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Overview of Cost Trends

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

OM&A expenses included in the calculation of Ottawa River Power's revenue requirement are those determined to be reasonable in amount and necessary for and related to the provision of utility service and benefit customers.

In this Exhibit, the operating costs consist of the required expenditures necessary to maintain and operate ORPC's distribution system assets, the costs associated with metering, billing, collecting from its customers, the costs associated with ensuring all stakeholders safety (public, employees etc.) and the costs to maintain the distribution business service quality and reliability standards with the regulating bodies.

ORPC's existing rates are based on the Board-approved rates in 2010 following a cost of service rate application, and adjustments to its base distribution rates in 2011-2015 under the Board's third Generation Incentive Regulation Mechanism.

As shown at Exhibit 6, the Revenue Deficiency is determined to be \$674,940. The deficiency is due to the increase in the rate base and OM&A. The proposed rate base for 2016 is \$789k million higher than the 2010 Board-approved amount, an increase of 7%.

Based on a 7.87% overall cost of capital, the increase in the rate base drives an increase to the revenue requirement. The factors contributing to the change in the rate base are discussed in detail at Exhibit 2 but for the most part, are due to investments in the distribution system to accommodate growth and the inclusion of smart meters into rate base. Note that the decrease in WCA rate from 13% to 7.5% has reduced the Rate Base by \$1,479,340 and the Revenue Requirement by \$116k.

Significant factors that affected operation and maintenance costs are aging distribution station assets, smart meter operating expenses and customer locate costs. The costs associated with the maintenance of ORPC's substations are necessary in order to operate and maintain the distribution system in a safe and reliable manner. The increasing complexity in the regulatory

1 environment, such as the introduction of smart meters, has influenced OM&A spending. ORPC
2 has various programs in place geared to increasing effectiveness and long term success that
3 include: training and succession planning. These programs also contribute to increased OM&A
4 expenses. ORPC successfully copes with external factors (e.g. damage control due to extreme
5 weather, changes in technology, the transition to the Smart Grid, changes in government and
6 regulatory policy (e.g. ongoing Code amendments, implementation of the Ontario Clean Energy
7 Benefit) while continuing to provide safe and reliable distribution services. ORPC has hired six
8 apprentice journeymen since 2010 with four of the six having now completed their
9 apprenticeship. Like all commercial entities, ORPC experiences inflationary pressures which
10 caused an increase in its OM&A spending of approximately \$694K over the 5 year period 2010-
11 2015.

12 The contributing factors listed above are discussed further in the OM&A programs at Ex.4/Tab
13 3/Sch.1 and cost drivers Ex.4/Tab 2/Sch.1.

14 Year over year variance analysis are presented following the tables or more specifically at
15 Ex.4/Tab 2/Sch.2.

16

Table 4.1: 2016 vs. 2010 Board Approved

| | 2012 Board Approved | 2016 | Variance from Board Approved |
|--------------------------|---------------------|-------------|------------------------------|
| Operations | \$360,476 | \$630,467 | 269,991 |
| Maintenance | \$705,409 | \$802,123 | 96,713 |
| Billing and Collecting | \$616,443 | \$733,000 | 116,557 |
| Community Relations | \$58,624 | \$67,000 | 8,376 |
| Administrative & General | \$859,815 | \$1,062,375 | 202,559 |
| Total OM&A Expenses | \$2,600,768 | \$3,294,964 | 394,196 |

- 1 OEB Appendix 2-JA below shows a summary of ORPC Operations, Maintenance and
- 2 Administrative (“OM&A”) costs as required by the OEB’s filing guidelines.

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

| Reporting Basis | CGAAP | CGAAP | CGAAP | CGAAP | NEWGAAP | NEWGAAP | NEWGAAP | NEWGAAP |
|--|-----------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| | Board Approved | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Operations | \$360,476 | \$388,095 | \$548,028 | \$562,813 | \$595,899 | \$589,388 | \$617,080 | \$630,467 |
| Maintenance | \$705,409 | \$491,364 | \$721,496 | \$693,882 | \$840,521 | \$707,406 | \$766,322 | \$802,123 |
| SubTotal | \$1,065,885 | \$879,459 | \$1,269,524 | \$1,256,695 | \$1,436,420 | \$1,296,794 | \$1,383,402 | \$1,432,589 |
| %Change (year over year) | | -17.5% | 44.4% | -1.0% | 14.3% | -9.7% | 6.7% | 10.5% |
| %Change (Test Year vs Last Rebasing Year - Actual) | | | | | | | 29.8% | 62.9% |
| Billing and Collecting | \$616,443 | \$600,482 | \$528,100 | \$533,838 | \$577,268 | \$634,033 | \$710,315 | \$733,000 |
| Community Relations | \$58,624 | \$41,451 | \$53,320 | \$47,391 | \$52,864 | \$55,452 | \$61,000 | \$67,000 |
| Administrative and General+LEAP | \$859,815 | \$821,877 | \$833,118 | \$817,920 | \$1,026,994 | \$915,963 | \$969,266 | \$1,062,375 |
| SubTotal | \$1,534,883 | \$1,463,810 | \$1,414,538 | \$1,399,149 | \$1,657,126 | \$1,605,448 | \$1,740,581 | \$1,862,375 |
| %Change (year over year) | | -43.7% | -3.4% | -1.1% | 18.4% | -3.1% | 8.4% | 16.0% |
| %Change (Test Year vs Last Rebasing Year - Actual) | | | | | | | -33.1% | 21.3% |
| Total | \$2,600,768 | \$2,343,269 | \$2,684,062 | \$2,655,844 | \$3,093,547 | \$2,902,242 | \$3,123,984 | \$3,294,964 |
| %Change (year over year) | | | 14.5% | -1.1% | 16.5% | -6.2% | 17.6% | 26.7% |

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 Operation and Maintenance expenses.

Operations and Maintenance expenses include all costs relating to the operation and maintenance of the ORPC distribution system which are necessary in order to keep the distribution system in a state of good repair. The work typically involves inspection, testing, cleaning, and verification activities. This includes both direct labor costs and non-capital material spending to support both scheduled and reactive maintenance events.

ORPC strives to provide safe, reliable service while minimizing the life cycle costs of assets by doing predictive and preventative work. Maintenance work also help to identify those areas that require capital investments. ORPC is then able to adjust its capital spending priorities to address these matters. This process is described in more detail in ORPC's Distributions System Plan, found at Ex.2/Tab 5/Sch.2

ORPC places a high priority on the upkeep and replacement of its aging infrastructure. Asset management leads to increases in operational costs. Distribution equipment that was placed in-service over 40 years ago, in many cases, has reached its normal useful life. Therefore ORPC is faced with the ongoing replacement of this aging infrastructure that originated in those early years when growth accelerated. Customer expectations for reliability have increased over time and as new technology is added to the system it can only perform on a solid base of well-maintained distribution infrastructure. Thus, investment in replacement equipment along with its associated operational costs has become a continuous reality for ORPC as it commits to satisfying the essential community needs.

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

| <i>Reporting Basis</i> | CGAAP | CGAAP | CGAAP | NEWGAAP | NEWGAAP | NEWGAAP | NEWGAAP |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| OM&A | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Opening Balance | \$2,600,768.00 | \$2,343,269.00 | \$2,684,061.47 | \$2,655,844.47 | \$3,093,546.47 | \$2,902,242.65 | \$3,123,983.65 |
| Salaries Wages and Benefits | -\$45,046 | \$16,086 | | \$69,022 | | \$29,000 | \$40,000 |
| Apprentice Wages and Training | -\$58,000 | \$49,000 | -\$24,000 | | | \$18,000 | \$15,801 |
| Bad Debt Expense | \$3,968 | -\$9,257 | \$6,654 | \$6,391 | \$47,707 | -\$23,464 | \$5,000 |
| Tree Trimming | -\$88,879 | \$85,571 | -\$17,545 | \$60,919 | | \$4,264 | \$5,000 |
| Substation Maintenance | -\$21,081 | \$38,187 | | \$13,312 | -\$15,275 | \$5,337 | \$13,387 |
| Meter Reading | -\$48,842 | -\$20,875 | | \$13,096 | | \$16,564 | |
| Post Retirement Adjustment/Actuarial | | \$45,000 | -\$45,000 | \$109,219 | -\$108,527 | \$1,000 | \$1,000 |
| Meter Operations | | \$73,479 | | -\$32,159 | -\$28,502 | \$9,692 | |
| Wind Storm in April 2011 | | \$25,281 | | | | | |
| Transformer Maintenance | | \$24,879 | | | | \$11,289 | |
| Storm July 18, 2011 | | \$14,196 | | | | | |
| Underground Locates | | | \$15,241 | \$48,443 | | | |
| IFRS | | | \$30,000 | | | | |
| Legal | | | | \$33,071 | -\$15,640 | | |
| Storm July 17, 2013 | | | | \$42,006 | -\$42,006 | | |
| Wind Storm in November 2013 | | | | \$49,812 | -\$49,812 | | |
| Postage | | | | | | \$55,000 | \$5,000 |
| Billing& Collecting | | | | \$14,422 | | \$28,414 | \$10,000 |
| Community Relations & Safety | | | | | | \$5,548 | \$6,000 |
| Memberships | | | | | \$23,100 | \$15,250 | |
| Regulatory re 2016 COS | | | | | | | \$41,000 |
| Overhead Operations and Maintenance | | | | | | \$29,893 | \$15,000 |
| | | | | | | | |
| | | | | | | | |
| | \$381 | -\$755 | \$6,433 | \$10,148 | -\$2,349 | \$15,954 | \$13,792 |
| | | | | | | | |
| | | | | | | | |
| Decrease in OM&A offsetting increase | | | | | | | |
| Closing Balance | \$2,343,269 | \$2,684,061 | \$2,655,844 | \$3,093,546 | \$2,902,243 | \$3,123,984 | \$3,294,964 |
| OM&A Summay Integrity Check | \$2,343,269 | \$2,684,062 | \$2,655,844 | \$3,093,547 | \$2,902,242 | \$3,123,984 | \$3,294,964 |
| Difference | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Cost Drivers and Considerations

2010

- \$134,000 was provided for in rates for apprentices and their training smoothed over 4 years. Apprentices were at their lowest rate in 2010.
- Approval in the 2010 rate application of management salaries upgrades totaling \$181,000 that occurred in 2011.
- Very little tree trimming in 2010.
- Meter reading decrease with implementation of smart meters.

2011

- Apprentice training as wage increases
- Management salaries adjusted
- Tree trimming back to normal

- Substation maintenance up re aging infrastructure
- Post retirement adjustment for the auditor estimate.
- Meter reading decrease of \$20K. Meter operations increase due to smart meters
- Transformer maintenance increase is due to PCB legislation.
- Two storms totaling \$39K

2012

- Apprentices finish training
- No post retirement adjustment
- IFRS Costs \$30K
- Underground locates \$15K

2013

- New CEO hired in July 1, 4 months of duplication, human resources costs for hiring \$70K
- Tree trimming increase of \$60K
- Post retirement expense of \$109K with a report completed by Actuarial and an entry being completed
- Meter operation decrease of \$32K with smart meter operations now fully in place and processes finalized.
- Underground locates have an increase \$48K with joining Ontario One Call. Locates are often not ours, locates are having to be done a second time with first one expiring, as well as Ontario One Call costs themselves.
- Two storms totaling \$92K.

2014

- \$47K increase in bad debts due to higher bills.
- No material post retirement adjustment this year.
- Ottawa River Power joined Cornerstone Hydro Electric Concepts Inc. (CHEC) at a cost of \$23,000 for eight months. This membership provides regulatory, finance, conservation and operational support to its members.
- No storms occurred this year, bringing overhead maintenance back to a more normal level.

1 **2015**

- 2 • \$47K in increased wages and apprentice training
- 3 • Postage \$55 K for monthly billing and increased postage price
- 4 • \$28K for additional billing labour
- 5 • Memberships up \$13.5K full year in CHEC plus EDA increase.

7 **2016**

- 8 • \$65K in wages and apprentice training
- 9 • \$41K in regulatory expenses
- 10 • \$10K in collecting with retirement and replacement of collection clerk

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

Table 4.2 below shows the year over year variances of Ottawa River Power's OM&A expenses.
A variance analysis of expenses exceeding the materiality threshold follows the table.

Table 4.2: Summary of Recoverable OM&A Expenses

| | Board Approved | 2010 | Variance | 2011 | Variance | 2012 | Variance | 2013 | Variance | 2014 | Variance | 2015 | Variance | 2016 | Variance |
|---|-------------------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|-------------|-----------|
| Operations | \$360,476 | \$388,095 | -\$27,619 | \$548,028 | \$159,933 | \$562,313 | \$14,735 | \$595,899 | \$33,085 | \$589,388 | \$26,575 | \$617,980 | \$21,131 | \$630,467 | \$13,383 |
| Maintenance | \$705,436 | \$491,354 | \$214,045 | \$721,496 | \$230,132 | \$693,382 | -\$27,614 | \$840,521 | \$146,639 | \$707,406 | \$13,524 | \$766,322 | -\$74,195 | \$802,123 | \$35,803 |
| Billing and Collecting | \$615,443 | \$600,432 | \$15,011 | \$528,100 | -\$72,382 | \$533,338 | \$5,738 | \$577,268 | \$43,430 | \$534,033 | \$100,195 | \$710,315 | \$133,047 | \$733,000 | \$22,685 |
| Community Relations | \$53,624 | \$41,451 | \$12,173 | \$63,320 | \$11,869 | \$47,381 | -\$5,926 | \$52,864 | \$5,473 | \$55,452 | \$8,061 | \$61,000 | \$3,136 | \$67,000 | \$6,000 |
| Administrative and General | \$859,815 | \$821,877 | \$37,939 | \$833,118 | \$11,241 | \$817,320 | -\$15,198 | \$1,026,994 | \$209,074 | \$915,963 | \$98,043 | \$969,266 | -\$57,728 | \$1,062,375 | \$93,109 |
| Total OM&A Expenses | \$2,600,736 | \$2,343,259 | \$257,499 | \$2,364,062 | \$340,792 | \$2,655,344 | -\$23,217 | \$3,093,547 | \$437,703 | \$2,902,242 | \$246,398 | \$3,123,984 | \$30,437 | \$3,294,964 | \$170,980 |
| Adjustments for Total non-recoverable items | | | | | | | | | | | | | | | |
| Total Recoverable OM&A Expenses | \$2,600,736 | \$2,343,259 | \$257,499 | \$2,364,062 | \$340,792 | \$2,655,344 | -\$23,217 | \$3,093,547 | \$437,703 | \$2,902,242 | \$246,398 | \$3,123,984 | \$30,437 | \$3,294,964 | \$170,980 |
| Variance from previous year | | | | \$340,792 | | -\$23,217 | | \$437,703 | | -\$191,304 | | \$221,741 | | \$170,980 | |
| Percent change (year over year) | | | | 15% | | -1% | | 16% | | -6% | | 8% | | 5% | |

The year over year changes in excess of 50,000 are explained in the following section. Ottawa River Power's materiality criterion is calculated using the OEB's methodology.

2010-2011 Variances, Increases above the materiality threshold are described below:

- Acct 5005 Supervision up \$62,471 with the retirement and replacement of the lines superintendent
- Acct 5065 Smart meter operation \$78,992 staff resources, training etc.
- Acct 5125 o/h maintenance – \$77,476 two storms
- Acct 5135 Tree trimming – \$85,571 back to normal level

2011-2012 Variances, Increases above the materiality threshold are described below

- Acct# 5005 decrease of \$52,471 back to normal

2012-2013 Variances, Increases above the materiality threshold are described below

- Acct 5125 \$54,394 with two storms
- Acct 5135 \$60,919 tree trimming
- Acct 5645 \$135,066: 109K post retirement actuarial, OMERS \$22K re general increase and two presidents for 4 months.

2013-2014 Variances, Increases above the materiality threshold are described below

- Acct 5125 decrease of \$86,452 with no storms
- Acct #5645 decrease of \$76,208 with no accounting entry re post-retirement benefits from 2013

2014 – 2015 Variances, Increases above the materiality threshold are described below

- Acct 5315 billing and collecting expected to increase by \$78,414 with the implementation on January 1, 2015 of monthly billing. Postage costs of \$55,000 as well as additional billing staff. Please note that bad debts are expected to decrease by \$23,464.

2015-2016 Variances

- No variances over \$50K exist in any one single USofA account

With the exception of costs related to the regulatory matters, ORPC has not included any one-time costs in the 2016 operating budget. The estimated costs for completing this application are being amortized over a period of five years. Further details on this topic can be found at Ex.4/Tab 3/Sch.7.

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

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

| | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Reporting Basis | | | | | | | |
| Number of Customers | 13,433 | 13,518 | 13,603 | 13,688 | 13,777 | 13,874 | 13,956 |
| Total Recoverable OM&A | 2,343,269 | 2,684,062 | 2,655,844 | 3,093,547 | 2,902,242 | 3,123,984 | 3,294,964 |
| OM&A cost per customer | 174 | 199 | 195 | 226 | 211 | 225 | 236 |
| Number of FTEs | 28 | 30 | 29 | 30 | 27 | 29 | 29 |
| Customers/FTEs | 488 | 458 | 477 | 464 | 520 | 487 | 481 |
| OM&A Cost per FTE | 85,210 | 90,985 | 93,188 | 104,866 | 109,519 | 109,613 | 113,619 |

As shown in the OEB appendix above, the OM&A costs per customer in the Test Year has marginally increased since the 2012 Board Approved costs. The problem which the utility is faced with is that despite that fact that the number of customers in ORPC is not growing,

- 1 investments in its customer service and investments in its infrastructure (repairs and
- 2 maintenance) are still required.
- 3 On the up side, according to the OEB's published "total cost per customer, ORPC at \$471 in
- 4 2014 was still well below the provincial average of \$614 per customer.

Program Delivery Costs with Variance Analysis

Ex.4/Tab 3/Sch.1 – OM&A Programs

The following section describes programs which ORPC is in the process of adopting. The categorization of USoA account/functions has been based on the RRFE categories, Customer Focus, Operational Effectiveness, Public Responsiveness and Miscellaneous.

Ottawa River Power determined the programs to be presented in this analysis based on significant activities performed within department of the organization. All these programs are considered in the budgeting process and as such they are reviewed regularly by the senior management team. Financial results are presented to the Board of Directors at bi-monthly meetings.

ORPC notes that prior to 2014, the programs listed at the previous schedule and presented in the table below were not in place. The utility carefully selected and adopted these programs based on a review of OM&A Programs that were introduced in recent Cost of Service application. The utility fully plans on using, tracking and reporting on these programs on a going forward basis. The utility fully expects that these OM&A Programs will evolve and change over time ORPC aims to meet or exceed the system maintenance and inspection requirements of the Ontario Energy Board's Distribution System Code (DSC) in order to minimize subsequent repair and/or replacement costs.

Customer Focus

- Community Relations and Safety
- Customer Service, Mailing Costs, Billing and Collections
- Bad Debts
- Smart Meter Reading
- Service Locates

Operational Effectiveness

- Meters operations and maintenance
- Transformers
- Overhead lines
- Underground lines
- Vegetation Management
- Engineering and Mapping
- Management and Admin
- Corporate Membership
- Misc Expenses
- Building, Heating, Electricity, Taxes and Insurance

Public and Regulatory Responsiveness

- Legal and Accounting
- Regulatory
- Capitalization Policy Change (Effective Jan 1,, 2013)

OEB Appendix 2-JC – OM&A Programs Table is presented at the next page

Detail of OM&A Programs Table

| | | | | | | | | | | Test Year Versus Last Rebasings | Test Year Versus Most Current Actuals |
|--|------|------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------------------------|---|
| Reporting Basis | USoA | Board Approved 2010 | CGAAP 2010 | CGAAP 2011 | CGAAP 2012 | CGAAP 2013 | CGAAP 2014 | NEWGAAP 2015 | NEWGAAP 2016 | Variance (\$) | Variance (\$) |
| Programs | | | | | | | | | | | |
| Customer Focus | | | | | | | | | | | |
| Community Relations and Safety | | \$58,624 | \$41,451 | \$53,320 | \$47,391 | \$52,864 | \$55,452 | \$61,000 | \$67,000 | \$8,376 | \$11,548 |
| Customer Service, Mailing Costs, Billing and Collections | | \$491,757 | \$505,595 | \$464,036 | \$466,907 | \$503,175 | \$514,359 | \$603,449 | \$620,000 | \$128,243 | \$105,641 |
| Bad Debts | | \$58,000 | \$61,968 | \$52,712 | \$59,366 | \$65,757 | \$113,464 | \$90,000 | \$95,000 | \$37,000 | -\$18,464 |
| Meter Reading/smart meter reads | | \$92,805 | \$48,842 | \$27,967 | \$27,146 | \$41,052 | \$29,665 | \$46,219 | \$50,000 | -\$42,805 | \$20,335 |
| Service Locates | | \$50,458 | \$46,361 | \$44,530 | \$55,568 | \$88,230 | \$95,347 | \$95,000 | \$100,000 | \$49,542 | \$4,653 |
| Sub-Total | | \$751,644 | \$704,218 | \$642,565 | \$656,378 | \$751,078 | \$808,287 | \$895,668 | \$932,000 | \$180,356 | \$123,713 |
| Operational Effectiveness | | | | | | | | | | | |
| Meters operations and maintenance | | \$53,997 | \$45,131 | \$124,123 | \$153,930 | \$136,324 | \$107,761 | \$115,682 | \$110,000 | \$56,003 | \$2,239 |
| Transformers | | \$29,677 | \$38,240 | \$63,244 | \$79,190 | \$36,023 | \$47,312 | \$58,245 | \$60,000 | \$30,323 | \$12,688 |
| Overhead Lines | | \$364,305 | \$301,523 | \$405,336 | \$393,720 | \$524,887 | \$383,030 | \$452,286 | \$474,082 | \$109,777 | \$91,052 |
| Underground Lines | | \$50,678 | \$26,291 | \$35,220 | \$19,221 | \$48,323 | \$39,950 | \$43,407 | \$50,000 | -\$678 | \$10,050 |
| Vegetation Management | | \$161,222 | \$72,343 | \$157,914 | \$121,519 | \$182,438 | \$190,736 | \$195,000 | \$200,558 | \$39,336 | \$9,822 |
| Engineering & Mapping | | \$102,091 | \$117,568 | \$181,079 | \$144,517 | \$137,880 | \$171,003 | \$136,600 | \$143,949 | \$41,858 | -\$27,054 |
| Management and Administration | | \$561,330 | \$540,033 | \$483,900 | \$457,154 | \$637,567 | \$532,348 | \$590,066 | \$628,851 | \$67,521 | \$96,503 |
| Corporate Memberships | | \$25,000 | \$29,664 | \$42,413 | \$33,724 | \$32,650 | \$55,910 | \$71,000 | \$75,324 | \$50,324 | \$19,414 |
| Miscellaneous Expenses | | \$51,070 | \$61,971 | \$68,925 | \$89,565 | \$91,760 | \$99,748 | \$90,000 | \$92,000 | \$40,930 | -\$7,748 |
| Building, Heating, Electricity, Taxes Insurance | | \$261,905 | \$268,963 | \$260,434 | \$279,029 | \$321,196 | \$292,113 | \$309,030 | \$318,200 | \$56,295 | \$26,087 |
| Substation Operations and Maintenance | | \$80,049 | \$60,830 | \$96,192 | \$82,769 | \$67,054 | \$75,822 | \$65,000 | \$65,000 | -\$15,049 | -\$10,822 |
| Sub-Total | | \$1,741,324 | \$1,562,557 | \$1,918,780 | \$1,854,339 | \$2,216,101 | \$1,995,734 | \$2,126,316 | \$2,217,964 | \$476,640 | \$222,230 |
| Public and Regulatory Responsiveness | | | | | | | | | | | |
| Legal and Accounting | | \$31,500 | \$38,297 | \$44,970 | \$43,613 | \$41,086 | \$58,010 | \$55,000 | \$62,000 | \$30,500 | \$3,991 |
| Regulatory | | \$95,000 | \$38,198 | \$77,748 | \$101,513 | \$44,531 | \$40,212 | \$47,000 | \$83,000 | -\$12,000 | \$42,788 |
| Capitalization Policy Change (Effective Jan 1 , 2013) | | | | | | \$40,750 | | | | \$0 | \$0 |
| Sub-Total | | \$126,500 | \$76,494 | \$122,718 | \$145,127 | \$126,368 | \$98,221 | \$102,000 | \$145,000 | \$18,500 | \$46,779 |
| TOTAL OM&A | | 2,619,468 | 2,343,269 | 2,684,063 | 2,655,844 | 3,093,547 | 2,902,242 | 3,123,984 | 3,294,964 | 675,496 | 392,722 |
| Integrity Check | | | 2,343,269 | 2,684,062 | 2,655,844 | 3,093,547 | 2,902,242 | 3,123,984 | 3,294,964 | | |

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

A variance analysis has been performed below comparing the 2016 test year to the 2014 actuals as well as the 2016 to the 2010 Board approved figures. Variances greater than \$50,000 have been documented below.

Variance Analysis

2016 Test Year vs. 2014 Actuals

- Customer service, mailing costs, billing and collections have been forecasted at \$620,000 (an increase of \$105,641). This is a result of moving to monthly billing as of January 1, 2015. In 2014 Ottawa River Power produced approximately 83,000 bills for its 10,800 customers. In 2015 this will increase to over 135,000 bills. Postage alone will increase by over \$50,000. Increased billing labour will add an additional \$30,000. Collecting is also expected to increase with the collection clerk retiring and the hiring and training of a new clerk.
- Overhead lines are forecasted with an increase of \$91,052. Ottawa River Power is undertaking a number of maintenance programs to enhance its reliability.
- Management and Administration are forecasted to be \$96,503 over 2014. This is primarily due to the Customer Service and IT Manager that retired in May 2014. A major part of the wages was charged to administration. The position was managed by the President, but after more than a year a new Manager has been promoted and the position filled.

2016 Test Year vs. 2010 Board Approved

- Customer service, billing and collecting has risen by \$128,243 from the last board approved amount in 2010 until the test year 2016. A number of contributors include postage prices, amount of postage in the move to monthly billing, and billing labour itself. In the last number of years, Ottawa River Power has seen a significant increase in the number of customer inquiries and high bill complaints. In addition the installation of smart meters has also caused a rise in customer concerns.

- 1 • Overhead line operation and maintenance has also seen a marked increase with
2 aging infrastructure and more adverse weather conditions.
- 3 • Management and administration has increased by \$67,521. During the years from
4 2010 until 2016 the OMERS pension plan alone, has increased by \$73,000. Other
5 employer payroll taxes have also risen. The number of managers has not increased
6 with only inflationary adjustment since the board approved adjustment in 2010.
- 7 • Corporate memberships have increased by \$50,324 with the membership rates
8 rising and the new membership in Cornerstone Hydro Electric Concepts Inc.
- 9 • Building Costs have risen by \$56,295 over 2010 with inflationary increases in taxes
10 and insurance. Heating has increased significantly with higher electricity rates.
11 Additionally maintenance and repairs are increasing with Ottawa River Power's more
12 than 100 year old building.

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

Compensation

Ottawa River Power is committed to making the company increasingly safe, secure and efficient. To succeed in an environment of increased growth, budget constraints, technological advances to the grid, Green Energy Act and regulatory changes, Ottawa River Power must recruit and retain individuals with the appropriate skill set to remain current and competitive. In order to meet this challenge, Ottawa River Power requires employees who are skilled, creative and committed to accomplishing the company's objectives.

In an industry faced with an aging workforce and the challenges of a competitive labour market, Ottawa River Power is faced with a turnover of approximately 25 percent of its workforce within the next five years. To manage this level of change in its workforce, Ottawa River Power must position itself to attract, motivate and retain the talent that is critical to maintaining and renewing its distribution system. Therefore, Ottawa River Power's total compensation package and ability to offer a rewarding work experience must enable it to compete successfully for employees with the requisite skill sets. To avoid falling behind the market it is important that on-going maintenance of the compensation system be done as well. With that in mind, each year any recommended compensation adjustments are based on market data from various HR consultants and industry projections.

ORPC's workforce is comprised of unionized and non-unionized employees.

Unionized Employees

IBEW Local 2228 is the sole bargaining agent for over 70 percent of Ottawa River Power's employees. Compensation for unionized employees is negotiated through the collective bargaining process. When negotiating wage levels, consideration is given to the skill sets required to work within the distribution system, as well as the competitive wage levels of its geographic market.

Ottawa River Power has two Collective Agreements with IBEW Local 2228 representing both Office and Trades workers. Ottawa River Power's present contract is effective from July 1, 2014 until July 1, 2019. Wage increases were negotiated at 2.85 percent for each contract year. This is consistent with other negotiated settlements with the LDCs in its geographic area. The previous negotiated wages increases were 3% per year from 2009 until 2014.

Management and Non Union Employees

Ottawa River Power provides its non-unionized employees consisting of the Executive, Managers and other Non-union staff with a compensation package comprised of a base salary.

Ottawa River Power has a formal and disciplined approach in awarding merit increases to employees. Merit pay is intended to provide a system to reward employee's success and achievement through increases to base pay. As mentioned in the 2010 Cost of Service applications adjustments were being made to management salary levels. These were completed in 2011. During 2012 and 2013 merit increases were 3% while 2014 saw merit increases of 2.85%.

In order to ensure Ottawa River Power remains competitive in their compensation package for their non-union staff it takes part in the Management Salary Survey from MEARIE.

OMERS Pension Plan

The employees of all LDCs are required to participate in the OMERS retirement plan. Therefore, the pension benefits provided to the employees of Ottawa River Power are consistent with the pension benefits provided to employees of other LDCs. This plan is a contributory plan with employees contributing 50 percent of the premiums and Ottawa River Power contributing 50 percent.

Employee Benefit Plan

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

1 All benefit plans for each employee group are essentially the same. The unionized benefit plans,
2 negotiated through collective bargaining, play a significant role in driving the plan design for the
3 non-unionized employees, with most plan provisions remaining common across all employee
4 groups.

5 Post age 65 retirement benefits include only reduced Life insurance in which Ottawa River
6 Power Corporation pays 100% of the premium.

7 The most recent Actuarial Report is presented at the next page.

8

Peter Martin, MA, FSA, FCIA
Consulting Actuary

March 13, 2015.

Ms. Jane Wilkinson-Donnelly, CMA
Chief Financial Officer
Ottawa River Power Corporation
277-351 Pembroke St West
Pembroke, ON
K8A 5N5

Dear Ms. Wilkinson-Donnelly,

RE: PS3250 PRB Valuation Update for presentation of 2014

Purpose

The purpose of this report is to present the results of the update of the valuation of your post retirement benefit (PRB) program of benefits and to develop the accounting entries and disclosure items for your fiscal year ending December 31, 2014 in compliance with section 3250 of the public sector accounting handbook.

Executive Summary of Valuation Update Results

| Valuation Update Results | | |
|----------------------------------|----------------------|----------------------|
| | December 31, 2013 | December 31, 2014 |
| Active Lives | \$100,473 | |
| Retired Lives | <u>\$98,746</u> | |
| Accrued Benefit Obligation (ABO) | \$199,219 | \$199,911 |
| Current Service per active life | \$196.11 | \$196.11 |
| Number of active lives | 28 | 26 |
| average age active lives | 46.8 years | |
| EARSL | 14 | 14 |
| Number of retired lives | 9 | 10 |
| average age of retired lives | 68.0 years | |

Accounting Reconciliation and Disclosure Items

The development of your accounting presentation and disclosure items for 2014 is shown below. These results are based on:

- the assumptions and certain demographic assumptions as of December 31, 2013 contained in the April 8, 2014 report,

Peter Martin, MA, FSA, FCIA
Consulting Actuary

- your actual life insurance premiums in 2014 per advice¹, and
- your actual number of active lives at the end of 2014 per advice¹.

The development of the disclosure items is as follows:

| Accounting Presentation and Reconciliation for 2014 | | | |
|--|------------------|---|-----------------------------|
| | ABO | Unamortized Actuarial Gain/(Loss) | Total Liability in Books |
| PRB Retiree Life | | | |
| As at Dec. 31, 2013 (Note 1) | \$199,219 | | \$199,219 |
| plus Current Service Cost (Note 2) | \$5,295 | | \$5,295 |
| less Benefits Paid Including Tax (Note 3) | (\$12,560) | | (\$12,560) |
| plus Interest (Note 4) | \$7,957 | | \$7,957 |
| plus amortization of gain/(loss) | | | |
| Actual PRB Liability December 31, 2013 | \$199,911 | | \$199,911 |
| Note 1 - As per my report of April 8, 2014. | | | |
| Note 2 - Based on current service cost of \$196.11 per life and an average 27 lives at mid-2014. | | | |
| Note 3 - As per an e-mail of March 12, 2015 from Jane Wilkinson. | | | |
| Note 4 - At 4% as per my report of April 8, 2014 applied to the starting ABO and half the net Current Service Cost less Benefits Paid. | | | |

Yours truly,

Peter Martin, MA., FSA, FCIA,
Consulting Actuary

1924 Bonnymede Drive
Mississauga, Ontario
L5J 1E1

Phone: (416) 629-1031
Email: golden@pobox.com

March 13, 2015

¹ As provided in an e-mail from Jane Wilkinson on March 12, 2015.

Peter J. Martin, MA, FSA, FCIA, FDS

Professional and Educational Designations

- Hon. B.A. majoring in Mathematics and History, Trent University, (1978)
- M.A. in history from York University, (1980)
- B.Ed. from University of Toronto, (1980)
- Fellow of the Society of Actuaries (FSA), (2000)
- Fellow of the Canadian Institute of Actuaries (FCIA), (2000)
- Divorce Financial Specialist (DFS), (2013)

Experience

- Employed 1980 – 1988 in insurance actuarial work
- Employed 1988 – 1989 in pension consulting
- Employed 1989 – 1991 at Pension Commission of Ontario, (now the Financial Services Commission of Ontario)
- Employed 1991 – 1993 ITT Hartford Life of Canada
- Employed 1993 – 1995 in Sun Life's Group Retirement Savings Division
- Employed 1995 – 2000 in Sun Life's Canadian Individual Division
- Employed 2000 – 2001 with Illustrate Inc.
- Established Golden Actuarial Services in 2001 specializing in the calculation of pension values on marriage breakdown and the determination of economic loss on injury or fatality
- Organizer of the 2008 and 2012 Actuarial Evidence conferences of the Canadian Institute of Actuaries and presenter at conferences
- Have testified as expert witness in Ontario
- Co-author of CIA submission to the Law Commission of Ontario on Division of Pensions Upon Marriage Breakdown – 2008
- Addressed Social Policy committee of the Ontario Legislature on Bill 133 – 2009
- Presenter at the Ontario Bar Association's Family Law "Bread and Butter" seminar, 2012
- From January 1, 2012 presented to 20+ groups of lawyers on the changes in valuation of pensions on marriage breakdown in Ontario and started e-mail newsletter periodically sent to 15,000 lawyers in Ontario

1

OEB Appendix 2-K – Employee Compensation

Employee Costs

| | Board Approved | CGAAP | CGAAP | CGAAP | NEWGAAP | NEWGAAP | NEWGAAP | NEWGAAP |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 2010 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
| Number of Employees (FTEs including Part-Time)¹ | | | | | | | | |
| Management (including executive) | 7 | 5 | 6 | 6 | 6 | 5 | 6 | 6 |
| Non-Management (union and non-union) | 21 | 23 | 24 | 23 | 24 | 22 | 22 | 22 |
| Total | 28 | 28 | 30 | 29 | 30 | 27 | 28 | 28 |
| Total Salary and Wages including overtime and incentive pay | | | | | | | | |
| Management (including executive) | \$501,086.00 | \$490,840.34 | \$520,923.35 | \$534,513.25 | \$580,655.98 | \$512,952.25 | \$525,325.83 | \$564,693.98 |
| Non-Management (union and non-union) | \$1,252,874.00 | \$1,145,751.33 | \$1,250,222.21 | \$1,261,062.55 | \$1,361,964.53 | \$1,424,155.58 | \$1,462,067.15 | \$1,489,690.86 |
| Total | \$1,753,960.00 | \$1,636,591.67 | \$1,771,145.56 | \$1,795,575.80 | \$1,942,620.51 | \$1,937,107.83 | \$1,987,392.98 | \$2,054,384.84 |
| Total Benefits (Current + Accrued) | | | | | | | | |
| Management (including executive) | \$62,896.00 | \$73,145.08 | \$82,596.91 | \$90,380.13 | \$113,405.10 | \$96,634.20 | \$98,965.24 | \$106,381.74 |
| Non-Management (union and non-union) | \$204,817.00 | \$211,055.36 | \$218,444.28 | \$204,103.97 | \$250,306.10 | \$264,380.77 | \$271,418.69 | \$276,546.76 |
| Total | \$267,713.00 | \$284,200.44 | \$301,041.19 | \$294,484.10 | \$363,711.20 | \$361,014.97 | \$370,383.93 | \$382,928.50 |
| Total Compensation (Salary, Wages, & Benefits) | | | | | | | | |
| Management (including executive) | \$563,982.00 | \$563,985.42 | \$603,520.26 | \$624,893.38 | \$694,061.08 | \$609,586.45 | \$624,291.07 | \$671,075.72 |
| Non-Management (union and non-union) | \$1,457,691.00 | \$1,356,806.69 | \$1,468,666.49 | \$1,465,166.52 | \$1,612,270.63 | \$1,688,536.35 | \$1,733,485.84 | \$1,766,237.62 |
| Total | \$2,021,673.00 | \$1,920,792.11 | \$2,072,186.75 | \$2,090,059.90 | \$2,306,331.71 | \$2,298,122.80 | \$2,357,776.91 | \$2,437,313.34 |

- 3 The table at the next page provides the year-over-year change in FTE headcount from 2010 to
- 4 2015, a portion of which are actual and projected FTEs.

5

Monthly Staffing Levels

| Year | | Opening Balance | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec | Ending Balances | Avg |
|------|-----------|-----------------|------|------|------|------|------|------|------|------|------|------|------|------|-----------------|-------|
| 2010 | | | | | | | | | | | | | | | | |
| | Exec | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.00 |
| | Mgmt | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4.25 |
| | Union | 17 | 17 | 17 | 17 | 17 | 17 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 18.17 |
| | Non Union | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 4.5 | 4.5 | 4.5 | 4.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.83 |
| | Total | 26.5 | 26.5 | 26.5 | 26.5 | 26.5 | 26.5 | 28.5 | 28.5 | 28.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.25 |
| | | | | | | | | | | | | | | | | |
| 2011 | | | | | | | | | | | | | | | | |
| | Exec | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.00 |
| | Mgmt | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 4.75 |
| | Union | 19 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 19 | 19 | 18.08 |
| | Non Union | 3.5 | 2.5 | 2.5 | 2.5 | 3.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 3.92 |
| | Total | 27.5 | 25.5 | 25.5 | 25.5 | 27.5 | 28.5 | 28.5 | 28.5 | 28.5 | 28.5 | 28.5 | 28.5 | 29.5 | 29.5 | 27.75 |
| | | | | | | | | | | | | | | | | |
| 2012 | | | | | | | | | | | | | | | | |
| | Exec | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.00 |
| | Mgmt | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5.00 |
| | Union | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 18 | 18 | 18 | 18 | 18 | 18.67 |
| | Non Union | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 5.5 | 5.5 | 5.5 | 5.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.83 |
| | Total | 29.5 | 29.5 | 29.5 | 29.5 | 29.5 | 30.5 | 30.5 | 30.5 | 30.5 | 28.5 | 28.5 | 28.5 | 28.5 | 28.5 | 29.50 |
| | | | | | | | | | | | | | | | | |
| 2013 | | | | | | | | | | | | | | | | |
| | Exec | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 1.5 | 1 | 1 | 1 | 1 | 1.29 |
| | Mgmt | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5.00 |
| | Union | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 18 | 19 | 19 | 19 | 19 | 18.25 |
| | Non Union | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.17 |
| | Total | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 28.5 | 29.5 | 29.5 | 29.5 | 29 | 29.5 | 29.5 | 29.5 | 29.5 | 28.71 |
| | | | | | | | | | | | | | | | | |
| 2014 | | | | | | | | | | | | | | | | |
| | Exec | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.00 |
| | Mgmt | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4.42 |
| | Union | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19 | 19.00 |
| | Non Union | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 2.5 | 3.33 |
| | Total | 29.5 | 29.5 | 29.5 | 29.5 | 29.5 | 29.5 | 26.5 | 26.5 | 26.5 | 26.5 | 26.5 | 26.5 | 26.5 | 26.5 | 27.75 |
| | | | | | | | | | | | | | | | | |
| 2015 | | | | | | | | | | | | | | | | |
| | Exec | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.00 |
| | Mgmt | 5 | 5 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 4.75 |
| | Union | 19 | 19 | 19 | 19 | 19 | 18 | 18 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17.83 |
| | Non Union | 3.5 | 3.5 | 3.5 | 3.5 | 2.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.08 |
| | Total | 28.5 | 28.5 | 28.5 | 28.5 | 27.5 | 28.5 | 27.5 | 26.5 | 26.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.67 |
| | | | | | | | | | | | | | | | | |
| 2016 | | | | | | | | | | | | | | | | |
| | Exec | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1.00 |
| | Mgmt | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5.00 |
| | Union | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17 | 17.00 |
| | Non Union | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.5 | 4.50 |
| | Total | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.5 | 27.50 |
| 1 | | | | | | | | | | | | | | | | |

Staffing Levels

Establishing staffing levels and wages is part of ORPC's business planning process. As such there is a thorough review and approval process. The starting assumption is that current staffing levels are sufficient and any increases need to be justified.

Planning starts by each business unit reviewing existing headcounts and ensuring that the utility has the proper headcount in place ensures critical success factors and supports objectives which are described in Exhibit 2 as well as Exhibit 4.

Each business unit then identifies the headcount required with consideration of the requirements for delivering the team's commitment to ORPC's strategy. Staff is required to perform important functions to meet ORPC's strategic objectives and provide value added services to ORPC's customers.

Ottawa River Power continues to experience small increases in customer growth, while continuing to operate in an environment of increasing regulatory, technical and other requirements, often imposed by third parties all of which have caused ORPC's workload to increase without a corresponding increase in the number of staff that is required to carry out that work.

Senior management is required to justify the need for all new staff positions to the President and CEO. The CEO recommends the changes to the Human Resources Committee of the Board of Directors, and to the Board of Directors, as a whole, as part of the overall budget.

As provided in the table above, ORPC has increased non-union complement of FTE's by one since its 2010 COS Rate Filing. This is in anticipation of a retirement.

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

The purpose of this evidence is to document these arrangements, provide an overview of the Shared Services that Ottawa River Power purchases from and provides to its affiliate Ottawa River Energy Solutions Inc.

The business lines of Energy Solutions are comprised of the historical retail lines of the former amalgamated utilities. These include water heater rentals, sentinel light rentals, contract work and telecommunications and most recently solar projects. Energy Solutions has no employees.

Ottawa River Energy Solutions Inc. has a seven member Board of Directors that is separate from Ottawa River Power Corporation. This is comprised of four members appointed by the City of Pembroke, and one member from the remaining three communities: Town of Mississippi Mills, Township of Whitewater and Township of Killaloe, Hagarty & Richards.

Ottawa River Energy Solutions provides internet services to Ottawa River Power on market-based pricing.

Ottawa River Power Corporation provides management and other services to ORES on a cost basis. A project and job costing system is used to track time, material and equipment for the services provided.

The Services Agreement between Ottawa River Power Corporation and Ottawa River Energy Solutions Inc. took effect on May 1, 2002 and is provided following this schedule.

Revenues and Expenses related to Incoming and outgoing shared services have remained fairly consistent over the past 5 years.

OEB Appendix 2-N Shared Services/Corporate Cost Allocation is presented below.

Shared Services and Corporate Cost Allocation

Year: **2010**

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|--------------------------------|--------------------------------|----------------------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| Ottawa River Energy Solutions | Ottawa River Power Corporation | Internet Service | Market | 19200 | |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Water Heater Maintenance | Cost | 44275 | 38500 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Sentinel Light Maintenance | Cost | 3662 | 3183 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Telecommunications | Cost | 10769 | 9364 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Miscellaneous | Cost | 496 | 432 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Management Services | Cost | 39684 | 34508 |
| | | | | | |
| | | | | | |

1

Year: **2011**

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|--------------------------------|--------------------------------|----------------------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| Ottawa River Energy Solutions | Ottawa River Power Corporation | Internet Service | Market | 19200 | |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Water Heater Maintenance | Cost | 44579 | 38764 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Sentinel Light Maintenance | Cost | 3417 | 2971 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Telecommunications | Cost | 25344 | 22038 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Miscellaneous | Cost | 384 | 333 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Management Services | Cost | 41238 | 35859 |
| | | | | | |
| | | | | | |

2

Year: **2012**

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|--------------------------------|--------------------------------|----------------------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| Ottawa River Energy Solutions | Ottawa River Power Corporation | Internet Service | Market | 19200 | |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Water Heater Maintenance | Cost | 67067 | 58319 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Sentinel Light Maintenance | Cost | 5811 | 5053 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Telecommunications | Cost | 82668 | 71885 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Miscellaneous | Cost | 729 | 633 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Management Services | Cost | 47782.15 | 41550 |
| | | | | | |
| | | | | | |

1

2

Year: **2013**

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|--------------------------------|--------------------------------|----------------------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| Ottawa River Energy Solutions | Ottawa River Power Corporation | Internet Service | Market | 19200 | |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Water Heater Maintenance | Cost | 54377 | 47285 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Sentinel Light Maintenance | Cost | 3438 | 2990 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Telecommunications | Cost | 77403 | 67307 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Miscellaneous | Cost | 757 | 658 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Management Services | Cost | 54589 | 47470 |
| | | | | | |
| | | | | | |

3

Year: **2014**

Shared Services

| Name of Company | | Service Offered | Pricing Methodology | Price for the Service | Cost for the Service |
|--------------------------------|--------------------------------|----------------------------|---------------------|-----------------------|----------------------|
| From | To | | | \$ | \$ |
| Ottawa River Energy Solutions | Ottawa River Power Corporation | Internet Service | Market | 19200 | |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Water Heater Maintenance | Cost | 60027 | 52197 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Sentinel Light Maintenance | Cost | 8133 | 7072 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Telecommunications | Cost | 29834 | 25943 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Miscellaneous | Cost | 391 | 340 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Management Services | Cost | 47644 | 41430 |
| | | | | | |
| | | | | | |

1

THIS AGREEMENT made, in duplicate, this 01st day of May, 2002.

BETWEEN:

OTTAWA RIVER POWER CORPORATION

hereinafter called "Power"

OF THE FIRST PART

-and-

OTTAWA RIVER ENERGY SOLUTIONS INC.,

Hereinafter called "Energy"

OF THE SECOND PART

WHEREAS Energy and Power were incorporated on the 29th day of April, 1999.

AND WHEREAS Power was incorporated for the purposes of distribution of electricity in and for the Province of Ontario.

AND WHEREAS Energy was incorporated for the purposes of the retail of electricity and for the purposes of any and all activities related thereto and for the supply of electronics and electrical equipment and/or products and other programs and services.

AND WHEREAS the City of Pembroke, the Village of Beachburg, the Corporation of the Town of Mississippi Mills and the Corporation of the Town of Killaloe, Hagarty & Richards (formerly Killaloe Hydro-Electric Commission) amalgamated their various utilities in the County of Renfrew and the County of Lanark for the efficient and effective distribution of electricity and related products in the said counties.

AND WHEREAS the Province of Ontario, under Bill 35, has necessitated the separation of the competitive products in the electrical market from that of the essential wire services and as such Power and Energy were incorporated.

AND WHEREAS the Ontario Energy Board is the regulator of power corporations.

AND WHEREAS the Ontario Energy Board Affiliate Relationship Code outlines the degree of separation, the sharing of services and resources, the transfer of pricing, consideration concerning financial transactions with affiliates and other matters.

AND WHEREAS Energy and Power have agreed to perform those services as necessary at their own expense.

AND WHEREAS the parties hereto wish to enter into an agreement to provide for the delivery of services between the affiliates, as per the service requirements provided for in the *Ontario Energy Board – Affiliate Relationships Code for Electricity Distributors and Transmitters* and for other matters as set out in this agreement.

AND WHEREAS the objectives of this agreement are to establish the rules for the inter-operation of Power and Energy and to ensure that they will be in compliance with the *Ontario Energy Board Affiliate Relationship Code for Electricity Distributors and Transmitters* and to establish an outline of how the various functions to be undertaken by each corporation shall be administered between the two corporations for the servicing and financing arrangements between the two parties.

NOW THEREFORE in consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

1. Definitions

- a) Act means the Ontario Energy Board Act. 1998;
- b) Board means the Ontario Energy Board
- c) Confidential Information means information either of the parties have obtained relating to a specific consumer, retailer or generator in the process of providing current or respective utility service.
- d) Fair Market Value means the price reached in an open and unrestricted market between informed and prudent parties, acting at arms length and under no compulsion to act.
- e) Information of Services means computer systems, services, data bases and persons knowledgeable about the utilities information technology systems.

2. General

- a) Power and Energy will operate entirely separate from the other, with a division and separation of resources, expenditures and administration.
- b) Power and Energy will maintain separate accounting records and maintain separate bank accounts.
- c) Power and Energy acknowledge that, although they are utilizing the same physical office location, they will ensure a physical separation from each other in the building.
- d) Power and Energy agree that they will maintain a division of directors so that at least one-third of the board of directors of power is independent from Energy.

3. Accounting

- a) Power will perform all accounting procedures and work related thereto for Energy on an as-needed basis pursuant to direction and work orders from Energy. The accounting work performed by Power for Energy shall include, but not be limited to, the setting up of all books of general ledger for Energy.
- b) Power shall not complete the auditing of any books for Energy and each Power and Energy, shall maintain and select an accounting firm for auditing of their respective books.

4. Administration

- a) Power shall perform work for Energy including whatever administration work Energy requires as well as billing and collecting of accounts.
- b) Energy shall provide to Power its request for work and services to be performed by Power for administration by way of work orders.

5. Incremental and Ancillary Expenses

- a) Energy may use, telephone and computers of Power and shall be invoiced for usage based on a time basis.
- b) In the event that Energy requires any other equipment not referred to in (a) herein, it may be utilized by Energy upon prior scheduling notice and pursuant to the requisite work orders.

6. Confidentiality of All Matters

- a) It is agreed by the parties that each shall maintain confidentiality with respect to its business operations being conducted.

- b) Power and Energy have in place, and will maintain for that purpose, appropriate computer data management and data access protocols, as well as provisions regarding the breach of any access protocols.
- c) Power and Energy, while sharing employees, shall ensure that such employees are not directly involved in collecting or have access to confidential information of the other and shall prepare the necessary data access protocols and data management to ensure confidentiality between Power and Energy.
- d) Power shall not disclose confidential information to Energy, without the consent in writing of the consumer, retailer or generator, as the case may be, except where the confidential information is required to be disclosed:
 - i. For billing or market operation purposes;
 - ii. For law enforcement purposes;
 - iii. For the purposes of complying with a legal requirement;
 - iv. For the processing of past due accounts of the consumer, which have been passed to a debt collection agency.
- e) Irrespective of the provisions of Paragraph (d) above, confidential information may be disclosed by Power where the information has been sufficiently aggregated, such that any individual consumer, retailer, or generator's information could not reasonably be identified. If such information is aggregated, it must be disclosed on a non-discriminatory basis to any party requesting the information.

7. Sharing of Employees

- a) The parties hereto agree that, from time to time, Power and Energy may share employees but will ensure compliance with the confidentiality provisions as referred to in Paragraph 6(a) above.

- b) Power and Energy hereby agree that they will not share employees that carry out the day to day operation of the Power's transmission or distribution network.

8. Services to be Performed by Power and Energy for Each Other

- a) The parties hereto agree that where each provides a service, resource or product to the other, they shall ensure that the sale price is no less than the fair market value of the service, resource or product.
- b) The parties hereto agree that in purchasing a service, resource or product from each other, they shall pay no more than fair market value for it. In the event that fair market value cannot be determined by tendering, the parties shall charge to each other no less than a "cost based price" and pay to each no more than a cost based price. The cost based price shall reflect the cost of producing the service or produce, including a return on invested capital. The return component shall be the higher of the utilities' approved rate of return or the bank prime rate.
- c) The parties hereto agree that each shall not sell any assets to the other for a price less than the net book value of the said assets.

9. Limited Liability

The parties hereto agree that neither shall be responsible to the other or to anyone claiming through the other, or to any third party, for any loss, cost (including lawyer's and court costs), damage, injury, liability, claim, penalty, fine interest, act of God, or any course of action whatsoever resulting howsoever from the other unless it is proven that the other is negligent.

10. Insurance

The parties hereto acknowledge that they have policies of insurance, with the named insureds being ORES, ORPC and also a Certificate of Insurance through the Municipal Electric Association reciprocal Insurance Exchange with the named insureds being ORES and ORPC. The parties shall maintain in force these policies of insurance to provide for their respective liabilities. Each party shall assume their respective obligation for payment of the said premiums pursuant to the policies as agreed to by the parties.

11. Invoicing

Power and Energy shall invoice each other respectively, monthly, following the performance of the service or sale of the resource or product. All invoiced amounts and accounts shall be due and payable upon receipt with overdue accounts subject to interest at the rate of 18% per annum.

12. Financial Transmissions, Security and Interest

- a) ORPC shall provide loan advances to ORES up to a maximum of \$600,000 to assist ORES in their operations.
- b) The outstanding indebtedness, provided by ORPC to ORES shall be secured by a Promissory Note and other security to be provided by ORES to ORPC in a form as required by ORPC, including but not limited to a General Security Agreement, Assignment of Assets and/or registration under the Personal Property Security Registrations Act.
- c) ORES shall pay interest to ORPC on the amount of the advances of ORPC to ORES as referred to in Paragraph (b) herein, at the prime rate of the Royal Bank of Canada, calculated semi-annually and payable once each year, on the 30th day

of April of each and every year, with such interest calculation to commence on the date of market opening, being May 01st, 2002, and the first payment of interest to be made on April 30th, 2003.

- d) ORES shall pay its entire indebtedness owed to ORPC upon demand by ORES, together with interest.

13. Miscellaneous

- a) ORPC shall take all reasonable steps to ensure that Energy does not use Power's name, logo or other distinguishing characteristics in the manner which would mislead consumers as to the distinction between Power and Energy.
- b) Power, including its employees and agents, shall not state or imply to consumers a preference for Energy.

14. Service Agreement and Affiliate Code Requirements

- a) The parties hereto agree and acknowledge that this agreement constitutes a service agreement as provided for by the *Ontario Energy Board ("OEB")* and the *Affiliate Relationships Code for Electricity Distributors and Transmitters*.
- b) In the event that the *Ontario Energy Board* requires amendments to the Service Agreement, the parties shall comply with any legislation or code requirements and the parties shall work with the OEB in completing such amendments, as required.

15. Arbitration

All matters in difference between the parties in relation to this agreement shall be referred to the arbitration of a single arbitrator, if the parties agree upon one, otherwise to three arbitrators, one to be appointed by each party and a third to be chosen by the first two

named before they enter upon the business of arbitration. The award and determination of the arbitrator or arbitrators or any two of the three arbitrators shall be binding upon the parties and their respective heirs, executors, administrators and assigns.

16. Benefit and Binding Nature of this Agreement

This agreement shall enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

17. Effective Date

This agreement shall take effect on the 01st day of May, 2002.

IN WITNESS WHEREOF the parties hereto have hereunto set their hands and seals on the date first above written.

SIGNED, SEALED AND DELIVERED)
in the presence of)

) **OTTAWA RIVER POWER CORPORATION,**

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

Table 4.5a): Variance from 2016 to 2010 Board Approved

| | | | 2010 BA | 2016 | | |
|--------------------------------|--------------------------------|----------------------------|-----------------------|-----------------------|--------|-------|
| Name of Company | | Service Offered | Price for the Service | Price for the Service | \$ Var | % Var |
| From | To | | | | | |
| Ottawa River Energy Solutions | Ottawa River Power Corporation | Internet Service | 19200 | 19200 | 0 | 0 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Water Heater Maintenance | 44275 | 64000 | 19725 | 44.5% |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Sentinel Light Maintenance | 3662 | 5000 | 1638 | 44.7% |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Telecommunications | 10769 | 40000 | 29231 | 271% |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Miscellaneous | 496 | 500 | 4 | .8% |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Management Services | 39684 | 62000 | 22316 | 56.2% |

There are a number of material changes for services charged to ORPC's affiliate Ottawa River Energy Solutions. This is due to the amount of service provided since the 2010 Cost of Service application and not price increases. Energy Solutions has increased its business and grown in the past 5 years.

1

Table 4.5b): Variance from 2016 to 2014

| | | | 2014 | 2016 | | |
|--------------------------------|--------------------------------|----------------------------|-----------------------|-----------------------|--------|-------|
| Name of Company | | Service Offered | Price for the Service | Price for the Service | \$ Var | % Var |
| From | To | | | | | |
| Ottawa River Energy Solutions | Ottawa River Power Corporation | Internet Service | 19200 | 19200 | 0 | 0 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Water Heater Maintenance | 60027 | 64000 | 3973 | 6.6 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Sentinel Light Maintenance | 8133 | 5000 | -3133 | -38.5 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Telecommunications | 29834 | 40000 | 10166 | 34.0 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Miscellaneous | 391 | 500 | 109 | 27.8 |
| Ottawa River Power Corporation | Ottawa River Energy Solutions | Management Services | 47644 | 62000 | 14356 | 30.1 |

2

3 The material changes in the prices for the services from 2014 to 2016 are explained by service
4 levels and not by price increases. Sentinel Light maintenance is decreasing with the number of
5 installed sentinel lights decreasing. Ottawa River Energy Solutions is expecting to do more
6 telecommunications business in the next two years. As well Management services will increase
7 as Energy Solutions continues to develop its business.

8 Ottawa River Power confirms that it has no affiliate expenses in its rate application.

9

Ex.4/Tab 3/Sch.6 - Purchases of Non-Affiliate Services

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

ORPC's 2015 Vendor list is presented at the next page.

ORPC's 2010 to 2014 Vendor List and purchasing policy is presented following the Vendor List at the next page.

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Purchases of services above threshold

| | 2014 | 2013 | 2012 | 2011 | 2010 | ACTIVITY | PRICED BY |
|----------------------------------|------------|------------|------------|------------|------------|--|--------------|
| HYDRO ONE | 23,623,050 | 21,646,586 | 16,107,749 | 15,685,470 | 13,538,190 | Commodity | Regulated |
| MISSISSIPPI RIVER POWER CORP | 3,506,121 | 2,011,069 | 1,632,130 | 3,319,533 | 1,263,729 | Commodity | Regulated |
| BROOKFIELD ENERGY MARKETING LP | 1,446,678 | 1,415,841 | 894,123 | 1,924,496 | 1,701,546 | Commodity | Regulated |
| Posi-Plus | | 453,613 | | | | Truck Purchase | RFQ |
| ONTARIO MUNICIPAL EMPLOYEES | 372,762 | 396,379 | 321,739 | 262,883 | 221,582 | Employee Pension Plan | Sole Source |
| ALTEC INDUSTRIES LTD | | | | | 266,473 | Truck Purchase | RFQ |
| The MEARIE Group | 236,321 | 210,900 | 187,778 | 193,793 | 199,923 | Employee Benefits | Market Price |
| ENERDU POWER SYSTEM LTD | 186,537 | 146,186 | 127,057 | 94,977 | 70,161 | Commodity | Regulated |
| BURMAN ENERGY | 181,213 | 245,788 | 198,928 | 129,458 | 94,185 | C&DM Program Delivery | Market Price |
| HARRIS COMPUTER SYSTEMS | 172,813 | 146,247 | 104,868 | 110,389 | 90,837 | Customer Info System Maintenance&Upgrades | Market Price |
| HD SUPPLY POWER SOLUTIONS | 165,764 | 296,037 | 264,466 | 237,186 | 141,354 | Electrical Components | Market Price |
| OTTAWA RIVER POWER CORP | 77,543 | 70,308 | 58,713 | 58,419 | 62,932 | Electricity Costs - Own Consumption | Regulated |
| COSTELLO UTILITY CONSULTANTS | 74,701 | | | | | Engineering Substation 2 & Killaloe Reclosure | Market Price |
| FP TELESAT | 71,190 | 56,500 | 56,500 | 39,550 | | Postage | Sole Source |
| WOLSELEY MECHANICAL GROUP | 70,524 | 80,053 | 103,270 | 89,306 | 78,006 | Electrical Components | Market Price |
| G P SPLINTER FOREST PRODUCTS LTD | 61,706 | | | | | Vegetation Management | Market Price |
| ELSTER METERING | 61,344 | 44,341 | 31,530 | 161,586 | 670,386 | Meters - Smart Metering | RFP |
| ELENCHUS | | | | | 60,218 | 2010 Cost of Service Consulting | RFQ |
| util-assist | 54,780 | 41,246 | 29,844 | 38,005 | | Sync Operation & CDM Assistance | RFQ |
| WESTBURN ONTARIO | 53,183 | 68,452 | 59,233 | 95,567 | 83,755 | Electrical Components | Market Price |
| CORP. OF THE CITY OF PEMBROKE | 59,562 | 67,645 | 46,928 | 50,022 | 57,818 | Municipal Taxes | Sole Source |
| NORTRAX CANADA INC | | | 54,240 | | | Backhoe | RFQ |
| JOHNSTON & MACKIE LTD | 49,708 | 48,627 | 47,700 | 46,343 | 45,358 | Property Insurance | Market Price |
| UTILSMART CORPORATION | 40,887 | 49,265 | 41,421 | 41,453 | 38,011 | Wholesale, Interval and MicroFit Meter Reading | RFQ |
| HUGO G. TERMARSCH & SON | 47,226 | 46,394 | 41,654 | 44,045 | 28,884 | Fleet Fuel | Market Price |
| VERMEER CANADA INC | | | 46,330 | | | Wood Chipper | RFP |
| ANIXTER CANADA INC | | | | | 41,729 | Electrical Components | Market Price |
| MEARIE MANAGEMENT INC | 39,928 | 44,540 | 66,623 | 31,576 | 12,055 | Liability and Fleet Insurance | Market Price |
| ELECTRICITY DISTRIBUTORS ASCO. | 36,386 | 35,143 | 33,674 | 32,149 | 30,454 | Membership Dues | Sole Source |
| RUNGE STATIONERS | 35,940 | 22,049 | 20,283 | 17,231 | 18,404 | Leased Office Equip and Supplies | RFQ |
| KINECTRICS INC | | 35,030 | | | | Substation 2 Ground Grid Testing | RFP |
| BDO CANADA LLP | | | 33,900 | | | IFRS Consulting | Market Price |
| SCOTT ROSIEN & DEMPSEY | 32,400 | 38,350 | 28,800 | 28,000 | 21,750 | Audit and Consulting | Market Price |
| MURPHY FORD SALES LTD | 31,698 | 32,661 | | | | Truck Purchase | Market Price |
| WADE GENERAL CONTRACTING LTD | | | 31,471 | | | Building Upgrades | Market Price |
| ONTARIO ENERGY BOARD | 31,159 | 19,534 | 25,608 | 26,973 | 25,856 | Regulator | Regulated |
| TANDEM ENERGY SERVICES INC | 30,144 | | | | | Cost of Service Consulting 2016 | Market Price |
| GUELPH UTILITY POLE COMPANY | 29,721 | 39,428 | 37,301 | 28,209 | 39,984 | Poles | Market Price |
| UPPER VALLEY DODGE CHRYSLER | | 28,386 | | | | Truck Purchase | RFQ |
| REID BROTHER'S MOTOR SALES | | | | 28,303 | | Truck Purchase | RFQ |
| G & W CANADA INC. | | | 28,109 | | | Killaloe Reclosure | RFQ |
| LAPOINTE BROS. CHRYSLER PLYMOU | | | 27,928 | | | Truck Purchase | RFQ |
| SHEPPARD & GERVAIS | 27,110 | 25,468 | 11,741 | 13,437 | 15,319 | Legal | Market Price |
| AGO INDUSTRIES INC | | 27,061 | | | 21,551 | Safety Clothing | Market Price |
| LRO METER READING SERVICES | | | | | 26,066 | Meter Reading Service | Market Price |
| ROBERT REGIER | 25,572 | 25,162 | | | | Commodity (MicroFit) | Regulated |
| ENVIROCENTRE | 25,537 | | | | | Delivery of CDM program | Market Price |
| NERSTONE HYDRO ELECTRIC CONCEPTS | 25,346 | | | | | Membership Dues | Sole Source |
| DELL CANADA INC | | 24,900 | | | | Computer Hardware | Market Price |
| HYDRO ONE NETWORKS INC | 24,646 | 21,099 | 19,664 | 31,642 | 161,400 | Load Transfers | Regulated |
| VALLEY TRUCK & SPRING | 23,220 | 20,837 | 14,613 | 10,438 | 25,717 | Fleet Service and Repairs | Market Price |
| POSTAGE BY PHONE | | | | 22,600 | | Postage | Sole Source |
| RAY CLEMENT | | | | | 22,291 | Meter Reading Service | Market Price |
| LAKEPORT POWER LTD | 22,236 | 33,392 | 12,351 | 27,460 | 58,474 | Poles | Market Price |
| GEORGE M FRASER LTD | | 20,442 | | | | Measure & Test Equipment | Market Price |

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Purchasing Policy

POLICY STATEMENT:

Ottawa River Power Corporation will purchase goods and services for its operations as outlined in this policy.

PARTICULARS

The objective of this Policy is to obtain best value when purchasing goods, construction and services for Ottawa River Power Corporation, while treating all suppliers equitably. The guiding procurement principle supports that, wherever possible, purchases be made using a competitive process that is open, transparent and fair to all suppliers.

Procurement of goods and services will be based on

- (a) Overall price impact for ORPC
- (b) Quality of goods
- (c) Reputation and performance of supplier
- (d) Delivery
- (e) Environmental impact
- (f) Safety record of contractors
- (g) Preference to support local suppliers, based on (in order) suppliers who are customers of ORPC, local suppliers, provincial suppliers, national suppliers
- (h) Standardization of equipment
- (i) Impact on the ongoing work process

PURCHASE ORDERS:

A purchase order may be issued by any department manager or the purchasing designate for the purchase of all materials, supplies and services over \$50.00. Purchases under this threshold should be made at locations where ORPC has standing accounts, in the absence of an account, the following options may be applicable;

Blanket Orders

Blanket orders generally specify prices, terms, conditions and the period covered (not to exceed 1 year), but do not specify quantity. Shipments are made against releases. Blanket orders will be issued to vendors for materials and supplies that are not normally stocked or service maintained.

Petty Cash

No purchase order is required for purchase up to \$50.00 unless deemed necessary by management. All appropriate receipts must be provided. A purchase under \$50.00 may be done from petty cash at the discretion of the Office Manager or designate.

Visa Purchases

Visa purchases for amounts no greater than \$100.00 may be done by staff provided receipts are returned to the Office Manager or designate. Senior Management do not require a purchase order for amounts up to their limits of authority; statements and receipts must be reviewed by the Office Manager.

The following purchases are Exemptions

The following purchases do not require a purchase order.

- Small purchases and miscellaneous expenses under \$50.00
- IESO Invoice
- Hydro One Invoice
- Embedded Generation Power Invoices
- Debt Retirement Charge Remittance
- ESA Inspection Charges
- OEB Fixed Costs
- Insurance
- Employee benefits (Pension, Health Insurance, etc)

- Postage
- Taxes
- Telephone, utilities, expenses
- Customer refunds
- External Audit Invoices
- Memberships
- Subscriptions
- Freight and courier charges
- Legal expenses
- Travel, training and conference expenses
- Assets purchased by deed

Purchase Level Authority:

The authorization level for purchasing goods and services that have been approved in the capital and operating budget is as follows:

- Items less than \$100 – Any employee
- Items up to \$20,000 – Managers or designate
- Items more than \$20,000 – President or designate

The authorization level for purchasing goods and services that have not been approved in the capital and operating budget is as follows:

- Items up to \$20,000 – President
- Items more than \$20,000 – Board of Directors

Competitive Process:

As an incorporated entity under the Ontario Business Corporation Act; Ottawa River Power is not required to purchase goods and/or services using the public tender process. At the direction of the Board of

Directors and/or the President, a public tender process may be used. The following table shows the considerations for using one method over another.

| | |
|----------------------------|--|
| RFP (Request for Proposal) | To be issued for goods or services that are being considered for purchase that are not well defined and are of higher value. RFP may be followed up using a tender process or a purchase decision may be made based on the RFP |
| Tender | Formal tender process for goods and services >\$20,000 or items of complex nature that require well defined specifications and terms and conditions. Fixed closing date/time and official opening by two staff required. |
| Quotation | Fax, e-mail or telephone quotations >\$200 |
| Single Source | For emergency work or sole source vendor work/goods should be limited to the minimum amount to respond to the emergency. For goods and services <\$1000 |
| Cash | <\$100 |

Should it be recommended that a public tender process be used, the following applies:

- The Executive Assistant or designate is responsible for preparing the documentation in co-operation with the Department concerned.
- Due to their technical nature, the responsible Department will prepare certain tender/quote specifications.
- The Executive Assistant or designate shall invite tenders, quotes or RFP's by public advertisement in newspapers and publications, and/or direct invitation to selected bidders.
- Tenders shall be opened as soon as possible following the stipulated closing time. The Executive Assistant, Department Manager and at least one director of Ottawa River Power Corporation will be present for the opening of tenders. Tenders received without the specified requirements as contained in the tender sections shall not be accepted.
- Review of the tenders, quotes or RFP's must be done based on the particulars of procurement outlined at the beginning of this document.

- A recommendation from the Department Manager or designate will be submitted to the President who will make the final decision and award the tender.

Receipt of Goods and Services:

All purchases are accompanied by receipts and/or packaging slips. Upon receipt of material, a qualified employee or designate, who can verify the materials, must stamp and sign the appropriate receipt or packaging slip to ensure compliance with section 6 of ESA Regulation "Approval of Electrical Equipment" section 22/04 particular 2.1.2 which states that "all equipment must be formally approved".

ORPC requests this acknowledgment of goods and services for non-electrical materials as well.

INVOICES:

Payments can only be made when receipt of goods and services and correct pricing have been acknowledged as per section 6 of ESA Regulation.

As such, a properly completed purchase order, the stamped and signed packaging slip and the invoice must be together before the authorizing agent can code and submit the invoice for payment. It is the responsibility of each Department Manager or purchasing designate, to ensure that, at the time of completing the purchase order, that the material description and product code are indicated.

Failure to complete the purchase order correctly may result in payment delays or refusal by Ottawa River Power Corporation to pay the supplier.

Proper signing authority must be obtained and verified before any cheques are processed or issued.

Special Considerations:

1 All contracted services, from the construction sector, must adhere to the Occupational Health
2 and Safety Act (OH&S Act) and proof of adherence to associated regulatory requirements must
3 be provided to Ottawa River Power Corporation.

4
5 Yearly service contracts, must be reviewed, at 2 year intervals, to ensure that Ottawa River
6 Power Corporation is receiving maximum value and continued competitive pricing.

Ex.4/Tab 3/Sch.7 - One-time Costs

The only noteworthy one-time costs relate to the costs associated with 2016 Cost of Service application which are amortized over a period of 5 years. Regulatory costs are discussed at the next section. Note that the costs related to the Distribution System Plan have also been amortized over a period of 5 years. These are also discussed in the regulatory section of the application at the next schedule.

Ex.4/Tab 3/Sch.8 - Regulatory Costs

ORPC proposes to recover \$100k of regulatory expenses through rates in 2016. The purpose of this evidence is to document ORPC's ongoing Regulatory costs, the drivers of these costs and the quantified year over year changes. ORPC has completed the OEB's Schedule 2-M; it is provided following this schedule.

ORPC's Regulatory Costs include:

- Licence renewal fees (Account 5655)
- OEB assessment (Account 5655)
- Section 30 cost awards (Account 5655)
- ESA Audit fees (Account 5655)
- Application costs (Account 5655)
- Audit and Accounting fees (Account 5655)

The Chief Financial Officer fulfills the role of the Regulatory Officer. This position is responsible for all aspects of regulatory compliance and reporting.

ORPC's proposed 2016 costs include \$100,000 for the amortization over 5 years of the costs of the subject application. The derivation of the total cost of the subject application and of the proposed amortization expense is provided at Schedule 2-M.

In order to prepare the subject Application to the standard expected by the OEB (e.g. that satisfies the OEB's MFG, Filing Checklist) ORPC has retained consultants with expertise and experience in:

- Rate making
- Load forecasting
- Asset Condition Assessments
- Distribution System Planning
- Adoption of new accounting policies
- Estimation of PILs expense
- Cost Allocation and Rate Design
- Review of LRAM-VA balances and CDM achievements

1 ORPC also projects average incremental costs of \$5K in each of the following four IRM filing
2 years, or an aggregate amount of \$20K, due to the increased efforts expected under the
3 Board's 4th Generation IRM e.g. revenue to cost adjustments, deferral/variance account
4 dispositions including additional filing requirements such as those arising from the Distribution
5 System Plan, GEGEA, Smart Metering, RRFE etc.

Appendix 2-M: Regulatory Costs

**Appendix 2-M
Regulatory Cost Schedule**

| Regulatory Cost Category | USoA Account | USoA Account Balance | Ongoing or One-time Cost? | Last Rebasings Year Board Approved | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|---|--------------|----------------------|---------------------------|------------------------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| 1 OEB Annual Assessment | 5655 | | On-Going | \$ 26,000 | \$ 24,947 | \$ 25,046 | \$ 24,158 | \$ 18,420 | \$ 32,500 | \$ 28,000 | \$ 28,000 |
| 2 OEB Section 30 Costs (Applicant-originated) | 5655 | | On-Going | | | | | | | | |
| 3 OEB Section 30 Costs (OEB-initiated) | 5655 | | On-Going | \$ 1,000 | \$ 909 | \$ 1,054 | \$ 1,450 | \$ 1,114 | \$ 1,500 | \$ 1,500 | \$ 1,500 |
| 4 Expert Witness costs for regulatory matters | | | | | | | | | | | |
| 5 Legal costs for regulatory matters | | | | | | | | | | \$ 4,000 | \$ 4,000 |
| 6 Consultants' costs for regulatory matters | 5655 | | On-Going | \$ 32,000 | | \$ 42,141 | \$ 38,429 | \$ 14,046 | | \$ 26,000 | \$ 26,000 |
| 7 Operating expenses associated with staff resources allocated to regulatory matters | 5655 | | On-Going | \$ 23,000 | \$ 26,550 | \$ 29,000 | \$ 33,200 | \$ 38,350 | \$ 46,000 | \$ 41,500 | \$ 41,500 |
| 8 Operating expenses associated with other resources allocated to regulatory matters ¹ | 5655 | | On-Going | | | | | \$ 1,615 | | | |
| 9 Other regulatory agency fees or assessments | 5655 | | On-Going | | | | | | | | |
| 10 Any other costs for regulatory matters (please define) | 5655 | | On-Going | | \$ 4,910 | \$ 2,113 | | \$ 2,100 | | | |
| 11 Intervenor costs | | | On-Going | \$ 5,000 | | | | \$ 285 | | \$ 4,000 | \$ 4,000 |
| 12 Sub-total - Ongoing Costs ³ | | \$ - | | \$ 87,000 | \$ 57,315 | \$ 99,354 | \$ 97,237 | \$ 75,930 | \$ 80,000 | \$ 105,000 | \$ 105,000 |
| 13 Sub-total - One-time Costs ⁴ | | \$ - | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| 14 Total | | \$ - | | \$ 87,000 | \$ 57,315 | \$ 99,354 | \$ 97,237 | \$ 75,930 | \$ 80,000 | \$ 105,000 | \$ 105,000 |

Breakdown of Expenses related to Cost of Service

| | 2016 | 2017 | 2018 | 2019 | 2020 |
|-------------------|-------------|-------------|-------------|-------------|-------------|
| | | | | | |
| Cost of Service | \$23,000.00 | \$23,000.00 | \$23,000.00 | \$23,000.00 | \$23,000.00 |
| 1/5 per year | | | | | |
| IRM | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 | \$3,000.00 |
| Other Application | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| TOTAL in 5655 | \$26,000.00 | \$26,000.00 | \$26,000.00 | \$26,000.00 | \$26,000.00 |

Cost of Service Cost Components

| | |
|------------------------------------|--------------|
| External Costs | \$72,000.00 |
| Public Notice | \$3,000.00 |
| Interrogatories | \$0.00 |
| Settlement/Oral hearing | \$20,000.00 |
| Reply submission | \$0.00 |
| Intervenor costs | \$20,000.00 |
| Rate Order | \$0.00 |
| Total Cost of Service Filing costs | \$115,000.00 |

| | |
|--|--------------|
| IRM filing costs 2012-14 (note: estimated \$10K for each typical filing) | \$15,000.00 |
| Other Application | \$0.00 |
| Total for Regulatory Expenses | \$130,000.00 |

Ex.4/Tab 3/Sch.9 - Low Income Energy Assistance Programs

ORPC has included \$4,000 of expense for the Low Income Assistance Program (LEAP) under Deductions Donation Expense (USoA #6205). This amount is based on the Board's determination that the greater of 0.12% of a distributor's Board-approved distribution revenue requirement.

Together with The County of Renfrew and The County of Lanark ORPC supports LEAP by providing year-round emergency financial assistance program designed to help low-income customers who have difficulty making electricity bill payments.

LEAP is modeled after the "Winter Warmth" program, previously offered by ORPC. ORPC chose to partner with The County of Renfrew and the County of Lanark S&CS to connect individuals and families in crisis to the Region's full range of assistance programs.

ORPC reports on funds provided by the distributor to social agencies for: LEAP emergency financial assistance and funds received by the distributor's social agency partner(s) from non-distributor sources (i.e., donations) that were earmarked for and used to top up, the LEAP emergency financial assistance funds. This information is presented at the next page.

In compliance with OEB policy, ORPC

- Collects money from ratepayers for LEAP EFA in the amount approved by the OEB;
- Transfers program funds its service agencies ;
- Determines funding allocations within their service territory by geography;
- Establishes partnerships, contracts, and operational procedures with Lead Agencies;
- Receives, recording and taking appropriate action upon notification from an Intake Agency (or Lead Agency as appropriate) that an assessment of eligibility is being undertaken;
- Receives, recording and taking appropriate action upon notification from an Intake Agency (or Lead Agency as appropriate) of decisions on applications;

- 1 • Confirms customer and account information used in determining program eligibility,
2 including information on payment history; and

3

Ex.4/Tab 3/Sch.10 - Charitable and Political Donations

In compliance with the filing requirements, which state that “the recovery of charitable donations will not be allowed for the purpose of setting rates, except for contributions to programs that provide assistance to the distributor’s customers in paying their electricity bills and assistance to low income consumers.” ORPC confirms that no amounts for charitable donations have been included in its proposed distribution expenses for the 2016 test year.

ORPC confirms that it has reviewed the amounts filed to ensure that all other non-recoverable contributions, including any political contributions if any, were identified, disclosed and removed from the revenue requirement calculation.

There were no amounts paid in charitable donations from 2010 up to 2014.

Depreciation, Amortization & Depletion

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

In the summer of 2012, ORPC completed an internal analysis which supported the revised average useful lives of various asset categories based on historical evidence and is within the typical useful life bands outlined in the Kinectrics Report “Asset Depreciation Study for the Ontario Energy Board”. The impact of on the utility’s net assets is discussed at Exhibit 2 and the newly adopted depreciation rates are presented at Ex.4/Tab 4/Sch.1.

In accordance with the July 17, 2012 letter from the Board on Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies and as such, has adopted the Kinectrics proposed useful lives and componentization.

Continuity Statements of the historical and forecasted depreciation expenses are presented at Ex.4/Tab 4/Sch.2

Ex.4/Tab 4/Sch.2 - OEB Appendix

The applicable depreciation appendices as provided in the Chapter 2 MIFRS Appendices (2-CA to 2-CI) are provided at the next page.

Appendix 2-CA

Depreciation and Amortization Expense

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

| | | Year | 2010 | Former CGAAP | | | | | | | |
|---------|--|--|---------------------------|----------------------|----------------|----------------------------------|-------|----------------------|---------------------------------|---|-----------------------|
| Account | Description | Opening Regulatory Gross PP&E as at Jan 1, 2010 | Less Fully Depreciated | Net for Depreciation | Additions | Total for Depreciation | Years | Depreciation Rate | 2010 Depreciation Expense | 2010 Depreciation Expense per Appendix 2 & Fixed Assets, Column K (l) | Variance ² |
| | | (a) | (b) | (c) | (d) | (e) = (c) + ½ x (d) ¹ | (f) | (g) = 1 / (f) | (h) = (e) / (f) | | (m) = (h) - (l) |
| 1611 | Computer Software (Formally known as Account 1925) | \$ 293,410.74 | | \$ 293,410.74 | \$ 12,193.75 | \$ 299,507.62 | 3.00 | 33.33% | \$ 99,835.87 | \$ 99,860.87 | \$ 25.00 |
| 1612 | Land Rights (Formally known as Account 1906) | | | \$ - | | \$ - | 35.00 | 2.86% | \$ - | \$ - | \$ - |
| 1612 | Land Rights (Formally known as Account 1906) | \$ 10,808.84 | \$ 2,433.80 | \$ 8,375.04 | | \$ 8,375.04 | 25.00 | 4.00% | \$ 335.00 | \$ 335.00 | \$ 0.00 |
| 1805 | Land | \$ 130,499.26 | | \$ 130,499.26 | | \$ 130,499.26 | - | | \$ - | \$ - | \$ - |
| 1808 | Buildings - Equipment | | | \$ - | | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - |
| 1808 | Buildings - Equipment | | | \$ - | | \$ - | 20.00 | 5.00% | \$ - | \$ - | \$ - |
| 1808 | Buildings - Major Repairs | | | \$ - | | \$ - | 25.00 | 4.00% | \$ - | \$ - | \$ - |
| 1808 | Buildings - Major Repairs | | | \$ - | | \$ - | 30.00 | 3.33% | \$ - | \$ - | \$ - |
| 1808 | Buildings - Brick, Stone, Concrete and Steel | \$ 453,549.71 | \$ 244,418.00 | \$ 209,131.71 | \$ 14,386.46 | \$ 216,324.94 | 25.00 | 4.00% | \$ 8,653.00 | \$ 8,653.00 | \$ 0.00 |
| 1810 | Leasehold Improvements | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1815 | Transformer Station Equipment >50 kV | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1820 | Distribution Station Equipment <50 kV | \$ 2,563,070.89 | \$ 1,013,124.65 | \$ 1,549,946.24 | \$ 166,447.78 | \$ 1,633,170.13 | 30.00 | 3.33% | \$ 54,439.00 | \$ 54,439.00 | \$ 0.00 |
| 1825 | Storage Battery Equipment | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 8,107,720.38 | \$ 1,602,679.28 | \$ 6,505,041.10 | \$ 117,217.95 | \$ 6,563,650.08 | 25.00 | 4.00% | \$ 262,546.00 | \$ 262,546.00 | \$ 0.00 |
| 1835 | Overhead Conductors & Devices | \$ 2,430,844.33 | \$ 484,387.45 | \$ 1,946,456.88 | \$ 145,586.40 | \$ 2,019,250.08 | 25.00 | 4.00% | \$ 80,770.00 | \$ 80,770.00 | \$ 0.00 |
| 1840 | Underground Conduit | \$ 2,933,508.47 | \$ 182,230.50 | \$ 2,751,277.97 | \$ 40,593.95 | \$ 2,771,574.95 | 25.00 | 4.00% | \$ 110,863.00 | \$ 110,863.00 | \$ 0.00 |
| 1845 | Underground Conductors & Devices | \$ 330,338.84 | | \$ 330,338.84 | \$ 75,748.73 | \$ 368,213.21 | 25.00 | 4.00% | \$ 14,728.53 | \$ 14,728.53 | \$ 0.00 |
| 1850 | Line Transformers | \$ 3,522,771.87 | \$ 365,495.50 | \$ 3,157,276.37 | \$ 60,897.34 | \$ 3,187,725.04 | 25.00 | 4.00% | \$ 127,509.00 | \$ 127,509.00 | \$ 0.00 |
| 1855 | Services (Overhead & Underground) | \$ 875,350.10 | \$ 69,509.43 | \$ 805,840.67 | \$ 103,018.64 | \$ 857,349.99 | 25.00 | 4.00% | \$ 34,294.00 | \$ 34,294.00 | \$ 0.00 |
| 1860 | Meters | \$ 671,911.43 | \$ 621,470.60 | \$ 50,440.83 | \$ 10,435.96 | \$ 55,658.81 | 25.00 | 4.00% | \$ 2,226.35 | \$ 2,226.35 | \$ 0.00 |
| 1860 | Meters (Smart Meters) | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1905 | Land | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures - Equipment | | | \$ - | | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures - Driveways | | | \$ - | | \$ - | 20.00 | 5.00% | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures - Major Repairs | | | \$ - | | \$ - | 25.00 | 4.00% | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures - Brick Store etc | | | \$ - | | \$ - | 50.00 | 2.00% | \$ - | \$ - | \$ - |
| 1910 | Leasehold Improvements | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1915 | Office Furniture & Equipment (10 years) | \$ 122,774.43 | \$ 103,685.38 | \$ 19,089.05 | \$ 5,883.38 | \$ 22,030.74 | 10.00 | 10.00% | \$ 2,203.07 | \$ 2,203.07 | \$ 0.00 |
| 1915 | Office Furniture & Equipment (5 years) | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1920 | Computer Equipment - Hardware | \$ 320,010.29 | \$ 215,113.62 | \$ 104,896.67 | \$ 2,296.70 | \$ 106,045.02 | 5.00 | 20.00% | \$ 21,209.00 | \$ 21,209.00 | \$ 0.00 |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1930 | Transportation Equipment - under 3 Tons | \$ 193,005.69 | \$ 178,849.56 | \$ 14,156.13 | | \$ 14,156.13 | 5.00 | 20.00% | \$ 2,831.23 | \$ 2,831.23 | \$ 0.00 |
| 1930 | Transportation Equipment - 3 Tons & Over | \$ 1,400,929.02 | \$ 904,338.25 | \$ 496,590.77 | \$ 277,694.84 | \$ 635,438.19 | 8.00 | | \$ 79,429.77 | \$ 79,429.77 | \$ 0.00 |
| 1935 | Stores Equipment | \$ 1,761.26 | \$ 1,761.26 | \$ - | | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - |
| 1940 | Tools, Shop & Garage Equipment | \$ 234,048.66 | \$ 162,416.15 | \$ 71,632.51 | \$ 2,334.90 | \$ 72,799.96 | 10.00 | 10.00% | \$ 7,280.00 | \$ 7,280.00 | \$ 0.00 |
| 1945 | Measurement & Testing Equipment | | | \$ - | | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - |
| 1950 | Power Operated Equipment | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1955 | Communications Equipment | \$ 29,543.89 | \$ 29,543.89 | \$ - | \$ 5,658.09 | \$ 2,829.05 | 5.00 | 20.00% | \$ 565.81 | \$ 565.81 | \$ 0.00 |
| 1955 | Communication Equipment (Smart Meters) | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1960 | Miscellaneous Equipment | | | \$ - | | \$ - | - | | \$ - | \$ - | \$ - |
| 1970 | Load Management Controls Customer Premises | \$ 254,912.00 | \$ 246,518.50 | \$ 8,393.50 | | \$ 8,393.50 | 10.00 | 10.00% | \$ 839.35 | \$ 839.35 | \$ - |
| 1975 | Load Management Controls Utility Premises | \$ 64,873.19 | \$ 64,873.19 | \$ - | | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - |
| 1980 | System Supervisor Equipment | \$ 502,268.44 | \$ 290,999.50 | \$ 211,268.94 | \$ 64,229.68 | \$ 243,383.78 | 15.00 | 6.67% | \$ 16,225.59 | \$ 16,225.59 | \$ 0.00 |
| 1985 | Miscellaneous Fixed Assets | \$ - | \$ - | \$ - | \$ - | \$ - | - | | \$ - | \$ - | \$ - |
| 1990 | Other Tangible Property | \$ - | \$ - | \$ - | \$ - | \$ - | - | | \$ - | \$ - | \$ - |
| 1995 | Contributions & Grants | -\$ 1,278,491.12 | \$ - | -\$ 1,278,491.12 | -\$ 125,254.70 | -\$ 1,341,118.47 | 18.14 | 5.51% | \$ 73,939.71 | \$ 73,942.00 | \$ 2.29 |
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Depreciation and Amortization Expense

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

| | | 2011 | | Former CGAAP | | | | | | | | |
|---------|--|--|---------------------------|----------------------|---------------|----------------------------------|-------|----------------------|---------------------------------|---|-----------------------|--|
| Account | Description | Opening Regulatory Gross PP&E as at Jan 1, 2011 | Less Fully Depreciated | Net for Depreciation | Additions | Total for Depreciation | Years | Depreciation Rate | 2011 Depreciation Expense | 2011 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (I) | Variance ² | |
| | | (a) | (b) | (c) | (d) | (e) = (c) + ½ x (d) ¹ | (f) | (g) = 1 / (f) | (h) = (e) / (f) | | (m) = (h) - (I) | |
| 1611 | Computer Software (Formally known as Account 1925) | \$ 305,604.49 | \$ 287,913.07 | \$ 17,691.42 | \$ 8,648.02 | \$ 22,015.43 | 3.00 | 33.33% | \$ 7,338.48 | \$ 7,338.48 | \$ 0.00 | |
| 1612 | Land Rights (Formally known as Account 1906) | | | \$ - | \$ - | \$ - | 35.00 | 2.86% | \$ - | \$ - | \$ - | |
| 1612 | Land Rights (Formally known as Account 1906) | \$ 10,808.84 | \$ 2,433.75 | \$ 8,375.09 | | \$ 8,375.09 | 25.00 | 4.00% | \$ 335.00 | \$ 335.00 | \$ 0.00 | |
| 1805 | Land | \$ 130,499.26 | | \$ 130,499.26 | | \$ 130,499.26 | - | | \$ - | \$ - | \$ - | |
| 1808 | Buildings - Equipment | | | \$ - | \$ - | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - | |
| 1808 | Buildings - Equipment | | | \$ - | \$ - | \$ - | 20.00 | 5.00% | \$ - | \$ - | \$ - | |
| 1808 | Buildings - Equipment | | | \$ - | \$ - | \$ - | 25.00 | 4.00% | \$ - | \$ - | \$ - | |
| 1808 | Buildings - Major Repairs | | | \$ - | \$ - | \$ - | 30.00 | 3.33% | \$ - | \$ - | \$ - | |
| 1808 | Buildings - Major Repairs | | | \$ - | \$ - | \$ - | 25.00 | 4.00% | \$ - | \$ - | \$ - | |
| 1808 | Buildings - Brick, Stone, Concrete and Steel | \$ 467,936.17 | \$ 264,422.75 | \$ 203,513.42 | \$ 18,607.45 | \$ 212,817.15 | 25.00 | 4.00% | \$ 8,512.69 | \$ 8,512.69 | \$ 0.00 | |
| 1810 | Leasehold Improvements | | | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1815 | Transformer Station Equipment >50 kV | | | \$ - | \$ - | \$ - | 30.00 | 3.33% | \$ - | \$ - | \$ - | |
| 1820 | Distribution Station Equipment <50 kV | \$ 2,729,518.67 | \$ 1,016,206.50 | \$ 1,713,312.17 | \$ 90,612.98 | \$ 1,758,618.66 | 30.00 | 3.33% | \$ 58,620.62 | \$ 58,620.62 | \$ 0.00 | |
| 1825 | Storage Battery Equipment | | | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1830 | Poles, Towers & Fixtures | \$ 8,224,938.33 | \$ 2,435,222.52 | \$ 5,789,715.81 | \$ 70,411.71 | \$ 5,824,921.67 | 25.00 | 4.00% | \$ 232,996.87 | \$ 232,996.87 | \$ 0.00 | |
| 1835 | Overhead Conductors & Devices | \$ 2,576,430.73 | \$ 13,321.75 | \$ 2,563,108.98 | \$ 121,026.95 | \$ 2,623,622.46 | 25.00 | 4.00% | \$ 104,944.90 | \$ 104,944.90 | \$ 0.00 | |
| 1840 | Underground Conduit | \$ 2,974,102.42 | \$ 391,774.65 | \$ 2,582,327.77 | \$ 58,881.17 | \$ 2,611,768.36 | 25.00 | 4.00% | \$ 104,470.73 | \$ 104,470.73 | \$ 0.00 | |
| 1845 | Underground Conductors & Devices | \$ 406,087.57 | \$ 18,656.50 | \$ 387,431.07 | \$ 99,504.28 | \$ 437,183.21 | 25.00 | 4.00% | \$ 17,487.33 | \$ 17,487.33 | \$ 0.00 | |
| 1850 | Line Transformers | \$ 3,583,669.21 | \$ 933,234.10 | \$ 2,650,435.11 | \$ 129,496.48 | \$ 2,715,183.35 | 25.00 | 4.00% | \$ 108,607.33 | \$ 108,607.33 | \$ 0.00 | |
| 1855 | Services (Overhead & Underground) | \$ 978,368.74 | \$ 17,931.96 | \$ 960,436.78 | \$ 95,629.83 | \$ 1,008,251.70 | 25.00 | 4.00% | \$ 40,330.07 | \$ 40,330.07 | \$ 0.00 | |
| 1860 | Meters | \$ 93,646.66 | \$ 61,783.00 | \$ 31,863.66 | \$ 11,289.35 | \$ 37,508.34 | 25.00 | 4.00% | \$ 1,500.33 | \$ 1,500.33 | \$ 0.00 | |
| 1860 | Meters (Smart Meters) | | | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1905 | Land | | | \$ - | \$ - | \$ - | - | | \$ - | \$ - | \$ - | |
| 1908 | Buildings & Fixtures - Equipment | | | \$ - | \$ - | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - | |
| 1908 | Buildings & Fixtures - Equipment | | | \$ - | \$ - | \$ - | 20.00 | 5.00% | \$ - | \$ - | \$ - | |
| 1908 | Buildings & Fixtures - Driveways | | | \$ - | \$ - | \$ - | 25.00 | 4.00% | \$ - | \$ - | \$ - | |
| 1908 | Buildings & Fixtures - Major Repairs | | | \$ - | \$ - | \$ - | 50.00 | 2.00% | \$ - | \$ - | \$ - | |
| 1908 | Buildings & Fixtures - Brick Store etc | | | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1910 | Leasehold Improvements | | | \$ - | \$ - | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - | |
| 1915 | Office Furniture & Equipment (10 years) | \$ 127,989.29 | \$ 102,448.61 | \$ 25,540.68 | \$ 2,572.20 | \$ 26,826.78 | 10.00 | 10.00% | \$ 2,682.68 | \$ 2,682.68 | \$ 0.00 | |
| 1915 | Office Furniture & Equipment (5 years) | | | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1920 | Computer Equipment - Hardware | \$ 322,306.99 | \$ 303,327.90 | \$ 18,979.09 | \$ 8,336.17 | \$ 23,147.18 | 5.00 | 20.00% | \$ 4,629.43 | \$ 4,629.43 | \$ 0.00 | |
| 1920 | Computer Equip. -Hardware(Post Mar. 22/04) | | | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1920 | Computer Equip. -Hardware(Post Mar. 19/07) | | | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1930 | Transportation Equipment - under 3 Tons | \$ 193,005.69 | \$ 170,687.05 | \$ 22,318.64 | \$ 28,088.01 | \$ 36,362.65 | 5.00 | 20.00% | \$ 7,272.53 | \$ 7,272.53 | \$ 0.00 | |
| 1930 | Transportation Equipment - 3 Tons & Over | \$ 1,499,746.40 | \$ 729,712.40 | \$ 770,034.00 | | \$ 770,034.00 | 8.00 | 12.50% | \$ 96,254.25 | \$ 96,254.25 | \$ 0.00 | |
| 1935 | Stores Equipment | \$ 1,761.26 | \$ 1,761.26 | \$ - | \$ - | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - | |
| 1940 | Tools, Shop & Garage Equipment | \$ 236,383.56 | \$ 172,462.90 | \$ 63,920.66 | \$ 5,113.61 | \$ 66,477.47 | 10.00 | 10.00% | \$ 6,647.75 | \$ 6,647.75 | \$ 0.00 | |
| 1945 | Measurement & Testing Equipment | | | \$ - | \$ - | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - | |
| 1950 | Power Operated Equipment | | | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1955 | Communications Equipment | \$ 35,201.98 | \$ 29,543.89 | \$ 5,658.09 | \$ - | \$ 5,658.09 | 5.00 | 20.00% | \$ 1,131.62 | \$ 1,131.62 | \$ 0.00 | |
| 1955 | Communication Equipment (Smart Meters) | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1960 | Miscellaneous Equipment | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1970 | Load Management Controls Customer Premises | \$ 254,912.00 | \$ 246,512.50 | \$ 8,399.50 | \$ - | \$ 8,399.50 | 10.00 | 10.00% | \$ 839.95 | \$ 839.95 | \$ - | |
| 1975 | Load Management Controls Utility Premises | \$ 64,873.19 | \$ 64,873.19 | \$ - | \$ - | \$ - | 10.00 | 10.00% | \$ - | \$ - | \$ - | |
| 1980 | System Supervisor Equipment | \$ 566,498.12 | \$ 165,851.10 | \$ 400,647.02 | \$ - | \$ 400,647.02 | 15.00 | 6.67% | \$ 26,709.80 | \$ 26,709.80 | \$ 0.00 | |
| 1985 | Miscellaneous Fixed Assets | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1990 | Other Tangible Property | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
| 1995 | Contributions & Grants | \$ 1,403,746.00 | \$ 69,664.20 | \$ 1,334,081.80 | \$ 254,011.49 | \$ 1,461,087.55 | 25.00 | 4.00% | \$ 58,443.50 | \$ 58,443.50 | \$ 0.00 | |
| 1609 | Other Tangible Property | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - | |
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Assumes the applicant made capitalization and depreciation expense accounting policy changes under CGAAP effective January 30, 2013 and will adopt IFRS for financial reporting purposes effective January 1, 2015.

| | | Year | 2012 | Former CGAAP | | | | | | | |
|---------|--|--|---------------------------|----------------------|---------------|----------------------------------|-------|----------------------|---------------------------------|---|-----------------------|
| Account | Description | Opening Regulatory Gross PP&E as at Jan 1, 2012 | Less Fully Depreciated | Net for Depreciation | Additions | Total for Depreciation | Years | Depreciation Rate | 2012 Depreciation Expense | 2012 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l) | Variance ² |
| | | (a) | (b) | (c) | (d) | (e) = (c) + ½ x (d) ¹ | (f) | (g) = 1 / (f) | (h) = (e) / (f) | | |
| 1611 | Computer Software (Formally known as Account 1925) | \$ 314,253.00 | \$ 293,337.00 | \$ 20,916.00 | | \$ 20,916.00 | 3.00 | 33.33% | \$ 6,972.00 | \$ 6,972.00 | \$ - |
| 1612 | Land Rights (Formally known as Account 1906) | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1612 | Land Rights (Formally known as Account 1906) | \$ 10,809.00 | \$ 2,433.75 | \$ 8,375.25 | | \$ 8,375.25 | 25.00 | 4.00% | \$ 335.01 | \$ 335.00 | \$ 0.01 |
| 1805 | Land | \$ 130,499.00 | | \$ 130,499.00 | | \$ 130,499.00 | - | | \$ - | | \$ - |
| 1808 | Buildings | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1808 | Buildings | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1808 | Buildings | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1808 | Buildings | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1808 | Buildings | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1808 | Buildings | \$ 486,543.00 | \$ 264,422.75 | \$ 222,120.25 | \$ 60,159.83 | \$ 252,200.17 | 25.00 | 4.00% | \$ 10,088.01 | \$ 10,088.04 | \$- 0.03 |
| 1808 | Buildings | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1810 | Leasehold Improvements | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1815 | Transformer Station Equipment >50 kV | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1820 | Distribution Station Equipment <50 kV | \$ 2,820,132.00 | \$ 1,024,630.65 | \$ 1,795,501.35 | \$ 6,177.55 | \$ 1,798,590.13 | 30.00 | 3.33% | \$ 59,953.00 | \$ 59,953.00 | \$ 0.00 |
| 1825 | Storage Battery Equipment | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 8,295,350.00 | \$ 3,187,701.80 | \$ 5,107,648.20 | \$ 88,303.45 | \$ 5,151,799.93 | 25.00 | 4.00% | \$ 206,072.00 | \$ 206,072.00 | \$- 0.00 |
| 1835 | Overhead Conductors & Devices | \$ 2,697,458.00 | \$ 115,929.60 | \$ 2,581,528.40 | \$ 239,543.24 | \$ 2,701,300.02 | 25.00 | 4.00% | \$ 108,052.00 | \$ 108,052.00 | \$ 0.00 |
| 1840 | Underground Conduit | \$ 3,032,983.00 | \$ 485,055.60 | \$ 2,547,927.40 | \$ 3,645.29 | \$ 2,549,750.05 | 25.00 | 4.00% | \$ 101,990.00 | \$ 101,990.00 | \$ 0.00 |
| 1845 | Underground Conductors & Devices | \$ 505,592.00 | \$ 45,546.60 | \$ 460,045.40 | \$ 43,959.29 | \$ 482,025.05 | 25.00 | 4.00% | \$ 19,281.00 | \$ 19,281.00 | \$ 0.00 |
| 1850 | Line Transformers | \$ 3,713,165.69 | \$ 1,072,927.80 | \$ 2,640,237.89 | \$ 119,724.00 | \$ 2,700,099.89 | 25.00 | 4.00% | \$ 108,004.00 | \$ 108,004.00 | \$- 0.00 |
| 1855 | Services (Overhead & Underground) | \$ 1,073,999.00 | \$ 50,488.50 | \$ 1,023,510.50 | \$ 50,079.08 | \$ 1,048,550.04 | 25.00 | 4.00% | \$ 41,942.00 | \$ 41,942.00 | \$ 0.00 |
| 1860 | Meters | \$ 65,204.32 | \$ 44,667.30 | \$ 20,537.02 | \$ 24,596.00 | \$ 32,835.02 | 15.00 | 6.67% | \$ 2,189.00 | \$ 2,189.00 | \$ 0.00 |
| 1860 | Meters (Smart Meters) | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1905 | Land | | | \$ - | | \$ - | - | | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1910 | Leasehold Improvements | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1915 | Office Furniture & Equipment (10 years) | \$ 130,561.00 | \$ 105,171.00 | \$ 25,390.00 | | \$ 25,390.00 | 10.00 | 10.00% | \$ 2,539.00 | \$ 2,539.00 | \$ - |
| 1915 | Office Furniture & Equipment (5 years) | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1920 | Computer Equipment - Hardware | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | \$ 330,643.00 | \$ 311,151.90 | \$ 19,491.10 | \$ 5,307.82 | \$ 22,145.01 | 5.00 | 20.00% | \$ 4,429.00 | \$ 4,429.00 | \$ 0.00 |
| 1930 | Transportation Equipment | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1930 | Transportation Equipment | \$ 1,699,390.00 | \$ 1,046,907.52 | \$ 652,482.48 | \$ 145,403.00 | \$ 725,183.98 | 8.00 | 12.50% | \$ 90,648.00 | \$ 90,648.00 | \$- 0.00 |
| 1935 | Stores Equipment | \$ 1,761.00 | \$ 1,761.00 | \$ - | | \$ - | | | \$ - | | \$ - |
| 1940 | Tools, Shop & Garage Equipment | \$ 241,498.00 | \$ 176,517.50 | \$ 64,980.50 | \$ 12,399.00 | \$ 71,180.00 | 10.00 | 10.00% | \$ 7,118.00 | \$ 7,118.00 | \$ - |
| 1945 | Measurement & Testing Equipment | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1950 | Power Operated Equipment | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1955 | Communications Equipment | \$ 35,202.00 | \$ 29,543.75 | \$ 5,658.25 | \$ 1,574.00 | \$ 6,445.25 | 5.00 | 20.00% | \$ 1,289.05 | \$ 1,289.05 | \$ - |
| 1955 | Communication Equipment (Smart Meters) | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1960 | Miscellaneous Equipment | | | \$ - | | \$ - | | | \$ - | | \$ - |
| 1970 | Load Management Controls Customer Premises | \$ 254,912.00 | \$ 246,518.50 | \$ 8,393.50 | | \$ 8,393.50 | 10.00 | 10.00% | \$ 839.35 | \$ 839.35 | \$ - |
| 1975 | Load Management Controls Utility Premises | \$ 64,873.19 | \$ 64,873.19 | \$ - | | \$ - | 10.00 | 10.00% | \$ - | | \$ - |
| 1980 | System Supervisor Equipment | \$ 566,498.00 | \$ 214,346.00 | \$ 352,152.00 | \$ 4,116.00 | \$ 354,210.00 | 15.00 | 6.67% | \$ 23,614.00 | \$ 23,614.00 | \$ - |
| 1985 | Miscellaneous Fixed Assets | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - |
| 1990 | Other Tangible Property | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - |
| 1995 | Contributions & Grants | \$ 1,657,757.00 | \$ 182,410.30 | \$ 1,475,346.70 | \$ 347,303.89 | \$ 1,648,998.65 | 25.00 | 4.00% | \$ 65,959.95 | \$ 65,959.95 | \$ 0.00 |
| 1609 | Other Tangible Property | \$ - | \$ - | \$ - | \$ - | \$ - | | | \$ - | \$ - | \$ - |
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Appendix 2-CA

Depreciation and Amortization Expense

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

[illegible]

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

Assumes the applicant made capitalization and depreciation expense accounting policy changes under CGAAP effective January 12013 and will adopt IFRS for financial reporting purposes effective January 1,2015.

| Year | | 2013 | Revised CGAAP | | | | | | | | | | | | |
|---------|--|--|---------------------|--|---|------------------------------------|-------------------------------------|--|---------------------------|--|-----------------------|--|--|--|--|
| Account | Description | Opening NBV as at Jan 1, 2013 ¹ | 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 | 2013 Depreciation Expense | 2013 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J | Variance ² | Depreciation Expense on 2013 Full Year Additions | Less Depreciation Expense on Assets Fully Depreciated during the year ⁵ | 2013 Full Year Depreciation ⁶ | |
| | | (a) | (d) | (l) | (f) | (g) = 1 / (f) | (j) = (a) / (l) | (h)=(d)*(g)/(f) | (k) = (j) + (h) | (l) | (m) = (k) - (l) | (n) = (d)/(f) | (o) | (p) = (j) + (n) - (o) | |
| 1611 | Computer Software (Formally known as Account 1925) | \$ 6,331 | \$ 46,620 | 1.29 | 3.00 | 33.33% | \$ 4,915 | \$ 7,770 | \$ 12,685 | \$ 12,685 | \$ 0 | \$ 15,540 | \$ 3,475 | \$ 16,980 | |
| 1612 | Land Rights (Formally known as Account 1906) | \$ 3,083 | | 9.20 | 25.00 | 4.00% | \$ 335 | \$ - | \$ 335 | \$ 335 | \$ 0 | \$ - | | \$ 335 | |
| 1805 | Land | \$ 130,499 | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1808 | Buildings - Other | \$ 164,452 | \$ 93,745 | 21.00 | 25.00 | 4.00% | \$ 7,831 | \$ 1,875 | \$ 9,706 | \$ 9,706 | \$ 0 | \$ 3,750 | \$ 135 | \$ 11,446 | |
| 1808 | Buildings - Brick and Stone | \$ 107,094 | | 30.97 | 50.00 | 2.00% | \$ 3,458 | \$ - | \$ 3,458 | \$ 3,458 | \$ 0 | \$ - | | \$ 3,458 | |
| 1810 | Leasehold Improvements | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1815 | Transformer Station Equipment >50 kV | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1820 | Distribution Station Equipment <50 kV | \$ 732,301 | | 24.61 | 30.00 | 3.33% | \$ 29,760 | \$ - | \$ 29,760 | \$ 29,759 | \$ 0 | \$ - | | \$ 29,760 | |
| 1820 | Distribution Station Equipment <50 kV | \$ 107,283 | | 8.00 | 40.00 | 2.50% | \$ 13,410 | \$ - | \$ 13,410 | \$ 13,410 | \$ 0 | \$ - | | \$ 13,410 | |
| 1820 | Distribution Station Equipment <50 kV | \$ 168,874 | \$ 40,093 | 10.00 | 45.00 | 2.22% | \$ 16,887 | \$ 445 | \$ 17,333 | \$ 17,333 | \$ 0 | \$ 891 | | \$ 17,778 | |
| 1825 | Storage Battery Equipment | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1830 | Poles, Towers & Fixtures | \$ 1,846,745 | | 10.10 | | 0.00% | \$ 182,835 | \$ - | \$ 182,835 | \$ 182,835 | \$ 0 | \$ - | \$ 9,022 | \$ 173,813 | |
| 1830 | Poles, Towers & Fixtures | | \$ 161,461 | | 45.00 | 2.22% | \$ - | \$ 1,794 | \$ 1,794 | \$ 1,794 | \$ 0 | \$ 3,588 | | \$ 3,588 | |
| 1835 | Overhead Conductors & Devices | \$ 2,097,513 | | 19.05 | | | \$ 110,116 | \$ - | \$ 110,116 | \$ 110,116 | \$ 0 | \$ - | | \$ 110,116 | |
| 1835 | Overhead Conductors & Devices | | \$ 207,798 | | 60.00 | 1.67% | \$ - | \$ 1,732 | \$ 1,732 | \$ 1,732 | \$ 0 | \$ 3,463 | | \$ 3,463 | |
| 1835 | Overhead Conductors & Devices | | \$ 15,714 | | 45.00 | 2.22% | \$ - | \$ 175 | \$ 175 | \$ 175 | \$ 0 | \$ 349 | | \$ 349 | |
| 1835 | Overhead Conductors & Devices | | \$ 1,121 | | 40.00 | 2.50% | \$ - | \$ 14 | \$ 14 | \$ 14 | \$ 0 | \$ 28 | | \$ 28 | |
| 1840 | Underground Conduit | \$ 733,365 | | 7.56 | 50.00 | 2.00% | \$ 96,986 | \$ - | \$ 96,986 | \$ 96,986 | \$ 0 | \$ - | \$ 4,204 | \$ 92,782 | |
| 1840 | Underground Conduit | | \$ 2,064 | | 50.00 | 2.00% | \$ - | \$ 21 | \$ 21 | \$ 21 | \$ 0 | \$ 41 | | \$ 41 | |
| 1845 | Underground Conductors & Devices | \$ 440,392 | | 22.21 | 40.00 | 2.50% | \$ 19,829 | \$ - | \$ 19,829 | \$ 19,829 | \$ 0 | \$ - | | \$ 19,829 | |
| 1845 | Underground Conductors & Devices | | \$ 33,860 | | 40.00 | 2.50% | \$ - | \$ 423 | \$ 423 | \$ 423 | \$ 0 | \$ 847 | | \$ 847 | |
| 1850 | Line Transformers | \$ 1,500,603 | \$ 45,855 | 14.83 | 40.00 | 2.50% | \$ 101,155 | \$ 573 | \$ 101,728 | \$ 101,728 | \$ 0 | \$ 1,146 | \$ 10,244 | \$ 92,057 | |
| 1850 | Line Transformers | | \$ 73,911 | | 40.00 | 2.50% | \$ - | \$ 924 | \$ 924 | \$ 924 | \$ 0 | \$ 1,848 | | \$ 1,848 | |
| 1855 | Services (Overhead & Underground) | \$ 847,075 | | 19.94 | 40.00 | 2.50% | \$ 42,483 | \$ - | \$ 42,483 | \$ 42,483 | \$ 0 | \$ - | | \$ 42,483 | |
| 1855 | Services (Overhead & Underground) | | \$ 12,618 | | 60.00 | 1.67% | \$ - | \$ 105 | \$ 105 | \$ 105 | \$ 0 | \$ 210 | | \$ 210 | |
| 1855 | Services (Overhead & Underground) | | \$ 106,373 | | 40.00 | 2.50% | \$ - | \$ 1,330 | \$ 1,330 | \$ 1,330 | \$ 0 | \$ 2,659 | | \$ 2,659 | |
| 1860 | Meters | | \$ 9,278 | | 25.00 | 4.00% | \$ - | \$ 186 | \$ 186 | \$ 186 | \$ 0 | \$ 371 | \$ 297 | \$ 74 | |
| 1860 | Meters | \$ 76,432 | | 28.18 | 25.00 | 4.00% | \$ 2,783 | \$ - | \$ 2,783 | \$ 2,783 | \$ 0 | \$ - | | \$ 2,783 | |
| 1860 | Meters (Smart Meters) | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1905 | Land | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1908 | Buildings & Fixtures | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1910 | Leasehold Improvements | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1915 | Office Furniture & Equipment (10 years) | \$ 7,094 | \$ 1,388 | 5.29 | 10.00 | 10.00% | \$ 1,341 | \$ 69 | \$ 1,410 | \$ 1,410 | \$ 0 | \$ 139 | \$ 496 | \$ 984 | |
| 1915 | Office Furniture & Equipment (5 years) | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1920 | Computer Equipment - Hardware | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | \$ 8,975 | \$ 28,127 | 1.82 | 3.00 | 33.33% | \$ 4,931 | \$ 4,688 | \$ 9,619 | \$ 9,619 | \$ 0 | \$ 9,376 | \$ 1,773 | \$ 12,534 | |
| 1930 | Transportation Equipment | \$ 401,326 | | 8.00 | 10.00 | 12.50% | \$ - | \$ 25,083 | \$ 25,083 | \$ 25,083 | \$ 0 | \$ 50,166 | | \$ 50,166 | |
| 1930 | Transportation Equipment | \$ 55,916 | | | 5.00 | 20.00% | \$ - | \$ 5,592 | \$ 5,592 | \$ 5,592 | \$ 0 | \$ 11,183 | | \$ 11,183 | |
| 1930 | Transportation Equipment | \$ 446,467 | | 4.70 | 8.00 | 12.50% | \$ 94,908 | \$ - | \$ 94,908 | \$ 94,908 | \$ 0 | \$ - | | \$ 94,908 | |
| 1935 | Stores Equipment | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1940 | Tools, Shop & Garage Equipment | \$ 27,181 | \$ 6,273 | 4.27 | 10.00 | 10.00% | \$ 6,360 | \$ 314 | \$ 6,673 | \$ 6,673 | \$ 0 | \$ 627 | \$ 1,465 | \$ 5,522 | |
| 1945 | Measurement & Testing Equipment | \$ 18,090 | | | 10.00 | 10.00% | \$ - | \$ 905 | \$ 905 | \$ 905 | \$ 1 | \$ 1,809 | | \$ 1,809 | |
| 1950 | Power Operated Equipment | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1955 | Communications Equipment | \$ 4,246 | | 2.94 | 5.00 | 20.00% | \$ 1,447 | \$ - | \$ 1,447 | \$ 1,446 | \$ 0 | \$ - | | \$ 1,447 | |
| 1955 | Communication Equipment (Smart Meters) | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1960 | Miscellaneous Equipment | \$ 12,104 | | | 10.00 | 10.00% | \$ - | \$ 605 | \$ 605 | \$ 605 | \$ 0 | \$ 1,210 | | \$ 1,210 | |
| 1970 | Load Management Controls Customer Premises | \$ 801 | | 1.00 | 10.00 | 10.00% | \$ 801 | \$ - | \$ 801 | \$ 800 | \$ 1 | \$ - | \$ 801 | \$ - | |
| 1975 | Load Management Controls Utility Premises | \$ - | | | 10.00 | 10.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1980 | System Supervisor Equipment | \$ 23,241 | \$ 504 | 1.71 | 3.00 | 33.33% | \$ 13,695 | \$ 84 | \$ 13,679 | \$ 13,679 | \$ 0 | \$ 168 | \$ 12,220 | \$ 1,643 | |
| 1985 | Miscellaneous Fixed Assets | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1990 | Other Tangible Property | | | | | 0.00% | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | | \$ - | |
| 1995 | Contributions & Grants | \$ 1,560,739 | \$ 35,217 | 22.71 | 40.00 | 2.50% | \$ 68,725 | \$ 440 | \$ 69,165 | \$ 69,166 | \$ 1 | \$ 880 | \$ 1,576 | \$ 71,181 | |
| | Total | \$ 7,921,308 | \$ 1,339,022 | | | | \$ 687,443 | \$ 54,265 | \$ 741,708 | \$ 741,704 | \$ 3 | \$ 108,530 | \$ 45,708 | \$ 746,677 | |

Notes:

- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence.
The applicant should ensure that the years for new additions of assets are the asset useful lives determined by management in accordance with the Board's regulatory accounting policies. The capitalization and depreciation expense accounting changes should be implemented consistent with the Board's regulatory accounting policies as set out for modified IFRS as contained in the Report of the Board, Transition to International Financial Reporting Standards, EB-2008-0408, the Kinetics Report, and the Revised 2012 Accounting Procedures Handbook for Electricity Distributors ("APH").
- A recalculation should be performed to determine the average remaining life of opening balance of assets (i.e. excluding 2012 additions) under the change in policies under CGAAP. For example, Asset A had a useful life of 20 years under CGAAP without the change in policy January 1, 2012, the effective date of the changes in policies, Asset A was 3 years depreciated. As a result, Asset A would have a remaining service life of 17 years (20 years less 3 years) as of January 1, 2012. Due to making the change in policies under CGAAP, management assessed the asset useful lives and concluded that the revised useful life of Asset A is now 30 years. Therefore, the average remaining useful life of the opening balance of Asset A is determined to be 27 years (30 years less 3 years) under the revised CGAAP as of January 1, 2012.
- NBV must exclude assets still on the books but which have been fully amortized or depreciated.
- This column refers to the calculated full year depreciation but excludes the depreciation expense on assets fully depreciated during the year. This column is used for the purpose of calculating depreciation expense in the following year on the next worksheet.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

Appendix 2-CD Depreciation and Amortization Expense

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

2014 MIFRS

| Account | Description | Additions (d) | Years (new additions only) (f) | Depreciation Rate on New Additions (g) = 1 / (f) | 2014 Depreciation Expense ¹ (h)=2013 Full Year Depreciation + ((d)*0.5)/(f) | 2014 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l) | Variance ² (m) = (h) - (l) | Depreciation Expense on 2014 Full Year Additions (n)=((d))/(f) | Less Depreciation Expense on Assets Fully Depreciated during the year (o) | 2014 Full Year Depreciation ³ (p) = 2013 Full Year Depreciation + (n) - (o) |
|---------|--|---------------------|-----------------------------------|---|---|--|--|---|---|---|
| 1611 | Computer Software (Formally known as Account 1925) | \$ 40,967 | 3.00 | 33.33% | \$ 23,808 | \$ 23,809 | \$ 1 | \$ 13,656 | \$ 1,441 | \$ 29,195 |
| 1612 | Land Rights (Formally known as Account 1906) | | | 0.00% | \$ 335 | \$ 335 | \$ 0 | \$ - | | \$ 335 |
| 1805 | Land | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1808 | Buildings | | | 0.00% | \$ 11,446 | \$ 11,445 | \$ 1 | \$ - | | \$ 11,446 |
| 1808 | Buildings | \$ 24,730 | 25.00 | 4.00% | \$ 3,953 | \$ 3,953 | \$ 0 | \$ 989 | | \$ 4,447 |
| 1810 | Leasehold Improvements | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1815 | Transformer Station Equipment >50 kV | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1820 | Distribution Station Equipment <50 kV | | | 0.00% | \$ 29,760 | \$ 29,760 | \$ 0 | \$ - | | \$ 29,760 |
| 1820 | Distribution Station Equipment <50 kV | \$ 2,203 | 40.00 | 2.50% | \$ 13,438 | \$ 13,438 | \$ 0 | \$ 55 | | \$ 13,465 |
| 1820 | Distribution Station Equipment <50 kV | \$ 84,326 | 45.00 | 2.22% | \$ 18,715 | \$ 18,705 | \$ 10 | \$ 1,874 | | \$ 19,652 |
| 1820 | Distribution Station Equipment <50 kV | \$ 20,935 | 15.00 | 6.67% | \$ 698 | \$ 698 | \$ 0 | \$ 1,396 | | \$ 1,396 |
| 1825 | Storage Battery Equipment | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1830 | Poles, Towers & Fixtures | | | 0.00% | \$ 173,813 | \$ 173,813 | \$ 0 | \$ - | \$ 12,289 | \$ 161,524 |
| 1830 | Poles, Towers & Fixtures | \$ 74,730 | 45.00 | 2.22% | \$ 830 | \$ 830 | \$ 0 | \$ 1,661 | | \$ 1,661 |
| 1835 | Overhead Conductors & Devices | | | 0.00% | \$ 110,116 | \$ 110,116 | \$ 0 | \$ - | | \$ 110,116 |
| 1835 | Overhead Conductors & Devices | \$ 313,555 | 60.00 | 1.67% | \$ 6,076 | \$ 6,076 | \$ 0 | \$ 5,226 | | \$ 8,689 |
| 1835 | Overhead Conductors & Devices | \$ 28,281 | 45.00 | 2.22% | \$ 663 | \$ 663 | \$ 0 | \$ 628 | | \$ 978 |
| 1835 | Overhead Conductors & Devices | \$ 2,763 | 40.00 | 2.50% | \$ 63 | \$ 63 | \$ 0 | \$ 69 | | \$ 97 |
| 1840 | Underground Conduit | | | 0.00% | \$ 92,782 | \$ 92,782 | \$ 0 | \$ - | \$ 14,271 | \$ 78,511 |
| 1840 | Underground Conduit | \$ 43,881 | 40.00 | 2.50% | \$ 590 | \$ 590 | \$ 0 | \$ 1,097 | | \$ 1,138 |
| 1845 | Underground Conductors & Devices | | | 0.00% | \$ 19,829 | \$ 19,830 | \$ 1 | \$ - | | \$ 24,229 |
| 1845 | Underground Conductors & Devices | \$ 176,031 | 40.00 | 2.50% | \$ 3,047 | \$ 3,047 | \$ 0 | \$ 4,401 | | \$ 847 |
| 1850 | Line Transformers | | | 0.00% | \$ 92,057 | \$ 92,057 | \$ 0 | \$ - | \$ 10,680 | \$ 81,377 |
| 1850 | Line Transformers | \$ 158,090 | 40.00 | 2.50% | \$ 3,824 | \$ 3,824 | \$ 0 | \$ 3,952 | | \$ 5,800 |
| 1855 | Services (Overhead & Underground) | | | 0.00% | \$ 42,483 | \$ 42,483 | \$ 0 | \$ - | | \$ 42,483 |
| 1855 | Services (Overhead & Underground) | \$ 13,559 | 60.00 | 1.67% | \$ 323 | \$ 323 | \$ 0 | \$ 226 | | \$ 436 |
| 1855 | Services (Overhead & Underground) | \$ 66,725 | 40.00 | 2.50% | \$ 3,493 | \$ 3,493 | \$ 0 | \$ 1,668 | \$ 79 | \$ 4,248 |
| 1860 | Meters | | | 0.00% | \$ 74 | \$ 74 | \$ 0 | \$ - | | \$ 74 |
| 1860 | Meters | | | 0.00% | \$ 2,783 | \$ 2,783 | \$ 0 | \$ - | | \$ 2,783 |
| 1860 | Meters (Smart Meters) | \$ 31,909 | 15.00 | 6.67% | \$ 1,064 | \$ 1,064 | \$ 0 | \$ 2,127 | | \$ 2,127 |
| 1905 | Land | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1910 | Leasehold Improvements | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1915 | Office Furniture & Equipment (10 years) | \$ 3,337 | 10.00 | 10.00% | \$ 1,151 | \$ 1,151 | \$ 0 | \$ 334 | | \$ 1,318 |
| 1915 | Office Furniture & Equipment (5 years) | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1920 | Computer Equipment - Hardware | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | \$ 10,557 | 3.00 | 33.33% | \$ 14,293 | \$ 14,294 | \$ 1 | \$ 3,519 | \$ 2,274 | \$ 13,779 |
| 1930 | Transportation Equipment | | | 0.00% | \$ 50,166 | \$ 50,166 | \$ 0 | \$ - | | \$ 50,166 |
| 1930 | Transportation Equipment | \$ 28,236 | 5.00 | 20.00% | \$ 14,007 | \$ 14,007 | \$ 0 | \$ 5,647 | | \$ 16,830 |
| 1930 | Transportation Equipment | \$ 30,643 | 8.00 | 12.50% | \$ 96,824 | \$ 96,966 | \$ 142 | \$ 3,830 | \$ 10,250 | \$ 88,489 |
| 1935 | Stores Equipment | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1940 | Tools, Shop & Garage Equipment | \$ 39,977 | 10.00 | 10.00% | \$ 7,521 | \$ 7,521 | \$ 0 | \$ 3,998 | \$ 1,101 | \$ 8,419 |
| 1945 | Measurement & Testing Equipment | | | 0.00% | \$ 1,809 | \$ 1,809 | \$ - | \$ - | | \$ 1,809 |
| 1950 | Power Operated Equipment | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1955 | Communications Equipment | \$ 2,148 | 5.00 | 20.00% | \$ 1,661 | \$ 1,661 | \$ 0 | \$ 430 | \$ 566 | \$ 1,310 |
| 1955 | Communication Equipment (Smart Meters) | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1960 | Miscellaneous Equipment | | | 0.00% | \$ 1,210 | \$ 1,210 | \$ 0 | \$ - | | \$ 1,210 |
| 1970 | Load Management Controls Customer Premises | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1975 | Load Management Controls Utility Premises | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1980 | System Supervisor Equipment | \$ 611 | 3.00 | 33.33% | \$ 1,645 | \$ 1,645 | \$ 0 | \$ 204 | \$ 685 | \$ 1,062 |
| 1985 | Miscellaneous Fixed Assets | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1990 | Other Tangible Property | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1995 | Contributions & Grants | | | 0.00% | \$ 71,181 | \$ 71,181 | \$ 0 | \$ - | | \$ 71,181 |
| 4245 | Other Operating Revenues | \$ 114,792 | 40.00 | 2.50% | \$ 1,435 | \$ 1,435 | \$ - | \$ - | | \$ 2,870 |
| 4245 | Other Operating Revenues | \$ 34,000 | 3.00 | 33.33% | \$ 5,667 | \$ 5,667 | \$ 0 | \$ - | | \$ 11,334 |
| | Total | \$ 1,049,402 | | | \$ 768,068 | \$ 768,201 | \$ 133 | \$ 56,986 | \$ 53,636 | \$ 735,823 |
| | Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) | | | | \$ - | | | | | |
| | Total Depreciation Expense | | | | \$ 768,068 | | | | | |

Notes:

- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence.
- This column refers to the calculated full year depreciation but excludes the depreciation expense on assets fully depreciated during the year. This column is used for the purpose of calculating depreciation expense in the following year on the next worksheet.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

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

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

2015 MIFRS

| Account | Description | Additions (d) | Years (new additions only) (f) | Depreciation Rate on New Additions (g) = 1 / (f) | 2015 Depreciation Expense ¹ (h)=2014 Full Year Depreciation + ((d)*0.5)/(f) | 2015 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l) | Variance ² (m) = (h) - (l) | Depreciation Expense on 2014 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) | \$ 34,000 | 3.00 | 33.33% | \$ 34,862 | \$ 34,862 | \$ 0 | \$ 11,333 | \$ 7,769 | \$ 32,759 |
| 1612 | Computer Software (Formally known as Account 1925) | \$ 103,008 | | | \$ - | \$ - | | | | \$ - |
| 1612 | Land Rights (Formally known as Account 1906) | | | 0.00% | \$ 335 | \$ 335 | \$ 0 | \$ - | | \$ 335 |
| 1805 | Land | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1808 | Buildings | \$ 106,000 | 25.00 | 4.00% | \$ 13,566 | \$ 13,566 | \$ 0 | \$ 4,240 | | \$ 15,686 |
| 1808 | Buildings | | | 0.00% | \$ 4,447 | \$ 4,447 | \$ 0 | \$ - | | \$ 4,447 |
| 1810 | Leasehold Improvements | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1815 | Transformer Station Equipment >50 kV | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1820 | Distribution Station Equipment <50 kV | \$ 139,500 | 30.00 | 3.33% | \$ 32,085 | \$ 32,085 | \$ 0 | \$ 4,650 | | \$ 34,410 |
| 1820 | Distribution Station Equipment <50 kV | | | 0.00% | \$ 13,465 | \$ 13,465 | \$ 0 | \$ - | | \$ 13,465 |
| 1820 | Distribution Station Equipment <50 kV | | | 0.00% | \$ 19,652 | \$ 19,652 | \$ 0 | \$ - | | \$ 19,652 |
| 1825 | Storage Battery Equipment | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 154,820 | 45.00 | 2.22% | \$ 163,244 | \$ 163,244 | \$ 0 | \$ 3,440 | \$ 9,110 | \$ 155,855 |
| 1830 | Poles, Towers & Fixtures | | | 0.00% | \$ 1,661 | \$ 1,661 | \$ 0 | \$ - | | \$ 1,661 |
| 1835 | Overhead Conductors & Devices | | | 0.00% | \$ 110,116 | \$ 110,116 | \$ 0 | \$ - | | \$ 110,116 |
| 1835 | Overhead Conductors & Devices | \$ 189,100 | 60.00 | 1.67% | \$ 10,265 | \$ 10,265 | \$ 0 | \$ 3,152 | | \$ 11,841 |
| 1835 | Overhead Conductors & Devices | \$ 18,910 | 45.00 | 2.22% | \$ 1,188 | \$ 1,188 | \$ 0 | \$ 420 | | \$ 1,398 |
| 1835 | Overhead Conductors & Devices | \$ 1,990 | 40.00 | 2.50% | \$ 122 | \$ 122 | \$ 0 | \$ 50 | | \$ 147 |
| 1840 | Underground Conduit | \$ 73,000 | 50.00 | 2.00% | \$ 79,241 | \$ 79,241 | \$ 0 | \$ 1,460 | \$ 3,189 | \$ 76,782 |
| 1840 | Underground Conduit | | | 0.00% | \$ 1,138 | \$ 1,138 | \$ 0 | \$ - | | \$ 1,138 |
| 1845 | Underground Conductors & Devices | | | 0.00% | \$ 24,229 | \$ 24,229 | \$ 0 | \$ - | \$ 2,044 | \$ 22,185 |
| 1845 | Underground Conductors & Devices | \$ 243,650 | 40.00 | 2.50% | \$ 3,892 | \$ 3,892 | \$ 0 | \$ 6,091 | | \$ 6,938 |
| 1850 | Line Transformers | | | 0.00% | \$ 81,377 | \$ 81,377 | \$ 0 | \$ - | \$ 2,582 | \$ 78,795 |
| 1850 | Line Transformers | \$ 187,000 | 40.00 | 2.50% | \$ 8,138 | \$ 8,138 | \$ 0 | \$ 4,675 | | \$ 10,475 |
| 1855 | Services (Overhead & Underground) | | | 0.00% | \$ 42,483 | \$ 42,483 | \$ 0 | \$ - | \$ 6,088 | \$ 36,395 |
| 1855 | Services (Overhead & Underground) | \$ 85,850 | 60.00 | 1.67% | \$ 1,152 | \$ 1,152 | \$ 0 | \$ 1,431 | | \$ 1,867 |
| 1855 | Services (Overhead & Underground) | \$ 15,150 | 40.00 | 2.50% | \$ 4,438 | \$ 4,438 | \$ 0 | \$ 379 | | \$ 4,627 |
| 1860 | Meters | \$ 10,000 | | 0.00% | \$ 74 | \$ 74 | \$ 0 | \$ - | | \$ 74 |
| 1860 | Meters | | | 0.00% | \$ 2,783 | \$ 2,783 | \$ 0 | \$ - | | \$ 2,783 |
| 1860 | Meters (Smart Meters) | \$ 65,000 | 15.00 | 6.67% | \$ 4,294 | \$ 4,294 | \$ 0 | \$ 4,333 | | \$ 6,461 |
| 1860 | Meters (Smart Meters) | \$ 1,645,232 | | | \$ 102,942 | \$ 102,942 | \$ - | \$ 102,942 | | \$ 102,942 |
| 1905 | Land | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1908 | Buildings & Fixtures | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1910 | Leasehold Improvements | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1915 | Office Furniture & Equipment (10 years) | \$ 5,000 | 10.00 | 10.00% | \$ 1,568 | \$ 1,568 | \$ 0 | \$ 500 | | \$ 1,818 |
| 1915 | Office Furniture & Equipment (5 years) | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1920 | Computer Equipment - Hardware | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | \$ 10,000 | 3.00 | 33.33% | \$ 15,446 | \$ 15,446 | \$ 0 | \$ 3,333 | \$ 5,573 | \$ 11,539 |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | \$ 25,493 | | | \$ 1,782 | \$ 1,782 | \$ - | \$ 1,782 | \$ 890 | \$ 890 |
| 1930 | Transportation Equipment | \$ 61,000 | 8.00 | 12.50% | \$ 53,978 | \$ 53,978 | \$ 0 | \$ 7,625 | | \$ 57,791 |
| 1930 | Transportation Equipment | | | 0.00% | \$ 16,830 | \$ 16,830 | \$ 0 | \$ - | | \$ 16,830 |
| 1930 | Transportation Equipment | | | 0.00% | \$ 88,489 | \$ 88,489 | \$ 0 | \$ - | \$ 25,867 | \$ 62,622 |
| 1935 | Stores Equipment | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1940 | Tools, Shop & Garage Equipment | \$ 10,000 | 10.00 | 10.00% | \$ 8,919 | \$ 8,919 | \$ 0 | \$ 1,000 | \$ 1,600 | \$ 7,819 |
| 1945 | Measurement & Testing Equipment | | | 0.00% | \$ 1,809 | \$ 1,809 | \$ - | \$ - | | \$ 1,809 |
| 1950 | Power Operated Equipment | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1955 | Communications Equipment | \$ 1,200 | 5.00 | 20.00% | \$ 1,430 | \$ 1,430 | \$ 0 | \$ 240 | \$ 566 | \$ 984 |
| 1955 | Communication Equipment (Smart Meters) | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1960 | Miscellaneous Equipment | | | 0.00% | \$ 1,210 | \$ 1,210 | \$ 0 | \$ - | | \$ 1,210 |
| 1970 | Load Management Controls Customer Premises | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1975 | Load Management Controls Utility Premises | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1980 | System Supervisor Equipment | \$ 22,500 | 3.00 | 33.33% | \$ 4,812 | \$ 4,812 | \$ 0 | \$ 7,500 | | \$ 8,562 |
| 1985 | Miscellaneous Fixed Assets | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1990 | Other Tangible Property | | | 0.00% | \$ - | \$ - | \$ - | \$ - | | \$ - |
| 1995 | Contributions & Grants | | | 0.00% | \$ 71,181 | \$ 71,181 | \$ 0 | \$ - | | \$ 71,181 |
| 4245 | Other Operating Revenues | \$ 324,000 | 40.00 | 2.50% | \$ 6,920 | \$ 6,920 | \$ - | \$ 8,100 | | \$ 10,970 |
| | | | | | \$ 11,334 | \$ 11,334 | | | | \$ 11,334 |
| | Total | \$ 2,883,403 | | | \$ 868,028 | \$ 868,027 | \$ 1 | \$ 162,477 | \$ 65,278 | \$ 831,624 |
| | Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) | | | | \$ - | | | | | |
| | Total Depreciation Expense | | | | \$ 868,028 | | | | | |

Notes:

- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence.
- This column refers to the calculated full year depreciation but excludes the depreciation expense on assets fully depreciated during the year. This column is used for the purpose of calculating depreciation expense in the following year on the next worksheet.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

Appendix 2-CE

Depreciation and Amortization Expense

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

2016 MIFRS

| Account | Description | Additions (d) | Years (new additions only) (f) | Depreciation Rate on New Additions (g) = 1 / (f) | 2016 Depreciation Expense ¹ (h)=2015 Full Year Depreciation + ((d)*0.5)/(f) | 2016 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l) | Variance ² (m) = (h) - (l) |
|--|--|---------------------|-----------------------------------|---|---|--|--|
| 1611 | Computer Software (Formally known as Account 1925) | \$ 19,000 | 3.00 | 33.33% | \$ 35,926 | \$ 35,926 | \$ 0 |
| 1611 | Computer Software (Formally known as Account 1925) | | | | | | \$ - |
| 1612 | Land Rights (Formally known as Account 1906) | | | 0.00% | \$ 335 | \$ 335 | \$ 0 |
| 1805 | Land | | | 0.00% | \$ - | \$ - | \$ - |
| 1808 | Buildings | \$ 38,000 | 25.00 | 4.00% | \$ 16,446 | \$ 16,446 | \$ - |
| 1808 | Buildings | | | 0.00% | \$ 4,447 | \$ 4,447 | \$ 0 |
| 1810 | Leasehold Improvements | | | 0.00% | \$ - | \$ - | \$ - |
| 1815 | Transformer Station Equipment >50 kV | | | 0.00% | \$ - | \$ - | \$ - |
| 1820 | Distribution Station Equipment <50 kV | \$ 193,500 | 30.00 | 3.33% | \$ 37,635 | \$ 37,635 | \$ - |
| 1820 | Distribution Station Equipment <50 kV | | | 0.00% | \$ 13,465 | \$ 13,465 | \$ 0 |
| 1820 | Distribution Station Equipment <50 kV | | | 0.00% | \$ 19,652 | \$ 19,652 | \$ 0 |
| 1825 | Storage Battery Equipment | | | 0.00% | \$ - | \$ - | \$ - |
| 1830 | Poles, Towers & Fixtures | \$ 137,700 | 45.00 | 2.22% | \$ 157,385 | \$ 157,385 | \$ - |
| 1830 | Poles, Towers & Fixtures | | | 0.00% | \$ 1,661 | \$ 1,661 | \$ 0 |
| 1835 | Overhead Conductors & Devices | | | 0.00% | \$ 110,116 | \$ 110,116 | \$ 0 |
| 1835 | Overhead Conductors & Devices | \$ 172,080 | 60.00 | 1.67% | \$ 13,275 | \$ 13,275 | \$ - |
| 1835 | Overhead Conductors & Devices | \$ 17,208 | 45.00 | 2.22% | \$ 1,589 | \$ 1,589 | \$ 0 |
| 1835 | Overhead Conductors & Devices | \$ 1,912 | 40.00 | 2.50% | \$ 171 | \$ 171 | \$ - |
| 1840 | Underground Conduit | | | 0.00% | \$ 76,782 | \$ 76,782 | \$ 0 |
| 1840 | Underground Conduit | | | 0.00% | \$ 1,138 | \$ 1,138 | \$ 0 |
| 1845 | Underground Conductors & Devices | | | 0.00% | \$ 22,185 | \$ 22,185 | \$ 0 |
| 1845 | Underground Conductors & Devices | \$ 163,650 | 40.00 | 2.50% | \$ 8,983 | \$ 8,983 | \$ 0 |
| 1850 | Line Transformers | | | 0.00% | \$ 78,795 | \$ 78,795 | \$ 0 |
| 1850 | Line Transformers | \$ 172,000 | 40.00 | 2.50% | \$ 12,625 | \$ 12,625 | \$ 0 |
| 1855 | Services (Overhead & Underground) | | | 0.00% | \$ 36,395 | \$ 36,395 | \$ 0 |
| 1855 | Services (Overhead & Underground) | \$ 15,150 | 60.00 | 1.67% | \$ 1,993 | \$ 1,993 | \$ 0 |
| 1855 | Services (Overhead & Underground) | \$ 85,850 | 40.00 | 2.50% | \$ 5,700 | \$ 5,700 | \$ 0 |
| 1860 | Meters | | | 0.00% | \$ 74 | \$ 74 | \$ 0 |
| 1860 | Meters | \$ 7,500 | 25.00 | 4.00% | \$ 2,933 | \$ 2,933 | \$ 0 |
| 1860 | Meters (Smart Meters) | \$ 35,200 | 15.00 | 6.67% | \$ 7,634 | \$ 7,634 | \$ 0 |
| 1860 | Meters (Smart Meters) | | | | \$ 102,942 | \$ 102,942 | \$ - |
| 1905 | Land | | | 0.00% | \$ - | \$ - | \$ - |
| 1908 | Buildings & Fixtures | | | 0.00% | \$ - | \$ - | \$ - |
| 1910 | Leasehold Improvements | | | 0.00% | \$ - | \$ - | \$ - |
| 1915 | Office Furniture & Equipment (10 years) | \$ 8,000 | 10.00 | 10.00% | \$ 2,218 | \$ 2,218 | \$ - |
| 1915 | Office Furniture & Equipment (5 years) | | | 0.00% | \$ - | \$ - | \$ - |
| 1920 | Computer Equipment - Hardware | | | 0.00% | \$ - | \$ - | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 22/04) | | | 0.00% | \$ - | \$ - | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | \$ 10,000 | 3.00 | 33.33% | \$ 13,206 | \$ 13,206 | \$ - |
| 1920 | Computer Equip.-Hardware(Post Mar. 19/07) | | | | \$ 891 | \$ 891 | \$ - |
| 1930 | Transportation Equipment | \$ 328,000 | 8.00 | 12.50% | \$ 78,291 | \$ 78,291 | \$ - |
| 1930 | Transportation Equipment | | | 0.00% | \$ 16,830 | \$ 16,830 | \$ 0 |
| 1930 | Transportation Equipment | | | 0.00% | \$ 62,622 | \$ 62,622 | \$ 0 |
| 1935 | Stores Equipment | | | 0.00% | \$ - | \$ - | \$ - |
| 1940 | Tools, Shop & Garage Equipment | \$ 10,000 | 10.00 | 10.00% | \$ 8,319 | \$ 8,319 | \$ - |
| 1945 | Measurement & Testing Equipment | | | 0.00% | \$ 1,809 | \$ 1,809 | \$ - |
| 1950 | Power Operated Equipment | | | 0.00% | \$ - | \$ - | \$ - |
| 1955 | Communications Equipment | \$ 1,200 | 5.00 | 20.00% | \$ 1,104 | \$ 1,104 | \$ 0 |
| 1955 | Communication Equipment (Smart Meters) | | | 0.00% | \$ - | \$ - | \$ - |
| 1960 | Miscellaneous Equipment | | | 0.00% | \$ 1,210 | \$ 1,210 | \$ 0 |
| 1970 | Load Management Controls Customer Premises | | | 0.00% | \$ - | \$ - | \$ - |
| 1975 | Load Management Controls Utility Premises | | | 0.00% | \$ - | \$ - | \$ - |
| 1980 | System Supervisor Equipment | \$ 130,000 | 3.00 | 33.33% | \$ 30,229 | \$ 30,229 | \$ - |
| 1985 | Miscellaneous Fixed Assets | | | 0.00% | \$ - | \$ - | \$ - |
| 1990 | Other Tangible Property | | | 0.00% | \$ - | \$ - | \$ - |
| 1995 | Contributions & Grants | | | 0.00% | \$ 71,181 | \$ 71,181 | \$ 0 |
| 4245 | Other Operating Revenues | -\$ 300,000 | 40.00 | 2.50% | \$ 14,720 | \$ 14,720 | \$ - |
| 4245 | Other Operating Revenues | | | 0.00% | \$ 11,334 | \$ 11,334.00 | \$ - |
| | Total | \$ 1,245,950 | | | \$ 889,778 | \$ 889,776 | \$ 2 |
| 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 | | | | | | | |
| | | | | | \$ 889,778 | | |

Notes:

- Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
- The applicant must provide an explanation of material variances in evidence.

General: Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.

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

The Board sponsored Kinectrics study, on which the utility based its new depreciation rates, is presented at the next page.

1 Due to the size of the Kinetric Study (188 page), ORPC has included the link to the
2 study.

3 http://www.ontarioenergyboard.ca/oeb/_Documents/EB-2010-0178/Kinetrics-418033-
4 [OEB%20Asset%20Amortization-%20Final%20Rep.pdf](http://www.ontarioenergyboard.ca/oeb/_Documents/EB-2010-0178/Kinetrics-418033-OEB%20Asset%20Amortization-%20Final%20Rep.pdf)

5

Appendix 2-BB
Service Life Comparison
Table F-1 from Kinetrics Report¹

Table F-1 from Kinetrics Report¹

| Parent* | # | Asset Details | | | Useful Life | | | USoA Account Number | USoA Account Description | Current | | Proposed | |
|---------|----|--|-------------------|-------|-------------|-----|--------|---------------------|----------------------------------|---------|------|----------|------|
| | | Category | Component | Type | MIN UL | TUL | MAX UL | | | Years | Rate | Years | Rate |
| OH | 1 | Fully Dressed Wood Poles | Overall | | 35 | 45 | 75 | 1830 | Poles, Towers and Fixtures | 25 | 4% | 40 | 3% |
| | | | Cross Arm | Wood | 20 | 40 | 55 | 1830 | Poles, Towers and Fixtures | 25 | 4% | 40 | 3% |
| | 2 | Fully Dressed Concrete Poles | Overall | | 30 | 70 | 95 | 1830 | Poles, Towers and Fixtures | 25 | 4% | 40 | 3% |
| | | | Cross Arm | Wood | 20 | 40 | 55 | 1830 | Poles, Towers and Fixtures | 25 | 4% | 40 | 3% |
| | 3 | Fully Dressed Steel Poles | Overall | | 30 | 70 | 95 | 1830 | Poles, Towers and Fixtures | 25 | 4% | 40 | 3% |
| | | | Cross Arm | Steel | 20 | 40 | 55 | 1830 | Poles, Towers and Fixtures | 25 | 4% | 40 | 3% |
| | 4 | OH Line Switch | | | 60 | 60 | 80 | N/A | | | | | |
| | 5 | OH Line Switch Motor | | | 20 | 40 | 55 | N/A | | | | | |
| | 6 | OH Line Switch RTU | | | 30 | 70 | 95 | 1835 | Overhead Conductors & Devices | 25 | 4% | 40 | 3% |
| | 7 | OH Integral Switches | | | 15 | 20 | 20 | 1835 | Overhead Conductors & Devices | 25 | 4% | 20 | 5% |
| | 8 | OH Conductors | | | 35 | 45 | 60 | 1835 | Overhead Conductors & Devices | 25 | 4% | 40 | 3% |
| TS & MS | 9 | OH Transformers & Voltage Regulators | | | 50 | 60 | 75 | 1835 | Overhead Conductors & Devices | 25 | 4% | 60 | 2% |
| | 10 | OH Shunt Capacitor Banks | | | 30 | 40 | 60 | 1850 | Line Transformers | 25 | 4% | 40 | 3% |
| | 11 | Redclosers | | | 25 | 30 | 40 | N/A | | | | | |
| | 12 | Power Transformers | Overall | | 30 | 45 | 60 | 1850 | Line Transformers | 25 | 4% | 40 | 3% |
| | 13 | Station Service Transformer | Bushing | | 10 | 20 | 30 | | | | | | |
| | 14 | Station Grounding Transformer | Tap Changer | | 20 | 30 | 60 | | | | | | |
| | 15 | Station DC System | | | 30 | 45 | 55 | | | | | | |
| | 16 | Station Metal Clad Switchgear | Overall | | 30 | 40 | 40 | | | | | | |
| | | | Battery Bank | | 10 | 20 | 30 | 1820 | Distribution Station Equipment | 30 | 3% | 20 | 5% |
| | 17 | Station Independent Breakers | Charger | | 20 | 20 | 30 | 1820 | Distribution Station Equipment | 30 | 3% | 20 | 5% |
| | | | Removable Breaker | | 20 | 20 | 30 | 1820 | Distribution Station Equipment | 25 | 4% | 40 | 3% |
| UG | 18 | Station Switch | | | 25 | 40 | 60 | | | | | | |
| | 19 | Electromechanical Relays | | | 35 | 45 | 65 | | | | | | |
| | 20 | Solid State Relays | | | 30 | 50 | 90 | | | | | | |
| | 21 | Digital & Numeric Relays | | | 10 | 15 | 15 | 1820 | Distribution Station Equipment | 30 | 3% | 20 | 5% |
| | 22 | Rigid Busbars | | | 20 | 30 | 60 | | | | | | |
| | 23 | Steel Structure | | | 30 | 55 | 60 | | | | | | |
| | 24 | Primary Paper Insulated Lead Covered (PILC) Cables | | | 35 | 50 | 90 | | | | | | |
| | 25 | Primary Ethylene-Propylene Rubber (EPR) Cables | | | 60 | 65 | 75 | N/A | | | | | |
| | 26 | Primary Non-Tree Retardant (TR) Cross Linked | | | 20 | 25 | 25 | 1845 | Underground Conductors & Devices | 25 | 4% | 40 | 3% |
| | 27 | Primary Non-TR XLPE Cables in Duct | | | 20 | 25 | 30 | 1845 | Underground Conductors & Devices | 25 | 4% | 40 | 3% |
| | 28 | Primary TR XLPE Cables Direct Buried | | | 20 | 25 | 30 | 1845 | Underground Conductors & Devices | 25 | 4% | 40 | 3% |
| S | 29 | Secondary PILC Cables | | | 25 | 30 | 35 | 1845 | Underground Conductors & Devices | 25 | 4% | 40 | 3% |
| | 30 | Secondary Cables in Duct | | | 35 | 40 | 55 | 1845 | Underground Conductors & Devices | 25 | 4% | 40 | 3% |
| | 31 | Secondary Cables Direct Buried | | | 70 | 75 | 80 | N/A | | | | | |
| | 32 | Secondary Cables in Duct | | | 25 | 35 | 40 | 1855 | Services | 25 | 4% | 60 | 2% |
| | 33 | Network Transformers | Overall | | 35 | 40 | 60 | 1855 | Services | 25 | 4% | 60 | 2% |
| | 34 | Pad-Mounted Transformers | Protector | | 20 | 35 | 50 | N/A | | | | | |
| | 35 | Submersible/Vault Transformers | | | 20 | 35 | 40 | N/A | | | | | |
| | 36 | UG Foundation | | | 25 | 40 | 45 | 1850 | Line Transformers | 25 | 4% | 40 | 3% |
| | 37 | UG Vaults | | | 25 | 35 | 45 | 1850 | Line Transformers | 25 | 4% | 40 | 3% |
| | 38 | UG Vault Switches | Overall | | 35 | 55 | 70 | 1840 | Underground Conduit | 25 | 4% | 60 | 2% |
| | 39 | Pad-Mounted Switchgear | Roof | | 40 | 60 | 80 | N/A | | | | | |
| S | 40 | Ducts | | | 20 | 30 | 45 | 1845 | Underground Conductors & Devices | 25 | 4% | 30 | 3% |
| | 41 | Concrete Encased Duct Banks | | | 30 | 50 | 85 | 1840 | Underground Conduit | 25 | 4% | 60 | 2% |
| | 42 | Cable Chambers | | | 35 | 55 | 80 | 1840 | Underground Conduit | 25 | 4% | 60 | 2% |
| | 43 | Remote SCADA | | | 50 | 60 | 80 | 1840 | Underground Conduit | 25 | 4% | 60 | 2% |
| | | | | | 15 | 20 | 30 | | | | | | |

Table F-2 from Kinetrics Report¹

| # | Asset Details | | | Useful Life Range | USoA Account Number | USoA Account Description | Current | | Proposed | |
|----|---|---------------------------------|------|-------------------|---------------------|-----------------------------------|---------|------|----------|------|
| | Category | Component | Type | | | | Years | Rate | Years | Rate |
| 1 | Office Equipment | | | 5-15 | 1915 | Office Furniture & Equipment | 10 | 10% | 10 | 10% |
| 2 | Vehicles | Trucks & Buckets | | 5-15 | 1930 | Transportation Equipment | 8 | 13% | 15 | 7% |
| | | Trailers | | 5-20 | 1930 | Transportation Equipment | 8 | 13% | 20 | 5% |
| 3 | Administrative Buildings | Vans | | 5-10 | 1930 | Transportation Equipment | 5 | 20% | 12 | 8% |
| 4 | Leasehold Improvements | | | 50-75 | 200/201 | Building & Fixtures | May-50 | 0% | May-50 | 0% |
| 5 | Station Buildings | Station Buildings | | Lease dependent | N/A | | 0 | | | |
| | | Parking | | 50-75 | 1808 | Building & Fixtures | 50 | 2% | 50 | 2% |
| | | Fence | | 25-30 | 1808 | Building & Fixtures | 30 | 3% | 30 | 3% |
| | | Roof | | 25-60 | 1808 | Building & Fixtures | 25 | 4% | 25 | 4% |
| 6 | Computer Equipment | Hardware | | 20-30 | 1808 | Building & Fixtures | 20 | 5% | 20 | 5% |
| | | Software | | 3-5 | 1820 | Computer Equipment - Hardware | 5 | 20% | 5 | 20% |
| | | Power Operated | | 2-5 | 1925 | Computer Equipment - Software | 5 | 20% | 5 | 20% |
| 7 | Equipment | Stores | | 5-10 | N/A | | | | | |
| | | Tools, Shop, Garage Equipment | | 5-10 | 1935 | Stores Equipment | 10 | 10% | 10 | 10% |
| | | Measurement & Testing Equipment | | 5-10 | 1940 | Tools, Shops Garage Equipment | 10 | 10% | 10 | 10% |
| 8 | Communication | Towers | | 5-10 | 1945 | Measurement and Testing Equipment | 10 | 10% | 10 | 10% |
| | | Wireless | | 60-70 | 1955 | Communication Equipment | 10 | 10% | 10 | 10% |
| 9 | Residential Energy Meters | | | 2-10 | 1955 | Communication Equipment | 10 | 10% | 10 | 10% |
| 10 | Industrial/Commercial Energy Meters | | | 25-35 | 1860 | Meters | 25 | 4% | 15 | 7% |
| 11 | Wholesale Energy Meters | | | 25-35 | 1860 | Meters | | | 20 | 5% |
| 12 | Current & Potential Transformer (CT & PT) | | | 15-30 | N/A | | | | | |
| 13 | Smart Meters | | | 35-50 | 1860 | Meters | | | 45 | 2% |
| 14 | Repeaters - Smart Metering | | | 5-15 | 1860 | Meters | 15 | 7% | 15 | 7% |
| 15 | Data Collectors - Smart Metering | | | 10-15 | 1915 | Office Furniture & Equipment | 5 | 20% | 5 | 20% |
| | | | | 15-20 | 1915 | Office Furniture & Equipment | 5 | 20% | 5 | 20% |

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

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

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

The following are the Asset Retirements that Ottawa River Power had during the 2010 to 2014
time frame:

2010

- Stranded meters - \$588,700
- Office furniture in Almonte - \$668
- Radial Boom Truck – \$178,877

2011

- Stranded meters - \$39,732
- Service Van – \$21,450

2012

- Service Van – \$24,248

2013

- Two Line Department Small Trucks – \$51,999

2014

- Backhoe – 27,760
- Load Management Controls on customer premises from the 1980's - \$254,912
- System Supervisory Equipment from Almonte - \$186,720

- 1 The asset retirements are reflected in the fixed assets continuity statements at the next page.
- 2 ORPC also removed the applicable amounts from accumulated amortization. No depreciation
- 3 expenses were recorded in the year of retirement.

- 1 **Ex.4/Tab 4/Sch.6 - Depreciation and Capitalization Policy**
- 2
- 3 ORPC's Depreciation and Capitalization Policy is found at Ex.2/Tab 5/Sch.3

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

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

Taxes or Payments In Lieu of Taxes (PILs) and Property Taxes

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

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

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

Ottawa River Power has used the OEB Tax Work Form model to calculate the amount of taxes for inclusion in its 2015 rates. This model is filed in conjunction with this application. PILs have been calculated under CGAAP with changes to accounting policies. The PILS model has been reviewed by ORPC’s external auditor to ensure that the current and proposed tax rates have been applied, that the amount of PILS calculated appears reasonable and that the integrity checks established in the Boards Minimum Filing Requirements have been adhered to.

Table 1 on the following page summarizes ORPC’s taxes for the 2014 Historical Year, 2015 Bridge Year and 2016 Test Year. Under the new accounting policies, ORPC’s PILs amount to The income tax sheet from the Revenue Requirement Workform is presented at the next page and the PILs model is being filed in conjunction with this application.

Table 4.8: Tax Provision for the Test Year

| Particulars | | | Application |
|--|--|--|-------------|
| | | | |
| Determination of Taxable Income | | | |
| | | | |

| | | |
|--|--|-------------|
| Utility net income before taxes | | \$442,682 |
| | | |
| Adjustments required to arrive at taxable utility income | | (\$104,642) |
| | | |
| Taxable income | | \$338,040 |
| | | |
| Calculation of Utility income Taxes | | |
| | | |
| Income taxes | | \$71,985 |
| Capital taxes | | \$ - |
| | | |
| Total taxes | | \$71,985 |
| | | |
| Gross-up of Income Taxes | | \$18,387 |
| | | |
| Grossed-up Income Taxes | | \$90,372 |
| | | |
| PILs / tax Allowance (Grossed-up Income taxes + Capital taxes) | | \$90,372 |
| | | |
| Other tax Credits | | \$ - |
| | | |
| Tax Rates | | |
| | | |
| Federal tax (%) | | 12.59% |
| Provincial tax (%) | | 7.75% |
| Total tax rate (%) | | 20.35% |

1

2

3

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

3

4 The utility's latest tax return is presented at the next page.

Federal Tax Instalments

Federal tax instalments

For the taxation year ended 2015-12-31Business number 87176 4072 RC0001

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Canada Revenue Agency. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. Payment may be made by cheque or money order payable to the Receiver General either at an authorized financial institution or filed with **the appropriate remittance voucher at the following address:**

Canada Revenue Agency
875 Heron Road
Ottawa ON K1A 1B1

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

Monthly instalment worksheet

| Date | Monthly tax instalments | Refund transferred to instalments | Instalments paid | Cumulative difference | Instalments payable |
|---------------|-------------------------|-----------------------------------|------------------|-----------------------|---------------------|
| 2015-01-31 | 4,515 | | | | 4,515 |
| 2015-02-28 | 4,515 | | | | 4,515 |
| 2015-03-31 | 4,515 | | | | 4,515 |
| 2015-04-30 | 4,515 | | | | 4,515 |
| 2015-05-31 | 4,515 | | | | 4,515 |
| 2015-06-30 | 4,515 | | | | 4,515 |
| 2015-07-31 | 4,515 | | | | 4,515 |
| 2015-08-31 | 4,515 | | | | 4,515 |
| 2015-09-30 | 4,515 | | | | 4,515 |
| 2015-10-31 | 4,515 | | | | 4,515 |
| 2015-11-30 | 4,515 | | | | 4,515 |
| 2015-12-31 | 4,504 | | | | 4,504 |
| | | | | | |
| | | | | | |
| | | | | | |
| Totals | <u>54,169</u> | | | | <u>54,169</u> |



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

Identification

Business number (BN) **001** 87176 4072 RC0001

Corporation's name

002 Ottawa River Power Corporation

Address of head office

Has this address changed since the last time we were notified? **010** 1 Yes ☐ 2 No ☒(If **yes**, complete lines 011 to 018.)**011** 283 Pembroke Street W**012** City Province, territory, or state
015 Pembroke **016** ON**017** Country (other than Canada) **018** Postal code/Zip code
017 K8A 5N5

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? **020** 1 Yes ☐ 2 No ☒(If **yes**, complete lines 021 to 028.)**021** c/o
022
023**025** City **026** Province, territory, or state**027** Country (other than Canada) **028** Postal code/Zip code

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 ☐ 2 No ☒(If **yes**, complete lines 031 to 038.)**031** 283 Pembroke Street W
032**035** City **036** Province, territory, or state**037** Country (other than Canada) **038** Postal code/Zip code**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 Tax year-end
060 2014-01-01 **061** 2014-12-31
YYYY MM DD YYYY MM DDHas there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? **063** 1 Yes ☐ 2 No ☒If **yes**, provide the date control was acquired **065** YYYY MM DDIs the date on line 061 a deemed tax year-end according to subsection 249(3.1)? **066** 1 Yes ☐ 2 No ☒Is the corporation a professional corporation that is a member of a partnership? **067** 1 Yes ☐ 2 No ☒Is this the first year of filing after:
Incorporation? **070** 1 Yes ☐ 2 No ☒
Amalgamation? **071** 1 Yes ☐ 2 No ☒If **yes**, complete lines 030 to 038 and attach Schedule 24.Has there been a wind-up of a subsidiary under section 88 during the current tax year? **072** 1 Yes ☐ 2 No ☒If **yes**, complete and attach Schedule 24.Is this the final tax year before amalgamation? **076** 1 Yes ☐ 2 No ☒Is this the final return up to dissolution? **078** 1 Yes ☐ 2 No ☒If an election was made under section 261, state the functional currency used **079**Is the corporation a resident of Canada?
080 1 Yes ☒ 2 No ☐ If **no**, give the country of residence on line 081 and complete and attach Schedule 97.**081**Is the non-resident corporation claiming an exemption under an income tax treaty? **082** 1 Yes ☐ 2 No ☒If **yes**, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

- 085**
- 1
- ☐
- Exempt under paragraph 149(1)(e) or (l)
-
- 2
- ☐
- Exempt under paragraph 149(1)(j)
-
- 3
- ☐
- Exempt under paragraph 149(1)(t)
-
- 4
- ☐
- Exempt under other paragraphs of section 149

Do not use this area

095**096**

Attachments**Financial statement information:** Use GIFL schedules 100, 125, and 141.**Schedules** – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

| | Yes | Schedule |
|--|--|----------|
| Is the corporation related to any other corporations? | 150 <input checked="" type="checkbox"/> | 9 |
| Is the corporation an associated CCPC? | 160 <input checked="" type="checkbox"/> | 23 |
| Is the corporation an associated CCPC that is claiming the expenditure limit? | 161 <input type="checkbox"/> | 49 |
| Does the corporation have any non-resident shareholders who own voting shares? | 151 <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 | 162 <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? | 163 <input type="checkbox"/> | 44 |
| Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada? | 164 <input type="checkbox"/> | 14 |
| Is the corporation claiming a deduction for payments to a type of employee benefit plan? | 165 <input checked="" type="checkbox"/> | 15 |
| Is the corporation claiming a loss or deduction from a tax shelter? | 166 <input type="checkbox"/> | T5004 |
| Is the corporation a member of a partnership for which a partnership account number has been assigned? | 167 <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)? | 168 <input type="checkbox"/> | 22 |
| Did the corporation own any shares in one or more foreign affiliates in the tax year? | 169 <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> ? | 170 <input type="checkbox"/> | 29 |
| Did the corporation have a total amount over \$1 million of reportable transactions with non-arm's length non-residents? | 171 <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? | 173 <input checked="" type="checkbox"/> | 50 |
| Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year? | 172 <input type="checkbox"/> | |
| Does the corporation earn income from one or more Internet webpages or websites? | 180 <input type="checkbox"/> | 88 |
| Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes? | 201 <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? | 202 <input type="checkbox"/> | 2 |
| Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund? | 203 <input checked="" type="checkbox"/> | 3 |
| Is the corporation claiming any type of losses? | 204 <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? | 205 <input checked="" type="checkbox"/> | 5 |
| Has the corporation realized any capital gains or incurred any capital losses during the tax year? | 206 <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 | 207 <input type="checkbox"/> | 7 |
| ii) does the corporation have aggregate investment income at line 440? | 208 <input checked="" type="checkbox"/> | 8 |
| Does the corporation have any property that is eligible for capital cost allowance? | 210 <input checked="" type="checkbox"/> | 10 |
| Does the corporation have any property that is eligible capital property? | 212 <input type="checkbox"/> | 12 |
| Does the corporation have any resource-related deductions? | 213 <input checked="" type="checkbox"/> | 13 |
| Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)? | 216 <input type="checkbox"/> | 16 |
| Is the corporation claiming a patronage dividend deduction? | 217 <input type="checkbox"/> | 17 |
| Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction? | 218 <input type="checkbox"/> | 18 |
| Is the corporation an investment corporation or a mutual fund corporation? | 220 <input type="checkbox"/> | 20 |
| Is the corporation carrying on business in Canada as a non-resident corporation? | 221 <input type="checkbox"/> | 21 |
| Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits? | 227 <input type="checkbox"/> | 27 |
| Does the corporation have any Canadian manufacturing and processing profits? | 231 <input type="checkbox"/> | 31 |
| Is the corporation claiming an investment tax credit? | 232 <input type="checkbox"/> | T661 |
| Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures? | 233 <input checked="" type="checkbox"/> | 33/34/35 |
| Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000? | 234 <input checked="" type="checkbox"/> | |
| Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000? | 237 <input type="checkbox"/> | 37 |
| Is the corporation claiming a surtax credit? | 238 <input type="checkbox"/> | 38 |
| Is the corporation subject to gross Part VI tax on capital of financial institutions? | 242 <input type="checkbox"/> | 42 |
| Is the corporation claiming a Part I tax credit? | 243 <input type="checkbox"/> | 43 |
| Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid? | 244 <input type="checkbox"/> | 45 |
| Is the corporation agreeing to a transfer of the liability for Part VI.1 tax? | 249 <input type="checkbox"/> | 46 |
| Is the corporation subject to Part II - Tobacco Manufacturers' surtax? | 250 <input type="checkbox"/> | 39 |
| 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? | 253 <input type="checkbox"/> | T1131 |
| Is the corporation claiming a Canadian film or video production tax credit refund? | 254 <input type="checkbox"/> | T1177 |
| Is the corporation claiming a film or video production services tax credit refund? | 255 <input type="checkbox"/> | 92 |
| Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.) | | |

Attachments – continued from page 2

| | | Yes | Schedule |
|--|-----|-------------------------------------|----------|
| Did the corporation have any foreign affiliates in the tax year? | 271 | <input type="checkbox"/> | T1134 |
| Did the corporation own specified foreign property in the year with a cost amount over \$100,000? | 259 | <input type="checkbox"/> | T1135 |
| Did the corporation transfer or loan property to a non-resident trust? | 260 | <input type="checkbox"/> | T1141 |
| Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year? | 261 | <input type="checkbox"/> | T1142 |
| Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada? | 262 | <input type="checkbox"/> | T1145 |
| Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts? | 263 | <input type="checkbox"/> | T1146 |
| Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED? | 264 | <input type="checkbox"/> | T1174 |
| Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year? | 265 | <input checked="" type="checkbox"/> | 55 |
| Has the corporation made an election under subsection 89(11) not to be a CCPC? | 266 | <input type="checkbox"/> | T2002 |
| Has the corporation revoked any previous election made under subsection 89(11)? | 267 | <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? | 268 | <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? | 269 | <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 | Energy | 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 | 242,148 | 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") | | 242,148 | C |
| Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions | 355 | | D |
| Taxable income (amount C plus amount D) | 360 | 242,148 | |
| 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) | | 242,148 | 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 | 242,148 | 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 | 242,148 | B |
| Business limit (see notes 1 and 2 below) | 410 | 250,000 | 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 | 250,000 | x | 415 *** | 23,697 | D | = | 526,600 | 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) | 242,148 | 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") | 242,148 | I |
| General tax reduction for Canadian-controlled private corporations – Amount I multiplied by 13 % | 31,479 | 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 **440** x 26 2 / 3 % = A
from Schedule 7

Foreign non-business income tax credit from line 632 on page 7 B

Deduct:

Foreign investment income **445** x 9 1 / 3 % = C
from Schedule 7 (if negative, enter "0")

Amount A minus amount D (if negative, enter "0") E

Taxable income from line 360 on page 3 242,148 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
242,148 K

x 26 2 / 3 % = 64,573 L

Part I tax payable minus investment tax credit refund (line 700 minus line 780 from page 8) 36,322 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**

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 3 278,400 x 1 / 3 = 92,800 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 | 92,016 | 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 | 242,148 | 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) | 242,148 | 242,148 | 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) | | | 92,016 H |
| Deduct: | | | |
| Small business deduction from line 430 on page 4 | | I | |
| Federal tax abatement | 608 | 24,215 | |
| 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 | 31,479 | |
| 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 | | |
| Subtotal | | | 55,694 J |
| Part I tax payable – Amount H minus amount J | | 36,322 | 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 | 36,322 |
| Part II surtax payable from Schedule 46 | 708 | |
| Part III.1 tax payable from Schedule 55 | 710 | |
| Part IV tax payable from Schedule 3 | 712 | |
| Part IV.1 tax payable from Schedule 43 | 716 | |
| Part VI tax payable from Schedule 38 | 720 | |
| Part VI.1 tax payable from Schedule 43 | 724 | |
| Part XIII.1 tax payable from Schedule 92 | 727 | |
| Part XIV tax payable from Schedule 20 | 728 | |

Total federal tax 36,322

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 17,847

Provincial tax on large corporations (Nova Scotia Schedule 342) . . . 765

(The Nova Scotia tax on large corporations is eliminated effective July 1, 2012.)

Total provincial or territorial tax 17,847 17,847

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 58,647

Total credits 890 58,647

Total tax payable 770 54,169 A

Refund code 894 1 Overpayment 4,478

Balance (amount A minus amount B) -4,478

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

Enclosed payment 898

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 A8339

Certification

I, 950 Montgomery 951 Denis 954 President, 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 2015-04-18 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation

956 (613) 732-3687 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 Jane Wilkinson Name (print)

959 (613) 732-3687 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

Canada Revenue Agency
Agence du revenu
du Canada**Net Income (Loss) for Income Tax Purposes****SCHEDULE 1**

| | | |
|--------------------------------|-------------------|--------------------------------|
| Corporation's name | Business Number | Tax year end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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 125 360,361 A

Add:

| | | | |
|---|-----|-----------|-----------|
| Provision for income taxes – current | 101 | 64,169 | |
| Amortization of tangible assets | 104 | 768,986 | |
| Loss on disposal of assets | 111 | 7,289 | |
| Other reserves on lines 270 and 275 from Schedule 13 | 125 | 80,000 | |
| Reserves from financial statements – balance at the end of the year | 126 | 90,000 | |
| Subtotal of additions | | 1,010,444 | 1,010,444 |

Other additions:**Miscellaneous other additions:**

| | | | |
|-----------------------------|------------|------------------|--------------------|
| 604 | | | |
| Total | 294 | | |
| Subtotal of other additions | 199 | 0 | 0 |
| Total additions | 500 | 1,010,444 | 1,010,444 B |

Amount A plus amount B 1,370,805

Deduct:

| | | | |
|---|-----|-----------|-----------|
| Capital cost allowance from Schedule 8 | 403 | 824,701 | |
| Cumulative eligible capital deduction from Schedule 10 | 405 | 133,956 | |
| Other reserves on line 280 from Schedule 13 | 413 | 90,000 | |
| Reserves from financial statements – balance at the beginning of the year | 414 | 80,000 | |
| Subtotal of deductions | | 1,128,657 | 1,128,657 |

Other deductions:**Miscellaneous other deductions:**

| | | | |
|------------------------------|------------|------------------|------------------|
| 704 | | | |
| Total | 394 | | |
| Subtotal of other deductions | 499 | 0 | 0 |
| Total deductions | 510 | 1,128,657 | 1,128,657 |

Net income (loss) for income tax purposes – enter on line 300 of the T2 return 242,148

**DIVIDENDS RECEIVED, TAXABLE DIVIDENDS PAID, AND
PART IV TAX CALCULATION****SCHEDULE 3**

| | | |
|--------------------------------|-------------------|--------------------------------|
| Name of corporation | Business Number | Tax year-end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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) | | | | | | |

* 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 | City of Pembroke | 12193 6140 RC0001 | 2014-12-31 | 218,200 | |
| 2 | Township of Whitewater Region | 86207 1396 RC0001 | 2014-12-31 | 7,350 | |
| 3 | Township of Killaloe, Hagarty & Richards | 86476 7561 RC0001 | 2014-12-31 | 8,450 | |
| 4 | Town of Mississippi Mills | 86626 6653 RC0001 | 2014-12-31 | 44,400 | |

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 **278,400**

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** **278,400**

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) **278,400**

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

Total dividends paid in the tax year **500** **278,400**

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 **278,400**



Tax Calculation Supplementary – Corporations

| | | |
|--------------------------------|-------------------|--------------------------------|
| Corporation's name | Business Number | Tax year-end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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

| A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. * | | B Total salaries and wages paid in jurisdiction | C (B x taxable income**) / G | D Gross revenue | E (D x taxable income**) / H | F Allocation of taxable income (C + E) x 1/2*** (where either G or H is nil, do not multiply by 1/2) |
|--|--|---|------------------------------------|---------------------|------------------------------------|--|
| Newfoundland and Labrador | 003 1 Yes <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:

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

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

| Total taxable income | Income eligible for small business deduction | Provincial or territorial allocation of taxable income | Provincial or territorial tax payable before credits |
|----------------------|--|--|--|
| 242,148 | | 242,148 | 27,847 |

Ontario basic income tax (from Schedule 500) **270** 27,847**Deduct:** Ontario small business deduction (from Schedule 500) **402**
Subtotal 27,847 ► 27,847 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) 27,847 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") 27,847 E6**Deduct:** Ontario research and development tax credit (from Schedule 508) **416**
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") 27,847 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") 27,847 G6**Add:**Ontario corporate minimum tax (from Schedule 510) **278**
Ontario special additional tax on life insurance corporations (from Schedule 512) **280**
Subtotal ► H6Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6) 27,847 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** 10,000
Ontario computer animation and special effects tax credit (from Schedule 554) **456**
Ontario film and television tax credit (from Schedule 556) **458**
Ontario production services tax credit (from Schedule 558) **460**
Ontario interactive digital media tax credit (from Schedule 560) **462**
Ontario sound recording tax credit (from Schedule 562) **464**
Ontario book publishing tax credit (from Schedule 564) **466**
Ontario innovation tax credit (from Schedule 566) **468**
Ontario business-research institute tax credit (from Schedule 568) **470**
Subtotal 10,000 ► 10,000 J6**Net Ontario tax payable or refundable credit** (amount I6 **minus** amount J6) **290** 17,847 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 | 17,847 |
|--|-----|--------|

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.

Capital Cost Allowance (CCA)

| | | |
|--------------------------------|-------------------|--------------------------------|
| Corporation's name | Business Number | Tax year end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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) | Description | 2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) | 3 Cost of acquisitions during the year (new property must be available for use)* | 4 Adjustments and transfers** | 5 Proceeds of dispositions during the year (amount not to exceed the capital cost) | 6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** | 7 Reduced undepreciated capital cost | 8 CCA rate % **** | 9 Recapture of capital cost allowance***** (line 107 of Schedule 1) | 10 Terminal loss (line 404 of Schedule 1) | 11 Capital cost allowance (for declining balance method, column 7 multiplied by column 8, or a lower amount) (line 403 of Schedule 1) ***** | 12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11) |
|--------|---------------------------------------|-----------------------------------|---|---|--|--|--|---|-----------------------------------|--|--|---|---|
| | 200 | | 201 | 203 | 205 | 207 | 211 | | 212 | 213 | 215 | 217 | 220 |
| 1. | 1 | Buildings | 349,358 | 24,730 | | 0 | 12,365 | 361,723 | 4 | 0 | 0 | 14,469 | 359,619 |
| 2. | 2 | Electrical distributing equipment | 4,453,450 | | | 0 | | 4,453,450 | 6 | 0 | 0 | 267,207 | 4,186,243 |
| 3. | 8 | Equipment | 147,834 | 46,073 | | 0 | 23,037 | 170,870 | 20 | 0 | 0 | 34,174 | 159,733 |
| 4. | 10 | Computer Hardware & Vehicles | 609,184 | 58,879 | | 300 | 29,290 | 638,473 | 30 | 0 | 0 | 191,542 | 476,221 |
| 5. | 12 | Software | | 6,967 | | 0 | 3,484 | 3,483 | 100 | 0 | 0 | 3,483 | 3,484 |
| 6. | 45 | Computer Hardware | 320 | | | 0 | | 320 | 45 | 0 | 0 | 144 | 176 |
| 7. | 47 | Electrical distributing equipment | 3,267,439 | 902,237 | | 0 | 451,119 | 3,718,557 | 8 | 0 | 0 | 297,485 | 3,872,191 |
| 8. | 50 | Computer hardware post March ' | 24,171 | 10,557 | | 0 | 5,279 | 29,449 | 55 | 0 | 0 | 16,197 | 18,531 |
| Totals | | | 8,851,756 | 1,049,443 | | 300 | 524,574 | 9,376,325 | | | | 824,701 | 9,076,198 |

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.

T2 SCH 8 (14)

Canada

RELATED AND ASSOCIATED CORPORATIONS

| | | |
|--------------------------------|-------------------|--------------------------------|
| Name of corporation | Business Number | Tax year end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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*.

| Name | Country of residence (other than Canada) | Business number (see note 1) | Relationship code (see note 2) | Number of common shares you own | % of common shares you own | Number of preferred shares you own | % of preferred shares you own | Book value of capital stock |
|---------------------------------------|--|------------------------------|--------------------------------|---------------------------------|----------------------------|------------------------------------|-------------------------------|-----------------------------|
| 100 | 200 | 300 | 400 | 500 | 550 | 600 | 650 | 700 |
| 1. Ottawa River Energy Solutions Inc. | | 86613 9025 RC0001 | 3 | | | | | |

Note 1: Enter "NR" if the corporation is not registered or does not have a business number.
Note 2: Enter the code number of the relationship that applies from the following order: 1 - Parent 2 - Subsidiary 3 - Associated 4 - Related but not associated

**CUMULATIVE ELIGIBLE CAPITAL DEDUCTION**

| | | |
|--------------------------------|-------------------|--------------------------------|
| Name of corporation | Business Number | Tax year-end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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 | 1,913,658 | A |
| Add: Cost of eligible capital property acquired during the taxation year | ..... | 222 | | |
| Other adjustments | ..... | 226 | | |
| Subtotal (line 222 plus line 226) | ===== | | | 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 | 1,913,658 | 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) | ===== | | | J |
| | x 3 / 4 = | 248 | | |
| Cumulative eligible capital balance (amount F minus amount J) | ..... |  | 1,913,658 | 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 | 1,913,658 | | | |
| less amount from line 249 | ===== | | | |
| Current year deduction | 1,913,658 x 7.00 % = | 250 | 133,956 | * |
| (line 249 plus line 250) (enter this amount at line 405 of Schedule 1) | ===== | | 133,956 | L |
| Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0") | ..... | 300 | 1,779,702 | M |

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

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

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

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

**CONTINUITY OF RESERVES**

| | | |
|---|--------------------------------------|--|
| Name of corporation Ottawa River Power Corporation | Business number 87176 4072 RC0001 | Tax year end Year Month Day 2014-12-31 |
|---|--------------------------------------|--|

- For use by corporations to provide a continuity of all reserves claimed which are allowed for tax purposes.
- File one completed copy of this schedule with the corporation's *T2 Corporation Income Tax Return*.
- For more information, see the *T2 Corporation Income Tax Guide*.

Part 1 – Capital gains reserves

| Description of property 001 | Balance at the beginning of the year \$ 002 | Transfer on an amalgamation or the wind-up of a subsidiary \$ 003 | Add \$ 004 | Deduct \$ 005 | Balance at the end of the year \$ 006 |
|---|--|---|-----------------------------|--------------------------------|---|
| 1 | | | | | |
| Totals | 008 | 009 | | | 010 |

The amount from line 008 **plus** the amount from line 009 should be entered on line 880 of Schedule 6, *Summary of Dispositions of Capital Property*. The amount from line 010 should be entered on line 885 of Schedule 6.

Part 2 – Other reserves

| Description | Balance at the beginning of the year \$ | Transfer on an amalgamation or the wind-up of a subsidiary \$ | Add \$ | Deduct \$ | Balance at the end of the year \$ |
|---|--|---|-----------|--------------|---|
| Reserve for doubtful debts <input checked="" type="checkbox"/> | 110 80,000 | 115 | 10,000 | | 120 90,000 |
| Reserve for undelivered goods and services not rendered <input type="checkbox"/> | 130 | 135 | | | 140 |
| Reserve for prepaid rent <input type="checkbox"/> | 150 | 155 | | | 160 |
| Reserve for refundable containers . . . <input type="checkbox"/> | 190 | 195 | | | 200 |
| Reserve for unpaid amounts <input type="checkbox"/> | 210 | 215 | | | 220 |
| Other tax reserves <input type="checkbox"/> | 230 | 235 | | | 240 |
| Totals | 270 80,000 | 275 | 10,000 | | 280 90,000 |

Enter "X" in the column above if the tax reserve has also been reported on the corporation's financial statements. This allows offsetting entries on Schedule 1, resulting in a zero effect on net income for tax purposes.

The amount from line 270 **plus** the amount from line 275 should be entered on line 125 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*, as an addition. The amount from line 280 should be entered on line 413 of Schedule 1 as a deduction.

Deferred Income Plans

| | | |
|--------------------------------|-------------------|--------------------------------|
| Corporation's name | Business number | Tax year end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 2014-12-31 |

- Complete the information below if the corporation deducted payments from its income made to a registered pension plan (RPP), a registered supplementary unemployment benefit plan (RSUBP), a deferred profit sharing plan (DPSP), a pooled registered pension plan (PRPP), or an employee profit sharing plan (EPSP).
- If the trust that governs an employee profit sharing plan is **not resident** in Canada, please indicate if the T4PS, *Statement of Employees Profit Sharing Plan Allocations and Payments*, Supplementary slip(s) were filed for the last calendar year, and whether they were filed by the trustee or the employer.

| Type of plan (see note 1) | Amount of contribution \$ (see note 2) | Registration number (RPP, RSUBP, PRPP, and DPSP only) | Name of EPSP trust | Address of EPSP trust | T4PS slip(s) (see note 3) |
|------------------------------|--|--|--------------------|-----------------------|------------------------------|
| 100 | 200 | 300 | 400 | 500 | 600 |
| 1 | 1 | 186,210 | 1245045-01 | | |
| | | | | | |
| | | | | | |
| | | | | | |

Note 1
Enter the applicable code number:
1 – RPP
2 – RSUBP
3 – DPSP
4 – EPSP
5 – PRPP

Note 2
You do not need to add to Schedule 1 any payments you made to deferred income plans. To reconcile such payments, calculate the following amount:
Total of all amounts indicated in column 200 of this schedule 186,210 A
Less:
Total of all amounts for deferred income plans deducted in your financial statements 186,210 B
Deductible amount for contributions to deferred income plans
(amount A minus amount B) (if negative, enter "0") C
Enter amount C on line 417 of Schedule 1
Note 3
T4PS slip(s) filed by: 1 – Trustee
2 – Employer
(EPSP only)

**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

050Year
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?

0751 Yes ☐ 2 No ☒

| | 1 Names of associated corporations 100 | 2 Business Number of associated corporations 200 | 3 Asso- ciation code 300 | 4 Business limit for the year (before the allocation) \$ | 5 Percentage of the business limit % 350 | 6 Business limit allocated* \$ 400 |
|---|---|--|---|--|---|--|
| 1 | Ottawa River Power Corporation | 87176 4072 RC0001 | 1 | 500,000 | 50.0000 | 250,000 |
| 2 | Ottawa River Energy Solutions Inc. | 86613 9025 RC0001 | 1 | 500,000 | 50.0000 | 250,000 |
| | 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.



Taxable Capital Employed in Canada – Large Corporations

| | | |
|--------------------------------|-------------------|--------------------------------|
| Corporation's name | Business number | Tax year-end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 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 | 5,585,838 | |
| Retained earnings | 104 | 2,152,590 | |
| Contributed surplus | 105 | 6,200,000 | |
| Any other surpluses | 106 | | |
| Deferred unrealized foreign exchange gains | 107 | | |
| All loans and advances to the corporation | 108 | 5,768,525 | |
| All indebtedness of the corporation represented by bonds, debentures, notes, mortgages, hypothecary claims, bankers' acceptances, or similar obligations | 109 | | |
| 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 | | 19,706,953 | 19,706,953 A |

Deduct the following amounts:

| | | | |
|--|-----|---------|------------|
| Deferred tax debit balance at the end of the year | 121 | 664,614 | |
| 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 | | 664,614 | 664,614 B |
| Capital for the year (amount A minus amount B) (if negative, enter "0") | 190 | | 19,042,339 |

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 |

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) | 19,042,339 | 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 19,042,339 | |

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) | 19,042,339 | x | Taxable income earned in Canada | 610 | 242,148 | = | Taxable capital employed in Canada | 690 | 19,042,339 |
| | | | Taxable income | | 242,148 | | | | |

- 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 CanadaTotal 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) **790**  **E****Taxable capital employed in Canada** (line 701 minus amount E) (if negative, enter "0") . . . **790****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: | ..... | 10,000,000 | 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.

SHAREHOLDER INFORMATION

| | | |
|--------------------------------|-------------------|--------------------------------|
| Name of corporation | Business Number | Tax year end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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.

| | | Provide only one number per shareholder | | | | |
|--|--|---|-------------------------|--------------|--------------------------|-----------------------------|
| Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust) | | Business Number (If a corporation is not registered, enter "NR") | Social insurance number | Trust number | Percentage common shares | Percentage preferred shares |
| 100 | | 200 | 300 | 350 | 400 | 500 |
| 1 | Corporation of the City of Pembroke | 12193 6140 RC0001 | | | 79.000 | |
| 2 | Corporation of The Town of Mississippi Mills | 86626 6653 RC0001 | | | 16.000 | |
| 3 | | | | | | |
| 4 | | | | | | |
| 5 | | | | | | |
| 6 | | | | | | |
| 7 | | | | | | |
| 8 | | | | | | |
| 9 | | | | | | |
| 10 | | | | | | |

**PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS**

| | | |
|--------------------------------|-------------------|--------------------------------|
| Name of corporation | Business Number | Tax year-end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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 | ..... | 278,400 |
| Total taxable dividends paid in the tax year | ..... | 100 278,400 |
| 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 2,244,542 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 | Business number | Tax year-end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 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

$$\frac{\text{Number of days in the tax year before July 1, 2011}}{\text{Number of days in the tax year}} \times 12.00 \% = \frac{\quad}{365} \% \text{ A1}$$

$$\frac{\text{Number of days in the tax year after June 30, 2011}}{\text{Number of days in the tax year}} \times 11.50 \% = \frac{365}{365} 11.50000 \% \text{ A2}$$

$$\text{Ontario basic rate of tax for the year (rate A1 plus A2)} = 11.50000 \% \text{ A3}$$

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income * 242,148 B

Ontario basic income tax: amount B multiplied by Ontario basic rate of tax for the year (rate A3 from Part 1) 27,847 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) 242,148 1

Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return) 242,148 2

Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return) 250,000 3

Business limit reduction
(amount from line E of the T2 return) 526,600 x $\frac{\text{Number of days in the tax year after May 1, 2014}}{\text{Number of days in the tax year}} = \frac{244}{365} = 352,028$ 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: $\frac{\text{Ontario taxable income}^*}{\text{Taxable income earned in all provinces and territories}^{**}} = \frac{242,148.00}{242,148} = 1.00000$ E

Amount D x factor E a

Ontario taxable income
(amount B from Part 2) 242,148 b

Ontario small business income (lesser of amount a and amount b) F

$\frac{\text{Number of days in the tax year before July 1, 2011}}{\text{Number of days in the tax year}} = \frac{365}{365} \times 7.50\% = 7.50\%$ G1

$\frac{\text{Number of days in the tax year after June 30, 2011}}{\text{Number of days in the tax year}} = \frac{365}{365} \times 7.00\% = 7.00000\%$ G2

OSBD rate for the year (rate G1 **plus** G2) 7.00000% G3

Ontario small business deduction: amount F **multiplied** by OSBD rate for the year (rate G3) 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.

Part 5 – Calculation of credit union tax reduction

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17 J

Deduct:

Ontario adjusted small business income (amount I from Part 4) K

Subtotal (amount J **minus** amount K) (if negative, enter "0") L

OSBD rate for the year (rate G3 from Part 3) 7.00000 %

Amount L **multiplied** by the OSBD rate for the year M

Ontario domestic factor (factor E from Part 3) 1.00000 N

Ontario credit union tax reduction (amount M **multiplied** by factor N) O

Enter amount O on line 410 of Schedule 5.

**ONTARIO APPRENTICESHIP TRAINING TAX CREDIT**

| | | |
|--------------------------------|-------------------|--------------------------------|
| Name of corporation | Business Number | Tax year-end Year Month Day |
| Ottawa River Power Corporation | 87176 4072 RC0001 | 2014-12-31 |

- Use this schedule to claim an Ontario apprenticeship training tax credit (ATTC) under section 89 of the *Taxation Act, 2007* (Ontario).
- The ATTC is a refundable tax credit that is equal to a specified percentage (25% to 45%) of the eligible expenditures incurred by a corporation for a qualifying apprenticeship. Before March 27, 2009, the maximum credit for each apprentice is \$5,000 per year to a maximum credit of \$15,000 over the first 36-month period of the qualifying apprenticeship. After March 26, 2009, the maximum credit for each apprentice is \$10,000 per year to a maximum credit of \$40,000 over the first 48-month period of the qualifying apprenticeship. The maximum credit amount is prorated for an employment period of an apprentice that straddles March 26, 2009.
- Eligible expenditures are salaries and wages (including taxable benefits) paid to an apprentice in a qualifying apprenticeship or fees paid to an employment agency for the provision of services performed by the apprentice in a qualifying apprenticeship. These expenditures must be:
 - paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario;
 - for services provided by the apprentice during the first 36 months of the apprenticeship program, if incurred before March 27, 2009; and
 - for services provided by the apprentice during the first 48 months of the apprenticeship program, if incurred after March 26, 2009.
- An expenditure is not eligible for an ATTC if:
 - the same expenditure was used, or will be used, to claim a co-operative education tax credit; or
 - it is more than an amount that would be paid to an arm's length apprentice.
- An apprenticeship must meet the following conditions to be a qualifying apprenticeship:
 - the apprenticeship is in a qualifying skilled trade approved by the Ministry of Training, Colleges and Universities (Ontario); and
 - the corporation and the apprentice must be participating in an apprenticeship program in which the training agreement has been registered under the *Ontario College of Trades and Apprenticeship Act, 2009* or the *Apprenticeship and Certification Act, 1998* or in which the contract of apprenticeship has been registered under the *Trades Qualification and Apprenticeship Act*.
- Make sure you keep a copy of the training agreement or contract of apprenticeship to support your claim. Do not submit the training agreement or contract of apprenticeship with your *T2 Corporation Income Tax Return*.
- File this schedule with your *T2 Corporation Income Tax Return*.

Part 1 – Corporate information (please print)

| | |
|---|---|
| 110 Name of person to contact for more information | 120 Telephone number including area code |
| Jane Wilkinson | (613) 732-3687 |

Is the claim filed for an ATTC earned through a partnership? * **150** 1 Yes ☐ 2 No ☒

If **yes** to the question at line 150, what is the name of the partnership? **160**

Enter the percentage of the partnership's ATTC allocated to the corporation **170** %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 552 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 552 to claim the partner's share of the partnership's ATTC. The total of the partners' allocated amounts can never exceed the amount of the partnership's ATTC.

Part 2 – Eligibility

| | | | |
|---|------------|---|--|
| 1. Did the corporation have a permanent establishment in Ontario in the tax year? | 200 | 1 Yes <input checked="" type="checkbox"/> | 2 No <input type="checkbox"/> |
| 2. Was the corporation exempt from tax under Part III of the <i>Taxation Act, 2007</i> (Ontario)? | 210 | 1 Yes <input type="checkbox"/> | 2 No <input checked="" type="checkbox"/> |

If you answered **no** to question 1 or **yes** to question 2, then you are **not eligible** for the ATTC.

Part 3 – Specified percentageCorporation's salaries and wages paid in the previous tax year * **300** 2,077,284

For eligible expenditures incurred before March 27, 2009:

- If line 300 is \$400,000 or less, enter 30% on line 310.
- If line 300 is \$600,000 or more, enter 25% on line 310.
- If line 300 is more than \$400,000 and less than \$600,000, enter the percentage on line 310 using the following formula:

$$\text{Specified percentage} = 30\% - \left[5\% \times \left(\frac{\text{amount on line 300} - 400,000}{200,000} \right) \right]$$

Specified percentage **310** 25.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is \$400,000 or less, enter 45% on line 312.
- If line 300 is \$600,000 or more, enter 35% on line 312.
- If line 300 is more than \$400,000 and less than \$600,000, enter the percentage on line 312 using the following formula:

$$\text{Specified percentage} = 45\% - \left[10\% \times \left(\frac{\text{amount on line 300} - 400,000}{200,000} \right) \right]$$

Specified percentage **312** 35.000 %

* If this is the first tax year of an amalgamated corporation and subsection 89(6) of the *Taxation Act, 2007* (Ontario) applies, enter salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario apprenticeship training tax credit

Complete a **separate entry** for each apprentice that is in a qualifying apprenticeship with the corporation. When claiming an ATTC for repayment of government assistance, complete a **separate entry** for each repayment, and complete columns A to G and M and N with the details for the employment period in the previous tax year in which the government assistance was received.

| A Trade code 400 | B Apprenticeship program/ trade name 405 | C Name of apprentice 410 | | |
|--|--|---|---|--|
| 1. 434a | Powerline Technician | Jordan Welk | | |
| D Original contract or training agreement number 420 | E Original registration date of apprenticeship contract or training agreement (see note 1 below) 425 | F Start date of employment as an apprentice in the tax year (see note 2 below) 430 | G End date of employment as an apprentice in the tax year (see note 3 below) 435 | |
| 1. PE1763 | 2011-01-04 | 2014-01-01 | 2014-12-31 | |

Note 1: Enter the original registration date of the apprenticeship contract or training agreement in all cases, even when multiple employers employed the apprentice.

Note 2: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the first day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the start date of employment as an apprentice for the tax year in which the government assistance was received.

Note 3: When there are multiple employment periods as an apprentice in the tax year with the corporation, enter the date that is the last day of employment as an apprentice in the tax year with the corporation. When claiming an ATTC for repayment of government assistance, enter the end date of employment as an apprentice for the tax year in which the government assistance was received.

Part 4 – Calculation of the Ontario apprenticeship training tax credit (continued)

| | H1 Number of days employed as an apprentice in the tax year before March 27, 2009 (see note 1 below) | H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below) | H3 Number of days employed as an apprentice in the tax year (column H1 plus column H2) | I Maximum credit amount for the tax year (see note 2 below) |
|----|--|---|---|---|
| | 441 | 442 | 440 | 445 |
| 1. | | 365 | 365 | 10,000 |

| | J1 Eligible expenditures before March 27, 2009 (see note 3 below) | J2 Eligible expenditures after March 26, 2009 (see note 3 below) | J3 Eligible expenditures for the tax year (column J1 plus column J2) | K Eligible expenditures multiplied by specified percentage (see note 4 below) |
|----|---|--|---|--|
| | 451 | 452 | 450 | 460 |
| 1. | | 57,342 | 57,342 | 20,070 |

| | L ATTC on eligible expenditures (lesser of columns I and K) | M ATTC on repayment of government assistance (see note 5 below) | N ATTC for each apprentice (column L or column M, whichever applies) |
|---|---|---|--|
| | 470 | 480 | 490 |
| 1. | 10,000 | | 10,000 |
| Ontario apprenticeship training tax credit (total of amounts in column N) 500 | | | 10,000 O |

or, if the corporation answered **yes** at line 150 in Part 1, determine the partner's share of amount O:

Amount O _____ × percentage on line 170 in Part 1 _____ % = _____ **P**

Enter amount O or P, whichever applies, on line 454 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 552, add the amounts from line O or P, whichever applies, on all the schedules, and enter the total amount on line 454 of Schedule 5.

Note 1: When there are multiple employment periods as an apprentice in the tax year with the corporation, do not include days in which the individual was not employed as an apprentice.
 For H1: The days employed as an apprentice must be within 36 months of the registration date provided in column E.
 For H2: The days employed as an apprentice must be within 48 months of the registration date provided in column E.

Note 2: Maximum credit = (\$5,000 x H1/365*) + (\$10,000 x H2/365*)
 * 366 days, if the tax year includes February 29

Note 3: Reduce eligible expenditures by all government assistance, as defined under subsection 89(19) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, in respect of the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.
 For J1: Eligible expenditures before March 27, 2009, must be for services provided by the apprentice during the first 36 months of the apprenticeship program.
 For J2: Eligible expenditures after March 26, 2009, must be for services provided by the apprentice during the first 48 months of the apprenticeship program.

Note 4: Calculate the amount in column K as follows:
 Column K = (J1 x line 310) + (J2 x line 312)

Note 5: Include the amount of government assistance repaid in the tax year multiplied by the specified percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the ATTC in that tax year.
 Complete a **separate entry** for each repayment of government assistance.

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

ORPC is claiming \$0 in Apprenticeship Training Tax Credits. This credit is included in its PILs calculation.

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

ORPC confirms that expenses that are deemed non-recoverable in the revenue requirement (e.g. certain charitable donations) or disallowed for regulatory purposes have been excluded from the regulatory tax calculation.

Ex.4/Tab 5/Sch.5 – Property Taxes

Ottawa River Power Corporation pays property taxes to The Corporation of the City of Pembroke and The Corporation of the Town of Mississippi Mills for its eleven municipal substations. It also pays property taxes for the office buildings and operations centers in Pembroke and Almonte.

In addition, Ottawa River Power makes annual payments to Ontario Electricity Financial Corporation for “Payments in Lieu of Property Taxes”. Property taxes for Historical Actuals 2010 to 2014, the 2015 Bridge Year and the 2016 Test Year are provided in Table 4.9 below.

Table 4.9: Property Taxes

| Year | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|--------|----------|----------|----------|----------|----------|----------|----------|
| Amount | \$84,449 | \$81,080 | \$78,135 | \$80,595 | \$81,982 | \$83,620 | \$85,295 |

Ex.4/Tab 5/Sch.6 - Integrity Checklist

ORPC and its external auditors attest that the following integrity checks have been completed in its application and provide a statement to this effect

- ✓ The depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application;
- ✓ The capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historic, bridge and test years;
- ✓ Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31st historic year UCC that agrees with the opening bridge year UCC at January 1st. If the amounts do not agree, then ORPC must
- ✓ provide a reconciliation with explanations for the reasons;
- ✓ The CCA deductions in the application's PILs tax model for historic, bridge and test years agree with the numbers in the UCC schedules for the same years filed in the application;
- ✓ Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application;
- ✓ CCA is maximized even if there are tax loss carry-forwards;
- ✓ A statement is included in the application as to when the losses, if any, will be fully utilized;
- ✓ Accounting OPEB and pension amounts added back on Schedule 1 reconciliation of accounting income to net income for tax purposes, must agree with the OM&A analysis for compensation. The amounts deducted must be reasonable when compared with the notes in the audited financial statements, FSCO reports, and the actuarial valuations; and

- 1 ✓ The income tax rate used to calculate the tax expense must be consistent with
- 2 the utility's actual tax facts and evidence filed in the proceeding.

Conservation and Demand Side Management

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

Distributors have had their licences amended to include the requirement to meet specific Conservation and Demand Management (“CDM”) targets by the end of 2014. ORPC’s targets are a net annual peak demand savings of 21.95 MW and a net cumulative energy savings of 82.37 GWh.

ORPC filed its CDM Strategy with the OEB in accordance with the CDM Code for Electricity Distributors in the fall of 2010. ORPC began delivering CDM programs in 2011 in order to meet the mandated targets. The emphasis has been on Ontario Power Authority (“OPA”) Contracted Province-Wide Programs to residential and general service customers. ORPC has not sought approval for Board-approved CDM programs.

The OPA provides funding for ORPC’s CDM programs. ORPC’s funding portfolio for 2011 to 2014 is approximately \$3,847,116. Funding and expenditures for the delivery of OPA Contracted Province-Wide Programs are kept separate and tracked in Non-Distribution Revenue Accounts in accordance with the guidance in Chapter 5, Accounting Treatment of the CDM Code.

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

At this time, ORPC does not contemplate employing any Board-Approved programs. The intent is to meet demand and energy reduction requirements by delivering OPA-Contracted Province-Wide programs. ORPC will not be applying for any OM&A costs related to the administration and delivery of CDM programs to be recovered through the revenue requirement.

ORPC may, in the future, turn to Board-Approved CDM Programs, should the prescribed OPA funding model prove insufficient to deliver OPA-Contracted Province-Wide programs or the net results do not meet intended demand and energy savings.

Ex.4/Tab 6/Sch.2 - LRAM

(Note that this information is also presented at Exhibit 9.)

Ex.4/Tab 3/Sch.1 - Lost Revenue Adjustment Mechanism ("LRAM") for 2011-2014

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

Table 4.10: Summary of Requested LRAM Amounts

| | 2011 LRAMVA | 2012 LRAMVA | 2013 LRAMVA | 2014 LRAMVA | Total |
|--|----------------|----------------|----------------|----------------|----------|
| Total LRAMVA - Pre 2011 Programs Completed in 2011 | 241.61 | 243.19 | 243.19 | 246.47 | |
| Total LRAMVA - 2011 OPA Program Results | 9134.01 | 9165.37 | 9165.37 | 9267.01 | |
| Total LRAMVA - 2012 OPA Program Results | | 8924.23 | 8924.23 | 9019.12 | |
| Total LRAMVA - 2013 OPA Program Results | | | 7068.28 | 7143.47 | |
| Total LRAMVA - 2014 OPA Program Results | 9375.61 | 18332.79 | 25401.07 | 39942.39 | 93051.87 |

ORPC has used the most recent input assumptions when calculating lost revenue and has relied on the most recent final evaluation report from the Ontario Power Authority in support of its LRAM calculation for its contracted province-wide CDM programs ("OPA Programs") for 2011-2014.

- 1 ORPC is not currently requesting recovery of lost revenue resulting from Board-approved
2 programs. The OPA-Contracted Province-Wide CDM Programs Final 2013 Results are provided
3 following this schedule.
- 4 None of the estimated CDM load reductions were factored into the load forecast underpinning
5 ORPC's 2011, 2012, and 2013 rates. ORPC has calculated carrying charges for the period
6 January 1, 2011 to April 30, 2015 using the quarterly rates prescribed by the Board.
- 7 For further details, please refer to the enclosed spreadsheet and OPA actuals.

8

LRAM Calculations

| Incentive Name | Persistence | Program Year | 2011 | | 2012 | | 2013 | | 2014 | | Distribution Volumetric Rates | | | | Total LRAM | | | |
|----------------|-------------|--------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------------|--------------------------|-------------------------------|--------------------|--------------------|--------------------|-------------|-------------|-------------|-------------|
| | | | Net Summer Peak Demand Savings (kW) | Net Energy Savings (kWh) | Net Summer Peak Demand Savings (kW) | Net Energy Savings (kWh) | Net Summer Peak Demand Savings (kW) | Net Energy Savings (kWh) | Net Summer Peak Demand Savings (kW) | Net Energy Savings (kWh) | 2011 Dist Vol Rate | 2012 Dist Vol Rate | 2013 Dist Vol Rate | 2014 Dist Vol Rate | 2011 LRAMVA | 2012 LRAMVA | 2013 LRAMVA | 2014 LRAMVA |

| | | | 2011 | | 2012 | | 2013 | | 2014 | | Distribution Volumetric Rates | | | | Total LRAM | | | |
|-------------|--|----------|------|----------|------|----------|------|----------|------|----------|-------------------------------|--------|--------|--------|------------|----------|----------|----------|
| | | | 2011 | 2012 | 2012 | 2013 | 2013 | 2014 | 2014 | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Residential | Electricity Retrofit Incentive Program | pre 2011 | 3.50 | 15725.67 | 3.50 | 15725.67 | 3.50 | 15725.67 | 3.50 | 15725.67 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$234.31 | \$232.74 | \$232.74 | \$235.89 |
| | High Performance New Construction | pre 2011 | 0.10 | 489.68 | 0.10 | 489.68 | 0.10 | 489.68 | 0.10 | 489.68 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$7.30 | \$7.25 | \$7.25 | \$7.35 |
| | Electricity Retrofit Incentive Program | pre 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | High Performance New Construction | pre 2011 | | | 0.22 | 216.13 | 0.22 | 216.13 | 0.22 | 216.13 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$3.20 | \$3.20 | \$3.24 |
| | | | | | | | | | | | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | Table 2 | | | | | | | | | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | | | | | | | | | | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | Table 2 | | | | | | | | | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | | | | | | | | | | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | Table 2 | | | | | | | | | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total | | | 3.60 | 16215.35 | 3.82 | 16431.49 | 3.82 | 16431.49 | 3.82 | 16431.49 | | | | | 241.61 | 243.19 | 243.19 | 246.47 |
| GS<50 | | pre 2011 | | | | | | | | | 0.0103 | 0.0104 | 0.0104 | 0.0105 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | pre 2011 | | | | | | | | | 0.0103 | 0.0104 | 0.0104 | 0.0105 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Total | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | | | | | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | | | | | | | | | | | 241.61 | 243.19 | 243.19 | 246.47 |
| | | | | | | | | | | | | | | | 974.45 | | | |

| | | | 2011 | | 2012 | | 2013 | | 2014 | | Distribution Volumetric Rates | | | | Total LRAM | | | |
|-------------|--|------|--------|-----------|--------|-----------|--------|-----------|--------|-----------|-------------------------------|--------|--------|--------|------------|------------|------------|------------|
| | | | 2011 | 2012 | 2012 | 2013 | 2013 | 2014 | 2014 | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Residential | Appliance Retirement | 2011 | 5.52 | 39179.14 | 5.52 | 39179.14 | 5.52 | 39179.14 | 5.52 | 39179.14 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$583.77 | \$579.85 | \$579.85 | \$587.69 |
| | Appliance Exchange | 2011 | 1.62 | 1896.28 | 1.62 | 1896.28 | 1.62 | 1896.28 | 1.62 | 1896.28 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$28.25 | \$28.06 | \$28.06 | \$28.44 |
| | HVAC Incentives | 2011 | 49.35 | 96848.65 | 49.35 | 96848.65 | 49.35 | 96848.65 | 49.35 | 96848.65 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$1,443.04 | \$1,433.36 | \$1,433.36 | \$1,452.73 |
| | Conservation Instant Coupon Booklet | 2011 | 2.38 | 38330.14 | 2.38 | 38330.14 | 2.38 | 38330.14 | 2.38 | 38330.14 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$571.12 | \$567.29 | \$567.29 | \$574.95 |
| | Bi-Annual Retailer Event | 2011 | 3.32 | 58017.27 | 3.32 | 58017.27 | 3.32 | 58017.27 | 3.32 | 58017.27 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$864.46 | \$858.66 | \$858.66 | \$870.26 |
| | Retailer Co-op | 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Residential Demand Response (with/instat)† | 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Residential Demand Response (IHD)† | 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Residential New Construction | 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0149 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Total | | 62.18 | 234271.48 | 62.18 | 234271.48 | 62.18 | 234271.48 | 62.18 | 234271.48 | | | | | 3490.64 | 3467.22 | 3467.22 | 3514.07 |
| GS<50 | Retrofit | 2011 | 40.77 | 264381.82 | 40.77 | 264381.82 | 40.77 | 264381.82 | 40.77 | 264381.82 | 0.0103 | 0.0104 | 0.0104 | 0.0105 | \$2,723.13 | \$2,749.57 | \$2,749.57 | \$2,776.01 |
| | Direct Install Lighting | 2011 | 110.08 | 283517.25 | 110.08 | 283517.25 | 110.08 | 283517.25 | 110.08 | 283517.25 | 0.0103 | 0.0104 | 0.0104 | 0.0105 | \$2,920.04 | \$2,948.58 | \$2,948.58 | \$2,976.93 |
| | Energy Manager | 2011 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0103 | 0.0104 | 0.0104 | 0.0105 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Total | | 150.85 | 547899.07 | 150.85 | 547899.07 | 150.85 | 547899.07 | 150.85 | 547899.07 | | | | | 5643.36 | 5698.15 | 5698.15 | 5752.94 |
| | | | | | | | | | | | | | | | 9134.01 | 9165.37 | 9165.37 | 9267.01 |
| | | | | | | | | | | | | | | | 36731.75 | | | |

| | | | 2011 | | 2012 | | 2013 | | 2014 | | Distribution Volumetric Rates | | | | Total LRAM | | | |
|-------------|--|------|------|------|---------|-----------|--------|-----------|--------|-----------|-------------------------------|--------|--------|-------|------------|------------|------------|----------|
| | | | 2011 | 2012 | 2012 | 2013 | 2013 | 2014 | 2014 | 2014 | 2011 | 2012 | 2013 | 2014 | 2011 | 2012 | 2013 | 2014 |
| Residential | Appliance Retirement | 2012 | | | 8.41 | 56155.24 | 8.41 | 56155.24 | 8.41 | 56155.24 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$831.10 | \$831.00 | \$831.00 | \$842.33 |
| | Appliance Exchange | 2012 | | | 0.70 | 1250.87 | 0.70 | 1250.87 | 0.70 | 1250.87 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$18.51 | \$18.51 | \$18.51 | \$18.76 |
| | HVAC Incentives | 2012 | | | 24.37 | 44320.90 | 24.37 | 44320.90 | 24.37 | 44320.90 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$655.95 | \$655.95 | \$655.95 | \$664.81 |
| | Conservation Instant Coupon Booklet | 2012 | | | 0.46 | 2760.36 | 0.46 | 2760.36 | 0.46 | 2760.36 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$40.85 | \$40.85 | \$40.85 | \$41.41 |
| | Bi-Annual Retailer Event | 2012 | | | 2.92 | 52872.86 | 2.92 | 52872.86 | 2.92 | 52872.86 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$782.52 | \$782.52 | \$782.52 | \$793.09 |
| | Retailer Co-op | 2012 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Residential Demand Response (with/instat)† | 2012 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Residential Demand Response (IHD)† | 2012 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Residential New Construction | 2012 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | 2012 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | 2012 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | | | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Adjustments | 2012 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0148 | 0.0148 | 0.0148 | 0.015 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| | Total | | 0.00 | 0.00 | 36.87 | 157360.23 | 42.61 | 157360.23 | 42.61 | 157360.23 | | | | | 2328.93 | 2328.93 | 2328.93 | 2360.40 |
| GS<50 | Retrofit | 2012 | | | 59.841 | 211873.91 | 59.84 | 211873.91 | 59.84 | 211873.91 | 0.0104 | 0.0104 | 0.0105 | | \$2,203.49 | \$2,203.49 | \$2,224.68 | |
| | Direct Install Lighting | 2012 | | | 112.184 | 422289.89 | 112.18 | 422289.89 | 112.18 | 422289.89 | 0.0104 | 0.0104 | 0.0105 | | \$4,391.81 | \$4,391.81 | \$4,434.04 | |
| | Energy Manager | 2012 | | | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.0104 | 0.0104 | 0.0105 | | \$0.00 | \$0.00 | \$0.00 | |
| | Total | | 0.00 | 0.00 | 172.03 | 634163.80 | 172.03 | 634163.80 | 172.03 | 634163.80 | | | | | 6595.30 | 6595.30 | 6658.72 | |
| | | | | | | | | | | | | | | | 8924.23 | 8924.23 | 9019.12 | 26867.59 |

| | | | 2011 | | 2012 | | 2013 | | 2014 | | Distribution Volumetric Rates | | | |
|--|--|--|------|--|------|--|------|--|------|--|-------------------------------|--|--|--|
|--|--|--|------|--|------|--|------|--|------|--|-------------------------------|--|--|--|

| | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--------|-------------------------|------|--|--|------|------|--|--|------|------|--------|-----------|-----------|--------|-----------|-----------|--|--------|--------|--|--|--|--|--|--|------------|------------|
| | | 2013 | | | | | | | | | | | | | | | | 0.0148 | 0.0150 | | | | | | | \$0.00 | \$0.00 |
| | Adjustments | 2013 | | | | | | | | | | | | | | | | 0.0148 | 0.0150 | | | | | | | \$0.00 | \$0.00 |
| | Adjustments | 2013 | | | | | | | | | | | | | | | | 0.0148 | 0.0150 | | | | | | | \$0.00 | \$0.00 |
| | Adjustments | 2013 | | | | | | | | | | | | | | | | 0.0148 | 0.0150 | | | | | | | \$0.00 | \$0.00 |
| | Total | 2013 | | | 0.00 | 0.00 | | | 0.00 | 0.00 | | 40.43 | 125178.23 | | 40.43 | 125178.23 | | | | | | | | | | 1852.64 | 1877.67 |
| GS-C50 | Retrofit | 2013 | | | | | | | | | 37.634 | 180758.6 | | 37.63 | 180758.60 | | | 0.0104 | 0.0105 | | | | | | | \$1,879.89 | \$1,897.97 |
| | Direct Install Lighting | 2013 | | | | | | | | | 90.615 | 320745.83 | | 90.62 | 320745.83 | | | 0.0104 | 0.0105 | | | | | | | \$3,335.76 | \$3,367.83 |
| | Energy Manager | 2013 | | | | | | | | | | | | | | | | 0.0104 | 0.0105 | | | | | | | \$0.00 | \$0.00 |
| | Total | 2013 | | | 0.00 | 0.00 | | | 0.00 | 0.00 | 128.25 | 501504.43 | | 128.25 | 501504.43 | | | | | | | | | | | 5215.65 | 5265.80 |

7068.28 7143.47 14211.75

| | | Programs Completed in 2014 | | | | | | | | | | Distribution Volumetric Rates | | | | | | Total LRAM | | | |
|-------------|--|----------------------------|------|------|------|------|------|------|---------|-----------|-----------|-------------------------------|------|--------|--------|------|------|------------|------------|--|--|
| | | | 2011 | | 2012 | | 2013 | | 2014 | | 2011 | 2012 | 2013 | 2014 | | 2011 | 2012 | 2013 | 2014 | | |
| Residential | Appliance Retirement | 2014 | | | | | | | 3.77 | 25008.57 | | | | 0.0150 | | | | | \$375.13 | | |
| | Appliance Exchange | 2014 | | | | | | | 1.17 | 2081.67 | | | | 0.0150 | | | | | \$31.22 | | |
| | HVAC Incentives | 2014 | | | | | | | 29.91 | 54662.65 | | | | 0.0150 | | | | | \$819.94 | | |
| | Conservation Instant Coupon Booklet | 2014 | | | | | | | 1.54 | 23640.74 | | | | 0.0150 | | | | | \$354.61 | | |
| | Bi-Annual Retailer Event | 2014 | | | | | | | 12.58 | 197653.31 | | | | 0.0150 | | | | | \$2,964.80 | | |
| | Retailer Co-op | 2014 | | | | | | | 0.00 | | | | | 0.0150 | | | | | \$0.00 | | |
| | Residential Demand Response (with/outage)† | 2014 | | | | | | | 10.91 | | | | | 0.0150 | | | | | \$0.00 | | |
| | Residential Demand Response (IHD)† | 2014 | | | | | | | | | | | | 0.0150 | | | | | \$0.00 | | |
| | Residential New Construction | 2014 | | | | | | | | | | | | 0.0150 | | | | | \$0.00 | | |
| | | Adjustments | 2014 | | | | | | | | | | | 0.0150 | | | | | \$0.00 | | |
| | | Adjustments | | | | | | | | | | | | 0.0150 | | | | | \$0.00 | | |
| | | | 2014 | | | | | | | | | | | 0.0150 | | | | | \$0.00 | | |
| | | Adjustments | | | | | | | | | | | | 0.0150 | | | | | \$0.00 | | |
| | | | 2014 | | | | | | | | | | | 0.0150 | | | | | \$0.00 | | |
| | | Total | | | 0.00 | 0.00 | | 0.00 | 0.00 | 59.89 | 303046.92 | | | | 0.0150 | | | | 4545.70 | | |
| GS-C50 | Retrofit | 2014 | | | | | | | 122.314 | 555747.59 | | | | 0.0105 | | | | | \$5,835.35 | | |
| | Direct Install Lighting | 2014 | | | | | | | 100.244 | 370024.88 | | | | 0.0105 | | | | | \$3,885.26 | | |
| | Energy Manager | 2014 | | | | | | | 0.162 | | | | | 0.0105 | | | | | \$0.00 | | |
| | Total | | | 0.00 | 0.00 | | 0.00 | 0.00 | 222.72 | 925772.47 | | | | | | | | | 9720.61 | | |

14266.31

9375.61 18332.79 25401.07 39942.39 93051.87

- 1 The relevant OPA reports are presented as Appendices in Exhibit 3