



# Cooperative Hydro Embrun Inc.

2014 COS APPLICATION  
EB-2013-0122

Submitted on: May 10, 2013

Cooperative Hydro Embrun  
703 Notre Dame Rue, Embrun, ON  
(613) 443-5110



May 10, 2013  
Ontario Energy Board P.O.  
Box 2319 27th Floor  
2300 Yonge Street Toronto,  
Ontario M4P 1E4

**Attention: Ms. Kirsten Walli, Board Secretary**  
**Regarding: EB-2012-0122-2014 Cost of Service Application**

Dear Ms. Walli,

Cooperative Hydro Embrun Inc. is pleased to submit to the Ontario Energy Board its 2014 Cost of Service Application, in compliance with the OEB letter dated December 11, 2012. This application is being filed pursuant to the Board's e-Filing Services. Two hard copies of the Application will be delivered to the Board over the next few business days.

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

EB-2013-0122 CHE 2014 Cost Allocation Model V3 May 10 2013  
EB-2013-0122 CHE 2014 EDDVAR\_Continuity\_Schedule May 10 2013  
EB-2013-0122 CHE 2014 IncomeTax PILs Workform May 10 2013  
EB-2013-0122 CHE 2014 Load Forecast Worksheet May 10 2013  
EB-2013-0122 CHE 2014 OEB Appendices May 10 2013  
EB-2013-0122 CHE 2014 RTSR Model May 10 2013  
EB-2013-0122 CHE 2014\_Rev\_Reqt\_Work\_Form May 10 2013

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

Yours truly,

Benoit Lamarche, General Manager  
Cooperative Hydro Embrun  
703 Notre Dame Rue Russell, ON  
(613) 443-5110

# Exhibit 1 – Administrative Documents

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## **EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS**

The Administrative Documents identified in this section provide the background and summary information to the case as filed. This section consists of four segments.

- 1) Administration
- 2) Overview of filing
- 3) Financial Information
- 4) Materiality Threshold

## **Tab 1 - Administration**

### **E1.T1.S1      LEGAL APPLICATION**

In the matter of; the Ontario Energy Board Act, 1998; S.O. 1998, c.15, Sched B, as amended; and in the matter of; an Application by Cooperative Hydro Embrun Inc. for an Order or Orders approving or fixing just and reasonable distribution rates effective January 1, 2014.

Cooperative Hydro Embrun Inc. ("CHEI" or the "Utility" or the "Applicant") is a distributor of electricity pursuant to a distribution license ED-2002-0493 issued by the Ontario Energy Board (the "Board") under the Ontario Energy Board Act, 1998 (the "Act"). CHEI hereby applies to the Board pursuant to section 78 of the Act for following Order or Orders:

- a) an Order approving CHEI's proposed rates for the 2014 rate year, or such other rates as the Board may find to be just and reasonable;
- b) an Order approving CHEI's proposal to amortize, over a period ending December 31, 2015, the cost of meters included in rate base that have been replaced with Smart Meters;
- c) an Order approving clearance of the balances recorded in select deferral and variance accounts by means of rate riders effective January 1, 2014 for a period of 2 years;
- d) Approval to charge rates effective January 1, 2014 to recover a revenue requirement of \$838,798 which includes a revenue deficiency of \$68,498;

- e) Approval of the proposed loss factor of 1.07;
- f) Approval to revise Low Voltage Rates as proposed at Exhibit 8;
- g) Approval to revise Retail Transmission Network and Connection rates as proposed at Exhibit 8 ;
- h) Approval to continue to charge Wholesale Market and Rural Rate Protection Charges at Exhibit 8;
- i) In the event the Board is unable to implement CHEI's 2014 rates by January 1, 2014, CHEI requests that its current rates be made interim effective January 1, 2014.
- j) Approval of its proposed 2014 rate base in the amount of \$2,882,427.

The 2014 rates proposed by CHEI will result in monthly total bill impacts as follows: a) a Residential customer using 800 kWh's: a 1.20% increase; b) a General Service customer less than 50 kW using 2,000 kWh's: a 3.63% decrease; c) a General Service customer > 50: a -45.03% decrease; d) Unmetered Scattered Load using 500 kWh's - a 18.10% decrease; e) Sentinel Lighting with a demand of 1 kW a 35.07% increase;

This Application is made in accordance with the Board's Chapter 2 of the Board's Filing Requirements for Transmission and Distribution Applications dated July 12, 2012. The bridge and test year forecast was prepared by the manager and reviewed by the Board of Director in January of 2013.

CHEI hereby certifies that the application has been reviewed and approved by the Manager and certifies that the information and evidence presented herein is accurate to the best of the applicants knowledge.

#### **E1.T1.S2 STATEMENT OF PUBLICATION**

Upon receiving the Letter of Direction and the Notice of Application and Hearing from the Board, CHEI will immediately arrange to have the Notice of Application and Hearing for this proceeding published in the local community “not-paid-for” newspaper which has the highest circulation in its service area: Le Reflet/The News is a bilingual newspaper with a circulation of 13, 000 copies

Once the Notice of Application and Hearing has been published in the above listed newspapers, CHEI will immediately file an Affidavit of Publication together with proof.

#### **E1.T1.S3 PROPOSED ISSUES LIST**

In establishing the overall appropriateness of the proposed rates, CHEI anticipates that the following issues will be addressed by the Board and interveners.

##### General (Exhibit 1)

- The reasonableness of the overall economic and business planning assumptions for the Test Year.
- The reasonableness of the proposed revenue requirement.

- The appropriateness of CHEI's accounting treatment for ratemaking purposes.

#### Rate Base (Exhibit 2)

- The appropriateness of CHEI's asset planning assumptions (e.g. asset knowledge, strategy and conditions, etc.)
- The appropriateness of CHEI's capitalization and depreciation policy.
- The reasonableness of overall capital expenditures.
- The reasonableness of the working capital allowance.
- The reasonableness of the proposed rate base for the test year.
- The reasonableness of the accounting for stranded meters.
- The suitability of the Asset Management Plan
- The suitability of the Green Energy Plan.

#### Operating Revenues (Exhibit 3)

- The reasonableness of the load forecast methodology including weather normalization.
- The reasonableness of the proposed customers/connections and load forecasts (both kWh and kW) for the test year
- The appropriate adjustment of CDM in the load forecast.
- The appropriateness of the proposed revenue offsets.

#### Operating Costs (Exhibit 4)

- The reasonableness of the overall OM&A forecast for the test year.

- The appropriateness of the methodologies used to budget costs.
- The reasonableness of the proposed level of depreciation/amortization expense for the test year.
- The reasonableness of compensation costs and employee levels.
- The reasonableness of the test year forecast of PILs.
- The suitability of CHEI's service-quality results, based on the Board specified performance indicators

#### Cost of Capital and Rate of Return (Exhibit 5)

- The suitability of the proposed capital structure.
- The suitability of the proposed return on equity.

#### Calculation of Revenue Deficiency (Exhibit 6)

- The appropriateness of the calculation of Revenue Deficiency.

#### Cost Allocation (Exhibit 7)

- The appropriateness of CHEI's cost allocation.
- The appropriateness of the proposed revenue-to-cost ratios.

#### Rate Design (Exhibit 8)

- The appropriateness of the proposed classes of customers.
- The appropriateness of the customer charges and the fixed-variable splits for each class.
- The appropriateness of the proposed Retail Transmission Service Rates.
- The appropriateness of the proposed loss factors.

- The appropriateness of CHEI's proposed Tariff of Rates and Charges.
- The appropriateness of CHEI's rate mitigation plan.

#### 9. Deferral and Variance Accounts (Exhibit 9)

- The appropriateness of the account balances, cost allocation methodology and disposition plan.

#### **E1.T1.S4      ALIGNMENT OF RATE YEAR WITH FISCAL YEAR AND RATE ORDER REQUIREMENT FOR IMPLEMENTATION**

In this application, CHEI is seeking a fiscal rate year alignment. CHEI believes that an alignment with its fiscal year will yield benefits such as a reduction in administrative and accounting cost burdens, improved budget planning and improved alignment of rates with costs. Rate increases will be more transparent to consumers since they would occur on dates which differ from the current regulated price plan (RPP) changes.

Being a small utility, CHEI has limited time and resources to effectively update and test changes resulting from the Board's approval of any new Tariff of Rates and Charges. Therefore, CHEI respectfully requests that it receive by December 13, 2014 the Tariff of Rates and Charges effective January 1, 2014. A delay in receiving the new rate information later than mid-December would likely cause the new rates not to be reflected in the initial customer bills and result in corrections having to be made in subsequent bills.



**E1.T1.S5 COMPLIANCE WITH CHAPTER 2 OF THE FILING REQUIREMENTS FOR ELECTRICITY TRANSMISSION AND DISTRIBUTION APPLICATIONS**

CHEI requests an exemption from certain sections of “Chapter 2 of the Filing Requirements for Electricity Transmission and Distribution Applications” as they pertain to the adoption of Modified IFRS (“MIFRS”).

On February 14 2013, the Accounting Standards Board (AcSB) decided to extend the existing deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year. The changeover date was announced as January 1, 2015.

In view of this recent development, CHEI is seeking certain exemptions as they apply to obligations under Chapter 2 of the Filing Requirements For Electricity Transmission and Distribution Applications, which specify that cost of service applications must be filed on the basis of Modified IFRS (“MIFRS”). Instead, CHEI is seeking approval to file their cost of service application on the basis of Modified CGAAP which supports accounting changes for depreciation expense and capitalization policies made mandatory and effective January 1 2013, for all distributors in the letter issued by the Board on July 17, 2012.

It is the utility, its Board of Directors and its auditors (BDO) opinion that the consequences of not aligning the MIFRS date with the adoption of IFRS would create unwarranted time and cost burden for the utility and their auditors.

CHEI, its board of directors and auditors believe there are benefits in deferring the use of MIFRS for regulatory reporting, especially for smaller utilities.

As the board is already aware, CHEI relies extensively on external resources to compile the evidence required to satisfy the Board's requirements. The exemptions, if granted would ensure that time and cost burdens related to MIFRS are not unnecessarily incurred.

#### **E1.T1.S6      UTILITY OPERATING ENVIRONMENT**

CHEI's operating environment has not changed since its last rebasing in 2010. Embrun is a community in the Canadian province of Ontario in the Eastern Ontario region. Embrun is part of the larger Russell Township in Prescott. With a population of 8,048 (entire town) or 5,655 (urban area), it is the largest community in Russell Township. Embrun is largely (but not exclusively) francophone.

The community is located approximately a twenty-five minute drive from Ottawa, an hour and a half from Montreal, and a five hour drive from Toronto. Embrun is located near Trans-Canada Highway 417.

CHEI currently relies on approximately 27 km of circuits and 288 transformers to re-deliver approximately 29,500,000 kWh of energy and 14,000 kW of power to approximately 2,000 customers. CHEI's circuits include approximately 15 km of overhead lines and 12 km of buried conductor. CHEI is entirely embedded within Hydro

One Networks Inc.'s low voltage system. There are no other neighbouring electricity distribution utilities. The Town of Embrun is also served with natural gas.

Of the approximate 2000 customers situated in the Town of Embrun, 75% of the customers are residential, 8% are commercial. The rest is attributable to Street Lighting and Unmetered Scattered Load.

CHEI is a utility cooperative. The utility registered the Corporation in September of 2000, under the Co-operative Corporations Act.

A utility cooperative is a type of cooperative that is tasked with the delivery of electricity. Profits are either reinvested for infrastructure or distributed to members in the form of dividends, paid on a member's investment into the cooperative.

CHEI is based on voluntary and open membership with a one-time cost \$10/member. Membership is available to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. If a member wishes to leave the cooperative or moves out of the services area, the membership fee is refunded back to the customer. CHEI is a democratic organizations controlled by its members, who actively participate in decision making. The elected representatives are accountable to the membership and members have equal voting rights (one member, one vote). Each customer is a member and owner of the business with an equal say as every other member of the cooperative.

The type of ownership described above ensures that CHEI offers the best service at the lowest possible cost.

The Cooperative provides all services required to:

- Operate and maintain the distribution system;
- Provide electricity distribution service; and
- Provide an appropriate level of service to the customers.
- Maintain rates that are just and reasonable.

CHEI benefits from ownership and democratic control. Coop members determine objectives, financing, operating policies and method of sharing benefits. The utility strives on providing its customers with high quality energy redelivery service. CHEI's quality of service is demonstrated by CHEI's reported Service Quality Indicator data that is provided at E2.T3.S1. CHEI is consistently in the top quartile of performance for reported Service Quality.

CHEI does not conduct any non-utility businesses such as generation and does not have any affiliates.

#### **E1.T1.S7      CORPORATE ORGANISATION**

CHEI has a staff of 3 people. A General Manager and two customer service representatives which report to the General Manager

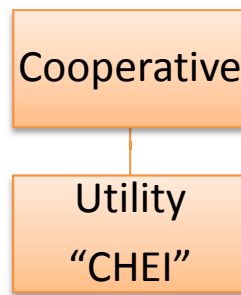
The General Manager is responsible for all internal and external financial activities of the company including liaison with banks and other financial institutions; providing financial reports to its Shareholder; development of budgets and tracking the company's progress towards achieving approved financial targets; coordinating metering, information systems and customer billing, liaison with regulatory bodies including the OEB; accountants, purchasing and stores; and conservation and demand management. The General Manager oversees the operation of the distribution system. He is responsible for ensuring that contractors remain safe when interfacing with the distribution system; ensuring the reliable operation – including maintenance and repair – of the distribution system; and ensuring that customer requests for electricity service are provided promptly and according to code.

All 3 employees are responsible customer enquiries, providing human resources support including salary and benefit services; maintaining effective communications throughout the company.

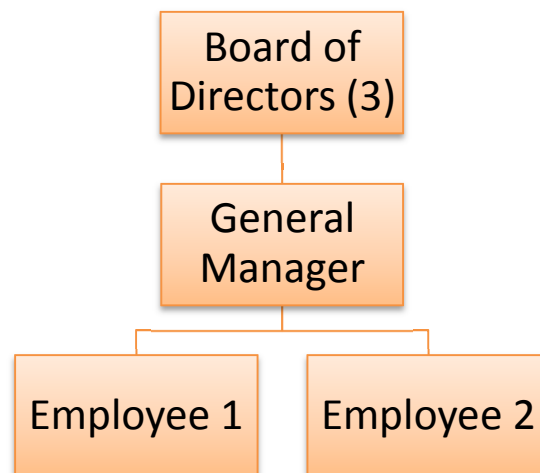
### **Planned Changes to the Organizational Structure**

CHEI does not anticipate making any changes to its organizational structure.

### **Corporate Entities Chart**



### Corporate Organizational Chart



#### **E1.T1.S8 BOARD DIRECTION FROM PREVIOUS EDR DECISIONS**

The only known directive stems from Decision and Order, EB-2009-0132, March 19, 2010 which states: *“The Board is satisfied that the company is focused on this aspect of its operations but will require it to demonstrate at its next cost or service proceeding that it has developed a programmatic and proactive approach to ensuring reliability of its system”*. This matter is specifically addressed in the Distribution Asset Management Plan at E2.T2.S7 of this application. There are no other outstanding directives from the Board resulting from previous EDR decisions.

**E1.T1.S9      PROCEDURAL ORDER, MOTIONS AND CORRESPONDENCE**

In a letter dated December, 2012, the OEB identified CHEI as one of the LDCs expected to file a cost of service application with respect to its 2014 rates. In a letter dated January 24, 2013, CHEI notified the OEB of its intent move to a January 1 rate year.

No further Procedural Orders have been issued by the OEB to the date of filing this application.

**E1.T1.S10      ACCOUNTING ORDERS**

CHEI is not requesting any Accounting Orders in this proceeding and has not knowingly made any departure from the Uniform System of Accounts. CHEI has complied with accounting changes as directed by the OEB.

**E1.T1.S11      ACCOUNTING TREATMENT OF NON-UTILITY RELATED BUSINESS**

CHEI conducts conservation and demand management (CDM) activities on behalf of the Ontario Power Authority in order to meet the CDM targets that are a condition of CHEI's license. Apart from the above and the sale of electricity to its customers, CHEI engages in no other business activities.

**E1.T1.S12      COMPLIANCE ORDERS**

No Compliance Orders have been issued by the OEB to the date of filing this application

**E1.T1.S13 OTHER BOARD DIRECTIONS**

No Other Orders have been issued by the OEB to the date of filing this application

**E1.T1.S14 CONDITIONS OF SERVICE**

CHEI is in the process of updating its conditions of services. Amongst the proposed revisions are the following subjects.

- Time of Use (consumption data retrieval and billing alignment with applicable regulations and directions from the Smart Meter Entity)
- Customer Service issues such as Low- Income customers and deposit policy
- Connection of renewable generation / customer owned generation and
- connection of renewable generation
- Review and revisions to rate classes such as MicroFIT Generator Rate Classification.

Once the 2014 Cost of Service Application is filed, CHEI will focus its efforts on updating its Conditions of Service. The expected effective date of the revised document is January 1, 2014.



## **Tab 2 - Overview of Filing**

### **E1.T2.S1 SUMMARY OF APPLICATION AND APPROVAL REQUESTED**

In preparing this Application, CHEI has considered the impact on its customers, with the goal of minimizing those impacts. Customer impacts including percentage average Total Bill Impact are set out at Exhibit 8 Section E8.T8.S1. Embedded in this monthly bill impact is the effect of revised distribution rates (monthly service charge and volumetric rate), revised Loss Factors, Stranded Meter Rate Rider and Deferral and Variance

The current rates will result in actual a Return on Equity in 2014 below the level currently approved by the OEB. The increase in rates is required to:

1. Maintain current capital investment levels in infrastructure to ensure a safe, reliable distribution system.
2. Manage human and financial resources at a level which will ensure regulatory compliance, ESA compliance, promote conservation programs and effectively support its customer's needs.
3. Ensure that the utility is able to accommodate new connections and that new assets related to the new development are included in the utility's rate base.
4. Earn reasonable rate of return.

In this proceeding, CHEI is seeking the following approvals:

- Approval to charge rates effective January 1, 2014 to recover a revenue requirement of \$838,798, as set out in Exhibit 6.
- Approval of proposed rates as set out in Exhibit 8.
- Approval of the proposed capital structure, with a deemed common equity component of 40% and a deemed debt component of 60%, as set out in Exhibit 5 consistent with the Report of the Board on Cost of Capital and 2nd Generation Incentive Regulation for Ontario's Electricity Distributors dated December 20, 2006.
- Approval of the proposed loss factor of 1.0663 as set out in Exhibit 8
- Approval to continue to charge Rural Rate Protection Charges and Wholesale Market Service rate as set out in Exhibit 8.
- Approval of the Retail Transmission – Network Service and Retail Transmission – Connection rates, in accordance with the Guideline for Electricity Distribution Retail Transmission Service (G-2008-0001), Revision 1.0 issued July 22, 2009 and models issued July 7, 2011.

CHEI is in a debit position as far as its Deferral and Variance Accounts is concerned. CHEI is requesting the disposition of the amounts specified in Exhibit 9 over a two year period, via a rate rider, allocated to all classes. CHEI is also requesting a Stranded Meter Rate Rider over one year to recover the stranded meter assets as a result of the implementation of the smart metering infrastructure. CHEI has included the Smart Meter Entity charge of 0.79 per customer per month to recover the costs of the IESO relating to the smart meter infrastructure.

- Approval to dispose of Deferral and Variance Account balances as at December 31, 2012 with interest to December 30, 2013, over a two-year period using the method of recovery described in Exhibit 9.
- Approval to dispose of the 1588-RSVA/Power variance account, sub-account Global Adjustment, by way of a distinct rate rider charged to customers not subject to the Regulated Price Plan, as calculated in Exhibit 9.
- Approval to use the Board Approved 1595 account – Disposition and Recovery of Regulatory Balances and sub-accounts to record the disposition and recoveries of Deferral and Variance account balances.
- Approval to use the Board Approved accounts to collect costs in connection with the Green Energy and Green Economy Act (GEGEA) described as:
  - 1531 – Renewable Connection Capital Deferral Account
  - 1532 – Renewable Connection OM&A Deferral Account
  - 1534 – Smart Grid Capital Deferral Account
  - 1535 – Smart Grid OM&A Deferral Account
- Approval of transfer of Smart Meter related capital expenses to Rate Base. Further information can be found at Exhibit 2.
- Approval to transfer Smart Meter related operating expenses to the utility's test year OM&A. Further information can be found at Exhibit 4.

**E1.T2.S2 ACCOUNTING STANDARD FOR FINANCIAL REPORTING**

In 2008, the Accounting Standards Board of Canada (“AcSB”) prescribed that publicly accountable entities were required to transition to IFRS by 2012. On March 30, 2012, the AcSB issued the Accounting Standards Board – Decision Summary, March 20-21, 2012, which indicated the AcSB’s decision to allow an additional one-year deferral of the mandatory adoption of IFRS to January 1, 2013 for Canadian utilities with qualifying rate-regulated activities for financial reporting purposes.

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

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

In February 2013, the Accounting Standards Board (AcSB) decided to extend the existing deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year to January 1, 2015. Discussions at the International Accounting Standards Board’s (IASB) January 2013 meeting indicate that the IASB is on track to:

- publish an exposure draft proposing the interim IFRS described under “December 2012 News” (below) in March 2013; and

- Issue an interim standard by the end of the year.

The end of 2013 is also when the AcSB's IFRS deferral for this sector would have ended absent an extension. The AcSB stated that it wished to provide first-time adopters of IFRSs adequate time to prepare comparative figures based on a new interim IFRS.

In the absence of further updates or revision to the Board's views stated in its letter of April 30, 2012, CHEI has filed its rate application using Modified Canadian Generally Accepted Accounting Principle ("Modified CGAAP") for the years 2013 to 2014.

#### **E1.T2.S3 BUDGET DIRECTIVES AND ASSUMPTIONS**

CHEI compiles budget information for the three major components of the budgeting process: (1) revenue forecasts; (2) operating, maintenance and administration ("OM&A"); and (3) capital costs. This budget information is compiled for 2013 Bridge Year and 2014 Test Year.

#### **Revenue Forecast**

The revenue forecasts are based on throughput volume and existing rates for the 2013 Bridge Year and CHEI's proposed rates for the 2014 Test Year. The forecasted volumes have been weather normalized and consider such factors as new customer additions and load for all classes of customers. Details are presented at E3.T1.S4. The forecast has been adjusted to reflect the CDM initiatives currently undertaken by the applicant. The CDM adjusted forecast can be found in E3.T1.S6

**OM&A Costs**

OM&A costs presented in Exhibit 4 show CHEI's maintenance and customer focused activity needed to meet public and employee objectives. These costs are essential in order to comply with the Distribution System Code, environmental requirements and government direction, and to maintain distribution business service quality and reliability at targeted performance levels. OM&A costs also include providing services to customers connected to CHEI's distribution system, and meeting the requirements of the OEB's Standard Supply Code and Retail Settlement Code.

The proposed OM&A cost expenditures for the 2014 Test Year are the result of a planning and work prioritization process that ensures that the most appropriate, cost effective solutions are put in place.

**Capital Costs**

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

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

- Capital Investment
- Contingency Planning

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

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

### **Overall Budgeting Process**

The capital and operating budgets are prepared annually by management and reviewed and approved by the Board of Directors. Once approved, the budget is only revised if a material change in plan is required. In such cases, the revised budget is once again approved by the Board of Directors.

### **E1.T2.S4 CHANGE IN METHODOLOGY**

In compliance with the Board's letter issued July 17, 2012 which state that utilities must changes change their depreciation expense and capitalization policies, CHEI has adopted these mandatory changes effective on January 1, 2013.

CHEI is proposing to change the estimated useful lives of its assets to be consistent with the guidelines in the Board-commissioned Kinectrics Report dated June 15, 2010. CHEI is also proposing to change its accounting policy for the accounting of overhead costs associated with capital work as clarified by the Board in its letter dated February 24, 2010.

Consistent with recent applications to the Board, CHEI no longer includes taxes in its OM&A cost estimates.

Changes in revenue requirement and rate base as a result of the change in accounting are explained throughout this application but more specifically at Exhibit 2 and Exhibit 4.

#### **E1.T2.S5 REVENUE SUFFICIENCY/DEFICIENCY**

Revenue deficiency/sufficiency of \$68,498 is determined as the difference between revenue at current rates (before rates are adjusted to recover the required revenue), and service revenue requirement for 2014. The detailed calculations are presented in E6.T2.S2 and summarized in Table 1 below.



**Table 1 – Summary of Revenue Deficit**

	<b>At Current Approved Rates</b>	<b>At Proposed Rates</b>
Revenue Deficiency from Below		\$68,498
Distribution Revenue	\$781,348	\$763,738
Other Operating Revenue Offsets - net	\$30,281	\$30,281
<b>Total Revenue</b>	<b>\$811,629</b>	<b>\$862,516</b>
Total Cost and Expenses	\$757,598	\$757,598
Taxable Income	\$54,031	\$104,918
Income Tax Rate	15.50%	15.50%
Income Tax on Taxable Income	\$8,375	\$16,262
Utility Net Income	\$45,656	\$96,975
Utility Rate Base	\$2,882,427	\$2,882,427
Deemed Equity Portion of Rate Base	\$1,152,971	\$1,152,971
Deficiency/Sufficiency in Return on Equity	-5.02%	-0.57%
Deficiency/Sufficiency in Rate of Return	-2.01%	-0.23%
Target Return on Equity	\$103,537	\$103,537
Revenue Deficiency/(Sufficiency)	\$57,880	-6562
<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$68,498</b>	

**E1.T2.S6      APPROVED REVENUE REQUIREMENT VS. PROPOSED REVENUE  
REQUIREMENT**

Table 2 below shows a comparison of the last Board Approved Revenue Requirement versus the 2014 proposed Revenue Requirement.

**Table 2 - Comparison of revenue requirements**

<b>Particular</b>	<b>CGAAP</b>	<b>CGAAP</b>
	<b>2014 Test Year</b>	<b>2010BA</b>
OM&A Expenses	\$556,279	\$495,227
Amortization Expense	\$132,429	\$131,572
Total Distribution Expenses	\$688,708	\$626,799
Regulated Return On Capital	\$172,427	\$177,708
<i>IFRS Adjustment</i>	\$0	\$0
Grossed up PILs	\$7,944	\$20,632
<b>Service Revenue Requirement</b>	<b>\$869,079</b>	<b>\$825,139</b>
Less: Revenue Offsets	\$30,281	\$41,371
<b>Base Revenue Requirement</b>	<b>\$838,798</b>	<b>\$783,768</b>

**E1.T2.S7 REVENUE REQUIREMENT WORK FORM OF PROPOSED RATES**

The revenue requirement work form is presented at the next page.



Version 3.00

Utility Name	Cooperative Hydro Embrun Inc.
Service Territory	
Assigned EB Number	EB-2013-0122
Name and Title	Benoit Lamarche
Phone Number	613-443-5110
Email Address	

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

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



# Revenue Requirement Workform

[1. Info](#)

[2. Table of Contents](#)

[3. Data Input Sheet](#)

[4. Rate Base](#)

[5. Utility Income](#)

[6. Taxes PILs](#)

[7. Cost of Capital](#)

[8. Rev Def Suff](#)

[9. Rev Req](#)

## Notes:

- (1) Pale green cells represent inputs
- (2) Pale green boxes at the bottom of each page are for additional notes
- (3) Pale yellow cells represent drop-down lists
- (4) ***Please note that this model uses MACROS. Before starting, please ensure that macros have been enabled.***
- (5) ***Completed versions of the Revenue Requirement Work Form are required to be filed in working Microsoft Excel***



# Revenue Requirement Workform

## Data Input <sup>(1)</sup>

	Initial Application (2)	(6)	Per Board Decision
<b>1 Rate Base</b>			
Gross Fixed Assets (average)	\$3,733,350	\$ 3,733,350	\$3,733,350
Accumulated Depreciation (average)	(\$1,360,666) (5)	(\$1,360,666)	(\$1,360,666)
<b>Allowance for Working Capital:</b>			
Controllable Expenses	\$556,279	\$ 556,279	\$556,279
Cost of Power	\$3,364,829	\$ 3,364,829	\$3,364,829
Working Capital Rate (%)	13.00% (9)	13.00% (9)	13.00% (9)
<b>2 Utility Income</b>			
Operating Revenues:			
Distribution Revenue at Current Rates	\$781,348		
Distribution Revenue at Proposed Rates	\$832,235		
<b>Other Revenue:</b>			
Specific Service Charges	\$14,200		
Late Payment Charges	\$6,000		
Other Distribution Revenue	\$10,081		
Other Income and Deductions			
Total Revenue Offsets	\$30,281 (7)		
<b>Operating Expenses:</b>			
OM+A Expenses	\$556,279	\$ 556,279	\$556,279
Depreciation/Amortization	\$132,429 (10)	\$ 132,429	\$132,429
Property taxes			
Other expenses			
<b>3 Taxes/PILs</b>			
Taxable Income:			
Adjustments required to arrive at taxable income	(3)		
<b>Utility Income Taxes and Rates:</b>			
Income taxes (not grossed up)	\$6,712		
Income taxes (grossed up)	\$7,943		
Federal tax (%)	11.00%		
Provincial tax (%)	4.50%		
Income Tax Credits			
<b>4 Capitalization/Cost of Capital</b>			
<b>Capital Structure:</b>			
Long-term debt Capitalization Ratio (%)	56.0%		
Short-term debt Capitalization Ratio (%)	4.0% (8)	(8)	(8)
Common Equity Capitalization Ratio (%)	40.0%		
Preferred Shares Capitalization Ratio (%)	100.0%		
<b>Cost of Capital</b>			
Long-term debt Cost Rate (%)	4.12%		
Short-term debt Cost Rate (%)	2.07%		
Common Equity Cost Rate (%)	8.98%		
Preferred Shares Cost Rate (%)			
Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS (\$)	(11)	(11)	(11)

### Notes:

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



# Revenue Requirement Workform

## Rate Base and Working Capital

Line No.	Particulars	Initial Application				Per Board Decision
1	Gross Fixed Assets (average) (3)	\$3,733,350	\$ -	\$3,733,350	\$ -	\$3,733,350
2	Accumulated Depreciation (average) (3)	(\$1,360,666)	\$ -	(\$1,360,666)	\$ -	(\$1,360,666)
3	Net Fixed Assets (average) (3)	\$2,372,683	\$ -	\$2,372,683	\$ -	\$2,372,683
4	Allowance for Working Capital (1)	\$509,744	\$ -	\$509,744	\$ -	\$509,744
5	<b>Total Rate Base</b>	<b>\$2,882,427</b>	<b>\$ -</b>	<b>\$2,882,427</b>	<b>\$ -</b>	<b>\$2,882,427</b>

## Allowance for Working Capital - Derivation

(1)

6	Controllable Expenses	\$556,279	\$ -	\$556,279	\$ -	\$556,279
7	Cost of Power	\$3,364,829	\$ -	\$3,364,829	\$ -	\$3,364,829
8	Working Capital Base	\$3,921,108	\$ -	\$3,921,108	\$ -	\$3,921,108
9	Working Capital Rate % (2)	13.00%	0.00%	13.00%	0.00%	13.00%
10	Working Capital Allowance	\$509,744	\$ -	\$509,744	\$ -	\$509,744

### Notes

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



## Revenue Requirement Workform

### Utility Income

Line No.	Particulars	Initial Application					Per Board Decision
<b>Operating Revenues:</b>							
1	Distribution Revenue (at Proposed Rates)	\$832,235	(\$832,235)	\$ -	\$ -	\$ -	\$ -
2	Other Revenue (1)	\$30,281	(\$30,281)	\$ -	\$ -	\$ -	\$ -
3	Total Operating Revenues	\$862,516	(\$862,516)	\$ -	\$ -	\$ -	\$ -
<b>Operating Expenses:</b>							
4	OM+A Expenses	\$556,279	\$ -	\$556,279	\$ -	\$556,279	\$556,279
5	Depreciation/Amortization	\$132,429	\$ -	\$132,429	\$ -	\$132,429	\$132,429
6	Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
7	Capital taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8	Other expense	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
9	Subtotal (lines 4 to 8)	\$688,708	\$ -	\$688,708	\$ -	\$688,708	\$688,708
10	Deemed Interest Expense	\$68,890	(\$68,890)	\$ -	\$ -	\$ -	\$ -
11	Total Expenses (lines 9 to 10)	\$757,598	(\$68,890)	\$688,708	\$ -	\$688,708	\$688,708
12	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
13	Utility income before income taxes	\$104,918	(\$793,626)	(\$688,708)	\$ -	(\$688,708)	(\$688,708)
14	Income taxes (grossed-up)	\$7,943	\$ -	\$7,943	\$ -	\$7,943	\$7,943
15	Utility net income	\$96,975	(\$793,626)	(\$696,651)	\$ -	(\$696,651)	(\$696,651)

### Notes

#### Other Revenues / Revenue Offsets

(1)	Specific Service Charges	\$14,200	\$ -	\$ -	\$ -	\$ -
	Late Payment Charges	\$6,000	\$ -	\$ -	\$ -	\$ -
	Other Distribution Revenue	\$10,081	\$ -	\$ -	\$ -	\$ -
	Other Income and Deductions	\$ -	\$ -	\$ -	\$ -	\$ -
	Total Revenue Offsets	\$30,281	\$ -	\$ -	\$ -	\$ -



# Revenue Requirement Workform

## Taxes/PILs

Line No.	Particulars	Application				Per Board Decision	
<u>Determination of Taxable Income</u>							
1	Utility net income before taxes	\$103,537		\$ -		\$ -	
2	Adjustments required to arrive at taxable utility income	\$ -		\$ -		\$ -	
3	Taxable income	<u>\$103,537</u>		<u>\$ -</u>		<u>\$ -</u>	
<u>Calculation of Utility income Taxes</u>							
4	Income taxes	\$6,712		\$6,712		\$6,712	
6	Total taxes	<u>\$6,712</u>		<u>\$6,712</u>		<u>\$6,712</u>	
7	Gross-up of Income Taxes	<u>\$1,231</u>		<u>\$1,231</u>		<u>\$1,231</u>	
8	Grossed-up Income Taxes	<u>\$7,943</u>		<u>\$7,943</u>		<u>\$7,943</u>	
9	PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)	<u>\$7,943</u>		<u>\$7,943</u>		<u>\$7,943</u>	
10	Other tax Credits	\$ -		\$ -		\$ -	
<u>Tax Rates</u>							
11	Federal tax (%)	11.00%		11.00%		11.00%	
12	Provincial tax (%)	4.50%		4.50%		4.50%	
13	Total tax rate (%)	15.50%		15.50%		15.50%	

## Notes





# Revenue Requirement Workform

## Capitalization/Cost of Capital

Line No.	Particulars	Capitalization Ratio		Cost Rate		Return
		Initial Application				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	56.00%	\$1,614,159	4.12%		\$66,503
2	Short-term Debt	4.00%	\$115,297	2.07%		\$2,387
3	Total Debt	60.00%	\$1,729,456	3.98%		\$68,890
	Equity					
4	Common Equity	40.00%	\$1,152,971	8.98%		\$103,537
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	40.00%	\$1,152,971	8.98%		\$103,537
7	Total	100.00%	\$2,882,427	5.98%		\$172,427
		Per Board Decision				
		(%)	(\$)	(%)		(\$)
	Debt					
1	Long-term Debt	0.00%	\$ -	0.00%		\$ -
2	Short-term Debt	0.00%	\$ -	0.00%		\$ -
3	Total Debt	0.00%	\$ -	0.00%		\$ -
	Equity					
4	Common Equity	0.00%	\$ -	0.00%		\$ -
5	Preferred Shares	0.00%	\$ -	0.00%		\$ -
6	Total Equity	0.00%	\$ -	0.00%		\$ -
7	Total	0.00%	\$2,882,427	0.00%		\$ -
		(%)	(\$)	(%)		(\$)
	Debt					
8	Long-term Debt	0.00%	\$ -	4.12%		\$ -
9	Short-term Debt	0.00%	\$ -	2.07%		\$ -
10	Total Debt	0.00%	\$ -	0.00%		\$ -
	Equity					
11	Common Equity	0.00%	\$ -	8.98%		\$ -
12	Preferred Shares	0.00%	\$ -	0.00%		\$ -
13	Total Equity	0.00%	\$ -	0.00%		\$ -
14	Total	0.00%	\$2,882,427	0.00%		\$ -

### Notes

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



# Revenue Requirement Workform

## Revenue Deficiency/Sufficiency

Line No.	Particulars	Initial Application		Per Board Decision	
		At Current Approved Rates	At Proposed Rates	At Current Approved Rates	At Proposed Rates
1	Revenue Deficiency from Below		\$68,498		(\$92,640)
2	Distribution Revenue	\$781,348	\$763,738	\$781,348	\$924,875
3	Other Operating Revenue	\$30,281	\$30,281	\$ -	\$ -
	Offsets - net				
4	<b>Total Revenue</b>	<b>\$811,629</b>	<b>\$862,516</b>	<b>\$781,348</b>	<b>\$832,235</b>
5	Operating Expenses	\$688,708	\$688,708	\$688,708	\$688,708
6	Deemed Interest Expense	\$68,890	\$68,890	\$ -	\$ -
7		\$ - (2)	\$ -	\$ - (2)	\$ -
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS				
8	<b>Total Cost and Expenses</b>	<b>\$757,598</b>	<b>\$757,598</b>	<b>\$688,708</b>	<b>\$688,708</b>
9	<b>Utility Income Before Income Taxes</b>	<b>\$54,031</b>	<b>\$104,918</b>	<b>\$92,640</b>	<b>\$143,527</b>
10	Tax Adjustments to Accounting Income per 2013 PILs model	\$ -	\$ -	\$ -	\$ -
11	<b>Taxable Income</b>	<b>\$54,031</b>	<b>\$104,918</b>	<b>\$92,640</b>	<b>\$143,527</b>
12	Income Tax Rate	15.50%	15.50%	15.50%	15.50%
13		\$8,375	\$16,262	\$14,359	\$22,247
	<b>Income Tax on Taxable Income</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
14	<b>Income Tax Credits</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
15	<b>Utility Net Income</b>	<b>\$45,656</b>	<b>\$96,975</b>	<b>\$78,281</b>	<b>(\$696,651)</b>
16	<b>Utility Rate Base</b>	<b>\$2,882,427</b>	<b>\$2,882,427</b>	<b>\$2,882,427</b>	<b>\$2,882,427</b>
17	Deemed Equity Portion of Rate Base	\$1,152,971	\$1,152,971	\$ -	\$ -
18	Income/(Equity Portion of Rate Base)	3.96%	8.41%	0.00%	0.00%
19	Target Return - Equity on Rate Base	8.98%	8.98%	0.00%	0.00%
20	Deficiency/Sufficiency in Return on Equity	-5.02%	-0.57%	0.00%	0.00%
21	Indicated Rate of Return	3.97%	5.75%	2.72%	0.00%
22	Requested Rate of Return on Rate Base	5.98%	5.98%	0.00%	0.00%
23	Deficiency/Sufficiency in Rate of Return	-2.01%	-0.23%	2.72%	0.00%
24	Target Return on Equity	\$103,537	\$103,537	\$ -	\$ -
25	Revenue Deficiency/(Sufficiency)	\$57,880	(\$6,562)	(\$78,281)	\$ -
26	<b>Gross Revenue Deficiency/(Sufficiency)</b>	<b>\$68,498 (1)</b>		<b>(\$92,640) (1)</b>	

### Notes:

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



# Revenue Requirement Workform

## Revenue Requirement

Line No.	Particulars	Application				Per Board Decision			
1	OM&A Expenses	\$556,279		\$556,279		\$556,279			
2	Amortization/Depreciation	\$132,429		\$132,429		\$132,429			
3	Property Taxes	\$ -							
5	Income Taxes (Grossed up)	\$7,943		\$7,943		\$7,943			
6	Other Expenses	\$ -							
7	Return								
	Deemed Interest Expense	\$68,890		\$ -		\$ -			
	Return on Deemed Equity	\$103,537		\$ -		\$ -			
	Adjustment to Return on Rate Base associated with Deferred PP&E balance as a result of transition from CGAAP to MIFRS	\$ -		\$ -		\$ -			
8	<b>Service Revenue Requirement (before Revenues)</b>	<u>\$869,078</u>		<u>\$696,651</u>		<u>\$696,651</u>			
9	Revenue Offsets	<u>\$30,281</u>		<u>\$ -</u>		<u>\$ -</u>			
10	<b>Base Revenue Requirement (excluding Tranformer Owership Allowance credit adjustment)</b>	<u>\$838,797</u>		<u>\$696,651</u>		<u>\$696,651</u>			
11	Distribution revenue	\$832,235		\$ -		\$ -			
12	Other revenue	<u>\$30,281</u>		<u>\$ -</u>		<u>\$ -</u>			
13	<b>Total revenue</b>	<u>\$862,516</u>		<u>\$ -</u>		<u>\$ -</u>			
14	<b>Difference (Total Revenue Less Distribution Revenue Requirement before Revenues)</b>	<u>(\$6,562)</u>	(1)	<u>(\$696,651)</u>	(1)	<u>(\$696,651)</u>	(1)		

### Notes

(1) Line 11 - Line 8

**E1.T2.S8      ANNUAL REPORTS**

CHEI's Annual report is presented at the next pages.



# Coopérative Hydro Embrun Inc.

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ANNUAL REPORT 2012





821 NOTRE-DAME STREET, SUITE 200, EMBRUN ON KOA 1W1

BUSINESS HOURS

Monday	9 am - 5 pm
Tuesday	9 am - 5 pm
Wednesday	9 am - 5 pm
Thursday	9 am - 5 pm
Friday	9 am - 5 pm

---

STANDBY SERVICE IN CASE OF POWER FAILURE  
**24 HOURS A DAY**

Telephone: (613) 443-5110

Fax: (613) 443-0495

E-mail: [embrunhydro@magma.ca](mailto:embrunhydro@magma.ca)

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## NOTICE OF MEETING

PLEASE BE ADVISED THAT COOPÉRATIVE HYDRO EMBRUN INC. WILL HOLD ITS ANNUAL GENERAL MEETING AT 7 PM ON TUESDAY APRIL 16, 2013 AT THE KNIGHTS OF COLUMBUS HALL, 5 FORGET STREET, EMBRUN.

Jean Martel  
President

Luc Bruyère  
Secretary

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## **DIRECTORS FOR 2012**

### **BOARD OF DIRECTORS**

JEAN MARTEL	President	2012
LUC BRUYÈRE	Secretary	2014
PIERRE CARRIÈRE	Director	2013

### **STAFF**

BENOIT LAMARCHE	General Manager
BRIGITTE LAROCQUE	Administrative Coordinator
CINDY LANDRY	Customer Service / Collection

### **CONTRACTOR FOR DISTRIBUTION SYSTEM**

SPROULE POWERLINE

### **TEXT EDITING**

AGENCE FRANCINE

### **ENGINEER**

STANTEC CONSULTING GROUP

### **FOUNDING MEMBERS**

GEORGES CARDINAL	LUC BRUYÈRE
CAMILLE PICHÉ	JEAN LESSARD
JEAN MARTEL	LUCIE LAPOINTE
JEAN-PAUL LAFRANCE	PIERRE CARRIÈRE
DIANE ROY	



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## **AGENDA**

- 1) Call to Order and Declaration of Quorum
- 2) Adoption of the Agenda
- 3) Adoption of the Minutes of April 18, 2012
- 4) President's Message
- 5) Significant Developments, Social Responsibility Report and Statistics
- 6) Auditor's Report and Presentation of Financial Statements
- 7) Appointment of Auditor
- 8) Director's Election
- 9) Ratification of adoption of refund for distribution purposes
- 10) General Manager's Report
- 11) Question Period
- 12) Door Prizes
- 13) Closure of Meeting

**A light lunch will be served.**

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**11th ANNUAL GENERAL MEETING  
WEDNESDAY, APRIL 18, 2012  
MINUTES**

**Members' Registration :**

from 6:30 pm to 7 pm member registration : Pierre Carrière, Luc Bruyère, Jean Martel, Donald Benoit, Brigitte Larocque, Réjeanne Bourgeois, Aurèle Trudel, Paulette Leroux, Lorraine Laplante, Françoise Bourdeau, Pierre Leroux, Thérèse St-Amour, Jeannette Marcil, Louis Bourdeau, Laurent Laplante, Cécile Desjardins, Claire Daoust, Marie-Berthe Bourdeau, Réjean Gervais, Margaret Clément, Madeleine Ouimet, Jean-Jacques Arcand, Juliette Bourdeau, Fernand Bourdeau, Cécile Roy, Maurice Godard, Michel Chénier, Francine Martel, Isabelle Viens, Richard Morin, Michèle Gervais.

Other persons in attendance: Benoit Lamarche, General Manager of the Coopérative, Sylvain Levac, auditor, Cindy Léveillé and Brigitte Larocque, employees.

**1. Call to Order and Declaration of Quorum**

Mr. Jean Martel called the meeting to order at 7:10 pm welcoming members to the 11<sup>th</sup> general meeting. He also welcomed Maurice Godard, Michel Chénier, two representatives from the Coopérative agricole d'Embrun and Pierre Leroux of the Township of Russell and appreciated their presence because of the International Year of Cooperatives. A prayer was recited. Mr. Luc Bruyère proceeded with the reading of the Notice of meeting and confirmed the presence of 28 members therefore ascertaining quorum of the meeting.

**2. Adoption of the Agenda**

Mr. Jean Martel presented the agenda.

Motion moved by: Isabelle Viens

Motion seconded by: Michèle Gervais

That the agenda be adopted as presented.

Motion carried.

---

**3. Adoption of previous General Meeting's Minutes held April 19, 2011.**

Motion moved by: Réjean Gervais

Motion seconded by: Paulette Leroux

That the minutes of the general meeting held on April 19, 2011 be adopted as presented.

Motion carried.

**4. President's Message**

Since 2012 is the International Year of Cooperatives, acclaimed by the United Nations, Mr. Jean Martel, president, stated the fundamental values of cooperatives along with their principles and objectives. Mr. Luc Bruyère was the representative for the Coopérative Hydro Embrun. He mentioned that the congress will be held from October 8 – 11 in Quebec City.

A history of the Cooperative is shared with the members with reference to attached documents to the annual report.

Motion moved by: Louis Bourdeau

Motion seconded by: Laurent Laplante

That the president's message be adopted as presented.

Motion carried.

**5. Significant Developments in 2011**

Mr. Luc Bruyère summarized the significant developments for the year 2011:

- The Ontario Power Authority introduces conservation programs
- Early testing for rate invoicing in accordance with time of day
- Preparation of plans for the fourth circuit
- Meetings with surrounding Cooperatives to celebrate the International Year of Cooperatives
- 16 new services are connected

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## **Statistics**

Mr. Benoit Lamarche explained the kWh sold among different classes for a total of 29 434 828 kWh representing 1,974 clients. He refers to the table of patronage returns since the existence of the Coopérative. He further refers to a comparison table of rates as of April 1, 2012 and notes that the Coopérative is a middle player.

## **Social Responsibility Report**

Mr. Pierre Carrière presented the social report:

- The Coopérative is on board with the development human resources
- Grants are distributed to various local non-profits
- The Coopérative is active towards the success of the community.

Moved by: Michel Chénier

Seconded by: Paulette Leroux

That the significant developments, the social responsibility and the statistics be adopted as presented.

Motion carried.

## **6. 2011 Auditor's Report and Presentation of Financial Statements**

Mr. Sylvain Levac, BDO auditor, presented the 2011 Auditor's Report and the financial statements as they appeared in the Annual Report.

Moved by: Rejean Gervais

Seconded by: Maurice Godard

That the 2011 Auditor's Report and the financial statements are adopted as presented.

Motion carried.

## **7. Appointment of Auditor**

The president informed the members that the Coopérative had not received any proposition concerning the nomination of a new firm for auditing. Therefore, he asked the members to confirm BDO-Dunwoody as auditors of the Coopérative Hydro Embrun Inc. for the fiscal year ending December 31, 2012.



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Moved by: Michel Chenier  
Seconded by: Françoise Bourdeau  
That BDO be appointed as Coopérative Hydro Embrun Inc. auditors for the year ending December 31, 2012.

Motion carried.

## **8. Director's Election**

The president read the nomination report. This year, one position is to be filled. The Coopérative received one nomination dated December 31, 2011, in the person of Mr. Luc Bruyere, nominated and seconded by Julie Hince and Mylène Blanchard.

Moved by: Cecile Roy  
Seconded by: Isabelle Viens  
That Mr. Luc Bruyere is elected, by acclamation, director of Coopérative Embrun Hydro Inc. for a three-year term.

Motion carried.

## **9. Ratification of adoption of refund for distribution purposes**

Moved by: Michel Chenier  
Seconded by: Paulette Leroux  
That the patronage of 14% of profits before taxes in the amount of \$24 018.00 be distributed among our members effective December 31, 2011. This amount will be credited to the invoice.

CLASSES	# OF MEMBERS	PATRONAGE	DISTRIBUTION
RESIDENTIAL	1155	\$18	20 790 \$
CLASS < 50KW	74	\$22	1 628 \$
CLASS > 50KW	8	\$200	1 600 \$
TOTAL	1237		20 018 \$

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## **10. General Manager's Message**

Mr. Lamarche refers to comparison tables with three scenarios reflecting the changes in billing since February 1<sup>st</sup> being three periods during one day. He confirms that clients may save if they operate appliances during the off peak period. He then refers to the goals of the Ontario Energy Board. The latter asks that the distribution companies remove one million kilowatts from the lines. The Cooperative as of December 31, 2011 was at 32.7% from its objective.

He then directs us to the cover page of the Annual Report demonstrating workers changing lighting because there is program presently available for lighting improvements. Again energy could be saved.

Mr. Lamarche comments on the fourth circuit developments. The two first phases will be in place in 2012 and the other phases will gradually be in place in a two to three year time.

He thanks the employees, Brigitte Larocque and Cindy Léveillé for their services and also thanks the board of directors.

Moved by: Donald Benoit

Seconded by: Maurice Godard

That the manager's report be adopted as presented.

Motion carried.

## **11. Questions and comments**

- a) Maurice Godard asks for a clarification regarding the purpose of the fourth circuit. Mr. Lamarche replies that the Cooperative will increase its client base with the expansion therefore will be more efficient and will support if failure occurs from one circuit to the next.

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**12. Door Prizes:** The Board of Directors remitted a door prize to all members present in the amount of \$15.00.

**13. Closure of Meeting**

The president, Mr. Jean Martel, requested closure of the meeting.

Moved by: Cécile Roy

Seconded by: Laurent Laplante

That the meeting be closed at 8:30 pm.

Motion carried.

  
\_\_\_\_\_  
Jean Martel, President

  
\_\_\_\_\_  
Luc Bruyère, Secretary

**The members were invited to a light lunch.**



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## **PRESIDENT'S MESSAGE**

### **Profitability**

The Cooperative is very proud of its net revenue and of the dividend it pays to its members. In addition to an excellent service, the Cooperative has a return of its asset base of approximately 7.5%, which is a very good return given the current saving rate.

### **Service to members and reliability of network**

The priority of the Cooperative is to provide an excellent service to its members and to maintain the reliability of its network. That is why each year we allocate a certain amount of our resources to the maintenance and upgrade of our network. We also maintain an office at the centre of the Village, staffed with bilingual personnel and accessible hours of service.

### **Expansion of the network**

In order to serve expanding territory to the South West, the Cooperative has undertaken the construction of a 4th circuit starting at our station and ending at Ste-Marie Street.

The Cooperative decided to postpone the construction of a second station based on the criteria of the actual station's capacity and the anticipated growth of the population for the next five (5) years.

### **The Elston report**

In December 2012, the committee established by the Ministry of Energy submitted its report in which it recommends the creation of twelve (12) regional distributors. The Cooperative believes that one (1) regional distributor for the whole of Eastern Ontario would not be in the best interest of its members. A committee has been established to submit a report to the Ministry of Energy in favor of maintaining small electricity utilities.

### **Conclusion**

Be aware that your residence is now equipped with a smart meter and that the cost of the electricity billed to you varies depending on the time of use between 6.3¢ kWh and 11.8¢ kWh. Visit our website to find out more about this and about the other services provided by your Cooperative.

Your President,

*Jean Martel*

*Coopérative Hydro Embrun Inc.  
Annual Report – 2012*

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## SIGNIFICANT DEVELOPMENTS IN 2012

- **January:** A committee has been created for the International Year of the Cooperatives. This committee organised many activities throughout the year.
- **February:** New billing for clients according to peak times.
- **March:** Beginning of work of the 4<sup>th</sup> circuit at Ste-Therese and Cloutier Streets.
- **April:** At the 11<sup>th</sup> annual meeting, the Cooperative remitted to its members \$24,018.00 in patronage.
- **May:** The Embrun Cooperatives host a banquet for the International Year of the Cooperatives.
- **June:** Start-up program for improved lighting as of December 31, 2012 for companies. Approximately sixty companies have participated and the program will follow in 2013.
- **July:** Received invitation from Mr. Jacques Aubé for a Cooperative project in housing.
- **August:** An agreement is signed with Tandem Energy Services Inc. to provide services for the regulations of the Ontario Energy Board.
- **September:** PBW High Voltage Ltd is hired to produce a soil study in light of the new station.
- **October:** GE Canada provides an analysis of the actual station.
- **November:** The Board of Directors mandated the firm Stantec to prepare specifications for tenders for the new distribution station.
- **December:** Following a report from an Ontario Committee regarding distribution, the Cooperative puts together their concerns and advice to the government regarding the growth of economy in our area and goals to reduce costs to clients of electric distribution.

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**In Brief...**

- Two (2) new services were added to the system.
- The Cooperative has collaborated with the following companies :
  - Ottawa Hydro
  - Hydro 2000
  - Hawkesbury Hydro
  - Ottawa River Power Corporation
- On December 31, 2012, the Cooperative had 1,257 members, an increase of 21 new members.

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## Statistics

### Kwh sold 2012

CLASSES	KWH SOLD	NUMBER OF CLIENTS
RESIDENTIAL	19 634 780	1 788
COMMERCIAL >50KW	4 361 114	11
COMMERCIAL <50KW	4 742 563	157
STREET LIGHTS	360 537	1
CUSTOMERS WITH NO METERS	89 208	19
TOTAL	29 188 202	1 977

### PATRONAGE REMITTED SINCE THE EXISTENCE OF THE COOPÉRATIVE

YEAR	
2001	\$ 8,025.00
2002	53,250.00
2003	31,350.00
2004	16,820.00
2005	12,775.00
2006	0.00
2007	34,155.00
2008	22,370.00
2009	24,610.00
2010	19,705.00
2011	24,018.00
2012	55,915.00
TOTAL	\$ 302,993.00



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**RATE COMPARISON AS OF APRIL 1<sup>st</sup>, 2013**

<b>Company</b>	<b>Consumption Kwh</b>	<b>Cost</b>
<b>Ottawa River Corporation</b>	<b>1 000</b>	<b>\$108.14</b>
<b>Hydro Hawkesbury</b>	<b>1 000</b>	<b>\$125.12</b>
<b>Renfrew Hydro</b>	<b>1 000</b>	<b>\$131.53</b>
<b>Coopérative Hydro Embrun</b>	<b>1 000</b>	<b>\$138.88</b>
<b>Ottawa Hydro</b>	<b>1 000</b>	<b>\$139.36</b>
<b>Hydro 2000</b>	<b>1 000</b>	<b>\$142.32</b>
<b>Hydro One</b>	<b>1 000</b>	<b>\$173.87</b>

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## SOCIAL RESPONSIBILITY REPORT

### The Community

After 12 years of operation, the Coopérative Hydro Embrun Inc. is adapting very well despite all the changes made by the industry. A \$10.00 contribution allows users to become members.

### Board of Directors

In 2012, the Coopérative's directors have safeguarded your interests while keeping abreast of all changes occurring in the electricity industry. They were your voice in the many decisions made at monthly meetings and out-of-town meetings.

### Members' share to patronage

A patronage of 20.87% of profits before taxes will be distributed among our members effective December 31, 2012. This amount will be credited to the invoice and the distribution of the patronage has been established as follows with consent of members.

CLASSES	# OF MEMBERS	PATRONAGE	DISTRIBUTION
RESIDENTIAL	1 172	40,00 \$	\$ 46,880.00
CLASS < 50KW	77	55,00 \$	\$ 4,235.00
CLASS > 50KW	8	600,00 \$	\$ 4,800.00
TOTAL	1 257		\$ 55,915.00

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## **Service Fees**

Each year, the Board of Directors reviews service fees. For more information, please call our office during business hours.

## **Human Resources Development**

The Board of Directors attended meetings in order to keep up to date with latest industry developments. Employees took several software courses.

## **Community Development**

The Coopérative made donations to the following local non-profit organizations in the amount of \$5,659.00:

- Knights of Columbus
- Embrun High School (Scholarship Fund)
- Martin St-Pierre Tournament– CHEO
- Phenix
- St-Jacques Parish
- Embrun Watch
- Richelieu Club
- Winchester Hospital
- La Maison des Arts
- Cancer Society
- CHEO
- Maison de la famille
- Embrun Recreation Association
- Novas Centre

## **In Brief...**

This summarizes how the Coopérative contributed to our community's progress.



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## Rapport de l'auditeur indépendant / Independent Auditor's Report

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### Aux membres de la Coopérative Hydro Embrun inc.

Nous avons effectué l'audit des états financiers joints de la Coopérative Hydro Embrun inc., qui comprennent le bilan au 31 décembre 2012 et l'état des résultats, l'état des bénéfices non répartis et l'état des flux de trésorerie pour l'exercice terminé à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

### Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux principes comptables généralement reconnus du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

### Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

### To the members of Embrun Hydro Cooperative Inc.

We have audited the accompanying financial statements of Embrun Hydro Cooperative Inc., which comprise the balance sheet as at December 31, 2012, and the statement of operations, statement of retained earnings and statement of 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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.

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BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.





Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

**Opinion**

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Coopérative Hydro Embrun inc. au 31 décembre 2012, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus du Canada.

Embrun (Ontario)  
le 20 février 2013

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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Embrun Hydro Cooperative Inc. as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Embrun, Ontario  
February 20, 2013

*BDO Canada SRL/LLP*

Comptables Agréés, experts-comptables autorisés  
Chartered Accountants, Licensed Public Accountants




**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
Bilan / Balance Sheet**

31 décembre / December 31

	2012	2011	
<b>Actif</b>			<b>Assets</b>
<b>Court terme</b>			<b>Current</b>
Encaisse (Note 3)	\$ 416,639	\$ 902,476	Cash (Note 3)
Dépôts à terme et placement à court terme (Note 4)	1,676,362	1,000,000	Term deposits and short-term investment (Note 4)
Créances (Note 5)	322,592	298,007	Accounts receivable (Note 5)
Revenus non facturés	360,164	360,822	Unbilled revenues
	2,775,757	2,561,305	
Actifs réglementés (Note 6)	249,193	178,566	Regulatory assets (Note 6)
Immobilisations corporelles (Note 7)	1,796,595	1,873,201	Property and equipment (Note 7)
Impôts futurs	2,847	-	Future income taxes
	\$ 4,824,392	\$ 4,613,072	
<b>Passif</b>			<b>Liabilities</b>
<b>Court terme</b>			<b>Current</b>
Comptes fournisseurs et frais courus	\$ 786,764	\$ 774,749	Accounts payable and accrued liabilities
Impôts à payer	16,581	2,334	Income taxes payable
Revenus reportés	43,356	60,855	Deferred revenues
Ristournes à payer	55,915	24,018	Patronage payable
	902,616	861,956	
Dépôts des clients	4,313	3,013	Customers' deposits
Impôts futurs	-	2,278	Future income taxes
	906,929	867,247	
Engagements (Note 11)			Commitments (Note 11)
<b>Intérêts des membres</b>			<b>Members' interest</b>
Passif à l'égard des membres			Liabilities to members
Capital-actions (Note 8)	12,270	12,150	Share capital (Note 8)
Avoir des membres			Members' equity
Surplus d'apport	2,862,994	2,862,994	Contributed surplus
Bénéfices non répartis	1,042,199	870,681	Retained earnings
	3,917,463	3,745,825	
	\$ 4,824,392	\$ 4,613,072	

Au nom du Conseil d'administration:

On behalf of the board:

	Administrateur / Director
	Administrateur / Director
	Administrateur / Director

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des bénéfices non répartis /  
Statement of Retained Earnings**

Pour l'exercice terminé le 31 décembre / For the year ended December 31

	<u>2012</u>	<u>2011</u>	
Solde, début de l'exercice	\$ 870,681	\$ 745,716	Balance, beginning of the year
Bénéfice net	<u>171,518</u>	<u>124,965</u>	Net earnings
Solde, fin de l'exercice	<u>\$ 1,042,199</u>	<u>\$ 870,681</u>	Balance, end of the year

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des résultats /  
Statement of Operations**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	2012	2011	
Revenus de service	\$ 869,399	\$ 768,817	Service revenues
Autres revenus (Note 9)	59,976	83,030	Other income (Note 9)
	<u>929,375</u>	<u>851,847</u>	
<b>Frais d'exploitation</b>			<b>Operating expenses</b>
Amortissement des immobilisations corporelles	129,550	127,443	Amortization of property and equipment
Amortissement de l'écart d'acquisition	-	13,198	Amortization of goodwill
Entretien et réparations du réseau	53,019	52,067	Repair and maintenance of network
Facturation des clients	68,057	71,400	Customer billing
Frais d'administration (Note 10)	410,832	415,554	Administration expenses (Note 10)
Ristournes	55,708	24,018	Patronage
	<u>717,166</u>	<u>703,680</u>	
Bénéfice avant impôts	212,209	148,167	Earnings before income taxes
Impôts sur le revenu -courants	40,691	23,202	Income taxes -current
Bénéfice net	\$ 171,518	\$ 124,965	Net earnings

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des flux de trésorerie /  
Statement of Cash flows**

Pour l'exercice terminé le 31 décembre / For the year ended December 31

	2012	2011	
<b>Flux de trésorerie liés aux activités d'exploitation</b>			<b>Cash flows from operating activities</b>
Rentrées de fonds - clients	\$ 845,098	\$ 833,545	Cash receipts from customers
Rentrées de fonds - autres revenus	4,242	109,727	Cash receipts - other income
Sorties de fonds - fournisseurs et membres du personnel	(613,803)	(500,534)	Cash paid to suppliers and employees
Intérêts reçus	34,541	31,615	Interest received
Intérêts et frais bancaires versés	(1,585)	(2,409)	Interest and bank charges paid
Impôts payés	(26,444)	(11,736)	Income taxes paid
	<u>242,049</u>	<u>460,208</u>	
 <b>Flux de trésorerie liés aux activités de financement</b>			 <b>Cash flows from financing activities</b>
Augmentation (diminution) des dépôts des clients	1,300	(36,040)	Increase (decrease) in customers' deposits
Émission de capital-actions	1,590	1,700	Issuance of share capital
Rachats de capital-actions	(1,470)	(1,240)	Redemption of share capital
	<u>1,420</u>	<u>(35,580)</u>	
 <b>Flux de trésorerie liés aux activités d'investissement</b>			 <b>Cash flows from investing activities</b>
Acquisitions d'immobilisations corporelles	(52,944)	(91,010)	Acquisition of property and equipment
Acquisition d'un placement à court terme	(676,362)	-	Acquisition of short-term investment
	<u>(729,306)</u>	<u>(91,010)</u>	
 (Diminution) augmentation de l'encaisse	(485,837)	333,618	 (Decrease) increase in cash
Encaisse, au début de l'exercice	<u>902,476</u>	<u>568,858</u>	Cash, beginning of the year
Encaisse, à la fin de l'exercice	<u>\$ 416,639</u>	<u>\$ 902,476</u>	Cash, end of the year



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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

31 décembre 2012 / December 31, 2012

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**Conventions comptables**

Les états financiers de la coopérative sont préparés conformément aux principes comptables généralement reconnus du Canada ainsi qu'aux principes comptables régissant les distributeurs d'électricité en Ontario tels que requis par la Commission de l'Énergie de l'Ontario (CEO) et établis dans le Manuel des procédures comptables.

La coopérative est réglementée par la CEO selon la loi de l'Électricité de 1998. La CEO a la responsabilité d'autoriser les taux pour la distribution de l'électricité. Dans l'exercice de ses fonctions, la CEO a l'autorité de spécifier certains règlements qui peuvent différer des principes comptables généralement reconnus pour les entreprises opérant dans un environnement non-réglementé.

**Utilisation d'estimations**

Les états financiers de la coopérative ont été préparés par la direction conformément aux principes comptables généralement reconnus du Canada. À cette fin, la direction doit formuler des estimations et des hypothèses ayant une influence sur les montants inscrits dans les états financiers et les notes complémentaires. Les résultats réels peuvent différer de ces prévisions, incluant les changements reliés aux décisions futurs présent par la CEO et le ministère de l'Énergie. Le poste où il y a des estimations significatives est la durée de vie estimative des immobilisations corporelles.

**Constataion des revenus**

Les revenus de service sont comptabilisés lorsque l'énergie est fournie aux usagers, que cette dernière ait été facturée ou non.

**Amortissement des immobilisations corporelles**

L'amortissement des immobilisations corporelles est calculé selon la méthode linéaire basé sur la durée de vie estimative des actifs en conformité avec les politiques de la CEO.

Équipement de bureau	10 %
Ordinateurs	20 %
Outils	10 %
Système de distribution	4 %

**Accounting Policies**

The financial statements of the cooperative are prepared in accordance with Canadian generally accepted accounting principles and accounting principles for Ontario electricity distributors as required by the authority of the Ontario Energy Board (OEB) and set forth in the Accounting Procedures Handbook.

The cooperative is regulated by the OEB under the authority of the Electricity Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the distribution of electricity. In its capacity to approve or set rates, the OEB has the authority to specify regulatory treatments that may differ from generally accepted accounting principles for enterprises operating in a non-rate regulated environment.

**Use of Estimates**

The financial statements of the cooperative have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB or the Minister of Energy. Area of significant estimates includes the estimated useful lives of property and equipment.

**Revenue Recognition**

Service revenues are recognized when the energy is supplied to the users, whether billed or unbilled.

**Amortization of Property and Equipment**

Amortization of property and equipment is calculated using the straight-line method based on the estimated useful lives of the assets in accordance with the OEB policies.

Office equipment	10 %
Computers	20 %
Tools	10 %
Distribution system	4 %

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

31 décembre 2012 / December 31, 2012

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**Contributions des promoteurs**

Lorsque les contrats pour l'installation d'équipement électrique et de systèmes de distribution électrique sont recouvrables et que la propriété de l'équipement et des systèmes de distribution reste celle de la coopérative, le montant recouvré est comptabilisé en diminution des immobilisations corporelles et il est amorti sur la même base que l'immobilisation corporelle correspondante.

**Impôts sur le revenu**

Selon la Loi de 1998 sur l'électricité, la coopérative est tenue de remettre à la Société financière de l'industrie de l'électricité de l'Ontario ("SFIEO") des paiements tenant lieu d'impôts des sociétés depuis le 1er octobre 2001. Ceux-ci sont calculés selon les règlements pour le calcul de l'impôt, et de la taxe sur le capital et autres impôts établis selon la Loi de l'impôt sur le revenu (Canada) et de la Loi sur l'imposition des corporations (Ontario) telles que modifiées par la Loi de 1998 sur l'électricité et les règlements associés.

La coopérative utilise la méthode des impôts futurs pour comptabiliser les impôts sur les bénéfices. Selon cette méthode, les actifs et les passifs d'impôts futurs sont déterminés en fonction de l'écart entre la valeur comptable et la valeur fiscale des actifs et des passifs. Tout changement survenu dans le montant des actifs et passifs d'impôts futurs est porté aux résultats. Les actifs et les passifs d'impôts futurs sont déterminés en fonction des taux d'imposition et des lois fiscales en vigueur qui s'appliqueront au revenu imposable des exercices au cours desquels les actifs et les passifs seront recouverts ou payés.

**Contribution in Aid of Construction**

Where contracts for supplying electrical equipment or electrical distribution systems are recoverable and ownership of the equipment and distribution systems remains with the cooperative, the amount recovered is accounted as a reduction of the property and equipment and it is amortized on the same basis as the relevant asset.

**Income Taxes**

Under the Electricity Act, 1998, the cooperative is required to make payments, in lieu of corporate income taxes to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

The cooperative follows the future income tax method of accounting for income taxes. Under this method, future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Future income tax liabilities and assets are measured using substantively enacted tax rates. The effect on future income tax liabilities and assets of a change in tax rates is recognized in income in the year that the change occurs.



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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

31 décembre 2012 / December 31, 2012

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**Instruments financiers**

La coopérative classe ses instruments financiers dans une des catégories suivantes selon la raison que l'instrument fut acquis. Les conventions comptables de chacune des catégories est comme suit:

**Détenus pour fins de transactions**

L'encaisse et les dépôts à terme et placements à court terme sont classifiés comme détenus pour fins de transactions. Ils sont initialement comptabilisés à la juste valeur avec toutes variations étant enregistrées dans l'état des résultats dans l'exercice pendant lequel ces variations surviennent. Les frais de transactions, si applicable, sont passés à la dépense.

**Prêts et créances**

Les créances et les revenus non facturés sont classifiés comme prêts et créances. Ils sont initialement constatés à leur juste valeur puis comptabilisés au coût après amortissement, en utilisant la méthode du taux d'intérêt effectif, moins une éventuelle provision pour perte de valeur. Les frais de transactions, si applicable, sont passés à la dépense.

**Autres passifs financiers**

Les comptes fournisseurs et frais courus, les ristournes à payer, les dépôts des clients et le capital-actions sont classifiés comme autres passifs financiers. Les autres passifs financiers sont initialement comptabilisés à la juste valeur et subséquemment au coût après amortissement au moyen de la méthode du taux d'intérêt effectif. Les frais de transactions, si applicable, sont comptabilisés au net sur le montant initialement reconnu.

**Nouvelles règles comptables**

**Normes internationales d'information financière**

Suite à une décision du Conseil des normes comptables en février 2013 de reporter la transition aux normes internationales d'information financière, la coopérative planifie converger des PCGR canadiens aux IFRS sur une période de transition terminant en 2015. L'impact de ce passage aux IFRS sur les états financiers de la coopérative n'a pas encore été déterminé.

**Financial Instruments**

The cooperative classifies its financial instruments into one of the following categories based on the purpose for which it was acquired. The accounting policies for each category is as follows:

**Held-for-Trading**

Cash and the term deposits and short-term investment are classified as held-for-trading. Financial instruments classified as held-for-trading are carried in the balance sheet at fair value with changes in fair value recognized in the income statement in the year in which the variations occurred. Transactions costs related to these instruments, if applicable, are expensed.

**Loans and Receivables**

Accounts receivable and unbilled revenues are classified as loans and receivables. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transactions costs related to loans and receivables, if applicable, are expensed.

**Other Financial Liabilities**

Accounts payable and accrued liabilities, patronage payable, customers' deposits and share capital are classified as other financial liabilities. Other financial liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs, if applicable, are netted against the amount initially recognized.

**New Accounting Pronouncements**

**International financial reporting standards**

Following a decision by the Accounting Standards Board in February 2013 to defer the International Financial Reporting Standards, the cooperative plans to converge from Canadian GAAP to IFRS over a transition period ending in 2015. The impact of the transition to IFRS on the cooperative's financial statements has yet to be determined.



**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2012 / December 31, 2012**

**1. Instruments financiers**

À moins d'avis contraire, selon la direction, la coopérative n'est pas exposée à un risque de taux d'intérêt, à un risque de taux de change ni à un risque de crédit qui serait matériels et qui proviendrait des instruments financiers. La juste valeur des instruments financiers est approximativement égale à la valeur aux livres à moins d'avis contraire.

**1. Financial Instruments**

Unless otherwise noted, it is management's opinion that the cooperative is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**2. Statut de l'entreprise**

La coopérative est constituée en vertu de la Loi sur les sociétés par actions de l'Ontario et se spécialise dans la distribution de l'électricité. La totalité de l'électricité est achetée de Hydro One. La coopérative est réglementée par la CEO.

**2. Nature of Business**

The cooperative is incorporated under the Ontario Business Corporations Act and is engaged in the distribution of electricity. All the electricity is bought from Hydro One. The cooperative is regulated by the OEB.

**3. Encaisse**

Les comptes bancaires de la coopérative sont tous à la même caisse populaire et portent un taux d'intérêts égal au taux préférentiel moins 3 %.

**3. Cash**

The cooperative's bank accounts are held at one caisse populaire. The bank accounts earn interest at the bank's prime rate less 3 %.

**4. Dépôts à terme et placement à court terme**

Les dépôts à terme de la coopérative sont à la même caisse populaire que les comptes bancaires. Les dépôts à terme de \$700,000 et \$300,000 portent des taux d'intérêts respectifs de 1.75 % et 1.35 % et viennent à échéance chacun le 7 juillet 2013.

Le placement à court terme de \$676,362 porte un taux d'intérêt de 0.75 % et est remboursable sur demande.

**4. Term Deposits and Short-Term Investment**

The cooperative's term deposits are held at the same caisse populaire as the bank accounts. The term deposits of \$700,000 and \$300,000 earn interest at a rate of 1.75 % and 1.35 % respectively, each maturing on July 7, 2013.

The short-term investment of \$676,362 earns interest at a rate of 0.75 % and is redeemable on demand.

**5. Créances**

	2012	2011
Énergie électrique	\$ 316,645	\$ 277,113
Intérêts courus	1,643	2,015
Divers	4,304	22,729
	322,592	301,857
Provision pour créances douteuses	-	(3,850)
	<u>\$ 322,592</u>	<u>\$ 298,007</u>

**5. Accounts Receivable**

Electric energy  
Accrued interest  
Sundry

Allowance for doubtful  
accounts

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

31 décembre 2012 / December 31, 2012

**6. Actifs réglementés**

	2012	2011
Frais de rebassing	\$ 59,913	\$ 101,554
Frais réglementés recouvrés par Hydro One	20,847	11,124
Écarts de prix	(52,581)	(127,308)
Variance de PTLI	-	(127,470)
Projet de loi 210		
- frais réglementés	1,249	1,555
Compteurs intelligents	334,135	314,525
Compte d'actifs réglementés récupérés "CARR"	(111,523)	2,308
Actif (passif) réglementaire au titre des impôts futurs	(2,847)	2,278
	<u>\$ 249,193</u>	<u>\$ 178,566</u>

**Frais de rebassing**

À tous les quatre ans, la coopérative doit faire une demande à la CEO pour l'approbation des taux de facturation. Les coûts engendrés pour cette demande sont comptabilisés en tant qu'actif réglementé et sont amortis selon la méthode linéaire sur une période de quatre ans.

**Écarts de prix**

La CEO a permis de reporter les écarts de prix depuis le 1 mai 2002. Ce montant représente les variances entre le montant chargé par la coopérative aux clients et le coût correspondant des services d'électricité non-compétitif encouru par la coopérative après le 1 mai 2010.

**Variance de PTLI**

Au 31 décembre 2012 la coopérative a accumulé un montant de variance de PTLI représentant des différences qui sont le résultat d'un changement législatif ou réglementaire au taux d'imposition ou aux normes dans le modèle des taux d'ajustement.

**6. Regulatory Assets**

Rebassing costs  
Hydro one regulatory asset recovery  
Settlement variances  
PILs variance  
Bill 210  
- regulatory costs  
Smart Meters  
Regulatory assets recovery account "RARA"  
Future income taxes  
regulatory asset (liability)

**Rebassing Costs**

Every four years, the cooperative has to file a request to the OEB for the approval of its billing rates. The costs incurred are recorded as a regulatory asset and are amortized using the straight line method over a four year period.

**Settlement Variances**

The OEB has allowed to defer settlement variances since May 1, 2002. This balance represents the variances between amounts charged by the cooperative to customers and the corresponding cost of non-competitive electricity service incurred by the cooperative after May 1, 2010.

**PILs Variance**

As at December 31, 2012, the cooperative has accumulated a PILs variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model.

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

31 décembre 2012 / December 31, 2012

**6. Actifs réglementés (suite)**

**Compteurs intelligents**

En 2009, les compteurs intelligents furent installés chez chaque client. De 2010 à 2012, la coopérative a encouru des frais pour l'implantation du logiciel relié aux compteurs intelligents.

**Compte d'actifs réglementés récupérés "CARR"**

Le 3 mai 2010, la CEO a exigé que le solde des actifs réglementés autorisés soient combinés dans un seul compte réglementé. Le solde autorisé de ce compte a été recouvert sur une période de 1 an. Le CARR est crédité avec les montants récupérés et est débité par les frais d'intérêts prescrits par la CEO.

**6. Regulatory Assets (continued)**

**Smart Meters**

In 2009, the smart meters were installed at every customer. From 2010 to 2012, the cooperative has incurred costs for the implementation of the software related to smart meters.

**Regulatory assets recovery account "RARA"**

On May 3, 2010 the OEB ordered that the approved regulatory asset balances be aggregated into a single regulatory account. The approved balance was recovered over a 1 year period. The RARA is credited with recovery amounts and is debited by OEB prescribed carrying charges.

**7. Immobilisations corporelles**

**7. Property and Equipment**

	Coût	Amortissement cumulé	Valeur nette aux livres 2012	Valeur nette aux livres 2011	
	Cost	Accumulated Amortization	Net Book Value 2012	Net Book Value 2011	
Équipement de bureau	\$ 53,723	\$ 26,977	\$ 26,746	\$ 31,803	Office equipment
Ordinateurs	109,466	62,103	47,363	60,542	Computers
Outils	4,281	3,582	699	857	Tools
Système de distribution	3,359,086	1,310,991	2,048,095	2,126,825	Distribution system
Terrain	50,000	-	50,000	50,000	Land
Contributions des promoteurs	(552,963)	(176,655)	(376,308)	(396,826)	Contributions in aid of construction
	<b>\$ 3,023,593</b>	<b>\$ 1,226,998</b>	<b>\$ 1,796,595</b>	<b>\$ 1,873,201</b>	

Le coût des immobilisations corporelles qui ne sont pas amorties parce qu'elles sont en construction, inclut dans le poste "Système de distribution" est de \$58,788 (2011 - \$57,089).

The cost of property and equipment not being amortized because they are under construction, included in the "Distribution System" line, is \$58,788 (2011 - \$57,089).



**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

31 décembre 2012 / December 31, 2012

**8. Capital-actions**

Autorisé  
Nombre illimité d'actions de \$ 10

Émis

1,227 actions (2011 - 1,215)

	2012	2011
	<u>\$ 12,270</u>	<u>\$ 12,150</u>

Au cours de l'année, 159 nouveaux membres ont été admis et 147 actions ont été rachetées pour une souscription nette de \$120.

**8. Share Capital**

Authorized  
Unlimited number of shares at \$ 10

Issued

1,227 shares (2011 - 1,215)

During the year, 159 new members were admitted and 147 shares were redeemed for net proceeds of \$120.

**9. Autres revenus**

	2012	2011
Frais de retard	\$ 5,208	\$ 7,109
Location des poteaux	7,343	6,170
Revenus d'intérêts	28,961	24,969
Revenus des détaillants	3,622	3,724
Autres revenus	14,842	41,058
	<u>\$ 59,976</u>	<u>\$ 83,030</u>

**9. Other Income**

Late payment charge  
Pole rentals  
Interest income  
Retailers' income  
Other income

**10. Frais d'administration**

	2012	2011
Assurance	\$ 6,531	\$ 7,058
Divers	283	272
Frais d'associations	5,120	4,850
Frais de bureau	26,950	22,727
Frais professionnels	88,055	90,545
Intérêts et frais bancaires	1,585	2,409
Loyer	13,200	12,000
Publicité et promotion	14,369	7,371
Salaires et avantages sociaux		
Administrateurs	25,148	24,912
Employés (Note 12)	214,607	227,570
Téléphone	10,652	11,324
Frais de voyage	4,332	4,516
	<u>\$ 410,832</u>	<u>\$ 415,554</u>

**10. Administration Expenses**

Insurance  
Miscellaneous  
Membership fees  
Office expenses  
Professional fees  
Interest and bank charges  
Rent  
Advertising and promotion  
Salaries and benefits  
    Directors  
    Employees (Note 12)  
Telephone  
Travel expenses

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2012 / December 31, 2012**

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**11. Engagements**

La coopérative a signé un contrat avec Ottawa River Energy Solutions Inc. pour que cette corporation s'occupe de la facturation. Le contrat vient à échéance le 31 août 2016. Le paiement annuel est basé sur le nombre de factures produites pendant l'année et le coût par facture est augmenté de 3% annuellement.

La coopérative a signé un contrat pour la location de ses bureaux. Ce contrat vient à échéance en décembre 2015. Le paiement de location est de \$ 1,100 par mois.

La coopérative a signé un contrat avec Util-Assist Inc. pour que cette corporation s'occupe de la synchronisation des données informatiques provenant des compteurs intelligents. Ce contrat vient à échéance en septembre 2014. Le paiement mensuel est d'environ \$722 et est augmenté de 2.5% annuellement.

La coopérative a signé un contrat avec Util-Assist Inc. pour des services administratifs et de consultation pour le programme provincial MDM/R. Ce contrat vient à échéance en décembre 2014. Le paiement annuel des frais d'administration et de consultation est de \$11,000.

La coopérative a signé un contrat avec Tandem Energy Services Inc. pour des services de consultation pour l'optimisation des opérations quotidiennes et pour les exigences réglementaires de la CEO. Ce contrat vient à échéance en août 2016. Le paiement annuel des frais de consultation est de \$30,000.

Les paiements minimaux des engagements pour les quatre prochaines années sont les suivants :

2013	\$	80,716
2014	\$	79,023
2015	\$	61,739
2016	\$	32,529

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**11. Commitments**

The cooperative signed a contract with Ottawa River Energy Solutions Inc. sub-contracting their customer invoicing. The contract expires August 31, 2016. The annual payment is based on the number of invoices produced in the year and the cost per invoice is increased by 3% annually.

The cooperative has signed a contract for the rental of its office space. This contract expires in December 2015. The rent payment is \$ 1,100 per month.

The cooperative signed a contract with Util-Assist Inc. sub-contracting their synchronization of the smart meters' data. The contract expires in September 2014. The monthly payment is approximately \$722 and is increased by 2.5% annually.

The cooperative has signed a contract with Util-Assist Inc. for administrative and consultation services for the provincial MDM/R program. This contract expires in December 2014. The annual payment of the administrative and consultation fees is \$11,000.

The cooperative has signed a contract with Tandem Energy Services Inc. for consultation services for the optimization of daily operations and for the OEB's regulatory requirements. This contract expires in August 2016. The annual payment of the consultation fees is \$30,000.

The minimum annual contract payments for the next four years are as follows:

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2012 / December 31, 2012**

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**12. Régime de retraite**

La coopérative participe à un régime de retraite à cotisations déterminées depuis septembre 2011. Les cotisations sont établies en fonction d'un pourcentage du salaire de l'employé(e).

La charge nette au titre de ce régime figure au poste "Salaires et avantages sociaux - Employés" à l'état des résultats. La contribution de 2012 est \$13,981 (2011 - \$5,566).

**12. Pension Plan**

In September 2011, the cooperative began participating in a defined contribution pension plan. The contributions are established by a percentage of the employee's salary.

The net charge of the plan is included in the "Salaries and benefits - Employees" account. The contribution for 2012 is \$13,981 (2011 - \$5,566).

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**13. Gestion du capital**

La coopérative considère son capital comme étant les intérêts des membres, soit la différence entre les actifs et les passifs sur son bilan. La coopérative gère la structure de son capital en s'assurant de préparer, de façon annuelle, un budget opérationnelle basé sur les produits estimés approuvé par le conseil d'administration. Ce budget est partagé avec tous les administrateurs de la coopérative afin d'assurer le maintien du capital. L'objectif de la coopérative dans la gestion de son capital est de maintenir sa continuité d'exploitation et maintenir ses fonctions corporatives et administratives. La coopérative n'est pas assujetti à des exigences extérieures concernant son capital.

**13. Capital Management**

The cooperative considers its capital as being the members' interest, meaning the difference between assets and liabilities on the balance sheet. The cooperative manages its capital by ensuring to prepare, on an annual basis, an operational budget based on estimated revenues approved by the Board of Directors. The budget is shared with all of the cooperative's directors to ensure the capital is maintained. The cooperative's objective concerning capital management is to maintain continuity of its operations as well as maintain its corporate and administrative functions. The cooperative is not subject to externally imposed capital requirements.

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## **DIRECTOR'S ELECTION FOR 2012**

Nominations received as of December 31, 2012

Director position: 3 year term

Jean Martel..... Moved by: Jean-Paul Leroux and seconded by : Laurent Laplante

This candidate only will be presented for members' approval at the annual meeting, in accordance with the Coopérative's prevailing regulations.

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## **SERVICES PROVIDED BY THE COOPÉRATIVE**

### **TECHNICAL SERVICES:**

- Wire location
- Underground service
- Overhead service
- Meter inspection
- Cost estimate
- Subdivision drawings and specifications
- Tree branch maintenance
- Information on household appliances' monthly power consumption

### **PAYMENT METHODS**

- Debit card
- Preauthorized payments
- Cheques
- Equal billing



**E1.T2.S9      AFFILIATE TRANSACTIONS AND SERVICE LEVEL AGREEMENT**

CHEI does not have affiliates and therefore does not need any service level agreement.

### **Tab 3–Financial Information**

#### **E1.T3.S1      HISTORICAL FINANCIAL STATEMENTS**

The Administrative Documents identified in this section provide the background and summary information to the case as filed. The following section consists of the 3 following attachments.

- 1) 2012 Audited Statements
- 2) 2011 Audited Statements
- 3) 2010 Audited Statements

**Coopérative Hydro Embrun inc./  
Embrun Hydro Cooperative Inc.  
États financiers / Financial  
Statements**

**Pour l'exercice terminé le 31 décembre 2010 /  
For the year ended December 31, 2010**

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## Rapport de l'auditeur indépendant / Independent Auditor's Report

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Aux membres de la Coopérative Hydro Embrun Inc.

Nous avons effectué l'audit des états financiers joints de la Coopérative Hydro Embrun Inc., qui comprennent le bilan au 31 décembre 2010 et l'état des résultats, l'état des bénéfices non répartis et l'état des flux de trésorerie pour l'exercice terminé à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

### Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux principes comptables généralement reconnus du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

### Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

To the members of Embrun Hydro Cooperative Inc.

We have audited the accompanying financial statements of Embrun Hydro Cooperative Inc., which comprise the balance sheet as at December 31, 2010, and the statement of operations, statement of retained earnings and statement of 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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.

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## Rapport de l'auditeur indépendant / Independent Auditor's Report

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Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

### Opinion

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Coopérative Hydro Embrun inc. au 31 décembre 2010, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux principes comptables généralement reconnus du Canada.

Embrun (Ontario)  
le 29 mars 2011

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

### Opinion

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

Embrun, Ontario  
March 29, 2011

*BDO Canada SRL/LLP*

Comptables Agréés, experts-comptables autorisés  
Chartered Accountants, Licensed Public Accountants

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
Bilan / Balance Sheet**

**31 décembre / December 31**

	2010	2009	
<b>Actif</b>			<b>Assets</b>
<b>Court terme</b>			<b>Current</b>
Encaisse (Note 3)	\$ 568,858	\$ 432,403	Cash (Note 3)
Dépôt à terme (Note 4)	1,000,000	1,000,000	Term deposit (Note 4)
Créances (Note 5)	291,320	258,544	Accounts receivable (Note 5)
Revenus non facturés	431,772	401,425	Unbilled revenues
Impôts à recevoir	9,132	30,000	Income taxes receivable
	2,301,082	2,122,372	
Actifs réglementés (Note 6)	210,845	238,997	Regulatory assets (Note 6)
Immobilisations corporelles (Note 7)	1,909,634	1,885,358	Property & Equipment (Note 7)
Impôt futurs	2,773	-	Future income taxes
Écart d'acquisition, au coût moins l'amortissement cumulé (2010, \$ 145,155; 2009, \$ 129,320)	13,198	29,033	Goodwill, at cost less accumulated amortization (2010, \$ 145,155; 2009, \$ 129,320)
	\$ 4,437,532	\$ 4,275,760	
<b>Passif</b>			<b>Liabilities</b>
<b>Court terme</b>			<b>Current</b>
Comptes fournisseurs et frais courus	\$ 758,375	\$ 702,938	Accounts payable and accrued liabilities
Ristournes à payer	19,705	24,610	Patronage payable
	778,080	727,548	
Dépôts en garantie	39,053	35,706	Customers' deposits
Impôt futurs	-	5,012	Future income taxes
	817,133	768,266	
Engagements (Note 11) Éventualité			Commitments (Note 11) Contingent Liability
<b>Intérêts des membres</b>			<b>Members' interest</b>
Passif à l'égard des membres			Liabilities to members
Capital-actions (Note 8)	11,690	11,050	Share capital (Note 8)
Avoir des membres			Members' equity
Surplus d'apport	2,862,994	2,862,994	Contributed surplus
Bénéfices non répartis	745,715	633,450	Retained earnings
	3,620,399	3,507,494	
	\$ 4,437,532	\$ 4,275,760	

Au nom du Conseil d'administration:

On behalf of the board:

_____	Administrateur / Director
_____	Administrateur / Director
_____	Administrateur / Director

Le sommaire des principales conventions comptables et les notes complémentaires font partie intégrante des états financiers.  
The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des bénéfices non répartis /  
Statement of Retained Earnings**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	<u>2010</u>	<u>2009</u>	
Bénéfices non répartis, début de l'exercice	\$ 633,450	\$ 549,787	Retained earnings, beginning of the year
Bénéfice net de l'exercice	<u>112,265</u>	<u>83,663</u>	Net earnings for the year
Bénéfices non répartis, fin de l'exercice	\$ 745,715	\$ 633,450	Retained earnings, end of the year



**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des résultats/  
Statement of Operations**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	<u>2010</u>	<u>2009</u>	
<b>Revenus de service</b>	<b>\$ 710,675</b>	<b>\$ 604,428</b>	<b>Service revenue</b>
<b>Autres revenus (Note 9)</b>	<b>45,803</b>	<b>43,494</b>	<b>Other income (Note 9)</b>
	<u><b>756,478</b></u>	<u><b>647,922</b></u>	
<b>Frais d'exploitation</b>			<b>Operating expenses</b>
Amortissement des immobilisations corporelles	124,968	109,266	Amortization of property & equipment
Amortissement de l'écart d'acquisition	15,835	15,835	Amortization of goodwill
Entretien et réparations du réseau	48,518	43,421	Repair and maintenance of network
Facturation des clients	59,446	58,684	Customer billing
Frais d'administration (Note 10)	359,885	307,921	Administration expenses (Note 10)
Ristournes	19,705	24,610	Patronage
	<u><b>628,357</b></u>	<u><b>559,737</b></u>	
<b>Bénéfice avant Impôts</b>	<u><b>128,121</b></u>	<u><b>88,185</b></u>	<b>Earnings before income taxes</b>
<b>Impôts sur le revenu</b>			<b>Income taxes</b>
-courants (recouvrements)	20,868	(490)	-current (recovered)
-futurs (recouvrements)	(5,012)	5,012	-future (recovered)
	<u><b>15,856</b></u>	<u><b>4,522</b></u>	
<b>Bénéfice net</b>	<u><b>\$ 112,265</b></u>	<u><b>\$ 83,663</b></u>	<b>Net earnings</b>

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des flux de trésorerie /  
Statement of Cash flows**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	2010	2009	
<b>Flux de trésorerie liés aux activités d'exploitation</b>			<b>Cash flows from operating activities</b>
Rentrées de fonds - clients	\$ 648,171	\$ 591,978	Cash receipts from customers
Rentrées de fonds - autres revenus	22,124	24,200	Cash receipts - other income
Sorties de fonds - fournisseurs et membres du personnel	(410,784)	(792,625)	Cash paid to suppliers and employees
Intérêts reçus	23,059	20,154	Interest received
Intérêts versés	(864)	(1,482)	Interest paid
Impôts payés	-	(19,178)	Income taxes paid
	<u>281,706</u>	<u>(176,953)</u>	
<b>Flux de trésorerie liés aux activités de financement</b>			<b>Cash flows from financing activities</b>
Augmentation (diminution) des dépôts en garantie	3,347	(116)	Increase (decrease) in customers' deposits
Augmentation du capital-actions	640	750	Increase in share capital
	<u>3,987</u>	<u>634</u>	
<b>Flux de trésorerie liés aux activités d'investissement</b>			<b>Cash flows from investing activities</b>
Acquisitions d'immobilisations corporelles	(149,238)	(82,980)	Acquisition of property & equipment
Acquisition d'un placement	-	(1,000,000)	New investment
	<u>(149,238)</u>	<u>(1,082,980)</u>	
<b>Augmentation (diminution) de la trésorerie et équivalents de trésorerie</b>	<b>136,455</b>	<b>(1,259,299)</b>	<b>Increase (decrease) in cash and cash equivalents</b>
<b>Trésorerie et équivalents de trésorerie, au début de l'exercice</b>	<b>432,403</b>	<b>1,691,702</b>	<b>Cash and cash equivalents, beginning of the year</b>
<b>Trésorerie et équivalents de trésorerie, à la fin de l'exercice</b>	<b>\$ 568,858</b>	<b>\$ 432,403</b>	<b>Cash and cash equivalents, end of the year</b>
<b>Représentées par:</b>			<b>Represented by:</b>
Encaisse	\$ 568,858	\$ 432,403	Cash

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

**31 décembre 2010 / December 31, 2010**

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**Conventions comptables**

Les états financiers de la coopérative sont préparés conformément aux principes comptables généralement reconnus du Canada ainsi qu'aux principes comptables régissant les distributeurs d'électricité en Ontario tels que requis par la Commission de l'Énergie de l'Ontario (CEO) et établis dans le Manuel des procédures comptables.

La coopérative est réglementée par la Commission de l'Énergie de l'Ontario selon la loi de l'Électricité de 1998. La CEO a la responsabilité d'autoriser les taux pour la distribution de l'électricité. Dans l'exercice de ses fonctions, la CEO a l'autorité de spécifier certains règlements qui peuvent différer des principes comptables généralement reconnus pour les entreprises opérant dans un environnement non-réglementé.

**Utilisation d'estimations**

Les états financiers de la coopérative ont été préparés par la direction conformément aux principes comptables généralement reconnus du Canada. À cette fin, la direction doit formuler des estimations et des hypothèses ayant une influence sur les montants inscrits dans les états financiers et les notes complémentaires. Les résultats réels peuvent différer de ces prévisions, incluant les changements reliés aux décisions futurs présent par la CEO et le ministère de l'Énergie. Les postes où il y a des estimations significatives sont la durée de vie estimative des immobilisations corporelles.

**Revenus**

Les revenus de service sont comptabilisés lorsque l'énergie est fournie aux usagers, que cette dernière ait été facturée ou non.

**Amortissement des immobilisations corporelles**

L'amortissement des immobilisations corporelles est calculé selon la méthode linéaire basé sur la durée de vie estimative des actifs en conformité avec les politiques de la Commission de l'Énergie de l'Ontario.

Système de distribution	3.33 % et 4 %
Équipement de bureau	10 %
Ordinateurs	20 %
Outils	10 %

**Accounting Policies**

The financial statements of the cooperative are prepared in accordance with Canadian generally accepted accounting principles and accounting principles for Ontario electricity distributors as required by the authority of the Ontario Energy Board (OEB) and set forth in the Accounting Procedures Handbook.

The cooperative is regulated by the OEB under the authority of the Electricity Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the distribution of electricity. In its capacity to approve or set rates, the OEB has the authority to specify regulatory treatments that may differ from generally accepted accounting principles for enterprises operating in a non-rate regulated environment.

**Use of Estimates**

The financial statements of the cooperative have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB or the Minister of Energy. Areas of significant estimates include the estimated useful lives of property and equipment.

**Revenues**

Service revenues are recognized when the energy is supplied to the users, whether billed or unbilled.

**Amortization of Property and Equipment**

Amortization of property and equipment is calculated using the straight line method based on the estimated useful lives of the assets in accordance with the Ontario Energy Board policies.

Distribution system	3.33 % and 4 %
Office equipment	10 %
Computers	20 %
Tools	10 %

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

**31 décembre 2010 / December 31, 2010**

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**Contributions des promoteurs**

Lorsque les contrats pour l'installation d'équipement électrique et de systèmes de distribution électrique sont recouvrables et que la propriété de l'équipement et des systèmes de distribution reste celle de la coopérative, le montant recouvrable est comptabilisé en diminution des immobilisations et il est amorti sur la même base que l'immobilisation corporelle correspondante.

**Écart d'acquisition**

L'écart d'acquisition représente l'excédent du coût d'acquisition du système hydro électrique du Village partiellement autonome d'Embrun sur le montant net des valeurs attribuées aux éléments de l'actif acquis et du passif pris en charge. L'écart d'acquisition est amorti de façon linéaire sur une période de 10 ans.

**Dépôts en garantie**

Des dépôts sont pris en garantie de paiement de la facturation.

**Impôts sur le revenu**

Selon la Loi de 1998 sur l'électricité, la coopérative est tenue de remettre à la Société financière de l'industrie de l'électricité de l'Ontario ("SFIEO") des paiements tenant lieu d'impôts des sociétés depuis le 1er octobre 2001. Ceux-ci sont calculés selon les règlements pour le calcul de l'impôt, et de la taxe sur le capital et autres impôts établis selon la Loi de l'impôt sur le revenu (Canada) et de la Loi sur l'imposition des corporations (Ontario) telles que modifiées par la Loi de 1998 sur l'électricité et les règlements associés.

La coopérative utilise la méthode de l'actif et du passif d'impôts futurs pour comptabiliser les impôts sur les bénéfices. Selon cette méthode, les actifs et les passifs d'impôts futurs sont déterminés en fonction de l'écart entre la valeur comptable et la valeur fiscale des actifs et des passifs. Tout changement survenu dans le montant des actifs et passifs d'impôts futurs est porté aux résultats. Les actifs et les passifs d'impôts futurs sont déterminés en fonction des taux d'imposition et des lois fiscales en vigueur qui s'appliqueront au revenu imposable des exercices au cours desquels les actifs et les passifs seront recouverts ou payés.

**Contribution in Aid of Construction**

Where contracts for supplying electrical equipment or electrical distribution systems are recoverable and ownership of the equipment and distribution systems remains with the cooperative, the amount recoverable is accounted as a reduction of the property and equipment and it is amortized on the same basis as the relevant asset.

**Goodwill**

Goodwill represents the excess of the cost of acquisition of the Village of Embrun Hydro System on the fair value of the net identifiable assets purchased and liabilities assumed. Goodwill is amortized on a straight line basis over 10 years.

**Customers' Deposits**

Deposits are taken to guarantee the payment of power bills.

**Income Taxes**

Under the Electricity Act, 1998, the Cooperative is required to make payments, in lieu of corporate income taxes to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

The cooperative follows the liability method of accounting for income taxes. Under this method, future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Future income tax liabilities and assets are measured using substantively enacted tax rates. The effect on future income tax liabilities and assets of a change in tax rates is recognized in income in the period that the change occurs.

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**Coopérative Hydro Embrun inc. /  
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**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

**31 décembre 2010 / December 31, 2010**

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**Trésorerie et équivalents de trésorerie**

La trésorerie et les équivalents de trésorerie comprennent l'encaisse.

**Instruments financiers**

L'organisation classe ses instruments financiers dans une des catégories suivantes selon la raison que l'instrument fut acquis. Les conventions comptables de chacune des catégories est comme suit:

**Détenus pour fins de transactions**

L'encaisse et le dépôt à terme sont classifiés comme détenus pour fins de transactions. Ils sont initialement comptabilisés à la juste valeur avec toutes variations étant enregistrées dans l'état des résultats dans l'exercice pendant lequel ces variations surviennent. Les frais de transactions, si applicable, sont passés à la dépense.

**Prêts et créances**

Les créances et les revenus non facturés sont classifiés comme prêts et créances. Ils sont initialement constatés à leur juste valeur puis comptabilisés au coût après amortissement, en utilisant la méthode du taux d'intérêt effectif, moins une éventuelle provision pour perte de valeur. Les frais de transactions, si applicable, sont passés à la dépense.

**Autres passifs financiers**

Les comptes fournisseurs et frais courus, les ristournes à payer, les dépôts en garantie et le capital-actions sont classifiés comme autres passifs financiers. Les autres passifs financiers sont initialement comptabilisés à la juste valeur et subséquemment au coût après amortissement au moyen de la méthode du taux d'intérêt effectif. Les frais de transactions, si applicable, sont comptabilisés au net sur le montant initialement reconnu.

**Nouvelles règles comptables**

**a) Normes internationales d'information financière**

La coopérative planifie converger des PCGR canadiens aux normes internationales d'information financière (IFRS) sur une période de transition terminant en 2012. L'impact de ce passage aux IFRS sur les états financiers de la coopérative n'a pas encore été déterminé.

**Cash and cash equivalents**

Cash and cash equivalents consists of cash on hand.

**Financial Instruments**

The organization classifies its financial instruments into one of the following categories based on the purpose for which it was acquired. The accounting policies for each category is as follows:

**Held-for-Trading**

Cash and the term deposit are classified as held-for-trading. Financial instruments classified as held-for-trading are carried in the balance sheet at fair value with changes in fair value recognized in the income statement in the period in which the variations occurred. Transactions costs related to these instruments, if applicable, are expensed.

**Loans and Receivables**

Accounts receivable and unbilled revenues are classified as loans and receivables. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transactions costs related to loans and receivables, if applicable, are expensed.

**Other Financial Liabilities**

Accounts payable and accrued liabilities, patronage payable, customers' deposits and share capital are classified as other financial liabilities. Other financial liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs, if applicable, are netted against the amount initially recognized.

**New Accounting Pronouncements**

**a) International financial reporting standards**

The Cooperative plans to converge from Canadian GAAP to International Financial Reporting Standards ("IFRS") over a transition period ending in 2012. The impact of the transition to IFRS on the Cooperative's financial statements has yet to be determined.

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2010 / December 31, 2010**

**1. Instruments financiers / Financial instruments**

Les instruments financiers de la coopérative sont composés de l'encaisse, le dépôt à terme, des créances, des revenus non facturés, des comptes fournisseurs et frais courus, des ristournes à payer, des dépôts en garantie et du capital-actions. À moins d'avis contraire, selon la direction, la coopérative n'est pas exposée à un risque de taux d'intérêt, à un risque de taux de change ni à un risque de crédit qui serait matériels et qui proviendrait des instruments financiers. La valeur marchande des instruments financiers est approximativement égale à la valeur aux livres à moins d'avis contraire.

The cooperative's financial instruments consist of cash, term deposit, accounts receivable, unbilled revenues, accounts payable and accrued liabilities, patronage payable, customers' deposits and share capital. Unless otherwise noted, it is management's opinion that the cooperative is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**2. Statut de l'entreprise**

La coopérative est constituée en vertu de la Loi sur les sociétés par actions de l'Ontario et se spécialise dans la distribution de l'électricité. La totalité de l'électricité est achetée de Hydro One. La coopérative est réglementée par la Commission de l'Énergie de l'Ontario.

**2. Nature of Business**

The cooperative is incorporated under the Ontario Business Corporations Act and is engaged in the distribution of electricity. All the electricity is bought from Hydro One. The cooperative is regulated by the Ontario Energy Board.

**3. Encaisse**

Les comptes bancaires de la coopérative sont tous à la même caisse populaire et portent un taux d'intérêts égal au taux préférentiel moins 3.00%.

**3. Cash**

The cooperative's bank accounts are held at one caisse populaire. The bank accounts earn interest at the bank's prime rate less 3.00%.

**4. Dépôt à terme**

Le dépôt à terme de la Coopérative est à la même caisse populaire que les comptes bancaires et porte un taux d'intérêts de 1.43% portant échéance le 7 juillet 2011.

**4. Term deposit**

The Cooperative's term deposit is held at the same caisse populaire as the bank accounts and earns interest at a rate of 1.43% maturing on July 7, 2011.

**5. Créances**

	2010	2009
Énergie électrique	\$ 276,270	\$ 256,602
Intérêts courus	1,552	932
Divers	17,348	4,860
	295,170	262,394
Provision pour créances douteuses	(3,850)	(3,850)
	<u>\$ 291,320</u>	<u>\$ 258,544</u>

**5. Accounts Receivable**

Electric energy  
Accrued interest  
Sundry

Allowance for doubtful  
accounts

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2010 / December 31, 2010**

**6. Actifs réglementés**

	<u>2010</u>	<u>2009</u>
Frais de rebassing	\$ 144,526	\$ 136,853
Frais réglementés recouvrés par Hydro One	2,550	20,187
Écarts de prix	(106,793)	(35,943)
Variance de PTLI	(125,957)	(125,137)
Projet de loi 210 - frais réglementés	6,850	4,035
Compteurs intelligents	277,935	263,574
Compte d'actifs réglementés (récupérés)	14,507	(24,572)
Impôt futurs	(2,773)	-
	<u>\$ 210,845</u>	<u>\$ 238,997</u>

**Écart de prix**

La CEO a permis de différer les écarts de prix depuis le 1 mai 2002. Ce montant représente les variances entre le montant chargé par la Coopérative aux clients et le coût correspondant des services d'électricité non-compétitif encouru par la Coopérative après le 1 mai 2010.

**Variance de PTLI**

Au 31 décembre 2010 la Coopérative a accumulé un montant de variance de PTLI représentant des différences qui sont le résultat d'un changement législatif ou réglementaire au taux d'imposition ou aux normes dans le modèle des taux d'ajustement.

**Compteurs intelligents**

Depuis juin 2006, suite à l'approbation de la CEO, la Coopérative facture un frais mensuel pour les installations futures de compteurs intelligents. En 2009 les compteurs intelligents furent installés chez chaque client.

**Compte d'actifs réglementés  
récupérés "CARR"**

Le 3 mai 2010, la CEO a exigé que le solde des actifs réglementés autorisés soient combinés dans un seul compte réglementé. Le solde autorisé de ce compte sera recouvert sur une période de 1 an. Le CARR est crédité avec les montants récupérés et est débité par les frais d'intérêts prescrits par la CEO.

**6. Regulatory Assets**

Rebassing costs  
Hydro one regulatory asset  
recovery  
Settlement variances  
PILs variance  
Bill 210  
- regulatory costs  
Smart Meters  
Regulatory assets account  
(recovery)  
Future income taxes

**Settlement variances**

The OEB has allowed to defer settlement variances since May 1, 2002. This balance represents the variances between amounts charged by the Cooperative to customers and the corresponding cost of non-competitive electricity service incurred by the Cooperative after May 1, 2010.

**PILs variance**

As at December 31, 2010, the Cooperative has accumulated a PILs variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model.

**Smart Meters**

Effective June 2006, as per the OEB approval, the Cooperative has started to charge a monthly fee for the future installation of smart meters. In 2009, the smart meters were installed at every client.

**Regulatory assets recovery account  
"RARA"**

On May 3, 2010 the OEB ordered that the approved regulatory asset balances be aggregated into a single regulatory account. The approved balance will be recovered over a 1 year period. The RARA is credited with recovery amounts and is debited by OEB prescribed carrying charges.



**Coopérative Hydro Embrun inc. /  
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**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2010 / December 31, 2010**

**7. Immobilisations corporelles**

	Coût	Amortissement cumulé	Valeur nette aux livres 2010	Valeur nette aux livres 2009
	Cost	Accumulated Amortization	Net Book Value 2010	Net Book Value 2009
Équipement de bureau	\$ 39,029	\$ 16,898	\$ 22,131	\$ 19,118
Ordinateurs	102,900	30,386	72,514	55,134
Outils	4,281	3,266	1,015	1,015
Système de distribution	3,227,019	1,051,938	2,175,081	2,181,518
Terrain	50,000	-	50,000	50,000
Contributions des promoteurs	(543,589)	(132,482)	(411,107)	(421,427)
	<b>\$ 2,879,640</b>	<b>\$ 970,006</b>	<b>\$ 1,909,634</b>	<b>\$ 1,885,358</b>

La valeur comptable nette des immobilisations corporelles qui ne sont pas amorties parce qu'elles sont en construction est de \$ 24,730 (2009 - \$ 60,541).

**7. Property and Equipment**

Office equipment  
Computers  
Tools  
Distribution system  
Land  
Contributions in aid of construction

The net book value of property and equipment not being amortized because they are under construction is \$ 24,730 (2009 - \$ 60,541).

**8. Capital-actions**

Autorisé  
Nombre illimité d'actions de \$ 10

Émis  
1,169 actions

Au cours de l'année, 264 nouveaux membres ont été admis et 200 actions ont été rachetées pour une souscription nette de \$ 640.

	2010	2009
	<b>\$ 11,690</b>	<b>\$ 11,050</b>

**8. Share Capital**

Authorized  
Unlimited number of shares at \$ 10

Issued  
1,169 shares

During the year, 264 new members were admitted and 200 shares were redeemed for net proceeds of \$ 640.

**9. Autres revenus**

	2010	2009
Frais de retard	\$ 5,764	\$ 6,027
Location des poteaux	6,424	6,561
Revenus d'intérêts	17,915	13,267
Revenus des détaillants	3,871	3,280
Autres revenus	11,829	14,359
	<b>\$ 45,803</b>	<b>\$ 43,494</b>

**9. Other Income**

Late payment charge  
Pole rentals  
Interest income  
Retailers' income  
Other income

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2010 / December 31, 2010**

10. Frais d'administration	2010	2009	10. Administration Expenses
Assurance	\$ 6,650	\$ 7,479	Insurance
Divers	321	320	Miscellaneous
Frais d'associations	4,700	4,500	Membership fees
Frais de bureau	36,642	27,572	Office
Frais professionnels	68,944	21,224	Professional fees
Intérêts et frais bancaires	864	1,482	Interest and bank charges
Lecture des compteurs	90	10,313	Meter reading
Loyer	12,400	12,270	Rent
Publicité et promotion	4,532	5,155	Advertising and promotion
Salaires et avantages sociaux			Salaries and benefits
Administrateurs	19,022	18,920	Directors
Employés	190,784	187,229	Employees
Téléphone	10,796	7,867	Telephone
Frais de voyage	4,140	3,590	Travel expenses
	<u>\$ 359,885</u>	<u>\$ 307,921</u>	

**11. Engagements**

La coopérative a signé un contrat avec Ottawa River Energy Solutions Inc. pour que cette corporation s'occupe de la facturation. Le contrat vient à échéance le 31 août 2011. Le paiement annuel est basé sur le nombre de factures produites pendant l'année et le coût par facture est augmenté de 2% annuellement.

La coopérative a signé un contrat pour la location de ses bureaux. Ce contrat vient à échéance en décembre 2015. Le paiement de location est de \$ 1,000 par mois.

Les paiements minimaux des engagements pour les cinq prochaines années sont les suivants :

2011	\$ 49,524
2012	\$ 12,000
2013	\$ 12,000
2014	\$ 12,000
2015	\$ 12,000

**11. Commitments**

The cooperative signed a contract with Ottawa River Energy Solutions Inc. sub-contracting their customer invoicing. The contract expires August 31, 2011. The annual payment is based on the number of invoices produced in the year and the cost per invoice is increased by 2% annually.

The cooperative has signed a contract for the rental of its office space. This contract expires in December 2015. The rent payment is \$ 1,000 per month.

The minimum annual contract payments for the next five years are as follows:

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**Coopérative Hydro Embrun inc. /  
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**Notes complémentaires / Notes to Financial Statements**

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**12. Gestion du capital**

La coopérative considère son capital comme étant les intérêts des membres, soit la différence entre les actifs et les passifs sur son bilan. La coopérative gère la structure de son capital en s'assurant de préparer, de façon annuelle, un budget opérationnel basé sur les produits estimés approuvé par le conseil d'administration. Ce budget est partagé avec tous les administrateurs de la coopérative afin d'assurer le maintien du capital. L'objectif de la coopérative dans la gestion de son capital est de maintenir sa continuité d'exploitation et maintenir ses fonctions corporatives et administratives. La coopérative n'est pas assujetti à des exigences extérieures concernant son capital.

**12. Capital management**

The cooperative considers its capital as being the members' interest, meaning the difference between assets and liabilities on the balance sheet. The cooperative structures its capital by ensuring to prepare, on an annual basis, an operational budget based on estimated revenues approved by the Board of directors. The budget is shared with all of the cooperative's directors to ensure the capital is maintained. The cooperative's objectives concerning capital management is to maintain continuity of its operations as well as maintain its corporate and administrative functions. The cooperative is not subject to externally imposed capital requirements.

**Coopérative Hydro Embrun inc./  
Embrun Hydro Cooperative Inc.  
États financiers / Financial  
Statements**

**Pour l'exercice terminé le 31 décembre 2011 /  
For the year ended December 31, 2011**

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## Rapport de l'auditeur indépendant / Independent Auditor's Report

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**Aux membres de la Coopérative Hydro Embrun Inc.**

Nous avons effectué l'audit des états financiers joints de la Coopérative Hydro Embrun inc., qui comprennent le bilan au 31 décembre 2011 et l'état des résultats, l'état des bénéfices non répartis et l'état des flux de trésorerie pour l'exercice terminé à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

**Responsabilité de la direction pour les états financiers**

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux principes comptables généralement reconnus du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

**Responsabilité de l'auditeur**

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

**To the members of Embrun Hydro Cooperative Inc.**

We have audited the accompanying financial statements of Embrun Hydro Cooperative Inc., which comprise the balance sheet as at December 31, 2011, and the statement of operations, statement of retained earnings and statement of 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's 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.

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## Rapport de l'auditeur indépendant / Independent Auditor's Report

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Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

### Opinion

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Coopérative Hydro Embrun inc. au 31 décembre 2011, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux principes comptables généralement reconnus du Canada.

Embrun (Ontario)  
le 29 mars 2012

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

### Opinion

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

Embrun, Ontario  
March 29, 2012

*BDO Canada SRL/LLP*

Comptables Agréés, experts-comptables autorisés  
Chartered Accountants, Licensed Public Accountants

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## Rapport de l'auditeur indépendant / Independent Auditor's Report

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Aux membres de la Coopérative Hydro Embrun inc.

Nous avons effectué l'audit des états financiers joints de la Coopérative Hydro Embrun inc., qui comprennent le bilan au 31 décembre 2011 et l'état des résultats, l'état des bénéfices non répartis et l'état des flux de trésorerie pour l'exercice terminé à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

### Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux principes comptables généralement reconnus du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

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Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation

To the members of Embrun Hydro Cooperative Inc.

We have audited the accompanying financial statements of Embrun Hydro Cooperative Inc., which comprise the balance sheet as at December 31, 2011, and the statement of operations, statement of retained earnings and statement of 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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.



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## Rapport de l'auditeur indépendant / Independent Auditor's Report

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Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

### Opinion

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Coopérative Hydro Embrun inc. au 31 décembre 2011, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice clos à cette date, conformément aux principes comptables généralement reconnus du Canada.

Embrun (Ontario)  
le 29 mars 2012

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

### Opinion

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

Embrun, Ontario  
March 29, 2012

*BDO Canada SRL/LLP*

Comptables Agréés, experts-comptables autorisés  
Chartered Accountants, Licensed Public Accountants

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
Bilan / Balance Sheet**

**31 décembre / December 31**

	2011	2010	
<b>Actif</b>			<b>Assets</b>
<b>Court terme</b>			<b>Current</b>
Encaisse (Note 3)	\$ 902,476	\$ 568,858	Cash (Note 3)
Dépôts à terme (Note 4)	1,000,000	1,000,000	Term deposits (Note 4)
Créances (Note 5)	298,007	291,320	Accounts receivable (Note 5)
Revenus non facturés	360,822	431,772	Unbilled revenues
Impôts à recevoir	-	9,132	Income taxes receivable
	2,561,305	2,301,082	
<b>Actifs réglementés (Note 6)</b>	178,566	210,845	<b>Regulatory assets (Note 6)</b>
<b>Immobilisations corporelles (Note 7)</b>	1,873,201	1,909,634	<b>Property &amp; equipment (Note 7)</b>
<b>Impôts futurs</b>	-	2,773	<b>Future income taxes</b>
<b>Écart d'acquisition, au coût moins l'amortissement cumulé (2011, \$ 158,353; 2010, \$ 145,155)</b>	-	13,198	<b>Goodwill, at cost less accumulated amortization (2011, \$ 158,353; 2010, \$ 145,155)</b>
	\$ 4,613,072	\$ 4,437,532	
<b>Passif</b>			<b>Liabilities</b>
<b>Court terme</b>			<b>Current</b>
Comptes fournisseurs et frais courus	\$ 774,749	\$ 758,374	Accounts payable and accrued liabilities
Impôts à payer	2,334	-	Income taxes payable
Revenus reportés	60,855	-	Deferred revenues
Ristournes à payer	24,018	19,705	Patronage payable
	861,956	778,079	
<b>Dépôts en garantie</b>	3,013	39,053	<b>Customers' deposits</b>
<b>Impôts futurs</b>	2,278	-	<b>Future income taxes</b>
	867,247	817,132	
<b>Engagements (Note 11)</b>			<b>Commitments (Note 11)</b>
<b>Intérêts des membres</b>			<b>Members' interest</b>
Passif à l'égard des membres			Liabilities to members
Capital-actions (Note 8)	12,150	11,690	Share capital (Note 8)
Avoir des membres			Members' equity
Surplus d'apport	2,862,994	2,862,994	Contributed surplus
Bénéfices non répartis	870,681	745,716	Retained earnings
	3,745,825	3,620,400	
	\$ 4,613,072	\$ 4,437,532	

Au nom du Conseil d'administration:

On behalf of the board:

_____	Administrateur / Director
_____	Administrateur / Director
_____	Administrateur / Director

Le sommaire des principales conventions comptables et les notes complémentaires font partie intégrante des états financiers.  
The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des bénéfices non répartis /  
Statement of Retained Earnings**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	<u>2011</u>	<u>2010</u>	
<b>Bénéfices non répartis, début de l'exercice</b>	<b>\$ 745,716</b>	<b>\$ 633,450</b>	<b>Retained earnings, beginning of the year</b>
<b>Bénéfice net de l'exercice</b>	<b><u>124,965</u></b>	<b><u>112,266</u></b>	<b>Net earnings for the year</b>
<b>Bénéfices non répartis, fin de l'exercice</b>	<b>\$ 870,681</b>	<b>\$ 745,716</b>	<b>Retained earnings, end of the year</b>

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des résultats /  
Statement of Operations**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	<u>2011</u>	<u>2010</u>	
<b>Revenus de service</b>	<b>\$ 768,817</b>	<b>\$ 710,675</b>	<b>Service revenues</b>
<b>Autres revenus (Note 9)</b>	<b>80,950</b>	<b>45,804</b>	<b>Other Income (Note 9)</b>
	<b><u>849,767</u></b>	<b><u>756,479</u></b>	
<b>Frais d'exploitation</b>			<b>Operating expenses</b>
Amortissement des immobilisations corporelles	127,443	124,968	Amortization of property and equipment
Amortissement de l'écart d'acquisition	13,198	15,835	Amortization of goodwill
Entretien et réparations du réseau	52,067	48,518	Repair and maintenance of network
Facturation des clients	69,300	59,446	Customer billing
Frais d'administration (Note 10)	415,574	359,885	Administration expenses (Note 10)
Ristournes	24,018	19,705	Patronage
	<b><u>701,600</u></b>	<b><u>628,357</u></b>	
<b>Bénéfice avant impôts</b>	<b><u>148,167</u></b>	<b><u>128,122</u></b>	<b>Earnings before income taxes</b>
<b>Impôts sur le revenu</b>			<b>Income taxes</b>
-courants	23,202	20,868	-current
-futurs (recouvrements)	-	(5,012)	-future (recovered)
	<b><u>23,202</u></b>	<b><u>15,856</u></b>	
<b>Bénéfice net</b>	<b>\$ 124,965</b>	<b>\$ 112,266</b>	<b>Net earnings</b>

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des flux de trésorerie /  
Statement of Cash flows**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	<u>2011</u>	<u>2010</u>	
<b>Flux de trésorerie liés aux activités d'exploitation</b>			<b>Cash flows from operating activities</b>
Rentrées de fonds - clients	\$ 833,545	\$ 648,169	Cash receipts from customers
Rentrées de fonds - autres revenus	109,727	22,124	Cash receipts - other income
Sorties de fonds - fournisseurs et membres du personnel	(500,534)	(410,782)	Cash paid to suppliers and employees
Intérêts reçus	31,615	23,059	Interest received
Intérêts et frais bancaires versés	(2,409)	(864)	Interest and bank charges paid
Impôts payés	(11,736)	-	Income taxes paid
	<u>460,208</u>	<u>281,706</u>	
 <b>Flux de trésorerie liés aux activités de financement</b>			 <b>Cash flows from financing activities</b>
Augmentation (diminution) des dépôts en garantie	(36,040)	3,347	Increase (decrease) in customers' deposits
Émission de capital-actions	1,700	2,640	Emission of share capital
Rachats de capital-actions	(1,240)	(2,000)	Redemption of share capital
	<u>(35,580)</u>	<u>3,987</u>	
 <b>Flux de trésorerie liés aux activités d'investissement</b>			 <b>Cash flows from investing activities</b>
Acquisitions d'immobilisations corporelles	(91,010)	(149,238)	Acquisition of property and equipment
	<u>(91,010)</u>	<u>(149,238)</u>	
Augmentation de l'encaisse	333,618	136,455	Increase in cash
Encaisse, au début de l'exercice	<u>568,858</u>	<u>432,403</u>	Cash, beginning of the year
Encaisse, à la fin de l'exercice	<u>\$ 902,476</u>	<u>\$ 568,858</u>	Cash, end of the year

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

**31 décembre 2011 / December 31, 2011**

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**Conventions comptables**

Les états financiers de la coopérative sont préparés conformément aux principes comptables généralement reconnus du Canada ainsi qu'aux principes comptables régissant les distributeurs d'électricité en Ontario tels que requis par la Commission de l'Énergie de l'Ontario (CEO) et établis dans le Manuel des procédures comptables.

La coopérative est réglementée par la CEO selon la loi de l'Électricité de 1998. La CEO a la responsabilité d'autoriser les taux pour la distribution de l'électricité. Dans l'exercice de ses fonctions, la CEO a l'autorité de spécifier certains règlements qui peuvent différer des principes comptables généralement reconnus pour les entreprises opérant dans un environnement non-réglementé.

**Utilisation d'estimations**

Les états financiers de la coopérative ont été préparés par la direction conformément aux principes comptables généralement reconnus du Canada. À cette fin, la direction doit formuler des estimations et des hypothèses ayant une influence sur les montants inscrits dans les états financiers et les notes complémentaires. Les résultats réels peuvent différer de ces prévisions, incluant les changements reliés aux décisions futurs prisent par la CEO et le ministère de l'Énergie. Les postes où il y a des estimations significatives sont la durée de vie estimative des immobilisations corporelles.

**Revenus**

Les revenus de service sont comptabilisés lorsque l'énergie est fournie aux usagers, que cette dernière ait été facturée ou non.

**Amortissement des immobilisations corporelles**

L'amortissement des immobilisations corporelles est calculé selon la méthode linéaire basé sur la durée de vie estimative des actifs en conformité avec les politiques de la CEO.

Équipement de bureau	10 %
Ordinateurs	20 %
Outils	10 %
Système de distribution	4 %

**Accounting Policies**

The financial statements of the cooperative are prepared in accordance with Canadian generally accepted accounting principles and accounting principles for Ontario electricity distributors as required by the authority of the Ontario Energy Board (OEB) and set forth in the Accounting Procedures Handbook.

The cooperative is regulated by the OEB under the authority of the Electricity Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the distribution of electricity. In its capacity to approve or set rates, the OEB has the authority to specify regulatory treatments that may differ from generally accepted accounting principles for enterprises operating in a non-rate regulated environment.

**Use of Estimates**

The financial statements of the cooperative have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB or the Minister of Energy. Areas of significant estimates include the estimated useful lives of property and equipment.

**Revenues**

Service revenues are recognized when the energy is supplied to the users, whether billed or unbilled.

**Amortization of Property and Equipment**

Amortization of property and equipment is calculated using the straight-line method based on the estimated useful lives of the assets in accordance with the OEB policies.

Office equipment	10 %
Computers	20 %
Tools	10 %
Distribution system	4 %

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

**31 décembre 2011 / December 31, 2011**

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**Contributions des promoteurs**

Lorsque les contrats pour l'installation d'équipement électrique et de systèmes de distribution électrique sont recouvrables et que la propriété de l'équipement et des systèmes de distribution reste celle de la coopérative, le montant recouvrable est comptabilisé en diminution des immobilisations et il est amorti sur la même base que l'immobilisation corporelle correspondante.

**Écart d'acquisition**

L'écart d'acquisition représente l'excédent du coût d'acquisition du système hydro électrique du Village partiellement autonome d'Embrun sur le montant net des valeurs attribuées aux éléments de l'actif acquis et du passif pris en charge. L'écart d'acquisition est amorti de façon linéaire sur une période de 10 ans.

**Dépôts en garantie**

Des dépôts sont pris en garantie de paiement de la facturation.

**Impôts sur le revenu**

Selon la Loi de 1998 sur l'électricité, la coopérative est tenue de remettre à la Société financière de l'industrie de l'électricité de l'Ontario ("SFIEO") des paiements tenant lieu d'impôts des sociétés depuis le 1er octobre 2001. Ceux-ci sont calculés selon les règlements pour le calcul de l'impôt, et de la taxe sur le capital et autres impôts établis selon la Loi de l'impôt sur le revenu (Canada) et de la Loi sur l'imposition des corporations (Ontario) telles que modifiées par la Loi de 1998 sur l'électricité et les règlements associés.

La coopérative utilise la méthode de l'actif et du passif d'impôts futurs pour comptabiliser les impôts sur les bénéfices. Selon cette méthode, les actifs et les passifs d'impôts futurs sont déterminés en fonction de l'écart entre la valeur comptable et la valeur fiscale des actifs et des passifs. Tout changement survenu dans le montant des actifs et passifs d'impôts futurs est porté aux résultats. Les actifs et les passifs d'impôts futurs sont déterminés en fonction des taux d'imposition et des lois fiscales en vigueur qui s'appliqueront au revenu imposable des exercices au cours desquels les actifs et les passifs seront recouvrés ou payés.

**Contribution in Aid of Construction**

Where contracts for supplying electrical equipment or electrical distribution systems are recoverable and ownership of the equipment and distribution systems remains with the cooperative, the amount recoverable is accounted as a reduction of the property and equipment and it is amortized on the same basis as the relevant asset.

**Goodwill**

Goodwill represents the excess of the cost of acquisition of the Village of Embrun Hydro System on the fair value of the net identifiable assets purchased and liabilities assumed. Goodwill is amortized on a straight-line basis over 10 years.

**Customers' Deposits**

Deposits are taken to guarantee the payment of power bills.

**Income Taxes**

Under the Electricity Act, 1998, the cooperative is required to make payments, in lieu of corporate income taxes to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

The cooperative follows the liability method of accounting for income taxes. Under this method, future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Future income tax liabilities and assets are measured using substantively enacted tax rates. The effect on future income tax liabilities and assets of a change in tax rates is recognized in income in the period that the change occurs.



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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

**31 décembre 2011 / December 31, 2011**

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**Instruments financiers**

La coopérative classe ses instruments financiers dans une des catégories suivantes selon la raison que l'instrument fut acquis. Les conventions comptables de chacune des catégories est comme suit:

**Détenus pour fins de transactions**

L'encaisse et les dépôts à terme sont classifiés comme détenus pour fins de transactions. Ils sont initialement comptabilisés à la juste valeur avec toutes variations étant enregistrées dans l'état des résultats dans l'exercice pendant lequel ces variations surviennent. Les frais de transactions, si applicable, sont passés à la dépense.

**Prêts et créances**

Les créances et les revenus non facturés sont classifiés comme prêts et créances. Ils sont initialement constatés à leur juste valeur puis comptabilisés au coût après amortissement, en utilisant la méthode du taux d'intérêt effectif, moins une éventuelle provision pour perte de valeur. Les frais de transactions, si applicable, sont passés à la dépense.

**Autres passifs financiers**

Les comptes fournisseurs et frais courus, les ristournes à payer, les dépôts en garantie et le capital-actions sont classifiés comme autres passifs financiers. Les autres passifs financiers sont initialement comptabilisés à la juste valeur et subséquemment au coût après amortissement au moyen de la méthode du taux d'intérêt effectif. Les frais de transactions, si applicable, sont comptabilisés au net sur le montant initialement reconnu.

**Nouvelles règles comptables**

**Normes internationales d'information financière**

La coopérative planifie converger des PCGR canadiens aux normes internationales d'information financière (IFRS) sur une période de transition terminant en 2012. L'impact de ce passage aux IFRS sur les états financiers de la coopérative n'a pas encore été déterminé.

**Financial Instruments**

The cooperative classifies its financial instruments into one of the following categories based on the purpose for which it was acquired. The accounting policies for each category is as follows:

**Held-for-Trading**

Cash and the term deposits are classified as held-for-trading. Financial instruments classified as held-for-trading are carried in the balance sheet at fair value with changes in fair value recognized in the income statement in the period in which the variations occurred. Transactions costs related to these instruments, if applicable, are expensed.

**Loans and Receivables**

Accounts receivable and unbilled revenues are classified as loans and receivables. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transactions costs related to loans and receivables, if applicable, are expensed.

**Other Financial Liabilities**

Accounts payable and accrued liabilities, patronage payable, customers' deposits and share capital are classified as other financial liabilities. Other financial liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs, if applicable, are netted against the amount initially recognized.

**New Accounting Pronouncements**

**International financial reporting standards**

The cooperative plans to converge from Canadian GAAP to International Financial Reporting Standards ("IFRS") over a transition period ending in 2012. The impact of the transition to IFRS on the cooperative's financial statements has yet to be determined.

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2011 / December 31, 2011**

**1. Instruments financiers**

À moins d'avis contraire, selon la direction, la coopérative n'est pas exposée à un risque de taux d'intérêt, à un risque de taux de change ni à un risque de crédit qui serait matériels et qui proviendrait des instruments financiers. La valeur marchande des instruments financiers est approximativement égale à la valeur aux livres à moins d'avis contraire.

**1. Financial Instruments**

Unless otherwise noted, it is management's opinion that the cooperative is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**2. Statut de l'entreprise**

La coopérative est constituée en vertu de la Loi sur les sociétés par actions de l'Ontario et se spécialise dans la distribution de l'électricité. La totalité de l'électricité est achetée de Hydro One. La coopérative est réglementée par la CEO.

**2. Nature of Business**

The cooperative is incorporated under the Ontario Business Corporations Act and is engaged in the distribution of electricity. All the electricity is bought from Hydro One. The cooperative is regulated by the OEB.

**3. Encaisse**

Les comptes bancaires de la coopérative sont tous à la même caisse populaire et portent un taux d'intérêts égal au taux préférentiel moins 3.00 %.

**3. Cash**

The cooperative's bank accounts are held at one caisse populaire. The bank accounts earn interest at the bank's prime rate less 3.00 %.

**4. Dépôts à terme**

Les dépôts à terme de la coopérative sont à la même caisse populaire que les comptes bancaires. Les dépôts à terme de \$ 700,000 et \$ 300,000 portent des taux d'intérêts respectifs de 1.85 % et 1.45 % et viennent à échéance chacun le 7 juillet 2012.

**4. Term Deposits**

The cooperative's term deposits are held at the same caisse populaire as the bank accounts. The term deposits of \$ 700,000 and \$ 300,000 earn interest at a rate of 1.85 % and 1.45 % respectively, each maturing on July 7, 2012.

**5. Créances**

	2011	2010
Énergie électrique	\$ 277,113	\$ 276,270
Intérêts courus	2,015	1,552
Divers	22,729	17,348
	301,857	295,170
Provision pour créances douteuses	(3,850)	(3,850)
	<u>\$ 298,007</u>	<u>\$ 291,320</u>

**5. Accounts Receivable**

Electric energy  
Accrued interest  
Sundry  
  
Allowance for doubtful accounts

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2011 / December 31, 2011**

**6. Actifs réglementés**

	<b>2011</b>	<b>2010</b>
Frais de rebasssing	\$ 101,554	\$ 144,526
Frais réglementés recouvrés par Hydro One	11,124	2,550
Écarts de prix	(127,308)	(106,793)
Variance de PTLI	(127,470)	(125,957)
Projet de loi 210		
- frais réglementés	1,555	6,850
Compteurs intelligents	314,525	277,935
Compte d'actifs réglementés récupérés "CARR"	2,308	14,507
Actif réglementaire au titre des impôts futurs	2,278	(2,773)
	<b>\$ 178,566</b>	<b>\$ 210,845</b>

**Frais de rebasssing**

À tous les quatre ans, la coopérative doit faire une demande à la CEO pour l'approbation des taux de facturation. Les coûts engendrés pour cette demande sont comptabilisés en tant qu'actif réglementé et sont amortis selon la méthode linéaire sur une période de quatre ans.

**Écarts de prix**

La CEO a permis de reporter les écarts de prix depuis le 1 mai 2002. Ce montant représente les variances entre le montant chargé par la coopérative aux clients et le coût correspondant des services d'électricité non-compétitif encouru par la coopérative après le 1 mai 2010.

**Variance de PTLI**

Au 31 décembre 2011 la coopérative a accumulé un montant de variance de PTLI représentant des différences qui sont le résultat d'un changement législatif ou réglementaire au taux d'imposition ou aux normes dans le modèle des taux d'ajustement.

**Compteurs intelligents**

Depuis juin 2006, suite à l'approbation de la CEO, la coopérative facture un frais mensuel pour les installations futures de compteurs intelligents. En 2009, les compteurs intelligents furent installés chez chaque client. En 2010 et 2011, la coopérative a encouru des frais pour l'implantation du logiciel relié aux compteurs intelligents.

**6. Regulatory Assets**

Rebassing costs
Hydro one regulatory asset recovery
Settlement variances
PILs variance
Bill 210
- regulatory costs
Smart Meters
Regulatory assets recovery account "RARA"
Future income taxes regulatory asset

**Rebassing costs**

Every four years, the cooperative has to file a request to the OEB for the approval of its billing rates. The costs incurred are recorded as a regulatory asset and are amortized using the straight line method over a four year period.

**Settlement variances**

The OEB has allowed to defer settlement variances since May 1, 2002. This balance represents the variances between amounts charged by the cooperative to customers and the corresponding cost of non-competitive electricity service incurred by the cooperative after May 1, 2010.

**PILs variance**

As at December 31, 2011, the cooperative has accumulated a PILs variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model.

**Smart Meters**

Effective June 2006, as per the OEB approval, the cooperative has started to charge a monthly fee for the future installation of smart meters. In 2009, the smart meters were installed at every customer. In 2010 and 2011, the cooperative has incurred costs for the implementation of the software related to smart meters.

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2011 / December 31, 2011**

**6. Actifs réglementés (suite)**

**Compte d'actifs réglementés récupérés  
"CARR"**

Le 3 mai 2010, la CEO a exigé que le solde des actifs réglementés autorisés soient combinés dans un seul compte réglementé. Le solde autorisé de ce compte a été recouvert sur une période de 1 an. Le CARR est crédité avec les montants récupérés et est débité par les frais d'intérêts prescrits par la CEO.

**6. Regulatory Assets (continued)**

**Regulatory assets recovery account  
"RARA"**

On May 3, 2010 the OEB ordered that the approved regulatory asset balances be aggregated into a single regulatory account. The approved balance was recovered over a 1 year period. The RARA is credited with recovery amounts and is debited by OEB prescribed carrying charges.

**7. Immobilisations corporelles**

**7. Property and Equipment**

	Coût	Amortissement cumulé	Valeur nette aux livres 2011	Valeur nette aux livres 2010	
	Cost	Accumulated Amortization	Net Book Value 2011	Net Book Value 2010	
Équipement de bureau	\$ 53,723	\$ 21,920	\$ 31,803	\$ 22,131	Office equipment
Ordinateurs	106,720	46,178	60,542	72,514	Computers
Outils	4,281	3,424	857	1,015	Tools
Système de distribution	3,307,288	1,180,463	2,126,825	2,175,081	Distribution system
Terrain	50,000	-	50,000	50,000	Land
Contributions des promoteurs	(551,363)	(154,537)	(396,826)	(411,107)	Contributions in aid of construction
	<u>\$ 2,970,649</u>	<u>\$ 1,097,448</u>	<u>\$ 1,873,201</u>	<u>\$ 1,909,634</u>	

Le coût des immobilisations corporelles qui ne sont pas amorties parce qu'elles sont en construction est de \$ 57,089 (2010 - \$ 24,730).

The cost of property and equipment not being amortized because they are under construction is \$ 57,089 (2010 - \$ 24,730).

**8. Capital-actions**

Autorisé  
Nombre illimité d'actions de \$ 10

Émis  
1,215 actions

	2011	2010
	<u>\$ 12,150</u>	<u>\$ 11,690</u>

Au cours de l'année, 170 nouveaux membres ont été admis et 124 actions ont été rachetées pour une souscription nette de \$ 460.

**8. Share Capital**

Authorized  
Unlimited number of shares at \$ 10

Issued  
1,215 shares

During the year, 170 new members were admitted and 124 shares were redeemed for net proceeds of \$ 460.

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2011 / December 31, 2011**

**9. Autres revenus**

	2011	2010
Frais de retard	\$ 7,109	\$ 5,764
Location des poteaux	6,170	6,424
Revenus d'intérêts	24,969	17,915
Revenus des détaillants	3,724	3,871
Autres revenus	38,978	11,830
	<u>\$ 80,950</u>	<u>\$ 45,804</u>

**9. Other Income**

Late payment charge  
Pole rentals  
Interest income  
Retailers' income  
Other income

**10. Frais d'administration**

	2011	2010
Assurance	\$ 7,058	\$ 6,650
Divers	272	321
Frais d'associations	4,850	4,700
Frais de bureau	22,747	36,642
Frais professionnels	90,545	68,944
Intérêts et frais bancaires	2,409	864
Lecture des compteurs	-	90
Loyer	12,000	12,400
Publicité et promotion	7,371	4,532
Salaires et avantages sociaux		
Administrateurs	24,912	19,022
Employés (Note 12)	227,570	190,784
Téléphone	11,324	10,796
Frais de voyage	4,516	4,140
	<u>\$ 415,574</u>	<u>\$ 359,885</u>

**10. Administration Expenses**

Insurance  
Miscellaneous  
Membership fees  
Office expenses  
Professional fees  
Interest and bank charges  
Meter reading  
Rent  
Advertising and promotion  
Salaries and benefits  
    Directors  
    Employees (Note 12)  
Telephone  
Travel expenses

**11. Engagements**

La coopérative a signé un contrat avec Ottawa River Energy Solutions Inc. pour que cette corporation s'occupe de la facturation. Le contrat vient à échéance le 31 août 2016. Le paiement annuel est basé sur le nombre de factures produites pendant l'année et le coût par facture est augmenté de 3% annuellement.

La coopérative a signé un contrat pour location de ses bureaux. Ce contrat vient à échéance en décembre 2015. Le paiement de location est de \$ 1,100 par mois.

**11. Commitments**

The cooperative signed a contract with Ottawa River Energy Solutions Inc. sub-contracting their customer invoicing. The contract expires August 31, 2016. The annual payment is based on the number of invoices produced in the year and the cost per invoice is increased by 3% annually.

The cooperative has signed a contract for the rental of its office space. This contract expires in December 2015. The rent payment is \$ 1,100 per month.

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2011 / December 31, 2011**

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**11. Engagements (suite)**

La coopérative a signé un contrat avec Util-Assist Inc. pour que cette corporation s'occupe de la synchronisation des données informatiques provenant des compteurs intelligents. Ce contrat vient à échéance en septembre 2014. Le paiement mensuel est d'environ \$ 704 et est augmenté de 2.5% annuellement.

La coopérative a signé un contrat avec Util-Assist Inc. pour des services administratifs et de consultation pour le programme provincial MDM/R. Ce contrat vient à échéance en décembre 2014. Le paiement annuel des frais d'administration et de consultation est de \$ 11,000.

Les paiements minimaux des engagements pour les cinq prochaines années sont les suivants :

2012	\$	50,148
2013	\$	50,715
2014	\$	49,022
2015	\$	31,738
2016	\$	12,528

**11. Commitments (continued)**

The cooperative signed a contract with Util-Assist Inc. sub-contracting their synchronization of the smart meters' data. The contract expires in September 2014. The monthly payment is approximately \$ 704 and is increased by 2.5% annually.

The cooperative has signed a contract with Util-Assist Inc. for administrative and consultation services for the provincial MDM/R program. This contract expires in December 2014. The annual payment of the administrative and consultation fees is \$ 11,000.

The minimum annual contract payments for the next five years are as follows:

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**12. Régime de retraite**

La coopérative participe à un régime de retraite à cotisations déterminées depuis septembre 2011. Les cotisations sont établies en fonction d'un pourcentage du salaire de l'employé(e).

La charge nette au titre de ce régime figure au poste "Salaires et avantages sociaux - Employés" à l'état des résultats. La contribution de 2011 est \$ 5,566.

**12. Pension Plan**

In September 2011, the cooperative began participating in a defined contribution pension plan. The contributions are established by a percentage of the employee's salary.

The net charge of the plan is included in the "Salaries and benefits - Employees" account. The contribution for 2011 is \$ 5,566.

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2011 / December 31, 2011**

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**13. Gestion du capital**

La coopérative considère son capital comme étant les intérêts des membres, soit la différence entre les actifs et les passifs sur son bilan. La coopérative gère la structure de son capital en s'assurant de préparer, de façon annuelle, un budget opérationnelle basé sur les produits estimés approuvé par le conseil d'administration. Ce budget est partagé avec tous les administrateurs de la coopérative afin d'assurer le maintien du capital. L'objectif de la coopérative dans la gestion de son capital est de maintenir sa continuité d'exploitation et maintenir ses fonctions corporatives et administratives. La coopérative n'est pas assujetti à des exigences extérieures concernant son capital.

**13. Capital Management**

The cooperative considers its capital as being the members' interest, meaning the difference between assets and liabilities on the balance sheet. The cooperative structures its capital by ensuring to prepare, on an annual basis, an operational budget based on estimated revenues approved by the Board of Directors. The budget is shared with all of the cooperative's directors to ensure the capital is maintained. The cooperative's objectives concerning capital management is to maintain continuity of its operations as well as maintain its corporate and administrative functions. The cooperative is not subject to externally imposed capital requirements.



**Coopérative Hydro Embrun inc./  
Embrun Hydro Cooperative Inc.**  
**États financiers / Financial Statements**  
Pour l'exercice terminé le 31 décembre 2012 /  
For the year ended December 31, 2012

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## Rapport de l'auditeur indépendant / Independent Auditor's Report

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### Aux membres de la Coopérative Hydro Embrun inc.

Nous avons effectué l'audit des états financiers ci-joints de la Coopérative Hydro Embrun inc., qui comprennent le bilan au 31 décembre 2012 et l'état des résultats, l'état des bénéfices non répartis et l'état des flux de trésorerie pour l'exercice terminé à cette date, ainsi qu'un résumé des principales méthodes comptables et d'autres informations explicatives.

### Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux principes comptables généralement reconnus du Canada, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

### Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.

### To the members of Embrun Hydro Cooperative Inc.

We have audited the accompanying financial statements of Embrun Hydro Cooperative Inc., which comprise the balance sheet as at December 31, 2012, and the statement of operations, statement of retained earnings and statement of 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 generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's 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.



Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

#### Opinion

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Coopérative Hydro Embrun inc. au 31 décembre 2012, ainsi que des résultats de son exploitation et de ses flux de trésorerie pour l'exercice terminé à cette date, conformément aux principes comptables généralement reconnus du Canada.

Embrun (Ontario)  
le 20 février 2013

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

#### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Embrun Hydro Cooperative Inc. as at December 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Embrun, Ontario  
February 20, 2013

*BDO Canada SRL/LLP*

Comptables Agréés, experts-comptables autorisés  
Chartered Accountants, Licensed Public Accountants

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
Bilan / Balance Sheet**

**31 décembre / December 31**

	2012	2011	
<b>Actif</b>			<b>Assets</b>
<b>Court terme</b>			<b>Current</b>
Encaisse (Note 3)	\$ 416,639	\$ 902,476	Cash (Note 3)
Dépôts à terme et placement à court terme (Note 4)	1,676,362	1,000,000	Term deposits and short-term investment (Note 4)
Créances (Note 5)	322,592	298,007	Accounts receivable (Note 5)
Revenus non facturés	360,164	360,822	Unbilled revenues
	2,775,757	2,561,305	
Actifs réglementés (Note 6)	249,193	178,566	Regulatory assets (Note 6)
Immobilisations corporelles (Note 7)	1,796,595	1,873,201	Property and equipment (Note 7)
Impôts futurs	2,847	-	Future income taxes
	\$ 4,824,392	\$ 4,613,072	
<b>Passif</b>			<b>Liabilities</b>
<b>Court terme</b>			<b>Current</b>
Comptes fournisseurs et frais courus	\$ 786,764	\$ 774,749	Accounts payable and accrued liabilities
Impôts à payer	16,581	2,334	Income taxes payable
Revenus reportés	43,356	60,855	Deferred revenues
Ristournes à payer	55,915	24,018	Patronage payable
	902,616	861,956	
Dépôts des clients	4,313	3,013	Customers' deposits
Impôts futurs	-	2,278	Future income taxes
	906,929	867,247	
Engagements (Note 11)			Commitments (Note 11)
<b>Intérêts des membres</b>			<b>Members' interest</b>
Passif à l'égard des membres			Liabilities to members
Capital-actions (Note 8)	12,270	12,150	Share capital (Note 8)
Avoir des membres			Members' equity
Surplus d'apport	2,862,994	2,862,994	Contributed surplus
Bénéfices non répartis	1,042,199	870,681	Retained earnings
	3,917,463	3,745,825	
	\$ 4,824,392	\$ 4,613,072	

Au nom du Conseil d'administration:

On behalf of the board:

_____	Administrateur / Director
_____	Administrateur / Director
_____	Administrateur / Director

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des bénéfices non répartis /  
Statement of Retained Earnings**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	<u>2012</u>	<u>2011</u>	
<b>Solde, début de l'exercice</b>	<b>\$ 870,681</b>	<b>\$ 745,716</b>	<b>Balance, beginning of the year</b>
<b>Bénéfice net</b>	<b><u>171,518</u></b>	<b><u>124,965</u></b>	<b>Net earnings</b>
<b>Solde, fin de l'exercice</b>	<b>\$ 1,042,199</b>	<b>\$ 870,681</b>	<b>Balance, end of the year</b>

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des résultats /  
Statement of Operations**

**Pour l'exercice terminé le 31 décembre / For the year ended December 31**

	2012	2011	
<b>Revenus de service</b>	<b>\$ 869,399</b>	<b>\$ 768,817</b>	<b>Service revenues</b>
<b>Autres revenus (Note 9)</b>	<b>59,976</b>	<b>83,030</b>	<b>Other income (Note 9)</b>
	<b>929,375</b>	<b>851,847</b>	
<b>Frais d'exploitation</b>			<b>Operating expenses</b>
Amortissement des immobilisations corporelles	129,550	127,443	Amortization of property and equipment
Amortissement de l'écart d'acquisition	-	13,198	Amortization of goodwill
Entretien et réparations du réseau	53,019	52,067	Repair and maintenance of network
Facturation des clients	68,057	71,400	Customer billing
Frais d'administration (Note 10)	410,832	415,554	Administration expenses (Note 10)
Ristournes	55,708	24,018	Patronage
	<b>717,166</b>	<b>703,680</b>	
<b>Bénéfice avant impôts</b>	<b>212,209</b>	<b>148,167</b>	<b>Earnings before income taxes</b>
<b>Impôts sur le revenu -courants</b>	<b>40,691</b>	<b>23,202</b>	<b>Income taxes -current</b>
<b>Bénéfice net</b>	<b>\$ 171,518</b>	<b>\$ 124,965</b>	<b>Net earnings</b>

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.  
État des flux de trésorerie /  
Statement of Cash flows**

Pour l'exercice terminé le 31 décembre / For the year ended December 31

	2012	2011	
<b>Flux de trésorerie liés aux activités d'exploitation</b>			<b>Cash flows from operating activities</b>
Rentrées de fonds - clients	\$ 845,098	\$ 833,545	Cash receipts from customers
Rentrées de fonds - autres revenus	4,242	109,727	Cash receipts - other income
Sorties de fonds - fournisseurs et membres du personnel	(613,803)	(500,534)	Cash paid to suppliers and employees
Intérêts reçus	34,541	31,615	Interest received
Intérêts et frais bancaires versés	(1,585)	(2,409)	Interest and bank charges paid
Impôts payés	(26,444)	(11,736)	Income taxes paid
	<u>242,049</u>	<u>460,208</u>	
 <b>Flux de trésorerie liés aux activités de financement</b>			 <b>Cash flows from financing activities</b>
Augmentation (diminution) des dépôts des clients	1,300	(36,040)	Increase (decrease) in customers' deposits
Émission de capital-actions	1,590	1,700	Issuance of share capital
Rachats de capital-actions	(1,470)	(1,240)	Redemption of share capital
	<u>1,420</u>	<u>(35,580)</u>	
 <b>Flux de trésorerie liés aux activités d'investissement</b>			 <b>Cash flows from investing activities</b>
Acquisitions d'immobilisations corporelles	(52,944)	(91,010)	Acquisition of property and equipment
Acquisition d'un placement à court terme	(676,362)	-	Acquisition of short-term investment
	<u>(729,306)</u>	<u>(91,010)</u>	
 (Diminution) augmentation de l'encaisse	(485,837)	333,618	 (Decrease) increase in cash
Encaisse, au début de l'exercice	<u>902,476</u>	<u>568,858</u>	Cash, beginning of the year
Encaisse, à la fin de l'exercice	<u>\$ 416,639</u>	<u>\$ 902,476</u>	Cash, end of the year



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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**  
**Sommaire des principales conventions comptables /  
Summary of Significant Accounting Policies**

**31 décembre 2012 / December 31, 2012**

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**Conventions comptables**

Les états financiers de la coopérative sont préparés conformément aux principes comptables généralement reconnus du Canada ainsi qu'aux principes comptables régissant les distributeurs d'électricité en Ontario tels que requis par la Commission de l'Énergie de l'Ontario (CEO) et établis dans le Manuel des procédures comptables.

La coopérative est réglementée par la CEO selon la loi de l'Électricité de 1998. La CEO a la responsabilité d'autoriser les taux pour la distribution de l'électricité. Dans l'exercice de ses fonctions, la CEO a l'autorité de spécifier certains règlements qui peuvent différer des principes comptables généralement reconnus pour les entreprises opérant dans un environnement non-réglementé.

**Utilisation d'estimations**

Les états financiers de la coopérative ont été préparés par la direction conformément aux principes comptables généralement reconnus du Canada. À cette fin, la direction doit formuler des estimations et des hypothèses ayant une influence sur les montants inscrits dans les états financiers et les notes complémentaires. Les résultats réels peuvent différer de ces prévisions, incluant les changements reliés aux décisions futurs présent par la CEO et le ministère de l'Énergie. Le poste où il y a des estimations significatives est la durée de vie estimative des immobilisations corporelles.

**Constatation des revenus**

Les revenus de service sont comptabilisés lorsque l'énergie est fournie aux usagers, que cette dernière ait été facturée ou non.

**Amortissement des immobilisations corporelles**

L'amortissement des immobilisations corporelles est calculé selon la méthode linéaire basé sur la durée de vie estimative des actifs en conformité avec les politiques de la CEO.

Équipement de bureau	10 %
Ordinateurs	20 %
Outils	10 %
Système de distribution	4 %

**Accounting Policies**

The financial statements of the cooperative are prepared in accordance with Canadian generally accepted accounting principles and accounting principles for Ontario electricity distributors as required by the authority of the Ontario Energy Board (OEB) and set forth in the Accounting Procedures Handbook.

The cooperative is regulated by the OEB under the authority of the Electricity Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the distribution of electricity. In its capacity to approve or set rates, the OEB has the authority to specify regulatory treatments that may differ from generally accepted accounting principles for enterprises operating in a non-rate regulated environment.

**Use of Estimates**

The financial statements of the cooperative have been prepared by management in accordance with Canadian generally accepted accounting principles. The preparation of financial statements requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates, including changes as a result of future decisions made by the OEB or the Minister of Energy. Area of significant estimates includes the estimated useful lives of property and equipment.

**Revenue Recognition**

Service revenues are recognized when the energy is supplied to the users, whether billed or unbilled.

**Amortization of Property and Equipment**

Amortization of property and equipment is calculated using the straight-line method based on the estimated useful lives of the assets in accordance with the OEB policies.

Office equipment	10 %
Computers	20 %
Tools	10 %
Distribution system	4 %

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**Coopérative Hydro Embrun inc. /  
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**Contributions des promoteurs**

Lorsque les contrats pour l'installation d'équipement électrique et de systèmes de distribution électrique sont recouvrables et que la propriété de l'équipement et des systèmes de distribution reste celle de la coopérative, le montant recouvré est comptabilisé en diminution des immobilisations corporelles et il est amorti sur la même base que l'immobilisation corporelle correspondante.

**Impôts sur le revenu**

Selon la Loi de 1998 sur l'électricité, la coopérative est tenue de remettre à la Société financière de l'industrie de l'électricité de l'Ontario ("SFIEO") des paiements tenant lieu d'impôts des sociétés depuis le 1er octobre 2001. Ceux-ci sont calculés selon les règlements pour le calcul de l'impôt, et de la taxe sur le capital et autres impôts établis selon la Loi de l'impôt sur le revenu (Canada) et de la Loi sur l'imposition des corporations (Ontario) telles que modifiées par la Loi de 1998 sur l'électricité et les règlements associés.

La coopérative utilise la méthode des impôts futurs pour comptabiliser les impôts sur les bénéfices. Selon cette méthode, les actifs et les passifs d'impôts futurs sont déterminés en fonction de l'écart entre la valeur comptable et la valeur fiscale des actifs et des passifs. Tout changement survenu dans le montant des actifs et passifs d'impôts futurs est porté aux résultats. Les actifs et les passifs d'impôts futurs sont déterminés en fonction des taux d'imposition et des lois fiscales en vigueur qui s'appliqueront au revenu imposable des exercices au cours desquels les actifs et les passifs seront recouverts ou payés.

**Contribution in Aid of Construction**

Where contracts for supplying electrical equipment or electrical distribution systems are recoverable and ownership of the equipment and distribution systems remains with the cooperative, the amount recovered is accounted as a reduction of the property and equipment and it is amortized on the same basis as the relevant asset.

**Income Taxes**

Under the Electricity Act, 1998, the cooperative is required to make payments, in lieu of corporate income taxes to Ontario Electricity Financial Corporation ("OEFC"), commencing October 1, 2001. These payments are calculated in accordance with the rules for computing income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

The cooperative follows the future income tax method of accounting for income taxes. Under this method, future income tax liabilities and assets are recognized for the estimated income tax consequences attributable to differences between the financial statement carrying amounts of assets and liabilities and their respective tax basis. Future income tax liabilities and assets are measured using substantively enacted tax rates. The effect on future income tax liabilities and assets of a change in tax rates is recognized in income in the year that the change occurs.

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**Coopérative Hydro Embrun inc. /  
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**Instruments financiers**

La coopérative classe ses instruments financiers dans une des catégories suivantes selon la raison que l'instrument fut acquis. Les conventions comptables de chacune des catégories est comme suit:

**Détenus pour fins de transactions**

L'encaisse et les dépôts à terme et placements à court terme sont classifiés comme détenus pour fins de transactions. Ils sont initialement comptabilisés à la juste valeur avec toutes variations étant enregistrées dans l'état des résultats dans l'exercice pendant lequel ces variations surviennent. Les frais de transactions, si applicable, sont passés à la dépense.

**Prêts et créances**

Les créances et les revenus non facturés sont classifiés comme prêts et créances. Ils sont initialement constatés à leur juste valeur puis comptabilisés au coût après amortissement, en utilisant la méthode du taux d'intérêt effectif, moins une éventuelle provision pour perte de valeur. Les frais de transactions, si applicable, sont passés à la dépense.

**Autres passifs financiers**

Les comptes fournisseurs et frais courus, les ristournes à payer, les dépôts des clients et le capital-actions sont classifiés comme autres passifs financiers. Les autres passifs financiers sont initialement comptabilisés à la juste valeur et subséquemment au coût après amortissement au moyen de la méthode du taux d'intérêt effectif. Les frais de transactions, si applicable, sont comptabilisés au net sur le montant initialement reconnu.

**Nouvelles règles comptables**

**Normes internationales d'information financière**

Suite à une décision du Conseil des normes comptables en février 2013 de reporter la transition aux normes internationales d'information financière, la coopérative planifie converger des PCGR canadiens aux IFRS sur une période de transition terminant en 2015. L'impact de ce passage aux IFRS sur les états financiers de la coopérative n'a pas encore été déterminé.

**Financial Instruments**

The cooperative classifies its financial instruments into one of the following categories based on the purpose for which it was acquired. The accounting policies for each category is as follows:

**Held-for-Trading**

Cash and the term deposits and short-term investment are classified as held-for-trading. Financial instruments classified as held-for-trading are carried in the balance sheet at fair value with changes in fair value recognized in the income statement in the year in which the variations occurred. Transactions costs related to these instruments, if applicable, are expensed.

**Loans and Receivables**

Accounts receivable and unbilled revenues are classified as loans and receivables. They are initially recognized at fair value and subsequently carried at amortized cost, using the effective interest rate method, less any provision for impairment. Transactions costs related to loans and receivables, if applicable, are expensed.

**Other Financial Liabilities**

Accounts payable and accrued liabilities, patronage payable, customers' deposits and share capital are classified as other financial liabilities. Other financial liabilities are initially recognized at fair value and subsequently carried at amortized cost using the effective interest rate method. Transaction costs, if applicable, are netted against the amount initially recognized.

**New Accounting Pronouncements**

**International financial reporting standards**

Following a decision by the Accounting Standards Board in February 2013 to defer the International Financial Reporting Standards, the cooperative plans to converge from Canadian GAAP to IFRS over a transition period ending in 2015. The impact of the transition to IFRS on the cooperative's financial statements has yet to be determined.

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

**31 décembre 2012 / December 31, 2012**

**1. Instruments financiers**

À moins d'avis contraire, selon la direction, la coopérative n'est pas exposée à un risque de taux d'intérêt, à un risque de taux de change ni à un risque de crédit qui serait matériels et qui proviendrait des instruments financiers. La juste valeur des instruments financiers est approximativement égale à la valeur aux livres à moins d'avis contraire.

**1. Financial Instruments**

Unless otherwise noted, it is management's opinion that the cooperative is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.

**2. Statut de l'entreprise**

La coopérative est constituée en vertu de la Loi sur les sociétés par actions de l'Ontario et se spécialise dans la distribution de l'électricité. La totalité de l'électricité est achetée de Hydro One. La coopérative est réglementée par la CEO.

**2. Nature of Business**

The cooperative is incorporated under the Ontario Business Corporations Act and is engaged in the distribution of electricity. All the electricity is bought from Hydro One. The cooperative is regulated by the OEB.

**3. Encaisse**

Les comptes bancaires de la coopérative sont tous à la même caisse populaire et portent un taux d'intérêts égal au taux préférentiel moins 3 %.

**3. Cash**

The cooperative's bank accounts are held at one caisse populaire. The bank accounts earn interest at the bank's prime rate less 3 %.

**4. Dépôts à terme et placement à court terme**

Les dépôts à terme de la coopérative sont à la même caisse populaire que les comptes bancaires. Les dépôts à terme de \$700,000 et \$300,000 portent des taux d'intérêts respectifs de 1.75 % et 1.35 % et viennent à échéance chacun le 7 juillet 2013.

Le placement à court terme de \$676,362 porte un taux d'intérêt de 0.75 % et est remboursable sur demande.

**4. Term Deposits and Short-Term Investment**

The cooperative's term deposits are held at the same caisse populaire as the bank accounts. The term deposits of \$700,000 and \$300,000 earn interest at a rate of 1.75 % and 1.35 % respectively, each maturing on July 7, 2013.

The short-term investment of \$676,362 earns interest at a rate of 0.75 % and is redeemable on demand.

**5. Créances**

	2012	2011
Énergie électrique	\$ 316,645	\$ 277,113
Intérêts courus	1,643	2,015
Divers	4,304	22,729
	322,592	301,857
Provision pour créances douteuses	-	(3,850)
	\$ 322,592	\$ 298,007

**5. Accounts Receivable**

Electric energy  
Accrued interest  
Sundry

Allowance for doubtful  
accounts

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

31 décembre 2012 / December 31, 2012

**6. Actifs réglementés**

	2012	2011
Frais de rebassing	\$ 59,913	\$ 101,554
Frais réglementés recouvrés par Hydro One	20,847	11,124
Écarts de prix	(52,581)	(127,308)
Variance de PTLI	-	(127,470)
Projet de loi 210		
- frais réglementés	1,249	1,555
Compteurs intelligents	334,135	314,525
Compte d'actifs réglementés récupérés "CARR"	(111,523)	2,308
Actif (passif) réglementaire au titre des impôts futurs	(2,847)	2,278
	<u>\$ 249,193</u>	<u>\$ 178,566</u>

**Frais de rebassing**

À tous les quatre ans, la coopérative doit faire une demande à la CEO pour l'approbation des taux de facturation. Les coûts engendrés pour cette demande sont comptabilisés en tant qu'actif réglementé et sont amortis selon la méthode linéaire sur une période de quatre ans.

**Écarts de prix**

La CEO a permis de reporter les écarts de prix depuis le 1 mai 2002. Ce montant représente les variances entre le montant chargé par la coopérative aux clients et le coût correspondant des services d'électricité non-compétitif encouru par la coopérative après le 1 mai 2010.

**Variance de PTLI**

Au 31 décembre 2012 la coopérative a accumulé un montant de variance de PTLI représentant des différences qui sont le résultat d'un changement législatif ou réglementaire au taux d'imposition ou aux normes dans le modèle des taux d'ajustement.

**6. Regulatory Assets**

Rebassing costs
Hydro one regulatory asset recovery
Settlement variances
PILs variance
Bill 210
- regulatory costs
Smart Meters
Regulatory assets recovery account "RARA"
Future income taxes
regulatory asset (liability)

**Rebassing Costs**

Every four years, the cooperative has to file a request to the OEB for the approval of its billing rates. The costs incurred are recorded as a regulatory asset and are amortized using the straight line method over a four year period.

**Settlement Variances**

The OEB has allowed to defer settlement variances since May 1, 2002. This balance represents the variances between amounts charged by the cooperative to customers and the corresponding cost of non-competitive electricity service incurred by the cooperative after May 1, 2010.

**PILs Variance**

As at December 31, 2012, the cooperative has accumulated a PILs variance amount representing differences that have resulted from a legislative or regulatory change to the tax rates or rules assumed in the rate adjustment model.

**Coopérative Hydro Embrun inc. /  
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**Notes complémentaires / Notes to Financial Statements**

31 décembre 2012 / December 31, 2012

**6. Actifs réglementés (suite)**

**Compteurs intelligents**

En 2009, les compteurs intelligents furent installés chez chaque client. De 2010 à 2012, la coopérative a encouru des frais pour l'implantation du logiciel relié aux compteurs intelligents.

**Compte d'actifs réglementés récupérés "CARR"**

Le 3 mai 2010, la CEO a exigé que le solde des actifs réglementés autorisés soient combinés dans un seul compte réglementé. Le solde autorisé de ce compte a été recouvert sur une période de 1 an. Le CARR est crédité avec les montants récupérés et est débité par les frais d'intérêts prescrits par la CEO.

**6. Regulatory Assets (continued)**

**Smart Meters**

In 2009, the smart meters were installed at every customer. From 2010 to 2012, the cooperative has incurred costs for the implementation of the software related to smart meters.

**Regulatory assets recovery account "RARA"**

On May 3, 2010 the OEB ordered that the approved regulatory asset balances be aggregated into a single regulatory account. The approved balance was recovered over a 1 year period. The RARA is credited with recovery amounts and is debited by OEB prescribed carrying charges.

**7. Immobilisations corporelles**

**7. Property and Equipment**

	Coût	Amortissement cumulé	Valeur nette aux livres 2012	Valeur nette aux livres 2011	
	Cost	Accumulated Amortization	Net Book Value 2012	Net Book Value 2011	
Équipement de bureau	\$ 53,723	\$ 26,977	\$ 26,746	\$ 31,803	Office equipment
Ordinateurs	109,466	62,103	47,363	60,542	Computers
Outils	4,281	3,582	699	857	Tools
Système de distribution	3,359,086	1,310,991	2,048,095	2,126,825	Distribution system
Terrain	50,000	-	50,000	50,000	Land
Contributions des promoteurs	(552,963)	(176,655)	(376,308)	(396,826)	Contributions in aid of construction
	<b>\$ 3,023,593</b>	<b>\$ 1,226,998</b>	<b>\$ 1,796,595</b>	<b>\$ 1,873,201</b>	

Le coût des immobilisations corporelles qui ne sont pas amorties parce qu'elles sont en construction, inclut dans le poste "Système de distribution" est de \$58,788 (2011 - \$57,089).

The cost of property and equipment not being amortized because they are under construction, included in the "Distribution System" line, is \$58,788 (2011 - \$57,089).

**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

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**8. Capital-actions**

Autorisé  
Nombre illimité d'actions de \$ 10

	2012	2011
Émis		
1,227 actions (2011 - 1,215)	\$ 12,270	\$ 12,150

Au cours de l'année, 159 nouveaux membres ont été admis et 147 actions ont été rachetées pour une souscription nette de \$120.

**8. Share Capital**

Authorized  
Unlimited number of shares at \$ 10

Issued  
1,227 shares (2011 - 1,215)

During the year, 159 new members were admitted and 147 shares were redeemed for net proceeds of \$120.

**9. Autres revenus**

	2012	2011
Frais de retard	\$ 5,208	\$ 7,109
Location des poteaux	7,343	6,170
Revenus d'intérêts	28,961	24,969
Revenus des détaillants	3,622	3,724
Autres revenus	14,842	41,058
	<u>\$ 59,976</u>	<u>\$ 83,030</u>

**9. Other Income**

Late payment charge  
Pole rentals  
Interest income  
Retailers' income  
Other income

**10. Frais d'administration**

	2012	2011
Assurance	\$ 6,531	\$ 7,058
Divers	283	272
Frais d'associations	5,120	4,850
Frais de bureau	26,950	22,727
Frais professionnels	88,055	90,545
Intérêts et frais bancaires	1,585	2,409
Loyer	13,200	12,000
Publicité et promotion	14,369	7,371
Salaires et avantages sociaux		
Administrateurs	25,148	24,912
Employés (Note 12)	214,607	227,570
Téléphone	10,652	11,324
Frais de voyage	4,332	4,516
	<u>\$ 410,832</u>	<u>\$ 415,554</u>

**10. Administration Expenses**

Insurance  
Miscellaneous  
Membership fees  
Office expenses  
Professional fees  
Interest and bank charges  
Rent  
Advertising and promotion  
Salaries and benefits  
Directors  
Employees (Note 12)  
Telephone  
Travel expenses

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**Coopérative Hydro Embrun inc. /  
Embrun Hydro Cooperative Inc.**

**Notes complémentaires / Notes to Financial Statements**

31 décembre 2012 / December 31, 2012

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**11. Engagements**

La coopérative a signé un contrat avec Ottawa River Energy Solutions Inc. pour que cette corporation s'occupe de la facturation. Le contrat vient à échéance le 31 août 2016. Le paiement annuel est basé sur le nombre de factures produites pendant l'année et le coût par facture est augmenté de 3% annuellement.

La coopérative a signé un contrat pour la location de ses bureaux. Ce contrat vient à échéance en décembre 2015. Le paiement de location est de \$ 1,100 par mois.

La coopérative a signé un contrat avec Util-Assist Inc. pour que cette corporation s'occupe de la synchronisation des données informatiques provenant des compteurs intelligents. Ce contrat vient à échéance en septembre 2014. Le paiement mensuel est d'environ \$722 et est augmenté de 2.5% annuellement.

La coopérative a signé un contrat avec Util-Assist Inc. pour des services administratifs et de consultation pour le programme provincial MDM/R. Ce contrat vient à échéance en décembre 2014. Le paiement annuel des frais d'administration et de consultation est de \$11,000.

La coopérative a signé un contrat avec Tandem Energy Services Inc. pour des services de consultation pour l'optimisation des opérations quotidiennes et pour les exigences réglementaires de la CEO. Ce contrat vient à échéance en août 2016. Le paiement annuel des frais de consultation est de \$30,000.

Les paiements minimaux des engagements pour les quatre prochaines années sont les suivants :

2013	\$	80,716
2014	\$	79,023
2015	\$	61,739
2016	\$	32,529

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**11. Commitments**

The cooperative signed a contract with Ottawa River Energy Solutions Inc. sub-contracting their customer invoicing. The contract expires August 31, 2016. The annual payment is based on the number of invoices produced in the year and the cost per invoice is increased by 3% annually.

The cooperative has signed a contract for the rental of its office space. This contract expires in December 2015. The rent payment is \$ 1,100 per month.

The cooperative signed a contract with Util-Assist Inc. sub-contracting their synchronization of the smart meters' data. The contract expires in September 2014. The monthly payment is approximately \$722 and is increased by 2.5% annually.

The cooperative has signed a contract with Util-Assist Inc. for administrative and consultation services for the provincial MDM/R program. This contract expires in December 2014. The annual payment of the administrative and consultation fees is \$11,000.

The cooperative has signed a contract with Tandem Energy Services Inc. for consultation services for the optimization of daily operations and for the OEB's regulatory requirements. This contract expires in August 2016. The annual payment of the consultation fees is \$30,000.

The minimum annual contract payments for the next four years are as follows:



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**Coopérative Hydro Embrun inc. /  
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**Notes complémentaires / Notes to Financial Statements**

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**12. Régime de retraite**

La coopérative participe à un régime de retraite à cotisations déterminées depuis septembre 2011. Les cotisations sont établies en fonction d'un pourcentage du salaire de l'employé(e).

La charge nette au titre de ce régime figure au poste "Salaires et avantages sociaux - Employés" à l'état des résultats. La contribution de 2012 est \$13,981 (2011 - \$5,566).

**12. Pension Plan**

In September 2011, the cooperative began participating in a defined contribution pension plan. The contributions are established by a percentage of the employee's salary.

The net charge of the plan is included in the "Salaries and benefits - Employees" account. The contribution for 2012 is \$13,981 (2011 - \$5,566).

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**13. Gestion du capital**

La coopérative considère son capital comme étant les intérêts des membres, soit la différence entre les actifs et les passifs sur son bilan. La coopérative gère la structure de son capital en s'assurant de préparer, de façon annuelle, un budget opérationnelle basé sur les produits estimés approuvé par le conseil d'administration. Ce budget est partagé avec tous les administrateurs de la coopérative afin d'assurer le maintien du capital. L'objectif de la coopérative dans la gestion de son capital est de maintenir sa continuité d'exploitation et maintenir ses fonctions corporatives et administratives. La coopérative n'est pas assujetti à des exigences extérieures concernant son capital.

**13. Capital Management**

The cooperative considers its capital as being the members' interest, meaning the difference between assets and liabilities on the balance sheet. The cooperative manages its capital by ensuring to prepare, on an annual basis, an operational budget based on estimated revenues approved by the Board of Directors. The budget is shared with all of the cooperative's directors to ensure the capital is maintained. The cooperative's objective concerning capital management is to maintain continuity of its operations as well as maintain its corporate and administrative functions. The cooperative is not subject to externally imposed capital requirements.

**E1.T3.S2      HISTORICAL TRIAL BALANCE FILINGS**

The Administrative Documents identified in this section provide the background and summary information to the case as filed. The following section consists of the 3 following attachments.

- 1) 2012 2.1.7 RRR Filings
- 2) 2011 2.1.7 RRR Filings
- 3) 2010 2.1.7 RRR Filings

# Trial Balance (E217 )

April 28, 2013

<b>Filing Year</b> 2013	<b>Filing Name</b> 2.1.7	<b>RRR Filing Number</b> 2,537
<b>Reporting Period and Company Name</b> April-2013Cooperative Hydro Embrun Inc.	<b>Licence Type</b> Distributor	<b>Status</b> Revised
<b>Report Version</b> 2	<b>Extension Granted</b>	<b>Extension Deadline</b>
<b>Filing Due Date</b> April 30, 2013	<b>Reporting From</b>	<b>Reporting To</b>
<b>Submitted On</b> March 20, 2013	<b>Submitter Name</b> Benoit Lamarche	<b>Expiry Date</b> May 01, 2013

Color Legend: **Assets** **Liabilities and Equity** **Income Statement**

Account Description	Account Number	Amount
Cash	1005	2,092,801.32
Cash Advances and Working Funds	1010	200.00
Interest Special Deposits	1020	0.00
Dividend Special Deposits	1030	0.00
Other Special Deposits	1040	0.00
Term Deposits	1060	0.00
Current Investments	1070	0.00
Customer Accounts Receivable	1100	287,201.04
Accounts Receivable - Services	1102	0.00
Accounts Receivable - Recoverable Work	1104	4,222.09
Accounts Receivable - Merchandise Jobbing, etc.	1105	0.00
Other Accounts Receivable	1110	0.00
Accrued Utility Revenues	1120	360,163.89
Accumulated Provision for Uncollectible Accounts--Credit	1130	0.00
Interest and Dividends Receivable	1140	31,086.90
Rents Receivable	1150	0.00
Notes Receivable	1170	0.00
Prepayments	1180	0.00
Miscellaneous Current and Accrued Assets	1190	0.00
Accounts Receivable from Associated Companies	1200	0.00
Notes Receivable from Associated Companies	1210	0.00
Fuel Stock	1305	0.00
Plant Materials and Operating Supplies	1330	0.00
Merchandise	1340	0.00

Account Description	Account Number	Amount
Other Materials and Supplies	1350	0.00
Long Term Investments in Non-Associated Companies	1405	0.00
Long Term Receivable - Street Lighting Transfer	1408	0.00
Other Special or Collateral Funds	1410	0.00
Sinking Funds	1415	0.00
Unamortized Debt Expense	1425	0.00
Unamortized Discount on Long-Term Debt--Debit	1445	0.00
Unamortized Deferred Foreign Currency Translation Gains and Losses	1455	0.00
Other Non-Current Assets	1460	16,556.77
O.M.E.R.S. Past Service Costs	1465	0.00
Past Service Costs - Employee Future Benefits	1470	0.00
Past Service Costs - Other Pension Plans	1475	0.00
Portfolio Investments - Associated Companies	1480	0.00
Investment in Associated Companies - Significant Influence	1485	0.00
Investment in Subsidiary Companies	1490	0.00
Unrecovered Plant and Regulatory Study Costs	1505	0.00
Other Regulatory Assets	1508	1,249.32
Sub-account Deferred IFRS Transition Costs	1508	
Sub-account IFRS Transition Costs Variance	1508	
Sub-account Incremental Capital Charges	1508	
Sub-account Financial Assistance Payment and Recovery Variance - Ontario Clean Energy Benefit	1508	
Preliminary Survey and Investigation Charges	1510	0.00
Emission Allowance Inventory	1515	0.00
Emission Allowances Withheld	1516	0.00
RCVARetail	1518	0.00
Power Purchase Variance Account	1520	0.00
Special Purpose Charge Assessment Variance Account	1521	0.00
Miscellaneous Deferred Debits	1525	0.00
Deferred Losses from Disposition of Utility Plant	1530	0.00
Renewable Connection Capital Deferral Account	1531	0.00
Renewable Connection OM&A Deferral Account	1532	0.00
Renewable Generation Connection Funding Adder Deferral Account	1533	0.00
Smart Grid Capital Deferral Account	1534	0.00
Smart Grid Capital OM&A Account	1535	26,056.10
Smart Grid Funding Adder Deferral Account	1536	0.00
Unamortized Loss on Reacquired Debt	1540	0.00
Development Charge Deposits/ Receivables	1545	0.00
RCVASTR	1548	0.00

Account Description	Account Number	Amount
LV Variance Account	1550	20,847.40
Smart Meter Capital and Recovery Offset Variance Account	1555	142,244.37
Sub-account Stranded Meter Costs	1555	
Smart Meter OM&A Variance	1556	165,834.29
Deferred Development Costs	1560	0.00
Deferred Payments in Lieu of Taxes	1562	5,353.35
Deferred PILs Contra Account	1563	0.00
Conservation and Demand Management Expenditures and Recoveries	1565	0.00
CDM Contra	1566	0.00
Board-Approval CDM Variance Account	1567	0.00
LRAM Variance Account	1568	0.00
Qualifying Transition Costs	1570	0.00
Pre-market Opening Energy Variance	1571	-0.22
Extraordinary Event Costs	1572	0.00
Deferred Rate Impact Amounts	1574	0.00
IFRS-CGAAP Transitional PP&E Amounts	1575	0.00
CGAAP Accounting Changes	1576	0.00
RSVAWMS	1580	-22,908.64
RSVAONE-TIME	1582	0.00
RSVANW	1584	-2,564.54
RSVACN	1586	2,018.42
RSVAPOWER	1588	-29,125.86
RSVAGA	1589	0.00
Recovery of regulatory asset balances	1590	0.00
2006 PILs & Taxes Variance	1592	-2,765.56
Sub-account HST / OVAT Input Tax Credits (ITCs)	1592	
Disposition and Recovery of Regulatory Balances Control Account	1595	-116,876.39
Sub-account Principal Balances Approved in 2012	1595	
Sub-account Carrying Charges Approved in 2012	1595	
Sub-account Carrying Charges for Net Principal in 2012	1595	
Electric Plant in Service - Control Account	1605	0.00
Organization	1606	374.03
Franchises and Consents	1608	0.00
Miscellaneous Intangible Plant	1610	158,352.37
Land	1615	0.00
Land Rights	1616	0.00
Buildings and Fixtures	1620	0.00
Leasehold Improvements	1630	0.00

Account Description	Account Number	Amount
Boiler Plant Equipment	1635	0.00
Engines and Engine-Driven Generators	1640	0.00
Turbogenerator Units	1645	0.00
Reservoirs, Dams and Waterways	1650	0.00
Water Wheels, Turbines and Generators	1655	0.00
Roads, Railroads and Bridges	1660	0.00
Fuel Holders, Producers and Accessories	1665	0.00
Prime Movers	1670	0.00
Generators	1675	0.00
Accessory Electric Equipment	1680	0.00
Miscellaneous Power Plant Equipment	1685	0.00
Land	1705	0.00
Land Rights	1706	0.00
Buildings and Fixtures	1708	0.00
Leasehold Improvements	1710	0.00
Station Equipment	1715	0.00
Towers and Fixtures	1720	0.00
Poles and Fixtures	1725	0.00
Overhead Conductors and Devices	1730	0.00
Underground Conduit	1735	0.00
Underground Conductors and Devices	1740	0.00
Roads and Trails	1745	0.00
Land	1805	50,000.00
Land Rights	1806	0.00
Buildings and Fixtures	1808	0.00
Leasehold Improvements	1810	0.00
Transformer Station Equipment - Normally Primary above 50 kV	1815	0.00
Distribution Station Equipment - Normally Primary below 50 kV	1820	281,275.02
Storage Battery Equipment	1825	0.00
Poles, Towers and Fixtures	1830	563,533.24
Overhead Conductors and Devices	1835	546,986.69
Underground Conduit	1840	0.00
Underground Conductors and Devices	1845	957,986.74
Line Transformers	1850	747,021.94
Services	1855	183,210.51
Meters	1860	79,071.94
Other Installations on Customer's Premises	1865	0.00
Leased Property on Customer Premises	1870	0.00

Account Description	Account Number	Amount
Street Lighting and Signal Systems	1875	0.00
Land	1905	0.00
Land Rights	1906	0.00
Buildings and Fixtures	1908	0.00
Leasehold Improvements	1910	0.00
Office Furniture and Equipment	1915	49,402.97
Computer Equipment - Hardware	1920	24,538.40
Computer Software	1925	84,927.16
Transportation Equipment	1930	0.00
Stores Equipment	1935	4,320.00
Tools, Shop and Garage Equipment	1940	0.00
Measurement and Testing Equipment	1945	4,281.00
Power Operated Equipment	1950	0.00
Communication Equipment	1955	0.00
Miscellaneous Equipment	1960	0.00
Water Heater Rental Units	1965	0.00
Load Management Controls - Customer Premises	1970	0.00
Load Management Controls - Utility Premises	1975	0.00
System Supervisory Equipment	1980	0.00
Sentinel Lighting Rental Units	1985	0.00
Other Tangible Property	1990	0.00
Contributions and Grants - Credit	1995	-376,307.63
Property Under Capital Leases	2005	0.00
Electric Plant Purchased or Sold	2010	0.00
Experimental Electric Plant Unclassified	2020	0.00
Electric Plant and Equipment Leased to Others	2030	0.00
Electric Plant Held for Future Use	2040	0.00
Completed Construction Not Classified--Electric	2050	0.00
Construction Work in Progress--Electric	2055	0.00
Electric Plant Acquisition Adjustment	2060	0.00
Other Electric Plant Adjustment	2065	0.00
Other Utility Plant	2070	0.00
Non-Utility Property Owned or Under Capital Leases	2075	0.00
Sub-account Generation Facility Assets	2075	
Accumulated Amortization of Electric Utility Plan - PP&E	2105	-1,403,654.23
Accumulated Amortization of Electric Utility Plant - Intangibles	2120	0.00
Accumulated Amortization of Electric Plant Acquisition Adjustment	2140	0.00
Accumulated Amortization of Other Utility Plant	2160	0.00

Account Description	Account Number	Amount
Accumulated Amortization of Non-Utility Property	2180	-158,726.40
Accounts Payable	2205	-652,735.03
Customer Credit Balances	2208	-117,162.73
Current Portion of Customer Deposits	2210	0.00
Dividends Declared	2215	0.00
Miscellaneous Current and Accrued Liabilities	2220	-56,125.00
Notes and Loans Payable	2225	0.00
Accounts Payable to Associated Companies	2240	0.00
Notes Payable to Associated Companies	2242	0.00
Debt Retirement Charges( DRC) Payable	2250	-16,654.92
Transmission Charges Payable	2252	0.00
Electrical Safety Authority Fees Payable	2254	0.00
Independent Market Operator Fees and Penalties Payable	2256	0.00
Current Portion of Long Term Debt	2260	0.00
Ontario Hydro Debt - Current Portion	2262	0.00
Pensions and Employee Benefits - Current Portion	2264	0.00
Accrued Interest on Long Term Debt	2268	0.00
Matured Long Term Debt	2270	0.00
Matured Interest on Long Term Debt	2272	0.00
Obligations Under Capital Leases--Current	2285	0.00
Sub-account Generation Facility Liabilities	2285	
Commodity Taxes	2290	0.00
Payroll Deductions / Expenses Payable	2292	0.00
Accrual for Taxes Payments in Lieu of Taxes, Etc.	2294	-13,734.00
Future Income Taxes - Current	2296	0.00
Accumulated Provision for Injuries and Damages	2305	0.00
Employee Future Benefits	2306	0.00
Other Pensions - Past Service Liability	2308	0.00
Vested Sick Leave Liability	2310	0.00
Accumulated Provision for Rate Refunds	2315	0.00
Other Miscellaneous Non-Current Liabilities	2320	0.00
Obligations Under Capital Lease--Non-Current	2325	0.00
Sub-account Generation Facility Liabilities	2325	
Development Charge Fund	2330	0.00
Long Term Customer Deposits	2335	-16,582.76
Collateral Funds Liability	2340	0.00
Unamortized Premium on Long Term Debt	2345	0.00
O.M.E.R.S. - Past Service Liability - Long Term Portion	2348	0.00



Account Description	Account Number	Amount
Future Income Tax - Non-Current	2350	0.00
Other Regulatory Liabilities	2405	0.00
Deferred Gains from Disposition of Utility Plant	2410	0.00
Unamortized Gain on Reacquired Debt	2415	0.00
Other Deferred Credits	2425	0.00
Accrued Rate-Payer Benefit	2435	0.00
Debentures Outstanding - Long Term Portion	2505	0.00
Debenture Advances	2510	0.00
Reacquired Bonds	2515	0.00
Other Long Term Debt	2520	0.00
Term Bank Loans - Long Term Portion	2525	0.00
Ontario Hydro Debt Outstanding - Long Term Portion	2530	0.00
Advances from Associated Companies	2550	0.00
Common Shares Issued	3005	0.00
Preference Shares Issued	3008	0.00
Contributed Surplus	3010	-2,862,993.70
Donations Received	3020	0.00
Development Charges Transferred to Equity	3022	0.00
Capital Stock Held in Treasury	3026	0.00
Miscellaneous Paid-In Capital	3030	0.00
Installments Received on Capital Stock	3035	0.00
Appropriated Retained Earnings	3040	0.00
Unappropriated Retained Earnings	3045	-124,966.58
Balance Transferred From Income	3046	-171,517.38
Appropriations of Retained Earnings - Current Period	3047	0.00
Dividends Payable-Preference Shares	3048	0.00
Dividends Payable-Common Shares	3049	0.00
Adjustment to Retained Earnings	3055	-745,715.70
Unappropriated Undistributed Subsidiary Earnings	3065	0.00
Non-Utility Shareholders' Equity	3075	0.00
Sub-account Generation Facilities	3075	
Residential Energy Sales	4006	-1,726,518.90
Commercial Energy Sales	4010	-345,026.98
Industrial Energy Sales	4015	-38,294.88
Energy Sales to Large Users	4020	0.00
Street Lighting Energy Sales	4025	0.00
Sentinel Lighting Energy Sales	4030	0.00
General Energy Sales	4035	-49,771.71

Account Description	Account Number	Amount
Other Energy Sales to Public Authorities	4040	0.00
Energy Sales to Railroads and Railways	4045	0.00
Revenue Adjustment	4050	0.00
Energy Sales for Resale	4055	-64,564.40
Interdepartmental Energy Sales	4060	0.00
Billed WMS	4062	-191,197.21
Billed One-Time	4064	0.00
Billed NW	4066	-171,346.77
Billed CN	4068	-137,719.32
Billed - LV	4075	-40,482.81
Distribution Services Revenue	4080	-869,290.90
Retail Services Revenues	4082	-3,614.10
Service Transaction Requests (STR) Revenues	4084	-7.50
SSS Administration Revenue	4086	0.00
Electric Services Incidental to Energy Sales	4090	0.00
Transmission Charges Revenue	4105	0.00
Transmission Services Revenue	4110	0.00
Interdepartmental Rents	4205	0.00
Rent from Electric Property	4210	-7,343.48
Other Utility Operating Income	4215	0.00
Other Electric Revenues	4220	0.00
Late Payment Charges	4225	-5,208.00
Sales of Water and Water Power	4230	0.00
Miscellaneous Service Revenues	4235	-14,436.64
Provision for Rate Refunds	4240	55,708.00
Government Assistance Directly Credited to Income	4245	0.00
Regulatory Debits	4305	0.00
Regulatory Credits	4310	0.00
Revenues from Electric Plant Leased to Others	4315	0.00
Expenses of Electric Plant Leased to Others	4320	0.00
Special Purpose Charge Recovery	4324	0.00
Revenues from Merchandise Jobbing, Etc.	4325	0.00
Costs and Expenses of Merchandising Jobbing, Etc.	4330	0.00
Profits and Losses from Financial Instrument Hedges	4335	0.00
Profits and Losses from Financial Instrument Investments	4340	0.00
Gains from Disposition of Future Use Utility Plant	4345	0.00
Losses from Disposition of Future Use Utility Plant	4350	0.00
Gain on Disposition of Utility and Other Property	4355	0.00

Account Description	Account Number	Amount
Loss on Disposition of Utility and Other Property	4360	0.00
Gains from Disposition of Allowances for Emission	4365	0.00
Losses from Disposition of Allowances for Emission	4370	0.00
Revenues from Non-Utility Operations	4375	78,371.25
Sub-account Generation Facility Revenues	4375	
Expenses of Non-Utility Operations	4380	-78,371.25
Sub-account Generation Facility Expenses	4380	
Non-Utility Rental Income	4385	0.00
Miscellaneous Non-Operating Income	4390	-1,537.13
Rate-Payer Benefit Including Interest	4395	0.00
Foreign Exchange Gains and Losses, Including Amortization	4398	0.00
Interest and Dividend Income	4405	-28,961.32
Equity in Earnings of Subsidiary Companies	4415	0.00
Operation Supervision and Engineering	4505	0.00
Fuel	4510	0.00
Steam Expense	4515	0.00
Steam From Other Sources	4520	0.00
Steam Transferred--Credit	4525	0.00
Electric Expense	4530	0.00
Water For Power	4535	0.00
Water Power Taxes	4540	0.00
Hydraulic Expenses	4545	0.00
Generation Expense	4550	0.00
Miscellaneous Power Generation Expenses	4555	0.00
Rents	4560	0.00
Allowances for Emissions	4565	0.00
Maintenance Supervision and Engineering	4605	0.00
Maintenance of Structures	4610	0.00
Maintenance of Boiler Plant	4615	0.00
Maintenance of Electric Plant	4620	0.00
Maintenance of Reservoirs, Dams and Waterways	4625	0.00
Maintenance of Water Wheels, Turbines and Generators	4630	0.00
Maintenance of Generating and Electric Plant	4635	0.00
Maintenance of Miscellaneous Power Generation Plant	4640	0.00
Power Purchased	4705	2,224,176.87
Charges-WMS	4708	191,197.21
Cost of Power Adjustments	4710	0.00
Charges-One-Time	4712	0.00

Account Description	Account Number	Amount
Charges-NW	4714	171,346.77
System Control and Load Dispatching	4715	0.00
Charges-CN	4716	137,719.32
Other Expenses	4720	0.00
Competition Transition Expense	4725	0.00
Rural Rate Assistance Expense	4730	0.00
Charges - LV	4750	40,482.81
Operation Supervision and Engineering	4805	0.00
Load Dispatching	4810	0.00
Station Buildings and Fixtures Expenses	4815	0.00
Transformer Station Equipment - Operating Labour	4820	0.00
Transformer Station Equipment - Operating Supplies and Expense	4825	0.00
Overhead Line Expenses	4830	0.00
Underground Line Expenses	4835	0.00
Transmission of Electricity by Others	4840	0.00
Miscellaneous Transmission Expense	4845	0.00
Rents	4850	0.00
Maintenance Supervision and Engineering	4905	0.00
Maintenance of Transformer Station Buildings and Fixtures	4910	0.00
Maintenance of Transformer Station Equipment	4916	0.00
Maintenance of Towers, Poles and Fixtures	4930	0.00
Maintenance of Overhead Conductors and Devices	4935	0.00
Maintenance of Overhead Lines - Right of Way	4940	0.00
Maintenance of Overhead Lines - Roads and Trails Repairs	4945	0.00
Maintenance of Overhead Lines - Snow Removal from Roads and Trails	4950	0.00
Maintenance of Underground Lines	4960	0.00
Maintenance of Miscellaneous Transmission Plant	4965	0.00
Operation Supervision and Engineering	5005	0.00
Load Dispatching	5010	0.00
Station Buildings and Fixtures Expense	5012	1,451.35
Transformer Station Equipment - Operation Labour	5014	0.00
Transformer Station Equipment - Operation Supplies and Expenses	5015	0.00
Distribution Station Equipment - Operation Labour	5016	0.00
Distribution Station Equipment - Operation Supplies and Expenses	5017	0.00
Overhead Distribution Lines and Feeders - Operation Labour	5020	0.00
Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	5025	0.00
Overhead Subtransmission Feeders - Operation	5030	0.00
Overhead Distribution Transformers- Operation	5035	605.00

Account Description	Account Number	Amount
Underground Distribution Lines and Feeders - Operation Labour	5040	0.00
Underground Distribution Lines and Feeders - Operation Supplies and Expenses	5045	0.00
Underground Subtransmission Feeders - Operation	5050	0.00
Underground Distribution Transformers - Operation	5055	0.00
Street Lighting and Signal System Expense	5060	0.00
Meter Expense	5065	0.00
Customer Premises - Operation Labour	5070	0.00
Customer Premises - Materials and Expenses	5075	7,031.00
Miscellaneous Distribution Expense	5085	7,210.87
Underground Distribution Lines and Feeders - Rental Paid	5090	0.00
Overhead Distribution Lines and Feeders - Rental Paid	5095	0.00
Other Rent	5096	0.00
Maintenance Supervision and Engineering	5105	0.00
Maintenance of Buildings and Fixtures - Distribution Stations	5110	8,538.25
Maintenance of Transformer Station Equipment	5112	0.00
Maintenance of Distribution Station Equipment	5114	19,002.47
Maintenance of Poles, Towers and Fixtures	5120	2,523.50
Maintenance of Overhead Conductors and Devices	5125	6,033.30
Maintenance of Overhead Services	5130	0.00
Overhead Distribution Lines and Feeders - Right of Way	5135	4,302.50
Maintenance of Underground Conduit	5145	5,775.25
Maintenance of Underground Conductors and Devices	5150	0.00
Maintenance of Underground Services	5155	0.00
Maintenance of Line Transformers	5160	2,453.00
Maintenance of Street Lighting and Signal Systems	5165	0.00
Sentinel Lights - Labour	5170	0.00
Sentinel Lights - Materials and Expenses	5172	0.00
Maintenance of Meters	5175	0.00
Customer Installations Expenses- Leased Property	5178	0.00
Water Heater Rentals - Labour	5185	0.00
Water Heater Rentals - Materials and Expenses	5186	0.00
Water Heater Controls - Labour	5190	0.00
Water Heater Controls - Materials and Expenses	5192	0.00
Maintenance of Other Installations on Customer Premises	5195	0.00
Purchase of Transmission and System Services	5205	0.00
Transmission Charges	5210	0.00
Transmission Charges Recovered	5215	0.00
Supervision	5305	0.00

<b>Account Description</b>	<b>Account Number</b>	<b>Amount</b>
Meter Reading Expense	5310	0.00
Customer Billing	5315	132,059.91
Collecting	5320	0.00
Collecting- Cash Over and Short	5325	0.00
Collection Charges	5330	3,366.36
Bad Debt Expense	5335	0.00
Miscellaneous Customer Accounts Expenses	5340	0.00
Supervision	5405	0.00
Community Relations - Sundry	5410	6,709.95
Energy Conservation	5415	0.00
Community Safety Program	5420	0.00
Miscellaneous Customer Service and Informational Expenses	5425	0.00
Supervision	5505	0.00
Demonstrating and Selling Expense	5510	0.00
Advertising Expense	5515	0.00
Miscellaneous Sales Expense	5520	0.00
Executive Salaries and Expenses	5605	25,148.44
Management Salaries and Expenses	5610	77,597.58
General Administrative Salaries and Expenses	5615	62,113.67
Office Supplies and Expenses	5620	35,737.67
Administrative Expense Transferred/Credit	5625	0.00
Outside Services Employed	5630	87,916.27
Property Insurance	5635	4,960.00
Injuries and Damages	5640	1,571.40
Employee Pensions and Benefits	5645	0.00
Franchise Requirements	5650	0.00
Regulatory Expenses	5655	5,452.40
General Advertising Expenses	5660	0.00
Miscellaneous General Expenses	5665	0.00
Rent	5670	13,200.00
Maintenance of General Plant	5675	0.00
Electrical Safety Authority Fees	5680	1,836.14
Special Purpose Charge Expense	5681	0.00
Independent Market Operator Fees and Penalties	5685	0.00
OM&A Contra	5695	0.00
Amortization Expense - Property Plant, and Equipment	5705	129,550.06
Amortization of Limited Term Electric Plant	5710	0.00
Amortization of Intangibles and Other Electric Plant	5715	0.00

<b>Account Description</b>	<b>Account Number</b>	<b>Amount</b>
Amortization of Electric Plant Acquisition Adjustments	5720	0.00
Miscellaneous Amortization	5725	0.00
Amortization of Unrecovered Plant and Regulatory Study Costs	5730	0.00
Amortization of Deferred Development Costs	5735	0.00
Amortization of Deferred Charges	5740	0.00
Interest on Long Term Debt	6005	0.00
Amortization of Debt Discount and Expense	6010	0.00
Amortization of Premium on Debt/Credit	6015	0.00
Amortization of Loss on Reacquired Debt	6020	0.00
Amortization of Gain on Reacquired Debt--Credit	6025	0.00
Interest on Debt to Associated Companies	6030	0.00
Other Interest Expense	6035	953.39
Allowance for Borrowed Funds Used During Construction--Credit	6040	0.00
Allowance For Other Funds Used During Construction	6042	0.00
Interest Expense on Capital Lease Obligations	6045	0.00
Taxes Other Than Income Taxes	6105	0.00
Income Taxes	6110	40,691.00
Provision for Future Income Taxes	6115	0.00
Donations	6205	7,659.00
Sub-account LEAP Funding	6205	
Life Insurance	6210	0.00
Penalties	6215	1,723.96
Other Deductions	6225	0.00
Extraordinary Income	6305	0.00
Extraordinary Deductions	6310	0.00
Income Taxes: Extraordinary Item	6315	0.00
Discontinued Operations - Income/ Gains	6405	0.00
Discontinued Operations - Deductions/ Losses	6410	0.00
Income Taxes, Discontinued Operations	6415	0.00

Account Description	Account Number	Amount
<b>Trial Balance Summary</b>		
<b>Assets</b>		
Current Assets:		2,775,675.24
Inventory:		
Non-Current Assets:		16,556.77
Other Assets and Deferred Charges:		189,362.04
Other Capital Assets:		3,358,974.38
Accumulated Amortization:		-1,562,380.63
Net Assets:		4,778,187.80
<b>Liabilities And Equity</b>		
Non-Current Liabilities:		-16,582.76
Current Liabilities:		-856,411.68
Other Liabilities Deferred Credit:		0.00
Shareholders' Equity:		-3,905,193.36
Net Liabilities and Equity:		-4,778,187.80
<b>Revenues</b>		
Sales of Electricity:		-2,764,922.98
Revenues from Services:		-872,912.50
Other Operating Revenues:		28,719.88
Other Income / Deductions:		-1,537.13
Investment Income:		-28,961.32
Total Revenues:		-3,639,614.05
<b>Expenses</b>		
Generation Expenses:		0.00
Other Power Supply Expenses:		2,764,922.98
Transmission Expenses:		0.00
Distribution Expenses:		64,926.49
Other Expenses:		
Billing Collecting:		135,426.27
Community Relations:		6,709.95
Sales Expenses:		
Administration General Expenses:		315,533.57
Amortization Expenses:		129,550.06
Interest Expenses:		953.39
Taxes:		40,691.00
Other Deductions:		9,382.96
Extraordinary Items:		
Discontinued Operations:		
Total Expenses:		3,468,096.67
Profit/Loss:		-171,517.38
<b>Final Total/Balancing Factor</b>		
<b>Trial balance Total Excluding accounts 1605 and 3046:</b>		<b>0.00</b>

Report Name: E217\_Trial\_Balance, Last Version March 4, 2011



# Trial Balance (E217 )

January 09, 2013

<b>Filing Year</b> 2012	<b>Filing Name</b> 2.1.7	<b>RRR Filing Number</b> 1,035
<b>Reporting Period and Company Name</b> April-2012Cooperative Hydro Embrun Inc.	<b>Licence Type</b> Distributor	<b>Status</b> Submitted
<b>Report Version</b> 0	<b>Extension Granted</b>	<b>Extension Deadline</b>
<b>Filing Due Date</b> April 30, 2012	<b>Reporting From</b> 01/01/2011	<b>Reporting To</b> 31/12/2011
<b>Submitted On</b> April 20, 2012	<b>Submitter Name</b> Benoit Lamarche	<b>Expiry Date</b> May 01, 2012

Color Legend: **Assets** **Liabilities and Equity** **Income Statement**

Account Description	Account Number	Amount
Cash	1005	1,902,275.82
Cash Advances and Working Funds	1010	200.00
Interest Special Deposits	1020	0.00
Dividend Special Deposits	1030	0.00
Other Special Deposits	1040	0.00
Term Deposits	1060	0.00
Current Investments	1070	0.00
Customer Accounts Receivable	1100	247,158.31
Accounts Receivable - Services	1102	0.00
Accounts Receivable - Recoverable Work	1104	37,914.48
Accounts Receivable - Merchandise, Jobbing, etc.	1105	0.00
Other Accounts Receivable	1110	0.00
Accrued Utility Revenues	1120	360,821.83
Accumulated Provision for Uncollectible Accounts--Credit	1130	-3,849.89
Interest and Dividends Receivable	1140	17,465.43
Rents Receivable	1150	0.00
Notes Receivable	1170	0.00
Prepayments	1180	0.00
Miscellaneous Current and Accrued Assets	1190	0.00
Accounts Receivable from Associated Companies	1200	0.00
Notes Receivable from Associated Companies	1210	0.00
Fuel Stock	1305	0.00
Plant Materials and Operating Supplies	1330	0.00
Merchandise	1340	0.00

Account Description	Account Number	Amount
Other Materials and Supplies	1350	0.00
Long Term Investments in Non-Associated Companies	1405	0.00
Long Term Receivable - Street Lighting Transfer	1408	0.00
Other Special or Collateral Funds	1410	0.00
Sinking Funds	1415	0.00
Unamortized Debt Expense	1425	0.00
Unamortized Discount on Long-Term Debt--Debit	1445	0.00
Unamortized Deferred Foreign Currency Translation Gains and Losses	1455	0.00
Other Non-Current Assets	1460	40,699.30
O.M.E.R.S. Past Service Costs	1465	0.00
Past Service Costs - Employee Future Benefits	1470	0.00
Past Service Costs - Other Pension Plans	1475	0.00
Portfolio Investments - Associated Companies	1480	0.00
Investment in Associated Companies - Significant Influence	1485	0.00
Investment in Subsidiary Companies	1490	0.00
Unrecovered Plant and Regulatory Study Costs	1505	0.00
Other Regulatory Assets	1508	1,231.57
Preliminary Survey and Investigation Charges	1510	0.00
Emission Allowance Inventory	1515	0.00
Emission Allowances Withheld	1516	0.00
RCVARetail	1518	0.00
Power Purchase Variance Account	1520	0.00
Special Purpose Charge Assessment Variance	1521	323.06
Miscellaneous Deferred Debits	1525	0.00
Deferred Losses from Disposition of Utility Plant	1530	0.00
Renewable Connection Capital Deferral Account	1531	0.00
Renewable Connection OM&A Deferral Account	1532	0.00
Smart Grid Capital Deferral Account	1534	0.00
Smart Grid Capital OM&A Account	1535	21,305.35
Unamortized Loss on Reacquired Debt	1540	0.00
Development Charge Deposits/ Receivables	1545	0.00
RCVASTR	1548	0.00
LV Variance Account	1550	11,124.39
Smart Meter Capital and Recovery Offset Variance	1555	188,829.92
Smart Meter OM&A Variance	1556	104,389.63
Deferred Development Costs	1560	0.00
Deferred Payments in Lieu of Taxes	1562	-127,469.75
Deferred PILs Contra Account	1563	0.00

Account Description	Account Number	Amount
Conservation and Demand Management Expenditures and Recoveries	1565	0.00
CDM Contra	1566	0.00
Board-Approval CDM Variance Account	1567	0.00
Qualifying Transition Costs	1570	0.00
Pre-market Opening Energy Variance	1571	-0.22
Extraordinary Event Costs	1572	0.00
Deferred Rate Impact Amounts	1574	0.00
IFRS-CGAAP Transitional PP&E Amounts	1575	0.00
RSVAWMS	1580	-101,730.27
RSVAONE-TIME	1582	0.00
RSVANW	1584	2,049.00
RSVACN	1586	-26,617.05
RSVAPOWER	1588	-1,010.04
Recovery of regulatory asset balances	1590	0.00
2006 PILs & Taxes Variance	1592	1,596.44
Disposition and Recovery of Regulatory Balances Control Account	1595	2,307.63
Electric Plant in Service - Control Account	1605	
Organization	1606	374.03
Franchises and Consents	1608	0.00
Miscellaneous Intangible Plant	1610	158,352.37
Land	1615	0.00
Land Rights	1616	0.00
Buildings and Fixtures	1620	0.00
Leasehold Improvements	1630	0.00
Boiler Plant Equipment	1635	0.00
Engines and Engine-Driven Generators	1640	0.00
Turbogenerator Units	1645	0.00
Reservoirs, Dams and Waterways	1650	0.00
Water Wheels, Turbines and Generators	1655	0.00
Roads, Railroads and Bridges	1660	0.00
Fuel Holders, Producers and Accessories	1665	0.00
Prime Movers	1670	0.00
Generators	1675	0.00
Accessory Electric Equipment	1680	0.00
Miscellaneous Power Plant Equipment	1685	0.00
Land	1705	0.00
Land Rights	1706	0.00
Buildings and Fixtures	1708	0.00

Account Description	Account Number	Amount
Leasehold Improvements	1710	0.00
Station Equipment	1715	0.00
Towers and Fixtures	1720	0.00
Poles and Fixtures	1725	0.00
Overhead Conductors and Devices	1730	0.00
Underground Conduit	1735	0.00
Underground Conductors and Devices	1740	0.00
Roads and Trails	1745	0.00
Land	1805	50,000.00
Land Rights	1806	0.00
Buildings and Fixtures	1808	0.00
Leasehold Improvements	1810	0.00
Transformer Station Equipment - Normally Primary above 50 kV	1815	0.00
Distribution Station Equipment - Normally Primary below 50 kV	1820	279,576.52
Storage Battery Equipment	1825	0.00
Poles, Towers and Fixtures	1830	560,435.24
Overhead Conductors and Devices	1835	546,986.69
Underground Conduit	1840	0.00
Underground Conductors and Devices	1845	952,145.74
Line Transformers	1850	710,933.94
Services	1855	178,138.01
Meters	1860	79,071.94
Other Installations on Customer's Premises	1865	0.00
Leased Property on Customer Premises	1870	0.00
Street Lighting and Signal Systems	1875	0.00
Land	1905	0.00
Land Rights	1906	0.00
Buildings and Fixtures	1908	0.00
Leasehold Improvements	1910	0.00
Office Furniture and Equipment	1915	49,402.97
Computer Equipment - Hardware	1920	21,792.83
Computer Software	1925	84,927.16
Transportation Equipment	1930	0.00
Stores Equipment	1935	4,320.00
Tools, Shop and Garage Equipment	1940	0.00
Measurement and Testing Equipment	1945	4,281.00
Power Operated Equipment	1950	0.00
Communication Equipment	1955	0.00

Account Description	Account Number	Amount
Miscellaneous Equipment	1960	0.00
Water Heater Rental Units	1965	0.00
Load Management Controls - Customer Premises	1970	0.00
Load Management Controls - Utility Premises	1975	0.00
System Supervisory Equipment	1980	0.00
Sentinel Lighting Rental Units	1985	0.00
Other Tangible Property	1990	0.00
Contributions and Grants - Credit	1995	-396,826.15
Property Under Capital Leases	2005	0.00
Electric Plant Purchased or Sold	2010	0.00
Experimental Electric Plant Unclassified	2020	0.00
Electric Plant and Equipment Leased to Others	2030	0.00
Electric Plant Held for Future Use	2040	0.00
Completed Construction Not Classified--Electric	2050	0.00
Construction Work in Progress--Electric	2055	0.00
Electric Plant Acquisition Adjustment	2060	0.00
Other Electric Plant Adjustment	2065	0.00
Other Utility Plant	2070	0.00
Non-Utility Property Owned or Under Capital Leases	2075	0.00
Accumulated Amortization of Electric Utility Plan - PP&E	2105	-1,251,985.65
Accumulated Amortization of Electric Utility Plant - Intangibles	2120	0.00
Accumulated Amortization of Electric Plant Acquisition Adjustment	2140	0.00
Accumulated Amortization of Other Utility Plant	2160	0.00
Accumulated Amortization of Non-Utility Property	2180	-158,726.40
Accounts Payable	2205	-626,461.64
Customer Credit Balances	2208	-133,395.23
Current Portion of Customer Deposits	2210	0.00
Dividends Declared	2215	0.00
Miscellaneous Current and Accrued Liabilities	2220	-23,808.00
Notes and Loans Payable	2225	0.00
Accounts Payable to Associated Companies	2240	0.00
Notes Payable to Associated Companies	2242	0.00
Debt Retirement Charges( DRC) Payable	2250	-15,099.57
Transmission Charges Payable	2252	0.00
Electrical Safety Authority Fees Payable	2254	0.00
Independent Market Operator Fees and Penalties Payable	2256	0.00
Current Portion of Long Term Debt	2260	0.00
Ontario Hydro Debt - Current Portion	2262	0.00

Account Description	Account Number	Amount
Pensions and Employee Benefits - Current Portion	2264	0.00
Accrued Interest on Long Term Debt	2268	0.00
Matured Long Term Debt	2270	0.00
Matured Interest on Long Term Debt	2272	0.00
Obligations Under Capital Leases--Current	2285	0.00
Commodity Taxes	2290	0.00
Payroll Deductions / Expenses Payable	2292	0.00
Accrual for Taxes Payments in Lieu of Taxes, Etc.	2294	-4,612.00
Future Income Taxes - Current	2296	0.00
Accumulated Provision for Injuries and Damages	2305	0.00
Employee Future Benefits	2306	0.00
Other Pensions - Past Service Liability	2308	0.00
Vested Sick Leave Liability	2310	0.00
Accumulated Provision for Rate Refunds	2315	0.00
Other Miscellaneous Non-Current Liabilities	2320	0.00
Obligations Under Capital Lease--Non-Current	2325	0.00
Development Charge Fund	2330	0.00
Long Term Customer Deposits	2335	-15,162.76
Collateral Funds Liability	2340	0.00
Unamortized Premium on Long Term Debt	2345	0.00
O.M.E.R.S. - Past Service Liability - Long Term Portion	2348	0.00
Future Income Tax - Non-Current	2350	0.00
Other Regulatory Liabilities	2405	0.00
Deferred Gains from Disposition of Utility Plant	2410	0.00
Unamortized Gain on Reacquired Debt	2415	0.00
Other Deferred Credits	2425	0.00
Accrued Rate-Payer Benefit	2435	0.00
Debentures Outstanding - Long Term Portion	2505	0.00
Debenture Advances	2510	0.00
Reacquired Bonds	2515	0.00
Other Long Term Debt	2520	0.00
Term Bank Loans - Long Term Portion	2525	0.00
Ontario Hydro Debt Outstanding - Long Term Portion	2530	0.00
Advances from Associated Companies	2550	0.00
Common Shares Issued	3005	0.00
Preference Shares Issued	3008	0.00
Contributed Surplus	3010	-2,862,993.70
Donations Received	3020	0.00

Account Description	Account Number	Amount
Development Charges Transferred to Equity	3022	0.00
Capital Stock Held in Treasury	3026	0.00
Miscellaneous Paid-In Capital	3030	0.00
Installments Received on Capital Stock	3035	0.00
Appropriated Retained Earnings	3040	0.00
Unappropriated Retained Earnings	3045	0.00
Balance Transferred From Income	3046	-124,966.58
Appropriations of Retained Earnings - Current Period	3047	0.00
Dividends Payable-Preference Shares	3048	0.00
Dividends Payable-Common Shares	3049	0.00
Adjustment to Retained Earnings	3055	-745,715.70
Unappropriated Undistributed Subsidiary Earnings	3065	0.00
Non-Utility Shareholders' Equity	3075	0.00
Residential Energy Sales	4006	-1,905,409.86
Commercial Energy Sales	4010	0.00
Industrial Energy Sales	4015	-48,532.39
Energy Sales to Large Users	4020	0.00
Street Lighting Energy Sales	4025	-6,366.72
Sentinel Lighting Energy Sales	4030	0.00
General Energy Sales	4035	-79,644.90
Other Energy Sales to Public Authorities	4040	0.00
Energy Sales to Railroads and Railways	4045	0.00
Revenue Adjustment	4050	0.00
Energy Sales for Resale	4055	0.00
Interdepartmental Energy Sales	4060	-63,129.99
Billed WMS	4062	-175,935.06
Billed One-Time	4064	0.00
Billed NW	4066	-168,773.29
Billed CN	4068	-139,063.75
Billed - LV	4075	-38,436.46
Distribution Services Revenue	4080	-768,816.86
Retail Services Revenues	4082	-3,712.80
Service Transaction Requests (STR) Revenues	4084	-11.50
Electric Services Incidental to Energy Sales	4090	0.00
Transmission Charges Revenue	4105	0.00
Transmission Services Revenue	4110	0.00
Interdepartmental Rents	4205	0.00
Rent from Electric Property	4210	-6,170.15

Account Description	Account Number	Amount
Other Utility Operating Income	4215	0.00
Other Electric Revenues	4220	0.00
Late Payment Charges	4225	-7,109.10
Sales of Water and Water Power	4230	0.00
Miscellaneous Service Revenues	4235	-15,417.83
Provision for Rate Refunds	4240	24,018.00
Government Assistance Directly Credited to Income	4245	0.00
Regulatory Debits	4305	0.00
Regulatory Credits	4310	0.00
Revenues from Electric Plant Leased to Others	4315	0.00
Expenses of Electric Plant Leased to Others	4320	0.00
Special Purpose Charge Recovery	4324	-5,334.89
Revenues from Merchandise, Jobbing, Etc.	4325	0.00
Costs and Expenses of Merchandising, Jobbing, Etc.	4330	0.00
Profits and Losses from Financial Instrument Hedges	4335	0.00
Profits and Losses from Financial Instrument Investments	4340	0.00
Gains from Disposition of Future Use Utility Plant	4345	0.00
Losses from Disposition of Future Use Utility Plant	4350	0.00
Gain on Disposition of Utility and Other Property	4355	0.00
Loss on Disposition of Utility and Other Property	4360	0.00
Gains from Disposition of Allowances for Emission	4365	0.00
Losses from Disposition of Allowances for Emission	4370	0.00
Revenues from Non-Utility Operations	4375	-53,789.98
Expenses of Non-Utility Operations	4380	25,641.73
Non-Utility Rental Income	4385	0.00
Miscellaneous Non-Operating Income	4390	0.00
Rate-Payer Benefit Including Interest	4395	0.00
Foreign Exchange Gains and Losses, Including Amortization	4398	0.00
Interest and Dividend Income	4405	-24,968.95
Equity in Earnings of Subsidiary Companies	4415	0.00
Operation Supervision and Engineering	4505	0.00
Fuel	4510	0.00
Steam Expense	4515	0.00
Steam From Other Sources	4520	0.00
Steam Transferred--Credit	4525	0.00
Electric Expense	4530	0.00
Water For Power	4535	0.00
Water Power Taxes	4540	0.00



Account Description	Account Number	Amount
Hydraulic Expenses	4545	0.00
Generation Expense	4550	0.00
Miscellaneous Power Generation Expenses	4555	0.00
Rents	4560	0.00
Allowances for Emissions	4565	0.00
Maintenance Supervision and Engineering	4605	0.00
Maintenance of Structures	4610	0.00
Maintenance of Boiler Plant	4615	0.00
Maintenance of Electric Plant	4620	0.00
Maintenance of Reservoirs, Dams and Waterways	4625	0.00
Maintenance of Water Wheels, Turbines and Generators	4630	0.00
Maintenance of Generating and Electric Plant	4635	0.00
Maintenance of Miscellaneous Power Generation Plant	4640	0.00
Power Purchased	4705	2,103,083.86
Charges-WMS	4708	175,935.06
Cost of Power Adjustments	4710	0.00
Charges-One-Time	4712	0.00
Charges-NW	4714	168,773.29
System Control and Load Dispatching	4715	0.00
Charges-CN	4716	139,063.75
Other Expenses	4720	0.00
Competition Transition Expense	4725	0.00
Rural Rate Assistance Expense	4730	0.00
Charges - LV	4750	38,436.46
Operation Supervision and Engineering	4805	0.00
Load Dispatching	4810	0.00
Station Buildings and Fixtures Expenses	4815	0.00
Transformer Station Equipment - Operating Labour	4820	0.00
Transformer Station Equipment - Operating Supplies and Expense	4825	0.00
Overhead Line Expenses	4830	0.00
Underground Line Expenses	4835	0.00
Transmission of Electricity by Others	4840	0.00
Miscellaneous Transmission Expense	4845	0.00
Rents	4850	0.00
Maintenance Supervision and Engineering	4905	0.00
Maintenance of Transformer Station Buildings and Fixtures	4910	0.00
Maintenance of Transformer Station Equipment	4916	0.00
Maintenance of Towers, Poles and Fixtures	4930	0.00

Account Description	Account Number	Amount
Maintenance of Overhead Conductors and Devices	4935	0.00
Maintenance of Overhead Lines - Right of Way	4940	0.00
Maintenance of Overhead Lines - Roads and Trails Repairs	4945	0.00
Maintenance of Overhead Lines - Snow Removal from Roads and Trails	4950	0.00
Maintenance of Underground Lines	4960	0.00
Maintenance of Miscellaneous Transmission Plant	4965	0.00
Operation Supervision and Engineering	5005	0.00
Load Dispatching	5010	0.00
Station Buildings and Fixtures Expense	5012	1,521.27
Transformer Station Equipment - Operation Labour	5014	0.00
Transformer Station Equipment - Operation Supplies and Expenses	5015	0.00
Distribution Station Equipment - Operation Labour	5016	0.00
Distribution Station Equipment - Operation Supplies and Expenses	5017	0.00
Overhead Distribution Lines and Feeders - Operation Labour	5020	0.00
Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	5025	0.00
Overhead Subtransmission Feeders - Operation	5030	0.00
Overhead Distribution Transformers- Operation	5035	1,508.50
Underground Distribution Lines and Feeders - Operation Labour	5040	0.00
Underground Distribution Lines and Feeders - Operation Supplies and Expenses	5045	0.00
Underground Subtransmission Feeders - Operation	5050	0.00
Underground Distribution Transformers - Operation	5055	0.00
Street Lighting and Signal System Expense	5060	0.00
Meter Expense	5065	2,650.00
Customer Premises - Operation Labour	5070	0.00
Customer Premises - Materials and Expenses	5075	8,736.25
Miscellaneous Distribution Expense	5085	6,548.93
Underground Distribution Lines and Feeders - Rental Paid	5090	0.00
Overhead Distribution Lines and Feeders - Rental Paid	5095	0.00
Other Rent	5096	0.00
Maintenance Supervision and Engineering	5105	0.00
Maintenance of Buildings and Fixtures - Distribution Stations	5110	8,236.96
Maintenance of Transformer Station Equipment	5112	0.00
Maintenance of Distribution Station Equipment	5114	2,706.84
Maintenance of Poles, Towers and Fixtures	5120	3,053.75
Maintenance of Overhead Conductors and Devices	5125	10,283.90
Maintenance of Overhead Services	5130	0.00
Overhead Distribution Lines and Feeders - Right of Way	5135	5,090.00
Maintenance of Underground Conduit	5145	1,346.00

<b>Account Description</b>	<b>Account Number</b>	<b>Amount</b>
Maintenance of Underground Conductors and Devices	5150	0.00
Maintenance of Underground Services	5155	0.00
Maintenance of Line Transformers	5160	8,601.43
Maintenance of Street Lighting and Signal Systems	5165	0.00
Sentinel Lights - Labour	5170	0.00
Sentinel Lights - Materials and Expenses	5172	0.00
Maintenance of Meters	5175	0.00
Customer Installations Expenses- Leased Property	5178	0.00
Water Heater Rentals - Labour	5185	0.00
Water Heater Rentals - Materials and Expenses	5186	0.00
Water Heater Controls - Labour	5190	0.00
Water Heater Controls - Materials and Expenses	5192	0.00
Maintenance of Other Installations on Customer Premises	5195	0.00
Purchase of Transmission and System Services	5205	0.00
Transmission Charges	5210	0.00
Transmission Charges Recovered	5215	0.00
Supervision	5305	0.00
Meter Reading Expense	5310	0.00
Customer Billing	5315	161,098.56
Collecting	5320	0.00
Collecting- Cash Over and Short	5325	0.00
Collection Charges	5330	2,040.00
Bad Debt Expense	5335	0.00
Miscellaneous Customer Accounts Expenses	5340	0.00
Supervision	5405	0.00
Community Relations - Sundry	5410	1,316.25
Energy Conservation	5415	0.00
Community Safety Program	5420	0.00
Miscellaneous Customer Service and Informational Expenses	5425	0.00
Supervision	5505	0.00
Demonstrating and Selling Expense	5510	0.00
Advertising Expense	5515	0.00
Miscellaneous Sales Expense	5520	0.00
Executive Salaries and Expenses	5605	24,911.68
Management Salaries and Expenses	5610	87,009.86
General Administrative Salaries and Expenses	5615	48,062.09
Office Supplies and Expenses	5620	28,492.87
Administrative Expense Transferred/Credit	5625	0.00

Account Description	Account Number	Amount
Outside Services Employed	5630	91,994.01
Property Insurance	5635	5,396.00
Injuries and Damages	5640	1,662.00
Employee Pensions and Benefits	5645	0.00
Franchise Requirements	5650	0.00
Regulatory Expenses	5655	4,952.27
General Advertising Expenses	5660	0.00
Miscellaneous General Expenses	5665	0.00
Rent	5670	12,000.00
Maintenance of General Plant	5675	0.00
Electrical Safety Authority Fees	5680	1,783.34
Special Purpose Charge Expense	5681	5,334.89
Independent Market Operator Fees and Penalties	5685	0.00
OM&A Contra	5695	0.00
Amortization Expense - Property, Plant, and Equipment	5705	127,442.95
Amortization of Limited Term Electric Plant	5710	0.00
Amortization of Intangibles and Other Electric Plant	5715	0.00
Amortization of Electric Plant Acquisition Adjustments	5720	13,197.63
Miscellaneous Amortization	5725	0.00
Amortization of Unrecovered Plant and Regulatory Study Costs	5730	0.00
Amortization of Deferred Development Costs	5735	0.00
Amortization of Deferred Charges	5740	0.00
Interest on Long Term Debt	6005	0.00
Amortization of Debt Discount and Expense	6010	0.00
Amortization of Premium on Debt/Credit	6015	0.00
Amortization of Loss on Reacquired Debt	6020	0.00
Amortization of Gain on Reacquired Debt--Credit	6025	0.00
Interest on Debt to Associated Companies	6030	0.00
Other Interest Expense	6035	1,922.69
Allowance for Borrowed Funds Used During Construction--Credit	6040	0.00
Allowance For Other Funds Used During Construction	6042	0.00
Interest Expense on Capital Lease Obligations	6045	0.00
Taxes Other Than Income Taxes	6105	0.00
Income Taxes	6110	23,202.00
Provision for Future Income Taxes	6115	0.00
Donations	6205	6,055.00
Life Insurance	6210	0.00
Penalties	6215	2,547.83

<b>Account Description</b>	<b>Account Number</b>	<b>Amount</b>
Other Deductions	6225	0.00
Extraordinary Income	6305	0.00
Extraordinary Deductions	6310	0.00
Income Taxes: Extraordinary Item	6315	0.00
Discontinues Operations - Income/ Gains	6405	0.00
Discontinued Operations - Deductions/ Losses	6410	0.00
Income Taxes, Discontinued Operations	6415	0.00

Account Description	Account Number	Amount
<b>Trial Balance Summary</b>		
<b>Assets</b>		
Current Assets:		2,561,985.98
Inventory:		0.00
Non-Current Assets:		40,699.30
Other Assets and Deferred Charges:		76,329.66
Other Capital Assets:		3,283,912.29
Accumulated Amortization:		-1,410,712.05
Net Assets:		4,552,215.18
<b>Liabilities And Equity</b>		
Non-Current Liabilities:		-15,162.76
Current Liabilities:		-803,376.44
Other Liabilities Deferred Credit:		0.00
Shareholders' Equity:		-3,733,675.98
Net Liabilities and Equity:		-4,552,215.18
<b>Revenues</b>		
Sales of Electricity:		-2,625,292.42
Revenues from Services:		-772,541.16
Other Operating Revenues:		-4,679.08
Other Income / Deductions:		-33,483.14
Investment Income:		-24,968.95
Total Revenues:		-3,460,964.75
<b>Expenses</b>		
Generation Expenses:		0.00
Other Power Supply Expenses:		2,625,292.42
Transmission Expenses:		0.00
Distribution Expenses:		60,283.83
Other Expenses:		0.00
Billing Collecting:		163,138.56
Community Relations:		1,316.25
Sales Expenses:		0.00
Administration General Expenses:		311,599.01
Amortization Expenses:		140,640.58
Interest Expenses:		1,922.69
Taxes:		23,202.00
Other Deductions:		8,602.83
Extraordinary Items:		0.00
Discontinued Operations:		0.00
Total Expenses:		3,335,998.17
Profit/Loss:		-124,966.58
<b>Final Total/Balancing Factor</b>		
<b>Trial balance Total Excluding accounts 1605 and 3046:</b>		<b>0.00</b>

Report Name: E217\_Trial\_Balance, Last Version March 4, 2011

# Trial Balance (E217 )

January 09, 2013

<b>Filing Year</b> 2011	<b>Filing Name</b> 2.1.7	<b>RRR Filing Number</b> 272
<b>Reporting Period and Company Name</b> April-2011 Cooperative Hydro Embrun Inc.	<b>Licence Type</b> Distributor	<b>Status</b> Revised
<b>Report Version</b> 1	<b>Extension Granted</b>	<b>Extension Deadline</b>
<b>Filing Due Date</b> May 02, 2011	<b>Reporting From</b> 01/01/2010	<b>Reporting To</b> 31/12/2010
<b>Submitted On</b> April 20, 2011	<b>Submitter Name</b> Benoit Lamarche	<b>Expiry Date</b> August 11, 2011

Color Legend: **Assets** **Liabilities and Equity** **Income Statement**

Account Description	Account Number	Amount
Cash	1005	1,568,657.78
Cash Advances and Working Funds	1010	200.00
Interest Special Deposits	1020	0.00
Dividend Special Deposits	1030	0.00
Other Special Deposits	1040	0.00
Term Deposits	1060	0.00
Current Investments	1070	0.00
Customer Accounts Receivable	1100	276,270.33
Accounts Receivable - Services	1102	0.00
Accounts Receivable - Recoverable Work	1104	15,176.50
Accounts Receivable - Merchandise, Jobbing, etc.	1105	0.00
Other Accounts Receivable	1110	0.00
Accrued Utility Revenues	1120	431,771.51
Accumulated Provision for Uncollectible Accounts--Credit	1130	-3,849.89
Interest and Dividends Receivable	1140	4,405.58
Rents Receivable	1150	0.00
Notes Receivable	1170	0.00
Prepayments	1180	0.00
Miscellaneous Current and Accrued Assets	1190	0.00
Accounts Receivable from Associated Companies	1200	0.00
Notes Receivable from Associated Companies	1210	0.00
Fuel Stock	1305	0.00
Plant Materials and Operating Supplies	1330	0.00
Merchandise	1340	0.00

Account Description	Account Number	Amount
Other Materials and Supplies	1350	0.00
Long Term Investments in Non-Associated Companies	1405	0.00
Long Term Receivable - Street Lighting Transfer	1408	0.00
Other Special or Collateral Funds	1410	0.00
Sinking Funds	1415	0.00
Unamortized Debt Expense	1425	0.00
Unamortized Discount on Long-Term Debt--Debit	1445	0.00
Unamortized Deferred Foreign Currency Translation Gains and Losses	1455	0.00
Other Non-Current Assets	1460	144,525.84
O.M.E.R.S. Past Service Costs	1465	0.00
Past Service Costs - Employee Future Benefits	1470	0.00
Past Service Costs - Other Pension Plans	1475	0.00
Portfolio Investments - Associated Companies	1480	0.00
Investment in Associated Companies - Significant Influence	1485	0.00
Investment in Subsidiary Companies	1490	0.00
Unrecovered Plant and Regulatory Study Costs	1505	0.00
Other Regulatory Assets	1508	1,213.85
Preliminary Survey and Investigation Charges	1510	0.00
Emission Allowance Inventory	1515	0.00
Emission Allowances Withheld	1516	0.00
RCVARetail	1518	0.00
Power Purchase Variance Account	1520	0.00
Special Purpose Charge Assessment Variance	1521	5,636.16
Miscellaneous Deferred Debits	1525	0.00
Deferred Losses from Disposition of Utility Plant	1530	0.00
Renewable Connection Capital Deferral Account	1531	0.00
Renewable Connection OM&A Deferral Account	1532	0.00
Smart Grid Capital Deferral Account	1534	0.00
Smart Grid Capital OM&A Account	1535	8,181.95
Unamortized Loss on Reacquired Debt	1540	0.00
Development Charge Deposits/ Receivables	1545	0.00
RCVASTR	1548	0.00
LV Variance Account	1550	2,550.06
Smart Meter Capital and Recovery Offset Variance	1555	235,474.70
Smart Meter OM&A Variance	1556	34,278.19
Deferred Development Costs	1560	0.00
Deferred Payments in Lieu of Taxes	1562	-125,957.19
Deferred PILs Contra Account	1563	0.00



Account Description	Account Number	Amount
Conservation and Demand Management Expenditures and Recoveries	1565	0.00
CDM Contra	1566	0.00
Qualifying Transition Costs	1570	0.00
Pre-market Opening Energy Variance	1571	-0.22
Extraordinary Event Costs	1572	0.00
Deferred Rate Impact Amounts	1574	0.00
RSVAWMS	1580	-77,125.74
RSVAONE-TIME	1582	0.00
RSVANW	1584	-3,359.90
RSVACN	1586	-28,972.33
RSVAPOWER	1588	2,664.76
Recovery of regulatory asset balances	1590	0.00
2006 PILs & Taxes Variance	1592	4,376.44
Disposition and Recovery of Regulatory Balances Control Account	1595	-13,736.60
Sub-Account Disposition of Account Balances Approved in 2008	1595	0.00
Sub-Account Disposition of Account Balances Approved in 2009	1595	28,243.99
Electric Plant in Service - Control Account	1605	
Organization	1606	374.03
Franchises and Consents	1608	0.00
Miscellaneous Intangible Plant	1610	158,352.37
Land	1615	0.00
Land Rights	1616	0.00
Buildings and Fixtures	1620	0.00
Leasehold Improvements	1630	0.00
Boiler Plant Equipment	1635	0.00
Engines and Engine-Driven Generators	1640	0.00
Turbogenerator Units	1645	0.00
Reservoirs, Dams and Waterways	1650	0.00
Water Wheels, Turbines and Generators	1655	0.00
Roads, Railroads and Bridges	1660	0.00
Fuel Holders, Producers and Accessories	1665	0.00
Prime Movers	1670	0.00
Generators	1675	0.00
Accessory Electric Equipment	1680	0.00
Miscellaneous Power Plant Equipment	1685	0.00
Land	1705	0.00
Land Rights	1706	0.00
Buildings and Fixtures	1708	0.00

Account Description	Account Number	Amount
Leasehold Improvements	1710	0.00
Station Equipment	1715	0.00
Towers and Fixtures	1720	0.00
Poles and Fixtures	1725	0.00
Overhead Conductors and Devices	1730	0.00
Underground Conduit	1735	0.00
Underground Conductors and Devices	1740	0.00
Roads and Trails	1745	0.00
Land	1805	50,000.00
Land Rights	1806	0.00
Buildings and Fixtures	1808	0.00
Leasehold Improvements	1810	0.00
Transformer Station Equipment - Normally Primary above 50 kV	1815	0.00
Distribution Station Equipment - Normally Primary below 50 kV	1820	247,217.52
Storage Battery Equipment	1825	0.00
Poles, Towers and Fixtures	1830	542,338.72
Overhead Conductors and Devices	1835	542,762.46
Underground Conduit	1840	0.00
Underground Conductors and Devices	1845	952,145.74
Line Transformers	1850	689,380.44
Services	1855	174,101.76
Meters	1860	79,071.94
Other Installations on Customer's Premises	1865	0.00
Leased Property on Customer Premises	1870	0.00
Street Lighting and Signal Systems	1875	0.00
Land	1905	0.00
Land Rights	1906	0.00
Buildings and Fixtures	1908	0.00
Leasehold Improvements	1910	0.00
Office Furniture and Equipment	1915	34,708.97
Computer Equipment - Hardware	1920	19,472.93
Computer Software	1925	83,427.16
Transportation Equipment	1930	0.00
Stores Equipment	1935	4,320.00
Tools, Shop and Garage Equipment	1940	0.00
Measurement and Testing Equipment	1945	4,281.00
Power Operated Equipment	1950	0.00
Communication Equipment	1955	0.00

Account Description	Account Number	Amount
Miscellaneous Equipment	1960	0.00
Water Heater Rental Units	1965	0.00
Load Management Controls - Customer Premises	1970	0.00
Load Management Controls - Utility Premises	1975	0.00
System Supervisory Equipment	1980	0.00
Sentinel Lighting Rental Units	1985	0.00
Other Tangible Property	1990	0.00
Contributions and Grants - Credit	1995	-411,106.69
Property Under Capital Leases	2005	0.00
Electric Plant Purchased or Sold	2010	0.00
Experimental Electric Plant Unclassified	2020	0.00
Electric Plant and Equipment Leased to Others	2030	0.00
Electric Plant Held for Future Use	2040	0.00
Completed Construction Not Classified--Electric	2050	0.00
Construction Work in Progress--Electric	2055	0.00
Electric Plant Acquisition Adjustment	2060	0.00
Other Electric Plant Adjustment	2065	0.00
Other Utility Plant	2070	0.00
Non-Utility Property Owned or Under Capital Leases	2075	0.00
Accumulated Amortization of Electric Utility Plan - PP&E	2105	-1,102,488.18
Accumulated Amortization of Electric Utility Plant - Intangibles	2120	0.00
Accumulated Amortization of Electric Plant Acquisition Adjustment	2140	0.00
Accumulated Amortization of Other Utility Plant	2160	0.00
Accumulated Amortization of Non-Utility Property	2180	-145,528.77
Accounts Payable	2205	-617,457.46
Customer Credit Balances	2208	-124,358.58
Current Portion of Customer Deposits	2210	-20,691.05
Dividends Declared	2215	0.00
Miscellaneous Current and Accrued Liabilities	2220	-19,495.00
Notes and Loans Payable	2225	0.00
Accounts Payable to Associated Companies	2240	0.00
Notes Payable to Associated Companies	2242	0.00
Debt Retirement Charges( DRC) Payable	2250	-16,767.31
Transmission Charges Payable	2252	0.00
Electrical Safety Authority Fees Payable	2254	0.00
Independent Market Operator Fees and Penalties Payable	2256	0.00
Current Portion of Long Term Debt	2260	0.00
Ontario Hydro Debt - Current Portion	2262	0.00

Account Description	Account Number	Amount
Pensions and Employee Benefits - Current Portion	2264	0.00
Accrued Interest on Long Term Debt	2268	0.00
Matured Long Term Debt	2270	0.00
Matured Interest on Long Term Debt	2272	0.00
Obligations Under Capital Leases--Current	2285	0.00
Commodity Taxes	2290	0.00
Payroll Deductions / Expenses Payable	2292	0.00
Accrual for Taxes Payments in Lieu of Taxes, Etc.	2294	4,074.00
Future Income Taxes - Current	2296	0.00
Accumulated Provision for Injuries and Damages	2305	0.00
Employee Future Benefits	2306	0.00
Other Pensions - Past Service Liability	2308	0.00
Vested Sick Leave Liability	2310	0.00
Accumulated Provision for Rate Refunds	2315	0.00
Other Miscellaneous Non-Current Liabilities	2320	0.00
Obligations Under Capital Lease--Non-Current	2325	0.00
Development Charge Fund	2330	0.00
Long Term Customer Deposits	2335	-30,052.37
Collateral Funds Liability	2340	0.00
Unamortized Premium on Long Term Debt	2345	0.00
O.M.E.R.S. - Past Service Liability - Long Term Portion	2348	0.00
Future Income Tax - Non-Current	2350	0.00
Other Regulatory Liabilities	2405	0.00
Deferred Gains from Disposition of Utility Plant	2410	0.00
Unamortized Gain on Reacquired Debt	2415	0.00
Other Deferred Credits	2425	0.00
Accrued Rate-Payer Benefit	2435	0.00
Debentures Outstanding - Long Term Portion	2505	0.00
Debenture Advances	2510	0.00
Reacquired Bonds	2515	0.00
Other Long Term Debt	2520	0.00
Term Bank Loans - Long Term Portion	2525	0.00
Ontario Hydro Debt Outstanding - Long Term Portion	2530	0.00
Advances from Associated Companies	2550	0.00
Common Shares Issued	3005	0.00
Preference Shares Issued	3008	0.00
Contributed Surplus	3010	-2,862,993.70
Donations Received	3020	0.00

Account Description	Account Number	Amount
Development Charges Transferred to Equity	3022	0.00
Capital Stock Held in Treasury	3026	0.00
Miscellaneous Paid-In Capital	3030	0.00
Installments Received on Capital Stock	3035	0.00
Appropriated Retained Earnings	3040	0.00
Unappropriated Retained Earnings	3045	0.00
Balance Transferred From Income	3046	-112,267.74
Appropriations of Retained Earnings - Current Period	3047	0.00
Dividends Payable-Preference Shares	3048	0.00
Dividends Payable-Common Shares	3049	0.00
Adjustment to Retained Earnings	3055	-633,447.96
Unappropriated Undistributed Subsidiary Earnings	3065	0.00
Non-Utility Shareholders' Equity	3075	0.00
Residential Energy Sales	4006	-1,360,848.95
Commercial Energy Sales	4010	-347,619.56
Industrial Energy Sales	4015	-47,656.84
Energy Sales to Large Users	4020	0.00
Street Lighting Energy Sales	4025	-12,402.91
Sentinel Lighting Energy Sales	4030	0.00
General Energy Sales	4035	-114,738.06
Other Energy Sales to Public Authorities	4040	0.00
Energy Sales to Railroads and Railways	4045	0.00
Revenue Adjustment	4050	0.00
Energy Sales for Resale	4055	-76,047.70
Interdepartmental Energy Sales	4060	0.00
Billed WMS	4062	-157,799.29
Billed One-Time	4064	0.00
Billed NW	4066	-147,693.15
Billed CN	4068	-131,243.14
Billed - LV	4075	-32,374.57
Distribution Services Revenue	4080	-710,675.11
Retail Services Revenues	4082	-3,816.60
Service Transaction Requests (STR) Revenues	4084	-54.20
Electric Services Incidental to Energy Sales	4090	0.00
Transmission Charges Revenue	4105	0.00
Transmission Services Revenue	4110	0.00
Interdepartmental Rents	4205	0.00
Rent from Electric Property	4210	-6,423.82

Account Description	Account Number	Amount
Other Utility Operating Income	4215	0.00
Other Electric Revenues	4220	0.00
Late Payment Charges	4225	-5,764.41
Sales of Water and Water Power	4230	0.00
Miscellaneous Service Revenues	4235	-9,276.00
Provision for Rate Refunds	4240	19,705.00
Government Assistance Directly Credited to Income	4245	0.00
Regulatory Debits	4305	0.00
Regulatory Credits	4310	0.00
Revenues from Electric Plant Leased to Others	4315	0.00
Expenses of Electric Plant Leased to Others	4320	0.00
Special Purpose Charge Recovery	4324	-5,570.36
Revenues from Merchandise, Jobbing, Etc.	4325	0.00
Costs and Expenses of Merchandising, Jobbing, Etc.	4330	0.00
Profits and Losses from Financial Instrument Hedges	4335	0.00
Profits and Losses from Financial Instrument Investments	4340	0.00
Gains from Disposition of Future Use Utility Plant	4345	0.00
Losses from Disposition of Future Use Utility Plant	4350	0.00
Gain on Disposition of Utility and Other Property	4355	0.00
Loss on Disposition of Utility and Other Property	4360	0.00
Gains from Disposition of Allowances for Emission	4365	0.00
Losses from Disposition of Allowances for Emission	4370	0.00
Revenues from Non-Utility Operations	4375	-42,161.80
Expenses of Non-Utility Operations	4380	38,161.80
Non-Utility Rental Income	4385	0.00
Miscellaneous Non-Operating Income	4390	-863.38
Rate-Payer Benefit Including Interest	4395	0.00
Foreign Exchange Gains and Losses, Including Amortization	4398	0.00
Interest and Dividend Income	4405	-17,914.74
Equity in Earnings of Subsidiary Companies	4415	0.00
Operation Supervision and Engineering	4505	0.00
Fuel	4510	0.00
Steam Expense	4515	0.00
Steam From Other Sources	4520	0.00
Steam Transferred--Credit	4525	0.00
Electric Expense	4530	0.00
Water For Power	4535	0.00
Water Power Taxes	4540	0.00

Account Description	Account Number	Amount
Hydraulic Expenses	4545	0.00
Generation Expense	4550	0.00
Miscellaneous Power Generation Expenses	4555	0.00
Rents	4560	0.00
Allowances for Emissions	4565	0.00
Maintenance Supervision and Engineering	4605	0.00
Maintenance of Structures	4610	0.00
Maintenance of Boiler Plant	4615	0.00
Maintenance of Electric Plant	4620	0.00
Maintenance of Reservoirs, Dams and Waterways	4625	0.00
Maintenance of Water Wheels, Turbines and Generators	4630	0.00
Maintenance of Generating and Electric Plant	4635	0.00
Maintenance of Miscellaneous Power Generation Plant	4640	0.00
Power Purchased	4705	1,959,314.02
Charges-WMS	4708	157,799.29
Cost of Power Adjustments	4710	0.00
Charges-One-Time	4712	0.00
Charges-NW	4714	147,693.15
System Control and Load Dispatching	4715	0.00
Charges-CN	4716	131,243.14
Other Expenses	4720	0.00
Competition Transition Expense	4725	0.00
Rural Rate Assistance Expense	4730	0.00
Charges - LV	4750	32,374.57
Operation Supervision and Engineering	4805	0.00
Load Dispatching	4810	0.00
Station Buildings and Fixtures Expenses	4815	0.00
Transformer Station Equipment - Operating Labour	4820	0.00
Transformer Station Equipment - Operating Supplies and Expense	4825	0.00
Overhead Line Expenses	4830	0.00
Underground Line Expenses	4835	0.00
Transmission of Electricity by Others	4840	0.00
Miscellaneous Transmission Expense	4845	0.00
Rents	4850	0.00
Maintenance Supervision and Engineering	4905	0.00
Maintenance of Transformer Station Buildings and Fixtures	4910	0.00
Maintenance of Transformer Station Equipment	4916	0.00
Maintenance of Towers, Poles and Fixtures	4930	0.00

Account Description	Account Number	Amount
Maintenance of Overhead Conductors and Devices	4935	0.00
Maintenance of Overhead Lines - Right of Way	4940	0.00
Maintenance of Overhead Lines - Roads and Trails Repairs	4945	0.00
Maintenance of Overhead Lines - Snow Removal from Roads and Trails	4950	0.00
Maintenance of Underground Lines	4960	0.00
Maintenance of Miscellaneous Transmission Plant	4965	0.00
Operation Supervision and Engineering	5005	0.00
Load Dispatching	5010	0.00
Station Buildings and Fixtures Expense	5012	1,647.42
Transformer Station Equipment - Operation Labour	5014	0.00
Transformer Station Equipment - Operation Supplies and Expenses	5015	0.00
Distribution Station Equipment - Operation Labour	5016	0.00
Distribution Station Equipment - Operation Supplies and Expenses	5017	0.00
Overhead Distribution Lines and Feeders - Operation Labour	5020	0.00
Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	5025	0.00
Overhead Subtransmission Feeders - Operation	5030	0.00
Overhead Distribution Transformers- Operation	5035	5,812.37
Underground Distribution Lines and Feeders - Operation Labour	5040	0.00
Underground Distribution Lines and Feeders - Operation Supplies and Expenses	5045	0.00
Underground Subtransmission Feeders - Operation	5050	0.00
Underground Distribution Transformers - Operation	5055	0.00
Street Lighting and Signal System Expense	5060	0.00
Meter Expense	5065	0.00
Customer Premises - Operation Labour	5070	0.00
Customer Premises - Materials and Expenses	5075	7,767.50
Miscellaneous Distribution Expense	5085	5,599.55
Underground Distribution Lines and Feeders - Rental Paid	5090	0.00
Overhead Distribution Lines and Feeders - Rental Paid	5095	0.00
Other Rent	5096	0.00
Maintenance Supervision and Engineering	5105	0.00
Maintenance of Buildings and Fixtures - Distribution Stations	5110	8,753.54
Maintenance of Transformer Station Equipment	5112	0.00
Maintenance of Distribution Station Equipment	5114	4,310.55
Maintenance of Poles, Towers and Fixtures	5120	550.00
Maintenance of Overhead Conductors and Devices	5125	2,278.50
Maintenance of Overhead Services	5130	0.00
Overhead Distribution Lines and Feeders - Right of Way	5135	7,772.50
Maintenance of Underground Conduit	5145	487.50



<b>Account Description</b>	<b>Account Number</b>	<b>Amount</b>
Maintenance of Underground Conductors and Devices	5150	0.00
Maintenance of Underground Services	5155	0.00
Maintenance of Line Transformers	5160	12,480.75
Maintenance of Street Lighting and Signal Systems	5165	0.00
Sentinel Lights - Labour	5170	0.00
Sentinel Lights - Materials and Expenses	5172	0.00
Maintenance of Meters	5175	0.00
Customer Installations Expenses- Leased Property	5178	0.00
Water Heater Rentals - Labour	5185	0.00
Water Heater Rentals - Materials and Expenses	5186	0.00
Water Heater Controls - Labour	5190	0.00
Water Heater Controls - Materials and Expenses	5192	0.00
Maintenance of Other Installations on Customer Premises	5195	0.00
Purchase of Transmission and System Services	5205	0.00
Transmission Charges	5210	0.00
Transmission Charges Recovered	5215	0.00
Supervision	5305	0.00
Meter Reading Expense	5310	89.52
Customer Billing	5315	144,118.90
Collecting	5320	0.00
Collecting- Cash Over and Short	5325	0.00
Collection Charges	5330	2,310.00
Bad Debt Expense	5335	0.00
Miscellaneous Customer Accounts Expenses	5340	0.00
Supervision	5405	0.00
Community Relations - Sundry	5410	2,182.16
Energy Conservation	5415	0.00
Community Safety Program	5420	0.00
Miscellaneous Customer Service and Informational Expenses	5425	0.00
Supervision	5505	0.00
Demonstrating and Selling Expense	5510	0.00
Advertising Expense	5515	0.00
Miscellaneous Sales Expense	5520	0.00
Executive Salaries and Expenses	5605	19,021.56
Management Salaries and Expenses	5610	83,144.94
General Administrative Salaries and Expenses	5615	38,048.79
Office Supplies and Expenses	5620	20,992.41
Administrative Expense Transferred/Credit	5625	0.00

Account Description	Account Number	Amount
Outside Services Employed	5630	72,862.71
Property Insurance	5635	5,455.08
Injuries and Damages	5640	1,194.48
Employee Pensions and Benefits	5645	0.00
Franchise Requirements	5650	0.00
Regulatory Expenses	5655	6,229.43
General Advertising Expenses	5660	0.00
Miscellaneous General Expenses	5665	0.00
Rent	5670	12,400.00
Maintenance of General Plant	5675	0.00
Electrical Safety Authority Fees	5680	1,778.28
Special Purpose Charge Expense	5681	5,570.36
Independent Market Operator Fees and Penalties	5685	0.00
OM&A Contra	5695	0.00
Amortization Expense - Property, Plant, and Equipment	5705	124,967.50
Amortization of Limited Term Electric Plant	5710	0.00
Amortization of Intangibles and Other Electric Plant	5715	0.00
Amortization of Electric Plant Acquisition Adjustments	5720	15,835.00
Miscellaneous Amortization	5725	0.00
Amortization of Unrecovered Plant and Regulatory Study Costs	5730	0.00
Amortization of Deferred Development Costs	5735	0.00
Amortization of Deferred Charges	5740	0.00
Interest on Long Term Debt	6005	0.00
Amortization of Debt Discount and Expense	6010	0.00
Amortization of Premium on Debt/Credit	6015	0.00
Amortization of Loss on Reacquired Debt	6020	0.00
Amortization of Gain on Reacquired Debt--Credit	6025	0.00
Interest on Debt to Associated Companies	6030	0.00
Other Interest Expense	6035	518.58
Allowance for Borrowed Funds Used During Construction--Credit	6040	0.00
Allowance For Other Funds Used During Construction	6042	0.00
Interest Expense on Capital Lease Obligations	6045	0.00
Taxes Other Than Income Taxes	6105	0.00
Income Taxes	6110	20,868.00
Provision for Future Income Taxes	6115	-5,012.00
Donations	6205	2,350.00
Life Insurance	6210	0.00
Penalties	6215	0.00

<b>Account Description</b>	<b>Account Number</b>	<b>Amount</b>
Other Deductions	6225	0.00
Extraordinary Income	6305	0.00
Extraordinary Deductions	6310	0.00
Income Taxes: Extraordinary Item	6315	0.00
Discontinues Operations - Income/ Gains	6405	0.00
Discontinued Operations - Deductions/ Losses	6410	0.00
Income Taxes, Discontinued Operations	6415	0.00

Account Description	Account Number	Amount
<b>Trial Balance Summary</b>		
<b>Assets</b>		
Current Assets:		2,292,631.81
Inventory:		0.00
Non-Current Assets:		144,525.84
Other Assets and Deferred Charges:		73,468.12
Other Capital Assets:		3,170,848.35
Accumulated Amortization:		-1,248,016.95
Net Assets:		4,433,457.17
<b>Liabilities And Equity</b>		
Non-Current Liabilities:		-30,052.37
Current Liabilities:		-794,695.40
Other Liabilities Deferred Credit:		-2,862,993.70
Shareholders' Equity:		-3,608,709.40
Net Liabilities and Equity:		-7,296,450.87
<b>Revenues</b>		
Sales of Electricity:		-2,428,424.17
Revenues from Services:		-714,545.91
Other Operating Revenues:		-1,759.23
Other Income / Deductions:		-10,433.74
Investment Income:		-17,914.74
Total Revenues:		-3,173,077.79
<b>Expenses</b>		
Generation Expenses:		0.00
Other Power Supply Expenses:		2,428,424.17
Transmission Expenses:		0.00
Distribution Expenses:		57,460.18
Other Expenses:		0.00
Billing Collecting:		146,518.42
Community Relations:		2,182.16
Sales Expenses:		0.00
Administration General Expenses:		266,698.04
Amortization Expenses:		140,802.50
Interest Expenses:		518.58
Taxes:		15,856.00
Other Deductions:		2,350.00
Extraordinary Items:		0.00
Discontinued Operations:		0.00
Total Expenses:		3,060,810.05
Profit/Loss:		-112,267.74
<b>Final Total/Balancing Factor</b>		
<b>Trial balance Total Excluding accounts 1605 and 3046:</b>		<b>-2,862,993.70</b>

Report Name: E217\_Trial\_Balance, Last Version March 4, 2011

**E1.T3.S3 RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND RRR FILINGS**

A detailed reconciliation between the financial results shown in CHEI's RRR filings, Audited Financial Statements and with the regulatory financial results filed in the application is presented at the next page.

The major reconciliation is due to the fact that BDO did not take into account the half year rule in producing the financial statements. However, for reporting requirement and rate making purposes, the half year rule was correctly applied. Tables showing the reconciliation are presented at the next page.

For rate making purposes, the following changes were made.

Preliminary Survey and Investigation Charges for an additional substation in CHEI's service territory were originally included in 1820. In accordance with the Accounting Procedure Handbook ("APH"), these costs were removed and charged to 1510 instead. The APH states the following.

- 1) A. This account shall be charged with all expenditures for preliminary surveys, plans, investigations, etc., made for the purpose of determining the feasibility of utility projects under contemplation.*
- 2) If construction results, this account shall be credited and the appropriate utility plant account charged. If the work is abandoned, the charge shall be made to account 6225, Other Deductions, or to the appropriate operating expense account.*

Other differences such as, removing non-eligible donations from account 6205 simply facilitate the review of OM&A accounts and simplify the ratemaking process.

# Reconciliation to 2010 Financial Statements

12	1611	Computer Software (Formally known as Account 1925)	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Impact of applied half year rule
CEC	1612	Land Rights (Formally known as Account 1906)	\$ 69,127	\$ 14,300		\$ 83,427	-\$ 16,446	-\$ 12,613		-\$ 29,601	\$ 1,430
N/A	1805	Land	\$ -			\$ -				\$ -	
47	1808	Buildings	\$ 50,000			\$ 50,000				\$ -	
13	1810	Leasehold Improvements	\$ -			\$ -				\$ -	
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -				\$ -	
47	1820	Distribution Station Equipment <50 kV	\$ -			\$ -				\$ -	
47	1825	Storage Battery Equipment	\$ 197,522	\$ 24,966		\$ 222,488	-\$ 59,609	-\$ 7,000		-\$ 66,609	\$ 416
47	1830	Poles, Towers & Fixtures	\$ -			\$ -				\$ -	
47	1835	Overhead Conductors & Devices	\$ 480,083	\$ 62,256		\$ 542,339	-\$ 144,793	-\$ 20,448		-\$ 165,241	\$ 1,245
47	1840	Underground Conduit	\$ 541,906	\$ 856		\$ 542,762	-\$ 162,304	-\$ 21,693		-\$ 183,997	\$ 17
47	1845	Underground Conductors & Devices	\$ -			\$ -				\$ -	
47	1850	Line Transformers	\$ 952,146			\$ 952,146	-\$ 293,649	-\$ 38,086		-\$ 331,735	\$ -
47	1855	Services (Overhead & Underground)	\$ 661,053	\$ 28,328		\$ 689,381	-\$ 185,446	-\$ 27,009		-\$ 213,021	\$ 567
47	1860	Meters	\$ 161,465	\$ 12,637		\$ 174,102	-\$ 32,768	-\$ 6,711		-\$ 39,479	\$ 253
47	1860	Meters (Smart Meters)	\$ 79,072			\$ 79,072	-\$ 26,659	-\$ 3,163		-\$ 29,822	\$ -
N/A	1905	Land	\$ -			\$ -				\$ -	
47	1908	Buildings & Fixtures	\$ -			\$ -				\$ -	
13	1910	Leasehold Improvements	\$ -			\$ -				\$ -	
8	1915	Office Furniture & Equipment (10 years)	\$ -			\$ -				\$ -	
8	1915	Office Furniture & Equipment (5 years)	\$ 31,696	\$ 3,013		\$ 34,709	-\$ 14,609	-\$ 3,320		-\$ 17,929	\$ 151
10	1920	Computer Equipment - Hardware	\$ -			\$ -				\$ -	
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 16,392	\$ 3,080		\$ 19,472	-\$ 13,940	-\$ 1,466		-\$ 15,406	\$ 308
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -				\$ -	
10	1930	Transportation Equipment	\$ -			\$ -				\$ -	
8	1935	Stores Equipment	\$ -			\$ -				\$ -	
8	1940	Tools, Shop & Garage Equipment	\$ 4,320			\$ 4,320	-\$ 2,290	-\$ 432		-\$ 2,722	\$ -
8	1945	Measurement & Testing Equipment	\$ -			\$ -				\$ -	
8	1950	Power Operated Equipment	\$ 4,281			\$ 4,281	-\$ 3,266	-\$ 383		-\$ 3,649	\$ -
8	1955	Communications Equipment	\$ -			\$ -				\$ -	
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -				\$ -	
8	1960	Miscellaneous Equipment	\$ -			\$ -				\$ -	
47	1975	Load Management Controls Utility Premises	\$ -			\$ -				\$ -	
47	1980	System Supervisor Equipment	\$ -			\$ -				\$ -	
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -				\$ -	
47	1995	Contributions & Grants	\$ -			\$ -				\$ -	
			-\$ 532,166	\$ 11,423		-\$ 543,589	\$ 110,739	\$ 21,515		\$ 132,254	-\$ 228
						\$ -				\$ -	
			#####	#####	\$ -	#####	-\$ 845,040	#####	\$ -	-\$ 966,959	\$ 4,158

Amortissement selon EF de 2010 (124,968)  
Différence \$ 4,158  
Différence expliquée par half year rule \$ 4,158  
Différence non expliquée \$ 0

# Reconciliation to 2011 Financial Statements

12	1611	Computer Software (Formally known as Account 1925)	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Impact of applied half year rule
CEC	1612	Land Rights (Formally known as Account 1906)	\$ 83,427	\$ 1,500		\$ 84,927	-\$ 29,059	-\$ 13,707		\$ 42,765	\$ 150
N/A	1805	Land	\$ -			\$ -	\$ -			\$ -	
47	1808	Buildings	\$ 50,000			\$ 50,000	\$ -			\$ -	
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	
47	1820	Distribution Station Equipment <50 kV	\$ -			\$ -	\$ -			\$ -	
47	1825	Storage Battery Equipment	\$ 222,488			\$ 222,488	-\$ 66,609	-\$ 7,416		\$ 74,025	\$ -
47	1830	Poles, Towers & Fixtures	\$ -			\$ -	\$ -			\$ -	
47	1835	Overhead Conductors & Devices	\$ 542,339	\$ 18,097		\$ 560,436	-\$ 165,241	-\$ 22,056		\$ 187,297	\$ 362
47	1840	Underground Conduit	\$ 542,762	\$ 4,224		\$ 546,986	-\$ 183,997	-\$ 21,795		\$ 205,792	\$ 84
47	1845	Underground Conductors & Devices	\$ -			\$ -	\$ -			\$ -	
47	1850	Line Transformers	\$ 952,146			\$ 952,146	-\$ 331,735	-\$ 38,086		\$ 369,821	\$ -
47	1855	Services (Overhead & Underground)	\$ 689,381	\$ 21,554		\$ 710,935	-\$ 212,455	-\$ 28,006		\$ 240,892	\$ 431
47	1860	Meters	\$ 174,102	\$ 4,036		\$ 178,138	-\$ 39,479	-\$ 7,045		\$ 46,524	\$ 81
47	1860	Meters (Smart Meters)	\$ 79,072			\$ 79,072	-\$ 29,822	-\$ 3,163		\$ 32,985	\$ -
N/A	1905	Land	\$ -			\$ -	\$ -			\$ -	
47	1908	Buildings & Fixtures	\$ -			\$ -	\$ -			\$ -	
13	1910	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	
8	1915	Office Furniture & Equipment (10 years)	\$ -			\$ -	\$ -			\$ -	
8	1915	Office Furniture & Equipment (5 years)	\$ 34,709	\$ 14,694		\$ 49,403	-\$ 17,929	-\$ 3,856		\$ 21,835	\$ 735
10	1920	Computer Equipment - Hardware	\$ -			\$ -	\$ -			\$ -	
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 19,472	\$ 2,319		\$ 21,791	-\$ 15,406	-\$ 1,703		\$ 17,109	\$ 232
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	
10	1930	Transportation Equipment	\$ -			\$ -	\$ -			\$ -	
8	1935	Stores Equipment	\$ -			\$ -	\$ -			\$ -	
8	1940	Tools, Shop & Garage Equipment	\$ 4,320			\$ 4,320	-\$ 2,722	-\$ 432		\$ 3,154	\$ -
8	1945	Measurement & Testing Equipment	\$ -			\$ -	\$ -			\$ -	
8	1950	Power Operated Equipment	\$ 4,281			\$ 4,281	-\$ 3,649	-\$ 158		\$ 3,807	\$ -
8	1955	Communications Equipment	\$ -			\$ -	\$ -			\$ -	
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	
8	1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	
47	1980	System Supervisor Equipment	\$ -			\$ -	\$ -			\$ -	
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	
47	1995	Contributions & Grants	\$ -			\$ -	\$ -			\$ -	
			-\$ 543,589	-\$ 7,774		-\$ 551,363	\$ 132,254	\$ 21,899		\$ 154,153	-\$ 155
			\$ -			\$ -	\$ -			\$ -	
		#####	\$58,650	\$ -	#####	-\$ 965,850	#####	\$ -	-\$ 1,091,854		\$ 1,919

Amortissement selon EF de 2011 (127,443)  
Différence \$ 1,920  
Différence expliquée par half year rule \$ 1,919  
Différence non expliquée \$ 0



# Reconciliation to 2012 Financial Statements

12	1611	Computer Software (Formally known as Account 1925)	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	Impact of applied half year rule
CEC	1612	Land Rights (Formally known as Account 1906)	\$ 84,927			\$ 84,927	-\$ 42,765	-\$ 13,857		-\$ 56,622	\$ -
N/A	1805	Land	\$ -			\$ -	\$ -			\$ -	
47	1808	Buildings	\$ 50,000			\$ 50,000	\$ -			\$ -	
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	
47	1820	Distribution Station Equipment <50 kV	\$ -			\$ -	\$ -			\$ -	
47	1825	Storage Battery Equipment	\$ 222,488			\$ 222,488	-\$ 74,025	-\$ 7,416		-\$ 81,442	\$ -
47	1830	Poles, Towers & Fixtures	\$ -			\$ -	\$ -			\$ -	
47	1835	Overhead Conductors & Devices	\$ 560,436	\$ 3,098		\$ 563,534	-\$ 187,297	-\$ 22,479		-\$ 209,776	\$ 62
47	1840	Underground Conduit	\$ 546,986			\$ 546,986	-\$ 205,792	-\$ 21,879		-\$ 227,672	\$ -
47	1845	Underground Conductors & Devices	\$ -			\$ -	\$ -			\$ -	
47	1850	Line Transformers	\$ 952,146	\$ 5,841		\$ 957,987	-\$ 369,821	-\$ 38,203		-\$ 408,023	\$ 117
47	1855	Services (Overhead & Underground)	\$ 710,935	\$36,088		\$ 747,023	-\$ 240,461	-\$ 29,159		-\$ 269,620	\$ 722
47	1860	Meters	\$ 178,138	\$ 5,074		\$ 183,212	-\$ 46,524	-\$ 7,227		-\$ 53,751	\$ 101
47	1860	Meters (Smart Meters)	\$ 79,072			\$ 79,072	-\$ 32,985	-\$ 3,163		-\$ 36,148	\$ -
N/A	1905	Land	\$ -			\$ -	\$ -			\$ -	
47	1908	Buildings & Fixtures	\$ -			\$ -	\$ -			\$ -	
13	1910	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	
8	1915	Office Furniture & Equipment (10 years)	\$ -			\$ -	\$ -			\$ -	
8	1915	Office Furniture & Equipment (5 years)	\$ 49,403			\$ 49,403	-\$ 21,785	-\$ 4,625		-\$ 26,410	\$ -
10	1920	Computer Equipment - Hardware	\$ -			\$ -	\$ -			\$ -	
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 21,791	\$ 2,746		\$ 24,537	-\$ 17,109	-\$ 1,793		-\$ 18,903	\$ 275
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	
10	1930	Transportation Equipment	\$ -			\$ -	\$ -			\$ -	
8	1935	Stores Equipment	\$ -			\$ -	\$ -			\$ -	
8	1940	Tools, Shop & Garage Equipment	\$ 4,320			\$ 4,320	-\$ 3,154	-\$ 432		-\$ 3,586	\$ -
8	1945	Measurement & Testing Equipment	\$ -			\$ -	\$ -			\$ -	
8	1950	Power Operated Equipment	\$ 4,281			\$ 4,281	-\$ 3,807	-\$ 158		-\$ 3,965	\$ -
8	1955	Communications Equipment	\$ -			\$ -	\$ -			\$ -	
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	
8	1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	
47	1980	System Supervisor Equipment	\$ -			\$ -	\$ -			\$ -	
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	
47	1995	Contributions & Grants	\$ -			\$ -	\$ -			\$ -	
			-\$ 551,363	\$ 1,600		-\$ 552,963	\$ 154,153	\$ 22,087		\$ 176,240	-\$ 32
			\$ -			\$ -	\$ -			\$ -	
			#####	\$58,650	\$ -	#####	-\$ 965,850	#####	\$ -	-\$ 1,091,854	\$ 1,245

Amortissement selon EF de 2012 (129,550)  
Différence \$ 1,245  
Différence expliquée par half year rule \$ 1,245  
Différence non expliquée \$ 0

File Number: EB-20130122

Exhibit: 1

Tab: 3

Schedule: 3

Page:

Date:

## Reconciliation to RRR and Application

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		2.1.7 RRR FILINGS		
		CGAAP		
OEB	Description	2012 Actual	2011 Actual	2010 Actual
1050-Current Assets	Subtotal	\$ 2,775,675	\$ 2,561,986	\$ 2,292,632
1100-Inventory	Subtotal	\$ -	\$ -	\$ -
1150-Non-Current Assets	Subtotal	\$ 16,557	\$ 40,699	\$ 144,526
1200-Other Assets and Deferred Charges	Subtotal	\$ 189,362	\$ 76,330	\$ 73,468
1450-Distribution Plant	1820-Distribution Station Equipment - Normally Primary below 50 kV	\$ 222,488	1 \$ 222,488	2 \$ 222,518
1550-Other Capital Assets	1995-Contributions and Grants - Credit	-\$ 552,963	4 -\$ 551,363	5 -\$ 543,589
1550-Other Capital Assets	Subtotal	\$ 3,358,877	\$ 3,072,287	\$ 3,013,635
1600-Accumulated Amortization	Subtotal	-\$ 1,562,381	-\$ 1,410,712	-\$ 1,248,017
1700-Non-Current Liabilities	Subtotal	-\$ 16,583	-\$ 15,163	-\$ 30,052
1850-Shareholders' Equity	Subtotal	\$ 3,905,193	\$ 3,733,676	\$ 3,608,709
3000-Sales of Electricity	Subtotal	\$ 2,764,923	\$ 2,625,292	\$ 2,428,424
3050-Revenues From Services - Distribution	Subtotal	-\$ 872,913	-\$ 772,541	-\$ 714,546
3100-Other Operating Revenues	Subtotal	\$ 28,720	\$ 4,679	\$ 1,759
3150-Other Income & Deductions	Subtotal	\$ 1,537	\$ 33,483	\$ 10,434
3200-Investment Income	Subtotal	\$ 28,961	-\$ 24,969	-\$ 17,915
3350-Power Supply Expenses	Subtotal	\$ 2,764,923	\$ 2,625,292	\$ 2,428,424
3550-Distribution Expenses - Maintenance	Subtotal	\$ 64,927	\$ 60,284	\$ 57,460
3650-Billing and Collecting	Subtotal	\$ 135,426	\$ 163,139	\$ 146,429
3700-Community Relations	Subtotal	\$ 6,710	\$ 1,316	\$ 2,182
3800-Administrative and General Expenses	Subtotal	\$ 315,534	\$ 311,599	\$ 266,698
3850-Amortization Expense	Subtotal	\$ 129,550	\$ 140,641	\$ 140,803
3900-Interest Expense	Subtotal	\$ 953	\$ 1,923	\$ 519
4000-Income Taxes	Subtotal	\$ 40,691	\$ 23,202	\$ 15,856
4100-Unusual & Other Items	6205-Donations, Sub-account LEAP Funding	\$ 2,000	7 \$ 2,000	8 \$ 2,000
4100-Unusual & Other Items	Subtotal	\$ 3,724	\$ 4,548	\$ 2,000
	Total	-\$ 177,273	-\$ 340,647	-\$ 269,921

Note 1: Impact of removal of the feasibility study for a substation in 2010. RRR show 281,275 instead of 222,488

Note 1: Impact of removal of the feasibility study for a substation in 2011. RRR show \$279,577 instead of 222,488

Note 3: This adjustment was to remove the cost of a feasibility study for a substation that had been originally incurred in account 1820. RRR show \$247,217 instead of \$222,518

Note 4: Impact of accounting error in 2010: RRR show -376,307 instead of -552,963

Note 5: Impact of accounting error in 2010. RRR show -396,826 instead of -551,363

Note 6: Accounting error in 2010. RRR show -411,106 instead of -543,589

Note 7: non eligible donations were removed to facilitate populating OM&A sheets

Note 8: non eligible donations were removed to facilitate populating OM&A sheets

Note 9: non eligible donations were removed to facilitate populating OM&A sheets

**E1.T3.S4      PRO-FORMAS**

Pro-Formas for both the 2013 Bridge Year and 2014 Test Year are not available at the time of the application. The utility depends on BDO to compile pro-formas for the bridge and test year and CHEI felt that the additional costs of approximately \$2,000 the utility would incur was not justified at this time. CHEI respectfully requests exemption from this requirement.

**E1.T3.S5      PROSPECTUS AND RECENT DEBT/SHARE ISSUANCE UPDATE**

This Applicant does not issue any type of prospectus, debt/share issuance update.

## **Tab 4 – Materiality Threshold**

### **E1.T4.S1      UTILITY MATERIALITY THRESHOLD**

CHEI has determined the materiality threshold in accordance with the Filing Requirements. These state that for a utility with a distribution revenue requirement less than or equal to \$10 million, the materiality threshold is set at \$50,000. CHEI has used this value for both operating variances and capital projects.