EXHIBIT 2 – RATE BASE

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RATE BASE

Rate Base Overview

The rate base used for the purpose of calculating the revenue requirement in this Application follows *Chapter 2 of the Filing Requirements for Electricity Distribution Applications* issued by the Ontario Energy Board ("OEB") on July 18, 2015 (the "Filing Requirements"). In accordance with the Filing Requirements, Milton Hydro Distribution Inc. ("Milton Hydro") has calculated the Rate Base as an average of the Net Capital Balances at the beginning and the end of the 2016 Test Year plus a working capital allowance, which is 7.5% of the sum of the Cost of Power and Controllable Expenses.

Milton Hydro has applied the 7.5% default working capital allowance in accordance with the OEB letter dated June 3, 2015, Allowance for Working Capital for Electricity Distribution Rate Applications which states:

> "Effective immediately, the OEB is adopting a new default value of 7.5% of the sum of the cost of power and operating, maintenance and administration (OM&A) costs."

Milton Hydro has not been directed by the OEB to undertake a lead/lag study in previous Decisions and Orders.

Milton Hydro has adopted the change-over to Modified International Financial Reporting Standards "MIFRS") as of January 1, 2015 with comparatives completed in MIFRS for 2014. On July 17, 2012 the Board issued a statement that changes to depreciation rates and capitalization policies that would have been implemented under International Financial Reporting Standards ("IFRS") could be made in 2012 under Canadian Generally Accepted Accounting Principles ("CGAAP") (i.e. effective January 1, 2012), and must be made no later than 2013 (i.e. effective January 1, 2013), regardless of whether the Canadian Accounting Standards Board (AcSB) permitted further deferrals beyond 2013 for the changeover to IFRS (Board Letter, July 17, 2012 *"Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2012 and 2013"*). In 2013, Milton Hydro implemented the change to depreciation rates and capitalization policies which is explained in further detail in the section "Changes to Capitalization Policy" below. For Rate Base purposes,

2013 has been calculated with these changes implemented. Table 2-4 through 2-10 provide the fixed asset continuity schedules, excluding Work In Progress ("WIP"), used for Rate Base calculations; for comparative purposes 2013 is provided under both CGAAP and Revised CGAAP ("RCGAAP") to reflect depreciation and overhead capitalization changes. As the only changes made by Milton Hydro are for depreciation and the overhead capitalization the terms RCGAAP and MIFRS are used interchangeably. As Milton Hydro does not have any differences under Revised CGAAP and MIFRS, 2014 and the 2015 Bridge Year are provided under MIFRS only.

Net Capital Assets include in-service assets that are associated with activities that enable the conveyance of electricity for distribution purposes minus Accumulated Depreciation and Contributed Capital from third parties. For purposes of this Exhibit, Distribution Assets refer to those assets that are most directly related to the distribution system, such as poles, overhead and underground lines, and transformers. General Plant refers to assets that support the operation of the distribution system such, as computer hardware and software, vehicles, buildings, equipment. Capital Assets include Property, Plant and Equipment ("PP&E") and Intangible Assets; these are referred to as "Capital" or "Fixed" Assets throughout this evidence. The Rate Base calculation excludes any Non-Distribution Assets. Milton Hydro has not applied for, nor received, any Incremental Capital Module ("ICM") adjustments.

Milton Hydro has completed the required Attachment 2-BA, Fixed Asset Continuity Schedules as set out in Tables 2-4 through 2-10.

Controllable expenses include operations and maintenance, billing and collecting, community relations and administration expenses. Milton Hydro has provided its Rate Base calculations for the years 2011 OEB Approved, 2011 Actual, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016 Test Year in Table 2-1 below:

Table 2-1
Summary of Rate Base

Description	2011 OEB Approved	2011 Actual	2012 Actual	2013 Actual RCGAAP/MIFRS	2014 Actual MIFRS	2015 Bridge Year MIFRS	2016 Test
Gross Fixed Assets Opening	95,787,896	95,596,468	102,888,765	110,589,040	115,944,605	126,303,534	144,141,021
Gross Fixed Assets Closing	103,665,362	102,888,765	110,589,040	115,944,605	126,303,534	144,141,021	152,490,434
Average Gross Fixed Assets	**99,726,629**	**99,242,617**	**106,738,903**	**113,266,822**	**121,124,070**	**135,222,278**	**148,315,728**
Accumulated Depreciation Opening	48,122,915	47,689,187	51,409,650	55,342,593	57,714,661	60,308,683	63,339,967
Accumulated Depreciation Closing	51,936,566	51,409,650	55,342,593	57,714,661	60,308,683	63,339,967	66,856,669
Average Accumulated Depreciation	**50,029,741**	**49,549,418**	**53,376,121**	**56,528,627**	**59,011,672**	**61,824,325**	**65,098,318**
Average Net Book Value	**49,696,889**	**49,693,199**	**53,362,782**	**56,738,195**	**62,112,397**	**73,397,953**	**83,217,410**
Working Capital	67,272,676	72,414,212	81,028,759	91,589,214	99,219,151	115,743,514	116,369,556
Working Capital Allowance %	15%	15%	15%	15%	15%	15%	7.50%
Working Capital Allowance	10,090,901	10,862,132	12,154,314	13,738,382	14,882,873	17,361,527	8,727,717
Rate Base	**59,787,790**	**60,555,331**	**65,517,095**	**70,476,577**	**76,995,270**	**90,759,480**	**91,945,126**

Milton Hydro has calculated its 2016 Test Year Rate Base as $91,945,126, an increase of 53.8% over the 2011 OEB Approved Rate Base of $59,797,790. This increase in Rate Base of $32,157,336 is attributable to an increase in the Average Net Book Value of Capital Assets of $33,520,521 and a decrease in the Working Capital Allowance of $1,363,185. Milton Hydro has invested significantly in its distribution system since the last Cost of Service ("COS") Application, including the purchase of a building in 2014 which is being renovated in 2015 for a future Service Centre and Administration Building as discussed below and this is reflected in the Net Book Value variance. The reduction in Working Capital is attributed to the change in the default working capital allowance from the 15% used in Milton Hydro's 2011 Cost of Service Rate Application to a new default value of 7.5%.

Milton Hydro has provided a summary of its calculations of the Cost of Power and Controllable Costs used in the calculations for determining Working Capital for the years 2011 OEB Approved, 2011 Actual, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016 Test Year in Table 2-2 below. Further details of Milton Hydro's calculation of its Cost of Power calculations are provided in Table 2-15. The 2015 Bridge Year includes five months of actual consumption data, up to May 2015, and seven months of forecast data. Milton Hydro has used the electricity prices as per the Regulated Price Plan Price Report issued April 20, 2015 for both the 2015 Bridge Year and the 2016 Test Year. Milton Hydro will adjust the 2016 Test Year price for electricity once the October 2015 Price Report is issued.

Table 2-2

Summary of Working Capital Calculation

Description	2011 OEB Approved	2011 Actual CGAAP	2012 Actual CGAAP	2013 Actual RCGAAP/ MIFRS	2014 Actual MIFRS	2015 Bridge Year MIFRS	2016 Test Year MIFRS
Cost of Power	60,972,676	66,017,450	74,266,765	83,153,242	90,675,253	105,690,373	106,466,168
Operations	876,809	794,422	972,346	1,853,447	1,997,120	2,351,977	2,456,704
Maintenance	1,019,951	1,260,827	1,237,774	1,697,520	1,004,507	1,249,121	1,278,108
Billing & Collecting	1,818,688	1,660,291	1,805,605	1,912,502	2,071,191	2,288,854	2,194,699
Community Relations	10,679	5,020	3,260	11,752	19,679	19,755	20,071
Administration & General Exp.	2,573,873	2,676,203	2,743,009	2,960,750	3,451,402	4,143,434	3,953,806
Working Capital	**67,272,676**	**72,414,212**	**81,028,759**	**91,589,214**	**99,219,151**	**115,743,514**	**116,369,556**

Variance Analysis of Rate Base

The following Table 2-3 sets out Milton Hydro's rate base and working capital calculations for the 2016 Test Year, 2015 Bridge Year, 2014 Actual, 2013 Actual, 2012 Actual, 2011 OEB Approved and Actual, and the following variances:

- 2016 Test Year against 2015 Bridge Year;
- 2015 Bridge Year against 2014 Actual;
- 2014 Actual against 2013 Actual;
- 2013 Actual against 2012 Actual;
- 2012 Actual against 2011 Actual; and
- 2011 Actual against 2011 OEB Approved.

Table 2-3

Rate Base Variances

Description	2011 OEB Approved	2011 Actual CGAAP	Variance from 2011 OEB Approved	2012 Actual CGAAP	Variance from 2011 Actual	2013 Actual RCGAAP/ MIFRS	Variance from 2012 Actual	2014 Actual MIFRS	Variance from 2013 Actual	2015 Bridge Year MIFRS	Variance from 2014 Actual	2016 Test Year MIFRS	Variance from 2015 Bridge Year
Average Gross Fixed Assets	99,726,629	99,242,617	(484,012)	106,738,903	7,496,286	113,266,822	6,527,920	121,124,070	7,857,247	135,222,278	14,098,208	148,315,728	13,093,450
AverageAccumulated Depreciation	50,029,741	49,549,418	(480,322)	53,376,121	3,826,703	56,528,627	3,152,506	59,011,672	2,483,045	61,824,325	2,812,653	65,098,318	3,273,993
Average Net Book Value	**49,696,889**	**49,693,199**	**(3,690)**	**53,362,782**	**3,669,583**	**56,738,195**	**3,375,414**	**62,112,397**	**5,374,202**	**73,397,953**	**11,285,555**	**83,217,410**	**9,819,457**
Working Capital	67,272,676	72,414,212	5,141,536	81,028,759	8,614,547	91,589,214	10,560,455	99,219,151	7,629,937	115,743,514	16,524,363	116,369,556	626,042
Working Capital Allowance %	15%	15%		15%		15%		15%		15%		7.50%	
Working Capital Allowance	**10,090,901**	**10,862,132**	**771,230**	**12,154,314**	**1,292,182**	**13,738,382**	**1,584,068**	**14,882,873**	**1,144,491**	**17,361,527**	**2,478,654**	**8,727,717**	**(8,633,810)**
Rate Base	**59,787,790**	**60,555,331**	**767,541**	**65,517,095**	**4,961,765**	**70,476,577**	**4,959,482**	**76,995,270**	**6,518,693**	**90,759,480**	**13,764,210**	**91,945,126**	**1,185,646**

Milton Hydro has calculated the materiality threshold on its rate base to be $90,000 for 2016 in accordance with the Filing Requirements. This calculation is summarized in EXHIBIT 1 Table 1-26. Please refer to the explanation in EXHIBIT 1 in regards to the materiality threshold.

Milton Hydro offers the following comments in respect of the relevant variances identified above:

- **2016 Test Year:**

Description	2016 Test Year MIFRS
Average Gross Fixed Assets	148,315,728
AverageAccumulated Depreciation	65,098,318
Average Net Book Value	**83,217,410**
Working Capital	116,369,556
Working Capital Allowance %	7.50%
Working Capital Allowance	**8,727,717**
Rate Base	**91,945,126**

As shown above, the total rate base in the 2016 Test Year is forecast to be $91,945,126. Average net fixed assets account for $83,217,410 of this total. The allowance for working capital totals $8,727,717; of which $7,984,963 (or 91%) is related to cost of power expenses.

- **2016 Test Year vs. 2015 Bridge Year:**

Description	2015 Bridge Year MIFRS	2016 Test Year MIFRS	Variance from 2015 Bridge Year
Average Gross Fixed Assets	135,222,278	148,315,728	13,093,450
AverageAccumulated Depreciation	61,824,325	65,098,318	3,273,993
Average Net Book Value	**73,397,953**	**83,217,410**	**9,819,457**
Working Capital	115,743,514	116,369,556	626,042
Working Capital Allowance %	0.15	0.075	
Working Capital Allowance	17,361,527	8,727,717	(8,633,810)
Rate Base	**90,759,480**	**91,945,126**	**1,185,646**

The total 2016 Test Year rate base is expected to be $91,945,126 which represents an increase by $1,185,646 over the 2015 Bridge Year. The addition to gross fixed assets in 2016 is $11,629,413 and includes $7,613,000 in plant relocation for road work and subdivisions, new vehicles for $510,000, the continuation of the system automation and communication equipment including automated switches and fault indicators for smart grid technology ("WiMax") for $1,139,000 and overhead rebuilds and pole replacement for system renewal in the amount of $1,863,400. Also included in the 2016 Test Year is the new Service Centre and Administration building for a full year which amounts to $5,250,000 (1/2 year rule in the 2015 Bridge Year). The total change in the average gross fixed assets of $16,375,000 is partially offset by capital contributions of ($3,280,000). The Table 2-12 below provides a more detailed variance of year over year changes to gross assets. Details with respect to Milton Hydro's 2016 capital expenditure program are provided in Milton Hydro's Distribution System Plan ("DSP"), provided as Attachment 2-1. The change in accumulated amortization is a result of changes in capital additions and depreciation expense.

The decrease in the 2016 Test Year working capital allowance can be attributed primarily to the decrease in the default working capital percent from 15% to 7.5%. The detailed calculation of the cost of power expense for the 2016 Test Year can be found in Table 2-16.

- **2015 Bridge Year vs. 2014 Actual:**

Description	2014 Actual MIFRS	2015 Bridge Year MIFRS	Variance from 2014 Actual
Average Gross Fixed Assets	121,124,070	135,222,278	14,098,208
AverageAccumulated Depreciation	59,011,672	61,824,325	2,812,653
Average Net Book Value	**62,112,397**	**73,397,953**	**11,285,555**
Working Capital	99,219,151	115,743,514	16,524,363
Working Capital Allowance %	0.15	0.15	
Working Capital Allowance	14,882,873	17,361,527	2,478,654
Rate Base	**76,995,270**	**90,759,480**	**13,764,210**

The total rate base for the 2015 Bridge Year is expected to be 90,759,480 which represents an increase of $13,764,210 over the 2014 Actual year. The addition to gross fixed assets in the 2015 Bridge Year are forecasted to increase $21,720,472 before contribution capital in the amount of ($2,773,720). Included is the new Service Centre and Administration Building including renovations of $10,500,000 and office furniture of $500,000 totaling $11,000,000, municipal and regional road work of $825,000, new subdivisions and customer connections amounting to $5,552,000 and overhead and underground rebuilding of plant totaling $2,087,000. Also included are new vehicles for $530,000 and system automation and communication equipment including automated switches and fault indicators for smart grid technology ("WiMax") for $2,171,000

The Table 2-12 below and the subsequent narrative provide a more detailed explanation of the change in gross assets year over year. The change in accumulated amortization is a result of changes in capital additions and depreciation expense.

The increase in the 2015 Bridge Year working capital of $16,524,363 can be attributed to the increase in cost of power expenses of $15,015,000 or 91% over 2014. A summary of the calculation of the cost of power expense for the 2015 Test Year can be found in Table 2-15

- **2014 Actual vs. 2013 Actual:**

Description	2013 Actual MIFRS	2014 Actual MIFRS	Variance from 2013 Actual
Average Gross Fixed Assets	113,266,822	121,124,070	7,857,247
AverageAccumulated Depreciation	56,528,627	59,011,672	2,483,045
Average Net Book Value	**56,738,195**	**62,112,397**	**5,374,202**
Working Capital	91,589,214	99,219,151	7,629,937
Working Capital Allowance %	0.15	0.15	
Working Capital Allowance	13,738,382	14,882,873	1,144,491
Rate Base	**70,476,577**	**76,995,270**	**6,518,693**

The rate base of $76,995,270 for 2014 Actual increased over 2013 Actual by $6,518,693. The addition to gross assets has increased with the purchase of the Service Centre and Administration Building land for 4,040,000, municipal and regional road work amounting to $$2,051,000, subdivisions and customer connections totaling $5,139,000, overhead and underground voltage conversion and system rebuilds totaling $2,647,000, system service work on recloser replacement and rebuild amounting to $$513,000 plus new vehicles for $540,373 and computer hardware and software totaling $270,000. Distribution plant assets are offset by contributed capital of ($4,855,575). The Table 2-12 below and the subsequent narrative provide a more detailed explanation of the change in gross assets year over year. The change in accumulated amortization is a result of changes in capital additions, depreciation expense and disposals.

The primary driver of the increase in working capital of $7,629,937 is related to an increase in the cost of power expense of $7,522,011. A summary of the cost of power calculation can be found in Table 2-15.

- **2013 Actual vs. 2012 Actual:**

Description	2012 Actual CGAAP	2013 Actual MIFRS	Variance from 2012 Actual
Average Gross Fixed Assets	106,738,903	113,266,822	6,527,920
AverageAccumulated Depreciation	53,376,121	56,528,627	3,152,506
Average Net Book Value	**53,362,782**	**56,738,195**	**3,375,414**
Working Capital	81,028,759	91,589,214	10,560,455
Working Capital Allowance %	0.15	0.15	
Working Capital Allowance	12,154,314	13,738,382	1,584,068
Rate Base	**65,517,095**	**70,476,577**	**4,959,482**

The rate base of $70,476,577 for 2013 Actual increased over 2012 Actual by $4,959,482. This increase is made up of an increase in gross fixed assets of distribution plant of $6,527,920 comprised of municipal and region road work in the amount of $727,000, subdivisions and customer connections totaling $3,932,000, overhead and underground voltage conversions and rebuilds totaling $2,517,000, system service work in the amount of $638,000, new vehicles in the amount of $380,000 plus computer hardware, software and communication equipment totaling $321,000. Distribution plant is offset by contributed capital of ($3,155,364). The Table 2-12 and the subsequent narrative provide a more detailed explanation of the change in gross assets year over year. The change in accumulated amortization is a result of changes in capital additions, depreciation expense and disposals.

The primary driver of the increase in working capital allowance of is related to an increase in the cost of power of $8,886,000 and an increase in OM&A of $2,313,000. A summary of the cost of power expenses can be found in Table 2-15.

- **2012 Actual vs. 2011 Actual:**

Description	2011 Actual CGAAP	2012 Actual CGAAP	Variance from 2011 Actual
Average Gross Fixed Assets	99,242,617	106,738,903	7,496,286
AverageAccumulated Depreciation	49,549,418	53,376,121	3,826,703
Average Net Book Value	**49,693,199**	**53,362,782**	**3,669,583**
Working Capital	72,414,212	81,028,759	8,614,547
Working Capital Allowance %	0.15	0.15	
Working Capital Allowance	10,862,132	12,154,314	1,292,182
Rate Base	**60,555,331**	**65,517,095**	**4,961,765**

The rate base of $65,517,095 for 2012 Actual increased over 2011 Actual by $4,961,764. This increase is made up of an increase in gross fixed assets of $$7,496,286 comprised of municipal and region road projects in the amount of $2,761,000, subdivisions and customer connections in the amount of $4,871,000, overhead and underground voltage conversion and rebuilds totaling $1,198,000, system service and pole line construction to new transformer stations in the amount $2,368,000 and computer and communication equipment of $251,000. Distribution plant is offset by capital contribution of $(3,857,151). The Table 2-12 and the subsequent narrative provide a more detailed explanation of the change in gross assets year over year. The change in accumulated amortization is a result of changes in capital additions, depreciation expense and disposals.

The working capital allowance increase is primary a result of increased cost of power expenses of $8,249,000. A summary of the cost of power can be found in Table 2-15.

- **2011 Actual vs. 2011 Board Approved:**

Description	2011 OEB Approved	2011 Actual CGAAP	Variance from 2011 OEB Approved
Average Gross Fixed Assets	99,726,629	99,242,617	(484,012)
AverageAccumulated Depreciation	50,029,741	49,549,418	(480,322)
Average Net Book Value	**49,696,889**	**49,693,199**	**(3,690)**
Working Capital	67,272,676	72,414,212	5,141,536
Working Capital Allowance %	0.15	0.15	
Working Capital Allowance	10,090,901	10,862,132	771,230
Rate Base	**59,787,790**	**60,555,331**	**767,541**

The rate base of $60,555,331 for 2011 Actual was higher than the 2011 OEB Approved by $767,541. Gross fixed assets were lower than originally planned by ($484,012) due to delays in regional and municipal road work, and lower subdivision work which is partially offset by additional work Milton Hydro did in system renewal. Contributed capital was also lower by $1,867,000. The Table 2-12 below and the subsequent narrative provide a more detailed explanation of the change in gross assets year over year. Table 2-27 provides the project level detail of 2011 capital spending as compared 2011 OEB-Approved amounts. The change in accumulated amortization is a result of changes in capital additions, depreciation expense and disposals.

The increase in working capital allowance of $5,141,536 is almost entirely due to an increase in the cost of power of $5,044,774. A summary of the cost of power expenses can be found in Table 2-15.

Fixed Asset Continuity Schedules

Opening and closing balances of gross assets and accumulated depreciation correspond to the fixed asset continuity statements. The net book value balances, excluding construction work in progress, are the balances included in the rate base calculation.

Milton Hydro has completed the Appendix 2-BA as required in the Filing Requirements for each of 2011 Actual, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year, and 2016 Test Year in Tables 4 to Table 10.

As discussed above, Milton Hydro implemented changes to its capitalization and depreciation policies in 2013, therefore a continuity schedule as at December 31, 2013 is provided for both before and after the policy changes. Table 2-6 provides the comparative continuity schedule assuming no changes to accounting policy ("Old CGAAP") and Table 2-7 provides the Revised CGAAP continuity schedule used for rate base purposes. For Milton Hydro's MIFRS transition year, as at December 31, 2014, Milton Hydro does not have any material differences, therefore no additional tables are presented. Milton Hydro also investigated the retirement of grouped distribution assets in 2015 and did not find any material amounts to be recorded, therefore, no information is included in this Application.

The "CCA Class" for fixed assets agrees with the CCA Class used for tax purposes in Milton Hydro's tax returns.

Upon the date of IFRS adoption, customer contributions are no longer recorded in Account 1995 Contributions & Grants, but are recorded in Account 2440, Deferred Revenue and amortized to revenue over the service life of the related asset. In addition, historical amounts recorded in Account 1995 prior to the transition year are to be netted against the assets in PP&E that they relate to, no longer accounted separately as an offset to PP&E. For purposes of cost allocation, and continuity within this application, Milton Hydro has included Account 2440 in the continuity schedules to track contributed capital forecast for the 2015 Bridge Year and the 2016 Test Year.

Depreciation is explained in further detail in the "Capitalization Policy" section of this Exhibit and Exhibit 4 – Operating Costs.

Table 2-4 (2011)

Appendix 2-BA

Fixed Asset Continuity Schedule [1]

Accounting Standard CGAAP
Year **2011**

			Cost				Accumulated Depreciation				
CCA Class [2]	**OEB Account [3]**	**Description [3]**	**Opening Balance**	**Additions [4]**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
12	1611	Computer Software (Formally known as Account 1925)	$ 395,061	$ 107,668		$ 502,729	-$ 352,541	-$ 37,470		-$ 390,011	$ 112,718
CEC	1612	Land Rights (Formally known as Account 1906)				$ -				$ -	$ -
N/A	1805	Land	69,883			$ 69,883	$ -			$ -	$ 69,883
47	1808	Buildings	0			$ -				$ -	$ -
13	1810	Leasehold Improvements	0			$ -				$ -	$ -
47	1815	Transformer Station Equipment >50 kV	0			$ -				$ -	$ -
47	1820	Distribution Station Equipment <50 kV	1,516,192			$ 1,516,192	-$ 1,357,720	-$ 23,011		-$ 1,380,731	$ 135,461
47	1825	Storage Battery Equipment	0			$ -				$ -	$ -
47	1830	Poles, Towers & Fixtures	20,306,658	$ 2,410,808		$ 22,717,466	-$ 8,119,640	-$ 720,094		-$ 8,839,734	$ 13,877,732
47	1835	Overhead Conductors & Devices	18,698,730	$ 832,202		$ 19,530,932	-$ 10,743,410	-$ 625,677		-$ 11,369,087	$ 8,161,845
47	1840	Underground Conduit	19,096,082	$ 1,663,588		$ 20,759,670	-$ 5,686,851	-$ 802,272		-$ 6,489,123	$ 14,270,547
47	1845	Underground Conductors & Devices	14,984,675	$ 719,319		$ 15,703,994	-$ 5,583,602	-$ 596,496		-$ 6,180,098	$ 9,523,896
47	1850	Line Transformers	31,835,814	$ 1,750,397		$ 33,586,211	-$ 13,994,371	-$ 1,349,137		-$ 15,343,508	$ 18,242,703
47	1855	Services (Overhead & Underground)	10,897,902	$ 1,031,285		$ 11,929,187	-$ 2,954,020	-$ 263,410		-$ 3,217,430	$ 8,711,757
47	1860	Meters				$ -				$ -	$ -
47	1860	Meters (Smart Meters)	9,477,577	$ 344,003		$ 9,821,580	-$ 2,885,421	-$ 559,549		-$ 3,444,970	$ 6,376,610
N/A	1905	Land	1,136,811	$ 5,241		$ 1,142,052	$ -			$ -	$ 1,142,052
47	1908	Buildings & Fixtures				$ -				$ -	$ -
13	1910	Leasehold Improvements	377,009			$ 377,009	-$ 124,352	-$ 80,211		-$ 204,563	$ 172,446
8	1915	Office Furniture & Equipment (10 years)	627,106	$ 84,983		$ 712,089	-$ 576,085	-$ 12,585		-$ 588,670	$ 123,419
8	1915	Office Furniture & Equipment (5 years)				$ -				$ -	$ -
10	1920	Computer Equipment - Hardware	1,547,034	$ 53,049		$ 1,600,083	-$ 1,381,376	-$ 51,477		-$ 1,432,853	$ 167,230
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	0			$ -				$ -	$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	0			$ -				$ -	$ -
10	1930	Transportation Equipment	1,884,866	$ 131,195	-$ 31,600	$ 1,984,461	-$ 1,307,171	-$ 144,636	$ 31,600	-$ 1,420,207	$ 564,254
8	1935	Stores Equipment	179,526	$ 45,448		$ 224,974	-$ 156,815	-$ 9,089		-$ 165,904	$ 59,070
8	1940	Tools, Shop & Garage Equipment	389,001	$ 4,447		$ 393,448	-$ 366,216	-$ 5,172		-$ 371,388	$ 22,060
8	1945	Measurement & Testing Equipment	35,690	$ 53,564		$ 89,254	-$ 17,166	-$ 6,048		-$ 23,214	$ 66,040
8	1950	Power Operated Equipment	0			$ -				$ -	$ -
8	1955	Communications Equipment	206,047	$ 14,336		$ 220,383	-$ 156,867	-$ 9,424		-$ 166,291	$ 54,092
8	1955	Communication Equipment (Smart Meters)	0			$ -				$ -	$ -
8	1960	Miscellaneous Equipment	0			$ -				$ -	$ -
47	1970	Load Management Controls Customer Premises	0			$ -				$ -	$ -
47	1975	Load Management Controls Utility Premises				$ -				$ -	$ -
47	1980	System Supervisor Equipment	41,545			$ 41,545	-$ 41,545			-$ 41,545	$ -
47	1985	Miscellaneous Fixed Assets	0			$ -				$ -	$ -
47	1990	Other Tangible Property	68,775			$ 68,775	-$ 3,437	-$ 6,878		-$ 10,315	$ 58,460
47	1995	Contributions & Grants	-$ 38,175,516	-$ 1,927,637		-$ 40,103,153	$ 8,119,419	$ 1,550,573		$ 9,669,992	-$ 30,433,161
47	2440	Deferred Revenue[5]									
						$ -				$ -	$ -
		Sub-Total	**$ 95,596,469**	**$ 7,323,896**	**-$ 31,600**	**$ 102,888,765**	**-$ 47,689,187**	**-$ 3,752,063**	**$ 31,600**	**-$ 51,409,650**	**$ 51,479,115**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				$ -				$ -	$ -
		Total PP&E	**$ 95,596,469**	**$ 7,323,896**	**-$ 31,600**	**$ 102,888,765**	**-$ 47,689,187**	**-$ 3,752,063**	**$ 31,600**	**-$ 51,409,650**	**$ 51,479,115**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$ 3,752,063**			

10		Transportation
8		Stores Equipment
8		Tools, Shop & Garage Equipment
8		Measurement & Testing Equipment

Less: *Fully Allocated Depreciation*

Transportation	-$ 144,636
Stores Equipment	-$ 9,089
Tools	-$ 5,172
Measurement	-$ 6,048
Net Depreciation	-$ 3,587,118

Table 2-5

Fixed Asset Continuity Schedule [1]

Accounting Standard CGAAP
Year 2012

			Cost				Accumulated Depreciation				
CCA Class [2]	**OEB Account [3]**	**Description [3]**	**Opening Balance**	**Additions [4]**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
12	1611	Computer Software (Formally known as Account 1925)	$ 502,729	$ 194,604		$ 697,333	-$ 390,011	-$ 72,736		-$ 462,747	$ 234,586
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
N/A	1805	Land	$ 69,883			$ 69,883	$ -			$ -	$ 69,883
47	1808	Buildings	$ -			$ -	$ -			$ -	$ -
13	1810	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
47	1815	Transformer Station Equipment >50 kV	$ -			$ -	$ -			$ -	$ -
47	1820	Distribution Station Equipment <50 kV	$ 1,516,192			$ 1,516,192	-$ 1,380,731	-$ 23,011		-$ 1,403,742	$ 112,450
47	1825	Storage Battery Equipment	$ -			$ -	$ -			$ -	$ -
47	1830	Poles, Towers & Fixtures	$ 22,717,466	$ 4,029,243		$ 26,746,709	-$ 8,839,734	-$ 827,052		-$ 9,666,786	$ 17,079,923
47	1835	Overhead Conductors & Devices	$ 19,530,932	$ 1,548,927		$ 21,079,859	-$ 11,369,087	-$ 673,299		-$ 12,042,386	$ 9,037,473
47	1840	Underground Conduit	$ 20,759,670	$ 1,531,539		$ 22,291,209	-$ 6,489,123	-$ 863,986		-$ 7,353,109	$ 14,938,100
47	1845	Underground Conductors & Devices	$ 15,703,994	$ 793,136		$ 16,497,130	-$ 6,180,098	-$ 626,753		-$ 6,806,851	$ 9,690,279
47	1850	Line Transformers	$ 33,586,211	$ 1,442,416		$ 35,028,627	-$ 15,343,508	-$ 1,366,718		-$ 16,710,226	$ 18,318,401
47	1855	Services (Overhead & Underground)	$ 11,929,187	$ 1,292,307		$ 13,221,494	-$ 3,217,430	-$ 309,880		-$ 3,527,310	$ 9,694,184
47	1860	Meters	$ -			$ -	$ -			$ -	$ -
47	1860	Meters (Smart Meters)	$ 9,821,580	$ 578,144	-$ 1,260	$ 10,398,464	-$ 3,444,970	-$ 568,728		-$ 4,013,698	$ 6,384,766
N/A	1905	Land	$ 1,142,052			$ 1,142,052	$ -			$ -	$ 1,142,052
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ 377,009			$ 377,009	-$ 204,563	-$ 80,211		-$ 284,774	$ 92,235
8	1915	Office Furniture & Equipment (10 years)	$ 712,089			$ 712,089	-$ 588,670	-$ 16,677		-$ 605,347	$ 106,742
8	1915	Office Furniture & Equipment (5 years)	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ 1,600,083	$ 56,629		$ 1,656,712	-$ 1,432,853	-$ 54,198		-$ 1,487,051	$ 169,661
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -			$ -	$ -			$ -	$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ 1,984,461		-$ 29,815	$ 1,954,646	-$ 1,420,207	-$ 114,356	$ 29,815	-$ 1,504,748	$ 449,898
8	1935	Stores Equipment	$ 224,974			$ 224,974	-$ 165,904	-$ 6,077		-$ 171,981	$ 52,993
8	1940	Tools, Shop & Garage Equipment	$ 393,448	$ 6,536		$ 399,984	-$ 371,388	-$ 5,210		-$ 376,598	$ 23,386
8	1945	Measurement & Testing Equipment	$ 89,254	$ 34,882		$ 124,136	-$ 23,214	-$ 10,469		-$ 33,683	$ 90,453
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ 220,383	$ 15,909		$ 236,292	-$ 166,291	-$ 10,737		-$ 177,028	$ 59,264
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	$ 41,545			$ 41,545	-$ 41,545			-$ 41,545	$ -
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ 68,775	$ 64,229		$ 133,004	-$ 10,315	-$ 10,089		-$ 20,404	$ 112,600
47	1995	Contributions & Grants	-$ 40,103,153	-$ 3,857,151		-$ 43,960,304	$ 9,669,992	$ 1,677,429		$ 11,347,421	-$ 32,612,883
47	2440	Deferred Revenue[5]									
						$ -				$ -	$ -
		Sub-Total	**$ 102,888,765**	**$ 7,731,350**	**-$ 31,075**	**$ 110,589,040**	**-$ 51,409,650**	**-$ 3,962,758**	**$ 29,815**	**-$ 55,342,593**	**$ 55,246,447**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				$ -				$ -	$ -
		Total PP&E	**$ 102,888,765**	**$ 7,731,350**	**-$ 31,075**	**$ 110,589,040**	**-$ 51,409,650**	**-$ 3,962,758**	**$ 29,815**	**-$ 55,342,593**	**$ 55,246,447**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$ 3,962,758**			

10		Transportation
8		Stores Equipment
8		Tools, Shop & Garage Equipment
8		Measurement & Testing Equipment

Less: *Fully Allocated Depreciation*

Transportation	-$ 114,356
Stores Equipment	-$ 6,077
Tools	-$ 5,210
Measurement	-$ 10,469
Net Depreciation	-$ 3,826,646

Table 2-6 (2013 CGAAP)

Fixed Asset Continuity Schedule [1]

Accounting Standard CGAAP
Year 2013

			Cost				Accumulated Depreciation				
CCA Class [2]	**OEB Account [3]**	**Description [3]**	**Opening Balance**	**Additions [4]**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
47	1609	Capital Contributions Paid		$ 122,349		$ 122,349		-$ 2,447		-$ 2,447	$ 119,902
12	1611	Computer Software (Formally known as Account 1925)	$ 697,333	$ 183,251		$ 880,584	-$ 462,747	-$ 103,278		-$ 566,025	$ 314,559
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
N/A	1805	Land	$ 69,883			$ 69,883	$ -			$ -	$ 69,883
47	1808	Buildings	$ -			$ -	$ -			$ -	$ -
13	1810	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
47	1815	Transformer Station Equipment >50 kV	$ -			$ -	$ -			$ -	$ -
47	1820	Distribution Station Equipment <50 kV	$ 1,516,192			$ 1,516,192	-$ 1,403,742	-$ 23,011		-$ 1,426,753	$ 89,439
47	1825	Storage Battery Equipment	$ -			$ -	$ -			$ -	$ -
47	1830	Poles, Towers & Fixtures	$ 26,746,709	$ 2,320,857		$ 29,067,566	-$ 9,666,786	-$ 915,637		-$ 10,582,423	$ 18,485,143
47	1835	Overhead Conductors & Devices	$ 21,079,859	$ 907,786		$ 21,987,645	-$ 12,042,386	-$ 722,438		-$ 12,764,824	$ 9,222,821
47	1840	Underground Conduit	$ 22,291,209	$ 1,895,764		$ 24,186,973	-$ 7,353,109	-$ 892,593		-$ 8,245,702	$ 15,941,271
47	1845	Underground Conductors & Devices	$ 16,497,130	$ 926,889		$ 17,424,019	-$ 6,806,851	-$ 661,143		-$ 7,467,994	$ 9,956,025
47	1850	Line Transformers	$ 35,028,627	$ 1,209,577		$ 36,238,204	-$ 16,710,226	-$ 1,379,144		-$ 18,089,370	$ 18,148,834
47	1855	Services (Overhead & Underground)	$ 13,221,494	$ 869,824		$ 14,091,318	-$ 3,527,310	-$ 353,105		-$ 3,880,415	$ 10,210,903
47	1860	Meters	$ -			$ -	$ -			$ -	$ -
47	1860	Meters (Smart Meters)	$ 10,398,464	$ 891,399		$ 11,289,863	-$ 4,013,698	-$ 656,214		-$ 4,669,912	$ 6,619,951
N/A	1905	Land	$ 1,142,052			$ 1,142,052	$ -			$ -	$ 1,142,052
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ 377,009			$ 377,009	-$ 284,774	-$ 80,211		-$ 364,985	$ 12,024
8	1915	Office Furniture & Equipment (10 years)	$ 712,089			$ 712,089	-$ 605,347	-$ 16,939		-$ 622,286	$ 89,803
8	1915	Office Furniture & Equipment (5 years)	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ 1,656,712	$ 137,423		$ 1,794,135	-$ 1,487,051	-$ 67,940		-$ 1,554,991	$ 239,144
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -			$ -	$ -			$ -	$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ 1,954,646	$ 380,175	-$ 182,052	$ 2,152,769	-$ 1,504,748	-$ 148,853	$ 182,052	-$ 1,471,549	$ 681,220
8	1935	Stores Equipment	$ 224,974	$ 56,545		$ 281,519	-$ 171,981	-$ 8,795		-$ 180,776	$ 100,743
8	1940	Tools, Shop & Garage Equipment	$ 399,984	$ 5,382		$ 405,366	-$ 376,598	-$ 17,020		-$ 393,618	$ 11,748
8	1945	Measurement & Testing Equipment	$ 124,136	$ 2,345		$ 126,481	-$ 33,683			-$ 33,683	$ 92,798
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ 236,292	$ 3,896		$ 240,188	-$ 177,028	-$ 10,830		-$ 187,858	$ 52,330
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	$ 41,545	$ 52,654		$ 94,199	-$ 41,545	-$ 1,755		-$ 43,300	$ 50,899
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ 133,004			$ 133,004	-$ 20,404	-$ 10,089		-$ 30,493	$ 102,511
47	1995	Contributions & Grants	-$ 43,960,304	-$ 3,155,364		-$ 47,115,668	$ 11,347,421	$ 1,810,413		$ 13,157,835	-$ 33,957,836
47	2440	Deferred Revenue[5]									
						$ -				$ -	$ -
		Sub-Total	**$ 110,589,040**	**$ 6,810,752**	**-$ 182,052**	**$ 117,217,740**	**-$ 55,342,593**	**-$ 4,261,029**	**$ 182,052**	**-$ 59,421,569**	**$ 57,796,168**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				$ -				$ -	$ -
		Total PP&E	**$ 110,589,040**	**$ 6,810,752**	**-$ 182,052**	**$ 117,217,740**	**-$ 55,342,593**	**-$ 4,261,029**	**$ 182,052**	**-$ 59,421,569**	**$ 57,796,168**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$ 4,261,029**			

10		Transportation
8		Stores Equipment
8		Tools, Shop & Garage Equipment
8		Measurement & Testing Equipment

Less: *Fully Allocated Depreciation*

Transportation	-$ 148,853
Stores Equipment	-$ 8,795
Tools	-$ 17,020
Measurement	$ -
Net Depreciation	-$ 4,086,361

Table 2-7 (2013 MIFRS)

Fixed Asset Continuity Schedule [1]

Accounting Standard MIFRS
Year 2013

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions [4]	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
47	1609	Capital Contributions Paid		$ 122,349		$ 122,349		-$ 1,524		-$ 1,524	$ 120,825
12	1611	Computer Software (Formally known as Account 1925)	$ 697,333	$ 183,251		$ 880,584	-$ 462,747	-$ 66,553		-$ 529,300	$ 351,284
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
N/A	1805	Land	$ 69,883			$ 69,883	$ -			$ -	$ 69,883
47	1808	Buildings	$ -			$ -	$ -			$ -	$ -
13	1810	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
47	1815	Transformer Station Equipment >50 kV	$ -			$ -	$ -			$ -	$ -
47	1820	Distribution Station Equipment <50 kV	$ 1,516,192			$ 1,516,192	-$ 1,403,742	-$ 23,011		-$ 1,426,753	$ 89,439
47	1825	Storage Battery Equipment	$ -			$ -	$ -			$ -	$ -
47	1830	Poles, Towers & Fixtures	$ 26,746,709	$ 1,985,156		$ 28,731,865	-$ 9,666,786	-$ 426,392		-$ 10,093,177	$ 18,638,687
47	1835	Overhead Conductors & Devices	$ 21,079,859	$ 776,479		$ 21,856,338	-$ 12,042,386	-$ 276,361		-$ 12,318,747	$ 9,537,591
47	1840	Underground Conduit	$ 22,291,209	$ 1,621,551		$ 23,912,760	-$ 7,353,109	-$ 474,315		-$ 7,827,424	$ 16,085,336
47	1845	Underground Conductors & Devices	$ 16,497,130	$ 792,819		$ 17,289,949	-$ 6,806,851	-$ 334,539		-$ 7,141,390	$ 10,148,559
47	1850	Line Transformers	$ 35,028,627	$ 1,034,618		$ 36,063,245	-$ 16,710,226	-$ 647,454		-$ 17,357,680	$ 18,705,565
47	1855	Services (Overhead & Underground)	$ 13,221,494	$ 744,008		$ 13,965,502	-$ 3,527,310	-$ 205,736		-$ 3,733,046	$ 10,232,456
47	1860	Meters	$ -			$ -	$ -			$ -	$ -
47	1860	Meters (Smart Meters)	$ 10,398,464	$ 794,330		$ 11,192,794	-$ 4,013,698	-$ 745,788		-$ 4,759,486	$ 6,433,308
N/A	1905	Land	$ 1,142,052			$ 1,142,052	$ -			$ -	$ 1,142,052
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ 377,009			$ 377,009	-$ 284,774	-$ 80,211		-$ 364,985	$ 12,024
8	1915	Office Furniture & Equipment (10 years)	$ 712,089			$ 712,089	-$ 605,347	-$ 16,938		-$ 622,285	$ 89,804
8	1915	Office Furniture & Equipment (5 years)	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ 1,656,712	$ 137,423		$ 1,794,135	-$ 1,487,051	-$ 62,527		-$ 1,549,578	$ 244,557
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -			$ -	$ -			$ -	$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ 1,954,646	$ 380,175	-$ 182,052	$ 2,152,769	-$ 1,504,748	-$ 74,427	$ 182,052	-$ 1,397,123	$ 755,646
8	1935	Stores Equipment	$ 224,974	$ 56,545		$ 281,519	-$ 171,981	-$ 5,012		-$ 176,993	$ 104,526
8	1940	Tools, Shop & Garage Equipment	$ 399,984	$ 5,382		$ 405,366	-$ 376,598	-$ 7,663		-$ 384,261	$ 21,105
8	1945	Measurement & Testing Equipment	$ 124,136	$ 2,345		$ 126,481	-$ 33,683	-$ 9,356		-$ 43,039	$ 83,442
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ 236,292	$ 3,896		$ 240,188	-$ 177,028	-$ 10,829		-$ 187,857	$ 52,331
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	$ 41,545	$ 52,654		$ 94,199	-$ 41,545	-$ 1,757		-$ 43,302	$ 50,897
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ 133,004			$ 133,004	-$ 20,404	-$ 13,301		-$ 33,705	$ 99,299
47	1995	Contributions & Grants	-$ 43,960,304	-$ 3,155,364		-$ 47,115,668	$ 11,347,421	$ 929,573		$ 12,276,994	-$ 34,838,674
47	2440	Deferred Revenue[5]									
						$ -				$ -	$ -
		Sub-Total	**$ 110,589,040**	**$ 5,537,617**	**-$ 182,052**	**$ 115,944,605**	**-$ 55,342,593**	**-$ 2,554,121**	**$ 182,052**	**-$ 57,714,661**	**$ 58,229,943**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				$ -				$ -	$ -
		Total PP&E	**$ 110,589,040**	**$ 5,537,617**	**-$ 182,052**	**$ 115,944,605**	**-$ 55,342,593**	**-$ 2,554,121**	**$ 182,052**	**-$ 57,714,661**	**$ 58,229,943**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$ 2,554,121**			

10		Transportation
8		Stores Equipment
8		Tools, Shop & Garage Equipment
8		Measurement & Testing Equipment

Less: *Fully Allocated Depreciation*

Transportation	-$ 74,338
Stores Equipment	
Tools	-$ 7,663
Measurement	-$ 9,356
Net Depreciation	-$ 2,462,764

Table 2-8 (2014 MIFRS)

Fixed Asset Continuity Schedule [1]

Accounting Standard MIFRS
Year **2014**

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions [4]	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
47	1609	Capital Contributions Paid	$ 122,349			$ 122,349	-$ 1,524	-$ 3,059		-$ 4,583	$ 117,766
12	1611	Computer Software (Formally known as Account 1925)	$ 880,584	$ 142,392		$ 1,022,976	-$ 529,300	-$ 109,468		-$ 638,768	$ 384,208
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
N/A	1805	Land	$ 69,883			$ 69,883	$ -			$ -	$ 69,883
47	1808	Buildings	$ -			$ -	$ -			$ -	$ -
13	1810	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
47	1815	Transformer Station Equipment >50 kV	$ -			$ -	$ -			$ -	$ -
47	1820	Distribution Station Equipment <50 kV	$ 1,516,192			$ 1,516,192	-$ 1,426,753	-$ 23,011		-$ 1,449,764	$ 66,428
47	1825	Storage Battery Equipment	$ -			$ -	$ -			$ -	$ -
47	1830	Poles, Towers & Fixtures	$ 28,731,865	$ 2,468,003		$ 31,199,868	-$ 10,093,177	-$ 475,788		-$ 10,568,966	$ 20,630,903
47	1835	Overhead Conductors & Devices	$ 21,856,338	$ 1,142,413		$ 22,998,751	-$ 12,318,747	-$ 297,679		-$ 12,616,426	$ 10,382,325
47	1840	Underground Conduit	$ 23,912,760	$ 2,249,779		$ 26,162,539	-$ 7,827,424	-$ 512,029		-$ 8,339,453	$ 17,823,086
47	1845	Underground Conductors & Devices	$ 17,289,949	$ 1,410,870		$ 18,700,819	-$ 7,141,390	-$ 353,320		-$ 7,494,710	$ 11,206,109
47	1850	Line Transformers	$ 36,063,245	$ 1,814,539		$ 37,877,784	-$ 17,357,680	-$ 683,051		-$ 18,040,731	$ 19,837,053
47	1855	Services (Overhead & Underground)	$ 13,965,502	$ 831,748		$ 14,797,250	-$ 3,733,046	-$ 225,427		-$ 3,958,473	$ 10,838,777
47	1860	Meters	$ -			$ -	$ -			$ -	$ -
47	1860	Meters (Smart Meters)	$ 11,192,794	$ 433,062		$ 11,625,856	-$ 4,759,486	-$ 701,423		-$ 5,460,909	$ 6,164,947
N/A	1905	Land	$ 1,142,052	$ 4,040,000		$ 5,182,052	$ -			$ -	$ 5,182,052
47	1908	Buildings & Fixtures	$ -			$ -	$ -			$ -	$ -
13	1910	Leasehold Improvements	$ 377,009			$ 377,009	-$ 364,985	-$ 12,024		-$ 377,009	$ -
8	1915	Office Furniture & Equipment (10 years)	$ 712,089	$ 2,798		$ 714,887	-$ 622,285	-$ 15,390		-$ 637,675	$ 77,212
8	1915	Office Furniture & Equipment (5 years)	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ 1,794,135	$ 98,237		$ 1,892,372	-$ 1,549,578	-$ 74,948		-$ 1,624,526	$ 267,846
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -			$ -	$ -			$ -	$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ 2,152,769	$ 540,373	-$ 31,962	$ 2,661,180	-$ 1,397,123	-$ 114,437	$ 31,962	-$ 1,479,598	$ 1,181,582
8	1935	Stores Equipment	$ 281,519			$ 281,519	-$ 176,993	-$ 7,370		-$ 184,363	$ 97,156
8	1940	Tools, Shop & Garage Equipment	$ 405,366	$ 15,446		$ 420,812	-$ 384,261	-$ 6,916		-$ 391,177	$ 29,635
8	1945	Measurement & Testing Equipment	$ 126,481			$ 126,481	-$ 43,039	-$ 9,476		-$ 52,515	$ 73,966
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ 240,188	$ 28,833		$ 269,021	-$ 187,857	-$ 12,203		-$ 200,060	$ 68,961
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	$ 94,199	$ 27,973		$ 122,172	-$ 43,302	-$ 4,441		-$ 47,743	$ 74,429
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ 133,004			$ 133,004	-$ 33,705	-$ 13,301		-$ 47,006	$ 85,998
47	1995	Contributions & Grants	-$ 47,115,668	-$ 4,855,575		-$ 51,971,243	$ 12,276,994	$ 1,028,778		$ 13,305,772	-$ 38,665,471
47	2440	Deferred Revenue[5]									
						$ -				$ -	$ -
		Sub-Total	**$ 115,944,605**	**$ 10,390,891**	**-$ 31,962**	**$ 126,303,534**	**-$ 57,714,661**	**-$ 2,625,983**	**$ 31,962**	**-$ 60,308,683**	**$ 65,994,852**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				$ -				$ -	$ -
		Total PP&E	**$ 115,944,605**	**$ 10,390,891**	**-$ 31,962**	**$ 126,303,534**	**-$ 57,714,661**	**-$ 2,625,983**	**$ 31,962**	**-$ 60,308,683**	**$ 65,994,852**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$ 2,625,983**			

10		Transportation
8		Stores Equipment
8		Tools, Shop & Garage Equipment
8		Measurement & Testing Equipment

Less: *Fully Allocated Depreciation*

Transportation	-$ 114,437
Stores Equipment	
Tools	-$ 6,916
Measurement	-$ 9,476
Net Depreciation	-$ 2,495,154

Table 2-9 (2015 Bridge Year)

Fixed Asset Continuity Schedule [1]

Accounting Standard MIFRS
Year 2015

			Cost				Accumulated Depreciation				
CCA Class [2]	**OEB Account [3]**	**Description [3]**	**Opening Balance**	**Additions [4]**	**Disposals**	**Closing Balance**	**Opening Balance**	**Additions**	**Disposals**	**Closing Balance**	**Net Book Value**
47	1609	Capital Contributions Paid	$ 122,349			$ 122,349	-$ 4,583	-$ 3,059		-$ 7,642	$ 114,707
12	1611	Computer Software (Formally known as Account 1925)	$ 1,022,976	$ 174,000		$ 1,196,976	-$ 638,768	-$ 129,001		-$ 767,769	$ 429,207
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
N/A	1805	Land	$ 69,883			$ 69,883	$ -			$ -	$ 69,883
47	1808	Buildings	$ -			$ -	$ -			$ -	$ -
13	1810	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
47	1815	Transformer Station Equipment >50 kV	$ -			$ -	$ -			$ -	$ -
47	1820	Distribution Station Equipment <50 kV	$ 1,516,192			$ 1,516,192	-$ 1,449,764	-$ 23,011		-$ 1,472,775	$ 43,417
47	1825	Storage Battery Equipment	$ -			$ -	$ -			$ -	$ -
47	1830	Poles, Towers & Fixtures	$ 31,199,868	$ 1,753,355		$ 32,953,223	-$ 10,568,966	-$ 462,736		-$ 11,031,702	$ 21,921,521
47	1835	Overhead Conductors & Devices	$ 22,998,751	$ 1,464,929		$ 24,463,680	-$ 12,616,426	-$ 386,616		-$ 13,003,042	$ 11,460,638
47	1840	Underground Conduit	$ 26,162,539	$ 1,743,000		$ 27,905,539	-$ 8,339,453	-$ 573,327		-$ 8,912,780	$ 18,992,759
47	1845	Underground Conductors & Devices	$ 18,700,819	$ 1,136,368		$ 19,837,187	-$ 7,494,710	-$ 373,787		-$ 7,868,497	$ 11,968,690
47	1850	Line Transformers	$ 37,877,784	$ 1,047,645		$ 38,925,429	-$ 18,040,731	-$ 714,602		-$ 18,755,333	$ 20,170,096
47	1855	Services (Overhead & Underground)	$ 14,797,250	$ 1,009,278		$ 15,806,528	-$ 3,958,473	-$ 248,426		-$ 4,206,899	$ 11,599,629
47	1860	Meters	$ -			$ -	$ -			$ -	$ -
47	1860	Meters (Smart Meters)	$ 11,625,856	$ 285,365		$ 11,911,221	-$ 5,460,909	-$ 722,424		-$ 6,183,333	$ 5,727,888
N/A	1905	Land	$ 5,182,052		-$ 1,109,265	$ 4,072,787	$ -			$ -	$ 4,072,787
47	1908	Buildings & Fixtures	$ -	$ 10,500,000		$ 10,500,000	$ -	-$ 105,000		-$ 105,000	$ 10,395,000
13	1910	Leasehold Improvements	$ 377,009			$ 377,009	-$ 377,009	$ -		-$ 377,009	$ -
8	1915	Office Furniture & Equipment (10 years)	$ 714,887	$ 500,000		$ 1,214,887	-$ 637,675	-$ 40,390		-$ 678,065	$ 536,822
8	1915	Office Furniture & Equipment (5 years)	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ 1,892,372	$ 80,000		$ 1,972,372	-$ 1,624,526	-$ 84,919		-$ 1,709,445	$ 262,927
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -			$ -	$ -			$ -	$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ 2,661,180	$ 530,000		$ 3,191,180	-$ 1,479,598	-$ 161,308		-$ 1,640,906	$ 1,550,274
8	1935	Stores Equipment	$ 281,519	$ 117,032		$ 398,551	-$ 184,363	-$ 12,246		-$ 196,609	$ 201,942
8	1940	Tools, Shop & Garage Equipment	$ 420,812	$ 9,500		$ 430,312	-$ 391,177	-$ 7,794		-$ 398,971	$ 31,341
8	1945	Measurement & Testing Equipment	$ 126,481			$ 126,481	-$ 52,515	-$ 9,476		-$ 61,991	$ 64,490
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ 269,021	$ 1,100,000		$ 1,369,021	-$ 200,060	-$ 66,857		-$ 266,917	$ 1,102,104
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	$ 122,172	$ 270,000		$ 392,172	-$ 47,743	-$ 14,375		-$ 62,118	$ 330,054
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ 133,004			$ 133,004	-$ 47,006	-$ 13,301		-$ 60,307	$ 72,697
47	1995	Contributions & Grants				$ -				$ -	$ -
47	2440	Deferred Revenue[5]	-$ 51,971,243	-$ 2,773,720		-$ 54,744,963	$ 13,305,772	$ 1,121,371		$ 14,427,143	-$ 40,317,820
						$ -				$ -	$ -
		Sub-Total	**$ 126,303,534**	**$ 18,946,752**	**-$ 1,109,265**	**$ 144,141,021**	**-$ 60,308,683**	**-$ 3,031,284**	**$ -**	**-$ 63,339,967**	**$ 80,801,054**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				$ -				$ -	$ -
		Total PP&E	**$ 126,303,534**	**$ 18,946,752**	**-$ 1,109,265**	**$ 144,141,021**	**-$ 60,308,683**	**-$ 3,031,284**	**$ -**	**-$ 63,339,967**	**$ 80,801,054**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable[6]									
		Total						**-$ 3,031,284**			

10		Transportation
8		Stores Equipment
8		Tools, Shop & Garage Equipment
8		Measurement & Testing Equipment

Less: *Fully Allocated Depreciation*

Transportation	-$ 161,308
Stores Equipment	
Tools	-$ 7,794
Measurement	-$ 9,476
Net Depreciation	-$ 2,852,706

Table 2-10 (2016 Test Year)

Fixed Asset Continuity Schedule [1]

Accounting Standard MIFRS
Year **2016**

CCA Class [2]	OEB Account [3]	Description [3]	Cost				Accumulated Depreciation				Net Book Value
			Opening Balance	Additions [4]	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
47	1609	Capital Contributions Paid	$ 122,349			$ 122,349	-$ 7,642	-$ 3,059		-$ 10,701	$ 111,648
12	1611	Computer Software (Formally known as Account 1925)	$ 1,196,976	$ 50,000		$ 1,246,976	-$ 767,769	-$ 151,401		-$ 919,170	$ 327,806
CEC	1612	Land Rights (Formally known as Account 1906)	$ -			$ -	$ -			$ -	$ -
N/A	1805	Land	$ 69,883			$ 69,883	$ -			$ -	$ 69,883
47	1808	Buildings	$ -			$ -	$ -			$ -	$ -
13	1810	Leasehold Improvements	$ -			$ -	$ -			$ -	$ -
47	1815	Transformer Station Equipment >50 kV	$ -			$ -	$ -			$ -	$ -
47	1820	Distribution Station Equipment <50 kV	$ 1,516,192			$ 1,516,192	-$ 1,472,775	-$ 23,011		-$ 1,495,786	$ 20,406
47	1825	Storage Battery Equipment	$ -			$ -	$ -			$ -	$ -
47	1830	Poles, Towers & Fixtures	$ 32,953,223	$ 2,751,157		$ 35,704,380	-$ 11,031,702	-$ 560,803		-$ 11,592,505	$ 24,111,875
47	1835	Overhead Conductors & Devices	$ 24,463,680	$ 1,841,290		$ 26,304,970	-$ 13,003,042	-$ 375,334		-$ 13,378,376	$ 12,926,594
47	1840	Underground Conduit	$ 27,905,539	$ 1,802,500		$ 29,708,039	-$ 8,912,780	-$ 620,884		-$ 9,533,664	$ 20,174,375
47	1845	Underground Conductors & Devices	$ 19,837,187	$ 1,159,044		$ 20,996,231	-$ 7,868,497	-$ 399,241		-$ 8,267,738	$ 12,728,493
47	1850	Line Transformers	$ 38,925,429	$ 1,140,920		$ 40,066,349	-$ 18,755,333	-$ 741,959		-$ 19,497,292	$ 20,569,057
47	1855	Services (Overhead & Underground)	$ 15,806,528	$ 1,090,076		$ 16,896,604	-$ 4,206,899	-$ 274,668		-$ 4,481,567	$ 12,415,037
47	1860	Meters	$ -			$ -	$ -			$ -	$ -
47	1860	Meters (Smart Meters)	$ 11,911,221	$ 293,926		$ 12,205,147	-$ 6,183,333	-$ 741,734		-$ 6,925,067	$ 5,280,080
N/A	1905	Land	$ 4,072,787			$ 4,072,787	$ -			$ -	$ 4,072,787
47	1908	Buildings & Fixtures	$ 10,500,000			$ 10,500,000	-$ 105,000	-$ 210,000		-$ 315,000	$ 10,185,000
13	1910	Leasehold Improvements	$ 377,009			$ 377,009	-$ 377,009			-$ 377,009	$ -
8	1915	Office Furniture & Equipment (10 years)	$ 1,214,887			$ 1,214,887	-$ 678,065	-$ 65,390		-$ 743,455	$ 471,432
8	1915	Office Furniture & Equipment (5 years)	$ -			$ -	$ -			$ -	$ -
10	1920	Computer Equipment - Hardware	$ 1,972,372	$ 83,000		$ 2,055,372	-$ 1,709,445	-$ 101,219		-$ 1,810,664	$ 244,708
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -			$ -	$ -			$ -	$ -
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -			$ -	$ -			$ -	$ -
10	1930	Transportation Equipment	$ 3,191,180	$ 510,000		$ 3,701,180	-$ 1,640,906	-$ 205,996		-$ 1,846,902	$ 1,854,278
8	1935	Stores Equipment	$ 398,551	$ 68,000		$ 466,551	-$ 196,609	-$ 19,956		-$ 216,565	$ 249,986
8	1940	Tools, Shop & Garage Equipment	$ 430,312	$ 9,500		$ 439,812	-$ 398,971	-$ 8,744		-$ 407,715	$ 32,097
8	1945	Measurement & Testing Equipment	$ 126,481			$ 126,481	-$ 61,991	-$ 9,476		-$ 71,467	$ 55,014
8	1950	Power Operated Equipment	$ -			$ -	$ -			$ -	$ -
8	1955	Communications Equipment	$ 1,369,021	$ 830,000		$ 2,199,021	-$ 266,917	-$ 163,357		-$ 430,274	$ 1,768,747
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	$ 392,172			$ 392,172	-$ 62,118	-$ 23,375		-$ 85,493	$ 306,679
47	1985	Miscellaneous Fixed Assets	$ -			$ -	$ -			$ -	$ -
47	1990	Other Tangible Property	$ 133,004			$ 133,004	-$ 60,307	-$ 13,301		-$ 73,608	$ 59,396
47	1995	Contributions & Grants	$ -			$ -	$ -			$ -	$ -
47	2440	Deferred Revenue [5]	-$ 54,744,963	-$ 3,280,000		-$ 58,024,963	$ 14,427,143	$ 1,196,206		$ 15,623,349	-$ 42,401,614
						$ -				$ -	$ -
		Sub-Total	**$ 144,141,021**	**$ 8,349,413**	**$ -**	**$ 152,490,434**	**-$ 63,339,967**	**-$ 3,516,702**	**$ -**	**-$ 66,856,669**	**$ 85,633,765**
		Less Socialized Renewable Energy Generation Investments (input as negative)				$ -				$ -	$ -
		Less Other Non Rate-Regulated Utility Assets (input as negative)				$ -				$ -	$ -
		Total PP&E	**$ 144,141,021**	**$ 8,349,413**	**$ -**	**$ 152,490,434**	**-$ 63,339,967**	**-$ 3,516,702**	**$ -**	**-$ 66,856,669**	**$ 85,633,765**
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable [6]									
		Total						**-$ 3,516,702**			

10		Transportation
8		Stores Equipment
8		Tools, Shop & Garage Equipment
8		Measurement & Testing Equipment

Less: *Fully Allocated Depreciation*

Transportation	-$ 205,996
Stores Equipment	
Tools	-$ 8,744
Measurement	-$ 9,476
Net Depreciation	-$ 3,292,486

Milton Hydro has included Account 2440 in the continuity schedules to track contributed capital forecast for the 2015 Bridge Year and the 2016 Test Year. Milton Hydro has included the amortization that is considered revenue for accounting periods as depreciation in USoA 2440 in its continuity schedules.

Gross Assets – Property Plant and Equipment And Accumulated Depreciation

Breakdown by Function

Table 2-11 below categorizes Milton Hydro's assets into four categories; distribution plant, general plant, contributions and grants, and WIP. In accordance with the Uniform System of Accounts ("USoA"), Milton Hydro has included gross assets as follows:

- Distribution plant asset accounts include USoA 1805 to 1860 - these account includes assets such as substation equipment, poles, wires, transformers and meters;
- General plant asset accounts include USoA 1905 to 1990 and USoA 1611 - these account includes assets such as buildings, computer software and hardware, transportation equipment, and tools;
- Contributions and grants includes USoA account 1995 (CGAAP/MIFRS) and 2440 (IFRS) – these account includes all contributions in aid of capital that Milton Hydro has received or forecasted to be received as per the Distribution System Code ("DSC"); and
- WIP – this account includes all costs related to assets that are not considered in-service as of December 31st of the applicable fiscal year. Costs are transferred out of WIP and into the appropriate category above once designated in-service in the field. Milton Hydro has not recorded any WIP for the 2015 Bridge Year and the 2016Test Year as all projects are expected to be in service in the year the capital is spent.

Table 2-11

Gross Asset Breakdown by Function

Description	2011 OEB Approved	2011 Actual ($)	2012 Actual ($)	2013 MIFRS Actual ($)	2014 MIFRS Actual ($)	2015 MIFRS Bridge ($)	2016 MIFRS Test ($)
Distribution Plant	139,987,028	136,777,168	147,991,620	155,862,931	170,253,346	177,584,021	187,662,934
General Plant	6,997,972	6,214,750	6,557,724	7,197,343	8,021,433	21,301,964	22,852,464
Contributions and Grants	(43,319,638)	(40,103,153)	(43,960,304)	(47,115,669)	(51,971,243)	(54,744,963)	(58,024,963)
Gross Assets before WIP	103,665,362	102,888,765	110,589,040	115,944,605	126,303,536	144,141,021	152,490,434
Work on Process	2,155,000	1,370,102	2,904,910	1,429,962	5,172,305	0	0
Gross Assets with WIP	105,820,362	104,258,867	113,493,950	117,374,566	131,475,841	144,141,021	152,490,434

Detailed Breakdown by Major Plant Account

Table 2-12 below provides a detailed breakdown by major plant account for each functionalized plant item and the variance from the previous year. Each plant item is accompanied by a description in accordance with the Board's USoA, including the 2016 Test Year. Milton Hydro has also included a breakdown of accumulated amortization in the same format in Table 2-13.

Table 2-12

Gross Assets - Detailed Breakdown by Major Plant Function & Variances

Description	2011 OEB Approved	2011 Actual ($)	Variance from 2011 Actual over OEB Approved	2012 Actual ($)	Variance from 2011 Actual	2013 MIFRS Actual ($)	Variance from 2012 Actual	2014 MIFRS Actual ($)	Variance from 2013 Actual	2015 MIFRS Bridge ($)	Variance from 2014 Actual	2016 MIFRS Test ($)	Variance from 2015 Bridge
Land and Buildings													
1805-Land	69,883	69,883	0	69,883	0	69,883	0	69,883	0	69,883	0	69,883	0
1806-Land Rights	0		0					0		0		0	
1808-Buildings and Fixtures	0		0					0		0		0	
1905-Land	1,109,265	1,142,051	32,786	1,142,051	0	1,142,051	0	5,182,051	4,040,000	4,072,786	(1,109,265)	4,072,786	0
1906-Land Rights	0		0					0		0		0	
1810-Leasehold Improvements	0		0					0		0		0	
Sub-Total-Land and Buildings	1,179,148	1,211,935	32,786	1,211,935	0	1,211,935	0	5,251,935	4,040,000	4,142,670	(1,109,265)	4,142,670	0
1609-Capital Contributions - Paid			0			122,349	122,349	122,349		122,349		122,349	
TS Primary Above 50													
1815-TX Station Equip - Normally Primary above 50 kV	0							0		0		0	
DS													
1820-Dist Station Equip - Normally Primary below 50 kV	1,516,192	1,516,192	0	1,516,192	0	1,516,192	0	1,516,192	0	1,516,192	0	1,516,192	0
Sub-Total-DS	1,516,192	1,516,192	0	1,516,192	0	1,516,192	0	1,516,192	0	1,516,192	0	1,516,192	0
Poles and Wires													
1830-Poles, Towers and Fixtures	23,538,970	22,717,467	(821,502)	26,746,712	4,029,244	28,731,868	1,985,156	31,992,116	3,260,248	33,745,472	1,753,356	35,704,386	1,958,914
1835-Overhead Conductors and Devices	20,801,252	19,530,932	(1,270,320)	21,079,859	1,548,927	21,856,338	776,479	22,206,507	350,169	23,671,436	1,464,929	26,304,970	2,633,534
1840-Underground Conduit	20,662,241	20,759,670	97,429	22,291,209	1,531,539	23,912,760	1,621,551	26,162,539	2,249,779	27,905,539	1,743,000	29,708,039	1,802,500
1845-Underground Conductors and Devices	16,128,326	15,703,994	(424,332)	16,497,130	793,136	17,289,948	792,819	18,700,818	1,410,870	19,837,186	1,136,367	20,996,229	1,159,044
Sub-Total-Poles and Wires	81,130,789	78,712,063	(2,418,726)	86,614,909	7,902,846	91,790,914	5,176,005	99,061,981	7,271,067	105,159,633	6,097,652	112,713,624	7,553,992
Line Transformers													
1850-Line Transformers	34,982,900	33,586,211	(1,396,689)	35,028,627	1,442,416	36,063,245	1,034,618	37,877,784	1,814,539	38,925,429	1,047,645	40,066,349	1,140,920
Sub-Total-Line Transformers	34,982,900	33,586,211	(1,396,689)	35,028,627	1,442,416	36,063,245	1,034,618	37,877,784	1,814,539	38,925,429	1,047,645	40,066,349	1,140,920
Services and Meters													
1855-Services	11,731,268	11,929,188	197,920	13,221,495	1,292,307	13,965,503	744,008	14,797,251	831,748	15,806,528	1,009,278	16,896,604	1,090,076
1860-Meters	9,446,731	9,821,580	374,849	10,398,464	576,884	11,192,794	794,330	11,625,855	433,062	11,911,220	285,365	12,205,146	293,926
Sub-Total-Services and Meters	21,177,999	21,750,767	572,769	23,619,959	1,869,191	25,158,297	1,538,338	26,423,106	1,264,809	27,717,748	1,294,643	29,101,750	1,384,002
DISTRIBUTION PLANT	**139,987,028**	**136,777,168**	**(3,209,860)**	**147,991,620**	**11,214,452**	**155,862,931**	**7,871,310**	**170,253,346**	**14,390,415**	**177,584,021**	**7,330,675**	**187,662,934**	**10,078,913**
General Plant													
1908-Buildings and Fixtures	0		0		0		0	0	0	10,500,000	10,500,000	10,500,000	10,500,000
1910-Leasehold Improvements	355,817	377,009	21,192	377,009	0	377,009	0	377,009	0	377,009	0	377,009	0
Sub-Total-General Plant	355,817	377,009	21,192	377,009	0	377,009	0	377,009	0	10,877,009	10,500,000	10,877,009	10,500,000
IT Assets													
1611-Computer Software			0			183,251	183,251	325,643	142,392	499,643		549,643	50,000
1920-Computer Equipment - Hardware	1,851,273	1,600,083	(251,190)	1,656,712	56,629	1,794,136	137,423	1,892,372	98,237	1,972,372	80,000	2,055,372	83,000
1925-Computer Software	653,292	502,729	(150,563)	697,333	194,604	697,333	0	697,333	0	697,333	0	697,333	0
Sub-Total-IT Assets	2,504,565	2,102,812	(401,753)	2,354,045	251,233	2,674,719	320,674	2,915,348	240,628	3,169,348	80,000	3,302,348	133,000
Equipment													
1915-Office Furniture and Equipment	650,005	712,088	62,083	712,088	0	712,088	0	714,886	2,798	1,214,886	500,000	1,214,886	0
1930-Transportation Equipment	2,317,804	1,984,461	(333,343)	1,954,646	(29,815)	2,152,769	198,123	2,661,181	508,412	3,191,181	530,000	3,701,181	510,000
1935-Stores Equipment	199,526	224,974	25,448	224,974	0	281,519	56,545	281,519	0	398,551	117,032	466,551	68,000
1940-Tools, Shop and Garage Equipment	412,247	393,449	(18,799)	399,985	6,536	405,367	5,382	420,813	15,447	430,313	9,500	439,813	9,500
1945-Measurement and Testing Equipment	31,721	89,253	57,533	124,136	34,882	126,481	2,345	126,481	1	126,481	(1)	126,481	0
1950-Power Operated Equipment	0		0		0		0	0	0	0	0	0	0
1955-Communication Equipment	414,742	220,383	(194,359)	236,292	15,909	240,188	3,896	269,020	28,833	1,369,020	1,100,000	2,199,020	830,000
1960-Miscellaneous Equipment	0		0		0		0	0	0	0	0	0	0
Sub-Total-Equipment	4,026,046	3,624,609	(401,437)	3,652,121	27,512	3,918,411	266,291	4,473,901	555,489	6,730,432	2,256,531	8,147,932	1,417,500
Other Distribution Assets													
1825-Storage Battery Equipment	0		0		0		0	0	0	0	0	0	0
1970-Load Management Controls - Customer Premises	0		0		0		0	0	0		0		0
1975-Load Management Controls - Utility Premises	0		0		0		0	0	0	0	0	0	0
1980-System Supervisory Equipment	41,545	41,545	0	41,545	0	94,199	52,654	122,172	27,973	392,172	270,000	392,172	0
1985-Sentinel Lighting Rental Units	0	0	0	0	0	0	0	0	0		0		0
1990-Other Tangible Property	70,000	68,775	(1,225)	133,004	64,229	133,004	0	133,004	0	133,004	0	133,004	0
Sub-Total-Other Distribution Plant	111,545	110,320	(1,225)	174,549	64,229	227,203	52,654	255,176	27,973	525,176	270,000	525,176	0
GENERAL PLANT	**6,997,972**	**6,214,750**	**(783,223)**	**6,557,724**	**342,974**	**7,197,343**	**639,619**	**8,021,433**	**824,090**	**21,301,964**	**13,106,531**	**22,852,464**	**12,050,500**
1995-Contributions and Grants - Credit	(43,319,638)	(40,103,153)	3,216,485	(43,960,304)	(3,857,151)	(47,115,669)	(3,155,364)	(51,971,243)	(4,855,575)	(54,744,963)	(2,773,720)	(58,024,963)	(3,280,000)
CONTRIBUTIONS AND GRANTS	**(43,319,638)**	**(40,103,153)**	**3,216,485**	**(43,960,304)**	**(3,857,151)**	**(47,115,669)**	**(3,155,364)**	**(51,971,243)**	**(4,855,575)**	**(54,744,963)**	**(2,773,720)**	**(58,024,963)**	**(3,280,000)**
GROSS ASSET TOTAL before WIP	**103,665,362**	**102,888,765**	**(776,597)**	**110,589,040**	**7,700,275**	**115,944,605**	**5,355,565**	**126,303,536**	**10,358,931**	**144,141,021**	**17,663,486**	**152,490,434**	**18,849,413**
2055- Work in Process	2,155,000	1,370,102	(784,898)	2,904,910	1,534,808	1,429,962	(1,474,949)	5,172,305	3,742,344	0	(5,172,305)		0
GROSS ASSET TOTAL with WIP	**105,820,362**	**104,258,867**	**(1,561,495)**	**113,493,950**	**9,235,083**	**117,374,566**	**3,880,616**	**131,475,841**	**14,101,275**	**144,141,021**	**12,491,181**	**152,490,434**	**18,849,413**

Table 2-13

Accumulated Depreciation - Detailed Breakdown by Major Plant Function & Variances

Description	2011 OEB Approved	2011 Actual ($)	Variance from 2010 Actual	2012 Actual ($)	Variance from 2011 Actual	2013 MIFRS Actual ($)	Variance from 2012 Actual	2014 Bridge ($)	Variance from 2013 Actual	2015 Test ($)	Variance from 2014 Bridge	2015 Test ($)	Variance from 2014 Bridge
Land and Buildings													
1805-Land	0												
1806-Land Rights	0												
1808-Buildings and Fixtures	0												
1905-Land	0												
1906-Land Rights	0												
1810-Leasehold Improvements	0												
Sub-Total-Land and Buildings	0												
TS Primary Above 50													
1815-TX Station Equip - Normally Primary above 50 kV	0												
Sub-Total-TS Primary Above 50	0												
DS													
1820-Dist Station Equip - Normally Primary below 50 kV	1,380,730	1,380,730	0	1,403,742	23,011	1,426,753	23,011	1,449,764	23,011	1,472,775	23,011	1,495,786	23,011
Sub-Total-DS	1,380,730	1,380,730	0	1,403,742	23,011	1,426,753	23,011	1,449,764	23,011	1,472,775	23,011	1,495,786	23,011
Poles and Wires													
1830-Poles, Towers and Fixtures	8,995,247	8,839,734	(155,513)	9,666,785	827,051	10,093,179	426,394	10,568,965	475,786	11,031,701	462,736	11,592,505	560,804
1835-Overhead Conductors and Devices	11,405,174	11,369,087	(36,087)	12,042,386	673,299	12,318,748	276,361	12,616,427	297,679	13,003,043	386,616	13,378,377	375,334
1840-Underground Conduit	6,457,881	6,489,123	31,242	7,353,109	863,986	7,827,424	474,315	8,339,453	512,029	8,912,781	573,327	9,533,665	620,884
1845-Underground Conductors and Devices	6,206,242	6,180,098	(26,144)	6,806,852	626,753	7,141,390	334,539	7,494,710	353,320	7,868,497	373,787	8,267,738	399,241
Sub-Total-Poles and Wires	33,064,545	32,878,042	(186,503)	35,869,132	2,991,090	37,380,741	1,511,609	39,019,556	1,638,815	40,816,022	1,796,466	42,772,285	1,956,263
Line Transformers													
1850-Line Transformers	15,107,381	15,343,508	236,127	16,710,226	1,366,718	17,357,680	647,454	18,040,731	683,051	18,755,333	714,602	19,497,291	741,959
Sub-Total-Line Transformers	15,107,381	15,343,508	236,127	16,710,226	1,366,718	17,357,680	647,454	18,040,731	683,051	18,755,333	714,602	19,497,291	741,959
Services and Meters													
1855-Services	3,609,958	3,217,430	(392,528)	3,527,310	309,880	3,733,046	205,736	3,958,473	225,427	4,206,899	248,426	4,481,567	274,668
1860-Meters	3,421,443	3,444,969	23,527	4,013,698	568,728	4,759,485	745,788	5,460,908	701,423	6,183,333	722,424	6,925,066	741,734
Sub-Total-Services and Meters	7,031,400	6,662,399	(369,001)	7,541,007	878,608	8,492,531	951,524	9,419,381	926,850	10,390,232	970,850	11,406,633	1,016,402
General Plant													
1908-Buildings and Fixtures	0	0	0	0				0		105,000		315,000	
1910-Leasehold Improvements	198,491	204,563	6,072	284,774	80,211	364,985	80,211	377,009	12,024	377,009	0	377,009	0
Sub-Total-General Plant	198,491	204,563	6,072	284,774	80,211	364,985	80,211	377,009	12,024	482,009	0	692,009	0
IT Assets													
1611-Computer Software			0			18,326		69,213	50,888	151,744	82,530	256,674	104,930
1920-Computer Equipment - Hardware	1,496,798	1,432,854	(63,944)	1,487,052	54,198	1,549,578	62,527	1,624,527	74,948	1,709,445	84,919	1,810,664	101,219
1925-Computer Software	441,426	390,011	(51,416)	462,747	72,736	510,974	48,227	569,553	58,580	616,024	46,471	662,495	46,471
Sub-Total-IT Assets	1,938,224	1,822,865	(115,360)	1,949,799	126,934	2,078,878	110,753	2,263,293	184,416	2,477,213	213,920	2,729,833	252,620
Equipment													
1915-Office Furniture and Equipment	588,857	588,669	(188)	605,346	16,677	622,284	16,938	637,674	15,390	678,064	40,390	743,454	65,390
1930-Transportation Equipment	1,705,332	1,420,208	(285,124)	1,504,749	84,541	1,397,123	(107,625)	1,479,599	82,476	1,640,907	161,308	1,846,903	205,996
1935-Stores Equipment	166,133	165,904	(229)	171,981	6,077	176,993	5,012	184,363	7,370	196,610	12,246	216,566	19,956
1940-Tools, Shop and Garage Equipment	375,162	371,388	(3,774)	376,598	5,210	393,617	17,019	400,533	6,916	408,327	7,794	417,071	8,744
1945-Measurement and Testing Equipment	20,341	23,213	2,873	33,682	10,469	33,682	0	43,158	9,476	52,634	9,476	62,110	9,476
1950-Power Operated Equipment	0	0	0	0	0		0	0	0	0	0	0	0
1955-Communication Equipment	177,513	166,291	(11,222)	177,028	10,737	187,857	10,829	200,060	12,203	266,917	66,857	430,274	163,357
1960-Miscellaneous Equipment	0	0	0	0	0		0	0	0	0	0	0	0
Sub-Total-Equipment	3,033,338	2,735,674	(297,664)	2,869,385	133,711	2,811,558	(57,827)	2,945,388	133,830	3,243,460	298,072	3,716,379	472,919
Other Distribution Assets													
1825-Storage Battery Equipment	0	0	0	0	0		0	0	0	0	0	0	0
1970-Load Management Controls - Customer Premises	0	0	0	0	0		0	0	0	0	0	0	0
1975-Load Management Controls - Utility Premises	0	0	0	0	0		0	0	0	0	0	0	0
1980-System Supervisory Equipment	41,545	41,545	0	41,545	0	43,302	1,757	47,743	4,441	62,118	14,375	85,493	23,375
1985-Sentinel Lighting Rental Units	0	0	0	0	0		0	0	0	0	0	0	0
1990-Other Tangible Property	9,329	10,315	986	20,404	10,089	33,705	13,301	47,006	13,301	60,307	13,301	73,608	13,301
1609-Capital Contributions - Paid			0			1,524		4,583		7,642		10,701	
1995-Contributions and Grants - Credit	(9,868,418)	(9,669,991)	198,426	(11,347,420)	(1,677,429)	(12,276,994)	(929,573)	(13,305,771)	(1,028,778)	(14,427,142)	(1,121,371)	(15,623,348)	(1,196,206)
2005-Property under Capital Lease	0	0	0	0	0		0	0	0	0	0	0	0
Sub-Total-Other Distribution Assets	(9,817,544)	(9,618,132)	199,412	(11,285,472)	(1,667,340)	(12,198,463)	(914,516)	(13,206,440)	(1,011,035)	(14,297,075)	(1,093,695)	(15,453,547)	(1,159,530)
ACCUMULATED DEPRECIATION TOTAL	51,936,566	51,409,650	(526,916)	55,342,593	3,932,943	57,714,662	2,352,220	60,308,683	2,590,962	63,339,967	2,923,225	66,856,669	3,303,643

Variance Analysis on Gross Assets

Table 2-12 above provides the variances from year to year and for the purposes of the variance analysis assets are categorized as Distribution Assets and General Plant for explanations. Milton Hydro collects a capital contribution on municipal and regional road work and subdivision development which accounts for the change. Capital contributions are not included in the Distribution Plant or the General Plant totals. Capital contributions are set out as a separate line item in the Table 2-12 above.

2011 OEB Approved vs. 2011 Actual:

Distribution Plant – ($3,209,860)

Distribution plant for 2011 Actual is less than the 2011 OEB Approved amount by $3,209,860. Detailed capital projects are provided in Table 2-27.

- Demand driven projects for road relocations for the Region of Halton and the Town of Milton were either delayed beyond 2011 or carried out over 2011 and 2012 resulting in a reduction of $2.1M from the 2011 OEB approved capital.

- Subdivision development was also down in 2011 from the 2011 OEB approved amount by $1.1M

General Plant – ($783,223)

General plant is lower than the 2011 OEB Approved amount by $783,223.

- Computer hardware, software and communication equipment is lower by $436,000. Milton Hydro delayed the implementation of a control room while other options and technology were reviewed.

- Transportation equipment is lower by $333,000 due to the removal of a line truck from gross fixed assets of $245,000 and not replaced until 2013. One step van forecasted to be purchased was determined not to be required at a savings of $80,000.

- The actual tools and shop equipment capital is under the 2011 OEB approved by $19,000

2012 Actual vs. 2011 Actual:

Distribution Plant - $11,214,452

Distribution plant for 2012 Actual is higher than the 2011 Actual amounts by $11,214,452. Detailed capital projects are provided in Table 2-27.

- Regional and municipal road work capital projects amounted $2.761M
- Subdivision development and new customer connection capital amounted to $4.871M.
- Regular capital work for overhead and underground rebuilds and asset management account for $2.017M in renewal and service costs, in particular $1.568M to build distribution circuits to a new Hydro One transformer station ("Tremaine TS).

General Plant - $342,974

General plant for 2012 Actual is higher than the 2011 Actual by $342,974.

- Software purchases include SCADA software for $148,000 and miscellaneous software $46,700 for total software of $194,700.
- Replacement computer hardware and test equipment make up the majority of the difference of $57,000

2013 Actual vs. 2012 Actual:

Distribution Plant - $7,871,310

Distribution plant for 2013 Actual is higher than the 2012 Actual amounts by $7,871,310. Detailed capital projects are provided in Table 2-27.

- System access for subdivisions and new customer connections totaled $2.586M
- Municipal and regional road relocation of distribution plant totaled $0.727M.

- New customer connections for services and metering account for $1.346M
- System renewal for overhead and underground voltage and rebuilds totalled $2.517
- New overhead pole lines and substation reclosers account for 0.638M

General Plant - $639,619

- Two new vehicle additions of $380,175 and a retirement of $182,000
- Computer hardware for replacement laptops & desktops, new printers and servers totaling $137,000. Software purchases include GIS software and Springboard Management health and safety software totaling $183,000.
- Stores equipment and supervisory equipment account for just over $110,000 and miscellaneous equipment accounts for approximately $12,000

2014 Actual vs. 2013 Actual:

Distribution Plant - $14,390,415

Distribution plant for 2014 Actual is higher than the 2013 Actuals by $14,390,415. Detailed capital projects are provided in Table 2-27.

- In 2014 Milton Hydro purchased land and building for its new Service Centre and Administration Building. The land $4.040M was recorded in USoA 1905 with the building being renovated and to be in-service in 2015. See EXHIBIT 1 page 26 for more details
- Municipal and regional road work accounts for an increase in capital of $2.051M in relocation of lines
- Subdivision developments account for $4.230M of capital and new customer connections and meters account for an increase in capital of $0.909
- System renewal for overhead and underground conversions rebuilds and pole and insulator replacement totaled $2.647M

- Substation reclosers replacement and automated three phase switches account for $0.513 in capital.

General Plant - $824,090

General Plan for 2014 Actual is higher than the 2013 Actual by $824,090

- Computer hardware for replacement of laptops and desk top computers plus Toughbooks with docking stations for the line vehicles and Software for mobile technology account for $241,000 in capital.

- General plant includes a new Ariel truck and one pickup which account for $540,000 with one retirement for ($32,000)

- Miscellaneous tool, communication and supervisory equipment totaled $72,000 in capital

2015 Bridge Year vs. 2014 Actual:

Distribution Plant - $7,330,675

Distribution plant for the 2015 Bridge Year is budgeted to be $7,330,675 higher than 2014 Actual. Detailed capital projects are provided in Table 2-27.

- Municipal and regional pole line relocation for road work accounts for $0.825M

- Subdivisions are forecasted to increase capital by $3.780M and customer connections and meters by $0.947

- Overhead and underground system rebuilds including pole and insulator replacement is expected to increase capital by $2.087M.

- Substation work and pole line expansion is forecasted to be $0.800 in the 2015 Bridge Year

- Land owned at Main St and Fifth Line for storage is removed from gross assets as the yard will be moved to the new location ($1,109,265)

General Plant - $13,106,531

General Plant for the 2016 Test Year is greater than the 2015 Bridge Year by $13,106,521. Detailed capital projects are provided in Table 2-27.

- In 2014 Milton Hydro purchased land and building to be its new Service Centre and Administration Building. The land was recorded in USoA 1905. The cost of the building including renovations is projected at $10.500M and the cost of office furniture and equipment is projected at $500,000. See EXHIBIT 1 page 26 for more details

- Computer hardware for replacement of laptops, desk top computers and servers totaling $80,000.

- The purchase of a single bucket, a pickup, two step vans and a narrow isle stacker total $530,000

- Stores equipment and tools are included in the 2015 Bridge Year in the amount of $127,000

- As part of the two years for system automation, fibre optics and for WiMax communication equipment totals $1.100M and $270,000 for supervisory equipment.

2016 Test Year vs. 2015 Bridge Year

Distribution Plant - $10,078,913

Distribution Plant for the 2016 Test Year is higher than the 2015 Bridge Year by $10,078,913. Detailed capital projects are provided in Table 2-27.

- Municipal and regional pole line relocation for road work accounts for $3.151M in capital overhead and transformer capital along with $1.148M in overhead rebuilds.

- Subdivisions are forecasted to increase capital by $3.780M and customer connections by $0.976.

- Overhead and underground rebuilds including pole and insulator replacement is forecasted at $1.863 for the 2016 Test Year.

- The installation of automated switches and SCADA-Mates with WiMax capability for system automation over two years with the second year being the 2016 Test Year capital at $309,000

General Plant - $1,550,500

- System automation and WiMax communication equipment for the second year of system automation $830,000

- The purchase of a single bucket, a van and a Squirt boom Ariel truck total $510,000.

- Computer equipment replacement, servers and printers capital of $133,000.

- Stores equipment and tools expected to increase capital by $78,000

SUMMARY OF INCREMENTAL CAPITAL MODULE ADJUSTMENT

Milton Hydro confirms that it has not applied for nor received any ICM adjustments as part of a previous IRM application.

RECONCILIATION OF CONTINUITY STATEMENTS TO CALCULATED DEPRECIATION EXPENSES

Milton Hydro confirms that the depreciation expenses in the fixed asset continuity statements reconcile to the calculated depreciation expenses under EXHIBIT 4 – Operating Costs and are presented by account. As such there are no reconciling items between the fixed asset continuity statements in this Exhibit and the calculated depreciation expense in EXHIBIT 4.

WORKING CAPITAL CALCULATION

OVERVIEW

The Filing Requirements permit applicants to take one of two approaches for the calculation of the allowance for working capital; the new default value of 7.5% Allowance or the filing of a lead/lag study. Using the 7.5% Allowance, the working capital allowance is calculated to be 7.5% of the sum of Cost of Power ("COP") and controllable expenses (Operations, Maintenance, Billing and Collecting, Community Relations, Administration and General). Milton Hydro did not conduct a lead lag study and is using the default value of 7.5% working capital allowance in accordance with the Filing Requirements and the OEB letter dated June 3, 2015, Allowance for Working Capital for Electricity Distribution Rate Applications.

The working capital allowance for the 2016 Test Year is based upon 7.5% of the COP and controllable expenses. In calculating the working capital allowance for 2011 to 2014 actual and for the 2015 Bridge Year, Milton Hydro used the Board's historical 15% working capital allowance as approved in Milton Hydro's 2011Cost of Service Application.

Table 2-14 provides a summary of Milton Hydro's COP and controllable expenses used to the calculate working capital allowance for 2011 Board Approved, 2011 Actual, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and the 2016 Test Year.

Table 2-14

Summary of Working Capital Allowance

Description	2011 OEB Approved	2011 Actual CGAAP	2012 Actual CGAAP	2013 Actual RCGAAP/ MIFRS	2014 Actual MIFRS	2015 Bridge Year MIFRS	2016 Test Year MIFRS	Change over 2011 OEB Approved
Cost of Power	60,972,676	66,017,450	74,266,765	83,153,242	90,675,253	105,690,373	106,466,168	45,493,492
Operations	876,809	794,422	972,346	1,853,447	1,997,120	2,351,977	2,456,704	1,579,895
Maintenance	1,019,951	1,260,827	1,237,774	1,697,520	1,004,507	1,249,121	1,278,108	258,157
Billing & Collecting	1,818,688	1,660,291	1,805,605	1,912,502	2,071,191	2,288,854	2,194,699	376,011
Community Relations	10,679	5,020	3,260	11,752	19,679	19,755	20,071	9,392
Administration & General Exp.	2,573,873	2,676,203	2,743,009	2,960,750	3,451,402	4,143,434	3,953,806	1,379,933
Working Capital	**67,272,676**	**72,414,212**	**81,028,759**	**91,589,214**	**99,219,151**	**115,743,514**	**116,369,556**	**49,096,880**

The 2016 working capital has increased $49,096,880 or 73% in comparison to the 2011 OEB approved Year. The change between the 2016 Test Year and 2011 OEB approved Year is a

result of increased working capital requirements due to increased cost of power, which makes up 93% of the increase in the level of working capital and increased controllable expenses, less the decrease in percentage rate applied in the computation of the working capital allowance from 15% to 7.5%.

COST OF POWER CALCULATIONS

Milton Hydro has calculated COP for the 2016 Test Year based upon the 2016 load forecast, adjusted for the impact of Conservation and Demand Management activities and in accordance with the Board's Filing Requirements. A summary of the total cost of power is provided in the following Table 2-15.

Table 2-15
Cost of Power Summary

Description	2011 OEB Approved	2011 Actual	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Power Purchased	49,462,450	53,254,731	60,141,993	68,064,575	74,435,788	88,947,196	89,750,348
Wholesale Market Service/RRP	4,717,454	5,049,371	5,135,692	4,898,815	4,879,954	3,860,762	3,895,380
Network	4,184,623	4,064,660	4,877,887	5,531,150	6,183,118	6,196,192	6,047,707
Connection	3,339,030	3,481,634	3,958,295	4,286,125	4,691,961	5,211,315	5,275,133
LV Charges	139,074	167,053	152,898	158,701	160,945	1,140,680	1,150,908
Smart Meter Entity Charge				213,876	323,488	334,228	346,693
Total Cost of Power	**61,842,630**	**66,017,449**	**74,266,765**	**83,153,242**	**90,675,254**	**105,690,373**	**106,466,168**

Commodity Prices

In accordance with the Filing Requirements, the commodity price estimate used to calculate COP was determined in a way that bases the split between Regulated Price Plan ("RPP") and non-RPP customers on actual data and uses the most current RPP price.

The RPP and non-RPP price was obtained from the Regulated Price Plan Price Report for the period of May 1, 2015 to April 30, 2016 published by the OEB April 20, 2015. For the purposes of calculating the 2016 Test Year, Milton Hydro has used an estimate of $0.1021 per kWh for RPP customers. For non-RPP customers, Milton Hydro has used $0.10072 per kWh which

includes $0.01878 per kWh for the Wholesale Electricity Price and $0.08194 per kWh for Global Adjustment charges.

Milton Hydro understands that the commodity charge will be updated to reflect any changes to commodity prices that may become available prior to the approval of its Application.

Regulatory Charges

The Wholesale Market Service ("WMS") Charges for the 2016 Test Year were calculated based on the OEB Decision and Rate Order issued on December 19, 2014 (EB-2014-0347), which sets the Rural Rate Protection Charge to $0.0013 per kWh effective January 1, 2015 and does not amend the WMS Rate currently at $0.0044 per kWh. The Wholesale Market Service Costs have been very stable for a number of years so it was determined that no change is required for 2016. These rates were applied to the forecasted power purchases for the 2016 Test Year.

Network and Connection Charges

Milton Hydro incurs Network and Connection charges from both the IESO and Hydro One. For the purposes of determining the cost of each for the 2016 Test Year, Milton Hydro determined the kW billed by both the IESO and Hydro One for 2014 actual Network and Connection costs. The 2014 kW was then utilized to estimate the monthly Network and Connection costs for the 2016 Test Year by applying the forecasted kW by the January 1, 2015 Uniform Transmission Rates (UTR) as approved by the Board (EB-2013-0031) and Hydro One's 2015 approved rates as invoiced. Milton Hydro understands that the transmission costs will be updated to reflect any new rates that may become available prior to the approval of its application.

Low Voltage Charges

Milton Hydro incurs low voltage charges from Hydro One and the 2016 Test Year costs were estimated using a rate of $0.682 per kW, Hydro One's 2015 rate.

Smart Meter Entity Charges

The Smart Meter Entity costs are calculated based on the rate of $0.788 per month for each Residential and General Service < 50 kW customer approved by the Board on March 28, 2014.

The average customer count from Milton Hydro's 2016 load forecast has been used for the 2016 Test Year calculation.

Table 2-16 provides a summary of the COP calculation for the 2016 Test Year.

Table 2-16 - 2016 Cost of Power Calculation

Electricity - Commodity	2016 RPP Forecasted Metered kWhs	2016 Loss Factor	2016		
Class per Load Forecast			kWh/kW	Rate	$$$
Residential	294,278,158	1.0350	304,572,595	$0.10210	$31,096,862
GS<50kW	79,873,130	1.0350	82,667,252	$0.10210	$8,440,326
GS>50-999kW	16,654,042	1.0350	17,236,634	$0.10210	$1,759,860
GS>1000-4999	16,224,232	1.0350	16,791,788	$0.10210	$1,714,442
Large Users	0	1.0173	0	$0.10210	$0
Sentinel Lighting	145,711	1.0350	150,808	$0.10210	$15,397
Street Lighting	0	1.0350	0	$0.10210	$0
Unmetered Scattered Load	0	1.0350	0	$0.10210	$0
TOTAL	**407,175,273**		**421,419,077**		**$43,026,888**
Electricity - Commodity	**2016 Non-RPP Forecasted Metered kWhs**	**2016 Loss Factor**			
Class per Load Forecast				**2016**	
Residential	15,474,801	1.0350	16,016,140	$0.10072	$1,613,146
GS<50kW	12,744,827	1.0350	13,190,666	$0.10072	$1,328,564
GS>50-999kW	188,686,351	1.0350	195,286,977	$0.10072	$19,669,304
GS>1000-4999	93,644,978	1.0350	96,920,867	$0.10072	$9,761,870
Large Users	133,210,761	1.0173	135,515,307	$0.10072	$13,649,102
Sentinel Lighting	0	1.0350	0	$0.10072	$0
Street Lighting	5,632,779	1.0350	5,829,825	$0.10072	$587,180
Unmetered Scattered Load	1,096,423	1.0350	1,134,778	$0.10072	$114,295
TOTAL	**450,490,920**		**463,894,559**		**$46,723,460**
Transmission - Network		**Volume**			
Class per Load Forecast		**Metric**		**2016**	
Residential		kWh	320,588,736	$0.00752	$2,409,640
GS<50kW		kWh	95,857,918	$0.00695	$665,775
GS>50-999kW		kW	511,697	$3.11489	$1,593,879
GS>1000-4999		kW	230,486	$3.06351	$706,097
Large Users		kW	188,668	$3.31735	$625,877
Sentinel Lighting		kW	465	$2.12045	$986
Street Lighting		kW	17,810	$2.10961	$37,571
Unmetered Scattered Load		kWh	1,134,778	$0.00695	$7,882
TOTAL					**$6,047,707**
Transmission - Connection		**Volume**			
Class per Load Forecast		**Metric**		**2016**	
Residential		kWh	320,588,736	$0.00593	$1,900,518
GS<50kW		kWh	95,857,918	$0.00524	$501,968
GS>50-999kW		kW	511,697	$2.43324	$1,245,080
GS>1000-4999		kW	230,486	$2.39352	$551,673
Large Users		kW	188,668	$2.67679	$505,023
Sentinel Lighting		kW	465	$1.67117	$777
Street Lighting		kW	17,810	$1.63678	$29,150
Unmetered Scattered Load		kWh	1,134,778	$0.00524	$5,942
TOTAL					**$4,740,133**
Wholesale Market Service					
Class per Load Forecast				**2016**	
Residential			320,588,736	$0.0044	$1,410,590
GS<50kW			95,857,918	$0.0044	$421,775
GS>50-999kW			212,523,611	$0.0044	$935,104
GS>1000-4999			113,712,655	$0.0044	$500,336
Large Users			135,515,307	$0.0044	$596,267
Sentinel Lighting			150,808	$0.0044	$664
Street Lighting			5,829,825	$0.0044	$25,651
Unmetered Scattered Load			1,134,778	$0.0044	$4,993
TOTAL					**$3,895,380**
Rural Rate Assistance					
Class per Load Forecast				**2016**	
Residential			320,588,736	$0.0013	$416,765
GS<50kW			95,857,918	$0.0013	$124,615
GS>50-999kW			212,523,611	$0.0013	$276,281
GS>1000-4999			113,712,655	$0.0013	$147,826
Large Users			135,515,307	$0.0013	$176,170
Sentinel Lighting			150,808	$0.0013	$196
Street Lighting			5,829,825	$0.0013	$7,579
Unmetered Scattered Load			1,134,778	$0.0013	$1,475
TOTAL					**$1,150,908**
Smart Metering Entity Charge					
Class per Load Forecast					
Residential		34,018		$0.7880	$321,674
GS<50		2,646		$0.7880	$25,018
TOTAL					**$346,693**
Low Voltage Service Rate		**Volume**			
Class per Load Forecast		**Metric**		**2016**	
Hydro One		kWh			$235,000
Oakville Hydro					$300,000
TOTAL					**$535,000**
Total Cost of Power					**$106,466,168**

Cost of Power Summary	2016
Cost of Power Account	**$$$**
4705-Power Purchased	89,750,348
4708-Charges-WMS	3,895,380
4714-Charges-NW	6,047,707
4716-Charges-CN	4,740,133
4730-Rural Rate Assistance	1,150,908
4750-Low Voltage	535,000
SMDR	346,693
TOTAL	**106,466,168**

TREATMENT OF STRANDED ASSETS RELATED TO SMART METER DEPLOYMENT

On February 11, 2011 the OEB issued its Decision and Order on Milton Hydro's 2011 Cost of Service Application (EB-2010-0137) which included Milton Hydro's recovery of costs associated with stranded meters. Accordingly, Milton Hydro is not seeking recovery of stranded meter costs in this application.

Since stranded meter costs were recovered in a previous Cost of Service filing, Milton Hydro has not filed Appendix 2-S Stranded Meter Treatment.

CAPITAL EXPENDITURES

Planning Overview

In accordance with the Filing Requirements, Milton Hydro is filing its consolidated DSP as a stand-alone document which includes all elements of the DSP as Attachment 2-1 of this Exhibit. Milton Hydro has organized the information contained in the DSP using the headings indicated in Chapter Five of the Board's Filing Requirements. The DSP incorporates matters pertaining to asset management, regional planning, and renewable energy generation.

All categories of system investments, including system renewal, system access, system service, and general plant have been addressed and consolidated in Milton Hydro's capital expenditure plan. Milton Hydro has provided historical spending by material capital project in the categories mentioned for 2011 Actual, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridget and 2016 Test Year. Milton Hydro has assigned all historical and future construction projects to the new categories as required by the Board. Milton Hydro has leveled the plan to address pacing and affordability.

Information related to the Regional Planning Process is found in section 5.2.2 of the DSP.

Based on the evaluation of the distribution system Milton Hydro is not proposing any capital investment for capacity upgrades to accommodate applications for the connection of renewable energy generation for the 2016 Test Year. (DSP 5.4.1)

REQUIRED INFORMATION

Summary of Capital Expenditures

Milton Hydro has completed Appendix 2-AB Capital Expenditure Summary presenting four historical years 2011 to 2014, 2015 Bridge Year and 2016 Test Year as well as five years of planned capital expenditures for 2016 to 2020. Historical years are categorized to the best of Milton Hydro's efforts. Table 2-17 below provides the Appendix 2-AB.

The annual capital expenditures include all new spending that is in service in the fiscal period. Costs for projects that are considered WIP at the end of a fiscal year are not captured in the year spent, but rather capitalized in the year the asset comes into service. The variance between the annual capital expenditure totals in the table and the total 'additions' in the continuity schedules are those applicable to WIP and contributed capital. Milton Hydro has not recorded any WIP for the 2015 Bridge Year and the 2016 Test Year as all projects are expected to be in service in the year the capital is spent.

The following information provides a brief outline of the outputs of the asset management and capital expenditure planning process that have affected capital expenditures in each of the four main major categories and overall allocation of the capital budget. The overall allocation of the capital budget amongst major categories for the 2016 Test year and each of the forecast years can be seen in the Charts 1-2 below

System Access

- Customer service requests - continued high growth in the Town of Milton requiring new customer connections (subdivisions)
- 3rd party infrastructure - planned road widening work by the Town of Milton/Halton Region requiring plant relocation
- Mandated service obligations – connection of new services.

Due to the continued high growth in the Town of Milton, System Access needs in the 2016 – 2020 period will continue to focus on new subdivision connections and plant relocation due to urbanization and intensification of the road network.

System Renewal

- Failure risk - multiyear planned pole replacement program
- Functional obsolescence - 13.8 kV conversion of MS supplied areas to 27.6 kV supply
- High Performance risks - overhead line rebuilds

System renewal spending will continues to focus on converting the remaining 13.8kV supplied areas to 27.6kV supply and the planned proactive pole replacement program.

System Service

- System constraints – line extensions and feeder interconnections to accommodate grid load growth
- System operational objectives – projects to maintain system reliability and efficiency and implementation of MHDI's automation program

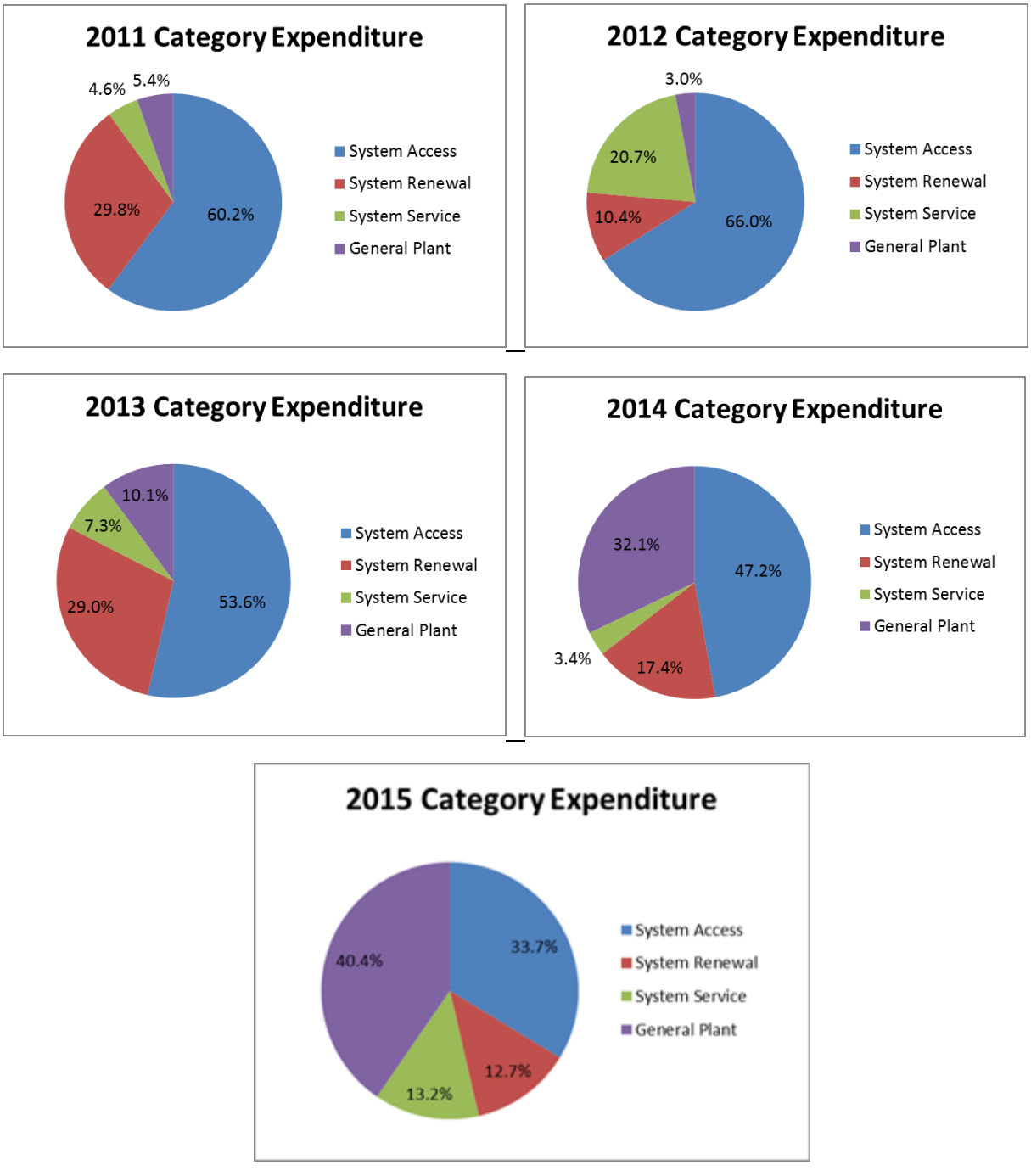
System service spending will continue to focus on the development of MHDI's infrastructure through installation of automated switches and sensors to improve system operations and efficiencies and the deployment of new feeders to access new TS capacity by 2020.

General Plant

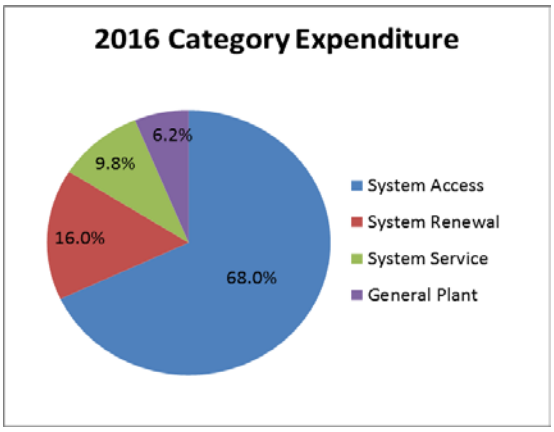
- System Maintenance support – replacement of rolling stock; tools
- Business Operations efficiency – GIS development
- Non-system Physical plant – new MHDI head office

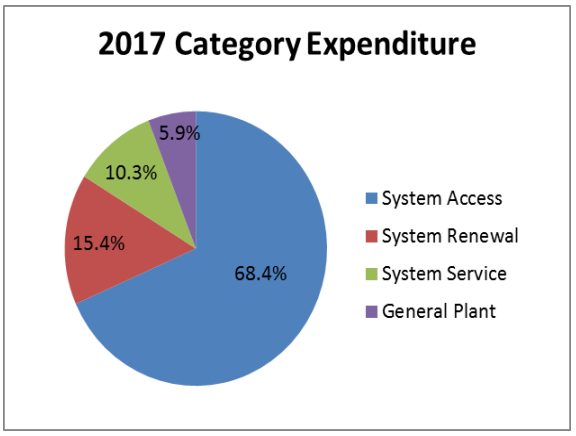
Chart 1-2

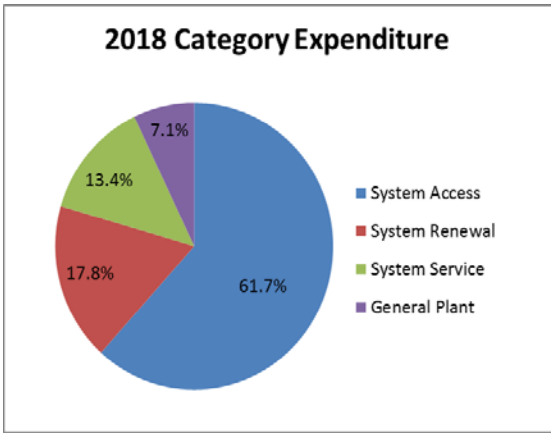
2011 – 2020 Capital Expenditure Categories

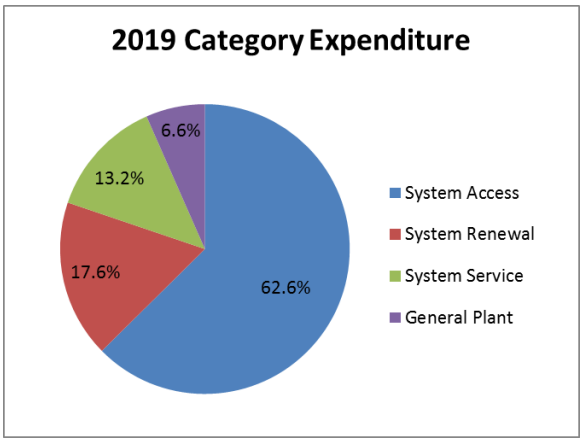


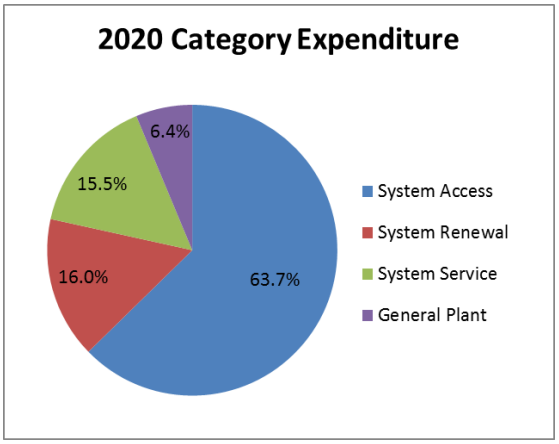
Note: the 2014 and 2015 Bridge Year expenditures include Milton Hydro's new Service Centre and Administration Building in general plant.











As discussed above Milton Hydro's capital for General Plant includes Milton Hydro's new Service Centre and Administration in 2014 and the 2015 Bridge Year. As a result the General Plant piece of the pie chart for 2014 and the 2015 Bridge Year is significantly more than in historical years or the forecast years for the 2016 Test Year and the years 2017 to 2020. The charts for the 2016 Test Year and forward reflect the normal capital spending for Milton Hydro with the System Access being the larger portion of capital spending.

Table 2-17

Capital Expenditure Summary – 2011 to 2020 – Appendix 2-AB

First year of Forecast Period: *2016*

CATEGORY	Historical Period (previous plan[1] & actual)															Forecast Period (planned)				
	2011			2012			2013			2014			2015			2016	2017	2018	2019	2020
	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual	Var	Plan	Actual[2]	Var					
	$ '000		%	*$ '000*		%	*$ '000*		%	*$ '000*		%	*$ '000*		%	*$ '000*				
System Access		5,571	--		7,631	--		4,658	--		7,190	--		5,552	--	7,906	8,092	6,212	6,411	6,878
System Renewal		2,753	--		1,198	--		2,517	--		2,647	--		2,087	--	1,863	1,821	1,790	1,800	1,725
System Service		428	--		2,387	--		638	--		513	--		2,171	--	1,139	1,225	1,350	1,350	1,500
General Plant		500	--		343	--		880	--		4,896	--		6,659	--	720	701	711	676	696
TOTAL EXPENDITURE	-	9,253	--	-	11,560	--	-	8,693	--	-	15,246	--	-	16,469	--	11,628	11,839	10,063	10,237	10,799

Variance of Year over Year Category Spending

An analysis of year over year trending for historical costs within the DSP categories is as follows.

- **2011 Actual vs. 2011 OEB Approved:**

Table 2-18
($000)

Description	2011 OEB Approved	2011 Actual	Variance
System Access	8,409	5,571	(2,838)
System Renewal	1,999	2,753	754
System Service	426	428	2
General Plant	839	500	(339)
Total Capital Expenditure	11,672	9,253	(2,420)

System Access

System Access for 2011 Actual decreased from 2011 OEB approved due to three Town and Region road projects that would have required plant relocation having been postponed to another year. (the total Milton Hydro expenditure would have been $1.860M). In addition capital expenditures for subdivision development declined by $1M.

System Renewal

System renewal increased by $337,000 for overhead rebuild and conversion projects plus pole replacements for $183,000 and the replacement of porcelain to polymer insulators $416,000.

System Service

There is no variance requiring an explanation

General Plant

General plant for 2011 Actual was lower than the 2011 OEB Approved due to the deferral of control room computer hardware and communication systems while other options and technology were reviewed

- **2012 Actual vs. 2011 Actual:**

Table 2-19

($000)

Description	2011 Actual	2012 Actual	Variance
System Access	5,571	7,631	2,060
System Renewal	2,753	1,198	(1,555)
System Service	428	2,387	1,959
General Plant	500	343	(157)
Total Capital Expenditure	9,253	11,560	2,307

System Access

Milton Hydro system access expenditures continues to grow in the areas of road expansions and subdivisions. A Region of Halton road widening of Highway 25 from Britannia Road to Highway 407 in the amount of $1.4M and an increase in subdivision work of $0.659M account for the majority of the increase in system access.

System Renewal

Milton Hydro's expenditures on overhead and underground rebuilds and conversion projects were lower in 2012 than 2011 by $1.4M as capital funds were allocated to system service for the construction of the overhead feeder to a new transformer station.

System Service

System service expenditures were higher than in 2011 primarily due to a major overhead project to construct an overhead feeder to the new Hydro One Tremaine Transformer Station in the amount of $1.4M and $0.5M to construct an overhead feeder to the new Oakville Hydro Glenorchy transformer station.

General Plant

The general plant expenditures were lower than in 2011 due to a reduction in the computer software purchases of just over $100,000.

- **2013 Actual vs. 2012 Actual:**

Table 2-20

($000)

Description	2012 Actual	2013 Actual	Variance
System Access	7,631	4,658	(2,973)
System Renewal	1,198	2,517	1,319
System Service	2,387	638	(1,749)
General Plant	343	880	537
Total Capital Expenditure	11,560	8,693	(2,867)

System Access

System access expenditures for 2013 were lower than in 2012 primarily due to a reduction in the road work required and the large project from 2012 for the widening of Highway 25 ($1.4M) and a reduction in the amount of subdivision development of $1.65M due to concerns over an increase in regional development charges.

System Renewal

System renewal expenditures increased in 2013 over 2012 as a result of overhead rebuilds and conversion projects to 27.6 kV in the amount of $438,000 and a major underground rebuild of $933,000.

System Service

System service expenditures were lower in 2013 than in 2012 because of the two overhead feeders totaling $1.9M constructed in 2012.

General Plant

The increased expenditures in 2013 is due to the purchase of vehicles in the amount of $380,000 and software and hardware in the amount of $264,000 which includes GIS requirements.

- **2014 Actual vs. 2013 Actual:**

Table 2-21

($000)

Description	2013 Actual	2014 Actual	Variance
System Access	4,658	7,190	2,532
System Renewal	2,517	2,647	130
System Service	638	513	(125)
General Plant	880	4,896	4,016
Total Capital Expenditure	8,693	15,246	6,553

System Access

System access expenditures increased in 2014 over 2013 and was a result of increased relocation for road work along Tremaine Road $945,000 and the resolution of the regional development charge issue resulted in an increase is subdivisions that picked up in the last half of 2014 totaling $1.645M.

System Renewal

System renewal expenditures increased in 2014 over 2013 and was the result of an increase in the porcelain to polymer replacement program.

System Service

System service was lower in 2014 from 2013 primarily due to fewer overhead pole lines being constructed.

General Plant

Milton Hydro purchased land and building for its new Service Centre and Administration Building in 2014, this increase reflects the $4.M purchase price for the land.

- **2015 Bridge Year vs. 2014 Actual:**

Table 2-22

($000)

Description	2014 Actual	2015 Bridge	Variance
System Access	7,190	5,552	(1,639)
System Renewal	2,647	2,087	(560)
System Service	513	2,171	1,658
General Plant	4,896	11,911	7,015
Total Capital Expenditure	15,246	21,721	6,474

System Access

System access expenditures are expected to decrease as a result of fewer municipal and regional planned road projects requiring distribution plant relocation in the 2015 Bridge Year in the amount of ($945,000) and fewer planned subdivision developments in the 2015 Bridge Year amount to a reduction of ($450,000).

System Renewal

System renewal expenditures will decrease in the 2015 Bridge Year as system conversions including the underground rebuilds to 27.6kV are nearing completion.

System Service

System service expenditures will increase due to the implementation of automated switches and fault indicators equipped with WiMax capability for system automation in the amount of $1.465M. Also included in this increase is a $300,000 expenditure for the conversion of MS#4 and an overhead pole line extension along the James Snow Parkway in the amount of $200,000.

General Plant

General plant expenditures will increase due to the renovation of the new Service Centre and Administration Building. The purchase of the land was booked in 2014, while the renovation cost in the amount of $10.5M and office furniture and equipment costs in the amount of $0.5M are being booked in the 2015 Bridge Year.

- **2016 Test Year vs. 2015 Bridge Year:**

Table 2-23

($000)

Description	2015 Bridge	2016 Test Yr	Variance
System Access	5,552	7,906	2,354
System Renewal	2,087	1,863	(224)
System Service	2,171	1,139	(1,032)
General Plant	11,911	720	(11,191)
Total Capital Expenditure	21,721	11,628	(10,093)

System Access

System access expenditures will increase almost entirely due to an increase of $2.326M in plant relocation for planned Town and Regional road widening in the 2016 Test Year.

System Renewal

System renewal expenditures will decrease as required rebuilds and conversion projects near completion.

System Service

System Service expenditures will decrease as the line extension and MS#4 conversion are completed. The communication component of the system automation was also completed in the 2015 Bridge Year.

General Plant

General plant expenditures will decrease by the amount of the Service Centre and Administration Building renovations and furniture recorded in 2015 ($10.5M) and small changes in computer software.

- **2017 to 2020 Forecast and Trend:**

Table 2-24

($000)

Description	2017	2018	2019	2020	Average
System Access	8,092	6,212	6,411	6,878	6,898
System Renewal	1,821	1,790	1,800	1,725	1,784
System Service	1,225	1,350	1,350	1,500	1,356
General Plant	701	711	676	696	696
Total Capital Expenditure	11,839	10,063	10,237	10,799	10,735

System Access

The investments are externally driven and generally non-discretionary. Timing of investment is driven by the needs of the external parties. Large projects, such as road widening projects require large amounts of capital and other resources. This category, which makes up 62% to 69% of total capital expenditures, will generally have priority in capital budget allocation.

System Renewal

A long term proactive investment program is required for pole assets. This need has been reflected in the increase of spending in this category over the period of the DSP. Other spending in this category will be for discrete projects and will be determined on the basis of ongoing system asset performance. Future funds ranging from $400k to $1,100k have been reserved in this category for renewal needs due to unanticipated asset failure. Category spending remains relatively stable during the forecast period and does not detract from the other investment categories.

System Service

A continued investment in MHDI's smart grid program is warranted. Investments will maintain steady improvement in system automation. New TS feeder investments are required in the 2017 – 2020 timeframe in line with continued growth projections. Category spending remains relatively stable during the forecast period and does not detract from the other investment categories.

General Plant

General plant investment is projected to remain stable for the 2016 – 2020 period. The projected spend includes investments in rolling stock, computer hardware and software and other equipment and tools that support the effective delivery of electrical distribution services.

The following Table 2-25 sets out the material capital projects for the forecast period of 2016 to 2020 – see also section 5.4.1 of the DSP Plan Summary.

Table 2-25

Material Capital Expenditures (2016 – 2020)

Category	Category Total Expenditure	Project Name	2016 $'000	2017 $'000	2018 $'000	2019 $'000	2020 $'000
System Access	$30.0M	Steeles Ave – Industrial to Martin	$284				
		Britannia Rd– RR25 to JSP	$1,005				
		Garden Lane -400m	$133				
		5th Line; LSL to Derry Road	$415				
		5th Line; LSL to Britannia Road	$397				
		Britiannia Rd – RR25 to Tremaine	$403				
		Bronte Street – LSL to Britannia	$390				
		Britannia Rd – JSP to Trafalgar		$1,016			
		Britannia Rd – Trafalgar to 407		$366			
		1st Line – Nassagaweya		$732			
		Thompson Rd – Britannia to LSL		$400			
		LSL – JSP to 5th Line		$191			
		Main St – JSP to 5th Line		$475			
		Campbellville Rd – Milborough to Guelph			$239		
		6th Line – 401 to Derry			$463		
		6th Line – Derry to Britannia			$695		
		Provision for new projects				$1,500	$2,000
		Subdivision development	$3,780	$3,780	$3,780	$3,780	$3,780
System Renewal	$9.2M	Pole Replacement Program	$500	$375	$500	$500	$625
		Porcelain to Poly program	$150				
		Derry Rd – Trafalgar to 8th	$155				
		6th line – Nass South of 25 SR	$322				
		6th Line – Nass north of 20 SR	$321				
		UG Scott Rebuild	$250				
		U/G Main and Commercial UG Rebuild	$65				
		Sixth Line – Nass north of 20 SR		$321			
		25 SR – east of 5th		$325			
		UG Macarthur Dr rebuild		$350			
		20 SR – east of 5th			$215		
		20 SR – west of 6th			$210		
		15 SR – east of Guelph line			$365		
		Misc system renewal	$350	$450	$500	$1,300	$1,100
System Service	$6.6M	WiMAX – automate existing switches	$120				
		WiMAX – 100 Meter points	$650				
		Automated Fault Indicators – WiMAX	$175	$175			
		New Automated switches - WiMAX	$194	$250	$250	$250	$250
		New TS feeders		$450	$500	$500	$1,000
		Derry Rd – JSP to 5th			$175		
		Provision for new projects/non-Distribution System alternatives		$350	$425	$600	$250
General Plant	$2.5M	Rolling Stock	$510	$490	$500	$465	$485
Total	$48.1M						

As can be seen from Table 2-25 above, the average forecast capital included in Milton Hydro's DSP is consistent with the normalized (Service Centre and Administration Building removed) average actual capital for 2011 to 2014, the 2015 Bridge Year and 2016 Test Year. The following Table 2-26 sets out Milton Hydro's 2011 to 2016 Test Year Average Capital by Category.

Table 2-26

($000)

Description	2011	2012	2013	2014	2015	2016	Average
System Access	5,571	7,631	4,658	7,190	5,552	7,906	6,418
System Renewal	2,753	1,198	2,517	2,647	2,087	1,863	2,178
System Service	428	2,387	638	513	2,171	1,139	1,213
General Plant	500	343	880	856	3,911	720	1,202
Total Capital Expenditure	9,253	11,560	8,693	11,206	13,721	11,628	11,010

Summary of Capital Projects

Table 2-27 (Chapter 2 Appendix 2-AA) below sets out Milton Hydro's gross capital expenditures by program and project where the total projects, unless shown otherwise, exceed Milton Hydro's materiality threshold of $90,000 for 2011 OEB Approved, 2011 Actual, 2012 Actual, 2013 Actual, 2014 Actual, the 2015 Bridge Year and the 2016 Test Year. Projects below materiality are grouped together as miscellaneous.

Table 2-27

Summary of Capital Projects – Appendix 2-AA

Projects	2011 OEB Approved	2011	2012	2013	2014	2015 Bridge Year	2016 Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**
System Access							
Road Projects: 3rd party infrastructure requirments							
RR 25 Derry to Britannia 27.6 kV pole relocation - Road Project		5,024	5,058				
RR 25 JSP to 5 Sideroad - Road Project	112,600	163,285	9,820				
Tremaine Rd Derry to Main - Road Project		3,653					
Britannia at 4th Line Relocation - Watermain		37,419					
Derry to Walkers Intersection Improvements							
Bronte south of Derry to Louis St. Laurent - Road Project	412,200	538,344					
Main St. Grade Separation - East of RR 25	146,000	196,489	16,648				
20 Sideroad east of Townline Relocate 8.32 kV - Road Project	99,800	104,697					
Lower Base Line at 16 Mile Creek - Road Project	133,700	87,202	39,038	38,079			
Main St, Scott to Tremaine - Road Project	381,700	98,587	189,840	30,860			
James Snow Pkwy - Holgate to Boston Church - Road project	200,000	84,393	385,342	168,998	233,445		
RR 25 Britannia Rd to 407 - Road Project	1,159,900		1,432,178	7,407			
Nineth Line Pole Extension	480,000						
Main St. Bronte to Scott, 27.6 kV relocation for ROH	220,000						
Steeles Ave at JSP - Recoverable			102,572				
Derry Rd CN Underpass - Recoverable			241,012	73,293			
Target Warehouse Automated			116,679				
TOM: Main St, Bronte to Scott					251,269		
ROH: Campbelleville Rd & Dublin						175,300	
ROH: Tremaine, Britannia to Derry					290,643		
ROH: New Tremaine Rd, 14th Side Road to Steeles					654,320		
ROH: James Snow, extension to Campbellville (new Tremaine Rd)					176	104,640	
ROH: RR 25 S Derry at 16 Mile Creek bridge					145,843		
ROH: Guelph Line Reconstruction (1 km north of Derry to Conservation)						197,600	
ROH: Derry Rd - 2 lane Reconstruction form Millborough townline to McNiven						51,100	
MTO: Hwy 25 & 401 Bridge Widening						296,000	
MTO: JSP & 401 - replace cables					295,903		
ROH: Steeles Ave. Grade Separation at CN Crossing west of Bronte St.							90,600
ROH: Steeles Ave Widening from Industrial Dr. to Martin St 2-4 lanes							284,500
ROH: Britannia Rd. from RR 25 to JSP 2-4 lanes (carried fwd from 2014)							1,004,800
129 town LSL from yates Dr. to RR25							32,700
136 Town Garden lane, 400m total, 100m of which is 3 phase							133,000
131 Town 5th Line from LSL to Derry Rd. 1.5 km							415,200
132 Town 5th Line form LSL to Britannia. 1.5km							397,000
ROH: Britannia Rd. from Tremaine to RR25 (1.8km)							403,300
TOM: Bronte St from Britannia to LSL							389,900
FIT Projects	50,000						
Miscellaneous under Threshold		1,054	222,370	407,885	179,702		
Road Projects Sub-Total	**3,395,900**	**1,320,147**	**2,760,557**	**726,522**	**2,051,301**	**824,640**	**3,151,000**

System Expansion - Development							
Subdivisions	4,064,574	3,076,785	4,184,616	2,290,454	4,160,552	3,780,000	3,780,000
Louis St. Laurent Bridge Crossing - New Development							
Louis St. Laurent from Bridge to Bronte St - New Development	582,100	514,364	7,609				
Tremaine and Louis St Laurent - Development			52,616	295,466			
200 Chisholm Drive					69,417		
Miscellaneous under Threshold		-5,660					
System Expansion Development -Sub-Total	**4,646,674**	**3,585,489**	**4,244,841**	**2,585,920**	**4,229,969**	**3,780,000**	**3,780,000**
New Customer Connections							
Lowes DC (James Snow Pkwy) commercial U/G				113,108			
Milton #1 High School (Bronte & Louis) commercial UG				58,305			
NE LSL & Bronte St Fieldgate Commercial					61,921		
Costigan Road Bldg 2 & 3				91,434	5,233		
Conservation Road - 3 phase for FIT Customer	77,200		99,119				
Miscellaneous under Threshold		568,796		288,612	408,882	661,735	681,587
New Customer Connections -Sub-Total	**77,200**	**568,796**	**99,119**	**551,459**	**476,036**	**661,735**	**681,587**
Meters							
Smart Meters from Reg Assets				220,314			
Miscellaneous under Threshold	289,170	96,003	526,610	574,015	433,062	285,365	293,926
Meters -Sub-Total	**289,170**	**96,003**	**526,610**	**794,329**	**433,062**	**285,365**	**293,926**
System Access Total	**8,408,944**	**5,570,435**	**7,631,127**	**4,658,230**	**7,190,368**	**5,551,740**	**7,906,513**
System Renewal							
O/H Rebuilds							
Derry - Twiss to McNiven rebuild & conversion to 27.6kV		51,455					
2nd Line 20 -25 Sideroad Rebuild		37,127					
20 Sideroad east of 2nd Line Rebuild	160,000	111,428	14,528				
Steeles Ave Ontario to Martin St 27.6kV Rebuild	287,000	326,597	113,443	25,412			
Maiden Lane Rebuild and Conversion to 27.6kV	75,000	111,502					
Laurier Ave Rebuild and Conversion from 13.8kV to 27.6kV	131,000	138,649					
Pearl St - Commercial St area Transformer Replacement	42,500	76,374					
Conservation Road West of Twiss Rd Line Rebuild	98,500		243,827				
McNiven Road Phase 2 rebuild to 27.6kV				199,486			
Twiss north of Derry Rd, Rebuild to 27.6 kV				176,407			
Tremaine Rd, 14 Sideroad (Main St) to Steeles,Rebuild and 13.8 - 27.6 kV conversion				169,250			
Given Lane 27.6kV Rebuild - from Main St to Tremaine Rd				117,984			
Steeles at Bronte - CN Crossing			51,541	85,458			
Twiss Rd to KOA 27.6 loop					253,621		
Esquesing Nassagaweya Townline Rebuild				83,360			
Heatshrink Removals	25,000	46,866					
Derry Road West of Guelph Line 27.6 Conversion	82,500						
12 Sideroad East of Walkers Line Rebuild 8kV line	48,000						
U/G Conversion: Bronte Meadows Ph-3					518,682		
U/G Rebuild: Glenda Jane & Jessie Ave					318,491		
O/H Conversion: McNiven Rd Phase 3					158,804		
O/H Rebuild: Guelph Line N 25 Side Road					7,238	377,000	
O/H Conversion: No 1 Side Road W Tremaine					66,762		
O/H Conversion: No 2 Side Road W Tremaine					70,798		
U/G Rebuild: Morobel Drive				4,249	306,358		
O/H Conversion: Mill Street					57,838		
Derry Road: Tremaine to Applby Line						204,300	
Derry Road: Appleby Line to Guelph Line						276,000	
Derry Rd: Trafalgar to 8th Line							155,000
Sixth Line Nass South of 25 Side Rd.							322,000
Sixth Line Nass South of 20 Side Rd.							321,400
Miscellaneous Under Threshold		247,997				375,000	350,000
O/H Rebuilds -Sub-Total	**949,500**	**1,147,995**	**423,339**	**861,606**	**1,758,592**	**1,232,300**	**1,148,400**

U/G Rebuilds							
Parkhill Drive - New Service Supply	106,570	106,570					
Lawson Rd Service	209,813	209,813					
Timberlea Area UG Rebuild		40,718					
Bronte Meadows Primary Rebuild - Phase 1	417,000	404,365					
Dorset Park Primary Rebuild	149,400	120,854	67,857				
300 Bronte - convert to 27.6 kV	17,500						
497 Laurier - convert to 27.6kV	25,500						
Dorset Park & Timberlee Conversion			244,019	157,992			
Parkhill Drive - Switch Installation			85,383				
Bronte Meadows Primary Rebuild - Phase 2				933,139			
Amos and Blacklock UG Rebuild				172,950	155,315		
SC41 - Replace Elastimold					74,549		
Highside Drive & Ridge Drive						240,000	
Bronte Meadows Conversion - Arena Transformers						90,000	
Main and Commercial							65,000
U/H Rebuilds -Sub-Total	**925,783**	**882,320**	**397,260**	**1,264,081**	**229,864**	**330,000**	**65,000**
Pole Replacements							
Pole Replacements	124,000	306,783	171,529	211,296	303,464	375,000	500,000
Pole Replacements -Sub-Total	**124,000**	**306,783**	**171,529**	**211,296**	**303,464**	**375,000**	**500,000**
Porcelain to Polymer Replacement							
Pole Reinsulation - from Porcelain to Polymer	0	416,091	206,036	180,040	355,197	150,000	150,000
Poreclain to Polymer Replacement -Sub-Total	**0**	**416,091**	**206,036**	**180,040**	**355,197**	**150,000**	**150,000**
System Renewal Total	**1,999,283**	**2,753,189**	**1,198,163**	**2,517,023**	**2,647,117**	**2,087,300**	**1,863,400**
System Service							
27.6 kV Additions							
Automated three phase switches install: Cambelleville & Guelph Line area	255,000	337,770			20,899	250,000	
WiMax - Automated Switches						120,000	120,000
WiMax 100 Meter Points						650,000	650,000
SCADA-Mates, Install Virelec Controller-20 locations						270,000	
Communications Infrastructure					27,228		
Install Fault Indicators with WIMAX						175,000	175,000
Install Automated Switches with WIMAX							194,000
Halton TS Relocate inline switches	19,500						
Fuse Primary Runoffs	36,000						
New Tremaine TS -Feeder Egress to Tremaine Rd			198,191				
Sixth Line Pole Line Rebuild - Glenorchy TS Egress			495,280	72,984			
Stringing on JSP and lower portion of Sixth Line - Glenorchy TS Egress			307,657	109,655			
Tremaine Road from TS to Lower Baseline to Henderson Road			1,369,813	39,573			
Fibre Connection to New Building						200,000	
JSP, extend to Campbelleville (new Tremaine Rd)						205,900	
MS#4 Conversion-rabbit						300,000	
Miscellaneous under Threshold	49,677	90,220		231,540	201,107		
27.6 kV -Sub-Total	**360,177**	**427,990**	**2,370,942**	**453,752**	**249,233**	**2,170,900**	**1,139,000**

Substations							
MS9 Recloser Replacement & Rebuild	65,500		15,480	184,235			
MS6 Recloser Replacement & Rebuild					263,696		
Substation -Sub-Total	**65,500**	**0**	**15,480**	**184,235**	**263,696**	**0**	**0**
System Service Total	**425,677**	**427,990**	**2,386,422**	**637,987**	**512,930**	**2,170,900**	**1,139,000**
General Plant							
SCADA							
GIS				61,300			
Computer Software	210,000	107,668		121,951	142,392	174,000	50,000
Computer Hardware	201,000		56,629	137,423	98,237	80,000	83,000
Communication Equipment	200,000		194,604		28,833		
Major Tools		58,011					
Stores Equipment	10,000			56,545		117,032	68,000
Office Furniture and Equipment	5,000					500,000	
Transportation Equipment	210,000	131,195		380,175	540,373	530,000	510,000
Land Purchaes - Main & 5th							
Land Purchae - 200 Chisholm					4,040,000		
Building						7,500,000	
System Supervisory Equipment					27,973		
Other Tangible Property/Equipment		75,755	64,229				
Capital Contribution paid toward Hydro One TS				122,349			
Miscellaneous Under Threshold	2,500	127,293	27,512		18,243	9,500	9,500
General Plant- Total	**838,500**	**499,922**	**342,974**	**879,743**	**4,896,051**	**8,910,532**	**720,500**
Capital Contributions							
Capital Contributions Paid	-3,794,938	-1,927,637	-3,857,151	-3,155,364	-4,855,575	-2,773,720	-3,280,000
Capital Contributions- Total	**-3,794,938**	**-1,927,637**	**-3,857,151**	**-3,155,364**	**-4,855,575**	**-2,773,720**	**-3,280,000**
Miscellaneous	0	0	0	0	0	0	0
Total	**7,877,466**	**7,323,898**	**7,701,535**	**5,537,618**	**10,390,891**	**15,946,752**	**8,349,413**
Less Renewable Generation Facility Assets and Other Non Rate-Regulated Utility Assets *(input as negative)*							
Total	**7,877,466**	**7,323,898**	**7,701,535**	**5,537,618**	**10,390,891**	**15,946,752**	**8,349,413**

Treatment of Projects

Life Cycle Greater than One Year

Milton Hydro's accounting policy is to include projects in Fixed Assets when they are completed. Capital projects which are not yet completed are included in WIP. Capital projects with a life cycle greater than one year will be carried over from one year to the next in WIP. Once completed, expenditures are removed from WIP and capitalized to fixed assets at which point they begin depreciating.

Treatment of Cost of Funds

Milton Hydro's accounting policy is to expense borrowing costs. It does not capitalize interest on capital projects unless they meet the IFRS criteria of a qualifying asset which is defined in the Report of the Board EB-2008-0408 Transition to International Financial Reporting Standards, June 28, 2009 as "an asset that necessarily takes a substantial period of time to get ready for its intended use or sale." With the exception of Milton Hydro's new Service Centre and Administration Building which is anticipated to be ready for move in by December 2015, Milton

Hydro does not have any capitalized borrowing costs forecast in the 2016 Test Year. $???? was capitalized in the 2014 Historical Year and $???? in the 2015 Bridge Year relating to the purchase and renovation of Milton Hydro's new Service Centre and Administration Building. Milton Hydro uses the lesser of the quarterly prescribed interest rates posted by the OEB and the actual interest rate.

Components of Other Capital Expenditures

Milton Hydro does not have other capital expenditures, such as non-distribution activities, for which it needs to provide components.

CAPITALIZATION POLICY

Capitalization Policy Overview

Milton Hydro's current capitalization policies and principles are based on IFRS and guidelines set out by the Ontario Energy Board, where applicable. Milton Hydro converted to IFRS January 1, 2015 and as such the capitalization policy in effect for the 2015 Bridge Year and 2016 Test Year is compliant with MIFRS.

Milton Hydro reviewed its capitalization policy in anticipation of transitioning to IFRS; componentization of assets, depreciation changes and overheads were the focus of the review in light of the July 17, 2012 Board letter indicating that changes to depreciation expense and capitalization policies were required in 2013. Milton Hydro confirms that the changes to its capitalization policy are consistent with the Board's regulatory accounting policies as set out for MIFRS as contained in the *Report of the Board, Transition to International Financial Reporting Standards*, EB-2008-0408, the Kinectrics Report dated July 8, 2010, and the APH, effective January 1, 2013. Milton Hydro's external auditors have also deemed Milton Hydro's capitalization policy, including the overhead policy, to align with IFRS standards.

PP&E includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and other costs directly attributable to bringing the asset to a working condition for its intended use.

Assets with a cost in excess of $1,000 and expected to provide future economic benefit greater than one year will be capitalized. Expenditures that create a physical betterment or improvement

of an asset will be capitalized.

Guidelines for Capitalization

Capital Assets include property, plant, and equipment that are held for use in the production or supply of goods and services and provide a benefit lasting beyond one year. Capital expenditures also include the improvement or "betterment" of existing assets. Intangible assets are also considered capital assets and are defined as assets that lack physical substance. They include goodwill, patents, copyrights and computer software.

Betterment – a betterment is a cost which enhances the service potential of a capital asset and/or increases its value, and is therefore capitalized. A betterment includes expenditures which increase the capacity of the asset, lower associated operating costs of the asset, improve the quality of output or extend the asset's useful life. A betterment does not include general maintenance-related actions that seek to sustain an asset's current value.

Repairs - a repair is a cost incurred to maintain the service potential of a capital asset. Expenditures for repairs are expensed to the current operating period. Expenditures for repairs and/or maintenance designed to maintain an asset in its original state are not capital expenditures and are charged to an operating account.

Capitalization by Component

When parts or components of an item of property, plant and equipment have different useful lives, they are accounted for as individual items (major components) of property, plant and equipment. Component costs must be significant in relation to the total cost of the item and depreciated separately over the component's useful life. Components are those which: a) are significant in relation to the total cost of the item and b) have different depreciation methods or useful life.

Components with similar useful lives and depreciation methods are grouped in determining the depreciation charge. Parts of the item that are not individually significant (remainder of the items) are combined and categorized as a single component best suited for the sum of the parts.

Depreciation

Depreciation is recognized on a straight-line basis over the estimated useful life of each significant identifiable component of an item of property, plant and equipment. Land and Land

Rights are not depreciated. Construction in progress assets are not depreciated until the project is complete and in service.

Milton Hydro has used the principles in the Kinectrics Report as its basis for determining the estimated service life of assets. Depreciation of an asset begins in the year when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended. For rate setting purposes, in the first year of service, depreciation is calculated using the ½ year rule in accordance with the Board's Filing Requirements. Depreciation of an asset ceases when the asset is retired from active use, sold or is fully depreciated. Changes to Milton Hydro's depreciation policy are explained below under Changes to Capitalization Policy and in Exhibit 4 – Operating Costs.

Overhead Policy

Milton Hydro's overhead policy has been reviewed by its external auditors and has been deemed IFRS compliant.

Milton Hydro has reviewed and changed its overhead policy, including the capitalization component, to follow a more direct allocation of costs. Milton Hydro does not capitalize general administrative costs related to Administration or Finance.

Included in Milton Hydro's labour costs are those costs that are generally considered labour 'burden'. Milton Hydro's burden costs include vacation, statutory holidays, sick time, CPP, EI, OMERS contributions, health care and other employee benefits. Burden rates are forecasted by employee group (e.g. inside, outside) and are set-up in Milton Hydro's payroll system accordingly. Through the timesheet process, employees track their hours by work order or account number which designates whether the work is expensed or capitalized. Labour costs, including burden, are then directly charged to a specific project by employee based on the work executed in the field.

Stores, Inventory and Purchasing – the costs of this function are related to the labour associated with employees issuing material. Employees allocate their time directly to O&M and capital through the time sheet process by work order. Labour costs associated with capital must be directly attributable to a specific capital project.

Fleet Costs - these costs include costs associated with maintaining Milton Hydro's fleet of pick-up trucks, bucket trucks with aerial devices, radial boom derrick trucks and trailers. These

costs include fuel costs, repairs, parts, insurance, depreciation and all other items of expense necessary to keep the fleet in service and allowed to be recovered under IFRS. A fleet rate is determined on an annual basis for each vehicle type by using the hours determined in the budget process and allocation of the estimated budgeted allowable fleet costs. When a vehicle is used for a capital project, a fleet rate is charged based on the type of vehicle used multiplied by hourly usage of the vehicle. These costs are expensed or capitalized directly to the specific project through the timesheet process by work order.

Engineering & Operations Administration – Employees allocate their time directly to O&M and capital through the time sheet process by work order. Labour costs associated with capital must be directly attributable to a specific capital project. Recovery of Engineering and Operations Administration are no longer part of burden accounts and subsequently not part of capital cost.

Changes to Capitalization Policy

Changes have been made to Milton Hydro's capitalization policy since the last rebasing application in 2011 as a result of the Board's letter dated July 17, 2012 and the changes have impacted overheads, componentization, depreciation and Contributed Capital. Changes made as a result of the direction provided by the Board in this letter have been tracked in Account 1576 and are explained in further detail in Exhibit 9 – Deferral and Variance Accounts.

Overhead Policy Changes

Milton Hydro retained the services of KPMG to assist with determining overhead policy changes required under IFRS. Milton Hydro's capitalization policy has been reviewed and approved as IFRS compliant by Milton Hydro's external auditors and as such costs have been recorded in Account 1576 for CGAAP changes with regards to capitalization policy changes. Milton Hydro no longer uses a burden account to capitalize Engineering, Operations Administration (including Stores) and Health, Safety and Environment costs, only costs directly attributable to a specific capital project are capitalized.

Componentization and Depreciation Changes

Milton Hydro retained the services of KPMG to assist with determining the level of PP&E componentization required under IFRS, establishing updated useful lives referencing the

Kinectrics Report and examining whether any changes to componentization and depreciation were required as part of the planned conversion to MIFRS. A significant amount of analysis was done with regards to asset componentization and the related impacts on depreciation.

In March 2013, another IFRS deferral was granted to 2014 but on July 17, 2012 the OEB issued a letter advising LDCs that changes to depreciation rates and capitalization policies that would have been implemented under IFRS could be made in 2012 under CGAAP (i.e. effective January 1, 2012), and must be made no later than 2013 (i.e. effective January 1, 2013), regardless of whether the AcSB permits further deferrals for the changeover to IFRS. Milton Hydro elected to make the depreciation rates and capitalization policy changes effective January 1, 2013.

KPMG and Milton Hydro worked together to determine an appropriate level of componentization on historical assets and an assessment of remaining useful lives that incorporated all material components of historical costs. Milton Hydro proceeded to incorporate historical assets from the analysis into its fixed asset sub ledger with depreciation calculating automatically by asset component within the sub ledger on a go-forward basis. The adjustments made to Milton Hydro's service lives had a significant impact on Milton Hydro's depreciation expense and this change which is recorded in Account 1576 is explained in detail in Exhibit 9 – Deferral and Variance Accounts.

Milton Hydro has used the principles in the Kinectrics Report as its basis for determining the estimated service life of assets. Any asset with deviations between Milton Hydro's Useful Life and the Kinectric's Useful Life Range have been identified and detailed in EXHIBIT 4 Table 4-43. Depreciation of an asset begins in the year when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended. For both financial statement reporting and rate setting purposes, Milton Hydro has utilized the commonly used ½ year rule for the calculation of depreciation on capital asset based on the year that the asset is deemed in-service. Under this rule, capital assets additions are assumed to be put into service equally throughout the year, therefore, on average depreciation starts at the midpoint of the acquisition, or in-service, year. 2016 Test Year Depreciation is calculated using the ½ year rule. Depreciation of an asset ceases when the asset is retired from active use, sold or is fully depreciated.

Customer Contributions Changes

Under CGAAP, Milton Hydro recorded customer contributions as an offset to the Cost of Capital Assets and amortized accordingly. Under MIFRS, Milton Hydro cannot capitalize these customer contributions as part of its net capital assets, but instead will classify the contributions as a deferred revenue liability and amortize the costs to revenue over the life of the asset the contribution relates to. For financial reporting purposes, Milton Hydro has classified forecasted Customer Contributions for the 2015 Bridge Year and 2016 Test Year as deferred revenue and amortized the contribution to revenue over the life of the related asset. For rate setting purposes, these costs are included as an offset to rate base and the related amortized revenue as an offset to depreciation expense. Historical Contributed Capital costs are included in Account 1995 and Forecasted Contributed Capital costs are included as Account 2440, however, both are included in the Fixed Asset Continuity Schedules and within the Rate Base calculation.

Capitalization of Overhead

Overview

Milton Hydro, along with its consultant KPMG, performed an analysis of all costs that were being capitalized under CGAAP in order to determine whether these costs were eligible for capitalization under IFRS. As discussed above in the "Capitalization Policy Overview" section, changes were required to the capitalization of overhead as a result of the transition to IFRS and that the policy as explained above is compliant with IFRS requirements.

Table 2-28 provided below, which is consistent with Board Appendix 2-D, has been completed to show Milton Hydro's OM&A costs prior to, and after, the allocation of costs for the Engineering and Operations/Fleet Administration Departments, and Employee Benefits to capital construction projects.

Burden Rates

Table 2-29 below summarizes the historical and forecasted overhead rates related to the capitalization of costs on self-constructed assets. The rates are changed and updated periodically to reflect actual costs or changed circumstances.

Milton Hydro has two types of overhead costs that are capitalized: (i) Fleet and (ii) Stores. Milton Hydro also capitalizes payroll benefits for applicable employees; however, these costs

are directly allocated to capital through a burden rate in the payroll system. Milton Hydro has budgeted payroll benefits and a resulting overhead percentage and these are attached to the employee within the payroll system. Thus, the benefits are attached to each employee hour and directly charged to Capital, OM&A or recoverable as applicable.

As described previously, Milton Hydro does not allocate any indirect costs associated with Finance, Information Systems Technology, or the Administration department to capital.

Table 2-28
Overhead Expense

Appendix 2-D
Overhead Expense

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

OM&A Before Capitalization	2012 Historical Year	2013 Historical Year	2014 Historical Year	2015 Bridge Year	2016 Test Year
Administration	$ 4,551,872	$ 4,885,004	$ 5,542,270	$ 6,452,043	$ 6,168,575
Operation Costs	$ 2,041,575	$ 3,326,491	$ 2,455,902	$ 3,063,841	$ 3,175,727
Operation - Stores, Fleet	$ 355,354	$ 387,910	$ 440,564	$ 294,696	$ 313,560
Engineering Costs	$ 1,000,680	$ 716,843	$ 869,928	$ 1,050,752	$ 1,069,032
Total OM&A Before Capitalization (B)	$ 7,949,481	$ 9,316,248	$ 9,308,664	$ 10,861,332	$ 10,726,894

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

Capitalized OM&A	2012 Historical Year	2013 Historical Year	2014 Historical Year	2015 Bridge Year	2016 Test Year	Directly Attributable? (Y/N)	Explanation for Change in Overhead Capitalized
Administration	$ -	$ -	$ -	$ -	$ -	Y	MIFRS no longer allowed to capitalize these cost
Operation Costs	$ 235,834	$ 569,638	$ 357,261	$ 412,369	$ 453,545	Y	MIFRS no longer allowed to capitalize these cost
Operation -Fleet	$ 58,417	$ 149,698	$ 252,480	$ 182,520	$ 201,636	Y	MIFRS no longer allowed to capitalize these cost
Engineering Costs	$ 893,238	$ 160,939	$ 155,028	$ 213,302	$ 168,326	Y	MIFRS no longer allowed to capitalize these cost
employee benefits							
costs of site preparation							
initial delivery and handling costs							
costs of testing whether the asset is functioning properly							
professional fees							
costs of opening a new facility							
costs of introducing a new product or service (including costs of advertising and promotional activities)							
costs of conducting business in a new location or with a new class of customer (including costs of staff training)							
administration and other general overhead costs							
Insert description of additional item(s) and new rows if needed							
Total Capitalized OM&A (A)	$ 1,187,489	$ 880,275	$ 764,768	$ 808,191	$ 823,507		
% of Capitalized OM&A (=A/B)	15%	9%	8%	7%	8%		

OM&A After Capitalization -	2012 Historical Year	2013 Historical Year	2014 Historical Year	2015 Bridge Year	2016 Test Year
Administration	$ 2,210,120	$ 3,550,969	$ 3,001,627	$ 3,601,098	$ 3,734,812
Operation Costs	$ 1,805,605	$ 1,912,502	$ 2,071,191	$ 2,288,854	$ 2,194,699
Operation -Fleet					
Engineering Costs	$ 2,788,353	$ 2,972,502	$ 3,471,079	$ 4,163,189	$ 3,973,877
	$ 6,804,078	**$ 8,435,973**	**$ 8,543,897**	**$ 10,053,141**	**$ 9,903,387**

Table 2-29

Overhead Rates

Description	Unit	2011 Board Approved CGAAP	2011 Actual CGAAP	2012 Actual CGGAP	2013 Actual MIFRS	2014 Actual MIFRS	2015 Bridge MIFRS	2016 Test MIFRS
Burden Rates:								
Payroll Benefits - O/S Union	Lineman Direct Labour $$	0.77	0.78	0.87	0.89	0.87	0.72	0.72
Payroll Benefits - I/S Union	Employee Direct Labour $$	0.23	0.23	0.23	0.23	0.23	0.23	0.23
Overhead Rates:								
Engineering/Operations	Lineman Direct Labour $$	1.35	1.35	1.51	0.34	0.35	0.32	0.30
Stores	Material $$	0.15	0.15	0.14	n/a	n/a	n/a	n/a
Vehicle	Vehicle Hours	$ 18	$ 18	$ 18				
Double Bucket	Direct cost to Job				$ 80	$ 80	$ 80	$ 80
Single Bucket	Direct cost to Job				$ 27	$ 27	$ 27	$ 27
Pick Up	Direct cost to Job				$ 11	$ 11	$ 11	$ 11
Digger Derrick	Direct cost to Job				$ 56	$ 56	$ 56	$ 56
Box Truck	Direct cost to Job				$ 11	$ 11	$ 11	$ 11

COSTS OF ELIGIBLE INVESTMENTS FOR THE CONNECTION OF QUALIFYING GENERATION FACILITIES

Milton Hydro has not incurred any costs for the connection of qualifying generation facilities.

NEW POLICY OPTIONS FOR THE FUNDING OF CAPITAL

On September 18, 2014, the Board released *Report of the Board New Policy Options for the Funding of Capital Investments: The Advanced Capital Module* and in it the Board has established the following mechanism to assist distributors in aligning capital expenditure timing and prioritization with rate predictability and smoothing:

> The review and approval of business cases for incremental capital requests that are subject to the criteria of materiality, need and prudence are advanced to coincide with the distributor's cost of service application. To distinguish this from the Incremental Capital Module ("ICM"), this new mechanism will be named the Advanced Capital Module (or "ACM").
>
> Advancing the reviews of eligible discrete capital projects, included as part of a distributor's Distribution System Plan and scheduled to go into service during the IR term, is expected to facilitate enhanced pacing and smoothing of rate impacts, as the

distributor, the Board and other stakeholders will be examining the capital projects over the five-year horizon of the DSP.

Milton Hydro does not have any discrete capital projects within the five-year horizon that it believes would require this new policy option. The capital investment required by Milton Hydro from 2017 through 2020 is relatively flat and Milton Hydro believes it can be managed through the rates proposed within this Application.

ADDITION OF ICM ASSETS TO RATE BASE

Milton Hydro has not applied for approval of ICM Assets and therefore has no such assets added to its rate base.

SERVICE QUALITY AND RELIABILITY PERFORMANCE

Milton Hydro follows the Board's Reporting and Record Keeping Requirements Guideline to report its service quality indicators annually. In accordance with the Filing Requirements, Table 2-30 is provided below and is consistent with Board Appendix 2-G, Service Quality Indicators. The table provides the performance measurements for the last five (5) historical years – 2010 through 2014.

Milton Hydro's service quality performance consistently exceeds the OEB's approved standards as set out in the 2006 Electricity Distribution Rate Handbook, Chapter 15 – Service Quality Regulation. While Milton Hydro experienced three major weather related storms in 2013 (April, July and December), Milton Hydro's reliability performance indices have been provided with and without the December 2013 ice storm which resulted in up to seven (7) days without electricity for many customers. Milton Hydro's five (5) year average remains within the range of its historical performance.

Milton Hydro has no control over the increase in the number of and severity of weather related events and the damage such events may cause not just to Milton Hydro's distribution system but also to the supply of electricity. Milton Hydro is making appropriate capital investments in the automation of its system through the installation of WiMax capable switches and fault indicators

which will enable Milton Hydro to reduce the number of customers impacted by power outages through the remote operation of its equipment. This capital investment is in line with the results of the customer engagement where 81% of Residential and 79% of General Service customers agree that Milton Hydro should invest now in modernizing its electricity system infrastructure to minimize the number of people impacted by outages and to quickly restore electricity to most customers

Table 2-30 Service Quality and Reliability Performance
Appendix 2-G
Service Reliability Indicators
2010 - 2014

(Includes the 2013 Ice Storm)

Index	Including outages caused by loss of supply					Excluding outages caused by loss of supply				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
SAIDI	0.685	1.397	0.885	8.410	1.230	0.546	1.046	0.815	7.940	1.223
SAIFI	0.735	1.307	1.105	1.020	1.059	0.397	1.118	1.051	0.990	1.056

5 Year Historical Average				
SAIDI		2.521		2.314
SAIFI		1.045		0.922

SAIDI = System Average Interruption Duration Index
SAIFI = System Average Interruption Frequency Index

(Excludes the 2013 Ice Storm)

Index	Including outages caused by loss of supply					Excluding outages caused by loss of supply				
	2010	2011	2012	2013	2014	2010	2011	2012	2013	2014
SAIDI	0.685	1.397	0.885	1.690	1.230	0.546	1.046	0.815	1.520	1.223
SAIFI	0.735	1.307	1.105	0.680	1.059	0.397	1.118	1.051	0.660	1.056

5 Year Historical Average				
SAIDI		1.177		1.030
SAIFI		0.977		0.856

SAIDI = System Average Interruption Duration Index
SAIFI = System Average Interruption Frequency Index

Indicator	OEB Minimum Standard	2010	2011	2012	2013	2014
Low Voltage Connections	90.0%	99.10%	99.00%	98.60%	98.00%	99.50%
High Voltage Connections	90.0%	n/a	n/a	n/a	n/a	n/a
Telephone Accessibility	65.0%	79.00%	76.80%	82.60%	74.50%	77.80%
Appointments Met	90.0%	0%	100%	100%	99.70%	99.80%
Written Response to Enquires	80.0%	100%	100%	100%	100%	100%
Emergency Urban Response	80.0%	100%	100%	100%	100%	100%
Emergency Rural Response	80.0%	100%	100%	100%	100%	100%
Telephone Call Abandon Rate	10.0%	1.90%	0%	0.10%	5.70%	2.60%
Appointment Scheduling	90.0%	100%	100%	96.70%	94.30%	96.90%
Rescheduling a Missed Appointment	100.0%	n/a	n/a	n/a	n/a	100%
Reconnection Performance Standard	85.0%	0%	94.80%	93.10%	91.20%	95.10%