Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1

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APPLICATION

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- a) The Applicant is Cambridge and North Dumfries Hydro Inc. (referred to in this Application as the "Applicant" or "CND"). The applicant is a corporation incorporated pursuant to the *Ontario Business Corporations* Act with its head office in the City of Cambridge. The Applicant carries on the business of distributing electricity within the City of Cambridge and Township of North Dumfries.
 b) The Applicant hereby applies to the Ontario Energy Board (the "OEB") pursuant to Section 78 of the Optario Energy Board (act 1998 (the "OEB")
 - b) The Applicant hereby applies to the Ontario Energy Board (the "OEB") pursuant to Section 78 of the *Ontario Energy Board Act*, 1998 (the "OEB Act") for approval of its proposed distribution rates and other charges, effective May 1, 2014. A list of requested approvals is set out in Exhibit 1, Tab 3, Schedule 1.
 - c) Except where specifically identified in the Application, the Applicant followed Chapter 2 of the OEB's Filing Requirements for Electricity Distribution Rate Applications dated July 17, 2013 (the "Filing Requirements") in preparing the Application.
 - d) The Applicant has prepared a Consolidated Distribution System Plan ("DSP") in accordance with Chapter 5 of the OEB's Filing Requirements for Electricity Transmission and Distribution Applications.
 - e) The Applicant acknowledges that the OEB will publish an update to the Return on Equity and Short Term Debt Rate and that these matters will affect the Revenue Requirement that the Applicant has requested in this Application.

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LIST OF SPECIFIC APPROVALS REQUESTED

In this proceeding, CND is requesting the following approvals:

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- 1. Approval to charge distribution rates effective May 1, 2014 to recover a service revenue requirement of \$29,265,424 which includes a revenue deficiency of \$3,772,502 as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.
- Approval to adjust the Retail Transmission Rates Network and Connection as
 detailed in Exhibit 8.
 - 3. Approval of the proposed loss factors as detailed in Exhibit 8.
 - 4. Approval to continue to use the Specific Service Charges, Transformer Allowance and Primary Metering Allowance for transformer losses most recently approved as part of CND's Tariff of Rates and Charges approved by the Board in EB-2012-0111 and initially approved in CND's last Cost of Service Application for 2010 distribution rates (EB-2009-0260).
 - 5. Approval of the rate riders for disposition of the Group 1 and Group 2 and Other Deferral and Variance Accounts as detailed in Exhibit 9. Included in the Deferral and Variance Accounts to be approved are accounts that are either new accounts or specifically directed by the OEB to be established by CND. Such accounts are as follows with details provided in Exhibit 9:
 - i) Account 1555 Stranded meter (new account)
- 21 ii) Account 1568 LRAMVA Variance account (new account)
- 22 iii) Account 1576 IFRS/CGAAP transitional Property, Plant and Equipment ("PP&E") account (OEB directed account)
- 24 iv) Account 2425 Other Deferred Credits, Sub-account: Over recovery of Capital Expenditures (OEB directed account)

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1 Account 1592 PILS and Tax Variance, "Sub-account HST/OVAT v) 2 Input Tax Credits" (OEB directed account)

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EXECUTIVE SUMMARY

Overview:

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- 3 CND is a municipally owned electricity distribution company that proudly provides electricity
- 4 distribution and related services to approximately 52,000 residential, commercial, industrial
- 5 and institutional customers within the City of Cambridge and the Township of North
- 6 Dumfries. CND is incorporated under the Ontario Business Corporations Act and is 100%
- 7 owned by Cambridge and North Dumfries Energy Plus Inc. ("Energy Plus"). Energy Plus is
- 8 a holding company that is owned 92.1% by The Corporation of the City of Cambridge ("City
- 9 of Cambridge") and 7.9% by The Corporation of the Township of North Dumfries
- 10 ("Township of North Dumfries").
- 11 CND's service area is 306 square kilometers and utilizes over 413 circuit kilometers of
- 12 underground cable and 711 circuit kilometers of overhead conductor. The primary supply
- voltages are 27.6 kV and 8.32 kV which are stepped down through approximately 7,025
- 14 LDC owned distribution transformers. CND owns and maintains approximately 51,200
- 15 Smart Meters for the purpose of measuring consumption of electricity for billing purposes.
- 16 Meters vary in type by customer and include meters capable of measuring kWh
- 17 consumption, kW and kVA demand as well as hourly interval data.
- 18 CND's main objective with respect to managing its distribution system assets continues to
- 19 be to optimize performance of its assets at a reasonable cost with due regard for system
- 20 reliability, public and employee safety, and customer service requirements.
- 21 In 2012, under the leadership of a new President and CEO, CND undertook a review and
- 22 revitalization of its corporate Vision, Mission, and Core Values and developed a five-year
- 23 Strategic Plan (Exhibit 1, Appendix 1-6A). Input and collaboration from all levels of internal
- 24 stakeholders, the Board of Directors, as well as feedback, suggestions and stated
- 25 preferences identified through interactions with the company's valued customers, were key
- 26 elements to this process.

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1 CND's Vision is about continuous improvement

- 2 and striving for excellence. It aligns with outcomes
- 3 based performance that strives for operational
- 4 effectiveness and strong financial performance in order
- 5 to be achieved.

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- 7 CND's Mission is customer-focused. It speaks to
- 8 creativity and the delivery of solutions and value-added
- 9 services in alignment with customers, stakeholders and
- 10 communities' needs and wants.

Our Vision

Be the energy company most admired for its innovative people, reliable service and outstanding performance.

Our Mission

A team dedicated to providing ideas, solutions and value-added services that benefit our customers, stakeholders and communities.

- 12 CND's Strategic Plan incorporates the following Strategic Imperatives that are used to
- 13 guide CND's business conduct and decision making process:
- 14 People: Develop and support our dedicated, talented team who embrace best practices,
- 15 innovative solutions and new technologies to deliver present and future energy
- 16 needs of our communities.
- 17 Safety: Always pursue excellence in safety and wellness.
- 18 Customers: Anticipate and exceed customer expectations regarding efficiency and reliable
- 19 delivery of electricity.
- 20 Environmental Stewardship: Respect the environment in everything we do.
- 21 <u>Community</u>: Demonstrate our dedication to the well-being of our communities.
- 22 Value: Invest in quality energy infrastructure while delivering optimal financial returns to
- 23 shareholders.
- 24 CND's Strategic Imperatives align very closely with the Board's Renewed Regulatory
- 25 Framework and the achievement of performance outcomes (Report of the Board dated

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- 1 October 18, 2012 Renewed Regulatory Framework for Electricity Distributors: A
- 2 Performance Based Approach ("RRFE Report")).
- Customer Focus: Services are provided in a manner that responds to identified
 customer preferences.
- 5 CND's Strategic Imperatives "Customer", "Community", and "Value" are focused on CND's customers.
- Operational Effectiveness: Continuous improvement in productivity and cost
 performance is achieved; and utilities deliver on system reliability and quality
 objectives.
 - CND's Strategic Imperatives "People" and "Value" are focused on best practices, innovative solutions, and delivering optimal financial returns.
- Public Policy Responsiveness: Utilities deliver on obligations mandated by
 government.
 - While CND's Strategic Imperatives do not directly address this objective, CND has, and will continue to, demonstrate its commitment and capabilities in delivering government mandated programs, including the implementation of Smart Meters, Time of Use Rates, the delivery of conservation and demand management programs to achieve mandated targets, Low Income Energy Assistance Program, and the connection of renewable generation.
- 4. Financial Performance: Financial viability is maintained; and savings from operational effectiveness are sustainable.
 - CND's Strategic Imperative "Value" is focused on achieving optimal financial returns.
- CND's Strategic Imperative "People" embraces best practices and innovative
 solutions.

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1 One of the key inputs to CND's Strategic Planning process was a corporate risk

- 2 assessment developed by the Leadership Team and reviewed by the Board of Directors in
- 3 the fall of 2012. CND specifically identified three areas of risk with respect to information
- 4 systems technology: (i) inadequate resources; (ii) lack of integrated IT Systems; and (iii)
- 5 low capacity for innovation. To ensure that CND is well positioned to demonstrate
- 6 performance with respect to operational effectiveness, CND invested in additional IT
- 7 resources and developed an IT Strategy and related tactical plans (Appendix 1-6B) to
- 8 ensure that IT activities are aligned to CND's strategy and business requirements and that
- 9 CND is leveraging new and existing information systems technology through integration to
- 10 achieve productivity improvements.
- 12 The corporate risk assessment also revealed that CND's Engineering Department and
- 13 Control Room were inadequately staffed to handle the requirements of the five year capital
- 14 investment plan.

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- 16 Under the Renewed Regulatory Framework, CND recognizes that it will be expected to
- 17 demonstrate continuous improvement in its understanding of the needs and expectations of
- 18 its customers and the delivery of services and that its performance will be measured
- 19 against expected performance outcomes.
- 20 The measuring, monitoring, and reporting of key performance metrics is already
- 21 incorporated into the day to day activities of CND, and is an integral part of the corporate
- 22 governance at CND. On a quarterly basis, CND prepares a corporate Balanced Scorecard
- 23 and Key Performance Indicator ("KPI") Report, which is reviewed by the Board of Directors.
- 24 CND's Balanced Scorecard incorporates the following measurements:
- 1. Net income target based upon the annual budget approved by the Board of Directors.
- 2. System Reliability Measures including SAIFI, SAIDI, and CAIDI based on a rolling five year average compared to the 5 year provincial large utility average (MEARIE).

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- 1 3. OEB Service Quality Indicators for: (i) Connection of New Services within 5
- 2 business days; (ii) Appointments met within 4 hours of the day promised; (iii)
- 3 Customer Access call answered within 30 seconds; and (iv) Locate Service
- 4 Performance locates completed in 5 business days.
- 4. Health and Safety (People) measures including safety inspections and
 implementation of new wellness programs.
- 7 The quarterly KPI Report contains various measures and information including:
- Consumption/Load information including Peak Demand, kWh purchased, kWh
 delivered
- Reliability Measures, as noted for the Balanced Scorecard, as well as Customer
 Hours Lost and Outage Reasons, with prior year comparatives and 12 month rolling
- 12 average
- Customer Data
- Billing Accuracy %
- Telephone Statistics, including total calls answered within 30 seconds, average call
 duration, and % of calls abandoned
- Website Statistics
- Health and Safety Measures including personal injury accidents, lost time injury
 data, property damage, motor vehicle accidents, attendance
- CDM Achievements compared to Targets, including total spending compared to budget.
- 22 To facilitate performance monitoring and distributor benchmarking, the Board also stated in
- the RRFE Report that it will use a scorecard approach to link directly to the performance
- 24 outcomes.

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- 1 On July 4, 2013, Board staff issued a "Staff Report to the Board on Performance
- 2 Measurement and Continuous Improvement for Electricity Distributors" ("Board Staff
- 3 Report"), to advise the Board on the performance-related matters identified in the RRFE
- 4 Report. The Board Staff report also included a proposed Scorecard for Electricity
- 5 Distributors.
- 6 While CND recognizes that the proposed Scorecard is subject to further stakeholder
- 7 comments, and ultimately Board approval, CND has prepared the Scorecard in an effort to
- 8 demonstrate, as part of this Application, its performance over the past five years based on
- 9 the proposed measures.
- Table 1-1 provides a draft Scorecard for CND for the years 2009 through 2012, based on
- 11 the Board Staff proposed Scorecard.

Table 1-1 CND Scorecard based on Board Staff Recommended Scorecard

Performance Outcomes	Performance Categories	Measures	2012	2011	ı	2010	2009	2008	Trend	Industry Target	
		Connection of New Continue (DCC o7	Low Voltage	99.20%	99.	40%	98.51%	99.22%	95.50%	1	90.00%
		Connection of New Services (DCS s7	N/A	N/A		N/A	N/A	N/A	N/A	90.00%	
	Service Quality	Appointments Scheduled (DSC s7.3)	100.00%	100.	00%	100.00%	100.00%	N/A	⇒	90.00%	
	-	Appointments Met ((DSCs7.4)		98.70%	99.	93%	99.87%	100.00%	100.00%	1	90.00%
Customer Focus		Telephone Acessability (DSC s7.6)		88.10%	66.	22%	74.27%	77.45%	84.90%	1	65.00%
	0 1	1st Contact Resolution				To	o be develope	ed	•	N/A	
	Customer	Billing Accuracy				To	be develope	ed		N/A	
	Satisfaction	Customer Survey Results		Α	B+		N/A	91%	N/A	1	
	Safety	Public Safety Measure				T	o be develope			N/A	
		SAIDI Index - Loss of Supply (RRR s2	1.4.2.2)	1.07	,	0.74	0.97		0.70	1	
	System Reliability	SAIFI Index - Loss of Supply (RRR s2	1.49		1.41	0.85	0.98	1.08	•		
	-,,	Customer-Specific Reliability Measure					o be develope				
	Asset Management	System Plan Execution measure					o be develope				
	Wanagement		Adjustment to Costs for High Voltage Service Adjustment to Costs	\$ -	\$	-	\$ -	\$ -	\$ -	NA	
Operational	Overall Cost Performance		for Low Voltage Service Efficiency Assessment (Cohort Ranking)		\$ 190,486 \$ 100,490 \$ 82,781 \$ 43,184 \$ 39,698 To be determined					1	
Effectiveness		Total Cost Benchmarking	Econometric Benchmarking (Cost performance significantly superior, average, or significantly inferior) Unit cost/peer group benchmarking (Quintile Ranking)	To be determined To be determined							
			Customer	\$ 241.20	\$ 208	3.64	\$ 188.26	\$ 197.44	\$ 184.20	1	
		OM&A Cost per	kWh Delivered	\$ 241.20			\$ 0.01	\$ 0.01	\$ 0.01	⇒	
		Olvida Cost per	Circuit Km of Line	\$11.155.19			\$ 8,623.36	\$ 8,969.83	\$ 8,165.90		
			Customer	\$ 1,848.38			\$ 1.638.00	\$ 1.669.00		-	
		Net Fixed Assets per	kWh Delivered	\$ 0.07			\$ 0.06	\$ 0.06	\$ 0.05	-	
		INELT IXEU ASSELS PET	Circuit Km of Line	\$85,484,13			\$75,031.44			+	
			Circuit Kill of Line	4.1MW	2.45M		\$75,031.44	\$75,640.55	\$ 74,059.49		-
	Government	2014 Net Annual Peak Demand Savin	gs Target (MW)	(20-25%)	(15-20					1	
	Policy Directive			75.6 GWh	51.34G						
	on CDM	2011-2014 Net Cumulative Energy Sa		(>100%)	(> 60%					1	
Public Policy Responsivenes		Number of Offers to Connect Micro-G [<=10kW] (DSC s6.2)	eneration Facilities	71		79	23	0	0	1	
S	Connection of	Number of CIA Completed for Other R	tenewable Generation	6	6	9	8	0	0	•	
	Renewable	% of CIA Completed for Renewable G	eneration Facilities > 10								
	Generation	kW within the applicable timeline pres Regulation 326/09 made under the Ele	100%	1	00%	88%	100%	100%	1		
		MicroFit Connection measure			Ren	uisite	RRR to be d	eveloped	•	N/A	90%
		Liquidity: Current Ratio		3.00		2.06	2.39	2.13	2.62	1	3070
		Leverage: Total Debt to Equity Ratio		0.59		0.62	0.66	0.66	0.65	<u></u>	
Financial Performance	Financial Ratios	Profitablility: Regulatory Return on	Annual Cost of Capital ROE Parameter	9.12%		66%	9.85%	8.01%	8.57%		
. chomance		Equity Regulatory Return on	Achieved	9.78%	9.	57%				1	

Note: (1) 2012 OM&A Cost per Customer excludes \$1.3MM of historical Smart Meter Costs, which were transferred from the Deferral/Variance Account in 2012. OM&A Cost per Customer as per 2012 OEB Yearbook was \$266.21



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1 Based upon the results of the performance measurements identified above, CND would

2 highlight the following:

- CND continues to demonstrate strong customer focus and has outstanding
 achievements in service quality and customer satisfaction. In 2012, CND received
 an overall Customer Satisfaction rating of A, based on a survey of its residential
 customers, which exceeded the Ontario average of B+ (Appendix 1-1A). In 2013,
 based on a survey of CND's large institutional customers, overall satisfaction was
 rated 7.9 out of 10. CND continues to strive for customer service excellence.
- CND acknowledges that reliability has deteriorated in terms of both SAIDI and SAIFI
 between 2009 and 2012. CND will continue to rebuild areas of its distribution
 system to replace end of life assets and reduce the outages caused by equipment
 failure. CND will also make investments in information systems technology to
 improve communication and outage response times to its customers.
 - CND's cost structure has increased over the five year period. As explained further in this Application, there has been considerable change in the electricity distribution sector since CND's last rebasing in 2010 including: (i) the implementation of Smart Meters; (ii) Time of Use pricing; (iii) mandated Conservation and Demand Management programs; (iv) requirements under the Green Energy Act Plan ("GEA") with respect to renewable generation; and (v) the implementation of revised depreciation and capitalization policies for regulatory accounting purposes. CND's OM&A expenses have increased as a result of these changes, as well as: (iv) rising wages and benefits; (vii) incremental staff to support these initiatives; and (viii) advanced hiring to address succession planning as a result of an ageing workforce, which is common across the electricity industry.
 - CND's commitment to conservation and demand management initiatives has
 resulted in CND meeting its Net Cumulative Energy Savings Target by the end of
 2012. Efforts will continue to be focused on meeting the Annual Peak Demand
 Target by the end of 2014.

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- CND's financial performance demonstrates a strong balance sheet and a commitment to delivering returns to its shareholders.
- 3 In addition to the performance measures incorporated into CND's corporate Scorecard and
- 4 KPIs, CND also reviews its performance in the context of customer rates and comparisons
- 5 with its neighbouring utilities.

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- 6 Table 1-2 provides a comparison of CND's distribution rates compared to 2013 rates for
- 7 neighbouring local distribution companies ("LDCs") for both residential customers, with
- 8 monthly consumption of 800 kWh, and General Service customers, with monthly
- 9 consumption of 2,000 kWh. Table 1-2 includes CND's existing 2013 rates, as well as the
- 10 proposed rates for 2014 based on this Application.

Table 1-2 Distribution Rate Comparative with Neighbouring LDCs

Residential at 800 kWh											
	CN	D 2014		CND							
2013 Distribution Rates	Pro	posed	C	Current		Kitchener		aterloo	G	uelph	
Service Charge	\$	13.32	\$	10.09	\$	9.76	\$	14.79	\$	14.10	
Distribution Variable	\$	12.96	\$	13.04	\$	13.84	\$	14.96	\$	13.76	
Total Fixed and Variable	\$	26.28	\$	23.13	\$	23.60	\$	29.75	\$	27.86	

GS<50kW at 2,000 kV

	CN	CND 2014		CND						
2013 Distribution Rates		posed	C	urrent	Kit	chener	W	aterloo	G	uelph
Service Charge	\$	18.48	\$	11.92	\$	25.71	\$	31.11	\$	15.16
Distribution Variable	\$	25.80	\$	25.40	\$	24.80	\$	27.80	\$	25.40
Total Fixed and Variable	\$	44.28	\$	37.32	\$	50.51	\$	58.91	\$	40.56

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- Note: Kwh's consumption excludes the loss factors.
- 14 Based on the data in Table 1-2, CND's existing rates are below the rates of the
- 15 neighbouring LDCs. While CND is proposing increased distribution rates in this Application,
- the proposed rates continue to be comparable to neighbouring LDCs.

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- 1 Table 1-3 provides a comparison CND's 2012 Distribution Revenue Per Customer
- 2 compared to neighbouring LDCs based on information published in the OEB's 2012
- 3 Yearbook of Electricity Distributors. CND Proposed 2014 Distribution Revenue per
- 4 Customer is computed based on the 2014 Test Year data incorporated within the
- 5 Application.

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Table 1-3 Distribution Revenue per Customer per Year

	Distribution Revenue Per Customer Per Year												
Description	CNI	D Proposed 2014	CN	D Current			itchener Wilmot	_	Vaterloo rth Hydro Inc.		Guelph Hydro Electric stems Inc.	A	verage
Residential	\$	293	\$	253		\$	309	\$	341	\$	299	\$	316
GS < 50 kW	\$	641	\$	557		\$	771	\$	861	\$	747	\$	793
GS>50kW, Large User & Sub Transmission	\$	12,225	\$	11,475		\$	12,084	\$	13,882	\$	13,819	\$	13,262
USL	\$	126	\$	146		\$	187	\$	274	\$	11	\$	157
From OEB 2012 Ye	rom OEB 2012 Yearbook of Electricity Distributors published August 22, 2013												

- 8 Based on the data provided in Table 1-3, CND's 2013 Actual and 2014 proposed
- 9 Distribution Revenue Per Customer is below the average of the neighbouring LDCs.
- 10 In preparing this Application, CND has carefully considered the requirements for increased
- expenditures, in both its operating and capital programs, in the context of meeting its Vision
- 12 "Be the energy company most admired for its innovative people, reliable service and
- 13 outstanding performance", and demonstrating the commitment to both customers and
- 14 shareholders in providing value.
- 15 The following provides a summary of the key elements of CND's Application.

Revenue Requirement (Exhibit 6):

- 2 CND's requested Service Revenue Requirement for the 2014 Test Year is \$29,265,424
- 3 which provides for the recovery of the following:
- Operations, Maintenance, and Administration Expenses;
- Property Taxes;

- Depreciation/Amortization Expense;
- Payments in Lieu of Income Taxes; and
- Return on Rate Base (Debt Interest Expense + Return on Equity)
- 9 The Service Revenue Requirement represents an increase of \$4,573,948 or 19% over the
- 10 2010 Board Approved amount of \$24,691,476.
- 11 Based on the projected load forecast and customer growth for the 2014 Test Year, as
- 12 provided for in this Application, CND has estimated a revenue deficiency of \$3,772,502
- 13 based on its current rates. The computation of the revenue deficiency is as shown in
- 14 Exhibit 6, Tab 1, Schedule 2.
- 15 The principle drivers of the revenue deficiency, as outlined in Exhibit 6, Tab 1, Schedule 2
- 16 are:
- Increases in Operations, Maintenance and Administration expense of approximately
- 18 \$4.5MM, excluding the impact of changes to CND's capitalization polices;
- Incremental return on rate base of \$1.5MM as a result of the increase in rate base
- 20 since CND's last Cost of Service Application in 2010 of approximately \$23MM,
- 21 excluding the impacts of the changes to CND's capitalization policies and change in
- estimated useful lives of property, plant and equipment ("PP&E");
- Offset by a reduction to the revenue requirement of \$1.4MM, representing the
- impacts of the changes to CND's capitalization policies and changes in estimates in

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the useful lives of PP&E. Included in the \$1.4MM reduction is an overall reduction
in depreciation expense of approximately \$3.0MM, partially offset by an increase in
OM&A expenditures attributable to costs that are no longer eligible to be capitalized.

 Reduction to forecasted PILs of \$1.0MM due to adjustments to taxable income due to differences in amortization recorded for accounting purposes and allowable Capital Cost Allowance ("CCA") rates for tax purposes.

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Budgeting Assumptions:

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- 2 CND compiles budget information for the three major components of the budgeting
- 3 process: revenue forecasts, operating, maintenance and administrative expenses, and
- 4 capital expenditures. This budget information has been compiled for both the 2013 Bridge
- 5 Year and the 2014 Test Year.

Revenue Forecast:

- 7 CND's 2014 Test Year distribution revenue was forecast using the load forecast model
- 8 provided in Exhibit 3 multiplied by the proposed rates for the 2014 Test Year. The load
- 9 forecast is weather normalized and considers such factors as historical load, weather,
- 10 economic data and the impacts of CDM plans.
- 11 The load forecast information was also used to compute the energy sales and
- throughput volume based on the energy pass-through charges described in Exhibit 3.
- 13 Based on the load forecast methodology, the 2014 Test Year kWh forecast is
- 14 1,511,025,839 or a 1% increase over the 2010 Board Approved kWh forecast of
- 15 1,492,380,174.
- The forecast of customers by rate class was determined using a geometric mean
- 17 analysis. Based upon the geometric mean analysis, the expected number of
- customers/connections for the 2014 Test Year is 67,115, or a 5% increase over the
- 19 2010 Board Approved customers/connections of 63,777.

Operating Maintenance and Administration ("OM&A") Expense Forecast:

- 21 The OM&A expenses for the 2013 Bridge Year and the 2014 Test Year have been
- 22 developed based on departmental work plans. Departmental budgets are developed
- 23 using a "zero-based" approach, which requires each functional area to identify
- 24 resources, including labour, materials and other third party costs that are required to
- 25 meet departmental requirements, corporate objectives, and regulatory requirements.
- 26 Key assumptions with respect to OM&A expenditures include:

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i. CND's collective bargaining agreement with the International Brotherhood of 2 Electrical Workers ("IBEW") expires March 31, 2014. Negotiations are 3 ongoing to ensure a fair and equitable settlement for all parties. Other 4 collective agreements that surround CND have been settled in the range of 2.50% to 2.75%. CND has assumed an increase of 2.75% effective April 1. 2014;

- ii. Management wages are assumed to move along the existing salary grid, effective January 1, 2014, reflecting an assumed increase of 2.75%. Actual wage increases will be determined in accordance with the Compensation Philosophy outlined in Exhibit 4;
- iii. The allocation of labour and related costs, specifically in the operations and maintenance areas, are based on estimates of planned and unplanned maintenance activities. Estimates for unplanned maintenance and repairs are influenced to some extent by prior years' experience.
- Exhibit 4 provides further details on the 2014 Test Year OM&A expenses.

Capital Budget:

CND has developed a Consolidated Distribution System Plan ("DSP") in accordance with Chapter 5 of the Ontario Energy Board's Filing Requirements for Electricity Distribution Applications, Consolidated Distribution System Plan Filing Requirements dated March 28, 2013 ("Chapter 5"). CND's Distribution System Plan is designed to present CND's fully integrated approach to capital expenditure planning. This includes comprehensive documentation of its asset management process that supports its future 5 year capital expenditure plan while detailing the history of its past 5 years' activities. CND's DSP builds on the Asset Management Strategy that formed part of CND's 2010 Cost of Service Rate Rebasing Application (EB-2009-0260) and will continue to evolve over time.

CND's DSP is provided in Exhibit 2, Appendix 2-8A.

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Load Forecast Summary (Exhibit 3):

- 2 CND's weather normalized load forecast was developed in a three-step process:
- 3 1. Development of a total system weather normalized purchased energy forecast 4 based on a multifactor regression model that incorporates historical load, weather, 5 days in the month, spring/fall flag (i.e. seasonality), number of peak hours, employment, unemployment, and CDM activities. 6 With a regression analysis, 7 historical purchases can be related to other monthly explanatory variables such as 8 heating degree days and cooling degree days which occur in the same month. The 9 results of the regression analysis produce an equation that predicts the purchases 10 based on the explanatory variables.
- 2. The weather normalized purchased energy forecast is adjusted by a historical loss factor to produce a weather normalized billed energy forecast. The forecast of billed energy by rate class is developed based on a forecast of customer numbers and historical usage patterns per customer.
- For the rate classes that have weather sensitive load, their forecasted billed energy is adjusted to ensure that the total billed energy forecast by rate class is equivalent to the total weather normalized billed energy forecast that has been determined from the regression model.
- 3. The forecast of customers by rate class is determined using a geometric mean analysis.
- 21 The load forecast and methodology is detailed in Exhibit 3.
- 22 Based on the load forecast methodology, the 2014 Test Year kWh forecast is
- 23 1,511,025,839 or a 1% increase over the 2010 Board Approved kWh forecast of
- 24 1,492,380,174. Table 1-4 summarizes the load forecast by customer class for the 2014
- 25 Test Year, compared to the 2010 Board Approved.
- 26 CND's limited load growth is a factor of the slow pace of recovery from the economic
- 27 downturn experienced in 2008, in particular in the commercial customer classes, as well as

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- 1 the impact of conservation and demand management ("CDM") initiatives, including third
- 2 tranche CDM and the OPA sponsored programs for 2011-2014 as part of CND's condition
- 3 of license.

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Table 1-4 Summary of Load Forecast kWh Growth

Rate Class	2010 Board Approved kWh	2014 Load Forecast kWh	% Change
Residential	389,793,819	395,264,057	1%
GS < 50 kW	168,223,630	153,517,084	-9%
GS 50-999 kW	494,496,789	431,657,534	-13%
GS 1,000-4,999 kW	215,965,446	221,335,611	2%
Large User	159,305,102	254,414,468	60%
Street Lighting	9,470,257	9,649,328	2%
USL	1,855,931	1,756,889	-5%
Embedded Distributor - HONI	53,269,200	43,430,869	-18%
Total	1,492,380,174	1,511,025,839	1%

6 Based upon the geometric mean analysis, the expected number of customers/connections

for the 2014 Test Year is 67,115, or a 5% increase over the 2010 Board Approved

customers/connections of 63,777. Table 1-5 summarizes the customers/connections by

rate class for the 2014 Test Year, compared to the 2010 Board Approved.

Table 1-5 Summary of Customer Growth

Rate Class	2010 Board Approved Customers/ Connections	2014 Load Forecast Customers/ Connections	Customer/ Connection Change	% Change
Residential	45,218	48,091	2,873	6%
GS < 50 kW	4,582	4,740	158	3%
GS 50-999 kW	724	773	49	7%
GS 1,000-4,999 kW	25	27	2	10%
Large User	2	3	1	50%
Street Lighting	12,717	12,997	280	2%
USL	507	482	(25)	-5%
Embedded Distributor	2	2	-	0%
Total	63,777	67,115	3,338	5%

1 Rate Base and Capital Plan (Exhibit 2):

- 2 CND's has calculated its 2014 rate base as \$132,458,506, an increase of \$27,350,111 or
- 3 26% over the 2010 Board Approved rate base of \$105,108,395. This increase in rate base
- 4 of \$27,350,111 is attributable to an increase in the average net book value of capital assets
- of \$23,507,711 and an increase in the working capital allowance of \$3,842,399.
- 6 Table 1-6 provides a Summary of Rate Base for the period 2010 through 2014 Test Year.

Table 1-6 Summary of Rate Base

		1				
Description	2010 Board Approved	2010 Actual	2011 Actual	2012 Actual	2013 Bridge	2014 Test
Gross Fixed Assets	180,874,536	167,445,584	175,521,591	188,843,456	204,926,209	222,575,592
Accumulated Depreciation	91,540,330	84,779,401	90,948,463	96,586,887	100,768,156	105,758,033
Net Book Value	89,334,206	82,666,183	84,573,128	92,256,569	104,158,053	116,817,559
Average Net Book Value	86,980,095	83,193,749	83,619,656	88,414,849	98,207,311	110,487,806
Working Capital	120,855,337	131,154,242	142,330,403	180,318,097	167,708,861	169,005,383
Working Capital Rate %	15%	15%	15%	15%	15%	13%
Working Capital Allowance	18,128,301	19,673,136	21,349,560	27,047,715	25,156,329	21,970,700
Rate Base	105,108,395	102,866,885	104,969,216	115,462,563	123,363,640	132,458,506

9 CND's Gross Fixed Assets have increased by \$41,701,056 over the 2010 Board Approved

10 to 2014 Test Year, from \$180,874,536 at December 31, 2010 to \$222,575,592 at

11 December 31, 2014.

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12 CND has developed a Consolidated Distribution System Plan ("DSP") in accordance with

13 Chapter 5 of the Ontario Energy Board's Filing Requirements for Electricity Distribution

14 Applications, Consolidated Distribution System Plan Filing Requirements dated March 28,

15 2013 ("Chapter 5"). The DSP incorporates matters pertaining to asset management,

renewable energy generation, and regional planning. The DSP has been prepared by AESI

17 on behalf of CND. The Consolidated DSP is filed as a standalone document in Exhibit 2,

18 Appendix 2-8A.

19 CND's Distribution System Plan is designed to present CND's fully integrated approach to

20 capital expenditure planning. This includes comprehensive documentation of its asset

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1 management process that supports its future 5 year capital expenditure plan while detailing

the history of its past 5 years' activities. It recognizes CND's responsibilities to provide its

3 customers with reliable service that is acknowledged as excellent value for money, by

ensuring that its asset management activities maintain a focus on customers, operational

5 effectiveness, public policy responsiveness and financial performance.

6 CND's DSP builds on the Asset Management Strategy that formed part of CND's 2010 Cost

7 of Service Rate Rebasing Application (EB-2009-0260) and will continue to evolve over time.

8 CND's main objective with respect to managing its distribution system assets continues to

9 be to optimize performance of the assets at a reasonable cost with due regard for system

10 reliability, public and worker safety, and customer service requirements.

11 CND's capital expenditures, including work in progress, are projected to be \$16.1MM in the

12 2013 Bridge Year and \$17.6MM in the 2014 Test Year. This compares to historical levels

of between \$8MM - \$10MM, excluding Smart Meters, in 2009 through 2012. 2010 Board

14 Approved capital expenditures were \$11.4MM.

15 Distribution system asset investments, net of capital contributions, are projected to be \$13.2

16 MM for the 2013 Bridge Year and \$13.8MM in the 2014 Test Year. The principle drivers of

17 the increase in Distribution System asset investments are System Renewal and System

18 Access investments, as illustrated in Chart 1-1.

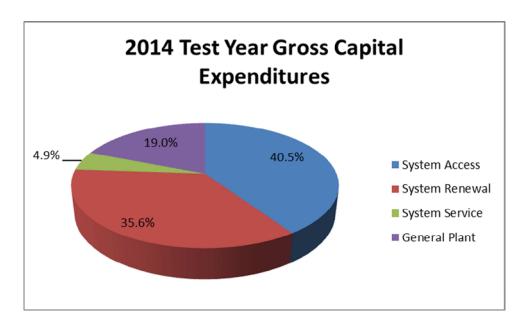
19 General plant investments are projected to be \$2.9MM for the 2013 Bridge Year and

20 \$3.8MM in the 2014 Test Year.

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Chart 1-1 2014 Test Year Gross Capital Expenditures by Investment Category



System Renewal Investments

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- CND has entered into a phase of renewal capital growth. 37% of the total gross investments over the period 2009 through 2013 were with respect to renewal capital projects; with an additional 35.6% in the 2014 Test Year. Significant System Renewal capital projects for the 2014 Test Year include:
 - Rebuild of approximately \$2.7MM in underground distribution system plant, of which
 the majority of the projects involve direct buried cable installed in the 1970's, and
 have a mixture of mini-pad and submersible transformers. CND has been
 experiencing an increasing number of failures in the areas identified for rebuild.
 - Replacement of various overhead distribution system plant, principally as a result of ageing poles and related infrastructure that was initially installed to 8.32kV design standards. The existing poles have reached their end of useful life and CND has been experiencing increased power interruptions in the areas identified for replacement. Two of the rebuild projects planned for 2014, Greenfield Road and Shellard Road, represent an investment of approximately \$2.9MM.

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System Access Investments

- 2 System Access projects are driven by various external parties including current and future
- 3 customers, developers, regional and municipal governments, and road authorities.
- 4 Approximately 28.8% of the total gross investments over the period 2009 through 2013
- 5 were with respect to System Access capital projects; with an additional 40.5% in the 2014
- 6 Test Year.

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7 Significant System Access capital projects for the 2014 Test Year include:

- Relocation of overhead triple circuit and double circuit 27.6kV lines to accommodate new roundabouts on Franklin Boulevard in Cambridge. The Region of Waterloo plans to install eleven roundabouts at road intersections on Franklin Boulevard over a two year period (2014 and 2015). The gross investment is approximately \$6MM over two years, with \$2.8MM estimated in 2014.
- Rebuild of an existing single circuit 27.6kV line to a double circuit 27.6kV line, which
 is required to connect a new residential subdivision. There is currently insufficient
 capacity on the present feeder to accommodate the new growth. This rebuild will
 also address a reliability issues with an existing feeder. This project represents a
 gross investment of approximately \$0.9MM.
 - Various other projects including servicing residential and industrial subdivisions, and other relocations attributable to road projects, represent the balance of the System Access capital expenditure investments.

General Plant Investments

- The principle driver of the increase in General Plant is to continue to enhance the information systems technology infrastructure at CND. In 2014, CND will invest
- 24 approximately \$2.1MM in information systems technology investments required to meet
- 25 customer expectations, improve operating efficiencies, and to mitigate risks associated with
- 26 disaster recovery and business continuity planning.

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1 Incorporated within the IT Strategy, and the IT tactical plans are the following information

- 2 system technology investments required in 2014:
- Business Continuity Planning (BCP) / Disaster Recovery Planning (DRP)
- Distribution Management System (DMS)
- Outage Management System (OMS)
- Interactive Voice Response (IVR) solution
- Storage Area Network Upgrade
- Electronic Document Management (EDM)
- 9 The DMS, OMS and IVR capital investments are interrelated projects. These three
- 10 solutions are the key requirements for the delivery of an Outage Management solution for
- 11 CND that will ensure that CND is meeting customer expectations. Details with respect to
- these investments are provided in the DSP (Exhibit 2, Appendix 2-8A).

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1 Operations, Maintenance and Administration Expense (Exhibit 4):

- 2 CND is proposing recovery through distribution rates of \$15,803,311 in Operating,
- 3 Maintenance and Administration ("OM&A") costs for the proposed 2014 Test Year.
- 4 OM&A expenditures in the 2014 Test Year of \$15,803,311, represents an increase of
- 5 \$5,771,203 or 58% over the 2010 Board Approved OM&A expenditures of \$10,032,108.
- 6 Approximately \$1,288,174 of the increase is due to the impact of the change in accounting
- 7 policies with respect to CND's capitalization policies. OM&A expenditures in the 2014 Test
- 8 Year represent an increase of \$2,127,001 or 15% over the 2012 Actual OM&A expenditures
- 9 of \$13,676,310.
- 10 The proposed OM&A expenditures for the 2014 Test Year have been derived through a
- detailed budgeting and business planning process, which is aligned to CND's strategic plan
- and incorporates an evaluation of enterprise risk.
- 13 There has been considerable change in the electricity distribution sector since CND's last
- rebasing in 2010 including: (i) the implementation of Smart Meters; (ii) Time of Use pricing;
- 15 (iii) mandated Conservation and Demand Management programs; (iv) requirements under
- 16 the Green Energy Act Plan ("GEA") with respect to renewable generation; and (v) the
- 17 implementation of revised depreciation and capitalization policies for regulatory accounting
- 18 purposes. These government mandated requirements, which fall under "Public Policy
- 19 Responsiveness" as part of the RRFE, have translated into incremental OM&A
- 20 expenditures for CND since its last rebasing.
- 21 In addition to increased OM&A expenditures as a result of government mandated
- 22 requirements, CDN has also experienced increased OM&A expenditures attributable to: (i)
- 23 salaries and wages which are trending upwards and have increased by approximately 3.0%
- 24 per year; (ii) increase in the employee complement to support the government mandated
- 25 requirements, succession planning, regulatory compliance, and capacity constraints in
- 26 certain key departments; (iii) increased benefit costs for the current and planned employee
- 27 complement, and in particular significant increases in OMERS pension costs; and (iv)
- 28 increase in information system technology costs.

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- 1 Table 1-7 provides a high level summary of the significant increases in OM&A expenditures
- 2 from the 2010 Actuals to the 2014 Test Year.

Table 1-7 Summary of OM&A Increases – 2010 Actuals vs. 2014 Test Year

	\$MMs
Compensation	
Collective bargaining/Merit increases	8.0
Organizational capacity (New Hires)	1.1
Benefits (OMERS, Health Benefits, etc.)	0.7
	2.6
Changes in Accounting Estimates	1.3
Incremental TOU and Smart Meters	0.4
Regulatory Costs	0.3
Information System Technology	0.3
Effect of loss of Water Billing Contract	0.6
Building Maintenance/Incremental Space	0.2
Other/Inflation	0.5
	6.2
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- 5 Detailed explanations of the material cost drivers are provided at Exhibit 4, Tab 2, Schedule
- 6 1.

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- 7 CND's total compensation, including salaries, wages and benefits for the 2014 Test Year is
- 8 projected to be \$12,248,589, compared to the 2010 Board Approved \$9,780,129. This
- 9 represents an increase of \$2,468,460 or 25%. As summarized in Table 1-7, compensation
- 10 is a principle driver of the increase in CND's OM&A expenditures, and is attributable to
- 11 annual wage increases of approximately 3% per year, new hires, and increased benefit
- 12 costs, particularly with respect to OMERS contributions.
- 13 As explained in Exhibit 4, Tab 2, Schedule 1, CND has added 28 new full-time positions
- since 2010. Significant drivers for the increase in the number of positions include:
- Increased regulatory requirements including: Smart Meters; Time of Use Pricing;
- 16 Renewable Energy (FIT and MicroFit); and changes to the distribution system code
- 17 and regulations with respect to credit and collections. These regulatory

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requirements have impacted the staffing levels in Customer Care, Communications,
Billing, Metering, Engineering, and Information Systems Technology;

- The delivery of Conservation and Demand Management programs to meet the
 targets mandated by the Minister of Energy and set by the OEB as a condition of
 CND's license;
- Workforce strategy and planning to replace an ageing workforce and ensure
 appropriate succession planning, particularly in the skilled trades;
- Growth in CND's capital program requires additional staff in engineering, including
 design technicians;
 - Implementation of a 24 hours/7 days a week System Control room to meet the demands of our customers, ensure continued reliability of the electricity distribution system, as well as provide for succession planning for System Control Operators; and
 - Increased demands in the area of information systems technology in light of the significant technological changes in the electricity sector, as well as the maintenance and enhancements of CND's core operating systems, including its Customer Information System ("CIS"), Enterprise Resource Planning ("ERP") Solution, Geospatial Information System ("GIS"), SCADA, and planned Outage Management System ("OMS") implementation in 2014.

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Cost of Capital (Exhibit 5):

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- 2 CND is requesting the deemed capital structure as provided by the Cost of Capital Report
- 3 comprising: 56% long-term debt, 4% short-term debt, and 40% equity. Such structure is
- 4 unchanged from CND's current approved structure with respect to its 2010 Cost of Service
- 5 Application (EB-2009-0260) and is consistent with the Board's Cost of Capital methodology.
- 6 Based on CND's requested capital structure and the rate base for the 2014 Test Year, the
- 7 aggregate Deemed Debt requested is \$79,475,103 and comprises Short-term Debt
- 8 component of \$5,298,340 and Long-term Debt of \$74,176,763. The amount of Deemed
- 9 Equity requested is \$52,983,402.
- 10 Table 1-8 details CND's proposed deemed capital structure for 2014:

Table 1-8 2014 Deemed Capital Structure

Particulars	Capitaliz	Capitalization Ratio		Return
	Initial A	Initial Application		
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$74,176,763	4.96%	\$3,682,618
Short-term Debt	4.00%	\$5,298,340	2.07%	\$109,676
Total Debt	60.00%	\$79,475,103	4.77%	\$3,792,294
Equity				
Common Equity	40.00%	\$52,983,402	8.98%	\$4,757,910
Preferred Shares	0.00%	\$ -	0.00%	\$ -
Total Equity	40.00%	\$52,983,402	8.98%	\$4,757,910
Total	100.00%	\$132,458,506	6.46%	\$8,550,203

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CND is requesting a weighted average rate of 4.77% on Total Debt for the 2014 Test Year. The weighted average rate of 4.96% on the long-term debt is computed based on CND's existing interest rates of approximately 4.99% on its long-term debt of \$38,019,708, as well as an effective rate of 4.12%, based on the Board's Cost of Capital Parameters for 2013 Cost of Service Applications, on deemed debt in excess of the actual long-term debt obligations of CND. CND is requesting a short-term debt rate of 2.07% in accordance with

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1 the Cost of Capital Parameters for 2013 Cost of Service Applications. CND's use of the

effective rates based on the 2013 Cost of Capital Parameters is without prejudice to any

3 revised long-term or short-term rates that may be adopted by the Board in early 2014.

4 CND is requesting a return on equity ("ROE") for the 2014 Test year of 8.98%, in

5 accordance with the Cost of Capital Parameter Updates for 2013 Cost of Service

6 Application issued by the OEB on February 14, 2013. CND understands that the Board will

provide future updates to the Cost of Capital parameters applicable to 2014 Cost of Service

Applications. CND's use of an ROE of 8.98% is without prejudice to any revised ROE that

9 may be adopted by the Board in early 2014.

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Cost Allocation and Rate Design (Exhibits 7 and 8):

- 2 CND has prepared the its Cost Allocation Study based on the Board's revised Cost
- 3 Allocation Model issued on August 2, 2013 to be used by 2014 Cost of Service filers.
- 4 In accordance with the Report of the Board "Review of Electricity Distribution Cost
- 5 Allocation Policy, dated March 31, 2011", whereby the Board stated that "default weighting
- 6 factors should now be utilized only in exceptional circumstances, CND has developed and
- 7 utilized its own weighting factors for the purposes of preparing the Cost Allocation Model.
- 8 The 2014 Cost Allocation Study has resulted in a change in the cost allocations by rate
- 9 class. The use of CND's weighted factors, as opposed to the Board's default factors,
- 10 combined with the allocation of costs related to Smart Meters has resulted in changes in
- 11 CND's cost allocation by rate class.
- 12 Table 1-9 compares the allocated costs by rate class from the CND's 2010 Cost Allocation
- 13 Study with the 2014 Test Year Cost Allocation Study.

14 Table 1-9 Allocated Costs – 2014 Test Year Model Compared to Original Model

Classes		sts Allocated om Previous Study	%	osts Allocated in Test Year Study (Column 7A)	%
Residential	\$	12,509,029	50.66%	\$ 15,301,924	52.29%
GS < 50 kW	\$	2,699,019	10.93%	\$ 2,937,715	10.04%
GS 50-999 kW	\$	5,343,143	21.64%	\$ 5,580,766	19.07%
GS 1,000-4,999 kW	\$	1,656,468	6.71%	\$ 1,889,378	6.46%
Large User, if applicable	\$	1,016,551	4.12%	\$ 1,700,072	5.81%
Street Lighting	\$	916,646	3.71%	\$ 1,332,812	4.55%
Unmetered Scattered Load (USL)	\$	83,714	0.34%	\$ 52,992	0.18%
Embedded distributors- Waterloo	\$	326,836	1.32%	\$ 328,761	1.12%
Embedded distributors- HONI	\$	140,072	0.57%	\$ 141,003	0.48%
Total	\$	24,691,478	100.00%	\$ 29,265,424	100.00%

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- 1 Table 1-10 provides the revenue-to-cost ratios from CND's approved 2013 Rate Application
- 2 (EB-2012-0111), CND's proposed ratios for the 2014 Test Year, as well as the Board's
- 3 approved ranges.

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Table 1-10 Revenue to Cost Ratios

Class	Previously Approved Ratios	Cost Allocation Study Ratios	Proposed Ratios	Policy Range	
Ciass	Most Recent Year:	(7C + 7E) / (7A)	(7D + 7E) / (7A)	1 oney Kange	
	2013	2013			
	%	%	%	%	
Residential	100.9	98.6	97.9	85 - 115	
GS < 50 kW	114.2	107.7	107.7	80 - 120	
GS 50-999 kW	114.2	114.4	114.4	80 - 120	
GS 1,000-4,999 kW	97.3	106.1	106.1	80 - 120	
Large User, if applicable	70.5	96.2	96.2	85 - 115	
Street Lighting	41.4	60.7	70.0	70 - 120	
Unmetered Scattered Load (USL)	91.9	152.1	120.0	80 - 120	
Embedded distributors- Waterloo	22.6	23.4	21.6		
Embedded distributors- HONI	22.6	22.0	20.3		

- 6 It is CND's long-term objective to allocate its distribution costs in such a manner that
- 7 ultimately achieves revenue to cost ratios approaching 100% for each rate class. Such
- 8 objective ensures that costs are allocated fairly to each customer class based on its
- 9 respective class utilization of the distribution system.
- 10 For purposes of the 2014 Test Year, CND has used the 2014 Cost Allocation ratios derived
- 11 from the 2014 Cost Allocation Study, with the exception of Street Lighting, Unmetered
- 12 Scattered Load, and the Embedded Distributors.
- 13 CND notes that for its Residential, General Service, and Large User classes, the revenue to
- 14 cost ratios are within the applicable target ranges defined by the Board in the Review of
- 15 Electricity Distribution Cost Allocation Policy (EB-2010-0219).
- 16 The Street Lighting and USL rate classes were not within the Board's applicable target
- 17 ranges and, as a result, adjustments were made to bring all rate classes within the allowed
- 18 ranges of the revenue-to-cost ratios.
- 19 In accordance with the Board's Decision and Order (EB-2010-0068), CND has aligned the
- 20 Street Lighting proposed ratio to the bottom of its respective target range of 70%.

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1 The Unmetered Scattered Load ratio has been proposed at 120%, which is the maximum of

2 the Board's target range.

3 CND is a host distributor to each of Waterloo North Hydro ("Waterloo North") and Hydro

4 One Networks ("Hydro One") and has an existing Embedded Distributor Service

5 Classification that was determined in 2007 (EB-2007-900) in consultation with both

6 embedded distributors. Consistent with how such rates had been determined in the past,

7 CND applied an approved direct allocation methodology to determine its estimated 2014

8 costs related to embedded distributors.

9 CND has not deviated from the Board's 2014 Cost Allocation Model. Further details with

respect to the 2014 Cost Allocation Model are provided in Exhibit 7.

11 CND has calculated its proposed distribution rates by rate class based on the proposed

12 Rate Design model in Exhibit 8. Table 1-11 sets out CND's proposed 2014 electricity

13 distribution rates based on (i) the cost allocation methodology and proposed revenue-to-

cost ratios, (ii) the proposed fixed-variable ratios; and (iii) the proposed transformer

15 allowance.

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Table 1-11 Proposed 2014 Electricity Distribution Rates

Rate Class		Month	ate	Variable Rate				
Nate Class	С	ustomer	Co	onnection		kWh		kW
Residential	\$	13.32			\$	0.0162		
GS < 50 kW	\$	18.48			\$	0.0129		
GS >50	\$	126.44					\$	4.2429
GS >1000 to 4999 kW	\$	1,050.20					\$	3.6231
Large Users	\$	8,998.17					\$	2.4988
Street Lighting			\$	2.75			\$	17.5126
USL			\$	6.39	\$	0.0136		
Embedded Dist Waterloo	\$	-					\$	1.0356
Embedded Dist HONI	\$	-					\$	0.9699
Transformer Discount							\$	(0.60)

- 3 CND has based customer fixed and variable rates upon its Base Revenue Requirement of
- 4 \$27,966,045.

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- 5 Table 1-12 summarizes the proposed fixed vs. variable rate split for each customer class.
- 6 With the exception of the Residential and GS<50 kW customer classes, CND is proposing
- 7 to retain the existing fixed vs. variable rate split.

Table 1-12 Proposed 2014 Fixed/Variable Rate Split

Rate Class	Fixed Revenue %	Variable Revenue %
Residential	55%	45%
GS < 50 kW	35%	65%
GS >50	19%	81%
GS >1000 to 4999 kW	18%	82%
Large Users	20%	80%
Street Lighting	49%	51%
USL	61%	39%
Embedded Dist Waterloo	0%	100%
Embedded Dist HONI	0%	100%

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10 CND proposes to adjust the fixed and variable revenue split for its Residential and General

Service < 50 kW rate class by increasing the current fixed charge to the midpoint of CND's

current 2013 fixed service charge and the ceiling fixed price, as determined by the 2014

13 Cost Allocation Study.

- Filed: October 1, 2013
- 1 CND submits that it is appropriate and reasonable to increase the fixed charge for these 2 rate classes for the following reasons:
 - Reduces the risk of a revenue shortfall attributable to weather sensitive rate classes;
- The costs of providing distribution services, for the most part, are fixed, regardless
 of the level of consumption; and
 - CND's fixed/variable ratios are low compared to neighbouring LDCs as documented in Table 8-5 in Exhibit 8.
- 8 Table 1-13 summarizes the proposed fixed service charges for the 2014 Test Year in
- 9 comparison to the 2013 Board Approved rates and the Ceiling Fixed Charges computed
- 10 from the 2014 Cost Allocation Study.

Table 1-13 Proposed 2014 Fixed Service Charge

Rate Class	f	013 Rates rom OEB Approved Tariff		Cha	ling Fixed arges from Cost Ilocation Study
Residential	\$	10.09	\$ 13.32	\$	16.55
GS < 50 kW	\$	11.92	\$ 18.48	\$	25.03

- 13 In preparing this Application, CND has considered the impacts on its customers, with a goal
- of minimizing those impacts. CND has applied the cost allocation methodology and rate
- design methodologies in accordance with the Board's methodologies.
- 16 Based upon the customer bill impacts, as summarized below under Bill Impacts, CND is not
- 17 proposing rate mitigation.

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Deferral and Variance Accounts (Exhibit 9):

- 2 CND is seeking a rate order from the Board to clear the balances accumulated in its Group
- 3 1 accounts from January 1, 2012 to December 31, 2012. Carrying charges on the Group 1
- 4 accounts have been calculated from January 1, 2012 to April 30, 2014. The accumulated
- 5 balances represent a net liability or disposition of \$4,837,131, comprised of the following
- 6 Group 1 account balances:

<u>Account</u>	<u>Amount</u>
LV Variance Account	82,597
RSVA - Wholesale Market Service Charge	(1,876,573)
RSVA - Retail Transmission Network Charge	134,181
RSVA - Retail Transmission Connection Charge	240,823
RSVA - Power	(738,875)
RSVA - Global Adjustment	(2,864,021)
Disposition of Recovery/Refund of Regulatory Balances 2010	180,963
Disposition of Recovery/Refund of Regulatory Balances 2011	3,774
	(4,837,131)

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- The disposition of the RSVA Global Adjustment Account and RSVA Power Account have been allocated between the RPP and non-RPP customers based on their respective consumptions.
- 12 CND is also seeking a rate order from the Board to clear the balances accumulated in its
- 13 Group 2 accounts since its 2010 Cost of Service Application. Carrying charges on the
- 14 Group 2 and other accounts have been calculated to April 30, 2014. The accumulated
- 15 balances represent a net liability or disposition of \$572,067, comprised of the following
- 16 accounts:

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<u>Account</u>	<u>Amount</u>
Group 2:	
1508 - OEB Cost Assessments	41,723
1508 - Deferred IFRS Transition Costs	17,361
1508 - Financial Assistance and Recovery	(16,823)
Retail Cost Variance Account	43,833
Smart Grid Capital Deferral Account	35,886
Smart Grid OM&A Deferral Account	12,504
Retail Cost Variance Account - STR	1,369
Other	404,160
	540,013
Other:	
HST/OVAT Input Tax Credits	(215,789)
LRAM Variance Account	108,262
Stranded Meters	2,446,645
Accounting Changes under CGAAP	(3,451,198)
	(1,112,080)
	(572,067)

- 2 CND is requesting the disposition of all deferral and variance accounts over a period of one
- 3 year, effective May 1, 2014.
- 4 CND is not requesting any new deferral or variance accounts as part of this Application.

1 Bill Impacts (Exhibit 8):

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- 2 Table 1-14 summarizes the customer bill impacts by customer rate class, for typical
- 3 consumers based upon the proposed distribution rates, load forecast, and disposition of
- 4 deferral and variance accounts provided for in this Application.

Table 1-14 Summary of Total Monthly Bill Impacts

Customer Class	Consumption	Distribution Impact Total Bill Impac				npact	
		\$ %			\$	%	
Residential	800 kWh	\$	0.92	3.63%	\$	2.20	1.90%
GS < 50 kW	2,000 kWh	\$	(4.13)	-8.53%	\$	1.45	0.53%
GS 50 - 999 kW	60 kW	\$	50.66	15.34%	\$	(161.49)	-5.98%
GS 1000 - 4999 kW	1,000 kW	\$	555.95	13.50%	\$	(4,163.54)	-9.82%
Large Users	25,000 kW	\$9	9,635.58	15.58%	\$((113,891.03)	-7.91%
USL (1 connection)	150 kWh	\$	(0.91)	-9.71%	\$	(2.16)	-8.27%
Street Lighting (1 connection)	1 kW	\$	5.21	34.60%	\$	2.00	5.83%

- 7 Incorporated in the overall monthly bill impact is the effect of the following major components
- 8 of the electricity bill:
- Distribution rates (monthly service charge and volumetric rates);
- Disposition of deferral and variance accounts:
- Revised Retail Transmission rates;
- Wholesale Market Service rates; and
- Loss Factors

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CUSTOMER ENGAGEMENT

2 Overview:

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- 3 The Renewed Regulatory Framework for Electricity Distributors contemplates enhanced
- 4 engagement between distributors and their customers, to better align a distributor's
- 5 operational plans with its customers' needs and expectations.
- 6 CND's Vision is about continuous improvement
- 7 and striving for excellence. It aligns with outcomes
- 8 based performance that strives for operational
- 9 effectiveness and strong financial performance in order
- 10 to be achieved.
- 11 CND's Mission is customer-focused. It speaks to
- 12 creativity and the delivery of solutions and value-added
- 13 services in alignment with customers, stakeholders and
- 14 communities' needs and wants.

Our Vision

Be the energy company most admired for its innovative people, reliable service and outstanding performance.

Our Mission

A team dedicated to providing ideas, solutions and value-added services that benefit our customers, stakeholders and communities.

- 15 Customer Engagement is built into the fabric of CND's corporate strategy and culture. CND
- 16 has developed strategies, tools, tactical plans, and has implemented formal policies and
- 17 procedures designed to: (i) facilitate customer engagement; (ii) increase interaction with
- 18 customers; and (iii) obtain feedback with respect to customer satisfaction levels, needs, and
- 19 preferences.
- 20 The following is an overview of the various Customer Engagement initiatives undertaken by
- 21 CND.

22 Customer Engagement: Surveys, Feedback and Suggestions:

- 23 In 2006, CND introduced a corporate procedure that outlines a formal process that actively
- 24 seeks feedback from customers, the methods used to gather customer feedback, and how
- 25 the organization will respond to the information obtained from customers. The procedure
- 26 has evolved over the years, in response to both customer needs and regulatory changes.

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Tab 5 Schedule 1

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1 One of CND's Core Values is to be Customer Focused: dedicated to providing excellent

- 2 service and solutions to our customers, both anticipating and responding to their needs.
- 3 CND recognizes that success in achieving its Vision, Mission and Core Value is dependent
- 4 on communication with customers through active engagement, active listening and
- 5 ultimately aligning processes, procedures, technologies and value-added services with
- 6 customer's stated preferences.
- 7 In order to anticipate and exceed customer expectations, CND recognizes the need to
- 8 evaluate customer satisfaction and feedback on an ongoing basis. The Customer
- 9 Engagement: Surveys, Feedback and Suggestions procedure is a structured Customer
- 10 Survey Program that helps CND identify areas for improvement. It also demonstrates to
- 11 customers that CND is proactive and actively seeking ways to improve the service they
- 12 deliver, based on customer feedback and preferences.
- 13 CND obtains customer feedback using various methods, including: (i) engaging the
- 14 services of an external third party research organization; (ii) internally using CND survey
- 15 tools; (iii) collecting and evaluating suggestions made by the customers when they interact
- 16 with employees; and (iv) feedback obtained through various media channels including
- 17 social media.
- 18 In summary, the corporate procedure identifies three key methods for pursuing customer
- 19 engagement activities:
- 20 Third Party Research Organizations to conduct Customer Surveys
- 21 Internal CND-initiated Customer Surveys and Feedback- Multi-Channel: Online,
- 22 Carded, Telephone, Direct Interactions, Media
- 23 Customer Suggestions and Feedback from staff interactions
- 24 The procedure establishes criteria for gathering customer feedback and sets goals, assigns
- 25 responsibilities, and identifies a requirement for engagement by all employees and a review
- 26 process.

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1 CND has gathered many customer responses from the above customer engagement

activities. The feedback is as diverse as its customer base. One of the most frequent

requests from customers is for paperless billing. The paperless billing "Bill Connect"

4 initiative is currently in development, and a launch is scheduled for the end of 2013, with

5 promotion starting in 2014. CND retains requests from customers seeking paperless

6 billing, and plans to reach out to these customers with a special mailing to announce the

7 launch of paperless billing, and invite these customers to participate.

8 Other frequent customer feedback relates to increased communication with respect to

9 power outages and restoration times. In 2014, CND will implement an Outage

10 Management System and Interactive Voice Response Solution. Improvements to the

corporate website, including a user-friendly search function, links for paying a bill online,

12 and additional information with respect to available programs, have been implemented as

part of the new website that was launched in 2013.

14 Communications Manager Position:

15 While CND's commitment to its customers is strong, the detailed collaborative approach

16 and process of building CND's five-year Strategic Plan introduced information and evidence

17 that there was a shortfall in CND's capacity to deliver on customer-identified value-added

services, due to a shortage of resources and robust integrated infrastructure.

19 One important resource, a full-time Communications Manager position, dedicated to the

20 enlightenment and engagement of internal and external stakeholders, was approved as

21 part of the 2013 budget and hired in early 2013.

22 Engaged and Enlightened Customers and Communities is a key Core Objective identified in

23 CND's Strategic Plan.

24 The new Communication Manager will facilitate CND's support of numerous channels of

communicating with their customers, seeking feedback and suggestions from customers to

26 align services with customer expectations and stated preferences. Table 1-15 summarizes

the key areas of customer engagement focus:

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Exhibit 1 Tab 5 Schedule 1 Page 4 of 6

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Table 1-15 Customer Engagement Focus

Core Objective	Key Areas of Focus
Engaged and	Communications Strategy: Dialogue focused External Communications,
Engaged and Enlightened	Reputation/Branding, Outreach and Social Media
Customers and	CDM Initiatives
Communities	eServices/Solutions
	Dialogue on Sector Challenges and Opportunities
	Dialogue on CND - Specific Challenges and Opportunities
	(Examples: Generation, Reliability)
	Rapid Outage Response
	Media Relations, Community Relations

2 Corporate Communications Strategy and Tactical Plans:

- 3 In 2013, with the addition of the new Communication Manager position, CND developed a
- 4 Corporate Communication Strategy (Exhibit 1, Appendix 1-2) that is the roadmap for
- 5 CND's communication activities to support the value proposition for customers and
- 6 stakeholders. It supports the organization's strategic directions for 2013-2017, as approved
- 7 by the Board of Directors.

- 8 The Corporate Communications Strategy, and related tactical plans, are tools to help CND
- 9 achieve success in 2013-2014 by: engaging with and enlightening both internal and
- 10 external stakeholders through dialogue; enhancing the customers' experience based on
- 11 customer preferences; demonstrating leadership and value.
- 12 The Communications Strategy promotes a broad spectrum of CND's initiatives from e-
- 13 service solutions and contributions in the community, to the promotion of safety to the
- 14 customers and other stakeholders. The result is expected to be increased engagement with
- 15 customers, an elevation of overall visibility of CND among its key stakeholders, and
- reinforcing the contribution and value that CDN provides within the communities.
- 17 CND's Communications Strategy aligns to CND's Strategic Imperatives including: People,
- 18 Customers, Community, Safety and Wellness, Environmental Stewardship and Value.
- 19 These Strategic Imperatives align with the intent in the Renewed Regulatory Framework for

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1 Electricity Distributors for performance-based outcomes aligned to: Customer Focus,

- 2 Operational Effectiveness, Public Policy Responsiveness and Financial Performance.
- 3 The Strategic Framework includes Core Objectives that require clear, consistent
- 4 communications:
- Aligned and accountable leadership; engaged and enlightened
- 6 employees
- Resource adequacy
- Engaged and Enlightened Customers and Communities
- Environmental stewardship leadership
- System Reliability Enhancement
- Culture of innovation
- Optimal financial results
- 13 For 2013, the Communications Strategy is supported by five (5) detailed Tactical
- 14 Communication Plans including action plans to achieve and measure results. The five (5)
- tactical plans for 2013 include:
- 1. Internal Communications & Alignment;
- 17 2. Reputation/Corporate Visibility;
- 18 3. Stakeholder Value;
- 19 4. Online eServices/Solutions; and
- 5. Community Safety.
- 21 CND has developed a Cost of Service Tactical Communication Plan to engage and
- 22 communicate with customers regarding the key elements of the 2014 Cost of Service Rate

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1 Application and to provide feedback mechanisms. The action plan includes: bill messaging;

- 2 bill inserts; town hall meetings; communication at the Annual General Meeting, website
- 3 promotion and education, media releases, internal staff education to act as Ambassadors,
- 4 and other forms of outreach. Key messaging will include information on how CND plans to
- 5 address customer needs, preferences, and service expectations.
- 6 In May 2013, as part of its preparation of this Application, CND participated in a Pre-
- 7 Application meeting with representatives from various intervenor groups and OEB staff. The
- 8 objectives of the meeting were to introduce members of CND's Leadership Team, provide
- 9 an overview of CND and its operations, as well as to discuss certain of the opportunities
- and challenges facing CND, past, present and future. CND considered this to be a great
- 11 opportunity to receive feedback from key stakeholders with respect to its Application. CND
- 12 appreciates and understands the role of intervenors and the Board in ensuring reasonable
- 13 and justifiable rates and protecting the interests of customers.

EB-2013-0116 Exhibit 1 Tab 5 Schedule 2

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Customer Satisfaction Surveys:

- 2 Residential and Small Commercial
- 3 Since 2006, CND has been engaging the services of an independent professional to
- 4 conduct market research to gauge satisfaction levels of the residential and small
- 5 commercial customers, with respect to performance and the delivery of services to
- 6 customers.

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- 7 Active engagement with the customers helps CND to understand customer preferences and
- 8 how the organization needs to shift, in order to deliver services in alignment with customers'
- 9 stated needs.
- 10 In 2012, results from an Electrical Customer Satisfaction Survey performed by SimulCorp
- 11 (Exhibit 1, Appendix 1-1A), an Ontario-based professional research organization, indicated
- 12 that the residential and small business customers are satisfied with the service received
- 13 from the utility. Customers also confirmed that they would like more customer-centric
- solutions, affordable energy costs, reliable service and empathetic customer care.
- 15 The survey results identified the need to be prepared to support multiple channels of
- 16 interaction. Specifically customers are looking for eServices/Solutions to transact business
- 17 with the utility.
- 18 Table 1-16 summarizes the response to a question asked about "the likelihood of using the
- 19 Internet for future customer care needs for various services" (Exhibit 1, Appendix 1-1A)

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Table 1-16 Excerpts from Residential Customer Survey – Internet Usage

p 2 Boxes: ry + somewhat likely'	Ontario LDCs	CND
Setting up a new account	37%	36%
Arranging a move	44%	43%
Accessing information about your bill	56%	57%
Accessing information about your electricity usage	57%	55%
Accessing energy saving tips and advice	50%	49%
earning more about SMART meters	52%	56%
Registering a complaint	40%	37%
Registering a compliment	47%	45%
Accessing information about Time Of Use rates	57%	59%
Maintaining information about your account or preferences	54%	53%
Paying your bill through the utility's website	33%	35%
Paying your bill using smart phone applications	23%	27%

The following is a summary of the actions that CND has taken to respond to this feedback:

"...36% Set up a new account, 43% Arrange a move"

In 2013, CND launched a new mobile-friendly website designed with the customer in mind, including a new look, improved functionality and navigation, the site boasts rich graphics, online tools including Home Connect for viewing Time Of Use consumption, rotating image banners, alerts, and an eNews feature that's integrated with social media platforms. Recently, the internal Website team received training to update the site content 'in house'. This in-house expertise gives more flexibility to communicate timely corporate messages and information, in order to continue to engage and enlighten customers. CND is now capturing Google Analytics from the site to better understand visitors and customers' viewing preferences.

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1	" 57% Access information about their bill"
2	CND is working on delivering enhanced eServices to their customers so that they
3	can access payment history. The new software "Bill Connect" is part of a suite of
4	Customer Connect software tools designed for the customer.
5	As part of the 2012 Residential and Small Commercial Survey, customers were
6	asked about the use of the Internet for billing. "10% aligned most closely to the
7	statement, "I use online banking and will definitely be requesting that my bill
8	be sent electronically".
9	The paperless billing Bill Connect initiative is currently in development, with the
10	launch scheduled for the end of 2013, with promotion starting in 2014.
11	"49% Access energy saving tips and advice"
12	In 2013, CND included a main banner page on the corporate homepage and full
13	integration of the Conservation and Demand Management website, offered by the
14	OPA, for ease of use by the customer and to ensure metrics could be gathered to
15	continue to gauge CND customers' interest and preferences.
16	"56% Learn more about SMART meters, 59% Access information about
17	Time of Use rates"
18	In 2013, CND launched a new online time-of-use tool, "Home Connect", which is
19	part of a suite of Customer Connect software tools designed for the customer.
20	Residential and Small Commercial customers can now sign up securely online to
21	view their hourly time of use electricity use. The web portal tool includes a library of
22	content that has been populated with information and links for the customer to learn
23	about SMART meters, energy efficiency and the regulated energy market.
24	"37% Register a complaint, 45% Register a compliment"
25	The new website launched in 2013 incorporates a number of locations on the
26	website to allow the customer to provide feedback and contact the utility. The
27	multiple web locations to provide feedback supports CND's position that it is

28

customer focused.

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1 CND's decision to design a promotion around the upcoming launch of the Bill Connect,

paperless billing solution, was in response to customer feedback. 57% of customers

responded that providing a one-time financial incentive to switch to paperless billing,

4 or 44% being entered into a special draw for customers who make the switch, would

encourage participation in paperless billing. The paperless billing Bill Connect initiative

is currently in development and a launch is scheduled for the end of 2013, with promotion

7 starting in 2014. This aligns with customer feedback and supports CND's quest for

8 improved financial performance and operational effectiveness.

9 Some 27% of customers indicated interest in paying their bill using a smart phone

application and 35% indicated an interest in paying their bill through their utility

website. In 2014, CND plans to develop a mobile application for inclusion on its corporate

12 website.

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13 Table 1-17 summarizes the response to a question "... And we are interested in knowing

what you think are the one or two most important things 'your local utility' could do to

15 improve service to their customers".

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Table 1-17 Excerpts from Residential Customer Survey – Areas for Improvement

One or two most important things 'your local utility' could do to improve service						
D	% of all suggestions					
Better prices/lower rates	45%					
Concerns about SMART meters	12%					
Improve/simplify/clarify billing	16%					
Improve power reliability	8%					
Better communication with customers	8%					
Information & incentives on energy conservation	5%					
Remove hidden costs on bills	5%					
Be more efficient	3%					
More knowledgeable staff	5%					
Increase service hours/availability of hydro representative	3%					
Better on-line presence	5%					
Don't charge for previous debt	3%					

CND believes many of the customer suggestions could be addressed through increased dialogue and communication. This supports the 2013 decision to hire a full time Communications Manager.

The number one priority identified by customers in every independent customer survey undertaken, is the need to provide better or lower prices. CND can respond to that customer need, in part through improved education about the various cost components on a bill, by communicating relevant Conservation and Demand Management programs that meet the needs of residential and commercial customers to ensure maximum uptake, resulting in saving energy and reduced hydro bills, and by continuing to ensure the overarching corporate Strategic Plan and budgeting process aligns with outcomes-based performance.

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Exhibit 1 Tab 5 Schedule 2

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Commercial, Industrial and Institutional Survey

- 2 In 2013, CND engaged the services of an independent professional to conduct market
- 3 research to gauge satisfaction levels of the commercial, industrial and institutional
- 4 customers (Exhibit 1, Appendix 1-1B), with respect to performance and the delivery of
- 5 services to customers.
- 6 Active engagement with these customers helps CND to understand their unique
- 7 preferences and how the organization needs to shift direction, in order to deliver their
- 8 services in alignment with customers' stated needs.
- 9 The results of the survey, performed by Pollara, an Ontario based professional research
- organization, indicated that a 79% customer satisfaction level with the service received from
- 11 CND.

- 12 The survey results also identified the need for CND to be prepared to support multiple
- 13 channels of interaction. Specifically customers are looking for eServices/Solutions to
- 14 transact business with the utility. 34% of large institutional customers are absolutely
- 15 certain with an additional 29% as somewhat likely to sign up for paperless billing.
- When asked about other website self-serve tools, we know that customers are looking to
- 17 view their electricity usage history and patterns online, check account balances, check the
- date of next bill and other related online tools. As identified previously, the paperless billing
- 19 Bill Connect initiative is currently in development and a launch is scheduled for the end of
- 20 2013, with promotion starting in 2014.
- 21 With a high mobile data devise penetration rate (85%), the likelihood of large
- 22 institutional customers using a CND mobile app for self serve tools is 14% with a
- 23 total market potential of 29%. In 2014, the application of a mobile app for the CND
- 24 website is planned.
- 25 A key finding in the survey results was that roughly **50% of customers commented that in**
- 26 the future they will depend more heavily on services from CND on: A follow up
- 27 regarding causes of an outage, restoration time estimates and/or the opportunity to
- 28 provide feedback for how to mitigate future outages. In 2014, CND plans to implement

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1 an Outage Management System and Interactive Voice Response solution to assist

2 customers with improved information regarding outages and outage restoration times.

3 Outage-related inquiries top the list of reasons for customer service calls. Of the 41% of

customers that had contact with CND Customer Care or Engineering in the last year,

38% called because of a power failure or power outage. These results further support

6 the implementation of an Outage Management System.

7 Survey results indicate that **92% of large institutional customers who have contacted**

CND after hours, say it is important that customers can contact CND's system

control centre 24 hours a day, seven days a week. Customers of every class are

increasingly looking for immediate information with respect to power outages and power

restoration times. In 2013, CND will introduction of a 24/7 System Control Centre to deliver

improved communications, quicker response times, and to support its succession planning

13 strategy.

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14 The number one priority identified by commercial, industrial and institutional customers

mirrored what residential and small commercial customers expressed - a need to provide

better or lower prices. CND can respond to that customer need in part by improved

education about the various cost components on a bill, by communicating relevant

18 Conservation and Demand Management programs that meet the needs of customers to

ensure maximum uptake, resulting in saving energy and reduced hydro bills and by

20 continuing to ensure the over-arching corporate Strategic Plan and budgeting process

21 aligns with outcomes based performance.

22 Survey results indicate 15% of customers have expressed CND has fallen short of

expectations in response to the question, "Is a leader in promoting energy

24 **conservation**. CND views this result as an opportunity to evaluate additional avenues to

25 reach out and promote energy conservation to the commercial, industrial and institutional

customer base. This finding supports the addition of an Energy Advisor added to the

27 Conservation and Demand Management team in 2013, to focus on the commercial,

28 industrial and institutional customers. While this position is funded through the Ontario

29 Power Authority, it merits noting as this initiative supports CND's customer focus.

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1 When the commercial, industrial and institutional customers were asked ... "In your own

words, please tell me one or two things you think CND does particularly well... and ..." In

3 your own words, please tell me one or two things you think CND most needs to improve

4 upon." Service reliability was noted as strength by 21% of customers: Very few

5 outages/Consistent, reliable service, while at the same time some 9% of customers:

6 Reduce power outages and/or voltage spikes, noted this as an area for improvement.

7 Further when asked about CND's ability to "provide consistent, reliable quality power",

8 11% noted CND had fallen short of expectations.

9 Clearly, reliability is important to CND's customers. CND's Distribution System Plan

(Exhibit 2, Appendix 2-8A) provides for significant capital investments on system renewal

over the next five years. The DSP also incorporates investments with respect to the

12 expansion of the distribution system, including a new transformer station in 2018 to

13 accommodate for growth in the communities and customers expected demand for power.

14 The DSP growth plan aligns with the future electricity demands of customers as identified

by customers responses outlined in the commercial, industrial and institutional survey,

16 where the 200+kW customers expect increased demand, with a net 13% increase near

term, and net 24% increase over the next five years.

18 The 2014, CND will continue investing in automated switches, with the objective of meeting

19 customer expectations, where 23% of customers requested quicker outage

20 response/restoration times.

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CND Invites Commercial Customer to Board Meeting:

22 Reliability is critically important to CND's largest commercial and industrial customers. In

23 June 2013, CND's Board of Directors invited its largest commercial customer to talk about

what was important for the customer today and in the future. CND also asked for feedback

25 from the customer on CND's delivery, including reliability, conservation and other services.

26 Reliability was named to be critically important, along with regular communication meetings,

information about outages, conservation programs and solutions. CND's responsiveness to

the customer was also discussed including the installation of automated switches to

improve outage response times. The DSP responds to the critical requirement for

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- 1 improved reliability, as expressed by CND's commercial customers. CND plans to continue
- 2 this practice of inviting key customers to speak directly to the Leadership Team and Board
- 3 of Directors.

4 Hydro Bill Customer Comments:

- 5 CND seeks every opportunity to obtain feedback from its customers. On the reverse of the
- 6 hydro bill sent to customers, is a space dedicated to obtaining customer comments. The
- 7 goal is 'to deliver' customer service excellence. The form invites customers to provide a
- 8 comment, suggestion, or recommendation or ask a question.

9 Online Corporate Website - Feedback and Contact Details:

- 10 In 2013, CND launched a new mobile-friendly website designed with the customer in mind,
- including a new look, improved functionality and navigation, the site boasts rich graphics,
- 12 online tools including Home Connect for viewing Time Of Use consumption, rotating image
- banners, alerts, and an eNews feature that's integrated with social media platforms. The
- website was built to satisfy new regulations, AODA (Accessibility Ontario Disabilities Act)
- 15 requirements.
- 16 The internal website team, led by the Communications Manager, received training to
- 17 update the website content 'in house'. Previously, the updating of content was outsourced.
- 18 Retaining the in-house expertise provides more flexibility to CND to communicate timely
- 19 messages and information to its customers, as well as to ensure the site is AODA
- 20 compliant. Members of the website team include employees from Human Resources,
- 21 Administration, Customer Care, Communications, Engineering and Conservation and
- 22 Demand Management. Providing updates and creating new website content will require an
- 23 allocation of internal resources, however, the end result is a more informative, responsive,
- 24 and timely website for customers. CND is also capturing Google Analytics from the website
- 25 to better understand visitors' and customers' viewing preferences.
- 26 A mobile application for CND's website is planned for 2014. This initiative aligns with
- 27 customer requests for information during power outages and is evidenced by the volume of
- 28 customers that access CND's website using mobile devices during unplanned outages.

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Social Media:

1

- 2 CND plans to incorporate social media as an integral part of CND's business
- 3 communication strategy. In May 2013, a Social Media Team was created, with
- 4 representation for multiple departments, to establish a social media strategy. The primary
- 5 objective for CND's social media strategy is to build stronger relationships with the
- 6 community and the customers, and to deliver customer service excellence. The Social
- 7 Media Team is responsible for the development of a business case, employee usage
- 8 policy, and implementation and evaluation plans for approval and formal launch in 2014.
- 9 The implementation of social media is expected to provide CND with: (i) increased
- 10 exposure to customer concerns; (ii) the opportunity to address, respond and learn from
- 11 customers; and (iii) provide an additional two-way communication channel for CND and its
- 12 customers.
- 13 The introduction of social media is also expected to respond to customer expectations with
- 14 respect to more frequent and timely response with respect to power outages. The
- 15 Conservation and Demand Management department will also use social media to educate
- 16 customers about energy efficiency, new tools, and available programs.

17 Other Communication and Customer Engagement Opportunities:

- 18 CND continuously looks for opportunities to enlighten and engage with its customers.
- 19 Other customer touch points include:
- Bill Messages
- Customer Bill Inserts
- Messaging and Notices on external LED sign located at the front of the corporate
- 23 office
- On-hold messaging for customers calling into the Customer Care Queue
- Corporate Lobby large TV screen messages

Schedule 2 Page 11 of 12 Filed: October 1, 2013

- Corporate Lobby information kiosk with information and literature
- Public speaking engagements in the communities
- Media releases and information alerts
- Collaboration with neighbouring utilities for shared Safety Messaging and programs
- Annual General Meeting invitation to the public
- One-on-one customer interactions between employees and customers
- Meetings initiated by the President & CEO with key customers
- Leadership Team commitment to participate and attend community events
- Feedback from corporate employee suggestion program
- 10 The Conservation and Demand Management Team of CND uses multiple channels to
- 11 communicate with CND's customers including:
- 12 Residential Customers
- Retail booth events (Cambridge Mall, Home Depot, Canadian Tire)
- Local mass marketing (newspaper, radio, TV, billboards, etc.)
- Community events
- Bill inserts, brochures, lobby displays, website
- Partnering with local associations and not-for-profit organizations
- 18 Commercial, Industrial and Institutional Customers
- Annual Technology Symposium
- Monthly breakfast workshops

Cambridge and North Dumfries Hydro Inc.

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1 •	Channel	partner/stakeholder	training	and	education

- Chamber of Commerce and Greater Kitchener Waterloo Chamber of Commerce
- Sponsorships (Sustainable Waterloo Region, Manufacturing Innovation Network,
- 4 Communitech, various Chamber of Commerce events Leadercast, Business after
- 5 5, Business Expo)
- Partnerships with City of Cambridge Economic Development
- 7 Customer Site visits

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1A Page 1 of 1 Filed: October 1, 2013

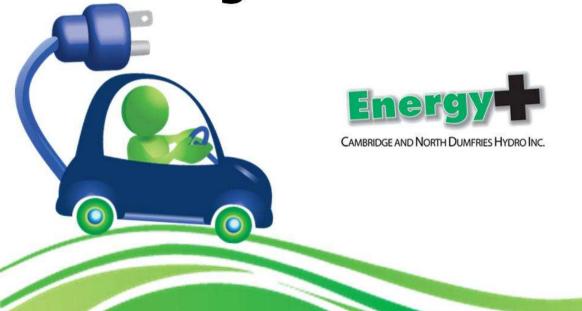
Appendix 1-1A Residential and Small Commercial Customer Survey

Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Filed October 1, 2013

Exhibit 1
Appendix 1-1A
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UtilityPULSE 14th Annual **Electric Utility Customer Satisfaction Survey**

Cambridge and North Dumfries Hydro Inc.
EB-2013-0116
Exhibit 1
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Filed October 1, 2013

Our Vision

We will be a smart grid leader.

Our Mission

We deliver safe, reliable, quality electricity and customer service to meet the needs of our communities.



we deliver.



CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

Report Card: A

Filed October 1, 2013

	CND Hydro's UtilityPULSE Report Card®							
Part 2:	Part 2: Performance							
	CATEGORY	CND Hydro	Ontario					
1	Customer Care	Α	B+					
	Price and Value	А	B+					
	Customer Service	Α	B+					
2	Company Image	Α	B+					
	Company Leadership	A	B+					
	Corporate Stewardship	A	B+					
3	Management Operations	A+	Α					
	Operational Effectiveness	А	A					
	Power Quality and Reliability	A+	А					
	OVERALL	Α	B+					

2011

2012

B+...

"A... Customer Care"

Α.

"A ... Company Image"

A..

"A+ ... Management Operations"



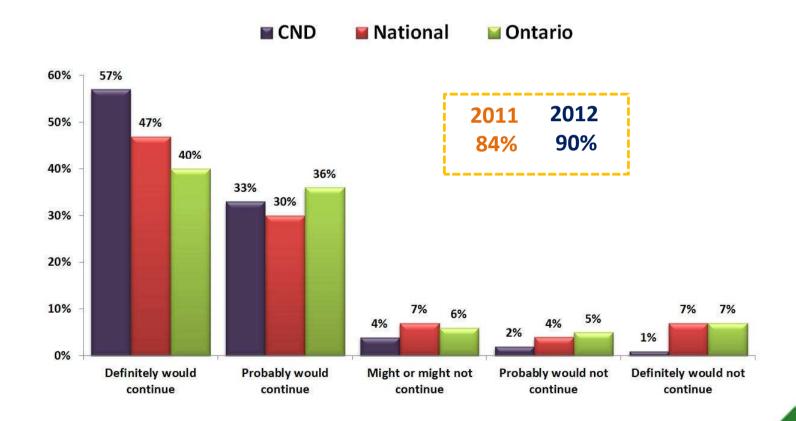


Customer Commitment:

90%

"Would continue to do business with ..."





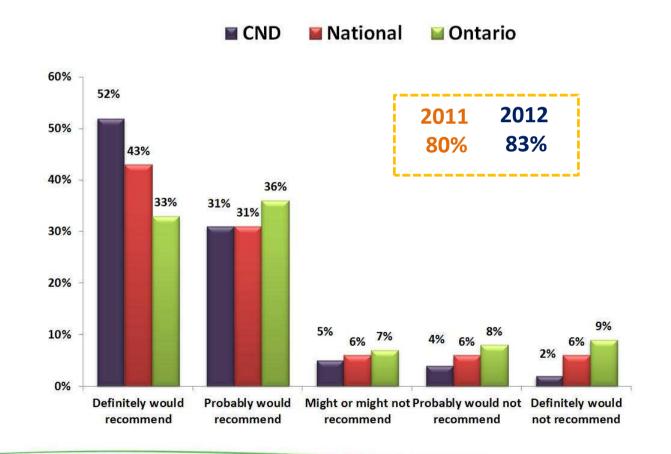
Customer Advocacy:

Filed October 1, 2013

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 830_0 "Would recommend to others ..."







Corporate Image:

Filed October 1, 2013

90%

"Is a respected company in the community..."



Attributes strongly linked to a hydro utility's image				
	011 Hydro	2012 CND Hydro	National	Ontario
Is a respected company in the community	89%	90%	85%	82%
Maintains high standards of business ethics	86%	88%	82%	80%
A leader in promoting energy conservation	84%	84%	81%	79%
Keeps its promises to customers and the community	85%	88%	81%	79%
Beyond providing jobs and paying taxes, is socially responsible	84%	88%	80%	77%
Is a trusted and trustworthy company	87%	90%	83%	80%





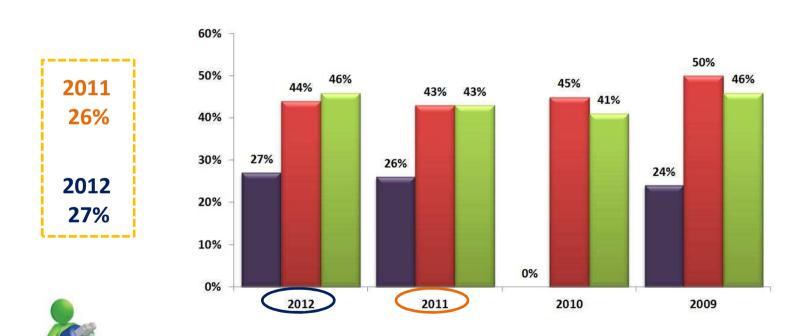
Outage Problems in last 12 month Page 7 of 20

27%

"Had Outage problems in past 12 months..."









Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Exhibit 1

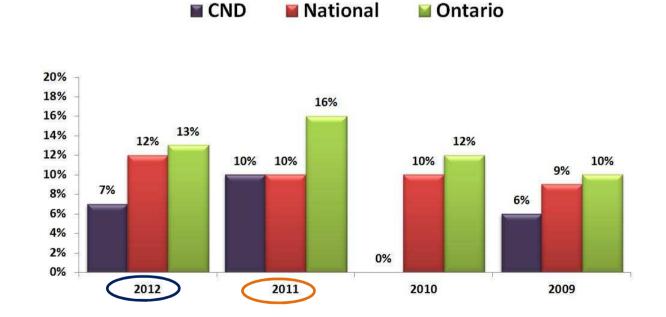
Billing Problems in last 12 mont Appendix 1-1A

Filed October 1, 2013

"Had Billing problems in past 12 months..."









Types of Bill problems:

Filed October 1, 2013

53%

"Amount owed was too high..."

	2011 CND Hydro	2012 CND Hydro
The amount owed was too high	56%	53%
Complaint about rates or charges	13%	23%
The meter reading was incorrect	15%	10%
The bill was difficult to understand	10%	3%
The bill arrived late	8%	3%
No bill/skipped bill	0%	3%
Information was incorrect on the bill	3%	0%





Problem Solved:

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1A Page 10 of 20

Filed October 1, 2013

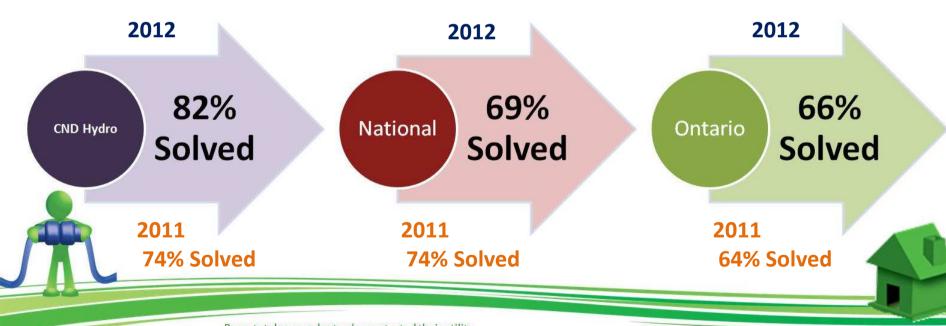
82%

"Problem was solved ..."



Percenta	age of Respondents who had	problems and attempted to co	ontact their utility
	CND Hydro	National	Ontario
Billing problems	40%	58%	52%
Outage problems	10%	35%	30%

Base: total respondents who had a billing or outage problems



Customer Service:

Filed October 1, 2013

84%

"Satisfied with the level of helpfulness of staff ..."



	2011	2012		
Customer Service Expectations	CND Hydro	CND Hydro	National	Ontario
The time it took someone to answer the phone	71%	79%	69%	69%
The time it took someone to deal with your problem	78%	89%	72%	75%
The helpfulness of the staff who dealt with you	85%	84%	75%	76%
The knowledge of the staff who dealt with you	80%	84%	76%	73%
The level of courtesy of the staff who dealt with you	93%	89%	83%	85%
The quality of information provided by the staff who dealt with yo	ou 73%	84%	77%	74%





Filed October 1, 2013

Service Quality:

 790_0 "Adapts well to changes in customer expectations..."

Attributes describing the loc	al alactri	city utility		
		CND Hydro (2012)	National	Ontario
Deals professionally with customers' problems	86%	88%	83%	83%
Customer-focused and treats customers as if they're valued	80%	83%	75%	75%
Provides good value for money	72 %	74%	70%	65%
Works with customers to keep their electricity costs affordable	69%	71%	62%	60%
Is pro-active in communicating changes and issues which may affect customer	s 80%	84%	75%	76%
Adapts well to changes in customer expectations	N/A	79%	73%	70%
The cost of electricity is reasonable when compared to other utilities	65%	68%	65%	57%

"87% ... Is a company that is 'easy to do business with' "

"86% ... Quickly deals with issues that affect customers"



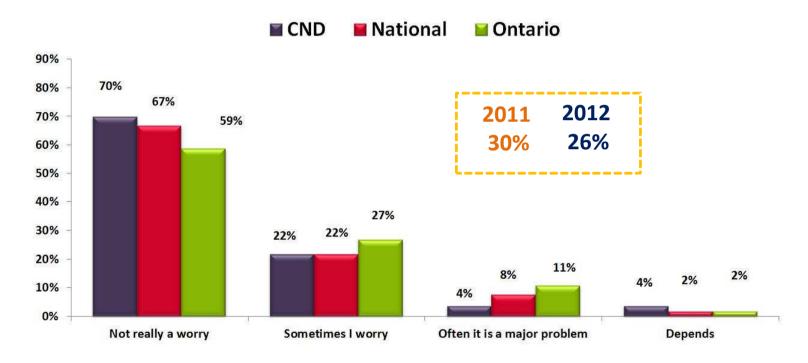
Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Is paying for electricity a concern EB-2013-0116 Exhibit 1 Page 13 of 20

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"Sometimes or often worry about paying..."









Operational Effectiveness:

EB-2013-0116 Exhibit 1 Appendix 1-1A Page 14 of 20

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910/0 "Quickly handles outages and restores power..."

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			ال

Attributes describing operational effectiveness			
	CND Hydro	National	Ontario
Provides consistent, reliable energy	93%	90%	89%
Delivers on its service commitments to customers	89%	86%	84%
Accurate billing	89%	85%	82%
Quickly handles outages and restores power	91%	89%	88%
Makes using electricity safely a top priority	91%	91%	90%
Uses responsible business practices when completing work	90%	86%	85%



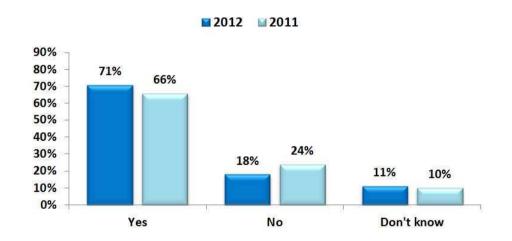


Smart Meters:

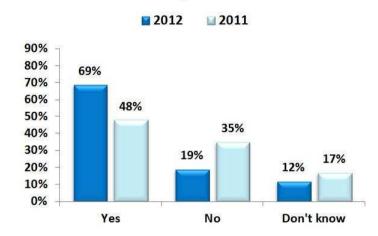
710/0 "Have a SMART meter installed ..."



Smart Meter installed in your home?



Already on TOU?







Purchasing an Electric Vehicle:

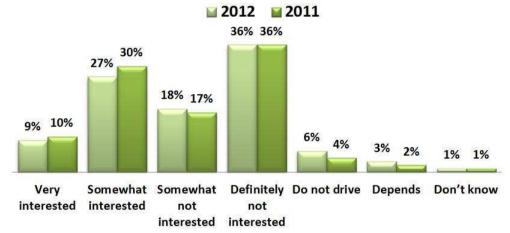
EB-2013-0116 Exhibit 1 Appendix 1-1A Page 16 of 20

36% "Interested in purchasing a fully electric vehicle..."



Interest in purchasing a fully electric vehicle





"plan to do so in the next 7 to 24 months ..."





Internet Access and Use:

Filed October 1, 2013

160/0 "Have accessed the utility's website ..."

Do you have access to the internet?		
	Ontario LDCs	CND Hydro
Yes	86%	87%
No	14%	13%

Over the past 6 months have you accessed your local utility website?		
	Ontario LDCs	CND Hydro
Yes	22%	16%
No	78%	84%







Filed October 1, 2013

Social Media:

86% "Not likely to use social media to gather information...

Likelihood of using Social Media to gather information		
	Ontario LDCs	CND Hydro
Very likely	4%	4%
Somewhat likely	7%	7%
Not likely	18%	16%
Not likely at all	67%	70%
Don't have a social media account	2%	2%
Don't know	1%	1%







Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1A Page 19 of 20

Service Improvements:

And we are interested in knowing what you think are the one or two mostfiled October 1, 2013 important things 'your local utility' could do or fix to improve service to their customers?

45% Better prices/lower rates



12% Concerns about SMART meters

16% Improve/simplify/clarify billing





Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1A Page 20 of 20

Hydro Results Snapshot:

	2012	2Filed October 1, 2013
➤ PRE Satisfaction rate (Top 2 Boxes)	95%	91%
➤ POST Satisfaction rate (Top 2 Boxes)	96%	94%
➤ Commitment: Continue to do business	90%	84%
Advocacy: Recommend to others	83%	80%
➤ Loyalty: Secure customers	44%	29%
➤ Provides consistent, reliable energy	93%	91%
➤ Is a respected company in the community	90%	89%
➤ Is a trusted and trustworthy company	90%	87%
➤ Deals professionally with customers' problems	88%	86%
➤ Delivers on service commitments to customers	89%	88%
➤ Courtesy of staff	89%	93%
➤ Makes using electricity safely a priority	91%	N/A
➤ Credibility and Trust	А	A
➤ UtilityPULSE Report Card Rating:	Α	A





Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1B Page 1 of 1 Filed: October 1, 2013

Appendix 1-1B Commercial, Industrial and Institutional Customer Survey 1

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Filed: October 1, 2013



Cambridge and North Dumfries Hydro: 2013 Large Institutional Customer Survey



Research Report July 2013

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Key Findings and Recommendations	Slide 4
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Part 2: Customer Expectations and Key Drivers of Satisfaction	Slide 15
Part 3: Future Needs of Large Institutional Customers	Slide 23
Part 4: Customer Service Experience	Slide 30
	\
Part 5: Value-Added Services Preferences and Uptake	Slide 37

Methodology

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From June 18 to July 2, 2013, Pollara conducted a telephone survey among a randomly selected sample of Cambridge and North Dumfries Hydro (CND Hydro) customers. Sample was derived from customer lists provided by CND Hydro and included records for 561 large institutional customers. From this list, potential survey participants were selected at random. The total number of survey respondents can be broken down as follows:

Consumption Category	Sample Size	Margin of Error (95% Confident Interval)
Cycle 90 or higher	n=39	+/- 13.8%
>50 kW	n=61	+/- 11.6%
TOTAL	n=100	+/- 8.9%

The results have been statistically weighted according to reported proportions of CND Hydro institutional customers in the >5 MW, >1 MW, Cycle 90 and >50 kW categories to ensure the survey data is an accurate representation of CND Hydro's actual large institutional customer base as a whole. Discrepancies in or between totals are due to rounding.

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Key Findings and Recommendations: Customer Satisfaction Among Large Institutional Customers

Filed: October 1, 2013

- Overall satisfaction with CND Hydro among its large institutional customers is rated 7.9 out of 10. This score can be considered to be quite strong, while still offering opportunities for improvement.
- While dissatisfaction is barely present among CND Hydro's large institutional customers, 14% express a neutral opinion by rating their level of satisfaction in the four-to-six range. Meanwhile, when asked their familiarity with CND Hydro, a similar proportion – 18% – say, "heard of them, but don't know much about them."
- This group can be characterized as having a low level of engagement with CND Hydro, and it represents roughly one out of every six or seven large institutional customers.
- From this analysis, we conclude that satisfaction is high among large institutional customers who are engaged with CND Hydro to some degree. Since engagement begets satisfaction, the challenge is not necessarily one of improving satisfaction among engaged customers, but rather to engage with those who are not.

EB-2013-0116 EB-2013-0116 Exhibit 1 Appendix 1-1B

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Key Findings and Recommendations: *Priorities for Improving Customer Satisfaction*

Filed: October 1, 2013

- To provide some direction for how best to engage with the relatively disengaged, we look to the key drivers of satisfaction for CND Hydro among its large institutional customers. A total of 17 performance attributes were tested in the areas of customer service, value, operations and ethics/sustainability. Of these, just four were found to have a significant impact on overall customer satisfaction:
 - Is a respected company in your community.
 - Provides good value for your money.
 - Beyond creating jobs and paying taxes, is a socially responsible company.
 - Maintains high standards of business ethics.
- Fully three of the four key drivers of satisfaction are focused on issues related to corporate social responsibility. The CSR attributes are the ones wherein the important disengaged customer group is most likely to offer no opinion as to whether CND Hydro is meeting their expectations, with "don't know" responses ranging as high as 24%.
- Therefore, it is recommended that CND Hydro place an emphasis on promoting and communicating its efforts in the areas of corporate social responsibility to its large institutional customers. Doing so would drive improvements in overall customer satisfaction to a more significant degree than focusing on issues related to customer service or operations.

Exhibit 1 Appendix 1-1B

Key Findings and Recommendations: Ensuring Cost-of-Entry Expectations Are Met

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- Efforts to promote and communicate CSR activities should not, however, come at the expense of CND Hydro's ability to meet expectations on various 'cost-of-entry' attributes. While these attributes represent a second tier of importance in terms of their impact on overall customer satisfaction, they could very well develop into key drivers for negative reasons should CND Hydro fail to continue meeting expectations in these areas. These so-called 'cost-of-entry' areas include:
 - Provides consistent, reliable, quality power.
 - Deals professionally with any service problems you may have.
 - Delivers on its service commitments to you.
 - Is proactive in communicating issues and changes that may affect you as a customer.
- Currently, CND Hydro is meeting expectations for roughly nine out of 10 large institutional customers in these areas. This is certainly at least part of the reason why fully 95% agree that CND Hydro's priorities for its customers are in alignment with their business needs.

EB-2013-0116 EB-2013-0116 Exhibit 1 Appendix 1-1B

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Key Findings and Recommendations: *Future Needs*

Filed: October 1, 2013

- CND Hydro's large institutional customers will have differing consumption needs over the next 12 months, five years and 10 years. Those in the Cycle 90, >1 MW and >5 MW categories say they will need more electricity, whereas those in the >50 kW category are more likely to say they will need the same amount or less electricity.
- Those expecting to need more electricity attribute this primarily to increases in demand and production, while those expecting declines in their future energy consumption say it will be a mix of factors including more energy efficient equipment and decreased demand.
- Regardless of their future consumption needs, roughly half of CND Hydro's large institutional customers say they will depend more heavily on services from CND Hydro such as:
 - A follow-up regarding the causes of an outage.
 - Restoration time estimates.
 - Opportunity to provide feedback for how to mitigate future outages.

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Key Findings and Recommendations:Satisfaction with CND Hydro's Customer Care and Engineering

Filed: October 1, 2013

- Large institutional customers make frequent contact with CND Hydro's customer care or engineering, with 41% having contacted CND Hydro within the past year alone. All of those who have contacted CND Hydro within the past year did so during regular business hours, but a few also attempted contact after business hours.
- Despite the relatively modest number of large institutional customers who have contacted CND Hydro after business hours, 92% say it is important that customers can contact CND Hydro's system control centre 24 hours a day, seven days a week.
- Those who have contacted CND Hydro within the past year rated the overall experience an excellent 8.3 out of 10. None of the customer care and engineering attributes tested revealed any areas requiring improvement. So despite some customers indicating that CND Hydro staff could be more courteous / friendly / knowledgeable, no changes or attempted improvements to customer care or engineering are recommended at this time.

lorth Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1B

Key Findings and Recommendations: *Value-Added Services Preferences and Uptake*

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- Among large institutional customers, 18% say it is likely they will book an appointment with energy efficiency experts at CND Hydro within the next year. Another 26%, though, say they are "somewhat likely" which is hardly a harbinger for action but nevertheless denotes some interest in the service. Considering the dual priorities emerging from the customer satisfaction analysis of engaging more with less engaged customers and promoting CSR-related efforts, it is recommended that CND Hydro place an emphasis on marketing its energy efficiency consultations and services to its large institutional customers.
- These customers express a strong likelihood to adopt paperless e-billing, as well as a likelihood to utilize a number of potential self-serve tools on the CND Hydro website such as:
 - View electricity history and patterns.
 - Print a copy of your invoice.
 - View your billing/payment history.
 - View outage information and restoration times.
- In addition, the total market potential for a CND Hydro mobile app offering services such as these can currently be measured at about one quarter of large institutional customers. Meanwhile, almost all would prefer email and postings on the CND Hydro website as the most useful methods for communicating service issues.

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1B Page 10 of 43

Filed: October 1, 2013

Part 1: Overall Familiarity and Satisfaction

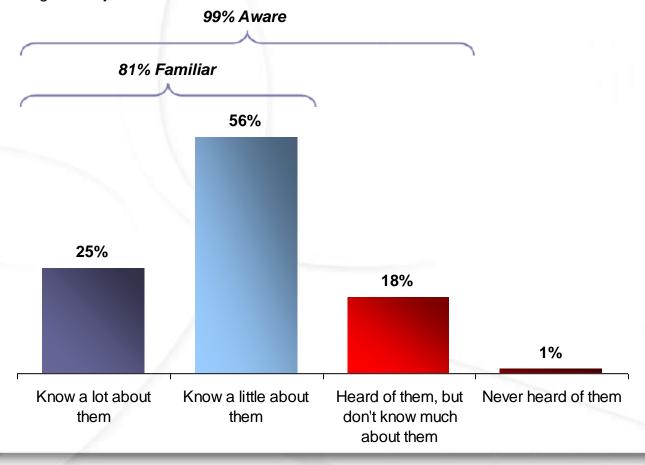


Familiarity with CND Hydro: Four in five large institutional customers say they are familiar with CND Hydro

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Filed: October 1, 2013

• Four out of five large institutional customers (81%) say they are familiar with CND Hydro, with a quarter indicating they "know a lot about them." This is a significantly higher degree of familiarity than one might generally expect from residential or smaller commercial customers. In fact, just one large institutional customer in the survey reported a lack of awareness concerning CND Hydro.



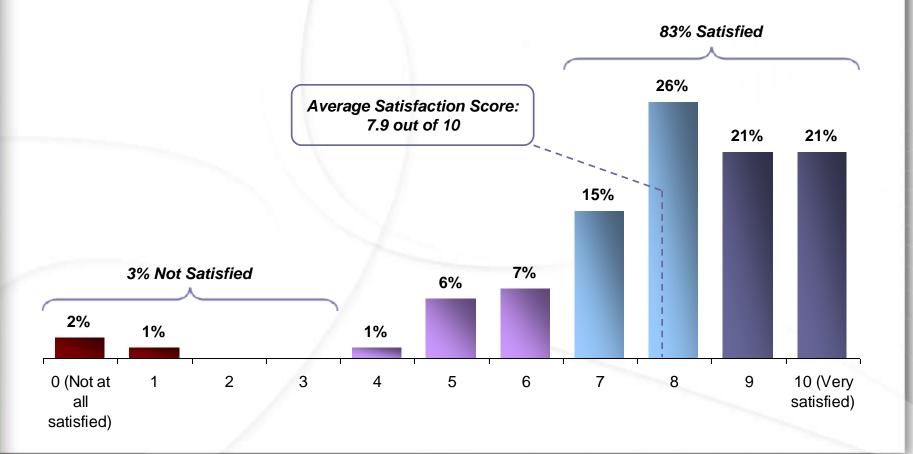
Overall Satisfaction with CND Hydro:

Average score of 7.9 out of 10 denotes widespread satisfaction

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Filed: October 1, 2013

The average satisfaction score for CND Hydro among its large institutional customers is a robust 7.9 out of 10. Using a zero-to-10 scale, fully 83% of customers said they are "satisfied" compared to just 3% who said they are "not satisfied."



Question: "For the rest of the survey, I will refer to Cambridge and North Dumfries Hydro as CND Hydro. When you consider the services provided by CND Hydro, how satisfied is your business with your local electricity company, CND Hydro? Please use a scale from zero to 10, where zero means you are 'not at all satisfied' and 10 means you are 'very satisfied." [n=100]

EB-2013-0116

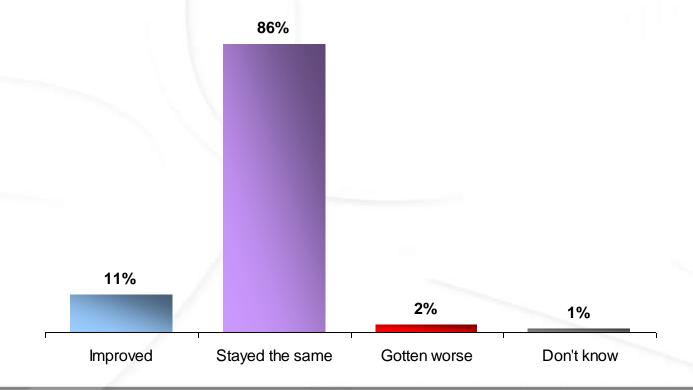
Most opinions of CND Hydro have not changed in past year

Satisfaction Momentum:

Exhibit 1 Appendix 1-1B Page 13 of 43

Filed: October 1, 2013

- Nine out of 10 large institutional customers (86%) say their overall satisfaction with CND Hydro has stayed the same over the past 12 months.
- However, there is some perceptible positive momentum, as 11% say their opinion of CND Hydro has improved against just 2% who say their opinion has gotten worse over the past year. This results in a positive net momentum score of +9 for CND Hydro.



CND Hydro's Key Strengths & Weaknesses: Service reliability an area in which CND Hydro excels

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Filed: October 1, 2013

- According to many of CND Hydro's large institutional customers, providing reliable service (21%) and quick response times (17%) are among the top strengths for the organization. Many (19%) also laud the quality of CND Hydro's customer service.
- Meanwhile, the only consensus area of improvement for CND Hydro is related to pricing.

Strengths

- Very few outages / Consistent, reliable service (21%)
- Good customer communications / Good, friendly customer service (19%)
- Quick response time (17%)
- Billing is clear, easy to understand, on time and/or accurate (7%)
- They offer energy saving programs/information (6%)
- Price stability (2%)
- Something else (2%)
- Nothing / Don't know (41%)

Areas for *Improvement*

- Offer better rates / Fewer hidden fees (28%)
- Reduce power outages and/or voltage spikes (9%)
- **Customer service issues / Better hours / More** follow-up (6%)
- Better communication of information about programs (6%)
- Resolve billing issues (5%)
- Offer online account management tools (2%)
- Something else (3%)
- Nothing / Don't know (47%)

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1B Page 15 of 43

Filed: October 1, 2013

Part 2: Customer Expectations and Key Drivers of Satisfaction



Cambridge and North Dumfries Hydro Inc.

EB-2013-0116 Exhibit 1 Appendix 1-1B

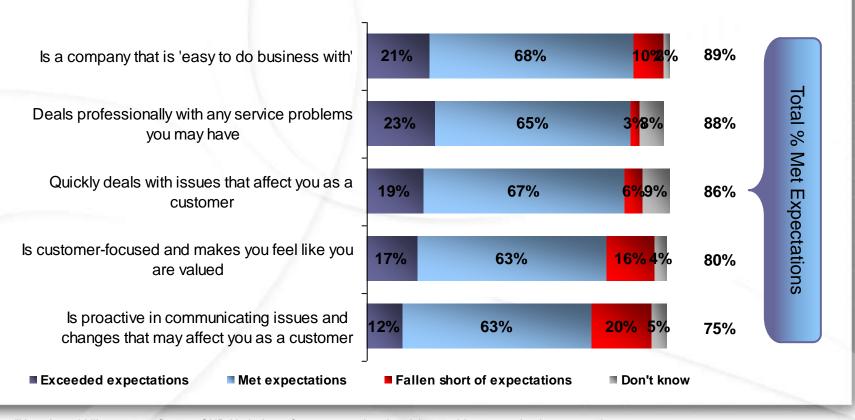
CND Hydro meeting customer service expectations, easy to do business with

Customer Service Attributes:

Filed: October 1, 2013

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- On the five customer service attributes tested, CND Hydro was found to be satisfying expectations across the board. In particular, 89% said CND Hydro was meeting their expectations of it being a company that is "easy to do business with."
- It should be noted that 20% say CND Hydro is falling short of expectations in terms of providing proactive communications regarding issues and changes – a finding to be mindful of going forward.



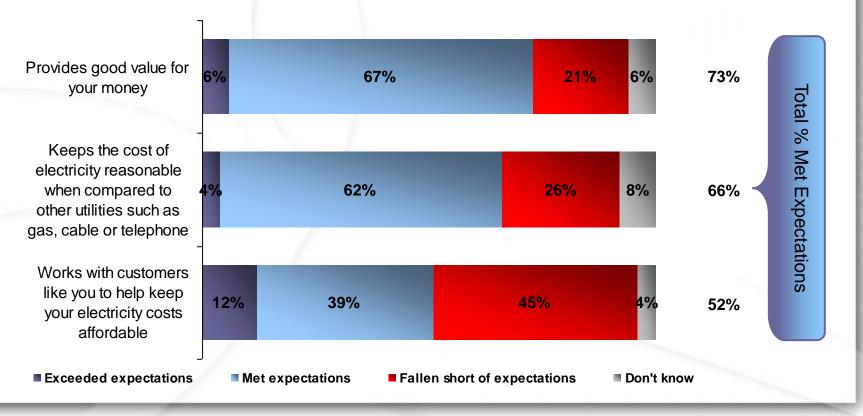
Value Attributes:

Many large customers say CND Hydro is falling short on value and affordability

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Filed: October 1, 2013

While CND Hydro is meeting the expectations of most of its large institutional customers in terms of value and affordability, a significant proportion indicate that CND Hydro has been falling short of their expectations on these fronts over the past 12 months, particularly when it comes to collaborative efforts to keep electricity costs affordable.



Question: "Now, I would like you to reflect on CND Hydro's performance as the electricity provider to your business over the past 12 months. I will read a number of different categories to you, and for each category please tell me if CND Hydro has greatly exceeded your expectations, exceeded your expectations, met your expectations, fallen short of your expectations or fallen significantly short of your expectations." [n=100]



EB-2013-0116

Operationally, CND Hydro is meeting expectations across the board

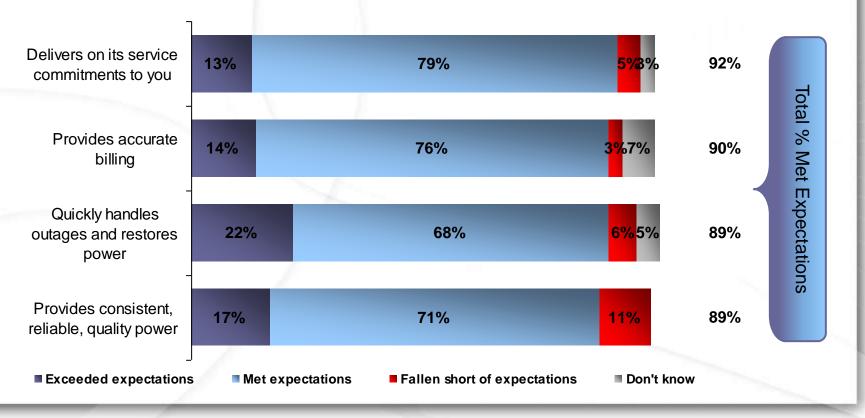
Operational Attributes:

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Exhibit 1

Filed: October 1, 2013

Fully nine out of 10 large institutional customers say CND Hydro has been meeting their expectations for operational attributes such as providing consistent, reliable, quality power and accurate billing. Delivering on its service commitments to its large, institutional customers is clearly one of CND Hydro's strong suits.



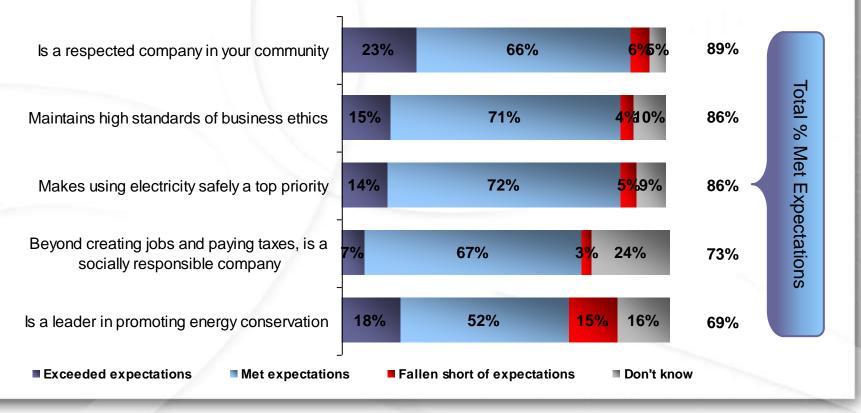
Question: "Now, I would like you to reflect on CND Hydro's performance as the electricity provider to your business over the past 12 months. I will read a number of different categories to you, and for each category please tell me if CND Hydro has greatly exceeded your expectations, exceeded your expectations, met your expectations, fallen short of your expectations or fallen significantly short of your expectations." [n=100]

Corporate Social Responsibility Attributes: Meeting & exceeding expectations generally

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Filed: October 1, 2013

• When it comes to ethics and sustainability attributes, CND Hydro is meeting and exceeding expectations. The proportion of customers who say the company is falling short of expectations is marginal on all attributes except leadership in promoting energy conservation, on which CND Hydro is falling short of expectations for 15% of its large institutional customers. However, it is also exceeding the expectations of 18% of its large institutional customers on that very same attribute.



Question: "Now, I would like you to reflect on CND Hydro's performance as the electricity provider to your business over the past 12 months. I will read a number of different categories to you, and for each category please tell me if CND Hydro has greatly exceeded your expectations, exceeded your expectations, met your expectations, fallen short of your expectations or fallen significantly short of your expectations." [n=100]

Relative Importance of Attributes on Overall Satisfaction 2013-0116 Relative Importance of Attributes on Overall Satisfaction 2013-0116 Appendix 1-1B Ethics & CSR, value for money key drivers of customer satisfaction

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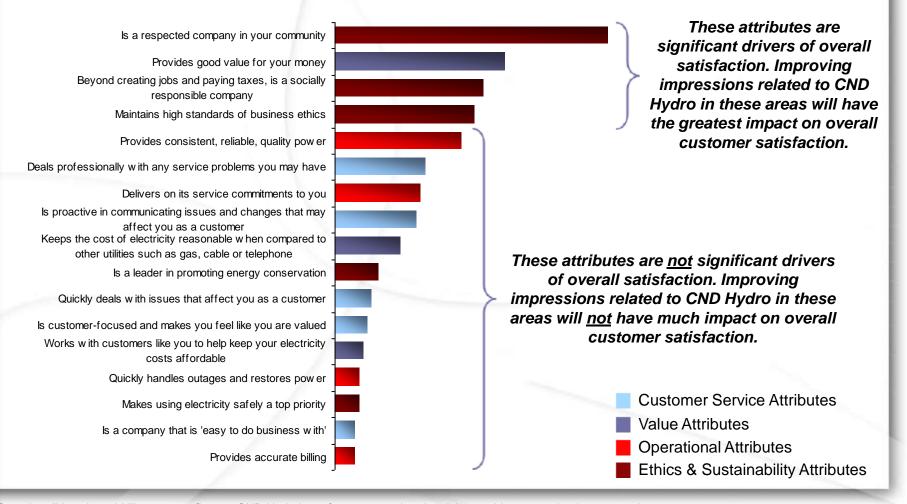
- A regression analysis was used to determine which attributes are the most important drivers of overall impression. Of the 17 different attributes tested, just four were found to have a significant effect on overall satisfaction. Combined, these four attributes explain 36% of any particular large institutional customer's overall satisfaction with CND Hydro.
- It may come as somewhat of a surprise, then, that three of the four attributes fall into the ethics and sustainability category:
 - "Is a respected company in your community."
 - "Beyond creating jobs and paying taxes, is a socially responsible company."
 - "Maintains high standards of business ethics."
- Meanwhile, the other key driver of overall customer satisfaction is "Provides good value for your money."
- These attributes are the ones that are most closely tied to overall customer satisfaction. As CND Hydro's improves customer impressions regarding its ability to meet and exceed expectations in these areas, overall customer satisfaction will improve. By the same token, though, if impressions deteriorate in these areas, overall customer satisfaction will erode.
- While none of the other attributes tested have the same significant effect on customer satisfaction as these four, that does not necessarily indicate they are unimportant. For example, areas such as "Provides consistent, reliable, quality power" and "Deals professionally with any service problems you may have" might be considered 'cost-of-entry' attributes such that they only appear to have little effect on overall customer satisfaction as long as CND Hydro continues to meet expectations for nine out of 10 customers. Should CND Hydro begin to fall short of expectations in these areas, they could very well develop into key drivers for negative reasons.

Relative Importance of Attributes on Overall Satisfaction 2013-0116 Relative Importance of Attributes on Overall Satisfaction 2013-0116 Appendix 1-1B Ethics & CSR, value for money key drivers of customer satisfaction

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The graph below shows the relative importance of the 17 attributes tested in relation to each other in terms of their effect on overall satisfaction among CND Hydro's large institutional customers.



Question: "Now, I would like you to reflect on CND Hydro's performance as the electricity provider to your business over the past 12 months. I will read a number of different categories to you, and for each category please tell me if CND Hydro has greatly exceeded your expectations, exceeded your expectations, met your expectations, fallen short of your expectations or fallen significantly short of your expectations." [n=100]



Alignment of CND Hydro with Business Needs:

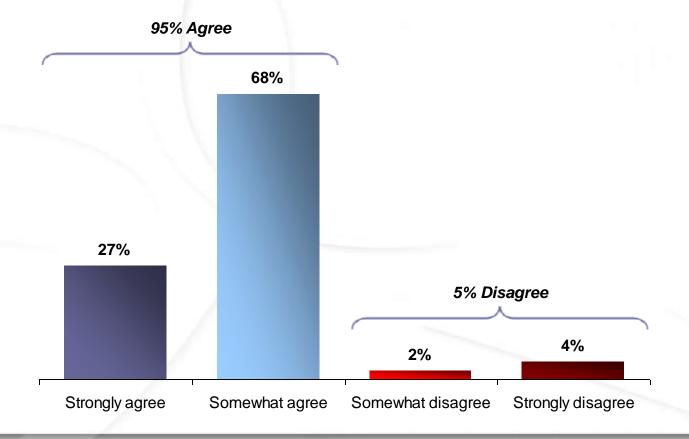
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Almost all large customers agree CND Hydro's priorities fit their needs

Filed: October 1, 2013

 Fully 19 out of 20 large institutional customers (95%) agree that CND Hydro's priorities for its customers are in alignment with their business needs. This includes 27% who strongly agree with this notion.



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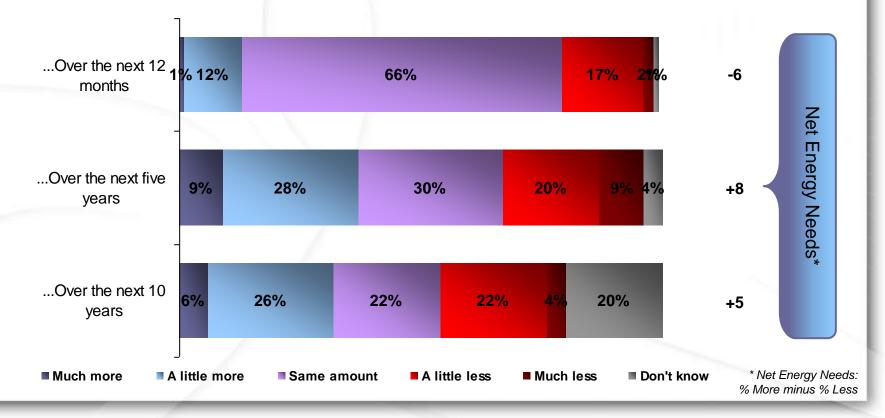
Filed: October 1, 2013

Part 3: Future Needs of Large Institutional Customers



Filed: October 1, 2013

Over the next 12 months, more of CND Hydro's large institutional customers say they will need less electricity (19%) than there are who say they will need more (13%). However, this trend is driven by those in the >50 kW category (net -13), as Cycle 90 and above customers are more likely to expect growth in their near-term electricity consumption (net +13). This is even more true when looking at longer-term expectations over the next five years, with Cycle 90- and higher customers expecting to need more electricity (net +24), while those in the >50 kW category expect to hold steady (net +2).



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Key Market Trends Affecting Future Consumption: Increased future consumption fuelled by productivity expansion

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Filed: October 1, 2013

- Among those who anticipate their overall electricity requirements will increase in the next five years, the key drivers affecting this increase include increases in demand and production. Many of these organizations also anticipate favourable economic factors coming into play.
- On the other hand, those expecting declines in their electricity consumption in the next five years say
 this will be driven by a combination of factors: more efficient equipment and overall decreases in
 demand (presumably production as well, although this was seldom explicitly stated).

Among those who expect consumption to increase (n=39) rease in production / Expansion / Longer hours (38%)

- → Increased demand for products / services (30%)
- → Macro-economic factors (16%)
- New technology (7%)

Among those who expect consumption to decrease (n=20) w, more efficient equipment (33%)

- Decreased demand for products / services (25%)
- Rising cost of electricity (7%)
- Practice more / better energy conservation (6%)
- → Macro-economic factors (6%)

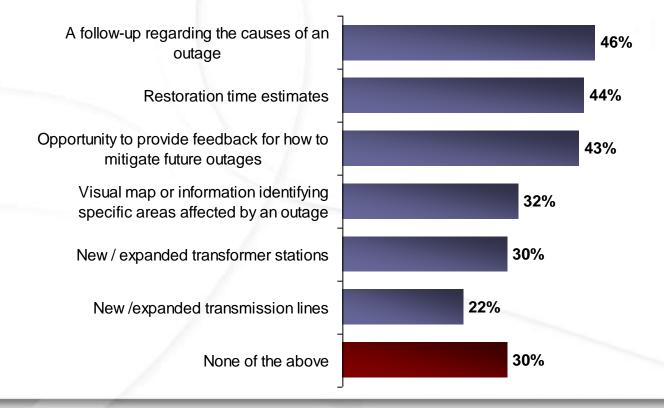
Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1B

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Demand for Services from CND Hydro: Half would make use of outage management services

Filed: October 1, 2013

 Roughly half of CND Hydro's large institutional customers could make use of services such as outage follow-ups, restoration time estimates, and opportunities to provide outage mitigation feedback.
 Meanwhile, there is not as much demand for a visual outage map as there is for the other proposed outage management services.



Conservation Initiatives:

nad

Exhibit 1 Appendix 1-1B Page 27 of 43

Most organizations have no new conservation initiatives planned

Filed: October 1, 2013

CND Hydro's large institutional customers are, for the most part, not planning to implement any new energy conservation policies or initiatives in the foreseeable future. Those who are planning new initiatives are looking to save energy primarily though energy efficient lighting and equipment, which is also the most common type of conservation initiative currently in use. A few organizations (7%) are working with CND Hydro and participating in energy saving programs.

Current Conservation Initiatives

- Changing lighting and bulbs / Lighting retrofit (40%)
- Turn off lights and equipment when not in use (25%)
- Upgraded to more energy efficient equipment (18%)
- Changed work hours / shifts to save on heating and cooling costs (7%)
- → Participating in energy saving programs (7%)
- → Located in an energy efficient building (4%)
- Use timers (2%)
- Something else (3%)
- → Nothing / Don't know (26%)

Planned Conservation Initiatives

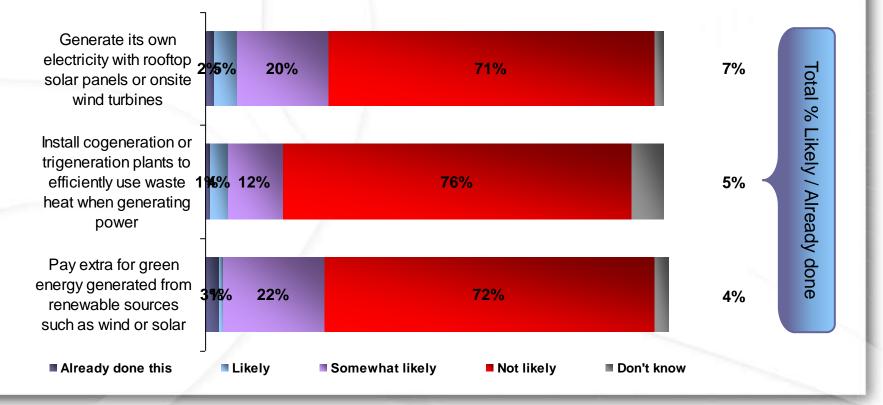
- → Lighting retrofit (15%)
- → Invest in more energy efficient equipment (8%)
- → Educate staff on energy conservation (5%)
- → Reduce / change hours or operation to maximize low peak hours (4%)
- Solar power / Reflective roofing / Reinsulating (4%)
- → A plan to implement energy conservation policies (4%)
- → Something else (2%)
- → Nothing / Don't know (64%)

Likelihood to Make Sustainability Investments: Only a handful of organizations would consider these investments

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Filed: October 1, 2013

Among the three sustainability investments tested, only a small handful of CND Hydro's large institutional customers have either made the investment already or would consider themselves likely to do so within the next two to three years. However, there is some evidence to suggest the possibility of higher uptake rates in the future, as about one in five organizations say they are "somewhat likely" to make these investments. However, it should be noted that being "somewhat likely" is hardly an indicator of future action.

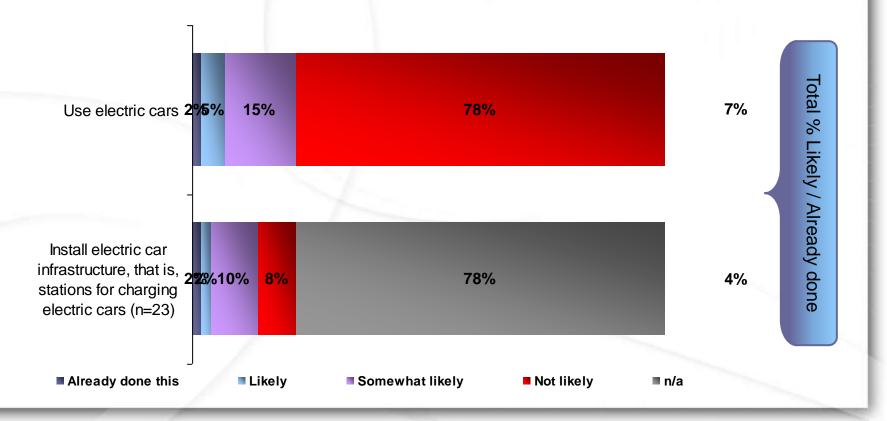


Likelihood to Invest in Electric Cars: Electric cars also appealing to only a few

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Filed: October 1, 2013

As was the case with the sustainability investments tested, investing in electric cars is appealing to just a few organizations. Just 2% are already using electric cars, and another 5% are likely to do so within the next two to three years. About half of those who say they are likely to use electric cars going forward also plan to install charging stations.



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Part 4: Customer Service Experience



Customer Care Incidence Rate:

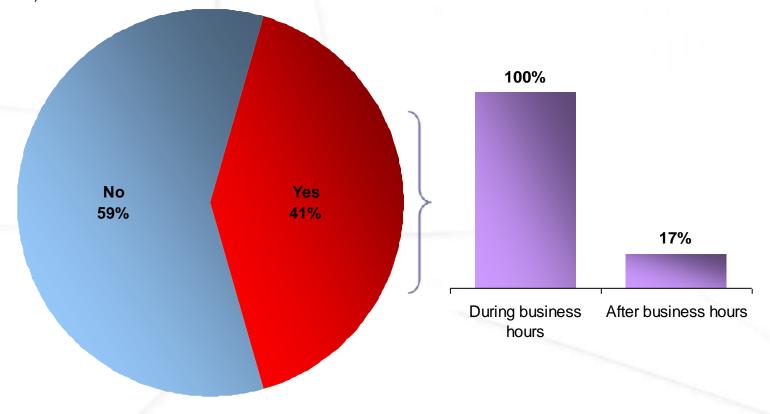
EB-2013-0116 Exhibit 1 Appendix 1-1B

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Two in five have contacted customer care or engineering in past year

Filed: October 1, 2013

- Of the 41% of CND Hydro's large institutional customers who have contacted customer care or engineering over the past 12 months, all have made contact during regular business hours, while 17% have also contacted CND Hydro after business hours.
- Cycle 90 or higher customers tended to contact CND Hydro more often than >50 kW customers (53% vs. 36%).



Reasons for Contacting Customer Care:

Exhibit 1

Outage-related inquiries top the list of reasons for customer service call sign 32 of 43

Filed: October 1, 2013

 Among the 41% of customers who have had contact with CND Hydro's customer care or engineering over the past year, the main reasons necessitating this contact were related to power outages (38%) and billing disputes (27%).

- → Power failure or power outage (38%)
- → Billing dispute / accuracy issue (27%)
- Energy conservation (12%)
- → Moving or new customer connection (11%)
- → New services / renovations / upgrades / permits (5%)
- → Bill payment (4%)
- → For some other reason (28%)

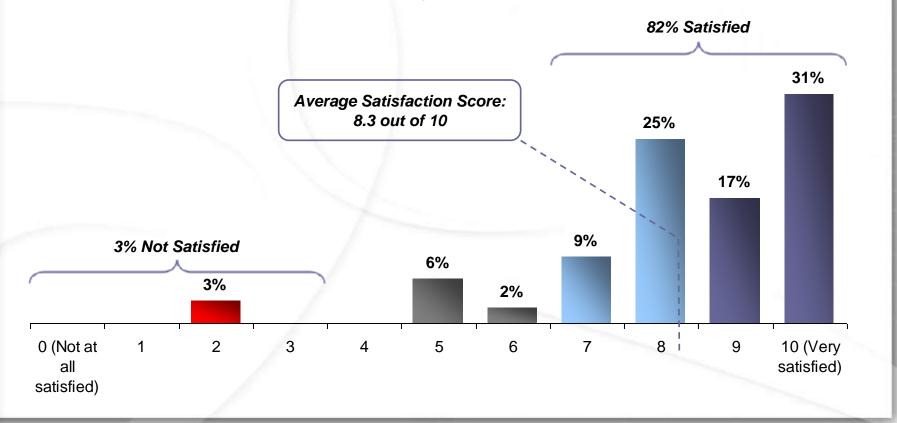
Overall Satisfaction with Customer Care:

Exhibit 1
Appendix 1-1B
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Four out of five satisfied with overall response to customer care issue

Filed: October 1, 2013

- Overall, 82% of the large institutional customers who contacted CND Hydro's customer care or engineering in the past year say they were satisfied with the overall response to their issue, while just 3% were dissatisfied.
- The average satisfaction rating out of 10 is 8.3 consistent across both Cycle 90 and higher customers (8.2) and those in the >50 kW category (8.4).



Question: "Overall, how satisfied were you with each of the following regarding your most recent customer care or engineering issue? Please use a scale from zero to 10, where zero means you were 'not at all satisfied' and 10 means you were 'very satisfied': CND Hydro's overall response to your customer care or engineering issue." [n=43]

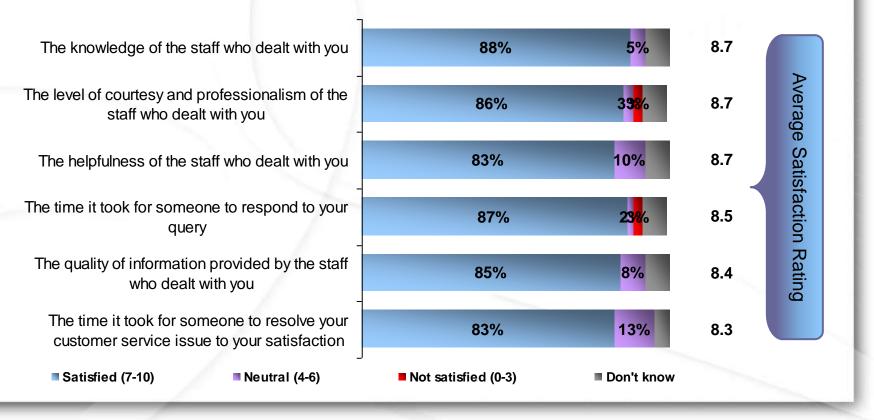
Satisfaction with Customer Care Attributes: Cambridge and North Dumfries Hydro Inc. EB-2013-0116

CND Hydro's customer care end engineering performing well across the board

EB-2013-0116 Exhibit 1 Appendix 1-1B Page 34 of 43

Filed: October 1, 2013

A significant majority of customers who have reached out to CND Hydro's customer care and engineering in the past year are satisfied with each of the six attributes tested, providing average satisfaction rating of no less than 8.3 out of 10. The proportion of customers who indicated their satisfaction with a rating of seven or higher out of 10 ranged between 83% and 88%.



EB-2013-0116 Exhibit 1

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Suggestions for Improvement: Potentially some room for improvement in staff courtesy

Filed: October 1, 2013

CND Hydro's customer care and engineering staff are generally lauded for their levels of knowledge, courtesy and helpfulness, earning high satisfaction scores among large institutional customers who have contacted them within the past year. However, among those who rated the overall response to their customer care or engineering issue as an eight or lower out of 10, the number one suggestion for improvement is that staff could be more courteous / friendly / knowledgeable.

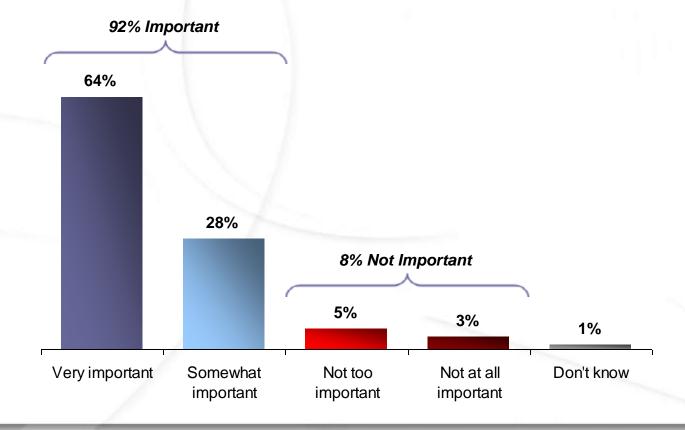
- → Staff could be more courteous / friendly / knowledgeable (36%)
- → Quicker outage response / restoration time (23%)
- → Resolve billing issues (11%)
- → Provide alternate solutions to problems (6%)
- → Something else (4%)
- → Nothing / Don't know (33%)

Importance of 24/7 System Control Centre: Nine out of 10 say 24/7 access is important

EB-2013-0116 Exhibit 1 Appendix 1-1B Page 36 of 43

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 Nine out of 10 large institutional customers (92%) say it is important that customers can contact CND Hydro's system control centre 24 hours a day, seven days a week. This includes 64% who would describe 24/7 access as "very important."



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Part 5: Value-Added Services Preferences and Uptake



EB-2013-0116

18% think it likely they will book an energy efficiency consultation in the next year

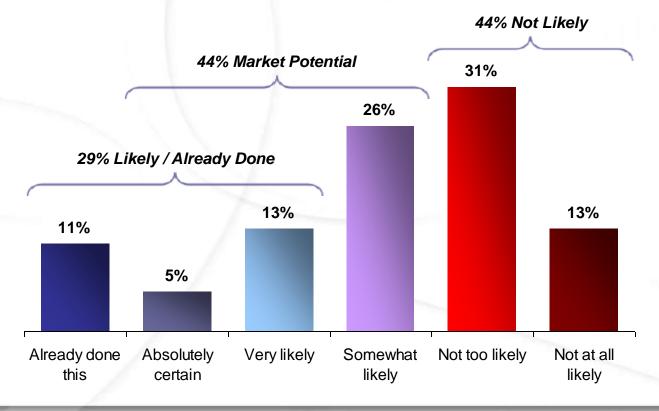
Energy Efficiency Consultation:

Filed: October 1, 2013

Exhibit 1

Appendix 1-1B Page 38 of 43

Among CND Hydro's large institutional customers, 18% say it is likely they will book an appointment with energy efficiency experts at CND Hydro to review available energy efficiency opportunities and programs within the next 12 months, while another 11% have already done so. This adds up to over a quarter (29%) of large institutional customers. Meanwhile, another quarter (26%) consider themselves somewhat likely to book an energy efficiency consultation. Perhaps a marketing or communications campaign would help make these customer more likely to follow through on booking an appointment.

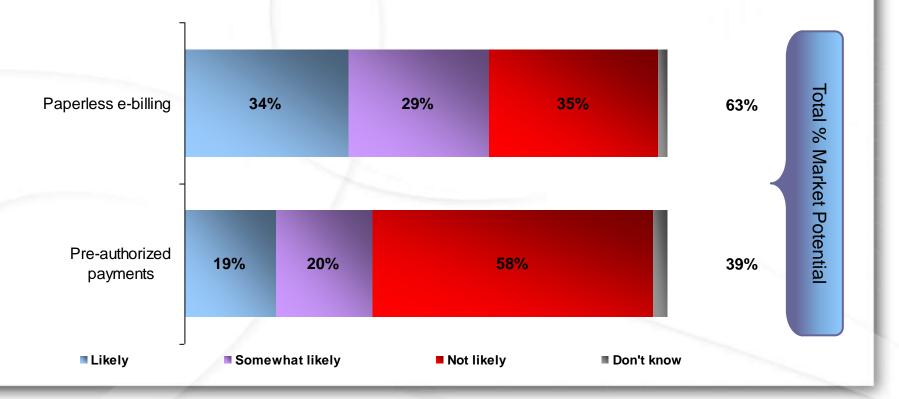


Customer Account Services Uptake: One third likely to sign up for paperless e-billing

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Filed: October 1, 2013

- One third of CND Hydro's large institutional customers (34%) say they are "absolutely certain" or "very likely" to sign up for paperless e-billing if it was offered through the website. Another 29% describe their business as "somewhat likely" to sign up, bringing the market potential up to fully 63% of large institutional customers.
- Meanwhile, one in five (19%) are also likely to sign up for pre-authorized payments if it was offered through the website, with a total market potential of 39% for this service.



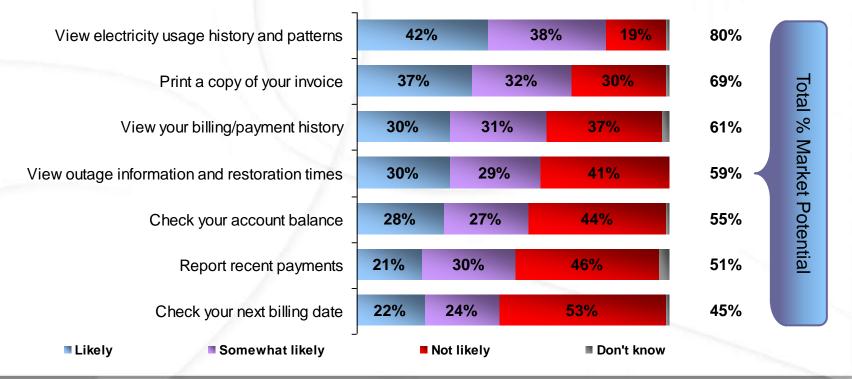
Website Self-Serve Tools Uptake:

Market potential a majority of large customers for nearly all tools

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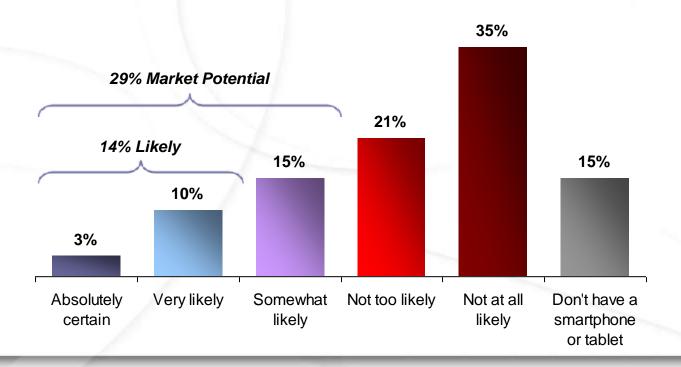
- The overall market potential for all but one of the tools tested represents a majority of CND Hydro's large institutional customers. The lone exception is the ability to check your next billing date with a maximum uptake rate of 45%.
- The most important tool is the ability to view electricity usage history and patterns. Two out of five businesses say they would be likely to use it, with a market potential of 80%. This service, as well as the ability to view your billing/payment history, and view outage information/restoration times are the most appealing to Cycle 90 and higher customers.



Likelihood of Using Smart Phone for Self-Serve Tools. Exhibit 1 One out of seven large customers likely to use mobile app Appendix 1-1B Page 41 of 43

Filed: October 1, 2013

With a high mobile data device penetration rate (85%), the likelihood of large institutional customers using a CND mobile app for any of the self serve tools described in the survey is 14%, with a total market potential of 29%. While likelihood does not vary greatly by consumption rate, the market potential among Cycle 90 and higher customers is higher than it is among those in the >50 kW category (43% vs. 23%) due to a higher proportion who say their business is "somewhat likely" to adopt a CND Hydro app.



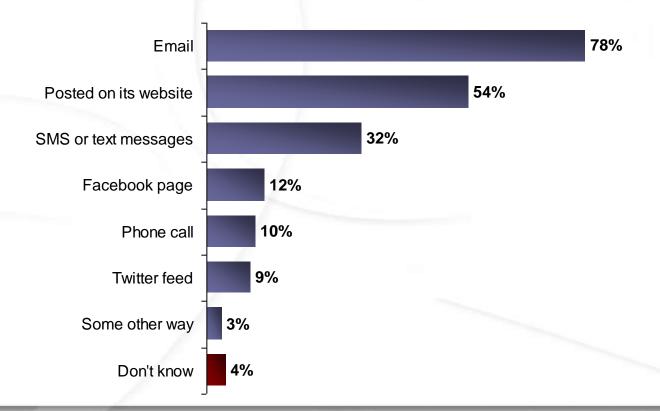
Preferred Methods of Communicating Outageridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-1B

Email and website most preferred methods

Filed: October 1, 2013

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The two most preferred methods for CND Hydro to provide immediate updates regarding service issues such as outages are via email (78%) or postings on its website (54%). Combined, these two communications methods was satisfy the information needs of fully 86% of CND Hydro's large institutional customers. Social media as a method for communicating service issue updates is not a priority among CND Hydro's large institutional customers at this time.



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Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-2 Page 1 of 1 Filed: October 1, 2013

Appendix 1-2 Corporate Communications Strategy

1



CORPORATE COMMUNICATIONS STRATEGY - HIGHLIGHTS

Communications Team June 2013



CAMBRIDGE AND NORTH DUMFRIES HYDRO STRATEGIC FRAMEWORK 2013-2017

Our Vision

Be the energy company most admired for its innovative people, reliable service and outstanding performance.

Our Mission

A team dedicated to providing ideas, solutions and value-added services that benefit our customers, stakeholders and communities.

Core Values

Each of us strives to demonstrate trust, integrity and respect in everything we do. Our actions demonstrate our commitment to living the following principles:

- Teamwork
- Collaboration
- Open, dialogue-focused communication
- Accountability
- Innovation
- Customer-focused

- Safety
- Environmental stewardship
- Community contribution

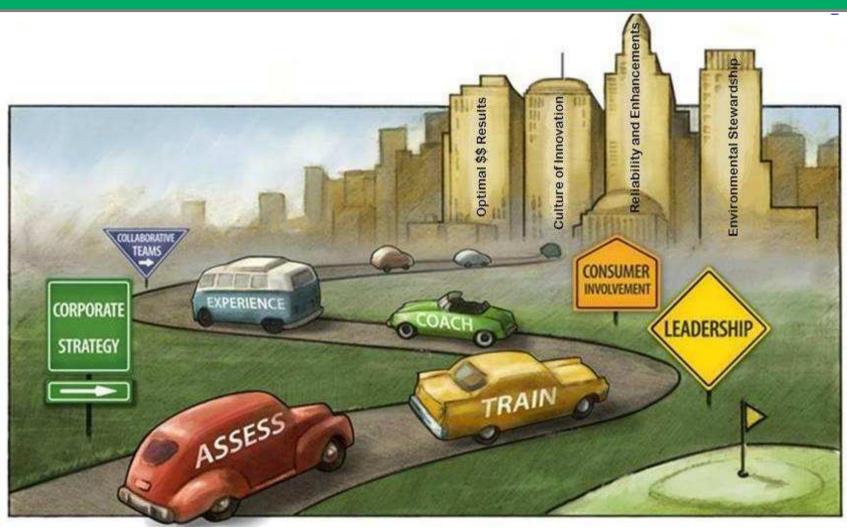
Strategic Imperatives

- 1. **People** Develop and support our dedicated, talented team who embrace best practices, innovative solutions and new technologies to deliver present and future energy needs of our communities.
- 2. Safety and Wellness Always pursue excellence in safety and wellness.
- 3. Customers -- Anticipate and exceed customer expectations regarding efficiency and reliable delivery of electricity.
- **4.** Environmental Stewardship Respect the environment in everything we do.
- 5. Community Demonstrate our dedication to the well-being of our communities.
- **6.** Value Invest in quality energy infrastructure while delivering optimal financial returns to shareholders.

Core Objectives

	00:0000					
	Safety and Wellness Focus					
Aligned & Accountable Leadership; Engaged and Enlightened Employees	Resource Adequacy	Engaged and Enlightened Customers & Communities	Environmental Stewardship Leadership	System Reliability Enhancement	Culture of Innovation	Optimal Financial Results

STRATEGIC COMMUNICATION POSITIONING





CORE BUSINESS OBJECTIVES

- Aligned leadership; engaged & enlightened employees
- Resource adequacy
- Engaged & enlightened customers and communities
- Environmental stewardship leadership
- System reliability enhancement
- Culture of innovation
- Optimal financial results



COMMUNICATION AREAS OF FOCUS - 2013

- Internal Communication and Alignment
- Reputation / Corporate Visibility
- Stakeholder Value
- Online eService Solutions
- Safety and Wellness



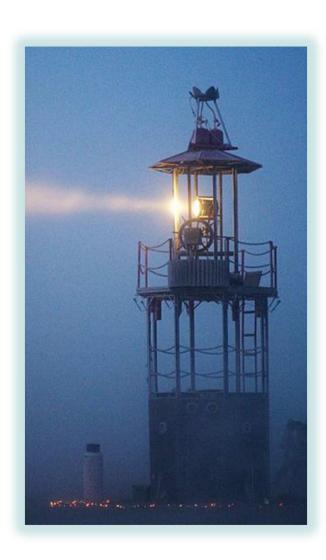
KEY COMMUNICATION MESSAGES





COMMUNICATION GUIDING PRINCIPLES

- Clear
- Consistent
- Confidential
- Credit giving
- Courteous
- Collaborative
- Creative





KEY TARGET AUDIENCES

- Employees
- Customers (residential, commercial, industrial, institutional)
- Board
- Media
- Government Agencies
- Students
- Other LDCs

- Future employees
- Future Customers
- Shareholders
- Regulators
- Intervenors
- Partners
- Industry Associations



OBJECTIVE 1: INTERNAL COMMUNICATION & ALIGNMENT

- Raise awareness and understanding among employees about our vision, mission, core values and strategic imperatives.
- Improve internal communication by promoting dialogue between individuals, departments, leaders and providing opportunities to give feedback.
- Develop tools and support individuals/departments in accessing information that they require to make informed decisions, embrace best practices, innovative solutions and new technologies.
- Communicate Leadership, Board and regulatory decisions in a timely and effective way.



TACTICAL HIGHLIGHTS: INTERNAL COMMUNICATION & ALIGNMENT

Tactic	Purpose	Audience	Timing	Measurement
Introduce new Vision, Mission, Core Values, Strategic Imperatives, Core Objectives	Align staff at all levels with new vision, mission and core values – outline how these things impact each of us	Board Employees	April 2 Quarterly Staff Meeting May 16 – signs posted in all locations	Annual Employee Satisfaction survey
Host Employee Communication Meetings	Understand 'a day in the life' of teams . Reinforce Strategic Imperatives and progress report on KPIs, Board decisions, recognize staff and teams. Opportunities for staff to provide feedback on what they heard.	Employees	April, October - i:Survey to be sent out immediately following the meetings	Participation in meetings – post- event evaluation after Fall meeting Internal communication survey (4Q)
Support development of timely Intranet and Bulletin Board Notices	Inform and educate on important company happenings, progress of major projects. Support and develop subject matter experts.	All Employees Board	Timely as they happen.	Internal communication survey (4Q)
Produce and distribute Quarterly Staff Newsletters	Ensure content reflects corporate priorities, direction. Inform and educate on important company happenings, progress of major projects. Opportunities for staff to provide feedback on what they read, want more/less future issues.	Employees Board Retirees	January, April, July, October i-:Survey to be sent out 2 weeks after newsletter (October) is distributed	Internal communication survey (4Q)
Evaluate the 2013 Internal Communications Program	Formally evaluate, gather staff input on the effectiveness of current internal communication processes, media, format, content needs.	Employees	November	N/A



OBJECTIVE 2: REPUTATION / CORPORATE VISIBILITY

- Raise profile as a responsible, well-managed company that helps make our communities a great place to live, work and do business in.
- Enhance reputation by highlighting where we create value for our shareholders, customers and communities.
- Protect and monitor brand through consistent, clear and credible communications.



TACTICAL HIGHLIGHTS: REPUTATION / CORPORATE VISIBILITY

Tactic	Purpose	Audience	Timing	Measurement
Implement Corporate Communications Policy	Consistent messages; clarify roles and responsibilities	Employees Board	February	Monitor employees following policy
Support community initiatives through a Corporate Sponsorship Program	Increase visibility in the community, industry; ensure strong branding	Shareholders, industry, partners, media	Ongoing	Anecdotal feedback; audience reach; media monitoring
Prepare Good News Stories (later integrate with social media)	Increase visibility about our contributions in the community	Community Stakeholders	Ongoing	Media monitoring Website analytics
		Media, Community		
Deliver a Social Media Strategy / Employee Policy/ Moderation Process	Inform, educate, reputation management	Leadership Team, Board, Employees	May – September	Participation in meetings
				Social Media policies
				Social media monitoring, tracking
Host 2013 Annual General Meeting of Shareholders (Energy + holding company)	Inform stakeholders on challenges facing LDC; risks and what we're doing to face challenges. Invite community to join us.	Board, Shareholders, Media, Community, Customers	May 23, 2013	Media monitoring
Explore options to publish a comprehensive Annual Report starting in 2014	Inform, educate, manage expectations, reduce # calls	Customers	December	N/A
	to Customer Care	Board Media Shareholders		



OBJECTIVE 3: STAKEHOLDER VALUE

- Promote where we create value for our shareholder, customers and communities.
- Support the OEB 2014 Rate Application through proactive communications.
- Educate customers to reduce energy usage/consumption in order to reduce electricity bills.
- Inform customers about the risks and rights relating to third-party energy retailers.
- Communicate proactively with customers and stakeholders impacted by 2013 capital projects.



TACTICAL HIGHLIGHTS: STAKEHOLDER VALUE

Tactic	Purpose	Audience	Timing	Measurement
Develop proactive communications on select	Inform and educate on capital projects, that will improve supply	Customers, Council, community,	January- December	Media monitoring
Capital Projects	of electricity	stakeholders, media		Website analytics
				Track customer inquiries
Letters to Clients Impacted by Capital Projects/Rebuilding	Inform, educate, manage expectations, reduce # calls to	Customers	January – December	Anecdotal feedback
	Customer Care			Track customer inquiries
Gather Commercial/Industrial feedback through 3 rd party survey	Identify customer preferences and future service requirements to support Cost of Service Rate application	Commercial, industrial, institutional customers; OEB; Intervenors	June-August	Qualitative survey result s
Employee Communication Meetings	Progress report on 2014 Rate Application project – milestones achieved; report on performance indicators	Employees	April, October	Post-meeting survey feedback (October 2) Anecdotal feedback Internal communications survey (4Q)
Management Team Presentations	Progress report on 2014 Rate Application; profile capital project, renewable generation technology	Leadership Team Management Team	Monthly	Anecdotal feedback Internal communication survey (4Q)
Bulletin Board Notices to Staff	Inform and educate on important industry happenings, progress of rate application filing	Employees Board	Ongoing	Internal communications survey (4Q)



OBJECTIVE 4: ONLINE E-SERVICE SOLUTIONS

- Participate in new channels of customer communications to build strong relationships with customers, communities and stakeholders.
- Increase take-up of our eService solutions to improve operational efficiencies.
- Position CND Hydro as an organization that is admired for its focus on customer service solutions.



TACTICAL HIGHLIGHTS: ONLINE E-SERVICE SOLUTIONS

Tactic	Purpose	Audience	Timing	Measurement
Create a Website Content Management Strategy	Create new/update content based on customer requests, needs, business priorities, regulations.	Website Team Members Customers, Communities, Board	June – December	Website analytics Number of new pages created Anecdotal feedback
Deliver a communication program/tools to drive customer sign up of Home Connect	Inform, educate, increase sign up of tool	Employees living in Cambridge, Customers	June - December	Target 2% of customer base signed up Track customer inquiries, feedback
Create and promote incentives for Customer Care Team to increase uptake of eService Solutions	Increase customer adoption of e-Services by providing low- cost incentives to Customer Care team to work towards goals	Customer Care Staff	June-December	Participation Customer Care team internal campaign – track individual progress, feedback
Communicate Self-Serve Payment Options	Inform, educate, increase take up of self-serve payment options. Reduce number of walk-in, drive-in, cash payments.	Customer Care Staff Customers currently making cash, walk in, drive-in payments	June – December (Target Q2 2014 close payments from lobby)	Reduction in number of customers at front desk, paying by cash.
Develop and roll-out communications to encourage sign up of Bill Connect paperless e-billing	Inform, educate, increase sign up	Employees, Customers, Communities	December	Target 50 customers signed up
Create an Emergency Communication Response Protocol	Inform, reputation management, crisis communication	Leadership Team Control Room/Ops Customer Care	TBD	Participation in meetings Track customer inquiries, feedback Website analytics



OBJECTIVE 5: SAFETY AND WELLNESS

- Encourage health and wellness of our employees and communities.
- Raise awareness on the importance of electrical safety to protect customers, promote community safety, reduce accidents and prevent damage to infrastructure, property and personnel.
- Position CND Hydro as a most-admired safety champion/leader.



TACTICAL HIGHLIGHTS: SAFETY AND WELLNESS

Tactic	Purpose	Audience	Timing	Measurement
Launch Ontario One Call (billing insert, radio advertising, home page banner)	Inform customers, contractors, community of changes to locate service – we are members of ON1Call	Customers, community, stakeholders	March 18	Track number of requests for locates Website analytics Track customer inquiries
Develop Proactive Media Stories about Electrical Safety (later integrate with social media)	Inform and educate on electrical safety, emergency preparedness, power outages, public safety campaigns	Customers, community, stakeholders, IHSA, ESA, Board	March – December	Media monitoring Website analytics
Promote 2013 Contractor Electrical Safety Seminar (media release; invitations, email communications)	Inform contractors of electrical hazards, regulations, ways to reduce risk	Media, contractors, community, IHSA, ESA, associations, home builders	April 12, 2013	Media monitoring Track attendance from Cambridge and North Dumfries participants Anecdotal feedback
Coordinate Safety Radio Messages with CKW Safety Group	Inform and educate on locates, electrical safety, power outages, public safety campaigns	Customers, community, stakeholders	April - December	Anecdotal feedback Radio station metrics Track number of inquiries from customers
Promote participation as Community Safety Sponsors	Inform and educate on workplace safety, electrical safety, emergency planning, power outages, playing safe	Community Partners Customers	Regional Safety Village Partners in Prevention 2013 Conference – Nov. Commercial Workplace Safety seminars	Anecdotal feedback; audience reach; media monitoring



MEASUREMENT

- Surveys
- Anecdotal feedback
- Google Analytics
- Media monitoring
- Adoption rates





QUESTIONS AND ANSWERS

Thank you!





Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Exhibit 1 Tab 6 Schedule 1

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FINANCIAL INFORMATION 1

- 2 **Audited Financial Statements:**
- 3 Copies of CND's 2011 and 2012 Audited Financial Statements are included in Appendices
- 4 1-3 and 1-4.

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Appendix 1-3 2012 Audited Financial Statements

1

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CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

Financial Statements

Year Ended December 31, 2012



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Financial Statements Year Ended December 31, 2012

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KPMG LLP Chartered Accountants 115 King Street South 2nd Floor Waterloo ON N2J 5A3 Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-3 Telep Page 3 of 27

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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Cambridge and North Dumfries Hydro Inc.

We have audited the accompanying financial statements of Cambridge and North Dumfries Hydro Inc., which comprise the balance sheet as at December 31, 2012, the statements of operations, retained earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



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Opinion

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

Chartered Accountants, Licensed Public Accountants

LPMG LLP

April 18, 2013 Waterloo, Canada



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Balance Sheet Year Ended December 31, 2012

	2012	2011
	\$'000	\$'000
Assets		
Current assets		
Cash and cash equivalents	\$ 14,607	\$ 12,183
Accounts receivable	13,984	14,290
Unbilled revenue	12,911	10,016
Inventories (note 3)	2,405	1,435
Prepaid expense	389	258
Payments in lieu of corporate income taxes recoverable	893	<u> </u>
Regulatory assets (note 4)	4,437	307
	49,626	38,489
Capital assets (note 2)	96,084	85,390
Other assets		
Future tax assets (note 5)	2,843	3,426
Regulatory assets (note 4)	30,612	16,685
	33,455	20,111
	\$ 179,165	\$ 143,990



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-3 Page 6 of 27

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Balance Sheet (continued) Year Ended December 31, 2012

	2012	2011
	\$'000	\$'000
Liabilities and Shareholder's Equity		
Current liabilities		
Accounts payable and accrued liabilities	\$ 15,425	\$ 16,086
Customer deposits	9,917	6,801
Intercompany debt (note 8)	6,740	6,689
Payments in lieu of corporate income taxes payable		296
Regulatory liabilities (note 4)	1,945	380
	34,027	30,252
Long-term liabilities		
Long-term debt (note 6)	35,000	35,000
Customer deposits	2,394	2,439
Post-employment benefits (note 7)	2,135	2,037
Regulatory liabilities (note 4)	35,353	6,301
	74,882	45,777
Shareholder's equity		
Capital stock (note 9)	38,224	38,224
Retained earnings	32,032	29,737
	70,256	67,961
	\$ 179,165	\$ 143,990

See accompanying notes to financial statements.

On behalf of the Board

Director

Directo



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-3 Page 7 of 27

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Statement of Income and Comprehensive Income Year Ended December 31, 2012

	2012	2011
	\$'000	\$'000
Revenue		
Energy sales	\$ 166,496	\$ 131,568
Distribution revenue	25,027	23,655
Other revenue	1,265	2,129
	192,788	157,352
Operating expense		
Energy purchases	166,496	131,568
Operations and maintenance	5,352	4,161
Administration	8,486	6,816
Amortization of capital assets	4,774	6,148
	185,108	148,693
Operating income	7,680	8,659
Interest revenue (expense)		
Interest income	494	412
Interest expense	(2,528)	(2,113)
	(2,034)	(1,701)
Non-operating revenue		
Payments in lieu of income taxes recoveries (note 13)	S-	1,400
		1,400
Income before payments in lieu of corporate income taxes	5,646	8,358
Payments in lieu of corporate income taxes (note 5)	(403)	(1,458)
Net income	\$ 5,243	\$ 6,900

See accompanying notes to financial statements.



CAMBRIDGE AND NORTH DOMENIES FITCH

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Cambridge and North Dumfries Hydro Inc.

Statement of Retained Earnings Year Ended December 31, 2012

	2012 \$'000	2011 \$'000
Retained earnings, beginning of year	\$ 29,737	\$ 25,400
Net income	5,243	6,900
Dividends paid (note 10)	(2,948)	(2,563)
Retained earnings, end of year	\$ 32,032	\$ 29,737

See accompanying notes to financial statements.



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Statement of Cash Flows Year Ended December 31, 2012

	2012		2011
	\$'000		\$'000
Cash provided by (used in):			
Operating activities			
Net income	\$ 5,243	\$	6,900
Items not affecting cash:			
Amortization of capital assets	4,919		6,433
(Gain) on disposal of capital assets	(36)		(35)
Decrease in non-current customer deposits	(45)		(185)
Post-employment benefits	98		28
	10,179		13,141
Net change in non-cash operating working capital (note 11)	(4,989)		(7,759)
	5,190		5,382
Financing activities			
Dividends paid (note 10)	(2,948)		(2,563)
Increase in contributed capital	368		1,343
	(2,580)		(1,220)
Investing activities			
Additions to capital assets	(8,302)		(9,828)
Proceeds on disposal of capital assets	47		57
Intercompany loan	51		(27)
Net change in long-term regulatory assets and liabilities	8,018	tt	(4,751)
	(186)		(14,549)
Increase (decrease) in cash and cash equivalents	2,424		(10,387)
Cash and cash equivalents, beginning of year	12,183		22,570
Cash and cash equivalents, end of year	\$ 14,607	\$	12,183

See accompanying notes to financial statements.



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-3 Page 10 of 27

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Notes to Financial Statements (In thousands of dollars) Year Ended December 31, 2012

Cambridge and North Dumfries Hydro Inc. [the "Company"] is the electric distribution utility for residents of the City of Cambridge and the Township of North Dumfries. The Company is a regulated electricity distribution company incorporated by Certificate of Incorporation under the laws of the Province of Ontario on January 1, 2000. The Company is a wholly-owned subsidiary of Cambridge and North Dumfries Energy Plus Inc. ["Energy Plus"], whose shareholders are the City of Cambridge [the "City] and the Township of North Dumfries [the "Township"].

1. Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ["GAAP"], as described in Part V of the CICA Handbook, for rate regulated entities.

(b) Regulation

The Energy Competition Act, 1998 ["Act"] provides the Ontario Energy Board ["OEB"] with increased powers and responsibilities for regulatory oversight of electricity matters in the Province of Ontario. The Act sets out the OEB's powers to prescribe license requirements and conditions of compliance including, among other things, specified accounting records, regulatory accounting principles; and filing and process requirements for rate setting purposes.

The Company is regulated by the OEB under the authority granted by the Ontario Energy Board Act, 1998. The OEB has responsibility to set just and reasonable distribution rates and thereby approves all of the Company's distribution and ancillary rates. The Company's distribution revenue is determined by applying those regulated rates to customers and their consumption of electricity in the Company's distribution territory, as established by its distribution license granted by the OEB.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

1. Significant accounting policies (continued)

(b) Regulation (continued)

In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that may differ from GAAP for enterprises operating in a non-rate regulated environment. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would have applied in an unregulated company. Such change in timing involves the application of rate regulated accounting, giving rise to the recognition of regulatory assets and liabilities. Regulatory assets represent future rate adjustments associated with certain costs incurred in the current period or in prior periods that are expected to be recovered from customers in future periods through the rate setting process. Regulatory liabilities represent future reductions or limitations of increases in rates associated with amounts that are expected to be refunded to customers as a result of the rate setting process.

(c) Change in estimates

Effective January 1, 2012, the Company revised its estimates of useful lives of certain items of property, plant and equipment and as a result changed its amortization rates. A comparative table of amortization rates is provided in Note 1(h). The impact of the change in 2012 was a reduction of amortization expense of approximately \$1,500. Furthermore, in accordance with OEB accounting requirements, an offsetting reduction of \$1,500 has been recorded against distribution revenue and an increase to regulatory liabilities. As a result, the impact on net income before payments in lieu of income taxes ["PILs"] is nil.

(d) Financial instruments

The Company follows the provisions of CICA Handbook Section 3855 for the recognition and measurement of financial assets and liabilities. At inception, all financial instruments are measured at fair value, unless fair value cannot be reliably determined. Depending on the nature of the financial instrument, revenues, expenses, gains and losses would be reported in either net income or other comprehensive income. Subsequent measurement of each financial instrument will depend on the balance sheet classification elected by the Company.

The Company has elected the following with respect to its financial assets and liabilities:

Cash is classified as "assets held-for-trading" and is measured at fair value.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

1. Significant accounting policies (continued)

(d) Financial instruments (continued)

Cash equivalents, comprising short-term investments, are classified as "Held-to-maturity investments" and are measured at amortized cost, which upon initial recognition is considered equivalent to fair value.

Accounts receivable are classified as "Loans and receivables", and are initially measured at amortized cost, which upon initial recognition is fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Accounts payable and long-term debts are classified as "Other financial liabilities" and are initially measured at amortized cost, which upon initial recognition is fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

(e) Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivables, and the Company believes that its credit risk exposure is limited. The Company routinely assess the financial strength of its customers in accordance with OEB regulations and requires collateral to support customer accounts receivable on specific accounts to mitigate losses.

The Company has a revolving demand credit facility available in the amount of \$8,000 with a Canadian chartered bank. Borrowings under the credit facility may be in the form prime rate loans; current account overdrafts; or Bankers' Acceptances. As December 31, 2012, the Company had drawn \$nil (2011 - \$nil) on the credit facility.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

1. Significant accounting policies (continued)

(f) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Accounts receivable is reported based on amounts expected to be recovered less an appropriate allowance for unrecoverable amounts based on prior experience. Unbilled revenue and regulatory assets are reported based on amounts expected to be recovered. Inventory is recorded net of a provision for obsolescence. Amounts recorded for amortization of capital assets are based on estimates of useful life.

Due to the inherent uncertainty involved in making such estimates, actual results could differ from estimates recorded in preparing these financial statements, including changes as a result of future decisions made by the OEB or the Minister of Energy ["MEI"].

(g) Inventory

Inventory, which consists of parts and supplies acquired for internal construction or consumption for the maintenance of capital assets, is valued at the lower of cost and net realizable value. Cost is determined on a weighted moving average basis.

(h) Capital assets

Capital assets are recorded at cost and include contracted services, materials, labour, engineering costs, and overheads. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers. The OEB requires that such contributions be offset against the related asset cost.

Spare transformers and meters are treated as capital assets, as these items are held for back up of plant-in-service equipment or the substitution of original distribution plant equipment when these original plant assets are being repaired.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

1. Significant accounting policies (continued)

(h) Capital assets (continued)

The utility plant assets are amortized at the following rates on a straight-line basis over their expected useful life:

	New Estimated Service Life	Previous Estimated Service Life
Buildings	5 – 80 years	50 years
Transformer station equipment	15 - 60 years	40 years
Distribution transformers	20 – 80 years	25 years
Distribution system	15 – 99 years	25 years
Meters	15 – 45 years	15-25 years
System supervisory equipment	15 years	15 years
Other capital assets	3 – 10 years	3-10 years

Amortization is recorded at one-half the usual annual rate for assets placed into service in the current fiscal period.

Construction in progress comprises capital assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

(i) Customer deposits

Customers may be required to post security to obtain electricity or other services. These amounts are recorded in the accounts as deposits, which are reported separately from the Company's own cash and cash equivalents. Interest is paid in accordance with the OEB regulations with interest rates based on a variable rate of prime less 2.0%, updated quarterly.

(j) Pension and other post-employment benefits

The Company provides a pension plan for its full-time employees through the Ontario Municipal Employees Retirement System ["OMERS"]. Participation in OMERS requires employers and employees to make contributions based on participating employee's contributory earnings. The Company recognizes the expense related to this plan as contributions are made.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

1. Significant accounting policies (continued)

(j) Pension and other post-employment benefits (continued)

The Company pays certain post-employment benefits on behalf of its retired employees.

Employee future benefits are recorded on an accrual basis. The accrued benefit obligations and current service cost are calculated using the projected benefits method pro-rated on service and based on assumptions that reflect management's best estimates. The estimated post-employment costs are recognized in the period in which the employees render the services. The amount of the obligation is determined from actuarial valuations performed every three years. In the years between valuations, an extrapolation is used.

The Company recognizes actuarial gains and losses over the time period between actuarial valuations, which in most cases, is 3 years.

(k) Revenue recognition

Distribution revenue attributable to the delivery of electricity is based upon OEB approved distribution tariff rates and is recognized as electricity is delivered to customers, which includes an estimate of unbilled revenue, which represents electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from estimates.

(I) Payments in lieu of corporate income taxes

Under the Electricity Act, 1998, the Company is required to make payments in lieu of corporation income taxes ["PILs"] to Ontario Energy Financial Corporation ["OEFC"]. 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 Corporations Tax Act (Ontario), as modified by the Electricity Act, 1998, and related regulations.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

1. Significant accounting policies (continued)

(I) Payments in lieu of corporate income taxes (continued)

The amount of PILs will be approximately equivalent to the taxes that would have to be paid if the Company was a taxable entity under Income Tax Act (Canada). PILs are recoverable and included in approved rates charged to customers.

The Company accounts for income taxes using the liability method. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available, if any, to be carried forward to future years for tax purposes that are likely to be realized.

2. Capital assets

				2012		2011
		Accı	ımulated	Net book	-	Net book
	Cost	amo	rtization	value		value
Land	\$ 467	\$	-	\$ 467	\$	214
Buildings	6,378		3,803	2,575		3,677
Transformer station equipment	10,015		-	10,015		7,391
Distribution transformers	44,015		22,320	21,695		21,295
Distribution system	127,479		65,700	61,779		60,418
Meters	9,515		1,771	7,744		938
System supervisory equipment	714		714	-		-
Other capital assets	11,348		7,067	4,281		3,892
	209,931		101,375	108,556		97,825
Contributed capital	(17,260)		(4,788)	(12,472)		(12,435)
	\$ 192,671	\$	96,587	\$ 96,084	\$	85,390



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Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2012

3. Inventories

	 2012	2011
Stores	\$ 2,277	\$ 1,353
Reel	84	51
Fuel	37	24
Street lights	7	7
	\$ 2,405	\$ 1,435

4. Regulatory assets and liabilities

Regulatory assets and liabilities can arise as a result of the rate-making process [note 1(b)].

Net regulatory assets (liabilities):

	2012	2011
Total regulatory assets	\$ 35,049	\$ 16,992
Total regulatory liabilities	(37,298)	(6,681)
	\$ (2,249)	\$ 10,311

(a) Regulatory assets consist of the following:

	2012					2011			
		Current	Long-term		Current		Long-term		
Retail settlement variances	\$	4,351	\$	27,286	\$	-	\$	6,434	
Smart meters		-		2,766		-		9,978	
Deferral and variance accounts		86		168		-		-	
Lost revenue adjustment mechanism		-		108		1200		-	
Other deferred credits		-		118		-		99	
Other regulatory assets		7 4		75		120		158	
PILs variance				-		307		35.70	
Retailer service cost variances		8 - 8		44		_		16	
Smart grid		-		47		-			
	\$	4,437	\$	30,612	\$	307	\$	16,685	



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

4. Regulatory assets and liabilities (continued)

(b) Regulatory liabilities consist of the following:

	2012				2011			
		Current	Long-term		Current		Long-term	
Retail settlement variances	\$	1,945	\$	31,010	\$	-	\$	2,875
Future tax assets – regulatory liability		-		2,843		8		3,426
Accounting changes under GAAP		=		1,500		<u>_</u>		-
Deferral and variance accounts		-		=		300		-
Special purpose charge assessment		(*)		-		80		-
	\$	1,945	\$	35,353	\$	380	\$	6,301

(c) Pro-forma effect on income before payments in lieu of corporate income taxes:

	2012	2011
Income before PILs of corporate income taxes	\$ 5,646	\$ 8,358
Incremental effect on income		
Smart meters	7,212	596
Retail settlement variances	4,876	335
Accounting changes under GAAP	1,500	141
Deferral and variance accounts	(554)	(7,195)
Lost revenue adjustment mechanism	(108)	(E)
Other deferred credits	(19)	(157)
Other regulatory assets	83	(40)
PILs variance	307	(1,398)
Retailer service cost variances	(28)	(14)
Smart Grid	(47)	(a) (b) (c) (c) (c) (c) (c) (c) (c) (c) (c) (c
Special purpose charge assessment	(80)	261
	\$ 13,142	\$ (7,612)
Income before PILs of corporate income taxes without		
recognition of regulatory assets and liabilities	\$ 18,788	\$ 746



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-3 Page 19 of 27

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Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2012

5. Payments in lieu of corporate income taxes

(a) Statement of Operations

	2012	2011
Income from continuing operations before income taxes	\$ 5,646	\$ 8,358
Statutory Canadian Federal and Provincial income tax rate	26.5%	28.3%
Expected taxes on income	1,496	2,365
Other permanent differences	37	3
Increase (decrease) in income taxes resulting from:		
Adjustment of prior years' taxes	-	(273)
Other current year timing differences not benefited	(1,051)	(637)
Other adjustments	(79)	2.7
Income tax expense	\$ 403	\$ 1,458
Effective tax rate	7.1%	17.4%
Components of income tax expense:		
Current tax expense	\$ 403	\$ 1,458
	\$ 403	\$ 1,458

(b) Balance Sheet

As at December 31, 2012, future income tax assets of \$2,843 (2011 – \$3,426) have been recorded in the accounts using blended income tax rates expected at the time of reversal. As prescribed by regulatory rate orders, income tax expense is recovered from customers through the rate-making process based on the taxes payable method. Therefore, rates do not include the recovery of future income taxes related to timing differences between the tax basis of assets and liabilities, and their carrying amounts for accounting purposes.



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Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2012

6. Long-term debt

	2012	2011
Sun Life Assurance Company of Canada		
4.993% unsecured promissory note, interest payable		
quarterly and maturing November 2020	\$ 35,000	\$ 35,000

Interest expense for the year on the promissory note was \$1,737 (2011 - \$1,737).

7. Pension and other post-employment benefits

(a) Pensions

During 2012, the Company made pension contributions of \$711 (2011 - \$588).

(b) Other post-retirement benefits

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees.

The significant actuarial assumptions adopted in measuring the accrued benefit obligations are as follows:

	2012	2011
Discount rate	3.75%	4.75%
Future general salary and wage levels increase	3.30%	3.30%
Future general inflation increase (CPI)	2.00%	2.00%



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Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2012

7. Pension and other post-employment benefits (continued)

(b) Other post-retirement benefits (continued)

	201	2 2011
Dental costs increase	CPI rate plus a further 3% increase in 2012 through to 2019 and thereafter	CPI rate plus a further 3% increase in 2011 through to 2019 and thereafter
Medical costs increase	CPI rate plus a further 5.63% increase in 2012; graded down to 3% in 2019 and thereafter	CPI rate plus a further 6.0% increase in 2011; graded down to 3% in 2019 and thereafter

The amounts presented are based upon an extrapolation performed as at December 31, 2012 on January 11, 2013. The next valuation is expected to be performed for the year ending December 31, 2014.

Continuity of employees' future benefit liability:

	2012	2011
Balance, beginning of year	\$ 2,071	\$ 1,986
Current service cost	49	47
Interest cost	99	98
Actuarial loss (gain)	28	83
Benefits paid	(139)	(143)
	\$ 2,108	\$ 2,071



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

7. Pension and other post-employment benefits (continued)

(b) Other post-retirement benefits (continued)

Reconciliation of accrued benefit obligation:

	2012	2011
Accrued benefit obligation (ABO)	\$ 2,319	\$ 2,092
Unfunded ABO	(2,319)	(2,092)
Unrecognized loss	184	55
Accrued benefit liability	\$ (2,135)	\$ (2,037)

8. Related party transactions

(a) Cambridge and North Dumfries Energy Plus Inc.

During the year, interest of \$51 (2011 - \$61) was paid to Energy Plus.

	2012	2011
Principal	\$ 3,665	\$ 3,665
Interest payable	55	4
	\$ 3,720	\$ 3,669

The Company provided the following services to Energy Plus during the year:

	2012			2011	
Management fees	\$	11	\$	11	
Accounting and administration fees	\$	6	\$	6	



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Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2012

8. Related party transactions (Continued)

(b) Township of North Dumfries

During the year, interest of \$151 (2011 - \$151) was paid to the Township of North Dumfries.

	***	2012	2011
Township of North Dumfries			
4.993% unsecured promissory note, interest payable quarterly, principal due on two months demand			
notice	\$	3,020	\$ 3,020

(c) The Company provided the following goods and services to Cambridge and North Dumfries Energy Solutions Inc., an unregulated wholly-owned subsidiary company of Energy Plus:

	2012		2011	
Maintenance of street lights	\$	353	\$ 308	
Management fees	\$	11	\$ 11	
Accounting and administration fees	\$	12	\$ 12	

9. Capital stock

2012	2011
\$ 38,224	\$ 38,224
\$	

Dividends

In 2012, the Company declared and paid a dividend to its shareholders in the amount of \$2,948 (2011 – \$2,563).



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-3 Page 24 of 27

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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

11. Net change in non-cash operating working capital

	 2012	2011
Accounts receivable	\$ 306	\$ (6,122)
Unbilled revenue	(2,895)	1,707
Inventories	(970)	(69)
Prepaid expense	(131)	159
Payments in lieu of corporate income taxes	(1,189)	504
Regulatory assets	(4,130)	5,996
Accounts payable and accrued liabilities	(661)	(903)
Customer deposits	3,116	279
Regulatory liabilities	1,565	(9,310)
	\$ (4,989)	\$ (7,759)

12. Energy purchases

As a participant in the competitive electricity market, all electricity purchases for standard supply customers are subject to pricing calculated by the Ontario's Independent Electricity System Operator ["IESO"], a provincial government body.

Included in accounts payable and accrued liabilities as at December 31, 2012 is \$9,220 (2011 – \$10,561) owed in respect of electricity purchases through the IESO.

13. Payments in lieu of income taxes recoveries

On March 22, 2012, the OEB approved the disposition of a PILs Variance account for the period October 1, 2001 to April 30, 2006, which provided for a total recovery of \$1,400. The recovery was recorded as a subsequent event in 2011, and included in non-operating revenue.



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-3 Page 25 of 27

Filed: October 1, 2013

Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

14. Financial instruments

The carrying values of cash and cash equivalents, accounts receivable, cash and cash equivalents held for consumer deposits, accounts payable and accrued liabilities, advance payments and amounts due to and from related parties approximate fair values because of the short maturity of these instruments.

15. Commitments

Letter of Credit

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of their default on their expected activity in the market. The IESO could draw on this security if the Company failed to make payment required by a default notice issued by the IESO. The Company has posted a letter of credit as security in the amount of \$20,378 (2011 – \$20,378).

Operating Lease

The Company has entered into an operating lease for office space which expires in 2017. The minimum annual lease payments required under the lease agreement are as follows:

2013	\$ 51
2014	51
2014 2015	51
2016	51
Thereafter	9
	\$ 213

16. Emerging Accounting Changes

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ["IFRS"] in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011.



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Filed: October 1, 2013

Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2012

16. Emerging accounting changes (continued)

The Accounting Standards Board has provided entities subject to rate regulation an optional deferral up to January 1, 2015 for the implementation of IFRS. The Company has elected to defer its adoption of IFRS and continues to prepare its financial statements in accordance with Part V of the CICA Handbook.

17. Comparative figures

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



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Corporate Directory Year Ended December 31, 2012

Directors

Charles Cipolla, Chair

Thomas LeBrun, Vice Chair

Anita Davis Derek Hamilton

Steven McCartney

Dr. John Tibbits

Doug Craig Martyn Champ

Robert Deutschmann

John Keating

Ian Miles

Management

Ian Miles

Jeffery Brown, P.Eng

Jane Hale-McDonald, CHRP, ARD

Sarah Hughes, CA

Michael Knox

Paul Martinello

Barbara Shortreed, B.Econ

Ron Sinclair, P.Eng

President and CEO

Vice President, Operations

Vice President, Human Resources

Chief Financial Officer

Vice President, Energy Measurement and Conservation

Vice President, Information Technology Services

Vice President, Customer Care and Communications

Vice President, Engineering

Bank

Royal Bank of Canada 15 Sheldon Drive Cambridge, Ontario

Lawyers

Matlow, Miller, Harris, Thrasher LLP 39 Dickson Street Cambridge, Ontario

Auditors

KPMG LLP 115 King Street South, 2nd Floor Waterloo, Ontario

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 1 of 1 Filed: October 1, 2013

Appendix 1-4 2011 Audited Financial Statements

1

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Filed: October 1, 2013



CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

Financial Statements

Year Ended December 31, 2011



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Filed: October 1, 2013

Financial Statements Year Ended December 31, 2011

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KPMG LLP Chartered Accountants 115 King Street South 2nd Floor Waterloo ON N2J 5A3 Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Telei Page 3 of 25 Fax Inter Filed: October 1, 2013

INDEPENDENT AUDITORS' REPORT

To the Shareholder of Cambridge and North Dumfries Hydro Inc.

We have audited the accompanying financial statements of Cambridge and North Dumfries Hydro Inc., which comprise the balance sheet as at December 31, 2011, the statements of operations, retained earnings and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 4 of 25

Filed: October 1, 2013

Opinion

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

Chartered Accountants, Licensed Public Accountants

April 4, 2012 Waterloo, Canada

KPMG LLP



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 5 of 25

Filed: October 1, 2013

Balance Sheet Year Ended December 31, 2011

	2011 \$'000	2010 \$'000
Assets		
Current assets		
Cash and cash equivalents	\$ 12,183	\$ 22,570
Accounts receivable	14,290	8,168
Unbilled revenue	10,016	11,723
Inventories (note 3)	1,435	1,366
Prepaid expense	258	417
Payments in lieu of corporate income taxes recoverable	=	208
Regulatory assets (note 4)	307	6,303
	38,489	50,755
Capital assets (note 2)	85,390	83,360
Other assets		
Future tax assets (note 5)	3,426	4,344
Regulatory assets (note 4)	16,685	13,120
	20,111	17,464
	\$ 143,990	\$ 151,579



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 6 of 25

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Balance Sheet (continued) Year Ended December 31, 2011

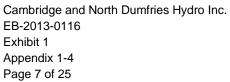
	3-33	2011	2010
		\$'000	\$'000
Liabilities and Shareholder's Equity			
Current liabilities			
Accounts payable and accrued liabilities	\$	16,086	\$ 16,989
Customer deposits		6,801	6,522
Intercompany debt (note 8)		3,669	3,696
Payments in lieu of corporate income taxes payable		296	-
Regulatory liabilities (note 4)		380	9,690
		27,232	36,897
Long-term liabilities			
Long-term debt (note 6)		38,020	38,020
Customer deposits		2,439	2,624
Post-employment benefits (note 7)		2,037	2,009
Regulatory liabilities (note 4)		6,301	8,405
		48,797	51,058
Shareholder's equity			
Capital stock (note 9)		38,224	38,224
Retained earnings		29,737	25,400
		67,961	63,624
	Ś	143,990	\$ 151,579

See accompanying notes to financial statements.

On behalf of the Board

Director

Director





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Filed: October 1, 2013



Statement of Income and Comprehensive Income Year Ended December 31, 2011

	2011	2010
	\$'000	\$'000
Revenue		
Energy sales	\$ 131,568	\$ 121,574
Distribution revenue	23,655	22,391
Other revenue	2,129	2,113
	157,352	146,078
Operating expense		
Energy purchases	131,568	121,574
Operations and maintenance	4,161	3,769
Administration	6,816	6,518
Amortization of capital assets	6,148	6,146
	148,693	138,007
Operating income	8,659	8,071
Interest revenue (expense)		
Interest income	412	399
Interest expense	(2,113)	(2,010)
	(1,701)	(1,611)
Non-operating revenue		
PILs recoveries (note 13)	1,400	-
	1,400	
Income before payments in lieu of corporate income taxes	8,358	6,460
Payments in lieu of corporate income taxes (note 5)	(1,458)	(1,335)
Net income and comprehensive income	\$ 6,900	\$ 5,125

See accompanying notes to financial statements.



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 8 of 25

Filed: October 1, 2013

Statement of Retained Earnings Year Ended December 31, 2011

	2011 \$'000	2010 \$'000
Retained earnings, beginning of year	\$ 25,400	\$ 21,620
Net income	6,900	5,125
Dividends paid (note 10)	(2,563)	(1,345)
Retained earnings, end of year	\$ 29,737	\$ 25,400

See accompanying notes to financial statements.



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1

Filed: October 1, 2013



Statement of Cash Flows Year Ended December 31, 2011

	2011	2010
	\$'000	\$'000
Cash provided by (used in):		
Operating activities		
Net income	\$ 6,900	\$ 5,125
Items not affecting cash		
Amortization of capital assets	6,433	6,391
(Gain) loss on the disposal of capital assets	(35)	367
(Decrease) increase in non-current customer deposits	(185)	415
Post-employment benefits	28	174
	13,141	12,472
Net change in non-cash operating working capital (note 11)	(7,759)	1,201
	5,382	13,673
Financing activities		
Dividends paid (note 10)	(2,563)	(1,345)
Increase in contributed capital	1,343	1,804
	(1,220)	459
Investing activities		
Additions to capital assets	(9,828)	(11,107)
Proceeds on disposal of capital assets	57	85
Intercompany loan	(27)	(43)
Net change in long-term regulatory assets and liabilities	(4,751)	(8,587)
	(14,549)	(19,652)
(Decrease) in cash and cash equivalents	(10,387)	(5,520)
Cash and cash equivalents, beginning of year	22,570	28,090
Cash and cash equivalents, end of year	\$ 12,183	\$ 22,570

See accompanying notes to financial statements.



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 10 of 25

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Notes to Financial Statements (In thousands of dollars) Year Ended December 31, 2011

Cambridge and North Dumfries Hydro Inc. [the "Company"] is the electric distribution utility for residents of the City of Cambridge and the Township of North Dumfries. The Company is a regulated electricity distribution company incorporated by Certificate of Incorporation under the laws of the Province of Ontario on January 1, 2000. The Company is a wholly-owned subsidiary of Cambridge and North Dumfries Energy Plus Inc. ["Energy Plus"] whose shareholders are the City of Cambridge [the "City] and the Township of North Dumfries [the "Township"].

1. Significant accounting policies

(a) Basis of accounting

These financial statements have been prepared by management in accordance with generally accepted accounting principles ["GAAP"].

(b) Regulation

The Energy Competition Act, 1998 ["Act"] provides the Ontario Energy Board ["OEB"] with increased powers and responsibilities for regulatory oversight of electricity matters in the Province of Ontario. The Act sets out the OEB's powers to prescribe license requirements and conditions of compliance including, among other things, specified accounting records, regulatory accounting principles; and filing and process requirements for rate setting purposes.

The Company is regulated by the OEB under the authority granted by the Ontario Energy Board Act, 1998. The OEB has responsibility to set just and reasonable distribution rates and thereby approves all of the Company's distribution and ancillary rates. The Company's distribution revenue is determined by applying those regulated rates to customers and their consumption of electricity in the Company's distribution territory, as established by its distribution license granted by the OEB.

Under Bill 210, certain costs and variance account balances are deemed to be regulatory assets or regulatory liabilities. Regulatory assets represent future rate adjustments associated with certain costs incurred in the current period or in prior periods that are expected to be recovered from customers in future periods through the rate setting process. Regulatory liabilities represent future reductions or limitations of increases in rates associated with amounts that are expected to be refunded to customers as a result of the rate setting process.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2011

1. Significant accounting policies (continued)

(c) Financial instruments

The Company follows the provisions of CICA Handbook Section 3855 for the recognition and measurement of financial assets and liabilities. At inception, all financial instruments are measured at fair value, unless fair value cannot be reliably determined. Depending on the nature of the financial instrument, revenues, expenses, gains and losses would be reported in either net income or other comprehensive income. Subsequent measurement of each financial instrument will depend on the balance sheet classification elected by the Company.

The Company has elected the following with respect to its financial assets and liabilities:

Cash is classified as "assets held-for-trading" and is measured at fair value.

Cash equivalents, comprising short-term investments, are classified as "Held-to-maturity investments" and are measured at amortized cost, which upon initial recognition is considered equivalent to fair value.

Accounts receivable are classified as "Loans and receivables", and are initially measured at amortized cost, which upon initial recognition is fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Accounts payable and long-term debts are classified as "Other financial liabilities" and are initially measured at amortized cost, which upon initial recognition is fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

(d) Credit risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivables, and the Company believes that its credit risk exposure is limited. The Company routinely assess the financial strength of its customers in accordance with OEB regulations and requires collateral to support customer accounts receivable on specific accounts to mitigate losses.

The Company has a revolving demand facility in the amount of \$8,000 by way of Loans at Royal Bank Prime (RBP); overdrafts at RBP; or Bankers' Acceptance. As December 31, 2011, the Company had drawn nil (2010 - \$nil) on the credit facility.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2011

1. Significant accounting policies (continued)

(e) Measurement uncertainty

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Accounts receivable is reported based on amounts expected to be recovered less an appropriate allowance for unrecoverable amounts based on prior experience. Unbilled revenue and regulatory assets are reported based on amounts expected to be recovered. Inventory is recorded net of a provision for obsolescence. Amounts recorded for amortization of capital assets are based on estimates of useful life.

Due to the inherent uncertainty involved in making such estimates, actual results could differ from estimates recorded in preparing these financial statements, including changes as a result of future decisions made by the OEB or the Minister of Energy ["MEI"].

(f) Inventory

Inventory, which consists of parts and supplies acquired for internal construction or consumption for the maintenance of capital assets, is valued at the lower of cost and net realizable value. Cost is determined on a weighted moving average basis.

(g) Capital assets

Capital assets are recorded at cost and include contracted services, materials, labour, engineering costs, and overheads. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers. The OEB requires that such contributions be offset against the related asset cost.

Spare transformers and meters are treated as capital assets, as these items are held for back up of plant-in-service equipment or the substitution of original distribution plant equipment when these original plant assets are being repaired.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2011

1. Significant accounting policies (continued)

(g) Capital assets (continued)

The utility plant assets are amortized at the following rates on a straight-line basis over their expected useful life:

	Estimated Service Life
Buildings	50 years
Transformer station equipment	40 years
Distribution transformers	25 years
Distribution system	25 years
Meters	15 – 25 years
System supervisory equipment	15 years
Other capital assets	3 – 10 years

Amortization is recorded at one-half the usual annual rate for assets placed into service in the current fiscal period.

Construction in progress comprises capital assets under construction, assets not yet placed into service and pre-construction activities related to specific projects expected to be constructed.

(h) Customer deposits

Customers may be required to post security to obtain electricity or other services. These amounts are recorded in the accounts as deposits, which are reported separately from the Company's own cash and cash equivalents. Interest is paid in accordance with the OEB regulations with interest rates based on a variable rate of prime less 2.0% updated quarterly.

(i) Pension and other post-employment benefits

The Company provides a pension plan for its full-time employees through the Ontario Municipal Employees Retirement System ["OMERS"]. Participation in OMERS requires employers and employees to make contributions based on participating employee's contributory earnings. The Company recognizes the expense related to this plan as contributions are made.



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Filed: October 1, 2013

Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2011

1. Significant accounting policies (continued)

(i) Pension and other post-employment benefits (continued)

The Company pays certain post-employment benefits on behalf of its retired employees.

Employee future benefits are recorded on an accrual basis. The accrued benefit obligations and current service cost are calculated using the projected benefits method pro-rated on service and based on assumptions that reflect management's best estimates. The estimated post-employment costs are recognized in the period in which the employees render the services. The amount of the obligation is determined from actuarial valuations performed every three years. In the years between valuations, an extrapolation is used.

The Company recognizes actuarial gains and losses over the time period between actuarial valuations, which in most cases, is 3 years.

(j) Revenue recognition

Distribution revenue attributable to the delivery of electricity is based upon OEB approved distribution tariff rates and is recognized as electricity is delivered to customers, which includes an estimate of unbilled revenue, which represents electricity consumed by customers since the date of each customer's last meter reading. Actual electricity usage could differ from estimates.

(k) Payment in lieu of corporate income taxes

Under the Electricity Act, 1998, the Company is required to make payments in lieu of corporation income taxes ["PILs"] to Ontario Energy Financial Corporation ["OEFC"]. 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 Corporations Tax Act (Ontario), as modified by the Electricity Act, 1998, and related regulations.

The amount of PILs will be approximately equivalent to the taxes that would have to be paid if the Company was a taxable entity under Income Tax Act (Canada). PILs are recoverable and included in approved rates charged to customers.



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2011

1. Significant accounting policies (continued)

(k) Payment in lieu of corporate income taxes (continued)

The Company accounts for income taxes using the liability method. Under this method, current income taxes are recognized for the estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting bases of assets and liabilities as well as for the benefit of losses available, if any, to be carried forward to future years for tax purposes that are likely to be realized.

2. Capital assets

				2011		2010
	-	Accu	ımulated	Net book	- 1	Net book
	Cost	amo	rtization	value		value
Land	\$ 214	\$	_	\$ 214	\$	235
Buildings	6,137		2,460	3,677		3,808
Transformer station equipment	9,778		2,387	7,391		7,629
Distribution transformers	33,795		18,277	15,518		15,101
Distribution system	131,183		64,988	66,195		64,977
Meters	1,330		392	938		700
System supervisory equipment	714		714	-		-
Other capital assets	10,079		6,187	3,892		2,651
	193,230		95,405	97,825		95,101
Contributed capital	(16,892)		(4,457)	(12,435)		(11,741)
	\$ 176,338	\$	90,948	\$ 85,390	\$	83,360



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Filed: October 1, 2013

Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2011

3. Inventories

	2011	2010
Stores	\$ 1,353	\$ 1,284
Reel	51	59
Street lights	7	7
Fuel	24	16
	\$ 1,435	\$ 1,366

4. Regulatory assets and liabilities

Regulatory assets and liabilities can arise as a result of the rate-making process [note 1(b)].

(a) Regulatory assets consist of the following:

	2011			2010					
	Current		Lo	Long-term		Current		Long-term	
Other deferred credits	\$		\$	99	\$	-	\$	-	
Other regulatory assets		=		158		-		118	
PILs variance		307		-		-		-	
Retailer service cost variances		2		16		-		2	
Retail settlement variances		-		6,434	6	,303		2,700	
Smart meters		<u> =</u>		9,978		-		10,119	
Special purpose charge assessment		8		ĕ		-		181	
	\$	307	\$	16,685	\$ 6	,303	\$	13,120	

(b) Regulatory liabilities consist of the following:

	2011			2010			
	<u>c</u>	urrent	Lor	ng-term	Current	Lor	ng-term
Deferral and variance accounts	\$	300	\$	-	\$ 5,621	\$	1,874
Future tax assets – regulatory liability		-		3,426	-		4,343
Other deferred credits		=		<u> </u>	-		58
PILs variance		-		-	-		1,091
Retail settlement variances		=		2,875	4,069		1,039
Special purpose charge assessment		80					-
	\$	380	\$	6,301	\$ 9,690	\$	8,405



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Filed: October 1, 2013

Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2011

4. Regulatory assets and liabilities (continued)

Net regulatory assets (liabilities):

	2011	2010
Total regulatory assets	\$ 16,992	\$ 19,423
Total regulatory liabilities	(6,681)	(18,095)
	\$ 10,311	\$ 1,328

(c) Pro-forma effect on income before payments in lieu of corporate income taxes:

	2011	2010
Income before PILs of corporate income taxes	\$ 8,358	\$ 6,460
Incremental effect on income		
Deferral and variance accounts	(7,195)	7,495
Other deferred credits	(157)	58
Other regulatory assets	(40)	688
PILs variance	(1,398)	6
Retailer service cost variances	(14)	(3)
Recovery of regulatory assets	<u>=</u>	(434)
Retail settlement variances	335	(10,428)
Smart meters	596	(3,398)
Special purpose charge assessment	261	(181)
	\$ (7,612)	\$ (6,197)
Income before PILs of corporate income taxes without		
recognition of regulatory assets and liabilities	\$ 746	\$ 263



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Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2011

5. Payments in lieu of corporate income taxes

(a) Statement of Operations

7-7-7-70 C	2011	2010
Income from continuing operations before income taxes	\$ 8,358	\$ 6,460
Statutory Canadian Federal and Provincial income tax rate	28.3%	31.0%
Expected taxes on income	2,365	2,003
Other permanent differences	3	12
Increase (decrease) in income taxes resulting from:		
Adjustment of prior years' taxes	(273)	(236)
Other current year timing differences not benefited	(637)	(444)
Other adjustments	<u>=</u>	<u> </u>
Income tax expense	\$ 1,458	\$ 1,335
Effective tax rate	17.4%	20.7%
Components of income tax expense:		
Current tax expense	\$ 1,458	\$ 1,335
	\$ 1,458	\$ 1,335

(b) Balance Sheet

As at December 31, 2011, future income tax assets of \$3,426 (2010 – \$4,344) have been recorded in the accounts using blended income tax rates expected at the time of reversal. As prescribed by regulatory rate orders, income tax expense is recovered from customers through the rate-making process based on the taxes payable method. Therefore, rates do not include the recovery of future income taxes related to timing differences between the tax basis of assets and liabilities, and their carrying amounts for accounting purposes.



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Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2011

6. Long-term debt

		2011		2010
Sun Life Assurance Company of Canada 4.993% unsecured promissory note, payable interest only quarterly and maturing November 2020	\$	35,000	\$	35,000
Township of North Dumfries 4.993% unsecured promissory note, payable interest only quarterly, principal due on two months demand notice and payable to related party		3,020		3,020
	\$	38,020	\$	38,020
Interest expense for the year:		2011		2010
Sun Life Assurance Company of Canada	Ś	1,737	Ś	1,737
Township of North Dumfries	7	151	,	151
	\$	1,888	\$	1,888



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Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2011

7. Pension and other post-employment benefits

(a) Pensions

During the year 2011, the Company made pension contributions of \$588 (2010 - \$473).

(b) Other post-retirement benefits

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees.

The significant actuarial assumptions adopted in measuring the accrued benefit obligations are as follows:

A		201:	1	2010
Discount rate		4.7	5%	6.00%
Future general salary and wage levels incr	ease	3.3	0%	3.30%
Future general inflation increase (CPI)		2.0	0%	2.00%
Dental costs increase	CPI rate plus a fu 3% increase in 2 through to 2019 thereafter	011	3% increa	olus a further ase in 2010 to 2016 and er
Medical costs increase	CPI rate plus a fu 6% increase in 2011; graded do to 3% in 2019 ar thereafter	wn	6.33% inc	ided down 2016 and



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 21 of 25

Filed: October 1, 2013

Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2011

7. Pension and other post-employment benefits (continued)

(b) Other post-retirement benefits (continued)

The amounts presented are based upon an actuarial valuation performed as at January 1, 2011 on November 10, 2011. The next valuation is expected to be performed for the year ending December 31, 2014.

Continuity of employees' future benefit liability:

	2011	2010
Balance, beginning of year	\$ 1,986	\$ 1,835
Current service cost	47	53
Interest cost	98	103
Actuarial loss (gain)	83	136
Benefits paid	(143)	(141)
	\$ 2,071	\$ 1,986

Reconciliation of accrued benefit obligation:

	2011	2010
Accrued benefit obligation (ABO)	\$ 2,092	\$ 2,009
Unfunded ABO	(2,092)	(2,009)
Unrecognized loss	55	-
Accrued benefit liability	\$ (2,037)	\$ (2,009)



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Filed: October 1, 2013

Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2011

8. Related party transactions

(a) Cambridge and North Dumfries Energy Plus Inc.

During the year, interest of \$61 (2010 - \$93) was paid to Energy Plus.

	2011	2010
Principal	\$ 3,665	\$ 3,665
Interest payable	4	31
	\$ 3,669	\$ 3,696

The Company provided the following services to Energy Plus during the year:

	2011		2010	
Management fees	\$	11	\$	11
Accounting and administration fees	\$	6	\$	6

(b) The Company provided the following goods and services to Cambridge and North Dumfries Energy Solutions Inc., an unregulated wholly-owned subsidiary company of Energy Plus:

	2011	2010
Maintenance of street lights	\$ 308	\$ 262
Management fees	\$ 11	\$ 11
Accounting and administration fees	\$ 12	\$ 12



Filed: October 1, 2013



Notes to Financial Statements (continued) (In thousands of dollars) Year Ended December 31, 2011

9. Capital stock

	2011	2010
Authorized		
Unlimited common shares		
Issued		
1,001 common shares	\$ 38,224	\$ 38,224

10. Dividends

In 2011, the Company declared and paid a dividend to its shareholders in the amount of \$2,563 (2010 - \$1,345).

11. Net change in non-cash operating working capital

	2011	2010
Accounts receivable	\$ (6,122)	\$ 1,608
Unbilled revenue	1,707	(521)
Inventories	(69)	(55)
Prepaid expense	159	31
Payment in lieu of corporate income taxes	504	(49)
Regulatory assets	5,996	(5,850)
Accounts payable and accrued liabilities	(903)	(1,045)
Customer deposits	279	854
Regulatory liabilities	(9,310)	6,228
	\$ (7,759)	\$ 1,201

12. **Energy purchases**

As a participant in the competitive electricity market, all electricity purchases for standard supply customers are subject to pricing calculated by the Ontario's Independent Electricity System Operator ["IESO"], a provincial government body.

Included in accounts payable and accrued liabilities as at December 31, 2011 is \$10,561 (2010 -\$10,898) owed in respect of electricity purchases through the IESO.



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 24 of 25

Filed: October 1, 2013

Notes to Financial Statements (continued) (In thousands of dollars)
Year Ended December 31, 2011

13. PILs recoveries

The payments in lieu of corporate income taxes ["PILs"] variances recorded in the PILs Variance regulatory account for the period October 1, 2001 to April 30, 2006 were submitted to the OEB for disposition according to the requirements set out by the OEB. Subsequent to year end, the OEB approved the disposition of \$1,093 to be retained by the Company, and recovery of \$307 by way of a rate rider beginning May 1, 2012. As a result, in December 2011, the Company recorded a recovery of \$1,400 to non-operating revenue

14. Financial instruments

The carrying values of cash and cash equivalents, accounts receivable, cash and cash equivalents held for consumer deposits, accounts payable and accrued liabilities, advance payments and amounts due to and from related parties approximate fair values because of the short maturity of these instruments.

15. Commitments

Purchasers of electricity in Ontario, through the IESO, are required to provide security to mitigate the risk of their default on their expected activity in the market. The IESO could draw on this security if the Company failed to make payment required by a default notice issued by the IESO. The Company has posted a letter of credit as security in the amount of \$20,378 (2010 – \$20,378).

16. Emerging Accounting Changes

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

17. Comparative figures

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



Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-4 Page 25 of 25

Filed: October 1, 2013

Corporate Directory Year Ended December 31, 2011

Directors

Charles Cipolla, Chair

Thomas LeBrun, Vice Chair

John Grotheer Dr. John Tibbits

Derek Hamilton

Doug Craig

Martyn Champ

Robert Deutschmann

Steven McCartney

Management

John Grotheer, CMA, C.DIR

Barbara Shortreed, B.Econ

Michael Knox

Jane Hale-McDonald, CHRP, ARD

Jeffery Brown, P.Eng Ron Sinclair, P.Eng

Dean Ferraro, CA

President and CEO

Director, Customer Care and Public Relations

Director, Customer Information Services and Conservation

Director, Human Resources

Director, Operations
Director, Engineering

Director, Finance and Corporate Services

Bankers

Royal Bank of Canada 15 Sheldon Drive

Cambridge, Ontario

Lawyers

Matlow, Miller, Harris, Thrasher LLP 39 Dickson Street

Cambridge, Ontario

Auditors

KPMG LLP

115 King Street South, 2nd Floor

Waterloo, Ontario

Exhibit 1 Tab 6 Schedule 2 Page 1 of 1

Filed: October 1, 2013

Reconciliation of Audited Financial Statements to Results Filed:

- 2 With the exception of 2011, the Audited Financial Statements of CND are consistent with
- 3 the financial results filed with the Board through RRR 2.1.7. Table 1-18 provides a
- 4 reconciliation of net income for 2010, 2011, and 2012 Actuals between the audited financial
- 5 statements and the RRR 2.1.7 filing.

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Table 1-18 Reconciliation of Audited Financial Statements

Reconciliation of Audited Financial Statemen	nts to Regul	atory RRR I	ilings
\$000's			
	2012	<u>2011</u>	<u>2010</u>
Net Income per Audited Financial Statements	5,243	6,900	5,125
Adjustments to Regulatory Net Income PILs Adjustment	-	(1,400)	-
OPA Incentive Revenue		(785)	-
Net Income as per RRR filings 2.1.7	5,243	4,715	5,125

- 8 Regulated net income for 2011 was adjusted for the following:
- 9 1. To remove the recovery of \$1,400,439 in PILs for regulatory accounting purposes 10 arising from the Board's Decision (EB-2011-0156) on the disposition of the PILs 11 variance account in respect of a prior period (October 1, 2001 to April 30, 2006).
- 122. To remove non-regulated revenue earned in 2011 from the OPA, as part of the13CDM incentive programs.

Cambridge and North Dumfries Hydro Inc.
EB-2013-0116
Exhibit 1
Appendix 1-5
Page 1 of 1
Filed: October 1, 2013

APPENDIX 1-5 2010 - 2012 ACTUALS

Appendix 1-5 2010-2012 Actuals

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Reconciliation of Audited Financial Statements

Reconciliation of Audited Financial Statemer	nts to Regul	atory RRR F	ilings
\$000's			
	<u>2012</u>	<u>2011</u>	<u>2010</u>
Net Income per Audited Financial Statements	5,243	6,900	5,125
Adjustments to Regulatory Net Income PILs Adjustment	-	(1,400)	-
OPA Incentive Revenue	-	(785)	-
Net Income as per RRR filings 2.1.7	5,243	4,715	5,125

EB-2013-0116 Exhibit 1 Tab 6 Schedule 3 Page 1 of 1

Filed: October 1, 2013

1 Annual Report and MD&A for Parent Company:

- 2 CND's parent company, Cambridge and North Dumfries Energy Plus Inc. does not produce
- 3 an Annual Report and MD&A.
- 4 Rating Agency Reports:
- 5 CND does not have a Rating Agency Report.
- 6 **Prospectus**:
- 7 CND does not have any publicly traded debt or equity. CND currently has no plans to issue
- 8 public debt or equity in the 2014 Test Year.

EB-2013-0116 Exhibit 1 Tab 7 Schedule 1 Page 1 of 1

Filed: October 1, 2013

MATERIALITY THRESHOLDS

In accordance with the Chapter 2 Filing Requirements, an applicant must provide justification for changes from year to year to its rate base, capital expenditures and OM&A above a materiality threshold. CND's materiality threshold is computed as 0.5% of the proposed distribution revenue requirement for distributors with a distribution revenue requirement greater than \$10 million and less than or equal to \$200 million. The materiality threshold as per the Filing Requirements is \$139,830 as provided in Table 1-19. CND has adopted a variance analysis threshold of \$125,000, which is consistent with materiality threshold used by CND it its last Cost of Service Rate Application.

Table 1-19 – Threshold for Variance Analysis

VARIANCE ANALYSIS THRESHOLD				
	2014 TEST			
Estimated Distribution Revenue Requirement	27,966,045			
0.5% of Proposed Distribution Revenue Requirement	139,830			
Variance threshold established for analysis	125,000			

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Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Tab 8 Schedule 1

Page 1 of 4 Filed: October 1, 2013

1 ADMINISTRATION

- 2 Legal Application:
- 3 Certification:
- 4 I, Ian Miles, President and C.E.O of Cambridge and North Dumfries Hydro Inc., certify that
- 5 the evidence filed is accurate, consistent, and complete to the best of my knowledge.
- 6 Ian Miles

7

8 yan M

9 Ian Miles

10 President and C.E.O.

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Tab 8 Schedule 1 Page 2 of 4 Filed: October 1, 2013

Contact Information:

2	The Applicant:	
3	Cambridge and	North Dumfries Hydro Inc.
4	1500 Bishop St	reet
5	P. O. Box 1060	
6	Cambridge, On	tario
7	N1R 5X6	
8	President and Chief Ex	ecutive Officer
9	Mr. Ian Miles	
10	Telephone:	519-621-8405, ext. 2355
11	Fax:	519-621-0383
12	E-mail:	imiles@camhydro.com
13	Chief Financial Officer	
14	Ms. Sarah Hug	hes
15	Telephone:	519-621-8405, ext. 2638
16	Fax:	519-621-0383
17	E-mail:	shughes@camhydro.com
18	Primary Application Co	ontact:
19	Grant Brooker	
20	Manager, Regu	llatory Affairs
21	Telephone:	519-621-8405, ext. 2340
22	Fax:	519-621-0383
23	E-mail:	gbrooker@camhydro.com

EB-2013-0116 Exhibit 1

Tab 8
Schedule 1

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Legal Representation:

- 2 Borden Ladner Gervais
- 3 40 King Street West
- 4 40th Floor

- 5 Toronto, Ontario
- 6 M5H 3Y4
- 7 Primary Legal Contact:
- 8 John A.D. Vellone
- 9 Lawyer
- 10 Telephone: 416-367-6730
- 11 Fax: 416-361-2758
- 12 Email: jvellone@blg.com
- 13 Primary Consulting Contact:
- 14 Bruce Bacon
- 15 Senior Utility Rate Consultant
- 16 Telephone: 416-367-6087
- 17 Cell: 416-825-4144
- 18 Fax: 416.361.7366
- 19 Email: <u>bbacon@blg.com</u>

EB-2013-0116 Exhibit 1 Tab 8

Schedule 1 Page 4 of 4 Filed: October 1, 2013

1 Proposed Effective Date of Rate Order:

- 2 The Applicant requests that the OEB make its Rate Order effective May 1, 2014 in
- accordance with the Filing Requirements.
- 4 In the event that the OEB is unable to provide a Decision and Order in this application for
- 5 implementation by the Applicant as of May 1, 2014, the Applicant requests that the OEB
- 6 declare its current rates interim, effective May 1, 2014, pending the implementation of the
- 7 OEB's Rate Order for the 2014 rate year.

8 Form of Hearing:

9 The Applicant requests that this Application be disposed of by way of a written hearing.

EB-2013-0116 Exhibit 1 Tab 8

Schedule 2 Page 1 of 1

Filed: October 1, 2013

1 Statement of Publication:

2 **Publication Information:**

- 3 CND proposes to publish the Notice of Application in the Cambridge Times; a City of
- 4 Cambridge based non-paid subscription newspaper with a circulation of approximately
- 5 45,000. CND also proposes to publish the Notice of Application in the Ayr News; a Town of
- 6 Ayr based subscription newspaper with a circulation of approximately 3,600 within the
- 7 Township of North Dumfries.

Page 1 of 2 Filed: October 1, 2013

BILL IMPACTS – DISTRIBUTION ONLY

- 2 Table 1-20 summarizes the Residential Customer Distribution Rate charges proposed in this Application compared to the current
- 3 Board Approved Rates, based on monthly consumption of 800 kWh.

Table 1-20 Residential Distribution Rates – 800 kWh

Customer Class: Residential

TOU / non-TOU: TOU

Consumption 800 kWh

		Current Board-Approved			ed		
	Charge	Rate		e Volume		Charge	
	Unit		(\$)			(\$)	
Monthly Service Charge	Monthly	\$	10.09	1	\$	10.09	
Rate Rider for Disposal of Residual Historical Smart Meter Costs - effective until April 30, 2014	Monthly	\$	0.01	1	\$	0.01	
Rate Rider for Smart Meter Incremental Revenue Requirement	Monthly	\$	2.22	1	\$	2.22	
Distribution Volumetric Rate	per kWh	\$	0.0163	800	\$	13.04	
Sub-Total A (excluding pass through)					\$	25.36	

Proposed						
Rate (\$)		Volume	С	harge (\$)		
\$	13.32	1	\$	13.32		
		1	\$	-		
		1	\$	-		
\$	0.0162	800	\$	12.96		
			\$	26.28		

Impact				
\$ C	hange	% Change		
\$	3.23	32.01%		
-\$	0.01	-100.00%		
-\$	2.22	-100.00%		
-\$	0.08	-0.61%		
Þ	0.92	3.63%		

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- 1 Table 1-21 summarizes the GS < 50 kW Customer Distribution Rate charges proposed in this Application compared to the
- 2 current Board Approved Rates, based on monthly consumption of 2,000 kWh.

Table 1-21 GS < 50 kW Distribution Rates – 2,000 kWh

Customer Class: GS < 50 kW

TOU / non-TOU: TOU

Consumption 2,000 kWh

		Current Board-Approved			red	
	Charge			Volume	Charge	
	Unit		(\$)			(\$)
Monthly Service Charge	Monthly	\$	11.92	1	\$	11.92
Rate Rider for Disposal of Residual Historical Smart Meter Costs - effective until April 30, 2014	Monthly	\$	4.89	1	\$	4.89
Rate Rider for Smart Meter Incremental Revenue Requirement	Monthly	\$	6.20	1	\$	6.20
Distribution Volumetric Rate	per kWh	\$	0.0127	2000	\$	25.40
Sub-Total A (excluding pass through)				\$	48.41	

Proposed						
Rate		Volume	С	harge		
(\$)			(\$)			
\$	18.48	1	\$	18.48		
		1	\$	-		
		1	\$	-		
\$	0.0129	2000	\$	25.80		
			\$	44.28		

Impact					
\$ C	hange	% Change			
\$	6.56	55.03%			
-\$	4.89	-100.00%			
-\$	6.20	-100.00%			
\$	0.40	1.57%			
-\$	4.13	-8.53%			

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CORPORATE OVERVIEW

2 Utility Operating Environment:

3 Overview:

1

4 COMMUNITIES SERVED: City of Cambridge and Township of North Dumfries

5 TOTAL SERVICE AREA: 306 square kilometers

6 RURAL SERVICE AREA: 216 square kilometers

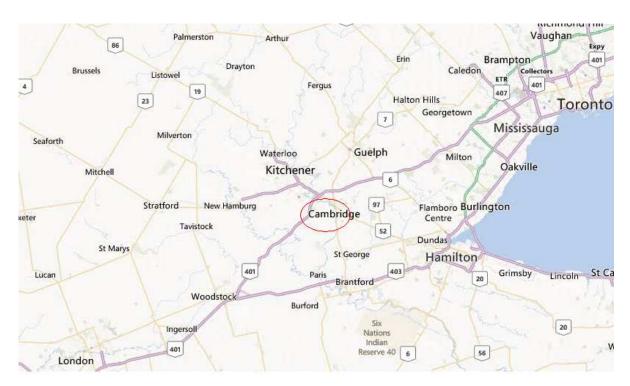
7 SERVICE AREA POPULATION: 142,310

- 8 CND owns and operates the electricity distribution system in its licensed service area in the
- 9 City of Cambridge and the Township of North Dumfries and provides services to
- 10 approximately 52,000 residential, commercial, industrial, and institutional customers. It also
- 11 provides low voltage ("LV") facilities to Hydro One and Waterloo North Hydro ("WNH"). The
- 12 City of Cambridge is located west of Toronto on the 401 Highway and is south east of both
- 13 Kitchener Wilmot Hydro and WNH. The Township of North Dumfries is predominantly
- 14 South-West of the City of Cambridge.
- 15 CND serves all customers within the City of Cambridge and the Township of North
- 16 Dumfries with the exception of one large steel processor that is located in the City of
- 17 Cambridge but is directly fed from the transmission grid.
- 18 A map of CND's Distribution Service Territory is provided in Appendix 1-7. Chart 1-2
- 19 provides the location of Cambridge in the Province of Ontario.

Exhibit 1 Tab 8 Schedule 4 Page 2 of 13

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Chart 1-2 Map of Cambridge



3 Electricity is supplied through four high voltage transformer stations. Three of these

stations are owned and operated by Hydro One and one is owned and operated by CND.

5 The 29 feeders emanating from these stations operate at 27.6 kV. The system has no

6 substations remaining as the last was decommissioned in 2010.

7 CND's service area is 306 square kilometers and utilizes over 413 circuit kilometers of

underground cable and 711 circuit kilometers of overhead conductor. The primary supply

voltages are 27.6 kV and 8.32 kV which are stepped down through approximately 7,025

10 LDC owned distribution transformers. The system includes approximately 14,000 poles

11 owned by the utility and 1,645 poles utilizing shared space owned by Bell Canada,

12 Waterloo North Hydro, Hydro One Networks and Kitchener-Wilmot Hydro. The Supervisory

13 Control and Data Acquisition (SCADA) system includes over 70 remote loadbreak switching

14 devices.

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15 CND owns and maintains approximately 51,200 smart meters installed on its customers'

premises for the purpose of measuring consumption of electricity for billing purposes.

Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Exhibit 1 Tab 8

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Meters vary in type by customer and include meters capable of measuring kWh 1

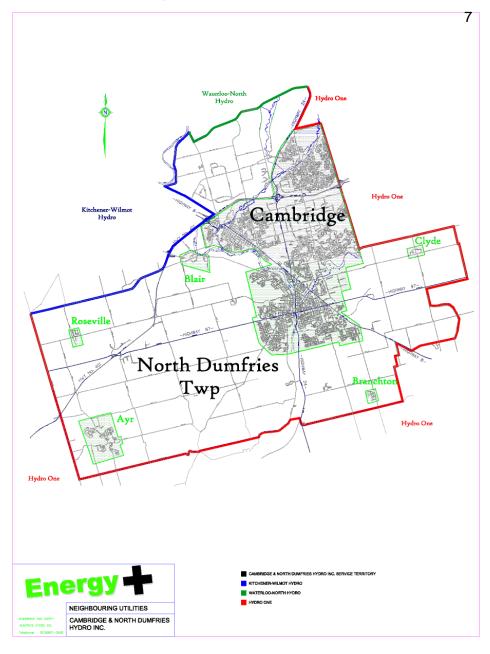
2 consumption, kW and kVA demand as well as hourly interval data.

3

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1 List of Neighbouring Utilities:

- 2 The following distributors are located adjacent to Cambridge and North Dumfries Hydro Inc.
- 3 service areas:
- Hydro One Networks Inc.
- Waterloo North Hydro Inc.
- Kitchener-Wilmot Hydro Inc.



EB-2013-0116 Exhibit 1 Tab 8

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Identification of Embedded or Host Utilities:

- 2 At the time of the formation of CND in 1978, various long term load transfer ("LTLT")
- 3 customers were created. The current status by neighbouring utilities is as follows:
- 4 1. Waterloo North Hydro Inc. ("WNH")
- 5 CND has one LTLT customer to which WNH supplies power. This load transfer is
- 6 settled every six months.
- 7 2. Hydro One Inc.

- 8 CND has 28 LTLT customers at various locations in the service area to which Hydro
- 9 One supplies power. One line construction project is planned to eliminate the transfer
- of 9 of these customers. As part of CND's 2014 capital expenditure plan, there is one
- 11 capital project (Townline Road between River Road and Black Bridge Road) to resolve
- 9 LTLT customers at an estimated cost of \$232,600 (Exhibit 2, Appendix 2-8A).
- 13 3. Cambridge and North Dumfries Hydro Inc.
- 14 Hydro One has 18 customers in the southern most area of CND's service territory that
- are provided power by CND. As part of CND's 2013 capital expenditure plan, CND will
- be rebuilding the existing pole line along Lockie Road. This capital project will provide
- 17 the resolution of 11 LTLT customers, subject to OEB approval. An application to
- transfer these LTLT customers is expected to be filed in the fall of 2013.
- The following is a description of various locations that involve interconnection with other
- 20 utilities:
- 21 Ayr PME
- 22 Hydro One delivers power at low voltage (27.6 kV) from the Wolverton Station. The
- 23 feeder has an IESO registered meter at the boundary. Commodity and associated
- 24 charges are settled via the monthly IESO settlement process. Distribution related
- charges are settled via a monthly invoice from Hydro One.

Cambridge and North Dumfries Hydro Inc.

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Fountain S. PME

- 2 CND delivers power to WNH by way of a 27.6kV feeder that has an IESO registered
- meter at the boundary. Commodity and associated charges are settled via the monthly
- 4 IESO settlement process with WNH. Low voltage wheeling charges and other
- 5 associated charges are invoiced monthly by CND.
- 6 Sheffield
- 7 CND delivers power to Hydro One by way of a 27.6 kV feeder that has a meter at the
- 8 boundary. An 8.32 kV line supplied from this same feeder then loops back into CND's
- 9 service area. CND invoices Hydro One monthly for the commodity (net), and for low
- 10 voltage wheeling charges and other associated charges. The 8.32kV line will be rebuilt
- 11 to 27.6kV as of the end of 2013 and will therefore no longer loop back into CND's
- 12 service area.

13

Cambridge and North Dumfries Hydro Inc.

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1 Pending Service Area Amendment:

- 2 There is currently a pending Service Area Amendment (EB-2013-0007) related to 12
- 3 customers on Lockie Road in the south part of CND's service territory that, it is anticipated,
- 4 will be transferred to CND from Hydro One.

Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Exhibit 1 Tab 8 Schedule 4 Page 8 of 13

Filed: October 1, 2013

Statement regarding Transmission Assets:

2 CND built a transformer station in 2002 for which approval was granted by the OEB as part
3 of previous decisions. The original capital costs, as well as subsequent capital additions,
4 form part of CND's existing rate base and are recorded in Account 1815 (transformer
5 station equipment). CND's ongoing OM&A costs to support the transformer station are
6 similarly part of this Application and are included in accounts 5014, 5015 and 5112
7 (transformer station equipment – operation labour, transformer station equipment –
8 operation supplies and expenses and maintenance of transformer station equipment

9

respectively).

Cambridge and North Dumfries Hydro Inc.

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Statement regarding Conditions of Service:

- 2 The current version of CND's Condition of Service (last revised August 7, 2012 and
- 3 effective January 1, 2013) is publically available for on-line viewing or can be downloaded
- 4 in PDF format from the CND website at www.camhydro.com. There are no rates and
- 5 charges documented in the Conditions of Service document.
- 6 There are no changes to CND's Condition of Service document that will be required as a
- 7 result of approval of this Application.

8

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1 Corporate Organizational Charts:

2 Corporate Entities Relationship Chart:

- 3 CND is incorporated under the Ontario Business Corporations Act and is 100% owned by
- 4 Cambridge and North Dumfries Energy Plus Inc. ("Energy Plus"). Energy Plus is a holding
- 5 company that is owned 92.1% by The Corporation of the City of Cambridge ("City of
- 6 Cambridge") and 7.9% by The Corporation of the Township of North Dumfries ("Township
- 7 of North Dumfries").
- 8 CND is affiliated with Cambridge and North Dumfries Energy Solutions Inc. ("Energy
- 9 Solutions"). Energy Solutions is 100% owned by Energy Plus and provides non-regulated
- 10 energy services, including streetlight maintenance.
- 11 Please refer to Exhibit 1, Tab 8, Appendix 1-8 for CND's Corporate Entities Relationship
- 12 chart.
- 13 Each of Energy Plus, CND, and Energy Solutions are served by separate Boards of
- 14 Directors. The Board of Directors of CND consists of 10 Directors, of which 7 Directors are
- independent. The Energy Plus Board consists of 6 members, of which 3 are independent
- and also serve on the CND Board. The Energy Solutions Board consists of 3 members, of
- which 2 are independent and also serve on the CND Board.

18 **Utility Organizational Chart**:

- 19 Chart 1-3 provides a high level diagram of CND's internal organization structure. Included
- in Exhibit 1, Tab 8, Appendix 1-9 is a detailed organizational chart.
- 21 The President and CEO of CND is also the President and CEO of Energy Plus and Energy
- 22 Solutions. The Chief Financial Officer ("CFO") is also the CFO of Energy Plus and Energy
- 23 Solutions.
- 24 CND provides certain corporate services, including accounting services to Energy Plus and
- 25 Energy Solutions, and the co-ordination and materials relating to street light maintenance to

Cambridge and North Dumfries Hydro Inc. EB-2013-0116

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Energy Solutions. Details of the Shared Services/Corporate Cost Allocations are provided 1

2 in Exhibit 4, Tab 5, Schedule 1.

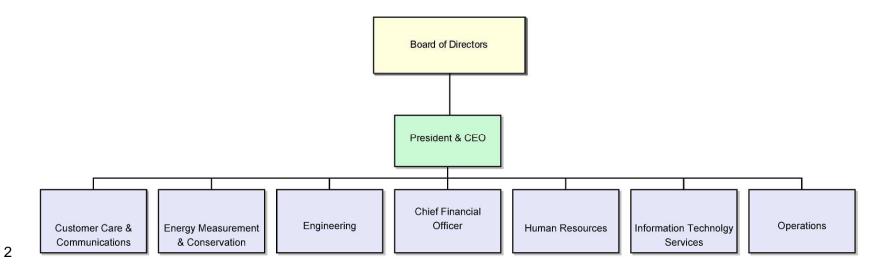
Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Exhibit 1

Tab 8

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Chart 1-3 High Level Organization Chart



Cambridge and North Dumfries Hydro Inc.

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1 Planned Changes:

- 2 There have been no changes in the legal corporate structure of CND, its affiliates, or its
- 3 Shareholders since CND's last Cost of Service Application in 2010. At the present time,
- 4 CND has no planned changes to its corporate structure.

5 Recent Changes in Organizational Structure:

- 6 In August 2012, CND hired a new President and Chief Executive Office, Mr. Ian Miles. Mr.
- 7 Ian Miles replaced Mr. John Grotheer, who retired after over 20 years of service with the
- 8 organization.
- 9 Mr. Miles has made certain modifications to the organizational structure of CND to ensure
- 10 that it is well positioned to achieve its strategic objectives. Such changes include: (i) Hiring
- of a new Vice President, Information Technology Services position, which was filled by Mr.
- 12 Paul Martinello on January 14, 2013; and (ii) Hiring of a new Chief Financial Officer, Ms.
- 13 Sarah Hughes, effective February 4, 2013 to replace the former Director, Finance and
- 14 Information Systems Technology.

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Appendix 1-6A Strategic Plan

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Filed October 1, 2013

Cambridge and North Dumfries Hydro Inc.

2013 - 2017 Strategic Plan

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Background and Context

EB-2013-0116 Exhibit 1 Appendix 1-6

Strategic Plan Development Process Page 3 of 36 Filed October 1, 2013

Development of Strategic Framework

Inputs

- Research results from interviews
- Enterprise Risk Assessment
- Series of Management workshops

Development of Budget and Five Year **Projections**

Inputs

- Enterprise Risk Assessment
- Departmental ground up budgets
- Iterations following roll up of departments
- Five year capital investment plan

Draft Strategic Plan

- 2013/14 Budget
- Five Year **Projections**

Strategic Plan Development Overview

- The Cambridge and North Dumfries Hydro Strategic Plan was developed using a research- based process of engagement, dialogue and collaboration.
- Decision Partners began by conducting research with the Board, Senior Management, Management and Employees.
- This insight was used to identify key strategic planning considerations.
- The Strategic Framework and Plan was developed in iterative workshops.

Research Overview

- 33 one-on-one, confidential interviews were conducted from September 20 to October 23, 2012. They averaged 47 minutes.
 - Senior Managers: 6
 - Managers: 17 managers the Executive Assistant to the CEO
 - Board Members: 10
 - The CEO was not interviewed.
- ❖ Five employee dialogue sessions were conducted October 29 − 30, involving 54 non-management employees.

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Collaborative Dialogue Overview

- Findings from the research, including a comprehensive SWOT analysis, were discussed at a Senior Management strategy workshop held on November 1 – Draft Strategy Framework was developed.
- Senior Management name changed to Leadership Team.
- Leadership Team members (in pairs) conducted dialogue sessions with their managers to solicit feedback on the draft Framework.
- This input was then used at a November 20 workshop to further develop the current Strategic Plan. Management Team members provided input in an afternoon session.
- A joint Board Management workshop was held on December 6 to receive input from all Board members.

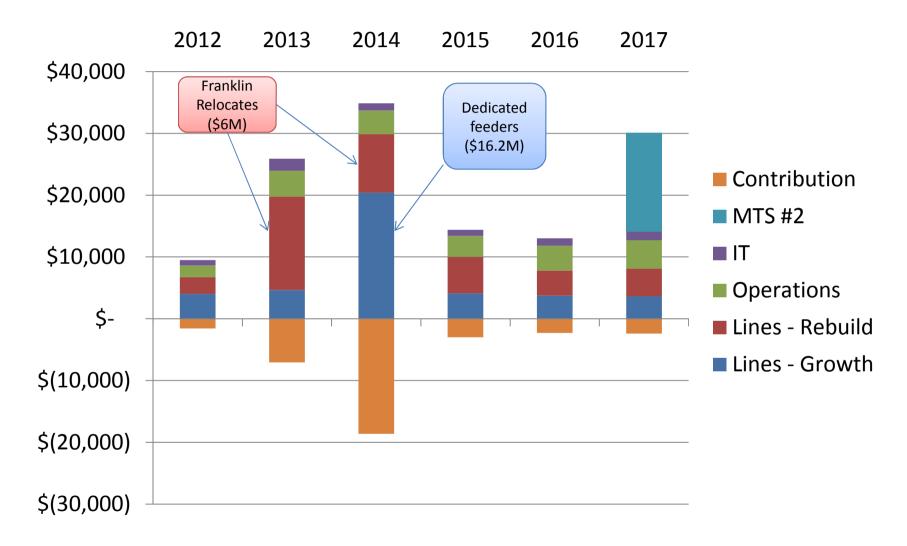
Strategic Plan Framework

- The following Strategic Plan Framework:
 - Reflects the very strong interest of the Leadership Team to refocus the Vision, Mission and Core Values along with refining the Strategic Imperatives to make them more proactive and focused on the future.
 - → Reinforces the company's greatest strength its dedicated team of highly skilled people.
 - Addresses the greatest weaknesses revealed in the research the need for adequate resources, alignment at the leadership level and the need to pull together as a team through increased emphasis on teamwork, collaboration and open dialogue and communication.
- And it reflects the November 1 conclusion of the Leadership Team:
 - It is a new day!!
 - We know we have a lot of work to do to live up to the elements here.
 We are on the way.

Context of Budget Development - Capita Page 8 of 36 **Investment Plan**

- The five year Capital Investment Plan is highlighted as background / context to the Strategic Plan and budget due to the significant impact it will have on our people and financial resources.
- Capital plans in the utility sector are generally driven by three factors
 - Growth of customer base
 - Replacement of older infrastructure
 - Requirements to move existing infrastructure for changes to roads
- CNDHI is about to embark on a period of significant capital investment that is driven by all three of the factors listed above.
- The following series of slides illustrate the levels of investment required over the next five years.

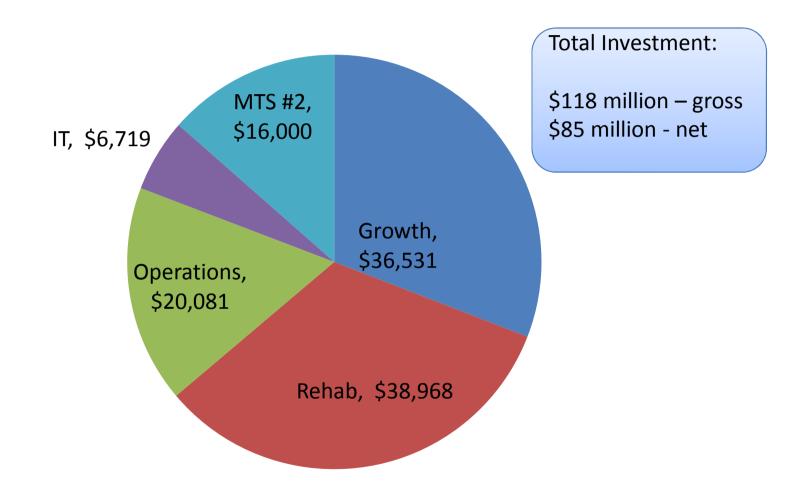
Capital Investment Plan



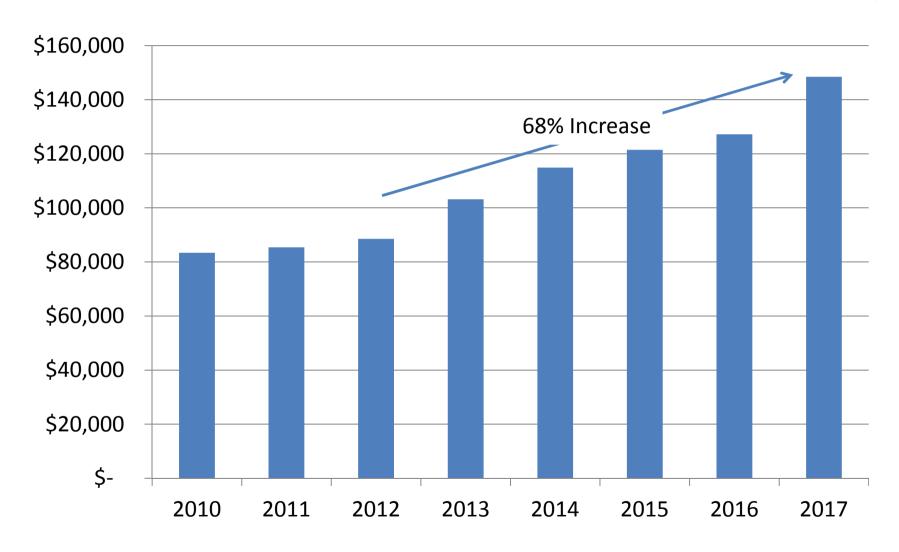
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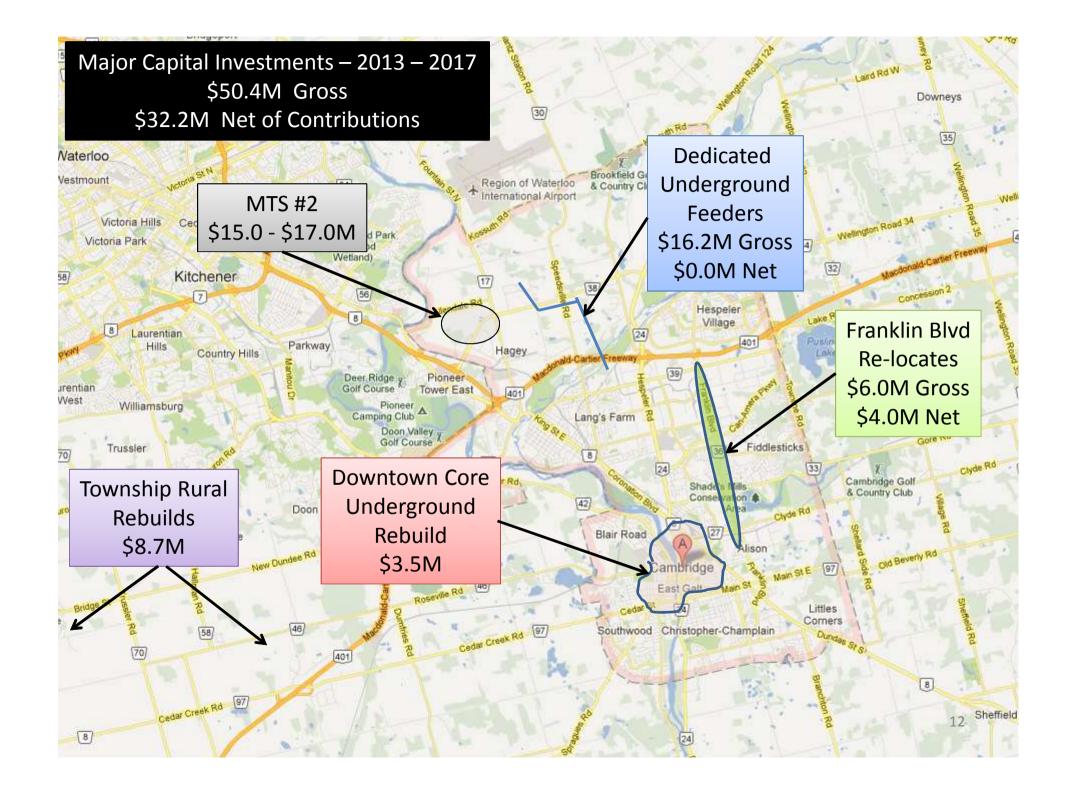
Exhibit 1

Five Year Capital Investment Plan (\$000s) ppendix 1-6 pge 10 of 36



Fixed Assets





Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-6 Page 13 of 36

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Strategic Framework

Cambridge and North Dumfries Hydro - Strategic Fram cambridge and North Dumfries Hydro Inc.

Our Vision

EB-2013-0116 Exhibit 1 Appendix 1-6

Be the energy company most admired for its innovative people, reliable service and outstanding performance.

Page 14 of 36

Our Mission

Filed October 1, 2013

A team dedicated to providing ideas, solutions and value-added services that benefit our customers, stakeholders and communities.

Core Values

Each of us strives to demonstrate trust, integrity and respect in everything we do. Our actions demonstrate our commitment to living the following principles:

- Teamwork
- Collaboration
- Open, dialogue-focused communication

- Accountability
- Innovation
- Customer-focused

- Safety
- Environmental stewardship
- Community contribution

Strategic Imperatives

- 1. **People** Develop and support our dedicated, talented team who embrace best practices, innovative solutions and new technologies to deliver present and future energy needs of our communities.
- 2. Safety and Wellness Always pursue excellence in safety and wellness.
- 3. Customers -- Anticipate and exceed customer expectations regarding efficiency and reliable delivery of electricity.
- **4. Environmental Stewardship** Respect the environment in everything we do.
- 5. Community Demonstrate our dedication to the well-being of our communities.
- 6. Value Invest in quality energy infrastructure while delivering optimal financial returns to shareholders.

Core Objectives

	Safety and Wellness Focus					
Aligned & Accountable Leadership; Engaged and Enlightened Employees	Resource Adequacy	Engaged and Enlightened Customers & Communities	Environmental Stewardship Leadership	System Reliability Enhancement	Culture of Innovation	Optimal Financial Results

Vision and Mission

Filed October 1, 2013

Our Vision

→ Be the energy company most admired for its innovative people, reliable service and outstanding performance.

Our Mission

→ A team dedicated to providing ideas, solutions and value-added services that benefit our customers, stakeholders and communities.

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-6 Page 16 of 36

Core Values

Filed October 1, 2013

Each of us strives to demonstrate trust, integrity and respect in everything we do. Our actions demonstrate our commitment to living the following principles:

- Customer focused We are dedicated to providing excellent services and solutions to our customers, both anticipating and responding to customer needs.
- Teamwork, Dialogue and Collaboration We are a strong, united team of highly skilled professionals, dedicated to providing reliable electricity to our customers. We actively engage each other in dialogue, listening first, to build shared understanding. We support and respect each other's work and contributions.
- Safety and Wellness We take responsibility for our personal safety, the safety of each other, and the safety of our customers and communities. We encourage and promote wellness at work, at home and in the communities we serve.
- Community We are proud contributors to the communities we serve, improving the quality of life through our leadership and volunteer efforts.
- Accountability We take responsibility and are accountable for doing what we say we will do.
- Innovation We support, encourage and recognize innovative ideas that lead to better solutions.
- **Environmental stewardship** We are careful and responsible users of all resources.

Strategic Imperatives

- People Develop and support our dedicated, talented team who embrace best practices, innovative solutions and new technologies to deliver present and future energy needs of our communities.
- Safety Always pursue excellence in safety and wellness.
- Customers -- Anticipate and exceed customer expectations regarding efficiency and reliable delivery of electricity.
- Environmental Stewardship Respect the environment in everything we do.
- Community Demonstrate our dedication to the wellbeing of our communities.
- Value Invest in quality energy infrastructure while delivering optimal financial returns to shareholders.

Core Objectives

Cambridge and North Dumfries Hydro Inc. EB-2013-0116

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Core Objectives

Aligned & Accountable Leadership; Engaged and Enlightened Employees

Resource Adequacy

Engaged and Enlightened Customers and Communities

Environmental Stewardship Leadership

Key Areas of Focus

Board Alignment and Accountability

Leadership Team Alignment, Role Clarity and Accountability

Leadership Team and Management Alignment; Role Clarity; Streamline Business Processes

Communications Strategy: Dialogue-focused Internal Communications, Reputation/Branding

Address Staffing, Skill Mix

Succession Planning

Training/ Capacity Building

Facilities

Communications Strategy: Dialogue-focused External Communications, Reputation/Branding, Outreach and Social Media

CDM Initiatives

eServices/Solutions

Dialogue on Sector Challenges and Opportunities

Dialogue on CNDHI-specific Challenges and Opportunities e.g. Generation, Reliability

Rapid Outage Response

Media Relations, Community Relations

PCB Free 2013

EV Integration

Environmental Stewardship Progress Reports

Sustainability Partnerships

Timeline 2013 2017

Core Objectives

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Core Objectives

Key Areas of Focus

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System Reliability Enhancement Engagement of OPA and Hydro One, Guelph, Waterloo, Kitchener on Regional Planning

Asset Management

Culture of Innovation

IT Integration and Enhancement

Systems Integration

Smart Grid

Foster Change Agents, Build Project Management Capacity

Customer Outreach on Enhancement Opportunities

Effective Project Management

Recognition and Reward System

New Business Ventures

Safety and Wellness Focus

Participation in CSA Z1000 program

Develop and Implement New Wellness Programs

Continuing Investment in Training

Optimal Financial Returns

Cost of Service Rate Application

Productivity Improvements

Shareholder Returns

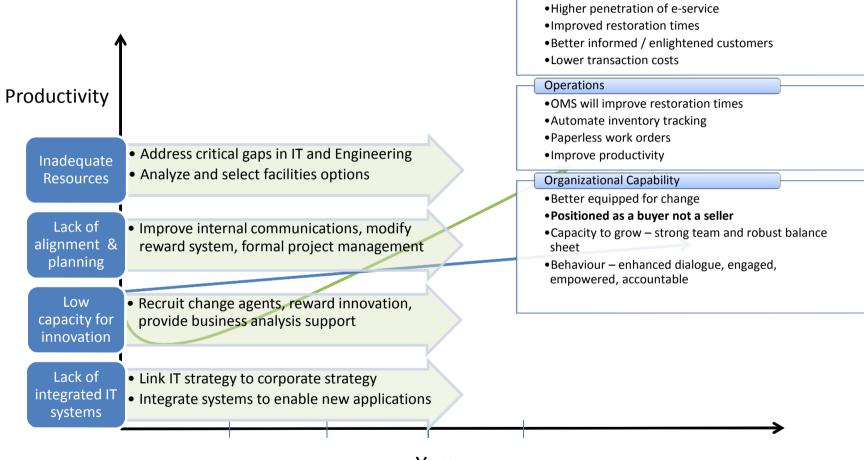
Timeline 2013 2017

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Strategy Implementation Overview

Customer Service

Filed October 1, 2013



Years

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Appendix 1-6 Page 21 of 36

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Linking Risk Management to Strategy

Cambridge and North Dumfries Hydro Inc.

EB-2013-0116

(1) **People** – Develop and support our dedicated, talented team who embrace best practices, innovative Exhibit 1
Appendix 1-6
Solutions and new technologies to deliver present and future energy needs to our communities.

Exhibit 1
Appendix 1-6
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Filed October 1, 2013

	Key Indicators		
		2013	2017
Alignment & Collaboration	% of Milestones Completed as planned	90	95
Full time employees	Recruitment of Planned Hires	96	105
Project Management	Establish Project Management Structure	3 projects	5 projeccts
Leadership Team Education Sessions with Board	# sessions per year	5	5

Highlights

- Proactive succession management
- Leadership Team and Board alignment
- Compensation linked to performance
- Foster a culture of innovation



Risks	Mitigation Strategy
(1) Increased pace of retirements and aging employees	Proactive succession planning, knowledge transfer, mentoring, training and development, wellness programs
(2) Attracting key talent	Branding and living excellent reputation of being an innovative, trustworthy and values driven company with competent employees and competitive compensation linked to performance
(3) Culture is not innovation focused	Recruit new talent in IT, introduce project management, business analyst, develop reward system for innovation

Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Exhibit 1
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Filed October 1, 2013

(2) **Safety** – Always pursue excellence in safety and wellness.

	Health & Safety Indicators		
		2013	2017
Lost time hours	Number of Hours	0	0
Site Visits	Leadership Team site visits	6	6
Leading Indicator	Training Hours per employee		+1%
Wellness Programs	# programs running	2	4
Incident Reporting	Number of Reports	25	30

Health & Safety Programs

- CSA Z1000 participation
- Wellness initiatives
- Smoking cessation support
- Site visits
- Incident reporting



Risks	Mitigation Strategy
(1) Serious loss time injury or fatality	Diligent and constant training, maintenance of quality personal protection equipment, safety meetings, shared learning from incident reports.
(2) Absence due to short term or long term illness	Regular series of wellness programs to encourage a healthy lifestyle.

(3) **Customers** - Anticipate and exceed customer expectations regarding efficiency and reliable delivery of electricity.

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Parameters	2013	2017
Cash/cheque payment	15.0%	12.0%
Billing Accuracy	99.97	99.99
Calls Answered in 1st 30 Seconds	78%	82%
OM&A/customer	\$240	\$288

Objectives

- 24 x 7 control room
- Disaster recovery plan for IT infrastructure
- Develop and implement an integrated OMS system to improve customer communication and response times
- Develop and promote use of E-service for customers

		^				
	ent			(2)	(1)	
Risk Assessment ability				(4)		
Risk	Asse	Probability			(3)	
		Proba				
		ļ	Severity			\rightarrow

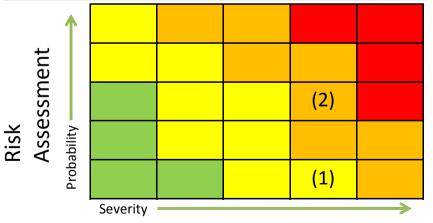
Risks	Mitigation Strategy
(1) Adequate resources to respond to outages	Recruit apprentices to allow for 7x24 operation of the control room. Additional 3 lines persons. Integrated OMS to support customer service and operations.
(2) Reliability	Robust design standards, efficient response to outages, rebuilds, SCADA switches.
(3) Bulk supply	Cooperation with regional LDC's, Hydro One, and OPA to ensure adequate and timely supply. Implement OPA chosen solution.
(4) IT failure	Invest in adequate back-up generation, develop and implement comprehensive disaster recovery plan

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(4) **Environmental Stewardship** – Respect the environment in everything we do.

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	Key Indicators		
		2013	2017
PCB Transformers	Tested and removed	0.0%	0.0%
GHG Emission(tons)	Target reduction per employee from baseline	-2%	-15%
Participants in Environmental Activities	Number of events/ activities the corporation participates	4	10



Highlights

- Commit to Sustainable Waterloo's targets for reducing carbon footprint
- Conduct energy audit on building to establish a baseline
- Replace all PCB-contaminated transformers by 2013
- Utilize tablets for documents reduce paper usage
- Establish "Green Team"

Risks	Mitigation Strategy
(1) PCB contamination of ground water	Proactive testing and replacement of old transformers. Safe disposal methods.
(2) Not achieving internal greenhouse gas reduction targets	Join Sustainable Waterloo, invest in energy reducing opportunities, engage employees

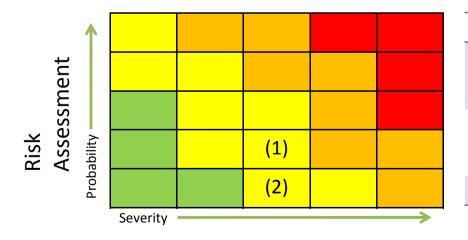
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(5) **Community** – Demonstrate our dedication to the well-being of our communities.

Indicato	rs	
	2013	2017
Charitable Donations - employee and corporate	+3%	+10%
Number of Charities Supported	11	12
Visible Event Participation	32	32

Highlights

- Santa Claus Parades
- CDM events
- Environmental events
- United Way Campaign
- Response to requests for Charities e.g.
 Hurricane Sandy, Cancer Society, etc.



Risks	Mitigation Strategy
(1) Reputation	Actively participate in community events and initiatives.
(2) Internal culture / morale	Encourage and recognize employee volunteerism and support.

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(6) Value – Invest in quality energy infrastructure while delivering optimal financial returns to sharehold

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Financial Highlights								
	2012	2013	2014					
Distribution Revenue \$M	\$25.0	\$23.7	\$28.4					
OM&A Expense	\$13.8	\$15.1	\$16.0					
Net Income	\$5.2	\$2.6	\$4.4					
Capital Investment (net)	\$8.7	\$18.8	\$16.3					
ROE (OEB measure)	9.8%	4.0%	8.9%					

Key Initiatives

- Cost of service rate application for 2014
- Franklin Blvd re-locates (\$6.0M)
- Underground feeders (\$16.2M)
- Potential new transformer station in 2018 (\$15 \$17M)
- Rebuild downtown underground system (Galt)
- Ongoing rebuild in North Dumfries
- Develop long term plan for office and operations facilities



Risks	Mitigation Strategy
(1) 2014 Rate application - potential cut back on OM&A and capital.	Prepare a transparent application with fulsome evidence to support OM&A and capital investment. Engage in dialogue with Interveners prior to filing application.
(2) Not meeting timelines for construction projects.	Increase resources in Engineering to support design work and contracting. RFP major construction work to qualified third party firms.
(3) Financing capital plan	Re-finance or restructure Sun Life debentures.

Final Version February 2013

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Appendix

Strategic Plans and Timelines

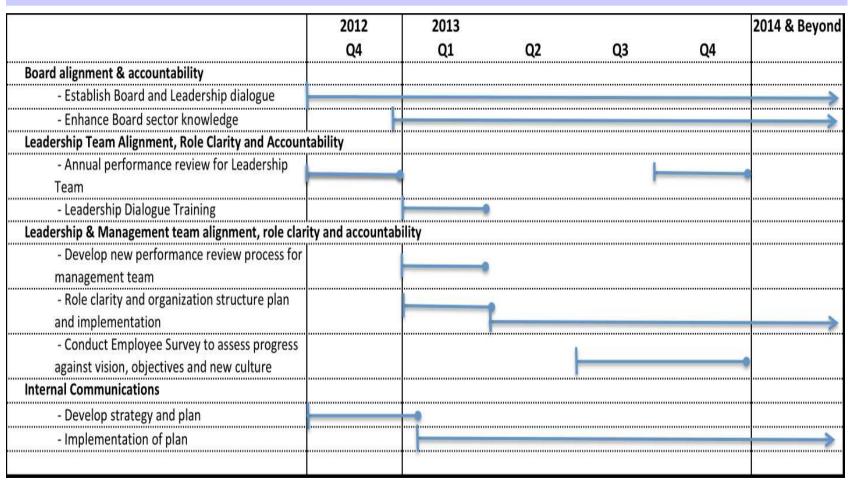
Final Version February 2013

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Strategic Plans & Timelines

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Core Objective: Aligned & Accountable Leadership; Engaged & Enlightened Employees

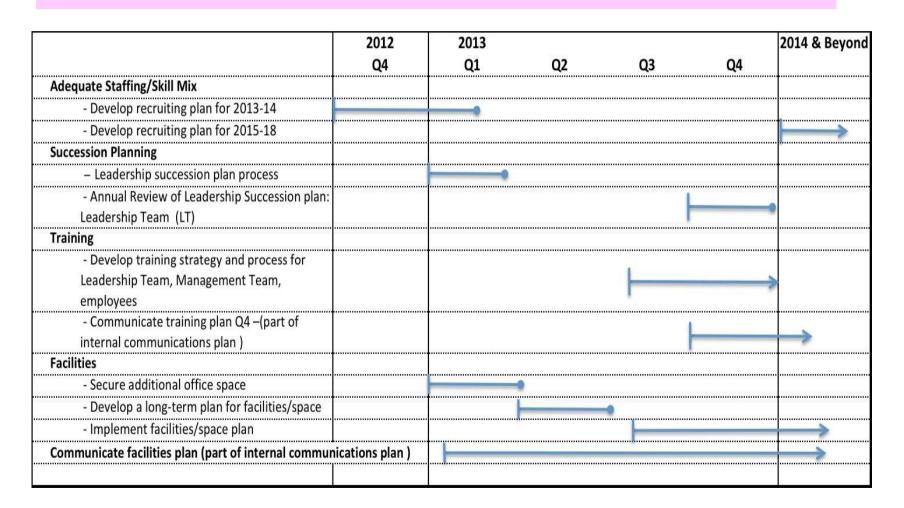


Final Version February 2013

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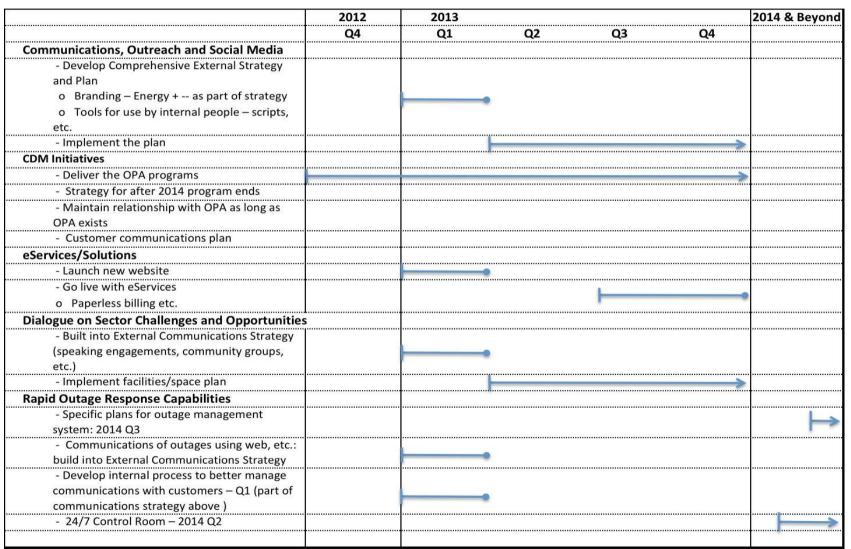
Core Objective: Resource Adequacy



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2013

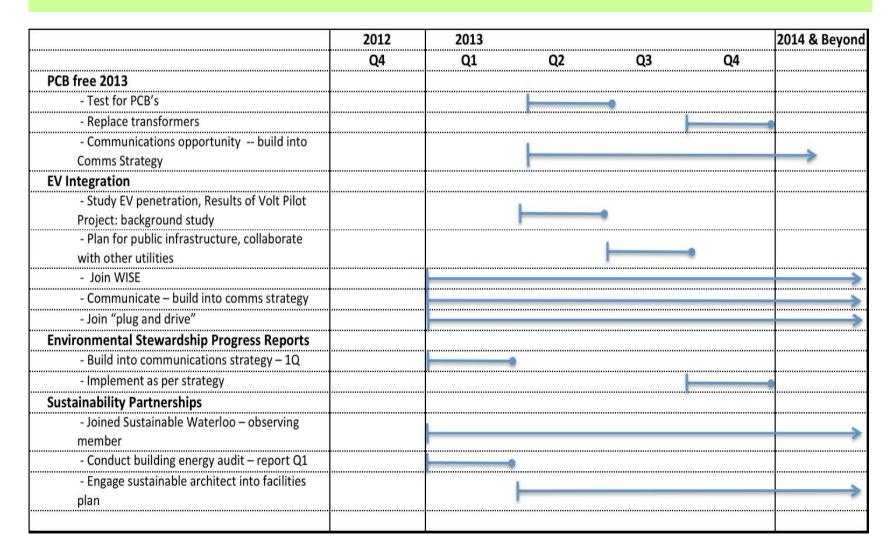
Core Objective: Engaged and Enlightened Customers



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2013

Core Objective: Environmental Stewardship Leadership



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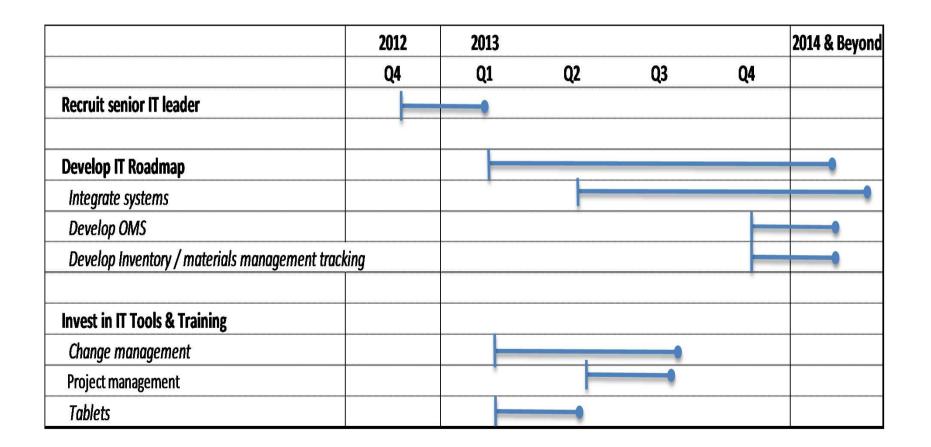
Core Objective: System Reliability Enhancement

	2012	2013				2014 & Beyond
	Q4	Q1	Q2	Q3	Q4	
Engagement of OPA and Hydro One						
Customer Outreach on Enhancement Opportun	ities — part of (Comms Strategy				
Asset Management						
- Galt Core Area Rebuild – 2013 phase						•
- 27.6 kV underground rebuild						
- Update asset management 10 year plan				0		
- Asset management consultation on rate						
application						
- Planning, land purchase for transformer						
station – 2014 - 2017						
- New transformer station - 2018						

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2013

Core Objective: Culture of Innovation



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Core Objective: Safety and Wellness Focus

	2012	2013				2014 & Beyond
	Q4	Q1	Q2	Q3	Q4	
Plans to be developed						
- Review policies against Core Values and						
update as required						

Exhibit 1
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Strategic Plans & Timelines

Filed October 1, 2013

Core Objective: Optimal Financial Returns

- Robust and defendable Rate Rebasing Application to the OEB
 - → Filing due October 1, 2013 for rates effective May 1, 2014
- Realize benefits of IT investments
 - Improved productivity in customer service delivery and operations –
 2015 onwards
- Growth of rate base
 - ♦ \$84 million of new investment over 2013 2017
- Refinance long term debt
 - Obtain credit rating
 - Private placement of debentures or renegotiate Sunlife debenture

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Appendix 1-6B IT Strategic Plan

1





Information technology is or rather has become a key component in the delivery of services at Cambridge and North Dumfries Hydro Inc. (CND). It assists the organization with managing its customer base, allows for the creation of automated tasks for repetitive work, thus allowing staff to handle the more value added activities. Additionally, information technology can be used to better manage the electrical distribution environment by providing our work teams with access to the data they need to do their jobs effectively as well as being used as a diagnostic tool when it comes to troubleshooting network / distribution outages.

The driving force behind the IT Strategy is to ensure that the Information Technology Services (ITS) team remains focused on activities that are aligned with the Corporate Strategy and business unit initiatives. ITS cannot be self-serving since it is a service provider to the organization. To be successful, ITS needs to ensure that what it does allows the business to meet IT goals, yet also allows for agility and elasticity in the systems and technologies provided in order to allow the business to meet changing demands or quickly react to opportunities that arise and have an impact – either positive or negative – on the business of power distribution at CND.

The continued growth and demand for ITS services will not go away and it is imperative that ITS has a plan in place to meet the know challenges that lie ahead. The strategic plan presented in this document has a 36 month horizon as beyond that, it becomes less clear on where the business is going and technology has a lifetime of 24 to 36 months at most in today's environment. Additionally, there are the ongoing challenges of providing ITS services in a cost effective and efficient manner and this strategy will assist in helping guide IT and the business in meeting that challenge.

IT strategic planning is required to manage and direct all IT resources in line with the business strategy and priorities because if it did not, then as the saying goes, without a plan to follow, any road will take one to where one is headed, it just might not be the location that one wanted to arrive at.

lan Miles, President	Paul Martinello, VP, ITS

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Vision Driving Mission

Our Vision

To be the preferred technology partner for implementing competitive, innovative solutions at the right time and within budget enabling our customers, our business, and our partners to be more efficient, effective and productive.

Our Mission

We deliver customer-enabled IT services by being an agile responder to changing business needs through the implementation of standardized technology and project frameworks allowing Cambridge and North Dumfries Hydro Inc. to serve and protect its customers, partners, and their data while delivering those services in a timely, efficient and cost effective manner.

Aligning / Integrating Business and ITS

ITS will engage in various actions in order to ensure that it is providing services aligned with business strategy and priority. These actions are intended to be bi-directional – communications will flow both to and from ITS.

IT Steering Committee

Mission

The Steering Committee will operate as a coordinating and information exchange organization to help establish strategic direction and priorities as well as to recommend key projects and actions. Operating information is in the Appendices.

Periodic Reporting / Status

ITS will:

- Be invited to Leadership Team status meetings.
- Be engaged in the budget cycle at all stages.
- Be engaged in the Rate Application cycle at all stages.
- As required, be invited to board, and board sub-committee, meetings to represent ITS initiatives.
- Receive copies of programme management reports from the programme manager.
- At Leadership Team status meetings, report at least the following KPIs:
 - Performance of service desk
 - At-risk projects

Measurement

Bi-annually, at points in time yet to be determined, ITS will present to the Leadership Team:

- A mapping of ITS objectives against the business' strategic plan; KPI to be what percent of the ITS objectives support the business' strategic plan.
- A mapping of ITS projects against the IT Tactical Plan Inventory; KPI to be what percent are traceable to the IT Tactical Plan Inventory.
- A supported assessment of delays between IT Strategic Plan updates and IT Tactical Plan Inventory updates; KPIs to be average and outlier delays; key element to be trending over time.
- A supported assessment of delays between business strategic plan updates and IT Strategic Plan updates; key element to be trending over time.

Managing the IT Programme Inventory

The business does not have a PMO, but will have PMO-like reporting to a central point for summary / rollup to help manage programmes. The business will also have a suitably-sized project management methodology, presumably including gates to progress from one stage to the next.

ITS will, as aligned with the corporate programme governance:

- maintain a published programme / project matrix, showing active / inactive, RAG status
- maintain a requested-project matrix
- maintain the IT Strategy Tactical Plan
- Report as required to the central point when such is available

Core IT Strategy

Energy Leadership

Reliability

Predictive maintenance of field assets would further optimize reliability management for electrical supply. Currently, CND aggregates data and replaces components in a preventative maintenance manner – looking at predicted lifespan of key types of equipment, results of visual inspections and an annual maintenance plan – for example thermography and pole testing. Ideally, CND would be able to review the performance of each individual component, using statistical methods to predict imminent failure in advance of preventative maintenance. At the same time, if a piece of equipment was seen to be exceeding its normal lifespan, it could be considered for extended service.

ITS will enable predictive maintenance through integration of existing systems, enablement of business intelligence through data sharing / reporting / warehousing, and through other initiatives, noted elsewhere in the IT Core Strategy, to become a more effective business partner.

Asset Management (field)

In order to provide consistent and guaranteed power, knowledge of assets in the field is a key element in developing a comprehensive maintenance and capital build program. The average life-time of electrical assets can be up to 80 years depending on the asset however, knowing the history on such assets is key to the development of an ongoing maintenance work plan. By being able to track changes to assets and to measure the life time remaining on assets will position the company to be proactive to the electrical needs of its customers. Such a capability is based on business analytics, accurate history of field assets and an understanding of the maintenance history on the equipment.

ITS will enable, through tool provisioning and training for CND's Engineering and Operation departments, a comprehensive field asset management program to be created and delivered in a manner that meets the needs of the company.

Performance

Performance improvement is a core value for CND and a core requirement for its customers, especially industrial ones. By taking Change Management principles to heart, CND departments will be better positioned to offer performance improvements to CND customers in a timely, efficient and reliable manner. Through the use of change management processes, there will be improved communication between departments and an overall better understanding on how changes can or will impact customers.

ITS will offer up change management mechanisms to other parts of the business, for example Operations and Engineering, geared to internal processes, to assist them in bringing greater visibility into the changes that are undertaken in order to assist with the tracking of issues related to the delivery

and supply of power . The foundation of this offering will be a sound Service Desk / ITIL capability organic to ITS.

Asset Management (office)

Real-time knowledge of assets - from desktop devices to personally-managed devices to PPE - from both the financial and physical perspective, facilitates efficiency and effectiveness in reduction of dollars tied up in inventory, rapidly locating assets required to provide services, retrieving / retaining assets during off boarding, and of course accurately representing the value of assets in financial statements.

When the business moves to integrated (information available between departments) and more-automated asset management, IT will facilitate through tool provisioning and training, and lead by more-transparently tracking its own asset inventory.

Extracting Value

Most of the time, existing systems can provide desired services - in transactional work, reporting, communications - to the business. The gap arises in knowing the full available, or achievable, capability of any given system or collection of systems. ITS will facilitate a culture of inquiry, first asking the question "can we do what we want with existing systems" when net-new service, or service changes, are raised by the business. ITS will do this through managing, and assisting management of, vendor / partner relationships, and through building organic capability awareness by involvement, and facilitating involvement, in various system support communities, both physical and virtual.

People

Recognizing people as a key support for business-mission delivery, ITS will assist the business in supporting its people by:

- Providing tools and techniques to enhance safety communications, reporting, and training. ITS
 will work with HR to determine the best fit in each of these areas, especially in training, which
 ITS envisions being supplied through eLearning for scalability, measurability, and accessibility at
 any time and place.
- Providing enhanced training, either directly or through eLearning, for ITS-provided office tools.
 ITS will integrate this training into the onboarding process, and provide a mechanism for ondemand eLearning. At first, the foundational tools will have available training over time, the business will come to expect that all of the significant tools will have matching eLearning as a matter of course.

ITS' own staff have specific support needs to continually ensure that they are well-suited to ITS' mission delivery. ITS will support its people with two key initiatives.

Change is the one constant in the world of technology - skills, and even attributes, that are critically valuable one year may become obsolete a few short years later as disruptive shifts in both technology, and how it is delivered, wash constantly through the industry. ITS will invest in its people through professional development (training and courseware) suited to specific roles and anticipated roles, setting its people up for success as the industry, CND, and their own roles change and adapt.

Further, many professionals have aspirations and concerns beyond the moment and are motivated by knowing where they might be - what their value might be - within the organization over time. ITS will support this by introducing career pathing with staff, consultatively developing a path for advancement in responsibility, skills, position, or other valued metrics.

Operational Efficiency

Planning Culture

CND is improving its planning culture and matching capability, by bringing in governance, structure and procedures to manage programs while reporting to a central point in an initiative called "PMO lite".

ITS will take a leadership role by stepping forward as an early adopter, closely supporting the automation and reporting requirements through direct involvement in the rollout of "PMO lite", and assisting with development and extraction of KPIs.

Managing Documents

Currently CND has an electronic document solution that was implemented as part of the Harris NorthStar Customer Information System solution in 2010. This is a fully functional electronic document management solution that could be further utilized across the organization. The solution can be used to reduce paper volumes in the following areas: Finance for the storage of monthly financial reporting, standard query reporting such as job costing and to control access to key financial reports and/or analysis documentation, Corporate Services for product requisitions and purchase orders, HR for the storage of employee records, Engineering for the storage and versioning of design documentation, Legal for the storage of documents related to contracts for services and Operations for the service order processing that occurs for daily maintenance and new builds in the distribution system and by the Metering department for the work associated with meter maintenance and support.

By expanding the delivery of this service, it will allow for the automated retrieval of key corporate documents in a timely manner. Through time, it will reduce the need to store additional volumes of paperwork and hence reduce storage costs. Staff will see reductions in time searching for paper documentation once all key documents are transferred into the solution since adequately indexed documentation will be retrieved quicker. Documentation retention will also be improved as the rules for documentation retention could be automated based on tax, legal and regulatory requirements.

IT, with support from vendors, will collaboratively assist in the delivery of this key capability to the business.

Flexible Delivery

Delivering service on devices that staff want to use and already own, rather than devices imposed by ITS, creates a better match between staff's personal and work experience with technology, potentially reduces CND capital cost, and potentially improves DR and BCP. ITS will look for ways to, consistent

with corporate governance and risk appetite, deliver services without being tied to specific technology choices.

Further, ITS recognizes that it cannot be all things to all needs, and that it must still enable business actions – if ITS cannot service a need in a timely manner, it will, consistent with corporate governance, get out of the way of non-standard services that provide significant benefit. In turn, ITS will provide only 'best effort' support to these services, as only this will be possible, and will work with the business to help the service consumer understand the limitations of non-standard services, particularly when used for mission-critical actions.

Managing Workflow

Throughout the organization, workflow within and between departments - and workflow that reaches to and from partners - will be significantly more efficient and predictable if it is standardized and automated.

ITS will facilitate, through pioneering tools and techniques, and training in same, automated management of information and document creation, management, approval, and other elements of workflow.

Budget Management

Having individual departments manage their own IT-related budgets results in better alignment of accountability and responsibility. Other benefits include self-championing of resource requirements during the budget cycle, and ITS' improved focus on service delivery, as it no longer needs to adjudicate competing financial resource requests.

ITS will work with Finance and the rest of the business to transition to self-management of departmental IT-related budgets.

Business Intelligence

Information in multiple silos is difficult to share, likely to be inconsistent, and results in replication of effort and resources.

ITS will work with the business to:

- Consolidate systems, resulting in less overlap and replication.
- Determine information owners, and link systems to ensure consistent information across systems.
- Develop business-wide reporting and analysis capability, commonly called Business Intelligence, to unlock broad trends and help transform information into knowledge.
- Do a sweeping review of current reporting capabilities, leading to more-useful, self-managed reports to assist departments in financial and other forms of management.

Communication

Internally, strong communications promotes unified corporate culture, a sense of corporate citizenship, mission alignment, and, put simply, reduction in confusion. Externally, strong communications promotes responsible crisis communication, professional and effective relations with customers, stakeholders, and partners.

ITS enables both process and underlying tools in these areas:

- Reporting, internally and externally.
- Meeting facilitation, creating more-effective meeting spaces, both virtual and physical.
- eServices for customers, reducing delinquency and foot traffic into CND's lobby.
- Outage management for customers, helping customers plan their response to outages while freeing staff to more-quickly restore service.
- Internal messaging (deploying content by push and pull through multiple means) for all departments, especially Human Resources and Customer Care.
- External messaging (also deploying content by push and pull through multiple means), largely for Customer Care.

Shared Services

Many services benefit from economies of scale - sharing the costs of a given service among other LDCs will reduce the cost of service delivery and position CND in a leadership role, while accommodating government requests to identify opportunities for cost savings.

ITS will periodically examine its service portfolio, and, where appropriate, reach out to other LDCs with the objective of offering, or taking advantage of, a shared service. Each time ITS creates a net-new service, a key question will be "is this service suited to sharing?"

This approach, where other LDCs are ITS customers, will drive professionalism, predictability, partnering capability and transparency - because other LDCs are readily able to choose alternate service providers. ITS will be incented to be the best partner, which produces behaviours directly beneficial to CND.

Enterprise Solutions

Enterprise systems impact many or most elements of the CND community, whether staff, partner or customer. Vital to the operations of CND, Enterprise solutions support business processes, provide tools for analysis and decision-making, enable collaboration with colleagues, promote data security, and address compliance and regulatory requirements. In collaboration with colleagues across CND, ITS will continue enhancing the effectiveness of these systems through improving their functionality (directly or through vendor change quests), usability, availability, and integrity. By increasing the integration of enterprise systems, this will allow easy self-service access to information anytime and anywhere across a variety of devices and platforms.

Key Enterprise Solutions are listed in the Appendices.

Portable Workplace

Working in an integrated manner wherever staff need to be in the course of their duties improves efficiency by reducing movement, improves decision-making by bringing needed information to hand, and facilitates DR and enables BCP by making work less-tied to a specific location.

ITS will develop capabilities to provide service as staff move about, wherever this is both feasible and cost-effective. The guiding principle is to provide a usable workspace, without IT intervention, at whatever location is in use (either in office or field work).

This may take the form of laptops, tablets, Roaming Profiles, VDI, web delivery, and other technology enablers.

ITS Engagement

When ITS is involved in change – net-new or adjustment of an existing service / process – the entire organization benefits from ITS' expertise in IT-related contract management, change management, and finally service delivery.

ITS will be actively involved in net-new and change from inception of an idea to decommissioning of a given service or process. As the organization develops increasingly-mature programme management practices, ITS will ensure that it is present in each stage of the organization's formal governance system.

IT Service Orientation

ITS recognizes that it is a service organization, existing for the purpose of facilitating the business while ensuring compliance with corporate standards designed to manage risk, enable financial stewardship, and generally enable mission delivery.

To this end, ITS will develop additional transparency in operations and accept additional guidance from the business in prioritization.

Transparency will increase through public posting of all policy and procedure, communications driven through improved change management, and visibility of service request progress. Further, ITS will host periodic "open house" events to help communicate what ITS does and how to best interact with it.

Additional guidance will come through an IT Steering Committee.

Managing IT Expenditures

Managing one's own departmental IT budget suggests managing one's own departmental IT-related purchases – provided that departments comply with governance and oversight mechanisms by acquiring standardized IT assets.

ITS will develop transparent, published IT asset standards to enable self-purchasing, in conjunction with self-management of IT budgets.

Partnering

Recognizing that ITS cannot do everything – and need not, as long as services are delivered as CND requires – ITS will seek partners while shifting from a "how can we do it" approach to a "who can do it" approach to meeting the CND's IT-enabled goals – congruent with "Cloud Services" as noted below.

Simply outsourcing is not a panacea, so ITS will produce a thoughtful partner management strategy, policy, and operating procedures to maximize the success in the two-way interaction that is partnering. Continuous, structured interaction, extending the CND enterprise partly into a partner's enterprise and vice-versa, converts vendors to partners and, in binding partner success to CND success, enhances the flow of new ideas and capabilities into ITS to better support CND's mission.

ITS Operational Efficiency and Risk Management

Cloud Services

The inexorable maturation of "cloud" service offerings creates an opportunity for ITS to control future costs and investments, allow for growth and flexibility in IT infrastructure, and facilitate DR and enable BCP. ITS, and CND, will also reap the rewards of shared investment as noted below.

Further, many infrastructure-management and deployment skills are rarely used and simply not cost-effective (or even possible) to acquire or maintain within ITS – examples include deep knowledge around information security management, complex network configuration and troubleshooting, and net-new knowledge when disruptive technology shifts impact CND.

Using external cloud services leverages the knowledge and skills investments that cloud providers amortize over their many clients, resulting in ITS requiring less net-new headcount for any given expansion and less overall cost for same. Cloud providers depend absolutely on perceptions of security, so we expect to benefit from their necessarily-aggressive information security management practices.

When ITS is considering a new initiative, a key question will be "why not use a cloud service" – this will drive a shift within ITS from direct service provision to managing partner relationships, which may in turn drive a refresh in ITS organization and staff skills and training. Gradually, cloud services will become the assumed delivery mechanism.

Service Delivery

ITIL

The act of service delivery, industry-wide, has matured into well-understood and widely-practised frameworks, promising and providing predictable management of known services.

ITS will bring in appropriate elements of ITIL, the most widely adopted approach for IT Service Management, which provides a practical, no-nonsense framework for identifying, planning, delivering and supporting IT services to the business.

When ITS has established a stable Service Desk, it will offer the capability – in terms of both technology and practice – to other service-oriented parts of the business.

Self Help

The fastest resolution to a service interruption is the one done by the immediate consumer of the service. ITS will identify areas of opportunity for self-help, and develop, deploy and measure training and information programs to enable self-resolution of common service issues. Identification will rely on sound metrics organized by a stable Service Desk.

Core Focus

As part of focusing on core capability, ITS will continually review its suite of responsibilities and determine if, in coordination with the business, non-core services would be better managed by another part of the organization or through a third party.

Currency

Current technology – recent version of software, hardware, and partner-provided services – is the foundation on which to build flexible, reliable, desired services. When technology falls too far behind, net-new capability may be difficult or impossible to use; reliability and maintainability suffers as vendor and other knowledge pools move on – in some cases support for services is simply discontinued; and visibly-outdated technology creates barriers to work efficiency as staff, incoming and current, experience a significant disconnect between their daily interaction with technology and their CND-provided technology.

ITS will, as core policy and practice, maintain current versions of the services and underpinning technology that supports the business, making exceptions where warranted by specific circumstances. At the same time, being on the "bleeding edge" – moving too-quickly to immature services and underpinning technology – will be reserved for situations where the risks are matched by identified benefits.

Part of remaining current is awareness of disruptive technology shifts – ITS will continually, through engagement with media, conferences, analyst sources, and peer support networks, scan industry trends to see the next wave as it advances.

Information Security

Organizations enact Information Security programs to achieve two key results: genuine change in staff and partner behaviour resulting in reduced risk and actualization of risk, and deflection of liability from the organization and its officers to where it belongs: with persons who wilfully or negligently violate well-communicated norms of behaviour.

A fully-active Information Security program will protect the confidentiality, integrity, and availability of CND's valuable information assets, while informing management of the ongoing information risk profile to make for better-informed policy and resource-allocation decisions.

ITS will, in several phases, deploy and act on an Information Security program.

Standards

Standards are the foundation of predictability and measurement – leading to improved performance and transparency in service delivery.

ITS will cooperatively create and publish a Service Catalogue (as part of implementing ITIL) of standard services it offers to CND, starting with those deemed most in need and extending eventually to all of the offered services. Over time, the business will come to expect consistent, measured service information as a norm of interacting with ITS. As part of this, ITS will eventually offer only 'best-effort' support for non-published services.

Self-Management

The quickest way for business units to respond to change is to self-manage – this puts workflow accountability and priority with the unit / person most affected and most accountable.

ITS will enable self-management of common operational needs (such as access control and information sharing), and will cooperatively create the governance mechanisms to ensure that self-management remains visibly-aligned with corporate policies and norms of behaviour.

Proactive Infrastructure Management

If ITS had round-the-clock alarms for out-of-pattern usage of the infrastructure – both internally- and externally-provided – it could be aware of service disruptions before the business is impacted, or at least be actively remediating disruptions before the business has reported an issue. Further, seeing more-accurately forward to future usage needs can more-closely match existing capacity to need (mitigating over-capacity), and can build net-new capacity before the business is constrained by capacity.

ITS will consider and then implement two operating centers – Network and Security – either internally or through service partners, to more-clearly and quickly become aware of at-risk infrastructure conditions. Where applications are not currently compatible with NOCs and SOCs, ITS will facilitate instrumentation to integrate those applications into the monitoring framework.

ITS will use the data gathered by these operating centres to enable periodic capacity planning, either for daily operations growth / change or net-new capability as the organization potentially enters new lines of business or operations.

Appendices

IT Steering Committee

Scope / Responsibility

In keeping with the ITSC Mission noted on page 5, the ITSC is an advisory committee whose scope will be the suite of IT Tactical Plans. Recommendations will not be binding on ITS; the VP, IT will be expected to explain any variances from ITSC decisions / recommendations.

Membership

Each department head is requested to participate. The president will be a member ex officio.

Administration

Meetings

The ITSC will meet quarterly, chaired by the VP, IT. The Chairman will set the agenda, taking input from the remainder of the ITSC.

Voting

The ITSC will operate by consensus where feasible. Otherwise, issues will be voted on by a show of hands; the chair will abstain from voting unless required to break a tie. The ITSC will take guidance from Robert's Rules in conducting votes on motions

Records Management

ITS will maintain minutes, which will include decisions / recommendations and action items.

ITS Organization

CND has an Information Technology Services department on site with a current staff complement of six including a Vice President, a Supervisor, two System Administrators, one Support Desk Analyst and one contract Business Systems Analyst. Successful delivery of the ITS Strategy depends on the staffing uplift as shown in the revised organization chart (see below).

The changing staff compliment is required due to the increased focus on ITS and the need to ensure that the software applications, infrastructure, security and recoverability of the CND information technology environment can be accomplished with acceptable disruption to business operations. Additionally, successful delivery of the IT Strategy as tied to the Corporate Strategy will require additional headcount in order to deliver planned work as well as normal maintenance activities — software upgrades, asset turnover and ongoing support activities to ensure that the IT environment operations in an efficient and effective manner.

The strategic positioning of the ITS department through the noted staffing changes will enable the department to transform into a more business-responsive team, positioned to deliver on the corporate needs as documented in this IT Strategic plan. The key goals of delivering more automation, enabling

improved and net-new business workflows, consolidating enterprise systems through integration efforts and the standardization of ITS services will enable the transformation of ITS at CND from a tolerated cost centre to a business enabler.. These goals will be significantly impacted without a staffing compliment that can provide sufficient resources to meet the continuing challenges and need for automation that are detailed in this plan.

Industry best practices¹, suggest that the compliment of IT staff in the Utility sector is 6.6% of the total organizational headcount. This suggests a CND IT staff compliment of approximately 7 FTE positioning CND to be within industry norms and also strongly enabling delivery of improvements to operational and capital work efforts at CND as outlined in the Corporate and IT Strategic plans.

This organization chart proposes an uplift of two staff, a Supervisor, Infrastructure, with a mandate to implement, support and maintain the infrastructure, to be responsible for the corporate Disaster Recovery Plan and to be responsible for IT Security. There will be a dotted line relationship between one of the System Administrators and this position, but the position will not be accountable for any staff. This role is found in other LDC's and is aligned with other IT organizations in the public sector. The second uplift will be to the Business Analyst position (currently contracted).

The core value provided by this role is to significantly reduce expenses from Third Party solution providers, who would otherwise provide and invoice for this role's services. So, this role can assist in reducing third party costs with respect to the development of business requirements, IT functional requirements, test planning, test case development and testing support. The IT environment evolves continuously as software updates and upgrades are delivered by vendor partners – this suggests that that a Business Analyst will provide continuous value through testing and validating these ongoing changes, as well as continuous response to the business' directional changes and net-new deployment.

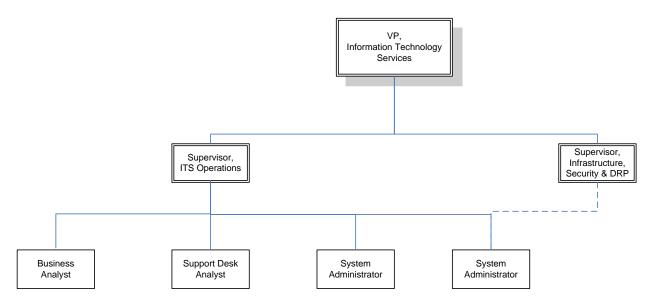
Given the focus of the IT Strategy, this role will also act in support of this mandate not only through the analysis and testing skill set required, but will also bring to the organization project management capabilities that will assist in moving the IT Strategy forward as the organization builds a planning culture.

The current ITS Supervisor, will have the role title changed to Supervisor, ITS Operations and will be responsible for the day-to-day organization and management of ITS workload, staffing and project

¹ Gartner, IT Metrics: IT Spending and Staffing Report, 2013, February 1, 2013 by James McGittigan, Kurt Potter, Jamie K. Guevara, Linda Hall and Eric Stegman

management oversight. Additionally, this role will be responsible for managing the IT project workload in conjunction with the Business Analyst position and it will be through this position that the transition to a service organization will be made possible within ITS.

The following diagram represents a vision / aspiration for ITS organization:



Enterprise Solutions

	Business					
Core System	Owner	Vendor	Components	Support	Future Direction	Notes
			NorthStar			
			Customer			
			Connect	Contracted	Currently experience	
			Home	support with	some operational	
Customer		Harris	Connect	Harris Corp.;	issues; longer term	This system was implemented in 2011 after the SAP
Information	Customer	Utilities	Bill Connect	second level	vision is to remain	project was abandoned. This system also supports
System (CIS)	Care	Corporation	mCare	support ITS	with this product	the Billing and Metering operations
				Contracted	Longer term vision is	
				support with	to remain with this	
				ACS; second	system	This system will be implemented into the IT Data
	Control			level support	ITS provides support	Center during 2013/2014; currently resides on a
SCADA	Center	ACS		from ITS	on a best effort basis	Linux PC within the Control Center
				All have		
				contracted		
				support	Remain on these	
			Microsoft	through BDO;	systems - upgrade	These three software components work together to
		Microsoft	Dynamics GP	ITS provides	Microsoft Dynamics	provide the ERP solution being used; looking at
		Paramount	WorkPlace	some second	GP to 2013 version	moving support to another vendor that would be less
ERP	Finance	WennSoft	WennSoft	level support	within next year	costly
				All have		
				contracted		
				support	Remain on these	
				through BDO;	systems - upgrade	These three software components work together to
				ITS provides	Microsoft Dynamics	provide the ERP solution being used; looking at
			Microsoft	some second	GP to 2013 version	moving support to another vendor that would be less
ERP - HR	HR	Microsoft	Dynamics GP	level support	within next year	costly

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	Business					
Core System	Owner	Vendor	Components	Support	Future Direction	Notes
				Support is		
				contracted		
				through BDO;		
				ITS provides		
Time		Penny		some second	Remain on this	
Reporting	Finance	Software	Penny	level support	system.	Will apply upgrades as required
				Outsourced		
				billing		
				system;		
				supported by		
				vendor		
				ITS provides		
				network		
Commercial	Metering /			connectivity	Move this system in-	
Billing	Billing	MVS90		support	house	For billing of commercial customers
				Supported by		
				vendor; data		
				is reviewed		
				by billing as a		
				validation		
				before billing		
				is run	Remain with vendor;	
				ITS provides	possibly bring data	
Time of Use				network	in-house for	
Billing	Metering /			connectivity	business analytics	
Residential	Billing	Sensus		support	purposes	For time of use billing - residential
				Supported by		
				vendor; ITS		
				provides		
				some second		
AutoCAD	Engineering	AutoDesk		level support	Remain with vendor	This is used by Engineering for design work

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	Business					
Core System	Owner	Vendor	Components	Support	Future Direction	Notes
				Supported by		
Map3D				vendor; ITS		
Geographic				provides		
Information				some second		There is a current project that could have an impact
System (GIS)	Engineering	AutoDesk		level support	Remain with vendor	on this system

FINAL 21 of 23 PM/ab

Supporting Documents

This document supports, or is supported by:

- ITSTRAT002, "CND IT Strategic Plan: Assessments"

ITSTRAT003, "CND IT Strategic Plan: Tactical Plan Inventory"

- ITSTRAT004, "CND IT Strategic Plan: Departmental Vision"

- ITSTRAT005, "CND IT Strategic Plan: Vision / Mission, ITS Workshop"

Document Control

Version Control

Version	Author	Description	Date
1.0 Draft	Aaron Burns	Initial release for corp review	2013-06-24
1.0	Aaron Burns	Minor adjustments; pres. Signature rec'd; moved out of draft	2013-06-26
1.1	Aaron Burns	Adjustments stemming from LT review	20130-07-05

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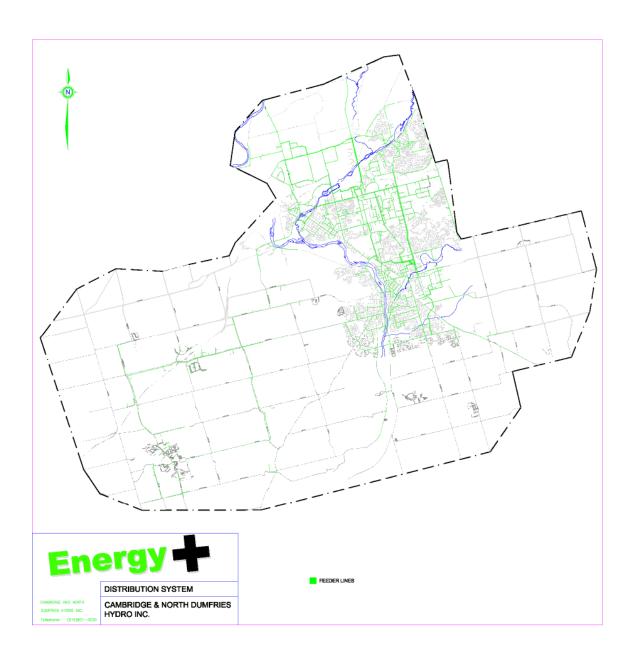
Glossary

Term	Definition
ВСР	Business Continuity Planning
Cloud Services	Services made available to users on demand via the Internet from a cloud
	computing provider's servers as opposed to being provided from a company's own
	on-premises servers (note that there are many variants of this definition).
CMM	Capability Maturity Model – a method of broadly defining the capability of a
	process or organization in a given domain.
CND	Cambridge & North Dumfries Hydro Inc.
DR	Disaster Recovery
DR	Disaster Recovery – the process, policies and procedures that are related to
	preparing for recovery or continuation of technology infrastructure which are vital
	to an organization after a natural or human-induced disaster.
ITIL	Information Technology Infrastructure Library – the most widely adopted approach
	for IT Service Management
ITS	Information Technology Services at CND
ITSC	IT Steering Committee
KPI	Key Performance Indicator
LDC	Local Distribution Company
NOC	Network Operations Centre
PMO	Project Management Office: it is the department or functional role that defines
	and maintains the standards and processes related to project management within
	an organisation.
PPE	Personal Protective Equipment
RAG	Red, Amber, Green - typical project status markers.
Robert's Rules	Robert's Rules of Order, the recognized guide to running meetings and conferences
	effectively and fairly.
SOC	Security Operations Centre
VDI	Virtual Desktop Infrastructure

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APPENDIX 1-7 MAP OF DISTRIBUTION SYSTEM

Appendix 1-7 Map of Distribution System



1

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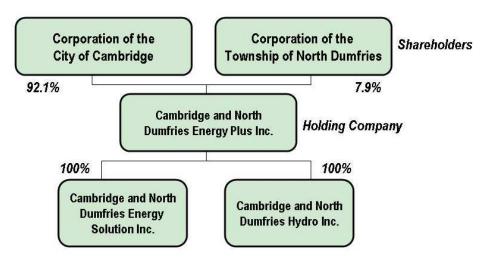
APPENDIX 1-8 CORPORATE ENTITIES CHART

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Appendix 1-8 Corporate Entities Chart

Corporate Entities Relationships Chart



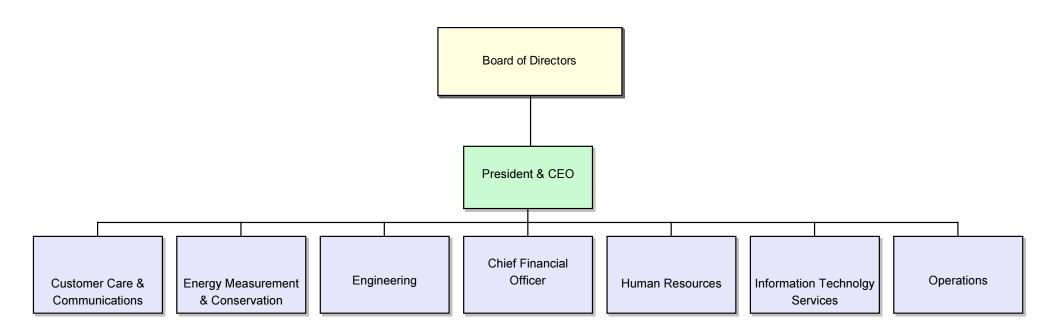
Wholly Owned Subsidiary Companies

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Appendix 1-9 Utility Organizational Chart



Corporate Structure





2014 ORGANIZATION STRUCTURE

Cambridge and North Dumfries Hydro Inc.

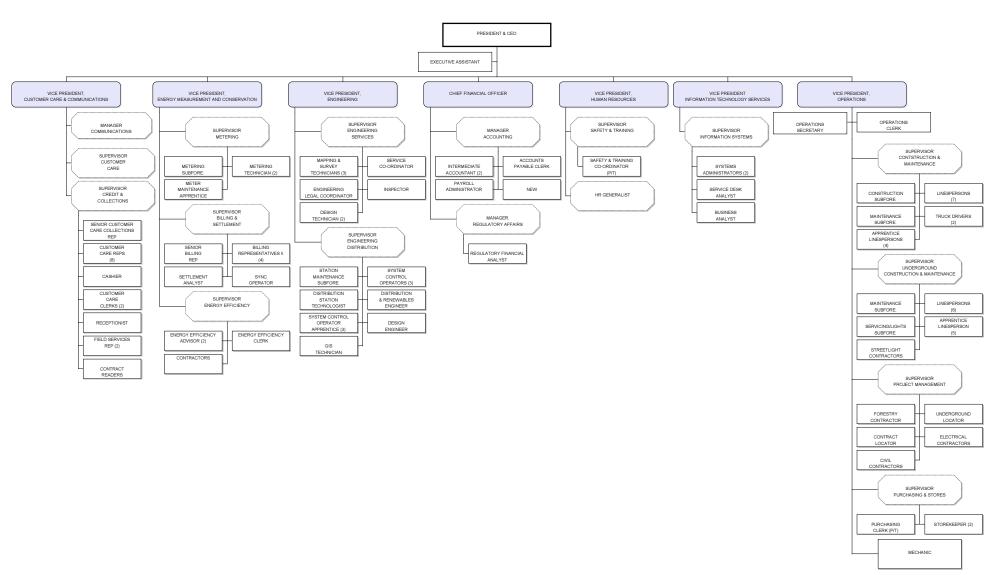
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Exhibit 1

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CORPORATE GOVERNANCE

2	Overv	iew:

- 3 CND, through its parent company Energy Plus, is subject to a Shareholders Agreement
- 4 with the City of Cambridge and the Township of North Dumfries. The Shareholders
- 5 Agreement outlines the expectations of the Shareholders relating to the principles of
- 6 corporate governance. These expectations are summarized below under Board Mandate.
- 7 The Shareholders' Agreement also provides for the following:
- Composition of the Board of Directors;
- Qualifications of the Board Members:
- Term of Directors;
- Frequency of meetings of the Board of Directors;
- Board Duties;
- Quorum of the Board; and
- Decisions of the Board.
- 15 The Board of Directors of CND consists of 10 Directors, of which 7 Directors are
- 16 independent. The 3 Directors that are not independent include: (i) The Mayor of the City of
- 17 Cambridge; (ii) The Mayor of the Township of North Dumfries; and (iii) the President and
- 18 CEO. The Chair of the Board is an independent Director, as are the Chairs of all CND
- 19 Board Committees. The Board members meet without management in attendance for part
- 20 of each Board and Committee meeting.
- 21 The Board of Directors composition also meets the requirements of the Ontario Energy
- 22 Board's Affiliate Relationships Code ("ARC"), which requires that at least one-third of a
- 23 regulated distribution company's Directors are independent from its non-regulated affiliates.

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1 The Board of Directors has adopted a Code of Conduct, which is further described on page

- 2 8 of this Schedule.
- 3 In order to facilitate exercise of independent judgment in carrying out its responsibilities, the
- 4 Board of Directors does the following:
- Ensures at all times that at least two thirds of the Board members are independent
- and that the Chair of the Board and any Committees are independent directors.
- The Chair of every Board or Committee routinely asks at the beginning of each
 - meeting if anyone has any conflicts to declare with respect to any of the agenda
- 9 items.

- 10 Directors who have a conflict with certain items abstain from the discussion and voting on
- 11 the resolution.

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Board Mandate:

- 2 The Shareholders' Agreement dated January 1, 2000 between The Corporation of the City
- 3 of Cambridge ("City of Cambridge"), The Corporation of the Township of North Dumfries
- 4 ("Township of North Dumfries"), and CND, outlines the expectations of the Shareholders
- 5 relating to the principles of corporate governance.
- 6 In accordance with Section 2.4 Shareholder Expectations, the Shareholders expect that
- 7 CND, through the Board of Directors and senior management will:
- 8 1. Establish policies to develop and maintain a prudent financial and capitalization
- 9 structure;
- 10 2. Establish just and reasonable rates for the regulated distribution business;
- 11 3. Provide the Shareholder with the maximum rate of return permitted pursuant to
- 12 energy legislation;
- 4. Manage all risk related to the business through the adoption of appropriate risk
- 14 management strategies and internal controls;
- 5. Develop a long range strategic plan, consistent with the maintenance of a viable,
- 16 competitive business and preserves the value for the business; and
- 17 6. Prepare and present and annual business plan for approval.
- 18 Section 3.2 (b) of the Shareholders Agreement also outlines the Board's duties, which
- 19 includes "supervise the management of the business and affairs of Hydro and, without
- 20 limiting the generality of the foregoing, the Board shall be responsible for, but not limited to,
- 21 overseeing the following specific matters:
- 22 (i) The establishment of appropriate reserves and a dividend policy consistent with
- 23 sound financial principles, all with the intention of providing the Shareholders with
- the maximum rate of return permitted under the Energy Legislation and applicable

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1	orders, rules and regulations on their investment consistent with a prudent financia
2	and capitalization structure and while maintaining reasonable rates for customers;
3	(ii) Declaration of any dividend or distribution of capital in respect of the Shares; and
4	(iii) The preparation and presentation to the Shareholders for their approval of ar
5	annual business and a strategic long range plan.
6	

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Board Meetings: 1

- The CND Board of Directors meets at a minimum once per quarter. Table 1-22 provides 2
- the schedule of Board Meetings for 2013: 3

Table 1-22 2013 Board Meeting Schedule

January 22, 2013
April 18, 2013
June 27, 2013
September 9, 2013
December 19, 2013

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Nomination of Directors:

- 2 In accordance with the terms of the Shareholders Agreement, Board Members may serve
- 3 for terms of one to three years, and may serve successive terms as determined by the
- 4 Shareholders. Except for the Mayors of the City of Cambridge and the Township of North
- 5 Dumfries, and the President, no other Director may service for more than 10 years. The
- 6 Shareholders have a right to waive this limitation,
- 7 The Human Resources, Nominating, and Governance Committee ("HRNGC") is
- 8 responsible for making recommendations to the Board of Directors, and ultimately to the
- 9 Shareholders, for the nomination of new members of the Board of Directors.
- 10 The process for selecting and nominating Board Members is as follows:
- 1. The HRNGC facilitate an annual process to review and update a matrix of Board
- Members skills (e.g., financial, legal, electric utility industry, human resources, etc.).
- This exercise is used to identify skills that should be considered in the selection of
- new Directors to ensure a well-rounded Board.
- 2. Prior to 2013, the practice was to utilize the personal networks of Board members to
- 16 identify potential candidates who possessed the skills identified as being desirable
- 17 based on the skills inventory review.
- 18 3. Several candidates would then be interviewed by the HRNGC to determine a fit and
- 19 mutual interest in holding a Board position. HRNGC would then recommend a
- 20 candidate for selection to the entire Board.
- 4. Upon approval of the recommended candidate, the entire Board would put forward a
- 22 recommendation to CND's two shareholders to nominate the candidate at the
- 23 Annual General Meeting.
- 5. The current process is very similar to what has been outlined above with the
- addition of a broader advertisement and recruitment initiative during step (2). CND's
- 26 Human Resources Department will provide administrative support to develop and
- 27 place on-line and print ads for vacant Board positions. HRNGC will review the

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Tab 8 Schedule 5 Page 7 of 10 Filed: October 1, 2013

candidates resumes and applications against a set of skills and experience criteria 1 2 to determine a short list for interviews.

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Code of Conduct:

- 2 CND's Board of Directors adopted a formal code of conduct in April 2012, which was
- 3 documented in Corporate Policy COR-108 "Respect in the Workplace: A Code of Conduct".
- 4 The Code of Conduct booklet combines many of CND's existing corporate policies into one
- 5 comprehensive and encompassing handbook that defines how CND's employees and
- 6 Board Members are to conduct themselves. A copy of CND's Respect in the Workplace: A
- 7 Code of Conduct is attached in Appendix 1-13.
- 8 CND is committed to conducting its affairs in compliance with all applicable laws and
- 9 regulations. All business dealings must be based on the highest standard of ethics. All
- 10 employees and Board Members are required to know, understand, and adhere to the Code
- of Conduct (the "Code") and the related policies which apply to them. All employees and
- 12 Board Members must complete any required training on the Code, acknowledge receipt of
- 13 the Code and training, and report non-compliance with the Code in accordance with the
- 14 compliance section of the Code.
- 15 Board Members, members of the Leadership Team, and those in key financial positions are
- required to recommit to the Code, in writing, on an annual basis.

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Board Committees:

- 2 CND currently has three committees of the Board, including:
- 1. Human Resources, Nominating, and Governance Committee;
- 4 2. Audit and Finance Committee; and
- 5 3. Executive Committee.
- 6 The Human Resources, Nominating and Governance Committee is responsible for the
- 7 establishment and enforcement of policy guidelines for employee relations and to make
- 8 recommendations to the Shareholders concerning potential candidates for the Board and
- 9 compensation for members of the Board. A copy of the Human Resources, Nominating
- and Governance Committee Mandate is provided in Appendix 1-10.
- 11 The Audit and Finance Committee is responsible for supporting the Board of Directors in
- 12 overseeing the integrity of the Corporation's financial reporting and internal controls over
- 13 financial reporting in compliance with legal and regulatory requirements. A copy of the
- 14 Audit and Finance Committee Mandate is provided in Appendix 1-11.
- 15 Members of the Audit Committee are independent and are financially literate.
- 16 The Executive Committee is empowered to act on behalf of the Board of Directors between
- 17 regular meetings of the Board of Directors and shall report decisions made by the Executive
- 18 Committee to the next following meeting of the Board of Directors. The Executive
- 19 Committee shall be responsible for coordinating and overseeing preparation of business
- 20 plans, including economic development initiatives, for the Corporation and for supervising
- 21 the management of the day to day operations of the Corporation.

Cambridge and North Dumfries Hydro Inc.

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1 Orientation and Continuing Education:

- 2 All new Directors of CND, and its affiliates, receive a comprehensive orientation with
- 3 respect to the role of the Board, the business of CND and the legislative and regulatory
- 4 environment affecting the electricity sectors.
- 5 As part of the regular Board Meeting Agenda, a formal education session is included to
- 6 provide Board Members with information and/or training on a current issue or topic.
- 7 Education sessions provided in the past year include: (i) Rate Rebasing Application
- 8 Process; (ii) Rate Setting Overview; (iii) Risk Management; and (iv) Review of Customer
- 9 Satisfaction Survey.
- 10 In 2013, CND implemented a third party software solution, Diligent Boardbooks, which
- 11 provides an electronic board portal for all Board of Directors and Committee materials.
- 12 Included as part of the web portal is a "Resource Centre" which can be used to store
- information that is readily accessible to all Board Members. CND has added a News Items
- 14 and Articles of Interest Section, as well as a Orientation Materials and General Information
- 15 Section to its Resource Centre. CND will continue to leverage this software solution in the
- 16 future to provide the Board of Directors with timely and relevant information to support their
- 17 continuing education.
- 18 Board Members are also encouraged to participate in industry events and conferences,
- 19 including Enercom, MEARIE, and various CDM events.

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Appendix 1-10 Human Resources/Governance/Nominating Committee Mandate

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4 CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.

HUMAN RESOURCES AND NOMINATING/GOVERNANCE COMMITTEE

- The Human Resources and Nominating/Governance Committee is responsible for the establishment and enforcement of policy guidelines for employee relations and to make recommendations to the Shareholders concerning potential candidates for the Board and compensation for members of the Board. Some of the Human Resources and Nominating/Governance Committee functions would be as follows:
- Ensure compliance with all legal and regulatory requirements with regard to Human
 Resources;
- Development and maintenance of governance practices consistent with high standards of corporate governance;
- 16 3. Establishment and periodic review of the Corporation's policies in the area of management benefits and perquisites;
- 18 4. Review of policies and necessary changes with respect to health and safety issues;
- 19 5. Succession planning;
- 20 6. Establishment of qualifications for directors and of procedures for identifying possible nominees who meet these criteria;
- 7. Distribute an Annual Board Effectiveness Evaluation Survey and provide the results to the board:
- 24 8. Consideration and recommendation of the appropriate size and composition of the board:
- 9. Review of the performance of current directors and recommendation, where appropriate, that sitting directors be removed or not re-appointed;
- 28 10. Recommendation of nominees to fill vacancies on the board;
- 11. Review Board compensation annually and make any recommendations in the first five months of the year for changes to be effective July 1st;
- 12. Review and approve or recommend to the full board salary, bonus and other benefits, direct and indirect of the Chief Executive Officer (President);
- 33 13. Recommendation of salary guidelines to management or the boards;

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HUMAN RESOURCES AND NOMINATING/GOVERNANCE COMMITTEE ... continued

- The following conditions and/or controls on the powers of the Human Resources and Nominating/Governance Committee are recommended:
- Recommendations regarding alterations of any salary, bonus or other compensation to be paid to any Senior Management Employee, in excess of the percentage negotiated in the Collective Labour Agreement, shall be presented to the full board, for consideration and/or ratification, prior to implementation.
- A Summary Report shall be prepared and submitted to the board identifying and outlining the terms and conditions negotiated to successfully conclude a Collective Agreement.
- 11 3. Periodic review and recommendation for board remuneration.
- 4. Recommendations regarding nominations to the board shall be presented to the full board, for ratification, prior to submission to the Shareholders.
- 15 The following items relate to the effective operation of the Committee:
- 16 1. The minutes of the Human Resources and Nominating/Governance Committee meetings shall be forwarded to the board at the next scheduled board meeting.
- 18 2. The Human Resources Committee and Nominating/Governance shall serve 19 membership of a term of one year, renewable only after review by the full board.
- The Committee has the ability to retain outside expertise, if required, subject to approval
 of the Committee and Board Chair;
- 4. The Committee has unrestricted access to Management;
- 23 5. Minimum annual meeting requirements shall be established.
- 24 Reviewed and approved at Cambridge and North Dumfries Hydro Inc. Board of Directors'
- 25 Meeting, April 12, 2012

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Appendix 1-11 Audit and Finance Committee Mandate

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1 2 3 4 5		CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.			
6		AUDIT COMMITTEE			
7 8 9	The Audit Committee is responsible for supporting the Board in overseeing the integrity of the Corporation's financial reporting and internal controls over financial reporting in compliance with legal and regulatory requirements.				
10	In the	performance of its duties, the Audit Committee's functions include:			
11 12	(1)	Reviews the annual financial statements and reports to the Board prior to the Board's approval;			
13	(2)	Reviews the report of the Auditors on the annual financial statements;			
14 15	(3)	Recommends the appointment of a firm of Chartered Accountants as the Corporation's Auditors or any change of Auditors;			
16 17	(4)	Reviews the factors that might impair, or be perceived to impair, the independence of the Auditors;			
18 19 20	(5)	Considers any problems found by the Auditors in performing the audit, such as limitations or restrictions imposed by management, or situations where management seeks a second opinion, on a significant accounting issue;			
21 22 23	(6)	Consults with the Auditors (often without the presence of management) with regard to the adequacy of the internal accounting controls and similar matters, and reviews management responses;			
24 25	(7)	Reviews detailed information provided by management with respect to budgets and business plans			
26	(8)	Reviews and recommends dividend declarations.			
27 28	(9)	Identifies and assesses risks that could adversely impact the Corporation ensuring that appropriate mitigation strategies are in place to manage the identified risks.			
29 30	(10)	Review and monitor the effectiveness of internal control processes, engage Auditors if required.			
31	(11)	Provide oversight and monitoring of investment policy.			

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- 1 The following conditions and/or controls on the powers of the Audit Committee are recommended:
- 3 1. Recommendations and detailed disclosure regarding the annual budgets and business plan shall be presented to the full board, for ratification, prior to approval and adoption.
- The minutes of the Audit Committee meetings shall be forwarded to the board at the next scheduled board meeting.
- The Audit Committee shall serve membership of a term of one year, renewable only after review by the full board.
- Reviewed and approved at Cambridge and North Dumfries Hydro Inc. Board of Directors'
 Meeting.

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Appendix 1-12 Executive Committee Mandate

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Meeting, June 15, 2010.

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CAMBRIDGE AND NORTH DUMERIES HYDRO INC

2	CAMBRIDGE AND NORTH DUMFRIES HYDRO INC.			
3	EXECUTIVE COMMITTEE			
4 5	The Executive Committee shall meet at least quarterly as required by Article 3.3(a)(iii) the Shareholder's Agreement.			
6 7 8	The Executive Committee is empowered to act on behalf of the Board of Director between regular meetings of the Board of Directors and shall report decisions made by the Executive Committee to the next following meeting of the Board of Directors			
9 10 11	The Executive Committee may exercise the powers of the Board of Directors with the exception of the following matters specifically reserved to the Board of Direction Article 3.2(i) of the Shareholder's Agreement, namely:			
12		(i)	the establishment of appropriate reserves and dividend policy,	
13 14		(ii)	the declaration of any dividend or distribution of capital in respect of the corporate shares, and	
15 16		(iii)	the preparation and presentation to the shareholders for their approval of an annual business and a strategic long range plan.	
17 18 19	The Executive Committee shall be responsible for co-ordinating and overseeing preparation of business plans, including economic development initiatives, for the Corporation and fo supervising the management of the day to day operations of the Corporation.			
20 21	The following conditions and/or controls on the powers of the Executive Committee are recommended:			
22 23 24 25 26 27 28	1.	contra appro the E budge meeti	pany Policy FIN-03 (Purchasing and Contract Policy) requires approval of all acts and purchasing commitments in excess of \$1 MILLION Dollars be eved by the Board of Directors. Subject to timing of scheduled board meetings executive Committee may approve commitments over \$1 MILLION dollars for every executing and capital expenditures with confirmation at the next boarding. If the commitment is unbudgeted, a special board meeting would be red for the approval.	
29 30	2.		ninutes of the Executive Committee meetings shall be forwarded to the board next scheduled board meeting.	
31 32	3.		Executive Committee shall serve membership of a term of one year, renewable after review by the full board.	
33	Reviewed and approved at Cambridge and North Dumfries Hydro Inc. Board of Directors'			

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Appendix 1-13 Code of Conduct

Item No: 15 HR/Nominating/Governing September 5, 2013



CODE OF CONDUCT



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i. Introduction

WHY DO WE HAVE A RESPECT IN THE WORKPLACE / CODE OF CONDUCT?

CND is committed to conducting its affairs in compliance with all applicable laws and regulations. All business dealings must be based on the highest standard of ethics. All employees acting on behalf of CND are expected to comply with this commitment and all corporate policies.

WHO DOES THE CODE APPLY TO?

This Code is intended to provide guidance to all employees of CND and to ensure that all employees are aware of CND's Respect in the Workplace / Code of Conduct, hereinafter referred to as the Code.

COMPLIANCE

CND is committed to conducting its affairs to comply with applicable Government laws and regulations, as outlined below. CND's standards apply to employees, Board Members, as well as third parties acting on behalf of our business.

CND Policies in Support of Government Laws & Regulations:

- Harassment Free Environment (HR-005)
- Strategy and Values (COR-011)
- Code of Conduct: Respect in the Workplace (COR-108)
- Employment Equity (COR-003)
- Privacy Rights and Records Retention (COR-009)
- Communications Policy (COR-012)
- Social Media Policy (COR-013)

SPECIFIC ROLES

Each and every one of us has the responsibility to model the behaviours and attitudes that are outlined in the Code.

ALL EMPLOYEES AND BOARD MEMBERS

All employees and Board Members are required to know, understand and adhere to the Code and the related policies which apply to them. They must complete any required training on the Code, acknowledge receipt of the Code and training, and report non-compliance with the Code in accordance with the Compliance section of the Code.

ADDITIONAL ROLES FOR ALL THOSE WITH DIRECT REPORTS

The importance of seeking the advice of your direct supervisor is stressed throughout the Code. As such, the company places added expectations on those with direct reports; we expect supervisors will:

- Respond when their advice regarding the Code is sought making it comfortable for advice to be sought; and seek guidance from their next level of management, legal counsel or Human Resources when required, to ensure advice is sound.
- Ensure that their direct reports understand the Code and the impact of individual behaviour on the Company.
- Agree, in writing, to abide by the Code.
- Champion the Code; ensure that any required training on the Code and applicable documents are completed.
- Support those who report Code non-compliance.
- Immediately address issues of non-compliance by involving their supervisor, Leadership Team member, or Human Resources as appropriate.

ADDITIONAL ROLES FOR LEADERSHIP TEAM

The Leadership Team is responsible, in addition to what has been previously identified, for establishing internal controls, ensuring that monitoring of compliance is in place, reviewing this Code on a regular basis to ensure it includes all necessary references, and ensuring that appropriate action is taken to investigate suspected or actual non-compliance.

ANNUAL RE-COMMITMENT

Board members, members of the Leadership Team and those in key financial positions are required to recommit to the Code, in writing, on an annual basis.



WHEN THE CODE DOES NOT HAVE AN ANSWER

The Respect in the Workplace Code cannot address every possible situation. However, our Code sets a standard against which all situations can be assessed.

Ask yourself these questions:

- Does this feel right?
- Would I be proud to tell someone I admire, or someone who admires me, what I have decided or done?
- Is there a legal or regulatory requirement I should follow?
- Is there any specific guidance in this Code, or in company policies? If not, does this Code and/or policy give me a sense of the standard that I must apply in this situation?

If, after reading the Code and considering these questions, you are uncertain how to act or react in a given situation, or sense you may be in contravention of the Code if you act in a certain way, speak to your direct supervisor, your Leadership Team member, or Human Resources without delay.

While all the laws and regulations, and contractual commitments, as well as all the policies that apply to us as individuals and as a company, are not specifically described in the Code, the company expects compliance with all applicable laws and regulations and company policies. In situations where the law, policy and the Code appear to be different, each of us must always comply with the highest standard.

ii. Strategy and Values

CORE VALUES

Each of us strives to demonstrate trust, integrity and respect in everything we do. Our actions demonstrate our commitment to living the following principles:

CUSTOMER FOCUSED

We are dedicated to providing excellent services and solutions to our customers, both anticipating and responding to customer needs.

TEAMWORK, DIALOGUE AND COLLABORATION

We are a strong, united team of highly skilled professionals, dedicated to providing reliable electricity to our customers. We actively engage each other in dialogue, listening first, to build shared understanding. We support and respect each other's work and contributions.

SAFETY AND WELLNESS

We take responsibility for our personal safety, the safety of each other, and the safety of our customers and communities. We encourage and promote wellness at work, at home and in the communities we serve.

COMMUNITY

We are proud contributors to the communities we serve, improving the quality of life through our leadership and volunteer efforts.

ACCOUNTABILITY

We take responsibility and are accountable for doing what we say we will do.

INNOVATION

We support, encourage and recognize innovative ideas that lead to better solutions.

ENVIRONMENTAL STEWARDSHIP

We are careful and responsible users of all resources.



STRATEGIC IMPERATIVES

PEOPLE

Develop and support our dedicated, talented team who embrace best practices, innovative solutions and new technologies to deliver present and future energy needs of our communities.

SAFETY AND WELLNESS

Always pursue excellence in safety and wellness.

CUSTOMERS

Anticipate and exceed customer expectations regarding efficiency and reliable delivery of electricity.

ENVIRONMENTAL STEWARDSHIP

Respect the environment in everything we do.

COMMUNITY

Demonstrate our dedication to the well-being of our communities.

VALUE

Invest in quality energy infrastructure while delivering optimal financial returns to shareholders.



iii. Core Objectives

ALIGNED AND ACCOUNTABLE LEADERSHIP; ENGAGED AND ENGLIGHTENED EMPLOYEES

- Board Alignment and Accountability
- Leadership Team Alignment, Role Clarity and Accountability
- Leadership Team and Management Alignment; Role Clarity; Streamline Business Processes
- Communications Strategies: Dialogue-focused Internal Communications and Alignment, Reputation/Corporate Visibility

RESOURCE ADEQUACY

- Address Staffing, Skill Mix
- Succession Planning
- Training/Capacity Building
- Facilities

ENGAGED AND ENLIGHTENED CUSTOMERS AND COMMUNITIES

- Communications Strategies: Reputation/Corporate Visibility, Online eService Solutions, Stakeholder Value
- CDM Initiatives
- Dialogue on Sector Challenges and Opportunities
- Dialogue on CND-specific Challenges and Opportunities e.g. Generation, Reliability
- Rapid Outage Response
- Environmental Stewardship Progress Reports
- Sustainability Partnerships

ENVIRONMENTAL STEWARDSHIP LEADERSHIP

- PCB-Free 2013
- Electric Vehicle Integration
- Green Team
- Sustainability Partnerships

SYSTEM RELIABILITY ENHANCEMENT

- Engagement of OPA and Hydro One, Guelph, Waterloo, Kitchener on Regional Planning
- Customer Outreach on Enhancement Opportunities
- Asset Management

CULTURE OF INNOVATION

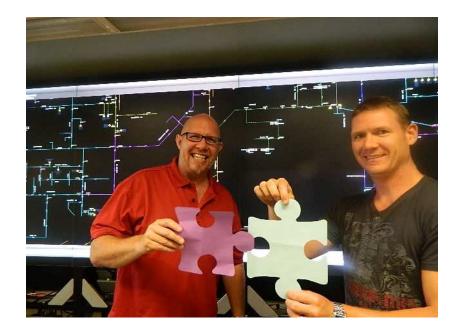
- IT Integration and Enhancement
- Systems Integration
- Smart Grid
- Foster Change Agents, Build Project Management Capacity
- Effective Project Management
- Recognition and Reward System
- New Business Ventures

SAFETY AND WELLNESS FOCUS

- Participation in CSA Z1000-06 program
- Develop and Implement New Wellness Programs
- Continuing Investment in Training

OPTIMAL FINANCIAL RETURNS

- Cost of Service Rate Application
- Productivity Improvements
- Shareholder Returns



iv. Our Standards of Conduct

EMPLOYEE CONDUCT

We, at CND, are expected to conduct ourselves, in a manner which does not jeopardize the integrity and the image of CND, This is especially important while in uniform or while wearing identifiable CND clothing or logos. This expectation also applies to employees attending events or functions at which they could be identified as CND employees. Additionally, employees utilizing social media platforms in connection with the company's business, must comply with our Corporate Guiding Principles, Communications and Social Media Policies.

BUSINESS RECORDS

It is important that all business records of CND be accurate, complete, fully documented and reliable in order to properly discharge financial and legal obligations. All business records, including expense amounts, invoices, payroll, and employee records, are to be prepared carefully and honestly.

MAINTENANCE OF ASSETS

We have a responsibility to protect the assets of CND against loss, theft, and unauthorized use. Assets include all property (tangible, intangible, electronic) of CND and its related affiliates.

HUMAN RIGHTS

We have the right to a workplace free of harassment and discrimination based on race, creed, colour, ethnic origin, gender, sexual orientation, age, marital status, family status or disability.

HEALTH AND SAFETY

In order to maintain a safe and healthy workplace, we are expected to take a proactive approach to health and safety by minimizing or eliminating risks wherever possible. Employees shall comply with the CND Health and Safety Policy. Employees shall report any areas of concern to their direct supervisor, Vice President/CFO or Human Resources.

ENVIRONMENT

CND is committed to responsible operating practices that safeguard the environment. Employees will work to identify and mitigate the environmental risks and impacts of our operations.

CONFIDENTIAL INFORMATION

CND employees may have access to information of a confidential nature during their day-to-day business activities. They are obligated to respect the confidentiality of such information and to use it exclusively for business purposes.

REPORTING OF UNETHICAL OR ILLEGAL BEHAVIOUR

If any employee believes someone associated with CND has breached this Code, they have a responsibility to address such behaviour. Conduct that may be in breach of the Code shall be reported to the President & CEO.

BULLY FREE WORKPLACE — BILL 168 VIOLENCE IN THE WORKPLACE

CND is committed to the prevention of workplace bullying, violence and is responsible for employee health and safety. We will take whatever steps are reasonably necessary to protect our employees from workplace bullying and violence from all sources including unwanted physical contact and both written (including email) and verbal threats of violence.

The Workplace Violence Program includes measures and procedures to protect employees from workplace violence, a means of summoning immediate assistance and a process for employees to report incidents, or raise concerns. CND will ensure this policy and the supporting program are implemented and maintained and that all employees and supervisors have the appropriate information and instruction to protect them from Violence in the workplace.

USE OF TECHNOLOGY

Technology is a resource that we must use carefully and ethically, with consideration of our business needs and reputation and with respect for all those associated with CND.

Systems documentation and content are the property of CND. The company has the right to access, monitor, read and examine any content transmitted and/or stored on its systems/ equipment, to ensure productive, ethical, legal and authorized use. This system includes Internet and Email, shared directories, folders, social media accounts, hard drives and portable or removable electronic storage devices such as memory sticks. You should expect that your Email, Internet, social media activities, or other technology activities on CND system is private. However, in instances where there is suspicion that inappropriate use of Email, Internet or other technology activities on CND systems has occurred, then you should expect that such activity would not be considered private and is open to scrutiny by the management team at CND, as assisted by ITS.

Our systems are intended for business purposes. Limited personal use of the electronic communications system– Internet, Email and social media– is permissible, outside of the time you are expected to be working, provided that the time spent, and the content of your electronic communications does not interfere with your productivity or the productivity of your colleagues, damage or have the potential to damage, the reputation of CND, negatively impact individuals or violate the law.

Under no circumstances are you to use CND systems and equipment to download, access, receive or distribute pornographic content or any content that could be considered sexist, racist, discriminatory, hate-based or offensive.

Acting in any manner that is detrimental to the interests and/or reputation of CND on Internet forums and social networking sites or chat rooms, regardless from where or how the Internet is accessed, is not acceptable. The company has the ability to monitor such sites for compliance.

OUR STANDARDS OF CONDUCT

For Instance:

Avoid using careless, exaggerated or inaccurate statements in electronic communications, which could be used against CND.

Do not download software, large electronic files from the Internet or any content such as Images, stream video or music, as these could impact the performance of our technology by using company services on the network needed for business activities, or by introducing viruses into our systems.

AUDITS AND INVESTIGATIONS

We cooperate fully with investigations by authorized internal and external parties, including regulators, law enforcement agencies and auditors. We expect that you will cooperate by providing accurate and factual information to the authorized investigators and that you will never tamper with records or make misleading comments - such as business rationale designed to mislead - or ask anyone else to do so.

RESPECT FOR INDIVIDUALS

At CND we are committed to providing positive working environments where employees, customers and external business partners are treated professionally, with dignity and fairness, and with consideration for their personal safety and well-being.

OUR STANDARDS OF CONDUCT

DIGNITY AND FAIRNESS

CND values diverse backgrounds and appreciates the different perspectives and experiences that people bring to the work environment.

Employees, customers and external business partners will be treated with dignity and fairness. Employees will be provided with fair compensation and working conditions in exchange for their performance.

All work locations, including customer premises and locations of CND sponsored events, will be free from discrimination, personal or sexual harassment, and any form of direct or veiled threats of violence.

For Instance:

Demonstrate respect and dignity by the tone and words you use in writing and in conversation.

Make it easy for colleagues who reflect our diverse population to assimilate into our company.

Do not maliciously gossip about colleagues.

Do not tolerate discrimination, harassment, violence or threats of violence, and report such immediately.

When working together, allow others to respectfully voice their opinions without fear of retribution.

Recognize that certain actions generally considered inoffensive might trouble some individuals, and respect the wishes of those individuals.

SAFETY

The safety of our employees, external business partners, customers and members of the public is paramount. We expect individuals to reduce potential harm by complying with all applicable laws, regulations, policies, procedures, guidelines, and work instructions and immediately report any situation that compromises safety.

As part of our concern for safety, CND will not allow any employee or external business partner to work for, or with, the company if there is any reason to believe that individual safety or the safety of others is compromised or likely to be compromised.

For Instance:

Wear protective equipment at all times and ensure it is in proper working condition.

Do not erode safety through dangerous or careless driving, including texting or on the phone while driving, or by failing to adequately secure items in company vehicles.

Smoke only in designated areas, and respect the concerns of others when smoking during work. Smoking is not permitted in the workplace, including garages and company vehicles.

Never bring any weapon, or other type of object that could cause fear or physical harm and is not required in the completion of work duties, to any location where CND work is being performed.

Never consume alcohol if operating a vehicle or equipment that CND owns or leases.

Never attend to your job duties and responsibilities when the consumption of alcohol or the use of any drugs could adversely affect your performance on the job.

Advise management if you feel that your performance or safety is, or might be, compromised as a result of alcohol or any drugs, including when called into work on an emergency basis.

PROFESSIONALISM

By presenting ourselves professionally, we demonstrate respect for co-workers, customers and business partners, and ensure that the reputation of CND is viewed positively. Professionalism speaks to demeanor, positive attitude, style of dress, tone of voice and use of personal workspace.

For instance:

Dress appropriately for the work situation.

Speak at a volume that does not impact the productivity of others or result in others hearing confidential information.

Avoid inappropriate office decorations.

Promote the company positively, both internally and externally, in appropriate forums. Do not share personal negative viewpoints about CND in any public forum.

ENVIRONMENTAL PROTECTION

We are committed to being a responsible corporate citizen, and making the community in which we do business a better place to live. We believe that business growth and achievements must be shared with respect for and protection of the environment. As such, we are dedicated to protecting and preserving the environment where we operate by following all applicable laws, regulations, policies, procedures, guidelines and work instructions and reporting any incidents that could impact the environment.

For Instance:

Look for ways to improve the company's use of energy and to decrease waste and pollution.

Ensure that you understand the environmental impact of your work activities, and factor that impact into decisions.

Take responsibility and accountability for contributing individually to reducing our environmental impact.

OUR STANDARDS OF CONDUCT

CONFIDENTIALITY AND PRIVACY

Respecting the privacy of our employees, external business partners and customers is critical to our success and to building effective business relationships as these individuals have entrusted us with sensitive information. We have a responsibility to effectively manage the collection, access, use and disclosure of all sensitive information, and to use such information for the purpose for which it was originally collected, unless otherwise authorized. We must also safeguard sensitive information against theft, loss, destruction, unauthorized access or misuse.

For Instance:

Know what information must be kept confidential; ask your direct supervisor when in doubt.

Do not disclose personal and confidential information about customers to anyone inside or outside the company, unless it is authorized for the performance of their work.

Do not discuss and/or disclose confidential company information except with those who have a solid business need to know.

Respect and maintain the confidentiality of employees' personal information about compensation, performance, disabilities or illness, etc., disclosing this information only to the those who have a solid business reason to know.

Ensure that personal, sensitive and/or confidential information is not advertently distributed to inappropriate parties through access to computer system folders, social media, etc.

v. Conflict of Interest

Many situations could involve a conflict of interest, or the appearance of such. Conflict of interest includes any situation or action that places you, or could be perceived as placing you, in conflict with the interests of CND, or impairs, or could be perceived to impair, your objectivity.

For Instance:

Base any business decision on the best interests of CND.

Derive no personal benefit from any business decision made on behalf of CND.

Do not use, for your personal gain or reasons of your family, friends or another business, any information obtained while performing duties at CND which is not available to the public at large.

Do not participate in any discussion or decision that could have, or be perceived to have, a benefit for you, your family members, your friends or another business in which you have personal interest.

Inform your direct supervisor when you know that members of your family are employees or advisors of companies that have a business relationship with CND.

Decline involvement in awarding contracts to, or purchasing any goods and/or services from, business partners with whom you have a personal relationship.

Inform your direct supervisor immediately if any new situation or business decision made by CND places you, has the potential to place you, or could be perceived to place you, in a conflict of interest.

Personal Investments

When you are aware that you or your family members (spouse, children or other relatives) invest directly in a business that competes with, or sells goods and/or services to CND, including circumstances where there is control or direction over an investment without directly holding it, disclosure is necessary to avoid conflict of interest. Advise your direct supervisor where investment or control is significant. By disclosing this information, CND can ensure that you are not placed in a conflict of interest situation such as influencing the awarding of a contract, overseeing work done by that company or participating in any discussions or decisions about that company.

INSIDER INFORMATION

You are not permitted to purchase, either directly or through an agent or associate, any assets or interests based on confidential knowledge gained while performing duties related to CND.

EXTERNAL EMPLOYMENT

Any employment outside CND, i.e., work for pay or business interests, must not interfere in any way with your availability, productivity and performance at CND, nor can it conflict with the interests of CND. This would include using assets of CND, soliciting business for your own company from CND customers or working for a company that competes with or provides services to CND, without our company giving explicit permission.

For Instance:

Never identify yourself as an CND employee when performing work for your own company or another company.

Never refer CND customers to other companies unless you are referring to a company on an approved CND list.

Do not perform paid work for another organization during working hours at CND.

Do not promote products or services of another organization, including your own company, during working hours at CND.

EMPLOYMENT OF FAMILY MEMBERS

As with conflicts of monetary interest, CND employees and Board members must maintain objectivity, and the perception of objectivity, when dealing with Human Resources issues and immediate family members. An immediate family member is defined as: parent, spouse, child and sibling (including step and in-law).

For Instance:

Do not place yourself, or allow yourself to be placed, in a position where you supervise, directly or indirectly, or influence the recruitment, hiring, pay or performance rating of any immediate family member.

Inform your direct supervisor if you know that a family member is applying for employment with CND.

Maintain a professional relationship during work hours with a family member who also work with CND.

PROFESSIONAL ASSOCIATIONS

Individuals are encouraged to contribute to the promotion and development of their profession. You may be officially representing CND, as part of your duties, or you may join for personal interest.

While involvement in associations can enhance the reputation of CND and provide access to innovative solutions and useful information, there are some considerations.

- Your direct supervisor must approve any work time for attendance at association meetings or to complete association work.
- If you are not officially representing CND, you must make it clear that you are speaking on behalf of yourself and not as a spokesperson or representative of the company.
- Information shared with other members of a professional association cannot include proprietary or confidential information.

SERVICE ON BOARD OF DIRECTORS

Membership on boards is encouraged, particularly boards of charitable and non-profit organizations or family businesses, when the organization is not in conflict with our company. In certain cases, CND will ask an employee to serve on a board as part of their duties, officially representing our company.

You may not serve as a director, trustee, consultant or agent of any organization that competes with, provides goods or services to, or buys goods or services from CND, not including the purchase of electricity services, unless expressly authorized by CND.

VOLUNTEERISM

Volunteering in the community is encouraged. There may be circumstances where use of CND time or assets are authorized. Request approval from your direct supervisor, who will need to seek authorization from the Leadership Team. Also, notify the Executive Assistant for documentation as per Volunteerism Policy COR-105.



POLITICAL OR CHARITABLE ACTIVITY

As a private citizen, you may participate at any level of political or charitable activity on your own time, but those activities must not interfere or conflict with your duties at CND, or involve the use of any CND assets unless expressly authorized.

For instance:

Make it clear, while involved in politics, that your comments and actions are your own, and not those of CND.

Apply for a leave of absence, without pay, before running for political office.

ACCEPTING/GIVING GIFTS AND HOSPITALITY

Accepting or giving gifts and/or hospitality, including meals, beverages, invitations to social outings, accommodation and travel, may compromise or appear to compromise your ability to make decisions that are in the best interest of CND.

It is acceptable, on occasion to accept or give a gift or hospitality, when there is a business benefit to CND. It is not acceptable to accept anything from business partners or customers that could be seen as potentially compromising fair decision-making.

Before you accept or give anything, ask yourself:

- Is the gift or hospitality of limited value?
- What is the benefit to CND?
- Is the offer infrequent?
- Is there a pre-existing business relationship?
- Are the value and the reason for the gift or hospitality appropriate considering the situation, the people involved, and your role at CND?
- Is there an obligation or reciprocity implied for either party?
- Would you be comfortable telling your direct supervisor, peers or family about the gift or hospitality?
- Is the gift or hospitality compatible with normal business practices?
- Would CND be embarrassed if the gift or hospitality was publicly disclosed; could it be perceived as a bribe or kickback?

Seek the advice of your direct supervisor, your Leadership Team member or Human Resources if you are in any way unsure if you should accept or give any gift or offer of hospitality.

For Instance:

Never personally ask an external business partner for a gift or hospitality.

Never offer, ask for, give or receive a bribe or kickback.

Never accept gifts or hospitality from external business partners who are active in the procurement process or processes or who are in negotiation or litigation with CND.

Share tickets to entertainment events with colleagues within your work group when the giver will not be present, or provide the tickets to Human Resources as a prize in an employee draw or at a company function.

Do not accept monetary gifts - cash, gift certificates, loan, discounts, etc.

Return unacceptable gifts or decline hospitality with thanks and an explanation of our policy. If it would be difficult, embarrassing or offensive to return a gift, it may be appropriate to distribute the item in the community.

Only accept small honorariums or gifts when speaking publicly on behalf of CND to an external organization or professional association. In this same situation, it may be acceptable for the organization/association to pay for travel and/or accommodations, provided the purpose of the event is not to solicit business from CND.

Do not select an event or venue that has the potential to be embarrassing to CND when offering hospitality, and always ensure that a CND representative will be in attendance.

Ensure you have prior authorization before providing a meal or hospitality to anyone on behalf of CND.

vi. DEALING WITH THE MEDIA

CND respects the right of the public to know what we do and how we do it. To ensure the most accurate information is shared, the President & CEO, the Vice President of Customer Care and Communications or designate will respond to requests from the media. For more details, please refer to the Communications Policy (COR-012).

For Instance:

Refer all media enquires to the President & CEO or the Vice President of Customer Care and Communications and do not speak on behalf of CND unless expressly authorized to do so.

Do not discuss CND matters with a member of the media, "off the record" or "for background purposes", unless expressly authorized to do so by the Vice President of Customer Care and Communications.



OUR VISION

Be the energy company most admired for its innovative people, reliable service and outstanding performance.

OUR MISSION

A team dedicated to providing ideas, solutions and value-added services that benefit our customers, stakeholders and communities.



Cambridge and North Dumfries Hydro Inc. EB-2013-0116

Exhibit 1
Tab 8
Schedule 6
Page 1 of 3

Filed: October 1, 2013

ACCOUNTING

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Statement of Accounting Standard Used:

- 3 CND currently follows Canadian Generally Accepted Accounting Policies ("CGAAP") for
- 4 accounting purposes and has deferred its implementation of International Financial
- 5 Reporting Standards ("IFRS") until January 1, 2015. The Accounting Standards Board
- 6 ("AcSB") has deferred mandatory adoption of IFRS for qualifying rate-regulated entities to
- 7 January 1, 2015.
- 8 In accordance with the Board's letter of July 17, 2012, electricity distributors electing to
- 9 remain on CGAAP must implement regulatory accounting changes for depreciation
- 10 expense and capitalization policies by January 1, 2013. Effective January 1, 2012, CND
- 11 revised its capitalization policies under CGAAP in accordance with the regulatory
- 12 accounting changes.

13 Compliance with the Uniform System of Accounts:

- 14 CND has followed the accounting principles and main categories of accounts as stated in
- 15 the OEB's Accounting Procedures Handbook, (the "APH") and the Uniform System of
- 16 Accounts (the "USoA") in the preparation of this Application.
- 17 CND implemented an Enterprise Resource Planning ("ERP") software solution, effective
- January 1, 2012. As part of the ERP implementation, CND revised its Chart of Accounts,
- 19 as well as made some structural changes to the mapping and allocation of operating costs
- 20 to departments, as well as to certain USoA. An expected outcome of the ERP
- 21 implementation, and one that is not uncommon following an ERP implementation, was that
- 22 the change in mapping and allocation of costs has had an impact on CND and its ability to
- 23 provide detailed variance analysis on an account by account basis, in particular with
- respect to the 2014 Test Year and 2010 Board Approved OM&A expenditures.

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Exhibit 1 Tab 8 Schedule 6

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1 Accounting Orders:

2 CND is not requesting any accounting orders as part of this Application.

3 In accordance with the Board's letter of July 17, 2012, the Board mandated that electricity

4 distributors electing to remain on CGAAP must implement regulatory accounting changes

5 for depreciation expense and capitalization policies by January 1, 2013.

6 As noted previously, CND implemented these accounting changes effective January 1,

7 2012

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8 Summary of Changes in Accounting Policies:

9 Effective January 1, 2012, CND revised its capitalization policies under CGAAP to reflect

changes that would be required if CND were to adopt IFRS whereby only those costs

11 directly attributable to the capital asset can be capitalized. Specific expenditures that are

12 no longer included in the capital burden rates for CND include: (i) building maintenance

13 costs; (ii) health and safety department expenditures; and (iii) municipal property taxes. In

addition, costs incurred to remove an existing asset from service are to be expensed and

are no longer eligible to be included in the capital cost of the new asset.

16 Details with respect to changes to the capitalization policy, including overhead costs, are

17 provided in Exhibit 2. Details with respect to the new useful lives applied to capital assets,

18 and the resulting impact on depreciation/amortization expense, are provided in Exhibit 4.

19 Accounting Treatment of Non-Utility Businesses:

20 CND is not conducting any non-utility business, other than the provision of certain corporate

21 services, including accounting services to Energy Plus and Energy Solutions, and the co-

22 ordination and materials relating to street light maintenance to Energy Solutions as

23 explained in Exhibit 4, Tab 5, Schedule 1. The revenue and costs associated with the

above activities are included in USoA accounts 4375 and 4380 - Non-Utility Revenues and

25 Expenses.

24

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Change in Tax Status: 1

2 There has been no change in CND's tax status.

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BOARD DIRECTIVES AND OTHER

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2 Identification of Board Directives from Previous Board Decisions:

- 3 At the time of this filing, CND had two outstanding directives from the Board based on the
- 4 Board's decision in respect of CND's 2010 Cost of Service Application (EB-2009-0260) and
- 5 the Board's decision in respect of CND's Smart Meter Application (EB-2012-0086):
 - i) The Board approved a capital addition of \$1.85 million for a new CIS/billing system, but at the time, noted concerns expressed by intervenors about delays and increasing cost estimates. The Board directed CND to record the variance between the new CIS/billing system and the \$1.85 million approved capital expenditures in Account 2425 Other Deferred Credits, Sub-account: Over-Recovery of Capital Expenditures, and to provide quarterly reports on the status and any issues related to the new CIS/billing system. The Board indicated that they would review the need for continued reporting once the CIS/billing system was operational.
 - CND reported quarterly to the Board as directed and subsequently completed the implementation of the CIS/billing system on May 9, 2011. The Board in its Decision on CND's 2012 Smart Meter Application (EB-2012-0086) indicated its satisfaction that the CIS/billing system was fully operational and that there was no further need for ongoing quarterly reporting.
 - The Board did not dispose of the balance of Account 2425 at that time, but directed CND to continue recording interest on the principal balance as so directed in the original EB-2009-0260 Decision. The Board indicated that in its next cost of service rate application, CND is directed to propose disposition of the balance of the account as part of its deferral and variance account disposition.
 - Details of this account are provided in the Exhibit 9, Tab 2, Schedule 1. CND is seeking a recovery from customers of \$136,126, including \$4,758 of accumulated carrying charges, as at December 31, 2013.

Cambridge and North Dumfries Hydro Inc.

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ii) The Board directed CND to establish a deferral account to record incremental savings due to the implementation of HST. CND was directed to use deferral account 1592 PILS and Tax Variance, "Sub-account HST/OVAT Input Tax Credits" for recording this information. Details of this account are provided in Exhibit 9, Tab 2, Schedule 1. CND is seeking the disposition of the estimated balance of \$215,789, including \$5,793 of accumulated carrying charges, as at April 30, 2014.

Statement of Deviations from Filing Requirements:

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8 CND is not aware of any deviations in this Application from the Filing Requirements.

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Tab 8 Schedule 8 Page 1 of 4 Filed: October 1, 2013

LIST OF ABBREVIATIONS

Abbreviation	Definition
AcSB	Accounting Standards Board
AESI	Acumen Engineered Solutions International Inc.
AMCD	Advanced Metering Communications Device
AMI	Advanced Metering Infrastructure
AMP	Arrears Management Program
APH	Accounting Procedures Handbook
ARC	Affiliate Relationships Cost for Electricity Transmitters and Distributors
ВСР	Business Continuity Planning
Board or OEB	Ontario Energy Board
BRR	Base Revenue Requirement
CAIDI	Customer Average Interruption Duration Index
CCA	Capital Cost Allowance
CDM	Conservation and Demand Management
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CGAAP	Canadian Generally Accepted Accounting Principles
CIAC	Contribution in Aid of Construction
CICA	Canadian Institute of Chartered Accountants
CIS	Customer Information System
CND	Cambridge and North Dumfries Hydro Inc.
CPI	Consumer Price Index
DLF	Distribution Loss Factor
DR	Disaster Recovery
DRC	Debt Retirement Charge
DSP	Distribution System Plan
EBT	Electronic Business Transactions
EDA	Electricity Distributors Association
EDDVAR	Electricity Distributors' Deferral and Variance Account Review Initiative
EDR	Electricity Distribution Rate
ERP	Enterprise Resource Planning
FAQs	Frequently Asked Questions
Filing Requirements	Update to Chapter 2 of the Filing Requirements for Transmission and Distribution Applications; July 17, 2013

Cambridge and North Dumfries Hydro Inc. EB-2013-0116 Exhibit 1 Tab 8 Schedule 8 Page 2 of 4 Filed: October 1, 2013

FMV	Fair Market Value
FTE	Full Time Equivalent
GA	Global Adjustment
GEA	Green Energy and Green Economy Act
GIS	Geographic Information System
GS<50 kW	General Service Less Than 50 kW
GS 50-999 kW	General Service 50 to 999 kW
GS 1,000-4,999 kW	General Service 1,000 to 4,999 kW
GST	Goods and Service Tax
GWh	Giga Watt Hour
HONI	Hydro One Networks Inc.
HS&E	Health, Safety and Environment
HST	Harmonized Sales Tax
IASB	International Accounting Standards Board
ICM	Incremental Capital Model
IESO	Independent Electricity System Operator
IFRS	International Financial Reporting Standards
IRM	Incentive Regulation Mechanism
3 rd GIRM	Third Generation Incentive Regulation Mechanism
ITS	Information Technology Services
ITC	Input Tax Credit
IVR	Interactive Voice Response
kV	Kilo Volt
kVA	Kilo Volt Ampere
kW	Kilo Watt
KWCG	Kitchener Waterloo Cambridge Guelph
kWh	Kilo Watt Hour
LDC	Local Distribution Company
LEAP	Low-Income Energy Assistance Program
LRAM	Lost Revenue Adjustment Mechanism
LRAMVA	Lost Revenue Adjustment Mechanism Variance Account
LTLT	Long Term Load Transfer
LU	Large Use Customer
LV	Low Voltage
MDMR	Meter Data Management/Repository
MIFRS	Modified International Financial Reporting Standards
MSC	Monthly Service Charge

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MTR	Meter Trouble Report
NBV	Net Book Value
Non-RPP	Non-Regulated Price Plan
NPV	Net Present Value
O&M	Operations and Maintenance
OCEB	Ontario Clean Energy Benefit
ODS	Operational Data Store
OEB Act	Ontario Energy Board Act
OH&S	Occupational Health, Safety and Environment
OM&A	Operations, Maintenance and Administration
OMERS	Ontario Municipal Employees Retirement System
OMS	Outage Maintenance System
OPA	Ontario Power Authority
OTRAC	Ontario Resource and Transmission Assessment Criteria
PC	Personal Computer
PCBs	Polychlorinated Biphenyls
PILs	Payments in Lieu of Taxes
PP&E	Property, Plant and Equipment
PST	Provincial Sales Tax
RES	Residential Customer
RFP	Request for Proposal
ROE	Return on Equity
RPP	Regulated Price Plan
RRR	Reporting and Record Keeping Requirements
RRRP	Rural or Remote Rate Protection
RSVA	Retail Settlement Variance Account
RTSR	Retail Transmission Service Rates
SAIDI	System Average Interruption Duration Index
SAIFI	System Average Interruption Frequency Index
SAN	Storage Area Network
SAP	System, Applications and Products
SCADA	Supervisory Control and Data Acquisition
SFLF	Supply Facility Loss Factor
SM	Smart Meters
SMDR	Smart Meter Disposition Rider
SMFA	Smart Meter Funding Adder
SMI	Smart Meter Initiative
SPC	Special Purpose Charge

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SQI	Service Quality Indicators
ST	Street Light Customer
STR	Service Transaction Requests
TOU	Time-of-Use
TSC	Transmission System Code
UCC	Un-depreciated Capital Cost
USL	Unmetered Scattered Load
USoA	Uniform System of Accounts
VPN	Virtual Private Network
WNH	Waterloo North Hydro Inc.
WCA	Working Capital Allowance
WIP	Work in Process
WMP	Wholesale Market Participant
WMS	Wholesale Market Service Rate

Cambridge and North Dumfries Hydro Inc.
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Tab 8
Schedule 9
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1 RESPONSES TO LETTERS OF COMMENT

2 At the time of filing this Application, CND has not received any letters of comment.