2.7 EXHIBIT 4: OPERATING EXPENSES

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2.7 EXHIBIT 4: OPERATING EXPENSES

2.7.1 OVERVIEW

This Section summarizes Guelph Hydro's Operations, Maintenance and Administration (OM&A) evidence. The evidence describes the GHESI's OM&A expenditures as well as the analytical work, activities and obligations underlying them. The section also details the detailed budgetary drivers that underpinned the preparation of the 2016 Test Year OM&A forecasts. Budgetary drivers included human resource requirements, government mandated changes, and changes to Guelph Hydro's base compensation which, in turn, was driven by the current collective bargaining agreement in place for unionized employees and market-driven compensation for management employees.

OPERATING, MAINTENANCE AND ADMINISTRATIVE ("OM&A") TEST YEAR LEVELS:

Guelph Hydro is proposing the recovery through distribution rates of OM&A costs totaling $16,404,861 (excluding property taxes and including one fifth of the one-time costs with the preparation of this Application) for the 2016 Test Year. These costs are being incurred in support of the Business Plans of the company and are made within the context of the Company's strategic imperatives presented in Exhibit 1, Tab 1, Schedule 1, 2.4.1 Management Discussion and Analysis.

ASSOCIATED COSTS DRIVERS AND SIGNIFICANT CHANGES

Since its last rebasing in 2012, the main factors driving the changes in Guelph Hydro's costs relate to:

1. Human Resource Requirements
2. Government Mandated Initiatives
3. Base Compensation Changes

OM&A expenditures totalling $16,404,861 (excluding property taxes) in the 2016 Test Year represent an increase of $2,182,361 over the 2012 Board Approved OM&A expenditures of $14,222,500. This represents a total percent increase of 15.34% over this period, or a compound annual average increase of 3.63%. The main factors causing the increase in costs are related to Human Resource requirements and payroll factors as follows: (1) The need for well-developed succession planning in light of the expected retirement of a significant portion of Guelph Hydro's employee complement in the next five years; (2) The requirement for new FTEs to support government mandated initiatives such as the Green Energy Act Plan and (3) negotiated and salary progression increases arising from the recent collective bargaining agreement with the union and a commensurate percentage increase for management staff based on performance and the comparators to the market.

1. Human Resource Requirements

In the next five years Guelph Hydro expects the retirement of a significant number of employees in its line trade, metering, and systems operations departments. Given current demographics, six (6) of Guelph Hydro's existing fully qualified Linepersons are anticipated to retire by the end of 2018. This represents 19% of Guelph Hydro's fully qualified Linepersons. In Metering operations, it is expected that four (4) employees will retire by the end of 2017 representing 67% of existing Meterpersons, but 100% of fully qualified Meterpersons. Finally, in Systems Operations it is likely that two (2) employees will retire by the end of 2015 and one (1) additional Operator by 2019 representing 60% of existing Operators (including Apprentices) and 100% of Guelph Hydro's fully qualified Operators.

Guelph Hydro has recognized the need to rebuild an experienced workforce ahead of these retirements in order to ensure proper training, to allow the company to continue to operate effectively and efficiently while maintaining safety, and to allow Guelph Hydro to respond to all types of emergencies. As a result, in 2015 Guelph Hydro plans to hire one new Lineperson and one new Meterperson, as part of succession planning ahead

of anticipated retirements. In 2016, Guelph Hydro plans to hire one additional Lineperson as well as one additional System Control Operator as part of succession planning ahead of retirements. These increases in FTEs are expected to be temporary for a 2-3 year period as part of rebuilding a qualified and experienced workforce ahead of the retirement of seasoned journeypersons. In 2016, Guelph Hydro also plans to hire one additional System Control Operator to mitigate against upcoming retirements, and one additional Control Room Supervisor, and these 2 FTEs will be ongoing in order to move to a 24/7 Control Room as explained below.

Recent changes to the Utility Work Protection Code (UWPC), increased customer counts and distribution automation all necessitate the move to 24/7 control room coverage. In addition, by the time 24/7 coverage is fully implemented, Guelph Hydro will have reached the amount of LDC-owned transmission connected station load (Arlen MTS – commissioned in 2012) to warrant the planned 24/7 shift expansion. Load growth includes distribution system growth in addition to North to South load transfers to relieve adjacent congested areas/stations. Finally, enhanced responses are needed based on feedback from key customer engagements and to comply with the IESO/NERC transmission system code. When the move to 24/7 occurs, there will be the need to hire an additional System Control Operator, and maintain this staff complement at 7. This organizational change will necessitate the need to split the existing SCADA/Control Room Department into two separate departments, one covering the function of SCADA technology /Smart Grid development, and the other covering the 24/7 Control Room/Operation function. This will require adding one Control Room Supervisor. In 2014, GHESI signed a contract with Milton Hydro to provide Control Room services, 16 hours per day over five business days per week and this shared service started in late 2014. When Guelph Hydro moves to 24/7, this shared control room service is expected to be expanded to Milton Hydro and/or other LDC's. Guelph Hydro's FTE costs relating to this expanded Shared Services Model with other LDC's are expected to be partially offset by revenues from participating LDCs. Please refer to Exhibit 1, Tab 3, Schedule 3, 2.3.3.3 Operational Effectiveness for more details.

2. Government Mandated Initiatives

Guelph Hydro is planning to hire a SCADA Technologist in 2015 to further advance Smart Grid Development. This will allow the company to meet OEB regulations and to help with the deployment of intelligent monitors, switches, etc. Also planned in 2016 is the hiring of two CDM delivery resources, including an Energy Manager (or CDM delivery support resource such as a CDM Analyst) and one Energy Services Representative. These positions are being hired to meet the more aggressive CDM delivery obligation expected in 2015-2020, Guelph Hydro's targets for 2015-2020 are more than double its 2011-2014 targets. Both positions are expected to be fully funded through the Conservation First Framework ("CFF") funding mechanism, and so the costs for these positions are not being sought for recovery in distribution rates.

3. Base Compensation Changes

The 2015 budget includes a 2.75% average base salary increase for management employees effective January 1, 2015 and a 2.75% increase for IBEW employees effective April 1, 2015. The 2016 budget includes a 2.5% average base salary increase for management employees effective January 1, 2016 and a 2.5% increase for IBEW employees effective April 1, 2016. Please refer to the Compensation Section under this Exhibit, Tab 3, Schedule 1, Filing requirement 2.7.3.1 Employee Compensation Breakdown.

OVERALL TRENDS IN COSTS

The OM&A costs (including property taxes) compound annual increase for Guelph Hydro over the period from 2012 to 2016 is 1.4% factoring in productivity improvements, cost containment and general inflation. Base salaries reflect the cost of living and salary progression increases arising from recent collective bargaining agreements with unionized employees as well as commensurate percentage increases for management staff.

INFLATION RATE ASSUMED: GENERAL OM&A AND WAGES/BENEFITS

Guelph Hydro used a bottom-up, detailed, line-by-line costing approach to determine increases in OM&A costs in the 2015 Bridge year relative to 2014 and the same detailed approach to determine OM&A costs in the 2016 Test year relative to the Bridge year, with the exception of wages and benefits. Under the terms of the company's current Collective Agreement with its unionized employees, negotiated increases are as follows:

- 3% across the board increase effective April 1, 2012 to March 31, 2013 based on a 3-year Collective Agreement expiring on March 31, 2013
- 2.75% across the board increase effective April 1, 2013 to March 31, 2014 based on a 4-year Collective Agreement expiring March 31, 2017
- 1.75% across the board increase effective April 1, 2014 and 1.0% across the board increase effective September 29, 2014, based on a 4-year Collective Agreement expiring March 31, 2017
- 2.75% across the board increase effective April 1, 2015, based on a 4-year Collective Agreement expiring March 31, 2017
- 2.5% across the board increase effective April 1, 2016, based on a 4-year Collective Agreement expiring March 31, 2017.

Guelph Hydro has been monitoring inflation rates, business environment changes, and rates adjustments approved by the OEB during the IRM period. This information was taken into consideration when developing Guelph Hydro's 2015 and 2016 budgets.

In Tables 4-1 to 4-3 Guelph Hydro presents the historical Board Approved Price Cap Index and the Consumer Price Index ('CPI") in Canada and Ontario.

Table 4-1

Board Approved Inflation Rate and Price Cap Index for Guelph Hydro

	2013	2014	2015
Stretch Factor Group	**II** (note 1)	**III** (note 2)	
CPI Canada (note 3)	0.94%	1.91%	
CPI Ontario (note 4)	1.04%	2.29%	
GDP-IPI	2.20%	1.70%	1.60%
IRM Productivity Factor	0.72%	0.00%	0.00%
IRM Stretch Factor	0.40%	0.30%	0.30%
Price Cap Index	**1.08%**	**1.40%**	**1.30%**

Note 1	Group II of three (midle performer) -3rd GIRM
Note 2	Group III of five (midle performer) - under 4th GIRM - RRFE
Note 3	Source: The MEARIE Group - average increase over 2012
Note 4	Source: The MEARIE Group - average increase over 2012

CPI source:

Table 4-2: CPI 2013



CONSUMER PRICE INDEX (Canada) Monthly & Yearly Change: Time Base: 2002=100

MONTH	2013	Increase for Month		Increase over 2012		2012	Increase for Month		Increase over 2011		2011
	Points	pts	%	pts	%	Points	pts	%	pts	%	Points
January	121.3	0.1	0.1	0.6	0.5	120.7	0.5	0.4	2.9	2.5	117.8
February	122.7	1.4	1.2	1.5	1.2	121.2	0.5	0.4	3.1	2.6	118.1
March	122.9	0.2	0.2	1.2	1	121.7	0.5	0.4	2.3	1.9	119.4
April	122.7	-0.2	-0.2	0.5	0.4	122.2	0.5	0.4	2.4	2	119.8
May	123	0.3	0.2	0.9	0.7	122.1	-0.1	-0.1	1.5	1.2	120.6
June	123	0	0	1.4	1.2	121.6	-0.5	-0.4	1.8	1.5	119.8
July	123.1	0.1	0.1	1.6	1.3	121.5	-0.1	-0.1	1.5	1.3	120
August	123.1	0	0	1.3	1.1	121.8	0.3	0.2	1.5	1.2	120.3
September	123.3	0.2	0.2	1.3	1.1	122	0.2	0.2	1.4	1.2	120.6
October	123	-0.3	-0.2	0.8	0.7	122.2	0.2	0.2	1.4	1.2	120.8
November	123	0	0	1.1	0.9	121.9	-0.3	-0.2	1	0.8	120.9
December	122.7	-0.3	-0.2	1.5	1.2	121.2	-0.7	-0.6	1	0.8	120.2
Annual Average	**122.8**					**121.7**					**119.9**

CONSUMER PRICE INDEX (Ontario) Monthly & Yearly Change: Time Base: 2002=100

MONTH	2013	Increase for Month		Increase over 2012		2012	Increase for Month		Increase over 2011		2011
	Points	pts	%	pts	%	Points	pts	%	pts	%	Points
January	121.3	0.1	0.1	0.6	0.5	120.6	0.3	0.2	2.8	2.4	117.8
February	122.8	1.5	1.2	1.4	1.2	121.4	0.8	0.7	3.4	2.9	118
March	123.2	0.4	0.3	1.2	1	122	0.6	0.5	2.6	2.2	119.4
April	122.9	-0.3	-0.2	0.5	0.4	122.4	0.4	0.3	2.5	2.1	119.9
May	123	0.1	0.1	0.6	0.5	122.4	0	0	1.5	1.2	120.9
June	123.2	0.2	0.2	1.6	1.3	121.6	-0.8	-0.7	1.4	1.2	120.2
July	123.4	0.2	0.2	2	1.6	121.4	-0.2	-0.2	0.9	0.8	120.5
August	123.4	0	0	1.6	1.3	121.8	0.4	0.3	1.2	1	120.6
September	123.5	0.1	0.1	1.5	1.2	122	0.2	0.2	0.9	0.7	121.1
October	123.3	-0.2	-0.2	1.1	0.9	122.2	0.2	0.2	1.2	1	121
November	123.3	0	0	1.4	1.1	121.9	-0.3	-0.2	0.9	0.7	121
December	123.1	-0.2	-0.2	1.8	1.5	121.3	-0.6	-0.5	1	0.8	120.3
Annual Average	**123.0**					**121.8**					**120.1**

Table 4-3: CPI 2014



CONSUMER PRICE INDEX (Canada) Monthly & Yearly Change: Time Base: 2002=100

MONTH	2014	Increase for Month		Increase over 2013		2013	Increase for Month		Increase over 2012		2012
	Points	pts	%	pts	%	Points	pts	%	pts	%	Points
January	123.1	0.4	0.3	1.8	1.5	121.3	0.1	0.1	0.6	0.5	120.7
February	124.1	1	0.8	1.4	1.1	122.7	1.4	1.2	1.5	1.2	121.2
March	124.8	0.7	0.6	1.9	1.5	122.9	0.2	0.2	1.2	1	121.7
April	125.2	0.4	0.3	2.5	2.03	122.7	-0.2	-0.2	0.5	0.4	122.2
May	125.8	0.6	0.5	2.8	2.3	123	0.3	0.2	0.9	0.7	122.1
June	125.9	0.1	0.1	2.9	2.4	123	0	0	1.4	1.2	121.6
July	125.7	-0.2	-0.2	2.6	2.1	123.1	0.1	0.1	1.6	1.3	121.5
August	125.7	0	0	2.6	2.1	123.1	0	0	1.3	1.1	121.8
September	125.8	0.1	0.1	2.5	2	123.3	0.2	0.2	1.3	1.1	122
October	125.9	0.1	0.1	2.9	2.4	123	-0.3	-0.2	0.8	0.7	122.2
November	125.4	-0.5	-0.4	2.4	2	123	0	0	1.1	0.9	121.9
December	124.5	-0.9	-0.7	1.8	1.5	122.7	-0.3	-0.2	1.5	1.2	121.2
Annual Average	**125.2**					**122.8**					**121.7**

CONSUMER PRICE INDEX (Ontario) Monthly & Yearly Change: Time Base: 2002=100

MONTH	2014	Increase for Month		Increase over 2013		2013	Increase for Month		Increase over 2012		2012
	Points	pts	%	pts	%	Points	pts	%	pts	%	Points
January	123.3	0.2	0.2	2	1.6	121.3	0.1	0.1	0.6	0.5	120.6
February	124.6	1.3	1.1	1.8	1.5	122.8	1.5	1.2	1.4	1.2	121.4
March	125.1	0.5	0.4	1.9	1.5	123.2	0.4	0.3	1.2	1	122
April	125.9	0.8	0.6	3	2.4	122.9	-0.3	-0.2	0.5	0.4	122.4
May	126.5	0.6	0.5	3.5	2.8	123	0.1	0.1	0.6	0.5	122.4
June	126.9	0.4	0.3	3.7	3	123.2	0.2	0.2	1.6	1.3	121.6
July	126.5	-0.4	-0.3	3.1	2.5	123.4	0.2	0.2	2	1.6	121.4
August	126.5	0	0	3.1	2.5	123.4	0	0	1.6	1.3	121.8
September	126.7	0.2	0.2	3.2	2.6	123.5	0.1	0.1	1.5	1.2	122
October	126.8	0.1	0.1	3.5	2.8	123.3	-0.2	-0.2	1.1	0.9	122.2
November	126.3	-0.5	-0.4	3	2.4	123.3	0	0	1.4	1.1	121.9
December	125.4	-0.9	-0.7	2.3	1.9	123.1	-0.2	-0.2	1.8	1.5	121.3
Annual Average	**125.9**					**123.0**					**121.8**

BUSINESS ENVIRONMENT CHANGES

Since Guelph Hydro's last Cost of Service application in 2012 there have been two significant business environment changes that will impact operating costs – the introduction of Metering Inside the Settlement Timeframe (MIST) interval meter implementation for all General Service customers above 50 kW, and the introduction of a new tranche of CDM program design and delivery, with a 99.04 GWh electricity savings target identified as Guelph Hydro's share of the provincial 7 TWh energy reduction target for 2015 to 2020.

<u>MIST Meters:</u>

Guelph Hydro understands that the Board intends to establish a deferral account that will permit utilities to track costs associated with the introduction of MIST interval metering for all General Service customers above 50 kW, and allow utilities to clear this

deferral account at a future date. Guelph Hydro's initial assessment of this initiative is as set out below.

- Guelph Hydro has a requirement to install over 500 new interval MIST meters by August 21, 2020, to replace the existing non-interval meters currently used to settle this group of customers. Work will include scoping metering requirements for "wireless" (non-smart) interval meters to leverage the investment in the wireless communications infrastructure implemented through the Smart Metering conversion. This will involve working closely with meter manufacturers and Guelph Hydro's Advanced Metering Infrastructure (AMI) vendor, as new meter types along with appropriate Measurement Canada approvals will be required.
- Some investment will be required in new MIST meters, but due to the multi-year staging approach, Guelph Hydro expects these costs to be borne within existing and planned annual Metering budgets. Some investment may also be required to enhance the wireless communication infrastructure, but again Guelph Hydro anticipates that these costs will be borne within existing and planned annual Metering and Operating Technology/SCADA budgets.
- Guelph Hydro fully expects that the introduction of the over 500 MIST metered accounts will have an impact on the company's daily process of meter interrogation, Validation, Editing and Estimated (VEE), billing and settlement processes and tools. This initiative will affect the company's Metering, Billing, Settlement and Customer Service departments, as well as Regulatory, Information Technology (IT) and Operating Technology (OT) workgroups.
- Nevertheless, until the project implementation requirements are fully developed, specifics of cost implications are unknown. Guelph Hydro does, however, anticipate an increase in its annual hardware and software systems operating and licensing costs, as well as some impact on daily data processing and settlement costs.

- As noted at the outset, because detailed project implementation requirements are not yet fully developed, the impact on annual operating costs cannot be quantified. Guelph Hydro will submit updated evidence as soon as the impact on annual operating costs is quantified. Guelph Hydro anticipates the expected business impacts will be quantified in 2016, after a number of retrofit meter field installations have been completed, and daily data processing and settlement options have been evaluated.

Conservation First Framework:

Guelph Hydro is not seeking any cost recovery in distribution rates with respect to the new CDM delivery program that was recently introduced by the IESO. Nevertheless, because CDM delivery is a condition of Guelph Hydro's license, the following points are worth noting.

- LDCs in Ontario are moving into a new Conservation First Framework (CFF) covering the 2015-2020 timeframe. The new framework is intended to continue efforts to build a "culture of conservation" in Ontario, and support residents and businesses in better managing their electricity use through conservation programs.
- Under the previous 2011-2014 CDM framework, Guelph Hydro's distributor's license condition targets were to achieve 79.53 GWh of cumulative persistent energy savings, and 16.71 MW of summer peak demand savings. Under the new CFF, Guelph Hydro's 6 year energy reduction target is 99.04 GWh of incremental annual energy savings with persistence lasting to 2020. There are no demand savings targets associated with the new framework.
- In comparing the two frameworks, Guelph Hydro notes that translating the 2011-2014 cumulative energy savings target of 79.53 GWh into an average annual incremental (non-cumulative) energy savings target results in an equivalent target of 7.95 GWh/year. In contrast, the average annual incremental 2015-2020

energy savings target is calculated as 16.51 GWh/year, or more than twice the 2011-2014 annual target.

- In moving forward under the CFF, in order to achieve the substantial 6 year energy savings target, LDCs will need to encourage customers to pursue longer lead time, more expensive, and deeper process-related projects, such as Combined Heat and Power projects, Load Displacement Generation, compressed air projects, or new technology that may not be market ready. It will become more difficult for LDCs to drive up customer participation, achieve results, and yet remain cost effective, as customer incentives may need to increase. Experience has shown that customer capital dollars to support energy efficiency projects are always competing with other internal business priorities, making the achievement of the 2020 energy savings target a challenging exercise.

- In order to meet its 2015-2020 conservation target, Guelph Hydro plans to add two additional CDM resources to support the design and delivery of conservation programs to Guelph Hydro's customers. Guelph Hydro expects these positions to be fully funded through the CFF funding mechanism.

2.7.2 SUMMARY AND COST DRIVER TABLES

Appendix 2-J (A,B,C) summarizes the variance between OM&A expenses in the 2016 Test Year as compared to the 2012 Board-approved Rebasing year and actual expenses for 2012, 2013, and 2014. The data in the appendix shows that expenses are forecast to increase by 24.23% from the 2012 Actual to the 2016 Test Year. The increase includes one-fifth of the one-time costs, which are not anticipated to re-occur on a regular basis. The one-time costs include one-time regulatory costs of $63,300.

Table 4-4

Appendix 2-JA
Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis						
Operations	$ 4,003,069	$ 3,818,692	$ 4,091,889	$ 4,608,958	$ 4,889,213	$ 5,439,342
Maintenance	$ 1,850,075	$ 1,522,912	$ 2,042,953	$ 1,453,878	$ 1,733,255	$ 1,891,630
SubTotal	**$ 5,853,144**	**$ 5,341,604**	**$ 6,134,842**	**$ 6,062,836**	**$ 6,622,468**	**$ 7,330,972**
%Change (year over year)			14.9%	-1.2%	9.2%	10.7%
%Change (Test Year vs Last Rebasing Year - Actual)						37.2%
Billing and Collecting	$ 2,684,296	$ 2,792,596	$ 2,623,970	$ 2,189,614	$ 1,671,102	$ 2,094,042
Community Relations	$ 271,158	$ 31,494	$ 55,086	$ 111,711	$ 105,928	$ 94,998
Administrative and General	$ 5,517,403	$ 5,039,759	$ 6,273,693	$ 5,740,105	$ 6,933,569	$ 6,884,849
SubTotal	**$ 8,472,856**	**$ 7,863,849**	**$ 8,952,749**	**$ 8,041,430**	**$ 8,710,600**	**$ 9,073,888**
%Change (year over year)			13.8%	-10.2%	8.3%	4.2%
%Change (Test Year vs Last Rebasing Year - Actual)						15.4%
Total	**$ 14,326,000**	**$ 13,205,453**	**$ 15,087,591**	**$ 14,104,266**	**$ 15,333,069**	**$ 16,404,861**
%Change (year over year)			14.3%	-6.5%	8.7%	7.0%

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Operations	$ 4,003,069	$ 3,818,692	$ 4,091,889	$ 4,608,958	$ 4,889,213	$ 5,439,342
Maintenance	$ 1,850,075	$ 1,522,912	$ 2,042,953	$ 1,453,878	$ 1,733,255	$ 1,891,630
Billing and Collecting	$ 2,684,296	$ 2,792,596	$ 2,623,970	$ 2,189,614	$ 1,671,102	$ 2,094,042
Community Relations	$ 271,158	$ 31,494	$ 55,086	$ 111,711	$ 105,928	$ 94,998
Administrative and General	$ 5,517,403	$ 5,039,759	$ 6,273,693	$ 5,740,105	$ 6,933,569	$ 6,884,849
Total	**$ 14,326,000**	**$ 13,205,453**	**$ 15,087,591**	**$ 14,104,266**	**$ 15,333,069**	**$ 16,404,861**
%Change (year over year)			14.3%	-6.5%	8.7%	7.0%

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	Variance 2012 BA – 2012 Actuals	2013 Actuals	Variance 2013 Actuals vs. 2012 Actuals	2014 Actuals	Variance 2014 Actuals vs. 2013 Actuals	2015 Bridge Year	Variance 2015 Bridge vs. 2014 Actuals	2016 Test Year	Variance 2016 Test vs. 2015 Bridge
Operations	$ 4,003,069	$ 3,818,692	$ 184,377	$ 4,091,889	$ 273,197	$ 4,608,958	$ 517,068	$ 4,889,213	$ 280,256	$ 5,439,342	$ 550,129
Maintenance	$ 1,850,075	$ 1,522,912	$ 327,163	$ 2,042,953	$ 520,041	$ 1,453,878	-$ 589,075	$ 1,733,255	$ 279,377	$ 1,891,630	$ 158,375
Billing and Collecting	$ 2,684,296	$ 2,792,596	-$ 108,300	$ 2,623,970	-$ 168,627	$ 2,189,614	-$ 434,356	$ 1,671,102	-$ 518,512	$ 2,094,042	$ 422,939
Community Relations	$ 271,158	$ 31,494	$ 239,664	$ 55,086	$ 23,592	$ 111,711	$ 56,624	$ 105,928	-$ 5,782	$ 94,998	-$ 10,931
Administrative and General	$ 5,517,403	$ 5,039,759	$ 477,644	$ 6,273,693	$ 1,233,934	$ 5,740,105	-$ 533,588	$ 6,933,569	$ 1,193,464	$ 6,884,849	-$ 48,720
Total OM&A Expenses	$ 14,326,000	$ 13,205,453	$ 1,120,547	$ 15,087,591	$ 1,882,138	$ 14,104,266	-$ 983,325	$ 15,333,069	$ 1,228,803	$ 16,404,861	$ 1,071,792
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)											
Total Recoverable OM&A Expenses	$ 14,326,000	$ 13,205,453	$ 1,120,547	$ 15,087,591	$ 1,882,138	$ 14,104,266	-$ 983,325	$ 15,333,069	$ 1,228,803	$ 16,404,861	$ 1,071,792
Variance from previous year				$ 1,882,138		-$ 983,325		$ 1,228,803		$ 1,071,792	
Percent change (year over year)				14%		-7%		9%		7%	
Percent Change: Test year vs. Most Current Actual						16.31%					
Simple average of % variance for all years						24.23%					6%
Compound Annual Growth Rate for all years											5.6%
Compound Growth Rate (2014 Actuals vs. 2012 Actuals)						2.22%					

Note:

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

COST DRIVERS

Guelph Hydro's year-over-year cost drivers are outlined in Appendix 2-JB.

Table 4-5

Appendix 2-JB
Recoverable OM&A Cost Driver Table

OM&A	Notes	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis		MIFRS	MIFRS	MIFRS	MIFRS	
Opening Balance		$ 14,326,000	$ 13,205,453	$ 15,087,591	$ 14,104,266	$ 15,333,069
Human Resources	1	(324,854)	638,175	655,125	778,468	806,404
Smart Meter Operating Costs	2	(224,975)	224,975	-	-	-
Reallocation of OPA Funded Salaries	3	(193,200)	(154,800)	(6,000)	25,000	(150,000)
Management fees paid in lieu of dividends to parent company		-	1,500,000	(1,500,000)	-	-
Miscellaneous Receivable Write-offs	4	-	74,938	(74,938)	-	-
Software Write-off	5	176,000	(176,000)	-	-	-
TOU implementation	6	57,766	(57,766)	-	-	-
Validation of meter register reads and interval data	7	-	(70,000)	-	-	-
In-House Settlement	8	-	(69,000)	-	-	-
HR Consulting	9	-	-	-	140,000	(140,000)
Property Tax		(432,893)	-	-	-	-
Reclassification of water billing related costs to non-utility expenses		-	-	(487,887)	6,764	(22,411)
Reclassification of intercompany shared services costs to non-utility expenses		-	-	(667,453)	(17,005)	5,006
Reclassification of intercompany shared services revenue to non-utility expenses		-	-	734,198	14,912	(5,505)
Employee future benefit actuarial valuation adjustments		-	-	54,810	48,994	28,575
Software system upgrade		-	-	111,815	-	-
One time costs related to Cost of Service filing		-	-	-	234,000	(170,700)
Incremental costs associated with monthly billing		-	-	-	-	360,000
Maintenance of overhead Conductors and Devices		-	-	-	-	90,000
Other		(178,391)	(28,384)	197,004	(2,330)	270,424
Total		13,205,453	15,087,591	14,104,266	15,333,069	16,404,861
		0.00	0.00	0.00	0.00	1.00

Notes:

1 Annual changes in payroll cost expenses (salaries, wages & benefits).

2 An error in the set up of work orders related to Smart Meter operating costs resulted in these costs being classified as construction in progress costs. This error was corrected in 2013 and the smart meter work order costs were correctly classified as operating expenses.

3 Reallocation of payroll costs related to C&DM programs funded via the Ontario Power Authority (OPA).

4 Represents the write-off of older (pre-2013) miscellaneous receivables resulting from the clean up of old accounts deemed uncollectible.

5 Write-off of financial reporting software no longer used.

6 Overtime costs associated with Time of Use implementation.

7 Elimination of third party to validate and cleanse data prior to being sent to MDMR. This was done through the hiring of a new Billing Quality Assurance Coordinator.

8 Reduced expenditures resulting from the development of an in-house settlement model to calculate the weighted average prices. This process was done by a third party service provider prior to this point.

9 Consulting fees related to the review of our compensation system and design. This review was last performed in 2010. In addition the increase in costs relates to the undertaking of an employee cultural survey which will help Guelph Hydro with organizational effectiveness, focusing on what the organization needs to do to ensure that we have the right culture in place to deliver organizational objectives, attract and retain the right employees.

1

Table 4-6

Appendix 2-JC
OM&A Programs Table

Programs	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	Variance (Test Year vs. 2014 Actuals)	Variance (Test Year vs. Last Rebasing Year (2012 Board-Approved)
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
OPERATIONS								
Distribution Station Equipment	0	12,726	0	0	0	0	0	0
Sub-Total	0	12,726	0	0			0	0
Overhead Distribution Lines/Feeders	19,816	16,564	3,717	5,777	11,750	14,000	8,223	-5,816
Sub-Total	19,816	16,564	3,717	5,777	11,750	14,000	8,223	-5,816
Small Tool Expense	0	476	474	1,188	0	0	-1,188	0
Sub-Total	0	476	474	1,188	0	0	-1,188	0
Customer Workorders	2,824	1,558	356	385	0	0	-385	-2,824
Sub-Total	2,824	1,558	356	385	0	0	-385	-2,824
Stores	427,460	252,803	297,036	328,841	383,910	394,322	65,481	-33,138
Sub-Total	427,460	252,803	297,036	328,841	383,910	394,322	65,481	-33,138
Fleet Burden	287,957	167,258	218,716	204,936	209,083	222,575	17,639	-65,382
Sub-Total	287,957	167,258	218,716	204,936	209,083	222,575	17,639	-65,382
Systems Operations	530,355	633,767	701,601	712,463	796,615	1,085,836	373,372	555,481
Sub-Total	530,355	633,767	701,601	712,463	796,615	1,085,836	373,372	555,481
Line Construction	1,014,928	592,723	614,232	779,280	932,179	962,267	182,986	-52,661
Sub-Total	1,014,928	592,723	614,232	779,280	932,179	962,267	182,986	-52,661
Operations Tech/SCADA	0	0	0	0	297,290	340,860	340,860	340,860
Sub-Total	0	0	0	0	297,290	340,860	340,860	340,860
Engineering	1,200,215	1,315,586	956,079	902,322	938,512	1,036,046	133,725	-164,169
Sub-Total	1,200,215	1,315,586	956,079	902,322	938,512	1,036,046	133,725	-164,169
GIS	180,243	28,770	101,246	107,677	157,611	156,961	49,284	-23,282
Sub-Total	180,243	28,770	101,246	107,677	157,611	156,961	49,284	-23,282
Distribution Meters	469,613	161,265	542,405	825,363	523,200	534,600	-290,763	64,987
Sub-Total	469,613	161,265	542,405	825,363	523,200	534,600	-290,763	64,987
Energy Services	221,226	3,848	5,142	72,315	48,928	76,998	4,682	-144,228
Sub-Total	221,226	3,848	5,142	72,315	48,928	76,998	4,682	-144,228
Distribution Station Equipment	117,217	178,288	183,125	142,673	151,550	173,055	30,382	55,838
Sub-Total	117,217	178,288	183,125	142,673	151,550	173,055	30,382	55,838
Operations Administration	151,697	169,508	187,870	183,473	198,261	211,155	27,681	59,458
Sub-Total	151,697	169,508	187,870	183,473	198,261	211,155	27,681	59,458
MAINTENANCE							0	0
Overhead Distribution Lines/Feeders	865,163	860,145	1,199,123	814,038	982,000	1,118,870	304,832	253,707
Sub-Total	865,163	860,145	1,199,123	814,038	982,000	1,118,870	304,832	253,707
Underground Distribution Lines/Feeders	725,029	708,958	903,108	907,362	772,007	788,227	-119,134	63,198
Sub-Total	725,029	708,958	903,108	907,362	772,007	788,227	-119,134	63,198
Distribution Meters	46,559	1,021	427	2,258	7,000	7,000	4,742	-39,559
Sub-Total	46,559	1,021	427	2,258	7,000	7,000	4,742	-39,559
Distribution Transformers	347,289	199,218	187,366	61,854	279,500	294,500	232,646	-52,789
Sub-Total	347,289	199,218	187,366	61,854	279,500	294,500	232,646	-52,789
SCADA	47,624	75,953	83,192	182,687	73,700	78,700	-103,987	31,076
Sub-Total	47,624	75,953	83,192	182,687	73,700	78,700	-103,987	31,076
ADMINISTRATION							0	0
Board	103,034	143,627	170,300	155,115	213,064	227,494	72,379	124,460
Sub-Total	103,034	143,627	170,300	155,115	213,064	227,494	72,379	124,460
Building O&M Southgate	154,101	148,798	160,137	170,675	150,115	153,865	-16,810	-236
Sub-Total	154,101	148,798	160,137	170,675	150,115	153,865	-16,810	-236
General Expense	119,738	220,883	1,674,704	666,930	536,198	537,925	-129,005	418,187
Sub-Total	119,738	220,883	1,674,704	666,930	536,198	537,925	-129,005	418,187
Chief Operating Officer's Office	941,346	717,564	554,268	666,896	628,193	624,536	-42,360	-316,810
Sub-Total	941,346	717,564	554,268	666,896	628,193	624,536	-42,360	-316,810
Human Resources	1,761,174	1,526,708	1,532,409	1,571,978	1,923,235	1,824,994	253,016	63,820
Sub-Total	1,761,174	1,526,708	1,532,409	1,571,978	1,923,235	1,824,994	253,016	63,820
Accounting	595,220	521,122	591,101	581,806	860,979	908,459	326,653	313,239
Sub-Total	595,220	521,122	591,101	581,806	860,979	908,459	326,653	313,239
Regulatory Affairs	234,498	232,035	241,630	267,470	406,856	343,128	75,658	108,630
Sub-Total	234,498	232,035	241,630	267,470	406,856	343,128	75,658	108,630
Community Relations	136,217	118,611	131,746	132,876	149,000	114,000	-18,876	-22,217
Sub-Total	136,217	118,611	131,746	132,876	149,000	114,000	-18,876	-22,217
Intercompany Management Fees	0	0	0	0	0	0	0	0
Sub-Total	0	0	0	0	0	0	0	0
Information Systems	1,175,183	1,391,396	1,211,739	1,465,519	1,393,790	1,427,835	-37,685	252,652
Sub-Total	1,175,183	1,391,396	1,211,739	1,465,519	1,393,790	1,427,835	-37,685	252,652
Customer Service & Billing	2,022,655	2,438,939	2,082,009	1,746,399	1,753,382	2,118,571	372,172	95,916
Sub-Total	2,022,655	2,438,939	2,082,009	1,746,399	1,753,382	2,118,571	372,172	95,916
Credit and Collections	427,619	365,334	552,333	443,712	555,159	628,084	184,372	200,465
Sub-Total	427,619	365,334	552,333	443,712	555,159	628,084	184,372	200,465
Miscellaneous	0							
Total	**14,326,000**	**13,205,453**	**15,087,591**	**14,104,266**	**15,333,069**	**16,404,861**	**2,300,595**	**2,078,861**
Reconciliation with App. 2-JA	14,326,000	13,205,453	15,087,591	14,104,266	15,333,069	16,404,861		
Difference	0	0	0	0	0	0		
	correct	correct	correct	correct	correct	correct		

Notes:

1 Please provide a breakdown of the major components of each OM&A Program undertaken in each year. Please ensure that all Programs below the materiality threshold are included in the miscellaneous line. Add more Programs as required.

2 The applicant should group projects appropriately and avoid presentations that result in classification of significant components of the OM&A budget in the miscellaneous category

2

RECOVERABLE OM&A COST PER CUSTOMER AND PER FULL TIME EQUIVALENT

Tables 4-7 and 4-8 below present the OM&A cost per customer/connection both including and excluding sentinel, street lighting and unmetered scattered load connections.

Table 4-7

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE
including Street Lighting, Sentinel, and Unmetered Scatered Load connections

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis						
Number of Customers	66,470	65,072	65,924	66,857	68,253	69,680
Total Recoverable OM&A from Appendix 2-JB	$ 14,326,000	$ 13,205,453	$ 15,087,591	$ 14,104,266	$ 15,333,069	$ 16,404,861
OM&A cost per customer	$ 215.53	$202.94	$228.87	$210.96	$224.65	$235.43
Number of FTEs	116.7	111.25	115.48	121.76	126.25	130.83
Customers/FTEs	569.58	584.91	570.87	549.09	540.62	532.60
OM&A Cost per FTE	$122,759.21	$118,700.70	$130,651.12	$115,836.61	$121,450.05	$125,390.66

Table 4-8

Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE
excluding Street Lighting, Sentinel, and Unmetered Scatered Load connections

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Number of Customers	52,253	51,206	51,206	51,938	52,693	53,813
Total Recoverable OM&A from Appendix	$14,326,000	$13,205,453	$15,087,591	$14,104,266	$15,333,069	$16,404,861
OM&A cost per custom	$ 274.17	$257.89	$294.64	$271.56	$290.99	$304.85
Number of FTEs	116.7	111.25	115.48	121.76	126.25	130.83
Customers/FTEs	447.75	460.28	443.42	426.56	417.37	411.32
OM&A Cost per FTE	$122,759.21	$118,700.70	$130,651.12	$115,836.61	$121,450.05	$125,390.66

Note: the number of customers corresponds to mid-year or average of January 1 and December 31 figures; the number of FTE is the actual number of the full time FTE equivalents over the year.

CAPITALIZED OVERHEAD

Table 4-9, Appendix 2-D Overhead Expense provides a breakdown of OM&A before capitalization and capitalized OM&A. Over the 5-year period from 2012 to 2016, Guelph Hydro has capitalized (and expects to capitalize) about $2.4 million or 7.2% of its OM&A costs. In the 2016 Test Year, Guelph Hydro anticipates that 6.6% of OM&A costs will be capitalized, which is slightly lower than the five-year average percent of 7.2, but is entirely consistent with the 5-year average capitalization amount of $2.4 million.

The 6.6% of OM&A costs forecast to be capitalized in the 2016 test year represents a 0.32% decrease as compared to the 2012 historical year, but the difference is negligible when examined in dollar terms. Similarly, the OM&A costs forecast to be capitalized in the 2016 test year are entirely consistent with compared with the 2015 Bridge year and the 2014 historical year at $2.4 million. The only deviation is with respect to total OM&A costs capitalized in the 2013 historical year which saw $2.3 million in OM&A costs capitalized due to a slight decrease in the capitalization of Fleet costs.

1

Table 4-9
Appendix 2-D
Overhead Expense

Applicants are to provide a breakdown of OM&A before capitalization in the below table. OM&A before capitalization may be broken down by cost center, program, drivers or another format best suited to focus on capitalized vs. uncapitalized OM&A.

OM&A Before Capitalization	2012 Historical Year	2013 Historical Year	2014 Historical Year	2015 Bridge Year	2016 Test Year
Fleet	$ 705,622	$ 839,340	$ 893,338	$ 945,355	$ 870,972
Engineering	$ 1,759,320	$ 1,423,964	$ 1,587,859	$ 1,517,638	$ 1,546,053
System Operations and Maintenance	$ 5,036,183	$ 5,887,542	$ 5,608,387	$ 6,625,382	$ 7,270,862
Stores	$ 252,805	$ 334,617	$ 328,841	$ 383,910	$ 394,322
General Administration Expenses	$ 1,230,872	$ 2,559,408	$ 1,659,615	$ 1,527,570	$ 1,543,820
Human Resources, including Retirement benefil and performance plan	$ 1,526,708	$ 1,532,409	$ 1,571,978	$ 1,923,235	$ 1,824,994
Accounting	$ 521,122	$ 591,101	$ 581,806	$ 860,979	$ 908,459
Regulatory Affairs	$ 232,035	$ 241,630	$ 267,470	$ 406,856	$ 343,128
Community Relations	$ 118,611	$ 131,746	$ 132,876	$ 149,000	$ 114,000
Billing & Collections	$ 2,804,273	$ 2,634,342	$ 2,680,998	$ 2,308,541	$ 2,746,655
Total OM&A Before Capitalization (B)	$ 14,187,551	$ 16,176,100	$ 15,313,168	$ 16,648,466	$ 17,563,264

Applicants are to provide a breakdown of capitalized OM&A in the below table. Capitalized OM&A may be broken down using the categories listed in the table below if possible. Otherwise, applicants are to provide its own break down of capitalized OM&A.

2
3

Capitalized OM&A	2012 Historical Year	2013 Historical Year	2014 Historical Year	2015 Bridge Year	2016 Test Year	Directly Attributable? (Y/N)	Explanation for Change in Overhead Capitalized
Fleet	$ 538,363	$ 620,624	$ 688,403	$ 736,272	$ 648,397	Y	Directly attributable to total labour costs charged to capital
Engineering	$ 443,734	$ 467,885	$ 520,500	$ 579,126	$ 510,007	Y	Directly attributable to total labour costs charged to capital
Total Capitalized OM&A (A)	$ 982,098	$ 1,088,509	$ 1,208,902	$ 1,315,397	$ 1,158,404		
% of Capitalized OM&A (=A/B)	7%	7%	8%	8%	7%		

2.7.3 PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

OM&A PROGRAM DESCRIPTIONS

OM&A costs in this Exhibit represent Guelph Hydro's integrated set of asset maintenance and customer activity required to meet public and employee safety objectives; to comply with the Distribution System Code, environmental requirements and government direction; and to maintain distribution business service quality and reliability at targeted performance levels. OM&A costs also include expenditures required to provide services to customers connected to Guelph Hydro's distribution system, and to meet the requirements of the OEB's Standard Supply Service Code and Retail Settlement Code.

The proposed OM&A cost expenditures for the 2016 Test Year are the result of a business planning and work prioritization process that ensures that the most appropriate, cost effective solutions are implemented.

Guelph Hydro is proposing recovery of 2016 Test Year OM&A costs, excluding depreciation, PILs, property taxes, and interest totalling $16,404,861.

Guelph Hydro has grouped the OM&A costs per programs and cost centres (please see Appendix 2-JC in Table 4-6 above).

OPERATIONS PROGRAMS

Operations programs include the day to day tasks and procedures necessary to operate and maintain the Guelph Hydro distribution system. This includes both direct labour and non-capital material to support both scheduled and reactive maintenance activities.

1. Distribution Station Equipment:

Guelph Hydro operates and maintains two municipal stations (MSs) and one municipal transmission-connected station (MTS). In addition to regular monthly

inspections, periodic maintenance and equipment replacements are required to ensure that the stations are able to effectively and reliably operate under all system conditions.

2. Overhead Distribution Lines/Feeders

A significant portion of Guelph Hydro's power distribution system includes overhead lines. The entire overhead system is inspected annually through an infra-red thermography scan (detects hotspots – typically failing line connections), and on a fixed cycle for other inspections, including pole testing. Results of these surveys are incorporated into the annual overhead lines maintenance program.

3. Small Tool Expense

Small tools are tools that are used on a daily basis by all trades staff, including overhead and underground lines, metering, and other technical staff. These include tools ranging from wrenches and screwdrivers to switch sticks and measuring devices.

4. Customer Workorders

Work associated with customer workorders primarily includes new connections or service upgrades. This work is generally initiated by the customer and processed through the Engineering department which designs the service connection and then transfers the work package to Operations and Metering to construct.

5. Stores

Materials and equipment used in the construction and maintenance of the distribution system are stored on site either in the Guelph Hydro stockroom/warehouse or in the yard. All costs associated with receiving

shipments, tracking inventory, issuing materials to projects, and some material delivery form part of this account.

6. Fleet Burden

Vehicles are repaired and maintained by Guelph Hydro as well as at MTO certified Motor Vehicle Inspection (and repair) Stations. Guelph Hydro has 57 fleet vehicles requiring regular servicing. The Fleet Department's objectives include maintenance of vehicle reliability and safety, and the minimization of vehicle down time. Additional information on fleet management is available in Operation Guideline OP-GUI-001 in Appendix L of Guelph Hydro's DSP.

System Operations

The power distribution system for the entire service territory is operated by Guelph Hydro's System Control Operators. The Control Operators oversee all aspects of the power distribution system including power outage restoration, event recording, establishing safe work areas for all crews, preparing switching orders for load transfers, and monitoring one transmission station and two distribution stations in addition to numerous automated field devices.

7. Line Construction

Guelph Hydro's line construction consists of experienced Powerline Technicians and Apprentices who service, maintain and provide emergency response to all aspects of the Guelph Hydro distribution system.

8. Operations Technology/ SCADA

The Operations Technology/SCADA workgroup is responsible for the design, installation and support of technology required to effectively manage distribution system field operations. This includes wireless and fibre optic

voice and data communication systems, SCADA Network Management System ("NMS") hardware and software; as well as support for a variety of field devices such as SCADA Remote Terminal Units ("RTUs") for remotely operable switches, wireless line sensors, capacitor bank controllers, and other enabling distribution automation field devices included embedded generation (FIT and microFIT) RTUs. This workgroup also provides daily operational support for Guelph Hydro's Smart Meter Advanced Metering Infrastructure ("AMI") including maintenance of Access Points ("AP") and relays, device firmware upgrades and field antenna installations. This is a new workgroup that consolidates functions which were previously performed by employees in Engineering, Metering and Operations.

9. Engineering

Engineering is responsible for system planning, load growth forecasting, and new connections. This includes capital project planning and design, load and generation connections, distribution asset replacement programs, introducing new distribution assets, load flow studies, system upgrades, overhead and underground feeder construction designs and transformer station development.

10. GIS

A Geographic Information System (GIS) is a computer system program designed to capture, store, manipulate, analyze, manage, and present all types of data. Over the past 14 years Guelph Hydro has mapped and catalogued its distribution assets using the ESRI GIS system. Using GIS has enabled Guelph Hydro to integrate its data with other corporate systems such as customer information, SCADA, electrical system planning programs and outage notification systems. Guelph Hydro personnel can now view GIS maps from the internet and have the ability to work remotely in the field with real-time data. GPS tracking of Guelph Hydro's vehicles and contract employees has also been added to the GIS suite

of applications to allow for visual transparency and safety using an enterprise solution. GIS is also used as a daily CAD tool for creating work order drawings using the up-to-date mapping data of electrical circuits and real time asset conditions.

11. Distribution Meters

The Metering department is responsible for the installation, testing and commissioning of existing and new, simple and complex revenue metering installations. This includes operational use and support of Guelph Hydro's smart meter AMI as well as Guelph Hydro's MV90 interval meter data collection and management systems. The Metering Department also completes testing of complex metering installations to ensure regulatory compliance and the accuracy of the installation. Through this process meter multipliers used for billing purposes are verified.

Revenue Protection is another key activity performed by Metering, by proactively investigating potential diversion and theft of power.

12. Energy Services

The Energy Services department has two primary responsibilities – providing Key Accounts functions for Guelph Hydro's Commercial and Industrial customers, and acting as the primary delivery agent of Guelph Hydro's Conservation and Demand Management ("CDM") programs. The Key Accounts function involves building, managing and maintaining positive relationships with Commercial and Industrial customers. The function's responsibilities include responding to technical inquiries, complex rates and billing inquiries, and assisting customers in improving the electrical efficiency of their facilities. The Energy Services group also liaises with customers in all customer classes to educate, promote and support CDM initiatives in an

effort to meet or exceed conservation targets, and to continue to build a culture of conservation in Ontario.

13. Operations Administration

The Administration Assistant – Operations provides assistance to the Operations Management Team, and organizes plans and executes day-to-day administrative duties including coordinating MTO requirements for fleet and driver compliance, recording and tracking all trades training, and providing administrative support to one Director, one Manager and four Supervisors within the department.

MAINTENANCE PROGRAMS

Guelph Hydro's maintenance strategy is, to the extent possible, to minimize reactive and emergency work through an effective planned maintenance program (including predictive and preventative actions).

Guelph Hydro's customer responsiveness and system reliability are monitored continually to ensure the effectiveness of the company's maintenance strategy. This effort is coordinated with Guelph Hydro's capital project work, so that the company can adjust capital spending priorities to deal with maintenance programs that require capital investments as part of the corrective action.

Predictive Maintenance:

Predictive maintenance activities involve planned testing of elements of the Guelph Hydro distribution system. These activities include infrared thermography testing, transformer oil testing and analysis, planned visual inspections and pole testing. These evaluation tools are all administered using a grid system with appropriate frequency levels. Any identified deficiencies found are prioritized and addressed within a suitable

time frame (for more information, please see the Guelph Hydro's Asset Management Process in Exhibit 2, Appendix 2-A DSP, Filing Requirement 5.3).

Preventative Maintenance:

Preventative maintenance activities include inspection, servicing, and repair of distribution system components. This includes overhead and pad-mounted load break switch maintenance, insulator washing and cleaning/inspection of underground vaults. Also included are regular inspections and repairs of substation components, relays, and ancillary equipment. Work is prioritized and performed using a combination of time and condition based methodologies.

Emergency Maintenance:

This item includes unexpected system repairs to the electrical system that must be addressed immediately - repairs due to storm damage, emergency tree trimming, and damaged or failed equipment replacement. Guelph Hydro constantly evaluates its maintenance data to adjust predictive and preventative actions. The ultimate objective is to minimize the requirement for emergency maintenance.

1. **Overhead Distribution Lines/Feeders**

   (as described above) A significant portion of Guelph Hydro's power distribution system includes overhead lines. The entire overhead system is inspected annually through an infra-red thermography scan (detects hotspots – typically failing line connections), and on a fixed cycle for other inspections, including pole testing. Results of these surveys are incorporated into the annual overhead lines maintenance program.

2. **Underground Distribution Lines/Feeders**

   Maintenance of the underground portion of the distribution system includes an annual inspection program, periodic "dry ice" cleaning, and failed-conductor and

equipment replacement. A failed-conductor may include secondary "burn offs" where underground service conductors have faulted and require excavation to expose the problem area and repair.

3. Distribution Meters

The Metering department is responsible for the installation and commissioning of new simple and complex revenue metering installations. Maintenance activities include the inspection and testing of all metering installations to ensure the accuracy of the metering installation, including verifications of the meter multipliers used for billing purposes. This department is responsible for ensuring compliance with Measurement Canada's meter test and verification requirements and meter sample testing protocols.

4. Distribution Transformers

Transformers are inspected as part of the regular inspection program and where issues are identified, repairs are made on site or equipment is scheduled for replacement. Reasons for replacement may include oil leaks, voltage issues, or damage from external factors including vehicle accidents.

5. SCADA

The Operations Technology/SCADA workgroup is responsible for the maintenance and support of technology required to effectively manage distribution system field operations. This includes wireless and fibre optic voice and data communications systems, SCADA NMS, hardware and software, and maintenance of a variety of field devices including SCADA RTUs for remotely operable switches, wireless line sensors, capacitor bank controllers, and other enabling distribution automation field devices such as embedded generation (FIT and microFIT) RTUs. This workgroup also monitors and maintains Guelph Hydro's Advanced Metering Infrastructure ("AMI") Access Points ("AP") and relays, and performs device firmware upgrades. This is a new workgroup

consolidating functions previously performed by employees in Engineering, Metering and Operations.

ADMINISTRATION PROGRAMS

1. Board

This Cost Centre includes expenses incurred in fulfilling the mandate of the Board of Directors as described in Exhibit 1, Tab 9, Schedule 4, 2.4.8.4 Corporate Governance Practices.

2. Building O&M Southgate

This Cost Centre encompasses administrative expenses related to the operation and maintenance of Guelph Hydro's Southgate building. Relevant costs include: hydro, water, janitorial, repairs, maintenance, security, etc. Costs are allocated based on the square footage occupied by Guelph Hydro's Administrative functions in relation to the total square footage of the Southgate facility**.**

3. General Expense

This Cost Centre includes expenses incurred for the general administration of Guelph Hydro's operations including: insurance, OEB Fixed Cost Assessment, memberships, legal fees, audit fees, property taxes, etc. This section also includes an allocation of corporate costs from the Parent Company netted against the value of shared services provided by Guelph Hydro to its Parent Company and its Affiliate.

4. Chief Operating Officer's Office

This Cost Centre includes expenditures related to the office of the Chief Operating Officer. Safety and Loss Control expenses are also tracked in this area.

5. Human Resources

Human Resources is responsible for overseeing strategy, policies and procedures relating to all human resources functions, for ensuring alignment with the company's vision, mission, values, annual business objectives and FR-related regulatory compliance. Human Resource activities includes the attraction and retention of employees, succession planning, recruitment, orientation, organizational and employee development, labour and employee relations including labour negotiations, total compensation including pay for performance systems, salary and benefits administration, including job evaluation and payroll. Responsibilities also include being a resource to the Guelph Hydro Board's Human Resources and Compensation Committee.

6. Accounting

The Accounting department is responsible for maintaining the accounting and financial reporting systems; providing and interpreting financial information; designing and implementing accounting policies; preparing statutory, management, regulatory and Board of Directors financial reporting; designing, implementing and advising on internal controls: monitoring and ensuring the effectiveness of internal controls. Employees in this Department perform all daily accounting functions, including accounts payable, accounts receivable, and general accounting; preparation of consolidated budgets and forecasts; and ensuring compliance with tax and regulatory requirements.

7. Regulatory Affairs

The Regulatory Affairs department is responsible for all regulatory reporting and compliance with applicable codes and legislation governing Guelph Hydro. Regulatory reporting includes development and preparation of OEB rate filings, settlement reporting, regulatory reporting, and compliance.

8. Community Relations

Guelph Hydro is committed to providing consumer information and responses to customers on electricity distribution and related issues in a timely and proactive manner. Guelph Hydro maintains a presence in the community, where Guelph Hydro staff is available to answer customer questions in a community environment. Since LDCs are the "face-to-the-customer" for the electricity industry, Guelph Hydro has an important role to play in educating the public about electricity safety and energy conservation. Guelph Hydro offers annual safety presentations to schools, fire and police departments, and local businesses within Guelph Hydro's service territory, and continuously promotes energy conservation programs.

9. Information Systems

The Information Systems department is responsible for the development, operation, maintenance and security of all business system applications and hardware utilized by Guelph Hydro in its operations. These include the customer information, financial management and work management systems, along with all related computer workstations, networking infrastructure, mobile device management and disaster recovery planning.

10. Billing

The Customer Service Department is responsible for the customer care activities for the 54,999 customers forecasted for 2016 in Guelph Hydro's service area. These activities include meter reading, billing, call centre and other back office functions. Customer Service and Billing is also responsible for such activities as payment processing, move-in and move-out requests and call centre activities for Guelph Hydro's service territory. Guelph Hydro has noticed a steady increase in annual call volumes. Guelph Hydro's customer service department handles over 43,000 inquiries per year, and employees in this Department aspire to achieve

customer service excellence in their processes and programs that interface with customers.

Meter reading services have been contracted out to a non-affiliated third party for a number of years under a service contract. The meter readers read approximately 2,200 General Service above 50 kW standard meters (including microFIT and FIT meters) and 41,000 water meters on a monthly and bi-monthly basis. In addition, the meter reading service provider performs final/initial reads and rechecks/verified readings as requested by the Validation, Editing and Estimation (VEE) manual billing process.

With a mix of bi-monthly and monthly billing in Guelph Hydro's service territory, the company estimates that it will issue approximately 659,993 invoices to customers in 2016. An annual billing schedule is created based on the meter reading schedule to ensure timely billing of services. The billing functions include the EBT and retailer settlement functions for approximately 3,500 retailer accounts; account adjustments; processing meter changes; and other account-related field service orders and mailing services. Guelph Hydro offers customers a number of billing and payment options including an equal payment plan, electronic billing, credit card payment and a preauthorized payment plan.

11. Credit and Collections

Collections involve a combination of activities, including the collection of overdue active and final accounts and security deposits. Because credit risk is a concern for Guelph Hydro, in an effort to minimize credit losses, Guelph Hydro enforces a prudent credit policy in accordance with the Distribution System Code. Active overdue accounts are collected by in-house staff through notices, e-mails, letters and direct telephone contact. The Credit Department attempts to collect all final bill accounts prior to turning the accounts over to a collection agency 60 days after the final due date.

PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

Consistent with the outcomes-based approach as prescribed in the *Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach* (the "RRFE"), Guelph Hydro is summarizing its OM&A costs on a Cost Centre basis. These Cost Centres line up with the major functions performed by Guelph Hydro and are the framework by which the annual budget is prepared, and by which monthly operating variances are tracked and analyzed. The annual budget illustrates how Guelph Hydro will support its long term strategic plans which are aligned with the Outcomes desired under RRFE.

In accordance with the Filing Requirements last revised on July 18, 2014, Guelph Hydro is presenting a variance analysis between the 2016 Test Year costs and the last Board-approved costs and the most recent actual in the following Table 4-10.

These OM&A costs exclude property taxes.

Materiality

For the purpose of this variance analysis the threshold has been set at $172,000 consistent with the calculations noted in Exhibit 1, Tab 6, 2.4.5 Materiality Thresholds.

OM&A Program Costs Variance Analysis

In Appendix 2-JC Guelph Hydro presents a listing of its annual OM&A expenditures by Program, for the period from the last Board approved rebasing year in 2012, to the 2016 Test Year. This schedule is located in this Exhibit, Tab 2, 2.7.2 Summary and Cost Driver Tables, Table 4-6. For each Program, variances are calculated between the 2016 Test year and the 2012 Board Approved last rebasing year and between the 2016 Test year and the 2014 Actual year.

In the following section, Guelph Hydro has completed an analysis related to OM&A program costs whose variances exceed the materiality threshold of $172,000. Discussion of these particular variance follows the order in which they appear on Appendix 2-JC.

2016 Test Year vs. 2012 Board- Approved Last Rebasing Year

System Operations

Table 4-10: 2012 Board-Approved vs. 2016 System Operations Variance

2012 Board-Approved	2016 Test Year	Variance
$530,355	**$1,085,836**	**$555,481**

The increase in System Operations Costs from the 2012 Board-approved amount to the 2016 Test Year amount is due to the move to a 24/7 control room and the need to mitigate against upcoming retirements. In 2016, the Company plans to hire one additional System Control Operator and one additional Control Room Supervisor. These 2 FTEs will be ongoing costs required to move to a 24/7 control room as explained below. Hiring the System Control Operator will also mitigate against upcoming expected retirements, with two System Control Operators expected to retire by the end of 2015, and one additional Operator expected to retire by the end of 2019. These costs are within Guelph Hydro's control, however, Guelph Hydro submits that recent changes to the Utility Work Protection Code (UWPC), increased customer counts, and distribution automation all necessitate the move to 24/7 control room coverage. In addition, by the time 24/7 coverage is fully implemented, Guelph Hydro will have reached the amount of LDC-owned transmission connected station load (Arlen MTS – commissioned in 2012) to warrant the planned 24/7 shift expansion. Load growth includes distribution system growth in addition to North to South load transfers to relieve adjacent congested areas/stations. Other factors driving the new FTE requirements are the need for enhanced responses, based on feedback from key customer engagements as well as the need to comply with the IESO/NERC transmission system code. When

the move to 24/7 occurs, there will be the need to hire an additional System Control Operator, and maintain the staff complement at 7. This organizational change will necessitate the need to split the existing SCADA/Control Room Department into two separate departments, one covering the function of SCADA technology /Smart Grid development and the other covering the 24/7 Control Room/Operation function. This will require adding one Control Room Supervisor. In 2014, GHESI signed a contract with Milton Hydro to provide Control Room services, 16 hours/day over five business days per week, and this shared service started in late 2014. When Guelph Hydro moves to 24/7, this shared control room service is expected to be expanded to Milton Hydro and/or other LDC's. Guelph Hydro's FTE costs relating to this expanded Shared Services Model with other LDC's are expected to be partially offset by revenues from participating LDC's. Please refer to Exhibit 1, Tab 3, Schedule 3, 2.3.3.3 Operational Effectiveness for more details.

Both of these factors contribute to approximately $518,000 or 93% of the increase in departmental costs from 2012 to 2016.

Operations Technology/SCADA

Table 4-11:
2012 Board-Approved vs. 2016 Operations Technology/SCADA Variance

2012 Board-Approved	2016 Test Year	Variance
$ 0	**$340,860**	**$340,860**

In 2013 Guelph Hydro determined that a reorganization was needed to better organize the costs associated with the planning, design, installation and maintenance of "Operations Technology" and SCADA infrastructure. Prior to the reorganization, Guelph Hydro's ability to provide focus and support for "Operations Technology" activities was disjointed, as various planning, operating and maintenance activities and expenses were distributed amongst Guelph Hydro's Engineering, Operations and Metering departments. In 2014 the existing SCADA OM&A cost centre was expanded to

consolidate the previously distributed activities and associated costs. The activities and expenses may be considered by some as forms of "SmartGrid Operations" expenses, and are more fully detailed below.

This workgroup's responsibilities include the following:

- The planning, designing and installation coordination of hardware and software for field communications systems, including data, voice and video, as required for distribution system operations;
- Ensuring interconnection capability, troubleshooting and operational support for wireless radio and fibre optic infrastructure, as well as field routers and switches for packet-based communication technology (TCP/IP);
- Managing licensed frequency and unlicensed public bands wireless communications, including Industry Canada licensing and approvals;
- Provide operational support and system upgrades for SCADA back-office IT hardware and software;
- Programming, commissioning, troubleshooting and operational support of Remote Terminal Units (RTUs) for field SCADA equipment, including remotely operable switches, wireless line sensors, faulted circuit indicators, capacitor bank controllers, and other enabling distribution automation field devices and technology;
- Provide SCADA integration for RTUs, remotely operable switches, wireless line sensors, faulted circuit indicators, capacitor bank controllers, and other enabling distribution automation field devices and technology;
- Troubleshoot and maintain low voltage equipment, including annual field device battery replacement program;
- Provide SCADA integration for Wholesale Metering Points (WMP), embedded generation RTUs (microFIT, FIT, Load Displacement Generation);

- Provide technical, design and field support, including daily operational review, for Smart Meter Advanced Metering Infrastructure (AMI) system. This includes maintenance of Access Points (AP) and relays, device firmware upgrades and field antenna installations;
- Provide technical and field support for AMI – In-Home Display (IHD) device pairing, commissioning and field communications customer care, as required. Note that IHD operational support costs are funded out of LDC Ontario Power Authority (OPA) / Independent Electricity System Operator (IESO) saveONenergy Conservation and Demand Management (CDM) program funding;
- Perform and support electrical distribution system dynamic load modelling and advanced Distribution Network Analysis (DNA) to provide detailed fault analysis for improved service restoration.

The majority of the 2016 test year costs are a reallocation of salaries and benefits as well as miscellaneous operating expenses previously distributed in the Engineering, Operations and Metering departments. A new expense not included in the 2012 budget is an additional Technologist – SCADA expected to be hired in 2015. This resource is required to support the continued operation, maintenance as well as expansion and upgrade of OT/SCADA technology as described above and further detailed in Table 4-12. Outsourcing the additional Technologist – SCADA requirement was considered, but not further pursued. Despite these costs being within Guelph Hydro's control, the OEB requirement for expansion of "SmartGrid" activities, combined with the continued growth in OT field infrastructure and reliance on the technology for daily distribution system operations were determining factors for the addition of this resource.

The following Table 4-12 summarizes the growth of Guelph Hydro's OT/SCADA area, including internal employee resources dedicated to this area, the increase in customer count, distribution feeders required to service the increasing customer count, as well as associated technology to more effectively and efficiently manage daily operations.

While the costs associated with the proposed SCADA changes are within Guelph Hydro's control, as noted in Table 4-12, Guelph Hydro has experienced significant growth in the number of customers serviced; annual field dispatch call volumes; the size of the SCADA Network Management System; the number of remotely operable SCADA switches as well as other SCADA field devices such as capacitor bank controllers, faulted circuit indictors, line sensors, and other real-time telemetry equipment. The number of AMI field devices such as Access Points and Relays has also increased.

In comparison, the workgroup supporting this critical infrastructure has not increased, and the 2015 hire of a second SCADA Technologist is intended to address the concern of adequate resources to manage this vital operational area.

Table 4-12

Guelph Hydro (GHESI) Operating Technology-SCADA Device History

Timeline	OT/SCADA Resources [FTE]	Communication Lines	# of Dist'n Feeders Serviced	# of Customers Serviced	# of Dispatch Calls / Year	SCADA Network Mgmt System	# of SCADA Switch Devices	# Other SCADA Devices	# of AMI Devices	# of CDM HAN Devices	Comments
Prior to 2004	2	- Two radio + 2 phone lines - fibre optic outside plant	46	43,000	N/A	4 (2 Hosts & 2 Workstns)	57	12 Cap CTRLs	0	0	- OT/SCADA Master station software requires ongoing upgrades and support
2004 - 2007	2	- Two radio + 2 phone lines - fibre optic outside plant	50	46,931	2,000	5 Webviewer	79	12	0	0	-Eastview landfill gas Generating station goes online - added SCADA and fibre optic link -Eastview radio tower added, 900 MHz wireless requires ongoing support -Large Customer IntelliTeam installation added, requires ongoing support
2007 - 2010	1	- Two radio + 2 phone lines - fibre optic outside plant	53	50,567	1,901	6 1 ICCP	101	39 16 Q1000 11 Cap CTRL	0	0	-HydroOne Provincial Control Centre data link added for reclosure control, requires ongoing support -converted fibre optic network from RS-232 serial to ethernet based communication - added Wholesale Metering Point real-time telemetry using fibre optic ethernet network
2010 - 2011	1	- Two radio + 2 phone lines - fibre optic outside plant - AMI wireless network	56	51,420	2,550	6	123	46 4 Q1000 3 FCI	33 10 AP's 23 Relays	0	-Rockwood MS#2 substation commissioned, ongoing support for SCADA control and WAN - AMI Access Points, Relays and NAN installation and commissioning, requires ongoing support - WAN expanded to accommodate AMI, requires ongoing support
2011 - 2012	1	- Two radio + 2 phone lines - fibre optic outside plant - AMI wireless network	59	52,193	4,075	8 3 Workstns 2 ICCP	150	53 4 ION 3 FCI	90 7 AP's 50 Relays	0	-first GHESI owned & operated transformer station (Arlen MTS) commissioned - fibre optic WAN expanded to accommodate Arlen MTS SCADA and IT backup site - introduced new SCADA Master monitoring and OT support requirements - FIT real-time telemetry SCADA communications commissioned
2012 - 2013	1.5*	- Two radio + 2 phone lines - fibre optic outside plant - AMI wireless network	62	53,071	4,400	8	186	88 10 ION 25 FCI	97 3 AP's 4 Relays	0	- FIT real-time telemetry SCADA communications expanded - wireless Line Sensors (FCIs) integrated with SCADA / AMI - converted SCADA wireless communications from RS-232 serial to ethernet based communication
2013 - 2014	1.5*	- Two radio + 2 phone lines - fibre optic outside plant - AMI wireless network	62	53,670	4,257	9 Ample Server	213	122 8 IONS 26 FCI	102 5 Relays	0	- OT hardware and software implemented to support real-time Line Sensor monitoring
2014	1.5*	- two GHESI radios + two phone lines + two Milton radios - fibre optic outside plant - AMI wireless network	63	53,670	4,257	10 FLISR	213	122	102	475	-Testing, field trial and support for CDM 'IHD' smart meter association and JOIN - ongoing IHD-smart meter support as required
2014 - 2015	1.5*	- two GHESI radios + two phone lines + two Milton radios - fibre optic outside plant - AMI wireless network	77	88,670 (Est.)	0	0	0	0	0	0	- New 'Advanced' SCADA Fault Location Isolation & Service Restoration (FLIRS) software - will allow automated switching, load flow and fault analysis - OT/SCADA FLISR software requires ongoing upgrades and support
x 0.75	*Growth since baseline:*		*x 1.37*	*x 1.25*	*x 2.2*	*x 2.5*	*x 2.74*	*x 10.2*	*x 3.1*		** one of the FTE OT/SCADA resources is shared with Control Room and OT/SCADA duties*
	Estimated with MHDI:		*x 2.07*	*x 2.06*							

Acronym Legend

AMI - Advanced Metering Infrastructure (Smart Metering system)
AP - Access Point for Smart Metering system
Cap CTRLs - Capacitor Bank Controller
CDM - Conservation and Demand Management
FCI - Faulted Circuit Indicator
FIT - Feed In Tariff for embedded generation projects
FLISR - Fault Location Isolation & Service Restoration
HAN - Home Area Network
ICCP - Interchange Communications Protocol used for SCADA communications
IHD - In Home Display
ION - High End Revenue Meter used at Wholesale Metering Points and as a SCADA Remote Terminal Unit
MHDI - Milton Hydro Distribution Inc.
NAN - Neighbourhood Area Network for field communications
Q1000 - High End Revenue Meter used at Wholesale Metering Points
SCADA - Supervisory Control And Data Acquisition
WAN - Wide Area Network for field communications

Overhead Distribution Lines/Feeders Maintenance

Table 4-13:
2012 Board-Approved vs. 2016 Overhead Distribution Lines/Feeders Maintenance Variance

2012 Board-Approved	2016 Test Year	Variance
$ 865,163	**$1,118,870**	**$253,707**

Overhead maintenance is a cost centre that can be particularly unpredictable. Factors such as severe weather, equipment failures, and vehicle accidents can all have a significant impact on these annual costs. When capital projects demand more time, less time and resources are available to complete planned maintenance and inspection programs, as resources are generally fixed for the year. Capital work also includes relocations for the City of Guelph or township. These projects are generally out of Guelph Hydro's control and add to the unpredictable nature of the maintenance budget. The 2016 Budget also includes maintenance expenditures resulting from severe weather such as the Ice Storm in December 2013.

Tree trimming activity is more predictable and is completed on a three-year cycle that is tendered out prior to the end of each cycle. Budgets are based on past bid amounts and vary somewhat from year to year, depending on where the company is with respect to its tree trimming cycle. To the extent that Guelph Hydro controls this contracted out service, the costs are partially within the company's control, but are also dependent on market conditions for this service.

General Expense

Table 4-14: 2012 Board-Approved vs. 2016 General Expense Variance

2012 Board-Approved	2016 Test Year	Variance
$ 119,738	**$537,925**	**$418,187**

Table 4-15 shows a breakdown of the 2012 Board-approved costs that Guelph Municipal Holdings Inc. (GMHI) charged for services to Guelph Hydro in 2012, and the 2016 amounts that GMHI expects to charge Guelph Hydro for services in 2016.

In 2013 GMHI started to recognize and charge for services that were being provided for Guelph Hydro by GMHI employees, and which costs were not included in the 2012 shared services costs allocated to Guelph Hydro. Chief among these "new" services were governance services performed by the CEO of GMHI and communications services provided by the Director of Communications. Prior to 2013, the Director of Communications costs were paid out of the President's Office in Guelph Hydro. Guelph Hydro's evidence shows a significant decline in costs in the COO's office (previously the President's Office) in 2016.

Other cost drivers that explain the increase in shared services costs from 2012 to 2016 are the significant increase in Board of Directors' governance, ethics and code of conduct-related services performed by the Corporate Secretary due to the greater attention being paid to Board of Directors governance-related matters, and general inflation. It is Guelph Hydro's view that the company receives excellent service for these allocated costs. Guelph Hydro also believes that sourcing these services from third-party providers or by staffing the organization with new positions to perform these same services would cost more than what is currently being allocated to the company by GMHI.

Guelph Hydro submits that these costs are within the company's control, and with that in mind, and with a view to continuing to find efficiencies, Guelph Hydro and GMHI have agreed to reduce the size of the Guelph Hydro Board to 7 directors from the previous 11, and have streamlined the number of committees of the Guelph Hydro Board from four to two.

Guelph Hydro also notes that it is the City of Guelph's intentions to incorporate two additional companies under GMHI in the near future. Should other affiliated companies

be amalgamated into GMHI, this could necessitate a re-examination of shared services and associated costs being allocated to Guelph Hydro by GMHI.

Table 4-15

2012 Board Approved	
GMHI resources shared with Guelph Hydro	**% Allocated to Guelph Hydro**
Document Management (GMHI)	50%
CFO (GMHI)	75%
Manager Corporate Development (GMHI)	25%
Board Secretary (GHESI)	40%
Confidential Office/Project Administrator (GMHI)	25%
TRANSFERS to Guelph Hydro from GMHI	$ 316,519
2016	
GMHI resources shared with Guelph Hydro	**% Allocated to Guelph Hydro**
CEO (GMHI)	50%
Director of Corporate Communications (GMHI)	30%
Communications Specialist (GMHI)	75%
CFO (GMHI)	75%
Board Secretary (GMHI)	50%
TRANSFERS to Guelph Hydro from GMHI	$ 656,349

Chief Operating Officer's Office

Table 4-16: 2012 Board-Approved vs. 2016 COO's Office Variance

2012 Board-Approved	2016 Test Year	Variance
$ 941,346	**$624,536**	**$(316,810)**

The decrease in Chief Operating Officer's Office expenses is the result of a reallocation of payroll costs related to the Director of Corporate Communications, and the Communications Specialist. These positions are now budgeted in the operations of Guelph Hydro's parent company Guelph Municipal Holdings Inc. (GMHI). All work performed by the Director of Corporate Communications and the Communications Specialist on behalf of Guelph Hydro is being recovered by the parent company through the intercompany charges to Guelph Hydro. The decline in Chief Operating Officer's Office expenses can also be attributed to the removal of one Executive

Assistant from this cost centre. The 2012 Board – Approved amount included 100% of payroll costs related to an Executive Assistant. Although this position was being budgeted 100% to the President's Office, it was completely allocated out to the parent company via intercompany charges since the role was dedicated to supporting the operations of the parent company. Guelph Hydro notes that these costs are within the company's control.

Accounting

Table 4-17: 2012 Board-Approved vs. 2016 Accounting Variance

2012 Board-Approved	2016 Test Year	Variance
$ 595,220	**$908,459**	**$313,239**

The increase in Accounting department costs is being driven by payroll-related items resulting from: one additional FTE, job restructuring, promotions, and annual negotiated wage settlement increases. These costs are entirely within the company's control, but are being driven by a noticeable increase in the Department's workload over the past few years.

In 2015 Guelph Hydro intends to hire a Regulatory Accountant. Currently, all regulatory accounting at Guelph Hydro is performed by the Controller and Manager of Accounting. In order to better match roles and duties on the financial reporting side and in order to enhance the quality and timeliness of regulatory reporting, Guelph Hydro is hiring a dedicated accountant for the regulatory area. This position will be responsible for all regulatory financial reporting, and well as maintaining and improving the regulatory accounting system within Guelph Hydro.

Two positions in the Accounting Department have been restructured from 2012 to 2016. The Business Analyst position was replaced by the role of Senior Financial Analyst in early 2015. This new position requires a stronger financial accounting background than its predecessor, and is expected to work with the regulated company and the unregulated businesses in developing annual budgets and business plans, providing

assistance in financial reporting, carrying out financial modelling of unregulated and regulated projects, and identifying options to improve business systems. The second piece of the restructuring involves the hiring of a Junior Accountant in 2015. This position will take the place of the three Co-op student terms (4 month placements) that Guelph Hydro currently uses to provide basic accounting support for twelve months of the year. Tasks such as journal entry preparation, account reconciliation and financial statement preparation currently performed by the Co-op student, will now be performed by the Junior Accountant. Efficiencies will be gained by not having to retrain an individual every four months in this critical position. In addition, continuity at this position will lead enhancements the quality and timeliness of the information being produced.

As part of the development and succession planning process at Guelph Hydro, the Manager of Accounting was promoted to Controller and the Accounting Supervisor to Manager of Accounting in 2014. These promotions are supported by the Departmental changes noted in the preceding two paragraphs as they will allow these two positions to focus their efforts on higher level value-added tasks.

The increase in Accounting department costs also reflects the impact of negotiated wage settlement increases from 2012 to 2016.

Information Systems

Table 4-18: 2012 Board-Approved vs. 2016 Information Systems Variance

2012 Board-Approved	2016 Test Year	Variance
$ 1,175,183	**$1,427,835**	**$252,652**

Since 2012 annual costs have increased by approximately $150,000 in support of the implementation and integration of the following initiatives:

- Intelligent Voice Response System for Customer Inquiry

- One additional IBM Power Systems Box for disaster recovery operations
- Executime Software (electronic timesheet system for Human Resources)
- Human Resources Information System (to be implemented in 2015 and 2016)

In addition to the changes noted above, departmental payroll costs have increased by approximately $135,400 due to progression increases and the impact of annual salary/wage increases. Guelph Hydro has been able to reduce operating costs by lowering the cost for cell phone contracts and by working with the City of Guelph to implement a new IP phone system. These initiatives have helped to lower annual phone costs by $25,000. Guelph Hydro submits that these costs were within the company's control, but were necessary for the company to keep abreast of technological changes which are justified for their productivity-enhancing contributions.

Credit and Collections

Table 4-19: 2012 Board-Approved vs. 2016 Credit and Collections Variance

2012 Board-Approved	2016 Test Year	Variance
$ 427,619	**$628,084**	**$200,465**

The increase in costs in the Credit and Collections department is due to the hiring of an additional Credit and Collections Representative in 2014. This additional FTE was warranted due to a heavier workload in this area as evidenced by an increase in the number of annual disconnects as follows:

Table 4-20: Disconnections

Year	Disconnections
2011	168
2012	215
2013	241

Disconnection activity causes the greatest workload in the Credit and Collections department, since significant effort is made by Guelph Hydro in attempting to contact customers to request arrears payments, to make payment arrangements, to follow up on payment arrangements, etc. Often several phone calls and payment arrangements are made before a move to disconnect is approved.

Another factor causing the increase in costs in 2016 is the implementation of monthly billing for all customers. On February 5, 2015 the OEB issued its Proposed Amendments to the Distribution System Code (the Proposed Amendments) which address billing frequency, the use of estimated billing and billing accuracy. The proposed amendments mandate monthly billing for Residential and General Service under 50 kW and extend the deadline to December 31, 2016. On April 15, 2015, the OEB issued its Notice of Amendment to the Distribution System Code by which mandated monthly billing for Residential and General Service under 50 kW to be implemented until December 31, 2016.

Presently Guelph Hydro bills the majority of its Residential and General Service under 50 kW customers on a bi-monthly basis.

The move to monthly billing will have an impact on costs related to disconnection notices and disconnection services which are estimated to increase by $65,000 as the frequency of disconnection related events will increase with the increased number of

billing cycles. Guelph Hydro submits that because of this regulatory change, a large portion of these costs are outside the company's control.

2016 Test Year vs. 2014 Actuals

Systems Operations

Table 4-21: 2016 vs. 2014 System Operations Variance

2014 Actual	2016 Test Year	Variance
$712,463	**$1,085,836**	**$373,373**

Please see Table 4-10 and associated narrative for an explanation of the increase in cost from 2014 to 2016.

Line Construction

Table 4-22: 2016 vs. 2014 Line Construction Variance

2014 Actual	2016 Test Year	Variance
$779,280	**$962,267**	**$182,987**

In 2014 there was a reallocation of $75,000 in payroll costs out of the Line Construction Cost Centre representing employee time related to C&DM activities. This amount was reclassified to non-utility expenses. The actual amount of the reallocation should have been $25,000. An error was made in the reallocation entry whereby the Engineering Cost Centre's payroll costs were reduced by the Line Construction Cost Centre's portion of C&DM activity and vice versa. Therefore, payroll costs in the Line Construction Cost Centre should be $50,000 higher and the Engineering Cost Centre should be $50,000 lower in 2014.

In addition, it was discovered that the Line Construction Cost Centre's benefit costs had been under-allocated by approximately $46,000 in 2014 based on benefits costs which had been forecasted in this area. Guelph Hydro allocates benefit costs to its Cost

Centres based on payroll dollars allocated to each Cost Centre. Had the correct amount been allocated in 2014 the total benefit expense for this Cost Centre would have been comparable to 2016 benefit cost levels.

Operations Technology/SCADA

Table 4-23: 2016 vs. 2014 Operations Technology/Scada Variance

2014 Actual	2016 Test Year	Variance
$ 0	**$340,860**	**$340,860**

Please see Table 4-11 and associated narrative for an explanation of the increase in cost from 2014 to 2016.

Distribution Meters

Table 4-24: 2016 vs. 2014 Distribution Meters Variance

2014 Actual	2016 Test Year	Variance
$ 825,363	**$534,600**	**$(290,763)**

The primary reason for the variance between 2014 and 2016 relates to approximately $187,000 in prior year costs being charged to 2014 expenses. Due to problems in the set up of a work orders related to smart meter operations, costs incurred in 2012 were being accumulated in Guelph Hydro's work-in-process account and were not being allocated to current period expenses. The error was corrected in 2013, but the work-in-process account was not cleared out for these charges until 2014.

In addition, the 2016 Test year reflects the impact of an increase in Scientific Research & Experimental Development (SR&ED) tax credits amounting to approximately $16,000 over 2014 levels as well as $7,000 in estimated CDM delivery support expense credits expected in 2016.

Overhead Distribution Lines/Feeders Maintenance

Table 4-25:

2016 vs. 2014 Overhead Distribution Lines/Feeders Maintenance Variance

2014 Actual	2016 Test Year	Variance
$ 814,038	**$1,118,870**	**$304,832**

Please see Table 4-13 and associated narrative for an explanation of the increase in cost from 2014 to 2016.

Distribution Transformers

Table 4-26: 2016 vs. 2014 Distribution Transformers Variance

2014 Actual	2016 Test Year	Variance
$61,854	**$294,500**	**$232,646**

In 2014, credit charges which should have been applied against a capital work order related to transformer replacements were inadvertently charged against a transformer maintenance work order causing the expenses in this cost centre to be lower than normal. In addition 2014 marked a year of lower activity in this area as work was deployed elsewhere.

Human Resources

Table 4-27: 2016 vs. 2014 Human Resources Variance

2014 Actual	2016 Test Year	Variance
$1,571,978	**$1,824,994**	**$253,016**

Approximately $78,000 of this variance relates to an increase in the service cost and interest cost related to Guelph Hydro's Post Employment Retirement Benefit Liability as determined by a valuation prepared by Collins Barrow Toronto Actuarial Services Inc., as at January 1, 2013, with the exception of membership data which was brought current as at December 31, 2014, and a discount rate assumption of 4.05% per annum

which was used as at December 31, 2014 to reflect the current yields on high quality debt instruments. Guelph Hydro submits that these costs are entirely outside of the company's control. In addition, 2014 actual expenditures were understated due to approximately $26,000 in consulting fees being inadvertently being charged to the Chief Operating Officer's cost centre.

Accounting

Table 4-28: 2016 vs. 2014 Accounting Variance

2014 Actual	2016 Test Year	Variance
$ 581,806	**$908,459**	**$326,653**

Please see Table 4-16 and associated narrative for an explanation of the increase in cost from 2014 to 2016.

Customer Service & Billing

Table 4-29: 2016 vs. 2014 Customer Service & Billing Variance

2014 Actual	2016 Test Year	Variance
$ 1,746,399	**$2,118,571**	**$372,172**

The main factor causing the increase in customer service & billing costs from 2014 to 2016 is the inclusion of costs related to the implementation of monthly billing for all of Guelph Hydro's customers. It is anticipated that the move to monthly billing will result in an increase in postage costs, third party billing costs, and electronic business transaction (EBT) fees. Guelph Hydro submits that these costs are outside the company's control.

Credit & Collections

Table 4-30: 2016 vs. 2014 Credit & Collections Variance

2014 Actual	2016 Test Year	Variance
$ 443,712	**$628,084**	**$184,372**

Please see Table 4-18 for an explanation of the increase in cost from 2014 to 2016.

2.7.3.1 EMPLOYEE COMPENSATION BREAKDOWN

Guelph Hydro's employee costs are detailed in Appendix 2-K below.

Table 4-31

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	39.00	37.18	37.76	39.10	42.17	44.00
Non-Management (union and non-union)	77.70	74.07	77.72	82.66	84.08	86.83
Total	116.70	111.25	115.48	121.76	126.25	130.83
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	$ 3,835,493	$ 3,926,168	$ 3,955,695	$ 4,453,416	$ 4,746,794	$ 5,051,927
Non-Management (union and non-union)	$ 5,463,971	$ 5,104,874	$ 5,752,876	$ 6,122,393	$ 6,748,076	$ 7,392,255
Total	$ 9,299,464	$ 9,031,042	$ 9,708,571	$ 10,575,809	$ 11,494,870	$ 12,444,182
Total Benefits (Current + Accrued)						
Management (including executive)	$ 3,421,619	$ 3,582,741	$ 4,022,722	$ 4,539,977	$ 4,789,019	$ 5,044,584
Non-Management (union and non-union)	$ 6,193,730	$ 6,411,817	$ 6,737,933	$ 7,825,006	$ 8,271,157	$ 8,736,166
Total	$ 9,615,348	$ 9,994,558	$ 10,760,655	$ 12,364,983	$ 13,060,176	$ 13,780,750
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 7,257,111	$ 7,508,909	$ 7,978,417	$ 8,993,393	$ 9,535,813	$ 10,096,511
Non-Management (union and non-union)	$ 11,657,701	$ 11,516,691	$ 12,490,809	$ 13,947,399	$ 15,019,233	$ 16,128,421
Total	$ 18,914,812	$ 19,025,600	$ 20,469,226	$ 22,940,792	$ 24,555,046	$ 26,224,932

Note:

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

Assumptions and Definitions:

Appendix 2-K Employee Costs:

- **Last Approved Rebasing Year – 2012:** Numbers in this column are the numbers reported in the last Cost of Service Application document **"EB-2011-0123, Guelph Hydro Electric Systems Inc. Application to the Ontario Energy Board for Electricity Distribution Rates and Charges as of January 1, 2012**.
- **Last Rebasing Year – 2012 Board Approved:** All numbers are based on 2012 Board–Approved costs.
- **Last Rebasing Year – Actual 2012:** All numbers are based on 2012 Actuals.
- **Historical Year 2013:** All numbers are based on 2013 Actuals.
- **Historical Year 2014:** All numbers are based on 2014 Actuals.
- **Bridge Year 2015:** All numbers are based on the 2015 budget.
- **Test Year 2016:** All numbers are based on the 2016 budget.
- **Appendix 2-K Employee Costs and Inter-Company Agreements: Up until September 6, 2014,** Guelph Hydro and Guelph Hydro Inc. (GHI) shared common functions such as Chief Executive Officer, Financial, Accounting, Information Systems, Human Resources, and Payroll, in accordance with the Affiliate Relationship Code. As described in Exhibit 1, Tab 1, Schedule 1, 2.4.1 Management Discussion and Analysis, on September 6, 2014, GHI amalgamated with Guelph Municipal Holdings Inc. ("GMHI") and Guelph Hydro plans to continue these shared services for the balance of 2015 and 2016. These shared corporate services are governed by inter-company agreements between the two Companies. Guelph Hydro provides corporate services to GMHI (and prior to amalgamation, GHI) on a cost plus 10% basis, and receives corporate services from GMHI (and prior to amalgamation, GHI) on a cost basis. The sharing of corporate services creates efficiencies between the affiliated

companies by capitalizing on the functional expertise contained in each company. The information in this section reflects total actual (or budgeted for 2015 and 2016) Guelph Hydro employee compensation costs and FTEs, without netting the intercompany charges relating to the services each company purchases from the other. Intercompany charges and FTEs are reflected under Exhibit 4, Tab 3, Schedule 2, 2.7.3.2 Shared Services and Corporate Cost Allocation, of this application. The FTE and compensation charged to GMHI (and prior to amalgamation, GHI) has therefore not been netted from the total compensation and FTE numbers in this section of the application.

- **Appendix 2-K Employee Costs and the Green Energy Plan and Conservation and Demand Management Targets:** The FTE numbers and employee costs in Appendix 2-K reflect all Guelph Hydro payroll costs and do not net out costs relating to Conservation and Demand Management.

- **NOTE relating to Appendix 2-K FTE dollar amounts:** All dollar amounts shown in this section of the application are shown in actual dollar amounts (i.e. **not** in thousands)

Full-Time Equivalents (FTEs including Part-Time):

Full-time equivalents refer to all full-time and part-time employees (such as temporary employees and students) of Guelph Hydro, including temporary employees. All management and non-union employees work a minimum of 40 hours per week (refer to Human Resources Efficiencies under Exhibit 1, Tab 3, Schedule 3, 2.3.3.3 Operational Effectiveness) except for:

- four (4) remaining “grandfathered” office union employees whose weekly hours of work are 36.25 hours/weeks.

Any employee on Long Term Disability and Maternity Leave, who is expected to return to work at this time, is included in Appendix 2-K.

Full-time equivalents provided for each year is weighted based on the number of weeks an FTE is an employee. For example an employee hired on July 1 is counted as 0.5 FTEs and a student hired for a 4 month term is counted at 0.33 FTE. The resulting FTE number is then rounded to nearest two decimals (as compared to only one decimal in the last Cost of Service).

Agency and other independent contractors who provide services to Guelph Hydro and who are not employees of Guelph Hydro are excluded from all columns found in Appendix 2-K.

Management Employees:

Management employees include all Executives, Officers, managerial and/or confidential employees of Guelph Hydro, in full-time or part-time positions. Confidential employees are employees, who by nature of their position, have access to and work with confidential information.

Non-Management Employees:

Non-management employees include all employees of the International Brotherhood of Electrical Workers (IBEW) of Guelph Hydro, in full-time or part-time positions, and all students who are non-union.

Total Salary and Wages:

"Total salary and wages" includes base salary and all wages such as overtime and on-call premiums. Incentive pay is included in the "Total Salary and Wages" in Appendix 2-K. However, incentives were not included in "Total Salary and Wages" in Appendix 2-K of the last Cost of Service application and therefore are not reflected in the first column of this Appendix 2-K, under "Last Rebasing Year – 2012 Board Approved". In addition, any compensation relating to employee terminations is excluded, as this is confidential information.

Current Benefits:

Costs relating to "current benefits" relate to all payroll and discretionary benefits, such as Employer Health Tax (EHT), Canada Pension Plan (CPP), Employment Insurance (EI), Workplace Safety and Insurance Board (WSIB), Ontario Municipal Employee Retirement System (OMERS), Life Insurance, Long Term Disability, Health and Dental, and the Employee Assistance Program. Because some benefit costs (e.g. OMERS) are directly related to salary, the premium costs will vary by employee category.

Accrued Benefits:

Accrued benefits consist of both post-retirement non-pension benefits and liability of sick leave benefits, and these were calculated as follows:

Post Retirement Non-Pension Benefits:

- 2012 – based on an Actuarial Valuation of Post-Retirement Non-Pension Benefits as at January 1, 2010 performed by Dion Durrell Actuaries and Consultants
- 2013 – based on an Actuarial Valuation of Post-Retirement Non-Pension Benefits as at January 1, 2010 performed by Dion Durrell Actuaries and Consultants
- 2013 – based on an Actuarial Valuation of Post-Retirement Non-Pension Benefits as at January 1, 2013 performed by Collins Barrow Toronto Actuarial Inc.
- 2014 to 2016 – based on Actuarial Valuation of Post-Retirement Non-Pension Benefits as at January 1, 2013 performed by Collins Barrow Toronto Actuarial Services Inc., and subsequently updated on November 17, 2014 based on a roll forward of the Present Value of the Defined Benefit Obligation as at December 31, 2013, updated for changes in membership data and management's best

estimate assumptions re: discount rate, claims costs trend rate, CPE, salary rate increases, etc.

Liability for Sick Leave Benefits:

- 2012 – calculated based on the present value of the liability for Guelph Hydro's unused sick leave bank hours as at December 31, 2012, as estimated by Dion Durrell Actuaries and Consultants and based on management's assumptions (salary increases, withdrawal rates, discount rate, retirement age), as well as actual sick leave utilization experience.
- 2013 – calculated based on the present value of the liability for Guelph Hydro's unused sick leave bank hours as at December 31, 2013, as estimated by Collins Barrow Toronto Actuarial Inc. and based on management's assumptions (salary increases, withdrawal rates, discount rate, retirement age), as well as actual sick leave utilization experience.
- 2014 to 2016 – calculated based on the present value of the liability for Guelph Hydro's unused sick leave bank hours as at December 31 for each of these years, as estimated by Collins Barrow Toronto Actuarial Inc. and based on management's assumptions (salary increases, withdrawal rates, discount rate, retirement age), as well as actual sick leave utilization experience.

Actuarial Reports can be found in Appendix 4-B of this Exhibit.

Year over Year Variance Analysis:

Overview:

Succession Planning and Employee Attraction and Retention: In Guelph Hydro's experience it is getting more challenging to attract and retain qualified and experienced employees in key functional areas of this industry, given projected high levels of employee retirements across this industry causing increased demand for experienced

employees in LDC specific positions, combined with competition for younger and more diverse employees with different values and work expectations. By the end of 2018, an estimated 18% of Guelph Hydro's employees could retire (22 employees); by 2020, 25% (31 employees) and by 2025, 48% (58 employees). Competitive compensation with organizations we compete with for resources is required to meet the needs of the organization, including continued high levels of customer service. Please refer to Compensation Strategy later in this section.

Efficiencies: Since the 2012 Cost of Service, organizational changes, reorganization of work, efficiency sharing with affiliated companies and the beginning of shared services with other LDCs have resulted in more efficient and effective ways of doing work. Please refer to Exhibit 1, Tab 3, Schedule 3, 2.3.3.3 Operational Effectiveness for more details.

2012 EMPLOYEE COMPENSATION BREAKDOWN: Last Approved Rebasing Year 2012 vs. Last Rebasing Year – Actual 2012

2012 Number of Employees (FTEs including Part-Time):

Table 4-32: 2012 Number of Employees (FTEs including Part-Time)

Number of Employees (FTEs including Part-Time)	Last Rebasing Year - 2012 Board Approved	Variance	Last Rebasing Year – 2012 Actual
Management (including Executive)	39.00	-1.82	37.18
Non-Management (Union and non-union)	77.70	-3.63	74.07
Total	**116.70**	**-5.45**	**111.25**

2012 Number of Management FTEs (including Executive):

The 39.00 “last approved” is the number of FTEs planned to have been hired in 2012, and it would therefore not include unplanned gaps relating to, for example, employees leaving, retiring, or being the successful applicants to other internal positions. The net decrease of an average of 1.82 FTEs is due to the cumulative effects of, for example:

- Not filling the Communications Specialist position in Guelph Hydro, but filling it in 2013 in Guelph Hydro Inc. (GHI), an affiliate of Guelph Hydro, where 75% of the compensation costs are transferred to Guelph Hydro, via inter-company transactions.
- Transferring the Director of Corporate Communications position in Guelph Hydro to Guelph Hydro Inc. (GHI), an affiliate of Guelph Hydro, where 30% of the compensation costs are transferred to Guelph Hydro, via inter-company transactions.
- Transferring the Executive Assistant to the CEO position which historically had been in Guelph Hydro, to Guelph Hydro Inc. (GHI), an affiliate of Guelph Hydro, where 100% of the costs now are in GHI. Prior to this, the employee was in Guelph Hydro and costs were transferred to GHI via intercompany transactions.
- Not filling the second Energy Services position. An independent contractor was hired instead.
- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees leaving (1), retiring (2) and being the successful applicant to other internal positions (3).

This was offset by the cumulative effects of, for example:

- Hiring one temporary employee to cover extended bona fide sick leave absences.

- Hiring one temporary employee to assist the newly hired Director of Engineering with knowledge transfer and transitioning.
- Hiring a Regulatory Analyst to assist the Director of Regulatory Affairs in all regulatory reporting matters including Confidential Filings. This was concurrent with the decision to delete:
    - the Coop Regulatory Student position and
    - non-management Regulatory Settlement Coordinator position which was allocated 60% to regulatory (0.6 FTE) and 40% to Customer Billing (0.4 FTE).

2012 Number of Non-Management FTEs (Union and non-union):

The 77.70 “last approved” is the number of FTEs planned to have been hired in 2012, and it would therefore not include unplanned gaps relating to, for example, employees leaving, retiring, or being the successful applicants to other internal positions. The net decrease of an average of 3.63 FTEs is due to, the cumulative effects of, for example:

- Not filling the P&C Technician position,
- Not filling the second “Smart Meter Grid Technician – CDM”
- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees leaving (2), retiring (1), or being the successful applicants to other internal positions (9).
- A vacancy gap relating to the inability to successfully recruit a qualified System Control Operator in 2011, when the employee retired. The vacancy gap continued into 2012, for a total period of over one year, even after extended and expanded recruitment efforts. This critical role had to be eventually filled temporarily by a fully qualified retired system Control Operator while recruitment efforts continued.

This was offset by, for example:

- Hiring a Vehicle and Plant Mechanic, where 75% of the compensation costs are transferred to Envida Community Energy (Envida), an affiliate of Guelph Hydro, via inter-company transactions.

2012 Total Salary and Wages including Overtime and Incentive Pay:

Table 4-33: Total 2012 Salary and Wages including Overtime and Incentive Pay

Total Salary and Wages Including Overtime and Incentive Pay	Last Rebasing Year - 2012 Board Approved	Variance	Last Rebasing Year – 2012- Actual
Management (including Executive)	$ 3,835,493	$ 90,675	$ 3,926,168
Non-Management (Union and non-union)	$ 5,463,971	-$ 359,097	$ 5,104,874
Total	**$ 9,299,464**	**-$ 268,422**	**$ 9,031,042**

Total 2012 Management (including Executives) Salary and Wages:

The $90,675 increase is due to the cumulative effects of, for example:

- Hiring a Regulatory Analyst.
- Hiring one temporary employee to fill during paid extended sick leave absences.
- Hiring one temporary employee to assist the Director of Engineering.
- Higher than expected overtime hours relating to, for example, assisting in the Long Island, New York, emergency (note that overtime costs relating to the storm event in Long Island, New York were recovered from the utility in New York).
- A base salary increase and incentive bonus for management employees, based on individual and corporate performance, compa-ratio, and the market. No management employee receives an automatic yearly “economic” increase. The management salary structure was increased by 3% in 2012. The market, based on Mercer, projected a 2012 average increase for all employees across Canada of 3.1% for all sectors and 3.1% for the utility sector. The HayGroup projected a

2012 base salary increase of 3.1% in the Broader Public sector in Southwestern Ontario. The 2011/2012 Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) Group Salary Survey of participating Ontario LDC's projected a median increase of 3% for 2012.

This increase in compensation was offset by the cumulative effects of, for example:

- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees leaving (1), retiring (2), and being the successful applicants to other internal positions (3).
- Not filling the Energy Services Representative, and
- Transferring the Communications Specialist and Executive Assistant to CEO positions to GHI, an affiliate of Guelph Hydro.

Total 2012 Non-Management (Union and Non-Union) Salary and Wages:

Employees in this group include all union employees and all summer and coop students. The $359,097 decrease is due to the cumulative effects of, for example:

- Hiring fewer students (i.e. 10 terms of 4 months each instead of 12 terms) combined with hiring coop university/college students in lower college/university years than planned. Coop student hourly rates increase with the number of college/university years completed.
- Not filling the P&C Technician position.
- Not filling the second "Smart Meter Grid Technician – CDM" position.
- A vacancy gap relating to the inability to successfully recruit a qualified System Control Operator in 2011, which extended into 2012.
- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees leaving (2), retiring (1), being the successful applicant to other internal positions (9), or going on maternity leave (2),

- Not hiring behind one of the two employees off on unpaid maternity leave, and
- Backfilling behind employees, who left, retired or transferred with employees paid at lower salary progression levels based on the Collective Agreement.
- Union salary increases are based on the existing 3-year Collective Agreement which expired on March 31, 2013. There is a 3% negotiated increase for all union employees, effective April 1, 2012 to March 31, 2013.

This decrease in compensation was offset by, for example:

- An increase in higher than expected overtime hours relating to, for example, assisting in the Long Island, New York, emergency. (Note that overtime costs relating to the storm event in Long Island, New York, were recovered).
- Progressions for employees paid below the job rate in accordance with the Collective Agreement.
- Hiring a Vehicle and Plant Mechanic.

2012 Total Benefits (Current + Accrued):

Table 4-34: Total 2012 Benefits (Current and Accrued)

Total Benefits (Current + Accrued)	Last Rebasing Year - 2012 Board Approved	Variance	Last Rebasing Year – 2012- Actual
Management (including Executive)	$ 3,421,619	$ 161,122	$ 3,582,741
Non-Management (Union and non-union)	$ 6,193,730	$ 218,087	$ 6,411,817
Total	**$ 9,615,348**	**$ 379,210**	**$ 9,994,558**

Total 2012 Management (including Executives) Benefits:

There was an overall increase of $161,122 in benefit costs, resulting in an increase of $227, 315 in accrued benefits coupled with a decrease of $66,193 in current benefits.

2012 Management Current Benefits: There was a decrease in current benefits of $66,193 largely due to the cumulative effects of for example:

- A decrease in the average FTEs of 1.82.
- Hiring temporary employees, who are not eligible for Life Insurance, LTD, OMERS and Health and Dental.
- A lower than expected increase in LTD and Health benefit premiums.
- Vacancy gaps resulting from filling and backfilling of positions.

These decreases were offset by for example:

- A higher than expected increase in Life and dental premiums.
- The OMERS annual maximum being reached sooner in the higher paid positions, resulting in a higher percentage contribution rate, and increased benefit costs.
- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, resulting in higher benefit costs.

While the OMERS premium did go up in 2012 from 7.4% to 8.3% for earnings up to the CPP earnings limit and from 10.7% to 12.8% for earnings greater than the CPP earnings limit, there were no material differences between the 2012 Board-approved and 2012 actuals, as these costs were already factored into the 2012 Board-approved benefit costs.

2012 Management Accrued Benefits: There was a $227,315 increase in actual 2012 accrued benefits when compared to the Board approved amount for that year. This was the result of the recognition of a $226,635 amount representing Guelph Hydro's liability for unused sick leave hours. Under Canadian Generally Accepted Accounting

Principles this amount was never recognized, but when the Company moved to International Financial Reporting Standards in 2012 recognition became mandatory. The amount is not recognized in the 2012 Board approved amount due to the timing of the preparation of the 2012 Rate Submission, which was all completed prior to 2011. The 2012 liability for unused sick leave hours was not valued until early January 2013 since it was necessary to obtain the most up to date sick leave utilization information in order to make the estimate of the liability more accurate.

Total 2012 Non-Management (Union and Non-Union) Benefits:

There was an overall increase of $218,087 in benefit costs, resulting from an increase of $347,359 in accrued benefits coupled with a decrease of $129,272 in current benefits.

There was a decrease in current benefits of $129,272 largely due to the cumulative effects of for example:

- A decrease in average FTEs of 3.63.
- Hiring temporary employees, who are not eligible for Life Insurance, LTD, OMERS and Health and Dental.
- A lower than expected increase in LTD, Life Insurance and Health benefit premiums.
- Vacancy gaps resulting from filling and backfilling of positions.

This decrease was offset by for example:

- A higher than expected increase in dental premiums.
- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.

- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees, because of their higher salaries, resulting in higher benefit costs.

While the OMERS' premium did go up in 2012 by 8.3% for earnings up to the CPP earnings limit and 12.8% for earnings greater than the CPP earnings limit, there were no material differences between the 2012 Board approved and 2012 actuals.

2012 Non-Management Accrued Benefits: There was a $347,359 increase in actual 2012 accrued benefits when compared to the Board approved amount for that year. This was the result of the recognition of a $346,039 amount representing Guelph Hydro's liability for unused sick leave hours. Under Canadian Generally Accepted Principles this amount was never recognized, but when the Company moved to International Financial Reporting Standards in 2012 recognition became mandatory. The amount is not recognized in the 2012 Board approved amount due to the timing of the preparation of the 2012 Rate Submission, which was all completed prior to 2011. The 2012 liability for unused sick leave hours was not valued until early January 2013 since it was necessary to obtain the most up to date sick leave utilization information in order to make the estimate of the liability more accurate.

2012 Total Compensation (Salary, Wages, & Benefits)

Table 4-35: Total 2012 Compensation

Total Compensation (Salary, Wages, & Benefits)	Last Rebasing Year - 2012 Board Approved	Variance	Last Rebasing Year – 2012- Actual
Management (including Executive)	$7,257,111	$ 251,798	$ 7,508,909
Non-Management (Union and non-union)	$11,657,701	-$ 141,010	$ 11,516,691
Total	**$ 18,914,812**	**$ 110,788**	**$ 19,025,600**

Please refer to the above detailed variance explanations.

2013 EMPLOYEE COMPENSATION BREAKDOWN: Last Rebasing Year – 2012-Actuals VS 2013 Actuals

2013 Number of Employees (FTEs including Part-Time):

Table 4-36: 2013 Number of Employees (FTEs including Part-Time)

Number of Employees (FTEs including Part-Time)	Last Rebasing Year - 2012 Actual	Variance	2013 Actual
Management (including Executive)	37.18	0.58	37.76
Non-Management (Union and non-union)	74.07	3.65	77.72
Total	**111.25**	**4.23**	**115.48**

2013 Number of Management FTEs (including Executive):

There was an overall average FTE increase of 0.58 resulting from, the cumulative impacts of, for example:

- Hiring a Systems Analyst, for workload increases relating to planned technology changes, and upgrades to the security system and disaster recovery. This position also provides depth for the transfer of key Information Systems knowledge critical to business continuity.
- Hiring an Operations Manager, to manage work flow in line construction and maintenance, including contracts for line work, tree trimming, etc. and assist in related estimate analysis and budgeting. This replaced the need to subcontract tree trimming at an annual cost of $40K.
- The full years impact of hiring the Regulatory Analyst in 2012.
- Hiring temporary employees to replace employees on LTD (2), maternity leave (1), or assist the Director of Engineering (1).

This increase was offset by, for example:

- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees leaving (1) or being the successful applicant to other internal positions (3).

2013 Number of Non-Management FTEs (Union and non-union):

There was an overall average FTE increase of 3.65 resulting from the cumulative impacts of, for example:

- Hiring one Billing Quality Assurance Coordinator to validate meter register reads and interval data before sending to the Meter Data Management Repository (MDM/R). This replaced third party consultant/contractor costs ($70K per year), and resulted in a decrease in employee overtime relating to this function, who were involved in correcting thousands of bills. Moving to an in-house resource also resulted in a material improvement in data accuracy to MDM/R and improvements in IESO metrics relating to this function. Please refer to Exhibit 1, Tab 3, Schedule 3, 2.3.3.3 Operational Effectiveness for more details.
- Hiring one Lineperson to deal with increased lineperson hours relating to capital projects which are expected to be ongoing (i.e. not a peak) combined with a higher ratio of inexperienced apprentices to qualified journeypersons and increased planned overtime.
- Hiring one System Control Operator apprentice as part of succession planning. Given current demographics, 3 of our existing fully qualified Operators could retire by the end of 2019 (2 in 2015 and 1 in 2019). This represents 100% of our fully qualified Operators, and we risk losing a wealth of utility knowledge and experience if we don't hire ahead of retirements, for training and utility knowledge transfer. It is imperative that we maintain a seasoned workforce in the Control Room to keep our employees, customers and general public safe and be able to respond to all types of customer emergencies, switching, control and coordination with Hydro One for bulk supply. It can take up to 4 years of training

to become a journeyperson, but it takes several more years to become a "seasoned journeyperson", able to safely work in all types of emergency circumstances, including weather related emergencies such as ice storms.

- The full year's impact in 2013 of hiring the Vehicle and Plant Mechanic in 2012.
- Hiring temporary employees to replace employees on extended bona fide sick leave/LTD (2) and maternity leave (1).

This was offset by, for example:

- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees retiring (1), or being the successful applicant to other internal positions (3).

2013 Total Salary and Wages including Overtime and Incentive Pay:

Table 4-37: 2013 Total Salary and Wages including Overtime and Incentive Pay

Total Salary and Wages Including Overtime and Incentive Pay	Last Rebasing Year - 2012 Actual	Variance	2013 Actual
Management (including Executive)	$ 3,926,168	$ 29,527	$ 3,955,695
Non-Management (Union and non-union)	$ 5,104,874	$ 648,002	$ 5,752,876
Total	**$ 9,031,042**	**$ 677,530**	**$ 9,708,571**

Total 2013 Management (including executives) Salary and Wages:

The $29,527 increase is due to the cumulative effects of, for example:

- Hiring a Systems Analyst
- Hiring an Operations Manager
- Hiring one temporary employee ahead of an employee going on maternity leave to ensure a smooth transition.

- A job grade increase consistent our job evaluation systems and internal pay equity principles
- The full year's impact in 2013 of hiring the Regulatory Analyst in 2012.
- A base salary increase and incentive bonus for management employees, based on individual and corporate performance, compa-ratio, and the market. No management employee receives an automatic yearly "economic" increase. The management salary structure was increased by 2.9% in 2013. The market, based on The Conference Board of Canada, projected a 2013 across Canada average increase for all sectors of 3.0% and 3.1% in the utility sector. The HayGroup projected a 2013 across Canada average base salary increase of 2.9% across all sectors and 3.1% in the utility sector. The 2012/2013 Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) Group Salary Survey of participating Ontario LDC's projected a 2013 overall average salary increase of 2.7% and a Canada overall increase of 2.9%.

This increase in compensation was offset by, for example:

- Temporary employees hired at a lower rate than employees they are replacing.
- Lower overtime hours in 2013.
- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees leaving (1), being the successful applicants to other internal positions (4) or going on maternity leave (1).

Total 2013 Non-Management (Union and Non-Union) Salary and Wages:

Employees in this group include all union employees and all summer and coop students. The $648,002 increase is due to the cumulative effects of, for example:

- Hiring one Billing Quality Assurance Coordinator
- Hiring one Lineperson

- Hiring one System Control Operator
- Temporary employees filling for employees on extended bona fide paid sick leave.
- Higher overtime hours in 2013.
- Base salary progressions for employees paid below the job rate in accordance with the Collective Agreement.
- Vacant positions filled during 2012 which now have a full year's impact in 2013.
- Hiring ahead of an announced retirement to minimize the impacts of the retirement.
- Increasing weekly hours of work from part-time to full-time for one position in Billing.
- Negotiated increases in 2013. Union salary increases are based on the existing 4-year Collective Agreement which expires on March 31, 2017. There is a 2.75% negotiated increase for all union employees, effective April 1, 2013 to March 31, 2014.

2013 Total Benefits (Current + Accrued):

Table 4-38: 2013 Total Benefits (Current and Accrued)

Total Benefits (Current + Accrued)	Last Rebasing Year - 2012 Actual	Variance	2013 Actual
Management (including Executive)	$ 3,582,741	$ 439,981	$ 4,022,722
Non-Management (Union and non-union)	$ 6,411,817	$ 326,116	$ 6,737,933
Total	**$ 9,994,558**	**$ 766,097**	**$ 10,760,655**

Total 2013 Management (including Executives) Benefits:

There was an overall increase of $439,981 in benefit costs, resulting from an increase of $370,988 in accrued benefits coupled with an increase of $68,993 in current benefits.

2013 Management Current Benefits: There was an increase in current benefits of $68,993 due to the cumulative effects of:

- An increase in the average number of FTEs of 0.58.
- The full years impact of hiring a Regulatory Analyst in 2012.
- An increase in OMERS premiums in 2013 from 8.3% to 9.0% for earnings up to the CPP earnings limit and from 12.8% to 14.6% for earnings greater than the CPP earnings limit.
- Increases in all benefit cost premiums relating to LTD, Health and Dental and Life Insurance.
- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.
- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g., WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, thereby resulting in higher benefit costs.

This increase was offset by:

- Hiring temporary employees, who are not eligible for Life Insurance, LTD, OMERS and Health and Dental.

2013 Management Accrued Benefits: There was a $370,988 increase in actual 2013 accrued benefits when compared to the actual 2012 accrued benefits. The main reason for this increase is due to the change in the discount rate which is assumed to be 4.90% per annum in 2013 based on the Actuarial Valuation of Post-Retirement Non-Pension Benefits as at January 1, 2013 performed services by Collins Barrow Toronto Actuarial Inc. compared to the discount rate of 5.75% per annum which was used in the 2012 valuation based on the Actuarial Valuation of Post-Retirement Non-Pension Benefits as at January 1, 2010 performed by Dion Durrell Actuaries and Consultants.

2013 Non-Management (Union and Non-Union) Benefits:

There was an overall increase of $326,116 in benefit costs, resulting from an increase of $130,244 in accrued benefits coupled with an increase of $195,872 in current benefits.

There was an increase in current benefits of $195,872 largely due to the cumulative effects of for example:

- Increase in the average number of FTEs of 3.65
- The full year's impact in 2013 of hiring the Vehicle and Plant Mechanic in 2012.
- Increase in OMERS' premiums in 2013 from 8.3% to 9.0% for earnings up to the CPP earnings limit and from 12.8% to 14.6% for earnings greater than the CPP earnings limit.
- Increases in all other benefit cost premiums relating to LTD, Health and Dental and Life Insurance.
- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.
- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some

wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, resulting in higher benefit costs.

This increase was offset by:

- Hiring temporary employees, who are not eligible for Life Insurance, LTD, OMERS and Health and Dental.

2013 Non-Management Accrued Benefits: There was a $130,244 increase in actual 2013 accrued benefits when compared to the actual 2012 accrued benefits. The main reason for this increase is due to the change in the discount rate which is assumed to be 4.90% per annum in 2013 based on the Actuarial Valuation of Post-Retirement Non-Pension Benefits as at January 1, 2013 performed services by Collins Barrow Toronto Actuarial Inc. compared to the discount rate of 5.75% per annum which was used in the 2012 valuation based on the Actuarial Valuation of Post-Retirement Non-Pension Benefits as at January 1, 2010 performed by Dion Durrell Actuaries and Consultants.

2013 Total Compensation (Salary, Wages, & Benefits)

Table 4-39: 2013 Total Compensation

Total Compensation (Salary, Wages, & Benefits)	Last Rebasing Year - 2012 Actual	Variance	2013 Actual
Management (including Executive)	$ 7,508,909	$ 469,508	$ 7,978,417
Non-Management (Union and non-union)	$ 11,516,691	$ 974,118	$ 12,490,809
Total	**$ 19,025,600**	**$ 1,443,627**	**$ 20,469,226**

Please refer to the above detailed variance explanations.

2014 EMPLOYEE COMPENSATION BREAKDOWN: 2013 Actuals VS 2014 Actuals

2014 Number of Employees (FTEs including Part-Time):

Table 4-40: 2014 Number of Employees (FTEs including Part-Time)

Number of Employees (FTEs including Part-Time)	2013 Actual	Variance	2014 Actual
Management (including Executive)	37.76	1.34	39.10
Non-Management (Union and non-union)	77.72	4.94	82.66
Total	**115.48**	**6.28**	**121.76**

2014 Number of Management FTEs (including Executive):

There was an overall average FTE increase of 1.34 resulting from the cumulative impacts of, for example:

- The full years impact in 2014 of hiring the Systems Analyst and the Operations Manager in 2013.
- One temporary employee to replace someone going on a twelve month maternity leave, combined with an overlap ahead of the employee going on maternity leave to ease the transition.
- One temporary employee to replace someone going on a twelve month maternity leave, combined with an overlap at the end of leave with the employee returning from leave to ease the transition.

This increase was offset by for example:

- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees leaving (2) or being the successful applicants to other internal positions (1).

2014 Number of Non-Management FTEs (Union and non-union):

There was an overall average FTE increase of 4.94 resulting from the cumulative impacts of, for example:

- Hiring one Apprentice Meterperson as part of succession planning. Given current demographics, four of Guelph Hydro's existing fully qualified Meterpersons could retire by the end of 2017 (two in 2016 and two in 2017). This represents 100% of the company's fully qualified Meterpersons, and the company risks losing a wealth of knowledge and experience if new apprentices are not hired ahead of retirements for knowledge transfer and training. It is imperative that Guelph Hydro maintain a fully qualified workforce in this position which provides field metering support for new service installations, ensures that the company's' fleet of metering installations meets Measurement Canada regulatory requirements, and provides support for smart meter daily data flow requirements and field Customer Service functions.
- Hiring one Apprentice Lineperson as part of succession planning. Given current demographics, six of Guelph Hydro's existing fully qualified Linepersons could retire by the end of 2018 (one in 2015, two in 2016, two in 2017 and one in 2018). This represents 19% of the company's fully qualified Linepersons, and the company risks losing a wealth of knowledge and experience if new apprentice Linepersons are not hired ahead of retirements to ensure orderly knowledge transfer and training. It is imperative that the company maintain a seasoned workforce in the line trade to maintain safety and be able to respond to all types of customer emergencies, as well as carry out yearly line maintenance and construction programs. It can take up to four years of apprenticeship training to become a journeyperson, but it takes several more years to become a "seasoned journeyperson" who is able to safely work in all types of emergency circumstances, including weather related emergencies such as ice storms.

- Hiring one System Control Operator as part of succession planning. Given current demographics, three of Guelph Hydro's existing fully qualified Operators could retire by the end of 2019 (two in 2015 and one in 2019). This represents 100% of the company's fully qualified Operators, and the company risks losing a wealth of knowledge and experience if new Control Operators are not hired ahead of retirements to ensure orderly knowledge transfer and training. It is imperative that the company maintain a seasoned Control Room workforce as this position is pivotal to keeping employees, customers and the general public safe, and to ensure proper switching, control and coordination with Hydro One for bulk supply. It can take up to four years of training to become fully qualified, but it takes several more years to become a "seasoned" employee who is able to safely work in all types of emergency circumstances, including weather-related emergencies such as ice storms.
- Hiring one Credit and Collections Representative primarily to deal with an increase in workload in the Credit Department.
- The full years impact in 2014 of hiring a Billing Assurance Coordinator, a Lineperson and a System Control Operator in 2013.
- Hiring four temporary employees to replace four employees on recurring, overlapping and extended sick leave/LTD.
- Re-hiring one employee in Engineering as a temporary employee to deal with a peak in workload, and help in his replacement's transition and training.

This was offset by for example:

- Vacancy gaps resulting from filling and backfilling of positions vacated for example by employees leaving (1) and employees being the successful applicants to internal positions (4).

2014 Total Salary and Wages including Overtime and Incentive Pay:

Table 4-41: 2014 Total Salary and Wages including Overtime and Incentive Pay

Total Salary and Wages Including Overtime and Incentive Pay	2013 Actual	Variance	2014 Actual
Management (including Executive)	$ 3,955,695	$ 497,720	$ 4,453,416
Non-Management (Union and non-union)	$ 5,752,876	$ 369,517	$ 6,122,393
Total	**$ 9,708,571**	**$ 867,237**	**$ 10,575,809**

Total 2014 Management (including executives) Salary and Wages:

The $497,720 increase is due to the cumulative effects of, for example:

- Internal reorganization to strengthen our financial department and upgrading management positions.
- The full years impact in 2014 of hiring the Systems Analyst in 2013.
- The full years impact of hiring the Operations Manager in 2013.
- Overlap between one employee going on maternity leave and temporary replacement employee to ease the transition.
- Overlap between one employee returning from maternity leave and temporary replacement employee to ease the transition.
- Higher on-call hours due to higher number of employees being on-call. Information Systems employees are now being paid for being on-call. Historically these employees were not paid for being on-call, which created an internal inequity.
- Higher number of overtime hours.
- A base salary increase and incentive bonus for management employees, based on individual and corporate performance, compa-ratio, and the market. No

management employee receives an automatic yearly "economic" increase. The management salary structure was increased by 2.75% in 2014. The market, based on Mercer, projected a 2014 average salary increase of 3.1% for all sectors across Canada. The HayGroup projected a 2014 average base salary increase of 2.8% across all sectors in Canada, 2.7% across all sectors in Ontario, and 3.0% in the utility sector across Canada. The 2013/2014 Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) Group Salary Survey of participating Ontario LDC's projected an overall average salary increase of 2.7% for 2014.

This increase in compensation was offset by, for example:

- Temporary employees hired at a lower rate than employees they are replacing.
- A series of vacancy gaps related to time needed to fill positions vacated by employees leaving (2).

Total 2014 Non-Management (Union and Non-Union) Salary and Wages:

Employees in this group include all union employees and all summer and co-op students. The $369,517 increase is due to the cumulative effects of, for example:

- Hiring one Meterperson
- Hiring one Lineperson
- Hiring one System Control Operator
- Hiring one Credit and Collections Representative
- The full years impact in 2014 of hiring a Billing Assurance Coordinator, a Lineperson and a System Control Operator in 2013.
- Temporary employees filling for employees on paid bona fide sick leave.

- Special ad hoc bonus paid to employees to recognize extraordinary long hours of work during the Holiday Season to get the lights back on during the 2013/2014 ice storm.
- Higher overtime hours.
- Base salary progressions for employees paid below the job rate in accordance with the Collective Agreement.
- Hiring ahead of an announced retirement to better transition the employee into the position.
- Negotiated increases effective April 1, 2014, based on a Collective Agreement signed on August 15, 2013. Union salary increases are based on the existing 4-year Collective Agreement, covering the period April 1, 2013 to March 31, 2017. There is a 1.75% negotiated increase effective April 1, 2014 and a 1.0% increase for all union employees, effective September 29, 2014 to March 31, 2015.

2014 Total Benefits (Current + Accrued):

Table 4-42: 2014 Total Benefits (Current and Accrued)

Total Benefits (Current + Accrued)	2013 Actual	Variance	2014 Actual
Management (including Executive)	$ 4,022,722	$ 517,255	$ 4,539,977
Non-Management (Union and non-union)	$ 6,737,933	$ 1,087,073	$ 7,825,006
Total	**$ 10,760,655**	**$ 1,604,328**	**$ 12,364,983**

Total 2014 Management (including Executives) Benefits:

There was an overall increase of $517,255 in benefit costs, resulting from an increase of $438,947 in accrued benefits coupled with an increase of $78,308 in current benefits.

2014 Management Current Benefits: There was an increase in current benefits of $78,308 due to the cumulative effects of for example:

- An increase in the average FTEs of 1.34.
- The full years impact in 2014 of hiring the Systems Analyst and the Operations Manager in 2013.
- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.
- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, resulting in higher benefit costs.
- Increases in Health and Dental benefit premiums between January and March.

This increase was offset by for example:

- Hiring temporary employees, who are not eligible for Life Insurance, LTD, OMERS and Health and Dental coverage.
- Significant decreases in benefit premiums relating to LTD and Life Insurance starting in January.
- Significant decreases in benefit premiums relating to Health and Dental insurance starting in May.

2014 Management Accrued Benefits: In 2014, there was an increase in accrued benefits of $438,947 compared to 2013. The 2013 actual Post-Retirement Benefit liability was based on membership data, accounting methodology, assumptions and benefit plan provisions as set out in a valuation prepared by Collins Barrow Toronto

Actuarial Services Inc., dated January 1, 2013. The 2014 actual Post-Retirement Benefit liability was based on the same valuation, as noted above, except that membership data was brought current as at December 31, 2014, and a discount rate assumption of 4.05% per annum was used. This updated valuation was prepared on February 11, 2015. The increase in benefits in 2014 compared to 2013 is primarily the result of a decrease in the discount rate assumption from 4.9% as used in the January 1, 2013 valuation, to 4.05% as used in the updated valuation prepared on February 11, 2015.

2014 Non-Management (Union and Non-Union) Benefits:

There was an overall increase of $1,087,073 in benefit costs, resulting from an increase of $1,051,577 in accrued benefits coupled with an increase of $35,496 in current benefits.

There was an increase in current benefits of $35,496 due to the cumulative effects of for example:

- An increase in the average FTEs of 4.94.
- The full years impact in 2014 of hiring a Billing Assurance Coordinator, a Lineperson and a System Control Operator in 2013.
- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.
- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, resulting in higher benefit costs.
- Increases in Health and Dental benefit premiums between January and March

This increase was offset by for example:

- Hiring temporary employees, who are not eligible for Life Insurance, LTD, OMERS and Health and Dental.
- Significant decreases in benefit premiums relating to LTD and Life Insurance starting in January.
- Significant decreases in benefit premiums relating to Health and Dental starting in May.

2014 Non-Management Accrued Benefits: In 2014, there was an increase in accrued benefits of $1,051,577 compared to 2013. The 2013 actual Post-Retirement Benefit liability was based on membership data, accounting methodology, assumptions and benefit plan provisions as set out in a valuation prepared by Collins Barrow Toronto Actuarial Services Inc., dated January 1, 2013. The 2014 actual Post-Retirement Benefit liability was based on the same valuation, as noted above, except that membership data was brought current as at December 31, 2014, and a discount rate assumption of 4.05% per annum was used. This updated valuation was prepared on February 11, 2015. The increase in benefits in 2014 compared to 2013 is primarily the result of a decrease in the discount rate assumption from 4.9% as used in the January 1, 2013 valuation, to 4.05% as used in the updated valuation prepared on February 11, 2015.

2014 Total Compensation (Salary, Wages, & Benefits)

Table 4-43: 2014 Total Compensation

Total Compensation (Salary, Wages, & Benefits)	2013 Actual	Variance	2014 Actual
Management (including Executive)	$ 7,978,417	$ 1,014,975	$ 8,993,393
Non-Management (Union and non-union)	$ 12,490,809	$ 1,456,590	$ 13,947,399
Total	**$ 20,469,226**	**$ 2,471,565**	**$ 22,940,792**

Please refer to the above detailed variance explanations.

2015 EMPLOYEE COMPENSATION BREAKDOWN: 2014 Actuals VS 2015 Bridge Year

2015 Number of Employees (FTEs including Part-Time):

Table 4-44: 2015 Number of Employees (FTEs including Part-Time)

Number of Employees (FTEs including Part-Time)	2014 Actual	Variance	2015 Bridge Year
Management (including Executive)	39.10	3.07	42.17
Non-Management (Union and non-union)	82.66	1.42	84.08
Total	**121.76**	**4.49**	**126.25**

2015 Number of Management FTEs (including Executive):

There is an overall average FTE increase of 3.07 resulting from, the cumulative impacts of, for example:

- Hiring a Junior Accountant to perform the day to day accounting functions, including processing journal entries, preparing monthly financial statements, processing credit card transactions, and confidential work. This role has been historically been filled by Coop Students hired every 4 months, who are not able to provide continuity and required ongoing training and orientation to Guelph Hydro's accounting system and practices. This new role deals with these inefficiencies and also provides an opportunity for succession planning in the financial function in the medium-to-long term (refer to Exhibit 4, Tab 3, Schedule 1, Accounting and Exhibit 4, Tab 3, Schedule 1 - Employee Trends relating to Accounting and Employee Trends).
- Guelph Hydro's 2015-2020 conservation targets as set out by the IESO are more than double its 2011-2014 CDM targets, when compared on an equivalent average annual incremental energy savings basis (refer to Exhibit 4, Tab 6, Schedule 1, Filing Requirement 2.7.6). In order to meet its 2015-2020

conservation target, Guelph Hydro plans to add two additional CDM resources to support the design and delivery of conservation programs to Guelph Hydro's customers.

  - Guelph Hydro anticipates the hiring of an Energy Manager or CDM delivery support resource such as a CDM Analyst, to facilitate the need to continually monitor and maintain a cost-effective CDM delivery at the project, program and portfolio levels, as well as the need for more frequent IESO reporting and customer CDM requirements analysis. Details of the position will be determined once the Conservation First Framework (CFF) and Guelph Hydro's CDM Plan are fully established. This position is expected to be fully funded through the CFF funding mechanism, and so Guelph Hydro is not seeking rate recovery for the costs associated with this position.

  - Guelph Hydro plans to hire one Energy Services Representative for more aggressive CDM delivery obligations. Details of the position will be determined once the CFF and Guelph Hydro's CDM Plan are fully established. This position is expected to be fully funded through the CFF funding mechanism, and as with the position described above, Guelph Hydro is not seeking rate recovery for the costs associated with this position.

- Hiring a Regulatory Accountant to deal with regulatory accounting requirements, regulatory accounting policies that ensure accurate and timely OEB reporting, and the ability to run Guelph Hydro's regulatory accounting system concurrently with the financial accounting system. The position will maintain the OEB accounting chart of accounts which is different from GHESI's financial accounting chart of accounts, and the regulatory accounting treatment of financial items which can be different from the treatment prescribed under IFRS. The benefit from adding this position will be the provision of more timely and accurate reporting to the OEB, as well as providing much needed backup and support for

the rest of the Accounting Department which currently relies heavily on the Manager and Controller for all accounting, reporting and budgeting-related issues.

- Hiring a Temporary Regulatory Affairs Analyst to assist in reporting tasks and the Cost of Service application.
- Overlap between employees returning from maternity leave with temporary employee to ease the transition.

2015 Number of Non-Management (Union and non-union):

There is an overall average FTE increase of 1.42 resulting from the cumulative impacts of, for example:

- Hiring one Apprentice Meterperson as part of succession planning. Given current demographics, four of the company's existing fully qualified Meterpersons could retire by the end of 2017 (two in 2016 and two in 2017). This represents 100% of Guelph Hydro's fully qualified Meterpersons, and the company risks losing a wealth of knowledge and experience if the company does not hire ahead of retirements, to ensure orderly knowledge transfer and training. It is imperative that the company maintains a fully qualified workforce in this position which provides field metering support for new service installations, ensures our fleet of metering installations meets Measurement Canada regulatory requirements, and provides support for smart meter daily data flow requirements and field Customer Service functions.
- Hiring one Apprentice Lineperson as part of succession planning. Given current demographics, six of Guelph Hydro's existing fully qualified Linepersons could retire by the end of 2018 (one in 2015, two in 2016, two in 2017 and one in 2018). This represents 19% of the company's fully qualified Linepersons, and Guelph Hydro risks losing a wealth of knowledge and experience if the company does not hire ahead of retirements to ensure orderly knowledge transfer and

training. Guelph Hydro has hired one Lineperson apprentice in 2013 and one in 2014 and require a third in 2015 for succession planning. It is imperative that Guelph Hydro maintains a seasoned workforce in the line trade to maintain safety and be able to respond to all types of customer emergencies, as well as carry out yearly line maintenance and construction programs. It can take up to 4 years of apprenticeship training to become a journeyperson, but it takes several more years to become a "seasoned journeyperson" who is able to safely work in all types of emergency circumstances, including weather-related emergencies such as ice storms.

- Hiring one Engineering Technician for ongoing design work which is easier to manage in-house, resulting in higher quality work, versus continuing to outsource at cost of $100K/year.

- Hiring one SCADA Technologist to meet additional requirements relating to LDC "Smart Grid" development to meet OEB regulations, and provide field support as we continue to expand deployment of intelligent line monitors, switches, etc.

2015 Total Salary and Wages including Overtime and Incentive Pay:

Table 4-45: 2015 Total Salary and Wages including Overtime and Incentive Pay

Total Salary and Wages Including Overtime and Incentive Pay	2014 Actual	Variance	2015 Bridge Year
Management (including Executive)	$ 4,453,416	$ 293,378	$ 4,746,794
Non-Management (Union and non-union)	$ 6,122,393	$ 625,683	$ 6,748,076
Total	**$ 10,575,809**	**$ 919,061**	**$ 11,494,870**

2015 Total Management (including executives) Salary and Wages:

The $293,378 increase is due to the cumulative effects of, for example:

- Hiring a Financial Analyst.

- Hiring one Energy Manager.
- Hiring one Energy Services Representative.
- Hiring a Regulatory Accountant.
- Hiring a Temporary Regulatory Affairs Analyst to assist in reporting tasks and the Cost of Service application.
- A base salary increase and incentive bonus for management employees, based on individual and corporate performance, compa-ratio, and the market. No management employee receives an automatic yearly "economic" increase. The management salary structure will be increased by 2.75% in 2015. The market, based on Mercer, projected a 2015 median salary increase of 3.6% and average increase of 3.7% in the Energy Sector across Canada. Mercer also projected a 2015 median salary increase of 3% and average increase of 2.9% for the Greater Toronto area, and a median salary increase of 3% and average increase of 3% for the rest of Ontario. The HayGroup projected a 2015 average base salary increase of 2.7% across all sectors in Canada. The Conference Board of Canada projected an average base salary increase of 2.9% for all organizations across Canada, 2.9% for the private sector and 2.7% for the public sector. The 2014/2015 Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) Group Salary Survey of participating Ontario LDC's projected an overall average salary increase of 2.4%.

2015 Total Non-Management (Union and Non-Union) Salary and Wages:

Employees in this group include all union employees and all summer and coop students. The $625,683 increase is due to the cumulative effects of, for example:

- Hiring one Apprentice Meterperson.
- Hiring one Apprentice Lineperson.
- Hiring one Engineering Technician

- Hiring one SCADA Technologist
- The full years' impact in 2015 of hiring one Meterperson, one Lineperson, one System Control Operator and one Credit and Collections Representative in 2014.
- Base salary progressions for employees paid below the job rate in accordance with the Collective Agreement.
- Negotiated increases for the year 2015, based in the Union Collective Agreement signed on August 15, 2013. Union salary increases are based on the existing 4-year Collective Agreement covering the period April 1, 2013 to March 31, 2017. There is a 2.75% negotiated increase effective April 1, 2015 to March 31, 2016.

2015 Total Benefits (Current + Accrued):

Table 4-46: 2015 Total Benefits (Current and Accrued)

Total Benefits (Current + Accrued)	2014 Actual	Variance	2015 Bridge Year
Management (including Executive)	$ 4,539,977	$ 249,042	$ 4,789,019
Non-Management (Union and non-union)	$ 7,825,006	$ 446,151	$ 8,271,157
Total	**$ 12,364,983**	**$ 695,193**	**$ 13,060,176**

2015 Total Management (including Executives) Benefits:

There is an overall increase of $249,042 in benefit costs, resulting from an increase of $169,089 in accrued benefits coupled with an increase of $79,953.

2015 Management Current Benefits: There is an increase in current benefits of $79,953 due to the cumulative effects of for example:

- An average increase in FTEs of 3.07.

- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.
- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, resulting in higher benefit costs.

This increase is offset by:

- Hiring a temporary employee, who is not eligible for Life Insurance, LTD, OMERS and Health and Dental coverage.
- No increases in benefit premiums relating to LTD and Life Insurance in January.
- No increases in benefit premiums relating to Health and Dental in May.

2015 Management Accrued Benefits: In 2015 there is an increase in accrued benefits of $169,089 compared to 2014. The 2015 and 2014 actual Post-Retirement Benefit liabilities are based on accounting methodology, assumptions and benefit plan provisions as set out in a valuation prepared by Collins Barrow Toronto Actuarial Services Inc., as at January 1, 2013, with the exception of membership data which was brought current as at December 31, 2014, and a discount rate assumption of 4.05% per annum which was used as at December 31, 2014 to reflect the current yields on high quality debt instruments. The increase in benefits is the result of current service costs and interest costs related to the Defined Benefit Obligation being greater than the benefits currently being paid out of the plan.

2015 Total Non-Management (Union and Non-Union) Benefits:

There is an overall increase of $446,151 in benefit costs, resulting from an increase of $303,302 in accrued benefits coupled with an increase of $142,849 in current benefits.

There is an increase in current benefits of $142,849 due to the cumulative effects of:

- An increase in the average FTEs of 1.42.
- The full years impact in 2015 of hiring one Meterperson, one Lineperson, one System Control Operator and one Credit and Collections Representative in 2014.
- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.
- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, resulting in higher benefit costs.

This increase is offset by for example:

- No increases in benefit premiums relating to LTD and Life Insurance in January.
- No increases in benefit premiums relating to Health and Dental in May.

2015 Non-Management Accrued Benefits: In 2015 there is an increase in accrued benefits of $303,302 compared to 2014. The 2015 and 2014 actual Post-Retirement Benefit liabilities are based on accounting methodology, assumptions and benefit plan provisions as set out in a valuation prepared by Collins Barrow Toronto Actuarial Services Inc., as at January 1, 2013, with the exception of membership data which was brought current as at December 31, 2014, and a discount rate assumption of 4.05% per annum which was used as at December 31, 2014 to reflect the current yields on high

quality debt instruments. The increase in benefits is the result of current service costs and interest costs related to the Defined Benefit Obligation being greater than the benefits currently being paid out of the plan.

2015 Total Compensation (Salary, Wages, & Benefits)

Table 4-47: 2015 Total Compensation

Total Compensation (Salary, Wages, & Benefits)	2014 Actual	Variance	2015 Bridge Year
Management (including Executive)	$ 8,993,393	$ 542,420	$ 9,535,813
Non-Management (Union and non-union)	$ 13,947,399	$ 1,071,834	$ 15,019,233
Total	**$ 22,940,792**	**$ 1,614,254**	**$ 24,555,046**

Please refer to the above detailed variance explanations. In June, 2014, Guelph Hydro completed a salary study which concluded that Guelph Hydro is paying generally between the twenty fifth percentile (P25) and fiftieth percentile (P50). Guelph Hydro completes studies every 3-4 years to ensure it is paying at the level it should be paying to attract and retain employees. The last study was completed in 2010.

2016 EMPLOYEE COMPENSATION BREAKDOWN: 2015 Bridge Year VS 2016 Test Year

2016 Number of Employees (FTEs including Part-Time):

Table 4-48: 2016 Number of Employees (FTEs including Part-Time)

Number of Employees (FTEs including Part-Time)	2015 Bridge Year	Variance	2016 Test Year
Management (including Executive)	42.17	1.83	44.00
Non-Management (Union and non-union)	84.08	2.75	86.83
Total	**126.25**	**4.58**	**130.83**

2016 Number of Management FTEs (including Executive):

There will be an overall average FTE increase of 1.83 resulting from, the cumulative impacts of, for example:

- Hiring one Control Room Supervisor. Recent changes to the Utility Work Protection Code (UWPC), increased customer counts, and distribution automation all necessitate the move to 24/7 control room coverage. In addition, by the time 24/7 coverage is fully implemented, Guelph Hydro will have reached the amount of LDC-owned transmission connected station load (Arlen MTS – commissioned in 2012) to warrant the planned 24/7 shift expansion. Load growth includes distribution system growth in addition to North to South load transfers to relieve adjacent congested areas/stations. Finally, enhanced responses are needed based on feedback from key customer engagements and to comply with the IESO/NERC transmission system code. When the move to 24/7 occurs, there will be the need to hire an additional System Control Operator, and maintain this staff complement at seven. This organizational change will necessitate the need to split the existing SCADA/Control Room Department into two separate departments, one covering the function of SCADA technology/Smart Grid

development and the other covering the 24/7 Control Room/Operation function. This will require adding one Control Room Supervisor. In 2014, GHESI signed a contract with Milton Hydro to provide Control Room Services, 16 hours per day over five business days per week. When Guelph Hydro moves to 24/7, the existing shared control room services is expected to be expanded to Milton Hydro and/or other LDC's. Guelph Hydro's FTE costs relating to this expanded Shared Services Model with other LDC's are expected to be partially offset by revenues from participating LDC's. Please refer to Exhibit 1, Tab 3, Schedule 3, 2.3.3.3 Operational Effectiveness for more details.

- The full years impact in 2016 of hiring an Energy Manager, Energy Services Representative, Regulatory Accountant and Financial Analyst in 2015.

2016 Number of Non-Management FTEs (Union and non-union):

There will be an overall average FTE increase of 2.75 resulting from the cumulative impacts of, for example:

- Hiring one System Control Operator. This additional FTE is to move to a 24/7 control room. A full rationale can be found under hiring "one Control Room Supervisor" under Management, above. This FTE also mitigates against upcoming retirements. Given current demographics, three (3) of the company's existing fully qualified Operators could retire by the end of 2019 (two in 2015 and one in 2019). Guelph Hydro hired one Operator in 2013 and second Operator in 2014, and a third Operator is required in 2016 to move to 24/7 control room coverage. The three Operators who could retire by 2019 currently represent 100% of the company's fully qualified Operators, and Guelph Hydro risks losing a wealth of knowledge and experience if new hires are not made ahead of retirements to ensure orderly knowledge transfer and training. It is imperative that the company maintain a seasoned Control Room workforce as this position is pivotal to keeping employees, customers and the general public safe, and for

ensuring proper switching, control and coordination with Hydro One for bulk supply. It can take up to four years of training to become fully qualified, but it takes several more years to become a "seasoned" employee who is able to safely work in all types of emergency circumstances, including weather-related emergencies such as ice storms. Please refer to Exhibit 1, Tab 3, Schedule 3, 2.3.3.3 Operational Effectiveness for more details.

- Hiring one Apprentice Lineperson as part of succession planning. Given current demographics, six (6) of Guelph Hydro's existing fully qualified Linepersons could retire by the end of 2018 (one in 2015, two in 2016, two in 2017 and one in 2018). This represents 19% of the company's fully qualified Linepersons, and Guelph Hydro risks losing a wealth of knowledge and experience if new hires are not made ahead of retirements to ensure proper knowledge transfer and training. Guelph Hydro hired one Lineperson apprentice in 2013 and one in 2014, and plans to hire a fourth in 2015 and a sixth in 2016 for succession planning. It is imperative that the company maintain a seasoned workforce in the line trade to maintain safety and be able to respond to all types of customer emergencies, as well as carry out our yearly line maintenance and construction programs. It can take up to 4 years of apprenticeship training to become a journeyperson, but it takes several more years to become a "seasoned journeyperson" who is able to safely work in all types of emergency circumstances, including weather related emergencies such as ice storms.

- The full years' impact in 2016 of hiring a Lineperson, Meterperson, Engineering Technician and SCADA Technologist in 2015.

2016 Total Salary and Wages including Overtime and Incentive Pay:

Table 4-49: 2016 Total Salary and Wages including Overtime and Incentive Pay

Total Salary and Wages Including Overtime and Incentive Pay	2015 Bridge Year	Variance	2016 Test Year
Management (including Executive)	$ 4,746,794	$ 305,133	$ 5,051,927
Non-Management (Union and non-union)	$ 6,748,076	$ 644,179	$ 7,392,255
Total	**$ 11,494,870**	**$ 949,312**	**$ 12,444,182**

2016 Total Management (including executives) Salary and Wages:

The $305,133 increase is due to the cumulative effects of, for example:

- Hiring a System Control Supervisor
- The full years impact in 2016 of hiring an Energy Manager, Energy Services Representative, Regulatory Accountant and Financial Analyst in 2015.
- A base salary increase and incentive bonus for management employees, based on individual and corporate performance objectives, compa-ratio, and the market. No management employee receives an automatic yearly “economic” increase. The management salary structure will be increased by 2.5% in 2016.

2016 Total Non-Management (Union and Non-Union) Salary and Wages:

Employees in this group include all union employees and all summer and coop students. The $644,179 increase is due to the cumulative effects of, for example:

- Hiring one System Control Operator
- Hiring one Apprentice Lineperson.
- The full years impact in 2016 of hiring a Lineperson, Meterperson, Engineering Technician and SCADA Technologist in 2015.

- Base salary progressions for employees paid below the job rate in accordance with the Collective Agreement.
- Negotiated increases in 2014. Union salary increases are based on the existing 4-year Collective Agreement which expires on March 31, 2017. There is a 2.5% negotiated increase effective April 1, 2015 to March 31, 2016.

2016 Total Benefits (Current + Accrued):

Table 4-50: 2016 Total Benefits (Current and Accrued)

Total Benefits (Current + Accrued)	2015 Bridge Year	Variance	2016 Test Year
Management (including Executive)	$ 4,789,019	$ 255,565	$ 5,044,584
Non-Management (Union and non-union)	$ 8,271,157	$ 465,009	$ 8,736,166
Total	**$ 13,060,176**	**$ 720,574**	**$ 13,780,750**

2016 Total Management (including Executives) Benefits:

There will be an overall increase of $255,565 in benefit costs, resulting from an increase of $177,483 in accrued benefits coupled with an increase of $78,082 in current benefits.

2016 Management Current Benefits: There will be an increase in current benefits of $78,082 due to the cumulative effects of for example:

- An average increase in FTEs of 1.83.
- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.

- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, resulting in higher benefit costs.
- Projected increases in benefit premiums relating to Health and Dental in May, 2016.

This increase will be offset by for example:

- No increases in benefit premiums relating to LTD and Life Insurance in January.

2016 Management Accrued Benefits: In 2016, there will be an increase in accrued benefits of $177,483 compared to 2015. The 2016 and 2015 actual Post-Retirement Benefit liabilities will be based on accounting methodology, assumption and benefit plan provisions as set out in a valuation prepared by Collins Barrow Toronto Actuarial Services Inc., as at January 1, 2013, with the exception of membership data which was brought current as at December 31, 2014, and a discount rate assumption of 4.05% per annum which was used as at December 31, 2014 to reflect the current yields on high quality debt instruments. The increase in benefits is the result of current service costs and interest costs related to the Defined Benefit Obligation being greater than the benefits currently being paid out of the plan.

2016 Total Non-Management (Union and Non-Union) Benefits:

There will be an overall increase of $465,009 in benefit costs, resulting from an increase of $309,563 in accrued benefits coupled with an increase of $155,445 in current benefits.

There will be an increase in current benefits of $155,445 due to the cumulative effects of for example:

- An increase in the average FTEs of 2.75
- The full years impact in 2015 of hiring one Meterperson, one Lineperson, one System Control Operator and one Credit and Collections Representative in 2014.
- The OMERS annual maximum being reached sooner in some higher paid positions, resulting in a higher percentage contribution rate and increased benefit costs.
- The impact of higher wages on wage-dependent benefit premium costs (e.g. OMERS, LTD, Life Insurance, CPP, WISB, EI, EHT, etc.). In addition, some wage-dependent benefit costs (e.g. WSIB) have a high annual maximum cap, which would be reached by many employees at higher salaries, resulting in higher benefit costs.
- Projected increases in Health and Dental benefit premiums in May 2016.

This increase will be offset by for example:

- No increases in benefit premiums relating to LTD and Life Insurance in January.

2016 Non-Management Accrued Benefits: In 2016, there was an increase in accrued benefits of $309,563 compared to 2015. The 2016 and 2015 actual Post-Retirement Benefit liabilities were based on accounting methodology, assumption and benefit plan provisions as set out in a valuation prepared by Collins Barrow Toronto Actuarial Services Inc., as at January 1, 2013, with the exception of membership data which was brought current as at December 31, 2014, and a discount rate assumption of 4.05% per annum which was used as at December 31, 2014 to reflect the current yields on high quality debt instruments. The increase in benefits is the result of current service costs and interest costs related to the Defined Benefit Obligation being greater than the benefits currently being paid out of the plan.

2016 Total Compensation (Salary, Wages, & Benefits)

Table 4-51: 2016 Total Compensation

Total Compensation (Salary, Wages, & Benefits)	2015 Bridge Year	Variance	2016 Test Year
Management (including Executive)	$ 9,535,813	$ 560,698	$ 10,096,511
Non-Management (Union and non-union)	$ 15,019,233	$ 1,109,188	$ 16,128,421
Total	**$ 24,555,046**	**$ 1,669,886**	**$ 26,224,932**

Please refer to the above detailed variance explanations.

DESCRIPTION OF COMPENSATION STRATEGY - EMPLOYEE TRENDS, COMPENSATION AND PERFORMANCE SYSTEM

In an industry characterized by an aging workforce, anticipated LDC-specific skills shortages, increased diversity, younger employees replacing retiring employees, and different employee values and work expectations, it is getting more challenging to attract and retain employees in specific key functional areas and contain compensation related costs.

Guelph Hydro employee trends can impact Human Resources Planning and Compensation.

Employee Turnover

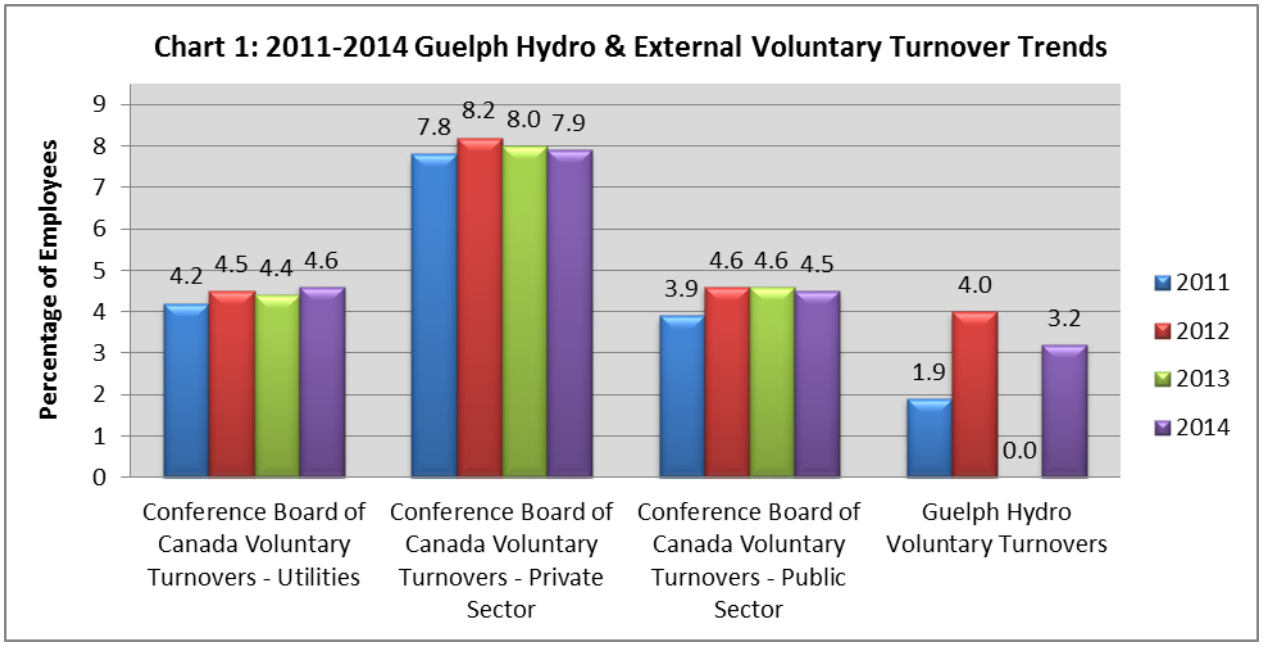
Employee turnover metrics support that Guelph Hydro is retaining its high performing employees, and severing with its lower performing employees, suggesting a culture of good performance management balanced by good hiring decisions. Minimizing turnover minimizes costs related to recruitment, hiring, orientation and training and development.

Voluntary Turnover: Voluntary turnover can be an indicator of retention concerns, particularly in key positions. Guelph Hydro's voluntary turnover has been trending below the national averages in the "utility", public and private sectors, which is a positive indication of Guelph Hydro's ability to retain employees.

*Voluntary turnover is defined as turnover due to an employee-initiated departure. It excludes retirements, dismissals, redundancies, transfers, deaths, and leaves (e.g. disability, parental, sabbatical, and other leaves of absence).

Chart 4-1

2011-2014 Voluntary Turnover

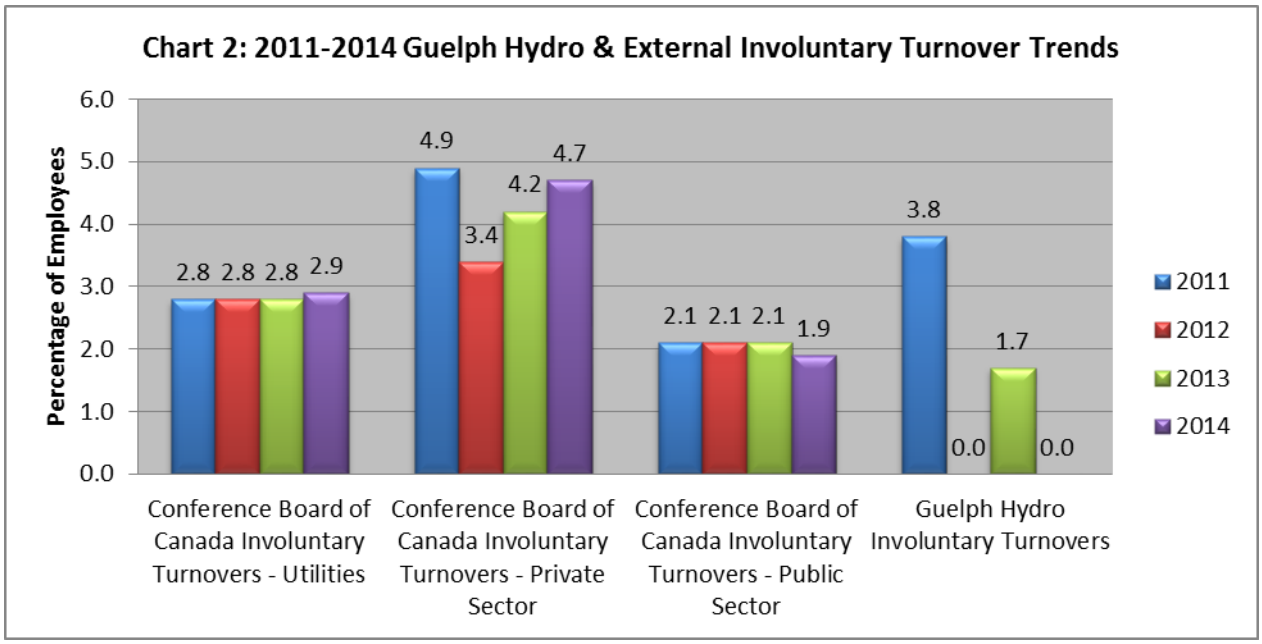


Involuntary turnover** Involuntary turnover is the metric that is used to track and to assess human resources planning, performance management and hiring decisions. Guelph Hydro is trending below the "utility", public and private sectors, which is a positive indication of good human resources planning that covers the "base workload" and not "peaks in workload" in order to avoid expensive layoffs, and a culture of good performance management balanced with good hiring decisions.

**Involuntary turnover is defined as turnover due to an employee departure initiated by the employer (e.g. severances, dismissals, redundancies).

Chart 4-2

2011-2014 Involuntary Turnover



Note: Employee turnover is calculated by first calculating the average number of employees during a one-year period (add headcount for each month in the year divided by 12), excluding casual, contract, temporary, or seasonal employees. Second, calculate the annual turnover rate (total of exits divided by the average number of employees during the one-year period) x 100%.

Projected Retirements

Projected retirements are important to track for Human Resources planning into the future to ensure continued good customer service and business continuity. This metric directly links to the annual Human Resources budget plan, training/development plans and succession management.

The following Table 4-52 shows eligible retirements, by functional area, based on employees becoming eligible for an undiscounted pension. This table shows that we can anticipate future gaps at all levels across the entire organizations. There are 22 employees eligible to retire with an unreduced pension by the end of 2018, an additional 9 by the end of 2020, and an additional 27 by the end of 2025, for a worst case total of 58.

These potential 58 retirements in the next ten years in key leadership, management and trades/technical roles, will be occurring at a time when other companies and LDCs Guelph Hydro competes with for people will also be experiencing high levels of retirements. This means an increased competition for talent. Mitigation is occurring through succession management, knowledge transfer and human resources planning such as hiring ahead of retirements in trades, and ensuring Guelph Hydro remains a "great place to work".

Key areas to consider from a human resources planning perspective for the upcoming 2015 and 2016 annual human resources plan/budget include functional areas where fully competent employees are difficult to attract and where there is a need for longer transitional overlaps such as Meterpersons, Linepersons or System Control Operators, to ensure a safe and reliable continuity of customer services as seasoned employees retire, and new, less experienced apprentices are hired.

Guelph Hydro's historical trends continue to shows that the average age at retirement is 59, with 25 years of credited pensionable service. However, Guelph Hydro's average age for retirement at the senior leadership level is trending at age 62. Guelph Hydro's challenge is that employees very rarely provide a firm irrevocable retirement date in a timely manner to allow Guelph Hydro to plan.

Table 4-52

PROJECTED RETIREMENTS TO 2025			
FUNCTIONAL AREA	**# of Potential Retirements by 2018**	**# Potential Retirements by 2020**	**# Potential Retirements by 2025**
SENIOR LEVEL			
Director Level and above	3	2	4
MANAGERS/SUPERVISORS:			
Managers	1		1
Supervisors	2	1	7
MANAGEMENT SOLE CONTRIBUTORS:			
Professionals	1	1	2
IBEW:			
Trades/Technical	11	3	4
Administrative	4	2	9
TOTALS	**22**	**9**	**27**
CUMULATIVE TOTALS		**31**	**58**

Average Age and Age Distribution

Average age and age distribution are indicators of the organization's capability of sustaining succession management and industry specific knowledge transfer to "younger" employees as "older" employees leave. It is also an indicator of potential knowledge transfer from "younger" employees to "older" employees in specific areas such as the use of continuously changing computer/communications technology. Skill sets from across age groups can at time complement each other.

<u>Employees over the age of 45:</u>

The average age across the company is 43 years old as of January 1, 2015 and the percentage of employees 45 years of age and older is 56%. This is in line with the Electricity Sector Council report which stated that 53% of employees in all key Electrical Occupations across Canada are over the age of 45. This employee population holds a wealth of industry specific knowledge and experience that younger employees need to

acquire before they leave. Also, as employees age, Guelph Hydro is seeing an increase in long term illnesses, as described in the Extended Sick Leave and LTD section below. An increase in long term illnesses exerts pressure on productivity and compensation.

Table 4-53

Average Age and % Over 45

AVERAGE AGE	43
% of Employees 45 Years of Age and Older	56%

Employees Under the Age of 35:

As employees retire, there is a continued increase in the number of employees under the age of 35, as demonstrated in the following Table 4-54. Employees under the age of 35 provide opportunities to mentor and develop into progressively more senior roles, as part of succession management. While this cohort is gaining specific industry experience and knowledge from their "older" peers, they can also transfer their own specific knowledge to "older" employees relating to computer technology and communications. Also as this cohort grows, Guelph Hydro is seeing an increase in maternity/parental leaves, as shown in the maternity/parental leave section below, which puts pressure on productivity and compensation.

Table 4-54

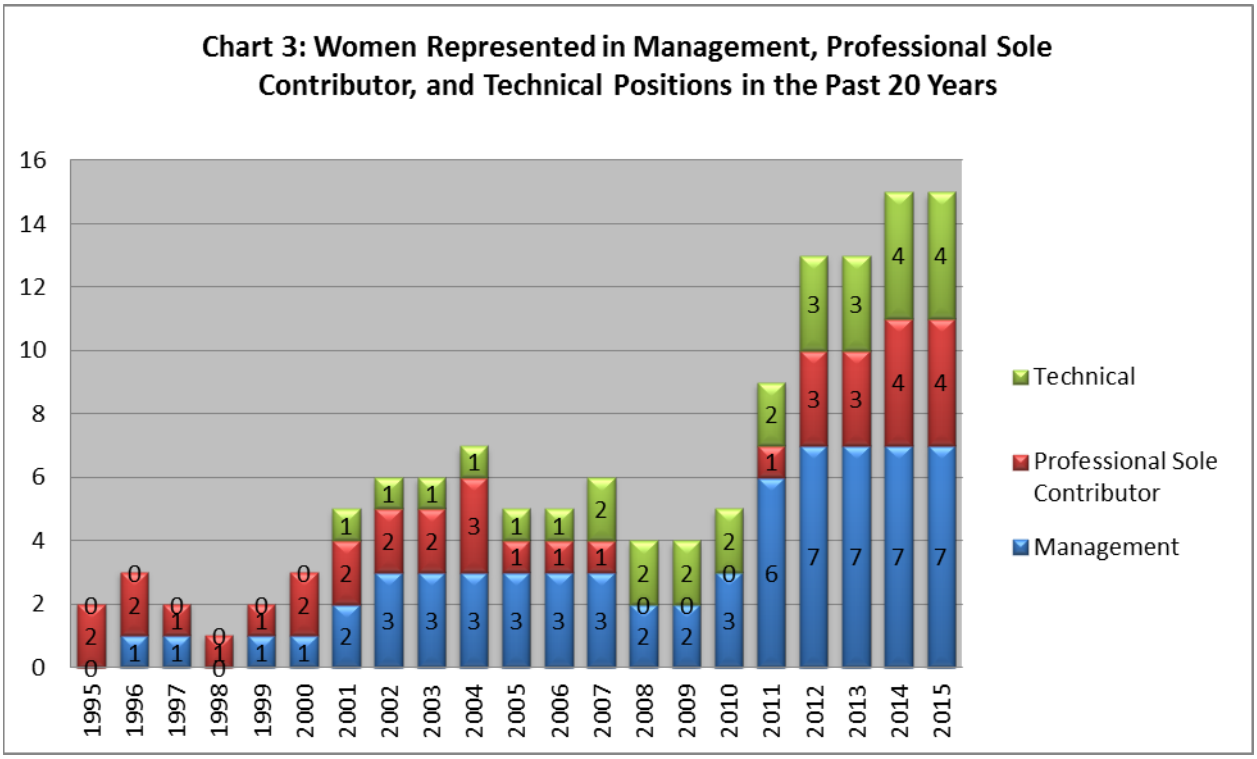
Employee Breakdown: Over and Under 35 Years of Age

	2015	**2014**
	35 & under	**35 & under**
Total	42	35
%	34%	29%

Women in Management, Professional, Trades & Technical Positions

Over the past 20 years, there has been an increase in women in trades, technical, professional or management positions across our industry and this change be also be seen at Guelph Hydro, as shown in the following Chart 4-3. Since 1995, Guelph Hydro has experienced a gradual increase in the number of women in these career paths. This trend is consistent with the 2011 Electricity Sector Council Survey which suggests that the proportion of women in the workforce in Technical Industries has increased from the 2006 survey. They report that generally women are unrepresented in the technical or trades occupations such as Engineers, Technicians and Technologists. The Electricity Industry is below the average for all industries with respect to the percentage of women in the workforce in Professional, Technical and Trades positions, and Guelph Hydro's percentage is trending slightly below the average for the Electricity Industry in Professional and Technical positions. Guelph Hydro is now experiencing the highest number of women in management, professional and technical positions, ever in its history.

Chart 4-3



Trades Apprentices

Apprentice numbers in the system control room, lines, meterperson and electrical maintainer trades are increasing at Guelph Hydro as employees retire across the industry and competition for remaining long serviced Journeypersons increases. While Guelph Hydro's external recruiting efforts always look for Journeypersons, apprentices are normally hired due to the lack of qualified Journeypersons applying.

Table 4-55

Year	Trade Apprentice #	Trade Journeyperson #
2014	15	23
2010	7	27

There has been more than a doubling of apprentices in the past five years at Guelph Hydro, and a decrease in Journeypersons, increasing the ratio of Apprentices to Journeypersons. Increases in the numbers of apprentices, coupled with decreases in "seasoned Journeypersons" increases risks relating to employee, customer and public safety, and also negatively impacts productivity and customer service. This is being mitigated by being a "great place to work", maintaining Guelph Hydro's strong safety culture, and productivity gains such as eating lunch at the job site year round, a negotiated term and condition which was achieved over three sets of Collective Agreements, and other productivity gains relating to tools and vehicles, over a period of time.

Extended Sick Leave and LTD

For over a decade, Guelph Hydro did not experience extended sick leaves and long term disabilities (LTD). This atypical trend ended in 2012. Since 2012 Guelph Hydro has experienced five extended long term illness/LTD. Guelph Hydro is now experiencing its sixth LTD case in 2015. The first four LTD employees returned to work within two years, and there are two employees currently off on extended long term illnesses.

Table 4-56

Year Ranges	Extended Sick Leave/LTD
2001-2011	0
2012-2015	6

The increase in long term illnesses/LTD is likely related to Guelph Hydro's aging employee population, combined with an increase in mental health-related claims. According to the Mental Health Commission of Canada, 30% of short- and long-term disability claims in Canada are attributed to mental health problems and illnesses, and in any given year 1 in 5 Canadians will experience a mental health problem or illness. The total economic burden in Canada from mental illness is approximately $51 billion

per year and $20 billion of this comes from workplace losses. Another alarming statistic is that only 23% of Canadians feel comfortable talking with their employer about their mental illness. Mental health problems and illnesses are often under reported due to the stigma associated with self-identifying with these types of illnesses; therefore these numbers are quite possibly much lower than the actual effects of mental health illnesses.

Guelph Hydro mitigates through its wellness program which includes education relating to nutrition, physical activity and mental health, as well as capping Guelph Hydro's short term sick leave of all employees, achieved through collective bargaining.

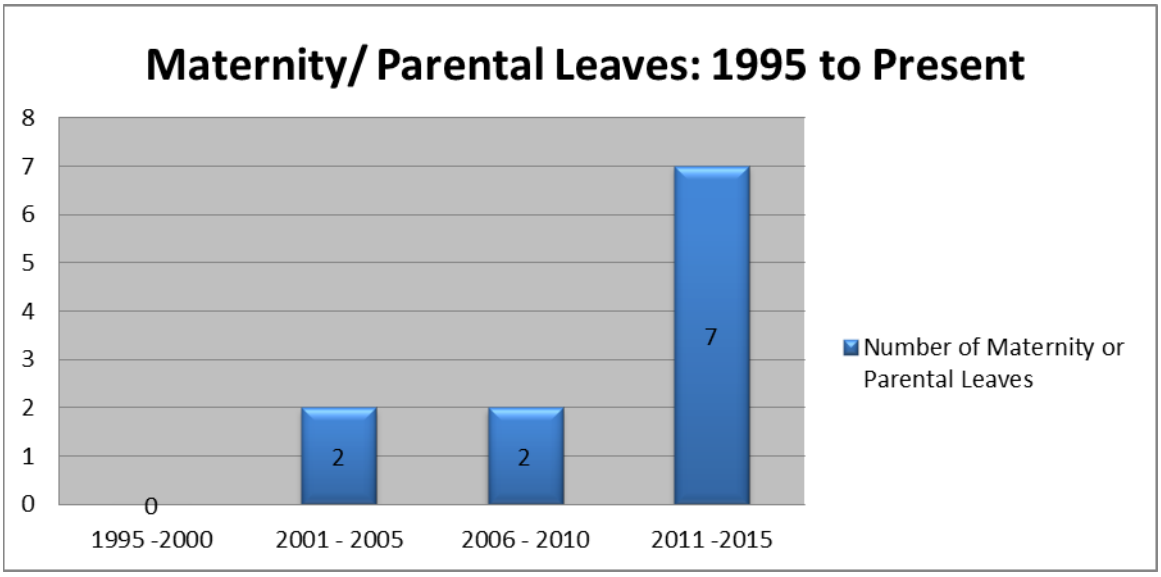
An increase in unplanned extended leaves in various positions, including management and professional, results in the hiring of unplanned temporary employees, difficulty in finding adequately skilled temporary replacements, poor transitional planning, adverse impacts on productivity and increases in compensation costs to cover transitional overlaps as employees leave and return to work. This also negatively impacts long term liabilities relating to sick leave, as can be seen under our accrued benefit cost analysis for each year under the Appendix 2-K.

Maternity/Parental Leaves

Guelph Hydro is experiencing a sudden increase in maternity/parental leaves in various positions across the company, including management and professional positions, as demonstrated by our data since 1995. This trend is expected to continue given Guelph Hydro's projected increases in hiring younger employees and women.

An increase in unplanned extended leaves in various positions, including management and professional, results in the hiring of unplanned temporary employees, difficulty in finding adequately skilled temporary replacements, poor transitional planning, adversely impacts productivity and increases compensation costs to cover transitional overlaps as employees leave and return to work.

Chart 4-4



Temporary Employees

The unplanned use of temporary employees has increased due to an increase in unplanned extended leaves as noted above under extended sick leaves/LTD and maternity/parental leaves. This trend which can adversely affect productivity and increase compensation costs is expected to continue.

Table 4-57: Temporary Employees

YEAR	NUMBER OF TEMPORARY EMPLOYEES
2011	3
2012	8
2013	3
2014	5

Compensation

Qualified and adequate numbers of employees to fill key business LDC requirements, including succession planning and knowledge transfer specific to Guelph Hydro and the industry, are essential for continued high levels of customer service and business continuity. Competitive compensation with organizations we compete with for similar roles is a key element for ensuring Guelph Hydro's ability to attract and retain the qualified resources in need for continued high levels of customer service and business success and continuity.

Compensation Principles and Target Market

The company's philosophy is to be generally competitive with comparable organizations for similar roles in the market the LDC competes in for people. The primary target market for LDC-specific roles is the LDC market and the primary target market for non-industry specific roles is the broader market place.

Union

All office and outside employees, or 67% of the total Guelph Hydro employee population, are represented by Local Union 636 of the International Brotherhood of Electrical Workers (IBEW). This employee category is highly educated, and many are in positions that are very specific to the electrical industry requiring specialized skills and knowledge. For example, the majority of unionized employees are in positions requiring 4-years of post-secondary education in trades apprenticeship programs (e.g., linepersons, system control operators, meterpersons and electrical maintainers) or 2-3 years of college in specialized courses (e.g. Technicians – Engineering, Technologists – Engineering, Technologists – SCADA & Communications, Geographic Information Systems (GIS) Technicians). Other employees generally require a minimum of Grade 12, with additional directly related experience and/or courses for certificates (e.g. Buyer, Accounting Clerks, Customer Inquiry Clerks, Credit and Collections Clerks, etc.).

All employees work 40 hours/week, except for six “grandfathered” office employees who work 36.25 hours/week. Any part-time employees work a minimum of 25 hours/week, with the management flexibility of increasing weekly hours up to 40 hours/week, at straight time rates, during peak periods.

Union job rates need to be competitive to ensure Guelph Hydro can attract the employees it needs, given the competition for talent for highly specialized skills and high levels of expected retirements in this industry over the next five years. Guelph Hydro also needs to retain employees, in order not to lose the investments it makes in the training and development of its employees, and in particular employees who completed four year trades apprenticeship programs with Guelph Hydro in LDC specific trades. As noted under the Employee Trends section, Guelph Hydro trades apprentice numbers have more than doubled since 2010 and significant investments are being made in their four year apprenticeship training until they become fully qualified journeypersons able to perform all aspects of the trade. Without competitive compensation, Guelph Hydro risks losing these investments to better paying LDCs in Ontario and other jurisdictions.

Union positions are in salary bands, based on a job evaluation system which is administered through a Joint Job Evaluation Committee.

Initially, all employees are typically hired at lower starting rates that, depending on the position, can range from 60% to 75% of the position rate. Newly hired employees progress based on a set salary schedule every six months providing they meet performance expectations. Performance reviews are conducted every 6 months to determine whether the employee will progress to the next level of the salary schedule, until they reach the negotiated position rate. Depending on the position, and assuming the employee meets performance expectations, it will typically take from 18 to 48 months to reach the negotiated position rate.

Executives and Management

This employee category covers all other employees of Guelph Hydro and includes two executives, who are Officers of the Company, and all other managerial, supervisory and confidential employees of Guelph Hydro. All management employees work a minimum of 40 hours/week.

This employee category is also highly educated. The majority of these positions require university-level education, and many require several years if specialized industry experience and knowledge and /or post university/college education (e.g. Engineers, Accountants with CA/CGA/CMA designations, Regulatory Experts, Operations Experts, Senior Systems Analysts, etc.).

Guelph Hydro's management position salaries also need to be competitive in order to ensure it can attract the employees it needs, given the competition for talent for highly specialized competencies and high levels of expected retirements in this industry over the next five years. The company also needs to retain employees, in order not to lose the investments it makes in training and development, and in particular employees who are in the engineering, operations, regulatory and accounting/financial areas.

In June 2014, Guelph Hydro completed a salary study which concluded that Guelph Hydro is paying generally between the twenty fifth percentile (P25) and fiftieth percentile (P50). Guelph Hydro completes studies every 3-4 years to ensure it is paying at the level it should be paying to attract and retain employees. The last study was completed in 2010.

All management employees, regardless of level, are compensated through a common compensation system. There are three compensation components to consider: (1) the compensation structure, made up of base salary and incentives; (2) the setting of annual objectives; and (3) the relative assessment of performance against objectives, to determine how the employee will be paid within the structure. All base salary changes and incentives are based on performance, and there are no across-the-board automatic "economic" increases to base salaries, for any management employee.

1) The Compensation Structure Design: Base Salaries and Incentives

There are two components to the compensation structure: base salaries and incentives.

Management positions are placed in salary bands, based on a job evaluation system, administered through a Senior Management Committee, to ensure internal and Pay Equity.

Management employees are often initially hired at lower starting rates, which can start from 85% of the position job rate. The base salary amount an employee is paid when compared to their 100% job rate is called the employee compa-ratio. For example, an employee paid at 85% of the job rate has a compa-ratio of 0.85. Once hired, any movement on the salary band is based on the employee's relative assessment of performance against annual objectives and/or job expectations, as described under section (3) below. The 2015 pay for performance review of all management employees for the year 2014, resulted in an average company compa-ratio of 98%, which means that, on average management employees are paid at 98% of their position rates.

The second component of the compensation is the short term incentive, which is based on a combination of individual performance and corporate performance, as summarized in Table 4-58, below. The weighting of individual versus corporate performance is based on level.

TABLE 4-58: SHORT TERM INCENTIVE STRUCTURE

Positions	Corporate Performance Weighting (%)	Individual Performance Weighting (%)
COO (Officer)	70	30
VP (Officer)	60	40
Directors	60	40
Managers	30	70
Supervisors & Individual Contributors	20	80

2) The Setting of Annual Objectives:

Performance ratings for the purpose of determining an employee's base salary increase and short term incentive payout are based on 1) achievement of annual objectives and/or expectations, and 2) demonstration of core behaviours.

Annual Objectives:

A balanced scorecard approach is used to ensure that annual performance objectives and measures relating to Key Operational Objectives and Key Strategic Objectives balance all key areas that impact the long-term success of the LDC: customer needs, organizational strength, LDC specific operational and business requirements and financial performance. Annual objectives link directly to the OEB's Scorecard for LDCs.

Specific corporate performance objectives are set annually to move the organization forward in the following five key strategic imperatives:

(1) Deliver balanced financial returns by investing in quality energy production and distribution infrastructure;

(2) Being a leader in the provision and implementation of an energy conservation and sustainable energy culture to Guelph Hydro's customers and employees that is consistent with the energy initiatives of its shareholder and province;

(3) Being a leader in the efficient, safe, reliable and economic distribution of energy;

(4) Being a great place to work and communicating it to attract and retain employees; and

(5) Ensuring that Guelph Hydro enhances its position as an asset to its shareholder and the communities by engaging all stakeholders in its key initiatives and objectives.

Guelph Hydro's 2015 Scorecard for Compensation purposes has a list of objectives which are largely based on the OEB's Scorecard. See Guelph Hydro's 2015 Objectives found under Exhibit 1, Tab 9, Schedule 4, 2.4.8.4 Corporate Governance Practices.

Core Behaviours:

Behaviours are also factored into the pay for performance process to ensure that annual short term results are not achieved at the expense of Guelph Hydro's core values, which focus on a longer term vision. While compensation can be negatively affected by the wrong behaviours, the right behaviours do not increase compensation. Those values are:

Safety, Efficiency and Reliability

"We believe we earn employee and customer respect by operating safely, reliably and efficiently."

Caring

"We care about our people. We foster and respect their talents and value the contribution they make to the Company's ongoing success."

Relationships

"We are proud of the solid, long-term relationships we are forging with our employees, customers, the communities in which we operate and the energy industry, built on a platform of integrity, partnership and respect."

Innovation and Leadership

"We believe innovative thinking, leadership skills and adaptability drive our business success."

Environmental Stewardship

"We are committed to environmental stewardship, contributing to building sustainable communities and helping to create a culture of energy conservation in Ontario."

3) Relative Assessment of Employee Performance:

Compensation consists of a common evaluation process and one employee performance rating which will drive performance-based a) base salary changes and b) the incentive payment. Table 4-59 provides a summary of performance ratings which are based on 1) achievement of annual objectives and/or expectations, and 2) demonstration of core behaviours.

TABLE 4-59: PERFORMANCE RATINGS

Rating	Criteria
Outstanding	**Exceeds** all scorecard targets and/or significantly exceeds job expectations and, is a **role model** for core behaviours
Exceeds	**Exceeds some** and meets all scorecard targets and/or generally exceeds job expectations and, demonstrates core behaviours at or **above solid level**.
Solid	**Generally achieves** scorecard targets and/or **fully meets** job expectations and, **demonstrates expected** behaviours.
Developing	**Falls short** on some scorecard targets and/or is **not yet fully meeting** job expectations **and/or**, demonstration of core behaviours, but is **making steady progress** towards achievements. May be new in role.
Not Acceptable	Not acceptable results **and/or** behaviours

Employee assessments under Table 4-59 are relative to each other, and a normal distribution of assessments is normally expected.

Once an employee has a Performance Rating as per Table 4-59, then an Individual Performance Factor is assigned to the employee, based on the employee's performance rating in relation to peers. Each employee is assessed within the performance ranges of Table 4-60, giving consideration for relative performance, including behaviours, to arrive at the Individual Performance Factor. For example, each

employee rated as a "solid performer" will be ranked within the Performance Factor range of 95% to 105% to arrive at their relative Individual Performance Factor.

TABLE 4-60: INDIVIDUAL PERFORMANCE FACTOR

Performance Rating	Performance Factor
Outstanding	130% - 150%
Exceeds	110% - 125%
Solid	95% - 105%
Developing	50% - 90%
Not Acceptable	0%

Employee assessments under Table 4-60 are therefore relative to each other, and a normal distribution of assessments is normally expected.

EXAMPLE OF PERFORMANCE-BASED SALARY CHANGE:

Base Salary changes are based on the employee's Performance Rating from Table 4-59, their compa-ratio and that year's salary structure changes and budget. For example, an employee who is a "solid performer" with a compa-ratio of 1 (i.e. paid at 100% of the job rate) will get a salary increase based on that year's salary structure increase, while an employee who is a "not acceptable" performer with a compa-ratio of 1 will get a 0% salary increase.

EXAMPLE OF INCENTIVE PAYOUT CALCULATION:

The incentive payout is calculated based on a combination of corporate performance and individual performance, based on the weightings noted in Table 4-58. If the corporate performance results are less than 50%, no bonus will normally be paid,

regardless of individual performance. Employees must have an individual performance rating of developing or better to be eligible for an incentive payment.

The short term incentive amount depends on the employee's Performance Factor from Table 4-60, base salary, target performance pay percentage, and corporate and individual weightings. An example follows:

Employee's Actual Base Salary = $70,000

Target Bonus Percentage = 3% or $2,100

% Weighting = 20% Corporate Performance and 80% Individual Performance

Employee Performance Factor (Table 4-60) = 100%, assuming the employee was rated a solid performer, based on objectives/expectations and behaviours in relation to peer performance.

Corporate Performance Factor = 100%, assuming the company met its objectives at the target level.

The Employee's Payout would be:

Corporate Performance = $2,100 X 20% weighting X 100% corporate results = $420

Individual Performance = $2,100 X 80% weighting X 100% = $1,680

The Employee's Final Payout would be:

$420 for Corporate Performance + $1,680 for Individual Performance = $2,100

2.7.3.2 SHARED SERVICES AND CORPORATE COST ALLOCATION

In accordance with Chapter 2 of the Filing Requirements for Transmission and Distribution Application issued on July 18, 2014, information on shared services/corporate cost allocation for Actual 2012, 2013 and 2014 Fiscal Years, together with projections for the 2015 Bridge Year and the 2016 Test Year are provided in Appendix 2-N (Tables 4-63 to 4-68).

Guelph Hydro currently has relationships with three of its affiliates for either the purchase of or provision of services: Guelph Municipal Holdings Inc. (the parent company), Envida Community Energy Inc., and the City of Guelph.

Services Provided

Guelph Hydro provides the following services to its affiliates:

- Financial Services (including accounting services)
- Human Resources Services
- Management Services
- Information Technology Services
- General Administration Services
- Billing and Collection Services for water
- Street lighting maintenance

The following Table 4-61 summarizes the pricing methodologies used by Guelph Hydro to charge its affiliates for the variety of services it provides to these companies. In lieu of undertaking a study to determine the fair market value of services offered by Guelph Hydro to its affiliates, a 10% mark-up is added to the fully allocated cost of the services provided. This pricing mechanism is consistent with the methodology used by Guelph Hydro in its 2012 Board Approved rate filing, and is well above the minimum limit set

under the Affiliate Relationships Code which specifies that when a reasonably competitive market does not exist for the service, that a minimum return is to be included on the fully allocated cost of not less than the utility's approved weighted average cost of capital. Guelph Hydro considers this to be a reasonable proxy of the value of the services it offers to its affiliates

Table 4-61

Service Provided	Pricing Methodology
Information Technology Services	Cost Allocation is based on the number of Network users + 10%
Financial Services (including accounting services)	Cost Allocation is based on the number of cheques and journal entries processed + 10%
General Administration Services	Cost Allocation is based on Headcounts +10%
Space Rental	Full cost Allocation based on fair market value of commercial space leasing
Management Services: Human Resources, Payroll, Communications, Operations, Executive Assistance, Regulatory, etc.	Cost Allocation based on payroll budget (estimated shared working time) + 10%
Billing Services for water/sewer	Negotiated bilateral agreement
Street and sentinel lighting maintenance	Full cost allocation

Pricing Methodology Explanation

Shared Services

IT Services are allocated to the various affiliates at budget time based on the number of computer licenses (number of network users). Any specific use systems that can be identified with one department or affiliate are directly allocated. The departmental budget is the source of the allocated amount. A mark-up of 10% is applied to the fully allocated cost.

Finance and Accounting services costs are allocated to each affiliate based on the number of cheques and journal entries processed. If a certain project will be known to take up a disproportionate amount of time for the Department, then costs will be allocated to the affiliate based on the actual time spent on the project.

General Administrative services costs are allocated based on number of personnel. These costs include photocopier maintenance, document shredding, telephone, office supplies, etc. A mark-up of 10% is applied to the fully allocated cost.

The building facility at 395 Southgate Drive is owned by Guelph Hydro. GMHI pays rent to Guelph Hydro based on square footage of use. Measurements are performed annually at budget time and the allocation is set accordingly. Utilities and services to the building are included in the charge. The full cost allocation is based on fair market value of commercial space leasing in the Guelph Area.

Human Resources services are allocated to the affiliates based on budgeted headcount. For cost savings and efficiencies, Guelph Hydro provides the payroll services for one of its affiliates, GMHI. The individual labour costs are directly charged to their respective departments on a pay by pay basis and the cost of the payroll and personnel to perform the payroll is allocated based on the number of employees per department and affiliate. A mark-up of 10% is applied to the fully allocated cost.

Guelph Hydro billing staff provide water billing services to the City of Guelph under a contract with the Water Department of the City of Guelph. The costs for providing water charges to the City of Guelph are identified by an allocation model based on transaction volume. The rates are based on a contract negotiated with the City in 2008. Guelph Hydro is currently in the process of renegotiating this contract and it is expected that the new Agreement will be finalized in 2015.

Guelph Hydro provides street and sentinel lighting maintenance to the City of Guelph. Guelph Hydro fully allocates the costs based on job orders. There is no mark-up contained in the job order costs.

A copy of the shared service agreements for 2014 is provided in Appendix 4-C of this Exhibit.

CORPORATE COST ALLOCATION

Management Services

Guelph Hydro procures management services from its parent company, GMHI. The services relate to corporate communications, treasury, corporate development, confidential office/project administration, and secretariat. The price paid by Guelph Hydro is the fully allocated.

Board of Directors – Costs and Cost Allocation Method

As stated in Exhibit 1, Tab 9, Schedule 2, 2.4.8.2 Corporate Structure, Guelph Hydro Electric Systems Inc. is 100 per cent owned by Guelph Municipal Holdings Inc. (GMHI) a corporation owned 100 per cent owned by the City of Guelph. This reporting relationship was created in 2014 when Guelph Hydro's parent company GHI amalgamated with GMHI. At the time of filing this Application, the Board of Guelph Hydro comprises seven independent directors, six of whom are independent of the GMHI Board.

Prior to the amalgamation of GHI with GMHI, Guelph Hydro's Board of Directors were drawn from the larger GHI Board. Guelph Hydro's Board members were compensated on the basis of a fixed stipend and a per-meeting fee. In the case of Board members who served on both the GHI and Guelph Hydro Boards, 50% of their annual stipend as allocated to Guelph Hydro and 50% to GHI. Board members who were only on the Guelph Hydro Board had 100% of their annual stipends charged to Guelph Hydro. Per-meeting fees were allocated on the basis of Guelph Hydro or GHI according to the particular Board meeting.

Since the amalgamation of GHI with GMHI in 2014, Guelph Hydro Inc. and Guelph Hydro have separate Boards. While the compensation structure is similar for each Board with Board members paid an annual stipend and on a per-meeting fee basis, each company's Board has a separate budget, and there is no inter-company allocation of costs.

Board of Directors related costs included in Guelph Hydro's costs:

Table 4-62

Costs related to the Board of Directors that are included in Guelph Hydro's costs	
Year	**Costs**
2012	$ 143,627
2013	$ 170,300
2014	$ 201,835
2015 Bridge Year	$ 213,064
2016 Test Year	$ 227,494

Shared Services and Corporate Cost Allocation – Variance Analysis

Guelph Hydro has completed Appendix 2-N in relation to each service provided or received for Historical (actuals), Bridge and Test years and presented below. A variance analysis follows. In addition, Guelph Hydro has provided a reconciliation of the revenue

arising from Appendix 2-N with the amounts included in Other Revenue in Exhibit 3, Tab 3, 2.6.3 Other Revenue.

Table 4-63

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2012 Board Approved

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
GHESI	GMHI	Information Technology Services	Cost-Based plus 10%	$94,938	$86,307
GHESI	GMHI	Financial Services (including accounting services)	Cost-Based plus 10%	$73,125	$66,478
GHESI	GMHI	General Administration Services	Cost-Based plus 10%	$7,391	$6,719
GHESI	GMHI	Space Rental	Fair Market Value	$69,107	$69,107
GHESI	GMHI	Management Services: HR, Payroll, Operations, Purchasing, Executive Assistance,etc.	Cost-Based plus 10%	$434,364	$394,876
GHESI	Envida	Information Technology Services	Cost-Based plus 10%	$13,563	$12,330
GHESI	Envida	Financial Services (including accounting services)	Cost-Based plus 10%	$69,515	$63,195
GHESI	Envida	General Administration Services	Cost-Based plus 10%	$1,056	$960
GHESI	City of Guelph	Water Billing Services	Cost-Based	$1,040,815	$1,040,815
GHESI	City of Guelph	Street Light and Sentinel Light Services	Cost-Based	$350,000	$350,000
Total				**$ 2,153,874**	**$ 2,090,787**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
eg: parent com	*eg: regulated entity*				
GMHI	GHESI	Staff Resources	Cost-Based	50.54%	$316,519
GMHI	GHESI	Board Allocation	Cost-Based	100.00%	$105,000

Table 4-64
Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2012

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
GHESI	GMHI	Information Technology Services	Cost-Based plus 10%	$129,534	$117,758
GHESI	GMHI	Financial Services (including accounting services)	Cost-Based plus 10%	$112,567	$102,333
GHESI	GMHI	General Administration Services	Cost-Based plus 10%	$12,050	$10,954
GHESI	GMHI	Space Rental	Fair Market Value	$67,598	$67,598
GHESI	GMHI	Management Services: HR, Payroll, Operations, Purchasing, Executive Assistance,etc.	Cost-Based plus 10%	$409,645	$378,768
GHESI	Envida	Information Technology Services	Cost-Based plus 10%	$11,264	$10,240
GHESI	Envida	Financial Services (including accounting services)	Cost-Based plus 10%	$58,950	$53,591
GHESI	Envida	General Administration Services	Cost-Based plus 10%	$1,048	$953
GHESI	City of Guelph	Water Billing Services	Cost-Based	$1,045,109	$1,045,109
GHESI	City of Guelph	Street Light and Sentinel Light Services	Cost-Based	$263,000	$263,000
Total				**$ 2,110,763**	**$ 2,050,304**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
eg: parent company	*eg: regulated entity*				
GMHI	GHESI	Staff Resources	Cost-Based		$322,917
GMHI	GHESI	Board Allocation	Cost-Based		$133,212

Table 4-65
Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2013

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
GHESI	GMHI	Information Technology Services	Cost-Based plus 10%	$165,143	$150,130
GHESI	GMHI	Financial Services (including accounting services)	Cost-Based plus 10%	$125,100	$113,727
GHESI	GMHI	General Administration Services	Cost-Based plus 10%	$10,670	$9,700
GHESI	GMHI	Space Rental	Fair Market Value	$121,892	$121,892
GHESI	GMHI	Management Services: HR, Payroll, Operations, Purchasing, Executive Assistance,etc.	Cost-Based plus 10%	$198,470	$180,427
GHESI	Envida	Management Services: HR, Payroll, Operations, Purchasing, Regulatory Affairs, Executive Assistance,etc.	Cost-Based plus 10%	$129,499	$117,726
GHESI	Envida	Information Technology Services	Cost-Based plus 10%	$34,852	$31,684
GHESI	Envida	Financial Services (including accounting services)	Cost-Based plus 10%	$59,023	$53,658
GHESI	Envida	General Administration Services	Cost-Based plus 10%	$3,616	$3,287
GHESI	Envida	Space Rental	Fair Market Value	$4,902	$4,902
GHESI	City of Guelph	Water Billing Services	Cost-Based	$1,155,809	$1,155,809
GHESI	City of Guelph	Street Light and Sentinel Light Services	Cost-Based	$332,000	$332,000
Total				**$ 2,340,976**	**$ 2,274,942**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
eg: parent company	*eg: regulated entity*				
GMHI	GHESI	Staff Resources	Cost-Based		$657,762
GMHI	GHESI	Board Allocation	Cost-Based		$163,404

Table 4-66
Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2014

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
GHESI	GMHI	Information Technology Services	Cost-Based plus 10%	$146,709	$133,372
GHESI	GMHI	Financial Services (including accounting services)	Cost-Based plus 10%	$109,988	$99,989
GHESI	GMHI	General Administration Services	Cost-Based plus 10%	$6,949	$6,317
GHESI	GMHI	Space Rental	Fair Market Value	$29,643	$29,643
GHESI	GMHI	Management Services: HR, Payroll, Operations, Purchasing, Executive Assistance,etc.	Cost-Based plus 10%	$216,238	$196,580
GHESI	Envida	Management Services: HR, Payroll, Operations,Regulatory Affairs, Executive Assistance,etc.	Cost-Based plus 10%	$80,304	$73,003
GHESI	Envida	Information Technology Services	Cost-Based plus 10%	$30,533	$27,758
GHESI	Envida	Financial Services (including accounting services)	Cost-Based plus 10%	$100,743	$91,584
GHESI	Envida	General Administration Services	Cost-Based plus 10%	$2,517	$2,288
GHESI	Envida	Space Rental	Fair Market Value	$10,535	$10,535
GHESI	City of Guelph	Water Billing Services	Negotiated Bilateral Agreement	$1,171,874	$487,887
GHESI	City of Guelph	Street Light and Sentinel Light Services	Cost-Based	$303,144	$303,144
Total				**$ 2,209,177**	**$ 1,462,102**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
eg: parent company	*eg: regulated entity*				
GMHI	GHESI	Staff Resources	Cost-Based		$693,092
GMHI	GHESI	Board Allocation	Cost-Based		$180,146

Table 4-67
Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2015

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
GHESI	GMHI	Information Technology Services	Cost-Based plus 10%	$120,280	$109,345
GHESI	GMHI	Financial Services (including accounting services)	Cost-Based plus 10%	$125,757	$114,324
GHESI	GMHI	General Administration Services	Cost-Based plus 10%	$7,419	$6,744
GHESI	GMHI	Space Rental	Fair Market Value	$25,913	$25,913
GHESI	GMHI	Management Services: HR, Payroll, Communications, Executive Assistance,etc.	Cost-Based plus 10%	$155,265	$141,150
GHESI	Envida	Management Services: HR, Payroll, Operations,Regulatory Affairs, Executive Assistance,etc.	Cost-Based plus 10%	$155,951	$141,774
GHESI	Envida	Information Technology Services	Cost-Based plus 10%	$45,314	$41,194
GHESI	Envida	Financial Services (including accounting services)	Cost-Based plus 10%	$98,764	$89,785
GHESI	Envida	General Administration Services	Cost-Based plus 10%	$2,433	$2,212
GHESI	Envida	Space Rental	Fair Market Value	$12,016	$12,016
GHESI	City of Guelph	Water Billing Services	Negotiated Bilateral Agreement	$1,244,742	$487,081
GHESI	City of Guelph	Street Light and Sentinel Light Services	Cost-Based	$451,000	$451,000
Total				**$ 2,444,853**	**$ 1,622,539**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
eg: parent company	*eg: regulated entity*				
GMHI	GHESI	Staff Resources	Cost-Based		$656,349
GMHI	GHESI	Board Allocation	Cost-Based		$212,564

Table 4-68
Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2016

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
GHESI	GMHI	Information Technology Services	Cost-Based plus 10%	$115,846	$105,315
GHESI	GMHI	Financial Services (including accounting services)	Cost-Based plus 10%	$127,824	$116,204
GHESI	GMHI	General Administration Services	Cost-Based plus 10%	$6,496	$5,905
GHESI	GMHI	Space Rental	Fair Market Value	$25,913	$25,913
GHESI	GMHI	Management Services: HR, Payroll, Communications, Executive Assistance,etc.	Cost-Based plus 10%	$157,250	$142,955
GHESI	Envida	Management Services: HR, Payroll, Operations,Regulatory Affairs, Executive Assistance,etc.	Cost-Based plus 10%	$149,653	$136,048
GHESI	Envida	Information Technology Services	Cost-Based plus 10%	$45,878	$41,706
GHESI	Envida	Financial Services (including accounting services)	Cost-Based plus 10%	$100,383	$91,257
GHESI	Envida	General Administration Services	Cost-Based plus 10%	$2,347	$2,134
GHESI	Envida	Space Rental	Fair Market Value	$12,016	$12,016
GHESI	City of Guelph	Water Billing Services	Negotiated Bilateral Agreement	$1,294,532	$503,534
GHESI	City of Guelph	Street Light and Sentinel Light Services	Cost-Based	$464,530	$464,530
Total				**$ 2,502,667**	**$ 1,647,517**

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
eg: parent company	*eg: regulated entity*				
GMHI	GHESI	Staff Resources	Cost-Based		$656,349
GMHI	GHESI	Board Allocation	Cost-Based		$218,941

Corporate Cost Allocation - Variance Analyses

2016 Test Year compared to Board Approved 2012

- Staff resources charged by GMHI/GHI to GHESI have increased by $339,830. A portion of this variance is related to the increase in the corporate cost allocations related to the Corporate Communications Cost Centre. Subsequent to 2012 the positions in this Cost Centre were transferred from Guelph Hydro and are now included in the operations of GMHI. All work performed by the Corporate Communications group on behalf of Guelph Hydro are recovered by GMHI through intercompany charges to Guelph Hydro. In addition, there has been an increase in the level engagement on Guelph Hydro activities by the Senior Management of GMHI since 2012. For example, there was a significant amount of time spent by the CEO of GMHI on Guelph Hydro-related issues pursuant to the report issued by the Ontario Distribution Sector Review Panel in late-December, 2012.

- The allocation of Board costs by GMHI/GHI to GHESI have increased by $113,941. The increase is primarily related to increased governance activities arising from the Ontario Distribution Sector Review Panel report in late-December, 2012, as well as to an increase in the per-meeting fees for Directors. The meeting fee increase was the first increase in over ten years, and Guelph Hydro's assessment was that the compensation for its Board members had fallen well behind how other Boards were compensated in similar-sized utilities. There was no increase to the Board's annual stipend.

2016 Test Year compared to 2014 Actual

No significant variances to report from 2014 to 2016.

With respect to the corporate cost allocations noted in the previous Tables 4-63 to 4-68, no more costs have been allocated than there would be if Guelph Hydro were a standalone entity.

With respect to the corporate cost allocations noted in the previous Tables 4-63 to 4-68, no more costs have been allocated to Guelph Hydro than would be if it were a stand-alone entity.

Reconciliation of the revenue arising from Appendix 2-N with the amounts included in Other Revenue

Table 4-69

Guelph Hydro Electric Systems Inc.						
Details of Revenues from Non-Utility Operations (USoA#4375)						
		2012	**2013**	**2014**	**2015**	**2016**
Service Offered		**Actual**	**Actual**	**Actual**	**Bridge Year**	**Test Year**
Water Billing Services (per Appendix 2-N)		$ 1,045,109	$ 1,155,809	$ 1,171,874	$ 1,244,742	$ 1,294,532
Shared Services Revenue for Services provided to GMHI and Envida (per Appendix 2-N)	**Note 1**	-	-	734,158	749,110	743,605
Utility Solution Legend Application Services		40,115	19,910	116,974	-	-
USoA # 4375 Total per Appendix 2-H Other Operating Revenue		$ 1,085,224	$ 1,175,719	$ 2,023,006	$ 1,993,852	$ 2,038,137

Note 1 - Prior to 2014 this revenue was classified in General and Administrative Expenses and netted against Corporate Cost Allocations from GMHI

Table 4-69 above reconciles the shared services revenue noted in the preceding Tables 4-63 to 4-68 with the amounts included in Other Operating Revenue as disclosed in Exhibit 3, Appendix 3-B: Chapter 2 Appendix 2-H Other Operating Revenue.

2.7.3.3 PURCHASES OF NON-AFFILIATE SERVICES

Like other distributors, Guelph Hydro purchases many services and products from third parties. Table 4-70 below provides Guelph Hydro's expenditures on purchased products and services. This table discloses expenditures for suppliers where total purchases were greater than the materiality threshold of $172,000 for years 2013 to 2014, and for 2015 Bridge Year and 2016 Test Year.

Where possible, Guelph Hydro strives to procure goods and services costing greater than $50,000 either through a formal Request for Tender (RFT) or Request for Proposal process (RFP) in accordance with the procurement policy below. In circumstances where goods and services are procured via a sole-source process, an assessment is made of the circumstances to ensure compliance with the company's procurement policy.

An examination of the data for Guelph Hydro's procurement of goods and services in 2012 through 2014 shows that between 64% and 69% of goods and services above the $172,000 threshold were procured either through a RFT process or via an RFP which is consistent with best procurement practices. Of the remaining goods and services that were not procured via a RFT or RFP process, the vast majority (over 76% in 2012 and up to 100% in 2014) of the vendors were selected under a previous tendering contract which extended through the 2012 and 2013 period or who were "institutional" suppliers (e.g., Canada Post Corporation, Hydro One, and OMERS) for which an RFQ or tendering process would be superfluous for the types of goods and services that they provide. For example, external financial audit and tax services are provided by KPMG. KPMG was selected as the company's external auditor pursuant to an RFP process in 2013. The company entered into a five-year contract for KPMG's services. In any given year after the "RFP-year", however, KPMG would be determined to be a sole-source provider. As another example, Standard and Poor's ("S&P") is the company's external credit rating agency, and again, was selected pursuant to a selection process in the past. Here too, S&P would be determined to be a sole-source provider. Guelph

Hydro submits that departing from procurement policy only occurs in the rare circumstance when circumstances necessitate the selection of sole-source given rationed and reasonable consideration.

Table 4-70

Vendor	Service	Methodology of Selection	2012	Percent of Total	2013	Percent of Total	2014	Percent of Total
SUNGARD PUBLIC SECTOR	Software Support	Sole source / In compliance with Policy	$243,935.82		$153,792.55		$480,408.49	
CANADA POST CORPORATION	Postage	Sole source / In compliance with Policy	247,670.94		282,346.77		409,819.46	
KPMG LLP	Auditors	Sole source / In compliance with Policy	177,878.08		94,637.50			
M.E.A. BENEFIT PLAN	Payroll Related	Sole source / In compliance with Policy	248,790.91		272,061.17		242,874.75	
M.E.A.R.I.E.	Liability and Vehicle Insurnace	Sole source / In compliance with Policy	156,947.89		153,552.68		128,574.37	
O.M.E.R.S.	Pesnion Fund	Sole source / In compliance with Policy	1,588,570.34		2,325,141.04		2,134,922.85	
HYDRO ONE NETWORKS INC.	Wholesale Metering Service Provider	Sole source / In compliance with Policy	343,074.43		241,957.46			
SILVERSPRING NETWORKS	Smart Meters/Software support	Sole source / In compliance with Policy	655,250.27		534,945.29		500,994.83	
TETRA TECH WEI INC (WAS WARDROP)	Consulting-Engineering	Expertise in the Field	473,919.39					
JDI TECHNICAL SERVICES	Consulting-Engineering	Expertise in the Field	136,402.30		175,042.65			
SKY ENERGY CONSULTING	Consulting-Smart Meters	Expertise in the Field	130,704.29					
CAPITAL PAVING INC.	Paving	Expertise in the Field	444,850.16					
AVERTEX UTILITY SOLUTIONS LIMITED	Civil Work-New Subdvision	Sole source / In compliance with Policy	233,650.80					
BEL CANADA-BELL BUS. MARKETS	Network Switches	Sole source / In compliance with Policy					190,496.68	
HYDRO ONE NETWORKS INC.	Sub-Transmission Cost Rockwood	Sole source / In compliance with Policy					393,747.81	
HYDRO ONE NETWORKS INC.	Connection and Recovery cost	Sole source / In compliance with Policy					791,000.00	
Sub-Total			**$5,081,645.62**	**31.04%**	**$4,233,477.11**	**36.53%**	**$5,272,839.24**	**33.66%**
GUELPH UTILITY POLE CO LTD	Wood Poles	RFP	$204,653.17		$245,348.99		$354,444.84	
S & C ELECTRIC CANADA LTD	Pad Switches-SCADA	RFP	245,309.77		234,947.87		317,570.17	
ITRON CANADA, INC (METERS)	Smart Meter /CT's /PT's	RFP	152,301.95					
WAJAX INDUSTRIES LIMITED	Vehicle	RFP	405,941.20					
ABLE-ONE SYSTEMS INC.	Computer Hardware, Software, Supplies	RFP	179,453.29				374,154.31	
BADGER DAYLIGHTING INC.	Vacuum Excavating	RFP	215,096.98		292,557.36		274,510.20	
K-TEK ELECTRO-SERVICES LTD.	Commissioning Services	RFP	288,493.53					
POI-PLUS TECHNOLOGIES	Vehicles	RFP			146,650.89		560,028.66	
SCHNEIDER ELECTRIC INC.	Whosale Meters and Equipment	RFP	157,041.98					
THOMAS & BETTS / ELASTIMOLD	Pad Switches	RFP	301,511.12		990,001.56		455,423.90	
ACTON PRECAST	Concrete Products	RFP					169,974.60	
WAYNE PITMAN FORD	Small Vehicles	RFP					139,326.19	
CEIVA LOGIC INC	Smart Energy Home Display	RFP					318,095.37	
B.W. NICHOL ELECTRIC	Elecrical and Structural Installation	RFP					211,195.47	
Sub-Total			**2,149,802.99**	**13.13%**	**1,909,506.67**	**16.47%**	**3,174,723.71**	**20.26%**
SONEPAR CANADA BLUEWAY	CDM Program Delivery Ageent	RFT	$244,347.55		$153,552.68		$150,890.03	
ABB POWER T&B (USA)	Transformers	RFT	481,020.85		595,915.16		573,983.50	
NEXANS CANADA INC.	Conductor	RFT	394,984.00		340,769.37		169,444.40	
DREXLER CONSTRUCTION LIMITED	General Contract/ Services	RFT	3,524,058.02		2,592,404.95		3,167,890.55	
HD SUPPLY POWER SOLUTIONS	Poleline Hardware/Conductor	RFT	896,619.25		411,682.51		580,040.90	
PRYSMIAN CABLE SYSTMS	Conductor	RFT	317,815.19		104,971.51		294,072.49	
REYNER ELECTRICAL CONSTRUCTION INC	Group Relamping-General Contract	RFT	133,249.82		150,328.51			
STRESS CRETE LIMITED	Concrete Poles	RFT	132,521.88				134,616.62	
SUNCOR ENERGY PRODUCTS PARTNERSHIP	Fuel-Gasoline/Diesel	RFT	138,864.96		169,273.96		148,755.88	
COLONIAL TREE SERVICE	Tree Trimming Service	RFT	227,028.30					
MOLONEY ELECTRIC INC.	Polemounted Transfomer	RFT	157,066.61		133,936.28			
WESTBURNE/RUDDY ELECTRIC	Poleline Hardware/Conductor	RFT	171,012.79		100,729.97			
ABB INC. - CANADA	Swithc Gear	RFT	319,844.32					
G-TEL	Cable Locating Services	RFT	265,826.99		251,409.41			
KIWI-NEWTON CONSTRUCTION LTD.	Building Contruction	RFT	399,034.79					
FORCE FIELD SERVICES	Metering Reading Services	RFT	281,187.32		276,001.31		270,491.04	
EPTCON LTD	Elecrical and Structural Installation	RFT	764,827.24					
NETWORK UNDERGROUND UTILITIES INC.	Civil Work-New Subdvision	RFT	293,057.46					
ASPLUNDH CANADA ULC	Tree Trimming Service	RFT			166,448.02		265,967.98	
ANIXTER	Conductor	RFT					200,927.91	
UTILITY STRUCTURES INC	Concrete Poles	RFT					154,770.45	
NORMACO WIRE AND CABLE	Conductor	RFT					125,755.49	
DOWN UNDER PIPE AND CABLE	Cable Locating Services	RFT					247,295.98	
ALLIANCE ROOFING	Roof Replacement	RFT					501,733.87	
SOUTHWIRE CANADA	Conductor	RFT					231,894.76	
Sub-Total			**$9,142,367.34**	**55.84%**	**$5,447,423.64**	**47.00%**	**$7,218,531.85**	**46.08%**
Total			**$16,373,815.95**		**$11,590,407.42**		**$15,666,094.80**	

1 Procurement Policy

Guelph Hydro Electric Systems Inc. **FINANCIAL POLICY**	**Subject:**	**PROCUREMENT**
	Number: **Date:** **Revised:**	**FIN-04** **September 19, 1990** **April 2006, August 2008** **November 2009, July 2011** **November 2014**
		Page 1 of 1
Approved by: Chief Financial Officer	**Signature:**	

The purpose of this policy is to establish consistent guidelines to source goods and services necessary to accomplish the objectives in procurement listed below.:

- Ensuring efficient Procurement at the most favourable price.
- Promoting the use of competition in selecting suppliers and contractors.
- Providing for the fair and equitable treatment of all suppliers and contractors.
- Providing safeguards for maintaining a procurement system of quality and integrity.
- Ensuring suppliers meet or exceed Guelph Hydro's safety and environmental requirements.
- Ensuring that all Procurement is made in compliance with all regulatory requirements and applicable laws.

The Purchasing Department has primary responsibility for Guelph Hydro's procurement activities.

This policy applies to all Guelph Hydro employees and the Purchasing Department which is responsible for ensuring that all procurement is consistent with current Corporate Purchasing Procedures (see FIN-04-01). Any deviation must be agreed to with the department director, or designate, CFO, President or COO.

This policy does not address the purchase of goods and services using company credit cards. Policies respecting purchases made on company credit cards are covered under FIN-01 "Expense Reports and Use of Corporate Credit Cards".

Guelph Hydro Electric Systems Inc. **FINANCIAL PROCEDURE**	**Subject:** CORPORATE PURCHASING PROCEDURES **Number:** FIN-04-01 **Date:** September 19, 1990 **Revised:** April 2006, August 2008 November 2009, July 2011 November 2014 **Page 1 of 16**
Approved by: Chief Financial Officer	**Signature:**

1. PURCHASING GUIDELINES

1. Responsibilities of the Purchasing Department

The Purchasing Department will provide all of the services necessary to complete the following:

- Obtain goods or services of specified quality and quantity at the best price with sufficient lead time for delivery.
- Issue most Company-related invitations to tenders and obtain quotes. No formal negotiations with potential suppliers should be carried out without at least informing the Purchasing Department. On occasion, when departments require cost estimates to determine whether or not to proceed with a project or purchase, suppliers must be advised that these are study estimates only, and that any purchases will go through the standard purchasing process. All information including alternate quotes, are to be submitted to the Purchasing Department unless otherwise instructed.
- Group, correlate, unify requirements, and standardize purchases as far as possible for all Departments to reduce the variety of goods and services used, while still remaining responsive to the needs of the various end users.
- Ensure that all purchases costing greater than $500 follow the requisition approval process and that a purchase order is issued with each order. Purchasing will follow-up and/or expedite all orders to ensure deliveries and schedules are met.
- Provide the company with stores and warehouse services and utilize a modern system of stores control based on perpetual inventory. Maintain inventory levels consistent with the needs and schedules of the various departments and to practical levels based on historical use and required emergency stock.
- Assist employees with the requisition process and understanding of other Purchasing and stocking functions as required.
- Safely dispose all obsolete and surplus material after receiving notification from the affected departments.
- Source potential suppliers, interview sales representatives, inform all applicable departments of the information received regarding new or existing materials, equipment, processes and techniques and retain on file for reference.
- Maintain the highest professional, ethical and moral business practices, and

consider environmental issues.

Departments other than Purchasing may investigate their specialized technical needs directly with manufacturers and suppliers. These departments are responsible for keeping the Purchasing Department informed of developments on their specialized needs that may result in issuing a Purchase Order at a later date.

The Purchasing Department will obtain suppliers' catalogues and arrange demonstrations upon request. Supervisors / Managers / Directors / Vice-Presidents who wish to arrange demonstrations for their department's specialized needs may check with the Purchasing Department for the appropriate contact person with the supplier. The Supervisor is to advise Purchasing and other departments of the time and place of the demonstration as others may be interested in attending.

The Purchasing Department will work closely with the Materials Standards section of the Engineering Department ensuring close attention is paid to proper material specification and compliance with minimum standards.

From time to time vendors or suppliers may be contacted to provide materials or services that are deemed confidential and these transactions need not be disclosed to the Purchasing Department upon approval of the CFO, President, COO or a VP. These charges also may not follow the normal process outlined in the Purchasing and Inventory requisition module of HTE. Other exceptions will be by recommendation and/or approval of the Department Director or VP.

All tendering procedures managed by the Purchasing Department will be handled with care and confidence until disclosure is appropriate.

2. PURCHASING PROCEDURES

The processes that apply to a particular purchase will vary given the nature of the expenditure as follows:

- Petty Cash Expenditures
- Non Capital Goods and Services Costing Less Than $500
- Purchase Order Process (Non Capital Goods and Services costing greater than $500)
- Capital Goods (excluding Community Energy Initiative Project Costs)
- Community Energy Initiative Project Costs

2.1 Petty Cash Expenditures

Goods and/or services costing less than $50 may be purchased using funds from petty cash.

All expenditures using petty cash must be accompanied by receipts supporting proof of payment and must be authorized by the department's supervisor prior to the time that the petty cash fund is replenished.

2.2 Non Capital Goods and Services Costing Less Than $500

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Goods and Services costing less than $500 required in the normal course of business may be acquired without a purchase order via a cheque requisition.

All cheque requisitions should be accompanied by a supporting invoice, unless it is determined that the invoice needs to be withheld for confidentiality reasons. If the invoice is not provided with the cheque requisition, then reference to the invoice should be indicated on the cheque requisition for example, "See Confidential HR file for copy of supporting invoice".

All cheque requisitions should contain the following information:

a) Special Instructions e.g., distribution instructions
b) Requisition Date
c) Requisition Amount
d) "Re:" i.e., Purpose of Cheque
e) Invoice Number or, Comments as to location of invoice if not submitted with Requisition
f) Name of Payee/Vendor
g) Address of Payee/Vendor (Street, City, Province/State, Postal code /ZIP code)
h) Requisitioner's Name and Signature
i) Approver's Name and Signature (See NOTE 1 below)
j) GL Account Code Distribution and Related Amount (See NOTE 2 below)

See Appendix A for an example of a properly completed cheque requisition.

If a supporting invoice is provided with the cheque requisition is should be signed and dated by the Approver of the invoice (See NOTE 1 below). GL account code distribution should also be indicated on the invoice.

NOTE 1: All cheque requisitions and invoices must be approved by the appropriate authorization levels as outlined in Appendix D of this policy.

NOTE 2: If the account to be charged does not exist, notification should be made to the Accounting Department on the Cheque Requisition and supporting invoice that a new account needs to be set up. A description of the account to be set up should be included e.g. supply account, professional fees, maintenance, etc.

2.3 Purchase Order Process (Non Capital Goods and Services costing greater than $500)

For individual goods or services costing more than $500 required in the normal course of business, the purchase order process must be used.

All purchases are subject to requisition approval by the appropriate authorization approval levels outlined in Appendix D of this policy.

2.4 Capital Goods (excluding Community Energy Initiative Project Costs)

The annual capital budget provides the overriding control over the nature and amount of capital expenditures authorized in a fiscal year. At a high level, capital expenditures can be broken down into the following categories:

- Distribution System
- IT Capital
- Building/Fixtures
- Office Equipment
- Rolling Stock
- Major Tools

Capital expenditures required in the normal course of business should be procured using the purchase order process as defined in section 4 of this policy. This section also specifies the appropriate authorization approval levels for different levels and types of purchases.

3. PURCHASE ORDER PROCESS

The following purchasing process shall be applied to the purchase of goods and services with corresponding monetary limits and authorization levels:

3.1 General

All purchasing activities will be conducted through the Purchasing Department to ensure cost effective procurement of goods and services in a timely manner. Departments that require goods and services will be requested to follow the electronic purchasing requisition module. All requisitions will be turned into Purchase Orders by the Purchasing Department and sent to the appropriate supplier.

3.2 Informal Purchasing Methods

In addition to the purchasing methods noted in 3.1 and 3.2, the following informal purchasing methods can be used for smaller value goods and services i.e. less than $500 that are used on a regular basis:

- Blanket Order System established with a unique supplier normally in the start of a calendar year,
- Inventory items of lower value may follow the competitive bid process through the various tenders (i.e. Pole Line Hardware Tender, Cable Tender and Small Tool Tender).

3.3 Verbal or Written Quotations

Three competitive quotations received by fax, telephone or email wherever possible shall be obtained for all purchases between $5,001 and $25,000. A record of quotation, including date and signature of the person obtaining the quote must be obtained. The Purchasing Department will review the requisition

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and forward a Purchase Order to the supplier.

3.4 Formal Written Quotations

A formal written quotation on a supplier's letterhead must be obtained for all purchases between $25,001 and $50,000. Formal quotes allow for and provide documentation and comparison of terms and conditions such as; payment terms, warranty, references, service training, repair, maintenance etc. The originator or the Purchasing Department will obtain a minimum of three quotes, where possible. A requisition will be set up and approved by the appropriate authority. The Purchasing Department will review the requisition and forward a Purchase Order to the supplier.

3.5 Formal Request for Tender (RFT) or Request for Proposal (RFP)

A formal RFT or RFP will be issued for all purchases over $50,000. This will include, but will not be limited to, the following goods and services: Cable, Poles, Pole line Hardware, Transformers, Tools, Tree Trimming, Civil Construction, and Locating Services. The Originating Department may assist in preparing and reviewing technical requirements.

RFTs and RFPs will provide complete scope of work, specifications, and evaluation criteria. Company-approved General Terms and Conditions will be sent to all those eligible suppliers. The Company will pre-approve all eligible bidders using the Vendor Information Form (Appendix B) or the Contractor Pre-Qualification Forms (Appendix C).

When applicable, the Company may require bidders to submit bid bond deposits with their bid submission. The approved supplier/contractor may be asked to provide performance bond. Both the bid and performance bond will be a percentage of the total value of the submission to be determined by the Originating Department.

Bidders will be instructed to provide sealed documents addressed to the Company by the deadline date and time. Documents received after the closing date and time, will not be accepted except in unusual circumstances and by request of the originator, and will be returned unopened to the supplier. The award will be made by the Purchasing Supervisor in consultation with the originator. Unsuccessful bidders will be advised. All approved orders will be mailed or faxed to the successful vendor.

Goods and/or services acquired through the competitive bid process will ensure the best value for the Company and promote fair dealings with suppliers. All appropriate terms, conditions, parameters and approval requirements shall be established and documented to ensure an open and transparent process.

3.6 Purchase by Negotiation

Purchase by negotiation shall apply when, in the judgement of the Purchasing Supervisor and, in consultation with a member of Senior Management, any of the following conditions exist:

Due to market conditions, goods and/or services are in short supply;

- There is only one known source of goods and/or services;

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- Two or more identical low bids have been received;
- The lowest bid received substantially exceeds the estimated cost of the goods and/or service;
- All bids fail to comply with the specifications, tender terms and conditions, and it is impractical to recall tenders;
- The extension or revision of an existing contract would prove more cost effective or beneficial;
- A single source is being recommended because it is more cost effective or beneficial to the Company;
- Purchase of an item where the compatibility with an existing product, service or program is an overriding consideration;
- When only one bid is received through the RFT or RFP or other situations specifically authorized by the CFO, President or COO.

3.7 Single and Sole Sourcing

An item or service deemed to be available only from a single source (Sole Supplier) is to be indicated as such. A Sole Supplier will require the following authorizations prior to Purchasing Department proceeding:

Purchase Amount	Authorization Requirement
Less than $50,000	One of : Director, VP, CFO, or CEO
Between $50,000 and $250,000	CFO and COO
Greater than $250,000	COO and CEO

If the Purchasing Department can suggest an alternative supplier, it will contact the Director or Vice-President for evaluation.

An item stated as preferred (Preferred Item) will also follow the same principles as Sole Supplier.

Single and Sole Sourcing may be used in the following circumstances such as:

- Emergencies;
- Where there is no response to a call for tenders;
- Where the supply of goods and/or services is controlled by a supplier that has a monopoly;
- To maintain the validity of warranties/guarantees;
- To ensure compatibility with existing products;
- To protect exclusive rights such as copyright, patents or exclusive licences;
- To maintain exclusive specialized equipment that must be maintained

by the manufacturer or its representative;

- Where certain goods and/or specialized services are, by their nature available from only one supplier, and the opportunity for competitive bids is precluded or severely restricted;
- Where the demand of efficiency, expediency and quality assurance mandate that certain repairs to property and maintenance be carried out by a specific contractor; or in the interest uniformity, certain goods must be obtained from certain manufacturers.
- A specific technology or type of equipment that is not a commodity item may be sole-sourced.

3.8 Emergency Purchases

A purchase order may, under some circumstances, be required to be issued immediately without the regard for a competitive bid. The Purchasing Supervisor is to use judgement on an emergency purchase and may seek input from a Director, Vice-President, the CFO, the COO, or the CEO before proceeding. These situations are to be indicated on the requisition. Examples of an emergency would include:

- Protecting property from damage
- Preventing injury to a person
- Restoring operation due to unplanned failure

3.9 Unauthorized Purchases

Purchases, purchase commitments, contracts or agreement made in the name of the Company without using the purchasing method as outlined or by approval of the CFO, President or COO. Such purchases shall be the obligation of the individual authorizing the purchase or commitment and will not be an obligation of the Company.

4. SUPPLIER SELECTION AND EVALUATION

In making selection, the Purchasing Department will co-ordinate closely with other departments to obtain detailed specification. Suppliers will be selected based on some or all of the following:

- Dependability and service record of the supplier;
- Safety record;
- Guarantee;
- Warranty;
- Price;
- Quality;
- Suppliers and contractors who meet mandatory requirements of RFP's.
- Suppliers with adequate strength who also have a reputation for adhering to specifications and delivery schedules.
- Suppliers who emulate the corporate and socially responsible values of Guelph Hydro.

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5. USE OF COMPANY LOGO

Company names and logos are registered trademarks. Any materials branded with Company logos must be approved by the Director of Corporate Communications with an official sign-off prior to production to ensure adherence to corporate brand standards.

Requests for logo files for production purposes must be processed through the Director of Communications or designate.

Vendors who will be using the company logo on materials are required to sign a Temporary Assignment of Use form. This form stipulates that the vendor is only to use the logo for the purposes outlined in the agreement.

6. HEALTH AND SAFETY

- All goods and/or services purchased by the Company must comply with all appropriate Federal, Provincial and Municipal legislation and regulations and standards as well as all Company policies.
- It is the responsibility of the individual requesting goods and services to ensure compliance with health and safety regulations.
- All Requests for Tender and Requests for Proposal will include the bidder's health and safety procedures.
- Materials Safety Data Sheets (MSDS) and appropriate labels must be obtained with each delivery of any controlled product as defined by the Workplace Hazardous Material Information System (WHMIS) legislation. It is the responsibility of the Stores person to ensure that an MSDS is on file. Any new MSDS will be forwarded to the Loss Prevention Manager to be reviewed and filed.
- All electrical equipment and conductors shall meet latest Canadian Standards Association (CSA) as well as all Company specifications.
- All office furniture should meet CSA-2412 Guidelines on Office Ergonomics or current standard. Prior to the purchase of such office equipment it is recommended that guidance be sought from the Company's Loss Prevention Manager.

7. WORKPLACE SAFETY AND INSURANCE BOARD (WSIB)

All contractors shall comply and shall ensure that any sub-contractors comply with the WSIB requirements.

8. LIABILITY INSURANCE

- All suppliers and/or contractors must forward a Certificate of Insurance to the Company before commencing any work with Guelph Hydro.
- All contractors and /or suppliers shall maintain limits of not less than $5,000,000 Public Liability and Property Damage Insurance for each person and each occurrence.
- All contractors and/or suppliers shall provide evidence of vehicle coverage with limits of not less than $5,000,000.
- All suppliers and/or contractors shall indemnify the Company from any and all manner of damage or injury, risk, claims, demands, actions, penalties, cause of

action, damages and any and all costs arising out of, or incurred by reason of provision of the supply of goods and/or services.

- Where applicable, a Certificate of Insurance shall include the Company as named insured or equivalent.

9. REQUISITIONS ENTRY AND APPROVAL

9.1 Non-Inventory Item

Requisitions are the list of required materials or services needed by a department to complete their duties, tasks and assignments or projects.

A Purchase Requisition may be generated electronically by any employee. Requisition entry may be accessed from the Sungard Public Sector (SPS) System, formerly HTE in the Purchasing and Inventory Module. The Purchase Requisition must be approved by a Supervisor, Manager, Director, Vice-President, CFO, COO or CEO depending on approval level. The requisition entry stage is authorization for the Purchasing Department to proceed with the pricing process only.

When prices have been obtained, the Purchase Requisition is forwarded to the appropriate Supervisor, Manager, Director, Vice-President, CFO, COO or CEO, as appropriate, for approval to proceed with a Purchase Order. The approval notification will be in the form of an email sent to the appropriate approval level(s).

The Supervisor, Manager, Director, or Vice-President will ensure that items requisitioned are approved budget items or are within the approved total budget prior to giving their approval. Items that are not approved budget items or are not within the approved total budget are to be so identified and brought to the attention of the Department Director or Vice-President before proceeding with a Purchase Order.

Items which were not included in the budget plans for the year, or which exceed budget approvals, are to be presented to the CFO, COO or CEO for consideration before a Purchase Order is issued.

Approval levels are outlined in Appendix D attached to this procedure.

9.2 Inventory Items

Purchase Requisitions for inventory items are generated within the Purchasing Department and approved for pricing by the Supervisor of Purchasing and Building Services. The Supervisor of Purchasing and Building Services is authorized to proceed with the purchase process as outlined in Appendix D. Any inventory purchases which exceed the authority of the Supervisor of Purchasing and Building Services will follow the appropriate approval levels as outlined in Appendix D attached to this procedure.

10. PURCHASE ORDERS

10.1 Definition

The Purchase Order is the most common method of procurement used in the Company and can be used to procure both materials and services. The Purchase Order, in its entirety, is a binding contract between two parties.

When the Company issues a Purchase Order to a vendor, the Company is

agreeing to purchase materials or services for the stipulated quantity, price, delivery, and any other terms specified in the document. The Company also agrees to pay to the vendor, at a time agreed to by both parties, the full amount owed to the vendor for the delivery of the materials, goods or services.

The vendor, in acknowledging the Purchase Order, also agrees to the quantity, price, delivery and all other terms within the document. The vendor has an obligation to the Company to meet all these conditions. Failure to meet any or all conditions could result in the contract (Purchase Order) to be terminated.

10.2 Creating Purchase Orders

The only employees at Guelph Hydro that can create, alter or delete Purchase Orders are those employees in the Purchasing Department. This authority will be limited to the Buyer and the Supervisor of Purchasing and Building Services. A Purchase Order can only be created from an approved requisition.

10.3 Types of Purchase Orders

(a) Standard Purchase Order (Type "P")

The Standard Purchase Order is the most common type of Purchase Order and will be used for the purchase of all goods and services. The creation of the Purchase Order in the SPS Purchasing and Inventory System heavily supports the "three way match", where The Purchase Order, the Receiving Documentation, e.g., Packing Slip and the Invoice are compared to one another. If at least one document does not agree with any of the other two, the Invoice will not be paid until it is reconciled by the Purchasing Department.

It is essential, to indicate on the Purchase Order that all materials are to be delivered to the Central Stores Department (CS) so the proper receiving procedures can be followed. If materials are delivered to the job site (Poles and Concrete Products) all packing slips must immediately be forwarded on to the Stores Department for processing. All copies of packing slips will be kept in the receiving department.

(b) Blanket Order (Type "B")

Blanket orders are most often used to manage repetitively purchased low volume items or services. Recommendations for the creation of a Blanket Order can be submitted to the Purchasing Department via an approved requisition. Blanket Orders are created with an expiry period of usually no longer than one year. Blanket Orders are created with a maximum expected value within the valid time period. Blanket Orders exceeding the maximum expected value before the time period expires will require the approval of appropriate authorization level determined by the amount of increase requested and consistent with the authorization limits outlined in Appendix D.

10.4 Distribution of Purchase Orders

A signed original copy of the Purchase Order will be mailed, faxed and/or emailed to all Suppliers. Upon receipt of the Purchase Order the supplier will return a signed copy of the Purchase Order via mail, fax and/or email.

11. RECEIVING OF GOODS AND SERVICES

11.1 Receiving of Goods

The preferred method of receiving goods ordered for the Company is through the Stores Department.

The Stockkeeper, or the Storesperson, inspects the shipment prior to unloading to insure the shipment was not damaged during transit. The Stockkeeper, or Storesperson, matches the Bill of Lading or Packing Slip to the items being received. Upon completion of the inspection and matching duties the Stockkeeper creates a goods receipt transaction in the Purchasing and Inventory System which is linked to the related Purchase Order.

At times goods are received directly at the job site. The inspection and matching procedures described above are applied. The Receiver signs the Bill of Lading or Packing Slip and forwards it on to the Stores Department for creation of the goods receipt transaction in the Purchasing and Inventory system.

11.2 Receiving of Services

Receipt of services may be most appropriately completed by the originator of the requisition as they may best determine whether the services have been fully delivered prior to acceptance for payment. Hold backs may apply.

12. CODE OF ETHICS

The Company, in all its procurement decisions, will be guided by the Purchasing Management Association of Canada (PMAC) Code of Ethics and Guelph Hydro's policy HRG-19 Company Ethics and Values. The Company expects honesty and integrity, professionalism, and responsible management to be primary values in its procurement decisions and will uphold all employees and suppliers to the same standard.

13. CONFLICT OF INTEREST

Employees are responsible and accountable for using good judgement in the exercise of the Company's duties and must:

- Disclose in writing any conflict of interest in a purchasing or procurement decision to their Supervisor and
- Avoid situations which may present a conflict of interest while dealing with persons or organizations doing business or seeking to do business with the Company.

14. DISPUTE RESOLUTION

The Company is committed to promoting fair and open competition among vendors for any purchased goods and/or services. During the purchasing process if a supplier feels that he/she has been unfairly prejudiced by a decision made by the Company, the following steps will be taken to resolve the complaint:

- All complaints will be forwarded to the Supervisor of Purchasing and Building Services in writing within ten days of an award.
- The Supervisor of Purchasing and Building Services will investigate the nature of the complaint by reviewing the information with the appropriate staff and the vendor to determine the grounds and alternatives for resolution. The Supervisor of Purchasing and Building Services will attempt to resolve the dispute. Successful resolutions shall be documented in writing and sent to all parties concerned.
- If the Supervisor of Purchasing and Building Services is unable to resolve the dispute with the participants, all of the documentation concerning the dispute will be forwarded to the Director of Operations. If deemed necessary, the Director of Operations may interview any or all that are involved. The Director of Operations will provide direction to the Supervisor of Purchasing and Building Services should these situations arise. The Supervisor of Purchasing and Building Services will review the action plan prior to execution.
- Within a reasonable period of time, if the supplier is not satisfied with action directed by the Supervisor Purchasing and Building Services and the Director of Operations, all of the documentation concerning the dispute can be forwarded to the CFO, President or COO who will review the facts and render a decision.
- If the supplier is not satisfied by the decision of the CFO, President or COO, the dispute may be brought to the attention of the Board of Directors within a reasonable period of time for final resolution.
- In order to avoid any unnecessary expenditure, violation of any existing Company agreements or possible litigation by suppliers or service providers, all contractual agreements required to obtain goods and services must be forwarded to the Supervisor of Purchasing and Building Services for review and official record-keeping and due process followed after legal advice. Original documents may still follow the Company's document control process.

CORPORATE PURCHASING PROCEDURE	Page 13 of 16
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Appendix A - Cheque Requisition

Docova/Administrative Information/Forms and Templates/GHESI Cheque Req

Guelph Hydro Electric Systems Inc.

CHEQUE REQUISITION

SPECIAL INSTRUCTIONS: Please give cheque to CFO

DATE:	October 24, 2014
AMOUNT:	$1,130.00
RE:	Confidential – see CFO's file

INVOICE NO: 12345		
NAME/VENDOR: Central Lawyers		
ADDRESS:	45 Smith Street	
CITY: Guelph	PROV: ON	PC: N1G 4Y1

Requested by:	**Approved by:**
Name: Tammy EA	**Name: Thomas CFO**
Signature:	**Signature:**

CODING APPROVED ACCOUNTING DEPT.	G.L. ACCOUNT NO.	
	001-5060-663-43-03	$1,000.00
	001-	$
	001-	$
	001-	$
	HST 001-0000-352-11-00	$130.00
	TOTAL	$1,130.00

Appendix B - Vendor Information Form

Docova/Purchasing/Templates/Vendor Information

Guelph Hydro

GUELPH HYDRO ELECTRIC SYSTEMS INC

395 Southgate Drive, Guelph ON N1G 4Y1
Phone: (519) 822-1750 Ext. 4911 or (519) 837-4705 Fax: (519) 822-3633

Confidential Vendor Information Form

Please complete and return this form via fax (519) 822-3633 to the attention of Purchasing or e-mail wmorelli@guelphhydro.com or jalmas@guelphhydro.com

Are you a current vendor with Guelph Hydro Electric Systems Inc.? ☐ Yes ☐ No

Check all the products/services on page 3 that apply to your offer to Guelph Hydro Electric Systems Inc.

You **MUST** be a registered vendor to bid on future Requests for Proposals, Tenders, and Quotations.

Supplier Information-Confidential **Date:**

Legal Name of Business:		Parent Company (if any):		
Address:		City:	Province:	Postal Code:
Telephone:	Fax #:	Web Site:	Cell #:	
Contact Names: President:		General Manager:		
Q.A. Manager:		Sales Manager:		
Order Desk Rep:	After Hours Contact:	E mail Address:		

General Information

Ownership and Organization
☐ Individual ☐ Sole Proprietor ☐ Corporation ☐ Partnership
☐ Manufacturer ☐ Distributor ☐ Consultant ☐ Contractor
☐ Other (state)

How long in business under present name?	Previous Business Names:
Name of Union if Applicable:	
Unionized Company ☐Yes ☐No	Expiry Date of Union Contract:
Quality Registration:	ISO Certification Number and level:
Attach Copy of Certification:	

Average Lead-time for Parts:	F.O.B. Point:	Method of Shipment:
EDI Capabilities?		
Are lot numbers used on all products?	If not, which product?	
Is full traceability available on all products? ☐Yes ☐No		

Page 1 of 3

Appendix C - Contractor Pre-Qualification Forms

Docova/Purchasing/Templates/Contractor Pre-Qualification

Guelph Hydro
Electric Systems Inc.

CONTRACTOR QUALIFICATION FORMS

2012 09 28

SECTION E

CORPORATE PURCHASING PROCEDURE	Page 16 of 16
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Appendix D

Purchase Approval Levels

	COO and CEO	CFO Vice-Presidents: Human Resources Business Dev	Directors: Operations Engineering Metering & Conservation Corp Comm IS	Managers	Purchasing Supervisor	Supervisors	Exec Asst
Contracts for service by tender, e.g., tree trimming,	Above $75,000	Up to	Up to				
Contracts for services not tendered, e.g.,	Above $50,000	Up to	Up to	---	---	---	
Contracts for benefit service provisions, e.g., Employee Assistance Program, Benefit Plan	Above $50,000	Up to $50,000	---	---	---	---	
Purchase of Inventory Items	Above $75,000	Up to $75,000	Up to $75,000	---	Up to $50,000	---	
Purchase of Non- Inventory Items, e.g., rolling stock,	Above $75,000	Up to $75,000	Up to $75,000	Up to $5,000	Up to $2,000	Up to $2,000	Up to $500
Consulting Services	Above $25,000	Up to $25,000	Up to $25,000	---	---	---	

- Non-budget expenditures above $10,000 to be reviewed with the COO or CEO, above $50,000 with the Board of Directors

2.7.3.4 ONE-TIME COSTS

Guelph Hydro has included the 2016 Cost of Service Application costs as one-time costs. These costs have been included in the 2016 Test Year OM&A expenses. Since these costs do not occur annually, the 2016 Cost of Service Application costs are proposed to be recovered over a 5 year period. Therefore, only one-fifth of the costs have been recorded as expenses in the 2016 Test Year.

2016 Cost of Service Application Costs

In preparation of this Cost of Service Application, Guelph Hydro will incur incremental costs that it otherwise would not have on an annual basis. These costs are not incurred annually, but rather every 5 years.

Guelph Hydro has estimated these costs to be $316,500 , from which $234,000 in the 2015 Bridge Year and $82,500 in the 2016 Test Year. These costs include the costs payable to the Ontario Energy Board for the review of the Application, legal and consulting costs related to the Application.

A summary of these costs are presented in the following Table 4-71 and Appendix 2-M – Regulatory Cost Schedule (Table 4-72).

This Application has required a substantial amount of internal Regulatory, Finance, Engineering and Operations personnel time. These departments have set aside time or worked overtime in order to complete this Application, while continuing to fulfill their normal duties. Guelph Hydro has been diligent in minimizing the hiring of contractors to complete this Application.

The Cost of the 2016 Cost of Service Application is estimated to be $316,500 ($234,000 in 2015 and $82,500 in 2016), of which Guelph Hydro has included $63,300 , one fifth of the 2016 total costs, in the 2016 Test Year expenses in OEB account 5655. The 2016

Cost of Service Application has been estimated based on actual 2012 Cost of Service Application costs (please see the following Table 4-71 below).

Table 4-71

Table 1 - Regulatory Costs - Cost Of Service - One Time Costs

Name	Description	Budget		Actual	
		2015 Bridge Year	2016 Test Year	2011 Bridge Year	2012 Test Year
Ontario Energy Board	Cost of Review of Cost of Service Application		$12,000		$11,380.32
Consultants	Providing guidance and clarification of requirements, models etc.	$158,800	$200	$13,431.39	150
Legal	Legal review of final application, expert witness preparation, and oral hearing , and final argument-in-chief costs	$72,700	$300	$75,454.51	243.3
Intervenor Costs	Costs awarded to intervenors – based on OEB decisions		$70,000		$68,090.78
Transcription costs	Costs for OEB transcribers in oral hearing	$2,500		$2,401.90	
TOTAL	$316,500	$234,000	$82,500	$91,287.80	$79,864.40
ANNUAL RECOVERY	Account 5655 – 1/5 of the one time cost		**$63,300**		**$34,230.44**

2.7.3.5 REGULATORY COSTS

Guelph Hydro's regulatory costs consist mainly of regulatory staff, the OEB's annual dues, costs for annual rate publications, and the cost of preparing the 2016 Cost of Service Application. Appendix 2-M (Table 4-72) outlines historical, Bridge Year and Test Year costs. These costs are required in order to meet all the regulatory reporting requirements and reviewing and responding to changing policies, legislation and OEB requirements

The 2016 Cost of Service Application specifically, will incur a material amount of costs from its initial preparation, to its review, interrogatories and intervenors.

Table 4-72

Appendix 2-M
Regulatory Cost Schedule

	Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost? [2]	Last Rebasing Year (2012 Board Approved)	Most Current Actuals Year 2014	2015 Bridge Year	Annual % Change	2016 Test Year	Annual % Change
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = [(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
1	OEB Annual Assessment	5655		On-Going	$ 180,000	$ 152,807	$ 153,000	0.13%	$ 180,000	17.65%
2	OEB Section 30 Costs (Applicant-originated)	5655		One-Time	$ -					
3	OEB Section 30 Costs (OEB-initiated)	5655		On-Going	$ -	$ 4,793	$ 5,000	4.32%	$ 5,000	0.00%
4	Expert Witness costs for regulatory matters	5655		One-Time	$ -					
5	Legal costs for regulatory matters	5655		One-Time	$ 3,500	$ 6,827	$ 72,700	964.96%	$ 300	-99.59%
6	Consultants' costs for regulatory matters	5655		One-Time	$ -	$ 7,279	$ 158,800	2081.59%	$ 200	-99.87%
7.1	Operating expenses associated with staff resources allocated to regulatory matters	5610		On-Going	$ 202,488	$ 247,187	$ 307,456	24.38%	$ 269,628	-12.30%
7.2	OEB - Cost of Review of Cost of service Application	5655		One-Time					$ 12,000	
8	Costs for OEB transcribers - Oral Hearing	5655		One-Time			$ 2,500			-100.00%
9	Other regulatory agency fees or assessments	5655		On-Going	$ -					
10	Any other costs for regulatory matters (please define)	5655		On-Going	$ 8,715	$ 6,177	$ 8,700	40.84%		-100.00%
11	Intervenor costs	5655		One-Time	$ 25,000				$ 70,000	
12	2012 COS one-time Costs (1/4 X $232,00)	5655		One-Time	$ 58,000					
12	Sub-total - Ongoing Costs [3]		$ -		$ 391,203	$ 410,965	$ 474,156	15.38%	$ 454,628	-4.12%
13	Sub-total - One-time Costs [4]		$ -		$ 28,500	$ 14,106	$ 234,000	1558.91%	$ 82,500	-64.74%
14	Total		$ -		$ 419,703	$ 425,070	$ 708,156	66.60%	$ 537,128	-24.15%

Note (12 - column E): It is not included in the Total of the One-Time Costs; it represents the 1/4 of the Board approved 2012 Total One-Time cost (2011 Bridge and 2012 Test Year)
Note 10: OEB Cost Awards

	2011 Historical Year (Board Approved over 4 year period)	2012 Historical Year (Board Approved over 4 year period)	2011 Historical Year	2012 Historical Year	2015 Bridge Year	2016 Test Year
Expert Witness costs						
Legal costs	$110,000	$3,500	$75,455	$243	$72,700	$300
Consultants' costs	$50,000		$13,431	$150	$158,800	$200
OEB - Cost of Review of Cost of service Application	$40,000			$11,380		$12,000
Costs for OEB transcribers - Oral Hearing	$3,500		$2,402		$2,500	
Intervenor costs		$25,000		$68,091		$70,000
	$ 203,500	**$ 28,500**	**$ 91,288**	**$ 79,864**	**$ 234,000**	**$ 82,500**
		$ 232,000		$ 171,152		$ 316,500
Please identify the resources involved.			Annual one-time cost to be recovered			**$ 63,300**

Notes:

(1): OEB Annual Assessment (on-going) - The Board's Cost Assessment apportions its costs to the persons or classes of persons who pay costs under section 26 of the *Ontario Energy Board Act, 1998* (the "Act"). The persons or classes of persons that are liable to pay the Board's costs under section 26(1) of the Act are set out in Ontario Regulation 16/08. The Board's annual cost assessment is comprised of the total of operating expenses (excluding non-cash expenses) and capital expenditures less other funding sources for the fiscal year. The 2016 forecast for this cost has been done based on historical cost assessments paid by Guelph Hydro.

(3): OEB Section 30 Costs (OEB-initiated) – (on-going) – OEB's costs awards – when used in connection with a notice and comment process under section 45 or 70.2 of the Act or any other consultation process initiated by the Board, the cost awards are recovered from distributors and other regulated entities in relation to the process, as determined by the Board;

(5): Legal Cost for regulatory matters (one-time): Legal cost for representing Guelph Hydro in the 2016 Cost of Service application: legal review of the application, review of the Distribution System Plan, legal representation in technical conference and settlement, expert witness preparation, and oral hearing, and final argument-in-chief costs.

(6): Consultants' costs for regulatory matter (one-time): Third party consultants who provides guidance and clarification of filing requirements, models, reviewing the

application, developing Distribution System Plan, and assisting with the Application communication to customers

(7.1): Operating expenses associated with staff resources allocated to regulatory matters (on-going): presently, the regulatory department includes a manager, and a regulatory analyst- temporary replacement of a maternity leave; for 2016, the regulatory staff resources were budgeted to include a manager, and a regulatory analyst; the amounts include the employees' benefits.

(7.2) OEB - Cost of Review of Cost of Service Application (one-time): the OEB's cost with the review of 2016 Cost of Service Application.

(8): Costs for OEB transcribers - Oral Hearing (one-time): the OEB's cost for transcribing the oral hearing of the 2016 Cost of Service Application.

(10): Any other costs for regulatory matters (on-going): the amounts include administration expenses: office supplies and expenses, publishing regulatory notices costs, stationery and printing, traveling expenses, and other expenses incurred directly in connection with formal cases before the regulatory bodies (i.e. Ontario Energy Board).

(11): Intervenor Costs (one-time): the amount includes the intervenors' costs in the 2016 Cost of Service proceedings.

Recovery of One-Time Costs

Guelph Hydro is proposing to recover the one-time costs related to 2016 cost of service preparation in amount of $316,500 over a 5-year period, which means over the test year and the subsequent IRM term (i.e. 2016 to 2020). The proposed annual one-time cost to be recovered is $63,300.

2.7.3.6 LOW-INCOME ENERGY ASSISTANCE PROGRAMS ("LEAP")

In March 2009 the Board issued the *Low Income Energy Assistance Program* (the "LEAP Report") which describes policies and measures for electricity and natural gas distributors to assist low-income energy consumers, including emergency financial assistance.

On October 20, 2010, the Board issued a letter to provide guidance to distributors as to the rate treatment of LEAP emergency financial assistance, and information about the Board's expectations for distributor partnerships with social service agencies.

The Board's letter reiterates the funding level for Emergency Financial Assistance as being the greater of 0.12% of a distributor's Board-approved distribution revenue requirement, or $2,000. Furthermore, the Board affirms that the LEAP amount is to be recovered from all rate classes based on the respective distribution revenue of each of those rate classes.

It is Guelph Hydro's understanding that the LEAP financial assistance is an ongoing cost; therefore, Guelph Hydro has been budgeted an amount of $41,000 (i.e. 0.12% of $34,319,428 the 2016 proposed service revenue requirement) for financial assistance of low income customers (Account 5410 – Community Relations). The LEAP amount will be adjusted to account for changes resulting from Board's decision on the final service revenue requirement.

Guelph Hydro has selected its lead-social agency and signed an agreement with County of Wellington – Social Services Department (please see Appendix 4-A).

Guelph Hydro will ensure it reports and complies with all the regulatory requirements of the OEB with respect to its activities related to low-income consumers.

Guelph Hydro currently is not required to advertise the LEAP program but is required to do so with the arrears program. With this, Guelph Hydro responds to customers'

situation when speaking to them about payment for the arrears. Should their individual financial situation be such that based on income they would qualify, Guelph Hydro would give them LEAP's contact information and they would pursue this with Wellington County Social Services, its service provider. Guelph Hydro has discussed with its provider about advertising LEAP program and Wellington County Social Services has mentioned that they would not have the staff to be inundated if we were to "advertise" LEAP.

Guelph Hydro does advertise on its website under "Payment Assistance" payment options for customers having difficulty paying their bills. Low income customers experiencing financial difficulties are asked to call our Credit Department to discuss making payment arrangements or to find out whether they may be eligible for other financial assistance (please use the link below for more details):

http://www2.guelphhydro.com/en/residential/payments.asp

Statement whether test year revenue requirement includes legacy low income energy assistance programs

Guelph Hydro states that the 2016 test year revenue requirement includes only LEAP program cost of $41,000 (i.e. 0.12% of $34,319,428 the 2016 proposed service revenue requirement).

2.7.3.7 CHARITABLE AND POLITICAL DONATIONS

Guelph Hydro confirms that, other than LEAP contributions, it has not forecast any charitable donations in 2016 Test Year.

Guelph Hydro confirms that no political contributions have been included in the 2016 Test Year budget.

In the 2015 Bridge Year and 2016 Test Year, Guelph Hydro has not budgeted any amounts for charities or political contributions. However, in accordance with Chapter 2 of the Filing Requirements for Transmission and Distribution Applications updated on July 18, 2014, the recovery of charitable donations is not allowed for rate setting purposes, except for contributions to programs that provide assistance to the distributor's customers in paying their electricity bills and assistance to low income customers. Therefore, Guelph Hydro has included only the LEAP financial assistance amount in its 2015 and 2016 budgets.

Charitable Donations – amounts paid from the last Board approved up to test year

Table 4-73

Charitable Donations Summary

Year	Amount
2012	$65,368
2013	$62,664
2014	$63,070
2015	$32,000
2016	$41,000

2.7.4 DEPRECIATION, AMORTIZATION AND DEPLETION

Guelph Hydro has provided details for depreciation and amortization (depletion is not applicable) by asset group for 2012 to 2014 Historical Years and for 2015 Bridge and 2016 Test Years (see Tables 4-74 to 4-78 below).

In addition, Guelph Hydro has presented an historical depreciation reconciliation to its audited financial statements. Guelph Hydro's historical depreciation practice is to use a half- year depreciation method. For 2015 Bridge Year, and 2016 Test Year Guelph Hydro has also used the half-year depreciation calculation.

Table 4-74

Appendix 2-CB
Depreciation and Amortization Expense

Guelph Hydro adopted IFRS on January 1, 2011

Year 2012 MIFRS

Account	Description	Opening NBV as at Jan 1, 2012 [5] (a)	Additions (d)	Average Remaining Life of Opening NBV [4] (i)	Years (new additions only) [3] (f)	Depreciation Rate on New Additions (g) = 1 / (f)	Depreciation Expense on Opening NBV (j) = (a) / (i)	Depreciation Expense on Additions [1] (h)=((d)*0.5)/(f)	2012 Depreciation Expense (k) = (j) + (h)	2012 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l)	Variance [2] (m) = (k) - (l)	Depreciation Expense on 2012 Full Year Additions (n) = (d)/(f)	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2012 Full Year Depreciation [6] (p) = (j) + (n) - (o)
1611	Computer Software (Formally known as Account 1925)	$ 251,106	$ 240,878	5.00	5.00	20.00%	$ 50,221	$ 24,088	$ 74,309	$ 42,153	$ 32,156	$ 48,176		$ 98,397
1612	Land Rights (Formally known as Account 1906)					0.00%	$ -	$ -	$ -		$ -	$ -		$ -
1805	Land	$ 4,416,883	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1808	Buildings	$ 15,255,343	$ -	36.03	50.00	2.00%	$ 423,407	$ -	$ 423,407	$ 553,814	-$ 130,408	$ -		$ 423,407
1810	Leasehold Improvements	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV	$ 13,644,531	$ 1,596,026	39.89	39.31	2.54%	$ 342,054	$ 20,301	$ 362,354	$ 377,319	-$ 14,964	$ 40,601		$ 382,655
1820	Distribution Station Equipment <50 kV	$ 1,544,675	$ 15,874	35.00	40.00	2.50%	$ 44,134	$ 198	$ 44,332	$ 46,132	-$ 1,800	$ 397		$ 44,530
1825	Storage Battery Equipment	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 14,978,009	$ 1,188,239	39.08	50.00	2.00%	$ 383,265	$ 11,882	$ 395,148	$ 475,644	-$ 80,497	$ 23,765	$ 1,010	$ 406,020
1835	Overhead Conductors & Devices	$ 11,761,293	$ 763,811	45.33	53.00	1.89%	$ 259,459	$ 7,206	$ 266,665	$ 323,157	-$ 56,492	$ 14,412	$ 55	$ 273,815
1840	Underground Conduit	$ 26,933,291	$ 3,403,796	30.58	40.00	2.50%	$ 880,749	$ 42,547	$ 923,296	$ 1,022,119	-$ 98,823	$ 85,095	$ 527	$ 965,317
1845	Underground Conductors & Devices	$ 24,718,079	$ 2,071,993	28.22	37.96	2.63%	$ 875,906	$ 27,292	$ 903,198	$ 1,016,017	-$ 112,819	$ 54,584	$ 369	$ 930,121
1850	Line Transformers	$ 11,294,320	$ 874,211	29.00	39.82	2.51%	$ 389,459	$ 10,977	$ 400,436	$ 461,908	-$ 61,472	$ 21,954	$ 1,854	$ 409,559
1855	Services (Overhead & Underground)	$ 4,567,011	$ 487,637	22.34	30.00	3.33%	$ 204,432	$ 8,127	$ 212,559	$ 272,642	-$ 60,083	$ 16,255		$ 220,687
1860	Meters	$ 12,244,761	$ 577,883	18.57	21.15	4.73%	$ 659,384	$ 13,662	$ 673,046	$ 745,600	-$ 72,555	$ 27,323	-$ 181,088	$ 867,795
1860	Meters (Smart Meters)					0.00%	$ -	$ -	$ -		$ -	$ -		$ -
1905	Land	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)	$ 551,884	$ 43,060	4.87	10.00	10.00%	$ 113,323	$ 2,153	$ 115,476	$ 99,938	$ 15,538	$ 4,306	$ 6,261	$ 111,368
1915	Office Furniture & Equipment (5 years)					0.00%	$ -	$ -	$ -		$ -	$ -		$ -
1920	Computer Equipment - Hardware	$ 701,660	$ 155,368	2.82	5.00	20.00%	$ 248,815	$ 15,537	$ 264,352	$ 307,477	-$ 43,124	$ 31,074	$ 60,164	$ 219,725
1920	Computer Equip.-Hardware(Post Mar. 22/04)					0.00%	$ -	$ -	$ -		$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)					0.00%	$ -	$ -	$ -		$ -	$ -		$ -
1930	Transportation Equipment	$ 1,596,392	$ 468,956	6.54	9.50	10.53%	$ 244,097	$ 24,682	$ 268,779	$ 359,296	-$ 90,518	$ 49,364	$ 50,626	$ 242,835
1935	Stores Equipment	$ 0	$ 0			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment	$ 367,501	$ 76,475	6.02	10.00	10.00%	$ 61,047	$ 3,824	$ 64,870	$ 78,266	-$ 13,396	$ 7,648	$ 3,997	$ 64,697
1945	Measurement & Testing Equipment	$ 0	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1950	Power Operated Equipment	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1955	Communication Equipment (Smart Meters)					0.00%	$ -	$ -	$ -		$ -	$ -		$ -
1960	Miscellaneous Equipment	$ 17,082	$ -	2.18		0.00%	$ 7,836	$ -	$ 7,836	$ 8,016	-$ 180	$ -		$ 7,836
1970	Load Management Controls Customer Premises	$ 114,695	$ -	11.26		0.00%	$ 10,186	$ -	$ 10,186	$ 11,001	-$ 815	$ -	$ 533	$ 9,653
1975	Load Management Controls Utility Premises	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment	$ 439,301	$ 270,043	3.19	5.00	20.00%	$ 137,712	$ 27,004	$ 164,716	$ 120,675	$ 44,041	$ 54,009		$ 191,720
1985	Miscellaneous Fixed Assets	$ 6,157	$ -	3.00		0.00%	$ 2,052	$ -	$ 2,052	$ -	$ 2,052	$ -		$ 2,052
1990	Other Tangible Property	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants	-$ 32,518,754	-$ 2,680,601	40.16	39.08	2.56%	-$ 809,730	-$ 34,296	-$ 844,026	-$ 942,443	$ 98,417	-$ 68,593		-$ 878,323
2070	Other Utility Plant	$ 347	$ -	7.00		0.00%	$ 50	$ -	$ 50	$ 51	-$ 2	$ -		$ 50
	Total	**$ 112,885,566**	**$ 9,553,649**				**$ 4,527,858**	**$ 205,183**	**$ 4,733,041**	**$ 5,378,783**	**-$ 645,742**	**$ 410,367**	**-$ 55,692**	**$ 4,993,917**

Table 4-75

Appendix 2-CC
Depreciation and Amortization Expense

Guelph Hydro adopted IFRS on January 1, 2011

2013 MIFRS

Account	Description	Additions (d)	Years (new additions only) (f)	Depreciation Rate on New Additions (g) = 1 / (f)	2013 Depreciation Expense [1] (h)=2012 Full Year Deprecation + ((d)*0.5)/(f)	2013 Depreciation Expense per Apppendix 2-BA Fixed Assets, Column J (l)	Variance [2] (m) = (h) - (l)	Depreciation Expense on 2013 Full Year Additions (n)=((d))/(f)	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2013 Full Year Depreciation [3] (p) = 2012 Full Year Depreciation + (n) - (o)
1611	Computer Software (Formally known as Account 1925)	$ 115,795	5.00	20.00%	$ 109,976	$ 77,820	$ 32,156	$ 23,159		$ 121,556
1612	Land Rights (Formally known as Account 1906)			0.00%	$ -		$ -	$ -		$ -
1805	Land	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings	$ 97,634	50.00	2.00%	$ 424,383	$ 689,636	-$ 265,253	$ 1,953		$ 425,359
1810	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV	$ 537,200	40.00	2.50%	$ 389,370	$ 404,718	-$ 15,348	$ 13,430		$ 396,085
1820	Distribution Station Equipment <50 kV	$ 436	40.00	2.50%	$ 44,536	$ 46,802	-$ 2,266	$ 11		$ 44,541
1825	Storage Battery Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 1,511,855	50.00	2.00%	$ 421,139	$ 440,420	-$ 19,281	$ 30,237		$ 436,257
1835	Overhead Conductors & Devices	$ 735,098	55.12	1.81%	$ 280,484	$ 287,501	-$ 7,018	$ 13,336		$ 287,152
1840	Underground Conduit	$ 2,462,016	40.00	2.50%	$ 996,092	$ 1,063,265	-$ 67,173	$ 61,550		$ 1,026,867
1845	Underground Conductors & Devices	$ 927,654	36.73	2.72%	$ 942,749	$ 1,060,562	-$ 117,813	$ 25,256	$ 3,310	$ 952,067
1850	Line Transformers	$ 809,578	39.97	2.50%	$ 419,686	$ 480,179	-$ 60,492	$ 20,255	$ 1,543	$ 428,271
1855	Services (Overhead & Underground)	$ 736,174	31.65	3.16%	$ 232,317	$ 252,847	-$ 20,530	$ 23,260		$ 243,946
1860	Meters	$ 466,243	17.04	5.87%	$ 881,476	$ 850,890	$ 30,586	$ 27,362		$ 895,157
1860	Meters (Smart Meters)			0.00%	$ -		$ -	$ -		$ -
1905	Land	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)	$ 50,495	10.00	10.00%	$ 113,893	$ 137,756	-$ 23,863	$ 5,049	$ 1,425	$ 114,993
1915	Office Furniture & Equipment (5 years)			0.00%	$ -		$ -	$ -		$ -
1920	Computer Equipment - Hardware	$ 415,592	5.00	20.00%	$ 261,284	$ 313,976	-$ 52,692	$ 83,118	$ 120,719	$ 182,125
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0.00%	$ -		$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)			0.00%	$ -		$ -	$ -		$ -
1930	Transportation Equipment	$ 461,583	8.02	12.47%	$ 271,612	$ 329,882	-$ 58,270	$ 57,554	$ 26,530	$ 273,859
1935	Stores Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1940	Tools, Shop & Garage Equipment	$ 79,477	10.00	10.00%	$ 68,671	$ 78,159	-$ 9,487	$ 7,948	$ 5,175	$ 67,470
1945	Measurement & Testing Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1950	Power Operated Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communication Equipment (Smart Meters)			0.00%	$ -		$ -	$ -		$ -
1960	Miscellaneous Equipment	$ -		0.00%	$ 7,836	$ 8,016	-$ 180	$ -	$ 6,966	$ 870
1970	Load Management Controls Customer Premises	$ -		0.00%	$ 9,653	$ 11,261	-$ 1,607	$ -	$ 464	$ 9,189
1975	Load Management Controls Utility Premises	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment	$ 253,319	15.03	6.65%	$ 200,148	$ 239,702	-$ 39,554	$ 16,854	$ 60,856	$ 147,718
1985	Miscellaneous Fixed Assets	$ -		0.00%	$ 2,052	$ -	$ 2,052	$ -		$ 2,052
1990	Other Tangible Property	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants	-$ 3,269,487	38.28	2.61%	-$ 921,027	-$ 1,027,857	$ 106,830	-$ 85,410		-$ 963,732
2070	Other Utility Plant	$ -		0.00%	$ 50	$ -	$ 50	$ -		$ 50
	Total	**$ 6,390,664**			**$ 5,156,378**	**$ 5,745,533**	**-$ 589,155**	**$ 324,923**	**$ 226,988**	**$ 5,091,852**

Table 4-76

Appendix 2-CD
Depreciation and Amortization Expense

Guelph Hydro adopted IFRS on January 1, 2011

2014 MIFRS

Account	Description	Additions (d)	Years (new additions only) (f)	Depreciation Rate on New Additions (g) = 1 / (f)	2014 Depreciation Expense [1] (h)=2013 Full Year Deprecation + ((d)*0.5)/(f)	2014 Depreciation Expense per Apppendix 2-BA Fixed Assets, Column J (l)	Variance [2] (m) = (h) - (l)	Depreciation Expense on 2014 Full Year Additions (n)=((d))/(f)	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2014 Full Year Depreciation [3] (p) = 2013 Full Year Depreciation + (n) - (o)
1611	Computer Software (Formally known as Account 1925)	$ 166,819	5.00	20.00%	**$ 138,238**	$ 106,082	**$ 32,156**	**$ 33,364**		**$ 154,920**
1612	Land Rights (Formally known as Account 1906)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1805	Land	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1808	Buildings	$ 483,568	25.41	3.94%	**$ 434,875**	$ 700,204	**-$ 265,329**	**$ 19,031**		**$ 444,390**
1810	Leasehold Improvements	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1815	Transformer Station Equipment >50 kV	-$ 312,119	40.00	2.50%	**$ 392,183**	$ 403,630	**-$ 11,447**	**-$ 7,803**		**$ 388,282**
1820	Distribution Station Equipment <50 kV	$ 15,874	30.46	3.28%	**$ 44,802**	$ 47,069	**-$ 2,267**	**$ 521**		**$ 45,062**
1825	Storage Battery Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1830	Poles, Towers & Fixtures	$ 1,428,993	49.82	2.01%	**$ 450,599**	$ 482,021	**-$ 31,422**	**$ 28,683**		**$ 464,940**
1835	Overhead Conductors & Devices	$ 772,741	56.93	1.76%	**$ 293,939**	$ 301,132	**-$ 7,193**	**$ 13,574**		**$ 300,725**
1840	Underground Conduit	$ 2,269,156	50.30	1.99%	**$ 1,049,423**	$ 777,402	**$ 272,021**	**$ 45,112**		**$ 1,071,980**
1845	Underground Conductors & Devices	$ 2,938,193	38.40	2.60%	**$ 990,324**	$ 1,108,798	**-$ 118,473**	**$ 76,515**	$ 9,621	**$ 1,018,961**
1850	Line Transformers	$ 1,271,201	41.61	2.40%	**$ 443,546**	$ 496,016	**-$ 52,471**	**$ 30,550**	$ 4,766	**$ 454,055**
1855	Services (Overhead & Underground)	$ 327,407	34.13	2.93%	**$ 248,743**	$ 269,861	**-$ 21,118**	**$ 9,593**		**$ 253,539**
1860	Meters	$ 144,003	18.71	5.34%	**$ 899,005**	$ 869,286	**$ 29,719**	**$ 7,697**	$ 36,313	**$ 866,541**
1860	Meters (Smart Meters)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1905	Land	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1908	Buildings & Fixtures	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1910	Leasehold Improvements	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1915	Office Furniture & Equipment (10 years)	$ 104,225	10.00	10.00%	**$ 120,204**	$ 144,068	**-$ 23,864**	**$ 10,422**	$ 423	**$ 124,993**
1915	Office Furniture & Equipment (5 years)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1920	Computer Equipment - Hardware	$ 475,939	5.00	20.00%	**$ 229,719**	$ 282,597	**-$ 52,878**	**$ 95,188**	$ 61,779	**$ 215,533**
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1920	Computer Equip.-Hardware(Post Mar. 19/07)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1930	Transportation Equipment	$ 437,499	8.02	12.47%	**$ 301,134**	$ 364,079	**-$ 62,945**	**$ 54,551**	$ 8,358	**$ 320,052**
1935	Stores Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1940	Tools, Shop & Garage Equipment	$ 85,754	10.00	10.00%	**$ 71,758**	$ 81,245	**-$ 9,488**	**$ 8,575**	$ 5,831	**$ 70,215**
1945	Measurement & Testing Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1950	Power Operated Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1955	Communications Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1955	Communication Equipment (Smart Meters)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1960	Miscellaneous Equipment	$ -		0.00%	**$ 870**	$ 1,050	**-$ 180**	**$ -**	$ 1,050	**-$ 180**
1970	Load Management Controls Customer Premises	$ -		0.00%	**$ 9,189**	$ 10,796	**-$ 1,607**	**$ -**	$ 359	**$ 8,830**
1975	Load Management Controls Utility Premises	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1980	System Supervisor Equipment	$ 323,733	9.74	10.27%	**$ 164,337**	$ 208,643	**-$ 44,306**	**$ 33,238**	$ 44,187	**$ 136,769**
1985	Miscellaneous Fixed Assets	$ -		0.00%	**$ 2,052**	$ 6,157	**-$ 4,105**	**$ -**	$ 6,157	**-$ 4,105**
1990	Other Tangible Property	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1995	Contributions & Grants	-$ 2,372,224	40.90	2.44%	**-$ 992,733**	-$ 1,087,158	**$ 94,425**	**-$ 58,001**		**-$ 1,021,733**
2070	Other Utility Plant	$ -		0.00%	**$ 50**	$ 51	**-$ 1**	**$ -**		**$ 50**
	Total	**$ 8,560,763**			**$ 5,292,257**	**$ 5,573,029**	**-$ 280,772**	**$ 400,811**	**$ 178,843**	**$ 5,313,819**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets)				$ -					
	Total Depreciation Expense				**$ 5,292,257**					

Table 4-77

Appendix 2-CE
Depreciation and Amortization Expense

Guelph Hydro adopted IFRS on January 1, 2011

2015 MIFRS

Account	Description	Additions (d)	Years (new additions only) (f)	Depreciation Rate on New Additions (g) = 1 / (f)	2015 Depreciation Expense [1] (h)=2014 Full Year Depreciation + ((d)*0.5)/(f)	2015 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l)	Variance [2] (m) = (h) - (l)	Depreciation Expense on 2015 Full Year Additions (n)=((d))/(f)	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2014 Full Year Depreciation [3] (p) = 2013 Full Year Depreciation + (n) - (o)
1611	Computer Software (Formally known as Account 1925)	$ 522,302	5.00	20.00%	**$ 207,150**	$ 174,994	**$ 32,156**	**$ 104,460**		**$ 259,380**
1612	Land Rights (Formally known as Account 1906)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1805	Land	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1808	Buildings	$ 755,000	50.00	2.00%	**$ 451,940**	$ 717,345	**-$ 265,405**	**$ 15,100**		**$ 459,490**
1810	Leasehold Improvements	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1815	Transformer Station Equipment >50 kV	$ 2,232,000	40.00	2.50%	**$ 416,182**	$ 431,530	**-$ 15,348**	**$ 55,800**		**$ 444,082**
1820	Distribution Station Equipment <50 kV	$ -		0.00%	**$ 45,062**	$ 47,330	**-$ 2,268**	**$ -**		**$ 45,062**
1825	Storage Battery Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1830	Poles, Towers & Fixtures	$ 2,850,291	50.00	2.00%	**$ 493,443**	$ 524,048	**-$ 30,605**	**$ 57,006**	$ 525	**$ 521,421**
1835	Overhead Conductors & Devices	$ 1,385,877	55.12	1.81%	**$ 313,297**	$ 320,748	**-$ 7,451**	**$ 25,143**		**$ 325,868**
1840	Underground Conduit	$ 4,641,626	50.22	1.99%	**$ 1,118,193**	$ 845,596	**$ 272,597**	**$ 92,426**	$ 270	**$ 1,164,135**
1845	Underground Conductors & Devices	$ 1,748,902	36.73	2.72%	**$ 1,042,769**	$ 1,161,789	**-$ 119,021**	**$ 47,615**	$ 5,069	**$ 1,061,508**
1850	Line Transformers	$ 1,526,293	40.99	2.44%	**$ 472,673**	$ 525,413	**-$ 52,740**	**$ 37,236**	$ 4,064	**$ 487,227**
1855	Services (Overhead & Underground)	$ 1,387,904	31.65	3.16%	**$ 275,467**	$ 297,439	**-$ 21,972**	**$ 43,855**		**$ 297,394**
1860	Meters	$ 1,010,000	11.14	8.98%	**$ 911,873**	$ 903,549	**$ 8,324**	**$ 90,664**	$ 53,042	**$ 904,163**
1860	Meters (Smart Meters)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1905	Land	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1908	Buildings & Fixtures	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1910	Leasehold Improvements	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1915	Office Furniture & Equipment (10 years)	$ 58,000	10.00	10.00%	**$ 127,893**	$ 151,756	**-$ 23,863**	**$ 5,800**	$ 105,059	**$ 25,733**
1915	Office Furniture & Equipment (5 years)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1920	Computer Equipment - Hardware	$ 680,000	5.00	20.00%	**$ 283,533**	$ 336,411	**-$ 52,878**	**$ 136,000**	$ 55,147	**$ 296,386**
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1920	Computer Equip.-Hardware(Post Mar. 19/07)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1930	Transportation Equipment	$ 739,332	8.48	11.79%	**$ 363,644**	$ 424,706	**-$ 61,062**	**$ 87,185**	$ 30,584	**$ 376,653**
1935	Stores Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1940	Tools, Shop & Garage Equipment	$ 64,000	10.00	10.00%	**$ 73,415**	$ 82,903	**-$ 9,488**	**$ 6,400**	$ 3,951	**$ 72,664**
1945	Measurement & Testing Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1950	Power Operated Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1955	Communications Equipment	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1955	Communication Equipment (Smart Meters)			0.00%	**$ -**		**$ -**	**$ -**		**$ -**
1960	Miscellaneous Equipment	$ -		0.00%	**-$ 180**	$ -	**-$ 180**	**$ -**		**-$ 180**
1970	Load Management Controls Customer Premises	$ -		0.00%	**$ 8,830**	$ 10,437	**-$ 1,607**	**$ -**	$ 101	**$ 8,729**
1975	Load Management Controls Utility Premises	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1980	System Supervisor Equipment	$ 218,000	10.00	10.00%	**$ 147,669**	$ 196,722	**-$ 49,053**	**$ 21,800**	$ 65,467	**$ 93,102**
1985	Miscellaneous Fixed Assets	$ -		0.00%	**-$ 4,105**	$ -	**-$ 4,105**	**$ -**		**-$ 4,105**
1990	Other Tangible Property	$ -		0.00%	**$ -**	$ -	**$ -**	**$ -**		**$ -**
1995	Contributions & Grants	-$ 3,057,000	39.26	2.55%	**-$ 1,060,666**	-$ 1,165,942	**$ 105,276**	**-$ 77,866**		**-$ 1,099,598**
2070	Other Utility Plant	$ -		0.00%	**$ 50**	$ 51	**-$ 1**	**$ -**		**$ 50**
	Total	**$ 16,762,527**			**$ 5,688,131**	**$ 5,986,825**	**-$ 298,694**	**$ 748,625**	**$ 323,280**	**$ 5,739,164**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets)									
	Total Depreciation expense to be included in the test year revenue requirement				**$ 5,688,131**					

Table 4-78

Appendix 2-CE
Depreciation and Amortization Expense

Guelph Hydro adopted IFRS on January 1, 2011

2016 MIFRS

Account	Description	Additions (d)	Years (new additions only) (f)	Depreciation Rate on New Additions (g) = 1 / (f)	2016 Depreciation Expense [1] (h)=2015 Full Year Depreciation + ((d)*0.5)/(f)	2016 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l)	Variance [2] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 93,000	5.00	20.00%	**$ 268,680**	$ 218,459	**$ 50,221**
1612	Land Rights (Formally known as Account 1906)			0.00%	**$ -**		**$ -**
1805	Land	$ -		0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 804,000	32.28	3.10%	**$ 471,944**	$ 739,102	**-$ 267,158**
1810	Leasehold Improvements	$ -		0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ 599,000	40.00	2.50%	**$ 451,569**	$ 466,918	**-$ 15,348**
1820	Distribution Station Equipment <50 kV	$ -		0.00%	**$ 45,062**	$ 47,330	**-$ 2,268**
1825	Storage Battery Equipment	$ -		0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 2,209,145	50.00	2.00%	**$ 543,513**	$ 574,117	**-$ 30,605**
1835	Overhead Conductors & Devices	$ 1,074,137	55.12	1.81%	**$ 335,612**	$ 343,375	**-$ 7,764**
1840	Underground Conduit	$ 3,597,537	50.22	1.99%	**$ 1,199,953**	$ 927,392	**$ 272,561**
1845	Underground Conductors & Devices	$ 1,355,503	36.73	2.72%	**$ 1,079,960**	$ 1,199,753	**-$ 119,793**
1850	Line Transformers	$ 1,182,968	40.99	2.44%	**$ 501,657**	$ 554,612	**-$ 52,955**
1855	Services (Overhead & Underground)	$ 1,075,710	31.65	3.16%	**$ 314,389**	$ 337,371	**-$ 22,982**
1860	Meters	$ 415,000	16.16	6.19%	**$ 917,003**	$ 970,309	**-$ 53,306**
1860	Meters (Smart Meters)			0.00%	**$ -**		**$ -**
1905	Land	$ -		0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures	$ -		0.00%	**$ -**	$ -	**$ -**
1910	Leasehold Improvements	$ -		0.00%	**$ -**	$ -	**$ -**
1915	Office Furniture & Equipment (10 years)	$ 163,000	10.00	10.00%	**$ 33,883**	$ 57,747	**-$ 23,863**
1915	Office Furniture & Equipment (5 years)			0.00%	**$ -**		**$ -**
1920	Computer Equipment - Hardware	$ 497,000	5.00	20.00%	**$ 346,086**	$ 398,404	**-$ 52,318**
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0.00%	**$ -**		**$ -**
1920	Computer Equip.-Hardware(Post Mar. 19/07)			0.00%	**$ -**		**$ -**
1930	Transportation Equipment	$ 573,000	9.69	10.32%	**$ 406,206**	$ 464,989	**-$ 58,783**
1935	Stores Equipment	$ -		0.00%	**$ -**	$ -	**$ -**
1940	Tools, Shop & Garage Equipment	$ 66,000	10.00	10.00%	**$ 75,964**	$ 85,452	**-$ 9,488**
1945	Measurement & Testing Equipment	$ -		0.00%	**$ -**	$ -	**$ -**
1950	Power Operated Equipment	$ -		0.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ -		0.00%	**$ -**	$ -	**$ -**
1955	Communication Equipment (Smart Meters)			0.00%	**$ -**		**$ -**
1960	Miscellaneous Equipment	$ -		0.00%	**-$ 180**	$ -	**-$ 180**
1970	Load Management Controls Customer Premises	$ -		0.00%	**$ 8,729**	$ 10,336	**-$ 1,607**
1975	Load Management Controls Utility Premises	$ -		0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ 225,000	10.00	10.00%	**$ 104,352**	$ 153,405	**-$ 49,053**
1985	Miscellaneous Fixed Assets	$ -		0.00%	**-$ 4,105**	$ -	**-$ 4,105**
1990	Other Tangible Property	$ -		0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	-$ 3,148,000	39.26	2.55%	**-$ 1,139,690**	-$ 1,246,935	**$ 107,245**
2070	Other Utility Plant	$ -		0.00%	**$ 50**	$ 51	**-$ 1**
	Total	**$ 10,782,000**			**$ 5,960,636**	**$ 6,302,186**	**-$ 341,550**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets)						
	Total Depreciation expense to be included in the test year revenue requirement				**$ 5,960,636**		

Depreciation Policy

The CICA Handbook states that amortization should be recognized in a rational and systematic manner appropriate to the nature of property, plant and equipment (with a limited life) and to its use by the enterprise. The amount of amortization that should be charged to income is the greater of:

a) the cost less salvage value over the life of the asset; and
b) the cost less residual value over the useful life of the asset (CICA s.3061.28).

The CICA Handbook recognizes that different methods of amortizing a capital asset result in different patterns of charges to income. In accordance with the CICA Handbook, Guelph Hydro uses the straight-line method of amortization. Capital assets are recorded at cost, and amortized over their estimated service lives using the straight-line method of amortization. Construction in progress assets are not amortized until the project is complete and in service. As of 2013, Guelph Hydro has elected to capitalize interest to the cost of assets constructed based on the average Construction Work in Process held during the current fiscal year. Guelph Hydro applies a half year of amortization on new additions since 2012 (the last rebasing year).

As required under IFRS, Guelph Hydro reviews its asset base to determine if the useful lives of their assets are appropriate. To assist with Guelph Hydro's assessment of its Distribution system assets for 2014 and beyond, Kinectrics Inc. was engaged to do a complete review and provide Guelph Hydro with an updated estimate of the useful lives by each asset component. Guelph Hydro used this updated information to accurately estimate its depreciation cost from 2014 – 2016. A copy of the updated study is included in Exhibit 2, Appendix 2-A DSP, Appendix K.

The results and findings of this study are presented in Section 2 – page 5 of the study. Guelph Hydro has used the useful and typical lives, in budgeting the depreciation, amortization and depletion of its assets in the 2015 Bridge Year and the 2016 Test Year.

For historical years 2012 to 2013, Guelph Hydro used the Kinectrics study that was previously done and approved in its latest Cost of Service submission effective 2012. For 2014 and the 2015 Bridge and 2016 Test Year, Guelph Hydro has adhered to the rates as set in the new updated Kinectrics' study.

Contributions in aid of construction consist of third party contributions toward the cost of constructing distribution assets and may be refunded by the Corporation based on future economic evaluations, in accordance with the OEB's Distribution System Code. They are accounted for as reductions to the cost of related capital assets and are amortized at rates corresponding with the useful lives of the related capital assets.

The estimated service lives of the various assets used in calculating amortization for 2015 Bridge Year and 2016 Test Year are set out in Table 4-79A (Appendix 2-BB).

Under IFRS, contributions in aid of construction received since 2010 are treated as deferred revenue for financial statement reporting purposes. As a result, the amortization of deferred revenue does not apply the half year rule when calculating the first year of amortization.

Table 4-79A

Appendix 2-BB
Service Life Comparison
Table F-1 from Kinetrics Report[1]

		Asset Details			Useful Life			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?	
Parent*	#	Category| Component | Type			MIN UL	TUL	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL
OH	1	Fully Dressed Wood Poles	Overall		35	45	75	1830	Wood Pole	50	2%	50	2%	No	No
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	2	Fully Dressed Concrete Poles	Overall		50	60	80	1830	Concrete Pole	40	3%	40	3%	Yes	No
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	3	Fully Dressed Steel Poles	Overall		60	60	80	1830	Composite Pole	70	1%	70	1%	No	No
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	4	OH Line Switch			30	45	55								
	5	OH Line Switch Motor			15	25	25								
	6	OH Line Switch RTU			15	20	20	1850	Switch	20	5%	20	5%	No	No
	7	OH Integral Switches			35	45	60	1835	Disconnect Switch	50	2%	50	2%	No	No
	8	OH Conductors			50	60	75	1835	Primary or Secondary Conductor	60	2%	60	2%	No	No
	9	OH Transformers & Voltage Regulators			30	40	60	1850	Transformer	55	2%	55	2%	No	No
	10	OH Shunt Capacitor Banks			25	30	40	1850	Capacitor Bank	30	3%	30	3%	No	No
	11	Reclosers			25	40	55								
TS & MS	12	Power Transformers	Overall		30	45	60	1815	TS Power Transformer	40	3%	40	3%	No	No
			Bushing		10	20	30	1815	TS Power Transformer - Bushing	40	3%	40	3%	No	Yes
			Tap Changer		20	30	60	1815	TS Power Transformer - Tap Changer	40	3%	40	3%	No	No
	13	Station Service Transformer			30	45	55								
	14	Station Grounding Transformer			30	40	40								
	15	Station DC System	Overall		10	20	30	1815	Distribution Equipment Overall	20	5%	20	5%	No	No
			Battery Bank		10	15	15	1815	DC Battery Bank	20	5%	20	5%	No	Yes
			Charger		20	20	30	1815	Charger	20	5%	20	5%	No	No
	16	Station Metal Clad Switchgear	Overall		30	40	60	1815	Switchgear	40	3%	40	3%	No	No
			Removable Breaker		25	40	60								
	17	Station Independent Breakers			35	45	65	1815	Independent Breaker	40	3%	40	3%	No	No
	18	Station Switch			30	50	60	1815	Switch	40	3%	40	3%	No	No
	19	Electromechanical Relays			25	35	50								
	20	Solid State Relays			10	30	45								
	21	Digital & Numeric Relays			15	20	20	1815	Digital Relays	15	7%	15	7%	No	No
	22	Rigid Busbars			30	55	60								
	23	Steel Structure			35	50	90								

UG	24	Primary Paper Insulated Lead Covered (PILC) Cables		60	65	75										
	25	Primary Ethylene-Propylene Rubber (EPR) Cables		20	25	25										
	26	Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried		20	25	30										
	27	Primary Non-TR XLPE Cables in Duct		20	25	30	1845	Primary Cables	40	3%	40	3%	No	Yes
	30	Secondary PILC Cables		70	75	80										
	31	Secondary Cables Direct Buried		25	35	40										
	32	Secondary Cables in Duct		35	40	60	1845	Secondary Cables	40	3%	40	3%	No	No
	33	Network Tranformers	Overall	20	35	50										
			Protector	20	35	40										
	34	Pad-Mounted Transformers		25	40	45	1850	Pad Mount Transformer	55	2%	55	2%	No	Yes
	35	Submersible/Vault Transformers		25	35	45	1850	Submersible Transformer	35	3%	35	3%	No	No
	36	UG Foundation		35	55	70										
	37	UG Vaults	Overall	40	60	80										
			Roof	20	30	45										
	38	UG Vault Switches		20	35	50	1845	Switches	30	3%	30	3%	No	No
	39	Pad-Mounted Switchgear		20	30	45	1845	Switchgear	30	3%	30	3%	No	No
	40	Ducts		30	50	85	1840	PVC Direct Buried	50	2%	50	2%	No	No
	41	Concrete Encased Duct Banks		35	55	80	1840	Concrete Encased Duct	50	2%	50	2%	No	No
	42	Cable Chambers		50	60	80	1840	Cable Chambers	60	2%	60	2%	No	No
S	43	Remote SCADA		15	20	30										

Table F-2 from Kinetrics Report[1]

#	Asset Details: Category	Asset Details: Component / Type	Useful Life Range		USoA Account Number	USoA Account Description	Current: Years	Current: Rate	Proposed: Years	Proposed: Rate	Outside Range of Min, Max TUL?: Below Min Range	Outside Range of Min, Max TUL?: Above Max Range
1	Office Equipment		5	15	1915	Office furniture & equipment	10	10%	10	10%	No	No
2	Vehicles	Trucks & Buckets	5	15	1930	Trucks & Buckets	10	10%	10	10%	No	No
		Trailers	5	20	1930	Trailers	10	10%	10	10%	No	No
		Vans	5	10	1930	Vans & Small Trucks	5	20%	5	20%	No	No
3	Administrative Buildings		50	75	1808	Building	50	2%	50	2%	No	No
4	Leasehold Improvements		Lease dependent									
5	Station Buildings	Station Buildings	50	75	1815	TS Building Structure	50	2%	50	2%	No	No
		Parking	25	30								
		Fence	25	60	1815	TS Building - Fence	30	3%	30	3%	No	No
		Roof	20	30	1815	TS - Building Roof	20	5%	20	5%	No	No
6	Computer Equipment	Hardware	3	5	1920	Computer Hardware	5	20%	5	20%	No	No
		Software	2	5	1611	Computer software	5	20%	5	20%	No	No
7	Equipment	Power Operated	5	10	1940	Power Operated	10	10%	10	10%	No	No
		Stores	5	10								
		Tools, Shop, Garage Equipment	5	10	1940	Major Tools	10	10%	10	10%	No	No
		Measurement & Testing Equipment	5	10								
8	Communication	Towers	60	70								
		Wireless	2	10								
9	Residential Energy Meters		25	35								
10	Industrial/Commercial Energy Meters		25	35	1860	Industrial / Commercial	30	3%	30	3%	No	No
11	Wholesale Energy Meters		15	30	1860	Wholesale	30	3%	30	3%	No	No
12	Current & Potential Transformer (CT & PT)		35	50								
13	Smart Meters		5	15	1860	Smart Meter	15	7%	15	7%	No	No
14	Repeaters - Smart Metering		10	15								
15	Data Collectors - Smart Metering		15	20								

*** TS & MS = Transformer and Municipal Stations UG = Underground Systems S = Monitoring and Control Systems**

Note 1: Tables F-1 and F-2 above are to be used as a reference in order to complete columns J, K, L and N.
See pages 17-19 of Kinetrics Report

Table 4-79B: Useful Life of Assets from Kinectrics Report

GHESI USEFUL LIFE OF ASSETS	ASSET													USEFUL LIFE RANGE (years)								FACTORS‡		MAINTENANCE§	
Updated Useful Life Study - 2014														2014 Study	OEB Useful Life Study			Useful Life Study							
				???	???													(GH,CNDH, KWH) 2010							
PARENT*	#	Category	Component	Type	LIFE		Currently Set up in Guelph Hydro Financial Asset System A2	Ok / revision / na	Useful Life of asset Change	Revised Values	GH proposed	Kinectrics proposed	Rational	Data request by Kinectrics	GH Comments	Min	Min	Typ	Max	Min	Typ	Max	OP	MP	Type	Schedule (years)
A2 Sub-Account:																									
OH	1	Fully Dressed Poles		Wood	50	50	50	ok		50			better than OEB typical		v		35	45	75	40	45	50				
				Composite	50	50	50	rev		70		70	2010 study typical value		>50		NA	NA	NA	45	70	100				
				Concrete	50	50	50	rev	decrease	40		40		Correspondances with manufacturer regarding pole issue	bad exper, already provided data, had to go back to manufacturers couple of times		50	60	80	35	60	80	-	✓	RI	3-6
				Steel	50	50	NA	na		na					na		60	60	80	60	60	80				
				Framing	50	50	40	rev		50	50		same as wood pole		v		NA	NA	NA	40	45	50				
	2	Insulators		Porcelain	50	50	40	na		na							NA	NA	NA	40	40	50				
				Glass	50	50	40	na		na							NA	NA	NA	40	40	50	-	✓	RI	3-6
				Composite	50	50	40	na		na							NA	NA	NA	25	45	50				
	3	Fused Cutouts			50	50	50	ok		50			better than OEB typical		v		25	30	40	30	40	60	-	-	RI	3-6
	4	Manual Overhead Switches		Solid Blade Disconnects	50	50	50	ok		50			better than OEB typical		v		30	45	55	30	50	60	✓	✓	RTM	2
				Gang-Operated LIS	50	50	50	ok		50			better than OEB typical		v		30	45	55	30	50	60				
	5	Local Motorized Overhead Switches	Switch		50	50	NA	na		na							30	45	55	30	50	60	✓	✓	RTM	2
		- could be existing manual switch retrofitted with motor	Motor		20	20	NA	na		na							15	25	25	15	20	20				
	6	Remote Automated Switches	Switch		50	50	NA	na		na							30	45	55	30	50	60				
		- could be existing manual switch retrofitted with motor and RTU	Motor		20	20	NA	na		na							15	25	25	15	20	20	✓	✓	RTM	2
			RTU		15	15	NA	na		na							15	20	20	15	20	30				
	7	Integral Switch	Switch	SCADAMate	45	45	45	ok		45			same as OEB typical		v		35	45	60	30	45	50	✓	✓	RTM	2
			RTU		15	15	15	rev	decrease	10	10		Yearly inventory records on RTU replacement		not lasting that long, to check inventory		NA	NA	NA	NA	NA	NA				
	8	Conductors	Primary - see below	ACSR	60	60	NA	na		na							50	60	75	50	60	77				
				AAC	60	60	NA	na		na							50	60	75	50	60	77				
				Copper	60	60	NA	na		na							50	60	75	50	60	77				
				Weather Protected	60	60	NA	na		na							50	60	75	50	60	77				
				Insulated Wire	60	60	NA	na		na							50	60	75	50	60	77				
			Primary	Single-Phase	60	60	60	rev	decrease	50	50			Documents showing replacement practice: replace conductors when replacing poles	to be the same as pole useful life, replace conductors when replacing poles		50	60	75	50	60	77	-	-	RI	3-6
			Primary	Three-Phase	60	60	60	rev	decrease	50	50			Documents showing replacement practice: replace conductors when replacing poles	to be the same as pole useful life, replace conductors when replacing poles		50	60	75	50	60	77				
			Neutral		60	60	60	rev	decrease	50	50			Documents showing replacement practice: replace conductors when replacing poles	to be the same as pole useful life, replace conductors when replacing poles		50	60	75	50	60	77				
			Secondary	Insulated Wire	60	60	60	rev	decrease	50	50			Documents showing replacement practice: replace conductors when replacing poles	to be the same as pole useful life, replace conductors when replacing poles		50	60	75	50	60	77				
			Services	Insulated Wire	60	60	60	ok		60			same as OEB typical		v		50	60	75	50	60	77				
	9	Capacitor Banks		Frame and Tanks	25	25	40	rev	decrease	30	30		same as OEB typical		to be 30		25	30	40	25	30	40	-	-	RI	3-6
				Switch	25	25	25	rev		30	30		same as OEB typical		vacuum sw, replace switch as well when replacing cap bank		25	30	40	NA	NA	NA				
				RTU	15	15	15	rev	decrease	10	10			Yearly inventory records on RTU replacement	same as Scada mate RTU, i.e. 15		NA	NA	NA	NA	NA	NA				
	10	Voltage Regulators			NA	60		na		na					na		30	40	60	15	20	40	✓	-	RI	3-6
	11	Reclosers			NA	60		na		na					na		25	40	55	30	40	60	✓	✓	RTM	3-6
DT	12	Pole Top Transformer		Single-Phase	40	40	40	ok		40			same as OEB typical		v		30	40	60	30	40	60	-	✓	RI	3-6
				Three-Phase	40	40	40	ok		40			same as OEB typical		v		30	40	60	30	40	60				
	13	Pole-Tran			30	30	30	na		na					na		NA	NA	NA	25	30	35	✓	✓	RTM	2
	14	Pad-Mounted Transformer	Transformer	Single-Phase	40	40	40	ok		40			same as OEB typical		v		25	40	45	30	40	60				
				Three-Phase	40	40	40	ok		40			same as OEB typical		v		25	40	45	30	40	60	✓	-	RI	3-6
			Foundation	Single-Phase	40	40	40	rev		55	55		same as OEB typical		should last longer, align with other foundations, 55		35	55	70	30	60	80				
				Three-Phase	40	40	40	rev		55	55		same as OEB typical		should last longer, align with other foundations, 55		35	55	70	30	60	80				
	15	Network Transformer	Transformer		NA	60	NA	na		na					na		20	35	50	20	35	50				
			Vault		NA	60	NA	na		na					na		40	60	80	40	60	80				
			Roof		NA	60	NA	na		na					na		20	30	45	20	25	40	✓	✓	RI	2
			High Voltage Switch		NA	60	NA	na		na					na		20	35	50	30	45	50				
			Secondary Network Protector		NA	60	NA	na		na					na		20	35	40	20	35	40				
	16	Submersible Transformer	Transformer	Is 35 too generous based on our local experience - is 30 better?	35	35	35	ok		35			same as OEB typical		all the units are 2nd generation ones, ok		25	35	45	25	35	40	✓	✓	RI	2
			Vault		50	50	40	rev		60	55	60	same as OEB typical	Vault useful life should be independent of foundation one, unless there is evidence showing they are equal	be aligned with other foundations		40	60	80	40	60	80				
			Roof	Changed to match vault	40	40	40	rev	decrease	30	30		same as OEB typical		last shorter, use OEB value		20	30	45	20	25	40				
	17	Indoor Vault Transformer	Transformer	Single-Phase	35	35	35	ok		35			same as OEB typical		v		25	35	45	25	35	40				
				Three-Phase	35	35	40	ok		40			better than OEB typical		v		25	35	45	25	35	40	✓	✓	RI	2
			Vault		*50*	50	NA	na		na					na		40	60	80	40	60	80				
			Roof		*25*	25	NA	na		na					na		20	30	45	20	25	40				
UG	18	UG Switchgear	Riser Switch	Gang-Operated LIS	30	30	30	ok		30			same as OEB typical		v		20	30	45	*30*	50	*60*				
				Solid-Blade	30	30	30	ok		30			same as OEB typical		v		20	30	45	30	40	60				
				Fused	30	30	30	ok		30			same as OEB typical		v		20	30	45	30	40	60				
			Air Insulated	Live-Front	30	30	30	rev	decrease	25	25			Documentation on the rust and moisture issues on switchgear	rust, moisture issues, 25		20	30	45	20	25	40				
				Dead-Front	30	30	30	rev	decrease	25	25			Documentation on the rust and moisture issues on switchgear			20	30	45	20	25	40				
			Gas Insulated		30	30	30	na		na					na		20	30	45	30	30	50	✓	✓	RI	3
			Solid Dielectric		30	30	30	ok		30			same as OEB typical		v		20	30	45	30	30	50				
			Switch Base		*50*	50	40	rev		55	55		refer to OEB typical for foundation		v		NA	NA	NA	NA	NA	NA				
			Motor		20	20	20	ok		20			refer to 2010 study OH switch motor typical		v		NA	NA	NA	NA	NA	NA				
			RTU		15	15	NA	rev	decrease	10	10			Yearly inventory records on RTU replacement	similar to other RTU		NA	NA	NA	NA	NA	NA				
	19	Primary Cables	PILC	Three-Phase Feeder	70	60	40	na		na					na		60	65	75	70	75	80				
			Solid Dielectric in Duct	Single-Phase Lateral	40	40	40	ok		40			same as OEB typical		v		35	40	55	40	40	60				
				Three-Phase Lateral	40	40	40	ok		40			same as OEB typical		v		35	40	55	40	40	60				
				Three-Phase Feeder	40	40	40	ok		40			same as OEB typical		v		35	40	55	40	40	60	-	-	RI	3-6
			Solid Dielectric Direct Buried	Single-Phase Lateral	25	25	25	na		na					na for primary?		25	30	35	20	25	25				
				Three-Phase Lateral	25	25	25	na		na					na for primary?		25	30	35	20	25	25				
	20	Secondary Cables	Solid Dielectric in Duct		40	40	40	ok		40			same as OEB typical		v		35	40	60	40	40	60				
			Solid Dielectric Buried		40	40	40	ok		40			better than OEB typical		v		25	35	40	20	30	35	-	-	RI	3-6
			Solid Dielectric in Duct / DB	Services	30	30	30	ok		30			same as 2010 study typical		v		NA	NA	NA	20	30	35				
	21	Ducts	Concrete Encased		40	40	40	rev		50	50		same as 2010 study typical		50		35	55	80	30	50	80				
			PVC (Direct Buried)		40	40	40	rev		50	50		same as OEB typical		50		30	50	85	30	50	75	-	-	-	-
			HDPE (Direct Buried)		40	40	40	rev		50	50		same as OEB typical		50		30	50	85	50	50	100				
			FRE (Direct Buried)		40	40	40	rev		50	50		same as OEB typical		50		30	50	85	30	50	100				
	22	Cable Chambers	Large - Manhole		60	60	40	ok		40				Documentation on location related moisture and traffic issues	location related moisture, traffic issues		50	60	80	50	60	80	-	✓	RTM	3
			Sidewalk / Field Vault		*50*	50	40	rev		55	55		Refer to indoor vault transformer vault		align with other vaults		NA	NA	NA	40	60	80				
			Sidewalk / Field Vault Roof	Changed to match vault	40	40	40	rev	decrease	30	30		better than 2010 study typical		align with other roofs		NA	NA	NA	20	25	40				
	23	Junction Cubicle / Service Box	Pads/bases		30	30	30	ok		30				Documents showing replacement practice: replace pads when replacing junction box/service box	same as pad mounted swgr, replace pad when replacing swgr		NA	NA	NA	30	60	80	-	✓	RTM	3
			Junction/switching cabinets		30	30	30	ok		30			within 2010 study range		older genration of cabinets, replacing them now		NA	NA	NA	25	40	50				

| | | |

Explanation for Proposed Useful Lives outside ranges in Kinectrics Report

Guelph Hydro has proposed five asset useful lives that are not within the ranges contained in the Kinectrics Report issued July 8, 2010. The following asset useful lives are outside the ranges:

- 1830 – Concrete Pole
- 1815 – TS Power Transformer – Bushing
- 1815 – DC Battery Bank
- 1845 – Primary Cables
- 1850 – Pad Mount Transformer

In 2014, Guelph Hydro engaged Kinectrics to review its useful lives, as required under IFRS, which resulted in an updated report dated April 23rd, 2015; Kinectrics Inc., Report No: K-418636-RA-001-R00. Guelph Hydro used these useful lives to calculate depreciation for the years 2014-2016. For further details of the proposed useful lives, please see Guelph Hydro's updated Kinectrics Study in Exhibit 2, Appendix 2-A DSP, Appendix K.

Identification of any Asset Retirement Obligations ("AROs") and associated depreciation

Guelph Hydro does not have any AROs.

Identification of historical depreciation practice and proposal for the test year

Guelph Hydro historical and actual depreciation practice is the half-year rule for financial reporting purposes.

Guelph Hydro proposes maintaining the half-year rule for 2016 distribution rate setting purpose.

On June 20, 2014, the Board issued a letter related to the *Proposal for New Policy Options for the Funding of Capital Investments* (EB-2014-0219). In order to mitigate the effects of the half-year rule on distribution revenue in the years following the rebasing year, Guelph Hydro is requesting that the D_1-factor adjustment be applied to its distribution rates in the first Price Cap IR application following this rebasing application. The details are presented in Exhibit 2, Tab 2, Schedule 6, 2.5.2.6 New Policy Options for the Funding of Capital.

2.7.5 TAXES OR PAYMENTS IN LIEU OF TAXES (PILs) AND PROPERTY TAXES

TAX CALCULATIONS

Guelph Hydro is subject to the payment of PILs under Section 93 of the *Electricity Act, 1998*, as amended. The Applicant does not pay Section 89 proxy taxes, and is exempt from the payment of income and capital taxes under the *Income Tax Act (Canada)* and the *Ontario Corporations Tax Act*. A copy of the 2013 Federal T2 and Ontario C23 tax return has been provided in Exhibit 4, Appendix 4-E. Income Tax amounts included in the 2014 financial statements are based on estimates and will differ from the actual tax return. The difference between actual and estimated tax provision for 2014 will be recorded in the 2015 financial statements.

PILS for the 2016 Test Year

The 2016 Test Year's PILs have been calculated at $901,253 (including the tax credits of $197,000). The details of the calculations are in the Income Tax/PILs Work Form in Appendix 4-D.

The 2016 Test Year PILs have been determined by applying substantively enacted 2016 tax rates against Taxable Income. The 2016 Taxable Income amount has been determined by taking Utility Income before Taxes and applying Schedule 1 corporate tax adjustments to this number.

Utility Income before Taxes

This is calculated based on the 2016 expected total revenues less the 2016 expected cost and expenses. The Utility income before taxes in 2016 is $6,963,369. The details of this calculation are found in the Revenue Deficiency in Table 6-4 of Exhibit 6, Tab 5, 2.9.5 Gross Deficiency or Sufficiency in Revenue.

Tax Adjustments

Tax adjustments are made for both temporary and permanent differences and reserves.

Significant temporary differences included are:

- The difference between depreciation for accounting purposes versus capital cost allowance (CCA) for tax purposes.
- The difference between opening and closing reserves from financial statements. These reserves relate to Guelph Hydro's post employment benefit liability and accrued sick leave benefit liability.

Expected 2016 Tax Rates

Guelph Hydro used a combined income tax rate of 25.47% (after the adjustment for the small business credit) for the 2016 Test Year.

Calculation of Tax Credits

Investment Tax Credit – Claim for Scientific Research and Experimental Development (SR&ED) Carried out in Canada

The SR&ED program is a Federal tax incentive to encourage Canadian businesses to conduct research and development in Canada that will lead to improved or new products or processes. Corporations can earn an investment tax credit (ITC) of 35% up to the first $3 million of qualified expenditures.

Ontario Research and Development Tax Credit

The Ontario Research and Development Tax Credit (ORDTC) is a non-refundable tax credit. It is available to corporations that carry out scientific research & experimental development (SR&ED) work in Ontario.

The CRA administers the program on behalf of Ontario through the federal income tax system.

The ORDTC provides a 4.5 per cent tax credit based on eligible SR&ED expenses carried out in Ontario. The credit may be used to reduce corporate income tax payable.

Guelph Hydro seeks to make a claim for SR&ED and ORDTC tax credits annually. The preparation of the claim for this tax credit requires a significant amount of time and effort. Guelph Hydro uses a third party consultant to assist in preparing the claim. In 2013, Guelph Hydro claimed a federal credit of $95,747 as well as an ORDTC credit of $22,558. A copy of this claim is part of the 2013 Income Tax Return in Exhibit 4, Appendix 4-E.

In the 2016 Test Year PILs calculation, Guelph Hydro has included a $134,000 estimate of the SR&ED and ORDTC tax credits as follows:

Table 4-80

Guelph Hydro Electric Systems Inc.
Summary of SR&ED, ORDTC Tax Credit Activity

Item	2011	2012	2013	2016 est
SR&ED ITC	$ 189,845	$ 42,176	$ 95,747	$ 109,000
ORDTC	41,253	9,937	22,558	25,000
Total Benefit	$ 231,098	$ 52,113	$ 118,305	$ 134,000

Due to the uncertainty and unpredictability of determining annual qualified expenditures, the estimate of the 2016 tax credits has been based on the average actual tax credits realized from 2011 to 2013.

Apprenticeship Training Credit

The Apprenticeship Training Tax Credit (ATTC) is a refundable tax credit. It is available to employers who hire and train apprentices in certain skilled trades. The Canada Revenue Agency (CRA) administers the program on behalf of Ontario through the federal income tax system. The ATTC is based on salaries and wages paid to an apprentice. The maximum credit for each apprenticeship is $10,000 per year. The maximum credit over the first 48-month period of the apprenticeship is $40,000.

Guelph Hydro had six trade apprentices, at various stages of development, as at December 31, 2014, and it plans for the same number in 2016 Test Year. A $60,000 tax credit has been budgeted in 2016 Test Year applicable to these apprentices.

Co-operative Education Credit

The Co-operative Education Tax Credit ("CETC") is a refundable tax credit. The CETC is available to employers who hire students enrolled in a co-operative education program at an Ontario university or college.

The Canada Revenue Agency ("CRA") administers the program on behalf of Ontario through the federal income tax system.

The CETC is based on salaries and wages paid to a student in a co-operative education work placement. The maximum credit for each work placement is $3,000. Most work placements are for a minimum employment period of 10 weeks up to a maximum of four months.

The 2016 Test Year budget includes the provision for 1 co-op student placement providing at tax credit of $3,000.

The following Table 4-81 presents the tax calculation for the 2016 Test Year.

Table 4-81

Tax Calculation

PILs Tax Provision - Test Year

							Wires Only	
Regulatory Taxable Income							$ 3,410,080	**A**
Ontario Income Taxes								
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$	392,159	**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**					
	Rate reduction	-7.00%	**E**	-$	35,000	**F = D * E**		
Ontario Income tax							$ 357,159	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate				10.47%	**K = J / A**		
	Federal tax rate (Maximum 15%)				15.00%	**L**		
	Combined tax rate						25.47%	**M = K + L**
Total Income Taxes							**$ 868,671**	**N = A * M**
Investment Tax Credits							$ 134,000	**O**
Miscellaneous Tax Credits							$ 63,000	**P**
Total Tax Credits							**$ 197,000**	**Q = O + P**
Corporate PILs/Income Tax Provision for Test Year							**$ 671,671**	**R = N - Q**
Corporate PILs/Income Tax Provision Gross Up [1]					74.53%	**S = 1 - M**	**$ 229,582**	**T = R / S - R**
Income Tax (grossed-up)							**$ 901,253**	**U = R + T**

Note:

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

CAPITAL COST ALLOWANCE

Guelph Hydro is providing Capital Cost Allowance continuity schedules for the 2015 Bridge Year (Table 4-82) and the 2016 Test Year (Table 4-83) as follows:

2015 Bridge Year Capital Cost Allowance: Table 4-82

Schedule 8 CCA - Bridge Year

Class	Class Description	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	$ 52,691,711	$ 755,000	$ -	$ 53,446,711	$ 377,500	$ 53,069,211	4%	$ 2,122,768	$ 51,323,943
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election				$ -	$ -	$ -	6%	$ -	$ -
2	Distribution System - pre 1988	$ 7,953,188	$ -	$ -	$ 7,953,188	$ -	$ 7,953,188	6%	$ 477,191	$ 7,475,997
8	General Office/Stores Equip	$ 5,339,366	$ 122,000	$ -	$ 5,461,366	$ 61,000	$ 5,400,366	20%	$ 1,080,073	$ 4,381,293
10	Computer Hardware/ Vehicles	$ 1,230,878	$ 556,000	$ -	$ 1,786,878	$ 278,000	$ 1,508,878	30%	$ 452,663	$ 1,334,215
10.1	Certain Automobiles		$ -	$ -	$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 83,410	$ 100,000	$ -	$ 183,410	$ 50,000	$ 133,410	100%	$ 133,410	$ 50,000
13 1	Lease # 1		$ -	$ -	$ -	$ -	$ -		$ -	$ -
13 2	Lease #2		$ -	$ -	$ -	$ -	$ -		$ -	$ -
13 3	Lease # 3		$ -	$ -	$ -	$ -	$ -		$ -	$ -
13 4	Lease # 4				$ -	$ -	$ -		$ -	$ -
14	Franchise		$ -	$ -	$ -	$ -	$ -		$ -	$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	$ 56,748	$ -	$ -	$ 56,748	$ -	$ 56,748	8%	$ 4,540	$ 52,208
42	Fibre Optic Cable	$ 223	$ -	$ -	$ 223	$ -	$ 223	12%	$ 27	$ 196
43.1	Certain Energy-Efficient Electrical Generating Equipment	$ -			$ -	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy Generation Equipment				$ -	$ -	$ -	50%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 549,936	$ 680,000	$ -	$ 1,229,936	$ 340,000	$ 889,936	45%	$ 400,471	$ 829,465
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 45,825,934	$ 13,725,893	$ -	$ 59,551,827	$ 6,862,947	$ 52,688,881	8%	$ 4,215,110	$ 55,336,717
50	Data Network Infrastructure Equipment - post Mar 2007	$ 58,433	$ 218,000	$ -	$ 276,433	$ 109,000	$ 167,433	55%	$ 92,088	$ 184,345
52	Computer Hardware and system software		$ -	$ -	$ -	$ -	$ -	100%	$ -	$ -
95	CWIP				$ -	$ -	$ -		$ -	$ -
1b		$ 164,068			$ 164,068	$ -	$ 164,068	6%	$ 9,844	$ 154,224
					$ -	$ -	$ -	10%	$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 113,953,895	$ 16,156,893	$ -	$ 130,110,788	$ 8,078,447	$ 122,032,342		$ 8,988,187	$ 121,122,601

2015 Bridge Year Capital Cost Allowance: Table 4-82 continued

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital					**2,443,570**
Additions					
Cost of Eligible Capital Property Acquired during Test Year	0				
Other Adjustments	0				
Subtotal	0	**x 3/4 =**	0		
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	**x 1/2 =**	0		
			0		**0**
Amount transferred on amalgamation or wind-up of subsidiary	0				**0**
Subtotal					**2,443,570**
Deductions					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year	0				
Other Adjustments	0				
Subtotal	0	**x 3/4 =**			**0**
Cumulative Eligible Capital Balance					**2,443,570**
Current Year Deduction		**2,443,570**	**x 7% =**		**171,050**
Cumulative Eligible Capital - Closing Balance					**2,272,520**

2016 Test Year Capital Cost Allowance: Table 4-83

Schedule 8 CCA - Test Year

Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	$ 51,323,943	804,000	0	$ 52,127,943	$ 402,000	$ 51,725,943	4%	$ 2,069,038	$ 50,058,905
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ -			$ -	$ -	$ -	6%	$ -	$ -
2	Distribution System - pre 1988	$ 7,475,997	0	0	$ 7,475,997	$ -	$ 7,475,997	6%	$ 448,560	$ 7,027,437
8	General Office/Stores Equip	$ 4,381,293	229,000	0	$ 4,610,293	$ 114,500	$ 4,495,793	20%	$ 899,159	$ 3,711,134
10	Computer Hardware/ Vehicles	$ 1,334,215	573,000	0	$ 1,907,215	$ 286,500	$ 1,620,715	30%	$ 486,214	$ 1,421,000
10.1	Certain Automobiles	$ -	0	0	$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 50,000	93,000	0	$ 143,000	$ 46,500	$ 96,500	100%	$ 96,500	$ 46,500
13 1	Lease # 1	$ -	0	0	$ -	$ -	$ -		$ -	$ -
13 2	Lease #2	$ -	0	0	$ -	$ -	$ -		$ -	$ -
13 3	Lease # 3	$ -	0	0	$ -	$ -	$ -		$ -	$ -
13 4	Lease # 4	$ -			$ -	$ -	$ -		$ -	$ -
14	Franchise	$ -	0	0	$ -	$ -	$ -		$ -	$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	$ 52,208	0	0	$ 52,208	$ -	$ 52,208	8%	$ 4,177	$ 48,032
42	Fibre Optic Cable	$ 196	0	0	$ 196	$ -	$ 196	12%	$ 24	$ 173
43.1	Certain Energy-Efficient Electrical Generating Equipment	$ -			$ -	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy Generation Equipment	$ -			$ -	$ -	$ -	50%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 829,465	497,000	0	$ 1,326,465	$ 248,500	$ 1,077,965	45%	$ 485,084	$ 841,381
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 55,336,717	8,361,000	0	$ 63,697,717	$ 4,180,500	$ 59,517,217	8%	$ 4,761,377	$ 58,936,339
50	Data Network Infrastructure Equipment - post Mar 2007	$ 184,345	225,000	0	$ 409,345	$ 112,500	$ 296,845	55%	$ 163,265	$ 246,080
52	Computer Hardware and system software	$ -	0	0	$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
1b		$ 154,224			$ 154,224	$ -	$ 154,224	6%	$ 9,253	$ 144,970
		$ -			$ -	$ -	$ -	10%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 121,122,601	$ 10,782,000	$ -	$ 131,904,601	$ 5,391,000	$ 126,513,601		$ 9,422,650	$ 122,481,951

2016 Test Year Capital Cost Allowance: Table 4-83 continued

Schedule 10 CEC - Test Year

Cumulative Eligible Capital					**2,272,520**
Additions					
Cost of Eligible Capital Property Acquired during Test Year		0			
Other Adjustments		0			
	Subtotal	0	**x 3/4 =**	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002		0	**x 1/2 =**	0	
				0	**0**
Amount transferred on amalgamation or wind-up of subsidiary		0			**0**
	Subtotal				**2,272,520**
Deductions					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Other Adjustments		0			
	Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance					**2,272,520**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")			**2,272,520**	**x 7% =**	**159,076**
Cumulative Eligible Capital - Closing Balance					**2,113,444**

Guelph Hydro has also completed the OEB's Tax model in Appendix 4-D.

PROPERTY TAXES

Guelph Hydro pays property taxes to the City of Guelph for its office premises and the two municipal substations it owns. In accordance with the Accounting Procedures Handbook, Guelph Hydro segregates the property tax accordingly.

The 2015 Bridge Year and 2016 Test Year property tax amounts have been estimated based on the 2014 actual amounts indexed by 1.5% each year. This is consistent with the assumptions incorporated into the 2015 and 2016 operating budgets of Guelph Hydro.

Below is a summary of the total property taxes paid:

Table 4-84

Guelph Hydro Electric Systems Inc.

History of Property Taxes

	OEB Account	2012 Actual	2013 Actual	2014 Actual	2015 Bridge	2016 Test
Total Property Taxes						
Property Taxes - substations	5012	$ -	$ -	$ 17,792	$ 18,059	$ 18,330
Property Taxes - building	6105	342,025	332,084	309,775	312,067	316,744
Total Taxes Paid		**342,025**	**332,084**	**327,567**	**330,126**	**335,074**
Taxes Other Than Income Taxes						
Reported Amount		492,351	478,647	327,567	330,126	335,074
Less: Property Tax adjustments not mapped to OEB account 6105		150,326	146,563	-	-	-
Property Taxes		**$ 342,025**	**$ 332,084**	**$ 327,567**	**$ 330,126**	**$ 335,074**

As per reference to the preceding Table 4-84, Guelph Hydro notes that substation property tax amounts were included in account 6105 versus 5012 as follows:

- 2012 $21,661
- 2013 $18,093

2.7.5.1 NON-RECOVERABLE AND DISALLOWED EXPENSES

Guelph Hydro does not have any expenses that are deductible for general tax purposes, but for which recovery in 2016 distribution rates would be partially or fully disallowed.

2.7.5.2 INTEGRITY CHECKS

Guelph Hydro confirms the following:

- The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application;
- The capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge and test years;
- The opening Bridge Year UCC at January 1st is based on an estimate of the closing December 31st historical year UCC. The reason for this is that the federal T2 tax return for the historical year will not be prepared or filed until after the application has been submitted. Guelph hydro confirms that the opening historical year UCC at January 1st agrees with the closing December 31st UCC for the most recent federal T2 tax return file (2013).
- The CCA deductions in the application's PILs tax model for historical, bridge and test years agree with the numbers in the UCC schedules for the same years filed in the application;
- Guelph Hydro does not have any tax loss carry-forwards;
- Accounting OPEB and pension amounts added back on Schedule 1 to reconcile accounting income to net income for tax purposes, must agree with the OM&A analysis for compensation.
- The income tax rate used to calculate the tax expense are consistent with the Guelph Hydro's actual tax facts and evidence as filed in this proceeding.

2.7.6 CONSERVATION AND DEMAND MANAGEMENT

In December 2013, the Government of Ontario released its Long-Term Energy Plan ("LTEP") that among other priorities encourages conservation and reinforces the policy of considering conservation first in planning processes.

On March 31, 2014, the Government of Ontario directed the OEB to take steps to promote CDM including amendments to the licenses of electricity distributors and the establishment of CDM Requirements guidelines. Consequently, on December 18, 2014, the Board amended Guelph Hydro's distribution licence to include conditions prescribing the CDM targets required to meet during the period January 1, 2015 to December 31, 2020.

Guelph Hydro's 2015 to 2020 CDM targets were set at 99.04 GWh.

2.7.6.1 LOST REVENUE ADJUSTMENT MECHANISM

In this Application, Guelph Hydro is requesting the lost revenue adjustment mechanism ("LRAM") for CDM programs from 2011 (including the pre-2011 CDM programs completed in 2012) to 2014. The LRAM is a retrospective adjustment, which is designed to account for differences between the forecast revenue loss embedded in rates and the actual revenue loss.

Lost Revenue Adjustment Mechanism ("LRAM") for 2011-2014

On March 31, 2011, the Minister of Energy and Infrastructure issued a directive (the "Directive") to the Board regarding electricity CDM targets to be met by licensed electricity distributors. The Directive required that the Board amend the licenses of distributors to add, as a condition of licence, the requirement for distributors to achieve reductions in electricity demand through the delivery of CDM programs over a four-year period beginning January 1, 2012. Section 12 of the Directive required that the Board

have regard to the objective that lost revenues that result from CDM Programs should not act as a disincentive to a distributor.

On April 26, 2012, the Board issued Guidelines for Electricity Distributor Conservation and Demand Management ("CDM Guidelines"). In keeping with the Directive, the Board adopted a mechanism to capture the difference between the results of actual, verified impacts of authorized CDM activities undertaken by distributors between 2012 and 2015 and the level of activities embedded into rates through the distributors load forecast in an LRAM variance account.

As it relates to the programs prior to 2011 that will be completed in and after 2011, the Board is of the opinion that it is reasonable to allow distributors to count the new savings arising from initiatives completed pursuant to the terms of the program in or after 2011 against their CDM targets.

Guelph Hydro has followed the CDM Guidelines for its LRAM Variance Accounts balances calculation.

Guelph Hydro's CDM activity is funded through OPA-Contracted Province-Wide CDM Programs. Currently, Guelph Hydro does not have Board-approved CDM programs; therefore a separate third party review is not required.

2.7.6.2 LRAM FOR PRE-2011 CDM ACTIVITIES

Guelph Hydro is not requesting recovery of lost revenue for pre-2011 CDM activities.

2.7.6.3 LRAM VARIANCE ACCOUNT (LRAMVA)

Guelph Hydro has used the most recent input assumptions available at the time of the program evaluation when calculating the lost revenue.

Guelph Hydro has relied on the most recent CDM evaluation reports from the OPA in support of its lost revenue calculation. The 2011, 2012, 2013, and 2014 OPA reports used to prepare the actual and forecast amounts are presented in Appendix 4-F – 2011 to 2013 OPA Final Verified and 2014 Preliminary CDM results.

Actual interest has been calculated based on the Board's prescribed rates. Forecasted interest for the period January 1, 2015 to December 31, 2015 is based upon a weighted average of the 2015 Board prescribed rates, by applying the Q1 2015 Board Approved rate of 1.47% for three months and the Q2 2015 Board Approved 1.10% for 9 months, divided by 12 to achieve a weighted average interest rate of 1.1925% ((3 x 1.47%) + (9 x 1.10%)/12).

Account 1568 LRAM Variance Account ("LRAMVA") for 2011-2014

For CDM programs delivered within the 2011 to 2014 term, the Board established Account 1568 as the LRAMVA to capture the variance between the Board-approved CDM forecast and the actual results at the customer rate class level.

The LRAM variance account ("LRAMVA") captures at the customer rate-class level, the difference between the following:

a) The results of actual, verified impacts of authorized CDM activities undertaken by electricity distributors between 2011-2014 for both Board-Approved programs and OPA-Contracted Province-Wide CDM programs in relation to activities undertaken by the distributor and/or delivered for the distributor by a third party under contract (in the distributor's franchise area); and

b) The level of CDM program activities included in the distributor's load forecast (i.e. the level embedded into rates).

According to the July 31, 2009 Report of the Board: *Electricity Distributors' Deferral and Variance Account Review Initiative* and the April 26, 2012 *Guidelines for Electricity Distributor CDM*, Guelph Hydro has not included the 1568 LRAMVA in the pre-set disposition threshold calculation in determining materiality for disposition for Group 1 accounts.

In accordance with the Board's *Guidelines for Electricity Distributor CDM*, at a minimum, distributors must apply for disposition of the balance in the LRAMVA at the time of their Cost of Service rate applications. Distributors may apply for the disposition of the balance in the LRAMVA in Incentive Regulation Mechanism rate applications, if the balance is deemed significant by the applicant.

All requests for disposition of the LRAMVA must be made together with carrying charges.

Disposition of the LRAMVA

Guelph Hydro is seeking the disposition of the LRAMVA balance of $484,354.63 ($467,344.98 principal and $17,009.65 interest).

The 1568 LRAMVA balance includes 2011, 2012 and 2013 OPA "Final Verified Results" and estimated 2014 OPA CDM results. Guelph Hydro expects to receive the final 2014 OPA "Final Verified Results" report from the OPA in the fall of 2015 and it will reconcile the 1568 LRAMVA account balance following receipt of the final results by mid-October, 2015.

As part of the 2012 COS proceedings, Guelph Hydro included a load forecast that accounted for the expected impact of CDM activities, which impact assumed that Guelph Hydro would achieve 20% of the target energy and demand savings (15.906

GWh) in 2012. This is the level of the expected CDM load reduction embedded into 2012 to 2015 approved rates. Guelph Hydro did not include CDM adjustments (i.e., load reductions due to CDM activities) in its 2008 load forecast which was the basis for the 2008 to 2011 rates; therefore, Guelph Hydro has included in the 1568 LRAMVA one year (2011) without CDM adjustments, and two years (2012 and 2013) with an approved CDM adjustment of 20% of the target energy savings.

With respect to the entries in the LRAMVA, the CDM Guidelines specify that distributors must calculate the full year impact of CDM programs on a monthly basis, based on the volumetric impact of the load reductions arising from the CDM measures implemented in that month, multiplied by the distributor's Board-approved variable distribution charge to the customer rate class in which the volumetric variance occurred.

Guelph Hydro received from the OPA the impact of CDM programs calculated on an annual basis for energy, and therefore the total energy (kWh) savings were divided by 12 to reflect the monthly savings. The OPA's CDM savings (kW) are presented as monthly peak demand. In accordance with the Guidelines for Electricity Distributor CDM – EB-2012-0003, Guelph Hydro has used the Board-approved volumetric rates including volumetric rate riders for tax sharing and rate riders for foregone revenue.

Statement: Carrying charges were applied on a monthly basis and are being requested on the lost revenue amount (for the prescribed rates applied, please see Exhibit 9, Tab 1, Page 4, Table 9-1).

Calculation of the Board approved 2012 CDM adjustment forecast

In its 2012 Cost of Service application (file number EB-2011-0123), the Board-approved Load Forecast was adjusted at the purchased kWhs level (wholesale). The adjustment of 15,906,000 (retail sales) was uplifted by the loss factor and subtracted from the 2012 forecast wholesale kWh (please see the Excel version of the Board-Approved Load Forecast, Tab "Purchased Power Model", cells J306 and J307).

For the 2012 CDM adjustment by rate class, Guelph Hydro calculated the difference between the Board-approved load forecast with CDM adjustment and without CDM adjustment (please see the Excel files "Guelph_2012 Board Approved Load Forecast with CDM Adj_20150424" and "Guelph_2012 Board Approved Load Forecast without CDM Adj_20150424"). The 2012 CDM savings by rate class are presented below:

Table 4-85A

CDM Adjusted Forecast

Board Approved CDM adjustment

2012 CDM Adjustments kWh	15,906,000
2012 CDM Adjustments kW	17,533

Customer Classes	Board Approved Load Forecast (EB-2011-0123)	% of Total	CDM Load Forecast Adjustment
	kWh		kWh
Residential	378,871,008	22.61%	3,595,618
General Service < 50 kW	148,787,703	8.88%	1,412,047
General Service 50 to 999 kW	399,661,950	23.85%	3,792,931
General Service 1000 to 4999 kW	465,120,498	27.75%	4,414,156
Large Users	271,481,475	16.20%	2,576,454
Unmetered Scattered Loads	2,229,301	0.13%	21,157
Sentinel Lighting	88,740	0.01%	842
Street Lighting	9,777,748	0.58%	92,794
Total Retail Sales Forecast	**1,676,018,424**	**100.00%**	**15,906,000**

Table 4-85B

Customer Classes	CDM Load Forecast Adjustment
	kW
Residential	
General Service < 50 kW	
General Service 50 to 999 kW	11,073
General Service 1000 to 4999 kW	2,457
Large Users	4,003
Unmetered Scattered Loads	
Sentinel Lighting	0
Street Lighting	0
Total Retail Sales Forecast	**17,533**

In order to calculate the dollar amount of the CDM adjustment, Guelph Hydro multiplied the approved CDM adjustment (kWh and, respectively, kW) by the approved historical distribution rates, including the Rate Riders for Tax Change and Rate Riders for Recovery of Foregone Revenue (in accordance with the Guideline for Electricity Distributor Conservation and Demand Management (EB-2012-0003) issued on April 26, 2012). In Table 4-86 below Guelph Hydro presented the historical Board-approved distribution rates.

Table 4-86

Distribution Volumetric Rates including the Rate Riders for Tax Change and Foregone Revenue														
		January 1 to March 31, 2012 Rates			April 1 to April 30, 2012 Rates				May 1 to December 31, 2012 Rates		January 1 to December 31, 2013 Rates		
Customer Classes	UM	Distribution Volumetric Rate	Rate Rider for Tax Change	Total Volumetric Rate	Distribution Volumetric Rate	Rate Rider for Recovery of Foregone Revenue	Rate Rider for Tax Change	Total Volumetric Rate	Distribution Volumetric Rate	Total Volumetric Rate	Distribution Volumetric Rate	Rate Rider for Tax Change	Total Volumetric Rate
Residential	kWh	$0.0164	($0.0005)	$0.0159	$0.0170	($0.0001)	($0.0005)	$0.0164	$0.0172	$0.0172	$0.0172		$0.0172
GS<50 kW	kWh	$0.0156	($0.0003)	$0.0153	$0.0126	($0.0012)	($0.0003)	$0.0111	$0.0127	$0.0127	$0.0127		$0.0127
GS 50 to 999 kW	kW	$2.7665	($0.0595)	$2.7070	$2.4801	($0.1334)	($0.0595)	$2.2872	$2.5069	$2.5069	$2.5069	($0.0031)	$2.5038
GS 1000 to 4999 kW	kW	$1.9813	($0.0329)	$1.9484	$3.3153	$0.4278	($0.0329)	$3.7102	$3.3511	$3.3511	$3.3511	($0.0032)	$3.3479
Large Users	kW	$2.1764	($0.0325)	$2.1439	$2.2680	$0.0139	($0.0325)	$2.2494	$2.2925	$2.2925	$2.2925	($0.0021)	$2.2904
Unmetered Scattered Loads	kWh	$0.0250	($0.0006)	$0.0244	$0.0260		($0.0006)	$0.0254	$0.0263	$0.0263	$0.0263		$0.0263
Sentinel Lighting	kW	$7.2193	($0.1988)	$7.0205	$7.5162	($0.0089)	($0.1988)	$7.3085	$7.5974	$7.5974	$7.5974	($0.0141)	$7.5833
Street Lighting	kW	$5.5565	($0.1010)	$5.4555	$9.2151	$1.1607	($0.1010)	$10.2748	$9.3146	$9.3146	$9.3146	($0.0102)	$9.3044

The historical annual CDM adjustment in dollars was further calculated per month as presented in the following Tables 4-87 to 4-89:

Table 4-87

2012							
	1568 - 2012 Approved CDM Adjustment in dollars				Monthly CDM Adjustments for 1568 LRAMVA calculation		
Customer Classes	January 1 to March 31, 2012	April 1 to April 30, 2012	May 1 to December 31, 2012	Total 2012	January 1 to March 31, 2012	April 1 to April 30, 2012	May 1 to December 31, 2012
Residential	$14,292.58	$4,914.01	$40,750.34	$59,956.93	$4,764.19	$4,914.01	$5,093.79
GS<50 kW	$5,401.08	$1,306.14	$11,861.20	$18,568.42	$1,800.36	$1,306.14	$1,482.65
GS 50 to 999 kW	$7,493.52	$2,110.48	$18,307.78	$27,911.78	$2,497.84	$2,110.48	$2,288.47
GS 1000 to 4999 kW	$1,196.66	$759.57	$5,429.83	$7,386.07	$398.89	$759.57	$678.73
Large Users	$2,145.62	$750.40	$6,052.86	$8,948.89	$715.21	$750.40	$756.61
Unmetered Scattered Loads	$129.06	$44.78	$366.72	$540.56	$43.02	$44.78	$45.84
Sentinel Lighting	$0.00	$0.00	0	0	$0.00	$0.00	$0.00
Street Lighting	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Total	**$30,658.53**	**$9,885.39**	**$82,768.73**	**$123,312.66**	**$10,219.51**	**$9,885.39**	**$10,346.09**
Total Year				**$246,625.31**			

Table 4-88

2013		
Customer Classes	2013 -1568 - Approved CDM Adjustments in dollars	Monthly CDM Adjustments for 1568 LRAMVA calculation
Residential	$61,844.63	$5,153.72
GS<50 kW	$17,933.00	$1,494.42
GS 50 to 999 kW	$27,724.10	$2,310.34
GS 1000 to 4999 kW	$8,224.83	$685.40
Large Users	$9,168.97	$764.08
Unmetered Scattered Loads	$556.43	$46.37
Sentinel Lighting	$0.00	$0.00
Street Lighting	$0.00	$0.00
Total	**$125,451.96**	**$10,454.33**

Table 4-89

2014		
Customer Classes	2014 -1568 - Approved CDM Adjustments in dollars	Monthly CDM Adjustments for 1568 LRAMVA calculation
Residential	$62,563.76	$5,213.65
GS<50 kW	$18,215.41	$1,517.95
GS 50 to 999 kW	$28,112.76	$2,342.73
GS 1000 to 4999 kW	$8,340.05	$695.00
Large Users	$9,297.47	$774.79
Unmetered Scattered Loads	$564.89	$47.07
Sentinel Lighting	$0.00	$0.00
Street Lighting	$0.00	$0.00
Total	**$127,094.33**	**$10,591.19**

Lost Revenue and LRAMVA calculation

Guelph Hydro has considered the OPA's 2011 to 2013 results, and year-over-year persistence as presented in Appendix 4-F – 2011 to 2014 OPA's CDM results. The prescribed interest rate of 1.47% was applied on LRAMVA monthly balances from January 1, 2011 to December 31, 2014. The Q1 2015 prescribed interest rate of 1.47% was applied for three months and the Q2 2015 Board Approved 1.10% was applied for 9 months, divided by 12 to achieve a weighted average interest rate of 1.1925% ((3 x 1.47%) + (9 x 1.10%)/12) to determine 2015 interest charges.

The Lost Revenue and LRAMVA calculation is presented below. In accordance with the Guidelines for Electricity Distributor CDM – EB-2012-003, Guelph Hydro has used the Board-approved volumetric rates including volumetric rate riders for tax sharing and rate riders for foregone revenue. The source of the information presented in Tables 4-90 to 4-97 is the OPA's CDM results presented in this Exhibit, Appendix 4-F: 2011 to 2013 Verified OPA Final and 2014 Preliminary Results.

Table 4-90

GHESI Rate Class Allocation Actual Amount - 2011 FINAL Results by kWh

RATE CODE	*Residential Program Total*	*Commercial & Institutional Program Total*	*Industrial Program Total*	*Home Assistance Program Total*	*Pre-2011 Programs completed in 2011 Total*	*Total*	*% by Rate Class*
Residential	1,613,390					***1,613,390***	***11.2%***
GS<50 kW		778,995				***778,995***	***5.4%***
GS 50 to 999 kW		533,135	555,604		1,162,283	***2,251,023***	***15.6%***
GS 1000 to 4999 kW		0	185,201		5,811,417	***5,996,618***	***41.6%***
Large Users		28,060	2,963,222		774,856	***3,766,137***	***26.1%***
Unmetered Scattered Loads						***0***	***0.0%***
Sentinel Lighting						***0***	***0.0%***
Street Lighting						***0***	***0.0%***
Total	***1,613,390***	***1,340,190***	***3,704,027***	***0***	***7,748,556***	***14,406,163***	***100.0%***

Table 4-91

GHESI Rate Class Allocation Estimation - 2012 FINAL VERIFIED Results by kWh

Residential Program Total	*Commercial & Institutional Program Total*	*Industrial Program Total*	*Home Assistance Program Total*	*Pre-2011 Programs completed in 2011 Total*	*Other Total*	*Adjustments to Previous Year's Verified Results*	*2012 Incremental Total Estimated by Rate Class*	*Estimated % Allocation*	*2011 OPA programs persistence in 2012 towards 2014 Target*	*Total*
876,212			0				***876,212***	***9.8%***	1,612,046	***2,488,258***
	900,009			983			***900,992***	***10.1%***	778,346	***1,679,339***
	2,100,021	1,500,015				***883,018***	***4,483,054***	***50.1%***	2,249,148	***6,732,201***
	0	150,001					***150,001***	***1.7%***	5,991,623	***6,141,625***
	900,009	450,004			1,188,362		***2,538,375***	***28.4%***	3,763,000	***6,301,375***
							0	***0.0%***	0	***0***
							0	***0.0%***	0	***0***
							0	***0.0%***	0	***0***
876,212	***3,900,039***	***2,100,021***	***0***	***983***	***1,188,362***	***883,018***	***8,948,635***	***100.0%***	***14,394,163***	***23,342,798***
								persistence:	**0.9992**	

Note: 2011 OPA programs persistence (kWhs) towards 2012 Target was calculated by multiplying the 2011 final results by 99.92% = 2011 Net Energy Saving in 2012 of 14.39 GWh / 2011 Net Energy Saving of 14.41 GWh (please see Table 7 of the Appendix 4-F results).

Table 4-92

GHESI Rate Class Allocation Estimation - 2013 FINAL VERIFIED Results by kWh

Residential Program Total	*Commercial & Institutional Program Total*	*Industrial Program Total*	*Home Assistance Program Total*	*Pre-2011 Programs completed in 2011 Total*	*Other Total*	*Adjustments to Previous Year's Verified Results*	*2013 Incremental Total Estimated by Rate Class*	*Estimated % Allocation*	*2011 OPA programs persistence in 2013 towards 2014 Target*	*2012 OPA programs persistence in 2013 towards 2014 Target*	*Total*
835,414			0				***835,414***	***10.3%***	1,610,702	872,589	***3,318,706***
	341,571						***341,571***	***4.2%***	777,697	897,267	***2,016,536***
	1,370,356	341,571				257,548	***1,969,475***	***24.3%***	2,247,273	4,464,518	***8,681,266***
	0	1,028,785					***1,028,785***	***12.7%***	5,986,628	149,381	***7,164,795***
	2,732,569	1,098,008			96,000		***3,926,577***	***48.5%***	3,759,863	2,527,880	***10,214,320***
							0	***0.0%***	0	0	***0***
							0	***0.0%***	0	0	***0***
							0	***0.0%***	0	0	***0***
835,414	***4,444,496***	***2,468,364***	***0***	***0***	***96,000***	***257,548***	***8,101,823***	***100.0%***	***14,382,163***	***8,911,637***	***31,395,622***
								persistence:	**0.9983**	**0.9959**	

Note: 2011 OPA programs persistence (kWhs) towards 2013 Target was calculated by multiplying the 2011 final results by 99.83%= 2011 Net Energy Saving in 2013 of 14.38 GWh / 2011 Net Energy Saving of 14.41 GWh; the 2012 OPA programs persistence (kWhs) towards 2013 Target was calculating by multiplying the 2012 final results by 99.59% = 8.91 GWh /8.95 GWh (please see Table 7 of the Appendix 4-F).

Table 4-93

GHESI Rate Class Allocation Estimation by % - 2014 PRELIMINARY Results by kWh

Residential Program Total	*Commercial & Institutional Program Total*	*Industrial Program Total*	*Home Assistance Program Total*	*Other Total*	*Adjustments to Previous Year's Verified Results*	*2014 Incremental Total Estimated by Rate Class*	*Estimated % Allocation*	*2011 OPA programs persistence in 2014 towards 2014 Target*	*2012 OPA programs persistence in 2014 towards 2014 Target*	*2013 OPA programs persistence in 2014 towards 2014 Target*	*Total*
523,639						***523,639***	***10.3%***	1,593,567	861,525	825,000	***3,803,731***
	214,097					***214,097***	***4.2%***	769,424	885,890	337,313	***2,206,724***
	858,941	375,528				***1,234,469***	***24.3%***	2,223,365	4,407,910	1,944,924	***9,810,668***
		644,844				***644,844***	***12.7%***	5,922,941	147,487	1,015,960	***7,731,232***
	1,712,777	748,405				***2,461,182***	***48.5%***	3,719,864	2,495,828	3,877,628	***12,554,502***
						0	***0.0%***	0	0	0	***0***
						0	***0.0%***	0	0	0	***0***
						0	***0.0%***	0	0	0	***0***
523,639	***2,785,815***	***1,768,777***	***0***			***5,078,231***	***100.0%***	***14,229,161***	***8,798,641***	***8,000,825***	***36,106,858***
						5,078,231	**persistence:**	**0.9877**	**0.9832**	**0.9875**	

Note: 2011 OPA programs persistence (kWhs) towards 2014 Target was calculated by multiplying the 2011 final results by 98.77% = 2011 Net Energy Saving in 2013 of 14.23 GWh / 2011 Net Energy Saving of 14.41 GWh; the 2012 OPA programs persistence (kWhs) towards 2013 Target was calculating by multiplying the 2012 Net Energy Saving final results by 98.32%= 8.80 GWh /8.95 GWh; the 2013 persistence in 2014 was calculated by multiplying the 2013 Net Energy Saving final results by 98.75% = 8.00 GWh/8.10 GWh (please see Table 7 of the Appendix 4-F)

Table 4-94

GHESI Rate Class Allocation Actual Amount - 2011 FINAL Results by kW

RATE CODE	*Residential Program Total*	*Commercial & Institutional Program Total*	*Industrial Program Total*	*Home Assistance Program Total*	*Pre-2011 Programs completed in 2011 Total*	*Total*	*% by Rate Class*
Residential	645				0	***645***	***18.9%***
GS<50 kW		313			0	***313***	***9.2%***
GS 50 to 999 kW		376	119		217	***712***	***20.8%***
GS 1000 to 4999 kW		0	30		941	***970***	***28.4%***
Large Users		42	447		289	***778***	***22.8%***
Unmetered Scattered Loads						***0***	***0.0%***
Sentinel Lighting						***0***	***0.0%***
Street Lighting						***0***	***0.0%***
Total	***645***	***731***	***596***	***0***	***1,447***	***3,419***	***100.0%***

Table 4-95

GHESI Rate Class Allocation Estimation - 2012 FINAL VERIFIED Results by kW

Residential Program Total	*Commercial & Institutional Program Total*	*Industrial Program Total*	*Home Assistance Program Total*	*Pre-2011 Programs completed in 2011 Total*	*Other Total*	*Adjustments to Previous Year's Verified Results*	*2012 Incremental Total Estimated by Rate Class*	*Estimated % Allocation*	*2011 OPA programs persistence in 2012 towards 2014 Target*	*Total*
294			0				***294***	***5.8%***	563	***294***
	295			1			***296***	***5.8%***	273	***296***
	945	473				104	***1,522***	***30.0%***	622	***1,522***
	0	59					***59***	***1.2%***	847	***59***
	473	118			2,304		***2,895***	***57.1%***	680	***2,895***
							0	***0.0%***	0	***0***
							0	***0.0%***	0	***0***
							0	***0.0%***	0	***0***
294	***1,713***	***650***	***0***	***1***	***2,304***	***104***	***5,066***	***100.0%***	***2,986***	***5,066***
								persistence:	**0.8734**	

Note: the 2011 OPA programs persistence (kW) in 2012 was calculated by multiplying the 2011 results by 87.34% = 2.99/3.42.

Table 4-96

GHESI Rate Class Allocation Estimation - 2013 FINAL VERIFIED Results by kW											
Residential Program Total	*Commercial & Institutional Program Total*	*Industrial Program Total*	*Home Assistance Program Total*	*Pre-2011 Programs completed in 2011 Total*	*Other Total*	*Adjustments to Previous Year's Verified Results*	*2013 Incremental Total Estimated by Rate Class*	*Estimated % Allocation*	*2011 OPA programs persistence in 2013 towards 2014 Target*	*2012 OPA programs persistence in 2013 towards 2014 Target*	*Total*
328			0				***328***	***5.4%***	562	232	***328***
	212						***212***	***3.5%***	273	233	***212***
	708	159				54	***921***	***15.1%***	621	1,199	***921***
	0	443					***443***	***7.3%***	846	47	***443***
	900	3,272			16		***4,187***	***68.7%***	679	2,280	***4,187***
							0	***0.0%***	0	0	***0***
							0	***0.0%***	0	0	***0***
							0	***0.0%***	0	0	***0***
328	***1,819***	***3,874***	***0***	***0***	***16***	***54***	***6,091***	***100.0%***	***2,981***	***3,991***	***6,091***
								persistence:	**0.8719**	**0.7876**	

Note: The 2011 OPA programs persistence in 2013 was calculated by multiplying the 2011 results by 87.19%=2.98/3.42; the 2012 OPA programs persistence in 2013 was calculated by multiplying the 2012 results by 78.76%=3.99/5.07 (please see Appendix 4-F – 2011 to 2013 OPA's CDM Results).

Table 4-97

GHESI Rate Class Allocation Estimation by % - 2014 PRELIMINARY Results by kW											
Residential Program Total	*Commercial & Institutional Program Total*	*Industrial Program Total*	*Home Assistance Program Total*	*Other Total*	*Adjustments to Previous Year's Verified Results*	*2014 Incremental Total Estimated by Rate Class*	*Estimated % Allocation*	*2011 OPA programs persistence in 2014 towards 2014 Target*	*2012 OPA programs persistence in 2014 towards 2014 Target*	*2013 OPA programs persistence in 2014 towards 2014 Target*	*Total*
						0	***18.9%***	552	230	78	***860***
						0	***9.2%***	268	231	50	***550***
						0	***20.8%***	610	1,189	219	***2,018***
						0	***28.4%***	831	46	105	***983***
						0	***22.8%***	666	2,261	996	***3,923***
						0	***0.0%***	0	0	0	***0***
						0	***0.0%***	0	0	0	***0***
						0	***0.0%***	0	0	0	***0***
0	***0***	***0***	***0***			***0***	***100.0%***	***2,928***	***3,957***	***1,449***	***8,333***
						8,228	**persistence:**	**0.8564**	**0.7809**	**0.2379**	

Note: The 2011 OPA programs persistence in 2014 was calculated by multiplying the 2011 results by 85.64%=2.93/3.42; the 2012 OPA programs persistence in 2014 was calculated by multiplying the 2012 results by 78.09%=3.96 GW/5.07 GW; the 2013 OPA programs persistence in 2014 was calculated by multiplying the 2013 results by 23.79%=1.45 GW/6.09 GW (please see Appendix 4-F – 2011 to 2013 OPA's CDM Results).

Further, Guelph Hydro calculated the loss revenue amount in dollars by multiplying the OPA's CDM savings results with 2011 to 2014 historical Board-Approved distribution rates (please see the following Tables 4-98 to 4-100).

Table 4-98

Distribution Volumetric Rates including the Rate Riders for Tax Change and Foregone Revenue

		January 1 to April 30, 2011 Rates			May 1 to December 31, 2011 Rates			January 1 to March 31, 2012 Rates			April 1 to April 30, 2012 Rates				May 1 to December 31, 2012 Rates		January 1 to December 31, 2013 Rates			January 1 to December 31, 2014 Rates		
Customer Classes	UM	Distribution Volumetric Rate	Rate Rider for Tax Change	Total Volumetric Rate	Distribution Volumetric Rate	Rate Rider for Tax Change	Total Volumetric Rate	Distribution Volumetric Rate	Rate Rider for Tax Change	Total Volumetric Rate	Distribution Volumetric Rate	Rate Rider for Recovery of Foregone Revenue	Rate Rider for Tax Change	Total Volumetric Rate	Distribution Volumetric Rate	Total Volumetric Rate	Distribution Volumetric Rate	Rate Rider for Tax Change	Total Volumetric Rate	Distribution Volumetric Rate	Rate Rider for Tax Change	Total Volumetric Rate
Residential	kWh	$0.0164	($0.0003)	$0.0161	$0.0164	($0.0005)	$0.0159	$0.0164	($0.0005)	$0.0159	$0.0170	($0.0001)	($0.0005)	$0.0164	$0.0172	$0.0172	$0.0172		$0.0172	$0.0174		$0.0174
GS<50 kW	kWh	$0.0156	($0.0002)	$0.0154	$0.0156	($0.0003)	$0.0153	$0.0156	($0.0003)	$0.0153	$0.0126	($0.0012)	($0.0003)	$0.0111	$0.0127	$0.0127	$0.0127		$0.0127	$0.0129		$0.0129
GS 50 to 999 kW	kW	$2.7615	($0.0331)	$2.7284	$2.7665	($0.0595)	$2.7070	$2.7665	($0.0595)	$2.7070	$2.4801	($0.1334)	($0.0595)	$2.2872	$2.5069	$2.5069	$2.5069	($0.0031)	$2.5038	$2.5420	($0.0031)	$2.5389
GS 1000 to 4999 kW	kW	$1.9777	($0.0183)	$1.9594	$1.9813	($0.0329)	$1.9484	$1.9813	($0.0329)	$1.9484	$3.3153	$0.4278	($0.0329)	$3.7102	$3.3511	$3.3511	$3.3511	($0.0032)	$3.3479	$3.3980	($0.0032)	$3.3948
Large Users	kW	$2.1725	($0.0181)	$2.1544	$2.1764	($0.0325)	$2.1439	$2.1764	($0.0325)	$2.1439	$2.2680	$0.0139	($0.0325)	$2.2494	$2.2925	$2.2925	$2.2925	($0.0021)	$2.2904	$2.3246	($0.0021)	$2.3225
Unmetered Scattered Loads	kWh	$0.0250	($0.0003)	$0.0247	$0.0250	($0.0006)	$0.0244	$0.0250	($0.0006)	$0.0244	$0.0260		($0.0006)	$0.0254	$0.0263	$0.0263	$0.0263		$0.0263	$0.0267		$0.0267
Sentinel Lighting	kW	$7.2063	($0.1107)	$7.0956	$7.2193	($0.1988)	$7.0205	$7.2193	($0.1988)	$7.0205	$7.5162	($0.0089)	($0.1988)	$7.3085	$7.5974	$7.5974	$7.5974	($0.0141)	$7.5833	$7.7038	($0.0141)	$7.6897
Street Lighting	kW	$5.5465	($0.0565)	$5.4900	$5.5565	($0.1010)	$5.4555	$5.5565	($0.1010)	$5.4555	$9.2151	$1.1607	($0.1010)	$10.2748	$9.3146	$9.3146	$9.3146	($0.0102)	$9.3044	$9.4450	($0.0102)	$9.4348

Table 4-99

Customer Classes	2011 Final Results		2012 FINAL Results		2013 FINAL Results		2014 PRELIMINARY Results	
	kWh	kW	kWh	kW	kWh	kW	kWh	kW
Residential	1,613,390	7,740	2,488,258	3,528	3,318,706	3,933	3,803,731	10,319
GS<50 kW	778,995	3,756	1,679,339	3,557	2,016,536	2,540	2,206,724	6,598
GS 50 to 999 kW	2,251,023	8,549	6,732,201	18,266	8,681,266	11,049	9,810,668	24,215
GS 1000 to 4999 kW	5,996,618	11,644	6,141,625	709	7,164,795	5,321	7,731,232	11,791
Large Users	3,766,137	9,338	6,301,375	34,737	10,214,320	50,248	12,554,502	47,078
Unmetered Scattered Loads	0	0	0	0	0	0	0	0
Sentinel Lighting	0	0	0	0	0	0	0	0
Street Lighting	0	0	0	0	0	0	0	0
Total	**14,406,163**	**41,028**	**23,342,798**	**60,796**	**31,395,622**	**73,090**	**36,106,858**	**100,002**

Table 4-100

Customer Classes	January 1 to April 30, 2011	May 1 to December 31, 2011	2011 Total Lost Revenue	January 1 to March 31, 2012	April 1 to April 30, 2012	May 1 to December 31, 2012	2012 Total Lost Revenue	2013 Total Lost Revenue	2014 Total Lost Revenue	Total 2011 to 2014 Lost Revenue
Residential	$8,658.53	$17,101.93	$25,760.46	$9,890.83	$3,400.62	$28,532.03	$41,823.47	$57,081.74	$66,184.92	**$190,850.59**
GS<50 kW	$3,998.84	$7,945.75	$11,944.59	$6,423.47	$1,553.39	$14,218.40	$22,195.26	$25,610.00	$28,466.74	**$88,216.59**
GS 50 to 999 kW	$7,775.39	$15,428.82	$23,204.21	$12,361.65	$3,481.54	$30,527.68	$46,370.86	$27,663.58	$61,478.77	**$158,717.43**
GS 1000 to 4999 kW	$7,605.22	$15,125.04	$22,730.25	$345.29	$219.17	$1,583.68	$2,148.15	$17,813.49	$40,029.27	**$82,721.16**
Large Users	$6,706.22	$13,347.06	$20,053.28	$18,618.05	$6,511.41	$53,089.38	$78,218.84	$115,087.31	$109,338.72	**$322,698.15**
Unmetered Scattered Loads	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	**$0.00**
Sentinel Lighting	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	**$0.00**
Street Lighting	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	**$0.00**
Total	**$34,744.19**	**$68,948.60**	**$103,692.80**	**$47,639.28**	**$15,166.13**	**$127,951.17**	**$190,756.59**	**$243,256.12**	**$305,498.42**	**$843,203.92**

In order to produce monthly variances (CDM approved versus CDM Lost Revenue), similar the approved monthly CDM adjustment calculation, Guelph Hydro calculated the loss revenue per month (please see Table 4-101 below).

Table 4-101

Monthly Lost Revenue for the 1568 LRAMVA calculation									
Customer Classes	**January 1 to April 30, 2011 Rates**	**May 1 to December 31, 2011 Rates**		**January 1 to March 31, 2012 Rates**	**April 1 to April 30, 2012 Rates**	**May 1 to December 31, 2012 Rates**		**Jan. 1 to Dec. 31 2013 Monthly Lost Revenue**	**Jan. 1 to Dec. 31 2014 Monthly Lost Revenue**
Residential	$2,164.63	$2,137.74		$3,296.94	$3,400.62	$3,566.50		$4,756.81	$5,515.41
GS<50 kW	$999.71	$993.22		$2,141.16	$1,553.39	$1,777.30		$2,134.17	$2,372.23
GS 50 to 999 kW	$1,943.85	$1,928.60		$4,120.55	$3,481.54	$3,815.96		$2,305.30	$5,123.23
GS 1000 to 4999 kW	$1,901.30	$1,890.63		$115.10	$219.17	$197.96		$1,484.46	$3,335.77
Large Users	$1,676.55	$1,668.38		$6,206.02	$6,511.41	$6,636.17		$9,590.61	$9,111.56
Unmetered Scattered Loads	$0.00	$0.00		$0.00	$0.00	$0.00		$0.00	$0.00
Sentinel Lighting	$0.00	$0.00		$0.00	$0.00	$0.00		$0.00	$0.00
Street Lighting	$0.00	$0.00		$0.00	$0.00	$0.00		$0.00	$0.00
Total	**$8,686.05**	**$8,618.58**		**$15,879.76**	**$15,166.13**	**$15,993.90**		**$20,271.34**	**$25,458.20**

Guelph Hydro applied monthly carrying charges as explain at the beginning of this section (Exhibit 4, Tab 6, Schedule 3 - Lost revenue and LRAVA calculation).

Table 4-102

1568 LRAMVA balances per customer class					
Customer Classes	Principal	Interest	Total 2014 Ending Balance	Interest Jan. 1 to Dec. 31, 2015	Total LRAMVA Claim for Disposition
Residential	$6,485.27	$158.70	$6,643.97	$77.34	$6,721.31
GS<50 kW	$33,499.76	$819.78	$34,319.55	$399.48	$34,719.03
GS 50 to 999 kW	$74,968.79	$1,834.59	$76,803.38	$894.00	$77,697.38
GS 1000 to 4999 kW	$58,770.21	$1,438.19	$60,208.40	$700.83	$60,909.23
Large Users	$295,282.82	$7,225.97	$302,508.79	$3,521.25	$306,030.04
Unmetered Scattered Loads	($1,661.87)	($40.67)	($1,702.54)	($19.82)	($1,722.36)
Sentinel Lighting	$0.00	$0.00	$0.00	$0.00	$0.00
Street Lighting	$0.00	$0.00	$0.00	$0.00	$0.00
Total	**$467,344.98**	**$11,436.57**	**$478,781.55**	**$5,573.09**	**$484,354.63**

Note: LRAMVA calculation: Monthly approved CDM adjustment ($) included in the load forecast minus Monthly OPA's CDM results ($); carrying charges were applied to the monthly opening balances in the 1568 LRAMVA account.

Guelph Hydro included the 1568 LRAMVA continuity schedule in the OEB's model (Guelph_EDVAR_Continuity Schedule_CoS_v2_4_20140424). The model calculated the LRAMVA rate riders for all classes (Table 4-103 below). The billing determinants used are the forecast kWh and kW. The proposed rate rider recovery period is one year.

Table 4-103

Rate Rider Calculation for Accounts 1568

Please indicate the Rate Rider Recovery Period (in years) 1

Rate Class (Enter Rate Classes in cells below)	Units	kW / kWh / # of Customers	Balance of Account 1568	Rate Rider for Account 1568
RESIDENTIAL	kWh	381,586,775	$ 6,721	**0.0000**
GENERAL SERVICE LESS THAN 50 KW	kWh	150,174,015	$ 34,719	**0.0002**
GENERAL SERVICE 50 TO 999 KW	kW	1,037,307	$ 77,697	**0.0749**
GENERAL SERVICE 1,000 TO 4,999 KW	kW	1,194,282	$ 60,909	**0.0510**
LARGE USE	kW	496,250	$ 306,030	**0.6167**
UNMETERED SCATTERED LOAD	kWh	1,700,939	-$ 1,722	- **0.0010**
SENTINEL LIGHTING	kW	60	$ -	-
STREET LIGHTING	kW	26,693	$ -	-
Total			**$ 484,355**	

APPENDIX 4-A: LEAP Agreement

Guelph Hydro
Electric Systems Inc.

January 3, 2011

Dear County of Wellington Social Services Department,

Re: Low-Income Energy Assistance Program Emergency Financial Assistance 2011 ("LEAP Emergency Financial Assistance")

Guelph Hydro Electric systems Inc. is pleased to participate in **LEAP Emergency Financial Assistance** to be delivered by **County of Wellington Social Services Department** and its authorized agents and as described in the 2011 LEAP Program Manual ("the Manual"). LEAP will consist of **1** term starting **January 1st 2011 to December 31st 2011**.

The following are the terms and conditions under which **Guelph Hydro Systems Inc.** will contract with **County of Wellington Social Services Department** for the delivery of LEAP:

Financial Conditions:

1) **Guelph Hydro Electric Systems Inc.** will provide **$28,000.00** with **1** cheque which will be equal to a total amount of **$28,000.00** CDN payable to **County of Wellington Social Services Department**. The cheque will be for the following amount and term:

   a) One cheque will be for the amount of **$28,000.00** CDN to be provided on **January 10th 2011** for funding for the **1** term.

2) The funds described in section **1** are to be used only for the following purposes:

   a) Provide grants to eligible low-income customers of **Guelph Hydro Systems Inc.** and of unit sub-metering providers operating within **Guelph Hydro Electric Systems Inc.'s** service area that qualify for LEAP, in accordance with the eligibility criteria and screening guidelines set out in section **5** of the Manual for qualified participants.
   b) Pay the **County of Wellington Social Services Department's** Program Delivery and Administration Fee (defined in paragraph 3 below).

395 Southgate Drive, Guelph ON N1G 4Y1 www.guelphhydro.com

Guelph Hydro
Electric Systems Inc.

3) **County of Wellington Social Services Department** may retain for its purpose a fifteen percent (15%) Program Delivery and Administration fee calculated on the basis of the value of the total amount given to the **County of Wellington Social Services Department** by **Guelph Hydro Electric Systems Inc. County of Wellington Social Services Department** may give all or a portion of the fee to any agencies it engages for the purposes of intake functions.

4) **County of Wellington Social Services Department** will provide a cheque to **Guelph Hydro Electric Systems Inc.** in the amount of the total funds approved for disbursement to qualified participants in **Guelph Hydro Electric Systems Inc.'s** service territory on the **1** day and the **15** day to each month (Please fill out according to your cheque runs). Those cheques will be accompanied with a list of the qualified participants. **Guelph Hydro Electric Systems Inc.** will credit each customer's account by the amount specified on the list once the cheque is received.

5) Any remaining funds left at the end of the year must be refunded to **Guelph Hydro Electric Systems Inc.**

Record-Keeping and Reporting Conditions:

6) **County of Wellington Social Services Department** will organize the safe keeping of records of the information outlined in Appendix **7.8.1** and **7.8.2** of the manual and submit such information to **Guelph Hydro Electric Systems Inc.** as follows:
   a) Monthly reporting requirements to be remitted to **Guelph Hydro Electric Systems Inc.** on the 15th day of the following month. Should the LEAP funds for the term expire prior to the end of the term, **County of Wellington Social Services Department** will notify the designated contact person at **Guelph Hydro Electric Systems Inc.** by telephone immediately.
   b) Annual reporting requirements to be remitted to **Guelph Hydro Electric Systems Inc.** by Jan 31st of the following year.

Information Exchange Conditions:

7) **County of Wellington Social Services Department** will provide to **Guelph Hydro Electric Systems Inc.** a continually updated list of intake Agencies (as defined in the Manual), by geographic area.

395 Southgate Drive, Guelph ON N1G 4Y1 www.guelphhydro.com

Guelph Hydro
Electric Systems Inc.

8) **Guelph Hydro Electric Systems Inc.** agrees to provide **County of Wellington Social Services Department** and any authorized agents of **County of Wellington Social Services Department** with customer account information and payment history provided that **County of Wellington Social Services Department** and their authorized agents have the customer's legal consent to do so.

General:

9) **Guelph Hydro Electric Inc.** and **County of Wellington Social Services Department** agree and acknowledge that the use and disclosure of **Guelph Hydro Electric Systems Inc.** customers' personal information is governed by the Personal Information Protection and Electronic Documents Act (S.C.2000, c.5) and to strictly comply with the provisions thereof. In addition, **County of Wellington Social Services Department** will ensure its authorized agents comply with the confidentiality obligations set forth herein.

10) **County of Wellington Social Services Department** and its authorized agents shall save harmless and indemnify **Guelph Hydro Electric Systems Inc.**, its directors, officers, employees, representatives and agents from and against any and all liability, loss, damage, expense or other cost, howsoever caused, directly or indirectly, resulting from, arising out of in any way relating to the performance by **County of Wellington Social Services Department** or any of its authorized agents of any obligations under LEAP (as set forth in this Agreement and the Manual) which is incurred by **Guelph Hydro Electric Systems Inc.** or claimed against **Guelph Hydro Electric Systems Inc.** by any third party, with the exception of those losses and damages caused by **Guelph Hydro Electric Systems Inc.'s** negligence.

11) **County of Wellington Social Services Department** shall develop and implement an appeals process for persons that have not been approved as qualified participants.

If you agree to conditions as stated herein, please execute 2 copies of this Agreement and return 2 copies to my attention. Upon receipt, we will release funds to **County of Wellington Social Services Department** on January 10th 2010.

Sincerely,

Guelph Hydro Electric Systems Inc.

DONNA BRYCE
CLERK, COUNTY
Jan 28/11

CHRIS WHITE
Warden
Jan 28/11

395 Southgate Drive, Guelph ON N1G 4Y1 www.guelphhydro.com

APPENDIX 4-B: Actuarial Report

Collins Barrow Toronto
Actuarial Services Inc.

Collins Barrow Place
11 King Street West
Suite 700, PO Box 27
Toronto, Ontario
M5H 4C7 Canada

T. 416.480.0160
F. 416.480.2646

www.collinsbarrow.com

November 17, 2014

BY E-MAIL: mkoktan@guelphhydro.com

Mr. Michael Koktan
Manager of Accounting
Guelph Hydro Electric Systems Inc.
395 Southgate Drive
Guelph, ON N1G 4Y1

Dear Mr. Koktan:

Re: Guelph Hydro Electric Systems Inc. (the "Corporation") Post-Retirement Non-Pension Benefit Plan – Extrapolations for CY 2014, CY 2015, and CY 2016

The intended users of this letter and attachments include the Corporation and its auditors for financial reporting in compliance with IFRS guidelines in respect of its post-retirement non-pension benefit plan.

Extrapolations for CY 2014, CY 2015, and CY 2016

The CY 2014, CY 2015, and CY 2016 calculations were performed in accordance with the International Financial Reporting Standards (the "IFRS") guidelines for post-retirement non-pension benefits as outlined in the International Accounting Standard IAS 19 – Employee Benefits ("IAS 19").

This letter summarizes the results of our calculation of the FY2014 defined benefit cost and the December 31, 2014 Present Value of Defined Benefit Obligation ("PV DBO") for the post-retirement non-pension benefit plans sponsored by the Corporation. Results have also been broken down in Union, Management and Executive employee groups based on indicators provided by the Corporation. Detailed summaries of our calculations can be found in the attached accounting worksheets.

We have performed our calculations based on the following:

- **Plan provisions**: The Corporation has confirmed that there has been no change to the plan's provisions since our January 1, 2013 valuation. Said plan provisions are summarized in our January 1, 2013 actuarial valuation report for the post-retirement non-pension benefit plan ("Report").

- **Data**: We have used the membership data as at December 31, 2013 which has been updated after the Report was produced, and reflected the addition of seven new hires, the retirement of two members, the death of two members, and the termination of one active employee since the previous valuation at January 1, 2013.

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- **Assumptions**: A discount rate assumption of 4.20% per annum as at December 31, 2014 has been selected to reflect the current yields on high quality debt instruments. In regards to the discount rate assumption for December 31, 2014, as you are aware, the Canadian Institute of Actuaries ("CIA") released an Educational Note on the "Accounting Discount Rate Assumption for Pension and Post-employment Benefit Plans" (Educational Note) in September 2011. Along with the Educational Note, the CIA has also acquired the services of Fiera Capital Investment Management Inc. (a portfolio investment management firm in Canada) to produce a monthly spot rate curve that is derived using the methodology described in the Educational Note.

  Based on the Corporation's expected projected benefit cash flows for post-retirement non-pension benefits and the most current spot rate curve published by Fiera Capital (i.e. as at October 31, 2014, please see attached), a discount rate assumption of 4.20% per annum as at December 31, 2014 has been selected. For your reference, a discount rate assumption of 4.90% per annum was selected as at December 31, 2013.

  All other assumptions used in our calculations are as summarized in the Report.

- **Method**: We have done our calculations as at December 31, 2013 using the method described in the Report. The PV DBOs as at December 31st of 2014, 2015, and 2016 are based on a roll forward of the December 31, 2013 PV DBO using the updated membership data and management's best estimate assumptions as described above.

As you can see in the attached accounting worksheets, the PV DBO of the Corporation at December 31, 2014 is greater than the expected PV DBO. This is due to the combined impact of the aforementioned demographic changes and the change in discount rate assumption.

We are not aware of any subsequent events that would have a significant impact on our calculations.

If you have any questions regarding the above or the attached accounting schedules, please do not hesitate to call.

Yours truly,

Stanley Caravaggio, FSA FCIA
Senior Manager
[E-mail: srcaravaggio@collinsbarrow.com]
[Telephone: 416.408.5306]

Patrick G. Kavanagh, AB ASA ACIA
Manager
[E-mail: pgkavanagh@collinsbarrow.com]
[Telephone: 416.408.5327]

Guelph Hydro Electric Systems Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
MANAGEMENT
FINAL

	Projected** CY 2014	Projected** CY 2015	Projected** CY 2016
Discount Rate at January 1	4.90%	4.20%	4.20%
Discount Rate at December 31	4.20%	4.20%	4.20%
Health Benefit Cost Trend Rate at December 31			
Initial Rate	5.00%	5.00%	5.00%
Ultimate Rate	5.00%	5.00%	5.00%
Year Ultimate Rate Reached	2022	2022	2022
Dental Benefit Cost Trend Rate	5.00%	5.00%	5.00%
Salary Scale Rate	3.30%	3.30%	3.30%
Withdrawal Rate	1.00%	1.00%	1.00%
Assumed Increase in Employer Contributions	expected*	expected*	expected*

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	2,932,286	3,419,702	3,555,499
Defined Benefit Cost Recognized in Income Statement	224,995	229,706	240,714
Defined Benefit Cost Recognized in Other Comprehensive Income	354,287	-	-
Benefits Paid by the Employer	(91,866)	(93,909)	(95,971)
Net Defined Benefit Liability/(Asset) as at December 31	3,419,702	3,555,499	3,700,241

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Service Cost			
- Current Service Cost	83,563	102,930	108,278
- Past Service Cost	-	-	-
Net Interest Cost	141,431	126,775	132,435
Defined Benefit Cost Recognized in Income Statement	224,995	229,706	240,714

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	354,287	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-
Return on Plan Assets (excluding amounts included in net interest cost)	-	-	-
Change in effect of asset ceiling	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	354,287	-	-
Total Defined Benefit Cost	579,282	229,706	240,714

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	2,932,286	3,419,702	3,555,499
Current Service Cost	83,563	102,930	108,278
Past Service Cost	-	-	-
Interest Cost	141,431	126,775	132,435
Benefits Paid	(91,866)	(93,909)	(95,971)
Net Actuarial Loss/(Gain)	354,287	-	-
Present Value of Defined Benefit Obligation as at December 31	3,419,702	3,555,499	3,700,241

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

**Projected results are provided for informational purposes only. Significant changes in 2014, 2015, or 2016 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Guelph Hydro Electric Systems Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
MANAGEMENT
FINAL

D. Calculation of Component Items

Service Cost			
- Current Service Cost	83,563	102,930	108,278
- Past Service Cost	-	-	-
Interest Cost			
- Net Defined Benefit Liability/(Asset) as at January 1	2,932,286	3,065,415	3,201,211
- Benefits Paid	(45,933)	(46,954)	(47,986)
- Accrued Benefits	2,886,353	3,018,460	3,153,226
- Interest Cost	141,431	126,775	132,435
Expected Present Value of Defined Benefit Obligation as at December 31			
- Present Value of Defined Benefit Obligation as at January 1	2,932,286	3,065,415	3,201,211
- Current Service Cost	83,563	102,930	108,278
- Interest Cost	141,431	126,775	132,435
- Benefits Paid	(91,866)	(93,909)	(95,971)
- Expected Present Value of Defined Benefit Obligation as at December 31	3,065,415	3,201,211	3,345,954

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation as at December 31			
- Expected Present Value of Defined Benefit Obligation	3,065,415	3,201,211	3,345,954
- Past Service Cost	-	-	-
- Expected Present Value of Defined Benefit Obligation (after Past Service Cost)	3,065,415	3,201,211	3,345,954
- Actual Present Value of Defined Benefit Obligation	3,419,702	3,201,211	3,345,954
- Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation	354,287	-	-

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

**Projected results are provided for informational purposes only. Significant changes in 2014, 2015, or 2016 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Guelph Hydro Electric Systems Inc.

ESTIMATED BENEFIT EXPENSE (IAS 19)

EXECUTIVE

FINAL

	Projected** CY 2014	Projected** CY 2015	Projected** CY 2016
Discount Rate at January 1	4.90%	4.20%	4.20%
Discount Rate at December 31	4.20%	4.20%	4.20%
Health Benefit Cost Trend Rate at December 31			
Initial Rate	5.00%	5.00%	5.00%
Ultimate Rate	5.00%	5.00%	5.00%
Year Ultimate Rate Reached	2022	2022	2022
Dental Benefit Cost Trend Rate	5.00%	5.00%	5.00%
Salary Scale Rate	3.30%	3.30%	3.30%
Withdrawal Rate	1.00%	1.00%	1.00%
Assumed Increase in Employer Contributions	expected*	expected*	expected*

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	28,011	32,833	33,325
Defined Benefit Cost Recognized in Income Statement	1,356	1,190	1,211
Defined Benefit Cost Recognized in Other Comprehensive Income	4,145	-	-
Benefits Paid by the Employer	(679)	(698)	(714)
Net Defined Benefit Liability/(Asset) as at December 31	32,833	33,325	33,822

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Service Cost			
- Current Service Cost	-	-	-
- Past Service Cost	-	-	-
Net Interest Cost	1,356	1,190	1,211
Defined Benefit Cost Recognized in Income Statement	1,356	1,190	1,211

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	4,145	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-
Return on Plan Assets (excluding amounts included in net interest cost)	-	-	-
Change in effect of asset ceiling	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	4,145	-	-
Total Defined Benefit Cost	5,501	1,190	1,211

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	28,011	32,833	33,325
Current Service Cost	-	-	-
Past Service Cost	-	-	-
Interest Cost	1,356	1,190	1,211
Benefits Paid	(679)	(698)	(714)
Net Actuarial Loss/(Gain)	4,145	-	-
Present Value of Defined Benefit Obligation as at December 31	32,833	33,325	33,822

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

**Projected results are provided for informational purposes only. Significant changes in 2014, 2015, or 2016 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Guelph Hydro Electric Systems Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
EXECUTIVE
FINAL

D. Calculation of Component Items

Service Cost			
- Current Service Cost	-	-	-
- Past Service Cost	-	-	-
Interest Cost			
- Net Defined Benefit Liability/(Asset) as at January 1	28,011	28,687	29,180
- Benefits Paid	(340)	(349)	(357)
- Accrued Benefits	27,671	28,339	28,823
- Interest Cost	1,356	1,190	1,211
Expected Present Value of Defined Benefit Obligation as at December 31			
- Present Value of Defined Benefit Obligation as at January 1	28,011	28,687	29,180
- Current Service Cost	-	-	-
- Interest Cost	1,356	1,190	1,211
- Benefits Paid	(679)	(698)	(714)
- Expected Present Value of Defined Benefit Obligation as at December 31	28,687	29,180	29,676

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation as at December 31			
- Expected Present Value of Defined Benefit Obligation	28,687	29,180	29,676
- Past Service Cost	-	-	-
- Expected Present Value of Defined Benefit Obligation (after Past Service Cost)	28,687	29,180	29,676
- Actual Present Value of Defined Benefit Obligation	32,833	29,180	29,676
- Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation	4,145	-	-

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

**Projected results are provided for informational purposes only. Significant changes in 2014, 2015, or 2016 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Guelph Hydro Electric Systems Inc.

ESTIMATED BENEFIT EXPENSE (IAS 19)

UNION

FINAL

	Projected** CY 2014	Projected** CY 2015	Projected** CY 2016
Discount Rate at January 1	4.90%	4.20%	4.20%
Discount Rate at December 31	4.20%	4.20%	4.20%
Health Benefit Cost Trend Rate at December 31			
Initial Rate	5.00%	5.00%	5.00%
Ultimate Rate	5.00%	5.00%	5.00%
Year Ultimate Rate Reached	2022	2022	2022
Dental Benefit Cost Trend Rate	5.00%	5.00%	5.00%
Salary Scale Rate	3.30%	3.30%	3.30%
Withdrawal Rate	1.00%	1.00%	1.00%
Assumed Increase in Employer Contributions	expected*	expected*	expected*

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	5,049,713	5,838,741	6,072,465
Defined Benefit Cost Recognized in Income Statement	371,306	377,186	394,497
Defined Benefit Cost Recognized in Other Comprehensive Income	557,246	-	-
Benefits Paid by the Employer	(139,525)	(143,462)	(152,033)
Net Defined Benefit Liability/(Asset) as at December 31	5,838,741	6,072,465	6,314,928

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Service Cost			
- Current Service Cost	127,289	158,376	166,051
- Past Service Cost	-	-	-
Net Interest Cost	244,018	218,810	228,446
Defined Benefit Cost Recognized in Income Statement	371,306	377,186	394,497

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	557,246	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-
Return on Plan Assets (excluding amounts included in net interest cost)	-	-	-
Change in effect of asset ceiling	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	557,246	-	-
Total Defined Benefit Cost	928,553	377,186	394,497

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	5,049,713	5,838,741	6,072,465
Current Service Cost	127,289	158,376	166,051
Past Service Cost	-	-	-
Interest Cost	244,018	218,810	228,446
Benefits Paid	(139,525)	(143,462)	(152,033)
Net Actuarial Loss/(Gain)	557,246	-	-
Present Value of Defined Benefit Obligation as at December 31	5,838,741	6,072,465	6,314,928

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

**Projected results are provided for informational purposes only. Significant changes in 2014, 2015, or 2016 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Guelph Hydro Electric Systems Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
UNION
FINAL

D. Calculation of Component Items

Service Cost			
- Current Service Cost	127,289	158,376	166,051
- Past Service Cost	-	-	-
Interest Cost			
- Net Defined Benefit Liability/(Asset) as at January 1	5,049,713	5,281,495	5,515,218
- Benefits Paid	(69,762)	(71,731)	(76,017)
- Accrued Benefits	4,979,951	5,209,764	5,439,202
- Interest Cost	244,018	218,810	228,446
Expected Present Value of Defined Benefit Obligation as at December 31			
- Present Value of Defined Benefit Obligation as at January 1	5,049,713	5,281,495	5,515,218
- Current Service Cost	127,289	158,376	166,051
- Interest Cost	244,018	218,810	228,446
- Benefits Paid	(139,525)	(143,462)	(152,033)
- Expected Present Value of Defined Benefit Obligation as at December 31	5,281,495	5,515,218	5,757,682

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation as at December 31			
- Expected Present Value of Defined Benefit Obligation	5,281,495	5,515,218	5,757,682
- Past Service Cost	-	-	-
- Expected Present Value of Defined Benefit Obligation (after Past Service Cost)	5,281,495	5,515,218	5,757,682
- Actual Present Value of Defined Benefit Obligation	5,838,741	5,515,218	5,757,682
- Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation	557,246	-	-

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

**Projected results are provided for informational purposes only. Significant changes in 2014, 2015, or 2016 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Guelph Hydro Electric Systems Inc.

ESTIMATED BENEFIT EXPENSE (IAS 19)

TOTAL

FINAL

	Projected** CY 2014	Projected** CY 2015	Projected** CY 2016
Discount Rate at January 1	4.90%	4.20%	4.20%
Discount Rate at December 31	4.20%	4.20%	4.20%
Health Benefit Cost Trend Rate at December 31			
Initial Rate	5.00%	5.00%	5.00%
Ultimate Rate	5.00%	5.00%	5.00%
Year Ultimate Rate Reached	2022	2022	2022
Dental Benefit Cost Trend Rate	5.00%	5.00%	5.00%
Salary Scale Rate	3.30%	3.30%	3.30%
Withdrawal Rate	1.00%	1.00%	1.00%
Assumed Increase in Employer Contributions	expected*	expected*	expected*

A. Change in the Net Defined Benefit Liability/(Asset) Recognized in Balance Sheet

Net Defined Benefit Liability/(Asset) as at January 1	8,010,010	9,291,276	9,661,289
Defined Benefit Cost Recognized in Income Statement	597,657	608,082	636,421
Defined Benefit Cost Recognized in Other Comprehensive Income	915,679	-	-
Benefits Paid by the Employer	(232,070)	(238,069)	(248,719)
Net Defined Benefit Liability/(Asset) as at December 31	9,291,276	9,661,289	10,048,991

B. Determination of Defined Benefit Cost

B1. Determination of Defined Benefit Cost Recognized in Income Statement

Service Cost			
- Current Service Cost	210,852	261,306	274,329
- Past Service Cost	-	-	-
Net Interest Cost	386,805	346,776	362,093
Defined Benefit Cost Recognized in Income Statement	597,657	608,082	636,421

B2. Remeasurements of the Net Defined Benefit Liability/(Asset) Recognized in Other Comprehensive Income

Net Actuarial Loss/(Gain) arising from Changes in Financial Assumptions	915,679	-	-
Net Actuarial Loss/(Gain) arising from Changes in Demographic Assumptions	-	-	-
Return on Plan Assets (excluding amounts included in net interest cost)	-	-	-
Change in effect of asset ceiling	-	-	-
Defined Benefit Cost Recognized in Other Comprehensive Income	915,679	-	-
Total Defined Benefit Cost	1,513,336	608,082	636,421

C. Change in the Present Value of Defined Benefit Obligation

Present Value of Defined Benefit Obligation as at January 1	8,010,010	9,291,276	9,661,289
Current Service Cost	210,852	261,306	274,329
Past Service Cost	-	-	-
Interest Cost	386,805	346,776	362,093
Benefits Paid	(232,070)	(238,069)	(248,719)
Net Actuarial Loss/(Gain)	915,679	-	-
Present Value of Defined Benefit Obligation as at December 31	9,291,276	9,661,289	10,048,991

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

**Projected results are provided for informational purposes only. Significant changes in 2014, 2015, or 2016 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

Guelph Hydro Electric Systems Inc.
ESTIMATED BENEFIT EXPENSE (IAS 19)
TOTAL
FINAL

D. Calculation of Component Items

Service Cost			
- Current Service Cost	210,852	261,306	274,329
- Past Service Cost	-	-	-
Interest Cost			
- Net Defined Benefit Liability/(Asset) after full actuarial review at January 1	8,010,010	8,375,597	8,745,610
- Benefits Paid	(116,035)	(119,034)	(124,359)
- Accrued Benefits	7,893,975	8,256,563	8,621,250
- Interest Cost	386,805	346,776	362,093
Expected Present Value of Defined Benefit Obligation as at December 31			
- Present Value of Defined Benefit Obligation after full actuarial review at January 1	8,010,010	8,375,597	8,745,610
- Current Service Cost	210,852	261,306	274,329
- Interest Cost	386,805	346,776	362,093
- Benefits Paid	(232,070)	(238,069)	(248,719)
- Expected Present Value of Defined Benefit Obligation as at December 31	8,375,597	8,745,610	9,133,312

E. Net Actuarial Loss/(Gain)

Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation as at December 31			
- Expected Present Value of Defined Benefit Obligation	8,375,597	8,745,610	9,133,312
- Past Service Cost	-	-	-
- Expected Present Value of Defined Benefit Obligation (after Past Service Cost)	8,375,597	8,745,610	9,133,312
- Actual Present Value of Defined Benefit Obligation	9,291,276	8,745,610	9,133,312
- Net Actuarial Loss/(Gain) on Present Value of Defined Benefit Obligation	915,679	-	-

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

**Projected results are provided for informational purposes only. Significant changes in 2014, 2015, or 2016 such as re-negotiated benefits, increased benefit costs, or significant swings in demographics may require a full actuarial review.

APPENDIX 4-C: Service Agreements

GUELPH MUNICIPAL HOLDINGS INC.

- and -

GUELPH HYDRO ELECTRIC SYSTEMS INC.

AMENDED AND RESTATED SERVICES AGREEMENT

Dated as of September 11, 2014

AMENDED AND RESTATED SERVICES AGREEMENT

This Agreement is dated as of the 11th day of September, 2014 and will take effect as and from the 12th day of September, 2014 (the "**Effective Date**").

BETWEEN:

GUELPH MUNICIPAL HOLDINGS INC.
a corporation incorporated pursuant to the laws of the Province of Ontario

(hereinafter referred to as "**GMHI**")

- and -

GUELPH HYDRO ELECTRIC SYSTEMS INC.
a corporation incorporated pursuant to the law of the Province of Ontario

(hereinafter referred to as "**GHESI**")

RECITALS:

WHEREAS the Parties entered into a Services Agreement dated September 8, 2008 (the "**Original Agreement**") which set out the terms and conditions upon which GMHI will provide to GHESI certain financial services as described in the Original Agreement;

AND WHEREAS GHESI is regulated by the Ontario Energy Board and is required to comply with the provisions of the Affiliate Relationships Code;

AND WHEREAS the Parties wish to restate the Original Agreement in order to (i) set out the terms and conditions upon which GHESI will provide to GMHI certain services from time to time as further described in this Agreement; (ii) to modify and expand the scope of services to be provided by GMHI to GHESI and by GHESI to GMHI; and (iii) to effect amendments to and to restate the Original Agreement as specified herein;

NOW THEREFORE in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the Parties hereto, the Parties hereto hereby agree as follows:

ARTICLE 1 – INTERPRETATION

DEFINITIONS

Unless the context otherwise specifies or requires, for the purposes of this Agreement all capitalized terms herein shall have the meanings set forth below:

"Affiliate", with respect to a corporation, shall have the same meaning as is ascribed to such term in the *Business Corporations Act* (Ontario);

"Affiliate Relationships Code" or **"ARC"** shall mean the Affiliate Relationships Code for Electricity Distributors and Transmitters issued by the OEB, as amended from time to time;

"Agreement" and similar expressions mean this Amended and Restated Services Agreement together with all Schedules attached hereto, as they may be amended from time to time;

"Applicable Law" means, collectively, all applicable laws, treaties, statutes, codes, codes of conduct, ordinances, decrees, rules, regulations, municipal by-laws, including, without limitation, policies, codes or guidelines of a Governmental Authority, judicial, administrative, ministerial, departmental or regulatory judgments, orders, decisions, directives or rulings and conditions of any licence, permit, certificate, registration, authorization, consent or approval issued by a Governmental Authority that apply to the Parties to this Agreement;

"Business Day" means any day other than a Saturday or Sunday or a statutory or bank holiday in the Province of Ontario;

"Confidential Information" has the meaning ascribed to such term in ARTICLE 10;

"Disclosing Party" has the meaning ascribed to such term in ARTICLE 10;

"Dispute" has the meaning ascribed to such term in ARTICLE 12;

"Effective Date" means June 1, 2013;

"Event of Default" has the meaning ascribed to such term in ARTICLE 8;

"Fees" has the meaning ascribed to such term in ARTICLE 5 and Schedule B hereto;

"Force Majeure Event" has the meaning ascribed to such term in ARTICLE 11

"Governmental Authority" means any government, parliament, legislature or any regulatory authority, agency, commission or a board of any government, parliament or legislature, or any political subdivision thereof, or any court or, without limitation to the foregoing, any other law, regulation or rule making entity or any person acting under the authority of any of the foregoing or any other authority charged with the administration or enforcement of laws, including the OEB, IESO, the Privacy Commissioner of Canada and the Information and Privacy Commissioner of Ontario;

"IESO" means the Independent Electricity System Operator for Ontario;

"includes" or **"including"** means includes (or as applicable, including) without limitation;

"MFIPPA" means the *Municipal Freedom of Information Act and Protection of Privacy Act* of Ontario, as amended from time to time;

"OEB" means the Ontario Energy Board and any successor thereto;

"Party" means a party to this Agreement and any reference to a Party includes its successors and permitted assigns; **"Parties"** means every Party;

"PIPEDA" means the *Personal Information Protection and Electronic Documents Act* of Canada, as amended from time to time;

"Prime Rate" means, in respect of each calendar month, a rate of interest equal to the prime rate for loans in Canadian dollars as declared by the Royal Bank of Canada as of the first Business Day of such month;

"Receiving Party" has the meaning ascribed to such term in ARTICLE 10;

"Representatives" in reference to Party, means the Party's directors, officers, employees, agents, consultants and contractors;

"Services" has the meaning ascribed to such term in ARTICLE 3 and Schedule A hereto;

"Term" has the meaning ascribed thereto in ARTICLE 2.

PURPOSE OF AGREEMENT

The purpose of this Agreement is to describe the Services provided by each Party to the other Party, and the Fees payable by each Party for the Services performed by the other Party and the relationship between the Parties in respect of such Services.

CONSTRUCTION OF AGREEMENT

In this Agreement:

Words denoting the singular include the plural and vice versa and words denoting any gender include all genders;

Any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated there under, as the same may be amended, re-enacted, consolidated and/or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided;

The division of this Agreement into separate Articles, Sections, Subsections and Schedules and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement;

In the event of any inconsistency between the provisions set forth in the Schedules and the provisions set forth in the body of this Agreement, this Agreement shall prevail.

SCHEDULES

The Schedules set out below are attached to and form an integral part of this Agreement:

Schedule	Description
A	Services
B	Fees

ARTICLE 2 – TERM

TERM

The term of this Agreement shall commence on the Effective Date and the terms, conditions and covenants hereof shall have deemed to have been in force and performed by the Parties from that date. The initial term of this Agreement shall be a period of one (1) year. The term shall automatically be extended annually for successive one (1) year periods, or for such longer or shorter period as may be agreed in writing by the Parties hereto, unless terminated as provided in ARTICLE 9 of this Agreement.

ARTICLE 3 - SERVICES

SERVICES

Subject to the terms and conditions contained in this Agreement and to the observance and performance by each Party of all terms and conditions hereof, each Party will provide or cause to be provided to the other Party, when requested by the other Party, the services described in Schedule A (the "**Services**").

PROVISION OF SERVICES AND AUTHORITY OF GHESI

Each Party shall be responsible for the provision of its Services provided hereunder and the methods employed in providing the same, subject always to each Party providing such Services in a diligent and competent manner and according to the same standards as it provides for its own use and benefit from time to time. Notwithstanding any other provision in this Agreement, each Party shall have and retain the ultimate authority for ensuring that its Services are performed in accordance with Applicable Law.

RELATIONSHIP

In performing this Agreement, each Party shall operate as an independent contractor and not as an agent of the other Party, and shall maintain its own organization as a distinct and separate legal entity from the other Party. Each Party shall have no authority to legally bind the other Party without the prior written authority from the other Party to do so. Nothing in this Agreement shall be deemed to constitute a partnership or a joint venture or to create any fiduciary relationship between the Parties.

MODIFICATIONS TO THE SERVICES

GHESI may, from time to time, request modifications to the Services, and GMHI agrees to consider such requests, acting reasonably. If GMHI accepts a request for modification to the Services, the Parties shall negotiate appropriate changes to the descriptions of the Services, the terms and conditions for the provision of those modified Services and the Fees in connection with such changes and shall initial and attach amended schedules hereto.

GMHI may, from time to time, request modifications to the Services, and GHESI agrees to consider such requests, acting reasonably. If GHESI accepts a request for modification to the Services, the Parties shall negotiate appropriate changes to the descriptions of the Services, the terms and conditions for the provision of those modified Services and the Fees in connection with such changes and shall initial and attach amended schedules hereto.

In the event that the Party requesting modifications is unable to reach agreement with the other Party, the requesting Party shall have the right to terminate in accordance with ARTICLE 9 the specific Services that modifications are being requested to.

ARTICLE 4 - RESPONSIBILITIES

ACCESS

GMHI will maintain all relevant records on behalf of GHESI relating to the performance of the relevant Services hereunder. GHESI will provide access to such other records of GHESI as GMHI and its Representatives may require for the purposes of providing the relevant Services hereunder.

GHESI will maintain all relevant records on behalf of GMHI relating to the performance of the relevant Services hereunder. GMHI will provide access to such other records of GMHI as GHESI and its Representatives may require for the purposes of providing the relevant Services hereunder.

CO-OPERATION

The Parties shall cooperate with each other with respect to audits or other inquiries, filings, reports and payment of taxes arising under this Agreement, which may be required, initiated or requested from or by the OEB or any other duly authorized Governmental Authority. In particular, GMHI agrees to provide to GHESI any documentation which may be requested by the OEB or any Governmental Authority in accordance with this ARTICLE 4.

NOTIFICATION OF CHANGES OF CIRCUMSTANCES

Each Party shall promptly notify the other Party of any changes or prospective changes in circumstances that would materially affect the resources required for the performance of the Services by the other Party, including any anticipated material change in the nature or level of its business.

NOTICE OF PROCEEDINGS

Each Party shall promptly give notice to the other Party of all actual or potential claims, proceedings, notice of regulatory non-compliance from the OEB or any Governmental Authority, disputes (including labour disputes) or litigation which it reasonably believes could have an adverse effect on the fulfillment of any of its terms hereof. Each Party shall provide the other Party with all information reasonably requested from time to time concerning the status of such claims, proceedings, notices, disputes, or litigation, and any developments relating thereto.

PERMITS

Each Party shall, at its sole expense, obtain and maintain during the Term, all permits, licenses and approvals required by Applicable Law to perform its duties and obligations under this Agreement.

COMPLIANCE WITH APPLICABLE LAW

Each Party shall comply with all Applicable Laws in performing their duties and obligations under this Agreement.

FEES

In consideration of the provision of the Services performed by GMHI for and on behalf of GHESI, GHESI shall pay monthly in arrears to GMHI the Fees set out in Schedule B. The obligation of GHESI to pay Fees to GMHI shall commence on the Effective Date of this Agreement.

In consideration of the provision of the Services performed by GHESI for and on behalf of GMHI, GMHI shall pay monthly in arrears to GHESI the Fees set out in Schedule B. The obligation of GMHI to pay Fees to GHESI shall commence on the Effective Date of this Agreement.

PAYMENT

Each calendar month, GMHI shall render to GHESI in connection with the Services, an invoice setting forth the Fees due by GHESI to GMHI and any other amounts due between the Parties with respect to the immediately preceding calendar month. Within thirty (30) days from GHESI's receipt of such invoice, GHESI shall pay the invoice(s) to GMHI by direct deposit to any account designated by GMHI.

Each calendar month, GHESI shall render to GMHI in connection with the Services, an invoice setting forth the Fees due by GMHI to GHESI and any other amounts due between the Parties with respect to the immediately preceding calendar month. Within thirty (30) days from GMHI's receipt of such invoice, GMHI shall pay the invoice(s) to GHESI by direct deposit to any account designated by GHESI.

ADJUSTMENT TO THE FEES

The Parties acknowledge that the Fees have been determined in accordance with the Affiliate Relationships Code insofar as they are based upon the fully-allocated cost of providing the Services plus a margin for cost.

GMHI agrees to provide to GHESI from time to time a detailed breakdown of GMHI's fully-allocated cost of providing its Services and GHESI agrees to provide to GMHI from time to time a detailed breakdown of GHESI's fully-allocated cost of providing its Services. The Fees set forth in Schedule B shall be reviewed by the Parties and adjusted from time to time as may be necessary to comply with the Affiliate Relationships Code and in any event within three (3) months prior to each anniversary of the Effective Date to account for:

any changes in the cost of complying with any Applicable Law affecting the provision of Services;

a) any changes to the nature or scope of the Services;

b) reasonably anticipated changes (based on experience or expected developments) in the historical or reasonably anticipated costs to GMHI or GHESI, as applicable, of providing the Services; and

c) any decision by the OEB in respect of any aspect of the Affiliate Relationships Code as it relates to GHESI.

Upon GMHI's or GHESI's agreement to the increased cost, the applicable Fee shall be increased effective on such date as may be agreed upon by the Parties. In the event that the Parties are unable to agree upon any adjustment, GMHI or GHESI shall

nonetheless have the right to charge the increased applicable Fee as of the date such Fee has been communicated to the other Party, but GMHI or GHESI shall have the right to terminate the applicable Service subject to the increase by providing ninety (90) days written notice to the other Party.

TAXES

In addition to the Fees, GHESI shall pay to GMHI, and GMHI shall pay to GHESI, an amount equal to any and all applicable taxes under the Excise Tax Act of Canada, sales taxes, value-added taxes or any other taxes (excluding income taxes) properly eligible on the supply of the Services provided for under this Agreement.

LATE PAYMENT

If a Party fails to pay any amounts payable by it hereunder when due, such unpaid amounts shall bear interest from the due date thereof to the date of payment at Prime Rate plus three percent (3%).

ARTICLE 6 - REPRESENTATIONS AND WARRANTIES

REPRESENTATIONS AND WARRANTIES OF GMHI

GMHI hereby represents and warrants to GHESI as follows:

a) GMHI is a corporation, duly incorporated, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;

b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action; and

c) this Agreement has been duly executed and delivered by GMHI and constitutes a legal, valid and binding obligation of GMHI, enforceable against GMHI by GHESI in accordance with its terms.

REPRESENTATIONS AND WARRANTIES OF GHESI

GHESI hereby represents and warrants to GMHI as follows:

GHESI is a corporation, duly organized, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;

the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate actions; and

this Agreement has been duly executed and delivered by GHESI and constitutes a legal, valid and binding obligation of GHESI, enforceable against GHESI by GMHI in accordance with its terms.

ARTICLE 7 - INDEMNIFICATIONS

INDEMNIFICATION BY GHESI

GHESI shall indemnify and hold GMHI and its Representatives harmless from and against any and all claims, demands, suits, losses, damages, liabilities, penalties, obligations, payments, costs and expenses and accrued interest thereon (including the costs and expenses of, and accrued interest on, any and all actions, suits, proceedings for personal injury (including death) or property damage, assessments, judgments, settlements and compromises relating thereto and reasonable lawyers' fees and reasonable disbursements in connection therewith) asserted against or suffered by GMHI and its Representatives relating to, in connection with, resulting from, or arising out of the negligence of or willful misconduct by GHESI.

INDEMNIFICATION BY GMHI

GMHI shall indemnify and hold GHESI and its Representatives harmless from and against any and all claims, demands, suits, losses, damages, liabilities, penalties, obligations, payments, costs and expenses and accrued interest thereon (including the costs and expenses of, and accrued interest on, any and all actions, suits, proceedings for personal injury (including death) or property damage, assessments, judgments, settlements and compromises relating thereto and reasonable lawyers' fees and reasonable disbursements in connection therewith) asserted against or suffered by GHESI and its Representatives relating to, in connection with, resulting from, or arising out of the negligence of or willful misconduct by GMHI.

LIMITATION OF LIABILITY

GHESI's liability in connection with this Agreement shall not exceed the aggregate of the Fees paid by GHESI to GMHI during the year for the specific Services in which the event giving rise to the indemnity claim occurred.

GMHI's liability in connection with this Agreement shall not exceed the aggregate of the Fees paid by GMHI to GHESI during the year for the specific Services in which the event giving rise to the indemnity claim occurred.

Each Party's liability in connection with this Agreement will be limited to direct damages and neither Party will be liable to the other for any special, incidental, indirect or consequential damages, lost business revenue, loss of profits, failure to realize expected profits or savings, or any damages or losses, whether based on breach of contract or tort (including negligence) or otherwise, even if the Party causing such loss or damages has been advised of the possibility of same.

ARTICLE 8 - DEFAULT

EVENTS OF DEFAULT

The occurrence of any one or more of the following shall constitute an event of default on the part of the Party (an "**Event of Default**"):

if a Party defaults in the payment of any amount due to the other Party under this Agreement and such default shall continue unremedied for thirty (30) days following notice thereof to the defaulting Party by the non-defaulting Party; and

failure to perform or observe any material covenant or obligation of the Party under this Agreement if such failure is not remedied within thirty (30) days following notice thereof (giving particulars of the failure in reasonable detail) from the non-defaulting Party or such longer period as may be reasonably necessary to cure such failure (if such failure is capable of being cured), provided that:

the defaulting Party proceeds with all due diligence to cure or cause to be cured such failure; and

the failure can be reasonably expected to be cure or cause to be cured within a reasonable time frame acceptable to the non-defaulting Party, acting reasonably.

ARTICLE 9 - TERMINATION

TERMINATION ON DEFAULT

Upon the occurrence of an Event of Default under this Agreement which is not cured within the permitted time period specified, the non-defaulting Party shall have the right to terminate this Agreement by giving notice of termination to the defaulting Party whereupon this Agreement shall terminate as at the effective date of termination specified in the notice.

TERMINATION ON NOTICE

Either Party may terminate this Agreement by giving notice to the other Party no less than ninety (90) days in advance of the termination date of the then current Term.

TERMINATION FOR CHANGE IN APPLICABLE LAW

In the event that:

a) GHESI is advised by the OEB in writing that the provision of any or all of the Services is not acceptable to the OEB; or

b) the OEB amends the Affiliate Relationships Code and the amendment materially and adversely affects GHESI;

c) then GHESI shall have the right to terminate any or all of the Services by giving notice of termination to GMHI whereupon the specified Services shall terminate as of the effective date of termination specified in the notice. GHESI shall provide as much notice as possible of its intent to terminate any specified Services in accordance with this section.

CONSEQUENCES OF TERMINATION

Upon termination of this Agreement for any reason:

a) the relevant provisions of this Agreement shall continue in effect after termination to the extent necessary to provide for any billings, adjustments and payments related to the period prior to termination;

b) the termination shall not affect any rights or obligations which may have accrued prior to such termination or any other rights which the terminating Party may have arising out of the termination or the event giving rise to the termination and

shall not affect the continuing obligations of either Parties under this Agreement which are expressed to continue after termination of this Agreement; and

c) except as provided in (a) or (b) above, the terminating Party shall have no liability whatsoever to the other Party arising from such termination. For greater certainty, the terminating Party shall have no liability whosoever to the other Party for any special, incidental, indirect or consequential damages, lost business revenue, loss of profits, failure to realize expected profits or savings, or any damages or losses, whether based on breach of contract or tort (including negligence) or otherwise, even if the Party causing such loss or damages has been advised of the possibility of same, which the other Party may incur as a result of the termination.

ARTICLE 10 - CONFIDENTIALITY

CONFIDENTIAL INFORMATION

Each Party (the **"Receiving Party"**) shall maintain in strict confidence any and all proprietary and confidential information about the business or operations or customers of the other Party or any of their Affiliates, which it acquires in any form from the other Party (the **"Disclosing Party"**) by virtue of this Agreement (**"Confidential Information"**) and will not disclose to any third party or make use of such Confidential Information (except for the purposes of this Agreement) for itself or any third party without the prior written consent of the Disclosing Party, except as permitted herein and except where required by law. Notwithstanding the foregoing, **"Confidential Information"** shall not include information which:

a) is in the public domain at the time of its disclosure to the Receiving Party or which thereafter enters the public domain otherwise than by any breach of this Agreement;

b) is already known to or in the possession of the Receiving Party at the time of its disclosure by the Disclosing Party as evidenced by the Receiving Party's records;

c) is lawfully acquired at any time by the Receiving Party without restrictions from a third party without breach of confidentiality by such third party;

d) required to be disclosed under Applicable Law, judicial decision or by order, decree, rule, regulation or requirement of any Governmental Authority, including the OEB; or

e) is required to be disclosed in the course of an arbitration conducted in accordance with ARTICLE 12 of this Agreement.

PERMITTED DISCLOSURE

Notwithstanding ARTICLE 10,

a) the Parties hereby acknowledge and agree that GHESI shall be permitted to disclose Confidential Information relating to this Agreement to the OEB and any other Governmental Authority to which GHESI may be required to report under the Affiliate Relationships Code, the Reporting and Record Keeping Requirements ("**RRR**") and other Applicable Law;

b) the Parties hereby acknowledge that they are both subject to the MFIPPA and that as a result either Party may be required to disclose Confidential Information concerning this Agreement or the other Party in accordance with the provisions of MFIPPA;

c) in the event that a Receiving Party is required by law to disclose any Confidential Information to a Governmental Authority, or any other person, including, without limitation, any disclosure required pursuant to a request under MFIPPA, such Party may so disclose; provided that it shall, to the extent permitted by law, first inform the Disclosing Party of the request or requirement for disclosure to allow an opportunity for the Disclosing Party to apply for an order to prohibit or restrict such disclosure;

d) GMHI acknowledges and agrees that the use and disclosure of any information relating to the customers of GHESI is governed by requirements of the *Ontario Energy Board Act, 1998*, PIPEDA, and regulations, licences, codes and procedures established by the OEB. GMHI agrees and acknowledge that if any information relating to the customers of GHESI is disclosed to GMHI, GMHI shall strictly comply with the requirements of PIPEDA and such other requirements, policies or procedures of GHESI related to or arising from such requirements;

e) GHESI acknowledges and agrees that the use and disclosure of any information relating to the customers of GMHI is governed by requirements of PIPEDA. GMHI agrees and acknowledges that if any information relating to the customers of GMHI is disclosed to GHESI, GHESI shall strictly comply with the requirements of PIPEDA and such other requirements, policies or procedures of GMHI related to or arising from such requirements.

LIABILITY FOR BREACH

Except for disclosures made pursuant to ARTICLE 10 of this Agreement or as required by law, or to the OEB or any Governmental Authority as required pursuant to the policies, codes, directives or other requirements of the OEB or other Governmental Authority, each Party shall be responsible for any breach of this Agreement by the Party, its Representatives and any person to whom it discloses any Confidential Information. The Parties agree that a Disclosing Party would be irreparably injured by a breach of this Agreement by a Receiving Party or by any person to whom it discloses any Confidential Information and that monetary damages would not be a sufficient remedy. Therefore, in such event, the Disclosing Party shall be entitled to equitable relief, including injunctive relief without proof of actual damages, as well as specific performance. Such remedies shall not be deemed to be exclusive remedies for a breach of this Agreement but shall be in addition to all other remedies available at law or equity.

RETURN OF CONFIDENTIAL INFORMATION

Subject to Applicable Law, upon completion or termination of this Agreement, or upon ten (10) days written notice from the Disclosing Party requesting return of any or all Confidential Information, the Receiving Party shall forthwith return to the Disclosing Party, without retaining any copies thereof, all such information.

ARTICLE 11 - FORCE MAJEURE

FORCE MAJEURE

Except for the payment of any monies required hereunder, neither Party shall be deemed to be in default of this Agreement where the failure to perform or the delay in performing any obligation is due to a cause beyond its reasonable control, including, but not limited to, an act of God, act of any Governmental Authority, civil commotion, strikes, lockouts and other labour disputes, fires, floods, sabotage, earthquakes, ice storms and epidemics (**"Force Majeure"**).

NOTICE OF FORCE MAJEURE

Once a Party becomes subject to such an event of Force Majeure, it shall promptly notify the other Party of its inability to perform, or of any delay in performing, due to an event of Force Majeure and shall provide an estimate, as soon as practicable, as to when the obligation will be performed. The Party subject to the Force Majeure event shall also continue to furnish timely reports to the other Party with respect to the Force

Majeure event during the continuation of the said event and the said Party shall exercise all reasonable efforts to mitigate or limit damages to the other Party. The Party subject to the Force Majeure event shall use its best efforts to continue to perform its obligations under this Agreement and to correct or cure the event or condition excusing performance and when the said Party is able to resume performance of its obligations thereunder, it shall give the other Party written notice to that effect and shall promptly resume performance thereunder. The time for performing the obligation shall be extended for a period equal to the time during which the Party was subject to the event of Force Majeure. The Parties shall explore all reasonable avenues available to avoid or resolve events of Force Majeure in the shortest time possible.

STRIKES

Notwithstanding the two preceding Sections, the settlement of any strike, lockout, restrictive work practice or other labour disturbance constituting a Force Majeure event shall be within the sole discretion of the Party involved in such strike, lockout, restrictive work practice or other labour disturbance and nothing in the two preceding paragraphs shall require the said Party to mitigate or alleviate the effects of such strike, lockout, restrictive work practice or other labour disturbance.

ARTICLE 12 - DISPUTE RESOLUTION

DISPUTES

Any controversy, dispute, difference, question or claim arising between the Parties in connection with the interpretation, performance, construction or implementation of this Agreement that cannot be resolved by a director or manager from each Party (collectively, the "**Dispute**"), shall be settled in accordance with this Article.

NOTICE OF DISPUTE

The aggrieved Party shall send the other Party written notice identifying the Dispute, the amount involved, if any, and the remedy sought, and invoking the procedures of this Article. A senior officer with authority to bind GHESI as selected by the GHESI in its discretion and a senior officer with authority to bind GMHI as selected by GMHI in its discretion shall confer in an effort to resolve the Dispute. If the Dispute cannot be resolved in accordance with this Section 12 within thirty (30) days of the date the Dispute arose, the Dispute shall be resolved by arbitration in accordance with Sections 12.3 and 12.4.

ARBITRATORS

The Parties shall submit any arbitration under this Article to a single arbitrator agreed upon by both Parties. If the Parties cannot agree upon a single arbitrator within ten (10) days after the Dispute is referred to arbitration, each Party shall within ten (10) more days choose one individual who shall sit on a three-member arbitration panel. The two (2) arbitrators appointed shall name the third arbitrator within ten (10) days or, if they fail to do so within that time period, either Party may make application to a court of competent jurisdiction for appointment of the third arbitrator. Any arbitrator selected to act under this Agreement shall be qualified by education, training and experience to pass on the particular question in Dispute and shall have no connection to either of the Parties other than acting in previous arbitrations.

ARBITRATION

The arbitration shall be conducted in accordance with the provisions of the *Arbitration Act, 1991* (Ontario). The arbitration shall be conducted in the City of Guelph, Ontario unless the Parties agree otherwise. The decisions of the arbitrator or arbitration panel shall be made in writing and shall be final and binding on the Parties as to the questions submitted and the Parties shall have no right of appeal therefrom. All costs and expenses relating to a Dispute which is finally determined or settled by arbitration, including reasonable legal fees, will be borne by the Party determined to be liable in respect of such Dispute; provided, however, that if complete liability is not assessed against only one Party, the Parties will share the total costs in proportion to their respective amounts of liability so determined. The Parties agree to keep all details of the arbitration proceeding and the arbitral award strictly confidential. Notwithstanding the provisions to arbitrate any Dispute hereunder, either Party may seek from a court any equitable relief (including, without limitation, injunctive relief) that may be necessary to protect such Party's rights.

ARTICLE 13 - GENERAL

CHANGE OF CONTROL

In the event that either Party merges or amalgamates with another entity, the Parties agree to negotiate diligently and in good faith any amendments to this Agreement necessary or advisable in connection with such event including an early termination.

ASSIGNMENT

Neither Party shall, without the prior approval of the other Party, which shall not be unreasonably withheld, assign or transfer its interest in this Agreement. This Agreement shall be binding on the Parties and their respective successors and permitted assigns. Any purported assignment in contravention of this section shall be void.

NOTICES

All notices, requests, approvals, consents and other communications required or permitted under this Agreement shall be in writing and addressed as follows:

if to GMHI:

395 Southgate Drive
Guelph, Ontario
N1G 4Y1
Attention: CEO

if to GHESI:

395 Southgate Drive
Guelph, Ontario
N1G 4Y1
Attention: CFO

and shall be delivered to the other Party's address, with the Party sending such notice to telephone to confirm receipt. A copy of any such notice shall also be sent on the date such notice is transmitted by registered express mail or courier with the capacity to verify receipt of delivery. Any Party may change its address for notification purposes by giving the other Party notice of the new address and the date upon which it will become effective in accordance with the terms of this ARTICLE 13. A notice shall be deemed to have been received as of the date of receipt by the Party to whom the notice is addressed.

SEVERABILITY

If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or contrary to law, then the remaining provisions of this Agreement, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each such provision of this Agreement shall be valid and enforceable to the extent granted by law.

WAIVER

No delay or omission by a Party to exercise any right or power it has under this Agreement or to object to the failure of any covenant of any other Party to be performed in a timely and complete manner, shall impair any such right or power or be construed as a waiver of any succeeding breach or any other covenant. All waivers must be in writing and signed by the Party waiving its rights.

ENTIE AGREEMENT

This Agreement constitutes the entire Agreement among the Parties with respect to the Services, and there are no other representations, understandings or agreements, either oral or written, between the Parties other than as herein set forth.

AMENDMENTS

No amendment to, or change, waiver or discharge of any provision of this Agreement shall be valid unless in writing and signed by authorized representatives of each Party.

GOVERNING LAW

This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, excluding their rules governing conflicts of laws. Subject to ARTICLE 12 the Parties hereby agree that the courts of the Province of Ontario shall have exclusive jurisdiction over disputes under this Agreement, and the Parties agree that jurisdiction and venue in such courts is appropriate and irrevocably attorn to the jurisdiction of such courts.

SURVIVAL

ARTICLE 4, ARTICLE 5 and ARTICLE 7, ARTICLE 9, ARTICLE 10 and ARTICLE 12, Schedule B and this ARTICLE 13 shall survive the termination of this Agreement and shall remain in full force and effect. ARTICLE 10 shall survive the termination of this Agreement for a period of three (3) years.

FURTHER ASSURANCES

The Parties agree that, subsequent to the execution and delivery of this Agreement and without any additional consideration, the Parties shall execute and deliver or cause to be executed and delivered any further legal instruments and perform any acts which are

or may become necessary to effectuate the purposes of this Agreement and to complete the transactions contemplated hereunder.

IN WITNESS WHEREOF the Parties have executed this Agreement as of the date first-mentioned above.

GUELPH MUNICIPAL HOLDINGS INC.

By: _____
Name: Barry Chuddy
Title: Chief Executive Officer

By: _____
Name: Seymour Trachimovsky
Title: Corporate Secretary

GUELPH HYDRO ELECTRIC SYSTEMS INC.

By: _____
Name: Kazi Marouf
Title: Chief Operating Officer

By: _____
Name: Pankaj Sardana
Title: Chief Financial Officer

SCHEDULE A - FINANCIAL SERVICES

The following Services shall be provided by GMHI to GHESI or by GHESI to GMHI, as the case may be, in accordance with this Agreement:

1. Financial Services
2. Information Services
3. Human Resource Services
4. Management Services (role of Acting President while the President is on leave)
5. Any other "shared corporate service" (as defined in the Affiliate Relationships Code for Electricity Distributors and Transmitters) which may be provided from time to time.

SCHEDULE B - FEES

The following fees for the Services as described in Schedule A are calculated based upon the fully-allocated cost of GHESI providing the Services plus a margin on such cost. The fees are updated annually as part of the Corporation's budget cycle.

GMHI Fees

For 2014, the monthly fees for the Services performed by GMHI (as set forth in Schedule A) are $54,000 (plus all applicable taxes), based on estimated costs to be incurred by GMHI.

GHESI Fees

The monthly fees for the Services performed by GHESI (as set forth in Schedule A) are $42,500 (plus all applicable taxes), based on estimated costs to be incurred by GHESI.

No later than two (2) months after the end of each calendar year the monthly fees paid by either Party shall be reconciled with the actual costs of the other Party providing its Services in that calendar year. Any adjustments arising out of such reconciliation will be paid by the Party owing such adjustment within thirty (30) days after such reconciliation has been completed. Such reconciliations shall be performed by the auditors of either GMHI or GHESI, as the case may be.

Amended Services Agreement

Between Guelph Hydro Electric Systems Inc. ("GHESI") and Envida Community Energy Inc. ("Envida" or the "Affiliate")
Made as of September 11, 2014

WHEREAS Affiliate desires GHESI to provide the Shared Services to it and GHESI wishes to provide the Shared Services, all upon the terms and conditions set forth herein.

NOW THEREFORE in consideration of the mutual covenants and agreements herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, GHESI and Affiliate (together, the "Parties") agree as follows:

1 PURPOSE

The purpose of this Agreement is to describe the Shared Services to be provided by GHESI to Affiliate, the charges to be made to Affiliate for such Shared Services, and the working relationship between GHESI and Affiliate relating to such Shared Services.

i. DEFINITIONS AND INTERPRETATION

As used in this Agreement, the following terms shall have the following meanings:
"Affiliate Relationships Code" (**"ARC"**) means the ARC for Electricity Distributors and Transmitters issued by the Ontario Energy Board on April 1, 1999, including any and all amendments or revisions thereto;
"Agreement" means this Service Level Agreement for Shared Services and all instruments supplemental to it or in amendment or confirmation of it;
"Term" shall have the meaning prescribed to it in Section 3 of this Agreement;
"Parties" means GHESI and Affiliate collectively, and "Party" means any of them;
"Representatives" means any employee, agent, or subcontractor, of the Party in question, including without limitation any third party retained to perform any or all of the Shared Services pursuant to Section 4 of this Agreement;
"Pricing Mechanism" shall have the meaning prescribed to it in Section 4 of this Agreement;
"Shared Services" shall have the meaning prescribed to it in Section 4 of this Agreement.

1.1. Unless the context of this Agreement requires otherwise, the singular number shall include the plural and vice versa and any gender includes any other gender.

2 TERM AND TERMINATION

The term of this Agreement shall commence on the Effective Date and the terms, conditions and covenants hereof shall have deemed to have been in force and performed by the Parties from that date. The initial term of this Agreement shall be a period of one (1) year. The term shall automatically be extended annually for

successive one (1) year periods, or for such longer or shorter period as may be agreed in writing by the Parties hereto. Either Party may terminate this Agreement by giving notice to the other Party no less than ninety (90) days in advance of the termination date of the then current Term.

Affiliate Relationship

Guelph Hydro Electric Systems Inc. is a wholly owned subsidiary of Guelph Municipal Holdings Inc. ("GMHI"). GHESI was incorporated October 31, 2000 under the Business Corporations Act (Ontario). The principal activity of GHESI is to provide electrical power distribution throughout the City of Guelph and the Village of Rockwood.

Envida Community Energy Inc. is a wholly owned subsidiary of Guelph Municipal Holdings Inc. ("GMHI"). Envida was incorporated April 19, 2004 under the Business Corporations Act (Ontario). The principal activity of the Company is to generate electricity from solar and biogas energy, and to construct and operate district energy systems.

GHESI and Envida are affiliated companies by virtue of having the same parent company, GMHI.

As an electricity distributor, GHESI is required to follow the pronouncements outlined in the ARC of the Ontario Energy Board ("OEB"). The purpose of the ARC is to set out the standards and conditions for the interaction between electricity distributors or transmitters and their affiliated companies.

Section 2.2.1 of the ARC requires GHESI to enter into a Services Agreement when the utility shares services or resources with an affiliate. In accordance with the ARC, this document sets out the principles and methods used by GHESI for charging and/or sharing costs of services with Envida.

3 SERVICES FROM GHESI TO ENVIDA

Information Technology and Services

Description - Envida utilizes the computer hardware, software and network of GHESI for the processing of its accounting functions. As a result, it relies on the Information Services Department of GHESI for the acquisition, licensing, installation, configuration, maintenance and security of computer software and hardware.

Pricing mechanism - Pricing for this service is determined using a cost-based methodology. The calculation is based on the proportionate share of budgeted

departmental operating costs plus 10.0%. Allocation of these costs is based on the number of network users of Envida relative to the rest of the Guelph Hydro affiliates.

This is an appropriate allocation base since most of the activity in this area is driven by the quantity of network users and individual service requests.

Standard of Service – Since Envida is sharing the computer resources of GHESI it is provided the same level of service in terms of quality and availability as that which is offered to GHESI:

- Computer hardware and software support – Available Monday to Friday from the hours of 8:00 am to 4:30 pm.
- Network file and print services – Available 24 hours a day, 7 days a week.
- E-mail and Internet access – Available 24 hours a day, 7 days a week.

Accounting Services

Description – Envida utilizes the services of GHESI's Accounting department for the following functions:

- Transaction processing (accounts payable, accounts receivable, banking, journal entry preparation and input)
- Account reconciliations
- Financial statement preparation
- Budget preparation
- Performance measurement

Pricing mechanism – Pricing for this service is determined using a cost-based methodology. The calculation is based on the proportionate share of budgeted departmental operating costs plus 10.0%. Allocation of these costs is based on the number of cheques and journal entries processed for Envida relative to the rest of the GHESI's affiliates. This is a reasonable allocation base since the payment of invoices and the preparation of journal entries represents most of the activity in this area. On a go-forward basis, the allocation may be based on the number of invoices processed for Envida as this could prove to be a better representation of the effort needed to properly account for Envida's business.

Amended Services Agreement

Between Guelph Hydro Electric Systems Inc. ("GHESI") and Envida Community Energy Inc. ("Envida" or the "Affiliate")
Made as of September 11, 2014

Standard of Service – Envida is provided with the same level of accounting service in Accounting support – Available Monday to Friday from the hours of 8:00 am to 4:30 pm.

- Accounts payable cheque preparation – Envida cheque runs are completed on the same day as GHESI cheque runs showing no preferential treatment for the processing of the latter's cheques.
- The same individuals performing the accounting functions in GHESI do the transaction processing, account reconciliations, financial statement preparation etc. of Envida. This maintains a standard quality of service between the affiliate companies.

General Administration

Description – Envida shares resources and services with GHESI in the performance of its day-to-day activities. Some of the resultant costs include but are not limited to the following:

- Human Resources, Payroll
- Telephone and answering service costs
- Equipment maintenance costs
- Freight costs
- Insurance – Directors & Officers Liability, etc.
- Outside services, e.g. Brinks
- Postage
- Supplies

Pricing mechanism – Pricing for these services/resources is determined using a cost-based methodology. The calculation is based on the proportionate share of budgeted departmental operating costs plus 10.0%. Allocation of these costs is based on the headcount of Envida relative to the rest of the Guelph Hydro affiliates.

Standard of Service – Envida is allowed the same access to these services/resources as GHESI. The third party vendors determine the quality and availability of the services/resources provided.

Management Services

Description – The Executive Assistant to the CFO of GHESI is the Board contact to coordinate meeting schedules, take minutes and provides assistance as required.

Pricing mechanism – Pricing for these services is determined using a cost-based methodology. The calculation is based on the proportionate share of budgeted departmental operating costs plus 10.0%. Allocation of these costs is based on the number of cheques processed for Envida relative to the rest of the GHESI's affiliates. Since a major portion of Management time is spent keeping the Board of Directors fully informed of the progress of each company towards the achievements of their goals, and much of the performance is assessed by budget to actual comparisons of expenditures, the relative number of cheques processed in each company is a good indication of the level of activity i.e. scrutiny, review, and approval required by Management.

Other Services:

(e.g., Engineering, Billing Settlement Services) to be charged to Envida at cost plus 10%.

4 FINANCIAL TRANSACTIONS BETWEEN ENVIDA AND GHESI

GHESI agrees that any loan, investment, or other financial support provided to Envida is provided on terms no more favourable than what Envida would be able to obtain on its own from capital markets and at no more favourable terms than GHESI could obtain for itself in capital markets.

5 CONFIDENTIALITY OF INFORMATION

Envida agrees that the information communicated to, or obtained through the course of activities with GHESI will be treated as confidential information for its sole use, and vice versa. Both Envida and GHESI agree not to release or provide any information to any outside party without the express written consent of the other party except where confidential information is required to be disclosed:

(a) for billing or market operation purposes;

(b) for law enforcement purposes;

(c) for the purpose of complying with a legal requirement; or

(d) for the processing of past due accounts of the consumer which have been passed to a debt collection agency.

6 DISPUTE RESOLUTION PROCESS

Any dispute or conflict between Envida and GHESI, which cannot be resolved by staff, will be brought to the attention of the COO of GHESI and/or CEO of GMHI (the parent company for Envida and GHESI). The COO of GHESI and CEO of GMHI, with reference to the Affiliate Relationship Code and other appropriate sources, will propose a resolution. Should the resolution not be acceptable to the parties the matter will be referred to the Board of Directors of Guelph Municipal Holdings Inc.

The parties have executed this agreement as effective September 11, 2014.

Chief Operating Officer
Guelph Hydro Electric Systems Inc.
395 Southgate Drive
Guelph, ON. N1G 4Y1

Chief Financial Officer
Envida Community Energy Inc.
395 Southgate Drive
Guelph, ON. N1G 4Y1

AGREEMENT FOR WATER & WASTEWATER BILLING SERVICES

BETWEEN:

THE CORPORATION OF THE CITY OF GUELPH
("the City")

and

GUELPH HYDRO ELECTRIC SYSTEMS INC.
("the Contractor")

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1.0 Interpretation

1.1 In this Agreement:

(a) "Administrative Error" occurs where the amount of a Customer's invoice is less or more than it should be based on a Read and where the amount of the invoice is not affected by metering equipment malfunction;

(b) "Agreement" means this Agreement including all Schedules attached hereto and any amendments of the foregoing documents agreed to by the parties in the manner prescribed by this Agreement;

(c) "Back Billing" means spreading a Catch Up Adjustment or other amount owing over more than one billing cycle;

(d) "Catch Up Adjustment" means an adjustment to a Customer's account based on the difference between the life-to-date water use invoiced to the Customer and the life-to-date water use recorded by the water meter;

(e) "Commercial/Industrial" means all non-residential Customers;

(f) "Contract Service Unit Charge" has the meaning provided in section 13.4 and the amounts indicated in Schedule "A";

(g) "Customer" means a City of Guelph water and/or waste water customer;

(h) "Dial Remote" means a Remote that records water use on dials or odometer type registers;

(i) "Direct Read" means a Read taken by a Meter Reader directly from the water meter and does not include a Read taken from a Remote;

(j) "Estimate" means water use attributed to a Customer in the absence of a Direct or Remote Read based on that Customer's water use history or other average customer water use;

(k) "Final Invoice" means the last invoice issued to a Customer upon the termination of water and waste water services;

(l) "Flat Rate account" means an account where a water meter has not been installed;

(m) "Hydro Customer" means a hydro customer of the Contractor;

(n) "Initiating Documentation" means advice that a water meter has been installed;

(o) "Meter Reader" means a person who takes a Direct or Remote Read;

(p) "OEB" means the Ontario Energy Board, or any successor thereto;

(q) "PAP" means Pre-Authorized Payment;

(r) "Prime" means the Bank of Canada prime interest rate;

(s) "Read" means a water meter read from either a water meter or a Remote;

(t) "Reading Error" means a Read that incorrectly records water use and where an invoice has been sent to a Customer based on the incorrect water use;

(u) "Remote" means the device outside a Customer's premise that is attached by wire or otherwise to the water meter and is capable of communicating the water meter register reading from the water meter. The remote may be of the following general variety: external remote readout with a dial register, typically called a slimline remote, or an electronic communications pad, typically called a Touch Pad Remote;

(v) "Residential" means refers to Customers whose water use is for normal household purposes including, but not limited to, bathing, cooking and washing;

(w) "Self Read Card" means a card on which a Customer can record his/her water meter register reading for purposes of reporting water use to the Contractor;

(x) "Service Location" means the place to which water and/or waste water services are provided;

(y) "Services" means the obligations of the Contractor as set out in this Agreement, including but not limited to, meter reading, cash collection, invoicing, customer service and reporting;

(z) "Touch Pad Remote" means an electronic device located remote from the water meter that transmits the water meter register reading through physical contact by an electronic sensor; and

(aa) "Water Meter Work Order" has the meaning given in section 4.2.

1.2 The following schedules are attached to this Agreement and form an integral part thereof:

(i) Schedule "A" – Contract Service Unit Charges and Special Fees;
(ii) Schedule "B" – Contact List;
(iii) Schedule "C" – Invoice Requirements;
(iv) Schedule "D" – Invoicing Software; and
(v) Schedule "E" – Reporting.

1.3 This Agreement is made in, and shall be governed by and construed in accordance with, the laws of the Province of Ontario and the laws of Canada applicable therein. Subject to Section 22 (Dispute Resolution) herein, each party attorns to and submits to the non-exclusive jurisdiction of the Courts of Ontario with respect to any matter arising hereunder and related hereto.

1.4 In this Agreement, unless the context otherwise requires, words importing the singular include the plural and vice versa and words importing gender include all genders.

1.5 Unless otherwise specified in this Agreement, words describing material, equipment, work or services that have a well-known technical, trade, commercial or industry meaning shall be construed in accordance with the well-known meaning generally recognized by water, waste water and hydro professionals and trades.

1.6 The inclusion of headings and an index in this Agreement are for convenience of reference only and shall not affect the construction or interpretation hereof.

1.7 All monetary amounts in this Agreement are stated and shall be paid in Canadian currency.

1.8 Where codes or regulations conflict, the more stringent shall govern.

2.0 Creation of Accounts

2.1 The Contractor shall create new water and/or wastewater billing accounts upon:

(a) receipt of Initiating Documentation;
(b) its own determination that a water and/or wastewater billing account is required; or
(c) instructions from the City.

2.2 When the Contractor creates a new hydro account, the City shall advise the Contractor whether a water billing account is also required for the Service Location and provide appropriate information to the Contractor.

2.3 The City shall verify that the manner and location of installation of new meters and remotes is good and proper having regard to proximity and location for ease of external and internal Reading and consult with the Contractor as needed.

2.4 The Contractor shall as soon as reasonably possible, provide information required to assist the City to install water meters prior to activation of Customer accounts.

3.0 Meter Reading Services

3.1 The Contractor, on behalf of the City, shall Read all water meters connected to the City's water or wastewater system from a Remote or, in the case of meters without a Remote, from the water meter ("Direct Read").

3.2 The Contractor shall Read (i) Residential Remotes or water meters or (ii) certain other Customer Remotes or meters as designated by the City on a bi-monthly basis.

3.3 The Contractor shall (i) Read Commercial / Industrial Remotes or water meters or (ii) certain other Customer Remotes or water meters as designated by the City on a monthly basis. Notwithstanding the foregoing, the Contractor may Read Remotes or water meters for small commercial entities on a bi-monthly basis where the Contractor invoiced the small commercial entity on a bi-monthly basis prior to the commencement of this Agreement.

3.4 Upon receipt of written notice from the City, regarding its interest in changing the water meter Reading frequency (e.g. move to monthly residential water meter Reading), the Contractor shall complete a feasibility study and report back to the City within 90 days regarding implementation issues, schedule and costs.

3.5 Where the provisions of Section 3.4 result in a change of invoicing frequency to Customers, the City shall communicate with the Customers to manage the change.

3.6 The Contractor shall continue to rotate Meter Readers among routes on a systematic basis to reduce the risk of undetected errors.

3.7 In the event that a Customer does not have a Remote, the Meter Reader shall make a reasonable effort to enter the Customer's premises to take a Direct Read from the water meter. If the Meter Reader cannot access the water meter, the Meter Reader shall leave a Self Read Card for the Customer in a place where the Customer would be reasonably expected to see it.

3.8 The Contractor shall provide a convenient, efficient process, including but not limited to telephone and internet based options, for Customers using Self Read Cards to communicate their meter reads to the Contractor.

3.9 In the event that a Customer does not have a Remote, the Contractor shall ensure a Direct Read of the water meter is made at least once every 12 consecutive months.

3.10 The Contractor shall provide and maintain sufficient, appropriate hand held reading capture equipment at the cost of the Contractor.

3.11 The Contractor shall capture electronically each Direct or Remote Read. Meter Readers shall determine from the reading capture device the correct number of dials to be Read either directly from the water meter or the Remote for each Customer location.

3.12 Upon request by the City or by a Customer, the Contractor shall re-Read the water meter.

3.13 Prior to scheduling a re-Read of a water meter, the Contractor will request the Customer to verify the reading on the Customer's meter. In the event that the Customer's premises has a Dial Remote, the Contractor will request the Customer to compare the Reading of the Remote to the Reading of the water meter and to notify the Contractor of any discrepancy between the two.

3.14 In the event that there is an error, the Contractor shall adjust the Customer's next invoice based on the error.

3.15 In the event that the first Read is correct, the Contractor may recover its cost of the re-Read from either the City or the Customer, in accordance with the fee schedule included in Schedule "A", to be determined as follows:

(a) if the City requested the re-Read, the Contractor shall recoup the fee as set out in Schedule "A" from the City; or

(b) if the Customer requested the re-Read, the Contractor shall recoup the fee as set out in Schedule "A" from the Customer.

3.16 The Contractor shall accurately record all Reads. If the Contractor issues a Catchup Adjustment to a Customer due to a Reading Error of the Contractor, the Contractor shall not charge the City or Customer a fee for making that Read and Catchup Adjustment.

3.17 The Contractor shall notify the City, after becoming aware through its normal business processes, within the timelines indicated, of any and all Customers' premises where:

(a) the water meter or Remote has stopped or may be malfunctioning, as determined by reference to the previous meter Read, within five (5) business days;
(b) water service is provided but may not be metered, within five (5) business days;
(c) a Customer may have illegally by-passed the water meter or Remote, immediately;
(d) a water meter is damaged, within five (5) business days;
(e) a water meter has been tampered with, within five (5) business days; or
(f) there may be a Customer water leak, immediately.

4.0 Meter Service

4.1 The parties acknowledge that the City is the owner of water meters and Remotes and is responsible for their maintenance and to keep them in good working order.

4.2 The Contractor shall use a standard "Water Meter Work Order" form to advise the City of requests for service to meters and Remotes.

4.3 Upon receipt of a Water Meter Work Order from the Contractor, the City shall:

(a) Contact the Customer to arrange for an appointment;
(b) Attend at the Service Location to inspect the premises and make repairs as necessary; and
(c) Notify the Contractor of the results of the work and convey the appropriate information necessary to correct and update the Customer's account and meter information. Such information includes but is not limited to, any Catch Up, Backbilling or other adjustments to invoicable water use, the date the work was performed, meter readings, serial numbers, make and model of new equipment installed and the old equipment removed. The City shall provide to the Contractor related documentation upon completion of a service request.

4.4 The Contractor shall update Customers' accounts upon notification by the City, that the required work related to a Water Meter Work Order has been completed.

5.0 Invoicing

5.1 From Reads, the Contractor shall calculate the water and waste water charges to Customers based on water use and in accordance with the most current invoicing rates and policies as set by the City and provided to the Contractor. The Contractor shall produce Customer invoices and distribute invoices to all Customers.

5.2 In the event that a water meter or Remote may have malfunctioned or where a Meter Reader cannot access a water meter or Remote, the Contractor shall estimate the amount of water use for the period based on the Customer's water use history and the Contractor shall substitute the Estimate for the Read for the purposes of section 5.1.

5.3 In the case of discrepancy between the Reading on the water meter and the Reading on a Remote, the Reading on the water meter shall take precedence over the Reading on the Remote.

5.4 Where the Contractor has estimated Customer's water use, the Contractor shall so advise the Customer by including a standard message on the invoice indicating that the billing amount is based on an estimate.

5.5 The Contractor shall produce invoices to Customers that prominently indicate:
(a) all individual water and waste water charges; and
(b) the City of Guelph's responsibility for providing municipal water and waste water services.

5.6 In addition to the requirements of section 5.5, the invoice shall include the items indicated in Schedule C.

5.7 The final appearance of all invoices related to water and wastewater billing shall be subject to review of the parties and also be subject to any regulatory requirements.

5.8 On invoices, the Contractor shall subject to regulatory requirements, up to twice per year, provide a two hundred (200) text character free Customer communication area in which the City may send messages related to water and waste water issues, either as a separate section within the City's portion of the invoice or as a section shared with the Contractor for communication to both Customers and Hydro Customers. Upon five (5) business days' notice from the City, the Contractor shall insert communications as requested by the City. The City shall not change the message to Customers within an invoice cycle.

5.9 The City shall have the right to include up to two (2) separate inserts per year at no cost upon thirty (30) days notice to the Contractor, such inserts to be in accordance with the specifications provided by the Contractor. The Contractor shall use best efforts to accommodate additional inserts as the City may request, subject to limitation of envelope size, postage costs and the Contractor's regulatory obligations. For each additional insert, the City shall pay a fee in accordance with Schedule "A", which reflects a rate that reimburses the Contractor for the direct cost of distributing the insert, including but not limited to postage, and a reasonable handling fee.

5.10 The Contractor shall notify the City in advance of any changes to the invoice format or appearance, with sufficient lead time so as to identify and address any potential impacts on Customers. For the purposes of this section, sufficient lead time means during the planning stage where possible.

5.11 Before an invoice is sent to a Customer where the amount of the water and wastewater invoice is unusually high, that is it exceeds the invoicing for that period of the previous year by approximately 100% or more and where the water use being invoiced is in excess of:

(i) 250 m^3 for Residential Customers; or
(ii) 2,500 m^3 for Commercial/Industrial Customers;

The Contractor shall notify the City and take direction from the Meter Service Clerk as to how to proceed.

5.12 The Contractor may offer equal billing or PAP options to Customers. For all equal billing or PAP accounts, the Contractor shall adjust the Customer's account to reflect the Customer's actual water use at least once per year.

5.13 The Contractor's invoicing software shall have the capacity to accommodate the requirements outlined in Schedule "D" Invoicing Software.

5.14 The Contractor shall incorporate into its invoicing system, changes to the water and wastewater fixed daily charges and volumetric rates set by the City with not less than 60 days advance notice from the City.

6.0 Cash Collection

6.1 The Contractor shall provide for Customers convenient receiving points for Customer payments, including internet-based service windows.

6.2 The Contractor shall provide for Customers online, real-time access to their account transactions.

6.3 The Contractor's invoicing system and cash collection processes shall have the capability to address:

(a) NSF cheques;
(b) Post dated cheques;
(c) Damaged and unprocessed cheques;
(d) Audit trails and internal controls over accuracy and completeness;
(e) Duplicate payments;
(f) Partial payments;
(g) Overpayments;
(h) Stale dated cheques;
(i) Deferred Payments; and
(j) Internet-based and telephone collections through a third party (e.g. credit card).

6.4 The Contactor shall secure all Customer transactions made online or by telephone with appropriate electronic authentication and verification methods.

6.5 The Contractor may impose on Customers late payment charges on all accounts that Customers do not pay in full by the due dates specified in the invoices. The Contractor shall retain all revenue generated through late payment charges.

6.6 Where a Customer is also a Hydro Customer and makes a single payment on the water, wastewater and/or hydro accounts, the Contractor's normal practice shall be to apply the Customer's payment to the water, wastewater and/or hydro accounts in proportion to the amounts outstanding on each account and any deviations shall be communicated to the City.

6.7 The City shall not in any way be responsible for late payment charges owed by Customers.

6.8 The Contractor shall notify the City's Meter Service Clerk within one working day when a Customer's account is in a terminated or suspended status.

7.0 Catch-Up Adjustments and Back Billing

7.1 Where the Contractor or the City determines that a Customer's account requires a Catch-up Adjustment or Back Billing, it shall be made in accordance with this Agreement. The value of the Catch-up Adjustment shall be a function of the water used, and the City's invoicing policies and procedures, including a determination of the year in which the water was actually used and the water and wastewater basic charges and rates at that time.

7.2 The Contractor shall notify the City of all Catch-up Adjustments, Back Billing and other adjustments. The notification shall include but not limited to account numbers, Customer ID, Location ID, the dollar amount of the adjustment, the remaining balance to be paid and the number of billing periods over which the amount is to be paid.

7.3 When a Catch-up Adjustment is required, as identified by either party, the Contractor shall include the Catch-up Adjustment in the Customer's next invoice and note the Catch-up Adjustment in the Customer's record.

7.4 When a Back Billing Adjustment or other adjustment is required, as identified by the City, the Contractor shall include the Back Billing Adjustment, or other adjustment, on the Customer's invoice(s) over the number of billing periods identified by the City. The maximum period of Back Billing shall be 18 months. The Contractor may recoup the Long Term Back Billing fee indicated in Schedule "A", when the period of Back Billing exceeds 12 months.

7.5 Where the Contractor identifies a Catch-up Adjustment is required, the Contractor will help ensure a timely resolution to the issues prompting the Catch-up Adjustment by:

(a) communicating with the City, circumstances giving rise to the Catch-Up Adjustment, which include but are not limited to:
  (i) Equipment malfunctions, or suspected malfunctions;
  (ii) Access to the water meter or Remote is unavailable;
  (iii) Administrative errors resulting in incomplete or inaccurate invoicing;

(b) providing information to the Customer about the factors that prompted the Catch-up Adjustment to be issued;
(c) reviewing processes, systems and/or reports designed to prevent and/or detect issues that cause Catch-up Adjustments, and making changes as appropriate to reduce the risk that similar problems will reoccur; and
(d) Providing payment options to the Customer, in accordance with sections 7.6 and 7.7.

7.6 Where the Contractor has discovered a Reading or Administrative Error and where it is required to spread the amount over more than one (1) billing period, the Contractor shall provide the Customer information and adjustment information to the City and the City will determine the # of billing periods over which the amount will be Back Billed.

7.7 Where the Contractor has discovered a Reading or Administrative Error and the amount of the water and wastewater invoice is unusually high, that is it exceeds the invoicing for that period of the previous year by approximately 100% or more and where the water use being invoiced is in excess of:

(i) 250 m^3 for Residential Customers; or
(ii) 2,500 m^3 for Commercial/Industrial Customers;

The Contractor shall immediately notify the City and the City will contact the Customer and determine the # of billing periods over which the amount will be Back Billed and so advise the Contractor within 5 business days.

7.8 The Contractor shall process all required Catch-up Adjustments to the Customer's account immediately upon discovery, subject to the thresholds identified in section 7.7.

7.9 The Contractor shall use its best efforts to collect from a Customer all outstanding amounts after a Catch-up Adjustment or Back Billing invoice is issued.

7.10 The Contractor shall use its best efforts to collect all outstanding amounts including Catch-up Adjustments and Back Billing when:
(a) an account closes and
(b) when a property changes ownership.

8.0 Customer Service

8.1 The Contractor as a minimum shall maintain current levels of Customer service, including Internet based access to Customer bills and water use history, payment through telephone and internet banking, as well as payment at banks and other local payment depots.

8.2 The Contractor shall as a minimum provide Customers with personal, live contact during normal business hours, Monday through Friday except on statutory or declared holidays. The Contractor shall provide voicemail and e-mail service options, twenty four (24) hours a day, seven (7) days a week.

8.3 The Contractor shall provide front line Customer service for Customers in the same fashion as it provides customer service to Hydro Customers, including customer service via counter service, telephone, mail and e-mail. The Contractor shall address the following queries from Customers:

(a) explaining charges on a Customer's account;
(b) informing the Customer of the rates, special fees, invoicing practices and collection practices;
(c) logging a service request for broken meters and Remotes and forwarding it to the City;
(d) updating Customer accounts to reflect move ins, move outs, change of banking information, etc.;
(e) water use inquiries regarding unusual circumstances, such as unexpected high or low water use;
(f) complaint monitoring and follow up; and
(g) collections on overdue accounts, in accordance with section 7.

8.4 The Contractor shall log, categorize and archive individual Customer inquiries on line and provide occasional reports as requested by the City.

8.5 Without limiting the foregoing requirements, the Contractor shall not be required to defend or justify the City's water and waste water policies and the Contractor shall not offer any opinion to Customers on the fairness or suitability of the City's water and waste water policies.

9.0 Training

9.1 Contractor shall provide adequate training for all their staff.

10.0 Quality Assurance

10.1 The Contractor shall provide details to the City on or before June 30, 2009, of the quality assurance processes used to identify Reading and Administrative Errors. In collaboration with the City, the Contractor shall review its processes and develop a plan to ensure that a minimum, consistent level of validation, accuracy and completeness checks occur in each invoicing cycle. Where work processes, information systems, business rules or the scope of quality assurance work require improvement as may be determined by the City acting reasonably, the Contractor shall implement changes within a timeframe mutually acceptable to the City and the Contractor.

11.0 Disaster Recovery

11.1 The Contractor shall have and maintain a hardware disaster recovery plan to ensure the safeguarding of the City's Customer information. The Contractor shall provide a copy of the plan to the City on or before June 30, 2009 and thereafter when the Contractor updates the plan.

11.2 The Contractor shall have a system disaster recovery plan in place to ensure that the invoicing process is not interrupted due to equipment or software failure. The Contractor shall provide a copy of the plan to the City on or before June 30, 2009 and thereafter when the Contractor updates the plan.

12.0 Reporting

12.1 The Contractor shall provide electronic and printable reports as identified in Schedule "E" Reports, and such other reports as the parties may mutually agree.

12.2 The Contractor shall provide to the City regular, real-time, online access to meter reading and Customer invoicing data as identified in Schedule "E" and such other information as the parties may mutually agree.

13.0 Contractor's Payment to the City

13.1 The Contractor shall deposit electronically, all payments to the City pursuant to this Agreement, in the bank account specified by the City.

13.2 The Contractor shall pay to the City:

a) all collected water and wastewater revenue, on a weekly basis; and
b) any interest accrued on the collected revenue, on a monthly basis.

13.3 On a monthly basis, the Contractor shall reduce their payment to the City by:

a) the number of "Reads" during the month (not including any re-Reads), multiplied by the Contract Service Unit Charge for the Contractor as set out in Schedule "A";

b) any re-Read or other special charges as set out in Schedule "A" made during the month that are due to the Contractor in accordance with this Agreement; and
c) any applicable taxes on 13.3 a) and b).

13.4 The Contract Service Unit Charge to the City shall be the amounts set out in Schedule "A". The parties agree that the Contract Service Unit Charge is exclusive of applicable taxes and except for the re-Read and other special fees outlined in Schedule "A", will be the Contractor's full remuneration for the Services, outlined in this Agreement.

13.5 Where the Contractor is unable to forward to the City the correct payment in accordance with sections 13.1 through 13.4, and where the payment is more than thirty (30) days overdue, the Contractor shall pay to the City an interest penalty for the number of days delayed at an annual rate of Prime plus two percent (2%) assessed against the outstanding payment amount.

13.6 The Contractor shall provide Financial Statements each month to the City to show:

(a) the revenues invoiced, the monthly cost of the Service to the City, write-offs, bank charges and collections fees; and
(b) bank reconciliation and wire payment register;
(c) balance sheet, fund continuity, and trial balance;
(d) revenue reconciliation report; and
(e) accounts receivable summary aging report.

13.7 The Contractor shall submit to the City Finance Department, the Financial Statements as described in section 13.6, by the 15th day of the following month.

13.8 The City shall have to right to periodically examine the Contractor's records relevant to the obligations of the Contractor under this Agreement in order to ensure the completeness and accuracy of payments. The City shall provide the Contractor with at least forty eight (48) hours notice of its intent to examine the Contractor's records.

14.0 Account Arrears

14.1 The Contractor shall make reasonable effort to collect past due accounts. The Contractor shall notify the Customer of past due amounts through e-mail, written or telephone contact.

14.2 The Contractor may request the City's assistance in collecting past due, active Customer accounts that are more than sixty (60) days in arrears. Upon the request of the Contractor, the City shall contact the Customer and determine appropriate action, which may include the termination of Service, a repayment plan or such other action that the City may deem to be appropriate.

14.3 The Contractor shall determine whether past due, final Customer accounts, that are more than forty-five (45) days in arrears are collectable in-house. If not, the accounts shall be forwarded to a reputable, licensed collection agency.

14.4 Annually, the Contractor will write-off the previous year unpaid balances, usually in the third quarter, and provide the detailed accounts receivable write-off report as per Schedule "E".

15.0 Payment for Services and Taxes

15.1 All taxes applicable to Customers will be charged and remitted by the Contractor.

15.2 The Contractor shall submit any claims for compensation for additional tax costs to the City in writing.

15.3 The Contractor shall supply the City with its GST Registration Number.

16.0 Changes and Change of Technology

16.1 For the purposes of this section, "Change of Technology" means a requirement from the Ontario Energy Board that hydro companies or their affiliates implement wireless remotes for electricity for a majority of Residential and Commercial/Industrial Hydro Customers.

16.2 In the event of a Change of Technology that will change the manner in which the Contractor provides meter reading services to the City, the parties shall engage in good faith negotiations for the purposes of amending, *mutatis mutandis*, only those portions of this Agreement relating to meter reading services and requiring amendment.

16.3 The Contractor shall notify the City as soon as possible, and at least one hundred and eighty (180) days prior to any material changes to:

(a) equipment or practices that may affect the Contractor's means of providing the Services or the cost of providing the Services within this Agreement; and
(b) the Contractor's computer hardware and software upgrades, replacement and evaluation where such upgrades and replacements may have an impact on the Services.

16.4 The City shall advise the Contractor as soon as possible, and at least one hundred and eighty (180) days prior to any proposed changes in meter technology to assist the Contractor in avoiding stranding assets in obsolete reading capture equipment.

16.5 The nature and extent of the notification required by sections 16.3 and 16.4 shall be sufficient and appropriate to ensure that both the City and the Contractor understand the implications and risks associated with such changes. Upon notification, the City and the Contractor shall together develop contingency plans that adequately minimize risks that could impair delivery of the Services. Further, in the event of a material change under Section 16.3, the Contractor shall provide every reasonable assistance and support to the City to assist in accommodating the change.

17.0 Communication

17.1 The positions designated by the parties in Schedule "B", shall represent and be the contacts of the parties for the function of the responsibilities listed in Schedule "B".

18.0 Ownership of Customer Data & Confidentiality

18.1 For the purposes of this section, "MFIPPA" means the *Municipal Freedom of Information and Protection of Privacy Act*, R.S.O. 1990, c. M. 56, as amended and "Personal Information" shall have the meaning as defined in MFIPPA.

18.2 Customers' Personal Information is, shall be and shall remain the property of the City. The Contractor acknowledges that the City is subject to the provisions of MFIPPA. The Contractor shall take all steps necessary to ensure compliance with MFIPPA in relation to the protection of Customers' Personal Information and Customers' access to information.

18.3 The Contractor is subject to the provisions of the *Personal Information Protection and Electronic Documents Act*, S.C. 2000, c. 5, as amended, and the regulations thereunder, and shall demonstrate compliance with the provisions thereunder to the City upon request.

18.4 Without limiting the generality of section 18.3, the Contractor shall:
(a) develop and implement policies and procedures relating to public access to information and the protection of privacy and make those policies and procedures available to the City;
(b) ensure that its employees are adequately trained in order to ensure that the policies and procedures are effectively implemented;
(c) limit the collection of Personal Information to that which is necessary for the Contractor to comply with this Agreement;
(d) provide appropriate notice to private individuals about the collection and use of their personal information;

(e) make Customers and Hydro Customers aware that information collected by the Contractor may be disclosed to and used by the City;
(f) ensure that Personal Information is used and disclosed only for the purposes for which it was collected except as allowed by law;
(g) ensure that access to Personal Information is only given to those employees where access is required for the performance of their duties;
(h) ensure that no Personal Information is disclosed to third parties and unauthorized persons in a form in which the individual to whom it relates can be identified without the written permission of the City;
(i) make Customers' Personal Information available to them as required by law;
(j) retain inactive Personal Information for a retention period of not less than one year, or as otherwise required by the City;
(k) protect the security and confidentiality of Personal Information from the time it is collected until it is destroyed;
(l) ensure that the disposal of Personal Information is documented and occurs in a manner which prevents disclosure;
(m) have a written procedure in place to deal with breaches of the privacy conditions of this Agreement; and
(n) shall notify the City in writing immediately upon becoming aware that any privacy conditions set out in this Agreement have been breached.

18.5 The Contractor shall not at any time before, during or after the completion of the Services divulge any confidential information or data including, but not limited to, Personal Information, communicated to or acquired by the Contractor or disclosed by the City in connection with this Agreement or the Services provided for herein except as provided in this Agreement and as required by relevant legislation, or ordered by a court or tribunal of competent jurisdiction. No such information shall be used by the Contractor before, during or after the completion of the Services for any purpose except as provided in this Agreement. For greater certainty, the parties acknowledge that the Contractor may be required to disclose certain Customer Personal Information to the OEB for purposes of satisfying its reporting obligations to the OEB.

18.6 Notwithstanding any other section of this Agreement, the parties agree that this Agreement is not a confidential document and shall be made available to the public, if requested.

19.0 Security of Data

19.1 The Contractor shall ensure all necessary physical, technological and personnel safeguards for security of information and data, in connection with this Agreement or the Services are in place. The Contractor shall ensure security measures, procedures and controls for maintaining the security of all data related to the Services and all other Personal Information, as defined in section 18.1 are in place.

20.0 No Employment

20.1 The Contractor and the City acknowledge that for all purposes the Contractor is an independent contractor. The personnel of the Contractor shall at all times be the employees of the Contractor and shall not be employees of the City. Nothing in this Agreement shall be construed to make the parties partners, agents or employees of the other.

21.0 Subcontractors

21.1 The Contractor shall be fully responsible for any and all subcontractors and their employees.

21.2 The Contractor shall ensure that any and all subcontractors comply with the *Occupational Health and Safety Act*, R.S.O. 1990, c.0.1, as amended, the regulations passed thereunder, Occupational Health and Safety Standards and the Contractor's health and safety policy and procedures.

22.0 Dispute Resolution

22.1 In the event of a dispute arising out of or in connection with this Agreement, the parties' respective contact persons shall initially attempt to settle the dispute. If they are unable to do so within two (2) weeks of the date that a party first raised the dispute, they shall refer the dispute to their respective senior management who shall have a further six (6) weeks from the date of such referral to negotiate the resolution.

22.2 Failing resolution of a dispute by the staff of the parties, the matter of dispute may be referred to a single mediator mutually agreeable to both parties. Any decision of such mediator shall be a recommendation of resolution of the dispute but shall not be binding on a party without its consent. The costs of the mediator shall be borne equally by the parties and otherwise the parties shall each bear their own costs of mediation. The mediation shall be held in Guelph unless the parties mutually agree otherwise.

22.3 Either party may commence a binding arbitration proceeding, to be conducted pursuant to the *Arbitration Act, 1991*, S.O. 1991, c. 17, as amended, by delivering a written notice of its intent to proceed to arbitration in the event that any of the foregoing dispute resolution procedures are unsuccessful.

23.0 Term & Termination

23.1 Regardless of the date of execution of this Agreement, this Agreement shall commence on October 1, 2008 and continue until December 31, 2010, unless terminated earlier in accordance with the provisions of this Agreement. Further, this Agreement shall be automatically renewed and extended for the period January 1, 2011 to December 31, 2012, upon the same terms and conditions, as in this Agreement, unless the City gives notice in writing to the Contractor by no later than November 1, 2010 to the contrary.

23.2 Any party may terminate this Agreement upon at least 365 days' notice in writing to the other party.

23.3 Upon expiration or termination of this Agreement in accordance with the provisions of this Agreement, the Contractor agrees to transfer to the City, all Customer information, data and files in connection with this Agreement.

24.0 Indemnification

24.1 Each party covenants and agrees to indemnify and save the other, its councillors, officers, employees and agents harmless from any liability, action, claim, loss, injury, damage, payment, cost, fine, fine surcharge, recovery or expense, including reasonable legal fees arising out of the performance of its obligations under this Agreement, including without limitation any negligent act or omission by any employee, agent or subcontractor or anyone else for whom it is in law responsible, save and except where the liability, action, claim, loss, injury, damage, payment, cost, fine, fine surcharge, recovery or expense, including reasonable legal fees, arises out of the negligence of the other party, its councillors, officers, employees or agents. Each party agrees that it shall, at the other party's election, either assume the other party's defence or co-operate with the other party in the defence of any such action, including providing the other party with prompt notice of any such action and the provision of all material documentation.

24.2 The Contractor shall continuously protect all of the City's or Customer's property and any such adjacent property from damage, injury or loss arising or its activities under this Agreement. The Contractor shall make restitution at its own expense for any damage, injury or loss to the City's or Customers' property or adjacent property.

24.3 The termination of this Agreement shall not affect any rights or obligations which may have accrued prior to such termination or any other right which the terminating party may have arising out of either the termination or the event giving rise to the termination.

25.0 Insurance

25.1 The Contractor shall effect prior to the commencement of the services, and shall maintain and keep in force during the carrying out of the services, commercial general liability insurance, with the City as an additional insured, protecting both the Contractor and the City against claims for contractual liability, personal injury, bodily injury, death, property damage, or other third party or public liability claims arising from any accident or occurrence in respect of the services performed by the Contractor, in an amount not less than FIVE MILLION DOLLARS ($5,000,000.00) in respect of any one accident or occurrence.

25.2 The Contractor shall effect prior to commencement of the services, and shall maintain and keep in force during the carrying out of the services, motor vehicle liability insurance. The policy shall protect the Contractor against all liability arising out of the use of owned and non-owned motor vehicles. The limits of the liability under this insurance policy shall be in an amount not less than TWO MILLION DOLLARS ($2,000,000.00) per occurrence.

25.3 Each party shall effect, and shall keep in force during the carrying out of the services, in the name of the party with the other party named as "Additional Insured", any other form of insurance as the other party may from time to time require and the price under this Agreement shall be adjusted accordingly to allow for the costs of the additional premiums for such insurance.

25.4 In the event that the City requests that the amount of coverage be increased under any policy of insurance required to be effected under this section, the Contractor shall endeavour forthwith to obtain such increased coverage and the price under this Agreement shall be adjusted accordingly to allow for the costs of the additional premiums for such insurance.

25.5 Any policies required to be effected by either party shall, where available, contain a "cross-liability" clause.

25.6 The Contractor shall, upon execution of this Agreement provide to the City for approval a certified copy of the insurance policy or a satisfactory certificate in lieu, and from time to time keep on file with the City renewal agreements and other documents sufficient to show and establish accurately at all times the current status of policies in force, and in particular shall submit to the City not later than fifteen (15) days before the expiration of every current policy evidence of the renewal of the policy or the issuance of a replacement policy, and shall promptly notify the City of any cancellation or intended cancellation by any insurer of any policy or any circumstances known to the Contractor, materially affecting its coverage.

25.7 If the Contractor defaults on any of its obligations under this Agreement regarding insurance, the City may, but is not obliged to, place any insurance at the cost and expense of the Contractor, or pay any arrears of premium, and any expense incurred by the City shall be reimbursed to it by the Contractor on demand without prejudice to any other rights and remedies of the City under this Agreement.

26.0 Workplace Safety and Insurance Board (WSIB)

26.1 The Contractor shall furnish evidence of compliance with all requirements of the *Workplace Safety and Insurance Act*, 1997, S.O. 1997, c.16, as amended, and its Regulations, passed thereunder. Such evidence shall include a certificate of good standing issued upon commencement of the Services and, if requested by the City, every forty-five (45) days thereafter, and a further certificate issued prior to the payment of the final balance due to the Contractor under this Agreement.

27.0 Intellectual Property

27.1 The Contractor shall pay all royalties and patent fees required for the performance of the Services. The Contractor shall, at its expense, defend all claims, actions or proceedings against the City charging or claiming that the services or any part thereof provided by the Contractor to the City infringe any patent, industrial, design, copyright, trademark, trade

secret or other proprietary right enforceable in Canada. The Contractor shall indemnify and save harmless the City from and against any and all claims, demands, damages, losses, lawsuits, other proceedings, causes of action, liabilities, civil or criminal penalties and charges, costs and expenses (including, without limitation, reasonable legal fees) arising out of or attributable to the City not being the sole owner of the plans drawings, specifications, designs, calculations, estimates, computer records, construction records and other documents prepared by or for the Contractor, or arising out of or attributable to any of the aforesaid not being original works or infringing the copyright or any other right of any other party.

27.2 The obligations of the Contractor in section 24.1 above to defend and/or indemnify the City, do not apply in respect of any claims, actions or proceedings based on intellectual property supplied or provided to the Contractor by the City or its contractors, agents or consultants.

28.0 Force Majeure

28.1 Whenever and to the extent the parties are unable to fulfil or are delayed or restricted in fulfilling any of the obligations under this Agreement by reason of any strike, walkout, fire, unusual delay by common carrier, or by any other cause beyond the party's control, then the time for fulfilling such obligation shall be extended for such reasonable time as may be required by the party to fulfil such obligation, provided that any such non-availability or delay does not relate to any extent to any act or omission by such party or any of its authorised agents or employees and further provided the party seeking extension submits to the other party in writing a notice of extension of time and the specific reason and expected duration of such extension."

29.0 General

Previous Agreements

29.1 This Agreement supersedes all previous agreements, arrangements, or understandings between the parties whether written or oral in connection with or incidental to the services. The parties agree, that the agreement dated March 5, 1962, between the Board of Light and Heat Commission of the City of Guelph, and The Corporation of the City of Guelph is hereby terminated.

Representatives' Authority

29.2 The staff positions designated by the City and the Contractor to be their representatives with respect to this Agreement, set out in Schedule "B", have the authority as indicated to act on behalf of the City and the Contractor respectively in order to ensure compliance with the terms and conditions of this Agreement.

By-Laws, Codes and Regulations

29.3 The Contractor is responsible for complying with all applicable laws in respect of the Services, including but not limited to, statutes, regulations, and by-laws. Unless otherwise specified, the Contractor shall obtain and pay for all necessary permits, licenses, certificates and inspections required for the execution of the Services.

29.4 The Contractor shall maintain a copy of each code or standard relating to the Services, and agrees to produce such copy at the request of the City.

Non-Merger

29.5 The representations, warranties, covenants and agreements contained in this Agreement, and any other agreement, instrument, document or written statement made or delivered pursuant to this Agreement, shall survive and not merge on the termination of this Agreement.

Notice

29.6 Any notice required to be given under this Agreement may be given personally or by regular mail where notice is delivered personally, notice shall be effective immediately. Where notice is sent by regular mail, notice shall be deemed to have occurred five (5) days after the mailing thereof. Notice to the parties may be given at the following address:

City : The Corporation of the City of Guelph
1 Carden Street
Guelph, Ontario, N1H 3A1
Attention: Director of Environmental Services

Contractor: Guelph Hydro Electric Systems Inc.
395 Southgate Drive
Guelph, Ontario, N1G 4Y1
Attention: V.P. Finance

29.7 The Contractor and the City agree that each of them shall and will, upon the reasonable request of the other, make, do, execute, or cause to be made, done or executed, all such further and other lawful acts, deeds, things, devices and assurances whatsoever necessary to give effect to this Agreement, the terms and conditions contained herein.

Conflict of Interest

29.8 Where the Contractor, or anyone associated with the Contractor, has any pecuniary interest, direct or indirect, it shall forthwith disclose its interest to the City who shall have the right to decide whether such interest constitutes a conflict of interest, and the City shall have the exclusive right, but shall not be obliged to, terminate this Agreement thereafter should such a determination be made, notwithstanding any other provision in this Agreement.

Severability

29.9 In the event that any of the terms, conditions or provisions contained in this Agreement shall be determined invalid, unlawful or unenforceable to any extent, such term, condition, or provision shall be severed from the remaining terms, conditions and provisions which shall continue to be valid to the fullest extent permitted by law.

Waiver & Amendment

29.10 A waiver of any provisions of this Agreement by either party shall not constitute either a waiver of any other provisions or a continuing waiver by that party, unless otherwise expressly indicated in writing. No modification or amendment to this Agreement shall be binding on the parties unless agreed to in writing by both parties.

Assignment

29.11 Neither party may assign this Agreement or any of its rights or obligations hereunder, in whole or in part, without the prior written consent of the other party, which consent may not be unreasonably withheld.

Enurement

29.12 This Agreement and everything contained herein shall enure to the benefit of, and be binding upon, the parties hereto and their respective successors and permitted assigns.

Counterparts

29.13 This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which taken together constitute one and the same instrument.

[EXECUTION PAGE FOLLOWS]

IN WITNESS WHEREOF the Corporate parties have hereunto caused their Corporate Seals to be affixed and attested by their proper officers and the individual parties have hereunto set their hands and seals, at the times and places indicated:

SIGNED AND SEALED

This 23 day of JAN. 2009 2008, at Guelph Province of Ontario

THE CORPORATION OF THE CITY OF GUELPH

Per: _____
Mayor Karen Farbridge

Per: _____
City Clerk, Lois Giles

This 12 day of JANUARY 2009 2008, at Guelph Province of Ontario

GUELPH HYDRO ELECTRIC SYSTEMS INC.

Per: _____
President and CEO

Per: _____
Chief Financial Officer

We have authority to bind the Corporation.

SCHEDULE "A" – Contract Service Unit Charges and Special Fees

The Contract Service Unit Charge to the City shall be:

a) from January 1, 2008 to December 31, 2008, $3.25;
b) from January 1, 2009 to December 31, 2009, $3.82; and
c) from January 1, 2010 to December 31, 2010, $3.93.

Additional Special Fees

Business hours meter re-Read	$	10.00
After hours meter Reading / meter	$	To be determined
Long Term Back Bill Processing / account	$	To be determined
Final Direct Read /Account Closeout	$	To be determined
Insert Fee / piece	$	To be determined

SCHEDULE "B" - Contact List

Guelph Hydro Contact:

ISSUE	POSITION RESPONSIBLE	ESCALATE TO (POSITION)
Accounting		
Weekly Remittance, Financial Reports	Accounting Supervisor	Accounting Manager
Write off Uncollectable Accounts	Accounting Supervisor	Accounting Manager
Recovery of Written Off Accounts	Accounting Supervisor	Accounting Manager
Customer Service		
Customer Inquiries	Billing & Customer Inquiry Clerk	Billing & Customer Inquiry Supervisor
Adjustments and Back Billing	Billing & Customer Inquiry Clerk	Billing & Customer Inquiry Supervisor
Disconnect of Water Accounts	Billing & Customer Inquiry Clerk	Billing & Customer Inquiry Supervisor
Service Orders		
Service Orders Residential	Billing & Customer Inquiry Clerk	Billing & Customer Inquiry Supervisor
Service Orders Com./Industrial	Billing & Customer Inquiry Clerk	Billing & Customer Inquiry Supervisor
Water Meter Installation Res	Billing & Customer Inquiry Clerk	Billing & Customer Inquiry Supervisor
Information Technology		
On-line access/reports	Manager, Information Systems	Director, Information Systems
Other		
Contract Administration, Rate Increases, Contract Adherence	Chief Financial Officer	President

City of Guelph Contact:

ISSUE	POSITION RESPONSIBLE	ESCALATE TO (POSITION)
Accounting		
Weekly Remittance, Financial Reports	Accounting Analyst	Supervisor of Financial Services
Write off Uncollectable Accounts	A/R Collections Clerk	Manager of Revenue & Taxation
Recovery of Written Off Accounts	A/R Collections Clerk	Manager of Revenue & Taxation
Customer Service		
Customer Inquiries	Meter Service Clerk	Supervisor Distribution
Adjustments and Back Billing	Meter Service Clerk	Supervisor Distribution
Disconnect of Water Accounts	Meter Service Clerk	Supervisor Distribution
Service Orders		
Service Orders Residential	Meter Service Clerk	Supervisor Distribution
Service Orders Com./Industrial	Meter Service Clerk	Supervisor Distribution
Water Meter Installation Res	Meter Service Clerk	Supervisor Distribution
Information Technology		
On-line access/reports	Technology Analyst	Director of IT
Other		
Contract Administration, Rate Increases, Contract Adherence	Manager, Waterworks	Director, Environmental Services

SCHEDULE "C" - Invoice Requirements

In addition to the requirements of section 5.5, the invoice shall include the following items:

(a) Customer name, billing address and account number;
(b) Service address;
(c) Date invoiced;
(d) Read previous period and Read date;
(e) Reading current period and Read date;
(f) Water use for the current period and number of days covered;
(g) Volumetric charge for water;
(h) Basic service charge for water;
(i) Volumetric charge for wastewater;
(j) Basic service charge for wastewater;
(k) Service charges for both water and waste water shown separately;
(l) Arrears;
(m) Special charges and fees with explanation;
(n) Deferred payment amount due;
(o) Penalties and late payment charges;
(p) Payments received during the invoicing period ;
(q) Opening account balance;
(r) Total amount due;
(s) Date payment due;
(t) Amount payable after due date;
(u) Invoicing adjustments;
(v) Customer specific moving window graph for one year of water use; and
(w) Phone # for Customer invoicing enquiries and service calls.

SCHEDULE "D" - Invoicing Software

The Contractor's invoicing software shall have the capacity to accommodate the requirements listed below (Section 5.13):

(a) Create audit trails and internal controls over accuracy and completeness;
(b) Track, identify and up-load locations requiring Direct Reads based on specific invoicing requirements including but not limited to specific number of actual Reads by classification or per specified period of time;
(c) Detect locations where there is a hydro service and not a water meter, malfunctioning remotes and water meters and develop other trouble shooting routines;
(d) Estimate invoices for individual Customers or entire cycles;
(e) Process Customer reads from drop off cards and by phone;
(f) Record Customer history for inquiries, invoicing and maintenance;
(g) Generate electronically Meter Job Order Instruction Forms;
(h) Calculate invoices based on a complex rate structure related to:
    (i) Meter size;
    (ii) Service charge;
    (iii) Usage rates;
    (iv) Metric meters;
    (v) Waste water charge;
    (vi) Customer classification
    (viii) Late penalty on arrears;
(i) Produce invoices for:
    (i) Water only accounts;
    (ii) Waste water only accounts;
    (iii) Water and waste water accounts;
    (iv) Flat rate accounts;
    (v) Seasonal accounts;
(k) Change invoicing rate structures on a Customer wide basis (including retroactively) and on a Customer group basis;
(l) Accommodate a range of Customer payment options, including deferred payments;
(m) Interface with third party cash collection Contractors;
(n) Accommodate Customer deposits, including payment of interest on such deposits;
(o) Provide automatic overdue accounts notification;
(p) Accommodate special non-cyclical invoicing (move -ins/move-outs);
(q) Include miscellaneous invoicing ;
(r) Calculate an adjusted invoice or replacement invoice to replace an existing invoice as required;
(s) Record type of Reads by Customer (i.e. phone in, actual, estimated, etc.);
(t) Specify required number of digits to be read associated with specific meter types;
(u) Reject/flag non conforming Reads with respect to meter and/or remote type;
(v) Produce exception reports based on pre-determined parameters for internal controls;
(w) Track and provide data to the City for modelling and analysis;
(x) Generate the reports as set out in this Agreement;
(y) Pro-rate over a rate change period;
(z) Calculate accruals; and
(aa) Invoice Basic Service Charges and Estimated water use when no meter is installed as feasible.

SCHEDULE "E" - Reporting

The Contractor shall provide the following electronic and printable reports to the City (Section 12) as listed below. (Excluding reports #11, and #12, the reports shall include Customer ID, Location ID, Customer Name, Meter #, and complete address).

Monthly Reports

1) List of new accounts by meter size and class.
2) Hydro accounts where no corresponding water account is identified, by location.
3) Flat Rate accounts.
4) Top twenty five (25) monthly water and wastewater revenue accounts; including their water use and meter information.
5) Accounts for which water use has been estimated for two consecutive invoicing periods or longer.
6) Listing of instances and locations where a Meter Reader is unable to access a water meter/remote.
7) All Reading Errors within the previous month (by type, e.g. manual read, touchpad, etc.)
8) Non-registering meter report (Zero consumption report).
9) Customer Read report.
10) Locations where hydro has turned off for non-payment.
11) Meter counts by size and type.
12) Financial statements and reports, as described in Section 13.

Quarterly Data

13) Database Dumps, billing database, meter inventory.

Annual Reports

14) Detailed accounts receivable write-off report, as described in Section 14.

The Contractor shall provide regular online read only access to:

- general location information (menu #2)
- location services (menu #3)
- location miscellaneous info (menu #4)
- customer master file (menu #8)
- customer services (menu #9)
- miscellaneous customer info (menu #11)
- consumption history (menu #15)
- charge history (menu #17)
- meter inventory (menu #24)
- meter service information (menu #25)

APPENDIX 4-D: Income Tax/ PILs Workform

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Version 3.0

Utility Name	Guelph Hydro Electric Systems Inc.
Assigned EB Number	EB-2015-0073
Name and Title	Michael Koktan, Controler
Phone Number	519-837-4725
Email Address	mkoktan@guelphhydro.com
Date	24-Apr-15
Last COS Re-based Year	**2012**

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

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

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

1. Info
A. Data Input Sheet
B. Tax Rates & Exemptions
C. Sch 8 Hist
D. Schedule 10 CEC Hist
E. Sch 13 Tax Reserves Hist
F. Sch 7-1 Loss Cfwd Hist
G. Adj. Taxable Income Historical
H. PILs,Tax Provision Historical
I. Schedule 8 CCA Bridge Year
J. Schedule 10 CEC Bridge Year
K. Sch 13 Tax Reserves Bridge
L. Sch 7-1 Loss Cfwd Bridge
M. Adj. Taxable Income Bridge
N. PILs,Tax Provision Bridge
O. Schedule 8 CCA Test Year
P. Schedule 10 CEC Test Year
Q Sch 13 Tax Reserve Test Year
R. Sch 7-1 Loss Cfwd
S. Taxable Income Test Year
T. PILs,Tax Provision

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Rate Base			**$**	**162,960,102**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$	6,518,404	*W = S * T*
Deemed Long Term Debt %	56.00%	U	$	91,257,657	*X = S * U*
Deemed Equity %	40.00%	V	$	65,184,041	*Y = S * V*
Short Term Interest Rate	2.16%	Z	$	140,798	*AC = W * Z*
Long Term Interest	5.18%	AA	$	4,723,581	*AD = X * AA*
Return on Equity (Regulatory Income)	9.30%	AB	**$**	**6,062,116**	*AE = Y * AB*
Return on Rate Base			**$**	**10,926,494**	*AF = AC + AD + AE*

Questions that must be answered

	Historical	**Bridge**	**Test Year**
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	No	Yes
2. Does the applicant have any SRED Expenditures?	Yes	Yes	Yes
3. Does the applicant have any Capital Gains or Losses for tax purposes?	No	No	No
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	No	No
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? *If Yes, please describe what was the tax treatment in the manager's summary.*	Yes	Yes	Yes
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	Yes	Yes	Yes

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Tax Rates **Federal & Provincial** **As of June 20, 2012**	**Effective** **January-01-11**	**Effective** **January-01-12**	**Effective** **January-01-13**	**Effective** **January-01-14**	**Effective** **January-01-15**
Federal income tax					
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-11.50%	-13.00%	-13.00%	-13.00%	-13.00%
	16.50%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.75%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	28.25%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business					
Federal small business threshold	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%	11.00%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Year
1	Distribution System - post 1987	52,691,711		52,691,711
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			0
2	Distribution System - pre 1988	7,953,188		7,953,188
8	General Office/Stores Equip	5,339,366		5,339,366
10	Computer Hardware/ Vehicles	1,230,878		1,230,878
10.1	Certain Automobiles			0
12	Computer Software	83,410		83,410
13 1	Lease # 1			0
13 2	Lease #2			0
13 3	Lease # 3			0
13 4	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	56,748		56,748
42	Fibre Optic Cable	223		223
43.1	Certain Energy-Efficient Electrical Generating Equipment	27,119	27,119	0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	549,936		549,936
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	46,313,992	488,058	45,825,934
50	Data Network Infrastructure Equipment - post Mar 2007	58,433		58,433
52	Computer Hardware and system software			0
95	CWIP			0
1b		164,068		164,068
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	**114,469,072**	**515,177**	**113,953,895**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**2,627,495**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	0			
Other Adjustments	0			
Subtotal	0	**x 3/4 =**	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	**x 1/2 =**	0	
			0	**0**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**2,627,495**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year	0			
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**2,627,495**
Current Year Deduction		**2,627,495**	**x 7% =**	**183,925**
Cumulative Eligible Capital - Closing Balance				**2,443,570**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated Sick Leave	680,518	0	680,518
- Termination Cost			0
- Other Post-Employment Benefits	9,358,850	0	9,358,850
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	**10,039,368**	**0**	**10,039,368**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

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

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	A	1,807,000		1,807,000
Additions:				
Interest and penalties on taxes	103	0	0	0
Amortization of tangible assets	104	6,041,576	0	6,041,576
Amortization of intangible assets	106	0	0	0
Recapture of capital cost allowance from Schedule 8	107	0	0	0
Gain on sale of eligible capital property from Schedule 10	108	0	0	0
Income or loss for tax purposes- joint ventures or partnerships	109	0	0	0
Loss in equity of subsidiaries and affiliates	110	0	0	0
Loss on disposal of assets	111	0	0	0
Charitable donations	112	34,570	0	34,570
Taxable Capital Gains	113	0	0	0
Political Donations	114	0	0	0
Deferred and prepaid expenses	116	0	0	0
Scientific research expenditures deducted on financial statements	118	0	0	0
Capitalized interest	119	0	0	0
Non-deductible club dues and fees	120	0	0	0
Non-deductible meals and entertainment expense	121	15,147	0	15,147
Non-deductible automobile expenses	122	0	0	0
Non-deductible life insurance premiums	123	0	0	0
Non-deductible company pension plans	124	0	0	0
Tax reserves deducted in prior year	125	0	0	0
Reserves from financial statements- balance at end of year	126	10,039,368	0	10,039,368
Soft costs on construction and renovation of buildings	127	0	0	0
Book loss on joint ventures or partnerships	205	0	0	0
Capital items expensed	206	0	0	0
Debt issue expense	208	0	0	0
Development expenses claimed in current year	212	0	0	0
Financing fees deducted in books	216	0	0	0
Gain on settlement of debt	220	0	0	0
Non-deductible advertising	226	0	0	0
Non-deductible interest	227	0	0	0
Non-deductible legal and accounting fees	228	0	0	0
Recapture of SR&ED expenditures	231	0	0	0
Share issue expense	235	0	0	0
Write down of capital property	236	0	0	0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	0	0	0
Other Additions				
Interest Expensed on Capital Leases	290	0	0	0
Realized Income from Deferred Credit Accounts	291	0	0	0
Pensions	292	0	0	0
Non-deductible penalties	293	0	0	0
	294	0	0	0
	295	0	0	0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Net impact SR&ED deducted per FS added back less SR&ED claimed per T661		50,000		50,000
Inducement - ITA 12(1)		74,096		74,096
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**16,254,757**	**0**	**16,254,757**

Deductions:				
Gain on disposal of assets per financial statements	401	90,000		90,000
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	8,690,657		8,690,657
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	183,925		183,925
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414	8,548,844		8,548,844
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)		100,000		100,000
2013 Restated OCI(Income)		224,480		224,480
2014 OCI (Loss)		971,671		971,671
IFRS - Amorziation of contributed Capital in Revenue		425,995		425,995
Fed ITC & OATC recorded in books		189,401		189,401
				0
				0
				0
Total Deductions		**19,424,973**	**0**	**19,424,973**
Net Income for Tax Purposes		**-1,363,216**	**0**	**-1,363,216**
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 *(Please include explanation and calculation in Manager's summary)*	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		**-1,363,216**	**0**	**-1,363,216**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILs Tax Provision - Historical Year

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

						Wires Only	
Regulatory Taxable Income						-$ 1,363,216	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**		**B**		**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ -	**D**				
	Rate reduction (negative)		**E**		**F = D * E**		
Ontario Income tax						$ -	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			0.00%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					15.00%	**M = K + L**
Total Income Taxes						**-$ 204,482**	**N = A * M**
Investment Tax Credits							**O**
Miscellaneous Tax Credits							**P**
Total Tax Credits						**$ -**	**Q = O + P**
Corporate PILs/Income Tax Provision for Historical Year						**$ -**	**R = N - Q**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 8 CCA - Bridge Year

Class	Class Description	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA	UCC End of Bridge Year
1	Distribution System - post 1987	$ 52,691,711	$ 755,000	$ -	$ 53,446,711	$ 377,500	$ 53,069,211	4%	$ 2,122,768	$ 51,323,943
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election				$ -	$ -	$ -	6%	$ -	$ -
2	Distribution System - pre 1988	$ 7,953,188	$ -	$ -	$ 7,953,188	$ -	$ 7,953,188	6%	$ 477,191	$ 7,475,997
8	General Office/Stores Equip	$ 5,339,366	$ 122,000	$ -	$ 5,461,366	$ 61,000	$ 5,400,366	20%	$ 1,080,073	$ 4,381,293
10	Computer Hardware/ Vehicles	$ 1,230,878	$ 556,000	$ -	$ 1,786,878	$ 278,000	$ 1,508,878	30%	$ 452,663	$ 1,334,215
10.1	Certain Automobiles		$ -	$ -	$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 83,410	$ 100,000	$ -	$ 183,410	$ 50,000	$ 133,410	100%	$ 133,410	$ 50,000
13 1	Lease # 1		$ -	$ -	$ -	$ -	$ -		$ -	$ -
13 2	Lease #2		$ -	$ -	$ -	$ -	$ -		$ -	$ -
13 3	Lease # 3		$ -	$ -	$ -	$ -	$ -		$ -	$ -
13 4	Lease # 4				$ -	$ -	$ -		$ -	$ -
14	Franchise		$ -	$ -	$ -	$ -	$ -		$ -	$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	$ 56,748	$ -	$ -	$ 56,748	$ -	$ 56,748	8%	$ 4,540	$ 52,208
42	Fibre Optic Cable	$ 223	$ -	$ -	$ 223	$ -	$ 223	12%	$ 27	$ 196
43.1	Certain Energy-Efficient Electrical Generating Equipment	$ -			$ -	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy Generation Equipment				$ -	$ -	$ -	50%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 549,936	$ 680,000	$ -	$ 1,229,936	$ 340,000	$ 889,936	45%	$ 400,471	$ 829,465
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 45,825,934	$ 13,725,893	$ -	$ 59,551,827	$ 6,862,947	$ 52,688,881	8%	$ 4,215,110	$ 55,336,717
50	Data Network Infrastructure Equipment - post Mar 2007	$ 58,433	$ 218,000	$ -	$ 276,433	$ 109,000	$ 167,433	55%	$ 92,088	$ 184,345
52	Computer Hardware and system software		$ -	$ -	$ -	$ -	$ -	100%	$ -	$ -
95	CWIP				$ -	$ -	$ -		$ -	$ -
1b		$ 164,068			$ 164,068	$ -	$ 164,068	6%	$ 9,844	$ 154,224
					$ -	$ -	$ -	10%	$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 113,953,895	$ 16,156,893	$ -	$ 130,110,788	$ 8,078,447	$ 122,032,342		$ 8,988,187	$ 121,122,601

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital				**2,443,570**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	0			
Other Adjustments	0			
Subtotal	0	**x 3/4 =**	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	**x 1/2 =**	0	
			0	**0**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**2,443,570**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year	0			
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**2,443,570**
Current Year Deduction		**2,443,570**	**x 7% =**	**171,050**
Cumulative Eligible Capital - Closing Balance				**2,272,520**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Bridge Year Adjustments: Additions	Bridge Year Adjustments: Disposals	Balance for Bridge Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	680,518	0	680,518	63,809		744,327	63,809	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	9,358,850	0	9,358,850	408,582		9,767,432	408,582	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**10,039,368**	**0**	**10,039,368**	**472,391**	**0**	**10,511,759**	**472,391**	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Corporation Loss Continuity and Application

Schedule 7-1 Loss Carry Forward - Bridge Year

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

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Total for Regulated Utility
Income before PILs/Taxes	A	4,352,301
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets	104	5,986,825
Amortization of intangible assets	106	174,994
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	32,000
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	15,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	10,511,759
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Other Deductions - Fed ITC & OATC recorded in books	295	77,096
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		**16,797,674**

Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	8,988,187
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	171,050
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	10,039,368
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	211,096
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**19,409,701**
Net Income for Tax Purposes		**1,740,274**
Charitable donations from Schedule 2	311	
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320	
Non-capital losses of preceding taxation years from Schedule 4	331	0
Net-capital losses of preceding taxation years from Schedule 4 *(Please include explanation and calculation in Manager's summary)*	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
TAXABLE INCOME		**1,740,274**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILS Tax Provision - Bridge Year

							Wires Only	
Regulatory Taxable Income							$ 1,740,274	**A**
Ontario Income Taxes								
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$	200,132	**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**					
	Rate reduction	-7.00%	**E**	-$	35,000	**F = D * E**		
Ontario Income tax							$ 165,132	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate				9.49%	**K = J / A**		
	Federal tax rate (Maximum 15%)				15.00%	**L**		
	Combined tax rate						24.49%	**M = K + L**
Total Income Taxes							**$ 426,173**	**N = A * M**
Investment Tax Credits							$ 134,000	**O**
Miscellaneous Tax Credits							$ 77,096	**P**
Total Tax Credits							**$ 211,096**	**Q = O + P**
Corporate PILs/Income Tax Provision for Bridge Year							**$ 215,077**	**R = N - Q**

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 8 CCA - Test Year

Class	Class Description	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA	UCC End of Test Year
1	Distribution System - post 1987	$ 51,323,943	804,000	0	$ 52,127,943	$ 402,000	$ 51,725,943	4%	$ 2,069,038	$ 50,058,905
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ -			$ -	$ -	$ -	6%	$ -	$ -
2	Distribution System - pre 1988	$ 7,475,997	0	0	$ 7,475,997	$ -	$ 7,475,997	6%	$ 448,560	$ 7,027,437
8	General Office/Stores Equip	$ 4,381,293	229,000	0	$ 4,610,293	$ 114,500	$ 4,495,793	20%	$ 899,159	$ 3,711,134
10	Computer Hardware/ Vehicles	$ 1,334,215	573,000	0	$ 1,907,215	$ 286,500	$ 1,620,715	30%	$ 486,214	$ 1,421,000
10.1	Certain Automobiles	$ -	0	0	$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 50,000	93,000	0	$ 143,000	$ 46,500	$ 96,500	100%	$ 96,500	$ 46,500
13 1	Lease # 1	$ -	0	0	$ -	$ -	$ -		$ -	$ -
13 2	Lease #2	$ -	0	0	$ -	$ -	$ -		$ -	$ -
13 3	Lease # 3	$ -	0	0	$ -	$ -	$ -		$ -	$ -
13 4	Lease # 4	$ -			$ -	$ -	$ -		$ -	$ -
14	Franchise	$ -	0	0	$ -	$ -	$ -		$ -	$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	$ 52,208	0	0	$ 52,208	$ -	$ 52,208	8%	$ 4,177	$ 48,032
42	Fibre Optic Cable	$ 196	0	0	$ 196	$ -	$ 196	12%	$ 24	$ 173
43.1	Certain Energy-Efficient Electrical Generating Equipment	$ -			$ -	$ -	$ -	30%	$ -	$ -
43.2	Certain Clean Energy Generation Equipment	$ -			$ -	$ -	$ -	50%	$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	$ 829,465	497,000	0	$ 1,326,465	$ 248,500	$ 1,077,965	45%	$ 485,084	$ 841,381
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 55,336,717	8,361,000	0	$ 63,697,717	$ 4,180,500	$ 59,517,217	8%	$ 4,761,377	$ 58,936,339
50	Data Network Infrastructure Equipment - post Mar 2007	$ 184,345	225,000	0	$ 409,345	$ 112,500	$ 296,845	55%	$ 163,265	$ 246,080
52	Computer Hardware and system software	$ -	0	0	$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
1b		$ 154,224			$ 154,224	$ -	$ 154,224	6%	$ 9,253	$ 144,970
		$ -			$ -	$ -	$ -	10%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 121,122,601	$ 10,782,000	$ -	$ 131,904,601	$ 5,391,000	$ 126,513,601		$ 9,422,650	$ 122,481,951

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

2,272,520

Additions

Cost of Eligible Capital Property Acquired during Test Year		0			
Other Adjustments		0			
	Subtotal	0	**x 3/4 =**	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002		0	**x 1/2 =**	0	
				0	**0**
Amount transferred on amalgamation or wind-up of subsidiary		0			**0**
	Subtotal				**2,272,520**

Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0		
Other Adjustments		0		
	Subtotal	0	**x 3/4 =**	**0**

Cumulative Eligible Capital Balance			**2,272,520**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")	**2,272,520**	**x 7% =**	**159,076**
Cumulative Eligible Capital - Closing Balance			**2,113,444**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance	Test Year Adjustments: Additions	Test Year Adjustments: Disposals	Balance for Test Year	Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	744,327		744,327	60,539		804,866	60,539	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	9,767,432		9,767,432	426,507		10,193,939	426,507	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**10,511,759**	**0**	**10,511,759**	**487,046**	**0**	**10,998,805**	**487,046**	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

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

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Taxable Income - Test Year

		Test Year Taxable Income
Net Income Before Taxes		6,062,116
	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104	6,302,186
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106	218,459
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	
Charitable donations	112	41,000
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	15,000
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves beginning of year	125	0
Reserves from financial statements- balance at end of year	126	10,998,805
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions: (please explain in detail the nature of the item)		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	
Non-deductible penalties	293	
	294	
Other Additions -Inducement -ITA 12(1)(x)	295	77,096
Add: Provision for income taxes	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Total Additions		**17,652,546**

Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	9,422,650
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	159,076
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	10,511,759
Contributions to deferred income plans	416	
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
Other Deductions - Fed ITC & OATC recorded in books	394	211,096
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**20,304,582**
NET INCOME FOR TAX PURPOSES		**3,410,080**
Charitable donations	311	
Taxable dividends received under section 112 or 113	320	
Non-capital losses of preceding taxation years from Schedule 7-1	331	0
Net-capital losses of preceding taxation years (Please show calculation)	332	
Limited partnership losses of preceding taxation years from Schedule 4	335	
REGULATORY TAXABLE INCOME		**3,410,080**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILs Tax Provision - Test Year

							Wires Only	
Regulatory Taxable Income							$ 3,410,080	**A**
Ontario Income Taxes								
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$	392,159	**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**					
	Rate reduction	-7.00%	**E**	-$	35,000	**F = D * E**		
Ontario Income tax							$ 357,159	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate				10.47%	**K = J / A**		
	Federal tax rate (Maximum 15%)				15.00%	**L**		
	Combined tax rate						25.47%	**M = K + L**
Total Income Taxes							**$ 868,671**	**N = A * M**
Investment Tax Credits							$ 134,000	**O**
Miscellaneous Tax Credits							$ 63,000	**P**
Total Tax Credits							**$ 197,000**	**Q = O + P**
Corporate PILs/Income Tax Provision for Test Year							**$ 671,671**	**R = N - Q**
Corporate PILs/Income Tax Provision Gross Up [1]					74.53%	**S = 1 - M**	**$ 229,582**	**T = R / S - R**
Income Tax (grossed-up)							**$ 901,253**	**U = R + T**

Note:

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

APPENDIX 4-E: 2013 Federal and Ontario Tax Returns

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

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

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

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

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

055 **Do not use this area**

Identification

Business number (BN) 001 89120 8613 RC0002

Corporation's name

002 Guelph Hydro Electric Systems Inc.

Address of head office

Has this address changed since the last time we were notified? . . . . . 010 1 Yes ☐ 2 No ☒

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

011 395 Southgate Drive

012

City	Province, territory, or state
015 Guelph	016 ON
Country (other than Canada)	**Postal code/Zip code**
017	018 N1G 4Y1

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? . . . . . 020 1 Yes ☐ 2 No ☒

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

021 c/o

022

023

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

Location of books and records

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

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

031 395 Southgate Drive

032

City	Province, territory, or state
035 Guelph	036 ON
Country (other than Canada)	**Postal code/Zip code**
037	038 N1G 4Y1

040 Type of corporation at the end of the tax year

1 ☒ Canadian-controlled private corporation (CCPC)
2 ☐ Other private corporation
3 ☐ Public corporation
4 ☐ Corporation controlled by a public corporation
5 ☐ Other corporation (specify, below)

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

To which tax year does this return apply?

Tax year start	Tax year-end
060 2013-01-01	061 2013-12-31
YYYY MM DD	YYYY MM DD

Has there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? . . . . . 063 1 Yes ☐ 2 No ☒

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

Is the date on line 061 a deemed tax year-end in according to subsection 249(3.1)? . . . . . 066 1 Yes ☐ 2 No ☒

Is the corporation a professional corporation that is a member of a partnership? . . . . . 067 1 Yes ☐ 2 No ☒

Is this the first year of filing after:

Incorporation? . . . . . 070 1 Yes ☐ 2 No ☒

Amalgamation? . . . . . 071 1 Yes ☐ 2 No ☒

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

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

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

Is this the final tax year before amalgamation? . . . . . 076 1 Yes ☐ 2 No ☒

Is this the final return up to dissolution? . . . . . 078 1 Yes ☐ 2 No ☒

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

Is the corporation a resident of Canada?

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

081

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

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

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

085
1 ☐ Exempt under paragraph 149(1)(e) or (l)
2 ☐ Exempt under paragraph 149(1)(j)
3 ☐ Exempt under paragraph 149(1)(t)
4 ☐ Exempt under other paragraphs of section 149

Do not use this area

095 096

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164	X	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	X	15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation have any foreign affiliates during the year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170		29
Has the corporation had any non-arm's length transactions with a non-resident?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		
Does the corporation earn income from one or more Internet webpages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202	X	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206	X	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207	X	7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232	X	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

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

Additional information

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

What is the corporation's main revenue-generating business activity? 221122 Electric Power Distribution

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

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

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

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

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

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300	-4,961,912	A
Deduct: Charitable donations from Schedule 2	311		
Gifts to Canada, a province, or a territory from Schedule 2	312		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction*	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal		▶	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
Taxable income (amount C **plus** amount D)	360		
Income exempt under paragraph 149(1)(t)	370		
Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 **minus** line 370)			Z

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income from active business carried on in Canada from Schedule 7 . . . . . 400 _____ A

Taxable income from line 360 on page 3, **minus** 100/28 3.57143 of the amount on line 632* on page 7, **minus** 1/(0.38 - X**) 4 times the amount on line 636*** on page 7, and **minus** any amount that, because of federal law, is exempt from Part I tax . . . . . 405 _____ B

Business limit (see notes 1 and 2 below) . . . . . 410 500,000 C

Notes:

1. For CCPCs that are not associated, enter $ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year divided by 365, and enter the result on line 410.
2. For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C 500,000 x 415 **** 338,256 / 11,250 D = ... 15,033,600 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") . . . . . 425 _____ F

Small business deduction

Amount A, B, C, or F, whichever is the least _____ x 17 % = ... 430 _____ G

Enter amount G on line 1 on page 7.

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** General rate reduction percentage for the tax year. It has to be pro-rated based on the number of days in the tax year that are in each calendar year. See page 5.

*** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

**** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior year** minus $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current year** minus $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from page 3 (line 360 or amount Z, whichever applies)				A
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27			B	
Amount QQ from Part 13 of Schedule 27			C	
Personal service business income	432		D	
Amount used to calculate the credit union deduction (amount F from Schedule 17)			E	
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least			F	
Aggregate investment income from line 440 on page 6*		14,078	G	
Total of amounts B to G		14,078 ▶		14,078 H
Amount A **minus** amount H (if negative, enter "0")				I

Amount I x (Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year) x 11.5 % = J

Amount I x (Number of days in the tax year after December 31, 2011 / Number of days in the tax year) 365/365 x 13 % = K

General tax reduction for Canadian-controlled private corporations – Amount J **plus** amount K L

Enter amount L on line 638 on page 7.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from page 3 (line 360 or amount Z, whichever applies)				M
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27			N	
Amount QQ from Part 13 of Schedule 27			O	
Personal service business income	434		P	
Amount used to calculate the credit union deduction (amount F from Schedule 17)			Q	
Total of amounts N to Q		▶		R
Amount M **minus** amount R (if negative, enter "0")				S

Amount S x (Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year) x 11.5 % = T

Amount S x (Number of days in the tax year after December 31, 2011 / Number of days in the tax year) 365/365 x 13 % = U

General tax reduction – Amount T **plus** amount U V

Enter amount V on line 639 on page 7.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . . 440 14,078 x 26 2 / 3 % = ... 3,754 A

Foreign non-business income tax credit from line 632 on page 7 . . . . . B

Deduct:

Foreign investment income from Schedule 7 . . . . . 445 x 9 1 / 3 % = C

(if negative, enter "0") ▶ D

Amount A **minus** amount D (if negative, enter "0") . . . . . 3,754 E

Taxable income from line 360 on page 3 . . . . . F

Deduct:

Amount from line 400, 405, 410, or 425 on page 4, whichever is the least . . . . . G

Foreign non-business income tax credit from line 632 on page 7 . . . x 100 / 35 = H

Foreign business income tax credit from line 636 on page 7 . . . . . x 1(0.38 – X*) / 4 = I

Subtotal ▶ J

K

x 26 2 / 3 % = L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . . M

Refundable portion of Part I tax – Amount E, L, or M, whichever is the least . . . . . 450 N

* General rate reduction percentage for the tax year. It has to be pro-rated based on the number of days in the tax year that are in each calendar year. See page 5.

Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year 460

Deduct: Dividend refund for the previous tax year 465

▶ O

Add the total of:

Refundable portion of Part I tax from line 450 above . . . . . P

Total Part IV tax payable from Schedule 3 . . . . . Q

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation 480

▶ R

Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R 485

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3 . . . . . 1,400,000 x 1 / 3 = 466,667 S

Refundable dividend tax on hand at the end of the tax year from line 485 above . . . . . T

Dividend refund – Amount S or T, whichever is less (enter this amount on line 784 on page 8) . . . . .

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 % . . . 550 _____ A

Recapture of investment tax credit from Schedule 31 . . . . . 602 _____ B

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6 . . . . . 14,078 i

Taxable income from line 360 on page 3 . . . . . _____

Deduct:
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least . . . . . _____

Net amount . . . . . _____ ▶ _____ ii

Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount i or ii . . . . . 604 _____ C

Subtotal (**add** amounts A to C) _____ D

Deduct:

Small business deduction from line 430 on page 4			1
Federal tax abatement	608		
Manufacturing and processing profits deduction from Schedule 27	616		
Investment corporation deduction	620		
Taxed capital gains	624		
Additional deduction – credit unions from Schedule 17	628		
Federal foreign non-business income tax credit from Schedule 21	632		
Federal foreign business income tax credit from Schedule 21	636		
General tax reduction for CCPCs from amount L on page 5	638		
General tax reduction from amount V on page 5	639		
Federal logging tax credit from Schedule 21	640		
Federal qualifying environmental trust tax credit	648		
Investment tax credit from Schedule 31	652		
Subtotal		▶	E

Part I tax payable – Amount D **minus** amount E . . . . . F

Enter amount F on line 700 on page 8.

Summary of tax and credits

Federal tax

Part I tax payable from page 7	700	
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	
Total federal tax		

Add provincial or territorial tax:

Provincial or territorial jurisdiction 750 ON
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)

Net provincial or territorial tax payable (except Quebec and Alberta)	760	
Provincial tax on large corporations (Nova Scotia Schedule 342)	765	
(The Nova Scotia tax on large corporations is eliminated effective July 1, 2012.)		
Total provincial or territorial tax ▶		
Total tax payable	770	A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	71,096
Tax instalments paid	840	
Total credits	890	71,096 ▶ 71,096 B

Refund code 894 1 Overpayment 71,096

Balance (amount A **minus** amount B) -71,096

If the result is negative, you have an **overpayment**.
If the result is positive, you have a **balance unpaid**.
Enter the amount on whichever line applies.

Generally, we do not charge or refund a difference of $2 or less.

Balance unpaid

Enclosed payment 898

Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

☐ Start ☐ Change information 910 Branch number

914 Institution number 918 Account number

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? 896 1 Yes ☐ 2 No ☒

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920 A6698

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Certification

I, 950 ~~SARDANA~~ CHUDDY (Last name (print)) 951 ~~PANKAJ~~ BARRY (First name (print)) 954 ~~CFO~~ CEO (Position, office, or rank),

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2014/06/26 (Date (yyyy/mm/dd)) Signature of the authorized signing officer of the corporation

956 (519) 837-4707 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below 957 1 Yes ☐ 2 No ☒

958 Michael Koktan (Name (print))

959 (519) 837-4725 Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français.

990 1

Financial Statements of

GUELPH HYDRO ELECTRIC SYSTEMS INC.

Year ended December 31, 2013
(Expressed in thousands of dollars)

KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada

Telephone 519-747-8800
Fax 519-747-8830
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the shareholder of Guelph Hydro Electric Systems Inc.

We have audited the accompanying financial statements of Guelph Hydro Electric Systems Inc., which comprise the balance sheet as at December 31, 2013 and the statements of comprehensive income, changes in equity and cash flows for the year 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 International Financial Reporting Standards, 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 consolidated financial statements.

KPMG LLP, is a Canadian limited liability partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
KPMG Canada provides services to KPMG LLP.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Guelph Hydro Electric Systems Inc. as at December 31, 2013, and its results of operations and its cash flows for the year ended in accordance with International Financial Reporting Standards.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

April 16, 2014
Waterloo, Canada

GUELPH HYDRO ELECTRIC SYSTEMS INC.

Balance Sheets

December 31, 2013, with comparative information for 2012
(Expressed in thousands of dollars)

	2013	As restated 2012
Assets		
Current assets:		
Cash	$ 620	$ 2,274
Accounts receivable (note 4)	19,501	18,134
Unbilled revenue	9,983	11,645
Income taxes recoverable	1,468	1,027
Inventory (note 5)	1,504	1,875
Other current assets	554	395
Total current assets	33,630	35,350
Property, plant and equipment (note 6)	134,275	128,900
Intangible assets (note 7)	327	289
Deferred income taxes (note 8)	3,247	4,376
Total non-current assets	137,849	133,565
Total assets	$ 171,479	$ 168,915

GUELPH HYDRO ELECTRIC SYSTEMS INC.

Balance Sheets

December 31, 2013, with comparative information for 2012
(Expressed in thousands of dollars)

	2013	As restated 2012
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	21,160	$ 17,394
Deferred credits - budget billing	1,059	1,983
Customer deposits - current portion (note 9)	3,442	3,689
Due to related parties	734	859
Total current liabilities	26,395	23,925
Senior unsecured debentures (note 12)	64,575	64,550
Employee future benefits (note 11)	8,549	8,513
Customer deposits - long-term portion (note 9)	2,874	2,898
Deferred revenue	13,514	10,611
Total non-current liabilities	89,512	86,572
Total liabilities	115,907	110,497
Shareholder's equity:		
Share capital (note 18)	43,374	43,374
Other comprehensive income (loss)	(159)	(465)
Retained earnings	12,357	15,509
	55,572	58,418
Commitments and contingencies (note 17)		
Guarantees (note 20)		
	$ 171,479	$ 168,915

The accompanying notes are an integral part of these consolidated financial statements.

On behalf of the Board:

Director

Director

GUELPH HYDRO ELECTRIC SYSTEMS INC.

Statements of Comprehensive Income

Year ended December 31, 2013, with comparative information for 2012
(Expressed in thousands of dollars)

	2013	As restated 2012
Electricity sales	$ 165,568	$ 144,441
Cost of electricity sold	145,253	119,872
	20,315	24,569
Other operating revenue (note 13)	3,243	2,935
Net operating revenue	23,558	27,504
Expenses:		
Operations and maintenance	11,901	10,626
General and administrative	10,350	9,176
	22,251	19,802
Earnings before the undernoted	1,307	7,702
Financial and other expenses (income):		
Interest on notes payable, less amounts capitalized	3,332	3,446
Interest income	(62)	(94)
Other	43	95
	3,313	3,447
Earnings (loss) from operations before income taxes	(2,006)	4,255
Income taxes: (note 9)		
Provision for payments in lieu of corporate taxes	(1,383)	472
Deferred income taxes	1,129	30
	(254)	502
Net earnings (loss) from operations for the year	(1,752)	3,753
Other Comprehensive Income (loss):		
Actuarial gains (losses) on employee future benefit plan	306	(465)
Total Comprehensive income (loss) for the year	$ (1,446)	$ 3,288

The accompanying notes are an integral part of these consolidated financial statements.

GUELPH HYDRO ELECTRIC SYSTEMS INC.

Statements of Changes in Equity
(In thousands of Canadian dollars)

Year ended December 31, 2013, with comparative information for 2012

	Share capital	Other Comprehensive Income (loss)	Retained earnings	Total
Balance at December 31, 2011, restated	$43,374	$ -	$ 17,756	$ 61,130
Dividends	-	-	(6,000)	(6,000)
Total comprehensive income (loss) for the year		- (465)	3,753	3,288
Balance at December 31, 2012, restated	43,374	(465)	15,509	58,418
Dividends	-	-	(1,400)	(1,400)
Total comprehensive income (loss) for the year		306	(1,752)	(1,446)
Balance, December 31, 2013	$43,374	$ (159)	$ 12,357	$ 55,572

The accompanying notes are an integral part of these financial statements.

GUELPH HYDRO ELECTRIC SYSTEMS INC.

Statements of Cash Flows

Year ended December 31, 2013, with comparative information for 2012
(Expressed in thousands of dollars)

	2013	As restated 2012
Cash flows from operating activities:		
Total Comprehensive income (loss) for the year	$ (1,446)	$ 3,288
Adjustments for:		
Income tax expense	(254)	502
Depreciation and amortization	6,153	5,700
Amortization of deferred revenue	(367)	(281)
Interest income	(62)	(94)
Interest expense	3,375	3,541
(Gain) / loss on disposal of property, plant and equipment	(55)	(8)
	7,344	12,648
Change in:		
Receivables	(1,367)	2,932
Unbilled revenue	1,662	(1,381)
Inventory	371	(194)
Other current assets	(159)	(125)
Accounts payable and accrued liabilities	3,766	(1,495)
Deferred credits - budget billing	(924)	(21)
Employee future benefits	36	903
	3,385	619
Income taxes refunded	942	1,426
Net cash from operating activities	11,671	14,693
Cash flows from investing activities:		
Purchase of property, plant and equipment	(11,396)	(11,492)
Purchase of intangible assets	(116)	(80)
Proceeds from disposal of property, plant and equipment	115	24
	(11,397)	(11,548)
Cash flows from financing activities:		
Contributions in aid of construction	3,270	2,680
Net change in customer deposits	(271)	(4,895)
Dividends paid	(1,400)	(6,000)
Interest received	62	94
Interest paid	(3,464)	(3,516)
Change in amounts due to related parties	(125)	(401)
	(1,928)	(12,038)
Decrease in cash	(1,654)	(8,893)
Cash, beginning of year	2,274	11,167
Cash, end of year	$ 620	$ 2,274

The accompanying notes are an integral part of these consolidated financial statements.

1. Reporting entity:

Guelph Hydro Electric Systems Inc. (the "Corporation" or "GHESI") is a wholly-owned subsidiary of Guelph Hydro Inc. ("GHI"). GHI, in turn is a wholly-owned corporation of Guelph Municipal Holdings Inc. ("GMHI"), which is a wholly-owned subsidiary of the City of Guelph. GHESI was incorporated on October 31, 2000 under the laws of the Province of Ontario, Canada. The address of the Corporation's registered office is 395 Southgate Drive, Guelph, Ontario.

The principal activity of the Corporation is to distribute electricity to the residents and businesses in the City of Guelph, under a licence issued by the Ontario Energy Board ("OEB"). The Corporation is regulated by the OEB and adjustments to the Corporation's distribution and power rates require OEB approval.

2. Basis of presentation:

(a) Statement of compliance:

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the International Accounting Standards Board ("IASB") and interpretations as issued by the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB.

(b) Approval of the financial statements:

The financial statements were approved by the Board of Directors on April 16, 2014.

(c) Change in accounting policy

As a result of amendments to IAS 19 "Employee Benefits", the Company has changed its accounting policy with respect to the basis for determining the income or expense related to its post-employment defined benefit plans. These amendments are to be applied for annual periods beginning January 1, 2013. Under IAS19, actuarial gains and losses must be recognized when they occur in other comprehensive income as the option to defer the recognition of actuarial gains and losses, known as the "corridor method" is no longer available. These amendments are applied retrospectively by the Company, in accordance with IAS 19. See detailed impact of change in accounting policy in Note 11, Employee future benefits.

2. Basis of presentation (continued):

(d) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for the following:

(i) Where held, financial instruments at fair value through profit or loss, including those held for trading, are measured at fair value.

(ii) Contributed assets are initially measured at fair value.

The methods used to measure fair values are discussed further in note 3 (c) and note 20.

(e) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(f) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in these financial statements is included in the following notes:

(i) Note 4 and note 20(a) - Receivables: allowance for impairment.
(ii) Note 6 - Property, plant and equipment: useful lives and the identification of significant components of property, plant and equipment.
(iii) Note 11 - Employee future benefits: measurement of the defined benefit obligation.
(iv) Note 19 - Financial instruments and risk management: valuation of long-term debt.

2. Basis of presentation (continued):

(g) Rate regulation:

Effect of rate-setting regulations on the Corporation's activities and on these financial statements:

The Corporation is regulated by the OEB, under the authority granted by the *Ontario Energy Board Act (1988).* Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that may differ from IFRS for enterprises operating in a non-rate regulated environment.

On March 14, 2011, the OEB approved a 0.18% price cap index adjustment to the Company's distribution rates effective May 1, 2012, in accordance with the OEB's 3rd Generation Incentive Rate Mechanism. The adjustment was applied to fixed and variable distribution rates uniformly across all customer classes.

On June 30, 2011, the Corporation submitted a rate rebasing application to the OEB for new distribution rates. On February 22, 2012, the Corporation received a Decision from the OEB that approved an overall increase of 7.86% to distribution rates effective January 1, 2012. The Decision incorporated the Corporation's increase in fixed assets and operating expenses since the last rate rebasing application in 2008 and established rates that allowed for return on invested capital of 6.80% and return on equity of 9.42% based on a deemed 60% debt-to-40% equity capital structure.

On July 24, 2012, GHESI filed its 2013 electricity distribution rates application using the OEB's 3rd Generation Incentive Regulation Mechanism ("IRM") as the basis for its application. The OEB rendered its Decision on December 6, 2012, which approved a distribution rate increase of 1.08 per cent for all customers.

On August 16, 2013, GHESI filed its 2014 electricity distribution rates application using the OEB's 4th Generation IRM as the basis for its application. The OEB rendered its Decision on December 5, 2013 which approved a distribution rate increase of 1.4 per cent for all customers.

The continuing restructuring of Ontario's electricity industry and other regulatory developments, including current and possible future consultation between the OEB and interested stakeholders, may affect the distribution rates that the Corporation may charge and the costs that the Corporation may recover, including the balance of its regulatory assets.

Smart Meter Initiative:

The Province of Ontario committed to have Smart Meter electricity meters installed in all homes and small businesses throughout Ontario by the end of 2010. Smart Meters permit

2. Basis of presentation (continued):

consumption to be recorded within specific time intervals and specific tariffs to be levied within such intervals. *Bill 21, Energy Conservation and Responsibility Act*, provides the legislative framework and regulations to support this initiative. The Corporation's Smart Meter installation program was completed in 2012 and despite completing the meter installation program after the Province's 2010 date, substantially all costs associated with the smart meter installation program were approved for recovery by the OEB as part of the Corporation's 2012 rate rebasing application.

3. Significant accounting policies:

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Cash and cash equivalents:

Cash equivalents include short-term investments with maturities of three months or less when purchased.

(b) Revenue recognition:

Revenue for the Corporation is recognized as electricity is delivered to customers and is recorded on the basis of regular meter readings and estimated customer usage since the last meter reading date to the end of the year. The related cost of power is recorded on the basis of power used.

The Corporation is licensed by the OEB to distribute electricity. As a licensed distributor, the Corporation is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers. The Corporation has determined that it is acting as a principal for the electricity distribution and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this revenue stream. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

Deferred revenue relating to contributions in aid of construction is amortized to income on a straight-line basis over the terms of the agreement with the customer or the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

All other revenues are recorded on a gross basis and are recognized when services are rendered.

3. Significant accounting policies (continued):

(c) Inventory:

Inventory is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and items considered major spare parts are recorded as capital assets.

(d) Property, plant and equipment:

Items of property, plant and equipment are measured at cost or deemed cost established on the transition date, or, where the item is transferred from customers, its fair value, less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, and any other costs directly attributable to bringing the asset to a working condition for its intended use.

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset and are based on the Corporation's average cost of borrowing.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The cost of replacing a part of an item of property, plant and equipment is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of property, plant and equipment is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of property, plant and equipment are recognized in profit or loss as incurred.

Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful life of each part or component of an item of property, plant and equipment. Land is not depreciated. Construction-in-progress assets are not amortized until the project is complete and in service. The estimated useful lives are as follows:

Buildings and fixtures	15 - 50 years
Distribution lines	50 years
Distribution transformers	40 years
Distribution meters	30 years
Smart meters	15 years
General office equipment	5 - 10 years
Computer equipment	5 years
Major tools	5 - 15 years
Data acquisition system	5 years
Trucks and rolling stock	5 - 10 years
Other capital assets	10 - 25 years

3. Significant accounting policies (continued):

Depreciation methods, useful lives, and residual values are reviewed at each reporting date.

(e) Intangible assets:

(i) Computer software:

Computer software that is acquired or developed by the Corporation, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization and accumulated impairment losses.

(ii) Land rights:

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost less accumulated amortization and accumulated impairment losses.

(iii) Amortization:

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives for the current and comparative years are:

Computer software	5 years

Amortization methods and useful lives of all intangible assets are reviewed at each reporting date.

(f) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its current carrying amount (using prevailing interest rates), and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount.

3. Significant accounting policies (continued):

All impairment losses are recognized in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(ii) Non-financial assets:

The carrying amounts of the Corporation's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The Corporation has determined that it is a single cash-generating unit. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

For assets other than goodwill, impairment recognized in prior periods is assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Provisions:

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. Significant accounting policies (continued):

Decommissioning or dismantling:

When there is a legal or constructive obligation to remove and dispose of property, plant and equipment at the end of their useful life, a provision is recorded to cover such future removal and disposal costs.

(h) Employee future benefits:

(i) Pension plan:

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members. In this case, GHESI and its employees could face the prospect of higher contributions until the funded status of the Fund is restored. GHESI is only likely to recover additional contribution amounts in distribution rates if increased contribution rates are factored into GHESI's rebasing rates applications.

(ii) Post-employment benefits, other than pension:

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The cost of these benefits is expensed as earned by employees through employment service. The accrued benefit obligations and the current service costs are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Any actuarial gains (losses) will require a remeasurement of the net defined benefit liability or asset and will be recognized as other comprehensive income or loss in the year that it is known.

(i) Deferred revenue and assets transferred from customers:

Certain customers and developers are required to contribute towards the capital cost of construction in order to provide ongoing service. Cash contributions are initially recorded as current liabilities. Once the distribution system asset is completed or modified as outlined in the terms of the contract, the contribution amount is transferred to contributions in aid of construction.

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction.

3. Significant accounting policies (continued):

The contributions in aid of construction account, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is reported as deferred revenue, and is amortized to income on a straight-line basis over the terms of the agreement with the customer or the economic useful life of the acquired or contributed asset, which represents the period of ongoing service to the customer.

(j) Leased assets:

Leases in terms of which the Corporation assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases and the leased assets are not recognized on the Corporation's balance sheet. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(k) Finance income and finance costs:

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and cash equivalents and on regulatory assets.

Finance costs comprise interest expense on borrowings, finance lease obligations, regulatory liabilities and unwinding of the discount on provisions and impairment losses on financial assets.

(l) Income taxes:

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

Under the *Electricity Act, 1998*, the Corporation makes payments in lieu of corporate taxes to the OEFC. These payments are calculated in accordance with the rules for computing taxable 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. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

Current tax is the tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. Significant accounting policies (continued):

Deferred tax is recognized using the balance sheet method. Under this method, deferred income taxes reflect the net tax effects of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes, as well as for tax losses available to be carried forward to future years that are likely to be realized. Deferred tax assets and liabilities are measured using enacted or substantively enacted tax rates, at the reporting date, expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

4. Accounts receivable:

	2013	2012
Revenue	$ 17,462	$ 15,971
Regulatory	970	1,169
Due from the City of Guelph	1,300	1,319
	19,732	18,459
Less allowance for doubtful accounts	(231)	(325)
	$ 19,501	$ 18,134

5. Inventory:

The amount of inventories consumed by the Corporation and recognized as an expense during 2013 was $295 (2012 - $289).

6. Property, plant and equipment:

(a) Cost or deemed cost:

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in- Progress	Total
Balance at January 1, 2012	$ 20,414	$ 103,466	$ 5,421	$ 1,618	$ 130,919
Additions	-	9,362	1,069	1,061	11,492
Transfers	-	1,618	-	(1,618)	-
Disposals/retirements	-	-	(22)	-	(22)
Balance at December 31, 2012	$ 20,414	$ 114,446	$ 6,468	$ 1,061	$ 142,389

6. Property, plant and equipment (continued):

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in- Progress	Total
Balance at January 1, 2013	$ 20,414	$ 114,446	$ 6,468	$ 1,061	$ 142,389
Additions	98	7,125	1,306	2,981	11,510
Transfers		1,061		(1,061)	-
Disposals/retirements	(38)	(8)	(219)		(265)
Balance at December 31, 2013	$ 20,474	$ 122,624	$ 7,555	$ 2,981	$ 153,634

(b) Accumulated depreciation:

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in- Progress	Total
Balance at January 1, 2012	$ 742	$ 5,514	$ 1,583	$ -	$ 7,839
Depreciation charge for the year	553	4,118	987	-	5,658
Disposals/retirements	-	-	(8)	-	(8)
Balance at December 31, 2012	$ 1,295	$ 9,632	$ 2,562	$ -	$ 13,489

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in- Progress	Total
Balance at January 1, 2013	$ 1,295	$ 9,632	$ 2,562	$ -	$ 13,489
Depreciation charge for the year	690	4,265	1,120	-	6,075
Disposals/retirements	-	-	(205)	-	(205)
Balance at December 31, 2013	$ 1,985	$ 13,897	$ 3,477	$ -	$ 19,359

(c) Carrying amounts:

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in- Progress	Total
December 31, 2012	$ 19,118	$ 104,813	$ 3,905	$ 1,061	$ 128,900
December 31, 2013	$ 18,490	$ 108,727	$ 4,077	$ 2,981	$ 134,275

6. Property, plant and equipment (continued):

(d) Borrowing costs:

During the year, borrowing costs of $114 (2012 - $nil) were capitalized as part of the cost of property, plant and equipment.

(e) Allocation of depreciation and amortization:

The depreciation of property, plant and equipment and the amortization of intangible assets has been allocated to profit or loss as follows:

	Cost of electricity sold	Distribution expenses	Administration expenses	Total
December 31, 2012:				
Depreciation of property, plant and equipment	$ -	$ 5,411	$ 247	$ 5,658
Amortization of intangible assets	-	-	42	42
	$ -	$ 5,411	$ 289	$ 5,700
December 31, 2013:				
Depreciation of property, plant and equipment	$ -	$ 5,805	$ 270	$ 6,075
Amortization of intangible assets	-	-	78	78
	$ -	$ 5,805	$ 348	$ 6,153

7. Intangible assets:

(a) Cost or deemed cost:

	Computer software	Land rights	Total
Balance at January 1, 2012	$ 251	$ -	$ 251
Additions in 2012	80	-	80
Balance at December 31, 2012	331	-	331
Additions in 2013	116	-	116
Balance at December 31, 2013	$ 447	$ -	$ 447

(b) Accumulated amortization:

	Computer software	Land rights	Total
Balance at January 1, 2012	$ -	$ -	$ -
Amortization charges in 2012	42	-	42
Balance at December 31, 2012	42	-	42
Amortization charges in 2013	78	-	78
Balance at December 31, 2013	$ 120	$ -	$ 120

(c) Carrying amounts:

	Computer software	Land rights	Total
Balance at December 31, 2012	$ 289	$ -	$ 289
Balance at December 31, 2013	$ 327	$ -	$ 327

8. Income taxes:

The income tax expense varies from amounts which would be computed by applying the Corporation's combined statutory income tax rate as follows:

	2013	2012
Basic rate applied to profit before income tax	$ (532)	$ 1,185
Increase (decrease) in income tax resulting from:		
Change in tax rate	(47)	(248)
Other	325	(435)
Income tax expense (recovery)	$ (254)	$ 502
Effective rate applied to profit (loss) before income taxes	12.6%	11.8%

Significant components of the Corporation's deferred tax balances are as follows:

	2013	2012
Deferred tax assets (liabilities):		
Plant and equipment	$ (3,295)	$ (1,317)
Cumulative eligible capital	696	748
Employee benefits	2,265	2,133
Deferred revenue – contributed capital	3,581	2,812
Net deferred tax asset	$ 3,247	$ 4,376

At December 31, 2013, a future tax asset of $3,247 (2012 - $4,376) has been recorded. The utilization of this tax asset is dependent on future taxable profits in excess of profits arising from the reversal of existing taxable temporary differences. The Corporation believes that this asset should be recognized as it will be recovered through future rates.

9. Customer deposits:

Customer deposits represent cash deposits from electricity distribution customers and retailers, as well as construction deposits.

Deposits from electricity distribution customers are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

Construction deposits represent cash prepayments for the estimated cost of capital projects recoverable from customers and developers. Upon completion of the capital project, these deposits are transferred to contributions in aid of construction.

Customer deposits comprise:

	2013	2012
Customer deposits	$ 4,096	$ 4,112
Construction deposits	2,220	2,475
Total customer deposits	$ 6,316	$ 6,587

10. Pension agreement:

GHESI provides a pension plan for its employees through the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employee Retirement Fund ("the Fund") and provides pensions for employees of Ontario municipalities, local boards, public utilities, and school boards. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. GHESI uses defined contribution plan accounting as it is only liable for contributions to the Plan. GHESI's contribution for employees' current service for the year ended December 31, 2013 was $976 (2012 - $792).

11. Employee future benefits:

Components of employee future benefits recognized are as follows:

	2013	As restated 2012
Post-retirement benefits - accrued benefit liability, as previously reported	$7,929	$7,475
Restatement due to change in accounting policy:		
Remeasurement of accrued benefit liability – actuarial (gain) loss	-	465
Accrued sick leave benefit	620	573
	$8,549	$8,513

Post-retirement benefits:

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-retirement costs in the period in which employees' services were rendered. The accrued benefit liability at December 31, 2013 of $7,929 for the year ended December 31, 2013, was based on an actuarial valuation completed in 2013 using a discount rate of 4.9%. The restated accrued benefit liability at December 31, 2012 of $7,940 (previously reported to be $7,475) and the expense for the year ended December 31, 2012, were based on an actuarial valuation completed in 2013, using a discount rate of 4.5%.

11. Employee future benefits (continued):

Changes in the present value of the defined benefit unfunded obligation and the accrued benefit liability:

	2013	As restated 2012
Defined benefit obligation, beginning of year	$ 7,940	$ 7,106
Current service cost	229	212
Interest cost	317	414
Remeasurement of obligation	(306)	465
Benefits paid during the year	(251)	(257)
Accrued benefit liability, end of year	$ 7,929	$ 7,940

Components of net benefit expense recognized are as follows:

	2013	2012
Current service cost	$ 229	$ 212
Interest cost	317	414
Net benefit expense recognized	$ 546	$ 626

The full amount of the Corporation's net benefit expense was charged to operations in 2012 and 2013.

11. Employee future benefits (continued):

The significant actuarial assumptions used in the valuation are as follows (weighted average):

	2013	2012
Accrued benefit obligation:		
Discount rate	4.90%	4.50%
Benefit cost for the year:		
Withdrawal rate	1%	1%
Assumed health care cost trend rates:		
Initial health care cost trend rate	5%	5%
Cost trend rate declines to year that rate reaches the rate it is assumed to remain at		

The approximate effect on the accrued benefit obligation of the entire plan and the estimated net benefit expense of the entire plan if the health care trend rate assumption was increased or decreased by 1%, and all other assumptions were held constant, is as follows:

	Defined Benefit Obligation	Periodic Benefit Cost
1% increase in health care trend rate	$ 9,184	$ 652
1% decrease in health care trend rate	6,957	458

Historical information

Amounts for the current and previous year, for the entire plan, are as follows:

	2013	As restated 2012
Defined benefit obligation	$ 7,929	$ 7,940
Experience adjustments	(1,376)	(1,535)

11.Employee future benefits (continued):

The main actuarial assumptions utilized for the valuation are as follows:

General inflation - future general inflation levels, as measured by the changes in the Consumer Price Index, were assumed at 2.0% in 2013, and thereafter (2012 - 2.0%).

Discount (interest) rate - the discount rate used to determine the present value of future liabilities and the expense for the year ended December 31, 2013, was 4.9% (2012 – 4.5%).

Salary levels - future general salary and wage levels were assumed to increase at 3.3% (2012 - 3.3%) per annum.

Medical costs - medical costs were assumed to increase 5% for 2012, 5% for 2013, 5% for 2013, 5% for 2014, and 5% thereafter.

Dental costs - dental costs were assumed to increase 5% for 2012, 5% for 2013, 5% for 2013, 5% for 2014, and 5% thereafter.

Accrued sick leave benefit:

The Corporation allows regular employees the equivalent of one and one-half days per month sick time credit to be applied in case of illnesses or accidents not covered by Workers' Compensation. A maximum of eighteen days sick time credit is accrued to each employee's credit each year and is reduced by the amount of sick time utilized each year. At the end of the year, the remaining credit, if any, is added to each employee's sick time credit accumulation. Any unused sick time credit is forfeited when employment ceases with the Corporation. As at December 31, 2013, the estimated valued of the expected future payment to be made as a result of the unused sick time credits amounts to $620 (2012 - $573).

12. Long-term debt:

The senior unsecured debentures have a maturity date of December 6, 2030 and have an interest rate of 5.264% per annum. Interest is payable in equal semi-annual installments, in arrears, on June 6 and December 6 each year commencing June 6, 2012 until maturity. The debentures were issued on December 6, 2012. The debentures are represented by a single Global Debenture Certificate registered in the name of CDS & Co. In order to put the debentures in place, the Corporation incurred debt issuance costs in the amount of $500.

	2013	2012
Senior unsecured debentures	$ 65,000	$ 65,000
Less: cost of debt issuance	(425)	(450)
Senior unsecured debentures, net proceeds	$ 64,575	$ 64,550

13. Other income:

Other income comprises:

	2013	2012
Late payment charges	$ 125	$ 122
Pole and other rental income	360	333
Collection and other service charges	236	243
Waterworks revenue	1,156	1,045
Intercompany services	848	803
Customer contributions	367	281
Miscellaneous	151	108
Total other income	$ 3,243	$ 2,935

14. Employee benefits:

	2013	2012
Salaries, wages and benefits	$ 7,379	$ 7,381
Contributions to multi-employer plan	976	792
Expenses related to defined benefit plans	546	626
	$ 8,901	$ 8,799

15. Finance income and expense:

	2013	2012
Interest income on bank deposits	$ (62)	$ (94)
Finance income	(62)	(94)
Interest expense on long-term debt	3,446	3,446
Interest adjustment re: capitalized borrowing costs	(114)	-
Interest expense on deposits	15	61
Other	28	34
	3,375	3,541
Net finance costs recognized in profit or loss	$ 3,313	$ 3,447

16. Related party transactions:

(a) Parent and ultimate controlling party:

The sole shareholder of the Corporation is Guelph Hydro Inc. ("GHI"), which in turn is wholly-owned by Guelph Municipal Holdings Inc. ("GMHI"). GMHI is a wholly-owned subsidiary of the City of Guelph. The City produces financial statements that are available for public use.

(b) Key management personnel:

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members, and is summarized below.

	2013	2012
Directors' fees	$ 98	$ 98
Salaries and other short-term benefits	1,967	1,624
Post-employment benefits	19	25
	$ 2,084	$ 1,747

(c) Transactions with ultimate parent (the City):

The following summarizes the Corporation's related party transactions, recorded at the exchange amounts and balances with the City for the years ended December 31:

	2013	2012
Revenue:		
Energy sales (at commercial rates)	$ 7,752	$ 7,261
Waterworks revenue	1,156	1,045
Street light maintenance	331	263
Expenses:		
Subcontracting	68	32
Property taxes	332	343
Balances:		
Accounts receivable	1,300	1,319
Accounts payable and accrued charges	-	69

16. Related party transactions (continued):

(d) Transactions with subsidiaries of the City:

A listing of the various entities under the control of the City is set out on the City's website.

The Corporation had the following transactions with GHI and its subsidiary, Envida Community Energy Inc.:

	2013	2012
Revenue:		
Energy sales (at commercial rates)	$ 22	$ 14
Multiple function support services	848	803
Expenses:		
Planning services through Board of Directors	163	133
Management services	658	323
Management fees	1,500	-
Balances:		
Accounts receivable	603	316
Accounts payable and accrued charges	1,352	1,175

17. Commitments and contingencies:

From time to time, the Corporation is involved in various litigation matters arising in the ordinary course of its business. The Corporation has no reason to believe that the disposition of any such current matter could reasonably be expected to have a materially adverse impact on the Corporation's financial position, results of operations or its ability to carry on any of its business activities.

An action was commenced against GHESI in November, 2013 in the Ontario Superior Court of Justice with the plaintiff seeking damages in the amount of $2.0 million as compensation for damages allegedly suffered to the plaintiff's business and reputation in relation to the supply and installation of energy efficient lighting equipment, plus $1.0 million punitive damages as a result of interference in economic relations or slander of goods. This action is at a preliminary stage. The statement of claim has been served on GHESI, parent company Guelph Hydro Inc. (and a specific GHESI employee). A Statement of Defense was filed on behalf of GHESI in mid-February, 2014. Given the preliminary status of this action, it is not possible to reasonably quantify the effect, if any, of this action on the financial performance of the Corporation. If damages are awarded, GHESI would be liable to pay the amounts awarded by the Court.

17. Commitments and contingencies (continued):

General Liability Insurance:

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the electrical utilities in Ontario. All members of the pool are subjected to assessment for losses

experienced by the pool for the years in which they were members on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2013, no assessments have been made.

18. Share capital:

	2013	2012
Authorized:		
Unlimited number of common shares		
Issued:		
1,000 common shares	$ 43,374	$ 43,374

19. Financial instruments and risk management:

Cash and cash equivalents are measured at fair value. The carrying values of receivables, and accounts payable and accrued charges approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the senior unsecured debentures at December 31, 2013 is $68,431 (2012 - $74,654). The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2013 was 4.84% (2012 - 4.12%).

The Corporation's activities provide for a variety of financial risks, particularly credit risk, market risk and liquidity risk.

(a) Credit risk:

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the City. No single customer accounts for revenue in excess of 10% of total revenue.

19. Financial instruments and risk management (continued):

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the

income statement. The balance of the allowance for impairment at December 31, 2013 is $231 (2012 - $325). An impairment loss of $226 (2012 - $61) was recognized during the year. The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2013, approximately $310 (2012 - $425) is considered 60 days past due. The Corporation has over 52 thousand customers, the

majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB. As at December 31, 2013, the Corporation holds security deposits in the amount of $4,096 (2012 - $4,112).

(b) Market risk:

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2013 would have increased interest expense on the long-term debt by $ 650 (2012 - $650), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

(c) Liquidity risk:

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a $10,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they come due. As at December 31, 2013, no amounts had been drawn under GHESI's $10,000 credit facility (2012, $nil).

The Corporation also has a bilateral facility for $5.0 million (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which $4.0 million has been drawn and posted with the IESO (2012 - $nil).

The majority of accounts payable, as reported on the balance sheet, are due within 30 days.

20. Financial instruments and risk management (continued):

(d) Capital disclosures:

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2013, shareholder's equity amounts to $55,572 (2012 - $58,418) and long-term debt amounts to $64,575 (2012 - $64,550).

21. Guarantees:

GHESI has a Connection and Cost Recovery Agreement with Hydro One Networks Inc. (Networks) for the supply of two additional breaker positions at the Campbell transformer station (cost $599), and the installation of a new metal clad switchgear to the two existing idle windings at Cedar TS (transformer station) with eight new feeder positions (cost $5,582). The costs of the connections are debts owed to Networks that will be forgiven provided that GHESI meets or exceeds the specific load requirement and the incremental transformation connection revenue received by Networks. GHESI expects to meet the conditions of the guarantee and does not anticipate any additional payments to Networks.

GHESI has another Connection and Cost Recovery Agreement with Networks for the line connection associated with the Arlen municipal transformer station. The $1,688 cost of the connection is a debt owed to Networks that will be forgiven provided that GHESI meets or exceeds the specific load requirement and the incremental transformer connection revenue received by Networks. GHESI expects to meet the conditions of the guarantee and does not anticipate an additional payment to Networks.

Canada Revenue Agency | Agence du revenu du Canada

Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 *Corporation Income Tax Guide*.
- All legislative references are to the *Income Tax Act*.

Amount calculated on line 9999 from Schedule 125				-1,752,000 A
Add:				
Provision for income taxes – current	101	-1,383,000		
Provision for income taxes – deferred	102	1,129,000		
Amortization of tangible assets	104	6,153,000		
Charitable donations and gifts from Schedule 2	112	30,254		
Taxable capital gains from Schedule 6	113	14,078		
Scientific research expenditures deducted per financial statements	118	323,090		
Non-deductible meals and entertainment expenses	121	13,699		
Reserves from financial statements – balance at the end of the year	126	8,549,000		
Subtotal of additions		14,829,121 ▶		14,829,121
Other additions:				
Capital items expensed	206	52,695		
Miscellaneous other additions:				
600 12(1)(a) Customer Deposits	290	18,181,000		
601 2013 OCI	291	306,000		
603				
Inducement - ITA 12(1)(x)		94,190		
Total		94,190	293	94,190
604				
Total			294	
Subtotal of other additions	199	18,633,885 ▶		18,633,885
Total additions	500	33,463,006 ▶		33,463,006 B
Amount A **plus** amount B				31,711,006

Deduct:

Gain on disposal of assets per financial statements	401	55,319	
Capital cost allowance from Schedule 8	403	8,860,495	
Cumulative eligible capital deduction from Schedule 10	405	197,768	
SR&ED expenditures claimed in the year from Form T661 (line 460)	411	266,375	
Reserves from financial statements – balance at the beginning of the year	414	8,048,000	
Subtotal of deductions		17,427,957 ▶	17,427,957

Other deductions:

Miscellaneous other deductions:

700	IFRS - Amortization of deferred revenue		390	366,561	
701	Fed ITC & OATC recorded in books		391	132,400	
702	20(1)(m) Customer Deposits		392	18,181,000	
703	20(1)(e) Financing Costs	100,000			
	Total	100,000	393	100,000	
704	2012 Restated OCI	465,000			
	Total	465,000	394	465,000	
	Subtotal of other deductions		499	19,244,961 ▶	19,244,961
	Total deductions		510	36,672,918 ▶	36,672,918

Net income (loss) for income tax purposes – enter on line 300 of the T2 return . . . . . -4,961,912

T2 SCH 1 E (12)

Canada

Attached Schedule with Total

Line 703 – Amount

Title Line 703 – Amount

Explanatory note

Costs were recorded net of proceeds, thefore, no S1 addback required as costs were not deducted in P&L to begin with. 20(1)(e) deduction to be taken as follows:
2010:$100,000
2011:$100,000
2012:$100,000
2013:$100,000
2014:$100,000

Description	Amount
2013	100,000 00
Total	100,000 00

Attached Schedule with Total

Line 392 – Amount for line 702

Title Line 392 – Amount for line 702

Description	Amount
Deferred Credits	1,059,000 00
Customer Deposits Current	734,000 00
Customer Deposits Long Term	2,874,000 00
Deferred Revenue	13,514,000 00
Total	18,181,000 00

Attached Schedule with Total

Line 290 – Amount for line 600

Title Line 290 – Amount for line 600

Description	Amount
Deferred Credits	1,059,000 00
Customer Deposits Current	734,000 00
Customer Deposits Long Term	2,874,000 00
Deferred Revenue	13,514,000 00
Total	18,181,000 00

Attached Schedule with Total

Line 206 – Capital items expensed

Title Line 206 – Capital items expensed

Description	Amount
Software Expensed -D2.13	5,478 00
Small Tools Expensed -D2.13	34,107 00
Small Tools Expensed -D2.13	6,922 00
Small Tools Expensed -D2.13	1,786 00
Small Tools Expensed -D2.13	776 00
Software Expensed -D2.13	2,166 00
Software Expensed -D2.13	1,460 00
Total	52,695 00

Attached Schedule with Total

Line 391 – Amount for line 701

Title Line 391 – Amount for line 701

Explanatory note

Per TB, See J1.14

Description	Amount
2018-457.71-01 CORPORATE TAX CREDITS / FEDERAL (SRED)	42,176 00
2018-457.71-02 CORPORATE TAX CREDITS / PROVINCIAL	9,937 00
2012-450.55-01 TAX CREDITS / APPRENTICE	62,287 00
3042-481.71-02 TAX CREDIT / CO-OP EDUCATION	9,000 00
4036-600.71-02 TAX CREDIT / CO-OP EDUCATION	3,000 00
5062-693.71-02 TAX CREDIT / CO-OP EDUCATION	6,000 00
Total	132,400 00

Inducement

This form is used to calculate inducements that a corporation must add to its income under paragraph 12(1)(x) of the ITA. If an amount reduces the capital cost of a property, this amount will be indicated in Part "Tax credits whose amount should reduce the capital cost of property."

If you want to transfer an amount to Schedule 1 and include it in the corporation's income for tax purposes, select the corresponding check box in column A. You can also select the option **Select this check box to add all the amounts to income calculated in Schedule 1** to transfer all the amounts to Schedule 1. In either case, the column A check box will be selected for that amount and it will therefore be updated to Schedule 1.

Tax credits whose amount should be added to income

Select this check box to add all the amounts to income calculated in Schedule 1. . . . . ☐

Federal

A		
☒	Investment tax credit from apprenticeship job creation expenditures	11,587
☐	Investment tax credit from child care spaces expenditures	
☐	Canadian film or video production tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Film or video production services tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☒	Investment tax credit claimed on contributions made to SR&ED farming organizations	

Ontario

A		
☒	Portion of the Ontario research and development tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	2,903
☒	Ontario co-operative education tax credit	30,000
☒	Ontario apprenticeship training tax credit	49,700
☐	Ontario computer animation and special effects tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario film and television tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario production services tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario interactive digital media tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario sound recording tax credit*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario book publishing tax credit	
☐	Portion of the Ontario innovation tax credit that relates to the prescribed proxy amount (PPA) and portion of the Ontario investment tax credit that relates to contributions made to SR&ED farming organizations	
☐	Ontario business-research institute tax credit	
☐	Ontario public transit expense tax credit	
☐	Ontario tax credit for the purchase of vehicles that use natural gas as a fuel*	
	* Please verify if the credit amount relates to depreciable property. For more information, press F1 to consult the Help.	
☐	Ontario tax credit for educational success	

Tax credits whose amount should reduce the capital cost of property

Canada Revenue Agency / Agence du revenu du Canada

Schedule 2

Charitable Donations and Gifts

Corporation's name	Business number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- For use by corporations to claim any of the following:
  - charitable donations to qualified donees;
  - gifts to Canada, a province, or a territory;
  - gifts of certified cultural property;
  - gifts of certified ecologically sensitive land; or
  - additional deduction for gifts of medicine.
- The donations and gifts are eligible for a five-year carryforward.
- Use this schedule to show a transfer of unused amounts from previous years following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*.
- For donations and gifts made after March 22, 2004, subsection 110.1(1.2) of the federal *Income Tax Act* provides as follows:
  - Where a particular corporation has undergone an acquisition of control, for tax years that end on or after the acquisition of control, no corporation can claim a deduction for a gift made by the particular corporation to a qualified donee before the acquisition of control
  - If a particular corporation makes a gift to a qualified donee pursuant to an arrangement under which both the gift and the acquisition of control is expected, no corporation can claim a deduction for the gift unless the person acquiring control of the particular corporation is the qualified donee.
- The eligible amount of a charitable gift is the amount by which the fair market value of the gift exceeds the amount of an advantage, if any, for the gift.
- A gift of medicine made after March 18, 2007, to qualifying organizations for activities outside of Canada, may be eligible for an additional deduction if the gift is an eligible medical gift. This additional deduction is calculated in Part 6.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation - Income Tax Guide*.

Part 1 – Charitable donations

Charity/Recipient	Amount ($100 or more only)
St. Joseph's Health Care	2,500
United Way	27,754
Subtotal	30,254
Add: Total donations of less than $100 each	
Total donations in current tax year	30,254

			Federal		Québec		Alberta
Charitable donations at the end of the previous tax year		A					
Deduct: Charitable donations expired after five tax years*	239						
Charitable donations at the beginning of the tax year	240	B					
Add:							
Charitable donations transferred on an amalgamation or the wind-up of a subsidiary	250						
Total current-year charitable donations made (enter this amount on line 112 of Schedule 1)	210		30,254		30,254		30,254
Subtotal (line 250 **plus** line 210)		C	30,254		30,254		30,254
Subtotal (amount B **plus** amount C)		D	30,254		30,254		30,254
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255						
Total charitable donations available (amount D **minus** amount on line 255)		E	30,254		30,254		30,254
Deduct: Amount applied against taxable income (cannot be more than amount O in Part 2) (enter this amount on line 311 of the T2 return)	260						
Charitable donations closing balance (amount E **minus** amount on line 260)	280		30,254		30,254		30,254

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amounts carried forward – Charitable donations

Year of origin:		Federal	Québec	Alberta
1st prior year	2012-12-31			
2nd prior year	2011-12-31			
3rd prior year	2010-12-31			
4th prior year	2009-12-31			
5th prior year	2008-12-31			
6th prior year*	2007-12-31			
7th prior year	2006-12-31			
8th prior year	2006-03-31			
9th prior year	2005-12-31			
10th prior year	2004-12-31			
11th prior year	2003-12-31			
12th prior year	2002-12-31			
13th prior year	2001-12-31			
14th prior year	2000-12-31			
15th prior year				
16th prior year				
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total (to line A)				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 2 – Calculation of the maximum allowable deduction for charitable donations

Net income for tax purposes * **multiplied** by 75 % ..... F

Taxable capital gains arising in respect of gifts of capital property included in Part 1 ** ..... 225 G

Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) ..... 227 H

The amount of the recapture of capital cost allowance in respect of charitable gifts 230

Proceeds of disposition, less outlays and expenses ** I

Capital cost ** ..... J

Amount I or J, whichever is less 235

Amount on line 230 or 235, whichever is less ..... K

Subtotal (**add** amounts G, H, and K) L

Amount L **multiplied** by 25 % M

Subtotal (amount F **plus** amount M) N

Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less) ..... O

* For credit unions, this amount is before the deduction of payments pursuant to allocations in proportion to borrowing and bonus interest.

** This amount must be prorated by the following calculation: eligible amount of the gift **divided by** the proceeds of disposition of the gift.

Part 3 – Gifts to Canada, a province, or a territory

Gifts to Canada, a province, or a territory at the end of the previous tax year			A
Deduct: Gifts to Canada, a province, or a territory expired after five tax years	339		
Gifts to Canada, a province, or a territory at the beginning of the tax year	340		B
Add:			
Gifts to Canada, a province, or a territory transferred on an amalgamation or the windup of a subsidiary	350		
Total current-year gifts made to Canada, a province, or a territory *	310		
Subtotal (line 350 **plus** line 310)		▶	C
Subtotal (amount B **plus** amount C)			D
Deduct:			
Adjustment for an acquisition of control (for gifts made after March 22, 2004)	355		
Amount applied against taxable income (enter this amount on line 312 of the T2 return)	360		
Subtotal (line 355 **plus** line 360)		▶	E
Gifts to Canada, a province, or a territory closing balance (amount D **minus** amount E)	380		

* Not applicable for gifts made after February 18, 1997, unless a written agreement was made before this date. If no written agreement exists, enter the amount on line 210 and complete Part 2.

Part 4 – Gifts of certified cultural property

		Federal		Québec	Alberta
Gifts of certified cultural property at the end of the previous tax year			F		
Deduct: Gifts of certified cultural property expired after five tax years*	439				
Gifts of certified cultural property at the beginning of the tax year	440		G		
Add:					
Gifts of certified cultural property transferred on an amalgamation or the windup of a subsidiary	450				
Total current-year gifts of certified cultural property	410				
Subtotal (line 450 **plus** line 410)			H		
Subtotal (amount G **plus** amount H)			I		
Deduct:					
Adjustment for an acquisition of control (for gifts made after March 22, 2004)	455				
Amount applied against taxable income (enter this amount on line 313 of the T2 return)	460				
Subtotal (line 455 **plus** line 460)			J		
Gifts of certified cultural property closing balance (amount I **minus** amount J)	480				

* For the federal and Alberta, the gifts expire after five tax years. For Québec, gifts made in a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Amount carried forward – Gifts of certified cultural property

Year of origin:		Federal	Québec	Alberta
1st prior year	2012-12-31			
2nd prior year	2011-12-31			
3rd prior year	2010-12-31			
4th prior year	2009-12-31			
5th prior year	2008-12-31			
6th prior year*	2007-12-31			
7th prior year	2006-12-31			
8th prior year	2006-03-31			
9th prior year	2005-12-31			
10th prior year	2004-12-31			
11th prior year	2003-12-31			
12th prior year	2002-12-31			
13th prior year	2001-12-31			
14th prior year	2000-12-31			
15th prior year				
16th prior year				
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, the 6th prior year gifts expire in the current year. For Québec, the 6th prior year gifts made in a tax year that ended before March 24, 2006, expire in the current year and the 21st prior year gifts made in a tax year that ended after March 23, 2006, expire in the current year.

Part 5 – Gifts of certified ecologically sensitive land

		Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year			K	
Deduct: Gifts of certified ecologically sensitive land expired*	539			
Gifts of certified ecologically sensitive land at the beginning of the tax year	540		L	
Add:				
Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary	550			
Gifts of certified ecologically sensitive land made before February 11, 2014				
Gifts of certified ecologically sensitive land made after February 10, 2014	+			+
Total current-year gifts of certified ecologically sensitive land	510			
Subtotal (line 550 **plus** line 510)			M	
Subtotal (amount L **plus** amount M)			N	
Deduct:				
Adjustment for an acquisition of control (for gifts made after March 22, 2004)	555			
Amount applied against taxable income (enter this amount on line 314 of the T2 return)	560			
Subtotal (line 555 **plus** line 560)			O	
Gifts of certified ecologically sensitive land closing balance (amount N **minus** amount O)	580			

* For the federal and Alberta, gifts made before February 11, 2014 , expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made during a tax year that ended after March 23, 2006 expire after twenty tax years.

Amounts carried forward – Gifts of certified ecologically sensitive land

Year of origin:		Federal	Québec	Alberta
1st prior year	2012-12-31			
2nd prior year	2011-12-31			
3rd prior year	2010-12-31			
4th prior year	2009-12-31			
5th prior year	2008-12-31			
6th prior year*	2007-12-31			
7th prior year	2006-12-31			
8th prior year	2006-03-31			
9th prior year	2005-12-31			
10th prior year	2004-12-31			
11th prior year*	2003-12-31			
12th prior year	2002-12-31			
13th prior year	2001-12-31			
14th prior year	2000-12-31			
15th prior year				
16th prior year				
17th prior year				
18th prior year				
19th prior year				
20th prior year				
21st prior year*				
Total				

* For the federal and Alberta, gifts made before February 11, 2014, expire after five tax years and gifts made after February 10, 2014, expire after ten tax years. The field "Amount of carried forward gifts made on or after February 11, 2014, in the tax year including this date" is used to determine the portion of the gifts made in the tax year straddling February 11, 2014, that expires after ten tax years.
For Québec, gifts made during a tax year that ended before March 24, 2006, expire after five tax years and gifts made in a tax year that ended after March 23, 2006, expire after twenty tax years.

Part 6 – Additional deduction for gifts of medicine

		Federal	Québec	Alberta
Additional deduction for gifts of medicine at the end of the previous tax year			P	
Deduct: Additional deduction for gifts of medicine expired after five tax years	639			
Additional deduction for gifts of medicine at the beginning of the tax year	640		Q	
Add:				
Additional deduction for gifts of medicine transferred on an amalgamation or the wind-up of a subsidiary	650			
Additional deduction for gifts of medicine for the current year:				
Proceeds of disposition	602	1	1	1
Cost of gifts of medicine	601	2	2	2
Subtotal (line 1 **minus** line 2)		3	3	3
Line 3 **multiplied** by 50 %		4	4	4
Eligible amount of gifts	600	5	5	5

Federal

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year **610** _____

Québec

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year _____

Alberta

a _____ x (b _____ / c) = Additional deduction for gifts of medicine for the current year _____

where:

a is the **lesser** of line 2 and line 4

b is the eligible amount of gifts (line 600)

c is the proceeds of disposition (line 602)

Subtotal (line 650 **plus** line 610)			R	
Subtotal (amount Q **plus** amount R)			S	
Deduct:				
Adjustment for an acquisition of control	655			
Amount applied against taxable income (enter this amount on line 315 of the T2 return)	660			
Subtotal (line 655 **plus** line 660)			T	
Additional deduction for gifts of medicine closing balance (amount S **minus** amount T)	680			

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2012-12-31			
2nd prior year	2011-12-31			
3rd prior year	2010-12-31			
4th prior year	2009-12-31			
5th prior year	2008-12-31			
6th prior year*	2007-12-31			
Total				

* These donations expired in the current year.

Québec – Gifts of musical instruments

Gifts of musical instruments at the end of the previous tax year		A
Deduct: Gifts of musical instruments expired after twenty tax years		B
Gifts of musical instruments at the beginning of the tax year		C
Add:		
Gifts of musical instruments transferred on an amalgamation or the wind-up of a subsidiary		D
Total current-year gifts of musical instruments		E
Subtotal (line D **plus** line E)		F
Deduct: Adjustment for an acquisition of control		G
Total gifts of musical instruments available		H
Deduct: Amount applied against taxable income		I
Gifts of musical instruments closing balance		J

Amounts carried forward – Gifts of musical instruments

Year of origin:		Québec
1st prior year	2012-12-31	
2nd prior year	2011-12-31	
3rd prior year	2010-12-31	
4th prior year	2009-12-31	
5th prior year	2008-12-31	
6th prior year*	2007-12-31	
7th prior year	2006-12-31	
8th prior year	2006-03-31	
9th prior year	2005-12-31	
10th prior year	2004-12-31	
11th prior year	2003-12-31	
12th prior year	2002-12-31	
13th prior year	2001-12-31	
14th prior year	2000-12-31	
15th prior year		
16th prior year		
17th prior year		
18th prior year		
19th prior year		
20th prior year		
21st prior year*		
Total		

* These gifts expired in the current year.

Canada Revenue Agency / Agence du revenu du Canada

DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- This schedule is for the use of any corporation to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- A recipient corporation is connected with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A – Enter "X" if dividends received from a foreign source (connected corporation only).
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.
- Column F3 – Enter if dividends have been received or not after December 20, 2012. This information is required for corporations that must complete Schedules 71 and 72. For more details with regards to this column, consult the Help.

Part 1 – Dividends received in the tax year

Do not include dividends received from foreign non-affiliates.

		Complete if payer corporation is connected			
Name of payer corporation (from which the corporation received the dividend)	A	B Enter 1 if payer corporation is connected	C Business Number of connected corporation	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD (See note)	E Non-taxable dividend under section 83
200		205	210	220	230
				Total (enter on line 402 of Schedule 1)	

Note: If your corporation's tax year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one tax year of the payer corporation. If so, use a separate line to provide the information for each tax year of the payer corporation. For more details, consult the Help.

				Complete if payer corporation is connected		
F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)*	F1 Eligible dividends (included in column F)	F2	F3	G Total taxable dividends paid by connected payer corporation (for tax year in column D)	H Dividend refund of the connected payer corporation (for tax year in column D)**	I Part IV tax before deductions F x 1 / 3 ***
240				250	260	270
						J

Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2)

* If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

** If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

*** For dividends received from connected corporations: Part IV tax = $\frac{\text{Column F x Column H}}{\text{Column G}}$

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1) . . . . . _____

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax . . . . . 320 _____

Subtotal _____

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax . . . . . 330 _____

Non-capital losses from previous years claimed to reduce Part IV tax . . . . . 335 _____

Current-year farm loss claimed to reduce Part IV tax . . . . . 340 _____

Farm losses from previous years claimed to reduce Part IV tax . . . . . 345 _____

Total losses applied against Part IV tax _____ x 1 / 3 = _____

Part IV tax payable (enter amount on line 712 of the T2 return) . . . . . 360 _____

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

	A	B	C	D	D1
	Name of connected recipient corporation 400	Business Number 410	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note) 420	Taxable dividends paid to connected corporations 430	Eligible dividends (included in column D)
1	Guelph Hydro Inc.	86435 1598 RC0001	2013-12-31	1,400,000	

Note

If your corporation's tax year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information for each tax year of the recipient corporation. For more details, consult the Help.

Total 1,400,000

Total taxable dividends paid in the tax year to other than connected corporations . . . . . 450 _____

Eligible dividends (included in line 450) . . . . . 450a _____

Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column D above **plus** line 450) 460 1,400,000

Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460 above) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) 1,400,000

Other dividends paid in the tax year (total of 510 to 540) . . . . . _____

Total dividends paid in the tax year 500 1,400,000

Deduct:

Dividends paid out of capital dividend account . . . . . 510 _____

Capital gains dividends . . . . . 520 _____

Dividends paid on shares described in subsection 129(1.2) . . . . . 530 _____

Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year . . . . . 540 _____

Subtotal _____ ▶ _____

Total taxable dividends paid in the tax year that qualify for a dividend refund 1,400,000

Canada

Canada Revenue Agency / Agence du revenu du Canada

Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide.*
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes			-4,961,912 A
Deduct: (increase a loss)			
Net capital losses deducted in the year (enter as a positive amount)		a	
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)		b	
Amount of Part VI.1 tax deductible		c	
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)		d	
Subtotal (total of amounts a to d)		▶	B
Subtotal (amount A **minus** amount B; if positive, enter "0")			-4,961,912 C
Deduct: (increase a loss)			
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions			D
Subtotal (amount C **minus** amount D)			-4,961,912 E
Add: (decrease a loss)			
Current-year farm loss (whichever is less: the net loss from farming or fishing included in the income, or the non-capital loss before deducting the farm loss)			F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0")			-4,961,912 G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			e	
Deduct: Non-capital loss expired*	100		f	
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102		▶	H
Add:				
Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation	105		g	
Current-year non-capital loss (from amount G)	110	4,961,912	h	
Subtotal (amount g **plus** amount h)		4,961,912	▶	4,961,912 I
Subtotal (amount H **plus** amount I)				4,961,912 J

* A non-capital loss expires as follows:
- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after **10** tax years if it arose in a tax year ending after March 22, 2004.

Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	150		i
Section 80 – Adjustments for forgiven amounts	140		j
Subsection 111(10) – Adjustments for fuel tax rebate			j.1
Non-capital losses of previous tax years applied in the current tax year Enter amount k on line 331 of the T2 Return.	130		k
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax**	135		l
Subtotal (total of amounts i to l)		▶	K
Non-capital losses before any request for a carryback (amount J **minus** amount K)		4,961,912	L

Deduct – Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901		m
Second previous tax year to reduce taxable income	902		n
Third previous tax year to reduce taxable income	903	4,961,912	o
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)		4,961,912 ▶	4,961,912 M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)	180		N

** Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200		a
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	205		b
Subtotal (amount a **plus** amount b)		▶	A

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	250		c
Section 80 – Adjustments for forgiven amounts	240		d
Subtotal (amount c **plus** amount d)		▶	B
Subtotal (amount A **minus** amount B)			C
Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*)	210		D
Unused non-capital losses that expired in the tax year*			e
Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year**			f
Enter amount e or f, whichever is less	215		g
ABILs expired as non-capital loss: line 215 **divided** by 0.500000	220		E
Subtotal (total of amounts C to E)			F

Note
If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total on line 220 above.

* If the losses were incurred in a tax year ending after March 22, 2004, and before 2006, enter the losses from the 11th previous tax year. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line e.

** If the losses were incurred in a tax year ending after March 22, 2004, enter the losses from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain*** . . . . . 225 _____ G

Capital losses before any request for a carryback (amount F **minus** amount G) _____ H

Deduct – Request to carry back capital loss to**:

	Capital gain (100%)		Amount carried back (100%)	
First previous tax year	_____	951	_____	h
Second previous tax year	_____	952	_____	i
Third previous tax year	_____	953	_____	j
Subtotal (total of amounts h to j)			_____ ▶	_____ I

Closing balance of capital losses to be carried forward to future tax years (amount H **minus** amount I) 280 _____ J

*** To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the purpose of current-year tax, enter the amount from line 225 **multiplied** by 50% on line 332 of the T2 return.

**** On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **multiply** this amount by the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year . . . . . _____ a

Deduct: Farm loss expired* . . . . . 300 _____ b

Farm losses at the beginning of the tax year (amount a **minus** amount b) . . . . . 302 _____ ▶ _____ A

Add:

Farm losses transferred on the amalgamation or the windup of a subsidiary corporation . . . . . 305 _____ c

Current-year farm loss (amount F in Part 1) . . . . . 310 _____ d

Subtotal (amount c **plus** amount d) _____ ▶ _____ B

Subtotal (amount A **plus** amount B) _____ C

Deduct:

Other adjustments (includes adjustments for an acquisition of control) . . . . . 350 _____ e

Section 80 – Adjustments for forgiven amounts . . . . . 340 _____ f

Farm losses of previous tax years applied in the current tax year . . . . . 330 _____ g

Enter amount g on line 334 of the T2 Return.

Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax** . . . . . 335 _____ h

Subtotal (total of amounts e to h) _____ ▶ _____ D

Farm losses before any request for a carryback (amount C **minus** amount D) _____ E

Deduct – Request to carry back farm loss to:

First previous tax year to reduce taxable income . . . . . 921 _____ i

Second previous tax year to reduce taxable income . . . . . 922 _____ j

Third previous tax year to reduce taxable income . . . . . 923 _____ k

First previous tax year to reduce taxable dividends subject to Part IV tax . . . . . 931 _____ l

Second previous tax year to reduce taxable dividends subject to Part IV tax . . . . . 932 _____ m

Third previous tax year to reduce taxable dividends subject to Part IV tax . . . . . 933 _____ n

Subtotal (total of amounts i to n) _____ ▶ _____ F

Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F) 380 _____ G

* A farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

** Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business . . . . . 485 _____ A

Minus the deductible farm loss:

(amount A above _____ – $2,500) **divided** by 2 = _____ a

Amount a or $ 15,000 *, whichever is less . . . . . ▶ _____ b

2,500 c

Subtotal (amount b **plus** amount c) 2,500 ▶ 2,500 B

Current-year restricted farm loss (amount A **minus** amount B) _____ C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year . . . . . _____ d

Deduct: Restricted farm loss expired** . . . . . 400 _____ e

Restricted farm losses at the beginning of the tax year (amount d **minus** amount e) . . . . . 402 _____ ▶ _____ D

Add:

Restricted farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation . . . . . 405 _____ f

Current-year restricted farm loss (from amount C) . . . . . 410 _____ g

Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes.*

Subtotal (amount f **plus** amount g) _____ ▶ _____ E

Subtotal (amount D **plus** amount E) _____ F

Deduct:

Restricted farm losses from previous tax years applied against current farming income . . . . . 430 _____ h

Enter amount h on line 333 of the T2 return.

Section 80 – Adjustments for forgiven amounts . . . . . 440 _____ i

Other adjustments . . . . . 450 _____ j

Subtotal (total of amounts h to j) _____ ▶ _____ G

Restricted farm losses before any request for a carryback (amount F **minus** amount G) _____ H

Deduct – Request to carry back restricted farm loss to:

First previous tax year to reduce farming income . . . . . 941 _____ k

Second previous tax year to reduce farming income . . . . . 942 _____ l

Third previous tax year to reduce farming income . . . . . 943 _____ m

Subtotal (total of amounts k to m) _____ ▶ _____ I

Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I) 480 _____ J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

* For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

** A restricted farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a	
Deduct: Listed personal property loss expired after seven tax years	500		b	
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502	▶		A
Add: Current-year listed personal property loss (from Schedule 6)	510			B
Subtotal (amount A **plus** amount B)				C

Deduct:

Previous year personal property losses applied in the current tax year against listed personal property gains. Enter amount c on line 655 of Schedule 6.	530		c	
Other adjustments	550		d	
Subtotal (amount c **plus** amount d)		▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)				E

Deduct – Request to carry back listed personal property loss to:

First previous tax year to reduce listed personal property gains	961		e	
Second previous tax year to reduce listed personal property gains	962		f	
Third previous tax year to reduce listed personal property gains	963		g	
Subtotal (total of amounts e to g)		▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)	580			G

Part 7 – Limited partnership losses

Current-year limited partnership losses

1	2	3	4	5	6	7
Partnership identifier 600	Tax year ending YYYY/MM/DD 602	Corporation's share of limited partnership loss 604	Corporation's at-risk amount 606	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses 608	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** 6) 620

Total (enter this amount on line 222 of Schedule 1)

Limited partnership losses from previous tax years that may be applied in the current year

1	2	3	4	5	6	7
Partnership identifier 630	Tax year ending YYYY/MM/DD 632	Limited partnership losses at the end of the previous tax year 634	Corporation's at-risk amount 636	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses 638	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6) 650

Continuity of limited partnership losses that can be carried forward to future tax years

1	2	3	4	5	6
Partnership identifier 660	Limited partnership losses at the end of the previous tax year 662	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary 664	Current-year limited partnership losses (from line 620) 670	Limited partnership losses applied in the current year (cannot be more than line 650) 675	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5) 680

Total (enter this amount on line 335 of the T2 return)

Note

If you have any current–or previous–year losses, enter your partnership identifier on line 600, 630, or 660.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . . 190 Yes ☐

Further to a winding-up of a subsidiary, the portion of a non-capital loss, restricted farm loss, farm loss, or limited partnership loss from a wholly-owned subsidiary is deemed to be the loss of a parent from its tax year starting after the commencement of the winding-up.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*, and the deemed provision is only for the tax years that start after the commencement of the wind-up.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses – losses that can be carried forward over 20 years

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A	4,961,912		4,961,912	N/A		
1st preceding taxation year 2012-12-31		N/A		N/A			
2nd preceding taxation year 2011-12-31		N/A		N/A			
3rd preceding taxation year 2010-12-31		N/A		N/A			
4th preceding taxation year 2009-12-31		N/A		N/A			
5th preceding taxation year 2008-12-31		N/A		N/A			
6th preceding taxation year 2007-12-31		N/A		N/A			
7th preceding taxation year 2006-12-31		N/A		N/A			
8th preceding taxation year 2006-03-31		N/A		N/A			
9th preceding taxation year 2005-12-31		N/A		N/A			
10th preceding taxation year 2004-12-31		N/A		N/A			
11th preceding taxation year 2003-12-31		N/A		N/A			
12th preceding taxation year 2002-12-31		N/A		N/A			
13th preceding taxation year 2001-12-31		N/A		N/A			
14th preceding taxation year 2000-12-31		N/A		N/A			
15th preceding taxation year		N/A		N/A			
16th preceding taxation year		N/A		N/A			
17th preceding taxation year		N/A		N/A			
18th preceding taxation year		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		4,961,912		4,961,912			

*** This balance expires this year and will not be available next year.**

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Schedule 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Use this schedule if, during the tax year, the corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
  - is claiming provincial or territorial tax credits or rebates (see Part 2); or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- Regulations mentioned in this schedule are from the *Income Tax Regulations*.
- For more information, see the *T2 Corporation – Income Tax Guide*.
- Enter the regulation number in field 100 of Part 1.

Part 1 – Allocation of taxable income

100 _____ Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *		B Total salaries and wages paid in jurisdiction	C (B x taxable income**) / G	D Gross revenue	E (D x taxable income**) / H	F Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	003 1 Yes ☐	103		143		
Newfoundland and Labrador Offshore	004 1 Yes ☐	104		144		
Prince Edward Island	005 1 Yes ☐	105		145		
Nova Scotia	007 1 Yes ☐	107		147		
Nova Scotia Offshore	008 1 Yes ☐	108		148		
New Brunswick	009 1 Yes ☐	109		149		
Quebec	011 1 Yes ☐	111		151		
Ontario	013 1 Yes ☐	113		153		
Manitoba	015 1 Yes ☐	115		155		
Saskatchewan	017 1 Yes ☐	117		157		
Alberta	019 1 Yes ☐	119		159		
British Columbia	021 1 Yes ☐	121		161		
Yukon	023 1 Yes ☐	123		163		
Northwest Territories	025 1 Yes ☐	125		165		
Nunavut	026 1 Yes ☐	126		166		
Outside Canada	027 1 Yes ☐	127		167		
Total		129 G		169 H		

* "Permanent establishment" is defined in Regulation 400(2).

** If the corporation has income or loss from an international banking centre: the taxable income is the amount on line 360 or line Z of the T2 return **plus** the total amount not required to be included, or **minus** the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal *Income Tax Act*. This does not apply to tax years starting after March 20, 2013.

*** For corporations other than those described under Regulation 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:

1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
2. If the corporation has provincial or territorial tax payable, complete Part 2.

Part 2 – Ontario tax payable, tax credits, and rebates

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

Ontario basic income tax (from Schedule 500) 270

Deduct: Ontario small business deduction (from Schedule 500) 402

Subtotal ▶ A6

Add:

Ontario additional tax re Crown royalties (from Schedule 504) 274

Ontario transitional tax debits (from Schedule 506) 276

Recapture of Ontario research and development tax credit (from Schedule 508) 277

Subtotal ▶ B6

Subtotal (amount A6 **plus** amount B6) C6

Deduct:

Ontario resource tax credit (from Schedule 504) 404

Ontario tax credit for manufacturing and processing (from Schedule 502) 406

Ontario foreign tax credit (from Schedule 21) 408

Ontario credit union tax reduction (from Schedule 500) 410

Ontario transitional tax credits (from Schedule 506) 414

Ontario political contributions tax credit (from Schedule 525) 415

Other Ontario non-refundable credits . . . . . .

Subtotal ▶ D6

Subtotal (amount C6 **minus** amount D6) (if negative, enter "0") E6

Deduct: Ontario research and development tax credit (from Schedule 508) 416

Ontario corporate income tax payable before Ontario corporate minimum tax credit (amount E6 **minus** amount on line 416) (if negative, enter "0") F6

Deduct: Ontario corporate minimum tax credit (from Schedule 510) 418

Ontario corporate income tax payable (amount F6 **minus** amount on line 418) (if negative, enter "0") G6

Add:

Ontario corporate minimum tax (from Schedule 510) 278

Ontario special additional tax on life insurance corporations (from Schedule 512) 280

Subtotal ▶ H6

Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6) I6

Deduct:

Ontario qualifying environmental trust tax credit 450

Ontario co-operative education tax credit (from Schedule 550) 452 18,000

Ontario apprenticeship training tax credit (from Schedule 552) 454 53,096

Ontario computer animation and special effects tax credit (from Schedule 554) 456

Ontario film and television tax credit (from Schedule 556) 458

Ontario production services tax credit (from Schedule 558) 460

Ontario interactive digital media tax credit (from Schedule 560) 462

Ontario sound recording tax credit (from Schedule 562) 464

Ontario book publishing tax credit (from Schedule 564) 466

Ontario innovation tax credit (from Schedule 566) 468

Ontario business-research institute tax credit (from Schedule 568) 470

Subtotal 71,096 ▶ 71,096 J6

Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) . . . . . 290 -71,096 K6

(if a credit, enter a negative amount) Include this amount on line 255.

Summary

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable credits . . . . . **255** -71,096

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 6

Summary of Dispositions of Capital Property

Corporation's name	Business number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Use this schedule if your corporation disposed of (actual or deemed) capital property or claimed an allowable business investment loss (ABIL), or both, in the tax year.
- Also use this schedule to make a designation under paragraph 111(4)(e) of the *Income Tax Act* if control of the corporation has been acquired by a person or a group of persons.
- For more information, see the section called "Schedule 6, Summary of Dispositions of Capital Property" in Guide T4012, *T2 Corporation – Income Tax Guide*.

Designation under paragraph 111(4)(e) of the *Income Tax Act*

Are any dispositions shown on this schedule related to deemed dispositions designated under paragraph 111(4)(e)? . . . . . 050 1 Yes ☐ 2 No ☒

If **yes**, attach a statement specifying which properties such a designation applies to.

Part 1 – Shares

1 Number of shares 100	2 Name of corporation in which the shares are held 105	3 Class of shares 106	4 Date of Acquisition YYYY/MM/DD 110	5 Proceeds of disposition 120	6 Adjusted cost base 130	7 Outlays and expenses from disposition 140	8 Gain (or loss) (column 5 **minus** columns 6 and 7) 150	Foreign source
			Totals					

Total adjustment under subsection 112(3) of the Act to all losses identified in Part 1 160

Actual gain or loss from the disposition of shares (total of column 8 **plus** line 160) . . . . . A

Part 2 – Real estate (Do not include losses on depreciable property)

	1 Municipal address of real estate 1 = Address 1 2 = Address 2 3 = City 4 = Province, Country, Postal Code and Zip Code or Foreign Postal Code 200	2 Date of Acquisition YYYY/MM/DD 210	3 Proceeds of disposition 220	4 Adjusted cost base 230	5 Outlays and expenses from disposition 240	6 Gain (or loss) (column 3 **minus** columns 4 and 5) 250	Foreign source
1	Land - 148 Palmer St		65,655	37,500		28,155	
	Totals		65,655	37,500		28,155	B

Part 3 – Bonds

1 Face value of bonds 300	2 Maturity date YYYY/MM/DD 305	3 Name of bond issuer 307	4 Date of Acquisition YYYY/MM/DD 310	5 Proceeds of disposition 320	6 Adjusted cost base 330	7 Outlays and expenses from disposition 340	8 Gain (or loss) (column 5 **minus** columns 6 and 7) 350	Foreign source
			Totals					C

Part 4 – Other properties (Do not include losses on depreciable property)

1 Description of other property 400	2 Date of Acquisition YYYY/MM/DD 410	3 Proceeds of disposition 420	4 Adjusted cost base 430	5 Outlays and expenses from disposition 440	6 Gain (or loss) (column 3 **minus** columns 4 and 5) 450	Foreign source
Totals						D

Note
Other property includes capital debts established as bad debts, as well as amounts that arise from foreign currency transactions.

Part 5 – Personal-use property (Do not include listed personal property)

1 Description of personal-use property 500	2 Date of Acquisition YYYY/MM/DD 510	3 Proceeds of disposition 520	4 Adjusted cost base 530	5 Outlays and expenses from disposition 540	6 Gain only (column 3 **minus** columns 4 and 5; if negative, enter "0") 550	Foreign source
Totals						E

Note
You cannot deduct losses on dispositions of personal-use property (other than listed personal property) from your income.

Part 6 – Listed personal property

1 Description of listed personal property 600	2 Date of Acquisition YYYY/MM/DD 610	3 Proceeds of disposition 620	4 Adjusted cost base 630	5 Outlays and expenses from disposition 640	6 Gain (or loss) (column 3 **minus** columns 4 and 5) 650	Foreign source
Totals						

Deduct: Unapplied listed personal property losses from other years . . . . . 655 _____

Net gains (or losses) from the disposition of listed personal property (total of column 6 **minus** line 655) . . . . . _____ F

Note
Net listed personal property losses can only be applied against listed personal property gains.
The amount on line 655 is from line 530 in Part 5 of Schedule 4, *Corporation Loss Continuity and Application*.

Part 7 – Property qualifying for and resulting in an allowable business investment loss

1 Name of small business corporation 900	2 Shares, enter 1; debt, enter 2 905	3 Date of Acquisition YYYY/MM/DD 910	4 Proceeds of disposition 920	5 Adjusted cost base 930	6 Outlays and expenses from disposition 940	7 Loss only (column 4 **minus** columns 5 and 6) 950	Foreign source
Totals							

Allowable business investment losses (ABILs) . . . . . Total of Column 7 _____ x 50.0000 % = _____ G

Enter amount G on line 406 of Schedule 1, *Net Income (Loss) for Income Tax Purposes.*

Note
Properties listed in Part 7 should not be included in any other parts of this schedule.

Part 8 – Capital gains or losses

Total of amounts A to F (do not include amount F if it is a loss)		28,155	H
Add:			Foreign source
Capital gains dividend received in the year	875		I ☐
Capital gains reserve opening balance (from Schedule 13, *Continuity of Reserves*)	880		J
Subtotal (total of amounts H to J)		28,155	K
Deduct: Capital gains reserve closing balance (from Schedule 13)	885		L
Capital gains or losses, excluding ABILs (amount K **minus** amount L)	890	28,155	M

Part 9 – Taxable capital gains and total capital losses

Capital gains or losses, excluding ABILs (amount from line 890 in Part 8)		28,155	N

Deduct the following amounts included in amount N, that are subject to the zero inclusion rate:

Note
When a taxpayer is entitled to an advantage in respect of a donation, the zero inclusion rate is restricted to only part of the taxpayer's capital gain on disposition of the property. See section 38.2 of the Act for more information.

Gain on the donation to a qualified donee of a share, debt obligation, or right listed on a designated stock exchange and other securities under subparagraphs 38(a.1)(i) and (iii) of the Act	895		a	Foreign source ☐
Gain on the donation to a qualified donee of ecologically sensitive land under paragraph 38(a.2) of the Act*	896		b	Foreign source ☐
Exempt portion of the gain on the donation of securities arising from the exchange of a partnership interest under paragraph 38(*a.3*)			b-2	Foreign source ☐
Subtotal (amount a **plus** amount b **plus** b-2)		▶		O
Subtotal (amount N **minus** amount O)				28,155 P

Add:

Deemed capital gain from the donation of property included in a flow-through share class of property to a qualified donee under subsection 40(12) of the Act:				Foreign source
Exemption threshold at time of disposition	897		c	☐
The total of all capital gains from the disposition of the actual property	898		d	Foreign source ☐
Amount c or amount d, whichever is less				Q
Total capital gains or losses (amount P **plus** amount Q)				28,155 R

Taxable capital gains or total capital losses:

Total capital losses (from amount R, if amount R is negative; if amount R is positive, enter "0")		S
Enter amount S on line 210 of Schedule 4.		
Taxable capital gains (amount R, if amount R is positive, multiplied 28,155 by 50.0000 %; if amount R is negative, enter "0")		14,078 T
Enter amount T on line 113 of Schedule 1.		

* Do not include gains on donations of ecologically sensitive land to a private foundation.

Attached Schedule with Total

Part 2 – Adjusted cost base

Title Part 2 – Adjusted cost base

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Schedule 7

Aggregate Investment Income and Active Business Income

Corporation's name	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- This schedule is for the use of Canadian-controlled private corporations to calculate:
  - aggregate investment income and foreign investment income for the purpose of determining the refundable portion of Part I tax, as defined in subsection 129(4) of the *Income Tax Act;*
  - specified partnership income for members of one or more partnership(s); and
  - income from an active business carried on in Canada for the small business deduction.
- For more information, see the sections called "Small Business Deduction" and "Refundable Portion of Part I Tax" in Guide T4012, *T2 Corporation – Income Tax Guide.*

Part 1 – Aggregate investment income

The aggregate investment income is the aggregate **world** source income.

The eligible portion of taxable capital gains included in income for the year . . . . . 002 14,078 A

Deduct:

Eligible portion of allowable capital losses for the year (including allowable business investment losses) . . . . . 012 _____ a

Net capital losses of other years claimed on line 332 on the T2 return . . . . . 022 _____ b

Amount a **plus** amount b _____ ▶ _____ B

Amount A **minus** amount B (if negative, enter "0") 14,078 C

Total income from property (include income from a specified investment business carried on in Canada other than income from a source outside Canada) . . . . . 032 _____ c

Deduct:

Exempt income . . . . . 042 _____ 1

Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year . . . . . 052 _____ 2

Taxable dividends deductible (total of Column F on Schedule 3) . . . . . 062 _____ 3

Business income from an interest in a trust that is considered property income under paragraph 108(5)(a) . 072 _____ 4

Total of amounts 1 to 4 _____ ▶ _____ d

Subtotal (amount c **minus** amount d) _____ ▶ _____ D

Amount C **plus** amount D 14,078 E

Total losses from property (include losses from a specified investment business carried on in Canada other than a loss from a source outside Canada) . . . . . 082 _____ F

Amount E **minus** amount F (if negative, enter "0") . . . . . 092 14,078 G

Enter amount G on line 440 of the T2 return.

Part 2A – Canadian investment income calculation

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13 . . . . . 14,078 1.1

Reserve's eligible portion (addition/deduction) . . . . . _____ 1.2

The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts 1.1 and 1.2) . . . . . 14,078 ▶ 14,078 1a

Deduct:

Eligible portion of allowable capital losses for the year (including allowable business investment losses) . . . . . _____ 2a

Net capital losses of other years claimed on line 332 on the T2 return . . . . . _____ 3a

Total of amounts 2a and 3a _____ ▶ _____ 4a

Amount 1a **minus** amount 4a (if negative, enter "0") 14,078 5a

Part 2A – Canadian investment income calculation (continued)

Taxable dividends	6.1		
Real estate rental properties (under regulation 1100(11))	6.2		
Other property income	6.3		
Total income from property from a source **Canadian**	▶		6a
Deduct:			
Exempt income	7a		
Amounts received from AgriInvest Fund No. 2 that were included in computing the corporation's income for the year	8a		
Taxable dividends deductible (total of Column F on Schedule 3)	9a		
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	10a		
Total of amounts 7a to 10a	▶		11a
Amount 6a **minus** amount 11a			12a
Amount 5a **plus** amount 12a		14,078	13a
Losses from rental properties (under regulation 1100(11))	14.1		
Other losses from property	14.2		
Total losses from property from a source **Canadian**	▶		14a
Amount 13a **minus** amount 14a (if negative, enter "0")		14,078	15a

Part 2 – Foreign investment income

The foreign investment income is all income from sources **outside of Canada**.

Eligible portion of taxable capital gains included in the income for the year before taking into account the capital gains reserve (federal) of Schedule 13	H1			
Reserve's eligible portion (addition/deduction)	H2			
The eligible portion of taxable capital gains included in income for the year after taking into account the capital gains reserve (federal) of Schedule 13 (total of amounts H1 and H2)	▶	001		H
Eligible portion of allowable capital losses for the year (including allowable business investment losses)		009		I
Subtotal (amount H **minus** amount I) (if negative, enter "0")				J
Taxable dividends	e1			
Real estate rental properties (under regulation 1100(11))	e2			
Other property income	e3			
Total income from property from a source **outside Canada**	▶	019		e
Deduct:				
Exempt income	029		5	
Taxable dividends deductible (total of Column F on Schedule 3)	049		6	
Business income from an interest in a trust that is considered property income under paragraph 108(5)(a)	059		7	
Total of amounts 5 to 7	▶		f	
Subtotal (amount e **minus** amount f)	▶			K
Amount J **plus** amount K				L
Losses from rental properties (under regulation 1100(11))	M1			
Other losses from property	M2			
Total losses from property from a source **outside Canada**	▶	069		M
Amount L **minus** amount M (if negative, enter "0")		079		N

(enter amount N on line 445 of the T2 return)

Net taxable dividends	Canadian	Foreign	Total
Taxable dividends deducted per schedule 3			
Less: Expenses related to such dividends			
Total expenses			
Net taxable dividends			

Part 3 – Specified partnership income

A	B	C
Partnership name 200	Total income (loss) of partnership from an active business 300	Corporation's share of amount in column B 310

D	E	F	G	H	I
Adjustments (add or deduct the prorated amounts calculated under section 34.2* and deduct expenses incurred by the corporation to earn partnership income) 315	Corporation's income (loss) of the partnership (column C **plus** column D) 320	Number of days in the partnership's fiscal period 325	Prorated business limit (column C ÷ column B) x [$500,000 x (column F ÷ 365)] (if column C is negative, enter "0")** 330	Column E **minus** column G (if negative, enter "0")	Lesser of columns E and G (if column E is negative, enter "0") 340
Total 350				**Total** 385	360

Corporation's losses for the year from an active business carried on in Canada (other than as a member of a partnership) – enter as a positive amount . . . . . 370 _____ g

Specified partnership loss of the corporation for the year – enter as a positive amount (total of all negative amounts in column E) . . . . . 380 _____ h

Subtotal (amount g **plus** amount h) _____ i

Amount at line 385 or amount i, whichever is less . . . . . 390 _____ O

Specified partnership income (line 360 **plus** amount O) . . . . . 400 _____ P

Enter amount P at line T in Part 4.

* In general, amounts included or deducted under subsections 34.2(2), 34.2(3), 34.2(4), 34.2(11), and 34.2(12) are deemed to have the **same character** and be in the **same proportions** as the partnership income to which they relate. For example, if a corporation receives $100,000 of partnership income for the partnership's fiscal period ending in its tax year, and that income is made up of $40,000 of active business income, $30,000 of income from property, and $30,000 as a taxable capital gain, the corporation's adjusted stub period accrual (ASPA) in respect of the partnership would be 40% active business income, 30% property income, and 30% taxable capital gains. Add or deduct **only the proportion** of the following amounts that is deemed under subsection 34.2(5) to be **active business income**:

add:

- the ASPA under subsection 34.2(2) (column 4 of Schedule 73);
- the income inclusion for a new corporate member of a partnership under subsection 34.2(3) (column 6 of Schedule 73);
- the previous-year transitional reserve under subsection 34.2(12) (column 12 of Schedule 73);

deduct:

- the previous-year ASPA under subsection 34.2(4) (column 5 of Schedule 73);
- the previous-year income inclusion for a new corporate member of a partnership under subsection 34.2(4) (column 7 of Schedule 73); and
- the current-year transitional reserve under subsection 34.2(11) (column 11 of Schedule 73).

** When a partnership carries on more than one business, one of which generates income and another of which realizes a loss, the loss is not netted against the partnership's income for the purpose of calculating the prorated business limit in column G. Enter on line h the total of all loss from column E.

Part 4 – Determination of partnership income

Corporation's share of partnership income from active businesses carried on in Canada after deducting related expenses – from line 350 in Part 3 (if the net amount is negative, enter "0" on line U) . . . . . Q

Specified partnership loss (from amount h in Part 3) . . . . . R

Subtotal (amount Q **plus** amount R) S

Deduct:

Specified partnership income (from amount P in Part 3) . . . . . T

Partnership income (amount S **minus** amount T) . . . . . 450 U
(enter on line p in Part 5)

Part 5 – Income from active business carried on in Canada

Net income for income tax purposes from line 300 of the T2 return		-4,961,912	j	
Plus:				
Allowable business investment loss from line 406 of Schedule 1			k	
Subtotal (amount j **plus** amount k)		-4,961,912 ▶		-4,961,912 V
Deduct:				
Foreign business income after deducting related expenses*	500		l	
Taxable capital gains from line 113 of Schedule 1		14,078	m	
Net property income [amount c **minus** (amounts 1, 2, and F* in Part 1)]			n	
Personal services business income and other income after deducting related expenses*	520		o	
Total of amounts l to o		14,078 ▶		14,078 W
Net amount (amount V **minus** amount W)				-4,975,990 X
Deduct:				
Partnership income (amount U in Part 4)			p	
Income allocated to the corporation under subsection 96(1.1)	530		q	
Subtotal (amount p **plus** amount q)		▶		Y
Income from active business carried on in Canada (amount X **minus** amount Y) (enter amount Z on line 400 of the T2 return - if negative, enter "0")				Z

* If negative, enter amount in brackets, and **add** instead of **subtracting**.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Adjustments and transfers** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1		56,560,287	97,634		0	48,817	56,609,104	4	0	0	2,264,364	54,393,557
2.	8		7,929,383	129,972		0	64,986	7,994,369	20	0	0	1,598,874	6,460,481
3.	10		1,242,563	461,583		41,167	210,208	1,452,771	30	0	0	435,831	1,227,148
4.	17		67,047			0		67,047	8	0	0	5,364	61,683
5.	2		9,000,892			0		9,000,892	6	0	0	540,054	8,460,838
6.	42		288			0		288	12	0	0	35	253
7.	45	Computer equipment	13,580	415,592		400	207,596	221,176	45	0	0	99,529	329,243
8.	47		44,283,969	5,170,087	-2,680,600	0	2,585,044	44,188,412	8	0	0	3,535,073	43,238,383
9.	1b		185,681			0		185,681	6	0	0	11,141	174,540
10.	50		288,561			0		288,561	55	0	0	158,709	129,852
11.	12	Computer software	120,439	168,490		0	84,245	204,684	100	0	0	204,684	84,245
12.	43.1			45,578		0	22,789	22,789	30	0	0	6,837	38,741
		Totals	119,692,690	6,488,936	-2,680,600	41,567	3,223,685	120,235,774				8,860,495	114,598,964

Note: Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

** Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost.
Items that **increase** the undepreciated capital cost:

- Amounts transferred under section 85, or transferred on amalgamation and winding-up of a subsidiary.

Items that **reduce** the undepreciated capital cost:

- Government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80.

See the *T2 Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

***** For every entry in column 9, the "Recapture of capital cost allowance" there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

****** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

T2 SCH 8 (13)

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide.*

	Name 100	Country of residence (other than Canada) 200	Business number (see note 1) 300	Relationship code (see note 2) 400	Number of common shares you own 500	% of common shares you own 550	Number of preferred shares you own 600	% of preferred shares you own 650	Book value of capital stock 700
1.	Guelph Hydro Inc.		86435 1598 RC0002	1					
2.	City of Guelph		12277 8459 RC0001	3					
3.	Envida Community Energy Inc.		86458 8876 RC0001	3					
4.	Ecotricity Inc.		89843 2927 RC0001	3					

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

T2 SCH 9 (11)

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") ..... 200 2,825,263 A

Add: Cost of eligible capital property acquired during the taxation year ..... 222 _____

Other adjustments ..... 226 _____

Subtotal (line 222 plus line 226) _____ x 3 / 4 = _____ B

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 ..... 228 _____ x 1 / 2 = _____ C

amount B minus amount C (if negative, enter "0") _____ ▶ _____ D

Amount transferred on amalgamation or wind-up of subsidiary ..... 224 _____ E

Subtotal (add amounts A, D, and E) 230 2,825,263 F

Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year .... 242 _____ G

The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) ..... 244 _____ H

Other adjustments ..... 246 _____ I

(add amounts G,H, and I) _____ x 3 / 4 = 248 _____ J

Cumulative eligible capital balance (amount F minus amount J) ..... 2,825,263 K

(if amount K is negative, enter "0" at line M and proceed to Part 2)

Cumulative eligible capital for a property no longer owned after ceasing to carry on that business 249 _____

amount K 2,825,263

less amount from line 249 _____

Current year deduction ..... 2,825,263 x 7.00 % = 250 197,768 *

(line 249 plus line 250) (enter this amount at line 405 of Schedule 1) 197,768 ▶ 197,768 L

Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") ..... 300 2,627,495 M

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 – Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)				N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400		1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401		2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402		3	
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408		4	
Line 3 minus line 4 (if negative, enter "0")		▶	5	
Total of lines 1, 2 and 5			6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400			7	
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000			8	
Subtotal (line 7 plus line 8)	409	▶	9	
Line 6 minus line 9 (if negative, enter "0")		▶		O
Line N minus line O (if negative, enter "0")				P
Line 5 _____ x 1 / 2 =				Q
Line P minus line Q (if negative, enter "0")				R
Amount R _____ x 2 / 3 =				S
Amount N or amount O, whichever is less				T
Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1)	410			

Continuity of financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Employee Future beneift	8,048,000		501,000		8,549,000
2						
	Reserves from Part 2 of Schedule 13					
	Totals	8,048,000		501,000		8,549,000

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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SCHEDULE 14

MISCELLANEOUS PAYMENTS TO RESIDENTS

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- This schedule must be completed by all corporations who made the following payments to residents of Canada: royalties for which the corporation has not filed a T5 slip; research and development fees; management fees; technical assistance fees; and similar payments.
- Please enter the name and address of the recipient and the amount of the payment in the applicable column. If several payments of the same type (i.e., management fees) were made to the same person, enter the total amount paid. If similar types of payments have been made, but do not fit into any of the categories, enter these amounts in the column entitled "Similar payments".

	Name of recipient 100	Address of recipient 200	Royalties 300	Research and development fees 400	Management fees 500	Technical assistance fees 600	Similar payments 700
1	Guelph Hydro Inc.	395 Southgate Drive Guelph ON N1G 4Y1			971,000		

Attached Schedule with Total

Management fees

Title Management fees

Description	Amount
Overall business planning - FS RP NOTE (Page 31)	163,000 00
Management services - FS RP NOTE (Page 31)	658,000 00
Management Fees - FS RP Note (Page 31)	150,000 00
Total	971,000 00

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

	Type of plan (see note 1) 100	Amount of contribution $ (see note 2) 200	Registration number (RPP, RSUBP, PRPP, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) (see note 3) 600
1	1	976,017	0345983			

Note 1

Enter the applicable code number:

1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP
5 – PRPP

Note 2

You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:

Total of all amounts indicated in column 200 of this schedule . . . . . 976,017 A

Less:

Total of all amounts for deferred income plans deducted in your financial statements . . . . . 976,017 B

Deductible amount for contributions to deferred income plans
(amount A **minus** amount B) (if negative, enter "0") C

Enter amount C on line 417 of Schedule 1

Note 3

T4PS slip(s) filed by: 1 – Trustee
2 – Employer
(EPSP only)

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SCHEDULE 23

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* (ITA) not to be associated for purposes of the small business deduction.

Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless code 5 applies)

2 – CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction

3 – Non-CCPC that is a "third corporation" as defined in subsection 256(2)

4 – Associated non-CCPC

5 – Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"

Column 4: Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range
2006	maximum $300,000
2007	$300,001 to $400,000

Calendar year	Acceptable range
2008	maximum $400,000
2009	$400,001 to $500,000

If the calendar year to which this agreement applies is after 2009, ensure that the total at line A does not exceed $500,000.

Allocating the business limit

Date filed (do not use this area) . . . . . 025 — Year Month Day

Enter the calendar year to which the agreement applies . . . . . 050 — Year: 2013

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? . . . . . 075 — 1 Yes ☐ 2 No ☒

	1 Names of associated corporations 100	2 Business Number of associated corporations 200	3 Asso-ciation code 300	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % 350	6 Business limit allocated* $ 400
1	Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	1	500,000	100.0000	500,000
2	Guelph Hydro Inc.	86435 1598 RC0002	1	500,000		
3	City of Guelph	12277 8459 RC0001	4			
4	Envida Community Energy Inc.	86458 8876 RC0001	1	500,000		
5	Ecotricity Inc.	89843 2927 RC0001	1	500,000		
				Total	100.0000	500,000 A

Business limit reduction under subsection 125(5.1) of the ITA

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to 0.225% x (A - $10,000,000) where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

  Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if $500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

*** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.

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Schedule 31

Investment Tax Credit – Corporations

General information

- Use this schedule:
  - to calculate an investment tax credit (ITC) earned during the tax year;
  - to claim a deduction against Part I tax payable;
  - to claim a refund of credit earned during the current tax year;
  - to claim a carryforward of credit from previous tax years;
  - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*;
  - to request a credit carryback to one or more previous years; or
  - if you are subject to a recapture of ITC.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- Investments or expenditures, described in subsection 127(9) of the Act and Part XLVI of the Regulations, that earn an ITC are:
  - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
  - expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim;*
  - pre-production mining expenditures (Parts 18 to 20);
  - apprenticeship job creation expenditures (Parts 21 to 23); and
  - child care spaces expenditures (Parts 24 to 28).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC 78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see Brochure RC4472, *Overview of the Scientific Research and Experimental Development Program (SR&ED) Tax Incentive Program*; Brochure RC4467, *Support for your R&D in Canada*, and T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at **www.cra.gc.ca/txcrdt/sred-rsde/clmng/lgbltywrkfrsrdnvstmnttxcrdts-eng.html**.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21 of the Act), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) of the Act for more information.
- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) of the Act for more information.

Detailed information (continued)

- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

	Specified percentage
Investments	
Qualified property acquired primarily for use in Atlantic Canada	10 %
Qualified resource property acquired primarily for use in Atlantic Canada and acquired:	
– after March 28, 2012, and before 2014	10 %
– after 2013 and before 2016	5 %
– after 2015*	0 %
Expenditures	
If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10)	35 %
Note: If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate**.	
If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada:	
– before 2014**	20 %
– after 2013**	15 %
If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012	10 %
If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures***:	
– after March 28, 2012, and before 2013	10 %
– in 2013	5 %
– after 2013***	0 %
If you are a taxable Canadian corporation that incurred pre-production mining development expenditures****:	
– after March 28, 2012, and before 2014****	10 %
– in 2014	7 %
– in 2015	4 %
– after 2015****	0 %
If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment	10 %
If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children	25 %

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** Pre-production mining exploration expenditures are described in subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9).

**** A transitional relief rate of 10% may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraph (k)(ii) of the definition of **specified percentage** in subsection 127(9) for more information. Pre-production mining development expenditures are described in subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9).

Corporation's name	Business number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . . 101 1 Yes ☐ 2 No ☒

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC calculating a refundable ITC is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying** corporation, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions.

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? . . . . . 102 1 Yes ☐ 2 No ☒

Contributions to agricultural organizations for SR&ED* . . . . . 103 _____

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see Guide RC4088, *General Index of Financial Information (GIFI)*. Enter contributions on line 350 of Part 8.

* Enter only contributions not already included on Form T661. Include all of the contributions made before 2013 and 80% of the contributions made after 2012.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

CCA* class number 105	Description of investment 110	Date available for use 115	Location used (province or territory) 120	Amount of investment 125

Total of investments for qualified property and qualified resource property _____ A

* CCA: capital cost allowance

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year . . . . . B

Deduct:

Credit deemed as a remittance of co-op corporations 210

Credit expired 215

Subtotal (line 210 **plus** line 215) ▶ C

ITC at the beginning of the tax year (amount B **minus** amount C) 220

Add:

Credit transferred on amalgamation or wind-up of subsidiary 230

ITC from repayment of assistance 235

Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part of amount A from Part 4) . . . . . x 10 % = 240

Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part of amount A from Part 4) . . . . . x 5 % = 242

Credit allocated from a partnership 250

Subtotal (total of lines 230 to 250) ▶ D

Total credit available (line 220 **plus** amount D) . . . . . E

Deduct:

Credit deducted from Part I tax (enter at amount D in Part 30) 260

Credit carried back to the previous year(s) (amount H from Part 6) . . . . . a

Credit transferred to offset Part VII tax liability 280

Subtotal (total of line 260, amount a, and line 280) ▶ F

Credit balance before refund (amount E **minus** amount F) . . . . . G

Deduct:

Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7) 310

ITC closing balance of investments from qualified property and qualified resource property (amount G **minus** line 310) 320

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

Part 6 – Request for carryback of credit from investments in qualified property and qualified resource property

	Year	Month	Day
1st previous tax year			
2nd previous tax year			
3rd previous tax year			

Credit to be applied 901

Credit to be applied 902

Credit to be applied 903

Total (enter at amount a in Part 5) H

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 from Part 5) I

Credit balance before refund (amount G from Part 5) . . . . . J

Refund (40 % of amount I or J, whichever is less) . . . . . K

Enter amount K or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures

Current expenditures (from line 557 on Form T661) 478,736

Add:

Contributions to agricultural organizations for SR&ED* . . . . .

Current expenditures (line 557 on Form T661 **plus** line 103 from Part 3)* . . . . . 478,736 ▶ **350** 478,736

Capital expenditures incurred **before** 2014 (from line 558 on Form T661)** **360**

Repayments made in the year (from line 560 on Form T661) **370**

Qualified SR&ED expenditures (total of lines 350 to 370) **380** 478,736

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if the corporation is a CCPC.

Note: A CCPC that calculates an SR&ED expenditure limit is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? . . . . . **385** 1 Yes [X] 2 No [ ]

Complete lines 390 and 398 if you answered **no** to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49).

Enter your taxable income for the previous tax year* (prior to any loss carry-backs applied) **390**

Enter your taxable capital employed in Canada for the previous tax year minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million **398**

* If either of the tax years referred to at line 390 is less than 51 weeks, **multiply** the taxable income by the following result: 365 **divided** by the number of days in these tax years.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone corporation: **$ 8,000,000**

Deduct:

Taxable income for the previous tax year (line 390 from Part 9) or $500,000, whichever is more _____ x 10 = _____ A

Excess ($8,000,000 **minus** amount A; if negative, enter "0") . . . . . B

$ 40,000,000 **minus** line 398 from Part 9 . . . . . a

Amount a **divided** by $ 40,000,000 C

Expenditure limit for the stand-alone corporation (amount B **multiplied** by amount C) . . . . . D*

For an associated corporation:

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 . . . . . **400** E*

Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D or E _____ x $\frac{\text{Number of days in the tax year}}{365}$ 365 = ... F

Your SR&ED expenditure limit for the year (enter the amount from line D, E, or F, whichever applies) **410**

* Amount D or E cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10), whichever is less*	420		x	35 %	=	G
Line 350 **minus** line 410 (if negative, enter "0")**	430	478,736	x	20 %	=	95,747 H
Line 410 **minus** line 350 (if negative, enter "0")		b				
Capital expenditures (line 360 from Part 8) or amount b above, whichever is less*	440		x	35 %	=	I
Line 360 **minus** amount b above (if negative, enter "0")**	450		x	20 %	=	J
Repayments (amount from line 370 in Part 8)						
If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate.**	460		x	35 %	=	c
	480		x	20 %	=	d
Subtotal (amount c **plus** amount d)					▶	K
Current-year SR&ED ITC (total of amounts G to K; enter on line 540 in Part 12)						95,747 L

* For corporations that are not CCPCs, enter "0" for amounts G and I.

** For tax years that end after 2013, the general SR&ED rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year				M
Deduct:				
Credit deemed as a remittance of co-op corporations	510			
Credit expired	515			
Subtotal (line 510 **plus** line 515)			▶	N
ITC at the beginning of the tax year (amount M **minus** amount N)		520		
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	530			
Total current-year credit (from amount L in Part 11)	540	95,747		
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)		95,747	▶	95,747 O
Total credit available (line 520 **plus** amount O)				95,747 P
Deduct:				
Credit deducted from Part I tax (enter at amount E in Part 30)	560			
Credit carried back to the previous year(s) (amount S from Part 13)		95,747 e		
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount e, and line 580)		95,747	▶	95,747 Q
Credit balance before refund (amount P **minus** amount Q)				R
Deduct:				
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)		610		
ITC closing balance on SR&ED (amount R **minus** line 610)		620		

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day
1st previous tax year	2012-12-31		
2nd previous tax year	2011-12-31		
3rd previous tax year	2010-12-31		

Credit to be applied 911 _____

Credit to be applied 912 _____

Credit to be applied 913 95,747

Total (enter at amount e in Part 12) 95,747 S

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined at line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? 650 1 Yes ☐ 2 No ☒

Current-year ITC (lines 540 **plus** 550 from Part 12 **minus** amount K from Part 11) _____ f

Refundable credits (amount f above or amount R from Part 12, whichever is less)* _____ T

Deduct:

Amount T or amount G from Part 11, whichever is less _____ U

Net amount (amount T **minus** amount U; if negative, enter "0") _____ V

Amount V **multiplied** by 40 % _____ W

Add:

Amount U _____ X

Refund of ITC (amount W **plus** amount X – enter this, or a lesser amount, on line 610 in Part 12) _____ Y

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined at line 101 in Part 2.

Credit balance before refund (amount R from Part 12) _____ Z

Deduct:

Amount Z or amount G from Part 11, whichever is less _____ AA

Net amount (amount Z **minus** amount AA; if negative, enter "0") _____ BB

Amount BB or amount I from Part 11, whichever is less _____ CC

Amount CC **multiplied** by 40 % _____ DD

Add :

Amount AA _____ EE

Refund of ITC (amount DD **plus** amount EE) _____ FF

Enter FF, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and corporate partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above **700**	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) **710**	Amount from column 700 or 710, whichever is less

Subtotal (enter this amount at amount C in Part 17) A

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil in amount B in Part 16 on page 9.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement **720**	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition **730**	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) **740**

Calculation 2 (continued) – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil in amount B below.

D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred **750**	F Amount from column D or E, whichever is less

Subtotal (enter this amount at amount D in Part 17) B

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760 below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported at amount E in Part 17) **760** _____

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC for calculation 1 from amount A in Part 16	_____	C
Recaptured ITC for calculation 2 from amount B in Part 16	_____	D
Recaptured ITC for calculation 3 from line 760 in Part 16	_____	E
Total recapture of SR&ED investment tax credit – total of amounts C to E	_____	F

Enter amount F at amount A in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that the corporation incurred in the tax year for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting . . . . . 810 _____

Geological, geophysical, or geochemical surveys . . . . . 811 _____

Drilling by rotary, diamond, percussion, or other methods . . . . . 812 _____

Trenching, digging test pits, and preliminary sampling . . . . . 813 _____

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping . . . . . 820 _____

Sinking a mine shaft, constructing an adit, or other underground entry . . . . . 821 _____

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826
Add amounts in column 826	▶ _____ A

Total pre-production mining expenditures (total of lines 810 to 821 and amount A) . . . . . 830 _____

Deduct:

Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above . . . . . 832 _____

Excess (line 830 **minus** line 832) (if negative, enter "0") . . . . . _____ B

Add:

Repayments of government and non-government assistance . . . . . 835 _____

Pre-production mining expenditures (amount B **plus** line 835) . . . . . _____ C

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year . . . . . D

Deduct:

Credit deemed as a remittance of co-op corporations 841

Credit expired 845

Subtotal (line 841 **plus** line 845) ▶ E

ITC at the beginning of the tax year (amount D **minus** amount E) 850

Add:

Credit transferred on amalgamation or wind-up of subsidiary 860

Pre-production mining expenditures* incurred before January 1, 2013 (applicable part of amount C from Part 18)	870	x	10 %	=	a
Pre-production mining exploration expenditures incurred in 2013 (applicable part of amount C from Part 18)	872	x	5 %	=	b
Pre-production mining development expenditures incurred in 2014 (applicable part of amount C from Part 18)	874	x	7 %	=	c
Pre-production mining development expenditures incurred in 2015 (applicable part of amount C from Part 18)	876	x	4 %	=	d

Current year credit (total of amounts a to d) 880 ▶ F

Total credit available (total of lines 850, 860, and amount F) . . . . . G

Deduct:

Credit deducted from Part I tax (enter at amount F in Part 30) 885

Credit carried back to the previous year(s) (amount I from Part 20) . . . . . e

Subtotal (line 885 **plus** amount e) ▶ H

ITC closing balance from pre-production mining expenditures (amount G **minus** amount H) 890

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day
1st previous tax year			
2nd previous tax year			
3rd previous tax year			

Credit to be applied 921

Credit to be applied 922

Credit to be applied 923

Total (enter at amount e in Part 19) I

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.) . . . . . 611 1 Yes [X] 2 No [ ]

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
1.	GOETZ, STEPHEN	Powerline Technician	23,367	2,337	2,000
2.	LEBEAU, STEPHEN	Powerline Technician	24,017	2,402	2,000

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
3.	CHAPMAN, MIKE	Powerline Technician	47,689	4,769	2,000
4.	LEPELAARS, JEFF	Powerline Technician	4,962	496	496
5.	KINGSBURY, KEVIN	Powerline Technician	15,102	1,510	1,510

Total current-year credit (enter at line 640 in Part 22) 8,006 A

* Net of any other government or non-government assistance received or to be received.

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year . . . . . B

Deduct:

Credit deemed as a remittance of co-op corporations 612

Credit expired after 20 tax years 615

Subtotal (line 612 **plus** line 615) ▶ C

ITC at the beginning of the tax year (amount B **minus** amount C) 625

Add:

Credit transferred on amalgamation or wind-up of subsidiary 630

ITC from repayment of assistance 635

Total current-year credit (amount A from Part 21) 640 8,006

Credit allocated from a partnership 655

Subtotal (total of lines 630 to 655) 8,006 ▶ 8,006 D

Total credit available (line 625 **plus** amount D) . . . . . 8,006 E

Deduct:

Credit deducted from Part I tax (enter at amount G in Part 30) 660

Credit carried back to the previous year(s) (amount G from Part 23) . . . . . a

Subtotal (line 660 **plus** amount a) ▶ F

ITC closing balance from apprenticeship job creation expenditures (amount E **minus** amount F) 690 8,006

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day
1st previous tax year			
2nd previous tax year			
3rd previous tax year			

Credit to be applied 931

Credit to be applied 932

Credit to be applied 933

Total (enter at amount a in Part 22) G

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	CCA* class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year **715** _____

Add:

Specified child care start-up expenditures from the current tax year . . . . . **705** _____

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . _____ A

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line A . . . . . **725** _____

Excess (amount A **minus** line 725) (if negative, enter "0") . . . . . _____ B

Add:

Repayments by the corporation of government and non-government assistance . . . . . **735** _____

Total eligible expenditures for child care spaces (amount B **plus** line 735) . . . . . **745** _____

* CCA: capital cost allowance

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745) . . . . . _____ x 25 % = _____ C

Number of child care spaces **755** . . . . . _____ x $ 10,000 = _____ D

ITC from child care spaces expenditures (amount C or D, whichever is less) . . . . . _____ E

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year . . . . . F

Deduct:

Credit deemed as a remittance of co-op corporations 765

Credit expired after 20 tax years 770

Subtotal (line 765 **plus** line 770) ▶ G

ITC at the beginning of the tax year (amount F **minus** amount G) 775

Add:

Credit transferred on amalgamation or wind-up of subsidiary 777

Total current-year credit (amount E from Part 25) 780

Credit allocated from a partnership 782

Subtotal (total of lines 777 to 782) ▶ H

Total credit available (line 775 **plus** amount H) I

Deduct:

Credit deducted from Part I tax (enter at amount H in Part 30) 785

Credit carried back to the previous year(s) (amount K from Part 27) . . . . . a

Subtotal (line 785 **plus** amount a) ▶ J

ITC closing balance from child care spaces expenditures (amount I **minus** amount J) 790

Part 27 – Request for carryback of credit from child care space expenditures

	Year	Month	Day			
1st previous tax year	2012-12-31			Credit to be applied	941	
2nd previous tax year	2011-12-31			Credit to be applied	942	
3rd previous tax year	2010-12-31			Credit to be applied	943	

Total (enter at amount a in Part 26) K

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and corporate partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . . . 792 _____

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . . . 795 _____

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . . . 797 _____

Amount from line 795 or line 797, whichever is less . . . . . _____ A

Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC 799 _____

Total recapture of child care spaces investment tax credit (total of line 792, amount A, and line 799) . . . . . _____ B

Enter amount B at amount B in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F in Part 17) . . . . . _____ A

Recaptured child care spaces ITC (from amount B in Part 28) . . . . . _____ B

Total recapture of investment tax credit (amount A **plus** amount B) . . . . . _____ C

Enter amount C on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5) . . . . . _____ D

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) . . . . . _____ E

ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19) . . . . . _____ F

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) . . . . . _____ G

ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26) . . . . . _____ H

Total ITC deducted from Part I tax (total of amounts D to H) . . . . . _____ I

Enter amount I at line 652 of the T2 return.

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Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 99 Cur. or cap. R&D for ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
95,747			95,747	

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2006-03-31				
2005-12-31				
2004-12-31				*
2003-12-31				
2002-12-31				
2001-12-31				
2000-12-31				
				*
Total				

B+C+D+G **Total ITC utilized** 95,747

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
8,006				8,006

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2006-03-31				
2005-12-31				
2004-12-31				*
2003-12-31				
2002-12-31				
2001-12-31				
2000-12-31				
				*
Total				

B+C+D+G **Total ITC utilized**

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit will only expire at the beginning of the subsequent fiscal period. Consequently, this amount will be posted on line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 of the subsequent fiscal year.

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

		Provide only one number per shareholder				
	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Business Number (If a corporation is not registered, enter "NR") 200	Social insurance number 300	Trust number 350	Percentage common shares 400	Percentage preferred shares 500
1	Guelph Hydro Inc	86435 1598 RC0002			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

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SCHEDULE 55

PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references on this schedule are to the federal *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Do not use this area

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year **not included** in Schedule 3			
Taxable dividends paid in the tax year **included** in Schedule 3		1,400,000	
Total taxable dividends paid in the tax year	100	1,400,000	
Total eligible dividends paid in the tax year	150		A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	160	25,879,922	B
Excessive eligible dividend designation (line 150 **minus** line 160)			C
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends*	180		D
Subtotal (amount C **minus** amount D)			E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)	190		F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3			
Taxable dividends paid in the tax year **included** in Schedule 3			
Total taxable dividends paid in the tax year	200		
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)			G
Deduct:			
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends*	280		H
Subtotal (amount G **minus** amount H)			I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)	290		J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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SCHEDULE 506

ONTARIO TRANSITIONAL TAX DEBITS AND CREDITS

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Complete this schedule if you are a specified corporation that is subject to the Ontario transitional tax debit or are claiming the Ontario transitional tax credit.
- Unless otherwise noted, all legislative references are to the federal *Income Tax Act*.
- File this schedule with the *T2 Corporation Income Tax Return*.
- Unless otherwise noted, terms on this page are defined under subsection 46(1) of the *Taxation Act, 2007* (Ontario).
- **Specified corporation** is defined under subsection 46(5) of the *Taxation Act, 2007* (Ontario) as a corporation:
  - that is not exempt at or immediately before its transition time from tax payable under Part I of the federal Act;
  - that has a tax year that ends before 2009 and a tax year that includes January 1, 2009; or has a tax year that begins after 2008 and a tax year that is deemed to end on December 31, 2008, under subsection 249(3) of the federal Act;
  - that has a permanent establishment (PE) in Ontario at its transition time;
  - that had a PE in Ontario at any time in its last tax year ending before 2009, and was subject to tax under Part II of the *Corporations Tax Act* (Ontario) for that tax year; and
  - whose assets have not been distributed in an eligible pre-2009 windup.
- A specified corporation also includes, under subsection 51(1) of *the Taxation Act, 2007* (Ontario), the parent corporation of an eligible post-2008 windup and the new corporation of an eligible amalgamation.
- A specified corporation may be subject to the Ontario transitional tax debit if:
  - the corporation's total federal balance is more than the total Ontario balance at the end of the tax year; or
  - the corporation has a post-2008 scientific research and experimental development (SR&ED) balance, as defined under subsection 49(2) of the *Taxation Act, 2007* (Ontario), and a federal SR&ED transitional balance, as defined under subsection 49(4) of the *Taxation Act, 2007* (Ontario), at the end of the tax year.
- A specified corporation may be able to claim the Ontario transitional tax credit if:
  - the corporation's total Ontario balance is more than the total federal balance at the end of the tax year; or
  - the corporation has an unused transitional tax credit balance from previous tax years.
- **Transition time** means:
  - the beginning of the corporation's first tax year that starts after 2008 if the previous tax year is deemed under subsection 249(3) of the federal Act to end on December 31, 2008, or
  - the beginning of the corporation's tax year that includes January 1, 2009, in any other case.
- An **eligible amalgamation** means an amalgamation or merger of a particular corporation and one or more other corporations to form a new corporation where:
  - the amalgamation or merger occurs after December 31, 2008, and does not occur at the new corporation's transition time;
  - the new corporation has a PE in Ontario immediately after the amalgamation or merger;
  - the particular corporation has a PE in Ontario immediately before the amalgamation or merger;
  - the particular corporation is a specified corporation at its transition time or at any time before the amalgamation or merger;
  - the amalgamation or merger occurs in the amortization period of the new corporation;
  - the amortization period of the new corporation does not end immediately after the beginning of its reference period; and
  - the amortization period of the particular corporation does not end before the amalgamation or merger.
- An **eligible post-2008 windup** means the windup of a subsidiary corporation into its parent corporation under subsection 88(1) where:
  - the completion time of the windup is after December 31, 2008, and the time immediately after the completion time is within the amortization periods of the subsidiary and parent;
  - the parent's tax year (during which it received the assets of the subsidiary) ends after December 31, 2008;
  - the subsidiary has a PE in Ontario during its tax year ending at the completion time; and
  - the parent has a PE in Ontario during its tax year in which it received the assets from the subsidiary.
- An **eligible pre-2009 windup** means the windup of a subsidiary under subsection 88(1) where:
  - the completion time of the windup is after December 31, 2008, and the parent's tax year (during which it received the assets of the subsidiary) ended before January 1, 2009; or
  - the completion time of the windup is before January 1, 2009, and the parent's tax year (during which it received the assets of the subsidiary) ended after December 31, 2008.
- The **completion time** of a windup means the end of the tax year of the subsidiary during which the subsidiary distributes its assets to the parent for the purposes of paragraph 88(1)(e.2).
- A **specified pre-2009 transfer** under section 52 of the *Taxation Act, 2007* (Ontario) means a transfer of property between corporations not at arm's length that changes the total federal or Ontario balance of either the transferee or the transferor and that occurs:
  - before 2009;
  - at different values under the *Corporations Tax Act* (Ontario) and the federal Act;
  - in a tax year ending after 2008 for either the transferee or the transferor corporation, and that corporation is a specified corporation; and
  - in a tax year of the other corporation ending before 2009, in which the other corporation has a PE in Ontario.

Part 1 – Total federal balance

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

If this is the first year after amalgamation, include the total of all amounts from the predecessor corporations that had a PE in Ontario immediately before the amalgamation.

If the corporation is a life insurer or a non-resident corporation, do not include the amounts under the additional rules in subsection 48(8) of the *Taxation Act, 2007* (Ontario).

For other tax years, go to Part 3.

Federal balances at the end of the previous tax year (tax year ending in 2008)

Total undepreciated capital cost of depreciable properties (total of column 220 from Schedule 8, *Capital Cost Allowance (CCA)*)	110	
Charitable donations not yet deducted from income (from line 280 of Schedule 2, *Charitable Donations and Gifts*) (see Note 1)	112	
Gifts to Canada, a province, or a territory (from line 380 of Schedule 2) (see Note 1)	114	
Gifts of certified cultural property (from line 480 of Schedule 2) (see Note 1)	116	
Gifts of certified ecologically sensitive land (from line 580 of Schedule 2) (see Note 1)	118	
Gifts of medicine (from line 680 of Schedule 2) (see Note 1)	120	
Cumulative eligible capital (from line 300 of Schedule 10, *Cumulative Eligible Capital Deduction*)	122	
Federal SR&ED expenditure pool (from line 470 of Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*) (see Note 2 and Note 3)	124	
Cumulative Canadian exploration expense (from line 249 of Schedule 12, *Resource-Related Deductions*) (see Note 2)	128	
Cumulative Canadian development expense (from line 349 of Schedule 12) (see Note 2)	130	
Cumulative Canadian oil and gas property expense (from line 449 of Schedule 12) (see Note 2)	132	

Federal balances at the beginning of the current tax year

Non-capital losses (line 102 of Schedule 4, *Corporation Loss Continuity and Application*, of the current tax year) (see Note 2 and Note 4)	134	
Net capital losses (from line 200 of Schedule 4 of the current tax year x 50 %) (see Note 2 and Note 4)	136	

Amounts included in the calculation of the Ontario income tax in the previous tax year

Total reserves deducted under paragraph 20(1)(l), (l.1), (m), (m.1), (n), or (o), subsection 32(1), section 61.4 or subparagraph 138(3)(a)(i), (ii), or (iv) of the federal Act, as it applies for the purposes of the *Corporations Tax Act* (Ontario)	150	
One half of the total reserves deducted under subparagraph 40(1)(a)(iii) or 44(1)(e)(iii) of the federal Act, as it applies under the *Corporations Tax Act* (Ontario)	152	
Other discretionary deductions claimed for Ontario income tax, but not claimed federally in the tax years ending after December 12, 2006, and before the transition time	154	

Other amounts

Total adjusted cost base of partnership interests owned by the corporation, under the federal Act, at the beginning of the tax year (see Note 5)	160	
Gain from a negative adjusted cost base of a partnership interest under subsection 40(3) of the federal Act, as it applies under the *Corporations Tax Act* (Ontario), as if all partnership interests were disposed of at the beginning of the tax year	162	
Amount of farming income specified under paragraph 28(1)(b) in the previous tax year	164	
Federal balance before election (total of lines 110 to 164)		A

Deduct:

Lesser of amount D or amount E from Part 4, if an election is made	170	
Total federal balance (amount A **minus** line 170)	180	

Enter amount on line 300 in Part 3.

Note 1: Enter "0" if the corporation was non-resident immediately before its transition time.

Note 2: Enter "0" if control of the corporation was acquired at transition time.

Note 3: Do not include the SR&ED expenditure pool earned before control of the corporation was last acquired.

Note 4: Do not include losses that arose before control of the corporation was last acquired.

Note 5: The adjusted cost base of any particular partnership interest cannot be less than "0".

Part 2 – Total Ontario balance

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

If this is the first year after amalgamation, include the total of all amounts from the predecessor corporations that had a PE in Ontario immediately before the amalgamation.

If the corporation is a life insurer or a non-resident corporation, do not include the amounts under the additional rules in subsection 48(8) of the *Taxation Act, 2007* (Ontario).

For other tax years, go to Part 3.

Ontario balances at the end of the previous tax year (tax year ending in 2008)

Total undepreciated capital cost of depreciable properties (total of column 13 from Ontario Schedule 8, *Ontario Capital Cost Allowance*)	210	
Charitable donations (amount I from Ontario *Schedule 2, Ontario Charitable Donations and Gifts*) (see Note 1)	212	
Gifts to Canada, a province, or a territory (total of closing balance amounts from parts 3 and 5 of Ontario Schedule 2) (see Note 1)	214	
Gifts of certified cultural property (closing balance amount from Part 6 of Ontario Schedule 2) (see Note 1)	216	
Gifts of certified ecologically sensitive land (closing balance amount from Part 7 of Ontario Schedule 2) (see Note 1)	218	
Gifts of medicine (see Note 1)	220	
Cumulative eligible capital (amount Q from Ontario *Schedule 10, Ontario Cumulative Eligible Capital Deduction*)	222	
Ontario SR&ED expenditure pool (line 480 from Ontario *CT23 Schedule 161, Ontario Scientific Research and Experimental Development Expenditures*) (see Note 2 and Note 3)	224	
Adjusted Ontario SR&ED incentive balance (see Note 2 and Note 5)	226	
Cumulative Canadian exploration expense (closing balance of Regular Expenses from Part 2 of Ontario *Schedule 12, Ontario Exploration Expenses*) (see Note 2)	228	
Cumulative Canadian development expense (closing balance of Regular Expenses, Canadian CCDE Expenses, from Part 3 of Ontario Schedule 12) (see Note 2)	230	
Cumulative Canadian oil and gas property expense (closing balance of Regular Expenses from Part 4 of Ontario Schedule 12) (see Note 2)	232	
Non-capital losses (from line 709 of Ontario *Corporations Tax Return CT8* or *CT23 Corporations Tax and Annual Return*) (see Note 2 and Note 4)	234	
Net capital losses (from line 719 of CT8 or CT23 x 50 %) (see Note 2 and Note 4)	236	

Amounts included in the calculation of the federal income tax in the previous tax year

Total reserves deducted under paragraph 20(1)(l), (l.1), (m), (m.1), (n), or (o), subsection 32(1), section 61.4 or subparagraph 138(3)(a)(i), (ii), or (iv)	250	
One half of the total reserves deducted under subparagraph 40(1)(a)(iii) or 44(1)(e)(iii)	252	

Other amounts

Total adjusted cost base of partnership interests owned by the corporation, for the purposes of the *Corporations Tax Act* (Ontario), at the beginning of the tax year (see Note 6)	260	
Gain from a "negative" adjusted cost base of a partnership interest under subsection 40(3) determined as if all partnership interests were disposed of at the beginning of the tax year	262	
Amount of farming income in the previous tax year specified under paragraph 28(1)(b) of the federal Act, as it applies for the purposes of the *Corporations Tax Act* (Ontario)	264	
Total Ontario balance (total of lines 210 to 264)	280	

Enter amount on line 340 in Part 3.

Note 1: Enter "0" if the corporation was non-resident immediately before its transition time.

Note 2: Enter "0" if control of the corporation was acquired at transition time.

Note 3: Do not include the SR&ED expenditure pool earned before control of the corporation was last acquired.

Note 4: Do not include losses that arose before control of the corporation was last acquired.

Note 5: The adjusted Ontario SR&ED incentive balance under subsection 49(7) of the *Taxation Act, 2007* (Ontario) is the total of federal investment tax credits that:

- have been earned and are available without restriction to the corporation;
- are attributable to qualifying Ontario SR&ED expenditures;
- have not been deducted under subsection 127(5) or (6) of the federal Act at the end of the corporation's tax year ending immediately before its transition time; and
- do not expire in the first tax year ending in 2009 under the 10-year carryforward limit,

divided by the relevant Ontario allocation factor as calculated in Part 11.

Note 6: The adjusted cost base of any particular partnership interest cannot be less than "0".

Part 3 – Total federal balance and total Ontario balance at the end of the tax year

Total federal balance:

Total federal balance (amount from line 180 in Part 1, or amount from line 330 in Part 3 of Schedule 506 for the previous tax year)	300	103,043,088		
Add:				
Amount from eligible amalgamation*	310			
Amount from eligible post-2008 windup*	315			
Amount from eligible pre-2009 windup*	320			
Amount from specified pre-2009 transfers*	325			
Total federal balance at the end of the tax year		103,043,088 ▶	330	103,043,088

Total Ontario balance:

Total Ontario balance (amount from line 280 in Part 2, or amount from line 370 in Part 3 of Schedule 506 for the previous tax year)	340	103,078,657		
Add:				
Amount from eligible amalgamation*	350			
Amount from eligible post-2008 windup*	355			
Amount from eligible pre-2009 windup*	360			
Amount from specified pre-2009 transfers*	365			
Total Ontario balance at the end of the tax year		103,078,657 ▶	370	103,078,657
Transitional balance at the end of the tax year (line 330 **minus** line 370)			390	-35,569

If line 390 is positive, the corporation may be subject to a transitional tax debit. Complete Part 7 of this schedule.
If line 390 is negative, the corporation may be eligible to claim a transitional tax credit. Complete Part 8 of this schedule.

* See page 1 for definitions of eligible amalgamation, eligible post-2008 windup, eligible pre-2009 windup, and specified pre-2009 transfers. To calculate these amounts, you can use *Schedule 507, Ontario Transitional Tax Debits and Credits Calculation.*

Part 4 – Election to reduce federal SR&ED expenditure pool

The corporation may make this election if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3).

Are you making an election under clause (b) of the definition of "I" in paragraph 1 of subsection 48(4) of the *Taxation Act, 2007* (Ontario)? 400 1 Yes ☐ 2 No ☒

If you answered **no** to the question at line 400, go to Part 5. If you answered **yes** to the question at line 400, complete the following calculation:

Federal SR&ED expenditure pool closing balance at the end of the previous tax year (amount from line 124 in Part 1) _____ B

Deduct:

Adjusted Ontario SR&ED incentive balance at the end of the previous tax year (amount from line 226 in Part 2) _____ 1

Ontario SR&ED expenditure pool closing balance at the end of the previous tax year (amount from line 224 in Part 2) _____ 2

Subtotal (amount 1 **plus** amount 2) _____ ▶ _____ C

Subtotal (amount B **minus** amount C) (if negative, enter "0") _____ D

Federal balance before election (amount A from Part 1) _____

Deduct:

Total Ontario balance (amount from line 280 in Part 2) _____

Subtotal (if negative, enter "0") _____ E

Enter the lesser of amount D and amount E on line 170 in Part 1.

Part 5 – Reference period and amortization period

Reference period

The reference period starts at the beginning of the corporation's first tax year ending after December 31, 2008, and ends on whichever date is earlier:

- five calendar years after the time immediately before the start of the corporation's reference period; or
- December 31, 2013.

Number of days in the corporation's reference period* (do not include February 29, 2008, and February 29, 2012) . . **410** 1,825

* The number of days in the corporation's reference period is 1825 unless:

- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3). In this case, count the number of days from the beginning of the 2009 tax year to December 31, 2013; or
- the corporation was incorporated or amalgamated after January 1, 2009. In this case, count the number of days from the date of incorporation or date of amalgamation to December 31, 2013.

Amortization period

The amortization period starts at the beginning of the corporation's reference period and ends on whichever date is earlier:

- the end of the corporation's reference period; or
- the early termination date as indicated under line 430.

Number of days in the amortization period that are in the tax year** (do not include February 29, 2008, or February 29, 2012) **420** 365

** The number of days in the amortization period that are in the tax year is the number of days in the tax year unless:

- the tax year-end is later than the end of the reference period. In this case, count the number of days from the beginning of the tax year to the end of the reference period; or
- the corporation terminates the amortization period before the end of the tax year. In this case, count the number of days from the beginning of the tax year to the day of early termination.

Early termination of the amortization period

The amortization period of the corporation usually coincides with the corporation's reference period. However, if the corporation's amortization period ends in the tax year and before the reference period ends, tick the applicable box below to indicate the reason for the early termination.

430 The corporation:

1 ☐ – ceases to have a PE in Ontario in the tax year for any reason other than an eligible amalgamation or eligible post-2008 windup.

2 ☐ – becomes exempt from tax under Part I of the federal Act immediately after the end of the tax year.

3 ☐ – elects under subsection 47(2) of the *Taxation Act, 2007* (Ontario) to prepay the transitional tax debit.
Note: The Ontario Allocation Factor, calculated in Part 6, has to be at least 90% or the amount on line 390 in Part 3 is not more than $10,000.

4 ☐ – does not object to early termination of the amortization period and accelerated payment of the transitional tax credit, under subsection 46(3) of the *Taxation Act, 2007* (Ontario).
Note: Amount T in Part 8 cannot be more than $1,000.

If you ticked one of the above boxes:

- enter the date of the early termination, if the date is different from the tax year-end and you ticked box 1 at line 430 . . . . . **435**
- enter the number of days from the first day of the tax year to the end of the corporation's reference period (do not include February 29, 2008, or February 29, 2012) **440**

Part 6 – Calculation of Ontario allocation factor (OAF)

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation and enter the result on line F:

$$\frac{\text{Ontario taxable income*}}{\text{Taxable income**}} = \text{F}$$

Ontario allocation factor (OAF) . . . . . 1.00000 F

* Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If taxable income is nil, calculate the amount in column F as if taxable income were $1,000.

** Enter taxable income from line 360 or amount Z of the T2 return, whichever applies. If taxable income is nil, enter "1,000."

Part 7 – Transitional tax debits

Complete this part if the amount on line 390 in Part 3 is positive.

Amount from line 390 in Part 3 . . . . . G

Amount G x Ontario basic rate of tax* 11.5 % = ... H

Amount H x OAF (from line F in Part 6) 1.00000 I

Number of days from line 440 (if applicable) or line 420 in Part 5 / Number of days in the corporation's reference period from line 410 in Part 5: 365 / 1,825 = 0.20000 J

Transitional tax debit before tax on elected reduced SR&ED pool (amount I **multiplied** by amount J) . . . . . K

Post-2008 SR&ED balance at the end of the year (amount HH from Part 12) 460

Federal SR&ED transitional balance at the end of the year (amount QQ from Part 14) 470

Tax on elected reduced SR&ED pool (the lesser of lines 460 and 470) L

Total transitional tax debits (amount K **plus** amount L) . . . . . M

Enter amount M on line 276 of Schedule 5.

Part 8 – Transitional tax credits

Complete this part if the amount on line 390 in Part 3 is negative.

Amount C6 from Schedule 5 . . . . . N

Deduct:

Ontario resource tax credit (from line 404 of Schedule 5) . . . . .

Ontario tax credit for manufacturing and processing (from line 406 of Schedule 5) . . . . .

Ontario foreign tax credit (from line 408 of Schedule 5) . . . . .

Ontario credit union tax reduction (from line 410 of Schedule 5) . . . .

Subtotal ▶ O

Subtotal (amount N **minus** amount O) P

Number of days from line 420 in Part 5 / Number of days in the tax year (do not include February 29, 2008, or February 29, 2012): 365 / 365 = 1.00000 Q

Ontario tax payable for purposes of the current year transitional tax credit (amount P **multiplied** by amount Q) 510

Amount from line 390 in Part 3 (enter as a positive amount) . . . . . 35,569 R

Amount R x Ontario basic rate of tax* 11.5 % = ... 4,090 S

Amount S x OAF (from line F in Part 6) . . . . . 4,090 T

Number of days from line 440 (if applicable) or line 420 in Part 5 / Number of days in the corporation's reference period on line 410 in Part 5: 365 / 1,825 = 0.20000 U

Current-year transitional tax credit (amount T **multiplied** by amount U) 520 818

Ontario tax payable for purposes of the unused transitional tax credit carryforward (line 510 **minus** line 520) (if negative, enter "0") 530

Transitional tax credit:

Lesser of amounts on line 510 and 520 V

Lesser of unused transitional tax credit available (amount Y from Part 9) and amount on line 530 . . . . . W

Transitional tax credits (amount V **plus** amount W) X

Enter amount X on line 414 of Schedule 5.

* Enter the rate calculated in Part 1 of Schedule 500, *Ontario Corporation Tax Calculation*.

Part 9 – Unused transitional tax credit

Unused transitional tax credit carryforward from previous year (amount from line 580 of the previous year)* 1

Add:

Unused transitional tax credit transferred from a predecessor corporation or a subsidiary on an eligible amalgamation or an eligible post-2008 windup* 560 2

Unused transitional tax credit available (amount 1 **plus** amount 2) . . . . . ▶ Y

Add:

Current-year transitional tax credit (amount from line 520 in Part 8) . . . . . 818 Z

Subtotal (amount Y **plus** amount Z) 818 3

Deduct:

Transitional tax credit applied (amount X from Part 8) . . . . . AA

Unused transitional tax credit (available for later years) (amount 3 **minus** amount AA) 580 818

* Enter "0" if this is the first tax year ending after 2008.

Complete parts 10 to 14 if the corporation or a predecessor made an election in Part 4 at the transition time.

Part 10 – Federal current SR&ED limit and federal current SR&ED deficit

Current SR&ED expenditures in the year under paragraph 37(1)(a) 610

Capital SR&ED expenditures in the year under paragraph 37(1)(b) 614

Repayment of assistance under paragraph 37(1)(c) 618

Investment tax credit recaptured under subsections 127(27), (29), and (34) in the previous tax year 624

Subtotal (total of lines 610 to 624) ▶ BB

Deduct:

Assistance under paragraph 37(1)(d) 638

Investment tax credits deducted under paragraph 37(1)(e) 644

Subtotal (line 638 **plus** line 644) ▶ CC

Federal current SR&ED limit or federal current SR&ED deficit (amount BB **minus** amount CC) 650

If the amount on line 650 is positive, enter it on line II In Part 13.

If the amount on line 650 is negative, enter it as a positive amount on line DD in Part 12.

Part 11 – Relevant OAF

Enter on line 660 whichever of the following amounts is greatest:

- the corporation's OAF for the tax year that includes its transition time (from line F in Part 6) . . . . . %
- the greatest of the corporation's OAFs for a tax year ending in 2006, 2007, and 2008 as determined under subsection 12(1) of the *Corporations Tax Act* (Ontario) . . . . . %
- the greatest of the weighted OAFs* of the corporation and its designated corporations** for 2006, 2007, and 2008 . . . . . %

Relevant OAF . . . . . 660 %

* The weighted OAF for two or more corporations for their tax years ending in 2006, 2007, or 2008 is the total of the following for each corporation:

- the corporation's OAF as determined under subsection 12(1) of the *Corporations Tax Act* (Ontario) for the tax year **multiplied** by the corporation's and its share of partnerships' qualified Ontario SR&ED expenditures in the tax year, **divided** by the total of all the corporations' and their shares of partnerships' qualified Ontario SR&ED expenditures in the tax year.

Qualified Ontario SR&ED expenditure is defined in section 11.2 of the *Corporations Tax Act* (Ontario).

** A designated corporation in respect of a particular corporation is:

1) a corporation that amalgamated with the particular corporation under section 87;
2) a corporation that wound up into the particular corporation under subsection 88(1); or
3) a designated corporation to a corporation identified in 1) or 2).

Part 12 – Post-2008 SR&ED balance

Federal current SR&ED deficit for the year (amount from line 650 in Part 10, if negative) (enter as a positive amount) . . . . . DD

SR&ED expenditure amount deducted in the year under subsection 37(1) 670

Deduct:

Cumulative post-2008 SR&ED limit at the end of the year (amount LL from Part 13) 675

Subtotal (line 670 **minus** line 675) (if negative, enter "0") ▶ EE

Subtotal (amount DD **plus** amount EE) FF

Amount FF x 14 % GG

Post-2008 SR&ED balance at the end of the year (amount GG **multiplied** by line 660 from Part 11) . . . . . HH

Enter amount HH on line 460 in Part 7.

Part 13 – Cumulative post-2008 SR&ED limit at the end of the year

Federal current SR&ED limit for the year (amount from line 650 in Part 10, if positive) II

Total of all federal SR&ED limits from previous tax years ending after December 31, 2008 700

Subtotal (line II **plus** line 700) JJ

Total of all amounts deducted under subsection 37(1) for previous tax years ending after December 31, 2008 705

Total of all transitional tax debits on elected reduced SR&ED pool calculated under subsection 48(3) of the *Taxation Act, 2007* (Ontario) in the previous years (total of line L in Part 7 for previous years) 710

Deduct:

Amounts included in line 710 that are reasonably attributable to the federal current SR&ED deficit for the year 715

Subtotal (line 710 **minus** line 715) 720

Line 720 = ... KK

Relevant OAF (from line 660 in Part 11) x 14 %

Subtotal (line 705 **minus** amount KK) ▶ 730

Cumulative post-2008 SR&ED limit at the end of the year (amount JJ **minus** line 730) (if negative, enter "0") LL

Enter amount LL on line 675 in Part 12.

Part 14 – Federal SR&ED transitional balance at the end of the year

Amount from line 170 in Part 1 (see Note) . . . . . 735 MM

Relevant OAF (from line 660) (see Note) **multiplied** by amount MM . . . . . NN

Amount NN x 14 % . . . . . ▶ OO

Federal SR&ED transitional balance transferred on an eligible amalgamation or an eligible post-2008 wind-up 740

Subtotal (amount OO **plus** line 740) PP

Deduct:

Total of all transitional tax debits on elected reduced SR&ED pool calculated under subsection 48(3) of the *Taxation Act, 2007* (Ontario) in the previous years (total of line L in Part 7 for previous years) 750

Federal SR&ED transitional balance at the end of the year (amount PP **minus** line 750) . . . . . QQ

Enter amount QQ on line 470 in Part 7.

Note: For tax years ending after 2009, enter the amount from line 170 and the relevant OAF from the 2009 tax year.

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SCHEDULE 508

ONTARIO RESEARCH AND DEVELOPMENT TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Use this schedule to:
  - calculate an Ontario research and development tax credit (ORDTC);
  - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
  - carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years, but not to a tax year that ends before January 1, 2009;
  - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
  - transfer an ORDTC after an amalgamation or windup; or
  - calculate a recapture of the ORDTC.
- The ORDTC is a 4.5% non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year that ends after December 31, 2008.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Attach a completed copy of this schedule to the *T2 Corporation Income Tax Return.*

Part 1 – Ontario SR&ED expenditure pool

Total eligible expenditures incurred by the corporation in Ontario in the tax year	100	501,294 A	
Deduct: Government assistance, non-government assistance, or a contract payment for eligible expenditures	105	B	
Net eligible expenditures for the tax year (amount A **minus** amount B) (if negative, enter "0")		501,294 C	
Add: Eligible expenditures transferred to the corporation by another corporation	110	D	
Subtotal (amount C **plus** amount D)		501,294 ▶	501,294 E
Deduct: Eligible expenditures the corporation transferred to another corporation	115		F
Ontario SR&ED expenditure pool (amount E **minus** amount F) (if negative, enter "0")	120	501,294	G

Part 2 – Calculation of the current part of the ORDTC

Ontario SR&ED expenditure pool (amount G in Part 1)	501,294	x	4.50 %	=	200	22,558	H
ORDTC allocated to a corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year *					205		I
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure other than for first term or second term shared-use equipment	210	x	4.50 %	=	215		J
Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure for first term or second term shared-use equipment	220	x 1 / 4 =		x	4.50 % =	225	K
Current part of the ORDTC (total of amounts H to K)					230	22,558	L

* If there is a disposal or change of use of eligible property, see Part 6

Part 3 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year			M
Deduct: ORDTC expired after 20 tax years	300		N
ORDTC at the beginning of the tax year (amount M **minus** amount N)	305		O
Add:			
ORDTC transferred on amalgamation or windup	310		P
Current part of ORDTC (amount L in Part 2)		22,558	Q

Are you waiving all or part of the current part of the ORDTC? 315 Yes 1 ☐ No 2 ☒

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Deduct: Waiver of the current part of the ORDTC	320		R	
Subtotal (amount Q **minus** amount R)		22,558 ▶	22,558	S
ORDTC available for deduction (total of amounts O, P and S)		22,558 ▶	22,558	T
Deduct:				
ORDTC claimed * (Enter amount U on line 416 of Schedule 5, *Tax Calculation Supplementary – Corporations*)			U	
ORDTC carried back to a previous tax year (from Part 4)		22,558	V	
Subtotal (amount U **plus** amount V)		22,558 ▶	22,558	W
ORDTC balance at the end of the tax year (amount T **minus** amount W)	325		X	

* This amount cannot be more than the lesser of the following amounts:
- ORDTC available for deduction (amount T); or
- Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 4 – Request for carryback of tax credit

	Year	Month	Day			
1st previous tax year	2012-12-31			Credit to be applied	901	
2nd previous tax year	2011-12-31			Credit to be applied	902	
3rd previous tax year	2010-12-31			Credit to be applied	903	22,558
				Total (enter amount on line V in Part 3)		22,558

Part 5 – Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

Tax year of origin (earliest tax year first) Year Month Day	Credit available
2000-12-31	
2001-12-31	
2002-12-31	
2003-12-31	

Tax year of origin (earliest tax year first) Year Month Day	Credit available
2004-12-31	
2005-12-31	
2006-03-31	
2006-12-31	
2007-12-31	
2008-12-31	
2009-12-31	
2010-12-31	
2011-12-31	
2012-12-31	
Current tax year 2013-12-31	

Total (equals line 325 in Part 3)

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 6 – Calculation of a recapture of ORDTC

You will have a recapture of ORDTC in a tax year when you meet **all** of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDTC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDTC;
- the cost of the property was included in computing your ORDTC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – If you meet all of the above conditions

	Y Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above 700	Z Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710	AA Amount from column 700 or 710, whichever is less
1.			

Subtotal (enter amount BB, on line KK in Part 7) BB

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line II.

	CC The rate percentage that the transferee used to determine its federal ITC for a qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act 720	DD The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition 730	EE The amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) 740
1.			

	FF Amount determined by the formula (CC x DD) – EE (using the columns above)	GG The federal ITC earned by the transferee for the qualified expenditure that was transferred 750	HH Amount from column FF or GG, whichever is less
1.			

Subtotal (enter amount II on line LL below) _____ II

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205 in Part 2. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line JJ.

Corporate partner's share of the excess of ORDTC (enter amount JJ at line NN below) . . . . . 760 _____ JJ

Part 7 – Total recapture of ORDTC

Recaptured federal ITC for Calculation 1 (amount from line BB) . . . . . _____ KK

Recaptured federal ITC for Calculation 2 (amount from line II above) . . . . . _____ LL

Amount KK **plus** amount LL . . . . . _____ x 23.56 % = _____ MM

Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line JJ above) . . . . . _____ NN

Recapture of ORDTC (amount MM **plus** amount NN) (enter amount OO on line 277 of Schedule 5) . . . . . _____ OO

Schedule A - Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) **carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation**.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

Enter the breakdown between current and capital expenditures

		Current Expenditures		Capital Expenditures	
Total expenditures for SR&ED		323,090			
Add					
• payment of prior years' unpaid expenses (other than salary or wages)	+				
• prescribed proxy amount (Enter "0" if you use the traditional method)	+	178,204			
• expenditures on shared-use equipment			+		
• other additions	+		+		
Subtotal	=	501,294	=		
Less					
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	−				
• amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier	−				
• 20% of contract expenditures for SR&ED performed on your behalf	−				
• prescribed expenditures not allowed by regulations	−		−		
• other deductions	−		−		
• non-arm's length transactions					
– expenditures for non-arm's length SR&ED contracts	−				
– purchases (limited to costs) of goods and services from non-arm's length suppliers	−		−		
Subtotal	=	501,294 I	=		II
Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II)			=	501,294	III

Enter amount III on line 100 of Schedule 508.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return.*

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	171,479,000
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	172,176,000
Total assets (total of lines 112 to 116)		343,655,000
Total revenue of the corporation for the tax year **	142	168,873,000
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	104,937,000
Total revenue (total of lines 142 to 146)		273,810,000

The corporation is subject to CMT if:
- for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
- for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.

If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**
- Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
- The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**
- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
- The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
- A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *		210	-1,752,000
Add (to the extent reflected in income/loss):			
Provision for current income taxes/cost of current income taxes	220		
Provision for deferred income taxes (debits)/cost of future income taxes	222	1,129,000	
Equity losses from corporations	224		
Financial statement loss from partnerships and joint ventures	226		
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230		
Other additions (see note below):			
Share of adjusted net income of partnerships and joint ventures **	228		
Total patronage dividends received, not already included in net income/loss	232		
281 _____	282		
283 _____	284		
Subtotal		1,129,000 ▶	1,129,000 A
Deduct (to the extent reflected in income/loss):			
Provision for recovery of current income taxes/benefit of current income taxes	320	1,383,000	
Provision for deferred income taxes (credits)/benefit of future income taxes	322		
Equity income from corporations	324		
Financial statement income from partnerships and joint ventures	326		
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330		
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332		
Gain on donation of listed security or ecological gift	340		
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342		
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344		
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346		
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348		
Other deductions (see note below):			
Share of adjusted net loss of partnerships and joint ventures **	328		
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334		
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336		
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338		
381 _____	382		
383 _____	384		
385 _____	386		
387 _____	388		
389 _____	390		
Subtotal		1,383,000 ▶	1,383,000 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)		490	-2,006,000

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

- exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
- include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

- Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive) 515

Deduct:

CMT loss available (amount R from Part 7) . . . . .

Minus: Adjustment for an acquisition of control * 518

Adjusted CMT loss available C

Net income subject to CMT calculation (if negative, enter "0") 520

Amount from line 520 _____ x (Number of days in the tax year before July 1, 2010 _____ / Number of days in the tax year 365) x 4 % = _____ 1

Amount from line 520 _____ x (Number of days in the tax year after June 30, 2010 365 / Number of days in the tax year 365) x 2.7 % = _____ 2

Subtotal (amount 1 **plus** amount 2) 3

Gross CMT: amount on line 3 above x OAF ** 540

Deduct:

Foreign tax credit for CMT purposes *** 550

CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0") . . . . . D

Deduct:

Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5) . . . . .

Net CMT payable (if negative, enter "0") . . . . . E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** = _____

Ontario allocation factor . . . . . 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *			74,524 G	
Deduct:				
CMT credit expired *	600			
CMT credit carryforward at the beginning of the current tax year * (see note below)		74,524 ▶	620 74,524	
Add:				
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)	650			
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)			74,524	H
Deduct:				
CMT credit deducted in the current tax year (amount P from Part 5)				I
Subtotal (amount H **minus** amount I)			74,524	J
Add:				
Net CMT payable (amount E from Part 3)				
SAT payable (amount O from Part 6 of Schedule 512)				
Subtotal		▶		K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)	670		74,524	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)			74,524	M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		1		
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)		2		
For a life insurance corporation:				
Gross CMT (line 540 from Part 3)		3		
Gross SAT (line 460 from Part 6 of Schedule 512)		4		
The **greater** of amounts 3 and 4		5		
Deduct: line 2 or line 5, whichever applies:		6		
Subtotal (if negative, enter "0")		▶		N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)				
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		71,096		
Subtotal (if negative, enter "0")		▶		O
CMT credit deducted in the current tax year (least of amounts M, N, and O)				P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? 675 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin		CMT credit balance *
10th previous tax year	680	
9th previous tax year	681	
8th previous tax year	682	
7th previous tax year	683	
6th previous tax year	684	
5th previous tax year	685	
4th previous tax year	686	
3rd previous tax year	687	
2nd previous tax year	688	
1st previous tax year	689	
Total **		

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . . Q

Deduct:

CMT loss expired * 700

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . . ▶ 720

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) 750

CMT loss available (line 720 **plus** line 750) . . . . . R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . . .

Subtotal (if negative, enter "0") S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) 760 2,006,000

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . . 770 2,006,000 T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return*.

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	Guelph Hydro Inc.	86435 1598 RC0002	70,130,000	4,016,000
2	City of Guelph	12277 8459 RC0001	100,000,000	100,000,000
3	Envida Community Energy Inc.	86458 8876 RC0001	2,046,000	921,000
4	Ecotricity Inc.	89843 2927 RC0001	0	0
		Total	450 172,176,000	550 104,937,000

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter "NR" if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

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SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit **www.ServiceOntario.ca** for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Guelph Hydro Electric Systems Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	2006-03-31	1694894

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)

210 Street number	**220** Street name/Rural route/Lot and Concession number	**230** Suite number
395	Southgate Drive	

240 Additional address information if applicable (line 220 must be completed first)

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Guelph	ON	CA	N1G 4Y1

Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit **www.ServiceOntario.ca**.

300 [2] If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 SARDANA (Last name) **451** PANKAJ (First name)

454 _____ (Middle name(s))

460 [2] Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500 ☐ Please enter one of the following numbers in this box:
1 - Show no mailing address on the MGS public record.
2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.
3 - The corporation's complete mailing address is as follows:

510 Care of (if applicable)

520 Street number	**530** Street name/Rural route/Lot and Concession number	**540** Suite number

550 Additional address information if applicable (line 530 must be completed first)

560 Municipality (e.g., city, town)	**570** Province/state	**580** Country	**590** Postal/zip code

Part 6 – Language of preference

600 ☐ Indicate your language of preference by entering **1** for English or **2** for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.

CRA internal form identifier 547

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name	705 First name	710 Middle name(s)
Kelch	Margaret	

720 Street number	730 Street name/Rural route/Lot and Concession number	740 Suite number
71	Woodside Avenue	

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town)	770 Province/state	780 Country	790 Postal/zip code
Toronto	ON	CA	M6P 1L9

Director

Is this director a resident Canadian? . . . 795 1 Yes [X] 2 No [ ]

(applies to directors of corporations with share capital only)

796 Date elected/appointed Year Month Day	797 Date ceased, if applicable Year Month Day
2011-08-17	2013-11-22

Officer information

		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

Once you have completed this page, complete the certification in Part 4 of this schedule.

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SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information	120 Telephone number including area code
Michael Koktan	(519) 837-4725

Is the claim filed for a CETC earned through a partnership?* . . . . . 150 1 Yes ☐ 2 No ☒

If you answered **yes** to the question at line 150, what is the name of the partnership? . . . . . 160 _____

Enter the percentage of the partnership's CETC allocated to the corporation . . . . . 170 _____ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . 200 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . 210 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * 300 7,381,000

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

Eligible percentage = 15 % − [5 % x (amount on line 300 **minus** $ 400,000) / $ 200,000]

Eligible percentage for determining the eligible amount . . . . . 310 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

Eligible percentage = 30 % − [5 % x (amount on line 300 **minus** $ 400,000) / $ 200,000]

Eligible percentage for determining the eligible amount . . . . . 312 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution 400	B Name of qualifying co-operative education program 405
1.	University of Waterloo	ACCOUNTING
2.	University of Waterloo	ACCOUNTING
3.	Conestoga College	OPERATIONS-LINES
4.	University of Waterloo	ACCOUNTING
5.	Conestoga College	ACCOUNTING - CREDIT
6.	Mohawk College	ENGINEERING
7.		

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
1.	BAETSEN, ASHLEY	2013-01-01	2013-04-26
2.	BAETSEN, ASHLEY	2013-08-23	2013-12-20
3.	KINGSBURY, KEVIN	2013-01-07	2013-04-30
4.	XIE, STEVEN	2013-04-24	2013-08-23
5.	REYNOLDS, CAITLYN	2013-04-29	2013-08-30
6.	GOIT, RODDY	2013-09-03	2013-12-20

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
7.			

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	12,837	25.000 %		16
2.		10.000 %	12,837	25.000 %		17
3.		10.000 %	12,077	25.000 %		16
4.		10.000 %	14,492	25.000 %		17
5.		10.000 %	14,456	25.000 %		18
6.		10.000 %	12,665	25.000 %		15
7.		10.000 %		25.000 %		

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	3,209	3,000	3,000		3,000
2.	3,209	3,000	3,000		3,000
3.	3,019	3,000	3,000		3,000
4.	3,623	3,000	3,000		3,000
5.	3,614	3,000	3,000		3,000
6.	3,166	3,000	3,000		3,000
7.					

Ontario co-operative education tax credit (total of amounts in column K) 500 — 18,000 L

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount L:

Amount L _____ x percentage on line 170 in Part 1 _____ % = ... M

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

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SCHEDULE 552

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Guelph Hydro Electric Systems Inc.	89120 8613 RC0002	2013-12-31

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. Before March 27, 2009, the maximum credit for each apprentice is $5,000 per year to a maximum credit of $15,000 over the first 36-month period of the qualifying apprenticeship. After March 26, 2009, the maximum credit for each apprentice is $10,000 per year to a maximum credit of $40,000 over the first 48-month period of the qualifying apprenticeship. The maximum credit amount is prorated for an employment period of an apprentice that straddles March 26, 2009.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
  - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
  - for services provided by the apprentice during the first 36 months of the apprenticeship program, if incurred before March 27, 2009; and
  - for services provided by the apprentice during the first 48 months of the apprenticeship program, if incurred after March 26, 2009.
- An expenditure is not eligible for an ATTC if:
  - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
  - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
  - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario); and
  - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009* or the *Apprenticeship and Certification Act, 1998* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Make sure you keep a copy of the training agreement or contract of apprenticeship to support your claim. Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information (please print)

110 Name of person to contact for more information	120 Telephone number including area code
Michael Koktan	(519) 837-4725

Is the claim filed for an ATTC earned through a partnership? * . . . . . 150 1 Yes ☐ 2 No ☒

If **yes** to the question at line 150, what is the name of the partnership? . . . . . 160 _____

Enter the percentage of the partnership's ATTC allocated to the corporation . . . . . 170 _____ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . 200 1 Yes ☒ 2 No ☐
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . 210 1 Yes ☐ 2 No ☒

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * 300 7,381,000

For eligible expenditures incurred before March 27, 2009:
- If line 300 is $400,000 or less, enter 30% on line 310.
- If line 300 is $600,000 or more, enter 25% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Specified percentage} = 30\% - \left[5\% \times \frac{\text{amount on line 300 minus } 400{,}000}{200{,}000} \right]$$

Specified percentage . . . . . 310 25.000 %

For eligible expenditures incurred after March 26, 2009:
- If line 300 is $400,000 or less, enter 45% on line 312.
- If line 300 is $600,000 or more, enter 35% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

$$\text{Specified percentage} = 45\% - \left[10\% \times \frac{\text{amount on line 300 minus } 400{,}000}{200{,}000} \right]$$

Specified percentage . . . . . 312 35.000 %

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the *Taxation Act, 2007* (Ontario) applies, enter salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario apprenticeship training tax credit

Complete a **separate entry** for each apprentice that is in a qualifying apprenticeship with the corporation. When claiming an ATTC for repayment of government assistance, complete a **separate entry** for each repayment, and complete columns A to G and M and N with the details for the employment period in the previous tax year in which the government assistance was received.

	A Trade code 400	B Apprenticeship program/ trade name 405	C Name of apprentice 410
1.	434a	Powerline Technician	Goetz, Stephen
2.	434a	Powerline Technician	Kelly, Mark
3.	434a	Powerline Technician	Stephan Lebeau
4.	434a	Powerline Technician	Chapman, Mike
5.	434a	Powerline Technician	Lepelaars, Jeff
6.	434a	Powerline Technician	Kingsbury, Kevin
7.			

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (see note 1 below) 425	F Start date of employment as an apprentice in the tax year (see note 2 below) 430	G End date of employment as an apprentice in the tax year (see note 3 below) 435
1.	PD9775	2011-06-06	2013-01-01	2013-12-31
2.	PA8748	2010-08-16	2013-01-01	2013-12-31
3.	PD9776	2011-06-13	2013-01-01	2013-12-31
4.	PF1680	2012-07-12	2013-01-01	2013-12-31
5.	PF2659	2011-03-25	2013-01-01	2013-12-31
6.	BD2025	2013-09-09	2013-09-09	2013-12-31

	D Original contract or training agreement number 420	E Original registration date of apprenticeship contract or training agreement (see note 1 below) 425	F Start date of employment as an apprentice in the tax year (see note 2 below) 430	G End date of employment as an apprentice in the tax year (see note 3 below) 435
7.				

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Calculation of the Ontario apprenticeship training tax credit (continued)

	H1 Number of days employed as an apprentice in the tax year before March 27, 2009 (see note 1 below) 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below) 442	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2 below) 445
1.		365	365	10,000
2.		365	365	10,000
3.		365	365	10,000
4.		365	365	10,000
5.		365	365	10,000
6.		113	113	3,096
7.				

	J1 Eligible expenditures before March 27, 2009 (see note 3 below) 451	J2 Eligible expenditures after March 26, 2009 (see note 3 below) 452	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures **multiplied** by specified percentage (see note 4 below) 460
1.		78,574	78,574	27,501
2.		86,639	86,639	30,324
3.		76,643	76,643	26,825
4.		57,689	57,689	20,191
5.		66,599	66,599	23,310
6.		18,198	18,198	6,369
7.				

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5 below) 480	N ATTC for each apprentice (column L or column M, whichever applies) 490
1.	10,000		10,000
2.	10,000		10,000
3.	10,000		10,000
4.	10,000		10,000
5.	10,000		10,000
6.	3,096		3,096
7.			

Ontario apprenticeship training tax credit (total of amounts in column N) **500** 53,096 O

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O _____ x percentage on line 170 in Part 1 _____ % = ... _____ **P**

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 552, add the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.

For H1: The days employed as an apprentice must be within 36 months of the registration date provided in column E.

For H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

Note 2: Maximum credit = ($5,000 x H1/365*) + ($10,000 x H2/365*)
* 366 days, if the tax year includes February 29

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

For J1: Eligible expenditures before March 27, 2009, must be for services provided by the apprentice during the first 36 months of the apprenticeship program.

For J2: Eligible expenditures after March 26, 2009, must be for services provided by the apprentice during the first 48 months of the apprenticeship program.

Note 4: Calculate the amount in column K as follows:
Column K = (J1 x line 310) + (J2 x line 312)

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year.
Complete a **separate entry** for each repayment of government assistance.

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Code 1301

SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED) EXPENDITURES CLAIM

Use this form:

- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:

- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: **www.cra.gc.ca/sred**.

Part 1 – General information

010 Name of claimant Guelph Hydro Electric Systems Inc.	Enter one of the following: 89120 8613 RC0002 Business number (BN)	
Tax year From: 2013-01-01 (Year Month Day) To: 2013-12-31 (Year Month Day)	Social insurance number (SIN)	
050 Total number of projects you are claiming this tax year: 1		
100 Contact person for the financial information Michael Koktan	**105** Telephone number/extension (519) 837-4725	**110** Fax number
115 Contact person for the technical information Matt Weninger	**120** Telephone number/extension (519) 837-4720	**125** Fax number

151 If this claim is filed for a partnership, was Form T5013 filed? . . . . . 1 ☐ Yes 2 ☐ No

If you answered **no** to line 151, complete lines 153, 156 and 157.

153 Names of the partners	**156** %	**157** BN or SIN
1		
2		
3		
4		
5		

Part 2 - Project information

CRA internal form identifier 060
Code 1301

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 3 – Calculation of SR&ED expenditures

What did you spend on your SR&ED projects?

Section A – Select the method to calculate the SR&ED expenditures

I elect (choose) to use the following method to calculate my SR&ED expenditures and related investment tax credits (ITC) for this tax year.
I understand that my election is irrevocable (cannot be changed) for this tax year.

160 [X] I elect to use the proxy method
(Enter "0" on line 360. Complete Part 5 and you do not need to track any expenditure incurred for overhead)

162 [ ] I choose to use the traditional method
(Enter "0" on line 355. Complete line 360, and track any expenditure incurred for overhead)

Section B – Calculation of allowable SR&ED expenditures (to the nearest dollar)

• SR&ED portion of salary or wages of employees directly engaged in the SR&ED:			
a) Employees other than specified employees for work performed in Canada	300	+	323,090
b) Specified employees for work performed in Canada	305	+	
Subtotal (add lines 300 and 305)	306	=	323,090
c) Employees other than specified employees for work performed outside Canada (subject to limitations – see guide)	307	+	
d) Specified employees for work performed outside Canada (subject to limitations – see guide)	309	+	
• Salary or wages identified on line 315 in prior years that were paid in this tax year	310	+	
• Salary or wages incurred in the year but not paid within 180 days of the tax year end	315		
• Cost of materials consumed in performing SR&ED	320	+	
• Cost of materials transformed in performing SR&ED	325	+	
• Contract expenditures for SR&ED performed on your behalf:			
a) Arm's length contracts (see note 1)	340	+	
b) Non-arm's length contracts (see note 1)	345	+	
• Lease costs of equipment used before 2014:			
a) All or substantially all (90% of the time or more) for SR&ED	350	+	
b) Primarily (more than 50% of the time but less than 90%) for SR&ED. (Enter 50% of lease costs if you use the proxy method or enter "0" if you use the traditional method)	355	+	
• Overhead and other expenditures (enter "0" if you use the proxy method)	360	+	
• Third-party payments (see note 2) (complete Form T1263*)	370	+	
Total current SR&ED expenditures (add lines 306 to 370; do not add line 315) (Corporations need to adjust line 118 of schedule T2SCH1)	380	=	323,090
• Capital expenditures for depreciable property available for use before 2014 (Do not include these capital expenditures on schedule T2SCH8)	390	+	
Total allowable SR&ED expenditures (add lines 380 and 390)	400	=	323,090

Section C – Calculation of pool of deductible SR&ED expenditures (to the nearest dollar)

Amount from line 400	420		323,090
Deduct			
• provincial government assistance for expenditures included on line 400	429	–	14,539
• other government assistance for expenditures included on line 400	431	–	
• non-government assistance for expenditures included on line 400	432	–	
• SR&ED ITCs applied and/or refunded in the prior year (see guide)	435	–	42,176
• sale of SR&ED capital assets and other deductions	440	–	
Subtotal (line 420 minus lines 429 to 440)	442	=	266,375
Add			
• repayments of government and non-government assistance that previously reduced the SR&ED expenditure pool	445	+	
• prior year's pool balance of deductible SR&ED expenditures (from line 470 of prior year T661)	450	+	
• SR&ED expenditure pool transfer from amalgamation or wind-up	452	+	
• amount of SR&ED ITC recaptured in the prior year	453	+	
Amount available for deduction (add lines 442 to 453) (enter positive amount only, include negative amount in income)	455	=	266,375
• Deduction claimed in the year (Corporations should enter this amount on line 411 of schedule T2SCH1)	460	–	266,375
Pool balance of deductible SR&ED expenditures to be carried forward to future years (line 455 minus 460)	470	=	

* Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Note 1 – For contract expenditures made after 2013, no amounts for purchasing or leasing capital property can be included.

Note 2 – For third-party payments made after 2013, no amounts for purchasing or leasing capital property can be included.

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

Enter the breakdown between current and capital expenditures (to the nearest dollar)

		Current Expenditures		Capital Expenditures
Total expenditures for SR&ED (from lines 380 and 390)	492	323,090	496	
Add				
• payment of prior years' unpaid amounts (other than salary or wages)	500 +			
• prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method)	502 +	178,204		
• expenditures on shared-use equipment for property acquired before 2014			504 +	
• qualified expenditures transferred to you (see note 3) (complete Form T1146**)	508 +		510 +	
Subtotal (add lines 492 to 508, and add lines 496 to 510)	511 =	501,294	512 =	
Deduct (see note 4)				
• provincial government assistance	513 –	22,558	514 –	
• other government assistance	515 –		516 –	
• non-government assistance and contract payments	517 –		518 –	
• current expenditures (other than salary or wages) not paid within 180 days of the tax year end	520 –			
• amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier	528 –			
• 20% of expenditures included on lines 340 and 370 that were incurred after December 31, 2012	529 –			
• prescribed expenditures not allowed by regulations (see guide)	530 –		532 –	
• other deductions (see guide)	533 –		535 –	
• non-arm's length transactions				
– assistance allocated to you (complete Form T1145*)	538 –		540 –	
– expenditures for non-arm's length SR&ED contracts (from line 345)	541 –			
– adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide)	542 –		543 –	
– qualified expenditures you transferred (complete Form T1146**)	544 –		546 –	
Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546)	557 =	478,736	558 =	
Qualified SR&ED expenditures (add lines 557 and 558)			559 =	478,736
Add				
• repayments of assistance and contract payments made in the year			560 +	
Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560)			570 =	478,736

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162). You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

Salary or wages of employees other than specified employees (from lines 300 and 307)	810	+	323,090
Deduct			
Bonuses, remuneration based on profits, and taxable benefits that were included on line 810	812	–	26,083
Subtotal (line 810 minus 812)	814	=	297,007

Salary or wages of specified employees

850	852	854	856	858	860
Column 1	**Column 2**	**Column 3**	**Column 4**	**Column 5**	**Column 6**
Name of specified employee	Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar)	% of time spent on SR&ED (maximum 75%)	Amount in column 2 multiplied by percentage in column 3	2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year	Amount in column 4 or 5, whichever amount is less

(Enter total of column 6 on line 816) — 816 + _____

Salary base (total of lines 814 and 816) — 818 = 297,007

Section B – Prescribed proxy amount (PPA)

Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) — 820 = 178,204

Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you.

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for **all** SR&ED projects claimed in the year.
Expenditures should be recorded and allocated on a project basis.

750	752	754	756
Project title or identification code	Salary or wages in the tax year (Total of lines 306 to 309)	Cost of materials in the tax year (Total of lines 320 and 325)	Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345)
1. GH2012-03-02 Development of Reliable Smart Grid Techniqu	323,090		
Total	323,090		

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) 605 323,090

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

		Canadian (%)		Foreign (%)
Internal	600	100.000		
Parent companies, subsidiaries, and affiliated companies	602		604	
Federal grants (do not include funds or tax credits from SR&ED tax incentives)	606			
Federal contracts	608			
Provincial funding	610			
SR&ED contract work performed for other companies on their behalf	612		614	
Other funding (e.g., universities, foreign governments)	616		618	

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 ☐ Basic or Applied research

622 ☒ Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

Scientists and engineers	632	1
Technologists and technicians	634	
Managers and administrators	636	1
Other technical supporting staff	638	1

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

1. used the current version of this form . . . . . ☒
2. entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3 . . . . . ☒
3. completed Part 2 for each project . . . . . ☒
4. filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures . . . . . ☒
5. filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable . . . . . ☒

To expedite the processing of your claim, make sure you have:

1. completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return* . . . . . ☒
2. filed the appropriate provincial and/or territorial tax credit forms, if applicable . . . . . ☒
3. retained documents to support the SR&ED work performed and SR&ED expenditures you claimed . . . . . ☒
4. checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31 . . . . . ☒

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A $1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 **Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?**

1. [X] Yes (complete the claim preparer information table and lines 970 and 975 below)
2. [ ] No (complete lines 970 and 975)

Claim preparer information table

940 Name of claim preparer (company or individual)	945 Business number	950 Billing arrangement code (see codes*)	955 Billing rate (percentage, hourly/daily rate or flat fee)	960 Other billing arrangement(s) (Maximum 10 words)	965 Total fee paid, payable, or expected to pay
1. KPMG LLP	122363153RT0001	1	20.00		23,661
				Total	23,661

*** Billing arrangement codes**

Code	Type of billing arrangement
1	Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned
2	Hourly rate
3	Daily rate
4	Flat fee arrangement (lump sum)
5	Other arrangements – describe the arrangement in box 960 in 10 words or less

970 I, ~~PANKAJ SARDANA~~ BARRY CHUDDY, certify that the information provided in this part is complete
Name of authorized signing officer of the corporation, or individual (print)
and accurate.

Signature

975 2014-06-26
Year Month Day

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 ~~PANKAJ SARDANA~~ BARRY CHUDDY
Name of authorized signing officer of the corporation, or individual

Signature

170 2014/06/26
Date

175 KPMG LLP
Name of person/firm who completed this form

Part 2 - Project information (continued)

Project number **1**

CRA internal form identifier 060
Code 1301

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)

GH2012-03-02 Development of Reliable Smart Grid Techniques

202 Project start date	**204** Completion or expected completion date	**206** Field of science or technology code (See guide for list of codes)
2011-11 (Year Month)	2014-07 (Year Month)	2.02.06 Communication engineering and systems

Project claim history

208 1 [X] Continuation of a previously claimed project **210** 1 [ ] First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? . . . . . 1 [ ] Yes 2 [X] No

If you answered **yes** to line 218, complete lines 220 and 221.

220 Names of the businesses	**221** BN
1	
2	
3	

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome – uncertainties that could not be removed using standard practice? (*Maximum 50 lines*)

Guelph Hydro Electric Systems Inc. (Guelph Hydro or the Company) is an electricity distribution company which delivers power to approximately 52,000 homes and businesses in Guelph, Ontario.

In FY2013, Guelph Hydro sought to develop an adaptive smart metering system while seamlessly integrating with the Company's back-end legacy systems. However, challenges were encountered with respect to integrating hardware and software components that are not designed for interoperability, and the need for high data integrity. In particular, Guelph Hydro had to overcome the following obstacles:

- Guelph Hydro sought to develop a scalable smart grid architecture that can flexibly and reliably integrate with disparate legacy and future electrical/software sub-systems. However, synchronization challenges were encountered between the various systems, including the Operational Data Store (ODS), the MDM/R, the Outage Management System (OMS), Geographic Information System (GIS), In-Home Display Units (IHDs), etc. Due to the proprietary or external nature of some of the systems involved, standard integration techniques such as messaging buses could not resolve these challenges due to compatibility issues. The lack of reliable synchronization also hindered the scalability of the overall smart grid architecture as it inherently necessitated real-time transmission of messages, sometimes on the order of thousands (e.g., last gasp messages), between these underlying sub-systems. In addition, the Company encountered challenges in reliably harmonizing heterogeneous data across various underlying systems. Conventional approaches, such as sharing flat files and data transformation/mapping schemes, failed to yield consistent results due to conflicts and inflexibility in how these systems interpret the data. Consequently, the Company was uncertain if it could succeed in integrating these disparate systems reliably while ensuring scalability.

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in Line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

In FY2013, Guelph Hydro sought to develop a scalable smart grid architecture that can flexibly and reliably integrate with disparate legacy and future

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in Line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

electrical/software sub-systems. The underlying hypothesis was that encompassing these sub-systems within an adaptive/responsive architecture composed of various layers could achieve the desired flexibility. One of the challenges encountered with this approach, however, was how to reliably execute transactions between the internal ODS and the external MDM/R given the propensity for frequent protocol changes on the part of the MDM/R. To this end, the Company attempted to develop a middle-layer within the architecture to integrate these disparate systems. Extensive investigation was carried out towards the development of flexible models and validation algorithms that would reliably represent such transactions, regardless of MDM/R-side protocol changes. For additional granularity and flexibility, transformation methods were developed to capture nested data members. In testing this approach, Guelph Hydro observed it was still inflexible for reliable integration with the MDM/R. To address this, rules-based techniques were developed to modularize the underlying models. Further testing showed that this approach improved the model flexibility such that reliable interoperability was achieved. However, in attempting to develop an architectural layer for the OMS, the Company observed synchronization challenges for object states between the OMS and GIS due to differing time deltas. To address this, the Company developed a coordination technique which modularized the GIS into complementary layers, wherein the appropriate layer could dynamically feed correct temporal data to the OMS. This involved the development of an intermediary messaging broker to retrieve and disseminate events from the CIS and ODS to the GIS. Although this improved reliability, Guelph Hydro observed scalability challenges since the OMS could not concurrently handle thousands of last gasp messages. Through load testing, the Company traced performance degradations to OMS dependencies relying on real-time status updates from the external GIS. Hence, Guelph Hydro attempted to develop a caching layer to reduce processing overheads in querying the GIS. In particular, replication methodologies were developed to actively store pertinent geo-referencing data, but the Company encountered compatibility challenges between the GIS system's inherently topological schema and the OMS system's reliance on connectivity models. To address this, the Company developed generic algorithms to translate and re-organize GIS records for processing by the OMS. This technique, in turn, improved the scalability of the OMS. In the subsequent iterations of development, Guelph Hydro attempted to integrate legacy and third-party sub-systems comprising the Company's enterprise architecture through the development of a robust middleware. Through extensive investigation, Guelph Hydro developed a translation layer to manage object states between these systems such that the underlying data is harmonized. However, the Company encountered technological limitations in regards to the legacy architecture since its inflexible, unstructured nature hindered efficient transformation of legacy objects for use by external systems. Specifically, native data handling mechanisms were rudimentary or non-existent within the legacy architecture; hence, simply querying legacy data sets posed scalability constraints. To overcome this, Guelph Hydro developed techniques to dynamically scrape and interpret the logic from the legacy system's flat files during querying. In conjunction with accessing data sets directly from the legacy system's flat files and carrying out transformations based on the aforementioned scraped logic, Guelph Hydro was able to circumvent the limitations of the legacy system. Consequently, in testing this approach, Guelph Hydro was able to reliably integrate the third-party and legacy systems, while ensuring scalability. In the next iteration, the Company attempted to extend the adaptive architecture through the integration of disparate In-Home Display (IHD) units for customer demand-side load management and real-time electricity consumption visualization. However, stress testing uncovered data transmission/handling challenges between the smart meters and IHDs as their disparate proprietary interfaces prevented reliable device pairing and, for

244 What work did you perform **in the tax year** to overcome the scientific or technological uncertainties described in Line 242? (Summarize the systematic investigation or search) (*Maximum 100 lines*)

61. some specific meter types, presented inaccurate electricity consumption data.
62. To address this, the Company developed techniques to generically pass messages
63. to individual units, such as alerts, but encountered challenges in reliably
64. synchronizing the IHDs with back-end systems. By the end of the FY, Guelph
65. Hydro was still in the process of addressing these challenges. Consequently,
66. the Company will continue to improve the reliability and scalability of the
67. smart grid architecture in the next FY.

246 What scientific or technological advancements did you achieve as a result of the work described in Line 244? (*Maximum 50 lines*)

1. The work performed for this project represents a technological advancement in
2. the fields of Electrical Engineering. Specifically, the work performed in
3. FY2013 resulted in the following advancement:
4.
5. - developed a scalable smart grid architecture that can flexibly and reliably
6. integrate with disparate legacy and future electrical/software sub-systems.
7. This involved the development of a flexible adaptive/responsive architecture
8. composed of various layers to reliably integrate these sub-systems, such as
9. the ODS, MDM/R, GIS, OMS, etc. To achieve reliable integration between the
10. MDM/R and ODS, flexible models and validation algorithms were developed to
11. represent transactions prone to frequent protocol changes on the part of the
12. MDM/R. Furthermore, to achieve a reliable and scalable OMS, the GIS framework
13. was modularized with a complementary temporal layer for disseminating real-
14. time events while replication schemes were developed to mitigate processing
15. overheads on the order of minutes to real-time. As well, to integrate legacy
16. and third-party enterprise systems, a robust middleware was developed to
17. harmonize object states between them. In this case, scalability was achieved
18. through the development of scraping techniques which dynamically interpret the
19. legacy logic directly from the legacy flat files such that data set
20. transformations occur within the middleware.

Section C – Additional project information

Who prepared the responses for Section B?

253 1 [X] Employee directly involved in the project	**254** Name: Weninger, Matt	
255 1 [ ] Other employee of the company	**256** Name	
257 1 [X] External consultant	**258** Name: KPMG LLP	**259** Firm: KPMG LLP

List the key individuals directly involved in the project and indicate their qualifications/experience.

260 Names	**261** Qualifications/experience and position title
1 Weninger, Matt	Director of Metering and Conservation; B.Sc. Electrical Engineering with 25 years Engineering and Operations experience in power distribution
2 Amyot, Dan	Director of Information Systems ; Mechanical Engineering Technician with over 20 years industry experience, the majority in Information Technology and
3 Joaquin, Mike	Senior Systems Analyst/Project Lead; Dipl. in Information Systems with 26 years of industrial experience in Information Systems

265 Are you claiming any salary or wages for SR&ED performed outside Canada?	1 [ ] Yes	2 [X] No
266 Are you claiming expenditures for SR&ED carried out on behalf of another party?	1 [ ] Yes	2 [X] No
267 Are you claiming expenditures for SR&ED performed by people other than your employees?	1 [ ] Yes	2 [X] No

If you answered **yes** to line 267, complete lines 268 and 269.

268 Names of individuals or companies	**269** BN
1	

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

270	1	☐	Project planning documents	276 1 ☐	Progress reports, minutes of project meetings
271	1	☒	Records of resources allocated to the project, time sheets	277 1 ☒	Test protocols, test data, analysis of test results, conclusions
272	1	☐	Design of experiments	278 1 ☒	Photographs and videos
273	1	☒	Project records, laboratory notebooks	279 1 ☐	Samples, prototypes, scrap or other artefacts
274	1	☐	Design, system architecture and source code	280 1 ☐	Contracts
275	1	☒	Records of trial runs	281 1 ☐	Others, specify 282

APPENDIX 4-F: 2011 to 2013 Verified OPA Final and 2014 Preliminary CDM Results

Message from the Vice President:

The OPA is pleased to provide you with the enclosed Final 2013 Verified Results Report.

2013 Report highlights:

- We have achieved 86% of our cumulative energy savings target and 48% of our annual peak demand savings target to date (Scenario 2).

  By the end of 2013, 42 LDCs have exceeded 80% of their energy target and 19 LDCs have met or exceeded their 2011-14 energy target.
- In 2013, LDCs have achieved over 600 GWh in savings, representing an increase of 20% over the 2012 net incremental energy savings results.
- The BUSINESS PROGRAM continues to generate strong interest and participation amongst business customers with significant savings results. 71% of total energy savings in 2013 came from the BUSINESS PROGRAM and its momentum continues. Also, as the program matures, we are seeing more and more studies in the PROCESS AND SYSTEMS pipeline converting to completed projects.
- Within 4 cents per kWh, Conservation programs continue to be a valuable and cost effective resource for customers across the province.

2013 has been a year of significant operational advancements centered around creating a better customer and LDC experience:

- A number of operational changes were made in 2013 to enhance processes, such as payment of LDC invoices streamlined to an average of 20 days, enhanced reporting and iCon updates to improve users' experience.
- Proactive updates to measures incentivized through saveONenergy have allowed programs to stay ahead of changing market conditions. Specifically in 2013, LEDs became popular measures in both the Consumer and Business programs.
- Technical tools also played a significant role in 2013, which included an updated Measure and Assumptions List as well as new and improved engineering worksheets for RETROFIT which allow customers to more easily access programs by building strong business cases based on latest estimates of savings potential.
- The Conservation Fund introduced the LDC Fast Track stream to support LDCs with innovative program ideas. 2013 LDC pilots included Oshawa PUC Networks Inc.'s retro-commissioning program, Toronto Hydro-Electric System Limited multi-unit demand response, and Niagara-on-the-Lake Hydro Inc.'s electric vehicles load shifting program.
- Key market sectors were also engaged in 2013 through Capability Building programs targeted at Home Builders and HVAC Installers to build conservation knowledge with these partners. Energy Efficiency Services Programs (EESPs) also provided valuable support to a variety of sectors.

The format of this report was developed in collaboration with the Reporting Working Group and is designed to help LDCs populate their 2013 Annual Reports that will be submitted to the OEB by September 30th. Any additional 2013 program activity not captured here will be reported in your Final 2014 Verified Results Report.

Please continue to monitor saveONenergy E-blasts for any further updates and should you have any other questions or comments please contact LDC.Support@powerauthority.on.ca.

We appreciate your ongoing collaboration and cooperation throughout the reporting and evaluation process. We look forward to another successful year in 2014.

Sincerely,

Andrew Pride

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OPA-Contracted Province-Wide CDM Programs Final Verified 2013 Results

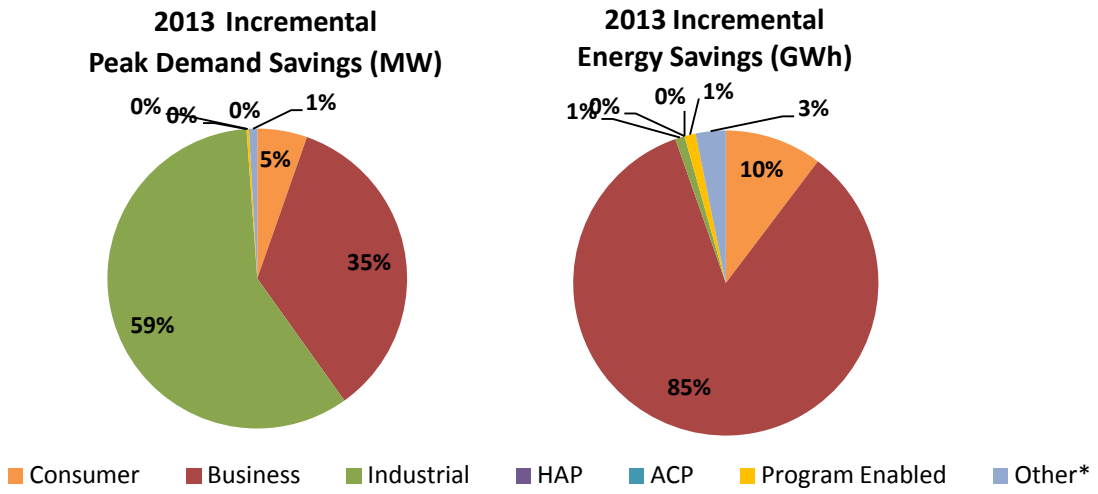
LDC: Guelph Hydro Electric Systems Inc.

FINAL 2013 Progress to Targets	2013 Incremental	Program-to-Date Progress to Target (Scenario 1)	Scenario 1: % of Target Achieved	Scenario 2: % of Target Achieved
Net Annual Peak Demand Savings (MW)	6.1	8.3	**49.9%**	**77.6%**
Net Energy Savings (GWh)	8.1	101.3	**127.4%**	**127.4%**

Scenario 1 = Assumes that demand response resources have a persistence of 1 year

Scenario 2 = Assumes that demand response resources remain in the LDC service territory until 2014

Achievement by Sector



**Other includes adjustments to previous years' results and savings from pre-2011 initiatives*

Comparison: LDC Achievement vs. LDC Community Achievement (Progress to Target)

The following graphs assume that demand response resources remain in the LDC service territory until 2014 (aligns with Scenario 2)

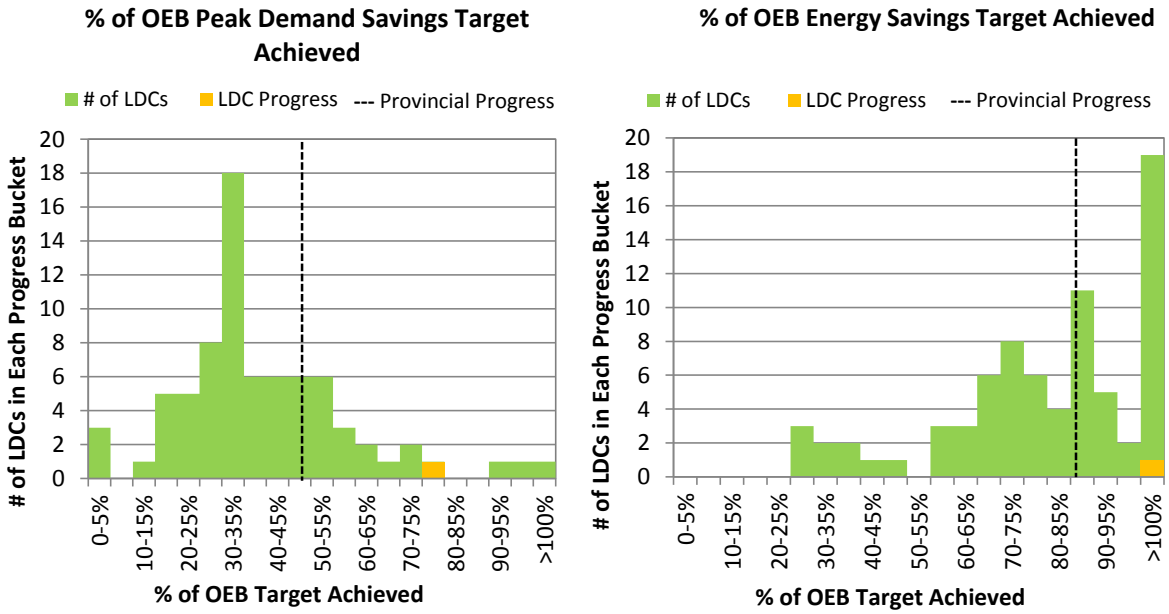


Table 1: Guelph Hydro Electric Systems Inc. Initiative and Program Level Net Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW) 2014	2011-2014 Net Cumulative Energy Savings (kWh) 2014
Consumer Program															
Appliance Retirement	Appliances	794	426	208		43	23	14		312,750	167,643	88,261		79	1,929,948
Appliance Exchange	Appliances	24	21	54		3	3	11		3,328	5,639	19,950		16	68,901
HVAC Incentives	Equipment	1,216	1,087	1,310		450	253	287		861,567	449,783	503,633		990	5,802,884
Conservation Instant Coupon Booklet	Items	4,634	278	3,116		11	2	5		171,748	12,560	69,239		17	863,153
Bi-Annual Retailer Event	Items	8,553	9,530	8,487		15	13	11		263,995	240,587	154,331		39	2,086,404
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	222	0	0		124	0	0		0	0	0		0	0
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential New Construction	Homes	0	0	0		0	0	0		0	0	0		0	0
Consumer Program Total						**645**	**294**	**328**		**1,613,390**	**876,212**	**835,414**		**1,141**	**10,751,289**
Business Program															
Retrofit	Projects	26	98	101		110	1,055	939		549,202	5,028,199	6,406,519		2,067	29,952,375
Direct Install Lighting	Projects	225	160	76		313	156	105		778,995	553,506	361,892		516	5,314,376
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	0	0	0		0	0	0		0	0	0		0	0
Energy Audit	Audits	0	19	1		0	83	9		0	402,820	48,451		92	1,305,362
Small Commercial Demand Response	Devices	3	0	0		2	0	0		0	0	0		0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	5	6	6		307	1,069	1,064		11,993	15,535	14,560		0	42,089
Business Program Total						**732**	**2,363**	**2,117**		**1,340,190**	**6,000,060**	**6,831,422**		**2,674**	**36,614,202**
Industrial Program															
Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
Energy Manager	Projects	0	0	0		0	0	0		0	0	0		0	0
Retrofit	Projects	13	0	0		596	0	0		3,704,027	0	0		596	14,816,107
Demand Response 3	Facilities	0	0	22		0	0	3,576		0	0	81,439		0	81,439
Industrial Program Total						**596**	**0**	**3,576**		**3,704,027**	**0**	**81,439**		**596**	**14,897,546**
Home Assistance Program															
Home Assistance Program	Homes	0	0	0		0	0	0		0	0	0		0	0
Home Assistance Program Total						**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Aboriginal Program															
Home Assistance Program	Homes	0	0	0		0	0	0		0	0	0		0	0
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	52	0	0		1,385	0	0		7,431,466	0	0		1,385	29,725,863
High Performance New Construction	Projects	4	0	0		62	1	0		317,091	983	0		63	1,271,313
Toronto Comprehensive	Projects	0	0	0		0	0	0		0	0	0		0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total						**1,447**	**1**	**0**		**7,748,556**	**983**	**0**		**1,448**	**30,997,176**
Other															
Program Enabled Savings	Projects	0	4	1		0	2,304	16		0	1,188,362	96,000		2,320	3,757,086
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						**0**	**2,304**	**16**		**0**	**1,188,362**	**96,000**		**2,320**	**3,757,086**
Adjustments to 2011 Verified Results							**104**	**0**			**883,018**	**0**		**102**	**3,524,672**
Adjustments to 2012 Verified Results								**54**				**257,548**		**54**	**772,103**
Energy Efficiency Total						**2,986**	**3,894**	**1,396**		**14,394,170**	**8,050,082**	**7,748,276**		**8,179**	**96,893,771**
Demand Response Total (Scenario 1)						**433**	**1,069**	**4,640**		**11,993**	**15,535**	**95,999**		**0**	**123,527**
Adjustments to Previous Years' Verified Results Total						**0**	**104**	**54**		**0**	**883,018**	**257,548**		**156**	**4,296,775**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**3,419**	**5,067**	**6,091**		**14,406,163**	**8,948,635**	**8,101,823**		**8,334**	**101,314,073**
													Full OEB Target:	**16,710**	**79,530,000**
													% of Full OEB Target Achieved to Date (Scenario 1):	**49.9%**	**127.4%**

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

*Includes adjustments after Final Reports were issued

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Energy Manager, Aboriginal Program and Program Enabled Savings were not independently evaluated

Table 2: Adjustments to Guelph Hydro Electric Systems Inc. Net Verified Results due to Variances

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program													
Appliance Retirement	Appliances	0	0			0	0			0	0		
Appliance Exchange	Appliances	0	0			0	0			0	0		
HVAC Incentives	Equipment	-244	28			-71	6			-134,078	12,357		
Conservation Instant Coupon Booklet	Items	74	0			0	0			2,476	0		
Bi-Annual Retailer Event	Items	735	0			1	0			19,614	0		
Retailer Co-op	Items	0	0			0	0			0	0		
Residential Demand Response	Devices	0	0			0	0			0	0		
Residential Demand Response (IHD)	Devices	0	0			0	0			0	0		
Residential New Construction	Homes	0	0			0	0			0	0		
Consumer Program Total						**-70**	**6**			**-111,988**	**12,357**		
Business Program													
Retrofit	Projects	5	6			135	32			1,002,941	169,662		
Direct Install Lighting	Projects	27	0			40	0			92,924	0		
Building Commissioning	Buildings	0	0			0	0			0	0		
New Construction	Buildings	0	0			0	0			0	0		
Energy Audit	Audits	0	3			0	16			0	75,529		
Small Commercial Demand Response	Devices	0	0			0	0			0	0		
Small Commercial Demand Response (IHD)	Devices	0	0			0	0			0	0		
Demand Response 3	Facilities	0	0			0	0			0	0		
Business Program Total						**176**	**48**			**1,095,865**	**245,191**		
Industrial Program													
Process & System Upgrades	Projects	0	0			0	0			0	0		
Monitoring & Targeting	Projects	0	0			0	0			0	0		
Energy Manager	Projects	0	0			0	0			0	0		
Retrofit	Projects	0	0			0	0			0	0		
Demand Response 3	Facilities	0	0			0	0			0	0		
Industrial Program Total						**0**	**0**			**0**	**0**		
Home Assistance Program													
Home Assistance Program	Homes	0	0			0	0			0	0		
Home Assistance Program Total						**0**	**0**			**0**	**0**		
Aboriginal Program													
Home Assistance Program	Homes	0	0			0	0			0	0		
Direct Install Lighting	Projects	0	0			0	0			0	0		
Aboriginal Program Total						**0**	**0**			**0**	**0**		
Pre-2011 Programs completed in 2011													
Electricity Retrofit Incentive Program	Projects	0	0			0	0			0	0		
High Performance New Construction	Projects	0	0			-1	0			-100,859	0		
Toronto Comprehensive	Projects	0	0			0	0			0	0		
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0		
LDC Custom Programs	Projects	0	0			0	0			0	0		
Pre-2011 Programs completed in 2011 Total						**-1**	**0**			**-100,859**	**0**		
Other													
Program Enabled Savings	Projects	0	0			0	0			0	0		
Time-of-Use Savings	Homes	0	0			0	0			0	0		
Other Total						**0**	**0**			**0**	**0**		
Adjustments to 2011 Verified Results						**104**				**883,018**			
Adjustments to 2012 Verified Results							**54**				**257,548**		
Total Adjustments to Previous Years' Verified Results						**104**	**54**			**883,018**	**257,548**		

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above does not consider persistence of savings

Table 3: Guelph Hydro Electric Systems Inc. Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement	1.00	1.00	n/a		0.50	0.46	0.42		1.00	1.00	n/a		0.50	0.46	0.44	
Appliance Exchange	1.00	1.00	1.00		0.52	0.52	0.53		1.00	1.00	1.00		0.52	0.52	0.53	
HVAC Incentives	1.00	1.00	n/a		0.60	0.49	0.48		1.00	1.00	n/a		0.60	0.49	0.48	
Conservation Instant Coupon Booklet	1.00	1.00	1.00		1.14	1.00	1.11		1.00	1.00	1.00		1.11	1.05	1.13	
Bi-Annual Retailer Event	1.00	1.00	1.00		1.13	0.91	1.04		1.00	1.00	1.00		1.10	0.92	1.04	
Retailer Co-op	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential Demand Response	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential Demand Response (IHD)	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential New Construction	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Business Program																
Retrofit	0.93	0.86	0.91		0.74	0.76	0.68		1.15	1.06	0.98		0.76	0.77	0.68	
Direct Install Lighting	1.08	0.68	0.81		0.93	0.94	0.94		0.90	0.85	0.84		0.93	0.94	0.94	
Building Commissioning	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
New Construction	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Energy Audit	n/a	n/a	1.02		n/a	n/a	0.66		n/a	n/a	0.97		n/a	n/a	0.66	
Small Commercial Demand Response	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Small Commercial Demand Response (IHD)	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Demand Response 3	0.76	n/a	n/a		n/a	n/a	n/a		1.00	n/a	n/a		n/a	n/a	n/a	
Industrial Program																
Process & System Upgrades	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Monitoring & Targeting	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Energy Manager	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Retrofit																
Demand Response 3	0.84	n/a	n/a		n/a	n/a	n/a		1.00	n/a	n/a		n/a	n/a	n/a	
Home Assistance Program																
Home Assistance Program	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Aboriginal Program																
Home Assistance Program	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Direct Install Lighting	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program	0.77	n/a	n/a		0.52	n/a	n/a		0.77	n/a	n/a		0.52	n/a	n/a	
High Performance New Construction	1.00	1.00	1.00		0.50	0.50	0.50		1.00	1.00	1.00		0.50	0.50	0.50	
Toronto Comprehensive	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Multifamily Energy Efficiency Rebates	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
LDC Custom Programs	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Other																
Program Enabled Savings	n/a	1.06	1.00		n/a	1.00	1.00		n/a	2.26	1.00		n/a	1.00	1.00	
Time-of-Use Savings	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	

Energy Manager, Aboriginal Program and Program Enabled Savings were not independently evaluated

Summary Progress Towards CDM Targets

Results are attributed to target using current OPA reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year (Scenario 1). Please see methodology tab for more detailed information.

Table 4: Net Peak Demand Savings at the End User Level (MW) (Scenario 1)

Implementation Period	Annual			
	2011	2012	2013	2014
2011 - Verified	3.4	3.0	3.0	2.9
2012 - Verified†	0.1	5.1	4.0	4.0
2013 - Verified†	0.0	0.1	6.1	1.4
2014				
Verified Net Annual Peak Demand Savings Persisting in 2014:				8.3
Guelph Hydro Electric Systems Inc. 2014 Annual CDM Capacity Target:				16.7
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				49.9%

Table 5: Net Energy Savings at the End User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	14.4	14.4	14.4	14.2	57.4
2012 - Verified†	0.9	8.9	8.9	8.8	27.5
2013 - Verified†	0.0	0.3	8.1	8.0	16.4
2014					
Verified Net Cumulative Energy Savings 2011-2014:					101.3
Guelph Hydro Electric Systems Inc. 2011-2014 Annual CDM Energy Target:					79.5
Verified Portion of Cumulative Energy Target Achieved in 2014 (%):					127.4%

†Includes adjustments to previous Years' verified results

Table 6: Province-Wide Initiatives and Program Level Net Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
														2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program															
Appliance Retirement	Appliances	56,110	34,146	20,952		3,299	2,011	1,433		23,005,812	13,424,518	8,713,107		6,605	149,603,072
Appliance Exchange	Appliances	3,688	3,836	5,337		371	556	1,106		450,187	974,621	1,971,701		1,795	8,455,927
HVAC Incentives	Equipment	92,743	87,427	91,581		32,037	19,060	19,552		59,437,670	32,841,283	33,923,592		70,650	404,121,713
Conservation Instant Coupon Booklet	Items	567,678	30,891	346,896		1,344	230	517		21,211,537	1,398,202	7,707,573		2,091	104,455,900
Bi-Annual Retailer Event	Items	952,149	1,060,901	944,772		1,681	1,480	1,184		29,387,468	26,781,674	17,179,841		4,345	232,254,579
Retailer Co-op	Items	152	0	0		0	0	0		2,652	0	0		0	10,607
Residential Demand Response	Devices	19,550	98,388	171,733		10,947	49,038	93,076		24,870	359,408	390,303		0	774,582
Residential Demand Response (IHD)	Devices	0	49,689	133,657		0	0	0		0	0	0		0	0
Residential New Construction	Homes	26	19	86		0	2	18		743	17,152	163,690		20	381,811
Consumer Program Total						**49,681**	**72,377**	**116,886**		**133,520,941**	**75,796,859**	**70,049,807**		**85,506**	**900,058,189**
Business Program															
Retrofit	Projects	2,819	6,134	8,785		24,467	61,147	59,678		136,002,258	314,922,468	345,346,008		142,831	2,168,497,702
Direct Install Lighting	Projects	20,741	18,691	17,782		23,724	15,284	18,708		61,076,701	57,345,798	64,315,558		49,886	519,693,356
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	22	69	86		123	764	1,584		411,717	1,814,721	4,959,266		2,472	17,009,564
Energy Audit	Audits	198	345	319		0	1,450	2,811		0	7,049,351	15,455,795		4,261	52,059,644
Small Commercial Demand Response	Devices	132	294	1,211		84	187	773		157	1,068	373		0	1,597
Small Commercial Demand Response (IHD)	Devices	0	0	378		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	145	151	175		16,218	19,389	23,706		633,421	281,823	346,659		0	1,261,903
Business Program Total						**64,617**	**98,221**	**107,261**		**198,124,253**	**381,415,230**	**430,423,659**		**199,449**	**2,758,523,766**
Industrial Program															
Process & System Upgrades	Projects	0	0	3		0	0	294		0	0	2,603,764		294	5,207,528
Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
Energy Manager	Projects	0	42	205		0	1,086	3,558		0	7,372,108	21,994,263		3,194	54,888,570
Retrofit	Projects	433	0	0		4,615	0	0		28,866,840	0	0		4,613	115,462,282
Demand Response 3	Facilities	124	185	281		52,484	74,056	162,543		3,080,737	1,784,712	4,309,160		0	9,174,609
Industrial Program Total						**57,098**	**75,141**	**166,395**		**31,947,577**	**9,156,820**	**28,907,187**		**8,101**	**184,732,989**
Home Assistance Program															
Home Assistance Program	Homes	46	5,033	26,756		2	566	2,361		39,283	5,442,232	20,987,275		2,904	57,949,913
Home Assistance Program Total						**2**	**566**	**2,361**		**39,283**	**5,442,232**	**20,987,275**		**2,904**	**57,949,913**
Aboriginal Program															
Home Assistance Program	Homes	0	0	584		0	0	267		0	0	1,609,393		267	3,218,786
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						**0**	**0**	**267**		**0**	**0**	**1,609,393**		**267**	**3,218,786**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	2,028	0	0		21,662	0	0		121,138,219	0	0		21,662	484,552,876
High Performance New Construction	Projects	179	69	4		5,098	3,251	772		26,185,591	11,901,944	3,522,240		9,121	147,492,677
Toronto Comprehensive	Projects	577	0	0		15,805	0	0		86,964,886	0	0		15,805	347,859,545
Multifamily Energy Efficiency Rebates	Projects	110	0	0		1,981	0	0		7,595,683	0	0		1,981	30,382,733
LDC Custom Programs	Projects	8	0	0		399	0	0		1,367,170	0	0		399	5,468,679
Pre-2011 Programs completed in 2011 Total						**44,945**	**3,251**	**772**		**243,251,550**	**11,901,944**	**3,522,240**		**48,967**	**1,015,756,510**
Other															
Program Enabled Savings	Projects	14	56	13		0	2,304	3,692		0	1,188,362	4,075,382		5,996	11,715,850
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						**0**	**2,304**	**3,692**		**0**	**1,188,362**	**4,075,382**		**5,996**	**11,715,850**
Adjustments to 2011 Verified Results							**1,406**	**641**			**18,689,081**	**1,736,381**		**1,797**	**80,864,121**
Adjustments to 2012 Verified Results								**6,260**				**41,947,840**		**6,180**	**126,287,857**
Energy Efficiency Total						**136,610**	**109,191**	**117,536**		**603,144,419**	**482,474,435**	**554,528,447**		**351,190**	**4,920,743,312**
Demand Response Total (Scenario 1)						**79,733**	**142,670**	**280,099**		**3,739,185**	**2,427,011**	**5,046,495**		**0**	**11,212,691**
Adjustments to Previous Years' Verified Results Total						**0**	**1,406**	**6,901**		**0**	**18,689,081**	**43,684,221**		**7,976**	**207,151,978**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**216,343**	**253,267**	**404,536**		**606,883,604**	**503,590,526**	**603,259,163**		**359,166**	**5,139,107,980**
													Full OEB Target:	**1,330,000**	**6,000,000,000**
													% of Full OEB Target Achieved to Date (Scenario 1):	**27.0%**	**85.7%**

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

*Includes adjustments after Final Reports were issued

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Energy Manager, Aboriginal Program and Program Enabled Savings were not independently evaluated

Table 7: Adjustments to Province-Wide Net Verified Results due to Variances

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011*	2012*	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program													
Appliance Retirement	Appliances	0	0			0	0			0	0		
Appliance Exchange	Appliances	0	0			0	0			0	0		
HVAC Incentives	Equipment	-18,844	2,206			-5,271	452			-9,709,500	907,735		
Conservation Instant Coupon Booklet	Items	8,216	0			16	0			275,655	0		
Bi-Annual Retailer Event	Items	81,817	0			108	0			2,183,391	0		
Retailer Co-op	Items	0	0			0	0			0	0		
Residential Demand Response	Devices	0	0			0	0			0	0		
Residential Demand Response (IHD)	Devices	0	0			0	0			0	0		
Residential New Construction	Homes	19	0			1	0			13,767	0		
Consumer Program Total						**-5,146**	**452**			**-7,236,687**	**907,735**		
Business Program													
Retrofit	Projects	303	529			3,204	4,443			16,216,165	28,739,635		
Direct Install Lighting	Projects	444	197			501	204			1,250,388	736,541		
Building Commissioning	Buildings	0	0			0	0			0	0		
New Construction	Buildings	12	0			828	0			3,520,620	0		
Energy Audit	Audits	95	65			492	337			2,391,744	1,636,457		
Small Commercial Demand Response	Devices	0	0			0	0			0	0		
Small Commercial Demand Response (IHD)	Devices	0	0			0	0			0	0		
Demand Response 3	Facilities	0	0			0	0			0	0		
Business Program Total						**5,025**	**4,984**			**23,378,917**	**31,112,632**		
Industrial Program													
Process & System Upgrades	Projects	0	0			0	0			0	0		
Monitoring & Targeting	Projects	0	0			0	0			0	0		
Energy Manager	Projects	0	3			0	68			0	719,235		
Retrofit	Projects	0	0			0	0			0	0		
Demand Response 3	Facilities	0	0			0	0			0	0		
Industrial Program Total						**0**	**68**			**0**	**719,235**		
Home Assistance Program													
Home Assistance Program	Homes	0	0			0	0			0	0		
Home Assistance Program Total						**0**	**0**			**0**	**0**		
Aboriginal Program													
Home Assistance Program	Homes	0	0			0	0			0	0		
Direct Install Lighting	Projects	0	0			0	0			0	0		
Aboriginal Program Total						**0**	**0**			**0**	**0**		
Pre-2011 Programs completed in 2011													
Electricity Retrofit Incentive Program	Projects	12	0			138	0			545,536	0		
High Performance New Construction	Projects	34	0			1,407	0			2,065,200	0		
Toronto Comprehensive	Projects	0	0			0	0			0	0		
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0			0	0		
LDC Custom Programs	Projects	0	0			0	0			0	0		
Pre-2011 Programs completed in 2011 Total						**1,545**	**0**			**2,610,736**	**0**		
Other													
Program Enabled Savings	Projects	14	40			624	824			1,673,712	9,927,473		
Time-of-Use Savings	Homes	0	0			0	0			0	0		
Other Total						**624**	**824**			**1,673,712**	**9,927,473**		
Adjustments to 2011 Verified Results						**2,047**				**20,426,678**			
Adjustments to 2012 Verified Results							**6,328**				**42,667,076**		
Adjustments to Previous Years' Verified Results Total						**2,047**	**6,328**			**20,426,678**	**42,667,076**		

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above does not consider persistence of savings

Table 8: Province-Wide Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement	1.00	1.00	1.00		0.51	0.46	0.42		1.00	1.00	1.00		0.46	0.47	0.44	
Appliance Exchange	1.00	1.00	1.00		0.51	0.52	0.53		1.00	1.00	1.00		0.52	0.52	0.53	
HVAC Incentives	1.00	1.00	1.00		0.60	0.50	0.48		1.00	1.00	1.00		0.50	0.49	0.48	
Conservation Instant Coupon Booklet	1.00	1.00	1.00		1.14	1.00	1.11		1.00	1.00	1.00		1.00	1.05	1.13	
Bi-Annual Retailer Event	1.00	1.00	1.00		1.12	0.91	1.04		1.00	1.00	1.00		0.91	0.92	1.04	
Retailer Co-op	1.00	n/a	n/a		0.68	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential Demand Response	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential Demand Response (IHD)	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Residential New Construction	1.00	3.65	0.78		0.41	0.49	0.63		3.65	7.17	3.09		0.49	0.49	0.63	
Business Program																
Retrofit	1.06	0.93	0.92		0.72	0.75	0.73		0.93	1.05	1.01		0.75	0.76	0.73	
Direct Install Lighting	1.08	0.69	0.82		1.08	0.94	0.94		0.69	0.85	0.84		0.94	0.94	0.94	
Building Commissioning	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
New Construction	0.50	0.98	0.68		0.50	0.49	0.54		0.98	0.99	0.76		0.49	0.49	0.54	
Energy Audit	n/a	n/a	1.02		n/a	n/a	0.66		n/a	n/a	0.97		n/a	n/a	0.66	
Small Commercial Demand Response	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Small Commercial Demand Response (IHD)	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Demand Response 3	0.76	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Industrial Program																
Process & System Upgrades	n/a	n/a	0.85		n/a	n/a	0.94		n/a	n/a	0.87		n/a	n/a	0.93	
Monitoring & Targeting	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Energy Manager	n/a	1.16	0.90		n/a	0.90	0.90		1.16	1.16	0.90		0.90	0.90	0.90	
Retrofit	1.11	n/a	n/a		0.72	n/a	n/a		0.91	n/a	n/a		0.75	n/a	n/a	
Demand Response 3	0.84	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Home Assistance Program																
Home Assistance Program	1.00	0.32	0.26		0.70	1.00	1.00		0.32	0.99	0.88		1.00	1.00	1.00	
Aboriginal Program																
Home Assistance Program	n/a	n/a	0.05		n/a	n/a	1.00		n/a	n/a	0.95		n/a	n/a	1.00	
Direct Install Lighting	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program	0.80	n/a	n/a		0.54	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
High Performance New Construction	1.00	1.00	1.00		0.49	0.50	0.50		1.00	1.00	1.00		0.50	0.50	0.50	
Toronto Comprehensive	1.13	n/a	n/a		0.50	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Multifamily Energy Efficiency Rebates	0.93	n/a	n/a		0.78	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
LDC Custom Programs	1.00	n/a	n/a		1.00	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
Other																
Program Enabled Savings	n/a	1.06	1.00		n/a	1.00	1.00		1.06	2.26	1.00		1.00	1.00	1.00	
Time-of-Use Savings	n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	

Energy Manager, Aboriginal Program and Program Enabled Savings were not independently evaluated

Summary Provincial Progress Towards CDM Targets

Table 9: Province-Wide Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011	216.3	136.6	135.8	129.0
2012†	1.4	253.3	109.8	108.2
2013†	0.6	7.0	404.5	122.0
2014				
Verified Net Annual Peak Demand Savings in 2014:				359.2
2014 Annual CDM Capacity Target:				1,330
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				27.0%

Table 10: Province-Wide Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011	606.9	603.0	601.0	582.3	2,393.1
2012†	18.7	503.6	498.4	492.6	1,513.3
2013†	1.7	44.4	603.3	583.4	1,232.8
2014					
Verified Net Cumulative Energy Savings 2011-2014:					5,139.1
2011-2014 Cumulative CDM Energy Target:					6,000
Verified Portion of Cumulative Energy Target Achieved in 2014 (%):					85.7%

†Includes adjustments to previous Years' verified results

METHODOLOGY

All results are at the end-user level (not including transmission and distribution losses)

EQUATIONS	
Prescriptive Measures and Projects	**Gross Savings = Activity * Per Unit Assumption** **Net Savings = Gross Savings * Net-to-Gross Ratio** **All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)**
Engineered and Custom Projects	**Gross Savings = Reported Savings * Realization Rate** **Net Savings = Gross Savings * Net-to-Gross Ratio** **All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)**
Demand Response	**Peak Demand: Gross Savings = Net Savings = contracted MW at contributor level * Provincial contracted to ex ante ratio** **Energy: Gross Savings = Net Savings = provincial ex post energy savings * LDC proportion of total provincial contracted MW** **All savings are annualized (i.e. the savings are the same regardless of the time of year a participant began offering DR)**
Adjustments to Previous Years' Verified Results	All variances from the Final Annual Results Reports from prior years will be adjusted within this report. Any variances with regards to projects counts, data lag, and calculations etc., will be made within this report. Considers the cumulative effect of energy savings.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Consumer Program			
Appliance Retirement	Includes both retail and home pickup stream; Retail stream allocated based on average of 2008 & 2009 residential throughput; Home pickup stream directly attributed by postal code or customer selection.	Savings are considered to begin in the year the appliance is picked up.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Appliance Exchange	When postal code information is provided by customer, results are directly attributed to the LDC. When postal code is not available, results allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year that the exchange event occurred.	
HVAC Incentives	Results directly attributed to LDC based on customer postal code.	Savings are considered to begin in the year that the installation occurred.	

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Conservation Instant Coupon Booklet	LDC-coded coupons directly attributed to LDC; Otherwise results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year in which the coupon was redeemed.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Bi-Annual Retailer Event	Results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year in which the event occurs.	
Retailer Co-op	When postal code information is provided by the customer, results are directly attributed. If postal code information is not available, results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year of the home visit and installation date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Residential Demand Response	Results are directly attributed to LDC based on data provided to OPA through project completion reports and continuing participant lists.	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year and accounts for any “snapback” in energy consumption experienced after the event. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Residential New Construction	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system; Initiative was not evaluated in 2011, reported results are presented with forecast assumptions as per the business case.	Savings are considered to begin in the year of the project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Business Program			
Efficiency: Equipment Replacement	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see page for Building type to Sector mapping.	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
	Additional Note: project counts were derived by filtering out invalid statuses (e.g. Post-Project Submission - Payment denied by LDC) and only including projects with an "Actual Project Completion Date" in 2013)		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Direct Installed Lighting	Results are directly attributed to LDC based on the LDC specified on the work order.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumptions multiplied by the uptake of each measure accounting for the realization rate for both peak demand and energy to reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings take into account net-to-gross factors such as free-ridership and spillover for both peak demand and energy savings at the program level (net).
Existing Building Commissioning Incentive	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, no completed projects in 2011 or 2012.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined by the total savings for a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
New Construction and Major Renovation Incentive	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the actual project completion date.	
Energy Audit	Projects are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the audit date.	Peak demand and energy savings are determined by the total savings resulting from an audit as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Commercial Demand Response (part of the Residential program schedule)	Results are directly attributed to LDC based on data provided to OPA through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.
Demand Response 3 (part of the Industrial program schedule)	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.
Industrial Program			
Process & System Upgrades	Results are directly attributed to LDC based on LDC identified in application.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Monitoring & Targeting	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, no completed projects in 2011, 2012 or 2013.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
Energy Manager	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the project was completed by the energy manager. If no date is specified the savings will begin the year of the Quarterly Report submitted by the energy manager.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping.	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
Demand Response 3	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Home Assistance Program			
Home Assistance Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross), taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Aboriginal Program			
Aboriginal Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross), taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012 or 2013 assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported. A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
High Performance New Construction	Results are directly attributed to LDC based on customer data provided to the OPA from Enbridge; Initiative was not evaluated in 2011, 2012 or 2013, assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	
Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Limited service territory; Initiative was not evaluated in 2011, 2012 or 2013, assumptions as per 2010 evaluation.		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Multifamily Energy Efficiency Rebates	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012 or 2013, assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
Data Centre Incentive Program	Program run exclusively in PowerStream Inc. service territory; Initiative was not evaluated in 2011, assumptions as per 2009 evaluation.		
EnWin Green Suites	Program run exclusively in ENWIN Utilities Ltd. service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation.		

Retrofit Sector (C&I vs. Industrial Mapping)	
Building Type	**Sector**
Agribusiness - Cattle Farm	C&I
Agribusiness - Dairy Farm	C&I
Agribusiness - Greenhouse	C&I
Agribusiness - Other	C&I
Agribusiness - Other,Mixed-Use - Office/Retail	C&I
Agribusiness - Other,Office,Retail,Warehouse	C&I
Agribusiness - Other,Office,Warehouse	C&I
Agribusiness - Poultry	C&I
Agribusiness - Poultry,Hospitality - Motel	C&I
Agribusiness - Swine	C&I
Convenience Store	C&I
Education - College / Trade School	C&I
Education - College / Trade School,Multi-Residential - Condominium	C&I
Education - College / Trade School,Multi-Residential - Rental Apartment	C&I
Education - College / Trade School,Retail	C&I
Education - Primary School	C&I
Education - Primary School,Education - Secondary School	C&I
Education - Primary School,Multi-Residential - Rental Apartment	C&I
Education - Primary School,Not-for-Profit	C&I
Education - Secondary School	C&I
Education - University	C&I
Education - University,Office	C&I
Hospital/Healthcare - Clinic	C&I
Hospital/Healthcare - Clinic,Hospital/Healthcare - Long-term Care,Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Clinic,Industrial	C&I
Hospital/Healthcare - Clinic,Retail	C&I
Hospital/Healthcare - Long-term Care	C&I
Hospital/Healthcare - Long-term Care,Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Medical Building	C&I
Hospital/Healthcare - Medical Building,Mixed-Use - Office/Retail	C&I
Hospital/Healthcare - Medical Building,Mixed-Use - Office/Retail,Office	C&I
Hospitality - Hotel	C&I
Hospitality - Hotel,Restaurant - Dining	C&I
Hospitality - Motel	C&I
Industrial	Industrial
Mixed-Use - Office/Retail	C&I
Mixed-Use - Office/Retail,Industrial	Industrial
Mixed-Use - Office/Retail,Mixed-Use - Other	C&I
Mixed-Use - Office/Retail,Mixed-Use - Other,Not-for-Profit,Warehouse	C&I
Mixed-Use - Office/Retail,Mixed-Use - Residential/Retail	C&I
Mixed-Use - Office/Retail,Office,Restaurant - Dining,Restaurant - Quick Serve,Retail,Warehouse	C&I

Mixed-Use - Office/Retail,Office,Warehouse	C&I
Mixed-Use - Office/Retail,Retail	C&I
Mixed-Use - Office/Retail,Warehouse	C&I
Mixed-Use - Office/Retail,Warehouse,Industrial	Industrial
Mixed-Use - Other	C&I
Mixed-Use - Other,Industrial	Industrial
Mixed-Use - Other,Not-for-Profit,Office	C&I
Mixed-Use - Other,Office	C&I
Mixed-Use - Other,Other: Please specify	C&I
Mixed-Use - Other,Retail,Warehouse	C&I
Mixed-Use - Other,Warehouse	C&I
Mixed-Use - Residential/Retail	C&I
Mixed-Use - Residential/Retail,Multi-Residential - Condominium	C&I
Mixed-Use - Residential/Retail,Multi-Residential - Rental Apartment	C&I
Mixed-Use - Residential/Retail,Retail	C&I
Multi-Residential - Condominium	C&I
Multi-Residential - Condominium,Multi-Residential - Rental Apartment	C&I
Multi-Residential - Condominium,Other: Please specify	C&I
Multi-Residential - Rental Apartment	C&I
Multi-Residential - Rental Apartment,Multi-Residential - Social Housing Provider,Not-for-Profit	C&I
Multi-Residential - Rental Apartment,Not-for-Profit	C&I
Multi-Residential - Rental Apartment,Warehouse	C&I
Multi-Residential - Social Housing Provider	C&I
Multi-Residential - Social Housing Provider,Industrial	C&I
Multi-Residential - Social Housing Provider,Not-for-Profit	C&I
Not-for-Profit	C&I
Not-for-Profit,Office	C&I
Not-for-Profit,Other: Please specify	C&I
Not-for-Profit,Warehouse	C&I
Office	C&I
Office,Industrial	Industrial
Office,Other: Please specify	C&I
Office,Other: Please specify,Warehouse	C&I
Office,Restaurant - Dining	C&I
Office,Restaurant - Dining,Industrial	Industrial
Office,Retail	C&I
Office,Retail,Industrial	C&I
Office,Retail,Warehouse	C&I
Office,Warehouse	C&I
Office,Warehouse,Industrial	Industrial
Other: Please specify	C&I
Other: Please specify,Industrial	Industrial
Other: Please specify,Retail	C&I
Other: Please specify,Warehouse	C&I
Restaurant - Dining	C&I
Restaurant - Dining,Retail	C&I

Restaurant - Quick Serve	C&I
Restaurant - Quick Serve,Retail	C&I
Retail	C&I
Retail,Industrial	Industrial
Retail,Warehouse	C&I
Warehouse	C&I
Warehouse,Industrial	Industrial

Consumer Program Allocation Methodology

Results can be allocated based on average of 2008 & 2009 residential throughput for each LDC (below) when additional information is not available. Source: OEB Yearbook Data 2008 & 2009

Local Distribution Company	Allocation
Algoma Power Inc.	0.2%
Atikokan Hydro Inc.	0.0%
Attawapiskat Power Corporation	0.0%
Bluewater Power Distribution Corporation	0.6%
Brant County Power Inc.	0.2%
Brantford Power Inc.	0.7%
Burlington Hydro Inc.	1.4%
Cambridge and North Dumfries Hydro Inc.	1.0%
Canadian Niagara Power Inc.	0.5%
Centre Wellington Hydro Ltd.	0.1%
Chapleau Public Utilities Corporation	0.0%
COLLUS Power Corporation	0.3%
Cooperative Hydro Embrun Inc.	0.0%
E.L.K. Energy Inc.	0.2%
Enersource Hydro Mississauga Inc.	3.9%
ENTEGRUS	0.6%
ENWIN Utilities Ltd.	1.6%
Erie Thames Powerlines Corporation	0.4%
Espanola Regional Hydro Distribution Corporation	0.1%
Essex Powerlines Corporation	0.7%
Festival Hydro Inc.	0.3%
Fort Albany Power Corporation	0.0%
Fort Frances Power Corporation	0.1%
Greater Sudbury Hydro Inc.	1.0%
Grimsby Power Inc.	0.2%
Guelph Hydro Electric Systems Inc.	0.9%
Haldimand County Hydro Inc.	0.4%
Halton Hills Hydro Inc.	0.5%
Hearst Power Distribution Company Limited	0.1%
Horizon Utilities Corporation	4.0%
Hydro 2000 Inc.	0.0%
Hydro Hawkesbury Inc.	0.1%
Hydro One Brampton Networks Inc.	2.8%
Hydro One Networks Inc.	30.0%

Hydro Ottawa Limited	5.6%
Innisfil Hydro Distribution Systems Limited	0.4%
Kashechewan Power Corporation	0.0%
Kenora Hydro Electric Corporation Ltd.	0.1%
Kingston Hydro Corporation	0.5%
Kitchener-Wilmot Hydro Inc.	1.6%
Lakefront Utilities Inc.	0.2%
Lakeland Power Distribution Ltd.	0.2%
London Hydro Inc.	2.7%
Middlesex Power Distribution Corporation	0.1%
Midland Power Utility Corporation	0.1%
Milton Hydro Distribution Inc.	0.6%
Newmarket - Tay Power Distribution Ltd.	0.7%
Niagara Peninsula Energy Inc.	1.0%
Niagara-on-the-Lake Hydro Inc.	0.2%
Norfolk Power Distribution Inc.	0.3%
North Bay Hydro Distribution Limited	0.5%
Northern Ontario Wires Inc.	0.1%
Oakville Hydro Electricity Distribution Inc.	1.5%
Orangeville Hydro Limited	0.2%
Orillia Power Distribution Corporation	0.3%
Oshawa PUC Networks Inc.	1.2%
Ottawa River Power Corporation	0.2%
Parry Sound Power Corporation	0.1%
Peterborough Distribution Incorporated	0.7%
PowerStream Inc.	6.6%
PUC Distribution Inc.	0.9%
Renfrew Hydro Inc.	0.1%
Rideau St. Lawrence Distribution Inc.	0.1%
Sioux Lookout Hydro Inc.	0.1%
St. Thomas Energy Inc.	0.3%
Thunder Bay Hydro Electricity Distribution Inc.	0.9%
Tillsonburg Hydro Inc.	0.1%
Toronto Hydro-Electric System Limited	12.8%
Veridian Connections Inc.	2.4%
Wasaga Distribution Inc.	0.2%
Waterloo North Hydro Inc.	1.0%
Welland Hydro-Electric System Corp.	0.4%
Wellington North Power Inc.	0.1%
West Coast Huron Energy Inc.	0.1%
Westario Power Inc.	0.5%
Whitby Hydro Electric Corporation	0.9%
Woodstock Hydro Services Inc.	0.3%

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity in a given year and resource savings persisting from previous years).

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses).

Free-ridership: the percentage of participants who would have implemented the program measure or practice in the absence of the program.

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start'.

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net-to-Gross Ratio: The ratio of net savings to gross savings, which takes into account factors such as free-ridership and spillover

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc.

Program: a group of initiatives that target a particular market sector (e.g. Consumer, Industrial).

Realization Rate: A comparison of observed or measured (evaluated) information to original reported savings which is used to adjust the gross savings estimates.

Settlement Account: the grouping of demand response facilities (contributors) into one contractual agreement

Spillover: Reductions in energy consumption and/or demand caused by the presence of the energy efficiency program, beyond the program-related gross savings of the participants. There can be participant and/or non-participant spillover.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Table 11: Guelph Hydro Electric Systems Inc. Initiative and Program Level Gross Savings by Year

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement**	Appliances	90	23	31		655,595	167,643	188,160	
Appliance Exchange**	Appliances	5	3	21		6,458	5,639	37,903	
HVAC Incentives	Equipment	750	512	595		1,443,975	919,724	1,058,632	
Conservation Instant Coupon Booklet	Items	10	2	4		155,757	11,911	61,466	
Bi-Annual Retailer Event	Items	14	15	10		241,643	262,510	147,697	
Retailer Co-op	Items	0	0	0		0	0	0	
Residential Demand Response	Devices	124	0	0		0	0	0	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	0	0	0		0	0	0	
Consumer Program Total		**992**	**555**	**661**		**2,503,429**	**1,367,426**	**1,493,857**	
Business Program									
Retrofit	Projects	149	1,469	1,375		722,494	6,072,548	9,432,736	
Direct Install Lighting	Projects	292	210	111		838,947	665,227	383,413	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	0	0	0		0	0	0	
Energy Audit	Audits	0	83	13		0	402,820	73,311	
Small Commercial Demand Response	Devices	2	0	0		0	0	0	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	307	1,069	1,064		11,993	15,535	14,560	
Business Program Total		**750**	**2,830**	**2,564**		**1,573,434**	**7,156,131**	**9,904,020**	
Industrial Program									
Process & System Upgrades	Projects	0	0	0		0	0	0	
Monitoring & Targeting	Projects	0	0	0		0	0	0	
Energy Manager	Projects	0	0	0		0	0	0	
Retrofit	Projects	836	0	0		4,941,627	0	0	
Demand Response 3	Facilities	0	0	3,576		0	0	81,439	
Industrial Program Total		**836**	**0**	**3,576**		**4,941,627**	**0**	**81,439**	
Home Assistance Program									
Home Assistance Program	Homes	0	0	0		0	0	0	
Home Assistance Program Total		**0**	**0**	**0**		**0**	**0**	**0**	
Aboriginal Program									
Home Assistance Program	Homes	0	0	0		0	0	0	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Aboriginal Program Total		**0**	**0**	**0**		**0**	**0**	**0**	
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	2,663	0	0		14,283,325	0	0	
High Performance New Construction	Projects	123	2	0		634,181	1,967	0	
Toronto Comprehensive	Projects	0	0	0		0	0	0	
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0	
LDC Custom Programs	Projects	0	0	0		0	0	0	
Pre-2011 Programs completed in 2011 Total		**2,787**	**2**	**0**		**14,917,506**	**1,967**	**0**	
Other									
Program Enabled Savings	Projects	0	2,177	16		0	525,011	96,000	
Time-of-Use Savings	Homes	0	0	0		0	0	0	
Other Total		**0**	**2,177**	**16**		**0**	**525,011**	**96,000**	
Adjustments to 2011 Verified Results		**0**	**237**	**0**		**0**	**1,381,355**	**0**	
Adjustments to 2012 Verified Results		**0**	**0**	**72**		**0**	**0**	**321,642**	
Energy Efficiency Total		**4,932**	**4,495**	**2,177**		**23,924,002**	**9,035,000**	**11,479,317**	
Demand Response Total		**433**	**1,069**	**4,640**		**11,993**	**15,535**	**95,999**	
Adjustments to Previous Years' Verified Results Total		**0**	**237**	**72**		**0**	**1,381,355**	**321,642**	
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		**5,365**	**5,801**	**6,889**		**23,935,996**	**10,431,890**	**11,896,958**	

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above does not consider persistence of savings

Gross results are presented for informational purposes only and are not considered official 2013 Final Verified Results

**Net results substituted for gross results due to unavailability of data

Table 12: Adjustments to Guelph Hydro Electric Systems Inc. Gross Verified Results due to Variances

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement	Appliances	0	0			0	0		
Appliance Exchange	Appliances	0	0			0	0		
HVAC Incentives	Equipment	-119	14			-224,647	25,349		
Conservation Instant Coupon Booklet	Items	0	0			2,299	0		
Bi-Annual Retailer Event	Items	1	0			21,323	0		
Retailer Co-op	Items	0	0			0	0		
Residential Demand Response	Devices	0	0			0	0		
Residential Demand Response (IHD)	Devices	0	0			0	0		
Residential New Construction	Homes	0	0			0	0		
Consumer Program Total		**-118**	**14**			**-201,025**	**25,349**		
Business Program									
Retrofit	Projects	190	42			1,304,130	220,765		
Direct Install Lighting	Projects	43	0			100,075	0		
Building Commissioning	Buildings	0	0			0	0		
New Construction	Buildings	0	0			0	0		
Energy Audit	Audits	0	16			0	75,529		
Small Commercial Demand Response	Devices	0	0			0	0		
Small Commercial Demand Response (IHD)	Devices	0	0			0	0		
Demand Response 3	Facilities	0	0			0	0		
Business Program Total		**234**	**58**			**1,404,206**	**296,294**		
Industrial Program									
Process & System Upgrades	Projects	0	0			0	0		
Monitoring & Targeting	Projects	0	0			0	0		
Energy Manager	Projects	0	0			0	0		
Retrofit	Projects	0	0			0	0		
Demand Response 3	Facilities	0	0			0	0		
Industrial Program Total		**0**	**0**			**0**	**0**		
Home Assistance Program									
Home Assistance Program	Homes	0	0			0	0		
Home Assistance Program Total		**0**	**0**			**0**	**0**		
Aboriginal Program									
Home Assistance Program	Homes	0	0			0	0		
Direct Install Lighting	Projects	0	0			0	0		
Aboriginal Program Total									
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	0	0			0	0		
High Performance New Construction	Projects	122	0			178,174	0		
Toronto Comprehensive	Projects	0	0			0	0		
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0		
LDC Custom Programs	Projects	0	0			0	0		
Pre-2011 Programs completed in 2011 Total		**122**	**0**			**178,174**	**0**		
Other									
Program Enabled Savings	Projects	0	0			0	0		
Time-of-Use Savings	Homes	0	0			0	0		
Other Total		**0**	**0**			**0**	**0**		
Adjustments to 2011 Verified Results		**237**				**1,381,355**			
Adjustments to 2012 Verified Results			**72**				**321,642**		
Total Adjustments to Previous Years' Verified Results		**237**	**72**			**1,381,355**	**321,642**		

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Gross results are presented for informational purposes only and are not considered official 2013 Final Verified Results

Table 13: Province-Wide Initiatives and Program Level Gross Savings by Year

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement**	Appliances	6,750	2,011	3,151		45,971,627	13,424,518	18,616,239	
Appliance Exchange**	Appliances	719	556	2,101		873,531	974,621	3,746,106	
HVAC Incentives	Equipment	53,209	38,346	40,418		99,413,430	66,929,213	71,225,037	
Conservation Instant Coupon Booklet	Items	1,184	231	464		19,192,453	1,325,898	6,842,244	
Bi-Annual Retailer Event	Items	1,504	1,622	1,142		26,899,265	29,222,072	16,441,329	
Retailer Co-op	Items	0	0	0		3,917	0	0	
Residential Demand Response	Devices	10,390	49,038	93,076		23,597	359,408	390,303	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	0	1	29		1,813	4,884	259,826	
Consumer Program Total		**73,757**	**91,805**	**140,380**		**192,379,633**	**112,240,615**	**117,521,084**	
Business Program									
Retrofit	Projects	34,201	78,965	82,896		184,070,265	387,817,248	478,410,896	
Direct Install Lighting	Projects	22,155	20,469	19,807		65,777,197	68,896,046	68,140,249	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	247	1,596	2,934		823,434	3,755,869	9,183,826	
Energy Audit	Audits	0	1,450	4,283		0	7,049,351	23,386,108	
Small Commercial Demand Response	Devices	55	187	773		131	1,068	373	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	21,390	19,389	23,706		633,421	281,823	346,659	
Business Program Total		**78,048**	**122,056**	**134,399**		**251,304,448**	**467,801,406**	**579,468,111**	
Industrial Program									
Process & System Upgrades	Projects	0	0	313		0	0	2,799,746	
Monitoring & Targeting	Projects	0	0	0		0	0	0	
Energy Manager	Projects	0	1,034	3,953		0	7,067,535	24,438,070	
Retrofit	Projects	6,372	0	0		38,412,408	0	0	
Demand Response 3	Facilities	176,180	74,056	162,543		4,243,958	1,784,712	4,309,160	
Industrial Program Total		**182,552**	**75,090**	**166,809**		**42,656,366**	**8,852,247**	**31,546,976**	
Home Assistance Program									
Home Assistance Program	Homes	4	1,777	2,361		56,119	5,524,230	20,987,275	
Home Assistance Program Total		**4**	**1,777**	**2,361**		**56,119**	**5,524,230**	**20,987,275**	
Aboriginal Program									
Home Assistance Program	Homes	0	0	267		0	0	1,609,393	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Aboriginal Program Total		**0**	**0**	**267**		**0**	**0**	**1,609,393**	
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	40,418	0	0		223,956,390	0	0	
High Performance New Construction	Projects	10,197	6,501	772		52,371,183	23,803,888	3,522,240	
Toronto Comprehensive	Projects	33,467	0	0		174,070,574	0	0	
Multifamily Energy Efficiency Rebates	Projects	2,553	0	0		9,774,792	0	0	
LDC Custom Programs	Projects	534	0	0		649,140	0	0	
Pre-2011 Programs completed in 2011 Total		**87,169**	**6,501**	**772**		**460,822,079**	**23,803,888**	**3,522,240**	
Other									
Program Enabled Savings	Projects	0	2,177	3,692		0	525,011	4,075,382	
Time-of-Use Savings	Homes	0	0	0		0	0	0	
Other Total		**0**	**2,177**	**3,692**		**0**	**525,011**	**4,075,382**	
Adjustments to 2011 Verified Results			**13,266**	**645**			**48,705,294**	**1,744,645**	
Adjustments to 2012 Verified Results				**8,707**				**55,101,043**	
Energy Efficiency Total		**213,515**	**156,735**	**168,583**		**942,317,539**	**616,320,385**	**753,683,966**	
Demand Response Total		**208,015**	**142,670**	**280,099**		**4,901,107**	**2,427,011**	**5,046,495**	
Adjustments to Previous Years' Verified Results Total		**0**	**13,266**	**9,352**		**0**	**48,705,294**	**56,845,688**	
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		**421,530**	**312,671**	**458,033**		**947,218,646**	**667,452,690**	**815,576,149**	

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above does not consider persistence of savings

Gross results are presented for informational purposes only and are not considered official 2013 Final Verified Results

**Net results substituted for gross results due to unavailability of data

Table 14: Adjustments to Province-Wide Gross Verified Results due to Variances

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement	Appliances	0	0			0	0		
Appliance Exchange	Appliances	0	0			0	0		
HVAC Incentives	Equipment	-8,762	1,036			-16,245,279	1,854,833		
Conservation Instant Coupon Booklet	Items	15	0			255,975	0		
Bi-Annual Retailer Event	Items	117	0			2,373,616	0		
Retailer Co-op	Items	0	0			0	0		
Residential Demand Response	Devices	0	0			0	0		
Residential Demand Response (IHD)	Devices	0	0			0	0		
Residential New Construction	Homes	0	0			328,256	0		
Consumer Program Total		**-8,630**	**1,036**			**-13,287,430**	**1,854,833**		
Business Program									
Retrofit	Projects	4,504	6,218			22,046,931	40,101,273		
Direct Install Lighting	Projects	541	217			1,346,618	781,858		
Building Commissioning	Buildings	0	0			0	0		
New Construction	Buildings	3,243	0			11,323,593	0		
Energy Audit	Audits	492	337			2,391,744	1,636,457		
Small Commercial Demand Response	Devices	0	0			0	0		
Small Commercial Demand Response (IHD)	Devices	0	0			0	0		
Demand Response 3	Facilities	0	0			0	0		
Business Program Total		**8,780**	**6,771**			**37,108,886**	**42,519,588**		
Industrial Program									
Process & System Upgrades	Projects	0	0			0	0		
Monitoring & Targeting	Projects	0	0			0	0		
Energy Manager	Projects	0	75			0	799,151		
Retrofit	Projects	0	0			0	0		
Demand Response 3	Facilities	0	0			0	0		
Industrial Program Total		**0**	**75**			**0**	**799,151**		
Home Assistance Program									
Home Assistance Program	Homes	0	0			0	0		
Home Assistance Program Total		**0**	**0**			**0**	**0**		
Aboriginal Program									
Home Assistance Program	Homes	0	0			0	0		
Direct Install Lighting	Projects	0	0			0	0		
Aboriginal Program Total		**0**	**0**			**0**	**0**		
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	266	0			1,049,108	0		
High Performance New Construction	Projects	12,872	0			23,905,663	0		
Toronto Comprehensive	Projects	0	0			0	0		
Multifamily Energy Efficiency Rebates	Projects	0	0			0	0		
LDC Custom Programs	Projects	0	0			0	0		
Pre-2011 Programs completed in 2011 Total		**13,137**	**0**			**24,954,771**	**0**		
Other									
Program Enabled Savings	Projects	624	824			1,673,712	9,927,473		
Time-of-Use Savings	Homes	0	0			0	0		
Other Total		**624**	**824**			**1,673,712**	**9,927,473**		
Adjustments to 2011 Verified Results		**13,911**				**50,449,939**			
Adjustments to 2012 Verified Results			**8,707**				**55,101,043**		
Adjustments to Previous Years' Verified Results Total		**13,911**	**8,707**			**50,449,939**	**55,101,043**		

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

The IHD line item on the 2013 annual report has been left blank pending a results update from evaluations; results will be updated once sufficient information is made available.

Gross results are presented for informational purposes only and are not considered official 2013 Final Verified Results

2014 Programs					
2014 OPA Q2 Preliminary (including N:G Adjustment) - as of June 30, 2014	Units	kW Saved	Annual kWh Saved	GHESI Summer Peak [MW]	% GHESI Summer Peak
Appliance Retirement (1)	67	4.0	25,074		
HVAC Incentives (3)	502	112.0	192,225		
peaksaverPLUS (7,15)	0	0.0	0		
peaksaverPLUS IHD (8,16)	0	0.0	0		
Total/Other RESIDENTIAL (2,4,5,6,9)	10456	16.0	333,813		
ERII 2014 (10,21)	31	265.0	1,487,163		
ERIP 2010 Extension (24)	0	0.0	0		
DIL / PSB (11)	53	73.0	252,731		
Audit (14)	1	3.0	16,081		
Demand Response 3 (17,22)	56	4,828.0	107,763		
High Performance New Construction (13,25)	0	0.0	0		
Total/Other BUSINESS / C&I (12)	0	0.0	0		
PSUI (18)	0	0.0	0		
Monitoring and Targeting (19)	0	0.0	0		
Energy Manager / Capability Building Funding (20)	0	0.0	0		
Total INDUSTRIAL	0	0.0	0		
LOW INCOME / Home Assistance Program (23)	0	0.0	0		
Program Enabled Savings/Non-Incented Savings	0	0.0	0		
TOU Savings	0	0.0	0		
Adjustments to 2013 Verified Results	0	0.0	0		
Smart Wash	207	0.0	0		
Total 2014 Programs		5,301.0	2,414,850	287	1.8%

2014 OPA - end Q4 Projection	Units	kW Saved	Annual kWh Saved	GHESI Summer Peak [MW]	%GHESIPeak
Appliance Retirement (1)	134	8.0	50,148		
HVAC Incentives (3)	1004	224.0	384,450		
peaksaverPLUS (7,15)	175	82.3	0		
peaksaverPLUS IHD (8,16)	475	0.0	0		
Total/Other RESIDENTIAL (2,4,5,6,9)	20912	32.0	667,626		
ERII 2014 (10,21)	62	1,016.1	2,974,326		
ERIP 2010 Extension (24)	0	0.0	0		
DIL / PSB (11)	84	130.2	379,097		
Audit (14)	104	0.0	520,000		
Demand Response 3 (17,22)	27	4,677.0	102,584		
High Performance New Construction (13,25)	0	0.0	0		
Total/Other BUSINESS / C&I (12)	0	0.0	0		
PSUI (18)	1	0.0	0		
Monitoring and Targeting (19)	0	0.0	0		
Energy Manager / Capability Building Funding (20)	0	0.0	0		
Total INDUSTRIAL	0	0.0	0		
LOW INCOME / Home Assistance Program (23)	0	0.0	0		
Program Enabled Savings/Non-Incented Savings	0	0.0	0		
TOU Savings	0	2,058.5	0		
Adjustments to 2013 Verified Results	0	0.0	0		
Smart Wash	207	0.0	0		
Total 2014 Programs - Projection		8,228.1	5,078,231	287	2.5%

Assume 2x Jan-Jun for some 2014 results projection, others based on pipeline analysis

Smart meter - TOU Savings Estimate (per Navigant & 2013 OEB Yearbook Stats)

Provincial:	179 MW
GHESI Summer Peak Demand :	1.15%
GHESI TOU Savings Estimate:	2.06 MW

Ontario Power Authority
Conservation & Demand Management Status Report
Q2 2014 Preliminary Results Update

Guelph Hydro Electric Systems Inc.

Unverified OPA-Contracted Province-Wide CDM Program Progress at a Glance

Unverified Progress to Targets	Incremental Q2-2014	Program-to-Date Progress Towards OEB Target				Rank (of 76)
		Scenario 1		Scenario 2		
		Savings	%	Savings	%	Scenario 2
Net Peak Demand Savings (MW)	5.1	13.6	82%	13.6	82%	4
Net Energy Savings (GWh)	1.4	103.8	131%	103.8	131%	6

Program-to-Date towards Target: Combination of verified (2011-13) and unverified (2014) results. The 2014 Q2 report reflects the most up-to-date inputs from the 2013 program evaluations. To align with savings counted towards OEB targets, peak demand is represented by annual savings in 2014 and energy is represented by the cumulative savings from 2011-2014.

Scenario 1: Assumes that demand response resources have a persistence of 1 year. Official reporting policy for demand response resources.

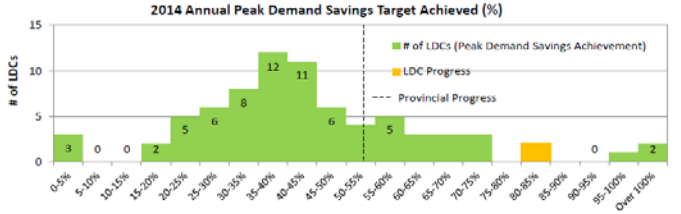
Scenario 2: Assumes that demand response resources remain in the LDC territory until 2014. Used to better assess progress towards demand targets.

Rank: Sorts each LDC by % of peak demand or energy target achieved as of the current reporting period using Scenario 2.

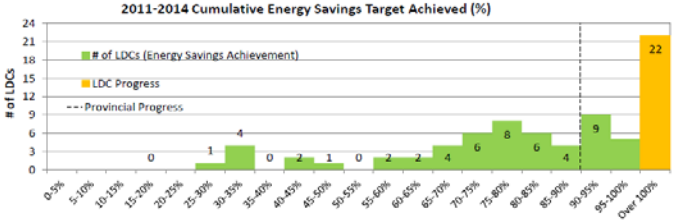
Comparison: LDC Achievement vs. LDC Community Achievement

The following graphs assume that demand response resources remain in the LDC territory until 2014 (aligns with Scenario 2)

2014 Annual Peak Demand Savings Target Achieved (%)



2011-2014 Cumulative Energy Savings Target Achieved (%)



General Statistics For the year ended December 31, 2013	LDC Totals	Guelph Hydro : Total [%]
Residential	4,460,593	1.07%
General Service (<50 kW)	426,819	0.92%
General Service (50-4999 kW)	56,411	1.02%
Large User (>5000 kW)	132	3.79%
Sub Transmission	533	0.00%
Total Customers	4,944,488	1.06%
Rural Service Area (sq km)	675,001	0.00%
Urban Service Area (sq km)	6,501	1.43%
Total Service Area (sq km)	681,502	0.01%
Overhead km of Line	153,012	0.28%
Underground km of Line	44,796	1.50%
Total km of Line	197,808	0.56%

Navigant's principal conclusion, based on the results of two independent approaches to estimating the impact of TOU rates, using the same data, is that **TOU rates have led to an approximately 3.3% reduction in residential summer On-Peak consumption.** This is a very robust result – it is the same point estimate of the On-Peak impact delivered by the two very different approaches undertaken by Navigant to estimate impacts. This result is also very much in line with the estimated impacts from the three other currently published evaluations of TOU rates in Ontario (see Figure ES- 18, below). Under the assumption that the residential estimation sample used by Navigant is representative of the Ontario residential population we can conclude that **TOU rates have led to an approximately 179 MW of average demand reduction during the summer On-Peak period.**[12]