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1 Overview of Cost Trends

2 **Ex.4/Tab 1/Sch.1 - Overview of Operating Expenses**

3 OM&A costs in this application represent Wasaga Distribution Inc.'s ("WDI") integrated set of
4 asset maintenance and customer activity needs to meet public and employee safety objectives,
5 to comply with the Distribution System Code ("DSC"), environmental requirements and
6 Government direction, and to maintain distribution business service quality and reliability at
7 targeted performance levels. These costs represent the reasonably incurred cost to provide
8 services to customers connected to WDI's distribution system, and to meet the service levels
9 stipulated in the Standard Supply Service Code and the Retailer Settlement Codes.

10 WDI's affiliate Wasaga Resource Services Inc. ("WRSI") is a service company that provides all
11 the manpower required by WDI to operate its distribution system. The costs for these services
12 are passed through to WDI at a cost set out in the Master Service Agreement ("MSA") that is
13 included in Exhibit 4, Attachment A. This MSA was rewritten for the first time in January 2013
14 and has maintained the same calculation from the original MSA of November 2001 which allows
15 for increases based on customer growth and increased Distribution Revenue. However, both
16 WDI & WRSI Board of Directors felt that the MSA should be reviewed. Based on that review a
17 CPI increase from 2001 was taken into consideration and a return on capital for the assets
18 WRSI uses for major software investments, vehicles and tools specifically related to WDI. These
19 costs are then allocated to WDI on an actual cost basis plus a return to WRSI.

20 WRSI/WDI uses the MSA to track costs for operations, maintenance, capital, and administration
21 with timesheets. WDI continues to use the methods of allocation of WRSI costs in its 2012 COS
22 Application.

23 Administration costs for WDI and for Regulatory issues are take up a large amount of staff and
24 management time and are a direct cost borne by WDI as set out in the MSA. As a result there is
25 still a trending shift in cost areas of Management, Billing and Collecting.

26 As required in the Affiliate Relationship Code ("ARC"), WDI has one third of its Board of
27 Directors as an Independent Director.

1 As shown in Table 4-1 below, WDI increase in OM&A spending from its 2012 Cost of Service
 2 (“COS”) to the 2016 Test Year amounts to \$525,522 or 20.61% over the last 4 years or a simple
 3 average of 5.15% per year.

4 In WDI’s 2012 COS application (EB-2011-0103), WDI actually forecast OM&A spending of
 5 \$2,081,831 and during settlement WDI’s spend was reduced to \$2,549,236. WDI’s actual 2012
 6 spend for 2012 ended up being \$2,794,068 which was very close to the original application.
 7 This meant that WDI in its original 2012 rate application basically operated as WDI had
 8 forecasted it would. If the above analysis is compared to the 2012 actual OM&A costs (since
 9 those are the real costs of running WDI as it was stated and the actions support it) \$3,074,782
 10 divided by \$2,794,068 is 10% which is 2.5% and this percentage is very close to inflation values.

Table 4.1 - 2016 vs. 2012 Board Approved

| | 2012 Board Approved | 2016 | Variance from Board Approved |
|---|---------------------|-----------|------------------------------|
| Operations | 49,002 | 77,011 | 28,009 |
| Maintenance | 638,821 | 795,181 | 156,360 |
| Billing and Collecting | 881,150 | 1,027,236 | 146,086 |
| Community Relations | 9,800 | 17,803 | 8,003 |
| Administrative and General (Includes LEAP) | 970,463 | 1,157,551 | 187,088 |
| Total OM&A Expenses | 2,549,236 | 3,074,782 | 525,546 |
| Percent change (year over year) | | 20.62% | |

12
 13 The majority of the increase can be attributed to maintenance (approx. \$156,400) of the
 14 distribution system. Maintenance costs can include such activities as repairs, inspections,
 15 testing and cleaning are for the most part aimed at an increase in maintenance on overhead
 16 and underground assets. Billing and Collecting shows an increase of approximately \$145,000
 17 and Administration/General shows an increase of approximately \$185,000. The major
 18 contributor to the increase in Billing/Collecting is increased labour/benefit costs and Bad Debt.
 19 Administration costs are mainly driven by increases in regulatory time and expenses and
 20 increased labour/benefit costs.

21 The overall cost driver between all years is the Master Service Agreement, for 2016 the
 22 increased percentage increase was 4.4% based on the CPI of 2% and budgeted increase in

- 1 distribution revenue and customer growth. Salaries for non-union staff are adjusted in
2 accordance with the Collective Agreement which can be found in Attachment B of this Exhibit.
- 3 The variance used to determine the OM&A accounts requiring analysis as described by the
4 Filing Requirements issued July 16, 2015 is \$50,000 for a distributor with revenue less than or
5 equal to \$10 million. WDI will provide analysis for all variances greater than \$50,000 for OM&A.
- 6 OEB Appendix 2-JA below shows a summary of Wasaga Distribution Inc. Operations,
7 Maintenance and Administrative (“OM&A”) costs as required by the OEB’s filing guidelines.

Appendix 2 - JA - Summaries of Recoverable OM&A Expenses

| | Last Rebasings Year (2012 Board- Approved) | Last Rebasings Year (2012 Actuals) | 2013 Actuals | 2014 Actuals | 2015 Bridge Year | 2016 Test Year |
|--|--|--|---------------------|---------------------|---------------------|---------------------|
| <i>Reporting Basis</i> | CGAAP | CGAAP | CGAAP | MIFRS | MIFRS | MIFRS |
| Operations | \$ 49,002 | \$ 74,969 | \$ 68,206 | \$ 56,210 | \$ 72,958 | \$ 77,011 |
| Maintenance | \$ 638,821 | \$ 730,688 | \$ 708,240 | \$ 720,468 | \$ 755,540 | \$ 795,181 |
| SubTotal | \$ 687,823 | \$ 805,657 | \$ 776,446 | \$ 776,678 | \$ 828,498 | \$ 872,192 |
| %Change (year over year) | | | -3.6% | 0.0% | 6.7% | 5.3% |
| %Change (Test Year vs Last Rebasings Year - Actual) | | | | | | 8.3% |
| Billing and Collecting | \$ 881,150 | \$ 1,005,998 | \$ 861,285 | \$ 941,897 | \$ 993,050 | \$ 1,027,236 |
| Community Relations | \$ 9,800 | \$ 11,652 | \$ 4,804 | \$ 7,473 | \$ 10,803 | \$ 17,803 |
| Administrative and General | \$ 970,463 | \$ 970,761 | \$ 1,056,736 | \$ 1,092,522 | \$ 1,118,729 | \$ 1,157,551 |
| SubTotal | \$ 1,861,413 | \$ 1,988,411 | \$ 1,924,825 | \$ 2,041,892 | \$ 2,122,582 | \$ 2,202,590 |
| %Change (year over year) | | | -3.2% | 6.1% | 4.0% | 3.8% |
| %Change (Test Year vs Last Rebasings Year - Actual) | | | | | | 10.8% |
| Total | \$ 2,549,236 | \$ 2,794,068 | \$ 2,701,271 | \$ 2,818,569 | \$ 2,951,080 | \$ 3,074,782 |
| %Change (year over year) | | | -3.3% | 4.3% | 4.7% | 4.2% |

Summary and Cost Driver Tables

Ex.4/Tab 2/Sch.1 - Cost Driver Tables

In accordance with the OEB's minimum filing requirements, OEB Appendix 2-JB, below, outlines the key drivers of OM&A costs over the 2012 to 2016 period. The majority of the increase in costs is associated with the increases in the Master Service Agreement based on Distribution Revenue, Customer Growth and CPI. On the following pages are the explanations of year over year cost drivers. WDI will provide analysis for all variances greater than \$50,000.

OEB Appendix 2-JB - Recoverable OM&A Cost Driver Table

| OM&A | Last Rebasing Year (2012 Actuals) | 2014 Actuals | 2015 Bridge Year | 2016 Test Year |
|--|-----------------------------------|--------------|------------------|----------------|
| <i>Reporting Basis</i> | <i>CGAAP</i> | <i>MIFRS</i> | <i>MIFRS</i> | <i>MIFRS</i> |
| Opening Balance | \$ 2,549,236 | \$ 2,701,271 | \$ 2,818,569 | \$ 2,951,080 |
| Non MSA | | | | |
| Prior Period Smart Meter Expenses 2008 - 2011 Disposition - EB-2011-0103 | \$ 150,949 | \$ - | \$ - | \$ - |
| Collection Expenses - Bad Debt (Decreases)/Increases | -\$ 18,000 | \$ 25,000 | \$ 15,000 | \$ - |
| Third Party Service Providers | \$ 8,000 | -\$ 30,000 | \$ - | \$ - |
| Updated Collection Process | \$ - | \$ - | \$ - | \$ - |
| Governance Practices | \$ - | -\$ 3,000 | \$ 3,000 | \$ - |
| Regulatory Requirements | \$ - | \$ 25,000 | \$ 21,000 | \$ 10,000 |
| Inflation impact on Non MSA Expenses | \$ - | \$ 11,500 | \$ 12,300 | \$ 13,000 |
| System Monitoring Services | \$ - | \$ - | \$ 8,000 | \$ - |
| MSA Adjustments | | | | |
| Master Service Agreement contractual increases | \$ 95,000 | \$ 88,304 | \$ 70,819 | \$ 102,664 |
| | | | | |
| | | | | |
| | | | | |
| Miscellaneous Remaining Balance | \$ 8,883 | \$ 494 | \$ 2,392 | -\$ 1,962 |
| Closing Balance | \$ 2,794,068 | \$ 2,818,569 | \$ 2,951,080 | \$ 3,074,782 |

2012 Cost Drivers compared to 2012 Board Approved:

Smart Meter Expenses from WDI's COS Rate Application (EB-2011-0103) were approved outside of the OM&A expenses approved and were fully expensed in 2012. The total cost for disposition of the Smart Meter expenses was \$150,000.

Master Service Agreement has an increase of \$95,000 based on an additional 198 customers and \$350,000 additional Distribution Revenue.

The following formula explains how the MSA is calculated from year to year:

1 **MSA**= (Residential Revenue/Residential Customer Count) x Increase in Residential
2 Customers x 0.8 **PLUS** (GS Revenue/GS Customer Count) x Increase in GS Customers
3 x 0.8 **PLUS** MSA Total from Previous Year.

4 **2013 Cost Drivers:**

5 **Master Service Agreement** has an increase of \$73,000 based on an additional 277
6 customers and \$470,000 additional Distribution Revenue and a CPI increase of 1.009.

7 **Smart Meter Expenses** were approved to be expensed in 2012 and therefore, the cost
8 was not there in 2013.

9 **2014 Cost Drivers:**

10 **Master Service Agreement** has an increase of \$88,000 based on an additional 169
11 customers and \$220,000 additional Distribution Revenue and a CPI increase of 1.0258.

12 **2015 Cost Drivers:**

13 **Master Service Agreement** has an increase of \$71,000 based on an additional 251
14 customers and \$0 additional Distribution Revenue and a CPI increase of 1.02.

15 **2016 Cost Drivers:**

16 **Master Service Agreement** has an increase of \$103,000 based on an additional 255
17 customers and \$0 additional Distribution Revenue and a CPI increase of 1.02.

18

19

20

1 **Ex.4/Tab 2/Sch.2 - OM&A Variance Analysis**

2 Table 4.2 shows the year over year variances of OM&A expenses from the 2012 Board
 3 Approved to the 2016 Test Year. A variance analysis of expenses exceeding the materiality
 4 threshold of \$50,000 follows the table.

5 **Table 4.2 - Summary of Recoverable OM&A Expenses**

| | Last Rebasing Year (2012 Board-Approved) | Last Rebasing Year (2012 Actuals) | 2013 Actuals | 2014 Actuals | 2015 Bridge Year | 2016 Test Year |
|--|--|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| <i>Reporting Basis</i> | CGAAP | CGAAP | CGAAP | MIFRS | MIFRS | MIFRS |
| Operations | \$ 49,002 | \$ 74,969 | \$ 68,206 | \$ 56,210 | \$ 72,958 | \$ 77,011 |
| Maintenance | \$ 638,821 | \$ 730,688 | \$ 708,240 | \$ 720,468 | \$ 755,540 | \$ 795,181 |
| SubTotal | \$ 687,823 | \$ 805,657 | \$ 776,446 | \$ 776,678 | \$ 828,498 | \$ 872,192 |
| %Change (year over year) | | | -3.6% | 0.0% | 6.7% | 5.3% |
| %Change (Test Year vs Last Rebasing Year - Actual) | | | | | | 8.3% |
| Billing and Collecting | \$ 881,150 | \$ 1,005,998 | \$ 861,285 | \$ 941,897 | \$ 993,050 | \$ 1,027,236 |
| Community Relations | \$ 9,800 | \$ 11,652 | \$ 4,804 | \$ 7,473 | \$ 10,803 | \$ 17,803 |
| Administrative and General | \$ 970,463 | \$ 970,761 | \$ 1,058,736 | \$ 1,092,522 | \$ 1,118,729 | \$ 1,157,551 |
| SubTotal | \$ 1,861,413 | \$ 1,988,411 | \$ 1,924,825 | \$ 2,041,892 | \$ 2,122,582 | \$ 2,202,590 |
| %Change (year over year) | | | -3.2% | 6.1% | 4.0% | 3.8% |
| %Change (Test Year vs Last Rebasing Year - Actual) | | | | | | 10.8% |
| Total | \$ 2,549,236 | \$ 2,794,068 | \$ 2,701,271 | \$ 2,818,569 | \$ 2,951,080 | \$ 3,074,782 |
| %Change (year over year) | | | -3.3% | 4.3% | 4.7% | 4.2% |

6

Table 4.3 - 2012 Actual vs. 2012 Board Approved

| | 2012 Board Approved | 2012 | Variance from Board Approved |
|---|---------------------|-----------|------------------------------|
| Operations | 49,002 | 74,969 | 25,967 |
| Maintenance | 638,821 | 730,688 | 91,867 |
| Billing and Collecting | 881,150 | 1,005,998 | 124,848 |
| Community Relations | 9,800 | 11,652 | 1,852 |
| Administrative and General (Includes LEAP) | 970,463 | 970,761 | 298 |
| Total OM&A Expenses | 2,549,236 | 2,794,068 | 244,832 |
| Percent change (year over year) | | 9.60% | |

7

8 **2012 Board Approved vs. 2012 Actual**

9

10 The material variances above the 2012 Board Approved to the 2012 Actual include:

11

- Maintenance – WDI received its approval for the COS rate application late in 2012 which made it difficult to control costs. There was an increase in labour hours in the

12

1 areas of Overhead & Underground Services and Line Transformer Maintenance for
 2 \$135,000 and a decrease in labour hours for Maintenance of Poles, Towers & Fixtures
 3 for \$45,000.

- 4 • Billing and Collecting – WDI received approval (EB-2011-0103) for disposition and
 5 recovery of costs related to the Smart Meter implementation for capital and OM&A
 6 costs effective November 29, 2012. The APH required that all Smart Meter Operating
 7 Costs, for the period 2009-2011, which were recorded in a deferral account, be
 8 recorded in 2012. This created a variance in the Billing and Collecting accounts for
 9 \$130,000 and in the Maintenance accounts for \$20,000.

Table 4.4: 2013 Actual vs. 2012 Actual

| | 2012 | 2013 | Variance |
|---|-----------|-----------|--------------|
| Operations | 74,969 | 68,206 | - 6,763 |
| Maintenance | 730,688 | 708,240 | - 22,448 |
| Billing and Collecting | 1,005,998 | 861,285 | - 144,713 |
| Community Relations | 11,652 | 4,804 | - 6,848 |
| Administrative and General (Includes LEAP) | 970,761 | 1,058,736 | 87,975 |
| Total OM&A Expenses | 2,794,068 | 2,701,271 | - 92,797 |
| Percent change (year over year) | | -3.32% | |

11 **2013 Actual vs. 2012 Actual**

12 The material variances from the 2012 Actual to the 2013 Actual include:

- 13 • Billing and Collecting – With the removal of the additional Smart Meter disposition costs
 14 in 2013 this set of accounts reduced by \$145,000 to normal spending levels.
- 15 • Administration and General – There was an increase in labour hours in this area from
 16 the addition of hours to two positions which resulted in an overall increase of \$60,000.
 17 The Miscellaneous General Expenses had a \$10,000 overall increase due to an
 18 increase in membership fees.
 19
 20
 21

Table 4.5: 2014 Actual vs. 2013 Actual

| | 2013 | 2014 | Variance |
|---|-----------|-----------|----------|
| Operations | 68,206 | 56,210 | 11,996 |
| Maintenance | 708,240 | 720,468 | 12,228 |
| Billing and Collecting | 861,285 | 941,897 | 80,612 |
| Community Relations | 4,804 | 7,473 | 2,669 |
| Administrative and General (Includes LEAP) | 1,058,736 | 1,092,522 | 33,786 |
| Total OM&A Expenses | 2,701,271 | 2,818,569 | 117,298 |
| Percent change (year over year) | | 4.34% | |

2014 Actual vs. 2013 Actual

The material variances from the 2013 Actual to the 2012 Actual include:

- Billing and Collecting – There were small increases overall in this area but two of the larger increases related to an increase in paper stock and the implementation of File Nexus for document storage and retention.

Table 4.6 - 2015 Bridge Year vs. 2014 Actual

| | 2014 | 2015 | Variance |
|---|-----------|-----------|----------|
| Operations | 56,210 | 72,958 | 16,748 |
| Maintenance | 720,468 | 755,540 | 35,072 |
| Billing and Collecting | 941,897 | 993,050 | 51,153 |
| Community Relations | 7,473 | 10,803 | 3,330 |
| Administrative and General (Includes LEAP) | 1,092,522 | 1,118,729 | 26,207 |
| Total OM&A Expenses | 2,818,569 | 2,951,080 | 132,510 |
| Percent change (year over year) | | 4.70% | |

2015 Bridge vs. 2014 Actual (reference Table 4.5)

The material variances from the 2015 Bridge Year to the 2014 Actual include:

- Billing and Collecting – There were small increases overall in this area as in 2014. The increases that ranged from \$5,000 to \$15,000 included postage, bill print fees, labour costs and bad debt expenses.

Table 4.7 - 2016 Test Year vs. 2015 Bridge Year

| | 2015 | 2016 | Variance |
|--|------------------|------------------|----------------|
| Operations | 72,958 | 77,011 | 4,053 |
| Maintenance | 755,540 | 795,181 | 39,641 |
| Billing and Collecting | 993,050 | 1,027,236 | 34,186 |
| Community Relations | 10,803 | 17,803 | 7,000 |
| Administrative and General (Includes LEAP) | 1,118,729 | 1,157,551 | 38,822 |
| Total OM&A Expenses | 2,951,080 | 3,074,782 | 123,702 |
| Percent change (year over year) | | 4.19% | |

1

2 **2016 Test vs. 2015 Bridge (reference Table 4.6)**

3 Between the 2016 Test Year to the 2015 Bridge Year there are no significant material variances.

4

5 There is no effect on WDI's OM&A expenses due to changes in capitalization as burdens have
6 not been capitalized by WDI as WDI does not build their assets.

7 OEB Appendix 2-L Recoverable OM&A Cost per Customer and per FTE, outlines the cost per
8 customer per full time employee. This information is provided for the 2012 to 2016 period, in
9 accordance with the OEB's minimum filing requirements, discussions of cost per customer
10 follows the Appendix.

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

| | Last Rebasing Year - 2012- Board Approved | Last Rebasing Year - 2012- Actual | 2013 Actuals | 2014 Actuals | 2015 Bridge Year | 2016 Test Year |
|--|---|---|---------------|---------------|---------------------|-------------------|
| Reporting Basis | CGAAP | CGAAP | CGAAP | MIFRS | MIFRS | MIFRS |
| Number of Customers ^{2,4} | 15,009 | 15,063 | 15,420 | 15,689 | 15,897 | 16,126 |
| Total Recoverable OM&A from Appendix 2-JB | \$ 2,549,236 | \$ 2,794,068 | \$ 2,701,271 | \$ 2,818,569 | \$ 2,951,080 | \$ 3,074,782 |
| OM&A cost per customer | \$ 169.85 | \$ 185.49 | \$ 175.18 | \$ 179.65 | \$ 185.63 | \$ 190.67 |
| Number of FTEs ^{3,4} | 20 | 20 | 19.5 | 19.5 | 19.1 | 19 |
| Customers/FTEs | 750.45 | 753.15 | 790.77 | 804.56 | 832.33 | 848.74 |
| OM&A Cost per FTE | \$ 127,461.80 | \$ 139,703.40 | \$ 138,526.72 | \$ 144,542.02 | \$ 154,506.80 | \$ 161,830.62 |

12

13 WDI is a virtual utility with no employees. However, under Chapter 2 of the OEB Filing
14 Requirements it states "Applicants which are virtual utilities (i.e. utilities which have outsourced

1 *the majority of functions, including employees, to affiliates) must also complete the appendix in*
2 *relation to the employees who are doing the work for the regulated utility.”* WDI has complied
3 with this direction in the provision of this Appendix and Appendix 2-K – Employee Costs.

4 As shown in the OEB appendix above, the OM&A cost per customer in the Test Year has
5 increased by approximately \$21.00 per customer since the 2012 Board Approved costs.

6 However, as stated on page 4 of this Exhibit, If you compare the increase from 2012 actual
7 spend the increase would be very modest at \$5.18 per customer.

8 According to the 2014 Yearbook of Electricity Distributors released July 31, 2015, WDI's 2014
9 OM&A cost per customer is well below the provincial average of \$339.

10

11

12

13

14

15

16

1 Program Delivery Costs with Variance Analysis

2 **Ex.4/Tab 3/Sch.1 - Program Description**

3 The following section describes programs which Wasaga Distribution Inc. is in the process of
4 adopting. The categorization of USoA account/functions has been based on the RRFE
5 categories, Customer Focus, Operational Effectiveness and Public & Regulatory
6 Responsiveness.

7 Program Overview

8 WDI aims to meet or exceed the system maintenance and inspection requirements of
9 the DSC in order to minimize subsequent repair and/or replacement costs. Section 4.4.1,
10 of the DSC states:

11 “A distributor shall maintain its distribution system in accordance with good utility
12 practice and performance standards to ensure reliability and quality of electricity service,
13 on both a short-term and long-term basis.”

14 The following OM&A programs are consistent with good utility practices.

15 **Customer Focus**

- 16 • Customer Premise
- 17 • Community Relations
- 18 • Bad Debts
- 19 • Billing, Collecting, Customer Service
- 20 • Service Locates

21 **Operational Effectiveness**

- 22 • Meter Maintenance & Readings
- 23 • Overhead Maintenance
- 24 • Underground Maintenance
- 25 • Engineering

- 1 • Education, Health & Safety
- 2 • Distribution Station Maintenance
- 3 • Fleet Costs
- 4 • Building Maintenance
- 5 • Vegetation Management
- 6 • Administration & Financial

7 **Public and Regulatory Responsiveness**

- 8 • Governance
- 9 • Regulatory Compliance
- 10 • Legal & Financial
- 11 • Smart Meter OM&A Disposition
- 12 • Insurance
- 13 • Other

14 Each program is discussed further below.

15 **CUSTOMER FOCUS**

16 **Customer Premise:**

17 As stated in WDI's strategic plan for Customer Focus: "Dedication to continuing provision of
18 excellence in all facets of customer service including billing and service inquiries." Part of WDI's
19 customer focus is to record costs associated with going to a customer's property to deal with
20 service complaints and inspecting premises for wiring. WDI has seen costs increase in this area
21 consistently through the years of this application.

22 **Community Relations:**

23 The costs included in the Community Relations cost category are related to the functions of the
24 WDI community safety programs, and activities related to corporate and customer
25 communications.

1 **Bad Debt:**

2 Unfortunately bad debt costs are the nature of any business. However, due to the stringent
3 requirements for the treatment of low income customers more focus is needed by the
4 Collections Department to assist this group of customers. Overdue final accounts are assigned
5 to a Collection Agency 60 days after the due date. WDI is now experiencing an increase in its
6 bad debt expense that is attributed to an overall decline in the economy, increased rates and in
7 2014 a colder winter that increased consumption for electric heating customers.

8 **Billing, Collecting & Customer Service:**

9 WDI's one billing staff is responsible for all billing activities supporting approximately 13,500
10 customers in WDI's service territory, Wasaga Beach. This includes the provision monthly billing
11 that results in Wasaga Distribution Inc. issuing over 150,000 invoices annually in addition to
12 approximately 1,350 final bills for customers moving within or outside of Wasaga Distribution
13 Inc.'s service territory. The Billing Department is responsible for managing Electronic Business
14 Transactions ("EBT") and retailer settlement functions for just over 450 retailer accounts;
15 account adjustments; processing of meter changes (e.g. re-verification); and other various
16 account related field service orders, and mailing services. In 2014 WDI produced approximately
17 160,000 bills with a billing accuracy of 99.92%.

18 WDI offers customers a number of billing and payment options including an equal payment plan,
19 and credit card payments. In addition, customers can view their usage and manage their
20 consumption using an online application.

21 Collection activity is not exclusive to overdue accounts; it also includes the adoption and
22 continued application of the Customer Service Amendments consistent with the OEB's DSC Our
23 Collection department is also responsible for the activation of the equal payment program and
24 processing the bank line payments.

25 WDI endeavours to maintain an early collections process to minimize the number of accounts
26 that near the disconnection stage. Active accounts are collected through phone calls, notices,
27 and hand delivered letters. Overdue final accounts are assigned to a Collection Agency 60 days
28 after the due date.

1 The Customer Service staff (CSR), which includes all Administration staff, are responsible for
2 handling day to day customer inquiries in regards to their accounts and fielding numerous other
3 questions as they relate to Government and Regulatory policy, conservation and demand
4 management, pricing and consumption inquiries. In addition to this function, CSR's are also
5 responsible for processing of payments dropped off at our office, going to the mail and
6 processing those payments, responding to emails, and numerous other administrative tasks.

7 As the number of electricity end users in our service area increases and changes occur within
8 Ontario's electricity market, WDI's call and correspondence volumes will continue to increase.

9 **Service Locates:**

10 A significant portion of WDI.'s distribution system is buried. Whenever WDI's customers are
11 preparing to excavate they contact Ontario One Call to request that a Locate be performed.
12 Ontario One Call relays the customer's request to WDI. A customer service employee fulfills the
13 request within the mandated 5 business day window; this data is valid for 30 calendar days. The
14 employee provides the scans the data directly to the requesting customer and also to WDI. so
15 that the customer can safely commence their planned excavation. This is a reactive activity and
16 in 2014 WDI responded to over 1,600 requests. Since the commencement of Ontario One Call
17 WDI has responded to an increased number of locates each year.

18 **OPERATIONAL EFFECTIVENESS**

19 **Meter Maintenance & Reading:**

20 This department is responsible for the installation, testing, and commissioning of new metering
21 and for the ongoing operations of existing metering, both simple and complex metering
22 installations. Testing of complex metering installations ensures the accuracy of the installation
23 (e.g. to verify that the appropriate meter multipliers are applied through the billing process).
24 Metering will also investigate potential stopped meters, diversion and/or theft of power which
25 may give rise to unsafe conditions or risk other customers being inappropriately held financially
26 responsible for costs. The Metering group benefits customers in two ways: first, the ongoing
27 accurate operation of meters provides real time operating data to the SCADA and other systems

1 that supports System Operations, and second, because it ensures that bills are computed
2 correctly and, hence, that customers are fairly charged for the services provided.

3 **Overhead and Underground Maintenance:**

4 WDI's strategy is to provide safe, reliable service at an appropriate level of quality throughout
5 the licensed service area. WDI.'s maintenance strategy is an important part of its overall
6 strategy of minimizing the life cycle costs of assets by minimizing reactive and emergency-type
7 work, through an effective planned maintenance program (including predictive and preventative
8 actions). These strategies are implemented through work practices that promote a good
9 experience for the customer with regard to safety, security of supply, continuity of service, the
10 timely restoration of service and the minimization of undesirable service conditions. Wasaga
11 Distribution Inc.'s customers receive high quality services. Customers see that the system is in a
12 state of good repair, that crews are engaged in inspection, testing, cleaning, and verification
13 activities. Increasingly however, WDI's assets and services are less visible – underground
14 conductors encased in conduits, Smart Meters that do not need to be read manually and,
15 system monitoring (e.g. for voltage sag, line balancing, to ensure backup can be realized) via
16 electronic devices that communicate wirelessly and provide real time analysis that has less of
17 an impact on customers.

18 WDI's., underground and overhead maintenance expenses include all costs relating to the
19 operation and maintenance of WDI's distribution system. This includes both direct labour costs
20 and non-capital material spending to support both scheduled and reactive maintenance events.
21 In addition, costs are allocated from support departments to cover the costs of burdens. WDI's
22 existing overhead plant is on the most part over 40 years old and will require increased
23 maintenance costs until it can be replaced as part of the capital asset plan.

24 **Engineering:**

25 WDI provides Offers to Connect requests from developers for the design and installation of
26 distribution plant for projects that require expansion to WDI's system. WDI must also maintain
27 the collection, analysis and allocation of materials, and labour for the overall system planning,
28 coordination and management of the distribution system design, through construction activities
29 to enhance, modify and renew the distribution system.

1 WDI monitors its' distribution station transformers and feeders through a Supervisory Control
2 and Data Acquisition (SCADA) system. Real-time breaker status, voltage and current readings
3 from their five owned stations are on display in the engineering office. The SCADA system can
4 also coordinate field work to establish and preserve work protection and safe conditions for the
5 crews doing work on the system.

6 Engineering analysis software (DESS) is used to perform what-if analyses, too help reduce
7 unwarranted capital expenditures and assist in load forecasting.

8 **Education, Health and Safety:**

9 Under the Occupational Health and Safety Act and the corporation's Health and Safety Policy,
10 the organization is committed to the promotion of the health, safety and well-being of all
11 members of the community, to the provision of a safe and healthy work environment, and to the
12 prevention of occupational injuries and illnesses. To ensure that the company meets its
13 obligations, the Board of Directors, through the Joint Health and Safety Committee, annually
14 reviews the Occupational Health and Safety Policy, evaluates performance indicators of key
15 areas and approves annual health and safety goals and objectives.

16 The Corporation subscribes to an Internal Responsibility System (IRS) of accountability for
17 health and safety where all employees take responsibility for their own safety and that of their
18 coworkers. This can only be accomplished when managers and supervisors, whether trades or
19 administrative, promote and enforce safety rules for the safeguard of individuals under their
20 direction and workplaces under their charge.

21 Since WRSI/WDI has less than 20 employees, the formation of the JH&SC was a voluntary and
22 proactive undertaking. In addition to establishing the committee, all four members have
23 successfully completed the certification training. The committee plays an essential role in the
24 maintenance of a safe and healthy work environment at the utility and members meet regularly
25 to discuss health and safety issues, conduct regular workplace inspections and make
26 recommendations related to workplace health and safety. They are consulted in the
27 development and review of health and safety policies and programs.

1 Conceived and administered by the Infrastructure Health and Safety Association (IHSA),
2 ZeroQuest is an auditing program designed to guide workplaces to implement, sustain and
3 continually improve their health and safety management system. At this time, WDI has
4 successfully attained levels from commitment up to Outcomes II and is working towards
5 achieving Outcomes III.

6 An effective training program can reduce the number of injuries, property damage, legal liability,
7 illnesses, WSIB claims, and missed time from work. It is important that employees are properly
8 trained and embrace the importance of workplace safety. The establishment of hands-on,
9 innovative and effective safety training ultimately leads to an effective safety culture in which
10 employees themselves help promote proper safety procedures while on the job. Employees are
11 offered training courses on a range of topics, including First Aid, introduction to supervising,
12 working with propane and chainsaw safety among many others.

13 The Corporation also encourages, supports, and offers health-related programs that assist
14 employees in achieving ownership for their physical, mental, and emotional well-being, resulting
15 in improving the overall health and well-being for all employees. In 2011, the Corporation
16 documented its Company Wellness Policy to acknowledge that the key elements of a healthy
17 workplace include the physical environment, health practices, social environment and personal
18 resources. Employees are offered wellness education and assessments on a variety of issues,
19 including nutrition, ergonomic, hearing and sound exposure levels to name a few.

20 **Distribution Station Maintenance:**

21 WDI owns and operates five municipal stations, all fed from the 44kV system and stepped down
22 to 8.32kV. All these stations are located within the Town of Wasaga Beach. WDI also has one
23 spare transformer that is a 5MVA that resides at WDI's service centre. This transformer can be
24 installed temporarily or permanently with minor modifications at any of the existing five stations.

25 In 2012, WDI invested in a SCADA system at its five stations. Furthermore, WDI utilizes the
26 services of Utilismart to provide remote meter readings to some of its stations, PMEs, large
27 customers, and generation customers. This assists in more accurate and timely station and
28 feeder loading models. Additionally, WDI implemented a GIS to assist in mapping assets, and
29 improving data input for increased system optimization.

1 WDI maintenance consists of completing visual inspections as per the OEB's DSC requirements
2 of its plant and performs predictive testing on certain assets where such testing is available, and
3 replaces assets based on inspection and testing results as warranted. Additionally, infrared
4 scanning and oil sampling are completed every two years for asset optimization.

5 **Fleet Costs:**

6 WDI does not currently own any vehicles. Through the MSA, WDI contracts WRSI to maintain
7 service vehicles required for WDI to conduct distribution activities in its service territory. WRSI
8 operates an 8 - vehicle fleet. Fleet management and operations are geared to minimizing
9 vehicle down time so that there are no inappropriate delays to dispatching a trouble crew to
10 restore service and to maintain vehicle reliability and safety.

11 WRSI maintains and operates the following fleet of vehicles and rolling stock comprised of:

- 12 • Pick-up Trucks (2)
- 13 • A Single and a Double Bucket Truck
- 14 • SUV's (2)
- 15 • Radial Boom Derrick (RBD) (1)
- 16 • Trailers (9)
- 17 • Chipper (1)

18 All of which have an established replacement cycle that can be adjusted depending on their
19 particular condition and duty of the individual vehicle. Replacements are reviewed annually and
20 are accommodated within WRSI's capital budgeting process.

1 **Building Maintenance:**

2 Building Maintenance expenditures are required for the repair maintenance and upkeep of our
3 Administration Building and our Service Centre Facility. WDI also owns and maintains an
4 exterior storage yard for inventory.

5 **Vegetation Management (Tree Trimming):**

6 WDI's service territory is very heavily treed and a large number of unplanned outages are
7 caused by tree contact; therefore, regular vegetation management is required. WDI's regular
8 vegetation management is based on a regular cyclical geographically based schedule as well as
9 input from routine inspections. Vegetation is managed to ensure there is adequate clearance
10 between the line and any trees or other vegetation that could interfere with the operation of the
11 power system.

12 To manage the all tree trimming activities required for WDI and outside contractor is also used.

13 Tree trimming is a critical element of the overall maintenance program that brings measurable
14 results to the utility. Wasaga Distribution Inc. is proactive to minimize the destructive impact
15 caused by trees.

16 **Administration & Financial:**

17 The program includes administrative/financial costs incurred annually as part of the utility's
18 business operations. These costs also include general accounting, policy development and
19 human resources. This program covers preparation of statutory, management and financial
20 reporting; accounts payable and general accounting; treasury functions, including borrowing and
21 cash management; financial risk management; accounting systems and internal control
22 processes; preparation of consolidated budgets and forecasts; and tax compliance. The
23 executive team is responsible for the decision making for all financial and non- financial aspects
24 of the utility.

1 **PUBLIC AND REGULATORY COMPLIANCE**

2 **Governance:**

3 The WDI Board of Directors is responsible for the strategic and executive leadership and
4 direction of WDI in accordance with WDI's strategic plan. The costs associated with this
5 program include salaries for the 1 Chair and 4 Directors of WDI only. Other costs included are
6 meeting costs and participation in conferences.

7 **Regulatory Compliance:**

8 These program costs are related to WDI's commitment to comply with Ontario's evolving energy
9 market, changing government policy and evolving regulatory framework. Regulatory issues are
10 a direct cost borne by WDI as set out in the Master Service Agreement (MSA). These costs are
11 related to WDI's commitment to comply with Ontario's evolving energy market, changing
12 government policy and evolving regulatory framework. The increased complexity in the
13 regulatory environment, such as, RRFE, Distribution System Plan all can increase spending.
14 WDI constantly searches was ways to minimize costs through its collaboration with CHEC and
15 Utility Collaborative Services.

16 **Legal and Financial:**

17 The program includes costs such as auditor, outside consultants and legal costs incurred
18 annually as part of the utility's business operations. This program covers preparation audited
19 financial statements, legal costs for preparation of documents or advice and consultants for the
20 SRED application within WDI's tax filing.

21 **Smart Meter OM&A Disposition:**

22 This was a one-time program related to the disposition of WDI's smart meters but had a
23 significant cost attached in 2012 it was separated out as a program. WDI received approval
24 (EB-2011-0103) for disposition and recovery of costs related to the Smart Meter implementation
25 for capital and OM&A costs effective November 29, 2012. The APH required that all Smart

1 Meter Operating Costs, for the period 2009-2011, which were recorded in a deferral account, be
2 recorded in 2012.

3 **Insurance:**

4 This program includes costs for executive insurance, liability insurance and property insurance
5 required to protect WDI in its daily operations.

1 **Ex.4/Tab 3/Sch.2 - Program Variance Analysis**

2 Appendix 2 – JC shows WD1’s OM&A Programs and Table 4.8 shows the year over year
3 variances of OM&A programs for 2012 Board Approved to the 2016 Test Year. A variance
4 analysis of expenses exceeding the materiality threshold follows the table.

5 **OEB Appendix 2-JC – OM&A Programs Table**

| Programs | Last Rebasing Year (2012 Board-Approved) | Last Rebasing Year (2012 Actuals) | 2013 Actuals | 2014 Actuals | 2015 Bridge Year | 2016 Test Year | Variance (Test Year vs. 2014 Actuals) | Variance (Test Year vs. Last Rebasing Year (2012 Board-Approved)) |
|---|--|-----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------------------------|---|
| <i>Reporting Basis</i> | CGAAP | CGAAP | CGAAP | MIFRS | MIFRS | MIFRS | MIFRS | CGAAP |
| Customer Focus | | | | | | | | |
| Customer Premise | \$ 12,494 | \$ 17,860 | \$ 27,182 | \$ 32,234 | \$ 38,567 | \$ 40,479 | \$ 8,245 | \$ 27,986 |
| Community Relations | \$ 9,800 | \$ 11,652 | \$ 4,804 | \$ 7,473 | \$ 10,803 | \$ 17,803 | \$ 10,330 | \$ 8,003 |
| Bad Debts | \$ 64,500 | \$ 46,500 | \$ - | \$ 25,000 | \$ 40,000 | \$ 40,000 | \$ 15,000 | \$ 24,500 |
| Billing, Collecting, & Customer Service | \$ 677,588 | \$ 684,418 | \$ 698,643 | \$ 752,709 | \$ 788,974 | \$ 816,617 | \$ 63,908 | \$ 139,029 |
| Service Locates | \$ 66,452 | \$ 74,331 | \$ 84,282 | \$ 77,817 | \$ 106,228 | \$ 110,753 | \$ 32,937 | \$ 44,301 |
| Sub-Total | \$ 830,834 | \$ 834,761 | \$ 814,912 | \$ 895,233 | \$984,572 | \$1,025,653 | \$ 130,420 | \$ 194,819 |
| Operational Effectiveness | | | | | | | | |
| Meter Maintenance and Readings | \$ 120,732 | \$ 127,322 | \$ 140,656 | \$ 142,538 | \$ 138,897 | \$ 145,189 | \$ 2,651 | \$ 24,457 |
| Overhead Maintenance | \$ 259,595 | \$ 312,301 | \$ 299,147 | \$ 260,913 | \$ 280,911 | \$ 288,323 | \$ 27,410 | \$ 28,728 |
| Underground Maintenance | \$ 30,148 | \$ 56,758 | \$ 43,363 | \$ 62,790 | \$ 54,631 | \$ 64,117 | \$ 1,327 | \$ 33,968 |
| Engineering | \$ 19,023 | \$ 35,937 | \$ 13,094 | \$ 21,322 | \$ 25,939 | \$ 32,725 | \$ 11,402 | \$ 13,702 |
| Education, Health & Safety | \$ 139,611 | \$ 107,520 | \$ 134,608 | \$ 126,585 | \$ 148,190 | \$ 150,962 | \$ 24,377 | \$ 11,351 |
| DS Maintenance | \$ 28,633 | \$ 24,825 | \$ 32,304 | \$ 15,550 | \$ 21,901 | \$ 22,941 | \$ 7,391 | \$ 5,692 |
| Fleet costs | \$ 28,406 | \$ 28,406 | \$ 18,192 | \$ 21,867 | \$ 33,948 | \$ 36,973 | \$ 15,106 | \$ 8,567 |
| Building Maintenance | \$ 34,106 | \$ 36,793 | \$ 36,693 | \$ 38,483 | \$ 37,908 | \$ 39,285 | \$ 802 | \$ 5,179 |
| Vegetation Maintenance | \$ 166,487 | \$ 175,146 | \$ 181,220 | \$ 216,552 | \$ 185,331 | \$ 192,933 | \$ 23,619 | \$ 26,446 |
| Administrative and Financial | \$ 669,285 | \$ 698,524 | \$ 769,336 | \$ 838,050 | \$ 843,014 | \$ 862,037 | \$ 23,987 | \$ 192,752 |
| Sub-Total | \$ 1,496,024 | \$ 1,603,531 | \$ 1,668,612 | \$ 1,744,650 | \$1,770,670 | \$1,835,484 | \$ 90,834 | \$ 339,459 |
| Public and Regulatory Responsiveness | | | | | | | | |
| Governance | \$ 46,060 | \$ 44,249 | \$ 52,976 | \$ 48,177 | \$ 51,153 | \$ 55,675 | \$ 7,498 | \$ 9,615 |
| Regulatory Compliance | \$ 83,188 | \$ 60,951 | \$ 59,602 | \$ 61,088 | \$ 62,059 | \$ 71,638 | \$ 10,550 | \$ 11,550 |
| Legal and Financial | \$ 70,043 | \$ 77,509 | \$ 81,009 | \$ 42,537 | \$ 54,000 | \$ 57,000 | \$ 14,463 | \$ 13,043 |
| Smart Meter OM&A Disposition | \$ - | \$ 150,949 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Insurance | \$ 11,987 | \$ 11,589 | \$ 13,054 | \$ 15,477 | \$ 17,050 | \$ 17,391 | \$ 1,914 | \$ 5,404 |
| Other | \$ 11,100 | \$ 10,529 | \$ 11,106 | \$ 11,407 | \$ 11,577 | \$ 11,941 | \$ 534 | \$ 841 |
| Sub-Total | \$ 222,378 | \$ 355,776 | \$ 217,747 | \$ 178,686 | \$ 195,838 | \$ 213,645 | \$ 34,959 | \$ 8,733 |
| TOTAL OM&A | \$ 2,549,236 | \$ 2,794,068 | \$ 2,701,271 | \$ 2,818,569 | \$ 2,951,080 | \$ 3,074,782 | \$ 256,213 | \$ 525,546 |

6

1

Table 4.8 - OM&A Program Variances

| Programs | 2012 vs 2012 BA | 2013 vs 2012 | 2014 vs 2013 | 2015 vs 2014 | 2016 vs 2015 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Reporting Basis | CGAAP | CGAAP | CGAAP/MIFRS | MIFRS | MIFRS |
| Customer Focus | | | | | |
| Customer Premise | \$ 5,366.74 | \$ 9,322.13 | \$ 5,051.62 | \$ 6,332.98 | \$ 1,912.20 |
| Community Relations | 1,852.00 | -6,848.00 | 2,668.90 | 3,330.10 | 7,000.00 |
| Bad Debts | -18,000.00 | -46,500.00 | 25,000.00 | 15,000.00 | 0.00 |
| Billing, Collecting & Customer Service | 6,829.85 | 14,225.52 | 54,065.61 | 36,264.42 | 27,643.94 |
| Service Locates | 3,927.54 | -19,849.55 | 80,321.07 | 89,339.08 | 41,081.10 |
| Sub-Total | -\$23.87 | -\$49,649.90 | \$167,107.20 | \$150,266.58 | \$77,637.24 |
| Operational Effectiveness | | | | | |
| Meter Maintenance & Readings | \$6,590.41 | \$13,334.07 | \$1,881.11 | -\$3,640.71 | \$6,291.76 |
| Overhead Maintenance | 52,705.93 | -13,154.17 | -38,233.24 | 19,998.11 | 7,411.85 |
| Underground Maintenance | 26,609.91 | -13,395.54 | 19,426.92 | -8,158.96 | 9,486.07 |
| Engineering | 16,913.76 | -22,842.74 | 8,228.28 | 4,616.73 | 6,785.72 |
| Education | -32,091.31 | 27,088.14 | -8,023.00 | 21,605.51 | 2,771.76 |
| Distribution Station Maintenance | -3,807.39 | 7,478.21 | -16,753.58 | 6,351.20 | 1,039.44 |
| Fleet Costs | 0.00 | -10,213.60 | 3,674.92 | 12,081.11 | 3,025.00 |
| Building Maintenance | 2,686.89 | -99.47 | 1,789.63 | -574.75 | 1,376.99 |
| Vegetation Maintenance | 8,659.00 | 6,074.00 | 35,332.25 | -31,221.25 | 7,602.00 |
| Administration & Financial | 29,239.56 | 70,812.21 | 68,714.06 | 4,963.39 | 19,023.17 |
| Sub-Total | \$107,506.76 | \$65,081.11 | \$76,037.35 | \$26,020.38 | \$64,813.76 |
| Public & Regulatory Responsiveness | | | | | |
| Governance | -\$1,811.00 | \$8,727.00 | -\$4,799.46 | \$2,976.14 | \$4,522.32 |
| Regulatory Compliance | -22,237.00 | -1,349.00 | 1,485.91 | 970.93 | 9,579.16 |
| Legal & Financial | 7,466.00 | 3,500.14 | -38,472.14 | 11,463.00 | 3,000.00 |
| Insurance | -398.00 | 1,465.00 | 2,423.48 | 1,572.52 | 341.00 |
| Other | -571.00 | 577.00 | 301.49 | 169.04 | 364.71 |
| Sub-Total | -\$17,551.00 | \$12,920.14 | -\$39,060.72 | \$17,151.63 | \$17,807.19 |
| TOTAL | \$89,931.89 | \$28,351.35 | \$204,083.83 | \$193,438.59 | \$160,258.19 |

2

3 **Variance Analysis Programs Discussion:**

4 In accordance with Chapter 2 Filing Requirements, WDI's materiality threshold is \$50,000 for a
5 distributor with a distribution revenue requirement less than or equal to \$10 million.

6

1

2 **Customer Focus – Billing, Collections & Customer Service:**

3 **2016 Test Year vs. 2014 Actual – Increase of \$63,908**

- 4
- WDI had a general increase in labour dollars and the resulting burdens from Collective Agreement increases from 2014 to 2016 for \$35,000. None of these increases are controllable by WDI and are not the result of adding employees.
 - This is a very large program area and as such there are gradual increases in several areas that are minimal; however, the larger increases relate to increase in mailing costs from WDI's increased customer numbers resulting in postage increases, our outsourced mailing contract increases and bill print material in the amount of \$24,000
- 10

11 **2016 Test Year vs. 2012 Board Approved – Increase of \$139,029**

- 12
- In WDI's 2012 COS Application, the Board Approved OM&A was not sorted by program but by individual accounts. Also, WDI was given a blanket approval for OM&A However, WDI has done its best to allocate the approved amounts into the requirement for program based analysis.
 - WDI had a general increase in labour dollars and the resulting burdens from Collective Agreement increases between 2012 and 2016. None of these increases are controllable by WDI and are not the result of adding employees.
 - In WDI's continued focus on customer service and recognizing the fact that WDI's customers prefer face to face communication instead of automated systems, WDI started hand delivering 48 hour disconnection notices to customers in 2013. This resulted in increased costs of \$40,000 and this activity was outsourced as the staffing levels in-house were not sufficient.
 - General increases in bill production to WDI's customers resulted in an increase of \$63,000. As in 2014 vs. 2016 a large part of this increase relates to WDI's increase in customers from 2012 to 2016 from 12,500 to 13,500.
 - Document retention is very important in relation to Customer Service in that it allows staff to quickly access data required to aid Customers in their inquiries. As such. File
- 28

1 Nexus was put in place in 2014 to enable the recovery of data for a cost of \$10,000. This
2 will be an ongoing cost for support and further program implementation.

3 **Operational Effectiveness – Administration and Financial:**

4 **2016 Test Year vs. 2012 Board Approved – Increase of \$192,752**

- 5 • In WDI's 2012 COS Application, the Board Approved OM&A was not sorted by program
6 but by individual accounts. Also, WDI was given a blanket approval for OM&A However,
7 WDI has done its best to allocate the approved amounts into the requirement for
8 program based analysis.
- 9 • WDI has a general increase in labour dollars and the resulting burdens from Collective
10 Agreement increases between 2012 and 2016. As with other utilities WDI experience
11 large increases in OMERs. The staff in this program are non-union but do follow the
12 same salary increases as the unionized employees. In 2013 the WRSI Board of
13 Directors recognized the education taken by of one of the employees and that staff's
14 annual salary increased by 20%. None of these increases are controllable by WDI and
15 are not the result of adding employees.
- 16 • In 2013, the MSA was rewritten to include an adjustment for the Administration Expense
17 Transfer that was charged to WDI to include a Consumer Price Index (CPI) increase. As
18 a result in 2013 the charge went from \$0.25/bill to \$0.34/bill. Each year following 2013
19 this charge is adjusted by the CPI index. As a result there has been an increase of
20 \$19,000 to prepare WDI's bill for its customers.
- 21 • WDI has a strong commitment to collaboration in order to save costs to customers and
22 at the same time keep up to date on the every changing utility environment. WDI works
23 with Utility Standards Form (USF), Cornerstone Hydro Electric Concepts (CHEC) and
24 the Electricity Distributors Association (EDA). As with any membership WDI does
25 experience increases for approximately \$13,000.
- 26 • In 2012, WDI implemented a new financial software package, Great Plains (GP). The
27 finance team was dealing with a very antiquated financial package and a lot of the
28 tracking for assets and variance accounts had to be completed outside of the software.
29 With the implementation of this software all of these activities could be moved into GP
30 which saved time and potential keying errors. The cost of this financial package was
31 paid by WRSI, however; the maintenance fees paid by WDI within the MSA are \$16,000.

- 1 • General office expenses have incremental increases year over year and include such
2 things as internet fees, phones, office supplies which are all necessary to maintain a
3 smooth office environment. Overall increases in this area approximately 15,000.

4 **Public and Regulatory Responsiveness:**

- 5 There are no variances above the materiality threshold in this program area.

1 **Ex.4/Tab 3/Sch.3 - Employee Compensation**

2 WDI's overall compensation philosophy for all employees is designed to be competitive and
3 equitable in order to attract and retain qualified personnel in an industry that is facing an aging
4 workforce and is very competitive for skilled resources. The compensation package includes a
5 base wage and benefits package. WDI's workforce is comprised of both unionized and non-
6 unionized employees.

7 **Compensation - Union**

8 Compensation for unionized employees is negotiated through the collective bargaining process.
9 When negotiating wage levels, consideration is given to the skill sets required to work within our
10 distribution system, as well as the competitive wage levels of its geographic market. They are
11 represented by the International Brotherhood of Electrical Workers (IBEW) Local 636.

12 WDI's Collective Agreement with unionized staff provides for annual pay increases and
13 employee step progressions. Labour rates and benefits are adjusted annually based on
14 negotiated percentages are per the collective agreement. The current collective agreement
15 commenced August 16, 2014 and will expire August 15, 2018. WDI negotiated annual wage
16 increase for 2014 to 2017 are 2.25%, 2.0%, 2.0% and 2.0% respectively.

17 **Compensation – Non-Union**

18 Annual pay increases for non-union employees are based on negotiated settlements for the
19 unionized staff. In 2008 the Hay system was used to evaluate non-union and management
20 positions and this system of pay grids has been kept in place. Management staff does not
21 receive an incentive or bonus pay.

22 **Pension**

23 The employees of all LDCs are required to participate in the OMERS retirement plan. Therefore,
24 the pension benefits provided to the employees of Wasaga Distribution Inc. are consistent with
25 the pension benefits provided to employees of other LDCs.

1 **Benefits**

2 A comprehensive and competitive benefits package exists which includes health and dental
 3 insurance, life insurance, vacation and leave policies. The plans are designed to address the
 4 health and wellness needs of the employee's.

5 All benefit plans for each employee group are essentially the same. The unionized benefit plans,
 6 negotiated through collective bargaining, play a significant role in driving the plan design for the
 7 non-unionized employees, with many plan provisions remaining common across all employee
 8 groups.

9 OEB Appendix 2-K presented at the next page details Wasaga Distribution Inc.'s employee
 10 compensation.

11 In accordance with Board policy which states that: "Where there are three, or fewer, full-time
 12 equivalent (FTEs) in any category, Wasaga Distribution Inc. may aggregate this category with
 13 the category to which it is most closely related. This higher level of aggregation may be
 14 continued, if required, to ensure that no category contains three, or fewer, FTEs", WDI has
 15 separated out its three management employees in the FTE's but has lumped them in with the
 16 non-union employees for all other reporting in OEB Appendix 2-K.

17 **OEB Appendix 2-K – Employee Compensation**

| | Last Rebasings Year - 2012- Board Approved | Last Rebasings Year - 2012- Actual | 2013 Actuals | 2014 Actuals | 2015 Bridge Year | 2016 Test Year |
|--|--|--|--------------|--------------|---------------------|-------------------|
| Number of Employees (FTEs including Part-Time)¹ | | | | | | |
| Management (including executive) | | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| Non-Management (union and non-union) | 20.00 | 17.00 | 16.50 | 16.50 | 16.10 | 16.00 |
| Total | 20 | 20 | 20 | 20 | 19 | 19 |
| Total Salary and Wages including overtime and incentive pay | | | | | | |
| Management (including executive) | \$ - | | | | | |
| Non-Management (union and non-union) | \$ 1,447,165 | \$ 1,432,375 | \$ 1,443,187 | \$ 1,582,288 | \$ 1,502,991 | \$ 1,548,464 |
| Total | \$ 1,447,165 | \$ 1,432,375 | \$ 1,443,187 | \$ 1,582,288 | \$ 1,502,991 | \$ 1,548,464 |
| Total Benefits (Current + Accrued) | | | | | | |
| Management (including executive) | \$ - | | | | | |
| Non-Management (union and non-union) | \$ 370,792 | \$ 350,449 | \$ 357,525 | \$ 374,598 | \$ 369,434 | \$ 383,502 |
| Total | \$ 370,792 | \$ 350,449 | \$ 357,525 | \$ 374,598 | \$ 369,434 | \$ 383,502 |
| Total Compensation (Salary, Wages, & Benefits) | | | | | | |
| Management (including executive) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Non-Management (union and non-union) | \$ 1,817,957 | \$ 1,782,824 | \$ 1,800,712 | \$ 1,956,886 | \$ 1,872,424 | \$ 1,931,966 |
| Total | \$ 1,817,957 | \$ 1,782,824 | \$ 1,800,712 | \$ 1,956,886 | \$ 1,872,424 | \$ 1,931,966 |

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1 **Staffing and Compensation:**

2 The number of employees is based on the compensation of the number of full-time equivalent
 3 (FTE) positions throughout each of the fiscal years. A position that was added in a particular
 4 calendar year is counted as a portion of an FTE in the calendar year based on the start date of
 5 the position.

6 The salaries and wage amounts include all salaries and wages paid, inclusive of overtime,
 7 vacations, float holidays, sick leave, bereavement leave, union meetings and other
 8 miscellaneous paid leave. The benefit amounts include the, employer’s portion of statutory
 9 benefits (CPP and EI) employer contributions to EHT, WSIB, OMERS and WDI’s costs for
 10 providing extended health care, dental, long-term disability, life insurance and the Employee
 11 Assistance Program.

12 **Employee Staffing Levels:**

13 Management staffing levels have not changed since WDI’s last Cost of Service Application. The
 14 only change in union/non-union staffing levels has been transitions of staff for replacement or
 15 succession planning purposes. There are no anticipated staffing increased for the 2016 Test
 16 Year.

17 **Annual Wages:**

18 A summary of annual wage increases is presented in Table 4-9.

19 **Table 4.9 - Summary of Wage Increases by Year**

| Union/Non-Union | | | Management | | |
|-----------------|------------|-------------|---------------|------------|-------------|
| Year | % Increase | Cummulative | Year | % Increase | Cummulative |
| Aug. 16, 2012 | 3.00% | 3.00% | Jan. 01, 2012 | 3.00% | 3.00% |
| Aug. 16, 2013 | 3.00% | 6.00% | Jan. 01, 2013 | 3.00% | 6.00% |
| Aug. 16, 2014 | 2.25% | 8.25% | Jan. 01, 2014 | 3.00% | 9.00% |
| Aug. 16, 2015 | 2.00% | 10.25% | Jan. 01, 2015 | 2.25% | 11.25% |
| Aug. 16, 2016 | 2.00% | 12.25% | Jan. 01, 2016 | 2.00% | 13.25% |

1 **Benefit Program Costs:**

2 A detailed summary of benefit program costs are presented in Table 4.10.

3 Statutory deductions have increased 9% been 2012 Actual and the 2016 Test Year as a result
4 of statutory rate increases and wage increases.

5 Company benefits have increased 15% over the same time period mainly as a result of OMERS
6 increases. Health and dental benefits have remained relatively stable with the increases mainly
7 due to staff changing from single to family benefits. An Employee Assistance Program was
8 implemented part way through 2012 to complement WDI's Health and Wellness program.

9 WDI does not pay Employee Future Benefits; WRSI is completely responsible for this expense.

10 WRSI's latest Actuarial Report is found in Exhibit 4, Attachment C.

11

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Table 4.10 - Benefit Expenses

| Benefit | 2012 Actual | 2013 Actual | 2014 Actual (27 Pays) | 2015 Bridge | 2016 Test |
|----------------------------|----------------|----------------|--------------------------|----------------|----------------|
| Statutory | | | | | |
| CPP | 42,939 | 43,588 | 45,177 | 44,812 | 46,421 |
| EI | 19,862 | 21,096 | 22,335 | 22,950 | 23,409 |
| EHT | 29,661 | 27,813 | 30,662 | 28,005 | 28,883 |
| WSIB | 12,805 | 13,284 | 13,995 | 14,300 | 15,985 |
| Total Statutory | 105,267 | 105,781 | 112,169 | 110,067 | 114,698 |
| Company | | | | | |
| OMERS | 131,054 | 148,300 | 161,009 | 152,972 | 160,131 |
| Health | 49,566 | 48,087 | 42,175 | 45,140 | 50,155 |
| Dental | 38,379 | 30,854 | 30,065 | 32,618 | 36,242 |
| Life Insurance | 9,997 | 11,717 | 10,662 | 11,038 | 11,547 |
| LTD | 22,189 | 23,534 | 21,081 | 20,530 | 20,660 |
| EAP** | 504 | 1,309 | 1,236 | 1,304 | 1,304 |
| Total Company | 251,689 | 263,801 | 266,228 | 263,602 | 280,039 |
| EFB**** | 0 | 0 | 0 | 0 | 0 |
| Total Benefit Costs | 356,956 | 369,582 | 378,397 | 373,669 | 394,737 |

** Started July 2012

****WDI does not pay Employee Future Benefits

2

3 **OMERS Pension Plan:**

4 WDI employees are members of the Ontario Municipal Employees Retirement System
5 (“OMERS”). OMERS is a multi-employer pension plan that most LDC’s participate in, therefore
6 the pension benefit provided to WDI’s employees is consistent with that of other LDC’s. The
7 plan is a contributory defined benefit pension plan which is finance by equal contributions from
8 the employer and employee based on the employee’s contributory earnings. WDI’s pension
9 premium information for 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016
10 Test Year is detailed in Table 4 – 11 below. For the 2015 Bridge and 2016 Test Year, WDI
11 assumed OMERS rates of 9% on earnings up to CPP earnings limits and 14.6% on earnings
12 over CPP earnings limit.

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Table 4.11 - OMERS Pension Expense

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| Benefit | 2012 Actual | 2013 Actual | 2014 Actual (27 Pays) | 2015 Bridge | 2016 Test |
|---------|-------------|-------------|--------------------------|-------------|-----------|
| OMERS | 131,054 | 148,300 | 161,009 | 152,972 | 160,131 |

3

The increase in OMERS premiums from 2012 through 2016 are explained by increases in

4

pension contribution rates and incremental increases in staff wages.

1 **Ex.4/Tab 3/Sch.4 - Shared Services of Corporate Cost Allocation**

2 **Services to Affiliates:**

3 WDI has an executed Land Lease with the Town of Wasaga Beach for the lease of land on the
 4 Administration Building site for a Fire Hall that was built in 2012. The value of the land was
 5 appraised in 2012. The lease is paid quarterly and each year a CPI adjustment is made to the
 6 lease price. OEB Appendix 2-N shows the amount of costs collected from the Town of Wasaga
 7 Beach to WDI.

8 WDI also has an agreement with WRSI to lease/rent the Administration Building. In 2013 the
 9 lease agreement between WDI and WRSI was amended based on a reevaluation of the
 10 Administration Building and the newly renovated Services Building. The appraisal was
 11 completed by Hutcheson Appraisal in November 2012. The annual fee paid by WRSI is
 12 \$152,130. A copy of the Amendment to the Lease Agreement is found in Exhibit 4, Attachment
 13 D.

14 **OEB Appendix 2-N: Shared Services and Corporate Cost Allocation - 2012**

Year: 2012

Shared Services/Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|----------------------|------|-----------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| WDI | WRSI | MSA | Cost Plus | \$ 2,083,254 | \$ 2,083,254 |
| WRSI | WDI | Rent | Market Based | \$ 144,162 | \$ 144,162 |
| Town of Wasaga Beach | WDI | Land Lease | Market Based | \$ 23,232 | \$ 23,232 |
| | | | | | |
| | | | | | |
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1 **OEB Appendix 2-N: Shared Services and Corporate Cost Allocation - 2013**

Year: 2013

Shared Services/Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|----------------------|------|-----------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| WDI | WRSI | MSA | Cost Plus | \$ 2,155,877 | \$ 2,155,877 |
| WRSI | WDI | Rent | Market Based | \$ 152,130 | \$ 152,130 |
| Town of Wasaga Beach | WDI | Land Lease | Market Based | \$ 23,604 | \$ 23,604 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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 3 **OEB Appendix 2-N: Shared Services and Corporate Cost Allocation - 2014**

Year: 2014

Shared Services/Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|----------------------|------|-----------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| WDI | WRSI | MSA | Cost Plus | \$ 2,244,181 | \$ 2,244,181 |
| WRSI | WDI | Rent | Market Based | \$ 152,130 | \$ 152,130 |
| Town of Wasaga Beach | WDI | Land Lease | Market Based | \$ 23,625 | \$ 23,625 |
| | | | | | |
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1 **OEB Appendix 2-N: Shared Services and Corporate Cost Allocation - 2015**

Year: 2015

Shared Services/Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|----------------------|------|-----------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| WDI | WRSI | MSA | Cost Plus | \$ 2,315,000 | \$ 2,315,000 |
| WRSI | WDI | Rent | Market Based | \$ 152,130 | \$ 152,130 |
| Town of Wasaga Beach | WDI | Land Lease | Market Based | \$ 24,182 | \$ 24,182 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

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 3 **OEB Appendix 2-N: Shared Services and Corporate Cost Allocation - 2016**

Year: 2016

Shared Services/Corporate Cost Allocation

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|----------------------|------|-----------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| WDI | WRSI | MSA | Cost Plus | \$ 2,417,664 | \$ 2,417,664 |
| WRSI | WDI | Rent | Market Based | \$ 152,130 | \$ 152,130 |
| Town of Wasaga Beach | WDI | Land Lease | Market Based | \$ 24,666 | \$ 24,666 |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

1 **Services from Affiliates**

2 As WDI is a virtual utility all resources are provided by WRSI through the Master Service
 3 Agreement. The Master Service Agreement was rewritten in 2013 as a result of WDI’s Cost of
 4 Service. The Master Service Agreement had been reviewed previously; however, the Board of
 5 Directors of both Companies, based on the recommendation of the Director of Finance decided
 6 it should be reviewed. A committee was formed by members of both Board of Directors and
 7 staff. This document sets out the term and all financial responsibilities of WDI to WRSI. This
 8 document became effective January 01, 2013. The Master Service Agreement can be found in
 9 Exhibit 4, Attachment A.

10 A summary of the Master Service Agreement Expenses from 2012 to 2013 are shown in Table
 11 4.12 below.

12 **Table 4.12: Master Service Agreement Expenses**

| Item | 2012 Board Approved | 2012 Actual | 2013 Actual | 2014 Actual | 2015 Bridge | 2016 Test |
|--------------------------|---------------------|-------------|-------------|-------------|-------------|-----------|
| Master Service Agreement | N/A | 2,083,254 | 2,155,877 | 2,244,181 | 2,315,000 | 2,417,664 |
| Difference | | - | 72,623 | 88,304 | 70,819 | 102,664 |

14 WDI does not have any Board of Director related costs for affiliates included in its OM&A costs.

15

1 **Ex.4/Tab 3/Sch.5 - Variance Analysis of Corporate Cost Allocation**

2 **Variations Analysis: Services to Affiliates:**

3 **Land Lease – 2016 Test Year versus 2012 Board Approved**

4 The increase of \$1,434 from the 2012 Board Approved is the CPI increase adjustment as
5 stipulated in the Lease Agreement.

6 **Land Lease – 2016 Test Year versus 2014 Actuals**

7 The increase of \$1,041 from 2014 actuals to the 2016 Test Year is the CPI increase adjustment
8 as stipulated in the Lease Agreement.

9 **Building Lease (Rent) – 2016 Test Year versus 2012 Board Approved**

10 The increase of \$7,968 from 2012 Board Approved is the rewritten lease/rent agreement based
11 on the appraisal of the Administration and Service Building completed by Hutchison Appraisals
12 in 2012.

13 **Building Lease (Rent) – 2016 Test Year versus 2014 Actuals**

14 There is no projected increase or decrease in rental revenue from 2014 to 2016.

1 **Ex.4/Tab 3/Sch.6 – Reconciliation of Revenue**

2 WDI’s services provided to its affiliates outlined in OEB Appendix 2 – N are reconciled as
 3 recorded in the USoA accounts in Table 4.13: Reconciliation of Revenues from Affiliates below.

4 **Table 4.13: Reconciliation of Revenue from Affiliates**

| Item | Source Account | 2012 Actual | 2013 Actual | 2014 Actual | 2015 Bridge | 2016 Test |
|--|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| OEB Appendix 2-N and OEB Appendix 2-H | | | | | | |
| Land Lease (2-N) | 4210-Rent from Electric Property | 23,232 | 23,604 | 23,626 | 24,188 | 24,666 |
| Building Rent (2-N) | 4210-Rent from Electric Property | 14,162 | 152,130 | 152,130 | 152,130 | 152,130 |
| Pole Rentals (2-H) | 4210-Rent from Electric Property | 125,829 | 127,668 | 123,985 | 125,000 | 126,000 |
| Bell Mobility (2-H) | 4210-Rent from Electric Property | 2,800 | 4,800 | 4,800 | 4,800 | 4,800 |
| Total | | 166,023 | 308,202 | 304,541 | 306,118 | 307,596 |

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1 **Ex.4/Tab 3/Sch.7 - Purchases of Non-Affiliate Services**

2 WDI’s purchases equipment, materials, and services in a cost effective manner with full
 3 consideration given to price as well as product quality, the ability to deliver on time, reliability,
 4 compliance with engineering specifications and quality of service. Vendors are screened to
 5 ensure knowledge, reputation, and the capability to meet Wasaga Distribution Inc.’s needs. The
 6 procurement of goods and/or services for WDI is carried out with highest of ethical standards
 7 and consideration to the public nature of the expenditures.

8 Purchase Authorization: The Board of Directors approve all purchases over \$50,000 after the
 9 Director responsible goes out for at least three quotes. This is done either during the budget
 10 process or if needed outside the budget process at the monthly WDI Board meeting.

11 Tendering: When goods or services are tendered, a Tender/Request for Proposal/Request for
 12 Quote will be issued to a minimum of three vendors, if availability permits. Once again, the
 13 appropriate Director, along with the input of the board members, shall authorize the acceptance
 14 of the proposals.

15 WDI’s 2014 Vendor list over the materiality threshold of \$50,000 is presented on Table 4-14:
 16 Products and Services from Non Affiliates.

17 **Table 4.14: Products and Services from Non Affiliates 2014**

| Supplier Name | Service Product | Procurement Method | Document Amount |
|--|-----------------------|--------------------|-----------------|
| IESO | Electricity | Single Source | 13,093,119 |
| Hydro One Networks Inc. | Distributor | Single Source | 2,156,098 |
| Ontario Electricity Financial Corp | Debt Retirement | Regulated | 916,218 |
| Hamount Investments Ltd | MS2 Repurchase | NBV | 319,714 |
| Darpak Inc. | Yard Storage Capacity | Tender | 92,088 |
| Util-assist | CDM Services | Qoute/Tender | 88,997 |
| Burman Energy Consultants Group Inc | CDM Services | Qoute/Tender | 72,387 |
| Eaton Powering Business Worldwide | CDM Services | Qoute/Tender | 53,517 |
| Cornerstone Hydro Electric Concepts Inc. | Collaborative/CDM | Membership/CDM | 52,848 |

18

1 **Ex.4/Tab 3/Sch.8 - One-time Costs**

2 The only noteworthy one-time costs relate to the costs associated with 2016 Cost of Service
3 application which are amortized over a period of 5 years. Regulatory costs are discussed at the
4 next section.

5

1 **Ex.4/Tab 3/Sch.9 - Regulatory Costs**

2 OEB Appendix 2-M: Regulatory Costs below shows WDI's regulatory costs for the 2012 Board
3 Approved, 2014 and for the 2015 bridge and 2016 test year. Note that the historical costs for
4 regulatory matters shown at line 6 of the table for 2014 and 2015 reflect actual costs for the
5 2012 Cost of Service Application (amortized over 4 years).

6 The second part of the chart for OEB Appendix 2-M below details the breakout of the costs
7 forecast to occur in order to prepare the 2016 application. The total cost of \$223,500 is for
8 consultant costs, incremental labour costs for WDI from WRSI, legal fees and intervenor fees.
9 The costs will be amortized over a 5 year period in the amount of \$44,700 per year.

10 All regulatory costs listed below are tracked in account 5655 – Regulatory Expenses. Sub-
11 accounts are used to track OEB Assessments and Cost Assessments from the OEB and the
12 Cost of Service Rate Application. The costs associated with this application reflect a similar
13 procedure as the 2012 Cost of Service Application which was essentially concluded by a
14 settlement conference. Although the costs are not forecast, WDI would go to an oral hearing if
15 the conditions were valid to proceed.

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Appendix 2 – M: Regulatory Costs

| Regulatory Cost Category | USoA Account | USoA Account Balance | Ongoing or One-time Cost? ² | Last Rebasing Year (2012 Board Approved) | Most Current Actuals Year 2014 | 2015 Bridge Year | Annual % Change | 2016 Test Year | Annual % Change |
|---|--------------|----------------------|--|--|--------------------------------|------------------|---------------------|----------------|---------------------|
| (A) | (B) | (C) | (D) | (E) | (F) | (G) | (H) = ((G)-(F))/(F) | (I) | (J) = ((I)-(G))/(G) |
| 1 OEB Annual Assessment | 5655 | | On-Going | \$ 27,000 | \$ 25,863 | \$ 26,238 | 1.45% | \$ 26,238 | 0.00% |
| 2 OEB Section 30 Costs (Applicant-originated) | 5655 | | | | | | | | |
| 3 OEB Section 30 Costs (OEB-initiated) | 5655 | | On-Going | \$ 3,000 | \$ 690 | \$ 700 | 1.46% | \$ 700 | 0.00% |
| 4 Expert Witness costs for regulatory matters | 5655 | | | | | | | | |
| 5 Legal costs for regulatory matters | 5655 | | One-Time | \$ 10,188 | \$ 3,267 | \$ 3,267 | 0.00% | \$ 5,000 | 53.03% |
| 6 Consultants' costs for regulatory matters | 5655 | | One-Time | \$ 29,000 | \$ 22,783 | \$ 22,783 | 0.00% | \$ 9,700 | -57.42% |
| 7 Operating expenses associated with staff resources allocated to regulatory matters | 5655 | | One-Time | \$ 2,000 | \$ 1,245 | \$ 1,245 | 0.00% | \$ 18,800 | 1410.52% |
| 8 Operating expenses associated with other resources allocated to regulatory matters ¹ | 5655 | | One-Time | \$ 2,000 | \$ 118 | \$ 117.50 | 0.00% | \$ 1,200 | 921.28% |
| 9 Other regulatory agency fees or assessments | 5655 | | | | \$ 1,313 | \$ 1,313 | 0.00% | | -100.00% |
| 10 Any other costs for regulatory matters (please define) | 5655 | | | | | | | | |
| 11 Intervenor costs | 5655 | | One-Time | \$ 10,000 | \$ 5,710 | \$ 5,710 | 0.00% | \$ 10,000 | 75.13% |
| 12 Sub-total - Ongoing Costs ³ | | \$ - | | \$ 30,000 | \$ 26,553 | \$ 26,938 | 1.45% | \$ 26,938 | 0.00% |
| 13 Sub-total - One-time Costs ⁴ | | \$ - | | \$ 53,188 | \$ 33,123 | \$ 33,123 | 0.00% | \$ 44,700 | 34.95% |
| 14 Total | | \$ - | | \$ 83,188 | \$ 59,676 | \$ 60,061 | 0.65% | \$ 71,638 | 19.28% |

2

| | Historical Year(s) | 2015 Bridge Year | 2016 Test Year | Amortized over 5 years |
|--|--------------------|------------------|----------------|------------------------|
| 4 Expert Witness costs | | \$ - | | \$ - |
| 5 Legal costs | | \$ 25,000 | | \$ 5,000 |
| 6 Consultants' costs | | \$ 48,500 | | \$ 9,700 |
| 7 Incremental operating expenses associated with staff resources allocated to this application. | | \$ 94,000 | | \$ 18,800 |
| 8 Incremental operating expenses associated with other resources allocated to this application. ¹ | | \$ 6,000 | | \$ 1,200 |
| 11 Intervenor costs | | \$ 50,000 | | \$ 10,000 |
| Total | \$ - | \$ 223,500 | \$ - | \$ 44,700 |

Notes:

3

1 **Ex.4/Tab 3/Sch.10 - Low Income Energy Assistance Programs**

2 WDI has included \$4,968 of expense for the Low Income Energy Assistance Program (LEAP)
3 under Deductions - Donation Expense (USoA #6205). This amount is based on the Board's
4 determination that the greater of 0.12% of a distributor's Board-approved distribution revenue
5 requirement, or \$2,000 should be included in the utility's costs.

6 WDI has partnered with Georgian Triangle Housing Resource Centre to assist in the LEAP
7 program intended to provide emergency relief to eligible low-income customers who may be
8 experiencing difficulty paying current arrears to WDI.

9 In compliance with current OEB policy, Wasaga Distribution Inc.:

- 10 • Collects money from ratepayers for LEAP EFA in the amount approved by the OEB;
- 11 • Transfers program funds to Georgian Triangle Housing Resource Centre ;
- 12 • Determines funding allocations within their service territory by geography;
- 13 • Establishes partnerships, contracts, and operational procedures with Georgian Triangle
14 Housing Resource Centre;
- 15 • Receives, records and takes appropriate action upon notification from an Intake
16 Agency (or Lead Agency as appropriate) that an assessment of eligibility is being
17 undertaken;
- 18 • Receives, records and takes appropriate action upon notification from an Intake
19 Agency (or Lead Agency as appropriate) of decisions on applications;
- 20 • Confirms customer and account information used in determining program eligibility,
21 including information on payment history; and
- 22 • Reports to the OEB in accordance with OEB reporting requirements through filings
23 2.1.16.

24 WDI does not participate in any Winter Warmth programs.

1 **Ex.4/Tab 3/Sch.11 - Charitable and Political Donations**

- 2 WDI does not donate to charities and as such, the utility confirms that no charitable donations
3 have been included in OM&A expenses for 2016 other than the \$4,968 for LEAP funding.
- 4 WDI does not make any political donations.

1 Depreciation, Amortization & Depletion

2 **Ex.4/Tab 4/Sch.1 - Depreciation Rates and Methodology**

3 WDI does not have a formal deprivation/amortization policy but bases its practice for
4 depreciation/amortization on Canadian Generally Accepted Accounting Principles (CGAAP),
5 and guidelines set out by the Ontario Energy Board, where applicable. WDI has converted to
6 IFRS January 1, 2015 and as such the depreciation/amortization policy in effect for the 2015
7 Bridge Year and 2016 Test Year is compliant with MIRFS.

8 On July 17, 2012 the Board issued a statement that changes to depreciation rates and
9 capitalization policies that would have been implemented under IFRS could be made in 2012
10 under CGAAP (effective January 1, 2012), and must be made no later than 2013 (effective
11 January 1, 2013) regardless of whether the Accounting Standards Board (AcSB) permitted
12 further deferrals beyond 2013 for the changeover to IFRS. In 2012, WDI implemented the
13 change to depreciation rates and the componentization of Property, Plant and Equipment
14 (PP&E). Useful lives were guided by the Kinectrics report and WDI confirms that parts or
15 components of PP&E are being depreciated separately. WDI presented its' changes to useful
16 lives/depreciation rates and the components thereof in its' last COS application (EB-2011-0103)
17 and continues to use the same useful lives on a go-forward basis.

18 WDI does expenses borrowing costs but does not have any capitalized borrowing costs in any
19 of the years presented in this application.

1 **Ex.4/Tab 4/Sch.2 – Depreciation Expense**

2 In accordance with the filing requirements, WDI has completed depreciation and amortization
3 expense tables for the following:

- 4 • 2012 CGAAP (Table 4.15), consistent with Board Appendix 2-CB
- 5 • 2013 CGAAP (Table 4.16), consistent with Board Appendix 2-CC
- 6 • 2014 MIFRS (Tables 4.17), consistent with Board Appendix 2-CD
- 7 • 2015 Bridge Year under MIFRS (Table 4.18), consistent with Board Appendix 2-CE
- 8 • 2016 Test Year under MIFRS (Table 4.19), consistent with Board Appendix 2-CF

9 As stated previously WDI adopted a change in capitalization and useful lives policies for their
10 assets in 2012. This was submitted and approved during WDI's 2012 Cost of Service
11 Application (EB-2011-0103). For the purpose of the tables above "NEW CGAAP" is herein
12 referred to as "CGAAP".

13 WDI does not have any differences between the depreciation expense for CGAAP vs MIFRS for
14 2014

Table 4.15 - 2012 Revised CGAAP Depreciation Expense – Appendix 2-CB

| Account | Description | Opening NBV as at Jan 1, 2012 ⁵ | Additions | Average Remaining Life of Opening NBV ⁴ | Years (new additions only) ³ | Depreciation Rate on New Additions | Depreciation Expense on Opening NBV | Depreciation Expense on Additions ¹ | 2012 Depreciation Expense | 2012 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l) | Variance ² | Depreciation Expense on 2012 Full Year Additions | Less Depreciation Expense on Assets Fully Depreciated during the year (o) | 2012 Full Year Depreciation ⁶ |
|--------------|---|--|---------------------|--|---|------------------------------------|-------------------------------------|--|---------------------------|--|-----------------------|--|---|--|
| | | (a) | (d) | (l) | (f) | (g) = 1 / (f) | (j) = (a) / (f) | (h) = (d) * 0.5 / (f) | (k) = (j) + (h) | (l) | (m) = (k) - (l) | (n) = (d) / (f) | (o) | (p) = (j) + (n) - (o) |
| 1611 | Computer Software (Formally known as Account 1925) | \$ 41,768 | \$ 89,000 | 8.55 | 10.00 | 10.00% | \$ 4,885 | \$ 4,450 | \$ 9,335 | \$ 9,343 | \$ 8 | \$ 8,900 | \$ - | \$ 13,785 |
| 1612 | Land Rights (Formally known as Account 1906) | \$ - | \$ - | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1805 | Land | \$ 121,775 | \$ - | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1808 | Buildings | \$ - | \$ - | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1810 | Leasehold Improvements | \$ - | \$ - | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1815 | Transformer Station Equipment >50 kV | \$ - | \$ - | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1820 | Distribution Station Equipment <50 kV - Building & Infrastructure | \$ 314,353 | \$ - | 43.00 | 50.00 | 2.00% | \$ 7,311 | \$ - | \$ 7,311 | \$ 7,273 | \$ 37 | \$ - | \$ - | \$ 7,311 |
| 1820 | Distribution Station Equipment <50 kV - Civil Work | \$ 130,960 | \$ - | 44.50 | 50.00 | 2.00% | \$ 2,943 | \$ - | \$ 2,943 | \$ 2,929 | \$ 14 | \$ - | \$ - | \$ 2,943 |
| 1820 | Distribution Station Equipment <50 kV - LV Reclosures & Breakers | \$ 339,505 | \$ - | 13.35 | 20.00 | 5.00% | \$ 25,431 | \$ - | \$ 25,431 | \$ 25,437 | \$ 6 | \$ - | \$ - | \$ 25,431 |
| 1820 | Distribution Station Equipment <50 kV - Equipment | \$ 781,809 | \$ - | 33.00 | 40.00 | 2.50% | \$ 23,691 | \$ - | \$ 23,691 | \$ 23,672 | \$ 20 | \$ - | \$ - | \$ 23,691 |
| 1820 | Distribution Station Equipment <50 kV - Transformer | \$ 814,443 | \$ - | 39.75 | 45.00 | 2.22% | \$ 20,489 | \$ - | \$ 20,489 | \$ 20,519 | \$ 30 | \$ - | \$ - | \$ 20,489 |
| 1825 | Storage Battery Equipment | \$ - | \$ - | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 1,153,489 | \$ 330,497 | 14.55 | 45.00 | 2.22% | \$ 79,278 | \$ 3,672 | \$ 82,950 | \$ 82,913 | \$ 37 | \$ 7,344 | \$ 254 | \$ 86,368 |
| 1835 | Overhead Conductors & Devices | \$ 1,385,651 | \$ 319,174 | 17.85 | 45.00 | 2.22% | \$ 77,628 | \$ 3,546 | \$ 81,174 | \$ 81,214 | \$ 40 | \$ 7,093 | \$ - | \$ 84,720 |
| 1840 | Underground Conduit | \$ 230,460 | \$ 1,797 | 46.50 | 50.00 | 2.00% | \$ 4,956 | \$ 18 | \$ 4,974 | \$ 4,966 | \$ 18 | \$ 36 | \$ - | \$ 4,992 |
| 1845 | Underground Conductors & Devices | \$ 2,783,372 | \$ 112,700 | 19.10 | 30.00 | 3.33% | \$ 145,726 | \$ 1,878 | \$ 147,605 | \$ 147,675 | \$ 70 | \$ 3,757 | \$ - | \$ 149,483 |
| 1850 | Line Transformers | \$ 1,956,523 | \$ 217,045 | 30.60 | 40.00 | 2.50% | \$ 63,939 | \$ 2,713 | \$ 66,652 | \$ 66,611 | \$ 41 | \$ 5,426 | \$ 64 | \$ 69,300 |
| 1855 | Services (Overhead & Underground) | \$ 1,690,680 | \$ 282,236 | 24.40 | 35.00 | 2.86% | \$ 69,290 | \$ 4,032 | \$ 73,322 | \$ 73,326 | \$ 4 | \$ 8,064 | \$ - | \$ 77,354 |
| 1860 | Meters | \$ 4,249 | \$ - | 24.50 | 25.00 | 4.00% | \$ 173 | \$ - | \$ 173 | \$ 174 | \$ 0 | \$ - | \$ - | \$ 173 |
| 1860 | Meters (Smart Meters) | \$ 1,404,166 | \$ 90,639 | 12.75 | 15.00 | 6.67% | \$ 110,131 | \$ 3,021 | \$ 113,152 | \$ 113,015 | \$ 137 | \$ 6,043 | \$ 4,667 | \$ 111,507 |
| 1860 | Primary Metering Equipment | \$ 63,774 | \$ - | 12.90 | 25.00 | 4.00% | \$ 4,944 | \$ - | \$ 4,944 | \$ 4,950 | \$ 6 | \$ - | \$ 2,194 | \$ 2,749 |
| 1905 | Land | \$ 382,467 | \$ 106,866 | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures | \$ 653,585 | \$ 6,393 | 33.10 | 50.00 | 2.00% | \$ 19,746 | \$ 64 | \$ 19,810 | \$ 19,830 | \$ 20 | \$ 128 | \$ 1,124 | \$ 18,750 |
| 1960 | System Supervisor Equipment | \$ - | \$ 40,942 | - | 10.00 | 10.00% | \$ - | \$ 2,047 | \$ 2,047 | \$ 2,047 | \$ 0 | \$ 4,094 | \$ - | \$ 4,094 |
| 1985 | Miscellaneous Fixed Assets | \$ - | \$ - | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1990 | Other Tangible Property | \$ - | \$ - | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1995-1820-01 | Contributions & Grants - Station Building & Infrastructure | -\$ 71,827 | \$ - | 47.50 | 50.00 | 2.00% | \$ 1,512 | \$ - | -\$ 1,512 | \$ 1,018 | \$ 494 | \$ - | \$ - | -\$ 1,512 |
| 1995-1820-02 | Contributions & Grants - Station Civil Work | -\$ 70,693 | \$ - | 47.50 | 50.00 | 2.00% | \$ 1,488 | \$ - | -\$ 1,488 | \$ 1,002 | \$ 487 | \$ - | \$ - | -\$ 1,488 |
| 1995-1820-03 | Contributions & Grants - Station LV/Reclosures & Breakers | -\$ 92,455 | \$ - | 17.50 | 20.00 | 5.00% | \$ 5,283 | \$ - | -\$ 5,283 | \$ 3,542 | \$ 1,741 | \$ - | \$ - | -\$ 5,283 |
| 1995-1820-04 | Contributions & Grants - Station Equipment | -\$ 255,035 | \$ - | 37.50 | 40.00 | 2.50% | \$ 6,801 | \$ - | -\$ 6,801 | \$ 4,536 | \$ 2,265 | \$ - | \$ - | -\$ 6,801 |
| 1995-1820-05 | Contributions & Grants - Station Transformers | -\$ 261,163 | \$ - | 42.50 | 45.00 | 2.22% | \$ 6,145 | \$ - | -\$ 6,145 | \$ 4,119 | \$ 2,026 | \$ - | \$ - | -\$ 6,145 |
| 1995-1830 | Contributions & Grants - Poles | -\$ 176,791 | \$ 22,368 | 39.75 | 45.00 | 2.22% | \$ 4,448 | \$ 249 | -\$ 4,696 | \$ 4,699 | \$ 3 | \$ 497 | \$ - | \$ 4,945 |
| 1995-1835 | Contributions & Grants - O/H Conductor | -\$ 48,882 | \$ 1,307 | 35.75 | 45.00 | 2.22% | \$ 1,367 | \$ 15 | -\$ 1,382 | \$ 1,665 | \$ 283 | \$ 29 | \$ - | -\$ 1,396 |
| 1995-1840 | Contributions & Grants - Conduit | -\$ 196,117 | \$ - | 46.50 | 50.00 | 2.00% | \$ 4,218 | \$ - | -\$ 4,218 | \$ 4,582 | \$ 364 | \$ - | \$ - | -\$ 4,218 |
| 1995-1845 | Contributions & Grants - U/G Conductor | -\$ 1,464,999 | \$ 51,171 | 24.25 | 30.00 | 3.33% | \$ 60,412 | \$ 853 | -\$ 61,265 | \$ 55,175 | \$ 6,091 | \$ 1,706 | \$ - | -\$ 62,118 |
| 1995-1850 | Contributions & Grants - Transformers | -\$ 984,049 | \$ 81,267 | 33.75 | 40.00 | 2.50% | \$ 29,157 | \$ 1,016 | -\$ 30,173 | \$ 27,124 | \$ 3,048 | \$ 2,032 | \$ - | -\$ 31,189 |
| 1995-1855 | Contributions & Grants - Secondary Services | -\$ 782,226 | \$ 95,640 | 28.25 | 35.00 | 2.86% | \$ 27,689 | \$ 1,366 | -\$ 29,056 | \$ 25,594 | \$ 3,462 | \$ 2,733 | \$ - | -\$ 30,422 |
| 1995-1860-01 | Contributions & Grants - Smart Meters | -\$ 30,474 | \$ - | 11.00 | 15.00 | 6.67% | \$ 2,770 | \$ - | -\$ 2,770 | \$ 3,525 | \$ 755 | \$ - | \$ - | -\$ 2,770 |
| 2005 | Capital Lease - Communication Equipment | \$ - | \$ 49,283 | - | 20.00 | 5.00% | \$ - | \$ 1,232 | \$ 1,232 | \$ 1,232 | \$ 0 | \$ 2,464 | \$ - | \$ 2,464 |
| 2005 | Capital Lease - Structure | \$ - | \$ 77,510 | - | 50.00 | 2.00% | \$ - | \$ 775 | \$ 775 | \$ 775 | \$ 0 | \$ 1,550 | \$ - | \$ 1,550 |
| | Total | \$ 9,818,320 | \$ 1,472,332 | | | | \$ 1 | \$ 509,269 | \$ 23,951 | \$ 533,220 | \$ 18,089 | \$ 47,903 | \$ 8,304 | \$ 548,868 |

1 **Table 4-16: 2013 Revised CGAAP Depreciation Expense – Appendix 2-CC**

| Account | Description | Additions (d) | Years (new additions only) (f) | Depreciation Rate on New Additions (g) = 1 / (f) | 2013 Depreciation Expense ¹ (h)=2012 Full Year Depreciation + ((d)*0.5)/(f) | 2013 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (i) | Variance ² (m) = (h) - (i) | Depreciation Expense on 2013 Full Year Additions (n)=(d)/(f) | Less Depreciation Expense on Assets Fully Depreciated during the year (o) | 2013 Full Year Depreciation ³ (p) = 2012 Full Year Depreciation + (n) - (o) |
|--------------|---|---------------------|--|---|--|--|--|--|--|---|
| 1611 | Computer Software (Formally known as Account 1925) | \$ - | 10.00 | 10.00% | \$ 13,785 | \$ 13,779 | \$ 6 | \$ - | \$ - | \$ 13,785 |
| 1612 | Land Rights (Formally known as Account 1906) | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1805 | Land | \$ 28,421 | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1808 | Buildings | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1810 | Leasehold Improvements | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1815 | Transformer Station Equipment >50 kV | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1820 | Distribution Station Equipment <50 kV - Building & Infrastructure | \$ - | 50.00 | 2.00% | \$ 7,311 | \$ 7,253 | \$ 57 | \$ - | \$ - | \$ 7,311 |
| 1820 | Distribution Station Equipment <50 kV - Civil Work | \$ - | 50.00 | 2.00% | \$ 2,943 | \$ 2,921 | \$ 22 | \$ - | \$ - | \$ 2,943 |
| 1820 | Distribution Station Equipment <50 kV - LV Reclosures & Breakers | \$ 57,553 | 20.00 | 5.00% | \$ 26,870 | \$ 26,807 | \$ 63 | \$ 2,878 | \$ - | \$ 26,309 |
| 1820 | Distribution Station Equipment <50 kV - Equipment | \$ 27,053 | 40.00 | 2.50% | \$ 24,029 | \$ 23,945 | \$ 84 | \$ 676 | \$ - | \$ 24,368 |
| 1820 | Distribution Station Equipment <50 kV - Transformer | \$ - | 45.00 | 2.22% | \$ 20,489 | \$ 20,463 | \$ 26 | \$ - | \$ - | \$ 20,489 |
| 1825 | Storage Battery Equipment | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 102,449 | 45.00 | 2.22% | \$ 87,506 | \$ 87,253 | \$ 253 | \$ 2,277 | \$ - | \$ 88,644 |
| 1835 | Overhead Conductors & Devices | \$ 120,402 | 45.00 | 2.22% | \$ 86,058 | \$ 85,887 | \$ 171 | \$ 2,676 | \$ - | \$ 87,396 |
| 1840 | Underground Conduit | \$ 40,363 | 50.00 | 2.00% | \$ 5,396 | \$ 5,364 | \$ 31 | \$ 807 | \$ - | \$ 5,799 |
| 1845 | Underground Conductors & Devices | \$ 320,215 | 30.00 | 3.33% | \$ 154,820 | \$ 154,491 | \$ 328 | \$ 10,674 | \$ - | \$ 160,157 |
| 1850 | Line Transformers | \$ 295,560 | 40.00 | 2.50% | \$ 72,995 | \$ 72,464 | \$ 531 | \$ 7,389 | \$ 315 | \$ 76,374 |
| 1855 | Services (Overhead & Underground) | \$ 344,725 | 35.00 | 2.86% | \$ 82,279 | \$ 82,081 | \$ 198 | \$ 9,849 | \$ - | \$ 87,203 |
| 1860 | Meters | \$ 1,260 | 25.00 | 4.00% | \$ 199 | \$ 199 | \$ 0 | \$ 50 | \$ - | \$ 224 |
| 1860 | Meters (Smart Meters) | \$ 61,033 | 15.00 | 6.67% | \$ 113,541 | \$ 113,106 | \$ 435 | \$ 4,069 | \$ - | \$ 115,575 |
| 1860 | Primary Metering Equipment | \$ 97,995 | 25.00 | 4.00% | \$ 4,709 | \$ 4,708 | \$ 1 | \$ 3,920 | \$ - | \$ 6,669 |
| 1905 | Land | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures | \$ 464,754 | 50.00 | 2.00% | \$ 23,397 | \$ 23,367 | \$ 31 | \$ 9,295 | \$ - | \$ 28,045 |
| 1980 | System Supervisor Equipment | \$ 6,130 | 20.00 | 5.00% | \$ 4,247 | \$ 4,247 | \$ 0 | \$ 307 | \$ - | \$ 4,401 |
| 1985 | Miscellaneous Fixed Assets | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1990 | Other Tangible Property | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1995-1820-01 | Contributions & Grants - Station Building & Infrastructure | \$ - | 50.00 | 2.00% | \$ 1,512 | \$ 1,498 | \$ 14 | \$ - | \$ - | \$ 1,512 |
| 1995-1820-02 | Contributions & Grants - Station Civil Work | \$ - | 50.00 | 2.00% | \$ 1,488 | \$ 1,522 | \$ 34 | \$ - | \$ - | \$ 1,488 |
| 1995-1820-03 | Contributions & Grants - Station LV/Reclosures & Breakers | \$ - | 20.00 | 5.00% | \$ 5,283 | \$ 5,386 | \$ 103 | \$ - | \$ - | \$ 5,283 |
| 1995-1820-04 | Contributions & Grants - Station Equipment | \$ - | 40.00 | 2.50% | \$ 6,801 | \$ 6,859 | \$ 58 | \$ - | \$ - | \$ 6,801 |
| 1995-1820-05 | Contributions & Grants - Station Transformers | \$ - | 45.00 | 2.22% | \$ 6,145 | \$ 6,190 | \$ 45 | \$ - | \$ - | \$ 6,145 |
| 1995-1830 | Contributions & Grants - Poles | \$ 17,485 | 45.00 | 2.22% | \$ 5,139 | \$ 5,098 | \$ 41 | \$ 389 | \$ - | \$ 5,333 |
| 1995-1835 | Contributions & Grants - O/H Conductor | \$ 4,123 | 45.00 | 2.22% | \$ 1,442 | \$ 1,445 | \$ 3 | \$ 92 | \$ - | \$ 1,488 |
| 1995-1840 | Contributions & Grants - Conduit | \$ 36,438 | 50.00 | 2.00% | \$ 4,582 | \$ 4,577 | \$ 5 | \$ 729 | \$ - | \$ 4,946 |
| 1995-1845 | Contributions & Grants - U/G Conductor | \$ 280,700 | 30.00 | 3.33% | \$ 66,796 | \$ 66,203 | \$ 594 | \$ 9,357 | \$ - | \$ 71,475 |
| 1995-1850 | Contributions & Grants - Transformers | \$ 200,950 | 40.00 | 2.50% | \$ 33,701 | \$ 33,100 | \$ 600 | \$ 5,024 | \$ - | \$ 36,212 |
| 1995-1855 | Contributions & Grants - Secondary Services | \$ 183,818 | 35.00 | 2.86% | \$ 33,048 | \$ 32,832 | \$ 216 | \$ 5,252 | \$ - | \$ 35,674 |
| 1995-1860-01 | Contributions & Grants - Smart Meters | \$ - | 15.00 | 6.67% | \$ 2,770 | \$ 2,748 | \$ 22 | \$ - | \$ - | \$ 2,770 |
| 2005 | Capital Lease - Communication Equipment | \$ - | 20.00 | 5.00% | \$ 2,464 | \$ 2,464 | \$ 0 | \$ - | \$ - | \$ 2,464 |
| 2005 | Capital Lease - Structure | \$ - | 50.00 | 2.00% | \$ 1,550 | \$ 1,550 | \$ 0 | \$ - | \$ - | \$ 1,550 |
| | Total | \$ 1,244,398 | | | \$ 565,880 | \$ 564,891 | \$ 990 | \$ 34,025 | \$ 315 | \$ 582,578 |

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Table 4.17 -2014 MIFRS Depreciation Expense – Appendix 2-CD

| Account | Description | Additions (d) | Years (new additions only) (f) | Depreciation Rate on New Additions (g) = 1 / (f) | 2014 Depreciation Expense 1 (h)=2013 Full Year Depreciation + ((d)*0.5)/(f) | 2014 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (i) | Variance 2 (m) = (h) - (i) | Depreciation Expense on 2014 Full Year Additions (n)=((d)/(f)) | Less Depreciation Expense on Assets Fully Depreciated during the year (o) | 2014 Full Year Depreciation 3 (p) = 2013 Full Year Depreciation + (n) - (o) |
|--------------|--|---------------------|--|---|---|--|-----------------------------------|--|--|---|
| 1611 | Computer Software (Formally known as Account 1925) | \$ - | 10.00 | 10.00% | \$ 13,785 | \$ 13,779 | \$ 6 | \$ - | | \$ 13,785 |
| 1612 | Land Rights (Formally known as Account 1906) | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1805 | Land | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1808 | Buildings | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1810 | Leasehold Improvements | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1815 | Transformer Station Equipment >50 kV | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1820 | Distribution Station Equipment <50 kV - Building & Infrastructure | \$ - | 50.00 | 2.00% | \$ 7,311 | \$ 7,253 | \$ 57 | \$ - | | \$ 7,311 |
| 1820 | Distribution Station Equipment <50 kV - Civil Work | \$ - | 50.00 | 2.00% | \$ 2,943 | \$ 2,921 | \$ 22 | \$ - | | \$ 2,943 |
| 1820 | Distribution Station Equipment <50 kV - LV Reclosures & Breakers | \$ 51,785 | 20.00 | 5.00% | \$ 29,603 | \$ 29,540 | \$ 63 | \$ 2,589 | | \$ 30,898 |
| 1820 | Distribution Station Equipment <50 kV - Equipment | \$ - | 40.00 | 2.50% | \$ 24,368 | \$ 24,283 | \$ 84 | \$ - | | \$ 24,368 |
| 1820 | Distribution Station Equipment <50 kV - Transformer | \$ - | 45.00 | 2.22% | \$ 20,489 | \$ 20,463 | \$ 26 | \$ - | | \$ 20,489 |
| 1825 | Storage Battery Equipment | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 472,241 | 45.00 | 2.22% | \$ 93,892 | \$ 93,292 | \$ 600 | \$ 10,494 | \$ 755 | \$ 98,384 |
| 1835 | Overhead Conductors & Devices | \$ 61,106 | 45.00 | 2.22% | \$ 88,075 | \$ 87,768 | \$ 307 | \$ 1,358 | \$ 269 | \$ 88,484 |
| 1840 | Underground Conduit | \$ 31,180 | 50.00 | 2.00% | \$ 6,111 | \$ 6,080 | \$ 31 | \$ 624 | | \$ 6,423 |
| 1845 | Underground Conductors & Devices | \$ 475,382 | 30.00 | 3.33% | \$ 168,080 | \$ 167,751 | \$ 329 | \$ 15,846 | | \$ 176,003 |
| 1850 | Line Transformers | \$ 338,531 | 40.00 | 2.50% | \$ 80,606 | \$ 80,278 | \$ 328 | \$ 8,463 | \$ 206 | \$ 84,631 |
| 1855 | Services (Overhead & Underground) | \$ 343,053 | 35.00 | 2.86% | \$ 92,104 | \$ 91,894 | \$ 210 | \$ 9,802 | | \$ 97,005 |
| 1860 | Meters | \$ - | 25.00 | 4.00% | \$ 224 | \$ 224 | \$ 0 | \$ - | | \$ 224 |
| 1860 | Meters (Smart Meters) | \$ 5,254 | 15.00 | 6.67% | \$ 115,751 | \$ 115,316 | \$ 435 | \$ 350 | | \$ 115,926 |
| 1860 | Primary Metering Equipment | \$ - | 25.00 | 4.00% | \$ 6,669 | \$ 6,668 | \$ 1 | \$ - | | \$ 6,669 |
| 1905 | Land | \$ 91,245 | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | \$ 4,626 | 50.00 | 2.00% | \$ 28,091 | \$ 28,060 | \$ 31 | \$ 93 | | \$ 28,137 |
| 1980 | System Supervisor Equipment | \$ - | 20.00 | 5.00% | \$ 4,401 | \$ 4,401 | \$ 0 | \$ - | | \$ 4,401 |
| 1985 | Miscellaneous Fixed Assets | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1990 | Other Tangible Property | \$ - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 2440-1820-01 | Contributions & Grants - Station Building & Infrastructure | \$ 31,214 | 50.00 | 2.00% | \$ 1,200 | \$ 1,151 | \$ 49 | \$ 624 | | \$ 888 |
| 2440-1820-02 | Contributions & Grants - Station Civil Work | \$ 31,715 | 50.00 | 2.00% | \$ 1,171 | \$ 1,170 | \$ 2 | \$ 634 | | \$ 854 |
| 2440-1820-03 | Contributions & Grants - Station LV/Reclosures & Breakers | \$ 41,229 | 20.00 | 5.00% | \$ 4,252 | \$ 4,012 | \$ 240 | \$ 2,061 | | \$ 3,222 |
| 2440-1820-04 | Contributions & Grants - Station Equipment | \$ 112,837 | 40.00 | 2.50% | \$ 5,390 | \$ 5,247 | \$ 143 | \$ 2,821 | | \$ 3,980 |
| 2440-1820-05 | Contributions & Grants - Station Transformers | \$ 57,006 | 45.00 | 2.22% | \$ 5,512 | \$ 5,478 | \$ 34 | \$ 1,267 | | \$ 4,799 |
| 2440-1830 | Contributions & Grants - Poles | \$ 233,749 | 45.00 | 2.22% | \$ 7,930 | \$ 7,890 | \$ 41 | \$ 5,194 | | \$ 10,528 |
| 2440-1835 | Contributions & Grants - O/H Conductor | \$ 26,452 | 45.00 | 2.22% | \$ 1,782 | \$ 1,785 | \$ 3 | \$ 588 | | \$ 2,076 |
| 2440-1840 | Contributions & Grants - Conduit | \$ 13,567 | 50.00 | 2.00% | \$ 5,082 | \$ 5,077 | \$ 5 | \$ 271 | | \$ 5,218 |
| 2440-1845 | Contributions & Grants - U/G Conductor | \$ 304,232 | 30.00 | 3.33% | \$ 76,545 | \$ 75,951 | \$ 594 | \$ 10,141 | | \$ 81,616 |
| 2440-1850 | Contributions & Grants - Transformers | \$ 222,378 | 40.00 | 2.50% | \$ 38,992 | \$ 38,311 | \$ 681 | \$ 5,559 | \$ 79 | \$ 41,772 |
| 2440-1855 | Contributions & Grants - Secondary Services | \$ 155,319 | 35.00 | 2.86% | \$ 37,893 | \$ 37,867 | \$ 226 | \$ 4,438 | | \$ 40,112 |
| 2440-1860 | Contributions & Grants - Smart Meters | \$ 3,303 | 15.00 | 6.67% | \$ 2,880 | \$ 2,859 | \$ 22 | \$ 220 | | \$ 2,991 |
| 2005 | Capital Lease - Communication Equipment | \$ - | 20.00 | 5.00% | \$ 2,464 | \$ 2,464 | \$ 0 | \$ - | | \$ 2,464 |
| 2005 | Capital Lease - Structure | \$ - | 50.00 | 2.00% | \$ 1,550 | \$ 1,550 | \$ 0 | \$ - | | \$ 1,550 |
| | Total | \$ 1,189,404 | | | \$ 597,885 | \$ 597,387 | \$ 498 | \$ 30,614 | \$ 1,152 | \$ 612,040 |
| | Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) | | | | | | | | | |
| | Total Depreciation Expense | | | | \$ 597,885 | | | | | |

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Table 4.18 - 2015 MIFRS Depreciation Expense – Appendix 2-CE

| Account | Description | Additions (d) | Years (new additions only) (f) | Depreciation Rate on New Additions (g) = 1 / (f) | 2015 Depreciation Expense ¹ (h)=2014 Full Year Depreciation + (d)-(f)(g) | 2015 Depreciation Expense per Appendix 2.BA Fixed Assets, Column J (i) | Variance ² (m) = (h) - (i) | Depreciation Expense on 2015 Full Year Additions (n)=((d))/(f) | Less Depreciation Expense on Assets Fully Depreciated during the year (o) | 2015 Full Year Depreciation ³ (p) = 2014 Full Year Depreciation + (n) - (o) |
|--------------|--|---------------------|--|---|---|---|--|--|--|---|
| 1611 | Computer Software (Formally known as Account 1925) | \$ 15,000 | 10.00 | 10.00% | \$ 14,535 | \$ 14,535 | \$ - | \$ 1,500 | \$ - | \$ 15,285 |
| 1612 | Land Rights (Formally known as Account 1906) | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1805 | Land | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1808 | Buildings | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1810 | Leasehold Improvements | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1815 | Transformer Station Equipment >50 kV | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1820 | Distribution Station Equipment <50 kV - Building & Infrastructure | - | 50.00 | 2.00% | \$ 7,311 | \$ 7,311 | \$ - | \$ - | \$ - | \$ 7,311 |
| 1820 | Distribution Station Equipment <50 kV - Civil Work | - | 50.00 | 2.00% | \$ 2,943 | \$ 2,943 | \$ - | \$ - | \$ - | \$ 2,943 |
| 1820 | Distribution Station Equipment <50 kV - LV Reclosures & Breakers | - | 20.00 | 5.00% | \$ 30,898 | \$ 30,898 | \$ - | \$ - | \$ 7,868 | \$ 23,030 |
| 1820 | Distribution Station Equipment <50 kV - Equipment | - | 40.00 | 2.50% | \$ 24,368 | \$ 24,368 | \$ - | \$ - | \$ - | \$ 24,368 |
| 1820 | Distribution Station Equipment <50 kV - Transformer | - | 45.00 | 2.22% | \$ 20,489 | \$ 20,489 | \$ - | \$ - | \$ - | \$ 20,489 |
| 1825 | Storage Battery Equipment | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 270,000 | 45.00 | 2.22% | \$ 101,384 | \$ 101,384 | \$ - | \$ 6,000 | \$ 44,651 | \$ 59,733 |
| 1835 | Overhead Conductors & Devices | \$ 110,000 | 45.00 | 2.22% | \$ 89,707 | \$ 89,707 | \$ - | \$ 2,444 | \$ 38,237 | \$ 52,691 |
| 1840 | Underground Conduit | \$ - | 50.00 | 2.00% | \$ 6,423 | \$ 6,423 | \$ - | \$ - | \$ - | \$ 6,423 |
| 1845 | Underground Conductors & Devices | \$ 190,000 | 30.00 | 3.33% | \$ 179,170 | \$ 179,170 | \$ - | \$ 6,333 | \$ 7,376 | \$ 174,960 |
| 1850 | Line Transformers | \$ 245,000 | 40.00 | 2.50% | \$ 87,693 | \$ 87,693 | \$ - | \$ 6,125 | \$ 5,034 | \$ 85,722 |
| 1855 | Services (Overhead & Underground) | \$ 355,000 | 35.00 | 2.86% | \$ 102,076 | \$ 102,076 | \$ - | \$ 10,143 | \$ - | \$ 107,148 |
| 1860 | Meters | \$ 5,000 | 25.00 | 4.00% | \$ 324 | \$ 324 | \$ - | \$ 200 | \$ - | \$ 424 |
| 1860 | Meters (Smart Meters) | \$ 85,000 | 15.00 | 6.67% | \$ 118,759 | \$ 118,759 | \$ - | \$ 5,667 | \$ 4,129 | \$ 117,464 |
| 1860 | Primary Metering Equipment | - | 25.00 | 4.00% | \$ 6,669 | \$ 6,669 | \$ - | \$ - | \$ - | \$ 6,669 |
| 1905 | Land | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures | \$ 120,000 | 50.00 | 2.00% | \$ 29,337 | \$ 29,337 | \$ - | \$ 2,400 | \$ - | \$ 30,537 |
| 1980 | System Supervisor Equipment | - | 20.00 | 5.00% | \$ 4,401 | \$ 4,401 | \$ - | \$ - | \$ - | \$ 4,401 |
| 1985 | Miscellaneous Fixed Assets | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 1990 | Other Tangible Property | - | - | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 2440-1820-01 | Deferred Revenue - Station Building & Infrastructure | - | 50.00 | 2.00% | \$ 888 | \$ 888 | \$ - | \$ - | \$ - | \$ 888 |
| 2440-1820-02 | Deferred Revenue - Station Civil Work | - | 50.00 | 2.00% | \$ 854 | \$ 854 | \$ - | \$ - | \$ - | \$ 854 |
| 2440-1820-03 | Deferred Revenue - Station LV/Reclosures & Breakers | - | 20.00 | 5.00% | \$ 3,222 | \$ 3,222 | \$ - | \$ - | \$ - | \$ 3,222 |
| 2440-1820-04 | Deferred Revenue - Station Equipment | - | 40.00 | 2.50% | \$ 3,980 | \$ 3,980 | \$ - | \$ - | \$ - | \$ 3,980 |
| 2440-1820-05 | Deferred Revenue - Station Transformers | - | 45.00 | 2.22% | \$ 4,799 | \$ 4,799 | \$ - | \$ - | \$ - | \$ 4,799 |
| 2440-1830 | Deferred Revenue - Poles | - | 45.00 | 2.22% | \$ 10,528 | \$ 10,528 | \$ - | \$ - | \$ - | \$ 10,528 |
| 2440-1835 | Deferred Revenue - O/H Conductor | - | 45.00 | 2.22% | \$ 2,076 | \$ 2,076 | \$ - | \$ - | \$ - | \$ 2,076 |
| 2440-1840 | Deferred Revenue - Conduit | - | 50.00 | 2.00% | \$ 5,218 | \$ 5,218 | \$ - | \$ - | \$ - | \$ 5,218 |
| 2440-1845 | Deferred Revenue - U/G Conductor | -\$ 115,000 | 30.00 | 3.33% | \$ 83,532 | \$ 83,532 | \$ - | \$ 3,833 | \$ - | \$ 85,449 |
| 2440-1850 | Deferred Revenue - Transformers | -\$ 71,250 | 40.00 | 2.50% | \$ 42,663 | \$ 42,663 | \$ - | \$ 1,781 | \$ - | \$ 43,553 |
| 2440-1855 | Deferred Revenue - Secondary Services | -\$ 158,750 | 35.00 | 2.86% | \$ 42,379 | \$ 42,379 | \$ - | \$ 4,536 | \$ - | \$ 44,647 |
| 2440-1860 | Deferred Revenue - Smart Meters | - | 15.00 | 6.67% | \$ 2,991 | \$ 2,991 | \$ - | \$ - | \$ - | \$ 2,991 |
| 2005 | Capital Lease - Communication Equipment | - | 20.00 | 5.00% | \$ 2,464 | \$ 2,464 | \$ - | \$ - | \$ - | \$ 2,464 |
| 2005 | Capital Lease - Structure | - | 50.00 | 2.00% | \$ 1,550 | \$ 1,550 | \$ - | \$ - | \$ - | \$ 1,550 |
| | Total | \$ 1,050,000 | | | \$ 627,371 | \$ 627,371 | \$ - | \$ 30,662 | \$ 107,295 | \$ 535,407 |
| | Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) | | | | | | | | | |
| | Total Depreciation expense to be included in the test year revenue requirement | | | | \$ 627,371 | | | | | |

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Table 4.19 - 2016 MIFRS Depreciation Expense – Appendix 2-CF

| Account | Description | Additions (d) | Years (new additions only) (f) | Depreciation Rate on New Additions (g) = 1 / (f) | 2016 Depreciation Expense ¹ (h)=2015 Full Year Depreciation + (d)*0.5/(f) | 2016 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l) | Variance ² (m) = (h) - (l) |
|--------------|--|--------------------|--|---|--|---|--|
| 1611 | Computer Software (Formally known as Account 1925) | \$ 40,000 | 10.00 | 10.00% | \$ 17,285 | \$ 17,285.15 | \$ - |
| 1612 | Land Rights (Formally known as Account 1906) | - | - | 0.00% | \$ - | \$ - | \$ - |
| 1805 | Land | - | - | 0.00% | \$ - | \$ - | \$ - |
| 1808 | Buildings | - | - | 0.00% | \$ - | \$ - | \$ - |
| 1810 | Leasehold Improvements | - | - | 0.00% | \$ - | \$ - | \$ - |
| 1815 | Transformer Station Equipment >50 kV | - | - | 0.00% | \$ - | \$ - | \$ - |
| 1820 | Distribution Station Equipment <50 kV - Building & Infrastructure | - | 50.00 | 2.00% | \$ 7,311 | \$ 7,310.54 | \$ - |
| 1820 | Distribution Station Equipment <50 kV - Civil Work | - | 50.00 | 2.00% | \$ 2,943 | \$ 2,942.91 | \$ - |
| 1820 | Distribution Station Equipment <50 kV - LV Reclosures & Breakers | - | 20.00 | 5.00% | \$ 23,030 | \$ 23,030.00 | \$ - |
| 1820 | Distribution Station Equipment <50 kV - Equipment | - | 40.00 | 2.50% | \$ 24,368 | \$ 24,367.52 | \$ - |
| 1820 | Distribution Station Equipment <50 kV - Transformer | - | 45.00 | 2.22% | \$ 20,489 | \$ 20,489.13 | \$ - |
| 1825 | Storage Battery Equipment | - | - | 0.00% | \$ - | \$ - | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 525,000 | 45.00 | 2.22% | \$ 65,567 | \$ 65,566.57 | \$ - |
| 1835 | Overhead Conductors & Devices | \$ 265,000 | 45.00 | 2.22% | \$ 55,636 | \$ 55,635.68 | \$ - |
| 1840 | Underground Conduit | - | 50.00 | 2.00% | \$ 6,423 | \$ 6,422.94 | \$ - |
| 1845 | Underground Conductors & Devices | \$ 112,000 | 30.00 | 3.33% | \$ 176,826 | \$ 176,826.40 | \$ - |
| 1850 | Line Transformers | \$ 235,000 | 40.00 | 2.50% | \$ 88,660 | \$ 88,659.59 | \$ - |
| 1855 | Services (Overhead & Underground) | \$ 273,000 | 35.00 | 2.86% | \$ 111,048 | \$ 111,047.72 | \$ - |
| 1860 | Meters | \$ 5,000 | 25.00 | 4.00% | \$ 524 | \$ 523.83 | \$ - |
| 1860 | Meters (Smart Meters) | \$ 100,000 | 15.00 | 6.67% | \$ 120,797 | \$ 120,796.99 | \$ - |
| 1860 | Primary Metering Equipment | - | 25.00 | 4.00% | \$ 6,669 | \$ 6,669.28 | \$ - |
| 1905 | Land | - | - | 0.00% | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures | - | 50.00 | 2.00% | \$ 30,537 | \$ 30,537.24 | \$ - |
| 1960 | System Supervisor Equipment | - | 20.00 | 5.00% | \$ 4,401 | \$ 4,400.73 | \$ - |
| 1965 | Miscellaneous Fixed Assets | - | - | 0.00% | \$ - | \$ - | \$ - |
| 1990 | Other Tangible Property | - | - | 0.00% | \$ - | \$ - | \$ - |
| 2440-1820-01 | Deferred Revenue - Station Building & Infrastructure | - | 50.00 | 2.00% | \$ 888 | \$ 888 | \$ - |
| 2440-1820-02 | Deferred Revenue - Station Civil Work | - | 50.00 | 2.00% | \$ 854 | \$ 854 | \$ - |
| 2440-1820-03 | Deferred Revenue - Station LV/Reclosures & Breakers | - | 20.00 | 5.00% | \$ 3,222 | \$ 3,222 | \$ - |
| 2440-1820-04 | Deferred Revenue- Station Equipment | - | 40.00 | 2.50% | \$ 3,980 | \$ 3,980 | \$ - |
| 2440-1820-05 | Deferred Revenue - Station Transformers | - | 45.00 | 2.22% | \$ 4,799 | \$ 4,799 | \$ - |
| 2440-1830 | Deferred Revenue - Poles | - | 45.00 | 2.22% | \$ 10,528 | \$ 10,527.62 | \$ - |
| 2440-1835 | Deferred Revenue - O/H Conductor | - | 45.00 | 2.22% | \$ 2,076 | \$ 2,075.82 | \$ - |
| 2440-1840 | Deferred Revenue - Conduit | - | 50.00 | 2.00% | \$ 5,218 | \$ 5,217.67 | \$ - |
| 2440-1845 | Deferred Revenue - U/G Conductor | -\$ 76,500 | 30.00 | 3.33% | \$ 86,724 | \$ 86,724.08 | \$ - |
| 2440-1850 | Deferred Revenue - Transformers | -\$ 67,500 | 40.00 | 2.50% | \$ 44,397 | \$ 44,396.88 | \$ - |
| 2440-1855 | Deferred Revenue - Secondary Services | -\$ 132,250 | 35.00 | 2.86% | \$ 46,537 | \$ 46,536.57 | \$ - |
| 2440-1860 | Deferred Revenue - Smart Meters | - | 15.00 | 6.67% | \$ 2,991 | \$ 2,990.58 | \$ - |
| 2005 | Capital Lease - Communication Equipment | - | 20.00 | 5.00% | \$ 2,464 | \$ 2,464.15 | \$ - |
| 2005 | Capital Lease - Structure | - | 50.00 | 2.00% | \$ 1,550 | \$ 1,550.20 | \$ - |
| | Total | \$1,278,750 | | | \$ 554,315 | \$ 554,315 | \$ - |
| | Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) | | | | | | |
| | Total Depreciation expense to be included in the test year revenue requirement | | | | \$ 554,315 | | |

2

1 **Ex.4/Tab 4/Sch.3 - Typical Useful Lives Study**

2 The Board sponsored Kinectrics study, on which the utility has based its depreciation rates that
 3 were approved in WDI’s last COS (EB-2011-0103), are presented below as Table 4.20-
 4 Comparison of Depreciation Rates.

5 **Table 4.20 - Comparison of Depreciation Rates**

| USoA Account Number | Description | Current | Proposed |
|---------------------------|--|----------------|----------|
| | | (EB-2011-0103) | Years |
| 1611 | Computer Software | 10 | 10 |
| 1820 | Distribution Station Equipment - Transformer | 45 | 45 |
| 1820 | Distribution Station Equipment - Equipment | 40 | 40 |
| 1820 | Distribution Station Equipment – Reclosures and Breakers | 20 | 20 |
| 1820 | Distribution Station Equipment - Structure/Civil | 50 | 50 |
| 1830 | Poles, Towers and Fixtures - All | 45 | 45 |
| 1835 | Underground Conductors and Devices- All | 45 | 45 |
| 1840 | Conduit | 50 | 50 |
| 1845 | Underground Conductor - Direct Buried | 30 | 30 |
| 1850 | Line Transformers - All | 40 | 40 |
| 1855 | Secondary Services | 35 | 35 |
| 1860 | Primary Metering Equipment | 25 | 25 |
| 1860 | GS>50 Meters | 25 | 25 |
| 1860 | Smart Meters | 15 | 15 |
| 1908 | Building and Fixtures | 50 | 50 |
| 1980 | System Supervisor Equipment | 20 | 20 |
| 2055 | Capital Leases - Towers | 50 | 50 |

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8

1 **Ex.4/Tab 4/Sch.4 - OEB Appendix 2-BB**

2 Table 4.21 below, consistent with Board Appendix 2-BB, provides a summary of the life
 3 comparison between WDI's selected useful lives and those provided in Table F-1 of the
 4 Kinetrics Report.

5 **Table 4.21 - Service Live Comparison – Appendix 2-BB**

| Parent* | # | Asset Details | | | Useful Life | | | USoA Account Number | USoA Account Description | Current | | Proposed | | Outside Range of Min, Max TUL? | | |
|---------|--------------------------------------|---|-------------------|------|-------------|-----|--------|---------------------|--------------------------------|------------------------------------|------|----------|------|--------------------------------|---------------|----|
| | | Category | Component | Type | MIN UL | TUL | MAX UL | | | Years | Rate | Years | Rate | Below Min TUL | Above Max TUL | |
| OH | 1 | Fully Dressed Wood Poles | Overall | | | 35 | 45 | 75 | 1830 | Poles, Towers and Fixtures | 45 | 2% | 45 | 2% | No | No |
| | | | Cross Arm | Wood | Steel | 20 | 40 | 55 | 1830 | Poles, Towers and Fixtures | 45 | 2% | 45 | 2% | No | No |
| | 2 | Fully Dressed Concrete Poles | Overall | | | 50 | 60 | 80 | | | | | | | | |
| | | | Cross Arm | Wood | Steel | 20 | 40 | 55 | | | | | | | | |
| | 3 | Fully Dressed Steel Poles | Overall | | | 60 | 60 | 80 | | | | | | | | |
| | | | Cross Arm | Wood | Steel | 30 | 70 | 95 | | | | | | | | |
| | 4 | OH Line Switch | | | | 30 | 45 | 55 | 1830 | Poles, Towers and Fixtures | 45 | 2% | 45 | 2% | No | No |
| | 5 | OH Line Switch Motor | | | | 15 | 25 | 25 | | | | | | | | |
| | 6 | OH Line Switch RTU | | | | 15 | 20 | 20 | | | | | | | | |
| | 7 | OH Integral Switches | | | | 35 | 45 | 60 | 1835 | Underground Conductors and Devices | 45 | 2% | 45 | 2% | No | No |
| | 8 | OH Conductors | | | | 50 | 60 | 75 | 1835 | Underground Conductors and Devices | 45 | 2% | 45 | 2% | Yes | No |
| 9 | OH Transformers & Voltage Regulators | | | | 30 | 40 | 60 | 1850 | Line Transformers | 50 | 2% | 50 | 2% | No | No | |
| 10 | OH Shunt Capacitor Banks | | | | 25 | 30 | 40 | | | | | | | | | |
| 11 | Reclosers | | | | 25 | 40 | 55 | | | | | | | | | |
| TS & MS | 12 | Power Transformers | Overall | | | 30 | 45 | 60 | 1820 | Distribution Station Equipment | 45 | 2% | 45 | 2% | No | No |
| | | | Bushing | | | 10 | 20 | 30 | | | | | | | | |
| | 13 | Station Service Transformer | | | | 30 | 45 | 55 | | | | | | | | |
| | 14 | Station Grounding Transformer | | | | 30 | 40 | 40 | | | | | | | | |
| | 15 | Station DC System | Overall | | | 10 | 20 | 30 | | | | | | | | |
| | | | Battery Bank | | | 10 | 15 | 15 | | | | | | | | |
| | | | Charger | | | 20 | 20 | 30 | | | | | | | | |
| | 16 | Station Metal Clad Switchgear | | | | 30 | 40 | 60 | 1820 | Distribution Station Equipment | 40 | 3% | 40 | 3% | No | No |
| | 17 | Station Independent Breakers | Overall | | | 25 | 40 | 60 | 1820 | Distribution Station Equipment | 40 | 3% | 40 | 3% | No | No |
| | | | Removable Breaker | | | 35 | 45 | 65 | 1820 | Distribution Station Equipment | 40 | 3% | 40 | 3% | No | No |
| | 18 | Station Switch | | | | 30 | 50 | 60 | 1820 | Distribution Station Equipment | 40 | 3% | 40 | 3% | No | No |
| 19 | Electromechanical Relays | | | | 25 | 35 | 50 | | | | | | | | | |
| 20 | Solid State Relays | | | | 10 | 30 | 45 | 1820 | Distribution Station Equipment | 20 | 5% | 20 | 5% | No | No | |
| 21 | Digital & Numeric Relays | | | | 15 | 20 | 20 | 1820 | Distribution Station Equipment | 20 | 5% | 20 | 5% | No | No | |
| 22 | Rigid Busbars | | | | 30 | 55 | 60 | | | | | | | | | |
| 23 | Steel Structure | | | | 35 | 60 | 90 | 1820 | Distribution Station Equipment | 50 | 2% | 50 | 2% | No | No | |
| UG | 24 | Primary Paper Insulated Lead Covered (PILC) Cables | | | 60 | 65 | 75 | | | | | | | | | |
| | 25 | Primary Ethylene-Propylene Rubber (EPR) Cables | | | 20 | 25 | 25 | | | | | | | | | |
| | 26 | Primary Non-Tree Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried | | | 20 | 25 | 30 | | | | | | | | | |
| | 27 | Primary Non-TR XLPE Cables in Duct | | | 20 | 25 | 30 | 1845 | Underground Conductor | 30 | 3% | 30 | 3% | No | No | |
| | 30 | Secondary PILC Cables | | | 70 | 75 | 80 | | | | | | | | | |
| | 31 | Secondary Cables Direct Buried | | | 25 | 35 | 40 | 1855 | Secondary Services | 35 | 3% | 35 | 3% | No | No | |
| | 32 | Secondary Cables in Duct | | | 35 | 40 | 60 | | | | | | | | | |
| | 33 | Network Transformers | Overall | | | 20 | 35 | 50 | | | | | | | | |
| | 34 | Pad-Mounted Transformers | Protector | | | 20 | 35 | 40 | | | | | | | | |
| | | | Overall | | | 25 | 40 | 45 | 1950 | Transformer | 40 | 3% | 40 | 3% | No | No |
| | 35 | Submersible/Vault Transformers | | | | 25 | 35 | 45 | | | | | | | | |
| 36 | UG Foundation | | | | 35 | 55 | 70 | | | | | | | | | |
| 37 | UG Vaults | Overall | | | 40 | 60 | 80 | | | | | | | | | |
| | | Roof | | | 20 | 30 | 45 | | | | | | | | | |
| 38 | UG Vault Switches | | | | 20 | 35 | 50 | | | | | | | | | |
| 39 | Pad Mounted Switchgear | | | | 20 | 30 | 45 | | | | | | | | | |
| 40 | Ducts | | | | 30 | 50 | 65 | 1850 | Canduit | 50 | 2% | 50 | 2% | No | No | |
| 41 | Concrete Encased Duct Banks | | | | 35 | 55 | 80 | | | | | | | | | |
| 42 | Cable Chambers | | | | 50 | 60 | 80 | | | | | | | | | |
| S | 43 | Remote SCADA | | | 15 | 20 | 30 | 1980 | SCADA | 20 | 5% | 20 | 5% | No | No | |

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7

Wasaga Distribution Inc.
 EB-2015-0107
 Exhibit 4 – Operating Expenses
 Filed: September 11, 2015

Table F-2 from Kinetrics Report¹

| # | Asset Details Category/ Component \| Type | | Useful Life Range | USoA Account Number | USoA Account Description | Current | | Proposed | | Outside Range of Min, Max TUL? | |
|----|---|---------------------------------|-------------------|---------------------|--------------------------------|---------|------|----------|------|--------------------------------|-----------------|
| | | | | | | Years | Rate | Years | Rate | Below Min Range | Above Max Range |
| 1 | Office Equipment | | 5 \| 15 | | | | | | | | |
| 2 | Vehicles | Trucks & Buckets | 5 \| 15 | | | | | | | | |
| | | Trailers | 5 \| 20 | | | | | | | | |
| | | Vans | 5 \| 10 | | | | | | | | |
| 3 | Administrative Buildings | | 50 \| 75 | | | | | | | | |
| 4 | Leasehold Improvements | | Lease dependent | | | | | | | | |
| 5 | Station Buildings | Station Buildings | 50 \| 75 | 1820 | Distribution Station Equipment | 50 | 2% | 50 | 2% | No | No |
| | | Parking | 25 \| 30 | | | | | | | | |
| | | Fence | 25 \| 60 | 1820 | Distribution Station Equipment | 50 | 2% | 50 | 2% | No | No |
| | | Roof | 20 \| 30 | | | | | | | | |
| 6 | Computer Equipment | Hardware | 3 \| 5 | | | | | | | | |
| | | Software | 2 \| 5 | 1511 | Computer Software | 10 | 10% | 10 | 10% | No | Yes |
| 7 | Equipment | Power Operated | 5 \| 10 | | | | | | | | |
| | | Stores | 5 \| 10 | | | | | | | | |
| | | Tools, Shop, Garage Equipment | 5 \| 10 | | | | | | | | |
| | | Measurement & Testing Equipment | 5 \| 10 | | | | | | | | |
| 8 | Communication | Towers | 60 \| 70 | 2055 | Capital Leases - Towers | 50 | 2% | 50 | 2% | Yes | No |
| | | Wireless | 2 \| 10 | 1980 | System Supervisor Equipment | 20 | 5% | 20 | 5% | No | Yes |
| 9 | Residential Energy Meters | | 25 \| 35 | | | | | | | | |
| 10 | Industrial/Commercial Energy Meters | | 25 \| 35 | 1860 | Meters | 25 | 4% | 25 | 4% | No | No |
| 11 | Wholesale Energy Meters | | 15 \| 30 | 1880 | Meters | 25 | 4% | 25 | 4% | No | No |
| 12 | Current & Potential Transformer (CT & PT) | | 35 \| 50 | | | | | | | | |
| 13 | Smart Meters | | 5 \| 15 | 1860 | Meters | 15 | 7% | 15 | 7% | No | No |
| 14 | Repeaters - Smart Metering | | 10 15 | | | | | | | | |
| 15 | Data Collectors - Smart Metering | | 15 20 | | | | | | | | |

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2

1 **Ex.4/Tab 4/Sch.5 - Depreciation Expense Associated with Retirement**
2 **Obligation**

3 At this time, WDI does not have any Asset Retirement Obligations (“AROs”), associated
4 depreciation or accretion expenses in relation to AROs to report as part of this Application.

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7

1 **Ex.4/Tab 4/Sch.6 - Depreciation and Capitalization Policy**

2 WDI does not have a formal deprivation/amortization policy but bases its practice for
3 depreciation/amortization on Canadian Generally Accepted Accounting Principles (CGAAP),
4 and guidelines set out by the Ontario Energy Board, where applicable. WDI has converted to
5 IFRS January 1, 2015 and as such the depreciation/amortization policy in effect for the 2015
6 Bridge Year and 2016 Test Year is compliant with MIRFS.

7 WDI calculates depreciation based the “half –year” rule for all distribution system assets and
8 capital contributions.

9 A summary of WDI’s depreciation by year from 2012 Board Approved to the 2016 Test Year is
10 provided in Table 4.22 on the next page.

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Table 4.22 - Depreciation Expenses Summary

| USoA | Description | 2012 Board | 2012 Actual | 2013 Actual | 2014 Actual | 2014 Actual | 2015 Bridge | 2016 Test | Depreciation |
|---|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|--------------|
| | | Approved | | | | | Year | Year |  | Rate |
| | | CGAAP | CGAAP | CGAAP | CGAAP | MIFRS | MIFRS | MIFRS | |
| 1611 | Computer Software (Formally known as Account 1925) | 9,257 | 9,343 | 13,779 | 13,779 | 13,779 | 14,535 | 17,285 | 10.0% |
| 1820 | Distribution Station Equipment <50 kV - Building & Infrastructure | - | 7,273 | 7,253 | 7,253 | 6,102 | 6,423 | 6,423 | 2.0% |
| 1820 | Distribution Station Equipment <50 kV - Civil Work | - | 2,929 | 2,921 | 2,921 | 1,751 | 2,089 | 2,089 | 2.0% |
| 1820 | Distribution Station Equipment <50 kV - LV Reclosures & Breakers | - | 25,437 | 26,807 | 29,540 | 25,528 | 27,676 | 19,808 | 5.0% |
| 1820 | Distribution Station Equipment <50 kV - Equipment | - | 23,672 | 23,945 | 24,283 | 19,036 | 20,388 | 20,388 | 2.5% |
| 1820 | Distribution Station Equipment <50 kV - Transformer | - | 20,519 | 20,463 | 20,463 | 14,985 | 15,611 | 15,611 | 2.2% |
| 1820 | Distribution Station Equipment - Total | 86,860 | 79,830 | 81,389 | 84,461 | 67,403 | 72,186 | 64,318 | |
| 1830 | Poles, Towers & Fixtures | 82,422 | 82,913 | 87,253 | 93,292 | 87,959 | 96,051 | 60,233 | 2.2% |
| 1835 | Overhead Conductors & Devices | 81,674 | 81,214 | 85,887 | 87,768 | 86,280 | 88,219 | 54,148 | 2.2% |
| 1840 | Underground Conduit | 6,833 | 4,956 | 5,364 | 6,080 | 1,134 | 1,477 | 1,477 | 2.0% |
| 1845 | Underground Conductors & Devices | 152,941 | 147,675 | 154,491 | 167,751 | 96,276 | 107,695 | 105,352 | 3.3% |
| 1850 | Line Transformers | 69,208 | 66,611 | 72,464 | 80,278 | 44,066 | 51,560 | 52,526 | 2.5% |
| 1855 | Services (Overhead & Underground) | 72,673 | 73,326 | 82,081 | 91,894 | 56,220 | 66,402 | 75,374 | 2.9% |
| 1860 | Meters | - | 633 | 174 | 199 | 224 | 324 | 524 | 4.0% |
| 1860 | Meters (Smart Meters) | - | 113,751 | 113,015 | 113,106 | 115,316 | 115,969 | 118,027 | 6.7% |
| 1860 | Primary Metering Equipment | - | 4,950 | 4,950 | 4,708 | 6,668 | 6,669 | 6,669 | 4.0% |
| 1860 | Meter Equipment | 114,584 | 118,139 | 118,013 | 122,208 | 119,437 | 122,982 | 125,220 | |
| 1908 | Buildings & Fixtures | 24,162 | 19,830 | 23,367 | 28,060 | 28,060 | 29,337 | 30,537 | 2% |
| 1920 | Computer Hardware | 1,050 | - | - | - | - | - | - | 20% |
| 1980 | System Supervisor Equipment | - | 2,047 | 4,247 | 4,401 | 4,401 | 4,401 | 4,401 | 5% |
| 1995-1820-01 | Contributions & Grants - Station Building & Infrastructure | - | - | 1,018 | 1,498 | 1,151 | - | - | 2.0% |
| 1995-1820-02 | Contributions & Grants - Station Civil Work | - | - | 1,002 | 1,522 | 1,170 | - | - | 2.0% |
| 1995-1820-03 | Contributions & Grants - Station LV/Reclosures & Breakers | - | - | 3,542 | 5,386 | 4,012 | - | - | 5.0% |
| 1995-1820-04 | Contributions & Grants - Station Equipment | - | - | 4,536 | 6,859 | 5,247 | - | - | 2.5% |
| 1995-1820-05 | Contributions & Grants - Station Transformers | - | - | 4,119 | 6,190 | 5,478 | - | - | 2.2% |
| 1995-1830 | Contributions & Grants - Poles | - | - | 4,699 | 5,098 | 7,890 | - | - | 2.2% |
| 1995-1835 | Contributions & Grants - O/H Conductor | - | - | 1,665 | 1,445 | 1,785 | - | - | 2.2% |
| 1995-1840 | Contributions & Grants - Conduit | - | - | 4,582 | 4,577 | 5,077 | - | - | 2.0% |
| 1995-1845 | Contributions & Grants - U/G Conductor | - | - | 55,175 | 66,203 | 75,951 | - | - | 3.3% |
| 1995-1850 | Contributions & Grants - Transformers | - | - | 27,124 | 33,100 | 38,311 | - | - | 2.5% |
| 1995-1855 | Contributions & Grants - Secondary Services | - | - | 25,594 | 32,832 | 37,667 | - | - | 2.9% |
| 1995-1860-01 | Contributions & Grants - Smart Meters | - | - | 3,525 | 2,748 | 2,859 | - | - | 6.7% |
| 1995 | Contributions and Grants - Total | 146,457 | 136,581 | 167,460 | 186,598 | - | - | - | |
| 2440-1830 | Deferred Revenue - Poles | - | - | - | - | 2,557 | 5,194 | 5,194 | 2.2% |
| 2440-1835 | Deferred Revenue - O/H Conductor | - | - | - | - | 297 | 588 | 588 | 2.2% |
| 2440-1840 | Deferred Revenue - Conduit | - | - | - | - | 131 | 271 | 271 | 2.0% |
| 2440-1845 | Deferred Revenue - U/G Conductor | - | - | - | - | 4,477 | 12,058 | 15,249 | 3.3% |
| 2440-1850 | Deferred Revenue - Transformers | - | - | - | - | 2,099 | 6,450 | 8,184 | 2.5% |
| 2440-1855 | Deferred Revenue - Secondary Services | - | - | - | - | 1,993 | 6,706 | 10,863 | 2.9% |
| 2440-1860-01 | Deferred Revenue - Smart Meters | - | - | - | - | 88 | 220 | 220 | 6.7% |
| 2440 | Deferred Revenue Total | - | - | - | - | 11,642 | 31,487 | 40,570 | |
| 2005 | Capital Lease - Communication Equipment | - | 1,232 | 2,464 | 2,464 | 2,464 | 2,464 | 2,464 | 5.0% |
| 2005 | Capital Lease - Structure | - | 775 | 1,550 | 1,550 | 1,550 | 1,550 | 1,550 | 2.0% |
| 2005 | Capital Lease - Total | 6,340 | 2,007 | 4,014 | 4,014 | 4,014 | 4,014 | 4,014 | |
| Total Depreciation | | 561,547 | 551,309 | 564,891 | 597,387 | 597,387 | 627,371 | 554,315 | |
| Less: Fully Allocated Depreciation | | - | - | - | - | - | - | - | |
| Total Depreciation for Rate Setting Purposes | | 561,547 | 551,309 | 564,891 | 597,387 | 597,387 | 627,371 | 554,315 | |

2

1 **Ex.4/Tab 4/Sch.7 - Adoption of Half Year Rule**

2 WDI confirms that it has applied the half-year rule for the purposes of computing the net book
3 value of Property, Plant and Equipment and General Plant to include in rate base. Under the
4 half-year rule acquisitions and investments made during the year are amortized assuming they
5 entered service at the mid-point of the year.

1 **Taxes or Payments In Lieu of Taxes (PILs) and Property**
 2 **Taxes**

3 **Ex.4/Tab 5/Sch.1 - Overview of PILs**

4 WDI is required to make payments in lieu of income taxes (“taxes”) based on its taxable income.
 5 WDI files Federal/Provincial tax returns annually. There have been no special circumstances
 6 that would require specific tax planning measures to minimize taxes payable. There are no
 7 outstanding audits, reassessments or disputes relating the tax returns filed by WDI.

8 There are no non-utility activities included in WDI’s financial results, therefore the entire amount
 9 of PILs payable is considered in the proposed allowance to be included in the revenue
 10 requirement.

11 WDI has used the OEB Tax Work Form model to calculate the amount of taxes for inclusion in
 12 its 2016 rates. PILs have been calculated under MIFRS accounting policies. The PILS model
 13 was reviewed by WDI’s external auditor Collins Barrow to ensure that the current and proposed
 14 tax rates have been applied, that the amount of PILS calculated appears reasonable and that
 15 the integrity checks established in the Boards Minimum Filing Requirements have been adhered
 16 to.

17 Table 4.23 summarizes WDI’s grossed up taxes for the 2014 Historical Year, 2015 Bridge Year
 18 and 2016 Test Year. Under the new accounting policies, WDI’s PILs amount to \$43,991.

19 **Table 4.23 - Income Tax Summary**

| | Current PILS | 2012 Board Approved | 2012 Actual | 2013 Actual | 2014 Actual | 2015 Bridge Year | 2016 Test Year |
|--|---------------------|----------------------------|--------------------|--------------------|--------------------|-------------------------|-----------------------|
| | Grossed-Up PILS | 40,737 | 205,504 | 26,085 | 35,055 | 84,593 | 43,991 |

1 The income tax sheet from the Revenue Requirement Work Form is presented below as Table
 2 4.24 and the PILs model is being filed in conjunction with this application.

3 **Table 4.24 - Tax Provision for the 2016 Test Year**

| <u>Line No.</u> | <u>Particulars</u> | <u>Application</u> |
|-----------------|--|--------------------|
| | <u>Determination of Taxable Income</u> | |
| 1 | Utility net income before taxes | \$524,606 |
| 2 | Adjustments required to arrive at taxable utility income | (\$337,410) |
| 3 | Taxable income | <u>\$187,196</u> |
| | <u>Calculation of Utility income Taxes</u> | |
| 4 | Income taxes | <u>\$33,242</u> |
| 6 | Total taxes | <u>\$33,242</u> |
| 7 | Gross-up of Income Taxes | <u>\$10,749</u> |
| 8 | Grossed-up Income Taxes | <u>\$43,991</u> |
| 9 | PILs / tax Allowance (Grossed-up Income taxes + Capital taxes) | <u>\$43,991</u> |
| 10 | Other tax Credits | (\$12,500) |
| | <u>Tax Rates</u> | |
| 11 | Federal tax (%) | 14.19% |
| 12 | Provincial tax (%) | <u>10.24%</u> |
| 13 | Total tax rate (%) | <u>24.44%</u> |

4

1 **Ex.4/Tab 5/Sch.2 - Latest Filed Tax Return, Tax Assessments and**
2 **Correspondence**

3 The utility's latest tax return is presented in this Exhibit, Attachment E.

4 WDI does not have any loss carry forwards.

1 **Ex.4/Tab 5/Sch.3 - Calculation of Tax Credits**

2 WDI is not claiming an Apprenticeship Training Tax Credit. WDI is claiming a Scientific
3 Research and Experimental Development (“SRED”) credit and this credit has been included in
4 the PILs calculation. This credit is for \$12,500 in the 2016 Test Year.

5

6

1 **Ex.4/Tab 5/Sch.4 - Non-recoverable and Disallowed Expenses**

2 WDI has no donation other than LEAP, in the calculation of revenue requirement.

3

4

1 **Ex.4/Tab 5/Sch.5 - Integrity Checklist**

2 WDI and its external auditors attest that the following integrity checks have been completed in
3 its application. In completing the PILs model, Collins Barrow attests that:

- 4 • the depreciation and amortization added back in the application's PILs model agree
5 with the numbers disclosed in the rate base section of the application;
- 6 • the capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate
7 base section for historic, bridge and test years;
- 8 • Schedule 8 of the most recent federal T2 tax return filed with the application has a
9 closing December 31st historic year UCC that agrees with the opening bridge year
10 UCC at January 1st;
- 11 • The CCA deductions in the application's PILs tax model for historic, bridge and test
12 years agree with the numbers in the UCC schedules for the same years filed in the
13 application;
- 14 • Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those
15 disclosed in the application;
- 16 • CCA is maximized even if there are tax loss carry-forwards; and
17 • WDI does not have any loss carry forwards.

18

19

1 Conservation and Demand Side Management

2 **Ex.4/Tab 6/Sch.1 - Overview of CDM**

3
4 WDI filed its CDM Strategy with the OEB in accordance with the CDM Code for Electricity
5 Distributors in the fall of 2010 for WDI's 2011-2014 CDM portfolio. WDI began delivering CDM
6 programs in 2011 in order to meet the mandated targets. The emphasis has been on Ontario
7 Power Authority ("OPA") Contracted Province-Wide Programs to residential and general service
8 customers. WDI has not sought approval for Board-approved CDM programs. WDI is currently
9 in the process of transitioning to WDI's 2015-2020 CDM portfolio.

10 The OPA provides funding for WDI's CDM programs. Funding and expenditures for the
11 delivery of OPA Contracted Province-Wide Programs are kept separate and tracked in Non-
12 Distribution Revenue Accounts in accordance with the guidance in Chapter 5, Accounting
13 Treatment of the CDM Code.

14 In addition, WDI has ensured that any function performed within the distribution company for
15 CDM activity has been attributed and tracked in the non-distribution accounts. Therefore, CDM
16 activities are not included in the calculation of revenue requirement or revenue offsets.

17 WDI will not be applying for any OM&A costs related to the administration and delivery of CDM
18 programs to be recovered through the revenue requirement.

19

1 **Ex.4/Tab 6/Sch.2 - LRAMVA**

2

3 **Lost Revenue Adjustment Mechanism ("LRAM") for 2011-2014**

4 On March 31, 2010, the Minister of Energy and Infrastructure issued a directive (the "Directive")
5 to the Board regarding electricity CDM targets to be met by licensed electricity distributors. The
6 Directive required that the Board amend the licenses of distributors to add, as a condition of
7 license, the requirement for distributors to achieve reductions in electricity demand through the
8 delivery of CDM programs over a four-year period beginning January 1, 2011. Section 12 of the
9 Directive required that the Board have regard to the objective that lost revenues that resulted
10 from CDM Programs should not act as a disincentive to a distributor. On April 26, 2012, the
11 Board issued Guidelines for Electricity Distributor Conservation and Demand Management
12 ("CDM Guidelines"). In keeping with the Directive, the Board adopted a mechanism to capture
13 the difference between the results of actual, verified impacts of authorized CDM activities
14 undertaken by distributors between 2011 and 2014 and the level of activities embedded into
15 rates through the distributors load forecast in an LRAM variance account. Note that WDI is not
16 requesting recovery of lost revenue resulting from any pre-2011 CDM activities or legacy
17 programs.

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1 **Table 4.26 - Summary of Requested LRAMVA Amounts (2011-2013)**

| Verified results updated | | 2013 | | | | | | | | | |
|--------------------------|--------------------|-------------------------|---------------------------------|--|--------------------------|-------------------|-----------------|-------|-------|---------------|--------------------|
| Description | Residential | General Service < 50 kW | General Service > 50 to 4999 kW | Standby Power - Approved on an Interim Basis | Unmetered Scattered Load | Sentinel Lighting | Street Lighting | other | other | other | Total |
| 2011 Forecast | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | | \$0.00 |
| 2011 Verified | \$2,662.42 | \$1,488.27 | \$1,621.34 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | | \$5,772.03 |
| 2011 Cleared | | | | | | | | | | | \$0.00 |
| 2012 Forecast | -\$7,988.48 | -\$1,541.20 | -\$1,341.61 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | | -\$10,871.29 |
| 2012 Verified | \$4,016.38 | \$2,799.94 | \$5,475.09 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | | \$12,291.41 |
| 2012 Cleared | | | | | | | | | | | \$0.00 |
| 2013 Forecast | -\$7,811.38 | -\$1,525.87 | -\$1,325.56 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | | -\$10,662.80 |
| 2013 Actuals | \$5,592.56 | \$3,482.04 | \$4,502.88 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | | \$13,577.48 |
| 2013 Cleared | | | | | | | | | | | \$0.00 |
| Balance | -\$3,528.51 | \$4,703.18 | \$8,932.14 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | | | \$0.00 | \$10,106.81 |

2
 3 WDI has used the most recent input assumptions when calculating lost revenue and has relied
 4 on the 2013 final evaluation report and the 2011-2014 Finalized CDM results from the IESO in
 5 support of its LRAM calculation for its contracted province-wide CDM programs ("OPA
 6 Programs") for 2011-2013. Lost revenues are based on Board approved variable charges and
 7 carrying charges through to April 30, 2016 are requested using the quarterly rates prescribed by
 8 the Board provided in Exhibit 9.

9 WDI is not currently requesting recovery of lost revenue resulting from Board-approved
 10 programs.

11 Estimated CDM load reductions of 802,000 kWh were factored into the load forecast
 12 underpinning WDI's 2012 and 2013 rates. WDI used a kWh to kW ratio of 0.228% of 127,698
 13 kWh's to determine the yearly CDM kW impact to the GS>50 kW customer class. Table 4.27
 14 illustrates the CDM load reduction from 2011-2013 that WDI requested for in WDI's 2012 COS
 15 (EB-2011-0103).

16 **Table 4.27 – CDM Load Reduction (2011-2013)**

| Forecast Year | Residential | General Service < 50 kW | General Service > 50 to 4999 kW | Unmetered Scattered Load | Street Lighting |
|---------------|-------------|-------------------------|---------------------------------|--------------------------|-----------------|
| | kWh | kWh | kW | kWh | kW |
| 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 2012 | 559,287 | 115,015 | 291 | - | - |
| 2013 | 559,287 | 115,015 | 291 | - | - |

1 Attachments

- 2 Attachment A Master Service Agreement
- 3 Attachment B WRSI Collective Agreement
- 4 Attachment C WRSI Actuarial Report
- 5 Attachment D Building Lease Agreement
- 6 Attachment E 2014 WDI Tax Return (Long)
- 7 Attachment F 2011-2014 Final CDM Results

Attachment A – Master Service Agreement (MSA)

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WASAGA DISTRIBUTION INCORPORATED

- and -

WASAGA RESOURCE SERVICES INCORPORATED

SERVICES AGREEMENT

JANUARY 1, 2013

SERVICES AGREEMENT

THIS SERVICES AGREEMENT is made as of the 1st day of January, 2013.

B E T W E E N:

WASAGA DISTRIBUTION INCORPORATED, a corporation incorporated pursuant to the laws of the Province of Ontario

(hereinafter referred to as “**WIRESKO**”)

- and -

WASAGA RESOURCE SERVICES INCORPORATED, a corporation incorporated pursuant to the laws of the Province of Ontario

(hereinafter referred to as “**SERVCO**”)

RECITALS

1. The Corporation of the Town of Wasaga Beach pursuant to Section 142 of the *Electricity Act, 1998* caused WIRESKO to be incorporated on May 11, 2000;
2. SERVCO agrees to provide operational, engineering, finance, administrative services and other services to WIRESKO on the terms as set forth in this Agreement, and SERVCO shall provide such other products and services as may be agreed to by the Parties from time to time.
3. This agreement shall not limit the activities of SERVCO, with the exception of those activities within the exclusive statutory and licensed jurisdictions of WIRESKO including the items specifically identified in this Agreement.

NOW THEREFORE in consideration of the mutual covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

Article One

INTERPRETATION

Section 1.01: Definitions

Unless the context otherwise specifies or requires, for the purposes of this Agreement all capitalized terms herein shall have the meanings set forth below:

- (a) “**Advisors**” means employees, agents, professional advisors, contractors and subcontractors, and “**Advisor**” means any one of them;
- (b) “**Affiliate**,” with respect to a corporation, shall have the same meaning as is ascribed to such term in the *Business Corporations Act* (Ontario);
- (c) “**Agreement**” “**this Agreement**”, “**the Agreement**”, “**SERVCO Services, SERVCO Management Services Agreement**”, “**hereto**”, “**hereof**”, “**herein**”, “**hereby**”, “**hereunder**” and similar expressions mean this SERVCO Services Agreement together with all Schedules attached hereto, as they may be amended from time to time;
- (d) “**Base Direct Costs**” has the meaning ascribed to such term in Section 5.01;
- (e) “**Base Financial Consideration**” has the meaning ascribed to such term in Section 5.01;
- (f) “**Business Day**” means any day other than a Saturday or Sunday or a statutory or bank holiday in the Province of Ontario;
- (g) “**Claim**” has the meaning ascribed to such term in Section 4.04;
- (h) “**Confidential Consumer Information**” means information WIRESCO has obtained relating to a specific consumer, retailer or generator in the process of providing current or prospective distribution service;
- (i) “**Default**” means in respect of WIRESCO, an event set out in Section 8.01 and, in respect of SERVCO, an event set out in Section 8.02;
- (j) “**Effective Date**” means the date first written above;
- (k) “**Event of Default**” means a Default, the notice and cure periods (if any) respecting, which have expired;
- (l) “**Force Majeure Event**” has the meaning ascribed to such term in Section 11.01;

- (m) **“Law”** means any law, rule, regulation, Code, order, writ, judgement, decree or other legal or regulatory termination by a court, regulatory agency, including the IESO, or governmental authority of competent jurisdiction;
- (n) **“Person”** means an individual, corporation, partnership, joint venture, association, trust, pension fund, union, governmental agency, official, board, tribunal, ministry, commission or department;
- (o) **“Prime Rate”** means, for any day, an annual rate of interest equal to the rate of interest which SERVCO’s principal bank establishes at its principal office in Toronto as the reference rate of interest to determine interest rates that it will charge on such day for commercial loans in Canadian dollars made to its customers in Canada and which it refers to as its “prime rate of interest”;
- (p) **“Services”** are Services that are provided under Section 3.02 of this Agreement;
- (q) **“Term”** has the meaning ascribed thereto in Section 2.01 of this Agreement; and
- (r) **“Third Party Expenses”** means all fees, costs and charges paid to third parties by SERVCO on behalf of WIRESKO in connection with providing the Services and the Management Services or incurred by WIRESKO’s employees while providing Services under this Agreement paid by SERVCO.
- (s) **“Utility”** means the predecessor municipal electric utility of WIRESKO.

Section 1.02: Construction of Agreement

In this Agreement:

- (a) words denoting the singular include the plural and vice versa and words denoting any gender include all genders;
- (b) all usage of the word **“including”** or the phrase **“e.g.”** in this Agreement shall mean “including, without limitation,” throughout this Agreement;
- (c) any reference to a statute shall mean the statute in force as at the date hereof, together with all regulations promulgated there under, as the same may be amended, re-enacted, consolidated and/or replaced, from time to time, and any successor statute thereto, unless otherwise expressly provided;
- (d) any reference to a specific executive position or an internal division or department of a Party shall include any successor positions, divisions or departments having substantially the same responsibilities or performing substantially the same functions;

- (e) when calculating the period of time within which or following which any act is to be done or step taken, the date which is the reference day in calculating such period shall be excluded; and if the last day of such period is not a Business Day, the period shall end on the next Business Day;
- (f) all dollar amounts are expressed in Canadian dollars;
- (g) the division of this Agreement into separate Articles, Sections, subsections and Schedules, the provision of a table of contents and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement;
- (h) words or abbreviations which have well known or trade meanings are used herein in accordance with their recognized meanings;
- (i) the terms and conditions hereof are the result of negotiations between the Parties and the Parties therefore agree that this Agreement shall not be construed in favour of or against any Party by reason of the extent to which any Party or its professional advisors participated in the preparation of this Agreement.

Article Two
TERM

Section 2.01: Term

Unless terminated in accordance with Section 10.01 of this Agreement, the term of this Agreement shall be renewed in perpetuity and reviewed annually.

Article Three
SERVCO SERVICES AND COVENANTS

Section 3.01: Performance Standards

- (a) SERVCO will endeavour to perform in the top quartile of industry standards, based on standards set by the Electricity Distributors Association, Infrastructure Health and Safety Association, and Occupational Health & Safety Standards.
- (b) SERVCO will make all reasonable efforts to meet or exceed performance measures established by the Ontario Energy Board (“OEB”).
- (c) WIRESCO and SERVCO commit to attempting to provide distribution price stability for customers.

Section 3.02: Services

Unless the parties otherwise agree in writing and subject to the terms, covenants and conditions contained in this Agreement and to the observance and performance by WIRESCO of all terms, covenants and conditions hereof, SERVCO will provide or cause to be provided to WIRESCO the following services (collectively, the “**Services**”):

Reconnect and Collection

Responses to reconnects and collection issues will be completed in an expeditious and timely fashion.

Residential Service Connections

Each residential service connection will encompass the following:

- A field representative will meet customers on site at the appointed time as per OEB Guidelines.
- Service Connection will be discussed including prices with residential customers.
- Where conditions of supply are met, certified trained staff will perform cable connections as per the OEB Guidelines.

Billing, Collecting and Data Acquisition

SERVCO shall utilize equipment that performs billing, collecting and data acquisition functions to North American industry standards. Said equipment shall meet the local needs of the community and shall be capable of providing customized local services such as equal payment

plans. WIRESKO shall be entitled to review from time to time the capabilities of the system's workstations and network server to ensure that these local services are available to customers in the future.

Customer Service

Customer Service will be provided by qualified and knowledgeable SERVCO staff that meets the needs of existing and potential customers. Services will include the provision of local community and engineering planning information to serve new business. WIRESKO customer information will be readily available. SERVCO staff shall be knowledgeable in respect to community demographics when providing customer service.

Data Tracking

SERVCO staff shall maintain and collect numerous types of data as required by the OEB and others.

Accounting

SERVCO staff will provide and maintain accounting services including financial statements, financial planning, payroll, collection, withholding or remittance of taxes and other required functions. These records will be kept in a format that is acceptable to the Accounting Procedures Handbook for Electricity Distributors and will be available for WIRESKO on request.

Distribution System Code ("DSC"), Retail Settlement System ("RSS") and Standard Supply Service ("SSS")

WIRESKO grants to SERVCO, WIRESKO's authorization for SERVCO to administer the DSC, RSS and SSS.

In acting as agent of WIRESKO, SERVCO will comply with all the regulatory requirements of the DSC, RSS and SSS, subject to the licensing provisions of the OEB.

Knowledge of the DSC and its application will be maintained and administered by SERVCO.

SSS will be billed by SERVCO on the behalf of WIRESKO and the incremental administration charges, as at the date of signing this Agreement, will be set at \$0.34 and will accrue to the benefit of SERVCO. This incremental administration charge will be adjusted on January 1st of each year, in accordance with the Statistics Canada Consumer Price Index ("CPI") for the life of this Agreement.

Engineering Services

SERVCO staff will provide engineering services utilizing approved standards and methods, while maintaining strong ethical engineering philosophy and recognizing local conditions.

Planning and Necessary Maintenance

SERVCO staff will provide planning and maintenance to the electrical system appropriate to the maintenance need. This maintenance will be co-ordinated with municipal infrastructure projects, including utilities such as Bell Canada utilizing sound electrical practices.

Contracting with Developers, Customers and others

SERVCO staff will provide services such as material procurement and handling, design, planning, cost estimating, installation, scheduling, inspection and liaison with other utilities, contractors and the municipality.

Subcontracting Services

To the extent practicable, local services will be utilised for subcontracted services.

Inventory Maintenance

SERVCO staff will maintain an appropriate level of inventory based on current conditions.

After Hours and Emergency Response

SERVCO will respond to service/emergency calls within the required OEB Guidelines.

Normal Hours Response

SERVCO staff will respond to service calls as scheduled.

Emergency Preparedness

An Emergency Preparedness Plan will be maintained and updated as required.

Provision of Management Services

SERVCO Management Services shall include but not be limited to, human resources, regulatory assistance, advice and policy development. SERVCO shall provide reports relating to Management Services to the WIRESCO Board of Directors.

In the provision of Management Services, it is specifically understood that SERVCO is an independent contractor and not an employee of WIRESCO.

Except as may be permitted by this Agreement, SERVCO shall not be authorized to bind or commit WIRESCO, either actually or apparently, in any manner whatsoever, without the prior express written permission of WIRESCO. Notwithstanding this restriction, one aspect of Management Service provision by SERVCO will be the regulatory requirement for preparation and submission of periodic Rate Applications for, and on behalf of, WIRESCO and any other such Submission and/or Applications as may, from time to time, be required to satisfy regulatory

requirements. In respect of these applications SERVCO shall be authorized to act as an Agent of WIRESCO by approval of the Board of Directors on an as and when required basis.

SERVCO has Board approved Policies covering services provided to WIRESCO. It is understood that SERVCO shall provide copies of those policies to third parties contracted by SERVCO for provision of goods and/or services to either SERVCO or WIRESCO and shall ensure that those parties adhere to the standards set out in the policies.

Section 3.03: Capital Construction Activities

- (a) SERVCO will undertake, by way of acquisition or construction, a capital construction program as approved by WIRESCO.
- (b) SERVCO will notify WIRESCO of any unplanned capital or construction activity, in detail, in a timely manner.
- (c) In extreme situations, such as wars, terrorism, fires, major storms, tornadoes, equipment failures, Acts of God and the like, WIRESCO will reimburse SERVCO for all Capital Work costs which SERVCO incurs to remedy such situations. SERVCO will notify WIRESCO as soon as possible, as to the extent of damages and cost estimates to complete the work necessary to remedy such situations.

Section 3.04: Changes

WIRESCO and SERVCO may, from time to time, agree to modifications to the Services.

Section 3.05: General SERVCO Covenants

- (a) SERVCO shall be responsible for obtaining all necessary licences and permits and for complying with all applicable federal, provincial and municipal laws, codes and regulations in connection with the provision of the services hereunder.
- (b) SERVCO shall comply, while on the premises used by WIRESCO, with all the rules and regulations of WIRESCO.
- (c) SERVCO shall pay for and maintain for the benefit of SERVCO appropriate insurance concerning the operations and liabilities of SERVCO relevant to this Agreement.

Section 3.06: Regulatory Change

If any change of Law after the date of this Master Agreement renders this Agreement illegal or unenforceable, then the Parties shall be required to renegotiate in good faith for thirty (30) days with a goal to developing a substitute agreement, which is consistent with the change of law.

Article Four

MUTUAL COVENANTS

Section 4.01: Access and Co-operation

No Advisor of SERVCO shall have access to any Confidential Consumer Information in the possession of WIRESCO, except for purposes related to activities under this agreement.

Section 4.02: Confidentiality Arrangements

Both parties agree that accounting and financial separation of SERVCO from WIRESCO will be established and maintained. Further the parties agree to protect the confidentiality of customer information. This provision will include compliance with the provisions of the current version of section 5900 of the Canadian Institute of Chartered Accountants Handbook.

Section 4.03: Maintain Records

WIRESCO and SERVCO will maintain such records as may be necessary in connection with this Agreement and as are agreed upon by the Parties, acting reasonably.

Section 4.04: Notice of Claims, Etc.

WIRESCO shall promptly give written notice to SERVCO, and SERVCO shall promptly give notice to WIRESCO, of all material claims, proceedings, notice of regulatory non-compliance from any regulatory authority, disputes (including labour disputes) or litigation (“Claims”) which it reasonably believes could have a material adverse effect on the fulfilment of any of the material terms hereof by WIRESCO or SERVCO (whether or not any such claim, proceeding, dispute or litigation is covered by insurance) in respect of its own operations of which any of them is aware. Each Party shall provide the other Party with all information reasonably requested from time to time concerning the status of such claims, proceedings, notices, disputes, or litigation, and any developments relating thereto.

Article Five

FEES AND PAYMENTS

Section 5.01: Base Financial Consideration

- (a) The Base Financial Consideration for this Agreement is a sum equal to the Total Controllable Costs of the Utility for the Regulatory Year 2012 in the amount of \$2,574,254 as approved by the OEB in WIRESOCO's 2012 Cost of Service Application, plus an approved return on assets (Billing Software, Accounting Software and Vehicles) of \$59,000 (calculated using a 6.20% Return based on a Net Book Value of \$948,000), less Base Direct Costs as described in Section 5.01 (b) of \$550,000, for a total Base Consideration of \$2,083,254. Base Financial Consideration shall be subject to adjustment in accordance with this Article Five.
- (b) Excluding non-regulated activity, including but not limited to, water heater and street light maintenance, WIRESOCO costs that will be paid directly by WIRESOCO ("Base Direct Cost") include those following and any other direct costs it chooses to incur:-
- Income and corporate taxes or payments in lieu of taxes
 - Property Taxes
 - Land Taxes
 - Directors Fees
 - Insurance not jointly held or provided by the parties
 - Costs of insurance jointly held will be shared on a pro rata basis
 - Regulatory Costs (i.e. new Regulatory Activity, Smart Grid, Green Energy)
 - Auditing and Consulting Costs
 - Bank Charges
 - Conservation and Demand Management ("CDM") Initiatives

Section 5.02: Adjustments to the Base Financial Consideration

Adjustments to the Base Financial Consideration will include:

- (a) An adjustment based on 80% of the increase or decrease in customer count, calculated on an average distribution revenue/customer by class basis, and;
- (b) An annual adjustment, to be adjusted on January 1st, of each year, in accordance with the Statistics Canada CPI for the life of this Agreement.

Section 5.03: Adjustments for Substantial Costs

In the event that SERVCO realizes substantially greater costs in providing any new services according to Section 3.04 of this Agreement, WIRESCO will meet with SERVCO to determine a mutually acceptable adjustment.

Section 5.04: Third Party Services Expenses

Prior to incurring any Third Party Services Expenses that materially exceed the historical levels of such expenses, SERVCO shall use notify WIRESCO of the amount of such differences and the circumstances giving rise thereto.

Section 5.05: Taxes

In addition to the Fees, WIRESCO shall pay to SERVCO any and all taxes properly eligible on the supply of the Third Party Services provided for under this Agreement.

Section 5.06: Late Payment

If WIRESCO fails to pay any amounts payable to SERVCO hereunder when due, such unpaid amounts shall bear interest from the due date thereof to the date of payment at Prime Rate plus two percent (2%).

Section 5.07 Protection against Financial Losses

With respect to Standard Supply Service, the WIRESOCO agrees to indemnify SERVCO from all financial losses in the administration of Standard Supply Service. Any such losses will be due and payable when the bill is rendered and this shall not constitute a default under this Agreement.

Article Six

REPRESENTATIONS AND WARRANTIES

Section 6.01: Representations and Warranties of SERVCO

SERVCO hereby represents and warrants to WIRESKO as follows and acknowledges that WIRESKO is relying on such representations and warranties in connection herewith:

- (a) SERVCO is a corporation, duly incorporated, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate action;
- (c) this Agreement has been duly executed and delivered by SERVCO and constitutes a legal, valid and binding obligation of SERVCO, enforceable against SERVCO by WIRESKO in accordance with its terms; and
- (d) SERVCO has the necessary resources and expertise to acquire or perform the Services and Management Services.

Section 6.02: Representations and Warranties of WIRESKO

WIRESKO hereby represents and warrants to SERVCO as follows and acknowledges that SERVCO is relying on such representations and warranties in connection herewith:

- (a) WIRESKO is a company, duly organized, validly existing and in good standing under the laws of the Province of Ontario and it has the rights, powers and privileges to execute and deliver this Agreement and to perform its obligations hereunder;
- (b) the execution, delivery and performance of this Agreement has been duly authorized by all necessary corporate actions; and
- (c) this Agreement has been duly executed and delivered by WIRESKO and constitutes a legal, valid and binding obligation of WIRESKO, enforceable against WIRESKO by SERVCO in accordance with its terms.

Article Seven

INDEMNIFICATION

Section 7.01: Indemnification

The parties shall indemnify each other, and their respective officers and directors, from any losses, liabilities and damages (including taxes and related penalties) and all related costs and expenses, including reasonable legal fees on a solicitor and client basis and expenses and costs of litigation, settlement, judgment, appeal, interest and penalties (“**Losses**”) arising out of or relating to:

- (a) any claim by Advisors, customers or suppliers of a party arising from or related to this Agreement or the Services, provided that such indemnity shall be without prejudice to any claim such party may have against the other party in connection therewith; and
- (b) any claim based on the personal or bodily injury (including death) or damage to property received or sustained by any reason of any act or omission, whether negligent or otherwise, to the extent caused by a party or that party’s Advisor at any location of the party in the course of or in connection with the performance of the Services and Management Services.

Section 7.02: Indemnification Procedures

If any third party makes a claim covered by this Agreement against any indemnitee hereunder (an “**Indemnitee**”) with respect to which such Indemnitee intends to seek indemnification under this Agreement, such Indemnitee shall give notice of such claim to the indemnifying Party (the “**Indemnifying Party**”) as soon as practicable, including a brief description of the amount and basis therefore, if known. Each Party shall co-operate fully with the other Party in its defence of any such claim. The indemnity obligations of an Indemnifying Party under this Agreement shall be conditional on notice of the claim having been provided and the Indemnifying Party having had the opportunity to consult with the Indemnitee regarding the claim. An Indemnitee seeking indemnification hereunder in respect of a claim shall not settle such claim without prior approval of the Indemnitor.

Article Eight

DEFAULT

Section 8.01: Events of Default by WIRESCO

If WIRESCO defaults in the payment of an amount due to SERVCO under this Agreement, and such default continues for sixty (60) days or within a reasonable time frame acceptable to SERVCO, it shall constitute a default by WIRESCO under this Agreement.

Section 8.02: Default by SERVCO

If SERVCO defaults in the payment of any amounts due to WIRESCO under this Agreement, and such default continues for sixty (60) days, or within a reasonable time frame acceptable to WIRESCO, it shall constitute a Default by SERVCO under this Agreement. If such “Default” is not cured prior to the relevant notice period (if any) and the relevant cure period (if any) applicable to such default, it shall constitute an “Event of Default” under this Agreement.

Article Nine

REMEDIES

Section 9.01: Default Remedies

- (a) Unless otherwise agreed to in writing, in the event WIRESCO is in default under Section 8.01, SERVCO may terminate this Agreement and all amounts payable by WIRESCO hereunder shall become due and payable forthwith;
- (b) Any dispute between the Parties in respect of Section 8.01 and 8.02 shall be submitted to and be definitively settled by arbitration on the request of any Party pursuant to Section 11.02 of this Agreement;
- (c) While any dispute is being resolved by arbitration, the Parties shall continue to perform all obligations under this Agreement with due diligence and shall continue to comply with all terms of this Agreement;
- (d) If a Party has failed to comply with the arbitrator's award or decision in accordance with said arbitrator's award or decision, the other Party may terminate this Agreement and all amounts owing by the Party to the other Party shall be due and payable and all properties of the other Party shall be returned forthwith;
- (e) The remedies in this section are expressly in lieu of any or all of the remedies, which may be available to each of WIRESCO and SERVCO resulting from the furnishing, the failure to furnish or the quality of any Services. Each of WIRESCO and SERVCO hereby recognises and agrees that the Parties will come together to establish a reasonable remedy consistent with the intent of this Agreement, and the Parties further agree that WIRESCO will receive no additional compensation while establishing a reasonable remedy.

Section 9.02: Limitation of Liability

For breach or Default by SERVCO under or related to this Agreement, SERVCO's entire aggregate liability, regardless of the form of action, whether based on contract or tort, including negligence and including, without limitation, the furnishing, the failure to furnish or the quality of any Services, shall in no event exceed the amount paid by WIRESCO for the Services that is the subject of the claim.

Section 9.03: No Consequential Damages

In no event will SERVCO be liable to WIRESCO, or WIRESCO be liable to SERVCO for special, incidental, indirect or consequential loss or damage, lost business revenue, loss of profits, failure to realize expected profits or savings, or any damages or losses pursuant to claims brought by a third party (even if the Party causing such loss or damage has been advised of the possibility of same) in connection with this Agreement.

Article Ten

TERMINATION

Section 10.01: Termination

This Agreement shall terminate:

- (a) in accordance with the provisions of Section 9.01; or
- (b) in accordance with Section 2.01.

Section 10.02: Notice of Termination

Any termination hereof pursuant to Section 10.01 shall be by written notice of the terminating Party.

Article Eleven

GENERAL

Section 11.01: Force Majeure

No Party shall be liable for a failure or delay in the performance of its obligations pursuant to this Agreement:

- (a) provided that such failure or delay could not have been prevented by reasonable precautions;
- (b) provided that such failure or delay cannot reasonably be circumvented by the non-performing Party through the use of alternate sources, work around plans or other means; and
- (c) if and to the extent such failure or delay is caused, directly or indirectly, by fire, flood, earthquake, elements of nature or acts of God, acts of war, terrorism, riots, civil disorders, rebellions, strikes, lock outs or labour disruptions or revolutions in Canada, or any other similar causes beyond the reasonable control of such Party,

(each, a “**Force Majeure Event**”). Upon the occurrence of a Force Majeure Event, the non-performing Party shall be excused from any further performance of those of its obligations pursuant to this Agreement affected by the Force Majeure Event only for so long as:

- (a) such Force Majeure Event continues; and
- (b) such Party continues to use commercially reasonable efforts to recommence performance whenever and to whatever extent possible without delay.

The Party delayed by a Force Majeure Event shall:

- (a) immediately notify the other Party of the occurrence of a Force Majeure Event; and
- (b) describe in reasonable detail the circumstances causing the Force Majeure Event.

Section 11.02: Dispute Resolution

If any dispute arising in relation to an event of default under Section 8.01 or Section 8.02 or its implementation of Section 8.01 or Section 8.02 cannot be resolved by negotiation between the Parties, then the dispute shall be referred to one arbitrator agreeable to and appointed by both Parties. If the Parties cannot agree on one arbitrator, the matter in dispute shall be referred to a panel of three arbitrators, one of which shall be appointed by WIRESCO, one appointed by SERVCO, and the third appointed by the two arbitrators selected by the two Parties. The arbitrator or arbitrators shall receive such oral and written evidence as may be required to investigate the matter in dispute and to render a decision. The arbitrator shall be guided by this agreement and the intent of this agreement. The decision of the arbitrator or arbitrators shall be provided in writing to all of the Parties no later than 30 days after the sole arbitrator or the third arbitrator has been appointed. The decision of the arbitrator or arbitrators shall be final and binding on all of the Parties.

Section 11.03: Assignment

Neither Party shall, without the Approval of the other Party hereto, which may be arbitrarily withheld in the sole discretion of either of them, assign or transfer its interest in this Agreement. This Agreement shall be binding on the Parties and their respective successors and permitted assigns. Any purported assignment in contravention of this Agreement shall be void.

Section 11.04: Notices

All notices, requests, approvals, consents and other communications required or permitted under this Agreement shall be in writing and addressed as follows:

(a) if to SERVCO,

Wasaga Resource Services Incorporated
P.O. Box 20
950 River Road West
Wasaga Beach, Ontario
L9Z 1A2

Attn: Manager, Administrative & Financial Services

(b) if to WIRESCO,

Wasaga Distribution Incorporated
P.O. Box 20
950 River Road West
Wasaga Beach, Ontario
L9Z 1A2

Attn: Chair of the Board of Directors

Section 11.05: Severability

If any provision of this Agreement is held by a court of competent jurisdiction to be unenforceable or contrary to law, then the remaining provisions of this Agreement, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable shall not be affected thereby, and each such provision of this Agreement shall be valid and enforceable to the extent granted by law. If any clause is deemed unenforceable or contrary to law, the parties shall alter the said clause and this agreement to produce enforceability or compliance with law such that the intent of the original clause is maintained and such change or alteration may be established through the dispute resolution clause in this agreement.

Section 11.06: Waiver

No delay or omission by a Party to exercise any right or power it has under this Agreement or to object to the failure of any covenant of any other Party to be performed in a timely and complete manner, shall impair any such right or power or be construed as a waiver of any succeeding breach or any other covenant. All waivers must be in writing and signed by the Party waiving its rights.

Section 11.07: Entire Agreement

This Agreement constitutes the entire Agreement among the Parties with respect to the Services or Management Services, and there are no other representations, understandings or agreements, either oral or written, between the Parties other than as herein set forth.

Section 11.08: Amendments

No amendment to, or change, waiver or discharge of, any provision of this Agreement shall be valid unless in writing and signed by authorized representatives of each Party.

Section 11.09: Governing Law

This Agreement shall be governed by the laws of the Province of Ontario and the laws of Canada applicable therein, excluding their rules governing conflicts of laws. The Parties hereby agree that the courts of the Province of Ontario shall have exclusive jurisdiction over disputes under this Agreement, and the Parties agree that jurisdiction and venue in such courts is appropriate and irrevocably attach to the jurisdiction of such courts.

Section 11.10: Survival

The terms of Section 7, Section 9 and Section 11 shall survive the expiration of this Agreement or termination of this Agreement for any reason.

Section 11.11: Third Party Beneficiaries

Each Party intends that this Agreement shall not benefit or create any right or cause of action in or on behalf of any person or entity other than the Parties.

Section 11.12: Covenant of Further Assurances

The Parties agree that, subsequent to the execution and delivery of this Agreement and without any additional consideration, the Parties shall execute and deliver or cause to be executed and delivered any further legal instruments and perform any acts which are or may become necessary to effectuate the purposes of this Agreement and to complete the transactions contemplated hereunder.

**WASAGA DISTRIBUTION INCORPORATED
(WIRESKO)**

Per: _____ c/s
Name:

Title:

Per: _____
Name:

Title:

**WASAGA RESOURCE SERVICES
INCORPORATED (SERVCO)**

Per: _____ c/s
Name:

Title:

Per: _____
Name:

Title:

Attachment B – WRSI Collective Agreement

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Collective Agreement

between

Wasaga Resource Services Inc.
Hereinafter referred to as “ the Board”

and

Local Union No. 636 of the International
Brotherhood of Electrical Workers
Hereinafter referred to as “ the Union”

From: August 16, 2014 to August 15, 2018

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Article 1 Purpose

1.01 The general purpose of this Agreement is to establish mutually satisfactory relations between the Board and its employees, and to provide machinery for the prompt and equitable disposition of grievances, and to establish and maintain satisfactory working conditions, hours of work and wages for all employees who are subject to the provisions of this Agreement. Both parties recognize a duty to co-operate in good faith, individually and collectively for the advancement of these purposes.

1.02 Whenever the singular, masculine, or feminine is used in this Agreement, it shall be considered as if plural, feminine or masculine has been used where the context of the party or parties so requires.

Article 2 Recognition Clause & Relationship Clause

2.01 Recognition Clause

The Board hereby recognizes the Union as the sole collective bargaining agent for all employees of the Board at Wasaga Beach, Ontario, save and except the Superintendent and supervisors, persons above the rank of foreperson, all office staff, persons regularly employed for not more than 24 hours per week, temporary employees, students employed during the school vacation period and students employed on a co-operative training program and individuals hired on a government sponsored program.

2.02 The word “employee” or employees” wherever used in this Agreement shall mean only the employees in the bargaining unit defined above unless the context otherwise provides.

Article 3 Management Rights

3.01 The employer has the exclusive right to manage its business, and without limiting the generality of the foregoing, to direct the work force, to control production, to maintain order and efficiency, to hire, classify, promote, transfer, demote, layoff, discharge, or otherwise discipline regular employees, for just cause, and to make, amend and enforce such rules and regulations as shall from time to time be required. Management shall exercise its rights in a manner that is consistent with the term of the Agreement.

3.02 All prior Management rights exercised by the Board shall remain solely with the Board except as specifically limited in this Agreement.

Article 4 Union Security & Dues Check Off

4.01 All existing employees of the Board who are members of the Union shall remain so. All new employees may either join the Union if they so decide or may refrain from joining the Union if they so decide.

4.02 It is understood and agreed that notwithstanding the provision of 4.01 above, if any employee is expelled or suspended from the Union, this provision will be satisfied if the employee pays the equivalent of union dues to the Union.

4.03 The Board agrees to deduct, each *pay*, from the wages of all employees in the Bargaining Unit, Union dues as directed by the Union from time to time. The Board also agrees to deduct and remit an amount equivalent to the Union initiation fee from each new employee upon the successful completion of their probationary period.

The Union shall notify the Board, in writing, of the amount of such dues to be deducted under this section and, provide at least thirty (30) days written notice of any changes in the amounts thereof that may be directed from time to time.

The Board shall forward these deductions to the Union once each month, together with an alphabetical listing of names showing:

- a) the amount deducted from each employee;
- b) the total amount of dues deducted to date from each individual employee;
- c) all information used to determine this deduction - including but not limited to: the employee's regular hourly rate; gross weekly earnings and; overtime.

Such remittances will be forwarded to the Union so that they are received not later than the fifteenth (15th) day of the month following the month in which the dues have been deducted.

Payroll deductions will not include any fines. Union dues will be included on the employee's T4 slip (for income tax purposes).

In consideration of the deduction and forwarding of Union dues by the Board, the Union agrees to indemnify and save harmless the Board against any claim or liability arising out of, or resulting from, the collection and forwarding of regular Union dues or Union initiation fees.

Article 5 Employee Categories

5.01 Temporary employees are persons hired for a period of limited duration, or for a specific task. They shall not accumulate Board service credit nor shall they be entitled to any of the rights or privileges accruing to regular employees, nor shall they have recourse to the grievance and arbitration procedure.

5.02 Probationary employees are persons hired on trial to determine their suitability for employment in regular positions. An employee shall be considered probationary for up to 6 months. Days worked need not be consecutive for purposes of calculating the period of probation. After completion of the probationary period, seniority shall be effective from the original date of employment. The probationary period may be extended by mutual consent of the parties to this agreement

During this period of probation, he/she shall not be considered as having regular status and shall not be entitled to any of the rights or privileges accruing to regular employees, nor shall he/she have recourse to the grievance or arbitration procedure.

5.03 Regular employees are persons who have satisfactorily served a probationary period and are currently in the employ of the Board.

Article 6 Labour Management Representation

6.01 (a) The Board will recognize a Negotiating Committee composed of not more than two (2) regular employees and the Business Manager of the Union or his/her appointee. The purpose of the Negotiating Committee will be to bargain the terms of the Collective Agreements.

(b) The Board will also recognize stewards whose function will be to deal with matters arising out of this Agreement and to co-operate with the Board in the administration of this Agreement. The Business Manager of the Union or his/her appointee may attend meetings as required commencing with Step No.3 of the Grievance Procedure.

6.02 The jurisdiction of the above committee members and stewards and the name of each committee member, steward and chair of the committee from the time to time selected shall be given to the Board in writing, and the Board shall not be required to recognize any such individuals until it has been notified in writing by the Union of the name and jurisdiction of same.

6.03 The Board undertakes to instruct all members of its supervisory staff to co-operate with the Committee in the carrying out of the terms and requirements of the Agreement.

6.04 The Union undertakes to instruct its officers, Committee and member to co-operate with the Board and with all persons representing the Board in any supervisory capacity.

6.05 Labour-Management representatives shall meet when necessary upon the request of either party.

6.06 It is agreed that an International Representative of the Union may assist the Local Union in matters related to this agreement.

6.07 A union representative shall be present whenever a union member is disciplined under the Board's discipline policy.

Records of disciplinary actions and notices will be kept in an employee's file for a period of 12 months. At the end of the 12-month period all such notices will be purged.

Notwithstanding the foregoing, records of disciplinary action in regard to a breach of policy, rules and regulation where safety of the public, employees and Board equipment is a concern shall be kept in perpetuity.

All records of outstanding performance, certificates of achievement, etc. will also be retained in perpetuity.

7.01 Any difference concerning the interpretation, application, administration or alleged violation of the provisions of this Agreement shall be dealt with in the following manner: A written grievance shall specify the matter complained of and the parts of the Agreement alleged to be violated.

- (a) Step 1 - An employee, believing he/she has a grievance, shall present it to his/her immediate Supervisor, verbally within five (5) working days of the occurrence, which has given rise to the alleged grievance. The supervisor will verbally reply within five (5) working days. Failing settlement at this level, the employee may, within five (5) working days of the issuance of the disposition of Step 1 proceed to Step 2.
- (b) Step 2 - the aggrieved employee may, with his/her Steward present his/her grievance in writing to the Superintendent or his/her delegate who shall consider it in the presence of the person or persons presenting same, and render his/her decision in writing within five (5) working days. Should no settlement satisfactory to the employee be reached, the next Step in the grievance procedure may be taken within five (5) working days.
- (c) Step 3 - The Steward shall meet as promptly as possible with the General Manager or his/her delegate to consider the grievance. The General Manager or his/her delegate shall reply in writing within five (5) working days.
- (d) If final settlement of the grievance is not then reached, and if the grievance is one which concerns the interpretation or alleged violation of this Agreement, the grievances may be referred by either party to a Board of Arbitration within ten (10) working days.
- (e) The time limits for the processing of grievances shall be strictly observed by the parties except in the case of mutual written agreement to alter the time limits. Violation of time limits will mean the grievance is forfeited or processed to the next step as the case may be.

7.02 A group grievance shall be filed at Step 2 and a Union or Policy Grievance at Step 3. It is understood that this procedure will not be used to introduce grievances, which would otherwise be presented as individual grievances.

Article 8 Arbitration

8.01 Where a grievance is to be referred to arbitration, the following procedure shall apply:

- (a) the party referring the grievance shall give notice to the other party indicating that it intends to refer the matter to arbitration and giving the name and address of its appointee to the arbitration board;
- (b) within five (5) working days after receipt of such notice, the other party shall respond by indicating the name and address of its appointee to the arbitration board.
- (c) the two appointees so selected shall, within five (5) working days after receipt of notice of the appointment of the second of them appoint a third person who shall be the Chairman of the Arbitration Board.

8.02 No board of Arbitration shall have the power to alter or change any of the provisions of this Agreement or to substitute any new provisions for any existing provision to provide a decision which is inconsistent with any term of provision of this Agreement.

8.03 This Collective Agreement constitutes the entire Agreement between the parties and no implied liability of any kind is created by anything herein contained.

8.04 The parties to this Agreement may by mutual consent agree to refer the matter in dispute to a single arbitrator who shall be governed by the provisions of 8.02 or 8.03.

8.05 As an alternative to arbitration both parties may agree to utilize the services of a Grievance Settlement Officer on a 50/50 cost-sharing basis.

Article 9 Strike and Lock-Out

9.01 There shall be no strikes or lockouts so long as this Agreement continues to operate.

9.02 A “Strike” is defined as (i) a cessation of work, or (ii) a refusal to work, or (iii) a refusal to continue to work, or (iv) an act or omission that is intended to, or does, restrict or limit production or services, by employees in combination or in concert or in accordance with a common understanding for the purpose of compelling their employer to agree to terms or conditions of employment or of compelling another employer to agree to terms or conditions of employment of his/her employees, and “to strike” has a similar meaning.

Article 10 Seniority

10.01 Seniority is defined as length of service with the Board from the most recent date the employee entered the employ of the Board.

10.02 The employer shall maintain a seniority list showing the date upon which each employee's service commenced. A copy of the seniority list shall be posted on all bulletin boards and sent to the Union, and shall be kept up-to-date by the employer.

10.03 An employee shall lose his/her seniority in the following circumstances and cease to become an employee:

(a) if he/she is discharged for just cause and is not reinstated;

(b) if he/she resigns voluntarily;

(c) if he/she is laid off for a period in excess of 12 months;

(d) is absent from work for two (2) working days or more without leave, or fails to notify Management of a reasonable excuse of his/her absence;

(e) If, following layoff, he/she fails to return to work with 5 working days after receiving notice to do so. The employee shall keep the employer informed of his/her current address. The employee shall be deemed to have received notice to return to work if the employer sends him/her such notice by registered mail at his/her last known address;

(f) retires

(g) fails to return to work after Workplace Safety & Insurance Board classified employee fit to work based on the compensable accident;

(h) is permanently disabled and unable to work for the Board in a job classification in which there is a job available;

(i) is absent from work because of non-occupational illness or injury for twenty-four (24) or more months. This time period may be extended at the sole discretion of Management;

(j) is absent from work because of occupational illness or injury covered by the Workplace Safety & Insurance Board for twenty-four (24) or more months.

10.04 An employee absent due to proven illness or injury shall continue to accumulate Board service credit until 3 months after accumulated sick leave credits have been exhausted.

Article 11 Sick Leave

11.01 The Board's sick leave plan for regular employees was created by the Board to reduce the financial hardship that bona fide illness can create so far as inability to work and the consequent loss of normal wages are concerned.

To qualify for payment of sick pay, an employee must:

- (1) ensure that his/her illness is reported to Management prior to the commencement of normal work hours for the first day sick.
- (2) be suffering from a bona fide illness which prevents his/her useful employment and is not compensable under the Workplace Safety & Insurance Act.
- (3) submit written verification of his/her illness signed by a qualified doctor if requested, or if absent for three (3) days or more.

11.02 Sick leave credit will accrue to regular employees at the rate of one and one half (1 1/2) days per month of accredited Board service credit to a maximum of One Hundred and Fifty (150) days of work. A maximum of eighteen (18) days of sick leave credit will be accumulated per calendar year.

11.03 An employee will be entitled to the foregoing accumulation of sick leave credit provided he/she has worked and received wages in a calendar month, unless the absence is due to annual vacation, sick leave, or Workplace Safety & Insurance benefit.

11.04 Where an employee has twenty-four (24) hours or less of sick time in the calendar year, they will be allowed to bank an additional floater day in the following year.

Article 12 Temporary Relief Pay

12.01 When an employee is assigned by his/her supervisor to relieve in a position of higher rate of pay for a four (4) hour period or more, he/she is to retroactively receive the lower rate of pay for the position which he/she is relieving. If an employee is temporarily assigned to a lower classification, his or her present rate will be maintained.

12.02 Where the Line Foreman is assigned to perform duties normally performed by the management Line Superintendent a premium of 5% above the Line Foreman's normal

100% rate will be paid. Such a payment is in recognition for increased volume in work and does not indicate an increase in responsibility in areas that are deemed managerial in nature.

This will become effective when the Line Foreman is assigned to relieve the Superintendent's position for a period of four (4) hours or more. The 5% premium will then be paid retroactively to the start of the relief time.

Article 13 Bereavement Leave

13.01 A regular employee shall be allowed up to four (4) consecutive day's leave of absence with pay in the event of the death of his or her father, mother, brother, sister, spouse, child, step-child, grandchild and parent-in-law.

Such leave shall be for the purpose of making arrangements for and/or attending the funeral. Only that portion of the said four (4) days that would otherwise have been regular time worked will be paid.

A regular employee shall be allowed up to (1) day's leave of absence with pay in the event of the death of a brother-in-law, sister-in-law, uncle, aunt and grandparents. This leave will be for the purpose of attending the funeral.

In extenuating circumstances Management may approve an extension to the foregoing.

Beyond immediate relatives listed above, or in the case of fellow employees, absence may be granted to attend the funeral at the sole discretion of Management.

Article 14 Jury Duty

14.01 Leave of absence with pay will be granted to an employee who is called for jury duty within Simcoe County provided the daily fee for jury duty, not including meal and travel expenses, will be paid to the Board.

Article 15 Inclement Weather

15.01 When Management or its delegate determine that outside work cannot be carried on due to wet or inclement weather, the Board will continue to provide inside work for regular employees who usually work outside. Employees will be expected to carryout any such inside work assigned to them during these periods.

Article 16 License Fees

16.01 For those employees required to operate the Board's vehicles as part of their duties, should a Class "A" license be required, the Board will pay the difference between a Class "A" and a Class "D" license.

Article 17 Job Posting

- 17.01
- (a) Management agrees to post any vacancy, except those of a temporary nature, within the utility for a period of ten (10) working days in order to give employees an opportunity to make application for the position.
 - (b) The notice shall set out the qualifications required by the job, primary job duties, deadline for receiving applications and the person who shall receive the applications.
 - (c) In filling job vacancies, including promotions, transfers and new positions, the job shall be awarded within 15 working days after expiry of the posting.
 - (d) The Steward shall be notified in writing of the name(s) of the successful candidate(s) to the vacancy.

In filling vacancies and making transfers or promotions among employees represented by the Union, the Management will consider the qualifications and ability as the primary factors.

In the event qualifications and ability of the respective applicants are relatively equal, Board service credit shall govern. Promotion shall mean advancement to a job which carries a higher rate of pay.

Article 18 Workers' Compensation

18.01 When a regular employee through his employment by the Board suffers a disability which is compensable under the Workplace Safety & Insurance Act, the Board agrees to maintain the bi-weekly pay schedule at a rate equivalent to the W.S.I.B. benefit.

To be eligible the employee must endorse all benefit cheques received from the W.S.I.B. and turn them over to the Appropriate Manager of the Board immediately upon receipt. Should a discrepancy be evident between the amounts of the Board cheque versus the W.S.I.B. cheque, an adjustment will be made to balance the two. The Board also agrees to maintain, up to a maximum of twelve (12) months, health benefits and life insurance coverage on behalf of the employee as if he or she were in receipt of normal base payment from the Board.

In any event, benefits will only be maintained provided gross negligence or obvious misconduct on the part of the employee has not contributed to his disability as determined by the W.S.I.B.

18.02 Should a worker receive an injury severe enough to curtail performance of regularly performed duties, but not severe enough to perform lighter tasks, the Board will endeavour to supply light duty productive work until such time said worker can return to regular duties. The worker will report to the Board immediately to notify of any change of performance ability.

Article 19 Notice Boards

19.01 The Union is to have the use of bulletin boards, and notices may be posted on such boards provided that such notices shall receive the approval of the Board or its representative before posting. The subject matter of such notices shall be restricted to matters pertaining to recreational activities, or notices of meetings.

Article 20 Leave of Absence

20.01 Leaves of Absence will be considered by Management and require the written permission of Management. Application for leave of absence must be submitted in writing, at least one (1) month in advance to ensure consideration. Unless otherwise agreed, leave of absence will be without pay and benefit.

20.02 In so far as the efficient operation of the Board's business will permit, Union requests for leave of absence without pay and benefits may be granted to Union representatives for the purpose of taking part in official Union business. Such requests shall be made, in writing, to Management one (1) week in advance of the absence.

20.03 In the case of a leave of absence without pay, which exceeds three (3) months, Board service credit of regular employees will be frozen for the duration of the leave of absence at the level attained prior to the leave of absence.

20.04 Representatives of the employees will be paid during working hours for time spent in the investigation and resolution of grievances or business relating to the interpretation and administration of this Agreement. This does not include arbitration cases or the negotiation of future agreements.

Article 21 Hours of Work and Overtime

- 21.01 Nothing in this Agreement shall be construed as a guarantee of any number of hours of work per day or per week, or days per week.
- 21.02 Regular Work Week - the regular work week of employees covered by this Agreement shall be forty (40) hours of work per week consisting of five (5) consecutive days Monday - Friday of eight (8) hours each, between 7:30 a.m. to 4:00 p.m. with a one half (1/2) hour lunch period.
- 21.03 (a) It is understood and agreed that the employees may be required to work overtime in addition to their regular hours.
- (b) Employees shall be paid a premium rate for all hours of work in excess of the regular work week, or work day, as defined in Section 21.02 on the following basis:
- (i) Double the normal rate
- (ii) Double normal rate, plus regular pay on paid holidays
- 21.04 When overtime work is necessary it shall be assigned as equally as possible to employees who normally perform the work. Each employee is expected to co-operate with the Board in the performance of such work.
- 21.05 All regular employees be given two 15-minute rest periods each day. One in the morning and one in the afternoon.
- 21.06 Time in lieu - An employee required to work during a statutory holiday will have the option of being paid as outlined in the foregoing or taking time off in lieu at the applicable rate at a mutually agreeable time between his/her supervisor and him/her. There will be a minimum time off in lieu of four (4) hours.
- 21.07 An employee may choose, in lieu of payment, to bank earned overtime up to a maximum of thirty-two (32) hours in each calendar year, at the appropriate overtime rate.
- (a) The employee shall indicate his/her choice at the time the overtime is assigned.
- (b) Banked overtime must be taken in lieu time off, at the employee's current regular rate of pay, at a time or times mutually agreed upon by the employee and the appropriate supervisor.
- (c) Lieu time not used by December 31st of each year will be paid out at the employee's regular rate as of that date.
- (d) There will be a minimum time off in lieu of four (4) hours.

- 22.01 (a) Vacations will, as far as it is practicable, be granted at the times most desired by employees, providing this does not impede the efficient operation of the Board's business.

An employee to ensure consideration of his/her desires, must notify Management of his/her preferred vacation period by April 1st in any given year. However, Management shall retain the authority to designate vacation period for all employees in a manner consistent with the efficient operation of work schedule.

When the requests of two or more employees in a department conflict with Management's requirements, and all other attempts to resolve this difficulty have failed, Management will allocate vacations.

- (b) Probationary and temporary employees shall be granted vacation entitlement as provided by the Employment Standards Act.
- (c) A regular employee with less than one (1) year of continuous service as of December 31 shall be entitled to four (4) percent of gross wages, or the equivalent time off with pay.

A regular employee after having completed one (1) year or more of continuous service shall be entitled to two (2) weeks vacation within the next 12 months with vacation pay of four (4) percent of the employee's earnings for hours worked in the previous twelve (12) month period, or two (2) weeks pay at the employee's regular hourly rate for a forty (40) hour week which ever is greater.

- (d) A regular employee after having completed three (3) years of service shall be entitled to three (3) weeks vacation with pay at the employee's regular hourly rate based on a forty (40) hour week. Such vacation is to be taken within the next twelve (12) months.
- (e) A regular employee after having completed eight (8) years of service shall be entitled to four (4) weeks vacation with pay at the employee's regular hourly rate based on a forty (40) hour week. Such vacation is to be taken within the next twelve (12) months.
- (f) A regular employee after having completed fifteen (15) years of service shall be entitled to five (5) weeks vacation with pay at the employee's regular hourly rate

based on a forty (40) hour week. Such vacation is to be taken within the next twelve (12) months.

(g) A regular employee after having completed twenty-five (25) years of service shall be entitled to six (6) weeks vacation with pay at the employee's regular hourly rate based on a forty (40) hour week. Such vacation is to be taken within the next twelve (12) months.

22.02 An employee with the required years of service may be granted up to three consecutive weeks vacation at any time within the 12 month period, providing this does not impede, in the sole opinion of Management, the efficient operation of the Board's business.

22.03 Vacation pay will be reduced on a prorated basis for any period exceeding 30 days for which the employee has not received wages from the Board during the vacation accumulation period. In cases of Workplace Safety & Insurance Board absences, prorating of vacation will only commence after six (6) months.

Article 23 Recognized Holidays

23.01 Regular employees of the Board will be entitled to payment of normal basic wages for the following holidays if they occur on their normal scheduled days of work, providing they have worked the full scheduled shift, which immediately proceeds, and full scheduled shift which immediately follows such holidays, or unless they have been granted an authorized absence. In the event the absence is sickness a doctor's certificate may be requested by Management.

| | |
|----------------|------------------|
| New Year's Day | Labour Day |
| Good Friday | Thanksgiving Day |
| Victoria Day | Christmas Day |
| Canada Day | Boxing Day |
| Family Day | |

First Monday in August commonly known as Civic Holiday in lieu of any civic holiday proclaimed by the Town of Wasaga Beach.

The last half of the last working day before each of Christmas and New Year's.

1 Floating holiday is to be taken at a time convenient to the employee, but subject to the approval of the employer.

Remembrance Day will be granted for war veterans only.

Heritage Day if proclaimed.

Any other holidays proclaimed by Civic Government.

23.02 When any of the above holidays falls on a Saturday or Sunday, Management shall arrange, with mutual agreement of the bargaining unit, for each regular employee to be granted either the preceding Friday or the following Monday as a day off with pay in lieu of the recognized holiday.

23.03 If a recognized holiday is observed on a scheduled working day during an employee's vacation period, the day will be paid as a holiday with the vacation day taken a time mutually agreed to by Management and the bargaining unit.

Article 24 Health Plan

24.01 The Board agrees to pay for regular employees in receipt of normal basic wages, who comply with the eligibility requirements the premiums for the following:

- (i) Extended Health Care Plan to include Semi-Private hospitalization coverage; and \$500.00 for massage therapy, \$500.00 Chiropractic, and \$500 for physiotherapy yearly. The above items will increase to \$550.00 each effective August 16, 2016. And to \$600.00 each effective August 16, 2017. \$350.00 every twenty-four (24) months for the eye glass plan.
- (ii) Long Term disability complete with sixty five percent (65%) benefit to a maximum of \$4,500 per month, which includes an annual increase equivalent to the published Ontario CPI.
- (iii) It is agreed that the terms of this Agreement satisfy all legislative requirements related to employment insurance reduction.
- (iv) The Board will pay 100% of Mearie Dental Plan "D". Orthodontics up to \$1000 maximum per dependant child.
- (v) Effective August 16, 2005 if an employee retires prior to the age of 65 (minimum 55 years), and has a minimum of 25 years of service, with the exception of employees hired prior to August 15,1995 a minimum of 20 years of service, with Wasaga Resource Services Inc shall apply. The employee will have the option to carry on with the extended health care and or dental package existing at the time, through to the employee's age of 65 years. The expense to carry this option will be split 65/35 with the Board picking up the 65% share.

Article 25 Pension and Insurance

25.01 All eligible employees with the Board shall participate in the Board's Pension and Insurance Plans as follows:

Ontario Municipal Employees Retirement System Basic FAE (Final Average Earnings) on an equally shared basis with the Board.

25.02 The Board and the employee shall participate in the Canada Pension Plan on an equally shared basis.

25.03 The Board shall provide Life Insurance coverage for all regular employees in receipt of normal basic wages, equivalent to current coverage, as provided in the Group Life Insurance Plan.

Article 26 Clothing

26.01 The Board shall provide an allowance, as follows, towards the cost or repair of C.S.A. approved safety boots (upon presentation of proof of purchase or repair) if required by Management to wear them. Unused portions of the allowance can be carried over into the following year.

Effective August 16, 2014:

\$250.00 per year for line crews

\$215.00 per year for other bargaining unit employees

26.02 The Board shall issue, where required, the following equipment to be issued to the employees in the safe performance of assigned duties:

- Safety hard hat
- Tinted safety glasses
- Safety goggles
- Rubber gloves complete with leather covers
- Leather work gloves
- Rain wear
- Rubber boots
- Snow shoes for meter reader

26.03 The Board shall issue the following articles to employees who in the Board's opinion require such items on a need be basis. The initial outlay is as follows:

- Six (6) FR safety long sleeved shirts or FR turtleneck long sleeved shirt or combination thereof;
- Six (6) FR, safety short sleeved shirts;
- Six (6) FR, safety unlined pants;
- Two (2) FR, safety unlined overalls;
- One (1) FR, safety insulated overalls;
- Two (2) FR, safety light jackets, or smocks, or sweatshirts or combination thereof;
- One (1) FR, safety parka;
- One (1) FR, insulated bomber jacket

Replacement of any of the above items will be made only on presentation of the damaged or worn out articles to be replaced.

26.04 All employees that are issued the above articles MUST wear issued uniforms during all work hours.

26.05 The Board shall provide a maximum allowance of \$235.00 per year effective August 16, 2011 (including taxes) towards the cost of prescription safety glasses (which must be CSA Z94.3 compliant) accumulated over a two (2) year period. Cost of the eye exam is not to be included, as it's covered under the Health Plan.

Article 27 On-Call

27.01 On-call duty is defined as that duty performed by qualified employees who are required by the Board to be readily available within 25 minutes (by means of normal driving conditions) of the normal work headquarters for emergency service at other than normal working hours.

27.02 Qualified employees will be required to perform on-call duty on a weekly basis in accordance with a list posted by Management.
Changes to this list amongst employees considered qualified by Management shall be allowed if mutually agreed upon and Management is notified in advance. The employee on-call duty is required to hold himself/herself readily available outside of normal hours of work for dispatch of calls.

27.03 Effective August 16, 2014 employees designated for on-call duty will be paid at the rate of \$210.00 per week, and increase by \$5.00 each year after. Where the week of on-call duty includes a recognized holiday, an additional \$50.00 per such holiday shall be paid to an employee on-call during that week, throughout the contract.

Employees designated for on-call duty who are unable to perform such duties because of illness shall notify Management immediately. Every effort will be made by qualified employees to agree to a rotating on call coverage for any absent employee. If agreement is not to the satisfaction of the Corporation, management will appoint a qualified employee with the least amount of seniority.

27.04 Minimum Call-Out - when an employee is called in for emergency overtime work outside of his normal working hours, he/she shall be provided with a minimum payment of four (4) hours at the appropriate straight time rate, or the actual time worked at the appropriate premium rate, whichever is the greater. No additional payment will be made for more than one call-out during the one-hour period, after the last call has been completed.

When an employee has completed his call-out work, and returned to work headquarters he will be allowed to return home, provided he has checked to ensure that additional calls have not been received.

There shall be no minimum payment applicable to call-outs or overtime as worked as an extension to an employee's normal daily working hours.

There shall be no applicable minimum payment to call-outs when an employee commences work forty-five (45) minutes prior to starting time.

27.05 The Board will pay 100% of the cost of one paging device.

Article 28 Tools and Equipment

28.01 The Board will supply all tools and equipment necessary to carry out work and they shall remain the property of the Board. And employees must return worn out or broken articles in order to receive replacement.

The employee shall be held responsible for the care, maintenance and loss of issued tools.

Article 29 Layoff and Recall

- 29.01 In the event of layoff, employees shall be laid off in the reverse order of length of seniority with the Board provided the remaining employees have the ability, and are capable and qualified to perform available work. Prior to any lay-off the parties will convene to meet to discuss the option of job-sharing as an alternative.
- 29.02 Employees shall be recalled in the order of their Board seniority, where jobs become available provided they have the ability, and are capable and qualified to perform such jobs. The employer shall give notice of recall by registered mail to the last recorded address of the employee. The employee shall keep the employer advised at all times of his/her current address. The employee shall return to work within five (5) working days from the time that he/she receives notice or recall unless, on reasonable grounds, he/she is unable to do so.
- 29.03 During the term of this Collective Agreement, no regular full-time employee will be laid off as a result of the use of outsourced labour services.

Article 30 Accident Prevention, Health & Safety

- 30.01 The Board and Union shall carry out all standard rules and regulations with regard to safety practices as laid down in the Occupational Health and Safety Act and Regulations, which also refer to the Electrical Utilities Safety Rules.
- 30.02 The Board shall maintain an adequate supply of protective equipment for the use against live conductors, which will include rubber line hose and rubber blankets. This equipment is supplied on the understanding that each employee shall make the best use of such equipment for his/her own safety and the protection of others while on hazardous work. Each employee shall report any defects in tools or safety equipment to his/her immediate Supervisor. It is agreed that monthly safety meetings will be held with all employees in which to practice first-aid resuscitation, accident prevention methods and discuss safe practices. Time spent at these meetings will be considered time worked.
- 30.03 The Board and Union recognize that any employee who attempts to carry out his/her regular job duties while his/her mental or physical capabilities are impaired for whatever reason, may jeopardize the safety of others as well as his/her own. Such conduct shall be sufficient cause for disciplinary action to be taken by the Board.

Article 30 Accident Prevention, Health & Safety – cont'd

30.04 If an employee has worked overtime between 12:00 midnight and 5:00 a.m. the amount of overtime worked during that time period may be subtracted from the employees' next shift if they have one the same day.

The employee will be paid for this time at the employees' regular hourly rate. This time may be taken at the beginning or the end of their next shift and will be rounded to the nearest ¼ hour.

An employee who has worked overtime for sixteen (16) or more continuous hours will be given an eight (8) hour period off work at the end of the overtime work. The portion of this off work period occurring during the employee's next normal scheduled hours will be paid at the employee's regular hourly rate.

In most cases of major disruption of services, management may extend working hours to meet the emergency with employee safety being the major consideration.

Article 31 Duration

31.01 This Agreement shall be binding and remain in effect from August 16, 2014 to August 15, 2018 and shall be renewed from year to year thereafter unless either party gives to the other party notice in writing at least thirty (30) days prior to the expiry date of the contract that it desires to terminate or amend its provision.

31.02 Where notice to amend the Agreement is given, the provisions of this Agreement shall continue in force until a new agreement is signed or the right to strike or lock out occurs, whichever first occurs.

Article 32 Pay Days

32.01 The employer shall pay salaries and wages as set out in Schedule "A", attached hereto, and forming part of this Agreement. The classification and rates are listed therein for the purpose of payment and wages only.

Wages shall be paid bi-weekly by direct deposit to the employee's bank account, on Thursday following the pay period. Pay stubs will be provided as per the ESA.

Article 33 Meal Allowance

- 33.01 A meal allowance of \$16.00 effective August 16, 2014 will be provided to an employee who has worked for two (2) hours contiguous to his/her regularly scheduled workday.
- 33.02 When an employee is called out on emergency overtime after the regular workday, a meal period and the appropriate allowance will be provided every four (4) hours for as long as the employee is required to work.
- 33.03 On prearranged overtime, a meal period will be allowed and no meal allowance will be paid.

Article 34 Merger / Amalgamations

- 34.01 Should the Board Merge, Amalgamate, or combine any of its operations or functions with another Board, Board or Companies, the employer agrees to give the Union as much notice as practically possible prior to any intent by the employer to implement said. In the event there is a merger with another Board, Board or Companies, in which the covered employees therein are represented by another union, the representation rights and the Collective Agreement and the status quo of Local 636, IBEW members shall be maintained in respect of those members until a final determination is made under the Labour Relations Act of Ontario or any successor organizations to the proper representation of the combined group.

In Witness Where of the parties hereto have hereunder set their hands and seals this

_____ Day of _____ 2014.

Wasaga Resource Services Inc.

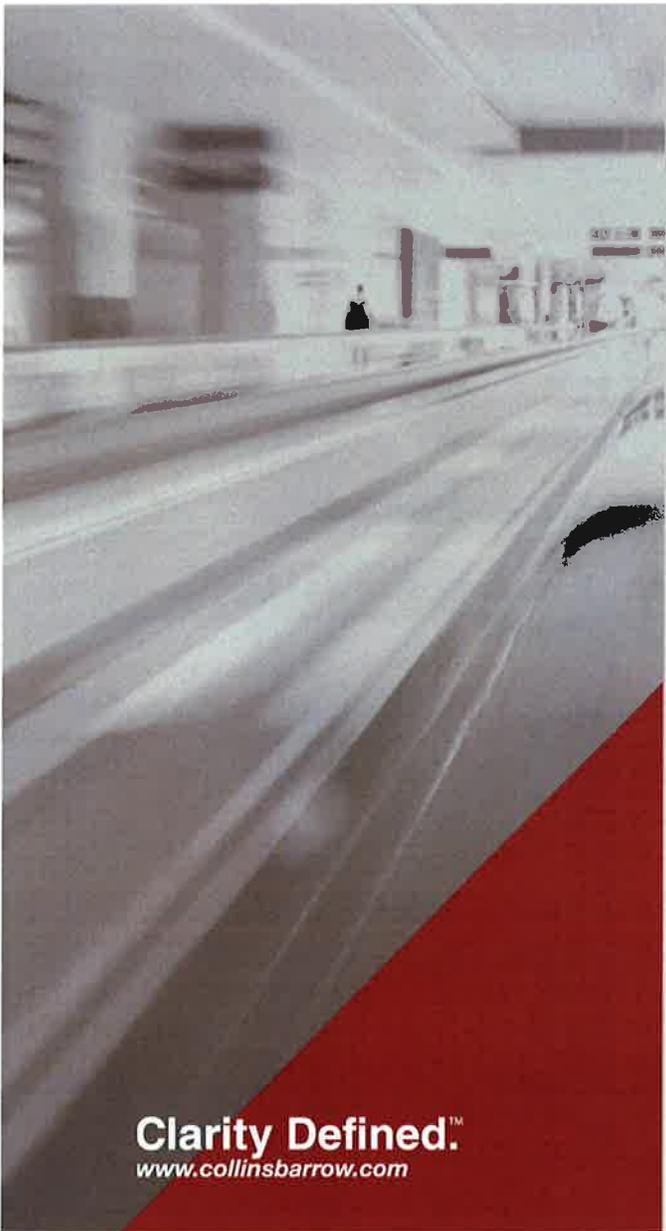
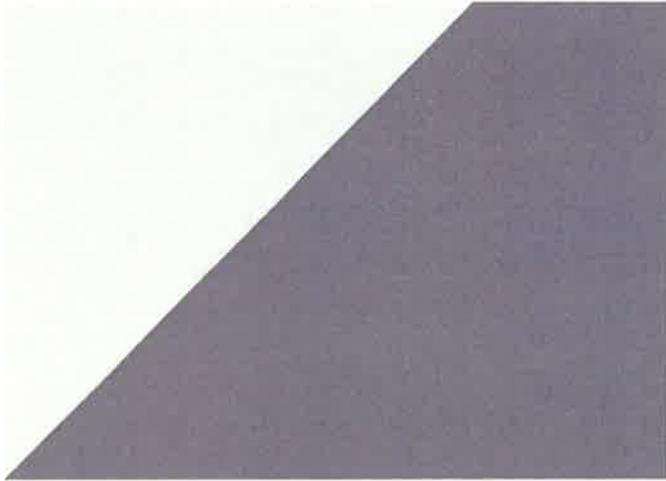
Local Union 636 of the International
Brotherhood of Electrical Workers

Attachment C – WRSI Actuarial Report

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COLLINS BARROW TORONTO

ACTUARIAL SERVICES



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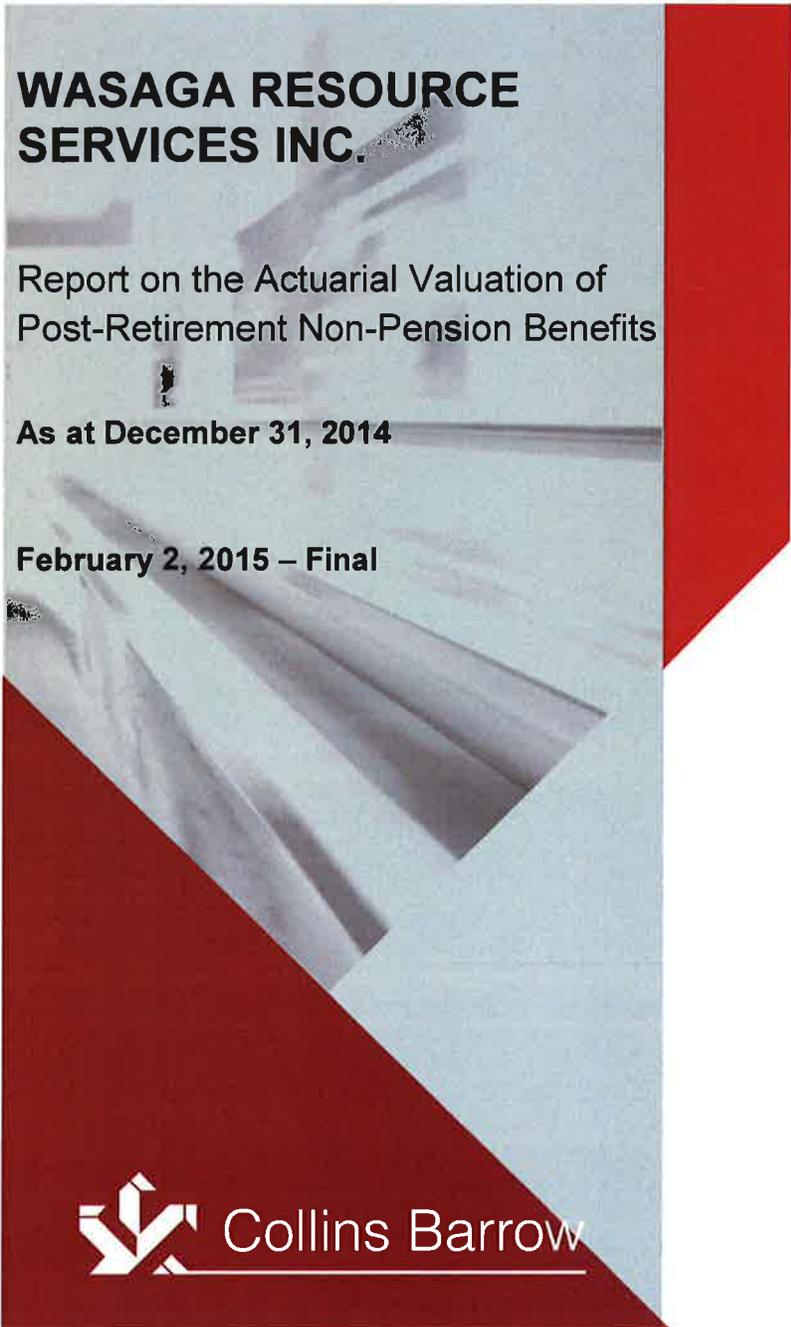


WASAGA RESOURCE SERVICES INC.

Report on the Actuarial Valuation of
Post-Retirement Non-Pension Benefits

As at December 31, 2014

February 2, 2015 – Final



Collins Barrow

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EXECUTIVE SUMMARY

PURPOSE

Collins Barrow Toronto Actuarial Services Inc. was engaged by Wasaga Resource Services Inc. (the "Corporation") to perform an actuarial valuation of the post-retirement non-pension benefits sponsored by the Corporation and to determine the accounting results for those benefits for the fiscal period ending December 31, 2014. The nature of these benefits is defined benefit.

This report is prepared in accordance with the International Financial Reporting Standards (the "IFRS") guidelines for post-retirement non-pension benefits as outlined in the amendments to the International Accounting Standard IAS 19 – Employee Benefits ("IAS 19") issued in June 2011. IAS 19 was first applied to the Corporation with effect from January 1, 2012. Prior to this date, the valuations of the Corporation's post-retirement non-pension benefits were prepared in accordance with the Canadian Institute of Chartered Accountants (the "CICA") guidelines outlined in Employee Future Benefits, Section 3461 of the CICA Handbook-Accounting ("CICA Section 3461").

The most recent full valuation was prepared as at January 1, 2011 based on the then appropriate assumptions and in accordance with CICA Section 3461.

The purpose of this valuation is threefold:

- i) to determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2014;
- ii) to determine the benefit expense for fiscal year 2015; and
- iii) to provide all other pertinent information necessary for compliance with IAS 19.

The intended users of this report include the Corporation and its auditors. This report is not intended for use by the plan beneficiaries or for use in determining any funding of the benefit obligations.

SUMMARY OF KEY RESULTS

The key results of this actuarial valuation as at December 31, 2014 with comparative results from the previous valuation as at January 1, 2011 are shown below:

| | January 1, 2011 (\$000's) | December 31, 2014 (\$000's) |
|--|------------------------------|--------------------------------|
| Present Value of Defined Benefit Obligation (PV DBO) | | |
| a) People in receipt of benefits | 69 | 88 |
| b) Fully eligible actives | 50 | 16 |
| c) Not fully eligible actives | <u>95</u> | <u>127</u> |
| Total PV DBO | 214 | 231 |

| | CY 2011 (\$000's) | CY 2015 (\$000's) |
|--|----------------------|----------------------|
| Current Service Cost: | 10 | 10 |
| Defined Benefit Cost Recognized in Income Statement: | 21 | 20 |

ACTUARIAL CERTIFICATION

An actuarial valuation has been performed on the post-retirement non-pension benefit plans sponsored by Wasaga Resource Services Inc. (the "Corporation") as at December 31, 2014, for the purposes described in this report.

In accordance with the Canadian Institute of Actuaries Consolidated Standards of Practice General Standards, we hereby certify that, in our opinion, for the purposes stated in the Executive Summary:

1. The data on which the valuation is based is sufficient and reliable;
2. The assumptions employed, as outlined in this report, have been selected by the Corporation as management's best estimate assumptions (no provision for adverse deviations) and we express no opinion on them;
3. All known legal and constructive obligations with respect to the post-retirement non-pension benefits sponsored by and identified by the Corporation are included in the calculations; and
4. This report has been prepared, and our opinions given, in accordance with accepted actuarial practice in Canada.

We are not aware of any subsequent events after December 31, 2014 that would have a significant effect on our valuation.

The latest date on which the next actuarial valuation should be performed is December 31, 2017. If any supplemental advice or explanation is required, please advise the undersigned.

Respectfully submitted,

COLLINS BARROW TORONTO ACTUARIAL SERVICES INC.



Stanley Caravaggio, FSA FCIA
Senior Manager



Patrick G. Kavanagh, AB ASA ACIA CERA
Manager

Toronto, Ontario

February 2, 2015

SECTION A— VALUATION RESULTS

Table A - 1 shows the key valuation results for the prior valuation and the current valuation.

Table A - 2 shows the sensitivity of the valuation results to certain changes in assumptions. We have shown a change to the assumed retirement age from age 60 to 58, and an increase/decrease in the health and dental claims cost trend rates by 1% per annum.

Table A - 3 presents the determination of the actuarial gain/(loss) using projected results from the previous valuation at January 1, 2011.

VALUATION RESULTS

**Table A.1—Valuation Results
(in thousands of dollars)**

| | January 1, 2011 | December 31, 2014 |
|--|-----------------|-------------------|
| 1. Present Value of Defined Benefit Obligation | | |
| a) People in receipt of benefits | 69 | 88 |
| b) Fully eligible actives | 50 | 16 |
| c) Not fully eligible actives | <u>95</u> | <u>127</u> |
| Total PV DBO | 214 | 231 |

| | 2011 | 2015 |
|--|-----------|------------|
| 2. Defined Benefit Cost | | |
| a) Current Service Cost | 10 | 10 |
| b) Past Service Cost/(Gain) – Non-Vested Benefits | - | n/a |
| c) Past Service Cost/(Gain) – Vested Benefits | - | n/a |
| d) Net Interest Cost | 11 | 9 |
| e) Net Actuarial Loss/(Gain) Recognized in Year | - | n/a |
| f) Expected Return on Plan Assets | <u>-</u> | <u>n/a</u> |
| Total Defined Benefit Cost Recognized in Income Statement | 21 | 19 |
| 3. Benefit Payments | 9 | 8 |

SENSITIVITY ANALYSIS

**Table A.2—Sensitivity Analysis
(in thousands of dollars)**

| | December 31, 2014 | | | |
|--|-------------------|-------------------|-----------------|----------------|
| | Valuation Results | Retirement Age 58 | 1% Higher Trend | 1% Lower Trend |
| 1. Present Value of Defined Benefit Obligation | | | | |
| a) People in receipt of benefits | 88 | 88 | 89 | 88 |
| b) Fully eligible actives | 16 | 17 | 16 | 16 |
| c) Not fully eligible actives | <u>127</u> | <u>148</u> | <u>135</u> | <u>119</u> |
| Total PV DBO | 231 | 253 | 240 | 223 |
| 2. Current Service Cost for 2015 | 10 | 12 | 11 | 9 |
| 3. Interest Cost for 2015 | 9 | 10 | 9 | 9 |

DEVELOPMENT OF NET GAINS OR LOSSES

**Table A.3—Development of Net Gains or Losses
(in thousands of dollars)**

| | |
|--------------------------------------|------------|
| Expected PV DBO at December 31, 2014 | 293 |
| Actual PV DBO at December 31, 2014 | <u>231</u> |
| Actuarial Loss/(Gain) | (62) |

Please note that the actual PV DBO at December 31, 2014 is approximately \$62,000 lower than the expected PV DBO at December 31, 2014. This is due to a combination of the following factors:

- A change in the discount rate assumption (a increase of approximately \$19,000)
- A change in the withdrawal rate assumption (an increase of approximately \$3,000)
- A change in the health and dental trend rate assumptions (a decrease of approximately \$2,000)
- A change in the salary scale assumption (a decrease of approximately \$4,000)
- A change in the mortality table and coverage type assumptions (an decrease of approximately \$22,000)
- Differences between the actual and expected health and dental benefit cost rates (a decrease of approximately \$34,000)
- Deviations from the expected demographic changes of the valued group and other miscellaneous factors (a decrease of approximately \$22,000 in the total PV DBO)

SECTION B— PLAN PARTICIPANTS

Table B – 1 sets out the summary information with respect to the plan participants valued in the report, along with comparisons to the participants in the previous valuation at January 1, 2011.

Table B – 2 reconciles the number of participants in the last valuation to the number of participants in the current valuation.

PARTICIPANT DATA

Table B.1—Participant Data

Membership data as at December 31, 2014 was received from the Corporation via e-mail and included information such as name, sex, age, date of hire, current salary, benefit amounts and other applicable details for all active employees and people in receipt of benefits.

We have reviewed the data and compared it to the data used in the prior valuation for consistency and reliability for use in this valuation. The main tests of sufficiency and reliability that were conducted on the membership data are as follows:

- Date of hire prior to date of birth
- Salaries less than \$20,000 per year, or greater than \$250,000 per year
- Ages under 18 or over 100
- Abnormal levels of benefits and/or premiums
- Duplicate records

In addition, the following tests were performed:

- A reconciliation of statuses from the prior valuation to the current valuation;
- A review of the consistency of individual data items and statistical summaries between the current and prior valuations; and
- A review of the reasonableness of changes in such information since the prior valuation.

Active Employees

| As of: | January 1, 2011 | | | December 31, 2014 | | |
|---------------------------|-----------------|---------------|--------------|-------------------|---------------|--------------|
| | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> |
| Number of Employees | 12 | 7 | 19 | 11 | 6 | 17 |
| Average Length of Service | 14.6 | 10.7 | 13.2 | 15.4 | 8.3 | 12.9 |

| As of December 31, 2014 | Current Age | | | | | |
|-------------------------|-----------------------------------|---------------|--------------|-------------------------------|---------------|--------------|
| | Active Lives – Not Fully Eligible | | | Active Lives – Fully Eligible | | |
| | Count | | | Count | | |
| Age Band | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> |
| Less than 30 | 2 | - | 2 | - | - | - |
| 30-35 | 2 | - | 2 | - | - | - |
| 36-40 | 1 | 1 | 2 | - | - | - |
| 41-45 | 1 | 1 | 2 | - | - | - |
| 46-50 | 1 | - | 1 | - | - | - |
| 51-55 | 3 | 3 | 6 | - | - | - |
| 56-60 | - | - | - | - | 1 | 1 |
| 61-65 | - | - | - | - | - | - |
| 66-70 | - | - | - | 1 | - | 1 |
| 71-75 | - | - | - | - | - | - |
| Greater than 75 | - | - | - | - | - | - |
| Total | 10 | 5 | 15 | 1 | 1 | 2 |

| As of December 31, 2014 | Average Service | | | | | |
|-------------------------|-----------------------------------|---------------|--------------|-------------------------------|---------------|--------------|
| | Active Lives – Not Fully Eligible | | | Active Lives – Fully Eligible | | |
| | Service | | | Service | | |
| Age Band | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> |
| Less than 30 | 1.9 | - | 1.9 | - | - | - |
| 30-35 | 6.9 | - | 6.9 | - | - | - |
| 36-40 | 6.3 | 3.4 | 4.8 | - | - | - |
| 41-45 | 22.1 | 8.6 | 15.3 | - | - | - |
| 46-50 | 23.5 | - | 23.5 | - | - | - |
| 51-55 | 23.0 | 10.4 | 16.7 | - | - | - |
| 56-60 | - | - | - | - | 6.3 | 6.3 |
| 61-65 | - | - | - | - | - | - |
| 66-70 | - | - | - | 31.3 | - | 31.3 |
| 71-75 | - | - | - | - | - | - |
| Greater than 75 | - | - | - | - | - | - |
| Total | 13.8 | 8.6 | 12.1 | 31.3 | 6.3 | 18.8 |

People in Receipt of Benefits

| As of: | January 1, 2011 | | | December 31, 2014 | | |
|--------------------------------|---|---------------|---------------|-------------------|---------------|--------------|
| | <u>Male</u> | <u>Female</u> | <u>Total</u> | <u>Male</u> | <u>Female</u> | <u>Total</u> |
| Number of Members | 3 | 1 | 4 | 4 | 2 | 6 |
| <i>As of December 31, 2014</i> | | | | | | |
| | <u>Expected Annual Benefit Payment for 2015</u> | | | | | |
| <u>Age Band</u> | <u>Male</u> | | <u>Female</u> | | <u>Total</u> | |
| Less than 30 | - | | - | | - | |
| 30-35 | - | | - | | - | |
| 36-40 | - | | - | | - | |
| 41-45 | - | | - | | - | |
| 46-50 | - | | - | | - | |
| 51-55 | - | | - | | - | |
| 56-60 | - | | 2,917 | | 2,917 | |
| 61-65 | 3,322 | | - | | 3,322 | |
| 66-70 | 323 | | - | | 323 | |
| 71-75 | 514 | | - | | 514 | |
| Greater than 75 | - | | 525 | | 525 | |
| Total | 4,159 | | 3,441 | | 7,600 | |

PARTICIPATION RECONCILIATION

Table B.2—Participation Reconciliation

| | Actives | Retirees |
|---------------------------------------|----------------|-----------------|
| <i>As at January 1, 2011</i> | 19 | 4 |
| New Entrants | 3 | - |
| New Dependents | - | - |
| Active | - | 2 |
| LTD | - | - |
| Terminated | (3) | - |
| Deceased | - | - |
| Retired | (2) | - |
| No longer eligible for benefits | - | - |
| <i>As at December 31, 2014</i> | 17 | 6 |

SECTION C— SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

ACTUARIAL METHOD

The aim of an actuarial valuation of post-retirement non-pension benefits is to provide a reasonable and systematic allocation of the cost of these future benefits to the years in which the related employees' services are rendered. To accomplish this, it is necessary to:

- make assumptions as to the discount rates, salary rate increases, mortality and other decrements;
- use these assumptions to calculate the present value of the expected future benefits; and
- adopt an actuarial cost method to allocate the present value of expected future benefits to the specific years of employment.

The Present Value of the Defined Benefit Obligation and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by IAS 19 when future salary levels or cost escalation affect the amount of the employee's future benefits. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. IAS 19 stipulates that the attribution period commences on the date when service by the employee first leads to post-retirement non-pension benefits under the plan and ends on the date when further service by the employee will lead to no material amount of further post-retirement non-pension benefits under the plan, other than from further salary increases.

For each employee not yet fully eligible for benefits, the Present Value of the Defined Benefit Obligation is equal to the present value of expected future benefits multiplied by the ratio of the years of service to the valuation date to the total years of service in the attribution period. The Current Service Cost is equal to the present value of expected future benefits multiplied by the ratio of the year (or part) of service in the fiscal year to total years of service in the attribution period.

For health and dental benefits, the Corporation has selected the premium rates charge to retirees as management's best estimate of the benefits costs to be incurred. The total monthly premium rates, inclusive of premium taxes, used are as follows:

| | Health Premiums | | Dental Premiums | |
|----------|-----------------|-----------------|-----------------|-----------------|
| | Single Coverage | Family Coverage | Single Coverage | Family Coverage |
| Retirees | \$ 85.35 | \$ 206.92 | \$ 44.33 | \$ 151.01 |

The above premium rates were provided by the Corporation and represent the rates at 100%, prior to any cost-sharing provisions, effective as of December 31, 2014.

The PV DBO at December 31, 2014 is based on membership data and management's best estimate assumptions at December 31, 2014.

MANAGEMENT'S BEST ESTIMATE ASSUMPTIONS

The following are management's best estimate economic and demographic assumptions as at December 31, 2014.

ECONOMIC ASSUMPTIONS

Consumer Price Index

The consumer price index is assumed to be 2.00% per annum.

This assumption remains unchanged from the previous valuation.

Discount Rate

The rate used to discount future benefits is assumed to be 4.00% per annum. This rate reflects the market interest rates at the measurement date on high quality debt instruments with consideration given to the timing and amount of projected benefit payments.

The assumption used in the previous valuation was 5.25% per annum as at January 1, 2011 which was subsequently updated to 4.50% per annum at December 31, 2011.

Salary Increase Rate

The salary increase rate is assumed to be in accordance with the following salary rate table. This table reflects the Corporation's estimated salary rate increases for the next four years and slightly lower than the expected Consumer Price Index adjusted for productivity, merit and promotion for years thereafter.

| End of Year | Salary Increase Rate |
|---------------------|----------------------|
| 2014 | 2.25% |
| 2015 | 2.00% |
| 2016 | 2.00% |
| 2017 | 2.00% |
| 2018 and Thereafter | 2.90% |

The assumption used in the previous valuation was 3.30% per annum.

Claims Cost Trend Rate

The rates used to project benefits costs into the future are as follows:

| End of Year | Current Valuation | | Previous Valuation | |
|---------------------|-------------------|--------|--------------------|--------|
| | Health | Dental | Health | Dental |
| 2014 | n.a. * | n.a. * | 6.88% | 5.00% |
| 2015 | 6.66% | 4.60% | 6.50% | 5.00% |
| 2016 | 6.31% | 4.60% | 6.13% | 5.00% |
| 2017 | 5.97% | 4.60% | 5.75% | 5.00% |
| 2018 | 5.63% | 4.60% | 5.38% | 5.00% |
| 2019 | 5.29% | 4.60% | 5.00% | 5.00% |
| 2020 | 4.94% | 4.60% | 5.00% | 5.00% |
| 2021 | 4.60% | 4.60% | 5.00% | 5.00% |
| 2022 and Thereafter | 4.60% | 4.60% | 5.00% | 5.00% |

* As noted in the Corporation's annual premium rate renewal, the health and dental rates for retirees will remain the same for CY 2014 and CY 2015.

DEMOGRAPHIC ASSUMPTIONS

Mortality Table

The mortality tables used are as per the Canadian Institute of Actuaries Canadian Pensioners' Mortality Pension Experience Subcommittee final report dated February 11, 2014 (CIA Report). More specifically, the Canada Pensioners Mortality ("CPM") Table Public Sector (CPM2014 PUBL) has been used with the generational projection of mortality improvement based upon CPM Improvement Scale B1-2014.

Mortality rates are applied on a sex-distinct basis.

The prior valuation assumption was the 1994 Uninsured Pensioner Mortality (UP-94) table, with a projection of mortality improvements to the year 2020 based upon Projection Scale AA.

Rates of Withdrawal

Termination of employment is assumed to be in accordance with the following withdrawal table, which was compiled using withdrawal experience for a group of local distribution companies and municipalities for which data was available:

| Age Bucket | Withdrawal Rate per Annum |
|------------|---------------------------|
| 18 – 29 | 2.75% |
| 30 – 34 | 2.25% |
| 35 – 39 | 2.00% |
| 40 – 54 | 1.50% |

In the prior valuation, a flat rate of 2.00% per annum was used for termination of employment prior to age 55.

Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60), which was based on the Corporation's retirement experience as well as a three year retirement experience study on a group of local distribution companies and municipalities for which data was available. The assumed retirement age of 60 will be increased, if necessary, to the minimum of the age at which 25 years of service (or 20 years of service for employees hired prior to August 15, 1995) is reached and age 65.

This assumption remains unchanged from the previous valuation.

Disability

No provision was made for future disability. It is assumed that individuals currently receiving long-term disability benefits will remain disabled until retirement at age 65.

This assumption remains unchanged from the previous valuation.

Family/Single Coverage

It is assumed that the coverage type as at December 31, 2014, as provided by the Corporation, will remain the same until the employee reaches the assumed retirement age. For family coverage, it is assumed that the retiree has a spouse of opposite gender and no other dependents. Male spouses are assumed to be three years older than female spouses.

In the previous valuation, it was assumed that the employee's coverage type at the valuation date, as provided in the valuation data by the Corporation, would remain the same throughout retirement. Similar assumptions were made for spousal gender and spousal age offset.

Expenses and Taxes

We have assumed 10% of benefits is required for the cost of sponsoring the program for life insurance. We have assumed taxes and expenses are included in the premium rates for health and dental benefits.

These assumptions remain unchanged from the previous valuation.

SECTION D— SUMMARY OF POST-RETIREMENT BENEFITS

The following is a summary of the plan provisions that are pertinent to this valuation, based on information provided by and discussions with the Corporation.

GOVERNING DOCUMENTS

The program is governed by the following documents:

- Collective Agreement between Wasaga Resource Services Inc. and Local Union No. 636 of the International Brotherhood of Electrical Workers effective August 16, 2011 to August 15, 2014.
- The MEARIE Group Employee Benefit Program Employee Benefit Booklet – Wasaga Resource Services Inc. Outside Employees, prepared January 1, 2012.
- The MEARIE Group Employee Benefit Program Employee Benefit Booklet – Wasaga Resource Services Inc. Inside Employees, prepared January 1, 2012.

What follows is only a summary of the post retirement non-pension benefits program. For a complete description, please refer to the above-noted documents.

ELIGIBILITY

Upon retirement, all employees of the Corporation are eligible for post-retirement life insurance.

Upon retirement, all employees with a minimum of 25 years of service, with the exception of employees hired prior to August 15, 1995 with a minimum of 20 years of service, are eligible for post-retirement health and dental benefits to age 65.

PARTICIPANT CONTRIBUTIONS

The Corporation shall pay 100% of the cost of the post-retirement life benefits and 65% of the cost of post-retirement health and dental benefits for the eligible retirees.

PAST SERVICE

Past service is defined as continuous service prior to joining the plan if the participant was employed by another local distribution company prior to joining the Corporation.

LENGTH OF SERVICE

Length of service is defined as continuous service from the date of hire to the valuation date, measured in years and months.

SUMMARY OF BENEFITS

Post-Retirement Life Insurance

All eligible retirees from the Corporation are eligible for post-retirement life insurance, as per the MEARIE plan, administered by Desjardins Financial, based upon the following table:

| Plan Option | Amount of Coverage | Eligibility |
|--------------------|--|---|
| 1 | Flat \$2,000. | If employee retires with less than 10 years of service in the Plan. |
| 2 | 50% of final annual earnings reducing by 2.5% of final annual earnings each year thereafter for 10 years, to a final benefit equal to 25.0% of final annual earnings. Reduction occurs on anniversary date of retirement. | If employee was ever insured under Employee Plan options 2, 3 or 4, or if employee retires with 10 or more years of service in Plan but was never in superseded plan. |
| 3 | 50% of final annual earnings. | If employee was insured under superseded plan and was hired on or after May 1, 1967 and elected coverage under Option 1 only. |
| 4 | 70% of the final amount insured for under the life plan immediately prior to retirement. | If employee was insured under the superseded plan and was hired before May 1, 1967 and elected coverage under Option 1 only. |

Health and Dental Benefits

Eligible retirees are entitled to post-retirement health and dental benefits from the date of retirement to age 65. Coverage for health and dental benefits continues to the eligible dependents of a deceased management retiree for two years.

The health and dental benefits covered under the post-retirement non-pension benefits for management employees are an extension of the benefits covered for active employees and described in detail in the benefits information booklets provided to employees.

SECTION E— EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan of Wasaga Resource Services Inc. Actuarial Valuation as at December 31, 2014

I hereby confirm as an authorized signing officer of the administrator of the Post-Retirement Non-Pension Benefit Plan of Wasaga Resource Services Inc. that, to the best of my knowledge and belief, for the purposes of the valuation:

- i) the membership data summarized in Section B is accurate and complete;
- ii) the assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation;
and
- iii) the summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2014.

WASAGA RESOURCE SERVICES INC.

JAN 30 115
Date

Joanne Takabony, CGA, CPA
Signature

Joanne Takabony
Name

Director of Finance
Title

Attachment D – WRSI/WDI Lease Agreement

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AMENDMENT TO LEASE AGREEMENT

This agreement, dated the 1st day of January, 2013, is an amendment to the lease agreement dated the 1st day of January, 2007 (hereinafter referred to as the "Agreement"), between Wasaga Distribution Inc. (hereinafter referred to as the "Landlord") and Wasaga Resource Services Inc. (hereinafter referred to as the "Tenant"), regarding the property located at 950 River Road West, Wasaga Beach, Ontario and the property located at 156 Beck Street, Wasaga Beach, Ontario.

WHEREAS, Landlord and Tenant hereby agree to the following changes to the Agreement:

2.2 Term

The term of this Lease shall commence on January 1, 2013 and end on December 31, 2016.

3.1 Rent

The Tenant covenants to pay the Landlord the rent as follows:

- (a) for the 2013 to 2016 Lease Years, as an annual rental, the aggregate sum of \$608,518.56; and
- (b) for each Lease Year thereafter, the annual rental shall be such an amount (not less than \$152,129.64) as may be agreed to by the Landlord and the Tenant prior to the commencement of each such Lease Year.

All other terms of the original Agreement and any previous amendments remain binding, except where in contradiction to this amendment, which shall prevail.

IN WITNESS WHEREOF, Landlord and Tenant hereby accept and agree to the amendments contained herein.

WASAGA DISTRIBUTION INC.

By: [Signature] (c/s)

And: Brenda Sygwin

Date Jan 28/13

WASAGA RESOURCE SERVICES INC.

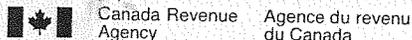
By: [Signature] (c/s)

And: David Wood

Date February 25 2013

Attachment E –WDI Tax Return

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T2 Corporation Income Tax Return

200

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal *Income Tax Act* and *Income Tax Regulations*. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the *General Index of Financial Information (GIFI)*, to your tax centre or tax services office. You have to file the return within six months after the end of the corporation's tax year.

For more information see www.cra.gc.ca or Guide T4012, *T2 Corporation – Income Tax Guide*.

055 Do not use this area

COPY

| | |
|---|--|
| Identification | |
| Business number (BN) 001 86673 1649 RC0001 | |
| Corporation's name 002 Wasaga Distribution Inc. | |
| Address of head office Has this address changed since the last time we were notified? 010 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> (If yes, complete lines 011 to 018.) | |
| 011 950 River Road West | |
| 012 | |
| City 015 Wasaga Beach | Province, territory, or state 016 ON |
| Country (other than Canada) 017 | Postal code/Zip code 018 L9Z 1A2 |
| Mailing address (if different from head office address) Has this address changed since the last time we were notified? 020 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> (If yes, complete lines 021 to 028.) | |
| 021 c/o | |
| 022 P.O. Box 20 | |
| 023 950 River Road West | |
| City 025 Wasaga Beach | Province, territory, or state 026 ON |
| Country (other than Canada) 027 | Postal code/Zip code 028 L9Z 1A2 |
| Location of books and records (if different from head office address) Has the location of books and records changed since the last time we were notified? 030 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> (If yes, complete lines 031 to 038.) | |
| 031 P.O. Box 20 | |
| 032 950 River Road West | |
| City 035 Wasaga Beach | Province, territory, or state 036 ON |
| Country (other than Canada) 037 | Postal code/Zip code 038 L9Z 1A2 |
| 040 Type of corporation at the end of the tax year | |
| 1 <input checked="" type="checkbox"/> Canadian-controlled private corporation (CCPC) | 4 <input type="checkbox"/> Corporation controlled by a public corporation |
| 2 <input type="checkbox"/> Other private corporation | 5 <input type="checkbox"/> Other corporation (specify, below) |
| 3 <input type="checkbox"/> Public corporation | |
| If the type of corporation changed during the tax year, provide the effective date of the change 043 _____ YYYY MM DD | |
| To which tax year does this return apply? | |
| Tax year start 060 2014-01-01 YYYY MM DD | Tax year-end 061 2014-12-31 YYYY MM DD |
| Has there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? 063 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> If yes, provide the date control was acquired 065 _____ YYYY MM DD | |
| Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? 066 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> | |
| Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> | |
| Is this the first year of filing after: | |
| Incorporation? 070 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> | Amalgamation? 071 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> |
| If yes, complete lines 030 to 038 and attach Schedule 24. | |
| Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> If yes, complete and attach Schedule 24. | |
| Is this the final tax year before amalgamation? 076 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> | |
| Is this the final return up to dissolution? 078 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> | |
| If an election was made under section 261, state the functional currency used 079 _____ | |
| Is the corporation a resident of Canada? 080 1 Yes <input checked="" type="checkbox"/> 2 No <input type="checkbox"/> If no, give the country of residence on line 081 and complete and attach Schedule 97. | |
| 081 _____ | |
| Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes <input type="checkbox"/> 2 No <input checked="" type="checkbox"/> If yes, complete and attach Schedule 91. | |
| If the corporation is exempt from tax under section 149, tick one of the following boxes: | |
| 085 1 <input type="checkbox"/> | Exempt under paragraph 149(1)(e) or (l) |
| 2 <input type="checkbox"/> | Exempt under paragraph 149(1)(j) |
| 3 <input type="checkbox"/> | Exempt under paragraph 149(1)(t) |
| 4 <input type="checkbox"/> | Exempt under other paragraphs of section 149 |
| Do not use this area | |
| 095 _____ | |
| 096 _____ | |

Attachments

Financial statement information: Use GIFI schedules 100, 125, and 141.

Schedules – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

| | Yes | Schedule |
|--|-------------------------------------|----------|
| Is the corporation related to any other corporations? | <input checked="" type="checkbox"/> | 9 |
| Is the corporation an associated CCPC? | <input checked="" type="checkbox"/> | 23 |
| Is the corporation an associated CCPC that is claiming the expenditure limit? | <input checked="" type="checkbox"/> | 49 |
| Does the corporation have any non-resident shareholders who own voting shares? | <input type="checkbox"/> | 19 |
| Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents | <input type="checkbox"/> | 11 |
| If you answered yes to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee? | <input type="checkbox"/> | 44 |
| Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada? | <input type="checkbox"/> | 14 |
| Is the corporation claiming a deduction for payments to a type of employee benefit plan? | <input type="checkbox"/> | 15 |
| Is the corporation claiming a loss or deduction from a tax shelter? | <input type="checkbox"/> | T5004 |
| Is the corporation a member of a partnership for which a partnership account number has been assigned? | <input type="checkbox"/> | T5013 |
| Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)? | <input type="checkbox"/> | 22 |
| Did the corporation own any shares in one or more foreign affiliates in the tax year? | <input type="checkbox"/> | 25 |
| Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal <i>Income Tax Regulations</i> ? | <input type="checkbox"/> | 29 |
| Did the corporation have a total amount over \$1 million of reportable transactions with non-arm's length non-residents? | <input type="checkbox"/> | T106 |
| For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares? | <input checked="" type="checkbox"/> | 50 |
| Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year? | <input type="checkbox"/> | |
| Does the corporation earn income from one or more Internet webpages or websites? | <input type="checkbox"/> | 88 |
| Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes? | <input checked="" type="checkbox"/> | 1 |
| Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine? | <input type="checkbox"/> | 2 |
| Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund? | <input checked="" type="checkbox"/> | 3 |
| Is the corporation claiming any type of losses? | <input type="checkbox"/> | 4 |
| Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction? | <input checked="" type="checkbox"/> | 5 |
| Has the corporation realized any capital gains or incurred any capital losses during the tax year? | <input type="checkbox"/> | 6 |
| i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440? | <input type="checkbox"/> | 7 |
| Does the corporation have any property that is eligible for capital cost allowance? | <input checked="" type="checkbox"/> | 8 |
| Does the corporation have any property that is eligible capital property? | <input checked="" type="checkbox"/> | 10 |
| Does the corporation have any resource-related deductions? | <input type="checkbox"/> | 12 |
| Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)? | <input type="checkbox"/> | 13 |
| Is the corporation claiming a patronage dividend deduction? | <input type="checkbox"/> | 16 |
| Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction? | <input type="checkbox"/> | 17 |
| Is the corporation an investment corporation or a mutual fund corporation? | <input type="checkbox"/> | 18 |
| Is the corporation carrying on business in Canada as a non-resident corporation? | <input type="checkbox"/> | 20 |
| Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits? | <input type="checkbox"/> | 21 |
| Does the corporation have any Canadian manufacturing and processing profits? | <input type="checkbox"/> | 27 |
| Is the corporation claiming an investment tax credit? | <input checked="" type="checkbox"/> | 31 |
| Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures? | <input checked="" type="checkbox"/> | T661 |
| Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000? | <input checked="" type="checkbox"/> | 33/34/35 |
| Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000? | <input checked="" type="checkbox"/> | |
| Is the corporation claiming a surtax credit? | <input type="checkbox"/> | 37 |
| Is the corporation subject to gross Part VI tax on capital of financial institutions? | <input type="checkbox"/> | 38 |
| Is the corporation claiming a Part I tax credit? | <input type="checkbox"/> | 42 |
| Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid? | <input type="checkbox"/> | 43 |
| Is the corporation agreeing to a transfer of the liability for Part VI.1 tax? | <input type="checkbox"/> | 45 |
| Is the corporation subject to Part II - Tobacco Manufacturers' surtax? | <input type="checkbox"/> | 46 |
| For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax? | <input type="checkbox"/> | 39 |
| Is the corporation claiming a Canadian film or video production tax credit refund? | <input type="checkbox"/> | T1131 |
| Is the corporation claiming a film or video production services tax credit refund? | <input type="checkbox"/> | T1177 |
| Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.) | <input type="checkbox"/> | 92 |

Attachments – continued from page 2

| | Yes | Schedule |
|--|-------------------------------------|----------|
| Did the corporation have any foreign affiliates in the tax year? | <input type="checkbox"/> | T1134 |
| Did the corporation own specified foreign property in the year with a cost amount over \$100,000? | <input type="checkbox"/> | T1135 |
| Did the corporation transfer or loan property to a non-resident trust? | <input type="checkbox"/> | T1141 |
| Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year? | <input type="checkbox"/> | T1142 |
| Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada? | <input type="checkbox"/> | T1145 |
| Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts? | <input checked="" type="checkbox"/> | T1146 |
| Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED? | <input type="checkbox"/> | T1174 |
| Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year? | <input checked="" type="checkbox"/> | 55 |
| Has the corporation made an election under subsection 89(11) not to be a CCPC? | <input type="checkbox"/> | T2002 |
| Has the corporation revoked any previous election made under subsection 89(11)? | <input type="checkbox"/> | T2002 |
| Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year? | <input checked="" type="checkbox"/> | 53 |
| Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year? | <input type="checkbox"/> | 54 |

Additional information

| | | | |
|--|------------------------------------|--------------------------------|--|
| Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? | 270 | 1 Yes <input type="checkbox"/> | 2 No <input checked="" type="checkbox"/> |
| Is the corporation inactive? | 280 | 1 Yes <input type="checkbox"/> | 2 No <input checked="" type="checkbox"/> |
| What is the corporation's main revenue-generating business activity? | 221122 Electric Power Distribution | | |
| Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents. | 284 | Distribution revenue | 285 100.000 % |
| | 286 | | 287 % |
| | 288 | | 289 % |
| Did the corporation immigrate to Canada during the tax year? | 291 | 1 Yes <input type="checkbox"/> | 2 No <input checked="" type="checkbox"/> |
| Did the corporation emigrate from Canada during the tax year? | 292 | 1 Yes <input type="checkbox"/> | 2 No <input checked="" type="checkbox"/> |
| Do you want to be considered as a quarterly instalment remitter if you are eligible? | 293 | 1 Yes <input type="checkbox"/> | 2 No <input type="checkbox"/> |
| If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible | 294 | YYYY MM DD | |
| If the corporation's major business activity is construction, did you have any subcontractors during the tax year? | 295 | 1 Yes <input type="checkbox"/> | 2 No <input type="checkbox"/> |

Taxable income

| | | | |
|--|------------|---------|---|
| Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL | 300 | 414,933 | A |
| Deduct: Charitable donations from Schedule 2 | 311 | | |
| Gifts to Canada, a province, or a territory from Schedule 2 | 312 | | |
| Cultural gifts from Schedule 2 | 313 | | |
| Ecological gifts from Schedule 2 | 314 | | |
| Gifts of medicine from Schedule 2 | 315 | | |
| Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3 | 320 | | |
| Part VI.1 tax deduction* | 325 | | |
| Non-capital losses of previous tax years from Schedule 4 | 331 | | |
| Net capital losses of previous tax years from Schedule 4 | 332 | | |
| Restricted farm losses of previous tax years from Schedule 4 | 333 | | |
| Farm losses of previous tax years from Schedule 4 | 334 | | |
| Limited partnership losses of previous tax years from Schedule 4 | 335 | | |
| Taxable capital gains or taxable dividends allocated from a central credit union | 340 | | |
| Prospector's and grubstaker's shares | 350 | | |
| Subtotal | | | B |
| Subtotal (amount A minus amount B) (if negative, enter "0") | | 414,933 | C |
| Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions | 355 | | D |
| Taxable income (amount C plus amount D) | 360 | 414,933 | |
| Income exempt under paragraph 149(1)(t) | 370 | | |
| Taxable income for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370) | | 414,933 | Z |

* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 8.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

| | | | |
|--|------------|---------|---|
| Income from active business carried on in Canada from Schedule 7 | 400 | 414,933 | A |
| Taxable income from line 360 on page 3, minus 100/28 3.57143 of the amount on line 632* on page 7, minus 4 times the amount on line 636** on page 7, and minus any amount that, because of federal law, is exempt from Part I tax | 405 | 414,933 | B |
| Business limit (see notes 1 and 2 below) | 410 | | C |

Notes:

- For CCPCs that are not associated, enter \$ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year divided by 365, and enter the result on line 410.
- For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

| | | | | | | | |
|--|---|----------------|--------|---|---|------------|---|
| Amount C | x | 415 *** | 24,570 | D | = | | E |
| | | | 11,250 | | | | |
| Reduced business limit (amount C minus amount E) (if negative, enter "0") | | | | | | 425 | F |

Small business deduction

| | | | | | |
|--|---|------|---|------------|---|
| Amount A, B, C, or F, whichever is the least | x | 17 % | = | 430 | G |
|--|---|------|---|------------|---|

Enter amount G on line I on page 7.

* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.

** Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

***** Large corporations**

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **prior year** minus \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the **current year** minus \$10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

General tax reduction for Canadian-controlled private corporations

Canadian-controlled private corporations throughout the tax year

| | | | |
|---|------|---------|---|
| Taxable income from page 3 (line 360 or amount Z, whichever applies) | | 414,933 | A |
| Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 | | | B |
| Amount QQ from Part 13 of Schedule 27 | | | C |
| Personal service business income | 432 | | D |
| Amount used to calculate the credit union deduction (amount F from Schedule 17) | | | E |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | | F |
| Aggregate investment income from line 440 on page 6* | | | G |
| Subtotal (add amounts B to G) | | | H |
| Amount A minus amount H (if negative, enter "0") | | 414,933 | I |
| General tax reduction for Canadian-controlled private corporations – Amount I multiplied by | 13 % | 53,941 | J |

Enter amount J on line 638 on page 7.

* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

General tax reduction

Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.

| | | | |
|---|------|--|---|
| Taxable income from page 3 (line 360 or amount Z, whichever applies) | | | K |
| Lesser of amounts V and Y (line Z1) from Part 9 of Schedule 27 | | | L |
| Amount QQ from Part 13 of Schedule 27 | | | M |
| Personal service business income | 434 | | N |
| Amount used to calculate the credit union deduction (amount F from Schedule 17) | | | O |
| Subtotal (add amounts L to O) | | | P |
| Amount K minus amount P (if negative, enter "0") | | | Q |
| General tax reduction – Amount Q multiplied by | 13 % | | R |

Enter amount R on line 639 on page 7.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

| | | | | | | | | |
|---|-----|---|------------|--------------------------|------------|--------|---------|---|
| Aggregate investment income from Schedule 7 | 440 | x | 26 2 / 3 % | = | _____ | A | | |
| Foreign non-business income tax credit from line 632 on page 7 | | | | | _____ | B | | |
| Deduct: | | | | | | | | |
| Foreign investment income from Schedule 7 | 445 | x | 9 1 / 3 % | = | _____ | C | | |
| | | | | (if negative, enter "0") | _____ | D | | |
| Amount A minus amount D (if negative, enter "0") | | | | | _____ | E | | |
| Taxable income from line 360 on page 3 | | | | | 414,933 | F | | |
| Deduct: | | | | | | | | |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | | | | _____ | G | | |
| Foreign non-business income tax credit from line 632 on page 7 | | x | 100 / 35 | = | _____ | H | | |
| Foreign business income tax credit from line 636 on page 7 | | x | 4 | = | _____ | I | | |
| Subtotal | | | | | _____ | J | | |
| | | | | | 414,933 | K | | |
| | | | | x | 26 2 / 3 % | = | 110,649 | L |
| Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 8) | | | | | _____ | 15,892 | M | |
| Refundable portion of Part I tax – Amount E, L, or M, whichever is the least | | | | | _____ | 450 | N | |

Refundable dividend tax on hand

| | | | | | | |
|---|-----|--|--|--|-------|-----|
| Refundable dividend tax on hand at the end of the previous tax year | 460 | | | | _____ | |
| Deduct: Dividend refund for the previous tax year | 465 | | | | _____ | |
| Add the total of: | | | | | | |
| Refundable portion of Part I tax from line 450 above | | | | | _____ | P |
| Total Part IV tax payable from Schedule 3 | | | | | _____ | Q |
| Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation | 480 | | | | _____ | R |
| Refundable dividend tax on hand at the end of the tax year – Amount O plus amount R | | | | | _____ | 485 |

Dividend refund

Private and subject corporations at the time taxable dividends were paid in the tax year

| | | | | | | |
|--|---------|---|-------|---|--------|---|
| Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3 | 200,000 | x | 1 / 3 | = | 66,667 | S |
| Refundable dividend tax on hand at the end of the tax year from line 485 above | | | | | _____ | T |
| Dividend refund – Amount S or T, whichever is less | | | | | _____ | U |

Enter amount U on line 784 on page 8.

Part I tax

| | | | |
|---|------------|------------------------------------|-----------------|
| Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by 38 % . . . | 550 | 157,675 | A |
| Recapture of investment tax credit from Schedule 31 | 602 | | B |
| Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income (if it was a CCPC throughout the tax year) | | | |
| Aggregate investment income from line 440 on page 6 | | | C |
| Taxable income from line 360 on page 3 | 414,933 | | D |
| Deduct: | | | |
| Amount from line 400, 405, 410, or 425 on page 4, whichever is the least | | | E |
| Net amount (amount D minus amount E) | 414,933 | 414,933 | F |
| Refundable tax on CCPC's investment income – 6 2 / 3 % of whichever is less: amount C or amount F | 604 | | G |
| | | Subtotal (add amounts A, B, and G) | 157,675 H |
| Deduct: | | | |
| Small business deduction from line 430 on page 4 | | | I |
| Federal tax abatement | 608 | 41,493 | |
| Manufacturing and processing profits deduction from Schedule 27 | 616 | | |
| Investment corporation deduction | 620 | | |
| Taxed capital gains 624 | | | |
| Additional deduction – credit unions from Schedule 17 | 628 | | |
| Federal foreign non-business income tax credit from Schedule 21 | 632 | | |
| Federal foreign business income tax credit from Schedule 21 | 636 | | |
| General tax reduction for CCPCs from amount J on page 5 | 638 | 53,941 | |
| General tax reduction from amount R on page 5 | 639 | | |
| Federal logging tax credit from Schedule 21 | 640 | | |
| Eligible Canadian bank deduction under section 125.21 | 641 | | |
| Federal qualifying environmental trust tax credit | 648 | | |
| Investment tax credit from Schedule 31 | 652 | 46,349 | |
| | | Subtotal | 141,783 J |
| Part I tax payable – Amount H minus amount J | | | 15,892 K |
| Enter amount K on line 700 on page 8. | | | |

Summary of tax and credits

Federal tax

| | | |
|--|-----|--------|
| Part I tax payable from amount K on page 7 | 700 | 15,892 |
| Part II surtax payable from Schedule 46 | 708 | |
| Part III.1 tax payable from Schedule 55 | 710 | |
| Part IV tax payable from Schedule 3 | 712 | |
| Part IV.1 tax payable from Schedule 43 | 716 | |
| Part VI tax payable from Schedule 38 | 720 | |
| Part VI.1 tax payable from Schedule 43 | 724 | |
| Part XIII.1 tax payable from Schedule 92 | 727 | |
| Part XIV tax payable from Schedule 20 | 728 | |

Add provincial or territorial tax:

| | | |
|--|-----|--------|
| Provincial or territorial jurisdiction . . . 750 ON (if more than one jurisdiction, enter "multiple" and complete Schedule 5) | | |
| Net provincial or territorial tax payable (except Quebec and Alberta) | 760 | 28,563 |
| Provincial tax on large corporations (Nova Scotia Schedule 342) (The Nova Scotia tax on large corporations is eliminated effective July 1, 2012.) | 765 | |
| Total provincial or territorial tax | | 28,563 |

Deduct other credits:

| | | |
|---|------------|--------|
| Investment tax credit refund from Schedule 31 | 780 | |
| Dividend refund from amount U on page 6 | 784 | |
| Federal capital gains refund from Schedule 18 | 788 | |
| Federal qualifying environmental trust tax credit refund | 792 | |
| Canadian film or video production tax credit refund (Form T1131) | 796 | |
| Film or video production services tax credit refund (Form T1177) | 797 | |
| Tax withheld at source | 800 | |
| Total payments on which tax has been withheld | 801 | |
| Provincial and territorial capital gains refund from Schedule 18 | 808 | |
| Provincial and territorial refundable tax credits from Schedule 5 | 812 | |
| Tax instalments paid | 840 | 37,800 |
| Total credits | 890 | 37,800 |

Total federal tax 15,892
Total tax payable **770** 44,455 A

Refund code **894** Overpayment

Balance (amount A minus amount B) 6,655

Direct deposit request

To have the corporation's refund deposited directly into the corporation's bank account at a financial institution in Canada, or to change banking information you already gave us, complete the information below:

Start Change information

910 Branch number

914 Institution number **918** Account number

If the result is positive, you have a **balance unpaid**.
If the result is negative, you have an **overpayment**.
Enter the amount on whichever line applies.
Generally, we do not charge or refund a difference of \$2 or less.

Balance unpaid 6,655

For information on how to make your payment, go to www.cra-arc.gc.ca/payments.

Enclosed payment **898** 6,655

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due? **896** 1 Yes 2 No

If this return was prepared by a tax preparer for a fee, provide their EFILE number **920** M2790

PREPARED SOLELY FOR INCOME TAX PURPOSES WITHOUT AUDIT OR REVIEW FROM INFORMATION PROVIDED BY THE TAXPAYER.

Certification

I, **950** Tackaberry **951** Joanne **954** Manager
Last name (print) First name (print) Position, office, or rank

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2015-05-13 **956** (705) 429-2517
Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation Telephone number

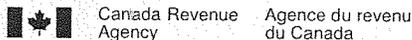
Is the contact person the same as the authorized signing officer? If no, complete the information below **957** 1 Yes 2 No

958 Name (print) **959** Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering 1 for English or 2 for French.
Indiquez votre langue de correspondance en inscrivant 1 pour anglais ou 2 pour français.

990 1



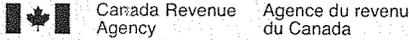
Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

| | | |
|---|---|---|
| Corporation's name Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year end Year Month Day 2014-12-31 |
|---|---|---|

- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 *Corporation Income Tax Guide*.
- All legislative references are to the *Income Tax Act*.

| | | | | |
|--|------------|---------|---------|-----------|
| Amount calculated on line 9999 from Schedule 125 | | | 328,956 | A |
| Add: | | | | |
| Provision for income taxes – current | 101 | 74,394 | | |
| Provision for income taxes – deferred | 102 | 149,431 | | |
| Amortization of tangible assets | 104 | 597,388 | | |
| Scientific research expenditures deducted per financial statements | 118 | 80,845 | | |
| Subtotal of additions | | 902,058 | ▶ | 902,058 |
| Other additions: | | | | |
| Miscellaneous other additions: | | | | |
| 604 | | | | |
| Total | 294 | | | |
| Subtotal of other additions | 199 | 0 | ▶ | 0 |
| Total additions | 500 | 902,058 | ▶ | 902,058 |
| Amount A plus amount B | | | | 1,231,014 |
| Deduct: | | | | |
| Gain on disposal of assets per financial statements | 401 | 2,320 | | |
| Capital cost allowance from Schedule 8 | 403 | 771,557 | | |
| Cumulative eligible capital deduction from Schedule 10 | 405 | 663 | | |
| SR&ED expenditures claimed in the year from Form T661 (line 460) | 411 | 14,431 | | |
| Subtotal of deductions | | 788,971 | ▶ | 788,971 |
| Other deductions: | | | | |
| Miscellaneous other deductions: | | | | |
| 701 Capital lease payments | 391 | 27,110 | | |
| 704 | | | | |
| Total | 394 | | | |
| Subtotal of other deductions | 499 | 27,110 | ▶ | 27,110 |
| Total deductions | 510 | 816,081 | ▶ | 816,081 |
| Net income (loss) for income tax purposes – enter on line 300 of the T2 return | | | | 414,933 |



**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND
PART IV TAX CALCULATION**

SCHEDULE 3

| | | |
|--|---|---|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|--|---|---|

- This schedule is for the use of any corporation to report:
 - non-taxable dividends under section 83;
 - deductible dividends under subsection 138(6);
 - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
 - taxable dividends paid in the tax year that qualify for a dividend refund.
- The calculations in this schedule apply only to private or subject corporations.
- Parts, sections, subsections, and paragraphs referred to on this schedule are from the federal *Income Tax Act*.
- A recipient corporation is connected with a payer corporation at any time in a tax year, if at that time the recipient corporation:
 - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
 - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A – Enter "X" if dividends received from a foreign source (connected corporation only).
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.
- Column F3 – Enter if dividends have been received or not after December 20, 2012. This information is required for corporations that must complete Schedules 71 and 72. For more details with regards to this column, consult the Help.

Part 1 – Dividends received in the tax year

Do not include dividends received from foreign non-affiliates.

Complete if payer corporation is connected

| Name of payer corporation (from which the corporation received the dividend) | A | B Enter 1 if payer corporation is connected | C Business Number of connected corporation | D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD (See note) | E Non-taxable dividend under section 83 |
|--|---|---|---|--|--|
| 200 | | 205 | 210 | 220 | 230 |
| Total (enter on line 402 of Schedule 1) | | | | | |

Note: If your corporation's tax year-end is different than that of the connected payer corporation, your corporation could have received dividends from more than one tax year of the payer corporation. If so, use a separate line to provide the information for each tax year of the payer corporation. For more details, consult the Help.

Complete if payer corporation is connected

| F Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (b), or (d)* | F1 Eligible dividends (included in column F) | F2 | F3 | G Total taxable dividends paid by connected payer corporation (for tax year in column D) | H Dividend refund of the connected payer corporation (for tax year in column D)** | I Part IV tax before deductions F x 1 / 3 *** |
|---|---|----|----|--|--|--|
| 240 | | | | 250 | 260 | 270 |
| Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2) | | | | | | J |

* If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.

** If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.

*** For dividends received from connected corporations: Part IV tax = $\frac{\text{Column F} \times \text{Column H}}{\text{Column G}}$

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1) _____

Deduct:

Part IV.I tax payable on dividends subject to Part IV tax **320** _____

Subtotal _____

Deduct:

Current-year non-capital loss claimed to reduce Part IV tax **330** _____

Non-capital losses from previous years claimed to reduce Part IV tax **335** _____

Current-year farm loss claimed to reduce Part IV tax **340** _____

Farm losses from previous years claimed to reduce Part IV tax **345** _____

Total losses applied against Part IV tax _____ x 1 / 3 = _____

Part IV tax payable (enter amount on line 712 of the T2 return) **360** _____

Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund

| | A | B | C | D | D1 |
|------------|---|-------------------|--|--|---|
| | Name of connected recipient corporation | Business Number | Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note) | Taxable dividends paid to connected corporations | Eligible dividends (included in column D) |
| 400 | | 410 | 420 | 430 | |
| 1 | Geosands Inc. | 86673 1441 RC0001 | 2014-12-31 | 200,000 | |

Note

If your corporation's tax year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information for each tax year of the recipient corporation. For more details, consult the Help.

Total 200,000

Total taxable dividends paid in the tax year to other than connected corporations **450** _____

Eligible dividends (included in line 450) 450a _____

Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column D above plus line 450) **460** 200,000

Part 4 – Total dividends paid in the tax year

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460 above) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above) 200,000

Other dividends paid in the tax year (total of 510 to 540) _____

Total dividends paid in the tax year **500** 200,000

Deduct:

Dividends paid out of capital dividend account **510** _____

Capital gains dividends **520** _____

Dividends paid on shares described in subsection 129(1.2) **530** _____

Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year **540** _____

Subtotal _____ ▶ _____

Total taxable dividends paid in the tax year that qualify for a dividend refund 200,000

Tax Calculation Supplementary – Corporations

| | | |
|---|---|---|
| Corporation's name Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|---|---|---|

- Use this schedule if, during the tax year, the corporation:
 - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
 - is claiming provincial or territorial tax credits or rebates (see Part 2); or
 - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- Regulations mentioned in this schedule are from the *Income Tax Regulations*.
- For more information, see the *T2 Corporation – Income Tax Guide*.
- Enter the regulation number in field 100 of Part 1.

Part 1 – Allocation of taxable income

100

Enter the Regulation that applies (402 to 413).

| A | B | C | D | E | F |
|--|---|----------------------------|---------------|----------------------------|---|
| Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. * | Total salaries and wages paid in jurisdiction | (B x taxable income**) / G | Gross revenue | (D x taxable income**) / H | Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2) |
| Newfoundland and Labrador 003 1 Yes <input type="checkbox"/> | 103 | | 143 | | |
| Newfoundland and Labrador Offshore 004 1 Yes <input type="checkbox"/> | 104 | | 144 | | |
| Prince Edward Island 005 1 Yes <input type="checkbox"/> | 105 | | 145 | | |
| Nova Scotia 007 1 Yes <input type="checkbox"/> | 107 | | 147 | | |
| Nova Scotia Offshore 008 1 Yes <input type="checkbox"/> | 108 | | 148 | | |
| New Brunswick 009 1 Yes <input type="checkbox"/> | 109 | | 149 | | |
| Quebec 011 1 Yes <input type="checkbox"/> | 111 | | 151 | | |
| Ontario 013 1 Yes <input type="checkbox"/> | 113 | | 153 | | |
| Manitoba 015 1 Yes <input type="checkbox"/> | 115 | | 155 | | |
| Saskatchewan 017 1 Yes <input type="checkbox"/> | 117 | | 157 | | |
| Alberta 019 1 Yes <input type="checkbox"/> | 119 | | 159 | | |
| British Columbia 021 1 Yes <input type="checkbox"/> | 121 | | 161 | | |
| Yukon 023 1 Yes <input type="checkbox"/> | 123 | | 163 | | |
| Northwest Territories 025 1 Yes <input type="checkbox"/> | 125 | | 165 | | |
| Nunavut 026 1 Yes <input type="checkbox"/> | 126 | | 166 | | |
| Outside Canada 027 1 Yes <input type="checkbox"/> | 127 | | 167 | | |
| Total | 129 | G | 169 | H | |

* "Permanent establishment" is defined in Regulation 400(2).

** If the corporation has income or loss from an international banking centre: the taxable income is the amount on line 360 or line Z of the T2 return plus the total amount not required to be included, or minus the total amount not allowed to be deducted, in calculating the corporation's income under section 33.1 of the federal *Income Tax Act*. This does not apply to tax years starting after March 20, 2013.

*** For corporations other than those described under Regulation 402, use the appropriate calculation described in the Regulations to allocate taxable income.

Notes:

- After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
- If the corporation has provincial or territorial tax payable, complete Part 2.

Part 2 – Ontario tax payable, tax credits, and rebates

| Total taxable income | Income eligible for small business deduction | Provincial or territorial allocation of taxable income | Provincial or territorial tax payable before credits |
|----------------------|--|--|--|
| 414,933 | | 414,933 | 47,717 |

| | | | |
|---|-----|--------|----|
| Ontario basic income tax (from Schedule 500) | 270 | 47,717 | |
| Deduct: Ontario small business deduction (from Schedule 500) | 402 | | |
| Subtotal | | 47,717 | A6 |
| Add: | | | |
| Ontario additional tax re Crown royalties (from Schedule 504) | 274 | | |
| Ontario transitional tax debits (from Schedule 506) | 276 | | |
| Recapture of Ontario research and development tax credit (from Schedule 508) | 277 | | |
| Subtotal | | | B6 |
| Subtotal (amount A6 plus amount B6) | | 47,717 | C6 |
| Deduct: | | | |
| Ontario resource tax credit (from Schedule 504) | 404 | | |
| Ontario tax credit for manufacturing and processing (from Schedule 502) | 406 | | |
| Ontario foreign tax credit (from Schedule 21) | 408 | | |
| Ontario credit union tax reduction (from Schedule 500) | 410 | | |
| Ontario transitional tax credits (from Schedule 506) | 414 | | |
| Ontario political contributions tax credit (from Schedule 525) | 415 | | |
| Subtotal | | | D6 |
| Subtotal (amount C6 minus amount D6) (if negative, enter "0") | | 47,717 | E6 |
| Deduct: Ontario research and development tax credit (from Schedule 508) | 416 | 11,124 | |
| Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount E6 minus amount on line 416) (if negative, enter "0") | | 36,593 | F6 |
| Deduct: | | | |
| Ontario corporate minimum tax credit (from Schedule 510) | 418 | | |
| Ontario community food program donation tax credit for farmers (from Schedule 2) | 420 | | |
| Ontario corporate income tax payable (amount F6 minus amounts on line 418 and line 420) (if negative, enter "0") | | 36,593 | G6 |
| Add: | | | |
| Ontario corporate minimum tax (from Schedule 510) | 278 | | |
| Ontario special additional tax on life insurance corporations (from Schedule 512) | 280 | | |
| Subtotal | | | H6 |
| Total Ontario tax payable before refundable credits (amount G6 plus amount H6) | | 36,593 | I6 |
| Deduct: | | | |
| Ontario qualifying environmental trust tax credit | 450 | | |
| Ontario co-operative education tax credit (from Schedule 550) | 452 | | |
| Ontario apprenticeship training tax credit (from Schedule 552) | 454 | | |
| Ontario computer animation and special effects tax credit (from Schedule 554) | 456 | | |
| Ontario film and television tax credit (from Schedule 556) | 458 | | |
| Ontario production services tax credit (from Schedule 558) | 460 | | |
| Ontario interactive digital media tax credit (from Schedule 560) | 462 | | |
| Ontario sound recording tax credit (from Schedule 562) | 464 | | |
| Ontario book publishing tax credit (from Schedule 564) | 466 | | |
| Ontario innovation tax credit (from Schedule 566) | 468 | 8,030 | |
| Ontario business-research institute tax credit (from Schedule 568) | 470 | | |
| Subtotal | | 8,030 | J6 |
| Net Ontario tax payable or refundable credit (amount I6 minus amount J6) | 290 | 28,563 | K6 |
| (if a credit, enter a negative amount) Include this amount on line 255. | | | |

Summary

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

Net provincial and territorial tax payable or refundable credits **255** 28,563

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.

If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.



Canada Revenue Agency
Agence du revenu du Canada

Schedule 8

Capital Cost Allowance (CCA)

| | | |
|---|---|---|
| Corporation's name Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year end Year Month Day 2014-12-31 |
|---|---|---|

For more information, see the section called "Capital Cost Allowance" in the T2 Corporation Income Tax Guide.

Is the corporation electing under Regulation 1101(5q)?

101

1 Yes 2 No

| 1 Class number (See Note) | 2 Description | 3 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) | 4 Cost of acquisitions during the year (new property must be available for use)* | 5 Adjustments and transfers** | 6 Proceeds of dispositions during the year (amount not to exceed the capital cost) | 7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** | 8 Reduced undepreciated capital cost | 9 CCA rate %**** | 10 Recapture of capital cost allowance***** (line 107 of Schedule 1) | 11 Terminal loss (line 404 of Schedule 1) | 12 Capital cost allowance (for declining balance method, column 7 multiplied by column 8, or a lower amount) (line 403 of Schedule 1)***** | 13 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11) |
|---------------------------------|-----------------------------------|--|---|----------------------------------|---|--|---|---------------------|---|--|---|--|
| 1. | Buildings | 1,011,470 | 4,626 | | 0 | 2,313 | 1,013,783 | 4 | 0 | 0 | 40,551 | 975,545 |
| 2. | Distribution Equipment | 5,874,037 | 1,093,533 | | 0 | 542,767 | 5,874,037 | 4 | 0 | 0 | 234,961 | 5,639,076 |
| 3. | distribution and transmission eq. | 5,657,793 | 1,098,159 | | 8,000 | 545,080 | 6,200,559 | 8 | 0 | 0 | 496,045 | 6,247,281 |
| | Totals | 12,543,300 | 1,098,159 | | 8,000 | 13,089,379 | | | | | 771,557 | 12,861,902 |

Note: Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed.
Class 1a: 4% + 6% = 10% (Class 1 to 10%), class 1b: 4% + 2% = 6% (class 1 to 6%).

* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see Regulation 1100(2) and (2.2).

** Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost. Items that increase the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that reduce the undepreciated capital cost include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the T2 Corporation Income Tax Guide for other examples of adjustments and transfers to include in column 4.

*** The net cost of acquisitions is the cost of acquisitions (column 3) plus or minus certain adjustments and transfers from column 4. For exceptions to the 50% rule, see Interpretation Bulletin IT-285, Capital Cost Allowance - General Comments.

**** Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

***** For every entry in column 9, the "Recapture of capital cost allowance" there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

***** If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the T2 Corporation Income Tax Guide for more information.

RELATED AND ASSOCIATED CORPORATIONS

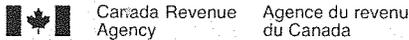
| | | |
|---|--------------------------------------|--|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year end Year Month Day 2014-12-31 |
|---|--------------------------------------|--|

- Complete this schedule if the corporation is related to or associated with at least one other corporation.
- For more information, see the *T2 Corporation Income Tax Guide*.

| | 100 | 200 | 300 | 400 | 500 | 550 | 600 | 650 | 700 |
|--------------------------------------|--|------------------------------|--------------------------------|---------------------------------|----------------------------|------------------------------------|-------------------------------|-----------------------------|------------|
| Name | Country of residence (other than Canada) | Business number (see note 1) | Relationship code (see note 2) | Number of common shares you own | % of common shares you own | Number of preferred shares you own | % of preferred shares you own | Book value of capital stock | |
| 1. Wasaga Resource Services Inc. | | 86758 4724 RC0001 | 3 | | | | | | |
| 2. Geosands Inc. | | 86673 1441 RC0001 | 1 | | | | | 2,745,596 | |
| 3. Wasaga Genco Inc. | | 86758 4526 RC0001 | 3 | | | | | | |
| 4. The Corporation of the Town of Wa | | 10810 1577 RC0001 | 4 | | | | | 100 | |

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.

Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated



CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

| | | |
|---|--------------------------------------|--|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|---|--------------------------------------|--|

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

Part 1 – Calculation of current year deduction and carry-forward

| | | | |
|---|------------|------------------|-------|
| Cumulative eligible capital - Balance at the end of the preceding taxation year (if negative, enter "0") | 200 | 9,468 | A |
| Add: Cost of eligible capital property acquired during the taxation year | 222 | | |
| Other adjustments | 226 | | |
| Subtotal (line 222 plus line 226) | | x 3 / 4 = | B |
| Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002 | 228 | x 1 / 2 = | C |
| amount B minus amount C (if negative, enter "0") | | | D |
| Amount transferred on amalgamation or wind-up of subsidiary | 224 | | E |
| Subtotal (add amounts A, D, and E) | 230 | | F |
| Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year | 242 | | G |
| The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7) | 244 | | H |
| Other adjustments | 246 | | I |
| (add amounts G,H, and I) | | x 3 / 4 = | J |
| Cumulative eligible capital balance (amount F minus amount J) | | | K |
| (if amount K is negative, enter "0" at line M and proceed to Part 2) | | | |
| Cumulative eligible capital for a property no longer owned after ceasing to carry on that business | 249 | | |
| amount K | | 9,468 | |
| less amount from line 249 | | | |
| Current year deduction | | 9,468 x 7.00 % = | 663 * |
| (line 249 plus line 250) (enter this amount at line 405 of Schedule 1) | | | 663 ▶ |
| Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") | 300 | | M |
| | | | 8,805 |

* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

Part 2 – Amount to be included in income arising from disposition

(complete this part only if the amount at line K is negative)

| | | |
|--|--------------------------|---|
| Amount from line K (show as positive amount) | | N |
| Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988 | 400 | 1 |
| Total of all amounts which reduced CEC in the current or prior years under subsection 80(7) | 401 | 2 |
| Total of CEC deductions claimed for taxation years beginning before July 1, 1988 | 402 | 3 |
| Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988 | 408 | 4 |
| Line 3 minus line 4 (if negative, enter "0") | ▶ | 5 |
| Total of lines 1, 2 and 5 | | 6 |
| Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400 | | 7 |
| Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000 | | 8 |
| Subtotal (line 7 plus line 8) | 409 | 9 |
| Line 6 minus line 9 (if negative, enter "0") | ▶ | O |
| Line N minus line O (if negative, enter "0") | | P |
| | Line 5 _____ x 1 / 2 = | Q |
| Line P minus line Q (if negative, enter "0") | | R |
| | Amount R _____ x 2 / 3 = | S |
| Amount N or amount O, whichever is less | | T |
| Amount to be included in income (amount S plus amount T) (enter this amount on line 108 of Schedule 1) | 410 | |

AGREEMENT AMONG ASSOCIATED CANADIAN-CONTROLLED PRIVATE CORPORATIONS TO ALLOCATE THE BUSINESS LIMIT

- For use by a Canadian-controlled private corporation (CCPC) to identify all associated corporations and to assign a percentage for each associated corporation. This percentage will be used to allocate the business limit for purposes of the small business deduction. Information from this schedule will also be used to determine the date the balance of tax is due and to calculate the reduction to the business limit.
- An associated CCPC that has more than one tax year ending in a calendar year, is required to file an agreement for each tax year ending in that calendar year.

- Column 1:** Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* (ITA) not to be associated for purposes of the small business deduction.
- Column 2:** Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").
- Column 3:** Enter the association code that applies to each corporation:
- 1 – Associated for purposes of allocating the business limit (unless code 5 applies)
 - 2 – CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
 - 3 – Non-CCPC that is a "third corporation" as defined in subsection 256(2)
 - 4 – Associated non-CCPC
 - 5 – Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"
- Column 4:** Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.
- Column 5:** Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.
- Column 6:** Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

| Calendar year | Acceptable range |
|---------------|------------------------|
| 2006 | maximum \$300,000 |
| 2007 | \$300,001 to \$400,000 |

| Calendar year | Acceptable range |
|---------------|------------------------|
| 2008 | maximum \$400,000 |
| 2009 | \$400,001 to \$500,000 |

If the calendar year to which this agreement applies is after 2009, ensure that the total at line A does not exceed \$500,000.

Allocating the business limit

Date filed (do not use this area) **025** Year Month Day

Enter the calendar year to which the agreement applies **050** Year
2014

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? **075** 1 Yes 2 No

| | 1 Names of associated corporations | 2 Business Number of associated corporations | 3 Association code | 4 Business limit for the year (before the allocation) \$ | 5 Percentage of the business limit % | 6 Business limit allocated* \$ |
|---|---------------------------------------|---|-----------------------|--|--|--------------------------------------|
| | 100 | 200 | 300 | | 350 | 400 |
| 1 | Wasaga Distribution Inc. | 86673 1649 RC0001 | 1 | 500,000 | | |
| 2 | Wasaga Resource Services Inc. | 86758 4724 RC0001 | 1 | 500,000 | 100.0000 | 500,000 |
| 3 | Geosands Inc. | 86673 1441 RC0001 | 4 | | | |
| 4 | Wasaga Genco Inc. | 86758 4526 RC0001 | 1 | 500,000 | | |
| | Total | | | | 100.0000 | 500,000 A |

Business limit reduction under subsection 125(5.1) of the ITA

The business limit reduction is calculated in the small business deduction area of the T2 return. One of the factors used in this calculation is the "Large corporation amount" at line 415 of the T2 return. If the corporation is a member of an associated group** of corporations in the current tax year, the amount at line 415 of the T2 return is equal to $0.225\% \times (A - \$10,000,000)$ where, "A" is the total of taxable capital employed in Canada*** of each corporation in the associated group for its last tax year ending in the preceding calendar year.

* Each corporation will enter on line 410 of the T2 return, the amount allocated to it in column 6. However, if the corporation's tax year is less than 51 weeks, prorate the amount in column 6 by the number of days in the tax year divided by 365, and enter the result on line 410 of the T2 return.

Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. If the tax year straddles January 1, 2009, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit that would have been determined for the first tax year ending in the calendar year, if \$500,000 was used in allocating the amounts among associated corporations and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year. Otherwise, the business limit for the second (or subsequent) tax year(s) will be equal to the lesser of the business limit determined for the first tax year ending in the calendar year and the business limit determined for the second (or subsequent) tax year(s) ending in the same calendar year.

** The associated group includes the corporation filing this schedule and each corporation that has an "association code" of 1 or 4 in column 3.

*** "Taxable capital employed in Canada" has the meaning assigned by subsection 181.2(1) or 181.3(1) or section 181.4 of the ITA.



Investment Tax Credit – Corporations

General information

- Use this schedule:
 - to calculate an investment tax credit (ITC) earned during the tax year;
 - to claim a deduction against Part I tax payable;
 - to claim a refund of credit earned during the current tax year;
 - to claim a carryforward of credit from previous tax years;
 - to transfer a credit following an amalgamation or wind-up of a subsidiary, as described under subsections 87(1) and 88(1) of the federal *Income Tax Act*;
 - to request a credit carryback to one or more previous years; or
 - if you are subject to a recapture of ITC.
- The ITC is eligible for a three-year carryback (if not deductible in the year earned). It is also eligible for a twenty-year carryforward.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- Investments or expenditures, described in subsection 127(9) of the Act and Part XLVI of the Regulations, that earn an ITC are:
 - qualified property and qualified resource property (Parts 4 to 7 of this schedule);
 - expenditures that are part of the SR&ED qualified expenditure pool (Parts 8 to 17). File Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*;
 - pre-production mining expenditures (Parts 18 to 20);
 - apprenticeship job creation expenditures (Parts 21 to 23); and
 - child care spaces expenditures (Parts 24 to 28).
- Include a completed copy of this schedule with the *T2 Corporation Income Tax Return*. If you need more space, attach additional schedules.
- For more information on ITCs, see "Investment Tax Credit" in Guide T4012, *T2 Corporation – Income Tax Guide*, Information Circular IC 78-4, *Investment Tax Credit Rates*, and its related Special Release.
- For more information on SR&ED, see Brochure RC4472, *Overview of the Scientific Research and Experimental Development Program (SR&ED) Tax Incentive Program*; Brochure RC4467, *Support for your R&D in Canada*, and T4088, *Guide to Form T661 – Scientific Research and Experimental Development (SR&ED) Expenditures Claim*. Also see the *Eligibility of Work for SR&ED Investment Tax Credits Policy* at www.cra.gc.ca/txcrdt/sred-rsde/clmng/lgblywrkfrsrdivstmnttxcrdts-eng.html.

Detailed information

- For the purpose of this schedule, **investment** means the capital cost of the property (excluding amounts added by an election under section 21 of the Act), determined without reference to subsections 13(7.1) and 13(7.4), minus the amount of any government or non-government assistance that the corporation has received, is entitled to receive, or can reasonably be expected to receive for that property when it files the income tax return for the year in which the property was acquired.
- An ITC deducted or refunded in a tax year for a depreciable property, other than a depreciable property deductible under paragraph 37(1)(b), reduces the capital cost of that property in the next tax year. It also reduces the undepreciated capital cost of that class in the next tax year. An ITC for SR&ED deducted or refunded in a tax year will reduce the balance in the pool of deductible SR&ED expenditures and the adjusted cost base (ACB) of an interest in a partnership in the next tax year. An ITC from pre-production mining expenditures deducted in a tax year reduces the balance in the pool of deductible cumulative Canadian exploration expenses in the next tax year.
- Property acquired has to be **available for use** before a claim for an ITC can be made. See subsections 127(11.2) and 248(19) for more information.
- Expenditures for SR&ED and capital costs for a property qualifying for an ITC must be identified by the claimant on Form T661 and Schedule 31 no later than 12 months after the claimant's income tax return is due for the tax year in which it incurred the expenditures or capital costs.
- Partnership allocations – Subsection 127(8) provides for the allocation of the amount that may reasonably be considered to be a partner's share of the ITCs of the partnership at the end of the fiscal period of the partnership. An allocation of ITCs is generally considered to be the partner's reasonable share of the ITCs if it is made in the same proportion in which the partners have agreed to share any income or loss and if section 103 is not applicable for the agreement to share any income or loss. Special rules apply to specified and limited partners. For more information, see Guide T4068, *Guide for the Partnership Information Return*.
- For SR&ED expenditures, the expression **in Canada** includes the "exclusive economic zone" (as defined in the *Oceans Act* to generally consist of an area that is within 200 nautical miles from the Canadian coastline), including the airspace, seabed and subsoil for that zone.
- For the purpose of this schedule, the expression **Atlantic Canada** includes the Gaspé Peninsula and the provinces of Newfoundland and Labrador, Prince Edward Island, Nova Scotia, and New Brunswick, as well as their respective offshore regions (prescribed in Regulation 4609).
- For the purpose of this schedule, **qualified property** means property in Atlantic Canada that is used primarily for manufacturing and processing, farming or fishing, logging, storing grain, or harvesting peat. Property in Atlantic Canada that is used primarily for oil and gas, and mining activities is considered qualified property only if acquired by the taxpayer **before** March 29, 2012. Qualified property includes new buildings and new machinery and equipment (prescribed in Regulation 4600), and if acquired by the taxpayer **after** March 28, 2012, new energy generation and conservation property (prescribed in Regulation 4600). Qualified property can also be used primarily to produce or process electrical energy or steam in a prescribed area (as described in Regulation 4610). See the definition of **qualified property** in subsection 127(9) of the Act for more information.
- For the purpose of this schedule, **qualified resource property** means property in Atlantic Canada that is used primarily for oil and gas, and mining activities, if acquired by the taxpayer **after** March 28, 2012, and **before** January 1, 2016. Qualified resource property includes new buildings and new machinery and equipment (prescribed in Regulation 4600). See the definition of **qualified resource property** in subsection 127(9) of the Act for more information.

Detailed information (continued)

- For the purpose of this schedule, **pre-production mining exploration expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to determine the existence, location, extent, or quality of certain mineral resources in Canada, excluding expenses incurred in the exploration of an oil or gas well. See subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.
- For the purpose of this schedule, **pre-production mining development expenditures** are pre-production mining expenditures incurred **after** March 28, 2012, by the taxpayer to bring a new mineral resource mine in Canada into production, excluding expenses in the development of a bituminous sands deposit or an oil shale deposit. See subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9) for more information.

Part 1 – Investments, expenditures, and percentages

| | Specified percentage |
|--|----------------------|
| Investments | |
| Qualified property acquired primarily for use in Atlantic Canada | 10 % |
| Qualified resource property acquired primarily for use in Atlantic Canada and acquired: | |
| – after March 28, 2012, and before 2014 | 10 % |
| – after 2013 and before 2016 | 5 % |
| – after 2015* | 0 % |
| Expenditures | |
| If you are a Canadian-controlled private corporation (CCPC), this percentage may apply to the portion that you claim of the SR&ED qualified expenditure pool that does not exceed your expenditure limit (see Part 10) | 35 % |
| Note: If your current year's qualified expenditures are more than the corporation's expenditure limit (see Part 10), the excess is eligible for an ITC calculated at the 20 % rate**. | |
| If you are a corporation that is not a CCPC and have incurred qualified expenditures for SR&ED in any area in Canada: | |
| – before 2014** | 20 % |
| – after 2013** | 15 % |
| If you are a taxable Canadian corporation that incurred pre-production mining expenditures before March 29, 2012 | 10 % |
| If you are a taxable Canadian corporation that incurred pre-production mining exploration expenditures***: | |
| – after March 28, 2012, and before 2013 | 10 % |
| – in 2013 | 5 % |
| – after 2013*** | 0 % |
| If you are a taxable Canadian corporation that incurred pre-production mining development expenditures****: | |
| – after March 28, 2012, and before 2014**** | 10 % |
| – in 2014 | 7 % |
| – in 2015 | 4 % |
| – after 2015**** | 0 % |
| If you paid salary and wages to apprentices in the first 24 months of their apprenticeship contract for employment | 10 % |
| If you incurred eligible expenditures after March 18, 2007, for the creation of licensed child care spaces for the children of your employees and, potentially, for other children | 25 % |

* A transitional relief rate of 10% may apply to property acquired after 2013 and before 2017, if the property is acquired under a written agreement entered into before March 29, 2012, or the property is acquired as part of a **phase** of a project where the construction or the engineering and design work for the construction started before March 29, 2012. See paragraph (a.1) of the definition of **specified percentage** in subsection 127(9) for more information.

** The reduction of the rate from 20% to 15% applies to 2014 and later tax years, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

*** Pre-production mining exploration expenditures are described in subparagraph (a)(i) of the definition of **pre-production mining expenditure** in subsection 127(9).

**** A transitional relief rate of 10% may apply to expenditures incurred after 2013 and before 2016, if the expenditure is incurred under a written agreement entered into before March 29, 2012, or the expenditure is incurred as part of the development of a new mine where the construction or the engineering and design work for the construction of the new mine started before March 29, 2012. See subparagraph (k)(ii) of the definition of **specified percentage** in subsection 127(9) for more information. Pre-production mining development expenditures are described in subparagraph (a)(ii) of the definition of **pre-production mining expenditure** in subsection 127(9).

| | | |
|--|--------------------------------------|--|
| Corporation's name Wasaga Distribution Inc. | Business number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|--|--------------------------------------|--|

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? **101** 1 Yes 2 No

For the purpose of a refundable ITC, a **qualifying corporation** is defined under subsection 127.1(2). The corporation has to be a CCPC and its taxable income (before any loss carrybacks) for its previous tax year cannot be more than its **qualifying income limit** for the particular tax year. If the corporation is associated with any other corporations during the tax year, the total of the taxable incomes of the corporation and the associated corporations (before any loss carrybacks), for their last tax year ending in the previous calendar year, cannot be more than their qualifying income limit for the particular tax year.

Note: A CCPC calculating a refundable ITC is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of both corporations; and
- one of the corporations has at least one shareholder who is not common to both corporations.

If you are a **qualifying corporation**, you will earn a **100%** refund on your share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

Some CCPCs that are **not qualifying** corporations may also earn a **100%** refund on their share of any ITCs earned at the 35% rate on qualified **current** expenditures for SR&ED, up to the allocated expenditure limit. The expenditure limit can be determined in Part 10. The 100% refund does not apply to qualified **capital** expenditures eligible for the 35% credit rate. They are only eligible for the **40%** refund*.

The 100% refund will not be available to a corporation that is an **excluded corporation** as defined under subsection 127.1(2). A corporation is an excluded corporation if, at any time during the year, it is a corporation that is either controlled by (directly or indirectly, in any manner whatever) or is related to:

- one or more persons exempt from Part I tax under section 149;
- Her Majesty in right of a province, a Canadian municipality, or any other public authority; or
- any combination of persons referred to in a) or b) above.

* Capital expenditures incurred after December 31, 2013, including lease payments for property that would have been a capital expenditure if purchased directly, are **not** qualified SR&ED expenditures and are **not** eligible for an ITC on SR&ED expenditures.

Part 3 – Corporations in the farming industry

Complete this area if the corporation is making SR&ED contributions.

Is the corporation claiming a contribution in the current year to an agricultural organization whose goal is to finance SR&ED work (for example, check-off dues)? **102** 1 Yes 2 No

Contributions to agricultural organizations for SR&ED* **103** _____

If **yes**, complete Schedule 125, *Income Statement Information*, to identify the type of farming industry the corporation is involved in. For more information on Schedule 125, see Guide RC4088, *General Index of Financial Information (GIFI)*. Enter contributions on line 350 of Part 8.

* Enter only contributions not already included on Form T661. Include all of the contributions made before 2013 and 80% of the contributions made after 2012.

Qualified Property and Qualified Resource Property

Part 4 – Eligible investments for qualified property and qualified resource property from the current tax year

| CCA* class number 105 | Description of investment 110 | Date available for use 115 | Location used (province or territory) 120 | Amount of investment 125 |
|---------------------------------|---|--------------------------------------|---|------------------------------------|
| | | | | |

Total of investments for qualified property and qualified resource property A

* CCA: capital cost allowance

Part 5 – Current-year credit and account balances – ITC from investments in qualified property and qualified resource property

ITC at the end of the previous tax year **B**

Deduct:

Credit deemed as a remittance of co-op corporations **210**

Credit expired **215**

Subtotal (line 210 plus line 215) **220** **C**

ITC at the beginning of the tax year (amount B minus amount C) **220**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **230**

ITC from repayment of assistance **235**

Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part of amount A from Part 4) x 10 % = **240**

Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part of amount A from Part 4) x 5 % = **242**

Credit allocated from a partnership **250**

Subtotal (total of lines 230 to 250) **D**

Total credit available (line 220 plus amount D) **E**

Deduct:

Credit deducted from Part I tax (enter at amount D in Part 30) **260**

Credit carried back to the previous year(s) (amount H from Part 6) **a**

Credit transferred to offset Part VII tax liability **280**

Subtotal (total of line 260, amount a, and line 280) **F**

Credit balance before refund (amount E minus amount F) **G**

Deduct:

Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7) **310**

ITC closing balance of investments from qualified property and qualified resource property (amount G minus line 310) **320**

* Include investments acquired after 2013 and before 2017 that are eligible for transitional relief.

Part 6 – Request for carryback of credit from investments in qualified property and qualified resource property

| | Year | Month | Day | | |
|-----------------------|------|-------|-----|-------------------------------------|---------------------------------|
| 1st previous tax year | | | | | Credit to be applied 901 |
| 2nd previous tax year | | | | | Credit to be applied 902 |
| 3rd previous tax year | | | | | Credit to be applied 903 |
| | | | | Total (enter at amount a in Part 5) | H |

Part 7 – Refund of ITC for qualifying corporations on investments from qualified property and qualified resource property

Current-year ITCs (total of lines 240, 242, and 250 from Part 5) **I**

Credit balance before refund (amount G from Part 5) **J**

Refund (40 % of amount I or J, whichever is less) **K**

Enter amount K or a lesser amount on line 310 in Part 5 (also enter it on line 780 of the T2 return if the corporation does not claim an SR&ED ITC refund).

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures

Current expenditures (from line 557 on Form T661) 68,751

Contributions to agricultural organizations for SR&ED

Deduct:

Government assistance, non-government assistance, or contract payment

Contributions to agricultural organizations for SR&ED for the federal ITC (this amount is updated to line 103 of Part 3. For more details, consult the Help.)* +

Current expenditures (line 557 on Form T661 plus line 103 from Part 3)* 68,751 ▶ **350** 68,751

Capital expenditures incurred before 2014 (from line 558 on Form T661)** **360**

Repayments made in the year (from line 560 on Form T661) **370**

Qualified SR&ED expenditures (total of lines 350 to 370) **380** 68,751

* If you are claiming only contributions made to agricultural organizations for SR&ED, line 350 should equal line 103 in Part 3. Do not file Form T661.

** Capital expenditures incurred after December 31, 2013, are not qualified SR&ED expenditures.

Part 9 – Components of the SR&ED expenditure limit calculation

Part 9 only applies if the corporation is a CCPC.

Note: A CCPC that calculates an SR&ED expenditure limit is considered to be associated with another corporation if it meets any of the conditions in subsection 256(1), except where:

- one corporation is associated with another corporation solely because one or more persons own shares of the capital stock of the corporation; and
- one of the corporations has at least one shareholder who is not common to both corporations.

Is the corporation associated with another CCPC for the purpose of calculating the SR&ED expenditure limit? **385** 1 Yes 2 No

Complete lines 390 and 398 if you answered no to the question at line 385 above or if the corporation is not associated with any other corporations (the amounts for associated corporations will be determined on Schedule 49).

Enter your taxable income for the previous tax year* (prior to any loss carry-backs applied) **390**

Enter your taxable capital employed in Canada for the previous tax year minus \$10 million. If this amount is nil or negative, enter "0".
If this amount is over \$40 million, enter \$40 million **398**

* If either of the tax years referred to at line 390 is less than 51 weeks, multiply the taxable income by the following result: 365 divided by the number of days in these tax years.

Part 10 – SR&ED expenditure limit for a CCPC

For a stand-alone corporation: \$ 8,000,000

Deduct:

Taxable income for the previous tax year (line 390 from Part 9) or \$500,000, whichever is more x 10 = A

Excess (\$8,000,000 minus amount A; if negative, enter "0") B

\$ 40,000,000 minus line 398 from Part 9 a

Amount a divided by \$ 40,000,000 C

Expenditure limit for the stand-alone corporation (amount B multiplied by amount C) D*

For an associated corporation:

If associated, the allocation of the SR&ED expenditure limit as provided on Schedule 49 **400** 2,181,013 E*

Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D or E x Number of days in the tax year 365 = F

Your SR&ED expenditure limit for the year (enter the amount from line D, E, or F, whichever applies) **410** 2,181,013

* Amount D or E cannot be more than \$3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

| | | | | | | | |
|--|------------|-----------|---|-----------------------------------|---|--------|---|
| Current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10), whichever is less* | 420 | 68,751 | x | 35 % | = | 24,063 | G |
| Line 350 minus line 410 (if negative, enter "0")** | 430 | | x | 15 % | = | | H |
| Line 410 minus line 350 (if negative, enter "0") | | 2,112,262 | b | | | | |
| Capital expenditures (line 360 from Part 8) or amount b above, whichever is less* | 440 | | x | 35 % | = | | I |
| Line 360 minus amount b above (if negative, enter "0")** | 450 | | x | 15 % | = | | J |
| Repayments (amount from line 370 in Part 8) | | | | | | | |
| If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate.** | | | | | | | |
| | 460 | | x | 35 % | = | c | |
| | 480 | | x | 15 % | = | d | |
| | | | | Subtotal (amount c plus amount d) | | | K |
| Current-year SR&ED ITC (total of amounts G to K; enter on line 540 in Part 12) | | | | | | 24,063 | L |

* For corporations that are not CCPCs, enter "0" for amounts G and I.

** For tax years that end after 2013, the general SR&ED rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

| | | | | | | | |
|--|------------|--------|--|--|--|------------|----------|
| ITC at the end of the previous tax year | | | | | | 22,286 | M |
| Deduct: | | | | | | | |
| Credit deemed as a remittance of co-op corporations | 510 | | | | | | |
| Credit expired | 515 | | | | | | |
| | | | | Subtotal (line 510 plus line 515) | | | N |
| ITC at the beginning of the tax year (amount M minus amount N) | | | | | | 520 | 22,286 |
| Add: | | | | | | | |
| Credit transferred on amalgamation or wind-up of subsidiary | 530 | | | | | | |
| Total current-year credit (from amount L in Part 11) | 540 | 24,063 | | | | | |
| Credit allocated from a partnership | 550 | | | | | | |
| | | | | Subtotal (total of lines 530 to 550) | | 24,063 | O |
| Total credit available (line 520 plus amount O) | | | | | | | 46,349 P |
| Deduct: | | | | | | | |
| Credit deducted from Part I tax (enter at amount E in Part 30) | 560 | 46,349 | | | | | |
| Credit carried back to the previous year(s) (amount S from Part 13) | | | | | | e | |
| Credit transferred to offset Part VII tax liability | 580 | | | | | | |
| | | | | Subtotal (total of line 560, amount e, and line 580) | | 46,349 | Q |
| Credit balance before refund (amount P minus amount Q) | | | | | | | R |
| Deduct: | | | | | | | |
| Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies) | 610 | | | | | | |
| ITC closing balance on SR&ED (amount R minus line 610) | 620 | | | | | | |

Part 13 – Request for carryback of credit from SR&ED expenditures

| | Year | Month | Day | | |
|-----------------------|------|-------|-----|---|---------------------------------------|
| 1st previous tax year | | | | | Credit to be applied 911 _____ |
| 2nd previous tax year | | | | | Credit to be applied 912 _____ |
| 3rd previous tax year | | | | | Credit to be applied 913 _____ |
| | | | | Total (enter at amount e in Part 12) | _____ S |

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined at line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? **650** 1 Yes 2 No

Current-year ITC (lines 540 plus 550 from Part 12 minus amount K from Part 11) f

Refundable credits (amount f above or amount R from Part 12, whichever is less)* T

Deduct:

Amount T or amount G from Part 11, whichever is less U

Net amount (amount T minus amount U; if negative, enter "0") V

Amount V multiplied by 40 % W

Add:

Amount U X

Refund of ITC (amount W plus amount X – enter this, or a lesser amount, on line 610 in Part 12) Y

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined at line 101 in Part 2.

Credit balance before refund (amount R from Part 12) Z

Deduct:

Amount Z or amount G from Part 11, whichever is less AA

Net amount (amount Z minus amount AA; if negative, enter "0") BB

Amount BB or amount I from Part 11, whichever is less CC

Amount CC multiplied by 40 % DD

Add :

Amount AA EE

Refund of ITC (amount DD plus amount EE) FF

Enter FF, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and corporate partnerships – SR&ED

You will have a recapture of ITC in a year when all of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

| | | |
|---|--|--|
| Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above 700 | Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) 710 | Amount from column 700 or 710, whichever is less |
| Subtotal (enter this amount at amount C in Part 17) | | A |

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil in amount B in Part 16 on page 9.

| | | |
|--|---|--|
| A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement 720 | B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition 730 | C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) 740 |
|--|---|--|

Calculation 2 (continued) – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil in amount B below.

| | | |
|--|---|--|
| D Amount determined by the formula (A x B) – C | E ITC earned by the transferee for the qualified expenditures that were transferred 750 | F Amount from column D or E, whichever is less |
| Subtotal (enter this amount at amount D in Part 17) | | B |

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760 below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported at amount E in Part 17) **760** _____

Part 17 – Total recapture of SR&ED investment tax credit

| | | | |
|---|-------|-------|----------|
| Recaptured ITC for calculation 1 from amount A in Part 16 | ..... | _____ | C |
| Recaptured ITC for calculation 2 from amount B in Part 16 | ..... | _____ | D |
| Recaptured ITC for calculation 3 from line 760 in Part 16 | ..... | _____ | E |
| Total recapture of SR&ED investment tax credit – total of amounts C to E | ..... | ===== | F |

Enter amount F at amount A in Part 29.

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

| | |
|--------------------------------|-------------------------------|
| List of minerals 800 | Project name 805 |
| Mineral title 806 | Mining division 807 |

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that the corporation incurred in the tax year for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

| | |
|---|------------------|
| Prospecting | 810 _____ |
| Geological, geophysical, or geochemical surveys | 811 _____ |
| Drilling by rotary, diamond, percussion, or other methods | 812 _____ |
| Trenching, digging test pits, and preliminary sampling | 813 _____ |

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

| | |
|--|------------------|
| Clearing, removing overburden, and stripping | 820 _____ |
| Sinking a mine shaft, constructing an adit, or other underground entry | 821 _____ |

Other pre-production mining expenditures incurred in the tax year:

| Description 825 | Amount 826 |
|---------------------------|----------------------|
| | |
| Add amounts in column 826 | ▶ _____ A |

Total pre-production mining expenditures (total of lines 810 to 821 and amount A) **830** _____

Deduct:

Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above

Excess (line 830 minus line 832) (if negative, enter "0") **832** _____ **B**

Add:

Repayments of government and non-government assistance **835** _____

Pre-production mining expenditures (amount B plus line 835) **C**

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year D

Deduct:

Credit deemed as a remittance of co-op corporations **841**

Credit expired **845**

Subtotal (line 841 plus line 845) **E**

ITC at the beginning of the tax year (amount D minus amount E) **850**

Add:

Credit transferred on amalgamation or wind-up of subsidiary **860**

Pre-production mining expenditures*
incurred before January 1, 2013
(applicable part of amount C from Part 18) . . . **870** x 10 % = a

Pre-production mining exploration
expenditures incurred in 2013
(applicable part of amount C from Part 18) . . . **872** x 5 % = b

Pre-production mining development
expenditures incurred in 2014
(applicable part of amount C from Part 18) . . . **874** x 7 % = c

Pre-production mining development
expenditures incurred in 2015
(applicable part of amount C from Part 18) . . . **876** x 4 % = d

Current year credit (total of amounts a to d) **880** **F**

Total credit available (total of lines 850, 860, and amount F) **G**

Deduct:

Credit deducted from Part I tax (enter at amount F in Part 30) **885**

Credit carried back to the previous year(s) (amount I from Part 20) e

Subtotal (line 885 plus amount e) **H**

ITC closing balance from pre-production mining expenditures (amount G minus amount H) **890**

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

Part 20 – Request for carryback of credit from pre-production mining expenditures

| | Year | Month | Day | |
|---|------|-------|-----|---------------------------------|
| 1st previous tax year | | | | Credit to be applied 921 |
| 2nd previous tax year | | | | Credit to be applied 922 |
| 3rd previous tax year | | | | Credit to be applied 923 |
| Total (enter at amount e in Part 19) | | | | I |

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.)

611 1 Yes 2 No

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice.

| A Contract number (SIN or name of apprentice) | B Name of eligible trade | C Eligible salary and wages* | D Column C x 10 % | E Lesser of column D or \$ 2,000 |
|---|-----------------------------|------------------------------------|-------------------------|---|
| 601 | 602 | 603 | 604 | 605 |

Total current-year credit (enter at line 640 in Part 22)

A

* Net of any other government or non-government assistance received or to be received.

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year B

Deduct:

Credit deemed as a remittance of co-op corporations 612

Credit expired after 20 tax years 615

Subtotal (line 612 plus line 615) C

ITC at the beginning of the tax year (amount B minus amount C) 625

Add:

Credit transferred on amalgamation or wind-up of subsidiary 630

ITC from repayment of assistance 635

Total current-year credit (amount A from Part 21) 640

Credit allocated from a partnership 655

Subtotal (total of lines 630 to 655) D

Total credit available (line 625 plus amount D) E

Deduct:

Credit deducted from Part I tax (enter at amount G in Part 30) 660

Credit carried back to the previous year(s) (amount G from Part 23) a

Subtotal (line 660 plus amount a) F

ITC closing balance from apprenticeship job creation expenditures (amount E minus amount F) 690

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

| | Year | Month | Day | | |
|--------------------------------------|------|-------|-----|-------|--------------------------|
| 1st previous tax year | | | | | Credit to be applied 931 |
| 2nd previous tax year | | | | | Credit to be applied 932 |
| 3rd previous tax year | | | | | Credit to be applied 933 |
| Total (enter at amount a in Part 22) | | | | | G |

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

| CCA* class number 665 | Description of investment 675 | Date available for use 685 | Amount of investment 695 |
|--|---|--------------------------------------|------------------------------------|
| 1. | | | |
| Total cost of depreciable property from the current tax year | | | 715 |

Add:

Specified child care start-up expenditures from the current tax year **705**

Total gross eligible expenditures for child care spaces (line 715 plus line 705) **A**

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line A **725**

Excess (amount A minus line 725) (if negative, enter "0") **B**

Add:

Repayments by the corporation of government and non-government assistance **735**

Total eligible expenditures for child care spaces (amount B plus line 735) **745**

* CCA: capital cost allowance

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of \$10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745) $\times 25\% =$ **C**

Number of child care spaces **755** $\times \$ 10,000 =$ **D**

ITC from child care spaces expenditures (amount C or D, whichever is less) **E**

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

| | | |
|---|------------|------------|
| ITC at the end of the previous tax year | | F |
| Deduct: | | |
| Credit deemed as a remittance of co-op corporations | 765 | |
| Credit expired after 20 tax years | 770 | |
| Subtotal (line 765 plus line 770) | 775 | G |
| ITC at the beginning of the tax year (amount F minus amount G) | | |
| Add: | | |
| Credit transferred on amalgamation or wind-up of subsidiary | 777 | |
| Total current-year credit (amount E from Part 25) | 780 | |
| Credit allocated from a partnership | 782 | |
| Subtotal (total of lines 777 to 782) | 782 | H |
| Total credit available (line 775 plus amount H) | | I |
| Deduct: | | |
| Credit deducted from Part I tax (enter at amount H in Part 30) | 785 | |
| Credit carried back to the previous year(s) (amount K from Part 27) | a | |
| Subtotal (line 785 plus amount a) | 790 | J |
| ITC closing balance from child care spaces expenditures (amount I minus amount J) | | 790 |

Part 27 – Request for carryback of credit from child care space expenditures

| | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 33%;">Year</th> <th style="width: 33%;">Month</th> <th style="width: 33%;">Day</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">2013</td> <td style="text-align: center;">12</td> <td style="text-align: center;">31</td> </tr> <tr> <td style="text-align: center;">2012</td> <td style="text-align: center;">12</td> <td style="text-align: center;">31</td> </tr> <tr> <td style="text-align: center;">2011</td> <td style="text-align: center;">12</td> <td style="text-align: center;">31</td> </tr> </tbody> </table> | Year | Month | Day | 2013 | 12 | 31 | 2012 | 12 | 31 | 2011 | 12 | 31 | | |
|---|---|----------------------|------------|-----|------|----|----|------|----|----|------|----|----|--|--|
| Year | Month | Day | | | | | | | | | | | | | |
| 2013 | 12 | 31 | | | | | | | | | | | | | |
| 2012 | 12 | 31 | | | | | | | | | | | | | |
| 2011 | 12 | 31 | | | | | | | | | | | | | |
| 1st previous tax year | | Credit to be applied | 941 | | | | | | | | | | | | |
| 2nd previous tax year | | Credit to be applied | 942 | | | | | | | | | | | | |
| 3rd previous tax year | | Credit to be applied | 943 | | | | | | | | | | | | |
| Total (enter at amount a in Part 26) | | | 943 | | | | | | | | | | | | |
| | | | K | | | | | | | | | | | | |

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and corporate partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
 - disposed of or leased to a lessee; or
 - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) **792** _____

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC **795** _____

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property **797** _____

Amount from line 795 or line 797, whichever is less **A**

Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC **799** _____

Total recapture of child care spaces investment tax credit (total of line 792, amount A, and line 799) **B**

Enter amount B at amount B in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F in Part 17) **A**

Recaptured child care spaces ITC (from amount B in Part 28) **B**

Total recapture of investment tax credit (amount A plus amount B) **C**

Enter amount C on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5) **D**

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) **46,349** **E**

ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19) **F**

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) **G**

ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26) **H**

Total ITC deducted from Part I tax (total of amounts D to H) **46,349** **I**

Enter amount I at line 652 of the T2 return.

Privacy Act, Personal Information Bank number CRA PPU 047

Taxable Capital Employed in Canada – Large Corporations

| | | |
|--------------------------|-------------------|--------------------------------|
| Corporation's name | Business number | Tax year-end Year Month Day |
| Wasaga Distribution Inc. | 86673 1649 RC0001 | 2014-12-31 |

- Use this schedule in determining if the total taxable capital employed in Canada of the corporation (other than a financial institution or an insurance corporation) and its related corporations is greater than \$10,000,000.
- If the total taxable capital employed in Canada of the corporation and its related corporations is greater than \$10,000,000, file a completed Schedule 33 with your T2 Corporation Income Tax Return no later than six months from the end of the tax year.
- Unless otherwise noted, all legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 181(1) defines the terms **financial institution**, **long-term debt**, and **reserves**.
- Subsection 181(3) provides the basis to determine the carrying value of a corporation's assets or any other amount under Part I.3 for its capital, investment allowance, taxable capital, or taxable capital employed in Canada, or for a partnership in which it has an interest.
- If the corporation was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada, go to Part 4, **Taxable capital employed in Canada**.

Part 1 – Capital

Add the following amounts at the end of the year:

| | | | |
|---|----------|------------|--------------|
| Reserves that have not been deducted in computing income for the year under Part I | 101 | | |
| Capital stock (or members' contributions if incorporated without share capital) | 103 | 100 | |
| Retained earnings | 104 | 5,098,156 | |
| Contributed surplus | 105 | | |
| Any other surpluses | 106 | 5,175,468 | |
| Deferred unrealized foreign exchange gains | 107 | | |
| All loans and advances to the corporation | 108 | 3,593,269 | |
| All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations | 109 | 229,112 | |
| Any dividends declared but not paid by the corporation before the end of the year | 110 | | |
| All other indebtedness of the corporation (other than any indebtedness for a lease) that has been outstanding for more than 365 days before the end of the year | 111 | | |
| The total of all amounts, each of which is an amount (see note below) for a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership | 112 | | |
| | Subtotal | 14,096,105 | 14,096,105 A |

Deduct the following amounts:

| | | | |
|--|------------|---------|-------------------|
| Deferred tax debit balance at the end of the year | 121 | 158,547 | |
| Any deficit deducted in computing its shareholders' equity (including, for this purpose, the amount of any provision for the redemption of preferred shares) at the end of the year | 122 | | |
| Any amount deducted under subsection 135(1) in computing income under Part I for the year, as long as the amount may reasonably be regarded as being included in any of lines 101 to 112 above | 123 | | |
| The amount of deferred unrealized foreign exchange losses at the end of the year | 124 | | |
| | Subtotal | 158,547 | 158,547 B |
| Capital for the year (amount A minus amount B) (if negative, enter "0") | 190 | | 13,937,558 |

Note: Line 112 is determined as follows:

- An amount for the partnership is the amount, if any, by which the total of those amounts—for the partnership's last fiscal period that ends at or before the tax year-end of the corporation—that would be determined for lines 101, 107, 108, 109, and 111 as if they apply to the partnership in the same way that they apply to corporations exceed the partnership's deferred unrealized foreign exchange losses at the end of the fiscal period.
- Do not include amounts owing to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership.
- Do not include amounts owing to any partnership in which a corporation described above held a membership interest either directly or indirectly through another partnership.
- The proportion of the amount is determined by the amount that the corporation's share of the partnership's income or loss for the fiscal period—to which the corporation is entitled either directly or indirectly through another partnership—is of the partnership's income or loss for the period.

Part 2 – Investment allowance

Add the carrying value at the end of the year of the following assets of the corporation:

| | | |
|--|------------|--------------|
| A share of another corporation | 401 | _____ |
| A loan or advance to another corporation (other than a financial institution) | 402 | _____ |
| A bond, debenture, note, mortgage, hypothecary claim, or similar obligation of another corporation (other than a financial institution) | 403 | _____ |
| Long-term debt of a financial institution | 404 | _____ |
| A dividend receivable on a share of the capital stock of another corporation | 405 | _____ |
| A loan or advance to, or a bond, debenture, note, mortgage, hypothecary claim, or similar obligation of, a partnership all of the members of which, throughout the year, were other partnership or other corporations (other than financial institutions) that were not exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)] | 406 | _____ |
| An interest in a partnership (see note 1 below) | 407 | _____ |
| Investment allowance for the year (add lines 401 to 407) | 490 | <u>_____</u> |

Notes:

- Where the corporation has an interest in a partnership or in tiered partnerships, consider the following:
 - the investment allowance of a partnership is deemed to be the amount calculated at line 490 above, at the end of its fiscal period, as if it was a corporation;
 - the total of the carrying value of each asset of the partnership described in the above lines is for its last fiscal period ending at or before the end of the corporation's tax year; and
 - the carrying value of a partnership member's interest at the end of the year is its specified proportion [as defined in subsection 248(1)] of the partnership's investment allowance.
- Lines 401 to 405 should not include the carrying value of a share of the capital stock of, a dividend payable by, or indebtedness of a corporation that is exempt from tax under Part I.3 [other than by reason of paragraph 181.1(3)(d)].
- Where a trust is used as a conduit for loaning money from a corporation to another related corporation (other than a financial institution), the loan will be considered to have been made directly from the lending corporation to the borrowing corporation, according to subsection 181.2(6).

Part 3 – Taxable capital

| | | |
|--|-----------------------|---|
| Capital for the year (line 190) | 13,937,558 | C |
| Deduct: Investment allowance for the year (line 490) | _____ | D |
| Taxable capital for the year (amount C minus amount D) (if negative, enter "0") | 500 13,937,558 | |

Part 4 – Taxable capital employed in Canada

To be completed by a corporation that was resident in Canada at any time in the year

| | | | | | | | | | |
|---|------------|---|---------------------------------|-----|---------|---|------------------------------------|-----|------------|
| Taxable capital for the year (line 500) | 13,937,558 | x | Taxable income earned in Canada | 610 | 414,933 | = | Taxable capital employed in Canada | 690 | 13,937,558 |
| | | | Taxable income | | 414,933 | | | | |

- Notes:**
- Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
 - Where a corporation's taxable income for a tax year is "0," it shall, for the purposes of the above calculation, be deemed to have a taxable income for that year of \$1,000.
 - In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

| | | |
|---|------------|--------------|
| Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada | 701 | _____ |
| Deduct the following amounts: | | |
| Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada | 711 | _____ |
| Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada | 712 | _____ |
| Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below) | 713 | _____ |
| Total deductions (add lines 711, 712, and 713) | | _____ |
| Taxable capital employed in Canada (line 701 minus amount E) (if negative, enter "0") | 790 | <u>_____</u> |

Note: Complete line 713 only if the country in which the corporation is resident did not impose a capital tax for the year on similar assets, or a tax for the year on the income from the operation of a ship or aircraft in international traffic, of any corporation resident in Canada during the year.

Part 5 – Calculation for purposes of the small business deduction

This part is applicable to corporations that are not associated in the current year, but were associated in the prior year.

| | | | |
|---|---|-------------------|---|
| Taxable capital employed in Canada (line 690 or 790, whichever applies) | ..... | _____ | F |
| Deduct: | ..... | <u>10,000,000</u> | G |
| | Excess (amount F minus amount G) (if negative, enter "0") | ===== | H |
| Calculation for purposes of the small business deduction (amount H x 0.00225) | ..... | ===== | I |

Enter this amount at line 415 of the T2 return.

Agreement Among Associated Canadian-Controlled Private Corporations to Allocate the Expenditure Limit

- Use this schedule to allocate the annual expenditure limit among associated Canadian-controlled private corporations (CCPCs), (subsection 127(10.2) of the *Income Tax Act*), in order to calculate the investment tax credit eligible for the 35% rate on qualifying scientific research and experimental development expenditures.
- An associated CCPC that has more than one tax year ending in a calendar year is required to file an agreement for each tax year ending in that calendar year.

Column 1: Enter the legal name of each corporation in the associated group, including CCPCs and non-CCPCs. Do not include corporations deemed not to be associated under subsection 127(10.22) of the *Income Tax Act*.

Column 2: Provide the business number for each corporation in column 1 (if a corporation is not registered, enter "NR").

Column 3: Enter "1" for CCPC's or "2" for Non-CCPC's that applies for each corporation identified in columns 1 and 2.

Column 4: Enter the amount of the expenditure limit allocated to each corporation that has type of corporation code 1 in column 3. The rules for determining the expenditure limit that can be allocated (subsection 127(10.2) of the *Income Tax Act*) are explained below.

Allocating the expenditure limit

Date filed (do not use this area) **025** Year Month Day

Enter the calendar year to which the agreement applies **050** Year
2014

Is this an amended agreement for the above-noted calendar year that is intended to replace an agreement previously filed by any of the associated corporations listed below? **075** 1 Yes 2 No

| | 1 Names of associated corporations 100 | 2 Business number of associated corporations 200 | 3 Type of corp. code 300 | 4 Expenditure limit allocated* \$ 400 |
|---|---|---|---|---|
| 1 | Wasaga Distribution Inc. | 86673 1649 RC0001 | 1 | 2,181,013 |
| 2 | Wasaga Resource Services Inc. | 86758 4724 RC0001 | 1 | |
| 3 | Geosands Inc. | 86673 1441 RC0001 | 2 | |
| 4 | Wasaga Genco Inc. | 86758 4526 RC0001 | 1 | |
| The expenditure limit (cannot be more than \$3,000,000) 410 | | | | 2,181,013 |

The expenditure limit is calculated as follows

$[(\$8,000,000 \text{ minus } 10A) \times ((\$40,000,000 \text{ minus } B) \text{ divided by } \$40,000,000)]$, where

A = the greater of:

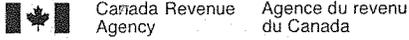
- \$500,000; and
- the total of all taxable incomes (prior to any loss carry-backs applied) of all associated corporations identified in columns 1 and 2 for their last tax years** ending in the previous calendar year.

B = the total of all taxable capital employed in Canada of all associated corporations for their last tax year ending in the previous calendar year minus \$10 million. If this amount is nil or negative, enter "0". If this amount is over \$40 million, enter \$40 million.

Amount A **425** 500,000 Amount B **495** 10,919,833

* Special rules apply if a CCPC has more than one tax year ending in a calendar year and is associated in more than one of those years with another CCPC that has a tax year ending in the same calendar year. In this case, the expenditure limit for the second (and subsequent) tax year(s) will be equal to the expenditure limit allocated for the first tax year ending in the calendar year.

** If any of the tax years referred to in A above are less than 51 weeks, gross up the taxable incomes for those tax years by the ratio that 365 is of the number of days in those tax years. Use these grossed up amounts when calculating the expenditure limit.



SCHEDULE 50

SHAREHOLDER INFORMATION

| | | |
|---|--------------------------------------|--|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year end Year Month Day 2014-12-31 |
|---|--------------------------------------|--|

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

| | Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) | Provide only one number per shareholder | | | | Percentage common shares | Percentage preferred shares |
|----|--|---|-------------------------|--------------|------------|--------------------------|-----------------------------|
| | | Business Number (If a corporation is not registered, enter "NR") | Social insurance number | Trust number | | | |
| | | 100 | 200 | 300 | 350 | 400 | 500 |
| 1 | Geosands Inc. (Corporation) | 86673 1441 RC0001 | | | | 100.000 | |
| 2 | | | | | | | |
| 3 | | | | | | | |
| 4 | | | | | | | |
| 5 | | | | | | | |
| 6 | | | | | | | |
| 7 | | | | | | | |
| 8 | | | | | | | |
| 9 | | | | | | | |
| 10 | | | | | | | |

GENERAL RATE INCOME POOL (GRIP) CALCULATION

| | | |
|---|--------------------------------------|--|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|---|--------------------------------------|--|

On: 2014-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsections referred to in this schedule are from the *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? Yes No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006?
Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? Yes No
If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? Yes No
5. Corporations that become a CCPC or a DIC Yes No
If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation Yes No
If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? Yes No
If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? Yes No
If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? Yes No
If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? Yes No
If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? Yes No
If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

| | | | | |
|---|------------|------------|-----------|------------|
| GRIP at the end of the previous tax year | | 100 | 4,396,771 | A |
| Taxable income for the year (DICs enter "0") * | 110 | 414,933 | | B |
| Income for the credit union deduction * (amount E in Part 3 of Schedule 17) | 120 | | | |
| Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less * | 130 | | | |
| For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income * | 140 | | | |
| Subtotal (add lines 120, 130, and 140) | | | | C |
| Income taxable at the general corporate rate (line B minus line C) (if negative enter "0") | 150 | 414,933 | | |
| After-tax income (line 150 x general rate factor for the tax year ** 0.72) | 190 | | 298,752 | D |
| Eligible dividends received in the tax year | 200 | | | |
| Dividends deductible under section 113 received in the tax year | 210 | | | |
| Subtotal (add lines 200 and 210) | | | | E |
| GRIP addition: | | | | |
| Becoming a CCPC (line PP from Part 4) | 220 | | | |
| Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4) | 230 | | | |
| Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4) | 240 | | | |
| Subtotal (add lines 220, 230, and 240) | | | | 290 |
| Subtotal (add lines A, D, E, and F) | | | 4,695,523 | G |
| Eligible dividends paid in the previous tax year | 300 | | | |
| Excessive eligible dividend designations made in the previous tax year | 310 | | | |
| Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310. | | | | |
| Subtotal (line 300 minus line 310) | | | | H |
| GRIP before adjustment for specified future tax consequences (line G minus line H) (amount can be negative) | 490 | | 4,695,523 | |
| Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2) | 560 | | | |
| GRIP at the end of the tax year (line 490 minus line 560) | 590 | | 4,695,523 | |

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The general rate factor for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2013-12-31

| | | | |
|--|--|---------|----|
| Taxable income before specified future tax consequences from the current tax year | | 118,174 | J1 |
| Enter the following amounts before specified future tax consequences from the current tax year: | | | |
| Income for the credit union deduction (amount E in Part 3 of Schedule 17) | | | K1 |
| Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less | | | L1 |
| Aggregate investment income (line 440 of the T2 return) | | | M1 |
| Subtotal (add lines K1, L1, and M1) | | | N1 |
| Subtotal (line J1 minus line N1) (if negative, enter "0") | | 118,174 | O1 |

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

| Future tax consequences that occur for the current year | | | | | |
|---|-------------------------|---------------------------------|----------------------|-------|------------------|
| Amount carried back from the current year to a prior year | | | | | |
| Non-capital loss carry-back (paragraph 111 (1)(a) ITA) | Capital loss carry-back | Restricted farm loss carry-back | Farm loss carry-back | Other | Total carrybacks |
| | | | | | |

Taxable income after specified future tax consequences P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) ... Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less ... R1

Aggregate investment income (line 440 of the T2 return) S1

Subtotal (add lines Q1, R1, and S1) T1

Subtotal (line P1 minus line T1) (if negative, enter "0") U1

Subtotal (line O1 minus line U1) (if negative, enter "0") V1

GRIP adjustment for specified future tax consequences to the first previous tax year

(line V1 multiplied by the general rate factor for the tax year 0.72) **500**

Second previous tax year 2012-12-31

Taxable income before specified future tax consequences from the current tax year 796,750 J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) ... K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less ... L2

Aggregate investment income (line 440 of the T2 return) M2

Subtotal (add lines K2, L2, and M2) N2

Subtotal (line J2 minus line N2) (if negative, enter "0") 796,750 O2

| Future tax consequences that occur for the current year | | | | | |
|---|-------------------------|---------------------------------|----------------------|-------|------------------|
| Amount carried back from the current year to a prior year | | | | | |
| Non-capital loss carry-back (paragraph 111 (1)(a) ITA) | Capital loss carry-back | Restricted farm loss carry-back | Farm loss carry-back | Other | Total carrybacks |
| | | | | | |

Taxable income after specified future tax consequences P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) ... Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less ... R2

Aggregate investment income (line 440 of the T2 return) S2

Subtotal (add lines Q2, R2, and S2) T2

Subtotal (line P2 minus line T2) (if negative, enter "0") U2

Subtotal (line O2 minus line U2) (if negative, enter "0") V2

GRIP adjustment for specified future tax consequences to the second previous tax year

(line V2 multiplied by the general rate factor for the tax year 0.72) **520**

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC Post amalgamation Post wind-up

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year FF

The corporation's money on hand immediately before the end of its previous/last tax year GG

Unused and unexpired losses at the end of the corporation's previous/last tax year:

Non-capital losses _____

Net capital losses _____

Farm losses _____

Restricted farm losses _____

Limited partnership losses _____

Subtotal ► HH

Subtotal (add lines FF, GG, and HH) II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year JJ

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year KK

All the corporation's reserves deducted in its previous/last tax year LL

The corporation's capital dividend account immediately before the end of its previous/last tax year MM

The corporation's low rate income pool immediately before the end of its previous/last tax year NN

Subtotal (add lines JJ, KK, LL, MM, and NN) ► OO

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (line II minus line OO) (if negative, enter "0") PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

| | | | | | | | |
|---|---|---|------------|-------|---|-----------------------|-----------|
| <u>0.68</u> | x | <u>number of days in the tax year before January 1, 2010</u> |  | ..... | = | ..... | QQ |
| | | number of days in the tax year | 365 | | | | |
| <u>0.69</u> | x | <u>number of days in the tax year in 2010</u> |  | ..... | = | ..... | RR |
| | | number of days in the tax year | 365 | | | | |
| <u>0.7</u> | x | <u>number of days in the tax year in 2011</u> |  | ..... | = | ..... | SS |
| | | number of days in the tax year | 365 | | | | |
| <u>0.72</u> | x | <u>number of days in the tax year after December 31, 2011</u> | <u>365</u> | ..... | = | <u>0.720000000</u> | TT |
| | | number of days in the tax year | 365 | | | | |
| General rate factor for the tax year (total of lines QQ to TT) | | | | | | <u><u>0.72000</u></u> | UU |

PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

| | | |
|---|--------------------------------------|--|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|---|--------------------------------------|--|

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references on this schedule are to the federal *Income Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Do not use this area

Part 1 – Canadian-controlled private corporations and deposit insurance corporations

| | | | |
|---|------------|------------------------------------|------------------------------|
| Taxable dividends paid in the tax year not included in Schedule 3 | | | |
| Taxable dividends paid in the tax year included in Schedule 3 | | 200,000 | |
| Total taxable dividends paid in the tax year | 100 | 200,000 | |
| Total eligible dividends paid in the tax year | | | 150 _____ A |
| GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0") | | | 160 _____ 4,695,523 B |
| Excessive eligible dividend designation (line 150 minus line 160) | | | _____ C |
| Deduct: | | | |
| Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends* | | | 180 _____ D |
| | | Subtotal (amount C minus amount D) | _____ E |
| Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E multiplied by 20 %) | | | 190 _____ F |

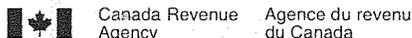
Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

| | | | |
|--|------------|------------------------------------|--------------------|
| Taxable dividends paid in the tax year not included in Schedule 3 | | | |
| Taxable dividends paid in the tax year included in Schedule 3 | | | |
| Total taxable dividends paid in the tax year | 200 | | |
| Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54) | | | _____ G |
| Deduct: | | | |
| Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends* | | | 280 _____ H |
| | | Subtotal (amount G minus amount H) | _____ I |
| Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I multiplied by 20 %) | | | 290 _____ J |

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to www.cra.gc.ca/eligibledividends.



Ontario Corporation Tax Calculation

| | | |
|--|--------------------------------------|--|
| Corporation's name Wasaga Distribution Inc. | Business number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|--|--------------------------------------|--|

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

Part 1 – Calculation of Ontario basic rate of tax for the year

| | | | | | | |
|---|-----|---|---------|---|--|------|
| Number of days in the tax year before July 1, 2011 | | x | 12.00 % | = | | % A1 |
| Number of days in the tax year | 365 | | | | | |

| | | | | | | |
|---|-----|---|---------|---|------------|----|
| Number of days in the tax year after June 30, 2011 | 365 | x | 11.50 % | = | 11.50000 % | A2 |
| Number of days in the tax year | 365 | | | | | |

Ontario basic rate of tax for the year (rate A1 plus A2) 11.50000 ▶ 11.50000 % A3

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * 414,933 B

Ontario basic income tax: amount B multiplied by Ontario basic rate of tax for the year (rate A3 from Part 1) 47,717 C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 3 – Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

| | | |
|--|--|---|
| Income from active business carried on in Canada (amount from line 400 of the T2 return) | 414,933 | 1 |
| Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return) | | 2 |
| Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return) | | 3 |
| Business limit reduction (amount from line E of the T2 return) | $\frac{\text{Number of days in the tax year after May 1, 2014}}{\text{Number of days in the tax year}} \times \frac{244}{365}$ | 4 |
| Amount from line 3 minus amount from line 4 (if negative, enter "0") | | 5 |
| Enter the least of amounts 1, 2, 3 and 5 | | D |

| | | |
|--------------------------|---|---|
| Ontario domestic factor: | $\frac{\text{Ontario taxable income}^*}{\text{Taxable income earned in all provinces and territories}^{**}} = \frac{414,933.00}{414,933} = 1.00000$ | E |
|--------------------------|---|---|

| | |
|---|-----------|
| Amount D x factor E | a |
| Ontario taxable income (amount B from Part 2) | 414,933 b |
| Ontario small business income (lesser of amount a and amount b) | F |

| | |
|--|--|
| $\frac{\text{Number of days in the tax year before July 1, 2011}}{\text{Number of days in the tax year}} \times 7.50\% = \text{ } \% \text{ G1}$ | |
| $\frac{\text{Number of days in the tax year after June 30, 2011}}{\text{Number of days in the tax year}} \times 7.00\% = 7.00000\% \text{ G2}$ | |

| | |
|--|--------------|
| OSBD rate for the year (rate G1 plus G2) | 7.00000 % G3 |
|--|--------------|

| | |
|---|---|
| Ontario small business deduction: amount F multiplied by OSBD rate for the year (rate G3) | H |
|---|---|

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

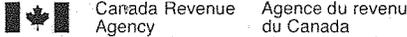
** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 4 – Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

| | |
|--|---|
| Ontario adjusted small business income (lesser of amount D and amount b from Part 3) | I |
|--|---|

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.



ONTARIO RESEARCH AND DEVELOPMENT TAX CREDIT

| | | |
|---|--------------------------------------|--|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|---|--------------------------------------|--|

- Use this schedule to:
 - calculate an Ontario research and development tax credit (ORDTC);
 - claim an ORDTC earned in the tax year or carried forward from any of the 20 previous tax years that are a tax year ending after December 31, 2008, to reduce Ontario corporate income tax payable in the current tax year;
 - carry back an ORDTC to reduce Ontario corporate income tax payable in any of the three previous tax years, but not to a tax year that ends before January 1, 2009;
 - add an ORDTC that was allocated to the corporation by a partnership of which it was a member;
 - transfer an ORDTC after an amalgamation or windup; or
 - calculate a recapture of the ORDTC.
- The ORDTC is a 4.5% non-refundable tax credit on eligible expenditures incurred by a corporation in a tax year that ends after December 31, 2008.
- An eligible expenditure is an expenditure for a permanent establishment in Ontario of a corporation, that is a qualified expenditure for the purposes of section 127 of the federal *Income Tax Act* for scientific research and experimental development (SR&ED) carried on in Ontario.
- Only corporations that are not exempt from Ontario corporate income tax and none of whose income is exempt income can claim the ORDTC.
- Attach a completed copy of this schedule to the *T2 Corporation Income Tax Return*.

Part 1 – Ontario SR&ED expenditure pool

| | | | |
|--|------------|--------|---|
| Total eligible expenditures incurred by the corporation in Ontario in the tax year | 100 | 2,200 | A |
| Deduct: Government assistance, non-government assistance, or a contract payment for eligible expenditures | 105 | 8,030 | B |
| Net eligible expenditures for the tax year (amount A minus amount B) (if negative, enter "0") | | | C |
| Add: Eligible expenditures transferred to the corporation by another corporation | 110 | 78,095 | D |
| Subtotal (amount C plus amount D) | | 78,095 | E |
| Deduct: Eligible expenditures the corporation transferred to another corporation | 115 | | F |
| Ontario SR&ED expenditure pool (amount E minus amount F) (if negative, enter "0") | 120 | 78,095 | G |

Part 2 – Calculation of the current part of the ORDTC

| | | | | | | | |
|--|------------|---|--------|---|------------|-------|---|
| Ontario SR&ED expenditure pool (amount G in Part 1) | 78,095 | x | 4.50 % | = | 200 | 3,514 | H |
| ORDTC allocated to a corporation by a partnership of which it is a member (other than a specified member) for a fiscal period that ends in the corporation's tax year * | | | | | 205 | | I |
| * If there is a disposal or change of use of eligible property, see Part 6 | | | | | | | |
| Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure other than for first term or second term shared-use equipment | 210 | x | 4.50 % | = | 215 | | J |
| Repayment made in the tax year of government or non-government assistance or a contract payment that reduced an eligible expenditure for first term or second term shared-use equipment | 220 | x | 1 / 4 | = | 225 | | K |
| Current part of the ORDTC (total of amounts H to K) | | | | | 230 | 3,514 | L |

Part 3 – Calculation of ORDTC available for deduction and ORDTC balance

ORDTC balance at the end of the previous tax year 7,610 M

Deduct: ORDTC expired after 20 tax years **300** N

ORDTC at the beginning of the tax year (amount M minus amount N) **305** 7,610 O

Add:

ORDTC transferred on amalgamation or windup **310** P

Current part of ORDTC (amount L in Part 2) 3,514 Q

Are you waiving all or part of the current part of the ORDTC? **315** Yes 1 No 2

If you answered **yes** at line 315, enter the amount of the tax credit waived on line 320.

If you answered **no** at line 315, enter "0" on line 320.

Deduct: Waiver of the current part of the ORDTC **320** R

Subtotal (amount Q minus amount R) 3,514 ▶ 3,514 S

ORDTC available for deduction (total of amounts O, P and S) 11,124 ▶ 11,124 T

Deduct:

ORDTC claimed * (Enter amount U on line 416 of Schedule 5, *Tax Calculation Supplementary – Corporations*) 11,124 U

ORDTC carried back to a previous tax year (from Part 4) V

Subtotal (amount U plus amount V) 11,124 ▶ 11,124 W

ORDTC balance at the end of the tax year (amount T minus amount W) **325** X

* This amount cannot be more than the lesser of the following amounts:
 – ORDTC available for deduction (amount T); or
 – Ontario corporate income tax payable before the ORDTC and the Ontario corporate minimum tax credit (amount from line E6 of Schedule 5).

Part 4 – Request for carryback of tax credit

| | Year | Month | Day | | |
|-----------------------------------|------|-------|-----|-------|---------------------------------|
| 1 st previous tax year | 2013 | 12 | 31 | ..... | Credit to be applied 901 |
| 2 nd previous tax year | 2012 | 12 | 31 | ..... | Credit to be applied 902 |
| 3 rd previous tax year | 2011 | 12 | 31 | ..... | Credit to be applied 903 |

Total (enter amount on line V in Part 3)

Part 5 – Analysis of tax credit available for carryforward by tax year of origin

You can complete this part to show all the credits from preceding tax years available for carryforward, by year of origin. This will help you determine the amount of credit that could expire in following years.

| Tax year of origin (earliest tax year first) | | | Credit available | Tax year of origin (earliest tax year first) | | | Credit available |
|---|-------|-----|------------------|---|-------|-----|------------------|
| Year | Month | Day | | Year | Month | Day | |
| | | | | 2004-12-31 | | | |
| | | | | 2005-12-31 | | | |
| | | | | 2006-12-31 | | | |
| | | | | 2007-12-31 | | | |
| | | | | 2008-12-31 | | | |
| | | | | 2009-12-31 | | | |
| | | | | 2010-12-31 | | | |
| | | | | 2011-12-31 | | | |
| | | | | 2012-12-31 | | | |
| | | | | 2013-12-31 | | | |
| | | | | 2014-12-31 | | | |
| | | | | Current tax year | | | |
| | | | | Total (equals line 325 in Part 3) | | | |

The amount available from the 20th preceding tax year will expire after this year. When you file your return for the next year, you will enter the expired amount on line 300 of Schedule 508 for that year.

Part 6 – Calculation of a recapture of ORDC

You will have a recapture of ORDC in a tax year when you meet all of the following conditions:

- you acquired a particular property in the current year or in any of the 20 previous tax years if the ORDC was earned in a tax year ending after 2008;
- you claimed the cost of the property as an eligible expenditure for the ORDC;
- the cost of the property was included in computing your ORDC or was subject to an agreement made under subsection 127(13) of the federal Act to transfer qualified expenditures and section 42 of the *Taxation Act, 2007* (Ontario) applied; and
- you disposed of the property or converted it to commercial use in a tax year ending after December 31, 2008. You also meet this condition if you disposed of or converted to commercial use a property which incorporates the particular property previously referred to.

Note: The recapture **does not apply** if you disposed of the property to a non-arm's length purchaser who intended to use it all or substantially all for SR&ED in Ontario. When the non-arm's length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical federal investment tax credit (ITC) rate * of the original user in Calculation 1 below.

You have to report the recapture on Schedule 5 for the year in which you disposed of the property or converted it to commercial use. If the corporation is a member of a partnership, report its share of the recapture.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

* Federal ITC in calculations 1 and 2 should be determined without reference to paragraph (e) of the definition **investment tax credit** in subsection 127(9) of the federal Act.

Calculation 1 – If you meet all of the above conditions

| | Y | Z | AA |
|----|---|--|--|
| | Amount of federal ITC you originally calculated for the property you acquired, or the original user's federal ITC where you acquired the property from a non-arm's length party, as described in the note above | Amount calculated using the federal ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) | Amount from column 700 or 710, whichever is less |
| | 700 | 710 | |
| 1. | | | |

Subtotal (enter amount BB, on line KK in Part 7) BB

Calculation 2 – If the corporation is deemed by subsection 42(1) of the *Taxation Act, 2007* (Ontario) to have transferred all or part of the eligible expenditure to another corporation as a consequence of an agreement described in subsection 127(13) of the federal Act complete Calculation 2. Otherwise, enter nil on line II.

| CC | DD | EE |
|---|---|---|
| The rate percentage that the transferee used to determine its federal ITC for a qualified expenditure that was transferred under an agreement under subsection 127(13) of the federal Act | The proceeds of disposition of the property if you dispose of it to a person at arm's length; or, in any other case, the fair market value of the property at conversion or disposition | The amount, if any, already provided for in Calculation 1 (this allows for the situation where only part of the cost of a property is transferred for an agreement under subsection 127(13) of the federal Act) |
| 720 | 730 | 740 |
| 1. | | |

| FF | GG | HH |
|---|---|--|
| Amount determined by the formula (CC x DD) – EE (using the columns above) | The federal ITC earned by the transferee for the qualified expenditure that was transferred | Amount from column FF or GG, whichever is less |
| | 750 | |
| 1. | | |

Subtotal (enter amount II on line LL below) _____ **II**

Calculation 3

As a member of a partnership, you will report your share of the ORDTC of the partnership after the ORDTC has been reduced by the amount of the recapture. If this is a positive amount, you will report it on line 205 in Part 2. However, if the partnership does not have enough ORDTC otherwise available to offset the recapture, then the amount by which reductions to the ORDTC exceeds additions (the excess) will be determined and reported on line JJ.

Corporate partner's share of the excess of ORDTC (enter amount JJ at line NN below) **760** _____ **JJ**

Part 7 – Total recapture of ORDTC

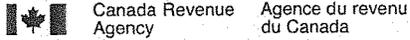
| | | |
|---|-------|----------------------|
| Recaptured federal ITC for Calculation 1 (amount from line BB) | _____ | KK |
| Recaptured federal ITC for Calculation 2 (amount from line II above) | _____ | LL |
| Amount KK plus amount LL | ===== | x 23.56 % = _____ MM |
| Add: Corporate partner's share of the excess of ORDTC for Calculation 3 (amount from line JJ above) | _____ | NN |
| Recapture of ORDTC (amount MM plus amount NN) (enter amount OO on line 277 of Schedule 5) | ===== | OO |

**Schedule A - Worksheet for eligible expenditures incurred by the corporation
in Ontario for the current taxation year**

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act (ITA)* with regard to scientific research and experimental development (SR&ED) carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation.

Data on the worksheet is calculated based on the amounts on Form T661, but will have to be adjusted according to the rules of Ontario, if applicable, in particular when the corporation has had a permanent establishment in more than one jurisdiction. This data will be used when calculating Schedule 508 and Schedule 566.

| Enter the breakdown between current and capital expenditures | | Current Expenditures | Capital Expenditures |
|--|-------------------|----------------------|----------------------|
| Total expenditures for SR&ED | | 80,845 | |
| Add | | | |
| • payment of prior years' unpaid expenses (other than salary or wages) | + | | |
| • prescribed proxy amount (Enter "0" if you use the traditional method) | + | | |
| • expenditures on shared-use equipment | | | + |
| • other additions | + | | + |
| | Subtotal = | 80,845 | = |
| Less | | | |
| • current expenditures (other than salary or wages) not paid within 180 days of the tax year end | - | | |
| • amounts paid in respect of an SR&ED contract to a person or partnership that is not taxable supplier | - | | |
| • 20% of contract expenditures for SR&ED performed on your behalf | - | 550 | |
| • prescribed expenditures not allowed by regulations | - | | |
| • other deductions | - | | |
| • non-arm's length transactions | | | |
| - expenditures for non-arm's length SR&ED contracts | - | 78,095 | |
| - purchases (limited to costs) of goods and services from non-arm's length suppliers | - | | |
| | Subtotal = | 2,200 | = |
| Total eligible expenditures incurred by the corporation in Ontario in the tax year (add amount I and II) | | | 2,200 III |
| Enter amount III on line 100 of Schedule 508. | | | |



SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

| | | |
|--|---|---|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|--|---|---|

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act (BCA)* or Ontario *Corporations Act (CA)*, except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit www.ServiceOntario.ca for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

- Part 1 – Identification

| | | | |
|--|---|--|--|
| 100 Corporation's name (exactly as shown on the MGS public record) Wasaga Distribution Inc. | | | |
| Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent Ontario | 110 Date of incorporation or amalgamation, whichever is the most recent Year Month Day 2000-05-11 | 120 Ontario Corporation No. 1409425 | |

- Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

| | | | |
|--|--|---------------------------------|--|
| 200 Care of (if applicable) | | | |
| 210 Street number 950 | 220 Street name/Rural route/Lot and Concession number River Road West | 230 Suite number | |
| 240 Additional address information if applicable (line 220 must be completed first) | | | |
| 250 Municipality (e.g., city, town) Wasaga Beach | 260 Province/state ON | 270 Country CA | 280 Postal/zip code L9Z 1A2 |

- Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit www.ServiceOntario.ca.

300 **1** If there have been no changes, enter 1 in this box and then go to "Part 4 – Certification."
 2 If there are changes, enter 2 in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

- Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 Tackaberry Last name **451** Joanne First name

454 _____ Middle name(s)

460 **3** Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

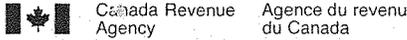
Complete the applicable parts to report changes in the information recorded on the MGS public record.

- Part 5 – Mailing address

| | | | |
|--|--|--|----------------------------|
| 500 <input type="checkbox"/> | Please enter one of the following numbers in this box: | 1 - Show no mailing address on the MGS public record. | |
| | | 2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule. | |
| | | 3 - The corporation's complete mailing address is as follows: | |
| 510 | Care of (if applicable) | | |
| 520 Street number | 530 Street name/Rural route/Lot and Concession number | 540 Suite number | |
| 550 Additional address information if applicable (line 530 must be completed first) | | | |
| 560 Municipality (e.g., city, town) | 570 Province/state | 580 Country | 590 Postal/zip code |

- Part 6 – Language of preference

| | |
|-------------------------------------|---|
| 600 <input type="checkbox"/> | Indicate your language of preference by entering 1 for English or 2 for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return. |
|-------------------------------------|---|



ONTARIO INNOVATION TAX CREDIT

| | | |
|---|--------------------------------------|--|
| Name of corporation Wasaga Distribution Inc. | Business Number 86673 1649 RC0001 | Tax year-end Year Month Day 2014-12-31 |
|---|--------------------------------------|--|

- Use this schedule to claim an Ontario innovation tax credit (OITC). A qualifying corporation must:
 - have had a permanent establishment in Ontario during the tax year;
 - have carried on scientific research and experimental development (SR&ED) in Ontario during the tax year;
 - be eligible to claim a federal investment tax credit under section 127 of the federal *Income Tax Act* for its qualified expenditures; and
 - have filed Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim*, in the tax year.
- The OITC is a 10% refundable tax credit based on the sum of the corporation's qualified expenditures incurred in Ontario and any eligible repayments.
- The OITC is available to a maximum annual expenditure limit of \$3 million. Associated corporations must share in the \$3 million expenditure limit.
- Effective January 1, 2010, qualifying corporations are eligible to claim the full OITC with a qualified expenditure limit of \$3 million where their specified capital amount or their federal taxable income for the previous tax year is not more than \$25 million and \$500,000, respectively. If one of these amounts is more than the respective threshold, the \$3 million limit is progressively reduced.
- Qualified expenditures include 100% of current expenditures and 40% of capital expenditures.
- A corporation can waive its eligibility for all or part of the OITC by completing Part 7 of this schedule.
- Expenditure limit, qualified expenditure, and eligible repayments are defined in subsections 96(3), 96(3.1), as well as 96(8) and 96(12) of the *Taxation Act*, 2007 (Ontario), respectively.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Eligibility

| | | | |
|---|------------|---|--|
| 1. Did the corporation have a permanent establishment in Ontario at any time during the tax year? | 100 | 1 Yes <input checked="" type="checkbox"/> | 2 No <input type="checkbox"/> |
| 2. Was the corporation exempt from tax for the tax year under Part III of the <i>Taxation Act</i> , 2007 (Ontario)? | 105 | 1 Yes <input type="checkbox"/> | 2 No <input checked="" type="checkbox"/> |
| 3. Did the corporation carry on SR&ED in Ontario during the tax year? | 110 | 1 Yes <input checked="" type="checkbox"/> | 2 No <input type="checkbox"/> |
| 4. Is the corporation eligible to claim an investment tax credit under section 127 of the federal <i>Income Tax Act</i> on qualified expenditures made in the tax year? | 115 | 1 Yes <input checked="" type="checkbox"/> | 2 No <input type="checkbox"/> |
| 5. Did the corporation file Form T661 in the tax year? | 120 | 1 Yes <input checked="" type="checkbox"/> | 2 No <input type="checkbox"/> |

If you answered **yes** to question 2 or **no** to question 1, 3, 4, or 5, you are **not eligible** for the Ontario innovation tax credit.

Part 2 – SR&ED qualified expenditure pool

| | | | |
|--|------------|---------------------|---|
| Ontario qualified expenditures of a current nature | 200 | 80,295 | A |
| Ontario qualified expenditures of a capital nature | 205 | x 40 % = 210 | B |
| SR&ED qualified expenditure pool * (amount A plus amount B) | 215 | <u>80,295</u> | C |

* The SR&ED expenditure pool is not reduced for amounts considered to be specified contract payments. See Part 8 of this schedule.

Part 3 – Eligible repayments

| | | |
|--|--------------------------------|---|
| Designated repayments made in the year of government or non-government assistance or contract payments relating to Ontario qualified expenditures of a current nature | 300 | D |
| Designated repayments made in the year of government or non-government assistance or contract payments relating to Ontario qualified expenditures of a capital nature | 305 | E |
| Designated repayments made in the year of government or non-government assistance or contract payments relating to Ontario qualified expenditures for first term or second term shared-use equipment | 310 x 25 % = 315 | F |
| Subtotal (amount E plus amount F) | x 0.4 = 320 | G |
| Eligible repayments (amount D plus amount G) | 325 | H |

Part 4 – Expenditure limit

| | |
|--|--------------------------------------|
| For a stand-alone corporation: | \$ 8,000,000 |
| Taxable income for the previous tax year (before any loss carrybacks being applied) * | 400 I |
| Amount I or \$ 500,000, whichever is greater | x 10 = J |
| Excess (\$ 8,000,000 minus amount J) ** (If your tax year starts before January 1, 2010, see the note below) | K |
| Specified capital amount for the corporation for the previous tax year (line 500 in Part 5) | minus \$ 25,000,000 = 405 L** |
| \$ 25,000,000 minus amount L | 410 M** |
| (amount K x amount M) | = 415 N*** |
| Expenditure limit for the stand-alone corporation: | x 25,000,000 = |

Note
If your tax year starts before January 1, 2010, complete the following calculation to determine the excess (amount K):

$$\text{Amount K} = \text{Amount BB} - \left[(\text{Amount BB} - \text{Amount AA}) \times \left(\frac{\text{Amount CC}}{\text{Amount DD}} \right) \right]$$

Amount K = BB – [(BB minus AA) x (CC divided by DD)] where,

AA = [\$7,000,000 minus (10 x (line 400 or \$400,000, whichever is more))];

BB = [\$8,000,000 minus (10 x (line 400 or \$500,000, whichever is more))];

CC = number of days in the tax year before January 1, 2010;

DD = number of days in the tax year.

* If any of the tax years referred to at line 400 is less than 51 weeks, multiply the taxable income by 365 and divide by the number of days in the tax year.

** If the result is negative, enter "0".

*** Amount N cannot be more than \$ 3,000,000 .

Part 4 – Expenditure limit (continued)

For associated corporations:

\$ 8,000,000

Total of all taxable incomes of the corporation and of its associated corporations (before any loss carrybacks being applied) for their last tax year ending in the previous calendar year *

420 475,263 O

Amount O or \$ 500,000, whichever is greater **500,000** x 10 = **5,000,000** P

Excess (\$ 8,000,000 minus amount P) ** (If your tax year starts before January 1, 2010, see the note below) **3,000,000** Q

Specified capital amount of the corporation and of its associated corporations for their last tax year ending in the previous calendar year (line 505 in Part 5)

13,812,149 minus \$ 25,000,000 = **425** R**

\$ 25,000,000 minus amount R **430** 25,000,000 S**

(amount Q x amount S)

Expenditure limit for associated corporations: $\frac{3,000,000 \times 25,000,000}{25,000,000} =$ **435** 3,000,000 T

Expenditure limit for the corporation (amount allocated from column 3 in Part 6) **440** 3,000,000 U***

Expenditure limit where the tax year of the stand-alone or associated corporation is less than 51 weeks:

Calculate the amount of the expenditure limit as follows:

number of days in the tax year

Amount N or amount U, whichever applies x = **445** V

365

Note

If your tax year starts before January 1, 2010, complete the following calculation to determine the excess (amount Q):

$$\text{Amount Q} = \text{Amount BB} - \left[\left(\text{Amount BB} - \text{Amount AA} \right) \times \left(\frac{\text{Amount CC}}{\text{Amount DD}} \right) \right]$$

Amount Q = BB – [(BB minus AA) x (CC divided by DD)] where,

AA = [\$7,000,000 minus (10 x (line 420 or \$400,000, whichever is more))];

BB = [\$8,000,000 minus (10 x (line 420 or \$500,000, whichever is more))];

CC = number of days in the tax year before January 1, 2010;

DD = number of days in the tax year.

* If any of the tax years referred to at line 420 is less than 51 weeks, multiply the taxable income by 365 and divide by the number of days in the tax year.

** If the result is negative, enter "0".

*** Amount U cannot be more than \$ 3,000,000 .

Part 5 – Calculation of the specified capital amount

For stand-alone corporations (see notes below):

Specified capital amount for the previous tax year **500** _____ W

For associated corporations (see notes below and subsection 96(4.1) of *Taxation Act, 2007* (Ontario)):

Specified capital amount for the corporation and each of its associated corporations for their last tax year ending in the previous calendar year (complete the table below) **505** _____ 13,812,149 X

| | 1 Names of associated corporations 510 | 2 Business Number of associated corporations (enter "NR" if a corporation is not registered) 515 | 3 Specified capital amount 520 |
|---------------------------------------|---|---|---|
| 1. | Wasaga Distribution Inc. | 86673 1649 RC0001 | 13,812,149 |
| 2. | Wasaga Resource Services Inc. | 86758 4724 RC0001 | |
| 3. | Geosands Inc. | 86673 1441 RC0001 | |
| 4. | Wasaga Genco Inc. | 86758 4526 RC0001 | |
| Total specified capital amount | | | 13,812,149 Y |

Enter on line 505 the total specified capital amount in column 3 (amount Y).

Notes for stand-alone corporations and associated corporations

1. If the corporation is an insurance corporation or a credit union for a tax year, enter the amount of the corporation's taxable capital employed in Canada for the applicable tax year, from line 590, 690, or 790 of Schedule 35, *Taxable Capital Employed in Canada – Large Insurance Corporations*, or line 690 of Schedule 34, *Taxable Capital Employed in Canada – Financial Institutions*.
2. If the corporation is a financial institution, as defined in subsection 96(18) of the *Taxation Act, 2007* (Ontario), for a tax year, enter the amount of the corporation's adjusted taxable paid-up capital for the applicable tax year. If the applicable tax year ends before January 1, 2009, enter the sum of the amounts from lines 565 and 570 of *CT23 Corporations Tax and Annual Return* (Ontario). If the applicable tax year ends after December 31, 2008, enter the amount from line 250 of Schedule 514, *Ontario Capital Tax on Financial Institutions*.
3. For all other corporations, enter the amount of the corporation's taxable paid-up capital or its taxable capital for the applicable tax year. If the applicable tax year ends before January 1, 2009, enter the amount of taxable paid-up capital from line 470 of *CT23 Corporations Tax and Annual Return* (Ontario). If the applicable tax year ends after December 31, 2008, enter the amount of taxable capital from line 120 of Schedule 515, *Ontario Capital Tax on Other Than Financial Institutions*.

Part 6 – Agreement among associated corporations to allocate the expenditure limit

| | 1 Names of associated corporations 600 | 2 Business Number of associated corporations (enter "NR" if a corporation is not registered) 605 | 3A Maximum expenditure limit | 3 Expenditure limit allocated *(allocate the amount of the expenditure limit from line 435 in Part 4 to each associated corporation) 610 |
|--------------------------------|---|--|------------------------------------|---|
| 1. | Wasaga Distribution Inc. | 86673 1649 RC0001 | 3,000,000 | 3,000,000 |
| 2. | Wasaga Resource Services Inc. | 86758 4724 RC0001 | 3,000,000 | |
| 3. | Geosands Inc. | 86673 1441 RC0001 | 3,000,000 | |
| 4. | Wasaga Genco Inc. | 86758 4526 RC0001 | 3,000,000 | |
| Total expenditure limit | | | | <u>3,000,000</u> Z |

Enter on line 440 in Part 4 the expenditure limit allocated to the corporation in column 3.

* Special rules apply if the corporation has more than one tax year ending in a calendar year and is associated in more than one of those years with another corporation that has a tax year ending in the same calendar year. In this case, the expenditure limit of the corporation for the second (and later) tax year(s) will be equal to the expenditure limit allocated for the first tax year ending in the calendar year.

Part 7 – Calculation of the Ontario innovation tax credit

| | | | | | |
|---|---------------------------------|--------------------------------|--|------------|---------------------|
| | Current Expenditures | + | Capital Expenditures | = | |
| SR&ED qualified expenditure pool (line 215 in Part 2) | 80,295 | | | | 80,295 AA |
| Add: Eligible repayments (line 325 in Part 3) | | | | | BB |
| Subtotal (amount AA plus amount BB) | <u>80,295</u> | | | 700 | <u>80,295</u> CC |
| Expenditure limit (line 415, 440, or 445, whichever applies) | | | | | <u>3,000,000</u> DD |
| Amount CC or amount DD, whichever is less | <u>80,295</u> | | | 705 | <u>80,295</u> EE |
| Ontario innovation tax credit: (amount EE x 10 %) | | | | 710 | 8,030 FF |
| Are you waiving all or part of the OITC? | 715 | 1 Yes <input type="checkbox"/> | 2 No <input checked="" type="checkbox"/> | | |
| If you answered yes at line 715, enter the amount of the tax credit waived on line 720. If you answered no at line 715, enter "0" on line 720. | | | | | |
| Deduct: Waiver of the tax credit | | | | 720 | GG |
| Ontario innovation tax credit claimed (amount FF minus amount GG) | | | | | <u>8,030</u> HH |
| Enter amount HH on line 468 on page 5 of Schedule 5, Tax Calculation Supplementary – Corporations. | | | | | |

Part 8 – Specified contract payments

- Specified contract payments, as defined in subsection 96(11) of the *Taxation Act, 2007* (Ontario), are contract payments received for the performance of SR&ED carried on in Ontario by a payor corporation that does not have a permanent establishment in Ontario and is not entitled to claim the OITC.
- According to subsection 96(9) of the *Taxation Act, 2007* (Ontario), the recipient does not have to deduct the specified contract payment from its SR&ED qualified expenditure pool.
- Specified contract payments include all amounts that are received, receivable, or reasonably expected to be received by the corporation.

Note

A corporation cannot claim SR&ED credits for contract payments received from another corporation that are not specified contract payments. These payments, if eligible, would be claimed by the corporation making the payments.

Provide details of specified contract payments received for which the OITC is being claimed:

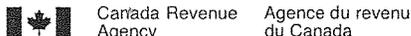
| Name of corporation making the payment | | Address of the corporation making the payment |
|--|--|---|
| 800 | | 805 |
| 1. | | |
| | | |
| | | |
| Is this an arm's length transaction? | Gross amount of specified contract payment received | Actual SR&ED expenditure relating to contract included in claim |
| 810 | 815 | 820 |
| 1. | 1 Yes <input type="checkbox"/> 2 No <input type="checkbox"/> | |

Schedule A – Worksheet for eligible expenditures incurred by the corporation in Ontario for the current taxation year

This worksheet allows you to report the amount of eligible expenditures entered on Form T661, *Scientific Research and Experimental Development (SR&ED) Expenditures Claim* which represents eligible expenditures as defined in section 127 of the *Income Tax Act* (ITA) with regard to scientific research and experimental development (SR&ED) carried on in Ontario and attributable to a permanent establishment in Ontario of a corporation.

Data on the worksheet is calculated based on the amounts on Form 508, but will have to be adjusted according to the rules of Ontario, if applicable. This data will be used when calculating lines 200 and 205 of Section 2

| Enter the breakdown between current and capital expenditures | | |
|---|----------------------|----------------------|
| | Current Expenditures | Capital Expenditures |
| Total eligible expenditures incurred by the corporation in Ontario in the tax year. (Schedule 508, line I and II of Schedule A) | 2,200 | |
| Add | | |
| Eligible expenditures transferred to the corporation by another corporation (Schedule 508, breakdown of line 110) | 78,095 | + |
| Subtotal | 80,295 | = |
| Less | | |
| Eligible expenditures the corporation transferred to another corporation (Schedule 508, breakdown of line 115) | - | - |
| Government assistance, non-government assistance or a contract payment in respect of eligible expenditures | - | - |
| Total eligible expenditures incurred by the corporation in Ontario in the tax year | 80,295 | * = ** |
| * (enter amount at line 200 of Section 2) | | |
| ** (enter amount at line 205 of Section 2) | | |



SCIENTIFIC RESEARCH AND EXPERIMENTAL DEVELOPMENT (SR&ED) EXPENDITURES CLAIM

Use this form:

- to provide technical information on your SR&ED projects;
- to calculate your SR&ED expenditures; and
- to calculate your qualified SR&ED expenditures for investment tax credits (ITC).

To claim an ITC, use either:

- Schedule T2SCH31, *Investment Tax Credit – Corporations*, or
- Form T2038(IND), *Investment Tax Credit (Individuals)*.

The information requested in this form and documents supporting your expenditures are prescribed information.

Your SR&ED claim must be filed within 12 months of the filing due date of your income tax return.

To help you fill out this form, use the T4088, *Guide to Form T661*, which is available on our Web site: www.cra.gc.ca/sred.

Part 1 – General information

| | | |
|---|--|--|
| <p>010 Name of claimant</p> <p style="text-align: center;">Wasaga Distribution Inc.</p> | <p>Enter one of the following:</p> <div style="border: 1px solid black; padding: 5px; text-align: center; margin: 5px 0;"> 86673 1649 RC0001 Business number (BN) </div> <div style="border: 1px solid black; padding: 5px; text-align: center; margin: 5px 0;"> Social insurance number (SIN) </div> | |
| <p>Tax year</p> <p>From: 2014-01-01 Year Month Day</p> <p>To: 2014-12-31 Year Month Day</p> | | |
| <p>050 Total number of projects you are claiming this tax year:</p> <p style="text-align: center;">2</p> | | |
| <p>100 Contact person for the financial information</p> <p style="text-align: center;">Brandon Weiss</p> | <p>105 Telephone number/extension</p> <p style="text-align: center;">(705) 429-2517</p> | <p>110 Fax number</p> <p style="text-align: center;">(705) 429-2590</p> |
| <p>115 Contact person for the technical information</p> <p style="text-align: center;">Paul Trace</p> | <p>120 Telephone number/extension</p> <p style="text-align: center;">(705) 429-2517</p> | <p>125 Fax number</p> <p style="text-align: center;">(705) 429-2590</p> |

151 If this claim is filed for a partnership, was Form T5013 filed? 1 Yes 2 No

If you answered **no** to line 151, complete lines 153, 156 and 157.

| | 153 Names of the partners | 156 % | 157 BN or SIN |
|---|---------------------------|-------|---------------|
| 1 | | | |
| 2 | | | |
| 3 | | | |
| 4 | | | |
| 5 | | | |

Part 2 - Project information

CRA internal form identifier 060
Code 1301

Complete a separate Part 2 for each project claimed this year.

Section A - Project identification

200 Project title (and identification code if applicable)

See schedule

Part 4 – Calculation of qualified SR&ED expenditures for investment tax credit (ITC) purposes

The resulting amount is used to calculate your refundable and/or non refundable ITC.

| Enter the breakdown between current and capital expenditures (to the nearest dollar) | | | |
|---|--------------|-------------------------|-------------------------|
| | | Current Expenditures | Capital Expenditures |
| Total expenditures for SR&ED (from lines 380 and 390) | 492 | 80,845 | 496 |
| Add | | | |
| • payment of prior years' unpaid amounts (other than salary or wages) | 500 + | | |
| • prescribed proxy amount (complete Part 5) (Enter "0" if you use the traditional method) | 502 + | | |
| • expenditures on shared-use equipment for property acquired before 2014 | | | 504 + |
| • qualified expenditures transferred to you (see note 3) (complete Form T1146**) | 508 + | 78,095 | 510 + |
| Subtotal (add lines 492 to 508, and add lines 496 to 510) | 511 = | 158,940 | 512 = |
| Deduct (see note 4) | | | |
| • provincial government assistance | 513 - | 11,544 | 514 - |
| • other government assistance | 515 - | | 516 - |
| • non-government assistance and contract payments | 517 - | | 518 - |
| • current expenditures (other than salary or wages) not paid within 180 days of the tax year end | 520 - | | |
| • amounts paid in respect of an SR&ED contract to a person or partnership that is not a taxable supplier | 528 - | | |
| • 20% of expenditures included on lines 340 and 370 that were incurred after December 31, 2012 | 529 - | 550 | |
| • prescribed expenditures not allowed by regulations (see guide) | 530 - | | 532 - |
| • other deductions (see guide) | 533 - | | 535 - |
| • non-arm's length transactions | | | |
| – assistance allocated to you (complete Form T1145*) | 538 - | | 540 - |
| – expenditures for non-arm's length SR&ED contracts (from line 345) | 541 - | 78,095 | |
| – adjustments to purchases (limited to costs) of goods and services from non-arm's length suppliers (see guide) | 542 - | | 543 - |
| – qualified expenditures you transferred (complete Form T1146**) | 544 - | | 546 - |
| Subtotal (line 511 minus lines 513 to 544 and line 512 minus lines 514 to 546) | 557 = | 68,751 | 558 = |
| Qualified SR&ED expenditures (add lines 557 and 558) | | | 559 = 68,751 |
| Add | | | |
| • repayments of assistance and contract payments made in the year | | | 560 + |
| Total qualified SR&ED expenditures for ITC purposes (add lines 559 and 560) | | | 570 = 68,751 |

* Form T1145, Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length

** Form T1146, Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length

Note 3 – On line 510 (capital) – Only include expenditures made before 2014 by the transferor (performer). Complete the latest version of Form T1146.

Note 4 – On lines 514, 516, 518, 532, 535, 540, 543 and 546 – Only include amounts related to expenditures of a capital nature made before 2014.

Part 5 – Calculation of prescribed proxy amount (PPA)

A notional amount representing your overhead and other expenditures.

This part calculates the PPA to enter on line 502 in Part 4. Do not complete this part if you have chosen to use the traditional method in Part 3 (line 162). You can only claim a PPA if you elected to use the proxy method for the year in Part 3 (line 160).

Special rules apply for specified employees. Calculate your salary base in Section A and the PPA in Section B.

Section A – Salary base

| | | | |
|---|-----|---|--|
| Salary or wages of employees other than specified employees (from lines 300 and 307) | 810 | + | |
| Deduct | | | |
| Bonuses, remuneration based on profits, and taxable benefits that were included on line 810 | 812 | - | |
| Subtotal (line 810 minus 812) | 814 | = | |

Salary or wages of specified employees

| 850 Column 1 | 852 Column 2 | 854 Column 3 | 856 Column 4 | 858 Column 5 | 860 Column 6 | |
|---|---|--|---|---|---|--|
| Name of specified employee | Total salary or wages for the year (SR&ED and non-SR&ED) excluding bonuses, remuneration based on profits, and taxable benefits (to the nearest dollar) | % of time spent on SR&ED (maximum 75%) | Amount in column 2 multiplied by percentage in column 3 | 2,5 x A x B/365 A = Year's maximum pensionable earnings B = Number of days employed in tax year | Amount in column 4 or 5, whichever amount is less | |
| (Enter total of column 6 on line 816) | | | | | 816 + | |
| Salary base (total of lines 814 and 816) | | | | | 818 = | |

Section B – Prescribed proxy amount (PPA)

| | | |
|--|-------|--|
| Enter 65% of the salary base (line 818) less 5% of the salary base for the number of 2013 calendar days in the tax year, and less 10% of the salary base for number of days after 2013 in the tax year (use the formula in the guide-line 820) | 820 = | |
| Enter the amount from line 820 on line 502 in Part 4 unless the overall cap on PPA applies to you. | | |

(See the guide for explanation and example of the overall cap on PPA)

Part 6 – Project costs

Information requested in this part must be provided for all SR&ED projects claimed in the year. Expenditures should be recorded and allocated on a project basis.

| 750 Project title or identification code | 752 Salary or wages in the tax year (Total of lines 306 to 309) | 754 Cost of materials in the tax year (Total of lines 320 and 325) | 756 Contract expenditures for SR&ED performed on your behalf in the tax year (Total of lines 340 and 345) |
|---|---|--|---|
| 1. Electrical Distribution System Installation Advancements | | | 44,981 |
| 2. Smart Meter Information Management Systems | | | 35,864 |
| Total | | | 80,845 |

Part 7 – Additional information

Expenditures for SR&ED performed by you in Canada (line 400 minus lines 307, 309, 340, 345, and 370) **605**

From the total you entered on line 605, estimate the percentage of distribution of the sources of funds for SR&ED performed within your organization.

| | Canadian (%) | Foreign (%) |
|--|--------------|-----------------------|
| Internal | 100.000 | |
| Parent companies, subsidiaries, and affiliated companies | | 604 |
| Federal grants (do not include funds or tax credits from SR&ED tax incentives) | | 606 |
| Federal contracts | | 608 |
| Provincial funding | | 610 |
| SR&ED contract work performed for other companies on their behalf | | 612 614 |
| Other funding (e.g., universities, foreign governments) | | 616 618 |

For statistical purposes indicate whether the work you performed falls within the realm of Basic or Applied research (to advance scientific knowledge) or Experimental development (to achieve a technological advancement):

620 Basic or Applied research **622** Experimental development

Enter the number of SR&ED personnel in full-time equivalents (FTE):

| | | |
|--|------------|---|
| Scientists and engineers | 632 | |
| Technologists and technicians | 634 | 1 |
| Managers and administrators | 636 | |
| Other technical supporting staff | 638 | |

Part 8 – Claim checklist

To ensure your claim is complete, make sure you have:

- used the current version of this form
- entered the method you have chosen for reporting your SR&ED expenditures in Section A of Part 3
- completed Part 2 for each project
- filed a completed Schedule T2SCH31 or Form T2038(IND) to claim ITCs on your qualified SR&ED expenditures
- filed a completed Form T1145*, T1146**, T1174*** and/or T1263**** including any required attachments, if applicable

To expedite the processing of your claim, make sure you have:

- completed Form T2, *Corporation Income Tax Return* or Form T1, *Income Tax and Benefit Return*
- filed the appropriate provincial and/or territorial tax credit forms, if applicable
- retained documents to support the SR&ED work performed and SR&ED expenditures you claimed
- checked boxes 231 and 232 on page 2 of your T2 return to indicate attachment of Form T661 and Schedule T2SCH31

* Form T1145, *Agreement to Allocate Assistance for SR&ED Between Persons Not Dealing at Arm's Length*

** Form T1146, *Agreement to Transfer Qualified Expenditures Incurred in Respect of SR&ED Contracts Between Persons Not Dealing at Arm's Length*

*** Form T1174, *Agreement Between Associated Corporations to Allocate Salary or Wages of Specified Employees for Scientific Research and Experimental Development (SR&ED)*

**** Form T1263, *Third-Party Payments for Scientific Research and Experimental Development (SR&ED)*

Part 9 – Claim preparer information

Information requested in this part must be provided for each claim preparer that has accepted consideration to prepare or assist in the preparation of this SR&ED claim. Certification is required on lines 935, 970, and 975.

A \$1000 penalty may be assessed if the information requested below about the claim preparer(s) and billing arrangement(s), is missing, incomplete, or inaccurate. Where a claim preparer has prepared or assisted in the preparation of this SR&ED form, the claimant and the claim preparer will be jointly and severally, or solidarily, liable for the penalty.

935 Was a claim preparer engaged in any aspect of the preparation of this SR&ED claim?

1. Yes (complete the claim preparer information table and lines 970 and 975 below)
2. No (complete lines 970 and 975)

Claim preparer information table

| | 940 | 945 | 950 | 955 | 960 | 965 |
|--|-------------------|---------------------------------------|--|---|---|------------|
| Name of claim preparer (company or individual) | Business number | Billing arrangement code (see codes*) | Billing rate (percentage, hourly/daily rate or flat fee) | Other billing arrangement(s) (Maximum 10 words) | Total fee paid, payable, or expected to pay | |
| 1. BeneFACT Consulting Group | 86673 1649 RC0001 | 1 | 20.00 | | 7,121 | |
| Total | | | | | 7,121 | |

*** Billing arrangement codes**

| Code | Type of billing arrangement |
|------|--|
| 1 | Contingency fee arrangement – where the fee is based on a percentage of the investment tax credit earned |
| 2 | Hourly rate |
| 3 | Daily rate |
| 4 | Flat fee arrangement (lump sum) |
| 5 | Other arrangements – describe the arrangement in box 960 in 10 words or less |

970 I, Joanne Tackaberry, certify that the information provided in this part is complete

Name of authorized signing officer of the corporation, or individual (print)
and accurate.

Signature

975 2015-05-13
Year Month Day

Part 10 – Certification

I certify that I have examined the information provided on this form and on the attachments and it is true, correct, and complete.

165 Joanne Tackaberry **170** 2015-05-13

Name of authorized signing officer of the corporation, or individual

Signature

Date

175 BeneFact Consulting Group Inc.
Name of person/firm who completed this form

Part 2 - Project information (continued)

Project number 1

CRA internal form identifier 060
Code 1301

Complete a separate Part 2 for each project claimed this year.

Section A – Project identification

200 Project title (and identification code if applicable)
Electrical Distribution System Installation Advancements

202 Project start date **204** Completion or expected completion date **206** Field of science or technology code
(See guide for list of codes)

| | | | |
|-----------------------|-----------------------|---------|---------------------------------------|
| 2012-11 Year Month | 2014-12 Year Month | 2.02.01 | Electrical and electronic engineering |
|-----------------------|-----------------------|---------|---------------------------------------|

Project claim history

208 1 Continuation of a previously claimed project **210** 1 First claim for the project

218 Was any of the work done jointly or in collaboration with other businesses? 1 Yes 2 No

If you answered yes to line 218, complete lines 220 and 221.

| | | | |
|------------|-------------------------------|------------|-------------------|
| 220 | Names of the businesses | 221 | BN |
| 1 | Wasaga Resource Services Inc. | | 86758 4724 RC0001 |

Section B – Project descriptions

242 What scientific or technological uncertainties did you attempt to overcome – uncertainties that could not be removed using standard practice?
(Maximum 50 lines)

- The technological advancement sought in this project was to develop our
- knowledge and capabilities for installations of new fiber optic technology and
- design and installation of guy wires in unique, constrained situations.
- In this fiscal year, two major obstacles were encountered when the projects
- reached the installation phase. First, the installation of hydro poles where
- guy wire lengths were impeded due to geographical restrictions, interference,
- and spatial constraints. Second, the installation of fiber optic lines, which
- were a brand new technology to Wasaga Distribution and our supplier. Unproven
- methodology needed to be conceptualized and experimentally implemented to
- determine the correct best practices for installing the new technology.
- It was uncertain how to reduce hydro guy wires enough to meet the specific
- spatial and geographical constraints of a few unique situations. A custom
- solution was necessary to address each unique situation and the approach was
- unproven. It was not clear if the standard practice 7 m radius for guy wires
- could be dramatically reduced in half, down to 3.5m.
- The introduction of fiber optics technology is a brand new endeavor for Wasaga
- Distribution and the entire installation envelope was experimental and
- uncertain. The installation of this technology was never done before by us,
- and Rogers Communication (the fiber optics service provider) was in the
- initial pioneering stages of this technology. There was a host of unknowns
- and challenges that arose during experimental implementation of the prototype,
- pilot project. Coiling of the cable was an issue when installing long 150m
- runs. Floating conduits posed additional issues and it was uncertain how to
- control the cable as it is buried in long lengths.
- Initial methods for installing hydro poles in uniquely constrained situations
- and the pilot installation of fiber optics technology were based on standard
- practice for similar situations. Additional hypotheses and development work
- were required to address on-site installation challenges and evaluated in the
- field. Through this, the best practices pertaining to these specific
- applications were advanced.

244 What work did you perform in the tax year to overcome the scientific or technological uncertainties described in Line 242?
(Summarize the systematic investigation or search) (Maximum 100 lines)

- Preliminary work to re-design the hydro guy wires was performed in the
- previous fiscal year and its field installation was slated for this fiscal
- year. Additional iterations of design were to be evaluated using the
- SpidaCalc modeling software, then validated in the field. This project began

244 What work did you perform in the tax year to overcome the scientific or technological uncertainties described in Line 242?
(Summarize the systematic investigation or search) (Maximum 100 lines)

5. with the field validation of the previous year's design iteration.

6. The initial installation of the new fiber optics technology was hypothesized

7. as an extension of the previous standard practice for buried hydro lines.

8. Evaluating this practice in the field would lead to several modifications and

9. experimental procedures which took place on site to accommodate some of the

10. unique features of this new technology.

11. As a continuation of the hydro guy wires, the design had been iteratively

12. advanced to a point where this year began installation of the proposed

13. designs. The hydro poles were designed as per best practice with 7m length

14. for the supporting guy wires. Installation in the field resulted in a few

15. instances where spatial and geographical anomalies would interfere with this

16. 7m wire. Thus the guy wires could not be installed as per design. These

17. unanticipated findings resulted in a new round of iterative designs to try to

18. resolve the issue. The guy wire was observed to need to be reduced from 7m to

19. only 3.5m. The redesign was brought back to the conceptual phase where

20. numerous proposed designs were simulated using the SpidaCalc modeling

21. software. The systematic evaluation of the options narrowed the design to a

22. solution that required additional engineering to certify. With that

23. completed, the 3.5m guy wires were installed successfully.

24. Fiber optics is a new technology and its installation in the Wasaga

25. jurisdiction was part of a pilot program. As it had never been done before,

26. this first installation was a prototype initiative by Rogers Communication,

27. the service provider. Working with Rogers, Wasaga Distribution was

28. responsible for the installation of these fibers. When beginning with

29. standard practices similar to buried hydro lines, there were remarkable

30. differences that had to be addressed. The fiber optics layout was much

31. different than the typical distribution schematic. The standard design for

32. which best practice had been established was for a central hub, connecting to

33. individual homes via a radial, or spider distribution. With this, lengths are

34. kept minimal, up to 60m. This hub would feed 10-12 homes. The new fiber

35. optic schematic has a hub at the end of a line and feeds 24 houses. This

36. required precise GPS mapping of the nodes and cable distribution. Several

37. mapping approaches were investigated. A viable and accurate solution was

38. systematically developed. Initial training and best practices had to be

39. experimentally forged and refined through on-site installation.

40. Typically a 200m trench would be opened and hardware installed. This did not

41. work with the fiber optics. The trench would remain open for days as multiple

42. hypotheses on installation techniques were tested. Water and debris would

43. accumulate in the trenches. The conduits for the cables were observed to

44. float in the water, creating issues. A systematic backfill solution was

45. developed where cable was laid in varying lengths and backfill introduced in

46. 50m increments. This process was iteratively refined until the installation

47. of the cables was performed in 5m intervals. These practices found that 5m

48. backfills prevented coiling of the wires and the introduction of sand weighed

49. down the cables to manage floating.

50. In addition, the labeling of the cable was a challenge. The fibers are

51. significantly smaller in diameter than traditional cables, and so an

52. identifying system was developed to label the individual strands. Research

53. was conducted into a multitude of labeling approaches. Several options were

54. experimentally evaluated and many resulted in ID tags wrapping over itself,

55. thus blocking the identifiers. After testing various approaches, a Band-Aid

56. style marker was selected as a suitable label.

57. By the end of this fiscal year a suitable design was achieved for the 3.5m guy

58. wires for the unique installations scenarios that were observed at the onset

59. of this year. New installation techniques, training, and best practices were

60. obtained throughout this project. By fiscal year end, the installation of

61. fiber optics was being performed efficiently, effectively and successfully.

246 What scientific or technological advancements did you achieve as a result of the work described in Line 244? (Maximum 50 lines)

1. This project successfully advanced the design and practices of various
2. installations. With the redesigns of hydro pole supporting guy wires, and the
3. development of new practices for the entrenching of fiber optics, advancements
4. were made to overcome a number of limitations. The first key technological
5. gain was the successful reduction in guy wire lengths from 7m down to 3.5m to
6. accommodate special geographical and spatial constraints. The second
7. advancement was the development of best practices and installation methods for
8. burying fiber optic cables and running fiber lengths of up to 150m from hub to
9. home.
10. We now know how to provide hydro pole installations to spatially constrained
11. locations. We discovered how to dig trenches specific for fiber optic cable
12. and how to systematically install the fiber in 5m increments. We discovered
13. that long runs of 150m must be incrementally installed with backfill to
14. prevent coiling. We now know how to properly label the small strands, how to
15. manage the 24 strands leaving each hub, and the strict requirements for
16. accurate GPS mapping

Section C – Additional project information

Who prepared the responses for Section B?

| | | | |
|------------|---|--|--|
| 253 | 1 <input checked="" type="checkbox"/> Employee directly involved in the project | 254 Name Paul Trace | |
| 255 | 1 <input type="checkbox"/> Other employee of the company | 256 Name | |
| 257 | 1 <input checked="" type="checkbox"/> External consultant | 258 Name BenefACT Consulting | 259 Firm BenefACT Consulting |

List the key individuals directly involved in the project and indicate their qualifications/experience.

| 260 | Names | 261 | Qualifications/experience and position title |
|------------|----------------|------------|--|
| 1 | Paul Trace | | Electrical Technologist, 25yrs, Director of Operations |
| 2 | Nanette Dupuis | | Electrical Technologist, 10yrs, Eng. Technologist |
| 3 | | | |

265 Are you claiming any salary or wages for SR&ED performed outside Canada? 1 Yes 2 No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? 1 Yes 2 No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? 1 Yes 2 No

If you answered yes to line 267, complete lines 268 and 269.

| 268 | Names of individuals or companies | 269 | BN |
|------------|-----------------------------------|------------|-------------------|
| 1 | Wasaga Resource Services Inc. | | 86758 4724 RC0001 |
| 2 | | | |

What evidence do you have to support your claim? (Check any that apply)
You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

| | | | |
|------------|--|------------|---|
| 270 | 1 <input checked="" type="checkbox"/> Project planning documents | 276 | 1 <input type="checkbox"/> Progress reports, minutes of project meetings |
| 271 | 1 <input checked="" type="checkbox"/> Records of resources allocated to the project, time sheets | 277 | 1 <input type="checkbox"/> Test protocols, test data, analysis of test results, conclusions |
| 272 | 1 <input type="checkbox"/> Design of experiments | 278 | 1 <input type="checkbox"/> Photographs and videos |
| 273 | 1 <input type="checkbox"/> Project records, laboratory notebooks | 279 | 1 <input type="checkbox"/> Samples, prototypes, scrap or other artefacts |
| 274 | 1 <input type="checkbox"/> Design, system architecture and source code | 280 | 1 <input type="checkbox"/> Contracts |
| 275 | 1 <input type="checkbox"/> Records of trial runs | 281 | 1 <input type="checkbox"/> Others, specify 282 |

Part 2 - Project information (continued)

Project number 2

CRA internal form identifier 060

Code 1301

Complete a separate Part 2 for each project claimed this year.

| | | | |
|--|---|---|---------------------------------------|
| Section A – Project identification | | | |
| 200 Project title (and identification code if applicable) | | | |
| Smart Meter Information Management Systems | | | |
| 202 Project start date | 204 Completion or expected completion date | 206 Field of science or technology code (See guide for list of codes) | |
| 2012-01 <small>Year Month</small> | 2015-12 <small>Year Month</small> | 2.02.01 | Electrical and electronic engineering |
| Project claim history | | | |
| 208 1 <input checked="" type="checkbox"/> Continuation of a previously claimed project | | 210 1 <input type="checkbox"/> First claim for the project | |
| 218 Was any of the work done jointly or in collaboration with other businesses? 1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No | | | |
| If you answered yes to line 218, complete lines 220 and 221. | | | |
| 220 | Names of the businesses | 221 | BN |
| 1 | Wasaga Resource Services Inc. | | 86758 4724 RC0001 |

| | |
|---|--|
| Section B – Project descriptions | |
| 242 What scientific or technological uncertainties did you attempt to overcome – uncertainties that could not be removed using standard practice? (Maximum 50 lines) | |
| 1. The technological objective of this project is to develop an automated | |
| 2. solution to collect Smart Meter data, populate GIS databases and use this | |
| 3. database to automatically translate into the DESS software. This will allow | |
| 4. for instant access for monthly snap shots of demand per house, load on | |
| 5. transformers, as well as simulating loads for the grid and its subsectors. | |
| 6. This data will allow for on demand analysis, as well as providing valuable | |
| 7. data for future grid planning and designing for an accurate loading scenario. | |
| 8. As the state of technology progresses, various streams of data have become | |
| 9. available. Attempting to integrate this data into valuable analysis, it was | |
| 10. discovered that the multiple sources are of varying formats and do not | |
| 11. translate directly into our analysis software. Collecting data from Smart | |
| 12. Meters, populating GIS databases, and translating this into DESS electrical | |
| 13. load analysis software was a manual process in the past. The previous | |
| 14. standard practice was to overdesign grids for maximum foreseeable loads. This | |
| 15. led to added costs due to oversized components. | |
| 16. It was uncertain how to translate the data from Smart Meters into GIS, and | |
| 17. then from GIS format into DESS while preserving Open Street data (to overlay | |
| 18. mapped locations with electrical schematics and load data). The demand per | |
| 19. house can be optimized through smart control of the furnace. Integrating a | |
| 20. wifi enabled thermostat with Smart Meters such that household load can be | |
| 21. monitored and controlled via internet enabled apps was a venture into the | |
| 22. unknown and unproven. It was not clear how to establish this technology and | |
| 23. its reliability required experimental validation. Transfer of GIS data to | |
| 24. DESS was not simple, and initially vital data was lost in formatting and | |
| 25. translation. It was unclear how to resolve all of the unforeseen data loss. | |
| 26. It was proposed that translation software can collect data sets from the Smart | |
| 27. Meters in the field to populate the GIS system. Although this is a standard | |
| 28. practice for larger panels, incoming feeds from sub 10 kW solar panels were | |
| 29. not on this system. It is also hypothesized that a translation software can | |
| 30. take all GIS data, overlay it with Open Street data to produce a geographical | |
| 31. model in DESS to produce an engineering model populated by actual loading of | |
| 32. the electrical grid. | |
| 244 What work did you perform in the tax year to overcome the scientific or technological uncertainties described in Line 242? (Summarize the systematic investigation or search) (Maximum 100 lines) | |
| 1. It was hypothesized that household demand could be closely monitored, | |
| 2. controlled and programmed via internet connection with Zigby technology. This | |

244 What work did you perform in the tax year to overcome the scientific or technological uncertainties described in Line 242?
(Summarize the systematic investigation or search) (Maximum 100 lines)

3. required new Smart Meters and the development of a communications protocol
4. between controller, thermostat, and Smart Meter. It was proposed to test 3
5. homes with this technology. A data translation process was planned to capture
6. the GIS data, overlay the Open Street mapping, and import this into the DESS
7. engineering software. The SR&ED plan was to program the previous manual
8. process into an automated system. Several iterations were needed to capture
9. any lost information that was only found through experimental trials of the
10. translation software.
11. Beginning with the micro system and expanding outward, this project
12. description details the work performed in collecting data at the source, then
13. integrating it into the larger network to produce a full picture of load on
14. the grid. Household demand was captured and communicated via the Smart Meters
15. installed at the residence. The furnace load was advanced with new Zigby
16. technology that allows the thermostat to be controlled via internet for
17. optimal utilization of energy. This required upgrading the Smart Meter and
18. the swap involved overcoming a number of challenges with regards to
19. communication. Incoming power to the grid from solar voltaic below 10 kW was
20. also a new concern for this year as the previous method of inputting its data
21. was manual. Efforts were made in this fiscal year to automate the data
22. incoming from the sub-10 kW solar panels. Collected into an overall GIS
23. database, several translation issues were faced when attempting to import the
24. information into DEISS. Three homes were identified for experimental trails of
25. the new automated technology. The previous Smart Meters were exchanged for
26. Zigby enabled Smart Meters. The old Smart Meters were then recycled to new
27. home installations and an unpredicted issue arose. It was observed that the
28. recycled meters continued the data set from the previous installation. Hence
29. the new home had existing data that was being associated with it. Over a
30. number of software versions, a solution was obtained to reset the Smart Meter
31. for the new installation. Therefore a meter recycling protocol was
32. developed. Continuing work with the Zigby thermostat control technology, the
33. major issues that prevailed were communication based between thermostats to
34. wifi. Over several software revisions, communication was resolved and test
35. are still ongoing. Another major issue was determining programming parameters
36. as furnace controlled varied from brand to brand. The software needed to be
37. able to accept several brands of furnace, each with differing protocols.
38. Developing the robustness necessary required multiple iterations and testing
39. is ongoing to evaluate unique and infrequent situations.
40. The GIS data sets gathered from the Smart Meters were previously input into
41. engineering software manually. As some of the software used was proprietary,
42. a contractor was hired to perform the coding required to map data from GIS to
43. DEISS. Testing of initial translation software found that key information was
44. not being translated. Data was lost or incomplete. Transformers
45. identification was being picked up, however their sizing was lost and their
46. location on the map was erroneous. Single phase power lines were not
47. differentiated from 3 phase lines. These identifiers and mapping parameters
48. were not accurately translated by the prototype software. An intense effort
49. was made to investigate each error to determine if it's a programming
50. logistical error, or an anomaly brought on by formatting. Both situations
51. arose and significant effort was made to iteratively resolve the issues over
52. numerous software revisions. At the end of this fiscal period, information
53. such as transformer size, location, demand, and capacity are being translated
54. from GIS to DESS, however it is not 100% successful. Some properties are
55. still being lost within programming anomalies that are being tracked down into
56. the next fiscal year. Properties such as CAD line styles and colour co-
57. ordination for graphical display in DESS remains an ongoing area of
58. improvement. Smart Meters have the ability to provide a wealth of information
59. practically on demand, however the software is still not able to harness this
60. capability. Developments are ongoing to improve the type of data, the amount

244 What work did you perform in the tax year to overcome the scientific or technological uncertainties described in Line 242? (Summarize the systematic investigation or search) (Maximum 100 lines)

61. of data, and the frequency of which it can be accessed.

62. The software has been advanced through several iterations, however the

63. complete solution has not yet been achieved. Ongoing developments focus on

64. addressing data set anomalies that misses key properties in translation. The

65. DESS model will be further developed to deliver an accurate picture of monthly

66. consumption.

246 What scientific or technological advancements did you achieve as a result of the work described in Line 244? (Maximum 50 lines)

1. The state of the art was significantly advanced with the development of

2. automation and integration software. Previously manual operations of

3. inputting sub-10 kW solar panel data into GIS databases was advanced to an

4. automated solution. The GIS data sets was integrated into the DESS

5. engineering environment where an accurate model of consumption and electrical

6. loads throughout the grid could be analyzed. Zigby technology was integrated

7. into Smart Meters in a pilot project and tested in a limited number of homes.

8. We can now control furnace loading and accept a variety of furnace brands with

9. differing protocols. We learned how the furnaces cycle and how to program

10. thermostats to control the furnaces for the conservation of power utilization.

11. We discovered that recycling meters requires a reset protocol, which was

12. developed. We now know how to translate the bulk of GIS data into DESS. We

13. discovered how to introduce the Open Street mapping data so that the GIS

14. information is married with geographical location to populate an accurate map

15. of the grid and subsystems in the DESS environment. We have successfully

16. overcome many translation issues for importing GIS data into DESS.

Section C – Additional project information

Who prepared the responses for Section B?

| | | | |
|------------|---|-----------------|---------------------------------------|
| 253 | 1 <input checked="" type="checkbox"/> Employee directly involved in the project | 254 Name | Paul Trace |
| 255 | 1 <input type="checkbox"/> Other employee of the company | 256 Name | |
| 257 | 1 <input checked="" type="checkbox"/> External consultant | 258 Name | BeneFACT ConBeneFACT Consulting Group |
| | | 259 Firm | BeneFACT Consulting Group |

List the key individuals directly involved in the project and indicate their qualifications/experience.

| 260 | Names | 261 | Qualifications/experience and position title |
|------------|---------------|------------|---|
| 1 | Paul Trace | | Electrical Technologist, 25yrs, Director of Operations |
| 2 | Dave Stavinga | | Electrical Technologist, 25yrs, Director of Energy Services |
| 3 | | | |

265 Are you claiming any salary or wages for SR&ED performed outside Canada? 1 Yes 2 No

266 Are you claiming expenditures for SR&ED carried out on behalf of another party? 1 Yes 2 No

267 Are you claiming expenditures for SR&ED performed by people other than your employees? 1 Yes 2 No

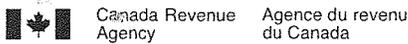
If you answered yes to line 267, complete lines 268 and 269.

| 268 | Names of individuals or companies | 269 | BN |
|------------|--|------------|-------------------|
| 1 | Wasaga Resource Services Inc. | | 86758 4724 RC0001 |
| 2 | Automated Solutions International Inc. | | 89163 1095 RT0001 |

What evidence do you have to support your claim? (Check any that apply)

You do not need to submit these items with the claim. However, you are required to retain them in the event of a review.

- | | | | | | | | |
|------------|---|-------------------------------------|--|------------|---|--------------------------|--|
| 270 | 1 | <input checked="" type="checkbox"/> | Project planning documents | 276 | 1 | <input type="checkbox"/> | Progress reports, minutes of project meetings |
| 271 | 1 | <input checked="" type="checkbox"/> | Records of resources allocated to the project, time sheets | 277 | 1 | <input type="checkbox"/> | Test protocols, test data, analysis of test results, conclusions |
| 272 | 1 | <input type="checkbox"/> | Design of experiments | 278 | 1 | <input type="checkbox"/> | Photographs and videos |
| 273 | 1 | <input type="checkbox"/> | Project records, laboratory notebooks | 279 | 1 | <input type="checkbox"/> | Samples, prototypes, scrap or other artefacts |
| 274 | 1 | <input type="checkbox"/> | Design, system architecture and source code | 280 | 1 | <input type="checkbox"/> | Contracts |
| 275 | 1 | <input type="checkbox"/> | Records of trial runs | 281 | 1 | <input type="checkbox"/> | Others, specify 282 |



**AGREEMENT TO TRANSFER QUALIFIED EXPENDITURES INCURRED IN RESPECT OF SR&ED CONTRACTS
BETWEEN PERSONS NOT DEALING AT ARM'S LENGTH**

(See instructions at the end of the form)

AGREEMENT

The transferor and the transferee identified below hereby agree to transfer the amount of SR&ED qualified expenditures (per line 106 on page 2 of this Form) to the transferee.

010 \$ 78,095

The breakdown of the transferred amount is:

Current expenditures

015 \$ 78,095

Capital expenditures (Ensure that you only include expenditures made before 2014)

020 \$

Carry the transferred amounts on lines 015 and 020 above over to Form T661, lines 508 and 510 for the transferee, and to lines 544 and 546 of Form T661 for the transferor.

025 Is this an amended agreement? 1 Yes 2 No

AUTHORIZATION TO TRANSFER

The transferor and the transferee must file with Form T1146:

- certified copies of the resolutions of the Directors authorizing the agreement; or
- a Directors' resolution delegating authority to an authorized officer of each corporation signing this form.

The Directors' resolution will be in effect for all subsequent years until it is rescinded.

If two corporations are owned exclusively by one shareholder, a T1146 signed by authorized officers of each corporation will be accepted if a signed confirmation by the shareholder is filed with the form stating that he is the only shareholder of both corporations, and that he has authorized the transfer of the SR&ED qualified expenditure from one corporation to the other. A Directors' resolution will not be required.

030 Were copies of the resolutions/confirmation authorizing the transfer submitted in a previous year? 1 Yes 2 No

035 If you answered yes to line 030, in what tax year was it submitted? 2010
Year

If you answered no to line 030:

- If you are filing a paper return, attach the required documents to Form T1146.
- If you are filing electronically, refer to the "Paper Documentation" section of RC4018, *Electronic Filers Manual*, for instructions on how to file paper documents in support of electronically filed forms.

| | | | | | | | |
|--|-------------------------------------|-------------------------------------|------------------------|-----------------------------|-------------|----------|---|
| <p>040 Name of transferor (print) Wasaga Resource Services Inc.</p> <p>Address (head office if corporation) 950 River Road West</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;">City Wasaga Beach</td> <td style="width:40%;">Province, territory, or state ON</td> <td style="width:30%;">Postal Code L9Z 1A2</td> </tr> <tr> <td>Country (other than Canada)</td> <td>Postal Code</td> <td>Zip Code</td> </tr> </table> | City Wasaga Beach | Province, territory, or state ON | Postal Code L9Z 1A2 | Country (other than Canada) | Postal Code | Zip Code | <p>045 Business number or social insurance number 86758 4724 RC 0001</p> <p>050 Tax year-end <u>2014-12-31</u> Year Month Day</p> <p>060 Title Manager</p> <p>065 Date 2015-05-13</p> |
| City Wasaga Beach | Province, territory, or state ON | Postal Code L9Z 1A2 | | | | | |
| Country (other than Canada) | Postal Code | Zip Code | | | | | |
| <p>055 Name of individual or authorized signing officer of the corporation Joanne Tackaberry</p> <p>Signature of individual or authorized signing officer of the corporation</p> | | | | | | | |

| | | | | | | | |
|---|-------------------------------------|-------------------------------------|------------------------|-----------------------------|-------------|----------|---|
| <p>070 Name of transferee (print) Wasaga Distribution Inc.</p> <p>Address (head office if corporation) 950 River Road West</p> <table border="1" style="width:100%; border-collapse: collapse;"> <tr> <td style="width:30%;">City Wasaga Beach</td> <td style="width:40%;">Province, territory, or state ON</td> <td style="width:30%;">Postal Code L9Z 1A2</td> </tr> <tr> <td>Country (other than Canada)</td> <td>Postal Code</td> <td>Zip Code</td> </tr> </table> | City Wasaga Beach | Province, territory, or state ON | Postal Code L9Z 1A2 | Country (other than Canada) | Postal Code | Zip Code | <p>075 Business number or social insurance number 86673 1649 RC 0001</p> <p>080 Tax year-end <u>2014-12-31</u> Year Month Day</p> <p>090 Title Manager</p> <p>095 Date 2015-05-13</p> |
| City Wasaga Beach | Province, territory, or state ON | Postal Code L9Z 1A2 | | | | | |
| Country (other than Canada) | Postal Code | Zip Code | | | | | |
| <p>085 Name of individual or authorized signing officer of the corporation Joanne Tackaberry</p> <p>Signature of individual or authorized signing officer of the corporation</p> | | | | | | | |

Calculation of qualified SR&ED expenditures to be transferred for the tax year of the transferor

| | |
|--|------------------------|
| Transferor's SR&ED qualified expenditure pool at the end of the tax year, before subtracting the transferred amount | 100 \$ 78,095 |
| Notional contract payments (NCP) – the total of all amounts that would be contract payments to the transferor for SR&ED performed for, or on behalf of, the transferee, if the two parties were dealing at arm's length (For a definition of contract payment see the SR&ED Glossary located at www.cra-arc.gc.ca/txcrdt/sred-rsde/clmng/glossry-eng.html) | 110 \$ 78,095 |
| Notional contract payments on line 110 that are not paid by the transferee within 180 days of the tax year-end of the transferor | 112 – \$ _____ |
| Maximum notional contract payments (line 110 minus line 112) | 114 = \$ 78,095 |
| Qualified expenditures (related to the NCP) incurred and paid in the year by the transferor for the portion of SR&ED performed at non-arm's length. (The expenditures must be paid by the performer on or before the day that is 180 days after the end of the tax year in which they are incurred. Do not include qualified expenditures that are not paid within that time.) | \$ 78,095 |
| Amounts transferred to the transferor for qualified expenditures attributable to the SR&ED performed for the transferee (This would be the case where the transferor has subcontracted all or a portion of the SR&ED performed for the transferee to another non-arm's length subcontractor, and the subcontractor transferred its qualified expenditures attributable to that SR&ED to the transferor.) | + \$ _____ |
| Total | = \$ 78,095 (A) |
| Qualified expenditures (related to the NCP) incurred in the year by the transferor for the portion of SR&ED performed at non-arm's length, before subtracting unpaid amounts. (unpaid amounts per subsections 127(26) and 78(4) of the ITA) | \$ 78,095 |
| Amounts transferred to the transferor for qualified expenditures attributable to the SR&ED performed for the transferee | + \$ _____ |
| Total | = \$ 78,095 (B) |
| Divide amount (A) by amount (B) | = \$ 1.00000 (C) |
| Multiply amount on line 114 by amount (C) | = \$ 78,095 (D) |
| Enter amount calculated in (D) above | 102 \$ 78,095 |
| Maximum amount that may be transferred: enter the amount from line 100 or 102, whichever is less | 104 \$ 78,095 |
| Amount specified for the transfer: You may transfer an amount up to the amount on line 104. Carry this amount over to line 010 on page 1 of this form. | 106 \$ 78,095 |

Instructions:

This form is to be used:

- by a taxpayer who performed the SR&ED work (the "transferor");
- to transfer qualified SR&ED expenditures incurred (of the transferor) in a particular tax year, for SR&ED contract work performed for or on behalf of another taxpayer (the "transferee") at a time when the two parties were not dealing at arm's length.

The amount transferred can only be added to the transferee's qualified expenditures in the first tax year that ends at or after the end of the particular tax year of the transferor.

The transferor and the transferee each have to file a copy of the agreement at the Tax Centre where they would normally file their return of income.

An agreement should be filed for each transfer of qualified expenditures.

The agreement must be filed:

- on or before the transferor's filing-due date for the particular tax year the SR&ED work was performed, or
- in the period within which the transferor may serve a notice of objection to an assessment for the particular tax year, or
- in the period within which the transferee may serve a notice of objection to an assessment for its first tax year that ends at or after the end of the transferor's particular tax year.

Reference: Income Tax Act subsections 127(13); 127(15)

Attachment F –WDI 2011-2014 Final CDM Results

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Message from the Vice President:

The IESO is pleased to provide the enclosed 2011-2014 Final Results Report. This report is designed to help populate LDC Annual Reports that will be submitted to the Ontario Energy Board (OEB) in September 2015.

2011-2014 Conservation Framework Highlights:

- LDCs have made significant achievements against dual energy and peak demand savings targets. Collectively, the LDCs have achieved 109% of the energy target and 70% of the peak demand target.
- Momentum has built as we transition to the Conservation First Framework. 2014 demonstrated an achievement of over 1 TWh of net incremental energy savings, positioning us well for average net incremental energy savings of 1.2 TWh required in the new framework to meet our 2020 CDM targets.
- Throughout the past framework, program results have become more predictable year over year as noted in the increasingly smaller variance between quarterly preliminary results and verified final results.
- Customer engagement continued to increase in both the Consumer and Business Programs. Between 2011 - 2014 consumers have purchased over 10 million energy efficient products through the saveONenergy COUPONS program. Customers in RETROFIT continue to declare a positive experience participating in the program with 86% likely to recommend.
- saveONenergy has seen a steady and significant increase in unaided brand awareness by 33% from 2011-2014
- Conservation is becoming even more cost-effective as programs become more efficient and effective. 2014 proved early investments in long lead time projects will pay off with the high savings now being realized in programs like PROCESS & SYSTEMS and RETROFIT. Within 4 cents per kWh, Conservation programs continue to be a valuable and cost effective resource for customers across the province.

The 2011-2014 Final Results within this report vary from the Draft 2011-2014 Final Results Report for the following reasons:

- Savings from Time of Use pricing are included in the Final Results Report. Overall the province saved 55 MWs from Time-of-Use pricing in 2014, or 0.73% of residential summer peak demand.
- Between August 4th and August 28th, the IESO and LDCs have worked collaboratively to reconcile projects from 2011-2014 Final Results Report to ensure every eligible project was captured and accurately reported.
- Verified savings from Innovation Fund pilots are also included for participating LDCs.

All results will be considered final for the 2011-2014 Conservation Framework. Any additional program activity not captured in the 2011-2014 Final Results Report will not be included as part of a future adjustment process.

Please continue to monitor saveONenergy E-blasts for future updates and should you have any other questions or comments please contact LDC.Support@ieso.ca.

We appreciate your collaboration and cooperation throughout the reporting and evaluation process and we look forward to the success ahead in the Conservation First Framework.

Sincerely,

Terry Young

| Table of Contents | | | |
|--|---|---|--------------------------|
| | Summary | Provides a summary of the LDC specific IESO-Contracted Province-Wide Program performance to date: achievement against target using scenario 1, sector breakdown and progress to target for the LDC community. | 3 |
| LDC-Specific Performance (LDC Level Results) | | | |
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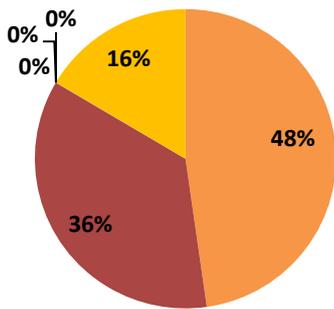
LDC: Wasaga Distribution Inc.

| Final 2014 Achievement Against Targets | 2014 Incremental | 2011-2014 | |
|--|------------------|----------------------------|----------------------|
| | | Achievement Against Target | % of Target Achieved |
| Net Annual Peak Demand Savings (MW) | 0.3 | 0.6 | 42.1% |
| Net Energy Savings (GWh) | 0.8 | 4.3 | 107.9% |

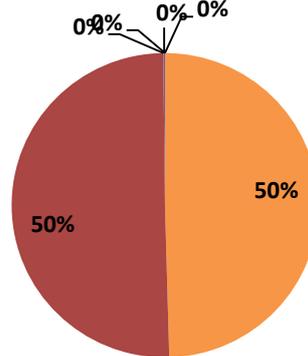
Unless otherwise noted, results are presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Achievement by Sector

2014 Incremental Peak Demand Savings (MW)



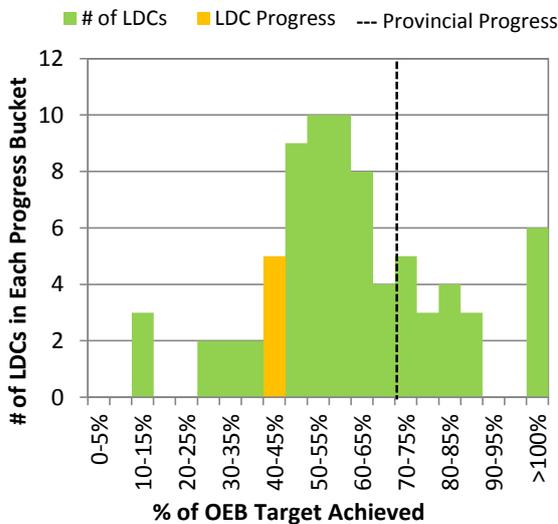
2014 Incremental Energy Savings (GWh)



■ Consumer
 ■ Business
 ■ Industrial
 ■ HAP
 ■ ACP
 ■ Other

Comparison: LDC Achievement vs. LDC Community Achievement (Progress to Target)

% of OEB Peak Demand Savings Target Achieved



% of OEB Energy Savings Target Achieved

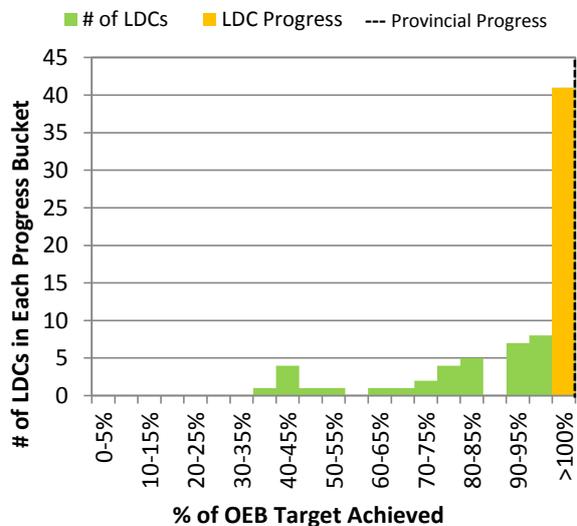


Table 1: Wasaga Distribution Inc. Initiative and Program Level Net Savings by Year

| Initiative | Unit | Incremental Activity (new program activity occurring within the specified reporting period) | | | | Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period) | | | | Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) | | | | Program-to-Date Verified Progress to Target (excludes DR) | | | | |
|--|------------|--|-------|-------|-------|---|------------|------------|------------|--|----------------|----------------|--|--|--|------------------|--------------|---------------|
| | | 2011* | 2012* | 2013* | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 | 2014 Net Annual Peak Demand Savings (kW) | 2011-2014 Net Cumulative Energy Savings (kWh) | | | |
| | | | | | | | | | | | | | | 2014 | 2014 | | | |
| Consumer Program | | | | | | | | | | | | | | | | | | |
| Appliance Retirement | Appliances | 95 | 40 | 24 | 8 | 5 | 2 | 1 | 1 | 39,547 | 15,567 | 10,423 | 3,565 | 9 | 229,300 | | | |
| Appliance Exchange | Appliances | 8 | 1 | 5 | 15 | 1 | 0 | 1 | 3 | 1,076 | 174 | 1,847 | 5,542 | 5 | 13,618 | | | |
| HVAC Incentives | Equipment | 87 | 95 | 138 | 197 | 29 | 20 | 29 | 45 | 53,128 | 35,481 | 53,319 | 85,574 | 124 | 511,163 | | | |
| Conservation Instant Coupon Booklet | Items | 929 | 56 | 626 | 2,584 | 2 | 0 | 1 | 5 | 34,491 | 2,516 | 13,868 | 71,252 | 9 | 244,500 | | | |
| Bi-Annual Retailer Event | Items | 1,713 | 1,909 | 1,700 | 8,681 | 3 | 3 | 2 | 14 | 52,875 | 48,187 | 30,911 | 221,132 | 22 | 639,014 | | | |
| Retailer Co-op | Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Residential Demand Response | Devices | 0 | 0 | 0 | 200 | 0 | 0 | 0 | 92 | 0 | 0 | 0 | 0 | 92 | 0 | | | |
| Residential Demand Response (IHD) | Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Residential New Construction | Homes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Consumer Program Total | | | | | | 40 | 25 | 35 | 160 | 181,117 | 101,924 | 110,367 | 387,064 | 260 | 1,637,595 | | | |
| Business Program | | | | | | | | | | | | | | | | | | |
| Retrofit | Projects | 2 | 2 | 5 | 5 | 0 | 71 | 13 | 16 | 56,159 | 395,203 | 77,702 | 165,138 | 99 | 1,730,788 | | | |
| Direct Install Lighting | Projects | 15 | 22 | 7 | 42 | 18 | 24 | 6 | 40 | 51,687 | 102,205 | 28,036 | 162,232 | 79 | 702,515 | | | |
| Building Commissioning | Buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| New Construction | Buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Energy Audit | Audits | 0 | 0 | 0 | 1 | 0 | 0 | 0 | 13 | 0 | 0 | 0 | 65,274 | 13 | 65,274 | | | |
| Small Commercial Demand Response | Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Small Commercial Demand Response (IHD) | Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Demand Response 3 | Facilities | 1 | 1 | 1 | 1 | 68 | 68 | 69 | 50 | 2,636 | 984 | 917 | 0 | 50 | 4,536 | | | |
| Business Program Total | | | | | | 86 | 163 | 87 | 120 | 110,481 | 498,393 | 106,655 | 392,644 | 242 | 2,503,114 | | | |
| Industrial Program | | | | | | | | | | | | | | | | | | |
| Process & System Upgrades | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Monitoring & Targeting | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Energy Manager | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Retrofit | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Demand Response 3 | Facilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Industrial Program Total | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Home Assistance Program | | | | | | | | | | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 9 | 6 | 2 | 0 | 0 | 1 | 0 | 0 | 0 | 6,682 | 1,371 | 2 | 14,656 | | | |
| Home Assistance Program Total | | | | | | 0 | 0 | 1 | 0 | 0 | 0 | 6,682 | 1,371 | 2 | 14,656 | | | |
| Aboriginal Program | | | | | | | | | | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Direct Install Lighting | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Aboriginal Program Total | | | | | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Pre-2011 Programs completed in 2011 | | | | | | | | | | | | | | | | | | |
| Electricity Retrofit Incentive Program | Projects | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1,838 | 0 | 0 | 0 | 0 | 7,352 | | | |
| High Performance New Construction | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 142 | 197 | 0 | 0 | 0 | 1,157 | | | |
| Toronto Comprehensive | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Multifamily Energy Efficiency Rebates | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| LDC Custom Programs | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Pre-2011 Programs completed in 2011 Total | | | | | | 0 | 0 | 0 | 0 | 1,980 | 197 | 0 | 0 | 1 | 8,510 | | | |
| Other | | | | | | | | | | | | | | | | | | |
| Program Enabled Savings | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Time-of-Use Savings | Homes | 0 | 0 | 0 | n/a | 0 | 0 | 0 | 55 | 0 | 0 | 0 | 0 | 55 | 0 | | | |
| LDC Pilots | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | | | |
| Other Total | | | | | | 0 | 0 | 0 | 55 | 0 | 0 | 0 | 0 | 55 | 0 | | | |
| Adjustments to 2011 Verified Results | | | | | | | 1 | 0 | 0 | | 25,510 | 0 | 0 | 1 | 102,040 | | | |
| Adjustments to 2012 Verified Results | | | | | | | | 1 | 1 | | | 2,342 | 14,341 | 2 | 50,204 | | | |
| Adjustments to 2013 Verified Results | | | | | | | | | 2 | | | | 4,535 | 2 | 9,070 | | | |
| Energy Efficiency Total | | | | | | 59 | 121 | 55 | 193 | 290,942 | 599,530 | 222,787 | 781,079 | 417 | 4,159,338 | | | |
| Demand Response Total (Scenario 1) | | | | | | 68 | 68 | 69 | 142 | 2,636 | 984 | 917 | 0 | 142 | 4,536 | | | |
| Adjustments to Previous Years' Verified Results Total | | | | | | 0 | 1 | 1 | 3 | 0 | 25,510 | 2,342 | 18,876 | 5 | 161,314 | | | |
| OPA-Contracted LDC Portfolio Total (inc. Adjustments) | | | | | | 126 | 189 | 125 | 338 | 293,578 | 626,024 | 226,046 | 799,955 | 564 | 4,325,188 | | | |
| Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively). | | | | | | | | | | | | | Full OEB Target: | | 1,340 | 4,010,000 | | |
| *Includes adjustments after Final Reports were issued | | | | | | | | | | | | | Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year | | % of Full OEB Target Achieved to Date (Scenario 1): | | 42.1% | 107.9% |

Table 2: Adjustments to Wasaga Distribution Inc. Net Verified Results due to Variances

| Initiative | Unit | Incremental Activity (new program activity occurring within the specified reporting period) | | | | Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period) | | | | Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) | | | | Program-to-Date Verified Progress to Target (excludes DR) | |
|--|------------|--|-------|-------|------|---|----------|----------|------|--|---------------|--------------|------|--|---|
| | | 2011* | 2012* | 2013* | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 | 2014 Net Annual Peak Demand Savings (kW) | 2011-2014 Net Cumulative Energy Savings (kWh) |
| | | | | | | | | | | | | | | | 2014 |
| Consumer Program | | | | | | | | | | | | | | | |
| Appliance Retirement | Appliances | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Appliance Exchange | Appliances | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| HVAC Incentives | Equipment | -18 | 5 | 9 | | -4 | 1 | 2 | | -8,027 | 2,342 | 3,768 | | -1 | -17,547 |
| Conservation Instant Coupon Booklet | Items | 15 | 0 | 2 | | 0 | 0 | 0 | | 496 | 0 | 42 | | 0 | 2,068 |
| Bi-Annual Retailer Event | Items | 147 | 0 | 0 | | 0 | 0 | 0 | | 3,928 | 0 | 0 | | 0 | 15,714 |
| Retailer Co-op | Items | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Residential Demand Response | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Residential Demand Response (IHD) | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Residential New Construction | Homes | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Consumer Program Total | | | | | | -4 | 1 | 2 | | -3,603 | 2,342 | 3,810 | | -1 | 235 |
| Business Program | | | | | | | | | | | | | | | |
| Retrofit | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Direct Install Lighting | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Building Commissioning | Buildings | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| New Construction | Buildings | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Energy Audit | Audits | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Small Commercial Demand Response | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Small Commercial Demand Response (IHD) | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Demand Response 3 | Facilities | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Business Program Total | | | | | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Industrial Program | | | | | | | | | | | | | | | |
| Process & System Upgrades | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Monitoring & Targeting | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Energy Manager | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Retrofit | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Demand Response 3 | Facilities | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Industrial Program Total | | | | | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Home Assistance Program | | | | | | | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 9 | 1 | | 0 | 1 | 0 | | 0 | 14,418 | 725 | | 1 | 44,628 |
| Home Assistance Program Total | | | | | | 0 | 1 | 0 | | 0 | 14,418 | 725 | | 1 | 44,628 |
| Aboriginal Program | | | | | | | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Direct Install Lighting | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Aboriginal Program Total | | | | | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Pre-2011 Programs completed in 2011 | | | | | | | | | | | | | | | |
| Electricity Retrofit Incentive Program | Projects | 1 | 0 | 0 | | 5 | 0 | 0 | | 29,113 | 0 | 0 | | 5 | 116,451 |
| High Performance New Construction | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Toronto Comprehensive | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Multifamily Energy Efficiency Rebates | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| LDC Custom Programs | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Pre-2011 Programs completed in 2011 Total | | | | | | 5 | 0 | 0 | | 29,113 | 0 | 0 | | 5 | 116,451 |
| Other | | | | | | | | | | | | | | | |
| Program Enabled Savings | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Time-of-Use Savings | Homes | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| LDC Pilots | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Other Total | | | | | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Adjustments to 2011 Verified Results | | | | | | 1 | | | | 25,510 | | | | 1 | 102,040 |
| Adjustments to 2012 Verified Results | | | | | | | 2 | | | | 16,760 | | | 2 | 50,204 |
| Adjustments to 2013 Verified Results | | | | | | | | 2 | | | | 4,535 | | 2 | 9,070 |
| Total Adjustments to Previous Years' Verified Results | | | | | | 1 | 2 | 2 | | 25,510 | 16,760 | 4,535 | | 5 | 161,314 |

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above is presented in the implementation year. Adjustments in Table 1 reflect persisted savings in the year in which that adjustment is verified.

Table 3: Wasaga Distribution Inc. Realization Rate & NTG

| Initiative | Peak Demand Savings | | | | | | | | Energy Savings | | | | | | | |
|--|---------------------|------|------|------|--------------------|------|------|------|------------------|------|------|------|--------------------|------|------|------|
| | Realization Rate | | | | Net-to-Gross Ratio | | | | Realization Rate | | | | Net-to-Gross Ratio | | | |
| | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Consumer Program | | | | | | | | | | | | | | | | |
| Appliance Retirement | 1.00 | 1.00 | n/a | n/a | 0.51 | 0.47 | 0.42 | 0.42 | 1.00 | 1.00 | n/a | n/a | 0.51 | 0.47 | 0.44 | 0.44 |
| Appliance Exchange | 1.00 | 1.00 | 1.00 | 1.00 | 0.52 | 0.52 | 0.53 | 0.53 | 1.00 | 1.00 | 1.00 | 1.00 | 0.52 | 0.52 | 0.53 | 0.53 |
| HVAC Incentives | 1.00 | 1.00 | n/a | 1.00 | 0.60 | 0.49 | 0.48 | 0.51 | 1.00 | 1.00 | n/a | 1.00 | 0.60 | 0.49 | 0.48 | 0.51 |
| Conservation Instant Coupon Booklet | 1.00 | 1.00 | 1.00 | 1.00 | 1.14 | 1.00 | 1.11 | 1.52 | 1.00 | 1.00 | 1.00 | 1.00 | 1.11 | 1.05 | 1.13 | 1.52 |
| Bi-Annual Retailer Event | 1.00 | 1.00 | 1.00 | 1.00 | 1.13 | 0.91 | 1.04 | 1.74 | 1.00 | 1.00 | 1.00 | 1.00 | 1.10 | 0.92 | 1.04 | 1.75 |
| Retailer Co-op | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Residential Demand Response | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Residential Demand Response (IHD) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Residential New Construction | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Business Program | | | | | | | | | | | | | | | | |
| Retrofit | n/a | 1.01 | 0.81 | 0.80 | n/a | 0.79 | 0.70 | 0.69 | n/a | 1.25 | 0.93 | 0.92 | n/a | 0.81 | 0.70 | 0.71 |
| Direct Install Lighting | 1.08 | 0.68 | 0.81 | 0.78 | 0.93 | 0.94 | 0.94 | 0.94 | 0.90 | 0.85 | 0.84 | 0.83 | 0.93 | 0.94 | 0.94 | 0.94 |
| Building Commissioning | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| New Construction | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Energy Audit | n/a | n/a | n/a | 0.96 | n/a | n/a | n/a | 0.68 | n/a | n/a | n/a | 1.00 | n/a | n/a | n/a | 0.67 |
| Small Commercial Demand Response | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Small Commercial Demand Response (IHD) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Demand Response 3 | 0.76 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 1.00 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Industrial Program | | | | | | | | | | | | | | | | |
| Process & System Upgrades | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Monitoring & Targeting | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Energy Manager | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Retrofit | | | | | | | | | | | | | | | | |
| Demand Response 3 | 0.84 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 1.00 | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Home Assistance Program | | | | | | | | | | | | | | | | |
| Home Assistance Program | n/a | n/a | 0.06 | 0.90 | n/a | n/a | 1.00 | 1.00 | n/a | n/a | 0.88 | 0.78 | n/a | n/a | 1.00 | 1.00 |
| Aboriginal Program | | | | | | | | | | | | | | | | |
| Home Assistance Program | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Direct Install Lighting | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Pre-2011 Programs completed in 2011 | | | | | | | | | | | | | | | | |
| Electricity Retrofit Incentive Program | 0.77 | n/a | n/a | n/a | 0.52 | n/a | n/a | n/a | 0.77 | n/a | n/a | n/a | 0.52 | n/a | n/a | n/a |
| High Performance New Construction | 1.00 | 1.00 | 1.00 | 1.00 | 0.50 | 0.50 | 0.50 | 0.50 | 1.00 | 1.00 | 1.00 | 1.00 | 0.50 | 0.50 | 0.50 | 0.50 |
| Toronto Comprehensive | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Multifamily Energy Efficiency Rebates | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| LDC Custom Programs | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Other | | | | | | | | | | | | | | | | |
| Program Enabled Savings | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Time-of-Use Savings | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| LDC Pilots | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

Summary Achievement Against CDM Targets

Results are recognized using current IESO reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year (Scenario 1). Please see methodology tab for more detailed information.

Table 4: Net Peak Demand Savings at the End User Level (MW) (Scenario 1)

| Implementation Period | Annual | | | |
|---|--------|------|------|--------------|
| | 2011 | 2012 | 2013 | 2014 |
| 2011 - Verified | 0.1 | 0.1 | 0.1 | 0.0 |
| 2012 - Verified† | 0.0 | 0.2 | 0.1 | 0.1 |
| 2013 - Verified† | 0.0 | 0.0 | 0.1 | 0.1 |
| 2014 - Verified† | 0.0 | 0.0 | 0.0 | 0.3 |
| Verified Net Annual Peak Demand Savings Persisting in 2014: | | | | 0.6 |
| Wasaga Distribution Inc. 2014 Annual CDM Capacity Target: | | | | 1.3 |
| Verified Portion of Peak Demand Savings Target Achieved in 2014 (%): | | | | 42.0% |

Table 5: Net Energy Savings at the End User Level (GWh)

| Implementation Period | Annual | | | | Cumulative |
|---|--------|------|------|------|---------------|
| | 2011 | 2012 | 2013 | 2014 | 2011-2014 |
| 2011 - Verified | 0.3 | 0.3 | 0.3 | 0.3 | 1.1 |
| 2012 - Verified† | 0.0 | 0.6 | 0.6 | 0.6 | 1.9 |
| 2013 - Verified† | 0.0 | 0.0 | 0.2 | 0.2 | 0.5 |
| 2014 - Verified† | 0.0 | 0.0 | 0.02 | 0.8 | 0.8 |
| Verified Net Cumulative Energy Savings 2011-2014: | | | | | 4.3 |
| Wasaga Distribution Inc. 2011-2014 Annual CDM Energy Target: | | | | | 4.0 |
| Verified Portion of Cumulative Energy Target Achieved in 2014 (%): | | | | | 107.9% |

†Includes adjustments to previous years' verified results

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Table 6: Province-Wide Initiatives and Program Level Net Savings by Year (Scenario 1)

| Initiative | Unit | Incremental Activity (new program activity occurring within the specified reporting period) | | | | Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period) | | | | Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) | | | | Program-to-Date Verified Progress to Target (excludes DR) | |
|--|------------|--|-----------|---------|-----------|---|----------------|----------------|----------------|--|--------------------|--|----------------------|--|---|
| | | 2011* | 2012* | 2013* | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 | 2014 Net Annual Peak Demand Savings (kW) | 2011-2014 Net Cumulative Energy Savings (kWh) |
| | | | | | | | | | | | | | | 2014 | 2014 |
| Consumer Program | | | | | | | | | | | | | | | |
| Appliance Retirement | Appliances | 56,110 | 34,146 | 20,952 | 22,563 | 3,299 | 2,011 | 1,433 | 1,617 | 23,005,812 | 13,424,518 | 8,713,107 | 9,497,343 | 8,221 | 159,100,415 |
| Appliance Exchange | Appliances | 3,688 | 3,836 | 5,337 | 5,685 | 371 | 556 | 1,106 | 1,178 | 450,187 | 974,621 | 1,971,701 | 2,100,266 | 2,273 | 10,556,192 |
| HVAC Incentives | Equipment | 92,748 | 87,540 | 96,286 | 113,002 | 32,037 | 19,060 | 19,552 | 23,106 | 59,437,670 | 32,841,283 | 33,923,592 | 42,888,217 | 93,755 | 447,009,930 |
| Conservation Instant Coupon Booklet | Items | 567,678 | 30,891 | 347,946 | 1,208,108 | 1,344 | 230 | 517 | 2,440 | 21,211,537 | 1,398,202 | 7,707,573 | 32,802,537 | 4,531 | 137,258,436 |
| Bi-Annual Retailer Event | Items | 952,149 | 1,060,901 | 944,772 | 4,824,751 | 1,681 | 1,480 | 1,184 | 8,043 | 29,387,468 | 26,781,674 | 17,179,841 | 122,902,769 | 12,389 | 355,157,348 |
| Retailer Co-op | Items | 152 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 2,652 | 0 | 0 | 0 | 0 | 10,607 |
| Residential Demand Response | Devices | 19,550 | 98,388 | 171,733 | 241,381 | 10,947 | 49,038 | 93,076 | 117,513 | 24,870 | 359,408 | 390,303 | 8,379 | 117,513 | 782,960 |
| Residential Demand Response (IHD) | Devices | 0 | 49,689 | 133,657 | 188,577 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Residential New Construction | Homes | 27 | 21 | 279 | 2,367 | 0 | 2 | 18 | 369 | 743 | 17,152 | 163,690 | 2,330,865 | 390 | 2,712,676 |
| Consumer Program Total | | | | | | 49,681 | 72,377 | 116,886 | 154,267 | 133,520,941 | 75,796,859 | 70,049,807 | 212,530,376 | 239,772 | 1,112,588,565 |
| Business Program | | | | | | | | | | | | | | | |
| Retrofit | Projects | 2,828 | 6,481 | 9,746 | 10,925 | 24,467 | 61,147 | 59,678 | 70,662 | 136,002,258 | 314,922,468 | 345,346,008 | 462,903,521 | 213,493 | 2,631,401,223 |
| Direct Install Lighting | Projects | 20,741 | 18,691 | 17,833 | 23,784 | 23,724 | 15,284 | 18,708 | 23,419 | 61,076,701 | 57,345,798 | 64,315,558 | 84,503,302 | 73,304 | 604,196,658 |
| Building Commissioning | Buildings | 0 | 0 | 0 | 5 | 0 | 0 | 0 | 988 | 0 | 0 | 0 | 1,513,377 | 988 | 1,513,377 |
| New Construction | Buildings | 25 | 98 | 158 | 226 | 123 | 764 | 1,584 | 6,432 | 411,717 | 1,814,721 | 4,959,266 | 20,381,204 | 8,904 | 37,390,767 |
| Energy Audit | Audits | 222 | 357 | 589 | 473 | 0 | 1,450 | 2,811 | 6,323 | 0 | 7,049,351 | 15,455,795 | 30,874,399 | 10,583 | 82,934,042 |
| Small Commercial Demand Response | Devices | 132 | 294 | 1,211 | 3,652 | 84 | 187 | 773 | 2,116 | 157 | 1,068 | 373 | 319 | 2,116 | 1,916 |
| Small Commercial Demand Response (IHD) | Devices | 0 | 0 | 378 | 820 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Demand Response 3 | Facilities | 145 | 151 | 175 | 180 | 16,218 | 19,389 | 23,706 | 23,380 | 633,421 | 281,823 | 346,659 | 0 | 23,380 | 1,261,903 |
| Business Program Total | | | | | | 64,617 | 98,221 | 107,261 | 133,319 | 198,124,253 | 381,415,230 | 430,423,659 | 600,176,121 | 332,769 | 3,358,699,887 |
| Industrial Program | | | | | | | | | | | | | | | |
| Process & System Upgrades | Projects | 0 | 0 | 5 | 10 | 0 | 0 | 294 | 9,692 | 0 | 0 | 2,603,764 | 72,053,255 | 9,986 | 77,260,782 |
| Monitoring & Targeting | Projects | 0 | 1 | 3 | 5 | 0 | 0 | 0 | 102 | 0 | 0 | 0 | 502,517 | 102 | 502,517 |
| Energy Manager | Projects | 1 | 132 | 306 | 379 | 0 | 1,086 | 3,558 | 5,191 | 0 | 7,372,108 | 21,994,263 | 40,436,427 | 8,384 | 95,324,998 |
| Retrofit | Projects | 433 | 0 | 0 | 0 | 4,615 | 0 | 0 | 0 | 28,866,840 | 0 | 0 | 0 | 4,613 | 115,462,282 |
| Demand Response 3 | Facilities | 124 | 185 | 281 | 336 | 52,484 | 74,056 | 162,543 | 166,082 | 3,080,737 | 1,784,712 | 4,309,160 | 0 | 166,082 | 9,174,609 |
| Industrial Program Total | | | | | | 57,098 | 75,141 | 166,395 | 181,066 | 31,947,577 | 9,156,820 | 28,907,187 | 112,992,199 | 189,168 | 297,725,188 |
| Home Assistance Program | | | | | | | | | | | | | | | |
| Home Assistance Program | Homes | 46 | 5,920 | 29,654 | 25,424 | 2 | 566 | 2,361 | 2,466 | 39,283 | 5,442,232 | 20,987,275 | 19,582,658 | 5,370 | 77,532,571 |
| Home Assistance Program Total | | | | | | 2 | 566 | 2,361 | 2,466 | 39,283 | 5,442,232 | 20,987,275 | 19,582,658 | 5,370 | 77,532,571 |
| Aboriginal Program | | | | | | | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 717 | 1,125 | 0 | 0 | 267 | 549 | 0 | 0 | 1,609,393 | 3,101,207 | 816 | 6,319,993 |
| Direct Install Lighting | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aboriginal Program Total | | | | | | 0 | 0 | 267 | 549 | 0 | 0 | 1,609,393 | 3,101,207 | 816 | 6,319,993 |
| Pre-2011 Programs completed in 2011 | | | | | | | | | | | | | | | |
| Electricity Retrofit Incentive Program | Projects | 2,028 | 0 | 0 | 0 | 21,662 | 0 | 0 | 0 | 121,138,219 | 0 | 0 | 0 | 21,662 | 484,552,876 |
| High Performance New Construction | Projects | 182 | 73 | 19 | 3 | 5,098 | 3,251 | 772 | 134 | 26,185,591 | 11,901,944 | 3,522,240 | 688,738 | 9,255 | 148,181,415 |
| Toronto Comprehensive | Projects | 577 | 15 | 4 | 5 | 15,805 | 0 | 0 | 281 | 86,964,886 | 0 | 0 | 2,479,840 | 16,086 | 350,339,385 |
| Multifamily Energy Efficiency Rebates | Projects | 110 | 0 | 0 | 0 | 1,981 | 0 | 0 | 0 | 7,595,683 | 0 | 0 | 0 | 1,981 | 30,382,733 |
| LDC Custom Programs | Projects | 8 | 0 | 0 | 0 | 399 | 0 | 0 | 0 | 1,367,170 | 0 | 0 | 0 | 399 | 5,468,679 |
| Pre-2011 Programs completed in 2011 Total | | | | | | 44,945 | 3,251 | 772 | 415 | 243,251,550 | 11,901,944 | 3,522,240 | 3,168,578 | 49,382 | 1,018,925,088 |
| Other | | | | | | | | | | | | | | | |
| Program Enabled Savings | Projects | 33 | 71 | 46 | 43 | 0 | 2,304 | 3,692 | 5,500 | 0 | 1,188,362 | 4,075,382 | 19,035,337 | 11,496 | 30,751,187 |
| Time-of-Use Savings | Homes | 0 | 0 | 0 | n/a | 0 | 0 | 0 | 54,795 | 0 | 0 | 0 | 0 | 54,795 | 0 |
| LDC Pilots | Projects | 0 | 0 | 0 | 1,174 | 0 | 0 | 0 | 1,170 | 0 | 0 | 0 | 5,061,522 | 1,170 | 5,061,522 |
| Other Total | | | | | | 0 | 2,304 | 3,692 | 61,466 | 0 | 1,188,362 | 4,075,382 | 24,096,859 | 67,462 | 35,812,709 |
| Adjustments to 2011 Verified Results | | | | | | | 1,406 | 641 | 1,418 | | 18,689,081 | 1,736,381 | 7,319,857 | 3,215 | 110,143,550 |
| Adjustments to 2012 Verified Results | | | | | | | | 6,260 | 9,221 | | | 41,947,840 | 37,080,215 | 15,401 | 238,780,637 |
| Adjustments to 2013 Verified Results | | | | | | | | | 24,391 | | | | 150,785,808 | 24,391 | 296,465,211 |
| Energy Efficiency Total | | | | | | 136,610 | 109,191 | 117,536 | 224,457 | 603,144,419 | 482,474,435 | 554,528,447 | 975,639,300 | 575,647 | 5,896,382,612 |
| Demand Response Total (Scenario 1) | | | | | | 79,733 | 142,670 | 280,099 | 309,091 | 3,739,185 | 2,427,011 | 5,046,495 | 8,698 | 309,091 | 11,221,389 |
| Adjustments to Previous Years' Verified Results Total | | | | | | 0 | 1,406 | 6,901 | 35,030 | 0 | 18,689,081 | 43,684,221 | 195,185,880 | 43,006 | 645,389,397 |
| OPA-Contracted LDC Portfolio Total (inc. Adjustments) | | | | | | 216,343 | 253,267 | 404,536 | 568,578 | 606,883,604 | 503,590,526 | 603,259,163 | 1,170,833,878 | 927,745 | 6,552,993,397 |
| Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively). | | | | | | | | | | | | *Includes adjustments after Final Reports were issued | | | |
| Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year | | | | | | | | | | | | Full OEB Target: | | | |
| | | | | | | | | | | | | 1,330,000 | 6,000,000,000 | | |
| | | | | | | | | | | | | % of Full OEB Target Achieved to Date (Scenario 1): | | | |
| | | | | | | | | | | | | 70% | 109% | | |

Table 7: Adjustments to Province-Wide Net Verified Results due to Variances

| Initiative | Unit | Incremental Activity (new program activity occurring within the specified reporting period) | | | | Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period) | | | | Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) | | | | Program-to-Date Verified Progress to Target (excludes DR) | |
|--|------------|--|-------|-------|------|---|---------------|---------------|------|--|-------------------|--------------------|------|--|---|
| | | 2011* | 2012* | 2013* | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 | 2014 Net Annual Peak Demand Savings (kW) | 2011-2014 Net Cumulative Energy Savings (kWh) |
| | | | | | | | | | | | | | | 2014 | 2014 |
| Consumer Program | | | | | | | | | | | | | | | |
| Appliance Retirement | Appliances | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Appliance Exchange | Appliances | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| HVAC Incentives | Equipment | -18,839 | 2,319 | 4,705 | | -5,270 | 479 | 1,037 | | -9,707,002 | 955,512 | 1,838,408 | | -3,754 | -32,284,656 |
| Conservation Instant Coupon Booklet | Items | 8,216 | 0 | 1,050 | | 16 | 0 | 2 | | 275,655 | 0 | 23,571 | | 18 | 1,149,763 |
| Bi-Annual Retailer Event | Items | 81,817 | 0 | 0 | | 108 | 0 | 0 | | 2,183,391 | 0 | 0 | | 108 | 8,733,563 |
| Retailer Co-op | Items | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Residential Demand Response | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Residential Demand Response (IHD) | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Residential New Construction | Homes | 20 | 2 | 193 | | 1 | 1 | 72 | | 14,667 | 985 | 441,938 | | 74 | 945,497 |
| Consumer Program Total | | | | | | -5,145 | 480 | 1,111 | | -7,233,290 | 956,497 | 2,303,917 | | -3,555 | -21,664,975 |
| Business Program | | | | | | | | | | | | | | | |
| Retrofit | Projects | 312 | 876 | 961 | | 3,208 | 7,233 | 11,961 | | 16,266,129 | 42,498,052 | 78,146,280 | | 22,056 | 347,545,386 |
| Direct Install Lighting | Projects | 444 | 197 | 51 | | 501 | 204 | 46 | | 1,250,388 | 736,541 | 164,667 | | 620 | 7,158,143 |
| Building Commissioning | Buildings | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| New Construction | Buildings | 15 | 29 | 72 | | 850 | 1,304 | 2,241 | | 3,604,553 | 4,825,774 | 8,636,179 | | 4,401 | 46,187,216 |
| Energy Audit | Audits | 119 | 77 | 270 | | 604 | 439 | 2,383 | | 2,945,189 | 2,145,367 | 13,100,635 | | 3,426 | 44,418,129 |
| Small Commercial Demand Response | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Small Commercial Demand Response (IHD) | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Demand Response 3 | Facilities | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Business Program Total | | | | | | 5,162 | 9,181 | 16,631 | | 24,066,259 | 50,205,734 | 100,047,761 | | 30,503 | 385,148,444 |
| Industrial Program | | | | | | | | | | | | | | | |
| Process & System Upgrades | Projects | 0 | 0 | 2 | | 0 | 0 | 324 | | 0 | 0 | 968,659 | | 324 | 1,937,318 |
| Monitoring & Targeting | Projects | 0 | 1 | 3 | | 0 | 0 | 54 | | 0 | 528,000 | 639,348 | | 54 | 2,862,696 |
| Energy Manager | Projects | 1 | 93 | 101 | | 27 | 1,067 | 2,395 | | 241,515 | 8,266,841 | 25,814,853 | | 4,345 | 81,853,489 |
| Retrofit | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Demand Response 3 | Facilities | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Industrial Program Total | | | | | | 27 | 1,067 | 2,774 | | 241,515 | 8,794,841 | 27,422,860 | | 4,723 | 61,215,516 |
| Home Assistance Program | | | | | | | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 887 | 2,898 | | 0 | 222 | 791 | | 0 | 1,316,749 | 4,321,794 | | 1,009 | 12,515,300 |
| Home Assistance Program Total | | | | | | 0 | 222 | 791 | | 0 | 1,316,749 | 4,321,794 | | 1,009 | 8,581,177 |
| Aboriginal Program | | | | | | | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 133 | | 0 | 0 | 134 | | 0 | 0 | 563,715 | | 134 | 1,127,430 |
| Direct Install Lighting | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Aboriginal Program Total | | | | | | 0 | 0 | 134 | | 0 | 0 | 563,715 | | 134 | 1,127,430 |
| Pre-2011 Programs completed in 2011 | | | | | | | | | | | | | | | |
| Electricity Retrofit Incentive Program | Projects | 12 | 0 | 0 | | 138 | 0 | 0 | | 545,536 | 0 | 0 | | 138 | 2,182,145 |
| High Performance New Construction | Projects | 37 | 4 | 15 | | 1,507 | 363 | -184 | | 2,398,941 | 2,832,533 | -993,596 | | 1,686 | 16,106,171 |
| Toronto Comprehensive | Projects | 0 | 15 | 4 | | 0 | 672 | 185 | | 0 | 4,523,517 | 1,324,388 | | 857 | 16,219,327 |
| Multifamily Energy Efficiency Rebates | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| LDC Custom Programs | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Pre-2011 Programs completed in 2011 Total | | | | | | 1,645 | 1,035 | 2 | | 2,944,477 | 7,356,050 | 330,792 | | 2,682 | 11,104,528 |
| Other | | | | | | | | | | | | | | | |
| Program Enabled Savings | Projects | 33 | 55 | 33 | | 1,776 | 3,712 | 2,020 | | 7,727,573 | 11,481,687 | 10,688,564 | | 7,509 | 86,732,481 |
| Time-of-Use Savings | Homes | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| LDC Pilots | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 | 0 | | 0 | 0 |
| Other Total | | | | | | 1,776 | 3,712 | 2,020 | | 7,727,573 | 11,481,687 | 10,688,564 | | 7,509 | 86,732,481 |
| Adjustments to 2011 Verified Results | | | | | | 3,465 | | | | 27,746,535 | | | | 3,215 | 110,143,550 |
| Adjustments to 2012 Verified Results | | | | | | | 15,697 | | | | 80,111,558 | | | 15,401 | 238,780,637 |
| Adjustments to 2013 Verified Results | | | | | | | | 23,463 | | | | 145,679,403 | | 24,391 | 296,465,211 |
| Adjustments to Previous Years' Verified Results Total | | | | | | 3,465 | 15,697 | 23,463 | | 27,746,535 | 80,111,558 | 145,679,403 | | 43,006 | 645,389,397 |

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above is presented in the implementation year. Adjustments in Table 1 reflect persisted savings in the year in which that adjustment is verified.

Table 8: Province-Wide Realization Rate & NTG

| Initiative | Peak Demand Savings | | | | | | | | Energy Savings | | | | | | | |
|--|---------------------|------|------|------|--------------------|------|------|------|------------------|------|------|------|--------------------|------|------|------|
| | Realization Rate | | | | Net-to-Gross Ratio | | | | Realization Rate | | | | Net-to-Gross Ratio | | | |
| | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Consumer Program | | | | | | | | | | | | | | | | |
| Appliance Retirement | 1.00 | 1.00 | 1.00 | 1.00 | 0.51 | 0.46 | 0.42 | 0.45 | 1.00 | 1.00 | 1.00 | 1.00 | 0.46 | 0.47 | 0.44 | 0.47 |
| Appliance Exchange | 1.00 | 1.00 | 1.00 | 1.00 | 0.51 | 0.52 | 0.53 | 0.53 | 1.00 | 1.00 | 1.00 | 1.00 | 0.52 | 0.52 | 0.53 | 0.53 |
| HVAC Incentives | 1.00 | 1.00 | 1.00 | 1.00 | 0.60 | 0.50 | 0.48 | 0.48 | 1.00 | 1.00 | 1.00 | 1.00 | 0.50 | 0.49 | 0.48 | 0.48 |
| Conservation Instant Coupon Booklet | 1.00 | 1.00 | 1.00 | 1.00 | 1.14 | 1.00 | 1.11 | 1.69 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.05 | 1.13 | 1.73 |
| Bi-Annual Retailer Event | 1.00 | 1.00 | 1.00 | 1.00 | 1.12 | 0.91 | 1.04 | 1.74 | 1.00 | 1.00 | 1.00 | 1.00 | 0.91 | 0.92 | 1.04 | 1.75 |
| Retailer Co-op | 1.00 | n/a | n/a | n/a | 0.68 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Residential Demand Response | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Residential Demand Response (IHD) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Residential New Construction | 1.00 | 3.65 | 0.78 | 1.03 | 0.41 | 0.49 | 0.63 | 0.63 | 3.65 | 7.17 | 3.09 | 0.62 | 0.49 | 0.49 | 0.63 | 0.63 |
| Business Program | | | | | | | | | | | | | | | | |
| Retrofit | 1.06 | 0.93 | 0.92 | 0.84 | 0.72 | 0.75 | 0.73 | 0.71 | 0.93 | 1.05 | 1.01 | 0.98 | 0.75 | 0.76 | 0.73 | 0.72 |
| Direct Install Lighting | 1.08 | 0.69 | 0.82 | 0.78 | 1.08 | 0.94 | 0.94 | 0.94 | 0.69 | 0.85 | 0.84 | 0.83 | 0.94 | 0.94 | 0.94 | 0.94 |
| Building Commissioning | n/a | n/a | n/a | 1.97 | n/a | n/a | n/a | 1.00 | n/a | n/a | n/a | 1.16 | n/a | n/a | n/a | 1.00 |
| New Construction | 0.50 | 0.98 | 0.68 | 0.71 | 0.50 | 0.49 | 0.54 | 0.54 | 0.98 | 0.99 | 0.76 | 0.79 | 0.49 | 0.49 | 0.54 | 0.54 |
| Energy Audit | n/a | n/a | 1.02 | 0.96 | n/a | n/a | 0.66 | 0.68 | n/a | n/a | 0.97 | 1.00 | n/a | n/a | 0.66 | 0.67 |
| Small Commercial Demand Response | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Small Commercial Demand Response (IHD) | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Demand Response 3 | 0.76 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Industrial Program | | | | | | | | | | | | | | | | |
| Process & System Upgrades | n/a | n/a | 0.85 | 0.96 | n/a | n/a | 0.94 | 0.79 | n/a | n/a | 0.87 | 0.96 | n/a | n/a | 0.93 | 0.80 |
| Monitoring & Targeting | n/a | n/a | n/a | 0.59 | n/a | n/a | n/a | 1.00 | n/a | n/a | n/a | 0.36 | n/a | n/a | n/a | 1.00 |
| Energy Manager | n/a | 1.16 | 0.90 | 0.91 | n/a | 0.90 | 0.90 | 0.90 | 1.16 | 1.16 | 0.90 | 0.96 | 0.90 | 0.90 | 0.90 | 0.85 |
| Retrofit | 1.11 | n/a | n/a | n/a | 0.72 | n/a | n/a | n/a | 0.91 | n/a | n/a | n/a | 0.75 | n/a | n/a | n/a |
| Demand Response 3 | 0.84 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Home Assistance Program | | | | | | | | | | | | | | | | |
| Home Assistance Program | 1.00 | 0.32 | 0.26 | 0.49 | 0.70 | 1.00 | 1.00 | 1.00 | 0.32 | 0.99 | 0.88 | 0.78 | 1.00 | 1.00 | 1.00 | 1.00 |
| Aboriginal Program | | | | | | | | | | | | | | | | |
| Home Assistance Program | n/a | n/a | 0.05 | 0.15 | n/a | n/a | 1.00 | 1.00 | n/a | n/a | 0.95 | 0.97 | n/a | n/a | 1.00 | 1.00 |
| Direct Install Lighting | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Pre-2011 Programs completed in 2011 | | | | | | | | | | | | | | | | |
| Electricity Retrofit Incentive Program | 0.80 | n/a | n/a | n/a | 0.54 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| High Performance New Construction | 1.00 | 1.00 | 1.00 | n/a | 0.49 | 0.50 | 0.50 | 0.50 | 1.00 | 1.00 | 1.00 | n/a | 0.50 | 0.50 | 0.50 | 0.50 |
| Toronto Comprehensive | 1.13 | n/a | n/a | n/a | 0.50 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Multifamily Energy Efficiency Rebates | 0.93 | n/a | n/a | n/a | 0.78 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| LDC Custom Programs | 1.00 | n/a | n/a | n/a | 1.00 | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| Other | | | | | | | | | | | | | | | | |
| Program Enabled Savings | n/a | 1.06 | 1.00 | 0.86 | n/a | 1.00 | 1.00 | 1.00 | n/a | 2.26 | 1.00 | 0.98 | n/a | 1.00 | 1.00 | 1.00 |
| Time-of-Use Savings | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |
| LDC Pilots | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a | n/a |

Summary Provincial Progress Towards CDM Targets

Table 9: Province-Wide Net Peak Demand Savings at the End User Level (MW)

| Implementation Period | Annual | | | |
|---|--------|-------|-------|--------------|
| | 2011 | 2012 | 2013 | 2014 |
| 2011 | 216.3 | 136.6 | 135.8 | 129.0 |
| 2012† | 1.4 | 253.3 | 109.8 | 108.2 |
| 2013† | 0.6 | 7.0 | 404.5 | 122.0 |
| 2014† | 1.4 | 10.8 | 34.2 | 568.6 |
| Verified Net Annual Peak Demand Savings in 2014: | | | | 927.7 |
| 2014 Annual CDM Capacity Target: | | | | 1,330 |
| Verified Portion of Peak Demand Savings Target Achieved in 2014 (%): | | | | 69.8% |

Table 10: Province-Wide Net Energy Savings at the End-User Level (GWh)

| Implementation Period | Annual | | | | Cumulative |
|---|--------|-------|-------|---------|----------------|
| | 2011 | 2012 | 2013 | 2014 | 2011-2014 |
| 2011 | 606.9 | 603.0 | 601.0 | 582.3 | 2,393.1 |
| 2012† | 18.7 | 503.6 | 498.4 | 492.6 | 1,513.3 |
| 2013† | 1.7 | 44.4 | 603.3 | 583.4 | 1,232.8 |
| 2014† | 7.3 | 44.8 | 191.0 | 1,170.8 | 1,413.9 |
| Verified Net Cumulative Energy Savings 2011-2014: | | | | | 6,553.0 |
| 2011-2014 Cumulative CDM Energy Target: | | | | | 6,000 |
| Verified Portion of Cumulative Energy Target Achieved in 2014 (%): | | | | | 109.2% |

†Includes adjustments to previous years' verified results

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

METHODOLOGY

All results are at the end-user level (not including transmission and distribution losses)

| EQUATIONS | |
|---|---|
| Prescriptive Measures and Projects | <p>Gross Savings = Activity * Per Unit Assumption Net Savings = Gross Savings * Net-to-Gross Ratio All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)</p> |
| Engineered and Custom Projects | <p>Gross Savings = Reported Savings * Realization Rate Net Savings = Gross Savings * Net-to-Gross Ratio All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)</p> |
| Demand Response | <p>Peak Demand: Gross Savings = Net Savings = contracted MW at contributor level * Provincial contracted to ex ante ratio Energy: Gross Savings = Net Savings = provincial ex post energy savings * LDC proportion of total provincial contracted MW All savings are annualized (i.e. the savings are the same regardless of the time of year a participant began offering DR)</p> |
| Adjustments to Previous Years' Verified Results | <p>All variances from the Final Annual Results Reports from prior years will be adjusted within this report. Any variances with regards to projects counts, data lag, and calculations etc., will be made within this report. Considers the cumulative effect of energy savings.</p> |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|-------------------------|--|---|---|
| Consumer Program | | | |
| Appliance Retirement | Includes both retail and home pickup stream. Retail stream allocated based on average of 2008 & 2009 residential throughput; Home pickup stream directly attributed by postal code or customer selection. | Savings are considered to begin in the year the appliance is picked up. | Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level. |
| Appliance Exchange | When postal code information is provided by customer, results are directly attributed to the LDC. When postal code is not available, results allocated based on average of 2008 & 2009 residential throughput. | Savings are considered to begin in the year that the exchange event occurred. | |
| HVAC Incentives | Results directly attributed to LDC based on customer postal code. | Savings are considered to begin in the year that the installation occurred. | |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|-------------------------------------|---|---|---|
| Conservation Instant Coupon Booklet | LDC-coded coupons directly attributed to LDC. Otherwise results are allocated based on average of 2008 & 2009 residential throughput. | Savings are considered to begin in the year in which the coupon was redeemed. | Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level. |
| Bi-Annual Retailer Event | Results are allocated based on average of 2008 & 2009 residential throughput. | Savings are considered to begin in the year in which the event occurs. | |
| Retailer Co-op | When postal code information is provided by the customer, results are directly attributed. If postal code information is not available, results are allocated based on average of 2008 & 2009 residential throughput. | Savings are considered to begin in the year of the home visit and installation date. | Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level. |
| Residential Demand Response | Results are directly attributed to LDC based on data provided to IESO through project completion reports and continuing participant lists. | Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement. | Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year and accounts for any "snapback" in energy consumption experienced after the event. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated. |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|--------------------------------------|---|---|---|
| Residential New Construction | Results are directly attributed to LDC based on LDC identified in application in the iCon system. Initiative was not evaluated in 2011, reported results are presented with forecast assumptions as per the business case. | Savings are considered to begin in the year of the project completion date. | Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level. |
| Business Program | | | |
| Efficiency: Equipment Replacement | Results are directly attributed to LDC based on LDC identified at the facility level in the iCon system. Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see page for Building type to Sector mapping. | Savings are considered to begin in the year of the actual project completion date in the iCON system. | Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track). |
| | Additional Note: project counts were derived by filtering out invalid statuses (e.g. Post-Project Submission - Payment denied by LDC) and only including projects with an "Actual Project Completion Date" in 2014) | | |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|---|--|--|--|
| Direct Installed Lighting | Results are directly attributed to LDC based on the LDC specified on the work order. | Savings are considered to begin in the year of the actual project completion date. | Peak demand and energy savings are determined using the verified measure level per unit assumptions multiplied by the uptake of each measure accounting for the realization rate for both peak demand and energy to reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings take into account net-to-gross factors such as free-ridership and spillover for both peak demand and energy savings at the program level (net). |
| Existing Building Commissioning Incentive | Results are directly attributed to LDC based on LDC identified in the application. | Savings are considered to begin in the year of the actual project completion date. | Peak demand and energy savings are determined by the total savings for a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). |
| New Construction and Major Renovation Incentive | Results are directly attributed to LDC based on LDC identified in the application. | Savings are considered to begin in the year of the actual project completion date. | |
| Energy Audit | Projects are directly attributed to LDC based on LDC identified in the application. | Savings are considered to begin in the year of the audit date. | Peak demand and energy savings are determined by the total savings resulting from an audit as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|---|--|---|--|
| Commercial Demand Response (part of the Residential program schedule) | Results are directly attributed to LDC based on data provided to IESO through project completion reports and continuing participant lists | Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement. | Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated. |
| Demand Response 3 (part of the Industrial program schedule) | Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level. | Savings are considered to begin in the year in which the contributor signed up to participate in demand response. | Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource. |
| Industrial Program | | | |
| Process & System Upgrades | Results are directly attributed to LDC based on LDC identified in application. | Savings are considered to begin in the year in which the incentive project was completed. | Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|------------------------|--|--|---|
| Monitoring & Targeting | Results are directly attributed to LDC based on LDC identified in the application. | Savings are considered to begin in the year in which the incentive project was completed. | Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). |
| Energy Manager | Results are directly attributed to LDC based on LDC identified in the application. | Savings are considered to begin in the year in which the project was completed by the energy manager. If no date is specified the savings will begin the year of the Quarterly Report submitted by the energy manager. | Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|---|---|--|--|
| <p>Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)</p> | <p>Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping.</p> | <p>Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.</p> | <p>Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).</p> |
| <p>Demand Response 3</p> | <p>Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.</p> | <p>Savings are considered to begin in the year in which the contributor signed up to participate in demand response.</p> | <p>Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.</p> |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|--------------------------------|--|---|---|
| Home Assistance Program | | | |
| Home Assistance Program | Results are directly attributed to LDC based on LDC identified in the application. | Savings are considered to begin in the year in which the measures were installed. | Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross), taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level. |
| Aboriginal Program | | | |
| Aboriginal Program | Results are directly attributed to LDC based on LDC identified in the application. | Savings are considered to begin in the year in which the measures were installed. | Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross), taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level. |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|--|--|---|---|
| Pre-2011 Programs completed in 2011 | | | |
| Electricity Retrofit Incentive Program | Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012, 2013 or 2014 assumptions as per 2010 evaluation. | Savings are considered to begin in the year in which a project was completed. | Peak demand and energy savings are determined by the total savings from a given project as reported. A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports). |
| High Performance New Construction | Results are directly attributed to LDC based on customer data provided to the OPA from Enbridge; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation. | Savings are considered to begin in the year in which a project was completed. | |
| Toronto Comprehensive | Program run exclusively in Toronto Hydro-Electric System Limited service territory; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation. | | |

| Initiative | Attributing Savings to LDCs | Savings 'start' Date | Calculating Resource Savings |
|---------------------------------------|--|---|--|
| Multifamily Energy Efficiency Rebates | Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation. | Savings are considered to begin in the year in which a project was completed. | Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports). |
| Data Centre Incentive Program | Program run exclusively in PowerStream Inc. service territory; Initiative was not evaluated in 2011, assumptions as per 2009 evaluation. | | |
| EnWin Green Suites | Program run exclusively in ENWIN Utilities Ltd. service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation. | | |

Consumer Program Allocation Methodology

Results can be allocated based on average of 2008 & 2009 residential throughput for each LDC (below) when additional information is not available. Source: OEB Yearbook Data 2008 & 2009

| Local Distribution Company | Allocation |
|--|------------|
| Algoma Power Inc. | 0.2% |
| Atikokan Hydro Inc. | 0.0% |
| Attawapiskat Power Corporation | 0.0% |
| Bluewater Power Distribution Corporation | 0.6% |
| Brant County Power Inc. | 0.2% |
| Brantford Power Inc. | 0.7% |
| Burlington Hydro Inc. | 1.4% |
| Cambridge and North Dumfries Hydro Inc. | 1.0% |
| Canadian Niagara Power Inc. | 0.5% |
| Centre Wellington Hydro Ltd. | 0.1% |
| Chapleau Public Utilities Corporation | 0.0% |
| COLLUS Power Corporation | 0.3% |
| Cooperative Hydro Embrun Inc. | 0.0% |
| E.L.K. Energy Inc. | 0.2% |
| Enersource Hydro Mississauga Inc. | 3.9% |
| ENTEGRUS | 0.6% |
| ENWIN Utilities Ltd. | 1.6% |
| Erie Thames Powerlines Corporation | 0.4% |
| Espanola Regional Hydro Distribution Corporation | 0.1% |
| Essex Powerlines Corporation | 0.7% |
| Festival Hydro Inc. | 0.3% |
| Fort Albany Power Corporation | 0.0% |
| Fort Frances Power Corporation | 0.1% |
| Greater Sudbury Hydro Inc. | 1.0% |
| Grimsby Power Inc. | 0.2% |
| Guelph Hydro Electric Systems Inc. | 0.9% |
| Haldimand County Hydro Inc. | 0.4% |
| Halton Hills Hydro Inc. | 0.5% |
| Hearst Power Distribution Company Limited | 0.1% |
| Horizon Utilities Corporation | 4.0% |
| Hydro 2000 Inc. | 0.0% |
| Hydro Hawkesbury Inc. | 0.1% |
| Hydro One Brampton Networks Inc. | 2.8% |
| Hydro One Networks Inc. | 30.0% |
| Hydro Ottawa Limited | 5.6% |
| Innisfil Hydro Distribution Systems Limited | 0.4% |
| Kashechewan Power Corporation | 0.0% |
| Kenora Hydro Electric Corporation Ltd. | 0.1% |
| Kingston Hydro Corporation | 0.5% |
| Kitchener-Wilmot Hydro Inc. | 1.6% |
| Lakefront Utilities Inc. | 0.2% |

| | |
|---|-------|
| Lakeland Power Distribution Ltd. | 0.2% |
| London Hydro Inc. | 2.7% |
| Middlesex Power Distribution Corporation | 0.1% |
| Midland Power Utility Corporation | 0.1% |
| Milton Hydro Distribution Inc. | 0.6% |
| Newmarket - Tay Power Distribution Ltd. | 0.7% |
| Niagara Peninsula Energy Inc. | 1.0% |
| Niagara-on-the-Lake Hydro Inc. | 0.2% |
| Norfolk Power Distribution Inc. | 0.3% |
| North Bay Hydro Distribution Limited | 0.5% |
| Northern Ontario Wires Inc. | 0.1% |
| Oakville Hydro Electricity Distribution Inc. | 1.5% |
| Orangeville Hydro Limited | 0.2% |
| Orillia Power Distribution Corporation | 0.3% |
| Oshawa PUC Networks Inc. | 1.2% |
| Ottawa River Power Corporation | 0.2% |
| Parry Sound Power Corporation | 0.1% |
| Peterborough Distribution Incorporated | 0.7% |
| PowerStream Inc. | 6.6% |
| PUC Distribution Inc. | 0.9% |
| Renfrew Hydro Inc. | 0.1% |
| Rideau St. Lawrence Distribution Inc. | 0.1% |
| Sioux Lookout Hydro Inc. | 0.1% |
| St. Thomas Energy Inc. | 0.3% |
| Thunder Bay Hydro Electricity Distribution Inc. | 0.9% |
| Tillsonburg Hydro Inc. | 0.1% |
| Toronto Hydro-Electric System Limited | 12.8% |
| Veridian Connections Inc. | 2.4% |
| Wasaga Distribution Inc. | 0.2% |
| Waterloo North Hydro Inc. | 1.0% |
| Welland Hydro-Electric System Corp. | 0.4% |
| Wellington North Power Inc. | 0.1% |
| West Coast Huron Energy Inc. | 0.1% |
| Westario Power Inc. | 0.5% |
| Whitby Hydro Electric Corporation | 0.9% |
| Woodstock Hydro Services Inc. | 0.3% |

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity and resource savings persisting from previous years).

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses).

Free-ridership: the percentage of participants who would have implemented the program measure or practice in the absence of the program.

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start'.

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net-to-Gross Ratio: The ratio of net savings to gross savings, which takes into account factors such as free-ridership and spillover

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc.

Program: a group of initiatives that target a particular market sector (e.g. Consumer, Industrial).

Realization Rate: A comparison of observed or measured (evaluated) information to original reported savings which is used to adjust the gross savings estimates.

Settlement Account: the grouping of demand response facilities (contributors) into one contractual agreement

Spillover: Reductions in energy consumption and/or demand caused by the presence of the energy efficiency program, beyond the program-related gross savings of the participants. There can be participant and/or non-participant spillover.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Table 11: Wasaga Distribution Inc. Initiative and Program Level Gross Savings by Year

| Initiative | Unit | Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period) | | | | Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) | | | |
|--|------------|---|------------|------------|------------|--|----------------|----------------|----------------|
| | | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Consumer Program | | | | | | | | | |
| Appliance Retirement** | Appliances | 11 | 2 | 3 | 1 | 79,235 | 15,567 | 22,038 | 7,531 |
| Appliance Exchange** | Appliances | 2 | 0 | 2 | 6 | 2,087 | 174 | 3,510 | 10,529 |
| HVAC Incentives | Equipment | 48 | 41 | 62 | 95 | 88,989 | 72,693 | 112,695 | 180,320 |
| Conservation Instant Coupon Booklet | Items | 2 | 0 | 1 | 3 | 31,264 | 2,386 | 12,311 | 41,230 |
| Bi-Annual Retailer Event | Items | 3 | 3 | 2 | 8 | 48,398 | 52,578 | 29,582 | 126,405 |
| Retailer Co-op | Items | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Residential Demand Response | Devices | 0 | 0 | 0 | 92 | 0 | 0 | 0 | 0 |
| Residential Demand Response (IHD) | Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Residential New Construction | Homes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Consumer Program Total | | 65 | 46 | 70 | 205 | 249,974 | 143,398 | 180,135 | 366,015 |
| Business Program | | | | | | | | | |
| Retrofit | Projects | 0 | 77 | 18 | 23 | 82,826 | 377,841 | 110,615 | 223,581 |
| Direct Install Lighting | Projects | 17 | 33 | 7 | 42 | 55,664 | 122,835 | 29,703 | 171,879 |
| Building Commissioning | Buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| New Construction | Buildings | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energy Audit | Audits | 0 | 0 | 0 | 20 | 0 | 0 | 0 | 97,278 |
| Small Commercial Demand Response | Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Small Commercial Demand Response (IHD) | Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Demand Response 3 | Facilities | 68 | 68 | 69 | 50 | 2,636 | 984 | 917 | 0 |
| Business Program Total | | 84 | 177 | 93 | 135 | 141,126 | 501,660 | 141,236 | 492,738 |
| Industrial Program | | | | | | | | | |
| Process & System Upgrades | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Monitoring & Targeting | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Energy Manager | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Retrofit | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Demand Response 3 | Facilities | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Industrial Program Total | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Home Assistance Program | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 1 | 0 | 0 | 0 | 6,682 | 1,371 |
| Home Assistance Program Total | | 0 | 0 | 1 | 0 | 0 | 0 | 6,682 | 1,371 |
| Aboriginal Program | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Direct Install Lighting | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aboriginal Program Total | | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-2011 Programs completed in 2011 | | | | | | | | | |
| Electricity Retrofit Incentive Program | Projects | 1 | 0 | 0 | 0 | 3,535 | 0 | 0 | 0 |
| High Performance New Construction | Projects | 0 | 0 | 0 | 0 | 283 | 394 | 0 | 0 |
| Toronto Comprehensive | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Multifamily Energy Efficiency Rebates | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| LDC Custom Programs | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Pre-2011 Programs completed in 2011 Total | | 1 | 0 | 0 | 0 | 3,818 | 394 | 0 | 0 |
| Other | | | | | | | | | |
| Program Enabled Savings | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Time-of-Use Savings | Homes | 0 | 0 | 0 | 55 | 0 | 0 | 0 | 0 |
| LDC Pilots | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other Total | | 0 | 0 | 0 | 55 | 0 | 0 | 0 | 0 |
| Adjustments to 2011 Verified Results | | | 2 | 0 | 0 | | 47,259 | 0 | 0 |
| Adjustments to 2012 Verified Results | | | | 3 | 1 | | | 4,795 | 14,341 |
| Adjustments to 2013 Verified Results | | | | | 4 | | | | 8,745 |
| Energy Efficiency Total | | 83 | 156 | 96 | 254 | 392,282 | 644,468 | 327,136 | 860,124 |
| Demand Response Total | | 68 | 68 | 69 | 142 | 2,636 | 984 | 917 | 0 |
| Adjustments to Previous Years' Verified Results Total | | 0 | 2 | 3 | 5 | 0 | 47,259 | 4,795 | 23,086 |
| OPA-Contracted LDC Portfolio Total (inc. Adjustments) | | 150 | 227 | 167 | 401 | 394,917 | 692,711 | 332,848 | 883,210 |

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

*Includes adjustments after Final Reports were issued
Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results
**Net results substituted for gross results due to unavailability of data

Table 12: Adjustments to Wasaga Distribution Inc. Gross Verified Results due to Variances

| Initiative | Unit | Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period) | | | | Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) | | | |
|--|------------|---|----------|----------|------|--|---------------|--------------|------|
| | | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Consumer Program | | | | | | | | | |
| Appliance Retirement | Appliances | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Appliance Exchange | Appliances | 0 | 0 | 0 | | 0 | 0 | 0 | |
| HVAC Incentives | Equipment | -7 | 3 | 4 | | -13,458 | 4,795 | 7,983 | |
| Conservation Instant Coupon Booklet | Items | 0 | 0 | 0 | | 461 | 0 | 37 | |
| Bi-Annual Retailer Event | Items | 0 | 0 | 0 | | 4,271 | 0 | 0 | |
| Retailer Co-op | Items | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Residential Demand Response | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Residential Demand Response (IHD) | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Residential New Construction | Homes | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Consumer Program Total | | -7 | 3 | 4 | | -8,727 | 4,795 | 8,020 | |
| Business Program | | | | | | | | | |
| Retrofit | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Direct Install Lighting | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Building Commissioning | Buildings | 0 | 0 | 0 | | 0 | 0 | 0 | |
| New Construction | Buildings | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Energy Audit | Audits | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Small Commercial Demand Response | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Small Commercial Demand Response (IHD) | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Demand Response 3 | Facilities | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Business Program Total | | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Industrial Program | | | | | | | | | |
| Process & System Upgrades | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Monitoring & Targeting | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Energy Manager | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Retrofit | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Demand Response 3 | Facilities | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Industrial Program Total | | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Home Assistance Program | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 0 | | 0 | 14,418 | 725 | |
| Home Assistance Program Total | | 0 | 0 | 0 | | 0 | 14,418 | 725 | |
| Aboriginal Program | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Direct Install Lighting | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Aboriginal Program Total | | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Pre-2011 Programs completed in 2011 | | | | | | | | | |
| Electricity Retrofit Incentive Program | Projects | 10 | 0 | 0 | | 55,986 | 0 | 0 | |
| High Performance New Construction | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Toronto Comprehensive | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Multifamily Energy Efficiency Rebates | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| LDC Custom Programs | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Pre-2011 Programs completed in 2011 Total | | 10 | 0 | 0 | | 55,986 | 0 | 0 | |
| Other | | | | | | | | | |
| Program Enabled Savings | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Time-of-Use Savings | Homes | 0 | 0 | 0 | | 0 | 0 | 0 | |
| LDC Pilots | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Other Total | | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Adjustments to 2011 Verified Results | | 2 | | | | 47,259 | | | |
| Adjustments to 2012 Verified Results | | | 3 | | | | 19,213 | | |
| Adjustments to 2013 Verified Results | | | | 4 | | | | 8,745 | |
| Total Adjustments to Previous Years' Verified Results | | 2 | 3 | 4 | | 47,259 | 19,213 | 8,745 | |

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results

Table 13: Province-Wide Initiatives and Program Level Gross Savings by Year

| Initiative | Unit | Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period) | | | | Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) | | | |
|--|------------|---|----------------|----------------|----------------|--|--------------------|--------------------|--------------------|
| | | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Consumer Program | | | | | | | | | |
| Appliance Retirement** | Appliances | 6,750 | 2,011 | 3,151 | 3,579 | 45,971,627 | 13,424,518 | 18,616,239 | 20,315,770 |
| Appliance Exchange** | Appliances | 719 | 556 | 2,101 | 2,238 | 873,531 | 974,621 | 3,746,106 | 3,990,372 |
| HVAC Incentives | Equipment | 53,209 | 38,346 | 40,418 | 48,467 | 99,413,430 | 66,929,213 | 71,225,037 | 90,274,814 |
| Conservation Instant Coupon Booklet | Items | 1,184 | 231 | 464 | 1,442 | 19,192,453 | 1,325,898 | 6,842,244 | 19,000,254 |
| Bi-Annual Retailer Event | Items | 1,504 | 1,622 | 1,142 | 4,626 | 26,899,265 | 29,222,072 | 16,441,329 | 70,254,471 |
| Retailer Co-op | Items | 0 | 0 | 0 | 0 | 3,917 | 0 | 0 | 0 |
| Residential Demand Response | Devices | 10,390 | 49,038 | 93,076 | 117,513 | 23,597 | 359,408 | 390,303 | 8,379 |
| Residential Demand Response (IHD) | Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Residential New Construction | Homes | 0 | 1 | 29 | 587 | 1,813 | 4,884 | 259,826 | 3,699,786 |
| Consumer Program Total | | 73,757 | 91,805 | 140,380 | 178,452 | 192,379,633 | 112,240,615 | 117,521,084 | 207,543,846 |
| Business Program | | | | | | | | | |
| Retrofit | Projects | 34,201 | 78,965 | 82,896 | 98,849 | 184,070,265 | 387,817,248 | 478,410,896 | 642,515,421 |
| Direct Install Lighting | Projects | 22,155 | 20,469 | 19,807 | 24,794 | 65,777,197 | 68,896,046 | 68,140,249 | 89,528,509 |
| Building Commissioning | Buildings | 0 | 0 | 0 | 988 | 0 | 0 | 0 | 1,513,377 |
| New Construction | Buildings | 247 | 1,596 | 2,934 | 11,911 | 823,434 | 3,755,869 | 9,183,826 | 37,742,970 |
| Energy Audit | Audits | 0 | 1,450 | 4,283 | 9,367 | 0 | 7,049,351 | 23,386,108 | 46,012,517 |
| Small Commercial Demand Response | Devices | 55 | 187 | 773 | 2,116 | 131 | 1,068 | 373 | 319 |
| Small Commercial Demand Response (IHD) | Devices | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Demand Response 3 | Facilities | 21,390 | 19,389 | 23,706 | 23,380 | 633,421 | 281,823 | 346,659 | 0 |
| Business Program Total | | 78,048 | 122,056 | 134,399 | 171,405 | 251,304,448 | 467,801,406 | 579,468,111 | 817,313,113 |
| Industrial Program | | | | | | | | | |
| Process & System Upgrades | Projects | 0 | 0 | 313 | 12,287 | 0 | 0 | 2,799,746 | 90,463,617 |
| Monitoring & Targeting | Projects | 0 | 0 | 0 | 102 | 0 | 0 | 0 | 502,517 |
| Energy Manager | Projects | 0 | 1,034 | 3,953 | 5,767 | 0 | 7,067,535 | 24,438,070 | 44,929,364 |
| Retrofit | Projects | 6,372 | 0 | 0 | 0 | 38,412,408 | 0 | 0 | 0 |
| Demand Response 3 | Facilities | 176,180 | 74,056 | 162,543 | 166,082 | 4,243,958 | 1,784,712 | 4,309,160 | 0 |
| Industrial Program Total | | 182,552 | 75,090 | 166,809 | 184,238 | 42,656,366 | 8,852,247 | 31,546,976 | 135,895,498 |
| Home Assistance Program | | | | | | | | | |
| Home Assistance Program | Homes | 4 | 1,777 | 2,361 | 2,466 | 56,119 | 5,524,230 | 20,987,275 | 19,582,658 |
| Home Assistance Program Total | | 4 | 1,777 | 2,361 | 2,466 | 56,119 | 5,524,230 | 20,987,275 | 19,582,658 |
| Aboriginal Program | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 267 | 549 | 0 | 0 | 1,609,393 | 3,101,207 |
| Direct Install Lighting | Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Aboriginal Program Total | | 0 | 0 | 267 | 549 | 0 | 0 | 1,609,393 | 3,101,207 |
| Pre-2011 Programs completed in 2011 | | | | | | | | | |
| Electricity Retrofit Incentive Program | Projects | 40,418 | 0 | 0 | 0 | 223,956,390 | 0 | 0 | 0 |
| High Performance New Construction | Projects | 10,197 | 6,501 | 772 | 268 | 52,371,183 | 23,803,888 | 3,522,240 | 1,377,475 |
| Toronto Comprehensive | Projects | 33,467 | 0 | 0 | 802 | 174,070,574 | 0 | 0 | 7,085,257 |
| Multifamily Energy Efficiency Rebates | Projects | 2,553 | 0 | 0 | 0 | 9,774,792 | 0 | 0 | 0 |
| LDC Custom Programs | Projects | 534 | 0 | 0 | 0 | 649,140 | 0 | 0 | 0 |
| Pre-2011 Programs completed in 2011 Total | | 87,169 | 6,501 | 772 | 1,070 | 460,822,079 | 23,803,888 | 3,522,240 | 8,462,733 |
| Other | | | | | | | | | |
| Program Enabled Savings | Projects | 0 | 2,177 | 3,692 | 5,500 | 0 | 525,011 | 4,075,382 | 19,035,337 |
| Time-of-Use Savings | Homes | 0 | 0 | 0 | 54,795 | 0 | 0 | 0 | 0 |
| LDC Pilots | Projects | 0 | 0 | 0 | 1,170 | 0 | 0 | 0 | 5,061,522 |
| Other Total | | 0 | 2,177 | 3,692 | 60,296 | 0 | 525,011 | 4,075,382 | 19,035,337 |
| Adjustments to 2011 Verified Results | | | | | | | | | |
| | | | 13,266 | 645 | 1,601 | | | | |
| Adjustments to 2012 Verified Results | | | | | | | | | |
| | | | | 8,632 | 13,449 | | | | |
| Adjustments to 2013 Verified Results | | | | | | | | | |
| | | | | | 34,727 | | | | |
| Energy Efficiency Total | | | | | | | | | |
| | | 213,515 | 156,735 | 168,583 | 289,384 | 942,317,539 | 616,320,385 | 753,683,966 | 1,210,925,694 |
| Demand Response Total | | | | | | | | | |
| | | 208,015 | 142,670 | 280,099 | 309,091 | 4,901,107 | 2,427,011 | 5,046,495 | 8,698 |
| Adjustments to Previous Years' Verified Results Total | | | | | | | | | |
| | | 0 | 13,266 | 9,277 | 49,777 | 0 | 48,705,294 | 54,322,474 | 265,518,125 |
| OPA-Contracted LDC Portfolio Total (inc. Adjustments) | | | | | | | | | |
| | | 421,530 | 312,671 | 457,958 | 648,252 | 947,218,646 | 667,452,690 | 813,052,934 | 1,476,452,516 |

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results
 **Net results substituted for gross results due to unavailability of data

Table 14: Adjustments to Province-Wide Gross Verified Results due to Variances

| Initiative | Unit | Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period) | | | | Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period) | | | |
|--|------------|---|---------------|---------------|------|--|--------------------|--------------------|------|
| | | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Consumer Program | | | | | | | | | |
| Appliance Retirement | Appliances | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Appliance Exchange | Appliances | 0 | 0 | 0 | | 0 | 0 | 0 | |
| HVAC Incentives | Equipment | -8,759 | 1,091 | 2,157 | | -16,241,086 | 1,952,473 | 3,873,449 | |
| Conservation Instant Coupon Booklet | Items | 15 | 0 | 1 | | 255,975 | 0 | 20,668 | |
| Bi-Annual Retailer Event | Items | 117 | 0 | 0 | | 2,373,616 | 0 | 0 | |
| Retailer Co-op | Items | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Residential Demand Response | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Residential Demand Response (IHD) | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Residential New Construction | Homes | 1 | 1 | 115 | | 330,093 | 2,009 | 701,488 | |
| Consumer Program Total | | -8,628 | 1,092 | 2,273 | | -13,281,402 | 1,954,483 | 4,595,605 | |
| Business Program | | | | | | | | | |
| Retrofit | Projects | 4,511 | 10,114 | 16,584 | | 22,046,931 | 58,528,789 | 108,677,566 | |
| Direct Install Lighting | Projects | 541 | 217 | 49 | | 1,346,618 | 781,858 | 174,460 | |
| Building Commissioning | Buildings | 0 | 0 | 0 | | 0 | 0 | 0 | |
| New Construction | Buildings | 3,287 | 2,673 | 4,151 | | 11,323,593 | 9,884,305 | 15,992,924 | |
| Energy Audit | Audits | 656 | 488 | 3,631 | | 2,391,744 | 2,386,374 | 19,822,524 | |
| Small Commercial Demand Response | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Small Commercial Demand Response (IHD) | Devices | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Demand Response 3 | Facilities | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Business Program Total | | 8,996 | 13,491 | 24,414 | | 37,108,886 | 71,581,326 | 144,667,473 | |
| Industrial Program | | | | | | | | | |
| Process & System Upgrades | Projects | 0 | 0 | 426 | | 0 | 0 | 1,232,785 | |
| Monitoring & Targeting | Projects | 0 | 0 | 54 | | 0 | 528,000 | 639,348 | |
| Energy Manager | Projects | 29 | 1,071 | 2,687 | | 0 | 8,968,007 | 28,893,596 | |
| Retrofit | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Demand Response 3 | Facilities | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Industrial Program Total | | 29 | 1,071 | 3,168 | | 0 | 9,496,007 | 30,765,729 | |
| Home Assistance Program | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 222 | 791 | | 0 | 1,316,749 | 4,321,794 | |
| Home Assistance Program Total | | 0 | 222 | 791 | | 0 | 1,316,749 | 4,321,794 | |
| Aboriginal Program | | | | | | | | | |
| Home Assistance Program | Homes | 0 | 0 | 134 | | 0 | 0 | 563,715 | |
| Direct Install Lighting | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Aboriginal Program Total | | 0 | 0 | 134 | | 0 | 0 | 563,715 | |
| Pre-2011 Programs completed in 2011 | | | | | | | | | |
| Electricity Retrofit Incentive Program | Projects | 266 | 0 | 0 | | 1,049,108 | 0 | 0 | |
| High Performance New Construction | Projects | 13,072 | 727 | 405 | | 23,905,663 | 5,665,066 | 1,535,048 | |
| Toronto Comprehensive | Projects | 0 | 1,920 | 529 | | 0 | 12,924,335 | 3,783,965 | |
| Multifamily Energy Efficiency Rebates | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| LDC Custom Programs | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Pre-2011 Programs completed in 2011 Total | | 13,337 | 2,647 | 934 | | 24,954,771 | 18,589,400 | 5,319,013 | |
| Other | | | | | | | | | |
| Program Enabled Savings | Projects | 1,776 | 3,712 | 2,020 | | 1,673,712 | 11,481,687 | 10,688,564 | |
| Time-of-Use Savings | Homes | 0 | 0 | 0 | | 0 | 0 | 0 | |
| LDC Pilots | Projects | 0 | 0 | 0 | | 0 | 0 | 0 | |
| Other Total | | 1,776 | 3,712 | 2,020 | | 1,673,712 | 11,481,687 | 10,688,564 | |
| Adjustments to 2011 Verified Results | | 15,511 | | | | 50,455,967 | | | |
| Adjustments to 2012 Verified Results | | | 22,235 | | | | 114,419,652 | | |
| Adjustments to 2013 Verified Results | | | | 33,734 | | | | 200,921,892 | |
| Adjustments to Previous Years' Verified Results Total | | 15,511 | 22,235 | 33,734 | | 50,455,967 | 114,419,652 | 200,921,892 | |

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

*Includes adjustments after Final Reports were issued
Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results