OPERATING EXPENSES - SUMMARY

This Exhibit provides an overview of Hydro Ottawa's total operating costs. These costs include Operations, Maintenance and Administration ("OM&A") including property taxes, Depreciation and Amortization expenses; and Payments in Lieu of Taxes ("PILS"). Detailed information with respect to each of these operating costs is available in Exhibits D-1-2 and D-1-3, D-3-1 and D-4-1.

1.0 Summary of Operating Expenses 2012-2016

Table 1

($000s)	**2012 Actual**	**2013 Actual**	**2014 Q2 Forecast**	**2015 Bridge**	**2016 Test Year**
OM&A (including Property Tax)	$73,076	$75,757	$80,767	$83,656	$87,106
Depreciation/Amortization	$38,595	$39,798	$36,517	$38,558	$40,826
PILS (income taxes)	$6,857	$6,806	$3,000	NIL	$4,958
Total Operating Costs	$118,528	$122,361	$120,284	$122214	$132,890

2.0 OM&A

Hydro Ottawa's OM&A expenses for the 2016 test year are forecasted to be $ 87.1. This represents a compound annual growth rate of 5.5% over the 2012-2016 timeframe.

The principle cost drivers underlying Hydro Ottawa's forecasted OM&A expenses include costs associated with compliance with legislative and regulatory compliance, compensation and labour costs, inflation and certain operational and maintenance costs that Hydro Ottawa must incur to continue to provide a safe and reliability electricity distribution system.

2.1 Inflation Rates and Financial Assumptions

Hydro Ottawa has assumed an inflation rate of 2.13% for 2015 and 2.01% for 2016 for all non-compensation related costs. For the 2017-2020 rate period, an escalation factor of 3.245% is applied to OM&A expenditures which is the result of the I-X formula.

Labour costs are adjusted to reflect market conditions for non-unionized employees and to align with the collective agreement annual rate adjustment for unionized employees.

2.2 Compensation Costs

Labour costs are adjusted to reflect market conditions for non-unionized employees and to align with the collective agreement annual rate adjustment for unionized employees.
Hydro Ottawa's forecasted total compensation costs for the 2016 test year are $71,944K. This represents a compound annual growth rate of 4.3% over the 2012 to 2016 timeframe. For more information regarding Hydro Ottawa's compensation costs please refer to Exhibit D-1-8.

3.0 Depreciation and Amortization expenses

Hydro Ottawa adheres to the Modified International Financial Reporting Standards ("MIFRS") as its accounting standard which informs its rate making and regulatory reporting requirements. Hydro Ottawa uses the half-year rule for calculating depreciation/amortization in the year that capital additions are added into rate base. For more information regarding Hydro Ottawa's Depreciation/Amortization expense, please refer to Exhibit D-3-1.

4.0 Payments in Lieu of Taxes ("PILS") and Property Taxes.

Pursuant to its obligations under Section 93 of the Electricity Act 1998 (Ontario), as amended, Hydro Ottawa is liable for the payment of PILS to the City of Ottawa based on its taxable income. Hydro Ottawa expects to pay $0 in PILS in 2015 and $ $4,958K in

PILS in 2016. For more information regarding PILS, please refer to Exhibit D-4-1 1 for further details.

OM&A OVERVIEW

This schedule provides a brief qualitative and quantitative summary of Hydro Ottawa Limited's ("Hydro Ottawa" or "the Company") Operations, Maintenance and Administration ("OM&A") expenditures including a brief overview of the composition of Hydro Ottawa's OM&A costs, the significant OM&A cost drivers and year over year variances, trends and business environment changes. This schedule further describes Hydro Ottawa's approach to OM&A planning and the top down and bottom up budget process used to arrive at Hydro Ottawa's OM&A expenditures. The information contained in this schedule is informed by the OEB's filing requirements set out on page 33 in Chapter 2 of the Ontario Energy Board's (OEB's) Filing requirements for Electricity Distribution Rate Applications, as updated on July 18, 2014.

1.0 OM&A SUMMARY

1.1 Hydro Ottawa's Approach to OM&A Planning and Budgeting

Hydro Ottawa's approach to OM&A planning and budgeting for the 2016-2020 period is guided by Hydro Ottawa's planning and performance management framework which aligns the Company's corporate strategies with planning, operations, performance and the drive for continuous improvement.

The framework maintains that spending correspond to business priorities, be directed to achieve performance targets and support Hydro Ottawa's four key focus areas as set out in its *2012-2016 Strategic Direction*. The four key focus areas for the Company are:

- Customer value;
- Financial strength;
- Organizational effectiveness; and
- Corporate citizenship.

Hydro Ottawa's 2016 OM&A budget was developed as a test year rebasing budget but was guided by the constraints enunciated in the February 2014 budget memo from Hydro Ottawa's Chief Financial Officer (Attachment D-1(A)) which, among other things, included constraints on headcount and compensation and OM&A. Hydro Ottawa's 2016 OM&A budget was further informed by substantive operational investments needed to maintain service reliability and safety as well as those necessary to remain in compliance with regulatory and legislative requirements. Finally, Hydro Ottawa's OM&A budget was informed by the need to maximize productivity and minimize bill impacts while ensuring the financial health and viability of the Company.

For the 2017-2020 test years, Hydro Ottawa will adjust OM&A using an I-X formula to align with the principles of incentive regulation as enunciated in the Renewed Regulatory Framework for Electricity (RRFE). Hydro Ottawa seeks approval for final rates for a three year period beginning 2016 and ending 2018. In 2017 Hydro Ottawa proposes to apply for revised rates that will be adjusted to incorporate a revised inflation factor and updated cost of capital parameters.   Hydro Ottawa's approach to adjusting the OM&A component of rates by a I-X formula, results in the Company bearing the risk associated with any shortfall between revenues collected through rates and regularly incurred costs. This difference must be recovered through productivity initiatives and operational efficiencies. Hydro Ottawa further assumes the risk associated with not adjusting rates for the first three years to reflect changes to inflation or cost of capital.

1.2 OM&A Budget Process

Hydro Ottawa undertook both a top down and bottom up forecasting exercise to develop the 2016 test year budget. The 2016 budget forecast exercise began with the development of the Budget Memo from the office of the Chief Financial Officer that provided top down guidance on the areas of constraints which informed the individual divisions in the development of their bottom up budgets. Examples of top down constraints include constraints on hiring and on compensation, benefits, productivity, and cost control. Bottom up funding requests were then developed and evaluated and scrutinized based on priority and alignment with core company strategic directives as well as ratepayer impacts. Adjustments were subsequently made to the 2016 OM&A budget to reflect corporate priorities and customer rate impacts. The final 2016 OM&A budget was developed to accommodate Hydro Ottawa's operational requirement to provide a safe and reliable distribution system while respecting legislative and regulatory obligations and the conditions of its license.

As noted above, the OM&A budget for the 2017-2020 test years was subsequently calculated based on an I-X formula typical of incentive regulation models. Although the budget was assessed for rate impacts no further adjustments were made. Recognizing that Hydro Ottawa cannot accurately predict all potential OM&A funding requirements that may emerge during the 2017-2020 custom IR term, it may avail itself to the cost recovery mechanism available under a Z factor application. Hydro Ottawa will only resort to using the Z factor mechanism if costs incurred arise from unforeseen events, decisions or activities, the results of which cannot be reasonably anticipated or quantified at this juncture and where the costs exceed Hydro Ottawa's materiality threshold. . Examples include unforeseen weather events or changes to laws or regulations requiring significant implementation investment.

For more details on Hydro Ottawa's Custom IR model, see Exhibit A-2-1.

1.3 OM&A Composition

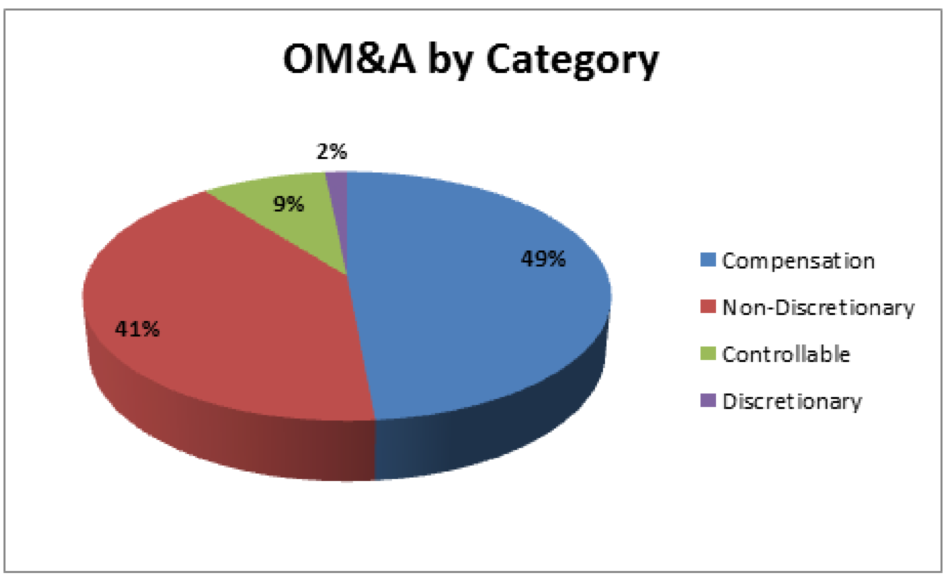
In support of the Company's cost control initiative, an OM&A review was conducted during the 2014 budget process. The review capture all the costs of the main business activities broken down into four distinct categories:

1) Compensation: Headcount costs including payroll and benefits;
2) Non-Discretionary OM&A: Statutory requirement costs that are fixed or dictated by external factors and/or minimum contracts. Examples include the OEB fees, property tax, audit fees, and insurance premium, and underground locates;
3) Controllable OM&A: Costs that must be incurred. Volumes and/or service levels are controlled by management and can be adjusted in the short term. Examples include bank charges, fuel, utilities, manhole cleaning; and

4) Costs that can be reallocated or eliminated without significant impact to current operations or customer relations. Examples include non-safety training, non-essential consulting, travel, and meals, community services.

As Figure 1 below denotes compensation costs represent 49% of Hydro Ottawa's OM&A costs while 41% are non-discretionary costs, 9% are controllable and only 2% are discretionary.

Figure 1 – OM&A by Category



Source: Hydro Ottawa 2014 Analysis

1.4 OM&A Test Year Levels

The proposed OM&A costs for the test years range from $87.1 million in the 2016 test year to $99.0 million in the 2020 test year.

2017 – 2020 test year OM&A costs are adjusted by Hydro Ottawa's Custom IR model which is based on the Conference Board of Canada's forecasted GDP IPI minus a negative productivity factor of -1.145% to provide an annual I-Xadjustment of 3.245%. The projected OM&A expenditures are necessary to maintain reasonable business continuity while managing the risks associated with the many labour, legislative and regulatory transformations taking place in the electricity industry.

1.5 Summary of Total OM&A Expenditures

Hydro Ottawa's OM&A costs are significantly influenced by its requirement to operate and maintain a safe and reliable distribution grid, provide service levels that are satisfactory to customers while ensuring its continued compliance with all legislative and regulatory obligations. Among other things, this entails that it strategically manages its workforce in a manner that allows it to replace retiring workers with new tradespeople and respond to the changing dynamics of the market and operating environment within which it is tasked with distributing electricity to customers.

Table 1 below provides a summary view of Hydro Ottawa's historical, bridge, test and forecast year OM&A expenditures.

Table 1 – OM&A Variances (in thousands of dollars) and (%) by Year

Year	OM&A	Previous Year	Variance ($)	Variance (%)
2012 Actual	$73,076			
2013 Actual	$75,757	$73,076	$2,681	3.7%
2014 Q2 Forecast	$80,767	$75,757	$5,010	6.6%
2015 Bridge Year	$83,656	$80,767	$2,889	3.6%
2016 Test Year	$87,106	$83,656	$3,450	4.1%
2017 Forecast	$89,932	$87,106	$2,826	3.2%
2018 Forecast	$92,850	$89,932	$2,918	3.2%
2019 Forecast	$95,863	$92,850	$3,013	3.2%
2020 Forecast	$98,974	$95,863	$3,111	3.2%

1.6 Summary of OM&A Costs by Major Category

Appendix 2-JA provides a summary of the recoverable OM&A Expenses as summarized below in Table 2. See also Exhibit D-1-2 for a description of high level cost drivers and cost drivers by program.

Table 2 – OM&A costs by major OM&A Category (in thousands of dollars)

OM&A Category	2012 Actuals	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	CAGR
Operations	$14,994	$15,607	$17,497	$18,467	$20,491	8.1%
Maintenance	$9,884	$9,612	$9,634	$11,073	$10,386	1.2%
Subtotal	***$24,878***	***$25,219***	***$27,131***	***$29,540***	***$30,877***	***5.5%***
Billing and Collecting	$9,590	$10,135	$12,057	$12,397	$12,556	7.0%
Community Relations	$5,550	$5,352	$5,705	$5,960	$6,162	2.6%
Subtotal	*$15,140*	*$15,487*	*$17,762*	*$18,357*	*$18,718*	*5.4%*
Administrative and General	$33,058	$35,051	$35,874	$35,759	$37,511	3.2%
Total OM&A Expenses	***$73,076***	***$75,757***	***$80,767***	***$83,656***	***$87,106***	***4.5%***

a) Operations and Maintenance Costs

Operations and Maintenance costs increased by a compound annual growth rate of 5.5% (2012 to 2016). The increase to operations and maintenance related costs is partly attributable to increased costs associated with labour and maintenance expenses associated with operating and maintaining overhead and underground distribution lines, feeders, transformers and distribution stations. Hydro Ottawa's operations and maintenance costs were further influenced by new programs designed to invest in proactive operational and maintenance measures to avoid long term OM&A and capital costs. Examples of such programs include vegetation management and asset maintenance to name a few. The principle cost drivers of the increases are:

- Compensation costs;
- Increased regulatory and legislative obligations compelling compliance. Examples include Bill 168 (Occupational Health & Safety, Bill 8 Underground Locates; various OEB codes changes, Green Energy Act, Smart Meters and meter data costs; and
- New technology costs such as SCADA, GIS and Asset Management software.

b) Billing and Collections & Community Relations

Billing and Collections and Community Relations costs increased by compound annual growth rate of 5.4% (2012 to 2016). Billing and collections expenses relate to costs associated with transitioning to monthly billing, enabling customer billing services and conducting collections activities. The principle cost drivers of the increases are:

- Compensation costs;
- Increase to technology costs to enable meter data post-AMI (Automated metering Infrastructure) deployment as well as technology costs to support the customer care and billing system; and
- Increase to postage costs to support monthly billing.

c) Administrative and General

Administrative and General costs increased by an compound annual growth rate of 3.2% (2012 to 2016). Administrative costs generally reflect salary expenses as well as costs associated with HR, IT, Finance, Regulatory, and others. The principle cost drivers of the increases are:

- Compensation and benefits costs.

1.7 Inflation Rates and Financial Assumptions

Hydro Ottawa has assumed an inflation rate of 2.13% for 2015 and 2.01% for 2016 for all non-compensation related costs. For the 2017-2020 rate period, an escalation factor of 3.245% is applied to OM&A expenditures which is the result of the I-X formula.

1.8 Business Environment Changes

Business environment changes that have occurred and that are expected to continue to occur in Hydro Ottawa's territory are changes arising from the proliferation of distributed generation and new technologies emerging within its serving territory all of which is impacting to Hydro Ottawa's current and prospective revenues. On the horizon, Hydro Ottawa anticipates further changes to be triggered by further implementation of the Ministry of Energy's Long Term Energy Plan as well as new initiatives introduced by the

Independent Electricity System Operator (IESO) such as changes to the MDM/R. Individually and collectively these changes will have an impact on the way in which Hydro Ottawa manages its business and the operational costs it must absorb.

1.9 Overview of OM&A Programs & Expenditures

A full quantitative description and variance of Hydro Ottawa's full program costs is available in Appendix 2-JC and a qualitative description of Hydro Ottawa's OM&A programs and an analysis of cost drivers can be found in Exhibit D-1-3.

2.0 OM&A COST PER CUSTOMER AND PER FTE

Table 3 summarizes Hydro Ottawa's historical, bridge and test year year over year OM&A expenditures expressed on a per customer and per Full Time Equivalent Employees ("FTE") basis. Table 3 illustrates relatively flat increases in the number of customers as well as a decreasing then flat FTE trend.

Table 3 - OM&A Cost per Customer and FTE

	Last Rebasing Year – 2012 – Board Approved	Last Rebasing – 2012 – Actual	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year
Reporting Basis						
Number of Customers		309,534.00	314,722.00	313,501.00	323,197.00	327,260.00
Total Recoverable OM&A from Appendix 2-JB	$73,090,393	$73,076,334	$75,757,157	$80,767,417	$83,655,809	$87,105,564
OM&A cost per customer		$236.08	$240.71	$257.63	$258.84	$266.17
Number of FTEs		593.5	610.6	627.8	622.7	622.7
Customers/FTEs		521.54	515.43	499.36	519.03	525.55
OM&A Cost per FTE		$123,127.77	$124,070.02	$128,651.51	$134,343.68	$139,883.67

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Appendix 2-JA
Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	2017	2018	2019	2020
Reporting Basis	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS	MIFRS
Operations		$ 14,993,742	$ 15,607,433	$ 17,497,244	$ 18,466,503	$ 20,490,724				
Maintenance		$ 9,883,523	$ 9,611,544	$ 9,634,371	$ 11,073,276	$ 10,386,427				
SubTotal	**$ -**	**$ 24,877,265**	**$ 25,218,976**	**$ 27,131,615**	**$ 29,539,779**	**$ 30,877,151**				
%Change (year over year)			1.4%	7.6%	8.9%	4.5%				
%Change (Test Year vs Last Rebasing Year - Actual)						24.1%				
Billing and Collecting		$ 9,590,081	$ 10,135,276	$ 12,056,732	$ 12,397,275	$ 12,555,619				
Community Relations		$ 5,550,017	$ 5,351,621	$ 5,705,132	$ 5,959,788	$ 6,162,315				
Administrative and General		$ 33,058,970	$ 35,051,283	$ 35,873,937	$ 35,758,966	$ 37,510,478				
SubTotal	**$ -**	**$ 48,199,068**	**$ 50,538,180**	**$ 53,635,801**	**$ 54,116,030**	**$ 56,228,413**	**$ -**	**$ -**	**$ -**	**$ -**
%Change (year over year)			4.9%	6.1%	0.9%	3.9%				
%Change (Test Year vs Last Rebasing Year - Actual)						16.7%				
Total	**$ 73,090,393**	**$ 73,076,334**	**$ 75,757,156**	**$ 80,767,417**	**$ 83,655,809**	**$ 87,105,563.90**	**$ 89,932,139**	**$ 92,850,437**	**$ 95,863,434**	**$ 98,974,203**
%Change (year over year)			3.7%	6.6%	3.6%	4.1%	3.2%	3.2%	3.2%	3.2%

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	2017	2018	2019	2020
Operations	$ -	$ 14,993,742	$ 15,607,433	$ 17,497,244	$ 18,466,503	$ 20,490,724	$ -	$ -	$ -	$ -
Maintenance	$ -	$ 9,883,523	$ 9,611,544	$ 9,634,371	$ 11,073,276	$ 10,386,427	$ -	$ -	$ -	$ -
Billing and Collecting	$ -	$ 9,590,081	$ 10,135,276	$ 12,056,732	$ 12,397,275	$ 12,555,619	$ -	$ -	$ -	$ -
Community Relations	$ -	$ 5,550,017	$ 5,351,621	$ 5,705,132	$ 5,959,788	$ 6,162,315	$ -	$ -	$ -	$ -
Administrative and General	$ -	$ 33,058,970	$ 35,051,283	$ 35,873,937	$ 35,758,966	$ 37,510,478	$ -	$ -	$ -	$ -
Total	**$ 73,090,393**	**$ 73,076,334**	**$ 75,757,156**	**$ 80,767,417**	**$ 83,655,809**	**$ 87,105,564**	**$ 89,932,139**	**$ 92,850,437**	**$ 95,863,434**	**$ 98,974,203**
%Change (year over year)			3.7%	6.6%	3.6%	4.1%	3.2%	3.2%	3.2%	3.2%

	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 Q2 Forecast	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	$ -	$ 14,993,742		$ 15,607,433	$ 613,690	$ 17,497,244	$ 1,889,812	$ 18,466,503	$ 969,258	$ 20,490,724	$ 2,024,221
Maintenance	$ -	$ 9,883,523		$ 9,611,544	-$ 271,979	$ 9,634,371	$ 22,827	$ 11,073,276	$ 1,438,905	$ 10,386,427	-$ 686,849
Billing and Collecting	$ -	$ 9,590,081		$ 10,135,276	$ 545,195	$ 12,056,732	$ 1,921,456	$ 12,397,275	$ 340,543	$ 12,555,619	$ 158,344
Community Relations	$ -	$ 5,550,017		$ 5,351,621	-$ 198,396	$ 5,705,132	$ 353,511	$ 5,959,788	$ 254,657	$ 6,162,315	$ 202,527
Administrative and General	$ -	$ 33,058,970		$ 35,051,283	$ 1,992,313	$ 35,873,937	$ 822,654	$ 35,758,966	-$ 114,971	$ 37,510,478	$ 1,751,512
Total OM&A Expenses	$ 73,090,393	$ 73,076,334	$ 14,059	$ 75,757,156	$ 2,680,823	$ 80,767,417	$ 5,010,261	$ 83,655,809	$ 2,888,392	$ 87,105,564	$ 3,449,755
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)											
Total Recoverable OM&A Expenses	$ 73,090,393	$ 73,076,334	$ 14,059	$ 75,757,156	$ 2,680,823	$ 80,767,417	$ 5,010,261	$ 83,655,809	$ 2,888,392	$ 87,105,564	$ 3,449,755
Variance from previous year				$ 2,680,823		$ 5,010,261		$ 2,888,392		$ 3,449,755	
Percent change (year over year)				3.7%		6.6%		3.6%		4.1%	
Percent Change: Test year vs. Most Current Actual						7.85%					
Simple average of % variance for all years						19.2%					4.5%
Compound Annual Growth Rate for all years											4.5%
Compound Growth Rate (2014 Q2 Forecast vs. 2012 Actuals)						5.1%					

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.

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

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	2017	2018	2019	2020
Reporting Basis										
Number of Customers		309,534.00	314,722.00	313,501.00	323,197.00	327,260.00	331,279.00	335,278.00	339,222.00	343,124.00
Total Recoverable OM&A	$ 73,090,393	$ 73,076,334	$ 75,757,157	$ 80,767,417	$ 83,655,809	$ 87,105,564	$ 89,953,916	$ 92,895,409	$ 95,933,089	$ 99,070,101
OM&A cost per customer		$236.08	$240.71	$257.63	$258.84	$266.17	$271.54	$277.07	$282.80	$288.73
Number of FTEs		593.5	610.6	627.8	622.7	622.7	622.7	622.7	622.7	622.7
Customers/FTEs		521.54	515.43	499.36	519.03	525.55	532.00	538.43	544.76	551.03
OM&A Cost per FTE		$123,127.77	$124,070.02	$128,651.51	$134,343.68	$139,883.67	$144,457.87	$149,181.64	$154,059.88	$159,097.64

Notes:

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

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To: Executive Management Team (EMT)

Date: February 20, 2014

Subject: 2015-2020 Business Plan and Budget Process Guidelines

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Background:

The purpose of this memorandum is to set guidelines to be used in preparation of the Hydro Ottawa Limited (HOL) 2015 to 2020 Budgets and Financial Plans. HOL will file its 2016 rate case in February 2015, in order to have new distribution rates in place on January 1, 2016. This will be a Custom Incentive Regulation application covering rates for 2016-2020. The filing will include 2015 (referred to as the Bridge year) and budgeted data for the 2016 to 2020 period (referred to as the Test years).

The Budget for 2015 and 2016 will be at the detailed Business Unit (BU) level and entered into our financial system, while the outer years (2017 to 2020) will be formulated outside of the financial system. Throughout this memorandum, 2015 and 2016 will be referred to as Budgets while 2017 to 2020 as Financial Plan.

The new conversion date for International Financial Reporting Standards (IFRS) is January 1, 2015; therefore the Budgets and Financial Plan will be prepared using IFRS.

Finance and Regulatory staff will be conducting individual Divisional meetings with Chiefs and their Rate Applications leads to review Priorities, Budget estimates, and forward looking Financial Plans.

Key Milestones[1]:

- Divisional 2015 and 2016 Priorities and Budgets – due end of April 2014
- Divisional 2017 to 2020 Financial Plans – due end of June 2014
- Customer / Stakeholder engagement – Q3 2014
- Final Budget and Financial Plans – due end of September 2014
- EMT approval of Final Budget and Financial Plans – Q4 2014
- Filing of application – February 2015

[1] See Appendix 1 for detailed timeline

Budget Guidelines:

Productivity and Cost Control

Productivity is a key area of focus. Some productivity measures are noted below under *Headcount & Compensation* and OM&A however each division must continue to identify productivity improvements and cost control measures over the term of the Financial Plan period.

Alignment to Priorities

All spending must align to business plan priorities, help achieve approved performance targets, and support the four key areas of focus as outlined in our 2012 – 2016 Strategic Direction:

- Customer Value
- Financial Strength
- Organizational Effectiveness
- Corporate Citizenship

Strategic priorities will be funded in accordance with EMT approval.

Headcount & Compensation

Compensation and benefit estimates to be provided by HR and will be based on the renewed collective agreement [2]and anticipated increases beyond existing term.

Requests for growth in approved headcount must be supported by the Strategic Workforce Plans and approved by EMT prior to inclusion in the budget. Similar to the 2014 Budget, all new headcount requests in the Budget submission must be offset by identification of a corresponding headcount reduction, HR will schedule meetings with EMT members to review the most up-to-date workforce plans and discuss headcount requests, and will consolidate all requests from each division for EMT approval.

Half year budgeting will be employed for any new positions identified in the Financial Plan. Vacancy allowance will continue to be budgeted at the corporate level at a rate of 2.5% per annum[3].

[2] 2.7% effective April 1, 2015 and 2.8% effective April 1, 2016
[3] Placeholder, detailed analysis to come

Inflation Rate

Use the following inflation factors[4] for non-compensation spending:

2015 --- 2.13%
2016 --- 2.01%
2017 --- 2.01%
2018 --- 2.02%
2019 --- 2.02%
2020 --- 2.02%

Technology

EMT is responsible for liaising with IM/IT to communicate and coordinate technology requirements to ensure alignment with the corporate IM/IT strategy. IM/IT will consolidate all requests from each division for EMT approval.

Non-Compensation OM&A

Existing contract pricing will be updated with the latest agreements.

Total non-compensation OM&A should not exceed the annual inflationary factor noted above.

All new or expansion of existing funding must be supported by business case / rationale or existing business plan and approved by EMT. A standard format for business case preparation will be distributed separately.

Capital

Capital investment will provide for customer growth and the replacement of aging infrastructure to maintain plant reliability as per the needs analysis documented in the Asset Management Plan, and key capital initiatives such as Light Rail Transit and the Real Estate Strategy.

[4] Based upon Conference Board of Canada forecasts for Ontario CPI inflation increases as of February 2014

Appendix 1:

Overall Timetable

Feb 2014	2015 and 2016 Business Plan and Budget directions memo
Apr	Divisional 2015 and 2016 Budget submission
May	Design of key financial elements of 2016 rate application
May	kWh / kW Sales Forecast
Jun	First draft of Strategies
Jun	First calculation of high level bill impacts
Jun	Distribution System Plan complete
Jun	Divisional 2017 to 2020 Financial Plan
Jul - Sep	Customer/Stakeholder engagement
Sep	Final Budget numbers
Oct – Jan 2015	Review by Executive / Final Edits and Printing
Feb 2015	Filing of application

OM&A COST DRIVERS, PROGRAM DELIVERY COSTS & VARIANCE ANALYSIS

1.0 INTRODUCTION

This Schedule describes Hydro Ottawa's Operating Maintenance and Administrative ("OM&A") costs by major program including variances as well as a major cost driver variance summary. The schedule further provides explanations for program costs with variances greater than $750K[1] based on historical trend. The information contained in this schedule is informed by the OEB's filing requirements set out on pages 33 and 34 in Chapter 2 of the Ontario Energy Board's ("OEB") Filing requirements for Electricity Distribution Rate Applications, as updated on July 18, 2014.

2.0 OM&A COST DRIVERS

Table 1 below sets out the year over year cost drivers impacting Hydro Ottawa's OM&A and the major cost driver variances are described below.

[1] Materiality Threshold as per Exhibit A-5-1.

Table 1: Recoverable OM&A Cost Driver Table (Appendix 2-JB)

OM&A	Last Rebasing Year (2012 Actuals)	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year
Reporting Basis				
Opening Balance	$ 73.1	$ 75.8	$ 80.8	$ 83.7
Workforce Planning		$ 0.2	$ 0.3	$ 0.4
Collective Agreement/Annual progressions		$ 1.2	$ 1.3	$ 1.4
Vacancy and Vacancy Allowance		$ (1.6)	$ (0.5)	$ (0.1)
Benefits & Pensions		$ 1.7	$ (0.3)	$ 1.0
Vegetation Management		$ 0.3	$ 0.9	$ (0.4)
Underground Locates		$ 0.1	$ 0.3	$ 0.3
Changes in Capital and Allocations		$ 0.2	$ 0.1	$ (0.2)
Postage		$ 0.7	$ 0.2	$ -
IT Maintenance		$ 1.2	$ 0.4	$ 0.5
Bad Debts		$ (0.4)	$ (0.3)	$ 0.4
Inventory Scrap recovery reclass out of OMA		$ 0.8	$ -	$ -
Inflation			$ 0.8	$ 0.8
Other Costs/(Cost reductions)	$ -	$ 0.6	$ (0.3)	$ (0.7)
Closing Balance	$ 73.1	$ 80.8	$ 83.7	$ 87.1

2.1 Labour Compensation Costs

This includes the workforce planning, collective agreement / annual progressions and vacancy allowance. Annual salary increases and new employee progressions are governed by Hydro Ottawa's collective agreement for unionized staff. Each year unionized employee salaries are adjusted based on a negotiated percentage. Hydro Ottawa's current collective agreement with the International Brotherhood of Electrical Workers ends March 31, 2017. Adjustments for 2016 are based on the agreement. Management staff compensation is forecasted based upon comparable annual adjustments to unionized staff adjustments. Hydro Ottawa has taken several proactive measures to constrain compensation costs including adopting a flat head count by constraining workforce hiring and replacement for the 2014-2020 period.

Table 2: Summary of Salary and Wages (Appendix 2-K)

Salary and Wages (000s)	2012 Actuals	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	CAGR
	$ 49,369	$ 52,268	$ 55,232	$ 55,734	$ 57,759	4.0%

2.2 Benefits & Pensions

This category includes costs associated with all of Hydro Ottawa's staff benefits and pensions including current and post-retirement health benefits, employer payroll taxes and employer pension contributions. Hydro Ottawa has taken measures to constrain these costs, one of which was partnering with a new insurance provider for benefits allowing the Company to reduce its benefits premiums while ensuring the continuance and sustainability of the current level of benefits provided to employees. Savings from these measures were incorporated as offsets into the 2016-2020 budgets to the benefit of ratepayers. For further details on Hydro Ottawa's Compensation approach, see Exhibit D-1-8.

Table 3: Summary of Benefits and Pension costs (Appendix 2-K)

Benefits & Pension ($000s)	2012 Actuals	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	CAGR
	$11,536	$12,748	$12,856	$13,354	$14,185	5.3%

2.3 Distribution Operations: Vegetation Management

The costs captured in the Vegetation Management cost driver represent the costs associated with Hydro Ottawa's tree trimming and storm hardening programs. Hydro Ottawa's tree trimming program operates on two and three year cycles for the core and suburban areas and trim more than 40,000 trees per year. Hydro Ottawa's storm hardening program is a new initiative that began in 2014 and is projected to extend until the end of 2015 and is an adjunct to its normal tree trimming efforts. Hydro Ottawa's storm hardening program was initiated to remove overhang branches over 2,650 spans that are not part of the regular trim cycle and to develop new standards to govern the current trim cycle. The focus on eliminating overhang branches is specifically intended to reduce the risk of outages and equipment damage resulting from weighted, blown or broken overhang branches coming in contact with distribution wires. Moving forward, the elimination of overhang will become part of HOL's tree trimming standards and will be monitored and maintained as a part of its trim cycles. The investments made by Hydro Ottawa in its vegetation management and storm hardening are expected to yield significant long term reliability and productivity benefits. For further details on Hydro Ottawa's storm hardening efforts refer to Exhibit B-1-2(A).

Table 4: Summary of Vegetation Management costs

Vegetation Management ($000s)	2012 Actuals	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	CAGR
	$2,516	$3,074	$3,331	$4,311	$3,507	8.7%

2.4 Distribution Operations: Underground Locates

The costs captured in the underground locates category arise from Hydro Ottawa's compliance with the Ontario Underground Infrastructure Notification System Act ("OUINS Act"). Released in 2012 the OUINS Act requires that members, of whom Hydro Ottawa is one, to respond within five days of notification from the Ontario One Call Corporation to a request for an underground locate.

Hydro Ottawa contracts its underground system locating to a locate contractor.
The locate contractor is selected through a competitive bid process where potential contractors are evaluated on price, technical qualifications and performance. Contracts are typically three years in duration but can be extended. Throughout the contract Hydro Ottawa performs quality assurance audits to verify the number of locates, the locate accuracy and that locates are being performed to Hydro Ottawa's standards.

Costs associated with accommodating underground locate requests are customer demand driven and hence not a cost that is controllable by the company. The table below provides detail as to the historical and forecasted number of locate requests and the actual and estimated average cost per request.

Table 5: Summary of Underground Locate costs

Year	# of Requests *	Total Costs ($000)	Average Cost per Locate ($)
2012 Actual	52,544	$1,622	$30.87
2013 Actual	59,103	$1,861	$31.49
2014 Q2 Forecast	66,847	$2,010	$30.07
2015 Bridge Year	71,317	$2,216	$31.08
2016 Test Year	79,198	$2,523	$31.86
CAGR		11.7%	

* Requests include office clearances

2.5 Postage Costs

Increased postage rates coupled with Hydro Ottawa's move to monthly billing are the underlying drivers causing an increase to postage costs. To mitigate the impact of the increased postage costs, Hydro Ottawa has initiated a program to encourage its customers to adopt electronic billing or "e-billing". As of December 2014, Hydro Ottawa has approximately 85,991 or 26.9% of its customers subscribed to its e-billing program. Hydro Ottawa estimates an annualized savings of approximately 860K resulting from its move to implement e-billing.

2.6 IT Maintenance

Information Technology maintenance expenses relate to software purchases and upgrades to maintain legacy applications and web interfaces. Examples include the Customer Care and Billing System, AMI/MT, JD Edwards, and data security updates. As noted in Hydro Ottawa's IT Strategy filed in Exhibit B-1-3 legacy applications will be rationalized to simplify ongoing support and maintenance requirements. Continued diligence will be applied to all contracts requiring maintenance and support and efforts will be undertaken to identify where license and service consolidation is possible. As reliance on technology continues to growth through all aspects of the business, the associated IT Maintenance costs also increase.

Table 6: Summary of IT costs

IT Costs ($000s)	2012 Actuals	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	CAGR
	$6,342	$6,659	$7,179	$7,060	$7,616	4.7%

Source: Appendix 2-JC

2.7 Bad Debt

Bad debt results from unpaid account balances. Bad debt continues to be a cost driver because it is an expense that is incurred by Hydro Ottawa that is not entirely within its control. The table below illustrates that bad debt increased in 2013 but is projected to stay relatively flat out to 2016.

Table 7: Summary of Bad Debt costs

Bad Debt ($000s)	2012 Actuals	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	CAGR
	$1,433	$2,182	$1,804	$1,541	$1,979	8.4%

3.0 OM&A PROGRAM COST & VARIANCE ANALYSIS

Pursuant with section 2.7.3 of the OEB's Chapter 2 Filing requirements, the following section provides a variance analysis of Hydro Ottawa's OM&A costs by major program. Table 8 provides historical, bridge and test year expenditures by the program categories and the four year cumulative annual growth rate for each program category. Table 9 provides a year over year analysis of variances per program as expressed both in dollar and percentage terms, the amounts that are highlighted in red denote the variances that exceed Hydro Ottawa's $750K materiality threshold and as such an explanation for the variance is provided. The total program groupings for OM&A are shown net of the allocations to capital programs. Refer to D-1-(F) Attachment F for a description of each program category.

Table 8 - Summary of OM&A Program Costs

Programs	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	CAGR (%)
Reporting Basis							
Collections, Acct & Activities		$2,892,674	$4,068,200	$3,642,238	$3,543,341	$4,059,282	9%
Corporate Costs		$6,056,030	$6,575,378	$5,420,096	$5,015,524	$4,993,415	-5%
Customer & Community Relations		$7,716,112	$7,573,677	$8,087,780	$8,785,231	$9,084,617	4%
Customer Billing		$8,058,100	$8,320,362	$10,170,188	$10,333,939	$10,414,125	7%
Distribution Operations		$15,768,787	$16,091,210	$17,449,018	$18,705,565	$19,404,972	5%
Engineering & Design		$6,090,200	$6,019,357	$6,829,936	$7,585,805	$8,159,989	8%
Facilities		$5,518,926	$5,656,075	$5,794,364	$6,027,819	$6,108,573	3%
Finance		$4,074,222	$3,983,782	$4,332,691	$4,517,544	$4,759,915	4%
Human Resources & Training		$3,283,630	$3,500,016	$3,857,908	$3,945,646	$4,093,085	6%
Information Mgt & Technology		$6,342,125	$6,658,679	$7,179,256	$7,060,152	$7,616,378	5%
Metering		$2,384,793	$2,327,873	$2,355,505	$2,423,903	$2,532,030	2%
Regulatory Affairs		$1,930,844	$1,967,875	$2,340,940	$2,505,096	$2,580,684	8%
Safety, Environment & Bus Cont		$1,853,905	$2,334,564	$2,116,845	$1,952,732	$2,006,305	2%
Supply Chain		$1,105,987	$680,108	$1,190,652	$1,253,511	$1,292,193	4%
Miscellaneous							
Total	**$73,090,393**	**$73,076,334**	**$75,757,156**	**$80,767,417**	**$83,655,809**	**$87,105,564**	**4%**

Table 9 - Summary of OM&A Program Variances (in thousands of dollars)

Programs ($000)	2013 2012		2014 – 2013		2015 – 2014		2016 – 2015	
Collections, Acct & Activities	**$1,176**	41%	-$426	-12%	-$99	-3%	$516	13%
Corporate Costs	$519	9%	**-$1,155**	-21%	-$405	-8%	-$22	0%
Customer & Community Relations	-$142	-2%	$514	6%	$697	8%	$299	3%
Customer Billing	$262	3%	**$1,850**	18%	$164	2%	$80	1%
Distribution Operations	$322	2%	**$1,358**	8%	**$1,257**	7%	$699	4%
Engineering & Design	-$71	-1%	**$811**	12%	**$756**	10%	$574	7%
Facilities	$137	2%	$138	2%	$233	4%	$81	1%
Finance	-$90	-2%	$349	8%	$185	4%	$242	5%
Human Resources & Training	$216	7%	$358	9%	$88	2%	$147	4%
Information Mgt & Technology	$317	5%	$521	7%	-$119	-2%	$556	7%

Metering	-$57	-2%	$28	1%	$68	3%	$108	4%
Regulatory Affairs	$37	2%	$373	16%	$164	7%	$76	3%
Safety, Environment & Bus Cont	$481	26%	-$218	-10%	-$164	-8%	$54	3%
Supply Chain	-$426	-39%	$511	43%	$63	5%	$39	3%
Grand Total	**$2,681**	**4%**	**$5,010**	**6%**	**$2,888**	**3%**	**$3,450**	**4%**

3.1 Collections, Accounts and Activities

The Collections, Accounts and Activities program captures costs associated with Hydro Ottawa's collection activities and its bad debt expense. Half of the costs are attributable to compensation and benefits and the other half of costs captured in this category are primarily bad debt expense.

Headcount remains flat but compensation will be adjusted per Hydro Ottawa's collective agreement. Bad debt expenses went up in 2013 which resulted in a historical high. With several mitigation strategies, management was able to bring bad debt expense down in 2014 and back to the industry average going forward.

In 2012 bad debt as a percentage of electricity revenue was 0.16% with bad debt expense $1.4M, which is below industry average. In 2013 there was a spike that began in Q3 and resulted in a year end bad debt expense of $2.3M. The spike was explained by the economy downturn and other economic factors compounded by the OEB collections rules on residential and low income customers have added pressure on controlling our bad debt expense. This is not distinct to Hydro Ottawa; it is affecting other LDC's as well. Management reviewed the situation and came up with a number of recommendations to mitigate the impact including account set-up and collection process changes and technology changes (e.g. CC&B configuration changes and functional enhancements). In addition, the deployment of remote disconnected meters improved the collection process. In 2014, after the implementation of monthly billing, the bad debt decreased by $0.5M or 22%. Bad debt expense is projected to be in line with industry average.

3.2 Corporate Costs

Corporate costs category primarily captures management fees from the Holding Company (reference to Exhibit D-3-3), Insurance, Future Employee Benefits (post-retirement benefit), and vacancy allowance budget.

Corporate Costs is showing a decrease due to the vacancy allowance budgeted in 2014, 2015, and 2016. Actual vacancies are reflected in each of the program costs for 2012 and 2013, only the budgeted amounts are included in corporate costs The vacancy allowance budget is to reflect compensation savings resulting from employee turnover throughout the course of the year. The amount is estimated based on historical trend.

Excluding vacancy allowance, all the major cost components within corporate costs remain steady.

3.3 Customer and Community Relations

Customer and Community Relations program captures costs associated with the salaries and benefits as well as costs associated with the customer experience team, key accounts, customer contact, and communications. Half of the costs are headcount related, the other half includes the external call centre, media communications, and the OEB mandated LEAP Program.

During the reporting period, call volumes increased approximately 12% year over year and customer satisfaction increased to 89% up from 76% to 85%. Overall spending trend was steady with an annual growth rate of approximately 4%. The trend represents costs associated with the call centre volumes resulting from increased media coverage and customer outreach. Call volumes are expected to remain high due to increasing outreach and bill changes. As cost mitigation, Hydro Ottawa has committed to restrain call centre contract costs and will measure the call centre contract activity as part of quarterly productivity scorecard and monthly customer satisfaction performance scorecard.

3.4 Customer Billing

Customer billing includes costs associated with Billing, Meter to Cash, and Meter Data operations and staff. Compensation / headcount represents one third of the overall costs.

Compensation / headcount costs are projected to decrease by $0.4M from $3.7M in 2012 to $3.3M in 2016. The decrease is attributed to a forecasted reduction in labour costs with a corresponding increase in technology costs. Customer billing non-compensation costs (mainly technology costs and bill production including postages) are projected to increase at a 13% annual growth rate. The principle driver behind the cost increases are:

- Increase to IT costs to support meter data and a post-AMI (Automated Metering Infrastructure) deployment environment which relies on technology to ensure data and billing accuracy. IT support costs includes Savage data and CC&B to ensure Hydro Ottawa's customers are billed correctly; and
- Increase to postage costs due to postage rate increases combined with Hydro Ottawa's move to implement monthly billing. In 2013, the postage rate was $0.61. In 2014, Canada Post increased postage rate to $0.70. This represents 15% increase in postage rate. To mitigate these cost increases, Hydro Ottawa introduced "Go Paperless" and electronic Billing initiatives including MyHydroLink and Autopay. As of December 2014, Hydro Ottawa had approximately 85,991 e-bill accounts representing 26.9% of its customers. Overall OM&A annualized savings due to E-billing program now stand at approximately $860K. Despite the large increase in postage rate and the monthly billing, with its e-billing efforts Hydro Ottawa's postage expenses increased by $0.7M only or 12%.

3.5 Distribution Operations

Distribution Operations includes costs associated with the operations and maintenance of Hydro Ottawa's distribution assets. Programs include Vegetation Management, Underground Locates, Environmental Spills Cleanup, Load Dispatching, and other general maintenance.

Distribution Operations spending increased in 2014 and 2015. The major increases are largely attributable to the following distribution maintenance programs:

- Vegetation Management – this is a prevention investment that is designed to produce a long term gain. Our SAIFI caused by tree contacts remain low at 0.05 to 0.12 while the industry average at the range of 0.18 and 0.47 (Source: 2012 CEA Service Continuity Reporting). Trees that contact power lines are one of the major causes of power failure. The increase in spending in 2014 and 2015 is mainly related to the storm hardening programs (reference D-2-1, 3.5), however 2016 is projecting a decrease, as the storm hardening work will be completed beginning of 2015. This program annual spending increased from 2.5M in 2012 to 3.5M in 2016 with an annual growth rate of 9%. Over 80% of the program costs are outside services.
- Underground Locates – the costs captured in this program increased significantly following the introduction of Bill 8 (Ontario Underground Infrastructure Notification System Act) which became law in June 2012. The program costs increased from $2.0M in 2012 to $2.9M in 2016, which represents a 12% annual growth rate. Two third of the increases are volume related (customer demand), the remaining one third of the cost increase is due to inflationary cost increase in Hydro Ottawa's contractor with Promark (reference D-2-1, 3.6)

Despite the significant increases in these two programs, overall distribution operations remained within a 5% annual growth rate.

3.6 Engineering and Design

Engineering and Design program includes costs associated with Distribution Design, System Operations (SCADA), Asset Planning, Policies, Procedures, and Standards.

Over 80% of the costs are labour costs, remaining 20% are mainly technology costs related to the GIS system, SCADA, and the new asset management software.

Annual growth rate 8% with a spike in 2014. It is explained by the increased technology costs for GIS, SCADA, and Asset Management. In addition, the company has conducted a large review of our Conditions of service. This revision is the largest the company has seen, including substantial policy, tariffs and charges review. Furthermore, in keeping with Hydro Ottawa's commitment to provide excellent Customer Service, the document will be revamped to more navigable, understandable and user-friendly. The new version is expected to be published in 2015.

3.7 Other Programs

Other Programs including Facilities, Finance, Human Resources, Information Technology, Metering, Regulatory, Safety, Environmental & Business Continuity, and Supply Chain are all projected to experience minor growth. No major spending variances. Some programs have benefit from the productivity initiatives such as Metering. With the deployment of remote disconnected meters, field activities reduced, therefore annual growth rate at 2% only.

4.0 CAPITALIZATION OF OVERHEAD OM&A

Table 10 below sets out OM&A by program before capitalization as set out in Appendix 2-D. Hydro Ottawa's capitalized overhead costs are consistent with the OEB's policy on capitalization. Table 11 sets out OM&A that has been capitalized as set out in Appendix 2-D. For details of the Company capitalization policy, please see Exhibit B-5-3. The policy remains the same since 2012 with the percentage capitalized in a range of 25% and 27%.

Table 10 – OM&A by Program before Capitalization

OM&A Before Capitalization	2012 Historical Year	2013 Historical Year	2014 Q2 Forecast Historical Year	2015 Bridge Year	2016 Test Year
Collections, Acct & Activities	$ 2,937,418	$ 4,070,580	$ 3,649,114	$ 3,543,341	$ 4,059,282
Corporate Costs	$ 6,056,030	$ 6,575,378	$ 5,420,096	$ 5,015,524	$ 4,993,415
Customer & Community Relations	$ 7,716,112	$ 7,605,947	$ 8,220,736	$ 8,785,231	$ 9,084,617
Customer Billing	$ 9,176,802	$ 9,736,344	$ 10,664,787	$ 10,432,583	$ 10,511,497
Distribution Operations	$ 33,380,038	$ 34,860,050	$ 37,834,129	$ 39,785,778	$ 40,824,588
Engineering & Design	$ 10,863,198	$ 11,693,463	$ 12,451,538	$ 12,975,442	$ 13,677,111
Facilities	$ 5,518,926	$ 5,656,285	$ 5,794,592	$ 6,027,819	$ 6,108,573
Finance	$ 4,074,222	$ 3,988,437	$ 4,368,115	$ 4,517,544	$ 4,759,915
Human Resources & Training	$ 3,395,830	$ 3,675,121	$ 4,010,176	$ 4,051,662	$ 4,180,257
Information Mgt & Technology	$ 6,343,145	$ 6,717,794	$ 7,521,460	$ 7,500,528	$ 7,862,963
Metering	$ 2,712,295	$ 2,807,318	$ 2,846,087	$ 2,842,465	$ 2,956,322
Regulatory Affairs	$ 1,930,844	$ 1,967,875	$ 2,340,940	$ 2,505,096	$ 2,580,684
Safety, Environment & Bus Cont	$ 1,853,905	$ 2,334,564	$ 2,116,845	$ 1,952,732	$ 2,006,305
Supply Chain	$ 2,233,136	$ 1,985,925	$ 2,491,808	$ 2,498,434	$ 2,744,524
Total OM&A Before Capitalization (B)	$ 98,191,900	$ 103,675,081	$ 109,730,424	$ 112,434,180	$ 116,350,054

Table 11 – Capitalized OM&A

Capitalized OM&A	2012 Historical Year	2013 Historical Year	2014 Q2 Forecast Historical Year	2015 Bridge Year	2016 Test Year
Supply Chain	$ 1,127,115	$ 1,305,256	$ 1,301,156	$ 1,244,923	$ 1,452,331
Supervision	$ 1,831,800	$ 2,157,288	$ 1,826,399	$ 2,034,276	$ 2,077,315
Engineering	$ 1,996,465	$ 2,815,805	$ 2,843,934	$ 2,904,091	$ 2,997,522
Fleet	$ 2,613,093	$ 2,593,457	$ 2,737,548	$ 2,627,424	$ 2,698,352
Labour	$ 17,547,092	$ 19,046,118	$ 20,253,970	$ 19,967,657	$ 20,018,970
Total Capitalized OM&A (A)	$ 25,115,566	$ 27,917,925	$ 28,963,007	$ 28,778,371	$ 29,244,490

% of Capitalized OM&A (=A/B)	26%	27%	26%	26%	25%

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Appendix 2-JB
Recoverable OM&A Cost Driver Table

OM&A	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	2017	2018	2019	2020
Reporting Basis									
Opening Balance	$ 73.1	$ 73.1	$ 75.8	$ 80.8	$ 83.7				
Workforce Planning			$ 0.2	$ 0.3	$ 0.4				
Collective Agreement/Annual progressions		$ 1.1	$ 1.2	$ 1.3	$ 1.4				
Vacancy and Vacancy Allowance			$ (1.6)	$ (0.5)	$ (0.1)				
Benefits & Pensions		$ 0.1	$ 1.7	$ (0.3)	$ 1.0				
Vegetation Management		$ 0.4	$ 0.3	$ 0.9	$ (0.4)				
Underground Locates		$ 0.2	$ 0.1	$ 0.3	$ 0.3				
Changes in Capital and Allocations		$ (0.6)	$ 0.2	$ 0.1	$ (0.2)				
Postage		$ (0.1)	$ 0.7	$ 0.2	$ -				
IT Maintenance		$ 0.5	$ 1.2	$ 0.4	$ 0.5				
Bad Debts		$ 0.8	$ (0.4)	$ (0.3)	$ 0.4				
Inventory Scrap recovery reclass out of OMA		$ -	$ 0.8	$ -	$ -				
Inflation				$ 0.8	$ 0.8				
Other Costs/(Cost reductions)	$ -	$ 0.3	$ 0.6	$ (0.3)	$ (0.7)				
Closing Balance	$ 73.1	$ 75.8	$ 80.8	$ 83.7	$ 87.1	$ 89.9	$ 92.8	$ 95.9	$ 99.0

Notes:

1. For each year, a detailed explanation for each cost driver and associated amount is requied in Exhibit 4.
2. For purposes of assessing incremental cost drivers, the closing balance for each year becomes the opening balance for the next year.
3. If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
4. Opening Balance for "Last Rebasing Year" (cell B15) should be equal to the Board-Approved amount.

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Appendix 2-JC
OM&A Programs Table

Programs	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year	Variance (Test Year vs. 2014 Q2 Forecast)	Variance (Test Year vs. Last Rebasing Year (2012 Board-Approved)	2017	2018	2019	2020
Reporting Basis												
Collections, Acct & Activities		$2,892,674	$4,068,200	$3,642,238	$3,543,341	$4,059,282	$417,045	$4,059,282				
Corporate Costs		$6,056,030	$6,575,378	$5,420,096	$5,015,524	$4,993,415	-$426,681	$4,993,415				
Customer & Community Relations		$7,716,112	$7,573,677	$8,087,780	$8,785,231	$9,084,617	$996,837	$9,084,617				
Customer Billing		$8,058,100	$8,320,362	$10,170,188	$10,333,939	$10,414,125	$243,937	$10,414,125				
Distribution Operations		$15,768,787	$16,091,210	$17,449,018	$18,705,565	$19,404,972	$1,955,955	$19,404,972				
Engineering & Design		$6,090,200	$6,019,357	$6,829,936	$7,585,805	$8,159,989	$1,330,053	$8,159,989				
Facilities		$5,518,926	$5,656,075	$5,794,364	$6,027,819	$6,108,573	$314,209	$6,108,573				
Finance		$4,074,222	$3,983,782	$4,332,691	$4,517,544	$4,759,915	$427,224	$4,759,915				
Human Resources & Training		$3,283,630	$3,500,016	$3,857,908	$3,945,646	$4,093,085	$235,177	$4,093,085				
Information Mgt & Technology		$6,342,125	$6,658,679	$7,179,256	$7,060,152	$7,616,378	$437,121	$7,616,378				
Metering		$2,384,793	$2,327,873	$2,355,505	$2,423,903	$2,532,030	$176,526	$2,532,030				
Regulatory Affairs		$1,930,844	$1,967,875	$2,340,940	$2,505,096	$2,580,684	$239,744	$2,580,684				
Safety, Environment & Bus Cont		$1,853,905	$2,334,564	$2,116,845	$1,952,732	$2,006,305	-$110,540	$2,006,305				
Supply Chain		$1,105,987	$680,108	$1,190,652	$1,253,511	$1,292,193	$101,541	$1,292,193				
Miscellaneous							$0	$0				
Total	**$73,090,393**	**$73,076,334**	**$75,757,156**	**$80,767,417**	**$83,655,809**	**$87,105,564**	**$6,338,147**	**$14,015,171**	**$89,932,139**	**$92,850,437**	**$95,863,434**	**$98,974,203**

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

Operations, Maintenance & Administration Program Descriptions

This attachment provides a description of each program category

Collections, Accounts and Activities

This program group has the staff and costs for the collection of both active and inactive residential and commercial electricity accounts. This program also includes the bad debt costs for electricity customers and costs for external collection agencies. Collection agencies are used when staff have exhausted all other methods to collect overdue accounts.

Corporate Costs

This program summarizes costs for the General Counsel and Legal departments along with cost allocations from Hydro Ottawa Holding Inc., Employee future benefits, Vacancy provisions, Insurance, Interest and bank charges.

Customer and Community Relations

This program includes the staff and costs for the Customer Contact center and Community Relations & Public Affairs group.

The Customer Contact team is responsible for all customer account and relationship activities including the handling of customer telephone calls, correspondence, new customer account requests and changes to existing customer accounts. This group also handles paper based move requests, miscellaneous correspondence, return mail, lawyer's letters, Auto Pay and Budget Billing requests, escalations and reporting. Also in this program are expenses related to providing service to large customers referred to as "key accounts". These key accounts are the highest consumers of electricity within Hydro Ottawa's service area and merit ongoing and more complex service support.

The Community relations and Public Affairs team is responsible for the delivery of customer communication and community initiatives that promote customer and public awareness of the distribution business and industry activities. This function also maintains Hydro Ottawa's branding, website, social media presence and develops customer brochures, organizes community information sessions, interfaces with the media and local government representatives and manages the on-call and outage support procedures, schedules and training.

Customer Billing

This program includes the Billing department costs, Meter data Services and IT support personnel for the Customer Care and Billing System (CC&B) used to produce the residential and commercial electricity bills. Smart Meters and Time of Use billing has completely changed the way utilities provide customer billing. The complexity and speed of issuing bills has dramatically changed and continues to evolve with the investments in technology. Hydro Ottawa switched monthly billing in early 2014 to better align consumption with the billing dates. Refer to Exhibit B-1-12, for further details. Meter Data Services, the technical group in the Customer Billing program is responsible for remote meter reading, includes data management for all remote meters including residential and small commercial Smart Meters.

Distribution Operations

This group is comprised of operations and maintenance personnel and costs to properly operate and maintain Hydro Ottawa's distribution system and provide quality, reliable, cost effective service to customers. Operations is defined as work that encompasses actions of a detective, preventative, and/or monitoring nature. Maintenance is defined as the routine activity to ensure the equipment or device operates correctly (generally work performed in a reactionary manner based on the results of an Operation activity). Within this program the major functions are: Construction and Operations/Maintenance staff for Overhead and Underground lines, Stations, System Operations along with the costs for major programs such as: Underground locates, Graffiti abatement, Insulator washing, CO_2 Washing, Station Transformer Oil Analysis, Asbestos Removal and Arc-Proofing of Cables, Thermographic Scans, and Inspection Tree Trimming / Vegetation Management. The Stations section is made up of electrical and mechanical trades and technical staff. Its primary functions are installation, commissioning, testing and maintenance of substation equipment. System Operation's primary responsibility is to ensure the safety and reliability of the Hydro Ottawa Distribution System. This department includes the Control Room which monitors and controls the Distribution System, Field Crews that respond to electrical emergencies, and perform operations switching, and the Operations Planning section which plans all work to be performed on the System. All Hydro Ottawa planned capital and maintenance activities must interface through this department in order for all crews to carry out their work safely and ensure system reliability is maintained.

Engineering and Design

This program group is responsible for the safe, efficient and effective planning and execution of our reliability and demand (customer driven) capital programs as well as our planned maintenance programs using internal and external workforces. This program includes personnel and costs for such departments as: Asset Planning, Distribution Design, and Grid Technology. Asset Planning manages the annual asset reliability capital program. Design teams work with the Asset Planning group to develop designs for electrical system infrastructure, prepare cost estimates, and provide project management. The Grid Technology department is responsible for the day-to-day support of the utilities operational technologies such as SCADA, Outage Management Systems (OMS) and Geographic Information Systems (GIS). They provide user support, software upgrades, enhancements and monitoring services to ensure the System Operations team has the tools required to efficiently run Hydro Ottawa's distribution grid. Grid Technology is also responsible for Smart Grid pilot projects.

Facilities

Costs for the maintenance and upkeep of Hydro Ottawa's facilities are in this program. This includes the corporate administrative office, three additional operations centres across the city, a separate fleet/training facility and approximately 70 distribution stations. Costs for maintaining the general plant (i.e. office buildings) are part of

Facilities expenses whereas maintenance for facilities at transformer stations is part of Distribution Operations program costs.

Finance

Included within the Finance program group are personnel and costs for General accounting,
Accounts receivable, Accounts payable, Payment processing (including electricity bill payments), Retail settlements, Budgeting/business planning, Tax and Treasury services.

Human Resources

The Human Resources program grouping has the personnel and costs for payroll processing, labour relations, compensation management, internal communications, employee events and the development and oversight of human resources polices. In addition costs for employee training for safety and trades, professional and management leadership courses.

Information Technology

The Information Management & Technology program has personnel and costs for all core IT infrastructure, the corporate ERP application JD Edwards, voice services, network and data services and maintenance contracts for the associated hardware and software applications. Business specific systems such as: SCADA, Outage Management System, and Geographic Information System are included in the Design and Planning Group; costs for the support of the Customer Care & Billing system are included with the Customer Billing Program grouping.

Metering

This program contains the personnel and support costs for the revenue meter assets for residential, commercial, industrial and wholesale metering. Activities include; the management of approximately 316,000 installed meters in service and to support Operations projects including new growth in our service territory as well as maintenance programs for the established meter population. Metering operates a Measurement Canada meter accreditation program S-A-01 and the criteria for the accreditation to perform Inspections pursuant to the Electricity and Gas Inspection Act as well as ISO 9001-2008 quality assurance program.

Regulatory

Regulatory Affairs program contains personnel and costs the for filings with the Ontario Energy Board and the Independent Electricity System Operator (“IESO”) including comments on consultations, rate and other applications, compliance reporting, licence applications and renewals and the reporting and record-keeping requirements. Major expenses for the Regulatory Affairs program grouping include the Board Annual Cost Assessment, Cost Awards paid to intervener’s and annual fees to the Electrical Safety Authority.

Safety, Environmental and Business Continuity

Safety, Environment & Business Continuity includes personnel and expenses for the design, implementation and oversight of Hydro Ottawa’s safety, environmental and business continuity programs and regulatory compliance. This group oversees Hydro Ottawa’s Occupational Health, Safety and Environmental (“OHSE”) Accountability Program that details the expectations for all employees on activities they are expected to do to maintain a safe and healthy workplace.

Supply Chain

This program has personnel and costs for the procurement and warehouse functions. This group sets and oversees procurement policies and procures all products and services for the company along with managing the inventory used by the operations group.

HISTORICAL AND FORWARD LOOKING PRODUCTIVITY INTIATIVES

1.0 INTRODUCTION

This schedule sets out a summary of the evidence and initiatives that Hydro Ottawa relies on to illustrate its commitment to sustainable productivity and continuous improvement. This schedule responds to the OEB's expectations as it relates to outcomes based productivity and sustainable efficiency measures and is intended to compliment the initiatives discussed in Hydro Ottawa's Distribution System Plan (Exhibit B5). The information contained in this schedule is designed to facilitate the OEB's assessment of the adequacy of Hydro Ottawa's past and future productivity as required pursuant to the Renewed Regulatory Framework for Electricity ("RRFE").

The measures and initiatives described in this schedule pertain to efficiency savings in Operating, Maintenance and General (OM&A) expenditures as well as savings in capital expenditures through more efficient and effective execution of construction and maintenance programs. The productivity and efficiency measures described below have both tangible and non-tangible elements, the consequence of which is that they may not be adequately quantified with precise accuracy but nevertheless contribute to productivity savings that are factored in Hydro Ottawa's Custom IR rate-setting approach as described in detail in Exhibit A-2-1. Hydro Ottawa's outcome based capital planning is described in greater detail in Exhibit B, while Hydro Ottawa's measured performance is set out in its corporate scorecard results which are discussed further below.

In what follows, Hydro Ottawa provides a qualitative and quantitative description of the measures and initiatives that it has implemented and a qualitative description of those initiatives that it intends to implement as part of its commitment to continuous improvement.

2.0 HYDRO OTTAWA'S APPROACH TO PRODUCTIVITY

Hydro Ottawa's commitment to productivity is embodied in its four strategic objectives contained in the company's 2012-2016 Strategic Direction. These objectives are a) customer value; b) financial strength; c) organizational effectiveness; and d) corporate citizenship. These strategic objectives all underlie Hydro Ottawa's mission to create long term value for our shareholder, customers and the communities we serve. Indeed, putting the customer at the centre of everything we do is a key tenet of Hydro Ottawa's Strategic Direction. Hence creating value for Hydro Ottawa's customers and sharing the benefits of its productivity has and will continue to be at the heart of Hydro Ottawa's purpose and mission within the greater Ottawa community.

As discussed further below, Hydro Ottawa encourages a culture of innovation and productivity. Indeed since its amalgamation in 2000, Hydro Ottawa management has encouraged the adoption of productivity improvement measures that focus on maximizing the efficiency and effectiveness of its operations by reducing waste and optimizing sustainable productivity opportunities. Hydro Ottawa management and employees are encouraged to identify opportunities to streamline processes or leverage new technologies to improve business operations and services. Over the years several initiatives were introduced including the following:

2.1 Initiative # 1 – Lean Continuous Improvement

In 2009-2010 Hydro Ottawa introduced the concepts of the LEAN method of management. Lean is a continuous improvement program focused on eliminating waste from business processes or value streams. Waste is defined as any step or task in a process that adds time or cost to the product or service but adds no value from a customer's perspective. Lean has been used in many process reviews across the organization with positive results. Hydro Ottawa continue to apply these concepts and tools today as it reviews core business processes for opportunities to improve.

2.2 Initiative # 2 – Corporate Productivity Scorecard

In 2013 a cross-functional team was established to design a scorecard to measure productivity for Hydro Ottawa. The purpose was to develop a suite of metrics to measure and monitor productivity gains achieved across the organization beyond the industry standard measures used like OM&A per customer. The cross functional team identified the following expected outcomes:

- Identify the current corporate productivity measures and assess available baseline data from multiple industry sources;
- Identify best practices in productivity measures within the electricity sector and any other applicable sectors;
- Recommend additional productivity measures and targets;
- Recommend reporting periods for each measure; and
- Catalogue data sources for the measures, and recommend accountability for data collection and assessment.

The result of their efforts was a scorecard focussed in the following four key focus areas: People – Internal Workforce, Operating Maintenance & Administration Costs, Capital Asset Efficiency, and Profitability Metrics. See Attachment D-1(C) for a copy of the December 2014 Scorecard. This scorecard is produced on a quarterly basis, is provided to both the Executive Management team and the Board of Directors for review and discussion and is designed to encompass all of Hydro Ottawa's lines of business. The organization has yet to set targets for the metrics included in the scorecard. The approach has been to establish a scorecard that is aligned with the OEB's expectations and monitor progress throughout 2014. Once Hydro Ottawa has confirmed that it is measuring the right things and has enough data history to establish a baseline it will move ahead with setting annual targets. Hydro Ottawa anticipates being in a position to have targets in place by year end 2015.

2.3 Initiative # 3 – CEO Productivity and Innovation Award

Hydro Ottawa's employees respond and contribute to a culture that is reflective of organizational values they collectively defined. Core to our culture is the value of Excellence, which the company and its employees define in part as, "using our assets effectively to achieve the best possible outcomes" and as "embracing innovation and continuous improvement." To further entrench the importance of living this organizational value, in 2013, Hydro Ottawa introduced the CEO's Award for Productivity and Innovation, which recognizes teams and individuals who have driven a tangible or measureable productivity improvement or innovation. The creation of this award has spurred competition among employees and teams seeking to have their initiatives recognized for driving organizational effectiveness.

3.0 HYDRO OTTAWA'S CULTURE OF INNOVATION

Hydro Ottawa's culture of innovation is illustrated in the many division and corporate wide initiatives that are designed to drive change and increase operational efficiency. Below is a brief discussion of initiatives undertaken by some of the divisions within Hydro Ottawa to identify and initiate productivity enhancing opportunities. The section also describes additional initiatives that are planned or are underway to measure and improve its operating performance.[1]

3.1 Distribution Operations and Asset Management

Distributions Operations and Asset Management are groups responsible for the planning, design, construction, maintenance and operation of the distribution system within Hydro Ottawa's service territory.

3.1.1 Capital Execution – Process Review

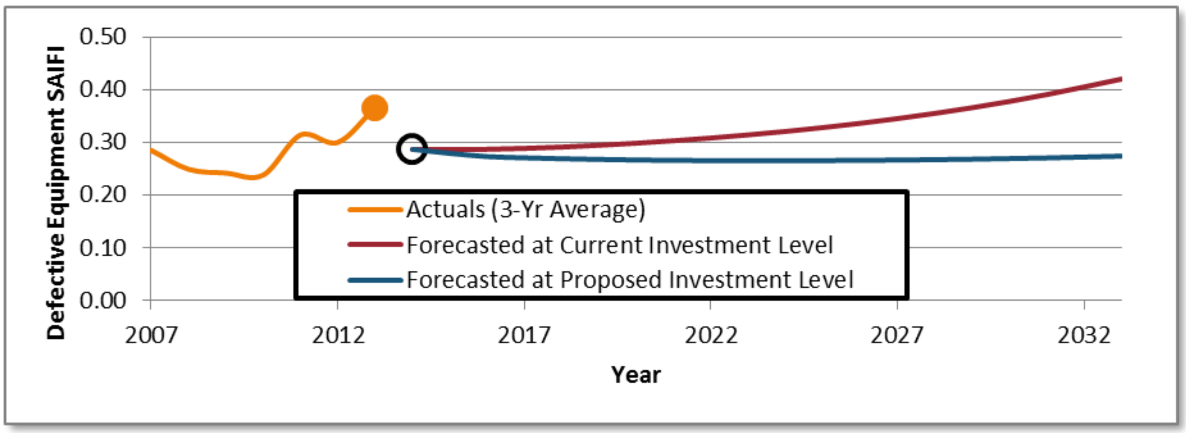
Hydro Ottawa's 2014 Annual Planning Report (see Attachment B-1(B)) shows a financial need much larger than the current spending levels to maintain Hydro Ottawa's current system performance.

If current spending levels remain consistent on a go forward basis, Hydro Ottawa expects plant failure capital to increase along with a corresponding increase in the

[1] Some of the information set out in this section is also provided in Hydro Ottawa's DSP found in Exhibit B-1-2.

percentage of internal labour spent on this reactive type of capital. Increases in equipment failures will result in a significant increase in Defective Equipment SAIFI by 2032.

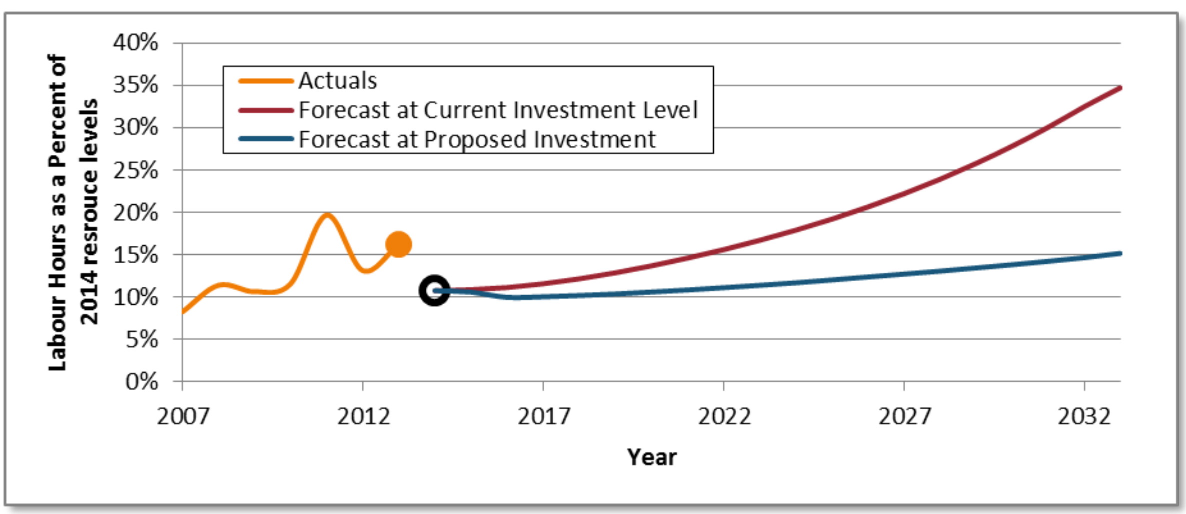
Figure 1 – Defective Equipment Contribution to SAIFI



Source: 2014 Annual Planning Report

In addition, distribution plant failure will account for 36% of available labour hours by 2032 if the current annual replacement levels are not increased.

Figure 2 – Plant Failure Labour Hours as a Percentage of Available Hours



Source: 2014 Annual Planning Report

Hydro Ottawa recognizes the situation and the primary focus within the operations group has been on enhancing the productivity and efficiency of Hydro Ottawa's processes and operations staff to help close this gap between need and actual spend. Hydro Ottawa's sustainment and demand capital spend has increased significantly over the last number of years, while overall head count in Distribution Operations and Asset Management has remained flat. In order to avoid hiring new staff to keep up with the increasing work, Hydro Ottawa had to find ways of working smarter and more efficiently.

In 2011 Hydro Ottawa completed a Lean review of its capital execution process from project initiation and design through to project closure. A cross functional team of employees involved in different aspects of projects was assembled to review the current state, identify issues and opportunities and make recommendations for implementation that would demonstrate improvements to how Hydro Ottawa does business.

An action plan was developed to address many of the key issues and findings including an inconsistent organizational structure, need for enhanced communications, inconsistent application of Hydro Ottawa's project management processes, and the need for better resource planning and scheduling. The following provides further details into the specific initiatives that have been undertaken and the results.

3.1.1.1 Aligned Staff Geographically

Hydro Ottawa's structure when the review was completed was a combination of functional and geographic. This inconsistent approach was making communication and collaboration more difficult. As a result Hydro Ottawa realigned its Asset Management and Design groups to match the geographic structure of the company's Construction and Maintenance field forces. The result is area specific teams consisting of planning and asset engineers, distribution designers, scheduling resources, and construction and maintenance staff that have resulted in better relationships and much stronger, timely communication. One of the added benefits of the team approach is the coaching and mentoring available by pairing more junior staff with seasoned veterans regardless of what area of the organization they reside.

In conjunction with the restructuring, Hydro Ottawa established Operational Briefing meetings in each of the areas with all key stakeholders in attendance. In addition to the area teams, Hydro Ottawa has representatives from Health and Safety, Procurement and System Operations. These meetings, held biweekly, are typically less than one hour in length, and are designed to communicate important information about safety, the schedule, reliability statistics, progress against capital plans and financial results. Hydro Ottawa also discusses and resolves or actions issues so that they are addressed in a timely fashion.

3.1.1.2 Distribution Asset Planning and Projects (DAPP) Portal

To improve internal communications of asset planning and projects, a web portal called DAPP was created in 2011. The DAPP is a centralized repository of asset and project information located on the HOL Intranet where internal stakeholders can find templates or reference data to utilize on an as needed basis. In the past, this information was physically and virtually stored in several different locations and was sometimes not accessible or difficult to find. The site is now a valuable collection of cradle to grave information on projects as well as other broader information and reporting including, but not limited to:

- Annual planning reports;
- Financial reports;
- Project lessons learned;
- Reliability statistics and graphs;
- The consolidated schedule;
- Technical standards; and
- Procurement and stores reports.

This saves staff time and effort searching for information and data that they need to perform their jobs.

3.1.1.3 Streamlined Project Management Processes

In 2003 Hydro Ottawa introduced a project management tool called "Project Coach". Project Coach was designed to better align and integrate the internal processes across Distributions Operations and Asset Management. The goal was to improve the planning, design and construction of approximately 600 projects completed annually. In 2012 Hydro Ottawa undertook a review of the Project Coach tool using a team of Hydro Ottawa System Designers and field staff that use the methodology every day. The review produced a number of important process modifications that were implemented.

- More frequent financial reporting on projects to ensure proper cost controls, timely change requests and accurate forecasting.
- Build in additional safety elements to minimize risk on projects. Pre-design, pre-construction, and pre-energizing meetings are now vital to ensure communication is clear, risks are managed and all team members are clear on their roles and responsibilities.
- Improved formal communication between project team members by adding critical steps to eliminate errors. The development and use of detailed checklists and guidelines assist new staff and staff who are working on new functional disciplines for the first time be able to process the work more efficiently.
- Streamlined front end design time, typically one draft drawing for circulation with comments results in only one trip to the GIS drawing team for final approved drawing.
- Reduced field changes after design completed. The Field Technician agrees with and signs off on design and material is ordered based on this design. This also reduces stranding material ordered for the approved project.
- Hydro Ottawa has created three years of rolling work plans. Current year projects are scheduled or in construction. Year two projects have detailed designs ready to be moved into the schedule if plans change due to project delays. Year three is high level estimates and preliminary project scoping so that we have inventory of projects ready well in advance of the planned year of execution. This approach provides additional flexibility to Hydro Ottawa's scheduling and construction staff. Hydro Ottawa now has a portfolio of projects

in the queue that allow for the dynamic reallocation of resources to reduce the frequency and duration of downtime.

The realignment of operations staff, enhancements to Hydro Ottawa's Project Coach Processes and tools, in combination with better access to information and templates on the DAPP and its central design repository, has resulted in productivity savings of approximately one hour per designer per day. This represents 5,500 hours or approximately $400,000 annually.

3.1.1.4 Centralized Scheduling

In 2010 Hydro Ottawa undertook a review of its scheduling systems for capital and maintenance programs and determined that greater efficiencies could be derived from implementing a centralized system. The objective of introducing a new centralized scheduling tool was to provide better visibility into work being scheduled so that those responsible for the design, material, permits, etc. were aware of the progress of each stage completed before construction. The centralized scheduling tool was also designed to better inform decision making regarding the need for use of external contractors for excess workload.

To give visibility into Hydro Ottawa's internal resource capacity, the schedule includes all resources in its overhead, underground and stations work groups. It includes details on all "paid time off" hours such as training, statutory holidays, vacation and sick time which is used to calculate the effective capacity to complete maintenance and capital work. Comparing this effective capacity to the actual volume of work from Hydro Ottawa Asset Management Plan, Demand Capital Forecasts and Maintenance plans provides good information to make better decisions about the need for external contractors.

Hydro Ottawa has been effectively using external contractors to assist in the completion of capital and maintenance work for a number of years. The contractors represent a good alternative to hiring full time staff or apprentices due to the flexibility of being able to increase or decrease the number of contractors on the ground based on the actual workload at the time. Access to qualified high voltage contractors in Eastern Ontario is limited compared to the Greater Toronto Area. To ensure a reliable supply, Hydro Ottawa signed three year standing offer agreements with two Toronto based contractors. Hydro Ottawa also has a third standing offer signed with a local contracting company that provides service including emergency response to Hydro Ottawa's customers in its Casselman service territory.

The schedule provides a consolidated plan to key stakeholders in Operations that allows them to be more effective in the completion of work in the annual plan. The schedule, in combination with the biweekly Operational Briefings has allowed us to be more flexible and adaptable when faced with unforeseen events or delays on any projects. Hydro Ottawa is able to more quickly redeploy Hydro Ottawa's construction forces to other sustainment or demand work with limited downtime.

The scheduling efforts are helping. In 2014 there was an increase in the average number of regular hours per chargeable employee of approximately 27 hours, translating to productivity of $450,000. There was also a decrease in overtime charged to work orders of over 2,700 hours, or approximately $400,000.

3.1.2 Service Desk Enhancements

The Service Desk is a group of staff that assist customers and contractors with new service connections, disconnect/reconnects, demolition permits, etc. In 2010, HOL completed a review of the processes and tools that were in place with a view to reducing the amount of paper produced and to streamlining the processes to enhance service efficiency to improve overall customer service.

As a result of this review HOL developed an electronic workflow management system called Service Manager that helps staff track the status of requests and work orders throughout their entire lifecycle. Hydro Ottawa also introduced an electronic service request form on its external website to make it easier for customers to initiate requests for service. Customers have the ability to complete and submit requests on-line at a time that is most convenient for them. The requests are received in the Service Manager and actioned by staff to begin the process of obtaining a quote for the service. HOL also introduced electronic service work orders for both internal and contract resources. These work orders are issued and closed off in the field electronically and automatically populate Hydro Ottawa's customer billing system with information like meter badge numbers and meter readings, improving overall timeliness and accuracy.

The more automated work flow resulted in a significant reduction in the amount of manual work related to these customer requests for Service Desk staff. As a result of these efficiencies Hydro Ottawa was able to reallocate two resources from the Service Desk to Hydro Ottawa's Scheduling Group to complete higher value work. Hydro Ottawa has established a back office function in scheduling to improve the hand off of construction packages from Design to Construction. This represents a productivity savings of two resources or approximately $160,000 annually.

3.1.3 Consolidating Dispatch Systems - Metering

Metering is an operational department within the Construction and Maintenance Group of Hydro Ottawa. The activities support the many operational functions required to support the revenue meter asset for residential, commercial, industrial and wholesale metering.

In 2013 the Metering department converted from the CGI Workforce Management tool to Intergraph In-Service. The In-Service product is the core system related to Hydro Ottawa's Outage Management System and was already being leveraged to dispatch a variety of other field activities including new service connections, collections, forestry inspections and excavation supervisions. By consolidating to one dispatch system Hydro Ottawa was able to save ongoing support costs and license fees for CGI of approximately $35,000 annually. In addition we avoided the $200,000 one-time cost of professional services and licenses associated with a required CGI upgrade. The upgrade savings were offset by a one-time cost of approximately $75,000 to convert to the In-Service product.

3.1.4 Annual Interval Metering Inspections

Hydro Ottawa's 842 largest customers use complex interval meters that should be inspected annually to verify their configuration and validate that the service is electrically correct for risk management and due diligence purposes. Based on an average of three man hours per unit, a physical visit to each of these meters would consume approximately 2,500 man hours including travel time. In 2012, the Metering group began utilizing meter diagnostic software from Elster, Hydro Ottawa's meter supplier. This diagnostic software allowed Hydro Ottawa to complete their annual inspection from the Hydro Ottawa offices. This was carried out via phone lines and prevented a truck roll to the 842 customer sites resulting in a savings of approximately 2,400 man hours. This translates into productivity savings of approximately $177,000 annually.

3.1.5 Expansion of Meter Inspection and Sealing

Hydro Ottawa has a Measurement Canada recognized Quality Assurance program that permits us to inspect and seal meters at its facilities instead of having this completed by a third party. Up until 2012 the scope of this program did not include Hydro Ottawa's most complex Schneider Ion meters. Annually there are approximately 80 of these meters that require inspection and sealing. In 2012 Hydro Ottawa completed the necessary training and expanded the scope of its testing and inspection program through its federal regulator Measurement Canada to include these meters. This has results in a savings of $270 per unit annually. The cost of having this inspection and sealing completed by a third party was $500 per unit, while Hydro Ottawa was able to complete the same work for $230 per unit using internal staff. The estimated operating savings is $21,600 annually.

3.1.6 Operations Process Liaison Committee

In late 2014 a new cross functional committee was established within the Operations group consisting of staff and management from Design, Scheduling, Service Desk and Construction. The mandate of this cross functional group is to take a look at core business processes that cut across departmental lines to continue to look for opportunities to improve overall efficiency and effectiveness. The initial focus is on accurately documenting the as-is state one process at a time and ensuring a clear and common understanding of all of the steps from start to finish. After documenting these processes and taking advantage of obvious quick-wins, the cross-functional group is tasked with reviewing each process in more depth to identify and implement opportunities for improvement.

3.1.7 Multi-Disciplined System Designer

Hydro Ottawa's System Designers have been primarily functionally focussed. Each Designer is a specialist in one of four disciplines: overhead, underground, residential, or commercial. Another continuous improvement initiative Hydro Ottawa is pursuing is a move to a multi-disciplined Designer model. Instead of focussing on a specific discipline, the Designers will be learning all disciplines. This transition and development will take some time to mature; however, the increase in productivity by having only one Designer handle all aspects of a project are expected to be significant. An example would be a new customer connection with requirements to relocate a pole adjacent their property, provide temporary service for construction, and finally provide service to their new building. Instead of having three different design staff assigned to this site, one System Designer handles will handle all functions required to meet the customer's needs. This will result in better service for customers, better coordination of the construction activities to complete the work, and less Hydro Ottawa labour to complete the project.

3.1.8 Unit Bills

Distribution Design is responsible to create designs and estimates for both demand and sustainment projects. These designs are based on construction standards that have standard bill of materials. Every design is unique but has to be built to Hydro Ottawa's approved technical standards. In the old process, a Designer was required to input each unit of material and labour into JD Edwards (HOL Enterprise System) on a job by job basis. For material this meant individually adding each pole, nut, bolt, washer, bracket, etc. to the work order for a pole replacement project. This made the task of creating material lists for projects very labour intensive. To reduce this, in 2014 Distribution

Design began the task of assigning labour and trucking units to each overhead standard. To avoid the task of building material lists for each overhead job, each standard had a list or unit bill of material, labour and trucking created for it. So the standard for installing a pole, for example, will have the pole and all of the necessary hardware required to install and dress the pole included in a standard list of materials. When designs are created the Designer will be able to use these unit bills for repetitive activities in a single project, like setting poles, to complete the estimate and material list and easily transfers this into JDE in a shorter timeframe. In 2014, Hydro Ottawa was able to save approximately 10 minutes of design time per pole, or 90 hours for our pole replacement and voltage conversion programs. The Asset Management Plan is forecasting the number of poles being replaced to increase to 1,350 from 2015 – 2020. This process improvement will result in an estimated savings of 225 design hours, or over 5 weeks annually.

3.1.9 Asset Investment Planning (AIP)

Hydro Ottawa is in the process of implementing an Asset Investment Planning (AIP) software package that focuses on project optimization and analytics with a risk based approach in line with the PAS55 asset management model. The software package is CopperLeaf's C55 program. Quality Asset Planning is critical to Hydro Ottawa's ongoing corporate success, especially as it relates to Productivity and Reliability. It is a capital investment decision making and analytics tool that is used as the central repository for this information eliminating the need for countless Excel spreadsheets. By having all of this critical information in one place it reduces the time to organize the data and frees up staff to spend more time on analyses and decision making.

Currently Hydro Ottawa's Annual Planning Report (Attachment B-1(B)) shows a financial need much larger than the current spending levels to maintain its current system performance. The AIP software will help to close that gap by improving the efficiency of Hydro Ottawa's spending, essentially getting more results for the same spending levels Taking a conservative approach, indications are that improved forecasting at Hydro

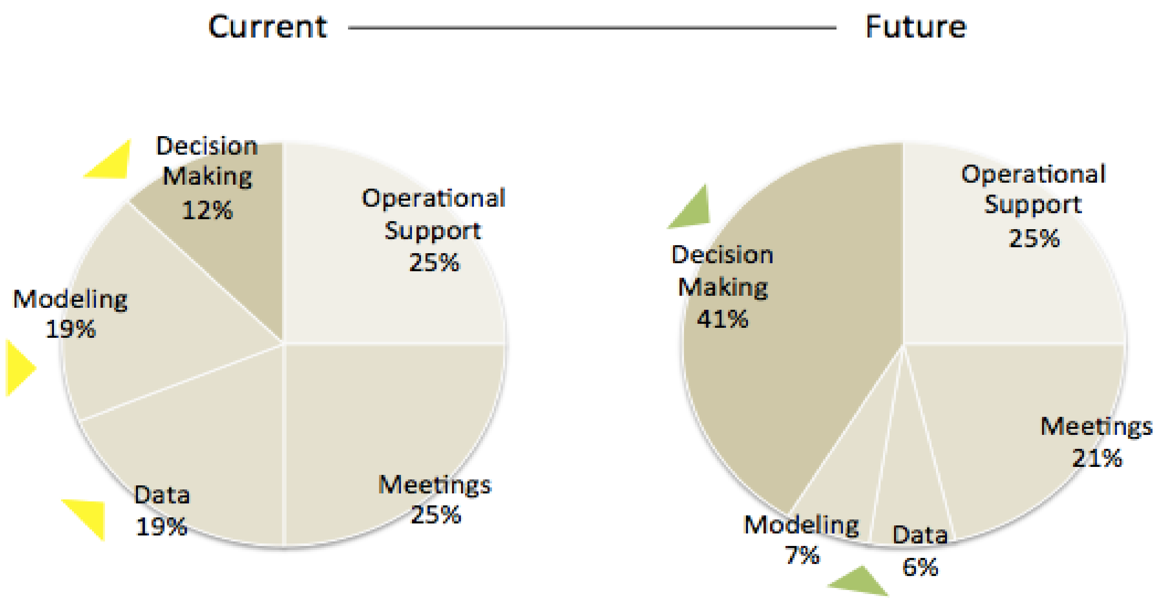
Ottawa can improve capital efficiency by between 1% - 5% or $3,000,000 - $15,000,000 cumulative benefit over five years.

Table 1 – Capital Efficiency Gains from AIP Implementation

	2015	2016	2017	2018	2019	5 Year Total
Capital Deployed						
	50 M	55 M	60.5 M	66.5 M	73.2 M	305.2 M
Gain						
1 %	500 K	550 K	605 K	665 K	732 K	3.05 M
2%	1.5 M	1.65 M	1.8 M	2 M	2.2 M	9.16 M
3%	2.5 M	2.75 M	3 M	3.33 M	3.66 M	15.3 M

Hydro Ottawa is anticipating an additional productivity gain in its Engineering group. The AIP tool will allow engineers to focus their time on better decision making, scenario modeling and optimization of work flow by reducing the amount of time spent organizing data and managing countless Excel spreadsheets. Based on a typical day, it is anticipated that this tool will increase the time spent on value add activities by almost three hours. This will not reduce the number of engineers needed, but rather avoid the need to increase the number of planning engineers to accomplish this level of detailed planning.

Figure 3 – Engineer Productivity Gains



3.1.10 Mobile Workforce Management

Hydro Ottawa has a large mobile workforce that is responsible for a wide range of work from simple disconnect, reconnects or meter changes to the more complex and longer duration pole changes and cable replacements. To date we have been using a combination of Excel spreadsheets, in-house developed databases, and our Intergraph In-Service system for scheduling and dispatching work. This is accomplished in a decentralized model with several different groups dispatching mainly to their own resources. Although this has been relatively effective, the organization needs to invest in a Mobile Workforce Management (MWM) tool to drive productivity to the next level. The objectives underlying the expected investment fall into the following Categories:

Improve Productivity – Less than optimal dispatching and routing of work using Hydro Ottawa's current systems and tools is leading to latent capacity in the field service teams, and presents a real opportunity to increase daily job completion rates. Another area of opportunity is that of administrative tasks, more specifically, time capture. Hydro Ottawa's review of new capabilities indicated the ability to automate time capture for field service staff. Savings in these two areas will increase capacity of field staff to complete more tasks per day.

Reduce Operating costs – Implementing unified dispatching tool with route optimization capabilities has been shown to reduce kilometers driven and fuel consumption. Given current fuel prices and the size of Hydro Ottawa's service territory, the potential is not insignificant. A reduction in travel time could also lead to additional work being completed within a regular business day and is expected to result in a reduction in overtime costs.

Exploit Unfulfilled Opportunity Costs – Most every field services discipline is maintaining a backlog of work that they are expected to deal with, on top of the ongoing daily workload. Often these backlog items are important from the perspective of avoiding future outages and can have a detrimental impact on SAIFI and SAIDI if gone unattended. The new system will allow the Company to begin taking advantage of available time at the start of the day and between customer appointments for completing these backlog items, testing, inspection, or maintenance activities that otherwise can see long delays in being completed. The system also has the ability to schedule these jobs and take advantage of a crew's sudden availability due to a canceled appointment or other unforeseen event.

Increase performance against service levels, and enhance customer satisfaction – MWM tools have the capability to tailor dispatching rules to prioritize work based on a variety of factors including those represented by proximity to missing a service level agreement target. This will ensure that higher priority work orders, like customer appointments, are completed on time leading to enhanced customer satisfaction.

Execute better informed decisions with Performance Management – Many of the tools Hydro Ottawa researched have strong performance management capabilities to provide Supervisors and Managers access to timely, relevant and accurate data. Daily the Supervisors will have access to reports that will summarize activity from the prior day while allowing them to drill down into specific areas of concern quickly and easily. MWM tools provide sophisticated performance management capabilities needed to assist decision makers, while reducing the need for time spent aggregating data.

Meet the standards set by the OEB's performance-based Renewed Regulatory Framework – The performance management and business intelligence modules of the MWM system will help ensure that HOL is tracking and monitoring performance against those metrics and key performance indicators that Hydro Ottawa's regulatory body expects regular reporting against.

A more detailed description of the initiative can be found in the DSP, Material Investments Attachment B-1(A).

3.1.11 Vegetation Management – Storm Hardening

Hydro Ottawa's storm hardening program is a new initiative that began in 2014 and is projected to extend into 2015. It represents an adjunct to its normal tree trimming efforts that operate on two and three year cycles and was initiated to remove overhang branches from over 2,650 spans. A key aspect of the program is a change to Hydro Ottawa's standard on tree trimming that increases our clearance to a "wire to sky" approach. The focus on eliminating the overhang is specifically to reduce the risk of outages and equipment damage resulting from weighted, blown, or broken branches contacting distribution wires. The investments made are expected to yield significant long term reliability and productivity benefits.

3.1.12 Mobility and Damage Assessment Module

In 2003 Hydro Ottawa introduced its first fully mobile computers for field staff. Those laptops were used to dispatch outages and provided field workers with information about distribution assets from Hydro Ottawa's Geographic Information System (GIS). Since 2003 the mobile deployment has grown to more than 75 units (a combination of laptops, tablets and handheld devices) providing staff with a multitude of tools and applications to help them do their jobs, faster and more efficient than ever before.

Some of the specific tools are described below.

Mobile GIS: Mobile GIS is the system where all assets are recorded and made available to staff, including field staff. Hydro Ottawa is proud to be one of the first utilities to produce all of its new construction drawing directly in GIS. This makes sure that staff has a complete picture of existing assets and what is proposed, helping them make better decisions and avoiding duplication and re-work.

Mobile OMS: Mobile OMS is the system that allows Hydro Ottawa workers to track all outage and major storm dispatching. Field workers not only receive all of their work electronically but are able to view system maps, get information on asset attributes; trace circuits back to the source and also create follow-up jobs if additional work is required such as pole replacements after traffic accidents.

Electronic Service layouts: Field staff can produce service layouts for new customer directly in the field and print a copy for the customer. This means less time is spent by office staff preparing and mailing new connection to customers. The customer is provided with better service by having all the information they need regarding the cost and details of the service they require in a more timely fashion.

Electronic Asset Inspections: Inspectors are now equipped with mobile inspection forms that are directly tied to the GIS system so they know exactly which asset they are inspecting. All of the assets are linked to the GIS and clearly identifiable increasing accuracy of inspection results.

One of Hydro Ottawa's key initiatives in 2014 was the implementation of the Outage Management System's Damage Assessment Module for mobile field workers. Using mobile resources minimizes customer impact, reduces restore times and keeps repair cost under control.

The Damage Assessment Module provides a simple electronic means to capture outage impacted information and make it available centrally to improve storm restoration, logistics management and follow-up processes using Hydro Ottawa's existing mobile systems. Hydro Ottawa anticipates that this technology and the information it provides will save approximately five hours of restoration time per crew in major events. Assuming Hydro Ottawa has 20 four person crews involved in one major event per year this translates into an operating savings of approximately $30,000 per year.

3.1.13 Field Operators

A Field Operator is a new position, working a rotational 24/7 shift, that was created in 2013 in part to respond to, assess and take the appropriate action during electrical emergency situations on Hydro Ottawa's high and low voltage power system and assist in the first response to emergencies calls as defined by OEB. The position was also designed to enhance the productivity of our day time construction crews by performing much of the ground level network switching required for large projects during off hours when there is less traffic congestion, especially in the downtown core. The position will also free up additional capacity of Hydro Ottawa's skilled lines trades resources currently working on the 24/7 shift so they can be redeployed to higher value construction work.

3.1.14 Align Metering Staff Geographically

A decision was made in 2014 to realign the metering group regionally versus functionally. The move to regional areas better aligns with operational demands and it ensures that Hydro Ottawa develops supervisors and field staff that have a broader knowledge of the various technical standards and diverse metering technologies. Hydro Ottawa's field staff will be better suited to handle all types of work as opposed to specializing in one or a few specific functions. It is anticipated that this initiative with result in productivity savings realized through reduced travel time and other delays beginning in 2015.

3.1.15 Commercial Metering Cost Recovery

During 2013 – 2014, a decision was made to begin charging new commercial customers the capital costs of meters. This decision emanated from a review the metering staff undertook to revise their existing standards documentation to consolidate it into a single source of information on the broad array of metering designs and installations. It is estimated this recovery will free up $135,000 of capital annually based on an average of 300 commercial meter installations with a capital cost of approximately $450 per unit.

3.2 Customer Service

Productivity in the Customer Service group has been focussed on identifying and implementing process improvements, automation, and incrementally offering new self-serve features for customers. The objectives are to enhance customer service, to respond to identified customer preferences, and to increase Hydro Ottawa's operational efficiency and effectiveness.

3.2.1 E-Billing Enhancements

Hydro Ottawa introduced E-billing in 2008. The objective of providing an e-billing service is to reduce paper, postage and people costs of creating a paper bill. By the end of December 2014, approximately 86,000customers had signed up for the E-billing service. This represents 26% of the Hydro Ottawa customer base and makes us one of the industry leaders in this regard. The total cost of a paper bill including paper, envelope and postage is $0.83 compared to only $0.02 for an e-bill. Hydro Ottawa estimates the annual savings from e-billing to be $836,000.

3.2.2 Move-In-Move-Out (MIMO) improvements

MIMO is an online self-serve functionality that converts fax submissions to an electronic format allowing them to be managed more efficiently. A key benefit of MIMO is its ability to search for completed moves, store data electronically, and streamline the processing of all move requests. Productivity is increased for Customer Service Representatives by eliminating the need to manage paper requests and filing. This is particularly important given the large population of university and colleges students in Ottawa that drive a significant number of MIMO transactions annually. This automation has enabled Customer Contact agents to take on new, incremental activities which they would not have otherwise been able to do, particularly during peak move season, an estimated productivity savings of approximately 0.5 FTE or $40,000 annually. That employee effort is now directed towards higher customer value tasks, in alignment with our Customer Experience focus.

3.2.3 Outage Alerts and Communications

Hydro Ottawa's outage alerts program is a web-based program that provides e-mails or text messages to Hydro Ottawa employees when outages occur. The speed of dissemination as well as the completeness and consistency of messaging facilitates power outage restoration and communication efforts internally. In 2009, Hydro Ottawa expanded the service by automating the communication of power outage information to the media, City Councillors and Key Account clients. By sharing this information promptly and proactively, customers can access outage reports and updates immediately via email and consequently they no longer initiate direct contact with HOL resources or our On Call Management Call Centre. The alerts provide customers with timely, accurate information on the outage duration to help them determine the impact on their plans and make alternate arrangements if necessary.

3.2.4 Power Outage Reporting Line

In 2010 Hydro Ottawa partnered with Nortel/Avaya to develop an intelligent Interactive Voice Response (IVR) application that provides customers with an efficient and effective way to report an outage and/or to get information about an existing outage. This ability to solicit this first-hand insight into an outage incident allowed Hydro Ottawa to streamline its power outage business process and further leverage the diagnostic capabilities of its Outage Management System. In addition to the benefits of automated report generation, this service has reduced the average outage call duration by up to 90% (from three minutes per call to 30 seconds for most calls). These enhancements have reduced the number of blocked calls (busy signal) to 0.45% (2010) and reduced the number of customers who experienced a dropped call to less than .01% (2011). These customers were able to easily access the outage information they were looking for without speaking to an On Call Management agent.

3.2.5 Introduced Power Outage Maps

Hydro Ottawa's website includes a Power Outage map that provides details of confirmed and unconfirmed outages including area affected, estimated time of restoration (ETR), status of crews and the number of customers affected. This feature enhances the timeliness of delivering Outage information and the progress of the restoration process, and has proven to be very popular with customers, City Councillors, and the media. The power outage map is a North American Chartwell Award winning system that continues to add value to Hydro Ottawa customers' experience through automation that has freed up resources within the Customer Contact, Communications and Operations departments. This allows employees to focus on value-added tasks to increase customer value.

3.2.6 Credit Card Payments

Hydro Ottawa's Interactive Voice Response (IVR) was updated with the addition of a credit card payment option. Customers can now call and make a credit card payment over the phone, at their convenience. The Hydro Ottawa web site introduced a direct credit card payment link for customer ease that can be accessed through the HO Mobile application as well. This direct link provided customers with a quick and easy way to make a payment towards their account. This service is offered 24/7 and supports the organizations focus on providing 24/7 accessible services that are driven by the customer; putting them in control. Since introduction of these options in mid-2013, credit card payments, totalling over $5.5 million have been made through the IVR, HO Website and HO Mobile credit card payment channels. The customer ability to make the credit card payment without call centre assistance translates into cost savings and efficiencies.

3.2.7 My Hydro Link (MHL)

MHL is Hydro Ottawa's customer self-serve web portal that allows Hydro Ottawa's customers to track their consumption, submit a move request, and make payments on their account. MHL has a proven track record as the tool of choice for customers who have embraced the self-serve model with over 122,000 accounts or approximately 38% of customers having registered for the service as of the end of 2014. Offering these customers access to accurate, timely and reliable data and information about their consumption, billing and account information and resulted in a reduction in the total number of call to Hydro Ottawa's call centre with a corresponding reduction in the call centre costs. Some of the features available are detailed below.

MHL Bill Comparison: This MHL feature provides customers with the ability to compare bills year over year at their convenience. Billing period comparisons assist the customer with understanding increased or even decreased energy costs. Functionality was developed in MHL that allows customer to view billing information in a side by side format with the added benefit that highlights differences between bills, i.e. number of days, rate changes and even the weather. Prior to this being developed, customers interested in doing this analysis would call Hydro Ottawa to request that copies of bills be mailed to them.

MHL Summary Pages: New features added in the spring of 2012 provide MHL registrants the opportunity to customize their view of account information and details on a single page view. This service was further extended to customers with multiple accounts allowing them to have a high level view of all of their accounts while still maintaining a customized view at the individual account level.

MHL Alerts: Allows customers to determine their own thresholds to receive notices for their electricity usage, money spent and to monitor on peak usage, this services puts the customer in control of their electricity consumption and the amount of money they are spending in a billing period or if they have missed the payment due date for their bill. Alerts are delivered by e-mail to customers detailing their predicted bill amount during the current billing period, at intervals of their choosing, daily, weekly or monthly. The model uses forecasting tools in conjunction with actual usage details.

MHL Predict My Bill: The Predict My Bill section is designed to help My Hydro Link registrants manage their electricity by predicting the bill amount for usage consumed during the current billing period and also offers a Predicted Bill Comparison feature to compare the current bill period with previous ones. The cost is updated daily and becomes increasingly accurate as the bill period progresses. Users have the option to register for Prediction emails at the frequency of their choice, daily, weekly or monthly.

MHL Agent assisted registrations: Formerly a customer driven activity, a secondary registration process was developed to allow agents to enrol customers over the phone, new scripting for Concentrix Call Centre and Customer Care agents encourages the discussion with customers to up sell the MHL Self-Serve option.

MHL Single Sign On: Single sign on seamlessly integrated MHL with the HOL website for an improved customer experience.

MHL Mobile Applications: A mobile version of MHL was introduced in 2012 for a variety of smart phone platforms. In the first five months of 2013, unique visits to the mobile site surpassed the 2012 results by 63%. The Hydro Ottawa mobile site has experienced an average of 3,750 unique visits monthly since May 2013 which contributes to reducing overall call volumes.

The various customer self-serve options are having a significant financial impact. Hydro Ottawa estimates savings of approximately $400,000 annually as a result of reduced call volumes due to the fact that customers are able to access the information they require whenever they want from wherever they happen to be. These estimated savings were partially offset in 2014 due to a spike in call volumes specifically related to the introduction of monthly billing and the abnormally cold winter.

3.3 Human Resources & Workforce Planning

Hydro Ottawa's Talent Management Framework is critical to effectively fulfilling the company's core mandate to provide a safe, reliable, affordable and sustainable supply of electricity to customers. The company's aim is to sustain a high performance workforce and operations that deliver ever-improving value to our customers and stakeholders, and to ensure our company's success and sustainability. Hydro Ottawa's 2012-2016 Strategic Direction articulates that this will be achieved by cultivating a culture of innovation and continuous improvement focusing on three outcomes in particular: a safe and healthy work environment; an engaged, aligned and prepared workforce; and efficient and effective operations that enhance the customer experience.

Hydro Ottawa's comprehensive and integrated approach to Human Resources emphasizes that strategic talent management is essential in building the right workforce necessary for business execution. The following initiatives demonstrate an emphasis on generating talent outcomes that drive productivity at Hydro Ottawa.

3.3.1 Workforce Planning Strategy

As outlined in Exhibit D1, Hydro Ottawa's Workforce Planning Strategy not only anticipates and adopts proactive strategies to bridge talent supply gaps that are crucial to maintaining organizational effectiveness; it also plays a critical role in containing costs, improving organizational productivity, and generating customer value.

3.3.2 Labour Efficiencies

In 2013, Hydro Ottawa and the IBEW, Local 636 reached a renewed 4-year collective agreement that resulted in several labour efficiencies which included: longer periods of employment for temporary employees, improved distribution of overtime during emergencies, parameters with respect to the payment of responsibility pay, the pro-rating of leaves for new employees, the ability to designate specific vacation periods, a simplified process for the relocation of employees for accommodations, rationalization of flame resistant clothing, and an improved process for the replacement of tools and equipment.

3.3.3 Designated Vacation Periods

In 2014, Hydro Ottawa introduced a formal a company-wide designated vacation period from December 24 to January 1, inclusive. This approach has enabled Hydro Ottawa to redirect typically lower-productivity working days in this timeframe to ensure optimal staffing during peak periods at other times of the year.

3.3.4 Insured Benefits

In 2014, Hydro Ottawa transitioned to a new insured benefits provider following a competitive marketing process. The transition has resulted in cost savings which is associated with the reduced costs of benefits premiums, streamlined administrative processes and enhanced self-serve options.

3.3.5 Attendance Management

Hydro Ottawa's Attendance Management Program monitors employee attendance, recognizes positive attendance and provides a framework for addressing excessive absenteeism. The company has decreased its average number of sick days per employee from 7.4 in 2007 to 5.9 in 2014.

3.3.6 Training Delivery

Hydro Ottawa is implementing a new approach to delivering training commencing in 2015. This new approach aims to improve productivity through better scheduling and the delivery of training at employee work centres, as well as leveraging e-learning and classroom technology to gain efficiencies. In particular, training will focus on maximizing productive time by leveraging inclement weather days for the delivery of fast-deploy refresher training modules – ensuring that employees remain in the field during optimal work periods to focus on service delivery.

3.3.7 Leveraging Technology in the Delivery of Human Resources Services

In 2012, Hydro Ottawa introduced an Intranet that resulted in more efficient and robust communications within the organization, and which eliminated the cost, maintenance and inefficiency of over 42 individual micro-sites within the company. Building on this success, Hydro Ottawa is focused on driving productivity and innovation in the delivery of human resources services through the streamlining and automation of processes. This includes increased self-serve capability for employees and people leaders, and the deployment of mobile tools and technology to enable more flexible and efficient completion, recording and reporting of health and safety related planning and monitoring activities in the field.

3.4 Information Technology

From the Information Management, Information Technology portfolio, productivity gains will be actualized through a number of core initiatives.

3.4.1 Mobile Device Management

A Mobile Device Management strategy will reduce the number of cell phones (blackberry devices) and personal computers replaced through the provision of agile mobile computing devices. This will facilitate enhanced technologies, services and increased productivity to the field where otherwise, computing and communications capabilities had been limited. More information will be available or presented on location, processed in real-time and consumed as needed. In parallel, costs to administer devices and telecommunication subscriptions will be reduced. Centralized management of all accounts, information stores, and permissions will ensure broader security and administrative controls throughout.

3.4.2 Improving Communications

Facilitating the IM/IT network with virtual “Go-To-Meeting” visual/audio conferencing capabilities will improve communications and information sharing while significantly reducing costs (time and materials) of a disparate geographic placement of employees, services and partners. Virtual meeting, information sharing and spontaneous connection/communication capabilities further enhances productivity regardless of location. The Operations group has been successfully using this technology for over a year for the bi-weekly Operational Briefing meetings as a means of saving time and fuel associate with travel to various work depots.

3.4.3 Printing Services

Printing services will be moved to an external managed-service provider to reduce hardware footprint and administrative overhead. SecurePrint and follow-me features will expand available functionality while reducing the footprint within the business.

Continued diligence in reducing the "server footprint" through a virtualization exercise begun in 2014, has retired 65 servers within the infrastructure with many more targeted through the coming years. Information Technology will adopt an Infrastructure as a Service (IaaS) approach to further reduce procurement activity while increasing time-to-market responsiveness to business needs.

3.4.4 Configuration Management

Configuration Management Database (CMDB) will be investigated with a view to centralizing the management of all configurations, releases, change for all infrastructure assets deployed within the business. While the value will increase security and efficiency of the practice, centralized controls generate productivity gains, particularly where response to urgent patching/upgrades may be warranted.

3.4.5 Enterprise Resource Planning System

From an enterprise solutions perspective, a recent tools upgrade ensured a stable, reliable ERP capability to meet current business needs. There is a desire to move to a commercial off-the-shelf (COTS) solution with minimal customization to reduce support overhead as well as continue to provide the level of functionality needed. A decision will be needed in terms of how to meet enterprise resource planning needs while driving productivity within the operation.

3.4.6 Enterprise Service Bus

The Enterprise Service Bus (ESB) provides a longer term strategy for standardized technology growth and integration but provides shorter term efficiency gains as well. Continued development of point-to-point integrations of individual applications into the organizational pool of services was assessed as growing to unsustainable numbers, increasing the burden of support and multiplicity of tasks as changes were introduced. The ESB provides a middle-ware capability to present and allow "one-time" integrated solutions the ability to consume target data without complex integration consideration and significantly reduced cost. As part of the preparedness/evolution strategy, new and emerging technologies are being produced SOA-enabled, thereby integration-ready. The development of a high-availability environment further enhances the reliability of the network infrastructure and facilitates the evolution of all existing and future integration needs.

3.4.7 Database Management

Productivity and efficiencies will be improved in terms of ongoing management of databases with the establishment of Oracle Database Appliance (ODA) to house Oracle applications, middleware and databases together within a virtual context. Rapid deployment, expansion of services is possible through the use of virtual templates, reducing processes and management time. Centralized management of data and device can be achieved through a reduced footprint and at significantly less time and impact to the organization.

3.4.8 SharePoint

The SharePoint application will be more aggressively mined across the business to produce greater collaboration and information sharing, reduction in file-shares/stores, reduction in duplication of information and very significant strides in the identification and management of true data (authoritative) source. This will constitute a shift for many Hydro Ottawa groups but will nonetheless produce immediate results in terms of information collaboration and real-time access to key data.

3.4.9 Customer Care and Billing

The PeopleSoft CIS (Customer Information System) reached end-of-life and was replaced in 2014 with the Oracle Customer Care and Billing (CC&B) application in a like-for-like rollout strategy. The CC&B application supports all critical meter-to-cash functions through an automated billing and revenue data stream. Along with the implementation of CC&B, monthly billing was introduced for Hydro Ottawa's residential and small commercial rate classes to meet its customer expectations. There were efficiencies gained with the implementation of the CC&B application which have improved internal business processes, audit requirements as well as help provide better service to Hydro Ottawa customers. Some examples of this is the automation of generation billing/payment in CC&B, the adjustment approval process using the application rather than queries, streamlined collection and write off processes by leveraging monthly billing, just to name a few. There will be continuous enhancements planned for CC&B in the forthcoming years to help support changes for innovative customer service solutions such as landlord reversion and the ability to provide unilingual bills to Hydro Ottawa customers. CC&B will also serve as a platform to implement a Customer Self Service solution that would allow automation of customer web initiated move ins/outs and account set-up through CC&B without the need to rekey data resulting in productivity improvements. Several key upgrades to CC&B are planned for 2016-2020 where, as applied, will further contribute to efficient and effective internal process.

Balanced Productivity Metrics

HydroOttawa

	Measures	Description	2011	2012	2013	Unaudited 2014 Q1	Q2	Q3	Q4
Labour Utilization	Productive Time	% of Billable Hours / Total Regular Hours	70%	71%	69%	71%	70%	69%	71%
	Labour Allocation to CAPEX	% of Labour Time on Capital Activities / Total Productive Time	61%	55%	56%	60%	59%	60%	60%
	Average Sick Days per FTE	Total Sick Days / Total Employees	5.3 Days	5.9 Days	6.0 Days	8.0 Days	7.2 Days	6.6 Days	5.9 Days
OM&A Measures	Cost per Underground Locate	Total Underground Locate costs / Total Locate Requests	$27.6	$29.1	$30.0	$36.1	$27.8	$28.0	$28.7
	Vegetation Management Cost Value Metric	Total Vegetation Management Costs / (1 - Tree Contacts SAIFI)	$36K	$24K	$29K	$37K	$34K	$32K	$42K
	Customer Service Cost Value Metric	External Call Centre Costs / Customer Satisfaction %	$28K	$27K	$25K	$26K	$30K	$29K	$28K
	Bad Debt as a % of Total Electricity Revenue	Bad Debt / Total Electricity Revenue	0.18%	0.16%	0.25%	0.28%	0.27%	0.19%	0.19%
Asset Efficiency	Sustainment Asset Reliability Cost Value Metric	Asset Replacement and Plant Failure Costs / (1 - Defective Equipment SAIFI)	$433K	$413K	$504K	$217K	$331K	$429K	$524K
	Cost per Pole replaced	Planned Pole Replacement Program Costs / # of Poles Replaced	$15K	$20K	$23K	$21K	$21K	$27K	$33K
	Cost per metre Cable replaced	Cable Replacement Program Costs / metres of Cables Replaced	$363	$186	$328	$375	$229	$290	$437
	Cost per metre Conductors extended	Line Extension Program Costs / metres of Conductors Extended	$67	$61	$136	$60	$94	$97	$128
	Technology Infrastructure Cost per Employee	(External IT support costs + computer hardware & software depn) / # of FTE	$21.8K	$21.9K	$22.2K	$16.6K	$19.7K	$20.2K	$21.5K
	Normalized Derecognized Assets net of Proceeds	$ Derecognized Assets net of Proceeds (all companies)	N/A	$0.7M	$2.1M	$0.4M	$0.5M	$0.7M	$0.9M
	Generation Plant Availability	Sum individual plant availabilities / number of generation stations	95.5%	94.5%	95.3%	93.5%	99.1%	88.0%	89.0%
Profitability Metrics	EBITDA as a % Revenue	EBITDA $ / Total Revenue - Generation	70%	59%	64%	68%	69%	68%	67%
		EBITDA $ / Total Revenue - Hydro Ottawa Limited	55%	48%	46%	48%	44%	46%	44%
	Cost per kWh Generated	Total Costs (excluding BD, depn, interest, and taxes) / kWh generated	0.0250	0.0175	0.0247	0.0198	0.0231	0.0233	0.0238
	Inventory Turnover Ratio	Cost of Materials Used / Average Inventory	1.70	2.25	2.12	2.13	2.10	2.07	1.83

Narratives

Q4	Q3	Labour Utilization
●	▲	Productive Time was up from 2013. Total regular labour hours charged to jobs were up, overtime was down. Field Operators increased chargeable hours from prior year.
●	●	Labour Allocation to CAPEX exceeded budget and prior year. Higher Capex activities offset by lower Work for Others, the most notable shift was at Service Desk.
●	●	Average Sick Days per FTE was down to 5.9 Days. Q4 has improved due to several employees returning to work after a long term absence. The 2014 full-year result has improved slightly from 2013.
		OM&A Measures
●	▲	Cost per Underground Locate was lower than the past two years. However total program costs exceeded budget and prior year actual due to 13% or 8000 more locate requests.
▲	▲	Vegetation Management cost value was up, indicating costs increased larger than SAIFI improvement. 57% increased costs from 2013, partially explained by Storm Hardening. SAIFI 0.049 below 2013 and 10-yr avg.
▲	▲	Customer Service value did well in Q4 - lower costs and higher satisfaction, the full year result was skewed by the negative Q2 result. Overall 88% satisfaction with higher costs than budget and prior year.
●	▲	Bad Debt as a % of Total Electricity Revenue has improved from prior year and first half year, slightly better than the 2013 industry average 0.20%. Bad debt expense exceeded budget by $0.7M.
		Asset Efficiency
▲	▲	Sustainment Asset cost value was up, indicating costs increased larger than SAIFI improvement. 29% increased costs. SAIFI 0.279 below 2013 and 10-yr average (CCRA not considered asset replacement, therefore excluded)
x	▲	Capital program costs were up while the units completed in 2014 were down. The increased costs were explained by increased downtown projects which required additional costs for crane and labour.
●	●	Technology Infrastructure cost per employee was lower than prior years because 2014 did not have a full year of CC&B depreciation included. IT maintenance was up by $1.2M or 22% from prior year.
●	▲	Total Derecognized Fixed Assets $1.7M, offset by $0.8M proceeds. The derecognized fixed assets include $0.5M cables and $0.3M meters. Asset Impairments excluded from this measures.
●	●	Generation Plant Availability 89% due to generation station 2 and grinder shut down for the planned Bronson Bulkhead construction, completed in November.
		Profitability
●	●	Generation EBITDA as a % of Revenue was down due to the planned production shutdown for Bronson Bulkhead construction. EBITDA well exceeded budget and prior year result.
x	●	HOL EBITDA as a % of Revenue was down. The expenses were up by 4% while revenue increased by 2%. The HOL EBITDA below budget and prior year result.
●	●	Cost per kWh Generated lower than prior year. Production was 1% lower than prior year, costs were 8% lower.
▲	●	Inventory Turnover Ratio was down due to increased inventory, mainly cables increased in Q4. Total inventory was up, $9M reported in 2012, $10M in 2013, currently $11M.

PRODUCTIVITY & BENCHMARKING OVERVIEW

This schedule provides an overview of the evidence filed by Hydro Ottawa to facilitate the Ontario Energy Board's (OEB)'s review and evaluation of Hydro Ottawa's continued commitment to sustainable efficiency and productivity.

1.0 Introduction

The OEB's Renewed Regulatory Framework for Electricity ("RRFE") report sets out that Custom Incentive Regulation ("Custom IR" or "CIR") applications should facilitate the OEB's "assessment of the adequacy of past and future productivity levels"[1] …. and the reasonableness of the distributor's forecasts."[2]

The OEB's focus on productivity is one of the centerpieces of its outcomes-based approach to regulation that is designed to ensure "Ontario's electricity system provides value for money for customers" and a sharing of benefits by emphasizing "results rather than activities".[3] In defining the outcome expectations, the OEB concluded that the following four categories of outcomes would be appropriate, namely a) customer focus; b) operational efficiency; c) public policy responsiveness; d) financial performance. The OEB's focus on benchmarking is intended to provide an appropriate gauge for assessing the reasonableness of the utility's forecasts against its own past performance and the performance of other distributors, as appropriate.

To facilitate the achievement of the four afore-mentioned outcomes, the OEB established three policies, namely a) rate setting policies that ensure continued productivity improvements; b) capital planning to ensure paced and prioritized capital spending including in smart grid investments; and c) measured performance.

[1] Renewed Regulatory Framework for Electricity, October 18, 2012 Report of the Board Page 70
[2] Ibid, page 20.
[3] Ibid., page 13, Table 1

2.0 Hydro Ottawa's fulfillment of the OEB's Productivity Expectations

Evidence illustrating Hydro Ottawa's commitment to efficiency and continuous improvement is woven throughout each Exhibit filed as part of its Custom IR application. For the purposes of facilitating the OEB's assessment of the reasonableness of Hydro Ottawa past and future productivity levels, Exhibit D-1-4 provides a detailed discussion of its historical and forward looking productivity initiatives that were, are, or will be implemented as illustration of Hydro Ottawa's continuing commitment to efficiency and long run net efficiency savings for the company's customers. Other examples of evidence that speaks to Hydro Ottawa's commitment to productivity and continuous improvement:

a) Exhibit B-1 Hydro Ottawa's Distribution System Plan for continuous improvement metrics and Annual Planning Report;
b) Exhibit D-1-2 Hydro Ottawa's Operating, Maintenance and Administrative ("OM&A") evidence;
c) Exhibit D-1-6 Hydro Ottawa's Customer Service Strategy;
d) Exhibit D-1-7 Hydro Ottawa's Workforce Planning Strategy
e) Exhibit A-3-1 Hydro Ottawa's Customer Engagement Plan

2.1 RRFE – Rate Setting Policy - Productivity (X) Factor

The key feature of every incentive regulation framework is the inclusion of a productivity offset or X factor which is designed to share the benefits of productivity and efficiency gains of a company with its consumers. The productivity factor is a built in sharing mechanism that provides a year over year obligation on a company to find efficiency savings the results of which is a guaranteed consumer benefit. The Board described the components of an X-factor in its July 14, 2008 EB-2007-0673 Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors as follows:

> The productivity component of the X-factor is intended to be the external benchmark which all distributors are expected to achieve. It should be derived from objective, data-based analysis that is transparent and replicable. Productivity factors are typically measured using estimates of the long-run trend in TFP growth for the regulated industry.
>
> The stretch factor component of the X-factor is intended to reflect the incremental productivity gains that distributors are expected to achieve under IR and is a common feature of IR plans. These expected productivity gains can vary by distributor and depend on the efficiency of a given distributor at the outset of the IR plan. Stretch factors are generally lower for distributors that are relatively more efficient.[4]

In the design of its Custom IR formula Hydro Ottawa has incorporated two separate and distinct sharing mechanisms, namely a) the productivity factor and b) an earnings sharing mechanism. A full discussion of Hydro Ottawa's proposal for defining the productivity factor and the earning sharing mechanism is set out in Exhibit A-2-1. In addition to these benefits sharing mechanisms, Hydro Ottawa believes that there are productivity and efficiency benefits that can be derived from long term budget forecasting that are not easily quantified. Similarly, Hydro Ottawa believes that some productivity initiatives that produce an intangible benefit at best and consequently may not be fully quantified monetarily.

2.2 RRFE – Capital Planning

Another feature of the RRFE and expected productivity and performance outcomes relates to the capital planning process. The OEB's specific expectations related to efficient capital planning are set out in Section 5.2.3 of Chapter 5 of the Filing Requirements. Chapter 5 requires that utilities identify qualitative and quantitative measures and metrics to assess the performance of their capital planning and

[4] Page 12 July 14, 2008 EB-2007-0673, Report of the Board on 3rd Generation Incentive Regulation for Ontario's Electricity Distributors

implementation practices as a part of their Distribution Service Plan filing. The Chapter 5 Filing Requirements specifically break down the measures that the utilities are expected to provide into three categories, which are:

- Customer-Oriented Performance;
- Cost Efficiency of Planning Quality and Implementation; and
- Asset / System Operation Performance.

Hydro Ottawa uses performance metrics to promote improvement in asset management planning, capital investment planning and in customer oriented performances. These metrics include quantitative measures used to monitor the utility's planning processes, efficiencies to carry out those plans, as well as identify shortfalls and areas for improvement. Hydro Ottawa's performance metrics are captured in its Corporate Scorecard and are measured and reported internally on a quarterly basis. Below is a summary of what is measured for each of the three categories specified in the Chapter 5 Filing Requirements.

2.2.1 Customer-Oriented Performance

The reliability of Hydro Ottawa's system is tracked using the following metrics:[5]

- System Average Interruption Frequency (SAIFI);
- System Average Interruption Duration Index (SAIDI);
- Customer Average Interruption Duration Index (CAIDI); and
- Feeders Experiencing Multiple Sustained Interruptions (FEMI).

SAIFI and SAIDI are currently captured in the OEB's Scorecard while CAIDI and FEMI are not Chapter 5 requirements but are captured in Hydro Ottawa's corporate scorecard.

Hydro Ottawa's fulfillment of the OEB's focus on customer-oriented performance can also be found in the numerous customer engagement initiatives designed to cater to our

[5] These metrics are discussed in more detail in Hydro Ottawa's Distribution System Plan

customer's preferences and respond to their concerns. For more details on Hydro Ottawa's customer engagement initiatives, please refer to Exhibit A-3-1.

2.2.2 Cost Efficiency of Planning Quality and Implementation

Hydro Ottawa uses a cost efficiency metric to report on the progress and efficiency of planned projects for each fiscal year. The cost efficiency metric captured in Hydro Ottawa's Corporate Scorecard as "Distribution Sustainment Capital Program Completion" is a ratio of the amount of actual capital activities completed throughout the year as compared to the planned capital activities. It is strictly a measure of the planned capital system renewal projects and does not include system access investments. The target of the metric is to achieve 100% completion of the annual planned work.

In addition, Hydro Ottawa tracks labour utilization performance using Productive Time and Labour Allocation indicators. Productive time represents the total regular hours charged to work orders as a ratio to total regular hours worked. The objective is to maximize the time charged to work orders by identifying and improving efficiencies across the organization.

The labour allocation index represents the amount of labour spent on capital activities as a ratio to the total productive time. This measure is monitored to ensure that the appropriate amount of time is spent on capital activities versus operating and maintenance activities as per the annual work plans.

2.2.3 Asset / System Operation Performance.

In order to track asset performance and efficiency, Hydro Ottawa uses a variety of metrics including:

- The contribution of defective equipment outages by asset class to overall system SAIFI per 100 customers; and
- Health, Safety and Environment metric that tracks public safety concerns and the amount of oil spilled into the environment.

Additional measures to track system operation performance include:

- Stations exceeding planning capacity;
- Feeders exceeding planning capacity; and
- System Losses

Further details on the definitions and historical performance against these metrics are included in Section 1.3 of Exhibit B-1-2(A).

Hydro Ottawa`s corporate objectives and targets outline the framework for the distribution system plan. Reliability, cost efficiency, Testing, Inspection and Maintenance programs, asset performance and system operation performance have been the main contributors to the company`s overall performance metrics. Tracking of the performance indices will allow Hydro Ottawa to set benchmarks and milestones to ensure that the company objectives of continuous improvement are achieved across all areas.

A full discussion of all of the metrics, a summary of Hydro Ottawa's performance and the effect these performance metrics have had on the Distribution System Plan is included in Section 1.3 of Exhibit B-1-2(A). Also, refer to Exhibit A-2-2 for further discussion on how Hydro Ottawa's Custom IR application aligns with the Board's expectations set out in the RRFE.

RRFE – Measured Performance

Finally another feature of the OEB's RRFE framework and its productivity and performance outcome expectations relates to the Board's focus on measured performance. Hydro Ottawa fulfills this requirement in three ways.

First, Hydro Ottawa completes the OEB's scorecard. The OEB scorecard allows distributors to measure their performance outcomes against their previous performance and against the industry average. The OEB scorecard was introduced in 2013 by the Board in the RRFE and is a compilation of twenty performance measures within nine performance categories and four performance outcomes. Many of the measures captured in the OEB scorecard were formally reported in the annual Reporting & Record

Keeping Requirements (RRR). Measures are added to the OEB scorecard or refined as deemed appropriate by the OEB in consultation with the industry. Like other distributors, Hydro Ottawa reports annually.

Second and as noted above, Hydro Ottawa has set out a number of new performance measurement metrics in section 1.3 of Exhibit B-1-2(A). These metrics principally relate to asset performance and system operation performance, testing inspection and maintenance that have downstream impacts on reliability and cost efficiency. Tracking of the performance indices allows Hydro Ottawa to set benchmarks and milestones to ensure that the company objectives of continuous improvement are achieved across all areas.

Third, Hydro Ottawa has developed its own Corporate Productivity Scorecard wherein it has established corporately relevant key performance indicators ("KPIs") that it monitors for the purpose of measuring continuous improvement in areas that are of internal or strategic concern to the company. A copy of Hydro Ottawa's Corporate Productivity Scorecard is available as Attachment 1 to Exhibit D-1-4.

3.0 Hydro Ottawa's fulfillment of the OEB's Benchmarking Expectations

According to Table 1 on page 13 of the RRFE, the role of benchmarking in a Custom IR application is to assess the reasonableness of the distributor's forecasts. In a fourth generation IR application it would be utilized to assess reasonableness of forecasts "and" assign a stretch factor.

On November 21, 2013 the Board issued its Report of the Board entitled "Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors" (EB-2010-0379). In that report, the Board determined that distributors will be assigned to one of five groups with stretch factors based on their efficiency as determined through an econometric total cost benchmarking model.

Furthermore, the Board determined that the approach would be based on a distributor's actual costs relative to its predicted costs as estimated by the benchmarking model.

To fulfill the OEB's expectations related to benchmarking Hydro Ottawa engaged Power System Engineering ("PSE") to conduct an econometric benchmarking study of Hydro Ottawa's past and projected total cost performance and its historical reliability performance. The benchmarking study provided by PSE analyzes Hydro Ottawa's historical cost and reliability data against a data set of comparable U.S. distributors. PSE concludes that Hydro Ottawa was a statistically superior utility from a cost performance during the 2011-2013 period and that the projected cost levels for the Custom IR period remain below the benchmark prediction allowing it to remain a statistically superior cost performer. A copy of the PSE study is available in Exhibit D-1-5, Attachment A.

Power System Engineering, Inc.

Full-service consultants

Econometric Benchmarking of Hydro Ottawa's Historical and Projected Total Cost and Reliability Levels

Prepared by:

Power System Engineering, Inc.

April 27, 2015

Econometric Benchmarking of Hydro Ottawa's Historical and Projected Total Cost and Reliability Levels

for

Hydro Ottawa Limited

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1 Executive Summary

On October 18, 2012 the Ontario Energy Board ("the Board") released a report entitled "Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach" ("RRFE"). In the RRFE, three rate-setting methods were discussed. One of those methods was labeled "custom incentive regulation," or "Custom IR."

On page 18 of the RRFE, the Board states that "[i]n the Custom IR method, rates are set based on a five year forecast of a distributor's revenue requirement and sales volumes." The RRFE also lays out the use of benchmarking as a key element used to inform the Board of the reasonableness of the revenue forecasts.[1]

In a November 21, 2013 report from the Board, titled "Rate Setting Parameters and Benchmarking under the Renewed Regulatory Framework for Ontario's Electricity Distributors" ("November 2013 Board Report"),[2] the Board indicates its preference for econometric benchmarking over peer group benchmarking. Furthermore, the Board indicates its preference for total cost benchmarking over partial cost benchmarking.[3]

Power System Engineering, Inc. ("PSE") was asked by Hydro Ottawa Limited ("Hydro Ottawa") to conduct an econometric benchmarking study of: (1) Hydro Ottawa's past and projected total cost performance, and (2) its historical reliability performance, in reference to the utility's 2016-2020 Custom IR application. Hydro Ottawa asked PSE to conduct this research using similar methods to those used in PSE's benchmarking research conducted within the recent Toronto Hydro Custom IR application.[4] [5]

We started our study for Hydro Ottawa by using PSE's latest total cost benchmarking research within the Toronto Hydro proceeding (as found in the "PSE Reply" report in Case EB-2014-0116). For the Hydro Ottawa total cost study, PSE followed the Toronto Hydro total cost benchmarking analysis, with the following three changes:

- Added high voltage expenses into Hydro Ottawa's total cost definition,
- Updated the forecasted input prices for the projected years of the sample, and
- Expanded the data to include 2013.

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[1] Found in "Table 1: Rate-Setting Overview – Elements of Three Methods," on page 13 of the RRFE.

[2] Case EB-2010-0379.

[3] See page 19 of the November 2013 Board Report.

[4] EB-2014-0116

[5] On April 27, 2015 PSE was requested by the client, Hydro Ottawa, to undertake an empirical analysis of the productivity influence of a high prevalence of extreme temperatures. PSE will undertake the analysis and update the benchmarking study, if appropriate, at a later date.

For Hydro Ottawa's reliability benchmark analysis, PSE used U.S. and Hydro Ottawa reliability indexes that exclude major event days. Excluding major event days eliminates extreme weather events that can distort data. This exclusion meant that the models used for Hydro Ottawa's reliability benchmarking differed from those used for the Toronto Hydro reliability benchmarking.

1.1 Overview of PSE's Benchmarking Process

The purpose of PSE's benchmarking analysis is to evaluate the reasonableness of Hydro Ottawa's historical and projected total cost amounts and the historical system reliability metrics of the company. This is done by comparing Hydro Ottawa's actual or projected values with the benchmarking model's predicted values.[6]

The benchmarking analysis uses historical cost and reliability data from a U.S. dataset comprised of multiple utilities to create a model; this model relates cost and reliability to certain variables. The model is then used to predict Hydro Ottawa's "expected" (benchmarked) cost and reliability. A dataset which includes U.S. observations is required for an accurate benchmark assessment of Hydro Ottawa's performance. This is due to Hydro Ottawa's large number of customers relative to an Ontario-only dataset joined with its unique combination of serving both developed and rural areas. The general approach of our benchmarking analysis is as follows:

1. PSE assembled the historical costs of all utilities in the dataset, along with the variables that affect cost, such as customer levels, weather, wage levels, etc.
2. Using the historical data, PSE estimated an econometric model that expresses the relationship between the variables and cost or reliability.
3. For each utility in the sample, we can then produce "benchmark" values. In Hydro Ottawa's case, the benchmarks represent the costs or reliability we would expect for an average-performing utility with the number of customers, weather, wage levels, etc. faced by Hydro Ottawa.
4. We then compare the costs or reliability that are expected (predicted) by the model to Hydro Ottawa's historical and projected costs or historical reliability, which allows us to: (1) evaluate the historical cost and reliability performance, and (2) determine whether forecasted costs are reasonable.

1.2 Total Cost Benchmark Findings

As stated earlier, the RRFE requests that distributors include benchmarking research of revenue forecasts in their Custom IR applications. In the November 2013 Board Report, the Board cites total cost econometric benchmarking as its preferred method for setting stretch factors.

PSE believes the Board's preference for total cost econometric benchmarking is the correct

[6] In this paper we will use "forecasted" or "projected" costs to refer to Hydro Ottawa's estimates of those values in the future, and "predicted" or "expected" or "benchmark" costs and reliability to refer to the econometric model's outputs for those metrics.

approach when benchmarking cost levels. Total costs are defined as the sum of (1) OM&A expenses, and (2) the depreciation and opportunity costs of capital. This is quite similar to how revenue requirements are calculated, and so total costs are somewhat analogous to the distribution portion of revenue requirements.[7] Partial cost benchmarking approaches, such as OM&A benchmarking, exclude large swaths of cost, which can skew performance evaluations.

PSE also endorses econometric benchmarking because of its increased accuracy relative to peer group approaches. The econometric benchmarking method contains the ability to statistically test included variables and results, includes a relatively large number of variables that enter the analysis, and does not require the researcher to choose a peer group or exclude large portions of the available data.

For the present study PSE used a total cost econometric benchmarking model to benchmark Hydro Ottawa's historical costs and its projected total costs throughout the Custom IR period (2016 to 2020). PSE first derived an econometric model from the historical dataset. Using that model and its parameter values, we then calculated total cost benchmarks. For past years, we used historical variables to calculate the benchmarks. For 2014 to 2020 benchmarks, we used Hydro Ottawa projections for the variables that enter the model.

Our total cost econometric benchmarking results indicate the following findings.

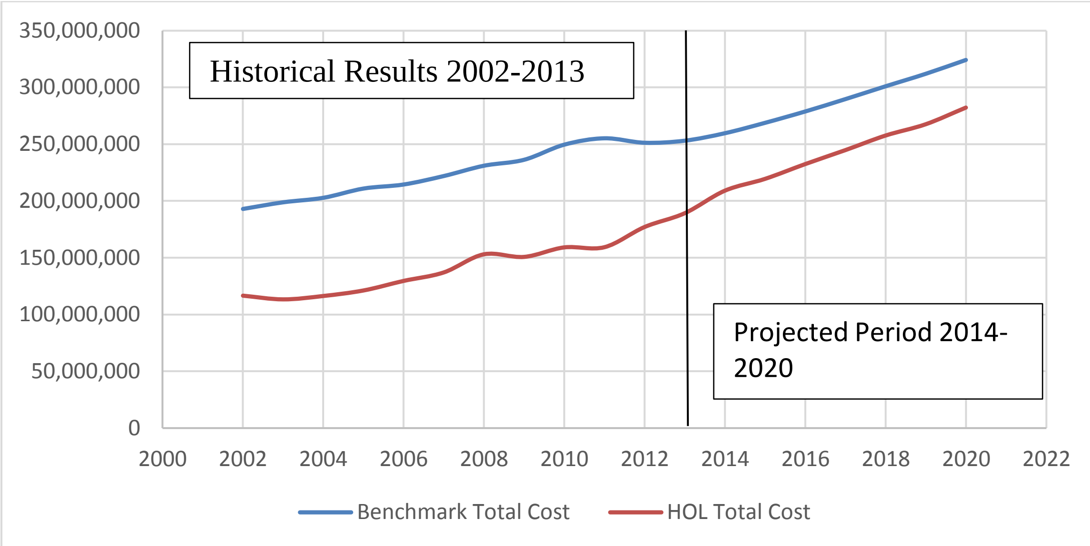
1. The historical 2011-2013 average total cost levels of Hydro Ottawa are below benchmark expectations by 37%, indicating statistically superior cost performance at a 90% confidence level.

2. The projected total cost levels during the Custom IR period remain below the benchmark predictions and continue to indicate statistically superior cost performance at a 90% confidence level.

The following graph illustrates the historical and projected benchmarked costs and company costs for Hydro Ottawa. Hydro Ottawa's historical costs are below what the model predicts for them, and its projected costs remain below what the model predicts.

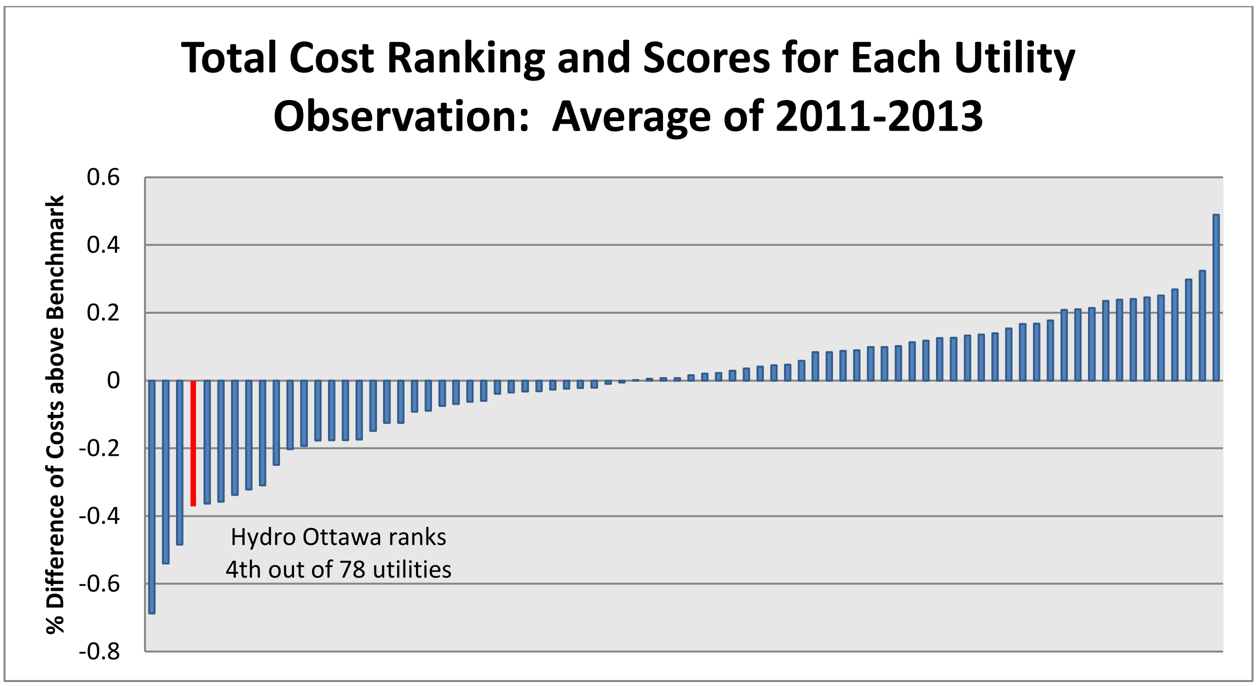
[7] Total costs are not exactly analogous to revenue requirements because of the generalizations needed to offer a fair analysis between utilities with varying depreciation rates, rate of returns, capital addition patterns, and cost definitions.

Figure 1-1 Historical and Projected Total Costs vs. Benchmarked Costs



Over the last three historical years (2011-2013), Hydro Ottawa's total cost performance score ranks 4th out of the 78 utilities in the sample. The performance scores are ranked on the figure below, with Hydro Ottawa's score colored in red.

Figure 1-2 Total Cost Ranking for Sample Utilities



1.3 Reliability Benchmark Findings

In addition to total cost benchmarking, PSE conducted econometric reliability benchmarking of Hydro Ottawa's system average interruption frequency index ("SAIFI") and system average interruption duration index ("SAIDI"). The reliability study benchmarks Hydro Ottawa's historical

(2005-2014) data after major event day ("MED") exclusions are made. The reliability benchmarking used a U.S. data set comprised of 57 utilities, who are also included in the total cost benchmarking data.

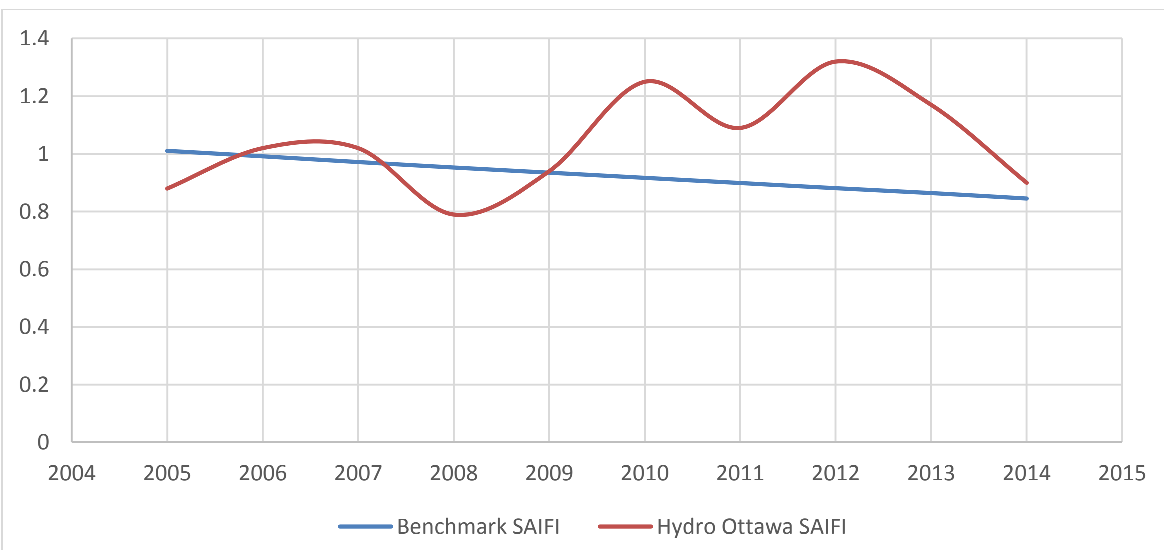
When Ontario distributors report SAIFI and SAIDI to the Board, they include all outages regardless of the cause and concentration of interruptions. In many jurisdictions throughout North America, on the other hand, utilities report SAIFI and SAIDI on a weather-normalized basis. They do this by excluding MEDs from the calculation of the metrics, which permits them to gauge reliability performance during more normal operating conditions. In order to compare reliability performance on an equal footing absent the influence of large storm events, PSE used data from U.S. utilities that excluded MED outages in their reliability metrics and requested this same data from Hydro Ottawa.[8]

PSE gathered U.S. data on utilities' normalized reliability indexes and their MED definitions from publicly-available regulatory filings. The collected data has been verified and can be sourced. PSE's reliability benchmarking analysis indicates the following findings.

1. 2012-2014 SAIFI metrics for Hydro Ottawa are higher than the benchmark values by 25.7%. This is not statistically significant at a 90% confidence level, although the finding is right on the border of statistical significance (p value = 0.103).
2. 2012-2014 SAIDI metrics for Hydro Ottawa are higher than benchmark values by 7.2%. This finding is not statistically significant at a 90% confidence level.

The following graph illustrates the historical SAIFI values for Hydro Ottawa (red line) against the benchmarked values (blue line).

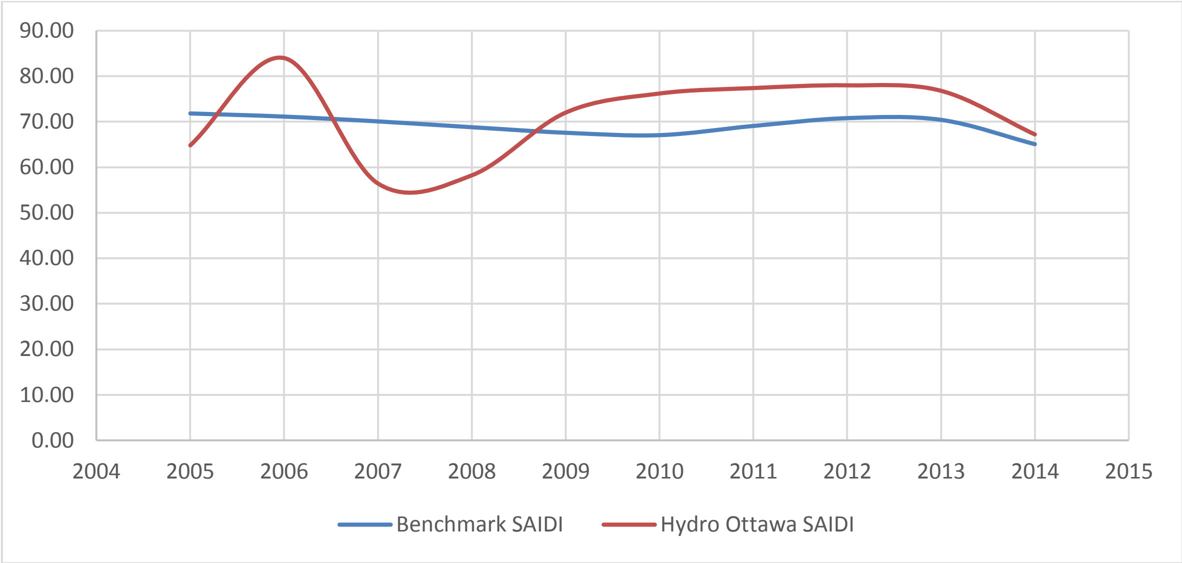
Figure 1-3 Historical SAIFI vs. Benchmarked SAIFI



The following graph illustrates the historical SAIDI values for Hydro Ottawa (red line) relative to the benchmark SAIDI values (blue line).

[8] PSE requested Hydro Ottawa provide PSE with reliability indexes that use the IEEE MED and 5-minute sustained outage definition. These data were calculated by Hydro Ottawa and provided to PSE.

Figure 1-4 Historical SAIDI vs. Benchmarked SAIDI



1.4 Evaluation of Hydro Ottawa's Custom IR Application

The graphs below illustrate how Hydro Ottawa's historical total cost and reliability performances relate. Our results indicate that the company is missing its reliability benchmarks but beating the total cost benchmarks.

Figure 1-5 illustrates Hydro Ottawa's current position in regards to the balance between costs and reliability.

Figure 1-5 Hydro Ottawa Total Cost and SAIFI Performance Position

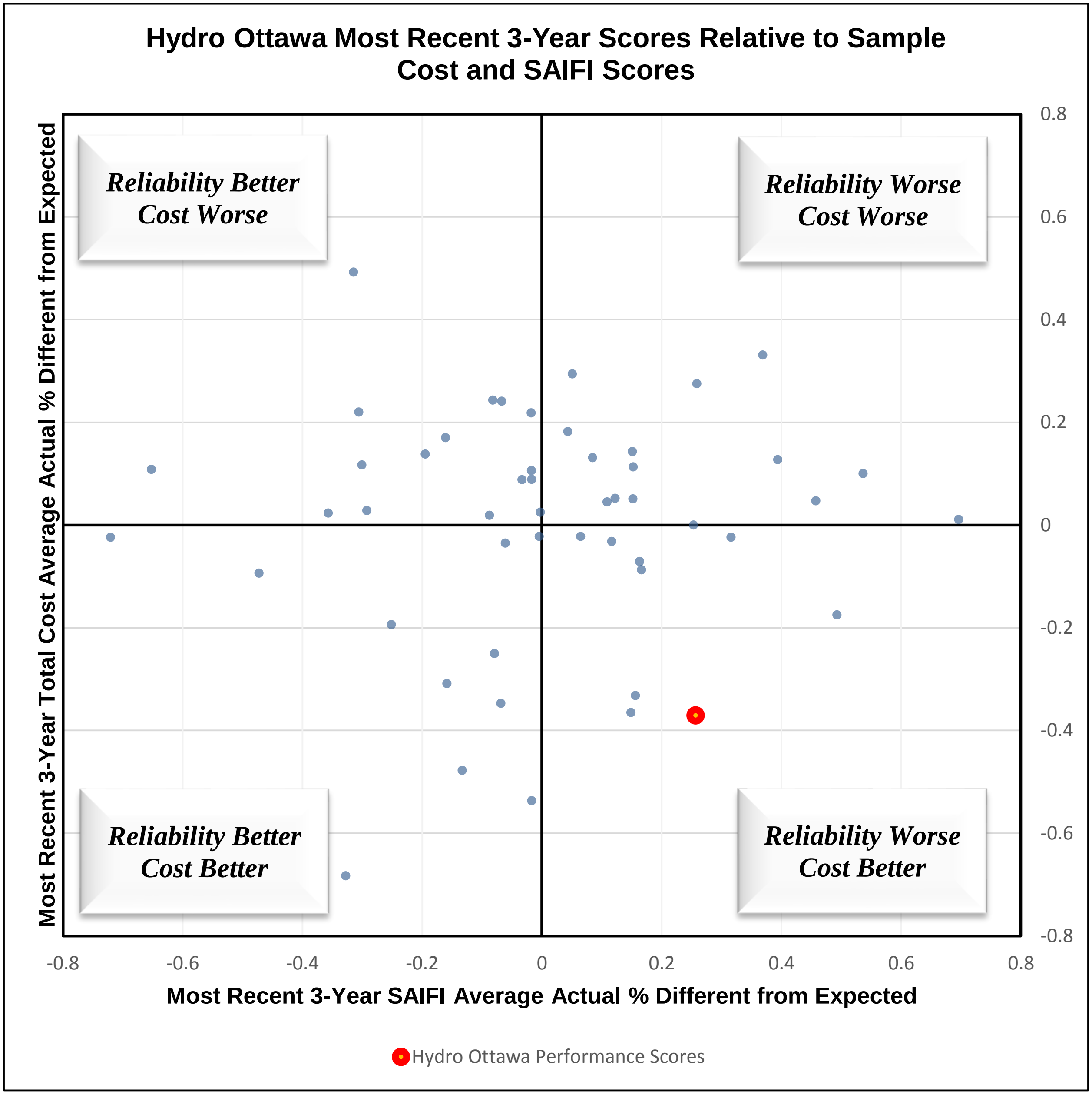
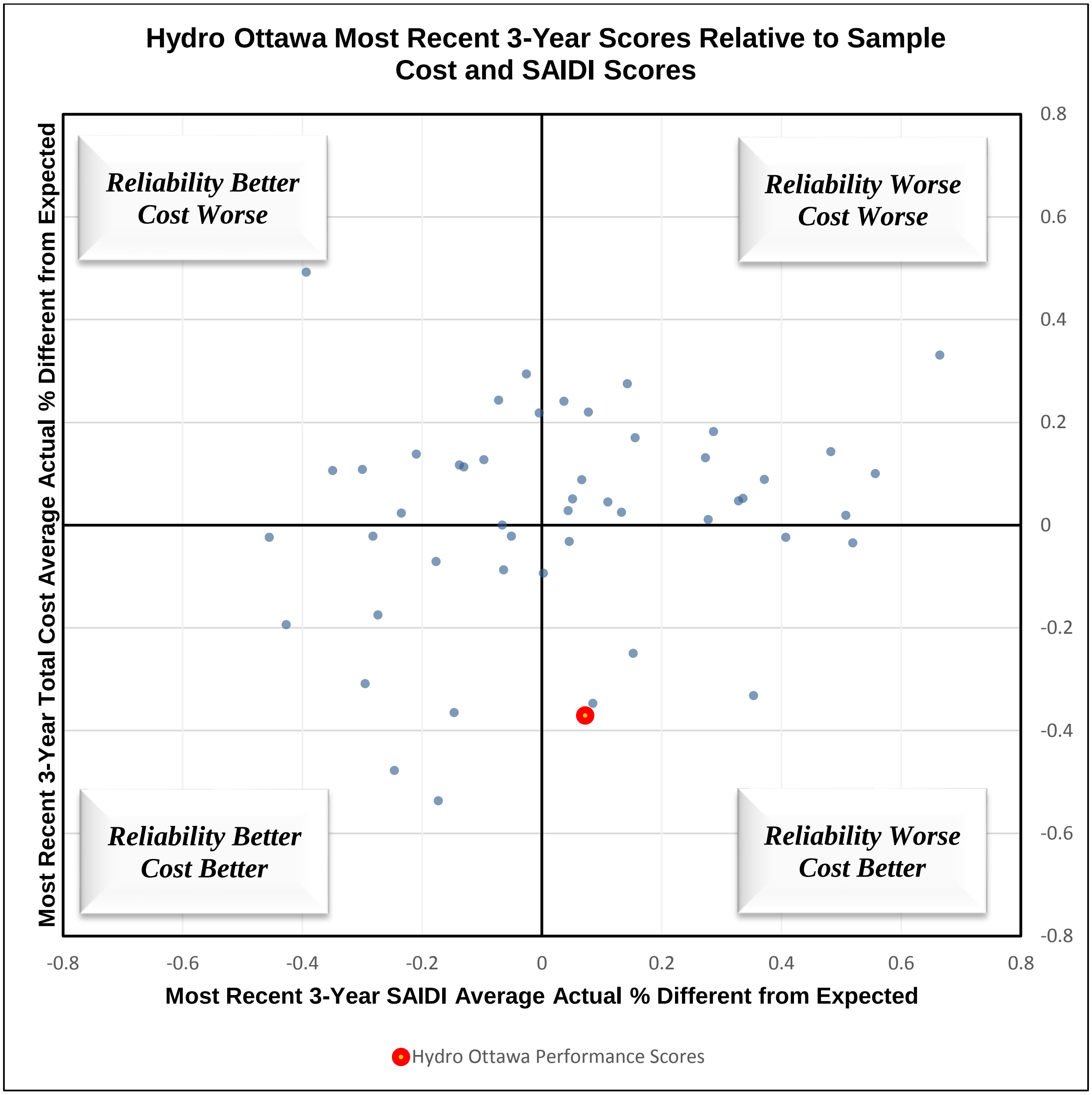


Figure 1-6 illustrates the current position of the company's SAIDI and total cost performance scores relative to the rest of the sample.

Figure 1-6 Hydro Ottawa Total Cost and SAIDI Performance Position



1.5 Custom IR Conclusions

PSE's benchmark research leads us to the following statements relating to Hydro Ottawa's Custom IR proposal:

1. Hydro Ottawa is entering the Custom IR period with strong recent cost performance (i.e., costs are below the expected values), with its average 2011 to 2013 total costs being estimated at 37.1% below benchmark values. This is statistically superior cost performance at a 90% confidence level. This performance level is commensurate with a 0.0% stretch factor (Group 1), using the 4th Generation IR criteria put forth in the November 2013 Board report. Hydro Ottawa ranks 4th out of the 78 distributors included in the sample.

2. Hydro Ottawa's Custom IR period (2016 through 2020) total cost level projections remain below benchmark expectations. By 2020, the company is estimated to still be below benchmark values by 13.9%. For the final three years of the Custom IR period, Hydro Ottawa continues to be a statistically significant superior cost performer at a 90% confidence level. This performance level indicates placing Hydro Ottawa in the 0.15% stretch factor level (Group 2).

3. The company's SAIFI for their 2012-2014 average is 25.6% above benchmark expectations. This implies Hydro Ottawa customers experience 25.6% more outages versus what the models predict. This result, in conjunction with the total cost result of low-cost performance, is suggestive of an aged infrastructure.

4. The company's SAIDI for their 2012-2014 average is 7.2% above benchmark expectations. This implies Hydro Ottawa customers experience 7.2% more outage minutes versus what the models predict. This is because of the higher than expected SAIFI value discussed in the prior conclusion.

2 Total Cost Benchmarking Datasets, Methods, Variable Definitions

The data for the U.S. utilities used in the study were acquired from publicly available data sources. There are 77 U.S. utilities in the sample, plus Hydro Ottawa. The utilities in the dataset along with their 2011 number of customers are provided in the table below.

Table 2-1 Total Cost Sampled Utilities

Company	Number of Customers (2011)	Company	Number of Customers (2011)
Hydro Ottawa Limited	305,266	Louisville Gas and Electric Co	394,063
Alabama Power Co	1,434,487	Madison Gas and Electric Co	141,414
AmerenUE	1,190,478	MDU Resources Group, Inc.	125,802
Arizona Public Service Co	1,120,236	Metropolitan Edison Co	552,631
Atlantic City Electric Co	547,762	Mississippi Power Co	185,768
Appalachian Power Company	961,129	Monongahela Power Co	386,819
Avista Corp	358,303	Nevada Power Co	838,482
Baltimore Gas & Electric Co	1,240,291	New York State Electric & Gas Corp	878,845
Black Hills Power Inc	68,172	Niagara Mohawk Power Corp (National Grid)	1,297,616
Carolina Power & Light Co	1,445,158	Northern Indiana Public Service Co	456,937
Central Hudson Gas & Electric Corp	274,152	Northern States Power Co (XCEL)	1,399,830
Central Maine Power Co	606,813	Ohio Edison Co (First Energy)	1,034,534
Cincinnati Gas & Electric Co (Duke Energy OH)	685,859	Oklahoma Gas and Electric Co	786,522
Cleco Corp	280,857	Orange and Rockland Utilities Inc	224,608
Cleveland Electric Illuminating Co (First Energy)	748,935	Pacific Gas and Electric Co	5,248,288
Commonwealth Edison Co	3,818,690	Pennsylvania Electric Co	589,651
Connecticut Light & Power Co	1,212,276	Pennsylvania Power Co	160,250
Consolidated Edison Co of new York Inc	3,329,304	Portland General Electric Co	823,171
Consumers Energy Company	1,788,799	Potomac Electric Power Co	787,137
Dayton Power & Light Co	513,539	PP&L Inc	1,403,889
Delmarva Power & Light Co	500,998	PSI Energy Inc (Duke Energy IN)	782,879
Detroit Edison	2,120,262	Public Service Co of Colorado	1,372,892
Duke Energy Corp	2,396,555	Public Service Co of New Hampshire	498,175
Duquesne Light Co	587,610	Public Service Co of Oklahoma	532,395
El Paso Electric Co	378,547	Puget Sound Energy	1,083,395
Empire District Electric Co	166,207	Rochester Gas and Electric Corp	367,300
Entergy Arkansas Inc	695,397	San Diego Gas & Electric Co	1,385,784
Entergy Mississippi Inc	438,140	South Carolina Electric & Gas Co	663,433
Entergy new Orleans Inc	159,431	Southern California Edison Co	4,921,228
Florida Power & Light Co	4,547,047	Southern Indiana Gas and Electric Co (Vectern)	146,136
Florida Power Corp	1,642,146	Tampa Electric Co	675,799
Gulf Power Co	432,401	Tucson Electric Power Co	403,340
Idaho Power Co	493,532	United Illuminating Co	323,738
Indiana Michigan Power Co	582,822	Virginia Electric and Power Co	2,438,226
Indianapolis Power & Light Co	468,195	West Penn Power Co (Allegheny Power)	717,269
Jersey Central Power & Light Co	1,099,194	Western Massachusetts Electric Co (Northeast Utilities)	206,279
Kansas City Power & Light Co	512,082	Wisconsin Electric Power Co	1,120,964
Kentucky Power Co (AEP)	173,641	Wisconsin Power and Light Co	458,041
Kentucky Utilities Co	540,839	Wisconsin Public Service Co	439,481

The total cost observations span the years 2002 to 2013. The large number of observations is more than sufficient for the creation of a statistically robust econometric model.

The output variables used in the total cost econometric benchmarking research are:

- Retail customers, and
- Peak demand.

The business condition variables used in the total cost econometric benchmarking research are:

- Regional input prices,
- Percent residential deliveries,
- Percent electric customers (out of total gas and electric customers),
- A binary variable for urban population above one million,
- Percent electric distribution in total electric gross plant,
- Elevation standard deviation, and
- Forestation of the service territory.

Both OM&A and total costs used in the benchmarking models for the U.S. distributors are derived using FERC Form 1 filing data.[9] U.S. electric utilities are required to file FERC Form 1 data annually, which includes operation and maintenance expenses broken down into specific cost categories (e.g. distribution, transmission, generation, customer billing, administrative and general). Form 1s also include plant in service and accumulated depreciation information that is used in constructing capital costs. PSE has added in all of Hydro Ottawa's CDM expenses and high voltage expenses to assure cost comparability between Hydro Ottawa and the U.S. data set.

The historical calculations for U.S. utilities' capital cost have been conducted using parallel procedures implemented by Pacific Economics Group ("PEG") in their benchmarking and productivity research of Ontario distributors found in Case EB-2010-0379 ("4th Generation Incentive Regulation"). Regarding Hydro Ottawa's capital cost definition, the historical data comes directly from PEG's 4th Generation IR dataset; projected data was provided to PSE by Hydro Ottawa. PSE has used PEG's "benchmark-based" capital cost definition found in their 4th Generation IR research, but has subtracted contributions in aid of construction ("CIAC") and added high voltage costs to Hydro Ottawa's data to make costs comparable to the U.S. dataset.

The OM&A cost definition used for Hydro Ottawa is used to create cost comparability with the U.S. sample. PSE began with Hydro Ottawa's benchmark-based cost definition and added in CDM expenses only for Hydro Ottawa. This was done since some of the U.S. utilities report CDM expenses within their customer service and information expenses, making CDM part of their total cost definition.[10] PSE also added Hydro Ottawa's high voltage expenses to the company's cost

[9] All FERC form data was downloaded by PSE from SNL Energy's database tool.

[10] This treatment is likely to be somewhat unfair to Hydro Ottawa since we cannot verify that all U.S. utilities report CDM expenses within customer service and information expenses. However, excluding CDM expenses would likely be advantageous to Hydro Ottawa. For this reason, PSE decided to include all of Hydro Ottawa's CDM expenses, to be conservative and to assure the results did not over-state the cost performance of the company.

definition. The FERC Form 1 does not break out high versus low voltage distribution expenses like Ontario does. For that reason, Hydro Ottawa's high voltage expenses have been added to make costs comparable. The table below summarizes the cost definition treatment.

Table 2-2 Cost Definitions

Cost Element	Treatment
4th Generation IR Benchmark-Based Costs	Used this as a starting point for Hydro Ottawa
CIAC	Subtracted from Hydro Ottawa costs, since U.S. cost data does not include CIAC
High Voltage Expenses	Added to Hydro Ottawa costs, since U.S. cost data includes distribution high voltage costs
CDM	Added all CDM expenses to Hydro Ottawa costs, since some U.S. cost data includes CDM expenses

For U.S. utilities, the output variables are calculated from FERC Form 1s and Platts UDI directories.[11] The historical output data for Hydro Ottawa comes from the Board's fourth generation incentive regulation data. Hydro Ottawa's projected outputs comes from forecasts provided to PSE by Hydro Ottawa.

Input prices are divided into two categories: capital and OM&A. The capital input price calculation is discussed in detail in the following section. The OM&A input price captures the regional market price level that each sampled company encounters when procuring OM&A inputs, such as employees or materials and services. There are two components used to construct the OM&A input price. These are labour and non-labour.

The labour component is calculated by taking wage levels of numerous job occupations and weighting them based on the U.S. Bureau of Labor Statistics ("BLS") estimates of job occupation weights in the Electric Power Generation, Transmission, and Distribution Industry. The BLS has estimates for wage levels for each job occupation by city and metropolitan area. For Hydro Ottawa, we gathered job occupation wage estimates from Statistics Canada, using wage data from Ottawa, translated job occupations to match their U.S. counterparts, and then weighted the job occupation wages by the BLS estimates. This provides consistency from the U.S. and Hydro Ottawa regarding labour input prices and also puts the input price in terms of each country's currency. We then escalated labour prices for U.S. utilities using BLS employment cost indexes for the utility sector and escalated Hydro Ottawa prices using the Ontario average weekly earnings estimates.

The non-labour component of the OM&A input price uses the gross domestic product price index (GDP-PI) for the U.S. utilities. The Ontario non-labour component uses the same GDP-PI in each year, but adjusted for the purchasing power parity ("PPP") index. This translates the non-labour input price component into Canadian dollars. To construct the overall OM&A input price we weighted each index using a 70% labour and a 30% non-labour rate. This was the same weighting

[11] We gathered data from annual editions of Platts, "UDI Directory of Electric Power Producers and Distributors" starting in 2003 through 2013.

used by PEG in their benchmarking research.

The "residential percentage of sales volume" variable is calculated based on data from FERC Form 1 (for U.S. utilities) and the Board's 4th Generation Incentive Regulation data (for Hydro Ottawa). The percentage of residential volume compared to total volume is a proxy for the variance in electricity loads. Commercial and industrial customer loads tend to be more level across hours of the day. As the proportion of residential volume increases, distribution systems tend to increase their system peaks and load variability. This results in higher volatility in the loads served by the system.

The variable that measures the percentage of electric customers out of total gas and electric customers is derived from both FERC Form 1 data and FERC Form 2 data. The FERC Form 2 data includes the number of gas customers served by a natural gas distributor. This variable measures the economies of scope available from serving both electric and gas customers. The value is set to 100% for Hydro Ottawa, since the company does not serve natural gas customers.

The urban core variable used in the total cost benchmarking models is a "binary" or "indicator" variable. This variable provides key information on the added costs of serving electricity to a highly urban area. All utilities are given a value of zero unless they serve the urban core of a city whose population is above one million (U.S. cities are designated by the 2010 U.S. census). Hydro Ottawa's value is set to "0" for this variable, since Ottawa's city population does not exceed one million.[12]

The percentage of electric distribution plant in total distribution plant measures the available economies of scope that result from being a vertically integrated utility, as opposed to a distribution-only utility. We expect distribution unit costs to be lower for utilities that also have transmission and generation activities. For U.S. utilities, data for this variable is found from the utilities' FERC Form 1s. The value is set to 100% for Hydro Ottawa, since the company does not have transmission or generation assets.

The percentage of forestation variable is based on GIS (geographic information system) forestation maps. Such maps are matched with the areas served by each utility to create the variable. We would expect that the higher the level of forestation, the higher OM&A costs required for right-of-way clearing and service restoration activities. GIS variable data is available for all sampled U.S. utilities and for Hydro Ottawa.

The elevation standard deviation variable is computed using GIS maps of elevation in each utility's service territory. The variability of elevation levels poses both construction and maintenance challenges for local delivery systems. We capture this difficulty by computing the standard deviation of the elevation levels obtained from GIS maps.

2.1 Perpetual Inventory Capital Cost Method

This report evaluates Hydro Ottawa's capital costs as a component of the total cost definition. PSE's measure of capital cost is based on a service price approach. This approach has a solid basis

[12] According to Statistics Canada, Ottawa's 2011 city population was 883,391.

in economic theory, and is the same method chosen by PEG in their 4th Generation IR research.[13] It allows for a clear-cut and standardized way to account for differences between utilities with respect to historical plant additions. The service price approach also has ample precedent in government-sponsored cost research. It is used by the Bureau of Labor Statistics of the U.S. Department of Labor in computing multi-factor productivity indexes for the U.S. private business sector and for several subsectors, including the utility services industry.

Based on this approach, the cost of capital in each period t is the product of indices of the capital service price and capital quantity in place at the end of the prior period. The formula for this is given by:

$$CK_t = WKS_t \cdot XK_{t-1}$$

Here, in each period t, CK_t is the cost of capital, WKS_t is the capital service price index, and XK_{t-1} is the capital quantity index value at the start of the period.

The capital quantity index is constructed using inflation-adjusted data on the value of net utility plant in a benchmark year, and on gross plant additions in subsequent years. It also uses an assumption about service lives. For the sake of consistency, we use 1989 as the benchmark year in the current study, based on PEG's prior decision in their 4th Generation IR benchmarking work. We use 1989 for all U.S. sampled utilities. Based on the benchmark year, a "triangulated weighted average" ("TWA") is used to calculate the capital stock in 1989. Subsequent years use the previous year's capital stock and escalate it by plant additions minus depreciation. For consistency, the plant additions have been calculated using PEG's methodology found in their 4th Generation IR research. This method is used both for Hydro Ottawa and U.S. distributors. The formulas for the capital quantity index in 1989 and in subsequent years are provided below.

$$XK_{1989}^{i} = \frac{Net\ Plant_{1989}^{i}}{TWA_{1989}^{i}}$$

$$XK_t^i = XK_{t-1}^i * d + \frac{Add_t^i}{WKA_t^i}$$

$$Add_t = (Gross\ Plant_t - Gross\ Plant_{t-1}) + .005 * Gross\ Plant_{t-1}$$

Under the service price approach employed in this study, capital cost has two components: opportunity cost and depreciation. The capital service price index is thus given by the formula:

$$WKS_t = r_t * WKA_{t-1} + d_t * WKA_t$$

Here, r_t is the allowed rate of return based on the Board's historical calculated returns. This same annual value is also used in the capital service price computation for the U.S utilities in the dataset. Setting the same rate of return for all distributors provides consistency in determining the capital

[13] See Hall and Jorgensen (1967) for a seminal discussion of the use of service price methods for measuring capital cost.

costs, so that decisions by regulators do not enter into the benchmark evaluation, which is attempting to assess the performance of the utility itself. The parameter d_t is the economic depreciation rate. We use the same value as PEG did, 4.59%, for this parameter in the study.

The variable that the capital service price components have in common is WKA_t. This is an index of the price of capital assets used in power distribution. We compute this index using data on differences in the cost of constructing utility plant between regions, and within regions over time. In particular for U.S. distributors, we use the Handy-Whitman indexes for total power distribution plant, which vary over time and across six geographic regions. For Hydro Ottawa, we use the annual Electric Utility Construction Price Index ("EUCPI") for the historical data and Conference Board of Canada forecasts of construction costs for future years.

We determine the relative levels of utility plant asset prices for 2012 by using the City Cost Indexes for electrical work in RSMeans' *Heavy Construction Cost Data*.[14] These indexes measure differences among cities in the cost of labour needed to install electrical equipment and differences in equipment prices. The construction service categories covered are raceways; conductors and grounding; boxes and wiring devices; motors, starters, boards, and switches; transformers and bus ducts; lighting; electric utilities; and power distribution. The level of the asset price index for each utility is the simple average of the RSMeans index values for cities in the service territory. This same source is used for both U.S. and Hydro Ottawa. The index is already adjusted for currency differences between the two countries.

[14] RS Means (2011).

2.2 Econometric Method

The benchmarking approach used in this report is the econometric approach. PSE believes this is the most accurate and fair method to use when comparing utility cost and reliability levels. It is also the same method preferred by the Board in the November 2013 Board Report.

The econometric approach explicitly adjusts for differences in utilities' service territories. In the power distribution industry, simple rate or reliability index comparisons do not provide appropriate benchmarks when evaluating performance. Uncontrollable factors influence attainable levels of total costs; such factors include geographical size, level of forestation, regional wage levels, mix of consumer classes, or serving an urban core. Therefore, more sophisticated tools that normalize for specific influencing factors must be employed to accurately assess performance. With this concept in mind, PSE has developed econometric benchmarking models that take into account factors that have proven to be statistically influential on distribution utility costs and reliability indexes.

The econometric benchmarking approach relies on comparisons between observed data values to the predicted values obtained from regressions. The researcher determines an appropriate functional form for the relationship between the studied metric and factors that influence it, and develops appropriate econometric methods for obtaining good parameter estimates of the specified model. In this report, we estimate the "translog cost function." The translog cost function is well established in academic literature and provides a high level of flexibility in estimating costs. This is also the same functional form preferred by the Board in the 4th Generation IR proceeding.

Cost predictions for each firm are obtained by inserting company-specific variable values into the estimated equation. Performance is defined as the percentage difference of the observed data to the predicted value of the data, as shown below.

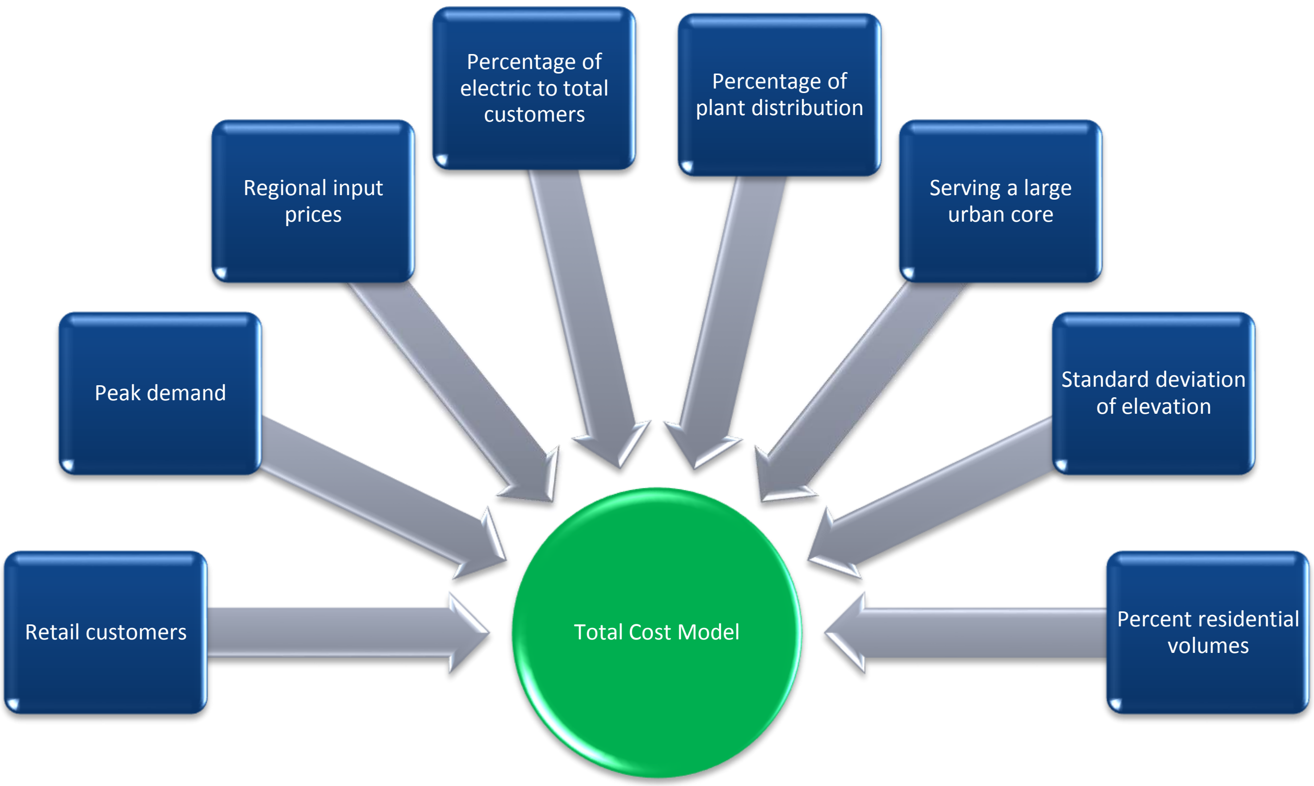
$$Performance = \ln\left(\frac{Observed\ or\ Projected\ Cost\ Data}{Predicted\ Cost\ Data}\right)$$

> NOTE: The term "ln" above denotes the natural log. The formula above is the calculation for log arithmetically calculating percentage differences. It is typically used by both PSE and PEG to display benchmark scores.

2.2.1 Variables Used

The variables included in the combined total cost analysis are shown in the figure below.

Figure 2-1 Variables in Econometric Cost Models



A diverse dataset which includes utilities with varying operational conditions is necessary to determine the influence on costs and reliability resulting from those conditions. There are many U.S. utilities which are either larger or smaller than Hydro Ottawa. This is in contrast to an Ontario-only dataset, where Hydro Ottawa tends to be an outlier due to its size. Due to this outlier status within the Ontario dataset, PSE considers the U.S.-only benchmarking results to be more robust in revealing the cost and reliability performance of the company, relative to an Ontario-only sample.

The specification used in the cost models includes three types of variables: outputs, input prices, and business condition variables. Outputs are defined as the "work" that the utility is doing. We defined two variables as outputs: the number of retail customers served and peak demand.

The input prices are defined as the external market price for operation, maintenance, and administration (OM&A) expenses and capital service costs. The market prices for labour and capital will vary depending on the geographic location of each sampled utility. The business condition variables are the other service territory characteristics that statistically influence total cost levels. Examples of business condition variables are serving an urban core, percentage of electric customers in total customers, percentage of forestation, etc.

2.2.2 Estimation Procedure and Translog Cost Function

As a starting point, we assume that the relationship between a utility's cost and the conditions that affect it, called "cost drivers," can be quantified and captured by a statistical function. This function, called a "cost function," allows PSE to specify cost as a dependent variable that can be explained by relevant independent or explanatory variables and associated parameters; the latter capture the effect of the independent variables on cost. Such a cost function is estimated using econometric techniques that rest on certain fundamental assumptions.

As implied by the term "independent," one of these assumptions is that the explanatory variables used in the model are factors that are outside the control of utility decision-makers. For instance, the wage paid to labour is driven by market conditions in the service territory and is largely outside the control of a firm's managers. On the other hand, the number of employees hired are within management's control, and thus cannot serve as an independent variable.

In general, cost is assumed to be a function of input prices, the output produced by the firm, and other independent variables that affect cost but are outside management's control. While a function specified in this manner can capture a reasonable level of cost variability, it does not explain all the elements that affect cost. Therefore, the function includes a random noise term to account for such idiosyncratic factors.

The following equation provides an example of a simple cost function:

$$C = \beta_o + \beta_1 * Y + \beta_2 * P + \varepsilon$$

In this equation, the terms C, Y, and P denote cost, output, and input prices, respectively. The β terms denote model parameters that capture the magnitude and sign of the effect of the explanatory variables on cost, and the error term captures random noise. The latter is assumed to be independent of the explanatory variables.

The data used to estimate this cost relationship can be from a single firm with multiple time observations (time series data), from many firms observed at a single time period (cross-sectional data), or from many firms with multiple time observations (cross-sectional time-series or panel data). The estimation procedure used to estimate model parameters is affected by the type of data used to estimate the model. In our present study, we have a panel dataset with cost data from multiple firms with observations starting in 2002 and extending to 2013. Additionally, we included Hydro Ottawa's cost projections through 2020, allowing us to also benchmark those forecasts "out of sample". We use the model that is based on historical data and apply the estimated coefficients and projected independent variable values for Hydro Ottawa to calculate a predicted benchmark value. This predicted benchmark value is then compared to Hydro Ottawa's projected total cost amount.

A cost function can be specified as a single equation or a system of equations to get parameter estimates. A single equation model is specified as noted above. A system of equations results from applying economic theory that permits the derivation of cost share equations that are estimated along with the cost function to obtain more precise parameter estimates. The estimation procedure used for the total cost studies incorporates a system of equations that are based on the cost shares of OM&A and capital costs. This produces more precise estimates and benchmark results. The reliability benchmarking exercise uses a single equation model only.

2.2.2.1 Statistical Tests

The precision of parameter estimates is an important dimension of the cost estimation exercise. It identifies business condition variables that have a statistically significant effect on cost. In particular, standard errors of parameter estimates, which measure the precision with which a parameter is estimated, are used to construct a test of a relevant hypothesis. The hypothesis to be tested is "the explanatory variable in question has no statistically significant effect on cost." This procedure is called the *t*-test. A variable is statistically significant if this hypothesis is rejected at a pre-specified level of confidence. We use a 90 percent confidence threshold in our research.

A cost model with plausibly signed and statistically significant parameter estimates is ultimately used to assess the cost performance of each firm in the sample. By "plausibly signed" we mean that its sign (positive/negative) accords with our intuitive understanding of the relationship between that parameter and the variable. For example, we would "expect" to see costs rise as the number of customers served increases (i.e. the customer parameter would be positively signed).

A cost model with estimated parameters is fitted with the business conditions of each utility to generate cost benchmarks, against which actual cost is evaluated. A cost benchmark reflects the performance of an average utility facing the business conditions of the utility whose values are used to generate the benchmark.

If a given utility's actual cost is below the benchmark cost, its cost performance is better than average—it spent less than did a hypothetical utility (with the same particular characteristics) would be expected to spend. If its actual cost is above the benchmark cost, its cost performance is worse than average. A statistical test of a cost efficiency hypothesis, based on the *t*-test, can also be constructed to identify whether the cost performance identified by the above exercise is statistically significantly different from average.

2.2.2.2 Model Specification

A translog function is selected for the total cost model estimated in this study. The translog cost function was the same functional form chosen by PEG in their 4th Generation Incentive Regulation benchmarking research and the same one preferred by the Board in the November 2013 Board Report. Its general form, after suppressing time and firm subscripts, is given by:

$$\begin{aligned}\ln C \;=\; & \alpha_o + \sum_i \alpha_i \ln Y_i + \sum_j \beta_j \ln W_j + \sum_h \gamma_h \ln Z_h + \frac{1}{2}\left[\sum_i \sum_k \alpha_{ik} \ln Y_i \ln Y_k + \sum_j \sum_n \beta_{jn} \ln W_j \ln W_n\right] \\ & + \sum_i \sum_j \alpha_{ij} \ln Y_i \ln W_j + \alpha_t t + \varepsilon\end{aligned}$$

In this specification, $\alpha's$ and $\beta's$ are model parameters, and ε is the random noise term. In addition, Y_i quantifies output, W_j input prices, Z_h other business condition variables, and *t* is a time trend term. This form has been widely used in cost function research.[15] A major advantage is its flexibility, which permits it to provide a good approximation for the wide range of functional forms that the data can reflect.[16]

We also note several theoretical assumptions that aid in model specification and estimation. Among these is the idea that if all input prices rise, cost also rises proportionally. This is known as linear homogeneity, and it allows the restriction that the sum of input price parameters equals one. An additional restriction is symmetry in the parameters of the price interaction terms. In addition, we use Shepherd's lemma to derive cost share equations that we estimate jointly with the cost function. The general form of the cost share equation for input *j* is given by:

$$S_j = \beta_j + \sum_i \alpha_{ij} \ln Y_i + \sum_n \beta_{jn} \ln W_n + \upsilon_j$$

For the reliability models, we also specify quadratic models that include first-order explanatory terms and their squared counterparts. These models are specified as single equation models. The following presents the general form the reliability models take. Both the SAIDI and the SAIFI models are constructed in the same manner. We illustrate the basic form of the SAIDI model below.

$$SAIDI_j = \beta_o + \sum_i \alpha_i \ln X_i + \sum_i \beta_{ii} \ln X_i * \ln X_{\mathrm{i}} + \alpha_t t + \varepsilon$$

2.2.2.3 Estimation Approach

One of the reasons for joint estimation of cost and cost share model parameters is that there is contemporaneous correlation between the error terms in these systems of equations. Such correlation allows the use of a system of regression equations that result in more efficient (precise) estimates. In this study, the systems estimator we use is Feasible Generalized Least Squares ("FGLS").

In particular, PSE uses an iterative FGLS procedure that estimates the unknown error matrix consistently.[17] The estimates we compute are equivalent to Maximum Likelihood Estimates ("MLEs").[18] Our estimates thus possess all the desirable properties of MLEs, which include consistency and efficiency. Since the cost share equations by definition must sum to one at every observation, one cost share equation is redundant and is dropped. This does not pose a problem, since yet another property of the MLE procedure is that it is invariant to any such parameterization. Hence, the choice of which equation to drop will not affect the resulting estimates.

The single equation model is estimated using generalized least squares (GLS) in order to correct for cross-sectional heteroskedasticity and autocorrelation. The parameter estimates that result from

[15] In their Monte Carlo studies of functional forms' performance, Gagne and Ouellette (1998) use the translog as a benchmark because "it is the most widely used" functional form.

[16] See Guilkey, et al. (1983)

[17] See Zellner, A. (1962).

[18] See Dhrymes, P.J. (1971), Oberhofer, W. and J. Kmenta (1974) and Magnus, J.R. (1978).

this procedure are both consistent and efficient.

2.3 Benchmarks for Future Years

The same econometric model and its associated parameter values that are estimated using historical data (and used to develop Hydro Ottawa's historical benchmarks) are also used to calculate the company's benchmarks for future years. These parameter values are combined with projected variable values to calculate the expected total costs of Hydro Ottawa in the future years of the Custom IR period.

This procedure assumes that future total costs will be influenced by the independent variables in the same way that historical costs have been estimated to be influenced by the independent variables. Absent robust projected costs from a large sample of utilities, PSE is of the opinion that using the historical relationships between variables found to be statistically significant in the models is the best and most straightforward way of benchmarking future total cost levels.

PSE was provided OM&A expense, plant addition, reliability, customer counts, and demand projections from Hydro Ottawa. We then inserted these projections in each future year into the estimated econometric model.

Input prices need to also be projected into the future years. For the labour and non-labour components of the OM&A input price, PSE used price forecasts of the GDP-IPI and Ontario weekly average earnings from the Conference Board of Canada. The forecasts only go to 2019, so for the 2020 observation we used the 2019 growth rate and applied that same growth rate to 2020. We used the Implicit Price Index of Gross Fixed Capital Formation, Engineering Structures Electric Power Generation, Transmission, and Distribution (Canada) for the future-year capital construction cost estimates.[19]

Other projected variables that enter the models include percent residential, urban core, electric customers in gas and electric operations, electric distribution plant as a % of total electric gross plant, percent forestation, and the elevation standard deviation. Since these variables are not likely to meaningfully change over time, they were set at their most recently available historical value for the future years.

[19] These are the same escalators used by PEG in their benchmarking report prepared for Oshawa PUC Network's Custom IR application dated December 18, 2014.

3 Total Cost Benchmarking Results

The estimates from the total cost model are presented in Table 3-1. We note that the cost function parameter estimates are plausibly signed and have reasonable magnitudes. The first order terms of all variables have the theoretically expected signs and are statistically significant.

Table 3-1 Total Cost Model Estimates

K= Capital Price
N= Number Retail Customers
D= Peak Demand
F= Percent Forestation
R= Percent Residential Delivered
E= Percent Electric Customers
Dx= Percent Distribution in Total Electric
Esd= Std. deviation of elevation
U= Urban Core

EXPLANATORY VARIABLE	ESTIMATED COEFFICIENT	T STATISTIC	EXPLANATORY VARIABLE	ESTIMATED COEFFICIENT	T STATISTIC
K	0.572	153.377	E	0.194	7.841
KK	0.061	3.451			
KN	-0.057	-4.985	Dx	0.084	4.817
KD	0.060	5.126			
			Esd	0.011	1.857
N	0.803	30.880			
NN	0.574	6.421	U	0.014	6.392
ND	-0.476	-5.220			
			Trend	0.002	1.585
D	0.170	6.479			
DD	0.447	4.517	Constant	20.086	1492.238
F	0.016	3.041	System Rbar-Squared	0.961	
R	0.044	2.253	Sample Period:	2002-2013	
			Number of Observations	881	

Total cost increases with higher capital prices and output quantities. At the sample mean, a 1% increase in the number of customers (N on the table) and peak demand (D) are estimated to raise cost by 0.803% and 0.170%, respectively. The number of customers served is the dominant output-related cost driver, which is an expected result for an electric distribution total cost model. Input prices also will increase total costs. Holding the effect of all other variables constant, we find that a 1% increase in the price of capital (K) raises cost by 0.572%. This is higher than the elasticity of the price of the OM&A input, which is about 0.428% (based on linear homogeneity, the OM&A input price estimate is predetermined to be one minus the capital price estimate). The estimates reflect the capital intensiveness of the power distribution business.

The business condition coefficients are also signed as our hypothesis would suggest. All business condition variables are plausibly signed and statistically significant at a 90% confidence level. The estimate of the trend variable parameter is 0.2%. This suggests a modest upward shift in cost over time. This econometric trend indicates a modest negative productivity trend for the U.S. electric distribution industry.

The next table presents the Hydro Ottawa benchmark results for an average of the 2011 to 2013 years.

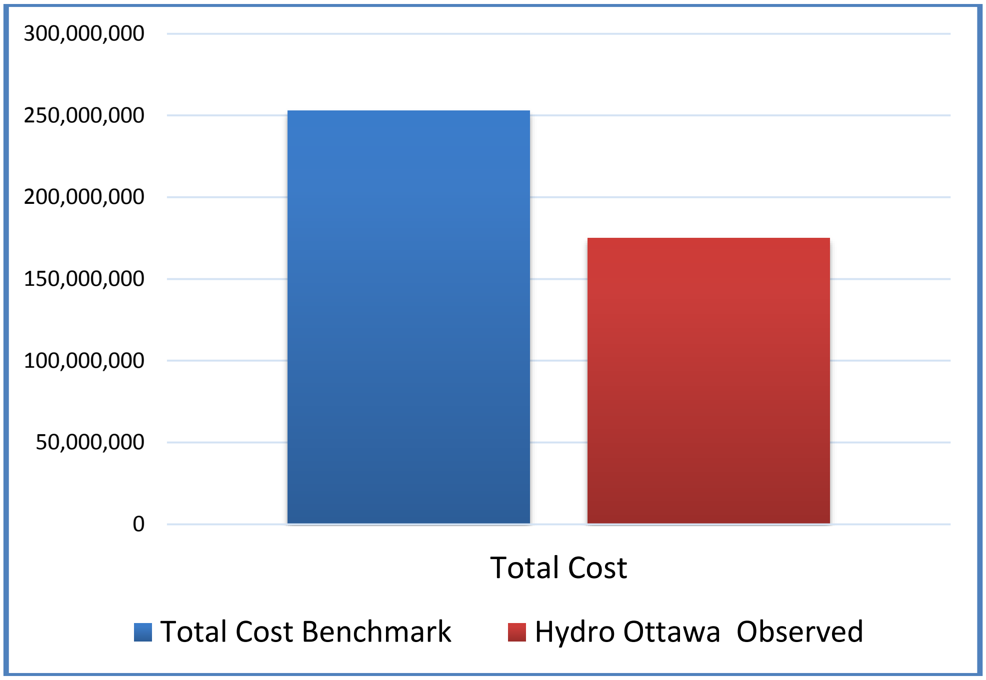
Table 3-2 Average 2011-2013 Hydro Ottawa Total Cost Benchmark Results

Year	Actual	Predicted	% Difference	P-Value
Average 2011-2013	$175.1 Million	$253.1 Million	-37.1%	0.001

Actual cost is below the predicted or benchmark value by about 37 percent. This is a statistically significant difference with a 90 percent degree of confidence, and shows that when benchmarked relative to the power distributors of the U.S., Hydro Ottawa has a statistically significantly superior total cost performance.

Put into dollar terms, the 2011-2013 average total costs of Hydro Ottawa were expected to be $253.1 million, but were actually $175.1 million. This is $78.0 million per year below the benchmark expectation over the 2011-2013 period. This result is illustrated in the figure below.

Figure 3-1 2011-2013 Benchmarked Total Costs vs. Actual Costs (3-Year Average)



The following table breaks down the historical and forecast year benchmark and company total costs from 2002 to 2015, and then during the Custom IR period of 2016 to 2020. During the historical period Hydro Ottawa has consistently been below its expected benchmark levels. In the second column, the percent below benchmark is illustrated.

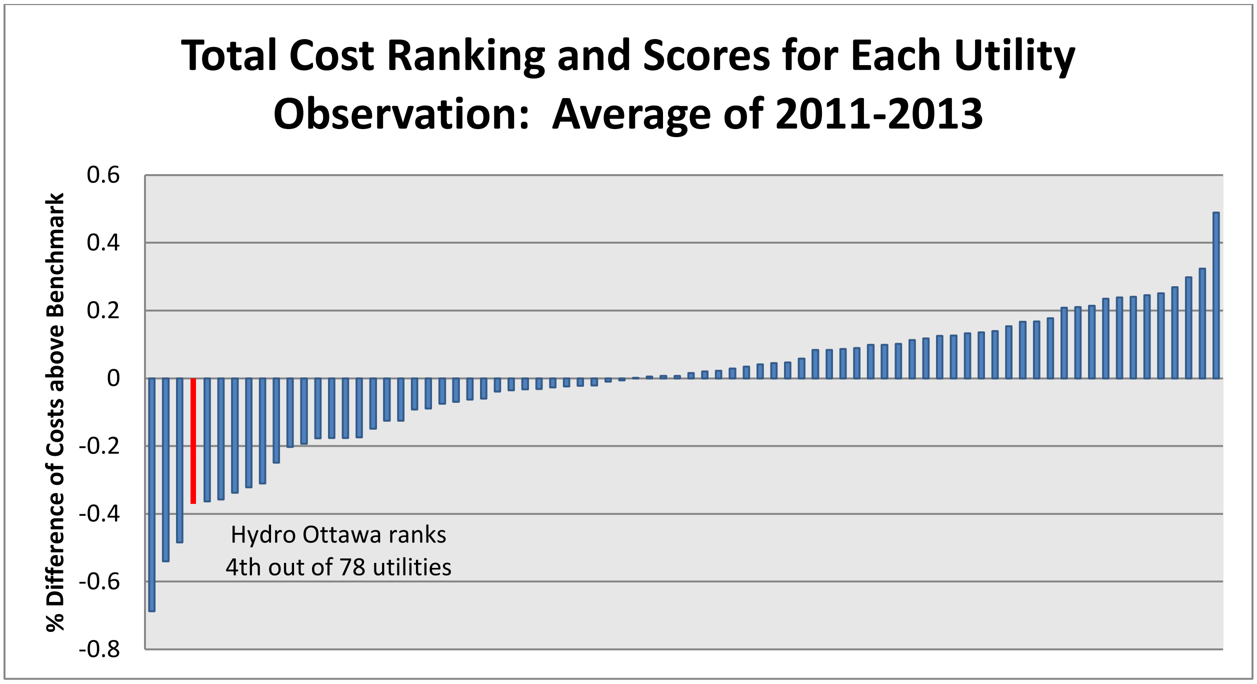
The company's Custom IR forecasts for OM&A and capital spending keep the company below benchmark levels, although not by as much as in the historical years. Nevertheless, they indicate that the company's proposed spending levels are reasonable and below model benchmark expectations.

Table 3-3 2002-2020 Benchmark Total Costs vs. Historical and Projected

Year	Percent Below Combined Sample Total Cost Econometric Benchmark	Total Cost Econometric Benchmark, $M	Total Cost Hydro Ottawa, $M
2002	50%	$193	$117
2003	56%	$199	$113
2004	56%	$203	$116
2005	55%	$211	$121
2006	50%	$214	$129
2007	48%	$222	$137
2008	41%	$231	$153
2009	45%	$236	$151
2010	45%	$249	$159
2011	47%	$255	$159
2012	35%	$251	$177
2013	29%	$253	$189
2014	22%	$260	$209
2015	20%	$269	$219
2016	18%	$279	$232
2017	17%	$290	$245
2018	16%	$301	$257
2019	15%	$312	$267
2020	14%	$324	$282
(Years shaded in green are during the Custom IR period)			

The total cost observations for each utility can be ranked based on the percent difference in the actual total costs to the benchmark total costs. Hydro Ottawa is ranked 4th out of 78 utilities included in the sample when comparing the 2011-2013 scores (scores are the % difference between model-predicted and actual). The distribution of utilities and the company's placement is illustrated in the following figure.

Figure 3-2 Econometric Total Cost Ranking



4 Reliability Benchmarking Variables and Models

Nearly all jurisdictions that require reporting of reliability indicators include the metrics of SAIDI, SAIFI, and Customer Average Interruption Duration Index ("CAIDI").[20] SAIDI measures the average duration of sustained interruptions per utility customer. SAIFI is a gauge of the average frequency of sustained interruptions per customer. CAIDI evaluates the average duration time per sustained interruption. SAIDI is thus the product of SAIFI and CAIDI.

$$\text{SAIDI} = \frac{\Sigma_i \text{Minutes Customer } `i' \text{ is without Service}}{\text{Total Number of Customers on System}}$$

$$\text{SAIFI} = \frac{\Sigma_i \text{Frequency Customer } `i' \text{ is without Service}}{\text{Total Number of Customers on System}}$$

$$\text{CAIDI} = \frac{\text{SAIDI}}{\text{SAIFI}}$$

Several jurisdictions exclude extraordinary events from reliability statistics, with the goal of increasing historical comparability. The bulk of excluded events stem from major storms. These severe storms vary in number and intensity from year to year. MED definitions are determined by each regulatory commission. Definitions vary by state; some use the IEEE standard 1366-2003 to determine what constitutes a MED.[21] Other states have customized definitions. States are gradually shifting towards the IEEE standard; however, considerable differences across states remain.

PSE requested Hydro Ottawa provide us with their historical SAIDI and SAIFI indexes with MEDs excluded (using the IEEE definition of a MED). This enables Hydro Ottawa's data to conform to the most prominent MED definition found within the industry. Excluding MEDs enables all of the data to be used and assures it is not unduly influenced by extreme weather events.[22]

The industry reliability data for U.S. utilities is gathered through reports and rate case filings made public by state commissions. Reliability data used has been verified and sourced.

The reliability benchmarking models we developed use the following variables:

[20] Some states only require reporting of two of these measures. However, the excluded indicator can still be determined by the researcher. SAIDI is equal to the product of SAIFI and CAIDI.

[21] The IEEE 1366-2003 standard defines the "beta" method. If outages for a certain day exceed 2.5 standard deviations from the normal day, a major event day is declared. A normal day and the standard deviation are determined by the utility's previous five years of normal day data (not including the MEDs).

[22] In PSE's work for Toronto Hydro's Custom IR application, we benchmarked SAIDI and SAIFI with no MED exclusions. This was due to the inclusion of Ontario distributors who only report reliability statistics in this manner. In that proceeding, PEG argued that 2012 U.S. data should be excluded because of Hurricane Sandy. By excluding MEDs, all available years can be used in the study.

- Density (customers per line mile);
- The number of retail customers;
- Forestation;
- Percent of distribution plant that is underground;
- A binary variable on if the major event day exclusion uses the IEEE-2003 standard;
- The level of wind within a given service territory; and
- A time trend.

The following table lists the utilities included in the reliability dataset. All of these utilities were also in the cost dataset; however, some of the utilities in the cost dataset did not have reliability data publically available.

Table 4-1 Sampled Utilities for Reliability Benchmarking

Company	Company
AmerenUE	Metropolitan Edison Co
Avista Corp	Minnesota Power Inc
Baltimore Gas & Electric Co	New York State Electric & Gas Corp
Central Hudson Gas & Electric Corp	Niagara Mohawk Power Corp
Central Maine Power Co	Northern Indiana Public Service Co
Cincinnati Gas & Electric Co (Duke Ohio)	Ohio Edison Co (First Energy)
Cleco Corp	Ohio Power Co (AEP)
Cleveland Electric Illuminating Co	Oklahoma Gas and Electric Co
Commonwealth Edison Co	Orange and Rockland Utilities Inc
Connecticut Light & Power Co	Pacific Gas and Electric Co
Consolidated Edison Co of New York	Pennsylvania Electric Co
Consumers Energy Company	Pennsylvania Power Co
Dayton Power & Light Co	Portland General Electric Co
Delmarva Power & Light Co	Potomac Electric Power Co
Detroit Edison	PP&L Inc
Duke Energy Corp	PSI Energy Inc (Duke Energy IN)
Duquesne Light Co	Public Service Co of New Mexico
Entergy Arkansas Inc	Public Service Co of Oklahoma
Florida Power & Light Co	Puget Sound Energy
Florida Power Corp	Rochester Gas and Electric Corp
Georgia Power Co	San Diego Gas & Electric Co
Gulf Power Co	Southern California Edison Co
HYDRO OTTAWA LIMITED	Southern Indiana Gas and Electric
Indiana Michigan Power Co	Tampa Electric Co
Indianapolis Power & Light Co	Toledo Edison Co (First Energy)
Kansas City Power & Light Co (MO)	United Illuminating Co
Kentucky Power Co (AEP)	West Penn Power Co
Louisville Gas and Electric Co	Western Massachusetts Electric Co
Madison Gas and Electric Co	

4.1 Econometric Reliability Benchmarking Models

PSE's method of econometric modeling applies regression techniques to the sampled data to form a mathematical model. The model accepts inputs (operating conditions, service territory data, etc.) and produces an expected reliability index for each observation. By using the model, given a set of operating conditions, PSE can estimate an "expected" or benchmark reliability level for each utility in each year. This technique allows for "apples-to-apples" comparisons, and therefore produces a more accurate assessment of performance relative to simply making industry comparisons of SAIDI and SAIFI.

Both the SAIDI and SAIFI model uses data with MEDs excluded. Each model includes utilities with varying time-series lengths covering the years 2002 to 2013.[23] This type of dataset requires an estimation procedure that accounts for the cross-sectional time-series ("panel") nature of the data. We use a feasible generalized least squares ("FGLS") estimator that corrects for cross-sectional heterogeneity and addresses the panel form of the data. The estimator accomplishes this by correcting for group-wise (utility-by-utility) heteroskedasticy, and results in parameter estimates that are more accurate, consistent, and precise than methods that do not correct for group-wise heteroskedasticy.

The results from the SAIDI model is presented in the following table.

Table 4-2 SAIDI Econometric Model Coefficients

Variable	Coefficient Estimate	T-Stat
Constant	4.732	193.385
Customers (Y)	0.039	3.647
Customer Density (D)	-0.174	-5.570
Wind Hours (W)	0.042	2.654
Percent Underground (U)	-0.511	-22.742
Percent Forestation (F)	0.111	5.409
IEEE (I)	0.184	9.948
Trend	-0.015	-5.146

All parameter estimates have the expected signs and are statistically significant. Utilities that serve more densely populated and have more underground plant tend to have shorter outage durations per customer. On the other hand, utilities that serve more forested and windy service territories have longer outage durations per customer. Using the IEEE MED standard tends to increase SAIDI values versus other MED definitions in the sample.

The SAIFI results are presented in the table below.

[23] Utilities in the States began reporting reliability metrics at different times. Hydro Ottawa historical data goes through 2014.

Table 4-3 SAIFI Econometric Model Coefficients

Variable	Coefficient Estimate	T-Stat
Constant	0.157	7.945
Customers (Y)	-0.024	-2.530
Customer Density (D)	-0.214	-10.057
Percent Forestation (F)	0.093	5.891
IEEE (I)	0.032	1.893
Trend	0.032	1.893

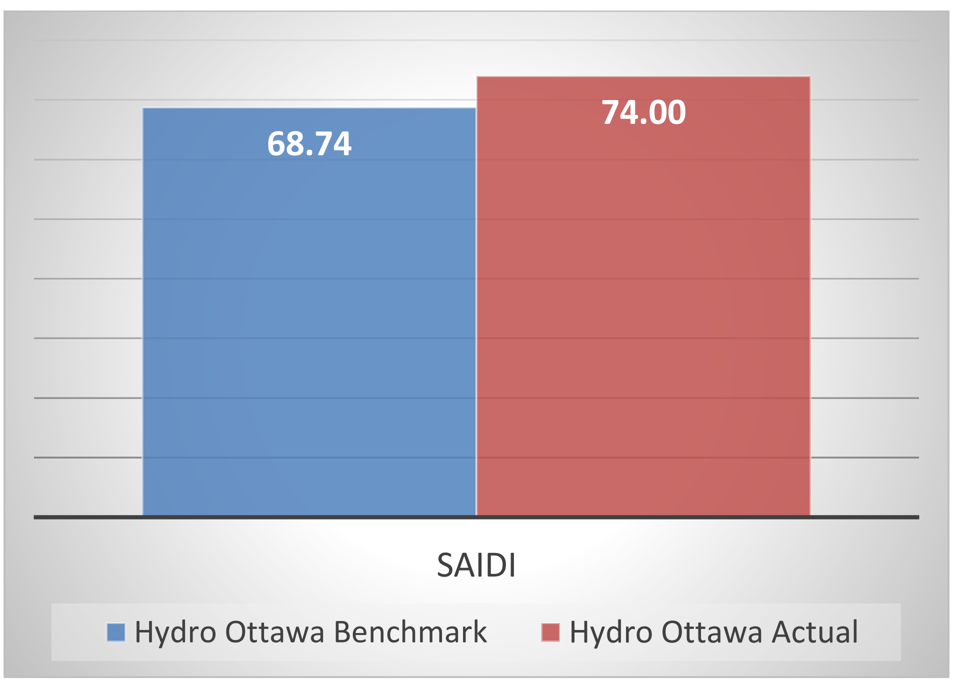
Utilities with more densely populated service territories experience fewer outage frequencies per customer. Conversely, utilities with service territories that are more forested have more frequent outages per customer. Utilities using the IEEE MED definition tend to have higher SAIFI values than those within the sample using other definitions.

4.2 Econometric Reliability Results

We find that Hydro Ottawa's 2012-2014 average SAIDI is 7.2 percent above the benchmark value. This result is not statistically significant at the 90 percent confidence level.

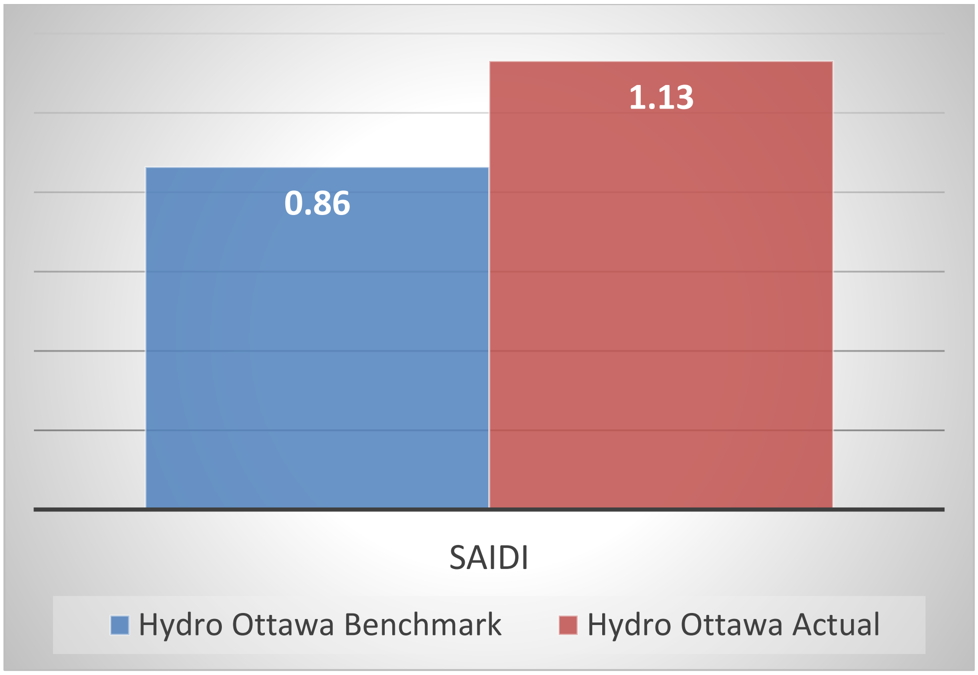
Our research on Hydro Ottawa's 2012-2014 average SAIFI indicates that the reliability level is 25.6 percent above the benchmark value. This not statistically significant at a 90 percent confidence level although is very close and is statistically significant at the 85 percent level. The benchmark comparisons for SAIDI are summarized in the following graph.

Figure 4-1 2012-2014 Benchmarked SAIDI vs. Actual SAIDI (3-year Average)



The benchmark comparisons for SAIFI are summarized in the following graph.

Figure 4-2 2012-2014 Benchmarked SAIFI vs. Actual SAIFI (3-Year Average)



The year-by-year breakdowns for both SAIDI and SAIFI are provided in the following table. This table provides both the actual reliability values for Hydro Ottawa, along with the econometric benchmark value.

Table 4-4 Year-by-Year Reliability Benchmarks vs. Actual

Year	SAIDI (Econometric Benchmark)	SAIDI (THESL Value)	SAIDI (% Difference)	SAIFI (Econometric Benchmark)	SAIFI (THESL Value)	SAIFI (% Difference)
2005	71.8	64.8	-10.3	1.01	0.88	-13.9
2006	71.1	84.0	16.7	0.99	1.02	2.8
2007	70.0	56.4	-21.7	0.97	1.02	4.8
2008	68.8	58.2	-16.7	0.95	0.79	-18.8
2009	67.6	72.0	6.4	0.94	0.94	0.6
2010	67.0	76.2	12.8	0.92	1.25	31.0
2011	69.0	77.4	11.4	0.90	1.09	19.3
2012	70.8	78.0	9.7	0.88	1.32	40.4
2013	70.4	76.8	8.7	0.86	1.17	30.3
2014	65.0	67.2	3.3	0.84	0.90	6.3

Figure 4-3 below illustrates Hydro Ottawa's 2012-2014 average SAIDI performance relative to the most recent 3-year scores for the rest of the sample. The company ranks 37th out of the 57 utilities, with its three year average SAIDI score of 7.2 percent above its benchmark value.

Figure 4-3 SAIDI Econometric Ranking and Scores

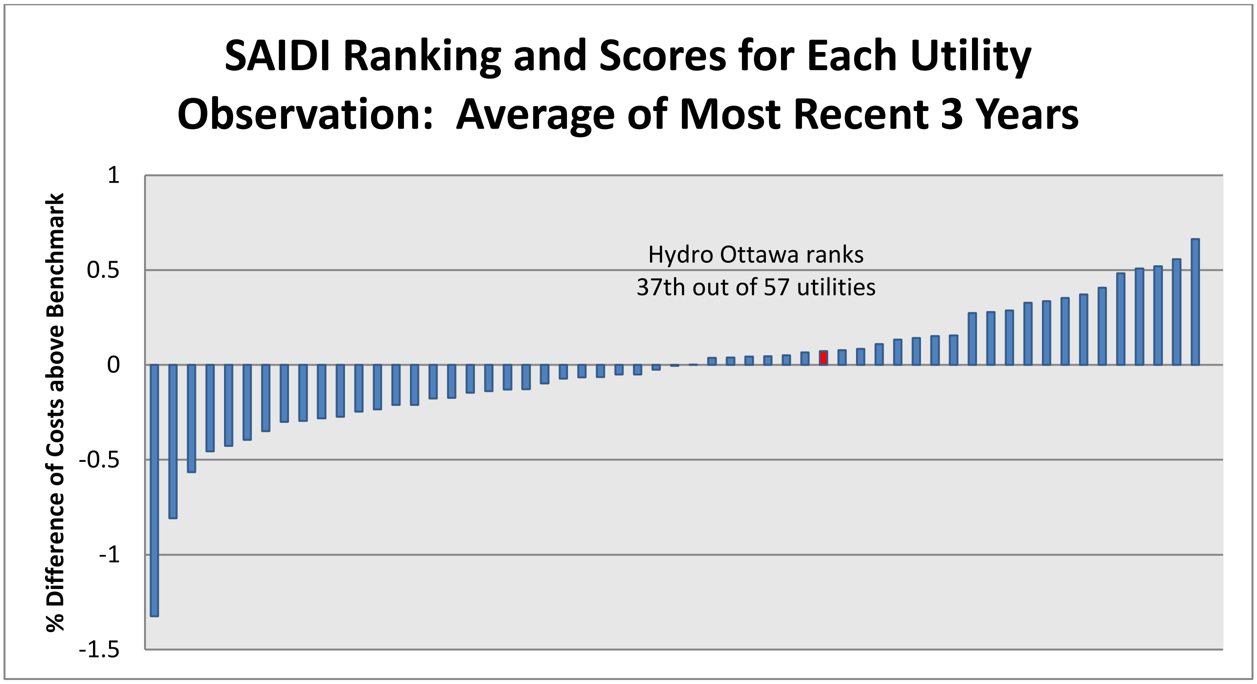
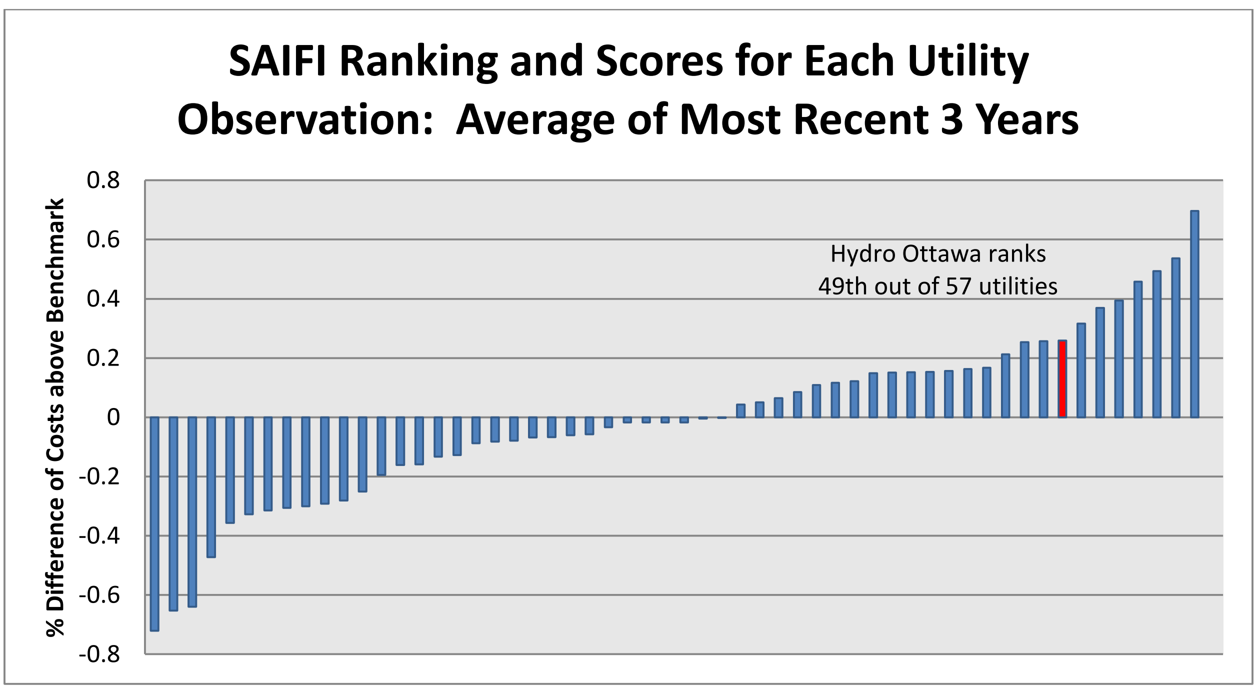


Figure 4-4 below illustrates Hydro Ottawa's 2012-2014 average SAIFI performance relative to the most recent 3-year scores for the rest of the sample. The company ranks 49th out of the 57 utilities, with its three year average SAIFI score of 25.7 percent above its benchmark value.

Figure 4-4 SAIFI Econometric Ranking and Scores

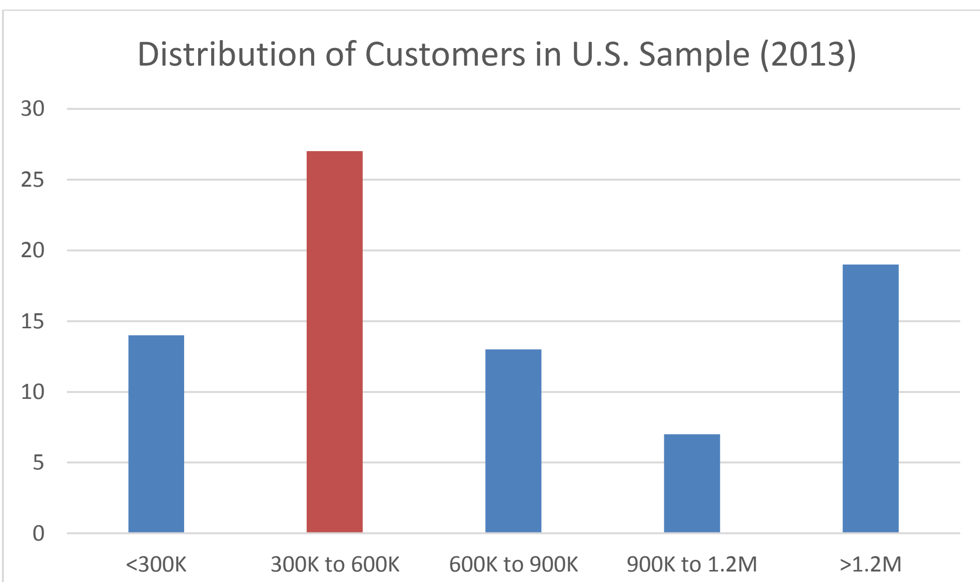


5 Importance of U.S. Data for Benchmarking Hydro Ottawa

The benchmarking exercise evaluates utility performance relative to a given sample, which produces a benchmark value for each utility in the sample. The benchmark value is generated using the specific utility's independent variable values; each utility's benchmark reflects what would be an average efficiency for that utility, relative to the sample. Thus, Hydro Ottawa's benchmark values represent the values we would expect from a hypothetical average utility with Hydro Ottawa's specific circumstances and service territory. If the average efficiency embodied in the benchmark value is generated using firms that are very dissimilar than the utility being benchmarked (i.e., the benchmarked utility is an outlier), then its performance evaluation has a high chance of being inaccurate.

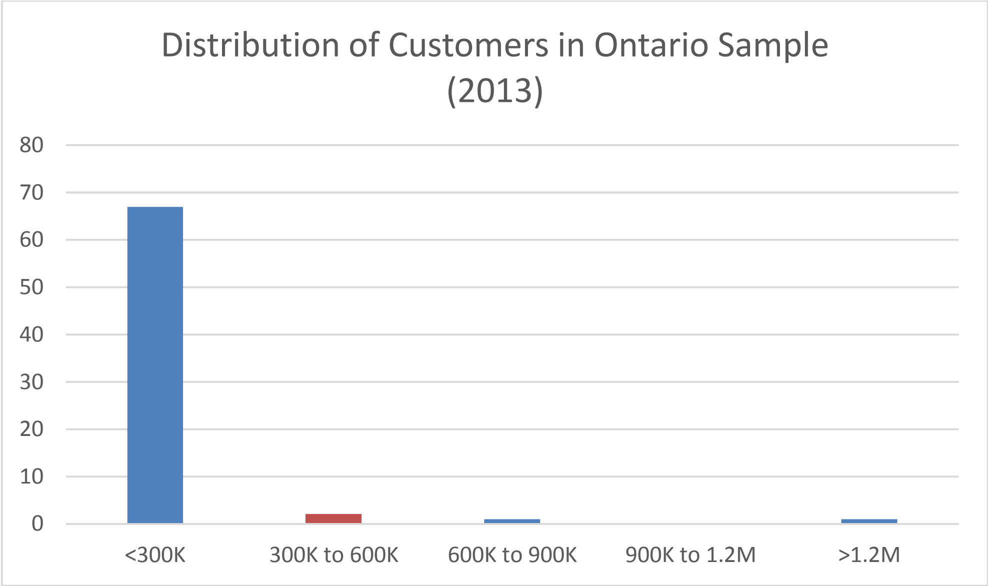
The number of customers served is the dominant output for electric distribution. The figure below displays the distribution of the number of customers per utility, within the sample used for this study. Hydro Ottawa's customer count grouping is indicated in red (i.e. 27 utilities in the sample, including Hydro Ottawa, had between 300,000 and 600,000 customers). Hydro Ottawa has a fair number of utilities that are both smaller and larger than the company within the U.S. sample—i.e., it is not an outlier in the U.S. sample with respect to number of customers.

Figure 5-1 Distribution of Utilities in the U.S. Cost Sample, by Number of Customers (including Hydro Ottawa)



Conversely, an Ontario-only sample of distributors does not adequately encompass the size of Hydro Ottawa. The figure below illustrates the outlier status of Hydro Ottawa, with only Hydro One Networks, Toronto Hydro, and Powerstream larger than Hydro Ottawa in terms of the number of customers. Of those three, only Powerstream is within the same grouping as Hydro Ottawa.

Figure 5-2 Distribution of Utilities in the Ontario Cost Sample, by Number of Customers



Based on the previous figures, we can conclude that an attempt to benchmark Hydro Ottawa's cost performance against only Ontario utilities is unlikely to produce a fair assessment. The model used to generate such a benchmark will embody performance based on utilities whose scale of operation are unlike Hydro Ottawa's.

The estimation procedure is designed to fit the data through the mean of model variables. As a result, parameter estimates are most accurate for those utilities with operating conditions that vary within a reasonable range of the mean of model variables. The further a utility's operating conditions are from the mean, especially if there are minimal sample observations nearby, the less accurate the cost benchmark based on the model.

6 Final Remarks

This report develops a framework for evaluating Hydro Ottawa's 2016-2020 Custom IR application. The parameters of this framework are set by considering three important questions: (1) What is Hydro Ottawa's historical total electric distribution cost performance? (2) What is the company's historical reliability performance? and (3) Are the proposed spending levels during the Custom IR period reasonable from a benchmarking perspective and what stretch factor do the proposed spending levels indicate?

Question 1: What is Hydro Ottawa's historical total electric distribution cost performance?

Hydro Ottawa's historical total cost performance reflects statistically significant superior performance at a 90% confidence level. Hydro Ottawa's 2011-2013 performance score is 37.1% below its benchmark. This value implies a 0.0% stretch factor based on the 4th Generation IR stretch factor criteria. Out of the 78 utilities in the cost sample, Hydro Ottawa ranks fourth.

Question 2: What is the company's historical reliability performance?

Hydro Ottawa's average 2012-2014 SAIDI indexes have been 7.2% above benchmark expectations. This is not a statistically significant difference. Hydro Ottawa's average 2012-2014 SAIFI indexes have been 25.7% above benchmark expectations. This is not a statistically significant difference at a 90% confidence level, but is significant at an 85% level.

Question 3: Are the proposed spending levels during the Custom IR period reasonable from a benchmarking perspective and what stretch factor do the proposed spending levels indicate?

The Hydro Ottawa Custom IR spending projections still indicate a strong total cost performance benchmark outcome. In the 2016 test year, Hydro Ottawa's total cost performance is 18.2% below the benchmark. By 2020, the projections indicate total cost performance will be 13.9% below the benchmark. Hydro Ottawa's Custom IR total cost performance remains statistically superior at the 90% confidence level. These results indicate a stretch factor of 0.15% based on the 4th Generation IR stretch factor criteria.

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About PSE's Economics and Market Research Group

Founded in 1974, PSE is a full-service consulting firm. PSE's benchmarking experience includes research for regulatory purposes and utility management improvement. Our benchmarking team consists of economists, planning and design engineers, rate and financial analysts, communications infrastructure consultants, and smart grid technology experts. In addition to our statistical benchmarking research, PSE's Economics and Market Research group has expertise in the areas of demand response, energy efficiency, value-based reliability planning, T&D merger valuations, load forecasting, load research, survey design, alternative regulation, and cost of service studies. For more information on PSE and a full list of services, visit our website at www.powersystem.org.

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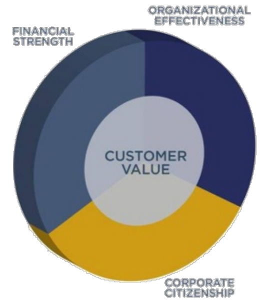
CUSTOMER SERVICE STRATEGY (2016 – 2020)

1.0 BACKGROUND - CUSTOMER VALUE AND INNOVATION



At Hydro Ottawa, customer value is at the core of our corporate strategic plan[1]. Hydro Ottawa is committed to delivering value across the entire customer experience by providing reliable, responsive and innovative services at competitive rates.

Hydro Ottawa has been on a Customer Service improvement journey since 2004. Over the past number of years, many initiatives have been put in place and significant progress has been made. These improvements have had a positive impact in a number of areas including achieving Customer Satisfaction levels averaging 87 percent over ten years, as compared to a 76 percent Customer Satisfaction level in 2004; increasing First Call Resolution to an average of 82 percent, as compared to 74 percent in 2007; a 40 percent customer uptake of MyHydroLink (Hydro Ottawa's customer web portal) and a 28 percent adoption rate of Electronic Billing, as of March 31, 2015, to name, but, a few.

Concurrently, Hydro Ottawa has experienced a significant drop in customer complaints and calls, per customer, to the call centre, averaging 1.22 calls per customer in 2005 to an average of 1.03 calls per customer in 2014. During this period, the customer base increased by approximately 40,975 accounts, while call centre volumes reduced by approximately 9,078 calls.

Hydro Ottawa's customer service initiatives have also been recognized within the industry and by customers, alike. For example the:

[1] Corporate Strategic Plan, 2013 Annual Report, Hydro Ottawa Holding Incorporated, Pg. 6

- 2010 – Chartwell Best Practices Award Communications, EDA – Customer Service Award Finalist – Outage Communications project
- 2011 – EDA Customer Services Excellence Award – Customer Self Service
- 2012 – Chartwell – Customer Services Best Practices Award – Runner Up – Customer Self Service
- 2014 – EDA Communications Excellence Award – Go Paperless Campaign, BOMA – Pinnacle – Customer Service, Chartwell Best Practices Award Ebilling – Customer Service

In 2010, Hydro Ottawa introduced a Customer Service strategy[2]. This strategy initially focused on four areas: Complaint Management, Service Standards, Accuracy and Completeness and Quality. A fifth focus area was subsequently added: Innovation.

By listening to our customers through annual customer satisfaction surveys and other forms of engagement, Hydro Ottawa has delivered innovative customer services such as a 2010 North American Best Practices award winning Outage Communications solution and additional customer self-serve MyHydroLink enhancements such as “Bill Comparison” and a customer account “Dashboard”.

In 2012 Hydro Ottawa introduced a Mobile service. This industry leading and award winning initiative allowed Hydro Ottawa’s customers to access their billing information through the best of our MyHydroLink web portal features, along with extensive Outage Communication information, all from a mobile device of their choice.

In 2011, Hydro Ottawa received a Chartwell award for Best Practices in Outage Communications. Building on Hydro Ottawa’s success, further automation and

[2] Customer Service Strategy, Presentation to Enterprise Executive Team, September 15, 2010

communication features were added, including web maps and Twitter updates. Hydro Ottawa continues to validate the outage communications system and has identified further areas for improvement. Hydro Ottawa has implemented efficiency initiatives and has developed business requirement specifications to improve both the customer experience and internal productivity regarding outage communications. For further details and examples, please refer to Exhibit D-1-4, Section 3.2, Customer Service.

In addition, Hydro Ottawa has implemented many other customer service improvement initiatives including:

1. **Customer Service training** - has been provided to all staff including our field workers. This has included the development and dissemination of "Let's talk electricity" booklets to all employees so that they have relevant company and industry facts at their fingertips.

2. **Customer Care & Billing** (CC&B) – Hydro Ottawa has converted from a de-standardized billing system (PeopleSoft CIS) to a leading utility billing solution (Oracle CC&B).

3. **Monthly Billing** – Hydro Ottawa has transitioned all customers to monthly billing from bi-monthly billing in response to Hydro Ottawa's customer preferences for a more frequent bill cycle and for operational efficiencies.

4. **Electronic Billing** – Hydro Ottawa's customers now have the choice of receiving their bills electronically to their device of choice in place of traditional paper bills. Over 89,991customers (28%) as of March 31, 2015 now receive their bills electronically.
5. **Payment Options** - Customers are offered a number of payment options including pay by cheque, bank auto-withdrawal, equal monthly payment, or pay by credit card.

6. **MyHydroLink Web Account Portal** - Customers can control their interface with Hydro Ottawa through MyHydroLink (MHL) - a 24/7 web-based customer preference electronic “dashboard”. 126,469 customers (40%) as of March 31, 2015 have registered as MHL subscribers where they can select options such as:

   a) ***My Electricity Usage***
      - Where they can view their electricity consumption with a variety of viewing options i.e., Hourly, Daily, Weekly, Monthly, et cetera.
      - Download My Data – where they can export their data to print, PDF, Excel and Green Button formats for further analysis.

   b) ***Moving***
      - Moving in/moving out instructions can be provided to Hydro Ottawa 24/7 at the customer’s convenience.

   c) ***Payment Methods***
      - Preauthorized Payment – where the customer can set up a preauthorized payment arrangement without the need to speak with an agent.
      - Credit Card – where the customer can set up a credit card payment without the need to speak with an agent.

   d) ***My Bill***
      - E-Billing – the customer has an option to view their bills and have them electronically stored for up to two years.
      - Account History – where full billing and payment history is available.
      - Predict My Bill – where the customer has the option of receiving predictions of a future bill partway through the billing cycle. Predictions can be requested daily or weekly. This service can help to reduce “sticker shock” and promote conservation.

   e) ***My Profile***
      - Where customers can *add* and *remove* accounts conveniently.
      - Manage Profile – where the customer can manage their own account information, such as their mobile number, name prefix

(Mr., Mrs., Ms., Dr., et cetera), email and other social media contact information.

f) My Account Summary

- Account Summary – provides a convenient "at a glance" view of customer-selected account information.
- Bill Comparison – enables the comparison of a customer bill to their other Hydro Ottawa bills identifying variables such as consumption, rates, bill dates, weather, et cetera.
- View Multiple Accounts – enables customer to conveniently search for all associated accounts from one location.

g) ***Account Alerts including***:

- **Bill Alert** – an electronic alert requested by the customer when the customer-set threshold has been exceeded during the billing period. For example, if a customer sets a threshold to be alerted when the amount owing within a bill period reaches $50, the customer shall be notified automatically.
- **Consumption Alert** – an electronic alert is sent to a customer when the customer-set threshold has been exceeded during the billing period. For example, if a customer sets a threshold to be alerted when the consumption within a bill period reaches 600 kWhs, the customer shall be notified automatically.
- **Peak Consumption Alert** - an electronic alert is sent to a customer when the customer-set threshold has been passed within a given billing period. For example, if a customer sets a threshold to be alerted when the peak consumption within a bill period reaches 20%, the customer shall be notified automatically.
- **Payment Reminder Alert** – When chosen by the customer, an electronic alert shall be sent to a customer the day before their bill is due.

7. **Customer Value Performance Metrics** – Hydro Ottawa has developed an extensive list of measures, metrics and targets that report progress against historic trends, with circulation to Executive Management and our Board of Directors.

8. **Operational Notifications** – Hydro Ottawa has undertaken improvements to proactively notify customers regarding tree trimming requirements and planned outages.

9. **Website Improvements** – several navigational improvements have been made to Hydro Ottawa's web site and further enhancements are planned.

10. **Conservation and Demand Management** – many programs have been implemented with excellent results – both from a customer engagement and results perspective. Please refer to Exhibits A-3-1 and ?? for more details.

11. **Community Involvement** – Hydro Ottawa has been actively involved as active volunteers and contributors to United Way Ottawa and Christie Lake Kids, among other charitable activities

12. **Industry Involvement** – Hydro Ottawa is an active member within the Ontario electricity industry, as a participating member of the Coalition of Large Distributors and the Electricity Distributors Association. In Canada, Hydro Ottawa holds leadership positions within the Canadian Electricity Association (Chair of the CEA Customer Council, Chair of the CEA Distribution Council). In North America, Hydro Ottawa is an active participant and speaker within high profile industry organizations such as CS Week and Chartwell. Through these activities Hydro Ottawa learns and shares best practices so that Hydro Ottawa may continue to be on the leading edge of providing innovative customer services.

2.0 TRANSITIONING FROM CUSTOMER SERVICE TO CUSTOMER EXPERIENCE

With many customer service improvements implemented, in 2012-2013 Hydro Ottawa returned to basics – asking its customers what they would like to see Hydro Ottawa doing. Hydro Ottawa conducted market research and subsequently developed Hydro Ottawa's customer "personas" to help guide future Customer Service priorities.[3] Customer personas have enhanced Hydro Ottawa's understanding its customer diversity and segments so that their respective needs can be more effectively addressed in future customer service offerings.

Although Hydro Ottawa has been recognized as a Customer Service industry leader, Hydro Ottawa recognizes the need to continually monitor, anticipate and plan for the future. Hydro Ottawa's customers want more. Their expectations are high and will only get higher with forecasted price increases. The customer landscape is changing – customers are more mobile than ever, technology and choice continues to rapidly evolve and social media has become a core fabric in our market. Hydro Ottawa must respond by providing customers with innovative, leading-edge services that continue to meet their evolving needs and expectations.

Concurrently, Hydro Ottawa is focused on empowering every employee to act as an ambassador on behalf of the company in order to deliver "best-in-class" service to customers.

[3] The Customer Persona Research Program, Presentation by the Strategic Counsel, May 2013.

3.0 CUSTOMER EXPERIENCE VISION 2020

Based on input from Hydro Ottawa's customers garnered through the development of the customer personas, market research, customer satisfaction surveys and the Customer Service Strategic Plan, Hydro Ottawa developed a Customer Experience Strategy in Q4 2013 which was anchored by Hydro Ottawa's Customer Experience Vision and applied to the entire company.

Hydro Ottawa's Customer Experience Vision is to be:

- **Easy to do business with**
- **Caring**
- **Efficient**
- **Knowledgeable**

Supporting this Customer Experience vision, Hydro Ottawa has adopted Guiding Principles for Customer Service to address customers stated desire that Hydro Ottawa be Competent, Dependable, Understanding, Good Communicators, Accessible and Responsive.

In response to customer feedback, Hydro Ottawa has transitioned from a "**Customer Service**" to a "**Customer Experience**" focus. Customer Service initiatives typically address transactional items such as: how quickly a telephone is answered, how long an issue took to resolve, et cetera. Customer Experience initiatives take an overall view of how the customer is "feeling" related to the entire experience with the utility, including the transactional elements generally associated with Customer Service.

Some programs already implemented or in progress include Hydro Ottawa's transition to monthly (versus bi-monthly) billing, programs to transition customers to electronic billing, a Strategic Account Management Program and recommendations related to improving Hydro Ottawa's relationships with Developers and Contractors.

4.0 THE CUSTOMER EXPERIENCE IN 2020

By the year 2020, Hydro Ottawa's customer experience will be driven by choice – our customer's choice. Customers will be given options to allow them to be in control and to interact with Hydro Ottawa how and when they want. Customers will see Hydro Ottawa as an organization that is easy to do business with. Hydro Ottawa will be an organization that is customer centric in nature

A key to delivering this experience is transitioning from treating all customers in the same way to serving customers when, where and how they wish to interact with us.

In addition to the many steps, programs, tools and services already in place as outlined previously, by 2020 Hydro Ottawa's customers will:

1. Receive a **simpler, redesigned bill that is easier to understand and unilingual** in their language of choice (English or French)

2. Receive **video messages as a part of their electronic bill** to help keep them up to date on relevant news and information

3. Have the **option of automatically receiving Outage Communication Alerts** to notify them of power outages. They will have the choice of how they wish to be contacted, in the event of a planned or unplanned power outage with relevant information including outage location, estimated time of restoration, crew status, et cetera. Contact options will include email, text and telephone (including times not to call, if selected)

4. Be able to **compare their consumption to other customers** if they wish

5. Have **access to an Energy Calculator** which will allow them to further understand the impact of various end use devices in their home on consumption and pricing

6. For those customers that have adopted a Micro FIT installation – **information to show how Micro FIT energy production is progressing**

7. For Commercial Customers – have **online access to elements used in the calculation of their bills such as Demand, kVA and Power Factor readings**

8. **When contacting our call centre, receive a robust multi-channel experience.** Our call centre will be upgraded to handle the customer's choice of access including; phone, email, text, chat, fax, social media, agent routing and interactive voice response. These upgrades will enable our customers to experience the following benefits:
    - **a.** Quicker access to agents, and where necessary, to subject matter experts;
    - **b.** The option of receiving a call back instead of waiting in a call queue;
    - **c.** Automated access without the need to speak with an agent for common inquiries, such as account balance, due dates, et cetera;
    - **d.** Receive automated reminders (appointments, payment, et cetera).

9. **For Large Key Accounts, experience Hydro Ottawa transitioning from the historic "reactive" mode to a "proactive" account management approach,** with personal attention along with specific account services including enhanced bill service offerings

10. **Encounter an upgraded web experience that will** allow a smooth and seamless interface, including sophisticated search engine technology to enable quick access to desired information

5.0 ACHIEVING HYDRO OTTAWA'S CUSTOMER EXPERIENCE VISION 2020

To achieve Hydro Ottawa's 2020 Customer Experience Vision between the years 2016 - 2020, Hydro Ottawa will invest in selected technologies and processes building upon the foundational steps taken in 2014 and 2015, as outlined below.

Table 1 – Achieving Hydro Ottawa's Customer Experience Vision

Customer Experience Category	Solution	2014	2015	2016	2017	2018	2019	2020
Technologies	1) CC&B and Monthly Billing							
	2) CC&B Enhancements							
	3) Outage Communications System Upgrade							
	4) MyHydroLink Development and Support							
	5) Oracle Customer Self-Serve							
	6) Customer Relationship Management System							
	7) Avaya CC6							
	7.1) Workforce Automation							
	7.2) Multi-Media							
	7.3) Experience Portal							
	7.4) Rescripting MPS 500							
	7.5) Proactive Outreach Manager							
	7.6) Proactive Outreach for Payments							
	7.7) Call Back Assist							
	7.8) Customer Survey							
	8) Pre Pay Billing							
Process	1) Strategic Account Management Program							
	2) Promoting "Go Paperless"							
	3) Bill Redesign & Unilingual Bills							
Foundational Customer Experience Components	1) Customer Value Analysis							
	2) Customer Experience Journey Mapping							
	3) Transactional Surveys							
	4) Change Management							
	5) Customer Experience Index							
	6) Phase 2							

Implementation
Planning & Support

5.1 Technologies

1. **Customer Care & Billing (CC&B) and Monthly Billing** – Hydro Ottawa has converted from a de-standardized billing system (PeopleSoft CIS) to a leading utility billing solutions (Oracle CC&B). All customers were transitioned in March, 2014 in response to our customer's preference for a more frequent bill cycle and for operational efficiencies.

2. **CC&B Enhancements** – Hydro Ottawa will continue developing opportunities to further enhance the base CC&B system to ensure that processes continue to meet regulatory requirements and customer's needs (i.e., Landlord Agreement functionality and a number of features to assist with bad debt management, et cetera.)

3. **Outage Communications System** – Hydro Ottawa will upgrade the existing outage communications system to eliminate potential points of failure, while providing premise-based outage reporting (behind a customer preference dashboard) to deliver the information to the customer through their choice of communications medium (i.e., phone, email, text).

4. **MyHydroLink Development and Support** – Hydro Ottawa will continue to support the popular web portal offering and will further enhance this service through further improvements such as:
   - **a)** A "Face lift" (refresh) of the MHL site;
   - **b)** Community Compare – Social bench marking, targeting and monitoring which would also be implemented on the mobile site;
   - **c)** Basic Energy Calculator;
   - **d)** Micro Fit information for customers who are generating electricity;
   - **e)** Administrative functionality;
   - **f)** Expanded usage information for all commercial customers such as Demand, KVA and Power Factor readings.

5. **Oracle Customer Self-Service (CSS)** – this capability will allow automation of customer web-initiated move ins/outs and account set-up through CC&B without the need to re-key data which will result in productivity gains.

6. **Customer Relationship Management System (CRM)** – provides robust information regarding the customer beyond their billing and payment status. This would be a specific system tailored for Key Account Customers.

7. **Avaya CC6** – A robust, multi-channel customer experience portal that manages phone calls, email, chat, fax, social media, agent routing, Interactive Voice Response (IVR), reporting and analysis. Features include:
    a. **Workforce Optimization** – Automated routing and reporting of assigned work to staff.
    b. **Multi-Media** – Expanding in-bound media options to include Short Message Service ("SMS"), Text, Web Chat and Email. This functionality provides the ability to intelligently route and report on various channels allowing customers to communicate with Hydro Ottawa when and how they wish to do so.
    c. **Experience Portal** – Enhancing IVR technology to offer such services as account balance, due dates, et cetera, through technology, thereby reducing call centre agent volumes.
    d. **Rescripting MPS 500** – providing a more streamlined IVR experience.
    e. **Proactive Outreach Manager** – A market leading application to create and manage agent based and automated voice, email, SMS text campaigns and notifications. This feature enables agent-free personalized contacts using any available media type to provide reminders or regular information updates such as account status, confirmation that a customer is home for an installation appointment, appointment rescheduling, payments, fraud notifications, et cetera.
    f. **Proactive Outreach for Payment** – Utilizing technology to automate the collections process.

g. **Callback Assist** – Offering callers in queue the option of a callback instead of continuing to wait in queue.
h. **Customer Survey** – The provision of automated customer surveys.

5.2 Processes

1. **Strategic Account Management Program** – a program to transition from a current reactive account management approach to a proactive account management approach.

2. **Promoting "Go Paperless"** – to continually drive postage and paper billing costs down

3. **Bill Redesign & Unilingual Bills** – to address Hydro Ottawa's customers desire to simplify their bills through an easier to understand bill, in the language of their choice (English or French).

The Strategic Counsel

HydroOttawa

A Presentation to EMT

Who are our customers? Results of the Customer Persona Research Program

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May , 2013

The Customer Persona Research Program: Objectives and Components

- Who are our customers?
- How do they segment?
  - What proportion do they comprise of our total customer base?
  - What are the key trends affecting each segment?
  - How are they growing/shrinking?
- How do they want to interact with Hydro Ottawa?
  - How can we engage them? Do they want to be engaged?
  - What information and/or tools do they need?
  - What are their preferred modes of communication?
- What messages resonate with them?
  - How do we enhance reputation and trust?

A combined qualitative/quantitative approach was taken

Recap of the Research Program

Sept. 2012

Survey of 2000 residential customers

Survey of 500 small/medium-sized business customers

One-on-one interviews with key accounts (20)

Focus groups with residential customers (7 segments/14 groups)

Focus groups with contractors and developers (1 with each)

Focus groups with small/medium-sized business customers (6 segments/12 groups)*

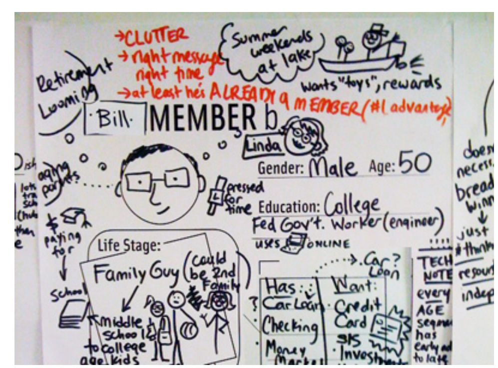
Feb. 2013

*Note: 2 additional 'make-up' groups were conducted among two segments for which attendance at the original groups was poor.

How The Residential and Business Customer Personas Were Developed

- The results of the surveys of residential and small/medium-sized business customers were the basis for the initial segmentation. Segments were created based on:
  - Demographic/Firmagraphic data;
  - Lifestyle, general attitudes and characteristics;
  - Technology adoption;
  - Views of Hydro Ottawa;
  - Cost/bill sensitivity; and
  - Attitudes toward and interest in environment/energy conservation.

- Once the segments were determined, focus groups were conducted with participants who met the criteria (a simulator was developed to screen potential participants). These groups:
  - Developed our understanding of customers' attitudes and behaviours;
  - Explored how, if at all, Hydro Ottawa could connect/engage with these customers (wants, needs); and
  - Helped us to put context, language and personality to the segments.



Labelling The Segments as *Primary* or *Secondary* Targets

- The segments/personas are identified as either *Primary* or *Secondary* targets based on the following:
  - Level of trust in Hydro Ottawa
  - Willingness to engage
  - Openness to information and communications
  - Extent to which they view Hydro Ottawa as credible source for information
  - Potential for Hydro Ottawa to shape future behaviours:
    - Interest in conservation
    - Interest in saving money
    - Stage-of-life/point of entry marketing
  - Trend data – how the segment might change (grow/shrink) over time

Future Outlook: Key Trends Affecting Hydro Ottawa’s Customer Base

Data for this section have been sourced from a number of organizations, including:

City of Ottawa

CMHC

TD Bank

Conference Board of Canada

HydroOttawa The Strategic Counsel

Demographic Trends

- **Ottawa's population is expected to grow faster than the average for Eastern Ontario.**
  - By 46.8%, from 910,000 in 2011 to over 1.3 million in 2036.

- **The most significant demographic force will be an aging population with fixed incomes and saddled with higher rates of debt.**
  - Proportion of seniors 65+ will rise from 12% to 20% by 2031, accounting for almost 50% of Ottawa's population growth. The very elderly (80+) will more than double. Over the next 20 years, the suburban and rural areas will experience more rapid aging than Ottawa's urban areas.
  - While Ottawa will continue to be slightly younger than the national average, the 25-34 age cohort is expected to continue to shrink as Baby-Boomers exit from this group.
  - Women currently outnumber men by a ratio of 107:100. This ratio is higher among seniors and will increase as the population ages.
  - The ratio of debt to disposable incomes is currently between 150%-165%, fuelled by consumer credit. While the aging population will have a moderating effect on this trend, it will be more than offset by increasing levels of debt carried by those born in later years.

- **Diversity will continue to be a predominant feature of Ottawa's population.**
  - Ottawa is a multi-ethnic city – 22% of the population are foreign-born, 156 ethnic groups speaking more than 70 languages are represented. Almost 30 per cent of Ottawa residents speak non-official languages: the top five being Chinese, Arabic, Italian, Spanish and German.
  - By 2031, nearly all of Ottawa's population growth is expected to come from immigration as the city ages. Notably, recent immigrants are, on average, more educated than their previous counterparts.

Construction and Development Trends

- **Housing starts are forecast to slow in 2013 and beyond.**
  - An aging population, with a desire to remain homeowners while also downsizing, will fuel demand for condominium apartments.
  - Younger age cohorts, seeking greater affordability, are forecast to redirect their home ownership propensity toward multiple-unit dwellings.
  - Construction of new single-family homes will decline by over 20 per cent, while the number of new apartments will increase by 90 per cent. 2013 will mark the first period in 15 years where single-family housing starts are less than 2000 units. This level of starts, however, still constitutes 27 per cent of all new home starts in 2012. Multiple-unit dwellings comprise the other 73 per cent and of those, apartments make up the largest group at 2,800.

- **Construction activity is also down.**
  - Ottawa issued building permits worth $232 million in November 2012, down nearly 10 per cent from the previous year. The cooling in both residential and non-residential construction intentions is not unique to Ottawa, but a trend that is currently being witnessed across the province.
  - 2 major construction projects: redevelopment of Lansdowne Park ($300 million) and the Ottawa Light Rail system ($1.2 billion) with completion dates of 2014 and 2018, respectively.

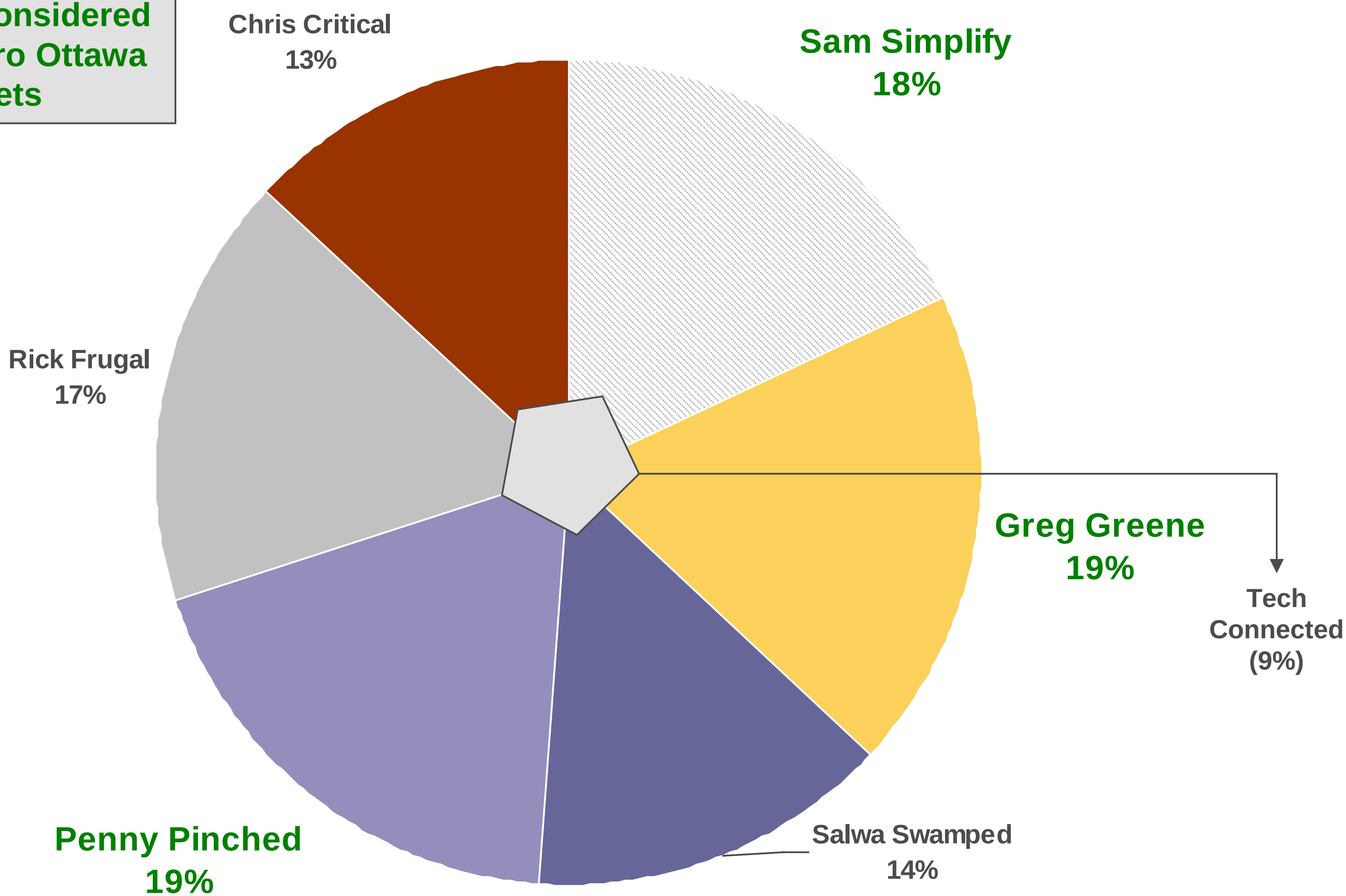
Customer Trends

- Rising customer expectations
- Social media as an early warning system – problem detection/resolution platform. Unhappy customers have a platform to 'amplify' their anger or frustration
- Speed of service whether on the phone, web or at the service desk
- Customers are more resourceful and feel empowered – they determine if, when and where they engage with a brand – and they want to be respected
- Customers expect companies to anticipate needs and act as the information aggregator – they expect technologies to make experiences easier, instantaneous and intuitive
- Desire for self-service options
- Growth of video and mobile for customer service – creating more personalized customer experiences and opportunities to deepen the relationship
- Shifting of the relationship from transactional to 'trusted advisor'
- 'Greening' of customers – particularly among younger segments

The Residential Personas

Residential Customer Segments

Those highlighted in green are considered *Primary* Hydro Ottawa Targets



PRIMARY

Penny Pinched (19%)

"I don't think I could save any more money on Hydro than what I already do."

money is tight

own a home

family is dependent on me

single mom

living month to month

day-to-day life is stressful and busy

I have a lot of expenses

I try to save money wherever I can – look for discounts and use coupons.
Hydro is one of my largest household expenses, and I am doing as much as I can to reduce it.
I don't always have time to do things at night, so can't take full advantage of TOU rates.
I'm not sure what else I can do to lower my bill without spending money that I don't have.
I feel powerless when dealing with large companies – they should do more to make me feel that I'm important to them.

Implications for HO Service

GROWING

Demonstrate customer empathy and, to the extent possible, flexibility

Empower these customers via self-serve and online solutions

Relationship & Attitudes Toward HO

- I am more knowledgeable about Hydro Ottawa and the electricity sector than the average person
- Though I have adjusted to Time of Use rates, I don't like it

Products and Services

- I would prefer a once monthly, or bi-weekly billing cycle
- You could move me to e-billing, for example, by, giving me $1 off each bill

Communications & Messaging

- I want to be treated with respect and dignity
- You'll get my attention with contests, rewards, coupons and incentives

Greg Greene (19%)

"I do things according to what I believe, and I believe in taking action for the environment. I also like to know what's going on and to understand exactly how something works … I do a lot of research and have a lot of questions. I am open, analytical, fair and reasonable, but not impulsive."

Stress-free lifestyle

Up-to-speed on world events and the news

financially secure

work full-time

middle age

not a lot of free time

good life

busy household

Own a house in a wonderful neighbourhood

I am fairly comfortable with technology, but not obsessed with it.
I like to understand the big picture as well as the details.
When I make decisions, I research and weigh my various options. I am not impulsive.
I conserve energy wherever I can. I do not like waste.
I am prepared to pay more for things that are important to me – for example, I am more inclined than most to purchase electricity from Bullfrog Power – a small, but important action I can take to prevent climate change.

Implications for HO Service

GROWING at a moderate pace

A target for more information and education, especially about green options and HO's 'green' agenda

Possible positioning as a future 'premium' customer. Offer more choice and service bundles

Pilot new products

Relationship & Attitudes Toward HO

- I am looking to Hydro Ottawa to be a trusted advisor
- I am loyal, but will consider switching to greener options
- I haven't joined Peaksaver because I don't want others controlling the thermostat

Products and Services

- Green initiatives will appeal to me
- To catch my attention, ideas and innovation will have to make sense for the bigger picture, not just provide value for money

Communications & Messaging

- When I call, I want to speak to someone who can answer my many questions
- Send me information by e-mail – I will follow any links to more information to get my many questions answered

PRIMARY

Sam Simplify (18%)

"I don't really think about Hydro, it's just part of our life. The fact that I don't think about them very much is probably a good thing. I don't want to be hearing from them all the time. If they do what they are supposed to do, and I am getting power, can afford it, and can understand the bill, that's all I want."

do not worry about finances

single

building my career

Worry about relationships

young professional

simple life

rent an apartment

I maintain connections with friends and family using technology and social media.
I am flooded with information and requests electronically.
I prefer that companies know as little as possible about me. When they have a good reason to collect information, I want to have the option of how the information will be used.
I don't think about hydro or the environment very much. My hydro bills are relatively low, so any efforts that I make to conserve make no difference on my bill.

Implications for HO Service

DECLINING

These are your future homeowners

Possibility to shape their thinking and behaviour with appropriate messages and services

Affinity for technology, especially games, offers a potential route to connect

Relationship & Attitudes Toward HO

- I just don't think about or know much about Hydro Ottawa, and that's OK with me
- I don't completely trust HO, perhaps because of the lack of transparency around the bill
- I pay fair value for Hydro

Products and Services

- Anything you could offer to *simplify things* would be great
- I would be interested in loyalty programs, challenges, contests, and/or competitions
- YouTube videos are a good way to connect with me

Communications & Messaging

- Help shape my future behaviours!
- I will only pay attention to quick, simple information – such as a tip beside the amount on the bill
- I prefer to contact HO online (chat) or by telephone (live person)
- I ignore the bill inserts – e-mail me

SECONDARY

Salwa Swamped (14%)

"Hydro used to be one of the bills I didn't have to worry about. But now it just keeps on going up. It's like my son's eating habits."

care for aging parents

paying off debt

worry a lot about finances

sandwich generation

worry about son's health which isn't great

live with adult son in an apartment

I worry a lot about finances and money. I have some debt that I am trying to pay off, and worry about being laid off.
Technology is not a big part of my life.
I am not a pushy or an aggressive customer, but I would like to be treated with respect.
In regards to Hydro I am doing everything I can think of already to conserve, but if I can save a few more dollars with a new idea, that would be great.

Implications for HO Service

GROWING

Treat with respect

Simplify interactions and solutions (one-step)

Take a 'low-tech' approach

Repeat conservation tips at regular intervals

Relationship & Attitudes Toward HO

- I have a positive impression of HO, but their bills are increasing
- I monitor all expenditures closely, including Hydro
- I am not very aware of HO programs
- I am doing what I can to lower my bills

Products and Services

- More frequent payment options.
- Give me tips on how to lower my bill quickly and cheaply
- Respect and help me
- Compensate me for moving to paperless bills and paying on time!
- Reward me for good behaviour!

Communications & Messaging

- Take the opportunity to inform me if I call in
- I am overwhelmed, so sound bites please!
- I am unlikely to call HO, so they will need to pro-actively reach out to me
- I will tend to minimize a problem

SECONDARY

Chris Critical (13%)

"I would pay attention if I wasn't used to it not being useful. The whole debt retirement thing from previously poorly planned decisions -- if I have to assume responsibility for that then we do need to be more engaged, because clearly the people in charge have made massive mistakes."

average

actively read the news

work full-time

high school graduate

technology laggard

active in the community

Though I don't have nor want the latest and greatest technology. I like the access to information it provides and am often Googling things to educate myself.
Good customer service involves educating me. I want explanations.
With respect to hydro, I don't understand why we should be doing things to reduce our energy costs when the actual part of the bill that I control is negligible.
I find it outrageous that we are charged the debt retirement charge and the delivery fee.

Implications for HO Service

STABLE

Education through earned media (dailies, talk radio)

Ongoing reputation management

Important to lay the foundation for and manage expectations around rate increases and/or capital investments

Relationship & Attitudes Toward HO

- I feel that the bill is out of my control. The largest % of the bill is fees, not my usage
- Most issues I have are more to do with the broader system than HO.
- I am willing to conserve, but I don't fully trust anything HO tells me

Products and Services

- I'm not really interested in products and services

Communications & Messaging

- I want to know more about HO and conservation, but I'm quite cynical about them, so I'm not sure I would listen to anything they say
- Use low cost ads and earned media to avoid my complaints about expensive advertising

SECONDARY

Cy Burnett (9%)

"It's a travesty when companies don't provide choice. There should be a "I use very little of this service" option…a no frills option. Sometimes basic is best."

busy

Love technological gadgets

active social life

young

relationship-oriented

prize simplicity

My place is filled with the latest gadgets –iPhones, iPads, laptops, tvs, gaming system, computers, a server, etc.. I can't live without my smartphone in particular – it's my life in my hands.
I want companies to treat me as a partner.
I like customer service where the tone of the interaction is warm, where you can hear the smile
Satisfied with the Hydro service, but I don't know much about them.

Implications for HO Service

GROWING

Authenticity

More choice/options

Personalized, but ensure privacy

Offer an avenue to feedback (this is the group that will move from active to participatory in terms of the customer relationship)

Relationship & Attitudes Toward HO

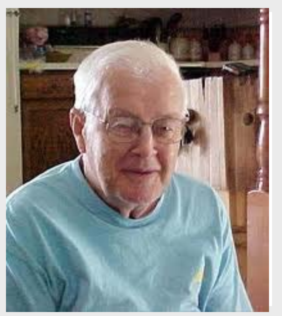
- HO is a trusted company
- I don't feel like I am paying too much–it's not a huge cost factor
- I favour conservation initiatives and clean energy
- HO needs to set the example "Walk the talk"

Products and Services

- Apps, but I don't want to have to log-in or remember passwords
- Provide me with real time info
- Give me conservation tips beside the amount owed on the bill
- I prefer choice; opt-in approaches
- I worry about privacy of info

Communications & Messaging

- I prefer a genuine tone, and dislike sales pitches
- I use live chat features on websites
- I prefer to be contacted by e-mail
- A combination of traditional and new media will reach me.
- Note: I only read headlines



SECONDARY

Rick Frugal (17%)

"I want them to understand my needs. I want things presented in a simple fashion, reliability, reasonable rates and somebody who can deal with the problem."

older kids help me with technology

frugal

old-school values

recently retired

own a house

Conservation and being frugal is second nature to me, being brought up the way I was as a kid. I try to do as many chores as possible, such as the laundry, during the low-rate periods, and I have a clothesline in the basement so that I can avoid using the dryer.
I want customer service to feel like it does in a mom and pop business.
The best customer service remembers that I am environmentally conscious and dollar conscious.

Implications for HO Service

GROWING

Very little adaptation required other than simplification to the bill – making it clearer, more legible and understandable

Attuned to messages about conservation and saving, but can only process limited number at a time

Relationship & Attitudes Toward HO

- I am paying too much for hydro, even if I am actively conserving
- I don't understand the bill – It doesn't give me the information I need to further conserve
- It's my responsibility to conserve, but HO needs to educate me

Products and Services

- I would be interested in getting an energy audit and learning more about green energy.
- I would love to be able to monitor conservation on a daily basis
- Give me simple tips on things I can do to impact the bill.

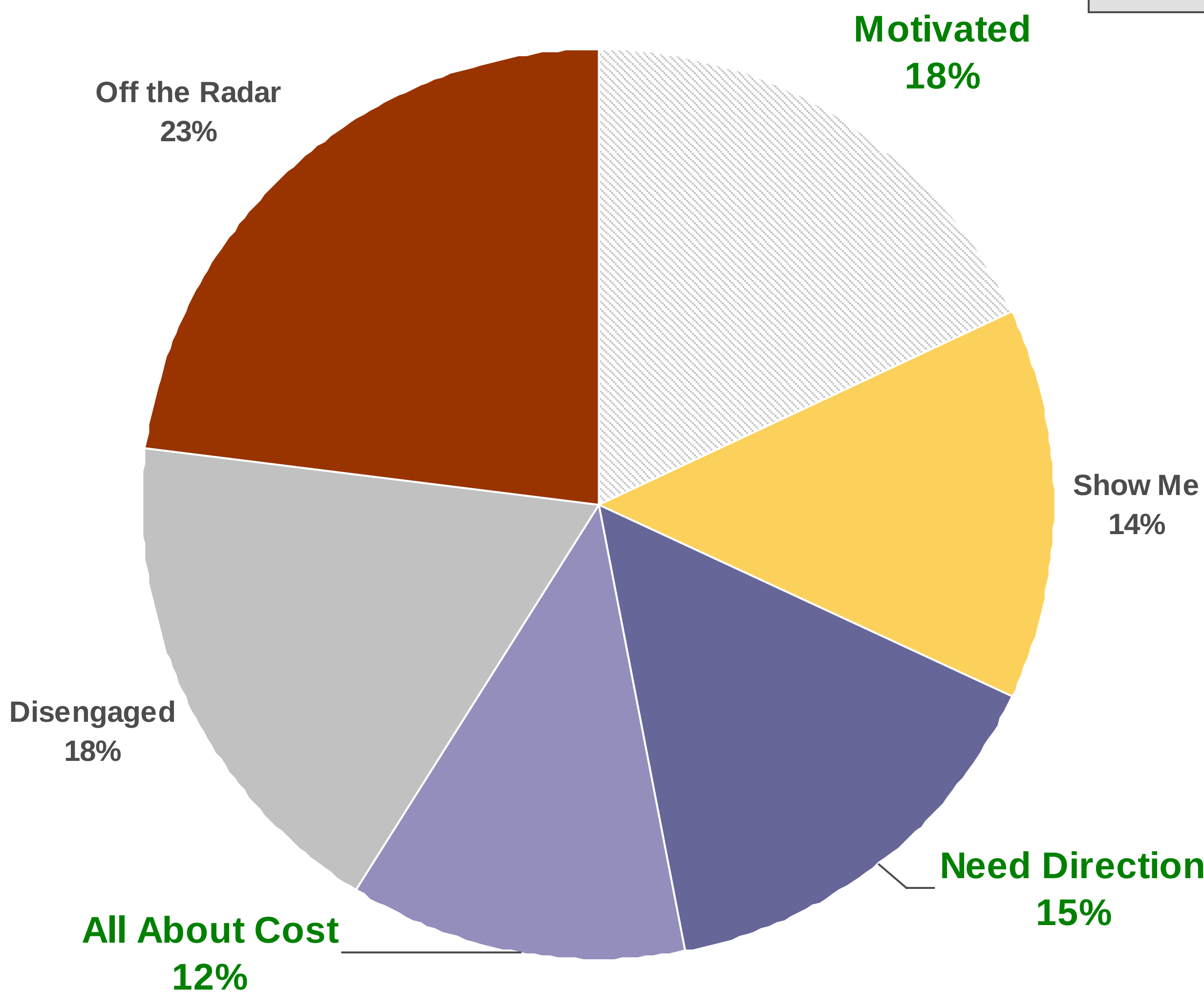
Communications & Messaging

- My kids are major enablers – you can get me hooked through them.
- Give me tips via E-mail, person-to-person contact (e.g in a mall), calling me, or by placing them next to the amount on the bill.
- Make bill inserts more eye-catching

The Business Personas

Business Customer Segments

Personas in green are those identified as *Primary* Hydro Ottawa Targets



PRIMARY

Motivated (18%)

"It's not only about getting the service, it's about creating a partnership…helping us do better. Conserving is a huge priority for us. The meter is running as we speak."

serve long-term loyal customers

demanding of suppliers

large business

looking for cost-savings

constantly improving

We are always looking for cost-savings, especially since the recession hit us.
We use technology where we can to make us more efficient. Likewise, if we can lower our costs by conserving energy, we are on board!
We are currently happy with the service we get from Hydro Ottawa in that it is very reliable. However, we would welcome a more engaged relationship with them.

Implications for HO Service

STABLE

–

Higher demand on CSRs for dedicated SME service offering

Potential for closer integration of information systems between SMEs and HO

Key target for conservation programs

Relationship & Attitudes Toward HO

- HO provides reliable service. They are green, innovative and helpful.
- We are aware of HO programs and are actively using them
- We find the bill confusing
- The value for money offered by Hydro Ottawa services in unclear

Products and Services

- Educate us! We would love to use your advisory services
- Rewards, discounts, and loyalty programs are appealing to us
- Tailoring services to small businesses.
- Create customer profiles and use them to provide us with relevant energy-saving tips

Communications & Messaging

- We want Hydro Ottawa to be more engaged with us
- We would contact Hydro Ottawa by phone or by using a Chat function
- Hydro Ottawa should contact us by text message or e-mail

PRIMARY

Needs Direction (15%)

"They need to get to know us, but I'm not honestly sure what else I'd like them to be doing. I've already done everything I can to bring down my hydro costs."

established

passion

local

small business

long-lasting relationships

shrinking margins

The best suppliers that we work with are local…they have a passion that the big box stores don't. They are proactive, and take the time to get to know me and my staff.
Technology doesn't play a big part in our business.
Our margins are shrinking in this economy, so we are trying to decrease our expenses.
I've done everything I can think of to bring costs down on my utilities, but I don't think a lot about it any more.
If they could show us what else we could be doing, we would definitely listen.

Implications for HO Service

GROWING

Combination of high-tech/low-tech approaches required

Relationship-oriented

Field rep visits would be well received (the personal touch)

Will take action on targeted, simplified advice + automated bill

Relationship & Attitudes Toward HO

- We are happy with the service we are receiving from Hydro Ottawa
- I'm not sure how they could help us

Products and Services

- I want to be recognized for being a good customer – make me feel important
- If Hydro Ottawa have ideas, they could pro-actively show us what else we can be doing to conserve

Communications & Messaging

- I would like Hydro Ottawa to feel like a small, local supplier that listens
- I should call in and get the same person every time

PRIMARY

All About Cost (12%)

"Utilities make you feel like you are non-existent."

Very busy

long memory

in operation for a long time

low-tech

want to feel valued

We expect our suppliers to provide reliable service – if they don't, it's a problem.
We prefer face-to-face service.
We get poor service from the utilities. I want to feel valued by them.
ToU rates are a grab for money -- we have no choice but to use power during peak times
Hydro Ottawa are a monopoly, so they have no reason to work with us. But if they did offer suggestions on how to conserve, we would implement them.

Implications for HO Service

STABLE

This group has the potential to damage HO brand

Interaction must look and be cost effective

Automated billing + occasional simple tips)

Benefit from yearly or bi-annual HO seminars

Relationship & Attitudes Toward HO

- We see TOU as a grab for money
- We are not sure about the impact of retrofits
- We are frustrated over the bill and our inability to bring it down
- We understand the bill, but not the costs

Products and Services

- You should connect with us as we are opening up our businesses and offer sector specific programs.

Communications & Messaging

- Call us once a year to see if we have any problems.
- We don't want a close relationship, but want to feel valued
- We need more hand-holding than most – we want the details, and to be able to meet in person if necessary

SECONDARY

Disengaged (18%)

"The service I get from Hydro Ottawa is not stellar because I don't interact with them, and they're not at the bottom of the list because I don't interact with them so they don't piss me off. But I don't have a choice. I couldn't run my business without them."

Internet is essential

Worry about collecting receivables

Professional firm

constantly communicating with clients via e-mail

revenues down

Technology is important to my business. If the internet go down, it's a catastrophe.
Hydro is not a primary expense of our firm.
My bill went up when the smart meter went in. But, it's just the cost of doing business…it's like breathing. I still wish they could have different rates for businesses who can't divert their power usage to the off-hours
Short of Hydro Ottawa giving us lower rates, I'm not sure how I can bring my bill down.

Implications for HO Service

STABLE

–

Customer service strategy should focus on 'drafting' this group via initiatives aimed at primary personas

Peaksaver program may be of interest (low requirement for engagement)

Relationship & Attitudes Toward HO

- I don't know much about Hydro Ottawa or its services
- We don't question our hydro bills, as long as the cost stays consistent. Its an essential service
- Unless there is a problem, we prefer a hands off relationship with Hydro

Products and Services

- We are unaware of programs we could participate in
- Energy audits would be helpful
- A dedicated business line would be greatly appreciated

Communications & Messaging

- We are open to messages about conservation, but the challenge will be to get our attention
- Earned media or a formal letter with my name on it would work best. We don't pay attention to inserts. I may or may not look at e-mails

SECONDARY

Off the Radar (23%)

"As a customer, you are provided with a lot of information, and you have to make sense of it. I'm not that knowledgeable about the whole thing. I have to get familiar with it just so I can operate properly. I would rather have someone come in…I am paying a lot of money on my bill, so why don't they take 15 minutes to sit down with me and give me some quick pointers."

lack time

shrinking margins

worry about costs

small

technology laggards

I worry about my costs, because I know that if they go up, I can't pass them on to my customers.
I'm not sure if we are getting good value for service from Hydro Ottawa. We do have reliable power, but the prices are going up and the company does not appear to be run well.
Happy with a hands-off relationship with Hydro Ottawa.
Only want a more engaged relationship if they're telling me how I can save money --I don't have time for much more.

Implications for HO Service

GROWING

Same as for Disengaged

Customer service strategy should focus on 'drafting' this group via initiatives aimed at primary personas

Peaksaver program may be of interest (low requirement for engagement)

Relationship & Attitudes Toward HO

- I don't really know much about Hydro Ottawa or its services.
- TOU has increased our bills
- Delivery and debt repayment charges upset me, as does the complexity of the bill

Products and Services

- We would be interested in Conservation programs that would save us money
- Energy Audits would be helpful

Communications & Messaging

- Hydro Ottawa will have a hard time getting our attention. I don't pay attention to the inserts
- I may look at e-mails, but it's not guaranteed

SECONDARY

Show Me (14%)

"Seems like all the utilities have conservation programs…but when the amount we use goes way down, they jack rates up or add service fees so they can make money. I feel like we are getting ripped off. I would love it if they could come out to our location to talk to us and help bridge the red tape."

challenged to keep costs in check

technology is important

time pressures

large

Under expansion

We are in the process of upgrading our facilities, so I also worry about expanding our customer base to make it pay off.
Technology allows all of us to be more accessible and efficient.
We feel electricity rates are cheap and delivery is reliable.
We don't like bureaucracy at Hydro Ottawa and the extra costs on the bills.
We would appreciate Hydro Ottawa to check-in every once in a while. I would like to be heard, and to get feedback.

Implications for HO Service

DECLINING

Some level of engagement will be important as a civic responsibility

Annual or bi-annual seminars, reaching out to include their 3rd party advisors (i.e., architects, engineers, accountants)

Relationship & Attitudes Toward HO

- HO provides reliable service, but it's bureaucratic
- I try to conserve to bring down my bill, and then the fees go up, and new charges appear on the bill
- HO should be more pro-active in helping us conserve energy

Products and Services

- Energy Audits would be helpful, as would webinars
- Provide consulting services on making new buildings more efficient
- Treat businesses differently than residential customers. Give us special rates and a dedicated customer care team

Communications & Messaging

- Tailor made for a case study approach to communications
- Examples of HO programs and services (by sector) is key to 'showing' this audience what can be done and the potential cost savings
- BOT, COC, professional associations as intermediaries

Key Account Personas

The Key Account experience is dependent on the extent of interaction with Hydro Ottawa's Key Account team.

- Those having **regular contact** with their Hydro Ottawa key account representative:
  - Find Hydro Ottawa to be responsive, supportive, helpful, a partner.
  - Hydro Ottawa is very engaged with their businesses, something that is greatly appreciated.

- Those having **little or no contact** with their Hydro Ottawa key account rep:
  - Are frustrated with the service and bureaucracy at Hydro Ottawa, in part because they are often calling the call centre when a need arises.
  - Often do not know who their account representative is or when they should be contacting that person (e.g. after a storm causes damage? To plan a retrofit?)
  - Would prefer a more engaged relationship, with Hydro Ottawa advising and educating them and their management teams on conservation, including retrofits.

- Conservation is an important priority for all Key Accounts, driven mostly by reducing costs.
- All are highly receptive to ideas and programs for reducing energy consumption.
- Capital costs are the largest barrier to conservation; incentive programs are valued.

Contractor and Developer Personas

Contractors

"The way to do business with Hydro Ottawa is to find someone on the inside to help you get something done. The official route is not working for us. I don't have any of the official numbers on my phone."

"They need to know that we are getting pressure from our clients. We can't be responsive to our owners…..there's only so many times that we can tell them that we're trying."

What works well

- Design and planning on-site.
- Work on-site
- On-site crew are intelligent and knowledgeable.

"Trades people are second to none."

- High level of safety standards.
- Friendliness of staff.
- 24/7 crew.

Suggested Improvements to Products and Services

- Provide quicker responses on the engineering side – the queue for a call-back is perceived to be 3-4 weeks long.
- Extend the working hours of inspectors to 6 pm to match those of contractors.
- Take steps to meet demand for inspectors during busy periods.
- Take on accountability for changes.

"If their plans change, they need to be accountable."

"If we make a mistake, we eat it. So should they."

Suggested Improvements to Pricing and Communications

- Better communicate what is expected from contractors, as well as any changes.

"When they change their specifications I find out about it when the inspectors come….I would prefer to know at the start of a project."

- Provide more detail or transparency in pricing.

"I would like some idea of what is going into the costs."

- Provide fixed costs.

"How can you explain to the client that you can't guarantee the cost?"

Developers

"We are often told *'We are aiming for February to have power in a subdivision'*. How can you plan on *we're aiming*. People are moving in in March. But we need to get the Hydro earlier to get proper dry walling done, etc..."

"Hydro fees come at the end of the process, you've started selling your homes, and all of a sudden you get a bill, and if there is a surprise, there is no recourse."

What works well	Suggested Improvements to Products and Services	Suggested Improvements to Pricing and Communications
• The quality of work • The level of service comparable to other utilities, particularly with respect to the service provided by: –The main contact person –The on-site crews –Hydro Ottawa's designer • Its emergency services	• Provide more precise scheduling, quicker timelines and meeting agreed upon deadlines. • Develop strategies to decrease the 17-20 week lag time when waiting for transformers • Simplify the registration of easements. • Consider adapting a section of the website to be geared to developers as opposed to the end user.	• Communicate more pro-actively (e.g. notify developer if a delay occurs, etc.). • Provide more detail and transparency on costings • Provide costings earlier in the process. • Lower any costs which may be significantly higher than those charged by other hydro utilities.

Recommendations

Common Themes And Issues

- A number of recommendations would address issues that affect all residential and business customer segments, including:
  - Taking steps to build the brand and reputation of Hydro Ottawa, putting a personality/face to the company
  - Employing earned media to positively profile Hydro Ottawa, correct misconceptions, educate customers and other stakeholders, and counteract negative impressions of the industry
  - Using prime real estate on the website to support the brand and deliver key messages regarding tools and programs such as MyHydroLink, PeakSaver+, energy savings tips and Hydro Ottawa success stories
  - Continuing the work currently underway to improve First Call Resolution (FCR) across all contact points
  - Developing a Customer Relationship Management strategy to maximize opportunities for exchange of information with customers each time there is a contact (i.e., capturing e-mail address, type of dwelling, etc. and relaying important/relevant Hydro Ottawa messages).
  - Simplify the bill

- For small and medium-sized business segments:
  - Creating a dedicated small business CSR team

Residential Customer Segments

- Other recommendations speak to certain personas more than others.

	PRIMARY TARGETS			OTHERS			
	Penny Pinched	Greg Greene	Sam Simplify	Cy Burnett	Chris Critical	Salwa Swamped	Rick Frugal
Increase billing cycle to monthly or bi-monthly	■					■	
Provide short conservation tips on the bill that are quick and inexpensive to implement	■		■	■		■	■
Written communication from Hydro Ottawa needs to be short to capture the attention of customers			■	■		■	
Provide links to more information on all communication for those who want to understand the bigger pictures, or who have questions they want answered.		■			■		
Communications regarding conservation programs should avoid the use of the word savings	■					■	
Develop a social media strategy			■	■			
Consider engaging customers through discounts, contests and incentives	■		■			■	
Develop a Point of Entry Marketing Strategy to connect with customers at key milestones when the relationship with Hydro Ottawa changes			■				
Consider offering advisory services and/or education	■			■		■	

Business Customer Segments

- Other recommendations speak to certain personas more than others.

	PRIMARY TARGETS			OTHERS		
	Motivated	Needs Direction	All About Cost	Disengaged	Off the Radar	Show Me
Investigate the possibility of extending the hours of business	■		■			
Written communication from Hydro Ottawa needs to be short to capture the attention of customers		■		■	■	
Develop a social media strategy	■			■		
Develop a Point of Entry Marketing Strategy to connect with customers when they open a business or change locations			■			■
Consider leveraging the successful marketing tools used in the Small Business Lighting Program to market other conservation programs to businesses in the future		■			■	
Consider developing sector specific conservation related products and services	■	■	■			
Consider engaging customers through rewards, discounts and loyalty programs	■	■				■
Offer advisory services/education	■	■	■		■	■

Now What?

How Do We Action the Personas Across the Organization?

- Not all parts of the organization will immediately see the relevance of the personas to their ongoing responsibilities and tasks. Ideally, they will become internalized across the organization over time and as they become more regularly deployed.

- **Creating Customer Empathy:**
  - Fundamentally, the personas are a tool to assist Hydro Ottawa in educating all staff about customers – who they are, what's important to them, what their issues and 'hot buttons' are – and building a stronger sense of empathy and understanding.
  - This is key to moving toward becoming a customer-centric organization.

- **Acting as a Filter in the Design of New Products, Services and Programs:**
  - Helps the design teams have a shared understanding of the real users in terms of their goals, capabilities, desires, limitations and contexts.
  - By asking "Would Salwa Swamped use this?" or “How would Penny Pinched react to this tool?” teams can stay focused on designing for the end user

- **Helping to Prioritize Projects and Investments:**
  - Based on an understanding of primary versus secondary target segments, proposed projects can be prioritized according to how well they address their needs and wants.

Final Words

Review: The Research Program Objectives

- Who are our customers?
- How do they segment?
  - What proportion do they comprise of our total customer base?
  - What are the key trends affecting each segment?
  - How are they growing/shrinking?
- How do they want to interact with Hydro Ottawa?
  - How can we engage them? Do they want to be engaged?
  - What information and/or tools do they need?
  - What are their preferred modes of communication?
- What messages resonate with them?
  - How do we enhance reputation and trust?

WORKFORCE PLANNING STRATEGY

1.0 INTRODUCTION

This schedule describes Hydro Ottawa's workforce planning challenges and discusses the measures being taken by Hydro Ottawa to address these challenges. The workforce planning challenges discussed in this schedule stem largely from shifting workforce demographics resulting from an aging workforce and the need to attract and retain skilled workers to fulfill Hydro Ottawa's corporate priorities including its obligation to safely and reliably deliver electricity to Ottawa residences and businesses.

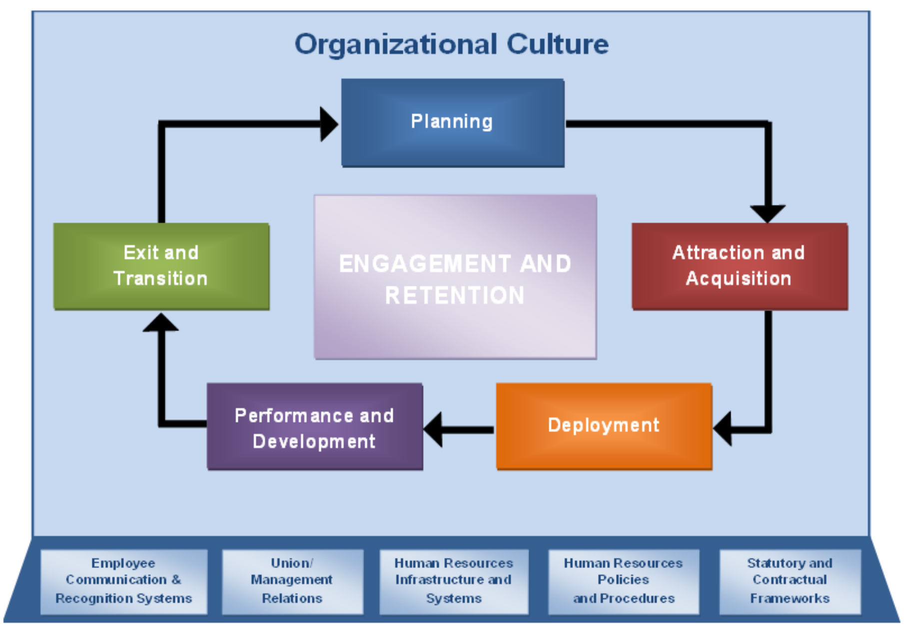
In its 2012 Cost of Service Application (EB 2011-0054), Hydro Ottawa outlined to the Ontario Energy Board ("OEB") the shifting demographics associated with an aging workforce, and the resulting need to attract and hire additional trades apprentices to off-set expected retirements – an essential requirement to continue enabling asset renewal and reliability programs through a sustained and prepared workforce. Hydro Ottawa further outlined the need to strategically build on its existing workforce by supplementing key support functions with additional resources and expertise to strengthen its capacity to deliver on business priorities tied to operational delivery, compliance and sustainability.

Anticipating and adopting proactive strategies to bridge talent supply gaps is crucial to ensuring a prepared and sustained workforce. Hydro Ottawa depends on a highly skilled, properly trained and knowledgeable workforce to maintain and enhance the reliability of the electricity distribution system, to execute its comprehensive asset management plan, and attend to increasing legislative and regulatory requirements all while addressing customer growth and an evolving customer relationship. Hydro Ottawa's 2016-2020 workforce planning is accordingly guided by current and probable requirements to address the known challenges arising from an aging workforce and infrastructure renewal, as well as the anticipated challenges arising from technological innovations and an ever-changing business landscape. In what follows, Hydro Ottawa addresses the measures it has implemented to proactively plan for these challenges.

2.0 TALENT MANAGEMENT FRAMEWORK

Hydro Ottawa has leveraged workforce planning, integrated within its Talent Management Framework, to enable business execution into the future and to mitigate the ongoing risk of an insufficient talent pipeline of skilled, prepared and knowledgeable workers. The Talent Management Framework (illustrated in Figure 1 below) provides a comprehensive and integrated human resources management model upon which priorities and initiatives are aligned. The Talent Management Framework centres around five key components of the employee experience in order to build performance and realize potential throughout the talent lifecycle: planning, attraction and acquisition, deployment, performance and development, and exit and transition. The Talent Management Framework is supported by systems that act as a strong foundation of enabling mechanisms.

Figure 1 – Talent Management Framework



Priorities and initiatives under the Talent Management Framework are informed through strategic workforce planning, which assesses changes in workforce demographics and environmental conditions, and responds with talent management approaches. The aim is to ensure operational capacity and continuity by supplying the right talent with the right skills, within the right structure, at the right time. The need to drive innovation and increase productivity has also been integrated into how Hydro Ottawa approaches workforce planning. To this end, workforce planning plays a role in containing costs, creating efficiencies, and in generating added value for our customers. Hydro Ottawa has focused its workforce planning into three areas as follows:

- Workforce Demographics
- Workforce Modeling
- Talent Strategies to Sustain and Prepare the Workforce

3.0 WORKFORCE DEMOGRAPHICS

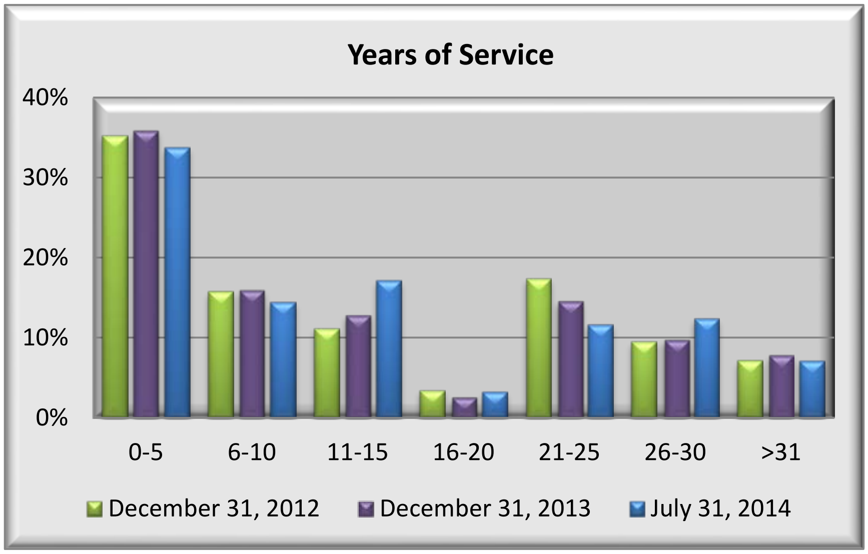
3.1 Aging Workforce

As outlined in the Electricity Sector Council's widely cited "Power in Motion Labour Market Information Study" ("LMI"), the electricity sector is anticipating that an aging workforce will challenge its ability to attract skilled workers into the next several years.[1] The LMI in part attributes these pressures to past hiring trends within the electricity sector, with an influx of skilled workers in the 1970s and 1980s as the legacy distribution system was built. Employment reached record levels in the early 1990s, and then fell in the mid-1990s until the mid-2000s as a result of decreased investments in infrastructure and, in Ontario, because of the amalgamation of local distribution companies. As depicted in Figure 2, Hydro Ottawa's years of service distribution is consistent with this

[1] Electricity Sector Council (now, Electricity Human Resources Canada) works to strengthen the ability of the Canadian electricity industry to meet current and future needs for their workforce, which includes having conducted and disseminated Labour Market Information Studies in 2008 and 2011 (Updated 2012).

historical trend. The average years of service for a Hydro Ottawa employee is 13 years.[2]

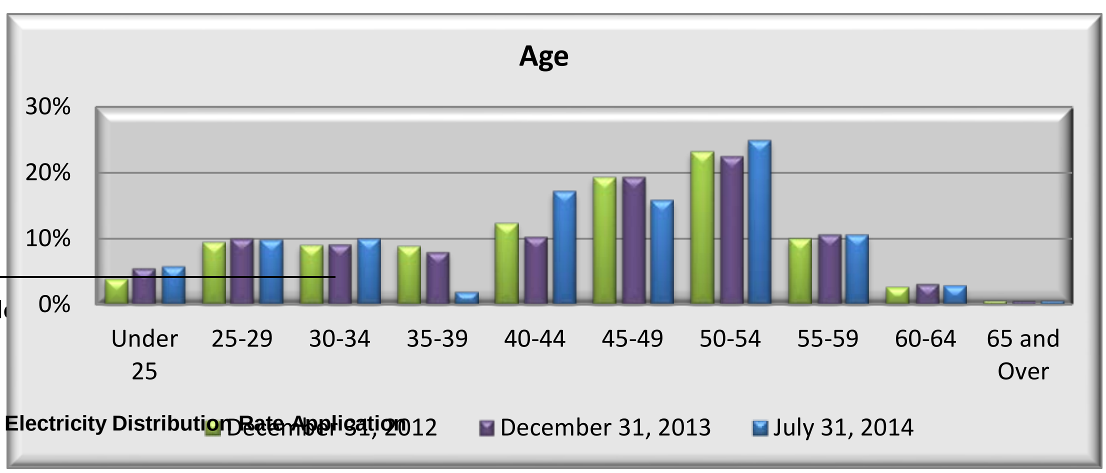
Figure 2 – Years of Service Distribution



The average age of Hydro Ottawa's current workforce is 43, with an overall age distribution depicted in Figure 3. Employees under the age of 30 represent 15.7% of the workforce, an increase from 13.6% since 2012 that is attributable to increased hiring of trades apprentices and engineering graduates since that time.

Employees aged 50 or over represent 39.3% of the workforce, an increase from 32.9% since 2012. The surge of new entrants into the electricity sector, including at Hydro Ottawa, prior to the mid-1990s are now aged 50 plus, reflected by an overall demographic peak for 45-54 year old

Figure 3 – Age Distribution



[2] Unl

3.2 Anticipated Retirement Attrition

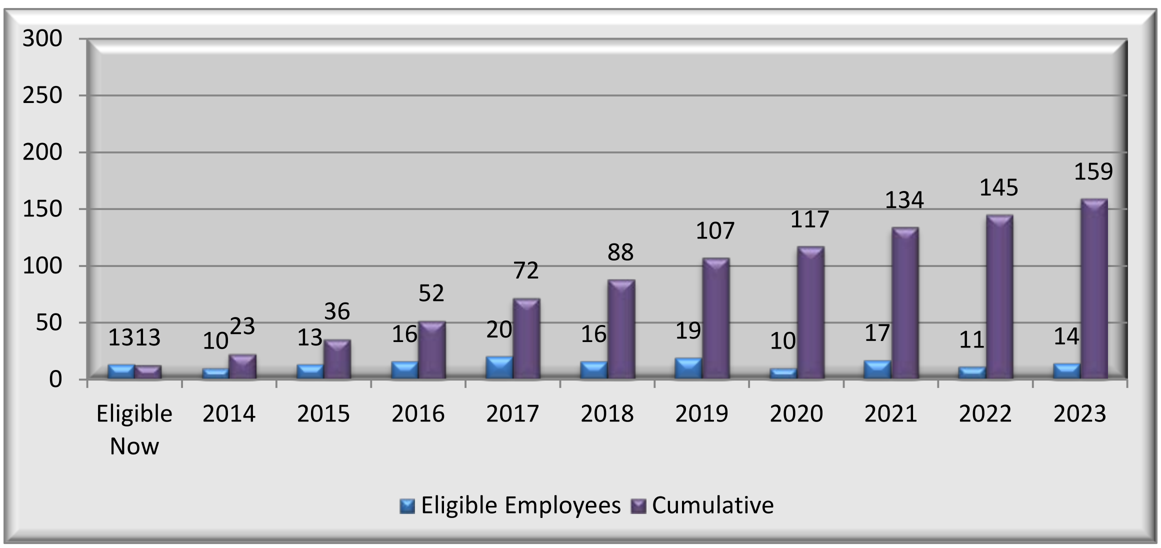
In 2014, Hydro Ottawa began to experience a predicted increase in retirements that is expected to continue into the next ten years as employees elect to retire from the organization at their earliest unreduced eligibility date.[3] On average, employees are retiring at age 59, with 60% retiring within two years of eligibility. The average age of retirement has increased from 57 in 2012, in part attributable to pro-active measures outlined in Section 5.4. This means that employees are choosing to leave the organization at a slightly later age, with 6% of those currently eligible to retire instead choosing to maintain their employment with Hydro Ottawa.

Despite this positive trend, the volume of forecasted retirement eligibility over the next ten years is significant and Hydro Ottawa must effectively address these anticipated departures from the workforce to ensure operational capacity and continuity. Slightly over 40% of Hydro Ottawa's workforce will have become eligible to retire by 2023, of which almost 60% are skilled workers in trades or technical professions. Based on the existing trades and technical workforce, this means that up to 44% of these employees are forecasted to retire by 2023. The number of eligible retirements for all employees is represented in Figure 4, and the eligible retirements in the trades and technical workforce is represented in Figure 5.

[3] Employees are deemed "eligible to retire" for an unreduced early pension based on criteria established under the Ontario Municipal Employees Retirement System ("OMERS").

Figure 4 – Eligible Retirements, All Employees

Figure 5 – Eligible Retirements, Trades and Technical Employees



Over the next ten years, Hydro Ottawa projects the potential loss of approximately 7,693 years of experience from the organization as a result of retirements, including approximately 4,854 years of trades and technical experience. With more than one-third of the existing workforce population having five years of service or less and the projected retirement of employees, the workforce at Hydro Ottawa is increasingly less experienced in what is an increasingly complex and a safety focused business operating environment. As a result, given that almost half of the existing trades and technical talent within the organization will have reached retirement eligibility within ten years, it is critical that the organization proactively forecast talent demands and anticipated supply gaps early – particularly for positions filled through apprenticeship programs.

Workforce demographic assessments are a key element in Hydro Ottawa's workforce planning approach. Monitoring and planning for retirements in particular is critical to ensuring Hydro Ottawa's continued ability to deliver on its core business objectives with skilled and trained resources.

4.0 WORKFORCE MODELING

A key component of workforce planning, workforce modeling is primarily used at Hydro Ottawa to forecast the supply of labour in relation to operational demand for resourcing. The objective of workforce modeling is to anticipate gaps and inform proactive strategies to address said gaps. The modeling approach provides insight across work segments to identify potential supply gaps based on a number of variables that are validated annually to adjust projected hiring and talent strategies in response to Hydro Ottawa's internal and external environments. Hydro Ottawa's workforce modeling serves to identify the best combination of internal resources, overtime utilization, and contracted services for the delivery of services and programs.

Hydro Ottawa's workforce modeling is leveraged in the deployment of its Distribution System Plan and Asset Management Plan, where prudent cost management efforts require managing the renewal of its distribution system and delivering on daily operating requirements within the resources allocated in capital and operating plans.

4.1 Labour Demand and Supply

Hydro Ottawa's workforce modeling is integrated with operational demand to ensure that forecasting optimally aligns with business requirements by considering projected operational labour requirements.

In order to determine labour supply, Hydro Ottawa's workforce modeling considers the available number of journeypersons or skilled technical employees in a given profession or trade, retirement eligibility, the apprentice pipeline feeding each trade, and supplementary labour resources that contribute to the work undertaken. The modeling is then adjusted based on productive time.

4.2 Retirement Rate

As outlined above, workforce modeling of forecasted retirements assumes that employees will retire at a rate of 60% within two years of reaching retirement eligibility.

4.3 Non-Retirement Attrition Rates

As competition for skilled talent increases due to escalating retirements within the electricity sector at large, Hydro Ottawa's modeling also considers non-retirement attrition due to resignation to be a key variable. Current workforce modeling assumes a non-retirement attrition rate of 2.05% based on 2013 actuals; this rate is adjusted annually, based on the prior year.

4.4 Internal Movements

Hydro Ottawa continues to foster its internal talent pipeline as demographics shift throughout our business, and this results in internal movements of our trades and technical workforce as employees take on leadership roles or grow their professional capacity within our operations in another role. As skilled trades or technical workers leverage their expertise, it is important to proactively anticipate the gaps they leave behind. With this in mind, Hydro Ottawa's workforce modeling assumes that 2.43% of the trades and technical workforce will move laterally or as a result of promotion within any year. This rate is based on 2013 actuals and is adjusted annually, based on the prior year.

4.5 Modeling Outputs

Based on the above-noted variables, workforce modeling enables Hydro Ottawa to identify its projected gaps in internal labour, and to determine how best to fill these gaps using contracted services, overtime, and/or hiring. Several factors are considered, such as: costs of contracted services or overtime utilization, labour market availability, appropriate ratio of journeypersons to apprentices, legislated allowances for overtime on a per employee basis, and the influence of environmental factors or business considerations that may impact assumptions used to inform modeling.

5.0 TALENT STRATEGIES TO SUSTAIN AND PREPARE THE WORKFORCE

Hydro Ottawa's workforce planning approach serves to inform the organization's talent management priorities and initiatives, including the design of key programs and strategies that emerge or are adjusted to ensure that talent demands are met and sustained.

5.1 Sustaining the Trades

Through structured in-house apprenticeship programs, Hydro Ottawa is revitalizing the trades employee-base to ensure a ready supply of trades talent. Hydro Ottawa has five Apprenticeship Programs in the following trades: Powerline Maintainer, Cable Jointer, Meter Technician, Station Electrician and System Operator. The total number of apprentices is 43, which represents 21% of our trades workforce. The number of apprentices as a proportion of each trade varies from 13% to 33%. Since the introduction of formalized Apprentice Programs in 2005, Hydro Ottawa has enabled 51 apprentices to achieve journeyperson status, representing approximately 29% of the existing trades workforce.

With the anticipated number of retirements over the next ten years, combined with forecasted increases in labour demand as a result of additional work requirements associated with the asset management plan, municipal infrastructure projects, and organic growth in the customer base, Hydro Ottawa expects to continue investing in apprenticeship as a viable source of talent for the skilled trades. To ensure that planned training investments remain prudent and to limit overall headcount increases within the organization as a whole as our trades are replenished, Hydro Ottawa based forecasted hiring on the following principles:

- Increase overall productivity to ensure greater availability of productive time, while also establishing initiatives to gain efficiencies that increase the quality of the time worked.
- Hire apprentices by using vacancies as they become available, including the redistribution of vacancies from support functions to the trades.
- Where available in the labour market, attract and hire journeypersons to fill vacancies, with the aim of reducing the overall required training investment in apprenticeship and leverage qualified resources with a shorter lead time to achieve maximum productivity.
- Balance hiring with the appropriate use of overtime to supplement labour gaps, and continue to leverage contracted services where cost-effective and available to meet demand. These options offer flexibility to Hydro Ottawa in resourcing peak or temporary demands for labour, without unnecessarily inflating the overall workforce complement.

With the application of these principles in mind, Table 1 outlines the forecasted hiring projections for the Powerline Maintainer trade at Hydro Ottawa. In particular, workforce modeling indicates that the demand for labour has the potential to outpace Hydro Ottawa's ability to replenish anticipated retirements, non-retirement attrition, and internal movements from the Powerline Maintainer trade solely through apprentice hiring. In addition to hiring apprentices, Hydro Ottawa will continue to simultaneously attract and hire qualified Powerline Maintainers at the same rate it has been able to attain in the past few years.

Table 1 – Forecasted Hiring in Powerline Maintainer Trade

	2014	2015	2016	2017	2018	2019	2020	Total
Apprentice Hiring	6	5	5	5	5	4	4	34
Journeyperson Hiring	2	2	2	2	2	2	2	14

In anticipation of future hiring requirements within the Powerline Maintainer trade, in 2011, Hydro Ottawa entered into a partnership with Algonquin College to design and deliver a two-year Powerline Technician Diploma Program. Through this Diploma Program, students develop the essential skills and knowledge required to design, plan, construct and maintain electrical distribution lines through class work and hands-on learning. Algonquin College provides theory based courses and leads program administration, while Hydro Ottawa delivers safety and core skills instruction in a practical field environment. This program leverages the skills of experienced Hydro Ottawa Powerline Maintainers, including those who are being developed for leadership roles and those who are nearing retirement or have retired.

As a result of this strategic educational partnership with Algonquin College, Hydro Ottawa has hired 10 Powerline Technician Diploma Program graduates since 2013 when the first cohort completed their program. In doing so, Hydro Ottawa avoided the ongoing costs of intra-provincial apprentice recruitment, and was able to significantly reduce the costs of apprenticeship through a shortened vestibule training period for these hires. This has enabled safe and early field deployment of apprentices to on-the-job learning in the delivery of capital projects.

Forecasting suggests that Hydro Ottawa's remaining trades are appropriately supplied relative to labour demand, and resulting hiring plans focus on replenishing each trade with apprentices based on forecasted attrition. Hiring projections for apprentice hiring in the remaining trades are outlined in Table 2. Due to the specific nature of these trades, which are not regulated under the *Ontario College of Trades Apprenticeship Act (2009)*, Hydro Ottawa is currently limited in hiring qualified journeypersons from the external labour market for these trades.

Table 2 – Forecasted Apprentice Hiring in Remaining Trades

	2014	2015	2016	2017	2018	2019	2020	Total
Cable Jointer			2		2		2	6
Meter Technician		2	2	2	2			8
Station Electrician	3	4						7
System Operator		1	1	2	2	1		7

5.2 Talent Attraction and Acquisition

The Occupational Projection Summary[4] for Electrical Trades and Telecommunications Occupations, over the 2013-2022 period, forecasts that national job openings within this occupational group are expected to total 76,948 (arising from expansion demands and replacement resulting from retirements or mobility) and that 62,002 job seekers (arising from graduates, immigration and mobility) are expected to be available to fill those job openings. The associated analysis establishes an expectation that solid economic growth will translate to a faster increase in the number of Electrical Power Line and Cable Workers (NOC 7244), among other occupations in this group, than the average increase in workers in the rest of the economy. Power System Electricians (NOC 7243) are projected to experience a labour shortage during the projection period. Further, it is expected that the primary source of talent for this occupational group will be from the post-secondary educational system.

The labour market, once driven by employer demand, now hinges on labour supply, making an employer's brand and its ability to attract the best talent possible matter now more than ever before. Hydro Ottawa makes a concerted effort to attract the next generation of workers to meet the organization's present and future talent needs by extending our brand through cost-effective social media channels, trades-focused career

[4] Employment and Social Development Canada's Canadian Occupational Projection System (COPS) develops national job projections and analysis for 140 occupations in Canada.

fairs that reach students at critical junctures in their decision-making about careers, and community outreach to support internationally trained workers in accessing employment. Both co-operative educational placements and a robust summer student program are a valuable source of future employees. Hydro Ottawa also emphasizes strategic partnerships with educational institutions that foster a vibrant and viable talent supply on a sustainable basis, such as the Powerline Technician Diploma Program through Algonquin College and associated applied research opportunities with students in Algonquin's Electrical Engineering Technology program.

In addition to investing in apprenticeships, Hydro Ottawa offers training and development opportunities to attract engineering graduates. The training and development internship for engineering graduates is based on performance-measured deliverables that align with criteria defined by the Professional Engineers of Ontario, and leads to acquisition of the Professional Engineer designation and transition into a Distribution Engineer role at Hydro Ottawa.

Hydro Ottawa also believes it is imperative to attract, retain and develop diverse professionals to spur innovation, drive growth and sustain competitive advantage in the marketplace. Doing so enables Hydro Ottawa to offer additional customer value; create an inclusive culture that leverages diversity in everyday business enhancing engagement and innovation; and broadening involvement to initiatives and organizations that promote diversity, adding a new dimension to Hydro Ottawa's brand. Hydro Ottawa's diversity initiatives focus on attracting and engaging diverse populations represented within the current workforce and its customer communities, including: women, visible minorities, people with disabilities, those who identify as LGBT, and youth. Recognizing the value of immigrant populations within the Canadian workforce and, specifically, as an under-leveraged talent pool within the electricity sector, new Canadians are also considered to be a critical talent segment. Hydro Ottawa's focus on diversity consists of foundational initiatives intended to foster overall inclusion, complemented by specific initiatives targeted towards the identified diversity groups.

5.3 Strategic Talent Deployment

Hydro Ottawa's approach to talent deployment focuses on the strategic preparation and positioning of new hires and new people leaders in order to achieve reduced time to productivity and value realization, better integration of new hires into company culture, increased retention of new hires and a smoother transition of new people leaders. This approach ensures that new employees are proactively brought on board to replace employees leaving due to retirement or other forms of attrition, and that measures are in place to ensure the transfer of knowledge accumulated by older workers throughout their careers.

As Hydro Ottawa moves into 2016, its approach to strategic talent deployment ensures that resources are provided with optimal leadership and that productivity is enabled by effective organizational design. To this end, and in anticipation of prolonged leadership turnover as the result of retirements, Hydro Ottawa is ever mindful of its responsibility to ensure supervisory spans of control are designed to maximize onsite safety and productivity. Hydro Ottawa is further mindful of the need to yield productivity benefits through consolidation of work, rationalization of headcount for redeployment in trades hiring, and ongoing evaluation of possibilities to outsource work that is not considered to be a core or valued-added aspect of service delivery.

5.4 Knowledge Management and Transfer

With the prospect of losing a significant proportion of experienced workers to retirement over the next ten years, Hydro Ottawa must stem the loss of knowledge unique to the organization through effective knowledge transfer mechanisms. This is consistent with the findings reflected in "Knowledge Management and Transfer for the Electricity Industry in Canada,"[5] which supports mitigating initiatives against the loss of explicit and tacit knowledge within the electricity sector. With specialized skills powering our workforce and the risk of losing depth in our corporate knowledge base, Hydro Ottawa recognizes that engaging older workers and retirees is a key consideration in ensuring

[5] Knowledge Management and Transfer for the Electricity Sector in Canada, Electricity Sector Council, 2010

operational capacity and continuity. As a result, Hydro Ottawa has introduced an initiative aimed at:

- Delaying retirements, where appropriate, to maintain a culture that values experience and supports knowledge transfer opportunities.
- Determining how to best engage employees transitioning into retirement by leveraging ability for hiring overlaps for unique positions and integrating pre-retirement older workers into mentoring programs to enhance knowledge transfer.
- Exploring how retirees can continue to be engaged after retirement and remain Ambassadors in the community which includes establishing a retiree resource pool.
- Reviewing policies, practices and procedures to identify enhancements to better serve older workers and keep retirees engaged.

Branded as Prime Time to reflect that older workers are at the height of their careers rather than at the end, this initiative is in part responsible for increased retention of late-career experienced workers. In 2014 alone, the average age of retirement reached a peak of 60 years.

As part of its Prime Time offerings, Hydro Ottawa continues to support a knowledge transfer overlap to an experienced incumbent retiring from a unique position within the organization. In approving hiring overlaps of this nature, Hydro Ottawa is cognizant that each request must be assessed on a case-by-case to weigh the importance of a specific position to its business operations, the type of knowledge that must be transferred, and the required duration for knowledge transfer to occur. By adopting this methodology, Hydro Ottawa can ensure that the knowledge, skills and corporate memory are passed on to the next generation of the electricity workforce and that this transition is seamless. Without the implementation of knowledge transfer mechanisms, Hydro Ottawa is at risk of losing significant corporate memory, declines in productivity, compromised business continuity, and losses of intellectual capital.

5.5 Leadership Capability and Capacity

Over the next five years, 35% of Hydro Ottawa's existing people leaders will be eligible to retire, increasing to 57% by 2023. With this in mind, Hydro Ottawa continues to focus on replenishing its talent pipeline through effective succession planning and management activities.

As Hydro Ottawa continues to replenish the leadership pipeline, it also recognizes the sector-wide challenge of increasing overall leadership performance within electricity organizations. The Centre for Creative Leadership's 2009 study on "The Leadership Challenge in the Energy Sector" indicated that the top priority for leadership development into the future is to improve the ability to lead employees with notable skill gaps in building and leading a team, confronting difficult employee situations, building a broad functional orientation and career management.[6]

To strengthen the leadership capability of people leaders, Hydro Ottawa has a comprehensive approach to management and leadership development in which learning progresses from foundational to enrichment to leadership excellence. People leaders and emerging leaders receive targeted development opportunities which are supplemented by a coaching program to accelerate leadership development, in addition to mentorship opportunities with the aim of transferring knowledge cross-functionally and cross-generationally within the business.

6.0 CONCLUSION

Hydro Ottawa will continue to experience the effect of the changing landscape in which it operates, including experiencing the full impact of employee demographics and the associated loss of highly skilled, experienced and knowledgeable employees due to retirements and other attrition. The responses to this rapidly changing environment, if

[6] The Leadership Challenge in the Energy Sector, Centre for Creative Leadership, 2009.

not proactive and meaningful, will inevitably hamper the continued successes of the organization and challenge the organization's ability to fulfill its responsibilities to its customers. Hydro Ottawa must maintain and ensure that the current and future level of its business is sustained throughout these changing times by ensuring that it has a sufficient, sustainable and prepared workforce.

Hydro Ottawa's multi-prong workforce planning efforts are designed to synergistically manage the effects of the dynamically changing electricity industry while ensuring appropriate resources and skills are in place to meet the existing and long-term needs of the business and its customers.

EMPLOYEE COMPENSATION

1.0 INTRODUCTION

This schedule sets out Hydro Ottawa Limited's ("Hydro Ottawa") approach to total compensation and its headcount actuals and projections.

Hydro Ottawa's approach to compensation is driven by the need to attract and retain a highly skilled workforce and to support a performance-driven work culture by appropriately and fairly rewarding performance in the achievement of the company's strategic direction, while at the same time controlling total compensation costs. Hydro Ottawa also rewards performance and productivity in accordance with the company's organizational values and position competencies.

2.0 TOTAL COMPENSATION

Hydro Ottawa's approach to total compensation consists of the following major components which reinforce the total value proposition: salaries, incentive-based pay for senior employees only, benefit plans, pension plan, premiums and allowances.

2.1 Merit-based Salaries

Hydro Ottawa's salary structure for executive, management and non-union employees consists of a number of salary scales representing positions of similar scope and responsibility. A formalized point factor system is in place to evaluate positions and determine the salary scale in which they are placed. This ensures internal equity. Salary scales are reviewed on an ad-hoc basis to ensure competitiveness within the utility, industrial and broader public sectors.

Employees are paid an annual salary within the salary scale based on education and experience. Annual increases to salaries, within the salary scales, are solely merit-based and determined by performance and contributions made in the previous year. A robust performance management system is in place for this purpose. An overall performance rating is established and a merit increase associated with the rating is provided. Performance and merit increases are directly tied to Hydro Ottawa's corporate performance scorecard, to ensure that the focus of this workforce segment[1] is aligned to the advancement of Hydro Ottawa's strategic direction.

In determining the appropriate range of merit increases associated with each performance rating, Hydro Ottawa reviews the national, provincial and local salary projections of major compensation consulting firms, including those projections for the utility and broader public sectors, as well as consumer price indices.

2.2 Incentive Based Pay

Since 2008, only senior management employees are eligible for annual incentive-based pay, as a component of their total cash compensation, which is expressed as a percentage of annual salary. These employees have a direct line of sight to the success of the company's strategic direction. Approximately 40 or less than 7% of employees are eligible for incentive-based pay in any given year.

Incentive-based pay is determined based on the achievement of financial and non-financial corporate, divisional and individual objectives. Financial targets and non-financial targets for senior management employees are established and approved each year by the Board of Directors and are designed to achieve continuous improvement in relation to the company's strategic direction, which include a number of strategic objectives focused on customer service, operational and organizational efficiency and effectiveness, and service reliability.

Table 1 below demonstrates the variability in this component of total cash compensation as it relates to the achievement of priorities.

[1] Executive, management and non-union employees.

Table 1 – Average Annual Incentive-Based Pay

	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Number of Employees	40	39	37	42	42
Average Amount	$15,825	$17,558	$16,527	$16,358	$16,816

2.3 Collective Agreement

The International Brotherhood of Electrical Workers ("IBEW"), Local 636 represent Hydro Ottawa's unionized employees. This includes the company's trades, technical, clerical and administrative employees.

The current collective agreement is in effect from April 1, 2013 until March 31, 2017. The collective agreement provides for negotiated wage increases and employee step progressions. Negotiated wage increases are 2.6% for 2013, 2.7% for 2014, 2.7% for 2015 and 2.8% for 2016. The wage increases are on average 10% lower than the increases from the previous three year collective agreement.

A number of labour efficiencies were achieved during the most recent round of collective bargaining, some of which directly and indirectly relate to total compensation. These include longer periods of employment for temporary employees, improved distribution of overtime during emergencies, parameters with respect to responsibility pay, the pro-rating of leaves for new employees, the ability to designate specific vacation periods, a simplified process for the relocation of employees for accommodations, rationalization of flame resistant clothing, and an improved process for the replacement of tools and equipment.

2.4 Pension Plan

Hydro Ottawa employees are part of the Ontario Municipal Employees Retirement System ("OMERS"), a multi-employer, contributory, defined benefit pension plan established by the Province for employees of municipalities, local boards and school boards in Ontario. Pension benefits are determined by a formula based on the highest consecutive five-year average of contributory earnings and years of service. Both participating employers and participating employees are required to make equal contributions to the plan based on the participating employees' contributory earnings.

Employers and employees that are members of the OMERS pension plan contribute a lesser percentage on earnings received up to the annual Yearly Maximum Pensionable Earnings (YMPE), and a higher percentage on earnings above the YMPE. The YMPE is equal to the Canada Pension Plan (CPP) earnings limit as the OMERS pension plan is designed to work together with the CPP to provide a stable retirement income.

Hydro Ottawa's contribution rates to OMERS have steadily increased over the years from 7.4% in 2011 to 9% in 2015 for earnings below the YMPE and from 10.7% to 14.6% for earnings above the YMPE. In an effort to continue to reduce the funding deficit that occurred due to the 2008 global economic downturn, OMERS contribution rates increased in 2012 and 2013 and, due to better returns in 2013, contribution rates have remained unchanged since that time. The OMERS Sponsors Corporation put in place a Funding Management Strategy[2] in late 2014 which limits contribution rate increases at slightly more than 1% higher than the 2014 blended contribution rate. Given the continued deficit position of the OMERS pension plan, it is projected that over the period of this rate application contribution rates will likely increase, both below and above the annual YMPE, for the employee and employer portions respectively.

2.5 Insured Benefits

Hydro Ottawa's insured benefit plans provide employees with income security and protection from catastrophic and life events. Insured benefits coverage is provided to active full-time employees in the following areas:

- Health, including vision care, prescription drugs and paramedical services;
- Dental, including major dental and orthodontics services;
- Long term disability benefits;
- Short term disability benefits; and

[2] As described in *Managing the Benefits and Contributions of the OMERS Primary Plan*, October 27, 2014.

- Life Insurance

As part of the most recent round of collective bargaining in 2013, slight increases in some insured benefit provisions were made, spread out over the four year period of the collective agreement; however, at the same time, further cost containment measures were introduced to supplement those measures already in place, such as reasonable and customary limitations and generic substitution.

In addition, given the increasing costs over the last decade of Hydro Ottawa's insured benefit plans, along with the company's aging demographics, competitive marketing of the plans was undertaken in 2013. In late Q3 of 2014, Hydro Ottawa partnered with a new insured benefits provider for all of the company's insured benefit plans. This change resulted in the reduction of benefits premiums, streamlined administrative processes and enhanced self-serve options while ensuring the sustainability of the current level of benefits.

2.6 Post-Retirement Benefits

Hydro Ottawa's post-retirement benefits consist of life insurance and a small retirement grant for eligible employees primarily linked to positive attendance at work.

Hydro Ottawa completes a full actuarial valuation of the future value of the post-retirement benefits every three years, which is consistent with industry standards. In the interim years, an extrapolation is completed to determine if there has been a material change from the previous year.

The most recent actuarial valuation was performed as at December 31, 2014. A copy of this report is available in Attachment D-1 (B). The valuation determined that the accrued post-retirement life insurance obligation increased from 2013 to 2014, which is primarily attributable to a reduction in the discount rate used in 2014. The accrued retirement grant amount decreased from 2013 to 2014, which is attributable to the retirement of employees in 2013 that were paid their retirement grant, thereby reducing the company's future obligations.

Hydro Ottawa has taken steps to contain its future benefit costs by limiting the type, scope and applicability of post-retirement benefits.

3.0 HEADCOUNT

Hydro Ottawa has categorized employees/positions into three groups in calculating the total full time equivalents ("FTE"). These groups are comprised of full-time permanent equivalents and temporary equivalents (which can be full-time or part-time)[3].

- Management – includes executives, directors, managers, supervisors and senior professionals such as professional engineers.
- Non-Union – includes non-unionized professionals such as engineers-in-training, budget officers and executive assistants.
- Union – includes all employees who are represented by the IBEW.

The tables below summarize Hydro Ottawa's FTEs for 2012 Actual, 2013 Actual, 2014 Budget Forecast, 2015 Budget Forecast, and 2016 Budget Forecast. Hydro Ottawa's FTE count is determined using standard methodology. For the 2012 and 2013 actuals, FTE is a calculated value derived from the total regular hours paid each year divided by the regular hours of work scheduled each year by a single employee in that group. For the 2014, 2015 and 2016 forecasted budgets, FTE is calculated as all budgeted positions, adjusted for part-year budgeting for new positions.

3.1 Full-time Permanent Equivalents

Table 2 below illustrates Hydro Ottawa's forecasted plan to stabilize its total number of permanent full-time employees/positions.

[3] Summer students and co-op students are not included as these short term hires are viewed as developmental in nature.

Table 2 – Full-time Permanent Equivalents

	2012 Actuals	2013 Actuals	2014 Forecast	2015 Bridge Year	2016 Test Year
Management	129.1	124.4	128.7	132.6	132.6
Non-Union	36.7	44.0	42.1	39.7	39.7
Union	417.3	424.6	431.2	429.8	429.8
Total	583.1	593	602	602.1	602.1

Since 2012, the total number of full-time permanent management and non-union employees combined has remained relatively static. Increases to FTEs have been and are forecasted to be primarily in the union group. In accordance with its Workforce Planning Strategy (Exhibit D1-5-1), Hydro Ottawa is continuing to revitalize the trades employee-base to ensure a ready supply of trades talent to meet operational demand.

The management group FTEs decreased in 2013 versus 2012. This was largely attributable to not filling a number of positions when they became vacant due to employee departures and retirements. Hydro Ottawa employs a stringent vacancy management process to ensure that position replacements or backfills are justified and aligned with its Workforce Planning Strategy (Exhibit D1-5-1). The 2014 forecast shows a marginal increase in the total FTE count for the management and non-union groups combined, as a result of the requirement for additional developmental supervisory positions in order to meet safety and operational demand needs.

As Hydro Ottawa moves into 2015 and 2016, its Workforce Planning Strategy (Exhibit D1-5-1) outlines the principles by which it is moving forward in managing overall headcount within the organization as a whole while its trades are replenished by the redistribution of vacancies from support functions.

3.2 Temporary Equivalents

Table 3 below summarizes the number of actual and forecasted temporary equivalents for 2012 to 2016, which includes temporary full-time and part-time resources. In 2013, Hydro Ottawa increased its usage of a temporary workforce. This increase in temporary equivalents is attributable to Hydro Ottawa's efforts to have a more flexible workforce which addresses seasonal and other workloads and can be more easily adjusted upwards or downwards as required. Hydro Ottawa's 2014, 2015 and 2016 forecasts continue this approach, allowing the company to contain compensation costs.

Table 3 – Temporary Equivalents (full-time or part-time)

	2012 Actuals	2013 Actuals	2014 Forecast	2015 Bridge Year	2016 Test Year
Management	2.0	2.1	2.3	4.8	4.8
Non-Union	6.3	4.9	9.5	8.0	8.0
Union	2.0	10.8	14.0	7.7	7.7
Total	10.3	17.8	25.8	20.5	20.5

3.3 Full-time Permanent and Temporary Equivalents

Table 4 below provides the total number of actual and forecasted permanent and temporary FTEs, and demonstrates Hydro Ottawa's plan to stabilize its workforce.

Table 4 – Full Time Equivalents – Permanent and Temporary

	2012 Actuals	2013 Actuals	2014 Forecast	2015 Bridge Year	2016 Test Year
Management	131.1	126.4	131.0	137.5	137.5
Non-Union	43.1	48.8	51.6	47.7	47.7
Union	419.3	435.4	445.2	437.5	437.5
Total	593.5	610.6	627.8	622.7	622.7

In 2013 there was a net increase of FTEs over 2012. This overall increase is comprised of a reduction in the total FTEs for the management group and an increase in the union and non-union groups. The increase of FTEs in the union group was primarily due to the hiring of additional trades apprentices, journeypersons and technical employees consistent with Hydro Ottawa's Workforce Planning Strategy (Exhibit D1-5-1), as well as the use of more temporary equivalents. The increase in non-union FTEs is largely as a result of an increase in the number of engineers in training.

Table 4 also shows the number of FTEs in the 2015 and 2016 forecasts decreasing as compared with the total number of FTEs in the 2014 forecast.

4.0 TOTAL COMPENSATION

Table 5 below summarizes Hydro Ottawa's actual and forecasted total compensation including salary, wages and benefits from 2012 to 2016.

Table 5 - Total Compensation (Salary, Wages, & Benefits)*

	2012 Actuals	2013 Actuals	2014 Forecast	2015 Bridge Year	2016 Test Year
Management	$17,406,925	$17,636,573	$19,151,701	$18,986,945	$19,602,474
Non-Union	$4,145,040	$4,778,621	$4,973,974	$4,528,497	$4,794,319
Union	$39,353,778	$42,601,466	$43,963,563	$45,573,310	$47,547,490
Total	$60,905,742	$65,016,660	$68,089,238	$69,088,752	$71,944,283

*Hydro Ottawa has completed Appendix 2-K, Employee Compensation Breakdown, (Attachment AC).

4.1 2013 Actuals versus 2012 Actuals

The total compensation increase from 2012 to 2013 is largely due to the increase in FTEs in the union and non-union groups as discussed in section 3.3 above, as well as an increase in OMERS contributions for 2013 as outlined above in section 2.4.

Additionally, there was an increase in overtime costs in 2013, primarily as a result of the mutual aid provided by Hydro Ottawa trades employees to Toronto Hydro, Hydro One and Hydro One Brampton in response to the restoration efforts arising from the significant ice storm which occurred in the Toronto area and across much of Eastern and Central Ontario in December 2013.

4.2 2014 Forecast versus 2013 Actual

The increase in the total compensation forecast for 2014 versus the actuals for 2013 is attributed to the forecasted increase in FTEs for all groups, in particular, the hiring of additional temporary employees as noted in Table 3 above and the requirement for additional developmental supervisory positions in order to meet safety and operational demand needs, as indicated in section 3.1 above.

4.3 2015 and 2016 Forecast versus 2014 Forecast

Hydro Ottawa's forecast for 2015 shows a slight decrease in total compensation for the management and non-union groups compared to the 2014 forecast. For the 2016 forecast, the total compensation for these groups is slightly above the 2014 forecast. This trending demonstrates Hydro Ottawa's commitment to prudently managing the total compensation for the management and non-union groups.

The increase in the 2015 and 2016 forecasted total compensation for the union group is based on the negotiated collective agreement wage increases as per 2.3 above and the revitalization of the trades, via the redistribution of vacancies from support functions, to ensure a ready supply of trades talent to meet operational demand.

The increase in the 2016 forecasted total compensation costs for all groups is also attributable to forecasted increases in benefit and pension costs, given the above noted wage increases and as a result of the expiry of a rate guarantee for certain benefit premiums.

4.4 2017 to 2020 Forecast

Hydro Ottawa's approach to compensation and its plan to stabilize its workforce is anticipated to continue throughout the 2017 to 2020 period. However, Hydro Ottawa must contend during this period with the increasing effects of its aging workforce and the significant volume of forecasted retirement eligibility which must be effectively addressed to ensure operational capacity and continuity. In addition, Hydro Ottawa will be faced with the need to continue planning and responding to the ever-changing business landscape including the anticipated challenges arising from technological innovations and the evolving and dynamic labour market conditions.

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Appendix 2-K
Employee Costs

	2012 Actuals	2013 Actuals	2014 Forecast	2015 Forecast	2016 Forecast
Number of Employees (FTEs including Temporary)[1]					
Management, including executive	131.1	126.4	131.0	137.5	137.5
Non-Union	43.1	48.8	51.6	47.7	47.7
Union	419.3	435.4	445.2	437.5	437.5
Total	593.5	610.6	627.8	622.7	622.7
Total Salary and Wages including overtime and incentive pay					
Management, including executive	$ 14,165,529	$ 14,222,153	$ 15,582,458	$ 15,241,053	$ 15,648,115
Non-Union	$ 3,365,144	$ 3,830,997	$ 4,080,266	$ 3,660,815	$ 3,868,504
Union	$ 31,839,026	$ 34,215,448	$ 35,569,909	$ 36,832,143	$ 38,242,411
Total	$ 49,369,699	$ 52,268,598	$ 55,232,633	$ 55,734,011	$ 57,759,030
Total Benefits (Current + Accrued)					
Management, including executive	$ 3,241,396	$ 3,414,421	$ 3,569,243	$ 3,745,892	$ 3,954,359
Non-Union	$ 779,896	$ 947,624	$ 893,708	$ 867,682	$ 925,815
Union	$ 7,514,751	$ 8,386,018	$ 8,393,653	$ 8,741,167	$ 9,305,079
Total	$ 11,536,043	$ 12,748,063	$ 12,856,605	$ 13,354,741	$ 14,185,253
Total Compensation (Salary, Wages, & Benefits)					
Management, including executive	$ 17,406,925	$ 17,636,573	$ 19,151,701	$ 18,986,945	$ 19,602,474
Non-Union	$ 4,145,040	$ 4,778,621	$ 4,973,974	$ 4,528,497	$ 4,794,319
Union	$ 39,353,778	$ 42,601,466	$ 43,963,563	$ 45,573,310	$ 47,547,490
Total	$ 60,905,742	$ 65,016,660	$ 68,089,238	$ 69,088,752	$ 71,944,283

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

MORNEAU SHEPELL

delivering integrative solutions

POST-RETIREMENT BENEFITS FOR EMPLOYEES OF HYDRO OTTAWA GROUP OF COMPANIES

ACTUARIAL VALUATION AS AT DECEMBER 31, 2014

Prepared in January 2014

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INTRODUCTION

PURPOSE

Hydro Ottawa Group of Companies ("Hydro Ottawa") retained the services of Morneau Shepell Ltd. to perform a valuation of post-retirement benefits as at December 31, 2014.

This report was prepared for Hydro Ottawa and its auditors in accordance with CICA 3461 for the following purposes:

- To determine the accrued benefit obligation as at December 31, 2014;
- To determine the benefit cost to be recognized in the financial statements for the fiscal year ending December 31, 2014;
- To determine the accrued benefit liability for post-retirement benefits as at December 31, 2014;
- To provide the information and the actuarial opinion required by Hydro Ottawa's auditors.

This report was also prepared for Hydro Ottawa and its auditors in accordance with IAS 19 for the following purposes:

- To determine as at January 1, 2014 the impact of the transition to IFRS and the 2014 expense (income) that will be used for comparative purposes;
- To provide an estimate of the 2015 expense (income).

The post-retirement benefits covered by this report are:

- Post-retirement life insurance program
- Retirement grant program

EVOLUTION OF THE ACCRUED BENEFIT OBLIGATION

The table below shows the evolution of the accrued benefit obligation from December 31, 2013 to December 31, 2014.

	Life Insurance $	Retirement Grant $
Accrued benefit obligation as at December 31, 2013	8,414,200	983,900
Interest cost	399,800	45,800
Service cost	154,000	44,000
Benefit payments	(463,200)	(107,300)
Actuarial loss (gain)	1,365,400	(67,600)
Accrued benefit obligation as at December 31, 2014	9,870,200	898,800

ACTUARIAL LOSSES (GAINS) BREAKDOWN

The table below shows the breakdown of the above actuarial gain and loss.

Actuarial Loss / (Gain)	Life Insurance $	Retirement Grant $
New membership data	400,300	(48,100)
New termination rates assumption	(118,100)	(57,200)
Updated mortality assumption	(5,300)	(3,700)
New administration fees for life insurance	(56,200)	—
New interest rate (from 4.8% to 4%)	1,144,700	41,400
Total Loss (Gain)	1,365,400	(67,600)

SECTION 1 – ACCOUNTING RESULTS UNDER CICA 3461

The following tables present the 2014 fiscal year benefit cost and the December 31, 2014 funded position and accrued benefit liability for reporting purposes under CICA 3461. Further details can be found in Appendix D.

INCOME STATEMENT ITEMS – 2014 BENEFIT COST

	Life Insurance $	Retirement Grant $
Current Service Cost	154,000	44,000
Interest Cost	399,800	45,800
Actuarial Loss (Gain)	1,365,400	(67,600)
Benefit Cost (Credit)	1,919,200	22,200

RECONCILIATION BETWEEN FUNDED POSITION AND BALANCE SHEET AS AT DECEMBER 31, 2014

	Life Insurance $	Retirement Grant $
Accrued Benefit Obligation ("ABO")	9,870,200	898,800
Assets	—	—
Funded Position	(9,870,200)	(898,800)
Unamortized Amounts:		
Transitional Obligation	—	—
Actuarial Losses (gains)	—	—
Past Service Costs	—	—
Accrued Benefit Liability (balance sheet item)	(9,870,200)	(898,800)

SECTION 2 – TRANSITION TO IAS 19

In February 2013, the AcSB decided to defer the mandatory IFRS changeover date for rate-regulated entities to January 1, 2015. It is our understanding that Hydro Ottawa has elected this extension and will be changing over to IFRS in 2015.

The following table compares results at transition date (i.e. January 1, 2014) under CICA 3461 and IAS19. They are presented in aggregate although our accounting calculations are performed by plan.

IMPACT OF TRANSITION TO IAS 19

	CICA 3461 Jan 1, 2014	IAS 19 Jan 1, 2014	Transition Impact
Accrued Benefit Obligation	9,398,100	9,398,100	—
Assets	—	—	—
Funded Position	(9,398,100)	(9,398,100)	—
Unamortized Amounts:			
Actuarial Losses (gains)	—	—	—
Past Service Costs	—	—	—
Accrued Benefit Liability	(9,398,100)	(9,398,100)	—
Pre-tax adjustment to retained earnings			—

Since there were no unamortized amounts as at January 1, 2014, the transition from CICA 3461 to IAS 19 has no impact.

The following table shows the 2014 benefit cost under IAS 19 for comparative purposes.

2014 BENEFIT COST UNDER IAS 19

	Life Insurance $	Retirement Grant $
Current Service Cost	154,000	44,000
Interest Cost	399,800	45,800
Expense recognized through P&L	553,800	89,800
Actuarial Loss (Gain) recognized through the OCI	1,365,400	(67,600)
Total Benefit Cost	1,919,200	22,200

The following table shows the 2015 estimated benefit cost under IAS 19.

2015 ESTIMATED BENEFIT COST UNDER IAS 19

	Life Insurance $	Retirement Grant $
Current Service Cost	181,500	41,300
Interest Cost	391,600	34,600
Expense recognized through P&L	573,100	75,900
Actuarial Loss (Gain) recognized through the OCI	—	—
Total Benefit Cost	573,100	75,900

SECTION 3 - ACTUARIAL OPINION

With respect to the Post-Retirement Benefits plan for Employees of Hydro Ottawa Group of Companies and its subsidiaries,

We certify, to the best of our knowledge, the following:

1) The Post-Retirement Benefits other than Pension for employees of Hydro Ottawa Group of Companies are defined benefits for purposes of CICA 3461 and IAS 19.
2) Our valuation and extrapolation were made in accordance with the standards of the Canadian Institute of Actuaries (CIA). The financial statement items resulting from our valuation and extrapolation thereof have been determined in accordance with our understanding of CICA 3461 and IAS 19. We are aware that Hydro Ottawa's auditors intend to take into account our work. Our actuarial valuation and extrapolation thereof were performed using best-estimate assumptions developed by Hydro Ottawa as provided for in the accounting standard. Since best-estimate assumptions were used, we understand that they do not include any margin for adverse deviations. The discount rate selected by Hydro Ottawa was determined based on Morneau Shepell's methodology which complies with the Educational Note published by the Canadian Institute of Actuaries in September 2011. We do not express any opinion on the assumptions. The main assumptions used are detailed in appendix A.
3) The projected unit credit method prorated on service was used for the accounting valuation and the determination of the expense (income). It was applied in a manner consistent with CICA 3461 and IAS 19.
4) We have confirmed with the plan administrator that the plans' provisions are up to date as at the date of our valuation report. We have compared the provisions with the previous actuarial valuation and have validated any amendment that occurred on the basis of the values produced on the membership data. We have not been informed of any event that has occurred thereafter and that would materially affect the results of the actuarial valuation, the extrapolation or the financial statements of the company.
5) We are members in good standing of the Canadian Institute of Actuaries (CIA). Among the signatories of this opinion, at least one actuary holds the title of Fellow. We have all the necessary qualifications to carry out the work required to prepare the results contained in this document.
6) We have been duly appointed by the plan sponsor to prepare the above actuarial details at December 31, 2014 in accordance with the standards of the Canadian Institute of Actuaries.
7) We have used a materiality of $100,000 for the accrued benefit obligation.

We hereby declare that, in our opinion:

- The data on which this valuation is based are sufficient and reliable for the purpose of the valuation;
- This report has been prepared and our opinion given in accordance with accepted actuarial practice in Canada;
- Emerging experience differing from the assumptions may result in gains or losses. These will be revealed in future actuarial valuations.

We are available, at your convenience, to provide you with any additional information that you may require.

Best regards,

Louis Bernatchez, FCIA
Partner

Philippe Grégoire, ACIA
Consultant

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APPENDIX A – ACTUARIAL ASSUMPTIONS AND METHODS

The following table summarizes the actuarial assumptions used for the valuations.

ACTUARIAL ASSUMPTIONS

	December 31, 2013		December 31, 2014	
Discount Rate	4.8%		4.0%	
Mortality	CPM2014 – Private Sector CPM improvement scale A (draft version)		CPM2014 – Private Sector CPM improvement scale B (final version)	
Termination of employment	Age		Age	
	20	10.0%	20	7.0%
	25	7.5%	25	5.0%
	30	5.0%	30	5.0%
	35	3.4%	35	5.0%
	40	2.4%	40	3.0%
	45	1.5%	45	2.0%
	50	0.0%	50	2.0%
	55	0.0%	55	0.0%
Retirement age	Upon attainment of Rule of 90; or		Upon attainment of Rule of 90; or	
	Completion of 30 years of service subject to a minimum of 55, and a maximum of 71		Completion of 30 years of service subject to a minimum of 55, and a maximum of 71	
Salary increases	3.10%		3.10%	
Expenses and taxes	17.95%		17.40%	
Age difference between spouses	Women are 3 years younger than men		Women are 3 years younger than men	

ACTUARIAL COST METHOD

For all active employees, the accrued benefit obligation and the current service cost were calculated using the "projected benefit method pro rated on service". According to this method, the accrued benefit obligation is equal to the actuarial present value of all future benefits (net of retiree cost sharing), taking into account the assumptions described above, multiplied by the ratio of an employee's service at the valuation date to total service at the full eligibility date.

The current service cost for a period for each member who has not reached the full eligibility date is equal to the actuarial present value of benefits attributed to the employee divided by the total service at full eligibility date.

For each member who is at or past the full eligibility date and each retiree, the accrued benefit obligation is determined as the actuarial present value of all future post-retirement benefits which will be paid on their behalf. The current service cost for members at or past the full eligibility date and for retirees is zero.

APPENDIX B – MEMBERSHIP DATA

The accrued benefit obligation as at December 31, 2014 is based on data supplied to us by Hydro Ottawa in December 2014.

We have performed tests to verify reasonableness and internal consistency and are satisfied that the data is sufficient and reliable for the purposes of this valuation.

Statistics on the data are shown in the tables below:

LIFE INSURANCE PROGRAM

Summary of Membership Data	December 2011	December 2014
Active Employees		
Number	623	639
Average age	44.3	43.8
Average service	14.1	13.9
Average salary	$77,200	$83,200

Retirees		
Number	304	336
Average age	70.9	71.2
Average insurance in force	$33,700	$33,600

RETIREMENT GRANT PROGRAM

Summary of Membership Data	December 2011	December 2014
Active Employees		
Number	423	425
Average age	43.1	42.4
Average service	14.9	14.5
Average salary	$67,800	$73,900

APPENDIX C – SUMMARY OF PLAN PROVISIONS

The following is a summary of the main provisions of post-retirement benefits for Hydro Ottawa. This summary is based on information provided by Hydro Ottawa.

Cost sharing	100% employer paid

Retired members	
Dependant coverage	None

Upon termination other than retirement or disability	No coverage

Upon retirement	
• With less than 10 years of service	Flat coverage of $2,000
• With more than 10 years of service, and	
– Hired before May 1, 1967	70% of the amount for which you were insured, prior to retirement.
– Hired after May 1, 1967 and	
> Elected coverage under Options 2, 3, or 4 at any time prior to retirement	50% of final annual earnings reducing by 2.5% at the end of each year following retirement for ten years, to a minimum of 25%
> Elected coverage under Option 1	50% of final annual earnings

Active members

Retirement Grant

Eligibility: If 25 years of service at retirement

- four week's pay or
- a retirement grant

The retirement grant is based on the employee's sick leave record and is calculated as follows;

The amount of the retirement grant is the years of service (to a maximum of 35 days) multiplied by the sick leave factor. Allowance will be made of exclude one three-month illness (sixty working days) from the calculation.

Average Sick Leave usage per year	Eligibility
4.0 days	100%
4.5 days	80%
5.0 days	60%
5.5 days	40%
6.0 days	20%
Over 6.0 days	0%

APPENDIX D – ACCOUNTING SCHEDULE – CICA 3461

Hydro Ottawa
Retirement Grant
CICA 3461

January 1st	2013	2014	2015 (estimate)
Basic information			
Defined benefit portion (DB)			
. Total accrued benefit obligation (before past service costs)	981 800	983 900	898 800
. Total past service costs (Beginning of year)	0	0	0
. Total accrued benefit obligation (after past service costs)	981 800	983 900	898 800
. Fair value of plan assets	0	0	0
. Plan surplus (deficit)	-981 800	-983 900	-898 800
. Current service cost (employer)			
- Life insurance	0	0	0
- Retirement gratuity	46 800	44 000	41 300
- Total	46 800	44 000	41 300
. Contributions by the company			
. Expected	147 900	147 700	151 000
. Actual	21 300	107 300	151 000
. Average remaining service period			
- past service costs amortization	15,3	15,3	15,8
. Benefit Payments			
- Total expected	147 900	147 700	151 000
- Total actual	21 300	107 300	151 000
Significant assumptions			
. Benefit cost (current year)			
- Discount rate	3,80%	4,80%	4,00%
- Rate of salary escalation	3,10%	3,10%	3,10%
I- Interest cost on accrued benefit obligation			
. Accrued benefit obligation	981 800	983 900	898 800
. Current service cost	46 800	44 000	41 300
. Past service costs	0	0	0
. Benefit payments (mid-year)	-74 000	-73 900	-75 500
. Average expected value of accrued benefit obligation	954 600	954 000	864 600
. Interest cost on accrued benefit obligation	36 300	45 800	34 600
II- Actuarial gain (loss) on accrued benefit obligation			
. Accrued benefit obligation	981 800	983 900	898 800
. Current service cost	46 800	44 000	41 300
. Past service costs	0	0	0
. Interest cost on accrued benefit obligation	36 300	45 800	34 600
. Benefit payments	-21 300	-107 300	-151 000
. Expected value of accrued benefit obligation	1 043 600	966 400	823 700
. Actual value of accrued benefit obligation	983 900	898 800	823 700
. Experience gain (loss)	59 700	67 600	0

Hydro Ottawa
Retirement Grant
CICA 3461

January 1st	2013	2014	2015 (estimate)
III- Determination of benefit cost			
. Current service cost	46 800	44 000	41 300
. Interest cost on accrued benefit obligation	36 300	45 800	34 600
. Actuarial loss (gain) on obligation	-59 700	-67 600	0
. Past service costs	0	0	0
. Benefit cost	23 400	22 200	75 900
IV- Accrued benefit liability (asset)			
. Opening balance	981 800	983 900	898 800
. Benefit cost for the year	23 400	22 200	75 900
. Contributions by the company	-21 300	-107 300	-151 000
. Closing Balance	983 900	898 800	823 700

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2013	2014	2015 (estimate)
. Opening balance	981 800	983 900	898 800
. Current service cost	46 800	44 000	41 300
. Interest cost on accrued benefit obligation	36 300	45 800	34 600
. Benefit payments	-21 300	-107 300	-151 000
. Past service costs	0	0	0
. Actuarial loss (gain)	-59 700	-67 600	0
. Special event	0	0	0
. Closing balance	983 900	898 800	823 700

Reconciliation of accrued benefit obligation
to accrued benefit asset (liability) at end of year

	2013	2014	2015 (estimate)
. Plan assets at fair value	0	0	0
. Accrued benefit obligation	983 900	898 800	823 700
. Plan surplus (deficit)	-983 900	-898 800	-823 700
. Unamortized transitional obligation (asset)	0	0	0
. Unamortized past service costs	0	0	0
. Unamortized net actuarial loss (gain)	0	0	0
. Accrued benefit asset (liability)	-983 900	-898 800	-823 700

Assumptions

	2013	2014	2015 (estimate)
. Benefit cost (current year)			
- discount rate	3,80%	4,80%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%
. Accrued benefit obligation (end of year)			
- discount rate	4,80%	4,00%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%

Hydro Ottawa
Energy - Post Retirement Life
CICA 3461

January 1st	2013	2014	2015 (estimate)
Basic information			
Defined benefit portion (DB)			
. Total accrued benefit obligation (before past service costs)	71 200	58 700	95 600
. Total past service costs (Beginning of year)	0	0	0
. Total accrued benefit obligation (after past service costs)	71 200	58 700	95 600
. Fair value of plan assets	0	0	0
. Plan surplus (deficit)	-71 200	-58 700	-95 600
. Current service cost (employer)			
- Life insurance	3 700	2 700	3 700
- Retirement gratuity	0	0	0
- Total	3 700	2 700	3 700
. Contributions by the company			
. Expected	1 100	900	1 900
. Actual	0	0	1 900
. Average remaining service period			
- past service costs amortization	16,8	16,8	18,0
. Benefit Payments			
- Total expected	1 100	900	1 900
- Total actual	0	0	1 900
Significant assumptions			
. Benefit cost (current year)			
- Discount rate	3,80%	4,80%	4,00%
- Rate of salary escalation	3,10%	3,10%	3,10%
I- Interest cost on accrued benefit obligation			
. Accrued benefit obligation	71 200	58 700	95 600
. Current service cost	3 700	2 700	3 700
. Past service costs	0	0	0
. Benefit payments (mid-year)	-600	-500	-1 000
. Average expected value of accrued benefit obligation	74 300	60 900	98 300
. Interest cost on accrued benefit obligation	2 800	2 900	3 900
II- Actuarial gain (loss) on accrued benefit obligation			
. Accrued benefit obligation	71 200	58 700	95 600
. Current service cost	3 700	2 700	3 700
. Past service costs	0	0	0
. Interest cost on accrued benefit obligation	2 800	2 900	3 900
. Benefit payments	0	0	-1 900
. Expected value of accrued benefit obligation	77 700	64 300	101 300
. Actual value of accrued benefit obligation	58 700	95 600	101 300
. Experience gain (loss)	19 000	-31 300	0

Hydro Ottawa
Energy - Post Retirement Life
CICA 3461

January 1st	2013	2014	2015 (estimate)
III- Determination of benefit cost			
. Current service cost	3 700	2 700	3 700
. Interest cost on accrued benefit obligation	2 800	2 900	3 900
. Actuarial loss (gain) on obligation	-19 000	31 300	0
. Past service costs	0	0	0
. Benefit cost	-12 500	36 900	7 600
IV- Accrued benefit liability (asset)			
. Opening balance	71 200	58 700	95 600
. Benefit cost for the year	-12 500	36 900	7 600
. Contributions by the company	0	0	-1 900
. Closing Balance	58 700	95 600	101 300

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2013	2014	2015 (estimate)
. Opening balance	71 200	58 700	95 600
. Current service cost	3 700	2 700	3 700
. Interest cost on accrued benefit obligation	2 800	2 900	3 900
. Benefit payments	0	0	-1 900
. Past service costs	0	0	0
. Actuarial loss (gain)	-19 000	31 300	0
. Special event	0	0	0
. Closing balance	58 700	95 600	101 300

Reconciliation of accrued benefit obligation
to accrued benefit asset (liability) at end of year

	2013	2014	2015 (estimate)
. Plan assets at fair value	0	0	0
. Accrued benefit obligation	58 700	95 600	101 300
. Plan surplus (deficit)	-58 700	-95 600	-101 300
. Unamortized transitional obligation (asset)	0	0	0
. Unamortized past service costs	0	0	0
. Unamortized net actuarial loss (gain)	0	0	0
. Accrued benefit asset (liability)	-58 700	-95 600	-101 300

Assumptions

	2013	2014	2015 (estimate)
. Benefit cost (current year)			
- discount rate	3,80%	4,80%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%
. Accrued benefit obligation (end of year)			
- discount rate	4,80%	4,00%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%

Hydro Ottawa
Hold Co. - Post Retirement Life
CICA 3461

January 1st	2013	2014	2015 (estimate)
Basic information			
Defined benefit portion (DB)			
. Total accrued benefit obligation (before past service costs)	202 300	185 100	170 000
. Total past service costs (Beginning of year)	0	0	0
. Total accrued benefit obligation (after past service costs)	202 300	185 100	170 000
. Fair value of plan assets	0	0	0
. Plan surplus (deficit)	-202 300	-185 100	-170 000
. Current service cost (employer)			
- Life insurance	39 000	29 900	23 700
- Retirement gratuity	0	0	
- Total	39 000	29 900	23 700
. Contributions by the company			
. Expected	0	0	0
. Actual	0	0	0
. Average remaining service period			
- past service costs amortization	17,6	17,6	14,5
. Benefit Payments			
- Total expected	0	0	0
- Total actual	0	0	0
Significant assumptions			
. Benefit cost (current year)			
- Discount rate	3,80%	4,80%	4,00%
- Rate of salary escalation	3,10%	3,10%	3,10%
I- Interest cost on accrued benefit obligation			
. Accrued benefit obligation	202 300	185 100	170 000
. Current service cost	39 000	29 900	23 700
. Past service costs	0	0	0
. Benefit payments (mid-year)	0	0	0
. Average expected value of accrued benefit obligation	241 300	215 000	193 700
. Interest cost on accrued benefit obligation	9 200	10 300	7 700
II- Actuarial gain (loss) on accrued benefit obligation			
. Accrued benefit obligation	202 300	185 100	170 000
. Current service cost	39 000	29 900	23 700
. Past service costs	0	0	0
. Interest cost on accrued benefit obligation	9 200	10 300	7 700
. Benefit payments	0	0	0
. Expected value of accrued benefit obligation	250 500	225 300	201 400
. Actual value of accrued benefit obligation	185 100	170 000	201 400
. Experience gain (loss)	65 400	55 300	0

Hydro Ottawa
Hold Co. - Post Retirement Life
CICA 3461

January 1st	2013	2014	2015 (estimate)
III- Determination of benefit cost			
. Current service cost	39 000	29 900	23 700
. Interest cost on accrued benefit obligation	9 200	10 300	7 700
. Actuarial loss (gain) on obligation	-65 400	-55 300	0
. Past service costs	0	0	0
. Benefit cost	-17 200	-15 100	31 400
IV- Accrued benefit liability (asset)			
. Opening balance	202 300	185 100	170 000
. Benefit cost for the year	-17 200	-15 100	31 400
. Contributions by the company	0	0	0
. Closing Balance	185 100	170 000	201 400

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2013	2014	2015
. Opening balance	202 300	185 100	170 000
. Current service cost	39 000	29 900	23 700
. Interest cost on accrued benefit obligation	9 200	10 300	7 700
. Benefit payments	0	0	0
. Past service costs	0	0	0
. Actuarial loss (gain)	-65 400	-55 300	0
. Special event	0	0	0
. Closing balance	185 100	170 000	201 400

Reconciliation of accrued benefit obligation
to accrued benefit asset (liability) at end of year

	2013	2014	2015
. Plan assets at fair value	0	0	0
. Accrued benefit obligation	185 100	170 000	201 400
. Plan surplus (deficit)	-185 100	-170 000	-201 400
. Unamortized transitional obligation (asset)	0	0	0
. Unamortized past service costs	0	0	0
. Unamortized net actuarial loss (gain)	0	0	0
. Accrued benefit asset (liability)	-185 100	-170 000	-201 400

Assumptions

	2013	2014	2015
. Benefit cost (current year)			
- discount rate	3,80%	4,80%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%
. Accrued benefit obligation (end of year)			
- discount rate	4,80%	4,00%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%

Hydro Ottawa
LDC - Post Retirement Life
CICA 3461

January 1st	2013	2014	2015 (estimate)
Basic information			
Defined benefit portion (DB)			
. Total accrued benefit obligation (before past service costs)	9 871 900	8 170 400	9 604 600
. Total past service costs (Beginning of year)	0	0	0
. Total accrued benefit obligation (after past service costs)	9 871 900	8 170 400	9 604 600
. Fair value of plan assets	0	0	0
. Plan surplus (deficit)	-9 871 900	-8 170 400	-9 604 600
. Current service cost (employer)			
- Life insurance	167 800	121 400	154 100
- Retirement gratuity	0	0	
- Total	167 800	121 400	154 100
. Contributions by the company			
. Expected	518 700	473 400	516 000
. Actual	433 600	463 200	516 000
. Average remaining service period			
- past service costs amortization	13,7	13,7	13,4
. Benefit Payments			
- Total expected	518 700	473 400	516 000
- Total actual	433 600	463 200	516 000
Significant assumptions			
. Benefit cost (current year)			
- Discount rate	3,80%	4,80%	4,00%
- Rate of salary escalation	3,10%	3,10%	3,10%
I- Interest cost on accrued benefit obligation			
. Accrued benefit obligation	9 871 900	8 170 400	9 604 600
. Current service cost	167 800	121 400	154 100
. Past service costs	0	0	0
. Benefit payments (mid-year)	-259 400	-236 700	-258 000
. Average expected value of accrued benefit obligation	9 780 300	8 055 100	9 500 700
. Interest cost on accrued benefit obligation	371 700	386 600	380 000
II- Actuarial gain (loss) on accrued benefit obligation			
. Accrued benefit obligation	9 871 900	8 170 400	9 604 600
. Current service cost	167 800	121 400	154 100
. Past service costs	0	0	0
. Interest cost on accrued benefit obligation	371 700	386 600	380 000
. Benefit payments	-433 600	-463 200	-516 000
. Expected value of accrued benefit obligation	9 977 800	8 215 200	9 622 700
. Actual value of accrued benefit obligation	8 170 400	9 604 600	9 622 700
. Experience gain (loss)	1 807 400	-1 389 400	0

Hydro Ottawa
LDC - Post Retirement Life
CICA 3461

January 1st	2013	2014	2015 (estimate)
III- Determination of benefit cost			
. Current service cost	167 800	121 400	154 100
. Interest cost on accrued benefit obligation	371 700	386 600	380 000
. Actuarial loss (gain) on obligation	-1 807 400	1 389 400	0
. Past service costs	0	0	0
. Benefit cost	-1 267 900	1 897 400	534 100
IV- Accrued benefit liability (asset)			
. Opening balance	9 871 900	8 170 400	9 604 600
. Benefit cost for the year	-1 267 900	1 897 400	534 100
. Contributions by the company	-433 600	-463 200	-516 000
. Closing Balance	8 170 400	9 604 600	9 622 700
ADDITIONAL DISCLOSURE ITEMS REQUIRED			
Reconciliation of Accrued Benefit Obligation			
. Opening balance	9 871 900	8 170 400	9 604 600
. Current service cost	167 800	121 400	154 100
. Interest cost on accrued benefit obligation	371 700	386 600	380 000
. Benefit payments	-433 600	-463 200	-516 000
. Past service costs	0	0	0
. Actuarial loss (gain)	-1 807 400	1 389 400	0
. Special event	0	0	0
. Closing balance	8 170 400	9 604 600	9 622 700
Reconciliation of accrued benefit obligation to accrued benefit asset (liability) at end of year			
. Plan assets at fair value	0	0	0
. Accrued benefit obligation	8 170 400	9 604 600	9 622 700
. Plan surplus (deficit)	-8 170 400	-9 604 600	-9 622 700
. Unamortized transitional obligation (asset)	0	0	0
. Unamortized past service costs	0	0	0
. Unamortized net actuarial loss (gain)	0	0	0
. Accrued benefit asset (liability)	-8 170 400	-9 604 600	-9 622 700
Assumptions			
. Benefit cost (current year)			
- discount rate	3,80%	4,80%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%
. Accrued benefit obligation (end of year)			
- discount rate	4,80%	4,00%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%

Hydro Ottawa
Total - Post Retirement Life
CICA 3461

January 1st	2013	2014	2015 (estimate)
Basic information			
Defined benefit portion (DB)			
. Total accrued benefit obligation (before past service costs)	10 145 400	8 414 200	9 870 200
. Total past service costs (Beginning of year)	0	0	0
. Total accrued benefit obligation (after past service costs)	10 145 400	8 414 200	9 870 200
. Fair value of plan assets	0	0	0
. Plan surplus (deficit)	-10 145 400	-8 414 200	-9 870 200
. Current service cost (employer)			
- Life insurance	210 500	154 000	181 500
- Retirement gratuity	0	0	0
- Total	210 500	154 000	181 500
. Contributions by the company			
. Expected	519 800	474 300	517 900
. Actual	433 600	463 200	517 900
. Average remaining service period			
- past service costs amortization	14,0	14,0	13,5
. Benefit Payments			
- Total expected	519 800	474 300	517 900
- Total actual	433 600	463 200	517 900
Significant assumptions			
. Benefit cost (current year)			
- Discount rate	3,80%	4,80%	4,00%
- Rate of salary escalation	3,10%	3,10%	3,10%
I- Interest cost on accrued benefit obligation			
. Accrued benefit obligation	10 145 400	8 414 200	9 870 200
. Current service cost	210 500	154 000	181 500
. Past service costs	0	0	0
. Benefit payments (mid-year)	-259 900	-237 200	-259 000
. Average expected value of accrued benefit obligation	10 096 000	8 331 000	9 792 700
. Interest cost on accrued benefit obligation	383 700	399 800	391 600
II- Actuarial gain (loss) on accrued benefit obligation			
. Accrued benefit obligation	10 145 400	8 414 200	9 870 200
. Current service cost	210 500	154 000	181 500
. Past service costs	0	0	0
. Interest cost on accrued benefit obligation	383 700	399 800	391 600
. Benefit payments	-433 600	-463 200	-517 900
. Expected value of accrued benefit obligation	10 306 000	8 504 800	9 925 400
. Actual value of accrued benefit obligation	8 414 200	9 870 200	9 925 400
. Experience gain (loss)	1 891 800	-1 365 400	0

Hydro Ottawa
Total - Post Retirement Life
CICA 3461

January 1st	2013	2014	2015 (estimate)
III- Determination of benefit cost			
. Current service cost	210 500	154 000	181 500
. Interest cost on accrued benefit obligation	383 700	399 800	391 600
. Actuarial loss (gain) on obligation	-1 891 800	1 365 400	0
. Past service costs	0	0	0
. Benefit cost	-1 297 600	1 919 200	573 100
IV- Accrued benefit liability (asset)			
. Opening balance	10 145 400	8 414 200	9 870 200
. Benefit cost for the year	-1 297 600	1 919 200	573 100
. Contributions by the company	-433 600	-463 200	-517 900
. Closing Balance	8 414 200	9 870 200	9 925 400

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2013	2014	2015 (estimate)
. Opening balance	10 145 400	8 414 200	9 870 200
. Current service cost	210 500	154 000	181 500
. Interest cost on accrued benefit obligation	383 700	399 800	391 600
. Benefit payments	-433 600	-463 200	-517 900
. Past service costs	0	0	0
. Actuarial loss (gain)	-1 891 800	1 365 400	0
. Special event	0	0	0
. Closing balance	8 414 200	9 870 200	9 925 400

Reconciliation of accrued benefit obligation
to accrued benefit asset (liability) at end of year

	2013	2014	2015 (estimate)
. Plan assets at fair value	0	0	0
. Accrued benefit obligation	8 414 200	9 870 200	9 925 400
. Plan surplus (deficit)	-8 414 200	-9 870 200	-9 925 400
. Unamortized transitional obligation (asset)	0	0	0
. Unamortized past service costs	0	0	0
. Unamortized net actuarial loss (gain)	0	0	0
. Accrued benefit asset (liability)	-8 414 200	-9 870 200	-9 925 400

Assumptions

	2013	2014	2015 (estimate)
. Benefit cost (current year)			
- discount rate	3,80%	4,80%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%
. Accrued benefit obligation (end of year)			
- discount rate	4,80%	4,00%	4,00%
- rate of salary escalation	3,10%	3,10%	3,10%

APPENDIX E – ACCOUNTING SCHEDULE – IAS 19

Hydro Ottawa
Retirement Grant
IAS 19

January 1st	2014	2015 (estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
Basic information		
Defined benefit portion (DB)		
. Accrued benefit obligation (before past service costs)	983 900	898 800
. Past service costs (Beginning of year)	0	0
. Total accrued benefit obligation (after past service costs)	983 900	898 800
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-983 900	-898 800
. Current service cost (employer)	44 000	41 300
. Expected Benefit Payments	147 700	151 000
. Actual Benefit Payments	107 300	151 000
Significant assumptions		
. Benefit cost (current year)		
. Discount rate	4,80%	4,00%
I- Interest cost on accrued benefit obligation		
. Accrued benefit obligation	983 900	898 800
. Current service cost and employee contributions	44 000	41 300
. Past service costs	0	0
. Expected Benefit payments (mid-year)	-73 900	-75 500
. Average expected value of accrued benefit obligation	954 000	864 600
. Interest cost on accrued benefit obligation	45 800	34 600
II- Actuarial gain (loss) on accrued benefit obligation		
. Accrued benefit obligation	983 900	898 800
. Current service cost and employee contributions	44 000	41 300
. Past service costs	0	0
. Interest cost on accrued benefit obligation	45 800	34 600
. Actual Benefit payments	-107 300	-151 000
. Expected value of accrued benefit obligation	966 400	823 700
. Actual value of accrued benefit obligation	898 800	823 700
. Experience gain (loss)	67 600	0

Hydro Ottawa
Retirement Grant
IAS 19

January 1st	2014	2015 (estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
III- Expense (income)		
. Current service cost	44 000	41 300
. Past service cost (including curtailment)	0	0
. Service cost	**44 000**	**41 300**
. Interest cost on the accrued benefit obligation	45 800	34 600
. Net interest on the net accrued benefit liability (asset)	**45 800**	**34 600**
. Expense (income) recognized in profit or loss	**89 800**	**75 900**
IV- Remeasurements of the net defined benefit liability (asset)		
. Actuarial loss (gain) on the accrued benefit obligation	-67 600	0
. Loss (gain) recognized in other comprehensive income	**-67 600**	**0**
V- Components of the defined benefit cost		
. Service cost	44 000	41 300
. Net interest on the net accured benefit liability (asset)	45 800	34 600
. Remeasurements of the net accrued benefit liability (asset)	-67 600	0
. Accrued benefit cost	22 200	75 900
VI- Net defined benefit asset (liability) recognized in the statement of financial position		
. Present value of the accrued benefit obligation	898 800	823 700
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-898 800	-823 700
. Net accrued benefit asset (liability)	-898 800	-823 700
VII- Net defined benefit asset (liability) reconciliation		
. Opening balance	-983 900	-898 800
. (Expense) income for the reporting period	-89 800	-75 900
. (Loss) gain recognized in other comprehensive income	67 600	0
. Contributions by the company	107 300	151 000
. Closing Balance	-898 800	-823 700

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2014	2015
. Opening balance	983 900	898 800
. Current service cost	44 000	41 300
. Interest cost on accrued benefit obligation	45 800	34 600
. Actual Benefit payments	-107 300	-151 000
. Past service costs	0	0
. Actuarial loss (gain) arising from plan experience	-48 100	0
. Actuarial loss (gain) arising from changes in demographic assumptions	-60 900	0
. Actuarial loss (gain) arising from changes in financial assumptions	41 400	0
. Curtailment gain	0	0
. Closing balance	898 800	823 700

Assumptions

	2014	2015
. Accrued benefit obligation (end of year)		
- discount rate	4,00%	4,00%

Hydro Ottawa
Energy - Post Retirement Life
IAS 19

January 1st	2014	2015 (estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
Basic information		
Defined benefit portion (DB)		
. Accrued benefit obligation (before past service costs)	58 700	95 600
. Past service costs (Beginning of year)	0	0
. Total accrued benefit obligation (after past service costs)	58 700	95 600
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-58 700	-95 600
. Current service cost (employer)	2 700	3 700
. Expected Benefit Payments	900	1 900
. Actual Benefit Payments	0	1 900
Significant assumptions		
. Benefit cost (current year)		
. Discount rate	4,80%	4,00%
I- Interest cost on accrued benefit obligation		
. Accrued benefit obligation	58 700	95 600
. Current service cost and employee contributions	2 700	3 700
. Past service costs	0	0
. Expected Benefit payments (mid-year)	-500	-1 000
. Average expected value of accrued benefit obligation	60 900	98 300
. Interest cost on accrued benefit obligation	2 900	3 900
II- Actuarial gain (loss) on accrued benefit obligation		
. Accrued benefit obligation	58 700	95 600
. Current service cost and employee contributions	2 700	3 700
. Past service costs	0	0
. Interest cost on accrued benefit obligation	2 900	3 900
. Actual Benefit payments	0	-1 900
. Expected value of accrued benefit obligation	64 300	101 300
. Actual value of accrued benefit obligation	95 600	101 300
. Experience gain (loss)	-31 300	0

Hydro Ottawa
Energy - Post Retirement Life
IAS 19

January 1st		**2014**	**2015**
			(estimate)
		2014-01-01	2015-01-01
		2014-12-31	2015-12-31
III-	Expense (income)		
	. Current service cost	2 700	3 700
	. Past service cost (including curtailment)	0	0
	. Service cost	**2 700**	**3 700**
	. Interest cost on the accrued benefit obligation	2 900	3 900
	. Net interest on the net accrued benefit liability (asset)	**2 900**	**3 900**
	. Expense (income) recognized in profit or loss	**5 600**	**7 600**
IV-	Remeasurements of the net defined benefit liability (asset)		
	. Actuarial loss (gain) on the accrued benefit obligation	31 300	0
	. Loss (gain) recognized in other comprehensive income	**31 300**	**0**
V-	Components of the defined benefit cost		
	. Service cost	2 700	3 700
	. Net interest on the net accured benefit liability (asset)	2 900	3 900
	. Remeasurements of the net accrued benefit liability (asset)	31 300	0
	. Accrued benefit cost	36 900	7 600
VI-	Net defined benefit asset (liability) recognized in the statement of financial position		
	. Present value of the accrued benefit obligation	95 600	101 300
	. Fair value of plan assets	0	0
	. Plan surplus (deficit)	-95 600	-101 300
	. Net accrued benefit asset (liability)	-95 600	-101 300
VII-	Net defined benefit asset (liability) reconciliation		
	. Opening balance	-58 700	-95 600
	. (Expense) income for the reporting period	-5 600	-7 600
	. (Loss) gain recognized in other comprehensive income	-31 300	0
	. Contributions by the company	0	1 900
	. Closing Balance	-95 600	-101 300

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2014	2015
. Opening balance	58 700	95 600
. Current service cost	2 700	3 700
. Interest cost on accrued benefit obligation	2 900	3 900
. Actual Benefit payments	0	-1 900
. Past service costs	0	0
. Actuarial loss (gain) arising from plan experience	18 700	0
. Actuarial loss (gain) arising from changes in demographic assumptions	-3 000	0
. Actuarial loss (gain) arising from changes in financial assumptions	15 600	0
. Curtailment gain	0	0
. Closing balance	95 600	101 300

Assumptions

	2014	2015
. Accrued benefit obligation (end of year)		
- discount rate	4,00%	4,00%

Hydro Ottawa
Hold Co. - Post Retirement Life
IAS 19

January 1st	2014	2015 (estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
Basic information		
Defined benefit portion (DB)		
. Accrued benefit obligation (before past service costs)	185 100	170 000
. Past service costs (Beginning of year)	0	0
. Total accrued benefit obligation (after past service costs)	185 100	170 000
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-185 100	-170 000
. Current service cost (employer)	29 900	23 700
. Expected Benefit Payments	0	0
. Actual Benefit Payments	0	0
Significant assumptions		
. Benefit cost (current year)		
. Discount rate	4,80%	4,00%
I- Interest cost on accrued benefit obligation		
. Accrued benefit obligation	185 100	170 000
. Current service cost and employee contributions	29 900	23 700
. Past service costs	0	0
. Expected Benefit payments (mid-year)	0	0
. Average expected value of accrued benefit obligation	215 000	193 700
. Interest cost on accrued benefit obligation	10 300	7 700
II- Actuarial gain (loss) on accrued benefit obligation		
. Accrued benefit obligation	185 100	170 000
. Current service cost and employee contributions	29 900	23 700
. Past service costs	0	0
. Interest cost on accrued benefit obligation	10 300	7 700
. Actual Benefit payments	0	0
. Expected value of accrued benefit obligation	225 300	201 400
. Actual value of accrued benefit obligation	170 000	201 400
. Experience gain (loss)	55 300	0

Hydro Ottawa
Hold Co. - Post Retirement Life
IAS 19

January 1st	2014	2015
		(estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
III- Expense (income)		
. Current service cost	29 900	23 700
. Past service cost (including curtailment)	0	0
. Service cost	**29 900**	**23 700**
. Interest cost on the accrued benefit obligation	10 300	7 700
. Net interest on the net accrued benefit liability (asset)	**10 300**	**7 700**
. Expense (income) recognized in profit or loss	**40 200**	**31 400**
IV- Remeasurements of the net defined benefit liability (asset)		
. Actuarial loss (gain) on the accrued benefit obligation	-55 300	0
. Loss (gain) recognized in other comprehensive income	**-55 300**	**0**
V- Components of the defined benefit cost		
. Service cost	29 900	23 700
. Net interest on the net accured benefit liability (asset)	10 300	7 700
. Remeasurements of the net accrued benefit liability (asset)	-55 300	0
. Accrued benefit cost	-15 100	31 400
VI- Net defined benefit asset (liability) recognized in the statement of financial position		
. Present value of the accrued benefit obligation	170 000	201 400
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-170 000	-201 400
. Net accrued benefit asset (liability)	-170 000	-201 400
VII- Net defined benefit asset (liability) reconciliation		
. Opening balance	-185 100	-170 000
. (Expense) income for the reporting period	-40 200	-31 400
. (Loss) gain recognized in other comprehensive income	55 300	0
. Contributions by the company	0	0
. Closing Balance	-170 000	-201 400

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2014	2015
. Opening balance	185 100	170 000
. Current service cost	29 900	23 700
. Interest cost on accrued benefit obligation	10 300	7 700
. Actual Benefit payments	0	0
. Past service costs	0	0
. Actuarial loss (gain) arising from plan experience	-80 400	0
. Actuarial loss (gain) arising from changes in demographic assumptions	-6 000	0
. Actuarial loss (gain) arising from changes in financial assumptions	31 100	0
. Curtailment gain	0	0
. Closing balance	170 000	201 400

Assumptions

	2014	2015
. Accrued benefit obligation (end of year)		
- discount rate	4,00%	4,00%

Hydro Ottawa
LDC - Post Retirement Life
IAS 19

January 1st	2014	2015 (estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
Basic information		
Defined benefit portion (DB)		
. Accrued benefit obligation (before past service costs)	8 170 400	9 604 600
. Past service costs (Beginning of year)	0	0
. Total accrued benefit obligation (after past service costs)	8 170 400	9 604 600
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-8 170 400	-9 604 600
. Current service cost (employer)	121 400	154 100
. Expected Benefit Payments	473 400	516 000
. Actual Benefit Payments	463 200	516 000
Significant assumptions		
. Benefit cost (current year)		
. Discount rate	4,80%	4,00%
I- Interest cost on accrued benefit obligation		
. Accrued benefit obligation	8 170 400	9 604 600
. Current service cost and employee contributions	121 400	154 100
. Past service costs	0	0
. Expected Benefit payments (mid-year)	-236 700	-258 000
. Average expected value of accrued benefit obligation	8 055 100	9 500 700
. Interest cost on accrued benefit obligation	386 600	380 000
II- Actuarial gain (loss) on accrued benefit obligation		
. Accrued benefit obligation	8 170 400	9 604 600
. Current service cost and employee contributions	121 400	154 100
. Past service costs	0	0
. Interest cost on accrued benefit obligation	386 600	380 000
. Actual Benefit payments	-463 200	-516 000
. Expected value of accrued benefit obligation	8 215 200	9 622 700
. Actual value of accrued benefit obligation	9 604 600	9 622 700
. Experience gain (loss)	-1 389 400	0

Hydro Ottawa
LDC - Post Retirement Life
IAS 19

January 1st	2014	2015
		(estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
III- Expense (income)		
. Current service cost	121 400	154 100
. Past service cost (including curtailment)	0	0
. Service cost	**121 400**	**154 100**
. Interest cost on the accrued benefit obligation	386 600	380 000
. Net interest on the net accrued benefit liability (asset)	**386 600**	**380 000**
. Expense (income) recognized in profit or loss	**508 000**	**534 100**
IV- Remeasurements of the net defined benefit liability (asset)		
. Actuarial loss (gain) on the accrued benefit obligation	1 389 400	0
. Loss (gain) recognized in other comprehensive income	**1 389 400**	**0**
V- Components of the defined benefit cost		
. Service cost	121 400	154 100
. Net interest on the net accured benefit liability (asset)	386 600	380 000
. Remeasurements of the net accrued benefit liability (asset)	1 389 400	0
. Accrued benefit cost	1 897 400	534 100
VI- Net defined benefit asset (liability) recognized in the statement of financial position		
. Present value of the accrued benefit obligation	9 604 600	9 622 700
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-9 604 600	-9 622 700
. Net accrued benefit asset (liability)	-9 604 600	-9 622 700
VII- Net defined benefit asset (liability) reconciliation		
. Opening balance	-8 170 400	-9 604 600
. (Expense) income for the reporting period	-508 000	-534 100
. (Loss) gain recognized in other comprehensive income	-1 389 400	0
. Contributions by the company	463 200	516 000
. Closing Balance	-9 604 600	-9 622 700

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2014	2015
. Opening balance	8 170 400	9 604 600
. Current service cost	121 400	154 100
. Interest cost on accrued benefit obligation	386 600	380 000
. Actual Benefit payments	-463 200	-516 000
. Past service costs	0	0
. Actuarial loss (gain) arising from plan experience	462 000	0
. Actuarial loss (gain) arising from changes in demographic assumptions	-114 400	0
. Actuarial loss (gain) arising from changes in financial assumptions	1 041 800	0
. Curtailment gain	0	0
. Closing balance	9 604 600	9 622 700

Assumptions

	2014	2015
. Accrued benefit obligation (end of year)		
- discount rate	4,00%	4,00%

Hydro Ottawa
Total - Post Retirement Life
IAS 19

January 1st	2014	2015 (estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
Basic information		
Defined benefit portion (DB)		
. Accrued benefit obligation (before past service costs)	8 414 200	9 870 200
. Past service costs (Beginning of year)	0	0
. Total accrued benefit obligation (after past service costs)	8 414 200	9 870 200
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-8 414 200	-9 870 200
. Current service cost (employer)	154 000	181 500
. Expected Benefit Payments	474 300	517 900
. Actual Benefit Payments	463 200	517 900
Significant assumptions		
. Benefit cost (current year)		
. Discount rate	4,80%	4,00%
I- Interest cost on accrued benefit obligation		
. Accrued benefit obligation	8 414 200	9 870 200
. Current service cost and employee contributions	154 000	181 500
. Past service costs	0	0
. Expected Benefit payments (mid-year)	-237 200	-259 000
. Average expected value of accrued benefit obligation	8 331 000	9 792 700
. Interest cost on accrued benefit obligation	399 800	391 600
II- Actuarial gain (loss) on accrued benefit obligation		
. Accrued benefit obligation	8 414 200	9 870 200
. Current service cost and employee contributions	154 000	181 500
. Past service costs	0	0
. Interest cost on accrued benefit obligation	399 800	391 600
. Actual Benefit payments	-463 200	-517 900
. Expected value of accrued benefit obligation	8 504 800	9 925 400
. Actual value of accrued benefit obligation	9 870 200	9 925 400
. Experience gain (loss)	-1 365 400	0

Hydro Ottawa
Total - Post Retirement Life
IAS 19

January 1st	2014	2015
		(estimate)
	2014-01-01	2015-01-01
	2014-12-31	2015-12-31
III- Expense (income)		
. Current service cost	154 000	181 500
. Past service cost (including curtailment)	0	0
. Service cost	**154 000**	**181 500**
. Interest cost on the accrued benefit obligation	399 800	391 600
. Net interest on the net accrued benefit liability (asset)	**399 800**	**391 600**
. Expense (income) recognized in profit or loss	**553 800**	**573 100**
IV- Remeasurements of the net defined benefit liability (asset)		
. Actuarial loss (gain) on the accrued benefit obligation	1 365 400	0
. Loss (gain) recognized in other comprehensive income	**1 365 400**	**0**
V- Components of the defined benefit cost		
. Service cost	154 000	181 500
. Net interest on the net accured benefit liability (asset)	399 800	391 600
. Remeasurements of the net accrued benefit liability (asset)	1 365 400	0
. Accrued benefit cost	1 919 200	573 100
VI- Net defined benefit asset (liability) recognized in the statement of financial position		
. Present value of the accrued benefit obligation	9 870 200	9 925 400
. Fair value of plan assets	0	0
. Plan surplus (deficit)	-9 870 200	-9 925 400
. Net accrued benefit asset (liability)	-9 870 200	-9 925 400
VII- Net defined benefit asset (liability) reconciliation		
. Opening balance	-8 414 200	-9 870 200
. (Expense) income for the reporting period	-553 800	-573 100
. (Loss) gain recognized in other comprehensive income	-1 365 400	0
. Contributions by the company	463 200	517 900
. Closing Balance	-9 870 200	-9 925 400

ADDITIONAL DISCLOSURE ITEMS REQUIRED

Reconciliation of Accrued Benefit Obligation

	2014	2015
. Opening balance	8 414 200	9 870 200
. Current service cost	154 000	181 500
. Interest cost on accrued benefit obligation	399 800	391 600
. Actual Benefit payments	-463 200	-517 900
. Past service costs	0	0
. Actuarial loss (gain) arising from plan experience	400 300	0
. Actuarial loss (gain) arising from changes in demographic assumptions	-123 400	0
. Actuarial loss (gain) arising from changes in financial assumptions	1 088 500	0
. Curtailment gain	0	0
. Closing balance	9 870 200	9 925 400

Assumptions

	2014	2015
. Accrued benefit obligation (end of year)		
- discount rate	4,00%	4,00%

HEALTH, SAFETY AND ENVIRONMENT

1.0 INTRODUCTION

As a company with deep roots in the community, established through more than 100 years of providing an essential service to homes and businesses, Hydro Ottawa Limited's ("Hydro Ottawa") customers expect the company to safely, responsibly and efficiently deliver electricity in a manner that protects the health and safety of employees, contracted partners, customers, and the broader community while also being a good steward of the environment we all share. Hydro Ottawa is fully committed to meeting that expectation.

Hydro Ottawa has adopted a best practice, continual improvement approach to meet legislative and regulatory requirements in the areas of health, safety and environment; and to maintain standards of performance relative to risks associated with its ongoing business activities. In 2014, Hydro Ottawa successfully obtained re-registration of its integrated health, safety and environmental management system certified to the International Organization for Standardization (ISO) 14001:2004 and the Occupational Health and Safety Assessment Series (OHSAS) 18001:2007. This registration has been consistently maintained since 2008.

2.0 EMPLOYEE SAFETY

At the core of Hydro Ottawa's business is the fundamental commitment to protecting the health and safety of employees. The foundation of occupational health and safety in Ontario, and at Hydro Ottawa is the internal responsibility system. This model has roles and responsibilities for all parties in the workplace, and for those associated with the workplace that have decision making or financial authority for the organization.

2.1 Internal Responsibility System

Hydro Ottawa has entrenched the internal responsibility system in the organization as both a general philosophy of shared accountability and as a direct reflection of the specific roles and responsibilities required by legislation and regulations. Building upon this basic model, Hydro Ottawa has a corporate Occupational Health, Safety and Environmental (OHSE) Accountability Program which details a number of specific OHSE activities required by each party in the workplace, in addition to their job-specific duties.

Further strengthening the internal responsibility and accountability model is the OHSE Management Framework, a structured system of management review, discussion and recommendation involving employees from the Supervisor to the Executive level. In addition to oversight at each level of management, Hydro Ottawa has a multi-workplace Joint Health and Safety Committee (JHSC) which functions within a mandate established by Terms of Reference approved by the Ministry of Labour. This mandate includes inspection, recommendation and worker representation functions for the various occupations and workplaces at Hydro Ottawa.

As part of the OHSE Management Framework, Hydro Ottawa exercises appropriate due diligence, and complies with legislative and regulatory requirements, by:

- establishing instruction, training and orientation programs for operational areas;
- auditing or reviewing the workplace for foreseeable health, safety and environmental risks;
- having policies, programs, procedures, processes and work instructions in place to protect workers and the environment against risks;
- actively demonstrating a strong, sustainable level of commitment to the health and safety of workers and to minimizing harm to the environment by reviewing regular reports on the operation of the occupational health, safety and environmental programs, particularly incidents and cases of non-compliance with legislation and regulations; and
- maintaining documents and records via a formal document/records management system.

2.2 Integrated Occupational Health, Safety and Environmental (OHSE) Management System

To ensure that the company's OHSE programs are current, effective and well-managed, Hydro Ottawa utilizes a structured focus on compliance together with a formal, documented approach to continual improvement.

This approach has been applied through the adoption of an integrated OHSE management system registered to the international ISO 14001 environmental standard and the OHSAS 18001 health and safety specification. These standards are based on the principles of planning, implementing, monitoring, measuring and pursuing continual improvement in Hydro Ottawa's OHSE programs and performance. Hydro Ottawa's integrated OHSE management system includes program elements on risk management, legal requirements, roles and responsibilities, competence and training, communication and consultation, document and record management, emergency preparedness and response, compliance evaluation, investigation and corrective action processes, audit and management review processes.

2.3 Safety Training

Training is not only a legislative requirement under the *Occupational Health and Safety Act* and other key statues and codes that govern Hydro Ottawa, but it also contributes to higher employee efficiency and safer operations. As depicted in Figure 1, Hydro Ottawa provides an average of over 40 hours of safe work practices training annually for all trades employees whose work is carried out in higher hazard environments, and an average of over 20 hours for all employees.

Figure 1 – Safe Work Practices Training

In addition to the increasing training needs that accompany apprenticeship programs, an emerging pressure that Hydro Ottawa is experiencing is the substantial increase in legislated health and safety related education and training in the province of Ontario. Recent initiatives related to worker and supervisor knowledge of the *Occupational Health and Safety Act* (Bill 160), the new Working at Heights training standard, and pending changes resulting from the Globally Harmonized System (replacement for Workplace Hazardous Materials Information System) will result in additional cost pressures for the company in both direct training development and delivery, and loss of productive time. This pressure will continue to grow as the Ministry of Labour develops and mandates additional training standards over the next five years.

Integral to Hydro Ottawa's OHSE management system, and its OHSE Accountability Program, all supervisors at Hydro Ottawa share a common performance deliverable tied to workplace safety. In 2010, Hydro Ottawa recognized an opportunity to position new operational supervisors for accelerated proficiency through the development of a Safe Supervisor Program. Implemented in 2011, this program provides new operational supervisors with the critical and substantial safety knowledge and skills needed for performance in their roles through intensive training and development that includes practical learning in the areas of audits, field inspections, incident investigations, equipment inspections, leading safety meetings and other activities. Partnered with a Safety Specialist who oversees their development as a mentor, operational supervisors receive development progress reports that formally assess their learning against expectations tied to the key OHSE knowledge and skills required to undertake their supervisory responsibilities.

2.4 Contractor Management

The importance of safety in Hydro Ottawa's operations extends beyond its own employees to include contractors who perform work on the company's behalf. Continued use of contractors is required to meet Hydro Ottawa's peak construction and maintenance needs, and safe, efficient and high quality performance from contractors is essential to the delivery of electricity to Hydro Ottawa's customers. To effectively manage projects involving contractors, Hydro Ottawa utilizes a project management methodology and a contractor OHSE management program, which align project planning and implementation activities as they relate to contractors and sub-contractors.

In 2014, Hydro Ottawa expanded and enhanced its contractor management program by partnering with a contractor management firm to implement more comprehensive and cost effective contractor pre-qualification and compliance monitoring processes. This partnership has resulted in the automation of previously manual processes; the provision of contractor performance scorecarding, benchmarking and trending capabilities; and the ability to do more in-depth review and tracking of contractor safety programs, worker training and competencies, and work performance.

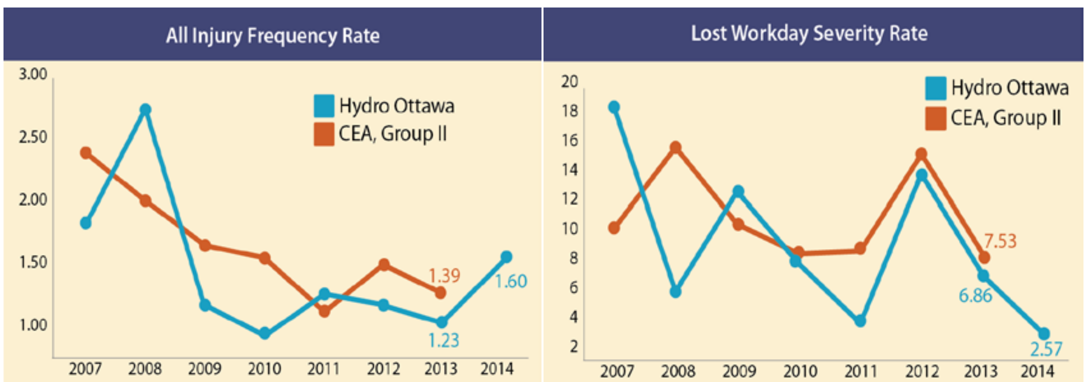
2.5 Safety Inspections

The number of safety inspections of Hydro Ottawa and contractor crews has doubled over recent years as part of efforts to more proactively manage safety risks. Over the 2016 to 2020 period, Hydro Ottawa is planning to leverage mobile tools and technology to enable more flexible and efficient completion, recording and reporting of health and safety related planning and monitoring activities such as Supervisor, and JHSC workplace inspections, Supervisor and Safety Specialist site visits and incident investigations, and tailboards. These tools and technologies will eliminate paper-based recording in the field, and enable Hydro Ottawa to more effectively and efficiently report on the findings and follow up actions resulting from these activities through enhanced analytics and reporting functionality.

2.6 Performance and Results

Hydro Ottawa's safety programs continue to show positive performance results with rates at or below the Canadian Electricity Association (CEA) Group II[1] average, Figure 2, from 2010 to 2013 for lost workday severity rate, and similar trending in the last two years for all injury frequency rate.

Figure 2 – Comparison: All Injury Frequency and Lost Workday Severity Rates

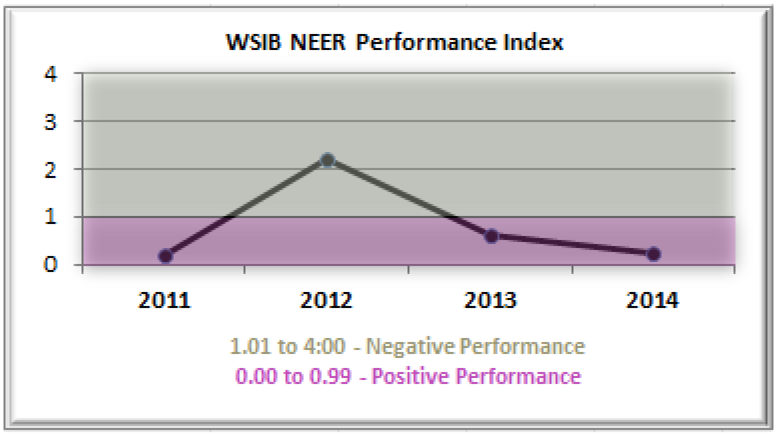


*CEA 2014 rates are not yet available.

The Workplace Safety and Insurance Board (WSIB) classify firms into rate groups based on their activities. Hydro Ottawa is in the oil, power and water distribution rate group which pays a premium that is one of the lowest rates that the WSIB charges employers. Hydro Ottawa's WSIB New Experimental Experience Rating (NEER) costs and performance index, Figure 3, shows positive performance in the last two years as a result of effective accident prevention programs and diligent case management.

[1] CEA member organizations with 301 to 1,500 employees.

Figure 3 – WSIB NEER Performance Index



Hydro Ottawa's continued focus on working safely has also resulted in the Infrastructure Health and Safety Association's (IHSA) President's Award in 2013 for completing one million person hours of work without experiencing a lost time injury, and Outstanding Achievement Awards from the Canadian Society of Safety Engineering (CSSE), at both the local and national levels, in 2013 for the Safe Supervisor Program.

3.0 EMPLOYEE HEALTH AND WELLNESS

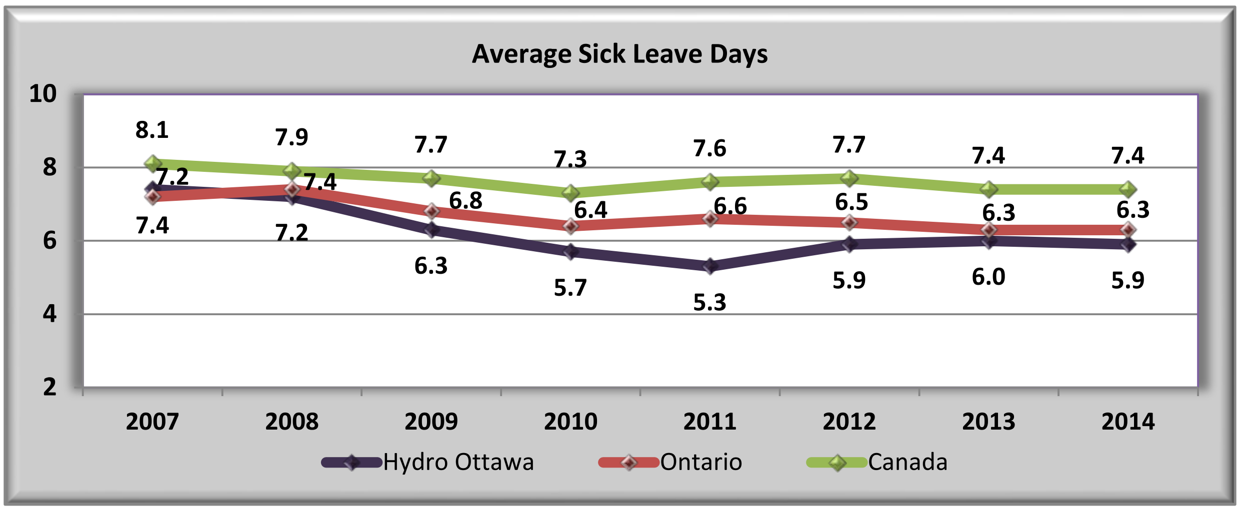
Along with an emphasis on safety, healthy and well employees lead to a more productive workforce. Hydro Ottawa has programs and strategies in place to help prevent illness and injury and reduce the associated lost time. This includes programs to alleviate soft tissue injuries given that half of the employees perform physically demanding jobs, occupational and non-occupational illness/injury work re-integration programs to ensure employees return to work early and safe and perform in a meaningful way, and other supports to promote employee health and wellness over the long term.

3.1 Attendance Management Program

Hydro Ottawa's Attendance Management Program monitors employee attendance, recognizes positive attendance and provides the framework for addressing excessive absenteeism. Hydro Ottawa's average number of sick days per employee in 2013 was 6.

This was below the Ontario and Canada benchmarks of 6.3 days and 7.4 days per employee respectively. In 2014, Hydro Ottawa's average number of sick days per employee decreased slightly to 5.9 and continues to be lower than the Ontario and Canada benchmarks as indicated in Figure 4.

Figure 4 – Comparison: Average Sick Leave Days



Ontario and Canada Data Source: Statistics Canada – Days Lost per Worker – Illness or Disability (Full time paid workers)

4.0 PUBLIC SAFETY

4.1 Compliance

Hydro Ottawa takes the health and safety of the public as seriously as it does the health and safety of its employees. Public safety is considered in all phases of Hydro Ottawa's operations from facility and equipment design, through construction to operations and maintenance. All job planning activities take into account public safety, so that the public is not adversely affected by construction and maintenance activities conducted on Hydro Ottawa property, on customer property and along the many city roadways where infrastructure is located. To ensure compliance under Regulation 22/04 which requires electrical utilities to design, build and maintain their distribution infrastructure to recognized standards, Hydro Ottawa participates in multiple Electrical Safety Authority (ESA) due diligence inspections per year, as well as two ESA compliance audits.

4.2 Public Education

The other major component of public safety is that of education. Hydro Ottawa provides highly visible signage warning of hazards on all of its distribution substations and ground level transformers. Hydro Ottawa works to foster a culture of safety and energy conservation in the community through a number of education campaigns. Since 2005, more than 1,300 presentations in 197 elementary schools across the Ottawa community have been delivered, training more than 161,000 students. Additional information on electrical safety and conservation is provided on the company's website.

5.0 ENVIRONMENT

5.1 Environmental Compliance

Hydro Ottawa is subject to federal, provincial and municipal environmental legislation and regulations, and in order to ensure compliance, Hydro Ottawa continually monitors for legislative and regulatory changes that may impose additional duties, requirements or costs on the organization. If any changes are identified, Hydro Ottawa revises its practices and procedures if and as required. Hydro Ottawa also regularly monitors its current regulatory approvals and permits to ensure they are complied with and renewed as required. Hydro Ottawa's operations require that a variety of environmental reports be submitted at scheduled and ad-hoc intervals throughout a year to ensure compliance, such as the Ontario Ministry of Environment's Director's Instructions related to the storage and destruction of polychlorinated biphenyls (PCBs), the National Pollutant Release Inventory and the Ontario Hazardous Waste Inventory Network. In addition, Hydro Ottawa performs quarterly chemical and waste storage inspections and provides ad-hoc spill reports to the Ontario Ministry of Environment.

Throughout any year, Hydro Ottawa can experience a number of unexpected releases of substances into the environment, with the majority of these releases coming from oil filled transformers that fail due to age or because they are damaged. Hydro Ottawa has a 24-hour response system, with employees trained to promptly report releases to the Ministry of Environment and to organize immediate response through an on-call spill remediation contractor. Field employees receive training in spill reporting and containment, with large vehicles carrying spill response kits to provide basic containment. The spill kits contain protective equipment for employees, absorbent materials and mats to prevent spill entry into sensitive areas.

Hydro Ottawa is working to actively eliminate PCBs from its electrical distribution system. Federal regulations introduced in 2008 established end of use dates for all PCBs from 2009 to 2025, depending upon the location and concentration of PCBs. Hydro Ottawa has fulfilled all requirements to date and to ensure compliance with the 2025 end of use deadlines. Hydro Ottawa is continuing the removal of the remaining PCBs from its system in accordance with its Asset Management Plan.

5.2 Environmental Sustainability

Hydro Ottawa's continuing focus in the area of environmental sustainability has resulted in it being recognized, for the last four years, as one of Canada's Greenest Employers, as a Delta Management Clean 16 and Clean 50 in 2013, and by the industry with a CEA Environmental Commitment Award in 2014.

Hydro Ottawa's environmental sustainability efforts have been focussed in three priority areas since 2010:

- Reducing the company's carbon footprint through improvements in fleet, facilities, technology infrastructure, and non-hazardous waste management and recycling;
- Greening procurement and the supply chain; and
- Building a culture of environmental sustainability in Hydro Ottawa's business practices and workforce.

The priority areas cover many aspects of the company's operations and address matters of importance to customers, governments and the sector as a whole. The three priority areas provide the company with the best options for reducing its environmental impacts, and improving its environmental performance, while considering costs and return on investment.

5.2.1 Reducing the Company's Carbon Footprint

A key area of attention continues to be the energy efficiency of facilities to contribute to an overall reduction in the company's energy consumption and greenhouse gas emissions. In this regard, between 2011 and 2014 Hydro Ottawa made improvements to offices and work centres following energy audits, and installed building automation systems, and lighting, insulation and window upgrades in its distribution substation buildings to more efficiently manage lighting and heating, ventilation and air conditioning (HVAC) operations.

A pilot study has been initiated at one facility to help reduce energy and water usage, optimize performance of renewable energy systems, and increase Hydro Ottawa's green footprint. Technology has been installed which allows for energy and water consumption and savings to be displayed in real time in a graphical manner, reporting on consumption and costing, and the setting of user defined email alerts to notify of outages or deviations from baseline usage. This initiative will be refined over the next year and expanded to other Hydro Ottawa facilities.

Hydro Ottawa is currently planning for the construction of a more efficient and strategically located Eastern Operations and Administrative Campus, as well as a Southern Operations and Warehouse facility. These facilities will be certified to the Leadership in Energy and Environmental Design (LEED) standards. Construction of these facilities, and the sale of some of the existing facilities, will provide a significant reduction in energy consumption and greenhouse gas emissions.

Hydro Ottawa also continues to invest in green fleet vehicles and technology where it is available for commercial fleets. Fleet initiatives in support of this approach along with additional initiatives related to technology, are planned from 2016 – 2020, such as:

- continuing to replace vehicles, as per the established fleet replacement schedule, with hybrid or more energy efficient vehicles in each class where available;

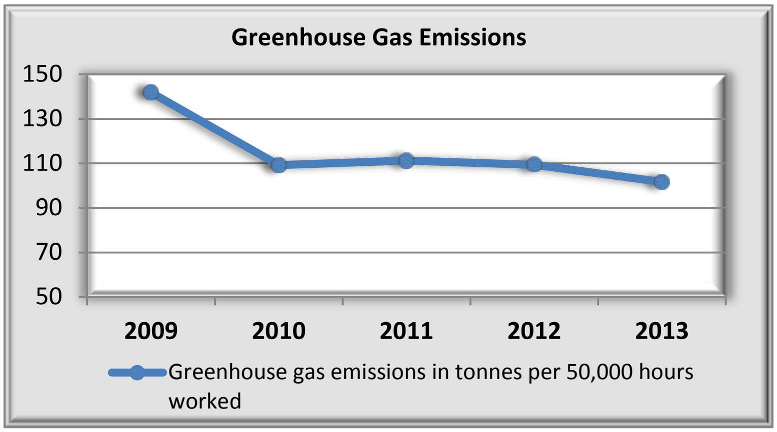
- incorporating hybrid technology to operate hydraulics for aerial devices ("buckets") and battery technology in the entire fleet of vans to eliminate idling for heating and lighting while servicing underground cabling;
- piloting electric vehicles as appropriate;
- introducing biofuels such as ethanol and biodiesel;
- continuing to convert aerial devices to Biopure biodegradable oil, which is non-toxic, metal-free and inherently biodegradable;
- continuing efforts to optimize the fleet size; and
- leveraging vehicle Global Positioning System (GPS) technology and a new fleet management software to reduce operating costs through maintenance efficiencies, reduced fuel demand and greenhouse gas emissions.

Reducing the environmental impact of information technology platforms continues to be another approach Hydro Ottawa is utilizing to reduce the company's carbon footprint. Some of the completed initiatives and those underway over the next few years include:

- implementing a server virtualization and consolidation program which has been decommissioning servers;
- establishing power management settings and double-sided printing defaults for all devices;
- establishing a Storage Area Network Program that has the capability to store a higher density of information on one server which means fewer servers are required for the same amount of information;
- initiating a virtual workstation pilot that provides the same service virtually for multiple users versus the typical arrangement of one physical workstation per user;
- establishing a new managed print services agreement with an external provider to standardize on a single brand of printers and eliminate all local and personal printers; and
- continuing to equip Hydro Ottawa facilities with video and teleconferencing capability in an effort to reduce travel between sites.

As outlined in Figure 5, Hydro Ottawa's greenhouse gas emissions (vehicle fuel combustion emissions, buildings combustion emissions and SF6 gas emissions) based on hours worked, have decreased steadily as a result of the increased focus placed on environmental sustainability.

Figure 5 – Greenhouse Gas Emissions



Reducing the amount of non-hazardous waste that is generated and diverting more away from landfill are also important elements of reducing the company's carbon footprint. Hydro Ottawa tracks all solid and liquid wastes, including operational waste streams, and has systems in place to ensure high diversion rates are maintained. Hydro Ottawa recycles many items including cans, glass, cardboard, paper, plastic, wood, tree trimmings, transformers and electrical equipment, tires, meters, e-waste (laptops, servers, desktops, printers, and cell phones) and metals.

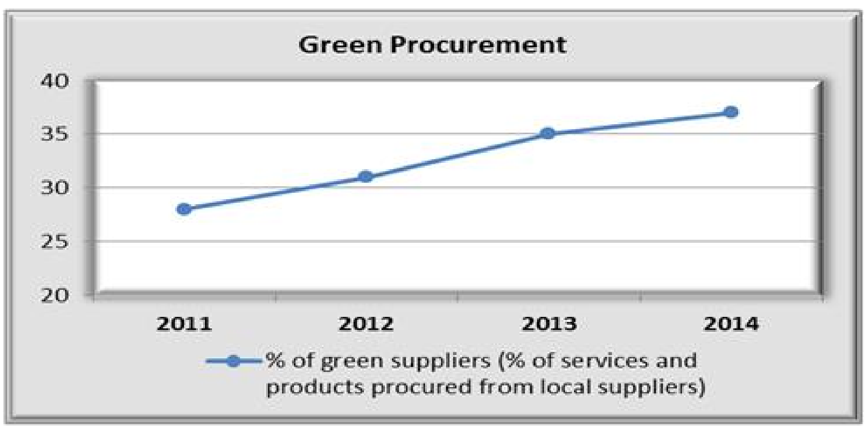
Hydro Ottawa's non-hazardous waste diversion rate was 91 percent for 2013, and 89 percent for 2014. While the company's diversion rate varies slightly from year to year, depending on the type and volume of materials being removed from service, and the availability of recycling options for the resulting waste, the non-hazardous waste diversion rate has consistently been above 90 percent from 2009 to 2013. Hydro Ottawa's LEED certified facilities will provide an opportunity for improvement in non-hazardous waste source separation and overall non-hazardous waste diversion rates by providing for a more centralized recycling model.

5.2.2 Greening Procurement and the Supply Chain

Hydro Ottawa's approach to green procurement ensures that environmentally friendly purchasing decisions are made, where opportunities exist, while still ensuring that the procurement process delivers value for money.

Hydro Ottawa has put in place a point system for evaluating supplier proposals using environmental designations and practices as a "tie-breaker" for differentiating close competitive bidders. Hydro Ottawa also sources goods and services locally where it is cost-effective to do so, in order to minimize transportation and associated impacts on the environment. To that end, as represented in Figure 6, Hydro Ottawa tracks the relative proportion of purchase orders placed with firms in and surrounding the National Capital Region. Thirty-five percent of goods and services were purchased from local suppliers within a 100 km radius of the National Capital Region in 2013, measured in terms of dollars spent, and in 2014, 37% of goods and services were purchased locally, which represents a 6% increase over 2013.

Figure 6 – Green Procurement



5.2.3 Building a Culture of Environmental Sustainability

By fostering a culture of environmental stewardship within the company, employees become champions for the greening of Hydro Ottawa's operations, and a key source of ideas for how to further reduce environmental impacts.

As measured through an engagement survey, employees have a strong level of awareness of the company's commitment and actions regarding environmental sustainability, as well as their role in this regard. Hydro Ottawa works to ensure employees have the tools they need to reduce waste and conserve energy, whether through the default settings on their electronic devices, the availability of recycling and waste separation stations in the workplace, or mechanisms for electronic collaboration and communication.

Hydro Ottawa is also greening its customer service practices by providing more online services through *MyHydroLink,* and working to grow the number of customers opting for paperless billing, in an effort to work with customers to reduce environmental impacts.

Hydro Ottawa plans to continue to engage employees in further greening its business operations and practices so as to increase the company's environmental performance and reduce environmental impacts.

SHARED SERVICES AND CORPORATE COST ALLOCATION

1.0 INTRODUCTION

Hydro Ottawa Limited ("Hydro Ottawa") provides and receives services to/from its affiliated companies Energy Ottawa Inc. ("Energy Ottawa") and Hydro Ottawa Holding Inc. (the "Holding Company"), in order to realize economies of scale, manage costs and maintain service levels.

Hydro Ottawa is the largest entity within the Hydro Ottawa Group of Companies, contributing approximately 90 percent of the revenues and assets. With the exception of strategic Management Services, Internal Audit, Legal, Treasury and Enterprise Risk Management services from the Holding Company, Hydro Ottawa maintains its own resources for the shared corporate services of Human Resources ("HR"), Information Technology ("IT"), Facilities, Supply Chain, Building and Facilities Support, Fleet, Communications, Conservation, Regulatory and Finance services. While the affiliates also have some resources of their own, Hydro Ottawa does provide certain shared corporate services to Energy Ottawa and the Holding Company.

The Holding Company provides shared corporate services such as strategic direction and oversight to Hydro Ottawa in the areas of Finance, Treasury, Internal Audit, Risk Management, Legal, Regulatory, Corporate Administration, Human Resources, Safety & Environment, Information Technology, Corporate Communications and Management Services. Some Board of Directors related costs are also included in the cost allocation to Hydro Ottawa following corporate governance reforms implemented on December 1, 2014, described later in this exhibit.

Furthermore, both Hydro Ottawa and the Holding Company allocate the cost of shared corporate services to Conservation Demand Management ("CDM"), according the fully-allocated costing methodology for non-rate-regulated activities described in the

Conservation and Demand Management Code for Electricity Distributors, September 16, 2010.

2.0 SHARED SERVICE MODEL

Hydro Ottawa's shared service methodology has not changed since the last rate application in 2012, except for the inclusion of Treasury Services and Board of Directors related costs described later in this section.

In accordance with the *Affiliate Relationships Code for Electrical Distributors and Transmitters*, the prices for the shared corporate services are determined by fully-allocated cost-based pricing, with the exception of Meter Data Service Provider costs which are based on market pricing. The pricing models and methodology were developed internally and the services are provided under the terms of Service Level Agreements ("SLA").

Table 1 below identifies the functional services provided by Hydro Ottawa to its affiliates and describes the pricing methodology used for each functional service.

Table 1: Pricing Methodology for services provided by Hydro Ottawa

Functional Service	Pricing Methodology
Human Resources	Cost per employee
Facilities	Market rate for rent, proportionate share of cost for operations and maintenance, property taxes, and furnishings
IT Services	Cost per employee
Finance	Proportionate share of cost factored by time spent
Communications	Proportionate share of cost factored by time spent
Metering, Meter Data Services	Market based
Mechanic Services	Internal labour rate factored by time spent

Table 2 identifies the management services received by Hydro Ottawa from the Holding Company and describes the pricing methodology used for each Management service.

Table 2: Pricing Methodology for services received from the Holding Company

<table>
<tr><th>Management Service</th><th>Pricing Methodology</th></tr>
<tr><td>Legal, Corporate Administration & Regulatory</td><td rowspan="7">Proportionate share of cost factored by time spent</td></tr>
<tr><td>Finance, Internal Audit & Enterprise Risk Management</td></tr>
<tr><td>HR, Safety & Environment</td></tr>
<tr><td>Corporate Communications</td></tr>
<tr><td>Information Management & Technology Services</td></tr>
<tr><td>Management Services</td></tr>
<tr><td>Conservation</td></tr>
<tr><td>Treasury Services</td><td>Proportionate share of cost based on borrowing activity</td></tr>
<tr><td>Board of Directors</td><td>Proportionate share of cost</td></tr>
</table>

The Holding Company costs are allocated to all affiliates based on an assessment of the budgeted costs in relation to activity level within each affiliate and the proportionate share of time spent. This assessment is completed annually to determine the appropriate allocation of costs. At year end, the allocations are reviewed and any material differences between actuals and budget are adjusted through a true up process to ensure costs are properly allocated to affiliates and to non-rate regulated activities.

The range of services provided and received by Hydro Ottawa to and from its affiliates is reviewed annually and adjusted to take into account changing circumstances. Since the 2012 rate application, the following new services have been added to the Service Level Agreements.

- Treasury administration services provided by the Holding Company were consolidated under the umbrella of the SLAs starting in 2012 in order to improve efficiency and transparency around the costs related to borrowing activities and maintaining credit ratings/credit facilities. The costs related to treasury administration services are allocated to affiliates based on their level of borrowing activity.
- Communications services provided by Hydro Ottawa to Energy Ottawa and to CDM were added to the allocations starting in 2013.
- Fleet costs associated with the CDM van provided by Hydro Ottawa were also added to the allocations starting in 2013.

- Certain governance reforms were implemented effective December 1, 2014 in order to achieve a more efficient and cost effective governance structure. The Boards of Directors of the Holding Company and Hydro Ottawa were reconfigured to reduce the duplication and redundancy that existed with the two boards. The Hydro Ottawa Board was reduced from its previous size of seven members to a board of three members, composed of the Chair of the Holding Company Board, the President and Chief Executive Officer of the Holding Company, and one member of management of Hydro Ottawa who is not employed by an affiliate. The Chair of the Holding Company Board and the President and Chief Executive Officer of the Holding Company also serve on the reconfigured eleven-member Holding Company Board. As a consequence of these reforms, all costs related to the Board of Directors are now budgeted under the Holding Company and a proportion of the cost is allocated to Hydro Ottawa through the SLAs starting in 2015. This has resulted in a net reduction of cost to Hydro Ottawa of approximately $40,000 annually.

Table 3: Board of Directors-Related Costs before and After Governance Reform

	Annual Cost
Board of Directors cost before	$160,000
Board of Directors cost after	$120,000
Reduction in Cost due to Governance Reform	($40,000)

3.0 SERVICES PROVIDED TO AND FROM AFFILIATES

A copy of OEB Appendix 2-N is reproduced at the end of this Exhibit for reference. This appendix provides cost information and allocation details relating to each shared service provided or received by Hydro Ottawa in the historical years (2012 to 2014), the bridge year (2015) and the test year (2016). The amount of Board of Directors related costs included in the Holding Company's allocation to Hydro Ottawa in the years 2015 and 2016 is also provided in this appendix.

Table 4 provides a summary of the services provided by Hydro Ottawa to its affiliates and to non-rate regulated CDM activities.

Table 4: Summary of Shared Corporate Services provided by Hydro Ottawa

Provided By	Provided To	2012 Actual	2013 Actual	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year
Hydro Ottawa	Holding Company[1]	$743,921	$771,477	$785,029	$818,932	$835,388
Hydro Ottawa	Energy Ottawa[1]	$532,668	$983,140	$989,715	$1,043,155	$1,061,482
Hydro Ottawa	CDM[2]	$292,962	$433,950	$437,837	$455,664	$464,836
Total		**$1,569,551**	**$2,188,567**	**$2,212,581**	**$2,317,751**	**$2,361,706**

[1] Represents the costs allocated to the Holding Company and Energy Ottawa, which are reflected as Other Revenue in Exhibit C-2-1.

[2] The costs allocated to CDM are treated as an offset to OM&A.

Table 5 provides a summary of the services received by Hydro Ottawa from its parent Holding Company.

Table 5: Summary of Shared Corporate Services received by Hydro Ottawa

Provided By	Provided To	2012 Actual	2013 Actual	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year
Holding Company	Hydro Ottawa	$3,501,812	$3,454,602	$3,626,081	$3,646,744	$3,720,040
Holding Company	CDM	$156,200	$155,398	$173,917	$173,256	$176,736
Total		**$3,658,012**	**$3,610,000**	**$3,799,998**	**$3,820,000**	**$3,896,776**

4.0 VARIANCE ANALYSIS

Table 6 and Table 7 below identify the variances for the following:

- 2016 Test Year vs 2012 Actual
- 2016 Test Year vs 2013 Actual

Explanations for significant variances are provided after the tables.

Table 6: 2016 Test Year vs 2012 Actual

Provided By	Provided To	2012 Actual	2016 Test Year	$ Variance	% Variance
Hydro Ottawa	Holding Company	$743,921	$835,388	$91,467	12%
Hydro Ottawa	Energy Ottawa	$532,668	$1,061,482	$528,814	99%
Hydro Ottawa	CDM	$292,962	$464,836	$171,874	59%
Holding Company	Hydro Ottawa	$3,501,812	$3,720,040	$218,228	6%
Holding Company	CDM	$156,200	$176,736	$20,536	13%

The $528,814 variance between 2012 Actual and 2016 Test Year for services provided by Hydro Ottawa to Energy Ottawa is due to an increase in the activities of the affiliate. In late 2012, Energy Ottawa acquired three additional hydroelectric plants and additional interest in the Ring Dam and remaining water rights at Chaudière Falls, increasing its number of employees from 14 before the acquisition to 36 after the acquisition. The cost of the various corporate services provided by Hydro Ottawa was reassessed in 2013 to take into account the additional volume of work and time spent in support of Energy Ottawa. The allocations for HR and IT services were both impacted significantly as they are based on cost per employee.

The $171,874 variance between 2012 Actual and 2016 Test Year for services provided by Hydro Ottawa to CDM is primarily due to increase in HR and IT services required to support additional CDM employees and new cost allocations for Communications Services and Fleet introduced in 2013, as described earlier in this Exhibit.

The $218,228 variance between 2012 Actual and 2016 Test Year for services provided by the Holding Company to Hydro Ottawa include inflationary increases and the new allocation for Board of Directors-related costs starting in 2015 as described earlier. These increases are partially offset by a reduction in proportionate share of Treasury services to 67% as greater effort will be focused on borrowing activities for Energy Ottawa capital works planned.

Table 7: 2016 Test Year vs 2013 Actual

Provided By	Provided To	2013 Actual	2016 Test Year	$ Variance	% Variance
Hydro Ottawa	Holding Company	$771,477	$835,388	$63,911	8%
Hydro Ottawa	Energy Ottawa	$983,140	$1,061,482	$78,342	8%
Hydro Ottawa	CDM	$433,950	$464,836	$30,886	7%
Holding Company	Hydro Ottawa	$3,454,602	$3,720,040	$265,438	8%
Holding Company	CDM	$155,398	$176,736	$21,338	14%

All of the variances between 2013 Actual and 2016 Test Year are consistent with previous explanations and general inflationary cost increases.

5.0 RECONCILIATION OF REVENUE IN APPENDIX 2-N

The Board's Filing Requirements require applicants to provide a reconciliation of the revenue in Appendix 2-N to the amounts included in Other Revenue in Exhibit C-2-1.

Table 8 summarizes the costs allocated by Hydro Ottawa to the Holding Company and Energy Ottawa which are included in Other Revenue.

Table 8: Revenues from Affiliates Included in Other Revenue

Provided By	Provided To	2012 Actual	2013 Actual	2014 Q2 Forecast	2015 Bridge Year	2016 Test Year
Hydro Ottawa	Holding Company	$743,921	$771,477	$785,029	$818,932	$835,388
Hydro Ottawa	Energy Ottawa	$532,668	$983,140	$989,715	$1,043,155	$1,061,482
Total		**$1,276,589**	**$1,754,617**	**$1,774,744**	**$1,862,087**	**$1,896,870**

6.0 BOARD OF DIRECTORS COSTS

The Board's Filing Requirements also require applicants to identify any Board of Director-related costs for affiliates that are included in its own costs. Hydro Ottawa confirms that there are no Board of Directors costs for affiliated entities included in its costs.

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Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2012 Actual

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
HOL	HOHI	Human Resources	Cost	101,512	101,512
HOL	HOHI	Facilities	Market/Cost	236,441	151,683
HOL	HOHI	IT Services	Cost	187,005	187,005
HOL	HOHI	Finance	Cost	136,951	136,951
HOL	HOHI	Communications	Cost	82,012	82,012
Total Charged from HOL to HOHI				**743,921**	**659,163**
HOL	Energy Ottawa	Human Resources	Cost	58,889	58,889
HOL	Energy Ottawa	Facilities	Market/Cost	64,649	49,248
HOL	Energy Ottawa	IT Services	Cost	112,972	112,972
HOL	Energy Ottawa	Finance	Cost	111,894	111,894
HOL	Energy Ottawa	Metering, Meter Data Services	Market	81,720	*
HOL	Energy Ottawa	Mechanic Services	Cost	102,544	102,544
Total Charged from HOL to Energy Ottawa				**532,668**	**435,547**
HOL	CDM	Human Resources	Cost	59,058	59,058
HOL	CDM	Facilities	Market/Cost	40,104	28,375
HOL	CDM	IT Services	Cost	119,853	119,853
HOL	CDM	Finance	Cost	73,947	73,947
Total Charged from HOL to CDM				**292,962**	**281,233**

* Metering, Meter Data Services costs related to Energy Ottawa are considered immaterial and not practicable to determine

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
HOHI	*HOL*	Legal, Corporate Admin & Regulatory	Cost	50%	219,461
HOHI	HOL	Finance, Internal Audit & Enterprise Risk Mgmt	Cost	65%	1,587,467
HOHI	HOL	Treasury	Cost	100%	348,000
HOHI	HOL	HR, Safety & Environment	Cost	95%	541,666
HOHI	HOL	Corporate Communications	Cost	20%	152,095
HOHI	HOL	Information Management & Technology Services	Cost	45%	189,041
HOHI	HOL	Management Services	Cost	46%	464,082
Total Charged from HOHI to HOL					**3,501,812**
HOHI	CDM	Management Services	Cost	50%	156,200
Total Charged from HOHI to CDM					**156,200**

Note:

1 **This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years. The required information includes:**

· ***Type of Service:***
Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company that are allocated to the applicant.

· ***Pricing Methodology:***

Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.

· ***% Allocation:***

The applicant must provide the percentage of the costs allocated to the entity for the service being offered. The Applicant must also provide a description of the allocator and why it is an appropriate allocator.

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2013 Actual

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	**To**			**$**	**$**
HOL	HOHI	Human Resources	Cost	110,004	110,004
HOL	HOHI	Facilities	Market/Cost	226,576	142,272
HOL	HOHI	IT Services	Cost	189,949	189,949
HOL	HOHI	Finance	Cost	162,933	162,933
HOL	HOHI	Communications	Cost	82,015	82,015
Total Charged from HOL to HOHI				**771,477**	**687,173**
HOL	Energy Ottawa	Human Resources	Cost	171,068	171,068
HOL	Energy Ottawa	Facilities	Market/Cost	74,745	56,217
HOL	Energy Ottawa	IT Services	Cost	303,040	303,040
HOL	Energy Ottawa	Finance	Cost	182,455	182,455
HOL	Energy Ottawa	Communications	Cost	33,771	33,771
HOL	Energy Ottawa	Metering, Meter Data Services	Market	79,760	*
HOL	Energy Ottawa	Mechanic Services	Cost	138,301	138,301
Total Charged from HOL to Energy Ottawa				**983,140**	**884,852**
HOL	CDM	Human Resources	Cost	88,304	88,304
HOL	CDM	Facilities	Market/Cost	49,224	34,008
HOL	CDM	IT Services	Cost	152,476	152,476
HOL	CDM	Finance	Cost	111,602	111,602
HOL	CDM	Communications	Cost	24,144	24,144
HOL	CDM	Fleet	Cost	8,200	8,200
Total Charged from HOL to CDM				**433,950**	**418,734**

* Metering, Meter Data Services costs related to Energy Ottawa are considered immaterial and not practicable to determine

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	**To**			**%**	**$**
HOHI	HOL	Legal, Corporate Admin & Regulatory	Cost	50%	178,863
HOHI	HOL	Finance, Internal Audit & Enterprise Risk Mgmt	Cost	69%	1,551,912
HOHI	HOL	Treasury	Cost	88%	311,000
HOHI	HOL	HR, Safety & Environment	Cost	95%	564,055
HOHI	HOL	Corporate Communications	Cost	20%	162,196
HOHI	HOL	Information Management & Technology Services	Cost	45%	164,980
HOHI	HOL	Management Services	Cost	46%	521,596
Total Charged from HOHI to HOL					**3,454,602**
HOHI	CDM	Management Services	Cost	50%	155,398
Total Charged from HOHI to CDM					**155,398**

Note:

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· ***Type of Service:***

Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company that are allocated to the applicant.

· ***Pricing Methodology:***

Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.

· ***% Allocation:***

The applicant must provide the percentage of the costs allocated to the entity for the service being offered. The Applicant must also provide a description of the allocator and why it is an appropriate allocator.

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2014 Forecast

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
HOL	HOHI	Human Resources	Cost	115,441	115,441
HOL	HOHI	Facilities	Market/Cost	227,148	147,367
HOL	HOHI	IT Services	Cost	192,840	192,840
HOL	HOHI	Finance	Cost	164,126	164,126
HOL	HOHI	Communications	Cost	85,474	85,474
Total Charged from HOL to HOHI				**785,029**	**705,248**
HOL	Energy Ottawa	Human Resources	Cost	175,856	175,856
HOL	Energy Ottawa	Facilities	Market/Cost	74,437	57,463
HOL	Energy Ottawa	IT Services	Cost	299,972	299,972
HOL	Energy Ottawa	Finance	Cost	190,621	190,621
HOL	Energy Ottawa	Communications	Cost	35,195	35,195
HOL	Energy Ottawa	Metering, Meter Data Services	Market	80,680	*
HOL	Energy Ottawa	Mechanic Services	Cost	132,954	132,954
Total Charged from HOL to Energy Ottawa				**989,715**	**892,061**
HOL	CDM	Human Resources	Cost	93,394	93,394
HOL	CDM	Facilities	Market/Cost	47,508	33,097
HOL	CDM	IT Services	Cost	156,011	156,011
HOL	CDM	Finance	Cost	111,684	111,684
HOL	CDM	Communications	Cost	25,140	25,140
HOL	CDM	Fleet	Cost	4,100	4,100
Total Charged from HOL to CDM				**437,837**	**423,426**

* Metering, Meter Data Services costs related to Energy Ottawa are considered immaterial and not practicable to determine

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
HOHI	HOL	Legal, Corporate Admin & Regulatory	Cost	50%	218,307
HOHI	HOL	Finance, Internal Audit & Enterprise Risk Mgmt	Cost	66%	1,510,480
HOHI	HOL	Treasury	Cost	88%	330,000
HOHI	HOL	HR, Safety & Environment	Cost	92%	567,892
HOHI	HOL	Corporate Communications	Cost	20%	188,479
HOHI	HOL	Information Management & Technology Services	Cost	45%	193,573
HOHI	HOL	Management Services	Cost	46%	617,350
Total Charged from HOHI to HOL					**3,626,081**
HOHI	CDM	Management Services	Cost	50%	173,917
Total Charged from HOHI to CDM					**173,917**

Note:

1 **This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years. The required information includes:**

· ***Type of Service:***
Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company that are allocated to the applicant.

· ***Pricing Methodology:***

Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.

· ***% Allocation:***

The applicant must provide the percentage of the costs allocated to the entity for the service being offered. The Applicant must also provide a description of the allocator and why it is an appropriate allocator.

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2015 Bridge Year

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
HOL	HOHI	Human Resources	Cost	124,792	124,792
HOL	HOHI	Facilities	Market/Cost	229,224	148,721
HOL	HOHI	IT Services	Cost	214,752	214,752
HOL	HOHI	Finance	Cost	169,500	169,500
HOL	HOHI	Communications	Cost	80,664	80,664
Total Charged from HOL to HOHI				**818,932**	**738,429**
HOL	Energy Ottawa	Human Resources	Cost	186,948	186,948
HOL	Energy Ottawa	Facilities	Market/Cost	75,299	58,834
HOL	Energy Ottawa	IT Services	Cost	329,096	329,096
HOL	Energy Ottawa	Finance	Cost	194,575	194,575
HOL	Energy Ottawa	Communications	Cost	33,216	33,216
HOL	Energy Ottawa	Metering, Meter Data Services	Market	79,920	*
HOL	Energy Ottawa	Mechanic Services	Cost	144,101	144,101
Total Charged from HOL to Energy Ottawa				**1,043,155**	**946,770**
HOL	CDM	Human Resources	Cost	94,000	94,000
HOL	CDM	Facilities	Market/Cost	49,260	34,784
HOL	CDM	IT Services	Cost	161,768	161,768
HOL	CDM	Finance	Cost	118,536	118,536
HOL	CDM	Communications	Cost	23,724	23,724
HOL	CDM	Fleet	Cost	8,376	8,376
Total Charged from HOL to CDM				**455,664**	**441,188**

* Metering, Meter Data Services costs related to Energy Ottawa are considered immaterial and not practicable to determine

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
HOHI	HOL	Legal, Corporate Admin & Regulatory	Cost	50%	210,793
HOHI	HOL	Finance, Internal Audit & Enterprise Risk Mgmt	Cost	64%	1,439,594
HOHI	HOL	Treasury	Cost	67%	253,000
HOHI	HOL	HR, Safety & Environment	Cost	92%	577,187
HOHI	HOL	Corporate Communications	Cost	20%	185,806
HOHI	HOL	Information Management & Technology Services	Cost	45%	244,523
HOHI	HOL	Management Services	Cost	46%	615,503
HOHI	HOL	Board of Directors	Cost	27%	120,338
Total Charged from HOHI to HOL					**3,646,744**
HOHI	CDM	Management Services	Cost	50%	173,256
Total Charged from HOHI to CDM					**173,256**

Note:

1 **This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years. The required information includes:**

· ***Type of Service:***
Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company that are allocated to the applicant.

· ***Pricing Methodology:***

Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.

· ***% Allocation:***

The applicant must provide the percentage of the costs allocated to the entity for the service being offered. The Applicant must also provide a description of the allocator and why it is an appropriate allocator.

Appendix 2-N
Shared Services and Corporate Cost Allocation

Year: 2016 Test Year

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			$	$
HOL	HOHI	Human Resources	Cost	127,304	127,304
HOL	HOHI	Facilities	Market/Cost	233,828	151,710
HOL	HOHI	IT Services	Cost	219,064	219,064
HOL	HOHI	Finance	Cost	172,908	172,908
HOL	HOHI	Communications	Cost	82,284	82,284
Total Charged from HOL to HOHI				**835,388**	**753,270**
HOL	Energy Ottawa	Human Resources	Cost	190,704	190,704
HOL	Energy Ottawa	Facilities	Market/Cost	76,811	60,017
HOL	Energy Ottawa	IT Services	Cost	335,716	335,716
HOL	Energy Ottawa	Finance	Cost	198,487	198,487
HOL	Energy Ottawa	Communications	Cost	33,888	33,888
HOL	Energy Ottawa	Metering, Meter Data Services	Market	79,800	*
HOL	Energy Ottawa	Mechanic Services	Cost	146,076	146,076
Total Charged from HOL to Energy Ottawa				**1,061,482**	**964,888**
HOL	CDM	Human Resources	Cost	95,892	95,892
HOL	CDM	Facilities	Market/Cost	50,256	35,483
HOL	CDM	IT Services	Cost	165,016	165,016
HOL	CDM	Finance	Cost	120,924	120,924
HOL	CDM	Communications	Cost	24,204	24,204
HOL	CDM	Fleet	Cost	8,544	8,544
Total Charged from HOL to CDM				**464,836**	**450,063**

* Metering, Meter Data Services costs related to Energy Ottawa are considered immaterial and not practicable to determine

Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	$
HOHI	HOL	Legal, Corporate Admin & Regulatory	Cost	50%	215,030
HOHI	HOL	Finance, Internal Audit & Enterprise Risk Mgmt	Cost	64%	1,468,530
HOHI	HOL	Treasury	Cost	67%	258,085
HOHI	HOL	HR, Safety & Environment	Cost	92%	588,788
HOHI	HOL	Corporate Communications	Cost	20%	189,541
HOHI	HOL	Information Management & Technology Services	Cost	45%	249,438
HOHI	HOL	Management Services	Cost	46%	627,871
HOHI	HOL	Board of Directors	Cost	27%	122,757
Total Charged from HOHI to HOL					**3,720,040**
HOHI	CDM	Management Services	Cost	50%	176,736
Total Charged from HOHI to CDM					**176,736**

Note:

1 **This appendix must be completed in relation to each service provided or received for the Historical (actuals), Bridge and Test years. The required information includes:**

· ***Type of Service:***
Services such as billing, accounting, payroll, etc. The applicant must identify any costs related to the Board of Directors of the parent company that are allocated to the applicant.

· ***Pricing Methodology:***

Pricing Methodology includes approaches such as cost-base, market-base, tendering, etc. The applicant must provide evidence demonstrating the pricing methodology used. The applicant must also provide a description of why that pricing methodology was chosen, whether or not it is in conformity with ARC, and why it is appropriate.

· ***% Allocation:***

The applicant must provide the percentage of the costs allocated to the entity for the service being offered. The Applicant must also provide a description of the allocator and why it is an appropriate allocator.

PURCHASE OF NON-AFFILIATE SERVICES

1.0 PROCUREMENT PROCESS

The Hydro Ottawa Procurement Policy, Attachment D-2(A), stipulates that all acquisitions shall be covered by purchase orders, with noted exceptions, such as utilities and taxes, as defined by policy. Spending authority is set out in the Approval Authority for Procurements and Disbursements, Attachment POL-En-006.00 and controlled by electronic workflow embedded in the business system (JD Edwards – EnterpriseOne).

In 2014, Hydro Ottawa moved to improve control and consistency in the procurement of major contracts s by implementing a new Contract Procurement Process. See D-2, Attachment C) for further details.

Hydro Ottawa also has long standing alliances with seven key suppliers. Monthly forecast sessions enable the supplier to work their supply channels to pipeline material to meet projected need dates with minimal commitment on Hydro Ottawa's part. The alliance partnerships position Hydro Ottawa to take delivery only when ready to proceed with the relevant job. The supplier holds the inventory. All residential transformers and underground cable are delivered in this manner in addition to some commercial transformers and poles for new or replacement pole lines.

All non-affiliate purchases are in compliance with the above-noted policies.

2.0 HISTORIC EXPENDITURES

The following tables contain information on the purchases of non-affiliate services for 2012 through 2014 by Hydro Ottawa Limited ("Hydro Ottawa"). The total costs are those costs paid to the Suppliers each year, excluding tax. The dollar amounts have been redacted for confidentiality purposes. If parties feel that the information is required, Hydro Ottawa will follow the Ontario Energy Board's (the "Board") Practice Direction on

Confidential Filings in order to provide the information. Suppliers have been included in the list if the total purchases exceeded $750k.

Beside each supplier reference in the table below is an indication of the type(s) of procurement methodology employed.

1 **Table 1: 2012 Suppliers**

Procurement Method	Supplier	Service / Product
Request for Proposal	Altec Industries	Line Trucks
Request for Proposal	B.G. High Voltage Systems	Civil/Electrical Construction
Request for Proposal	Black & McDonald	General OH & UG Line Work
Request for Proposal	Elster Metering	Metering
Request for Proposal	General Switchgear and Controls Ltd.	Station Switchgear
Request for Proposal	IBM Canada	CIS Software Upgrade
Request for Proposal	Intergraph	GIS Software
Request for Proposal	J.W. Leslie Utilities	Light Underground Electrical Servicing
Request for Proposal	K-Line Maintenance	General OH & UG Line Work
Request for Proposal	Tamarack Tree Care LTD	Vegetation Management
Request for Proposal	Tetra Tech WEI Inc. (Formerly Wardrop)	Engineering Consulting
Request for Quote	Stoneworks Technologies Inc.	Computer Network Hardware & Support
Request for Standing Offer	Bradley Kelly Construction Ltd.	Civil Construction & Maintenance
Request for Standing Offer	Drain-All	Waste/Recycling
Request for Standing Offer	Greely Construction Ltd.	Civil Construction & Maintenance
Request for Standing Offer	Sproule Powerline Construction	General OH & UG Line Work
Request for Standing Offer	Teraflex	Civil Construction & Maintenance

Procurement Method	Supplier	Service / Product
Sole/Directed Source	Hydro One Accounts Receivable Unit	CCRAs/LTLTs/Line Work
Sole/Directed Source	IBM Canada	CIS Managed Services/Call-Centre
Sole/Directed Source	Oracle	Software Support and Enhancements
Sole/Directed Source	Promark Telecon	U/G Cable Locations
Sole/Directed Source	Syntax	Software Consulting Services
Strategic Alliance	Bel Volt Sales	Pole Line Hardware
Strategic Alliance	Guelph Utility Pole	Wood Poles
Strategic Alliance	HD Supply Utilities (Formerly Grafton)	Pole Line Hardware/Dist Transformers
Strategic Alliance	Pioneer Transformers Ltd.	Vault Transformers
Strategic Alliance	Prysmian Power Cables & Systems Can. Ltd.	U/G Cable
Strategic Alliance	S&C Electric (Toronto)	Distribution Switchgear

Table 2: 2013 Suppliers

Procurement Method	Supplier	Service / Product
Request for Proposal	Arno Electrique Ltée	Civil/Electrical Construction
Request for Proposal	B.G. High Voltage Systems	Civil/Electrical Construction
Request for Proposal	Black & McDonald	General OH & UG Line Work
Request for Proposal	CG Power Systems USA Inc.	Station Transformers
Request for Proposal	Custom Control Panels Inc.	Station Switchgear
Request for Proposal	Dual Ade Inc.	Station Switchgear
Request for Proposal	Elster Metering	Metering
Request for Proposal	IBM Canada Ltd.	CIS Software Upgrade
Request for Proposal	J.W. Leslie Utilities	Light Underground Electrical Servicing
Request for Proposal	K-Line Maintenance	General OH & UG Line Work/Civil Construction
Request for Proposal	Posi-Plus Technologies Inc.	Line Trucks
Request for Proposal	Tamarack Tree Care LTD	Vegetation Management
Request for Proposal	Tetra Tech WEI Inc. (Formerly Wardrop)	Engineering Consulting
Request for Standing Offer	Bradley Kelly Construction Ltd.	Civil Construction & Maintenance
Request for Standing Offer	Drain-All	Waste/Recycling
Request for Standing Offer	Greely Construction Inc.	Civil Construction & Maintenance
Request for Standing Offer	Sproule Powerline Construction	General OH & UG Line Work

Procurement Method	Supplier	Service / Product
Request for Standing Offer	Teraflex	Civil Construction & Maintenance
Sole/Directed Source	Hydro One Accounts Receivable Unit	CCRAs/LTLTs/Line Work
Sole/Directed Source	IBM Canada	CIS Managed Services/Call-Centre
Sole/Directed Source	Oracle	Software Support and Enhancements
Sole/Directed Source	Promark Telecon	U/G Cable Locations
Strategic Alliance	Guelph Utility Pole	Wood Poles
Strategic Alliance	HD Supply Utilities (Formerly Grafton)	Pole Line Hardware/Dist Transformers
Strategic Alliance	LaPrairie Inc.	Pole Line Hardware
Strategic Alliance	Prysmian Power Cables & Systems Can. Ltd.	U/G Cable
Strategic Alliance	S&C Electric (Toronto)	Distribution Switchgear

Table 3: 2014 Suppliers

Procurement Method	Supplier	Service / Product
Request for Proposal	AZZ Incorporated	Station Switchgear
Request for Proposal	Black & McDonald	General OH & UG Line Work
Request for Proposal	Dual Ade Inc.	Station Switchgear
Request for Proposal	Elster Solutions Canada	Metering
Request for Proposal	IBM Canada Ltd.	CC&B Hosting Services
Request for Proposal	Intergraph	GIS Software
Request for Proposal	J.W. Leslie Utilities	Light Underground Electrical Servicing
Request for Proposal	K-Line Maintenance	General OH & UG Line Work
Request for Proposal	Nova Networks Inc.	Computer Hardware & Software
Request for Proposal	Posi-Plus Technologies Inc.	Line Trucks
Request for Proposal	Riggs Distler Inc.	Civil/Electrical Construction
Request for Proposal	Tamarack Tree Care Ltd.	Vegetation Management
Request for Proposal	Virginia Transformer Corporation	Station Transformers
Request for Standing Offer	Bradley Kelly Construction Ltd.	Civil Construction & Maintenance
Request for Standing Offer	Sproule Powerline Construction	General OH & UG Line Work
Request for Standing Offer	Teraflex	Civil Construction & Maintenance

Procurement Method	Supplier	Service / Product
Sole/Directed Source	Concentrix Services (Canada) Ltd.	Call-Centre Services
Sole/Directed Source	Copperleaf Technologies	Asset Management Software
Sole/Directed Source	Custom Control Panels Inc.	Station P&C Houses
Sole/Directed Source	Hydro One Accounts Receivable Unit	CCRA & Line Transfers
Sole/Directed Source	IBM Canada Ltd.	CIS Managed Services/Call-Centre
Sole/Directed Source	Promark Telecon	U/G Cable Locations
Strategic Alliance	Dell	Computer Hardware & Software
Strategic Alliance	Guelph Utility Pole	Wood Poles
Strategic Alliance	HD Supply Utilities (Formerly Grafton)	Pole Line Hardware/Dist Transformers
Strategic Alliance	Pioneer Transformers Ltd.	Vault Transformers
Strategic Alliance	Prysmian Power Cables & Systems Can. Ltd.	U/G Cable
Strategic Alliance	S&C Electric (Toronto)	Distribution Switchgear

HYDRO OTTAWA CORPORATE POLICIES

<table>
<tr><td colspan="3" align="center">Subject: Procurement</td></tr>
<tr><td colspan="2" align="center">Category: Finance</td><td align="center">Policy Number: POL-Fi-003.00</td></tr>
<tr><td align="center">Administrator:
Director of Finance</td><td align="center">Owner:
Chief Financial Officer</td><td align="center">Approver:
President and CEO</td></tr>
</table>

1. **PURPOSE**
The purpose of this policy is to document the principles that govern the acquisition of goods and services by Hydro Ottawa.

The objectives of the Procurement Policy are to:
- Establish an efficient process for the purchase of quality goods and services
- Ensure favourable prices are obtained to maximize the value of all purchases for Hydro Ottawa stake-holders
- Ensure Hydro Ottawa procures all goods and services from reputable/ethical vendors.
- Support the protection of the environment
- Ensure fair, open, transparent and accountable competitive processes are followed in the acquisition of goods and services
- Ensure compliance with all applicable laws and regulations.

2. **SCOPE**
All employees of Hydro Ottawa.

3. **DEFINITIONS**
Call-Ups are requests to purchase goods and services available for sale under a Standing Offer.
Hydro Ottawa refers to the Hydro Ottawa Group of Companies.
Emergency is defined as a sudden, urgent, unexpected occurrence or occasion requiring immediate action.
Low Dollar Value is defined as ≤ $2000.
Inventory Items are materials that are routinely ordered/tracked by Procurement and issued to field operations for construction and maintenance activities.
Invoices without Reference are invoices for goods and services that have not been pre-authorized by a purchase order and/or vendor contract.
A ***Non-Competitive Procurement***, in the context of this policy, refers to an acquisition from a:
   i. Sole Source, where there is only one identifiable source for a given good or service, or a
   ii. Directed Source, where there is more than one identifiable source for a given good or service, but there are compelling reasons why the selected vendor is not determined by an open competition.

Non-Inventory Items are goods and services Hydro Ottawa business entities purchase either directly from a vendor or through the assistance of the Procurement function.
Personal Payments refer to "out of pocket" business expenditures paid for by employees through cash, personal debit/credit card or personal cheque transactions.
Procurement (Unit) is defined as the individual or team of individuals responsible for the Procurement function within Hydro Ottawa.
A ***Standing Offer*** agreement is an offer from a vendor to supply "on demand" goods and services at pre-arranged prices under negotiated terms and conditions.

4. POLICY DIRECTIVES

a. Purchases of goods and services are categorized as follows:

Inventory Items:

Construction materials that are purchased solely by Procurement working in conjunction with Hydro Ottawa field operations.

Non-Inventory Items:

i. Goods and services acquired by Procurement on behalf of Hydro Ottawa Business entities using the following purchasing vehicles:
   - Standing Offers
     - Where Standing Offers are in place, they are the preferred procurement vehicle for the purchase of related goods and services
     - A good and/or service to a maximum of $100,000 can be procured by a Call-Up under a specific Standing Offer
     - Any Call-Up for a good and/or service over $100,000 requires competitive bids from existing Standing Offer suppliers

     Note: Where only one Standing Offer supplier exists the Requisitioner has the option of initiating a Directed Source procurement or requesting that a new competitive bid procurement process takes place
   - Request for Proposal, Quotation and/or Tender
     - For values greater than $2000 to a maximum of $25,000, Procurement will obtain a minimum of two oral or written competitive quotations
     - For values over $25,000 Procurement will obtain a minimum of three written competitive quotations

     Note: Following the selection of the winning supplier a Purchase Order and/or vendor contract will be issued by Procurement.

ii. Goods and services > $2000 that can be acquired without the requirement of a Purchase Order and/or vendor contract (Reference Annex 1 – Schedule 6 of Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements)

iii. Low Dollar Value goods and services that Hydro Ottawa business entities purchase directly from vendors using the following purchase vehicles:
   - Petty Cash (To a maximum of $100)
   - Hydro Ottawa Credit Card
   - Personal Payment

   Note: Low Dollar Value purchases do not require Purchase Orders/competitive bids.

b. Procurement is responsible for ensuring that goods and services are acquired using the appropriate procurement method.

c. Approvals for the purchase of all goods and services will be in accordance with Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements.

d. With the exception of Standing Offers and emergency purchases, PO's initiated after the provision of goods or services and/or the receipt of supplier invoices are a serious violation of this policy and will:
   i. Require the approval of two management levels above the Requisitioner
   ii. Be reported on a quarterly basis to senior Divisional management

e. Vendor bids for the provision of goods will be assessed using a 50% weighting factor for price.

f. Vendor bids for the provision of services will be assessed using a 30% weighting factor for price.

g. When appropriate, bid evaluations will include environmental impact as part of the assessment criteria.

h. Non-financial bid evaluation criteria will be jointly set by Procurement and the Requisitioner.

i. The use of any non-standard terms and conditions relating to Hydro Ottawa procurement documentation requires prior approval by the Legal group.

j. The splitting of purchase requests into multiple Purchase Orders is a serious violation of this policy.

k. The following three conditions must be met before amendments to released Purchase Orders will be actioned by Procurement:
   i. Requested cost increases do not exceed 50% of the original Purchase Order/contract value, and
   ii. There are no material changes in scope as defined in the original Purchase Order, and
   iii. A revised requisition, with details on the reasons for the required changes, has been resubmitted/re-approved per Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements.

   Note: The absence of any of the above would result in a requirement for a new procurement process.

l. A vendor contract, relating to either a competitive or non-competitive procurement of goods and services, can be extended by up to one year (under the original or more favourable terms and conditions) with the joint approval of the sponsoring EMT member and Manager of Supply Chain.

   Note: The maximum term of a vendor contract (including extensions) is limited to 3 years.

m. Employees involved in both competitive and non-competitive procurements must comply with Hydro Ottawa's conflict of interest guidelines as defined in Hydro Ottawa's Code of Business Conduct.

n. The dollar limits referenced in this policy are in Canadian currency and are exclusive of taxes and duties.

5. RELATED POLICIES, PROCEDURES and REFERENCE DOCUMENTS

Approval Authority for Procurements and Disbursements Policy (POL-En-006.00)
Hydro Ottawa Corporate Credit Card Policy (POL-Fi-001.00)
Petty Cash Policy (POL-Fi-004.00)
Business Expense Reimbursement Policy (POL-Fi-005.00)
Discipline and Discharge Policy (POL-Hr-005.00).
Request to Direct Source Goods and Services Form
Hydro Ottawa's Code of Business Conduct
Contractor OHSE Requirements (WI-MS-002.00)

6. EXCLUSIONS

Non-Competitive Procurements

Examples of when the competitive procurement process may be waived are as follows:

i. The need is one of pressing urgency and must be addressed quickly to alleviate a threat to:
   - the health, safety or welfare of Hydro Ottawa employees and/or the public
   - Hydro Ottawa and/or public property
   - essential services

   Note: During emergency situations it is understood urgently needed goods and services may be services may be procured without the issuance of a purchase order.

ii. The time, effort and expense of a competitive procurement are not justified given the nature of the goods or services being acquired.
   Example: The provision of price competitive professional services from an embedded vendor who, through a long standing relationship with Hydro Ottawa, has an in-depth understanding of the corporation's business needs/requirements

iii. There is only one qualified supplier capable of supplying the required good or service

iv. There are pre-requisites to bidding that can only be satisfied by one supplier

v. The need is a follow-on to a previously acquired good or service and, if price competitive, is most appropriately provided by the original contractor

vi. The value of the good or service being acquired does not exceed $2000

Non-Competitive Procurement Approval Requirements

i. SOLE SOURCE procurements require prior authorization in accordance with Annex 1 – Schedule 1 of Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements

ii. DIRECTED SOURCE procurements require authorization in accordance with Annex 1 – Schedule 4 of Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements

Note:

1. The cost of known follow-on support activity (to a maximum of 3 years) associated with a Directed Source procurement should be included in the initial total purchase value to avoid duplication in approval requests (e.g. annual hardware/software maintenance, ongoing software support, quarterly/yearly audits etc.). After 3 years a decision to continue with the follow-on support requires re-approval in accordance with Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements.

2. A Request To Direct Source Goods and Services Form must be completed to justify all Directed Source acquisitions of goods or services in excess of $2,000.
   Note: Hydro Ottawa management approvals are not required when the non-competitive procurement has been authorized by Hydro Ottawa's Board of Directors and/or its committees.

7. ADDITIONAL POLICY ELEMENTS

Requisitioner's Responsibilities:

i. Provide sufficient lead time for the processing of procurement documentation
ii. Initiate a Purchase Requisition in JDE and, through the imbedded workflow, secure approval to purchase
iii. Develop the Statement of Requirements or detailed Specification as applicable to the requirement and the acquisition method
iv. Work collaboratively with Procurement to define the non-financial bid evaluation criteria/weighting and the selection process as appropriate to the acquisition method
v. In conjunction with Procurement, evaluate suppliers' bids in accordance with the pre-determined evaluation criteria/weighting

Procurement's Responsibilities:

i. Act as custodian of the Procurement Policy and all associated procurement procedures and in so doing:
   - Monitor conformance with the policy and procedures
   - Reject any Purchase Requisitions which, in the opinion of Procurement, do not comply with this policy and supporting procedures
   - Raise any incidents of non-compliance through the Procurement management hierarchy for resolution
ii. Provide advice and guidance to internal customers and work collaboratively with them during the procurement process to:
   - Determine the most appropriate acquisition method
   - Establish the non-financial bid evaluation criteria/weighting and the selection process as appropriate to the procurement method
   - Prepare the solicitation documents including the Statement of Requirements or detailed Specifications
   - Evaluate supplier submissions including the completion of a vendor risk assessment and validation of compliance with Hydro Ottawa's Contractor OHSE Management Program (Reference Contractor OHSE Requirements – WI-MS-002.00)
   - Ensure bidding prerequisites are fair and objective
iii. Identify/validate Sole Source (vs. Directed Source) procurements
iv. Work collaboratively with internal customers to determine opportunities to aggregate purchases and establish vehicles for the acquisition of common buys
v. Routinely inform internal customers about the availability of Standing Offers, supply arrangements and supplier source lists for the acquisition of goods or services
vi. Assess the complexity and risk of purchases to determine when vendor contracts are required and interface with Legal accordingly
vii. Debrief unsuccessful suppliers, in consultation with internal customers if requested by a supplier

viii. Work collaboratively with internal customers to evaluate supplier performance ensuring compliance with contract deliverables/service level commitments
Note: In the case of long term agreements performance assessments should be completed annually and/or in advance of any contract renewals and/or extensions
ix. Provide management with requested reports on procurement activity
x. Ensure all likely follow-on activity is identified and included in the initial approval request for Directed Source acquisitions

Management's Responsibilities:

i. Communicate details of the Procurement Policy to employees
ii. Ensure all procurements comply with this policy
iii. Ensure the availability of current year (and, when required, future years') budget funding to support the acquisition
iv. Collaborate with Procurement in the
- aggregation of Hydro Ottawa common purchases
- evaluation of supplier submissions
- assessment of supplier performance

v. Address minor policy non-compliance issues with the responsible employee and escalate serious policy violations to the Policy Owner

8. COMPLIANCE

Serious policy infractions will be addressed in accordance with Hydro Ottawa's Code of Business Conduct and policy on Discipline and Discharge (POL-Hr-005.00).

9. APPROVAL HISTORY

Revision	Release Date:	Policy Owner Sign-off:	Approved By:	Effective Date:
.00	January 1, 2013	Chief Financial Officer	President and CEO	January 1, 2013
Revision .NN	Revision Date Month/Day/Year	Policy Owner Sign-off: Chief Financial Officer	Approved By: President and CEO	Effective Date: Month/Day/Year
Revision .NN	Revision Date Month/Day/Year	Policy Owner Sign-off: Chief Financial Officer	Approved By: President and CEO	Effective Date: Month/Day/Year

Scheduled Re-affirmation Date: **January 1, 2016**	Responsibility: **Chief Financial Officer**

10. POLICY EXCEPTIONS

Exceptions to the above directives and/or changes to this policy must receive written pre-authorization from the President and CEO. For clarification on any aspect of this policy contact the Director of Finance.

HYDRO OTTAWA CORPORATE POLICIES

Subject: Approval Authority for Procurements and Disbursements		
Category: Enterprise	**Policy Number**: POL-En-006.00	
Administrator: Director Finance	**Owner:** Chief Financial Officer	**Approver:** President and CEO

1. **PURPOSE**
The purpose of this policy is to define the limits of procurement and disbursements approval authority delegated to specified positions within Hydro Ottawa.

2. **SCOPE**
The Hydro Ottawa Group of Companies.

3. **DEFINITIONS**
Temporary, in the context of this policy, is defined as ≤ 30 consecutive calendar days.
Delegation of Approval Authority refers to the long term assignment of financial decision making authority by the President and CEO to various positions within Hydro Ottawa.
Temporary Sub-delegation of Approval Authority refers to the short term reassignment of financial decision making authority during management/supervisor absences.
A ***Sole Source Procurement*** is when there is only one identifiable source for a given good or service.
A ***Directed Source Procurement*** is when there is more than one identifiable source for a given good or service, but there are compelling reasons why the selected vendor is not determined by an open competition.
EA refers to Executive Assistant.
AA refers to Administrative Assistant.

4. **POLICY DIRECTIVES**
   a. The President and CEO has been granted, by the Boards of Directors of the Hydro Ottawa Group of Companies, full decision making authority on all Hydro Ottawa day-to-day financial matters.
   b. This authority has been delegated by the President and CEO to various employees within the Hydro Ottawa Group of Companies based on their position and business mandate.
   c. Details on the delegation and temporary sub-delegation of approval authority for procurements and disbursements are provided in Annex 1 of this policy, which is structured as follows:

Schedule 1	Delegation of Approval Authority for Purchase Requisitions
Schedule 2	Temporary Sub-Delegation of Approval Authority for Purchase Requisitions
Schedule 3	Approval of Purchase Orders
Schedule 4	Approval of Directed Source Procurements
Schedule 5	Approval of Expense Reports
Schedule 6	Approval of Payments That Do Not Require Purchase Orders

   d. All values in Annex 1 are expressed in Canadian currency and are exclusive of taxes and duties.
   e. Responsibility rests with the approver to ensure there are current year (and if necessary future years') budget funds to pay for goods and services procured through purchase orders and/or procurement contracts.
   f. The procurement of /discretionary spending on the following specialized categories of goods and services must have co-approval from the appropriate Hydro Ottawa "functional" division before action is taken:

Category	Functional Division Co-Approval
IM & IT Products and Services	IM & IT
Advertising	Communications
Legal Services	CFO (Legal)
Commercial Insurance	CFO (Treasury)
Sponsorships/Donations	Communications
Leases	CFO (Treasury)
Recruitment Services	HR

Note:

- CFO (Legal) approval is not required when:
  - there is an established relationship between the legal service provider and Hydro Ottawa, and
  - CFO (Legal) initially approved the vendor.
- Commercial Insurance excludes HR employee benefit insurance programs such as life insurance, health and dental plans, the Worker Safety Insurance Board etc.

g. Individuals are responsible for sub-delegating their approval authority *before departing on planned absences* by documenting the sub-delegate's name and the duration the of the authority reassignment in an email which, at a minimum, should be sent to:

To: Director Human Resources
Supervisor Procurement
Supervisor Accounts Payable

Copy: Name of sub-delegated signing authority
The manager of the individual sub-delegating their signing authority
Supporting Executive/Administrative Assistant

Note: The above email can be sent by the appropriate EA/AA copying the individual who is sub-delegating their approval authority.

h. Approval authority can be sub-delegated to a peer within the employee's division or to a subordinate as detailed in Annex 1 - Schedule 2 of this policy.

i. Chiefs must sub-delegate their approval authority to a direct report within their division (i.e. lateral assignments are not permitted).

j. When approval authority has been sub-delegated to a subordinate, all financial transactions must be co-approved by the CFO Division per Annex 1 - Schedule 2 of this policy.

k. In the case of absences where a sub-delegate has not been named, approval authority will revert to the individual's direct manager who can either retain the signing authority responsibilities until the individual returns or initiate the assignment of temporary signing authority as described in 4 g. above.

l. The sub-delegation of signing authority for periods > 30 consecutive days requires the approval of the individual's direct manager (e.g. sub-delegation of a Director's signing authority for a 31 day period would require approval of the Division Chief.)

m. Individuals who are appointed to a management position as a result of Hydro Ottawa's Emergency Succession Plan will assume full approval authority of the appointed position.

5. RELATED POLICIES, PROCEDURES and REFERENCE DOCUMENTS

Approval Authority for Procurements and Disbursements Policy – Annex 1.
Hydro Ottawa Credit Card Policy (POL-Fi-001.00)
Business Expense Reimbursement Policy (POL-Fi-005.00)
Travel Expense Reimbursement Policy (POL-Fi-002.00)
Procurement Policy (POL-Fi-003.00)
Insurance Policy (POL-Fi-006.00)
Discipline and Discharge Policy (POL-Hr-005.00).
Recruiting and Staffing – Management Group Positions (POL-Hr-006.00).

6. EXCLUSIONS

There are no exclusions

7. ADDITIONAL POLICY ELEMENTS

There are no additional policy elements

8. COMPLIANCE

Policy violations will be addressed in accordance with Hydro Ottawa's Code of Business Conduct and policy on Discipline and Discharge (POL-Hr-005.00).

9. APPROVAL HISTORY

Revision	Release Date:	Policy Owner Sign-off:	Approved By:	Effective Date:
.00	January 1, 2013	Chief Financial Officer	President and CEO	January 1, 2013
Revision .NN	Revision Date Month/Day/Year	Policy Owner Sign-off: Chief Financial Officer	Approved By: President and CEO	Effective Date: Month/Day/Year

Scheduled Re-affirmation Date: **January 1, 2016**	Responsibility: CFO

10. POLICY EXCEPTIONS

Exceptions to the above directives and/or changes to this policy must receive written pre-authorization from the President and CEO. For clarification on any aspect of this policy contact the Director, Finance.

Approval Authority for Procurements and Disbursements

ANNEX 1 – AUTHORITY LEVELS

Schedule 1

Delegation of Approval Authority Purchase Requisitions		
Approver	**Mandate**	**Limit**
President & CEO	Enterprise	> $1,000,000
Chief	Division	To $1,000,000
Director	Group	To $500,000
Manager	Section	To $100,000
Supervisor	Unit	To $5,000
Executive Assistant	N/A	To $1,000

NOTES:

1. The above authorization limits relate to purchase requisitions for both competitive and sole source procurements.
2. Directed source procurement approval requirements are provided in Schedule 4.
3. Approval to purchase goods and services must be obtained from the division that will be paying the associated invoices/incurring the expenses.
4. Responsibility rests with the approver to ensure there are current year (and if necessary future years') budget funds to pay for goods and services procured through purchase orders and/or third party contracts.
5. Requisitions (and purchase orders) are *not* required for procurements:
   - ≤ $2000 (unless stipulated by the supplier)
   - listed in Schedule 6
6. All purchases must comply with Hydro Ottawa's Procurement Policy (POL-Fi-003.00).
7. Higher approval limits for specific operational positions (based on job function) require authorization from the President & CEO.

ANNEX 1 – AUTHORITY LEVELS

Schedule 2

Temporary Sub-delegation of Approval Authority Purchase Requisitions			
Original Signing Authority	**Limit**	**Temporary Sub-delegated Signing Authority**	**CFO Division Co-Approval**
President & CEO	> $1,000,000	Chief	Chief Financial Officer
Chief	To $1,000,000	Director	Director Finance
Director	To $500,000	Manager	Controller
Manager	To $100,000	Supervisor	Manager Accounting
Supervisor	To $5,000	N/A	N/A
Executive Assistant	To $1,000	N/A	N/A

NOTES:

1. Temporary is defined as ≤ 30 consecutive calendar days.
2. In the absence of Director positions within a Division, Chiefs would sub-delegate signing authority to a Manager.
   Note: The Manager's sub-delegated approval limit would be $500,000.
3. Sub-delegation of a signing authority for any period in excess of 30 consecutive days requires approval of the individual's manager.
4. CFO Division co-approval is required when approval authority has been sub-delegated to a subordinate.
   Note: CFO Division co-approval is *not required* when approval authority has been sub-delegated to a peer within the division.
5. When a CFO Division employee is named as the temporary sub-delegated signing authority, co-approval must be obtained from one of the Director Finance, Treasurer, General Counsel or Director of Regulatory Affairs.
6. Supervisors and EAs cannot sub-delegate their approval authority.
7. All NOTES in Schedule 1 apply to Schedule 2.

ANNEX 1 – AUTHORITY LEVELS

Schedule 3

Approval of Purchase Orders		
Approver	**Mandate**	**Limit**
President & CEO	Enterprise	> $1,000,000
Chief Financial Officer	Enterprise	> $1,000,000
Director Finance	Enterprise	To $1,000,000
Manager Supply Chain	Enterprise	To $500,000
Supervisor Procurement	Enterprise	To $100,000
Procurement Agent	Enterprise	To $5,000

NOTES:

1. The above relates to approval to make a commitment to a 3rd party supplier through the execution of Purchase Orders by the CFO division.
2. If a contract is required, in addition to the Purchase Order, Procurement will consult with Legal, as appropriate.
3. The Purchase Order approver cannot be the same individual as the Requisition approver.
4. Invoices will be paid to a maximum of 105% of the Purchase Order value.
5. Purchase Orders are *not* required for procurements:
   - ≤ $2000 (unless stipulated by the supplier)
   - Listed in Schedule 6

Approval Authority for Procurements and Disbursements

ANNEX 1 – AUTHORITY LEVELS

Schedule 4

Approval of Directed Source Procurements		
Approver	**Mandate**	**Limit**
Sponsoring EMT Member + CFO + President & CEO	Enterprise	> $100,000
Sponsoring EMT Member + Director Finance	Division	$50,000 - $100,000
Sponsoring Director + Manager Supply Chain	Group	< $50,000

NOTES:

1. A Directed Source Procurement is when there is more than one identifiable source for a given good or service, but there are compelling reasons why the selected vendor is not determined by an open competition. (Refer to Hydro Ottawa's Procurement Policy – POL-Fi-003.00 for additional details on Directed Source Procurements)
2. Hydro Ottawa management approvals are not required for Directed Source Procurements authorized by Hydro Ottawa's Board of Directors and/or its committees.

Approval Authority for Procurements and Disbursements

ANNEX 1 – AUTHORITY LEVELS

Schedule 5

Approval of Expense Reports		
Approver	**Mandate**	**Limit**
President & CEO	Enterprise	> $10,000
Chiefs	Division	To $10,000
Directors	Group	To $5,000
Managers	Section	To $2,000
Supervisor	Unit	To $500

NOTES:

1. Individuals cannot approve their own expense reports.
2. The Temporary Sub-delegation of Approval Authority listed in Schedule 2 includes authority to approve expense reports per the above limits. (CFO co-approval is not required for sub-delegate approved expense reports.)

Approval Authority for Procurements and Disbursements

ANNEX 1 – AUTHORITY LEVELS

Schedule 6

Approval of Payments that do not Require Purchase Orders (Invoices Without Reference)	
1. Approval limits same as Schedule 1	
Expense Item	**Responsible Division**
Freight & forwarding	CFO
Courier	
* Commercial Insurance premiums	
Corporate income tax	
Licenses and registrations	
Legal Costs (Non HR related)	
Legal Costs (HR related)	HR
Planning permits, access fees, development fees, easements	Distribution & Customer Service
Hot water tank rentals	
Sponsorships, market promotions, donations	Communications & Marketing
Conferences	All
Subscriptions and Publications	All
Emergency related purchases of goods and services	All
2. Specified Approvers	
Expense Item	**One of:**
Property taxes	Manager Supply Chain/Director Finance
Utilities	
Interest and financing charges	Treasurer/Chief Financial Officer
HST	Controller/Director Finance
Other taxes and duties	
IESO Monthly Settlement	
Embedded Generators (FIT, MicroFIT, HCI, RESOP)	
Bank charges	
Payments to Retailers	
Payroll-related remittances	Director Human Resources Services/Chief Human Resources Officer
Telecommunication services	Manager IT Operations/Chief Information Officer

* Note: Excludes HR employee benefit insurance programs such as life insurance, health and dental plans, Worker Safety Insurance Board etc.

ANNEX 1 – AUTHORITY LEVELS

Schedule 6 (continued)

Approval of Payments that do not Require Purchase Orders **(Invoices Without Reference)**
Notes: 1. Schedule 6 identifies invoices for goods and services > $2000 that are payable without a requirement for/reference to a purchase order. 2. Invoices for any goods or services ≤ $2000 do not require a purchase order. 3. Emergency is defined as a sudden, urgent, unexpected occurrence or occasion requiring immediate action. 4. Changes to the expense item listing and related authorizations in Schedule 6 require the approval of the Chief Financial Officer. 5. **Section 2 - Specified Approvers** are invoices where payment is time sensitive and authorization requires specialized knowledge/insights to validate the invoice amount. 6. There are no dollar limits associated with the expense items listed in **Section 2 - Specified Approvers**. 7. Individuals indentified in **Section 2 - Specified Approvers** must determine supporting documentation requirements for invoice approval with concurrence from Director Finance.

CORPORATE PROCEDURE

Subject: Contract Procurement Process		
Category: Finance	**Procedure Number**: PRO-Fi-013.00	
Policy Ref: POL-Fi-003.00 Procurement	**Administrator** Director of Finance	**Owner** Chief Financial Officer

1. PURPOSE
To ensure consistency and accountability in the contract procurement process.

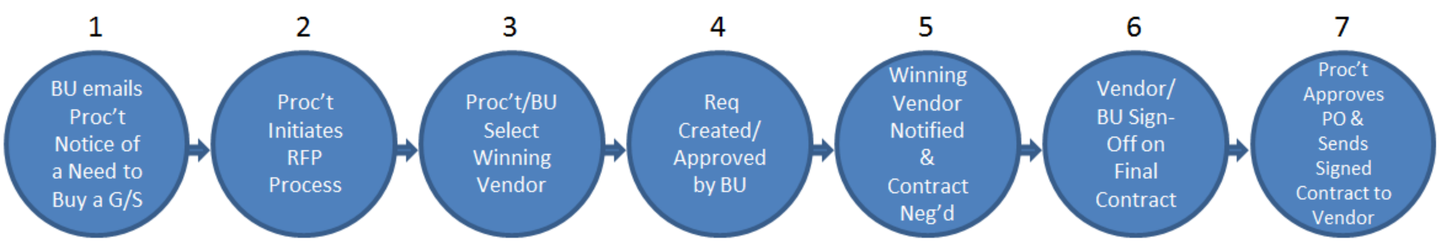
2. SCOPE
All Hydro Ottawa employees involved in contract procurements.

3. DEFINITIONS
BU refers to a Hydro Ottawa business unit
G/S refers to a good or service
Hydro Ottawa refers to Hydro Ottawa Holding Inc. and its affiliates
Legal refers to Hydro Ottawa's Legal Group
PO refers the Hydro Ottawa Purchase Order module within JDE
Procurement or Proc't refers to the Procurement Unit within Hydro Ottawa's Supply Chain Section
Pro Forma Contract refers to any Hydro Ottawa contract that has been prepared by Legal and contains standard terms and conditions
Req refers to the Requisition module within JDE
RFP refers to Request for Proposal
RFQ refers to Request for Quote

All references to dollar amounts shall be in Canadian currency and exclusive of taxes

4. PROCEDURE DESCRIPTION

Contract Procurement Process Overview



Responsibility	Ref	Instructions
BU – Requisitioner	4.1	When it is anticipated a pending purchase will require a procurement contract, the BU shall email the details to the Supervisor, Procurement providing a description of the G/S involved, an estimate of the total cost (excluding taxes/duties), specifics on the timing of the purchase and confirmation of budget funding. Note: a. The email should be copied to the appropriate BU signing level (per Annex 1 Schedule 1 of Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements (POL-En-006.00) b. The final decision to proceed with an RFP/Contract procurement (vs. an alternate procurement vehicle such as an RFQ or PO) rests solely with Procurement c. The need to send a Request For Information (RFI) to prospective vendors shall be jointly determined by the BU and Procurement d. A non-competitive procurement process begins with step 4.4 above once the required Sole/Directed Source approvals are obtained per Hydro Ottawa's Procurement Policy (POL-Fi-003.00)

Responsibility	Ref	Instructions
Procurement	4.2	Per the Procurement Policy, an RFP is issued containing a detailed Statement of Work (written by the BU) and the requirement that vendors accept Hydro Ottawa's pro-forma contract terms and conditions.
Procurement/BU	4.3	The winning vendor is selected based on pre-set evaluation criteria. Note: The winning vendor selection shall remain Hydro Ottawa confidential until the Req is created/approved.
BU	4.4	The Req is created in JDE and approved per Annex 1 Schedule 1 of Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements (POL-En-006.00). Note: Electronic attachments to the Requisition shall include: a. The Statement of Work b. The winning vendor's proposed solution c. Solution pricing d. The pro-forma contract and, if known, any potential non-standard contract terms and conditions e. Summary comments on open issues i.e. potential risk areas including recommendations on contingency funding to address risk issues
Procurement/BU	4.5	The winning vendor is notified and the contract is negotiated. Note: a. The winning vendor is advised that any commitments made by Hydro Ottawa during negotiations are subject to the BU sign-off on the final contract and the execution of the PO within JDE by Procurement b. Procurement (not the BU) shall engage Legal as/when required in the event changes are required to Hydro Ottawa's pro-forma contract wording c. Material changes (in the judgement of Procurement) between the winning vendor's RFP response and the negotiated contract (such as changes in contract terms and conditions, price, risks, key elements of the deliverables etc.) require an update to/re-approval of the Req within JDE d. In the event of material changes per 4.5 (c.) above, Procurement shall consult with Legal to determine if the RFP needs to be re-issued e. Procurement creates a PO within JDE and registers the PO number as the contract number on the duplicate originals of the final agreement f. The PO shall identify any contingency funding required to address risk issues that are contained in the final contract g. Contingency funding shall remain Hydro Ottawa confidential and excluded from the financial information detailed in the contract h. Procurement shall provide a scanned copy of the final agreement to both the contract and procurement signing authorities for their review.
Procurement/BU	4.6	The Vendor/BU sign-off on the final contract. Note: a. Duplicate originals of the final contract are presented to the vendor for their sign-off b. Following vendor approval, the contracts are returned to Hydro Ottawa and signed off by the BU per the following:

Hydro Ottawa Contract Procurement Signing Limits		
Approver	**Mandate**	**Limit**
President & CEO	Enterprise	> $5,000,000
Chief	Division	To $5,000,000
Director	Group	To $500,000
Manager	Section	To $100,000
Supervisor	Unit	To $5,000

c. Chiefs shall provide the President & CEO with email notifications of contract sign-offs valued from $1,000,000 to $5,000,000.

Responsibility	Ref	Instructions
Procurement	4.7	Once both parties have signed off on the contract, the PO is approved within JDE. Note: a. Approvals shall be in accordance with Annex 1 Schedule 3 of Hydro Ottawa's policy on Approval Authority for Procurements and Disbursements (POL-En-006.00) b. A duplicate contract original is returned to the vendor c. Procurement attaches a scanned copy of the second duplicate original to the PO within JDE and files the hard copy for their records

5. RELATED POLICIES, PROCEDURES & REFERENCE DOCUMENTS

Procurement Policy (POL-Fi-003.00)
Approval Authority for Procurements and Disbursements Policy (POL-En-006.00)
Discipline and Discharge Policy (POL-Hr-005.00)

6. COMPLIANCE

Periodic audits will be carried out by the Internal Audit & Risk Management group to assess compliancy with the procedures detailed above. Non-compliant behaviour will be escalated to the Chief Financial Officer who will determine the appropriate disciplinary action.

7. APPROVAL HISTORY

Revision	Release Date		Procedure Admin Sign-off:	Procedure Owner Approval:
.00	July 1, 2014		Director of Finance	Chief Financial Officer
Revision	Revision Date:	Description of Changes	Procedure Admin Sign-off:	Procedure Owner Approval:
.NN	Month/Day/Year		Director of Finance	Chief Financial Officer

Scheduled Re-affirmation Date	Responsibility
July 1, 2016	Director of Finance

Exceptions and/or **changes** to this procedure must receive written authorization from the Chief Financial Officer. For **clarification** on any aspect of this policy contact the Director of Finance.

ONE-TIME COSTS

1.0 INTRODUCTION

Hydro Ottawa Limited confirms there are no one-time costs in 2016 as part of this application.

REGULATORY COSTS

1.0 INTRODUCTION

Regulatory costs for Hydro Ottawa Limited ("Hydro Ottawa") are included in the Uniform System of Accounts ("USoA") 5655, 5630 and 5620 – a summary of Regulatory Expenses are shown in Table 1. Please refer to Appendix 2-M - Regulatory Cost Schedule for further details. This includes Ontario Energy Board (the "Board") cost assessments and licence fees, Electrical Safety Authority ("ESA") cost assessments, intervenor and other cost awards, professional services (legal and consulting) and costs to publish public notices, all of which are considered on-going costs. Annual assessment fees paid to the Board is the largest expenditure in this category. Hydro Ottawa has seen increases in total Regulatory Costs, the budget for the test year, 2016 is $1.4M. The volume of proceedings at the Board continues to increase, resulting in higher annual cost awards. Furthermore, the continual changes within the electricity industry, including aging infrastructure and an aging workforce as well as a number of issues specific to Hydro Ottawa means that this application is for the 2016 test year only and is not considered a base year for a subsequent IRM process.

Hydro Ottawa's costs of regulatory staff have not been included in USoA Accounts 5655, 5630 or 5620. These costs are contained within the general OM&A budgets. Personnel from other departments who work on the preparation of the rate case (such as finance, distribution asset management, treasury, human resources, customer service, information technology, etc.) are not included in Accounts 5655, 5630 or 5620. These costs are contained within their departmental budgets.

Table 1 – Regulatory Cost Schedule (Summary)

Last Rebasing Year (2012 Board Approved)	Most Current Actuals Year 2014	2015 Bridge Year	2016 Test Year
$1,298,157	$1,173,303	$1,338,863	$1,365,775

File Number:	EB-2015-0004
Exhibit:	D
Tab:	2
Schedule:	4
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Date:	ORIGINAL

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	$ 775,196	$ 880,729	$ 898,344	2.00%	$ 916,311	2.00%
2	OEB Section 30 Costs (Applicant-originated)									
3	OEB Section 30 Costs (OEB-initiated)									
4	Expert Witness costs for regulatory matters									
5	Legal costs for regulatory matters	5655		On-Going	$ 208,829	$ 55,955	$ 157,547	181.56%	$ 160,711	2.01%
6	Consultants' costs for regulatory matters	5630		On-Going	$ 20,000	$ 64,773	$ 66,069	2.00%	$ 16,188	-75.50%
7	Operating expenses associated with staff resources allocated to regulatory matters									
8	Operating expenses associated with other resources allocated to regulatory matters [1]									
9	Other regulatory agency fees or assessments	5655		On-Going	$ 127,044	$ 135,374	$ 138,081	2.00%	$ 140,843	2.00%
10	Any other costs for regulatory matters (please define)	5655		On-Going	$ 5,208					
11	Intervenor costs	5620		On-Going	$ 161,880	$ 36,472	$ 78,822	116.12%	$ 131,722	67.11%
12	Sub-total - Ongoing Costs [3]		$ -		$ 1,298,157	$ 1,173,303	$ 1,338,863	14.11%	$ 1,365,775	2.01%
13	Sub-total - One-time Costs [4]		$ -		$ -	$ -	$ -		$ -	
14	Total		$ -		$ 1,298,157	$ 1,173,303	$ 1,338,863	14.11%	$ 1,365,775	2.01%

Please fill out the following table for all one-time costs related to this cost of service application to be amortized over the test year plus the IRM period.

		Historical Year(s)	2015 Bridge Year	2016 Test Year
4	Expert Witness costs			
5	Legal costs			
6	Consultants' costs			
7	Incremental operating expenses associated with staff resources allocated to this application.			
8	Incremental operating expenses associated with other resources allocated to this application. [1]			
11	Intervenor costs			

LOW-INCOME ENERGY ASSISTANCE PROGRAM

1.0 INTRODUCTION

In accordance with the LEAP Report, since 2011, Hydro Ottawa has allocated 0.12 percent of its total distribution revenue requirement towards the LEAP Emergency Financial Assistance program.

Table 1 below shows Hydro Ottawa's annual LEAP contributions, and the number of customers assisted for 2012-2015:

Table 1 – LEAP Contributions and Number of Customers Assisted

	Actual 2012	Actual 2013	Actual 2014	Bridge 2015
Annual Contribution	$185,000.00	$187,000.00	$187,300.00	$190,984.00
Carryover from prior years	6,465.47	9,483.02	0.00	46,341.83
Administration Fees	27,750.00	28,050.00	28,095.00	28,647.60
Total Available	163,715.47	168,433.47	159,205	162,336.40
Total Number of Applicants	530	663	435	N/A
Number of Applicants Assisted	435	487	329	N/A

Currently, Hydro Ottawa continues to work with the United Way as its Lead Agency, with the Salvation Army administering the various Intake Agencies throughout the City of Ottawa.

As prescribed by the Board, Hydro Ottawa contributes 0.12% of its Board-Approved distribution revenue requirement annually to LEAP, and will continue to do so from 2016 through 2020.

Prior to 2011, Hydro Ottawa participated and supported the Winter Warmth program, which provided assistance to low-income residents in Ottawa with winter heating bills. Hydro Ottawa confirms that there are no amounts included in the revenue requirement for the Test Years for Winter Warmth or any other such legacy assistance program.

CHARITABLE AND POLITICAL DONATIONS

1.0 INTRODUCTION

Hydro Ottawa Limited ("Hydro Ottawa") follows the OEB's Accounting Procedures Handbook ("APH") with respect to charitable and political donations. As per the APH, Donations are tracked in the Uniform System of Accounts ("USoA") 6205 Donations and are not included in the revenue requirement for the Test Years.

Only donations specifically for the Low-Income Energy Assistance Program ("LEAP") as tracked in the USoA Sub-account 6205 Donations, sub-account LEAP Funding are included in the revenue requirement for the Test Years. The Board has prescribed the LEAP program to provide assistance to low-income consumers in paying their electricity bills. Please refer to Exhibit D-2-5 for further details on the LEAP program.

The following Table 1 summarizes charitable and political donations that are both recoverable and non-recoverable for revenue requirement from 2012 to 2016 Test Year.

Table 1– Charitable and Political Donations Summary

Category	2012 Actual	2013 Actual	Most Current Actuals Year 2014	2015 Bridge Year	2016 Test Year
Rate Recoverable	$185,000	$187,000	$187,152	$190,984	$210,088
Non-Rate Recoverable	$190,124	190,536	190,214	154,750	156,275
TOTAL	**$375,124**	**$377,536**	**$377,366**	**$345,734**	**$366,363**

Hydro Ottawa will also adhere to any requirements for the recording of charitable and political donations for any new Board-Approved programs to assist low-income customers, such as the Low-Income Strategy Review (EB-2014-0227), that are regulated by the Board.

NON-RECOVERABLE CONTRIBUTIONS

1.0 INTRODUCTION

Hydro Ottawa Limited ("Hydro Ottawa") confirms that no political contributions have been included in the revenue requirement for the Test Years. Please refer to Exhibit D-2-6 for a summary of non-rate recoverable charitable and political donations.

DEPRECIATION/AMORTIZATION/DISPOSAL SCHEDULE

Hydro Ottawa Limited ("Hydro Ottawa") is not proposing to make any changes from the amortization rates that were previously accepted in the 2012 Electricity Distribution Rate Application (EB-2011-0054) therefore an amortization study is not included with this application. Hydro Ottawa's useful lives are provided in Table 4 and are consistent with the 2012 lives.

Hydro Ottawa uses the half-year rule for calculating depreciation/amortization in the year that capital additions are added to the rate base for both actual and budgeted pooled assets, except in the case of discrete material assets, such as a station. In those specific cases, that actual or forecasted in-service month would be used to calculate the depreciation/amortization.

The following tables (Table 1 and Table 2) detail the amortization expenses for 2012 Actual, 2013 Actual, 2014 Forecast, and 2015 to 2020 Budget, by asset group. As noted in the 2012 Electricity Distribution Rate Application (EB-2011-0054), Hydro Ottawa received approval to recover the cost of meters stranded as a result of the installation of Smart Meters over a six year period; $2,987k has been included in the amortization expense for years 2012 and 2013, which are the fifth and last year period.

Also included in the Tables is the effect on amortization from disposals in 2012 and 2013 and 2014 forecast and budgeted disposals for 2015 to 2020.

Hydro Ottawa has not provided Chapter 2 MIFRS Appendices (2-CA to 2-CI) of the Board's Chapter 2 2.7.4 Depreciation, Amortization and Depletion of the Filing Requirements for Transmission and Distribution Applications as it is a simplified approach to the calculation of depreciation expense and the requested information is already provided in Chapter 2 Appendix 2 – BA.

Table 1: Amortization Expense 2012 to 2016 (In $000's)

Asset Group	2012 Amortization Expense	2012 Disposal	2013 Amortization Expense	2013 Disposal	2014 Amortization Expense	2014 Disposal	2015 Amortization Expense	2015 Disposal	2016 Amortization Expense	2016 Disposal
Land and Buildings	(593)	0	(721)	0	(794)	0	(858)	0	(891)	0
TS Primary Above 50	(2,202)	0	(2,328)	0	(2,854)	3	(3,144)	0	(3,158)	0
DS	(3,697)	0	(3,634)	644	(3,704)	32	(3,566)	92	(3,364)	92
Pole, Wires	(8,982)	28	(10,000)	182	(10,820)	424	(13,615)	714	(15,002)	714
Line Transformers	(1,973)	12	(2,241)	23	(2,305)	2	(3,608)	118	(3,993)	118
Services and Meters	(7,979)	3	(8,119)	289	(5,325)	6	(6,595)	52	(6,918)	52
General Plant	(1,971)	0	(1,880)	0	(1,744)	2	(1,821)	0	(1,855)	0
Equipment	(2,139)	2	(2,288)	0	(2,699)	33	(2,528)	38	(2,669)	38
IT Assets	(9,064)	0	(9,181)	0	(7,899)	92	(8,317)	0	(9,071)	0
Other Distribution Assets[1]	4	0	593	0	1,628	4	5,494	0	6,093	0
Total	**$ (38,595)**	**$ 44**	**$ (39,798)**	**$ 1,138**	**$ (36,517)**	**$ 598**	**$ (38,558)**	**$ 1,013**	**$ (40,826)**	**$ 1,013**

Asset Group	2012 Amortization Expense	2012 Disposal	2013 Amortization Expense	2013 Disposal	2014 Amortization Expense	2014 Disposal	2015 Amortization Expense	2015 Disposal	2016 Amortization Expense	201 Dispo
Land and Buildings	(593)	0	(721)	0	(794)	0	(858)	0	(891)	
TS Primary Above 50	(2,202)	0	(2,328)	0	(2,854)	3	(3,144)	0	(3,158)	
DS	(3,697)	0	(3,634)	644	(3,704)	32	(3,566)	92	(3,364)	
Poles, Wires	(8,982)	28	(10,000)	182	(10,820)	424	(13,615)	714	(15,002)	7
Line Transformers	(1,973)	12	(2,241)	23	(2,305)	2	(3,608)	118	(3,993)	1
Services and Meters	(7,979)	3	(8,119)	289	(5,325)	6	(6,595)	52	(6,918)	

General Plant	(1,971)	0	(1,880)	0	(1,744)	2	(1,821)	0	(1,855)	
Equipment	(2,139)	2	(2,288)	0	(2,699)	33	(2,528)	38	(2,669)	
IT Assets	(9,064)	0	(9,181)	0	(7,899)	92	(8,317)	0	(9,071)	
Capital Contributions Paid	0	0	0	0	0	0	0	0	0	
Other Distribution Assets [1]	4	0	593	0	1,628	4	5,494	0	6,093	
Total	**$ (38,595)**	**$ 44**	**$ (39,798)**	**$ 1,138**	**$ (36,517)**	**$ 598**	**$ (38,558)**	**$ 1,013**	**$ (40,826)**	**$ 1,013**

Note 1: Other Distribution Assets include Deferred Revenue

Table 2: Amortization Expense 2017 to 2020 (In $000's)

Asset Group	**2017 Amortization Expense**	**2017 Disposal**	**2018 Amortization Expense**	**2018 Disposal**	**2019 Amortization Expense**	**2019 Disposal**	**2020 Amortization Expense**	**2020 Disposal**
Land and Buildings	(905)	0	(940)	0	(976)	0	(1,017)	0
TS Primary Above 50	(3,176)	0	(3,249)	0	(3,277)	0	(3,261)	0
DS	(3,427)	92	(3,804)	92	(4,112)	92	(4,283)	92
Pole, Wires	(16,282)	714	(17,610)	714	(18,872)	714	(20,119)	714
Line Transformers	(4,340)	118	(4,715)	118	(5,093)	118	(5,481)	118
Services and Meters	(7,244)	52	(7,621)	52	(7,977)	52	(8,360)	52
General Plant	(1,832)	0	(1,762)	0	(1,715)	0	(1,721)	0
Equipment	(2,819)	38	(3,115)	38	(3,284)	38	(3,385)	38
IT Assets	(10,805)	0	(11,430)	0	(11,332)	0	(10,986)	0
	0	0	0	0	0	0	0	0
Other Distribution Assets[1]	6,684	0	7,200	0	7,689	0	8,319	0
Total	**$ (44,145)**	**$ 1,013**	**$ (47,047)**	**$ 1,013**	**$ (48,949)**	**$ 1,013**	**$ (50,295)**	**$ 1,013**

Asset Group	2017 Amortization Expense	2017 Disposal	2018 Amortization Expense	2018 Disposal	2019 Amortization Expense	2019 Disposal	2020 Amortization Expense	2020 Disposal
Land and Buildings	(905)	0	(940)	0	(976)	0	(1,017)	0
TS Primary Above 50	(3,176)	0	(3,249)	0	(3,277)	0	(3,261)	0
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Line Transformers	(4,340)	118	(4,715)	118	(5,093)	118	(5,481)	118
Services and Meters	(7,244)	52	(7,621)	52	(7,977)	52	(8,360)	52

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Equipment	(2,819)	38	(3,115)	38	(3,284)	38	(3,385)	38
IT Assets	(10,805)	0	(11,430)	0	(11,332)	0	(10,986)	0
Capital Contributions Paid	0	0	0	0	0	0	0	0
Other Distribution Assets [1]	6,684	0	7,200	0	7,689	0	8,319	0
Total	**$ (44,145)**	**$ 1,013**	**$ (47,047)**	**$ 1,013**	**$ (48,949)**	**$ 1,013**	**$ (50,295)**	**$ 1,013**

Table 3: Asset Retirement Obligations ("ARO")

Asset Retirement Obligation	USofA	Net Book Value 2012	2013 Amortization Expense	Net Book Value 2013
Station Equipment (Below 50kV)	1820	$2,410	($2,410)	0
Line Transformers	1815	$232,294	($232,294)	0
Total		**$234,704**	**($234,704)**	**0**

Table 4 – Useful Lives

USofA Account Number	Description	Useful life (years)
1805	Land	NA
1806	Land Rights	50
1808	Buildings and Fixtures	30 - 75
1815	Station Equipment (Above 50kV)	15 - 45
1820	Station Equipment (Below 50kV)	15 - 45
1830	Poles, Towers, Fixtures	45
1835	Overhead Conductors and Devices	25 - 45
1840	Underground Conduit	40
1845	Underground Conductors and Devices	25 - 60
1850	Line Transformers	35
1855	Services	45
1860	Meters	15 – 25
1860	Smart Meters	15
1905	Land	NA
1612 (formerly 1906)	Land Rights	50
1908	Buildings and Fixtures	20 - 75
1915	Office Furniture & Equipment	10
1920	Computer Equipment – Hardware	5
1611 (formerly 1925)	Computer Software	5 -10
1930	Automobiles	7
1930	Trucks Less Than 3 tonnes	8
1930	Trucks Greater Than 3 tonnes	12
1930	Powered Equip & Trailers	15
1935	Stores Equipment	10
1940	Tools, Shop & Garage Equipment	10
1945	Measurement & Testing Equipment	10
1955	Communication Equipment	8
1960	Equipment - Miscellaneous	10
1970	Load Mgmt Contrls Cust Prem	10
1975	Load Mgmt Contrls Utility Prem	10
1980	System Supervisory Equipment	15

TAXES, OR PAYMENTS IN LIEU OF TAXES

1.0 INTRODUCTION

Hydro Ottawa Limited (“Hydro Ottawa”) is required to make Payments in Lieu of Taxes (“PILS”) based on its taxable income. Hydro Ottawa has used the PILS Workform Model (the “PILS Tax Model”) supplied by the Board for 2015 Cost of Service Applications Filers to calculate the PILS payable for each of the Test Years (2016 to 2020).

The amount for PILs included in the revenue requirements for each of the 2016 to 2020 Test Years is summarized in Table 1.1 below. The PILS Tax Models for the 2016 to 2020 Test Years are included as Attachments D-4(C), (D), (E), (F) and (G) and in both PDF and Excel.

Table 1.1 Corporate PILS for Test Years 2016 to 2020

Test Year	Income Tax/PILS ($000)
2016	$4,958
2017	$4,799
2018	$6,074
2019	$8,473
2020	$7,587

No modifications have been made to the general principles and methodologies of the PILS Tax Model. However, the PILS Tax Model supplied by the Board for 2015 Cost of Service Applications Filers incorrectly includes the Ontario Small Business Deduction, which was eliminated in Ontario’s 2014 budget for tax years ending after May 1, 2014 for large companies with taxable capital employed in Canada greater than $15 million. The effect of this is an underestimate of PILS of $64,000 per Test Year, which has not been reflected in the PILS summarized in Table 1.1, but will be updated when the PILS Tax Model is issued by the Board for 2016 Filers.

2.0 GENERAL METHODOLOGY

For 2016 to 2020 PILS, Hydro Ottawa has used a combined Federal and Ontario tax rate of 26.50%. This rate is applied to Hydro Ottawa's regulatory taxable income determined through the PILS Tax Model to calculate income taxes payable before the deduction of tax credits. This amount is then grossed up by the 1 – tax rate formula to determine the tax provision component of the revenue requirement for each Test Year.

The regulatory taxable income in each Test Year includes forecasted Capital Cost Allowances ("CCA"). These forecasts use the estimated ending Undepreciated Capital Cost ("UCC") balance from the previous year as the opening balance and then adds net capital additions (applying the half-year rule) to determine the UCC balance available for the year.

For example, the 2016 Test Year uses the forecasted 2015 ending balance and then adds the net capital additions for 2016 to provide the UCC balance available for the 2016 CCA deduction. The Cumulative Eligible Capital ("CEC") deductions for 2016 to 2020 were also determined in the same manner based on the 2016 to 2020 forecasts for Eligible Capital Expenditures.

3.0 PRINCIPLES & INTEGRITY CHECKS

Hydro Ottawa has followed the same principles as it has for its previous rate applications. These principles include the integrity checks required as per section 2.7.5.2 of the filing requirements and are summarized below:

3.1 Taxable Additions

The depreciation and amortization added back agrees with the numbers disclosed in the rate base section of the application.

The accounting Other Post-Employment Benefits (OPEB) and pension amounts added back agree with the Operating Management and Expenses ("OM&A") analysis for compensation. The amounts deducted are reasonable.

3.2 Undepreciated Capital Cost and Capital Cost Allowances

Schedule 8 of the most recent federal T2 tax return filed with the application agrees with the PILS Tax Models filed.

The capital additions and deductions agree with the rate base section for the 2014 Historical Year, 2015 Bridge Year and 2016 to 2020 Test Years.

The CCA deductions in the 2014 Historical Year, 2015 Bridge Year and 2016 to 2020 Test Years agree with the UCC schedules filed.

The capital cost allowance and eligible capital expenditure deductions are fully maximized in each year.

3.3 Loss Carry-Forwards

Hydro Ottawa is forecasted not to have any non-capital or capital loss carryforwards available at the end of 2015 and does not expect to have any such losses available for the 2016 to 2020 Test Years.

3.4 Tax Rates

The corporate income tax rate used to calculate PILS in the PILS Tax Model is consistent with the current legislated rates.

3.5 Non-Distribution and Non-Recoverable Eliminations

Hydro Ottawa has excluded all non-distribution costs and non-recoverable revenue and costs in the tax calculations.

4.0 TAX CREDITS

As in previous years, Hydro Ottawa continues to claim the Federal Apprenticeship Job Creation Tax Credit, the Ontario Apprenticeship Training Credit, and the Ontario Co-op Education Tax Credit.

The Federal Apprenticeship Job Creation Tax Credit is 10% of salaries and wages paid to eligible apprentices, up to a maximum of $2,000 per year per apprentice for the first two years of the apprenticeship contract.

The Ontario Apprenticeship Training Credit is 35% of eligible expenditures (such as salaries and wages), up to a maximum of $10,000 per apprentice during the first 48 months of the apprenticeship program for expenditures incurred after March 26, 2009.

The Ontario Co-operative Education Tax Credit is 25% of eligible expenditures up to a maximum of $3,000 per student per year.

Hydro Ottawa has forecasted the tax credits available and has deducted the available tax credits for the 2016 to 2020 Test Years as outlined in the tables below.

Table 4.1 Total Apprenticeship & Coop Tax Credits Claimed for Test Years 2016 to 2020

Year	Federal Apprenticeship Tax Credit	Ontario Apprenticeship Tax Credit	Ontario Coop Education Tax Credit	Total Tax Credits Claimed
2016 Test Year	$20,000	$160,000	$37,500	$217,500
2017 Test Year	$20,000	$210,000	$37,500	$267,500
2018 Test Year	$20,000	$200,000	$37,500	$257,500
2019 Test Year	$18,000	$190,000	$37,500	$245,500
2020 Test Year	$16,000	$180,000	$37,500	$233,500

Table 4.2 Federal Apprenticeship Tax Credits Calculation for Test Years 2016 to 2020

Year	Number Eligible	Test Year 2016	Test Year 2017	Test Year 2018	Test Year 2019	Test Year 2020
2013	0					
2014	6					
2015	5	5				
2016	5	5	5			
2017	5		5	5		
2018	5			5	5	
2019	4				4	4
2020	4					4
Total/yr		10	10	10	9	8
Credit/yr		$20,000	$20,000	$20,000	$18,000	$16,000

Table 4.3 Ontario Apprenticeship Tax Credits Calculation for Test Years 2016 to 2020

Year	Number Eligible	Test Year 2016	Test Year 2017	Test Year 2018	Test Year 2019	Test Year 2020
2013	0	0				
2014	6	6	6			
2015	5	5	5	5		
2016	5	5	5	5	5	
2017	5		5	5	5	5
2018	5			5	5	5
2019	4				4	4
2020	4					4
Total/yr		16	21	20	19	18
Credit/yr		$160,000	$210,000	$200,000	$190,000	$180,000

The Ontario Co-op Education Tax Credit for each of the Test Years 2016 to 2020 has been calculated by assuming 15 eligible co-op students are hired per Test Year, with an average tax credit per student of $2,500, or total credits of $37,500 per Test Year. This is based on Hydro Ottawa's historical annual expenditure per Co-op student.

5.0 PILS VARIANCES

Table 5.1 summarizes the PILs for the 2012 Approved and Actual, 2013 Actual and 2014 Forecast. Table 5.2 summarizes the PILs for the 2015 Bridge Year and 2016 to 2020 Test Years. The PILs include amounts relating to corporate income taxes only. Ontario capital taxes have been eliminated as of July 1, 2010. The Ontario Small Business Deduction was eliminated May 1, 2014 for large companies with taxable capital employed in Canada greater than $15 million.

Table 5.1 – Corporate PILs by Year (2012 to 2014)
($000)

	2012 Approved $000	2012 Actual $000	2013 Actual $000	2014 Forecast $000
Income Taxes	$6,003	$6,857	$6,806	$3,000

Table 5.2 – Corporate PILs by Year (2015 to 2020)
($000)

	2015 Forecast $000	2016 Forecast $000	2017 Forecast $000	2018 Forecast $000	2019 Forecast $000	2020 Forecast $000
Income Taxes	NIL	$4,958	$4,799	$6,074	$8,473	$7,587

5.1 2012 Actual to 2012 Approved

2012 actual PILS was slightly higher than the 2012 approved PILS mainly due to a higher pre-tax income and differences between the depreciation add back and CCA deduction. Hydro Ottawa Limited's 2012 Tax Return is provided as Attachment D-4(A).

5.2 2013 Actual to 2012 Actual

2013 PILS was not significantly different from 2012 PILS and Hydro Ottawa Limited's 2013 Tax Return is provided as Attachment D-4(B).

5.2 2014 Forecast to 2013 Actual

2014 PILS is forecasted to decrease from 2013 PILS due to higher CCA deductions from computer software (class 12) additions available in 2014.

5.3 2015 Forecast to 2014 Forecast

2015 PILS is forecasted to decrease from 2014 PILS due to higher CCA deductions from computer software (class 12) additions available in 2015.

5.4 2016 Forecast to 2015 Forecast

2016 PILS is forecasted to increase due to higher net income in 2016 and significantly less CCA deductions being available in 2016 as compared to 2015. The CCA was reduced as the majority of Class 12 UCC had been utilized in previous years.

5.5 2017 Forecast to 2016 Forecast

2017 PILS is forecasted not to be significantly different from 2016 PILS as higher regulatory net income is offset by an increase in CCA deductions.

5.6 2018 Forecast to 2017 Forecast

2018 PILS is forecasted to increase due to higher net income in 2018 and a large increase in the accounting amortization add back.

5.7 2019 Forecast to 2018 Forecast

2019 PILS is forecasted to increase due to a slight increase in net income and amortization add back in 2018 and approximately $4 million less in CCA deductions available in 2019 as compared to 2018.

5.8 2020 Forecast to 2019 Forecast

2020 PILS is forecasted to decrease due to $5.3 million in additional CCA deductions being available in 2020 as compared to 2019.

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

200

PIL FILING

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 86339 1363 RC0001

Corporation's name
002 Hydro Ottawa Limited

Address of head office
Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 3025 Albion Road North
012 P.O. Box 8700
City: 015 Ottawa
Province, territory, or state: 016 ON
Country (other than Canada): 017
Postal code/Zip code: 018 K1G 3S4

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? . . . . 020 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 021 to 028.)
021 c/o
022
023
City: 025
Province, territory, or state: 026
Country (other than Canada): 027
Postal code/Zip code: 028

Location of books and records
Has the location of books and records changed since the last time we were notified? . . . . 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031 3025 Albion Road North
032 P.O. Box 8700
City: 035 Ottawa
Province,territory, or state: 036 ON
Country (other than Canada): 037
Postal code/Zip code: 038 K1G 3S4

040 **Type of corporation at the end of the tax year**
1 [X] 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: 060 2012-01-01 (YYYY MM DD)
Tax year-end: 061 2012-12-31 (YYYY MM DD)

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

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

Is the date on line 061 a deemed tax year-end according to:
subparagraph 88(2)(a)(iv)? . . . . 064 1 Yes [ ] 2 No [X]
subsection 249(3.1)? . . . . 066 1 Yes [ ] 2 No [X]

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

Is this the first year of filing after:
Incorporation? . . . . 070 1 Yes [ ] 2 No [X]
Amalgamation? . . . . 071 1 Yes [ ] 2 No [X]
If **yes**, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? . . . . 072 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 24.

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

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

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

Is the corporation a resident of Canada?
080 1 Yes [X] 2 No [ ] If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
081 ________

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . 082 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:
085
1 [ ] Exempt under paragraph 149(1)(e) or (l)
2 [ ] Exempt under paragraph 149(1)(j)
3 [ ] Exempt under paragraph 149(1)(t)
4 [ ] Exempt under other paragraphs of section 149

Do not use this area
095 096

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	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		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 acquired after August 31, 1989?	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		———
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		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		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	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	X	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		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

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

What is the corporation's main revenue-generating business activity? 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	DIST. OF ELECTRICITY	285	100.000 %
286		287	%
288		289	%

		1 Yes	2 No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	YYYY MM DD	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295		

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.	300		27,004,004	A
Deduct: Charitable donations from Schedule 2	311	103,185		
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		103,185 ►	103,185	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			26,900,819	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		26,900,819	
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)			26,900,819	Z

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8. Use 3.2 for tax years ending before 2012.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income from active business carried on in Canada from Schedule 7	400	27,004,004	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	26,900,819	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** ***** 1,458,453 D / 11,250 = 64,820,133 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") **425** ______ F

Small business deduction

Amount A, B, C, or F, whichever is the least ______ x 17 % = **430** ______ G

Enter amount G on line 1 on page 7.

* 10/3 for tax years ending before November 1, 2011. The result of the multiplication by line 632 has to be pro-rated based on the number of days in the tax year that are in each period: before November 1, 2011, and after October 31, 2011.

** Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

*** General rate reduction percentage for the tax year. It has to be pro-rated based on the number of days in the tax year that are in each calendar year. See page 5.

**** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

***** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior year** minus $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current year** minus $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3*			26,900,819	A
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		B		
Amount QQ from Part 13 of Schedule 27		C		
Personal service business income**	432	D		
Amount used to calculate the credit union deduction from Schedule 17		E		
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least		F		
Aggregate investment income from line 440 on page 6***		G		
Total of amounts B to G		▶		H
Amount A **minus** amount H (if negative, enter "0")			26,900,819	I

Amount I	26,900,819	x	Number of days in the tax year before January 1, 2011 / Number of days in the tax year	/ 366	x	10 %	=	J
Amount I	26,900,819	x	Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year	/ 366	x	11.5 %	=	K
Amount I	26,900,819	x	Number of days in the tax year after December 31, 2011 / Number of days in the tax year	366 / 366	x	13 %	= 3,497,106	L

General tax reduction for Canadian-controlled private corporations – Total of amounts J to L . . . 3,497,106 M
Enter amount M on line 638 on page 7.

* For tax years ending after October 31, 2011, line 360 or amount Z, whichever applies.
** For tax years beginning after October 31, 2011.
*** Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from page 3 (line 360 or amount Z, whichever applies)				N
Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27		O		
Amount QQ from Part 13 of Schedule 27		P		
Personal service business income*	434	Q		
Amount used to calculate the credit union deduction from Schedule 17		R		
Total of amounts O to R		▶		S
Amount N **minus** amount S (if negative, enter "0")				T

Amount T		x	Number of days in the tax year before January 1, 2011 / Number of days in the tax year	/ 366	x	10 %	=	U
Amount T		x	Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year	/ 366	x	11.5 %	=	V
Amount T		x	Number of days in the tax year after December 31, 2011 / Number of days in the tax year	366 / 366	x	13 %	=	W

General tax reduction – Total of amounts U to W . . . X
Enter amount X on line 639 on page 7.

* For tax years beginning after October 31, 2011.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7	**440**		x 26 2/3 % =		A
Foreign non-business income tax credit from line 632 on page 7					
Deduct: Foreign investment income from Schedule 7	**445**		x 9 1/3 % =		
			(if negative, enter "0")	▶	B
Amount A **minus** amount B (if negative, enter "0")					C

Taxable income from line 360 on page 3		26,900,819	
Deduct:			
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least			
Foreign non-business income tax credit from line 632 on page 7 ... ____ x 100 / 35 (25/9*) =			
Foreign business income tax credit from line 636 on page 7 ... ____ x 1(0.38 - X**) / 4 =			
	▶	26,900,819	
		x 26 2/3 % =	7,173,552 D
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8)			4,021,123 E
Refundable portion of Part I tax – Amount C, D, or E, whichever is the least	**450**		F

* 100/35 for tax years beginning after October 31, 2011.

** General rate reduction percentage for the tax year. It has to be pro-rated 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**			
			▶	G
Add the total of:				
Refundable portion of Part I tax from line 450 above				
Total Part IV tax payable from Schedule 3				
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	**480**			
			▶	H
Refundable dividend tax on hand at the end of the tax year – Amount G **plus** amount H	**485**			

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the tax year

Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3	15,000,000	x 1 / 3	5,000,000	I
Refundable dividend tax on hand at the end of the tax year from line 485 above				J
Dividend refund – Amount I or J, whichever is less (enter this amount on line 784 on page 8)				

Part I tax

Base amount of Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %			550	10,222,311	A
Recapture of investment tax credit from Schedule 31			602		B

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 3	26,900,819		
Deduct:			
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least			
Net amount	26,900,819 ▶	26,900,819	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)		10,222,311	D

Deduct:

Small business deduction from line 430 on page 4			1		
Federal tax abatement	608	2,690,082			
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 M on page 5	638	3,497,106			
General tax reduction from amount X 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	14,000			
Subtotal		6,201,188	▶	6,201,188	E

Part I tax payable – Amount D **minus** amount E	4,021,123	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		4,021,123
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			4,021,123

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	2,835,814	
Provincial tax on large corporations (Nova Scotia Schedule 342)	765		
(The Nova Scotia tax on large corporations is eliminated effective July 2012.)		2,835,814 ▶	2,835,814
Total tax payable	770		6,856,937 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780		
Dividend refund from page 6	784		
Federal capital gains refund from Schedule 18	788		
Federal qualifying environmental trust tax credit refund	792		
Canadian film or video production tax credit refund (Form T1131)	796		
Film or video production services tax credit refund (Form T1177)	797		
Tax withheld at source	800		
Total payments on which tax has been withheld	801		
Provincial and territorial capital gains refund from Schedule 18	808		
Provincial and territorial refundable tax credits from Schedule 5	812		
Tax instalments paid	840	7,860,010	
Total credits	890	7,860,010 ▶	7,860,010 B

Refund code 894 1 Overpayment 1,003,073

Balance (amount A **minus** amount B) -1,003,073

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

Certification

I, 950 Hoverd 951 Alan 954 CFO ,

Last name (print) First name (print) 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 2013-06-24 956 (613) 738-5499

Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation 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 Mike Grue 959 (613) 738-5499

Name (print) Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. 990 1

Schedule of Instalment Remittances

Name of corporation contact: Mike Grue
Telephone number: (613) 738-5499

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	2012 INSTALLMENTS	7,860,010
	Total amount of instalments claimed (carry the result to line 840 of the T2 Return)	7,860,010 **A**
	Total instalments credited to the taxation year per T9	7,860,010 **B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	168,080,000	165,667,000
	Total tangible capital assets	2008	+	1,016,871,000	942,397,000
	Total accumulated amortization of tangible capital assets	2009	–	421,239,000	392,419,000
	Total intangible capital assets	2178	+	83,000,000	70,521,000
	Total accumulated amortization of intangible capital assets	2179	–	53,317,000	46,737,000
	Total long-term assets	2589	+	31,768,000	33,732,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	825,163,000	773,161,000
	Liabilities				
	Total current liabilities	3139	+	172,048,000	127,879,000
	Total long-term liabilities	3450	+	393,960,000	397,540,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	566,008,000	525,419,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	259,155,000	247,742,000
	Total liabilities and shareholder equity	3640	=	825,163,000	773,161,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	92,074,000	80,661,000

* Generic item

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SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

Income statement information

Description	GIFI	
Operating name	0001	
Description of the operation	0002	
Sequence number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	886,094,000	828,183,000
	Cost of sales	8518	–	709,935,000	663,855,000
	Gross profit/loss	8519	=	176,159,000	164,328,000
	Cost of sales	8518	+	709,935,000	663,855,000
	Total operating expenses	9367	+	143,111,000	133,532,000
	Total expenses (mandatory field)	9368	=	853,046,000	797,387,000
	Total revenue (mandatory field)	8299	+	886,094,000	828,183,000
	Total expenses (mandatory field)	9368	–	853,046,000	797,387,000
	Net non-farming income	9369	=	33,048,000	30,796,000
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	33,048,000	30,796,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	6,635,000	8,312,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	26,413,000	22,484,000

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Schedule 141

Notes checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and Guide T4012, *T2 Corporation – Income Tax Guide*.
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

Part 1 – Information on the accountant who prepared or reported on the financial statements

	Line	1 Yes	2 No
Does the accountant have a professional designation?	095	X	
Is the accountant connected* with the corporation?	097		X

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note
If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you **do have** to complete Part 4, as applicable.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: **198**

Completed an auditor's report	1	X
Completed a review engagement report	2	
Conducted a compilation engagement	3	

Part 3 – Reservations

If you selected option **1** or **2** under **Type of involvement with the financial statements** above, answer the following question:

	Line	1 Yes	2 No
Has the accountant expressed a reservation?	099		X

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **110**

Prepared the tax return (financial statements prepared by client)	1	
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	

	Line	1 Yes	2 No
Were notes to the financial statements prepared?	101	X	

If **yes**, complete lines 104 to 107 below:

	Line	1 Yes	2 No
Are subsequent events mentioned in the notes?	104		X
Is re-evaluation of asset information mentioned in the notes?	105		X
Is contingent liability information mentioned in the notes?	106	X	
Is information regarding commitments mentioned in the notes?	107	X	
Does the corporation have investments in joint venture(s) or partnership(s)?	108		X

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . 200 1 Yes [ ] 2 No [X]

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		In OCI Increase (decrease)
Property, plant, and equipment	210		211	
Intangible assets	215		216	
Investment property	220			
Biological assets	225			
Financial instruments	230		231	
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . 250 1 Yes [ ] 2 No [X]

Did the corporation apply hedge accounting during the tax year? . . . . . 255 1 Yes [ ] 2 No [X]

Did the corporation discontinue hedge accounting during the tax year? . . . . . 260 1 Yes [ ] 2 No [X]

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . 265 1 Yes [X] 2 No [ ]

If **yes**, you have to maintain a separate reconciliation.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

Assets – lines 1000 to 2599

1000	1,639,000	1060	160,158,000	1480	1,969,000
1481	628,000	1483	1,211,000	1484	2,475,000
1599	168,080,000	1600	5,381,000	1680	72,336,000
1681	-19,604,000	1740	20,820,000	1741	-15,030,000
1900	856,760,000	1901	-386,605,000	1920	61,574,000
2008	1,016,871,000	2009	-421,239,000	2010	83,000,000
2011	-53,317,000	2178	83,000,000	2179	-53,317,000
2420	7,603,000	2421	24,165,000	2589	31,768,000
2599	825,163,000				

Liabilities – lines 2600 to 3499

2620	149,323,000	2960	22,097,000	2963	628,000
3139	172,048,000	3140	327,185,000	3240	24,165,000
3270	10,246,000	3320	32,364,000	3450	393,960,000
3499	566,008,000				

Shareholder equity – lines 3500 to 3640

3500	167,081,000	3600	92,074,000	3620	259,155,000
3640	825,163,000				

Retained earnings – lines 3660 to 3849

3660	80,661,000	3680	26,413,000	3700	-15,000,000
3849	92,074,000				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

Description

Sequence number **0003** 01

Revenue – lines 8000 to 8299

8000	886,094,000	8089	886,094,000	8299	886,094,000

Cost of sales – lines 8300 to 8519

8320	709,935,000	8518	709,935,000	8519	176,159,000

Operating expenses – lines 8520 to 9369

8570	6,580,000	8670	28,939,000	8740	15,626,000
9270	91,966,000	9367	143,111,000	9368	853,046,000
9369	33,048,000				

Extraordinary items and taxes – lines 9970 to 9999

9970	33,048,000	9990	6,635,000	9999	26,413,000

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Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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			26,413,000	A
Add:				
Provision for income taxes – current	101	6,635,000		
Interest and penalties on taxes	103	8,118		
Amortization of tangible assets	104	28,939,000		
Amortization of intangible assets	106	6,580,000		
Loss on disposal of assets	111	1,154,794		
Charitable donations and gifts from Schedule 2	112	103,185		
Non-deductible meals and entertainment expenses	121	62,955		
Other reserves on lines 270 and 275 from Schedule 13	125	649,697		
Reserves from financial statements – balance at the end of the year	126	1,620,141		
Subtotal of additions		45,752,890 ▶	45,752,890	

Other additions:

Miscellaneous other additions:

600	Employee Future Benefit Adjustment to Opening Balance		290	5,988,000	
604	12(1)(g) inclusion	2,986,888			
	Apprentice tax credit - Federal 2011	18,426			
	Apprentice tax credit - Ont 2012	173,885			
	Coop student tax credit - Ont 2012	48,895			
	Employee Future Benefits expensed in F/S	647,823			
	ARO expenses accrued in 2012	14,375			
	Total	3,890,292	294	3,890,292	
	Subtotal of other additions		199	9,878,292 ▶	9,878,292
	Total additions		500	55,631,182 ▶	55,631,182 B

Amount A **plus** amount B	82,044,182

Deduct:

Capital cost allowance from Schedule 8	403	44,037,141	
Cumulative eligible capital deduction from Schedule 10	405	66,662	
Other reserves on line 280 from Schedule 13	413	704,169	
Reserves from financial statements – balance at the beginning of the year	414	7,713,642	
Subtotal of deductions		52,521,614 ▶	52,521,614

Other deductions:

Miscellaneous other deductions:

700	ARO costs incurred in 2012	390	203,315	
701	AFUDC	391	1,772,526	
702	Employee Future Benefits paid during the year	392	542,723	
704				
	Total	394		
	Subtotal of other deductions	499	2,518,564 ▶	2,518,564
	Total deductions	510	55,040,178 ▶	55,040,178

Net income (loss) for income tax purposes – enter on line 300 of the T2 return . . . 27,004,004

T2 SCH 1 E (12)

Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 2

CHARITABLE DONATIONS AND GIFTS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- For use by corporations to claim any of the following:
  - charitable donations;
  - 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 credit transfer following an amalgamation or the wind-up of a subsidiary as described under subsections 87(1) and 88(1) of the *Income Tax Act*.
- For donations and gifts made after March 22, 2004, subsection 110.1(1.2) of the *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.
- Under proposed changes, 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.
- Under proposed changes, 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)
United Way	69,885
United Way	25,000
United Way	100
Alogonquin College	6,000
South East Ottawa Community Health Centre	1,000
Our Youth At Work Assoication	500
Clarendon & Miller Fire Department	100
The Ottawa Hospital Foundation	100
Canada Helps	100
Royal Ottawa Foundation for Mental Health	100
Colorectal Cancer Association of Canada	100
Heart & Stroke Foundation of Canada	100
University of Ottawa Heart Institute	100
Subtotal	103,185
Add: Total donations of less than $100 each	
Total donations in current tax year	103,185

	Line		Federal	Québec	Alberta
Charitable donations at the end of the previous tax year					
Deduct: Charitable donations expired after five tax years*	239				
Charitable donations at the beginning of the tax year	240				
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	103,185		103,185	
Subtotal (line 250 **plus** line 210)			103,185	103,185	103,185
Deduct: Adjustment for an acquisition of control (for donations made after March 22, 2004)	255				
Total charitable donations available			103,185 A	103,185	103,185
Deduct: Amount applied against taxable income (cannot be more than amount K in Part 2) (enter this amount on line 311 of the T2 return)	260		103,185	103,185	103,185
Charitable donations closing balance	280				

* 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	2011-12-31			
2nd prior year	2010-12-31			
3rd prior year	2009-12-31			
4th prior year	2008-12-31			
5th prior year	2007-12-31			
6th prior year*	2006-12-31			
7th prior year	2005-12-31			
8th prior year	2004-12-31			
9th prior year	2003-12-31			
10th prior year	2002-12-31			
11th prior year	2001-12-31			
12th prior year	2001-09-30			
13th prior year	2000-09-30			
14th prior year	1999-09-30			
15th prior year	1998-09-30			
16th prior year	1997-09-30			
17th prior year	1996-09-30			
18th prior year	1995-09-30			
19th prior year	1994-09-30			
20th prior year	1993-09-30			
21st prior year*	1992-09-30			
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 %		20,253,003	B
Taxable capital gains arising in respect of gifts of capital property included in Part 1** **225**			C
Taxable capital gain in respect of deemed gifts of non-qualifying securities per subsection 40(1.01) **227**			D
The amount of the recapture of capital cost allowance in respect of charitable gifts **230**			
Proceeds of disposition, less outlays and expenses**			E
Capital cost**			F
Amount E or F, whichever is less **235**			
Amount on line 230 or 235, whichever is less			G
Subtotal (**add** amounts C, D, and G)			H
Amount H **multiplied** by 25 %			I
Subtotal (amount B **plus** amount I)		20,253,003	J
Maximum allowable deduction for charitable donations (enter amount A from Part 1, amount J, or net income for tax purposes, whichever is less)		103,185	K

* 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			
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		►
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)			
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	355		
Total gifts to Canada, a province, or a territory available			
Deduct: Amount applied against taxable income (enter this amount on line 312 of the T2 return).	360		
Gifts to Canada, a province, or a territory closing balance	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				
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			
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)				
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	455			
Total gifts of certified cultural property available				
Deduct: Amount applied against taxable income (enter this amount on line 313 of the T2 return)	460			
Gifts of certified cultural property closing balance	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	2011-12-31			
2nd prior year	2010-12-31			
3rd prior year	2009-12-31			
4th prior year	2008-12-31			
5th prior year	2007-12-31			
6th prior year*	2006-12-31			
7th prior year	2005-12-31			
8th prior year	2004-12-31			
9th prior year	2003-12-31			
10th prior year	2002-12-31			
11th prior year	2001-12-31			
12th prior year	2001-09-30			
13th prior year	2000-09-30			
14th prior year	1999-09-30			
15th prior year	1998-09-30			
16th prior year	1997-09-30			
17th prior year	1996-09-30			
18th prior year	1995-09-30			
19th prior year	1994-09-30			
20th prior year	1993-09-30			
21st prior year*	1992-09-30			
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

	Line	Federal	Québec	Alberta
Gifts of certified ecologically sensitive land at the end of the previous tax year				
Deduct: Gifts of certified ecologically sensitive land expired after five tax years*	539			
Gifts of certified ecologically sensitive land at the beginning of the tax year	540			
Add: Gifts of certified ecologically sensitive land transferred on an amalgamation or the windup of a subsidiary	550			
Total current-year gifts of certified ecologically sensitive land	510			
Subtotal (line 550 **plus** line 510)				
Deduct: Adjustment for an acquisition of control (for gifts made after March 22, 2004)	555			
Total gifts of certified ecologically sensitive land available				
Deduct: Amount applied against taxable income (enter this amount on line 314 of the T2 return)	560			
Gifts of certified ecologically sensitive land closing balance	580			

* 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 – Gifts of certified ecologically sensitive land

Year of origin:		Federal	Québec	Alberta
1st prior year	2011-12-31			
2nd prior year	2010-12-31			
3rd prior year	2009-12-31			
4th prior year	2008-12-31			
5th prior year	2007-12-31			
6th prior year*	2006-12-31			
7th prior year	2005-12-31			
8th prior year	2004-12-31			
9th prior year	2003-12-31			
10th prior year	2002-12-31			
11th prior year	2001-12-31			
12th prior year	2001-09-30			
13th prior year	2000-09-30			
14th prior year	1999-09-30			
15th prior year	1998-09-30			
16th prior year	1997-09-30			
17th prior year	1996-09-30			
18th prior year	1995-09-30			
19th prior year	1994-09-30			
20th prior year	1993-09-30			
21st prior year*	1992-09-30			
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 6 – Additional deduction for gifts of medicine

		Federal		Québec		Alberta	
Additional deduction for gifts of medicine at the end of the previous tax year							
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						
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)

		Federal	Québec	Alberta
Subtotal (line 650**plus** line 610)				
Deduct: Adjustment for an acquisition of control	655			
Total additional deduction for gifts of medicine available				
Deduct: Amount applied against taxable income (enter this amount on line 315 of the T2 return)	660			
Additional deduction for gifts of medicine closing balance	680			

Amounts carried forward – Additional deduction for gifts of medicine

Year of origin:		Federal	Québec	Alberta
1st prior year	2011-12-31			
2nd prior year	2010-12-31			
3rd prior year	2009-12-31			
4th prior year	2008-12-31			
5th prior year	2007-12-31			
6th prior year*	2006-12-31			
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	2011-12-31	
2nd prior year	2010-12-31	
3rd prior year	2009-12-31	
4th prior year	2008-12-31	
5th prior year	2007-12-31	
6th prior year*	2006-12-31	
7th prior year	2005-12-31	
8th prior year	2004-12-31	
9th prior year	2003-12-31	
10th prior year	2002-12-31	
11th prior year	2001-12-31	
12th prior year	2001-09-30	
13th prior year	2000-09-30	
14th prior year	1999-09-30	
15th prior year	1998-09-30	
16th prior year	1997-09-30	
17th prior year	1996-09-30	
18th prior year	1995-09-30	
19th prior year	1994-09-30	
20th prior year	1993-09-30	
21st prior year*	1992-09-30	
Total		

* These gifts expired in the current year.

T2 SCH 2 E (07)

Canada

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DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND PART IV TAX CALCULATION

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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	Business Number	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note)	Taxable dividends paid to connected corporations	Eligible dividends (included in column D)
	400	410	420	430	
1	Hydro Ottawa Holding Inc.	89411 0816 RC0001	2012-12-31	15,000,000	

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 15,000,000

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	15,000,000

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)			15,000,000
Other dividends paid in the tax year (total of 510 to 540)			
Total dividends paid in the tax year		500	15,000,000
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			15,000,000

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Schedule 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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*.

*** 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
26,900,819		26,900,819	3,058,594

	Line	Amount		Total	
Ontario basic income tax (from Schedule 500)	270	3,093,594			
Deduct: Ontario small business deduction (from Schedule 500)	402	35,000			
Subtotal		3,058,594	►	3,058,594	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)				3,058,594	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				
Subtotal			►		D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")				3,058,594	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")				3,058,594	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")				3,058,594	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)				3,058,594	I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	48,895			
Ontario apprenticeship training tax credit (from Schedule 552)	454	173,885			
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				
Other Ontario tax credits					
Subtotal		222,780	►	222,780	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.	290			2,835,814	K6

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** 2,835,814

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 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under regulation 1101(5q)? **101** 1 Yes ☐ 2 No ☒

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Net adjustments** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ***** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1		219,419,763			0		219,419,763	4	0	0	8,776,791	210,642,972
2.	1b		16,227,639	1,248,780		0	624,390	16,852,029	6	0	0	1,011,122	16,465,297
3.	2	Dist equip pre 88	76,452,959			0		76,452,959	6	0	0	4,587,178	71,865,781
4.	3	buildings pre 88	11,283,024			0		11,283,024	5	0	0	564,151	10,718,873
5.	8		8,824,731	1,822,090		0	911,045	9,735,776	20	0	0	1,947,155	8,699,666
6.	10		4,812,930	1,983,051		9,206	986,923	5,799,852	30	0	0	1,739,956	5,046,819
7.	12		1,260,883	2,289,625		0	1,144,813	2,405,695	100	0	0	2,405,695	1,144,813
8.	42		545,416			0		545,416	12	0	0	65,450	479,966
9.	45		157,105			0		157,105	45	0	0	70,697	86,408
10.	50		1,150,153	1,659,176		0	829,588	1,979,741	55	0	0	1,088,858	1,720,471
11.	47		249,898,195	44,705,815		0	22,352,908	272,251,102	8	0	0	21,780,088	272,823,922
		Totals	590,032,798	53,708,537		9,206	26,849,667	616,882,462				44,037,141	599,694,988

Note: Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

** Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** Enter a rate only, if you are using the declining balance method. For any other method (for example the straignt-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

***** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

Tax return

Additions for tax purposes – Schedule 8 regular classes		53,708,537		
Additions for tax purposes – Schedule 8 leasehold improvements	+			
Operating leases capitalized for book purposes	+			
Capital gain deferred	+			
Recapture deferred	+			
Deductible expenses capitalized for book purposes – Schedule 1	+			
Other (specify):				
Change in CIP etc.	+	29,555,149		
Change in Land	+	10,336		
Change in Inventory	+	647,000		
Beaconhill adjustment	+	2,574,569		
Total additions per books	=	86,495,591	►	86,495,591
Proceeds up to original cost – Schedule 8 regular classes		9,206		
Proceeds up to original cost – Schedule 8 leasehold improvements	+			
Proceeds in excess of original cost – capital gain	+			
Recapture deferred – as above	+			
Capital gain deferred – as above	+			
Pre V-day appreciation	+			
Other (specify):				
	+			
Total proceeds per books	=	9,206	► –	9,206
Depreciation and amortization per accounts – Schedule 1			–	35,519,000
Loss on disposal of fixed assets per accounts			–	
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	50,967,385

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		625,315,000
Opening net book value	–	573,762,000
Net change per financial statements	=	51,553,000

If the amounts from the tax return and the financial statements differ, explain why below.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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.	Hydro Ottawa Holding Inc.		89411 0816 RC0001	1					
2.	Energy Ottawa Inc.		86338 9961 RC0001	3					
3.	Telecom Ottawa Holding Inc.		86202 9337 RC0001	3					
4.	PowerTrail Inc.		82829 3944 RC0001	3					
5.	Moose Creek Energy Inc.		82851 1311 RC0001	3					
6.	Chaudiere Hydro Inc.		81281 3103 RC0001	3					
7.	Chaudiere Water Power Inc.		10093 1955 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

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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

	Line				Line	Amount	
Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")					200	944,758	A
Add: Cost of eligible capital property acquired during the taxation year	222	10,072					
Other adjustments	226						
Subtotal (line 222 plus line 226)		10,072	x 3 / 4 =	7,554 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")				7,554 ▶		7,554	D
Amount transferred on amalgamation or wind-up of subsidiary					224		E
Subtotal (add amounts A, D, and E)					230	952,312	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)						952,312	K

(if amount K is negative, enter "0" at line M and proceed to Part 2)

				Line	Amount		
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business				249			
amount K	952,312						
less amount from line 249							
Current year deduction	952,312	x 7.00 % =		250	66,662 *		
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)					66,662 ▶	66,662	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")				300		885,650	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	

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SCHEDULE 13

CONTINUITY OF RESERVES

Name of corporation	Business number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- File one completed copy of this schedule with the corporation's *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Capital gains reserves

	Description of property 001	Balance at the beginning of the year $ 002	Transfer on an amalgamation or the wind-up of a subsidiary $ 003	Add $	Deduct $	Balance at the end of the year $ 004
1						
	Totals	008	009			010

The amount from line 008 **plus** the amount from line 009 should be entered on line 880 of Schedule 6, *Summary of Dispositions of Capital Property*. The amount from line 010 should be entered on line 885 of Schedule 6.

Part 2 – Other reserves

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 $
Reserve for doubtful debts ☐	110 649,697	115	54,472		120 704,169
Reserve for undelivered goods and services not rendered ☐	130	135			140
Reserve for prepaid rent ☐	150	155			160
Reserve for refundable containers ☐	190	195			200
Reserve for unpaid amounts ☐	210	215			220
Other tax reserves ☐	230	235			240
Totals	270 649,697	275	54,472		280 704,169

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 **plus** the amount from line 275 should be entered on line 125 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*, as an addition. The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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	Allowance for Doubtful Debts	1,176,400			105,501	1,070,899
2	Contingent Liability	549,242				549,242
3	Employee future benefit	5,988,000			5,988,000	
4						
	Reserves from Part 2 of Schedule 13					
	Totals	7,713,642			6,093,501	1,620,141

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 15

DEFERRED INCOME PLANS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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), 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, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) filed by: (see note 3) (EPSP only) 600
1	1	4,537,094	345983			

Note 1: Enter the applicable code number:

1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP

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 .... 4,537,094 **A**

Less:

Total of all amounts for deferred income plans deducted in your financial statements 4,537,094 **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

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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 2012

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 [X]

	1 Names of associated corporations 100	2 Business Number of associated corporations 200	3 Association code 300	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % 350	6 Business limit allocated* $ 400
1	Hydro Ottawa Limited	86339 1363 RC0001	1	500,000	100.0000	500,000
2	Hydro Ottawa Holding Inc.	89411 0816 RC0001	1	500,000		
3	Energy Ottawa Inc.	86338 9961 RC0001	1	500,000		
4	Telecom Ottawa Holding Inc.	86202 9337 RC0001	1	500,000		
5	PowerTrail Inc.	82829 3944 RC0001	1	500,000		
6	Moose Creek Energy Inc.	82851 1311 RC0001	1	500,000		
7	Chaudiere Hydro Inc.	81281 3103 RC0001	1	500,000		
8	Chaudiere Water Power Inc.	10093 1955 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 the section called "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 details.
- 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 details.

Detailed information (continued)

- For the purpose of this schedule, **pre-production mining exploration expenditures** are expenses 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 details.
- For the purpose of this schedule, **pre-production mining development expenditures** are expenses 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 details.

Part 1 – Investments, expenditures and percentages

Investments	**Specified percentage**
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 details.

** 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 details. 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
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

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 [X]

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 the *Guide to the General Index of Financial Information (GIFI) for Corporations*. 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				. . . . Credit to be applied	**901**	
2nd previous tax year				. . . . Credit to be applied	**902**	
3rd previous tax year				. . . . Credit to be applied	**903**	

Total (enter at amount a in Part 5) ______ H

Part 7 – Refund 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)			
Add:			
Contributions to agricultural organizations for SR&ED*			
Current expenditures (line 557 on Form T661 **plus** line 103 from Part 3)*		► 350	
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	

* 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 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 [ ] 2 No [X]

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	32,674,141
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	612,746,430	398	40,000,000

* 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	32,674,141 x 10 =	326,741,410	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 $\frac{\text{Number of days in the tax year}}{365}$ 366 = ______ 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		x	20 %	=	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) 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			
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)			▶	O
Total credit available (line 520 **plus** amount O)				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)			e	
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount e, and line 580)			▶	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				Credit to be applied	911	
2nd previous tax year				Credit to be applied	912	
3rd previous tax year				Credit to be applied	913	

Total (enter at amount e in Part 12) ______ 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				Credit to be applied	921	
2nd previous tax year				Credit to be applied	922	
3rd previous tax year				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 ☐ 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.	[redacted]	[redacted]			
2.	[redacted]	[redacted]			

	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.	[redacted]	[redacted]			
4.	[redacted]	[redacted]			
5.	[redacted]	[redacted]			
6.	[redacted]	[redacted]			
7.	[redacted]	[redacted]			
8.	[redacted]	[redacted]			
9.	[redacted]	[redacted]			
10.	[redacted]	[redacted]			
11.	[redacted]	[redacted]	53,460	5,346	2,000
12.	[redacted]	[redacted]	54,330	5,433	2,000
13.	[redacted]	[redacted]	53,919	5,392	2,000
14.	[redacted]	[redacted]			
15.	[redacted]	[redacted]	53,546	5,355	2,000
16.	[redacted]	[redacted]	75,000	7,500	2,000
17.	[redacted]	[redacted]	54,083	5,408	2,000
18.	[redacted]	[redacted]	55,075	5,508	2,000
19.	[redacted]	[redacted]			

Total current-year credit (enter at line 640 in Part 22) 14,000 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	14,000		
Credit allocated from a partnership	655			
Subtotal (total of lines 630 to 655)		14,000	14,000	D
Total credit available (line 625 **plus** amount D)			14,000	E
Deduct:				
Credit deducted from Part I tax (enter at amount G in Part 30)	660	14,000		
Credit carried back to the previous year(s) (amount G from Part 23)				a
Subtotal (line 660 **plus** amount a)		14,000	14,000	F
ITC closing balance from apprenticeship job creation expenditures (amount E **minus** amount F)	690			

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	931	
2nd previous tax year				Credit to be applied	932	
3rd previous tax year				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 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	2011-12-31	Credit to be applied	941	
2nd previous tax year	2010-12-31	Credit to be applied	942	
3rd previous tax year	2009-12-31	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)	14,000	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)	14,000	I

Enter amount I at line 652 of the T2 return.

Privacy Act, Personal Information Bank number CRA PPU 047

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)
	14,000	14,000			

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				
2003-12-31				
2002-12-31				*
2001-12-31				
2001-09-30				
2000-09-30				
1999-09-30				
1998-09-30				
1997-09-30				
1996-09-30				
1995-09-30				
1994-09-30				
1993-09-30				*
Total				

B+C+D+G **Total ITC utilized** 14,000

* 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
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
		Provide only one number per shareholder				
	100	200	300	350	400	500
1	Hydro Ottawa Holding Inc.	89411 0816 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 53

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

On: 2012-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsections referred to in this schedule are from the I*ncome Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . . . . ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? . . . . . . ☒ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? . . . . . . ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC . . . . . . ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation . . . . . . ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . . . . ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . . . . ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Corporations that wound-up a subsidiary . . . . . . ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . . . . ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . . . . ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year			100	153,012,807	A
Taxable income for the year (DICs enter "0") *	110	26,900,819	B		
Income for the credit union deduction * (amount E in Part 3 of Schedule 17) 120					
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less * 130					
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income * 140					
Subtotal (**add** lines 120, 130, and 140) ▶			C		
Income taxable at the general corporate rate (line B **minus** line C) (if negative enter "0")	150	26,900,819			
After-tax income (line 150 x general rate factor for the tax year ** 0.72)			190	19,368,590	D
Eligible dividends received in the tax year	200				
Dividends deductible under section 113 received in the tax year	210				
Subtotal (**add** lines 200 and 210) ▶					E
GRIP addition:					
Becoming a CCPC (line PP from Part 4)	220				
Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4)	230				
Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4)	240				
Subtotal (**add** lines 220, 230, and 240) ▶			290		F
Subtotal (**add** lines A, D, E, and F)				172,381,397	G
Eligible dividends paid in the previous tax year	300				
Excessive eligible dividend designations made in the previous tax year	310				

Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.

Subtotal (line 300 **minus** line 310) ▶			H
GRIP before adjustment for specified future tax consequences (line G **minus** line H) (amount can be negative)	490	172,381,397	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)	560		
GRIP at the end of the tax year (line 490 **minus** line 560)	590	172,381,397	

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2011-12-31

Taxable income before specified future tax consequences from the current tax year		32,674,141 J1	
Enter the following amounts before specified future tax consequences from the current tax year:			
Income for the credit union deduction (amount E in Part 3 of Schedule 17)	K1		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less	L1		
Aggregate investment income (line 440 of the T2 return)	M1		
Subtotal (**add** lines K1, L1, and M1) ▶		N1	
Subtotal (line J1 **minus** line N1) (if negative, enter "0")		32,674,141 ▶	32,674,141 O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R1

Aggregate investment income (line 440 of the T2 return) . . . . ______ S1

Subtotal (**add** lines Q1, R1, and S1) ______ ▶ ______ T1

Subtotal (line P1 **minus** line T1) (if negative, enter "0") ______ ▶ ______ U1

Subtotal (line O1 **minus** line U1) (if negative, enter "0") ______ V1

GRIP adjustment for specified future tax consequences to the first previous tax year

(line V1 **multiplied by** the general rate factor for the tax year 0.72) . . . . **500** ______

Second previous tax year 2010-12-31

Taxable income before specified future tax consequences from the current tax year 40,602,698 J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L2

Aggregate investment income (line 440 of the T2 return) 1,259,282 M2

Subtotal (**add** lines K2, L2, and M2) 1,259,282 ▶ 1,259,282 N2

Subtotal (line J2 **minus** line N2) (if negative, enter "0") 39,343,416 ▶ 39,343,416 O2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R2

Aggregate investment income (line 440 of the T2 return) . . . . ______ S2

Subtotal (**add** lines Q2, R2, and S2) ______ ▶ ______ T2

Subtotal (line P2 **minus** line T2) (if negative, enter "0") ______ ▶ ______ U2

Subtotal (line O2 **minus** line U2) (if negative, enter "0") ______ V2

GRIP adjustment for specified future tax consequences to the second previous tax year

(line V2 **multiplied by** the general rate factor for the tax year 0.72) . . . . **520** ______

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2009-12-31

Taxable income before specified future tax consequences from the current tax year . . . 39,787,060 J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ________ K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ________ L3

Aggregate investment income (line 440 of the T2 return) . . . . ________ M3

Subtotal (**add** lines K3, L3, and M3) ________ ▶ ________ N3

Subtotal (line J3 **minus** line N3) (if negative, enter "0") 39,787,060 ▶ 39,787,060 O3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ________ P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ________ Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ________ R3

Aggregate investment income (line 440 of the T2 return) . . . . ________ S3

Subtotal (**add** lines Q3, R3, and S3) ________ ▶ ________ T3

Subtotal (line P3 **minus** line T3) (if negative, enter "0") ________ ▶ ________ U3

Subtotal (line O3 **minus** line U3) (if negative, enter "0") ________ V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(line V3 **multiplied by** the general rate factor for the tax year 0.72) . . . . **540** ________

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ________ W

Enter amount W on line 560.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year . . . . ________ AA

Eligible dividends paid by the corporation in its last tax year . . . . ________ BB

Excessive eligible dividend designations made by the corporation in its last tax year . . . . ________ CC

Subtotal (line BB **minus** line CC) ________ ▶ ________ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(line AA **minus** line DD) . . . . ________ EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year		FF
The corporation's money on hand immediately before the end of its previous/last tax year		GG
Unused and unexpired losses at the end of the corporation's previous/last tax year:		
Non-capital losses		
Net capital losses		
Farm losses		
Restricted farm losses		
Limited partnership losses		
Subtotal ►		HH
Subtotal (**add** lines FF, GG, and HH)		II
All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year		JJ
Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year		KK
All the corporation's reserves deducted in its previous/last tax year		LL
The corporation's capital dividend account immediately before the end of its previous/last tax year		MM
The corporation's low rate income pool immediately before the end of its previous/last tax year		NN
Subtotal (**add** lines JJ, KK, LL, MM, and NN) ►		OO
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (line II **minus** line OO) (if negative, enter "0")		PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

0.68	x	number of days in the tax year before January 1, 2010 / number of days in the tax year	/ 366	. . . . =		QQ
0.69	x	number of days in the tax year in 2010 / number of days in the tax year	/ 366	. . . . =		RR
0.7	x	number of days in the tax year in 2011 / number of days in the tax year	/ 366	. . . . =		SS
0.72	x	number of days in the tax year after December 31, 2011 / number of days in the tax year	366 / 366	. . . . =	0.72000	TT

General rate factor for the tax year (total of lines QQ to TT) . . . . 0.72000 UU

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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
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

Do not use this area

- 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.

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		15,000,000			
Total taxable dividends paid in the tax year	100	15,000,000			
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	172,381,397	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 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2011 / Number of days in the tax year	/ 366	x	12.00 %	=	%	A1
Number of days in the tax year after June 30, 2011 / Number of days in the tax year	366 / 366	x	11.50 %	=	11.50000 %	A2

Ontario basic rate of tax for the year (rate A1 **plus** A2) 11.50000 ► 11.50000 % A3

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . 26,900,819 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A3 from Part 1) . . . . 3,093,594 C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)	27,004,004	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	26,900,819	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	500,000	3
Enter the least of amounts 1, 2, and 3	500,000	D

Ontario domestic factor: Ontario taxable income * / Taxable income earned in all provinces and territories ** = 26,900,819.00 / 26,900,819 = 1.00000 E

Amount D x factor E	500,000	a
Ontario taxable income (amount B from Part 2)	26,900,819	b

Ontario small business income (lesser of amount a and amount b) 500,000 F

Number of days in the tax year before July 1, 2011 / Number of days in the tax year: ____ / 366 x 7.50 % = ____ % G1

Number of days in the tax year after June 30, 2011 / Number of days in the tax year: 366 / 366 x 7.00 % = 7.00000 % G2

OSBD rate for the year (rate G1 **plus** G2) 7.00000 % G3

Ontario small business deduction: amount F **multiplied** by OSBD rate for the year (rate G3) 35,000 H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 4 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (lesser of amount D and amount b from Part 3) 500,000 I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 5 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17			J
Deduct:			
Ontario adjusted small business income (amount I from Part 4)			K
Subtotal (amount J **minus** amount K) (if negative, enter "0")			L
OSBD rate for the year (rate G3 from Part 3)	7.00000 %		
Amount L **multiplied** by the OSBD rate for the year			M
Ontario domestic factor (factor E from Part 3)		1.00000	N
Ontario credit union tax reduction (amount M **multiplied** by factor N)			O

Enter amount O on line 410 of Schedule 5.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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	825,163,000
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	725,158,771
Total assets (total of lines 112 to 116)		1,550,321,771
Total revenue of the corporation for the tax year **	142	886,094,000
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	62,361,448
Total revenue (total of lines 142 to 146)		948,455,448

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	26,413,000
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	6,635,000		
Provision for deferred income taxes (debits)/cost of future income taxes	222			
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		6,635,000 ►		6,635,000 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320			
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal		►		B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	33,048,000

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 – 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	33,048,000		
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	33,048,000		

Amount from line 520: 33,048,000 x (Number of days in the tax year before July 1, 2010 / Number of days in the tax year: 366) x 4 % = ____ 1

Amount from line 520: 33,048,000 x (Number of days in the tax year after June 30, 2010: 366 / Number of days in the tax year: 366) x 2.7 % = 892,296 2

Subtotal (amount 1 **plus** amount 2) 892,296 3

Gross CMT: amount on line 3 above x OAF **	540	892,296	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		892,296	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		3,058,594	
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 – CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *			G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)			▶	620	
Add:					
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)				650	
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)					H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)					J
Add:					
Net CMT payable (amount E from Part 3)					
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal			▶		K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)				670	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)				M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		3,058,594 1		
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	892,296 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:		892,296 6		
Subtotal (if negative, enter "0")		2,166,298 ▶	2,166,298	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		3,058,594		
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		222,780		
Subtotal (if negative, enter "0")		2,835,814 ▶	2,835,814	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 – 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 – CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . Q

Deduct:

CMT loss expired * 700

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ▶ 720

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) 750

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . .

Subtotal (if negative, enter "0") S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) 760

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . 770 T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not 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 – 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
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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	Hydro Ottawa Holding Inc.	89411 0816 RC0001	596,614,000	42,209,000
2	Energy Ottawa Inc.	86338 9961 RC0001	90,908,000	15,291,000
3	Telecom Ottawa Holding Inc.	86202 9337 RC0001	26,200,720	271,327
4	PowerTrail Inc.	82829 3944 RC0001	10,840,000	2,987,000
5	Moose Creek Energy Inc.	82851 1311 RC0001	201	0
6	Chaudiere Hydro Inc.	81281 3103 RC0001	101	0
7	Chaudiere Water Power Inc.	10093 1955 RC0001	595,749	1,603,121
		Total	450 725,158,771	550 62,361,448

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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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)
Hydro Ottawa Limited

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	2000-10-03	1427586

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
3025	Albion Road North	

240 Additional address information if applicable (line 220 must be completed first)
PO Box 8700

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Ottawa	ON	CA	K1G 3S4

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 1 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 Hoverd (Last name) **451** Alan (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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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
Mike Grue	(613) 738-5499

Is the claim filed for a CETC earned through a partnership?* . . . . . **150** 1 Yes [ ] 2 No [X]

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 [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

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** 58,000,000

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:

$$\text{Eligible percentage} = 15\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ \$ \ 400{,}000}{\$ \ 200{,}000} \right) \right]$$

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:

$$\text{Eligible percentage} = 30\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ \$ \ 400{,}000}{\$ \ 200{,}000} \right) \right]$$

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.	CAMBRIAN COLLEGE	MTCU TRAINING
2.	UNIVERSITY OF WATERLOO	ENVIRONMENTAL ENGINEERING
3.	CAMBRIAN COLLEGE	MTCU TRAINING
4.	FANSHAWE COLLEGE	ELECTRICAL ENGINEERING
5.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN PROGRAM
6.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN PROGRAM
7.	CAMBRIAN COLLEGE	MTCU TRAINING
8.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN PROGRAM
9.	CAMBRIAN COLLEGE	MTCU TRAINING
10.	UNIVERSITY OF WATERLOO	ELECTRICAL ENGINEERING
11.	CAMBRIAN COLLEGE	MTCU TRAINING
12.	UNIVERSITY OF WATERLOO	ELECTRICAL ENGINEERING
13.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN PROGRAM
14.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN PROGRAM
15.	GEORGIAN COLLEGE	ELECTRICAL ENGINEERING TECHNOLOGY
16.	CONESTA COLLEGE	POWERLINE TECHNICIAN PROGRAM
17.	CONESTA COLLEGE	POWERLINE TECHNICIAN PROGRAM
18.	CARLETON UNIVERSITY	DEGREE
19.	UNIVERSITY OF WATERLOO	ELECTRICAL ENGINEERING
20.	FANSHAWE COLLEGE	ELECTRICAL ENGINEERING

	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.	[redacted]	2012-09-04	2012-12-31
2.	[redacted]	2012-09-04	2012-12-21
3.	[redacted]	2012-09-04	2012-12-21
4.	[redacted]	2012-05-01	2012-09-07
5.	[redacted]	2012-05-14	2012-08-24
6.	[redacted]	2012-05-14	2012-08-04
7.	[redacted]	2012-09-04	2012-12-21
8.	[redacted]	2012-05-14	2012-08-24
9.	[redacted]	2012-05-14	2012-08-24
10.	[redacted]	2012-01-03	2012-04-27
11.	[redacted]	2012-09-04	2012-12-21
12.	[redacted]	2012-09-04	2012-12-21
13.	[redacted]	2012-05-14	2012-08-24
14.	[redacted]	2012-05-14	2012-08-24
15.	[redacted]	2012-09-10	2012-12-21
16.	[redacted]	2012-01-03	2012-05-04
17.	[redacted]	2012-01-03	2012-05-04
18.	[redacted]	2012-04-30	2012-08-24
19.	[redacted]	2012-01-03	2012-04-27
20.	[redacted]	2012-01-01	2012-04-30

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 %	9,994	25.000 %		16
2.		10.000 %	9,235	25.000 %		15
3.		10.000 %	10,230	25.000 %		15
4.		10.000 %	8,693	25.000 %		18
5.		10.000 %	9,427	25.000 %		15
6.		10.000 %	10,248	25.000 %		12
7.		10.000 %	10,367	25.000 %		15
8.		10.000 %	9,896	25.000 %		15
9.		10.000 %	9,635	25.000 %		15
10.		10.000 %	10,234	25.000 %		16
11.		10.000 %	9,411	25.000 %		15
12.		10.000 %	9,360	25.000 %		15
13.		10.000 %	9,878	25.000 %		15
14.		10.000 %	9,412	25.000 %		15
15.		10.000 %	8,486	25.000 %		15
16.		10.000 %	10,888	25.000 %		17
17.		10.000 %	10,888	25.000 %		17
18.		10.000 %	10,483	25.000 %		17
19.		10.000 %	10,109	25.000 %		16
20.		10.000 %	8,693	25.000 %		17

	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.	2,499	3,000	2,499		2,499
2.	2,309	3,000	2,309		2,309
3.	2,558	3,000	2,558		2,558
4.	2,173	3,000	2,173		2,173
5.	2,357	3,000	2,357		2,357
6.	2,562	3,000	2,562		2,562
7.	2,592	3,000	2,592		2,592
8.	2,474	3,000	2,474		2,474
9.	2,409	3,000	2,409		2,409
10.	2,559	3,000	2,559		2,559
11.	2,353	3,000	2,353		2,353
12.	2,340	3,000	2,340		2,340
13.	2,470	3,000	2,470		2,470
14.	2,353	3,000	2,353		2,353
15.	2,122	3,000	2,122		2,122
16.	2,722	3,000	2,722		2,722
17.	2,722	3,000	2,722		2,722
18.	2,621	3,000	2,621		2,621
19.	2,527	3,000	2,527		2,527
20.	2,173	3,000	2,173		2,173

Ontario co-operative education tax credit (total of amounts in column K) 500 48,895 **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
Hydro Ottawa Limited	86339 1363 RC0001	2012-12-31

- 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
Mike Grue	(613) 738-5499

Is the claim filed for an ATTC earned through a partnership? * . . . . . **150** 1 Yes [ ] 2 No [X]

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 [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

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** 50,000,000

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:

Specified percentage = 30 % – [5 % x (amount on line 300 **minus** 400,000) / 200,000]

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:

Specified percentage = 45 % – [10 % x (amount on line 300 **minus** 400,000) / 200,000]

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.	[redacted]	[redacted]	[redacted]
2.	[redacted]	[redacted]	[redacted]
3.	[redacted]	[redacted]	[redacted]
4.	[redacted]	[redacted]	[redacted]
5.	[redacted]	[redacted]	[redacted]
6.	[redacted]	[redacted]	[redacted]
7.	[redacted]	[redacted]	[redacted]
8.	[redacted]	[redacted]	[redacted]
9.	[redacted]	[redacted]	[redacted]
10.	[redacted]	[redacted]	[redacted]
11.	[redacted]	[redacted]	[redacted]
12.	[redacted]	[redacted]	[redacted]
13.	[redacted]	[redacted]	[redacted]
14.	[redacted]	[redacted]	[redacted]
15.	[redacted]	[redacted]	[redacted]
16.	[redacted]	[redacted]	[redacted]
17.	[redacted]	[redacted]	[redacted]
18.	[redacted]	[redacted]	[redacted]
19.	[redacted]	[redacted]	[redacted]

	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.	PB5164	2008-10-28	2012-01-01	2012-10-27

	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
2.	[redacted]	2008-10-28	2012-01-01	2012-10-27
3.	[redacted]	2008-10-28	2012-01-01	2012-10-27
4.	[redacted]	2008-10-28	2012-01-01	2012-10-27
5.	[redacted]	2008-10-28	2012-01-01	2012-10-27
6.	[redacted]	2008-10-28	2012-01-01	2012-10-27
7.	[redacted]	2008-10-28	2012-01-01	2012-10-27
8.	[redacted]	2008-11-04	2012-01-01	2012-11-03
9.	[redacted]	2009-02-03	2012-01-01	2012-12-31
10.	[redacted]	2009-02-03	2012-01-01	2012-12-31
11.	[redacted]	2011-10-17	2012-01-01	2012-12-31
12.	[redacted]	2011-10-17	2012-01-01	2012-12-31
13.	[redacted]	2011-10-17	2012-01-01	2012-12-31
14.	[redacted]	2008-11-04	2012-01-01	2012-11-03
15.	[redacted]	2011-05-10	2012-01-01	2012-12-31
16.	[redacted]	2011-10-17	2012-01-01	2012-12-31
17.	[redacted]	2011-10-17	2012-01-01	2012-12-31
18.	[redacted]	2011-10-17	2012-01-01	2012-12-31
19.	[redacted]	2010-01-06	2012-01-01	2012-12-31

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.		300	300	8,197
2.		300	300	8,197
3.		300	300	8,197
4.		300	300	8,197
5.		300	300	8,197
6.		300	300	8,197
7.		300	300	8,197
8.		307	307	8,388
9.		365	365	9,973
10.		365	365	9,973
11.		365	365	9,973
12.		365	365	9,973
13.		365	365	9,973
14.		307	307	8,388
15.		365	365	9,973
16.		365	365	9,973
17.		365	365	9,973
18.		365	365	9,973
19.		365	365	9,973

	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.		78,568	78,568	27,499
2.		77,885	77,885	27,260
3.		75,181	75,181	26,313
4.		79,447	79,447	27,806
5.		70,106	70,106	24,537
6.		71,993	71,993	25,198
7.		77,058	77,058	26,970
8.		68,881	68,881	24,108
9.		71,684	71,684	25,089
10.		65,487	65,487	22,920
11.		53,460	53,460	18,711
12.		54,330	54,330	19,016
13.		53,919	53,919	18,872
14.		56,218	56,218	19,676
15.		53,546	53,546	18,741
16.		53,403	53,403	18,691
17.		54,083	54,083	18,929
18.		55,075	55,075	19,276
19.		59,745	59,745	20,911

	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.	8,197		8,197
2.	8,197		8,197
3.	8,197		8,197
4.	8,197		8,197
5.	8,197		8,197
6.	8,197		8,197
7.	8,197		8,197
8.	8,388		8,388
9.	9,973		9,973
10.	9,973		9,973
11.	9,973		9,973
12.	9,973		9,973
13.	9,973		9,973
14.	8,388		8,388
15.	9,973		9,973
16.	9,973		9,973
17.	9,973		9,973
18.	9,973		9,973
19.	9,973		9,973

Ontario apprenticeship training tax credit (total of amounts in column N) 500 173,885 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.

200

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T2 Corporation Income Tax Return

PIL FILING

055 Do not use this area

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

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

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

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

Identification

Business number (BN) 001 86339 1363 RC0001

Corporation's name
002 Hydro Ottawa Limited

Address of head office
Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 011 to 018.)
011 3025 Albion Road North
012 P.O. Box 8700
City: 015 Ottawa — Province, territory, or state: 016 ON
Country (other than Canada): 017 — Postal code/Zip code: 018 K1G 3S4

Mailing address (if different from head office address)
Has this address changed since the last time we were notified? . . . . 020 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 021 to 028.)
021 c/o
022
023
City: 025 — Province, territory, or state: 026
Country (other than Canada): 027 — Postal code/Zip code: 028

Location of books and records
Has the location of books and records changed since the last time we were notified? . . . . 030 1 Yes [ ] 2 No [X]
(If **yes**, complete lines 031 to 038.)
031
032
City: 035 — Province, territory, or state: 036
Country (other than Canada): 037 — Postal code/Zip code: 038

040 **Type of corporation at the end of the tax year**
1 [X] 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: 060 2013-01-01 (YYYY MM DD) — Tax year-end: 061 2013-12-31 (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 [X]
If **yes**, provide the date control was acquired . . . . 065 ______ YYYY MM DD

Is the date on line 061 a deemed tax year-end according to:
subparagraph 88(2)(a)(iv)? . . . . 064 1 Yes [ ] 2 No [X]
subsection 249(3.1)? . . . . 066 1 Yes [ ] 2 No [X]

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

Is this the first year of filing after:
Incorporation? . . . . 070 1 Yes [ ] 2 No [X]
Amalgamation? . . . . 071 1 Yes [ ] 2 No [X]
If **yes**, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? . . . . 072 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 24.

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

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

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

Is the corporation a resident of Canada?
080 1 Yes [X] 2 No [ ] If **no**, give the country of residence on line 081 and complete and attach Schedule 97.
081 ______

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . 082 1 Yes [ ] 2 No [X]
If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:
085
1 [ ] Exempt under paragraph 149(1)(e) or (l)
2 [ ] Exempt under paragraph 149(1)(j)
3 [ ] Exempt under paragraph 149(1)(t)
4 [ ] Exempt under other paragraphs of section 149

Do not use this area
095 — 096

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	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		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		———
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		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		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	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	X	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		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

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

What is the corporation's main revenue-generating business activity? 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	DIST. OF ELECTRICITY	285	100.000 %
286		287	%
288		289	%

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

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

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		26,553,071	A
Deduct: Charitable donations from Schedule 2	311	124,771		
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		124,771 ▶	124,771	B
Subtotal (amount A **minus** amount B) (if negative, enter "0")			26,428,300	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355			D
Taxable income (amount C **plus** amount D)	360		26,428,300	
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)			26,428,300	Z

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8. Use 3.2 for tax years ending before 2012.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income from active business carried on in Canada from Schedule 7	400	26,553,071	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	26,428,300	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** ***** 1,636,031 D / 11,250 = 72,712,489 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") **425** ______ F

Small business deduction

Amount A, B, C, or F, whichever is the least ______ x 17 % = **430** ______ G

Enter amount G on line 1 on page 7.

* 10/3 for tax years ending before November 1, 2011. The result of the multiplication by line 632 has to be pro-rated based on the number of days in the tax year that are in each period: before November 1, 2011, and after October 31, 2011.

** Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

*** General rate reduction percentage for the tax year. It has to be pro-rated based on the number of days in the tax year that are in each calendar year. See page 5.

**** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

***** **Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior year** minus $10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current year** minus $10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

Taxable income from line 360 on page 3*			26,428,300	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***		G		
Total of amounts B to G		▶		H
Amount A **minus** amount H (if negative, enter "0")			26,428,300	I

Amount I 26,428,300 x (Number of days in the tax year after December 31, 2010, and before January 1, 2012 / Number of days in the tax year 365) x 11.5 % = J

Amount I 26,428,300 x (Number of days in the tax year after December 31, 2011 365 / Number of days in the tax year 365) x 13 % = 3,435,679 K

General tax reduction for Canadian-controlled private corporations – Amount J **plus** amount K .... 3,435,679 L
Enter amount L on line 638 on page 7.

* For tax years ending after October 31, 2011, line 360 or amount Z, whichever applies.
** For tax years beginning after October 31, 2011.
*** Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

Taxable income from page 3 (line 360 or amount Z, whichever applies)				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 365) x 11.5 % = T

Amount S x (Number of days in the tax year after December 31, 2011 365 / Number of days in the tax year 365) x 13 % = U

General tax reduction – Amount T **plus** amount U V
Enter amount V on line 639 on page 7.

* For tax years beginning after October 31, 2011.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7	**440**	x 26 2 / 3 % =	A
Foreign non-business income tax credit from line 632 on page 7			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")			E
Taxable income from line 360 on page 3		26,428,300	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 25/9* 100 / 35 =	H
Foreign business income tax credit from line 636 on page 7		x 1(0.38 - X**) / 4 =	I
Subtotal			J
		26,428,300	K
		x 26 2 / 3 % = 7,047,547	L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8)		3,952,367	M
Refundable portion of Part I tax – Amount E, L, or M, whichever is the least	**450**		N

* 100/35 for tax years beginning after October 31, 2011.

** 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	15,000,000 x 1 / 3 =	5,000,000	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 of Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) **multiplied** by 38 %			550	10,042,754	A
Recapture of investment tax credit from Schedule 31			602		B

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income
(if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6			i
Taxable income from line 360 on page 3	26,428,300		
Deduct:			
Amount from line 400, 405, 410, or 425 on page 4, whichever is the least			
Net amount	26,428,300 ▶	26,428,300	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)		10,042,754	D

Deduct:

Small business deduction from line 430 on page 4			1		
Federal tax abatement	608	2,642,830			
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	3,435,679			
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	11,878			
Subtotal		6,090,387	▶	6,090,387	E

Part I tax payable – Amount D **minus** amount E	3,952,367	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	3,952,367
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		3,952,367

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	2,853,456	
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 tax		2,853,456 ▶	2,853,456
Total tax payable	770		6,805,823 A

Deduct other credits:

Investment tax credit refund from Schedule 31	780	
Dividend refund from page 6	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	7,050,000
Total credits	890	7,050,000 ▶ 7,050,000 B

Refund code 894 1 Overpayment 244,177

Balance (amount A **minus** amount B) -244,177

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 X

If this return was prepared by a tax preparer for a fee, provide their EFILE number 920

Certification

I, 950 Simpson (Last name (print)) 951 Geoff (First name (print)) 954 CFO (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 2014-06-13 Date (yyyy/mm/dd) ______ Signature of the authorized signing officer of the corporation 956 (613) 738-5499 Telephone number

Is the contact person the same as the authorized signing officer? If **no**, complete the information below . . . . 957 1 Yes ☐ 2 No X

958 Mike Grue Name (print) 959 (613) 738-5499 Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. 990 1

Schedule of Instalment Remittances

Name of corporation contact: Mike Grue
Telephone number: (613) 738-5499

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
	2013 INSTALLMENTS	7,050,000

Total amount of instalments claimed (carry the result to line 840 of the T2 Return) 7,050,000 **A**

Total instalments credited to the taxation year per T9 7,050,000 **B**

Transfer

	Account number	Taxation year end	Amount	Effective interest date	Description
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					
From:					
To:					

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 100

Form identifier 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

Balance sheet information

Account	Description	GIFI		Current year	Prior year
	Assets				
	Total current assets	1599	+	181,668,000	168,080,000
	Total tangible capital assets	2008	+	1,090,072,000	1,016,871,000
	Total accumulated amortization of tangible capital assets	2009	–	438,495,000	421,239,000
	Total intangible capital assets	2178	+	100,496,000	83,000,000
	Total accumulated amortization of intangible capital assets	2179	–	55,763,000	53,317,000
	Total long-term assets	2589	+	32,334,000	31,768,000
	* Assets held in trust	2590	+		
	Total assets (mandatory field)	2599	=	910,312,000	825,163,000
	Liabilities				
	Total current liabilities	3139	+	198,807,000	172,048,000
	Total long-term liabilities	3450	+	441,911,000	393,960,000
	* Subordinated debt	3460	+		
	* Amounts held in trust	3470	+		
	Total liabilities (mandatory field)	3499	=	640,718,000	566,008,000
	Shareholder equity				
	Total shareholder equity (mandatory field)	3620	+	269,594,000	259,155,000
	Total liabilities and shareholder equity	3640	=	910,312,000	825,163,000
	Retained earnings				
	Retained earnings/deficit – end (mandatory field)	3849	=	102,513,000	92,074,000

* Generic item

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 125

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

Income statement information

Description	GIFI	
Operating name	0001	
Description of the operation	0002	
Sequence number	0003	01

Account	Description	GIFI		Current year	Prior year
	Income statement information				
	Total sales of goods and services	8089	+	952,790,000	886,094,000
	Cost of sales	8518	–	768,079,000	709,935,000
	Gross profit/loss	8519	=	184,711,000	176,159,000
	Cost of sales	8518	+	768,079,000	709,935,000
	Total operating expenses	9367	+	152,522,000	143,111,000
	Total expenses (mandatory field)	9368	=	920,601,000	853,046,000
	Total revenue (mandatory field)	8299	+	952,790,000	886,094,000
	Total expenses (mandatory field)	9368	–	920,601,000	853,046,000
	Net non-farming income	9369	=	32,189,000	33,048,000
	Farming income statement information				
	Total farm revenue (mandatory field)	9659	+		
	Total farm expenses (mandatory field)	9898	–		
	Net farm income	9899	=		
	Net income/loss before taxes and extraordinary items	9970	=	32,189,000	33,048,000
	Total other comprehensive income	9998	=		
	Extraordinary items and income (linked to Schedule 140)				
	Extraordinary item(s)	9975	–		
	Legal settlements	9976	–		
	Unrealized gains/losses	9980	+		
	Unusual items	9985	–		
	Current income taxes	9990	–	6,750,000	6,635,000
	Future (deferred) income tax provision	9995	–		
	Total – Other comprehensive income	9998	+		
	Net income/loss after taxes and extraordinary items (mandatory field)	9999	=	25,439,000	26,413,000

Canada Revenue Agency / Agence du revenu du Canada

Schedule 141

Notes checklist

Corporation's name	Business number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and Guide T4012, *T2 Corporation – Income Tax Guide*.
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

Part 1 – Information on the accountant who prepared or reported on the financial statements

Does the accountant have a professional designation? . . . . . 095 1 Yes [X] 2 No [ ]

Is the accountant connected* with the corporation? . . . . . 097 1 Yes [ ] 2 No [X]

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note
If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you **do have** to complete Part 4, as applicable.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: 198

Completed an auditor's report . . . . . 1 [X]

Completed a review engagement report . . . . . 2 [ ]

Conducted a compilation engagement . . . . . 3 [ ]

Part 3 – Reservations

If you selected option **1** or **2** under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation? . . . . . 099 1 Yes [ ] 2 No [X]

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: 110

Prepared the tax return (financial statements prepared by client) . . . . . 1 [ ]

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) . . . . . 2 [ ]

Were notes to the financial statements prepared? . . . . . 101 1 Yes [X] 2 No [ ]

If **yes**, complete lines 104 to 107 below:

Are subsequent events mentioned in the notes? . . . . . 104 1 Yes [ ] 2 No [X]

Is re-evaluation of asset information mentioned in the notes? . . . . . 105 1 Yes [ ] 2 No [X]

Is contingent liability information mentioned in the notes? . . . . . 106 1 Yes [X] 2 No [ ]

Is information regarding commitments mentioned in the notes? . . . . . 107 1 Yes [X] 2 No [ ]

Does the corporation have investments in joint venture(s) or partnership(s)? . . . . . 108 1 Yes [ ] 2 No [X]

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? . . . . . 200 1 Yes [ ] 2 No [X]

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		In OCI Increase (decrease)
Property, plant, and equipment	210		211	
Intangible assets	215		216	
Investment property	220			
Biological assets	225			
Financial instruments	230		231	
Other	235		236	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? . . . . . 250 1 Yes [ ] 2 No [X]

Did the corporation apply hedge accounting during the tax year? . . . . . 255 1 Yes [ ] 2 No [X]

Did the corporation discontinue hedge accounting during the tax year? . . . . . 260 1 Yes [ ] 2 No [X]

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? . . . . . 265 1 Yes [ ] 2 No [X]

If **yes**, you have to maintain a separate reconciliation.

SCHEDULE 100

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

Assets – lines 1000 to 2599

1000	5,038,000	1060	65,842,000	1062	106,551,000
1480	31,000	1481	818,000	1483	457,000
1484	2,931,000	1599	181,668,000	1600	24,995,000
1680	80,274,000	1681	-21,689,000	1740	17,970,000
1741	-11,768,000	1900	966,833,000	1901	-405,038,000
2008	1,090,072,000	2009	-438,495,000	2010	100,496,000
2011	-55,763,000	2178	100,496,000	2179	-55,763,000
2420	12,441,000	2421	19,893,000	2589	32,334,000
2599	910,312,000				

Liabilities – lines 2600 to 3499

2620	178,816,000	2960	19,173,000	2963	818,000
3139	198,807,000	3140	387,185,000	3240	19,893,000
3270	8,533,000	3320	26,300,000	3450	441,911,000
3499	640,718,000				

Shareholder equity – lines 3500 to 3640

3500	167,081,000	3600	102,513,000	3620	269,594,000
3640	910,312,000				

Retained earnings – lines 3660 to 3849

3660	92,074,000	3680	25,439,000	3700	-15,000,000
3849	102,513,000				

SCHEDULE 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIFI

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

Description

Sequence number 0003 01

Revenue – lines 8000 to 8299

8000	952,790,000	8089	952,790,000	8299	952,790,000

Cost of sales – lines 8300 to 8519

8320	768,079,000	8518	768,079,000	8519	184,711,000

Operating expenses – lines 8520 to 9369

8570	7,711,000	8670	29,388,000	8740	15,672,000
9270	99,751,000	9367	152,522,000	9368	920,601,000
9369	32,189,000				

Extraordinary items and taxes – lines 9970 to 9999

9970	32,189,000	9990	6,750,000	9999	25,439,000

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
Hydro Ottawa Limited	86339 1363 RC0001	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			25,439,000	A
Add:				
Provision for income taxes – current	101	6,750,000		
Interest and penalties on taxes	103	330		
Amortization of tangible assets	104	29,388,000		
Amortization of intangible assets	106	7,711,000		
Loss on disposal of assets	111	2,505,741		
Charitable donations and gifts from Schedule 2	112	124,771		
Non-deductible meals and entertainment expenses	121	82,667		
Other reserves on lines 270 and 275 from Schedule 13	125	704,169		
Reserves from financial statements – balance at the end of the year	126	3,063,750		
Subtotal of additions		50,330,428 ▶	50,330,428	

Other additions:

Miscellaneous other additions:

604	12(1)(g) inclusion	2,983,317
	Apprentice tax credit - Federal 2012	14,000
	Apprentice tax credit - Ont 2013	106,354
	Coop student tax credit - Ont 2013	44,445
	Employee Future Benefits expensed in F/S	563,640
	ARO expenses accrued in 2013	2,475
	Total	3,714,231

Total	294	3,714,231		
Subtotal of other additions	199	3,714,231 ▶	3,714,231	
Total additions	500	54,044,659 ▶	54,044,659	B
Amount A **plus** amount B			79,483,659	

Deduct:

Capital cost allowance from Schedule 8	403	46,192,065		
Cumulative eligible capital deduction from Schedule 10	405	62,092		
Other reserves on line 280 from Schedule 13	413	1,110,910		
Reserves from financial statements – balance at the beginning of the year	414	1,620,141		
Subtotal of deductions		48,985,208	▶	48,985,208

Other deductions:

Miscellaneous other deductions:

700	ARO costs incurred in 2013		390	140,737		
701	AFUDC		391	2,375,633		
702	Employee Future Benefits paid during the year		392	454,941		
704	Payments included for tax in prior years	974,069				
	Total	974,069	394	974,069		
	Subtotal of other deductions		499	3,945,380	▶	3,945,380
	Total deductions		510	52,930,588	▶	52,930,588

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 26,553,071

T2 SCH 1 E (12) Canadä

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
Hydro Ottawa Limited	86339 1363 RC0001	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)
United Way	65,979
United Way	57,792
Our Youth At Work Assoication	500
Canada Helps	100
Heart & Stroke Foundation of Canada	100
Ottawa Regional Cancer Foundation	100
Heart & Stroke Foundation of Canada	100
The Great War Memorial Hospital of Perth Dis	100
Subtotal	124,771
Add: Total donations of less than $100 each	
Total donations in current tax year	124,771

		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	124,771		124,771	124,771
Subtotal (line 250 **plus** line 210)		124,771	C	124,771	124,771
Subtotal (amount B **plus** amount C)		124,771	D	124,771	124,771
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)		124,771	E	124,771	124,771
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	124,771		124,771	124,771
Charitable donations closing balance (amount E **minus** amount on line 260)	280				

* 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	2005-12-31			
9th prior year	2004-12-31			
10th prior year	2003-12-31			
11th prior year	2002-12-31			
12th prior year	2001-12-31			
13th prior year	2001-09-30			
14th prior year	2000-09-30			
15th prior year	1999-09-30			
16th prior year	1998-09-30			
17th prior year	1997-09-30			
18th prior year	1996-09-30			
19th prior year	1995-09-30			
20th prior year	1994-09-30			
21st prior year*	1993-09-30			
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 %			19,914,803 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)			19,914,803 N
Maximum allowable deduction for charitable donations (enter amount E from Part 1, amount N, or net income for tax purposes, whichever is less)			124,771 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	2005-12-31			
9th prior year	2004-12-31			
10th prior year	2003-12-31			
11th prior year	2002-12-31			
12th prior year	2001-12-31			
13th prior year	2001-09-30			
14th prior year	2000-09-30			
15th prior year	1999-09-30			
16th prior year	1998-09-30			
17th prior year	1997-09-30			
18th prior year	1996-09-30			
19th prior year	1995-09-30			
20th prior year	1994-09-30			
21st prior year*	1993-09-30			
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

	Line	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 after five tax years	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				
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, 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 – 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	2005-12-31			
9th prior year	2004-12-31			
10th prior year	2003-12-31			
11th prior year	2002-12-31			
12th prior year	2001-12-31			
13th prior year	2001-09-30			
14th prior year	2000-09-30			
15th prior year	1999-09-30			
16th prior year	1998-09-30			
17th prior year	1997-09-30			
18th prior year	1996-09-30			
19th prior year	1995-09-30			
20th prior year	1994-09-30			
21st prior year*	1993-09-30			
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 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)

		Federal		Québec	Alberta
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	2005-12-31	
9th prior year	2004-12-31	
10th prior year	2003-12-31	
11th prior year	2002-12-31	
12th prior year	2001-12-31	
13th prior year	2001-09-30	
14th prior year	2000-09-30	
15th prior year	1999-09-30	
16th prior year	1998-09-30	
17th prior year	1997-09-30	
18th prior year	1996-09-30	
19th prior year	1995-09-30	
20th prior year	1994-09-30	
21st prior year*	1993-09-30	
Total		

* These gifts expired in the current year.

T2 SCH 2 E (13) Canada

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
Hydro Ottawa Limited	86339 1363 RC0001	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.

Name of payer corporation (from which the corporation received the dividend) 200	A	Complete if payer corporation is connected: B Enter 1 if payer corporation is connected 205	C Business Number of connected corporation 210	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) 220	E Non-taxable dividend under section 83 230
				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.

F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)* 240	F1 Eligible dividends (included in column F)	F2	F3	Complete if payer corporation is connected: G Total taxable dividends paid by connected payer corporation (for tax year in column D) 250	H Dividend refund of the connected payer corporation (for tax year in column D)** 260	I Part IV tax before deductions F x 1 / 3 *** 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	Business Number	Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note)	Taxable dividends paid to connected corporations	Eligible dividends (included in column D)
	400	**410**	**420**	**430**	
1	Hydro Ottawa Holding Inc.	89411 0816 RC0001	2013-12-31	15,000,000	

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 15,000,000

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** 15,000,000

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)		15,000,000
Other dividends paid in the tax year (total of 510 to 540)		
Total dividends paid in the tax year	**500**	15,000,000

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 15,000,000

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Schedule 5

TAX CALCULATION SUPPLEMENTARY – CORPORATIONS

Corporation's name	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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
26,428,300		26,428,300	3,004,255

	Line	Amount		Total	
Ontario basic income tax (from Schedule 500)	270	3,039,255			
Deduct: Ontario small business deduction (from Schedule 500)	402	35,000			
Subtotal		3,004,255	►	3,004,255	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)				3,004,255	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				
Ontario tax credit for the purchase of vehicles that use natural gas as a fuel					
Subtotal			►		D6
Subtotal (amount C6 **minus** amount D6) (if negative, enter "0")				3,004,255	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")				3,004,255	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")				3,004,255	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)				3,004,255	I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	44,445			
Ontario apprenticeship training tax credit (from Schedule 552)	454	106,354			
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				
Other Ontario tax credits					
Subtotal		150,799	►	150,799	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.				290 2,853,456	K6

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	2,853,456

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 8

CAPITAL COST ALLOWANCE (CCA)

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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 [X]

	1 Class number (See Note) 200	Description	2 Undepreciated capital cost at the beginning of the year (undepreciated capital cost at the end of last year) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Net adjustments** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ***** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1		210,642,972			0		210,642,972	4	0	0	8,425,719	202,217,253
2.	1b		16,465,297	8,598,283		0	4,299,142	20,764,438	6	0	0	1,245,866	23,817,714
3.	2	Dist equip pre 88	71,865,781			0		71,865,781	6	0	0	4,311,947	67,553,834
4.	3	buildings pre 88	10,718,873			0		10,718,873	5	0	0	535,944	10,182,929
5.	8		8,699,666	1,568,800		0	784,400	9,484,066	20	0	0	1,896,813	8,371,653
6.	10		5,046,819	2,141,364		28,270	1,056,547	6,103,366	30	0	0	1,831,010	5,328,903
7.	12		1,144,813	1,305,861		0	652,931	1,797,743	100	0	0	1,797,743	652,931
8.	42		479,966			0		479,966	12	0	0	57,596	422,370
9.	45		86,408			0		86,408	45	0	0	38,884	47,524
10.	50		1,720,471	1,686,456		0	843,228	2,563,699	55	0	0	1,410,034	1,996,893
11.	47		272,823,922	70,584,407		219,525	35,182,441	308,006,363	8	0	0	24,640,509	318,548,295
		Totals	599,694,988	85,885,171		247,795	42,818,689	642,513,675				46,192,065	639,140,299

Note: Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed. Class 1a: 4% + 6% = 10% (class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

** Include amounts transferred under section 85, or on amalgamation and winding-up of a subsidiary. See the *T2 Corporation Income Tax Guide* for other examples of adjustments to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, *Capital Cost Allowance – General Comments*.

**** Enter a rate only, if you are using the declining balance method. For any other method (for example the straignt-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

***** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

Tax return

Additions for tax purposes – Schedule 8 regular classes		85,885,171		
Additions for tax purposes – Schedule 8 leasehold improvements	+			
Operating leases capitalized for book purposes	+			
Capital gain deferred	+			
Recapture deferred	+			
Deductible expenses capitalized for book purposes – Schedule 1	+			
Other (specify):				
Change in CIP etc.	+	533,282		
Change in Land	+	19,614,000		
Change in Inventory	+	1,463,000		
Damage to Plant/Capital Contribution	+	974,069		
ECE balance	+	824,938		
Total additions per books	=	109,294,460	►	109,294,460
Proceeds up to original cost – Schedule 8 regular classes		247,795		
Proceeds up to original cost – Schedule 8 leasehold improvements	+			
Proceeds in excess of original cost – capital gain	+			
Recapture deferred – as above	+			
Capital gain deferred – as above	+			
Pre V-day appreciation	+			
Other (specify):				
	+			
Total proceeds per books	=	247,795	► –	247,795
Depreciation and amortization per accounts – Schedule 1			–	37,099,000
Loss on disposal of fixed assets per accounts			–	989,000
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	70,958,665

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		696,310,000
Opening net book value	–	625,315,000
Net change per financial statements	=	70,995,000

If the amounts from the tax return and the financial statements differ, explain why below.

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SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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	Country of residence (other than Canada)	Business number (see note 1)	Relationship code (see note 2)	Number of common shares you own	% of common shares you own	Number of preferred shares you own	% of preferred shares you own	Book value of capital stock
	100	200	300	400	500	550	600	650	700
1.	Hydro Ottawa Holding Inc.		89411 0816 RC0001	1					
2.	Energy Ottawa Inc.		86338 9961 RC0001	3					
3.	Telecom Ottawa Holding Inc. / Soci		86202 9337 RC0001	3					
4.	PowerTrail Inc.		82829 3944 RC0001	3					
5.	Moose Creek Energy Inc.		82851 1311 RC0001	3					
6.	Chaudiere Hydro Inc. Hydro Chaudi		81281 3103 RC0001	3					
7.	Chaudiere Water Power Inc/Energie		10093 1955 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

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SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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

		Line	Amount		Line	Amount	
Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0")					200	885,650	A
Add: Cost of eligible capital property acquired during the taxation year		222	1,840				
Other adjustments		226					
Subtotal (line 222 plus line 226)			1,840	x 3 / 4 = 1,380			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")				1,380 ▶		1,380	D
Amount transferred on amalgamation or wind-up of subsidiary					224		E
Subtotal (add amounts A, D, and E)					230	887,030	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) (if amount K is negative, enter "0" at line M and proceed to Part 2)						887,030	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business				249			
amount K	887,030						
less amount from line 249							
Current year deduction	887,030	x 7.00 % =		250	62,092 *		
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)					62,092 ▶	62,092	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")					300	824,938	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	

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SCHEDULE 13

CONTINUITY OF RESERVES

Name of corporation	Business number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- File one completed copy of this schedule with the corporation's *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Capital gains reserves

	Description of property 001	Balance at the beginning of the year $ 002	Transfer on an amalgamation or the wind-up of a subsidiary $ 003	Add $	Deduct $	Balance at the end of the year $ 004
1						
	Totals	008	009			010

The amount from line 008 **plus** the amount from line 009 should be entered on line 880 of Schedule 6, *Summary of Dispositions of Capital Property*. The amount from line 010 should be entered on line 885 of Schedule 6.

Part 2 – Other reserves

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 $
Reserve for doubtful debts	☐	110 704,169	115	406,741		120 1,110,910
Reserve for undelivered goods and services not rendered	☐	130	135			140
Reserve for prepaid rent	☐	150	155			160
Reserve for refundable containers	☐	190	195			200
Reserve for unpaid amounts	☐	210	215			220
Other tax reserves	☐	230	235			240
Totals		270 704,169	275	406,741		280 1,110,910

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 **plus** the amount from line 275 should be entered on line 125 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*, as an addition. The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

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	Allowance for Doubtful Debts	1,070,899		571,609		1,642,508
2	Contingent Liability	549,242		872,000		1,421,242
3	Employee future benefit					
	Reserves from Part 2 of Schedule 13					
	Totals	1,620,141		1,443,609		3,063,750

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 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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	5,304,262	345983			

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 . . . . 5,304,262 A

Less:

Total of all amounts for deferred income plans deducted in your financial statements . . . . . 5,304,262 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 [X]

	1 Names of associated corporations 100	2 Business Number of associated corporations 200	3 Association code 300	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % 350	6 Business limit allocated* $ 400
1	Hydro Ottawa Limited	86339 1363 RC0001	1	500,000	100.0000	500,000
2	Hydro Ottawa Holding Inc.	89411 0816 RC0001	1	500,000		
3	Energy Ottawa Inc.	86338 9961 RC0001	1	500,000		
4	Telecom Ottawa Holding Inc. / Societe De Port	86202 9337 RC0001	1	500,000		
5	PowerTrail Inc.	82829 3944 RC0001	1	500,000		
6	Moose Creek Energy Inc.	82851 1311 RC0001	1	500,000		
7	Chaudiere Hydro Inc. Hydro Chaudiere Inc.	81281 3103 RC0001	1	500,000		
8	Chaudiere Water Power Inc/Energie Hydrauliqu	10093 1955 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.

T2 SCH 23 (09) Canada

Canada Revenue Agency / Agence du revenu du Canada

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

Investments	**Specified percentage**
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
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

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 [X]

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				Credit to be applied	**901**	
2nd previous tax year				Credit to be applied	**902**	
3rd previous tax year				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)			
Add:			
Contributions to agricultural organizations for SR&ED*			
Current expenditures (line 557 on Form T661 **plus** line 103 from Part 3)*		▶ 350	
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	

* 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 [ ] 2 No [X]

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	26,900,819
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	642,512,864	398	40,000,000

* 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	26,900,819 x 10 =	269,008,190	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		x	20 %	=	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) 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			
Credit allocated from a partnership	550			
Subtotal (total of lines 530 to 550)			▶	O
Total credit available (line 520 **plus** amount O)				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)			e	
Credit transferred to offset Part VII tax liability	580			
Subtotal (total of line 560, amount e, and line 580)			▶	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				Credit to be applied	911	
2nd previous tax year				Credit to be applied	912	
3rd previous tax year				Credit to be applied	913	
				Total (enter at amount e in Part 12)		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 [X]

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				Credit to be applied	921
2nd previous tax year				Credit to be applied	922
3rd previous tax year				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 ☐ 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.	[redacted]	[redacted]	36,805	3,681	2,000
2.	[redacted]	[redacted]	35,752	3,575	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.	[redacted]	[redacted]	37,103	3,710	2,000
4.	[redacted]	[redacted]	36,428	3,643	2,000
5.	[redacted]	[redacted]	35,926	3,593	2,000
6.	[redacted]	[redacted]	18,782	1,878	1,878

Total current-year credit (enter at line 640 in Part 22) 11,878 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 11,878

Credit allocated from a partnership . . . 655

Subtotal (total of lines 630 to 655) 11,878 ▶ 11,878 D

Total credit available (line 625 **plus** amount D) . . . 11,878 E

Deduct:

Credit deducted from Part I tax (enter at amount G in Part 30) . . . 660 11,878

Credit carried back to the previous year(s) (amount G from Part 23) . . . a

Subtotal (line 660 **plus** amount a) 11,878 ▶ 11,878 F

ITC closing balance from apprenticeship job creation expenditures (amount E **minus** amount F) . . . 690

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	931	
2nd previous tax year				Credit to be applied	932	
3rd previous tax year				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)	11,878	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)	11,878	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 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)
11,878	11,878			

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					
2005-12-31					
2004-12-31					
2003-12-31					*
2002-12-31					
2001-12-31					
2001-09-30					
2000-09-30					
1999-09-30					
1998-09-30					
1997-09-30					
1996-09-30					
1995-09-30					
1994-09-30					*
Total					

B+C+D+G **Total ITC utilized** 11,878

* 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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) 100	Provide only one number per shareholder: 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	Hydro Ottawa Holding Inc.	89411 0816 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 53

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

On: 2013-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsections referred to in this schedule are from the I*ncome Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . . . ☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? . . . . . ☒ Yes ☐ No
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? . . . . . ☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC . . . . . ☐ Yes ☒ No
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation . . . . . ☐ Yes ☒ No
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . . . ☐ Yes ☐ No
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . . . ☐ Yes ☐ No
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . . . ☐ Yes ☒ No
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . . . ☐ Yes ☐ No
    If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year			100	172,381,397	A
Taxable income for the year (DICs enter "0") *	110	26,428,300	B		
Income for the credit union deduction * (amount E in Part 3 of Schedule 17) 120					
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less * 130					
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income * 140					
Subtotal (**add** lines 120, 130, and 140) ►			C		
Income taxable at the general corporate rate (line B **minus** line C) (if negative enter "0")	150	26,428,300			
After-tax income (line 150 x general rate factor for the tax year ** 0.72)			190	19,028,376	D
Eligible dividends received in the tax year	200				
Dividends deductible under section 113 received in the tax year	210				
Subtotal (**add** lines 200 and 210) ►					E
GRIP addition:					
Becoming a CCPC (line PP from Part 4)	220				
Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4)	230				
Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4)	240				
Subtotal (**add** lines 220, 230, and 240) ►			290		F
Subtotal (**add** lines A, D, E, and F)				191,409,773	G
Eligible dividends paid in the previous tax year	300				
Excessive eligible dividend designations made in the previous tax year	310				

Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.

Subtotal (line 300 **minus** line 310) ►					H
GRIP before adjustment for specified future tax consequences (line G **minus** line H) (amount can be negative)			490	191,409,773	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)			560		
GRIP at the end of the tax year (line 490 **minus** line 560)			590	191,409,773	

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2012-12-31

Taxable income before specified future tax consequences from the current tax year		26,900,819	J1	
Enter the following amounts before specified future tax consequences from the current tax year:				
Income for the credit union deduction (amount E in Part 3 of Schedule 17)		K1		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less		L1		
Aggregate investment income (line 440 of the T2 return)		M1		
Subtotal (**add** lines K1, L1, and M1) ►			N1	
Subtotal (line J1 **minus** line N1) (if negative, enter "0")		26,900,819 ►	26,900,819	O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Future tax consequences that occur for the current year

Amount carried back from the current year to a prior year

Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences . . . . ______ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R1

Aggregate investment income (line 440 of the T2 return) . . . . ______ S1

Subtotal (**add** lines Q1, R1, and S1) ______ ▶ ______ T1

Subtotal (line P1 **minus** line T1) (if negative, enter "0") ______ ▶ ______ U1

Subtotal (line O1 **minus** line U1) (if negative, enter "0") ______ V1

GRIP adjustment for specified future tax consequences to the first previous tax year

(line V1 **multiplied by** the general rate factor for the tax year 0.72) . . . . **500** ______

Second previous tax year 2011-12-31

Taxable income before specified future tax consequences from the current tax year 32,674,141 J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L2

Aggregate investment income (line 440 of the T2 return) . . . . ______ M2

Subtotal (**add** lines K2, L2, and M2) ______ ▶ ______ N2

Subtotal (line J2 **minus** line N2) (if negative, enter "0") 32,674,141 ▶ 32,674,141 O2

Future tax consequences that occur for the current year

Amount carried back from the current year to a prior year

Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences . . . . ______ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R2

Aggregate investment income (line 440 of the T2 return) . . . . ______ S2

Subtotal (**add** lines Q2, R2, and S2) ______ ▶ ______ T2

Subtotal (line P2 **minus** line T2) (if negative, enter "0") ______ ▶ ______ U2

Subtotal (line O2 **minus** line U2) (if negative, enter "0") ______ V2

GRIP adjustment for specified future tax consequences to the second previous tax year

(line V2 **multiplied by** the general rate factor for the tax year 0.72) . . . . **520** ______

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2010-12-31

Taxable income before specified future tax consequences from the current tax year 40,602,698 J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L3

Aggregate investment income (line 440 of the T2 return) 1,259,282 M3

Subtotal (**add** lines K3, L3, and M3) 1,259,282 ▶ 1,259,282 N3

Subtotal (line J3 **minus** line N3) (if negative, enter "0") 39,343,416 ▶ 39,343,416 O3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ______ P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R3

Aggregate investment income (line 440 of the T2 return) . . . . ______ S3

Subtotal (**add** lines Q3, R3, and S3) ______ ▶ ______ T3

Subtotal (line P3 **minus** line T3) (if negative, enter "0") ______ ▶ ______ U3

Subtotal (line O3 **minus** line U3) (if negative, enter "0") ______ V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(line V3 **multiplied by** the general rate factor for the tax year 0.72) . . . . **540** ______

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . ______ W

Enter amount W on line 560.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year . . . . ______ AA

Eligible dividends paid by the corporation in its last tax year . . . . ______ BB

Excessive eligible dividend designations made by the corporation in its last tax year . . . . ______ CC

Subtotal (line BB **minus** line CC) ______ ▶ ______ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(line AA **minus** line DD) . . . . ______ EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year		FF
The corporation's money on hand immediately before the end of its previous/last tax year		GG
Unused and unexpired losses at the end of the corporation's previous/last tax year:		
Non-capital losses		
Net capital losses		
Farm losses		
Restricted farm losses		
Limited partnership losses		
Subtotal ►		HH
Subtotal (**add** lines FF, GG, and HH)		II
All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year	JJ	
Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year	KK	
All the corporation's reserves deducted in its previous/last tax year	LL	
The corporation's capital dividend account immediately before the end of its previous/last tax year	MM	
The corporation's low rate income pool immediately before the end of its previous/last tax year	NN	
Subtotal (**add** lines JJ, KK, LL, MM, and NN) ►		OO
GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (line II **minus** line OO) (if negative, enter "0")		PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

0.68	x	number of days in the tax year before January 1, 2010 / number of days in the tax year	/ 365	=		QQ
0.69	x	number of days in the tax year in 2010 / number of days in the tax year	/ 365	=		RR
0.7	x	number of days in the tax year in 2011 / number of days in the tax year	/ 365	=		SS
0.72	x	number of days in the tax year after December 31, 2011 / number of days in the tax year	365 / 365	=	0.720000000	TT

General rate factor for the tax year (total of lines QQ to TT) . . . . 0.72000 UU

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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
Hydro Ottawa Limited	86339 1363 RC0001	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		15,000,000	
Total taxable dividends paid in the tax year	100	15,000,000	
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	191,409,773	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 500

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	2013-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

Number of days in the tax year before July 1, 2011 / Number of days in the tax year	/ 365	x	12.00 %	=	%	A1
Number of days in the tax year after June 30, 2011 / Number of days in the tax year	365 / 365	x	11.50 %	=	11.50000 %	A2

Ontario basic rate of tax for the year (rate A1 **plus** A2) 11.50000 ▶ 11.50000 % A3

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * . . . . . 26,428,300 B

Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A3 from Part 1) . . . . . 3,039,255 C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)	26,553,071	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	26,428,300	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	500,000	3
Enter the least of amounts 1, 2, and 3	500,000	D

Ontario domestic factor: Ontario taxable income * / Taxable income earned in all provinces and territories ** = 26,428,300.00 / 26,428,300 = 1.00000 E

Amount D x factor E	500,000	a
Ontario taxable income (amount B from Part 2)	26,428,300	b

Ontario small business income (lesser of amount a and amount b) 500,000 F

Number of days in the tax year before July 1, 2011 / Number of days in the tax year	/ 365	x	7.50 %	=	%	G1
Number of days in the tax year after June 30, 2011 / Number of days in the tax year	365 / 365	x	7.00 %	=	7.00000 %	G2

OSBD rate for the year (rate G1 **plus** G2) 7.00000 % G3

Ontario small business deduction: amount F **multiplied** by OSBD rate for the year (rate G3) 35,000 H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 4 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (lesser of amount D and amount b from Part 3) 500,000 I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

Part 5 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17			J
Deduct:			
Ontario adjusted small business income (amount I from Part 4)			K
Subtotal (amount J **minus** amount K) (if negative, enter "0")			L
OSBD rate for the year (rate G3 from Part 3)	7.00000 %		
Amount L **multiplied** by the OSBD rate for the year			M
Ontario domestic factor (factor E from Part 3)		1.00000	N
Ontario credit union tax reduction (amount M **multiplied** by factor N)			O

Enter amount O on line 410 of Schedule 5.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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	910,312,000
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	796,998,204
Total assets (total of lines 112 to 116)		1,707,310,204
Total revenue of the corporation for the tax year **	142	952,790,000
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	79,526,427
Total revenue (total of lines 142 to 146)		1,032,316,427

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	25,439,000
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	6,750,000		
Provision for deferred income taxes (debits)/cost of future income taxes	222			
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		6,750,000	▶	6,750,000 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320			
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal			▶	B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	32,189,000

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 – 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	32,189,000	
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	32,189,000	

Amount from line 520	32,189,000	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	32,189,000	x	Number of days in the tax year after June 30, 2010 / Number of days in the tax year	365 / 365	x	2.7 % =	869,103	2

Subtotal (amount 1 **plus** amount 2) . . . 869,103 3

Gross CMT: amount on line 3 above x OAF **	540	869,103	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		869,103	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		3,004,255	
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 – CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *			G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)			▶	620	
Add:					
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)				650	
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)					H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)					J
Add:					
Net CMT payable (amount E from Part 3)					
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal			▶		K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)				670	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line G or line 600;
- for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)				M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		3,004,255 1		
For a corporation that is not a life insurance corporation:				
CMT after foreign tax credit deduction (amount D from Part 3)	869,103 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:		869,103 6		
Subtotal (if negative, enter "0")		2,135,152	▶ 2,135,152	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)		3,004,255		
Deduct:				
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		150,799		
Subtotal (if negative, enter "0")		2,853,456	▶ 2,853,456	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 – 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 – CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . Q

Deduct:

CMT loss expired * 700

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ► 720

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) 750

CMT loss available (line 720 **plus** line 750) . . . . R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . .

Subtotal (if negative, enter "0") S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) 760

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . 770 T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not 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 – 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
Hydro Ottawa Limited	86339 1363 RC0001	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	Hydro Ottawa Holding Inc.	89411 0816 RC0001	683,552,000	57,745,000
2	Energy Ottawa Inc.	86338 9961 RC0001	86,832,000	15,910,000
3	Telecom Ottawa Holding Inc. / Societe De Portefeuill	86202 9337 RC0001	14,873,596	253,316
4	PowerTrail Inc.	82829 3944 RC0001	10,623,000	3,340,000
5	Moose Creek Energy Inc.	82851 1311 RC0001	201	0
6	Chaudiere Hydro Inc. Hydro Chaudiere Inc.	81281 3103 RC0001	100	0
7	Chaudiere Water Power Inc/Energie Hydraulique De L	10093 1955 RC0001	1,117,307	2,278,111
		Total	450 796,998,204	550 79,526,427

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

T2 SCH 511 Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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)
Hydro Ottawa Limited

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	2000-10-03	1427586

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
3025	Albion Road North	

240 Additional address information if applicable (line 220 must be completed first)
PO Box 8700

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Ottawa	ON	CA	K1G 3S4

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 Simpson (Last name) **451** Geoff (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 SIMPSON	705 First name GEOFF	710 Middle name(s)
720 Street number 3025	730 Street name/Rural route/Lot and Concession number ALBION RD NORTH PO BOX 8700	740 Suite number

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town) OTTAWA	770 Province/state ON	780 Country CA	790 Postal/zip code K1G 3S4

Director

Is this director a resident Canadian? . . . 795 **1** Yes ☐ **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

Officer information

Position	Line	Date appointed Year Month Day	Line	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	2013-08-06	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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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: Mike Grue

120 Telephone number including area code: (613) 738-5499

Is the claim filed for a CETC earned through a partnership?* . . . . . **150** 1 Yes [ ] 2 No [X]

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 [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

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** 64,000,000

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:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} \textbf{ minus } \$400{,}000}{\$200{,}000} \right) \right]$$

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:

$$\text{Eligible percentage} = 30\% - \left[5\% \times \left(\frac{\text{amount on line 300} \textbf{ minus } \$400{,}000}{\$200{,}000} \right) \right]$$

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.	CARLETON UNIVERSITY	DEGREE
2.	CARLETON UNIVERSITY	DEGREE
3.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN
4.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN
5.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN
6.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN
7.	ALGONQUIN COLLEGE	POWERLINE TECHNICIAN
8.	CAMBRIAN COLLEGE	MTCU TRAINING
9.	CAMBRIAN COLLEGE	MTCU TRAINING
10.	UNIVERSITY OF WATERLOO	CIVIL ENGINEERING
11.	CARLETON UNIVERSITY	DEGREE
12.	NIAGARA COLLEGE	ELECTRICAL ENGINEERING TECHNOLOGY
13.	CARLETON UNIVERSITY	DEGREE
14.	UNIVERSITY OF WATERLOO	MECHANICAL ENGINEERING
15.	CAMBRIAN COLLEGE	MTCU TRAINING
16.	GEORGIAN COLLEGE	ELECTRICAL ENGINEERING TECHNOLOGY/TECHNICIA
17.	CARLETON UNIVERSITY	DEGREE
18.	NIAGARA COLLEGE	ELECTRICAL ENGINEERING TECHNOLOGY
19.		

	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.	STUDENT1	2013-01-07	2013-04-26
2.	STUDENT 2A	2013-04-29	2013-08-22
3.	STUDENT 3	2013-04-29	2013-08-23
4.	STUDENT 4	2013-04-29	2013-08-23
5.	STUDENT 5	2013-04-29	2013-08-23
6.	STUDENT 6	2013-04-29	2013-08-23
7.	STUDENT 7	2013-04-29	2013-08-23
8.	STUDENT 8	2013-05-13	2013-08-23
9.	STUDENT 9	2013-05-13	2013-08-16
10.	STUDENT 10	2013-04-29	2013-08-23
11.	STUDENT 11	2013-04-29	2013-08-23
12.	STUDENT 11A	2013-05-13	2013-08-23
13.	STDUENT 12	2013-09-03	2013-12-31
14.	STUDNT 13	2013-09-03	2013-12-20
15.	STUDENT 14	2013-09-03	2013-12-20
16.	STUDENT 15	2013-09-03	2013-12-20
17.	STUDENT 2B	2013-09-03	2013-12-20
18.	STUDENT 11B	2013-09-03	2013-12-20
19.			

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 %	9,110	25.000 %		16
2.		10.000 %	9,921	25.000 %		16
3.		10.000 %	10,887	25.000 %		17
4.		10.000 %	11,191	25.000 %		17
5.		10.000 %	10,474	25.000 %		17
6.		10.000 %	12,799	25.000 %		17
7.		10.000 %	10,452	25.000 %		17
8.		10.000 %	7,132	25.000 %		15
9.		10.000 %	8,903	25.000 %		14
10.		10.000 %	10,483	25.000 %		17
11.		10.000 %	10,483	25.000 %		17
12.		10.000 %	9,610	25.000 %		15
13.		10.000 %	9,326	25.000 %		16
14.		10.000 %	9,235	25.000 %		15
15.		10.000 %	9,790	25.000 %		15
16.		10.000 %	9,235	25.000 %		15
17.		10.000 %	9,921	25.000 %		15
18.		10.000 %	9,610	25.000 %		15
19.		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.	2,278	3,000	2,278		2,278
2.	2,480	3,000	2,480		2,480
3.	2,722	3,000	2,722		2,722
4.	2,798	3,000	2,798		2,798
5.	2,619	3,000	2,619		2,619
6.	3,200	3,000	3,000		3,000
7.	2,613	3,000	2,613		2,613
8.	1,783	3,000	1,783		1,783
9.	2,226	3,000	2,226		2,226
10.	2,621	3,000	2,621		2,621
11.	2,621	3,000	2,621		2,621
12.	2,403	3,000	2,403		2,403
13.	2,332	3,000	2,332		2,332
14.	2,309	3,000	2,309		2,309
15.	2,448	3,000	2,448		2,448
16.	2,309	3,000	2,309		2,309
17.	2,480	3,000	2,480		2,480
18.	2,403	3,000	2,403		2,403
19.					

Ontario co-operative education tax credit (total of amounts in column K) 500 — 44,445 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.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 552

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Hydro Ottawa Limited	86339 1363 RC0001	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
Mike Grue	(613) 738-5499

Is the claim filed for an ATTC earned through a partnership? * . . . . . **150** 1 Yes [ ] 2 No [X]

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 [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

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** 25,000,000

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:

$$\text{Specified percentage} = 30\,\% - \left[5\,\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ 400{,}000}{200{,}000} \right) \right]$$

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:

$$\text{Specified percentage} = 45\,\% - \left[10\,\% \times \left(\frac{\text{amount on line 300} \ \textbf{minus} \ 400{,}000}{200{,}000} \right) \right]$$

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.	[redacted]	[redacted]	APPRENTICE 1
2.	[redacted]	[redacted]	APPRENTICE 2
3.	[redacted]	[redacted]	APPRENTICE 3
4.	[redacted]	[redacted]	APPRENTICE 4
5.	[redacted]	[redacted]	APPRENTICE 5
6.	[redacted]	[redacted]	APPRENTICE 6
7.	[redacted]	[redacted]	APPRENTICE 7
8.	[redacted]	[redacted]	APPRENTICE 8
9.	[redacted]	[redacted]	APPRENTICE 9
10.	[redacted]	[redacted]	APPRENTICE 10
11.	[redacted]	[redacted]	APPRENTICE 11
12.	[redacted]	[redacted]	APPRENTICE 12
13.	[redacted]	[redacted]	APPRENTICE 13

	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.	[redacted]	2011-10-17	2013-01-01	2013-12-31
2.	[redacted]	2011-10-17	2013-01-01	2013-12-31
3.	[redacted]	2011-10-17	2013-01-01	2013-12-31
4.	[redacted]	2011-05-10	2013-01-01	2013-12-31
5.	[redacted]	2011-10-17	2013-01-01	2013-12-31
6.	[redacted]	2011-10-17	2013-01-01	2013-12-31
7.	[redacted]	2011-10-17	2013-01-01	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
8.	[redacted]	2012-05-16	2013-05-06	2013-12-31
9.	[redacted]	2012-05-16	2013-05-06	2013-12-31
10.	[redacted]	2012-08-13	2013-08-26	2013-12-31
11.	[redacted]	2012-05-16	2013-05-06	2013-12-31
12.	[redacted]	2012-05-16	2013-05-06	2013-12-31
13.	[redacted]	2012-05-16	2013-05-06	2013-12-31

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.		365	365	10,000
7.		365	365	10,000
8.		240	240	6,575
9.		240	240	6,575
10.		127	127	3,479
11.		240	240	6,575
12.		240	240	6,575
13.		240	240	6,575

	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.		76,209	76,209	26,673
2.		72,342	72,342	25,320
3.		69,714	69,714	24,400
4.		76,653	76,653	26,829
5.		69,811	69,811	24,434
6.		69,084	69,084	24,179
7.		76,545	76,545	26,791
8.		36,805	36,805	12,882
9.		35,752	35,752	12,513
10.		18,782	18,782	6,574
11.		37,103	37,103	12,986
12.		35,926	35,926	12,574
13.		36,428	36,428	12,750

	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.	10,000		10,000
7.	10,000		10,000
8.	6,575		6,575
9.	6,575		6,575
10.	3,479		3,479
11.	6,575		6,575
12.	6,575		6,575

	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
13.	6,575		6,575

Ontario apprenticeship training tax credit (total of amounts in column N) 500 106,354 **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.

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Version 3.0

Utility Name	Hydro Ottawa Limited
Assigned EB Number	EB-2015-0004
Name and Title	Patrick Hoey, Director Regulatory Affairs
Phone Number	613-738-5499, x7472
Email Address	patrickhoey@hydroottawa.com
Date	
Last COS Re-based Year	**2012**

Note: Drop-down lists are shaded blue; Input cells are shaded green.

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Rate Base			**$**	**923,305,865**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$	36,932,235	*W = S * T*
Deemed Long Term Debt %	56.00%	U	$	517,051,284	*X = S * U*
Deemed Equity %	40.00%	V	$	369,322,346	*Y = S * V*
Short Term Interest Rate	2.16%	Z	$	797,736	*AC = W * Z*
Long Term Interest	3.72%	AA	$	19,234,308	*AD = X * AA*
Return on Equity (Regulatory Income)	9.30%	AB	**$**	**34,346,978**	*AE = Y * AB*
Return on Rate Base			**$**	**54,379,022**	*AF = AC + AD + AE*

Questions that must be answered

	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
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?	No	No	No

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Tax Rates Federal & Provincial As of June 20, 2012	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015
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	194,128,563	994,943	193,133,620
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	24,260,047	610,109	23,649,938
2	Distribution System - pre 1988	63,500,604		63,500,604
8	General Office/Stores Equip	7,794,891		7,794,891
10	Computer Hardware/ Vehicles	6,155,081		6,155,081
10.1	Certain Automobiles			0
12	Computer Software	17,952,133		17,952,133
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			0
42	Fibre Optic Cable	371,686		371,686
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	26,138		26,138
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	353,240,954		353,240,954
50	Data Network Infrastructure Equipment - post Mar 2007	2,060,914		2,060,914
52	Computer Hardware and system software			0
95	CWIP			0
3	Buildings - pre1988	9,673,782		9,673,782
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	679,164,793	1,605,052	677,559,741

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**824,938**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	7,717,496			
Other Adjustments	0			
Subtotal	7,717,496	**x 3/4 =**	5,788,122	
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	
			5,788,122	**5,788,122**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**6,613,060**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**6,613,060**
Current Year Deduction		**6,613,060**	**x 7% =**	**462,914**
Cumulative Eligible Capital - Closing Balance				**6,150,146**

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			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	**0**	**0**	**0**

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	30,585,000		30,585,000
Additions:				
Interest and penalties on taxes	103	6,439		6,439
Amortization of tangible assets	104			0
Amortization of intangible assets	106	36,517,006		36,517,006
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	597,688		597,688
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	75,000		75,000
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292	600,000		600,000
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received		11,878		11,878
Current Year Investment Tax Credits received		222,500		222,500
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**38,030,511**	**0**	**38,030,511**
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	66,168,396		66,168,396
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	462,914		462,914
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416	500,000		500,000
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	1,862,000		1,862,000
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)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**68,993,310**	**0**	**68,993,310**
Net Income for Tax Purposes		**-377,799**	**0**	**-377,799**
Charitable donations from Schedule 2	311	120,000		120,000
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		**-497,799**	**0**	**-497,799**

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						-$ 497,799	**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%)			0.00%	**L**		
	Combined tax rate					0.00%	**M = K + L**
Total Income Taxes						$ -	**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	$ 193,133,620			$ 193,133,620	$ -	$ 193,133,620	4%	$ 7,725,345	$ 185,408,275
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 23,649,938	$ 2,259,608		$ 25,909,546	$ 1,129,804	$ 24,779,742	6%	$ 1,486,785	$ 24,422,761
2	Distribution System - pre 1988	$ 63,500,604			$ 63,500,604	$ -	$ 63,500,604	6%	$ 3,810,036	$ 59,690,568
8	General Office/Stores Equip	$ 7,794,891	$ 1,458,199		$ 9,253,090	$ 729,100	$ 8,523,991	20%	$ 1,704,798	$ 7,548,292
10	Computer Hardware/ Vehicles	$ 6,155,081	$ 1,537,328		$ 7,692,409	$ 768,664	$ 6,923,745	30%	$ 2,077,124	$ 5,615,286
10.1	Certain Automobiles				$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 17,952,133	$ 8,494,616		$ 26,446,749	$ 4,247,308	$ 22,199,441	100%	$ 22,199,441	$ 4,247,308
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				$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 371,686			$ 371,686	$ -	$ 371,686	12%	$ 44,602	$ 327,084
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	$ 26,138			$ 26,138	$ -	$ 26,138	45%	$ 11,762	$ 14,376
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 353,240,954	$ 74,595,543		$ 427,836,497	$ 37,297,772	$ 390,538,726	8%	$ 31,243,098	$ 396,593,399
50	Data Network Infrastructure Equipment - post Mar 2007	$ 2,060,914	$ 1,097,672		$ 3,158,586	$ 548,836	$ 2,609,750	55%	$ 1,435,363	$ 1,723,224
52	Computer Hardware and system software				$ -	$ -	$ -	100%	$ -	$ -
95	CWIP				$ -	$ -	$ -		$ -	$ -
3	Buildings - pre1988	$ 9,673,782			$ 9,673,782	$ -	$ 9,673,782	5%	$ 483,689	$ 9,190,093
					$ -	$ -	$ -	10%	$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 677,559,741	$ 89,442,966	$ -	$ 767,002,707	$ 44,721,483	$ 722,281,224		$ 72,222,042	$ 694,780,665

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital				**6,150,146**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	17,400,735			
Other Adjustments	0			
Subtotal	17,400,735	**x 3/4 =**	########	
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	
			########	**13,050,551**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**19,200,697**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**19,200,697**
Current Year Deduction		**19,200,697**	**x 7% =**	**1,344,049**
Cumulative Eligible Capital - Closing Balance				**17,856,648**

Income Tax/PILs Workform for 2015 Filers

Ontario Energy Board

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	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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	0
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	27,637,000
Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets	104	38,557,773
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	75,000
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Current Year Investment Tax Credits received		207,500
Total Additions		**40,458,326**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	72,222,042
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	1,344,049
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
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)		

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	1,427,000
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**75,493,091**
Net Income for Tax Purposes		**-7,397,765**
Charitable donations from Schedule 2	311	-120,000
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		**-7,517,765**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILS Tax Provision - Bridge Year

					Wires Only	
Regulatory Taxable Income					-$ 7,517,765	**A**
Ontario Income Taxes						
Income tax payable	**Ontario Income Tax**	4.50%	**B**	$ -	**C = A * B**	
Small business credit	Ontario Small Business Threshold	$ -	**D**			
	Rate reduction	-7.00%	**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%)			0.00%	**L**	
	Combined tax rate				0.00%	**M = K + L**
Total Income Taxes					**$ -**	**N = A * M**
Investment Tax Credits						**O**
Miscellaneous Tax Credits						**P**
Total Tax Credits					**$ -**	**Q = O + P**
Corporate PILs/Income Tax Provision for Bridge Year					**$ -**	**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	$ 185,408,275			$ 185,408,275	$ -	$ 185,408,275	4%	$ 7,416,331	$ 177,991,944
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 24,422,761	3,085,755		$ 27,508,516	$ 1,542,878	$ 25,965,639	6%	$ 1,557,938	$ 25,950,578
2	Distribution System - pre 1988	$ 59,690,568			$ 59,690,568	$ -	$ 59,690,568	6%	$ 3,581,434	$ 56,109,134
8	General Office/Stores Equip	$ 7,548,292	4,522,422		$ 12,070,714	$ 2,261,211	$ 9,809,503	20%	$ 1,961,901	$ 10,108,813
10	Computer Hardware/ Vehicles	$ 5,615,286	1,455,474		$ 7,070,760	$ 727,737	$ 6,343,023	30%	$ 1,902,907	$ 5,167,853
10.1	Certain Automobiles	$ -			$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 4,247,308	5,746,639		$ 9,993,947	$ 2,873,320	$ 7,120,628	100%	$ 7,120,628	$ 2,873,320
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 Bl	$ -			$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 327,084			$ 327,084	$ -	$ 327,084	12%	$ 39,250	$ 287,834
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	$ 14,376			$ 14,376	$ -	$ 14,376	45%	$ 6,469	$ 7,907
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 396,593,399	65,468,861		$ 462,062,260	$ 32,734,431	$ 429,327,829	8%	$ 34,346,226	$ 427,716,034
50	Data Network Infrastructure Equipment - post Mar 2007	$ 1,723,224	3,067,144		$ 4,790,368	$ 1,533,572	$ 3,256,796	55%	$ 1,791,238	$ 2,999,130
52	Computer Hardware and system software	$ -			$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
3	Buildings - pre1988	$ 9,190,093			$ 9,190,093	$ -	$ 9,190,093	5%	$ 459,505	$ 8,730,588
		$ -			$ -	$ -	$ -	10%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 694,780,665	$ 83,346,295	$ -	$ 778,126,960	$ 41,673,148	$ 736,453,812		$ 60,183,826	$ 717,943,134

Schedule 10 CEC - Test Year

Cumulative Eligible Capital				**17,856,648**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	4,951,403			
Other Adjustments	0			
Subtotal	4,951,403	**x 3/4 =**	3,713,552	
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	
			3,713,552	**3,713,552**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**21,570,201**
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				**21,570,201**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")		**21,570,201**	**x 7% =**	**1,509,914**
Cumulative Eligible Capital - Closing Balance				**20,060,286**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

				Test Year Adjustments				
Description	**Bridge Year**	**Eliminate Amounts Not Relevant for Bridge Year**	**Adjusted Utility Balance**	**Additions**	**Disposals**	**Balance for Test Year**	**Change During the Year**	**Disallowed Expenses**
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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		34,346,978

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104	40,826,114
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	75,000
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	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions: (please explain in detail the nature of the item)		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Current Year Investment Tax Credits received		197,500
Total Additions		**42,716,667**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	60,183,826
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	1,509,914
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**62,193,740**
NET INCOME FOR TAX PURPOSES		**14,869,905**
Charitable donations	311	120,000
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		**14,749,905**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILs Tax Provision - Test Year

							Wires Only	
Regulatory Taxable Income							$ 14,749,905	**A**
Ontario Income Taxes								
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$	1,696,239	**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							$ 1,661,239	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate				11.26%	**K = J / A**		
	Federal tax rate (Maximum 15%)				15.00%	**L**		
	Combined tax rate						26.26%	**M = K + L**
Total Income Taxes							**$ 3,873,725**	**N = A * M**
Investment Tax Credits							$ 217,500	**O**
Miscellaneous Tax Credits							$ -	**P**
Total Tax Credits							**$ 217,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Test Year							**$ 3,656,225**	**R = N - Q**
Corporate PILs/Income Tax Provision Gross Up [1]					73.74%	**S = 1 - M**	**$ 1,302,223**	**T = R / S - R**
Income Tax (grossed-up)							**$ 4,958,448**	**U = R + T**

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Version 3.0

Utility Name	Hydro Ottawa Limited
Assigned EB Number	EB-2015-0004
Name and Title	Patrick Hoey, Director Regulatory Affairs
Phone Number	613-738-5499, x7472
Email Address	patrickhoey@hydroottawa.com
Date	
Last COS Re-based Year	**2012**

Note: Drop-down lists are shaded blue; Input cells are shaded green.

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Rate Base			**$ 970,581,813**	

Return on Ratebase

Deemed ShortTerm Debt %	4.00%	T	$ 38,823,273	*W = S * T*
Deemed Long Term Debt %	56.00%	U	$ 543,525,815	*X = S * U*
Deemed Equity %	40.00%	V	$ 388,232,725	*Y = S * V*
Short Term Interest Rate	2.16%	Z	$ 838,583	*AC = W * Z*
Long Term Interest	3.94%	AA	$ 21,414,917	*AD = X * AA*
Return on Equity (Regulatory Income)	9.30%	AB	**$ 36,105,643**	*AE = Y * AB*
Return on Rate Base			**$ 58,359,143**	*AF = AC + AD + AE*

Questions that must be answered

	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
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?	No	No	No

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Tax Rates Federal & Provincial As of June 20, 2012	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015
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	185,408,275		185,408,275
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	24,422,761		24,422,761
2	Distribution System - pre 1988	59,690,568		59,690,568
8	General Office/Stores Equip	7,548,292		7,548,292
10	Computer Hardware/ Vehicles	5,615,286		5,615,286
10.1	Certain Automobiles			0
12	Computer Software	4,247,308		4,247,308
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			0
42	Fibre Optic Cable	327,084		327,084
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	14,376		14,376
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	396,593,399		396,593,399
50	Data Network Infrastructure Equipment - post Mar 2007	1,723,224		1,723,224
52	Computer Hardware and system software			0
95	CWIP			0
3	Buildings - pre1988	9,190,093		9,190,093
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	**694,780,665**	**0**	**694,780,665**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**6,150,146**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	17,400,735			
Other Adjustments	0			
Subtotal	17,400,735	**x 3/4 =**	########	
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	
			########	**13,050,551**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**19,200,697**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**19,200,697**
Current Year Deduction		**19,200,697**	**x 7% =**	**1,344,049**
Cumulative Eligible Capital - Closing Balance				**17,856,648**

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			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	**0**	**0**	**0**

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	27,637,000		27,637,000
Additions:				
Interest and penalties on taxes	103	5,000		5,000
Amortization of tangible assets	104			0
Amortization of intangible assets	106	38,557,773		38,557,773
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,013,053		1,013,053
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	75,000		75,000
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292	600,000		600,000
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Current Year Investment Tax Credits received		207,500		207,500
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**40,458,326**	**0**	**40,458,326**
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	72,222,042		72,222,042
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	1,344,049		1,344,049
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416	500,000		500,000
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	1,427,000		1,427,000
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)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**75,493,091**	**0**	**75,493,091**
Net Income for Tax Purposes		**-7,397,765**	**0**	**-7,397,765**
Charitable donations from Schedule 2	311	120,000		120,000
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		**-7,517,765**	**0**	**-7,517,765**

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						-$ 7,517,765	**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%)			0.00%	**L**		
	Combined tax rate					0.00%	**M = K + L**
Total Income Taxes						$ -	**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	$ 185,408,275			$ 185,408,275	$ -	$ 185,408,275	4%	$ 7,416,331	$ 177,991,944
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 24,422,761	$ 3,085,755		$ 27,508,516	$ 1,542,878	$ 25,965,639	6%	$ 1,557,938	$ 25,950,578
2	Distribution System - pre 1988	$ 59,690,568			$ 59,690,568	$ -	$ 59,690,568	6%	$ 3,581,434	$ 56,109,134
8	General Office/Stores Equip	$ 7,548,292	$ 4,522,422		$ 12,070,714	$ 2,261,211	$ 9,809,503	20%	$ 1,961,901	$ 10,108,813
10	Computer Hardware/ Vehicles	$ 5,615,286	$ 1,455,474		$ 7,070,760	$ 727,737	$ 6,343,023	30%	$ 1,902,907	$ 5,167,853
10.1	Certain Automobiles				$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 4,247,308	$ 5,746,639		$ 9,993,947	$ 2,873,320	$ 7,120,628	100%	$ 7,120,628	$ 2,873,320
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				$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 327,084			$ 327,084	$ -	$ 327,084	12%	$ 39,250	$ 287,834
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	$ 14,376			$ 14,376	$ -	$ 14,376	45%	$ 6,469	$ 7,907
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 396,593,399	$ 65,468,861		$ 462,062,260	$ 32,734,431	$ 429,327,829	8%	$ 34,346,226	$ 427,716,034
50	Data Network Infrastructure Equipment - post Mar 2007	$ 1,723,224	$ 3,067,144		$ 4,790,368	$ 1,533,572	$ 3,256,796	55%	$ 1,791,238	$ 2,999,130
52	Computer Hardware and system software				$ -	$ -	$ -	100%	$ -	$ -
95	CWIP				$ -	$ -	$ -		$ -	$ -
3	Buildings - pre1988	$ 9,190,093			$ 9,190,093	$ -	$ 9,190,093	5%	$ 459,505	$ 8,730,588
					$ -	$ -	$ -	10%	$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 694,780,665	$ 83,346,295	$ -	$ 778,126,960	$ 41,673,148	$ 736,453,812		$ 60,183,826	$ 717,943,134

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital				**17,856,648**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	4,951,403			
Other Adjustments	0			
Subtotal	4,951,403	**x 3/4 =**	3,713,552	
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	
			3,713,552	**3,713,552**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**21,570,201**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**21,570,201**
Current Year Deduction		**21,570,201**	**x 7% =**	**1,509,914**
Cumulative Eligible Capital - Closing Balance				**20,060,286**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

				Bridge Year Adjustments				
Description	**Historical Utility Only**	**Eliminate Amounts Not Relevant for Bridge Year**	**Adjusted Utility Balance**	**Additions**	**Disposals**	**Balance for Bridge Year**	**Change During the Year**	**Disallowed Expenses**
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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	0
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	34,346,978
Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets	104	40,826,114
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	75,000
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		
Current Year Investment Tax Credits received		197,500
Total Additions		**42,716,667**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	60,183,826
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	1,509,914
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
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)		

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	0
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**62,193,740**
Net Income for Tax Purposes		**14,869,905**
Charitable donations from Schedule 2	311	-120,000
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		**14,749,905**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILS Tax Provision - Bridge Year

						Wires Only	
Regulatory Taxable Income						$ 14,749,905	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 1,696,239	**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						$ 1,661,239	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.26%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.26%	**M = K + L**
Total Income Taxes						**$ 3,873,725**	**N = A * M**
Investment Tax Credits						$ 217,500	**O**
Miscellaneous Tax Credits							**P**
Total Tax Credits						**$ 217,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Bridge Year						**$ 3,656,225**	**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	$ 177,991,944			$ 177,991,944	$ -	$ 177,991,944	4%	$ 7,119,678	$ 170,872,266
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 25,950,578	2,500,925	0	$ 28,451,503	$ 1,250,463	$ 27,201,041	6%	$ 1,632,062	$ 26,819,441
2	Distribution System - pre 1988	$ 56,109,134			$ 56,109,134	$ -	$ 56,109,134	6%	$ 3,366,548	$ 52,742,586
8	General Office/Stores Equip	$ 10,108,813	5,485,318		$ 15,594,131	$ 2,742,659	$ 12,851,472	20%	$ 2,570,294	$ 13,023,837
10	Computer Hardware/ Vehicles	$ 5,167,853	1,208,917		$ 6,376,770	$ 604,459	$ 5,772,311	30%	$ 1,731,693	$ 4,645,076
10.1	Certain Automobiles	$ -			$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 2,873,320	14,487,488		$ 17,360,808	$ 7,243,744	$ 10,117,064	100%	$ 10,117,064	$ 7,243,744
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 Bl	$ -			$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 287,834			$ 287,834	$ -	$ 287,834	12%	$ 34,540	$ 253,294
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	$ 7,907			$ 7,907	$ -	$ 7,907	45%	$ 3,558	$ 4,349
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 427,716,034	57,120,445		$ 484,836,479	$ 28,560,223	$ 456,276,256	8%	$ 36,502,100	$ 448,334,378
50	Data Network Infrastructure Equipment - post Mar 2007	$ 2,999,130	957,202		$ 3,956,332	$ 478,601	$ 3,477,731	55%	$ 1,912,752	$ 2,043,580
52	Computer Hardware and system software	$ -			$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
3	Buildings - pre1988	$ 8,730,588			$ 8,730,588	$ -	$ 8,730,588	5%	$ 436,529	$ 8,294,059
		$ -			$ -	$ -	$ -	10%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 717,943,134	$ 81,760,295	$ -	$ 799,703,429	$ 40,880,148	$ 758,823,281		$ 65,426,820	$ 734,276,609

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital				**20,060,286**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,054,317			
Other Adjustments	0			
Subtotal	5,054,317	**x 3/4 =**	3,790,738	
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	
			3,790,738	**3,790,738**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**23,851,024**
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				**23,851,024**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")		**23,851,024**	**x 7% =**	**1,669,572**
Cumulative Eligible Capital - Closing Balance				**22,181,453**

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		Balance for Test Year	Change During the Year	Disallowed Expenses
				Additions	Disposals			
Capital Gains Reserves ss.40(1)	0		0			0	0	
Tax Reserves Not Deducted for accounting purposes								
Reserve for doubtful accounts ss. 20(1)(l)	0		0			0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	0		0			0	0	
Reserve for unpaid amounts ss. 20(1)(n)	0		0			0	0	
Debt & Share Issue Expenses ss. 20(1)(e)	0		0			0	0	
Other tax reserves	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	0	0	0	0	0	0	0	0
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	0	0	0	0	0	0	0	0

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		36,105,643

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104	44,145,078
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	75,000
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	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions: (please explain in detail the nature of the item)		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		20,000
Current Year Investment Tax Credits received		247,500
Total Additions		**46,105,631**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	65,426,820
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	1,669,572
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**67,596,391**
NET INCOME FOR TAX PURPOSES		**14,614,883**
Charitable donations	311	120,000
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		**14,494,883**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILs Tax Provision - Test Year

						Wires Only	
Regulatory Taxable Income						$ 14,494,883	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 1,666,912	**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						$ 1,631,912	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.26%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.26%	**M = K + L**
Total Income Taxes						**$ 3,806,144**	**N = A * M**
Investment Tax Credits						$ 267,500	**O**
Miscellaneous Tax Credits						$ -	**P**
Total Tax Credits						**$ 267,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Test Year						**$ 3,538,644**	**R = N - Q**
Corporate PILs/Income Tax Provision Gross Up [1]				73.74%	**S = 1 - M**	**$ 1,260,073**	**T = R / S - R**
Income Tax (grossed-up)						**$ 4,798,717**	**U = R + T**

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Version **3.0**

Utility Name	Hydro Ottawa Limited
Assigned EB Number	EB-2015-0004
Name and Title	Patrick Hoey, Director Regulatory Affairs
Phone Number	613-738-5499, x7472
Email Address	patrickhoey@hydroottawa.com
Date	
Last COS Re-based Year	**2012**

Note: Drop-down lists are shaded blue; Input cells are shaded green.

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Rate Base			**$**	**1,020,297,432**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$	40,811,897	*W = S * T*
Deemed Long Term Debt %	56.00%	U	$	571,366,562	*X = S * U*
Deemed Equity %	40.00%	V	$	408,118,973	*Y = S * V*
Short Term Interest Rate	2.16%	Z	$	881,537	*AC = W * Z*
Long Term Interest	4.08%	AA	$	23,311,756	*AD = X * AA*
Return on Equity (Regulatory Income)	9.30%	AB	**$**	**37,955,064**	*AE = Y * AB*
Return on Rate Base			**$**	**62,148,357**	*AF = AC + AD + AE*

Questions that must be answered

	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
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?	No	No	No

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Tax Rates Federal & Provincial As of June 20, 2012	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015
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	177,991,944		177,991,944
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	25,950,578		25,950,578
2	Distribution System - pre 1988	56,109,134		56,109,134
8	General Office/Stores Equip	10,108,813		10,108,813
10	Computer Hardware/ Vehicles	5,167,853		5,167,853
10.1	Certain Automobiles			0
12	Computer Software	2,873,320		2,873,320
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			0
42	Fibre Optic Cable	287,834		287,834
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	7,907		7,907
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	427,716,034		427,716,034
50	Data Network Infrastructure Equipment - post Mar 2007	2,999,130		2,999,130
52	Computer Hardware and system software			0
95	CWIP			0
3	Buildings - pre1988	8,730,588		8,730,588
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	**717,943,134**	**0**	**717,943,134**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**17,856,648**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	4,951,403			
Other Adjustments	0			
Subtotal	4,951,403	**x 3/4 =**	3,713,552	
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	
			3,713,552	**3,713,552**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**21,570,201**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**21,570,201**
Current Year Deduction		**21,570,201**	**x 7% =**	**1,509,914**
Cumulative Eligible Capital - Closing Balance				**20,060,286**

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			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	**0**	**0**	**0**

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**	34,346,978		34,346,978
Additions:				
Interest and penalties on taxes	103	5,000		5,000
Amortization of tangible assets	104			0
Amortization of intangible assets	106	40,826,114		40,826,114
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,013,053		1,013,053
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	75,000		75,000
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292	600,000		600,000
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Current Year Investment Tax Credits received		197,500		197,500
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**42,716,667**	**0**	**42,716,667**
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	60,183,826		60,183,826
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	1,509,914		1,509,914
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416	500,000		500,000
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)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**62,193,740**	**0**	**62,193,740**
Net Income for Tax Purposes		**14,869,905**	**0**	**14,869,905**
Charitable donations from Schedule 2	311	120,000		120,000
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		**14,749,905**	**0**	**14,749,905**

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						$ 14,749,905	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 1,696,239	**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**				
	Rate reduction (negative)		**E**		**F = D * E**		
Ontario Income tax						$ 1,696,239	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.50%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.50%	**M = K + L**
Total Income Taxes						**$ 3,908,725**	**N = A * M**
Investment Tax Credits						$ 217,500	**O**
Miscellaneous Tax Credits							**P**
Total Tax Credits						**$ 217,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Historical Year						**$ 3,691,225**	**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	$ 177,991,944	$ -		$ 177,991,944	$ -	$ 177,991,944	4%	$ 7,119,678	$ 170,872,266
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 25,950,578	$ 2,500,925	$ -	$ 28,451,503	$ 1,250,463	$ 27,201,041	6%	$ 1,632,062	$ 26,819,441
2	Distribution System - pre 1988	$ 56,109,134	$ -		$ 56,109,134	$ -	$ 56,109,134	6%	$ 3,366,548	$ 52,742,586
8	General Office/Stores Equip	$ 10,108,813	$ 5,485,318		$ 15,594,131	$ 2,742,659	$ 12,851,472	20%	$ 2,570,294	$ 13,023,837
10	Computer Hardware/ Vehicles	$ 5,167,853	$ 1,208,917		$ 6,376,770	$ 604,459	$ 5,772,311	30%	$ 1,731,693	$ 4,645,076
10.1	Certain Automobiles		$ -		$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 2,873,320	$ 14,487,488		$ 17,360,808	$ 7,243,744	$ 10,117,064	100%	$ 10,117,064	$ 7,243,744
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		$ -		$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 287,834	$ -		$ 287,834	$ -	$ 287,834	12%	$ 34,540	$ 253,294
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	$ 7,907	$ -		$ 7,907	$ -	$ 7,907	45%	$ 3,558	$ 4,349
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)		$ -		$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 427,716,034	$ 57,120,445		$ 484,836,479	$ 28,560,223	$ 456,276,256	8%	$ 36,502,100	$ 448,334,378
50	Data Network Infrastructure Equipment - post Mar 2007	$ 2,999,130	$ 957,202		$ 3,956,332	$ 478,601	$ 3,477,731	55%	$ 1,912,752	$ 2,043,580
52	Computer Hardware and system software		$ -		$ -	$ -	$ -	100%	$ -	$ -
95	CWIP		$ -		$ -	$ -	$ -		$ -	$ -
3	Buildings - pre1988	$ 8,730,588	$ -		$ 8,730,588	$ -	$ 8,730,588	5%	$ 436,529	$ 8,294,059
					$ -	$ -	$ -	10%	$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 717,943,134	$ 81,760,295	$ -	$ 799,703,429	$ 40,880,148	$ 758,823,281		$ 65,426,820	$ 734,276,609

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital				**20,060,286**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,054,317			
Other Adjustments	0			
Subtotal	5,054,317	**x 3/4 =**	3,790,738	
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	
			3,790,738	**3,790,738**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**23,851,024**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**23,851,024**
Current Year Deduction		**23,851,024**	**x 7% =**	**1,669,572**
Cumulative Eligible Capital - Closing Balance				**22,181,453**

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	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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	0
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**	36,105,643

Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets	104	44,145,078
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	75,000
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		20,000
Current Year Investment Tax Credits received		247,500
Total Additions		**46,105,631**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	65,426,820
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	1,669,572
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
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)		

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**67,596,391**
Net Income for Tax Purposes		**14,614,883**
Charitable donations from Schedule 2	311	-120,000
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		**14,494,883**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILS Tax Provision - Bridge Year

						Wires Only	
Regulatory Taxable Income						$ 14,494,883	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 1,666,912	**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						$ 1,631,912	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.26%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.26%	**M = K + L**
Total Income Taxes						**$ 3,806,144**	**N = A * M**
Investment Tax Credits						$ 267,500	**O**
Miscellaneous Tax Credits						$ -	**P**
Total Tax Credits						**$ 267,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Bridge Year						**$ 3,538,644**	**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	$ 170,872,266			$ 170,872,266	$ -	$ 170,872,266	4%	$ 6,834,891	$ 164,037,376
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 26,819,441	2,929,713	0	$ 29,749,154	$ 1,464,857	$ 28,284,297	6%	$ 1,697,058	$ 28,052,096
2	Distribution System - pre 1988	$ 52,742,586			$ 52,742,586	$ -	$ 52,742,586	6%	$ 3,164,555	$ 49,578,031
8	General Office/Stores Equip	$ 13,023,837	4,303,997		$ 17,327,834	$ 2,151,999	$ 15,175,835	20%	$ 3,035,167	$ 14,292,667
10	Computer Hardware/ Vehicles	$ 4,645,076	1,451,508		$ 6,096,584	$ 725,754	$ 5,370,830	30%	$ 1,611,249	$ 4,485,335
10.1	Certain Automobiles	$ -			$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 7,243,744	4,427,066		$ 11,670,810	$ 2,213,533	$ 9,457,277	100%	$ 9,457,277	$ 2,213,533
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 Bl	$ -			$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 253,294			$ 253,294	$ -	$ 253,294	12%	$ 30,395	$ 222,898
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	$ 4,349			$ 4,349	$ -	$ 4,349	45%	$ 1,957	$ 2,392
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 448,334,378	74,671,869		$ 523,006,247	$ 37,335,935	$ 485,670,313	8%	$ 38,853,625	$ 484,152,622
50	Data Network Infrastructure Equipment - post Mar 2007	$ 2,043,580	1,016,261		$ 3,059,841	$ 508,131	$ 2,551,710	55%	$ 1,403,441	$ 1,656,400
52	Computer Hardware and system software	$ -			$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
3	Buildings - pre1988	$ 8,294,059			$ 8,294,059	$ -	$ 8,294,059	5%	$ 414,703	$ 7,879,356
		$ -			$ -	$ -	$ -	10%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 734,276,609	$ 88,800,414	$ -	$ 823,077,023	$ 44,400,207	$ 778,676,816		$ 66,504,318	$ 756,572,706

Schedule 10 CEC - Test Year

Cumulative Eligible Capital				**22,181,453**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,339,288			
Other Adjustments	0			
Subtotal	5,339,288	**x 3/4 =**	4,004,466	
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	
			4,004,466	**4,004,466**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**26,185,919**
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				**26,185,919**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")		**26,185,919**	**x 7% =**	**1,833,014**
Cumulative Eligible Capital - Closing Balance				**24,352,904**

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	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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		37,955,064

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104	47,047,409
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	75,000
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	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions: (please explain in detail the nature of the item)		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		20,000
Current Year Investment Tax Credits received		237,500
Total Additions		**48,997,962**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	66,504,318
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	1,833,014
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**68,837,332**
NET INCOME FOR TAX PURPOSES		**18,115,695**
Charitable donations	311	120,000
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		**17,995,695**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILs Tax Provision - Test Year

						Wires Only	
Regulatory Taxable Income						$ 17,995,695	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 2,069,505	**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						$ 2,034,505	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.31%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.31%	**M = K + L**
Total Income Taxes						**$ 4,733,859**	**N = A * M**
Investment Tax Credits						$ 257,500	**O**
Miscellaneous Tax Credits						$ -	**P**
Total Tax Credits						**$ 257,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Test Year						**$ 4,476,359**	**R = N - Q**
Corporate PILs/Income Tax Provision Gross Up [1]				73.69%	**S = 1 - M**	**$ 1,597,852**	**T = R / S - R**
Income Tax (grossed-up)						**$ 6,074,211**	**U = R + T**

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Version **3.0**

Utility Name	Hydro Ottawa Limited
Assigned EB Number	EB-2015-0004
Name and Title	Patrick Hoey, Director Regulatory Affairs
Phone Number	613-738-5499, x7472
Email Address	patrickhoey@hydroottawa.com
Date	
Last COS Re-based Year	**2012**

Note: Drop-down lists are shaded blue; Input cells are shaded green.

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Rate Base			**$**	**1,050,724,150**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$	42,028,966	*W = S * T*
Deemed Long Term Debt %	56.00%	U	$	588,405,524	*X = S * U*
Deemed Equity %	40.00%	V	$	420,289,660	*Y = S * V*
Short Term Interest Rate	2.16%	Z	$	907,826	*AC = W * Z*
Long Term Interest	4.17%	AA	$	24,536,510	*AD = X * AA*
Return on Equity (Regulatory Income)	9.30%	AB	**$**	**39,086,938**	*AE = Y * AB*
Return on Rate Base			**$**	**64,531,274**	*AF = AC + AD + AE*

Questions that must be answered

	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
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?	No	No	No

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Tax Rates Federal & Provincial As of June 20, 2012	Effective January 1, 2011	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015
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	170,872,266		170,872,266
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	26,819,441		26,819,441
2	Distribution System - pre 1988	52,742,586		52,742,586
8	General Office/Stores Equip	13,023,837		13,023,837
10	Computer Hardware/ Vehicles	4,645,076		4,645,076
10.1	Certain Automobiles			0
12	Computer Software	7,243,744		7,243,744
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			0
42	Fibre Optic Cable	253,294		253,294
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	4,349		4,349
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	448,334,378		448,334,378
50	Data Network Infrastructure Equipment - post Mar 2007	2,043,580		2,043,580
52	Computer Hardware and system software			0
95	CWIP			0
3	Buildings - pre1988	8,294,059		8,294,059
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	**734,276,609**	**0**	**734,276,609**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**20,060,286**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,054,317			
Other Adjustments	0			
Subtotal	5,054,317	**x 3/4 =**	3,790,738	
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	
			3,790,738	**3,790,738**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**23,851,024**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**23,851,024**
Current Year Deduction		**23,851,024**	**x 7% =**	**1,669,572**
Cumulative Eligible Capital - Closing Balance				**22,181,453**

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			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	**0**	**0**	**0**

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

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	**A**	36,105,643		36,105,643
Additions:				
Interest and penalties on taxes	103	5,000		5,000
Amortization of tangible assets	104			0
Amortization of intangible assets	106	44,145,078		44,145,078
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,013,053		1,013,053
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	75,000		75,000
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292	600,000		600,000
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received		20,000		20,000
Current Year Investment Tax Credits received		247,500		247,500
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**46,105,631**	**0**	**46,105,631**
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	65,426,820		65,426,820
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	1,669,572		1,669,572
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416	500,000		500,000
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)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**67,596,391**	**0**	**67,596,391**
Net Income for Tax Purposes		**14,614,883**	**0**	**14,614,883**
Charitable donations from Schedule 2	311	120,000		120,000
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		**14,494,883**	**0**	**14,494,883**

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						$ 14,494,883	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 1,666,912	**C = A * B**		
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**				
	Rate reduction (negative)	0.00%	**E**	$ -	**F = D * E**		
Ontario Income tax						$ 1,666,912	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.50%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.50%	**M = K + L**
Total Income Taxes						**$ 3,841,144**	**N = A * M**
Investment Tax Credits						$ 267,500	**O**
Miscellaneous Tax Credits						$ -	**P**
Total Tax Credits						**$ 267,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Historical Year						**$ 3,573,644**	**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	$ 170,872,266			$ 170,872,266	$ -	$ 170,872,266	4%	$ 6,834,891	$ 164,037,376
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 26,819,441	$ 2,929,713	$ -	$ 29,749,154	$ 1,464,857	$ 28,284,297	6%	$ 1,697,058	$ 28,052,096
2	Distribution System - pre 1988	$ 52,742,586			$ 52,742,586	$ -	$ 52,742,586	6%	$ 3,164,555	$ 49,578,031
8	General Office/Stores Equip	$ 13,023,837	$ 4,303,997		$ 17,327,834	$ 2,151,999	$ 15,175,835	20%	$ 3,035,167	$ 14,292,667
10	Computer Hardware/ Vehicles	$ 4,645,076	$ 1,451,508		$ 6,096,584	$ 725,754	$ 5,370,830	30%	$ 1,611,249	$ 4,485,335
10.1	Certain Automobiles				$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 7,243,744	$ 4,427,066		$ 11,670,810	$ 2,213,533	$ 9,457,277	100%	$ 9,457,277	$ 2,213,533
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				$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 253,294			$ 253,294	$ -	$ 253,294	12%	$ 30,395	$ 222,898
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	$ 4,349			$ 4,349	$ -	$ 4,349	45%	$ 1,957	$ 2,392
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 448,334,378	$ 74,671,869		$ 523,006,247	$ 37,335,935	$ 485,670,313	8%	$ 38,853,625	$ 484,152,622
50	Data Network Infrastructure Equipment - post Mar 2007	$ 2,043,580	$ 1,016,261		$ 3,059,841	$ 508,131	$ 2,551,710	55%	$ 1,403,441	$ 1,656,400
52	Computer Hardware and system software				$ -	$ -	$ -	100%	$ -	$ -
95	CWIP				$ -	$ -	$ -		$ -	$ -
3	Buildings - pre1988	$ 8,294,059			$ 8,294,059	$ -	$ 8,294,059	5%	$ 414,703	$ 7,879,356
					$ -	$ -	$ -	10%	$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 734,276,609	$ 88,800,414	$ -	$ 823,077,023	$ 44,400,207	$ 778,676,816		$ 66,504,318	$ 756,572,706

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital				**22,181,453**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,339,288			
Other Adjustments	0			
Subtotal	5,339,288	**x 3/4 =**	4,004,466	
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	
			4,004,466	**4,004,466**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**26,185,919**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**26,185,919**
Current Year Deduction		**26,185,919**	**x 7% =**	**1,833,014**
Cumulative Eligible Capital - Closing Balance				**24,352,904**

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	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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	0
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	37,955,064
Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets	104	47,047,409
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	75,000
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		20,000
Current Year Investment Tax Credits received		237,500
Total Additions		**48,997,962**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	66,504,318
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	1,833,014
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
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)		

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**68,837,332**
Net Income for Tax Purposes		**18,115,695**
Charitable donations from Schedule 2	311	-120,000
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		**17,995,695**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILS Tax Provision - Bridge Year

						Wires Only	
Regulatory Taxable Income						$ 17,995,695	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 2,069,505	**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						$ 2,034,505	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.31%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.31%	**M = K + L**
Total Income Taxes						**$ 4,733,859**	**N = A * M**
Investment Tax Credits						$ 257,500	**O**
Miscellaneous Tax Credits						$ -	**P**
Total Tax Credits						**$ 257,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Bridge Year						**$ 4,476,359**	**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	$ 164,037,376			$ 164,037,376	$ -	$ 164,037,376	4%	$ 6,561,495	$ 157,475,881
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 28,052,096	860,917		$ 28,913,013	$ 430,459	$ 28,482,554	6%	$ 1,708,953	$ 27,204,060
2	Distribution System - pre 1988	$ 49,578,031			$ 49,578,031	$ -	$ 49,578,031	6%	$ 2,974,682	$ 46,603,349
8	General Office/Stores Equip	$ 14,292,667	3,095,502		$ 17,388,169	$ 1,547,751	$ 15,840,418	20%	$ 3,168,084	$ 14,220,085
10	Computer Hardware/ Vehicles	$ 4,485,335	1,479,811		$ 5,965,146	$ 739,906	$ 5,225,241	30%	$ 1,567,572	$ 4,397,574
10.1	Certain Automobiles	$ -			$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 2,213,533	4,325,277		$ 6,538,810	$ 2,162,639	$ 4,376,172	100%	$ 4,376,172	$ 2,162,639
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 Bl	$ -			$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 222,898			$ 222,898	$ -	$ 222,898	12%	$ 26,748	$ 196,151
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	$ 2,392			$ 2,392	$ -	$ 2,392	45%	$ 1,076	$ 1,315
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 484,152,622	52,817,278		$ 536,969,900	$ 26,408,639	$ 510,561,261	8%	$ 40,844,901	$ 496,124,999
50	Data Network Infrastructure Equipment - post Mar 2007	$ 1,656,400	900,848		$ 2,557,248	$ 450,424	$ 2,106,824	55%	$ 1,158,753	$ 1,398,495
52	Computer Hardware and system software	$ -			$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
3	Buildings - pre1988	$ 7,879,356			$ 7,879,356	$ -	$ 7,879,356	5%	$ 393,968	$ 7,485,388
		$ -			$ -	$ -	$ -	10%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 756,572,706	$ 63,479,633	$ -	$ 820,052,339	$ 31,739,817	$ 788,312,522		$ 62,782,404	$ 757,269,935

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital				**24,352,904**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,056,723			
Other Adjustments	0			
Subtotal	5,056,723	**x 3/4 =**	3,792,542	
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	
			3,792,542	**3,792,542**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**28,145,446**
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				**28,145,446**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")		**28,145,446**	**x 7% =**	**1,970,181**
Cumulative Eligible Capital - Closing Balance				**26,175,265**

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	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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		39,086,938

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104	48,948,694
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	75,000
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	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions: (please explain in detail the nature of the item)		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		20,000
Current Year Investment Tax Credits received		227,500
Total Additions		**50,889,247**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	62,782,404
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	1,970,181
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**65,252,585**
NET INCOME FOR TAX PURPOSES		**24,723,601**
Charitable donations	311	120,000
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		**24,603,601**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILs Tax Provision - Test Year

							Wires Only	
Regulatory Taxable Income							$ 24,603,601	**A**
Ontario Income Taxes								
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$	2,829,414	**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							$ 2,794,414	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate				11.36%	**K = J / A**		
	Federal tax rate (Maximum 15%)				15.00%	**L**		
	Combined tax rate						26.36%	**M = K + L**
Total Income Taxes							**$ 6,484,954**	**N = A * M**
Investment Tax Credits							$ 245,500	**O**
Miscellaneous Tax Credits							$ -	**P**
Total Tax Credits							**$ 245,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Test Year							**$ 6,239,454**	**R = N - Q**
Corporate PILs/Income Tax Provision Gross Up [1]					73.64%	**S = 1 - M**	**$ 2,233,201**	**T = R / S - R**
Income Tax (grossed-up)							**$ 8,472,655**	**U = R + T**

Note:

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

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Version 3.0

Utility Name	Hydro Ottawa Limited
Assigned EB Number	EB-2015-0004
Name and Title	Patrick Hoey, Director Regulatory Affairs
Phone Number	613-738-5499, x7472
Email Address	patrickhoey@hydroottawa.com
Date	
Last COS Re-based Year	2012

Note: Drop-down lists are shaded blue; Input cells are shaded green.

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Rate Base			**$**	**1,094,270,321**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$	43,770,813	*W = S * T*
Deemed Long Term Debt %	56.00%	U	$	612,791,380	*X = S * U*
Deemed Equity %	40.00%	V	$	437,708,128	*Y = S * V*
Short Term Interest Rate	2.16%	Z	$	945,450	*AC = W * Z*
Long Term Interest	4.23%	AA	$	25,921,075	*AD = X * AA*
Return on Equity (Regulatory Income)	9.30%	AB	**$**	**40,706,856**	*AE = Y * AB*
Return on Rate Base			**$**	**67,573,381**	*AF = AC + AD + AE*

Questions that must be answered

	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	Yes	Yes	Yes
2. Does the applicant have any SRED Expenditures?	No	No	No
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?	No	No	No

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Tax Rates **Federal & Provincial** **As of June 20, 2012**	**Effective January 1, 2011**	**Effective January 1, 2012**	**Effective January 1, 2013**	**Effective January 1, 2014**	**Effective January 1, 2015**
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	164,037,376		164,037,376
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	28,052,096		28,052,096
2	Distribution System - pre 1988	49,578,031		49,578,031
8	General Office/Stores Equip	14,292,667		14,292,667
10	Computer Hardware/ Vehicles	4,485,335		4,485,335
10.1	Certain Automobiles			0
12	Computer Software	2,213,533		2,213,533
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			0
42	Fibre Optic Cable	222,898		222,898
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	2,392		2,392
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	484,152,622		484,152,622
50	Data Network Infrastructure Equipment - post Mar 2007	1,656,400		1,656,400
52	Computer Hardware and system software			0
95	CWIP			0
3	Buildings - pre1988	7,879,356		7,879,356
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	**756,572,706**	**0**	**756,572,706**

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**22,181,453**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,339,288			
Other Adjustments	0			
Subtotal	5,339,288	**x 3/4 =**	4,004,466	
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	
			4,004,466	**4,004,466**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**26,185,919**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**26,185,919**
Current Year Deduction		**26,185,919**	**x 7% =**	**1,833,014**
Cumulative Eligible Capital - Closing Balance				**24,352,904**

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			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	0	0	0

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	37,955,064		37,955,064
Additions:				
Interest and penalties on taxes	103	5,000		5,000
Amortization of tangible assets	104			0
Amortization of intangible assets	106	47,047,409		47,047,409
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111	1,013,053		1,013,053
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	75,000		75,000
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292	600,000		600,000
Non-deductible penalties	293			0
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received		20,000		20,000
Current Year Investment Tax Credits received		237,500		237,500
				0
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**48,997,962**	**0**	**48,997,962**
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	66,504,318		66,504,318
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	1,833,014		1,833,014
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416	500,000		500,000
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)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**68,837,332**	**0**	**68,837,332**
Net Income for Tax Purposes		**18,115,695**	**0**	**18,115,695**
Charitable donations from Schedule 2	311	120,000		120,000
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		**17,995,695**	**0**	**17,995,695**

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							$ 17,995,695	**A**
Ontario Income Taxes								
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 2,069,505	**C = A * B**			
Small business credit	Ontario Small Business Threshold	$ 500,000	**D**					
	Rate reduction (negative)	0.00%	**E**	$ -	**F = D * E**			
Ontario Income tax							$ 2,069,505	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.50%	**K = J / A**			
	Federal tax rate (Maximum 15%)			15.00%	**L**			
	Combined tax rate						26.50%	**M = K + L**
Total Income Taxes							**$ 4,768,859**	**N = A * M**
Investment Tax Credits							$ 257,500	**O**
Miscellaneous Tax Credits							$ -	**P**
Total Tax Credits							**$ 257,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Historical Year							**$ 4,511,359**	**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	$ 164,037,376			$ 164,037,376	$ -	$ 164,037,376	4%	$ 6,561,495	$ 157,475,881
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 28,052,096	$ 860,917		$ 28,913,013	$ 430,459	$ 28,482,554	6%	$ 1,708,953	$ 27,204,060
2	Distribution System - pre 1988	$ 49,578,031			$ 49,578,031	$ -	$ 49,578,031	6%	$ 2,974,682	$ 46,603,349
8	General Office/Stores Equip	$ 14,292,667	$ 3,095,502		$ 17,388,169	$ 1,547,751	$ 15,840,418	20%	$ 3,168,084	$ 14,220,085
10	Computer Hardware/ Vehicles	$ 4,485,335	$ 1,479,811		$ 5,965,146	$ 739,906	$ 5,225,241	30%	$ 1,567,572	$ 4,397,574
10.1	Certain Automobiles				$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 2,213,533	$ 4,325,277		$ 6,538,810	$ 2,162,639	$ 4,376,172	100%	$ 4,376,172	$ 2,162,639
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				$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 222,898			$ 222,898	$ -	$ 222,898	12%	$ 26,748	$ 196,151
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	$ 2,392			$ 2,392	$ -	$ 2,392	45%	$ 1,076	$ 1,315
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)				$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 484,152,622	$ 52,817,278		$ 536,969,900	$ 26,408,639	$ 510,561,261	8%	$ 40,844,901	$ 496,124,999
50	Data Network Infrastructure Equipment - post Mar 2007	$ 1,656,400	$ 900,848		$ 2,557,248	$ 450,424	$ 2,106,824	55%	$ 1,158,753	$ 1,398,495
52	Computer Hardware and system software				$ -	$ -	$ -	100%	$ -	$ -
95	CWIP				$ -	$ -	$ -		$ -	$ -
3	Buildings - pre1988	$ 7,879,356			$ 7,879,356	$ -	$ 7,879,356	5%	$ 393,968	$ 7,485,388
					$ -	$ -	$ -	10%	$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
					$ -	$ -	$ -		$ -	$ -
	TOTAL	$ 756,572,706	$ 63,479,633	$ -	$ 820,052,339	$ 31,739,817	$ 788,312,522		$ 62,782,404	$ 757,269,935

Schedule 10 CEC - Bridge Year

Cumulative Eligible Capital				**24,352,904**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,056,723			
Other Adjustments	0			
Subtotal	5,056,723	**x 3/4 =**	3,792,542	
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	
			3,792,542	**3,792,542**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**28,145,446**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**28,145,446**
Current Year Deduction		**28,145,446**	**x 7% =**	**1,970,181**
Cumulative Eligible Capital - Closing Balance				**26,175,265**

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	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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	0
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	39,086,938

Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets	104	48,948,694
Amortization of intangible assets	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	75,000
Non-deductible meals and entertainment expense	121	
Non-deductible automobile expenses	122	
Non-deductible life insurance premiums	123	
Non-deductible company pension plans	124	
Tax reserves deducted in prior year	125	0
Reserves from financial statements- balance at end of year	126	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Adjusted Taxable Income - Bridge Year

Other Additions		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		20,000
Current Year Investment Tax Credits received		227,500
Total Additions		**50,889,247**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	62,782,404
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10	405	1,970,181
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves claimed in current year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
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)		

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	
Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**65,252,585**
Net Income for Tax Purposes		**24,723,601**
Charitable donations from Schedule 2	311	-120,000
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		**24,603,601**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILS Tax Provision - Bridge Year

						Wires Only	
Regulatory Taxable Income						$ 24,603,601	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 2,829,414	**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						$ 2,794,414	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.36%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.36%	**M = K + L**
Total Income Taxes						**$ 6,484,954**	**N = A * M**
Investment Tax Credits						$ 245,500	**O**
Miscellaneous Tax Credits							**P**
Total Tax Credits						**$ 245,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Bridge Year						**$ 6,239,454**	**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	$ 157,475,881			$ 157,475,881	$ -	$ 157,475,881	4%	$ 6,299,035	$ 151,176,846
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	$ 27,204,060	7,064,568		$ 34,268,628	$ 3,532,284	$ 30,736,344	6%	$ 1,844,181	$ 32,424,447
2	Distribution System - pre 1988	$ 46,603,349			$ 46,603,349	$ -	$ 46,603,349	6%	$ 2,796,201	$ 43,807,148
8	General Office/Stores Equip	$ 14,220,085	4,381,036		$ 18,601,121	$ 2,190,518	$ 16,410,603	20%	$ 3,282,121	$ 15,319,001
10	Computer Hardware/ Vehicles	$ 4,397,574	1,875,726		$ 6,273,300	$ 937,863	$ 5,335,437	30%	$ 1,600,631	$ 4,672,669
10.1	Certain Automobiles	$ -			$ -	$ -	$ -	30%	$ -	$ -
12	Computer Software	$ 2,162,639	11,398,852		$ 13,561,491	$ 5,699,426	$ 7,862,065	100%	$ 7,862,065	$ 5,699,426
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 Bl	$ -			$ -	$ -	$ -	8%	$ -	$ -
42	Fibre Optic Cable	$ 196,151			$ 196,151	$ -	$ 196,151	12%	$ 23,538	$ 172,612
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	$ 1,315			$ 1,315	$ -	$ 1,315	45%	$ 592	$ 724
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	$ -			$ -	$ -	$ -	30%	$ -	$ -
47	Distribution System - post February 2005	$ 496,124,999	82,851,650		$ 578,976,649	$ 41,425,825	$ 537,550,824	8%	$ 43,004,066	$ 535,972,583
50	Data Network Infrastructure Equipment - post Mar 2007	$ 1,398,495	919,028		$ 2,317,523	$ 459,514	$ 1,858,009	55%	$ 1,021,905	$ 1,295,618
52	Computer Hardware and system software	$ -			$ -	$ -	$ -	100%	$ -	$ -
95	CWIP	$ -			$ -	$ -	$ -	0%	$ -	$ -
3	Buildings - pre1988	$ 7,485,388			$ 7,485,388	$ -	$ 7,485,388	5%	$ 374,269	$ 7,111,119
		$ -			$ -	$ -	$ -	10%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
		$ -			$ -	$ -	$ -	0%	$ -	$ -
	TOTAL	$ 757,269,935	$ 108,490,860	$ -	$ 865,760,795	$ 54,245,430	$ 811,515,365		$ 68,108,603	$ 797,652,192

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital				**26,175,265**
Additions				
Cost of Eligible Capital Property Acquired during Test Year	5,089,596			
Other Adjustments	0			
Subtotal	5,089,596	**x 3/4 =**	3,817,197	
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	
			3,817,197	**3,817,197**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**29,992,462**
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				**29,992,462**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")		**29,992,462**	**x 7% =**	**2,099,472**
Cumulative Eligible Capital - Closing Balance				**27,892,990**

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	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)								
General Reserve for Inventory Obsolescence (non-specific)	0		0			0	0	
General reserve for bad debts	0		0			0	0	
Accrued Employee Future Benefits:	0		0			0	0	
- Medical and Life Insurance	0		0			0	0	
-Short & Long-term Disability	0		0			0	0	
-Accmulated Sick Leave	0		0			0	0	
- Termination Cost	0		0			0	0	
- Other Post-Employment Benefits	0		0			0	0	
Provision for Environmental Costs	0		0			0	0	
Restructuring Costs	0		0			0	0	
Accrued Contingent Litigation Costs	0		0			0	0	
Accrued Self-Insurance Costs	0		0			0	0	
Other Contingent Liabilities	0		0			0	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	0		0			0	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	0		0			0	0	
Other	0		0			0	0	
	0		0			0	0	
	0		0			0	0	
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

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		40,706,856

	T2 S1 line #	
Additions:		
Interest and penalties on taxes	103	5,000
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104	50,294,804
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106	
Recapture of capital cost allowance from Schedule 8	107	
Gain on sale of eligible capital property from Schedule 10	108	
Income or loss for tax purposes- joint ventures or partnerships	109	
Loss in equity of subsidiaries and affiliates	110	
Loss on disposal of assets	111	1,013,053
Charitable donations	112	
Taxable Capital Gains	113	
Political Donations	114	
Deferred and prepaid expenses	116	
Scientific research expenditures deducted on financial statements	118	
Capitalized interest	119	
Non-deductible club dues and fees	120	
Non-deductible meals and entertainment expense	121	75,000
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	0
Soft costs on construction and renovation of buildings	127	
Book loss on joint ventures or partnerships	205	
Capital items expensed	206	
Debt issue expense	208	
Development expenses claimed in current year	212	
Financing fees deducted in books	216	
Gain on settlement of debt	220	
Non-deductible advertising	226	
Non-deductible interest	227	
Non-deductible legal and accounting fees	228	
Recapture of SR&ED expenditures	231	
Share issue expense	235	
Write down of capital property	236	

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237	
Other Additions: (please explain in detail the nature of the item)		
Interest Expensed on Capital Leases	290	
Realized Income from Deferred Credit Accounts	291	
Pensions	292	600,000
Non-deductible penalties	293	
	294	
	295	
	296	
	297	
ARO Accretion expense		
Capital Contributions Received (ITA 12(1)(x))		
Lease Inducements Received (ITA 12(1)(x))		
Deferred Revenue (ITA 12(1)(a))		
Prior Year Investment Tax Credits received		18,000
Current Year Investment Tax Credits received		217,500
Total Additions		**52,223,357**
Deductions:		
Gain on disposal of assets per financial statements	401	
Dividends not taxable under section 83	402	
Capital cost allowance from Schedule 8	403	68,108,603
Terminal loss from Schedule 8	404	
Cumulative eligible capital deduction from Schedule 10 CEC	405	2,099,472
Allowable business investment loss	406	
Deferred and prepaid expenses	409	
Scientific research expenses claimed in year	411	
Tax reserves end of year	413	0
Reserves from financial statements - balance at beginning of year	414	0
Contributions to deferred income plans	416	500,000
Book income of joint venture or partnership	305	
Equity in income from subsidiary or affiliates	306	
Other deductions: (Please explain in detail the nature of the item)		
Interest capitalized for accounting deducted for tax	390	
Capital Lease Payments	391	

Non-taxable imputed interest income on deferral and variance accounts	392	
	393	
	394	
	395	
	396	
	397	
ARO Payments - Deductible for Tax when Paid		
ITA 13(7.4) Election - Capital Contributions Received		
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds		
Deferred Revenue - ITA 20(1)(m) reserve		
Principal portion of lease payments		
Lease Inducement Book Amortization credit to income		
Financing fees for tax ITA 20(1)(e) and (e.1)		
Total Deductions		**70,708,076**
NET INCOME FOR TAX PURPOSES		**22,222,137**
Charitable donations	311	120,000
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		**22,102,137**

Ontario Energy Board

Income Tax/PILs Workform for 2015 Filers

PILs Tax Provision - Test Year

						Wires Only	
Regulatory Taxable Income						$ 22,102,137	**A**
Ontario Income Taxes							
Income tax payable	**Ontario Income Tax**	11.50%	**B**	$ 2,541,746	**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						$ 2,506,746	**J = C + F**
Combined Tax Rate and PILs	Effective Ontario Tax Rate			11.34%	**K = J / A**		
	Federal tax rate (Maximum 15%)			15.00%	**L**		
	Combined tax rate					26.34%	**M = K + L**
Total Income Taxes						**$ 5,822,066**	**N = A * M**
Investment Tax Credits						$ 233,500	**O**
Miscellaneous Tax Credits						$ -	**P**
Total Tax Credits						**$ 233,500**	**Q = O + P**
Corporate PILs/Income Tax Provision for Test Year						**$ 5,588,566**	**R = N - Q**
Corporate PILs/Income Tax Provision Gross Up [1]				73.66%	**S = 1 - M**	**$ 1,998,579**	**T = R / S - R**
Income Tax (grossed-up)						**$ 7,587,145**	**U = R + T**

Note:

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

LOST REVENUE ADJUSTMENT MECHANISM

1.0 INTRODUCTION

On March 31, 2010, the Ministry of Energy and Infrastructure issued a directive ("2010 Directive") to the Ontario Energy Board ("the Board") (to take steps in order to establish electricity and Conservation and Demand Management ("CDM") targets to be met by licenced electricity distributors over a four year period beginning January 1, 2011.

In response to the 2010 Directive, the Board issued a new set of Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003) ("2012 CDM Guidelines") which set out the obligations and requirements indicating electricity distributors must comply with the CDM targets as set out in their licences. The 2012 CDM Guidelines also provided updated details for the Lost Revenue Adjustment Mechanism ("LRAM") to compensate distributors for lost revenues resulting from CDM programs for the 2011 to 2014 period. The current CDM Framework results were predominantly delivered by provincially developed programs that were funded by the Ontario Power Authority ("OPA")[1] in cooperation with electricity distributors. It ended on December 31, 2014. The Conservation and Demand Management Code for Electricity Distributors ("CDM Code"), issued September 16, 2010 and 2012 CDM Guidelines are applicable for all activities related to the 2011 to 2014 CDM Framework.

The Government of Ontario released its Long-Term Energy Plan ("LTEP") of which one of the priories is to reinforce the conservation first planning process. The Board received a Directive from the Ministry of Energy on March 31, 2014 altogether the ("Conservation Directive") that required the Board to promote CDM and establish guidelines (the "2015 CDM Guidelines"). The 2015 CDM Guidelines are effective as of the programs beginning January 1, 2015. This new framework is to achieve 7 terawatt-hours of

[1] References to the OPA remain for activities occurring prior to January 1, 2015. As of January 1, 2015, all functions of the OPA will be those of the Independent Electricity System Operator ("IESO")
[2] References made to the IESO in Exhibit D-5-1 are in relation to CDM activities on or after January 1, 2015
[3] Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, Appendix B
[4] Conservation and Demand Management Requirement Guidelines for Electricity Distributors, EB-2014-0278, Section 7 - LRAM

electricity savings province-wide from 2015 to 2020. These programs will be either Local CDM programs or Province-Wide Distributor initiatives that will be funded by the IESO[2].

2.0 Lost Revenue Adjustment Mechanism Variance Account

The Board authorized the establishment of an LRAM variance account ("LRAMVA") Uniform System of Accounts ("USofA") 1568 to capture at the customer rate-class, the difference between:

i. The results of the actual verified impacts of authorized CDM activities undertaken by the electricity distributor for Board-Approved CDM programs and/or 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

ii. The level of CDM program activities included in the distributor's load forecast (i.e. the level embedded into rates)[3].

Hydro Ottawa Limited ("Hydro Ottawa") will follow Appendix A of the 2012 CDM Guidelines, which states Local Distribution Companies ("LDCs") in the 2016 Cost of Service ("COS") year can apply for approval of lost revenues for 2014 LRAMVA programs and persistence for LRAMVA 2011 to 2013. According to the 2014 CDM Guidelines, "Distributors should continue to rely on the LRAMVA to track and dispose lost revenues that result from approved CDM programs between 2015 and 2020."[4] At the time of drafting this evidence, Hydro Ottawa can support the 2011, 2012 and 2013 LRAM claims. The 2014 results are expected in the fall of 2015. Hydro Ottawa will file for additional LRAM and persistence claims in the future, and potentially for annual adjustments or other OPA adjustments.

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[4]Conservation and Demand Management Requirement Guidelines for Electricity Distributors, EB-2014-0278, Section 7 - LRAM

Hydro Ottawa has relied on the most recent final CDM Evaluation Report from the OPA in support of the lost revenue calculation; please refer to Exhibit D-5-2 for further details. Please see Attachment D–5(A) for the OPA report and Attachment D–5(B) for Hydro Ottawa's 2013 Annual Report on Conservation and Demand Management.

[1] References to the OPA remain for activities occurring prior to January 1, 2015. As of January 1, 2015, all functions of the OPA will be those of the Independent Electricity System Operator ("IESO")
[2] References made to the IESO in Exhibit D-5-1 are in relation to CDM activities on or after January 1, 2015
[3]Guidelines for Electricity Distributor Conservation and Demand Management, EB-2012-0003, Appendix B
[4]Conservation and Demand Management Requirement Guidelines for Electricity Distributors, EB-2014-0278, Section 7 - LRAM

saveONenergy

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

Table of Contents

OPA-Contracted Province-Wide CDM Programs Final Verified 2013 Results

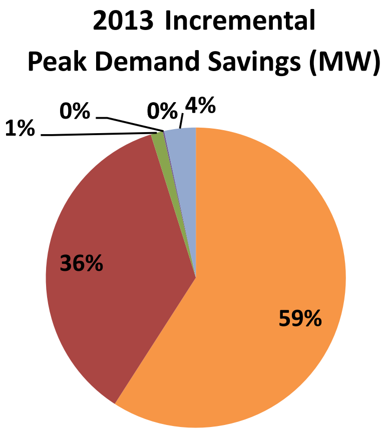
LDC: Hydro Ottawa Limited

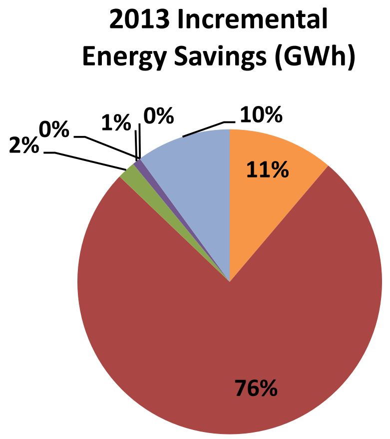
FINAL 2013 Progress to Targets	2013 Incremental	Program-to-Date Progress to Target (Scenario 1)	Scenario 1: % of Target Achieved	Scenario 2: % of Target Achieved
Net Annual Peak Demand Savings (MW)	22.5	25.4	**29.8%**	**45.6%**
Net Energy Savings (GWh)	42.6	332.4	**88.7%**	**88.7%**

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

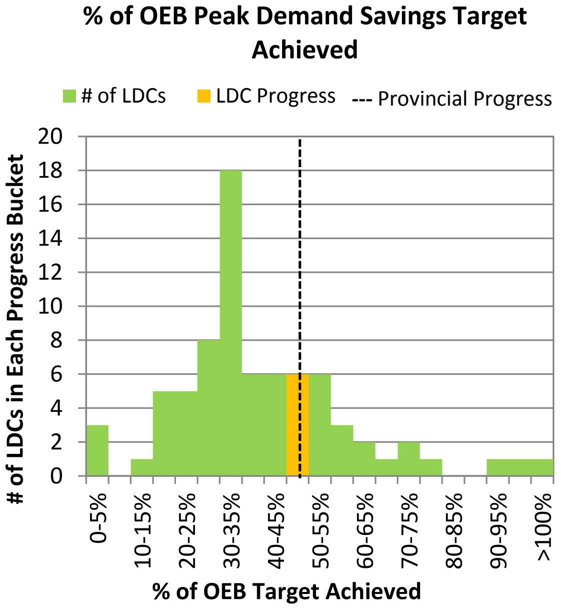




**Other includes adjustments to previous years' results and savings from pre-2011 initiatives*

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)



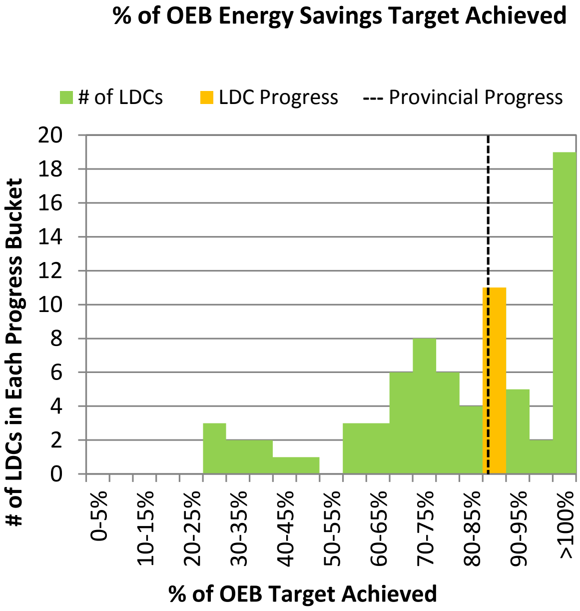


Table 1: Hydro Ottawa Limited Initiative and Program Level Net Savings by Year (Scenario 1)

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)	
														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	4,110	2,604	1,602		246	146	104		1,754,416	1,040,845	681,703		487	11,496,435
Appliance Exchange	Appliances	183	178	191		19	25	40		22,795	43,987	70,563		72	353,929
HVAC Incentives	Equipment	7,863	7,269	6,674		2,880	1,606	1,448		5,465,411	2,835,583	2,563,561		5,934	35,495,512
Conservation Instant Coupon Booklet	Items	29,787	1,728	19,410		69	13	29		1,104,610	78,235	431,268		111	5,515,683
Bi-Annual Retailer Event	Items	53,276	59,361	52,864		94	83	66		1,644,342	1,498,537	961,278		243	12,995,535
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	5,701	16,134	23,018		3,193	7,249	11,608		8,266	55,891	48,406		0	112,564
Residential Demand Response (IHD)	Devices	0	9,659	18,720		0	0	0		0	0	0		0	0
Residential New Construction	Homes	0	0	2		0	0	2		0	0	16,548		2	33,097
Consumer Program Total						**6,500**	**9,122**	**13,296**		**9,999,841**	**5,553,079**	**4,773,328**		**6,849**	**66,002,755**
Business Program															
Retrofit	Projects	338	594	777		2,832	5,116	4,897		14,868,304	22,549,482	26,220,638		12,429	178,026,480
Direct Install Lighting	Projects	1,063	1,107	1,133		1,416	843	1,011		3,870,853	3,365,166	3,655,868		2,632	30,957,182
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	0	5	9		0	14	125		0	16,176	117,105		139	282,738
Energy Audit	Audits	13	25	48		0	124	423		0	604,230	2,325,637		547	6,463,964
Small Commercial Demand Response	Devices	7	33	215		4	21	138		16	120	46		0	182
Small Commercial Demand Response (IHD)	Devices	0	0	25		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	10	11	12		597	644	1,520		23,305	9,354	24,274		0	56,934
Business Program Total						**4,850**	**6,761**	**8,115**		**18,762,479**	**26,544,529**	**32,343,568**		**15,748**	**215,787,481**
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	17		0	0	109		0	0	816,987		60	1,337,308
Retrofit	Projects	12	0	0		81	0	0		533,952	0	0		81	2,135,807
Demand Response 3	Facilities	0	1	2		0	42	189		0	1,010	4,299		0	5,309
Industrial Program Total						**81**	**42**	**297**		**533,952**	**1,010**	**821,286**		**142**	**3,478,424**
Home Assistance Program															
Home Assistance Program	Homes	0	394	534		0	26	32		0	319,766	384,041		58	1,724,858
Home Assistance Program Total						**0**	**26**	**32**		**0**	**319,766**	**384,041**		**58**	**1,724,858**
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	175	0	0		934	0	0		4,899,976	0	0		934	19,599,902
High Performance New Construction	Projects	16	12	1		321	807	286		1,651,092	2,431,058	1,899,180		1,415	17,695,901
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						**1,255**	**807**	**286**		**6,551,068**	**2,431,058**	**1,899,180**		**2,348**	**37,295,803**
Other															
Program Enabled Savings	Projects	0	0	0		0	0	0		0	0	0		0	0
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Adjustments to 2011 Verified Results							**-209**	**0**			**244,069**	**0**		**-217**	**953,652**
Adjustments to 2012 Verified Results								**478**				**2,376,882**		**473**	**7,115,957**
Energy Efficiency Total						**8,893**	**8,803**	**8,571**		**35,815,751**	**34,783,066**	**40,144,378**		**25,145**	**324,114,331**
Demand Response Total (Scenario 1)						**3,794**	**7,956**	**13,455**		**31,588**	**66,376**	**77,026**		**0**	**174,989**
Adjustments to Previous Years' Verified Results Total						**0**	**-209**	**478**		**0**	**244,069**	**2,376,882**		**256**	**8,069,609**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**12,687**	**16,550**	**22,503**		**35,847,339**	**35,093,510**	**42,598,285**		**25,401**	**332,358,930**

Full OEB Target:	**85,260**	**374,730,000**
% of Full OEB Target Achieved to Date (Scenario 1):	**29.8%**	**88.7%**

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).

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.

*Includes adjustments after Final Reports were issued

Energy Manager, Aboriginal Program and Program Enabled Savings were not independently evaluated

Table 2: Adjustments to Hydro Ottawa Limited 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	-1,817	263			-519	54			-968,746	110,909		
Conservation Instant Coupon Booklet	Items	460	0			1	0			15,424	0		
Bi-Annual Retailer Event	Items	4,578	0			6	0			122,169	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						**-512**	**54**			**-831,152**	**110,909**		
Business Program													
Retrofit	Projects	34	47			162	399			927,562	2,177,263		
Direct Install Lighting	Projects	38	34			44	19			108,877	63,534		
Building Commissioning	Buildings	0	0			0	0			0	0		
New Construction	Buildings	0	0			0	0			0	0		
Energy Audit	Audits	5	1			26	5			125,881	25,176		
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						**232**	**423**			**1,162,320**	**2,265,973**		
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	6	0			27	0			157,372	0		
High Performance New Construction	Projects	2	0			43	0			-244,470	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						**70**	**0**			**-87,098**	**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						**-209**				**244,069**			
Adjustments to 2012 Verified Results							**478**				**2,376,882**		
Total Adjustments to Previous Years' Verified Results						**-209**	**478**			**244,069**	**2,376,882**		

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: Hydro Ottawa Limited 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		0.52	0.47	0.42		1.00	1.00	n/a		0.52	0.47	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	1.12		n/a	n/a	0.63		n/a	n/a	1.53		n/a	n/a	0.63	
Business Program																
Retrofit	0.93	0.95	0.92		0.73	0.74	0.74		1.24	1.05	1.00		0.75	0.75	0.73	
Direct Install Lighting	1.08	0.68	0.82		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	0.57	0.62		n/a	0.49	0.54		n/a	0.68	0.61		n/a	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		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	0.90		n/a	n/a	0.90		n/a	n/a	0.90		n/a	n/a	0.90	
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	1.07	1.07		n/a	1.00	1.00		n/a	1.00	0.90		n/a	1.00	1.00	
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	0.79	n/a	n/a		0.53	n/a	n/a		0.78	n/a	n/a		0.53	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	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a		n/a	n/a	n/a	
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	12.7	8.9	8.9	8.3
2012 - Verified†	-0.2	16.6	8.5	8.4
2013 - Verified†	0.0	0.5	22.5	8.8
2014				
Verified Net Annual Peak Demand Savings Persisting in 2014:				**25.4**
Hydro Ottawa Limited 2014 Annual CDM Capacity Target:				**85.3**
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				**29.8%**

Table 5: Net Energy Savings at the End User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	35.8	35.8	35.7	34.0	141.4
2012 - Verified†	0.2	35.1	34.9	34.4	104.6
2013 - Verified†	0.0	2.4	42.6	41.4	86.4
2014					
Verified Net Cumulative Energy Savings 2011-2014:					**332.4**
Hydro Ottawa Limited 2011-2014 Annual CDM Energy Target:					**374.7**
Verified Portion of Cumulative Energy Target Achieved in 2014 (%):					**88.7%**

†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).

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.

*Includes adjustments after Final Reports were issued

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: Hydro Ottawa Limited 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	484	146	224		3,383,778	1,040,845	1,449,558	
Appliance Exchange**	Appliances	36	25	75		44,231	43,987	134,065	
HVAC Incentives	Equipment	4,807	3,258	3,015		9,163,550	5,804,920	5,403,040	
Conservation Instant Coupon Booklet	Items	61	13	26		1,000,717	74,189	382,850	
Bi-Annual Retailer Event	Items	84	91	64		1,505,117	1,635,087	919,955	
Retailer Co-op	Items	0	0	0		0	0	0	
Residential Demand Response	Devices	3,193	7,249	11,608		8,266	55,891	48,406	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	0	0	2		0	0	26,267	
Consumer Program Total		**8,664**	**10,783**	**15,014**		**15,105,660**	**8,654,920**	**8,364,142**	
Business Program									
Retrofit	Projects	3,878	6,654	6,747		19,754,306	28,161,679	36,547,733	
Direct Install Lighting	Projects	1,323	1,131	1,071		4,168,756	4,044,402	3,873,274	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	0	48	231		0	48,345	216,862	
Energy Audit	Audits	0	124	645		0	604,230	3,518,913	
Small Commercial Demand Response	Devices	4	21	138		16	120	46	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	597	644	1,520		23,305	9,354	24,274	
Business Program Total		**5,802**	**8,622**	**10,352**		**23,946,384**	**32,868,130**	**44,181,101**	
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	121		0	0	907,763	
Retrofit	Projects	119	0	0		765,408	0	0	
Demand Response 3	Facilities	0	42	189		0	1,010	4,299	
Industrial Program Total		**119**	**42**	**309**		**765,408**	**1,010**	**912,062**	
Home Assistance Program									
Home Assistance Program	Homes	0	25	32		0	319,849	384,041	
Home Assistance Program Total		**0**	**25**	**32**		**0**	**319,849**	**384,041**	
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	1,774	0	0		9,327,285	0	0	
High Performance New Construction	Projects	643	1,614	286		3,302,184	4,862,115	1,899,180	
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		**2,417**	**1,614**	**286**		**12,629,469**	**4,862,115**	**1,899,180**	
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**	**0**	**0**	
Adjustments to 2011 Verified Results		**0**	**290**	**0**		**0**	**2,190,674**	**0**	
Adjustments to 2012 Verified Results		**0**	**0**	**751**		**0**	**0**	**3,557,363**	
Energy Efficiency Total		**13,208**	**13,130**	**12,538**		**52,415,333**	**46,639,648**	**55,663,501**	
Demand Response Total		**3,794**	**7,956**	**13,455**		**31,588**	**66,376**	**77,026**	
Adjustments to Previous Years' Verified Results Total		**0**	**290**	**751**		**0**	**2,190,674**	**3,557,363**	
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		**17,002**	**21,376**	**26,744**		**52,446,922**	**48,896,698**	**59,297,889**	

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 Hydro Ottawa Limited 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	-865	125			-1,623,490	227,388		
Conservation Instant Coupon Booklet	Items	1	0			14,323	0		
Bi-Annual Retailer Event	Items	7	0			132,813	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		**-857**	**125**			**-1,476,354**	**227,388**		
Business Program									
Retrofit	Projects	244	601			1,341,295	3,237,356		
Direct Install Lighting	Projects	48	20			117,256	67,443		
Building Commissioning	Buildings	0	0			0	0		
New Construction	Buildings	48	0			48,345	0		
Energy Audit	Audits	26	5			125,881	25,176		
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		**366**	**626**			**1,632,777**	**3,329,975**		
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	52	0			302,638	0		
High Performance New Construction	Projects	730	0			1,731,613	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		**782**	**0**			**2,034,251**	**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		**290**				**2,190,674**			
Adjustments to 2012 Verified Results			**751**				**3,557,363**		
Total Adjustments to Previous Years' Verified Results		**290**	**751**			**2,190,674**	**3,557,363**		

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) 2011	2012	2013	2014	Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) 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

Hydro Ottawa

Conservation and Demand Management

2013 Annual Report

Submitted to:

Ontario Energy Board

Submitted on September 30, 2014

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Executive Summary

This annual report is submitted by Hydro Ottawa in accordance with the filing requirements set out in the CDM Code (Board File No. EB-2010-0215), specifically Appendix C Annual Report Template, as a progress report and modification to Hydro Ottawa Strategy. Accordingly, this report outlines Hydro Ottawa CDM activities for the period of January 1, 2013 to December 31, 2013. It includes net peak demand and net energy savings achieved from 2011, 2012 and 2013, with discussion of the current/future CDM framework, CDM program activities, successes and challenges, as well as forecasted savings to the end of 2014.

Hydro Ottawa did not apply for any Board-Approved CDM Programs during 2013; however, as noted in the CDM guidelines, released April 26, 2012, the Ontario Energy Board (OEB) has deemed Time-of-Use (TOU) pricing a Province-wide Board-Approved CDM Program. The Ontario Power Authority (OPA) is to provide measurement and verification on TOU. At the time of this report the OPA has not released any verified results of TOU savings to Hydro Ottawa.

In 2011, Hydro Ottawa contracted with the Ontario Power Authority (OPA) to deliver a portfolio of OPA-Contracted Province-Wide CDM Programs to all customer segments including residential, commercial, institutional, industrial and low income. These programs were rolled-out by the OPA in June 2011. In 2011 Program activities were centered on building a foundation for full program execution over the next three years of the program term, including staffing, procurement, and program delivery.

In 2012, Hydro Ottawa focused efforts on lead generation and program execution. In the Commercial and Industrial segments the focus was on leveraging marketplace delivery channels such as heating, cooling and lighting manufacturers, suppliers and distributors for maximum program uptake. Hydro Ottawa achieved excellent program results by working with and through these delivery channels and with major property managers, high volume customers and the municipal, university, school and hospital (MUSH) segment. The efforts of Hydro Ottawa were augmented through the strategic deployment of Energy Managers embedded in a number of large customers including a national retailer, local Colleges and Universities, Federal and Municipal Governments and Property Management organizations with broad scale.

In the Residential segment, Hydro Ottawa focused on mass marketing, direct mail and on-line promotion to attract and enlist greater participation in this segment.

In 2013, Hydro Ottawa continued to focus on lead generation, expanded channel management and program execution as efforts are delivering good results. Three additional Embedded Energy Managers were added. A street team was deployed to deliver and install Energy Displays to eligible customers. This had a very positive impact on the profile of the *peaksaver* PLUS program.

Hydro Ottawa achieved 22.5 MW of net incremental peak demand savings and 42.6 GWh of net incremental energy savings in 2013. A summary of the achievements towards the CDM targets is shown below:

OPA-Contracted Province-Wide CDM Programs Final Verified 2013 Results

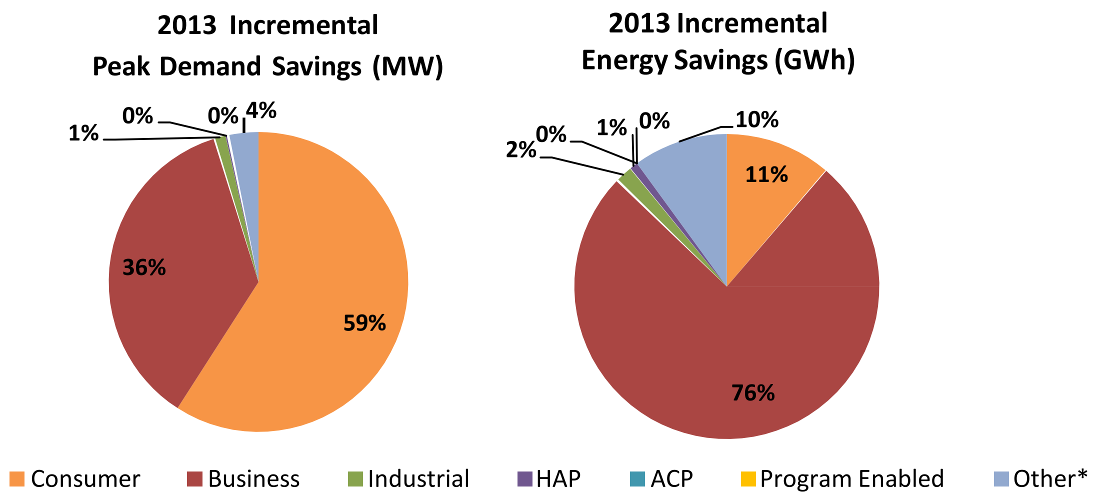
LDC: Hydro Ottawa Limited

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)	22.5	25.4	**29.8%**	**45.6%**
Net Energy Savings (GWh)	42.6	332.4	**88.7%**	**88.7%**

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

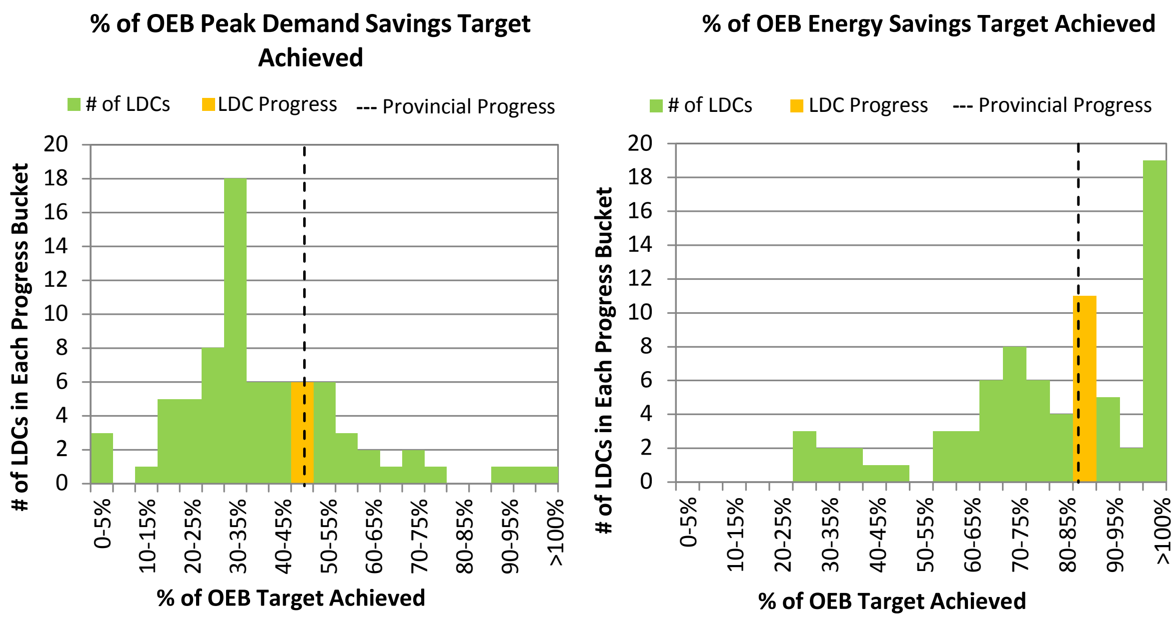
Achievement by Sector



**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)



Hydro Ottawa expects to achieve the 2014 electricity energy savings target and 90% of the peak demand target. Hydro Ottawa continues to work actively on participant engagement. In addition Hydro Ottawa has partnered with other LDCs, and has been working with the Ontario Power Authority ("OPA") and the Electrical Distribution Association ("EDA") to improve program effectiveness, however it is Hydro Ottawa's position that these actions will not fully overcome the forecasted peak demand savings shortfall.

Background

On March 31, 2010, the Minister of Energy and Infrastructure of Ontario, under the guidance of sections 27.1 and 27.2 of the *Ontario Energy Board Act, 1998*, directed the Ontario Energy Board (OEB) to establish Conservation and Demand Management (CDM) targets to be met by electricity distributors. Accordingly, on November 12, 2010, the OEB amended the distribution license of Hydro Ottawa to require Hydro Ottawa, as a condition of its license, to achieve 374.73 GWh of energy savings and 85.26 MW of summer peak demand savings, over the period beginning January 1, 2011 through December 31, 2014.

In accordance with the same Minister's directive, the OEB issued the Conservation and Demand Management Code for Electricity Distributors (the Code) on September 16, 2010. The code sets out the obligations and requirements with which electricity distributors must comply in relation to the CDM targets set out in their licenses. To comply with the Code requirements, Hydro Ottawa submitted its CDM Strategy on June 13, 2011 which provided a high level of description of how Hydro Ottawa intended to achieve its CDM targets.

The Code also requires a distributor to file annual reports with the Board. This is the third Annual Report by Hydro Ottawa and has been prepared in accordance with the Code requirement and covers the period from January 1, 2013 to December 31, 2013.

Hydro Ottawa submitted its 2011 Annual Report on September 30, 2012 which summarized the CDM activities, successes and challenges experienced by Hydro Ottawa for the January 1, 2011 to December 31, 2011 period. The OEB's 2011 CDM Results report identified that the delay in the full suite of CDM Programs being made available by the OPA, and the absence of some programs negatively impacted the final 2011 results for the LDCs. This issue was also highlighted in Volumes I & II of the Environmental Commissioner's Report on Ontario's Annual Energy Conservation Progress.

On December 21, 2012, the Minister of Energy directed the Ontario Power Authority (OPA) to fund CDM programs which meet the definition and criteria for OPA-Contracted Province-Wide CDM Programs for an additional one-year period from January 1, 2015 to December 31, 2015.

The Ministerial Directive did not amend the timelines for LDCs to achieve their energy savings and demand savings targets. Therefore, the main focus of the LDCs remains the achievement of CDM targets by December 31, 2014.

Hydro Ottawa submitted its 2012 Annual Report on September 30, 2013 which summarized the CDM activities undertaken by Hydro Ottawa for the January 1, 2012 to December 31, 2012 period. The OEB's 2012 CDM Results report identified that the majority of LDCs achieved close to 20% of their net peak demand (MW) target from their 2012 results. However, LDCs generally advised the Board that meeting their peak demand (MW) target is not likely and that a shortfall is expected.

LDCs collectively achieved approximately 8% of the energy savings (GWh) target, which is slightly below the 10% incremental annual savings needed each year to achieve the energy savings target. Overall the cumulative results represent approximately 65% of the net energy target of 6,000 GWh.

The report identified that although there have been improvements to programs there still remains some shortcoming to the design and delivery of certain initiatives that have resulted in a negative impact to some programs. In particular, the change management process still requires improvements to expedite enhancements to initiatives. The report also noted that certain initiatives may be reaching the point of market saturation and that new initiatives may need to be developed in order to take the place of the existing initiatives.

1 Board-Approved CDM Program

1.1 Introduction

In its Decision and Order dated November 12 2010 (**EB-2010-0215 & EB-2010-0216**), the OEB ordered that, (to meet its mandatory CDM targets), “Each licensed electricity distributor must, as a condition of its license, deliver Board-Approved CDM Programs, OPA-Contracted Province-Wide CDM Programs, or a combination of the two”.

At this time, the implementation of Time-of-Use (“TOU”) Pricing has been deemed as a Board-Approved Conservation and Demand Management (“CDM”) program that is being offered in Hydro Ottawa’s service area.

1.2 TOU Pricing

1.2.1 Background

In its April 26, 2012 CDM Guidelines, the OEB recognizes that a portion of the aggregate electricity demand target was intended to be attributable to savings achieved through the implementation of TOU Pricing. The OEB establishes TOU prices and has made the implementation of this pricing mechanism mandatory for distributors. On this basis, the OEB has determined that distributors will not have to file a Board-Approved CDM program application regarding TOU pricing. The OEB has deemed the implementation of TOU pricing to be a Board-Approved CDM program for the purposes of achieving the CDM targets. The costs associated with the implementation of TOU pricing are recoverable through distribution rates, and not through the Global Adjustment Mechanism (“GAM”).

In accordance with a Directive dated March 31, 2010 by the Minister of Energy and Infrastructure, the OEB is of the view that any evaluations of savings from TOU pricing should be conducted by the OPA for the province, and then allocated to distributors. Hydro Ottawa will report these results upon receipt from the OPA.

The OPA had retained The Brattle Group as the evaluation contractor and has been working with an expert panel convened to provide ongoing advice on methodology, data collection, models, savings allocation, etc. The initial evaluations were conducted in 2013 with five LDCs – Hydro One, THESL, Ottawa Hydro, Thunder Bay and Newmarket. Preliminary results from these five LDCs were issued to the five LDCs involved in the study in August 2013 and are now publically available on the OPA website. Preliminary results demonstrated load shifting behaviors from the residential customer class.

Three additional LDCs were added to the study in 2014 – Cambridge-North Dumphries, Powerstream and Sudbury. Preliminary results from this study are planned to be issued to the eight LDCs in September 2014. The OPA advised that the TOU study will be complete in the summer of 2015 and final verified savings will be available for LDCs to include in the 2014 Annual Report.

As of September 30, 2014, the OPA has not released any verified results of TOU savings to Hydro Ottawa. Therefore Hydro Ottawa is not able to provide any verified savings related to LDC’s TOU program at this time. In the original business case, Hydro Ottawa was expecting approximately 17MW of savings from TOU based on the 2010 provincial business case estimate of 308 MW.) Without clear knowledge of the TOU impact, we are not able to provide accurate forecasts for TOU.

1.2.2 TOU PROGRAM DESCRIPTION

Target Customer Type(s): Residential and small business customers (up to 250,000 kWh per year)

Initiative Frequency: Year-Round

Objectives: TOU pricing is designed to incent the shifting of energy usage. Therefore peak demand reductions are expected, and energy conservation benefits may also be realized.

Description: In August of 2010, the OEB issued a final determination to mandate TOU pricing for Regulated Price Plan ("RPP") customers by June 2011, in order to support the Government's expectation for 3.6 million RPP consumers to be on TOU pricing by June 2011, and to ensure that smart meters funded at ratepayer expense are being used for their intended purpose.

The RPP TOU price is adjusted twice annually by the OEB. A summary of the RPP TOU pricing is provided below:

RPP TOU		Rates (cents/kWh)	
Effective Date	On Peak	Mid Peak	Off Peak
November 1, 2010	9.9	8.1	5.1
May 1, 2011	10.7	8.9	5.9
November 1, 2011	10.8	9.2	6.2
May 1, 2012	11.7	10.0	6.5
November 1, 2012	11.8	9.9	6.3
May 1, 2013	12.4	10.4	6.7
November 1, 2013	12.9	10.9	7.2

Delivery: The OEB set the rates; LDCs install and maintain the smart meters and convert customers to TOU billing.

Initiative Activities/Progress:

Hydro Ottawa began transitioning its RPP customers to TOU billing on May 1, 2010. At December 31st, 2013, 304,210 RPP customers were on TOU billing.

1.3 Hydro Ottawa's Application with the OEB

Hydro Ottawa did not submit a CDM program application to the OEB in 2013.

1.4 Hydro Ottawa's Application with the OPA's Conservation Fund

Hydro Ottawa did not submit a CDM program application to the OPA's Conservation Fund in 2013.

2 OPA-Contracted Province-Wide CDM Programs

2.1 Introduction

Effective February 10, 2011, Hydro Ottawa entered into an agreement with the OPA to deliver CDM programs extending from January 1, 2011 to December 31, 2014, which are listed below. Program details are included in Appendix A. In addition, results include projects started pre 2011 which were completed in 2011:

Initiative	Schedule	Date schedule posted	Hydro Ottawa in Market Date
Residential Programs			
Appliance Retirement	Schedule B-1, Exhibit D	*Jan 26,2011*	*February 2011*
Appliance Exchange	Schedule B-1, Exhibit E	*Jan 26, 2011*	*May 2011*
HVAC Incentives	Schedule B-1, Exhibit B	*Jan 26, 2011*	*February 2011*
Conservation Instant Coupon Booklet	Schedule B-1, Exhibit A	*Jan 26, 2011*	*March 2011*
Bi-Annual Retailer Event	Schedule B-1, Exhibit C	*Jan 26, 2011*	*April 2011*
~~Retailer Co-op~~	n/a	*n/a*	*n/a*
Residential Demand Response	Schedule B-3	*Aug 22, 2011*	*May 2012*
New Construction Program	Schedule B-2	*Jan 26, 2011*	*Fall 2011*
Home Assistance Program	Schedule E-1	*May 9, 2011*	*January 2012*
Commercial & Institutional Programs			
Efficiency: Equipment Replacement	Schedule C-2	*Jan 26, 2011*	*February 2011*
Direct Install Lighting • *General Service <50 kW*	Schedule C-3	*Jan 26, 2011*	*March 2011*
Existing Building Commissioning Incentive	Schedule C-6	*Feb 2011*	*March 2011*
New Construction and Major Renovation Initiative	Schedule C-4	*Feb 2011*	*July 2011*
Energy Audit	Schedule C-1	*Jan 26, 2011*	*March 2011*
Commercial Demand Response • *General Service <50 kW*	Schedule B-3	*Jan 26, 2011*	*May 2013*
Industrial Programs - General Service 50 kW & above			
Process & System Upgrades	Schedule D-1	*May 31, 2011*	*February 2011*
Monitoring & Targeting	Schedule D-2	*May 31, 2011*	*February 2011*
Energy Manager	Schedule D-3	*May 31, 2011*	*August 2012*
Key Account Manager ("KAM")	Schedule D-4	*May 31,2011*	*August 2012*
Efficiency Equipment Replacement Incentive • (part of the C&I program schedule)	Schedule C-2	*May 31, 2011*	*February 2011*
Demand Response 3	Schedule D-6	*May 31, 2011*	*October 2011*

In addition, results were realized towards LDC's 2011-2014 target through the following pre-2011 programs:

- Electricity Retrofit Incentive Program
- High Performance New Construction
- Toronto Comprehensive

- Multifamily Energy Efficiency Rebates
- Data Centre Incentive Program
- EnWin Green Suites

As per the table below, several program initiatives are no longer available to customer or have not been launched in 2013.

Not in Market	Objective	Status
Residential Program		
Midstream Electronics	Encourages retailers to promote and sell high efficency televisions, and for distributors to distribute high efficiency set top boxes.	Did not launch and removed from Schedule in Q2, 2013.
Midstream Pool Equipment	Encourage pool installers to sell and install efficient pool pump equipment in residential in-ground pools.	Did not launch and removed from Schedule in Q2, 2013.
Home Energy Audit Tool	This is a provincial online audit tool to engage customers in conservation and help drive customer participation to CDM programs.	Did not launch and removed from Schedule in Q2, 2013.
Commercial & Institutional Program		
Direct Service Space Cooling	Offers free servicing of air conditioning systems and refrigeration units for the purpose of achieving energy savings and demand reduction.	Did not launch in 2011/2012. As per the OPA there no plans to launch this Initiative in 2013.
Demand Response 1 ("DR1")	This initiative allows distribution customers to voluntarily reduce electricity demand during certain periods of the year pursuant to the DR 1 contract. The initiative provides DR payment for service for the actual electricity reduction provided during a demand response event.	No customer uptake for this initiative. As a result this Initiative was removed from the Schedule in Q4, 2012.
Industrial Program		
DR1	As above	No customer uptake for this initiative. Removed in Q4, 2012.

The Master CDM Program Agreement includes program change management provision in Article 3. Collaboration between the OPA and the Local Distribution Companies (LDCs) commenced in 2011, and continued in 2012, as the change management process was implemented to enhance the saveONenergy program suite. The change management process allows for modifications to the Master Service Agreement and initiative Schedules. The program enhancements give LDCs additional tools and greater flexibility to deliver programs in a way that meets the needs of customers and further drives participation in the Initiatives.

2.2 Program Descriptions

Full OPA-Contracted Province-Wide CDM Program descriptions are available on the OPA's website at http://www.powerauthority.on.ca/ldc-province-wide-program-documents and additional initiative information can be found on the saveONenergy website at https://saveONenergy.ca. The targeted customer types, objectives, and individual descriptions for each Program Initiative are detailed in Appendix A.

2.2.1 RESIDENTIAL PROGRAM

Description: Provides residential customers with programs and tools to help them understand and manage the amount of energy they use throughout their entire home and help the environment.

Objective: To provide incentives to both existing homeowners and developers/builders to motivate the installation of energy efficiency measures in both existing and new home construction.

Discussion:

The addition of LED measures to the Bi-Annual Retailer Event and to the Annual Coupon initiative in July 2013 has had a positive impact on customer participation. There were three LDC custom coded coupon options for LDCs to utilize in 2013. The Residential Demand Response program continues to be the largest contributor to demand savings in the Residential Program and has been generally well received by consumers. There were no savings associated with the Energy Display attributed to LDCs in the OPA's 2012 or 2013 verified results.

The Residential Program Portfolio is predominately a carryover of Initiatives from previous programs. It is mostly driven by retailers and contractors who many not have fully delivered what was anticipated. Three new initiatives (Midstream Electronics, Midstream Pool Equipment and Home Energy Audit Tool) were not launched and subsequently removed from the schedule in 2013 with no new additions.

Province-wide advertising was re-introduced in Q3 2013. This provided limited value due to the late market entry, especially for *peaksaver*PLUS.

Work to revitalize and increase the effectiveness and breadth of the Initiatives through the Residential Program continue to be a high priority. Opportunities within the Residential marketplace need to be identified, developed and offered to customers.

2.2.1.1 Appliance Retirement Initiative (Exhibit D)

Initiative Activities/Progress:

Bill insert	Feb – Mar	multi program focus	all residential customers
Insert	Apr	multi program focus	daily newspaper
Event Team	promoted at over 100 community events		

Print collateral	inclusion in the omnibus FOR HOME brochure

Additional Comments:

- Due to the duration of the program, and the revised eligibility requirements to a minimum of 20 years old, this Initiative appears to have reached market saturation and has been under consideration for removal from the Portfolio.
- As participation is very responsive to province wide advertising, OPA province-wide advertising should continue to play a key role if the initiative continues.

2.2.1.2 Appliance Exchange Initiative (Exhibit E)

Initiative Activities/Progress:

Additional Comments:

- The design of the Initiatives, including eligible measures and incentives amounts are developed through the Residential Working Group. Retail Partner(s) are contracted by the OPA to deliver the initiatives province-wide. Individual LDCs have the opportunity to stage in-store events to drive the distribution of LDC coded Coupons and promotion of other programs in the portfolio
- The restrictive, limited and sometimes non-participation of local stores can diminish the savings potential for this Initiative.
- To date there has only been one retailer participant in the Appliance Exchange Initiative.
- Notification to LDCs regarding retailer participation and eligible measures continues to be delayed. Improved communications will aid in appropriate resource allocation and marketing of the Initiative.
- This Initiative may benefit from the disengagement of the retailer and allowing LDCs to conduct these events, possibly as part of a larger community engagement effort, with the backing of ARCA for appliance removal.
- The initiative appears to require more promotion from retailers.

2.2.1.3 HVAC Incentives Initiative (Exhibit B)

Initiative Activities/Progress:

Bill insert	Feb – Mar	multi program focus	all residential customers
Insert	Apr	multi program focus	daily newspaper
Bill insert	Oct – Nov	all residential customers	

Radio	Spring / Fall	10’ tags on traffic and weather	
Print ads	Oct	community newspapers	
Event Team	promoted at over 100 community events		
Print collateral	inclusion in the omnibus FOR HOME brochure		

Additional Comments:

- Incentive levels may not be sufficient to prompt customers to upgrade HVAC equipment prior to end of useful life. An Air Miles incentive was introduced in 2013 to try and encourage early replacement.
- This Initiative is contractor driven with LDCs responsible for marketing efforts to customers. More engagement with the HVAC contractor channel should be undertaken to drive a higher proportion of furnace and CAC sales to eligible units.
- In an effort to build capability, mandatory training has been instituted for all participating HVAC contractors. This could present a barrier for participation for some contractors as the application process already presents a restriction to contractor sales. It has been noted that there are approximately 4500-5000 HVAC contractors in the Province, however in 2013, only a total of 1,587 contractors completed the mandatory HVAC training and can participate in the program.
- There are cases where non-participating contractors are offering their own incentives (by discounting their installations to match value of the OPA incentive). As this occurs outside of the Initiative, savings are not credited to LDCs.
- Planned changes to the Schedule in 2014 will allow incentives for new installations, in addition to replacement units, may provide greater Initiative results.

2.2.1.4 Conservation Instant Coupon Initiative (Exhibit A)

Initiative Activities/Progress:

Bill insert	Feb – Mar	multi program focus	all residential customers
Insert	Apr	multi program focus	daily newspaper
Bill insert	Mar – Apr	all residential customers	
Event Team	promoted at over 100 community events		
Print collateral	inclusion in the omnibus FOR HOME brochure		
Print collateral	individual coupons for distribution at events		

Additional Comments:

- The timeframe for retailer submission of redeemed coupons varies depending on the retailer and in some cases has been lengthy. The delays and incomplete results reporting limits the ability to react and respond to Initiative performance or changes in consumer behavior.
- Coupon booklets were not printed and mailed out in 2013 so coupons were not widely available to consumers without the ability to download and print online coupons. Consumers may not have been aware of the online coupons. The Initiative may benefit from province-wide marketing as a substitute to a mail out campaign.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, should be a regular activity to ensure continued consumer interest.
- In 2013, LDCs were provided with 3 custom coded coupons. All coupons will be available with LDC custom coding in 2014 which allows LDCs to promote coupons based on local preferences.
- Consumer experience is not always consistent between and among participating retailers and this can impact coupon redemption rates. The challenges vary from not accepting coupons, to having a specific procedure to static lists of eligible products.

2.2.1.5 Bi-Annual Retailer Event Initiative (Exhibit C)

Initiative Activities/Progress:

Print ad	Apr + Oct	community newspapers
Print collateral	individual coupons for distribution at events	

Additional Comments:

- This Initiative is strongly influenced by the retail participants and has no direct involvement from the LDCs.
- LDCs have the opportunity to stage in-store events to drive the distribution of LDC coded Coupons and promotion of other programs in the portfolio however this requires cooperation from the local retailer and LDC staff bandwidth.
- The Product list has changed very little over the past five years.
- Program evolution, including new products and review of incentive pricing for the coupon Initiatives, must be a regular activity to ensure continued consumer interest.
- The Product list could be distinctive from the Conservation Instant Coupon Initiative in order to gain more consumer interest and uptake.
- A review conducted by the Residential Working Group identified three areas of need for Initiative evolution: 1) introduction of product focused marketing; 2) enhanced product selection and 3) improved training for retailers as retail staff tend not to be knowledgeable regarding the products or promotion.

- This Initiative may benefit from a more exclusive relationship with a retailer appropriate to the program. There should be a value proposition for both the retailer and LDC.

~~2.2.1.6 Retailer Co-op~~

Initiative Activities/Progress:

Additional Comments:

- This is a retailer Initiative with no direct benefit to the LDCs
- Limited engagement of local retailers can restrict the savings potential for this Initiative.
- The availability of retailer and/or LDC staff with product knowledge and the ability to conduct demonstration in store during the events would be an asset. This could be a valuable role for LDCs, however many LDCs are limited by available resources and unable to participate.

2.2.1.7 New Construction Program (Schedule B-2)

Initiative Activities/Progress:

Print ad Greater Ottawa Home Builders Association annual directory and magazine

One-on-one outreach to local builders

Additional Comments:

- This Initiative provides incentives to home builders for incorporating energy efficiency into their buildings. To support this, LDCs need to provide education to the consumers regarding the importance of choosing the energy efficient builder upgrade options without an immediate benefit to the consumer.

- In 2012 the application process was streamlined, however continues to be too cumbersome for most builders. This combined with low incentives has resulted in this Initiative continuing to under-achieve.

- Administrative requirements, in particular individual home modeling, must align with perceived stakeholder payback.

- Applications are expected to increase in 2014 primarily because Hydro Ottawa has agreed to manage the application process for some of the larger builders. This is a temporary work-around to overcome the weak program design.

- This Initiative may benefit from collaboration with the Natural Gas utilities.

2.2.1.8 Residential Demand Response Program (Schedule B-3)

Initiative Activities/Progress:

Direct mail	new participants, continuing participants		
Television	specialty channel, local CTV		
Video	target placement and You Tube		
Bill insert	Feb – Mar	multi program focus	all residential customers
Insert	Apr	multi program focus	daily newspaper
Online	Apr – Dec	geo targeted local - TWN, Senators, CTV	
Print ad	June	daily newspaper gatefold	
Transit ads	Apr	bus exterior	
Print ads	Feb + Jul/Aug	community newspapers	
Print ads	Summer	specialty magazines	
Bill insert	Aug-Sep	all residential customers	
Street Team	May – Aug	deliver Energy Display to existing participants	
Event Team	promoted at over 100 community events		
Print collateral	inclusion in the omnibus FOR HOME brochure		

Additional Comments:

- This is the main Initiative within the Residential portfolio that was to drive savings for LDCs, however the 2012 evaluation indicated savings realized from the In Home Display (IHD) were not statistically significant. LDCs were advised that the evaluation of the IHDs would continue with 2013 data. Data for the program EM&V was only reviewed in on geographic area within the province. Hydro Ottawa believes that because the Ottawa delivery model was strongly focused on the customer education, it will lead to significantly different results.

- Verified demand savings in 2012 from the load control devices were less than originally anticipated. This prompted an increase to the load cycling strategy in 2013 in order to increase savings closer to the original business case.

2.2.2 COMMERCIAL AND INSTITUTIONAL PROGRAM

Description: Provides commercial, institutional, agricultural and industrial organizations with energy-efficiency programs to help reduce their electrical costs while helping Ontario defer the need to build new generation and reduce its environmental footprint. This Initiative included programs to help fund energy audits, to replace energy-wasting equipment or to pursue new construction projects that exceed our existing codes and standards. Businesses can also pursue incentives for controlling and reducing their electricity demand at specific times.

Targeted Customer Type(s): Commercial, Institutional, Agricultural, Multi-family buildings, Industrial

Objective: Designed to assist building owners and operators as well as tenants and occupants in achieving demand and energy savings, and to facilitate a culture of conservation among these communities as well as the supply chains which serve them.

Discussion:

Throughout 2011 to 2013 the Commercial and Institutional (C&I) Working Group has strived to enhance the existing C&I programs and rectify identified program and system deficiencies. This has proven to be a challenging undertaking. Overbuilt governance, numerous initiative requirements, complex program structure and lengthy change management have restricted growth without providing the anticipated improved Measurement and Verification results. In addition, Evaluation, Measurement and Verification (EM&V) has not yet achieved transparency. LDCs are held accountable for these results but are not included in the EM&V process.

LDC program management has been hampered by varying rule interpretation, limited marketing ability, a somewhat inflexible online system of checks and balances and revolving OPA support personnel.

The C&I Working Group, working in cooperation with the OPA, continued to improve many of the issues which could be rectified. In particular, an accomplishment of 2012 was the advent of the expedited change management as means to accelerate certain program changes. 2013 saw the benefits of expedited change management process.

Looking ahead there is minimal opportunity to make valuable changes to the current program suite and have these changes reflected in LDC 2014 results. LDCs and the OPA should look beyond the current Initiatives and work to launch new programs, built on the strengths of the 2011-2014 programs, which will meet the needs of the industry and consumers.

2.2.2.1 Efficiency: Equipment Replacement Incentive (ERII) (Schedule C-2)

Initiative Activities/Progress:

Inserts	local and geo targeted national newspapers
Radio	10’ tags
Television	specialty channel

Video	target placement and You Tube, social media and online
Online	geo targeted media sites
Print ads	industry target magazines
Collateral	omnibus FOR BUSINESS brochure

Channel Sales Strategy

Additional Comments:

- A large proportion of LDC savings are attributed to ERII.
- Capability building programs from Industrial programs have had very positive contributions to ERII program.
- This Initiative is limited by the state of the economy and the ability of commercial/institutional facility to complete capital upgrades.
- Applicants and Applicant Representatives continue to express dissatisfaction and difficulty with the online application system. This issue has been addressed by LDCs through application training workshops, Key Account Managers, channel partner/contractor training and LDC staff acting as customer Application Representatives. Although this has been an effective method of overcoming these issues and encouraging submissions, it also reveals the complexity and time consuming nature of the application process. As such, Applicant Representatives continue to influence the majority of applications submitted. Continued development of Channel Partners is essential to program success.
- Prescriptive and Engineered worksheets provide a much needed simplified application process for customers. However, the eligible measures need to be updated and expanded in both technology and incentive amounts to address changing product costs and evolution of the marketplace.
- A focus on demand incentives has limited some kWh project opportunities. In particular, night lighting projects have significant savings potential for customers but tend to have incentives of 10% of project cost or less.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.
- There is redundancy in the application process as customers may need to complete a worksheet and then enter most of that information over to the online application form. This can be cumbersome.
- Processing Head Office applications became much easier for the Lead LDC after Schedule changes came into effect in August 2013. The largest beneficiary was the customer who could now deal with one LDC for all of their provincial locations.
- The application process for Head Office projects requires improvement. Applicants still need to manually enter one application per facility associated with the project can be extremely onerous, often requiring a dedicated resource.
- Streamlining of the settlements systems resulted in significant improvement in the payment process in 2013.

2.2.2.2 *Direct Install Initiative (DIL) (Schedule C-3)*

Initiative Activities/Progress:

Video target placement and You Tube

Collateral customized sell sheets for contractors

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Additional Comments:

- LED lighting was introduced in 2013 as a new measure and has been well received by customers who may not have previously qualified for DIL eligible upgrades. This is an efficient product with a long estimated useful life.
- Cold start high output lighting was removed from the program. This particularly affected the farming customers who now have limited options within the program.
- The inclusion of a standard incentive for additional measures increased project size and drove higher energy and demand savings results in some situations. However, LDCs are unable to offer these standard incentives to prior participants. The ability to return to prior participants and offer a standard incentive on the remaining upgrades has potential to provide additional energy and demand savings
- Electrical contractor's margins have been reduced due to no labor rate increase, increase cost of materials, greater distances between retrofit and more door knocking required before a successful sale. This has led to a reduction in vendor channel participation in some regions.
- Measure incentives and additional funding for forklifts were introduced in September 2013 and were well received by installers.

2.2.2.3 *Existing Building Commissioning Incentive Initiative (Schedule C-6)*

Initiative Activities/Progress:

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Channel Sales Strategy

Additional Comments:

- Initiative name does not properly describe the Initiative.
- There was minimal participation for this Initiative. It is suspected that the lack of participation in the program is a result of the Initiative being limited to space cooling and a limited window of opportunity (cooling season) for participation.

- Participation is mainly channel partner driven.
- Customers would like to see the program expanded to include a broader range of measures for a more holistic approach to building re-commissioning. Chilled water systems used for other purposes should also be made an eligible measure.
- This initiative should be reviewed for incentive alignment with ERII. Currently a participant will not receive an incentive if the overall payback is less than 2 years.

2.2.2.4 New Construction and Major Renovation Initiative (HPNC) (Schedule C-4)

Initiative Activities/Progress:

Hydro Ottawa has Enbridge under contract as delivery agent for this program. Enbridge works in conjunction with the Hydro Ottawa sales team and engineering staff to deliver the program.

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Channel Sales Strategy

Additional Comments

- With the Ministerial Directive issued December 21, 2012, facilities with a completion date near the end of 2015 have some security that they will be compensated for choosing efficient measures. However, buildings that are in the planning phase with completion dates post-2015 may not participate due to funding and program uncertainty.
- Participants estimated completion dates tend to be inaccurate and are usually six months longer. This could result in diminished savings towards target when facilities are not substantially completed by December 31, 2014.
- The custom application process requires considerable customer support and skilled LDC staff. The effort required to participate through the custom stream exceeds the value of the incentive for many customers.
- There are no custom measure options for items that do not qualify under the prescriptive or engineered track as the custom path does not allow for individual measures, only whole building modeling.
- This Initiative has a very low net-to-gross ratio, which results in more than 50% of the proposed target savings being 'lost'. This factor may force LDCs to remove the program from portfolios in the future as the program delivers strong savings for the customer but minimal verified results from the OPA.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and a potential barrier to participation.

2.2.2.5 *Energy Audit Initiative*

Initiative Activities/Progress:

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Channel Sales Strategy

Additional Comments

- The introduction of the new audit component for one system (i.e. compressed air), has increased customer participation.
- The energy audit Initiative is considered an 'enabling' Initiative and 'feeds into' other saveONenergy Initiatives.
- Evaluators in 2012 and 2013 recognized savings towards LDCs targets as a result of customers implementing low/no cost recommendations from their energy audits.
- Audit reports from consultants vary considerably and in some cases, while they adhere to the Initiative requirements, do not provide value for the Participant. A standard template with specific energy saving calculation requirements should be considered.
- Customers look to the LDCs to recommend audit companies. A centralized prequalified list provided by the OPA may be beneficial.
- Participation has been limited to one energy audit per customer which only allowed the customer to review and audit one area of their business. This has been revised in 2014 and LDCs are now able to consider additional customer participation when presented with a new scope of work.

2.2.3 INDUSTRIAL PROGRAM

Description: Large facilities are discovering the benefits of energy efficiency through the Industrial Programs which are designed to help identify and promote energy saving opportunities. It includes financial incentives and technical expertise to help organizations modernize systems for enhanced productivity and product quality, as wells as provide a substantial boost to energy productivity. This allows facilities to take control of their energy so they can create long-term competitive energy advantages which reach across the organization.

Targeted Customer Type(s): Industrial, Commercial, Institutional, Agricultural

Objective: To provide incentives to both existing and new industrial customers to motivate the installation of energy efficient measures and to promote participation in demand management.

Discussion:

The Industrial Program Portfolio has been able to provide significant incentives and valuable resources to large facilities to help them with energy efficiency upgrades and process system improvements. The Engineering Studies in particular as well as the Monitoring and Targeting initiative provide a unique opportunity for a customer to complete a comprehensive analysis of an energy intensive process that they otherwise may not undertake. The Energy Manager Initiative provides customers with a skilled individual whose only role is to assist them with conservation initiatives. To date these Energy Managers have played a key role in customer participation.

Due to the size, scope and long lead time of these Initiatives and associated projects, the Ministerial Directive provides some security for the continuation of the conservation programs and associated compensation for the participant; however the subsequent savings would not be attributed to an LDC's current target for projects that go into service after 2014.

Extensive legal documents, complex program structure and lengthy change management have restricted the change and growth of this Portfolio. While the expedited change management has benefited the Commercial Portfolio, the Industrial Portfolio has not seen the same results due to the narrow scope of the process. For 2013 the change to the threshold for small capital projects and the new small capital project agreement are expected to improve the number of projects and savings achieved within PSUI. Likewise, a decision to proceed with 2012 natural gas load displacement generation projects applications will also increase uptake although the limited time to bring new projects into service is a barrier.

2.2.3.1 Process & Systems Upgrades Initiative (PSUI) (Schedule D-1)

Initiative Activities/Progress:

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Channel Sales Strategy

Additional Comments:

- Numerous energy studies have been submitted and completed. This is a strong indication that there is the potential for large projects with corresponding energy savings. Many of these studies have been initiated through the Energy Manager and KAM resources.
- This Initiative is limited by the state of the economy and the ability of a facility to complete large capital upgrades.
- There is typically a long sales cycle for these projects, and then a long project development cycle. As such, limited results were generated in 2013. The majority of the results are expected in 2014 with a much reduced benefit to cumulative energy savings targets.
- Delays with processing funding payments have caused delayed payments to Participants beyond contract requirements. In some cases, LDCs have developed a separate side agreement between the LDC and Participant acknowledging that the Participant cannot be paid until the funds are received.
- The contract required for PSUI is a lengthy and complicated document. A key to making PSUI successful is a new agreement which is a simplified with less onerous conditions for the customer.

- To partially address this, changes were made to the ERII Initiative which allowed smaller projects to be directed to the Commercial stream. Most industrial projects to-date have been submitted as ERII projects due to less onerous contract and M&V requirements.
- A business case was submitted by the Industrial Working Group in July 2012 which would change the upper limit for a small project from 700 MWh to 1 million dollars in incentives. This would allow more projects to be eligible for the new small capital project agreement and increase participant uptake, while still protecting the ratepayer. This small capital project agreement was finalized in August 2013.
- While there is considerable customer interest in on-site Load Displacement (Co-Generation) projects, in 2012 the OPA was accepting waste heat/waste fuel projects only. Natural gas generation projects were on hold awaiting a decision on whether PSUI will fund these types of projects. In June 2013, a decision was made to allow natural gas load displacement generation projects to proceed under PSUI. It is expected that a number of projects will proceed although results may not be counted towards LDC targets due to in-service dates beyond 2014.
- The requirement to have a customer invoice the LDC for their incentive is very burdensome for the customer and results in a negative customer experience and another barrier to participation.

2.2.3.2 Monitoring & Targeting Initiative (Schedule D-2)

Initiative Activities/Progress:

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Channel Sales Strategy

Additional Comments:

- The M&T initiative is targeted at larger customers with the capacity to review the M&T data. This review requires the customer facility to employ an Energy Manager, or a person with equivalent qualifications, which has been a barrier for some customers. As such, a limited number of applications have been received to date.
- The savings target required for this Initiative can present a significant challenge for smaller customers.
- Changes were made to ERII in 2013 to allow smaller facilities to employ M&T systems.

2.2.3.3 Energy Manager Initiative (Schedule D-3)

Initiative Activities/Progress:

Hydro Ottawa added 3 new Embedded Energy Managers in 2013 and saw one EEM discontinued bringing the total number of Embedded Energy Managers to four. The Hydro Ottawa Roving Energy Manager continued in 2013.

Additional Comments:

- The Energy Managers have proven to be a popular and useful resource for larger customers.
- LDCs that are too small to qualify for their own REM are teaming up with other utilities to hire an REM to be shared by the group of utilities.
- Some LDCs and Customers are reporting difficulties in hiring capable Roving and Embedded Energy Managers (REM/EEM), in some instances taking up to 7 months to have a resource in place.
- New energy managers require training, time to familiarize with facilities and staff and require time to establish "credibility". Energy Managers started filling their pipeline with projects in 2012 but few projects were implemented until 2013.

2.2.3.4 Key Account Manager (Schedule D-4)

Initiative Activities/Progress:

Hydro Ottawa had 1 Key Account Manager is 2013.

Additional Comments

- Customers appreciate dealing with a single contact to interface with an LDC, a resource that has both the technical and business background who can communicate easily with the customer and the LDC.
- Finding this type of skill set has been difficult. In addition, the short-term contract discourages some skilled applicants resulting in longer lead times to acquire the right resource.

2.2.3.5 Demand Response 3 (D-6)

Initiative Activities/Progress:

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Channel Sales Strategy

Additional Comments:

- Until early 2013 customer data was not provided on an individual customer basis due to contractual requirements with the aggregators. This limited LDCs' ability to effectively market to prospective participants and verify savings.
- No program improvements were made in 2013 however, it was accepted that prior participants who renew their DR3 contract within the 2011-2014 term will contribute to LDC targets.
- As of 2013, Aggregators were able to enter into contracts beyond 2014 which has allowed them to offer a more competitive contract price (5 year) than if limited to 1 or 2 year contracts.
- Metering and settlement requirements are expensive and complicated and can reduce customer compensation amounts, and present a barrier to smaller customers.
- Compensation amounts for new contracts and renewals have been reduced from the initial launch of this program (premium zones and 200 hour option have been discontinued) and subsequently there has been a corresponding decrease in renewal revenue.

2.2.4 LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E-1)

Initiative Activities/Progress:

A third party is contracted to deliver this program on behalf of Hydro Ottawa. Outreach to the three largest social housing providers has been the most effective to date. Over 1000 families benefited from this program in 2013.

Additional Comments:

- The process for enrolling in social housing was complicated and time consuming. This was addressed in late 2012 and showed some benefits in 2013 through changes to the participant agreements.
- The financial scope, complexity, and customer privacy requirements of this Initiative are challenging for LDCs and most have contracted this program out. Program design changes are expected to address these challenges.

2.2.5 PRE-2011 PROGRAMS

Savings were realized towards LDC’s 2011-2014 target through pre-2011 programs. The targeted customer types, objectives, descriptions, and activities of these programs are detailed in Appendix B

3 2013 LDC CDM Results

3.1 Participation and Savings

Table 1: Hydro Hawkesbury 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): 2014 Net Annual Peak Demand Savings (kW)	Program-to-Date Verified Progress to Target (excludes DR): 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	29	13	9		2	1	1		12,263	5,304	3,836		3	72,636
Appliance Exchange	Appliances	14	2	3		1	0	1		1,855	400	1,108		1	10,121
HVAC Incentives	Equipment	15	32	29		6	8	6		12,690	14,153	11,762		20	116,744
Conservation Instant Coupon Booklet	Items	755	43	484		2	0	1		27,819	1,949	10,743		3	138,609
Bi-Annual Retailer Event	Items	1,327	1,479	1,317		2	2	2		40,962	37,329	23,946		6	323,727
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	0	22	26		0	10	13		0	76	56		0	133
Residential Demand Response (IHD)	Devices	0	19	23		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						**14**	**21**	**23**		**95,589**	**59,212**	**51,452**		**34**	**661,970**
Business Program															
Retrofit	Projects	6	11	8		68	89	46		470,057	471,791	210,279		203	3,715,976
Direct Install Lighting	Projects	25	44	52		59	39	66		149,570	145,123	228,680		144	1,434,088
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	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response	Devices	0	0	0		0	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	0	0	0		0	0	0		0	0	0		0	0
Business Program Total						**127**	**128**	**113**		**619,627**	**616,914**	**438,959**		**347**	**5,150,064**
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	1	0	0		9	0	0		104	0	0		9	416
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Industrial Program Total						**9**	**0**	**0**		**104**	**0**	**0**		**9**	**416**
Home Assistance Program															
Home Assistance Program	Homes	0	0	39		0	0	1		0	0	18,172		1	36,239
Home Assistance Program Total						**0**	**0**	**1**		**0**	**0**	**18,172**		**1**	**36,239**
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	1	0	0		0	0	0		1,838	0	0		0	7,352
High Performance New Construction	Projects	0	0	0		0	0	0		560	153	0		0	2,700
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						**0**	**0**	**0**		**2,398**	**153**	**0**		**1**	**10,052**
Other															
Program Enabled Savings	Projects	0	0	0		0	0	0		0	0	0		0	0
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Adjustments to 2011 Verified Results							**1**	**0**			**8,968**	**0**		**1**	**35,495**
Adjustments to 2012 Verified Results								**15**				**79,889**		**15**	**239,049**
Energy Efficiency Total						**149**	**139**	**124**		**717,718**	**676,202**	**508,526**		**391**	**5,858,607**
Demand Response Total (Scenario 1)						**0**	**10**	**13**		**0**	**76**	**56**		**0**	**133**
Adjustments to Previous Years' Verified Results Total						**0**	**1**	**15**		**0**	**8,968**	**79,889**		**15**	**274,544**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**149**	**150**	**151**		**717,718**	**685,247**	**588,471**		**406**	**6,133,283**
													Full OEB Target:	**1,820**	**9,280,000**
													% of Full OEB Target Achieved to Date (Scenario 1):	**22.3%**	**66.1%**

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.

*Includes adjustments after Final Reports were issued

Energy Manager, Aboriginal Program and Program Enabled Savings were not independently evaluated

Table 1: Summarized Program Results

Program	Gross Savings		Net Savings		Contribution to Targets	
	Incremental Peak Demand Savings (MW)	Incremental Energy Savings (GWh)	Incremental Peak Demand Savings (MW)	Incremental Energy Savings (GWh)	Program-to-Date: Net Annual Peak Demand Savings (MW) in 2014	Program-to-Date: 2011-2014 Net Cumulative Energy Savings (GWh)
Consumer Program Total	15.014	8.364142	13.296	4.773328	6.849	66.002755
Business Program Total	10.352	44.181101	8.115	32.343568	15.748	215.787481
Industrial Program Total	.309	.912062	.297	.821286	.142	3.478424
Home Assistance Program Total	.032	.384041	.032	.384041	.058	1.724858
Pre-2011 Programs completed in 2011 Total	.286	1.899180	.286	1.899180	2.348	37.295803
Other Adjustments	.751	3.557363	.478	2.376882	.256	8.069609
Total OPA Contracted Province-Wide CDM Programs	**26.744**	**59.297889**	**22.503**	**42.598285**	**25.401**	**332.358930**

3.2 Evaluation

See 3.4 Additional Comments

3.3 Spending

Table 3 and 4 summarize the total spending by initiative that Hydro Ottawa has incurred in 2013 and cumulatively since 2011. It is detailed by the Program Administration Budget (PAB), Participant Based Funding (PBF), Participant Incentives (PI) and Capability Building Funding (CBF).

Table 3: 2013 Spending

Initiative	PAB	PBF	PI	CBF	TOTAL
Consumer Program					
Appliance Retirement	46,122.79				46,122.79
Appliance Exchange	34,322.24				34,322.24
HVAC Incentives	140,717.57				140,717.57
Annual Coupons	108,537.25				108,537.25
Bi-Annual Retailer Event	68,644.49				68,644.49
Retailer Co-op					
Residential Demand Response	1,288,978.75		3,097,890.47		4,386,869.22
New Construction Program	675.00				675.00
Business Program					
Equipment Replacement	846,917.18		4,149,733.16		4,996,650.34
Direct Installed Lighting	779,918.48	238,385.00	1,228,177.20		2,246,480.68
Existing Building Commissioning Incentive	67,526.20				67,526.20
New Construction and Major Renovation Initiative	579,873.95		601,776.25		1,181,650.20
Energy Audit	68,837.87		294,248.47		363,086.34
Small Commercial Demand Response					
Demand Response 3					
Industrial Program					
Process & System Upgrades	27,699.28				27,699.28
a) preliminary engineering study					
b) detailed engineering study					
c) program incentive					
Monitoring & Targeting	27,544.29				27,544.29
Energy Manager	18,279.51				18,279.51
Key Account Manager ("KAM")	4,167.09				4,167.09
Equipment Replacement					
Demand Response 3	92,398.32				92,398.32
Home Assistance Program					
Home Assistance	264,888.09		372,220.55		637,108.64
Initiatives Not In Market					
Midstream Electronics					
Midstream Pool Equipment					
Demand Service Space Cooling					
Demand Response 1	111,550.98				111,550.98
Home Energy Audit Tool					
TOTAL SPENDING	4,577,599.33	238,385.00	9,744,046.10	0.00	14,560,030.43

Table 4: Cumulative Spending (2011-2014)

Initiative	PAB	PBI	PI	CBF	TOTAL
Consumer Program					
Appliance Retirement	256,560.19				256,560.19
Appliance Exchange	96,310.19				96,310.19
HVAC Incentives	367.493.25				367,493.25
Annual Coupons	331,512.75				331,512.75
Bi-Annual Retailer Event	213,045.76				213,045.76
Retailer Co-op					
Residential Demand Response	2,636,921.53		5,857,280.47		8,494,202.00
New Construction Program	6,400.25				6,400.25
Business Program					
Equipment Replacement	1,975,763.72		9,356,562.45		11,332,326.17
Direct Installed Lighting	1,530,976.50	699,461.00	3,080,806.95		5,311,244.45
Existing Building Commissioning Incentive	158,607.95				158,607.95
New Construction and Major Renovation Initiative	996,794.02		631,256.15		1,628,050.17
Energy Audit	166,658.95		448,953.19		615,612.14
Small Commercial Demand Response					
Demand Response					
Industrial Program					
Process & System Upgrades	56,853.80				56,853.80
a) preliminary engineering study					
b) detailed engineering study					
c) program incentive					
Monitoring & Targeting	56,675.31				56,675.31
Energy Manager	18,279.51				18,279.51
Key Account Manager (“KAM”)	5,235.22				5,235.22
Equipment Replacement Incentive					
Demand Response 3	226,432.30				226,432.30
Home Assistance Program					
Home Assistance Program	703,490.29		502,822.75		1,206,313.04
Pre 2011 Programs					
Electricity Retrofit Incentive Program			3,188,459.61		3,188,459.61
High Performance New Construction					
Toronto Comprehensive					
Multifamily Energy Efficiency Rebates					
Data Centre Incentive Program					
EnWin Green Suites					
Initiatives Not In Market					
Midstream Electronics					
Midstream Pool Equipment					
Demand Service Space Cooling	1,515.33				1,515.33
Demand Response 1	242,721.50				242,721.50
Home Energy Audit Tool					
TOTAL SPENDING	10,048,248.32	699,461.00	23,066,141.57	0.00	33,813,850.89

3.4 Additional Comments

The design of OPA Province–Wide CDM Initiatives is not customer friendly and this has had an impact on Hydro Ottawa's CDM program results. However, many of these design flaws have been identified and are being corrected.

Consumer Programs

1. **Home Energy Audit Tool, Midstream Pool Equipment, Midstream Electronics Initiatives** were never launched and subsequently withdrawn with no new additions.

2. Due to the maturity of the **Appliance Retirement Initiative**, and the revised eligibility requirements to appliances at least 20 years old, this Initiative appears to have reached market saturation. It is currently under consideration for removal from the portfolio.

3. The **Appliance Exchange Initiative** is at the discretion of Participating Retailers. Only one retailer hosted a spring event in 2012. There was no fall event. The elimination of one event restricted participation and reduced results.

4. The **Instant Coupon Initiative** was ineffective for most of 2012 as the annual Instant coupons were not available to consumers until September 2012 and once they were offered, they were only available on line. For illustration purposes, Hydro Ottawa customers used 30,000 printed coupons in 2011 and only 1,700 online coupons in 2012.

5. The **Bi-Annual Retailer Event Initiative** is a contracted arrangement between the participating retailer and the OPA. LDCs have prescribed engagement opportunities with the participating retailers. The reporting of coupon redemption results is not timely due to the contracted reporting timelines.

6. The **New Construction Program** was burdened with a cumbersome administrative process that vastly outweighed the benefit to builders. Hydro Ottawa took on the administrative burden for the program on behalf of the local builders and has experienced some success with this program. We do not feel that this approach is sustainable and that there needs to be a streamlined process that builders will embrace.

7. Implementation of the **Residential Demand Response Program** was delayed until 2012 as changes to the provincial technical specifications were required to facilitate procurement. This program contributes heavily towards the Consumer Program overall results but constraints imposed by the program funding caps, technical specifications and real time data requirements should be reviewed to encourage a broader range of equipment, services and offerings for LDCs to maintain a relevant offer as this market evolves.

8. **In Home Displays (IHDs)** formed an important part of the residential offering for many customers. IHDs engage customers, which leads to a greater understanding of how and when electricity is being used in their homes. The OPA, for a second year in a row, has been unable to determine the savings value of IHDs through their EM&V process. The methodology for the

EM&V was conducted the GTA which restricted the findings. It is felt that the restrictive nature of the EM&V paints all LDCs with the same brush when many LDCs used completely different approaches to deploying IHDs. Some LDCs focused heavily on proper installation and customer education and others deployed a more generic approach. As a result, Hydro Ottawa has no savings to report for our efforts. This has a significant negative impact on our results based on the original business case for IHDs. Because there are no results to date and no certainty around future results, Hydro Ottawa is unsure if it should continue to pursue this program.

Business Program

The Business Program has been hampered by inconsistent interpretation of program rules and eligibility, limited effectiveness of provincial marketing efforts, dated technologies and measures, cumbersome online administration systems and time consuming change management processes.

1. In the case of the **Efficiency: Equipment Replacement Incentive (ERII)** the OPA centralized application system (CRM) requires significant back office LDC processing to help participants navigate the application process. Eligible measures need to be updated and expanded in both technology and incentive amounts to address changing product costs and technology evolution.

2. The **Direct Install Initiative (DIL) has been in market since 2009.** The early success of the program was encouraging; however the program has not remained up to date with market needs and conditions. The product list for the program must be updated with current technologies and should be monitored and adjusted regularly. Product costs have also increased over time, eroding the contractor profit margins. This has led to a severe reduction in their participation.

3. **Existing Building Commissioning Incentive Initiative** has had minimal participation as it mostly limited to space cooling

4. There is typically a long sales cycle (3-5 years) associated with any **New Construction and Major Renovation Initiative (HPNC).** These projects with their long project development cycle are impacted by the program end date and heavily discounted EMV results.

5. The **Direct Service Space Cooling Initiative** was never launched.

Industrial Program

The Industrial initiatives have not generated significant savings in the Ottawa market because the region has a very light industrial base. However, Hydro Ottawa has rolled out these initiatives where possible.

1. The **Monitoring & Targeting Initiative** is targeted at larger customers with the capacity to analyze and respond to the M&T data. This requires the customer facility to employ an Energy Manager, or a person with equivalent qualifications, which has been a barrier for some customers. As such, a limited number of applications have been received to date. This combined with the savings target required has limited the initiative uptake for smaller customers.

2. One of the most successful elements of the Industrial program has been the capability building enabled by the **Embedded Energy Manager (EEM), Roving Energy Manager (REM) and Key Account Manager (KAM Initiatives.** These resources are difficult to find and require time to establish

themselves but once in place, they have been very successful at identifying and delivering energy efficiency opportunities. To date, Hydro Ottawa has placed six EEMs, 1 REM and 1 KAM in specific key accounts.

3. The **Demand Response 1 Initiative ("DR1")** has had no customer uptake and was removed from the Schedule in Q4, 2012.

Home Assistance Program

The **Home Assistance Program** is only marginally cost effective and delivers exceedingly low results per participant. This ineffective program is not attractive to Social Housing providers as they perceive it to be time consuming and burdened with paperwork for minimal value.

LRAM

Hydro Ottawa is concerned that the issues that have been identified above, namely programs that have not materialized, were delayed or for which the results are still under review (for example TOU pricing and Residential IHD), can adversely affect an LDC's ability to be held whole in terms of lost revenue due to CDM. For those LDCs that claim a LRAM ex post, if the results are not available or are subsequently changed, then there is a disconnect between the lost revenue applied for and that actually lost and if there is a true up it would be done years after the lost revenue occurred.

For those utilities recovering the lost revenue through an ex ante adjustment to their load forecast, that adjustment normally reflects the anticipated CDM results based on expected programs and current EM&V methodologies. When program results do not match those anticipated then the utility is required to record the shortfall in the Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) and may never be able to properly recover the appropriate lost revenue.

Hydro Ottawa's results for 2012 were limited as a result of the above-mentioned shortcomings of OPA Province–Wide CDM Initiatives. The lack of success through OPA Province–Wide CDM Initiatives is further diminished by the difficult processes and negative experience with Board Approved CDM programs by those LDCs making application.

These limitations are easily addressed with a change to the CDM funding and regulatory structure that aligns LDC accountability with the requisite control over program design and delivery. OPA may continue to contribute in an ongoing and valuable role as a service provider to the LDCs providing centralized services for analytics, research and evaluation, but, they must not be in command and control of LDC success. To be successful, LDCs must be given greater control over this important condition of their distribution licence.

4 Combined CDM Reporting Elements

4.1 Progress Towards CDM Targets

Table 5: Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual (MW)			
	2011	2012	2013	2014
2011 – Verified by OPA	12.7	8.9	8.9	8.3
2012 – Verified by OPA	-0.2	16.6	8.5	8.4
2013 – Verified by OPA		0.5	22.5	8.8
2014				
Verified Net Annual Peak Demand Savings in 2014:				25.4
HYDRO OTTAWA 2014 Annual CDM Capacity Target:				85.3
Verified Portion of Peak Demand Savings Target Achieved (%):				**29.8%**

Table 6: Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual (GWh)				Cumulative (GWh)
	2011	2012	2013	2014	2011-2014
2011 – Verified by OPA	35.8	35.8	35.7	34.0	141.4
2012 – Verified by OPA	0.2	35.1	34.9	34.4	104.6
2013 – Verified by OPA		2.4	42.6	41.4	86.4
2014					
Verified Net Cumulative Energy Savings 2011-2014:					**332.4**
HYDRO OTTAWA 2011-2014 Cumulative CDM Energy Target:					**374.7**
Verified Portion of Cumulative Energy Target Achieved (%):					**88.7%**

4.1 Variance from Strategy

There is no variance from our current strategy.

4.2 Outlook to 2014 and Strategy Modifications

There is no variance from our current strategy and we do not anticipate any modification to our strategy.

On March 31st, 2014 the Minister of Energy issued a directive entitled “Continuance of the OPA’s Demand Response Program under IESO management” which effectively halts new customer enrollments in the DR3 program until the IESO has a program in market. This is estimated to be some time in 2015.

The DR3 Initiative is a significant contributor to helping LDCs achieve their demands savings target. The program has taken some time to get traction and LDCs have been diligently working with their customers to encourage participation in the DR3 program. LDC customers are now in a position where many of them have contracted with an Aggregator but will be unable to participate due to the inability of the Aggregator to receive new contract schedules resulting in the current “pipeline” of potential DR contributors being stranded.

The results reported for 2013 are lower than originally expected due to a number of factors. Major impacts include:

- no TOU results available and an expectation that any forthcoming results will be significantly lower than originally forecast.
- no results for IHDs
- removal of DR
- retrospective EM&V coming 1.5 years after the fact does not allow time to make adjustment

Our channels remain strong and engaged. We have made good inroads with some larger customers like the federal government. We continue to focus on moving conservation forward with our customers.

5 Conclusion

Over the course of 2013, Hydro Ottawa achieved 42.6 GWh in energy savings which represents 88.7% of the 2014 target. The Hydro Ottawa is reported to have saved 22.5 MW in peak demand savings which represents 29.8% of the 2014 target. Hydro Ottawa does not feel that this accurately represents our efforts as the peaksaver PLUS installs and the DR3 results from 2011 and 2012 are not included in this number.

These results are representative of a considerable effort expended by Hydro Ottawa, in cooperation with other LDCs, customers, channel partners and stakeholders to overcome many operational and structural issues that limited program effectiveness across all market sectors. This achievement is a success and the relationships built within the 2011-2014 CDM program term will aid results in a subsequent CDM term.

However, despite continuing improvements to existing programs Hydro Ottawa faces challenges in the remaining years of the current CDM framework. With the current slate of available OPA Programs, and the current forecast of implementation and projected savings, Hydro Ottawa expects to meet its 374.73 GWh consumption savings target but will be very challenged to meet its 85.26 MW demand savings target.

Looking ahead there is very limited time to make impactful changes to the current program portfolios and have these changes reflected in LDC 2014 results. However, LDCs and the OPA can build on the strengths and key successes of the 2011-2014 programs to launch new programs which will meet the needs of the industry and consumers.

Appendix A: Initiative Descriptions

Residential Program

APPLIANCE RETIREMENT INITIATIVE (Exhibit D)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objectives: Achieve energy and demand savings by permanently decommissioning certain older, inefficient refrigeration appliances.

Description: This is an energy efficiency Initiative that offers individuals and businesses free pick-up and decommissioning of old large refrigerators and freezers. Window air conditioners and portable dehumidifiers will also be picked up if a refrigerator or a freezer is being collected.

Targeted End Uses: Large refrigerators, large freezers, window air conditioners and portable dehumidifiers.

Delivery: OPA centrally contracts for the province-wide marketing, call centre, appliance pick-up and decommissioning process. LDC's provides local marketing and coordination with municipal pick-up where available.

Additional Detail: Schedule B-1, Exhibit D on the OPA extranet and saveONenergy website

In Market Date: February 2011

APPLIANCE EXCHANGE INITIATIVE (Exhibit E)

Target Customer Type(s): Residential Customers

Initiative Frequency: Spring and Fall

Objective: The objective of this Initiative is to remove and permanently decommission older, inefficient window air conditioners and portable dehumidifiers that are in Ontario.

Description: This Initiative involves appliance exchange events. Exchange events are held at local retail locations and customers are encouraged to bring in their old room air conditioners (AC) and dehumidifiers in exchange for coupons/discounts towards the purchase of new energy efficient equipment. Window ACs were discontinued from the program in 2013.

Targeted End Uses: Window air conditioners and portable dehumidifiers

Delivery: OPA contracts with participating retailers for collection of eligible units. LDCs provide local marketing.

Additional Detail: Schedule B-1, Exhibit C on the OPA extranet and saveONenergy website

In Market Date: May 2011

HVAC INCENTIVES INITIATIVE (Exhibit B)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage the replacement of existing heating systems with high efficiency furnaces equipped with Electronically Commutated Motors (ECM), and to replace existing central air conditioners with ENERGY STAR qualified systems and products**.**

Description: This is an energy efficiency Initiative that provides rebates for the replacement of old heating or cooling systems with high efficiency furnaces (equipped with ECM) and ENERGY STAR® qualified central air conditioners by approved Heating, Refrigeration, and Air Conditioning Institute (HRAI) qualified contractors.

Targeted End Uses: Central air conditioners and furnaces

Delivery: OPA contracts centrally for delivery of the program. LDCs provide local marketing and encourage local contractors to participate in the Initiative.

Additional Detail: Schedule B-1, Exhibit B on the OPA extranet and SaveONenergy website

In Market Date: February 2011

CONSERVATION INSTANT COUPON INITIATIVE (Exhibit A)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage households to purchase energy efficient products by offering discounts.

Description: This Initiative provides customers with year round coupons. The coupons offer instant rebates towards the purchase of a variety of low cost, easy to install energy efficient measures and can be redeemed at participating retailers. Booklets were directly mailed to customers and were also available at point-of-purchase. Downloadable coupons were also available at www.saveoneenergy.ca.

Targeted End Uses: ENERGY STAR® qualified Standard Compact Fluorescent Lights ("CFLs"),ENERGY STAR® qualified Light Fixtures lighting control products, weather-stripping, hot water pipe wrap, electric water heater blanket, heavy duty plug-in Timers, Advanced power bars, clothesline, baseboard programmable thermostats.

Delivery: The OPA develops the electronic version of the coupons and posts them online for download. Three LDC specific coupons were made available for local marketing and utilization by LDCs. The OPA enters into agreements with retailers to honor the coupons.

Additional Detail: Schedule B-1, Exhibit A on the OPA extranet and saveONenergy website

In Market Date: March 2011

BI-ANNUAL RETAILER EVENT INITIATIVE (Exhibit C)

Target Customer Type(s): Residential Customers

Initiative Frequency: Bi-annual events

Objective: The objective of this Initiative is to provide instant point of purchase discounts to individuals at participating retailers for a variety of energy efficient products.

Description: Twice a year (Spring and Fall), participating retailers host month-long rebate events. During the months of April and October, customers are encouraged to visit participating retailers where they can find coupons redeemable for instant rebates towards a variety of low cost, easy to install energy efficient measures.

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: The OPA enters into arrangements with participating retailers to promote the discounted products, and to post and honor related coupons. LDCs also refer retailers to the OPA and market this initiative locally.

Additional Detail: Schedule B-1, Exhibit C on the OPA extranet and saveONenergy website

In Market Date: April 2011

~~RETAILER CO-OP~~

Target Customer Type(s): Residential Customers

Initiative Frequency: Year Round

Objective: Hold promotional events to encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Description: The Retailer Co-op Initiative provides LDCs with the opportunity to work with retailers in their service area by holding special events at retail locations. These events are typically special promotions that encourage customers to purchase energy efficiency measures (and go above-and-beyond the traditional Bi-Annual Coupon Events).

Targeted End Uses: As per the Conservation Instant Coupon Initiative

Delivery: Retailers apply to the OPA for co-op funding to run special promotions that promote energy efficiency to customers in their stores. LDCs can refer retailers to the OPA. The OPA provides each LDC with a list of retailers who have qualified for Co-Op Funding as well as details of the proposed special events.

In Market Date: N/A

NEW CONSTRUCTION PROGRAM (Schedule B-2)

Target Customer Type(s): Residential Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to provide incentives to participants for the purpose of promoting the construction of energy efficient residential homes in the Province of Ontario.

Description: This is an energy efficiency Initiative that provides incentives to homebuilders for constructing new homes that are efficient, smart, and integrated (applicable to new single family dwellings). Incentives are provided in two key categories as follows:

- Incentives for homebuilders who install electricity efficiency measures as determined by a prescriptive list or via a custom option.
- Incentives for homebuilders who meet or exceed aggressive efficiency standards using the EnerGuide performance rating system.

Targeted End Uses: All off switch, ECM motors, ENERGY STAR® qualified central a/c, lighting control products, lighting fixtures, EnerGuide 83 whole home, EnerGuide 85 whole homes

Delivery: Local engagement of builders will be the responsibility of the LDC and will be supported by OPA air coverage driving builders to their LDC for additional information.

Additional Detail: Schedule B-1, Exhibit C on the OPA extranet and saveONenergy website

In Market Date: Fall 2011

RESIDENTIAL DEMAND RESPONSE PROGRAM (Schedule B-3)

Target Customer Type(s): Residential and Small Commercial Customers

Initiative Frequency: Year round

Objective: The objectives of this Initiative are to enhance the reliability of the IESO-controlled grid by accessing and aggregating specified residential and small commercial end uses for the purpose of load reduction, increasing consumer awareness of the importance of reducing summer demand and providing consumers their current electricity consumption and associated costs.

Description: In ***peaksaver***PLUS ™ participants are eligible to receive a free programmable thermostat or switch, including installation. Participants also receive access to price and real-time consumption information on an In Home Display (IHD).

Targeted End Uses: central air conditioning, electric hot water heaters and pool pumps

Delivery: LDC's recruit customers and procure technology

Additional Detail: Schedule B-1, Exhibit C on the OPA extranet and saveONenergy website

In Market Date: May 2012

C&I Program

EFFICIENCY: EQUIPMENT REPLACEMENT INCENTIVE (ERII) (Schedule C-2)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Initiative (ERII) offers financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. Upgrade projects can be classified into either: 1) prescriptive projects where prescribed measures replace associated required base case equipment; 2) engineered projects where energy and demand savings and incentives are calculated for associated measures; or 3) custom projects for other energy efficiency upgrades.

Targeted End Uses: lighting, space cooling, ventilation and other measures

Delivery: LDC delivered.

Additional Detail: Schedule C-2 on the OPA extranet and saveONenergy website

In Market Date: February 2011

DIRECT INSTALL INITIATIVE (DIL) (Schedule C-3)

Target Customer Type(s): Small Commercial, Institutional, Agricultural facilities and multi-family buildings

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer a free installation of eligible lighting and water heating measures of up to $1,000 to eligible owners and tenants of small commercial, institutional and agricultural facilities and multi-family buildings, for the purpose of achieving electricity and peak demand savings.

Description: The Direct Installed Lighting Initiative targets customers in the General Service <50kW account category. This Initiative offers turnkey lighting and electric hot water heater measures with a value up to $1,000 at no cost to qualifying small businesses. In addition, standard prescriptive incentives are available for eligible equipment beyond the initial $1,000 limit.

Target End Uses: Lighting and electric water heating measures

Delivery: Participants can enroll directly with the LDC, or would be contacted by the LDC/LDC-designated representative.

Additional Detail: Schedule C-3 on the OPA extranet and saveONenergy website

Initiative Activities/Progress:

In Market Date: March 2011

EXISTING BUILDING COMMISSIONING INCENTIVE INITIATIVE (Schedule C-6)

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives for optimizing (but not replacing) existing chilled water systems for space cooling in non-residential facilities for the purpose of achieving implementation phase energy savings, implementation phase demand savings, or both.

Description: This Initiative offers Participants incentives for the following:

- scoping study phase
- investigation phase
- implementation phase
- hand off/completion phase

Targeted End Uses: Chilled water systems for space cooling

Delivery: LDC delivered.

Additional Detail: Schedule C-6 on the OPA extranet and saveONenergy website Additional detail is available:

Initiative Activities/Progress:

In Market Date: March 2011

NEW CONSTRUCTION AND MAJOR RENOVATION INITIATIVE (HPNC) (Schedule C-4)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to encourage builders/major renovators of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Description: The New Construction initiative provides incentives for new buildings to exceed existing codes and standards for energy efficiency. The initiative uses both a prescriptive and custom approach.

Targeted End Uses: New building construction, building modeling, lighting, space cooling, ventilation and other Measures

Delivery: LDC delivers to customers and design decision makers.

Additional Detail: Schedule C-4 on the OPA extranet and saveONenergy website

Initiative Activities/Progress:

In Market Date: July 2011

ENERGY AUDIT INITIATIVE (Schedule C-1)

Target Customer Type(s): Commercial, Institutional, Agricultural and Industrial Customers

Initiative Frequency: Year round

Objective: The objective of this Initiative is to offer incentives to owners and lessees of commercial, institutional, multi-family buildings and agricultural facilities for the purpose of undertaking assessments to identify all possible opportunities to reduce electricity demand and consumption within their buildings or premises.

Description: This Initiative provides participants incentives for the completion of energy audits of electricity consuming equipment located in the facility. Energy audits include development of energy baselines, use assessments and performance monitoring and reporting.

Targeted End Uses: Various

Delivery: LDC delivered.

Additional Detail: Schedule C-1 on the OPA extranet Schedule C-1 and saveONenergy website

In Market Date: March 2011

Industrial Program

PROCESS & SYSTEMS UPGRADES INITIATIVE (PSUI) (Schedule D-1)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objectives: The objectives of this Initiative are to:

- Offer distribution customers capital incentives and enabling initiatives to assist with the implementation of large projects and project portfolios;
- Implement system optimization project in systems which are intrinsically complex and capital intensive; and
- Increase the capability of distribution customers to implement energy management and system optimization projects.

Description: PSUI is an energy management Initiative that includes three Initiatives: (preliminary engineering study, detailed engineering study, and project incentive Initiative). The incentives are available to large distribution connected customers with projects or portfolio projects that are expected to generate at least 350 MWh of annualized electricity savings or, in the case of Micro-Projects, 100 MWh of annualized electricity savings. The capital incentive for this Initiative is the lowest of:

a) $200/MWh of annualized electricity savings

b) 70% of projects costs

c) A one year pay back

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional Detail: Schedule D-1 on the OPA extranet and saveONenergy website

In Market Date: February 2011

MONITORING & TARGETING INITIATIVE (Schedule D-2)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative offers access to funding for the installation of Monitoring and Targeting systems in order to deliver a minimum savings target at the end of 24 months and sustained for the term of the M&T Agreement.

Description: This Initiative offers customers funding for the installation of a Monitoring and Targeting system to help them understand how their energy consumption might be reduced. A facility energy manager, who regularly oversees energy usage, will now be able to use historical energy consumption performance to analyze and set targets.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional Detail: Schedule D-2 on the OPA extranet and saveONenergy website

In Market Date: February 2011

ENERGY MANAGER INITIATIVE (Schedule D-3)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: The objective of this initiative is to provide customers and LDCs the opportunity to access funding for the engagement of energy managers in order to deliver a minimum annual savings target.

Description: This Initiative provides customers the opportunity to access funding to engage an on-site, full time embedded energy manager, or an off-site roving energy manager who is engaged by the LDC. The role of the energy manager is to take control of the facility's energy use by monitoring performance, leading awareness programs, and identifying opportunities for energy consumption improvement, and spearheading projects. Participants are funded 80% of the embedded energy manager’s salary up to $100,000 plus 80% of the energy manager’s actual reasonable expenses incurred up to $8,000 per year. Each embedded energy manager has a target of 300 kW/year of energy savings from one or more facilities. LDCs receive funding of up to $120,000 for a Roving Energy Manager plus $8,000 for expenses.

Targeted End Uses: Process and systems

Delivery: LDC delivered with Key Account Management support, in some cases.

Additional Detail: Schedule D-3 on the OPA extranet and saveONenergy website

In Market Date: August 2012

KEY ACCOUNT MANAGER (KAM) (Schedule D-4)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This initiative offers LDCs the opportunity to access funding for the employment of a KAM in order to support them in fulfilling their obligations related to the PSUI.

Description: This Initiative provides LDCs the opportunity to utilize a KAM to assist their customers. The KAM is considered to be a key element in assisting the consumer in overcoming traditional barriers related to energy management and help them achieve savings since the KAM can build relationships and become a significant resource of knowledge to the customer.

Targeted End Uses: Process and systems

Delivery: LDC delivered

Additional Detail: ScheduleD-4 on the OPA extranet.

In Market Date: August 2012

DEMAND RESPONSE 3 (Schedule D-6)

Target Customer Type(s): Industrial, Commercial, Institutional and Agricultural Customers

Initiative Frequency: Year round

Objective: This Initiative provides for Demand Response ("DR") payments to contracted participants to compensate them for reducing their electricity consumption by a pre-defined amount during a DR event.

Description: Demand Response 3 ("DR3") is a demand response Initiative for commercial and industrial customers, of 50 kW or greater to reduce the amount of power being used during certain periods of the year. The DR3 Initiative is a contractual resource that is an economic alternative to procurement of new generation capacity. DR3 comes with specific contractual obligations requiring participants to reduce their use of electricity relative to a baseline when called upon. This Initiative makes payments for participants to be on standby and payments for the actual electricity reduction provided during a demand response event. Participants are scheduled to be on standby approximately 1,600 hours per calendar year for possible dispatch of up to 100 hours or 200 hours within that year depending on the contract.

Targeted End Uses: Commercial and Industrial Operations

Delivery: DR3 is delivered by Demand Response Providers ("DRPs"), under contract to the OPA. The OPA administers contracts with all DRPs and Direct Participants (who provide in excess of 5 MW of demand response capacity). OPA provides administration including settlement, measurement and verification, and dispatch. LDCs are responsible for local customer outreach and marketing efforts.

Additional Detail: Schedule D-6 available on the OPA and saveONenergy website

In Market Date: October 2011

It is noted that while the Schedule for this Initiative was not posted until May 2011, the Aggregators reported that they were able to enroll customers as of January 2011.

LOW INCOME INITIATIVE (HOME ASSISTANCE PROGRAM) (Schedule E-1)

Target Customer Type(s): Income Qualified Residential Customers

Initiative Frequency: Year Round

Objective: The objective of this Initiative is to offer free installation of energy efficiency measures to income qualified households for the purpose of achieving electricity and peak demand savings.

Description: This is a turnkey Initiative for income qualified customers. It offers residents the opportunity to take advantage of free installation of energy efficient measures that improve the comfort of their home, increase efficiency, and help them save money. All eligible customers receive a Basic and Extended Measures Audit, while customers with electric heat also receive a Weatherization Audit. The Initiative is designed to coordinate efforts with gas utilities.

Targeted End Uses: End use measures based on results of audit (i.e. compact fluorescent light bulbs)

Delivery: LDC delivered.

Additional Detail: Schedule E available on the OPA extranet.

In Market Date: January 2012

Appendix B: Pre-2011 Programs

ELECTRICITY RETROFIT INCENTIVE PROGRAM

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year Round

Objective: The objective of this Initiative is to offer incentives to non-residential distribution customers to achieve reductions in electricity demand and consumption by upgrading to more energy efficient equipment for lighting, space cooling, ventilation and other measures.

Description: The Equipment Replacement Incentive Program (ERIP) offered financial incentives to customers for the upgrade of existing equipment to energy efficient equipment. This program was available in 2010 and allowed customers up to 11 months following Pre-Approval to complete their projects. As a result, a number of projects Pre-Approved in 2010 were not completed and in-service until 2011. The electricity savings associated with these projects are attributed to 2011.

Targeted End Uses: Electricity savings measures

Delivery: LDC Delivered

HIGH PERFORMANCE NEW CONSTRUCTION

Target Customer Type(s): Commercial, Institutional, and Agricultural Customers

Initiative Frequency: Year round

Objective: The High Performance New Construction Initiative provided incentives for new buildings to exceed existing codes and standards for energy efficiency. The Initiative uses both a prescriptive and custom approach and was delivered by Enbridge Gas under contract with the OPA (and subcontracted to Union Gas), which ran until December 2010.

Description: The objective of this Initiative is to encourage builders of commercial, institutional, and industrial buildings (including multi-family buildings and agricultural facilities) to reduce electricity demand and/or consumption by designing and building new buildings with more energy-efficient equipment and systems for lighting, space cooling, ventilation and other Measures.

Targeted End Uses: New Building construction, building modeling, lighting, space cooling, ventilation and other measures

Delivery: Through Enbridge Gas (and subcontracted to Union Gas)

~~TORONTO COMPREHENSIVE INITIATIVE~~

Target Customer Type(s): Commercial and Institutional Customers

Initiative Frequency: Year round

Objective:

Description: This Initiative is specific to Toronto Hydro's Service Area.

Targeted End Uses:

Delivery:

MULTIFAMILY ENERGY EFFICIENCY REBATES

Target Customer Type(s): Residential Multi-unit buildings

Initiative Frequency: Year round

Objective: Improve energy efficiency of Multi-unit building

Description: OPA's Multifamily Energy Efficiency Rebates (MEER) Initiative applies to multifamily buildings of six units or more, including rental buildings, condominiums, and assisted social housing. The OPA contracted with GreenSaver to deliver the MEER Initiative outside of the Toronto Hydro service territory. Activities delivered in Toronto were contracted with the City.

Similar to ERII and ERIP, MEER provides financial incentives for prescriptive and custom measures, but also funds resident education. Unlike ERII, where incentives are paid by the LDC, all incentives through MEER are paid through the contracted partner (i.e. GreenSaver).

Targeted End Uses: Electricity saving measures

Delivery: OPA contracted with GreenSaver

~~DATA CENTRE INCENTIVE PROGRAM~~

Target Customer Type(s):

Initiative Frequency: Year round

Objective:

Description: This Initiative is specific to PowerStream's Service Area.

Targeted End Uses:

Delivery:

~~ENWIN GREEN SUITES~~

Target Customer Type(s):

Initiative Frequency: Year round

Objective:

Description: This Initiative is specific to EnWin's Service Area.

Targeted End Uses:

Delivery:

LRAM VARIANCE ACCOUNT

1.0 INTRODUCTION

Hydro Ottawa Limited is seeking the recovery of the Lost Revenue Adjustment Mechanism ("LRAM") in the amount of ($679,243), including principle of ($678,660) and carrying charges of ($583). This includes the 2011, 2012 and 2013 Ontario Power Authority ("OPA") Conservation and Demand Management ("CDM") programs, cumulative to the year ending December 31, 2013; please see Attachment I-8(A) for further details.

2.0 Input Assumptions

Hydro Ottawa confirms it is using the most recent input assumptions available for calculating lost revenue at the time of filing this rate application. This includes the final 2013 verified results report from the OPA and Hydro Ottawa's Conservation and Demand Management 2013 Annual Report as Submitted to the OEB on September 30, 2014. Please refer to attachments D–5(A) and D–5(B) respectively.

3.0 CDM Evaluation report from the OPA

Hydro Ottawa confirms it has relied upon the most recent final CDM evaluation, the 2013 verified results report from the OPA to support the lost revenue calculations. Please refer to Attachment D-5(A) for a copy of this OPA report.

4.0 CDM Programs and initiatives by rate class

Table 1 below shows the Lost Revenue from 2011 to 2013 by rate class, the total lost revenue from 2011 to 2013 is $678,660.

Table 1 – Lost Revenue by Year by Rate Class

	2011	2012	2013	Total
Residential	$(187,041)	$ 170,928	$ 61,248	$ 45,135
GS< 50 kW	(72,564)	(8,436)	(83,055)	(164,055)
Commercial	(172,163)	606,207	327,092	761,136
Unmetered		3,583	3,617	7,200
Streetlighting		14,611	14,633	29,244
TOTAL	**$(431,768)**	**$ 786,894**	**$ 323,534**	**$ 678,660**

A list of all the CDM programs/initiatives by rate class indicating the energy savings (kWh) and peak demand (kW) savings assigned to the programs/initiatives, is available in Table 2. For descriptions on these initiatives, please see the OPA report in Attachment D–5(A).

Table 2 – CDM Programs/Initiatives by Class by kWh/kW[1]

Customer Class - Program / Initiative	Net Incremental Peak Demand Savings (kW) - 2011	Net Incremental Peak Demand Savings (kW) - 2012	Net Incremental Peak Demand Savings (kW) - 2013	Net Incremental Energy Savings (kWh) - 2011	Net Incremental Energy Savings (kWh) - 2012	Net Incremental Energy Savings (kWh) - 2013
Residential						
Appliance Retirement				1,754,416	1,040,845	681,703
Appliance Exchange				22,795	43,987	70,563
HVAC Incentives				4,496,665	2,946,491	2,563,561
Conservation Instant Coupon Booklet				1,120,034	78,235	431,268
Bi-Annual Retailer Event				1,766,511	1,498,537	961,278
Residential Demand Response				8,266	55,891	48,406
Residential New Construction				0	0	16,548
Residential Program Total	-	-	-	9,168,688	5,663,987	4,773,328
GS< 50 kW						
Direct Install Lighting				0	0	0
Small Commercial Demand Response				0	0	0
GS< 50 kW Total	-	-	-	-	-	-
Commercial						
Retrofit - Business	35,933	66,187	58,770			
New Construction	0	163	1,500			
Energy Audit	311	1,553	5,076			
Demand Response 3 - Business	7,163	7,723	18,245			
Energy Manager	0	0	1,303			
Retrofit - Industrial	973					
Demand Response 3 - Industrial	0	503	2,266			
Home Assistance Program	0	316	380			
Electricity Retrofit Incentive Program	11,530	0	0			
High Performance New Construction	4,378	9,686	3,432			
Commercial Total	60,288	86,131	90,971	-	-	-
GRAND TOTAL	**60,288**	**86,131**	**90,971**	**9,168,688**	**5,663,987**	**4,773,328**

[1] Demand Response Activities due not Persist, therefore figures in Table 2 are not equal to cumulative totals in Table 3

5.0 Lost Revenue Calculations by Rate Class

Below in Table 3 is Hydro Ottawa's Lost Revenue by Class, broken down by demand (kW) and energy (kWh) for the years 2011 to 2013, the lost revenue totals shown include persistence. Hydro Ottawa used it's respective Board approved variable distribution charges in calculating the lost revenue.

Table 3 – Lost Revenue by Class (2011 to 2013)

		2011			2012			2013		
Customer Class	Demand (kW) or Energy (kWh)	Units of Demand or Energy	Variable Rate	Lost Revenue	Units of Demand or Energy	Variable Rate	Lost Revenue	Units of Demand or Energy	Variable Rate	Lost Revenue
Residential	kWh	9,168,688	$0.0204	$(187,041)	14,824,409	$0.0231	$170,928	19,541,846	$0.0228	$61,248
GS< 50 kW	kWh	3,979,746	$0.0182	(72,564)	7,408,550	$0.0203	(8,436)	11,064,344	$0.0204	(83,055)
Commercial	kW	60,288	$2.8557	(172,163)	139,255	$3.3690	$606,207	222,001	$3.3654	$327,092
Unmetered	kWh				0	$0.0211	$3,583	0	$0.0213	$3,617
Streetlighting	kW				0	$3.8880	$14,611	0	$3.8939	$14,633
TOTAL				$(431,768)			$786,894			$323,534

6.0 Carrying Charges on Lost Revenue

Hydro Ottawa confirms carrying charges are being requested on the Lost Revenue Adjustment Mechanism Variance Account ("LRAMVA"). The interest rate used for the calculation of all carrying charges were as prescribed by the Board and published quarterly on its website, please refer to Exhibit I-1-1 for further details on the carrying charges.

7.0 Board Approved Programs

Hydro Ottawa did not undertake any Board-Approved CDM Programs from 2012 – 2014. All the CDM programs activities are OPA funded, thus as per section 6.1.1 of the Conservation and Demand Management Code, no separate third-party independent verification is required.