformer, provisions are required for

a bulk meter directly after the main switch. This bulk metering is required in addition to any public metering provisions. The Customer will be required to contribute to the cost of the metering installation.

Where more than one meter is required, the meters shall be grouped where practical.

The customer shall permanently and legibly identify all metered services with respect to correct municipal 911 address and unit #. The identification shall be applied to all service switches and breakers and to all meter cabinets and meter mounting devices that are not immediately adjacent to the service switch. The customer shall insure that all service identifications are accurate and by not doing so will be held responsible. The Distributor shall issue a Meter Verification Sheet for this purpose to the owner or contractor.

In any case, a copy of the metering layout plan shall be forwarded to the Distributor for review and approval.

If the distribution of the metered load circuit is in dispute, (ie: circuits from one premise is found to supply a second premise) the Distributor reserves the right to transfer all accounts into the Property Owners' name until such time as the problem has been resolved, and the individual metering can be clearly identified with the individual units.

2.3.7.1.6 Locks

All devices on the line side of the Distributor metering shall have provisions for padlocking.

For commercial and industrial services the Customer's main switch shall have provisions for padlocking the switch handle in the open position, and the switch cover (or door) in the closed position.

When a disconnect device has been locked in the "OFF" position by the Distributor, under no circumstances shall anyone other than the Distributor or its authorized agent remove the lock.

At the discretion of the Distributor, a dual locking arrangement, a Distributor master key arrangement, a key box arrangement, or a copy of the access key will be required for access.

2.3.7.1.7 Meter Seals

All devices used by the Distributor for metering are sealed. Only the Distributor or its authorized agents have the authority to break this seal. Tampering with the seal will require the Distributor to investigate the cause of the tampering. Following the investigation, the proper authorities will be contacted as required (*ESA, Police, Fire*). The customer shall be responsible for all reasonable costs associated with the investigation.

2.3.7.1.8 Maintenance of Metering Equipment

The customer is responsible for maintaining the integrity of the meter base and cabinets, unless owned by the LDC, to meet the required mechanical and electrical standards

For residential meters the meter base is considered customer owned and is to be maintained by the property owner. Any requirement for maintenance should be coordinated with the Distributor and completed in accordance to all applicable standards.
Commercial/Industrial installations result in varying ownership of cabinets and equipment. The property owner is to maintain any metering equipment under their control. Any requirement for maintenance should be coordinated with the Distributor and completed in accordance to all applicable standards.

2.3.7.2 Current Transformer Boxes

Where a current transformer box is required, it shall be CSA approved, of a size and type as stipulated by the Distributor, and include a provision for padlocks. A removable plate shall be provided in the box for mounting the equipment.

As an alternative to a separate CT box and meter, a single enclosure combining both functions may be feasible. Contact the Distributor for details.

In cases where the CTs only meter a portion of the metal clad switchgear (such as house loads), a separate disconnect switch must be installed ahead of the metering compartment so that the service can be de-energized without any interruption to the main service supply.

Generally, one house load meter only will be allowed. Additional house load meters will require authorization from the Distributor.

Conductors should enter the current transformer box at the top and leave at the bottom, or vice versa. If this cannot be arranged, the next largest CT box must be used to enable conductors to be trained in place. Where parallel conductors are used, the sum of the conductors will determine the size of the CT box to use. In all cases the Customer shall supply suitable cable termination lugs.

On all electrical services that require current transformers and the neutral for metering, an isolated neutral block shall be provided in the current transformer box.

2.3.7.3 Interval Metering

The Distribution System Code, as amended from time to time, requires the Distributor to meter Customers of specific load levels with pulse-recording meters, or interval meters, which are interrogated remotely. The Distributor, at its' sole discretion, may also require such metering on any customer whose load characteristics may have a significant impact on the Net System Load Shape, or where reasonable access to the meter for the purpose of acquiring metering data may be limited due to location.

A customer that requests interval metering shall compensate a distributor for all incremental costs associated with that meter, including the capital cost of the interval meter, installation costs associated

with the interval meter, ongoing maintenance (including allowance for meter failure), verification and re-verification of the meter, installation and ongoing provision of communication line or communication link with the customer' s meter, and cost of metering made redundant by the customer requesting interval metering. The communication system utilized for interval meters shall be in accordance with the distributors' requirements.

Where such metering exists the Distributor will consider customer requests to provide a secondary pulse for load control or customer-owned metering at the customers' expense.

In keeping with the intent of the Legislation and accompanying amendments, once an interval meter installation is processed as part of the distributors' settlement process, and has affected the relevant changes to the distributors net system load, the installation must not be changed back to a non-interval meter installation.

Where a customer submits a request to read their own interval meter, the Distributor shall make this access available given the following conditions are met:

- The meter has the capability of read-only password protection
- The customer provides a signed copy of the "Interval Metering Access Agreement" to the Distributor.

2.3.7.3.1 Interval Metering Communications

Solid-state recorders and/or Electronic Interval Meters installed by the Distributor have provision for remote interrogation. When a phone line is required for this purpose, the Owner will facilitate the provision of a telephone line in the metering cabinet for the Distributors' metering purposes.

At its' sole discretion, for metering installations where loss of metering data would cause a substantial impact on the Distributors Settlement System and other customers, the Distributor may require the phone line to be dedicated for metering purposes only. When such dedicated phone lines are required, phone lines must be installed and functioning prior to the new service being energized.

A dedicated phone line is a voice quality telephone line, which is active 24 hours a day to the metering location extension jack, which is mounted on the metering board.

When the communication system relies on radio frequency the Owner will facilitate the provision of a location of an external antenna. The distributor will install the antenna and the associated wiring.

2.3.7.3.2 Smart Meters

The Ontario Government has mandated the installation of Smart Meters as a replacement to current metering technology. The LDC will install smart meters in accordance with regulations and policies set out by Government authorities.

Residential and small General Service customers, who are billed on an energy-only basis, will be provided with a smart meter. Metering requirements for Large General Service customers will be reviewed in concert with any new Regulations.
Where the customer installation requires by-directional metering (example for generation connections) the additional cost of the metering may be charged as an additional fee.

2.3.7.4 Meter Reading

The Distributor will read all meters on a regularly scheduled basis whenever possible. If an actual meter reading is not obtained, the Customer shall pay a sum based on an estimated demand and/or energy for electricity used since the last meter reading.

2.3.7.5 Final Meter Reading

When a service is no longer required, or the Customer is switching Energy Providers, the Customer shall provide the Distributor sufficient notice of the date so that a final meter reading can be obtained. The Customer shall provide access to the Distributor or its agents for this purpose.

If a final meter reading is not obtained, the Customer shall pay a sum based on an estimated demand and/or energy for electricity used since the last meter reading. Estimates will be based on available historical consumption.

Where Smart Meters are installed the final reading can be accommodated through remote interrogation. If at the time of final read remote access to the meter is not available an estimate of consumption will be made based on meter reading system data calculated to estimate the final billing.

2.3.7.6 Faulty Registration of Meters

Metering electricity usage for the purpose of billing is governed by the Federal Electricity and Gas Inspection Act and associated regulations, under the jurisdiction of Measurement Canada, Industry Canada. The Distributors' revenue meters are required to comply with the accuracy specifications established by the regulations under the above Act.

In the event of incorrect electricity usage registration, the Distributor will determine the correction factors based on the specific cause of the metering error and the Customer's electricity usage history. The Customer shall pay for all the energy supplied, a reasonable sum based on the reading of any meter formerly or subsequently installed on the premises by the Distributor, due regard being given to any change in the character of the installation and/or the demand.

If the incorrect measurement is due to reasons other than the accuracy of the meter, such as incorrect meter connection, incorrect connection of auxiliary metering equipment, or incorrect meter multiplier used in the bill calculation, the billing correction will apply for the duration of the error. The Distributor will correct the bills for that period in accordance with the regulations under the Act.

Where the distributor has under billed a customer or retailer, the maximum period of under billing for which the distributor is entitled to be paid will be as specified in the latest revision of the Acts and Codes. Where the distributor has over billed a customer or retailer, the maximum period of over billing for which the customer or retailer is entitled to be repaid will be as specified in the latest revision of the Acts and Codes.

2.3.7.7 Meter Dispute Testing

The Distributor will attempt to resolve billing enquiries. However, to give Customers confidence in the accuracy of electricity meters, the Distributor will conduct an internal investigation to verify the accuracy of any meter the Customer believes to be recording incorrectly. If the internal investigation does not resolve the matter, the Customer or the Distributor may request Measurement Canada to test the meter as per the Federal Electricity and Gas Inspection Act.

If the test indicates that the meter is not accurate, the Customer's historic billing will be adjusted, and the Distributor shall pay the full costs of the meter dispute testing.

2.3.7.8 Location

The location of the indoor or outdoor meter shall be readily accessible at all times and acceptable to the Distributor. If a meter is recessed or enclosed after installation, without the prior approval of the Distributor, the service may be subject to disconnection.

The location of the service entrance, routing of duct banks, metering, and all other works will be established through consultation with the Distributor. Failure to comply may result in relocation of the service plant at the Owner's expense.

In all locations where Commercial/Industrial revenue metering is accessible to the general public, a lockable enclosure or a room for service equipment and meters, shall be provided by the Owner at the discretion of the Distributor, as follows:

- *An electrical room reserved solely for metering equipment or*
- *Metal enclosed switchgear approved by the Distributor or*
- *A suitable metal metering cabinet or*
- *A vandal proof cage.*

2.3.7.9 Meter Mounting Heights

Provision for metering shall facilitate a practical mounting height for revenue meters in compliance with the Distributor's standard specifications and all applicable codes and regulations.

2.3.7.10 Environment

The following requirements apply to the areas allocated for revenue metering.

The customer to the satisfaction of the Distributor shall provide where there is the possibility of danger to workmen, or damage to equipment from moving machinery, dust, fumes, or moisture, protective arrangements.

A clear safe working space of not less than 1.2 m (48") in front of the installation from the floor to ceiling with a minimum ceiling height of 2.1 m (84") provided to insure the safety of the Distributor or other authorized employee(s) who may be required to work on the installation.

Where excessive vibration may affect or damage metering equipment, adequate shock-absorbing mounting shall be provided and installed by the customer.

2.3.7.11 Meter Sockets

The owner will supply and install a meter socket as specified by the Distributor. Meter sockets will be directly accessible to the Distributors' staff.

A listing of approved revenue metering sockets is available from the Distributor.

2.3.7.12 Cabinets

Where required by these Conditions of Service the Owner shall supply and install a meter cabinet to the Distributors' requirements.

Meter cabinets shall be installed indoors, except where special permission is granted by the Distributor to install the meter cabinet outside. In such cases, an approved weather proof, lockable, C.S.A. approved meter cabinet shall be provided by the Customer.

2.3.7.13 Metering Loops

Three-phase, four-wire services will require a loop for metering, within the meter cabinet, for all three phases.

Mineral insulated, solid, or hard drawn wire conductors are not acceptable as metering loops.

2.3.7.14 Metal Enclosed Switchgear

The following regulations apply to the installation of instrument transformers and metering equipment within metal enclosed switchgear.

The Distributor will provide the following revenue metering equipment as required:

- Colour coded secondary wiring
- Revenue meters

The Owner shall:

- Consult with The Distributor regarding the installation of metering equipment, which may include:
    - Potential transformers
    - Potential transformer fuse holders and fuses
    - Current transformers
    - Phone line for remote interrogation of meters
    - Duplicate Pulse Initiators
    - Provide complete shipping instructions for instrument transformers for those projects where these are to be provided by the Distributor for installation by the switchboard manufacturer.
    - Install instrument transformers, metering cabinet and conduit.
    - Each main bus bar to be drilled and tapped (10-32) or (10-24) on the line side of the removable current transformer link.
- Submit two copies of the manufacturer's switchboard drawings, for approval, dimensioned to show provision for and arrangement of the Distributors' metering equipment.

Meters shall be installed by the Distributor in a customer-owned metal cabinet of a size and type pre-approved by the Distributor, mounted at an approved location separate from the switchgear.

Tamper proof or sealable rigid conduit or any equally approved conduit of a size and type specified by the Distributor shall be installed between the CT compartment of the switchgear and the meter cabinet.

For conduit installations greater than 30 m (100'), in length or where several bends are necessary, larger conduits or other special provision may be required, at the discretion of the Distributor.

2.3.7.15 Switchgear Connected to Wye Source

Where a Wye source neutral connection is to be used or grounded, the Owner shall provide a conductor sized to the requirements of the Ontario Electrical Safety Code from the instrument transformer compartment to the neutral connection.

2.3.7.16 Four Quadrant Metering (Generation)

All Ontario Energy Board-licensed generators connected to the distribution system that sell energy and settle through the distributor's retail settlement process shall be required to install metering that meets the requirements of the Distribution System Code as approved by the Ontario Energy Board, and/or the Market Rules as approved by the Independent Electricity System Operator.

2.3.7.17 Net Metering for Embedded Generation

Customers with specific generation facilities may reduce their net energy costs by exporting surplus generated energy back onto the utility distribution system. Surplus energy exported onto the utility distributions system will be calculated as a credit against the energy the customer consumes from the distribution system.

All customers wishing to become a Net Metering participant must meet all of the following conditions:

1. The electricity is generated primarily for the customer's own use;
2. The electricity generated is conveyed to the customer's own consumption point without reliance on the utility's distribution system;
3. The maximum cumulative output capacity of the generator does not exceed 500 kW; and
4. The electricity is solely generated from a renewable energy source (such as wind, drop in water elevation, solar radiation, agricultural bio-mass, or any combination thereof).

In order to participate in the Net Metering program, the customer will be required to meet all the parallel generation requirements for Connecting Micro-Generation Facilities (10 kW or less) or Other Generation Facilities (greater than 10 kW and less than 500 kW), as applicable to the generator size, as found in Section 3.5 - Embedded Generation Facilities

The customer must have a bi-directional revenue meter that records energy flow in both directions.

Customers considering generation should review feed in tariff (FIT) programs which may be operating at the time. Reference to the CHEC Generation Guide and Appendix E and Appendix F of the Distribution System Code may prove instructive.

2.3.7.18 Metering for Embedded Generation

Generating facilities will connect directly to the distribution system at a voltage of 44kV or less. Output from the generating facility shall be metered in a manner to ensure proper collection of required information for settlements. Such metering may include:

a. for generators of 10 kW or less and connected to the line side of the load meter
   (i) a bi-directional kWh meter to measure energy consumed and energy exported; or
   (ii) a bi-directional interval meter to measure hourly energy consumed and energy exported

b. for all other generators, an interval meter must be installed.

In some instances, the load meter may also have to be changed in order to accommodate proper settlement calculations. The generator will be responsible for costs associated with the connection to the distribution system and any required metering installation as defined by the relevant Codes and Acts.

2.4 Tariffs and Charges

2.4.1 Service Connection

Charges for Service Connections are set out in the Distributors approved rates, (Miscellaneous Rates and Charges) and may be obtained by request from the Distributor. Notice of Rate revisions may be published in the local newspapers and or mailed out to all customers with the first billing issued at revised rates.

2.4.2 Energy Supply

The Distributor shall provide Customers connected to the Distribution System with access to electricity through Standard Supply Service as defined in the Retail Settlement Code published by the OEB or as mandated though Legislation or Regulations issued by the Ministry of Energy.

Disputes arising from charges relating to Standard Supply Service shall be directed to the Distributor.

Customers will be switched to a licensed Retailer of choice only if the retailer has a Service Agreement with the Distributor. The Customer's authorized Retailer through the Electronic Business Transaction system (EBT) must make the Service Transfer Request (STR) in accordance with the rules established and amended from time to time by the Ontario Energy Board.

Disputes arising from charges relating to Retailer Service shall be directed to the Retailer.

The Distributor may, at its discretion, refuse to process a Service Transfer Request for a Customer to switch to a Retailer if that Customer owes money to the Distributor for Distribution Services and or Standard Supply Service.

2.4.2.1 Wheeling of Power

Customers considering delivery of electricity through the Distributors' Distribution System shall contact the Distributor for technical requirements and current applicable Rates.

2.4.3 Supply Deposits & Agreements

Whenever required by the Distributor, the Customer shall provide and maintain security as specified in the Distribution System Code. The Distributor shall require security amounts based on the existing security and deposit policies.

Where a customer proposes the development of premises that requires the Distributor to place equipment orders for special projects, the customer is required to sign the necessary Supply Agreements and furnish a suitable deposit before such equipment is ordered by the Distributor. If an

expansion or enhancement of the distribution system is required to facilitate a connection, the LDC may need to perform an Economic Evaluation to establish the capital contribution required from the Customer. The Customer should review the attached Distribution Connection Process for further information.

2.4.4 Billing

The Distributor may, at its option, render bills to its Customers on either a monthly, bi-monthly, quarterly or annual basis. The option applicable to the customer shall be identified to the customer at the time of application for service. Under special circumstances the Distributor may require more frequent payment.

Prorating of Service and Demand charges will be performed at the discretion of the Distributor.

2.4.4.1 Competitive Charges:

Are based on rates as determined by:

i. the Hourly Ontario Spot Market Price (HOEP); or
ii. the utilities Weighted Average Price (WAP) as determined by net system load; or
iii. the customers retailer contract rate; or
iv. the rates published by the OEB; or
v. Legislation or Regulations issued by the Ministry of Energy.

These charges are typically the commodity charges related to energy however do not need to be limited to same.

2.4.4.2 Non-competitive Charges:

Non-competitive Charges are based on rates approved by the Ontario Energy Board, and fall outside the scope of this document as they are adjusted on an annual basis. Approved rates as they relate to the transmission, distribution and other non-competitive elements may be attained through the utilities rate documents. These documents will be provided by the utility at the customer's request.

These charges can include but are not limited to; distribution charges, transmission charges, global adjustments.

2.4.4.3 Billable Engineering Units:

Customers will be billed on:

i. actual or estimated meter reading data; or
ii. derived consumption data (Streetlights, sentinel lights and other scattered loads); or
iii. a flat rate, depending on the type of load being billed.

2.4.4.4 Use of Estimates:

In months where a bill is issued, but no reading is obtained, the Distributor estimates usage in order to determine billing quantities. The estimate is based on historical usage for the premise, or a pre-determined quantity if there is no historical usage information available.

2.4.5 Payments and Late Payment Charges

Bills are rendered for distribution services and electrical energy used by the Customer.

Bills are due when rendered by the utility and are payable in full by the due date. A customer may pay the bill without the application of a late payment charge up to a due date as specified in the Distribution System Code. This due date shall be identified clearly on the customer's bill.

Where payment is made by mail or at a financial institution, payment will be deemed to be made consistent with the requirements in the Distribution System Code.
A partial payment will be applied to any outstanding arrears before being applied to the current billing, unless special considerations have been made by the utility or the conditions of the Distribution System Code outlines an alternate process.

Outstanding bills are subject to the collection process and may ultimately lead to the service being discontinued or limited. Service will be restored once satisfactory payment has been made. Discontinuance of service does not relieve the Customer of the liability for arrears.

The Distributor shall not be liable for any damage on the Customer's premises resulting from such discontinuance of service. A reconnection charge may apply where the service has been disconnected due to non-payment.

The Customer will be required to pay additional charges for the processing of non-sufficient fund (N.S.F.) cheques.

2.4.6 Unauthorized Energy Use

The Distributor shall use its discretion in taking action to mitigate unauthorized energy use. Upon identification of possible unauthorized energy use, the Distributor shall notify, if appropriate, Measurement Canada, The Electrical Safety Authority, Police Officials, Retailers that service customers affected by an authorized energy use, or other entities.

The Distributor may recover from the parties responsible for the unauthorized energy use all costs incurred by the Distributor arising from unauthorized energy use, including an estimate of the energy used, inspection and repair costs.

A service disconnected due to unauthorized use of energy shall not be reconnected until such time as

all arrears resulting from the unauthorized use has been resolved to the satisfaction of the Distributor. Prior to reconnection, the Distributor shall require proper authorization from applicable authorities.

2.5 Customer Information

The Distributor reserves the right to request specific information from the customer in order to facilitate the normal operation of its business. Failure of a customer to supply such information may prevent the normal continuation of service.

The Retail Settlement Code as amended from time to time specifies the rights of customers and their retailers to access current and historical usage information and related data and the obligations of distributors in providing access to such information.

Under these requirements, the Distributor shall upon authorization by a customer make the following information available to the Customer or the Retailer that provides electricity to a customer connected to the Distributors' distribution system:

- The Distributors' account number for the customer,
- The Distributors' meter number for the meter or meters located at the customer's service address
- The customer's service address,
- The date of the most recent meter reading,
- The date of the previous meter reading,
- Multiplied kilowatt-hours recorded at the time of the most recent meter reading,
- Multiplied kilowatt-hours recorded at the time of the previous meter reading,
- Multiplied kW for the billing period (if demand metered),
- Multiplied kVA for the billing period (if available),
- Usage (kWh's) for each hour during the billing period for interval-metered customers
- An indicator of the read type (e.g., distributor read, consumer read, distributor estimate, etc.)
- Average distribution loss factor for the billing period

This information will be provided to the Customer / Retailer upon request twice per year at no charge. The Distributor may request a fee to recover costs for additional requests. A request is considered to be data delivered to a single address. Thus, a single request to send information to three locations is considered three requests.

The Distributor acknowledges that no confidential information regarding its' customers shall be released to a third party without the expressed prior written consent of the customer unless the request is rightfully received from the third party requesting the information, or the Distributor is legally required to disclose such information under the terms and in accordance with the Freedom of Information and Protection of Privacy Act, R.S.O. 1990, c. F.31.

SECTION 3 CUSTOMER SPECIFIC

3.1 Residential

This section refers to the supply of electrical energy to Customers residing in residential dwelling units.

3.1.1 General

Energy is generally supplied as single phase, 3-wire, 60-Hertz, having a nominal voltage of 120/240 Volts.

There shall be only one Delivery Point to a dwelling.

In circumstances where two existing services are installed to a dwelling, and one service is to be upgraded, the upgraded service will replace both of the existing services.

All new single-family homes will be required to install their primary and secondary service wires to the specifications contained within the Distributors' technical specification document.

Whether the method of supply will be overhead or underground will be at the discretion of the distributor. The Distributor will adhere to any existing regulations subject to requirements of authorities.

Unless specifically documented otherwise to the Customer, where the distributor has taken ownership of such plant all services installed by the Distributor or by an approved contractor using approved materials, will be maintained by the Distributor.

3.1.2 Early Consultation

The Customer shall supply a completed Site Planning document and related information to the Distributor well in advance of installation commencement. (see appendix) The information shall be supplied in a manner requested by the Distributor at the time of the application.

3.1.3 Standard Connection Allowance

For the purposes of calculating customer connection fees, the Basic Connection for Residential consumers is defined as 100 amp 120/240 volt overhead service.

The basic connection for each customer shall include;

i. supply and installation of overhead distribution transformation capacity or an equivalent credit for transformation equipment; and

ii. up to 30 meters of overhead conductor or an equivalent credit for underground services.

In the case of an upgrade to an existing service, where the existing service is below the basic connection, the credit up to the basic connection will apply.

Secondary services exceeding the basic 30 meter length may require specific design approved by the Distributor to ensure power quality.

3.1.4 Variable Connection Fees

Any requirements above the defined basic connection shall be subject to a variable connection charge to be calculated as the costs associated with the installation of connection assets above and beyond the basic connection. The distributor may recover this amount from a customer through a connection charge or equivalent payment.

3.1.5 Point of Demarcation

In all cases the final Demarcation Point will be the decision of the Distributor.

The Customer must obtain a Demarcation Point Location from the Distributor before proceeding with the installation of any service. Failure to do so may result in the Demarcation Point having to be relocated at the Customer's expense.

Maintenance of the portion of the Secondary Service owned by the Distributor includes repair and like-for-like replacement of a wire or cable that has failed irreparably. The Customer is responsible for all civil work, supports, vegetation and landscaping associated with any such repair or replacement of the portion of Secondary Service owned by the Distributor.

3.1.5.1 Secondary Service Connections

The Point of Demarcation for residential services up to and including 400 amps is at the line side of the Meter Base for Underground services, and at the top of the stack for Overhead services, beyond which the customer bears full responsibility for installation and maintenance.

The Point of Demarcation for residential services over 400 amps is at the secondary side of the transformer.

For Secondary Services wholly owned and maintained by the Customer, the Demarcation Point is the secondary connection at the transformer or the service bus.

The Customer shall install, own, and maintain the secondary conductor under any of the following conditions:

(a) conductor terminations are inside the Customer's building;
(b) conductor is installed beyond the service entrance;
(c) conductor is connected to a Primary Service; or
(d) conductor is a non-standard installation.

3.1.5.2 Primary Service Connections

For Primary Service, the Demarcation Point is the primary connection at the Distributor's Distribution system.

3.1.6 Supply Voltage

(a) A Residential building is supplied at one service voltage per land parcel.

(b) Depending upon the location of the building the supply voltage will be one of the following:

- *120/240 Volts 1 Phase 3 Wire*
- *120/208 Volts 3 Phase 3 Wire*
- *120/208 Volts 3 Phase 4 Wire*
- *347/600 Volts 3 Phase 4 Wire*

(c) The Owner shall make provision to take delivery at one of the nominal utilization voltages as specified by the Distributor. The Owner shall obtain prior approval from the Distributor for the use of any specific voltage at any specific location.

3.1.7 Access:

At the Distributors discretion, service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement in the Distributors' name, or a "Letter of Permission" from the property owner(s) involved.

The Customer will provide unimpeded and safe access to the Distributor at all times for the purpose of installing, removing, maintaining, operating or changing metering and distribution plant.

3.1.8 Metering:

The owner will supply and install a meter socket complete with collar acceptable to the Distributor and which meets the Ontario Electrical Safety Code. Meter sockets will be directly accessible to the Local Distribution Company and:

- Mounted 1.7 meters from the finished grade to the center of the meter and, either on the exterior of the front of the building or, within 3 meters of the front of the building on the driveway side.
- Installed ahead of (on the line side of) the main disconnect switch.
- Installed in a location, which is and will remain unobstructed by fences, hedges, expansions, sunrooms, porch enclosures, and any other impediments.
- If the meter is not to be installed on the actual building, it is important to contact the Distributor for specific location instructions prior to installation.

For more details refer to section 2.3.7 in these Conditions of Service.

3.1.9 Overhead Service

The Owner will provide service equipment to both the Distributors' and ESA requirements, and be of sufficient height to maintain proper minimum clearances. The Owner's main switch and the overhead service conductors will be of compatible capacity.

3.1.10 Underground Service

Underground secondary services will be installed at the Owners' expense, to the Distributor's specifications. The Owner's main switch and the underground service conductors will be of compatible capacity.

3.1.11 Street Townhouses and Condominiums:

NOTE: Street Townhouses and Condominiums requiring centralized or bulk metering will be covered under section 3.2 of these Conditions of Service. Also 3.1.11.2

3.1.11.1 Service Information:

The Owner will enter into a Servicing Agreement with the Distributor, governing the terms and conditions under which the electrical distribution system and services will be designed and installed.

The Owner will provide all of the civil works to accommodate the Distributor and will pay the complete cost of the electrical distribution system, design and services.

- The distribution system and services shall be underground unless otherwise approved.
- One service will be provided for each unit.
- The nominal service voltage will be 120/240 volts, 1 phase, 3 wire.
- The Distributor will approve the location of duct banks, service routings and meter bases.

- Distribution plant shall not be installed until grade is at +/- 150 mm of final grade unless otherwise approved by the Distributor.
- Street lighting will be to Municipal standards and installed at the Owner's expense.

3.1.11.2 Metering:

The Owner will supply and install meter sockets specified by the Distributor.

Multiple or grouped meter bases will be accepted only when prior approval has been given by the Distributor both as to type and proposed location. A completed meter verification form shall be provided to the distributor prior to energization.

Meter sockets will be located on the exterior front wall of the units and will be directly accessible to the Distributor.

- Mounted on the front wall 1.7 metres above finished grade to the centre of the meter
- Installed ahead of (on the line side of) the main disconnect switch
  - Installed in a location, which is and will remain unobstructed by fences, hedges, expansions, sunrooms, porch enclosures, and any other impediments.
  - If the meter is not to be installed on the actual building, it is important to contact the Distributor for specific location instructions prior to installation.

Normally the service will not be energized until the outside finish in the area of the revenue meter has been completed. If exceptions are made to this, then the general contractor will be responsible for ensuring that the meter is suitably protected while work is being done on the exterior wall adjacent to the meter. The general contractor will be entirely responsible for all costs for materials and labour for repairing or replacing a damaged meter. Meters must always remain fully accessible for reading, replacement, repair, and general maintenance. Customers and/or their contractors should contact the Distributor prior to enclosing meters and/or meter bases to ensure that safety and access are not compromised or the Distributor may disconnect the service until remedial action, as determined by the Distributor, are undertaken

3.1.12 Seasonal and Remote Dwellings:

Due to the varied nature of Seasonal and Remote Dwellings some special arrangements may be required to service these locations. Arrangements will be made in such a manner to provide services such as restoring power, maintenance of equipment or new construction requests to water access or remote customers, without endangering personnel or the public.

3.1.12.1 Service Information:

The Owner will enter into a Servicing Agreement with the Distributor, governing the terms and conditions under which the electrical distribution system services will be provided.

In the event of a power interruption, the Distributor will respond to and take reasonable steps to restore power. The Distributor reserves the right to recover costs from the customer for making false claims of interruptions.

3.1.12.2 Access:

All operations performed by the distributor and its agents shall be performed within the rules and regulations set out by the appropriate authorities including but not limited to: ESA, Ministry of Labour, Ministry of Transportation, etc.

- **Night crossings**

  The Distributors' transportation equipment will not be used to cross any water ½ hour before sunset and ½ hour after sunrise due to safety concerns. It will be at the discretion of the Distributor whether they will board customer owned transportation equipment in these circumstances.

- **Ice conditions**

  Recognizing seasonal ice hazards, the Distributor reserves the right to suspend water passage during freeze up and spring thaw, as well as any such time deemed unsafe by the Distributor.

- **Severe weather conditions**

  Recognizing that severe weather conditions may pose undue safety hazards, the Distributor reserves the right to postpone attempts to restore power until restoration can be performed in a safe manner.

3.1.13 Inspection:

Prior to connection of the service the Local Distribution Company requires notification from the Electrical Safety Authority that the electrical installation has been inspected and approved for connection.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

The Distributor or Distributor-approved Contractor generally installs all services. All work done shall be as per the specifications of the Distributor and subject to inspection by the Distributor.
(Refer to section 2.1.4 for further inspection details)

3.2 General Service (Below 50 kW)

3.2.1 General

This section refers to the supply of electrical energy to General Service Buildings requiring a connection with a connected load less than 50 kW, and Town Houses and Condominiums described in section 3.1.8 that require centralized bulk metering.

General Service buildings are defined as buildings that are used for purposes other than single-family dwellings.

3.2.2 Early Consultation

Detailed regulations cannot be stated which would be applicable to all cases, therefore the Owner will consult with the Distributor in the early planning stages to ascertain the Distributors' requirements.

The Owner shall supply a completed Electrical Planning Requirements Form to the Distributor well in advance of installation commencement to allow the Distributor time for proper planning, ordering of equipment etc.

3.2.3 Basic Connection Charge

All costs attributed to the connection of a new General Service customer (Below 50 kW) shall be recovered either as part of the Distributor's revenue requirements or through a basic connection charge to the customer.

3.2.4 Variable Connection Charge

All costs associated with the installation of connection assets shall be subject to a variable connection charge. The distributor may recover this amount from a customer through a connection charge or equivalent payment. If an expansion of the distribution system is required to facilitate a connection, the LDC may need to perform an Economic Evaluation to establish the capital contribution required from the Customer. The Customer should review the attached Distribution Connection Process for further information.

3.2.5 Point of Demarcation

In all cases the final Demarcation Point will be the decision of the Distributor.

The Customer must obtain a Demarcation Point Location from the Distributor before proceeding with the installation of any service. Failure to do so may result in the Demarcation Point having to be relocated at the Customer's expense.

Maintenance of the portion of the Secondary Service owned by the Distributor includes repair and like for-like replacement of a wire or cable that has failed irreparably. The Customer is responsible for all civil work, supports, vegetation and landscaping associated with any such repair or replacement of the portion of Secondary Service owned by the Distributor.

The Distributor shall perform the maintenance or replacement of all underground looped cables that form part of the Distribution plant circuits. Following maintenance, surface restoration by the Distributor will include only soil, sod, gravel or asphalt.

Where damage can be shown to be the Owner's liability, maintenance and repair are at the Owners' expense

3.2.5.1 Secondary Service Demarcations

A General Service Customer Demarcation Point is at the secondary side of the transformer, or as otherwise set by the distributor, beyond which the customer bears full responsibility for installation and maintenance.

In some instances, where it is in the best interest of the operation of the distribution system, the Distributor may establish the Demarcation Point at the top of stack for overhead services or at the meter base for underground services.

The Demarcation Point might be located on an adjacent property. In such cases, a registered easement must exist.

3.2.5.2 Primary Service Demarcations

For Primary Service, the Demarcation Point is the primary connection at the Distributor's Distribution system.

3.2.6 Supply Voltage

(a) A General Service building is supplied at one service voltage per land parcel.

(b) Depending upon the location of the building the supply voltage will be one of the following:

- *120/240 Volts 1 Phase 3 Wire*
- *120/208 Volts 3 Phase 3 Wire*
- *120/208 Volts 3 Phase 4 Wire*
- *347/600 Volts 3 Phase 4 Wire*

(c) The Owner shall make provision to take delivery at one of the nominal utilization voltages as specified by the Distributor. The Owner shall obtain prior approval from the Distributor for the use of any specific voltage at any specific location.

3.2.7 Access:

At the Distributor's discretion, service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement in the Distributors' name, or a "Letter of Permission "from the property owner(s) involved.

The Customer will provide unimpeded and safe access to the Distributor at all times for the purpose of installing, removing, maintaining, operating or changing metering and distribution equipment.

3.2.8 Metering:

The owner will supply and install a meter socket complete with collar acceptable to the Distributor. Meter sockets will be directly accessible to the Distributor and unless otherwise specified during the early consultation process:

- Mounted 1.7 metres from the finished grade to the center of the meter and, either on the exterior of the front of the building or, within 3 metres of the front of the building on the driveway side.
- Installed ahead of (on the line side of) the main disconnect switch.
- Installed in a location, which is and will remain unobstructed by fences, hedges, expansions, sunrooms, porch enclosures, and any other impediments.
- If the meter is not to be installed on the actual building, it is important to contact the Distributor for specific location instructions prior to installation.

For more details refer to section 2.3.7 in these Conditions of Service.

3.2.9 Overhead Service:

In circumstances where Commercial buildings cannot reasonably be supplied electrical energy by an underground service, the Distributor shall use its' sole discretion based on acceptable industry practices in establishing the specific requirements for the service installation.

3.2.10 Underground Service:

Under normal circumstances, Commercial buildings are supplied electrical energy by an underground service through a single point of entry for each land parcel, at a location specified by the Distributor.

3.2.11 Supply of Equipment:

The Distributor supplies, installs and maintains subject to the variable connection fee:

- Primary switchgear.
- Primary transformation equipment.
- Meter and secondary metering transformers.

The Owner shall supply, install and maintain any additional equipment required for the connection beyond the point of Demarcation.

3.2.12 Inspection:

Prior to connection of the service the Local Distribution Company requires notification from the Electrical Safety Authority that the electrical installation has been inspected and approved for connection.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

The Distributor or Distributor-approved Contractor generally installs all services. All work done shall be as per the specifications of the Distributor and subject to inspection by the Distributor.

(Refer to section 2.1.4 for further inspection details)

3.3 General Service (Above 50 kW)

3.3.1 General

This section refers to the supply of electrical energy to General Service Customers requiring a connection with a connected load greater than 50 kW.

3.3.2 Early Consultation

Detailed regulations cannot be stated which would be applicable to all cases, therefore the Owner will consult with the Distributor in the early planning stages to ascertain the Distributors' requirements.

The Owner shall supply a completed Electrical Planning Requirements Form to the Distributor well in advance of installation commencement to allow the Distributor time for proper planning, ordering of equipment etc.

3.3.3 Basic Connection Charge

All costs attributed to the connection of a new General Service customer (Above 50 kW) shall be recovered either as part of the Distributor's revenue requirements or through a basic connection charge to the customer.

3.3.4 Variable Connection Charge

All costs associated with the installation of connection assets shall be subject to a "variable connection charge". The distributor may recover this amount from a customer through a connection charge or equivalent payment. If an expansion of the distribution system is required to facilitate a connection, the LDC may need to perform an Economic Evaluation to establish the capital contribution required from the Customer. The Customer should review the attached Distribution Connection Process for further information.

3.3.5 Point of Demarcation

In all cases the final Demarcation Point will be the decision of the Distributor.

The Customer must obtain a Demarcation Point Location from the Distributor before proceeding with the installation of any service. Failure to do so may result in the Demarcation Point having to be relocated at the Customer's expense.

Maintenance of the portion of the Secondary Service owned by the Distributor includes repair and like for-like replacement of a wire or cable that has failed irreparably. The Customer is responsible for all civil work, supports, vegetation and landscaping associated with any such repair or replacement of the portion of Secondary Service owned by the Distributor.

The Distributor shall perform the maintenance or replacement of all underground looped cables that form part of the Distribution plant circuits. Following maintenance, surface restoration by the Distributor will include only soil, sod, gravel or asphalt.

Where damage can be shown to be the Owner's liability, maintenance and repair are at the Owners' expense

3.3.5.1 Secondary Service Connections

A General Service Customer Demarcation Point for customers above 50 kW is at the secondary side of the transformer, or as otherwise set by the distributor, beyond which the customer bears full responsibility for installation and maintenance.

In some instances, where it is in the best interest of the operation of the distribution system, the Distributor may establish the Delivery point at the top of stack for overhead services or at the meter base for underground services.

The location of the service entrance, routing of duct banks and all other works will be established through consultation with the Distributor. Failure to comply may result in relocation of the service plant at the Owner's expense.

The Demarcation Point might be located on an adjacent property. In such cases, a registered easement must exist.

3.3.5.2 Primary Service Connections

For Primary Service, the Demarcation Point is the primary connection at the Distributor's Distribution system.

In some circumstances the owner may be required to construct a private pole line. Primary conductors will be terminated complete with cut-out(s) at the Demarcation Point by the Distributor at the owners' expense.

Where a private pole line is to be constructed by the Owner with an approved contractor, this shall be constructed to the ESA and the Distributors' requirements.

An electrical requirement in excess of 300 kVA may require a customer owned substation.
In some instances primary metering may be required.

3.3.6 Supply Voltage

A General Service building is supplied at one service voltage per land parcel.
Depending upon the location of the building the supply voltage will be one of the following:

- *120/240 Volts 1 Phase 3 Wire*
- *120/208 Volts 3 Phase 4 Wire*
- *347/600 Volts 3 Phase 4 Wire*

Depending upon the location of the building Primary supplies to transformers and Customer owned Sub-Stations will be one of the following as determined by the Distributor:

- *2,400/4,160 Volts 3 phase 4 wire*
- *4,800/8,320 Volts 3 phase 4 wire*
- *7,200/12,400 Volts 3 phase 4 wire*
- *8,000/13,800 Volts 3 phase 4 wire*
- *16,000/27,600 Volts 3 phase 4 wire*
- *44,000 Volts - 3 Phase 3 Wire*

The Owner shall make provision to take delivery at one of the nominal utilization voltages as specified by the Distributor. The Owner shall obtain prior approval from the Distributor for the use of any specific voltage at any specific location.

3.3.7 Access:

At the Distributors discretion, service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement in the Distributors' name, or a "Letter of Permission "from the property owner(s) involved.

The Customer will provide unimpeded and safe access to the Distributor at all times for the purpose of installing, removing, maintaining, operating or changing metering and distribution plant.

3.3.8 Metering:

Meter installations will be directly accessible to the Distributor. The owner will consult with the Distributor well in advance of installation commencement to allow the Distributor time for proper planning and ordering of equipment.

For more details refer to section 2.3.7 in these Conditions of Service.

3.3.9 Overhead Service:

In circumstances where Commercial buildings cannot reasonably be supplied electrical energy by an underground service, the Distributor shall use its' sole discretion based on acceptable industry practices in establishing the specific requirements for the service installation.

3.3.10 Underground Service:

Under normal circumstances, Commercial buildings are supplied electrical energy by an underground service through a single point of entry for each land parcel, at a location specified by the Distributor.

3.3.11 Sub-transmission Service:

The Owner will pay for the full cost of sub-transmission services and may in some circumstances be required to construct a private pole line. The Distributor will terminate sub-transmission conductors complete with live line loops and hardware at the Demarcation Point.

3.3.12 Supply of Equipment:

The Distributor supplies, installs and maintains subject to the variable connection fee:

- Primary switchgear.
- Primary transformation equipment.
- Meter and secondary metering transformers.

The Owner shall supply, install and maintain any additional equipment required for the connection beyond the point of Demarcation.

3.3.13 Short Circuit Capacity:

The Owner shall ensure that the service entrance equipment has an adequate short-circuit interrupting capability.

3.3.14 Inspection:

Prior to connection of the service the Local Distribution Company requires notification from the Electrical Safety Authority that the electrical installation has been inspected and approved for connection.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

The Distributor or Distributor-approved Contractor generally installs all services. All work done shall be as per the specifications of the Distributor and subject to inspection by the Distributor.
(Refer to section 2.1.4 for further inspection details)

3.4 General Service (Above 500 kW)

3.4.1 General

This section refers to the supply of electrical energy to General Service Services requiring a connection at a connected load greater than 500 kW.

3.4.2 Early Consultation

Detailed regulations cannot be stated which would be applicable to all cases, therefore the Owner will consult with the Distributor in the early planning stages to ascertain the Distributors' requirements.

The Customer shall supply a completed Electrical Planning Requirements Form to the Distributor well in advance of installation commencement to allow the Distributor time for proper planning, ordering of equipment, and coordination with ESA requirements etc.

Note: Larger services may require approval by the ESA to ensure compliance with their design requirements. The customer should contact the ESA early in the planning stages.

The Distributor will:

- *Advise the customer of the suitability of the in-service date*
- *Arrange with the customer for a Service Contract*
  - *Review the submitted drawings; return one set to the customer with comments and/or approval. If requested by the Distributor, the customer shall resubmit the drawings where the comments are extensive and require major changes*
  - *Specify the required main fuse link or relay setting for co-ordination with the system. In case of multiple transformer stations, a complete co-ordination study shall be submitted by the customer for approval.*
- *Make the final connection to the source of supply*
- *Determine metering requirements*
- *Advise the Transmitter of the particulars of the customer owned substation*

3.4.3 Basic Connection

All costs attributed to the connection of a new General Service customer (Above 500 kW) shall be recovered either as part of the Distributor's revenue requirement or a basic connection charge to the customer.

3.4.4 Variable Connection Charge

All costs associated with the installation of connection assets shall be subject to a variable connection charge. The distributor may recover this amount from a customer through a connection charge or equivalent payment. If an expansion of the distribution system is required to facilitate a connection, the LDC may need to perform an Economic Evaluation to establish the capital contribution required from the Customer. The Customer should review the attached Distribution Connection Process for further information.

3.4.5 Point of Demarcation

In all cases the final Demarcation Point will be the decision of the Distributor.

The Customer must obtain a Demarcation Point Location from the Distributor before proceeding with the installation of any service. Failure to do so may result in the Demarcation Point having to be relocated at the Customer's expense.

Maintenance of the portion of the Primary Service owned by the Distributor includes repair and like for-like replacement of a wire or cable that has failed irreparably. The Customer is responsible for all civil work, supports, vegetation and landscaping associated with any such repair or replacement of the portion of Secondary Service owned by the Distributor.

The Distributor shall perform the maintenance or replacement of all underground looped cables that form part of the Distribution plant circuits. Following maintenance, surface restoration by the Distributor will include only soil, sod, gravel or asphalt.

Where damage can be shown to be the Owner's liability, maintenance and repair are at the Owners' expense

The Distributor reserves the right to direct the operations of any customer owned switchgear connected to the distribution system including those located beyond the point of demarcation.

3.4.5.1 Service Installation

In General, the Demarcation Point for a General Service Customer with a demand of over 500 kW is on the primary side of the transformer at the first available distributor owned point of isolation, or as

otherwise set by the distributor. This delivery point might be located on an adjacent property from which the Distributor has an authorized easement. In all cases the final Demarcation Point will be the decision of the Distributor.

The location of the service entrance, routing of duct banks, metering facilities, and all other works will be established through consultation with the Distributor. Failure to comply may result in relocation of the service plant at the Owner's expense.

The Distributor will install overhead supply lines and required cut-outs to the first point of support on private property. The location of this support must be approved by the Distributor and shall be within 30 metres of the Distributors' existing overhead plant. All costs for materials and labour shall be at the customers' expense.

The service pole or first point of support on private property shall be considered self-supported and shall be complete with suitable hardware for attaching the suspension insulators. The Customer shall be responsible for all costs associated with equipment, installation, and inspection.

Where the customer wishes an underground supply, the customer shall supply and install the underground cables and termination pole complete with primary switch, fuses and lightning arresters. The installation shall be subject to ESA inspection and specific approval of the Distributor. The customer owned termination pole must comply with items as prescribed by the Distributor.

At the Distributors' discretion, the customers' underground service may be connected to a termination pole owned by the distributor. In such cases, the Distributor shall supply and install at the customers expense, any required primary switch, fuses, and lightning arrestors.

When requested, the customer shall make provision in the substation switchgear or transformer, for loop feeding the Distributors' supply cables via load interrupter switches.

In some instances, primary metering may be required.

3.4.6 Supply Voltage

A General Service building is supplied at one service voltage per land parcel.

General Service connections above 500 kW may require a customer owned substation.

Depending upon the location of the building, Primary supplies to transformers and Customer owned Sub-Stations will be one of the following as determined by the Distributor:

- *2,400/4,160 Volts 3 phase 4 wire*
- *4,800/8,320 Volts 3 phase 4 wire*
- *7,200/12,400 Volts 3 phase 4 wire*
- *8,000/13,800 Volts 3 phase 4 wire*

- *16,000/27,600 Volts 3 phase 4 wire*
- *44,000 Volts - 3 Phase 3 Wire*

The Owner shall make provision to take delivery at one of the nominal utilization voltages as specified by the Distributor. The Owner shall obtain prior approval from the Distributor for the use of any specific voltage at any specific location.

3.4.7 Access:

At the Distributors discretion, service locations requiring access to adjacent properties (mutual drives, narrow side setbacks, etc.) will require the completion of an easement in the Distributors' name, or a "Letter of Permission "from the property owner(s) involved.

The Customer will provide unimpeded and safe access to the Distributor at all times for the purpose of installing, removing, maintaining, operating or changing metering and distribution plant.

Where the high voltage interrupting switches are located inside a building, a direct outside entrance to the switchgear room must be provided.

The outside door providing direct access to the transformer or switchgear room must be compliant with all applicable codes and requirements, and of a quality to be approved by the Distributor.

3.4.8 Metering:

The owner will supply and install provisions for metering following the details outlined both in these Conditions of Service, and technical documents provided to the customer during the consultation process.

For more details refer to section 2.3.7 in these Conditions of Service.

3.4.9 Sub-transmission Service:

The Owner will pay for the full cost of sub-transmission services and may in some circumstances be required to construct a private pole line.

The Distributor will terminate sub-transmission conductors complete with live line loops and hardware at the Demarcation Point.

3.4.10 Short Circuit Capacity:

The Owner shall ensure that the service entrance equipment has an adequate short-circuit interrupting capability.

3.4.11 Drawings

Apart from the regular drawings submission to the ESA, the customer shall provide two sets of the following drawings and details to the Distributor.

Survey Plan: prepared by an Ontario Land Surveyor, showing the property limits, registered plan and existing buildings or easements if any.

Site Plan: showing the location of the station relative to buildings, structures and setbacks from adjacent property lines. The site plan shall also include the exact location of existing Distributor owned plant and the proposed route of the incoming supply.

Schematic or Single-Line Diagram: indicating the major components of the station and their electrical ratings. Where additions or alterations are being made, these shall be clearly distinguished from unchanged portions of the installation.

Electrical Details: sufficient details shall be provided in order to enable fast processing and approval of the station drawings. The following represents the minimum data required.

- Plan, elevation and profile views of the station structure, switchgear, transformer(s), termination poles, duct banks, etc.
- Dimensions to clearly indicate the electrical, physical and working clearances as well as relative location of all equipment.
- Pole or structure for dead-ending the Distributor lines shall be complete with suitable hardware for attaching the suspension insulators that will be supplied and installed by the Distributor.

- Fencing arrangement.

- Grounding details. (In the case of indoor metal enclosed switchgear, when the Distributor has operating control of any interrupter switches, the assembly shall further incorporate ground rod parking stands and stirrups per the Distributors Specifications.)

- Details of vault construction (if indoor substation).

- Manufacturer's drawings of metal-enclosed switchgear showing internal arrangement of equipment, clearances, means of access, interlocking and provision for personal safety. Where the Distributors' cables terminate in the switchgear, the customer shall provide suitable terminators for the size and type of cable as specified by the Distributor.

- When the customer's switchgear is used for loop feeding the Distributors' supply cables, provision for padlocking the in and out load interrupter switches and the associated bay doors shall be required.

- Indoor and outdoor switchgear assemblies shall contain a space heater and protective guard in each bay, along with thermostat(s), sized to promote air circulation and to prevent condensation from forming.

- At the discretion of the distributor, the customer shall make provisions for a future system neutral connection to the customer's dead-ending pole or structures installed by the Distributor. Where the Distributors' neutral terminates in the customer's switchgear, the customer shall provide a suitable connector on the ground bus for the size and type of cable specified by the Distributor.

3.4.12 Pre-Service Inspection

The customer shall present to the Distributor a final "Pre-service Inspection Report" a minimum of 3 working days before connection can be affected.

The "Pre-Service Inspection Report" shall outline and document the results of all tests and inspection carried out on the substation components. The information contained in the report must be to the satisfaction of the Distributor before connection can be authorized.

The "Pre-Service Inspection Report" shall be required in case of:

- ***New Substation****: in which case all components of the substation shall be reported upon.*

- ***Modified substation****: in which case all components of the substation shall be reported upon.*

Prior to connection of the service the Local Distribution Company requires notification from the Electrical Safety Authority that the electrical installation has been inspected and approved for connection.

Provision for metering shall be inspected and approved by the Distributor prior to connection.

The Distributor or Distributor-approved Contractor generally installs all services. All work done shall be as per the specifications of the Distributor and subject to inspection by the Distributor.

(Refer to section 2.1.4 for further inspection details)

3.5 Embedded Generation

3.5.1 General

An Embedded Generator shall provide the Distributor with proof of compliance of the regulators' registration requirements, permits and inspections as required, including ESA and Licences as appropriate.

The Distributor shall collect costs reasonably incurred with making an offer to connect a generator from the entity requesting the connection. Costs reasonably incurred include but are not limited to costs associated with:

- Preliminary review for connection requirements.(Connection Impact Assessment)
- Detailed study to determine connection requirements. (Cost of Connection)
- Final proposal to the generator.
  - Connection costs for construction or make ready work for the distribution system as per the cost allocation methods in the DSC.

A Generator that is or wishes to become connected to the distributors' distribution system shall enter into a Connection Agreement with the Distributor as prescribed in Appendix E of the DSC.

A generator shall ensure that a disconnection method suitable to the Distributor is installed to provide visible isolation of the generation.

If damage or increased operating costs result from a connection with a Generator, the Generator shall reimburse the Distributor for these costs.

The Embedded Generator is responsible for providing suitable protection equipment to protect his plant and equipment for any conditions on the distributor and interconnected transmission systems such as reclosing, faults and voltage unbalance.

To incorporate the connection of embedded generator to the distribution system, the line/feeder protection including settings and breaker reclosing circuits must be reviewed and modified if necessary by the distributor or transmission authority. This process may be complex and may require significant time.

The embedded generator greater than 10 kW must submit a proposed single line diagram and protection scheme signed and sealed by a Professional Engineer in the Province of Ontario for review to the distributor contact as identified by the distributor.

Based on the transformer connection proposed by the embedded generator additional significant protection cost may be incurred (e.g. delta HV transformer winding may require 3 phase HV breaker / reclosure device). The embedded generator shall not order the protection equipment and transformer until the station line diagram is reviewed and accepted by the distributor.

The purpose of the distributor review is to establish that the embedded generator electrical interface design meets the distributor requirements.

The protection schemes shall incorporate adequate facilities for testing/maintenance.

Negative phase sequence protection shall be installed where required, to detect abnormal system condition as well as to protect the generator.

The embedded generator may be required to install utility grade relays for those protections that could affect the distributor or transmission authority system.

The embedded generator may be required to submit a Ground Potential Rise study for review by the distributor, if telecommunications circuits are specified for remote transfer trip protection.

In addition to the forgoing the CHEC Generation Guide can be referred to for further details with respect to the connection process and Appendix F of the Distribution System Code.

The generator in addition to the requirements of the host LDC may be required to meet the conditions of upstream LDCs. The additional requirements will be communicated through the host LDC.

3.5.2 Protection

The embedded generator should provide protection systems to cover the following conditions:

3.5.2.1 Internal Faults:

The Generator should provide adequate protections to detect and isolate generator and station faults.

3.5.2.2 External Faults:

The protection system should be designed to provide full feeder coverage complete with a reliable DC supply. In some cases redundancy in protection schemes may be required.

Normally the following fault detection devices are required for synchronous generator(s) installation(s).

3.5.2.3 Ground Faults:

When the HV winding of the Generator station transformer is wye connected with the neutral solidly grounded, then ground over-current protection in the neutral is required to detect ground faults.

If the Embedded generator station transformer HV winding connected to the Distributor system is ungrounded wye or delta, then ground under-voltage and ground over-voltage protections shall be required to detect ground faults.

Depending on the size, type of generator and point of connection, a distributor may require the relaying system to be duplicated, complete with separate auxiliary trip relays and separately fused DC supplies to ensure reliable protection operation and successful isolation of the embedded generator.

3.5.2.4 Phase Faults:

To detect phase faults, at least one of the following protections should be installed with acceptable redundancy where required depending on fault values:

- Distance
- Phase directional over-current
- Voltage-restrained over-current
- Over-current
- Under-voltage

3.5.2.5 Islanding/Abnormal Conditions:

Voltage and frequency protections are required to separate the embedded generator from the distribution system for an islanded condition and thus maintain the quality of supply to distribution system customers. This also will enable speedy restoration of the distribution system.

Typically, the protections required to detect islanding/abnormal conditions are:

- Over-voltage
- Under-voltage
- Over-frequency
- Under-frequency
- Voltage-balance

The above protections should be timed to allow them to ride through minor disturbances.

3.5.3 Induction Generator

Due to the operating characteristics of the induction generator the protection package required is normally less complex than the synchronous generator. An embedded generator should design the protection scheme to trip for the same conditions as stated for synchronous generators. An induction generator is an asynchronous machine that requires an external source such as a healthy distribution system to produce normal 60 Hz power. Alternatively, if there is an outage in the distribution system then there is unlikely to be 60 Hz output from the induction generator. In certain instances, an induction generator may continue to generate electric power after the source is removed. This phenomenon, known as self-excitation, can occur whenever there is sufficient capacitance in parallel

with the induction generator to provide the necessary excitation and when the connected load has certain resistive characteristics.

3.5.4 DC Remote Tripping / Transfer Tripping

Remote or transfer tripping may be required between the Generator and the feeder circuit breaker if the Generator is connected at a critical location in the distribution system. This feature will provide for isolation of the embedded generator when certain faults or system disturbances are detected at the feeder circuit breaker location.

Additional Protection Features, such as Remote Trip and Generator end open signal, may be required in some applications. Remote Trip Protection will often involve the participation of a neighboring or Host LDC. Early consultation is important to ensure a timely connection to the system.

3.5.5 Maintenance

An Embedded Generator shall have a regular scheduled maintenance plan to assure the Distributor that all connection devices and protection & control systems are maintained in good working order. These provisions shall be included in the Connection Agreement. A complete copy of the inspection report shall be delivered to the Distributor within 30 days.

In developing a maintenance plan, the Generator should consider the following requirements:

- Qualified personnel should carry out all inspections and repairs.

  Prior to completing any testing or repairs on the system the Distributor shall be contacted to coordinate the work.

  - Periodic tests should be performed on protection systems to verify that the system operates as designed. Testing intervals for protection systems should not exceed four (4) years for microprocessor-based systems and two (2) years for electro-mechanical based systems.

- Isolating devices at the point of connection should be operated at least once per year.

  - The Generator facility should be inspected visually at least once per year to note obvious maintenance problems such as broken insulators or other damaged plant.

  - Any deficiencies identified during inspections shall be noted and repairs scheduled as soon as possible, with timing dependent on the severity of the problem, due diligence concerns (of both the Distributor and the Generator) and financial and material requirements. The Distributor shall be notified of any deficiencies involving critical protective equipment.

- The Distributor shall be provided with copies of all relevant inspection and repair reports that may affect the protection and performance of the Distributors' systems. The Distributor has the right to witness any relevant test being performed by the generator.

- Testing & inspection requirements specified by the Distributor.

3.5.6 Post Connection Changes

Any changes to the system after the initial connection will be communicated to the Distributor prior to implementation.

Where any of these proposed changes alter the protection associated with the installation the Distributor will be provided with sufficient information to allow review of the protection scheme and the potential impacts on the distribution system.

Where the customer makes changes which result in the need for additional studies, protection changes or alterations to the distribution system the customer will be responsible for the costs incurred by the Distributor as allowed by the various codes and regulations.

3.6 Embedded Market Participant

An Embedded Market Participant shall provide the Distributor with proof of compliance of IESO registration requirements, and appropriate Licences.

Where the Conditions of Service of this Distributor exceed the technical requirements of any other licence or participant obligations, these Conditions of Service shall take precedence.

The Embedded Market Participant must meet at a minimum, the standards as set out in these Conditions of Service in order to connect to the Distributors' distribution facilities.

3.7 Embedded Distributor

An Embedded Distributor shall provide the Distributor with proof of compliance of IESO and OEB registration Requirements, and appropriate Licences.

Where the Conditions of Service of this Distributor exceed the technical requirements of any other licence or participant obligations, these Conditions of Service shall take precedence.

The Embedded Distributor must meet at a minimum, the standards as set out in these Conditions of Service in order to connect to the Distributors' distribution facilities.

Metering requirements of the Embedded Distributor shall be at the discretion of the Host Distributor.

3.8 Miscellaneous Small Services

This section pertains to the supply of electrical energy for Street Lighting, Traffic Signals, Bus Shelters, Telephone Booths, Cable T.V. Amplifiers, Decorative Street Lighting, Bill Boards, and other similar small loads.

These small services may be required to be metered by the Distributor.

To facilitate these installations the Distributor may have standard designs which are to be followed by parties requesting the attachment.

In addition any attachments made to the Distributor's system will be required to conform to Ontario Regulation 22/04 and Ontario Electrical Safety Code. The Distributor will provide direction to the Owner with respect to any special requirements under Regulation 22/04.

3.8.1 General

At the discretion of the Distributor, the service voltage will be:

120/240 volts, single phase three wire or
120 volts, single phase two wire or
120/208 volts, three phase, four wire
347/600V three phase, four wire

The method and location of the supply will vary based on the conditions present on the Distributors' plant, and will be established for each application through consultation with the Distributor.

Where specified by the Distributor during the Early Consultation process, the Customer will provide underground ducts to the Distributor's specifications.

The Owner shall be responsible for all costs associated with the supply and installation of service conductors

The Distributor will install required transformation and may charge the Owner the cost.

Where at the discretion of the Distributor a meter is not installed, energy consumption will be based on the connected wattage and the calculated hours of use. With the advent of Smart Metering the metering of actual consumption data is available and preferred by most Distributors. Meter installations may be required by Distributors.

Prior to energization of a service the Distributor will require notification from the ESA that the installation has been inspected and approved for connection.

The Owner will be required to maintain any equipment in proper and safe working order. Where the equipment is found to be in disrepair or present a hazard the Distributor may disconnect, remove and charge the costs to the owner.

3.8.2 Early Consultation

The Owner shall supply a completed Electrical Planning Requirements Form to the Distributor well in advance of installation commencement to allow the Distributor time for proper planning, ordering of equipment etc. Information required includes:

- Required in-service date
- Requested Service Entrance Capacity and voltage rating of the service entrance equipment
- Locations of other services, gas, telephone, water and cable TV
  - Survey plan and site plan indicating the proposed location of the service equipment with respect to public rights-of way and lot lines.

The Distributor after reviewing the information provided may require the owner to provide further information or approved drawings signed by a Professional Engineer ensuring that the installation is consistent with the requirements of Regulation 22/04.

3.8.3 Street Lighting

Where the street lighting is installed, owned and maintained by the Municipality or a third party, a Joint Use Agreement may be required for attachment to the Distribution system. Installations shall meet Ontario Regulation 22/04 and Ontario Electrical Safety Code.

The owner will be required to ensure qualified personnel are engaged to work on the streetlight system and that the system is maintained in a manner as to not represent a hazard to the distribution system and the public.

Proper records of the street light system shall be maintained by the owner to facilitate identification of equipment, appropriate record management and the ability to locate any underground plant associated with the system.

3.8.4 Traffic Signals

Traffic Signals and Crosswalk Lights are owned and maintained by the applicable road authority. Any traffic signals and crosswalk lights, if attached to the distribution system will be required to be in compliance with Regulation 22/04.

3.8.5 Bus Shelters

Bus Shelter Lighting is owned and maintained by the Customer.

3.8.6 Decorative Street Lighting

Such installations could be lighting for festive occasions or "neighbourhood character" street-scaping and will be maintained by the Customer.

Where such lighting represents a barrier to distribution system maintenance the Distributor may remove to facilitate work on the system in a safe manner. The owner will be responsible for reinstalling any equipment removed by the Distributor.

3.9 Attachments to Distribution Plant

The Distributor reserves the right to refuse any attachment to the Distribution Plant.

Customer attachments require written consent of the Distributor. Generally, consent will only be provided to licensed franchisees such as Bell Canada, Rogers Cable, and registered Telecom Companies. The Distributor reserves the right to refuse attachments to its poles.

Pole attachments will require a signed contract between the Distributor and the customer. Each pole attachment is subject to a yearly joint use charge and installation must conform to Regulation 22/04. Requesting parties will be responsible for meeting the requirements of Regulation 22/04 and the associated costs. No customer owned wires or apparatus are to be installed on the Distributor's poles prior to entering into a contract and confirming that the installation meets the requirements.

Where make ready work is required to accommodate the requested attachment the requesting party will be responsible for all costs associated with the make ready work.

Any attachments not approved will be removed by the Distributor at the owner's expense.
To meet engineering, safety, congestion and aesthetic considerations only three locations are generally allowed for the attachment of support strands and communications cables in the communication space of the Distributor's poles. Each customer requesting attachment in the communication space is allowed to install one support or communications cable only and this applies to all its associates as defined by the Ontario Business Corporation Act.

The owner of any third party plant shall be responsible to maintain their plant in a safe and proper condition compliant with Regulation 22/04 and relevant standards including any specific Distributor Standards.

The owner of any third party plant will be responsible for transfers of their plant in a timely manner as required by the Distributor.

3.9.1 Miscellaneous Attachments

Owners of miscellaneous equipment wishing to attach to the Distributor's system shall make written application for review and where appropriate approval by the Distributor.

Failure to obtain written authorization from the Distributor and or to enter into a Joint Use Agreement will result in the removal of the equipment and any associated plant by the Distributor at the owner's expense.

3.9.2 Joint Use Agreements

This section pertains to owners of plant who wish to make attachments to the Distribution System which have a direct or indirect influence on the performance, appearance and safety of the support structure or the Distributor's ability to make access and maintain it. For greater clarity this section applies to companies such as communication companies, CATV companies, and municipalities, but may be extended to others interested in making attachments.

All construction, installation and maintenance of attachments by the third party will conform to Ontario Regulation 22/04 and follow the appropriate guidelines. The requirements of Regulation 22/04 provide direction on design, material standards, construction and verification of the installations.

To facilitate good construction and project planning and compliance with Regulation 22/04 any party requesting to make an attachment shall contact the Distributor in writing well in advance of the proposed installation date.

Prior to making any attachments the owner of the plant will be required to enter into a Joint Use Agreement with the Distributor or if a Joint Use Agreement has been previously entered into, to follow the process for new attachments or modifications to existing attachments as specified in the Joint Use Agreement.

The owner of any third party plant shall be responsible to maintain their plant in a safe and proper condition compliant with Regulation 22/04 and the conditions of the Joint Use Agreement.

SECTION 4 GLOSSARY OF TERMS

"Conditions of Service" means the document developed by the distributor in accordance with subsection 2.3 of the Distribution System Code, that describes the operating practices and connection rules for the distributor;

"Condominiums" are located on common land, which is the property of a condominium corporation or is owned by the Owner of all of the units (rental property). These units usually front onto internal roads that are also privately owned;

"Condominium Development" is a structure or complex of structures each containing more than two residential units. A single residential customer would occupy each unit and have direct outside access at ground level;

"Connection" means the process of installing and activating connection assets in order to distribute electricity;

"Connection Agreement" means an agreement entered into between a distributor and a person connected to its distribution system that delineates the conditions of the connection and delivery of electricity to or from that connection;

"Connection assets" means that portion of the distribution system used to connect a customer to the existing main distribution system, and consists of the assets between the point of connection on a distributors' main distribution system and the ownership Demarcation Point with that customer;

"Consumer" means a person who uses, for the person's own consumption, electricity that the person did not generate;

"Customer" means a person that has contracted for or intends to contract for connection of a building or an embedded generation facility. This includes developers of residential or commercial sub-divisions;

"Demand meter" means a meter that measures a consumers' peak usage during a specified period of time;

"Demarcation Point" means the point at which the obligation of the Distributor ends and those of the Customer begin for the purposes of maintenance and repair of the distribution service;

"Disconnection" means a deactivation of connection assets, which results in cessation of distribution services to a consumer;

"Distribute", with respect to electricity, means to convey electricity at voltages of 50 kilovolts or less;

"Distributed Generation" means any type of electrical generator or static inverter producing alternating current that has the capability of Parallel Operation with the LDC distribution system, or is designed to operate separately from the LDC system and can supply a load that can also be fed by the LDC system.

"Distribution losses" means energy losses that result from the interaction of intrinsic characteristics of the distribution network such as electrical resistance with network voltages and current flows;

"Distribution loss factor" means a factor(s) by which metered loads must be multiplied such that when summed equal the total measured load at the supply point(s) to the distribution system.;

"Distribution services" means services related to the distribution of electricity and the services the Board has required distributors to carry out.

"Distribution system / plant" means a system for distributing electricity, and includes any structures, equipment or other things used for that purpose. A distribution system is comprised of the main system capable of distributing electricity to many customers and the connection assets used to connect a customer to the main distribution system;

"Distribution System Code" means the code, approved by the Board, and in effect at the relevant time, which, among other things, establishes the obligations of a distributor with respect to the services and terms of service to be offered to customers and retailers and provides minimum technical operating standards of distribution systems;

"Distributor" means a person who owns or operates a distribution system; "**Electricity**

Act" means the *Electricity Act, 199*8, S.O. 1998, c.15, Schedule A; **"Energy**

Competition Act" means the *Energy Competition Act, 199*8, S.O. 1998, c. 15;

"**Electrical Safety Authority**" or **"ESA"** means the person or body designated under the *Electricity Act* regulations as the Electrical Safety Authority;

"Embedded Distributor" means a distributor who is not a wholesale market participant and that is provided electricity by a host distributor;

"Embedded Generation Facility" means a generator whose generation facility is not directly connected to the IESO-controlled grid but instead is connected to a distribution system;

"Embedded Load Displacement Generation Facility" means an embedded generation facility connected to the customer side of the revenue meter where the generation facility does not inject electricity into the distribution system for the purpose of sale;

"Embedded Market Participant" means a consumer who is a wholesale market participant whose facility is not directly connected to the IESO-controlled grid but is connected to a distribution system;

"Emergency" means any abnormal system condition that requires remedial action to prevent or limit loss of a distribution system or supply of electricity, or that could adversely affect the reliability of the electricity system;

"Emergency backup generation facility" means a generation facility that has a transfer switch that isolates it from a distribution system;

"Enhancement" means a modification to an existing distribution system that is made for purposes of improving system operating characteristics such as reliability or power quality or for relieving system capacity constraints resulting, for example, from general load growth;

"Expansion" means an addition to a distribution system in response to a request for additional customer connections that otherwise could not be made; for example, by increasing the length of the distribution system;

"Feed in Tariff (FIT)" means the provincial Renewable Energy Feed-In Tariff (FIT) Program for the Province (or programs which may operate from time to time) to encourage and promote greater use of renewable energy sources including wind, waterpower, renewable biomass, bio-gas, bio-fuel, landfill gas and solar for electricity generating projects that can be connected to a host facility, a distribution system or the IESO-Controlled Grid, in Ontario. The fundamental objective of the FIT Program, in conjunction with the Green Energy Act (Ontario), is to help facilitate the increased use in the Province of Renewable Generating Facilities of varying sizes, technologies and configurations via a standardized, open and fair process.

"Four-quadrant Interval Meter" means an interval meter that records power injected into a distribution system and the amount of electricity consumed by the customer;

"Generate", with respect to electricity, means to produce electricity or provide ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system;

"Generation Facility" means a facility for generating electricity or providing ancillary services, other than ancillary services provided by a transmitter or distributor through the operation of a transmission or distribution system, and includes any structures, equipment or other things used for that purpose;

"Generator" means a person who owns or operates a generation facility;

"Geographic Distributor" with respect to a load transfer, means the distributor that is licensed to service a load transfer customer and is responsible for connecting and billing the load transfer customer;

"Good Utility Practice" means any of the practices, methods and acts engaged in or approved by a significant portion of the electric utility industry in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgment in light of the facts known at the time the decision was made, could have been expected to accomplish the desired result at a reasonable cost consistent with good practices, reliability, safety and expedition. Good utility practice is not intended to be limited to the optimum practice, method, or act to the exclusion of all others, but rather to be acceptable practices, methods, or acts generally accepted in North America;

"Holiday" means a Saturday, Sunday, statutory holiday, or any day as defined in the Province of Ontario as a legal holiday;

"IESO" means the Independent Electricity System Operator established under the Electricity Act;

"IESO-Controlled Grid" means the transmission systems with respect to which, pursuant to agreements, the IESO has authority to direct operation;

"Interval meter" means a meter that measures and records electricity use on an hourly or sub-hourly basis;

"Large Embedded Generation Facility" means an embedded generation facility with a name-plate rated capacity of 10MW or more;

"Lies Along" means a property can be connected to the distributor distribution system without an expansion or enhancement, and meets the conditions listed in the Conditions of Service of the distributor who owns or operates the distribution line.

"Load Transfer" means a network supply point of one distributor that is supplied through the distribution network of another distributor and where this supply point is not considered a wholesale supply or bulk sale point;

"Load Transfer Customer" means a customer that is provided distribution services through a load transfer;

"Market Rules" means the rules made under section 32 of the *Electricity Act*;

"Measurement Canada" means the Special Operating Agency established in August 1996 by the *Electricity and Gas Inspection Act*, 1980-81-82-83, c. 87, and Electricity and Gas Inspection Regulations (SOR/86-131);

"Medium Sized Embedded Generation Facility" means an embedded generation facility with a name-plate rated capacity of less than 10 MW and:

a) more than 500 kW in the case of a facility connected to a less than 15kV line;
b) more than 1 MW in the case of a facility connected to a 15 kV or greater line;

"Meter Service Provider" means any entity that performs metering services on behalf of a distributor, generator, or registered market participant;

"Meter Installation" means the meter and, if so equipped, the instrument transformers, wiring, test links, fuses, lamps, loss of potential alarms, meters, data recorders, telecommunication equipment and spin-off data facilities installed to measure power past a meter point, provide remote access to the metered data and monitor the condition of the installed equipment;

"Metering Services" means installation, testing, reading and maintenance of meters;

"Micro Embedded Load Displacement Generation Facility" means an embedded load displacement generation facility with a name-plate rated capacity of 10 kW or less;

"Net Metering" means a settlement process for Embedded Generation behind a Load Customer meter as defined by Ontario Regulation 541/05

"Ontario Electrical Safety Code" means the code adopted by O. Reg. 164/99 as the Electrical Safety Code;

"Ontario Energy Board Act" means the *Ontario Energy Board Act, 199*8, S.O. 1998, c.15, Schedule B;

"Operational Demarcation Point" means the physical location at which a distributors' responsibility for operational control of distribution equipment including connection assets ends at the customer;

"Ownership Demarcation Point" means the physical location at which a distributors' ownership of distribution equipment including connection assets ends at the customer;

"Physical Distributor" with respect to a load transfer, means the distributor that provides physical delivery of electricity to a load transfer customer, but is not responsible for connecting and billing the load transfer customer directly;

"Point of Supply" with respect to an embedded generation facility, means the connection point where electricity produced by the generation facility is injected into a distribution system;

"Rate" means any rate, charge or other consideration, and includes a penalty for late payment;

"Rate Handbook" means the document approved by the Board that outlines the regulatory mechanisms that will be applied in the setting of distributor rates;

"Regulations" means the regulations made under the *Act or the Electricity Act*;

"Regulation 22/04" Electrical Distribution Safety: means the regulation made under the Electricity Act establishes objective based electrical safety requirements for the design, construction, and maintenance of electrical distribution systems owned by licensed distributors.

"Retail", with respect to electricity means,

a) To sell or offer to sell electricity to a consumer
b) To act as agent or broker for a retailer with respect to the sale or offering for sale of electricity, or
c) To act or offer to act as an agent or broker for a consumer with respect to the sale or offering for sale of electricity.

"Retail Settlement Code" means the code approved by the Board and in effect at the relevant time, which, among other things, establishes a distributors' obligations and responsibilities associated with financial settlement among retailers and customers and provides for tracking and facilitating customer transfers among competitive retailers;

"Retailer" means a person who retails electricity;

"Service Area" with respect to a distributor, means the area in which the distributor is authorized by its licence to distribute electricity;

"Small Embedded Generation Facility" means an embedded generation facility which is not a micro-embedded generation facility with a name-plate rated capacity of 500 kW or less in the case of a facility connected to a less than 15 kV line and 1MW or less in the case of a facility connected to a 15 kV or greater line;

"Smart Meter" means a device that measures electrical energy use (kilowatt-hours, kWh) on an hourly or sub-hourly basis and is part of an integrated data management system. The meter records, stores and transmits date and time-stamped meter readings to a utility's computer to facilitate Time-of-Use and Hourly billing. Smart meters may also include other capabilities and features to aid in load management and energy conservation.

"Standard Offer" means a settlement process for distribution connected Embedded Generation under contract for supply with the Ontario Power Authority.

"Total losses" means the sum of distribution losses and unaccounted for energy;

"Townhouses" are usually a free hold property, the land is owned by the individual Owners of each unit, fronting onto a municipal street;

"Townhouse Development" is a structure or complex of structures each containing more than two residential units. A single residential customer would occupy each unit, and have direct outside access at ground level;

"Transmission System" means a system for transmitting electricity, and includes any structures, equipment or other things used for that purpose;

"Transmission System Code" means the Board approved code that is in force at the relevant time, which regulates the financial and information obligations of the Transmitter with respect to its relationship with customers, as well as establishing the standards for connection of customers to, and expansion of a transmission system;

"Transmit" with respect to electricity, means to convey electricity at voltages of more than 50 kilovolts;

"Transmitter" means a person who owns or operates a transmission system;

"Unaccounted-for Energy" means all energy losses that cannot be attributed to distribution losses. These include measurement error, errors in estimates of distribution losses and un-metered loads, energy theft and non-attributable billing errors;

"Un-metered loads" means electricity consumption that is not metered and is billed based on estimated usage;

"Validating, Estimating and Editing (VEE)" means the process used to validate, estimate and edit raw metering data to produce final metering data or to replicate missing metering data for settlement purposes;

"Wholesale Market Participant" means a person that sells or purchases electricity or ancillary services through the IESO-administered markets;

SECTION 5 APPENDICIES

Contact Information

Distribution Connection Process

Request For Connection Form

Electrical Planning Requirements Document

Electric Service Meter Base/ Service Verification Form

POLICIES Relevant to Conditions of Service – Contact LDC to obtain the most recent copy of the policy

Policy 6.0 – Security Deposit

Policy 6.2 – Billing and Payment

Policy 8.1 – Disconnection/Reconnection

Policy 9.3 – Environmental Policy

Contact Information

Local Distribution Company	Contact Phone Number	
Centre Wellington Hydro Ltd. Licence # ED-2002-0498	Phone: (519) 843-2900	730 Gartshore Street, Box 217 Fergus, Ont. N1M 2W8
COLLUS Power Corp. Licence # ED-2002-0518	Phone: (705) 445-1800	Box 189, 43 Stewart Road Collingwood, Ont. L9Y 3Z5
Innisfil Hydro Distribution Systems Limited. Licence # ED-2002-0520	Phone: (705) 431-4321	2073 Commerce Park Drive Innisfil, Ont. L9S 4A2
Lakefront Utilities Inc. Licence # ED-2002-0545	Phone: (905) 372-2193	207 Division St. P.O. Box 577 Cobourg, Ont. K9A 4L3
Lakeland Power Distribution Ltd. Licence # ED-2002-0540	Phone: (705) 789-5442	5-45 Cairns Cres. Huntsville, Ont. P1H 2M2
Midland Power Utility Corporation Licence # ED-2002-0541	Phone: (705) 526-9361	16984 Highway #12 Midland, Ont. L4R 4P4
Orangeville Hydro Ltd. Licence # ED-2002-0500	Phone: (519) 942-8000	P.O. Box 400 - 400 C Line Orangeville, Ont. L9W 2Z7
Parry Sound Power Corporation Licence # ED-2003-0006	Phone: (705) 746-5866	125 William Street Parry Sound, Ont. P2A 1V9
Rideau St. Lawrence Distribution Inc. Licence # ED-2003-0003	Phone: (613) 925-3851	985 Industrial Rd. P.O. Box 699 Prescott, Ont. K0E 1T0
Wasaga Distribution Inc. Licence # ED-2002-0544	Phone: (705) 429-2517	950 River Road West P.O. Box 20 Wasaga Beach, Ont. L9ZL 1A2
Wellington North Power Inc. Licence # ED-2002-0511	Phone: (519) 323-1710	290 Queen Street West, P.O. Box 359 Mount Forest, Ont. N0G 2L0
West Coast Huron Energy Inc. Licence # ED-2002-0510	Phone: (519) 524-7371	57 West Street Goderich, Ont. N7A 2K5

Note: Licence Numbers published by OEB as of May 8, 2008

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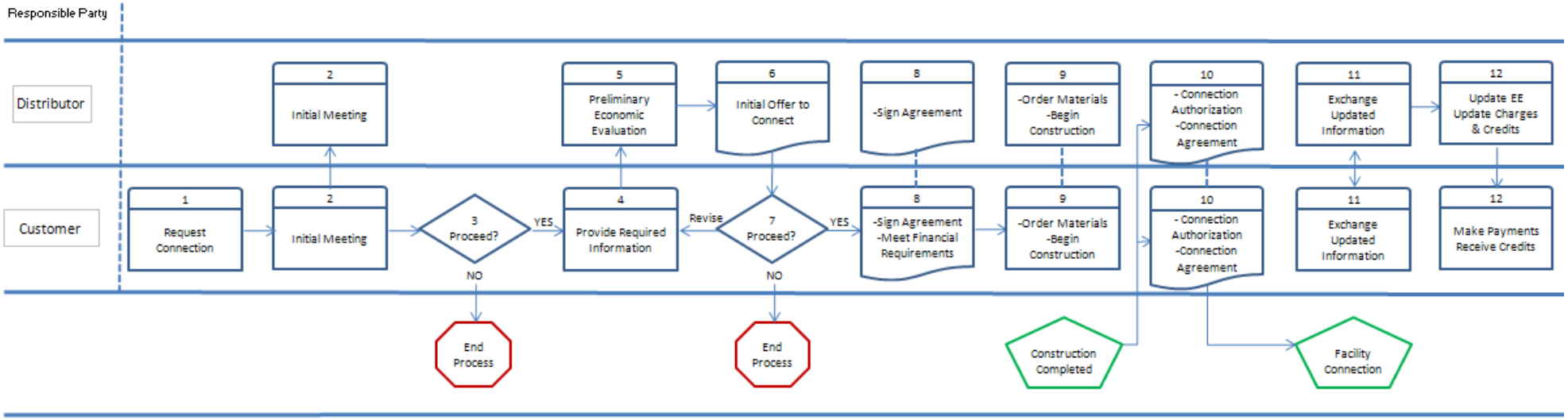
Distribution Connection

For Generation please see the CHEC Generation Guide

Distribution Connection
Developments & General Service Customers



Distribution Connection
Developments & General Service Customers

If you are planning on building a Subdivision, Commercial Building, or an Industrial Development, the process of connecting to the Local Distribution Infrastructure will require coordination with the Distributor.

The following information in conjunction with the preceding chart is designed to assist the parties in meeting their respective obligations and facilitate the required connection. It is important to note although the steps identified in both the chart and the following descriptions need to be followed in proper order, some of the steps may be combined to help speed up the process if all the required information is provided in a timely manner.

Step 1 – Request for Connection

Customer submits a connection request to the Distributor. Initial request should at a minimum include the following information:

- Location of proposed development
- General description of development
- Proposed construction date
- Contact information for Development

Step 2 – Initial Meeting

Customer and Distributor meet to review proposed new development and connection requirements. Initial meeting will provide both parties with an opportunity to gain a better understanding of the proposed development and identify any issues related to timing and connection to the Distribution System.

Based on the information provided by the customer prior to the meeting, the Distributor will be able to provide at a high level:

- An initial concept of the type of work that may be required to facilitate a connection. ie:
    - Extension of an existing Feeder
    - Potential requirement for a new DS
    - Add a second or third phase to an existing feeder
- An understanding of the of the customer responsibilities
- An understanding of what must be managed by the Distributor
- An understanding of what may be contracted by the customer
- An estimated timeline required to provide connection facilities
- An initial estimate of required expansion costs – note: more detailed estimates on costs will be provided with the Offer to Connect should the Customer choose to continue to Step 4.

Step 3 – Customer Decision

Based on the results of the initial meeting, the Customer decides on proceeding with the process or withdrawing their Request for Connection.

Step 4 – Customer Provides Required Information

If the Customer decides to proceed with the process for acquiring a connection, the Customer notifies the Distributor and provides the relevant detailed information as noted below:

- A statement noting if the Customer intends on managing the contestable work noted during the consultation
- Number of Residential Connections
- Residential – Type, Number, and size of units
- Number of Commercial / Industrial Connections
- Estimated Average Monthly consumption (at minimum winter & summer estimates)
- Estimated annual facility connections over five years from date of LDC system connection

The following information is also required however the Distributor reserves the right to perform the work internally or through an external consultant:

- Design and engineering specifications including but not limited to stamped site service drawings
- Determination of required Transformation based on estimated building loads
- Estimated Capital costs of facilities which would be assumed by the Distributor following energization

To assist the Customer in providing the required information, a submission summary sheet is provided as an attachment to this document.

Step 5 – Preliminary Economic Evaluation

Upon receipt of the required information from the Customer, if an expansion of the distribution system is required, the Distributor will perform a preliminary Economic Evaluation following the process as required in the Distribution System Code.

The Preliminary Economic Evaluation will assist the Distributor in calculating what (if any) portion of the Capital Costs the LDC will invest and will be used in the preparation of the Offer to Connect.

Step 6 – Offer to Connect

Using the information provided by the Customer, and following the completion of the Preliminary Economic Evaluation, the Distributor will prepare an "Offer to Connect". The Offer to Connect will contain the following information:

- A statement as to whether the offer is a firm offer or an estimate to be revised after the actual costs are known
- The amount of Capital Contribution that will be required from the Customer
- The amount of the Expansion Deposit that will be required from the Customer
- A description of the costs related to the Capital Contribution
- The costs for inspections
- A description of the deliverables required from the Customer before Connection
- An estimated Connection Date

Step 7 – Customer Decision

Customer Reviews Offer to Connect and decides if they would like to continue with the project as planned. Three options are available to the Customer:

- Customer elects to drop the project a notice of withdrawal of the Request for Connection shall be provided to the Distributor.
- Customer would like to revise their Connection request, a notice informing the Distributor of the requested changes shall be provided to the Distributor (go back to Step 4)
- Customer agrees with the Offer to Connect,

Step 8 – Construction Agreement
Once the Customer accepts the Distributor's Offer to Connect, the parties shall enter into an agreement covering the construction and connection requirements and responsibilities.
The Customer and the Distributor sign the agreement and the Customer provides the financial deposits and/or guarantees as required.

Step 9 – Construction
Following receipt of signed Construction Agreement and required financial deposits and/or guarantees from the Customer, both parties shall begin ordering materials and begin construction.

Step 10 – Connection Authorization
Once construction is completed, both parties will ensure that inspections are completed and all required connection authorizations are in place. After receipt of a signed connection agreement and any additional financial contributions, the Distributor will authorize and connect the facility. If the customer is coordinating the work on the expansion facilities within the development, the customer is also required to provide "As-Built" drawings and a detailed material listing to ensure the Distributor has sufficient information in hand to verify system security prior to energization.

Step 11 – Exchange Updated Information
The Customer and the Distributor shall exchange any required updated information on the project including, but not limited to:
- All applicable Connection Authorizations
- All applicable Warranties
- Any new information that was provided as an estimate in Step 4
- Actual costs of any "capital works" related to the expansion facilities within the development
- Detailed site plan with appropriate Municipal Address information for individual services

Step 12 –Updated Economic Evaluation
As required, the Distributor shall recalculate the Preliminary Economic Evaluation using actual information acquired during and following the construction process.

If the development includes estimated connections that are not energized at the time of the initial Connection, the Distributor shall re-run the Economic Evaluation on an annual basis using actual customer connection information during the five (5) year connection horizon used in the initial Economic Evaluation.

Request for Connection – Sample Form

Development Name:	
Site Plan Identification	

Contact Information:

Contact Name:	
Street:	
Town:	
Postal Code:	

Requested Connection Date:	
Multi-Phase Development?	Y / N
If YES - Identify Phase	

Type & Number of Connections:

		Average Monthly Consumption Per Unit - Winter	Per Unit - Summer
Residential:		kWh's	kWh's
Commercial:		kWh's	kWh's
Industrial:		kWh's	kWh's

Residential Dwelling Design:	Town Homes	
	Semi-Detached	
	< 1,500 SqFt Single Dwellings	
	>1,500 <3,500 SqFt Single Dwellings	
	> 3,500 SqFt Single Dwellings	

Connection Horizon

Year 1		
Year 2	Estimated connections in 1st year	
Year 3	Estimated connections in 2nd year	
Year 4	Estimated connections in 3rd year	
Year 5	Estimated connections in 4th year	
	Estimated connections in 5th year	

Capital Costs:		
	Distribution Infrastructure:	
	Transformers:	
	Ducts & Structures:	

Date: Submitted:	
Submitted By:	
Signature:	

Electrical Planning Requirements

It is essential that the following information be provided to:

a) enable an assessment to be made on the impact of the proposed project on the Electrical Distribution System.
b) enable the Distributor to prepare pertinent information for the developer.

Please supply answers to the following questions as soon as possible as electrical planning cannot proceed until the Distributor has reviewed this information.

Preliminary electrical site plan drawings are to be submitted together with this form. Electrical drawings are to be submitted to the Distributor for Approval prior to any related job tenders or the commencement of any electrical construction. The drawings shall be drawn to a scale usable by the Distributor shall show local pole locations, proposed transformer location, proposed electrical room/metering location and show how access to the metering would be gained (i.e.: the path to the metering).

Electrical site plan drawings are to be submitted to the Distributor on one (1) Paper copy and in an electronic format as approved by the Distributor.

Project Location: **(Municipal Address)**

Name of Project: _____

Name of Applicant: _____

Address: _____

Contact Name: _____

Address: _____

E-Mail: _____

Telephone: (___) _____ **Fax:** (___) _____

Service Classification (☒ as many as apply):

- ☐ Residential
- ☐ General Service < 50kW
- ☐ General Service > 50kW
- ☐ General Service >500kW
- ☐ Unmetered or Miscellaneous Load
- ☐ Temporary Service

What service voltage is required (☒ one only):

- ☐ 120/240 Volt Single Phase
- ☐ 120/208 Volt Three Phase
- ☐ 347/600 Volt Three Phase
- ☐ Primary

Required In-Service Date:
Month / Day / Year _____/_____/_____

Service Entrance Switchboard with Utility CT and PT Compartment ☐ Yes ☐ No

Capacity of Main Service (in Amperes):
Maximum rated capacity: _____

Estimated Connected Load in kW:
Maximum initial Load: _____ kW
Maximum Future Load: _____ kW

Metering Type (☒ one only):

- ☐ Single Meter
- ☐ Multiple Meters

Quantity of Meter installations

100A or less: _____
101A to 200A: _____
more than 200A: _____

Comments: **Please use the back of this form for comments**

Signed: _____ **Date:** _____
(Representative of Applicant)
Name: _____ **Title:** _____

Electric Service Meter Base/Municipal Address Verification Form – Sample

LOCAL DISTRIBTUION COMPANY NAME: _____

This Form **MUST** be completed by the Owner and/or their Electrical Contractor if applicable prior to service connection.

Electric Service Civic Address: _____

Name of Owner: _____

Telephone: _____ **Fax:** _____

Name of Contractor: _____

Telephone: **Fax:**

In area (A) provided below, carefully sketch the Front View layout of the Electric Meter Base(s).
Match the corresponding (B) **BILLING ADDRESS (INCLUDE UNIT #)** for each meter base(s) shown in (A).

(A) Front View of Electric Meter Base(s)	(B) Billing Address
	1)
	2)
	3)
	4)
	5)
	6)
	7)

The following terms are agreed upon by the undersigned at the time of submitting the form:

1. That all information contained on the form is accurate.
2. That if any information is determined to be inaccurate, the Utility will not be able to energize the service connection(s).
3. That if any information has to be corrected by Utility personnel there will be applicable charges to prepare the amended form.
4. That an amended form must be signed and returned along with payment of any applicable invoice, as per note 3, prior to further consideration as to the activation of the service connection.

I/We the undersigned, acknowledge the information provided above has been verified and is accurate.

Signature of Owner: _____ **Date:** _____

Signature of Contractor: _____ **Date:** _____

Cornerstone Hydro Electric Concepts Association Inc.

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Appendix 4

Summary of Changes in Goderich Hydro
Condition of Services

PLANNED CHANGES IN CONDITIONS OF SERVICE AND SERVICE CHARGES

Goderich Hydro (in conjunction with the Corner Stone Group reviews its Conditions of Service periodically as required by the Distribution System Code.

Goderich Hydro is requesting no changes to its currently approved Specific Service Charges.

LIST OF WITNESSES

To be provided if oral hearing occurs.

SUMMARY OF THE APPLICATION

Introduction

Goderich Hydro estimates that its present rates, using current load forecast, will produce a Base Revenue Requirement of $2,242,182 and a deficiency in distribution revenue of $520,252 for the 2013 Test Year. This cost of service rate application is the first cost of service application since the F3 Tornado devastated not only the Town of Goderich but the Hydro infrastructure. Goderich Hydro was last rebased in 2009.

Prior to the Tornado Goderich Hydro was an efficient well run utility with a focus on systematically upgrading their aging infrastructure. This event caused us an initial capital expenditure of $1,200.000 and an increase in OM&A of $215,794 ("Z" factor). The ongoing Tornado related capital requirements are expected to be an additional $2,000,000 which are highlighted in this application

Today, Goderich Hydro has 12 employees who are responsible for the operations, customer service, collections, metering and accounting. All other functions are outsourced to third parties.

Goderich Hydro retained Elenchus in 2012 to perform a Cost Allocation Study; we felt that this was prudent due to the changes in our customer base caused by the Tornado where business and residential buildings were demolished.

CGAAP Transition to IFRS

Goderich Hydro has moved to Modified IFRS and the proforma financial statements have been adjusted accordingly. The transition date is January 1st, 2012

Significant Customer Changes

The changes from 2007-2013 forecast incorporate small residential loss of 149,803 kWh. This small reduction in consumption was experienced in all classes with the exception of the large user who is expecting an increase due to two new continuous miners which will increase demand by 3 Megs. These two miners where expected to commence operations by September 2012 but they have yet to be commissioned. Existing conservation and demand management ("**CDM**") programs will also have an impact on the future demand. Goderich Hydro has also felt the impact of the slowdown in the economy and resulting impact from the Tornado. A large industrial customer, Volvo, closed down in 2010.
The Load Forecast was completed by a third party independent consultant.

Customer Count Summary

	2006	2007	2008	2009	2010	2011	2012	2013
Residential	3257	3290	3315	3231	3237	3198	3202	3234
GS<50	499	503	502	474	483	468	457	461
GS>50 TO 999kW	42	47	51	50	49	46	46	46
Greater than 1,000 to 4,999kW	3	3	3	3	2	3	3	3
Large User	1	1	1	1	1	1	1	1
Unmetered Scatter Load - # connections	9	9	6	4	4	4	4	4
Sentinel Lighting - # connections	13	13	13	13	13	7	8	8
Street Lighting - # connections	1333	1333	1286	1280	1280	1293	1298	1298
Total	5157	5199	5177	5056	5069	5020	5019	5055

PURPOSE AND NEED

West Coast Huron Energy estimates that its present rates will produce a deficiency in distribution revenue of $520,252 for the 2013 Test Year. To determine this amount, West Coast Huron Energy used its forecast throughput and demand allocated using the existing rates applicable. Excluded from this estimate is the impact of energy costs. West Coast Huron Energy therefore seeks the Board's approval to revise its rates applicable to its distribution of electricity. The issues to be reviewed in this case, as West Coast Huron Energy sees them, are discussed below.

Through this Application, West Coast Huron Energy seeks:

- To recover:
  - Revenue deficiency arising from changes in OM&A, Amortization (under modified IFRS), Rate of Return and PILS

- To change:
  - Total Loss Factor
  - Retail Transmission Rates

- To reflect:
  - Just and reasonable Distribution Rates that have been filed in accordance with the Ontario Energy Board Filing Requirements for Distribution Rate Applications

The information used in this Application is West Coast Huron Energy's forecasted results for its 2013 Test Year. With the rates presently in effect, West Coast Huron Energy estimates that its revenue for 2012 would not be sufficient to provide a reasonable return. West Coast Huron Energy is also presenting the historical actual information for fiscal 2009, 2010, 2011 and a 2012 forecast.

TIMING

The financial information supporting the Test Year for this Application will be West Coast Huron Energy's fiscal year ending December 31, 2013 (the "2013 Test Year"). However, this information will be used to set rates for the period May 1, 2013 (or whenever approved) to April 30, 2013. The Test Year revenue requirement is that forecast by West Coast Huron Energy as needed to enable it to earn a reasonable return for fiscal 2013.

CUSTOMER IMPACT

The impact of the proposed on Goderich Hydro's customers is such that Board Policy would seek a mitigation plan to reduce the impact below 10%. Goderich Hydro feels that a specific mitigation plan is not required in these circumstances. The increase can be justified due to the August 21st 2011 F3 Tornado which caused massive damage to both the Town and the Goderich Hydro Infrastructure - including the loss of plant, the building and several customers. This extraordinary event has produced, not only an immediate financial impact on the rate base and

O&M costs, but, the ongoing necessity of rebuilding assets has produced unusual expenditure both in operations and capital. Under these exceptional circumstances Goderich Hydro considers the proposed increase acceptable and is not proposing any rate mitigation measures.

Goderich Hydro would also note that a portion of the rate impact is a result of the inclusion of smart meters in rate base which is required as part of Board direction.

Goderich Hydro has attempted to limit the overall impact on customers and would consider the possibility of extending the recovery from some of the deferral and variance accounts over a longer timeframe.

The impact on each rate class is described below.

Residential:

The proposed changes to Residential are summarized below.

	2012 Board Approved	2013 Proposed	% change
Service Charge	$14.20	$17.67	24.44%
Distribution Volumetric Rate	$.0184	$0.0229	24.46%

In order to adjust the fixed cost recovery through the monthly fixed charge, West Coast Huron Energy is proposing to increase the monthly customer charge by $3.47 in the 2013 test year.

The impact on a typical residential customer is an increase of $7.07 on total bill. The overall bill impact on a typical Residential customer is shown in detail in Exhibit 8, Tab 1, Schedule 8.

GS<50 kW:

The proposed changes to GS<50 kW are summarized below.

	2012 Board Approved	2013 Proposed	% change
Service Charge	$33.72	$37.00	9.72%
Distribution Volumetric Rate	$0.0116	$0.0142	22.21%

In order to adjust the fixed cost recovery through the monthly fixed charge, West Coast Huron Energy is proposing to increase the monthly customer charge by $3.28 in the 2013 test year.

The overall bill impact on a typical GS<50 kW customer is shown in detail in Exhibit 8, Tab 1, Schedule 8.

GS 50 to 499 kW:

The proposed changes to GS>50 to 499 kW are summarized below.

	2012 Board Approved	2013 Proposed	% change
Service Charge	$396.04	$396.04	0%
Distribution Volumetric Rate	$1.7594	$1.7549	-0.26%

West Coast Huron Energy is not proposing to increase the monthly customer fixed charge of $396.04 in the 2013 test year. We are proposing a reduction of the Volumetric rate to $1.7549 which is a reduction of -0.26% as a result of the Cost Allocation filing included in this application.

GS 500 to 4999 kW:

There are no proposed changes to in the GS 500 to 4999 kW Class, the rates are summarized below.

	2012 Board Approved	2013 Proposed	% change
Service Charge	$2,974.29	$2,974.29	0%
Distribution Volumetric Rate	$1.5123	$1.5123	0%

Large Use:

The proposed changes to Large Use are summarized below.

	2012 Board Approved	2013 Proposed	% change
Service Charge	$9,509.57	$9,509.57	0%
Distribution Volumetric Rate	$1.2431	$2.1531	73.20%

The impact on a typical Large Use customer is an increase of 73.20% on the variable portion of the bill. The Cost Allocation Study shows that the Service Revenue Requirement/Revenue to Cost is only at .80 which is below the Target Range of .85 to 1.15. West Coast Huron Energy feels that this class should remain below the Target range for this Application

Street Lighting:

The proposed changes to Street Lighting are summarized below.

	2012 Board Approved	2013 Proposed	% change
Service Charge per connection	$1.97	$3.99	102.54%
Distribution Volumetric Rate	$10.8387	$21.818	102.31%

Explanation; In order to adjust the fixed cost recovery through the monthly fixed charge; Goderich Hydro is proposing to increase the monthly customer charge by $2.02 which is an increase of 102.54% in their fixed charges in the 2013 test year.

The increase in the volumetric charges increases the rate to $21.818 which is an increase of 102.31%. These new rates still place Street Lighting at the .70 of the Revenue to Cost ratio which is still at the bottom of the Target Range.

Sentinel Lighting:

The proposed changes to Sentinel Lighting are summarized below.

	2012 Board Approved	2013 Proposed	% change
Service Charge	$5.69	$29.80	430.05%
Distribution Volumetric Rate	$10.8387	$0	-100%

Explanation; In order to adjust the fixed cost recovery through the monthly fixed charge; Goderich Hydro is proposing to increase the monthly customer charge by $24.11 in the 2013 test year.

The overall bill impact on a typical Sentinel Lighting connection is shown in detail in Exhibit 8, Tab 1, Schedule 8.

Unmetered Scattered Load:

The proposed changes to Unmetered Scattered Load are summarized below.

	2012 Board Approved	2013 Proposed	% change
Service Charge	$33.73	$23.03	-31.72%
Distribution Volumetric Rate	$0.0299	$0.0204	-31.8%

The overall bill impact on a typical Unmetered Scattered Load customer is shown in detail in Exhibit 8, Tab 1, Schedule 8.

Specific Service Charges

West Coast Huron Energy proposes no change to its currently approved Specific Service Charges and a minor change to the loss factor listed below. Details can be found in Exhibit 8, Schedule 6, Tab 1. The Charges are listed below.

West Cost Huron energy		
Tariff of Rates and Charges		
Effective January 1, 2013		
Implementation May 1, 2013		
This schedule supersedes and replaces all previously		
approved schedules of Rates, Charges and Loss Factors		
		Proposed
Residential	**UOM**	**Rate**
Service Charge	$	17.67
Distribution Volumetric Rate	$/kWh	0.0229
Smart Meter Charge Disposition Charge	$	0.83
Stranded Meter Recovery Charge	$	2.30
Rate Rider for Extraordinary Event effective until April 30, 2017	$	1.11
Rate Rider LRAM and SSM effective until April 30, 2015	$/kWh	0.0006
Rate Rider for Global Adjustment Sub-Account effective until April 30, 2014	$/kWh	- 0.0020
Rate Rider for Deferral/Variance Account Disposition effective until April 30, 2014	$/kWh	0.0031
Retail Transmission Rate – Network Service Rate	$/kWh	0.0072
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0058
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	$	0.2500
General Service Less Than 50 kW		
Service Charge	$	37.00
Distribution Volumetric Rate	$/kWh	0.0142
Smart Meter Charge Disposition Charge effective until April 30, 2014	$	0.83
Stranded Meter Recovery Charge effective until April 30, 2015	$	2.30
Rate Rider for Extraordinary Event effective until April 30 , 2017	$	2.47
Rate Rider LRAM and SSM effective until April 30, 2015	$/kWh	0.0012
Rate Rider for Global Adjustment Sub-Account effective until April 30, 2014	$/kWh	- 0.0020
Rate Rider for Deferral/Variance Account Disposition effective until April 30, 2014	$/kWh	0.0040
Retail Transmission Rate – Network Service Rate	$/kWh	0.0066
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0051
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0011

Standard Supply Service - Administrative Charge (if applicable)	$	0.25
General Service 50 to 499 kW		
Service Charge	$	396.04
Distribution Volumetric Rate	$/kW	1.7549
Rate Rider for Extraordinary Event effective until April 30 , 2017	$	19.11
Rate Rider LRAM and SSM effective until April 30, 2015	$/kW	0.0625
Rate Rider for Global Adjustment Sub-Account effective until April 30, 2014	$/kW	- 0.5279
Rate Rider for Deferral/Variance Account Disposition effective until April 30, 2014	$/kW	1.4276
Retail Transmission Rate – Network Service Rate	$/kW	2.6317
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	2.0542
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	$	0.2500
General Service 500 to 4,999 kW		
Service Charge	$	2974.29
Distribution Volumetric Rate	$/kW	1.5123
Rate Rider for Extraordinary Event effective until April 30 , 2017	$	126.08
Rate Rider for Global Adjustment Sub-Account effective until April 30, 2014	$/kW	-0.8278
Rate Rider for Deferral/Variance Account Disposition effective until April 30, 2014	$/kW	1.9743
Retail Transmission Rate – Network Service Rate	$/kW	2.7951
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	2.252
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	$	0.25
Large Use		
Service Charge	$	9,509.57
Distribution Volumetric Rate	$/kW	2.1531
Rate Rider for Extraordinary Event effective until April 30 , 2017	$	990.96
Rate Rider for Deferral/Variance Account Disposition effective until April 30, 2014	$/kW	1.0108
Retail Transmission Rate – Network Service Rate	$/kW	3.0952
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	2.5750
Wholesale Market Service Rate	$/kWh	0.0052
Rural Rate Protection Charge	$/kWh	0.0011

Standard Supply Service - Administrative Charge (if applicable)	$	0.2500
Street Lighting		
Service Charge (per connection)	$	3.99
Distribution Volumetric Rate	$/kW	21.8180
Rate Rider for Extraordinary Event effective until April 30 , 2017	$	0.25
Rate Rider for Global Adjustment Sub-Account effective until April 30, 2014	$/kW	-0.7052
Rate Rider for Deferral/Variance Account Disposition effective until April 30, 2014	$/kW	0.9552
Retail Transmission Rate – Network Service Rate	$/kW	1.9848
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.6211
Wholesale Market Service Rate	$/kW	0.0052
Rural Rate Protection Charge	$/kW	0.0011
Standard Supply Service - Administrative Charge (if applicable)	$	0.25
Sentinel Lighting		
Service Charge (per connection)	$	30.16
Distribution Volumetric Rate	$/kW	0
Rate Rider for Extraordinary Event effective until April 30 , 2017	$	1.00
Rate Rider for Global Adjustment Sub-Account effective until April 30, 2014	$/kW	0
Rate Rider for Deferral/Variance Account Disposition effective until April 30, 2014	$/kW	-0.0019
Retail Transmission Rate – Network Service Rate	$/kW	1.7527
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kW	1.4208
Wholesale Market Service Rate	$/kW	0.0052
Rural Rate Protection Charge	$/kW	0.0011
Standard Supply Service - Administrative Charge (if applicable)	$	0.25
Unmetered Scattered Load		
Service Charge	$	23.03
Distribution Volumetric Rate	$/kWh	0.0204
Rate Rider for Extraordinary Event effective until April 30 , 2017	$	6.17
Rate Rider for Deferral/Variance Account Disposition effective until April 30, 2014	$/kWh	0.0004
Retail Transmission Rate – Network Service Rate	$/kWh	0.0066
Retail Transmission Rate – Line and Transformation Connection Service Rate	$/kWh	0.0051
Wholesale Market Service Rate	$/kWh	0.0052

Rural Rate Protection Charge	$/kWh	0.0011
Standard Supply Service - Administrative Charge (if applicable)	$	0.25
microFIT Generator Service Classification		
Service Charge	$	5.25
Allowances		
Transformer Allowance for Ownership - per kW of billing demand/month	$/kW	(0.60)
Primary Metering Allowance for transformer losses - applied to measured demand and energy	%	(1.00)
Specific Service Charges		
Note - specific charges for each distributor		
Customer Administration		
Arrears Certificate	$	15.00
Account set up charge/change of occupancy charge (plus credit agency costs if applicable)	$	30.00
Special Meter Reads	$	15.00
Meter dispute charge plus Measurement Canada Fees (if meter found correct)	$	30.00
Non-Payment of Account		
Late Payment - Per month	%	1.50
Late Payment - Per annum	%	19.56
Collection of account charge-no disconnection	$	30.00
Disconnect/Reconnect at meter-during regular hours	$	65.00
Disconnect/Reconnect at meter-after regular hours	$	185.00
Disconnect/Reconnect at pole-during regular hours	$	185.00
Specific Charge for Access to the Power Poles $/pole/year	$	22.35
Retail Service Charges (if applicable)		
Retail Service Charges refer to services provided by a distributor to retailers or customers related to the supply of competitive electricity		
One time charge, per retailer, to establish the service agreement between the distributor and the retailer	$	100
Monthly fixed charge, per retailer	$	20
Monthly variable charge, per customer, per retailer	$/cust.	0.5
Distributor consolidated billing charge per customer per retailer	$/cust.	0.3
Retailer consolidated billing credit per customer per retailer	$/cust.	(0.3)
Service Transaction Requests		
Request fee, per request, applied to the requesting party	$	0.25
Processing fee, per request, applied to the requesting party	$	0.50

Request for customer information as outlined in Section 10.6.3 and Chapter 11 of the Retail		
Settlement Code directly to retailers and customers, if not delivered electronically through the		
Electronic Business Transaction (EBT) system, applied to the requesting party		
Up to twice a year	$	no charge
More than twice a year, per request (plus incremental delivery costs)	$	2.00
LOSS FACTORS		
If the distributor is not capable of prorating changed loss factors jointly with distribution rates, the revised loss factors		
Total Loss Factor -- Secondary Metered Customer < 5,000 kW		1.0453
Total Loss Factor -- Secondary Metered Customer > 5,000 kW		1.0106
Total Loss Factor -- Primary Metered Customer < 5,000 kW		1.0448
Total Loss Factor -- Primary Metered Customer >5,000 kW		1.0045

BUDGET DIRECTIVES

Revenue Forecast

Energy sales and revenue forecasts were compiled to reflect the most recent information available. Historical sales were normalized for a weather correction as outlined in Exhibit 3, Schedule 2. The normalized consumption was used to prepare the revenues sales and throughput volume and revenue forecast at existing rates for fiscal 2013.

Operating and Maintenance Expense Forecast

The operating and maintenance expenses for fiscal 2012 Bridge year and the 2013 Test year have been incorporated into the revenue requirement contained within this application.

Capital Budget

All capital expenditures are budgeted on a line by line basis based on need and forecasted customer growth. Details on capital projects can be found in Exhibit 2, Tab 2, Schedule 3.

CHANGES IN METHODOLOGY

The following is a summary of the changes in methodology requested by Goderich Hydro in the current proceeding:

a) Capital Structure
Goderich Hydro plans to use the Board's deemed structure.

b) Return on Equity
Goderich Hydro has used the most recent Board approved methodology for determining the return on equity in this Application.

c) Return on Debt
Goderich Hydro has applied the most recent Board prescribed rates for short and long-term debt.

d) Interest Rate Applicable to Deferral/Variance Accounts
Goderich Hydro has applied no change to the current methodology in existence for Deferral/Variance Account interest rates in this application.

e) Cost Allocation & Fully Allocated Costing Study
Goderich Hydro did complete a cost allocation study. Goderich Hydro has included in this application a Cost Allocation study that meets with the guidelines.

DETAILS OF CAUSES OF DEFICIENCY IN 2013 TEST YEAR

The deficiency of $520,252 (Exhibit 6) is the result of the combination of a number of factors – some of which are identified below.

Factors that tended to increase the revenue requirement include:

- Replacement of our operations center which was demolished by the Tornado;
- The increased asset base resulting from the replacement of Distribution Assets due to the Tornado. Inflation; and,
- Additional requirements related to smart meters and other regulatory changes and requirements.

Another factor that has contributed to the deficiency is the change in forecast as customers of all classes that have left the system or reduce their demand and consumption.

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Service Quality Indicators 2011 Goderich Hydro

Service Reliability Indices with Code 2 Outages

Month	Total Customer Hours of Interruption	Total Customer Interruptions	Total Number of Customers	SAIDI	SAIFI	CAIDI
January	0	0	3783	0.00	0.00	0.00
February	10	4	3781	0.00	0.00	2.50
March	7	2	3785	0.00	0.00	3.50
April	4729	3782	3781	1.25	1.00	1.25
May	2594	7577	3785	0.69	2.00	0.34
June	4111	3870	3786	1.09	1.02	1.06
July	23	19	3785	0.01	0.01	1.21
August	185129	3787	3786	48.90	1.00	48.89
September	0	0	3680	0.00	0.00	0.00
October	0	0	3692	0.00	0.00	0.00
November	0	0	3691	0.00	0.00	0.00
December	0	0	3711	0.00	0.00	0.00
Totals	**196603**	**19041**	**45046**			

Service Quality Indicators 2010 Goderich Hydro

Service Reliability Indices with Code 2 Outages

Month	Total Customer Hours of Interruption	Total Customer Interruptions	Total Number of Customers	SAIDI	SAIFI	CAIDI
January	0	0	3775	0.00	0.00	0.00
February	36	2001	3775	0.01	0.53	0.02
March	2	5	3777	0.00	0.00	0.40
April	6	3	3778	0.00	0.00	2.00
May	0	0	3778	0.00	0.00	0.00
June	92	48	3780	0.02	0.01	1.92
July	1	2	3783	0.00	0.00	0.50
August	6	12	3783	0.00	0.00	0.50
September	0	0	3786	0.40	0.00	0.00
October	42	37	3787	0.01	0.01	1.14
November	0	0	3788	0.00	0.00	0.00
December	9	6	3784	0.00	0.00	1.50
Totals	**194**	**2114**	**45374**			

Service Quality Indicators 2009 Goderich Hydro

Service Reliability Indices with Code 2 Outages

Month	Total Customer Hours of Interruption	Total Customer Interruptions	Total Number of Customers	SAIDI	SAIFI	CAIDI
January	0	0	3772	0.00	0.00	0.00
February	14	11	3770	0.00	0.00	1.27
March	0	0	3770	0.00	0.00	0.00
April	3300	2500	3771	0.88	0.66	1.32
May	0	0	3771	0.00	0.00	0.00
June	3	1	3774	0.00	0.00	3.00
July	1	1	3774	0.00	0.00	1.00
August	1800	1200	3774	0.48	0.32	1.50
September	1500	3	3773	4.00	0.00	500.00
October	2018	1565	3772	0.53	2.01	0.27
November	4	15	3772	0.00	0.00	0.27
December	0	0	3773	0.00	0.00	0.00
Totals	**8640**	**5296**	**45266**			

AUDITED FINANCIAL STATEMENTS

West Coast Huron Energy Inc.
Financial Statements
December 31, 2011

Takalo & Burt
CHARTERED ACCOUNTANTS

Ronald E. Takalo, B.Math., CA
Ronald F. Burt, B. Comm., CA

40 The Square
Goderich, Ontario
N7A 1M4
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of
West Coast Huron Energy Inc.

We have audited the accompanying financial statements of West Coast Huron Energy Inc., which comprise the balance sheet as at December 31, 2011, and the statements of earnings and retained earnings, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Opinion
In our opinion, these financial statements present fairly, in all material respects, the financial position of West Coast Huron Energy Inc. as at December 31, 2011, and its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Takalo & Burt
LICENCED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

Goderich, Ontario
March 9, 2012

West Coast Huron Energy Inc.
Statement of Earnings and Retained Earnings
For the year ended December 31

	2011	2010
Service revenue		
Energy and distribution services	$ 9,731,200	$ 9,466,446
Cost of power charges	7,612,713	7,251,608
Gross margin on service revenue	2,118,487	2,214,838
Other revenue (expense)		
OPA conservation funding	47,830	122,250
Rentals	41,983	48,246
Sewage and water collection fees	40,700	27,537
Other	36,927	42,321
Interest and penalties	27,622	15,279
Gain (loss) on sale of property, plant and equipment	6,517	(48,471)
	201,579	207,162
	2,320,066	2,422,000
Expenditure		
Administration	916,523	855,288
Operations and maintenance	355,962	328,368
Amortization of capital assets and deferred charges	236,490	258,314
Interest and bank charges	82,790	81,405
Rent	62,362	58,616
Conservation and demand side management	42,823	117,705
Building and maintenance	30,063	44,846
Customer relations	14,296	7,563
	1,741,309	1,752,105
Net earnings before provision for payments-in-lieu of corporate income taxes	578,757	669,895
Provision for payments-in-lieu of corporate income taxes	71,232	127,852
Net earnings	$ 507,525	$ 542,043
Retained earnings, beginning of year	$ 1,121,851	$ 679,808
Net earnings	507,525	542,043
Dividends	(50,000)	(100,000)
Retained earnings, end of year	$ 1,579,376	$ 1,121,851

West Coast Huron Energy Inc.
Balance Sheet
December 31

	2011	2010
ASSETS		
Current		
Cash	$ -	$ 157,373
Receivables	**1,162,978**	396,946
Unbilled revenue	**1,061,991**	972,180
Payments-in-lieu of corporate taxes receivable	**76,744**	-
Prepaids	**8,302**	8,302
	2,310,015	1,534,801
Property, plant and equipment - net (Note 3)	**4,332,666**	4,500,163
Other		
Regulatory assets net of regulatory liabilities (Note 4)	**2,279,736**	526,790
Goodwill	**68,119**	68,119
Future income tax asset	**32,219**	32,219
	2,380,074	627,128
	$ 9,022,755	$ 6,662,092
LIABILITIES		
Current		
Bank indebtedness (Note 6)	**$ 1,564,001**	$ -
Payables and accruals	**794,144**	563,400
Payments in lieu of corporate income taxes payable	**-**	72,409
Deferred insurance proceeds (Note 9)	**235,586**	-
Current portion of customer deposits	**50,000**	50,000
	2,643,731	685,809
Long-term		
Note payable (Note 8)	**974,454**	974,454
Post-employment benefits obligation (Note 11)	**215,201**	203,760
Customer deposits	**199,901**	266,126
	1,389,556	1,444,340
	4,033,287	2,130,149
SHAREHOLDER'S EQUITY		
Capital stock (Note 12)	**3,410,092**	3,410,092
Retained earnings	**1,579,376**	1,121,851
	4,989,468	4,531,943
	$ 9,022,755	$ 6,662,092
Commitments and Contingencies (Notes 7, and 15)		

APPROVED ON BEHALF OF THE BOARD:

_____ Director _____ Director

West Coast Huron Energy Inc.
Statement of Cash Flows
For the year ended December 31

	2011	2010
Operating activities		
Net earnings	$ **507,525**	$ 542,043
Adjustments for non-cash items		
Amortization of property, plant and equipment	**236,490**	256,030
Loss (gain) on disposal of property, plant and equipment	**(6,517)**	48,471
Amortization deferred charges	**-**	2,283
Increase in post-employment benefits obligation	**11,441**	17,350
Change in non-cash working capital balances		
Increase in receivables	**(766,032)**	(21,856)
Decrease (increase) in unbilled revenue	**(89,811)**	87,936
Increase (decrease) in payables and accruals	**230,744**	(120,115)
Decrease in payments-in-lieu of corporate taxes receivable/payable	**(149,153)**	75,940
Increase in deferred revenue	**235,586**	-
Net cash provided by operating activities	**210,273**	888,082
Financing activities		
Dividends paid	**(50,000)**	(100,000)
Increase (decrease) in customer deposits - net	**(66,225)**	16,848
Net cash provided by financing activities	**(116,225)**	(83,152)
Investing activities		
Purchase of property, plant and equipment	**(415,721)**	(217,669)
Increase in regulatory assets/liabilities	**(1,752,946)**	(982,882)
Proceeds on disposal of property, plant and equipment	**353,245**	52,000
Net cash provided by investing activities	**(1,815,422)**	(1,148,551)
Net decrease in cash	**(1,721,374)**	(343,621)
Cash, beginning of year	**157,373**	500,994
Cash, end of year	$ **(1,564,001)**	$ 157,373
Cash consists of:		
Cash	$ **-**	$ 157,373
Bank indebtedness	**(1,564,001)**	-
	$ **(1,564,001)**	$ 157,373

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

1. NATURE OF BUSINESS

West Coast Huron Energy Inc. was incorporated under the Business Corporations Act of Ontario pursuant to requirements of the Electricity Act 1998. The Town of Goderich passed a Bylaw transferring certain assets and liabilities of the Public Utilities Commission of the Town of Goderich Municipal Electrical Utility to this corporation. In exchange for these assets, the Town of Goderich received a promissory note and common shares. The principal activity of the corporation is to distribute electricity to the Town of Goderich. The Company is regulated by the Ontario Energy Board ("OEB") and adjustments to the distribution and power rates require OEB approval

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared by management in accordance with the Canadian generally accepted accounting principles (GAAP), including accounting principles prescribed by its regulator, the OEB. The timing of revenue and expenditure recognition and the measurement meant of certain assets and liabilities are impacted by the regulatory framework and thereby may differ from that otherwise expected under Canadian generally accepted accounting principles for non-rate regulated corporations.

Regulation and Rate Setting

The Ontario Energy Board (OEB) has regulatory oversight powers over electricity matters in Ontario. The OEB issues distribution licences to all owners or operators of a distribution system in Ontario. This licence sets out requirements for regulatory accounting principles, the filing process for rate setting purposes as well as many other conditions for operation. The OEB has the authority to approve and fix rates charged for the transmission and distribution of electricity and thereby also to provide rate protection to electricity customers.

Regulatory Assets and Liabilities

Based on OEB regulations, certain costs and variance account balances are recorded as regulatory assets or regulatory liabilities on the balance sheet until the OEB determines the manner and timing of their disposition.

Regulatory assets represent future revenues associated with certain costs, incurred in the current or prior period(s), that are expected to be recovered through the rate setting process.

Regulatory liabilities represent future reduction or limitations of revenue increases associated with amounts that are to be refunded to customers.

Both regulatory assets and liabilities arise from differences between amounts billed to customers based on approved rates and the corresponding cost of electricity service incurred by the utility. These amounts are accumulated based on regulations that underlay the Electricity Act and deferred with expectations of future recovery in the regulated electricity rate setting process.

In the absence of rate regulation the regulatory assets and liabilities would be recognized in income in the period to which they relate.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

Inventory
Inventories are measured at the lower of cost and net realizable value, with cost being determined on an average cost basis net of a provision for obsolescence.

Inventory consists of primarily of construction and maintenance parts and supplies. The company has reclassified all major future components of its electricity distribution system from inventory to property, plant and equipment. Once capitalized, these items are not amortized until they are put into service.

Property, Plant and Equipment
Property, plant and equipment are carried at cost less accumulated amortization. Certain assets may be acquired or constructed with financial assistance from developers or customers. Such contributions are offset against the related asset cost.

Amortization of property, plant and equipment is provided for on the straight-line basis over the estimated service life of the assets. Amortization of contributions from developers or customers is calculated on a straight-line basis at the rates corresponding with the useful lives of the related capital asset. The estimated service lives of the various assets used in the calculation of amortization are summarized below:

	Estimated life (in years)
Buildings	25
Substation Equipment	25
Overhead Distribution System	25
Underground Distribution System	25
Services	25
Line Transformers and Spares	25
Leasehold Improvements	20
Meters	25
Trucks and Equipment	4 - 8
Computer Equipment	10
Office Equipment	10

Spare Transformers and Meters
Spare transformers and meters are held to back up plant in service and are expected to substitute for original distribution plant transformers and meters when these original plant assets are being repaired. According to the criteria prescribed by the Ontario Energy Board, the spare meters and transformers are treated as capital assets and included in the distribution system category. In the absence of rate regulation the spare transformers and meters would be treated as inventory.

Contributions in Aid of Construction
Capital contributions received from outside sources are used to finance property, plant and equipment additions. These capital contributions are treated as a contra account to property, plant and equipment and amortized at a rate equivalent to the related property, plant and equipment.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

Goodwill
Goodwill is not amortized. The carrying value of the goodwill is tested for impairment annually. Goodwill will be adjusted for impairment losses in the year that the impairment is identified.

Impairment of Long-Lived Assets
The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the long-lived assets' carrying amount may not be recoverable. When management determines that an impairment exists, the impairment loss will be determined by comparing the carrying amount of the asset to its fair value. The impairment loss is recorded in the period in which the impairment occurs.

Post-Employment Benefits
The Company provides its retired employees with extended health benefits and life insurance. The employee future benefit expense is recognized in the period in which the employees render the services.

Employee future benefits are recorded on an accrual basis. The accrued benefit obligation and any current service costs are calculated using the projected benefits method pro-rated on service and are based on assumptions that reflect management's best estimate. Current service cost is equal to the actuarial present value of benefits that are attributable to each employee's service during the current period. Past service amendments are amortized on a straightline basis over the estimated average remaining service period of employees active at the time of the amendment. Any actuarial gains or loss are included in the period in which the gains (losses) become known.

Pension Plan
The Company offers a pension plan for its full-time employees through the Ontario Municipal Employee Retirement System ("OMERS"). OMERS is a multi-employer, contributory, public sector pension fund established for employees on municipalities, local boards and school boards in Ontario. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal member organizations and their employees. As a result, the Company does not recognize any share of the OMERS pension surplus or deficit. Participating employers and employees are required to make plan contributions based on participating employees' contributory earnings. The Company accounts for its participation in OMERS as a defined contribution plan and recognizes the expense related to this plan as contributions are made.

Customer's Deposits
Customer deposits represent funds collected from customers to guarantee the payment of energy bills. Deposits estimated to be refundable within the next fiscal year have been classified as a current liability. Interest is paid on customer balances annually at rates established by the Corporation.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

Payments-In-Lieu of Corporate Taxes (PILS)
The Company is a Municipal Electricity Utility for the purposes of the PILS regime contained in the Electricity Act, 1998 and is thereby exempt from tax under the Canadian Income Tax Act. It is required to make annual PILS payments equal to the tax that would be payable under the Canadian Income Tax Act to the Ontario Electricity Financial Corporation.

The difference between the financial statement carrying value and tax basis of assets and liabilities were accounted for using the taxes payable method until December 31, 2008. Under the taxes payable method no provision is made for future income taxes resulting from temporary differences in the tax basis of assets and liabilities and their carrying values for accounting purposes. For fiscal years commencing after December 31, 2008, the Corporation began using the income tax liability method of accounting. This method follows current recommendations by the CICA and the Ontario Energy Board. Under the liability method, current income taxes payable are recorded based on taxable income. Future income taxes arise due to temporary differences between the tax basis of recording assets and liabilities and financial statements basis of recording assets and liabilities. Future tax assets and liabilities are calculated using substantively enacted tax rates that will be in effect when the differences are expected to reverse.

Revenue Recognition
Revenue from the sale and distribution of electricity is recorded on the basis of regular meter readings plus current estimates of customer usage between the last meter reading date and the end of the year at unbundled hydro rates approved by the Ontario Energy Board

Distribution revenue is recorded based on customer usage for the year at approved rates.

Service charge and administration revenue are recorded based on approved flat rates including an estimate of amounts earned but unbilled to the end of the year.

Use of Estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts in the financial statements and accompanying notes as well as the disclosure of contingent assets and liabilities at the financial statement date.

Actual results could differ from the current estimates including changes as a result of future decisions made by the Ontario Energy Board related to the recovery of regulatory assets, the useful lives of property, plant and equipments used to reflect the appropriate net book value of these assets and the estimates and assumptions used in the actuarial valuation of employee future benefits. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

The financial statements have, in management's opinion, been properly prepared using careful judgement within reasonable limits of materiality and within the framework of the accounting policies.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

3. PROPERTY, PLANT AND EQUIPMENT

2011	Cost	Accumulated Amortization	Net Book Value
Land	$ 21,747	$ -	$ 21,747
Buildings	80,964	31,419	49,545
Substation equipment	152,252	66,934	85,318
Overhead distribution system	2,599,833	791,204	1,808,629
Underground distribution system	1,249,806	433,245	816,561
Services	114,463	17,694	96,769
Line transformers and spares	902,458	275,251	627,207
Meters	181,011	33,942	147,069
Trucks and equipment	654,948	351,165	303,783
Computer equipment	187,666	114,064	73,602
Office equipment	37,485	3,748	33,737
Equipment not yet in service	268,699	-	268,699
	$ 6,451,332	$ 2,118,666	$ 4,332,666

2010			
Land	$ 21,747	$ -	$ 21,747
Buildings	80,964	28,179	52,785
Substation equipment	152,252	60,844	91,408
Overhead distribution system	2,685,409	865,069	1,820,340
Underground distribution system	1,211,152	383,253	827,899
Services	99,248	13,113	86,135
Line transformers and spares	988,604	301,660	686,944
Leasehold improvements	128,450	6,422	122,028
Meters	170,532	23,784	146,748
Trucks and equipment	684,377	393,037	291,340
Computer equipment	187,303	102,304	84,999
Office equipment	63,793	54,782	9,011
Equipment not yet in service	258,779	-	258,779
	$ 6,732,610	$ 2,232,447	$ 4,500,163

At December 31, 2011, net book value of stranded meters related to the deployment of smart meters amounting to **$204,139** (2010 - $204,139) has been recorded in a regulatory asset account pending approval by the Ontario Energy Board of a rate to recover the costs. In the absence of rate regulation, the stranded meters would have been a disposal resulting in a $204,139 loss in 2010.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

4. REGULATORY ASSETS AND LIABILITIES

Net regulatory assets (liabilities) consist of:

	2011	2010
Extraordinary event costs	**$ 1,468,525**	$ -
Smart Meter Program	**644,302**	685,360
Settlement variances	**505,453**	201,339
Special purpose charge	**4,568**	28,991
Late payment penalty settlement	**7,863**	-
Future income tax regulatory liability	**(32,219)**	(33,006)
Regulatory recovery account		
Net recovery of 2006 regulatory balances	**(40,567)**	604
Net recovery of 2007 regulatory balances	**(88,530)**	(211,795)
Net recovery of 2008 regulatory balances	**(47,783)**	(144,703)
Net recovery of 2009 regulatory balances	**(141,876)**	-
	$ 2,279,736	$ 526,790

Extraordinary Event Costs

Under regulatory procedures set by the OEB, costs related to an extraordinary event may be considered for recovery if the event meets several criteria. The utility must establish that the event and resulting expense is clearly outside the base on which regular rates are derived and must have had a significant impact on the utility's operations. The event must have been outside of management's ability to control and the related expenses must have been prudently incurred.

In August 2011, the Town of Goderich was hit by an F3 tornado. This storm resulted in significant damage to the utility's distribution system.

Management believes that the utility has met the criteria set by the OEB for recovery of the costs related to this extraordinary event. The utility intends to apply for recovery of the expenditures through future rates by way of a rate rider or through the capitalization of costs. Management has determined that as of December 31, 2011 costs of $1,468,525 are related to this event. Once all costs of the tornado are established, management and the Board of Directors of the utility will make the determination whether to apply to the OEB for a rate rider to recover these costs or to include these costs in capital.

Smart Meter Program

The smart meter regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2010. Capital expenditures made to purchase and install these meters have been recorded in this regulatory asset account pending approval of disposition via rates by the OEB. These expenditures would otherwise have been recorded as property, plant and equipment. In the absence of rate regulation property plant and equipment would have been **$565,778** (2010 - $546,953) higher and depreciation expense would have been **$37,636** (2010 - $36,381) higher.

Incremental operations, maintenance and administrative costs of **$34,984** (2010 - $30,858) have been recorded in this regulatory asset account pending approval for disposition by the OEB. In the absence of rate regulation operating costs would have been **$4,126** (2010 - $3,224) higher.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

In addition, revenue is being collected from each residential customer on a monthly basis in order to fund the start up of the Smart Meter program in accordance with currently approved hydro rates. The total amount of revenue collected to December 2011 is **$172,702** (2010 - $98,929). In the absence of rate regulation revenues would have been $**73,773** (2010 - $46,276) higher.

Total carrying charges of **$12,104** (2010 - $2,339) have been recorded in this regulatory asset account at rates prescribed by the OEB.

Stranded meter costs of **$204,139** (2010 - $204,139) have been recorded in this regulatory asset account pending approval for disposition by the OEB.

Settlement Variances
The variance represents the difference between the amount charged by the company to its customers based on regulated rates and the corresponding costs incurred by the company in the wholesale market administered by the Independent Electricity System Operator. Under the OEB's direction, the company has deferred the settlement variances that have occurred since May of 2002. The nature of this variance is that it will fluctuate between assets and liabilities over time and are reported at period end dates in accordance with rules prescribed by the OEB. The variance will be recovered in future billing periods and through future hydro rates as approved by the Ontario Energy Board. An excess of costs over revenues collected of **$253,844** (2010 - $480,069) was deferred in the current period which would have been included as an expenditure in the absence of rate regulation.

Interest is capitalized monthly, calculated and recorded using simple interest at a prescribed rate on the carrying value to compensate the company for the timing difference. The offsetting credit/debit is recorded as interest income.

Special Purpose Charge Variance
In April 2010, the OEB assessed electricity distributors a Special Purpose charge for the Ministry of Energy and Infrastructure conservation and renewable energy program costs. The company's assessment was $59,199. The company will be allowed to recover this amount over a one year period beginning May 2010. The variance balance represents the difference between the assessment remitted and the amounts recovered from customers. Carrying charges apply on the monthly opening balance charged at a rate prescribed by the OEB using the simple interest method.

Future Income Tax Regulatory Liability
The future income tax regulatory liability relates to the expected future electricity rate reduction for customers arising from timing differences resulting in the recognition of future tax assets.

On January 1, 2009 the company implemented the tax liability method and accounts for the differences between its financial statement carrying value and tax basis of assets and liabilities in accordance with Section 3465 of the CICA Handbook. As at December 31, 2011 the company has recorded a future tax asset of **$32,219** (2010 - $32,219) and a corresponding regulatory liability of **$32,219** (2010 - $32,219).

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

Regulatory Asset/Liability Recovery Account (RARA)
The RARA consists of balances of regulatory assets and regulatory liabilities that have been approved for disposition through Ontario Energy Board approved rate riders. The RARA is subject to carrying charges using rates approved by the Ontario Energy Board and calculated monthly using the simple interest method. Revenues collected via these specific distribution rate riders are allocated to the RARA as they are intended to offset or recover the approved amounts.

In 2011, the OEB approved the recovery of a net regulatory liability balance of **$280,684** consisting of a settlement liability to December 31, 2009 of **$232,046** and interest on the settlement variance calculated to April 30, 2011 of **$48,638** . This phase of the repayment is for a one year period with rates effective May 1, 2011. Revenue of **$140,316** was rebated via rate rider during the year. Carrying charge expense of **$1,508** was recorded on the principal balance of the approved recovery.

Any over/under recovery of these approved amounts will be factored into future rate approvals.

5. INTANGIBLE ASSET
During the year, the Company signed a Mini Connection and cost recovery agreement contract with Hydro One. The contract stipulated that Hydro One will install a new feeder breaker at Goderich TS to be supplied from a newly installed T4 transformer such that West Coast Huron Energy is able to connect in order to supply additional load requirements. Hydro One shall own, operate and maintain all equipment and facilities installed as part of this agreement. West Coast Huron Energy will have the right to the ongoing access to the electricity supplied. Construction of this project commenced in 2011 and the project is expected to be completed in 2012.

It is management's intent to recognized the cost of this connection right as an intangible asset when the project is completed.

6. BANK INDEBTEDNESS

	2011	2010
Revolving demand facility	$ 1,434,001	$ -
Non-revolving term facility	130,000	-
	$ 1,564,001	$ -

The company has a revolving demand facility with an authorized limit of $1,000,000 available under the credit facility with a Canadian chartered bank. The line of credit bears interest at the bank's prime rate, calculated and payable monthly.

During the year, the company arranged a second credit facility. This facility is a non-revolving term facility with an authorized limit of $1,000,000. It bears interest at the bank's prime rate, calculated and payable monthly. It is repayable in full on December 31, 2012.

Both credit facilities are secured by a general security agreement covering all company assets excluding real property. A priority agreement has also been obtained in favour of the bank over the Town of Goderich.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

7. LETTER OF CREDIT

The company has provided prudentials, in the form of an irrevocable letter of credit, in the amount of **$350,343** (2010 - $350,343) in favour of the Independent Electricity System Operator. The prudentials serves as security for power purchased from the Independent Electricity Market Operator.

8. NOTE PAYABLE

The note is payable to the shareholder of the company, is due upon demand and bears interest at 7.25% per annum. The note is secured by a general security agreement over all of the Company's assets. The note has been classified as long-term because it is not the intent of the shareholder to demand repayment within the next year. Interest expense for the year is **$70,648** (2010 - $70,648)

9. DEFERRED INSURANCE PROCEEDS

The company's insurer has provided an advance of $500,000 on insurance coverage related to the damage from the tornado that hit the Town of Goderich on August 21, 2011. The company holds contents insurance as well as insurance on the operating premises leased from the Town of Goderich. The company has recorded the costs incurred of replacing items lost in the storm against the advance to December 31, 2011. Once all costs related to the storm have been established, the company and its insurer will finalize the extent of coverage offered under the company's policies. Any gain resulting from the insurance settlement will be recorded in the period in which the final determination occurs.

10. PENSION PLAN

During the year, the company made contributions to to OMERS, on behalf of **9** (2010 - 9) members of its staff.

The amount contributed to OMERS by the Company and the participating employees for the year was **$90,093** (2010 - $66,515) for current service.

The Utility has no obligation on December 31, 2011 under the past service provisions of the OMERS agreement.

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees. This plan is an unfunded benefit plan. The company measures its accrued benefits obligation as at December 31 of each year. The latest actuarial valuation was performed as at January 1, 2008.

	2011	2010
a) Accrued benefit obligation:		
Balance, beginning of year	**$ 332,345**	$ 336,426
Current service cost	**4,495**	4,281
Interest on benefits	**16,675**	16,857
Payments made by employer	**(31,160)**	(25,219)
Balance, end of year	**$ 322,355**	$ 332,345

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

b) Reconciliation of the accrued benefit obligation to the balance sheet accrued benefit liability:

	2011	2010
Accrued benefit obligation	**$ 322,355**	$ 332,345
Unamortized transition liability	**(107,154)**	(128,585)
Post-employment benefits liability	**$ 215,201**	$ 203,760

The transition liability is amortized on a straight-line basis over the expected average remaining service lifetime of the active members of the group - 9 years.

c) Components of current year benefit expense:

	2011	2010
Current service cost	**$ 4,495**	$ 4,281
Interest on benefits	**16,675**	16,857
Transition liability	**21,431**	21,431
Balance, end of year	**$ 42,601**	$ 42,569

d) Significant assumptions
The significant actuarial assumptions used in measuring the accrued benefit obligation are as follows:

Discount rate		5%
Future general inflation rate		3%
Future salary increase rate		3%
Annual dental costs increase		5%
Annual medical cost increase	2009	9%
	2010	8%
	2011	7%
	2012	6%
	2013 onward	5%

e) Sensitivity analysis
Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A one percentage point change in assumed health care cost trend rates have the following effects on the original accrued benefit obligation of $342,877 :

	Increase	Decrease
Total current service and interest cost	$ 22,000	$ 19,000
Accrued benefit obligation	$ 356,000	$ 331,000

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

12. CAPITAL STOCK	**2011**	2010
Authorized		
Unlimited number of common shares		
Stated capital		
1 common share	**$ 3,410,092**	$ 3,410,092

13. SUPPLEMENTAL CASH FLOW INFORMATION	**2011**	2010
Supplemental cash flow information is as follows:		
Interest paid	**$ 77,913**	$ 76,756
Payments-in-lieu of corporate taxes paid	**-**	50,524

14. RELATED PARTY TRANSACTIONS

During the year, the company paid to its shareholder **$70,648** (2010 - $70,648) interest on the outstanding note payable. This amount is included as interest and bank charges expense on the statement of earnings and retained earnings.

Streetlight revenues of **$103,363** (2010 - $65,710) were charged to the shareholder based on rates approved by the OEB consistent with rates determined for all other customers. The Company also provides streetlight maintenance services to the Town which generated revenues of **$31,732** (2010 - $25,666).

The company collected sewage charges of **$1,664,772** (2010 - $1,704,667) and water charges of **$1,934,106** (2010 - $1,962,627) on behalf of the shareholder of the company. A collection fee of **$40,700** (2010 - $27,537) was received for this service. At year end, a balance of **$285,413** (2010 - $340,480) is owed to the Town of Goderich relating to water and sewage revenue collected.

The company paid rent to the shareholder of the company in the amount of **$62,362** (2010 - $58,616).

The company paid to the shareholder of the company an administration fee of **$40,000** (2010 - $40,000) as well as **$39,000** (2010 - $39,000) to compensate for services provided to the company by the shareholder's employees.

The company contributed **$15,842** (2010 - $34,339) toward the costs of an environmental officer who is employed by the shareholder of the company.

The company paid dividends of **$50,000** (2010 - $nil) to its shareholder during the year.

During the year the directors of the utility received compensation in the amount of **$29,500** (2010 - $29,500).

These transactions are in the normal course of operations and are measured at the exchange value (the amount of consideration established and agreed to by the related parties).

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

15. COMMITMENT

During the year the company signed a Mini Connection and Cost Recovery Agreement related to an additional feeder breaker position and line upgrade to provide supply to meet additional load requirements. The feeder breaker position project has an estimated cost of $1,030,000. The company has made a payment of $330,000 in 2011 toward this project and has committed to pay $330,000 in 2012 and $370,000 in 2013. The line upgrade cost is estimated at $1,800,000. The company is currently in the tendering process to select an appropriate contractor to complete this work in conjunction with the company's own linemen.

The company has also entered into cost recovery agreement with a customer to contribute toward both projects.

The Company has the following obligations under operating leases for office space:

2012	$	24,552
2013	$	24,552
2014	$	24,552
2015	$	24,552
2016	$	24,552

16. GUARANTEES

In the normal course of business, the Company enters into agreements that represent guarantees as defined by Canadian Accounting Guidelines. The primary types of such guarantees are as follows:

a) Indemnity has been provided to all directors and officers of the Company for various items including but not limited to all costs to settle suits or actions incurred due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' insurance to mitigate the cost of any potential future suits or legal actions. The term of indemnification is limited to the period over which the director and or officer served as director/officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.

b) The Company has entered into agreements that include indemnities in favour of third parties such as engagement letters with advisors and consultants, outsourcing agreements, information technology and service agreements. These agreements may require the Company to compensate counter parties for losses as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterpart as a result of the transaction. The maximum amount of any potential future reimbursement cannot be reasonably estimated.

The nature of these indemnity agreements prevents the Company from making a reasonable estimate of the maximum exposure due to difficulties in assessing the amount of liability which results from the unpredictability of future events.

The Company has not made any significant payments in the past under such circumstances and therefore no amount has been accrued on the balance sheet with respect to these agreements.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

17. CAPITAL DISCLOSURES

The Company's capital structure consists of shareholder's equity and long-term note payable. The Company's main objectives when managing its capital are as follows:

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and
- to ensure ongoing access to funding to maintain and improve its electricity distribution system
- to align its capital structure for regulated activities with the debt to equity structure deemed by the Ontario Energy Board

The Company's note payable agreement does not contain any covenants.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

The Company has designated the following with respect to its financial assets and liabilities:

Cash and bank indebtedness is classified as held-for-trading and is measured at fair value. Changes in fair value are recorded in net income.

Accounts receivable and unbilled revenue are classified as "loans and receivables" and are measured at amortized cost using the effective interest method.

Accounts payable, accrued liabilities, customer deposits and note payable are classified as "other financial liabilities" and are measured at amortized cost using the effective interest rate method.

Fair Value of Financial Instruments

The Company's financial instruments include cash, bank indebtedness, receivables, unbilled revenue, accounts payables, accrued liabilities and current customer deposits. The carrying value of these instruments approximates their fair value due to their immediate or short-term maturity.

Financial instruments also include a note payable with terms as disclosed in Note 7. The fair value has not been determined or disclosed as the cash flows related to this liability are uncertain.

Financial Risk Management

As part of its operations, the company carries out transactions that expose it to financial risks such as credit, liquidity and market risks. Risks and mitigation strategies identified by management are as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument might note meet its obligations under the terms of the financial instrument. The maximum credit exposure is limited to the carrying amount of cash and receivables presented on the balance sheet.

The Company limits its credit risk related to cash by placing its cash with a high quality financial institution.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

The Company is exposed to credit risk related to accounts receivable arising from its electricity and service revenue. Exposure to credit risk from its accounts receivable is limited due to the corporation's diverse customer base. In addition, the Company holds collateral customer and construction deposits which are recognized as liabilities on the balance sheet. The Company does not have material customer accounts receivable balances greater than 90 days outstanding. As a result, the Company believes that its accounts receivable represent a low credit risk.

Interest Rate Risk

Interest rate risk is the risk that future cash flows will fluctuate as a result of changes in market interest rates. The Company's note payable bears interest at a set rate thereby minimizing interest rate risk. The Company's main exposure to interest rate risk is limited by cash from operations. It is management's opinion that the company is not exposed to significant interest rate risk arising from its financial instruments.

Liquidity Risk

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The Company monitors and manages its liquidity risk to ensure, as far as possible, access to sufficient funds to meet operational and investing requirements. It monitors its cash balances to ensure sufficient levels of liquidity are on hand to meet its financial commitments as they come due.

Insurance

The Company holds insurance with major insurers at appropriate types and levels as determined by management. It is a member of the Municipal Electricity Association Reciprocal Insurance Exchange (MEARIE) for its liability coverage. This reciprocal insurance exchange is formed to exchange reciprocal contracts of indemnity or inter-insurance among the members of the group. Insurance premiums are charged to each member as a fee per thousands of dollars of service revenue with an adjustment to reflect the member's claims experience. The coverage provided by this insurance is to a level of $20,000,000 per occurrence. The utility does not currently hold insurance coverage for its distribution assets.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2011

19. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards (IFRS)
In 2008, the Canadian Accounting Standards Board announced its decision requiring all publicly accountable entities to report under International Reporting Standards. This decision establishes standards for financial reporting with increased clarity and consistency in the global marketplace. First time adoption for rate regulated entities had been give an option to delay adoption for interim and annual financial statements relating to annual periods beginning on or after January 1, 2012. There is uncertainty created by the International Accounting Standards Board regarding the rate regulated project which is assessing the potential recognition of regulatory assets and regulatory liabilities under IFRS. Due to this uncertainty and its potential material impact on the regulatory amounts on the company's financial statements, the company has decided to elect the option to defer adoption of IFRS to January 2012. The company has prepared its financial statements in accordance with Canadian GAAP accounting standards in Part V of the CICA Handbook for 2011. The company also can not reasonably quantify the full impact that adopting IFRS would have on its future financial position and results of operations.

The Company does expect a significant increase in financial statement disclosure requirements resulting from the adoption of IFRS. The Company is currently designing the systems and related process changes, which will be required in order to provide the additional information required to make these disclosures.

West Coast Huron Energy Inc.
Financial Statements
December 31, 2010

INDEPENDENT AUDITORS' REPORT

To the Shareholder of
West Coast Huron Energy Inc.

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

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

TAKALO & BURT

Goderich, Ontario
May 19, 2011

LICENCED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

West Coast Huron Energy Inc.
Statement of Earnings and Retained Earnings
For the year ended December 31

	2010	2009
Service revenue		
Energy and distribution services	$ **9,466,446**	$ 8,672,822
Cost of power charges	**7,251,608**	6,783,075
Gross margin on service revenue	**2,214,838**	1,889,747
Other revenue (expense)		
OPA conservation funding	**122,250**	108,730
Other	**72,715**	35,185
Rentals	**48,246**	42,067
Sewage and water collection fees	**27,537**	27,264
Interest and penalties	**15,279**	15,748
Gain (loss) on sale of property, plant and equipment	**(48,471)**	15,000
	237,556	243,994
	2,452,394	2,133,741
Expenditure		
Administration	**885,682**	931,847
Operations and maintenance	**328,368**	379,802
Amortization of capital assets and deferred charges	**258,314**	257,057
Conservation and demand side management	**117,705**	75,542
Interest and bank charges	**81,405**	79,120
Rent	**58,616**	32,829
Building and maintenance	**44,846**	75,170
Customer relations	**7,563**	15,666
	1,782,499	1,847,033
Net earnings before provision for payments-in-lieu of corporate income taxes	**669,895**	286,708
Provision for payments-in-lieu of corporate income taxes	**127,852**	47,781
Net earnings	$ **542,043**	$ 238,927
Retained earnings, beginning of year	$ **679,808**	$ 440,881
Net earnings	**542,043**	238,927
Dividends	**(100,000)**	-
Retained earnings, end of year	$ **1,121,851**	$ 679,808

West Coast Huron Energy Inc.
Balance Sheet
December 31

	2010	2009
ASSETS		
Current		
Cash	$ 157,373	$ 500,994
Receivables	396,946	375,090
Unbilled revenue	972,180	1,060,116
Payments-in-lieu of corporate taxes receivable	-	3,531
Prepaids	8,302	8,302
	1,534,801	1,948,033
Property, plant and equipment - net (Note 4)	4,500,163	4,638,995
Other		
Regulatory asset (Note 6)	915,690	341,995
Goodwill	68,119	68,119
Deferred charges (Note 5)	-	2,283
Future income tax asset	32,219	32,219
	1,016,028	444,616
	$ 7,050,992	$ 7,031,644
LIABILITIES		
Current		
Payables and accruals	$ 563,400	$ 683,515
Payments in lieu of corporate income taxes payable	72,409	-
Current portion of customer deposits	50,000	50,000
	685,809	733,515
Long-term		
Note payable (Note 8)	974,454	974,454
Regulatory liability (Note 6)	388,900	798,087
Post-employment benefits obligation (Note 11)	203,760	186,410
Customer deposits	266,126	249,278
	1,833,240	2,208,229
	2,519,049	2,941,744
SHAREHOLDER'S EQUITY		
Capital stock (Note 13)	3,410,092	3,410,092
Retained earnings	1,121,851	679,808
	4,531,943	4,089,900
	$ 7,050,992	$ 7,031,644

Commitments and Contingencies (Notes 7, 12 and 19)

APPROVED ON BEHALF OF THE BOARD:

_____ Director _____ Director

West Coast Huron Energy Inc.
Statement of Cash Flows
For the year ended December 31

	2010	2009
Operating activities		
Net earnings	$ **542,043**	$ 238,927
Adjustments for non-cash items		
Amortization of property, plant and equipment	**256,030**	254,777
Loss (gain) on disposal of property, plant and equipment	**48,471**	(15,000)
Amortization deferred charges	**2,283**	2,280
Increase in post-employment benefits obligation	**17,350**	18,023
Change in non-cash working capital balances		
Decrease in receivables	**(21,856)**	(31,037)
Decrease (increase) in unbilled revenue	**87,936**	(209,880)
Decrease in payables and accruals	**(120,115)**	268,350
Decrease in payments-in-lieu of corporate taxes receivable/payable	**75,940**	59,150
Increase in future income tax asset	**-**	(32,219)
Net cash provided by operating activities	**888,082**	553,371
Financing activities		
Dividends paid	**(100,000)**	-
Increase in customer deposits - net	**16,848**	(4,435)
Net cash provided by financing activities	**(83,152)**	(4,435)
Investing activities		
Purchase of property, plant and equipment	**(217,669)**	(812,097)
Increase in regulatory assets/liabilities	**(982,882)**	(335,369)
Proceeds on disposal of property, plant and equipment	**52,000**	15,000
Net cash provided by investing activities	**(1,148,551)**	(1,132,466)
Net decrease in cash	**(343,621)**	(583,530)
Cash, beginning of year	**500,994**	1,084,524
Cash, end of year	$ **157,373**	$ 500,994

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

1. INCORPORATION

West Coast Huron Energy Inc. was incorporated under the Business Corporations Act of Ontario pursuant to requirements of the Electricity Act 1998. The Town of Goderich passed a Bylaw transferring certain assets and liabilities of the Public Utilities Commission of the Town of Goderich Municipal Electrical Utility to this corporation. In exchange for these assets, the Town of Goderich received a promissory note and common shares.

2. REGULATION

The Ontario Energy Board (OEB) has regulatory oversight powers over electricity matters in Ontario. The OEB issues distribution licences to all owners or operators of a distribution system in Ontario. This licence sets out requirements for regulatory accounting principles, the filing process for rate setting purposes as well as many other conditions for operation. The OEB has the authority to approve and fix rates charged for the transmission and distribution of electricity and thereby also to provide rate protection to electricity customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared on the basis of accounting policies applicable to a going concern, which assumes that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations.

The financial statements have been prepared in accordance with the Canadian generally accepted accounting principles (GAAP), including accounting principles prescribed by the OEB and reflect the significant accounting principles summarized below.

Regulation

The following regulatory treatments have resulted in accounting treatments which differ from Canadian GAAP for enterprises operating in an unregulated environment:

Regulatory assets and liabilities

Effective January 1, 2009 the Company adopted the amended Canadian Institute of Chartered Accountants (CICA) Handbook Section 1100 - "Generally Accepted Accounting Principles" and Accounting Guideline 19 - "Disclosures by Entities Subject to Rate Regulation". These amended sections removed a temporary exemption pertaining to the recognition and measurement of assets and liabilities arising from rate regulation. Using professional judgement, management has determined that its assets and liabilities arising from rate-regulated activities qualify for recognition. Accordingly the removal of the temporary exemption had no effect on the Company's results of operation as of December 31, 2009.

CICA Handbook section 3465 - "Income Taxes" was amended to require the recognition of future income assets and liabilities for the amount of future income taxes expected to be refunded to or recovered from customers in future electricity rates, applied retrospectively without prior period restatements. As at December 31, 2010 the Company has recorded a future tax asset of **$32,219** (2009 - $32,219) and a corresponding regulatory liability of **$32,219** (2009 - $32,219).

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

Contributions in aid of construction
Capital contributions received from outside sources are used to finance property, plant and equipment additions. These capital contributions are treated as a "credit" to property, plant and equipment and amortized at a rate equivalent to the related property, plant and equipment.

Payments-in-lieu of corporate taxes (PILS)
The Company is a Municipal Electricity Utility for the purposes of the PILS regime contained in the Electricity Act, 1998 and is thereby exempt from tax under the Canadian Income Tax Act. It is required to make annual PILS payments equal to the tax that would be payable under the Canadian Income Tax Act to the Ontario Electricity Financial Corporation.

The difference between the financial statement carrying value and tax basis of assets and liabilities were accounted for using the taxes payable method until December 31, 2008. Under the taxes payable method no provision is made for future income taxes resulting from temporary differences in the tax basis of assets and liabilities and their carrying values for accounting purposes. For fiscal years commencing after December 31, 2008, the Corporation began using the income tax liability method of accounting. This method follows current recommendations by the CICA and the Ontario Energy Board. Under the liability method, current income taxes payable are recorded based on taxable income. Future income taxes arise due to temporary differences between the tax basis of recording assets and liabilities and financial statements basis of recording assets and liabilities. Future tax assets and liabilities are calculated using substantively enacted tax rates that will be in effect when the differences are expected to reverse.

Revenue recognition
Energy revenue is recorded on the basis of regular meter readings plus current estimates of customer usage between the last meter reading date and the end of the year at unbundled hydro rates approved by the Ontario Energy Board. Distribution revenue is recorded based on customer usage for the year at approved rates. Service charge and administration revenue are recorded based on approved flat rates including an estimate of amounts earned but unbilled to the end of the year.

Inventory
Inventories are measured at the lower of cost and net realizable value, with cost being determined on an average cost basis net of a provision for obsolescence.

Inventory consists of primarily of construction and maintenance parts and supplies. The company has reclassified all major future components of its electricity distribution system from inventory to property, plant and equipment. Once capitalized, these items are not amortized until they are put into service.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated amortization. Certain assets may be acquired or constructed with financial assistance from developers or customers. Such contributions are offset against the related asset cost.

Amortization of property, plant and equipment is provided for on the straight-line basis over the estimated service life of the assets. Amortization of contributions from developers or customers is calculated on a straight-line basis at the rates corresponding with the useful lives of the related capital asset. The estimated service lives of the various assets used in the calculation of amortization are summarized below:

	Estimated life (in years)
Buildings	25
Substation Equipment	25
Overhead Distribution System	25
Underground Distribution System	25
Services	25
Line Transformers and Spares	25
Leasehold Improvements	20
Fibre Optics	25
Meters	25
Trucks and Equipment	4 - 8
Computer Equipment	10
Office Equipment	10

Deferred charges
Deferred charges are stated at cost. Amortization is recorded on the straight-line basis over ten years.

Goodwill
Goodwill is not amortized. The carrying value of the goodwill is tested for impairment annually. Goodwill will be adjusted for impairment losses in the year that the impairment is identified.

Impairment of long-lived assets
The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the long-lived assets' carrying amount may not be recoverable. When management determines that an impairment exists, the impairment loss will be determined by comparing the carrying amount of the asset to its fair value. The impairment loss is recorded in the period in which the impairment occurs.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

Financial instruments
The Company has designated the following with respect to its financial assets and liabilities:

Cash is classified as held-for-trading and is measured at fair value. Changes in fair value are recorded in net income.

Accounts receivable and unbilled revenue are classified as "loans and receivables" and are measured at amortized cost using the effective interest method.

Accounts payable, accrued liabilities, customer deposits and note payable are classified as "other financial liabilities" and are measured at amortized cost using the effective interest rate method.

Post-employment benefits
The Company provides its retired employees with extended health benefits and life insurance. The employee future benefit expense is recognized in the period in which the employees render the services.

Employee future benefits are recorded on an accrual basis. The accrued benefit obligation and any current service costs are calculated using the projected benefits method pro-rated on service and are based on assumptions that reflect management's best estimate. Current service cost is equal to the actuarial present value of benefits that are attributable to each employee's service during the current period. Past service amendments are amortized on a straightline basis over the estimated average remaining service period of employees active at the time of the amendment. Any actuarial gains or loss are included in the period in which the gains (losses) become known.

Customer's deposits
Customer deposits represent funds collected from customers to guarantee the payment of energy bills. Deposits estimated to be refundable within the next fiscal year have been classified as a current liability. Interest is paid on customer balances annually at rates established by the Corporation.

Use of estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the current estimates including changes as a result of future decisions made by the Ontario Energy Board and an actuarial valuation of employee future benefits. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

4. PROPERTY, PLANT AND EQUIPMENT

2010	Cost	Accumulated Amortization	Net Book Value
Land	$ 21,747	$ -	$ 21,747
Buildings	80,964	28,179	52,785
Substation equipment	152,252	60,844	91,408
Overhead distribution system	2,685,409	865,069	1,820,340
Underground distribution system	1,211,152	383,253	827,899
Services	99,248	13,113	86,135
Line transformers and spares	988,604	301,660	686,944
Leasehold improvements	128,450	6,422	122,028
Meters	170,532	23,784	146,748
Trucks and equipment	684,377	393,037	291,340
Computer equipment	187,303	102,304	84,999
Office equipment	63,793	54,782	9,011
Equipment not yet in service	258,779	-	258,779
	$ 6,732,610	$ 2,232,447	$ 4,500,163

2009			
Land	$ 21,747	$ -	$ 21,747
Buildings	71,126	24,939	46,187
Substation equipment	152,252	54,754	97,498
Overhead distribution system	2,552,571	761,682	1,790,889
Underground distribution system	1,220,177	335,523	884,654
Services	83,338	9,141	74,197
Line transformers and spares	980,539	261,960	718,579
Fibre optics	157,082	56,611	100,471
Meters	397,702	126,402	271,300
Trucks and equipment	679,468	344,877	334,591
Computer equipment	150,501	89,847	60,654
Office equipment	63,794	48,406	15,388
Equipment not yet in service	222,840	-	222,840
	$ 6,753,137	$ 2,114,142	$ 4,638,995

At December 31, 2010, net book value of stranded meters related to the deployment of smart meters amounting to **$204,139** has been reallocated to a regulatory asset account pending approval by the Ontario Energy Board of a rate to recover the costs. In the absence of rate regulation, the stranded meters would have been a disposal resulting in a **$204,139** loss.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

5. DEFERRED CHARGES

2010	Cost	Accumulated Amortization	Net Book Value
Incorporation costs	$ 22,803	$ 22,803	$ -
2009			
Incorporation costs	$ 22,803	$ 20,520	$ 2,283

6. REGULATORY ASSETS AND LIABILITIES

The main categories of regulatory assets/liabilities of the company are as follows:

Regulatory Assets	**2010**	2009
Smart Meter Program	**$ 685,360**	$ 341,995
Settlement variances	**201,339**	-
Special purpose charge	**28,991**	-
	$ 915,690	$ 341,995
Regulatory Liabilities		
PILS and tax variances	**$ (33,006)**	$ (32,219)
Settlement variances	**-**	(319,050)
Regulatory recovery account	**(355,894)**	(446,818)
	$ (388,900)	$ (798,087)

Regulatory assets and liabilities

Settlement variances
The variance represents the difference between the amount charged by the Independent Electricity System Operator for electricity and the recovery of these costs from customers after May 1, 2002. The nature of this variance is that it will fluctuate between assets and liabilities over time and are reported at period end dates in accordance with rules prescribed by the OEB. The variance will be recovered in future billing periods and through future hydro rates as approved by the Ontario Energy Board.

Interest is capitalized monthly, calculated and recorded using simple interest at a prescribed rate on the carrying value to compensate the company for the timing difference. The offsetting credit/debit is recorded as interest income.

Special purpose charge variance
In April 2010, the OEB assessed electricity distributors a Special Purpose charge for the Ministry of Energy and Infrastructure conservation and renewable energy program costs. The company assessment was $59,199. The company will be allowed to recover this amount over a one year period beginning May 2010. The variance balance represents the difference between the assessment remitted and the amounts recovered from customers.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

Smart Meter Program
The smart meter regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2010. Capital expenditures made to purchase and install these meters have been recorded in this regulatory asset account pending approval of disposition via rates by the OEB. These expenditures would otherwise have been recorded as property, plant and equipment. In the absence of rate regulation property plant and equipment would have been **$546,953** (2009 - $364,273) higher and depreciation expense would have been **$36,381** (2009 - $9,966) higher.

Incremental operations, maintenance and administrative costs of **$30,858** (2009 - $27,633) have been recorded in this regulatory asset account pending approval for disposition by the OEB. In the absence of rate regulation operating costs would have been **$3,224** (2009 - $27,633) higher.

In addition, revenue is being collected from each residential customer on a monthly basis in order to fund the start up of the Smart Meter program in accordance with currently approved hydro rates. The total amount of revenue collected to December 2010 is **$98,929** (2009 - $52,653).

Total carrying charges of **$2,339** (2009 - $2,741) have been recorded in this regulatory asset account at rates prescribed by the OEB.

Stranded meter costs of **$204,139** have been recorded in this regulatory asset account pending approval for disposition by the OEB.

Regulatory asset/liability recovery account (RARA)
The RARA consists of balances of regulatory assets and regulatory liabilities that have been approved for disposition through Ontario Energy Board approved rate riders. The RARA is subject to carrying charges using rates approved by the Ontario Energy Board and calculated monthly using the simple interest method. Revenues collected via these specific distribution rate riders are allocated to the RARA as they are intended to offset or recover the approved amounts.

In 2010, the OEB approved the recovery of a net regulatory liability balance of **($198,237)** consisting of a settlement liability to December 31, 2008 of ($207,189), interest on the settlement variances calculated to April 30, 2010 of **$8,952**, Specific distribution rates were implemented in May 2010 that were estimated to recover these amounts over a two year period. Total cumulative revenue refunded (collected) via these permitted rates in 2010 was **$54,297** (2009 - $83,017). Accrued carrying charges for 2010 on the net liability of **$(1,144)** (2009 - ($5,883)) were recorded in the RARA.

Any over/under recovery of these approved amounts will be factored into future rate approvals.

PILS and tax variance
The future income taxes regulatory liability relates to the expected future electricity rate reduction for customers arising from timing differences resulting in the recognition of future tax assets.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

On January 1, 2009 the company implemented the tax liability method and accounts for the differences between its financial statement carrying value and tax basis of assets and liabilities in accordance with Section 3465 of the CICA Handbook. As at December 31, 2010 the company has recorded a future tax asset of **$32,219** (2009 - $32,219) and a corresponding regulatory liability of **$32,219** (2009 - $32,219).

7. LETTER OF CREDIT

The company has provided prudentials, in the form of an irrevocable letter of credit, in the amount of **$350,343** (2009 - $350,343) in favour of the Independent Electricity System Operator. The prudentials serves as security for power purchased from the Independent Electricity Market Operator.

8. NOTE PAYABLE

The note is payable to the shareholder of the company, is due upon demand and bears interest at 7.25% per annum. The note is secured by a general security agreement over all of the Company's assets. The note has been classified as long-term because it is not the intent of the shareholder to demand repayment within the next year. Interest expense for the year is **$70,648** (2009 - $70,648)

9. CORPORATE INCOME TAXES

The provision for PILS differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rate. The reconciliation between the statutory and effective rates is provided as follows:

	2010	2009
Income from operations before PILS	**$ 669,895**	$ 286,708
Statutory Canadian federal and provincial income tax rate	**18.6%**	18.6%
Expected tax provision on income at statutory rates	**$ 124,600**	$ 53,328
Increase (decrease) in income taxes resulting from: Other	**3,252**	(5,547)
Provision for PILS	**$ 127,852**	$ 47,781

10. PENSION AGREEMENTS

The company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer contributory plan, on behalf of **9** (2009 - 10) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS by the Company and the participating employees for the year was **$66,515** (2009 - $70,452) for current service.

The Utility has no obligation on December 31, 2010 under the past service provisions of the OMERS agreement.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees. This plan is an unfunded benefit plan. The company measures its accrued benefits obligation as at December 31 of each year. The latest actuarial valuation was performed as at January 1, 2008.

a) Accrued benefit obligation:

	2010	2009
Balance, beginning of year	$ 336,426	$ 339,833
Current service cost	4,281	4,078
Interest on benefits	16,857	16,968
Payments made by employer	(25,219)	(24,453)
Balance, end of year	$ 332,345	$ 336,426

b) Reconciliation of the accrued benefit obligation to the balance sheet accrued benefit liability:

	2010	2009
Accrued benefit obligation	$ 332,345	$ 336,426
Unamortized transition liability	(128,585)	(150,016)
Post-employment benefits liability	$ 203,760	$ 186,410

The transition liability is amortized on a straight-line basis over the expected average remaining service lifetime of the active members of the group - 9 years.

c) Components of current year benefit expense:

	2010	2009
Current service cost	$ 4,281	$ 4,078
Interest on benefits	16,857	16,968
Transition liability	21,431	21,431
Balance, end of year	$ 42,569	$ 42,477

d) Significant assumptions
The significant actuarial assumptions used in measuring the accrued benefit obligation are as follows:

Discount rate		5%
Future general inflation rate		3%
Future salary increase rate		3%
Annual dental costs increase		5%
Annual medical cost increase	2009	9%
	2010	8%
	2011	7%
	2012	6%
	2013 onward	5%

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

e) Sensitivity analysis
Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A one percentage point change in assumed health care cost trend rates have the following effects on the original accrued benefit obligation of $342,877 :

	Increase	Decrease
Total current service and interest cost	$ 22,000	$ 19,000
Accrued benefit obligation	$ 356,000	$ 331,000

12. CONTINGENCIES
Griffith et al. v. Toronto Hydro-Electric Commission et al.

In July 2010 a court order formalized a settlement of the class action lawsuit that sought restitution for late payment charges collected by municipal electrical utilities ("MEU") from their customers over the period 1998 to 2001 that were in excess of the interest limit stipulated in section 347 of the Criminal Code. In total the defendant MEU's will pay $17,000,000 plus costs and taxes in settlement of all claims. The amount allocated for payment by each MEU is based on its percentage of distribution service revenue over the period. The company's share of the settlement is $18,511 payable on June 30, 2011. The MEU's involved in the settlement have requested an order from the OEB allowing for future recovery from customers of all costs related to the settlement. The company will record the expense when paid and anticipates setting up a corresponding variance for recovery pending a response from the OEB regarding future recovery.

13. CAPITAL STOCK	**2010**	2009
Authorized Unlimited number of common shares		
Stated capital 1 common share	**$ 3,410,092**	$ 3,410,092

14. SUPPLEMENTAL CASH FLOW INFORMATION Supplemental cash flow information is as follows:	**2010**	2009
Interest paid	**$ 76,756**	$ 67,452
Payments in lieu of corporate taxes paid (recovered)	**50,524**	(13,688)

15. RELATED PARTY TRANSACTIONS
During the year, the company paid to its shareholder **$70,648** (2009 - $70,648) interest on the outstanding note payable. This amount is included as interest and bank charges expense on the statement of earnings and retained earnings.

Streetlight revenues of **$65,710** (2009 - $38,261) were charged to the shareholder based on rates approved by the OEB consistent with rates determined for all other customers. The Company also provides streetlight maintenance services to the Town which generated revenues of **$25,666** (2009 - $29,547).

The company collected sewage charges of **$1,704,667** (2009 - $1,690,906) and water charges of **$1,962,627** (2009 - $1,938,869) on behalf of the shareholder of the company. A collection fee of **$27,537** (2009 - $27,264) was received for this service. At year end, a balance of **$340,480** (2009 - $305,714) is owed to the Town of Goderich relating to water and sewage revenue collected.

The company paid rent to the shareholder of the company in the amount of **$58,616** (2009 - $32,829).

The company paid to the shareholder of the company an administration fee of **$40,000** (2009 - $40,000) as well as **$39,000** (2009 - $39,000) to compensate for services provided to the company by the shareholder's employees.

The company contributed **$34,339** (2009 - $33,357) toward the costs of an environmental officer who is employed by the shareholder of the company.

16. GUARANTEES

In the normal course of business, the Company enters into agreements that represent guarantees as defined by Canadian Accounting Guidelines. The primary types of such guarantees are as follows:

a) Indemnity has been provided to all directors and officers of the Company for various items including but not limited to all costs to settle suits or actions incurred due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' insurance to mitigate the cost of any potential future suits or legal actions. The term of indemnification is limited to the period over which the director and or officer served as director/officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.

b) The Company has entered into agreements that include indemnities in favour of third parties such as engagement letters with advisors and consultants, outsourcing agreements, information technology and service agreements. These agreements may require the Company to compensate counter parties for losses as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a result of the transaction. The maximum amount of any potential future reimbursement cannot be reasonably estimated.

The nature of these indemnity agreements prevents the Company from making a reasonable estimate of the maximum exposure due to difficulties in assessing the amount of liability which results from the unpredictability of future events.

The Company has not made any significant payments in the past under such circumstances and therefore no amount has been accrued on the balance sheet with respect to these agreements.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

17. CAPITAL DISCLOSURES

The Company's main objectives when managing its capital are as follows:

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and
- to ensure ongoing access to funding to maintain and improve its electricity distribution system
- to align its capital structure for regulated activities with the debt to equity structure deemed by the Ontario Energy Board

The Company's capital structure consists of shareholder's equity and long-term note payable. As at December 31 its capital structure is 21% debt and 79% equity. This ratio is less than the deemed debt ratio of distributors with a comparable rate base. There have been no changes in the Company's capital management during the year.

The Company's debt agreement does not contain any covenants.

18. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The Company's financial instruments include cash, receivables, accounts payables and accruals. The carrying value of these instruments approximates their fair value due to their immediate or short-term maturity.

Financial instruments also include a note payable with terms as disclosed in Note 8. The fair value is not determinable due to the related party nature and variable terms.

Concentration of credit risk

The Company's credit risk associated with accounts receivable is primarily related to payment from its customers. The company collects security deposits from customers in accordance with directions provided by the Ontario Energy Board.

As of December 31, 2010, there were no significant concentrations of credit risk with respect to any class of financial assets. It is management's opinion that the company is not exposed to significant credit risk arising from its financial instruments.

Interest rate risk

It is management's opinion that the company is not exposed to significant interest rate risk arising from its financial instruments.

Liquidity risk

The Company monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. It monitors its cash balances to ensure sufficient levels of liquidity are on hand to meet its financial commitments as they come due.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2010

Insurance
The Company holds insurance with major insurers at appropriate types and levels as determined by management. It is a member of the Municipal Electricity Association Reciprocal Insurance Exchange (MEARIE) for its liability coverage. This reciprocal insurance exchange is formed to exchange reciprocal contracts of indemnity or inter-insurance among the members of the group. Insurance premiums are charged to each member as a fee per thousands of dollars of service revenue with an adjustment to reflect the member's claims experience. The coverage provided by this insurance is to a level of $20,000,000 per occurrence.

19. COMMITMENT

The Company has the following obligations under operating leases for office space, truck and shop premises :

2011	$	60,960
2012	$	60,960
2013	$	60,960
2014	$	60,960
2015	$	60,960

20. BASIS OF PRESENTATION

Comparative figures have been reclassified to conform with current year presentation.

21. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards (IFRS)
In 2008, the Canadian Accounting Standards Board announced its decision requiring all publicly accountable entities to report under International Reporting Standards. This decision establishes standards for financial reporting with increased clarity and consistency in the global marketplace. First time adoption for rate regulated entities had been give an option to delay adoption for interim and annual financial statements relating to annual periods beginning on or after January 1, 2012. There is uncertainty created by the International Accounting Standards Board regarding the rate regulated project which is assessing the potential recognition of regulatory assets and regulatory liabilities under IFRS. Due to this uncertainty and its potential material impact on the regulatory amounts on the company's financial statements, the company has decided to elect the option to defer adoption of IFRS to January 2012. The company will prepare its financial statements in accordance with Canadian GAAP accounting standards in Part V of the CICA Handbook for 2011. The company also can not reasonably quantify the full impact that adopting IFRS would have on its future financial position and results of operations.

The Company does expect a significant increase in financial statement disclosure requirements resulting from the adoption of IFRS. The Company is currently designing the systems and related process changes, which will be required in order to provide the additional information required to make these disclosures.

West Coast Huron Energy Inc.
Financial Statements
December 31, 2009

Takalo & Burt
CHARTERED ACCOUNTANTS

Takalo & Burt
CHARTERED ACCOUNTANTS

Ronald E. Takalo, B.Math., CA
Ronald F. Burt, B. Comm., CA

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N7A 1M4
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AUDITORS' REPORT

To the Shareholder of
West Coast Huron Energy Inc.

We have audited the balance sheet of West Coast Huron Energy Inc. as at December 31, 2009 and the statements of earnings and retained earnings, and cash flows for the year then ended. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

TAKALO & BURT

LICENCED PUBLIC ACCOUNTANTS
CHARTERED ACCOUNTANTS

Goderich, Ontario
March 25, 2010

West Coast Huron Energy Inc.
Statement of Earnings and Retained Earnings
For the year ended December 31

	2009	2008
Service revenue		
Energy and distribution services	$ 8,672,822	$ 8,123,426
Cost of power charges	6,783,075	6,470,053
Gross margin on service revenue	1,889,747	1,653,373
Other revenue		
OPA conservation funding	108,730	115,180
Rentals	42,067	48,204
Other	35,185	65,299
Sewage and water collection fees	27,264	27,164
Interest and penalties	15,748	37,080
Gain on sale of assets	15,000	2,493
	243,994	295,420
	2,133,741	1,948,793
Expenditure		
Administration	931,847	803,627
Operations and maintenance	379,802	395,921
Amortization of capital assets and deferred charges	257,057	232,816
Interest and bank charges	79,120	85,136
Conservation and demand side management	75,542	89,907
Building and maintenance	75,170	54,923
Rent	32,829	28,641
Customer relations	15,666	10,396
	1,847,033	1,701,367
Net earnings before provision for payments-in-lieu of corporate income taxes	286,708	247,426
Provision of payments-in-lieu of corporate income taxes	47,781	41,822
Net earnings	$ 238,927	$ 205,604
Retained earnings, beginning of year	$ 440,881	$ 235,277
Net earnings	238,927	205,604
Retained earnings, end of year	$ 679,808	$ 440,881

Takalo & Burt
CHARTERED ACCOUNTANTS

West Coast Huron Energy Inc.
Balance Sheet
December 31

	2009	2008
ASSETS		
Current		
Cash	$ 500,994	$ 1,084,524
Receivables	375,090	344,053
Unbilled revenue	1,060,116	850,236
Payments-in-lieu to corporate taxes receivable	3,531	62,681
Prepaids	8,302	8,302
	1,948,033	2,349,796
Property, plant and equipment - net (Note 4)	4,638,995	4,081,675
Other		
Regulatory asset (Note 6)	341,995	97,155
Goodwill	68,119	68,119
Deferred charges (Note 5)	2,283	4,563
Future income tax asset	32,219	-
	444,616	169,837
	$ 7,031,644	$ 6,601,308
LIABILITIES		
Current		
Payables and accruals	$ 683,515	$ 415,165
Current portion of customer deposits	50,000	50,000
	733,515	465,165
Long-term		
Note payable (Note 8)	974,454	974,454
Regulatory liability (Note 6)	798,087	888,616
Post-employment benefits obligation (Note 11)	186,410	168,387
Customer deposits	249,278	253,713
	2,208,229	2,285,170
	2,941,744	2,750,335
SHAREHOLDER'S EQUITY		
Capital stock (Note 13)	3,410,092	3,410,092
Retained earnings	679,808	440,881
	4,089,900	3,850,973
	$ 7,031,644	$ 6,601,308

Commitments and Contingencies (Notes 7 and 12)

APPROVED ON BEHALF OF THE BOARD:

_____ Director _____ Director

Takalo & Burt
CHARTERED ACCOUNTANTS

West Coast Huron Energy Inc.
Statement of Cash Flows
For the year ended December 31

	2009	2008
Operating activities		
Net earnings	$ 238,927	$ 205,604
Adjustments for non-cash items		
Amortization of property, plant and equipment	254,777	230,536
Gain on disposal of property, plant and equipment	(15,000)	(2,493)
Amortization deferred charges	2,280	2,280
Increase in post-employment benefits obligation	18,023	18,387
Change in non-cash working capital balances		
Decrease (increase) in receivables	(31,037)	(80,950)
Decrease (increase) in unbilled revenue	(209,880)	(43,800)
Decrease in payables and accruals	268,350	(103,014)
Decrease in payments-in-lieu of corporate taxes receivable	59,150	13,725
Increase in future tax asset	(32,219)	-
Net cash provided by operating activities	553,371	240,275
Financing activities		
Increase in customer deposits - net	(4,435)	28,301
Net cash provided by financing activities	(4,435)	28,301
Investing activities		
Purchase of property, plant and equipment	(812,097)	(299,655)
Increase in regulatory assets/liabilities	(335,369)	382,223
Proceeds on disposal of property, plant and equipment	15,000	4,800
Net cash provided by investing activities	(1,132,466)	87,368
Net increase (decrease) in cash	(583,530)	355,944
Cash, beginning of year	1,084,524	728,580
Cash, end of year	$ 500,994	$ 1,084,524

Takalo & Burt
CHARTERED ACCOUNTANTS

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

1. INCORPORATION
West Coast Huron Energy Inc. was incorporated under the Business Corporations Act of Ontario pursuant to requirements of the Electricity Act 1998. The Town of Goderich passed a Bylaw transferring certain assets and liabilities of the Public Utilities Commission of the Town of Goderich Municipal Electrical Utility to this corporation. In exchange for these assets, the Town of Goderich received a promissory note and common shares.

2. REGULATION
The Ontario Energy Board (OEB) has regulatory oversight powers over electricity matters in Ontario. The OEB issues distribution licences to all owners or operators of a distribution system in Ontario. This licence sets out requirements for regulatory accounting principles, the filing process for rate setting purposes as well as many other conditions for operation. The OEB has the authority to approve and fix rates charged for the transmission and distribution of electricity and thereby also to provide rate protection to electricity customers.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
These financial statements have been prepared on the basis of accounting policies applicable to a going concern, which assumes that the company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations

The financial statements have been prepared in accordance with the Canadian generally accepted accounting principles (GAAP), including accounting principles prescribed by the OEB and reflect the significant accounting principles summarized below.

Regulation
The following regulatory treatments have resulted in accounting treatments which differ from Canadian GAAP for enterprises operating in an unregulated environment:

Regulatory assets and liabilities
Effective January 1, 2009 the Company adopted the amended Canadian Institute of Chartered Accountants (CICA) Handbook Section 1100 - "Generally Accepted Accounting Principles" and Accounting Guideline 19 - "Disclosures by Entities Subject to Rate Regulation". These amended sections removed a temporary exemption pertaining to the recognition and measurement of assets and liabilities arising from rate regulation. Using professional judgement, management has determined that its assets and liabilities arising from rate-regulated activities qualify for recognition. Accordingly the removal of the temporary exemption had no effect on the Company's results of operation as of December 31, 2009.

CICA Handbook section 3465 - "Income Taxes" was amended to require the recognition of future income assets and liabilities for the amount of future income taxes expected to be refunded to or recovered from customers in future electricity rates, applied retrospectively without prior period restatements. As at December 31, 2009, the Company has recorded a future tax asset of $32,219 and a corresponding regulatory liability of $32,219.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

Contributions in aid of construction
Capital contributions received from outside sources are used to finance property, plant and equipment additions. These capital contributions are treated as a "credit" to property, plant and equipment and amortized at a rate equivalent to the related property, plant and equipment.

Payments in lieu of corporate taxes (PILS)
The Company is a Municipal Electricity Utility for the purposes of the PILS regime contained in the Electricity Act, 1998 and is thereby exempt from tax under the Canadian Income Tax Act. It is required to make annual PILS payments equal to the tax that would be payable under the Canadian Income Tax Act to the Ontario Electricity Financial Corporation.

The difference between the financial statement carrying value and tax basis of assets and liabilities were accounted for using the taxes payable method to December 31, 2008. Under the taxes payable method no provision is made for future income taxes resulting from temporary differences in the tax basis of assets and liabilities and their carrying values for accounting purposes. Effective December 31, 2009, the Corporation began using the liability method of accounting following new recommendations by the CICA and the Ontario Energy Board. Under the liability method, current income taxes payable are recorded based on taxable income. Future income taxes arise due to temporary differences between the tax basis of assets and liabilities. Future tax assets and liabilities are calculated using substantively enacted tax rates that will be in effect when the differences are expected to reverse.

Revenue recognition
Energy revenue is recorded on the basis of regular meter readings plus current estimates of customer usage between the last meter reading date and the end of the year at unbundled hydro rates approved by the Ontario Energy Board. Distribution revenue is recorded based on customer usage for the year at approved rates. Service charge and administration revenue are recorded based on approved flat rates including an estimate of amounts earned but unbilled to the end of the year.

Inventory
Inventories are measured at the lower of cost and net realizable value, with cost being determined on an average cost basis net of a provision for obsolescence.

Inventory consists of primarily of construction and maintenance parts and supplies. The company has reclassified all major future components of its electricity distribution system from inventory to property, plant and equipment. Once capitalized, these items are not amortized until they are put into service.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

Property, plant and equipment
Property, plant and equipment are carried at cost less accumulated amortization. Certain assets may be acquired or constructed with financial assistance from developers or customers. Such contributions are offset against the related asset cost.

Amortization of property, plant and equipment is provided for on the straight-line basis over the estimated service life of the assets. Amortization of contributions from developers or customers is calculated on a straight-line basis at the rates corresponding with the useful lives of the related capital asset. The estimated service lives of the various assets used in the calculation of amortization are summarized below:

	Estimated life (in years)
Buildings	25
Substation Equipment	25
Overhead Distribution System	25
Underground Distribution System	25
Services	25
Line Transformers and Spares	25
Fibre Optics	25
Meters	25
Trucks and Equipment	4 - 8
Computer Equipment	10
Office Equipment	10

Deferred charges
Deferred charges are stated at cost. Amortization is recorded on the straight-line basis over ten years.

Goodwill
Goodwill is not amortized. The carrying value of the goodwill is tested for impairment annually. Goodwill will be adjusted for impairment losses in the year that the impairment is identified.

Impairment of long-lived assets
The Company reviews long-lived assets for impairment whenever events or circumstances indicate that the long-lived assets' carrying amount may not be recoverable. When management determines that an impairment exists, the impairment loss will be determined by comparing the carrying amount of the asset to its fair value. The impairment loss is recorded in the period in which the impairment occurs.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

Financial instruments
The Company has designated the following with respect to its financial assets and liabilities:

Cash is classified as held-for-trading and is measured at fair value.

Accounts receivable are classified as "loans and receivables" and are measured at amortized cost using the effective interest method.

Accounts payable and accrued liabilities and long-term debt are classified as "other financial liabilities" and are measured at amortized cost using the effective interest rate method.

Post-employment benefits
The Company provides its retired employees with extended health benefits and life insurance. The employee future benefit expense is recognized in the period in which the employees render the services.

Employee future benefits are recorded on an accrual basis. The accrued benefit obligation and any current service costs are calculated using the projected benefits method pro-rated on service and are based on assumptions that reflect management's best estimate. Current service cost is equal to the actuarial present value of benefits that are attributable to each employee's service during the current period. Past service amendments are amortized on a straightline basis over the estimated average remaining service period of employees active at the time of the amendment. Any actuarial gains or loss are included in the period in which the gains (losses) become known.

Customer's deposits
Customer deposits represent funds collected from customers to guarantee the payment of energy bills. Deposits estimated to be refundable within the next fiscal year have been classified as a current liability. Interest is paid on customer balances annually at rates established by the Corporation.

Use of estimates
The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from the current estimates including changes as a result of future decisions made by the Ontario Energy Board and an actuarial valuation of employee future benefits. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

4. PROPERTY, PLANT AND EQUIPMENT

2009	Cost	Accumulated Amortization	Net Book Value
Land	$ 21,747	$ -	$ 21,747
Buildings	71,126	24,939	46,187
Substation equipment	152,252	54,754	97,498
Overhead distribution system	2,552,571	761,682	1,790,889
Underground distribution system	1,220,177	335,523	884,654
Services	83,338	9,141	74,197
Line transformers and spares	980,539	261,960	718,579
Fibre optics	157,082	56,611	100,471
Meters	397,702	126,402	271,300
Trucks and equipment	679,468	344,877	334,591
Computer equipment	150,501	89,847	60,654
Office equipment	63,794	48,406	15,388
Equipment not yet in service	222,840	-	222,840
	$ 6,753,137	$ 2,114,142	$ 4,638,995
2008			
Land	$ 21,747	$ -	$ 21,747
Buildings	71,126	22,093	49,033
Substation equipment	152,252	48,664	103,588
Overhead distribution system	2,337,556	659,579	1,677,977
Underground distribution system	1,012,410	286,747	725,663
Services	66,157	5,807	60,350
Line transformers and spares	879,901	222,927	656,974
Fibre optics	157,082	50,328	106,754
Meters	395,967	110,493	285,474
Trucks and equipment	344,395	292,575	51,820
Computer equipment	140,915	74,650	66,265
Office equipment	63,793	42,026	21,767
Equipment not yet in service	254,263	-	254,263
	$ 5,897,564	$ 1,815,889	$ 4,081,675

At December 31, 2009, net book value of stranded meters related to the deployment of smart meters amounting to **$271,300** (2008 - $285,474) is included in property plant and equipment. In the absence of rate regulation, property, plant and equipment would have been **$271,300** (2008 - $ 285,474) lower.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

5. DEFERRED CHARGES

2009	Cost	Accumulated Amortization	Net Book Value
Incorporation costs	$ 22,803	$ 20,520	$ 2,283
2008			
Incorporation costs	$ 22,803	$ 18,240	$ 4,563

6. REGULATORY ASSETS AND LIABILITIES

The main categories of regulatory assets/liabilities of the company are as follows:

Regulatory Assets	2009	2008
Smart Meter Program	$ 341,995	$ -
Omers pension cost	-	56,831
Other	-	98
Regulatory recovery account	-	40,226
	$ 341,995	$ 97,155
Regulatory Liabilities		
Smart Meter Program	$ -	$ (30,449)
Settlement variances	(319,050)	(858,167)
Future income taxes	(32,219)	-
Regulatory recovery account	(446,818)	-
	$ (798,087)	$ (888,616)

Regulatory assets and liabilities

Settlement variances

The variance represents the difference between the amount charged by the Independent Electricity System Operator for electricity and the recovery of these costs from customers after May 1, 2002. The nature of this variance is that it will fluctuate between assets and liabilities over time and are reported at period end dates in accordance with rules prescribed by the OEB. The variance will be recovered in future billing periods and through future hydro rates as approved by the Ontario Energy Board.

Interest is capitalized monthly, calculated and recorded using simple interest at a prescribed rate on the carrying value to compensate the company for the timing difference. The offsetting credit is recorded as interest income.

OMERS pension costs

The Company has recognized a regulatory asset that consists of contributions made by the Company for the period January 1, 2005 to April 30, 2006 as required by the OEB. In the absence of rate regulation these costs would have been expensed in the period in which they were incurred. Interest is capitalized monthly, calculated and recorded using simple interest at a prescribed rate on the carrying value to compensate the company for the timing difference.

Smart Meter Program

The smart meter regulatory asset account relates to the Province of Ontario's decision to install smart meters throughout Ontario by 2010. Capital expenditures made to purchase and instal these meters has been recorded in this regulatory asset account pending approval of disposition via rates by the OEB. These expenditures would otherwise have been recorded as property, plant and equipment. In the absence of rate regulation property plant and equipment would have been **$364,273** (2008 - $nil) higher and depreciation expense would have been **$9,966** (2008 - $nil) higher.

Incremental operations, maintenance and administrative costs of **$27,633** (2008 - $nil) have been recorded in this regulatory asset account pending approval for disposition by the OEB. In the absence of rate regulation operating costs would have been **$27,633** higher.

In addition, revenue is being collected from each residential customer on a monthly basis in order to fund the start up of the Smart Meter program in accordance with currently approved hydro rates. The total amount of revenue collected to December 2009 is **$52,653**.

Total carrying charges of $2,741 have been recorded in this regulatory asset account at rates prescribed by the OEB.

Regulatory asset/liability recovery account (RARA)

The RARA consists of balances of regulatory assets and regulatory liabilities that have been approved for disposition through Ontario Energy Board approved rate riders. The RARA is subject to carrying charges using rates approved by the Ontario Energy Board and calculated monthly using the simple interest method. Revenues collected via these specific distribution rate riders are allocated to the RARA as they are intended to offset or recover the approved amounts.

In 2009, the OEB approved the recovery of a net regulatory liability balance of **($564,668)** consisting of a settlement liability to December 31, 2007 of ($575,168), interest on the settlement variances calculated to April 30, 2009 of **($47,252)**, OMERS pension costs of $49,773 with carrying charges of $7,876 and other deferred charges of $103. Specific distribution rates were implemented in August 2009 that were estimated to recover these amounts over a two year period. Total cumulative revenue refunded (collected) via these permitted rates in 2009 was **$83,017**. Accrued accrued carrying charges for 2009 on the net liability of **($5,883)** were recorded in the RARA.

Any over/under recovery of these approved amounts will be factored into future rate approvals. Currently the RARA includes an under recovery of $40,775 related to a previous disposition approval.

Future income taxes

The future income taxes regulatory liability relates to the expected future electricity rate reduction for customers arising from timing differences resulting in the recognition of future tax assets.

On January 1, 2009 the company implemented the tax liability method and accounts for the differences between its financial statement carrying value and tax basis of assets and liabilities in accordance with Section 3465 of the CICA Handbook. As at December 31, 2009 the company has recorded a future tax asset of **$32,219** and a corresponding regulatory liability of **$32,219**.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

7. LETTER OF CREDIT

The company has provided prudentials, in the form of an irrevocable letter of credit, in the amount of **$350,343** (2008 - $350,343) in favour of the Independent Electricity System Operator. The prudentials serves as security for power purchased from the Independent Electricity Market Operator.

8. NOTE PAYABLE

The note is payable to the shareholder of the company, is due upon demand and bears interest at 7.25% per annum. The note is secured by a general security agreement over all of the Company's assets. The note has been classified as long-term because it is not the intent of the shareholder to demand repayment within the next year.

9. CORPORATE INCOME TAXES

The provision for PILS differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rate. The reconciliation between the statutory and effective rates is provided as follows:

	2009	2008
Income from operations before PILS	$ 286,708	$ 247,426
Statutory Canadian federal and provincial income tax rate	**18.6%**	18.6%
Expected tax provision on income at statutory rates	$ **53,328**	$ 46,021
Increase (decrease) in income taxes resulting from: Other	**(5,547)**	(4,199)
Provision for PILS	$ **47,781**	$ 41,822

10. PENSION AGREEMENTS

The company makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of **10** (2008 - 10) members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

The amount contributed to OMERS by the Company and the participating employees for the year was **$70,452** (2008 - $70,336) for current service.

The Utility has no obligation on December 31, 2009 under the past service provisions of the OMERS agreement.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

11. POST-EMPLOYMENT BENEFITS OTHER THAN PENSION

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees. This plan is an unfunded benefit plan. The company measures its accrued benefits obligation as at December 31 of each year. The latest actuarial valuation was performed as at January 1, 2008.

a) Accrued benefit obligation:

	2009	2008
Balance, beginning of year	$ 339,833	$ 342,877
Current service cost	4,078	3,883
Interest on benefits	16,968	16,890
Payments made by employer	(24,453)	(23,817)
Balance, end of year	$ 336,426	$ 339,833

b) Reconciliation of the accrued benefit obligation to the balance sheet accrued benefit liability:

	2009	2008
Accrued benefit obligation	$ 336,426	$ 339,833
Unamortized transition liability	(150,016)	(171,446)
Post-employment benefits liability	$ 186,410	$ 168,387

The transition liability is amortized on a straight-line basis over the expected average remaining service lifetime of the active members of the group - 9 years.

c) Components of current year benefit expense:

	2009	2008
Current service cost	$ 4,078	$ 3,883
Interest on benefits	16,968	16,890
Transition liability	21,431	21,431
Balance, end of year	$ 42,477	$ 42,204

d) Significant assumptions

The significant actuarial assumptions used in measuring the accrued benefit obligation are as follows:

Discount rate		5%
Future general inflation rate		3%
Future salary increase rate		3%
Annual dental costs increase		5%
Annual medical cost increase	2009	9%
	2010	8%
	2011	7%
	2012	6%
	2013 onward	5%

e) Sensitivity analysis
Assumed health care cost trend rates have a significant effect on the amounts reported for health care plans. A one percentage point change in assumed health care cost trend rates have the following effects for 2009:

	Increase	Decrease
Total current service and interest cost	$ 22,000	$ 19,000
Accrued benefit obligation	$ 356,000	$ 331,000

12. CONTINGENCIES

Griffith et al. v. Toronto Hydro-Electric Commission et al.

This action has been brought under the Class Proceedings Act, 1992. The plaintiff class seeks $500 million in restitution for amounts paid to Toronto Hydro and to other Ontario municipal electric utilities who received late payment penalties which constitute interest at an effective rate in excess of 60% per year, contrary to section 347 of the Criminal Code. Pleadings have closed in this action. This action has not yet been certified as a class action and no discoveries have been held, as the parties were awaiting the outcome of a similar proceeding brought against Enbridge Gas Distribution Inc. (formerly Consumers Gas).

On April 22, 2004, the Supreme Court of Canada released a decision in the Consumers Gas case rejecting all of the defences which had been raised by Enbridge, although the Court did not permit the Plaintiff class to recover damages for any period prior to the issuance of the Statement of Claim on 1994 challenging the validity of late payment penalties. The Supreme Court remitted the matter back to the Ontario Superior Court Justice for determination of the damages. At the end of 2006, a mediation process resulted in the settlement of the damages payable by Enbridge. In 2007, Enbridge filed an application to the Ontario Energy Board to recover the Court-approved amount and related amounts from ratepayers over a five year period. In 2009, a settlement was arrived at between the plaintiffs and Union Gas.

A mediation process was initiated to explore possible settlement of the case against LDC's. A tentative settlement has been reached but has not yet received the required approval of all LDC's as well as the Ontario Supreme Court Justice that would make it effective. Based on the proposed settlement the Company's portion would be $18,511. This liability would be recorded in the period in which the required approvals have been received.

At this time, it is not possible to quantify the effect, if any, on the financial statements of the company should the settlement not receive the required approvals.

West Coast Huron Energy collected late payment penalties of $205,372 from 1994 to 2001. No determination of the portion of these payments which may have constituted interest at an impermissible rate has been made. In 2002 the Company revised its late payment penalty to 1.5% per month on overdue balances.

West Coast Huron Energy Inc.
Notes to the Financial Statements
December 31, 2009

13. CAPITAL STOCK

	2009	2008
Authorized		
Unlimited number of common shares		
Stated capital		
1 common share	$ 3,410,092	$ 3,410,092

14. RELATED PARTY TRANSACTIONS

During the year, the company paid to its shareholder **$70,648** (2008 - $70,648) interest on the outstanding note payable. This amount is included as interest and bank charges expense on the statement of earnings and retained earnings.

Streetlight revenues of **$34,291** (2008 - $20,606) were charged to the shareholder based on rates approved by the OEB consistent with rates determined for all other customers.

The company collected sewage charges of **$1,690,906** (2008 - $1,547,348) and water charges of **$1,938,869** (2008 - $1,756,958) on behalf of the shareholder of the company. A collection fee of **$27,264** (2008 - $27,164) was received for this service. At year end, a balance of **$305,714** (2008 - $299,583) is owed to the Town of Goderich relating to water and sewage revenue collected.

The company paid rent to the shareholder of the company in the amount of **$32,829** (2008 - $28,641).

The company paid to the shareholder of the company an administration fee of **$40,000** (2008 - $40,000) as well as **$39,000** (2008- $39,000) to compensate for services provided to the company by the shareholder's employees.

The company contributed **$33,357** (2008 - $26,777) toward the costs of an environmental officer who is employed by the shareholder of the company.

15. GUARANTEES

In the normal course of business, the Company enters into agreements that represent guarantees as defined by Canadian Accounting Guidelines. The primary types of such guarantees are as follows:

a) Indemnity has been provided to all directors and officers of the Company for various items including but not limited to all costs to settle suits or actions incurred due to association with the Company, subject to certain restrictions. The Company has purchased directors' and officers' insurance to mitigate the cost of any potential future suits or legal actions. The term of indemnification is limited to the period over which the director and or officer served as director/officer of the Company. The maximum amount of any potential future payment cannot be reasonably estimated.

b) The Company has entered into agreements that include indemnities in favour of third parties such as engagement letters with advisors and consultants, outsourcing agreements, information technology and service agreements. These agreements may require the Company to compensate counter parties for losses as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a result of the transaction. The maximum amount of any potential future reimbursement cannot be reasonably estimated.

The nature of these indemnity agreements prevents the Company from making a reasonable estimate of the maximum exposure due to difficulties in assessing the amount of liability which results from the unpredictability of future events.

The Company has not made any significant payments in the past under such circumstances and therefore no amount has been accrued on the balance sheet with respect to these agreements.

16. CAPITAL DISCLOSURES

The Company's main objectives when managing its capital are as follows:

- to safeguard the company's ability to continue as a going concern, so that it can continue to provide returns for shareholders and
- to ensure ongoing access to funding to maintain and improve its electricity distribution system
- to align its capital structure for regulated activities with the debt to equity structure deemed by the Ontario Energy Board

The Company's capital structure consists of shareholder's equity and long-term note payable. As at December 31 its capital structure is 20% debt and 80% equity. This ratio is less than the deemed debt ratio of distributors with a comparable rate base. There have been no changes in the Company's capital management during the year.

The Company's debt agreement does not contain any covenants.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair value of financial instruments

The Company's financial instruments include cash, receivables, accounts payables and accruals. The carrying value of these instruments approximates their fair value due to their immediate or short-term maturity.

Financial instruments also include a note payable with terms as disclosed in Note 8. The fair value is not determinable due to the related party nature and variable terms.

Concentration of credit risk

The Company's credit risk associated with accounts receivable is primarily related to payment from its customers. The company collects security deposits from customers in accordance with directions provided by the Ontario Energy Board.

As of December 31, 2009, there were no significant concentrations of credit risk with respect to any class of financial assets. It is management's opinion that the company is not exposed to significant credit risk arising from its financial instruments.

Interest rate risk
It is management's opinion that the company is not exposed to significant interest rate risk arising from its financial instruments.

Liquidity risk
The Company monitors and manages its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. It monitors its cash balances to ensure sufficient levels of liquidity are on hand to meet its financial commitments as they come due.

Insurance
The Company holds insurance with major insurers at appropriate types and levels as determined by management. It is a member of the Municipal Electricity Association Reciprocal Insurance Exchange (MEARIE) for its liability coverage. This reciprocal insurance exchange is formed to exchange reciprocal contracts of indemnity or inter-insurance among the members of the group. Insurance premiums are charged to each member as a fee per thousands of dollars of service revenue with an adjustment to reflect the member's claims experience. The coverage provided by this insurance is to a level of $20,000,000 per occurrence.

18. SUBSEQUENT EVENT

On February 25, 2010 the Board of Directors approved a dividend of $100,000.

19. BASIS OF PRESENTATION

Comparative figures have been reclassified to conform with current year presentation.

20. FUTURE ACCOUNTING CHANGES

International Financial Reporting Standards (IFRS)
In January 2006, the Canadian Accounting Standards Board announced its decision requiring all publicly accountable entities to report under International Reporting Standards. This decision establishes standards for financial reporting with increased clarity and consistency in the global marketplace. These standards are effective for fiscal years beginning on or after January 1, 2011. The impact of the adoption of IFRS on the Company's financial position and results of operation is not currently determinable. The Company is currently developing an implementation plan for the adoption of IFRS.

21. CHANGE IN ACCOUNTING POLICY

The Canadian Institute of Chartered Accountants has amended CICA Handbook Section 1100 - Generally Accepted Accounting Principles, Section 3465 - Income Taxes and Accounting Guideline 19 - Disclosures by Entities Subject to Rate-Regulation. These amendments are effective for fiscal periods beginning on or after January 1, 2009.

The revision to Section 1100 removed the temporary exemption relating to the application of that Section to the recognition and measurement of assets and liabilities that arise due to rate-regulation. The adoption of this amendment did not affect the Company's results of operations or financial position.

The revision to Section 3465 results in the requirement to recognize future income tax liabilities and assets by rate-regulated entities. A regulatory asset or liability for any amount of the future taxes expected to be recovered or returned to future customers must also be presented on a gross basis in the financial statements. Previously rate-regulated enterprises were exempted from the requirement to recognize future income taxes. The Company has adopted the requirements of this new accounting recommendation as of January 1, 2009 without restatements of the prior year's results. It has recorded an adjustment to opening retained earnings of nil representing the cumulative impact of this standard to December 31, 2008. Further, this new policy has been applied to all transactions occurring after the date of adoption.

The revision to Accounting Guideline 19 resulted in amended disclosures as a result of changes to the other sections and did not affect the Company's operation results and financial position.

West Coast Huron Energy Inc.		
Proforma Statement of Earnings and Retained Earnings		
for the year ended December 31	**2013**	**2012**
	(Forecast - MIFRS)	**(Forecast - MIFRS)**
Distribution Revenue	$ 2,648,930	$ 2,181,790
Other revenue		
		-
OPA conservation funding	60,747	89,932
Sewage and water collection fees	44,000	44,000
Other service revenue	30,600	30,480
Rentals	20,000	20,000
Late payment charges	10,000	10,000
Non-utility rental income	8,600	8,600
Interest	1,500	5,500
	175,447	208,512
	2,824,377	2,390,302
Expenditure		
Administration and general	815,970	1,022,515
Billing and collecting	494,400	514,800
Operations	381,959	413,938
Maintenance	138,500	131,200
Amortization of utility capital assets (MIFRS)	257,104	209,129
Interest	264,743	95,648
OPA Conservation and demand side management	60,747	89,932
Community relations	15,000	15,000
Amortization non-utility owned property	1,403	1,510
	2,429,826	2,493,672
Net earnings before provision for payments-in-lieu of corporate income taxes	394,551	(103,370)
Provision(recovery) of payments-in-lieu of corporate income taxes	20,037	-
Net earnings (loss)	$ 374,514	$ (103,370)
Retained earnings, beginning of year	$ 1,079,376	1,579,376
Net earnings (loss)	374,514	$ (103,370)
Dividend		- 500,000
Retained earnings, end of year	$ 1,453,890	$ 1,079,376

West Coast Huron Energy Inc.		
Proforma Balance Sheet		
December 31	**2013**	**2012**
	(Forecast - MIFRS)	**(Forecast - MIFRS)**
ASSETS		
Current		
Receivables	$ 1,162,978	$ 1,162,978
Unbilled revenue	1,061,991	1,061,991
Prepaids	8,302	8,302
Payments in lieu of corporate income taxes	56,707	76,744
	2,289,978	2,310,015
Property, plant and equipment - net	10,305,538	8,786,175
Other		
Regulatory assets	693,990	693,990
Goodwill	68,119	68,119
Future income tax asset	32,219	32,219
	794,328	794,328
	$ 13,389,844	$ 11,890,518
LIABILITIES		
Current		
Bank indebtedness	$ 1,533,031	$ 2,020,133
Payables and accruals	794,145	794,145
Deferred insurance proceeds	-	235,586
Current portion of customer deposits	50,000	50,000
	2,377,176	3,099,864
Long-term		
Note payable	974,454	974,454
Bank debt or Note payable	4,862,500	3,015,000
Post-employment benefits obligation	215,201	215,201
Customer deposits	199,901	199,901
	6,252,056	4,404,556
SHAREHOLDER'S EQUITY		
Capital stock	3,410,092	3,410,092
Retained earnings	1,350,520	976,006
	4,760,612	4,386,098
	$ 13,389,844	$ 11,890,518

PROPOSED ACCOUNTING TREATMENT

Goderich Hydro does not have any projects with a life cycle of greater than one year in this Application that require specific treatment. Goderich Hydro does have certain capital projects that will be done in phases over multiple years.

Reconciliations

Not included as trial balance information used for historical purposes tie into audited financial statements and RRR filings.

Materiality

There have been no fundamental changes in the way West Coast Huron Energy conducts its normal operation. The Materiality changes have been as a direct result of the Tornado