



File Number: EB-2015-0083

Date Filed: June 1, 2015

# **Exhibit 4**

## **OPERATING COSTS**



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## Exhibit 4

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Overview

# 1 Overview

2

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## 3 OPERATING COST OVERVIEW

4

5 This exhibit provides evidence supporting Operating Costs. These include Operations,  
6 Maintenance and Administration (“OM&A”) costs, Depreciation and Amortization  
7 expenses, Payments in Lieu of Taxes (“PILS”) and property taxes.

8

9 OM&A costs include costs that are required to operate and maintain Kingston Hydro’s  
10 distribution system assets, maintain a reliable supply of electricity to customers, provide  
11 customer services including billing and collecting and administrative management.

12

13 The application is being filed as a Custom IR Application as provided in the Board’s  
14 Renewed Regulatory Framework for Electricity (“RRFE”). The Bridge year is 2015 and  
15 the Test Year is 2016. Kingston Hydro is requesting operating expense adjustments for  
16 2017-2020 in conjunction with the 4GIRM filing guidelines and proposes to file annual  
17 applications in this regard.

18

19 Operating costs for 2011 through to 2014 are provided on a Generally Accepted  
20 Accounting Principles (“CGAAP”) basis. The costs for 2015 Bridge Year and 2016-2020  
21 Test Years are provided on a Modified International Financial Reporting Standards  
22 (“MIFRS”).

23

24 Kingston Hydro structured a planning process for 2016-2020 OM&A around the  
25 principles of the 4<sup>th</sup> Generation Incentive Rate Making regime. 2016 budget is generally  
26 based on a 3% increase over the 2015 budget of \$6,858,652. The 3% increase for 2016  
27 is based on the Bank of Canada targeted inflation. For illustrative purposes Kingston



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- 1 Hydro has provided 2017-2020 expenses with a yearly increase of 1.7% which is 2%
- 2 inflation less a 0.3% productivity factor.



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Summary and Cost Driver Tables

# Summary and Cost Driver Tables

## SUMMARY AND COST DRIVER TABLES

### Summary of Recoverable OM&A Expenses

Appendix 2-JA shown below summarizes OM&A expenses comparing year over year spending. Also included in the application is Appendix 2-JB cost driver and Appendix 2-L cost by customer and FTE. Kingston Hydro has not included Appendix 2-D because Kingston Hydro does not capitalize OM&A overhead costs and has never capitalized OM&A overhead costs.

Below are material year over year variances identified in the appendices.

## OPERATIONS

Table 1-Summary of Costs in Operations

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Operations	\$ 2,605,493	\$ 2,338,944	\$ 2,904,286	\$ 2,013,677	\$ 2,006,738	\$ 2,066,941

### 2011-2012

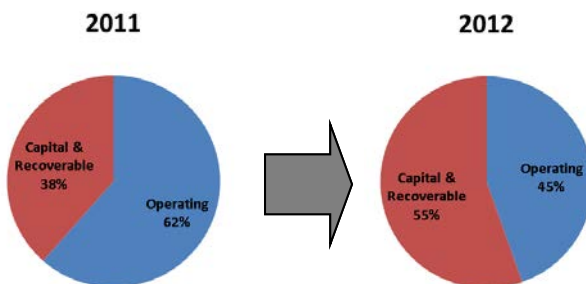
Overall operation costs have decrease from 2011. This is mainly attributable to a decrease in operation overhead system work. Staff involved with the construction and maintenance of the electricity infrastructure apportion their time as required between operating and maintenance work, capital work, or customer-recoverable work.

Generally, an increase in capital work or customer-recoverable work can induce a

1 corresponding decrease in operating and maintenance work. This is influenced primarily  
2 by the type of capital work involved and the extent that customer recoverable work is  
3 generated throughout the year. In 2012, the capital and recoverable work demands on  
4 the line crews were such that the amount of time left available for operating work was  
5 appreciably less. Whereas 62% of overhead linemen crew's labour time was spent on  
6 and recorded to operating accounts in 2011, only 45% of their time was spent on and  
7 recorded to operating accounts in 2012. In 2012, only 16% of the time spent on O&M  
8 activities was apportioned to USofA account 5020, a reduction from 32% of the time in  
9 2011. This was due to an increase in unplanned (i.e. maintenance-classified) work.

10

11 Figure 1: Labour Allocation



12

13

14 Engineering staff time costs decreased in 2012 due to an increase in 2011 with  
15 Kingston Hydro's 2011 COS Rate Application in the first two quarters of 2011. In  
16 addition, Kingston Hydro had hired a new engineering technologist in mid-November of  
17 2010; so a significant portion of their time was allocated to operations during 2011. In  
18 2011 there was an increase in customer-funded recovery work associated with  
19 engineering work associated with the rebuild of 1.7 km of overhead electrical assets  
20 associated with the City of Kingston reconstruction of John Counter Blvd. The widening  
21 of this road from two lanes to 4 lanes required the relocation of electrical assets along  
22 the entire length. These decreases in engineering staff time coded to operating  
23 expenses were partially offset by an increase in consulting costs to cover fees  
24 associated with the development of an Asset Management Plan for our electric assets.

1 Kinectrics was hired in 2012 to perform a condition assessment of our key distribution  
2 assets. Such an undertaking was intended to develop a quantifiable evaluation of asset  
3 condition, aid in prioritizing and allocating capital sustainment resources and facilitate  
4 the development of an Asset Management Plan that would form part of the Distribution  
5 System Plan being submitted as part of Kingston Hydro's 2016 Customer IR Rate  
6 Application. The project was completed in 2013.

7

8 Metering expenses increased in 2012, due to an increase in wages, benefits and  
9 vehicle charges. Approximately \$73,000 is due to increases resulting from the smart  
10 meter implementation project being closed at June 30, 2012. This increase was  
11 submitted in rate proceeding EB-2012-0310 as part of the application for a Smart Meter  
12 Incremental Revenue Requirement Rate Rider. The remaining approximately \$120,000  
13 was due to a focus on the implementation of testing programs for interval metering, as  
14 well as meter changes for demand and interval metered customers.

15

## 16 **2012-2013**

17

18 In 2013 operation costs increased. Engineering costs increased due to the addition of  
19 an additional Engineering Technologist in late 2012, (full cost in 2013), as well as  
20 significant staff time involved with developing and modifying many Standard Operating  
21 Procedures, as well as the associated crew training.

22

23 In 2012 Kingston Hydro applied for recovery of Smart Meter expenses, application EB-  
24 2012-0310 Kingston Hydro received approval of most of the smart meter operating  
25 expenses which were recognized in 2013. These expenses caused a one-time increase  
26 in 2013.

27



1 In 2013 major ice storm that swept through a large swatch of Ontario affecting a large  
2 number of customer's individual services is responsible for this variance between 2013  
3 and 2014. Crews had to deal with these services, causing the increase in 2013  
4 operations.

5

#### 6 **2013-2014**

7

8 Operation expenses have decreased from 2013-2014. The majority of this decrease is  
9 related to an increase in customer-funded recoverable work due to a Bell Canada  
10 initiative in Kingston called "Fibre to the Home". This caused staff time to shift from  
11 both operations and maintenance to recoverable in order to complete this recoverable  
12 work. This project involved the installation of new and additional fibre attachments to  
13 Kingston Hydro poles. This prompted work to be conducted to bring the poles and  
14 related framing anchoring to the standards as required by regulation.

15

16 The remainder of the decreases are a result of the increase of Smart Meter expenses  
17 recognized in 2013 and the ice storm costs explained above in the 2012-2013  
18 variances.

19

#### 20 **2014-2015**

21

22 Operation expenses has decreased from 2014-2015. This is due to increased  
23 Engineering time that is directly attributable to capital projects which will not be coded  
24 operations.

25

26 The decrease in engineering time is offset by an increase in operation work which had  
27 decreased in 2014 due to the customer-funded recoverable work provided for Bell  
28 Canada as explained above.

1 **MAINTENANCE**

2

3 Table 2- Summary of Costs in Maintenance

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Maintenace	\$ 810,263	\$ 873,655	\$ 983,794	\$ 1,037,661	\$ 1,324,805	\$ 1,364,549

4

5

6 **2012-2013**

7

8 Intensification of Kingston Hydro tree-trimming increased in 2013. Kingston Hydro  
 9 recognizes the value that this activity can have in reducing power outages associated  
 10 with wind and ice storms. In 2010, Kingston Hydro increased this work and in 2012  
 11 determined that more was required, as staff were still identifying hot-spots - indication  
 12 that the trimming program was not adequately aggressive. In 2013, a greater emphasis  
 13 was placed on this, and clearly it was the right decision. Without the effects of the major  
 14 ice storm in December, Kingston Hydro outages due to tree contacts were cut by 50%  
 15 in 2013. Kingston received more ice build-up than other areas of the province during  
 16 that December ice storm, but power outages - though significant - were not as  
 17 widespread nor as long as in other jurisdictions. In fact, many of our outages were  
 18 required for the protection of workers, rather than due to direct tree contacts.

19

20 **2013-2014**

21

22 In 2014 Kingston Hydro contracted a consultant to complete a condition assessment  
 23 report on potential options to complete the upgrade of Substation No 1. A key Kingston  
 24 Hydro asset, it plays a pivotal role in distributing power to the downtown core of  
 25 Kingston at both 44kV and 5kV voltage levels. Substation MS1 has served Kingston  
 26 Hydro customers for more than 50 years since its last major refurbishment in 1957.

1 Recognizing the importance of the area and number of customers that the substation  
 2 serves, as well as the age of the equipment the condition assessment was essential.

3  
 4 The remainder of the balance in this account is decreases in maintenance work  
 5 attributable to an increase customer-funded recoverable work provided to Bell Canada  
 6 as discussed above.

7  
 8 **2014-2015**

9  
 10 The City of Kingston Public Works Forestry department conducts line clearing work  
 11 (tree trimming) for Kingston Hydro. However, as a result of employee and apparatus  
 12 issues in 2014, some areas were not able to be cleared to the extent planned. This was  
 13 reflected in the actual costs being less than budgeted for and accounts for the variance  
 14 between those costs and what is planned for 2015. The significant ice storm of  
 15 December, 2013 demonstrated to many Ontarians the value of line clearing, and  
 16 Kingston Hydro understands that need. Consequently, the 2015 budget amount is  
 17 essentially equal to that budgeted for in 2014 with full intention that line clearing  
 18 activities will encompass all that is planned for.

19  
 20 Increase in 2015 is due to the customer-funded recoverable work being completed for  
 21 Bell Canada as discussed above. These costs are reflective of staff time working on  
 22 standard maintenance activities.

23  
 24 **BILLING AND COLLECTING**

25  
 26 Table 3- Summary of Costs in Billing and Collecting

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Billing and Collecting	\$ 829,561	\$ 954,712	\$ 1,013,374	\$ 840,791	\$ 913,498	\$ 938,710



1 **2011-2012**

2

3 Billing and collecting increase in 2012 due to Kingston Hydro being charged cashiering  
4 services provided by the City of Kingston. Kingston Hydro was previously not paying for  
5 this service.

6

7 In 2011 there were customer service code amendments which directly impacted  
8 collection procedures for customers in arrears. These amendments increased the risk of  
9 collections from customers increasing bad debt expense in 2012.

10

11 **2013-2014**

12

13 A decrease in 2014 was a result of a reduction of information system support staff time  
14 spent on system changes related to the billing system. The difference in time was  
15 properly reported as Administrative Expenses.

16

17 **2014-2015**

18

19 Billing and collecting is expected to increase in 2015 due to an increase in bad debt  
20 expense. This number is based on a four year average of bad debt expense to  
21 accurately anticipate the risk of collection from customers.

22

23 **COMMUNITY RELATIONS**

24

25 Table 4- Summary of Costs in Community Relations

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
26 Community Relations	\$ 204,150	\$ 201,696	\$ 120,438	\$ 79,874	\$ 100,011	\$ 103,011

27

1 **2012-2013**

2

3 In 2013 costs decreased due to a decrease in call centre costs charged to Kingston  
 4 Hydro for services provided by the City of Kingston.

5

6 **ADMINISTRATIVE AND GENERAL**

7

8 Table 5- Summary of Costs in Administrative and General

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Administrative and General	\$ 1,577,877	\$ 1,783,955	\$ 1,860,228	\$ 2,362,486	\$ 2,379,487	\$ 2,519,464

9

10

11 **2011-2012**

12

13 The overall Administrative and General Expenses increased from 2011 to 2012. This is  
 14 mainly attributable an increase in costs charged to Kingston Hydro for Information  
 15 Systems and Human Resource work provided by the City of Kingston.

16

17 Regulatory expenses decreased in 2012 due an increase in incremental costs in 2011  
 18 for the preparation and filing of Kingston Hydro's 2011 Cost of Service Application EB-  
 19 2010-0136.

20

21 In 2011 a credit was recorded relating to Kingston Hydro's future benefits resulting in an  
 22 actuarial gain.

23

24

25

26

27

1 **2013-2014**

2

3 In 2014 Administration and General Expenses increased. This is mainly due  
4 Engineering staff time required to work on the Distribution System Plan in preparation  
5 for the 2016 Custom IR application EB-2015-0086.

6

7 There was also a reporting change in 2014 recognizing staff time relating to information  
8 system was fully reported in Billing and Collecting, but through review it was determined  
9 a significant portion of their time is related to General Administration.

10

11 **2014-2015**

12

13 Staff time related to Engineering between 2014 and 2015 is anticipated to decrease in  
14 2015 due to recognition of the proposed expenditures relating to the capital program  
15 described in the Distribution System Plan, Attachment 2.2.1.1.1. The proposed capital  
16 program will require engineering staff to spend more time managing specific capital  
17 projects in 2015 than that experienced in 2014. Therefore the 2015 OM&A budget for  
18 engineering has been reduced to recognize the direct costs for capital activities.

19

20 Rent expense has increased in 2015 due to additional office space. The method to  
21 charge the expenses to Kingston Hydro from Utilities Kingston was setup based on  
22 square footage use for each utility and market value gross rent.



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## OEB Appendix 2-JA

**Appendix 2-JA  
Summary of Recoverable OM&A Expenses**

	Last Rebasings Year (2011 Actuals)	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS
Operations	\$ 2,605,493	\$ 2,338,944	\$ 2,904,286	\$ 2,013,677	\$ 2,006,738	\$ 2,066,941
Maintenance	\$ 810,263	\$ 873,655	\$ 983,794	\$ 1,037,661	\$ 1,324,805	\$ 1,364,549
<b>SubTotal</b>	<b>\$ 3,415,756</b>	<b>\$ 3,212,599</b>	<b>\$ 3,888,080</b>	<b>\$ 3,051,338</b>	<b>\$ 3,331,543</b>	<b>\$ 3,431,490</b>
%Change (year over year)		-5.9%	21.0%	-21.5%	9.2%	3.0%
%Change (Test Year vs Last Rebasings Year - Actual)						0.5%
Billing and Collecting	\$ 829,561	\$ 954,712	\$ 1,013,374	\$ 840,791	\$ 913,498	\$ 938,710
Community Relations	\$ 204,150	\$ 201,696	\$ 120,438	\$ 79,874	\$ 100,011	\$ 103,011
Administrative and General	\$ 1,577,877	\$ 1,783,955	\$ 1,860,228	\$ 2,362,486	\$ 2,379,487	\$ 2,519,464
Taxes and Other Income Tax	\$ 133,047	\$ 129,781	\$ 133,226	\$ 133,671	\$ 134,112	\$ 138,135
<b>SubTotal</b>	<b>\$ 2,744,635</b>	<b>\$ 3,070,143</b>	<b>\$ 3,127,265</b>	<b>\$ 3,416,822</b>	<b>\$ 3,527,108</b>	<b>\$ 3,699,320</b>
%Change (year over year)		11.9%	1.9%	9.3%	3.2%	4.9%
%Change (Test Year vs Last Rebasings Year - Actual)						34.8%
<b>Total</b>	<b>\$ 6,160,391</b>	<b>\$ 6,282,742</b>	<b>\$ 7,015,345</b>	<b>\$ 6,468,160</b>	<b>\$ 6,858,651</b>	<b>\$ 7,130,810</b>
%Change (year over year)		2.0%	11.7%	-7.8%	6.0%	4.0%

	Last Rebasings Year (2011 Actuals)	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Operations	\$ 2,605,493	\$ 2,338,944	\$ 2,904,286	\$ 2,013,677	\$ 2,006,738	\$ 2,066,941
Maintenance	\$ 810,263	\$ 873,655	\$ 983,794	\$ 1,037,661	\$ 1,324,805	\$ 1,364,549
Billing and Collecting	\$ 829,561	\$ 954,712	\$ 1,013,374	\$ 840,791	\$ 913,498	\$ 938,710
Community Relations	\$ 204,150	\$ 201,696	\$ 120,438	\$ 79,874	\$ 100,011	\$ 103,011
Administrative and General	\$ 1,577,877	\$ 1,783,955	\$ 1,860,228	\$ 2,362,486	\$ 2,379,487	\$ 2,519,464
Taxes	\$ 133,047	\$ 129,781	\$ 133,226	\$ 133,671	\$ 134,112	\$ 138,135
<b>Total</b>	<b>\$ 6,160,391</b>	<b>\$ 6,282,742</b>	<b>\$ 7,015,345</b>	<b>\$ 6,468,160</b>	<b>\$ 6,858,651</b>	<b>\$ 7,130,810</b>
%Change (year over year)		2.0%	11.7%	-7.8%	6.0%	4.0%

Variance 2016 Test vs. 2015 Bridge
\$ 60,202
\$ 39,744
\$ 25,212
\$ 3,000
\$ 139,977
\$ 4,023

	Last Rebasings Year (2011 Actuals)	2012 Actuals	Variance 2012 Actuals vs. 2011 Actuals	2013 Actuals	Variance 2013 Actuals vs. 2011 Actuals	2014 Actuals	Variance 2014 Actuals vs. 2013 Actuals	2015 Bridge Year	Variance 2015 Bridge vs. 2014 Actuals	2016 Test Year	\$ 272,159
Operations	\$ 2,605,493	\$ 2,338,944	-\$ 266,549	\$ 2,904,286	\$ 565,342	\$ 2,013,677	-\$ 890,609	\$ 2,006,738	-\$ 6,939	\$ 2,066,941	
Maintenance	\$ 810,263	\$ 873,655	\$ 63,392	\$ 983,794	\$ 110,139	\$ 1,037,661	\$ 53,867	\$ 1,324,805	\$ 287,144	\$ 1,364,549	\$ 272,159
Billing and Collecting	\$ 829,561	\$ 954,712	\$ 125,151	\$ 1,013,374	\$ 58,662	\$ 840,791	-\$ 172,583	\$ 913,498	\$ 72,707	\$ 938,710	
Community Relations	\$ 204,150	\$ 201,696	-\$ 2,454	\$ 120,438	-\$ 81,258	\$ 79,874	-\$ 40,564	\$ 100,011	\$ 20,137	\$ 103,011	
Administrative and General	\$ 1,577,877	\$ 1,783,955	\$ 206,078	\$ 1,860,228	\$ 76,273	\$ 2,362,486	\$ 502,258	\$ 2,379,487	\$ 17,001	\$ 2,519,464	
Taxes	\$ 133,047	\$ 129,781	-\$ 3,266	\$ 133,226	\$ 3,445	\$ 133,671	\$ 445	\$ 134,112	\$ 441	\$ 138,135	4%
<b>Total OM&amp;A Expenses</b>	<b>\$ 6,160,391</b>	<b>\$ 6,282,742</b>	<b>\$ 122,351</b>	<b>\$ 7,015,345</b>	<b>\$ 732,603</b>	<b>\$ 6,468,160</b>	<b>-\$ 547,185</b>	<b>\$ 6,858,651</b>	<b>\$ 390,491</b>	<b>\$ 7,130,810</b>	<b>3.0%</b>
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)											
<b>Total Recoverable OM&amp;A Expenses</b>	<b>\$ 6,160,391</b>	<b>\$ 6,282,742</b>	<b>\$ 122,351</b>	<b>\$ 7,015,345</b>	<b>\$ 732,603</b>	<b>\$ 6,468,160</b>	<b>-\$ 547,185</b>	<b>\$ 6,858,651</b>	<b>\$ 390,491</b>	<b>\$ 7,130,810</b>	
Variance from previous year				\$ 854,954		-\$ 547,185		\$ 390,491		\$ 272,159	
Percent change (year over year)				14%		-8%		6%		4%	
Percent Change: Test year vs. Most Current Actual											15.75%
Simple average of % variance for all years											
Compound Annual Growth Rate for all years											
Compound Growth Rate (2014 Actuals vs. 2011 Actuals)											1.64%

**Note:**

- "BA" = Board-Approved
- If it has been more than three
- 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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## OEB Appendix 2-JB

## Appendix 2-JB - Recoverable OM&A Cost Driver Table Summary 2012 - 2016

Total OM&A	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Reporting Basis	CGAAP	GCAAP	MIFRS	MIFRS	MIFRS
<b>Opening Balance -Beginning of Year</b>	6,160,391	6,282,742	7,015,345	6,468,160	6,858,651
Post Employment Benefits	165,000				
2011 COS Expenses	(172,000)				
Change in Services provided by the City of Kingston	77,000	(82,000)			
Incremental Metering Expenses-Smart Metering	73,000				
Meter Testing Programs	120,000				
Substation Maintenance	71,000				
Increase in Capital Labour	(165,000)	165,000			
Consulting work Kinetric's Study	95,000	(80,000)			
Increase in Tree Trimming		82,000		95,000	
Recoverable work	(90,000)	115,000			
Ice Storm		175,000	(175,000)		
Document Standard Operating Procedures in Operations		110,000			
Condition Assessment-Substation 1			147,000		
Bell "Fibre at the Home" Labour			(300,000)	300,000	
Recognition of Smart Meter Costs		185,000	(185,000)		
2016 COS Rate Application					70,000
Engineering Time-allocated to Capital				(71,000)	
Rent				71,000	
Bad Debt Expense				53,000	
Miscellaneous	(51,649)	62,603	(34,185)	(57,509)	202,159
<b>Closing Balance- End of Year</b>	6,282,742	7,015,345	6,468,160	6,858,651	7,130,810



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## OEB Appendix 2-L

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

	Last Rebasing Year - 2011- Actual	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
<b>Reporting Basis</b>						
<b>Number of Customers</b>	26,961	26,906	27,154	27,380	27,484	27,589
<b>Total Recoverable OM&amp;A from Appendix 2-JB</b>	\$ 6,160,391	\$ 6,282,743	\$ 7,015,345	\$ 6,468,160	\$ 6,858,652	\$ 7,130,810
<b>OM&amp;A cost per customer</b>	228.49	233.51	258.35	236.24	249.55	258.47
<b>Number of FTEs</b>	44.65	48.45	49.11	47.32	50.34	50.34
<b>Customers/FTEs</b>	603.89	555.33	552.92	578.57	545.96	548.04
<b>OM&amp;A Cost per FTE</b>	137,985.11	129,674.40	142,849.25	136,678.57	136,243.53	141,649.81

**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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OEB Appendix 2-D

This is not applicable to Kingston Hydro Corporation



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# Program Delivery Costs with Variance Analysis

# 1 Program Delivery Costs with Variance Analysis

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## 3 PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

### 5 Overview of Program Delivery Costs

7 This section provides a variance analysis of Kingston Hydro's OM&A costs by major  
8 function (Appendix 2-JC of the filing requirements).

10 Kingston Hydro has maintained relatively stable OM&A costs since Kingston Hydro  
11 2011 Last Board-Approved costs. Comparing 2016 test year costs with the 2011 Board  
12 approved amount, Kingston Hydro is anticipating a 12% increase over the five year  
13 period averaging out to 2.4% per annum. These costs are mainly attributable to  
14 inflationary increases and well as increasing customer reliability in areas such as tree-  
15 trimming. As previously mentioned Kingston Hydro used a 3% increase from 2015  
16 Bridge Year to the 2016 Test year which is in line with the Bank of Canada targeted  
17 inflation.

19 Kingston Hydro's 2014 operation expenses decreased from prior years. The majority of  
20 the decrease is related to an increase in customer-funded recoverable work due to a  
21 Bell Canada initiative in Kingston called "Fibre to the Home". This caused staff time to  
22 shift from both operations and maintenance to recoverable in order to complete this  
23 recoverable work. Appendix 2-JC shows "Overhead System" costs reduced because of  
24 this work.





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- 1 Both the 2011 Board approved and 2011 actuals show increased expenses compared
- 2 to 2014. In addition, the 2016 Test Year show increases in this program to reflect the
- 3 projected operating expenses for 2016 and beyond.



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OEB Appendix 2-JC

**Appendix 2-JC  
OM&A Programs Table**

Programs	2011 Board Approved	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	Bridge Year 2015	2016 Test Year	Variance (2014 Actuals vs. Last Rebasing Year ( Board-Approved)	Variance (2016 Test Year vs. Last Rebasing Year ( Board-Approved)
<i>Reporting Basis</i>	CGAAP	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS		
Management	866,228	626,799	825,705	713,216	627,213	636,996	656,105	-239,016	-210,123
Utility Administration	939,685	741,908	785,964	987,403	1,060,590	1,137,039	1,171,150	120,905	231,465
								0	0
Billing and Collections	604,793	553,592	704,038	647,124	620,086	763,578	784,292	15,293	179,499
Customer Service and Information	201,029	181,338	194,365	111,855	68,322	90,693	93,413	-132,707	-107,615
Dispatch	228,574	216,069	241,067	273,539	270,836	252,619	260,198	42,263	31,624
Engineering	1,064,654	778,064	691,969	905,164	808,772	632,287	651,256	-255,882	-413,398
Supervision	76,625	1,269	12,155	3,860	40,434	84,219	86,746	-36,192	10,120
Meter Reading	54,350	88,021	130,875	189,285	180,413	192,019	197,779	126,063	143,429
Metering	278,601	386,030	491,942	581,733	414,192	420,635	433,254	135,591	154,653
Operations Locates	86,949	64,385	92,570	96,262	100,013	156,459	161,153	13,064	74,204
Operations -SCADA	140,940	261,021	251,758	282,551	272,082	253,888	261,504	131,143	120,565
Overhead and Underground Services	84,749	70,532	79,109	79,311	113,104	103,964	107,083	28,355	22,334
Overhead System	930,203	874,335	682,961	697,802	450,544	590,811	608,535	-479,659	-321,668
Rate Application	-	189,785	17,514	2,420	39,275	-	70,370	39,275	70,370
Regulatory Requirements	218,354	113,038	151,843	155,844	156,863	181,753	184,938	-61,491	-33,416
Storms	-	-	-	179,629	6,932	-	0	6,932	0
Substation	552,295	293,390	414,672	304,355	474,230	472,592	486,770	-78,065	-65,526
System Support	147,251	187,949	119,799	188,226	212,949	144,178	148,503	65,698	1,253
Tree Trimming	62,162	176,311	160,639	242,587	192,300	286,938	295,547	130,138	233,384
Underground System	359,518	278,553	202,787	267,348	276,442	317,369	326,890	-83,076	-32,628
Conservation	112,308	22,812	7,331	8,353	11,552	7,658	7,888	-100,756	-104,420
Miscellaneous	48,234	39,592	8,080	80,349	55,016	115,956	119,433	6,782	71,199
LEAP Funding		15,600	15,600	17,128	16,000	17,000	18,000		
								0	0
OM&A "Envelope" Reduction	(700,000)							700,000	700,000
								0	
<b>Total OM&amp;A</b>	<b>6,357,504</b>	<b>6,160,391</b>	<b>6,282,743</b>	<b>7,015,345</b>	<b>6,468,160</b>	<b>6,858,652</b>	<b>7,130,810</b>	<b>110,656</b>	<b>755,306</b>

# Employee Compensation

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## EMPLOYEE COMPENSATION

### Employee Costs

Kingston Hydro receives asset management, billing and operational services from Utilities Kingston under contract. Therefore, some of the employee compensation costs are 100% attributable to Kingston Hydro while others are incurred through an allocation of Utilities Kingston costs. Appendix 2K as required in section 2.7.3.1 of the Ontario Energy Board's Chapter 2 of the Filing Requirements For Electricity Distribution Rate Applications - 2014 Edition for 2015 Rates Applications - (July 18, 2014) has been completed to show annual compensation costs for Kingston Hydro and the total number of employees allocated to Kingston Hydro. Appendix 2K is shown in in Exhibit 4, Tab 3, Schedule 2, Attachment 1 of this application.

As of 2014 there is an equivalent of 47 employees allocated to Kingston Hydro. This amount is down from the 2013 level of 49. As noted in other areas of this exhibit, employee costs in 2014 were lower due to customer funded recoverable work. Both staffing levels and compensation costs were reduced accordingly. Staffing levels will increase to 50.3 in 2015 and are expected to remain at this level throughout the 2016-2020 period.

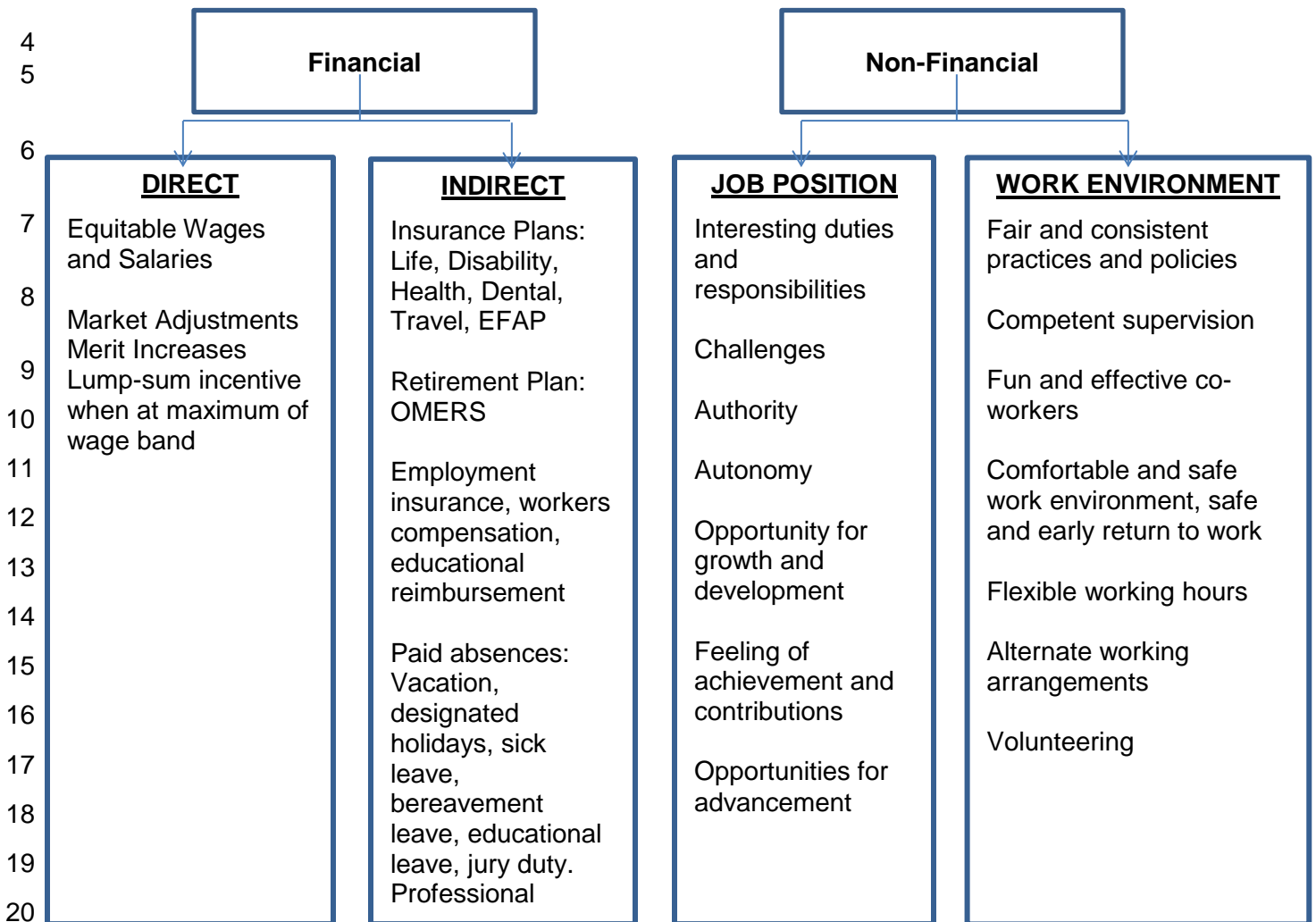
### Non-Unionized Employees Compensation Strategy

The non-union compensation strategy has three key objectives:

- 1 1. Meet corporate goals and objectives by compensating employees for  
2 performance specific to Utilities Kingston Work Plan.  
3
- 4 2. Meeting internal equity by compensating for skills, knowledge and experience.  
5
- 6 3. Ensuring external competitiveness in order to attract and retain employees by  
7 compensating for market value.  
8

9 Our compensation program incents employees to align our values, business strategy,  
10 operational and financial needs with a goal of service excellence, efficiency and  
11 effectiveness, productivity and return on investment.  
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1 Figure 1- Total compensation strategy:  
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1 **Financial – Direct Compensation**

2

3 The company sets compensation bands based on market value to attract and retain the  
4 required skills, knowledge and experience that complement our multi-utility model and  
5 drive the corporation’s success and reputation. We believe in a compensation strategy  
6 that provides a balance between internal equity with external competitiveness. Non-  
7 union employees’ salaries are based on a minimum 40-hour workweek.

8

9 **Internal equity**

10

11 “Internal equity exists when employees in an organization perceive that they are being  
12 rewarded fairly according to the relative value of their jobs within an organization”.

13

14 **External equity**

15

16 “External equity exists when employees in an organization perceive that they are being  
17 rewarded fairly in relation to those who perform similar jobs in other organizations”.

18

19 The Minimum and maximum salary band amounts of Utilities Kingston’s wage bands  
20 are reviewed annually for inflation, using the CPI- Ontario index.

21

22 We strive to provide base salary that provides internal equity while matching the  
23 external market (50<sup>th</sup> percentile) for our industry as much as possible without  
24 jeopardizing internal equity. Periodic third party benchmarking is performed in order to  
25 have an independent, objective evaluation.

26

27 We also monitor the local market for competitiveness for talent through our own and  
28 other employer’s advertised recruitment, by participating in industry and local market

1 compensation surveys, by studying companies regarded as employer of choice in  
2 Canada, and by monitoring our attrition rate and conducting exit interviews.

3

4 Position placement in job bands is on the basis of the duties and competencies required  
5 for each position, and job placements in job bands are compared against each other  
6 using a criteria-based internal equity evaluation model.

7

8 Incumbent placements in job bands are determined based on the experience and skills  
9 required for the effective performance of the functions of the position and the work unit  
10 or department.

11

## 12 **Performance Pay**

13

14 Once appointed to a position in a wage band, non-Union employees progress within  
15 their wage band through a pay for performance plan, based upon the achievement of  
16 objectives and the demonstration of our organizational values through the process of  
17 yearly "Contributions Agreements" and evaluations. The maximum annual pay for  
18 performance increase is set annually by the President and CEO and cannot exceed 5%.  
19 This increase compensates for progression through the band as well as any inflation or  
20 market adjustments.

21

22 All compensation increases are based on the performance and contribution of each  
23 individual over the past year. These assessments are applied on January 1 of each  
24 year. The individual contribution agreements are developed in advance and identify the  
25 specific work responsibilities which are aligned with the annual work plan, which in turn  
26 is aligned with the Strategic plan. Individuals are also evaluated on the basis of the  
27 competencies that they demonstrate as well as how well they demonstrate the values of  
28 the corporation. Certain team objectives towards the achievement of yearly work plans



1 for Utilities Kingston and Kingston Hydro are also included at the level of Managers and  
2 Directors of the corporation.

3

4 A pay for performance plan has several advantages:

5

- 6 • Signals key behaviours and motivates action
- 7 • Reduces the need for control mechanisms
- 8 • Creates employee interest in performance
- 9 • Supports our managerial and corporate strategies
- 10 • Relates pay to the corporation's ability to pay

11

## 12 **Incentive Pay**

13

14 An incentive pay plan provides for competent employees who have arrived at the  
15 maximum of their wage band to receive their pay for performance as a lump-sum, as  
16 opposed to an annual base salary increase.

17

18 There are no short-term or "bonus" plans to supplement the pay for performance pay  
19 plan. There are no automatic cost of living adjustments for non-union employees.

20

## 21 **Unionized Employees**

22

23 Annual increases are accorded to unionized staff based on the established rates  
24 negotiated by the Corporation and I.B.E.W Local 636, and promulgated in the Collective  
25 Agreement. Formal contract negotiations resulted in a new collective agreement  
26 completed in February 2014 and effective January 1, 2014 to December 31, 2017.

27

1 Table 1 shows the percentage increases for unionized employees for the years of 2011  
2 through to the 2017 Test Year.

3

4 **Table 1: Union Wage Increases**

	2011	2012	2013	2014	2015	2016	2017
<b>Yearly Increase</b>	2.50%	2.50%	2.50%	1.95%	2.00%	2.00%	2.00%

5

6 **Overtime Costs**

7

8 Union staff is entitled to overtime pay. Overtime usage is routinely monitored to ensure  
9 that it is used effectively and efficiently. Overtime hours are also monitored to determine  
10 when it becomes necessary and more efficient to add new staff to the work force.

11

12 **Benefits**

13

14 Company paid benefits are a fundamental part of compensation. An appropriate level of  
15 benefits serves to attract, motivate and retain employees and improve their overall  
16 health and wellness. Kingston Hydro does not utilize an executive or management  
17 bonus system.

18

19 The Applicant maintains a reasonable, comprehensive and competitive benefits  
20 package for its employees. Benefits include Health, Dental, Accrued sick leave,  
21 Extended Travel, Life Insurance, Long-term Disability, Pension Plan, Employee and  
22 Family Assistance Program (EFAP). Adjustments to the benefit plans are reviewed  
23 coincident with the collective agreement negotiations, usually on a four year cycle.  
24 Utilities Kingston also contributes the company's portion of the statutory benefits such  
25 as Canada Pension Plan (CPP), Employment Insurance (EI) and the provincial



File Number: EB-2015-0083

Exhibit: 4

Tab: 3

Schedule: 2

Page: 8 of 8

Date Filed: June 1, 2015

1 Employer Health Tax (EHT) and the Workers' Safety Insurance Board (WSIB)  
2 Premiums.  
3  
4 Employees are a member of the Ontario Municipal Retirement System (OMERS).  
5 Kingston Hydro is charged with its share of post-employment employee costs consistent  
6 with the allocation of staff time noted above. Decision EB-2010-0136 stated that  
7 Kingston Hydro was not permitted to provide for any tax adjustment for the change in its  
8 share of the post-employment liability and as such has filed this application consistent  
9 with that decision.



File Number:EB-2015-0083

Exhibit: 4  
Tab: 3  
Schedule: 2

Date Filed: June 1, 2015

Attachment 1 of 1

OEB Appendix 2-K

**Appendix 2-K  
Employee Costs**

	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
<b>Number of Employees (FTEs including Part-Time)</b>						
Management	-	4.08	4.00	3.61	3.62	3.62
Non-Union	9.97	8.85	7.89	8.21	7.33	7.33
Union	34.68	35.51	37.22	35.51	39.40	39.40
<b>Total</b>	<b>44.65</b>	<b>48.45</b>	<b>49.11</b>	<b>47.32</b>	<b>50.34</b>	<b>50.34</b>
<b>Total Salary and Wages</b>						
Management	-	392,147	422,593	\$ 457,539	\$ 423,830	\$ 436,545
Non-Union	868,139	683,058	694,190	\$ 598,704	\$ 592,759	\$ 610,542
Union	2,075,882	2,282,105	2,535,853	\$ 2,261,019	\$ 2,743,268	\$ 2,798,134
<b>Total</b>	<b>\$ 2,944,021</b>	<b>\$ 3,357,310</b>	<b>\$ 3,652,636</b>	<b>\$ 3,317,262</b>	<b>\$ 3,759,858</b>	<b>\$ 3,845,221</b>
<b>Current Benefits</b>						
Management	-	\$ 88,953	\$ 90,575	\$ 115,010	\$ 85,109	\$ 90,158
Non-Union	207,522	\$ 177,315	\$ 181,315	\$ 159,411	\$ 140,735	\$ 149,085
Union	630,244	\$ 490,799	\$ 473,017	\$ 504,300	\$ 666,504	\$ 706,047
<b>Total</b>	<b>\$ 837,766</b>	<b>\$ 757,068</b>	<b>\$ 744,907</b>	<b>\$ 778,721</b>	<b>\$ 892,348</b>	<b>\$ 945,291</b>
<b>Accrued Pension and Post-Retirement Benefits</b>						
Management	\$ -	\$ 5,864	\$ 8,990	\$ 5,928	\$ 5,928	\$ 6,279
Non-Union	-\$ 33,778	\$ 10,214	\$ 14,768	\$ 7,757	\$ 7,757	\$ 8,216
Union	-\$ 80,770	\$ 34,125	\$ 53,945	\$ 29,293	\$ 29,293	\$ 31,031
<b>Total</b>	<b>-\$ 114,549</b>	<b>\$ 50,203</b>	<b>\$ 77,703</b>	<b>\$ 42,978</b>	<b>\$ 42,978</b>	<b>\$ 45,527</b>
<b>Total Benefits (Current + Accrued)</b>						
Management	\$ -	\$ 94,817	\$ 99,565	\$ 120,938	\$ 91,037	\$ 96,438
Non-Union	\$ 173,744	\$ 187,529	\$ 196,082	\$ 167,167	\$ 148,492	\$ 157,302
Union	\$ 549,474	\$ 524,924	\$ 526,962	\$ 533,594	\$ 695,797	\$ 737,078
<b>Total</b>	<b>\$ 723,218</b>	<b>\$ 807,271</b>	<b>\$ 822,609</b>	<b>\$ 821,699</b>	<b>\$ 935,326</b>	<b>\$ 990,818</b>
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>						
Management	\$ -	\$ 486,964	\$ 522,159	\$ 578,477	\$ 514,867	\$ 532,983
Non-Union	\$ 1,041,883	\$ 870,587	\$ 890,272	\$ 765,871	\$ 741,251	\$ 767,844
Union	\$ 2,625,355	\$ 2,807,030	\$ 3,062,815	\$ 2,794,613	\$ 3,439,065	\$ 3,535,212
<b>Total</b>	<b>\$ 3,667,238</b>	<b>\$ 4,164,581</b>	<b>\$ 4,475,245</b>	<b>\$ 4,138,961</b>	<b>\$ 4,695,184</b>	<b>\$ 4,836,039</b>
<b>Compensation - Average Yearly Base Wages</b>						
Management		\$ 96,031	\$ 105,647	\$ 126,668	\$ 117,113	\$ 120,626
Non-Union	\$ 87,116	\$ 77,160	\$ 87,951	\$ 72,962	\$ 80,921	\$ 83,348
Union	\$ 59,858	\$ 64,259	\$ 68,137	\$ 63,680	\$ 69,632	\$ 71,024
<b>Total</b>	<b>\$ 146,975</b>	<b>\$ 237,450</b>	<b>\$ 261,734</b>	<b>\$ 263,310</b>	<b>\$ 267,665</b>	<b>\$ 274,998</b>
<b>Compensation - Average Yearly Overtime</b>						
Union	\$ 4,632	\$ 5,208	\$ 7,967	\$ 4,671	\$ 5,949	\$ 6,127
<b>Total</b>	<b>\$ 4,632</b>	<b>\$ 5,208</b>	<b>\$ 7,967</b>	<b>\$ 4,671</b>	<b>\$ 5,949</b>	<b>\$ 6,127</b>
<b>Compensation - Average Yearly Incentive Pay</b>						
Management	\$ -	\$ 292	\$ 942	\$ 1,356	\$ 1,356	\$ 1,356
Non-Union	\$ 963	\$ 209	\$ 662	\$ 71	\$ 71	\$ 71
<b>Total</b>	<b>\$ 963</b>	<b>\$ 501</b>	<b>\$ 1,604</b>	<b>\$ 1,427</b>	<b>\$ 1,427</b>	<b>\$ 1,427</b>
<b>Compensation - Average Yearly Benefits</b>						
Management		\$ 21,783	\$ 22,643	\$ 31,840	\$ 23,517	\$ 24,913
Non-Union	\$ 20,825	\$ 20,030	\$ 22,972	\$ 19,427	\$ 19,213	\$ 20,352
Union	\$ 18,173	\$ 13,820	\$ 12,710	\$ 14,203	\$ 16,918	\$ 17,921
<b>Total</b>	<b>\$ 38,998</b>	<b>\$ 55,633</b>	<b>\$ 58,325</b>	<b>\$ 65,470</b>	<b>\$ 59,647</b>	<b>\$ 63,186</b>
<b>Total Compensation</b>	<b>\$ 3,667,238</b>	<b>\$ 4,164,581</b>	<b>\$ 4,475,245</b>	<b>\$ 4,138,961</b>	<b>\$ 4,695,184</b>	<b>\$ 4,836,039</b>
<b>Total Compensation Charged to OM&amp;A</b>	<b>\$ 2,916,918</b>	<b>\$ 2,887,986</b>	<b>\$ 3,417,835</b>	<b>\$ 3,047,624</b>	<b>\$ 2,824,518</b>	<b>\$ 2,909,253</b>
<b>Total Compensation Capitalized</b>	<b>\$ 750,321</b>	<b>\$ 1,276,595</b>	<b>\$ 1,057,410</b>	<b>\$ 1,091,338</b>	<b>\$ 1,870,666</b>	<b>\$ 1,926,785</b>

# 1 Shared Services and Corporate Cost Allocation

---

## 3 SHARED SERVICE COSTS AND CORPORATE COST ALLOCATION

### 5 I. Shared Service Costs

7 Shared Service Costs are costs that Utilities Kingston (UK) charges Kingston  
8 Hydro (KH) in accordance with the "Management Agreement" dated September  
9 17, 2012.

10 Utilities Kingston operates under an integrated utility model whereby knowledge,  
11 skills and expertise are shared amongst the employees who then work on the  
12 following utilities: electricity distribution; gas distribution; water treatment and  
13 distribution; sewage collection and treatment; and fibre optics.

14  
15 Since its inception in 2000, Kingston Hydro has not employed any employees or  
16 incurred any operating expenses directly. Under the corporate organizational  
17 structure, Kingston Hydro has an agreement with 1425445 Ontario Limited  
18 (operating as Utilities Kingston) to manage the electricity distribution business.  
19 This agreement (the "UK/KH Agreement") is at Exhibit 4 Tab 3 Schedule 5  
20 Attachment 1 Number 1. The arrangement between Utilities Kingston and  
21 Kingston Hydro involves Utilities Kingston administering the operations of the  
22 electrical services for Kingston Hydro. This includes planning and engineering,  
23 operating, maintenance, billing and collecting, community relations, and  
24 administrative and general.

25  
26 In accordance with the UK/KH Agreement, Utilities Kingston charges Kingston  
27 Hydro for direct expenses incurred as work is performed on behalf of Kingston  
28 Hydro. It should be noted that Utilities Kingston does not mark up their costs nor

1 have they ever done so. Kingston Hydro is charged for actual costs only. There is  
2 not currently, nor has there ever been any return on invested capital charged to  
3 Kingston Hydro. Utilities Kingston is simply reimbursed by Kingston Hydro for  
4 costs that Kingston Hydro would have otherwise incurred. This arrangement is  
5 expected to continue throughout the 2016-2020 period.

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The methodology utilized by Utilities Kingston in determining the portion of any charge to Kingston Hydro depends on the nature of the work being performed. If the work is wholly for Kingston Hydro, such as electrical substation maintenance, then all work associated with that, including engineering and planning, management and/or supervision and the trades employees performing the physical work, is charged directly to Kingston Hydro.

If the work being done is not solely for Kingston Hydro, one of three allocation methodologies or an estimated percentage related to Kingston Hydro utilized. This could include a variety of items such as billing (Utilities Kingston issues one bill that may include electric, gas, water and sewer charges), or rent for office space.

Allocation Method One utilizes the number of Kingston Hydro customers as a percentage of the total number of electricity, gas, water and sewer customers. As of December 31, 2014, Utilities Kingston services 27,622 electric customers, 14,592 natural gas customers, 37,448 water customers and 36,311 sewer customers. The percentage of electric customers is 23.8%. For the purposes of allocation of common costs, Utilities Kingston allocates 23% to Kingston Hydro in order to ensure that Kingston Hydro is not overcharged in the event the water and sewer utilities growth in any year would reduce the amount charged to Kingston Hydro to less than their customer percentage. Kingston Hydro believes that a

1 23% allocation is fair and reasonable and will be valid throughout the term of the  
2 rates being requested in this Custom IR Application.

3

4 Allocation Method Two examines if the work that is being performed benefits the  
5 four major utilities and is not directly related to customer numbers. For these  
6 circumstances the charge is then divided between the four major business units  
7 (electric, gas, water, and sewer) evenly at 25% each.

8

9 Allocation Method Three examines if the work that is being performed benefits all  
10 five major utilities and is not directly related to customer numbers. The fifth  
11 business unit operated by Utilities Kingston is the fibre optic business. It is  
12 relatively new compared to the others, has very few customers in relation to the  
13 others (less than 80) and impacts few employees (4 directly and less than 10  
14 indirectly). It is set up as a stand-alone business and not as integrated as the  
15 other businesses. Thus for services or work that benefits all five utilities the fibre  
16 optic business is charged 8% and the remaining split amongst the major four  
17 business units at 23% each.

18

19 An estimate is applied when work performed doesn't match the above three  
20 allocation methods. This allocation is based individual factors outside of Utilities  
21 Kingston pre-determined allocation methods such as Kingston Hydro Full-time  
22 equivalents.

23

24 Again regardless of the methodology utilized no mark up or profit is added. These  
25 methods are also applied to the corporate services purchased by Utilities Kingston  
26 when attributing costs to Kingston Hydro.

27



1 Table 1 below sets out the allocation factors used for the services Utilities Kingston  
2 provides to Kingston Hydro.

3

4 Table 1-Allocation Factors

Service	Allocation Factor
1) Billing and Collecting	Actual costs or % of customers served
2) Engineering, Planning, Operating and Maintenance	Actual costs, or allocation based on number of utilities receiving the service
3) General and administrative	Actual costs or % of customers served or allocation based on number of utilities managed
4) Community Relations	Actual costs or % of customers served

5

6 The cost of the services provided by Utilities Kingston to Kingston Hydro is as  
7 summarized in the financial statements of Kingston Hydro. All of the operating  
8 expenses on the Statement of Earnings are paid to Utilities Kingston. Any year-  
9 over-year variances are explained in the OM&A variance analysis section of this  
10 cost of service application.

## 11 **II. Allocated Corporate Costs**

12 Included in part of the Shared Service Costs charged to Kingston Hydro by Utilities  
13 Kingston are allocated Corporate Costs for services that the City of Kingston  
14 provides to Utilities Kingston.

15

16 The Corporate Costs allocated to Kingston Hydro are as follows:

17

18 i. Information Systems Services including Corporate Phones and GIS

19 ii. Client Services

- 1           iii.     Human Resources
- 2           iv.     Communications
- 3           v.     Financial Services
- 4           vi.    Social Services
- 5           vii.   Legal Services
- 6           viii.   CAO Office
- 7           ix.    Clerks Department

8

9           All of the above services charged to Utilities Kingston from the City of Kingston are  
10          charged to Utilities Kingston on a cost recovery basis. That is, the City of Kingston  
11          does not mark up the costs and does not make a profit or a return on the invested  
12          capital on the Corporate Costs.

13

14          Table 2 is the allocation factors used by the City of Kingston for services provided  
15          to Utilities Kingston are set out in the following table:

16

17

18

1 Table 2 - City of Kingston Service Cost Allocations Summary

SERVICE	PRICING METHODOLOGY	UK Recovery Forecasted 2016 Budget	% Allocation of Total Dept Costs
INFORMATION SERVICES	Total IT operating and capital budgets allocated to UK based on proportion of desktop computers (16%).	(1,297,485)	16%
CLIENT SERVICES	Costs allocated to UK based on tracked time that each staff position spends on UK related inquiries.	(776,252)	58%
HUMAN RESOURCES	Payroll and compensation/HRMS budgets allocated to UK based on proportion of full time employees (17%)	(202,765)	6%
COMMUNICATIONS	Costs allocated to UK based on an hourly rate applied to estimated hours utilized in communication activities solely for UK programs and initiatives.	(77,250)	6%
FINANCIAL SERVICES	Costs allocated to UK based on proportion of time that each staff position spends working on UK accounting related tasks.	(417,327)	13%
LEGAL SERVICES	Costs allocated to Utilities Kingston for legal and insurance services are based on an hourly rate, calculated to recover actual costs incurred in providing the services.	(88,077)	5%
CAO OFFICE	Costs allocated to Utilities Kingston for corporate management oversight / strategic planning.	(23,433)	5%
CLERK'S DEPARTMENT	Allocation of mailroom and delivery costs, based on proportion of UK pieces of mail to total pieces of mail, including salary costs plus mileage, lease of postage meter and actual postage costs.	(51,500)	3%

1 For each of the charges from the City of Kingston, Utilities Kingston allocates the  
 2 costs to its utilities – either based on the percentage of the total number of  
 3 customers served or a percentage based on the number of utilities utilizing the  
 4 particular service, as described previously. Appendix 2N as part of the filing  
 5 guidelines has been completed in Exhibit 4 Tab 3, Schedule 3, Attachment 1.

6  
 7 Table 3 below, shows the costs charged to Kingston Hydro from Utilities Kingston  
 8 for services provided by the City of Kingston.

9  
 10 Table 3-Affiliate Services

	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Information Services	201,631	284,759	301,715	307,750	310,459	319,772
Client Services	152,946	163,340	83,303	84,970	86,669	89,269
Human Resources	39,960	48,788	49,763	50,759	51,538	53,084
Communications	16,262	16,587	16,919	17,257	12,509	12,885
Financial Services	36,129	67,420	68,769	70,144	71,800	73,954
Legal Services	17,687	18,533	18,904	19,282	19,668	20,258
<b>Total</b>	<b>464,615</b>	<b>599,428</b>	<b>539,374</b>	<b>550,161</b>	<b>552,642</b>	<b>569,221</b>

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 14  
 15  
 16  
 17 The two largest services provided to Utilities Kingston by the City of Kingston are  
 18 Client Services and Information Systems Services. Information on all of the  
 19 services in the table above is set out below.

20  
 21 **(i) Information Systems Services**

22  
 23 City of Kingston Information Systems is responsible for the management and  
 24 operation of computing technology and resources used across the  
 25 corporation. Individual service categories that are provided to Utilities  
 26 Kingston include:

- 27
- 28
  - Geographic Information Systems Data Collection and Maintenance (GIS)

- 1 – Support and maintenance of corporate GIS data standards and key  
2 data sets such as base maps
- 3 ■ Systems Development / Systems Administration
- 4 – Problem and Change Management: Tracking of problems within the IT  
5 infrastructure and the identification of potential solutions.
- 6 – Performance tuning: Review and adjustment of components of the IT  
7 infrastructure to meet performance requirements in a cost-effective  
8 manner.
- 9 – Version Control: Centralized storage of source documentation that  
10 supports and describes the organization's IT infrastructure.
- 11 – Software Development and Maintenance: Support for existing and new  
12 software applications including those developed in-house, customized  
13 third party and off-the-shelf applications.
- 14 – Disaster Recovery: The recovery processes required, ensuring that in  
15 the event of a disaster or major unplanned event, the IT technical and  
16 service facilities can be recovered.
- 17 – Storage Management: Review and management of the file and data  
18 storage requirements needed to support UK business operations.
- 19 – Back-up and Recovery: Ensure that all data and software assets are  
20 protected through appropriate backup and recovery policies and  
21 procedures.
- 22 – Performance Monitoring: Monitor the performance of the network and  
23 servers, tracking volumes of usage against actual capacity ensures that  
24 the networks and servers can support the operations of the business.
- 25 – Networking: Architect and maintain the components of the network and  
26 IT infrastructure based upon existing and future UK and KH business  
27 requirements.

- 1 – Network Security Access Controls: Access security provides the  
2 mechanism to protect UK and KH corporate assets and the IT  
3 infrastructure from unauthorized or malicious access and use.
- 4 – Electronic Mail Services: Access to electronic mail for UK staff from  
5 both internal and external locations.
- 6 – Directory Services: Support of the directory and file infrastructure  
7 utilized by UK staff
- 8 – Network Capacity Management: Based upon business requirements  
9 ensure that sufficient processing power is available in a cost-effective  
10 manner.
- 11 ■ Distributed Computing and Service Desk
- 12 – Technical Services and Operations: Provide technical support to UK  
13 staff on a daily basis for desktop and network systems.
- 14 – User Profile Management: Provide secure access for UK staff to  
15 software products and services available on the IT infrastructure  
16 through the use of standard user profiles.
- 17 – Centralized Help Desk / Service Request Facility: Centralized facility for  
18 the logging of any incidents or requests relating to the IT infrastructure.
- 19 – Desktop Management: Define and maintain the desktop configurations  
20 to support access and use of standard office applications and specific  
21 business applications.
- 22 ■ IT Corporate
- 23 IT Corporate consists of provisioning the network for telephone,  
24 connectivity, PC and printers and corporate software maintenance  
25 including:
- 26 – Hardware Procurement
- 27 – Software Distribution
- 28 – Software Licensing and Compliance Auditing

- 1           – IT Asset Management
- 2           – Basic Training
- 3           ▪ Database Administration: Maintenance and support for the corporation's
- 4           relational database technology

5

6           The amount forecasted to be charged by the City of Kingston to Utilities

7           Kingston for 2016 is \$1,297,485, a 3.00% increase from 2015. In 2016

8           \$278,720 is forecasted to be charged from Utilities Kingston to Kingston

9           Hydro for System administration, development, IT corporate recoveries,

10          Database administration and distribution computing and service desk. This

11          allocation is based on the number of utilities using the service. The

12          forecasted amounts charged to Kingston Hydro for GIS and database

13          maintenance services are \$41,052.

14

15          **(ii) Client Services**

16

17          On an annual basis, customer service representatives (CSRs) handle all

18          utility calls.

19

20          The Customer Service/Call Centre services provided by the City of Kingston

21          to Utilities Kingston can be summarized as follows:

22

- 23          ▪ Process residential and commercial applications for service for electric,
- 24          gas, water and sewer
- 25          ▪ Collect deposits from residential and commercial customers
- 26          ▪ Explain and investigate billing inquiries/adjustments (ie. high bill
- 27          complaints, high consumption concerns, estimates, Equal Payment Plan,
- 28          etc)

- 1           ▪ Process Pre-authorized Payment Applications
- 2           ▪ Collect and update customer information on billing system such as
- 3           password, identification, contacts, banking information.
- 4           ▪ Issue service orders for move-ins, move-outs, maintenance and check
- 5           reads.
- 6           ▪ Handle and resolve customer complaints.
- 7           ▪ Contact customers to book appointments for meter changes.
- 8           ▪ Taking phone-in readings for electric, water and gas
- 9           ▪ Handle all general inquiries for Utilities Kingston, including: electric
- 10          deregulation, watering restrictions, hot water rental program, planned
- 11          power outages, etc.
- 12          ▪ Prepare and send out consumption history reports/payment history reports
- 13          ▪ Service level set at 65/30 to meet OEB electric service quality indicator
- 14          requirements.
- 15          ▪ Inquiries and complaints handled require understanding of complex billing
- 16          systems; knowledge of technical terms and equipment; superior problem-
- 17          solving and investigative skills; current knowledge of utility issues.

18

19          The total amount for customer service/call centre charged by the City of

20          Kingston to Utilities Kingston for 2016 is forecasted to be \$776,252, a 3.00%

21          increase from 2015. The amount allocated to Kingston Hydro would be

22          \$89,269 based on a reasonable allocation for an amount per customer call.

23

### 24          **(iii) Payroll and Compensation Services**

25

26          The Human Resources services provided by the City of Kingston to Utilities

27          Kingston is as follows:

28



- 1           ▪ Compensation and HRMS track benefits administration, employee sick,  
2           leave, and vacation time. PeopleSoft administration, development and  
3           reporting including table set up, upgrades, tax updates and maintenance.  
4           ▪ Payroll Department provides weekly payroll services, pay increases, merit  
5           and adjustments including retro payments, OMERS administration, time,  
6           vehicle costing system, audit support, and year end reporting. Benefit  
7           costing is done for both current and retired employees as well as actuarial  
8           valuation of post employment benefits.

9  
10           The total forecasted amount charged by the City of Kingston to Utilities  
11           Kingston for 2016 is \$202,765, a 3.00% increase from 2015. The amount  
12           allocated to Kingston Hydro is \$53,084.

13  
14           **(iv) Financial Services**

15  
16           Financial Services provides a variety of accounting services and reporting  
17           support to Utilities Kingston including ongoing financial management,  
18           accounting, accounts payable, purchasing and cashier and payment services  
19           as well as various project related support as required.

20  
21           The following provides a breakdown of the ongoing support by service  
22           category:

- 23  
24           ▪ Financial Management Services  
25           – Financial Planning including assistance with long-term capital financing  
26           strategies  
27           – Investment management and updating and review of cash flow analysis

- 1 – Capital construction assistance by reviewing capital vouchers, as  
2 required for holdbacks, then tracking and reconciling, processing  
3 funding transactions and year end processing and reporting /  
4 consolidation requirements for the Financial Information Return and the  
5 Financial Statements.
- 6 ■ Accounting Services
- 7 – Transaction accounting including processing of monthly allocation  
8 processes/ contracted services entry / manual trucking entries /  
9 maintenance of combo edits, Interface payroll entries - research and  
10 adjust payroll errors, preparation/ review of UK bank reconciliations,  
11 weekly cheque runs, etc., interfund transfers for internal utility costs,  
12 and interfund and interunit reconciliations.
- 13 – Compliance requirements assistance for GST & PST (HST) remittances  
14 and PST self assessment entries, dealing with CRA issues, as required  
15 and inclusion of UK/KH in commodity tax review.
- 16 – Management support and review including budget, reporting, variance  
17 and report analysis, process and control support in all aspects of  
18 accounting, reporting, taxes, audit, payables, receivables, etc.
- 19 – Year-end reporting and audit assistance including calculate and allocate  
20 employee future benefit costs for utility businesses, provide yearend  
21 report for f/s reporting
- 22 – Technical and system support such as creating queries, assisting with  
23 new capital reports, security issues, maintaining TTS/payroll account  
24 structure – including fleet rate chargeback calculations and review,  
25 vehicle setup, system testing for changes/updates, manage system  
26 security, assist with query development as required and support  
27 computer software (e.g. IFRS) changes, as needed  
28

- 1           ▪ Accounts Payable Services
- 2           – Set up vendors, vendor inquiries
- 3           – Payment processing including weekly retailer payments , monthly IESO
- 4           payments
- 5           – NSF cheque processing
- 6           ▪ Purchasing Services
- 7           – Incorporate utility requirements into City of Kingston standing purchase
- 8           orders
- 9           – Purchasing card administration
- 10          ▪ Cashier and Payment Services
- 11          – Managing staff and approving adjustments (bank errors, tax acct
- 12          transfers)
- 13          – Posting of payments to customer accounts, filing of postdated cheques,
- 14          pay direct (manual) payments
- 15          – Daily collection and balancing of receipts and updating accounts
- 16          – Correspondence to customers with respect to adjustments where
- 17          incorrect payment applied
- 18          – Account inquiries, including advising C&C of postdated or other
- 19          payments
- 20          – Collections, agency postings, Service Centre deposits, Customer
- 21          Service deposits

22

23           The total amount forecasted to be charged by the City of Kingston to Utilities  
24           Kingston for 2016 is \$417,327, a 3.00% increase from the 2015. Kingston  
25           Hydro is charged \$73,954.

26

27

28

1           **(v) Legal Services**

2

3           Legal services provided by the City of Kingston to Utilities Kingston is as  
4           follows:

5

6           ▪ General Legal advice and services are provided to Utilities Kingston with  
7           regard to its management and operation of various utilities including  
8           hydro, water, sewer, gas and fibre as would be in a standard retainer  
9           agreement with any external legal firm

10          ▪ Specific Legal services are provided in areas

11          ▪ Tenders, including contracts and construction issues

12          ▪ Environmental

13          ▪ Real property

14          ▪ Municipal

15          ▪ Regulatory

16          ▪ Labour and employment

17          ▪ Insurance

18          ▪ Claims management and litigation

19          ▪ Damage recoveries

20          ▪ Collections

21          ▪ Privacy

22

23           The total forecasted amount charged by the City of Kingston to Utilities  
24           Kingston for 2016 is \$88,077, a 3.00% increase from 2015. The amount  
25           allocated to Kingston Hydro is \$20,258.

26

27

28

1           **(vi) Communications**

2  
3           The City of Kingston Communications services provides the following service  
4           categories to Utilities Kingston:

- 5
- 6           ▪ Broadcast and print advertising – includes radio campaigns, print ads and  
7           merchandising
  - 8           ▪ Media relations
  - 9           ▪ Communication plans – includes plans written annually for water  
10           restrictions, solar hot water tanks, rain barrels, lead testing and other large  
11           projects as required
  - 12           ▪ Information radio - includes writing, recording, sound editing, posting  
13           messages for programs, initiatives, events including power outage service  
14           disruptions, student-move notifications, rain barrels, water restrictions
  - 15           ▪ Annual infrastructure issue – includes research, writing, photographs,  
16           graphic design, production and delivery supervision, billing of annual 8-  
17           page infrastructure tab
  - 18           ▪ Press releases and media advisories – includes information gathering,  
19           writing, editing, delivery to maintained media lists
- 20

21           The total forecasted amount charged by the City of Kingston to Utilities  
22           Kingston for 2016 is \$77,250, a 3.00% increase from 2015. The amount  
23           allocated to Kingston Hydro is \$12,885.

24  
25  
26  
27  
28

1 **Tree-Trimming Services**

2

3 In 2013 Kingston Hydro, through its affiliate, Utilities Kingston contracted with City of  
4 Kingston to provide tree-trimming services. The charges are based on recovering actual  
5 costs.

6

7 **Fleet Services**

8

9 Kingston Hydro, through its affiliate, Utilities Kingston, receives fleet services from the  
10 City of Kingston. These fleet services include maintenance services for vehicles.  
11 Kingston Hydro is charged usage fees for these vehicles based on actual usage. These  
12 usage fees include only a maintenance component.



File Number:EB-2015-0083

Exhibit: 4

Tab: 3

Schedule: 3

Date Filed: June 1, 2015

Attachment 1 of 1

OEB Appendix 2-N

## Appendix 2-N Shared Services and Corporate Cost Allocation

Year: 2011

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
City of Kingston	Utilities Kingston	Information Services	Cost Recovery	1,116,703	1,116,703
City of Kingston	Utilities Kingston	Client Services	Cost Recovery	696,250	696,250
City of Kingston	Utilities Kingston	Human Resources	Cost Recovery	181,867	181,867
City of Kingston	Utilities Kingston	Communications	Cost Recovery	97,500	97,500
City of Kingston	Utilities Kingston	Financial Services	Cost Recovery	373,300	373,300
City of Kingston	Utilities Kingston	Legal Services	Cost Recovery	79,000	79,000
City of Kingston	Utilities Kingston	CAO Office	Cost Recovery	21,000	21,000
City of Kingston	Utilities Kingston	Clerk's Department	Cost Recovery	15,735	15,735
City of Kingston	Utilities Kingston	Social Services	Cost Recovery	32,500	32,500

Year: 2011

Corporate Cost Allocation					
Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
Utilities Kingston	Kingston Hydro	Information System Services	Cost Recovery	18%	201,630
Utilities Kingston	Kingston Hydro	Client Services	Cost Recovery	22%	152,946
Utilities Kingston	Kingston Hydro	Human Resources	Cost Recovery	22%	39,960
Utilities Kingston	Kingston Hydro	Communications	Cost Recovery	17%	16,262
Utilities Kingston	Kingston Hydro	Financial Services	Cost Recovery	10%	36,129
Utilities Kingston	Kingston Hydro	Legal Services	Cost Recovery	22%	17,681



Year: 2012

**Shared Services**

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
City of Kingston	Utilities Kingston	Information Services	Cost Recovery	1,139,037	1,139,037
City of Kingston	Utilities Kingston	Client Services	Cost Recovery	710,175	710,175
City of Kingston	Utilities Kingston	Human Resources	Cost Recovery	185,504	185,504
City of Kingston	Utilities Kingston	Communications	Cost Recovery	99,450	99,450
City of Kingston	Utilities Kingston	Financial Services	Cost Recovery	380,766	380,766
City of Kingston	Utilities Kingston	Legal Services	Cost Recovery	80,580	80,580
City of Kingston	Utilities Kingston	CAO Office	Cost Recovery	21,420	21,420
City of Kingston	Utilities Kingston	Clerk's Department	Cost Recovery	16,050	16,050
City of Kingston	Utilities Kingston	Social Services	Cost Recovery	33,150	33,150

Year: 2012

Corporate Cost Allocation					
Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
Utilities Kingston	Kingston Hydro	Information System Services	Cost Recovery	25%	284,759
Utilities Kingston	Kingston Hydro	Client Services	Cost Recovery	23%	163,340
Utilities Kingston	Kingston Hydro	Human Resources	Cost Recovery	26%	48,788
Utilities Kingston	Kingston Hydro	Communications	Cost Recovery	17%	16,587
Utilities Kingston	Kingston Hydro	Financial Services	Cost Recovery	18%	67,420
Utilities Kingston	Kingston Hydro	Legal Services	Cost Recovery	23%	18,533

Year: 2013

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
City of Kingston	Utilities Kingston	Information Services	Cost Recovery	1,210,778.00	1,210,778
City of Kingston	Utilities Kingston	Client Services	Cost Recovery	724,378.00	724,378
City of Kingston	Utilities Kingston	Human Resources	Cost Recovery	189,214.00	189,214
City of Kingston	Utilities Kingston	Communications	Cost Recovery	101,439.00	101,439
City of Kingston	Utilities Kingston	Financial Services	Cost Recovery	388,381.00	388,381
City of Kingston	Utilities Kingston	Legal Services	Cost Recovery	82,192.00	82,192
City of Kingston	Utilities Kingston	CAO Office	Cost Recovery	21,848.00	21,848
City of Kingston	Utilities Kingston	Clerk's Department	Cost Recovery	16,371.00	16,371
City of Kingston	Utilities Kingston	Social Services	Cost Recovery	32,500.00	32,500

Year: 2013

### Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
Utilities Kingston	Kingston Hydro	Information System Services	Cost Recovery	25%	301,715
Utilities Kingston	Kingston Hydro	Client Services	Cost Recovery	11%	83,303
Utilities Kingston	Kingston Hydro	Human Resources	Cost Recovery	26%	49,763
Utilities Kingston	Kingston Hydro	Communications	Cost Recovery	17%	16,919
Utilities Kingston	Kingston Hydro	Financial Services	Cost Recovery	18%	68,769
Utilities Kingston	Kingston Hydro	Legal Services	Cost Recovery	23%	18,904

Year: 2014

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
City of Kingston	Utilities Kingston	Information Services	Cost Recovery	1,234,994	1,234,994
City of Kingston	Utilities Kingston	Client Services	Cost Recovery	738,866	738,866
City of Kingston	Utilities Kingston	Human Resources	Cost Recovery	192,999	192,999
City of Kingston	Utilities Kingston	Communications	Cost Recovery	103,468	103,468
City of Kingston	Utilities Kingston	Financial Services	Cost Recovery	396,149	396,149
City of Kingston	Utilities Kingston	Legal Services	Cost Recovery	83,835	83,835
City of Kingston	Utilities Kingston	CAO Office	Cost Recovery	22,285	22,285
City of Kingston	Utilities Kingston	Clerk's Department	Cost Recovery	16,698	16,698
City of Kingston	Utilities Kingston	Social Services	Cost Recovery	34,489	34,489

Year: 2014

Corporate Cost Allocation					
Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
Utilities Kingston	Kingston Hydro	Information System Services	Cost Recovery	25%	307,750
Utilities Kingston	Kingston Hydro	Client Services	Cost Recovery	12%	84,970
Utilities Kingston	Kingston Hydro	Human Resources	Cost Recovery	26%	50,759
Utilities Kingston	Kingston Hydro	Communications	Cost Recovery	17%	17,257
Utilities Kingston	Kingston Hydro	Financial Services	Cost Recovery	18%	70,144
Utilities Kingston	Kingston Hydro	Legal Services	Cost Recovery	23%	19,282

Year: 2015

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
City of Kingston	Utilities Kingston	Information Services	Cost Recovery	1,259,694.00	1,259,693
City of Kingston	Utilities Kingston	Client Services	Cost Recovery	753,643.00	753,643
City of Kingston	Utilities Kingston	Human Resources	Cost Recovery	196,859.00	196,859
City of Kingston	Utilities Kingston	Communications	Cost Recovery	75,000.00	75,000
City of Kingston	Utilities Kingston	Financial Services	Cost Recovery	405,172.00	405,171
City of Kingston	Utilities Kingston	Legal Services	Cost Recovery	85,512.00	85,512
City of Kingston	Utilities Kingston	CAO Office	Cost Recovery	22,750.00	22,750
City of Kingston	Utilities Kingston	Clerk's Department	Cost Recovery	50,000.00	50,000
City of Kingston	Utilities Kingston	Social Services	Cost Recovery	34,489	34,489

Year: 2015

Corporate Cost Allocation					
Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
Utilities Kingston	Kingston Hydro	Information System Services	Cost Recovery	25%	310,459
Utilities Kingston	Kingston Hydro	Client Services	Cost Recovery	12%	86,669
Utilities Kingston	Kingston Hydro	Human Resources	Cost Recovery	26%	51,538
Utilities Kingston	Kingston Hydro	Communications	Cost Recovery	17%	12,509
Utilities Kingston	Kingston Hydro	Financial Services	Cost Recovery	18%	71,800
Utilities Kingston	Kingston Hydro	Legal Services	Cost Recovery	23%	19,668

Year: 2016

### Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
City of Kingston	Utilities Kingston	Information Services	Cost Recovery	1,297,485	1,297,484
City of Kingston	Utilities Kingston	Client Services	Cost Recovery	776,252	776,252
City of Kingston	Utilities Kingston	Human Resources	Cost Recovery	202,765	202,765
City of Kingston	Utilities Kingston	Communications	Cost Recovery	77,250	77,250
City of Kingston	Utilities Kingston	Financial Services	Cost Recovery	417,327	417,326
City of Kingston	Utilities Kingston	Legal Services	Cost Recovery	88,077	88,077
City of Kingston	Utilities Kingston	CAO Office	Cost Recovery	23,433	23,433
City of Kingston	Utilities Kingston	Clerk's Department	Cost Recovery	51,500	51,500
City of Kingston	Utilities Kingston	Social Services	Cost Recovery	35,524	35,524

Year: 2016

### Corporate Cost Allocation

Name of Company		Service Offered	Pricing Methodology	% of Corporate Costs Allocated	Amount Allocated
From	To			%	\$
Utilities Kingston	Kingston Hydro	Information System Services	Cost Recovery	25%	319,773
Utilities Kingston	Kingston Hydro	Client Services	Cost Recovery	12%	89,269
Utilities Kingston	Kingston Hydro	Human Resources	Cost Recovery	26%	53,084
Utilities Kingston	Kingston Hydro	Communications	Cost Recovery	17%	12,885
Utilities Kingston	Kingston Hydro	Financial Services	Cost Recovery	18%	73,954
Utilities Kingston	Kingston Hydro	Legal Services	Cost Recovery	23%	20,258

# Purchase of Non-Affiliate Services

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## **PURCHASE OF NON-AFFILIATE SERVICES**

Kingston Hydro's OM&A expenses include services and products that are purchased from vendors which are not affiliated with the Applicant. Purchases for Kingston Hydro's expenditures are provided by Utilities Kingston through a management agreement. Utilities Kingston has a purchasing policy and is included in Exhibit 4, Tab 3, Schedule 4 Attachment 1.

Table 1 below outlines the goods or services received by Kingston Hydro that exceed the materiality threshold for 2011 to 2014. The amounts paid to the vendors are not included for confidentiality purposes. If the amounts are required then the Applicant will consider providing the amounts in accordance with the Ontario Energy Board's Practice Direction on Confidential Filings. The vendors included in the tables are only those vendors providing discretionary goods and services. Not listed in the tables are payments for non-discretionary amounts such as those made to the IESO, Hydro One, Energy Retailers, payments in lieu of taxes, OEB cost assessment amounts, payment made for Debt Retirement, and EDA Membership fees.

For each supplier listed, the service or product provided and the procurement method utilized to obtain the product or service is given.

1 Table 1 –Summary of Non-Affiliate Services

2011		
Name of Company	Product or Service	Vendor Selection
THE MEARIE GROUP	Insurance Services	Sole Source Purchasing
UPPER CANADA COMMERCIAL INSURANCE GROUP	Insurance Services	Single Source Purchasing
OMERS	Pension	Sole Source
Manulife Financial	Health Insurance	Single-Source Purchasing
2012		
Name of Company	Product or Service	Vendor Selection
THE MEARIE GROUP	Insurance Services	Sole Source
UPPER CANADA COMMERCIAL INSURANCE GROUP	Insurance Services	Single Source Purchasing
OMERS	Pension	Sole Source
Manulife Financial	Health Insurance	Single-Source Purchasing
KINECTRICS INC	Condition Assessment	Single Source Purchasing
2013		
Name of Company	Product or Service	Vendor Selection
THE MEARIE GROUP	Insurance Services	Sole Source
UPPER CANADA COMMERCIAL INSURANCE GROUP	Insurance Services	Single Source Purchasing
OMERS	Pension	Sole Source
Manulife Financial	Health Insurance	Single-Source Purchasing
2014		
Name of Company	Product or Service	Vendor Selection
THE MEARIE GROUP	Insurance Services	Single Source Purchasing
UPPER CANADA COMMERCIAL INSURANCE GROUP	Insurance Services	Sole Source
OMERS	Pension	Sole Source
Manulife Financial	Health Insurance	Single-Source Purchasing



File Number:EB-2015-0083

Exhibit: 4

Tab: 3

Schedule: 4

Date Filed: June 1, 2015

## Attachment 1 of 1

# Purchasing Policy



---

## **PURCHASING POLICY**

### **General**

It shall be the practice of Utilities Kingston that all purchasing is undertaken in a fair, competitive and equitable manner with emphasis on providing best value to the company and its customers. Consideration will be given to the price, quality, delivery, and sustainability when making purchasing decisions. Purchasing activity decisions will be conducted in a manner that clearly provides for accountability.

### **Definitions**

<b>Buyer</b>	shall mean any individual(s) identified in this document as having authority to procure services and/or goods on behalf of Utilities Kingston
<b>Director</b>	shall mean a managing Director employed by Utilities Kingston
<b>Emergency</b>	shall mean a situation where serious delay may affect the life and health of the general public, prevention of serious damage, or is the restoration of essential service levels to a minimum level

### **General Conditions**

1. Formal approval of the annual budget constitutes financial approval to proceed with the purchase subject to the Purchasing Requirements Table included here, and/or any scheduling or priority considerations as directed by the Board of Directors.
2. Prior to the passing of the annual operating budget, each Director shall be allowed an interim appropriation of twenty-five percent (25%) of the previous year's approved operating budget and such interim appropriation shall be deemed to be for routine operating and recurring expenditures or statutory purposes unless otherwise directed by the Board of Directors.
3. If the annual approved operating or capital budget by Utility group (electric, fibre, water, sewer or gas) is or is expected to be exceeded, a report to the appropriate reporting authority (e.g. Board), which may include a budget amendment, shall be submitted.
4. Subject to the Purchasing Requirements Table included here, the Buyer shall decide the method of source selection which shall be employed to obtain the most favourable value, having regard to the nature or importance of the contemplated work, the urgency of the requirement, and general trade practice and market conditions.
5. Notwithstanding the provisions of these procedures, emergency purchase of goods, works and services may be made by a Buyer, in the event of an emergency. The immediate

purchase must be essential to prevent delays in the work of any user group, which might involve additional cost or danger to life or damage to property.

6. All contractors/suppliers that will be performing paid work for Utilities Kingston must provide evidence of appropriate insurance and active Workplace Safety and Insurance Board status to be eligible for specified works.
7. The Buyer is authorized to place orders for goods and services from such suppliers and upon such terms and conditions as deemed appropriate, subject to this policy. The Buyer is not bound to accept the lowest price if, in his discretion, having regard for delivery time, service and quality of goods, it is in the best interests of Utilities Kingston.
8. Staff do not have authority to purchase or approve contracts outside of the scope of their own responsibility.
9. It is recognized that upon commencement of a purchase of goods the final price may not be known. Where the known final cost exceeds by more than 15% the established thresholds identified in the Purchasing Requirements Table, the process shall be repeated utilizing the proper method.
10. Nothing prohibits submission of a report to the appropriate Board of Directors for information or approval of procurement, however any single-source procurement of services or goods valued at more than \$250,000 requires consent of the Board of Directors, while single-source procurement of services or goods valued at more than \$50,000 to \$250,000 requires an information report to the Board of Directors. This information report will be submitted on a quarterly basis as required.

### **Environmental Considerations**

Utilities Kingston is committed to buying environmentally friendly goods and services provided they meet our quality standards and are obtainable at the right time and right price. In evaluating competitive bids, the decision to purchase will be on total value which will take into consideration the life cycle of the products. Evaluation during the selection process should consider such factors as energy efficiency, durability, hazardousness, recyclability, packaging, reusability and whether the source is locally based.

Consideration will also be made to suppliers that share our environmental commitment. Evaluations of awards should include a weighted factor and be scored according to the bidder's inclusion of environmental considerations.

## **Methods of Procurement and Purchase Source Types**

### ***Public Tender***

Tenders are more often likely to be used when a high level of public transparency is required due to the nature or sensitivity of the work. It involves a publicly advertised solicitation of bids that are opened in public.

### ***Expression Of Interest (EOI)***

Often used when the purchase cannot be fully defined or specified at the time of the request. This yields varied suggestions from suppliers on solutions.

### ***Request For Proposal (RFP)***

Typically used when exact specifications are not clear or known. A weighting factor is required for evaluation, with the price component comprising a minimum of 30% to a maximum of 70%.

### ***Request For Quotation (RFQ)***

Typically used when specifications are clear or known. Generally the lowest submitted price would be accepted. It is a written request that includes details or specifications regarding the goods for prices on specific goods and/or services.

### ***Multi-Source Procurement***

When there is at least two suppliers in the open market for the particular goods and/or services.

### ***Single-Source Procurement***

When there is more than one source in the open market but for reasons of function or service only one vendor is recommended for consideration of the particular goods and/or services. Single-source negotiation with the lowest bid can take place using the following techniques:

- Indicate to single source that other systems may be considered and other quotes may be obtained.
- Encourage single source to bring to the table ideas to help reduce the cost of the item.
- Ask them to offer alternate items and suggestions to lower the price of the item.
- Request concessions such as discount payment terms, longer payment terms or include freight charges.
- Request a breakout of the cost of the item (materials, labor, markup, etc.) to allow you the ability to seek better pricing on specific portions.
- Speak to your budget and the difficulty to get the purchase approved.

### ***Sole-Source Procurement***

When there is only one known source of supply in the open market for the particular goods and/or services.

**Purchasing Requirements Table** (pre-tax amounts)

Authority to Purchase / Contract <sup>1</sup>	Purchase Source Type	Approve Payments	Approve Contracts Valued	Other Conditions
Sub-forepersons Others delegated by Managers or above <sup>2</sup>	Any	Up to \$1,500	Up to \$5,000	<ul style="list-style-type: none"> <li>Attempt to obtain prices from more than one supplier, or; purchase directly from catalogues, supplier lists or through negotiations, upon assuring that all prices offered are competitive and equitable</li> </ul>
Supervisors	Single-Source	Up to \$10,000	Up to \$10,000	<ul style="list-style-type: none"> <li>Unless sole-sourced, attempt to obtain prices from at least three suppliers; must have three prices for purchases greater than \$10,000</li> </ul>
	Multi-Source Sole-Source	Up to \$20,000	Up to \$20,000	
	On preapproved contracts	Up to \$50,000		
Managers <sup>3</sup> / Executive Assistant	Single-Source	Up to \$20,000	Up to \$20,000	<ul style="list-style-type: none"> <li>May use supplier written quote(s), catalogue pricing, web pricing, supplier lists, advertisements, etc.)</li> <li>May use EOI, RFP, RFQ, Tender, or Negotiations</li> </ul>
	Multi-Source Sole-Source	Up to \$50,000	Up to \$100,000	
	On preapproved contracts	Up to \$100,000		
Directors	Single-Source	Up to \$50,000	Up to \$50,000	<ul style="list-style-type: none"> <li>Must use EOI, RFP, RFQ, or Tender for multi-source and single-source values over \$100,000</li> <li>May use Negotiations for sole-source values over \$100,000</li> <li>All single-source procurements valued at more than \$50,000 require the approval of the Manager of Purchasing &amp; Materials Management.</li> <li>All single-source procurements valued at more than \$250,000 require the additional approval of the Board of Directors.</li> </ul>
	Multi-Source Sole-Source	Up to \$500,000	Up to \$1,000,000	
	On preapproved contracts	Up to \$2,000,000		
Manager of Purchasing & Materials Management	Single-Source	Up to \$250,000	Up to \$250,000	<ul style="list-style-type: none"> <li>May use Negotiations for sole-source values over \$100,000</li> <li>All single-source procurements valued at more than \$50,000 require the approval of the Manager of Purchasing &amp; Materials Management.</li> <li>All single-source procurements valued at more than \$250,000 require the additional approval of the Board of Directors.</li> </ul>
	Multi-Source Sole-Source	Up to \$2,000,000	Up to \$2,000,000	
	On preapproved contracts	Up to \$3,000,000		
President/CEO / VP / CFO	Single-Source	Up to \$250,000	Up to \$250,000	<ul style="list-style-type: none"> <li>May use Negotiations for sole-source values over \$100,000</li> <li>All single-source procurements valued at more than \$50,000 require the approval of the Manager of Purchasing &amp; Materials Management.</li> <li>All single-source procurements valued at more than \$250,000 require the additional approval of the Board of Directors.</li> </ul>
	Multi-Source Sole-Source	Not limited	Not limited	
	On preapproved contracts			

<sup>1</sup> Note that only Officers (Pres/CEO, VP, CFO) of the corporation have authority to legally bind the corporation.

<sup>2</sup> Use approved Signing Authority Form

<sup>3</sup> CFO or Manager of Finance may approve regular and recurring regulatory/government expenditures and remittances without limit (e.g. IESO, power, natural gas procurement)

### **Procurement / Appointment of Professional Services**

In selecting a consultant, ability, experience in similar type projects, personnel available for the project, reputation, and/or local knowledge shall be considered. The selection and weighting criteria shall be determined in advance, based on the scope of the service required. Although fees are a consideration, they may not be the prime importance. Selection on a basis of price rather than ability may not ensure Utilities Kingston of the best or most economical overall solution.

Generally there are two methods by which a consultant may be selected:

- a) by direct appointment; or
- b) through a more formal selection procedure.

#### ***Direct Appointment***

Direct appointment is an efficient manner of making a selection for normal or routine projects.

The following points shall be considered when appointing a consultant:

- a) Has the consultant served Utilities Kingston well in the past?
- b) Is the consultant known to Utilities Kingston ?
- c) Has the consultant been recommended?
- d) Does Utilities Kingston wish to maintain continuity on a project by appointing a particular consultant?
- e) Has the estimated cost been compared with another consultant to ensure the reasonableness of the expense?

#### ***Formal Selection Procedure***

A formal selection procedure should be used for projects unique to Utilities Kingston, or when Utilities Kingston does not know of a suitable consultant, or needs additional information to make a selection. This procedure may require an Expression of Interest in addition to proposals and interviews with prospective consultants.



File Number: EB-2015-0083

Exhibit: 4

Tab: 3

Schedule: 5

Page: 1 of 1

Date Filed: June 1, 2015

1 **Affiliate Transactions**

2

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3 **AFFILIATE TRANSACTIONS**

4

5 Kingston Hydro has discussed affiliate transactions in Exhibit 4, Tab 3, Schedule 3 of  
6 this application.



File Number:EB-2015-0083

Exhibit: 4

Tab: 3

Schedule: 5

Date Filed: June 1, 2015

## Attachment 1 of 1

# Service Level Agreements

# SERVICES AGREEMENT

This Agreement made this 17 day of September, 2012 .

Between:

Kingston Hydro Corporation (Kingston Hydro)

and

1425445 Ontario Limited (Utilities Kingston)

WHEREAS Kingston Hydro has been incorporated as a business corporation pursuant to the provision of section 142 of the Electricity Act, 1998;

AND WHEREAS Utilities Kingston has been incorporated as an affiliated business corporation of Kingston Hydro, as defined in the Business Corporation Act (Ontario) pursuant to Sections 71 and 73 of the Ontario Energy Board Act, 1998;

AND WHEREAS Kingston Hydro wishes to contract with Utilities Kingston to provide certain services described in Schedule "A" attached hereto as part of this Agreement;

AND WHEREAS Utilities Kingston has agreed to the provide the services as described in Schedule "A" in a diligent and timely manner in accordance with this Agreement;

THIS AGREEMENT WITNESSES that, in consideration of the mutual covenants and agreements herein contained, the parties hereby covenant and agree with each other as follows:

## 1.0 DEFINITIONS

- a) "ARC" means the Affiliate Relationships Code issued by the Ontario Energy Board
- b) "CICA" means the Canadian Institute of Chartered Accountants



- c) "City" means the Corporation of the City of Kingston
- d) "Licence" means the license to distribute electricity issued by the Ontario Energy Board
- e) "Records" means the bookkeeping, accounting and record keeping system maintained by Utilities Kingston

## **2.0 TERM**

Unless terminated in accordance with Article 16.0, the term of this Agreement shall be from September 17, 2012 to and including September 16, 2017.

## **3.0 OBLIGATIONS OF KINGSTON HYDRO**

- a) Kingston Hydro shall be responsible for establishing rates and charges for services provided to customers within its service territory in the City of Kingston subject to the approval of the Ontario Energy Board.
- b) Kingston Hydro shall be responsible for approving an annual capital and operating financial plan.

## **4.0 OBLIGATIONS OF UTILITIES KINGSTON**

- a) Utilities Kingston shall be responsible for all aspects of the operation, maintenance, and management of the Business in accordance with Prudent Industry Practice and the terms of this Agreement throughout the term, including without limitation, providing all necessary staff to operate the Business.
- b) Utilities Kingston shall abide by and ensure that its officers, employees, agents and representatives abide by the provisions of all applicable

municipal, provincial and federal legislation, including, without limitation, the by-laws and resolutions of the City of Kingston, the Electricity Act, 1998, the Ontario Energy Board Act, 1998, relevant provisions of the Licence and any directives that may be issued by Kingston Hydro from time to time with regard to the electricity distribution business and the service described in Schedule "A" attached hereto. The foregoing obligation shall survive the termination of this Agreement and shall continue until any applicable statutory limitation period has expired.

- c) Utilities Kingston shall perform periodic reviews to ensure compliance with the Affiliate Relationships Code and provide Kingston Hydro with copies of those
- d) In fulfilling its duties and responsibilities pursuant to this Agreement, Utilities Kingston agrees to comply with all reasonable instructions received from Kingston Hydro.

## **5.0 RECORDS**

- a) Utilities Kingston shall keep records conforming to the requirements prescribed from time to time by Kingston Hydro including but not limited to the Reporting and Record Keeping requirements of the Ontario Energy Board and the provisions of the CICA.
- b) Utilities Kingston shall keep its records associated with the services to be provided separate from any records associated with any other activities to be carried on by Utilities Kingston, as required by section 72 of the Electricity Act, 1998 and the Licence.
- c) Utilities Kingston shall furnish Kingston Hydro with access to such records, including copies of documents therefrom as Kingston Hydro may require from time to time.

- d) Utilities Kingston agrees that Kingston Hydro shall have the right, upon twelve (12) hours notice to Utilities Kingston, to enter Utilities Kingston's premises during business hours to conduct an audit of Utilities Kingston's records in respect of the management of the electricity distribution business and the provision of services pursuant to this Agreement

## **6.0 CONFIDENTIAL INFORMATION**

The parties recognize that in accordance with the ARC, all information that Utilities Kingston receives from Kingston Hydro relating to specific customers, retailers or generators is confidential information and Utilities Kingston undertakes that such confidential information shall not be disclosed by it, except as may be necessary in the proper discharge of its duties under this Agreement, or used for any purpose other than the specific business purposes for which it received the confidential information. Utilities Kingston shall ensure that those employees who have access to such confidential information agree to abide by the ARC and Utilities Kingston's undertaking. The foregoing obligation shall survive the termination of this Agreement.

## **7.0 MANAGEMENT AND PERSONNEL**

- a) Utilities Kingston acknowledges that it is solely responsible for the control and management of its employees.
- b) Utilities Kingston shall provide sufficient qualified management, supervisory and operations personnel and support services to provide the management and delivery of the services under this Agreement, including the appropriate supervision for all such personnel.
- c) Utilities Kingston shall be responsible for administering the payroll obligations for all employees and shall comply with applicable collective

agreements, provincial legislation and payroll obligations including without limitation, federal and provincial income taxes, insurance premiums, contributions to benefit and compensations plans and similar obligations. Utilities Kingston shall maintain in good standing WSIB premiums, pursuant to provincial law covering all its employees who may be employed to provide services under this Agreement.

## **8.0 PRICING PAYMENTS AND RISK**

- a) Kingston Hydro agrees to reimburse all expenses, on a cost recovery basis only, that are incurred in the fulfillment of this Agreement and that have been appropriately allocated to Kingston Hydro by Utilities Kingston.
- b) For the purposes of this section, appropriately allocated means Kingston Hydro's share or proportional share of the expenditures that Utilities Kingston incurs to manage and operate the businesses that it is in. Notwithstanding the foregoing, Kingston Hydro and Utilities Kingston acknowledge that Kingston Hydro will not be responsible for any expenditure of Utilities Kingston that does not contribute to the electricity business. c) Kingston Hydro acknowledges that it is responsible for the risks of over or under provision of service as Utilities Kingston is not earning any profit or reward under the terms of this Agreement.
- c) Kingston Hydro may, at its own expense, conduct an audit of Utilities Kingston's financial records, including, but not limited to, the allocation of expenses under this Agreement.

## 9.0 INSURANCE

Utilities Kingston shall obtain and keep in force during the term of this Agreement, for the protection of Utilities Kingston and Kingston Hydro insurance coverage as follows:

- a) Comprehensive general, bodily injury and property damage liability insurance with limits of not less than \$5,000,000 inclusive per occurrence for bodily injury, death and damage to property including loss thereof.
- b) Umbrella coverage with limits of not less than \$10,000,000 per occurrence.
- c) Automobile liability insurance with respect to the licensed vehicles which have limits of not less than \$5,000,000 per occurrence in the following forms endorsed to provide both parties with not less than 15 days notice in advance of any cancellation, change or amendment respecting coverage:
  - i) Standard non-owned automobile policy including standard contractual liability endorsement
  - ii) Standard owners forms automobile policy providing third party liability and accident benefits insurance and covering licensed vehicles owned or operated by or on behalf of Utilities Kingston.
- d) All Risks Contractors' Equipment Insurance covering construction machinery and equipment used by Utilities Kingston for maintenance and repair of Kingston Hydro's distribution lines, poles and installations and extensions and additions thereto.
- e) Such other coverage as may be agreed upon by the parties.
- f) Where possible, such coverages shall be in the joint names of Utilities Kingston and Kingston Hydro with loss payable to Utilities Kingston and Kingston Hydro as their respective interests may appear.

## **10.0 INDEMNIFICATION**

The parties shall defend, fully indemnify and hold harmless each other and their respective officers, employees, agents and representatives, from any and all manner of actions, causes of action, proceedings, claims, demands, penalties, fines and costs, including without limitation, all legal costs and disbursements that might be incurred, which other party may suffer, or which may hereafter be sustained or incurred by reason of, or in any way arising out of such damage, loss or injury, including death to any property or person, as a result of its failure or negligence, or its failure at any time to comply with the provisions of this Agreement.

## **11.0 AUTHORIZED REPRESENTATIVES**

- a) Kingston Hydro hereby appoints the Chair of Kingston Hydro as its authorized representative to deal with Utilities Kingston, with authority to act for and on behalf of Kingston Hydro respecting the day to day administration of this Agreement.
- b) Utilities Kingston hereby appoints the President and Chief Executive Officer of Utilities Kingston as its authorized representative to deal with Kingston Hydro, with authority to act on behalf of Utilities Kingston respecting the day to day administration of this Agreement.

## **12.0 FAILURE TO COMPLY**

The failure of either party to enforce or insist upon compliance with any of the terms and conditions of this Agreement, or a waiver of any default under this Agreement, shall not constitute a general waiver or relinquishment of any such term or condition, or of any subsequent default of the same or any other term or

condition of this Agreement, but the same shall be and remain at all times in full force and effect.

### **13.0 FORCE MAJEURE**

Neither of the parties shall be liable for delay in or failure to perform their respective obligations under this Agreement when such failure is caused by events beyond the reasonable control of either party, such as fire, explosion, flood, act of God or inevitable accident, civil disorder or disturbance, vandalism, war, riot, sabotage, weather or energy related closings, governmental actions or regulations, nor for real or personal property destroyed or damaged due to such events; in the event of catastrophe, the parties obligations shall cease until the cause of such delay or failure is resolved or repaired. The parties shall explore all reasonable avenues available to avoid or resolve events of force majeure in the shortest possible time.

### **14.0 STRIKES**

In the event of a strike the parties shall use reasonable efforts to perform their obligations under this Agreement at a satisfactory level as mutually agreed upon by them. The compensation terms of this Agreement may be modified to allow for changes in service or requirements during the period of the strike.

### **15.0 DISPUTE RESOLUTION**

- a) The Parties agree to consult each other and to negotiate in good faith to resolve any differences or disputes which either Party may have relating to the interpretation, application or implementations of this Agreement, or any dispute which may arise over any costs, fees or other costs incurred and

failing agreement the Parties agree to resolve their disputes by arbitration as provided in Article 15.0 (b)

- b) Arbitration of a dispute shall be commenced by written notice by a party requesting arbitration to the other, which notice shall identify the issue or issues it wishes to submit to arbitration. Within thirty (30) days of the notice, the Parties shall agree upon a single arbitrator and failing agreement then each Party shall appoint an arbitrators and the two appointees shall within forty-five (45) days of the notice of arbitration appoint a third person who shall act as Chair of the arbitration panel and failing agreement the Chair shall be appointed by a judge of the Superior Court of Ontario pursuant to the provisions of the *Arbitration's Act*, RSO 1991 c.A 17.
- c) The commencement of the arbitration and all rules of procedure for the arbitration shall be by agreements of the Parties, or failing agreement, as determined by the arbitrator or Chair of the arbitrator panel. The provisions of the *Arbitration's Act*, RSO 1991 c.A 17 as amended or any successor legislation shall apply to the arbitration.

## 16.0 TERMINATION

- a) Events of Termination
  - i) If either party breaches a material term of this Agreement, the non breaching party shall give written notice to the other of such breach; if the breach is remedied within 15 days, the notice shall be null and void; if the breach is not or cannot be remedied by the breaching party within the 15 days as aforesaid or within such longer period as may have been stipulated for in such notice, the Agreement may be terminated at the discretion of the non-breaching party. Said



termination shall take effect 30 days from the end of the notice period.

- ii) If either party goes in to receivership or gives notice of insolvency or pending insolvency, the other party may elect to terminate this Agreement.

b) Notice of Termination

Either party may terminate this agreement at any time upon six (6) months written notice to the other party.

## **17.0 NOTICES**

Any notice or communication required or permitted to be given under this Agreement shall be valid only if delivered in writing in accordance with this clause.

Notices can be provided as follows:

Kingston Hydro:

Mayor of the City of Kingston  
Kingston City Hall  
216 Ontario Street,  
Kingston, ON  
K7L 2Z3

Utilities Kingston:

President and Chief Executive Officer  
1211 John Counter Blvd  
Kingston, ON  
K7L 4X7

## **18.0 AMENDMENTS**

No amendment to this Agreement shall be of any force or effect unless by writing and signed by both parties.

## **19.0 SEVERABILITY**

If any term or provision of this Agreement is held by a competent authority to be invalid, illegal or unenforceable for any reason, the remaining provisions of this Agreement and its Schedule shall continue in full force and effect.

## **20.0 ASSIGNMENT**

This Agreement may not be assigned by either party to a third party without the written consent of the other party.

## **21.0 GOVERNING LAW**

This Agreement shall be construed and enforced in accordance with the laws of the Province of Ontario.

## **22.0 TIME OF THE ESSENCE**

Time is of the essence in the Agreement and all of the provisions in it.

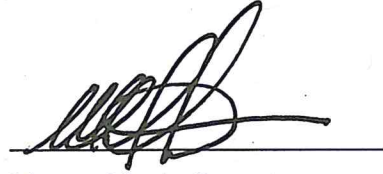
## **23.0 ENTIRE AGREEMENT**

This Agreement, together with the Schedule attached hereto constitutes the entire agreement between the parties with respect to the matters herein and supersedes all prior oral or written representations.

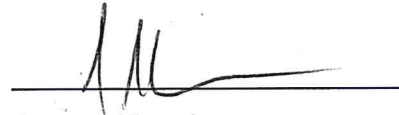
IN WITNESS WHEREOF, the parties have duly executed this Agreement.

For Kingston Hydro Corporation

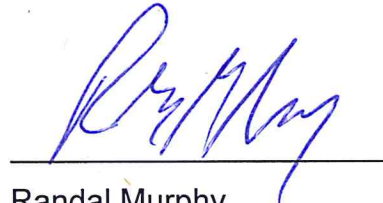
For 1425445 Ontario Limited  
(o/as Utilities Kingston)



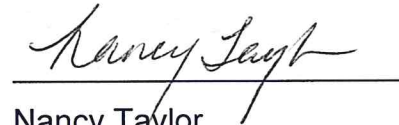
Mayor Mark Gerretsen  
Chair



James Keech  
President and CEO



Randal Murphy  
Treasurer



Nancy Taylor  
Corporate Secretary

## SCHEDULE A

### SCOPE OF SERVICES

Utilities Kingston shall have authority during the Term to manage, control, administer and operate the Business in accordance with Prudent Industry Practice, subject to overall responsibility for management by the Senior Officers and the Board of Directors of Kingston Hydro.

Without limited the generality of the foregoing, Utilities Kingston shall be vested with the following powers which it will exercise on behalf of Kingston Hydro:

- a) to report to the management and Board of Directors of Kingston Hydro with respect to the business and affairs of Kingston Hydro as may be requested from time to time by Kingston Hydro;
- b) to provide all administrative services for the business of Kingston Hydro including accounting and bookkeeping services
- c) to negotiate, execute, amend administer, perform and carry out the terms of all agreements and commitments, the performance of which by or on behalf of Kingston Hydro in respect of the Business and the Business is necessary or advisable; and
- d) to operate and maintain the Business in accordance with Prudent Industry Practice, applicable laws and all Kingston Hydro agreements, to minimize unscheduled outages and to provide maintenance in the most cost effective manner to prevent deterioration beyond normal wear and tear; provided that such efforts shall be necessarily limited by the operating life, capacity and maintenance requirements of the facilities and by the requirements of applicable laws and requirements of the Kingston Hydro distribution licence;
- e) to obtain and maintain all necessary regulatory and operational approvals including those required from the Ontario Energy Board and the Independent Electricity System Operator for the Business and renewals therefore including preparing and submitting all associated applications and filings
- f) to provide administrative services for the Business including:
  - i) arrange insurance for the Business consistent with Prudent Industry Practice
  - ii) maintain and preserve equipment maintenance, accounting, management of billing and receivables, banking and other necessary records, reports, documents, data and the like for the Business

- iii) perform cash management services for the Business
- iv) on a timely basis prepare financial statements and deliver them to Kingston Hydro's Board of Directors
- v) assist in the administration of all agreements to which Kingston Hydro is a party or by which it is bound, including negotiations and communications with third parties in connection therewith; and
- vi) make all banking and financing agreements;
- g) to plan, project manage and execute all capital works as approved by the Board of Kingston Hydro;
- h) perform for Kingston Hydro such other services as may from time to time be reasonably requested or are necessary or appropriate in connection with the operation and maintenance of the facilities

1 One-time Costs

2

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3 **ONE-TIME COSTS**

4

5 With the exception of costs related to this Application discussed below under Regulatory  
6 Costs, Kingston Hydro is not proposing to recover any other one-time costs in this  
7 application.

# Regulatory Costs

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## REGULATORY COSTS

Kingston Hydro has completed Appendix 2-M as required by Section 2.7.3.5 of the Ontario Energy Board's Chapter 2 of the Filing Requirements For Electricity Distribution Rate Applications - 2014 Edition for 2015 Rates Applications - (July 18, 2014). Appendix 2-M provides a breakdown of the regulatory costs by category, USoA account and identifies the costs as one-time or ongoing. It also details the amounts and lists the changes in the costs from 2011 Board Approved through to the test year 2016 and on through to 2020.

The amount reported in Appendix 2M for 2011 Actuals include the full amount of the one-time costs related 2011 Cost of Service Application. For Regulatory Reporting Requirement purposes some of these one-time costs would have been reported in 2010 as well as 2011.

The increase in on-going costs in 2013 is related to staff time being allocated regulatory matters.

2014 regulatory costs increased from 2013 due to the Customer Satisfaction survey conducted in 2014 as well as some one-time costs for work done related to the 2016 Custom IR rate application.

2015 Bridge year costs are expected to approximate 2014 costs.

2016 on-going regulatory costs are expected to increase marginally.

1 2016 one-time costs are estimated for the 2016 Custom IR rate application as follows:

2

- 3 - "OEB Section 30 Costs applicant originated" have been estimated based on
- 4 2011 actuals increased by 2% per year since 2011,
- 5 - "Legal fees" have been estimated based on 2011 actuals increased by 2% per
- 6 year since 2011.
- 7 - "Consultant Costs" have been estimated based on 2011 actuals increased by 2%
- 8 per year since 2011.
- 9 - "Other Costs for Regulatory Matters" includes newspaper advertisements and
- 10 other miscellaneous costs pertaining to the 2016 Custom IR application which
- 11 have been estimated based on 2011 actuals increased by 2% per year since
- 12 2011,
- 13 - "Intervenor Costs" have been estimated based on 2011 actuals increased by 2%
- 14 per year since 2011.

15

16 The total 2016 one-time costs sum to \$351,850. This amount has been amortized over  
17 the 5 year Custom IR period 2016-2020 such that 20% of the one-time costs are  
18 included in the 2016 regulatory costs and the 2016 OM&A.





File Number:EB-2015-0083

Exhibit: 4

Tab: 3

Schedule: 7

Date Filed: June 1, 2015

Attachment 1 of 1

OEB Appendix 2-M

**Appendix 2-M  
Regulatory Cost Schedule**

Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost? <sup>2</sup>	Year 2011 Actuals	Year 2012 Actuals	Year 2013 Actuals	Most Current Actual 2014	2015 Bridge Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year	2020 Test Year
1 OEB Annual Assessment	5655		On-Going	68,874	63,995	62,723	65,426	66,735	68,069	69,431	70,819	72,236	73,680
2 OEB Section 30 Costs (Applicant-originated)	5655		One-Time	16,438					18,148				
3 OEB Section 30 Costs (OEB-initiated)	5655		On-Going	2,966	4,252	2,935	2,622	3,335	3,402	3,470	3,540	3,610	3,683
4 Expert Witness costs for regulatory matters	5655												
5 Legal costs for regulatory matters	5655		One-Time	109,075					120,428				
6 Consultants' costs for regulatory matters	5655		One-Time	92,467			16,675		102,091				
7 Operating expenses associated with staff resources allocated to regulatory matters	5655		On-Going		1,853	46,573	48,693	49,667	50,660	51,673	52,707	53,761	54,836
8 Operating expenses associated with other resources allocated to regulatory matters <sup>1</sup>	5655		On-Going	5,599	6,622	3,075	21,600	17,016	17,356	17,703	18,058	18,419	18,787
9 Other regulatory agency fees or assessments	5655												
10 Any other costs for regulatory matters (please define)	5655		One-Time	15,920	40,938				17,577				
11 Any other costs for regulatory matters (please define)	5655		On-Going	29,160	29,249	29,160	29,160	30,000	30,000	30,000	30,000	30,000	30,000
12 Intervenor costs	5655		One-Time	84,782	10,892	2,196	-		93,606				
13 Sub-total - Ongoing Costs <sup>3</sup>		\$ -		106,599	105,971	144,467	167,501	166,753	169,488	172,278	175,123	178,026	180,986
14 Sub-total - One-time Costs <sup>4</sup>		\$ -		318,681	51,829	2,196	16,675	-	351,850	-	-	-	-
15 Total		\$ -		425,280	157,800	146,662	184,176	166,753	521,338	172,278	175,123	178,026	180,986
Total OnGoing Costs				106,599	105,971	144,467	167,501	166,753	169,488	172,278	175,123	178,026	180,986
Total One-Time Costs-Amortized 2016-2020				318,681	51,829	2,196	16,675	-	70,370	70,370	70,370	70,370	70,370
<b>Total Regulatory Costs included in OM&amp;A</b>				<b>425,280</b>	<b>157,800</b>	<b>146,662</b>	<b>184,176</b>	<b>166,753</b>	<b>239,858</b>	<b>242,648</b>	<b>245,493</b>	<b>248,396</b>	<b>251,356</b>

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.

	2011 Actuals	Most Current Actual 2014	2016 Test Year
2 OEB Section 30 Costs (Applicant-originated)	16,438		18,148
5 Legal costs	109,075	\$ -	120,428
6 Consultants' costs	92,467	\$ 16,675	102,091
10 Any other costs for regulatory matters (please define)	15,920	\$ -	17,577
12 Intervenor costs	\$ 84,782	\$ -	93,606

<sup>1</sup> Please identify the resources involved.

<sup>2</sup> Where a category's costs include both one-time and ongoing costs, the applicant should prove a separate breakdown between one-time and ongoing costs.

<sup>3</sup> Sum of all ongoing costs identified in rows 1 to 11 inclusive.

<sup>4</sup> Sum of all one-time costs identified in rows 1 to 11 inclusive.

1 **Low-income Energy Assistance Programs (LEAP)**  
2

---

3 **LOW INCOME ENERGY ASSISTANCE PROGRAMS (LEAP)**  
4

5 Kingston Hydro has actively supported LEAP since 2011. Kingston Hydro administers  
6 this program through a local social service agency, North Kingston Community Health  
7 Centres, to ensure proper and independent distribution of funds.  
8

9 The contributions for the 2016 through 2020 Test Years are forecasted to be \$17,000,  
10 \$18,000, \$19,000, \$20,000 and \$21,000 respectively. These costs are reflected in  
11 USoA account 6205-Donations, Sub-account LEAP funding.  
12

13 Kingston Hydro has not included any amounts included in its test year revenue  
14 requirements for any other programs.

1 **Charitable Donations**

2

3 **CHARITABLE DONATIONS**

4

5 Kingston Hydro has not included any charitable or political donations in the revenue  
 6 requirement for the Test Years, other than contributions to programs that provide  
 7 assistance to low income customers as identified in the preceding Schedule of this  
 8 exhibit. Below Table 1 summarizes the LEAP donations from the 2011 through the 2020  
 9 Test Year.

10

11 Table 1 - LEAP Donations 2011-2020

	2011 Actual	2012 Actual	2013 Actuals	2014 Actuals
<b>LEAP</b>	\$15,600	\$15,600	\$15,600	\$16,000

12

13

	2015 Bridge Year	2016 Test Year	2017 Test Year	2018 Test Year	2019 Test Year	2020 Test Year
<b>LEAP</b>	\$16,000	\$17,000	\$18,000	\$19,000	\$20,000	\$21,000

14



File Number: EB-2015-0083

Date Filed: June 1, 2015

## Exhibit 4

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Tab 4 of 6

Depreciation/Amortization/Depletion

# 1 Depreciation/Amortization/Depletion

---

## 3 **DEPRECIATION/AMORTIZATION/DEPLETION**

### 5 **Overview Depreciation Rates and Methodology**

7 Kingston Hydro Corporation amortized its capital assets in accordance with the  
8 Canadian Institute of Chartered Accountants (CICA) Handbook and the Ontario Energy  
9 Board's Accounting Procedures Handbook up to and including 2012. Assets were  
10 amortized on a straight-line basis over their useful lives. Effective January 1, 2010,  
11 one-half of a year's worth of amortization is recorded during the year of purchase.

12  
13 Effective January 1, 2013, the Company reviewed the useful lives of all capital assets  
14 subject to amortization. This review was performed in accordance with IFRS IAS 16  
15 and the requirement of the OEB to revise useful lives to coincide with IFRS. The  
16 estimates of useful lives of certain items of property, plant and equipment were revised  
17 which resulted in a change in amortization rates and years of amortization. Kingston  
18 Hydro confirms that the useful lives for its asset groups fall within the range allowed in  
19 the Board sponsored Kinectrics study. In support of the depreciation expense policy  
20 changes Kingston Hydro has filed a completed Appendix 2-BB at Exhibit 4, Tab 4,  
21 Schedule 1, Attachment 3. Also filed is OEB Appendix 2-CI Exhibit 4, Tab 4, Schedule  
22 1 Attachment 5.

23  
24 Details for Depreciation, Amortization and Depletion by asset group for the Historical,  
25 Bridge and Test Years, including asset amounts and rates of depreciation or  
26 amortization can be found in the OEB Appendices. For these details, please refer to

1 OEB Appendix 2-BB at Exhibit 4, Tab 4, Schedule 1, Attachment 3 and OEB Appendix  
2 2-BA at Exhibit 4, Tab 4, Schedule 1, Attachment 1.

3

4 Capital assets are amortized individually or on the group basis where the combined cost  
5 of a group of assets is amortized on the estimated average useful life of the assets in  
6 the group.

7

8 The depreciation practices followed and used in preparing the application are as  
9 follows:

10

11 Kingston Hydro Corporation historically calculated amortization on a straight line basis  
12 over the estimated useful lives of the respective assets. The current treatment of capital  
13 assets and the subsequent calculation of amortization are based IFRS IAS 16 and  
14 *Report of the Board, Transition to International Financial Reporting Standards*, EB-  
15 2008-0408, the Kinectrics Report, and the Revised 2012 *Accounting Procedures*  
16 *Handbook for Electricity Distributors* ("APH"). Similar assets are grouped by their nature  
17 for amortization purposes. The amortization method allocates the combined cost of the  
18 assets over their estimated useful life on a rational and systematic basis. The useful life  
19 is the estimated average life of the assets in the group.

20

21 For purposes of calculating the 2016-2020 Test Year forecasts of amortization expense,  
22 the half year rule was applied. The proposed levels of depreciation/amortization  
23 expense are appropriately reflective of the useful lives of the assets and the Board`s  
24 accounting policies.

25

26 There are no proposed new or changed depreciation/amortization rates for Kingston  
27 Hydro Corporation and the applicant has not identified any Asset Retirement  
28 Obligations.



File Number:EB-2015-0083

Exhibit: 4

Tab: 4

Schedule: 1

Date Filed: June 1, 2015

## Attachment 1 of 5

## OEB Appendix 2-BA



**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard **CGAAP**  
Year **2011**

CCA Class	OEB	Description	Cost					Accumulated Depreciation					Net Book Value
			Opening Balance	Reclassification	Additions	Disposals	Closing Balance	Opening Balance	Reclassification	Additions	Disposals	Closing Balance	
	1610	Misc. Intangible Plant	\$ 248,595			\$ 6,155	\$ 242,440	-\$ 15,455		-\$ 6,138		-\$ 21,593	\$ 220,847
12	1611	Computer Software (Formally known as Account 1925)	\$ 283,900		\$ 8,172		\$ 292,072	-\$ 162,149		-\$ 38,420		-\$ 200,569	\$ 91,503
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -				\$ -	\$ -				\$ -	\$ -
N/A	1805	Land	\$ 197,343				\$ 197,343	\$ -		\$ -		\$ -	\$ 197,343
47	1808	Buildings	\$ 546,237		\$ 123,257		\$ 669,494	-\$ 169,925		-\$ 16,625		-\$ 186,550	\$ 482,944
13	1810	Leasehold Improvements	\$ -				\$ -	\$ -				\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -				\$ -	\$ -				\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 5,678,365		\$ 3,217,442		\$ 8,895,807	-\$ 1,713,876		-\$ 271,596		-\$ 1,985,472	\$ 6,910,335
47	1825	Storage Battery Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 11,880,325		\$ 274,727		\$ 12,155,052	-\$ 3,977,709		-\$ 531,535		-\$ 4,509,244	\$ 7,645,808
47	1835	Overhead Conductors & Devices	\$ 2,815,423		\$ 572,740		\$ 3,388,163	-\$ 1,008,418		-\$ 139,058		-\$ 1,147,476	\$ 2,240,687
47	1840	Underground Conduit	\$ 6,646,408		\$ 604,991		\$ 7,251,399	-\$ 2,287,458		-\$ 322,198		-\$ 2,609,656	\$ 4,641,743
47	1845	Underground Conductors & Devices	\$ 5,645,141		\$ 197,328		\$ 5,842,469	-\$ 1,488,469		-\$ 260,043		-\$ 1,748,512	\$ 4,093,957
47	1850	Line Transformers	\$ 3,395,246		\$ 535,506		\$ 3,930,752	-\$ 1,807,403		-\$ 203,622		-\$ 2,011,025	\$ 1,919,727
47	1855	Services (Overhead & Underground)	\$ 1,840,254		\$ 84,993		\$ 1,925,247	-\$ 1,011,459		-\$ 50,021		-\$ 1,061,480	\$ 863,767
47	1860	Meters	\$ 4,365,774	\$ 17,388	\$ 28,254	-\$ 3,585,213	\$ 826,203	-\$ 1,865,996	-\$ 696	-\$ 30,713	\$ 1,686,706	-\$ 210,699	\$ 615,504
47	1860	Meters (Smart Meters)	\$ -				\$ -	\$ -				\$ -	\$ -
N/A	1905	Land	\$ -				\$ -	\$ -				\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -				\$ -	\$ -				\$ -	\$ -
13	1910	Leasehold Improvements	\$ 322,043		\$ 6,421		\$ 328,464	-\$ 158,966		-\$ 29,474		-\$ 188,440	\$ 140,024
8	1915	Office Furniture & Equipment (10 years)	\$ 3,690		\$ 5,985		\$ 9,675	-\$ 558		-\$ 668		-\$ 1,226	\$ 8,449
8	1915	Office Furniture & Equipment (5 years)	\$ -				\$ -	\$ -				\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -				\$ -	\$ -				\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 137,476		\$ 2,112		\$ 139,588	-\$ 112,702		-\$ 6,521		-\$ 119,223	\$ 20,365
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -				\$ -	\$ -				\$ -	\$ -
10	1930	Transportation Equipment	\$ 1,380,986		\$ 413,102		\$ 1,794,088	-\$ 985,483		-\$ 125,863		-\$ 1,111,346	\$ 682,742
8	1935	Stores Equipment	\$ 56,201		\$ 4,900		\$ 61,101	-\$ 11,240		-\$ 5,865		-\$ 17,105	\$ 43,996
8	1940	Tools, Shop & Garage Equipment	\$ 876,382		\$ 22,462		\$ 898,844	-\$ 559,313		-\$ 70,398		-\$ 629,711	\$ 269,133
8	1945	Measurement & Testing Equipment	\$ 51,401		\$ 10,330		\$ 61,731	-\$ 8,803		-\$ 5,657		-\$ 14,460	\$ 47,271
8	1950	Power Operated Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
8	1955	Communications Equipment	\$ 73,749		\$ 9,523		\$ 83,272	-\$ 9,154		-\$ 7,851		-\$ 17,005	\$ 66,267
8	1955	Communication Equipment (Smart Meters)	\$ -				\$ -	\$ -				\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -				\$ -	\$ -				\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -				\$ -	\$ -				\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 2,193,118		\$ 171,187		\$ 2,364,305	-\$ 1,618,352		-\$ 131,317		-\$ 1,749,669	\$ 614,636
47	1985	Miscellaneous Fixed Assets	\$ -				\$ -	\$ -				\$ -	\$ -
47	1990	Other Tangible Property	\$ -				\$ -	\$ -				\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 48,638,057</b>	<b>\$ 17,388</b>	<b>\$ 6,293,432</b>	<b>-\$ 3,591,368</b>	<b>\$ 51,357,509</b>	<b>-\$ 18,972,888</b>	<b>-\$ 696</b>	<b>-\$ 2,253,583</b>	<b>\$ 1,686,706</b>	<b>-\$ 19,540,461</b>	<b>\$ 31,817,048</b>
47	1995	Contributions & Grants	-\$ 1,376,299	-\$ 17,388	-\$ 390,085		-\$ 1,783,772	\$ 115,914	-\$ 1,904	\$ 60,867		\$ 174,877	-\$ 1,608,895
47	2440	Deferred Revenue <sup>5</sup>	\$ -				\$ -	\$ -				\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 47,261,758</b>	<b>\$ -</b>	<b>\$ 5,903,347</b>	<b>-\$ 3,591,368</b>	<b>\$ 49,573,737</b>	<b>-\$ 18,856,974</b>	<b>-\$ 2,600</b>	<b>-\$ 2,192,716</b>	<b>\$ 1,686,706</b>	<b>-\$ 19,365,584</b>	<b>\$ 30,208,153</b>
		Less Socialized Renewable Energy Generation Investments (input as negative)					\$ -					\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)					\$ -					\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 47,261,758</b>	<b>\$ -</b>	<b>\$ 5,903,347</b>	<b>-\$ 3,591,368</b>	<b>\$ 49,573,737</b>	<b>-\$ 18,856,974</b>	<b>-\$ 2,600</b>	<b>-\$ 2,192,716</b>	<b>\$ 1,686,706</b>	<b>-\$ 19,365,584</b>	<b>\$ 30,208,153</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>											
		<b>Total</b>										<b>-\$ 2,192,716</b>	

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation

Stores Equipment

Net Depreciation

-\$ 2,192,716

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard **CGAAP**  
Year **2012**

CCA Class	OEB	Description	Cost				Accumulated Depreciation					Net Book Value	
			Opening Balance	Reclassification	Additions	Disposals	Closing Balance	Opening Balance	Reclassification	Additions	Disposals		Closing Balance
	1610	Misc. Intangible Plant	\$ 242,440		\$ -		242,440.00	-\$ 21,593		-\$ 6,061		-\$ 27,654	\$ 214,786
12	1611	Computer Software (Formally known as Account 1925)	\$ 292,072		\$ -		292,072.00	-\$ 200,569		-\$ 29,682		-\$ 230,251	\$ 61,821
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -		\$ -		-	\$ -		\$ -		\$ -	\$ -
N/A	1805	Land	\$ 197,343		\$ -		197,343.00	\$ -		\$ -		\$ -	\$ 197,343
47	1808	Buildings	669,494.00		\$ 9,369		678,862.68	-\$ 186,550		-\$ 17,951		-\$ 204,501	\$ 474,362
13	1810	Leasehold Improvements	\$ -				-	\$ -		\$ -		\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -				-	\$ -		\$ -		\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 8,895,807		\$ 68,419		8,964,225.82	-\$ 1,985,472		-\$ 326,360		-\$ 2,311,832	\$ 6,652,394
47	1825	Storage Battery Equipment	\$ -				-	\$ -		\$ -		\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 12,155,052		\$ 213,425		12,368,476.97	-\$ 4,509,244		-\$ 535,858		-\$ 5,045,102	\$ 7,323,375
47	1835	Overhead Conductors & Devices	\$ 3,388,163		\$ 1,012,151		4,400,314.45	-\$ 1,147,476		-\$ 169,113		-\$ 1,316,589	\$ 3,083,725
47	1840	Underground Conduit	\$ 7,251,399		\$ 315,064		7,566,462.58	-\$ 2,609,656		-\$ 326,099		-\$ 2,935,755	\$ 4,630,708
47	1845	Underground Conductors & Devices	\$ 5,842,469		\$ 129,139		5,971,607.67	-\$ 1,748,512		-\$ 256,528		-\$ 2,005,040	\$ 3,966,568
47	1850	Line Transformers	\$ 3,930,752		\$ 252,475		4,183,227.09	-\$ 2,011,025		-\$ 207,114		-\$ 2,218,139	\$ 1,965,088
47	1855	Services (Overhead & Underground)	\$ 1,925,247		\$ 57,445		1,982,691.55	-\$ 1,061,480		-\$ 52,869		-\$ 1,114,349	\$ 868,343
47	1860	Meters	\$ 826,203		\$ 139,146		965,348.83	-\$ 210,699		-\$ 33,428		-\$ 244,127	\$ 721,222
47	1860	Meters (Smart Meters)	\$ -				-	\$ -		\$ -		\$ -	\$ -
N/A	1905	Land	\$ -				-	\$ -		\$ -		\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -				-	\$ -		\$ -		\$ -	\$ -
13	1910	Leasehold Improvements	\$ 328,464		\$ 5,435		333,898.93	-\$ 188,440		-\$ 30,067		-\$ 218,507	\$ 115,392
8	1915	Office Furniture & Equipment (10 years)	\$ 9,675		\$ 17,610		27,285.10	-\$ 1,226		-\$ 1,849		-\$ 3,075	\$ 24,210
8	1915	Office Furniture & Equipment (5 years)	\$ -				-	\$ -		\$ -		\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -				-	\$ -		\$ -		\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 139,588		\$ -		139,588.00	-\$ 119,223		-\$ 6,732		-\$ 125,955	\$ 13,633
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -				-	\$ -		\$ -		\$ -	\$ -
10	1930	Transportation Equipment	\$ 1,794,088		\$ 910,712		2,704,799.55	-\$ 1,111,346		-\$ 191,019		-\$ 1,302,365	\$ 1,402,435
8	1935	Stores Equipment	\$ 61,101		\$ -		61,101.00	-\$ 17,105		-\$ 6,110		-\$ 23,215	\$ 37,886
8	1940	Tools, Shop & Garage Equipment	\$ 898,844		\$ 42,506		941,349.68	-\$ 629,711		-\$ 63,570		-\$ 693,281	\$ 248,069
8	1945	Measurement & Testing Equipment	\$ 61,731		\$ -		61,731.00	-\$ 14,460		-\$ 6,173		-\$ 20,633	\$ 41,098
8	1950	Power Operated Equipment	\$ -				-	\$ -		\$ -		\$ -	\$ -
8	1955	Communications Equipment	\$ 83,272		\$ 7,968		91,240.01	-\$ 17,005		-\$ 8,725		-\$ 25,730	\$ 65,510
8	1955	Communication Equipment (Smart Meters)	\$ -				-	\$ -		\$ -		\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -				-	\$ -		\$ -		\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -				-	\$ -		\$ -		\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -				-	\$ -		\$ -		\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 2,364,305		\$ 317,596		2,681,901.34	-\$ 1,749,669		-\$ 116,383		-\$ 1,866,052	\$ 815,849
47	1985	Miscellaneous Fixed Assets	\$ -				-	\$ -		\$ -		\$ -	\$ -
47	1990	Other Tangible Property	\$ -				-	\$ -		\$ -		\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 51,357,509</b>	<b>\$ -</b>	<b>\$ 3,498,458</b>	<b>\$ -</b>	<b>\$ 54,855,967</b>	<b>-\$ 19,540,461</b>	<b>\$ -</b>	<b>-\$ 2,391,691</b>	<b>\$ -</b>	<b>-\$ 21,932,152</b>	<b>\$ 32,923,815</b>
47	1995	Contributions & Grants	-\$ 1,783,772		-\$ 186,737		- 1,970,508.94	\$ 174,877		\$ 72,595		\$ 247,472	-\$ 1,723,037
47	2440	Deferred Revenue <sup>5</sup>	\$ -				-	\$ -		\$ -		\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 49,573,737</b>	<b>\$ -</b>	<b>\$ 3,311,721</b>	<b>\$ -</b>	<b>\$ 52,885,458</b>	<b>-\$ 19,365,584</b>	<b>\$ -</b>	<b>-\$ 2,319,096</b>	<b>\$ -</b>	<b>-\$ 21,684,680</b>	<b>\$ 31,200,779</b>
		Less Socialized Renewable Energy Generation Investments (input as negative)					-					\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)					-					\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 49,573,737</b>	<b>\$ -</b>	<b>\$ 3,311,721</b>	<b>\$ -</b>	<b>52,885,458.31</b>	<b>-\$ 19,365,584</b>	<b>\$ -</b>	<b>-\$ 2,319,096</b>	<b>\$ -</b>	<b>-\$ 21,684,680</b>	<b>\$ 31,200,779</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>											
		<b>Total</b>								<b>-\$ 2,319,096</b>			

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation

Stores Equipment

Net Depreciation

-\$ 2,319,096

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard    CGAAP    Old Useful Lives  
Year                            2013

CCA Class	OEB	Description	Cost					Accumulated Depreciation					Net Book Value		
			Opening Balance	Adjusted Opening Balance	Smart Meter Additions	Additions	Disposals	Closing Balance	Opening Balance	Adjusted Opening Balance	Smart Meter Additions	Additions		Disposals	Closing Balance
	1610	Misc. Intangible Plant	\$ 242,440	\$ 242,440				\$ 242,440	-\$ 27,654	-\$ 27,654			-\$ 6,061	-\$ 33,715	\$ 208,725
12	1611	Computer Software (Formally known as Account 1925)	\$ 292,072	\$ 292,071	\$ 53,568			\$ 345,639	-\$ 230,251	-\$ 230,259	-\$ 13,069		-\$ 40,395	-\$ 283,723	\$ 61,916
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -					\$ -	\$ -					\$ -	\$ -
N/A	1805	Land	\$ 197,343	\$ 197,343				\$ 197,343	\$ -					\$ -	\$ 197,343
47	1808	Buildings	\$ 678,863	\$ 678,899		\$ 40,870		\$ 719,769	-\$ 204,501	-\$ 198,782		-\$ 18,448	-\$ 217,230	\$ 502,539	
13	1810	Leasehold Improvements	\$ -					\$ -	\$ -				\$ -	\$ -	
47	1815	Transformer Station Equipment >50 kV	\$ -					\$ -	\$ -				\$ -	\$ -	
47	1820	Distribution Station Equipment <50 kV	\$ 8,964,226	\$ 8,964,228		\$ 281,242		\$ 9,245,470	-\$ 2,311,832	-\$ 2,307,219		-\$ 331,642	-\$ 2,638,861	\$ 6,606,609	
47	1825	Storage Battery Equipment	\$ -					\$ -	\$ -				\$ -	\$ -	
47	1830	Poles, Towers & Fixtures	\$ 12,368,477	\$ 12,368,473		\$ 1,063,313		\$ 13,431,786	-\$ 5,045,102	-\$ 5,336,155		-\$ 518,280	-\$ 5,854,435	\$ 7,577,351	
47	1835	Overhead Conductors & Devices	\$ 4,400,314	\$ 4,400,314		\$ 67,047		\$ 4,467,361	-\$ 1,316,589	-\$ 839,933		-\$ 178,594	-\$ 1,018,527	\$ 3,448,834	
47	1840	Underground Conduit	\$ 7,566,463	\$ 7,566,464		\$ 2,317,187		\$ 9,883,651	-\$ 2,935,755	-\$ 3,033,583		-\$ 364,673	-\$ 3,398,256	\$ 6,485,395	
47	1845	Underground Conductors & Devices	\$ 5,971,608	\$ 5,971,605		\$ 579,462		\$ 6,551,067	-\$ 2,005,040	-\$ 1,900,226		-\$ 261,076	-\$ 2,161,302	\$ 4,389,765	
47	1850	Line Transformers	\$ 4,183,227	\$ 4,183,227		\$ 260,699		\$ 4,443,926	-\$ 2,218,139	-\$ 2,154,725		-\$ 180,809	-\$ 2,335,534	\$ 2,108,392	
47	1855	Services (Overhead & Underground)	\$ 1,982,692	\$ 1,578,050		\$ 69,457		\$ 1,647,507	-\$ 1,114,349	-\$ 844,290		-\$ 58,591	-\$ 902,881	\$ 744,626	
47	1860	Meters	\$ 965,349	\$ 961,326	\$ 4,491,975	\$ 111,357		\$ 5,564,658	-\$ 244,127	-\$ 243,431	-\$ 743,301	-\$ 337,380	-\$ 1,324,112	\$ 4,240,546	
47	1860	Meters (Smart Meters)	\$ -					\$ -	\$ -				\$ -	\$ -	
N/A	1905	Land	\$ -					\$ -	\$ -				\$ -	\$ -	
47	1908	Buildings & Fixtures	\$ -					\$ -	\$ -				\$ -	\$ -	
13	1910	Leasehold Improvements	\$ 333,899	\$ 333,900		\$ 1,674		\$ 335,574	-\$ 218,507	-\$ 218,507		-\$ 30,422	-\$ 248,929	\$ 86,645	
8	1915	Office Furniture & Equipment (10 years)	\$ 27,285	\$ 27,285				\$ 27,285	-\$ 3,075	-\$ 3,075		-\$ 2,729	-\$ 5,804	\$ 21,481	
8	1915	Office Furniture & Equipment (5 years)	\$ -					\$ -	\$ -				\$ -	\$ -	
10	1920	Computer Equipment - Hardware	\$ -					\$ -	\$ -				\$ -	\$ -	
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 139,588	\$ 139,588	\$ 126,584	\$ 85,305		\$ 351,477	-\$ 125,955	-\$ 125,955	-\$ 62,092	-\$ 40,580	-\$ 228,627	\$ 122,850	
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -					\$ -	\$ -				\$ -	\$ -	
10	1930	Transportation Equipment	\$ 2,704,800	\$ 2,704,800		\$ 89,265		\$ 2,794,065	-\$ 1,302,365	-\$ 1,302,365		-\$ 198,307	-\$ 1,500,672	\$ 1,293,393	
8	1935	Stores Equipment	\$ 61,101	\$ 61,101				\$ 61,101	-\$ 23,215	-\$ 23,215		-\$ 6,110	-\$ 29,325	\$ 31,776	
8	1940	Tools, Shop & Garage Equipment	\$ 941,350	\$ 941,350		\$ 48,982		\$ 990,332	-\$ 693,281	-\$ 693,280		-\$ 56,418	-\$ 749,698	\$ 240,634	
8	1945	Measurement & Testing Equipment	\$ 61,731	\$ 61,731		\$ 1,650		\$ 63,381	-\$ 20,633	-\$ 20,633		-\$ 6,256	-\$ 26,889	\$ 36,492	
8	1950	Power Operated Equipment	\$ -					\$ -	\$ -				\$ -	\$ -	
8	1955	Communications Equipment	\$ 91,240	\$ 91,240		\$ 6,135		\$ 97,375	-\$ 25,730	-\$ 25,730		-\$ 9,431	-\$ 35,161	\$ 62,214	
8	1955	Communication Equipment (Smart Meters)	\$ -					\$ -	\$ -				\$ -	\$ -	
8	1960	Miscellaneous Equipment	\$ -					\$ -	\$ -				\$ -	\$ -	
47	1970	Load Management Controls Customer Premises	\$ -					\$ -	\$ -				\$ -	\$ -	
47	1975	Load Management Controls Utility Premises	\$ -					\$ -	\$ -				\$ -	\$ -	
47	1980	System Supervisor Equipment	\$ 2,681,901	\$ 2,681,900		\$ 11,745		\$ 2,693,645	-\$ 1,866,052	-\$ 1,865,006		-\$ 112,742	-\$ 1,977,748	\$ 715,897	
47	1985	Miscellaneous Fixed Assets	\$ -					\$ -	\$ -				\$ -	\$ -	
47	1990	Other Tangible Property	\$ -					\$ -	\$ -				\$ -	\$ -	
		<b>Sub-Total Before Contributions</b>	<b>\$ 54,855,967</b>	<b>\$ 54,447,335</b>	<b>\$ 4,672,127</b>	<b>\$ 5,035,390</b>	<b>\$ -</b>	<b>\$ 64,154,852</b>	<b>-\$ 21,932,152</b>	<b>-\$ 21,394,023</b>	<b>-\$ 818,462</b>	<b>-\$ 2,758,944</b>	<b>\$ -</b>	<b>-\$ 24,971,429</b>	<b>\$ 39,183,423</b>
47	1995	Contributions & Grants	-\$ 1,970,509	-\$ 1,970,509		-\$ 743,055		-\$ 2,713,564	\$ 247,472	\$ 242,760		\$ 88,858	\$ 331,618	-\$ 2,381,946	
47	2440	Deferred Revenue <sup>5</sup>	\$ -					\$ -	\$ -				\$ -	\$ -	
		<b>Sub-Total</b>	<b>\$ 52,885,458</b>	<b>\$ 52,476,826</b>	<b>\$ 4,672,127</b>	<b>\$ 4,292,335</b>	<b>\$ -</b>	<b>\$ 61,441,288</b>	<b>-\$ 21,684,680</b>	<b>-\$ 21,151,263</b>	<b>-\$ 818,462</b>	<b>-\$ 2,670,086</b>	<b>\$ -</b>	<b>-\$ 24,639,811</b>	<b>\$ 36,801,477</b>
		Less Socialized Renewable Energy Generation Investments (input as negative)						\$ -					\$ -	\$ -	
		Less Other Non Rate-Regulated Utility Assets (input as negative)						\$ -					\$ -	\$ -	
		<b>Total PP&amp;E</b>	<b>\$ 52,885,458</b>	<b>\$ 52,476,826</b>	<b>\$ 4,672,127</b>	<b>\$ 4,292,335</b>	<b>\$ -</b>	<b>\$ 61,441,288</b>	<b>-\$ 21,684,680</b>	<b>-\$ 21,151,263</b>	<b>-\$ 818,462</b>	<b>-\$ 2,670,086</b>	<b>\$ -</b>	<b>-\$ 24,639,811</b>	<b>\$ 36,801,477</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>													
		<b>Total</b>												<b>-\$ 3,488,548</b>	

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation  
Stores Equipment  
**Net Depreciation**

**-\$ 3,488,548**

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard Year **CGAAP 2013** New Useful Lives

CCA Class	OEB	Description	Cost					Accumulated Depreciation					Net Book Value		
			Opening Balance	Adjusted Opening Balance	Smart Meter Additions	Additions	Disposals	Closing Balance	Opening Balance	Adjusted Opening Balance	Smart Meter Additions	Additions		Disposals	Closing Balance
	1610	Misc. Intangible Plant	\$ 242,440	\$ 242,440				\$ 242,440	-\$ 27,654	-\$ 27,654		-\$ 6,061		-\$ 33,715	\$ 208,725
12	1611	Computer Software (Formally known as Account 1925)	\$ 292,072	\$ 292,071	\$ 53,568			\$ 345,639	-\$ 230,251	-\$ 230,259	-\$ 13,069	-\$ 40,395		-\$ 283,723	\$ 61,916
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -					\$ -	\$ -					\$ -	\$ -
N/A	1805	Land	\$ 197,343	\$ 197,343				\$ 197,343	\$ -					\$ -	\$ 197,343
47	1808	Buildings	\$ 678,863	\$ 678,899		\$ 40,870		\$ 719,769	-\$ 204,501	-\$ 198,782		-\$ 22,263		-\$ 221,045	\$ 498,724
13	1810	Leasehold Improvements	\$ -					\$ -	\$ -					\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -					\$ -	\$ -					\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 8,964,226	\$ 8,964,228		\$ 281,242		\$ 9,245,470	-\$ 2,311,832	-\$ 2,307,219		-\$ 186,857		-\$ 2,494,076	\$ 6,751,394
47	1825	Storage Battery Equipment	\$ -					\$ -	\$ -					\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 12,368,477	\$ 12,368,473		\$ 1,063,313		\$ 13,431,786	-\$ 5,045,102	-\$ 5,336,155		-\$ 209,947		-\$ 5,546,102	\$ 7,885,684
47	1835	Overhead Conductors & Devices	\$ 4,400,314	\$ 4,400,314		\$ 67,047		\$ 4,467,361	-\$ 1,316,589	-\$ 839,933		-\$ 74,720		-\$ 914,653	\$ 3,552,708
47	1840	Underground Conduit	\$ 7,566,463	\$ 7,566,464		\$ 2,317,187		\$ 9,883,651	-\$ 2,935,755	-\$ 3,033,583		-\$ 110,334		-\$ 3,143,917	\$ 6,739,734
47	1845	Underground Conductors & Devices	\$ 5,971,608	\$ 5,971,605		\$ 579,462		\$ 6,551,067	-\$ 2,005,040	-\$ 1,900,226		-\$ 100,464		-\$ 2,000,690	\$ 4,550,377
47	1850	Line Transformers	\$ 4,183,227	\$ 4,183,227		\$ 260,699		\$ 4,443,926	-\$ 2,218,139	-\$ 2,154,725		-\$ 69,910		-\$ 2,224,635	\$ 2,219,291
47	1855	Services (Overhead & Underground)	\$ 1,982,692	\$ 1,578,050		\$ 69,457		\$ 1,647,507	-\$ 1,114,349	-\$ 844,290		-\$ 14,789		-\$ 859,079	\$ 788,428
47	1860	Meters	\$ 965,349	\$ 961,326	\$ 4,491,975	\$ 111,357		\$ 5,564,658	-\$ 244,127	-\$ 243,431	-\$ 743,301	-\$ 328,693		-\$ 1,315,425	\$ 4,249,233
47	1860	Meters (Smart Meters)	\$ -					\$ -	\$ -					\$ -	\$ -
N/A	1905	Land	\$ -					\$ -	\$ -					\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -					\$ -	\$ -					\$ -	\$ -
13	1910	Leasehold Improvements	\$ 333,899	\$ 333,900		\$ 1,674		\$ 335,574	-\$ 218,507	-\$ 218,507		-\$ 8,072		-\$ 226,579	\$ 108,995
8	1915	Office Furniture & Equipment (10 years)	\$ 27,285	\$ 27,285				\$ 27,285	-\$ 3,075	-\$ 3,075		-\$ 2,729		-\$ 5,804	\$ 21,481
8	1915	Office Furniture & Equipment (5 years)	\$ -					\$ -	\$ -					\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -					\$ -	\$ -					\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 139,588	\$ 139,588	\$ 126,584	\$ 85,305		\$ 351,477	-\$ 125,955	-\$ 125,955	-\$ 62,092	-\$ 40,580		-\$ 228,627	\$ 122,850
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -					\$ -	\$ -					\$ -	\$ -
10	1930	Transportation Equipment	\$ 2,704,800	\$ 2,704,800		\$ 89,265		\$ 2,794,065	-\$ 1,302,365	-\$ 1,302,365		-\$ 189,971		-\$ 1,492,336	\$ 1,301,729
8	1935	Stores Equipment	\$ 61,101	\$ 61,101				\$ 61,101	-\$ 23,215	-\$ 23,215		-\$ 6,110		-\$ 29,325	\$ 31,776
8	1940	Tools, Shop & Garage Equipment	\$ 941,350	\$ 941,350		\$ 48,982		\$ 990,332	-\$ 693,281	-\$ 693,280		-\$ 56,418		-\$ 749,698	\$ 240,634
8	1945	Measurement & Testing Equipment	\$ 61,731	\$ 61,731		\$ 1,650		\$ 63,381	-\$ 20,633	-\$ 20,633		-\$ 6,256		-\$ 26,889	\$ 36,492
8	1950	Power Operated Equipment	\$ -					\$ -	\$ -					\$ -	\$ -
8	1955	Communications Equipment	\$ 91,240	\$ 91,240		\$ 6,135		\$ 97,375	-\$ 25,730	-\$ 25,730		-\$ 35,466		-\$ 61,196	\$ 36,179
8	1955	Communication Equipment (Smart Meters)	\$ -					\$ -	\$ -					\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -					\$ -	\$ -					\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -					\$ -	\$ -					\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -					\$ -	\$ -					\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 2,681,901	\$ 2,681,900		\$ 11,745		\$ 2,693,645	-\$ 1,866,052	-\$ 1,865,006		-\$ 58,919		-\$ 1,923,925	\$ 769,720
47	1985	Miscellaneous Fixed Assets	\$ -					\$ -	\$ -					\$ -	\$ -
47	1990	Other Tangible Property	\$ -					\$ -	\$ -					\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 54,855,967</b>	<b>\$ 54,447,335</b>	<b>\$ 4,672,127</b>	<b>\$ 5,035,390</b>	<b>\$ -</b>	<b>\$ 64,154,852</b>	<b>-\$ 21,932,152</b>	<b>-\$ 21,394,023</b>	<b>-\$ 818,462</b>	<b>-\$ 1,568,954</b>	<b>\$ -</b>	<b>-\$ 23,781,439</b>	<b>\$ 40,373,413</b>
47	1995	Contributions & Grants	-\$ 1,970,509	-\$ 1,970,509		-\$ 743,055		-\$ 2,713,564	\$ 247,472	\$ 242,760		\$ 52,438		\$ 295,198	-\$ 2,418,366
47	2440	Deferred Revenue <sup>5</sup>	\$ -					\$ -	\$ -					\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 52,885,458</b>	<b>\$ 52,476,826</b>	<b>\$ 4,672,127</b>	<b>\$ 4,292,335</b>	<b>\$ -</b>	<b>\$ 61,441,288</b>	<b>-\$ 21,684,680</b>	<b>-\$ 21,151,263</b>	<b>-\$ 818,462</b>	<b>-\$ 1,516,516</b>	<b>\$ -</b>	<b>-\$ 23,486,241</b>	<b>\$ 37,955,047</b>
		<b>Less Socialized Renewable Energy Generation Investments (input as negative)</b>						\$ -						\$ -	\$ -
		<b>Less Other Non Rate-Regulated Utility Assets (input as negative)</b>						\$ -						\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 52,885,458</b>		<b>\$ 4,672,127</b>	<b>\$ 4,292,335</b>	<b>\$ -</b>	<b>\$ 61,441,288</b>	<b>-\$ 21,684,680</b>	<b>-\$ 21,151,263</b>	<b>-\$ 818,462</b>	<b>-\$ 1,516,516</b>	<b>\$ -</b>	<b>-\$ 23,486,241</b>	<b>\$ 37,955,047</b>
		<b>Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable<sup>6</sup></b>													
		<b>Total</b>												<b>-\$ 2,334,978</b>	

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation  
Stores Equipment  
**Net Depreciation**

**-\$ 2,334,978**

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard **CGAAP**  
Year **2014**

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	1610	Misc. Intangible Plant	\$ 242,440			\$ 242,440	-\$ 33,715	- 6,061		-\$ 39,776	\$ 202,664
12	1611	Computer Software (Formally known as Account 1925)	\$ 345,639			\$ 345,639	-\$ 283,723	- 40,395		-\$ 324,118	\$ 21,521
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 197,343			\$ 197,343	\$ -			\$ -	\$ 197,343
47	1808	Buildings	\$ 719,769	\$ 5,927		\$ 725,696	-\$ 221,045	- 14,324		-\$ 235,369	\$ 490,327
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 9,245,470	\$ 247,141		\$ 9,492,611	-\$ 2,494,076	- 198,373		-\$ 2,692,449	\$ 6,800,162
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 13,431,786	\$ 1,326,417		\$ 14,758,203	-\$ 5,546,102	- 236,499		-\$ 5,782,601	\$ 8,975,602
47	1835	Overhead Conductors & Devices	\$ 4,467,361	\$ 60,083		\$ 4,527,444	-\$ 914,653	- 75,920		-\$ 990,573	\$ 3,536,871
47	1840	Underground Conduit	\$ 9,883,651	\$ 640,381		\$ 10,524,032	-\$ 3,143,917	- 143,793		-\$ 3,287,710	\$ 7,236,322
47	1845	Underground Conductors & Devices	\$ 6,551,067	\$ 427,700		\$ 6,978,767	-\$ 2,000,690	- 110,535		-\$ 2,111,225	\$ 4,867,542
47	1850	Line Transformers	\$ 4,443,926	\$ 232,642		\$ 4,676,568	-\$ 2,224,635	- 76,076		-\$ 2,300,711	\$ 2,375,857
47	1855	Services (Overhead & Underground)	\$ 1,647,507	\$ 93,974		\$ 1,741,481	-\$ 859,079	- 16,150		-\$ 875,229	\$ 866,251
47	1860	Meters	\$ 5,564,658	\$ 257,909		\$ 5,822,567	-\$ 1,315,425	- 340,534		-\$ 1,655,959	\$ 4,166,607
47	1860	Meters (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1905	Land	\$ -			\$ -	\$ -			\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -			\$ -	\$ -			\$ -	\$ -
13	1910	Leasehold Improvements	\$ 335,574			\$ 335,574	-\$ 226,579	- 8,114		-\$ 234,693	\$ 100,881
8	1915	Office Furniture & Equipment (10 years)	\$ 27,285			\$ 27,285	-\$ 5,804	- 2,729		-\$ 8,533	\$ 18,752
8	1915	Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -			\$ -	\$ -			\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 351,477	\$ 53,600		\$ 405,077	-\$ 228,627	- 54,008		-\$ 282,635	\$ 122,442
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1930	Transportation Equipment	\$ 2,794,065	\$ 157,007		\$ 2,951,072	-\$ 1,492,336	- 184,392		-\$ 1,676,728	\$ 1,274,344
8	1935	Stores Equipment	\$ 61,101			\$ 61,101	-\$ 29,325	- 6,110		-\$ 35,435	\$ 25,666
8	1940	Tools, Shop & Garage Equipment	\$ 990,332	\$ 91,995		\$ 1,082,327	-\$ 749,698	- 55,971		-\$ 805,669	\$ 276,658
8	1945	Measurement & Testing Equipment	\$ 63,381			\$ 63,381	-\$ 26,889	- 6,338		-\$ 33,227	\$ 30,154
8	1950	Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
8	1955	Communications Equipment	\$ 97,375	\$ 60,538		\$ 157,913	-\$ 61,196	- 31,455		-\$ 92,651	\$ 65,262
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 2,693,645	\$ 28,748		\$ 2,722,393	-\$ 1,923,925	- 59,932		-\$ 1,983,857	\$ 738,536
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
47	1990	Other Tangible Property	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 64,154,852</b>	<b>\$ 3,684,062</b>	<b>\$ -</b>	<b>\$ 67,838,914</b>	<b>-\$ 23,781,439</b>	<b>- 1,667,710</b>	<b>\$ -</b>	<b>-\$ 25,449,149</b>	<b>\$ 42,389,765</b>
47	1995	Contributions & Grants	-\$ 2,713,564	-\$ 134,911		-\$ 2,848,475	\$ 295,198	62,457		\$ 357,655	-\$ 2,490,820
47	2440	Deferred Revenue <sup>5</sup>	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 61,441,288</b>	<b>\$ 3,549,151</b>	<b>\$ -</b>	<b>\$ 64,990,439</b>	<b>-\$ 23,486,241</b>	<b>-\$ 1,605,253</b>	<b>\$ -</b>	<b>-\$ 25,091,494</b>	<b>\$ 39,898,945</b>
		Less Socialized Renewable Energy Generation Investments (Input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 61,441,288</b>	<b>\$ 3,549,151</b>	<b>\$ -</b>	<b>\$ 64,990,439</b>	<b>-\$ 23,486,241</b>	<b>-\$ 1,605,253</b>	<b>\$ -</b>	<b>-\$ 25,091,494</b>	<b>\$ 39,898,945</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>									
		<b>Total</b>					<b>-\$ 1,605,253</b>				

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation	
Stores Equipment	
<b>Net Depreciation</b>	<b>-\$ 1,605,253</b>

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard MIFRS  
Year 2015

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	1610	Misc. Intangible Plant	\$ 242,440			\$ 242,440	-\$ 39,776	- 6,061		-\$ 45,837	\$ 196,603
12	1611	Computer Software (Formally known as Account 1925)	\$ 345,639	\$ 23,000		\$ 368,639	-\$ 324,118	- 14,195		-\$ 338,313	\$ 30,326
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 197,343			\$ 197,343	\$ -			\$ -	\$ 197,343
47	1808	Buildings	\$ 725,696	\$ 81,000		\$ 806,696	-\$ 235,369	- 15,075		-\$ 250,444	\$ 556,252
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 9,492,611	\$ 254,614		\$ 9,747,225	-\$ 2,692,449	- 210,046		-\$ 2,902,495	\$ 6,844,730
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 14,758,203	\$ 401,328		\$ 15,159,531	-\$ 5,782,601	- 255,696		-\$ 6,038,297	\$ 9,121,234
47	1835	Overhead Conductors & Devices	\$ 4,527,444	\$ 454,238		\$ 4,981,682	-\$ 990,573	- 80,346		-\$ 1,070,919	\$ 3,910,763
47	1840	Underground Conduit	\$ 10,524,032	\$ 645,045		\$ 11,169,077	-\$ 3,287,710	- 150,896		-\$ 3,438,606	\$ 7,730,471
47	1845	Underground Conductors & Devices	\$ 6,978,767	\$ 902,655		\$ 7,881,422	-\$ 2,111,225	- 123,839		-\$ 2,235,064	\$ 5,646,358
47	1850	Line Transformers	\$ 4,676,568	\$ 169,350		\$ 4,845,918	-\$ 2,300,711	- 81,101		-\$ 2,381,812	\$ 2,464,106
47	1855	Services (Overhead & Underground)	\$ 1,741,481	\$ 68,470		\$ 1,809,951	-\$ 875,229	- 17,504		-\$ 892,733	\$ 917,217
47	1860	Meters	\$ 5,822,567	\$ 300,000		\$ 6,122,567	-\$ 1,655,959	- 358,819		-\$ 2,014,778	\$ 4,107,788
47	1860	Meters (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1905	Land	\$ -			\$ -	\$ -			\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -			\$ -	\$ -			\$ -	\$ -
13	1910	Leasehold Improvements	\$ 335,574			\$ 335,574	-\$ 234,693	- 8,114		-\$ 242,807	\$ 92,767
8	1915	Office Furniture & Equipment (10 years)	\$ 27,285	\$ 1,000		\$ 28,285	-\$ 8,533	- 2,779		-\$ 11,312	\$ 16,973
8	1915	Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -			\$ -	\$ -			\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 405,077			\$ 405,077	-\$ 282,635	- 41,461		-\$ 324,096	\$ 80,981
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1930	Transportation Equipment	\$ 2,951,072	\$ 69,000		\$ 3,020,072	-\$ 1,676,728	- 198,247		-\$ 1,874,975	\$ 1,145,097
8	1935	Stores Equipment	\$ 61,101			\$ 61,101	-\$ 35,435	- 6,110		-\$ 41,545	\$ 19,556
8	1940	Tools, Shop & Garage Equipment	\$ 1,082,327	\$ 30,000		\$ 1,112,327	-\$ 805,669	- 51,052		-\$ 856,721	\$ 255,606
8	1945	Measurement & Testing Equipment	\$ 63,381			\$ 63,381	-\$ 33,227	- 6,338		-\$ 39,565	\$ 23,816
8	1950	Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
8	1955	Communications Equipment	\$ 157,913	\$ 50,000		\$ 207,913	-\$ 92,651	- 22,926		-\$ 115,577	\$ 92,336
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 2,722,393	\$ 50,000		\$ 2,772,393	-\$ 1,983,857	- 61,901		-\$ 2,045,758	\$ 726,635
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
47	1990	Other Tangible Property	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 67,838,914</b>	<b>\$ 3,499,700</b>	<b>\$ -</b>	<b>\$ 71,338,614</b>	<b>-\$ 25,449,149</b>	<b>-\$ 1,712,506</b>	<b>\$ -</b>	<b>-\$ 27,161,655</b>	<b>\$ 44,176,959</b>
47	1995	Contributions & Grants	-\$ 2,848,475			-\$ 2,848,475	\$ 357,655	64,604		\$ 422,259	-\$ 2,426,216
47	2440	Deferred Revenue <sup>5</sup>	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 64,990,439</b>	<b>\$ 3,499,700</b>	<b>\$ -</b>	<b>\$ 68,490,139</b>	<b>-\$ 25,091,494</b>	<b>- 1,647,902</b>	<b>\$ -</b>	<b>-\$ 26,739,396</b>	<b>\$ 41,750,743</b>
		Less Socialized Renewable Energy Generation Investments (Input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 64,990,439</b>	<b>\$ 3,499,700</b>	<b>\$ -</b>	<b>\$ 68,490,139</b>	<b>-\$ 25,091,494</b>	<b>- 1,647,902</b>	<b>\$ -</b>	<b>-\$ 26,739,396</b>	<b>\$ 41,750,743</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>									
		<b>Total</b>					<b>- 1,647,902</b>				

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation	
Stores Equipment	
<b>Net Depreciation</b>	<b>-\$ 1,647,902</b>

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard MIFRS  
Year 2016

CCA Class	OEB	Description	Cost					Accumulated Depreciation					Net Book Value
			Opening Balance	ICM Adjustment	Additions	Disposals	Closing Balance	Opening Balance	ICM Adjustment	Additions	Disposals	Closing Balance	
	1610	Misc. Intangible Plant	\$ 242,440				\$ 242,440	-\$ 45,837		6,061		-\$ 51,898	\$ 190,542
12	1611	Computer Software (Formally known as Account 1925)	\$ 368,639		\$ 235,429		\$ 604,068	-\$ 338,313		35,817		-\$ 374,130	\$ 229,938
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -				\$ -	\$ -				\$ -	\$ -
N/A	1805	Land	\$ 197,343				\$ 197,343	\$ -				\$ -	\$ 197,343
47	1808	Buildings	\$ 806,696		\$ 33,750		\$ 840,446	-\$ 250,444		16,031		-\$ 266,475	\$ 573,971
13	1810	Leasehold Improvements	\$ -				\$ -	\$ -				\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -				\$ -	\$ -				\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 9,747,225	\$ 473,856			\$ 10,221,081	-\$ 2,902,495	-\$ 49,474	229,731		-\$ 3,181,699	\$ 7,039,382
47	1825	Storage Battery Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 15,159,531	\$ 111	\$ 594,340		\$ 15,753,982	-\$ 6,038,297	-\$ 10	266,762		-\$ 6,305,069	\$ 9,448,914
47	1835	Overhead Conductors & Devices	\$ 4,981,682	\$ 664	\$ 554,340		\$ 5,536,686	-\$ 1,070,919	-\$ 58	88,765		-\$ 1,159,741	\$ 4,376,944
47	1840	Underground Conduit	\$ 11,169,077	\$ 1,170,449	\$ 2,657,080		\$ 14,996,606	-\$ 3,438,606	-\$ 75,974	198,702		-\$ 3,713,282	\$ 11,283,325
47	1845	Underground Conductors & Devices	\$ 7,881,422	\$ 1,078,701	\$ 345,620		\$ 9,305,743	-\$ 2,235,064	-\$ 77,391	157,896		-\$ 2,470,351	\$ 6,835,392
47	1850	Line Transformers	\$ 4,845,918	\$ 75,067	\$ 93,850		\$ 5,014,835	-\$ 2,381,812	-\$ 5,903	86,273		-\$ 2,473,988	\$ 2,540,847
47	1855	Services (Overhead & Underground)	\$ 1,809,951		\$ 71,770		\$ 1,881,721	-\$ 892,733		18,673		-\$ 911,406	\$ 970,314
47	1860	Meters	\$ 6,122,567		\$ 300,000		\$ 6,422,567	-\$ 2,014,778		378,089		-\$ 2,392,867	\$ 4,029,699
47	1860	Meters (Smart Meters)	\$ -				\$ -	\$ -				\$ -	\$ -
N/A	1905	Land	\$ -				\$ -	\$ -				\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -				\$ -	\$ -				\$ -	\$ -
13	1910	Leasehold Improvements	\$ 335,574				\$ 335,574	-\$ 242,807		8,114		-\$ 250,921	\$ 84,653
8	1915	Office Furniture & Equipment (10 years)	\$ 28,285		\$ 1,000		\$ 29,285	-\$ 11,312		2,879		-\$ 14,191	\$ 15,094
8	1915	Office Furniture & Equipment (5 years)	\$ -				\$ -	\$ -				\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -				\$ -	\$ -				\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 405,077				\$ 405,077	-\$ 324,096		28,592		-\$ 352,688	\$ 52,389
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -				\$ -	\$ -				\$ -	\$ -
10	1930	Transportation Equipment	\$ 3,020,072		\$ 389,000		\$ 3,409,072	-\$ 1,874,975		214,360		-\$ 2,089,335	\$ 1,319,737
8	1935	Stores Equipment	\$ 61,101				\$ 61,101	-\$ 41,545		6,110		-\$ 47,655	\$ 13,446
8	1940	Tools, Shop & Garage Equipment	\$ 1,112,327		\$ 30,000		\$ 1,142,327	-\$ 856,721		46,784		-\$ 903,505	\$ 238,822
8	1945	Measurement & Testing Equipment	\$ 63,381				\$ 63,381	-\$ 39,565		6,338		-\$ 45,903	\$ 17,478
8	1950	Power Operated Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
8	1955	Communications Equipment	\$ 207,913		\$ 50,000		\$ 257,913	-\$ 115,577		30,228		-\$ 145,805	\$ 112,108
8	1955	Communication Equipment (Smart Meters)	\$ -				\$ -	\$ -				\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -				\$ -	\$ -				\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -				\$ -	\$ -				\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -				\$ -	\$ -				\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 2,772,393	\$ 2,567	\$ 20,000		\$ 2,794,960	-\$ 2,045,758	-\$ 477	63,781		-\$ 2,110,017	\$ 684,943
47	1985	Miscellaneous Fixed Assets	\$ -				\$ -	\$ -				\$ -	\$ -
47	1990	Other Tangible Property	\$ -				\$ -	\$ -				\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 71,338,614</b>	<b>\$ 2,801,415</b>	<b>\$ 5,376,179</b>	<b>\$ -</b>	<b>\$ 79,516,208</b>	<b>-\$ 27,161,655</b>	<b>-\$ 209,285</b>	<b>1,889,986</b>	<b>\$ -</b>	<b>-\$ 29,260,927</b>	<b>\$ 50,255,281</b>
47	1995	Contributions & Grants	-\$ 2,848,475				-\$ 2,848,475	\$ 422,259		64,602		\$ 486,861	-\$ 2,361,614
47	2440	Deferred Revenue <sup>5</sup>	\$ -				\$ -	\$ -				\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 68,490,139</b>	<b>\$ 2,801,415</b>	<b>\$ 5,376,179</b>	<b>\$ -</b>	<b>\$ 76,667,733</b>	<b>-\$ 26,739,396</b>	<b>-\$ 209,285</b>	<b>1,825,384</b>	<b>\$ -</b>	<b>-\$ 28,774,066</b>	<b>\$ 47,893,668</b>
		Less Socialized Renewable Energy Generation Investments (input as negative)					\$ -					\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)					\$ -					\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 68,490,139</b>	<b>\$ 2,801,415</b>	<b>\$ 5,376,179</b>	<b>\$ -</b>	<b>\$ 76,667,733</b>	<b>-\$ 26,739,396</b>	<b>-</b>	<b>1,825,384</b>	<b>\$ -</b>	<b>-\$ 28,774,066</b>	<b>\$ 47,893,668</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>											
		<b>Total</b>										<b>- 1,825,384</b>	

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation	
Stores Equipment	
<b>Net Depreciation</b>	<b>-\$ 1,825,384</b>

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard MIFRS  
Year 2017

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	1610	Misc. Intangible Plant	\$ 242,440			\$ 242,440	-\$ 51,898	- 6,061		-\$ 57,959	\$ 184,481
	1611	Computer Software (Formally known as Account 1925)	\$ 604,068	\$ 322,571		\$ 926,639	-\$ 374,130	- 85,896		-\$ 460,026	\$ 466,613
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 197,343			\$ 197,343	\$ -			\$ -	\$ 197,343
	47	1808 Buildings	\$ 840,446			\$ 840,446	-\$ 266,475	- 16,312		-\$ 282,787	\$ 557,659
	13	1810 Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1815 Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1820 Distribution Station Equipment <50 kV	\$ 10,221,081	\$ 105,625		\$ 10,326,706	-\$ 3,181,699	- 231,363		-\$ 3,413,063	\$ 6,913,643
	47	1825 Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1830 Poles, Towers & Fixtures	\$ 15,753,982	\$ 508,620		\$ 16,262,602	-\$ 6,305,069	- 279,017		-\$ 6,584,086	\$ 9,678,517
	47	1835 Overhead Conductors & Devices	\$ 5,536,686	\$ 508,620		\$ 6,045,306	-\$ 1,159,741	- 97,623		-\$ 1,257,365	\$ 4,787,941
	47	1840 Underground Conduit	\$ 14,996,606	\$ 343,440		\$ 15,340,046	-\$ 3,713,282	- 223,860		-\$ 3,937,142	\$ 11,402,904
	47	1845 Underground Conductors & Devices	\$ 9,305,743	\$ 442,660		\$ 9,748,403	-\$ 2,470,351	- 165,779		-\$ 2,636,130	\$ 7,112,274
	47	1850 Line Transformers	\$ 5,014,835	\$ 95,550		\$ 5,110,385	-\$ 2,473,988	- 88,640		-\$ 2,562,628	\$ 2,547,757
	47	1855 Services (Overhead & Underground)	\$ 1,881,721	\$ 72,110		\$ 1,953,831	-\$ 911,406	- 19,872		-\$ 931,278	\$ 1,022,552
	47	1860 Meters	\$ 6,422,567	\$ 376,000		\$ 6,798,567	-\$ 2,392,867	- 399,574		-\$ 2,792,441	\$ 4,006,126
	47	1860 Meters (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1905	Land	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1908 Buildings & Fixtures	\$ -			\$ -	\$ -			\$ -	\$ -
	13	1910 Leasehold Improvements	\$ 335,574			\$ 335,574	-\$ 250,921	- 8,114		-\$ 259,035	\$ 76,539
	8	1915 Office Furniture & Equipment (10 years)	\$ 29,285			\$ 29,285	-\$ 14,191	- 2,929		-\$ 17,120	\$ 12,165
	8	1915 Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -
	10	1920 Computer Equipment - Hardware	\$ -			\$ -	\$ -			\$ -	\$ -
	45	1920 Computer Equip.-Hardware(Post Mar. 22/04)	\$ 405,077			\$ 405,077	-\$ 352,688	- 27,781		-\$ 380,469	\$ 24,608
	45.1	1920 Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -
	10	1930 Transportation Equipment	\$ 3,409,072	\$ 58,000		\$ 3,467,072	-\$ 2,089,335	- 219,275		-\$ 2,308,610	\$ 1,158,463
	8	1935 Stores Equipment	\$ 61,101			\$ 61,101	-\$ 47,655	- 6,110		-\$ 53,765	\$ 7,336
	8	1940 Tools, Shop & Garage Equipment	\$ 1,142,327	\$ 30,000		\$ 1,172,327	-\$ 903,505	- 48,235		-\$ 951,740	\$ 220,587
	8	1945 Measurement & Testing Equipment	\$ 63,381			\$ 63,381	-\$ 45,903	- 6,338		-\$ 52,241	\$ 11,140
	8	1950 Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	8	1955 Communications Equipment	\$ 257,913			\$ 257,913	-\$ 145,805	- 33,335		-\$ 179,140	\$ 78,773
	8	1955 Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
	8	1960 Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1970 Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1975 Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1980 System Supervisor Equipment	\$ 2,794,960	\$ 36,575		\$ 2,831,535	-\$ 2,110,017	- 65,196		-\$ 2,175,212	\$ 656,322
	47	1985 Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1990 Other Tangible Property	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 79,516,208</b>	<b>\$ 2,899,771</b>	<b>\$ -</b>	<b>\$ 82,415,979</b>	<b>-\$ 29,260,927</b>	<b>- 2,031,310</b>	<b>\$ -</b>	<b>-\$ 31,292,236</b>	<b>\$ 51,123,743</b>
	47	1995 Contributions & Grants	-\$ 2,848,475			-\$ 2,848,475	\$ 486,861	64,190		\$ 551,051	-\$ 2,297,424
	47	2440 Deferred Revenue <sup>5</sup>	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 76,667,733</b>	<b>\$ 2,899,771</b>	<b>\$ -</b>	<b>\$ 79,567,504</b>	<b>-\$ 28,774,066</b>	<b>- 1,967,120</b>	<b>\$ -</b>	<b>-\$ 30,741,185</b>	<b>\$ 48,826,319</b>
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 76,667,733</b>	<b>\$ 2,899,771</b>	<b>\$ -</b>	<b>\$ 79,567,504</b>	<b>-\$ 28,774,066</b>	<b>- 1,967,120</b>	<b>\$ -</b>	<b>-\$ 30,741,185</b>	<b>\$ 48,826,319</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>									
		<b>Total</b>								<b>- 1,967,120</b>	

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation	
Stores Equipment	
<b>Net Depreciation</b>	<b>-\$ 1,967,120</b>



**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard MIFRS  
Year 2018

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	1610	Misc. Intangible Plant	\$ 242,440	\$ -		\$ 242,440	-\$ 57,959	-\$ 6,061		-\$ 64,020	\$ 178,420
	1611	Computer Software (Formally known as Account 1925)	\$ 926,639	\$ 145,000		\$ 1,071,639	-\$ 460,026	-\$ 130,700		-\$ 590,726	\$ 480,913
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 197,343	\$ -		\$ 197,343	\$ -	\$ -		\$ -	\$ 197,343
	47	1808 Buildings	\$ 840,446	\$ 59,000		\$ 899,446	-\$ 282,787	-\$ 16,804		-\$ 299,591	\$ 599,855
	13	1810 Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1815 Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1820 Distribution Station Equipment <50 kV	\$ 10,326,706	\$ 777,000		\$ 11,103,706	-\$ 3,413,063	-\$ 244,271		-\$ 3,657,334	\$ 7,446,372
	47	1825 Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1830 Poles, Towers & Fixtures	\$ 16,262,602	\$ 683,706		\$ 16,946,308	-\$ 6,584,086	-\$ 292,265		-\$ 6,876,350	\$ 10,069,958
	47	1835 Overhead Conductors & Devices	\$ 6,045,306	\$ 755,696		\$ 6,801,002	-\$ 1,257,365	-\$ 108,521		-\$ 1,365,885	\$ 5,435,117
	47	1840 Underground Conduit	\$ 15,340,046	\$ 429,118		\$ 15,769,164	-\$ 3,937,142	-\$ 230,442		-\$ 4,167,583	\$ 11,601,581
	47	1845 Underground Conductors & Devices	\$ 9,748,403	\$ 402,740		\$ 10,151,143	-\$ 2,636,130	-\$ 174,233		-\$ 2,810,362	\$ 7,340,781
	47	1850 Line Transformers	\$ 5,110,385	\$ 150,950		\$ 5,261,335	-\$ 2,562,628	-\$ 91,721		-\$ 2,654,349	\$ 2,606,986
	47	1855 Services (Overhead & Underground)	\$ 1,953,831	\$ 73,790		\$ 2,027,621	-\$ 931,278	-\$ 21,088		-\$ 952,366	\$ 1,075,255
	47	1860 Meters	\$ 6,798,567	\$ 440,000		\$ 7,238,567	-\$ 2,792,441	-\$ 425,140		-\$ 3,217,581	\$ 4,020,986
	47	1860 Meters (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1905	Land	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1908 Buildings & Fixtures	\$ -			\$ -	\$ -			\$ -	\$ -
	13	1910 Leasehold Improvements	\$ 335,574	\$ -		\$ 335,574	-\$ 259,035	-\$ 8,114		-\$ 267,149	\$ 68,425
	8	1915 Office Furniture & Equipment (10 years)	\$ 29,285	\$ -		\$ 29,285	-\$ 17,120	-\$ 2,929		-\$ 20,049	\$ 9,236
	8	1915 Office Furniture & Equipment (5 years)	\$ -	\$ -		\$ -	\$ -			\$ -	\$ -
	10	1920 Computer Equipment - Hardware	\$ -	\$ -		\$ -	\$ -			\$ -	\$ -
	45	1920 Computer Equip.-Hardware(Post Mar. 22/04)	\$ 405,077	\$ -		\$ 405,077	-\$ 380,469	-\$ 19,251		-\$ 399,720	\$ 5,357
	45.1	1920 Computer Equip.-Hardware(Post Mar. 19/07)	\$ -	\$ -		\$ -	\$ -			\$ -	\$ -
	10	1930 Transportation Equipment	\$ 3,467,072	\$ 300,000		\$ 3,767,072	-\$ 2,308,610	-\$ 233,437		-\$ 2,542,047	\$ 1,225,025
	8	1935 Stores Equipment	\$ 61,101	\$ -		\$ 61,101	-\$ 53,765	-\$ 6,110		-\$ 59,875	\$ 1,226
	8	1940 Tools, Shop & Garage Equipment	\$ 1,172,327	\$ 30,000		\$ 1,202,327	-\$ 951,740	-\$ 48,068		-\$ 999,808	\$ 202,519
	8	1945 Measurement & Testing Equipment	\$ 63,381	\$ -		\$ 63,381	-\$ 52,241	-\$ 6,338		-\$ 58,579	\$ 4,802
	8	1950 Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	8	1955 Communications Equipment	\$ 257,913	\$ -		\$ 257,913	-\$ 179,140	-\$ 32,722		-\$ 211,862	\$ 46,051
	8	1955 Communication Equipment (Smart Meters)	\$ -	\$ -		\$ -	\$ -			\$ -	\$ -
	8	1960 Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1970 Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1975 Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1980 System Supervisor Equipment	\$ 2,831,535	\$ 43,000		\$ 2,874,535	-\$ 2,175,212	-\$ 67,185		-\$ 2,242,397	\$ 632,137
	47	1985 Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1990 Other Tangible Property	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 82,415,979</b>	<b>\$ 4,290,000</b>	<b>\$ -</b>	<b>\$ 86,705,979</b>	<b>-\$ 31,292,236</b>	<b>-\$ 2,165,398</b>	<b>\$ -</b>	<b>-\$ 33,457,635</b>	<b>\$ 53,248,344</b>
	47	1995 Contributions & Grants	-\$ 2,848,475			-\$ 2,848,475	\$ 551,051	\$ 64,140		\$ 615,191	-\$ 2,233,283
	47	2440 Deferred Revenue <sup>5</sup>	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 79,567,504</b>	<b>\$ 4,290,000</b>	<b>\$ -</b>	<b>\$ 83,857,504</b>	<b>-\$ 30,741,185</b>	<b>-\$ 2,101,258</b>	<b>\$ -</b>	<b>-\$ 32,842,443</b>	<b>\$ 51,015,061</b>
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 79,567,504</b>	<b>\$ 4,290,000</b>	<b>\$ -</b>	<b>\$ 83,857,504</b>	<b>-\$ 30,741,185</b>	<b>-\$ 2,101,258</b>	<b>\$ -</b>	<b>-\$ 32,842,443</b>	<b>\$ 51,015,061</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>									
		<b>Total</b>					<b>-</b>	<b>2,101,258</b>			

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation  
Transportation  
Stores Equipment  
**Net Depreciation** **-\$ 2,101,258**

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard MIFRS  
Year 2019

CCA Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	1610	Misc. Intangible Plant	\$ 242,440			\$ 242,440	-\$ 64,020	-\$ 6,061		-\$ 70,081	\$ 172,359
	1611	Computer Software (Formally known as Account 1925)	\$ 1,071,639	\$ 7,000		\$ 1,078,639	-\$ 590,726	-\$ 145,900		-\$ 736,626	\$ 342,013
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 197,343			\$ 197,343	\$ -			\$ -	\$ 197,343
	47	1808 Buildings	\$ 899,446	\$ 100,000		\$ 999,446	-\$ 299,591	-\$ 18,462		-\$ 318,054	\$ 681,392
	13	1810 Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1815 Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1820 Distribution Station Equipment <50 kV	\$ 11,103,706	\$ 1,452,960		\$ 12,556,666	-\$ 3,657,334	-\$ 270,755		-\$ 3,928,089	\$ 8,628,577
	47	1825 Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1830 Poles, Towers & Fixtures	\$ 16,946,308	\$ 583,290		\$ 17,529,598	-\$ 6,876,350	-\$ 306,343		-\$ 7,182,693	\$ 10,346,905
	47	1835 Overhead Conductors & Devices	\$ 6,801,002	\$ 588,950		\$ 7,389,952	-\$ 1,365,885	-\$ 120,087		-\$ 1,485,972	\$ 5,903,980
	47	1840 Underground Conduit	\$ 15,769,164	\$ 334,200		\$ 16,103,364	-\$ 4,167,583	-\$ 236,942		-\$ 4,404,525	\$ 11,698,839
	47	1845 Underground Conductors & Devices	\$ 10,151,143	\$ 126,300		\$ 10,277,443	-\$ 2,810,362	-\$ 179,523		-\$ 2,989,885	\$ 7,287,558
	47	1850 Line Transformers	\$ 5,261,335	\$ 102,750		\$ 5,364,085	-\$ 2,654,349	-\$ 94,893		-\$ 2,749,242	\$ 2,614,843
	47	1855 Services (Overhead & Underground)	\$ 2,027,621	\$ 73,550		\$ 2,101,171	-\$ 952,366	-\$ 22,315		-\$ 974,681	\$ 1,126,489
	47	1860 Meters	\$ 7,238,567	\$ 340,000		\$ 7,578,567	-\$ 3,217,581	-\$ 450,023		-\$ 3,667,604	\$ 3,910,962
	47	1860 Meters (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1905	Land	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1908 Buildings & Fixtures	\$ -			\$ -	\$ -			\$ -	\$ -
	13	1910 Leasehold Improvements	\$ 335,574			\$ 335,574	-\$ 267,149	-\$ 8,114		-\$ 275,263	\$ 60,311
	8	1915 Office Furniture & Equipment (10 years)	\$ 29,285			\$ 29,285	-\$ 20,049	-\$ 2,740		-\$ 22,789	\$ 6,496
	8	1915 Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -
	10	1920 Computer Equipment - Hardware	\$ -			\$ -	\$ -			\$ -	\$ -
	45	1920 Computer Equip.-Hardware(Post Mar. 22/04)	\$ 405,077			\$ 405,077	-\$ 399,720	-\$ 5,357		-\$ 405,077	\$ 0
	45.1	1920 Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -
	10	1930 Transportation Equipment	\$ 3,767,072	\$ 390,000		\$ 4,157,072	-\$ 2,542,047	-\$ 247,408		-\$ 2,789,455	\$ 1,367,617
	8	1935 Stores Equipment	\$ 61,101			\$ 61,101	-\$ 59,875	-\$ 490		-\$ 60,365	\$ 736
	8	1940 Tools, Shop & Garage Equipment	\$ 1,202,327	\$ 30,000		\$ 1,232,327	-\$ 999,808	-\$ 47,497		-\$ 1,047,305	\$ 185,022
	8	1945 Measurement & Testing Equipment	\$ 63,381			\$ 63,381	-\$ 58,579	-\$ 2,675		-\$ 61,254	\$ 2,127
	8	1950 Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	8	1955 Communications Equipment	\$ 257,913			\$ 257,913	-\$ 211,862	-\$ 26,054		-\$ 237,916	\$ 19,997
	8	1955 Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
	8	1960 Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1970 Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1975 Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1980 System Supervisor Equipment	\$ 2,874,535	\$ 20,000		\$ 2,894,535	-\$ 2,242,397	-\$ 65,983		-\$ 2,308,380	\$ 586,155
	47	1985 Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
	47	1990 Other Tangible Property	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	<b>\$ 86,705,979</b>	<b>\$ 4,149,000</b>	<b>\$ -</b>	<b>\$ 90,854,979</b>	<b>-\$ 33,457,635</b>	<b>-\$ 2,257,622</b>	<b>\$ -</b>	<b>-\$ 35,715,257</b>	<b>\$ 55,139,722</b>
	47	1995 Contributions & Grants	-\$ 2,848,475			-\$ 2,848,475	\$ 615,191	\$ 64,096		\$ 679,287	-\$ 2,169,188
	47	2440 Deferred Revenue <sup>5</sup>	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total</b>	<b>\$ 83,857,504</b>	<b>\$ 4,149,000</b>	<b>\$ -</b>	<b>\$ 88,006,504</b>	<b>-\$ 32,842,443</b>	<b>-\$ 2,193,527</b>	<b>\$ -</b>	<b>-\$ 35,035,970</b>	<b>\$ 52,970,534</b>
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		<b>Total PP&amp;E</b>	<b>\$ 83,857,504</b>	<b>\$ 4,149,000</b>	<b>\$ -</b>	<b>\$ 88,006,504</b>	<b>-\$ 32,842,443</b>	<b>-\$ 2,193,527</b>	<b>\$ -</b>	<b>-\$ 35,035,970</b>	<b>\$ 52,970,534</b>
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>								2,193,527	
		<b>Total</b>								<b>2,193,527</b>	

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation

Stores Equipment

Net Depreciation

-\$ 2,193,527

**Appendix 2-BA  
Fixed Asset Continuity Schedule**

Accounting Standard MIFRS  
Year 2020

Class	OEB	Description	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
	1610	Misc. Intangible Plant	\$ 242,440			\$ 242,440	-\$ 70,081	-\$ 6,061		-\$ 76,142	\$ 166,298
12	1611	Computer Software (Formally known as Account 1925)	\$ 1,078,639	\$ 7,000		\$ 1,085,639	-\$ 736,626	-\$ 145,000		-\$ 881,626	\$ 204,013
CEC	1612	Land Rights (Formally known as Account 1906)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1805	Land	\$ 197,343			\$ 197,343	\$ -			\$ -	\$ 197,343
47	1808	Buildings	\$ 999,446	\$ 1,215,050		\$ 2,214,496	-\$ 318,054	-\$ 32,442		-\$ 350,496	\$ 1,864,000
13	1810	Leasehold Improvements	\$ -			\$ -	\$ -			\$ -	\$ -
47	1815	Transformer Station Equipment >50 kV	\$ -			\$ -	\$ -			\$ -	\$ -
47	1820	Distribution Station Equipment <50 kV	\$ 12,556,666	\$ 516,500		\$ 13,073,166	-\$ 3,928,089	-\$ 280,561		-\$ 4,208,650	\$ 8,864,516
47	1825	Storage Battery Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1830	Poles, Towers & Fixtures	\$ 17,529,598	\$ 605,760		\$ 18,135,358	-\$ 7,182,693	-\$ 319,554		-\$ 7,502,247	\$ 10,633,111
47	1835	Overhead Conductors & Devices	\$ 7,389,952	\$ 708,760		\$ 8,098,712	-\$ 1,485,972	-\$ 131,262		-\$ 1,617,235	\$ 6,481,477
47	1840	Underground Conduit	\$ 16,103,364	\$ 95,120		\$ 16,198,484	-\$ 4,404,525	-\$ 240,543		-\$ 4,645,068	\$ 11,553,416
47	1845	Underground Conductors & Devices	\$ 10,277,443	\$ 338,892		\$ 10,616,335	-\$ 2,989,885	-\$ 184,175		-\$ 3,174,060	\$ 7,442,275
47	1850	Line Transformers	\$ 5,364,085	\$ 152,688		\$ 5,516,773	-\$ 2,749,242	-\$ 98,086		-\$ 2,847,327	\$ 2,669,446
47	1855	Services (Overhead & Underground)	\$ 2,101,171	\$ 73,780		\$ 2,174,951	-\$ 974,681	-\$ 23,543		-\$ 998,225	\$ 1,176,726
47	1860	Meters	\$ 7,578,567	\$ 332,000		\$ 7,910,567	-\$ 3,667,604	-\$ 471,233		-\$ 4,138,837	\$ 3,771,729
47	1860	Meters (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
N/A	1905	Land	\$ -			\$ -	\$ -			\$ -	\$ -
47	1908	Buildings & Fixtures	\$ -			\$ -	\$ -			\$ -	\$ -
13	1910	Leasehold Improvements	\$ 335,574			\$ 335,574	-\$ 275,263	-\$ 8,114		-\$ 283,377	\$ 52,197
8	1915	Office Furniture & Equipment (10 years)	\$ 29,285			\$ 29,285	-\$ 22,789	-\$ 2,560		-\$ 25,349	\$ 3,936
8	1915	Office Furniture & Equipment (5 years)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1920	Computer Equipment - Hardware	\$ -			\$ -	\$ -			\$ -	\$ -
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	\$ 405,077			\$ 405,077	-\$ 405,077			-\$ 405,077	\$ 0
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	\$ -			\$ -	\$ -			\$ -	\$ -
10	1930	Transportation Equipment	\$ 4,157,072	\$ 284,000		\$ 4,441,072	-\$ 2,789,455	-\$ 239,861		-\$ 3,029,316	\$ 1,411,756
8	1935	Stores Equipment	\$ 61,101			\$ 61,101	-\$ 60,365	-\$ 490		-\$ 60,855	\$ 246
8	1940	Tools, Shop & Garage Equipment	\$ 1,232,327	\$ 30,000		\$ 1,262,327	-\$ 1,047,305	-\$ 37,095		-\$ 1,084,400	\$ 177,927
8	1945	Measurement & Testing Equipment	\$ 63,381			\$ 63,381	-\$ 61,254	-\$ 1,198		-\$ 62,452	\$ 929
8	1950	Power Operated Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
8	1955	Communications Equipment	\$ 257,913			\$ 257,913	-\$ 237,916	-\$ 15,000		-\$ 252,916	\$ 4,997
8	1955	Communication Equipment (Smart Meters)	\$ -			\$ -	\$ -			\$ -	\$ -
8	1960	Miscellaneous Equipment	\$ -			\$ -	\$ -			\$ -	\$ -
47	1970	Load Management Controls Customer Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1975	Load Management Controls Utility Premises	\$ -			\$ -	\$ -			\$ -	\$ -
47	1980	System Supervisor Equipment	\$ 2,894,535	\$ 43,000		\$ 2,937,535	-\$ 2,308,380	-\$ 67,557		-\$ 2,375,937	\$ 561,597
47	1985	Miscellaneous Fixed Assets	\$ -			\$ -	\$ -			\$ -	\$ -
47	1990	Other Tangible Property	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total Before Contributions</b>	\$ 90,854,979	\$ 4,402,550	\$ -	\$ 95,257,529	-\$ 35,715,257	-\$ 2,304,335	\$ -	-\$ 38,019,592	\$ 57,237,936
47	1995	Contributions & Grants	-\$ 2,848,475			-\$ 2,848,475	\$ 679,287	\$ 64,096		\$ 743,383	-\$ 2,105,092
47	2440	Deferred Revenue <sup>5</sup>	\$ -			\$ -	\$ -			\$ -	\$ -
		<b>Sub-Total</b>	\$ 88,006,504	\$ 4,402,550	\$ -	\$ 92,409,054	-\$ 35,035,970	-\$ 2,240,240	\$ -	-\$ 37,276,210	\$ 55,132,845
		Less Socialized Renewable Energy Generation Investments (input as negative)				\$ -				\$ -	\$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				\$ -				\$ -	\$ -
		<b>Total PP&amp;E</b>	\$ 88,006,504	\$ 4,402,550	\$ -	\$ 92,409,054	-\$ 35,035,970	-\$ 2,240,240	\$ -	-\$ 37,276,210	\$ 55,132,845
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable <sup>6</sup>									
		<b>Total</b>						2,240,240			

10	Transportation
8	Stores Equipment

Less: Fully Allocated Depreciation

Transportation

Stores Equipment

Net Depreciation

-\$ 2,240,240



File Number:EB-2015-0083

Exhibit: 4

Tab: 4

Schedule: 1

Date Filed: June 1, 2015

## Attachment 2 of 5

# Regulatory Accounting Changes for Depreciation

This is covered off in OEB Appendices 2-BA, 2-BB and 2-CI



File Number:EB-2015-0083

Exhibit: 4

Tab: 4

Schedule: 1

Date Filed: June 1, 2015

## Attachment 3 of 5

## OEB Appendix 2-BB

**Appendix 2-BB  
Service Life Comparison  
Table F-1 from Kinetrics Report<sup>1</sup>**

Parent*	#	Asset Details		Useful Life			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?		
		Category	Component   Type	MIN UL	TUL	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL	
OH	1	Fully Dressed Wood Poles	Overall	35	45	75	1830	Poles, Towers & Fixtures	25	4%	45	2%	No	No	
			Cross Arm	Wood	20	40									55
	2	Fully Dressed Concrete Poles	Cross Arm	Wood	20	40	55	1830	Overhead Conductors & Devices	25	4%	45	2%	No	No
			Cross Arm	Steel	30	70	95								
	3	Fully Dressed Steel Poles	Overall	60	60	80	1850	Line Transformers	25	4%	40	3%	No	No	
			Cross Arm	Wood	20	40									55
	TS & MS	12	Power Transformers	Overall	30	45	60	1820	Distribution Station Equipment <50 kV	30	3%	50	2%	No	No
				Bushing	10	20	30								
		13	Station Service Transformer	Tap Changer	20	30	60	1820	Distribution Station Equipment <50 kV	30	3%	50	2%	No	No
				Overall	30	45	55								
		UG	14	Station Grounding Transformer	Ground Grid	25	40	50	1820	Distribution Station Equipment <50 kV	30	3%	50	2%	No
Arresters					10	20	30								
15			Station DC System	Overall	10	20	30	1820	Distribution Station Equipment <50 kV	30	3%	20	5%	No	No
				Battery Bank	10	15	15								
16			Station Metal Clad Switchgear	Charger	20	20	30	1820	Distribution Station Equipment <50 kV	30	3%	50	2%	No	No
				Removable Breaker	25	40	60								
S			17	Station Independent Breakers	Overall	35	45	65	1820	Distribution Station Equipment <50 kV	30	3%	50	2%	No
	Station Switch				30	50	60								
	18		Station Switch	Electromechanical Relays	25	35	50	1820	Distribution Station Equipment <50 kV	30	3%	50	2%	No	No
				Digital State Relays	10	30	45								
	19		Electromechanical Relays	Digital & Numeric Relays	15	20	20	1820	Distribution Station Equipment <50 kV	30	3%	20	5%	No	No
		Rigid Busbars		30	55	60									
	20	Digital State Relays	Primary TR XLPE Cables In Duct	35	40	55	1820	Distribution Station Equipment <50 kV	30	3%	50	2%	No	No	
			UG Vaults- Overall	40	60	80									
	21	Digital & Numeric Relays	Concrete Encased Duct Banks	35	55	80	1820	Distribution Station Equipment <50 kV	30	3%	60	2%	No	No	
			Steel Structure	35	50	90									
	22	Rigid Busbars	Primary Paper Insulated Lead Covered (PILC) Cables	60	65	75	1845	Underground Conductors & Devices	25	4%	50	2%	No	No	
Primary Ethylene-Propylene Rubber (EPR) Cables			20	25	25										
23	Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried	UG Switches	30	45	55	1845	Underground Conductors & Devices	25	4%	50	2%	No	No		
		Primary Non-TR XLPE Cables In Duct	20	25	30										
24	Primary Non-TR XLPE Cables In Duct	UG SERVICES	50	60	75	1855	Services (Overhead & Underground)	25	4%	60	2%	No	No		
		Secondary PILC Cables	70	75	80										
25	Secondary Cables Direct Buried	Secondary Cables in Duct	35	40	60	1850	Line Transformers	25	4%	40	3%	No	No		
		Secondary Cables in Duct	35	40	60										
26	Secondary Cables in Duct	Network Transformers	20	35	50	1850	Line Transformers	25	4%	40	3%	No	No		
		Protector	20	35	40										
27	Pad-Mounted Transformers	UG Foundation	35	55	70	1840	Underground Conduit	25	4%	40	3%	No	No		
		Submersible/Vault Transformers	25	35	45										
28	UG Vaults	UG Vaults	40	60	80	1840	Underground Conduit	25	4%	60	2%	No	No		
		Roof	20	30	45										
29	UG Vault Switches	UG Vault Switches	20	35	50	1840	Underground Conduit	25	4%	35	3%	No	No		
		Pad-Mounted Switchgear	20	30	45										
30	Pad-Mounted Switchgear	Ducts	30	60	85	1840	Underground Conduit	25	4%	60	2%	No	No		
		Concrete Encased Duct Banks	35	55	80										
31	Cable Chambers	Cable Chambers	50	60	80	1840	Underground Conduit	25	4%	60	2%	No	No		
		Remote SCADA	15	20	30										

**Table F-2 from Kinetrics Report<sup>1</sup>**

#	Asset Details		Useful Life Range			USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of Min, Max TUL?	
	Category	Component   Type	Min	Max	Range			Years	Rate	Years	Rate	Below Min Range	Above Max Range
1	Office Equipment		5	15		1915	Office Furniture & Equipment (10 years)	10	10%	10	10%	No	No
2	Vehicles	Trucks & Buckets	5	15		1930	Transportation Equipment	10	10%	12	8%	No	No
		Trailers	5	20									
3	Administrative Buildings	Vans (Passenger vehicle)	5	10		1930	Transportation Equipment	10	10%	8	13%	No	No
		Leasehold Improvements	50	75									
4	Leasehold Improvements	Leasehold Improvements	2	10		1910	Leasehold Improvements	20	5%	20	5%		
		Station Buildings	50	75		1808	Buildings	50	2%	60	2%	No	No
5	Station Buildings	Parking	25	30		1808	Buildings	50	2%	30	3%	No	No
		Fence	25	60		1808	Buildings	50	2%	30	3%	No	No
		Roof	20	30		1808	Buildings	50	2%	30	3%	No	No
		Hardware	3	5		1920	Computer Equip.-Hardware	5	20%	5	20%	No	No
6	Computer Equipment	Software	2	5		1925	Computer Software	5	20%	5	20%	No	No
		Power Operated	5	10		1950	Power Operated Equipment	10	10%	10	10%	No	No
7	Equipment	Stores	5	10		1935	Stores Equipment	10	10%	10	10%	No	No
		Tools, Shop, Garage Equipment	5	10		1940	Tools, Shop & Garage Equipment	10	10%	10	10%	No	No
		Measurement & Testing Equipment	5	10		1945	Measurement & Testing Equipment	10	10%	10	10%	No	No
		Towers	60	70									
8	Communication	Wireless	2	10		1955	Communications Equipment	10	10%	5	20%	No	No
		Residential Energy Meters	25	35									
9	Industrial/Commercial Energy Meters	Industrial/Commercial Energy Meters	25	35									
		Wholesale Energy Meters	15	30		1860	Meters	25	4%	15	7%	No	No
10	Current & Potential Transformer (CT & PT)	Current & Potential Transformer (CT & PT)	35	50		1820/1860	Distribution Station Equipment <50 kV / Meters	30	3%	50	2%	No	No
		Smart Meters	5	15		1860	Meters (Smart Meters)	25	4%	15	7%	No	No
11	Repeaters - Smart Metering	Repeaters - Smart Metering	10	15									
		Data Collectors - Smart Metering	15	20									

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



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Date Filed: June 1, 2015

## Attachment 4 of 5

## OEB Appendix 2CE



This is not applicable to Kingston Hydro Corporation



File Number:EB-2015-0083

Exhibit: 4

Tab: 4

Schedule: 1

Date Filed: June 1, 2015

## Attachment 5 of 5

## OEB Appendix 2CI

**Appendix 2-CI  
Depreciation and Amortization Expense**

Assumes the applicant made capitalization and depreciation expense accounting policy changes under CGAAP effective January 1, 2013 and will adopt IFRS for financial reporting purposes effective January 1, 2015.

2015 MIFRS

Account	Description	Additions  (d)	Years (new additions only)  (f)	Depreciation Rate on New Additions  (g) = 1 / (f)	2015 Depreciation Expense <sup>1</sup>	2015 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l)	Variance <sup>2</sup>  (m) = (h) - (l)
					(h)=2014 Full Year Depreciation + ((d)*0.5)/(f)		
1610	Misc. Intangible Plant		40.00	2.50%	\$ 5,805	6,061	-\$ 256
1611	Computer Software (Formally known as Account 1925)	\$ 23,000	5.00	20.00%	\$ 19,076	14,195	\$ 4,881
1612	Land Rights (Formally known as Account 1906)			0.00%	\$ -	\$ -	\$ -
1805	Land			0.00%	\$ -	\$ -	\$ -
1808	Buildings	\$ 81,000	60.00	1.67%	\$ 11,686	10,232	\$ 1,454
1808	Buildings	\$ -	30.00	3.33%	\$ 3,072	4,843	-\$ 7,915
1808	Buildings	\$ 81,000		0.00%	\$ 8,614	15,075	-\$ 6,461
1810	Leasehold Improvements			0.00%	\$ -	\$ -	\$ -
1815	Transformer Station Equipment >50 kV			0.00%	\$ -	\$ -	\$ -
1820	Distribution Station Equipment <50 kV	\$ -	60.00	1.67%	\$ 3,643	3,504	\$ 139
1820	Distribution Station Equipment <50 kV	\$ 35,914	50.00	2.00%	\$ 136,687	130,605	\$ 6,082
1820	Distribution Station Equipment <50 kV	\$ 218,700	20.00	5.00%	\$ 80,007	75,937	\$ 4,070
1820	Distribution Station Equipment <50 kV	\$ 254,614		0.00%	\$ 220,337	210,046	\$ 10,291
1825	Storage Battery Equipment			0.00%	\$ -	\$ -	\$ -
1830	Poles, Towers & Fixtures	\$ 401,328	45.00	2.22%	\$ 284,413	255,696	\$ 28,717
1835	Overhead Conductors & Devices	\$ 454,238	60.00	1.67%	\$ 43,764	36,428	\$ 7,336
1835	Overhead Conductors & Devices	\$ -	45.00	2.22%	\$ 58,546	43,918	\$ 14,628
1835	Overhead Conductors & Devices	\$ 454,238		0.00%	\$ 102,310	80,346	\$ 21,964
1840	Underground Conduit	\$ 618,690	60.00	1.67%	\$ 149,129	134,037	\$ 15,092
1840	Underground Conduit	\$ 26,355	40.00	2.50%	\$ 14,211	11,106	\$ 3,105
1840	Underground Conduit	\$ -	35.00	2.86%	\$ 6,250	5,753	\$ 497
1840	Underground Conduit	\$ 645,045		0.00%	\$ 169,590	150,896	\$ 18,694
1845	Underground Conductors & Devices	\$ 902,655	50.00	2.00%	\$ 152,545	123,839	\$ 28,706
1850	Line Transformers	\$ 169,350	40.00	2.50%	\$ 89,580	81,101	\$ 8,479
1855	Services (Overhead & Underground)	\$ 68,470	60.00	1.67%	\$ 18,906	17,504	\$ 1,402
1860	Meters	\$ 15,000	40.00	2.50%	\$ 23,736	19,014	\$ 4,722
1860	Meters	\$ 285,000	15.00	6.67%	\$ 414,903	339,805	\$ 75,098
1860	Meters	\$ 300,000		0.00%	\$ 438,639	358,819	\$ 79,820
1860	Meters (Smart Meters)			0.00%	\$ -	\$ -	\$ -
1905	Land			0.00%	\$ -	\$ -	\$ -
1908	Buildings & Fixtures			0.00%	\$ -	\$ -	\$ -
1910	Leasehold Improvements		20.00	5.00%	\$ 7,777	8,114	-\$ 337
1915	Office Furniture & Equipment (10 years)	\$ 1,000	10.00	10.00%	\$ 3,076	2,779	\$ 297
1915	Office Furniture & Equipment (5 years)			0.00%	\$ -	\$ -	\$ -
1920	Computer Equipment - Hardware			0.00%	\$ -	\$ -	\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)		5.00	20.00%	\$ 36,793	41,461	-\$ 4,668
1920	Computer Equip.-Hardware(Post Mar. 19/07)			0.00%	\$ -	\$ -	\$ -
1930	Transportation Equipment	\$ -	12.00	8.33%	\$ 149,337	110,267	\$ 39,070
1930	Transportation Equipment	\$ 69,000	8.00	12.50%	\$ 103,740	87,980	\$ 15,760
1930	Transportation Equipment	\$ 69,000		0.00%	\$ 253,077	198,247	\$ 54,830
1935	Stores Equipment		10.00	10.00%	\$ 7,577	6,110	\$ 1,467
1940	Tools, Shop & Garage Equipment	\$ 30,000	10.00	10.00%	\$ 45,924	51,052	-\$ 5,128
1945	Measurement & Testing Equipment		10.00	10.00%	\$ 6,036	6,338	-\$ 302
1950	Power Operated Equipment			0.00%	\$ -	\$ -	\$ -
1955	Communications Equipment	\$ 50,000	5.00	20.00%	\$ 9,909	22,926	-\$ 13,017
1955	Communication Equipment (Smart Meters)			0.00%	\$ -	\$ -	\$ -
1960	Miscellaneous Equipment			0.00%	\$ -	\$ -	\$ -
1970	Load Management Controls - Customer Premises			0.00%	\$ -	\$ -	\$ -
1975	Load Management Controls Utility Premises			0.00%	\$ -	\$ -	\$ -
1980	System Supervisor Equipment	\$ 50,000	20.00	5.00%	\$ 66,113	61,901	\$ 4,212
1985	Miscellaneous Fixed Assets			0.00%	\$ -	\$ -	\$ -
1990	Other Tangible Property			0.00%	\$ -	\$ -	\$ -
1995	Contributions & Grants		15.00	6.67%	\$ 4,519	4,577	\$ 58
1995	Contributions & Grants		40.00	2.50%	\$ 4,188	3,964	\$ 224
1995	Contributions & Grants		15.00	6.67%	\$ 1,127	1,127	\$ 0
1995	Contributions & Grants		40.00	2.50%	\$ 16,443	16,621	\$ 178
1995	Contributions & Grants		45.00	2.22%	\$ 9,823	9,519	\$ 304
1995	Contributions & Grants		60.00	1.67%	\$ 2,050	2,002	\$ 48
1995	Contributions & Grants		45.00	2.22%	\$ 1,306	1,265	\$ 41
1995	Contributions & Grants		60.00	1.67%	\$ 7,134	7,134	\$ 0
1995	Contributions & Grants		40.00	2.50%	\$ 90	90	\$ 0
1995	Contributions & Grants		35.00	2.86%	\$ 5	5	\$ 0
1995	Contributions & Grants		50.00	2.00%	\$ 3,008	3,008	\$ 0
1995	Contributions & Grants		60.00	1.67%	\$ 904	887	\$ 17
1995	Contributions & Grants		50.00	2.00%	\$ 10,688	10,444	\$ 244
1995	Contributions & Grants		20.00	5.00%	\$ 3,888	3,646	\$ 242
1995	Contributions & Grants		30.00	3.33%	\$ 328	315	\$ 13
1995	Contributions & Grants	\$ -		0.00%	\$ 65,500	64,604	\$ 896
	<b>Total</b>	\$ 3,499,700			\$ 1,880,596	\$ 1,647,902	\$ 232,694



File Number: EB-2015-0083

Date Filed: June 1, 2015

## Exhibit 4

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### Tab 5 of 6

# Taxes or Payments In Lieu of Taxes (PILs)

# 1 Taxes or Payments In Lieu of Taxes (PILs)

---

## 3 PAYMENTS IN LIEU OF TAXES (PILS)

### 5 Introduction

7 Kingston Hydro is subject to Payments in Lieu of Taxes (“PILs”) under section 93 of the  
8 *Electricity Act*. These PILs are based on its taxable income.

10 Included are calculations of taxable income for the Historic (2014), Bridge (2015) and all  
11 Test Years (2016-2020). Also included is the calculation of taxes payable for all Test  
12 Years. All supporting schedules used to derive taxable income and taxes payable are  
13 included.

15 For 2016, the amount of PILs included in revenue requirement is \$227,171. This  
16 amount was calculated using the Ontario Energy Board's “Test Year Income Tax PILS  
17 Workform Version 3”.

19 Kingston Hydro has also included copies of the most recent Federal and Provincial tax  
20 returns. The financial statements that were filed with the historic tax returns were not  
21 different than those provided in support of the application.

### 23 General Methodology

25 The tax rates used by Kingston Hydro to calculate PILs payable is as provided by the  
26 OEB’s 2016 COS Tax Model. The Applicant confirmed the tax rates and its eligibility for  
27 the Small business deduction with its tax advisors.

1  
2 The effective Federal tax rate is 15.0%. The effective Ontario tax rate, after a reduction  
3 for the Small Business deduction, is 11.5% for a combined effective tax rate of 26.5%.  
4 Therefore total PILs payable for 2016 is estimated to be \$166,971. In order to ensure  
5 adequate recovery of PILs in its rates, this amount is then grossed up and the resulting  
6 amount of \$227,171 is included in revenue requirement.  
7 In the calculation of regulatory taxable income, Kingston Hydro used regulatory net  
8 income as a starting point. This amount is then adjusted for the difference between  
9 amortization and Capital Cost Allowance for those assets included in rate base.

10

## 11 **Principles**

12

13 In its preparation of the PILs model and derivation of the additional revenue requirement  
14 for PILs, Kingston Hydro has ensured the following integrity checks have been  
15 completed:

16

- 17 - The depreciation and amortization added back in the application's PILs model  
18 agree with the numbers disclosed in the rate base section of the application;
- 19 - The capital additions and deductions in the UCC/ CCA Schedule 8 agree with the  
20 rate base section for historical, bridge and test years;
- 21 - Schedule 8 of the most recent federal T2 tax return filed with the application has  
22 a closing December 31st historical year UCC that agrees with the opening bridge  
23 year UCC at January 1st. There are no non-distribution tax amounts on  
24 Schedule 8.
- 25 - The CCA deductions in the application's PILs tax model for historical, bridge and  
26 test years agree with the numbers in the UCC schedules for the same years filed  
27 in the application;
- 28 - Kingston Hydro has no loss carry-forwards;

- 1 - CCA has been maximized;
- 2 - Accounting OPEB and pension amounts have not been added back on Schedule
- 3 1 and
- 4 - The income tax rate used to calculate the tax expense must be consistent with
- 5 the utility's actual tax facts and evidence filed in the proceeding.
- 6 - Kingston Hydro does not expect to pay Capital Tax or Corporate Minimum Tax in
- 7 any of the 2016-2020 Test Years.
- 8 - Kingston Hydro's property tax expense has not been included in the PIL's
- 9 calculation other than as a regular deduction in the calculation of regulatory
- 10 accounting income. This amount has been included in Account 6105 and is
- 11 based on actual assessments received.

12

13 Detailed calculations of actual PILs for the 2014 Actual year is as per the corporate tax

14 returns included with this application.

15

16 Detailed calculations of the 2014 Actual and 2015 Bridge Year as well as the 2016-2020

17 estimated PILs for the Test years are as per the "2016 -2020 Test Year income Tax

18 PILS Workform".



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Tab: 5

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## Attachment 1 of 1

## OEB PILs Model





# Income Tax/PILs Workform for 2015 Filers

## Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
<b>Income before PILs/Taxes</b>	<b>A</b>	2,490,742		2,490,742
<b>Additions:</b>				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	1,666,551		1,666,551
Amortization of intangible assets	106			0
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			0
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			0
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	1,096,483		1,096,483
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
<b>Other Additions</b>				
Interest Expensed on Capital Leases	290			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
Revenue credited to reg asset account recovery	294	245,620		245,620
	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
				0





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Tab: 5

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Page: 1 of 1

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1 **Supporting Documentation**

2

---

3 **SUPPORTING DOCUMENTATION**

4

5 Detailed calculations of actual PILs for the 2014 Actual year is as per the corporate tax  
6 returns included with this application attached as Exhibit 4 Tab 5 Schedule 2

7 Attachment 1.



File Number:EB-2015-0083

Exhibit: 4  
Tab: 5  
Schedule: 2

Date Filed: June 1, 2015

## Attachment 1 of 1

# Federal and Provincial Tax Returns

# T2 BAR CODE RETURN

Name: **Kingston Hydro Corporation**

BN: **86652 9399 RC 0001**

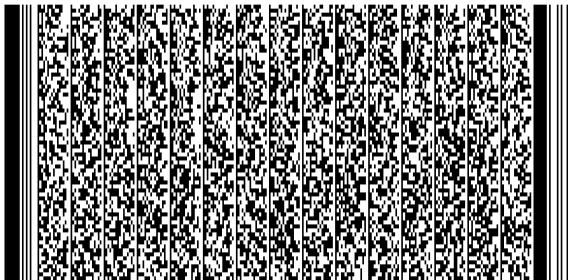
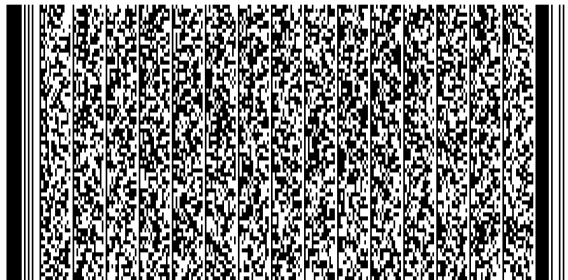
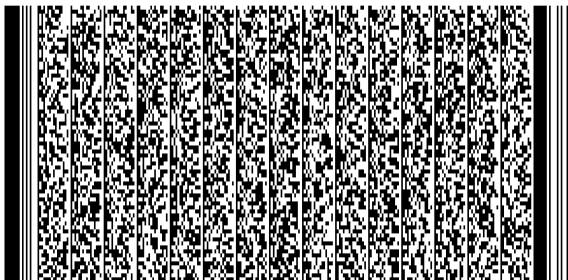
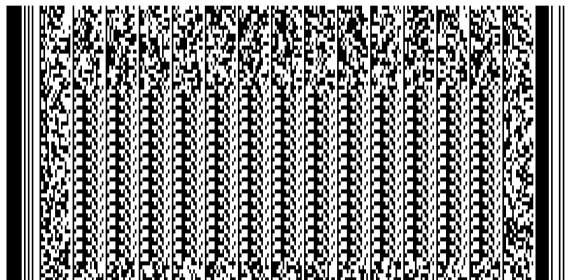
Tax Year Start: **2014-01-01**

Tax Year End: **2014-12-31**

For agency use  
[ 055 ]

For agency use  
[ 095 ] \_\_\_\_\_  
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\_\_\_\_\_



This page must be sent to the Canada Revenue Agency

# T2 BAR CODE RETURN

**Name: Kingston Hydro Corporation**

**BN: 86652 9399 RC 0001**

**Tax Year Start: 2014-01-01**

**Tax Year End: 2014-12-31**

Under the *Income Tax Act*, you must keep all records used to prepare your corporation income tax return, and provide this information to us upon request.

## Certification

I, Randy Murphy, am an authorized signing officer of the corporation. I certify that I have examined the corporation's income tax return, including accompanying schedules and statements, for the tax year noted on this return.

I certify that the following amounts are, to the best of my knowledge, correct and complete, and fully disclose the corporation's income tax payable. These amounts also reflect the information given on the corporation's income tax return for the tax year noted on this return.

Net income (or loss) for income tax purposes from Schedule 001, financial statements or GIF1	\$	1 077 152
Part I tax payable	\$	161 573
Part II surtax payable	\$	0
Part III.1 tax payable	\$	0
Part IV tax payable	\$	0
Part IV.1 tax payable	\$	0
Part VI tax payable	\$	0
Part VI.1 tax payable	\$	0
Part XIII.1 tax payable	\$	0
Part XIV tax payable	\$	0
Net provincial and territorial tax payable	\$	123 872
Provincial tax on large corporations	\$	0
Enclosed payment	\$	0

I further certify that the method of calculating income for this tax year is consistent with that of the previous year except as specifically disclosed in a statement attached to this return.

	(613)546-1181	Treasurer
Signature of the authorized signing officer of the corporation	Phone	Position, office or rank
Contact person, if different to authorized signing officer	Phone	Date
		2015-04-20

This page must be sent to the Canada Revenue Agency

# T2 BAR CODE RETURN

**Name: Kingston Hydro Corporation**

**BN: 86652 9399 RC 0001**

**Tax Year Start: 2014-01-01**

**Tax Year End: 2014-12-31**

The principal business of Kingston Hydro Corporation (the "Company") is to distribute electric power to the residents of the City of Kingston and to manage the City of Kingston's electric power system. The business is regulated by the Ontario Energy Board through the issuance of licenses which require compliance with established market rules and codes. The Company is wholly-owned by the Corporation of the City of Kingston (the "City of Kingston").

1. Significant accounting policies:

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP") including accounting principles prescribed by the Ontario Energy Board (the "OEB") in the Accounting Procedures Handbook (the "AP Handbook") for Electric Distribution Utilities, and reflect the significant accounting policies summarized below:

(a) Rate regulation:

Kingston Hydro Corporation is regulated by the Ontario Energy Board ("OEB") under authority of the Ontario Energy Board Act, 1998. The OEB is charged with the responsibility of approving or setting rates for the transmission and distribution of electricity and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB has the general power to include or exclude costs, revenues, losses or gains in the rates of a specific period, resulting in a change in the timing of accounting recognition from that which would apply to enterprises operating in a non-regulated environment. Specifically, the following accounting treatments have been applied:

(i) Costs incurred with respect to deregulation of the electricity industry in Ontario, have been deferred pursuant to regulations underlying the Electricity Act, 1998, ("EA") and are subject to review and approval for

# T2 BAR CODE RETURN

**Name: Kingston Hydro Corporation**

**BN: 86652 9399 RC 0001**

**Tax Year Start: 2014-01-01**

**Tax Year End: 2014-12-31**

recovery by the OEB.

(ii) An amount to represent the cost of funds used during construction and development has been added to the carrying value of assets under construction based on the value of construction-in-progress for those projects with a construction life greater than one year.

(iii) The Company has deferred the recognition of certain pre-market opening cost of power variances and post-market opening retail settlement variances in accordance with Article 490 of the OEB's AP Handbook.

KINGSTON HYDRO CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(b) Revenue recognition:

Revenue is recognized on the accrual basis, which includes an estimate of unbilled revenue, representing customer usage from the date of each customer's last meter reading until the end of the fiscal year. Actual results could differ from estimates made of actual electricity usage.

Billed and unbilled revenues presented on the balance sheet include distribution revenue as well as power charges billed and collected on behalf of the Independent Electricity System Operator ("IESO").

The Company presents distribution revenue earned on a gross basis but presents amounts billed in respect of power, connection, transmission and wholesale market service charges on a net basis.

Services and other revenue are recognized as services are rendered or contract



# T2 BAR CODE RETURN

**Name: Kingston Hydro Corporation**

**BN: 86652 9399 RC 0001**

**Tax Year Start: 2014-01-01**

**Tax Year End: 2014-12-31**

milestones are achieved.

(c) Inventory:

Inventories consist primarily of maintenance and construction materials. To the extent that such materials are used for upgrades and improvements to its electricity distribution system, they are capitalized as capital assets. Once capitalized, these items are not amortized until they are put into service. Inventories are carried at the lower of cost and net realizable value, with cost determined on an average cost basis net of a provision for obsolescence.

(d) Capital assets:

Capital assets are recorded at cost and include contracted services, materials, labour, engineering costs, overhead and an allowance for the cost of funds used during construction when applied. Certain assets may be acquired or constructed with financial assistance in the form of contributions from developers or customers. The OEB requires that such contributions, whether in cash or in-kind, be offset against the related asset cost. Contributions in-kind are valued at their fair market value at the date of their contributions.

When identifiable assets, such as buildings, substation equipment, system supervisory equipment, meters, tools and vehicles are retired or otherwise disposed of, their original cost and accumulated amortization are removed from the accounts and the related gain or loss is included in the operating results for the related fiscal period. The cost and related accumulated amortization of grouped assets, such as the overhead distribution system, is removed from the accounts at the end of their estimated service life.

KINGSTON HYDRO CORPORATION

Notes to Financial Statements (continued)

# T2 BAR CODE RETURN

**Name: Kingston Hydro Corporation**

**BN: 86652 9399 RC 0001**

**Tax Year Start: 2014-01-01**

**Tax Year End: 2014-12-31**

Year ended December 31, 2014

1. Significant accounting policies (continued):

(d) Capital assets (continued):

Depreciation is provided on the straight-line basis using the following annual rates:

Asset	Rate
Buildings and fixtures	1.67% to 3.33%
Substation equipment	1.67% to 5.00%
Distribution system	1.67% to 2.86%
Meters	2.50% to 6.67%
Tools and equipment	10.00% to 20.00%
System supervisory equipment	5.00%
Application software	20.00%
Vehicle	8.33% to 12.50%
Leasehold improvements	Over the term of the lease
Miscellaneous intangible plant	2.50%

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

(e) Contributed capital:

Amounts recovered from customers on capital projects are recorded as a capital asset contra account and amortized on a straight-line basis at the same rate used for amortization of the related property and equipment. Contributed

# T2 BAR CODE RETURN

**Name: Kingston Hydro Corporation**

**BN: 86652 9399 RC 0001**

**Tax Year Start: 2014-01-01**

**Tax Year End: 2014-12-31**

capital is included in the respective capital asset categories in note 4.

(f) Incorporation costs:

Incorporation costs are recorded at cost, net of accumulated amortization. Amortization is provided on a straight-line basis over ten years.

(g) Regulatory assets:

Regulatory assets are comprised principally of the following:

(i) Retail settlement variances - represent accumulated variances that have occurred since January 1, 2012 and that have accumulated pursuant to direction from the OEB. Specifically, these amounts include:

- variances between the amount charged by the IESO and Hydro One Network Inc. for the operation of the markets and grid, as well as various wholesale market settlement charges, transmission charges as compared to the amount billed to consumers based on the OEB approved wholesale market services rate; and

- variances between the amounts charged by the IESO to allow for purchases of imported power as compared to the amounts billed to consumers based on the OEB approved rates.

KINGSTON HYDRO CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(g) Regulatory assets (continued):

(ii) Regulatory asset recoveries - represent accumulated recoveries of regulatory assets through increased rates until April 30, 2015.

# T2 BAR CODE RETURN

**Name: Kingston Hydro Corporation**

**BN: 86652 9399 RC 0001**

**Tax Year Start: 2014-01-01**

**Tax Year End: 2014-12-31**

Regulatory assets earn interest at a rate of 1.47% (2013 - 1.47%) per annum, calculated using the simple interest method.

(h) Measurement uncertainty:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period.

Miscellaneous accounts receivable, billed revenue receivable and unbilled revenue are stated after evaluation of amounts expected to be collected or recovered and an appropriate allowance for doubtful accounts.

Employee future benefit liabilities owing to 1425445 Ontario Limited (operating as Utilities Kingston) ("Utilities Kingston") are based on certain assumptions arising from an actuarial valuation performed on behalf of Utilities Kingston. These assumptions include interest (discount) rate, salary escalation, the average retirement age of employees, employee turnover and expected health and dental care costs.

Due to inherent uncertainty involved in making estimates, actual results could differ from those estimates recorded in preparing these financial statements, including changes as a result of future decisions made by the OEB and Minister of Energy. Any adjustments to the estimates made will be recorded in the year they are identified.

(i) Payments in lieu of corporate income taxes ('PILs'):

The Company is exempt from taxes under the Income Tax Act (Canada) ("ITA") and the Ontario Corporations Tax Act ("OCTA").

Pursuant to the Electricity Act ("EA"), 1998, the Company is required to compute payments in lieu of taxes under the ITA and OCTA and remit such

# T2 BAR CODE RETURN

**Name: Kingston Hydro Corporation**

**BN: 86652 9399 RC 0001**

**Tax Year Start: 2014-01-01**

**Tax Year End: 2014-12-31**

amounts there under to the Ontario Electricity Financial Corporation ("OEFC").

These amounts, referred to as PILs under the EA, are applied to reduce certain debt obligations of the former Ontario Hydro continuing in OEFC.

KINGSTON HYDRO CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(i) Payments in lieu of corporate income taxes ('PILs') (continued):

The Company applies the asset and liability method of accounting for payments in lieu of income taxes. Under the asset and liability method, future tax assets and liabilities are recognized, to the extent such are determined likely to be realized, for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

Future income taxes recoverable have been recorded in the accounts and a corresponding regulatory liability has been set up as future income taxes are recovered through future rate increases/decreases.

(j) Employee future benefit liabilities:

The Company's employee future benefit liabilities represent its accumulated

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obligation to Utilities Kingston under a service agreement.

The Company accrues its obligations to Utilities Kingston for employee benefit plans. The cost of non-pension post-retirement and post-employment benefits earned is actuarially determined using the projected benefit method pro-rated on service and management's best estimate of salary escalation, retirement ages of Utilities Kingston's employees and expected health care costs.

Utilities Kingston's employees participate in the Ontario Municipal Employees Retirement Fund (OMERS), a multi-employer public sector pension fund, as a defined benefit plan.

(k) Financial instruments:

(i) Section 3855, Financial Instruments - Recognition and Measurement:

Under the standards, financial assets and financial liabilities are initially recognized at fair value and their subsequent measurement is dependent on their classification as described below. The standards require that all financial instruments be classified either as held-for-trading ("HFT") financial assets or liabilities, available-for-sale ("AFS") financial assets, held-to-maturity (HTM) financial assets, loans and receivables or other liabilities. The standards require that all financial instruments, including all derivatives, be measured subsequent to their initial recognition at fair value with the exception of loans and receivables, debt securities classified as HTM financial assets, AFS financial assets that do not have quoted market prices in an active market and other liabilities.

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1. Significant accounting policies (continued):

(k) Financial instruments (continued):

(i) Section 3855, Financial Instruments - Recognition and Measurement  
(continued):

Classification of financial instruments:

The following is a summary of the classification the Company has applied to each of its significant categories of financial instruments outstanding.

Financial instrument	Classification
Due from City of Kingston	Loans and receivables
Miscellaneous accounts receivable	Loans and receivables
Billed revenue receivable	Loans and receivables
Bank loans	Other liabilities
Accounts payable and accrued liabilities	Other liabilities
Due to retailers	Other liabilities
Deposits payable	Other liabilities
Note payable to City of Kingston	Other liabilities

Held-for-trading

The Company has not designated any non-derivative financial assets as HFT, nor has it designated any non-derivative financial liabilities as HFT.

Available-for-sale

The Company has not designated any financial assets as AFS.

Held-to-maturity

The Company has not designated any financial assets as HTM.

Loans and receivables

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Loans and receivables are non-derivative financial assets with fixed or determinable payments. Loans and receivables are recorded at amortized cost, using the effective interest rate method.

Other liabilities

Other liabilities captures all financial liabilities that are not required to be designated by the Company as held for trading upon initial recognition.

Other liabilities are recorded at amortized cost, using the effective interest rate method.

KINGSTON HYDRO CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(k) Financial instruments (continued):

(i) Section 3855, Financial Instruments - Recognition and Measurement (continued):

Derivatives

The company monitors the risks associated with changes in interest rates on its operations, and where appropriate, uses instruments to hedge these risks. Therefore certain derivative instruments qualify for hedge accounting.

Hedging items and hedged items are presented in the financial statements in the same manner as other assets and liabilities. For derivative instruments that qualify for hedge accounting and which are designated as cash flow hedges, the effective portion of any gain or loss, net of tax, is reported as a component of accumulated Other Comprehensive Income. Any gains or losses



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that represent either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in results of operations.

Any gains or losses that were recognized in Other Comprehensive Income should be reclassified into net earnings in the same period or periods during which the asset acquired or liability incurred affects net earnings. If at any time, it is expected that all or a portion of a net loss recognized in other comprehensive income will not be recovered in one or more future periods, the Company will reclassify the amount immediately into net earnings.

(ii) Section 1535, Capital Disclosures:

This section requires the disclosure of (i) an entity's objectives, policies and process for managing capital; (ii) quantitative data about an entity's managed capital; (iii) whether an entity has complied with externally imposed capital requirements; and (iv) if an entity has not complied with such externally imposed capital requirements, the consequences of such non-compliance. Disclosure requirements pertaining to Section 1535 are contained in note 18 - Capital Risk Management.

(1) Comprehensive income:

The Company discloses comprehensive income in accordance with Canadian generally accepted accounting principles. Comprehensive income is defined as the change in equity from transactions and other events from non-owner sources. Other comprehensive income refers to items recognized in comprehensive income that are excluded from net earnings calculated in accordance with generally accepted accounting principles. These items could include the following:

(i) unrealized gains and losses on translating financial statements of self-sustaining foreign operations (net of gains and losses on hedges of net investments);

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Notes to Financial Statements (continued)

Year ended December 31, 2014

1. Significant accounting policies (continued):

(1) Comprehensive income (continued):

(ii) unrealized gains and losses on financial assets classified as 'available for sale' during the period (net of realized gains and losses as a reclassification to income);

(iii) change in gains and losses on derivatives designated as cash flow hedges.

2. Transition to International Financial Reporting Standards:

(a) Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. On September 10, 2010, the Accounting Standards Board granted an optional one-year deferral for IFRS adoption for entities subject to rate regulation.

In February 2013, the Accounting Standards Board (AcSB) decided to extend the existing deferral of the mandatory IFRS changeover date for entities with qualifying rate-regulated activities by an additional year to January 1, 2015. The Company elected to take the deferral of its adoption of IFRS; therefore, it continues to prepare its financial statements in accordance with Part V of the CPA Canada Handbook - Accounting.

(b) The International Accounting Standards Board ("IASB") issued IFRS 14

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Regulatory Deferral Accounts in January 2014. This standard provides specific guidance on accounting for the effects of rate regulation and permits first-time adopters of IFRS to continue using previous GAAP to account for regulatory deferral account balances while the IASB completes its comprehensive project in this area. Adoption of this standard is optional for entities eligible to use it. Deferral account balances and movements in the balances will be required to be presented as separate line items on the face of the financial statements distinguished from assets, liabilities, income and expenses that are recognized in accordance with other IFRSs. Extensive disclosures will be required to enable users of the financial statements to understand the features and nature of and risks associated with rate regulation and the effect of rate regulation on the entity's financial position, performance and cash flows.

KINGSTON HYDRO CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

### 3. Electricity industry regulation:

The Ontario Energy Board Act, 1998 (Ontario) ("OEBA") conferred on the Ontario Energy Board ("OEB") increased powers and responsibilities to regulate the electricity industry in Ontario. These powers and responsibilities include approving or fixing rates for the transmission and distribution of electricity, providing continued rate protection for rural and remote electricity consumers, and ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe

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license requirements and conditions of service to electricity distributors which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes. In its capacity to approve or set rates, the OEB has the authority to specify regulatory accounting treatments that may differ from Canadian generally accepted accounting principles for enterprises operating in a non-rate regulated environment. On May 1, 2011 the Company's distribution rate as approved by the OEB provided for a revised rate of return of 6.74%, as compared to 7.54% in 2010. Effective May 1, 2012, the OEB approved a 0.88% price cap index adjustment to the Company's distribution rates, in accordance with the OEB's 3rd Generation Incentive Regulation Mechanism. The adjustment was applied to fixed and variable distribution rates uniformly across all customer classes. Also effective May 1, 2012 the OEB approved the recovery of an Incremental Revenue Requirement, through a variable rate rider, to allow for recovery of the Company's investments in incremental capital projects. The adjustment was applied uniformly across all customer classes. On August 24, 2012, the Company filed an application with the OEB for the disposition and recovery of costs related to Smart Meter deployment. The OEB approved a fixed distribution rate increase for the recovery of smart meters effective January 1, 2013. The adjustment was applied to residential and General Service less than 50kW customers. Effective May 1, 2014, the OEB approved a 1.4% adjustment to the Company's distribution rates, in accordance with the OEB's 3rd Generation Incentive Regulation Mechanism. The adjustment was applied to fixed and variable distribution rates uniformly across all customer classes. On October 1, 2014, the Company filed an application under the OEB's Incentive Regulation Mechanism to increase its distribution rates by approximately 1.3%

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effective May 1, 2015.

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Notes to Financial Statements (continued)

Year ended December 31, 2014

#### 4. Capital assets:

	2014	2013			
	Accumulated	Net book	Net book		
	Cost	amortization	value	value	
Land	\$ 197,343	\$ -	\$ 197,343	\$ 197,343	
Buildings and fixtures		725,659	235,369	490,290	498,724
Substation equipment		8,799,340	2,565,778	6,233,562	6,169,501
Distribution system:					
Overhead	19,983,580	7,289,139	12,694,441	11,561,651	
Underground	17,308,323	5,618,972	11,689,351	10,833,454	
Transformers	4,009,492	2,253,707	1,755,785	1,687,200	
Miscellaneous intangible plant		242,440	39,776	202,664	208,725
Meters	5,572,468	1,611,204	3,961,264	4,066,676	
Tools and equipment	1,392,007	975,515	416,492	366,562	
System supervisory equipment		2,722,392	1,983,858	738,534	
					769,719
Vehicle	2,951,072	1,676,729	1,274,343	1,301,728	
Application software		750,716	606,753	143,963	184,766

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Leasehold improvements	335,574	234,693	100,881	108,995
Capital work-in-progress	85,585	-	85,585	303,774
	\$ 65,075,991	\$ 25,091,493	\$ 39,984,498	\$ 38,258,818

Cost and accumulated amortization of capital assets at December 31, 2013 amounted to \$61,745,060 and \$23,486,242, respectively.

5. Note payable to City of Kingston:

In consideration for transfer of the City of Kingston's electricity distribution business, the City of Kingston took back a note payable on January 1, 2000, for an amount equivalent to 50% of the value of net assets transferred. The note payable amounts to \$10,880,619 (2013 - \$10,880,619). As part of the 2011 Kingston Hydro distribution rate rebasing application, the Ontario Energy Board ordered that Kingston Hydro use a deemed debt rate of 5.87% per annum. This rate became effective May 1, 2011. The note payable has no fixed terms of repayment and is unsecured. It is not the intent of the City of Kingston to demand repayment before January 1, 2015. Interest charges on the note payable for the 2014 fiscal year were \$638,692 (2013 - \$638,692).

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Notes to Financial Statements (continued)

Year ended December 31, 2014

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6. Bank loans and long-term debt:

(a) Bank loans:

2014      2013

Operating facility of \$8,000,000, available by way of a

Prime Rate Based Loan or Bankers' Acceptances with

interest at the bank's rate on Bankers' Acceptances

plus a 0.50% stamping fee, drawn at a rate of 1.7%

(facility 1)      \$      7,000,000      \$      8,000,000

Committed floating rate revolving term loan facility to a maximum of

\$3,000,000, available by way of a Prime Rate Based Loan or Bankers'

Acceptances with interest at the bank's rate on Bankers' Acceptances plus a

0.75% stamping fee, drawn at a rate of 2.0% (facility 3)      3,000,000

3,000,000

10,000,000      11,000,000

Current portion of long-term debt (note 6(b))      705,021      652,155

\$      10,705,021      \$      11,652,155

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Notes to Financial Statements (continued)

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6. Bank loans and long-term debt (continued):  
(b) Long-term debt:

	2014	2013
--	------	------

Committed reduced term facility (single draw), fixed rate of 3.67%, due December 18, 2020 (facility 3)	\$ 2,453,395	\$ 2,500,000
--------------------------------------------------------------------------------------------------------------	--------------	--------------

Committed reduced term facility (single draw), fixed rate of 3.25%, due May 2019 (facility 4)	1,445,549	1,745,058
--------------------------------------------------------------------------------------------------	-----------	-----------

Committed reduced term facility (single draw), fixed rate of 3.03% due February 2019 (facility 6)	2,007,803	2,095,665
---------------------------------------------------------------------------------------------------------	-----------	-----------

Committed reduced term facility (single draw), fixed rate of 3.25% due January 2022 (facility 5; was facility 7 in 2013)	3,565,408	3,719,068
-----------------------------------------------------------------------------------------------------------------------------	-----------	-----------

Committed reduced term facility (single draw), fixed rate of 3.92% due December 2042 (Infrastructure Ontario)	3,371,833	3,437,160
------------------------------------------------------------------------------------------------------------------	-----------	-----------

Capital loan, fixed rate of 3.24%, due December 9, 2021	1,500,000	-
------------------------------------------------------------	-----------	---

	14,343,988	13,496,951
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Less: current portion of long-term debt      705,021      652,155

                  \$      13,638,967      \$      12,844,796

Principal payments on long-term debt based on scheduled repayments are as follows:

2015	\$	705,021
2016		728,729
2017		753,235
2018		778,572
2019		504,064
2020 and thereafter		10,874,367
	\$	14,343,988

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Notes to Financial Statements (continued)

Year ended December 31, 2014

6. Bank loans and long-term debt (continued):

(c) To comply with requirements of the IESO, as a supplier of energy to the wholesale electricity market, the Company is required to post security

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determined in relation to the Company's credit rating. A letter of credit has been provided in the amount of \$5,301,839 as at December 31, 2014 (2013 - \$5,301,839).

Bank indebtedness is secured by a general security agreement representing a first charge on all the Company's assets.

7. Pension agreements:

On behalf of their employees who provide services to the Company, 1425445 Ontario Limited (operating as Utilities Kingston), a related corporation, makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Total contributions by that Company to OMERS for 2014 were \$1,766,892 (2013 - \$1,687,050).

8. Regulatory assets and liabilities:

Regulatory assets are comprised of:

	2014		2013
Regulatory assets	\$	2,209,581	\$ 3,313,117
Retail settlement variances		7,495,623	6,913,614
	\$	9,705,204	\$ 10,226,731

9. Related party transactions:

(a) 1425445 Ontario Limited (operating as Utilities Kingston):

During the year, the Company paid \$10,126,834 (2013 - \$12,050,344) to 1425445

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Ontario Limited (operating as Utilities Kingston) ("Utilities Kingston") for support services and capital works. Utilities Kingston is a shared-services business incorporated to provide support services to both the Company and to various infrastructure businesses of the City of Kingston. There was no balance owing at December 31, 2014 with respect to these transactions.

KINGSTON HYDRO CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

9. Related party transactions (continued):

(b) City of Kingston:

During the year, the Company contracted for certain financial services from the City of Kingston. As at December 31, 2014, the Company had an amount due from the City of Kingston representing the cumulative net balance of cash receipts and disbursements processed by the City of Kingston on behalf of the Company, in the amount of \$5,939,971 (2013 - \$5,714,669). The City of Kingston pays the Company interest on the balance at a rate of prime minus 1.65%.

Charges for the above services are recorded at exchange amounts established and agreed to by the related parties.

10. Employee future benefit liabilities:

(a) Pension plan:

The former Hydro-Electric Commission of the Corporation of the City of Kingston entered into agreements in 1995 with a number of former employees on

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non-contributory defined benefit pension plans. An actuarial report of the accrued pension liability indicates that the present value of the accrued pension benefits as at December 31, 2014 is \$187,538 (2013 - \$193,915).

(b) Extended health care, dental and life insurance benefits:

The Company has an obligation with respect to post employment extended health care, dental and life insurance benefits that are provided to employees of Utilities Kingston through the service agreement with Utilities Kingston. An independent actuarial study of the post-retirement and post-employment benefits has been undertaken for Utilities Kingston. The most recent actuarial valuation of the future benefit liability for Utilities Kingston was completed as at December 31, 2012. The Company is responsible for approximately 25% of the post-employment benefit liability of Utilities Kingston.

These accrued benefit liabilities at December 31 include the following components:

	2014	2013		
Accrued benefit liabilities, January 1			\$ 527,302	\$ 485,801
Service cost (reduction)	37,210	41,501		
Accrued benefit liabilities, December 31			\$ 564,512	\$ 527,302

These benefits will be paid to Utilities Kingston as future benefit obligations are paid by Utilities Kingston to its employees as part of the support services contract with the Company.

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Notes to Financial Statements (continued)

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10. Employee future benefit liabilities (continued):

(c) Accumulated sick leave:

Utilities Kingston provides accumulated sick leave benefits to all its employees. Under the plan, the sick leave days accumulate from year to year but are non-vested. The Company is responsible for approximately 25% of the accrued benefit liability of Utilities Kingston. The amount of the Company's accrued benefit liability for accumulated sick leave that does not vest has been actuarially determined as at December 31, 2014 and is \$344,433 (2013 - \$335,130).

(d) Future benefit liabilities:

2014	2013
------	------

Future benefit liabilities are comprised of:

Pension plan	\$ 187,538	\$ 193,915
Health, dental and life insurance	564,512	527,301
Accumulated sick leave	344,432	335,130
	\$ 1,096,482	\$ 1,056,346

11. General liability insurance:

The Company is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE) which is a pooling of general liability risks. Members of MEARIE would be assessed, on a pro-rata basis, based on the total

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of their respective deposit premiums should losses be experienced by MEARIE that are in excess of their reserves and supplemental insurance, for the years in which the Company, and the former Hydro-Electric Commission, has been a member. The Company has not been made aware of any additional assessments.

12. Contingent liabilities:

(a) The nature of the Company's activities is such that there may be litigation pending at any time. With respect to claims at December 31, 2014 against the Company, management believes there are valid defenses and appropriate insurance coverage in place. In the event any claims specifically are successful, management believes that such claims are not expected to have a material effect on the financial position of the Company.

No provision has been made in these financial statements in respect of any of the above contingent liabilities as management has assessed the risk of loss to be remote.

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Notes to Financial Statements (continued)

Year ended December 31, 2014

13. Payments in lieu of corporate income taxes:

The provision for amounts in lieu of corporate income taxes ("PILs") differs from the amount that would have been recorded using the combined Canadian federal and Ontario statutory income tax rates. A reconciliation between the

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statutory and effective tax rates is provided as follows:

	2014	2013		
Federal and Ontario statutory income tax rate			26.50%	26.50%
Earnings before provision for PILs	\$	2,490,743	\$	2,089,462
Provision for PILs at statutory rate	\$	660,047	\$	553,707
Increase (decrease) resulting from:				
Capital cost allowance in excess of depreciation and amortization	(450,327)	(293,154)		
Tax effect of regulatory asset recoveries in current year	64,776	63,951		
Tax effect of other miscellaneous adjustments	13,730	24,199		
Provision for PILs	\$	288,226	\$	348,703
Effective income tax rate	11.57%	16.69%		

Tax effects of temporary difference that give rise to future tax assets and liabilities are as follows:

	2014	2013		
Excess of tax values over accounting values of fixed assets	\$	319,634	\$	671,791

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Future benefit liabilities	290,567	279,931
Regulatory liabilities	116,462	243,430
Derivative liability	69,576	-
	\$ 796,239	\$ 1,195,152

KINGSTON HYDRO CORPORATION

Notes to Financial Statements (continued)

Year ended December 31, 2014

14. Change in non-cash operating balances:

	2014	2013
Increase in due from City of Kingston	\$ (1,907,818)	\$ (225,302)
Decrease (increase) in miscellaneous accounts receivable	(382,218)	306,964
Decrease in billed revenue receivable	265,452	46,535
Increase in unbilled revenue	(208,298)	(1,039,261)
Increase in inventory	(5,290)	(214,471)
Decrease (increase) in prepaid expenses	50,108	(20,316)
Decrease (increase) in payment in lieu of corporate income taxes receivable	13,511	(113,930)
Decrease in regulatory assets	521,527	2,692,710



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Increase (decrease) in accounts payable and accrued liabilities	(223,735)	2,172,637
Decrease in due to retailers	(77,954)	(1,009,157)
Decrease in deposits payable	(35,574)	(105,324)
\$	381,409	\$ 119,387

15. Power distribution:

As part of its license with the OEB, the Company is required to distribute power to the residents of the City of Kingston and to charge its ratepayers at rates established by the OEB. In addition, it is required to remit to the IESO payments for the purchase of commodity in addition to other costs specified by the OEB. The Company is not permitted to profit from the purchase and sale of power.

	2014	2013
Sales	\$ 74,734,540	\$ 72,678,286
Costs of power	(74,734,540)	(72,678,286)
\$	-	\$ -

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Notes to Financial Statements (continued)

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16. Financial instruments:

(a) Fair value of financial instruments:

The carrying values of the amount due to City of Kingston, miscellaneous accounts receivable, billed revenue receivable, unbilled revenue, payments in lieu of corporate income taxes, bank loans, accounts payable and accrued liabilities, due to retailers and deposits payable approximate their fair value due to the expected short-term maturity of these instruments. The fair value of the regulatory assets and liabilities are not determinable due to lack of market rates and terms.

The fair value of the note payable to City of Kingston is not determinable due to its related party terms.

(b) Credit risks:

Credit risk is the risk that a counterparty will fail to discharge its obligation to the Company reducing the expected cash inflow from Company assets recorded at the balance sheet date. Credit risk can be concentrated in debtors that are similarly affected by economic or other conditions. The Company has assessed that there are no significant concentrations of credit risk.

(c) Derivative instruments:

At December 31, 2014 the Company has five interest rate swap contracts totaling \$10,972,155 (2013 - \$10,059,791) that were used to convert floating rate debt to fixed rate debt. These swaps qualify as cash flow hedges. The Company's cash flow hedge exposure at December 31, 2014 equals about 45% (2013 - 42%) of total long-term debt.

The unrealized gain or loss on these contracts is included as a component of other comprehensive income (loss) for the period. As of December 31, 2014, a liability of \$262,554 (2013 - asset of \$90,678) is included in long-term

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liabilities related to these contracts.

17. Capital risk management:

The Company's objectives when managing capital are to safeguard its assets while at the same time maintain investor and creditor confidence, and to sustain future development of the business.

The Company includes shareholder's equity and long-term debt including the note payable to the City of Kingston in the definition of capital. To maintain or adjust the capital structure, the Company may issue new shares, issue new debt with different characteristics, acquire or dispose of assets, or adjust the amount of cash and short-term investment balances held.

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Notes to Financial Statements (continued)

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17. Capital risk management (continued):

There were no changes in the Company's approach to capital management during the period. As part of its lending arrangements, the Company is subject to various financial covenants, including debt service coverage ratio and debt to capitalization ratio.

In addition, the note payable to the City of Kingston is subordinated to the Company's bank in favour of the bank loan.



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1 Tax Credits

2

---

3 **TAX CREDITS**

4

5 This is covered in Exhibit 4 Tab 5 Schedule 1, Taxes or Payments in Lieu of Taxes  
6 (PILs).



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1 Other Additions/Deductions

2

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3 **OTHER ADDITIONS/DEDUCTIONS**

4

5 This is covered in Exhibit 4 Tab 5 Schedule 1, Taxes or Payments in Lieu of Taxes  
6 (PILs).



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1 **Non-recoverable and Disallowed Expenses**

2

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3 **NON-RECOVERABLE AND DISALLOWED EXPENSES**

4

5 This is covered in Exhibit 4 Tab 5 Schedule 1, Taxes or Payments in Lieu of Taxes  
6 (PILs).



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1 Integrity Checks

2

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3 **INTEGRITY CHECKS**

4

5 This is covered in Exhibit 4 Tab 5 Schedule 1, Taxes or Payments in Lieu of Taxes  
6 (PILs).



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Exhibit: 4

Tab: 5

Schedule: 7

Page: 1 of 1

Date Filed: June 1, 2015

1 Taxes other than PILs

2

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3 **TAXES OTHER THAN PILS**

4

5 This is covered in Exhibit 4 Tab 5 Schedule 1, Taxes or Payments in Lieu of Taxes  
6 (PILs).





File Number: EB-2015-0083

Date Filed: June 1, 2015

## Exhibit 4

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Tab 6 of 6

# Conservation and Demand Management Costs

# 1 LRAM and LRAMVA

## 2

---

### 3 LRAM and LRAMVA

#### 4

5 Kingston Hydro and its customers have achieved great electricity conservation results  
6 over the past five years. These results have generated savings for our customers and  
7 the provincial electricity system. As per OEB regulation, Kingston Hydro is entitled to  
8 recover lost revenues associated with verified electricity conservation results.

9  
10 In accordance with the OEB's Filing Requirements for Electricity Distribution Rate  
11 Application (July 17, 2013), Kingston Hydro is requesting disposition of the balance in  
12 its Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) resulting from its  
13 2010-2014 Conservation and Demand Management ("CDM") activities and  
14 corresponding carrying amounts.

15  
16 Kingston Hydro has used the most recent reliable input assumptions available at the  
17 time of filing when calculating lost revenue amounts. Lost revenues are determined by  
18 applying distributor's Board-Approved variable distribution charge for each rate class to  
19 verified persisting kW or kWh savings in each rate class since the last prior disposition  
20 of the LRAMVA.

21  
22 Kingston Hydro calculates that its LRAMVA balance in need of disposition is  
23 \$290,164.65 plus applicable actual and forecasted carrying charges through 2015  
24 totaling \$12,183.00.

25  
26 Table 1 shows the lost revenues in each year and interest applicable to each rate class.

1

Table 1 - Kingston Hydro Lost Revenue Adjustment Mechanism Variance Account

Customer Class	2010	2011	2012	2013	2014	Principal Total	Interest	2015 Forecasted Interest	Interest Total
Residential	\$4,462	\$12,050	\$17,838	\$25,607	\$31,159	\$91,116	\$2,891	\$1,024	\$3,915
General Service <50 kW	\$5,358	\$9,363	\$12,263	\$15,353	\$19,198	\$61,535	\$2,107	\$691	\$2,798
General Service >50kW	\$25,091	\$3,040	\$6,847	\$12,928	\$11,896	\$59,801	\$2,642	\$672	\$3,313
Large User	\$0	\$1,424	\$3,276	\$2,452	\$2,462	\$9,614	\$324	\$109	\$433
SeL				\$2,838	\$65,260	\$68,098	\$958	\$765	\$1,723
Total	\$34,911	\$25,877	\$40,225	\$59,178	\$129,974	\$290,165	\$8,922	\$3,261	\$12,183

2

3 Kingston Hydro has relied on the most recent and appropriate CDM evaluation reports  
 4 from the IESO as the basis for its lost revenue calculation, including 2006-2010 Final  
 5 OPA CDM Program Results, 2013 Final OPA Conservation Program results, and 2014  
 6 preliminary IESO reported conservation results. Net savings are allocated to each rate  
 7 class based on actual project records and/or the ratio of gross savings observed across  
 8 rate classes by program and by year. Kingston Hydro did not run any Board Approved  
 9 programs during the 2010-2014 period and as such, no further third party verification  
 10 reports are required.

11

12 Kingston Hydro has provided its lost revenue and carrying charge calculations by year  
 13 for each rate class, commencing with the new load forecast and rates in its 2011 CoS  
 14 application (EB-2011-0178) which integrated verified savings achieved from 2006-2009.  
 15 Carrying charges on the LRAM amounts were calculated using the Board's prescribed  
 16 rates and methodology.

17

18 Going forward, conservation savings achieved from 2010 through 2014 have been  
 19 integrated into Kingston Hydro's load forecast, and as such no further recovery of lost  
 20 revenues shall be sought for persisting savings achieved in these years. Kingston Hydro  
 21 has provided a forecast of lost revenues likely to be created by LDC and customer  
 22 efforts to meet new, 2020 "Conservation First" framework targets from 2015 forward.  
 23 Since lost revenues from projected savings achievements will be integrated into the  
 24 load forecast, LRAMVA variances in the future will be lower as the variance will be



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1 between projected and actual savings results rather than between assumed savings of  
2 zero and achieved verified savings.

3

4 For more information about Kingston Hydro's conservation achievements, please see  
5 Customer Engagement, Schedule 1.4.1.

6

7 Details of the forward-looking LRAMVA forecast are included in the section Load  
8 Forecast Model schedule 3.1.2.

9

10 Details of the LRAMVA calculation can be found in Exhibit 4 Tab 6 Schedule 1  
11 Attachment 1.



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## Attachment 1 of 1

### LRAMVA Table

**2013**

Month	January	February	March	April	May	June	July	August	September	October	November	December
# of Days	31	28	31	30	31	30	31	31	30	31	30	31
Prescribed Rate	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%	1.47%
LRAM Adjustment -2010	34,910.99	34,910.99	34,910.99	34,910.99	34,910.99	34,910.99	34,910.99	34,910.99	34,910.99	34,910.99	34,910.99	34,910.99
LRAM Adjustment -2011	25,876.73	25,876.73	25,876.73	25,876.73	25,876.73	25,876.73	25,876.73	25,876.73	25,876.73	25,876.73	25,876.73	25,876.73
LRAM Adjustment-2012	40,224.94	40,224.94	40,224.94	40,224.94	40,224.94	40,224.94	40,224.94	40,224.94	40,224.94	40,224.94	40,224.94	40,224.94
LRAM Adjustment-2013	59,177.72	59,177.72	59,177.72	59,177.72	59,177.72	59,177.72	59,177.72	59,177.72	59,177.72	59,177.72	59,177.72	59,177.72
<b>Principal Ending Balance</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>	<b>160,190.37</b>
Interest on Opening Balance	126.11	180.64	200.00	193.55	200.00	193.55	200.00	200.00	193.55	200.00	193.55	200.00
Cummulative Interest Life to Date	2,537.91	2,844.67	3,044.67	3,238.21	3,438.21	3,631.75	3,831.75	4,031.75	4,225.29	4,425.29	4,618.83	4,818.83
<b>Residential</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>	<b>59,957.28</b>
Interest on Opening Balance	42.89	67.61	74.86	72.44	74.86	72.44	74.86	74.86	72.44	74.86	72.44	74.86
Cummulative Interest Life to Date	784.18	851.79	926.65	999.09	1,073.94	1,146.39	1,221.24	1,296.10	1,368.54	1,443.40	1,515.84	1,590.69
<b>General Service &lt;50 kW</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>	<b>42,337.66</b>
Interest on Opening Balance	33.69	47.74	52.86	51.15	52.86	51.15	52.86	52.86	51.15	52.86	51.15	52.86
Cummulative Interest Life to Date	656.90	704.65	757.51	808.66	861.52	912.67	965.53	1,018.39	1,069.54	1,122.40	1,173.55	1,226.41
<b>General Service &gt;50kW</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>	<b>47,905.25</b>
Interest on Opening Balance	43.67	54.02	59.81	57.88	59.81	57.88	59.81	59.81	57.88	59.81	57.88	59.81
Cummulative Interest Life to Date	1,132.93	1,186.95	1,246.76	1,304.64	1,364.45	1,422.33	1,482.14	1,541.95	1,599.83	1,659.64	1,717.52	1,777.33
<b>Large User</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>	<b>7,152.27</b>
Interest on Opening Balance	5.87	8.07	8.93	8.64	8.93	8.64	8.93	8.93	8.64	8.93	8.64	8.93
Cummulative Interest Life to Date	90.02	98.08	107.01	115.65	124.58	133.23	142.15	151.08	159.73	168.66	177.30	186.23
<b>SeL</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>	<b>2,837.92</b>
Interest on Opening Balance		3.20	3.54	3.43	3.54	3.43	3.54	3.54	3.43	3.54	3.43	3.54
Cummulative Interest Life to Date			6.74	10.17	13.72	17.14	20.69	24.23	27.66	31.20	34.63	38.17