OVERVIEW (2.4.1)

In this Exhibit, the operating costs consist of the required expenditures necessary to maintain and operate HHHI'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 in compliance with the Distribution System Code and other legal requirements. These are on-going costs associated with providing distribution services in alignment with customer's expectations. HHHI's 2016 Test Year operating costs are $6,859,246 including Operating, Maintenance and Administration (OM&A) and property taxes as summarized in Table 4-1 below. The average total cost of OM&A between 2012 and 2015 Bridge Year is $5,648,213.

Table 4-1: Summary of OM&A Increases – 2012 Board Approved to 2016 Test Year

Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Distribution Expenses - Operation	1,049,101	797,619	800,456	791,622	1,265,363	1,355,647
Distribution Expenses - Maintenance	933,985	1,905,957	742,555	615,219	341,000	374,125
Billing and Collecting	1,226,281	1,072,259	1,210,087	1,203,346	1,584,893	1,890,937
Community Relations	-	-	-	-	-	-
Administrative and General Expenses	2,584,033	2,036,642	2,331,334	2,568,754	2,929,017	3,134,097
Sub-Total	5,793,400	5,812,477	5,084,432	5,178,941	6,120,273	6,754,806
Property Tax	106,600	95,872	98,161	100,799	101,896	104,440
Total	**5,900,000**	**5,908,349**	**5,182,593**	**5,279,740**	**6,222,169**	**6,859,246**

HHHI followed Revised Canadian Generally Accepted Accounting Principles (RCGAAP) in 2012, 2013 and 2014. For the 2015 Bridge and 2016 Test Years, HHHI is reporting under Modified International Financial Reporting Standards (MIFRS).

HHHI's 2016 Test Year operating OM&A costs (excluding property tax) are $6,754,806. The increase to OM&A costs from the 2012 Board Approved are detailed in Table 4-2. Table 4-2 is intended to present major cost drivers only.

Table 4-2: 2016 Test Year OM&A Expenditures

Description	Amount ($)
2012 Board Approved OM&A	5,900,000
Wages and Benefit Increase	693,737
3 New Full Time Equivalent (FTE)	231,918
OMERs	217,179
Vegetation Maintenance (Tree Trimming)	45,000
Safety and Wellness Program	64,500
Control Room	155,000
Monthly Billing	173,195
OESP implementation	72,400
Software Maintenance - New ERP	75,000
Other OM&A	78,485
One-time recognition of Smart Meter OM&A from EB-2011-0271	(951,608)
Total	**6,754,806**

The OM&A costs in the 2016 Test Year reflect the resourcing mix and investments required to meet customer and broader public policy requirements for the duration of the 4th Generation IRM plan term. These resources and investment costs will enable HHHI to meet future workloads.

New Full Time Equivalent

Between 2012 and 2016, HHHI has experienced a significant increase in its OM&A workload as a result of increased demand by its customers for services. For example, inbound and outbound call volumes, locate service requests and collections have all increased between the 2012 to 2014 timeframe. HHHI offers the convenience of a store front operation for customer service inquiries and payments. The same staff that responds to the increased customer service call volumes also handles these walk-in customers as well. In 2014, HHHI processed 12,804 separate in-office payments totaling $ 11,149,900. This store front service is important to customers in Halton Hills and this service is directly related to HHHI's strategic objective related to community.

Additionally, new provincial policy initiatives have been introduced over this timeframe resulting in increased OM&A workloads. The provincial policy initiatives include:

- New customer service rules for low income customers;
- LEAP;
- RRFE with its increased regulatory requirements;
- Smart meters and the supporting AMI system which must be managed on a daily basis;
- Renewable generator connection and settlement obligations;
- Mandatory conservation targets;
- Scorecard benchmarking;
- Customer engagement requirements on local and provincial industry issues; and
- Regional planning and the ongoing facilitation of the smart grid.

HHHI has willingly embraced these initiatives, implementing them at minimal cost, without impacting customer service.

HHHI has also been managing past and expected future employee turnover, as its workforce ages and retires, and as new workers take on new roles. The majority of this turnover is a result of retirements. HHHI also notes that twenty-five percent (25%) of the current staff will qualify for retirement within the next five (5) years. Many of the positions in the electric distribution industry are highly specialized and require several years of training for new staff to become proficient and comfortable completing tasks safely. HHHI attempts to fill open positions with qualified internal staff when possible and HHHI's staff has embraced the challenge of the new positions.

While HHHI prefers to promote internally, some positions either require significant training and/or qualifications. HHHI estimates it takes four (4) years of schooling and an additional four (4) years of experience for a journeyman apprentice to achieve a level of comfort and competency with the HHHI distribution system. Their positive attitude and outlook in addition to their work with creative and critical thinking is why many efficiency improvements have been successfully implemented. HHHI is especially proud of its employees in that they have continued to maintain an outstanding service record, as evidenced by the consistent reporting and recording keeping (RRR) measures over this period of change.

HHHI staffing level has remained relatively the same from 2012 to 2014 with only the addition of a GIS Technician in 2014. In HHHI's 2012 Cost of Service application, HHHI realized that aging assets in the distribution system and ever increasing demands to manage those assets would require additional resources. Faced with the task of making HHHI's asset inventory more accessible, it was decided that the legacy AM/FM system would be updated to a modern Geographical Information System (GIS). The GIS was updated with the asset inventory and was largely administered on a part time basis by a Senior Technician in the engineering department. With a new control room services agreement in 2013 and increased pressure to further improve system operating maps for use by Control Room Operators and construction crews, it was determined that the GIS function had become a full time role. As such, a new full time position was created. The dedicated GIS resource maintains the asset register and supports the evolution of new business process through asset data analysis and manipulation which supports capital improvement programs and makes for a safer operating environment.

Included in the 2016 Budget is the addition of 3 Full Time Equivalent positions. HHHI has one Operations staff with forty (40) years of service and three (3) others that are eligible to retire in the next three to five years. HHHI hires approximately three to four years in advance of pending retirement for Operations staff as it requires a minimum of four (4) years of schooling to become a journeyman. Even with a newly qualified journeyman replacing a retirement this still places additional burden on existing staff as it takes the newly qualified journeyman approximately four (4) years of experience to become fully competent with HHHI's distribution system. Given these pending retirements HHHI has included a new Apprentice Lineman position in 2016 labour budget resulting in an initial increase of $69,614 in wages and benefits.

In response to Board Amendments to the Distribution System Code, dated April 15, 2015, HHHI is obligated to convert from bi-monthly billing to monthly billing for its residential customers. Currently, HHHI issues approximately 145,000 bills annually. The conversion to monthly billing will result in an increase of 86% or approximately 124,000 bills annually. Table 4-3 provides details of the increase of bill volume. Each of the additional bills needs to be processed in the same manner as the previous residential bills and as such, more billing staff is required to handle the additional workload. It should be noted that while the expectation is that monthly billing will result in more customers opting to receive their bills electronically, those electronic bills will still need to be processed by staff before being issued. As a result of the expected workload, HHHI requires an additional billing clerk, resulting in an increase of $64,377 in wages and benefits.

Table 4-3: Forecasted Bill Volume

Customer Class	2012 Board Approved		2015 Forecast		2016 Load Forecast		2015 Forecast to 2012 Board approved		2016 Forecast to 2012 Board Approved	
	2012 Board Approved Customer Numbers	Expected 2012 Total Number of Bills	Customer Numbers at July 31/15	Expected 2015 Total Number of Bills	2016 Forecasted Customer Numbers	Expected 2016 Total Number of Bills	Variance - Number of bills	% change	Variance Number of bills	% change
Residential	19,530	117,180	19,662	117,972	19,955	239,460	792	0.68%	122,280	104.35%
GS<50 *	1,694	20,328	1,768	19,068	1,696	20,352	(1,260)	-6.20%	24	0.12%
50-999	176	2,112	199	2,388	232	2,784	276	13.07%	672	31.82%
1k-5k	13	156	13	156	14	168	-	0.00%	12	7.69%
UMSL	175	2,100	146	1,752	150	1,800	(348)	-16.57%	(300)	-14.29%
Sentinel	175	2,100	173	2,076	176	2,112	(24)	-1.14%	12	0.57%
Street	1	12	1	12	1	12	-	0.00%	-	0.00%
microFIT			111	1,332	111	1,332	1,332		1,332	
FIT			8	96	8	96	96		96	
Totals	21,764	**143,988**	22,081	**144,852**	22,343	**268,116**	**864**	**0.60%**	**124,128**	**86.21%**

Industry changes and customer demands have resulted in increased regulatory requirements and a focus on integration of information systems including billing, contact management, smart meters, advanced metering infrastructure, GIS, outage management, financial reporting, job costing, asset management, budgeting, etc. HHHI's Information Technology Department regularly uses external contractors to cope with the increased workload. All departments will benefit from this position by having in-house expertise to solve technical and non-technical related issues. This addition will also aid in the avoidance of costs related to external support at a rate of $205 per hour (the hourly rate for service from HHHI's IT system provider). In addition to the benefit of the avoided costs, required tasks will be completed in a timely manner, thus promoting increased efficiencies. HHHI has included Business System Analyst in 2016 resulting in an increase of $92,820 in wages and benefits.

The addition of an apprentice journeyman, billing clerk and business system analyst results in total increase to salaries, wages and benefits in the amount of $226,811.

Wages and Benefit Increase

While overall employee numbers have remained stable, wage and benefit increases have been a contributing factor to increased costs. HHHI's unionized staff has received an average 2.58% increase from the period 2012 to 2016 Test Year. Management staff wage increases over the same period of time is relatively consistent with that of union staff. Both management and union staff wage increases are within the industry norm. The success of the business and operating a safe, efficient and reliable distribution system is based on the quality, expertise and dedication of staff. Staff must be fairly compensated for the work they perform, recognizing the industry HHHI operates in. Most of the change in benefit costs over this period is a result of increased OMERS and benefit contribution costs. OMERS contribution costs have increased from $356,601 in 2012 to $491,897 in the 2016 Test Year.

All these changes contribute to the increase of $1,203,314 from 2012 Board approved to the 2016 Test Year in salaries, wages and benefits charged to OM&A programs.

OM&A wages and benefits are forecasted to increase by $266,732 or 7.26% in the 2016 Test Year over the 2015 Bridge Year. The increase is due to wage rate increases, changes in benefits, 3 new FTEs and the forecasted capital versus OM&A workplan.

Succession Planning

As noted earlier in this Exhibit, twenty-five percent (25%) of HHHI's current staff will qualify for retirement within the next five (5) years. Many of the positions in the electric distribution industry are highly specialized and require several years of training for new staff to become proficient and comfortable completing tasks safely. HHHI attempts to fill open positions with qualified internal staff when possible and HHHI's staff has embraced the challenge of new positions and done an excellent job of coping with the change. HHHI has one Operations staff with forty (40) years of service and three (3) others that will qualify to retire in the next three to five years. HHHI's Customer Care department has three (3) staff and Management has three (3) staff that are also eligible to retire in the next five years. These numbers do not include staff that may choose to retire early, with a reduced pension.

As these employees retire, there is a great concern that the tacit knowledge they have gained over the years will be lost. This knowledge is central to the employee's role within the organization and is not currently codified in a policy manual or widely-recognized as a best practice. In an effort to prevent the loss of this knowledge, HHHI has engaged a Succession Planning consultant to ensure that the organization captures invaluable information and has taken critical steps to become succession ready and to mitigate risks regarding organizational knowledge retention.

Customer Engagement

Increased formal customer engagement and communications is a priority for HHHI. This is in response to HHHI's core objective of community and customer focus. It also supports the Board's RRFE policy objective of increased customer engagement. To support this new priority, HHHI has forecasted an additional $5,500 over 2012 Board approved spending for the customer survey.

In previous years, HHHI relied on direct customer feedback through daily interactions with hundreds of customers to determine communication requirements. Formal customer surveys and engagement is an ongoing cost to the business that provides better metrics on performance and opportunities for improvement to better identify and respond to customer preferences. This formalized approach will lead to better customer communications and education, which will in-turn lead to more informed customers providing valuable feedback over time.

Regulatory Applications and Assessments

Regulatory expenses continue to increase with the demand for reporting and compliance in a complex environment, and the completion of annual incentive rate mechanism filings and cost of service applications. Due to the fact that there exists only one employee in the Regulatory Department, the salary and benefits for the employee have been included in Administration, Salaries and Benefits for both the 2012 and 2016 Cost of Service applications.

Operating expenses associated with staff resources allocated to regulatory matters decreased significantly between 2012 and 2014 as a result of more efficient processes and a new ERP system. For this Application, HHHI has utilized legal counsel for application support, thus reducing internal staff time allocated to regulatory matters. A decrease in staff resources and newly gained efficiencies account for $99,596 of the decrease in Regulatory Costs.

The filing requirements for this Application have changed materially from those applicable to HHHI's last cost-of-service application in 2012. The estimate for the 2012 cost of service application was $200,000 amortized over four years at $50,000 per year. The actual cost of the 2012 application was $249,984 or $62,496 per year. The estimate for the 2016 cost of service application is $325,000 amortized over five years at $65,000 per year. This estimate includes incremental costs for preparing, processing and approval of the application. New components and costs since 2012 include the development of comprehensive Asset Management and Distribution System Plans, the need to engage customers on the value of the rate application, external regulatory and legal support. Details are provided in Exhibit 4, Tab 3, Schedule 6 and Table 4-30, Board Appendix 2-M. The difference between the $325,000 forecasted application costs in the 2016 Test Year and the $200,000 application costs included in the 2012 Board Approved year, in addition to the increased amortization period, accounts for $4,084 of the variance.

These variances combined with miscellaneous regulatory consultant costs and Board assessments creates the total variance.

IT Systems & Maintenance

HHHI's IT infrastructure is critical to successful business operations and maintaining up to date software and hardware systems are a key requirement for HHHI to achieve efficiency and productivity improvements. HHHI continues to work with software vendors to upgrade and enhance systems to maintain compliance with new and existing regulations which include supporting smart metering and time-of-use pricing.

In 2014, HHHI implemented a new Enterprise Reporting Platform (ERP) financial software package. Some key elements of this new system will help the utility realize cost savings and efficiencies. The new system includes purchasing, inventory, payroll and financial systems and a robust estimating and job costing package. The new job costing package allows HHHI's Engineering Department to prepare estimates with increased accuracy in a significantly streamlined manner. These accurate estimates, including detailed work packages and improved bill of materials for the crews, will allow for more accurate budgeting and planning of capital projects. The financial reporting capabilities of the new financial system will allow the Finance Department to more accurately track, analyze and report on costs throughout the utility.

HHHI's IT systems and maintenance expenses are projected to increase in the 2016 Test Year over the 2015 Bridge Year. Annual maintenance fees for the CIS and financial reporting systems are increasing by $75,000 due to foreign exchange rates and fees for the newly activated modules. Mandatory IT security audits account for $41,000 of the increased costs and the balance relates to increases from other third party service providers.

Creative and Critical Thinking

In 2012, HHHI implemented a company-wide "Best in Class" Creative & Critical Thinking initiative that requires all employees to be accountable for continual improvement. HHHI engages all staff in the effort to find continued efficiencies within the utility as the utility continues to find ways to bend the cost curve. Priorities identified through this process are addressed by departmental teams and corporately, as well as used in the Departmental Business Plans. Through the Creative and Critical

Thinking program, HHHI strives for an environment that emphasizes teamwork, innovation and growth and this effort was a catalyst for HHHI being awarded the Electricity Distributor Association's Performance Excellence Award for 2013 and will continue to drive improvements.

It is difficult to quantify this program as the process does not dictate specific costs, but rather, through normal business operations, staff suggestions and ideas are incorporated into HHHI's business plans. Examples of the outcomes include:

- Service level improvements for layouts;
- Operation shift changes for increased flexibility;
- Field operations use of tablets in their vehicles;
- Community event attendance;
- Increased inter-departmental communication;
- Corporate benchmarking

Vegetation Maintenance

HHHI has forecasted $325,000 of tree trimming cost for 2016 compare to the 2012 Actual of $255,000. As part of its 2012 Cost of Service application, HHHI requested additional OM&A for tree trimming in an effort to reduce the frequency of tree contacts. While HHHI did not receive the total funds requested, under the envelope approach to revenue requirement, HHHI increased the tree trimming schedule, beginning in 2011 and continuing over the next three (3) years. As a result of the schedule, tree contact frequency has decreased and as evident by SAIFI numbers, the average number of outages per customer has decreased. There was a slight increase again in 2013 and 2014 due to several ice and wind storms between April 2013 and March 2014.

The December 2013 ice storm emphasized the importance of maintaining proper right of ways. HHHI is balancing the needs of the community to both maintain reliable and safe operation of the distribution system together with the need for greater environmental responsibility and community aesthetics in the Town of Halton Hills. Vegetation management open houses have been conducted as part of HHHI's customer engagement. The presence of HHHI's contracted arborist and tree trimmers at the open house and the opportunity of customers to discuss the process and ask questions has aided in the acceptance of the vegetation management requirements. HHHI expects to continue the schedule on a three (3) year rotating cycle. HHHI would like to make note that as a result of the emergency tree trimming that was conducted in most of the HHHI service area during the 2013 Ice Storm, HHHI's contracted arborist has indicated that the vegetation growth in the area could actually increase, thus making the continuation of the trimming schedule a requirement for reliability and safety reasons.

Safety and Wellness Program

HHHI recognizes that there is no stand-alone resource that can effectively manage the many needs of a dynamic and ever changing Health and Safety System. For HHHI to truly embrace one hundred percent (100%) compliance as a goal, HHHI's Health and Safety model must rely on a diverse group of system experts to meet the demands of a living and breathing Health and Safety System. As such, HHHI has implemented a comprehensive and robust Safety and Wellness Program utilizing a safety services model approach. Springboard Management and its partners have provided, and continue to provide, personnel for the development and maintenance of the Health and Safety Program as well as business process management within HHHI with the goal of having a continually compliant and sustainable Health and Safety Program.

As part of the services provided, Springboard and Safety Team 7 personnel provide both planned and reactive services for HHHI. Planned services are tasks that are required to be completed to ensure that the Health and Safety system meets legislative and regulatory requirements. Reactive services are the tasks that must be completed as a result of a change to or non-compliance of some part of the Health and Safety system.

Planned services include, but are not limited to:

- Regulation and Policy Review
- Risk Assessment Management
- Workplace Inspections

- Crew visits and Audits
- Providing Training and Monitoring Training Requirements

Reactive services include, but are not limited to:

- Incident Management and Investigation
- Employee Orientations (New, Transferred or Returning)
- Corrective Action Management
- Emergency Response Support
- Supporting Return to Work Programs

Springboard Management personnel take responsibility for all technical set-up, configuration, and data entry for the Springboard Compliance Science system. The Compliance Science System Administrators are well versed in the software as well as Health and Safety management system best practices.

The Compliance Science System is used to track training records for all personnel at HHHI and to distribute required information to personnel to ensure that they have been made aware of HHHI policies that address legislative and regulatory requirements. Policies, procedures, forms, safe work practices and employee certification requirements are maintained and managed within the Compliance Science system.

HHHI's Safety Management System provides employee knowledge and on-going engagement in safety programs. The System is designed to develop, maintain, and sustain a mature Health and Safety Program.

In addition to employee compliance, Springboard also provides Contractor Compliance. Contractor Compliance is a program that tracks documents such as WSIB and Insurance certificates for contractors doing work for HHHI and ensures contractors operate with the same high level of safety as the utility.

HHHI is leveraging the knowledge and experience of Springboard Management, its partners and software as a cost avoidance measure. HHHI would need to hire addition full time employees to be able to provide the same level of comprehensive programming and monitoring. HHHI believes the outsourcing of the Safety and Wellness program provides the best value for money to HHHI customers with an annual cost of only $60,000.

Control Room

HHHI has recognized the need for a staffed Control Room to manage HHHI's distribution system and outages. After researching the establishment and staffing of a Control Room, HHHI determined that to operate a Control Room 24/7/365 basis would be cost prohibitive for HHHI. The idea of a shared services agreement was investigated by HHHI with Oakville Hydro Distribution Inc. (OHDI). OHDI had already invested in a state of the art control room that was actively managed on a 24/7/365 basis. By partnering with OHDI, HHHI receives SCADA and load monitoring, field interruption reporting and record keeping, weekly and monthly system reports, dispatch and crew coordination originating from trouble calls, during storms and outages. HHHI believes the avoided costs to customers is substantial (estimated to be several hundred thousand dollars).

During the December 2013 Ice Storm, the collaboration with the OHDI Control Room proved invaluable to HHHI. The Control Room was able to ensure crew safety and efficiency in a very difficult time for the community. In addition to the service provided during the outage, Control Room staff was consulted after the event to discuss successes and improvements needed in the event of another major disaster. HHHI incorporated many of their suggestions into its revised Emergency Preparedness Plan. Continued communication and collaboration have resulted in improved efficiencies and reliability.

As described in Exhibit 2, HHHI is working towards a more automated and integrated distribution system. Substation reclosers, SCADA remote operated switches, SCADA wireless faulted circuit indicators and automated switches will enable to Control Room to locate faulted portions of the system quicker, dispatch crews more efficiently and effectively and remotely sectionalize faulted sections allowing crews to focus their time on repairing the fault, instead of manually sectionalizing before beginning repairs.

OHDI delivers an established and proven service to HHHI at a cost that provides HHHI customers a greater value while increasing system reliability, integrity and effectiveness. The forecasted cost to HHHI for this service is $153,000 per year.

Other Miscellaneous Programs

Other miscellaneous costs are addressed in Table 4-12, the Cost Driver Table.

Inflation Rate Used

HHHI used an inflation rate of 2.0% where the expense increase could not be specifically identified for non-wage related expenses. Inflationary impacts are not material enough to be identified separately.

Business Environment Changes

HHHI has experienced significant changes in its business environment since the last cost of service application in 2012. Customers, or at least their expectations, have changed. Also, HHHI has had to adapt to respond to and/or implement multiple provincial policies. HHHI's business has changed as a result.

i) Customers

Inbound and outbound call volumes, locate service requests and collections have all increased between the 2012 to 2014 timeframe. HHHI offers the convenience of a store front operation for customer service inquiries and payments. The same staff that responds to the increased customer service call volumes also handles these walk-in customers as well. In 2014, HHHI processed 12,804 separate in-office payments totaling $ 11,149,900. This store front service is important to customers in Halton Hills and this service is directly related to HHHI's strategic objective related to community.

Customers have increased expectations as it relates to receiving timely, up to date information from their utility. This is particularly true as it relates to power outages. The challenge for the utility is to provide this information through a variety of channels to reach as many customers as possible. HHHI has the highest customer engagement rate through social media in the province with 20% of customers following on Facebook or Twitter. HHHI posts power outage information simultaneously on their website, Facebook and Twitter. The website is fully dynamic for ease of viewing on mobile devices. Based on HHHI's 2015 Electric Utility Customer Engagement Survey, 29% of HHHI's customers prefer the utility to communicate power outage information to them through information posted to the utility's website or social media. Based on this same survey, 58% of HHHI's customers prefer to communicate with the utility by telephone. HHHI plans to install an Interactive Voice Response (IVR) system in 2016 to provide improved options for customer communication as per the Customer Engagement activity results. Continuing to ensure all customers receive timely, updated information remains a priority for HHHI.

ii) <u>Media Attention</u>

Media attention has been focused on the energy sector in Ontario for a number of years, with increased scrutiny over time. Most of the scrutiny is centered on costs, spending and rates. During the preparation of this application, HHHI conducted Residential Focus Groups as part of Customer Engagement activities. Most customers were unaware and indeed, surprised, that HHHI costs account for only 20% of the total electricity bill.

HHHI issues a semi-annual newsletter to its customers that coincides with May 1 and November 1 Regulated Price Plan changes. Through the newsletter, HHHI also communicates additional, relevant information to customers, such as warnings about phone scams, the customer's rights, conservation programs, where customers can find additional information, Time of Use pricing and time changes. In addition to the semi-annual newsletter, HHHI is active at Community Events including Fall Fairs, Farmer Markets, Canada Day and HHHI's Community Open House. By attending these community events, HHHI staff are able to provide face to face answers to customer questions. As a community focused utility, it is important to HHHI that customers are able to interact with staff in person and where staff have the ability to personally explain the different issues in the electricity sector.

iii) Allocation of Staff Time

HHHI's 2012 cost of service application was founded on the basis of 65% of Operations and 30 % Engineering staff time being allocated to capital, and 35% and 70% allocated to OM&A respectively. Since the cost of service application in 2012, HHHI has gained a better understanding of the amount of labour hours that are required to support capital and maintenance activities. This learning process has been ongoing, as HHHI had an antiquated information system and it was very difficult to gather information for reporting and analysis purposes. HHHI has implemented a new financial system in 2014 that will provide better access to information for reporting and analysis purposes. Based on the available information, HHHI has established the new capacity to complete capital and operating activities. HHHI has established that to adequately service and maintain its system, 75% of operations and 70% of engineering staff time should be allocated to capital and recoverable work and the balance is available for OM&A programs. This ratio is the basis for the 2015 Bridge Year and 2016 Test Year costs. This charge is a better reflection of the amount of effort required to maintain reliability and safety performance given the age of HHHI's infrastructure and the wear and tear as result of a harsh weather climate.

iv) Provincial Policy

HHHI has been required to support a number of provincial policy initiatives, including, but not limited to:

- Mandatory framing of time of use billing data through the provincial meter data management repository;

- Implementation of the *Green Energy and Green Economy Act, 2010* including the increased focus on facilitation renewable generation at homes and businesses and encouragement of smart grid activities;

- Implementation of Low Income Energy Assistance Program, new options and assistance for low income customers;

- Mandatory customer service rules including new collection obligations;

- Mandatory, as a condition of maintaining a Distributor's Licence, achievement of demand and energy conservation results 2012-2015;

- Development of plans/targets for a new CDM framework for the 2016-20 period;

- Renewed Regulatory Framework with its incremental requirements around asset planning, customer engagement, reporting, rate setting and maintaining a score card;

- New and incremental reporting requirements to the IESO, the Board, the Ministry of Energy and the ESA;

- Master Agreement with the IESO on conservation program delivery including audits by IESO or their representatives;

- Ontario Electricity Support Program requirements beginning January 1, 2016;

- Debt Retirement Charge changes;

- Long Term Energy Plan which sets out a framework for nuclear power, renewable energy, conservation, rate mitigation, regional planning and energy innovation.

Each of these policies has customer and resource implications to successfully implement and support. Often the extent of the resourcing and customer service requirements were not known until the policies implemented.

The Pacific Economics Group Research, LLC Report (PEG Report) dated July 2015, has benchmarked HHHI, for the third year in a row, with a stretch factor assigned based on a three-year average of actual less predicted cost over the 2011-2014 period, averaging 25% or more below cost resulting in the lowest stretch factor of 0% or Group 1. HHHI is one of six utilities in Group I, as per the PEG Report (shown on next page).

Stretch Factor Assignments by Group

Group I	Group II	Group III	Group IV	Group V
Stretch Factor = 0%	Stretch Factor = 0.15%	Stretch Factor = 0.30%	Stretch Factor = 0.45%	Stretch Factor = 0.60%
E.L.K. Energy Inc.	Cooperative Hydro Embrun Inc.	Bluewater Power Distribution Corporation	Atikokan Hydro Inc.	Algoma Power Inc.
Halton Hills Hydro Inc.	Enersource Hydro Mississauga Inc.	Brantford Power Inc.	Brant County Power Inc.	Hydro One Networks Inc.
Hearst Power Distribution Company Limited	Entegrus Powerlines	Burlington Hydro Inc.	Canadian Niagara Power Inc.	Toronto Hydro-Electric System Limited
Hydro Hawkesbury Inc.	Espanola Regional Hydro Distribution Corporation	Cambridge And North Dumfries Hydro Inc.	Chapleau Public Utilities Corporation	**West Coast Huron Energy Inc.**
Northern Ontario Wires Inc.	Essex Powerlines Corporation	Centre Wellington Hydro Ltd.	Enwin Utilities Ltd.	Woodstock Hydro Services Inc.
Wasaga Distribution Inc.	Grimsby Power Incorporated	Collus Power Corporation	Festival Hydro Inc.	
	Haldimand County Hydro Inc.	**Erie Thames Powerlines Corporation**	**Greater Sudbury Hydro Inc.**	
	Kitchener	**Fort Frances Power Corporation**	Midland Power Utility Corporation	
	Lakefront Utilities Inc.	Guelph Hydro Electric Systems Inc.	Oakville Hydro Electricity Distribution Inc.	
	Lakeland Power Distribution Ltd.	**Horizon Utilities Corporation**	Peterborough Distribution Incorporated	
	London Hydro Inc.	Hydro 2000 Inc.	**PUC Distribution Inc.**	
	Milton Hydro Distribution Inc.	Hydro One Brampton Networks Inc.	Renfrew Hydro Inc.	
	Newmarket	Hydro Ottawa Limited	Tillsonburg Hydro Inc.	
	Oshawa PUC Networks Inc.	Innisfil Hydro Distribution Systems Limited	Wellington North Power Inc.	
	Welland Hydro-Electric System Corp.	Kenora Hydro Electric Corporation Ltd.		
		Kingston Hydro Corporation		
		Niagara Peninsula Energy Inc.		
		Niagara-On-The-Lake Hydro Inc.		
		Norfolk Power Distribution Inc.		
		North Bay Hydro Distribution Limited		
		Orangeville Hydro Limited		
		Orillia Power Distribution Corporation		
		Ottawa River Power Corporation		
		Parry Sound Power Corporation		
		Powerstream Inc.		
		Rideau St. Lawrence Distribution Inc.		
		Sioux Lookout Hydro Inc.		
		St. Thomas Energy Inc.		
		Thunder Bay Hydro Electricity Distribution Inc.		
		Veridian Connections Inc.		
		Waterloo North Hydro Inc.		
		Westario Power Inc.		
		Whitby Hydro Electric Corporation		

SUMMARY AND COST DRIVER TABLES (2.4.2)

OM&A Budgeting Process

HHHI begins preparation of its annual budget in the third quarter for the following year and receives final approval from its Board of Directors in November. Developing the budget is a key process as it identifies past successes as well as future initiatives and projections for capital and operating costs. Care is taken to ensure that the capital and operating budgets support HHHI's core business objectives as well as being prudent and financially sustainable.

HHHI engages in the following budgeting process:

1. The Management Team works collectively to review budgeting items including changes in revenue, HHHI's risk register, HHHI strategic plan, issues within HHHI and the industry as a whole, cost pressure from specific areas or performance concerns that must be considered by each Department. This step sets the expectations for each department on cost control and efficiency improvement.

2. Each Department Manager then develops capital and operating plans with these issues and objectives in mind. The following directives are provided to each manager to assist them with preparation:

   - External expenses for all department budgets are built using previous year actual, current year forecast and current year budget as the base. Each third party expense is reviewed to determine whether the service is required and whether there are opportunities for cost minimization and service level improvement;

   - Each department works with Finance to prepare a labour budget using projected wage and benefit costs. Overtime is based on projected need and historical comparisons with an expectation that it is closely managed to reduce costs where possible. Salaries, overtime and payroll burden are distributed over accounts based on historical and forecasted allocations;

- Vehicle costs (Fleet) are forecasted and an hourly rate is determined based on the estimated run time per truck, per working day, in the fiscal year. Costs are then distributed over operations and capital based on total labour hours budgeted.

- Overhead rates are calculated for the Stores (excluding Fleet mentioned above), Engineering and Operations Administration departments and applied to the applicable departments in both operating and capital. Overhead rates for Stores are based on materials issued, items purchased and contracted services for each functional area. Engineering and Operations Administration overhead rates are based on total labour hours for the applicable areas.

3. Once all budget costs are finalized, the Stores, Engineering and Operations Administration departments are reviewed and an overhead rate determined in order to ensure costs are properly allocated within OM&A, capital and other recoverable accounts. The Stores department costs, excluding Fleet, are allocated out based on material issues, items purchased and contracted services budgeted for the fiscal year for each respective department in OM&A and the capital program. Engineering department costs and Operations Administration costs are allocated out based on direct labour hours.

4. The Finance department completes an initial consolidation of all departments to develop an initial budget. Finance works with each department to identify variances and issues for consideration.

5. Executive Management reviews the initial budget and makes changes to balance cost control with achieving core objectives. The Executive Management team's focus is a top-down approach to the budget review. In an effort to contain costs and explore efficiencies while providing an acceptable level of reliability and customer service, the team looks in detail for discretionary costs and identifies cost areas that can be delayed or alternative approaches. This process results in OM&A costs with an adequate degree of assurance that HHHI will be able to continue to serve its customers in a safe and reliable way.

6. The President & CEO and the CFO conduct a thorough review with each Department Manager, supported by Finance, to ensure the proposed budget complies with the strategic plan, Distribution System Plan, asset management plan and budget assumptions that were established at the beginning of the budget process.

7. Executive Management meets with HHHI's Board of Directors for a formal presentation and receipt of approval, subject to any required changes recommended by the Board of Directors.

Summary of Recoverable OM&A Expenses

HHHI follows the OEB's Accounting Procedures Handbook (the "APH") in distinguishing work performed between operations and maintenance. A summary of HHHI's OM&A expenses, excluding property taxes and LEAP for the 2012 Board Approved, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and the 2016 Test Year, is provided in Table 4-4, (Board Appendix 2-JA). HHHI is proposing to recover these costs through distribution rates for the 2016 test year.

Table 4-4: Board Appendix 2-JA - Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis	R-CGAAP	R-CGAAP	R-CGAAP	R-CGAAP	MIFRS	MIFRS
Operations	$ 1,049,101	$ 797,619	$ 800,456	$ 791,622	$ 1,265,363	$ 1,355,647
Maintenance	$ 933,985	$ 1,905,957	$ 742,555	$ 615,219	$ 341,000	$ 374,125
SubTotal	**$ 1,983,086**	**$ 2,703,576**	**$ 1,543,011**	**$ 1,406,841**	**$ 1,606,363**	**$ 1,729,772**
%Change (year over year)			-42.93%	-8.82%	14.18%	7.68%
%Change (Test Year vs Last Rebasing Year - Actual)						-36.02%
Billing and Collecting	$ 1,226,281	$ 1,072,259	$ 1,210,087	$ 1,203,346	$ 1,584,893	$ 1,890,937
Community Relations	$ -	$ -	$ -	$ -	$ -	$ -
Administrative and General	$ 2,584,033	$ 2,036,642	$ 2,331,334	$ 2,568,754	$ 2,929,017	$ 3,134,097
SubTotal	**$ 3,810,314**	**$ 3,108,901**	**$ 3,541,421**	**$ 3,772,100**	**$ 4,513,910**	**$ 5,025,034**
%Change (year over year)			13.91%	6.51%	19.67%	11.32%
%Change (Test Year vs Last Rebasing Year - Actual)						61.6%
Total	**$ 5,793,400**	**$ 5,812,477**	**$ 5,084,432**	**$ 5,178,941**	**$ 6,120,273**	**$ 6,754,806**
%Change (year over year)			-12.53%	1.86%	18.18%	10.37%

Table 4-4: Board Appendix 2-JA - Summary of Recoverable OM&A Expenses (cont'd)

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Operations	$ 1,049,101	$ 797,619	$ 800,456	$ 791,622	$ 1,265,363	$ 1,355,647
Maintenance	$ 933,985	$ 1,905,957	$ 742,555	$ 615,219	$ 341,000	$ 374,125
Billing and Collecting	$ 1,226,281	$ 1,072,259	$ 1,210,087	$ 1,203,346	$ 1,584,893	$ 1,890,937
Community Relations	$ -	$ -	$ -	$ -	$ -	$ -
Administrative and General	$ 2,584,033	$ 2,036,642	$ 2,331,334	$ 2,568,754	$ 2,929,017	$ 3,134,097
Total	**$ 5,793,400**	**$ 5,812,477**	**$ 5,084,432**	**$ 5,178,941**	**$ 6,120,273**	**$ 6,754,806**
%Change (year over year)			-12.53%	1.86%	18.18%	10.37%

	Last Rebasing Year (2012 Board-Approved)	Last Rebasing Year (2012 Actuals)	Variance 2012 BA – 2012 Actuals	2013 Actuals	Variance 2013 Actuals vs. 2012 Actuals	2014 Actuals	Variance 2014 Actuals vs. 2013 Actuals	2015 Bridge Year	Variance 2015 Bridge vs. 2014 Actuals	2016 Test Year	Variance 2016 Test vs. 2015 Bridge
Operations	1,049,101	797,619	(251,482)	800,456	2,837	791,622	(8,834)	1,265,363	473,741	1,355,647	90,284
Maintenance	933,985	1,905,957	971,972	742,555	(1,163,402)	615,219	(127,336)	341,000	(274,219)	374,125	33,125
Billing and Collecting	1,226,281	1,072,259	(154,022)	1,210,087	137,828	1,203,346	(6,741)	1,584,893	381,547	1,890,937	306,044
Community Relations	-	-	-	-	-	-	-	-	-	-	-
Administrative and General	2,584,033	2,036,642	(547,391)	2,331,334	294,692	2,568,754	237,420	2,929,017	360,263	3,134,097	205,080
Total OM&A Expenses	**5,793,400**	**5,812,477**	**19,077**	**5,084,432**	**(728,045)**	**5,178,941**	**94,509**	**6,120,273**	**941,332**	**6,754,806**	**634,533**
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)											
Total Recoverable OM&A Expenses	**(5,793,400)**	**(5,812,477)**	**(19,077)**	**(5,084,432)**	**728,045**	**(5,178,941)**	**(94,509)**	**(6,120,273)**	**(941,332)**	**(6,754,806)**	**(634,533)**
Variance from previous year				728,045		(94,509)		(941,332)		(634,533)	
Percent change (year over year)				-12.53%		1.86%		18.18%		10.37%	
Percent Change: Test year vs. Most Current Actual						30.43%					
Simple average of % variance for all years						16.21%					4.47%
Compound Annual Growth Rate for all years											3.05%
Compound Growth Rate (2014 Actuals vs. Actuals)						-3.77%					

DEPARTMENTAL AND CORPORATE OM&A ACTIVITIES

Operations & Maintenance

O&M costs include all costs relating to the operation (USofA 5000 to 5095) and maintenance (USofA 5105 to 5195) of HHHI's electrical system. These costs include both direct labour and non-capital material spending in support of both scheduled and reactive maintenance events. In addition, costs are allocated from support departments to cover the costs of Labour Burden, Trucking and Stores. HHHI's maintenance strategy, to the extent possible, is to minimize reactive and emergency-type work through an effective planned maintenance program (including predictive and preventative actions).

HHHI's customer responsiveness and system reliability are monitored to ensure that HHHI's maintenance program is effective. All efforts are in coordination with HHHI's capital work where maintenance programs have identified matters requiring capital investments.

Predictive Maintenance

Predictive maintenance activities involve the testing of elements in HHHI's distribution system. These activities may include transformer oil analysis, scheduled inspections and pole testing. These evaluation tools are all administered using a grid system with appropriate frequency levels. Any identified deficiencies found are prioritized and addressed within a suitable time frame.

Preventative Maintenance

Preventative maintenance activities include inspection, servicing and repair of network components. The activities may include overhead and pad-mounted load break switch maintenance and cleaning/inspection of underground vaults. Also included, are regular inspection and repair of substation components and ancillary equipment. This preventative maintenance work is performed using a combination of time and condition based methodologies.

Emergency Maintenance

Emergency Maintenance includes unexpected system repairs to the electrical system that must be addressed immediately. The costs associated with emergency maintenance include those related to repairs caused by storm damage, emergency tree trimming and labour. HHHI evaluates its maintenance data to adjust predictive and preventative actions. HHHI's ultimate objective is to reduce emergency maintenance. In the event of service problems outside normal business hours, a contracted answering service is in place to contact the necessary personnel.

Service Work

The majority of costs related to Service Work pertain to service upgrades requested by customers. These costs include service disconnections and reconnections by HHHI for all service classes, assisting pre-approved contractors, completing final connections after Electrical Safety Authority ("ESA") inspection for service upgrades and changes of service locations.

Network Control Operations

HHHI maintains a Supervisory Control and Data Acquisition ("SCADA") system. Network operating costs are charged to USofA 5085.

Metering

The HHHI metering department is responsible for the installation, testing, and commissioning of new and existing metering installations. Testing of metering installations ensures the accuracy of the installation and verifies meter multipliers for billing purposes.

Revenue Protection is another key activity performed by Metering, by proactively investigating potential diversion and theft of power.

Substation Services

Substation service activities address the maintenance of all equipment at HHHI's twelve (12) Distribution substations. These substation service activities include both labour costs and non-capital material spending to support both scheduled and emergency maintenance events. As with the maintenance activities, HHHI's substation maintenance strategy focuses on minimizing, to the extent possible, emergency-type work by improving the effectiveness of HHHI's planned maintenance program (including predictive and preventative actions) for its substations.

Engineering Department

Starting in 2011, the Engineering Department was responsible for keeping asset data up to date on its electronic Geographic Information System ("GIS") and SCADA system. The GIS system is used for asset management activities, troubleshooting system problems, delivering underground utility locating services for excavating contractors and for design and construction activities including new capital projects and customer connections. Another function of Engineering is to provide drafting and design services for capital projects and provides distribution system asset information to all departments within HHHI. Engineering costs were allocated to operations, maintenance, capital, and recoverable accounts based on total labour, truck and material costs. A standard overhead percentage is set at the beginning of the year and adjusted to actual at year end.

Stores/Warehouse

The Stores Department is responsible for managing the procurement, control, and movement of materials within HHHI's warehouse and service territory, if needed. These duties would include monitoring inventory levels, issuing material, receiving material and material returns, as required. The cost of the Stores Department is allocated to all departmental, capital and recoverable accounts as an overhead cost based on direct material costs. A standard overhead percentage is set at the beginning of the year and adjusted to actual costs at year end.

Garage/Transportation Fleet

The Garage is responsible for the maintenance and control of nineteen (19) fleet vehicles and seven (7) pieces of mobile utility equipment. Keeping maintenance schedules to ensure vehicle reliability and safety and the minimization of vehicle down time are priorities to HHHI. Vehicle costs are allocated to operations, maintenance, capital and recoverable accounts based on number of hours used. A standard hourly cost per hour is set for all vehicles within the fleet. Costs are adjusted to actual at year end.

Labour Burdens/Safety and Health

This department collects the cost of all employee benefits and payroll taxes such as EI, CPP, EHT, WSIB, OMERS and group insurances. Costs are allocated to all departments, capital and recoverable based on direct labour. An overhead rate is set at the beginning of each year and adjusted to actual at year end.

In addition to benefits and payroll taxes, the cost of Health and Safety is included in this department. Costs include Health and Safety program supplies as well as labour costs associated with safety meetings. HHHI is committed to maximizing productivity and reducing the risk of injury by initiating safety and health measures that focus on preventative actions. HHHI's Mission Statement is "providing Halton Hills with electricity excellence in a safe and reliable manner". The commitment to safety and health is significant, and involves documenting risk assessments, monitoring performance to established standards and policies, identifying and implementing safety training and compliance to safety recommendations and audits and HHHI's commitment to continuous improvement in health and safety training. HHHI achieved the milestone of 2,424 days (6 years, 7 months, 20 days) without a loss-time incident in 2010 and received an E&USA award for safety in the quest for zero lost time accidents. As of the day this application was submitted, HHHI stood at 525 days without a lost time incident.

Customer Care

The Customer Care group is responsible for the customer care activities for all Residential and Commercial customers in HHHI's service area. These activities include meter reading and reverification, billing, low-income customer services, account set-up, call centre, collections, and other back office functions. HHHI aspires to achieve customer service excellence in its processes and customer programs. The costs associated with the Customer Care department are collected in USofA 5305 to 5340

Meter Reading

Meter reading services have, historically, been contracted out to a non-affiliated third party under a service contract agreement. Effective June 1, 2011 HHHI began billing Residential and General Service less than 50 kW customers on a Time-of-Use basis using smart meters.

Billing

HHHI performs bi-monthly billing for Residential accounts, monthly billing for commercial accounts and issues, on average, 152,000 electricity invoices annually to customers. On average this total includes 4,000 final bills for customers moving within or outside of HHHI's service territory. An annual billing schedule is created to ensure timely billing of services and in compliance of the Retail Settlement Code. The billing functions include the VEE processes; EBT and retailer settlement functions for on average, 2,300 retailer accounts; account adjustments; processing meter changes; and other various account related field service orders and mailing services. HHHI offers customers a number of billing and payment options including walk-in counter service, equal payment plan, preauthorized payment plan and third party credit card payment option.

Collections

Collections involve a combination of activities, including the collection of overdue active accounts, security deposits and final bills for service termination. In an effort to minimize credit losses, HHHI enforces a prudent credit policy in accordance with the Distribution System Code. HHHI also strives to work with all customers to develop customer specific payment plans for overdue accounts. Active overdue accounts are collected by in-house staff through notices, letters and direct telephone contact. Final bill collections are turned over to a collection agency after all internal collection methods are exhausted.

Administrative and General Expenses

Administrative and general expenses include expenses incurred in connection with the general administration of HHHI's operations. Within HHHI, the following functional areas are considered to be part of general administration and, as such, all expenses incurred within these functional areas are accounted for as administrative and general expenses:

- Executive Management (USofA 5605);
- Finance and Administrative Services (USofA 5615);

Executive Salaries and Expenses: USofA 5605

Executive Salaries and Expenses include expenses for Executive Management including salaries and related expenses.

Administrative and General Services: USofA 5610 and 5615

Administrative Services is comprised of several sub-accounts: Accounting/Finance, Corporate Administration and Personnel Administration and Information Technology. The Finance department is responsible for the preparation of statutory, management and Board of Directors financial reporting in accordance with GAAP; all daily accounting functions, including accounts payable, accounts receivable, and general accounting; treasury functions including cash management, risk management, accounting systems and internal control processes; preparation of consolidated budgets and forecasts; and supporting tax compliance. The department is also responsible for all regulatory reporting and compliance with applicable codes and legislation governing HHHI including development and preparation of rate filings, performance reporting, and compliance.

The Corporate Administration and Personnel Administration department is responsible for providing support services required to operate an effective corporation as well as human resource-related support services.

Expenses included in Administrative Services include salary and related payroll burdens associated with the Controller, Regulatory Affairs Officer, Junior Accountant, Accounts Payable / Accounts Receivable Clerk, Payroll Clerk and the Administrative Assistant, as well as incidental expenses relating to corporate services support and human resource support.

Outside Service Employed: USofA 5630

Outside Services Employed includes, but is not limited to, consulting and professional fees of accountants and auditors, actuaries, legal services, and tax consultants.

Employee Post-Retirement Benefits: USofA 5645

Employee Post-Retirement Benefits include annual expenses for post-retirement benefits provided to eligible HHHI employees in accordance with company policy and as provided in the collective bargaining agreement between HHHI and its union. The annual expense and liability are determined in accordance with Section 3461 of the CICA Handbook and supported by an actuarial valuation that is completed every three years.

Regulatory Expenses: USofA 5655

Regulatory Expenses include those expenses incurred in connection with Decisions and Orders for hearings, proceedings, technical sessions, and other matters before the Board or other regulatory bodies, including annual assessment fees paid to a regulatory body. Annual fees assessed by the Board are included in this expenditure category.

Miscellaneous General Expense: USofA 5665

Membership dues, Board of Directors remuneration and expenses and other miscellaneous costs are included in this account. HHHI is a member of the Electrical Distributor Association ("EDA") and the Halton Hills Chamber of Commerce.

Maintenance of General Plant: USofA 5675

Expenses under Maintenance of General Plant include all costs of operating the service centre and office building. These include items such as: building utility costs, maintenance & repairs to the office building, lawn care & snow removal, and burdened salaries for facilities personnel.

Electrical Safety Authority ("ESA"): USofA 5680

Expenses under Electrical Safety Authority ("ESA") fees include all annual charges from the ESA as well as annual audit expenses.

A summary of the operating costs are presented in Table 4-5.

Table 4-5: Summary of OM&A Expenses

	2012 Board-approved	2012 Actuals	Variance $	Percentage Change %
Operations	$ 1,049,101	$ 797,619	(251,482)	-23.97%
Maintenance	$ 933,985	$ 1,905,957	971,972	104.07%
Billing and Collecting	$ 1,226,281	$ 1,072,259	(154,022)	-12.56%
Community Relations	$ -	$ -	-	
Administrative and General	$ 2,584,033	$ 2,036,642	(547,391)	-21.18%
Total OM&A Expenses	**$ 5,793,399**	**$ 5,812,477**	**19,078**	0.33%

	2012 Actuals	2013 Actuals	Variance $	Percentage Change %
Operations	$ 797,619	$ 800,456	2,837	0.36%
Maintenance	$ 1,905,957	$ 742,555	(1,163,402)	-61.04%
Billing and Collecting	$ 1,072,259	$ 1,210,087	137,829	12.85%
Community Relations	$ -	$ -	-	
Administrative and General	$ 2,036,642	$ 2,331,334	294,691	14.47%
Total OM&A Expenses	**$ 5,812,477**	**$ 5,084,432**	**(728,045)**	-12.53%

	2013 Actuals	2014 Actuals	Variance $	Percentage Change %
Operations	$ 800,456	$ 791,622	(8,834)	-1.10%
Maintenance	$ 742,555	$ 615,219	(127,336)	-17.15%
Billing and Collecting	$ 1,210,087	$ 1,203,346	(6,741)	-0.56%
Community Relations	$ -	$ -	-	
Administrative and General	$ 2,331,334	$ 2,568,754	237,420	10.18%
Total OM&A Expenses	**$ 5,084,432**	**$ 5,178,941**	**$ 94,510**	1.86%

	2014 Actuals	2015 Bridge Year	Variance $	Percentage Change %
Operations	$ 791,622	$ 1,265,363	473,741	59.84%
Maintenance	$ 615,219	$ 341,000	(274,219)	-44.57%
Billing and Collecting	$ 1,203,346	$ 1,584,893	381,547	31.71%
Community Relations	$ -	$ -	-	
Administrative and General	$ 2,568,754	$ 2,929,017	360,263	14.02%
Total OM&A Expenses	**$ 5,178,941**	**$ 6,120,273**	**$ 941,332**	18.18%

	2015 Bridge Year	2016 Test Year	Variance $	Percentage Change %
Operations	$ 1,265,363	$ 1,355,647	90,284	7.14%
Maintenance	$ 341,000	$ 374,125	33,125	9.71%
Billing and Collecting	$ 1,584,893	$ 1,890,937	306,044	19.31%
Community Relations	$ -	$ -	-	
Administrative and General	$ 2,929,017	$ 3,134,097	205,080	7.00%
Total OM&A Expenses	**$ 6,120,273**	**$ 6,754,806**	**$ 634,533**	10.37%

Table 4-6: Detailed Account by Account Operations Expenses

USoA	Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
	Operations						
5005	Operation Supervision and Engineering	$ 261,670	$ 164,258	$ 209,266	$ 203,933	$ 197,020	$ 240,916
5010	Load Dispatching	$ -	$ -	$ -	$ -	$ -	$ -
5012	Station Buildings and Fixtures Expense	$ 4,000	$ 52	$ 112	$ 814	$ 19,680	$ 19,680
5014	Transformer Station Equipment - Operation Labour	$ -	$ -	$ -	$ -	$ -	$ -
5015	Transformer Station Equipment - Operation Supplies and Expenses	$ -	$ -	$ -	$ -	$ -	$ -
5016	Distribution Station Equipment - Operation Labour	$ 23,619	$ 50,055	$ 54,800	$ 58,139	$ 209,334	$ 195,574
5017	Distribution Station Equipment - Operation Supplies and Expenses	$ 2,078	$ 5,245	$ 5,477	$ 3,221	$ 38,256	$ 38,256
5020	Overhead Distribution Lines and Feeders - Operation Labour	$ 174,727	$ 114,329	$ 88,031	$ 130,873	$ 452,461	$ 481,275
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	$ -	$ -	$ -	$ 251,177	$ 78,932	$ 95,918
5030	Overhead Sub-transmission Feeders - Operation	$ -	$ -	$ -	$ -	$ -	$ -
5035	Overhead Distribution Transformers - Operation	$ -	$ -	$ -	$ 11,374	$ 12,000	$ 13,800
5040	Underground Distribution Lines and Feeders - Operation Labour	$ -	$ -	$ -	$ 7,192	$ -	$ -
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	$ 2,135	$ 6,655	$ 3,575	$ 3,965	$ 10,100	$ 12,125
5050	Underground Sub-transmission Feeders - Operation	$ 200,738	$ 179,114	$ 138,577	$ -	$ -	$ -
5055	Underground Distribution Transformers - Operation	$ 133,957	$ 87,651	$ 67,814	$ -	$ -	$ -
5060	Street Lighting and Signal System Expense	$ -	$ -	$ -	$ -	$ -	$ -
5065	Meter Expense	$ 205,396	$ 121,252	$ 174,257	$ 121,267	$ 231,580	$ 242,103
5070	Customer Premises - Operation Labour	$ 2,415	$ 4,608	$ 3,565	$ -	$ -	$ -
5075	Customer Premises - Operation Materials and Expenses	$ -	$ -	$ -	$ -	$ -	$ -
5085	Miscellaneous Distribution Expenses	$ 38,365	$ 64,400	$ 54,984	-$ 333	$ 16,000	$ 16,000
5090	Underground Distribution Lines and Feeders - Rental Paid	$ -	$ -	$ -	$ -	$ -	$ -
5095	Overhead Distribution Lines and Feeders - Rental Paid	$ -	$ -	$ -	$ -	$ -	$ -
5096	Other Rent	$ -	$ -	$ -	$ -	$ -	$ -
Total Distribution Expenses - Operations		**$ 1,049,101**	**$ 797,619**	**$ 800,456**	**$ 791,622**	**$ 1,265,363**	**$ 1,355,647**
	Maintenance						
5105	Maintenance Supervision and Engineering	$ -	$ -	$ -	$ -	$ -	$ -
5110	Maintenance of Buildings and Fixtures - Distribution Stations	$ -	$ -	$ -	$ -	$ -	$ -
5112	Maintenance of Transformer Station Equipment	$ -	$ -	$ -	$ -	$ -	$ -
5114	Maintenance of Distribution Station Equipment	$ 132,049	$ 138,678	$ 106,146	$ 9,321	$ 10,500	$ 10,500
5120	Maintenance of Poles, Towers and Fixtures	$ 56,354	$ 77,930	$ 77,851	$ 207,556	$ 16,000	$ 16,800
5125	Maintenance of Overhead Conductors and Devices	$ 107,234	$ 109,200	$ 84,486	$ 8,351	$ -	$ -
5130	Maintenance of Overhead Services	$ 106,490	$ 107,781	$ 83,388	$ -	$ -	$ -
5135	Overhead Distribution Lines and Feeders - Right of Way	$ 396,666	$ 391,839	$ 283,441	$ 282,429	$ 297,500	$ 327,500
5145	Maintenance of Underground Conduit	$ 23,408	$ 26,187	$ 29,728	$ -	$ -	$ -
5150	Maintenance of Underground Conductors and Devices	$ 9,884	$ 18,858	$ 14,590	$ 18,512	$ 16,500	$ 18,825
5155	Maintenance of Underground Services	$ 17,080	$ 27,303	$ 17,855	$ 86,989	$ -	$ -
5160	Maintenance of Line Transformers	$ 84,820	$ 56,573	$ 45,071	$ -	$ -	$ -
5165	Maintenance of Street Lighting and Signal Systems	$ -	$ -	$ -	$ -	$ -	$ -
5170	Sentinel Lights - Labour	$ -	$ -	$ -	$ -	$ -	$ -
5172	Sentinel Lights - Materials and Expenses	$ -	$ -	$ -	$ -	$ -	$ -
5175	Maintenance of Meters	$ -	$ 951,608	$ -	$ 2,061	$ 500	$ 500
5178	Customer Installations Expenses - Leased Property	$ -	$ -	$ -	$ -	$ -	$ -
5195	Maintenance of Other Installations on Customer Premises	$ -	$ -	$ -	$ -	$ -	$ -
Total Distribution Expenses - Maintenance		**$ 933,985**	**$ 1,905,957**	**$ 742,555**	**$ 615,219**	**$ 341,000**	**$ 374,125**

Table 4-6: Detailed Account by Account Operations Expenses (cont'd)

USoA	Description	2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
	Billing and Collecting						
5305	Supervision	$ 109,255	$ 97,977	$ 96,782	$ 146,073	$ 193,712	$ 197,420
5310	Meter Reading Expense	$ 71,840	$ 32,940	$ 32,626	$ 52,060	$ 29,800	$ 39,586
5315	Customer Billing	$ 552,389	$ 515,999	$ 580,237	$ 409,812	$ 724,444	$ 975,639
5320	Collecting	$ 389,497	$ 333,961	$ 406,202	$ 513,841	$ 544,537	$ 584,093
5325	Collecting - Cash Over and Short	$ -	$ 1,863	$ -	$ 131	$ -	$ -
5330	Collection Charges	$ 3,300	$ 3,417	$ 4,241	$ 5,012	$ 2,400	$ 4,200
5335	Bad Debt Expense	$ 100,000	$ 86,102	$ 90,000	$ 76,418	$ 90,000	$ 90,000
5340	Miscellaneous Customer Accounts Expenses	$ -	$ -	$ -	$ -	$ -	$ -
Total Billing and Collecting Expenses		**$ 1,226,281**	**$ 1,072,259**	**$ 1,210,087**	**$1,203,346**	**$1,584,893**	**$ 1,890,937**
	Community Relations						
5405	Supervision	$ -	$ -	$ -	$ -	$ -	$ -
5410	Community Relations - Sundry	$ -	$ -	$ -	$ -	$ -	$ -
5415	Energy Conservation	$ -	$ -	$ -	$ -	$ -	$ -
5420	Community Safety Program	$ -	$ -	$ -	$ -	$ -	$ -
5425	Miscellaneous Customer Service and Informational Expenses	$ -	$ -	$ -	$ -	$ -	$ -
5505	Supervision	$ -	$ -	$ -	$ -	$ -	$ -
5510	Demonstrating and Selling Expense	$ -	$ -	$ -	$ -	$ -	$ -
5515	Advertising Expenses	$ -	$ -	$ -	$ -	$ -	$ -
5520	Miscellaneous Sales Expense	$ -	$ -	$ -	$ -	$ -	$ -
Total Community Relations Expenses		**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
	Administrative and General Expenses						
5605	Executive Salaries and Expenses	$ 424,576	$ 386,771	$ 409,712	$ 551,799	$ 615,289	$ 628,891
5610	Management Salaries and Expenses	$ 502,870	$ 351,762	$ 435,644	$ 224,091	$ 446,326	$ 543,015
5615	General Administrative Salaries and Expenses	$ 788,096	$ 611,786	$ 733,900	$ 733,521	$ 692,718	$ 787,504
5620	Office Supplies and Expenses	$ 60,850	$ 42,835	$ 33,720	$ 72,633	$ 97,075	$ 106,539
5625	Administrative Expense Transferred - Credit	$ -	$ -	$ -	$ -	$ -	$ -
5630	Outside Services Employed	$ 117,000	$ 78,974	$ 72,818	$ 194,759	$ 107,800	$ 156,440
5635	Property Insurance	$ 132,000	$ 44,016	$ 44,591	$ 45,374	$ 45,980	$ 45,980
5640	Injuries and Damages	$ -	$ 54,288	$ 63,050	$ 60,280	$ 73,251	$ 73,251
5645	Employee Pensions and Benefits	$ -	$ -	$ -	$ 0	$ 93,566	-$ 0
5650	Franchise Requirements	$ -	$ -	$ -	$ -	$ -	$ -
5655	Regulatory Expenses	$ 125,000	$ 122,753	$ 131,651	$ 133,671	$ 138,500	$ 141,000
5660	General Advertising Expenses	$ 1,500	$ 14,555	$ 34,524	$ 1,700	$ 5,800	$ 5,800
5665	Miscellaneous General Expenses	$ 104,110	$ 104,035	$ 122,598	$ 349,616	$ 443,469	$ 468,115
5670	Rent	$ -	$ -	$ -	$ -	$ -	$ -
5675	Maintenance of General Plant	$ 328,030	$ 224,866	$ 246,439	$ 201,310	$ 157,243	$ 165,536
5680	Electrical Safety Authority Fees	$ -	$ -	$ 2,688	$ -	$ -	$ -
5685	Independent Electricity System Operator Fees and Penalties	$ -	$ -	$ -	$ -	$ -	$ -
5695	OM&A Contra Account	$ -	$ -	$ -	$ -	$ -	$ 0
6205	Donations (Charitable Contributions)	$ -	$ -	$ -	$ -	$ 12,000	$ 12,027
Total Administrative and General Expenses		**$ 2,584,033**	**$ 2,036,642**	**$ 2,331,334**	**$2,568,754**	**$2,929,017**	**$ 3,134,097**
	Total OM&A	**$ 5,793,399**	**$ 5,812,477**	**$ 5,084,432**	**$5,178,941**	**$6,120,273**	**$ 6,754,806**

OM&A costs and variances, year over year, and arranged by USoA account, are provided in Table 4-7 (2012 Actual versus 2012 Board Approved), Table 4-8 (2013 Actual versus 2012 Actual), Table 4-9 (2014 Actual versus 2013 Actual), Table 4-10 (2015 Bridge Year versus 2014 Actual), and Table 4-11 (2016 Test Year versus 2015 Bridge Year).

Table 4-7: OM&A Variances – 2012 Actual vs. 2012 Board-approved

USoA	Description	2012 Board Approved	2012 Actual	2012 Actual Variance from 2012 OEB Approved
	Distribution Expenses - Operations			
5005	Operation Supervision and Engineering	261,670	$ 164,258	$ (97,412)
5010	Load Dispatching	-	-	-
5012	Station Buildings and Fixtures Expense	4,000	52	(3,948)
5014	Transformer Station Equipment - Operation Labour	-	-	-
5015	Transformer Station Equipment - Operation Supplies and Expenses	-	-	-
5016	Distribution Station Equipment - Operation Labour	23,619	50,055	26,436
5017	Distribution Station Equipment - Operation Supplies and Expenses	2,078	5,245	3,167
5020	Overhead Distribution Lines and Feeders - Operation Labour	174,727	114,329	(60,398)
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	-	-	-
5030	Overhead Sub-transmission Feeders - Operation	-	-	-
5035	Overhead Distribution Transformers - Operation	-	-	-
5040	Underground Distribution Lines and Feeders - Operation Labour	-	-	-
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	2,135	6,655	4,520
5050	Underground Sub-transmission Feeders - Operation	200,738	179,114	(21,625)
5055	Underground Distribution Transformers - Operation	133,957	87,651	(46,306)
5060	Street Lighting and Signal System Expense	-	-	-
5065	Meter Expense	205,396	121,252	(84,144)
5070	Customer Premises - Operation Labour	2,415	4,608	2,193
5075	Customer Premises - Operation Materials and Expenses	-	-	-
5085	Miscellaneous Distribution Expenses	38,365	64,400	26,035
5090	Underground Distribution Lines and Feeders - Rental Paid		-	-
5095	Overhead Distribution Lines and Feeders - Rental Paid		-	-
5096	Other Rent		-	-
Total Distribution Expenses - Operations		**$ 1,049,101**	**$ 797,619**	**$ (251,482)**
	Distribution Expenses - Maintenance			
5105	Maintenance Supervision and Engineering	$ -	$ -	$ -
5110	Maintenance of Buildings and Fixtures - Distribution Stations		-	-
5112	Maintenance of Transformer Station Equipment		-	-
5114	Maintenance of Distribution Station Equipment	132,049	138,678	6,629
5120	Maintenance of Poles, Towers and Fixtures	56,354	77,930	21,576
5125	Maintenance of Overhead Conductors and Devices	107,234	109,200	1,966
5130	Maintenance of Overhead Services	106,490	107,781	1,291
5135	Overhead Distribution Lines and Feeders - Right of Way	396,666	391,839	(4,827)
5145	Maintenance of Underground Conduit	23,408	26,187	2,778
5150	Maintenance of Underground Conductors and Devices	9,884	18,858	8,974
5155	Maintenance of Underground Services	17,080	27,303	10,223
5160	Maintenance of Line Transformers	84,820	56,573	(28,247)
5165	Maintenance of Street Lighting and Signal Systems	-	-	-
5170	Sentinel Lights - Labour		-	-
5172	Sentinel Lights - Materials and Expenses		-	-
5175	Maintenance of Meters	-	951,608	951,608
5178	Customer Installations Expenses - Leased Property		-	-
5195	Maintenance of Other Installations on Customer Premises		-	-
Total Distribution Expenses - Maintenance		**$ 933,985**	**$ 1,905,957**	$ 971,972

Table 4-7: OM&A Variances – 2012 Actual vs. 2012 Board-approved (cont'd)

USoA	Description	2012 Board Approved	2012 Actual	2012 Actual Variance from 2012 OEB Approved
	Billing and Collecting			
5305	Supervision	$ 109,255	$ 97,977	(11,278)
5310	Meter Reading Expense	71,840	32,940	(38,900)
5315	Customer Billing	552,389	515,999	(36,390)
5320	Collecting	389,497	333,961	(55,536)
5325	Collecting - Cash Over and Short	-	1,863	1,863
5330	Collection Charges	3,300	3,417	117
5335	Bad Debt Expense	100,000	86,102	(13,898)
5340	Miscellaneous Customer Accounts Expenses		-	-
Total Billing and Collecting Expenses		**$ 1,226,281**	**$ 1,072,259**	**$ (154,022)**
	Community Relations (including sales expenses)			
5405	Supervision	$ -	$ -	$ -
5410	Community Relations - Sundry	-	-	-
5415	Energy Conservation	-	-	-
5420	Community Safety Program	-	-	-
5425	Miscellaneous Customer Service and Informational Expenses	-	-	-
5505	Supervision	-	-	-
5510	Demonstrating and Selling Expense	-	-	-
5515	Advertising Expenses	-	-	-
5520	Miscellaneous Sales Expense	-	-	-
Total Community Relations Expenses		**$ -**	**$ -**	**$ -**
	Administrative and General Expenses			
5605	Executive Salaries and Expenses	$ 424,576	386,771	$ (37,805)
5610	Management Salaries and Expenses	502,870	351,762	(151,108)
5615	General Administrative Salaries and Expenses	788,096	611,786	(176,310)
5620	Office Supplies and Expenses	60,850	42,835	(18,015)
5625	Administrative Expense Transferred - Credit	-	-	-
5630	Outside Services Employed	117,000	78,974	(38,026)
5635	Property Insurance	132,000	44,016	(87,984)
5640	Injuries and Damages	-	54,288	54,288
5645	Employee Pensions and Benefits	-	-	-
5650	Franchise Requirements	-	-	-
5655	Regulatory Expenses	125,000	122,753	(2,247)
5660	General Advertising Expenses	1,500	14,555	13,055
5665	Miscellaneous General Expenses	104,110	104,035	(75)
5670	Rent	-	-	-
5675	Maintenance of General Plant	328,030	224,866	(103,164)
5680	Electrical Safety Authority Fees		-	-
5685	Independent Electricity System Operator Fees and Penalties		-	-
5695	OM&A Contra Account		-	-
6205	Donations (Charitable Contributions)	-	-	-
Total Administrative and General Expenses		**$ 2,584,033**	**$ 2,036,642**	**$ (547,391)**
	Total OM&A	**$ 5,793,399**	**$ 5,812,477**	**$ 19,078**
	% Change			**0.33%**

Total 2012 Actual OM&A was $5,812,477 compared to the 2012 Board Approved envelope of $5,793,399, a variance of $19,078 or 0.33%.

Items to note:

(i) *USofA 5005*- The variance of $97,412 is the result of actual engineering labour costs of $164,258 being lower than planned as a direct result of capitalizing a higher portion of direct labour costs.

(ii) *USofA 5065*- The variance of $84,144 is in part, the result of a delay in hiring a meter apprentice and of capitalizing a higher portion then planned direct labour costs.

(iii) *USofA 5175*- 2012 Actuals included a one-time transfer of $951,608, for Smart Meter OM&A, as a result of the disposition of the smart meter deferral accounts, as per the Board's Decision EB-2011-0271.

(iv) The Board's envelope approach encouraged HHHI to revisit all OM&A costs resulting in several areas of deferring costs such as the hiring of a system control operator and reviewing all processes in order to drive efficiencies and costs savings.

Table 4-8: OM&A Variances – 2013 Actual vs. 2012 Actual

USoA	Description	2012 Actual	2013 Actual	2013 Actual Variance from 2012 Actual
	Distribution Expenses - Operations			
5005	Operation Supervision and Engineering	$ 164,258	$ 209,266	$ 45,007
5010	Load Dispatching	-	-	-
5012	Station Buildings and Fixtures Expense	52	112	60
5014	Transformer Station Equipment - Operation Labour	-	-	-
5015	Transformer Station Equipment - Operation Supplies and Expenses	-	-	-
5016	Distribution Station Equipment - Operation Labour	50,055	54,800	4,745
5017	Distribution Station Equipment - Operation Supplies and Expenses	5,245	5,477	232
5020	Overhead Distribution Lines and Feeders - Operation Labour	114,329	88,031	(26,299)
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	-	-	-
5030	Overhead Sub-transmission Feeders - Operation	-	-	-
5035	Overhead Distribution Transformers - Operation	-	-	-
5040	Underground Distribution Lines and Feeders - Operation Labour	-	-	-
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	6,655	3,575	(3,080)
5050	Underground Sub-transmission Feeders - Operation	179,114	138,577	(40,537)
5055	Underground Distribution Transformers - Operation	87,651	67,814	(19,837)
5060	Street Lighting and Signal System Expense	-	-	-
5065	Meter Expense	121,252	174,257	53,005
5070	Customer Premises - Operation Labour	4,608	3,565	(1,043)
5075	Customer Premises - Operation Materials and Expenses	-	-	-
5085	Miscellaneous Distribution Expenses	64,400	54,984	(9,416)
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-
5095	Overhead Distribution Lines and Feeders - Rental Paid	-	-	-
5096	Other Rent	-	-	-
Total Distribution Expenses - Operations		**$ 797,619**	**$ 800,456**	**$ 2,837**
	Distribution Expenses - Maintenance			
5105	Maintenance Supervision and Engineering	$ -	$ -	$ -
5110	Maintenance of Buildings and Fixtures - Distribution Stations	-	-	-
5112	Maintenance of Transformer Station Equipment	-	-	-
5114	Maintenance of Distribution Station Equipment	138,678	106,146	(32,532)
5120	Maintenance of Poles, Towers and Fixtures	77,930	77,851	(79)
5125	Maintenance of Overhead Conductors and Devices	109,200	84,486	(24,714)
5130	Maintenance of Overhead Services	107,781	83,388	(24,393)
5135	Overhead Distribution Lines and Feeders - Right of Way	391,839	283,441	(108,398)
5145	Maintenance of Underground Conduit	26,187	29,728	3,542
5150	Maintenance of Underground Conductors and Devices	18,858	14,590	(4,268)
5155	Maintenance of Underground Services	27,303	17,855	(9,448)
5160	Maintenance of Line Transformers	56,573	45,071	(11,502)
5165	Maintenance of Street Lighting and Signal Systems	-	-	-
5170	Sentinel Lights - Labour	-	-	-
5172	Sentinel Lights - Materials and Expenses	-	-	-
5175	Maintenance of Meters	951,608	-	(951,608)
5178	Customer Installations Expenses - Leased Property	-	-	-
5195	Maintenance of Other Installations on Customer Premises	-	-	-
Total Distribution Expenses - Maintenance		**$ 1,905,957**	**$ 742,555**	$ (1,163,402)

1 **Table 4-8: OM&A Variances – 2013 Actual vs. 2012 Actual (cont'd)**

2

USoA	Description	2012 Actual	2013 Actual	2013 Actual Variance from 2012 Actual
	Billing and Collecting			
5305	Supervision	$ 97,977	$ 96,782	$ (1,194)
5310	Meter Reading Expense	32,940	32,626	(315)
5315	Customer Billing	515,999	580,237	64,238
5320	Collecting	333,961	406,202	72,241
5325	Collecting - Cash Over and Short	1,863	-	(1,863)
5330	Collection Charges	3,417	4,241	824
5335	Bad Debt Expense	86,102	90,000	3,898
5340	Miscellaneous Customer Accounts Expenses	-	-	-
Total Billing and Collecting Expenses		**$ 1,072,259**	**$ 1,210,087**	**$ 137,829**
	Community Relations (including sales expenses)			
5405	Supervision	$ -	$ -	$ -
5410	Community Relations - Sundry	-	-	-
5415	Energy Conservation	-	-	-
5420	Community Safety Program	-	-	-
5425	Miscellaneous Customer Service and Informational Expenses	-	-	-
5505	Supervision	-	-	-
5510	Demonstrating and Selling Expense	-	-	-
5515	Advertising Expenses	-	-	-
5520	Miscellaneous Sales Expense	-	-	-
Total Community Relations Expenses		**$ -**	**$ -**	**$ -**
	Administrative and General Expenses			
5605	Executive Salaries and Expenses	$ 386,771	$ 409,712	$ 22,941
5610	Management Salaries and Expenses	351,762	435,644	83,881
5615	General Administrative Salaries and Expenses	611,786	733,900	122,114
5620	Office Supplies and Expenses	42,835	33,720	(9,115)
5625	Administrative Expense Transferred - Credit	-	-	-
5630	Outside Services Employed	78,974	72,818	(6,156)
5635	Property Insurance	44,016	44,591	575
5640	Injuries and Damages	54,288	63,050	8,762
5645	Employee Pensions and Benefits	-	-	-
5650	Franchise Requirements	-	-	-
5655	Regulatory Expenses	122,753	131,651	8,898
5660	General Advertising Expenses	14,555	34,524	19,969
5665	Miscellaneous General Expenses	104,035	122,598	18,563
5670	Rent	-	-	-
5675	Maintenance of General Plant	224,866	246,439	21,572
5680	Electrical Safety Authority Fees	-	2,688	2,688
5685	Independent Electricity System Operator Fees and Penalties	-	-	-
5695	OM&A Contra Account	-	-	-
6205	Donations (Charitable Contributions)	-	-	-
Total Administrative and General Expenses		**$ 2,036,642**	**$ 2,331,334**	**$ 294,691**
	Total OM&A	**$ 5,812,477**	**$ 5,084,432**	**$ (728,045)**
	% Change			**-12.53%**

3

Total 2013 Actual OM&A was $5,084,432, a decrease of $728,045 or 12.53% less than the 2012 Actual $5,812,477.

Items to note:

(i) *USofA 5135* - Vegetation clearing was $108,398 lower in 2013 over 2012 as a result of completing approximately $34,750 tree trimming work in 2012 rather than carrying over into 2013.

(ii) *USofA 5315* - The 2012 Actual amount of $515,999 did not include $73,000 billing software annual maintenance fees, as the annual fee was expensed in 2011 resulting in an understatement for 2012.

(iii) *USofA 5320* – The $72,241 variance is the result of incurring additional costs from staff turnover and resulting overlap during staff training.

(iv) *USofA 5610* - In 2013, the costs of a project manager were allocated 50.0% to billing and 50.0% to USofA 5610.

(v) *USofA 5615* – The variance of $122,114 is the result of:

a. Staff succession planning in preparation of a retirement in 2014; approximately $30,000.

b. Collaborative cost sharing with neighbouring utilities in developing and enhancing Health and Safety programs; new cost in 2013 was approximately $63,000.

Table 4-9: OM&A Variances: 2014 Actual vs. 2013 Actual

USoA	Description	2013 Actual	2014 Actual	2014 Actual Variance from 2013 Actual
	Distribution Expenses - Operations			
5005	Operation Supervision and Engineering	$ 209,266	203,933	$ (5,333)
5010	Load Dispatching	-	-	-
5012	Station Buildings and Fixtures Expense	112	814	702
5014	Transformer Station Equipment - Operation Labour	-	-	-
5015	Transformer Station Equipment - Operation Supplies and Expenses	-	-	-
5016	Distribution Station Equipment - Operation Labour	54,800	58,139	3,339
5017	Distribution Station Equipment - Operation Supplies and Expenses	5,477	3,221	(2,257)
5020	Overhead Distribution Lines and Feeders - Operation Labour	88,031	130,873	42,843
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	-	251,177	251,177
5030	Overhead Sub-transmission Feeders - Operation	-	-	-
5035	Overhead Distribution Transformers - Operation	-	11,374	11,374
5040	Underground Distribution Lines and Feeders - Operation Labour	-	7,192	7,192
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	3,575	3,965	390
5050	Underground Sub-transmission Feeders - Operation	138,577	-	(138,577)
5055	Underground Distribution Transformers - Operation	67,814	-	(67,814)
5060	Street Lighting and Signal System Expense	-	-	-
5065	Meter Expense	174,257	121,267	(52,990)
5070	Customer Premises - Operation Labour	3,565	-	(3,565)
5075	Customer Premises - Operation Materials and Expenses	-	-	-
5085	Miscellaneous Distribution Expenses	54,984	(333)	(55,316)
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-
5095	Overhead Distribution Lines and Feeders - Rental Paid	-	-	-
5096	Other Rent	-	-	-
Total Distribution Expenses - Operations		**$ 800,456**	**$ 791,622**	**$ (8,834)**
	Distribution Expenses - Maintenance			
5105	Maintenance Supervision and Engineering	$ -	$ -	$ -
5110	Maintenance of Buildings and Fixtures - Distribution Stations	-	-	-
5112	Maintenance of Transformer Station Equipment	-	-	-
5114	Maintenance of Distribution Station Equipment	106,146	9,321	(96,825)
5120	Maintenance of Poles, Towers and Fixtures	77,851	207,556	129,705
5125	Maintenance of Overhead Conductors and Devices	84,486	8,351	(76,135)
5130	Maintenance of Overhead Services	83,388	-	(83,388)
5135	Overhead Distribution Lines and Feeders - Right of Way	283,441	282,429	(1,012)
5145	Maintenance of Underground Conduit	29,728	-	(29,728)
5150	Maintenance of Underground Conductors and Devices	14,590	18,512	3,922
5155	Maintenance of Underground Services	17,855	86,989	69,134
5160	Maintenance of Line Transformers	45,071	-	(45,071)
5165	Maintenance of Street Lighting and Signal Systems	-	-	-
5170	Sentinel Lights - Labour	-	-	-
5172	Sentinel Lights - Materials and Expenses	-	-	-
5175	Maintenance of Meters	-	2,061	2,061
5178	Customer Installations Expenses - Leased Property	-	-	-
5195	Maintenance of Other Installations on Customer Premises	-	-	-
Total Distribution Expenses - Maintenance		**$ 742,555**	**$ 615,219**	$ (127,336)

Table 4-9: OM&A Variances: 2014 Actual vs. 2013 Actual (cont'd)

USoA	Description	2013 Actual	2014 Actual	2014 Actual Variance from 2013 Actual
	Billing and Collecting			
5305	Supervision	$ 96,782	146,073	$ 49,290
5310	Meter Reading Expense	32,626	52,060	19,434
5315	Customer Billing	580,237	409,812	(170,425)
5320	Collecting	406,202	513,841	107,640
5325	Collecting - Cash Over and Short	-	131	131
5330	Collection Charges	4,241	5,012	771
5335	Bad Debt Expense	90,000	76,418	(13,582)
5340	Miscellaneous Customer Accounts Expenses	-	-	-
Total Billing and Collecting Expenses		**$ 1,210,087**	**$ 1,203,346**	**$ (6,741)**
	Community Relations (including sales expenses)			
5405	Supervision	$ -	$ -	$ -
5410	Community Relations - Sundry	-	-	-
5415	Energy Conservation	-	-	-
5420	Community Safety Program	-	-	-
5425	Miscellaneous Customer Service and Informational Expenses	-	-	-
5505	Supervision	-	-	-
5510	Demonstrating and Selling Expense	-	-	-
5515	Advertising Expenses	-	-	-
5520	Miscellaneous Sales Expense	-	-	-
Total Community Relations Expenses		**$ -**	**$ -**	**$ -**
	Administrative and General Expenses			
5605	Executive Salaries and Expenses	$ 409,712	551,799	$ 142,086
5610	Management Salaries and Expenses	435,644	224,091	(211,553)
5615	General Administrative Salaries and Expenses	733,900	733,521	(379)
5620	Office Supplies and Expenses	33,720	72,633	38,913
5625	Administrative Expense Transferred - Credit	-	-	-
5630	Outside Services Employed	72,818	194,759	121,942
5635	Property Insurance	44,591	45,374	783
5640	Injuries and Damages	63,050	60,280	(2,770)
5645	Employee Pensions and Benefits	-	0	0
5650	Franchise Requirements	-	-	-
5655	Regulatory Expenses	131,651	133,671	2,020
5660	General Advertising Expenses	34,524	1,700	(32,823)
5665	Miscellaneous General Expenses	122,598	349,616	227,018
5670	Rent	-	-	-
5675	Maintenance of General Plant	246,439	201,310	(45,129)
5680	Electrical Safety Authority Fees	2,688	-	(2,688)
5685	Independent Electricity System Operator Fees and Penalties	-	-	-
5695	OM&A Contra Account	-	-	-
6205	Donations (Charitable Contributions)	-	-	-
Total Administrative and General Expenses		**$ 2,331,334**	**$ 2,568,754**	**$ 237,420**
	Total OM&A	**$ 5,084,432**	**$ 5,178,941**	**$ 94,510**
	% Change			**1.86%**

Total 2014 Actual OM&A was $5,178,941. This amount is $94,510 or 1.86% greater than the 2013 Actual amount of $5,084,432.

HHHI implemented a new ERP System – (Dynamics Great Plains, WennSoft Job Costing and Quadra Job Quotation) in 2014. The new ERP system will reduce manual processes and reporting is now system based and not Excel based reporting.

Some of the variances between 2014 Actual and 2013 Actual are the result of mapping changes that will provide more accuracy and improved reporting into the future using the Uniform System of Accounts (USoA).

Items to note:

(i) *USofA 5025* - During 2014, HHHI established a control room relationship with Oakville Hydro Distribution Inc., creating significant efficiencies at a fraction the cost of only $120,000 per year. HHHI has saved significant costs on behalf of their customers (Cost Avoidance). Other costs allocated to USofA 5025 in the prior years are mapped to USofA accounts 5114, 5125 and 5160.

(ii) *USofA 5050 and 5055* –These USofA accounts are now mapped to USofA accounts 5145, 5150 and 5155 in 2014.

(iii) *USofA 5315*- In 2013, $84,500 in Postage was included in USofA 5315and is mapped to USofA 5320 in 2014.

(iv) *USofA 5610* – The variance of $211,553 is the result of capitalizing direct labour costs associated with the implementation of the new ERP system.

(v) *USofA 5630* – The $121,942 variance reflects the additional audit fees incurred in relation to the ERP system conversion. In addition, legal fees increased reflective of labour related issues – i.e. Pay Equity

(vi) *USofA 5665* – The variance of $227,018 is the result of 2014 mapping of software and Hardware $159,802 whereby in 2013 this expense was mapped to USofA 5675.

Table 4-10: OM&A Variances – 2015 Bridge Year vs. 2014 Actual

USoA	Description	2014 Actual	2015 Bridge Year	2015 Bridge Year Variance from 2014 Actual
	Distribution Expenses - Operations			
5005	Operation Supervision and Engineering	$ 203,933	$ 197,020	$ (6,913)
5010	Load Dispatching	-	-	-
5012	Station Buildings and Fixtures Expense	814	19,680	18,866
5014	Transformer Station Equipment - Operation Labour	-	-	-
5015	Transformer Station Equipment - Operation Supplies and Expenses	-	-	-
5016	Distribution Station Equipment - Operation Labour	58,139	209,334	151,195
5017	Distribution Station Equipment - Operation Supplies and Expenses	3,221	38,256	35,035
5020	Overhead Distribution Lines and Feeders - Operation Labour	130,873	452,461	321,588
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	251,177	78,932	(172,245)
5030	Overhead Sub-transmission Feeders - Operation	-	-	-
5035	Overhead Distribution Transformers - Operation	11,374	12,000	626
5040	Underground Distribution Lines and Feeders - Operation Labour	7,192	-	(7,192)
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	3,965	10,100	6,135
5050	Underground Sub-transmission Feeders - Operation	-	-	-
5055	Underground Distribution Transformers - Operation	-	-	-
5060	Street Lighting and Signal System Expense	-	-	-
5065	Meter Expense	121,267	231,580	110,313
5070	Customer Premises - Operation Labour	-	-	-
5075	Customer Premises - Operation Materials and Expenses	-	-	-
5085	Miscellaneous Distribution Expenses	(333)	16,000	16,333
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-
5095	Overhead Distribution Lines and Feeders - Rental Paid	-	-	-
5096	Other Rent	-	-	-
Total Distribution Expenses - Operations		**$ 791,622**	**$ 1,265,363**	**$ 473,741**
	Distribution Expenses - Maintenance			
5105	Maintenance Supervision and Engineering	$ -	$ -	$ -
5110	Maintenance of Buildings and Fixtures - Distribution Stations	-	-	-
5112	Maintenance of Transformer Station Equipment	-	-	-
5114	Maintenance of Distribution Station Equipment	9,321	10,500	1,179
5120	Maintenance of Poles, Towers and Fixtures	207,556	16,000	(191,556)
5125	Maintenance of Overhead Conductors and Devices	8,351	-	(8,351)
5130	Maintenance of Overhead Services	-	-	-
5135	Overhead Distribution Lines and Feeders - Right of Way	282,429	297,500	15,071
5145	Maintenance of Underground Conduit	-	-	-
5150	Maintenance of Underground Conductors and Devices	18,512	16,500	(2,012)
5155	Maintenance of Underground Services	86,989	-	(86,989)
5160	Maintenance of Line Transformers	-	-	-
5165	Maintenance of Street Lighting and Signal Systems	-	-	-
5170	Sentinel Lights - Labour	-	-	-
5172	Sentinel Lights - Materials and Expenses	-	-	-
5175	Maintenance of Meters	2,061	500	(1,561)
5178	Customer Installations Expenses - Leased Property	-	-	-
5195	Maintenance of Other Installations on Customer Premises	-	-	-
Total Distribution Expenses - Maintenance		**$ 615,219**	**$ 341,000**	$ (274,219)

Table 4-10: OM&A Variances – 2015 Bridge Year vs. 2014 Actual (cont'd)

USoA	Description	2014 Actual	2015 Bridge Year	2015 Bridge Year Variance from 2014 Actual
	Billing and Collecting			
5305	Supervision	$ 146,073	$ 193,712	$ 47,639
5310	Meter Reading Expense	52,060	29,800	(22,260)
5315	Customer Billing	409,812	724,444	314,632
5320	Collecting	513,841	544,537	30,696
5325	Collecting - Cash Over and Short	131	-	(131)
5330	Collection Charges	5,012	2,400	(2,612)
5335	Bad Debt Expense	76,418	90,000	13,582
5340	Miscellaneous Customer Accounts Expenses	-	-	-
Total Billing and Collecting Expenses		**$ 1,203,346**	**$ 1,584,893**	**$ 381,547**
	Community Relations (including sales expenses)			
5405	Supervision	$ -	$ -	$ -
5410	Community Relations - Sundry	-	-	-
5415	Energy Conservation	-	-	-
5420	Community Safety Program	-	-	-
5425	Miscellaneous Customer Service and Informational Expenses	-	-	-
5505	Supervision	-	-	-
5510	Demonstrating and Selling Expense	-	-	-
5515	Advertising Expenses	-	-	-
5520	Miscellaneous Sales Expense	-	-	-
Total Community Relations Expenses		**$ -**	**$ -**	**$ -**
	Administrative and General Expenses			
5605	Executive Salaries and Expenses	$ 551,799	$ 615,289	$ 63,490
5610	Management Salaries and Expenses	224,091	446,326	222,235
5615	General Administrative Salaries and Expenses	733,521	692,718	(40,803)
5620	Office Supplies and Expenses	72,633	97,075	24,442
5625	Administrative Expense Transferred - Credit	-	-	-
5630	Outside Services Employed	194,759	107,800	(86,959)
5635	Property Insurance	45,374	45,980	606
5640	Injuries and Damages	60,280	73,251	12,971
5645	Employee Pensions and Benefits	0	93,566	93,566
5650	Franchise Requirements	-	-	-
5655	Regulatory Expenses	133,671	138,500	4,829
5660	General Advertising Expenses	1,700	5,800	4,100
5665	Miscellaneous General Expenses	349,616	443,469	93,853
5670	Rent	-	-	-
5675	Maintenance of General Plant	201,310	157,243	(44,067)
5680	Electrical Safety Authority Fees	-	-	-
5685	Independent Electricity System Operator Fees and Penalties	-	-	-
5695	OM&A Contra Account	-	-	-
6205	Donations (Charitable Contributions)	-	12,000	12,000
Total Administrative and General Expenses		**$ 2,568,754**	**$ 2,929,017**	**$ 360,263**
	Total OM&A	**$ 5,178,941**	**$ 6,120,273**	**$ 941,332**
	% Change			**18.18%**

The total 2015 Bridge Year OM&A is $6,120,273; an increase of $941,332 or 18.18% greater than the 2014 Actual amount of $5,179,941.

Items to note:

(i) *USofA accounts 5020, 5025 and 5120* - The total for the 2015 Bridge Year is $547,393 compared to the same grouping for 2014 Actual $589,606. The combined variance is $42,213.

(ii) *USofA 5315* - Communication costs, data collection fees are forecasted to increase per meter plus an increase in ODS fees and postage rate increase.

(iii) *USofA 5610* - In the 2015 Bridge Year forecast, there are no costs eligible for capitalization, as was the case during the ERP Implementation in 2014.

(iv) *USofA 5630* – HHHI is forecasting a decrease in audit fees and legal costs over the 2014 Actual costs.

(v) *USofA 5665* – This account includes $27,000 for a forecasted increase in software & hardware maintenance costs.

Table 4-11: OM&A Variances – 2016 Test Year vs 2015 Bridge Year

USoA	Description	2015 Bridge Year	2016 Test Year	2016 Test Year Variance vs. 2015 Bridge Year
	Distribution Expenses - Operations			
5005	Operation Supervision and Engineering	$ 197,020	$ 240,916	$ 43,897
5010	Load Dispatching	-	-	-
5012	Station Buildings and Fixtures Expense	19,680	19,680	-
5014	Transformer Station Equipment - Operation Labour	-	-	-
5015	Transformer Station Equipment - Operation Supplies and Expenses	-	-	-
5016	Distribution Station Equipment - Operation Labour	209,334	195,574	(13,760)
5017	Distribution Station Equipment - Operation Supplies and Expenses	38,256	38,256	-
5020	Overhead Distribution Lines and Feeders - Operation Labour	452,461	481,275	28,814
5025	Overhead Distribution Lines and Feeders - Operation Supplies and Expenses	78,932	95,918	16,986
5030	Overhead Sub-transmission Feeders - Operation	-	-	-
5035	Overhead Distribution Transformers - Operation	12,000	13,800	1,800
5040	Underground Distribution Lines and Feeders - Operation Labour	-	-	-
5045	Underground Distribution Lines and Feeders - Operation Supplies and Expenses	10,100	12,125	2,025
5050	Underground Sub-transmission Feeders - Operation	-	-	-
5055	Underground Distribution Transformers - Operation	-	-	-
5060	Street Lighting and Signal System Expense	-	-	-
5065	Meter Expense	231,580	242,103	10,523
5070	Customer Premises - Operation Labour	-	-	-
5075	Customer Premises - Operation Materials and Expenses	-	-	-
5085	Miscellaneous Distribution Expenses	16,000	16,000	-
5090	Underground Distribution Lines and Feeders - Rental Paid	-	-	-
5095	Overhead Distribution Lines and Feeders - Rental Paid	-	-	-
5096	Other Rent	-	-	-
Total Distribution Expenses - Operations		**$ 1,265,363**	**$ 1,355,647**	**$ 90,284**
	Distribution Expenses - Maintenance			
5105	Maintenance Supervision and Engineering	-	-	$ -
5110	Maintenance of Buildings and Fixtures - Distribution Stations	-	-	-
5112	Maintenance of Transformer Station Equipment	-	-	-
5114	Maintenance of Distribution Station Equipment	10,500	10,500	-
5120	Maintenance of Poles, Towers and Fixtures	16,000	16,800	800
5125	Maintenance of Overhead Conductors and Devices	-	-	-
5130	Maintenance of Overhead Services	-	-	-
5135	Overhead Distribution Lines and Feeders - Right of Way	297,500	327,500	30,000
5145	Maintenance of Underground Conduit	-	-	-
5150	Maintenance of Underground Conductors and Devices	16,500	18,825	2,325
5155	Maintenance of Underground Services	-	-	-
5160	Maintenance of Line Transformers	-	-	-
5165	Maintenance of Street Lighting and Signal Systems	-	-	-
5170	Sentinel Lights - Labour	-	-	-
5172	Sentinel Lights - Materials and Expenses	-	-	-
5175	Maintenance of Meters	500	500	-
5178	Customer Installations Expenses - Leased Property	-	-	-
5195	Maintenance of Other Installations on Customer Premises	-	-	-
Total Distribution Expenses - Maintenance		**$ 341,000**	**$ 374,125**	$ 33,125

Table 4-11: OM&A Variances – 2016 Test Year vs 2015 Bridge Year (cont'd)

USoA	Description	2015 Bridge Year	2016 Test Year	2016 Test Year Variance vs. 2015 Bridge Year
	Billing and Collecting			
5305	Supervision	193,712	197,420	$ 3,708
5310	Meter Reading Expense	29,800	39,586	9,786
5315	Customer Billing	724,444	975,639	251,195
5320	Collecting	544,537	584,093	39,555
5325	Collecting - Cash Over and Short	-	-	-
5330	Collection Charges	2,400	4,200	1,800
5335	Bad Debt Expense	90,000	90,000	-
5340	Miscellaneous Customer Accounts Expenses	-	-	-
Total Billing and Collecting Expenses		**$ 1,584,893**	**$ 1,890,937**	**$ 306,044**
	Community Relations (including sales expenses)			
5405	Supervision	-	-	$ -
5410	Community Relations - Sundry	-	-	-
5415	Energy Conservation	-	-	-
5420	Community Safety Program	-	-	-
5425	Miscellaneous Customer Service and Informational Expenses	-	-	-
5505	Supervision	-	-	-
5510	Demonstrating and Selling Expense	-	-	-
5515	Advertising Expenses	-	-	-
5520	Miscellaneous Sales Expense	-	-	-
Total Community Relations Expenses		**$ -**	**$ -**	**$ -**
	Administrative and General Expenses			
5605	Executive Salaries and Expenses	615,289	628,891	$ 13,602
5610	Management Salaries and Expenses	446,326	543,015	96,688
5615	General Administrative Salaries and Expenses	786,284	787,504	1,220
5620	Office Supplies and Expenses	97,075	106,539	9,464
5625	Administrative Expense Transferred - Credit	-	-	-
5630	Outside Services Employed	107,800	156,440	48,640
5635	Property Insurance	45,980	45,980	-
5640	Injuries and Damages	73,251	73,251	-
5645	Employee Pensions and Benefits	(0)	(0)	-
5650	Franchise Requirements	-	-	-
5655	Regulatory Expenses	138,500	141,000	2,500
5660	General Advertising Expenses	5,800	5,800	-
5665	Miscellaneous General Expenses	443,469	468,115	24,646
5670	Rent	-	-	-
5675	Maintenance of General Plant	157,243	165,536	8,293
5680	Electrical Safety Authority Fees	-	-	-
5685	Independent Electricity System Operator Fees and Penalties	-	-	-
5695	OM&A Contra Account	-	0	0
6205	Donations (Charitable Contributions)	12,000	12,027	27
Total Administrative and General Expenses		**$ 2,929,017**	**$ 3,134,097**	**$ 205,080**
	Total OM&A	**$ 6,120,273**	**$ 6,754,806**	**$ 634,533**
	% Change			**10.37%**

The total 2016 Test Year OM&A is forecasted at $6,754,806. This forecasted amount is $634,533 or 10.37% greater than the 2015 Bridge Year of $6,120,273.

Items to note:

(i) *USofA 5315* – The increase in USofA 5315 is reflective of the cost increases to implement Monthly Billing and include:

   i. Increase in AMI Communications - $36,000
   ii. Increase in postage - $112,000
   iii. One new FTE – Billing Clerk - $78,000

(ii) *USofA 5610* – The costs associated with the addition of one new FTE – IT Business Analyst

Cost Driver Tables

The following is a description of the primary drivers that have influenced the increase in HHHI's OM&A expenditures since 2012, the date of the last cost of service application up to and including the 2016 Test Year. Each driver is summarized by its net change year over year. HHHI has provided comments on those variances greater than the materiality level of $65,000.

Table 4-12 (Board Appendix 2-JB) provides a list of the cost drivers that affected OM&A spending, year over year, based on the materiality threshold established in this application or where the cost driver is common or recurring expenditures that has impacted multiple years. The OM&A opening balance for the last Rebasing Year of $5,793,399 is equal to the 2012 Board Approved $5,900,000 less $106,601 for Property Tax.

Table 4-12: Board Appendix 2-JB - Recoverable OM&A Cost Driver Table

OM&A	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	Cumulative
Reporting Basis	CGAAP	CGAAP	CGAAP	CGAAP	MIFRS	
Opening Balance	**5,793,399**	**5,812,477**	**5,084,431**	**5,178,941**	**6,120,273**	**5,793,399**
One-time recognition of Smart Meter OM&A from EB-2011-0271	-	(951,608)	-	-	-	(951,608)
Deferred hiring of 2 FTEs	(150,500)	-	-	-	-	(150,500)
New FTEs (GIS Tech, Billing Clerk, Business Analyst, Line Apprentice)	-	-	-	74,000	157,918	231,918
Change in Salaries and Wages	-	252,071	280,451	154,003	157,712	844,237
Change in Benefit Costs including OMERS	81,883	70,402	6,147	23,063	35,684	217,179
Benefit increase 2016 Renewal	-	-	-	-	60,480	60,480
Tree trimming	-	-	-	15,000	30,000	45,000
Bad debt expense	(13,898)	3,898	(13,582)	13,582	-	(10,000)
Implementation of monthly billing (excluding FTE billing clerk-included above)	-	-	-	-	173,195	173,195
One-time Direct Labour capitalized for ERP Implementation	-	-	(428,934)	428,934	-	-
Contract Labour - (customer communications, Meter Service Provider, Programming support-OESP changes)	-	-	-	72,400	-	72,400
Customer Survey and communications	-	-	21,000	28,262	-	49,262
Hardware software maintenace increase (ESRI and SCADA Software costs)	-	-	12,139	36,000	-	48,139
Hardware software maintenace increase (New ERP Software costs)	-	-	-	75,000	-	75,000
IT Security assessment & review	-	-	41,000			41,000
Smart meter communications costs(portal mtce, data collection costs)	-	-	14,000	19,991		33,991
Vehicle costs increase	112,321	(112,321)				-
Creative & Critical Thinking initiative (Efficiency savings)						-
Benefit savings- 3 year rate freeze (Health & Dental)	-	(60,316)	-	-	-	(60,316)
Control Room	-	34,500	103,500	-	17,000	155,000
Health and Safety	-	15,000	49,500	-	-	64,500
Property Taxes	(10,728)	2,289	2,638	1,097	2,544	(2,160)
Other OM&A costs	-	18,039	6,651	-	-	24,690
Closing Balance	**5,812,477**	**5,084,431**	**5,178,941**	**6,120,273**	**6,754,806**	**6,754,806**
Year over Year Variance		**-12.5%**	**1.9%**	**18.2%**	**10.4%**	
Percent Change - 2012 Actuals to 2016 Test Year					**16.2%**	
Average Increase Year over Year					**4.5%**	

Employee Compensation

The changes in year over year OM&A employee compensation is a result of increases in wages and benefits, resourcing required to deliver OM&A programs and changes in the allocation of labour hours between OM&A and capital programs as a result of differing annual demands.

i) Resourcing

Every year there are challenges that require resourcing adjustments to deliver OM&A programs.

In general, HHHI has experienced increased demand for services around customer engagement, inbound and outbound calls, locates and collection activities. Between 2012-2015 inbound/outbound calls have increased by 66%, locates increased by 55% and collection work orders increased 60%.

A number of provincial policy initiatives including amendments to customer service rules, especially around low income, smart meter deployment, time of use rate conversion, connection and settlement of renewable micro and larger generators, renewed regulatory framework, customer engagement, smart grid development, demand response and supporting conservation programs have all been incremental workloads for the business.

For the most part, HHHI has been able to handle this increased workload through efficiency improvements and prioritization of work activities. HHHI works very hard to manage its permanent staff complement levels, however, some small changes have been required to manage workload and reduce overtime. HHHI's 2012 Board Approved complement of FTEs was 51. In 2012, HHHI operated with 49 staff where the 2015 Bridge and 2016 Test Years require a permanent complement of 51 and 53 respectively.

In 2015 and 2016, HHHI is expecting two retirements that will require FTE's to temporarily increase as a result of succession planning and the need for on the job training of new staff.

ii) Wages

HHHI's overall compensation for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel in an industry that is facing an aging workforce and is very competitive for skilled resources. The compensation package includes a base wage and benefits package. HHHI's workforce is comprised of both unionized and non-unionized management employees. In 2014 approximately 78% of HHHI's workforce was unionized.

For more information about compensation please refer to the Compensation section in Exhibit 4, Tab 3, Schedule 2.

HHHI's collective agreement with unionized staff provides for annual payroll increases and employee wage progressions. Labour rates and benefits are adjusted annually based on negotiated percentages as per the collective agreement. HHHI's current collective agreement covers a four (4) year period expiring on March 31, 2016. Wages and benefits are a result of a collaborative and negotiated process, based on many factors including recent settlements in the electricity industry including neighbouring LDC's.

For management employees, HHHI utilizes the industry standards and benchmarks with LDCs in the Greater Toronto Area (GTA). As shown in Table 4-13, Summary of Wage Increases by Year, the average increase for unionized employees for the four year period to 2015 is 2.725% per year while management staff, with merit and progression adjustment has averaged 2.86% for the same period. Management staff has had higher relative increases because the majority of staff is new to the company or new in their position. Annual increases are greater in this situation as employees are rewarded for increasing productivity and capacity to take on more tasks.

Table 4-13: Summary of Wage Increases by Year

Year	Union %	Cumulative	Non-Union%	Cumulative
2012	2.90%	2.90%	3.29%	3.29%
2013	2.65%	5.55%	3.12%	6.41%
2014	2.65%	8.20%	2.74%	9.15%
2015 Bridge Year	2.70%	10.90%	2.30%	11.45%
2016 Test Year	2.00%	12.90%	2.00%	13.45%

iii) Benefit Costs

Please refer to the Employee Compensation section of this Exhibit and Table 4-23 for further details on benefit cost changes. Increases in benefit and pension costs are primarily due to increases in OMERS pension expenses. Pension contributions have increased due to the 2009 economic downturn which resulted in a funding deficit in the OMERS pension plan as well as additional OMERS administrative cost for staffing levels to meet operational demands. To eliminate the funding deficit, OMERS introduced contribution increases for both the employee and employer portion. Please refer to Table 4-14 for a summary of OMERS contribution changes.

Table 4-14: OMERS Rate Increases by Year

Year	YMPE	NRA 65 Up to YMPE	over YMPE
2012	50,100	8.30%	12.80%
2013	51,100	9.00%	14.60%
2014	52,500	9.00%	14.60%
2015 Bridge Year	52,500	9.00%	14.60%
2016 Test Year	52,500	9.00%	14.60%

Health benefit costs have decreased 1.7% since 2012 a result of HHHI negotiating a three (3) year rate freeze with the insurance provider. This rate freeze ends in 2015.

Employee Future Benefits

Employee future benefits fluctuate on the results of third party actuarial valuations. The decrease in the 2015 Bridge and 2016 Test Years is a result of the changes required on adopting the Modified International Financial Reporting Standards (MIFRS). Please refer to the Employee Compensation section of this Exhibit and Table 4-26 for further details on Employee Future Benefit cost changes.

OM&A Cost per Customer and Full-Time Equivalent

Included in Table 4-15 is a summary of the OM&A Cost per Customer and per Full-Time Equivalent (FTE) and directly reflects Board Appendix 2-L. The number of customer is based on a twelve month average of all rate classes and includes number of connections. The FTE number does not include HHHI's Board of Directors, temporary employees or students. FTE numbers is based on a calendar year average.

Table 4-15: Board Appendix 2-L - Recoverable OM&A Cost per Customer and per FTE

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis	R-CGAAP	R-CGAAP	R-CGAAP	R-CGAAP	MIFRS	MIFRS
Number of Customers	$ 25,676	$ 25,757	$ 26,039	$ 26,285	$ 26,437	$ 26,652
Total Recoverable OM&A from Appendix 2-JB	$ 5,793,400	$ 5,812,477	$ 5,084,432	$ 5,178,941	$ 6,120,273	$ 6,754,806
OM&A cost per customer	$ 226	$ 226	$ 195	$ 197	$ 232	$ 253
Number of FTEs	$ 51	$ 50	$ 49	$ 50	$ 51	$ 53
Customers/FTEs	$ 503	$ 515	$ 531	$ 531	$ 523	$ 508
OM&A Cost per FTE	$ 113,596	$ 116,250	$ 103,764	$ 104,625	$ 121,194	$ 128,663

PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS (2.4.3)

Materiality Threshold

In accordance with Chapter 2 of the Filing Requirements, an applicant must provide justification for changes from year to year to its rate base, capital expenditures and OM&A spending above a materiality threshold. HHHI's materiality threshold is calculated as 0.5% of proposed distribution revenue requirements for distributors with a revenue requirement of greater than $10 million and less than or equal to $200 million. The materiality threshold as per Table 4-16 is calculated at $62,364 and HHHI has adopted a threshold of $65,000 for variance analysis.

Table 4-16: Materiality Threshold

Description	2016 Test Year
Distribution Revenue Requirement	12,472,736
Materiality Threshold	0.50%
Materiality Calculated	62,364
Materiality Used	**65,000**

HHHI has a variety of programs, activities and initiatives that are imperative to HHHI's continuing effort to provide reliable and affordable service to customers and ultimately to provide customer satisfaction. In Appendix 4-A (Board Appendix 2-JC), HHHI has identified its programs and major functions on a comparative basis from 2012 Actual to 2016 Test Year. These programs contribute to achieving the new RRFE performance outcomes of Customer Focus, Operational Effectiveness, Public Responsiveness and Financial Ratios. This shows the alignment of HHHI's direct costs and the management of the costs associated with the outcomes. An analysis is provided below on all material variances that exceed the materiality threshold for the 2016 Test year versus 2014 Actual and 2016 Test Year versus 2012 Board Approved, adjusted for LEAP.

Employee Compensation Breakdown (2.4.3.1)

Overview

HHHI's overall compensation for all employees is designed to be competitive and equitable in order to attract and retain qualified personnel within an industry that is competing for skilled resources in the face of an aging workforce. Compensation packages include a base wage and benefits package. HHHI's workforce is comprised of both unionized and non-unionized (management) employees.

Unionized Employees

The compensation for unionized employees is negotiated through the collective bargaining process and includes both office and trade workers. The unionized employees are represented by the Power Workers' Union (PWU) - CUPE Local 1000.

HHHI's collective agreement with unionized staff provides for annual payroll increases, employee wage progressions, benefits and allowances. Labour rates and benefits are adjusted annually based on negotiated percentages as per the collective agreement. HHHI's current collective agreement commenced on April 1, 2013 and will expire on March 31, 2016.

Each job classification at HHHI has a basic job description and wage rate progression scale that increases from a base rate to a maximum rate. The Stevenson Kellogg Ernst and Whitney system is utilized by HHHI to evaluate job classifications and develop a wage rate progression scale. This system uses a multi-factor approach to rate jobs relative to each other. The factors contributing to the wage rate include complexity, education, experience, initiative, physical/mental demands, accountability, contacts, supervision and working conditions. A joint management/union team uses a defined process to determine overall job rating.

Non-Union / Management Employees

Non-Union and Management compensation plans consists of salaries, benefits, and incentive compensation. Each position within the company has been placed on a pay scale which is reviewed annually by Executive Management and the HHHI Board of Directors' Compensation Committee. Each employee's position within their respective range is reviewed based on performance and an inflationary adjustment. Changes to Executive Management compensation, if any, are approved by the HHHI Board of Directors.

Benefits

A comprehensive and competitive employee benefits package includes health and dental insurance, life insurance, and OMERS pension plan. The plans are designed to address the health and welfare needs of the employee population with similar plans for both union and management employees.

All full time staff participates in Post-Retirement Benefits of which the accrued expense is based on an actuarial valuation. The latest copy of the actuarial valuation, completed by Collins Barrow in March 2015, has been provided in Appendix 4-B of this Exhibit.

Staffing and Compensation

HHHI's employee complement, compensation and benefits are set out in Table 4-17, Board Appendix 2-K below. Table 4-17, Board Appendix 2-K does not include HHHI's Board of Directors, temporary employees or students.

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

The salary and wage amounts include all salaries and wages paid, inclusive of incentive pay for management, overtime, vacations, floater holidays, sick leave, bereavement leave, union meetings and other miscellaneous paid leave.

The benefit amounts include the employer's portion of statutory benefits (CPP, EI and EHT), employer contributions to OMERS and WSIB and HHHI's costs for providing extended health care, dental, long-term disability and life insurance and health and safety protection for its employees.

1 **Table 4-17: Board Appendix 2-K - Employee Costs**

2

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Number of Employees (FTEs including Part-Time)						
Management (including executive)	11	11	11	11	12	12
Non-Management (union and non-union)	40	38	38	39	40	42
Total	51	49	49	50	52	54
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	1,110,359	1,208,951	1,252,806	1,284,966	1,262,030	1,376,395
Non-Management (union and non-union)	2,893,134	2,644,037	2,852,253	2,751,808	3,067,967	3,244,901
Total	$ 4,003,493	$ 3,852,988	$ 4,105,059	$ 4,036,774	$ 4,329,997	$ 4,621,296
Total Benefits (Current + Accrued)						
Management (including executive)	274,705	330,397	323,748	342,367	320,413	349,719
Non-Management (union and non-union)	827,630	853,821	812,210	830,121	815,786	863,244
Total	$ 1,102,335	$ 1,184,218	$ 1,135,958	$ 1,172,488	$ 1,136,199	$ 1,212,963
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 1,385,064	$ 1,539,348	$ 1,576,554	$ 1,627,333	$ 1,582,443	$ 1,726,114
Non-Management (union and non-union)	$ 3,720,764	$ 3,497,858	$ 3,664,463	$ 3,581,929	$ 3,883,753	$ 4,108,145
Total	**$ 5,105,828**	**$ 5,037,206**	**$ 5,241,017**	**$ 5,209,262**	**$ 5,466,196**	**$ 5,834,259**
Percentage Change			**4.0%**	**-0.6%**	**4.9%**	**6.7%**

3

4 Table 4-18 summarizes the number of full time employees by department at year end since 2012.

5 **Table 4-18A: Full-Time Employees by Department**

	Last Rebasing Year - 2012- Board Approved	Last Rebasing Year - 2012- Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Management	11	11	11	11	12	12
Union	40	38	38	39	40	42
Total	**51**	**49**	**49**	**50**	**52**	**54**

6

Table 4-18B: Full-Time Employees by Department

Department	Last Rebasing Year - 2012 Board Approved	Last Rebasing Year - 2012 Actual	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year	Variance - 2016 vs 2012 actual	Variance - 2016 vs 2012 Board Approved
Operations								
Operations Administration	2	2	2	2	2	2	-	-
Lines	11	11	11	11	12	13	2	2
Stores	1	1	1	1	1	1	-	-
Mechanic	1	1	1	1	1	1	-	-
Sub-Total	15	15	15	15	16	17		
Engineering								
Engineering	7	6	6	6	6	6	-	(1)
Control Room	1	0	0	0	0	0	-	(1)
Sub-Total	8	6	6	6	6	6		
System Planning								
System Planning	0	0	0	1	2	2	2	2
Substations	2	2	2	2	1	1	(1)	(1)
Metering	2	2	2	2	2	2	-	-
Locates	1	1	1	1	1	1	-	-
Sub-Total	5	5	5	6	6	6		
Finance								
Accounting/Finance	4	4	4	4	4	4	-	-
Regulatory	1	1	1	1	1	1	-	-
Sub-Total	5	5	5	5	5	5		
Customer Care & Billing								
Billing	3	3	3	3	3	4	1	1
Billing - AMI Co-ordinator	1	1	1	1	1	1	-	-
Customer care	8	8	8	8	8	8	-	-
Sub-Total	12	12	12	12	12	13		
Information Technology (IT)								
IT	2	2	2	2	2	3	1	1
Sub-Total	2	2	2	2	2	3		
Administration								
Project Manager	1	1	1	1	1	1	-	-
Administration	3	3	3	3	3	3	-	-
Sub-Total	4	4	4	4	4	4		
Grand Total	**51**	**49**	**49**	**50**	**51**	**54**	5	3
Increase / (Decrease) over prior year		(2)	-	1	1	3		
Increase / (Decrease) 2016 over 2012 Board Approved						3		

The number of new positions since 2012 and drivers is provided in Table 4-19.

Table 4-19: New Positions Since 2012 Actual

Driver	Number of Employees
Lines - Apprentice, succession planning in anticipation of potential Line Dept retirements	1
System Planning - GIS Technician, Hired in 2015 to manage work load increase with implementation and updating new GIS System, in addition to assistance in maitaining Asset Management Plan and Distribution System Plan	1
Billing - Clerk for monthly billing - Planned new hire in January 2016 for implementing transition to monthly billing	1
IT - Business Analyst - Support all aspects of New ERP 'Dynamics GP' and related appliations to maximize investment	1
Total	**4**

HHHI's 2012 Cost of Service application and settlement included a total complement of 51 full time employees. The actual complement in 2012 and 2013 was 49 as HHHI operated at this level because of several efficiencies introduced and the establishment of a collaborative partnership with Oakville Hydro Distribution Inc. This collaborative control room relationship allowed HHHI to avoid significant cost increases, including the cost avoidance of not hiring one FTE, as originally included in the 2012 Board Approved. The 2016 test year includes a complement of 54 representing an increase of 5 positions over 2012 actual or an increase of 3 positons from the approved 2012 cost of service application.

Employee Demographics

As per table 4-20, HHHI's employee turnover, primarily due to retirements, has been the most significant employee challenge and not expanding the workforce. Turnover occurs when employees retire or leave the organization. This turnover can cause a ripple effect within the organization as HHHI attempts to fill vacancies from promoting within, whenever possible. Through the 2012 to 2014 period, HHHI experienced eight (8) turnovers in staff positions, mostly due to the retirements. For the 2015 Bridge Year and the 2016 Test Year, HHHI is planning one (1) retirement for each year. HHHI remains focused on staff training and development, building a cohesive and highly functional team, gaining experience and confidence with equipment and routines and working productively and safely. Given that the industry has highly specialized and complex job functions, it can take a few years to become efficient and to work safely. New staff and those staff promoted within the organization have risen to the challenge of meeting the increasing and changing workload. HHHI's worker safety record not been compromised by any of the employee turnover.

Table 4-20: Employee Turnover

Department	2011 Actuals	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Department						
Operations						
Lines	0	2			1	3
Stores	0		3	2		
Engineering						
Engineering	0			1	1	
System Planning						
System Planning - GIS				1		
Finance						
Accounting/Finance	0	2		2		
Regulatory	0					
Customer Care & Billing						
Billing	0		2			1
Billing - AMI Co-ordinator	0					
Customer care	0		1		2	
Information Technology (IT)						
IT	0					1
Administration						
Project Manager	0					
Administration	0					
	0	4	6	6	4	5
Retirement	0	2	1	2	1	1
Succession/Replacement	0	2	4	2	3	1
Exits the company	0	0	1	1	0	
Net Change	**0**	**0**	**0**	**1**	**0**	**3**

Succession Planning

HHHI's employee demographics show a lower than industry average length of service in several departments of the business. The length of service in the non-union / management category is the result of a new management team that has primarily been formed since 2014. These individuals have several years of experience within and outside the utility industry; the goal was to marry industry experience with non-industry experience in order to provide a versatile Management team. The union category has an average length of service of 14 years. Within the next five (5) years, there is potential for 29% of the existing union staff to retire. Table 4-21 outlines employee demographics by department. HHHI is preparing for this change through the process of developing a succession plan.

Table 4-21: Employee Demographics

Department	Non-Union Management		Union Employees	
	Average Age	Average Length of Service (yrs)	Average Age	Average Length of Service (yrs)
Accounting Finance	38	9	32	2
Administration	54	13	N/A	N/A
Billing	N/A	N/A	47	16
Customer Care	58	13	53	14
Engineering	36	12	41	10
Information Technology (IT)	40	6	47	15
Operations	51	14	46	16
System Planning	39	12	37	11
Total	**46**	**11**	**45**	**14**

Annual Wages and Benefit Increases

Annual Wages

A summary of annual and cumulative wage increases is shown on Table 4-22 below:

Table 4-22: Summary of Wage Increases by Year

Year	Union %	Cumulative	Non-Union%	Cumulative
2012	2.90%	2.90%	3.29%	3.29%
2013	2.65%	5.55%	3.12%	6.41%
2014	2.65%	8.20%	2.74%	9.15%
2015 Bridge Year	2.70%	10.90%	2.30%	11.45%
2016 Test Year	2.00%	12.90%	2.00%	13.45%

Benefit Program Costs

A detailed summary of benefit program costs are presented in Table 4-23.

Statutory deductions have increased 21% between 2012 and 2016 Test Year as a result of FTE complement increase from 49 to 54, rate increases, wage and progression increases.

Total company benefits have increased 23.9% over the same timeframe due to OMERS increases. Health benefits have decreased by 1.7% since 2012 as a result of HHHI negotiating a three (3) year rate freeze with its insurance provider. This rate freeze ends in 2015.

Table 4-23: Benefit Expense

Benefit	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Company					
CPP	115,885	124,819	124,903	130,002	139,100
EI	52,401	58,207	60,733	64,791	69,206
EHT	79,328	86,508	88,570	86,068	91,788
WSIB	36,772	43,563	39,374	41,679	44,237
Total Statutory	284,386	313,097	313,580	322,539	344,331
Company					
Health	191,597	194,138	161,803	169,273	178,610
Dental	98,390	82,085	80,240	83,652	88,233
LTD	44,101	46,893	40,631	46,436	48,952
AD&D	2,301	2,296	2,297	2,739	2,942
Global	255	247	243	264	280
Life Insurance	33,490	35,964	33,530	41,528	44,611
Life Insurance - Employee Paid	275	98	157	-	-
Retiree Life	14,621	14,796	13,928	14,526	14,526
Sub-total	385,029	376,516	332,828	358,419	378,154
Life Insurance - Employee Paid	(275)	(98)	(157)	-	-
Health, Dental, Life Sub-total	384,754	376,418	332,671	358,419	378,154
OMERS	356,601	427,003	433,150	456,213	491,897
Employee Benefits prior to Employee Future Benefits	1,025,740	1,116,518	1,079,400	1,137,171	1,214,382
Employee Future Benefits	(17,556)	67,700	56,558	35,317	34,484
Total Benefit Costs	**1,008,184**	**1,184,218**	**1,135,958**	**1,172,488**	**1,248,866**

OMERS Pension Plan

HHHI employees are members of the Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan that most LDC's participate in, therefore the pension benefit provided to HHHI employees is consistent with that of other LDC's. The OMERS plan is a contributory defined pension plan which is financed by equal contributions from the employer and employee based on the employee's contributory earnings. HHHI's pension premium information for 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016 Test

Year is detailed in Table 4-24 below. For the 2016 Test Year, HHHI assumed OMERS rates of 9% on earnings up to CPP earning limits and 14.6% on earnings over CPP earnings limit.

Table 4-24: OMERS Pension Expense

Pension Expense	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
OMERS	356,601	427,003	433,150	456,213	491,897

The increases in OMERS premiums from 2012 through 2016 are explained by the increase in pension contribution rates as well as the increase in complement.

Post-Retirement Benefits

The cost of post-employment benefits are actuarially determined using the projected benefit method prorated on service and based on assumptions that reflect management's best estimates. Under this method, the projected post-retirement benefit is deemed to be earned on a pro rata basis over the years of service in the attribution period commencing at date of hire and ending at the earliest age the employee could retire and qualify for benefits. The current service cost for the period is equal to the employees' services rendered in the period. Past service costs from the plan amendments are amortized on a straight line basis over the average remaining service period of the employee's active at the date of amendment. For historical years 2012 to 2014, the excess of the net actuarial gains (losses) over 10% of the accrued benefit obligation was amortized into expense on a straight line basis over the average remaining service period of active employees to full eligibility. Collins Barrow completed an Actuarial Valuation Report on March 17, 2015 that detailed the benefit expense for fiscal 2014 and plan obligation under CICA 3461. At December 2014, the unamortized actuarial loss included as part of the overall liability was $89,363. A copy of the actuarial valuation report is provided in Appendix 4-D.

HHHI engaged Collins Barrow to estimate the benefit expense and plan obligation on the basis of IFRS IAS 19 as on December 31, 2014 and to extrapolate the results for the 2015 Bridge Year and 2016 Test Year. The same employee data, methodology and assumptions that were used in the December 31, 2014 actuarial valuation report under CICA 3461 were used for this extrapolation.

Collins Barrow stated in their correspondence that the calculations conform to the standards set out in the amendments to International Accounting Standard 19 (Employee Benefits) issued June 2012, but note that significant changes to the benefit costs or demographics in 2015 or 2105 would require a full actuarial review. HHHI does not anticipate significant changes therefore this information will be used upon transition.

Under IAS 19, the deferral and amortization of actuarial gains/losses has been eliminated. Therefore in the year of transition to IFRS, HHHI must recognize the cumulative unrecognized actuarial losses in retained earnings. HHHI also recognizes that under IFRS in future years, all re-measurements, which would include actuarial gains and losses, would go through Other Comprehensive Income. For rate setting purposes HHHI has continued to include the future re-measurements in OM&A as shown in Tables 4-25 and 4-26 below. At December 2014, the Net Benefit Liability was $604,005 which included $89,363 of unamortized loss; HHHI has recognized this amount in retained earnings. Table 4-25 below demonstrates the change in the Net Benefit Liability account upon transition.

Table 4-25: Post-Retirement Benefits Liability

EFB Liability Account	$
Accrued Benefit Obligation December 31, 2014	604,005
IFRS 1 - IAS 19 - Retained Earnings	89,363
Accrued Benefit Obligation as at January 1, 2015	693,368
Change in Liability Account	35,317
Accrued Benefit Obligation December 31, 2015	728,685
Total Change in Liability Account	**124,680**

HHHI's post-retirement benefit information for 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016 Test Year is detailed in Table 4-26 below.

Table 4-26: Post-Retirement Benefits Expense

O&M Expense	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Reporting Basis	**CICA 3461**	**CICA 3461**	**CICA 3461**	**IAS 19**	**IAS 19**
Premiums Paid	29,006	30,311	31,675	19,659	20,455
Change in Liability Account	(17,556)	67,700	56,558	35,317	34,484
Total Employee Future Benefits	**11,450**	**98,011**	**88,233**	**54,976**	**54,939**

Shared Services and Corporate Cost Allocation (2.4.3.2)

HHHI currently has service agreements with SouthWestern Energy Corporation (SWE), an affiliated company, and Halton Hills Community Energy Corporation (HHCEC), the parent company for HHHI. These relationships are for either the purchase or provision of products and services, and are in place to benefit from cost savings due to increased efficiencies and economies of scale. A summary of the transactions and pricing methodology used to assign costs for 2011 Actual, 2012 Actual, 2013 Actual, 2014 Actual and projections for the 2015 Bridge Year and 2016 Test Year, are shown in Table 4-27, following Board Appendix 2-N as per the "Filing Guidelines" (Appendix 2-N OEB).

Table 4-27: Shared Services and Corporate Cost Allocation

		2012 Board Approved	2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Halton Hills Community Energy Corporation (HHCEC)	Parent Corporation	$ 25,000	$ -	$ -	$ -	$ -	$ -
SouthWestern Energy Corporation (SWE)	Affiliate	320,000	306,450	299,687	323,026	331,697	331,697
Harvester Energy Canada Inc.	Affiliate (Amagmated with SWE - January 31, 2014)	43,000	6,000	-	-	-	-
1820259 Ontario Inc., operating as Hummingbird Wireless	Affiliate (Busines Assets sold -September 30, 2011; subsequent January 01, 2012 amalgamated with SWE)	8,000	-	-	-	-	-
Total Intercompany Revenue - 4375 Revenues from Non-Utility Operations		**$ 396,000**	**$ 312,450**	**$ 299,687**	**$ 323,026**	**$ 331,697**	**$ 331,697**
Services provided BY HHHI to:			2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
SouthWestern Energy Corporation (SWE)	Water & Sewer billing services and IT Services		252,150	247,697	246,945	253,397	253,397
	Management and administration		54,300	51,990	76,081	78,300	78,300
Harvester Energy Canada Inc.	Management and administration		6,000	-	-	-	-
Services Provided By HHHI			**312,450**	**299,687**	**323,026**	**331,697**	**331,697**
Services provided TO HHHI to:			2012 Actual	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
SouthWestern Energy Corporation (SWE)	Sub-Contract work (construction), year end accounting & special projects), smart meter & gatekeeper maintenance, building maintenance.		32,738	205,098	132,228	177,000	177,000
Halton Hills Community Energy Corproartion (HHCEC)	Management services				211,840	268,356	273,723
Harvester Energy Canada Inc.	Panels on Poles - Green Energy Initiative		148,190	3,383			
Services Provided TO HHHI			**180,928**	**208,481**	**344,068**	**445,356**	**450,723**

Shared Services to Affiliates

HHHI's Services and Products to SWE

SWE sub-contracts HHHI for water and waste water billing services. For the 2015 Bridge Year and 2016 Test Year, HHHI invoicing for water and waste water billing services is $214,182 and is comprised of:

- Payroll costs for one FTE-Billing Clerk and one FTE-Customer Care Representative.
- 45% of budgeted postage cost, and
- 50% of budgeted billing supplies

HHHI charges SWE an occupancy cost based on the occupied square footage, which is reviewed periodically for changes. The occupancy cost for the 2015 Bridge Year and 2016 Test Year is $4,636 per year.

HHHI's executives provide strategic and financial planning, governance, risk management, employee management and mentoring along with Board meeting preparation and attendance to the SWE business. HHHI's IT staff support SWE staff by providing computer and network related services. HHHI's accounting staff support services for SWE include financial reporting, accounts payable, accounts receivable, payroll, banking services. Time and materials are reviewed on an annual basis. The Executive, IT support costs for the 2015 Bridge Year and 2016 Test Year is $112,879 per year.

Total services and products provided by HHHI to SWE for the 2015 Bridge Year and 2016 Test Year amount to $331,697 per year. This recovery of costs is recorded in USofA 4375 – Revenues from Non-Utility Operations.

Shared Services from Affiliates

SWE Services and Products to HHHI

SWE provides the following services to HHHI, based on time and materials:

- Sub-contract work in support of HHHI's operation crews
- Smart meter and gatekeeper maintenance
- Building maintenance
- Year-end accounting support and special projects

Total services and products provided by SWE to HHHI for the 2015 Bridge Year and 2016 Test Year amount to $177,000 per year and comprised of:

- $157,000 sub-contract work supporting HHHI's operations; building maintenance
- $8,000 smart meter and gatekeeper maintenance
- $12,000 year-end accounting support and special projects

HHCEC Services and Products to HHHI

HHCEC's Executives provide strategic and financial planning, governance, risk management, employee management and mentoring along with Board meeting preparation and attendance to the HHHI business. Total services and products provided by HHCEC to HHHI for the 2015 Bridge Year and 2016 Test Year amount to $268,356 per year.

Harvester Energy Canada Inc. Services and Products to HHHI

In 2012, Harvester Energy Canada Inc. provided HHHI with the solar panels in support of HHHI's Green Energy Initiative (GEI).

Harvester Energy Canada Inc. was amalgamated with an affiliate in 2014 and no longer provides any services and products to HHHI.

Corporate Cost Allocations

HHHI does not have any corporate cost allocations.

Purchases of Non-Affiliate Services (2.4.3.3)

HHHI's Purchasing Policy establishes the principles, requirements, accountabilities and guidelines for the purchase of goods and services. The Purchasing Policy establishes amounts, requirements and approvals necessary to maintain full and open competition between suppliers, vendors and contractors through the use of competitive bids, quotations and awards.

This policy ensures that all procurement activities within HHHI maintain high legal, ethical, managerial, and professional standards. HHHI's purchasing policy does identify certain situations where a competitive bid process may not be followed. Exceptions to HHHI's purchasing policy are subject to approval by HHHI's Board. HHHI confirms that it is in compliance with the Purchasing Policy. In accordance with the Board's Filing Requirements issued on July 18, 2015, HHHI has provided a copy of its Purchasing Policy as Appendix 4-G.

The Table 4-28 below illustrates HHHI's purchases by vendor for 2011-2014, where actual expenditures exceeded the $65,000 materiality threshold calculated for this application. The table also identifies the method of selecting the vendor. HHHI anticipates using the same vendors for 2015 and 2016; however HHHI continually searches for new suppliers.

Table 4-28: Products and Services of Non Affiliates

Vendor	Product or Service	Method of Selection	2011 Actual	2012 Actual	2013 Actual	2014 Actual
ABB INC	Transformers	Quote		160,506		
AINSWORTH POWER CONSTRUCTION INC	Construction Services	Tender		315,070		
ALADACO CONSULTING	CDM Implementation Services	Sole Provider			71,792	77,617
ALTRUCK INTL TRUCK CENTRES	Vehicle Purchase/Maintenance	Quote	95,226			
ARNOLD, FOSTER LLP IN TRUST	Legal Services	Sole Provider	236,720			
ASPLUNDH CANADA ULC	Tree Trimming	Tender		78,535	177,209	435,521
BDO CANADA LLP	ERP Implementation/Consulting	Tender			177,553	284,942
BEL VOLT SALES LTD	Pole Line Hardware	Quote		92,317		
BLUEWATER POWER SERVICES CORP.	Contractor (Ice Storm)	Sole Provider				89,685
CANADA POST CORP	Postal Service	Annual Pricing	101,825	92,992	98,436	87,429
CANADIAN ELECTRICAL SERVICES	Transformers	Quote	110,948	228,972	309,336	
DAVEY TREE EXPERT CO CAN LTD	Tree Trimming	Tender	96,208	180,432		78,559
DOLLIVER SURVEYING INC	Surveying	Sole Provider			129,591	74,251
DREXLER CONSTRUCTION LTD	Construction Services	Tender	770,474	959,055	379,851	194,275
DUNDAS POWER LINE LTD.	Eco Evaluation	Sole Provider				155,085
ELSTER CANADIAN METER	Meters	Quote		68,897	70,288	125,503
ELSTER METERING	Meters	Quote				76,379
G&W CANADA INC	Switch Gear	Quote		108,712		
GUELPH UTILITY POLE CO LTD	Poles	Annual Pricing	216,001	309,990	725,097	192,962
HD SUPPLY POWER SOLUTIONS	Pole Line Hardware	Quote	173,010	678,531	1,347,192	417,006
HDP CANADA INDUSTRIAL FUND INC	Economic Evaluation	Quote	76,381			
HONEYWELL LTD	HVAC	Tender	238,721	197,915	177,276	90,764
KPMG LLP, T4348	Auditing/Consulting	Annual Pricing	144,496			
LAKEPORT POWER LTD	Pole Line Hardware	Quote	131,680	100,022		
LOBLAWS INC	ERII Incentive Program	NA		60,681		
MATTAMY HOMES LIMITED	Expansion Rebate	NA		197,801		
MEARIE MANAGEMENT INC	Insurance/Training	Sole Provider	460,349	544,582	552,121	463,005
MID-RANGE COMPUTER GROUP INC	Computer Equipment/Repairs & Maintenance	Sole Provider	65,931	88,161	139,259	111,446
NBM ENGINEERING INC	Inspection Services	Annual Pricing	81,618	143,634	106,132	162,482
NEOPOST CANADA LIMITED	Postage	Sole Provider			67,154	
NORAMCO	Wire	Quote		150,306		
NORTON ROSE FULBRIGHT LLP	Legal Services	Sole Provider		134,531		
OLAMETER INC	Meter Services	Sole Provider	168,887	154,576	173,685	137,152
POSI-PLUS ONTARIO INC	Vehicle Purchase/Maintenance	Quote		223,169	138,031	302,830
QUALITY TREE SERVICE	Tree Trimming	Tender		81,298	107,946	115,401
RODAN ENERGY SOLUTIONS INC	Meter Purchases/Install	Sole Provider		200,888		
S & C ELECTRIC CANADA LTD	Line Hardware	Quote	96,299	327,509		
SPRINGBOARD MANAGEMENT INC	Safety Team Services	Sole Provider			163,564	72,885
SUNCOR ENERGY PRODUCTS PARTNERSHIP	Fuel	Sole Provider	89,725	99,639	106,687	130,204
SUNGARD PUBLIC SECTOR INC	Software Services	Sole Provider	149,591	67,132	78,046	92,323
SUPER SUCKER HYDRO VAC SERVICE INC	Construction Services	Annual Pricing	69,405	162,736	175,924	141,640
UNION GAS LIMITED	CDM Delivery Services	Sole Provider			104,752	
UTILISMART CORPORATION	Settlement	Sole Provider	84,501	88,473	88,417	83,219
WESTMORE POLELINE & ELECTRIC INC	Construction Services	Tender		891,461	1,593,410	958,723

One-Time Costs (2.4.3.4)

HHHI has included one-time cost or non-annual costs of $70,500 in its 2016 Test Year revenue requirement, based on a five year recovery until the next cost of service application. The costs are identified in Table 4-29 below.

Table 4-29: One-time Costs

Item	Total Cost	2016 Test Year
2016 Cost of Service Application	325,000	65,000
Customer Survey - next survey in 2017	27,000	5,500
Total One-Time Costs	**352,000**	**70,500**

Cost of Service Application

HHHI estimates that the total incremental costs associated with the Cost of Service Application will be $325,000, details are described in Regulatory section of this exhibit, Table 4-30 (Board Approved Appendix 2-M). One fifth of this amount has been included in the 2016 Test Year.

Customer Survey

HHHI is scheduled to complete a customer survey in 2017. The total incremental cost associated with the customer survey is $27,000. One fifth of this amount has been included in the 2016 Test Year.

Regulatory Costs (2.4.3.5)

Regulatory expenses continue to increase with the demand for reporting, ensuring compliance in a complex environment and the completion of annual incentive rate mechanism filings and cost of service applications. HHHI's Regulatory Affairs Officer is primarily responsible for preparing and submitting all regulatory filings and rate applications, completing audits, ensuring regulatory and legislative compliance and providing input to the various regulatory agencies. Due to the fact that there exists only one employee in the Regulatory Department, the salary and benefits for the Regulatory Affairs Officer have been included in Administration Salaries and Benefits for both the 2012 and 2016 Cost of Service applications.

HHHI's other regulatory expenses include annual assessment fees paid to the OEB, cost awards for hearings, proceedings and other matters before the regulatory body and costs associated with consultants providing regulatory compliance assistance.

Table 4-30 (Board Appendix 2-M) shows the Regulatory cost approved in 2012 Cost of Service in addition to 2014 actuals, 2015 Bridge Year forecast and 2016 Test Year forecast.

Line 1 in Table 4-30 indicates a 36.3% increase in 2016 forecasted OEB Annual Assessment amounts. HHHI used the average of the actual last four (4) quarter assessments to calculate the forecasted amount.

Lines 2 and 6 in Table 4-30 indicates a 49.4% and 58.0% increase in Applicant-originated OEB Section 30 Costs and Consultants' Costs respectively. The increase in Lines 2 and 6 relates to the increase in expected Board and Consultants' costs for proceeding EB-2015-0074, HHHI's 2016 Cost of Service Application over the 2012 Cost of Service amortized costs.

Of particular note is Line 8 in Table 4-30. The amount of $7,351 forecasted for 2016 reflects eight (8) months of an annual $10,901 amortization for the costs associated with customer engagement activities undertaken as part of this application. The customer engagement activities included focus groups, phone and on-line surveys. These activities were conducted by a third party.

HHHI has already and will continue to incur significant costs for preparing, processing and approval of this Application. The costs include consulting and legal fees, incremental expenses related to staff resources, temporary employees, customer engagement and forecasted intervenor cost awards as identified in Table 4-30 (Board Appendix 2-M). The total cost for this application is forecasted to be $325,000. As shown in Table 4-30, HHHI has forecasted $20,966 in expert witness fees related to Asset Management and Distribution System Plan review, $61,498 in legal fees directly related and incremental for the Cost of Service application, $30,352 in consultant costs, $54,507 in other incremental costs related to customer engagement activities and $102,905 in intervenor costs. The total costs in Table 4-30 amount to $270,422. HHHI has forecasted an additional $54,500 in OEB Section 30 Costs (Applicant-originated) associated with HHHI's 2016 Cost of Service application for a total forecasted $324,922. This amount will be amortized over the Test Year and following four (4) IRM periods.

Table 4-30A: Board Appendix 2-M -Regulatory Costs

	Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost?	Last Rebasing Year (2012 Board Approved)	Most Current Actuals Year 2014	2015 Bridge Year	Annual % Change	2016 Test Year	Annual % Change
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = [(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
1	OEB Annual Assessment	5665		On-Going	$ 62,000	$ 61,864	$ 43,058	-30.40%	$ 58,686	36.30%
2	OEB Section 30 Costs (Applicant-originated)	5665		One-Time		$ 4,865	$ 4,865	0.00%	$ 7,267	49.37%
3	OEB Section 30 Costs (OEB-initiated)	5665		On-Going	$ 6,000	$ 650	$ 4,667	618.32%	$ 4,667	0.00%
4	Expert Witness costs for regulatory matters	5665		One-Time		$ -			$ 2,795	
5	Legal costs for regulatory matters	5665		On-Going	$ 22,500	$ 28,940	$ 27,442	-5.18%	$ 5,047	-81.61%
	Legal costs for regulatory matters-2016 COS	5665		One-Time					$ 12,300	
6	Consultants' costs for regulatory matters	5665		On-Going	$ 10,000	$ 3,245	$ 3,245	0.00%	$ 5,129	58.04%
7	Operating expenses associated with staff resources allocated to regulatory matters	5665		On-Going	$ 102,866	$ 9,733	$ 9,733	0.00%	$ 3,270	-66.40%
8	Operating expenses associated with other resources allocated to regulatory matters [1]	5665		One-Time		$ 272	$ 273	0.19%	$ 7,351	2596.54%
9	Other regulatory agency fees or assessments	5665		On-Going		$ 800	$ 800	0.00%	$ 800	0.00%
10	Any other costs for regulatory matters (please define)	5665		On-Going		$ 143	$ -	-100.00%	$ -	
11	Intervenor costs	5665		On-Going	$ 12,500	$ 18,017	$ 18,820	4.46%	$ 20,230	7.50%
12	Sub-total - Ongoing Costs [3]		$ -		$ 215,866	$ 123,392	$ 107,765	-12.66%	$ 97,830	-9.22%
13	Sub-total - One-time Costs [4]		$ -		$ -	$ 5,137	$ 5,138	0.01%	$ 29,713	478.34%
14	Total		$ -		$ 215,866	$ 128,529	$ 112,902	-12.16%	$ 127,542	12.97%

Table 4-30B: Board Appendix 2-M – 2016 Cost of Service Application Costs

	Regulatory Cost Category	Historical Year(s)	2015 Bridge Year	2016 Test Year
4	Expert Witness costs	-	3,966	17,000
5	Legal costs	1,498	10,000	50,000
6	Consultants' costs	-	6,552	23,800
7	Incremental operating expenses associated with staff resources allocated to this application.	143	50	-
8	Incremental operating expenses associated with other resources allocated to this application. [1]	-	46,507	8,000
11	Intervenor costs			102,905

<u>Charitable Donations/LEAP (2.4.3.6 and 2.4.3.7)</u>

Low-income Energy Assistance Programs (LEAP)

In 2012, the Board approved a contribution to Low-Income Energy Assistance Programs ("LEAP") in the amount of $12,000. The actual required Board Approved is $10,346; total service revenue of $8,621,486 at .012%. HHHI has contributed $10,346 annually from 2012 to 2015.

HHHI will continue to provide low-income customers with emergency financial assistance in the future. HHHI has included $12,027 in the 2016 Test Year. HHHI understands that this amount will be adjusted based on the final service revenue requirement. For purposes of this rate application, this amount has been included in USofA 6205, to ensure that it is captured appropriately in the revenue requirement model and separate from other charitable donations that are not eligible to be included in the distribution revenue requirement.

Charitable Donations and Political Donations

Charitable Donations

HHHI is not requesting recovery of donations as such costs are excluded from the revenue requirement calculation.

Political Donations

HHHI confirms that it does not make political contributions; therefore no political contributions have been included for recovery.

DEPRECIATION, AMORTIZATION AND DEPLETION (2.4.4)

Overview

HHHI's current depreciation/amortization policy is based on Modified International Financial Reporting Standards (MIFRS) and guidelines set out by the Board, where applicable. HHHI will be transitioning to IFRS effective January 1, 2015 and as such the depreciation/amortization policy in effect for the 2015 Bridge Year and 2016 Test Year is compliant with MIFRS.

On July 17, 2013, the Board issued a statement indicating that changes to depreciation rates and capitalization policies that would have been implemented under IFRS, could be made in 2013 under CGAAP (i.e. effective January 1, 2013), and must be made no later than 2014 (i.e. effective January 1, 2014), regardless of whether the Canadian Accounting Standards Board (AcSB) permitted further deferrals beyond 2013 for the changeover to IFRS (Board Letter, July 17, 2013 *"Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies in 2013 and 2014"*).

In its 2012 Cost of Service Rate Application (EB-2011-0271), HHHI adopted the Revised CGAAP basis of reporting beginning January 1, 2012. As part of the transition to Revised CGAAP in 2012, HHHI implemented changes to its depreciation rates and capitalization policy. HHHI also adjusted the CGAAP book value of its assets based on new useful lives provided in the HHHI specific Kinectrics report (EB-2011-0271, Exhibit 2, Appendix A Kinetrics Report for HHHI). The book value variance of assets between original CGAAP and Revised CGAAP was recorded in Deferral and Variance Account 1575 and amortized from 2012 to 2016. The implementation of Revised CGAAP, the new useful lives of assets and capitalization policy were approved by the Board in HHHI's 2012 Cost of Service Rate Application.

In 2012, HHHI implemented changes to depreciation rates and the componentization of PP&E. Useful lives were aligned with HHHI Specific Kinectrics report and an assessment was made of remaining service lives for the purposes of determining the computation of depreciation expense on a go-forward basis. HHHI confirms that significant parts or components of each item of PP&E are being depreciated separately and is discusses in more detail below.

HHHI's capital assets related to the distribution system and capital contributions are amortized on a straight line basis, applying the "half-year" rule in the year of addition, over the deemed life of the assets. This is in accordance with Section 2.7.4 of Chapter 2 of the Filing Requirements for Electricity Distribution Rate Applications. Construction in progress assets are not amortized until the project is complete.

HHHI's accounting policy is to capitalize borrowing costs that are directly related to its capital expenditures. HHHI will continue to capitalize borrowing costs under IFRS if they meet the criteria of a qualifying asset which is defined in the Board's Report of the Board EB-2008-0408 Transition to International Financial Reporting Standards, June 28, 2009 as "an assets that necessarily takes a substantial period of time to get ready for its intended use or sale".

For the purposes of calculating depreciation for this Application, the "half-year" rule has been applied for all in-service, 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016 Test Year capital additions for distribution system assets and capital contributions. Contributed capital changes in relation to the transition to IFRS are explained below.

A summary of HHHI's depreciation by year is provided in Table 4-31. Tables 4-32 through 4-36 provide a summary, by year, for 2012 Actual, 2013 Actual, 2014 Actual, 2015 Bridge Year and 2016 Test Year of HHHI's depreciation expense, including asset amounts and rates of depreciation or amortization. These tables tie back to the accumulated depreciation balances in the Fixed Asset Continuity Schedules provided in Exhibit 2 - Rate Base, that are consistent with Board Appendix 2-BA.

Table 4-31: Summary of Depreciation / Amortization by Year

	Description	2012 Board Approved	2012 Acutal	2013 Actual	2014 Actual	2015 Bridge Year	2016 Test Year
Reporting Basis		Revised GAAP	Revised GAAP	Revised GAAP	Revised GAAP	MIFRS	MIFRS
1805	Land		-	-	-	-	-
1806	Land Rights		-	-	-	-	-
1808	Buildings and Fixtures		-	-	-	-	-
1820	Distribution Station Equipment - Normally Primary below 50 kV	151,978	88,877	91,165	78,714	61,228	93,129
1830	Poles, Towers and Fixtures	291,664	230,103	293,107	370,688	419,333	485,175
1835	Overhead Conductors and Devices	115,238	170,997	187,415	200,128	210,006	240,278
1840	Underground Conduit	28,351	20,488	21,655	22,918	24,714	33,826
1845	Underground Conductors and Devices	88,851	217,241	246,926	266,116	286,513	296,064
1850	Line Transformers	126,718	221,002	232,734	238,026	256,704	278,906
1855	Services	60,785	-	-	-	4,278	13,405
1860	Meters	267,190	391,136	159,421	167,243	154,835	164,802
1905	Land	-	-	-	-	-	-
1906	Land Rights	-	-	-	-	-	-
1908	Buildings and Fixtures	81,541	82,160	82,317	80,998	65,813	70,992
1920	Computer Equipment - Hardware	119,744	242,839	115,155	35,621	178,182	210,932
1611	Computer Software	155,699	237,178	179,415	232,948	648,404	670,479
1915	Office Furniture and Equipment	18,888	10,290	12,406	40,381	30,332	42,445
1930	Transportation Equipment	210,198	184,231	159,509	131,339	153,830	173,580
1935	Stores Equipment	2,680	-	-	-	-	-
1940	Tools, Shop and Garage Equipment	52,063	52,040	54,524	37,616	36,802	39,902
1945	Measurement and Testing Equipment	-	-	-	-	-	-
1955	Communication Equipment	-	51,625	4,634	2,576	4,365	15,065
1960	Miscellaneous Equipment	-	-	-	-	-	-
1970	Load Management Controls - Customer Premises	12,187	-	-	-	-	-
1975	Load Management Controls - Utility Premises	-	-	-	-	-	-
1980	System Supervisory Equipment	45,516	-	47,811	45,158	-	-
1990	Other Tangible Property	-	-	-	-	-	-
1995	Contributions and Grants	(90,769)	(128,903)	(165,680)	(190,487)	-	-
2440	Deferred Revenue	-	-	-	-	(262,091)	(298,960)
2005	Property under Capital Lease	-	-	-	-	-	-
2070	Other utility plant	-	-	-	-	-	-
2055	Work in Process	-	-	-	-	-	-
GROSS ASSET TOTAL		**1,738,522**	**2,071,302**	**1,722,514**	**1,759,983**	**2,273,249**	**2,530,022**

1 Table 4-32: 2012 Actuals – Asset Amount, Accumulated Amortization, Depreciation
2 Amount & Rate of Depreciation – R- CGAAP
3

	Description	Gross Asset	Accumulated Amortization	Depreciation Expense	Useful Life
Reporting Basis		Revised GAAP	Revised GAAP	Revised GAAP	Revised GAAP
1805	Land	591,341	-	-	
1806	Land Rights	4,738	-	-	
1808	Buildings and Fixtures	3,590,614	-	-	42
1820	Distribution Station Equipment - Normally Primary below 50 kV	5,713,606	1,117,451	88,877	20
1830	Poles, Towers and Fixtures	19,075,259	12,881,791	230,103	50
1835	Overhead Conductors and Devices	6,929,755	761,222	170,997	50
1840	Underground Conduit	1,077,676	98,676	20,488	50
1845	Underground Conductors and Devices	6,524,393	607,731	217,241	35
1850	Line Transformers	8,037,729	790,428	221,002	35/40
1855	Services	3,032,052	418,500	-	50
1860	Meters	4,969,692	76,329	391,136	15/45
1905	Land	-	-	-	
1906	Land Rights	-	-	-	
1908	Buildings and Fixtures	-	672,970	82,160	42
1920	Computer Equipment - Hardware	1,352,790	1,025,029	242,839	3
1611	Computer Software	1,426,105	1,108,835	237,178	2
1915	Office Furniture and Equipment	426,778	255,489	10,290	5
1930	Transportation Equipment	2,760,304	1,481,219	184,231	8/12/15
1935	Stores Equipment	59,018	52,043	-	10
1940	Tools, Shop and Garage Equipment	649,237	350,102	52,040	10
1945	Measurement and Testing Equipment	-	-	-	10
1955	Communication Equipment	-	6,507	51,625	10
1960	Miscellaneous Equipment	-	-	-	10
1970	Load Management Controls - Customer Premises	633,035	298,141	-	10
1975	Load Management Controls - Utility Premises	-	-	-	
1980	System Supervisory Equipment	1,120,704	425,242	-	20
1990	Other Tangible Property	-	-	-	
1995	Contributions and Grants	(6,346,445)	(1,268,002)	(128,903)	35/40/50
2440	Deferred Revenue	-	-	-	
2005	Property under Capital Lease	-	-	-	
2070	Other utility plant		-	-	
2055	Work in Process	1,570,979	-	-	
			-	-	
GROSS ASSET TOTAL		**63,199,360**	**21,159,704**	**2,071,302**	

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Table 4-33: 2013 Actuals – Asset Amount, Accumulated Amortization, Depreciation Amount & Rate of Depreciation – R-CGAAP

	Description	Gross Asset	Accumulated Amortization	Depreciation Expense	Useful Life
Reporting Basis		Revised GAAP	Revised GAAP	Revised GAAP	Revised GAAP
1805	Land	591,591	-	-	
1806	Land Rights	4,738	-	-	
1808	Buildings and Fixtures	3,590,614	-	-	42
1820	Distribution Station Equipment - Normally Primary below 50 kV	5,713,606	1,206,328	91,165	20
1830	Poles, Towers and Fixtures	22,266,952	13,111,894	293,107	50
1835	Overhead Conductors and Devices	8,009,640	932,219	187,415	50
1840	Underground Conduit	1,150,788	119,163	21,655	50
1845	Underground Conductors and Devices	7,143,546	824,972	246,926	35
1850	Line Transformers	8,731,981	1,011,430	232,734	35/40
1855	Services	3,054,541	418,500	-	50
1860	Meters	5,308,957	467,465	159,421	15/45
1905	Land	-	-	-	
1906	Land Rights	-	-	-	
1908	Buildings and Fixtures	-	755,130	82,317	42
1920	Computer Equipment - Hardware	1,497,027	1,267,868	115,155	3
1611	Computer Software	1,582,924	1,346,012	179,415	2
1915	Office Furniture and Equipment	429,916	265,779	12,406	5
1930	Transportation Equipment	2,828,050	1,665,450	159,509	8/12/15
1935	Stores Equipment	59,018	52,043	-	10
1940	Tools, Shop and Garage Equipment	697,339	402,142	54,524	10
1945	Measurement and Testing Equipment	-	-	-	10
1955	Communication Equipment	633,035	58,132	4,634	10
1960	Miscellaneous Equipment	-	-	-	10
1970	Load Management Controls - Customer Premises	101,160	298,141	-	10
1975	Load Management Controls - Utility Premises	-	-	-	
1980	System Supervisory Equipment	1,137,242	425,242	47,811	20
1990	Other Tangible Property	-	-	-	
1995	Contributions and Grants	(7,254,067)	(1,396,905)	(165,680)	35/40/50
2440	Deferred Revenue	-	-	-	
2005	Property under Capital Lease	-	-	-	
2070	Other utility plant	-	-	-	
2055	Work in Process	3,144,067	-	-	
			-	-	
GROSS ASSET TOTAL		**70,422,665**	**23,231,005**	**1,722,514**	

Table 4-34: 2014 Actuals – Asset Amount, Accumulated Amortization, Depreciation Amount & Rate of Depreciation – R-CGAAP

	Description	Gross Asset	Accumulated Amortization	Depreciation Expense	Useful Life
Reporting Basis		Revised GAAP	Revised GAAP	Revised GAAP	Revised GAAP
1805	Land	591,591	-	-	
1806	Land Rights	4,738	-	-	
1808	Buildings and Fixtures	3,634,056	-	-	42
1820	Distribution Station Equipment - Normally Primary below 50 kV	5,754,028	1,297,492	78,714	20
1830	Poles, Towers and Fixtures	26,872,181	13,405,000	370,688	50
1835	Overhead Conductors and Devices	8,698,625	1,119,633	200,128	50
1840	Underground Conduit	1,191,251	140,818	22,918	50
1845	Underground Conductors and Devices	8,192,213	1,071,899	266,116	35
1850	Line Transformers	10,435,275	1,244,164	238,026	35/40
1855	Services	3,054,541	418,500	-	50
1860	Meters	5,390,375	626,886	167,243	15/45
1905	Land	-	-	-	
1906	Land Rights	-	-	-	
1908	Buildings and Fixtures	-	837,447	80,998	42
1920	Computer Equipment - Hardware	1,543,189	1,383,024	35,621	3
1611	Computer Software	2,355,680	1,525,427	232,948	2
1915	Office Furniture and Equipment	430,956	278,185	40,381	5
1930	Transportation Equipment	3,213,261	1,824,959	131,339	8/12/15
1935	Stores Equipment	59,018	52,043	-	10
1940	Tools, Shop and Garage Equipment	720,869	456,666	37,616	10
1945	Measurement and Testing Equipment	-	-	-	10
1955	Communication Equipment	635,513	62,767	2,576	10
1960	Miscellaneous Equipment	-	-	-	10
1970	Load Management Controls - Customer Premises	101,160	298,141	-	10
1975	Load Management Controls - Utility Premises	-	-	-	
1980	System Supervisory Equipment	1,140,049	473,053	45,158	20
1990	Other Tangible Property	-	-	-	
1995	Contributions and Grants	(8,449,133)	(1,562,585)	(190,487)	35/40/50
2440	Deferred Revenue	-	-	-	
2005	Property under Capital Lease	-	-	-	
2070	Other utility plant	-	-	-	
2055	Work in Process	3,133,245	-	-	
			-	-	
GROSS ASSET TOTAL		**78,702,679**	**24,953,519**	**1,759,983**	

Table 4-35: 2015 Bridge Year – Asset Amount, Accumulated Amortization, Depreciation Amount & Rate of Depreciation – MIFRS

	Description	Gross Asset	Accumulated Amortization	Depreciation Expense	Useful Life
Reporting Basis		**MIFRS**	**MIFRS**	**MIFRS**	**MIFRS**
1805	Land	1,524,591	-	-	
1806	Land Rights	4,738	-	-	
1808	Buildings and Fixtures	3,784,056	-	-	42
1820	Distribution Station Equipment - Normally Primary below 50 kV	6,021,473	1,376,207	61,228	20
1830	Poles, Towers and Fixtures	29,749,857	13,775,688	419,333	50
1835	Overhead Conductors and Devices	9,921,860	1,319,761	210,006	50
1840	Underground Conduit	1,555,641	163,736	24,714	50
1845	Underground Conductors and Devices	8,690,804	1,338,015	286,513	35
1850	Line Transformers	11,229,339	1,482,190	256,704	35/40
1855	Services	3,396,804	418,500	4,278	50
1860	Meters	5,733,561	794,129	154,835	15/45
1905	Land	-	-	-	
1906	Land Rights	-	-	-	
1908	Buildings and Fixtures	-	918,444	65,813	42
1920	Computer Equipment - Hardware	1,664,689	1,418,645	178,182	3
1611	Computer Software	2,441,180	1,758,375	648,404	2
1915	Office Furniture and Equipment	482,092	318,566	30,332	5
1930	Transportation Equipment	3,542,261	1,956,298	153,830	8/12/15
1935	Stores Equipment	59,018	52,043	-	10
1940	Tools, Shop and Garage Equipment	750,869	494,282	36,802	10
1945	Measurement and Testing Equipment	5,000	-	-	10
1955	Communication Equipment	642,513	65,343	4,365	10
1960	Miscellaneous Equipment	-	-	-	10
1970	Load Management Controls - Customer Premises	101,160	298,141	-	10
1975	Load Management Controls - Utility Premises	-	-	-	
1980	System Supervisory Equipment	1,433,011	518,212	-	20
1990	Other Tangible Property	-	-	-	
1995	Contributions and Grants	(8,449,133)	(1,753,072)	-	35/40/50
2440	Deferred Revenue	(1,448,137)	-	(262,091)	
2005	Property under Capital Lease	-	-	-	
2070	Other utility plant	-	-	-	
2055	Work in Process	3,583,245	-	-	
			-	-	
GROSS ASSET TOTAL		**86,420,490**	**26,713,502**	**2,273,249**	

Table 4-36: 2016 Test Year – Asset Amount, Accumulated Amortization, Depreciation Amount & Rate of Depreciation – MIFRS

	Description	Gross Asset	Accumulated Amortization	Depreciation Expense	Useful Life
Reporting Basis		MIFRS	MIFRS	MIFRS	MIFRS
1805	Land	1,524,591	-	-	
1806	Land Rights	4,738	-	-	
1808	Buildings and Fixtures	4,069,056	-	-	42
1820	Distribution Station Equipment - Normally Primary below 50 kV	7,030,082	1,437,434	93,129	20
1830	Poles, Towers and Fixtures	33,456,395	14,195,021	485,175	50
1835	Overhead Conductors and Devices	11,423,114	1,529,767	240,278	50
1840	Underground Conduit	2,102,453	188,450	33,826	50
1845	Underground Conductors and Devices	8,898,968	1,624,528	296,064	35
1850	Line Transformers	12,122,624	1,738,894	278,906	35/40
1855	Services	3,784,715	422,778	13,405	50
1860	Meters	6,028,271	948,963	164,802	15/45
1905	Land	-	-	-	
1906	Land Rights	-	-	-	
1908	Buildings and Fixtures	-	984,258	70,992	42
1920	Computer Equipment - Hardware	1,739,689	1,596,827	210,932	3
1611	Computer Software	2,443,980	2,406,779	670,479	2
1915	Office Furniture and Equipment	552,092	348,898	42,445	5
1930	Transportation Equipment	3,687,261	2,110,128	173,580	8/12/15
1935	Stores Equipment	59,018	52,043	-	10
1940	Tools, Shop and Garage Equipment	782,869	531,085	39,902	10
1945	Measurement and Testing Equipment	5,000	-	-	10
1955	Communication Equipment	742,513	69,708	15,065	10
1960	Miscellaneous Equipment	-	-	-	10
1970	Load Management Controls - Customer Premises	101,160	298,141	-	10
1975	Load Management Controls - Utility Premises	-	-	-	
1980	System Supervisory Equipment	1,519,590	518,212	-	20
1990	Other Tangible Property	-	-	-	
1995	Contributions and Grants	(8,449,133)	(1,753,072)	-	35/40/50
2440	Deferred Revenue	(2,580,840)	(262,091)	(298,960)	
2005	Property under Capital Lease	-	-	-	
2070	Other utility plant	-	-	-	
2055	Work in Process	3,583,245	-	-	
			-	-	
GROSS ASSET TOTAL		**94,631,450**	**28,986,751**	**2,530,022**	

Asset and Retirement Obligations

At this time, HHHI does not have any Asset Retirement Obligations ("AROs"), associated depreciation or accretion expenses in relation to the AROs to report as part of this Application.

Depreciation Practices - Useful Lives and Componentization

In its 2012 Cost of Service Rate Application (EB-2011-0271), HHHI adopted the Revised CGAAP basis of reporting beginning January 1, 2012. As part of the change-over to Revised CGAAP in 2012, HHHI changed its depreciation rates and capitalization policy. HHHI also adjusted the CGAAP book value of its assets based on new useful lives provided in the HHHI specific Kinectrics report. The book value variance of assets between original CGAAP and Revised CGAAP was recorded in Deferral and Variance account 1575 and amortized from 2012 to 2016. The implementation of Revised CGAAP, the new useful lives of assets and capitalization policy were approved by the Board in HHHI's 2012 Cost of Service Rate Application.

HHHI Capitalization Policy, Overhead Policy and Componentization of PP&E have not been changed from those approved in HHHI 2012 COS EB-2011-0271.

Depreciation Expense

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

- 2012 – Revised GAAP (Table 4-37), consistent with Board Appendix 2-CB;
- 2013 – Revised CGAAP (Table 4-38), consistent with Board Appendix 2-CC;
- 2014 Actuals under MIFRS (Table 4-39), consistent with Board Appendix 2-CD;
- 2015 Bridge Year under MIFRS (Table 4-40), consistent with Board Appendix 2-CE; and
- 2016 Test Year under MFIRS (Table 4-41), consistent with Board Appendix 2-CF.

Table 4-37: Board Appendix 2-CB - 2012 Actual Depreciation & Amortization Expense - Revised CGAAP

Account	Description	Opening NBV as at Jan 1, 2012 [5] (a)	Additions (d)	Average Remaining Life of Opening NBV [4] (i)	Years (new additions only) [3] (f)	Depreciation Rate on New Additions (g) = 1 / (f)	Depreciation Expense on Opening NBV (j) = (a) / (i)	Depreciation Expense on Additions [1] (h)=((d)*0.5)/	2012 Depreciation Expense (k) = (j) +	2012 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l)	Variance [2] (m) = (k) -	Depreciation Expense on 2012 Full Year Additions (n) = (d)/(f)	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2012 Full Year Depreciation [6] (p) = (j) + (n) -
1611	Computer Software (Formally known as Account 1925)	$ 1,236,063	$ 190,042	-	2.00	50.00%	$ -	$ 47,510	$ 47,510	$ 237,178	-$ 189,667	$ 95,021		$ 95,021
1612	Land Rights (Formally known as Account 1906)	$ 4,738	$ 0			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1805	Land	$ 591,591	-$ 250			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1808	Buildings	$ 3,233,684	$ 356,930		42.00	2.38%	$ -	$ 4,249	$ 4,249	$ 82,160	-$ 77,911	$ 8,498		$ 8,498
1810	Leasehold Improvements	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV	$ 5,145,637	$ 567,968		20.00	5.00%	$ -	$ 14,199	$ 14,199	$ 88,877	-$ 74,678	$ 28,398		$ 28,398
1825	Storage Battery Equipment	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$17,179,058	$ 1,896,201		50.00	2.00%	$ -	$ 18,962	$ 18,962	$ 230,103	-$ 211,141	$ 37,924		$ 37,924
1835	Overhead Conductors & Devices	$ 6,240,894	$ 688,861		50.00	2.00%	$ -	$ 6,889	$ 6,889	$ 170,997	-$ 164,108	$ 13,777		$ 13,777
1840	Underground Conduit	$ 970,548	$ 107,128		50.00	2.00%	$ -	$ 1,071	$ 1,071	$ 20,488	-$ 19,416	$ 2,143		$ 2,143
1845	Underground Conductors & Devices	$ 5,875,827	$ 648,566		35.00	2.86%	$ -	$ 9,265	$ 9,265	$ 217,241	-$ 207,976	$ 18,530		$ 18,530
1850	Line Transformers	$ 7,238,728	$ 799,001		35.00	2.86%	$ -	$ 11,414	$ 11,414	$ 221,002	-$ 209,588	$ 22,829		$ 22,829
1855	Services (Overhead & Underground)	$ 2,730,647	$ 301,405		50.00	2.00%	$ -	$ 3,014	$ 3,014	$ -	$ 3,014	$ 6,028		$ 6,028
1860	Meters (Smart Meters)	$ 1,179,057	$ 3,790,635		15.00	6.67%	$ -	$ 126,354	$ 126,354	$ 391,136	-$ 264,781	$ 252,709		$ 252,709
1905	Land	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ -	$ -		42.00	2.38%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (5 years)	$ 384,354	$ 42,424		5.00	20.00%	$ -	$ 4,242	$ 4,242	$ 10,290	-$ 6,047	$ 8,485		$ 8,485
1920	Computer Equipment - Hardware	$ 1,086,223	$ 266,567		3.00	33.33%	$ -	$ 44,428	$ 44,428	$ 242,839	-$ 198,411	$ 88,856		$ 88,856
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment	$ 2,485,912	$ 274,392		12.00	8.33%	$ -	$ 11,433	$ 11,433	$ 184,231	-$ 172,798	$ 22,866		$ 22,866
1935	Stores Equipment	$ 53,152	$ 5,867		10.00	10.00%	$ -	$ 293	$ 293	$ -	$ 293	$ 587		$ 587
1940	Tools, Shop & Garage Equipment	$ 584,699	$ 64,538		10.00	10.00%	$ -	$ 3,227	$ 3,227	$ 52,040	-$ 48,813	$ 6,454		$ 6,454
1945	Measurement & Testing Equipment	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1950	Power Operated Equipment	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	$ -	$ -		10.00	10.00%	$ -	$ -	$ -	$ 51,625	-$ 51,625	$ -		$ -
1955	Communication Equipment (Smart Meters)	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1970	Load Management Controls Customer Premises	$ 570,108	$ 62,928		10.00	10.00%	$ -	$ 3,146	$ 3,146	$ -	$ 3,146	$ 6,293		$ 6,293
1975	Load Management Controls Utility Premises	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment	$ 1,009,299	$ 111,405		20.00	5.00%	$ -	$ 2,785	$ 2,785	$ -	$ 2,785	$ 5,570		$ 5,570
1985	Miscellaneous Fixed Assets	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property	$ -	$ -			0.00%	$ -	$ -	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants	(6,385,598)	$ 39,153		50.00	2.00%	$ -	$ 392	$ 392	-$ 128,903	$ 129,295	$ 783		$ 783
	Total	**$ 51,414,622**	**$ 10,213,759**				**$ -**	**$ 312,875**	**$ 312,875**	**$ 2,071,302**	**-$ 1,758,427**	**$ 625,751**	**$ -**	**$ 625,751**

Table 4-38: Board Appendix 2-CC - 2013 Actual Depreciation & Amortization Expense - Revised CGAAP

Account	Description	Additions (d)	Years (new additions only) (f)	Depreciation Rate on New Additions (g) = 1 / (f)	2013 Depreciation Expense [1] (h)=2012 Full Year Deprecation + ((d)*0.5)/(f)	2013 Depreciation Expense per Apppendix 2-BA Fixed Assets, Column J (l)	Variance [2] (m) = (h) - (l)	Depreciation Expense on 2013 Full Year Additions (n)=((d))/(f)	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2013 Full Year Depreciation [3] (p) = 2012 Full Year Depreciation + (n) - (o)
1611	Computer Software (Formally known as Account 1925)	$ 156,819	2.00	50.00%	$ 134,226	$ 179,415	-$ 45,189	$ 78,410		$ 173,431
1612	Land Rights (Formally known as Account 1906)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land	$ 250		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings	$ -	42.00	2.38%	$ 8,498	$ 82,317	-$ 73,819	$ -		$ 8,498
1810	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV	$ -	20.00	5.00%	$ 28,398	$ 91,165	-$ 62,766	$ -		$ 28,398
1825	Storage Battery Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 3,191,693	50.00	2.00%	$ 642,476	$ 293,107	$ 349,370	$ 63,834		$ 674,393
1835	Overhead Conductors & Devices	$ 1,079,885	50.00	2.00%	$ 24,576	$ 187,415	-$ 162,838	$ 21,598		$ 35,375
1840	Underground Conduit	$ 73,112	50.00	2.00%	$ 2,874	$ 21,655	-$ 18,781	$ 1,462		$ 3,605
1845	Underground Conductors & Devices	$ 619,154	35.00	2.86%	$ 27,375	$ 246,926	-$ 219,551	$ 17,690		$ 36,221
1850	Line Transformers	$ 694,253	35.00	2.86%	$ 32,746	$ 232,734	-$ 199,987	$ 19,836		$ 42,664
1855	Services (Overhead & Underground)	$ 22,489	50.00	2.00%	$ 6,253	$ -	$ 6,253	$ 450		$ 6,478
1860	Meters (Smart Meters)	$ 339,265	15.00	6.67%	$ 264,018	$ 159,421	$ 104,597	$ 22,618		$ 275,327
1905	Land	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ -	42.00	2.38%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (5 years)	$ 3,137	5.00	20.00%	$ 8,799	$ 12,406	-$ 3,607	$ 627		$ 9,112
1920	Computer Equipment - Hardware	$ 144,237	3.00	33.33%	$ 112,895	$ 115,155	-$ 2,260	$ 48,079		$ 136,935
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment	$ 67,746	12.00	8.33%	$ 37,122	$ 159,509	-$ 122,387	$ 5,646		$ 39,944
1935	Stores Equipment	$ -	10.00	10.00%	$ 587	$ -	$ 587	$ -		$ 587
1940	Tools, Shop & Garage Equipment	$ 48,101	10.00	10.00%	$ 8,859	$ 54,524	-$ 45,665	$ 4,810		$ 11,264
1945	Measurement & Testing Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1950	Power Operated Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	$ -	10.00	10.00%	$ -	$ 4,634	-$ 4,634	$ -		$ -
1955	Communication Equipment (Smart Meters)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1970	Load Management Controls Customer Premises	$ 101,160	10.00	10.00%	$ 11,351	$ -	$ 11,351	$ 10,116		$ 16,409
1975	Load Management Controls Utility Premises	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment	$ 16,538	20.00	5.00%	$ 5,984	$ 47,811	-$ 41,827	$ 827		$ 6,397
1985	Miscellaneous Fixed Assets	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants	(907,623)	50.00	2.00%	-$ 8,293	-$ 165,680	$ 157,387	-$ 18,152		-$ 17,369
	Total	**$ 5,650,217**			**$ 1,348,744**	**$ 1,722,514**	**-$ 373,770**	**$ 277,849**	**$ -**	**$ 1,487,668**

Table 4-39: Board Appendix 2-CD - 2014 Actual Depreciation & Amortization Expense - Revised GCAAP

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 Deprecation + ((d)*0.5)/(f)	2014 Depreciation Expense per Apppendix 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)	$ 772,756	2.00	50.00%	$ 366,620	$ 232,948	$ 133,672	$ 386,378		$ 559,809
1612	Land Rights (Formally known as Account 1906)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings	$ 43,442	42.00	2.38%	$ 9,015	$ 80,998	-$ 71,982	$ 1,034		$ 9,533
1810	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV	$ 40,422	20.00	5.00%	$ 29,409	$ 78,714	-$ 49,306	$ 2,021		$ 30,420
1825	Storage Battery Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 4,605,229	50.00	2.00%	$ 720,445	$ 370,688	$ 349,758	$ 92,105		$ 766,498
1835	Overhead Conductors & Devices	$ 688,985	50.00	2.00%	$ 42,265	$ 200,128	-$ 157,863	$ 13,780		$ 49,155
1840	Underground Conduit	$ 40,463	50.00	2.00%	$ 4,009	$ 22,918	-$ 18,908	$ 809		$ 4,414
1845	Underground Conductors & Devices	$ 1,048,667	35.00	2.86%	$ 51,202	$ 266,116	-$ 214,915	$ 29,962		$ 66,182
1850	Line Transformers	$ 1,703,294	35.00	2.86%	$ 66,997	$ 238,026	-$ 171,029	$ 48,666		$ 91,330
1855	Services (Overhead & Underground)	$ -	50.00	2.00%	$ 6,478	$ -	$ 6,478	$ -		$ 6,478
1860	Meters (Smart Meters)	$ 81,419	15.00	6.67%	$ 278,041	$ 167,243	$ 110,798	$ 5,428		$ 280,755
1905	Land	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ -	42.00	2.38%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (5 years)	$ 1,040	5.00	20.00%	$ 9,216	$ 40,381	-$ 31,165	$ 208		$ 9,320
1920	Computer Equipment - Hardware	$ 46,162	3.00	33.33%	$ 144,628	$ 35,621	$ 109,007	$ 15,387		$ 152,322
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment	$ 385,211	12.00	8.33%	$ 58,818	$ 131,339	-$ 72,521	$ 32,101		$ 74,868
1935	Stores Equipment	$ -	10.00	10.00%	$ 587	$ -	$ 587	$ -		$ 587
1940	Tools, Shop & Garage Equipment	$ 23,530	10.00	10.00%	$ 12,440	$ 37,616	-$ 25,176	$ 2,353		$ 13,617
1945	Measurement & Testing Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1950	Power Operated Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	$ 2,477	10.00	10.00%	$ 124	$ 2,576	-$ 2,452	$ 248		$ 248
1955	Communication Equipment (Smart Meters)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1970	Load Management Controls Customer Premises	$ -	10.00	10.00%	$ 16,409	$ -	$ 16,409	$ -		$ 16,409
1975	Load Management Controls Utility Premises	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment	$ 2,806	20.00	5.00%	$ 6,467	$ 45,158	-$ 38,691	$ 140		$ 6,537
1985	Miscellaneous Fixed Assets	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants	(1,195,066)	50.00	2.00%	-$ 29,320	-$ 190,487	$ 161,167	-$ 23,901		-$ 41,271
	Total	**$ 8,290,836**			**$ 1,793,850**	**$ 1,759,983**	**$ 33,867**	**$ 606,718**	**$ -**	**$ 2,097,209**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets)									
	Total Depreciation Expense				**$ 1,793,850**					

Table 4-40: Board Appendix 2-CE - 2015 Bridge Year Depreciation & Amortization Expense – 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 2015 Full Year Additions (n)=((d))/(f)	Less Depreciation Expense on Assets Fully Depreciated during the year (o)	2015 Full Year Depreciation [3] (p) = 2014 Full Year Depreciation + (n) - (o)
1611	Computer Software (Formally known as Account 1925)	$ 85,500	2.00	50.00%	$ 581,184	$ 648,404	-$ 67,221	$ 42,750		$ 602,559
1612	Land Rights (Formally known as Account 1906)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1805	Land	$ 933,000		0.00%	$ -	$ -	$ -	$ -		$ -
1808	Buildings	$ 150,000	42.00	2.38%	$ 11,318	$ 65,813	-$ 54,495	$ 3,571		$ 13,104
1810	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1815	Transformer Station Equipment >50 kV	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1820	Distribution Station Equipment <50 kV	$ 267,445	20.00	5.00%	$ 37,106	$ 61,228	-$ 24,122	$ 13,372		$ 43,792
1825	Storage Battery Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1830	Poles, Towers & Fixtures	$ 2,877,676	50.00	2.00%	$ 795,274	$ 419,333	$ 375,941	$ 57,554		$ 824,051
1835	Overhead Conductors & Devices	$ 1,223,235	50.00	2.00%	$ 61,387	$ 210,006	-$ 148,619	$ 24,465		$ 73,619
1840	Underground Conduit	$ 364,390	50.00	2.00%	$ 8,058	$ 24,714	-$ 16,656	$ 7,288		$ 11,702
1845	Underground Conductors & Devices	$ 498,591	35.00	2.86%	$ 73,305	$ 286,513	-$ 213,208	$ 14,245		$ 80,428
1850	Line Transformers		35.00	2.86%	$ -		$ -	$ -		$ -
1855	Services (Overhead & Underground)	$ 342,263	50.00	2.00%	$ 9,901	$ 4,278	$ 5,622	$ 6,845		$ 13,323
1860	Meters (Smart Meters)	$ 343,186	15.00	6.67%	$ 292,194	$ 154,835	$ 137,359	$ 22,879		$ 303,634
1905	Land	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1908	Buildings & Fixtures	$ -	42.00	2.38%	$ -	$ -	$ -	$ -		$ -
1910	Leasehold Improvements	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (10 years)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1915	Office Furniture & Equipment (5 years)	$ 51,136	5.00	20.00%	$ 14,434	$ 30,332	-$ 15,898	$ 10,227		$ 19,548
1920	Computer Equipment - Hardware	$ 121,500	3.00	33.33%	$ 172,572	$ 178,182	-$ 5,610	$ 40,500		$ 192,822
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1930	Transportation Equipment	$ 329,000	12.00	8.33%	$ 104,627	$ 153,830	-$ 49,203	$ 27,417		$ 118,335
1935	Stores Equipment	$ -	10.00	10.00%	$ 587	$ -	$ 587	$ -		$ 587
1940	Tools, Shop & Garage Equipment	$ 30,000	10.00	10.00%	$ 15,117	$ 36,802	-$ 21,685	$ 3,000		$ 16,617
1945	Measurement & Testing Equipment	$ 5,000		0.00%	$ -	$ -	$ -	$ -		$ -
1950	Power Operated Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1955	Communications Equipment	$ 7,000	10.00	10.00%	$ 598	$ 4,365	-$ 3,767	$ 700		$ 948
1955	Communication Equipment (Smart Meters)	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1960	Miscellaneous Equipment	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1970	Load Management Controls Customer Premises	$ -	10.00	10.00%	$ 16,409	$ -	$ 16,409	$ -		$ 16,409
1975	Load Management Controls Utility Premises	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1980	System Supervisor Equipment	$ 292,962	20.00	5.00%	$ 13,862	$ -	$ 13,862	$ 14,648		$ 21,186
1985	Miscellaneous Fixed Assets	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1990	Other Tangible Property	$ -		0.00%	$ -	$ -	$ -	$ -		$ -
1995	Contributions & Grants	(1,448,137)	50.00	2.00%	-$ 55,752	-$ 262,091	$ 206,339	-$ 28,963		-$ 70,233
	Total	**$ 6,473,747**			**$ 2,152,179**	**$ 2,016,545**	**$ 135,635**	**$ 260,499**	**$ -**	**$ 2,282,429**
	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				**$ 2,152,179**					

Table 4-41: Board Appendix 2-CF - 2016 Test Year Depreciation & Amortization Expense – MIFRS

Account	Description	Additions	Years (new additions only)	Depreciation Rate on New Additions	2016 Depreciation Expense [1]	2016 Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [2]
		(d)	(f)	(g) = 1 / (f)	(h)=2015 Full Year Depreciation + ((d)*0.5)/(f)	(l)	(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	2,800	2	50.00%	**603,259**	670,479	**(67,221)**
1612	Land Rights (Formally known as Account 1906)	-		0.00%	**-**	-	**-**
1805	Land	-		0.00%	**-**	-	**-**
1808	Buildings	285,000	42	2.38%	**16,497**	70,992	**(54,495)**
1810	Leasehold Improvements	-		0.00%	**-**	-	**-**
1815	Transformer Station Equipment >50 kV	-		0.00%	**-**	-	**-**
1820	Distribution Station Equipment <50 kV	1,008,609	20	5.00%	**69,007**	93,129	**(24,122)**
1825	Storage Battery Equipment	-		0.00%	**-**	-	**-**
1830	Poles, Towers & Fixtures	3,706,539	50	2.00%	**861,117**	485,175	**375,941**
1835	Overhead Conductors & Devices	1,501,254	50	2.00%	**88,632**	240,278	**(151,646)**
1840	Underground Conduit	546,812	50	2.00%	**17,170**	33,826	**(16,656)**
1845	Underground Conductors & Devices	208,164	35	2.86%	**83,402**	296,064	**(212,662)**
1850	Line Transformers	893,285	35	2.86%	**126,779**	278,906	**(152,128)**
1855	Services (Overhead & Underground)	387,911	50	2.00%	**17,202**	13,405	**3,797**
1860	Meters	294,710	15	6.67%	**313,457**	164,802	**148,656**
1860	Meters (Smart Meters)	-		0.00%	**-**	-	**-**
1905	Land	-	42	2.38%	**-**	-	**-**
1908	Buildings & Fixtures	-		0.00%	**-**	-	**-**
1910	Leasehold Improvements	-		0.00%	**-**	-	**-**
1915	Office Furniture & Equipment (10 years)	70,000	5	20.00%	**26,548**	42,445	**(15,898)**
1915	Office Furniture & Equipment (5 years)	75,000	3	33.33%	**205,322**	210,932	**(5,610)**
1920	Computer Equipment - Hardware	-		0.00%	**-**	-	**-**
1920	Computer Equip.-Hardware(Post Mar. 22/04)	-		0.00%	**-**	-	**-**
1920	Computer Equip.-Hardware(Post Mar. 19/07)	145,000	12	8.33%	**138,085**	173,580	**(35,495)**
1930	Transportation Equipment	-	10	10.00%	**587**	-	**587**
1935	Stores Equipment	32,000	10	10.00%	**18,217**	39,902	**(21,685)**
1940	Tools, Shop & Garage Equipment	-		0.00%	**-**	-	**-**
1945	Measurement & Testing Equipment	-		0.00%	**-**	-	**-**
1950	Power Operated Equipment	100,000	10	10.00%	**5,948**	15,065	**(9,117)**
1955	Communications Equipment	-		0.00%	**-**	-	**-**
1955	Communication Equipment (Smart Meters)	-		0.00%	**-**	-	**-**
1960	Miscellaneous Equipment	-	10	10.00%	**16,409**	-	**16,409**
1970	Load Management Controls Customer Premises	-		0.00%	**-**	-	**-**
1975	Load Management Controls Utility Premises	86,579	20	5.00%	**23,350**	-	**23,350**
1980	System Supervisor Equipment	-		0.00%	**-**	-	**-**
1985	Miscellaneous Fixed Assets	-		0.00%	**-**	-	**-**
1990	Other Tangible Property	(1,132,703)	50	2.00%	**(81,560)**	(298,960)	**217,400**
1995	Contributions & Grants			0.00%	**-**		**-**
	Total	**8,210,959**			**2,549,425**	**2,530,022**	**19,404**
	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				**2,549,425**		

TAXES OR PAYMENTS IN LIEU OF TAXES AND PROPERTY TAXES

PILS and Capital Taxes

HHHI makes payments in lieu (PILs) of corporate taxes calculated in accordance with the rules for computing taxable income, taxable capital and other relevant amounts contained in the *Income Tax Act* (Canada) and the *Corporations Tax Act* (Ontario), as modified by the Electricity Act, 1998, and related regulations. HHHI does not pay Section 89 proxy taxes, and is exempt from the payment of incomes taxes under the *Income Tax Act* (Canada) and the Ontario *Corporations Tax Act*. HHHI is projecting a loss for tax purposes in the 2016 Test year of $1,471,107. HHHI will be subject to a Ontario Corporate Minimum Tax estimated to be $50,000.

HHHI's 2012 Board Approved PILs is $28,979; the actual PILs for 2012 is nil, based on filing amended tax returns for 2012 and 2011. The initiation of the amended tax returns was based on a review of HHHI's capitalization policy for income tax purposes with reference to Canada Revenue Agency (CRA) ***Interpretation Bulletin IT-128R – Capital Cost Allowance – Depreciable Property***. HHHI implemented MIFRS in the 2012 Cost of service (EB-2011-0271) thus allowing HHHI to expense certain amounts capitalized in non-statute barred taxation years in a manner consistent with MIFRS capitalization requirements.

One-Time Tax Recovery - Amended Tax Years

The one-time tax recovery to HHHI is tied to the implementation of Modified International Financial Reporting Standards ("MIFRS"), allowing HHHI to expense certain amounts that had been capitalized in previous years.

The following is a breakdown of the factors leading to the 2013 income tax recovery recorded in HHHI's financial statements for the year ended December 31, 2013 including the related future tax impact. The main factors leading to the recovery in 2013 are as follows:

1. Certain expenses totaling $2,164,901 that were capitalized for accounting but deducted for income tax purposes.

2. Refunds received in 2013 for amending prior year tax returns to deduct certain expenses for income tax purposes that had been previously capitalized.

The aforementioned adjustments resulted in accelerated current deductions and therefore a reduction of current income tax for the current and the prior amended years. The following is a brief summary of the adjustments.

<u>2013 Timing Difference</u>

In 2013, certain expenses were capitalized by HHHI for accounting purposes. In general, the costs related to overhead and pole replacement costs that were capitalized for accounting purposes. However, such costs were eligible to be deducted for income tax purposes in the year incurred. By deducting these outlays for tax purposes in the year incurred, HHHI is immediately recognizing the income tax reduction associated with these costs. Had such amounts been capitalized for income taxes, the income tax deduction would have been realized over the course of several years based on the applicable capital cost allowance rate ("CCA Rate").

The following chart highlights the impact expensing $2,164,901 of costs for income taxes as opposed to capitalizing such amounts, and claiming CCA at an assumed CCA Rate of 8%. As noted below, expensing an item for income tax results in an immediate reduction in income tax equal to the expense multiplied by the tax rate, whereas capitalizing the expense for tax purposes recognizes the reduction in income taxes of that expense over several years depending on the corresponding CCA Rate.

	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total
Expensed For Income Taxes							
Amount Deducted	2,164,901						2,164,901
Current Income Tax Reduction	335,560						335,560

	Year 1	Year 2	Year 3	Year 4	Year 5	Beyond	Total
Capitalized for Income Taxes							
Amount Deducted	86,596	166,264	152,963	140,726	129,468	1,488,884	2,164,901
Current Income Tax Reduction	13,422	25,771	23,709	21,813	20,068	230,777	335,560

It is important to note that deduction of the above costs for income tax purposes in the 2013 year represents a timing difference only, and that the total income tax reduction in both scenarios is equal ($335,560). In general, based on HHHI's treatment of the above items, income for tax purposes for 2014 and subsequent years will be increased because accounting amortization will be added back to income with no tax deduction claimed for such amounts, as the costs were not capitalized for income tax purposes. If HHHI had capitalized these costs for tax purposes in 2013, the income tax reduction would be recognized in 2013 and in subsequent taxation years as CCA.

In general, the current and future tax expense (recovery) reported in the income statement will offset each other whether or not the costs were capitalized or expensed for income tax purposes. However, when applying Part 5 of Section 3465 of the Canadian Institute of Chartered Accountants ("CICA") Handbook, future income tax expense is not reflected in the income statement but rather as part of the regulatory accounts on the balance sheet on the basis that such tax would be reflected in the approved rates charged to customers in the future. As a result, a rate-regulated entity would report the current tax reduction while excluding the future tax impact (i.e., future tax expense) from the income statement.

Prior Year Amended Returns

In 2013, HHHI amended prior year returns to deduct certain pole replacement costs that had been previously capitalized for income tax purposes. However, these costs should be deducted in the year incurred for income tax purposes notwithstanding that they are capitalized for accounting purposes. As previously noted, by deducting these expenses for income tax purposes in the year in which they were incurred, HHHI immediately recognized the income tax reduction associated with these costs. In this regard, as a result of the amended income tax returns, HHHI reduced the appropriate tax depreciation class accordingly for each particular year.

An income tax recovery of $530,441 relating to refiling prior year income tax returns was included in current income tax reported in the 2013 income statement.

The current income tax recoveries recognized in 2013 as a result of accelerating expenses deducted for income tax purposes and from refiling its prior year income tax returns are in respect of timing differences and are not a permanent tax saving. The future tax expense related to the current recovery is not reported in the income statement. In general, income for tax purposes for 2014 and subsequent years will be increased since amortization for the amounts capitalized for accounting will be added back to income with no corresponding tax deduction as the costs were not capitalized for income tax purposes.

HHHI confirms that the current tax practice is incorporated in the tax calculation for the 2015 Bridge Years and the 2016 Test Year.

Detailed Tax Calculations

Table 4-42 below summarizes the tax calculations for 2012 Board Approved, historical years 2012-2014, 2015 Bridge Year and 2016 Test Year. The table itemizes all additions and deductions that are part of HHHI's tax calculations, commonly referred to as T2-Schedule 1 Net Income (Loss) for Income Tax Purposes.

Table 4-42: Tax Calculations

Item	2012 Board Approved	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Net Income Before Taxes	1,496,895	2,490,960	3,623,607	3,419,317	2,577,146	2,311,908
Additions:						
Provision for income taxes- current		408,219	(733,327)	(452,226)	80,000	(220,666)
Provision for income tax deferred			(16,510)	231,731	-	
Interest and penalties on taxes		1,001				
Amortization of tangible assets	1,738,521	1,684,937	1,360,373	1,419,473	2,273,249	2,530,022
Non-deductible mals and entertainment expenses		9,769	4,990	13,595	14,000	14,000
Reserves from Financial statements, End of Year	680,871	710,072	746,388	796,006	836,006	836,006
Apprenticeship Tax Credits	22,000	21,694		34,140	32,784	32,000
Rate application amortization for accounting (over 4 Years)		59,619	59,619	59,619	59,620	59,619
Fixed Asset Amortization booked in other GL accounts (Burden)		177,189	361,646	338,174		
Inducement ITA 12 (1) (x)		2,652				
Capital items expensed			7,402	11,770		
Total Additions	**2,441,392**	**3,075,152**	**1,790,981**	**2,452,282**	**3,295,659**	**3,250,981**
Deductions:						
Capital Cost Allowance - Schedule 8	2,925,444	2,865,370	2,879,478	3,255,868	3,396,279	3,229,145
Cumulative eligible capital - Schedule 10	25,193	25,193	23,429	21,789	20,264	18,845
Reserves from Financial statements, Beginning of Year	680,871	760,191	710,072	746,888	796,006	836,006
Expenses Capitalized for accounting - poles		2,036,092	1,183,227	1,439,197		
Expenses Capitalized for accounting - capitalized overhead			981,674	954,246		
Rate application costs deductible for tax		238,477				
MIFRS - PP&E			209,179	209,179	209,179	
2013 Ice-Storm Costs			1,542,229			
2015 Pole Replacement					1,099,701	
2015 Expenses Capitalized for accounting - capitalized overhead					940,000	
2016 Pole Replacement						2,000,000
2016 Expenses Capitalized for accounting - capitalized overhead						950,000
Total Deductions	**3,631,508**	**5,925,323**	**7,529,288**	**6,627,167**	**6,461,429**	**7,033,996**
Taxable Income:	**306,779**	**(359,211)**	**(2,114,700)**	**(755,568)**	**(588,624)**	**(1,471,107)**
Tax Rate	19.55%	15.50%	15.50%	15.50%	15.50%	15.50%
Income Taxes	59,979	-	-	-	-	-
Ontario Corporate Minimum Tax (CMT)	-	78,278	77,576	86,368	80,000	80,000
Tax credits:						
Apprenticeship tax credit	22,000	15,437	20,000	24,140	20,000	20,000
Other Tax credit	9,000	6,257	12,784	10,000	10,000	10,000
Total Income Tax	**28,979**	**56,584**	**44,792**	**52,228**	**50,000**	**50,000**

Loss Carry Forwards

As at December 31, 2014 HHHI has fully utilized any non-capital losses. The non-capital loss carry-forward balance, as per Schedule 4 – Corporation Loss Continuity and Application in the tax return, is nil. HHHI has Capital loses to be carried forward to future tax years in the amount of $21,069.

Tax Credits

HHHI takes advantage of the tax credits available to minimize taxes payable. Table 4-43 below summarizes the tax credits for 2012 Board Approved, historical years, 2012-2014, 2015 Bridge Year and 2016 Test Year. The tax credits include the Ontario Apprenticeship Training Tax Credit, Apprenticeship Job Creation Credits and the Ontario Co-Operative Education Tax Credit.

Table 4-43: Tax Credits

Current Taxes	2012 Board Approved	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Apprenticeship tax credit	22,000	15,437	20,000	24,140	20,000	20,000
Other educational tax credit	9,000	6,257	12,784	10,000	10,000	10,000
Tax Credits	31,000	21,694	32,784	34,140	30,000	30,000

Property Taxes

HHHI pays property taxes to the Town of Halton Hills for its office premises and the municipal substations. In addition, HHHI makes annual payments to the Ontario Electricity Financial Corporation for "Payments in Lieu of Property Taxes". Property taxes for the 2012 Board Approved, Historical years 2012-2014, the 2015 Bridge Year and the 2016 Test Year are provided in Table 4-44 below.

Table 4-44: Property Taxes

Current Taxes	2012 Board Approved	2012 Actuals	2013 Actuals	2014 Actuals	2015 Bridge Year	2016 Test Year
Building - 5675- Admin	54,780	52,467	55,032	52,739	53,796	55,140
Sub -Stations - 5012- Dist	40,900	34,813	34,794	40,119	40,150	41,150
OEFC - PILs - 5012 -Dist	10,920	8,592	8,335	7,941	7,950	8,150
Total Property Taxes	106,600	95,872	98,161	100,799	101,896	104,440

Non-recoverable and Disallowed Expenses

HHHI has not included donations in the calculation of revenue requirement or PILs.

Integrity Checks

HHHI has completed the integrity checks for the following information as detailed in the filing requirements.

- The depreciation and amortization added back in the PIL's 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 as a closing December 31, 2014 agrees with the opening 2015 Bridge Year UCC. HHHI confirms that non-distribution tax amounts on Schedule 8 were $0 on the December 31, 2014 tax return.
- The CCA deductions in the 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.
- As at December 31, 2014 HHHI does not have any loss carry-forwards to utilize. The 2015 Bridge Year, HHHI is forecasting a taxable loss in the amount of $588,624. The 2016 Test Year, HHHI is forecasting a taxable loss in the amount of $1,471,107.
- HHHI continued to maximize CAA in the 2015 Bridge Year and 2016 Test Year. This may be adjusted to incorporate any changes upon the final outcome of this application process.
- Post-retirement benefit obligations added back on Schedule 1 under the adjustment line for "Reserve from Financial statements", the reconciliation of accounting income to net income for tax purposes, agree with the amounts provided in the OM&A analysis for compensation.
- The income tax rate used to calculate the tax expense is consistent with the HHHI's actual tax facts and the evidence filed in the application.

CONSERVATION AND DEMAND MANAGEMENT

Conservation and Demand Management ("CDM") Costs

On March 26, 2014, the Ministry of Energy issued a directive to the Ontario Energy Board to promote Conservation and Demand Management ("CDM") by amending the licence of each licensed distributor to require that they make CDM programs available to customers in their licenced service area between January 1, 2015 and December 31, 2020 (the "CDM Requirement"). Licensed distributors are to meet their CDM Requirements by making Province-Wide Distributor CDM Programs and /or Local Distributor CDM Programs, funded by the Ontario Power Authority (now the Independent Electricity System Operator) available to all classes of customers in their licenced service area. Therefore, costs directly attributable to HHHI's CDM programs have not been included in its 2016 Test Year revenue requirement.

Lost Revenue Adjustment Mechanism

On March 31, 2010, the Minister of Energy and Infrastructure issued a directive (the "2010 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 licence, 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 while having regard to the objective that lost revenues from CDM programs should not act as a disincentive.

On April 26, 2013, 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 2015 and the level of activities embedded into rates through the distributors load forecast in an LRAM variance account.

LRAM for Pre-2011 CDM Activity

HHHI is not requesting recovery of lost revenue associated with the persistence of pre-2011 legacy programs.

LRAM Variance Account (LRAMVA)

On April 26, 2012, the Board issued Guidelines for Electricity Distributor Conservation and Demand Management ("CDM Guidelines"). The CDM Guidelines authorized the establishment of an LRAM Variance Account (“LRAMVA”) to capture, at the rate class level, the difference between the results of actual, verified impacts of authorized CDM activities and the level of CDM program activities included in a distributor’s load forecast.

In the Partial Settlement Agreement in HHHI’s 2012 cost of service application (EB-2011-0271), the parties accepted the CDM adjustments as presented in the application. As a result, HHHI’s 2012 load forecast was adjusted to reflect the forecasted CDM savings in the 2012 test year as set out in the following Table 4-45.

Table 4-45: CDM Savings in the 2012 Test Year Load Forecast

Rate Class	kWh in 2012 Load Forecast	kW in 2012 Load Forecast
Residential Time of Use	2,396,997	
General Service less than 50 kW	619,006	
General Service 50 to 999 kW	990,030	2,770
General Service 1,000 to 4,999 kW	223,623	607
CDM in Load Forecast	**4,229,656**	**3,377**

HHHI has recorded the difference between the actual, verified impacts of its CDM activities and the level of CDM activities included in its forecast in the LRAMVA by rate class. HHHI has determined the LRAM amount by applying its Board-approved variable distribution charges, including rate riders for tax sharing and foregone revenue, in accordance with the CDM Guidelines. Carrying charges were applied on the opening monthly balance in the LRMAVA based upon the Board’s prescribed interest rates.

Disposition of the LRAMVA

HHHI is now requesting approval for the disposition of the credit balance of $43,002, including interest of $1,672, in its LRAMVA for CDM programs delivered within the 2011 to 2014 period.

HHHI is proposing to dispose of the credit balance by way of a variable rate rider effective from May 1, 2016 to April 30, 2017.

Table 4-46: Proposed Rate Riders for the Disposition of the LRAMVA

Customer Class	2016 Forecasted Customer Numbers	2016 Forecasted kWh	2016 Forecasted kW	Allocated Balance 1568	Rate Rider	Units
Residential	19,955	195,182,110		(15,142)	(0.0000)	Monthly
General Service less than 50 kW	1,696	48,031,437		(10,700)	(0.0001)	kWh
General Service 50 kW to 999 kW	232		391,918	(20,732)	(0.0264)	kW
General Service 1,000 kW to 4,999 kW	14		315,722	1,804	0.0029	kW
Sentinel Lighting	176		633			kW
Street Lighting	4,538		4,090			kW
Un-metered Scattered Load	150	932,138				kWh
TOTAL				**(44,770)**		

HHHI has used the most recent input assumptions available at the time of the program evaluation when calculating its lost revenue amount. HHHI has relied on the Draft 2011-2014 Final Results Report issued by the IESO on July 31, 2015. This report is the most recent and appropriate CDM evaluation available from the IESO. A copy of this report is provided as Appendix 4-H. If necessary, HHHI will update its calculations once the IESO has released the 2011-2014 Final Results Report.

CDM Programs and Initiatives by Rate Class

The lost revenue from 2011 to 2014 by rate class and by year is provided in Table 4-47 below. In accordance with the Filing Requirements, HHHI has also provided separate tables for each rate class that include a list of all CDM programs and initiatives along with the energy savings assigned to those programs and initiatives in each year. The energy savings by program provided do not include persistence. The detailed calculations by rate class are provided in the section entitled Lost Revenue Calculations by Rate Class.

Table 4-47: Lost Revenues by Rate Class

Rate Class	2011	2012	2013	2014	Lost Revenues	Carrying Charges	Total Claim
Residential Time of Use	8,092	(15,699)	(10,343)	3,596	(14,354)	(565)	(14,919)
General Service less than 50 kW	853	(4,074)	(3,758)	(3,163)	(10,142)	(400)	(10,542)
General Service 50 to 999 kW	809	(7,397)	(6,105)	(6,958)	(19,651)	(774)	(20,425)
General Service 1,000 to 4,999 kW	1,577	(508)	616	25	1,710	67	1,777
CDM in Load Forecast	**11,331**	**(27,678)**	**(19,590)**	**(6,500)**	**(42,437)**	**(1,672)**	**(44,109)**

Table 4-48: CDM Program Savings by Rate Class

Program	2011	2012	2013	2014
Residential CDM Savings - kWh				
Appliance Retirement	94,294	44,553	25,479	34,352
Appliance Exchange	1,192	4,504	7,758	13,300
HVAC Incentives	319,154	152,190	164,883	186,909
Conservation Instant Coupon Booklet	104,256	7,655	42,197	154,153
Bi-Annual Retailer Event	160,889	146,623	94,055	672,862
Residential Demand Response	257	2,046	962	-
Residential New Construction	-	-	-	125,988
Home Assistance Program	-	-	127,118	26,376
Total Residential Savings (kWh)	**680,042**	**357,571**	**462,452**	**1,213,940**
General Service less than 50 kW CDM Savings - kWh				
Direct Install Lighting	97,298	35,757	31,355	76,510
Total General Service less than 50 kW Savings (kWh)	**97,298**	**35,757**	**31,355**	**76,510**
General Service 50 to 999 kW CDM Savings - kWh				
Retrofit	133,165	973,825	347,475	830,275
New Construction	-	-	-	67,710
Demand Response 3	1,077	628	570	-
Retrofit	36,565	-	-	-
Demand Response 3	8,732	3,839	10,077	-
Electricity Retrofit Incentive Program	214,036	-	-	-
High Performance New Construction	417	330	-	-
Adjustments to 2011 Verified Results	-	(31,613)	-	-
Adjustments to 2012 Verified Results	-	-	40,076	361
Adjustments to 2013 Verified Results	-	-	-	90,627
Total General Service 50 to 999 kW Savings (kWh)	**393,992**	**947,009**	**398,197**	**988,972**

Table 4-48: CDM Program Savings by Rate Class (cont'd)

Program	2011	2012	2013	2014
General Service 50 to 999 kW CDM Savings - kW				
Retrofit	17	146	70	159
New Construction	-	-	-	14
Demand Response 3	28	43	42	23
Retrofit	6	-	-	-
Demand Response 3	149	159	442	215
Electricity Retrofit Incentive Program	40	-	-	-
High Performance New Construction	-	1	-	-
Adjustments to 2011 Verified Results	-	(21)	-	-
Adjustments to 2012 Verified Results	-	-	8	-
Adjustments to 2013 Verified Results	-	-	-	13
Total General Service 50 to 999 kW Savings (kW)	**239**	**327**	**563**	**424**
General Service 1,000 to 4,999 kW CDM Savings - kWh				
Retrofit	244,043	792,776	299,810	715,781
New Construction	-	-	-	58,422
Demand Response 3	1,973	511	491	-
Retrofit	67,009	-	-	-
Demand Response 3	16,003	3,125	8,694	
Electricity Retrofit Incentive Program	392,250	-	-	-
High Performance New Construction	765	269	-	-
Adjustments to 2011 Verified Results	-	(25,736)	-	-
Adjustments to 2012 Verified Results	-	-	34,579	311
Adjustments to 2013 Verified Results	-	-	-	78,195
Total General Service 1,000 to 4,999 kW Savings (kWh)	**722,043**	**770,945**	**343,575**	**852,710**
General Service 1,000 to 4,999 kW CDM Savings - kW				
Retrofit	31	118	61	114
New Construction	-	-	-	10
Demand Response 3	50	35	37	17
Retrofit	10	-	-	-
Demand Response 3	272	130	382	155
Electricity Retrofit Incentive Program	73	-	-	-
High Performance New Construction	-	0	-	-
Adjustments to 2011 Verified Results	-	(17)	-	-
Adjustments to 2012 Verified Results	-	-	7	-
Adjustments to 2013 Verified Results	-	-	-	9
Total General Service 1,000 to 4,999 kW Savings (kW)	**437**	**267**	**486**	**305**

Lost Revenue Calculations by Rate Class

HHHI has calculated lost revenue by rate class by calculating the difference between the actual verified CDM savings by rate class and the CDM savings in the load forecasts and valuing those energy savings based upon its Board-approved variable distribution rates, including shared tax savings and foregone revenue rate riders, in accordance with the CDM Guidelines.

The actual kWh energy savings and net peak demand savings, including persistence, as provided in Table 4 and Table 5 of the IESO's Draft 2011-2014 Final Results Report are broken out by rate class in the following tables.

Table 4-49 - Net Energy Savings (kWh and kW)

Class	2011	2012	2013	2014
Net Energy Savings - kWh				
Residential Time of Use	680,041	1,037,791	1,500,244	2,703,499
General Service less than 50 kW	97,298	133,055	164,410	240,920
General Service 50 to 999 kW	393,992	1,562,115	1,919,437	2,928,135
General Service 1,000 to 4,999 kW	722,043	1,271,693	1,656,142	2,526,474
Total Energy Savings (kWh)	**1,893,374**	**4,004,654**	**5,240,233**	**8,399,028**
Net Peak Demand Savings - kW				
Residential Time of Use	680,041	1,037,791	1,500,244	2,703,499
General Service less than 50 kW	97,298	133,055	164,410	240,920
General Service 50 to 999 kW	393,992	1,562,115	1,919,437	2,928,135
General Service 1,000 to 4,999 kW	722,043	1,271,693	1,656,142	2,526,474
Total Net Peak Demand Savings (kW	**1,893,374**	**4,004,654**	**5,240,233**	**8,399,028**

The calculation of the difference between the actual CDM savings and the CDM savings built into the load forecast, along with the resulting lost revenues by rate class for 2011 to 2014 are provided in Table 4-50.

Table 4-50: Lost Revenue Calculations by Rate Class

Rate Class	Units	CDM Savings in Load Forecast	Actual CDM Savings	Variance	Variable Rates	Distribution Revenue
		(kWh or kW)	(kWh or kW)	(kWh or kW)	($)	($)
2011						
Residential Time of Use	kWh	-	680,041	680,041	0.0119	8,092
General Service less than 50 kW	kWh	-	97,298	97,298	0.0088	853
General Service 50 to 999 kW	kW	-	239	239	3.3885	810
General Service 1,000 to 4,999 kW	kW	-	437	437	3.6066	1,576
Total 2011 Lost Revenue		**-**	**778,015**	**778,015**		**11,331**
2012						
Residential Time of Use	kWh	2,396,997	1,037,791	(1,359,206)	0.0116	(15,699)
General Service less than 50 kW	kWh	619,006	133,055	(485,951)	0.0084	(4,074)
General Service 50 to 999 kW	kW	2,770	548	(2,222)	3.3298	(7,399)
General Service 1,000 to 4,999 kW	kW	607	447	(160)	3.1671	(507)
Total 2012 Lost Revenue		**3,019,380**	**1,171,841**	**(1,847,539)**		**(27,678)**
2013						
Residential Time of Use	kWh	2,396,997	1,500,244	(896,753)	0.0115	(10,343)
General Service less than 50 kW	kWh	619,006	164,410	(454,596)	0.0083	(3,758)
General Service 50 to 999 kW	kW	2,770	939	(1,831)	3.3350	(6,106)
General Service 1,000 to 4,999 kW	kW	607	811	204	3.0245	617
Total 2013 Lost Revenue		**3,019,380**	**1,666,404**	**(1,352,976)**		**(19,590)**
2014						
Residential Time of Use	kWh	2,396,997	2,703,499	306,502	0.0117	3,596
General Service less than 50 kW	kWh	619,006	240,920	(378,086)	0.0084	(3,163)
General Service 50 to 999 kW	kW	2,770	713	(2,057)	3.3826	(6,958)
General Service 1,000 to 4,999 kW	kW	607	615	8	3.1010	25
Total 2014 Lost Revenue		**3,019,380**	**2,945,747**	**(73,633)**		**(6,500)**

Board Approved Programs

Halton Hills Hydro did not undertake any Board-approved CDM Programs from 2011 to 2014. HHHI's CDM programs activities are all IESO-contracted Province-Wide CDM programs, therefore a third party report that provides a review and verification of HHHI's lost revenue calculations in accordance with Section 6.1 of the CDM Code is not required.

APPENDIX 4-A

COLLECTIVE AGREEMENT

Collective Agreement

between

Halton Hills Hydro Inc.

and

Power Workers` Union
CUPE Local 1000

Effective April 1, 2013 until March 31, 2016

INDEX

COLLECTIVE AGREEMENT

between

HALTON HILLS HYDRO INC.
Hereinafter referred to as the "LDC"

and

POWER WORKERS' UNION-CUPE LOCAL 1000
Hereinafter referred to as the "Union"

ARTICLE 01 – PREAMBLE AND PURPOSE

1.01 The general purpose of the Agreement is to maintain mutually satisfactory relations between the LDC and its employees. To provide orderly collective bargaining relations and to secure prompt and equitable disposition of complaints, with a view to maintaining mutually satisfactory hours, wages, working conditions, and efficient operation of the LDC's plant; under methods which will promote to the fullest possible extent, economy of operation, quality and effort, cleanliness of plant and protection of property, elimination of waste and safety to the employees. Both parties recognize a duty to cooperate in good faith, individually and collectively, for the advancement of these purposes.

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

ARTICLE 02 – RECOGNITION

2.01 The LDC recognizes the Union as the exclusive bargaining agent for negotiating wages, working conditions and hours of work on behalf of the Employees of the LDC as defined below:-

"All employees of Halton Hills Hydro Inc. save and except the President, Vice-President, Chief Financial Officer, Executive Assistant, Managers, non-working Foreman, Supervisors, summer students, co-op students and office staff employed for less than twenty-four (24) hours per week, constitute a unit of Employees appropriate for collective bargaining."

ARTICLE 03 – GOODWILL

3.01 The LDC agrees that it will not, in any manner, object to any employee being or becoming a member of the Union, and will not discriminate against such employee because of membership in said Union.

ARTICLE 04 – MANAGEMENT'S RIGHTS

4.01 Except as otherwise provided in this Agreement, nothing contained in this Agreement shall be deemed to limit the LDC in any way in the exercise of the regular and customary functions of Management. The Union recognizes the right of the LDC to operate and manage its business in all respects, in accordance with its commitments and responsibilities, to direct its work force including, but without restricting the generality of the foregoing, the right to hire, classify, transfer, promote, layoff and determine employee competence, the right to discipline, suspend, demote and discharge; to make and alter reasonable rules and regulations to be observed by employees provided that such rules and regulations shall not be inconsistent with the terms of this Agreement. The Union shall retain its right to grieve in case it feels Management has acted without just cause.

ARTICLE 05 – UNION SECURITY AND DUES REMITTANCE

5.01 The parties hereto mutually agree that current Union members shall maintain their membership and, that any new employee of the LDC defined in Article 2 will become a member in the Union.

5.02 In order that the LDC may have definite instructions as to what amounts are to be deducted for Union purposes, it is agreed that the Union shall promptly notify the LDC, in writing, of deductions to be made by the LDC for Union dues and, the LDC shall have the right to continue to rely on such written notification from the Union.

5.03 The LDC will deduct weekly from the wages of unionized employees, union dues as certified by the Union. The LDC will remit monies deducted, together with a list showing the names of the employees and amount deducted, to the Financial Officer, not later than the fifteenth (15^{th}) day of the month, following the end of the month after the deductions.

In consideration of this deduction and forwarding service by Management, the Union agrees to indemnify Management for any liability arising from the deduction and forwarding of these weekly dues.

ARTICLE 06 – SENIORITY

6.01 Seniority shall be defined as the length of continuous service an employee has established with the LDC from the most recent date the employee entered the employ of the LDC.

6.02 A current seniority list shall be posted in January and July of each calendar year, and a copy will be provided to each steward.

6.03 A regular employee shall not be laid off as a result of the contracting out of bargaining unit work.

6.04 An employee shall lose his/her seniority and shall cease to be an employee of the LDC if he/she:

a) terminates voluntarily,
b) is discharged and not reinstated,
c) is laid off for a period exceeding twelve (12) calendar months,

d) fails to report to work after a layoff within five (5) working days of recall, notice of which has been mailed, by registered mail, to the last address the employee has reported to Management,

e) is absent from work for five (5) or more working days without permission, unless the employee provides the LDC with documented evidence of unavoidable reasons for not reporting to work,

f) is absent from work because of illness or injury and is unable to return to work. In no case shall this period of time exceed twenty-four (24) months,

g) retires.

6.05 For a period of time not to exceed eighteen (18) months from the first day of illness or injury, the employee shall be eligible to return to the same job if capable of performing the required work. If unable to perform the required work, the employee shall be given initial consideration for any available job for which the employee is able and qualified to perform.

6.06 From the fifteenth (15th) month of and including the twenty-fourth (24th) month, the employee shall be given initial full consideration for any available job for which the employee is able and qualified to perform.

6.07 An employee shall have their seniority frozen if he/she is on any authorized absence, without pay, for a period exceeding thirty (30) calendar days.

ARTICLE 07 – EMPLOYEE CATEGORIES

7.01 a) Temporary employees will not be employed as temporary employees for more than six (6) months in any twelve (12) consecutive month period. Temporary employees who are retained beyond a six (6) month period will be re-classified to regular status. The exception to this is where there is a requirement to replace an employee who is on leave of absence as defined in Article 16.06 (including extension of such leave). A temporary employee may be extended up to twelve (12) months, in the event of an employee absence due to long-term illness. These temporary employees who are retained beyond the twelve month period will be reclassified to regular status.

7.01 b) Probationary employees are persons hired on trial to determine their suitability for continuing employment in regular positions. An employee shall be considered probationary for a period of six (6) calendar months. Having proven satisfactory by the end of this period, he/she will be credited with LDC service for the probationary period.

7.02 Temporary and probationary employees will not have recourse to the grievance procedure in cases of termination.

7.03 Probationary employees taken on staff will receive payment for recognized holidays during the period of their employment to that date and will also be permitted to accumulate allowable sick pay credits from date of employment, but will be excluded from MEARIE benefits during the probationary period.

7.04 Regular employees are persons who have satisfactorily served the probationary period. Classification as a regular employee does not imply an LDC obligation to provide continuous employment.

ARTICLE 08 – LOCKOUT OR STRIKES

8.01 The LDC agrees that it will not cause or direct a lockout of its employees from the execution date of this Agreement to the termination date thereof.

8.02 The Union agrees its members will not sanction or call a strike and shall refrain from any interruption of, or interference with, the operations of the LDC, from the execution date of this Agreement to the termination thereof.

8.03 Prior to assigning work where employees may encounter picket lines, the employer shall consult with the local PWU union representative. Time will be permitted for the union representative to communicate to the striking union, reasons why the picket lines might be crossed.

ARTICLE 09 – GRIEVANCE PROCEDURE

9.0 Any employee, who has been subjected to unfair treatment under the provisions of this Agreement, shall receive the right to seek redress according to Article 9, Grievance Procedure.

9.01 For the purpose of this Agreement, a dispute, claim or complaint which involves the interpretation or application of this Agreement, shall be considered to be fit matter for grievance and shall be dealt with, as specified.

The time limits for the processing of grievances shall be observed strictly by the parties, except in the case of mutual agreement to alter the time limits. All written notices referred to in this procedure shall include a statement of the following: -

a) the grievance,
b) the part of the Agreement that is involved and,
c) the redress sought.

9.02 Grievances affecting more than one (1) employee or, any grievance brought forward by the LDC or the Union, or where difficulties arise between the LDC and the Union concerning the interpretation or general application of the Agreement which may be considered as a policy matter, shall be submitted in writing by either party within ten (10) working days of the alleged occurrence and shall be dealt with in the manner provided in the grievance procedure commencing at Step 3.

9.03 It is the intention of the parties that the filing of policy grievances by the Union shall not be used to bypass the normal grievance procedure and will commence at Step 3.

9.04 a) As an alternative to Arbitration the parties may, by mutual agreement, agree to refer a grievance to a Mediator/Arbitrator as a means of settlement. The Mediator/Arbitrator shall be mutually agreed to by the parties and each party shall pay one half (1/2) of the expenses and remuneration of the Mediator/Arbitrator.

9.04 b)

STEP 1
Grievance shall first be presented by the grievor accompanied by the steward, if the grievor so desires, to the Supervisor immediately concerned. At this step, the grievance may be presented verbally or in writing, and must be presented within ten (10) working days of the occurrence that has given rise to the grievance.

STEP 2
Within four (4) working days of presentation of a written grievance notice, the Supervisor will discuss the matter with the Union steward. Failing settlement within four (4) working days of the discussion, the Union will be allowed four (4) working days in which to provide written notice to the President of a desire to proceed to Step 3.

STEP 3
Within four (4) working days of presentation of a written grievance notice, the President will discuss the matter with the Union Grievance Committee. Failing settlement within ten (10) working days of the discussion, the Union Grievance Committee will be allowed ten (10) working days to present written notice to the President of a desire to submit the matter to arbitration pursuant to the appropriate section of The Labour Relations Act of Ontario, and advising the name of its' nominee.

9.05 An international representative and/or a representative of Power Workers' Union CUPE Local 1000 may be present at any or all steps of the grievance or arbitration procedures to assist the local union.

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

9.07 Any decision rendered by an Arbitration Board may be based on consideration of all pertinent clauses in the Agreement.

9.08 Each party of this Agreement will bear the expenses and fee of its Arbitrator and the parties will share equally, the expenses and fee of the Chairman. The decision of a majority of the arbitrators will be accepted as final and binding on both parties.

9.09 Unless otherwise agreed to, after a letter(s) of reprimand has been on an employee`s file for a maximum of two (2) years, and there have been no further occurrences, then the letter(s) of reprimand will be removed from all files.

ARTICLE 10.0 – WORKING HOURS

10.01 a) A normal working week for the A-1 employees is one of forty (40) hours; Monday to Friday inclusive. Hours of work shall be from 07:30 to 16:00 with one half (1/2) hour for lunch. Lunch to be eaten on the job site or other agreed upon location.

10.01 b) A normal working week for the A-2 is one of thirty-five (35) hours, Monday to Friday inclusive. Hours of work shall be from 08:30 to 16:00 hours with one half (1/2) hour for lunch or from 08:30 to 16:30 hours with one (1) hour for lunch, as approved by the LDC.

10.01 c) Effective October 2nd, 2006 a normal working week for the A-3 is one of thirty-seven and one half (37.5) hours Monday to Friday inclusive. Hours of work shall be 08:00 to 16:00 hours with one-half (1/2) hour for lunch.

10.02 The foregoing definition of working hours shall not be construed as a guarantee of hours of work per day or per week, or of days of work per week.

OVERTIME

10.03 Double time shall be paid for all work performed after the normal working hours.

MEALS

10.04 1) The LDC shall not require an employee to carry or provide more than one (1) meal on a day when work is performed.

2) If an employee is required to work overtime prior, one (1) hour or more, to his/her normal start time, and such overtime continues until the normal starting time, the LDC will pay the cost of the employee's meal or provide payment in lieu in the amount of $11.00, effective April 1, 2014 $12.00 and effective April 1, 2015 $13.00.

3) If an employee is required to continue working beyond a normal day, the LDC will provide the employee's meal or provide payment in lieu in the amount of $11.00, effective April 1, 2014 $12.00 and effective April 1, 2015 $13.00 after two (2) hours or more and every four (4) hours thereafter, while the employee continues working.

4) In the conditions outlined in 2 and 3 above, where practical, the LDC will allow the employee time to secure the meal and eat it, and where necessary, provide transportation for this purpose.

5) When employees are required to work scheduled overtime, on a non-normal working day, employees will be entitled to a meal provision of $11.00, effective April 1, 2014 $12.00 and effective April 1, 2015 $13.00 after eight (8) hours of work and every four (4) hours thereafter.

ON-CALL DUTY

10.05 a) On-call shall be defined as duties performed by qualified employees falling within the bargaining unit, outside of normal hours of work, Friday to Friday. Employees performing on-call duties shall receive $195.00 and, $205.00 effective April 1, 2014 and $215.00 effective April 1, 2015.

b) On recognized holidays, the employee on call shall receive $45.00, plus pay at the appropriate rate for the duration of the contract.

c) On-call duties will normally be assigned to two (2) lines persons.

MINIMUM CALL-OUT

10.06 a) A minimum call-out of two (2) hours at the appropriate overtime rate shall be paid to employees who are called out to perform work. All call-outs within the two (2) hours shall be considered as one (1) call.

b) Minimum call-out pay will not be paid where the work involved is an extension of the normal work hours, or when the call-out is within one (1) hour of the normal starting time. Payment for such work will be at the appropriate overtime rate.

ARTICLE 11 – RECOGNIZED HOLIDAYS

11.01 Employees of the LDC will be entitled to payment of regular rate of pay for the following holidays, provided they have worked the full scheduled shifts which immediately precede and follow such holidays; unless the employee is absent because of:

a) personal illness,
b) any bereavement entitlement,
c) any approved leave of absence.

11.02 Recognized holidays are as follows: -

- Good Friday	- Easter Monday
- Victoria Day	- Dominion Day
- Civic Holiday	- Labour Day
- Thanksgiving Day	- One (1) floater day
- Half of the last working day before Christmas Day	- Family Day
- Christmas Day	- Boxing Day
- Full working day before New Years Day	- New Years Day

11.03 Should any of the holidays outlined above, fall on a Saturday or Sunday, the preceding or following working day shall be observed, by all staff, as the holiday as designated by Management by October 31 of the preceding year.

ARTICLE 12 – VACATIONS

12.01 An employee having less than one (1) year of service in the current year shall be allowed a vacation credit of one (1) working day per month of service to a maximum of two (2) weeks vacation with pay.

An employee having one (1) year or more of continuous service in the current year will be entitled to two (2) weeks vacation with pay.

An employee will be entitled to three (3) weeks vacation with pay in the year in which three (3) years continuous service with the LDC is completed.

An employee will be entitled to four (4) weeks vacation with pay in the year in which nine (9) years continuous service with the LDC is completed.

An employee will entitled to four (4) weeks plus two (2) days vacation with pay in the year in which thirteen (13) years continuous service with the LDC is completed.

An employee will be entitled to five (5) weeks vacation with pay in the year in which sixteen (16) years continuous service with the LDC is completed.

An employee will be entitled to five (5) weeks and two (2) days with pay in the year in which twenty (20) years continuous service with the LDC is completed.

An employee will be entitled to six (6) weeks vacation with pay in the year in which twenty-five (25) years continuous service with the LDC is completed.

An employee will receive an additional one (1) day vacation in the year in which thirty (30) years of continuous service with the LDC is completed.

12.02 Vacation qualification period shall be from January 01 to December 31 each year.

12.03 Employees shall indicate their vacation choice, in writing, to their Department Head by March 31st of each year, and the Department Head shall post a vacation list by April 15th. In scheduling vacation, preference will be given in order of seniority when submitted prior to March 31.

The LDC may not revoke an employee's scheduled holiday within fifteen (15) days prior to their vacation.

12.04 Where an employee is off work for three (3) or more consecutive months in a calendar year, the employee's vacation pay will be pro-rated based on time worked, save and except for the pregnancy/adoption/parental leave period as governed by the Employment Standards Act.

12.05 Employees requiring to be hospitalized for one (1) or more days during a scheduled vacation, shall be entitled to substitute sick leave for the equivalent time hospitalized.

12.06 Where it is mutually agreeable, an employee may carry over a maximum of one (1) weeks vacation to the following year (to be taken by April 1st of that following year). Requests for carry over must be made prior to September 1st.

ARTICLE 13 – SICK PAY ALLOWANCE

Sick Pay Allowance shall be as follows: -

13.01 Sick leave credits will be allotted on the basis of one and a half (1½) days per month, for a total of eighteen (18) days per year and shall accumulate to two hundred (200) days.

13.02 An employee must ensure that their illness is reported to Management prior to the employee's normal starting time. Sick pay benefits will be paid by the LDC due to an absence through illness or injury. After more than two (2) days, Management may require a Doctor's certificate stating the employee's fitness to return to work. After more than four (4) sick leave occurrences in any calendar year, the LDC may arrange and pay for a full functional abilities test confirming the employee's fitness to be at work and any restrictions to the employee performing their regular duties. The LDC will maintain the employee's wage rate during this process. The LDC will reimburse an employee for the standard cost of a Doctor's certificate upon proof of payment.

13.03 Sick pay credits are cumulative during the term of employment with the LDC.

13.04 Statement of the balance of days of sick pay credits accumulated by each employee shall be given to each employee quarterly.

13.05 When a regular employee, through his/her employment by the LDC, suffers a disability which is compensable under the Workplace Safety and Insurance Board Act, the LDC agrees to maintain the wage rate of the employee involved for a period of twelve months. To be eligible for the benefits above, the employee shall endorse all benefit cheques received by them, from the Workplace Safety and Insurance Board and turn them over to the LDC.

ARTICLE 14 – MEDICAL PLAN AND PENSIONS

The LDC agrees to pay one hundred percent (100%) of the premium cost of the following benefits: -

14.01 Employer's Health Tax;

14.02 The medical/surgical health plan as per the current specifications of the MEARIE, or the equivalent. Vision coverage to $425.00, effective April 1, 2015 $450.00 per family member, every two (2) years including one eye exam every two (2) years (if not covered by OHIP).

14.03 A long-term disability plan or the equivalent;

14.04 MEARIE current O.D.A. fee schedule; orthodontics cap to $2,800.00.

14.05 Every probationary and regular employee will enroll in the OMERS Pension Plan. Contributions to this plan are split on a 50/50 basis between the LDC and the employee.

14.06 The LDC shall continue to pay for a period of time not to exceed eighteen (18) months from the first day of sickness or injury, the premium for benefits in this article of the Agreement.

14.07 From the eighteenth (18th) month to, and including the twenty-fourth (24th) month, the premium for benefits in this article of the Agreement shall be paid by the employee.

ARTICLE 15 – PROMOTIONS & TRANSFERS, LAY-OFF & RECALL

15.01 Length of continuous service with the LDC will be given consideration in making promotions, lay-offs, transfers or re-employment.

15.02 In making promotions and transfers among applicants, Management will consider the qualifications, skills and capability of all applicants within the Bargaining Unit. Where the above factors are relatively equal among applicants in Management's opinion, seniority shall govern.

15.03 a) In the case of lay-off and recall, the last employee hired shall be the first employee laid-off; provided the remaining employees are able to perform the work available. The first employee recalled shall be the last employee laid off, provided the employee is able to perform the work available.

b) Any part-time employee working less than twenty-four (24) hours per week or any student will be laid off prior to any PWU member being laid off, providing the PWU member is capable of performing the work available. (The PWU member performing the work would maintain their employee status.) All PWU members will be recalled as per Article 15.03(a) prior to the hiring or recall of any part-time employee working less than twenty-four (24) hours or any student, provided the employee is able to perform the work available.

15.04 a) Outside employees who are temporarily assigned to a higher classification for a period of four (4) or more hours shall receive the rate of pay for such classifications, while so assigned. In no case will any employee receive less than their wage rate while so temporarily assigned.

b) It is understood and agreed that with the small office force available, the LDC may fully and freely temporarily transfer its employees from one job classification to another job classification, to cope with and meet the demands of its customers and the work available. Where such temporary transfers extend beyond four (4) or more hours, the employee so transferred is to receive seventy (70) cents per hour or the hourly rate on the next wage progression of their own classification, whichever is greater, providing the increase does not exceed the top rate of pay for the temporary classification.

15.05 If any employee accepts a promotion outside of the bargaining unit and does not return to the bargaining unit within twelve (12) months of the date of the promotion, seniority within the bargaining unit will be lost for the purposes of layoff and recall only. If the employee returns on or before twelve (12) months, his/her seniority will continue to accrue from the date of promotion.

15.06 Notice of vacancies and of all newly created positions falling within the bargaining unit will be electronically sent to all employees and posted on the bulletin board for a period of five (5) working days. The notice will contain the particulars of the job, the deadline for applications, and the wage rate to be paid. If an employee is on a leave of absence, vacation and/or sick time during the five (5) day posting requirement, the employee is allowed to submit a late application within five (5) days of the internal posting closing date.

15.07 In Management's opinion, if there are not suitable applications from within the bargaining unit, Management reserves the right to make a selection from outside the unit or to withdraw the advertisement.

ARTICLE 16 – LEAVE OF ABSENCE

16.01 Leave of absence with pay will be granted to any employee for up to five (5) working days in order to arrange and/or attend the funeral in the event of the death of the employee's spouse, common-law spouse (includes same sex partner) or child.

16.02 Leave of absence with pay will be granted to any employee for up to three (3) working days in order to arrange and/or attend the funeral in the event of the death of the employee's: parent, brother, step-brother, sister, step-sister, parent-in-law, grandparents, sister-in-law, brother-in-law, grandparent-in-law, son/daughter-in-law and grandchildren.

With the foregoing provisions applying, one (1) day will be granted in the event of the death of uncles, aunts, nieces, or nephews.

16.03 Leave of absence with pay will be granted during working hours while discussing grievances arising out of the content of this Agreement with the Management or membership and the LDC. Permission for it must be obtained from Management in advance.

16.04 Leave of absence without pay may be granted to an employee to attend Union functions as an official delegate, provided one (1) week advance notice is given to the Supervisor.

16.05 The LDC agrees that representatives of the Bargaining Unit, involved in negotiations, shall receive full pay up until, but not including, conciliation and/or mediation utilizing the Ministry of Labour.

PREGNANCY, ADOPTION AND PARENTAL LEAVE

16.06 The LDC will operate in accordance with the Employment Standards Act.

16.07 Any employee desiring a leave of absence without pay may be granted such leave on reasonable notice to the LDC insofar as the regular operation of the department in which the employee is employed will permit. Any such leave of absence shall not exceed an amount, which in the opinion of the LDC, is reasonable. Benefits will be provided for any employee for any leave up to and including one (1) month duration. Approval for such leave should be requested one month prior to the date the leave is required. The LDC will make every effort to respond to the request within one (1) week. Where an employee has requested a leave of absence, it is understood that Article 12.03 takes precedence.

FAMILY LEAVE

16.08 General Leave – when, in the LDC's judgement, the circumstances warrant such action, leave of absence, with pay, will be granted. This leave is based upon reasons of personal emergency, such as severe illness in the immediate family, which necessitates remaining home until adequate arrangements could be made for outside help, or being at close attendance at a hospital. Also, in cases where an employee is faced with the effects of a severe storm, flood or fire.

JURY DUTY

16.09 Leave of absence, with pay, will be granted to duly subpoenaed employees called upon to perform jury duties, or act as a witness, upon submission of appropriate court documentation.

ARTICLE 17 – FIRST AID AND SAFETY

17.01 Safety sessions for the outside employees shall be held once every month. A joint agenda shall be produced and posted. Minutes of the meeting will be recorded, posted and filed.

Safety sessions for the inside employees shall be held once every three (3) months. A joint agenda shall be produced and posted. Minutes of the meeting will be recorded, posted and filed.

17.02 In order that all its employees may be aware of the precautions to be taken against accidents, the LDC shall issue, to all outside employees covered by this Agreement, a copy of the rule book issued by the Infrastructure Health & Safety Association or the successor association.

17.03 Both parties are committed to the health and safety of all employees as demonstrated in Halton Hills Hydro Inc. Joint Health and Safety Policy. The LDC will provide Core Certification Training for the bargaining unit member. Certified Health and Safety Representatives have the unilateral right to stop unsafe work.

ARTICLE 18 – PAY DAYS

18.01 Wages of all employees covered by this Agreement shall be paid on a weekly basis no later than normal closing time on Wednesday, except when a recognized holiday is observed on a Monday, then the employee's wages will be paid and pay statement issued no later than normal closing time on Thursday. This payment will be by direct deposit to a maximum of three (3) accounts in a Canadian Financial Institution designated by the employee. The LDC is responsible for the cost of depositing these funds to the employee's account.

ARTICLE 19 – TOOLS AND EQUIPMENT

19.01 The LDC will supply the necessary tools, gloves and equipment to carry out the service. An employee must return the worn out or broken article in order to receive a replacement. The employee will be responsible for proper care of all such tools.

CLOTHING

19.02 a) Clothing allowances will be issued annually, in accordance with the LDC Clothing Policy – Appendix “C-1”;

When it is necessary in any emergency for employees to work outside during wet weather, the LDC will supply rubber coats, hats and boots.

b) The LDC will arrange for the supply and cleaning of coveralls for the Mechanic.

c) Annual boot allowance to be included as outlined in Appendix C-1 for all A-1 employees required to wear protective footwear.

TRAINING COURSES

19.03 No overtime premiums for travelling time outside of normal hours shall be made in order to attend training courses. The principle for payment while attending training courses, will be to guarantee the employee’s wage rate. Mileage will be paid as per LDC policy for travelling to and from the training centre, plus payment for any meals during the travelling period.

ARTICLE 20 – GENERAL

INCLEMENT WEATHER

20.01 When, in the LDC’s opinion, the weather is unduly adverse, alternative work may be assigned within the normal scheduled hours of work. The intent of this provision is to protect the employee from potential health and safety risks.

20.02 It is understood, the above stipulations will not prevail under emergency conditions.

CORRESPONDENCE

20.03 All correspondence between the Parties, arising out of this Agreement, or incidental thereto, shall pass to and from the President of the LDC, with a copy to the appropriate Department Head, Utility Steward and the Executive Assistant.

ARTICLE 21 – WAGE CLASSIFICATIONS

21.01 The wage rates and classifications of employees covered by this Agreement shall be those shown in Appendix “A1”, ”A2” and “A3” attached hereto, and forming an integral part of this Agreement.

21.02 The Employer shall prepare a new job description whenever the duties of a job change. When the duties of any job are significantly changed or increased, or where the Union/Employee feels that a job is unfairly or incorrectly classified, or when a new job is created, the wage rate shall be subject to negotiations between the LDC and the Union.

21.03 Progression shall be based on the qualifications as established in Appendix A1, A2 and A3, providing the employee has qualified themselves to the satisfaction of Management.

21.04 Should an employee not be progressed in accordance with Appendix A1/A2/A3, the Management of the LDC shall make it known to the employee(s) the reasons so that he/she can be in a better position to make every effort to improve.

21.05 A re-evaluation of progression, will be made six (6) months from the date of the first interview. Should an employee not be able to improve, to the satisfaction of the President or LDC, the LDC will have the right to dismiss him/her or assign him/her to other duties, if available, for which he/she is qualified.

ARTICLE 22 – COPIES OF AGREEMENT

22.01 The LDC shall have printed, sufficient copies of the Agreement, in booklet form, within thirty (30) days of signing. Both parties agree to share the cost equally.

ARTICLE 23 – DURATION OF AGREEMENT

23.01 This Agreement shall come into effect on the first (1^{st}) day of April 2013 and shall remain in effect until the thirty-first (31^{st}) day of March 2016 and thereafter from year to year, unless either party gives notice of a desire to revise this Agreement; and the reply to such notice must include a written presentation of any proposed revisions.

ARTICLE 24 – MID-TERM AGREEMENTS

24.01 Working conditions during this term of the Agreement shall be outlined in this Agreement and any Mid-Term Agreement(s). A Mid-Term is a modification of the Collective Agreement executed by the parties in the following format, during the term of the Collective Agreement.

(sample to follow)

MID-TERM AGREEMENT #______

Title: ____

It is jointly agreed that the following Mid-Term shall form part of the Collective Agreement between the parties.

____
____
____
____
____
____
____
____.

________________________________ ________________________________

Halton Hills Hydro Inc. Power Workers' Union

Date Signed: ______________________________

COLLECTIVE AGREEMENT

between

HALTON HILLS HYDRO INC.

and

POWER WORKERS' UNION
CUPE LOCAL 1000

April 1, 2013 - March 31, 2016

SIGNATURE PAGE

Halton Hills Hydro Inc. | Power Workers' Union

Date

APPENDIX INDEX

APPENDIX 'A-1'
40 HOUR WAGE RATES

Position		Increase Apr 1/2013	Increase Apr 1/2014	Increase Apr 1/2015
LINE SECTION		**2.65%**	**2.65%**	**2.70%**
Foreman	41.22	42.31	43.43	44.60
Sub Foreman*	39.01	40.04	41.10	42.21
Journeyperson	36.80	37.78	38.78	39.83
4th year	34.02	34.92	35.85	36.82
3rd year	29.58	30.36	31.16	32.00
2nd year	27.89	28.63	29.39	30.18
2nd 6 months	24.23	24.87	25.53	26.22
Starting Rate	20.59	21.14	21.70	22.29
DISPATCH CLERK				
2 1/2 years	27.64	28.37	29.12	29.91
18 months	26.23	26.93	27.64	28.39
1 year	24.83	25.49	26.17	26.88
after 6 months	23.46	24.08	24.72	25.39
starting rate	22.05	22.63	23.23	23.86
ENGINEERING COORDINATOR				
2 1/2 years	36.02	36.97	37.95	38.97
18 months	34.20	35.11	36.04	37.01
1 year	32.41	33.27	34.15	35.07
after 6 months	30.61	31.42	32.25	33.12
starting rate	28.81	29.57	30.35	31.17
ENERGY SERVICES COORDINATOR				
2 1/2 years	33.61	34.50	35.41	36.37
18 months	31.90	32.75	33.62	34.53
1 year	30.23	31.03	31.85	32.71
after 6 months	28.54	29.30	30.08	30.89
starting rate	26.88	27.59	28.32	29.08
SERVICE LAYOUT PERSON				
2 1/2 years	28.80	29.56	30.34	31.16
18 months	27.36	28.09	28.83	29.61
1 year	25.88	26.57	27.27	28.01
after 6 months	24.48	25.13	25.80	26.50
starting rate	23.02	23.63	24.26	24.92
MAPPING/DRAFTSPERSON				
2 1/2 years	25.59	26.27	26.97	27.70
18 months	24.29	24.93	25.59	26.28
1 year	23.02	23.63	24.26	24.92
after 6 months	21.74	22.32	22.91	23.53
starting rate	20.49	21.03	21.59	22.17
ENGINEERING CLERK				
2 1/2 years	27.64	28.37	29.12	29.91
18 months	26.23	26.93	27.64	28.39
1 year	24.83	25.49	26.17	26.88
after 6 months	23.46	24.08	24.72	25.39
starting rate	22.05	22.63	23.23	23.86

NOTE: Sub Foreman's top wage is calculated at 6% above the top journeyperson wage.
NOTE: Construction Foreman's top wage is calculated at 12% above the top journeyperson wage.
NOTE: Lead Hand rate is calculated at 3% above Journeyperson or, 3% above top rate of other applicable wage classification.

Position		Increase Apr 1/2013	Increase Apr 1/2014	Increase Apr 1/2015
METER TECHNICIAN		**2.65%**	**2.65%**	**2.70%**
Sub Foreman	39.01	40.04	41.10	42.21
Journeyperson	36.80	37.78	38.78	39.83
3rd Year	34.02	34.92	35.85	36.82
2nd year	29.58	30.36	31.16	32.00
after 6 months	27.89	28.63	29.39	30.18
starting rate	24.23	24.87	25.53	26.22
MECHANIC				
2 1/2 years	32.90	33.77	34.66	35.60
18 months	31.33	32.16	33.01	33.90
1 year	29.75	30.54	31.35	32.20
after 6 months	28.19	28.94	29.71	30.51
starting rate	26.62	27.33	28.05	28.81
SENIOR ENGINEERING TECHNICIAN				
2 1/2 years	37.40	38.39	39.41	40.47
18 months	35.53	36.47	37.44	38.45
1 year	33.66	34.55	35.47	36.43
after 6 months	31.81	32.65	33.52	34.43
starting rate	29.92	30.71	31.52	32.37
ENGINEERING TECHNICIAN				
2 1/2 years	32.90	33.77	34.66	35.60
18 months	31.33	32.16	33.01	33.90
1 year	29.75	30.54	31.35	32.20
after 6 months	28.19	28.94	29.71	30.51
starting rate	26.62	27.33	28.05	28.81
STORES/BUYER				
2 1/2 years	29.15	29.92	30.71	31.54
18 months	27.70	28.43	29.18	29.97
1 year	26.25	26.95	27.66	28.41
after 6 months	24.78	25.44	26.11	26.81
starting rate	23.34	23.96	24.59	25.25
SUBSTATION ELECTRICIAN				
Journeyperson	36.80	37.78	38.78	39.83
3 rd Year	34.02	34.92	35.85	36.82
2 nd year	29.58	30.36	31.16	32.00
after 6 months	27.89	28.63	29.39	30.18
starting rate	24.23	24.87	25.53	26.22
Labourer				
2 1/2 years	25.31	25.98	26.67	27.39
18 months	24.06	24.70	25.35	26.03
1 year	22.79	23.39	24.01	24.66
after 6 months	21.52	22.09	22.68	23.29
starting rate	20.27	20.81	21.36	21.94
MASTER ELECTRICIAN				
Journeyperson	36.80	37.78	38.78	39.83
4th year	34.02	34.92	35.85	36.82
3rd year	29.58	30.36	31.16	32.00
2nd year	27.89	28.63	29.39	30.18
2nd 6 months	24.23	24.87	25.53	26.22
Starting Rate	20.59	21.14	21.70	22.29

APPENDIX 'A-2'
35 HOUR WAGE RATES

Position		Increase Apr 1/2013	Increase Apr 1/2014	Increase Apr 1/2015
CASHIER		**2.65%**	**2.65%**	**2.70%**
2 1/2 years	25.31	25.98	26.67	27.39
18 months	24.06	24.70	25.35	26.03
1 year	22.79	23.39	24.01	24.66
after 6 months	21.52	22.09	22.68	23.29
starting rate	20.27	20.81	21.36	21.94
CUSTOMER SERVICE REPRESENTATIVE				
2 1/2 years	27.64	28.37	29.12	29.91
18 months	26.23	26.93	27.64	28.39
1 year	24.83	25.49	26.17	26.88
after 6 months	23.46	24.08	24.72	25.39
starting rate	22.05	22.63	23.23	23.86
ACCOUNTING COORDINATOR				
2 1/2 years	30.29	31.09	31.91	32.77
18 months	28.80	29.56	30.34	31.16
1 year	27.29	28.01	28.75	29.53
after 6 months	25.77	26.45	27.15	27.88
starting rate	24.22	24.86	25.52	26.21
ACCOUNTS PAYABLE CLERK				
2 1/2 years	27.64	28.37	29.12	29.91
18 months	26.23	26.93	27.64	28.39
1 year	24.83	25.49	26.17	26.88
after 6 months	23.46	24.08	24.72	25.39
starting rate	22.05	22.63	23.23	23.86

Position		Increase Apr 1/2013	Increase Apr 1/2014	Increase Apr 1/2015
BILLING/AMI COORDINATOR		**2.65%**	**2.65%**	**2.70%**
2 1/2 years	32.90	33.77	34.66	35.60
18 months	31.33	32.16	33.01	33.90
1 year	29.75	30.54	31.35	32.20
after 6 months	28.19	28.94	29.71	30.51
starting rate	26.62	27.33	28.05	28.81
BILLING REPRESENTATIVE				
2 1/2 years	29.15	29.92	30.71	31.54
18 months	27.70	28.43	29.18	29.97
1 year	26.25	26.95	27.66	28.41
after 6 months	24.76	25.42	26.09	26.79
starting rate	23.34	23.96	24.59	25.25
ACCOUNTING/PAYROLL CLERK				
2 1/2 years	29.15	29.92	30.71	31.54
18 months	27.70	28.43	29.18	29.97
1 year	26.25	26.95	27.66	28.41
after 6 months	24.76	25.42	26.09	26.79
starting rate	23.34	23.96	24.59	25.25

APPENDIX 'A-3'
37.5 HOUR WAGE RATES

INFORMATION SYSTEMS ANALYST				
2 1/2 years	36.00	36.95	37.93	38.95
18 months	31.33	32.16	33.01	33.90
1 year	29.75	30.54	31.35	32.20
after 6 months	28.19	28.94	29.71	30.51
starting rate	26.62	27.33	28.05	28.81

APPENDIX B

MID-TERM AGREEMENT #2013-01

Title: Flex Time

It is jointly agreed that the following Mid-Term shall form part of the Collective Agreement between the parties.

- The opportunity to work flex time shall be by mutual agreement between the employee and the management supervisor;
- Flex time agreement is driven by individual departmental needs and/or requirements and may not be appropriate for all departments;
- Flex time is on an hour-for-hour basis based on the employee's normal straight time hours;
- Flex time may include flex start and stop times, compressed work week, summer hours etc.;
- Operational effectiveness shall not be reduced as a result of a flex time arrangement;
- This Mid-Term may be revoked by either party with thirty (30) days written notice.

______________________________	______________________________
Halton Hills Hydro Inc.	Power Workers' Union

Date Signed: ______________________________

APPENDIX C - Clothing

LETTER OF UNDERSTANDING #2013-01

Employees are required to perform their duties properly attired, for the reasons of safety and personal appearance.

The clothing will be supplied annually; the care and replacement of the provided articles of clothing will be the sole responsibility of the employee within each calendar year of issue. Employees will provide their sizing by May 1 of each year and will be ordered within five (5) days; and issued immediately upon receipt.

If an employee performs work out of uniform, the employee shall be sent home without pay until they return in full uniform.

Shorts or ripped uniforms will not be tolerated and any infraction of this Appendix will result in the above-mentioned consequences.

The annual issue of clothing shall be initiated upon the return of old uniforms. The LDC agrees to supply the following items of clothing to the listed departments:

Line Department	2 smocks, 2 overalls annually, and 1 pair of insulated overalls every two (2) years, 3 shirts and 2 pants.
Meter Department	1 smock, 1 overalls, 3 shirts and, 2 pants.
Layout & Locates,	1 smock, 1 overalls, 3 shirts and, 2 pants.
Stores/Buyer	1 smock, 1 overalls, 3 shirts and, 2 pants.
Mechanic	3 shirts, 2 pants and, coverall to be contracted.
Engineering **	1 smock, 1 overalls, 1 shirt and, 1 pants. ** to be replaced when worn out.

No other personnel shall be provided with clothing of any sort.

These items of clothing shall be provided over and above the normal rainwear and protective clothing requirements.

Management shall determine what type of clothing will be provided to the employees, and there will be no trading off for different articles of clothing.

Halton Hills Hydro Inc. ______________________ Power Workers' Union ______________________

Date Signed: ______________________

APPENDIX C-1

MID-TERM AGREEMENT #2013-02

Title: Clothing
Reference to: 19.02(a), 19.02(c) and Appendix C

It is jointly agreed that the following Mid-Term Agreement shall form part of the Collective Agreement between the parties:

For the duration of the current Collective Agreement, Article 19.02(a) and 19.02(c) will no longer apply to employees on Appendix A-1.

- The LDC will cover the costs up to a maximum of $1,100.00, effective April 1, 2014 $1,125.00 and, effective April 1, 2015 $1,150.00 per employee (including applicable taxes) for the Lines Department/Substation Electrician/Electrician; up to a maximum of $765.00, effective April 1, 2014 $785.00 and, effective April 1, 2015 $805.00 per employee (including applicable taxes) for the Metering and Locates/Layouts Departments, and; up to a maximum of $530.00, effective April 1, 2014 $545.00 and, effective April 1, 2015 $560.00 per employee (including applicable taxes) for Stores/Buyer, Engineering and Mechanic, for the purchase of approved rated clothing and work boots (that meet or exceeds current legislation);

- In order to receive reimbursement for the purchase of work boots, original receipts must be submitted to the immediate supervisor for approval;

- The clothing will be ordered once per year, and arrangements will be made to have the supplier(s) come in during the first week of May and all orders will be taken that day;

- This will be the work uniform with a HHH logo – no other clothing will be worn or the employee will be sent home, without pay, to change and return to work;

- Any amount spent by the employee over the above-noted agreed-upon dollar amount, the employee will be notified of the amount, which will be deducted from the employee's subsequent pay; and

- This agreement can be terminated by either party with thirty (30) days written notice.

______________________________ ______________________________
Halton Hills Hydro Inc. Power Workers' Union

Date Signed: ___________________________

APPENDIX D – Lieu Time

LETTER OF UNDERSTANDING #2013-02

1. GENERAL

All employees will be permitted to take time off in lieu of overtime pay, on a one (1) hour worked for one and a half (1.5) hours off basis, at a time mutually convenient to management and the employee.

2. DURATION

The program will run until the end of the current Collective Agreement.

3. OPERATING TERMS

a) Banked lieu time may not exceed five (5) days at any given time;
b) Banked lieu time may not exceed ten (10) days in any calendar year.

4. Employees electing lieu time in place of overtime pay must do so prior to time sheets being submitted to Finance Department by their supervisor.

5. The minimum time that an employee may take off in lieu is one (1) hour.

______________________________ ______________________________

Halton Hills Hydro Inc. Power Workers' Union

Date Signed: ______________________________

APPENDIX E

MID-TERM AGREEMENT #2013-03

Title: Job Share Program

It is jointly agreed that the following Mid-Term Agreement shall form part of the Collective Agreement between the parties:

Job sharing is a unique arrangement that requires a high level of cooperation and compatibility between the two individuals.

Because of these dynamics, the LDC and the Union feel that it is best left to individual employees to find an appropriate partner and establish an acceptable arrangement between them before approaching Management. The arrangements should be formalized in a Job Share Agreement which would cover issues such as hours of work, vacation coverage, etc.

1. Any action related to the concept of "job sharing" is intended to be mutually beneficial for all those involved. Although the words "job sharing" commonly describe the intent of this program, it is understood that officially, the LDC is agreeing to employ regular job-share employees subject to the principles and guidelines noted below and the most current Collective Agreement.

2. Participants in the job share program are responsible to Management, not to each other.

3. Job share employees shall be granted the pro-rated credit for seniority, statutory holidays, sick leave allowance and vacation pay, based on their hours worked. Proration of time based benefits will only be considered if the ratio of hours worked exceeds 50:50 in any calendar year and any resulting change must be accepted by all parties involved, including the Union, Management and job share participants. Employees may still belong to the OMERS Pension Plan as per the OMERS Pension Plan rules.

   Example: *Employee has worked 3 years with the LDC.*
   Employee works 17.5 hours per week.
   Employee would receive 3 calendar weeks' vacation at 17.5 hours pay per week.

4. Any additional costs (ie Union dues) created by the job share program shall be paid by those employees participating in the program who created the extra cost. All premium based benefits shall be available to job share employees on a basis equal to regular employees, subject to the job share employees paying any added costs and subject to any restrictions which may be imposed by the carriers.

It is intended that the job share participants will each pay 50% of the premium based benefits, such as extended health, dental, vision and LTD plans, regardless of the actual hours worked. The intent is to avoid using hours worked to prorate the employee's share of the premium costs as this could result in the LDC paying more than the equivalent of one full time employee. The 50% of the premium costs will be deducted from the job share participant's pay. If the employee elects not to pay the 50% cost of the premium based benefits, such as extended health, dental, vision, and LTD plans, no coverage is provided. If the employee elects coverage they are entitled to 100% of the coverage offered by the carrier. The employee has the option to opt back into the plan as per the "regular" full time employees provided the carrier allows it. *NOTE: There will be no Long Term Disability coverage as the current Long Term Disability Plan provided by the employer does not apply to persons working less than 20 hours per week for the employer*

Example: *Employee works 20 hours per week (2.5 x 8 hours in a 40 hour week). 50% of the premium cost of the health plan will be deducted from the employee's pay.*

Employee works 17.5 hours per week (2.5 x 17 hours in a 35 hour week). 50% of the premium cost of the health plan will be deducted from the employee's pay.

5. The intent of the job share program is to have two employees share equally in a single full time job. It is intended that participating employees will work ½ of the normal hours and the sum of hours is equal to a full time job. It is recognized, however, that this may not be practical during short-term periods. No job share employee shall work less than 40% of the full time hours. Therefore the minimum job split shall be:
   40% - 60% during the first or second 6 months of the calendar year
   50% - 50% over the calendar year (+/- complete regular working days (ie) 7 or 8 hours

6. As a principle, overtime and pay shall be allocated in the same manner as if only one person was in the job. Therefore, an employee participating in the job share program may be required to work more than the normal working hours in a day with overtime hours paid at the overtime rate. No different treatment than full time employees.

Example:

In a 40 hour work week where the job split is 50/50, each employee would work 20 hours. Any hours worked beyond the 20 hours would require overtime payment.

In a 35 hour work week where the job split is 50/50, each employee would work 17.5 hours. Any hours worked beyond the 17.5 hours would require overtime payment.

When a statutory holiday falls in a 35 hour work week , 7 hours will be deducted from 35 hours. Job share partners will split the balance of the time for the week. 3.5 hours of

statutory holiday pay will be paid to each job share employee. Paid statutory days will be split 50/50.
Example:
-35 – 7 = 28 hrs / 2 = 14 working hours/job share employee
-7 hrs. stat/2=3.5 hours statutory holiday pay/job share employee

7. Job share employees who do not meet the time worked requirements shall be treated the same as a regular employee who was absent from the job.

8. To obtain a full time position in the future, a job share employee would have to be the successful applicant to an advertised position in compliance with the selection process of the Collective Agreement. *(except for situations arising from #10)*

9. Each participant in the job share program is entitled to union membership and voting privileges and must pay union dues.

10. Due to the dynamics of job share, the parties consider it appropriate to set a maximum of 6 months as the initial length of the job share arrangement to allow all concerned an opportunity for a trial period. Before the end of that period, an agreement amongst all parties must be made as to the course of the job share arrangement.

    In cases of permanent job share, the job share partners are locked into their decision until they successfully apply to another position, leave the employ of the LDC etc. At that time, the remaining partner is required to undertake the job share position on a full time basis, with 30 days notice. Other attempts to find a job share partner may allow a continuance of the job share arrangement, but every job share partner should recognize the possibility of being required to work full time, as outlined. If another job share partner is found, this new arrangement is subject to a trial period.

    If, at the end of the six month period, the job share agreement is discontinued, both partners would revert back to their pre-job share positions on a full-time basis.

11. Backfilling arrangements are to be discussed in advance and included in the job share agreement. It is appropriate to have job share partners backfill behind one another when on vacation, but not appropriate to insist on backfilling in sick leave situations etc., thereby creating a form of on-call.

    For any long-term absence, the employer will give first consideration to the other partner for an increased work week up to and including regular full time. Remuneration will be on a regular time basis, not overtime. Otherwise, the employer may fill the vacancy as they deem appropriate. When a partner agrees to work full time, they are entitled to all rights and privileges of the Collective Agreement during the full time period. (ie) no prorating.

12. Job share employees shall schedule appointments during their own time, whenever possible.

13. Management reserves the right to limit the number and types of positions acceptable for job share.

14. If the two pre-positions of the job share applicants are not of the same wage classification or scale, then the job share position shall be the position that is at the lower wage.

15. If there are more than two applicants for a job share, first consideration will be given to the senior qualified applicant(s).

16. Applicants for job share will be selected from the regular full-time members of the bargaining unit.

Halton Hills Hydro Inc.

Power Workers' Union

Date Signed: ______________________________

APPENDIX F

MID-TERM AGREEMENT #2013-04

Title: Christmas Shutdown

It is jointly agreed that the following Mid-Term Agreement shall form part of the Collective Agreement between the parties:

1. **Purpose and Term:** That Halton Hills Hydro Inc. will close for the period between Christmas and New Years. More specifically, for the two (2) days in between the Christmas/Boxing Day and the New Years holiday. That this closure will be done on a trial basis for 1996 and extended year by year unless either party gives notice to terminate.

2. **Method:** All employees will be afforded the opportunity to work overtime in order to bank sufficient lieu time and be allowed to apply vacation time, time-off earned in lieu of overtime, or leave of absence toward the days of the closure.

3. **On-Call Duty:** The On-Call staff would be excluded from the Christmas Shutdown and would be required to work the days between Boxing Day and New Years Eve at their regular rate of pay.

4. **Banked Lieu Time:** That banked lieu time would be extended from two (2) days to four (4) days as required.

5. **Notice to Terminate:** This Mid-Term Agreement can be terminated by either party at any time with one (1) month's written notice.

____
Halton Hills Hydro Inc.

____
Power Workers' Union

Date Signed: ________________________

APPENDIX G

MID-TERM AGREEMENT #2013-05

Title: On-Call Duty

It is jointly agreed that the following Mid-Term Agreement shall form part of the Collective Agreement between the parties:

1. If a recognized holiday falls and is observed on the changeover day (Friday), the employee coming on-call will start his on-call week on the day prior to the recognized holiday. In such instances, the employee going off-call on Thursday shall receive 6/7 of the on-call allowance for that week; and the employee coming on-call Thursday shall receive 8/7 of the on-call allowance for that week.

2. A communication device will be supplied on the understanding that employees on-call shall remain within thirty (30) kilometers of the Service Centre and keep the Answering Service informed as to where they can be reached by telephone.

3. Notice to Terminate: This Mid-Term Agreement can be terminated by either party at any time with one (1) month's written notice.

____________________________ ____________________________

Halton Hills Hydro Inc. Power Workers' Union

Date Signed: __________________________

APPENDIX H – Hours of Work Alternative

LETTER OF UNDERSTANDING #2013-03

Employees required to work in the field between Victoria Day and Labour Day will normally be required to take their lunch breaks on the job and in doing so will be paid for a 20 minute lunch break period. (Hours of work shall be Monday to Friday from 0730 hours to 1530 hours). Employees may continue this practice where mutually agreeable between Labour Day and Victoria Day. This Letter of Understanding applies to staff in the Line Section and the Substation Electrician.

This Letter of Understanding can be terminated by either party at any time with one (1) month's written notice.

Halton Hills Hydro Inc.	Power Workers' Union

Date Signed: ______________________________

APPENDIX I – Mechanic

LETTER OF UNDERSTANDING #2013-04

The mechanic will be paid an additional 20% premium for all work performed on town vehicles. This premium is pensionable under the employee's pension plan.

______________________________ ______________________________

Halton Hills Hydro Inc. Power Workers' Union

Date Signed: ______________________________

APPENDIX J – Lead Hand – Substation Electrician

LETTER OF UNDERSTANDING #2013-05

By signing this Letter of Understanding, we hereby acknowledge that the qualified Senior Engineering Technician is temporarily acting as the Lead Hand over the Substation Electrician Apprentice for the period of November 2011 to October 31, 2014 and, will be compensated at 3% over the current wage category.

It is anticipated that the Substation Electrician Apprentice will complete the apprenticeship training program and certification by the end of October 31, 2014. Should there be any delay in completion of the apprenticeship training program and certification, the Senior Engineering Technician will be compensated at 3% over his/her current wage until such time as the Substation Electrician apprenticeship training program and certification is completed.

Appendix H – Hours of Work Alternative - Letter of Understanding, will apply to the Lead Hand Substation Electrician until the expiry date noted above.

Appendix C-1 – Clothing – Mid-Term Agreement 2013-02, the Lead Hand Substation Electrician will receive the same entitlements as the Lines Department until the expiry dated noted above.

______________________________ ______________________________

Halton Hills Hydro Inc. Power Workers' Union

Date Signed: ______________________________

APPENDIX K – Joint Benefits Committee – Retirees Aged 55 - 65

LETTER OF UNDERSTANDING #2013-06

The parties agree to form a joint committee consisting of two (2) PWU representatives, selected by the Union, and two (2) Employer representatives to research an affordable and adequate benefits plan for retirees aged fifty-five (55) – sixty five (65).

The parties agree that any introduction and maintenance of the plan mentioned above will be at no additional cost to the employer. It is understood that the retired employee will pay for the cost of the plan.

The parties agree that the premiums for the plan mentioned above will be at no added cost to the employer.

The parties agree that all proposed details/implementation will be outlined in a joint document.

This committee shall be formed within ninety (90) days of ratification; shall solicit input and utilize resources as required; and, shall complete their work within one hundred and fifty (150) days of ratification.

Halton Hills Hydro Inc.	Power Workers' Union

Date Signed: ______________________________

APPENDIX L

MID-TERM AGREEMENT #2013-06

Title: SouthWestern Energy Inc.

During the 2013 negotiations, the parties discussed the creation of a separate Collective Agreement to cover off SouthWestern Energy Inc. Management indicated the need due to growth within SouthWestern Energy Inc. and, also to be compliant with the Affiliate Relationship Code.

The parties agree to the following:

1. The current Collective Agreement with all amendments made during the 2013 negotiations will flow across to SouthWestern Energy Inc.

2. Brad Miller will have full access to all vacancies within Halton Hills Hydro. The employee mentioned will have rights to Article 15 within the Halton Hills Hydro Collective Agreement if there is any downsizing within SouthWestern Energy Inc. The employee mentioned will have the above rights until he achieves thirty-five (35) years of OMERS credited service.

3. Jeff Newman will have full access to vacancies within Halton Hills Hydro for the term of the Collective Agreement. The employee mentioned will have full rights under Article 15 of the Halton Hills Hydro Collective Agreement if there is any downsizing within SouthWestern Energy Inc. for the term of the Collective Agreement.

4. The parties agree that if the PWU membership within SouthWestern Energy Inc. does not double in size by the end of the term of the Collective Agreement, all PWU and SouthWestern Energy Inc. employees revert back to Halton Hills Hydro with all rights as if there was no transfer of employees to SouthWestern Energy Inc.

____________________________ ____________________________

Halton Hills Hydro Inc. Power Workers' Union

Date Signed: ____________________________

APPENDIX 4-B

ACTUARIAL REPORT – NON-PENSION BENEFITS

COLLINS BARROW TORONTO

ACTUARIAL SERVICES

HALTON HILLS HYDRO INC.

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

As at December 31, 2014

March 17, 2015 – Final

Clarity Defined.™

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Collins Barrow

TABLE OF CONTENTS

EXECUTIVE SUMMARY

PURPOSE

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

This report is prepared in accordance with The Canadian Institute of Chartered Accountants (the "CICA") guidelines outlined in Employee Future Benefits, of Part V – Pre-Changeover Accounting Standards of Section 3461 of the CICA Handbook-Accounting ("CICA Section 3461"). CICA Section 3461 was first applied to the Corporation with effect from January 1, 2000.

The most recent full valuation was prepared as at December 31, 2011 based on the then appropriate assumptions.

The purpose of this valuation is threefold:

i) to determine the Corporation's liabilities in respect of post-retirement non-pension benefits at December 31, 2014;

ii) to determine the benefit expense for fiscal year 2014; and

iii) to provide all other pertinent information necessary for compliance with CICA Section 3461.

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

SUMMARY OF KEY RESULTS

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

	December 31, 2011 ($000's)	December 31, 2014 ($000's)
Accrued Benefit Obligation (ABO)		
a) People in receipt of benefits	256	273
b) Fully eligible actives	147	225
c) Not fully eligible actives	226	223
Total ABO	**629**	**721**

	2012	2014
Current Service Cost for fiscal year *	40	44
Benefit Expense for fiscal year *	90	86

** We note that the FY 2014 current service cost and benefit expense figures are based on the extrapolation of valuation results prepared for management dated December 31, 2011. These results were prepared using management's best estimate assumptions at the time and the December 31, 2011 membership data.*

ACTUARIAL CERTIFICATION

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

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

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

We are not aware of any subsequent events from December 31, 2014 up to the date of this report that would have a significant effect on our valuation.

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

Respectfully submitted,

COLLINS BARROW TORONTO ACTUARIAL SERVICES INC.

Stanley Caravaggio

Stanley Caravaggio, FSA FCIA
Senior Manager

Patrick G. Kavanagh

Patrick G. Kavanagh, AB ASA ACIA CERA
Manager

Toronto, Ontario

March 17, 2015

SECTION A— VALUATION RESULTS

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

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

Table A - 3 presents the determination of the actuarial gain/(loss) at December 31, 2014.

VALUATION RESULTS

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

	December 31, 2011	December 31, 2014
1. Accrued Benefit Obligation		
a) People in receipt of benefits	256	273
b) Fully eligible actives	147	225
c) Not fully eligible actives	226	223
Total ABO	**629**	**721**

	2012	2014
2. Benefit Expense*		
a) Current Service Cost	40	44
b) Interest Cost	30	36
c) Amortization of Past Service Cost	-	-
d) Expected Interest on Assets	-	-
e) Amortization of Transitional Obligation/(Asset)	-	-
f) Amortization of Actuarial (Gain)/Loss	20	6
Total Benefit Expense	**90**	**86**
3. Benefit Payments	12	15

** We note that the FY 2014 current service cost and benefit expense figures are based on the extrapolation of valuation results prepared for management dated December 31, 2011. These results were prepared using management's best estimate assumptions at the time and the December 31, 2011 membership data.*

SENSITIVITY ANALYSIS

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

	December 31, 2014			
	Valuation Results	**Retirement Age 58**	**1% Higher Trend**	**1% Lower Trend**
1. Accrued Benefit Obligation				
a) People in receipt of benefits	273	273	273	273
b) Fully eligible actives	225	256	230	220
c) Not fully eligible actives	223	268	245	205
Total ABO	**721**	**797**	**748**	**698**
2. Expected Average Remaining Service Lifetime of the Current Active Employees (Years)	13	12	13	13

DEVELOPMENT OF NET GAINS OR LOSSES

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

Expected ABO at December 31, 2014	815
Actual ABO at December 31, 2014	721
Actuarial Loss/(Gain)	(94)
Amortization of Unamortized Actuarial Loss	
Unamortized Net Actuarial Loss/(Gain) at January 1, 2014	156
Less: Actual Amortization for 2014	6
Expected Unamortized Actuarial Loss/(Gain) at December 31, 2014	150
Actuarial Loss/(Gain) at December 31, 2014	(94)
Unamortized Actuarial Loss/(Gain) at December 31, 2014	56

Please note that the actual ABO at December 31, 2014 is approximately $94,000 lower than the expected ABO at December 31, 2014. This is due to a combination of the following factors:

- A change in the discount rate assumption (an increase of approximately $51,000)
- A change in the salary trend scale (a decrease of approximately $5,000)
- A change in the withdrawal rate assumption (an increase of approximately $8,000)
- A change in the mortality assumption (a decrease of approximately $61,000)
- A change in the health and dental trend rate assumptions (a decrease of approximately $3,000)
- Differences between the actual and expected health and dental benefit cost rates (a decrease of approximately $83,000)
- Deviations from the expected demographic changes from the valued group and other miscellaneous factors (a decrease of approximately $1,000)

CICA Section 3461 requires entities to adopt a systematic method for recognizing actuarial gains and losses in income. Furthermore, once adopted, CICA Section 3461 requires that the method of recognizing actuarial gains/(losses) be applied consistently from year to year. CICA Section 3461 also states that any gain or loss in excess of 10% of the ABO must, at a minimum, be amortized over the expected average remaining service lifetime ("EARSL"). The EARSL of the current active group is approximately 13 years. Under these guidelines, the amount of actuarial losses to be recognized in 2014 is approximately $6,000.

SECTION B— PLAN PARTICIPANTS

Table B – 1 sets out the summary information with respect to the plan participants valued in the report, along with comparisons to the participants in the previous valuation at December 31, 2011.

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

PARTICIPANT DATA

Table B.1—Participant Data

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

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

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

In addition, the following tests were performed:

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

Active Employees

	December 31, 2011			December 31, 2014		
	Male	Female	Total	Male	Female	Total
Number of Employees	28	22	50	29	24	53
Average Length of Service	12.7	12.9	12.8	13.1	13.6	13.3

As of December 31, 2014	Current Age					
	Active Lives – Not Fully Eligible			Active Lives – Fully Eligible		
	Count			Count		
Age Band	Male	Female	Total	Male	Female	Total
Less than 30	5	1	6	-	-	-
30-35	3	5	8	-	-	-
36-40	4	-	4	-	-	-
41-45	3	3	6	-	-	-
46-50	4	4	8	-	-	-
51-55	4	5	9	3	-	3
56-60	-	-	-	2	3	5
61-65	-	-	-	1	3	4
66-70	-	-	-	-	-	-
71-75	-	-	-	-	-	-
Greater than 75	-	-	-	-	-	-
Total	**23**	**18**	**41**	**6**	**6**	**12**

As of December 31, 2014	Average Service					
	Active Lives – Not Fully Eligible			Active Lives – Fully Eligible		
	Count			Count		
Age Band	Male	Female	Total	Male	Female	Total
Less than 30	3.6	3.5	3.6	-	-	-
30-35	6.5	5.7	6.0	-	-	-
36-40	8.0	-	8.0	-	-	-
41-45	13.4	11.2	12.3	-	-	-
46-50	13.9	16.1	15.0	-	-	-
51-55	20.3	10.9	15.0	24.9	-	24.9
56-60	-	-	-	22.4	20.9	21.5
61-65	-	-	-	14.2	26.1	23.1
66-70	-	-	-	-	-	-
71-75	-	-	-	-	-	-
Greater than 75	-	-	-	-	-	-
Total	**10.7**	**10.3**	**10.5**	**22.3**	**23.5**	**22.9**

People in Receipt of Benefits

	December 31, 2011			December 31, 2014		
	Male	**Female**	**Total**	**Male**	**Female**	**Total**
Number of Members	9	6	15	10	8	18

As of December 31, 2014	**Expected Annual Benefit Payments for 2015**		
Age Band	**Male**	**Female**	**Total**
Less than 30	-	-	-
30-35	-	-	-
36-40	-	-	-
41-45	-	-	-
46-50	-	-	-
51-55	-	-	-
56-60	145	8	153
61-65	547	52	599
66-70	395	279	674
71-75	210	1,171	1,381
Greater than 75	7,606	969	8,575
Total	**8,903**	**2,479**	**11,382**

PARTICIPATION RECONCILIATION

Table B.2—Participation Reconciliation

	Actives	LTD	Retirees
As at December 31, 2011	50	1	14
New Entrants	10	-	-
New Dependents	-	-	-
Active	-	-	4
LTD	-	-	-
Terminated	(2)	-	-
Deceased	(1)	-	(1)[1/]
Retired	(4)	-	-
Previously Not Eligible	-	-	-
As at December 31, 2014	**53**	**1**	**17**

[1/] *Employee from Harvester Energy Canada*

SECTION C— SUMMARY OF ACTUARIAL METHOD AND ASSUMPTIONS

ACTUARIAL METHOD

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

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

The ABO and Current Service Cost were determined using the projected benefit method, pro-rated on service. This is the method stipulated by CICA Section 3461 when future salary levels or cost escalation affect the amount of the employee's future benefits. Under this method, the projected post-retirement benefits are deemed to be earned on a pro-rata basis over the years of service in the attribution period. CICA Section 3461 stipulates that the attribution period commences at the employee's hire date and ends at the earliest age at which the employee could retire and qualify for the post-retirement non-pension benefits valued herein.

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

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

	Health Single	Health Family	Dental Single	Dental Family
Management Retirees	$ 142.13	$ 317.96	$ 63.02	$159.35

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

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

ACCOUNTING POLICIES

The Corporation amortizes the amount of any gain or loss in excess of 10% of the ABO divided by the expected average remaining service lifetime of the active members of the group.

MANAGEMENT'S BEST ESTIMATE ASSUMPTIONS

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

ECONOMIC ASSUMPTIONS

Consumer Price Index

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

This assumption remains unchanged from the previous valuation.

Discount Rate

The rate used to discount future benefits is assumed to be 4.05% per annum. This rate reflects the market interest rates at the measurement date on high quality debt instruments with consideration given to the timing and amount of projected benefit payments.

The discount rate chosen for the previous valuation was 4.50%.

Salary Increase Rate

The rate used to increase salaries is assumed to be 2.25% per annum for the first two years and 2.7% per annum thereafter. This rate reflects the expected Consumer Price Index adjusted for productivity, merit and promotion adjusted for company specific information.

The rate used for the previous valuation was 2.55% per annum for the first two years and 3.00% per annum thereafter.

Claims Cost Trend Rate

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

	Current Valuation		Valuation at December 31, 2011	
End of Year	**Health**	**Dental**	**Health**	**Dental**
2015	7.00%	4.60%	6.88%	5.00%
2016	6.70%	4.60%	6.50%	5.00%
2017	6.40%	4.60%	6.13%	5.00%
2018	6.10%	4.60%	5.75%	5.00%
2019	5.80%	4.60%	5.38%	5.00%
2020	5.50%	4.60%	5.00%	5.00%
2021	5.20%	4.60%	5.00%	5.00%
2022	4.90%	4.60%	5.00%	5.00%
2023 and Thereafter	4.60%	4.60%	5.00%	5.00%

DEMOGRAPHIC ASSUMPTIONS

Mortality Table

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

Mortality rates are applied on a sex-distinct basis.

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

Rates of Withdrawal

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

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

This previous valuation assumption was 2% per annum.

Retirement Age

All active employees are assumed to retire at age 60 (or immediately if currently over age 60), which was based on the Corporation's retirement experience as well as the analysis of retirement experience available for a group of similar local distribution companies and municipalities.

This assumption remains unchanged from the previous valuation.

Disability

No provision was made for future disability. It is assumed that individuals currently receiving long-term disability benefits will remain disabled until retirement at age 65. This assumption remains unchanged from the previous valuation.

Family/Single Coverage

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

This assumption remains unchanged from the previous valuation.

Expenses and Taxes

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

These assumptions remain unchanged from the previous valuation.

SUMMARY OF BENEFITS

Post-Retirement Life Insurance

All eligible employees who retire from the Corporation are entitled to lifetime post-retirement life insurance, as per the MEARIE plan administered by Desjardins Insurance, based upon the following table:

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

Health and Dental Benefits

All eligible management employees are entitled to receive post-retirement health and dental benefits to age 65. Coverage for health and dental benefits continues to the eligible dependents of a deceased management retiree for two years.

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

SECTION E—EMPLOYER CERTIFICATION

Post-Retirement Non-Pension Benefit Plan
of Halton Hills Hydro Inc.
Actuarial Valuation as at December 31, 2014

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

i) the membership data summarized in Section B is accurate and complete;

ii) the assumptions upon which this report is based as summarized in Section C, are management's best estimate assumptions and are adequate and appropriate for the purposes of this valuation; and

iii) the summary of Plan Provisions in Section D is an accurate and complete summary of the terms of the Plan in effect on December 31, 2014.

HALTON HILLS HYDRO INC.

15/03/13
Date

Signature

DAVID J. SMELSKY
Name

CHIEF FINANCIAL OFFICER
Title

Collins Barrow

3/17/2015

Halton Hills Hydro Inc.

ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	CY 2014
Discount Rate - January 1	4.50%
Discount Rate - December 31	4.05%
Withdrawal Rate	age based table
Assumed increase in Employer Contributions	actual

A. Determination of Benefit Expense

Current Service Cost	31,675
Interest on Benefits	32,780
Past Service Cost	-
Expected Interest on Assets	-
Transitional Obligation/(Asset)	-
Actuarial (Gain)/Loss	6,629
Benefit Expense	71,084

B. Reconciliation of Prepaid Benefit Asset (Liability)

Accrued Benefit Obligation (ABO) as at December 31	693,368
Assets as at December 31	-
Unfunded ABO	(693,368)
Unrecognized Loss/(Gain)	89,363
Unrecognized Past Service Cost/(Gain)	-
Unrecognized Transition	-
Prepaid Benefit Asset (Liability)	(604,005)
Prepaid Benefit/(Liability) as at January 1	(547,447)
Benefit Income/(Expense)	(71,084)
Contributions/Benefit Payments by the Employer	14,526
Prepaid Benefit Asset (Liability)	(604,005)

Collins Barrow

3/17/2015

Halton Hills Hydro Inc.

ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	CY 2014
Discount Rate - January 1	4.50%
Discount Rate - December 31	4.05%
Withdrawal Rate	age based table
Assumed increase in Employer Contributions	actual

C. Calculation of Component Items

Calculation of the Service Cost	
- Current service cost	31,675
Interest on Benefits	
- ABO at January 1	704,029
- Current service cost	31,675
- Benefit payments	(7,263)
- Accrued benefits	728,441
- Interest	32,780
Expected Interest on Assets	
- Assets at January 1	-
- Funding	7,263
- Benefit payments	(7,263)
- Expected assets	-
- Interest	-
Expected ABO as at December 31	
- ABO at January 1	704,029
- Current service cost	31,675
- Interest on benefits	32,780
- Benefit payments	(14,526)
- Expected ABO at December 31	753,958
Expected Assets as at December 31	
- Assets at January 1	-
- Funding	14,526
- Interest on assets	-
- Benefit payments	(14,526)
- Expected Assets at December 31	-

Collins Barrow

3/17/2015

Halton Hills Hydro Inc.

ESTIMATED BENEFIT EXPENSE (CICA 3461)
FINAL

	CY 2014
Discount Rate - January 1	4.50%
Discount Rate - December 31	4.05%
Withdrawal Rate	age based table
Assumed increase in Employer Contributions	actual

D. Actuarial (Gain)/Loss

(Gain)/Loss on ABO as at January 1	
- Prepaid Benefit/(Liability) as at January 1	547,447
- Unamortized (Gain)/Loss	156,582
- Expected ABO	704,029
- Past Service Cost	-
- Actual ABO	704,029
- (Gain)/Loss on ABO	-
(Gain)/Loss on assets as at January 1	
- Expected assets	-
- Actual assets	-
- (Gain)/Loss on assets	-
Total (Gain)/Loss as at January 1	156,582
10% of ABO as at January 1	70,403
Total (Gain)/Loss in excess of 10%	86,179
Expected average remaining service life (years)	13
Minimum Amortization for current year	6,629
Actual Amortization for current year	6,629
(Gain)/Loss on ABO at December 31 due to change in discount rate assumption	
- Expected ABO - December 31	753,958
- Actual ABO - December 31	693,368
- (Gain)/Loss on ABO at December 31	(60,590)
Unamortized (Gain)/Loss	89,363

APPENDIX 4-C

AFFILIATE SERVICES AGREEMENTS

SERVICES AGREEMENT

THIS AGREEMENT dated January 01, 2015,

BETWEEN: Halton Hills Hydro Inc.

(hereinafter referred to as "Hydro")

AND: Halton Hills Community Energy Corporation

(hereinafter referred to as "CEC")

Hydro and CEC are collectively referred to herein as the "Parties" and individually as a "Party".

WHEREAS CEC is the Parent Corporation, in the business of providing varied and corporate services related to the electrical industry;

AND WHEREAS Hydro is in the business of local electricity distribution.

AND WHEREAS CEC desires to retain Hydro to provide various services (the "Hydro Services") upon the terms and conditions set forth in this Agreement;

AND WHEREAS Hydro desires to retain CEC to provide various services (the "CEC" Services") upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the Parties agree as follows:

1. <u>DEFINITIONS</u>

1.1 In this Agreement, the following words and terms, which may be used in the singular or the plural, have the respective meanings given them as follows:

(a) "Agreement" means this services agreement and all schedules attached hereto;

(b) "Claims" means any and all claims, damages, losses, liabilities, demands, suits, judgments, causes of action, legal proceedings, penalties or other sanctions and any and all costs and expenses arising in connection therewith, including, without limitation, legal fees and disbursements on a substantial indemnity basis (including, without limitation, all such legal fees and disbursements in connection with any and all appeals);

(c) "Codes" means the Affiliate Relationships Code set out by the Ontario Energy Board and all other codes, legislation, regulation and rules applicable to the Parties from time to time;

(d) "Effective Date" means January 1, 2015;

(e) "Person" means an individual, partnership, corporation, firm, trust, unincorporated association, joint venture, syndicate or other entity; and

(f) "Term" shall have the meaning given to such term in Section 4.1.

2. **SERVICES**

2.1 CEC hereby engages the services of Hydro and Hydro hereby accepts such engagement, for purposes of rendering the Hydro Services listed on Schedule "A".

2.2 Hydro hereby engages the services of CEC and CEC hereby accepts such engagement, for purposes of rendering the CEC Services listed on Schedule "B".

2.3 At any time during the term of this Agreement, CEC and Hydro may agree upon any Hydro Services or any CEC Services to be provided hereunder.

3. **FEES AND PAYMENT**

3.1 In consideration for the Hydro Services rendered by Hydro under this Agreement, CEC shall pay Hydro the fees as outlined in Schedule "A" (the "Hydro Fees").

3.2 In consideration for the CEC Services rendered by CEC under this Agreement, Hydro shall pay CEC the fees as outlined in Schedule "B" (the "CEC Fees").

4. **TERM, DEFAULT AND TERMINATION**

4.1 This Agreement will come in force as of the Effective Date and, unless it is renewed by mutual written Agreement of the Parties or terminated earlier as provided hereunder, shall expire 5 years after the Effective Date (the "Term").

4.2 Either Party may terminate this Agreement upon giving written notice of 30 calendar days to the other Party.

4.3 Upon termination of this Agreement for any reason whatsoever, CEC and Hydro shall immediately pay to the other all fees, costs and expenses of Hydro Services and CEC Services provided up to the date of termination.

4.4 Neither Party may be held liable in any manner whatsoever for its failure to perform its obligations under this Agreement occasioned in whole or in part by Acts of God, strikes, lock-out, fire, regulation of any government or any other cause beyond it's control, provided that said Party has exercised due and reasonable care and best efforts to avoid any of the above mentioned events and provided that this shall not apply to the failure to pay amounts owing hereunder. In the event any such failure to perform exceeds 90 days, the affected Party may terminate this Agreement, and the provisions of section 4.3 shall apply.

5. REPRESENTATIONS, WARRANTIES AND COVENANTS AND INDEMNITIES

5.1 Hydro represents, warrants and covenants that, at all times during the Term:

(a) Hydro and its employees will be qualified by training and experience with appropriate expertise to perform the Hydro Services;

(b) Hydro and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and

(c) Hydro and its employees will perform the Hydro Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the Hydro Services performed hereunder.

5.2 EXCEPT AS EXPRESSLY PROVIDED IN SECTIONS 5.1, HYDRO DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

5.3 CEC represents, warrants and covenants that, at all times during the Term:

(a) CEC and its employees will be qualified by training and experience with appropriate expertise to perform the CEC Services;

(b) CEC and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and

(c) CEC and its employees will perform the CEC Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the CEC Services performed hereunder.

5.4 EXCEPT AS EXPRESSLY PROVIDED IN SECTIONS 5.3, CEC DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

6. USE OF HYDRO EMPLOYEES

6.1 To the extent that the Hydro Services include the provision of Hydro's management and office personnel to CEC, the management and office personnel are not, and shall in no event become, employees of CEC. In no event shall CEC become obligated to pay, or make any contribution to Hydro in respect of, the salaries, wages, benefits or other compensation payable by Hydro to the management and office personnel except to pay to Hydro any amount payable for the Hydro Services in accordance with Section 3.1. Hydro will remain responsible for remitting all statutory withholdings to the appropriate government agency in connection with such personnel.

7. CONFIDENTIALITY

7.1 When used in this Agreement, the phrase "Confidential Information" means all trade secrets, inventions, ideas, intellectual property, formulae, patterns, compilations, programs, methods, techniques, processes, data, designs, algorithms, source code, object code, research plans, business plans, financial forecasts, business opportunities, agreements, vendor lists, pricing lists, customer lists, personnel lists, financial statements and similar information, and any other non-public information about a party or its operations, whether written or oral, or in electronic format, of a Party. The Parties acknowledge and agree that the foregoing is intended to be illustrative and that other Confidential Information may exist or arise in the future.

7.2 A Party (the "Receiving Party") which receives Confidential Information from the other Party (the "Disclosing Party") acknowledges and agrees that:

(a) all Confidential Information which is furnished to the Receiving Party by or with the concurrence of the Disclosing Party or to which the Receiving Party becomes privy, will be furnished to it in confidence;

(b) at all times it shall keep the Confidential Information in the strictest of confidence;

(c) it shall not disclose, directly or indirectly, the Confidential Information to any other Person except as permitted pursuant to this Agreement;

(d) it shall use the Confidential Information solely for the purpose of this Agreement;

(e) it shall not use, at any time, any Confidential Information for its own benefit or purposes or for the benefit or purposes of any Person (other than the Disclosing Party);

(f) its relationship with the Disclosing Party is one of mutual trust and reliance;

(g) the disclosure of the Confidential Information will be highly detrimental to the Disclosing Party;

(h) the Disclosing Party's business cannot be properly protected from adverse consequences of the actions of the Receiving Party other than by the restrictions contained in this Agreement;

(i) it shall indemnify and save harmless the Disclosing Party from and against any and all Claims occasioned by the Disclosing Party as a result of the Receiving Party disclosing any of the Confidential Information contrary to the provisions of this Agreement; and

(j) upon the Disclosing Party's request, and, in any event, upon the termination of this Agreement, the Receiving Party shall immediately return to the Disclosing Party all Confidential Information furnished to it by the Disclosing Party, without retaining any copies.

7.3 The obligations under this Agreement shall not apply to any Condidential Information that the Receiving Party can demonstrate to the Disclosing Party's reasonable satisfaction:

(a) became public and generally known through no act or omission of the Receiving Party or its representatives;

(b) was disclosed on a non-confidential basis in good faith to the Receiving Party by a third party which the Receiving Party had reasonable grounds to believe had legitimate possession thereof and the right to make such disclosure;

(c) was in legitimate possession of the Receiving Party prior to its disclosure by the Disclosing Party to the Receiving Party as evidenced by written records;

(d) that the Receiving Party is required by law, judicial or arbitration process to disclose, provided that, prior to disclosing any Confidential Information, the Receiving Party shall promptly notify the Disclosing Party of such requirement to disclose and take such steps as are reasonably necessary, and cooperate with the Disclosing Party, to lawfully limit such disclosure and to maintain the confidentiality of the Confidential Information in the hands of the Receiving Party, including obtaining appropriate protective orders; or

(e) is approved in writing by the Disclosing Party for release or other use by the Receiving Party according to the terms set out in such written approval.

8. INDUSTRY CODES

8.1 It is the expressed intent of the Parties that the arrangements provided for herein shall at all times be in compliance with the Codes as they apply to the parties hereto from time to time. Each Party shall use all reasonable efforts to comply with the Codes insofar as the Codes apply to the particular Party.

8.2 The Parties shall share equally with respect to the apportionment of risk (including risk related to under or over provision of service).

9. **NOTICE**

9.1 Any notice required under this Agreement may be delivered, during regular business hours, by overnight courier or by registered mail to the addresses indicated below or any other address that may be determined by the appropriate Party.

9.1.1 In CEC's case, to the following address:

43 Alice Street
Halton Hills (Acton), ON L7J 2A9

Attention: Chief Financial Officer

9.1.2 In the case of Hydro, to the following address:

43 Alice Street
Halton Hills (Acton), ON L7J 2A9

To the attention of: President and CEO

Any such notice may be deemed to have been received:

1. By hand delivery – at the time of delivery.
2. By overnight courier – 24 hours after the date of delivery to courier with evidence of delivery from the courier;
3. By registered mail – 48 hours after the date of mailing;

10. **GENERAL**

10.1 This Agreement, including any schedules to be delivered pursuant to the terms of this Agreement, constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties or other agreements, whether oral or written, between the parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.

10.2 The status of a Party under this Agreement shall be that of an independent contractor. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture or agency relationship between the Parties.

10.3 No presumption shall operate in favour of or against any Party hereto as a result of any responsibility that any Party may have had for drafting this Agreement.

10.4 Neither Party may assign, subcontract, or otherwise transfer this Agreement, or any of his or her rights, benefits or obligations hereunder, without the prior written consent of the other Party.

10.5 No amendment, supplement or modification of this Agreement shall be binding on the parties unless same is in writing and signed by all of the parties.

10.6 No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. No forbearance by any party to seek a remedy for any breach by any other party of any provision of this Agreement shall constitute a waiver of any rights or remedies with respect to any subsequent breach. No waiver by either Party of any of such rights is effective unless it is signed in writing.

10.7 If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part shall not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part shall be deemed to be severed from this Agreement and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been inserted in this Agreement.

10.8 Hydro and CEC state that they have had the opportunity to obtain advice and counsel concerning the terms and provisions of this Agreement and they agree that they have executed same freely and voluntarily.

10.9 This Agreement shall be governed and interpreted in accordance with the laws in force in the province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated in all respects as an Ontario Agreement. Each of the parties irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

10.10 Time shall be of the essence of this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision.

10.11 Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful Canadian funds.

10.12 This Agreement shall enure to the benefit of and shall be binding upon the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

IN WITNESS WHEREOF, the Parties intending to be legally bound, do hereby execute this Agreement as of the date first written above.

Halton Hills Hydro Inc.

Per:____________________
Name: Arthur Skidmore
Title: President & CEO

Per:____________________
Name: David Smelsky
Title: Chief Financial Officer

Halton Hills Community Energy Inc.

Per:____________________
Name: Arthur Skidmore
Title: President & CEO

Per:____________________
Name: David Smelsky
Title: Chief Financial Officer

SCHEDULE "A"

Hydro Services and Fees

Hydro Services to be provided	**Fee**
Management, Executive Administration, and Office Rental	Time and materials, subject to annual review

SCHEDULE "B"

CEC Services and Fees

CEC Services to be provided	**Fee**
Board of Director(s)	Time and materials, subject to annual review
President & Chief Executive Officer	Time and materials, subject to annual review

SERVICES AGREEMENT

THIS AGREEMENT dated January 01, 2015,

BETWEEN: Halton Hills Hydro Inc.

(hereinafter referred to as "Hydro")

AND: SouthWestern Energy Inc.

(hereinafter referred to as "SWE")

Hydro and SWE are collectively referred to herein as the "Parties" and individually as a "Party".

WHEREAS SWE is in the business of providing varied and sundry services related to the electrical industry;

AND WHEREAS Hydro is in the business of local electricity distribution.

AND WHEREAS SWE desires to retain Hydro to provide various services (the "Hydro Services") upon the terms and conditions set forth in this Agreement;

AND WHEREAS Hydro desires to retain SWE to provide various services (the "SWE Services") upon the terms and conditions set forth in this Agreement;

NOW THEREFORE, in consideration of the covenants and agreements contained in this Agreement and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged by each of the parties), the Parties agree as follows:

1. **DEFINITIONS**

1.1 In this Agreement, the following words and terms, which may be used in the singular or the plural, have the respective meanings given them as follows:

(a) "Agreement" means this services agreement and all schedules attached hereto;

(b) "Claims" means any and all claims, damages, losses, liabilities, demands, suits, judgments, causes of action, legal proceedings, penalties or other sanctions and any and all costs and expenses arising in connection therewith, including, without limitation, legal fees and disbursements on a substantial indemnity basis (including, without limitation, all such legal fees and disbursements in connection with any and all appeals);

(c) "Codes" means the Affiliate Relationships Code set out by the Ontario Energy Board and all other codes, legislation, regulation and rules applicable to the Parties from time to time;

(d) "Effective Date" means January 1, 2015;

(e) "Person" means an individual, partnership, corporation, firm, trust, unincorporated association, joint venture, syndicate or other entity; and

(f) "Term" shall have the meaning given to such term in Section 4.1.

2. **SERVICES**

2.1 SWE hereby engages the services of Hydro and Hydro hereby accepts such engagement, for purposes of rendering the Hydro Services listed on Schedule "A".

2.2 Hydro hereby engages the services of SWE and SWE hereby accepts such engagement, for purposes of rendering the SWE Services listed on Schedule "B".

2.3 At any time during the term of this Agreement, SWE and Hydro may agree upon any Hydro Services or any SWE Services to be provided hereunder.

3. **FEES AND PAYMENT**

3.1 In consideration for the Hydro Services rendered by Hydro under this Agreement, SWE shall pay Hydro the fees as outlined in Schedule "A" (the "Hydro Fees").

3.2 In consideration for the SWE Services rendered by SWE under this Agreement, Hydro shall pay SWE the fees as outlined in Schedule "B" (the "SWE Fees").

4. **TERM, DEFAULT AND TERMINATION**

4.1 This Agreement will come in force as of the Effective Date and, unless it is renewed by mutual written Agreement of the Parties or terminated earlier as provided hereunder, shall expire 5 years after the Effective Date (the "Term").

4.2 Either Party may terminate this Agreement upon giving written notice of 30 calendar days to the other Party.

4.3 Upon termination of this Agreement for any reason whatsoever, SWE and Hydro shall immediately pay to the other all fees, costs and expenses of Hydro Services and SWE Services provided up to the date of termination.

4.4 Neither Party may be held liable in any manner whatsoever for its failure to perform its obligations under this Agreement occasioned in whole or in part by Acts of God, strikes, lock-out, fire, regulation of any government or any other cause beyond it's control, provided that said Party has exercised due and reasonable care and best efforts to avoid any of the above mentioned events and provided that this shall not apply to the failure to pay amounts owing hereunder. In the event any such failure to perform exceeds 90 days, the affected Party may terminate this Agreement, and the provisions of section 4.3 shall apply.

5. **REPRESENTATIONS, WARRANTIES AND COVENANTS AND INDEMNITIES**

5.1 Hydro represents, warrants and covenants that, at all times during the Term:

(a) Hydro and its employees will be qualified by training and experience with appropriate expertise to perform the Hydro Services;

(b) Hydro and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and

(c) Hydro and its employees will perform the Hydro Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the Hydro Services performed hereunder.

5.2 EXCEPT AS EXPRESSLY PROVIDED IN SECTIONS 5.1, HYDRO DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

5.3 SWE represents, warrants and covenants that, at all times during the Term:

(a) SWE and its employees will be qualified by training and experience with appropriate expertise to perform the SWE Services;

(b) SWE and its employees will have, all necessary licenses, approvals and certifications necessary to perform safely, adequately and lawfully their obligations under this Agreement; and

(c) SWE and its employees will perform the SWE Services in a professional and workmanlike manner, with care, skill and diligence, in accordance with generally accepted industry standards, practices and principles applicable to the SWE Services performed hereunder.

5.4 EXCEPT AS EXPRESSLY PROVIDED IN SECTIONS 5.3, SWE DOES NOT MAKE OR GIVE ANY REPRESENTATION OR WARRANTY OF ANY KIND, WHETHER SUCH REPRESENTATION OR WARRANTY BE EXPRESS OR IMPLIED, INCLUDING ANY WARRANTY OF MERCHANTABILITY, QUALITY, OR FITNESS FOR A PARTICULAR PURPOSE.

6. USE OF HYDRO EMPLOYEES

6.1 To the extent that the Hydro Services include the provision of Hydro's management and office personnel to SWE, the management and office personnel are not, and shall in no event become, employees of SWE. In no event shall SWE become obligated to pay, or make any contribution to Hydro in respect of, the salaries, wages, benefits or other compensation payable by Hydro to the management and office personnel except to pay to Hydro any amount payable for the Hydro Services in accordance with Section 3.1. Hydro will remain responsible for remitting all statutory withholdings to the appropriate government agency in connection with such personnel.

7. **CONFIDENTIALITY**

7.1 When used in this Agreement, the phrase "Confidential Information" means all trade secrets, inventions, ideas, intellectual property, formulae, patterns, compilations, programs, methods, techniques, processes, data, designs, algorithms, source code, object code, research plans, business plans, financial forecasts, business opportunities, agreements, vendor lists, pricing lists, customer lists, personnel lists, financial statements and similar information, and any other non-public information about a party or its operations, whether written or oral, or in electronic format, of a Party. The Parties acknowledge and agree that the foregoing is intended to be illustrative and that other Confidential Information may exist or arise in the future.

7.2 A Party (the "Receiving Party") which receives Confidential Information from the other Party (the "Disclosing Party") acknowledges and agrees that:

(a) all Confidential Information which is furnished to the Receiving Party by or with the concurrence of the Disclosing Party or to which the Receiving Party becomes privy, will be furnished to it in confidence;

(b) at all times it shall keep the Confidential Information in the strictest of confidence;

(c) it shall not disclose, directly or indirectly, the Confidential Information to any other Person except as permitted pursuant to this Agreement;

(d) it shall use the Confidential Information solely for the purpose of this Agreement;

(e) it shall not use, at any time, any Confidential Information for its own benefit or purposes or for the benefit or purposes of any Person (other than the Disclosing Party);

(f) its relationship with the Disclosing Party is one of mutual trust and reliance;

(g) the disclosure of the Confidential Information will be highly detrimental to the Disclosing Party;

(h) the Disclosing Party's business cannot be properly protected from adverse consequences of the actions of the Receiving Party other than by the restrictions contained in this Agreement;

(i) it shall indemnify and save harmless the Disclosing Party from and against any and all Claims occasioned by the Disclosing Party as a result of the Receiving Party disclosing any of the Confidential Information contrary to the provisions of this Agreement; and

(j) upon the Disclosing Party's request, and, in any event, upon the termination of this Agreement, the Receiving Party shall immediately return to the Disclosing Party all Confidential Information furnished to it by the Disclosing Party, without retaining any copies.

7.3 The obligations under this Agreement shall not apply to any Condidential Information that the Receiving Party can demonstrate to the Disclosing Party's reasonable satisfaction:

(a) became public and generally known through no act or omission of the Receiving Party or its representatives;

(b) was disclosed on a non-confidential basis in good faith to the Receiving Party by a third party which the Receiving Party had reasonable grounds to believe had legitimate possession thereof and the right to make such disclosure;

(c) was in legitimate possession of the Receiving Party prior to its disclosure by the Disclosing Party to the Receiving Party as evidenced by written records;

(d) that the Receiving Party is required by law, judicial or arbitration process to disclose, provided that, prior to disclosing any Confidential Information, the Receiving Party shall promptly notify the Disclosing Party of such requirement to disclose and take such steps as are reasonably necessary, and cooperate with the Disclosing Party, to lawfully limit such disclosure and to maintain the confidentiality of the Confidential Information in the hands of the Receiving Party, including obtaining appropriate protective orders; or

(e) is approved in writing by the Disclosing Party for release or other use by the Receiving Party according to the terms set out in such written approval.

8. INDUSTRY CODES

8.1 It is the expressed intent of the Parties that the arrangements provided for herein shall at all times be in compliance with the Codes as they apply to the parties hereto from time to time. Each Party shall use all reasonable efforts to comply with the Codes insofar as the Codes apply to the particular Party.

8.2 The Parties shall share equally with respect to the apportionment of risk (including risk related to under or over provision of service).

9. NOTICE

9.1 Any notice required under this Agreement may be delivered, during regular business hours, by overnight courier or by registered mail to the addresses indicated below or any other address that may be determined by the appropriate Party.

9.1.1 In SWE's case, to the following address:

43 Alice Street
Halton Hills (Acton), ON L7J 2A9

Attention: Chief Financial Officer

9.1.2 In the case of Hydro, to the following address:

43 Alice Street
Halton Hills (Acton), ON L7J 2A9

To the attention of: President and CEO

Any such notice may be deemed to have been received:

1. By hand delivery – at the time of delivery.
2. By overnight courier – 24 hours after the date of delivery to courier with evidence of delivery from the courier;
3. By registered mail – 48 hours after the date of mailing;

10. **GENERAL**

10.1 This Agreement, including any schedules to be delivered pursuant to the terms of this Agreement, constitutes the entire agreement between the parties pertaining to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. There are no representations, warranties or other agreements, whether oral or written, between the parties in connection with the subject matter of this Agreement except as specifically set out in this Agreement.

10.2 The status of a Party under this Agreement shall be that of an independent contractor. Nothing contained in this Agreement shall be construed as creating a partnership, joint venture or agency relationship between the Parties.

10.3 No presumption shall operate in favour of or against any Party hereto as a result of any responsibility that any Party may have had for drafting this Agreement.

10.4 Neither Party may assign, subcontract, or otherwise transfer this Agreement, or any of his or her rights, benefits or obligations hereunder, without the prior written consent of the other Party.

10.5 No amendment, supplement or modification of this Agreement shall be binding on the parties unless same is in writing and signed by all of the parties.

10.6 No waiver of any provision of this Agreement shall be deemed to constitute a waiver of any other provision, whether or not similar, nor shall such waiver constitute a continuing waiver unless otherwise expressly provided. No forbearance by any party to seek a remedy for any breach by any other party of any provision of this Agreement shall constitute a waiver of any rights or remedies with respect to any subsequent breach. No waiver by either Party of any of such rights is effective unless it is signed in writing.

10.7 If any provision of this Agreement or any part of any provision of this Agreement is held to be invalid, illegal or unenforceable by a court of competent jurisdiction, such provision or part shall not affect the validity, legality or enforceability of any other provision of this Agreement or the balance of any provision of this Agreement absent such part and such invalid, illegal or unenforceable provision or part shall be deemed to be severed from this Agreement and this Agreement shall be construed and enforced as if such invalid, illegal or unenforceable provision or part had never been inserted in this Agreement.

10.8 Hydro and SWE state that they have had the opportunity to obtain advice and counsel concerning the terms and provisions of this Agreement and they agree that they have executed same freely and voluntarily.

10.9 This Agreement shall be governed and interpreted in accordance with the laws in force in the province of Ontario and the laws of Canada applicable in the Province of Ontario and shall be treated in all respects as an Ontario Agreement. Each of the parties irrevocably attorns to the jurisdiction of the courts of the Province of Ontario.

10.10 Time shall be of the essence of this Agreement and no extension or variation of this Agreement shall operate as a waiver of this provision.

10.11 Unless otherwise indicated, all dollar amounts referred to in this Agreement are in lawful Canadian funds.

10.12 This Agreement shall enure to the benefit of and shall be binding upon the parties and their respective heirs, executors, legal representatives, successors and permitted assigns.

IN WITNESS WHEREOF, the Parties intending to be legally bound, do hereby execute this Agreement as of the date first written above.

Halton Hills Hydro Inc.

Per:
Name: Arthur Skidmore
Title: President & CEO

Per:
Name: David Smelsky
Title: Chief Financial Officer

SouthWestern Energy Inc.

Per:
Name: Arthur Skidmore
Title: President & CEO

Per:
Name: David Smelsky
Title: Chief Financial Officer

SCHEDULE "A"

Hydro Services and Fees

Hydro Services to be provided	**Fee**
Management, and Administration Support	2015 - $9,406.58 per month ($112,879 per year), subject to annual review
	2016 - subject to annual review
Office and Warehouse	2015 - $6,409.33 per month ($76,912 per year), subject to annual review
	2016 - subject to annual review
Water Billing and Customer Service	2015 - $11,825.50 per month ($141,906 per year), subject to annual review
	2016 - subject to annual review

SCHEDULE "B"

SWE Services and Fees

SWE Services to be provided	**Fee**
Labour and equipment	Time and Materials, subject to annual review
Master Electrician	Time and Materials, subject to annual review

APPENDIX 4-D

HHHI PURCHASING POLICY

Halton Hills
Community Energy
CORPORATION

Administration-Purchasing Policy	Date: August 2015
Procedure No HHCEC-ADM-2-016	Revision: July 1993, October 2004, May 2008, January 2011
Issued by: Art Skidmore	Title: President & CEO

PURPOSE

The Purchasing Policy is a guideline for Management and Staff to establish amounts, requirements and approvals.

GUIDING PRINCIPLE

It is the intention of the Corporation to maintain an adequate level of inventory in order to properly maintain the reliability of our distribution system.

ACQUISITION (PURCHASING) METHODS

In determining the value of goods and services to ascertain the appropriate method of acquisition, the following criteria will be used:

1) The expenditure must be related to a whole or complete job, item or service in the Corporation's approved budget, both operating and capital.

KNOWN QUANTITIES/REQUIREMENTS

Quotations – known quantities/requirements

a) Quotations will be administered by the Purchasing Department.
b) The Purchasing Department may obtain up to three quotes from qualified suppliers in the most expeditious manner possible either by phone, fax, e-mail, EDI or correspondence.

Negotiations

The Purchasing Department may negotiate where:

a) there is only one source of supply for the goods or services, or
b) there is merit in purchasing at a public auction, or
c) all tenders or quotations received fail to meet specifications or terms and conditions and it is unreasonable to recall tenders or quotations.

The negotiation procedures shall be those accepted as standard negotiating procedures that employ fair and ethical practices.

Sole Supplier

A vendor may be identified by the Corporation as a sole supplier where:
a) the vendor is the only manufacturer of the particular product, or

b) in order to maintain warranties or system integrity, the vendor is the preferred or only choice for replacement parts or services for an original product or service purchased from this vendor, or
c) there is a requirement that repeated purchases be consistent in operation and manufacture, or
d) there is a need for additions to the original purchase and the additions are to form an integral part of the original purchase.

Where a vendor has been identified as a sole supplier to the Corporation by virtue of a previous purchase, all subsequent purchases shall be made by the "Negotiation" method if the price was not established as part of the original purchase.
Consideration should be given to the timely review of the sole supplier where a new or alternate product(s) or service(s) become available in the marketplace.

<u>Partnerships</u>

Halton Hills Hydro Inc. believes that it can obtain greater benefits by adopting a strategic procurement alliance for the purchase of goods and services rather than treating individual purchases in isolation. The benefits accruing to the Board are:

1. reduced total inventory levels arising from closely matching production schedules with actual requirements;
2. reduced administrative burden and overall costs due to streamlining the procurement process and taking advantage of economies of scale;
3. improved service levels;
4. better project estimates and improved ability to control final project costs;
5. improved ability to meet project schedules;
6. reduced expediting and inspection costs;
7. innovation will be encouraged and,
8. adoption of agreed terms and conditions and specifications will reduce time required in both engineering and purchasing to ascertain expressions of interest from the marketplace. The ability to add and delete products or services to the agreement will be a requirement of the agreement.

<u>Cooperative Purchasing</u>

The Corporation encourages cooperative purchasing with other Corporation or public agencies whenever the best interests of the Corporation will be served.

<u>Exceptions</u>

This Policy does not apply to the following items:
1. Power purchases from the IMO;
2. Transmission charges from Hydro One;
3. Petty cash items;
4. Training and education;
5. Refundable employee expenses;
6. Refunds;
7. Payroll related expenditures;
8. Other expenditures
    a) debenture payments

b) insurance payments
c) damage claims
d) tax remittances

9. Utilities

A purchase order is not required for the following:

1. Professional services
    a) Counseling fees
    b) Auditing
    c) Consulting fees
    d) Banking
    e) Insurance premiums

Selection Criteria

The selection criteria for goods shall be based on the following where relevant:

a) specifications or requirements
b) quality
c) service
d) delivery
e) place
f) life cycle costs and,
g) price.

In support of the Corporate Vision, life cycle costs or price shall be the determining selection criteria for goods when the above criteria are satisfied.

The selection criteria for services shall be based on the following where relevant:

a) the ability, capacity and skill of the vendor to perform the contract;
b) the ability, capacity and skill of the vendor to perform the contract in a safe manner;
c) whether the vendor can perform the service promptly within the time specified without delay or interference;
d) the character, integrity, reputation, judgement, experience and efficiency of the vendor and the proposed staff for this service;
e) the quality of performance provided in previous contracts or services, and
f) all cost to the utility that would result from selecting the vendor.

Disposals

Senior management shall have the authority to sell, exchange or otherwise dispose of all goods declared as surplus to the needs of the Corporation. Where it is in the best interest of the Corporation, items or groups of items may:

a) be offered to other public agencies;
b) be sold by external advertisement, formal request, auction or public sale;
c) be advertised by public offering for sale and sealed bids will be received with the award to the highest bidder;

In the event that all efforts to dispose of goods by sale are unsuccessful, these items may be offered for refuse or donated to a charity.

Prohibitions

1) Disposals – no employee for the Corporation having responsibility for declaring goods surplus to the needs of the Corporation or for disposing of such items, may acquire these goods.
2) Personal benefit – any elected official, appointed official, officer, employee or member of their immediate family of the Corporation is expressly prohibited from accepting, directly or indirectly from any person, company or corporation to which any purchase order or contract is, or might be, awarded, any rebate, gift or money.
3) The Corporation shall be advised, prior to the award of business, if goods or services are being purchased by Halton Hills Hydro Inc. from an employee. A purchase is deemed to be made from an employee when it is made either directly or indirectly from the employee, their spouse or an immediate family member, a company owned or operated by an employee, their spouse or an immediate family member.

APPROVAL GUIDELINES

Title	Approval Limit
Supervisors	up to $ 5,000
Manager of Operations	up to $ 25,000
Chief Financial Officer	up to $ 75,000
President & CEO	up to $1,000,000
Board	over $1,000,000

______________________, President & CEO

APPENDIX 4-E

HHHI DEPRECIATION AND AMORTIZATION POLICY

Halton Hills Hydro Inc. - IFRS Capitalization Policy

Standard: IFRS 1 – Elective Exemption, IAS 16 – Property, Plant and Equipment

Topic: Property, Plant and Equipment – Fair Value vs. Carrying Value as Deemed Cost

Objective:

To determine the policy on initial measurement of property, plant and equipment (PP&E) on the date of transition to IFRS

Background:

Halton Hills Hydro Incorporated ("HHHI") may elect to measure an item of PP&E at its fair value on the date of transition to IFRS. The fair value would then represent deemed cost at that date for purposes of subsequent measurement and amortization ("deemed cost election").

An additional IFRS 1 exemption is available to rate regulated entities. The exemption allows an entity to measure an item of PP&E at its previously recorded carrying value (i.e. net book value) on transition to IFRS. As HHHI's operations are rate regulated, they are eligible to apply this exemption.

If an Elective Exemption with respect to PP&E is not taken, HHHI would have to account for PP&E as if the requirements of IAS 16 had always been applied. This would require retrospective restatements of all PP&E balances in accordance with IFRS.

Considerations:

Retroactive restatements will be onerous and impractical as documentation for historical costs are not available.

The fair value exemption is not allowed by the OEB for rate setting purposes.

Fair values are more costly to obtain.

Electing the IFRS 1 exemption for rate regulated entities is more favourable to HHHI. Regulated Net Book Value as at the date of transition to IFRS would be used for rate setting purposes. The OEB requires the use of regulated NBV as the basis for setting the opening rate base values upon transition to IFRS. Therefore, using the carrying value as deemed cost exemption would more closely align financial reporting with the basis in which regulated cash flows and income are determined by the regulator.

Conclusion:

HHHI has concluded that it will elect the IFRS 1 Exemption for rate regulated entities and use net book value as at date of transition to IFRS (January 1, 2012) as deemed cost.

Standard: IAS 16 – Property, Plant and Equipment

Topic: Property, Plant and Equipment – Measurement after Recognition

Objective:

To determine the policy on measurement of property, plant and equipment (PP&E) after initial recognition

Background:

For all subsequent periods following the initial recognition of an asset, IAS 16 permits a choice of using either the cost model or the revaluation model for valuing PP&E.

Cost Model

After recognition as an asset, an item of PP&E shall be carried at its cost less any accumulated depreciation and any accumulated impairment losses.

Revaluation Model

After recognition as an asset, an item of PP&E whose fair value can be measured reliably shall be carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. IAS 16 defines fair value as "the amount for which an asset could be exchanged between knowledgeable, willing parties in an arm's length transaction." It also mentions that, if there is no market-based evidence of fair value because of the specialized nature of a particular PP&E item and the item is rarely sold (except as part of a continuing business), an entity may need to estimate fair value using an income or a depreciated replacement cost approach.

Revaluation shall be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. If an item of PP&E is revalued, the entire class of PP&E to which that asset belongs shall be revalued.

Ontario Energy Board

In its report of the Board on Transition to International Financial Reporting Standards, the OEB will require the use of historical acquisition cost as the basis for reporting PP&E for regulatory purposes.

Conclusion:

HHHI has concluded that it will choose the Cost Model to measure PP&E after initial recognition under IFRS.

Standard: IAS 16 – Property, Plant and Equipment

Topic: Componentization and Depreciation

Objective:

To document the accounting policy on componentization and depreciation of property, plant and equipment.

Background:

Each part of an item of property, plant and equipment (PP&E) with a cost that is significant in relation to the total cost of the item shall be depreciated separately.

An entity should allocate the amount initially recognized in respect of an item of PPE to its significant parts to be depreciated separately.

A significant part of an item of PP&E may have a useful life and a depreciation method that are the same as the useful life and the depreciation method of another significant part of that same item. Such parts may be grouped in determining the depreciation charge.

Depreciation is to be computed on a systematic basis over the estimated useful life of the item of PP&E. The depreciable amount of an asset is determined after deducting its residual value. In practice, the residual value of an asset is often insignificant and therefore immaterial in the calculation of the depreciable amount.

The residual value and the useful life of an asset shall be reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) shall be accounted for as a change in an accounting estimate in accordance with **IAS 8** *Accounting Policies, Changes in Accounting Estimates and Errors.*

Depreciation of an asset begins when it is available for use (i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by management). Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale in accordance with **IFRS 5** and the date that the asset is derecognized.

Considerations:

Significant components of PP&E will be separately accounted under IFRS. Each significant component and the estimated useful lives, for purposes of computing depreciation expense under IFRS, will be set out in Table 1 as attached.

Overhead system

The following components have been identified – poles, conductors, transformers, switches, municipal substations comprised of DC service station, switchgear, and transformer.

<u>Poles</u>

HHHI has wood, steel and composite poles. HHHI has 8,000 poles of which 10 are composite, 1 is concrete, 128 are steel and the remainder are wood. Therefore there will be only one pole component. Cross-arms and insulators are typically replaced when the pole is changed, and therefore the useful lives of the cross-arms and insulators are consistent with the pole. Insulators may be changed more frequently, however the cost in comparison to the cost of a pole is insignificant. Therefore, brackets, cross-arms and insulators will have the same useful lives as the pole and will be included as a fully dressed pole.

Engineering will test the condition of the pole rather than the age when determining if a pole should be changed. Engineering have preliminarily determined the average life of poles in the system to be approximately 60 years, while the Kinectrics Inc. Report No: K-418022-RA0001-R003, dated December 10, 2009 (HHHI Kinectrics report) shows a maximum life of 50 years. However, the study was commissioned before HHHI had any asset management initiatives and the results of the current pole testing shows that poles are requiring changing at an approximate age of 40-45 years. Therefore, a useful life of 50 years is reasonable.

<u>Conductor</u>

The HHHI Kinectrics report reflects a useful life between 50-77 years, with a typical useful life of 60 years based on moderate mechanical stress, low electrical loading and moderate environmental factors. Conductor in the system is under moderate mechanical stress and moderate electrical loading which suggests that useful life is lower than typical. On average, the change of pole dictates the change of conductor. Load growth also dictates the change in conductor. As a result, a useful life of 50 years will be used which is consistent with the useful life of the poles.

<u>Transformer</u>

Pole mounted transformers typically have a different useful life than the pole and conductor. When a pole is removed along with a pole mounted transformer, the transformer could be sent in for service and re-used at a future date. The transformer is a significant component of PP&E and the transformer could have a different useful life than the pole. Therefore, transformers will be a separate component and will be categorized between pad mounted transformers and overhead transformers.

The HHHI Kinectrics report reflects a useful life between 30-60 years, with a typical useful life of 40 years based on moderate electrical loading and environmental factors. HHHI has moderate electrical loading and moderate environmental conditions which would trend towards the typical life as the useful life of the transformer. Therefore, the typical useful life of 40 years is to be used for transformers.

Switches

The majority of the switches in use today by HHHI are manual overhead switches. HHHI's capital plan includes the installation of remote automated switches. A separate component for local motorized switches is not required as most switches will be automated and remote going forward. Automated switches are currently segregated in the capital budget by switch ($30,000), motor and RTU ($10,000). Therefore, all the pieces of automated switches are to be kept together, and all switches (fuse cut-outs, overhead switches and remote automated) are to be included as one component – overhead devices. HHHI has fuse cut-outs which are transformer switches. These items have a low dollar value ($100-$150).

The HHHI Kinectrics report reflects a useful life between 30-60 years, with a typical useful life of 50 years. Switch maintenance practices at HHHI are low; therefore life should be closer to the minimum identified in the HHHI Kinectrics report rather than the typical useful life. Over the past 35 years, only a few switches have needed to be replaced. The ages of these switches are approximately 40 years old. There are some cut-out switches that are only 10-15 year old; however these are small dollar value ($150 each). Therefore, the useful life of 40 years is to be used.

Voltage Regulator

The useful life of the voltage regulator is the same as the transformer. Therefore, there is no need to keep a separate component for the voltage regulators.

Reclosers

Reclosers are a type of switch and are currently included in devices and do not need to be separated from switches due to lack of significance in dollar value.

Municipal Substations

HHHI currently has 11 outdoor municipal substations and 1 indoor municipal substation. There is a high dollar value in the substations with the majority of the cost relating to the transformer with minor costs relating to fencing and building. Based on HHHI's experience, the tap changer is most likely to be replaced before the winding. The tap changer is a significant cost to replace although the majority of the cost is in the transformer itself. The building and fencing do not have a large dollar value in relation to each other. Therefore, all parts of the building (building and fence) for the municipal substation should be grouped together with the power transformer being one component comprised of the transformer, winding and tap changer.

The HHHI Kinectrics report shows a useful life of 32-55 years, with a typical useful life of 45 based on moderate electrical loading and environmental factors and low operating and maintenance practices. HHHI operating and maintenance are low. Engineering is finding that after 17-30 years of age maintenance costs increase. HHHI environmental factor would be a little higher than moderate as only one out of twelve municipal substations is indoor. Therefore the useful life should be lower than typical and a useful life of 35 years would be reasonable.

DC Service Station

The DC station service asset class includes battery banks and chargers. Based on HHHI's experience, batteries do not last as long as chargers. According to the HHHI Kinectrics report the battery and chargers have similar useful lives. Therefore, DC Station service will be one component comprising the battery and charger.

The HHHI Kinectrics report shows a useful life of 10-30 years, with a typical useful life of 20 years, based on moderate electrical loading, low environmental factors and moderate maintenance practices and moderate non-physical factors. For HHHI, the non-physical factors (technology) are low and environmental factors are also low as DC systems are indoors. A useful life of 20 years is typical of the charger (battery depends on the technology and normally does not last longer than charger). Therefore the useful life of 20 years would be reasonable.

Switchgear

HHHI operates with both air and gas insulated switchgear. As required, the air insulated switchgear is replaced with the latest design of metalclad gas insulated switchgear. The useful life expected by HHHI is the same which is supported by the lives identified in the HHHI Kinectrics report. The HHHI Kinectrics report has been broken out by type of switchgear – air vs. gas. When the switchgear requires replacement, HHHI typically replaces the whole switchgear, not just the parts within the switchgear. Therefore, the switchgear assembly should continue to be combined into one component – switchgear; and the type - air and gas switchgear should be grouped together as one component.

Kinectrics shows a useful life between 30-60 years, with a typical useful life of 40 years based on low electrical loading, moderate environmental factors, and operating and maintenance practices. Typical useful life of 40 years is accurate according to engineering. Electrical loading in the system is high and environmental factors are low as switchgear is all indoor. These factors offset each other. Experience of one engineer reveals that they have seen only one switchgear (air or gas) replaced which had an approximate 40 year useful life. Therefore, a useful life of 40 years is reasonable.

Station Grounding Systems

HHHI will replace the grounding system when the transformer is replaced. Therefore, the station grounding system will continue to be grouped together with transformers.

Underground System

The following possible components were identified – primary cable, secondary cable, transformers, switchgear, utility chamber, ducts, transformer switchgear foundation, junction cubicle, SCADA, fault indicator, metering, and smart meters.

Underground Primary Cable

HHHI utilizes only TRXLP cable within its underground distribution system. HHHI stopped direct burying cables approximately 20-25 years ago. The net book value of direct buried cable is expected to be nil. All new underground primary cable is installed – encased in duct or concrete. Based on HHHI's experience, induct and concrete have the same useful life. Arrestors and terminations are an insignificant part of the cost of the underground network and have a life similar to that of the cable. Therefore arrestors, terminations and elbows will be grouped together as one component in underground primary cable.

The HHHI Kinetrics report identified the useful life of underground primary cable including termination, arrestors, utility chambers and elbows of 40-60 years, with a typical useful life of 40 years based on moderate mechanical stress, electrical loading and environmental factors. Experience has shown cable does not require change out before 40 years; therefore a 40 year useful life is reasonable.

Secondary Cable

HHHI has both induct and direct buried secondary cable. All new underground secondary cable installed is encased in duct or concrete. HHHI does not have any PI and PIJ cables. Therefore, induct and direct buried cables will be grouped together.

The HHHI Kinectrics report identifies a useful life between 40-60 years, with minimum and typical useful life at 40 years. This is based on moderate mechanical stress, electrical loading and environmental factors. A useful life of 40 years is appropriate as normally change of secondary cables is due to electrical loading issues rather than failure and experience shows secondary cables are not changed out before then. Therefore, a useful life of 40 years is appropriate.

Transformers

Transformers are a significant part of the underground system.

The HHHI Kinectrics report reflects the useful life between 30-40 years, with a typical life of 40 years based on low mechanical stress and moderate electrical loading and environmental factors. HHHI has low electrical loading in their underground system which would put the useful life towards the maximum which is the same as typical. A useful life of 40 years is therefore appropriate.

Pad Mounted Switchgear

HHHI operates with both air and gas insulated switchgear. Experience has indicated that both air and gas switchgear have the same useful lives and this is supported by the HHHI Kinectrics report.

The HHHI Kinectrics report indentifed the useful life between 20-40 years, with a typical useful life of 30 years based on low mechanical stress and electrical loading and high environmental factors. Environmental factor is high as the assets tend to rust as they sit at the side of the road, so the snow, debris, salt, etc. factor into the condition of the asset. The approximate age is 25 to 30 years; therefore a 30 year useful life is appropriate.

Utility Chamber

The Utility Chamber facilitates cable pulling into underground ducts and provide access to splices and facilities that require periodic inspections or maintenance. HHHI currently has two utility chambers and has typically experienced that these chambers have a similar useful life to the conductor. Utility chambers are expensive to install, but they last a long time. Therefore, utility chambers are to be grouped with underground primary cable.

Ducts

The HHHI Kinectrics report shows a useful life from 30-80 years, with a typical useful life of 50 years based on high mechanical stress and moderate environmental factors. In HHHI's system, mechanical stress is not high and ducts underground are normally concrete encased and are therefore protected. They should therefore have a higher life than underground cable and a useful life of 50 years is reasonable.

Transformer and Switchgear Foundation

The transformer and switchgear foundation asset class is similar to the utility chamber asset. It is a buried precast concrete vault on which the pad-mounted transformers or switchgear are mounted. Typically the foundation is buried and the top portion is above ground. The transformer switchgear foundation is usually installed when the duct is installed. Therefore, duct and transformer switchgear foundation are to be grouped together.

Junction Cubicle

Junction cubicle is similar to switchgear but it is less expensive. According to the HHHI Kinectrics report, junction cubicle and switchgear useful lives are similar. As such, junction cubicle is to be grouped with the pad mounted switchgear.

SCADA

Supervisory Control and Data Acquisition (SCADA) refers to the centralized monitoring and control system of a facility. SCADA remote units (RTUs) allow the SCADA system to communicate with field equipment. The RTU is typically comprised of power supply, CPU, I/O Modules, housing and chassis, communications interface and software.

The HHHI Kinectrics report identifies a SCADA useful life between 5-30 years, with a typical useful life of 20 years based on low environmental and maintenance practices and high non-physical factors. For HHHI, the environmental and maintenance factors are low. The non-physical factor is high as SCADA is technology-based. The life of SCADA equipment is limited by technology. Therefore a 20 year useful life is appropriate based on non-physical.

Fault Indicator

HHHI has approximately 45 fault indicators comprised of both overhead and underground. The cost of a fault indicator is approximately $200-500. Overhead fault indicators should be grouped with overhead conductor and underground fault indicators are used with transformers and should be grouped with the underground transformers.

Metering

The metering asset consists of three components: the meter itself, the current transformer (CT) and the potential transformer (PT

HHHI typically recalibrates industrial/commercial meters every 10 years. As industrial and wholesale meters last the same amount of time, they will be grouped together.

The HHHI Kinectrics report shows a useful life range of industrial/commercial type meters between 20 -60 years. The non-physical factors are high due to technology and life is limited by technology. A 20 year useful life is reasonable.

Rarely, is HHHI required to replace CTs and PTs; only if they are hit by lightning or other electrical issues. CTs and PTs last a lot longer than a meter. As a result, CTs and PTs should be segregated from industrial and wholesale meters.

The HHHI Kinectrics report shows a useful life between 35-50 years, with a typical useful life of 45 years based on low maintenance. CTs & PTs typically last about 45 years. Useful life of 45 years will be used.

Smart Meters

A smart meter is an advanced meter, essentially an electrical meter that identifies consumption in more detail than a conventional meter; and communicates that information via repeaters and collectors back to the local utility. HHHI expects that repeaters, antennas and data connectors would easily last as long as the meters, but they are based on technology and this impacts their useful life as these are communication based. Smart metering is a 20 year plan. Cost information should be kept in as much detail as in the Kinectrics chart – smart meters, repeaters, data concentrators.

The HHHI Kinectrics report reflects a minimum life for all smart meters of 15 years to be deemed appropriate as this is new technology with no history. Technology is considered to be a life limiting factor.

Minor Assets

With reference to the HHHI Kinectrics report:

1. Vehicles will be separated into the following categories and useful lives will be based on HHHI replacement policy as follows:
    - bucket trucks, useful life of 12 years
    - trailers, useful life of 15 years and
    - Vans/cars/light vehicles, useful life of 8 years.

2. Office equipment - a 5 year useful life.

3. Computer hardware and software is technology driven. The life is determined to be 3 years and 2 years respectively.

4. Tools, shop, garage equipment and measurement & testing equipment are to be bundled together and useful life is determined to be 10 years.

5. Stores equipment with useful life of 10 years.

6. Communication equipment including vehicle radio will continue to use the current useful life of 10 years.

Conclusion:

The new levels of componentization and the corresponding useful lives will be applied beginning January 1, 2012. The net book value as deemed cost exemption (available to rate regulated entities) will be applied so that the opening values at January 1, 2012 do not need to be restated and therefore, componentization does not need to be applied retroactively.

Table 1: HHHI – PP&E Components and Estimated Useful Lives

Component	Previous Component	Proposed Useful Life	Existing Useful Life
Land	Land	N/A	N/A
Overhead poles, fully dressed	Overhead Poles	50	25
Overhead conductors	Overhead Conductors & Devices	50	25
Overhead line switches, reclosures, fault circuit indicators	Overhead Conductors & Devices	40	25
Municipal substations – transformers incl grounding system	MS Station equipment	35	25
Municipal substations - DC service station incl battery & chargers	MS Station equipment	20	25
M.S. Switchgear	Overhead Conductors & Devices	40	10
Underground primary cable incl utility chambers	Underground Conductors & Devices	40	25
Underground secondary cable	Underground Services	40	25
Underground ducts and transformer switchgear foundation	Underground Conduit	50	25
Overhead transformers incl voltage regulator	Overhead Transformers	40	25
Underground transformers incl fault indicators	Underground Transformers	40	10
Underground switchgear and junction cubicle		20	-
SCADA – battery, RTU, relay, IED		20	15
Industrial/Commercial, wholesale Energy Meters	Interval Meters – 1 Phase, 3 Phase & Meters YE Adj	20	25
PTs & CTs	Meters	45	25
Smart meters - meters	Meters	15	15
Smart meters - repeaters	Meters	15	15
Smart meters – data concentrators	Meters	15	15
Office Furniture and Equipment	Office Furniture and Equipment	5	10

Computer Equipment Hardware	Computer Equipment Hardware	3	5
Computer Software	Computer Software	2	1
Vehicles – bucket trucks	Transportation Equipment	12	5
Vehicles – trailers	Transportation Equipment	15	5
Vehicles – vans/cars	Transportation Equipment	8	5
Tools, Garage Equipment, Measurement & Testing Equipment	Tools, Garage Equipment, Measurement & Testing Equipment	10	10
Stores Equipment	Stores Equipment	10	10
Wireless Communication	Communication Equipment	10	-

Standard: IAS 16 – Property, Plant and Equipment

Topic: Capitalization - Burdens

Objective:

To document the accounting policy on the capitalization of burdens.

HHHI will capitalize all costs, including the above burdens, when the cost is directly attributable to bringing the item of PP&E to the location and condition necessary for it to be capable of operating in the manner intended by management.

Any general and administrative costs currently included in the various burden rates under CGAPP will not be capitalized under IFRS.

The following changes were made to the capitalization policy as a result of the transition to IFRS.

<u>Payroll allocation</u>

The following accounts were removed from this allocation as they are not directly attributable to an asset:

- Non-Productive Time (account 670-14-21)
- Major Tools Amortization (account 670-14-22)
- Payroll Overhead Management Cost (account 670-26-13/14/15/17)
- MEARIE – Total Benefits (account 670-26-26)
- Department/ OH Recovery (account 670-90-89)

<u>Stores Allocation (Materials Burden)</u>

No changes were identified for this allocation.

Rolling Stock (Vehicle Burden):

No changes were identified for this allocation.

Standard: IAS 16 – Property, Plant and Equipment

Topic: Property, Plant and Equipment Derecognition of PP&E

Objective:

To document the accounting policy on derecognition of property, plant and equipment.

Background:

The carrying amount of an item of property, plant and equipment (PP&E) shall be derecognized:

(a) On disposal; or
(b) When no future economic benefits are expected from its use or disposal (eg. the item is removed from use).

When a part of an item of PP&E is replaced and that replacement is capitalized under the recognition principle in IAS 16, then the replaced part is derecognized regardless of whether the replaced part has been identified as a separate component and depreciated separately.

The gain or loss arising from the derecognition of an item of PP&E shall be included in profit or loss when the item is derecognized. Gains shall not be classified as revenue, and instead should be presented as other income or expense.

The disposal of an item of PP&E may occur in a variety of ways (e.g. by sale, by entering into a finance lease, by donation, etc.) In determining the date of disposal of an item, an entity applies the criteria in IAS 18 for recognizing revenue from the sale of goods. Under IAS 18.14, revenue from the sale of goods shall be recognized when all the following conditions have been satisfied:

(a) The entity has transferred to the buyer the significant risks and rewards of ownership of the goods
(b) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
(c) The amount of revenue can be measured reliably;
(d) It is probable that the economic benefits associated with the transition will flow to the entity; and
(e) The costs incurred or to be incurred in respect of the transactions can be measure reliably.

The gain or loss arising from derecognizing of an item of PP&E shall be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Considerations:

Currently the pooled method of accounting for capital assets for Utility companies is applied and is an approved method by the Ontario Energy Board ("OEB").

The pooled method of accounting, pools like assets together based on the year of addition as the pooling method assumes that each asset will last, on average, their full useful life

Under the pooled method there is an assumption that there are assets within the same asset pool which will last longer or shorter than the estimated useful life and therefore, in the end everything balances out on average. However, the assumption does not always hold true, especially if assets are removed from service before the end of their useful life, for example, when a road is widened and a pole line relocated.

Under the pooled method, if an asset is removed from service prior to the end of its useful life, there is no change to the accounting to remove the asset – it remains in the GL (ie it is not derecognized).

Currently, HHHI records their capital assets using the pooling method of accounting and does not derecognize assets removed from service prior to the end of their useful life.

Since HHHI removes assets from service prior to the end of their useful life from time to time, these removed assets should be derecognized. HHHI must derecognize the cost of the asset which was removed/disposed. A write-off would be recorded in the amount of the remaining NBV of the asset removed/disposed. Any proceeds on the disposal of the asset would offset the write-off.

Conclusion:

In order to properly account for assets that are removed from service in the accounting records, a collaborative process needs to be developed involving Engineering, Operations and Finance which alerts the accounting department when an asset has been removed from service in order to write-off the asset (long-term issue)

If a project include only the addition of a new asset, without any removal of old assets, then there are no de-recognition losses to record.

Standard: IAS 23 – Borrowing Costs

Topic: Borrowing Costs – Property, Plant and Equipment

Objective:

To determine the policy on accounting for borrowing costs for property, plant and equipment.

Background:

Borrowing costs are interest and other costs that an entity incurs in connection with the borrowing of funds. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. A substantial period of time is not defined in the IAS standard. Guidance provided by KPMG (Insights) suggests that a substantial period of time would be considered to be a period well in excess of 6 months.

For all subsequent periods following the initial recognition of an asset, IAS 16 permits a choice of using either the cost model or the revaluation model for valuing PP&E. HHHI has chosen to use the cost model in accordance with OEB requirements.

IAS 23 requires that borrowing costs be expensed as they are incurred unless they relate to "qualifying assets", in which case they must be capitalized if certain conditions are met. When interest is capitalized, IAS 23 requires the following steps:

- Begin capitalization when borrowing costs are incurred and expenditures and activities to develop a qualifying asset are in progress;
- Suspend capitalization when development is interrupted for extended periods; and
- Cease capitalization when a qualifying asset is ready for its intended use or sale.

Borrowing costs that are directly attributable to the acquisition, construction, or production of a qualifying asset form part of the cost of that asset. All other borrowing costs are recognized as interest expense.

The borrowing costs capitalized must reflect the weighted average of the actual borrowing costs incurred. The OEB requires the actual interest rate on the debt to be used if the related debt was acquired on an arm's length basis. If the debt is acquired on a non-arm's length basis then the interest rate used cannot exceed the Board's published rates for CWIP.

Definitions:

Qualifying asset – HHHI defines a qualifying asset as one that takes in excess of 9 months to construct or get ready for its intended use.

Conclusion:

Eligible borrowing costs will be capitalized as part of PP&E for all qualifying assets. Interest rate to be used for capitalization will be limited to the OEB's published rate for CWIP for regulatory reporting purposes.

Halton Hills Hydro Inc.						
Capitalization of Overheads Table						
	Engineering		Supervision		Supply Chain	
Account	CGAPP	MIFRS	CGAPP	MIFRS	CGAPP	MIFRS
Labour Regular Hourly	Y	Y			Y	Y
Labour Overtime Hourly	Y	Y			Y	Y
Union Vacation	Y	Y			Y	Y
Union Statutory Holidays	Y	Y			Y	Y
Union Leave	N	N				
Labour Regular Salary	Y	Y			Y	Y
Labour Overtime Salary						
Training Regular Hourly	Y	N	Y	N	Y	N
Training Regular Salary	Y	N	Y	N	Y	N
Training Overtime Hourly						
Inclement Weather - Regular						
Management salaries	Y	N	Y	N	Y	N
Management vacation	Y	N	Y	N	Y	N
Management training	Y	N	Y	N	Y	N
Employer Pension Contributions	Y	Y	Y	Y	Y	Y
Canada Pension Contributions	Y	Y	Y	Y	Y	Y
Employment Insurance Contributions	Y	Y	Y	Y	Y	Y
Workplace Safety and Insurance	Y	Y	Y	Y	Y	Y
Ontario Health Tax	Y	Y	Y	Y	Y	Y
Employee Health Plan	Y	Y	Y	Y	Y	Y
Safety Equipment and Uniforms	Y	N	Y	N	Y	N
Rewards and Recognition	Y	N	Y	N	Y	N
Vehicles & Equipment	Y	Y	Y	Y	Y	Y
Outside Services	Y	Y			Y	Y
Vehicles & Equipment Rentals					Y	Y
Small Tools					Y	N
Small Equipment Repairs					Y	N
Freight and Transport					Y	Y
Waste Disposal					Y	N
Office Supplies	Y	N			Y	N
Office Equipment Rentals	Y	N			Y	N
Office Equipment Maintenance	Y	N			Y	N
Postage and Meter Rentals					Y	N
Courier	Y	N			Y	N
Travel Meals & Entertainment						
Mileage reimbursement	Y	Y	Y	N	Y	Y
Vehicles	Y	Y	Y	N	Y	N

Travel Other	Y	N	Y	N	Y	N
Training Meals & Entertainment	Y	N	Y	N	Y	N
Training Tuition	Y	N	Y	N	Y	N
Training Transportation	Y	N	Y	N	Y	N
Training Lodging	Y	N	Y	N	Y	N
Training Mileage Reimbursement	Y	N	Y	N	Y	N
Training Other	Y	N	Y	N	Y	N
Consulting Services	Y	N				
Computer Equipment	Y	N			Y	N
Computer Software	Y	N			Y	N
Computer Supplies	Y	N			Y	N
IT Licenses	Y	N			Y	N
IT Maintenance Contracts	Y	N			Y	N
Telephone	Y	N			Y	N
Telephone - Mobile	Y	N			Y	N
Radio Leasing and Licenses	Y	N			Y	N
Communications Hardware	Y	N			Y	N
Professional Dues and Licenses	Y	N	Y	N		
Other Membership Fees	Y	N	Y	N		
Subscriptions	Y	N	Y	N		
Easements and Licenses	Y	Y				
Inventory Write-off and Obsolescence					Y	Y
Inventory Shortages and Overages					Y	Y
Average Cost Adjustment					Y	Y

APPENDIX 4-F

BOARD TAX/PILS MODEL

Ontario Energy Board

Income Tax/PILs Workfor

Utility Name	Halton Hills Hydro Inc.
Assigned EB Number	EB-2015-0074
Name and Title	David Smelsky, CFO
Phone Number	519 853 3700 Ext 208
Email Address	dsmelsky@haltonhillshydro.com
Date	26-Aug-15
Last COS Re-based Year	**2012**

Note: Drop-down lists are shaded blue; Input cells are shaded green.

While this model has been provided in Excel format and is required to be filed with the appl data and the results.

Ontario Energy Board

Income Tax/PILs Workform f

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Rate Base		S	**$**	**62,148,062**		
Return on Ratebase						
Deemed ShortTerm Debt %	4.00%	T	$	2,485,922	*W = S * T*	
Deemed Long Term Debt %	56.00%	U	$	34,802,914	*X = S * U*	
Deemed Equity %	40.00%	V	$	24,859,225	*Y = S * V*	
Short Term Interest Rate	2.16%	Z	$	53,696	*AC = W * Z*	
Long Term Interest	3.20%	AA	$	1,112,111	*AD = X * AA*	
Return on Equity (Regulatory Income)	9.30%	AB	**$**	**2,311,908**	*AE = Y * AB*	T1
Return on Rate Base			**$**	**3,477,714**	*AF = AC + AD + AE*	

Questions that must be answered

	Historical	Bridge	Test Year
1. Does the applicant have any Investment Tax Credits (ITC)?	No	No	No
2. Does the applicant have any SRED Expenditures?	No	No	No
3. Does the applicant have any Capital Gains or Losses for tax purposes?	Yes	Yes	Yes
4. Does the applicant have any Capital Leases?	No	No	No
5. Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?	No	Yes	Yes
6. Since 1999, has the applicant acquired another regulated applicant's assets?	No	No	No
7. Did the applicant pay dividends? *If Yes, please describe what was the tax treatment in the manager's summary.*	Yes	Yes	Yes
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	Yes	No	No

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Tax Rates **Federal & Provincial** **As of June 15, 2015**	**Effective January 1, 2012**	**Effective January 1, 2013**	**Effective January 1, 2014**	**Effective January 1, 2015**	**Effective January 1, 2016**
Federal income tax					
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%
Federal & Ontario Small Business					
Federal small business threshold	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%	10.50%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%

Notes

1. The Ontario Energy Board's proxy for taxable capital is rate base.
2. If taxable capital exceds $15 million the maximum tax rates apply.
3. If taxable capital is below $10 million the minimum tax rates apply.
4. Where taxable capital is between $10 million and $15 million, the tax rate will be calculated.

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

PILs Tax Provision - Historical Year

Note: Input the actual information from the tax returns for the historical year.

				Wires Only	
Regulatory Taxable Income			H1	-$ 754,681	**A**
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%)	11.50%	**B**		
	Federal tax rate (Maximum 15%)	15.00%	**C**		
	Combined tax rate (Maximum 26.5%)			26.50%	**M = K + L**
Total Income Taxes				**-$ 199,990**	**E = A * D**
Investment Tax Credits				$ -	**F**
Miscellaneous Tax Credits				$ -	**G**
Total Tax Credits				**$ -**	**H = F + G**
Corporate PILs/Income Tax Provision for Historical Year				**$ -**	**I = H + E**

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	**A**	3,419,317		3,419,317
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	1,419,473		1,419,473
Amortization of intangible assets	106			0
Recapture of capital cost allowance from Schedule 8	107			0
Gain on sale of eligible capital property from Schedule 10	108			0
Income or loss for tax purposes- joint ventures or partnerships	109			0
Loss in equity of subsidiaries and affiliates	110			0
Loss on disposal of assets	111			0
Charitable donations	112			0
Taxable Capital Gains	113			0
Political Donations	114			0
Deferred and prepaid expenses	116			0
Scientific research expenditures deducted on financial statements	118			0
Capitalized interest	119			0
Non-deductible club dues and fees	120			0
Non-deductible meals and entertainment expense	121	13,595		13,595
Non-deductible automobile expenses	122			0
Non-deductible life insurance premiums	123			0
Non-deductible company pension plans	124			0
Tax reserves deducted in prior year	125			0
Reserves from financial statements- balance at end of year	126	796,006		796,006
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206	11,770		11,770
Debt issue expense	208			0
Development expenses claimed in current year	212			0
Financing fees deducted in books	216			0
Gain on settlement of debt	220			0
Non-deductible advertising	226			0
Non-deductible interest	227			0
Non-deductible legal and accounting fees	228			0
Recapture of SR&ED expenditures	231			0
Share issue expense	235			0
Write down of capital property	236			0
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237			0
Other Additions				
Interest Expensed on Capital Leases	290	59,619		59,619
Realized Income from Deferred Credit Accounts	291	340,511		340,511
Pensions	292			0
Non-deductible penalties	293	32,784		32,784
	294			0
	295			0
ARO Accretion expense				0
Capital Contributions Received (ITA 12(1)(x))				0
Lease Inducements Received (ITA 12(1)(x))				0
Deferred Revenue (ITA 12(1)(a))				0
Prior Year Investment Tax Credits received				0
Provision for income taxes-current		-452,226		-452,226

Provision for income taxes-future		231,731		231,731
				0
				0
				0
				0
				0
				0
				0
				0
Total Additions		**2,453,263**	**0**	**2,453,263**
Deductions:				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	3,255,962		3,255,962
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	21,789		21,789
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414	746,888		746,888
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
Other deductions: (Please explain in detail the nature of the item)				
Interest capitalized for accounting deducted for tax	390	1,439,197		1,439,197
Capital Lease Payments	391	209,179		209,179
Non-taxable imputed interest income on deferral and variance accounts	392	954,246		954,246
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
Total Deductions		**6,627,261**	**0**	**6,627,261**
Net Income for Tax Purposes		**-754,681**	**0**	**-754,681**
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 *(Please include explanation and calculation in Manager's summary)*	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
TAXABLE INCOME		**-754,681**	**0**	**-754,681**

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Schedule 7-1 Loss Carry Forward - Historical

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical	0		0	B4

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical	20,169		20,169	B4

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Year
1	Distribution System - post 1987	15,507,025		15,507,025
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	1,904,456		1,904,456
2	Distribution System - pre 1988			0
8	General Office/Stores Equip	1,337,423		1,337,423
10	Computer Hardware/ Vehicles	671,338		671,338
10.1	Certain Automobiles			0
12	Computer Software	386,378		386,378
13_1	Lease # 1			0
13_2	Lease #2			0
13_3	Lease # 3			0
13_4	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable			0
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	4,467		4,467
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	4,516,048		4,516,048
50	Data Network Infrastructure Equipment - post Mar 2007	94,854		94,854
52	Computer Hardware and system software			0
95	CWIP			0
49	Electricity Distribution Equipment	13,589,061		13,589,061
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	**38,011,050**	**0**	**38,011,050**

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**311,271**
Additions				
Cost of Eligible Capital Property Acquired during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	**x 1/2 =**	0	
			0	**0**
Amount transferred on amalgamation or wind-up of subsidiary	0			**0**
Subtotal				**311,271**
Deductions				
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year				
Other Adjustments	0			
Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance				**311,271**
Current Year Deduction		**311,271**	**x 7% =**	**21,789**
Cumulative Eligible Capital - Closing Balance				**289,482**

Ontario Energy Board

Income Tax/PILs Workform for 2

Schedule 13 Tax Reserves - Historical

Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
Tax Reserves Not Deducted for accounting purposes			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
Total	**0**	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts	192,001		192,001
Accrued Employee Future Benefits:	604,005		604,005
- Medical and Life Insurance			0
-Short & Long-term Disability			0
-Accmulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
Total	**796,006**	**0**	**796,006**

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

PILS Tax Provision - Bridge Year

				Wires Only	
			Reference		
Regulatory Taxable Income			B1	-$ 2,212,846	**A**
Combined Tax Rate and PILs	Effective Ontario Tax Rate	11.50%	**B**		
	Federal tax rate (Maximum 15%)	15.00%	**C**		
	Combined tax rate			26.50%	**D = B + C**
Total Income Taxes			calculated	**-$ 586,404**	**E = A * D**
Investment Tax Credits					**F**
Miscellaneous Tax Credits					**G**
Total Tax Credits				**$ -**	**H = F + G**
Corporate PILs/Income Tax Provision for Bridge Year				**$ -**	**I = H + E**

Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.

Ontario Energy Board

Income Tax/PILs Workform for

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	A		1,032,924

Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		2,273,249
Amortization of intangible assets	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		14,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	0
Reserves from financial statements- balance at end of year	126	B13	836,006
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		

Ontario Energy Board

Income Tax/PILs Workform for

Adjusted Taxable Income - Bridge Year

Other Additions			
Interest Expensed on Capital Leases	290		59,619
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
Other Additions	295		32,784
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Total Additions			**3,215,658**
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	3,396,278
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	B10	20,264
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	B13	0
Reserves from financial statements - balance at beginning of year	414	B13	796,006
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			

Ontario Energy Board

Income Tax/PILs Workform for

Adjusted Taxable Income - Bridge Year

Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
Other Deductions	394		2,248,880
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	**6,461,428**
Net Income for Tax Purposes		calculated	**-2,212,846**
Charitable donations from Schedule 2	311		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	B4	0
Net-capital losses of preceding taxation years from Schedule 4 *(Please include explanation and calculation in Manager's summary)*	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
TAXABLE INCOME		calculated	**-2,212,846**

Ontario Energy Board

Income Tax/PILs Workform for 2016 File

Corporation Loss Continuity and Application

Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	0	
Application of Loss Carry Forward to reduce taxable income in Bridge Year			
Other Adjustments Add (+) Deduct (-)	B1	2,212,846	
Balance available for use in Test Year	calculated	2,212,846	
Amount to be used in Bridge Year	B1	0	
Balance available for use post Bridge Year	calculated	2,212,846	T4

Net Capital Loss Carry Forward Deduction		**Total**	
Actual Historical	H4	20,169	
Application of Loss Carry Forward to reduce taxable income in Bridge Year			
Other Adjustments Add (+) Deduct (-)			
Balance available for use in Test Year	calculated	20,169	
Amount to be used in Bridge Year			
Balance available for use post Bridge Year	calculated	20,169	T4

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}
1	Distribution System - post 1987	H8	$ 15,507,025			$ 15,507,025	$ -
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	H8	$ 1,904,456			$ 1,904,456	$ -
2	Distribution System - pre 1988	H8				$ -	$ -
8	General Office/Stores Equip	H8	$ 1,337,423	$ 93,136		$ 1,430,559	$ 46,568
10	Computer Hardware/ Vehicles	H8	$ 671,338	$ 450,500		$ 1,121,838	$ 225,250
10.1	Certain Automobiles	H8				$ -	$ -
12	Computer Software	H8	$ 386,378	$ 85,500		$ 471,878	$ 42,750
13 1	Lease # 1	H8				$ -	$ -
13 2	Lease #2	H8				$ -	$ -
13 3	Lease # 3	H8				$ -	$ -
13 4	Lease # 4	H8				$ -	$ -
14	Franchise	H8				$ -	$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	H8				$ -	$ -
42	Fibre Optic Cable	H8				$ -	$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	H8				$ -	$ -
43.2	Certain Clean Energy Generation Equipment	H8				$ -	$ -
45	Computers & Systems Software acq'd post Mar 22/04	H8	$ 4,467			$ 4,467	$ -
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8				$ -	$ -
47	Distribution System - post February 2005	H8	$ 4,516,048	$ 4,605,974		$ 9,122,022	$ 2,302,987
50	Data Network Infrastructure Equipment - post Mar 2007	H8	$ 94,854			$ 94,854	$ -
52	Computer Hardware and system software	H8				$ -	$ -
95	CWIP	H8				$ -	$ -
49	Electricity Distribution Equipment		$ 13,589,061			$ 13,589,061	$ -
						$ -	$ -
						$ -	$ -
						$ -	$ -
						$ -	$ -
						$ -	$ -
						$ -	$ -
						$ -	$ -
						$ -	$ -
						$ -	$ -
	TOTAL		$ 38,011,050	$ 5,235,110	$ -	$ 43,246,160	$ 2,617,555

Reduced UCC	Rate %	Bridge Year CCA		UCC End of Bridge Year
$ 15,507,025	4%	$ 620,281		$ 14,886,744
$ 1,904,456	6%	$ 114,267		$ 1,790,189
$ -	6%	$ -		$ -
$ 1,383,991	20%	$ 276,798		$ 1,153,761
$ 896,588	30%	$ 268,976		$ 852,862
$ -	30%	$ -		$ -
$ 429,128	100%	$ 429,128		$ 42,750
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -	8%	$ -		$ -
$ -	12%	$ -		$ -
$ -	30%	$ -		$ -
$ -	50%	$ -		$ -
$ 4,467	45%	$ 2,010		$ 2,457
$ -	30%	$ -		$ -
$ 6,819,035	8%	$ 545,523		$ 8,576,499
$ 94,854	55%	$ 52,170		$ 42,684
$ -	100%	$ -		$ -
$ -		$ -		$ -
$ 13,589,061	8%	$ 1,087,125		$ 12,501,936
$ -	10%	$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ -		$ -		$ -
$ 40,628,605		**$ 3,396,278**	B1	**$ 39,849,882**

Schedule 10 CEC - Bridge Year

				Reference	
Cumulative Eligible Capital				H10	**289,482**
Additions					
Cost of Eligible Capital Property Acquired during Test Year					
Other Adjustments	0				
Subtotal	0	**x 3/4 =**	0		
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002	0	**x 1/2 =**	0		
			0		**0**
Amount transferred on amalgamation or wind-up of subsidiary	0				**0**
Subtotal					**289,482**
Deductions					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year					
Other Adjustments	0				
Subtotal	0	**x 3/4 =**			**0**
Cumulative Eligible Capital Balance					**289,482**
Current Year Deduction			**289,482**	**x 7% =**	**20,264**
Cumulative Eligible Capital - Closing Balance					**269,218**

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Schedule 13 Tax Reserves - Bridge Year

Continuity of Reserves

Description	Reference	Historical Utility Only	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Bridge Year Adjustments		Balance for Bridge Year	
						Additions	Disposals		
Capital Gains Reserves ss.40(1)	H13	0		0				0	T13
Tax Reserves Not Deducted for accounting purposes									
Reserve for doubtful accounts ss. 20(1)(l)	H13	0		0				0	T13
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0				0	T13
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0				0	T13
Debt & Share Issue Expenses ss. 20(1)(e)	H13	0		0				0	T13
Other tax reserves	H13	0		0				0	T13
		0		0				0	
		0		0				0	
Total		**0**	**0**	**0**	B1	**0**	**0**	**0**	B1
Financial Statement Reserves (not deductible for Tax Purposes)									
General Reserve for Inventory Obsolescence (non-specific)	H13	0		0				0	T13
General reserve for bad debts	H13	192,001		192,001		10,000		202,001	T13
Accrued Employee Future Benefits:	H13	604,005		604,005		30,000		634,005	T13
- Medical and Life Insurance	H13	0		0				0	T13
-Short & Long-term Disability	H13	0		0				0	T13
-Accmulated Sick Leave	H13	0		0				0	T13
- Termination Cost	H13	0		0				0	T13
- Other Post-Employment Benefits	H13	0		0				0	T13
Provision for Environmental Costs	H13	0		0				0	T13
Restructuring Costs	H13	0		0				0	T13
Accrued Contingent Litigation Costs	H13	0		0				0	T13
Accrued Self-Insurance Costs	H13	0		0				0	T13
Other Contingent Liabilities	H13	0		0				0	T13
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	H13	0		0				0	T13
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	H13	0		0				0	T13
Other	H13	0		0				0	T13
		0		0				0	
		0		0				0	
Total		**796,006**	**0**	**796,006**	B1	**40,000**	**0**	**836,006**	B1

Change During the Year	Disallowed Expenses
0	
0	
0	
0	
0	
0	
0	
0	
0	**0**
0	
10,000	
30,000	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
40,000	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

PILs Tax Provision - Test Year

					Wires Only		
Regulatory Taxable Income				T1	-$ 1,250,441	**A**	
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%)	11.50%	**B**				
	Federal tax rate (Maximum 15%)	15.00%	**C**				
	Combined tax rate (Maximum 26.5%)				26.50%	**D = B + C**	
Total Income Taxes					-$ **331,367**	**E = A * D**	
Investment Tax Credits						**F**	
Miscellaneous Tax Credits						**G**	
Total Tax Credits					$ -	**H = F + G**	
Corporate PILs/Income Tax Provision for Test Year					$ -	**I = H + E**	S. Su
Corporate PILs/Income Tax Provision Gross Up [1]		73.50%	**J**		$ -	**K = J * I**	
Income Tax (grossed-up)					$ -	**L = K + I**	S. Su

Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

Ontario Energy Board

Income Tax/PILs Workform fo

Taxable Income - Test Year

		Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	2,311,908

	T2 S1 line #		
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		2,530,022
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		14,000
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	T13	0
Reserves from financial statements- balance at end of year	126	T13	836,006
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		

Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
Other Additions: (please explain in detail the nature of the item)			
Interest Expensed on Capital Leases	290		59,619
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
Other Additions	295		32,000
	296		
	297		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
Total Additions			**3,471,647**
Deductions:			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	T8	3,229,145
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10 CEC	405	T10	18,845
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves end of year	413	T13	0
Reserves from financial statements - balance at beginning of year	414	T13	836,006
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
Other deductions: (Please explain in detail the nature of the item)			
Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		

Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
Other deductions	394		2,950,000
	395		
	396		
	397		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	**7,033,996**
NET INCOME FOR TAX PURPOSES		calculated	**-1,250,441**
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of preceding taxation years from Schedule 7-1	331	T4	0
Net-capital losses of preceding taxation years (Please show calculation)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
REGULATORY TAXABLE INCOME		calculated	**-1,250,441**

T0

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Schedule 7-1 Loss Carry Forward - Test Year

Corporation Loss Continuity and Application

Non-Capital Loss Carry Forward Deduction	Working Paper Reference	Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	B4	2,212,846		2,212,846
				0
Other Adjustments Add (+) Deduct (-)	T1	1,250,441		1,250,441
Balance available for use in Test Year	calculated	3,463,287	0	3,463,287
Amount to be used in Test Year	T1	0		0
Balance available for use post Test Year	calculated	3,463,287	0	3,463,287

Net Capital Loss Carry Forward Deduction		Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	B4	20,169		20,169
				0
Other Adjustments Add (+) Deduct (-)				0
Balance available for use in Test Year	calculated	20,169	0	20,169
Amount to be used in Test Year				0
Balance available for use post Test Year	calculated	20,169	0	20,169

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Schedule 8 CCA - Test Year

Class	Class Description	Working Paper Reference	UCC Test Year Opening Balance	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment
1	Distribution System - post 1987	B8	$ 14,886,744			$ 14,886,744
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	$ 1,790,189			$ 1,790,189
2	Distribution System - pre 1988	B8	$ -			$ -
8	General Office/Stores Equip	B8	$ 1,153,761	202,000		$ 1,355,761
10	Computer Hardware/ Vehicles	B8	$ 852,862	220,000		$ 1,072,862
10.1	Certain Automobiles	B8	$ -			$ -
12	Computer Software	B8	$ 42,750	2,800		$ 45,550
13 1	Lease # 1	B8	$ -			$ -
13 2	Lease #2	B8	$ -			$ -
13 3	Lease # 3	B8	$ -			$ -
13 4	Lease # 4	B8	$ -			$ -
14	Franchise	B8	$ -			$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than B	B8	$ -			$ -
42	Fibre Optic Cable	B8	$ -			$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	$ -			$ -
43.2	Certain Clean Energy Generation Equipment	B8	$ -			$ -
45	Computers & Systems Software acq'd post Mar 22/04	B8	$ 2,457			$ 2,457
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ -			$ -
47	Distribution System - post February 2005	B8	$ 8,576,499	5,786,159		$ 14,362,658
50	Data Network Infrastructure Equipment - post Mar 2007	B8	$ 42,684			$ 42,684
52	Computer Hardware and system software	B8	$ -			$ -
95	CWIP	B8	$ -			$ -
49	Electricity Distribution Equipment		$ 12,501,936			$ 12,501,936
			$ -			$ -
			$ -			$ -
			$ -			$ -
			$ -			$ -
			$ -			$ -
			$ -			$ -
			$ -			$ -
			$ -			$ -
			$ -			$ -
	TOTAL		$ 39,849,882	$ 6,210,959	$ -	$ 46,060,841

1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
$ -	$ 14,886,744	4%	$ 595,470		$ 14,291,274
$ -	$ 1,790,189	6%	$ 107,411		$ 1,682,777
$ -	$ -	6%	$ -		$ -
$ 101,000	$ 1,254,761	20%	$ 250,952		$ 1,104,809
$ 110,000	$ 962,862	30%	$ 288,858		$ 784,003
$ -	$ -	30%	$ -		$ -
$ 1,400	$ 44,150	100%	$ 44,150		$ 1,400
$ -	$ -		$ -		$ -
$ -	$ -		$ -		$ -
$ -	$ -		$ -		$ -
$ -	$ -		$ -		$ -
$ -	$ -		$ -		$ -
$ -	$ -	8%	$ -		$ -
$ -	$ -	12%	$ -		$ -
$ -	$ -	30%	$ -		$ -
$ -	$ -	50%	$ -		$ -
$ -	$ 2,457	45%	$ 1,106		$ 1,351
$ -	$ -	30%	$ -		$ -
$ 2,893,080	$ 11,469,579	8%	$ 917,566		$ 13,445,092
$ -	$ 42,684	55%	$ 23,476		$ 19,208
$ -	$ -	100%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ -	$ 12,501,936	8%	$ 1,000,155		$ 11,501,781
$ -	$ -	10%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ -	$ -	0%	$ -		$ -
$ 3,105,480	**$ 42,955,361**		**$ 3,229,145**	T1	**$ 42,831,696**

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital				B10	**269,218**
Additions					
Cost of Eligible Capital Property Acquired during Test Year		0			
Other Adjustments		0			
	Subtotal	0	**x 3/4 =**	0	
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002		0	**x 1/2 =**	0	
				0	**0**
Amount transferred on amalgamation or wind-up of subsidiary		0			**0**
	Subtotal				**269,218**
Deductions					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year		0			
Other Adjustments		0			
	Subtotal	0	**x 3/4 =**		**0**
Cumulative Eligible Capital Balance					**269,218**
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")			**269,218**	**x 7% =**	**18,845**
Cumulative Eligible Capital - Closing Balance					**250,373**

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Schedule 13 Tax Reserves - Test Year

Continuity of Reserves

Description	Working Paper Reference	Bridge Year	Eliminate Amounts Not Relevant for Bridge Year	Adjusted Utility Balance		Test Year Adjustments: Additions	Test Year Adjustments: Disposals	Balance for Test Year	
Capital Gains Reserves ss.40(1)	B13	0		0				0	
Tax Reserves Not Deducted for accounting purposes									
Reserve for doubtful accounts ss. 20(1)(l)	B13	0		0		0	0	0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0				0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0	
Other tax reserves	B13	0		0				0	
		0		0				0	
		0		0				0	
Total		**0**	**0**	**0**	T1	**0**	**0**	**0**	T1
Financial Statement Reserves (not deductible for Tax Purposes)									
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0				0	
General reserve for bad debts	B13	202,001		202,001				202,001	
Accrued Employee Future Benefits:	B13	634,005		634,005				634,005	
- Medical and Life Insurance	B13	0		0				0	
-Short & Long-term Disability	B13	0		0				0	
-Accmulated Sick Leave	B13	0		0				0	
- Termination Cost	B13	0		0				0	
- Other Post-Employment Benefits	B13	0		0				0	
Provision for Environmental Costs	B13	0		0				0	
Restructuring Costs	B13	0		0				0	
Accrued Contingent Litigation Costs	B13	0		0				0	
Accrued Self-Insurance Costs	B13	0		0				0	
Other Contingent Liabilities	B13	0		0				0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0				0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0				0	
Other	B13	0		0				0	
		0		0				0	
		0		0				0	
Total		**836,006**	**0**	**836,006**	T1	**0**	**0**	**836,006**	T1

Change During the Year	Disallowed Expenses
0	
0	
0	
0	
0	
0	
0	
0	
0	**0**
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	
0	**0**

APPENDIX 4-G

HHHI TAX RETURNS

Canada Revenue Agency / Agence du revenu du Canada

T2 Corporation Income Tax Return

055 Do not use this area

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

All legislative references on this return are to the federal *Income Tax Act* 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*.

Identification

Business number (BN) 001 86742 9623 RC0001

Corporation's name

002 Halton Hills Hydro Inc.

Address of head office

Has this address changed since the last time we were notified? . . . . 010 1 Yes [ ] 2 No [X]

(If **yes**, complete lines 011 to 018.)

011 43 Alice St

012

City	Province, territory, or state
015 Acton	016 ON
Country (other than Canada)	**Postal code/Zip code**
017 CA	018 L7J 2A9

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? . . . . 020 1 Yes [ ] 2 No [X]

(If **yes**, complete lines 021 to 028.)

021 c/o David Smelsky

022 43 Alice St

023

City	Province, territory, or state
025 Acton	026 ON
Country (other than Canada)	**Postal code/Zip code**
027 CA	028 L7J 2A9

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 [X]

(If **yes**, complete lines 031 to 038.)

031 43 Alice St

032

City	Province, territory, or state
035 Acton	036 ON
Country (other than Canada)	**Postal code/Zip code**
037 CA	038 L7J 2A9

040 **Type of corporation at the end of the tax year**

1 [X] Canadian-controlled private corporation (CCPC)

2 [ ] Other private corporation

3 [ ] Public corporation

4 [ ] Corporation controlled by a public corporation

5 [ ] Other corporation (specify, below)

If the type of corporation changed during the tax year, provide the effective date of the change . . . . 043 ____ YYYY MM DD

To which tax year does this return apply?

Tax year start 060 2014-01-01 (YYYY MM DD)

Tax year-end 061 2014-12-31 (YYYY MM DD)

Has there been an acquisition of control to which subsection 249(4) applies since the tax year start on line 060? . . . . 063 1 Yes [ ] 2 No [X]

If **yes**, provide the date control was acquired . . . . 065 ____ YYYY MM DD

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? . . . . 066 1 Yes [ ] 2 No [X]

Is the corporation a professional corporation that is a member of a partnership? . . . . 067 1 Yes [ ] 2 No [X]

Is this the first year of filing after:

Incorporation? . . . . 070 1 Yes [ ] 2 No [X]

Amalgamation? . . . . 071 1 Yes [ ] 2 No [X]

If **yes**, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? . . . . 072 1 Yes [ ] 2 No [X]

If **yes**, complete and attach Schedule 24.

Is this the final tax year before amalgamation? . . . . 076 1 Yes [ ] 2 No [X]

Is this the final return up to dissolution? . . . . 078 1 Yes [ ] 2 No [X]

If an election was made under section 261, state the functional currency used . . . . 079 ____

Is the corporation a resident of Canada?

080 1 Yes [X] 2 No [ ] If **no**, give the country of residence on line 081 and complete and attach Schedule 97.

081 ____

Is the non-resident corporation claiming an exemption under an income tax treaty? . . . . 082 1 Yes [ ] 2 No [X]

If **yes**, complete and attach Schedule 91.

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

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

Do not use this area

095 ____ 096 ____ 898 ____

Attachments

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

		Yes	Schedule
Is the corporation related to any other corporations?	150	X	9
Is the corporation an associated CCPC?	160	X	23
Is the corporation an associated CCPC that is claiming the expenditure limit?	161		49
Does the corporation have any non-resident shareholders who own voting shares?	151		19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents	162		11
If you answered **yes** to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee?	163		44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada?	164		14
Is the corporation claiming a deduction for payments to a type of employee benefit plan?	165	X	15
Is the corporation claiming a loss or deduction from a tax shelter?	166		T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned?	167		T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)?	168		22
Did the corporation own any shares in one or more foreign affiliates in the tax year?	169		25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the federal *Income Tax Regulations*?	170		29
Did the corporation have a total amount over $1 million of reportable transactions with non-arm's length non-residents?	171		T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares?	173	X	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year?	172		———
Does the corporation earn income from one or more Internet webpages or websites?	180		88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes?	201	X	1
Has the corporation made any charitable donations; gifts to Canada, a province, or a territory; gifts of cultural or ecological property; or gifts of medicine?	202		2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund?	203	X	3
Is the corporation claiming any type of losses?	204	X	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction?	205	X	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year?	206		6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or ii) does the corporation have aggregate investment income at line 440?	207		7
Does the corporation have any property that is eligible for capital cost allowance?	208	X	8
Does the corporation have any property that is eligible capital property?	210	X	10
Does the corporation have any resource-related deductions?	212		12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)?	213		13
Is the corporation claiming a patronage dividend deduction?	216		16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction?	217		17
Is the corporation an investment corporation or a mutual fund corporation?	218		18
Is the corporation carrying on business in Canada as a non-resident corporation?	220		20
Is the corporation claiming any federal or provincial foreign tax credits, or any federal or provincial logging tax credits?	221		21
Does the corporation have any Canadian manufacturing and processing profits?	227		27
Is the corporation claiming an investment tax credit?	231	X	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures?	232		T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over $10,000,000?	233	X	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	234	X	———
Is the corporation claiming a surtax credit?	237		37
Is the corporation subject to gross Part VI tax on capital of financial institutions?	238		38
Is the corporation claiming a Part I tax credit?	242		42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid?	243		43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax?	244		45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax?	249		46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax?	250		39
Is the corporation claiming a Canadian film or video production tax credit refund?	253		T1131
Is the corporation claiming a film or video production services tax credit refund?	254		T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.)	255		92

Attachments – continued from page 2

	Line	Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271		T1134
Did the corporation own specified foreign property in the year with a cost amount over $100,000?	259		T1135
Did the corporation transfer or loan property to a non-resident trust?	260		T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	261		T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	262		T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	263		T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	264		T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	265	X	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	266		T2002
Has the corporation revoked any previous election made under subsection 89(11)?	267		T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	268	X	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	269		54

Additional information

	Line	1 Yes	2 No
Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270		X
Is the corporation inactive?	280		X

What is the corporation's main revenue-generating business activity? ..... 221122 Electric Power Distribution

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

Line	Product or service	Line	%
284	Distribution of Electricity	285	100.000 %
286		287	%
288		289	%

	Line	1 Yes	2 No
Did the corporation immigrate to Canada during the tax year?	291		X
Did the corporation emigrate from Canada during the tax year?	292		X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293		

If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible ..... 294 ______ YYYY MM DD

If the corporation's major business activity is construction, did you have any subcontractors during the tax year? ..... 295 1 Yes ☐ 2 No ☐

Taxable income

		Line	Amount		Total	
Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI.		300			-755,568	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")					C
Add:	Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355				D
Taxable income (amount C **plus** amount D)		360				
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)						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** ________ 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** ________ B

Business limit (see notes 1 and 2 below) . . . . **410** 500,000 C

Notes:

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

Business limit reduction:

Amount C 500,000 x **415** *** 119,562 / 11,250 D = ... 5,313,867 E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0") . . . . **425** ________ F

Small business deduction

Amount A, B, C, or F, whichever is the least ________ x 17 % = ... **430** ________ G

Enter amount G on line 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)				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")				I
General tax reduction for Canadian-controlled private corporations – Amount I **multiplied** by 13 %				J

Enter amount J on line 638 on page 7.

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

General tax reduction

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

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

Enter amount R on line 639 on page 7.

Refundable portion of Part I tax

Canadian-controlled private corporations throughout the tax year

Aggregate investment income from Schedule 7 . . . . **440** ______ x 26 2 / 3 % = ... ______ A

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

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

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

Taxable income from line 360 on page 3 . . . . ______ 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

______ K

x 26 2 / 3 % = ______ L

Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8) . . . . ______ 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** ______

______ ▶ ______ O

Add the total of:

Refundable portion of Part I tax from line 450 above . . . . ______ P

Total Part IV tax payable from Schedule 3 . . . . ______ Q

Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation . . . . **480** ______

______ ▶ ______ R

Refundable dividend tax on hand at the end of the tax year – Amount O **plus** amount R . . . . **485** ______

Dividend refund

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

Taxable dividends paid in the tax year from line 460 on page 2 of Schedule 3 . . . . 1,296,560 x 1 / 3 = 432,187 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** ______ 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 . . . . ______ 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) . . . . ______ ► ______ 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) ______ H

Deduct:

Small business deduction from line 430 on page 4		______	I
Federal tax abatement	**608**	______	
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**	______	
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 ______ ► ______ J

Part I tax payable – Amount H **minus** amount J . . . . ______ 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	
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		

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	52,228
Total tax payable	770	52,228 A

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	
Total credits	890	B

Refund code 894 1 Overpayment

Balance (amount A **minus** amount B) 52,228

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 52,228

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

Direct deposit request

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

☐ Start ☐ Change information

910 Branch number

914 Institution number

918 Account number

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

If this return was prepared by a tax preparer for a fee, provide their EFILE number . . . 920 A6698

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

Certification

I, 950 Smelsky (Last name (print)) 951 David (First name (print)) 954 Chief Financial Officer (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 Date (yyyy/mm/dd) Signature of the authorized signing officer of the corporation 956 (519) 853-3700 Telephone number

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

958 Name (print) 959 Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French.
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français. 990 1

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
Halton Hills Hydro Inc.	86742 9623 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			3,419,317	A
Add:				
Provision for income taxes – current	101	-452,226		
Provision for income taxes – deferred	102	231,731		
Amortization of tangible assets	104	1,419,473		
Non-deductible meals and entertainment expenses	121	13,595		
Reserves from financial statements – balance at the end of the year	126	796,006		
Subtotal of additions		2,008,579 ▶	2,008,579	
Other additions:				
Capital items expensed	206	11,770		
Miscellaneous other additions:				
600 Rate application amortization for accounting (year 3 of 4)	290	59,619		
601 FA Amortization booked in other GL accounts	291	338,174		
602 2014 Apprentice and Co-op Credits	292	34,140		
604				
Total	294			
Subtotal of other additions	199	443,703 ▶	443,703	
Total additions	500	2,452,282 ▶	2,452,282	B
Amount A **plus** amount B			5,871,599	
Deduct:				
Capital cost allowance from Schedule 8	403	3,255,868		
Cumulative eligible capital deduction from Schedule 10	405	21,789		
Reserves from financial statements – balance at the beginning of the year	414	746,888		
Subtotal of deductions		4,024,545 ▶	4,024,545	
Other deductions:				
Miscellaneous other deductions:				
700 Expenses capitalized for accounting (poles)	390	1,439,197		
701 MIFRS adjustment (yr 3 of 4)	391	209,179		
702 Expenses capitalized for accounting (capitalized OH)	392	954,246		
704				
Total	394			
Subtotal of other deductions	499	2,602,622 ▶	2,602,622	
Total deductions	510	6,627,167 ▶	6,627,167	
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			-755,568	

T2 SCH 1 E (12)

Canada

Attached Schedule with Total

Line 206 – Capital items expensed

Title Line 206 – Capital items expensed

Description	Amount	
100-9040-6120-904000	759	00
100-9040-6130-904000	5,040	00
100-5001-6125-501700	594	00
100-5010-6125-502500	903	00
100-5050-6130-504500	1,692	00
100-5090-6125-506500	1,187	00
100-8080-6130-561500	1,595	00
Total	11,770	00

Canada Revenue Agency / Agence du revenu du Canada

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

SCHEDULE 3

Name of corporation	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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.

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

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

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

Total (enter the amount from column F on line 320 of the T2 return and amount J in Part 2)

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

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

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

Part 2 – Calculation of Part IV tax payable

Part IV tax before deductions (amount J in Part 1)			
Deduct:			
Part IV.I tax payable on dividends subject to Part IV tax		320	
		Subtotal	
Deduct:			
Current-year non-capital loss claimed to reduce Part IV tax	330		
Non-capital losses from previous years claimed to reduce Part IV tax	335		
Current-year farm loss claimed to reduce Part IV tax	340		
Farm losses from previous years claimed to reduce Part IV tax	345		
Total losses applied against Part IV tax		x 1 / 3 =	
Part IV tax payable (enter amount on line 712 of the T2 return)		360	

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

	A Name of connected recipient corporation 400	B Business Number 410	C Tax year end of connected recipient corporation in which the dividends in column D were received YYYY/MM/DD (See note) 420	D Taxable dividends paid to connected corporations 430	D1 Eligible dividends (included in column D)
1	Halton Hills Community Energy Corporation	87307 4876 RC0001	2014-12-31	1,296,560	

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 1,296,560

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	1,296,560

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)			1,296,560
Other dividends paid in the tax year (total of 510 to 540)			
Total dividends paid in the tax year		500	1,296,560
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			1,296,560

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Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 RC0001	2014-12-31

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide.*
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses

Determination of current-year non-capital loss

Net income (loss) for income tax purposes				-755,568	A
Deduct: (increase a loss)					
Net capital losses deducted in the year (enter as a positive amount)			a		
Taxable dividends deductible under section 112 or subsections 113(1) or 138(6)			b		
Amount of Part VI.1 tax deductible			c		
Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2)			d		
Subtotal (total of amounts a to d)			▶		B
Subtotal (amount A **minus** amount B; if positive, enter "0")				-755,568	C
Deduct: (increase a loss)					
Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions					D
Subtotal (amount C **minus** amount D)				-755,568	E
Add: (decrease a loss)					
Current-year farm loss (whichever is less: the net loss from farming or fishing included in the income, or the non-capital loss before deducting the farm loss)					F
Current-year non-capital loss (amount E **plus** amount F; if positive, enter "0")				-755,568	G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year			e		
Deduct: Non-capital loss expired*	100		f		
Non-capital losses at the beginning of the tax year (amount e **minus** amount f)	102		▶		H
Add:					
Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation	105		g		
Current-year non-capital loss (from amount G)	110	755,568	h		
Subtotal (amount g **plus** amount h)		755,568	▶	755,568	I
Subtotal (amount H **plus** amount I)				755,568	J

* A non-capital loss expires as follows:
- after **10** tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after **10** tax years if it arose in a tax year ending after March 22, 2004.

Part 1 – Non-capital losses (continued)

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	150		i		
Section 80 – Adjustments for forgiven amounts	140		j		
Subsection 111(10) – Adjustments for fuel tax rebate			j.1		
Non-capital losses of previous tax years applied in the current tax year Enter amount k on line 331 of the T2 Return.	130		k		
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax**	135		l		
Subtotal (total of amounts i to l)			▶		K
Non-capital losses before any request for a carryback (amount J **minus** amount K)				755,568	L

Deduct – **Request to carry back non-capital loss to:**

First previous tax year to reduce taxable income	901		m		
Second previous tax year to reduce taxable income	902		n		
Third previous tax year to reduce taxable income	903	755,568	o		
First previous tax year to reduce taxable dividends subject to Part IV tax	911		p		
Second previous tax year to reduce taxable dividends subject to Part IV tax	912		q		
Third previous tax year to reduce taxable dividends subject to Part IV tax	913		r		
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)		755,568	▶	755,568	M
Closing balance of non-capital losses to be carried forward to future tax years (amount L **minus** amount M)	180				N

** Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses

Continuity of capital losses and request for a carryback

Capital losses at the end of the previous tax year	200	21,069	a		
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	205		b		
Subtotal (amount a **plus** amount b)		21,069	▶	21,069	A
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	250		c		
Section 80 – Adjustments for forgiven amounts	240		d		
Subtotal (amount c **plus** amount d)			▶		B
Subtotal (amount A **minus** amount B)				21,069	C
Add: Current-year capital loss (from the calculation on Schedule 6, *Summary of Dispositions of Capital Property*)	210				D
Unused non-capital losses that expired in the tax year*			e		
Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year**			f		
Enter amount e or f, whichever is less	215		g		
ABILs expired as non-capital loss: line 215 **divided** by 0.500000	220				E
Subtotal (total of amounts C to E)				21,069	F

Note
If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total on line 220 above.

* If the losses were incurred in a tax year ending after March 22, 2004, and before 2006, enter the losses from the 11th previous tax year. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line e.

** If the losses were incurred in a tax year ending after March 22, 2004, enter the losses from the 11th previous tax year. Enter the full amount on line f.

Part 2 – Capital losses (continued)

Deduct: Capital losses from previous tax years applied against the current-year net capital gain***		225			G
Capital losses before any request for a carryback (amount F **minus** amount G)				21,069	H

Deduct – **Request to carry back capital loss to******:

	Capital gain (100%)		Amount carried back (100%)			
First previous tax year		951		h		
Second previous tax year		952		i		
Third previous tax year		953		j		
Subtotal (total of amounts h to j)				▶		I
Closing balance of capital losses to be carried forward to future tax years (amount H **minus** amount I)				280	21,069	J

*** To get the net capital losses required to reduce the taxable capital gain included in the net income (loss) for the purpose of current-year tax, enter the amount from line 225 **multiplied** by 50% on line 332 of the T2 return.

**** On line 225, 951, 952, or 953, whichever applies, enter the actual amount of the loss. When the loss is applied, **multiply** this amount by the 50% inclusion rate.

Part 3 – Farm losses

Continuity of farm losses and request for a carryback

Farm losses at the end of the previous tax year			a		
Deduct: Farm loss expired*	300		b		
Farm losses at the beginning of the tax year (amount a **minus** amount b)	302		▶		A
Add:					
Farm losses transferred on the amalgamation or the windup of a subsidiary corporation	305		c		
Current-year farm loss (amount F in Part 1)	310		d		
Subtotal (amount c **plus** amount d)			▶		B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Other adjustments (includes adjustments for an acquisition of control)	350		e		
Section 80 – Adjustments for forgiven amounts	340		f		
Farm losses of previous tax years applied in the current tax year Enter amount g on line 334 of the T2 Return.	330		g		
Current and previous year farm losses applied against current-year taxable dividends subject to Part IV tax**	335		h		
Subtotal (total of amounts e to h)			▶		D
Farm losses before any request for a carryback (amount C **minus** amount D)					E

Deduct – **Request to carry back farm loss to:**

First previous tax year to reduce taxable income	921		i		
Second previous tax year to reduce taxable income	922		j		
Third previous tax year to reduce taxable income	923		k		
First previous tax year to reduce taxable dividends subject to Part IV tax	931		l		
Second previous tax year to reduce taxable dividends subject to Part IV tax	932		m		
Third previous tax year to reduce taxable dividends subject to Part IV tax	933		n		
Subtotal (total of amounts i to n)			▶		F
Closing balance of farm losses to be carried forward to future tax years (amount E **minus** amount F)			380		G

* A farm loss expires as follows:
- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

** Amount h is the total of lines 340 and 345 from Schedule 3.

Part 4 – Restricted farm losses

Current-year restricted farm loss

Total losses for the year from farming business		**485**		A
Minus the deductible farm loss:				
(amount A above ______ – $2,500) **divided** by 2 = ______ a				
Amount a or $ 15,000 *, whichever is less		b		
	2,500	c		
Subtotal (amount b **plus** amount c)	2,500	▶	2,500	B
Current-year restricted farm loss (amount A **minus** amount B)				C

Continuity of restricted farm losses and request for a carryback

Restricted farm losses at the end of the previous tax year			d	
Deduct: Restricted farm loss expired**	**400**		e	
Restricted farm losses at the beginning of the tax year (amount d **minus** amount e)	**402**		▶	D
Add:				
Restricted farm losses transferred on the amalgamation or the wind-up of a subsidiary corporation	**405**		f	
Current-year restricted farm loss (from amount C)	**410**		g	
Enter amount g on line 233 of Schedule 1, *Net Income (Loss) for Income Tax Purposes*.				
Subtotal (amount f **plus** amount g)			▶	E
Subtotal (amount D **plus** amount E)				F
Deduct:				
Restricted farm losses from previous tax years applied against current farming income	**430**		h	
Enter amount h on line 333 of the T2 return.				
Section 80 – Adjustments for forgiven amounts	**440**		i	
Other adjustments	**450**		j	
Subtotal (total of amounts h to j)			▶	G
Restricted farm losses before any request for a carryback (amount F **minus** amount G)				H
Deduct – **Request to carry back restricted farm loss to:**				
First previous tax year to reduce farming income	**941**		k	
Second previous tax year to reduce farming income	**942**		l	
Third previous tax year to reduce farming income	**943**		m	
Subtotal (total of amounts k to m)			▶	I
Closing balance of restricted farm losses to be carried forward to future tax years (amount H **minus** amount I)	**480**			J

Note

The total losses for the year from all farming businesses are calculated without including scientific research expenses.

* For tax years that end before March 21, 2013, use $6,250 instead of $15,000.

** A restricted farm loss expires as follows:

- after **10** tax years if it arose in a tax year ending before 2006; and
- after **20** tax years if it arose in a tax year ending after 2005.

Part 5 – Listed personal property losses

Continuity of listed personal property loss and request for a carryback

Listed personal property losses at the end of the previous tax year			a		
Deduct: Listed personal property loss expired after seven tax years	500		b		
Listed personal property losses at the beginning of the tax year (amount a **minus** amount b)	502		▶		A
Add: Current-year listed personal property loss (from Schedule 6)				510	B
Subtotal (amount A **plus** amount B)					C
Deduct:					
Previous year personal property losses applied in the current tax year against listed personal property gains	530		c		
Enter amount c on line 655 of Schedule 6.					
Other adjustments	550		d		
Subtotal (amount c **plus** amount d)			▶		D
Listed personal property losses remaining before any request for a carryback (amount C **minus** amount D)					E
Deduct – **Request to carry back listed personal property loss to:**					
First previous tax year to reduce listed personal property gains	961		e		
Second previous tax year to reduce listed personal property gains	962		f		
Third previous tax year to reduce listed personal property gains	963		g		
Subtotal (total of amounts e to g)			▶		F
Closing balance of listed personal property losses to be carried forward to future tax years (amount E **minus** amount F)				580	G

Part 7 – Limited partnership losses

Current-year limited partnership losses

1	2	3	4	5	6	7
Partnership identifier	Tax year ending YYYY/MM/DD	Corporation's share of limited partnership loss	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, farming losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Current-year limited partnership losses (column 3 **minus** 6)
600	602	604	606	608		620
					Total (enter this amount on line 222 of Schedule 1)	

Limited partnership losses from previous tax years that may be applied in the current year

1	2	3	4	5	6	7
Partnership identifier	Tax year ending YYYY/MM/DD	Limited partnership losses at the end of the previous tax year	Corporation's at-risk amount	Total of corporation's share of partnership investment tax credit, business or property losses, and resource expenses	Column 4 **minus** column 5 (if negative, enter "0")	Limited partnership losses that may be applied in the year (the lesser of columns 3 and 6)
630	632	634	636	638		650

Continuity of limited partnership losses that can be carried forward to future tax years

1	2	3	4	5	6
Partnership identifier	Limited partnership losses at the end of the previous tax year	Limited partnership losses transferred on an amalgamation or the windup of a subsidiary	Current-year limited partnership losses (from line 620)	Limited partnership losses applied in the current year (cannot be more than line 650)	Current year limited partnership losses closing balance to be carried forward to future years (column 2 **plus** column 3 **plus** column 4 **minus** column 5)
660	662	664	670	675	680
			Total (enter this amount on line 335 of the T2 return)		

Note

If you have any current–or previous–year losses, enter your partnership identifier on line 600, 630, or 660.

Part 8 – Election under paragraph 88(1.1)(f)

If you are making an election under paragraph 88(1.1)(f), check the box . . . . **190** Yes ☐

Further to a winding-up of a subsidiary, the portion of a non-capital loss, restricted farm loss, farm loss, or limited partnership loss from a wholly-owned subsidiary is deemed to be the loss of a parent from its tax year starting after the commencement of the winding-up.

Note

This election is only applicable for wind-ups under subsection 88(1) that are reported on Schedule 24, *First-Time Filer after Incorporation, Amalgamation, or Winding-up of a Subsidiary into a Parent*, and the deemed provision is only for the tax years that start after the commencement of the wind-up.

Non-Capital Loss Continuity Workchart

Part 6 – Analysis of balance of losses by year of origin

Non-capital losses – losses that can be carried forward over 20 years

Year of origin	Balance at beginning of year	Loss incurred in current year	Adjustments and transfers	Loss carried back Parts I & IV	Applied to reduce		Balance at end of year
					Taxable income	Part IV tax	
Current	N/A	755,568		755,568	N/A		
1st preceding taxation year 2013-12-31		N/A		N/A			
2nd preceding taxation year 2012-12-31		N/A		N/A			
3rd preceding taxation year 2011-12-31		N/A		N/A			
4th preceding taxation year 2010-12-31		N/A		N/A			
5th preceding taxation year 2009-12-31		N/A		N/A			
6th preceding taxation year 2008-12-31		N/A		N/A			
7th preceding taxation year 2007-12-31		N/A		N/A			
8th preceding taxation year 2006-12-31		N/A		N/A			
9th preceding taxation year 2005-12-31		N/A		N/A			
10th preceding taxation year 2004-12-31		N/A		N/A			
11th preceding taxation year 2003-12-31		N/A		N/A			
12th preceding taxation year 2002-12-31		N/A		N/A			
13th preceding taxation year 2001-12-31		N/A		N/A			
14th preceding taxation year 2000-12-31		N/A		N/A			
15th preceding taxation year 1999-12-31		N/A		N/A			
16th preceding taxation year		N/A		N/A			
17th preceding taxation year		N/A		N/A			
18th preceding taxation year		N/A		N/A			
19th preceding taxation year		N/A		N/A			
20th preceding taxation year		N/A		N/A			*
Total		755,568		755,568			

* **This balance expires this year and will not be available next year.**

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Schedule 5

Tax Calculation Supplementary – Corporations

Corporation's name	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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

100 ____________________ Enter the Regulation that applies (402 to 413).

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

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

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

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

Notes:

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

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

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits

	Line	Amount		Amount	
Ontario basic income tax (from Schedule 500)	270				
Deduct: Ontario small business deduction (from Schedule 500)	402				
Subtotal			▶		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)					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")					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")					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")					G6
Add:					
Ontario corporate minimum tax (from Schedule 510)	278	86,368			
Ontario special additional tax on life insurance corporations (from Schedule 512)	280				
Subtotal		86,368	▶	86,368	H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)				86,368	I6
Deduct:					
Ontario qualifying environmental trust tax credit	450				
Ontario co-operative education tax credit (from Schedule 550)	452	24,140			
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		34,140	▶	34,140	J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter a negative amount) Include this amount on line 255.			290	52,228	K6

Summary

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

Net provincial and territorial tax payable or refundable credits	**255**	52,228

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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Schedule 8

Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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) 200	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8) 201	3 Cost of acquisitions during the year (new property must be available for use)* 203	4 Adjustments and transfers** 205	5 Proceeds of dispositions during the year (amount not to exceed the capital cost) 207	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)*** 211	7 Reduced undepreciated capital cost	8 CCA rate % **** 212	9 Recapture of capital cost allowance***** (line 107 of Schedule 1) 213	10 Terminal loss (line 404 of Schedule 1) 215	11 Capital cost allowance (for declining balance method, column 7 **multiplied** by column 8, or a lower amount) (line 403 of Schedule 1) ****** 217	12 Undepreciated capital cost at the end of the year (column 6 **plus** column 7 **minus** column 11) 220
1.	1	Building & Fixtures	1,939,461	43,442		0	21,721	1,961,182	4	0	0	78,447	1,904,456
2.	1	Distribution system	16,153,151			0		16,153,151	4	0	0	646,126	15,507,025
3.	8	Other equipment	1,885,052	82,459		295,732		1,671,779	20	0	0	334,356	1,337,423
4.	10	Computer hardware	9,103			0		9,103	30	0	0	2,731	6,372
5.	10	Fleet	482,196	385,210		0	192,605	674,801	30	0	0	202,440	664,966
6.	12	Computer software & Small Tool	82,111	784,526		0	386,378	480,259	100	0	0	480,259	386,378
7.	45	Computer equipment	8,122			0		8,122	45	0	0	3,655	4,467
8.	46	Scada Comm equipment	184,904	2,806		0	1,403	186,307	30	0	0	55,892	131,818
9.	49	Electricity Distribution equipmen	14,770,718			0		14,770,718	8	0	0	1,181,657	13,589,061
10.	50		136,415	46,162		0	23,081	159,496	55	0	0	87,723	94,854
11.	47	Electricity Distribution equipmen		4,564,557		0	2,282,279	2,282,278	8	0	0	182,582	4,381,975
		Totals	35,651,233	5,909,162		295,732	2,907,467	38,357,196				3,255,868	38,008,795

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

Fixed Assets Reconciliation

Reconciliation of change in fixed assets per financial statements to amounts used per tax return.

Tax return

Additions for tax purposes – Schedule 8 regular classes		5,909,162		
Additions for tax purposes – Schedule 8 leasehold improvements	+			
Operating leases capitalized for book purposes	+			
Capital gain deferred	+			
Recapture deferred	+			
Deductible expenses capitalized for book purposes – Schedule 1	+			
Other (specify):				
CIP additions not amortized for tax	+	-10,822		
Small tools expensed for accounting	+	-11,770		
Items capitalized for accounting; expensed for tax (poles)	+	1,439,197		
Items capitalized for accounting; expensed for tax (burden)	+	954,246		
Proceeds collected on stranded meters (not in FA NBV)	+	295,732		
Total additions per books	=	8,575,745	▶	8,575,745
Proceeds up to original cost – Schedule 8 regular classes		295,732		
Proceeds up to original cost – Schedule 8 leasehold improvements	+			
Proceeds in excess of original cost – capital gain	+			
Recapture deferred – as above	+			
Capital gain deferred – as above	+			
Pre V-day appreciation	+			
Other (specify):				
FA Amortization booked in other GL accounts	+	338,174		
Rounding difference in FS Statements	+	-2		
Total proceeds per books	=	633,904	▶ –	633,904
Depreciation and amortization per accounts – Schedule 1			–	1,419,473
Loss on disposal of fixed assets per accounts			–	
Gain on disposal of fixed assets per accounts			+	
Net change per tax return			=	6,522,368

Financial statements

Fixed assets (excluding land) per financial statements

Closing net book value		52,217,048
Opening net book value	–	45,694,680
Net change per financial statements	=	6,522,368

If the amounts from the tax return and the financial statements differ, explain why below.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 9

RELATED AND ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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.	Halton Hills Community Energy Cor|		87307 4876 RC0001	1					
2.	Southwestern Energy Inc.		87097 1181 RC0003	3					
3.	Town of Halton Hills	CA	NR	3					
4.	Harvester Energy Canada Inc.		80616 5650 RC0001	3					
5.	Southwestern Energy Inc.		87097 1181 RC0004	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

T2 SCH 9 (11)

Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 10

CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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	311,271	A
Add: Cost of eligible capital property acquired during the taxation year	222				
Other adjustments	226				
Subtotal (line 222 plus line 226)		x 3 / 4 =			B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228	x 1 / 2 =			C
amount B minus amount C (if negative, enter "0")			▶		D
Amount transferred on amalgamation or wind-up of subsidiary			224		E
Subtotal (add amounts A, D, and E)			230	311,271	F
Deduct: Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242		G		
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244		H		
Other adjustments	246		I		
(add amounts G,H, and I)		x 3 / 4 =	248		J
Cumulative eligible capital balance (amount F minus amount J)				311,271	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	311,271				
less amount from line 249					
Current year deduction	311,271 x 7.00 % =	250	21,789 *		
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)			21,789 ▶	21,789	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			300	289,482	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 financial statement reserves (not deductible)

Financial statement reserves (not deductible)

	Description	Balance at the beginning of the year	Transfer on an amalgamation or the wind-up of a subsidiary	Add	Deduct	Balance at the end of the year
1	Employee Future Benefits	547,447		604,005	547,447	604,005
2	AFDA	199,441		192,001	199,441	192,001
3						
	Reserves from Part 2 of Schedule 13					
	Totals	746,888		796,006	746,888	796,006

The total opening balance plus the total transfers should be entered on line 414 of Schedule 1 as a deduction.
The total closing balance should be entered on line 126 of Schedule 1 as an addition.

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Schedule 15

Deferred Income Plans

Corporation's name	Business number	Tax year end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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) 100	Amount of contribution $ (see note 2) 200	Registration number (RPP, RSUBP, PRPP, and DPSP only) 300	Name of EPSP trust 400	Address of EPSP trust 500	T4PS slip(s) (see note 3) 600
1	1	388,886	248991			

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 . . . . 388,886 A

Less:

Total of all amounts for deferred income plans deducted in your financial statements . . . . . 388,886 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)

T2 SCH 15 (13)

Canada

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 23

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

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

Column 1: Enter the legal name of each of the corporations in the associated group. Include non-CCPCs and CCPCs that have filed an election under subsection 256(2) of the *Income Tax Act* (ITA) not to be associated for purposes of the small business deduction.

Column 2: Provide the Business Number for each corporation (if a corporation is not registered, enter "NR").

Column 3: Enter the association code that applies to each corporation:

1 – Associated for purposes of allocating the business limit (unless code 5 applies)
2 – CCPC that is a "third corporation" that has elected under subsection 256(2) not to be associated for purposes of the small business deduction
3 – Non-CCPC that is a "third corporation" as defined in subsection 256(2)
4 – Associated non-CCPC
5 – Associated CCPC to which code 1 does not apply because of a subsection 256(2) election made by a "third corporation"

Column 4: Enter the business limit for the year of each corporation in the associated group. The business limit is computed at line 4 on page 4 of each respective corporation's T2 return.

Column 5: Assign a percentage to allocate the business limit to each corporation that has an association code 1 in column 3. The total of all percentages in column 5 cannot exceed 100%.

Column 6: Enter the business limit allocated to each corporation by multiplying the amount in column 4 by the percentage in column 5. Add all business limits allocated in column 6 and enter the total at line A. Ensure that the total at line A falls within the range for the calendar year to which the agreement applies:

Calendar year	Acceptable range	Calendar year	Acceptable range
2006	maximum $300,000	2008	maximum $400,000
2007	$300,001 to $400,000	2009	$400,001 to $500,000

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

Allocating the business limit

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

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

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

	1 Names of associated corporations **100**	2 Business Number of associated corporations **200**	3 Association code **300**	4 Business limit for the year (before the allocation) $	5 Percentage of the business limit % **350**	6 Business limit allocated* $ **400**
1	Halton Hills Hydro Inc.	86742 9623 RC0001	1	500,000	100.0000	500,000
2	Halton Hills Community Energy Corporation	87307 4876 RC0001	1	500,000		
3	Southwestern Energy Inc.	87097 1181 RC0003	1	500,000		
4	Town of Halton Hills	NR	4			
5	Harvester Energy Canada Inc.	80616 5650 RC0001	1	500,000		
6	Southwestern Energy Inc.	87097 1181 RC0004	1	500,000		
				Total	100.0000	500,000 **A**

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

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

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

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

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

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

T2 SCH 23 (09)

Canada Revenue Agency / Agence du revenu du Canada

Schedule 31

Investment Tax Credit – Corporations

General information

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

Detailed information

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

Detailed information (continued)

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

Part 1 – Investments, expenditures, and percentages

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

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

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

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

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

Corporation's name	Business number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 RC0001	2014-12-31

Part 2 – Determination of a qualifying corporation

Is the corporation a qualifying corporation? . . . . **101** 1 Yes [ ] 2 No [X]

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

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

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

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

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

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

a) one or more persons exempt from Part I tax under section 149;

b) Her Majesty in right of a province, a Canadian municipality, or any other public authority; or

c) any combination of persons referred to in a) or b) above.

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

Part 3 – Corporations in the farming industry

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

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

Contributions to agricultural organizations for SR&ED* . . . . **103** ______

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

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

Qualified Property and Qualified Resource Property

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

CCA* class number **105**	Description of investment **110**	Date available for use **115**	Location used (province or territory) **120**	Amount of investment **125**
			Total of investments for qualified property and qualified resource property	A

* CCA: capital cost allowance

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

ITC at the end of the previous tax year					B
Deduct:					
Credit deemed as a remittance of co-op corporations	210				
Credit expired	215				
Subtotal (line 210 **plus** line 215)			▶		C
ITC at the beginning of the tax year (amount B **minus** amount C)			220		
Add:					
Credit transferred on amalgamation or wind-up of subsidiary	230				
ITC from repayment of assistance	235				
Qualified property; and qualified resource property acquired after March 28, 2012, and before January 1, 2014* (applicable part of amount A from Part 4) ______ x 10 % =	240				
Qualified resource property acquired after December 31, 2013, and before January 1, 2016 (applicable part of amount A from Part 4) ______ x 5 % =	242				
Credit allocated from a partnership	250				
Subtotal (total of lines 230 to 250)			▶		D
Total credit available (line 220 **plus** amount D)					E
Deduct:					
Credit deducted from Part I tax (enter at amount D in Part 30)	260				
Credit carried back to the previous year(s) (amount H from Part 6)			a		
Credit transferred to offset Part VII tax liability	280				
Subtotal (total of line 260, amount a, and line 280)			▶		F
Credit balance before refund (amount E **minus** amount F)					G
Deduct:					
Refund of credit claimed on investments from qualified property and qualified resource property (from Part 7)			310		
ITC closing balance of investments from qualified property and qualified resource property (amount G **minus** line 310)			320		

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

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

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

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

Current-year ITCs (total of lines 240, 242, and 250 from Part 5)		I
Credit balance before refund (amount G from Part 5)		J
Refund (40 % of amount I or J, whichever is less)		K

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

SR&ED

Part 8 – Qualified SR&ED expenditures

Current expenditures

Current expenditures (from line 557 on Form T661) . . . .

Contributions to agricultural organizations for SR&ED . . . .

Deduct:

Government assistance, non-government assistance, or contract payment . . . .

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

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

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

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

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

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

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

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

Part 9 only applies if the corporation is a CCPC.

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

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

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

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

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

Enter your taxable capital employed in Canada for the previous tax year 58,171,413 minus $10 million. If this amount is nil or negative, enter "0". If this amount is over $40 million, enter $40 million **398** 40,000,000

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

Part 10 – SR&ED expenditure limit for a CCPC

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

Deduct:

Taxable income for the previous tax year (line 390 from Part 9) or $500,000, whichever is more 500,000 x 10 = 5,000,000 A

Excess ($8,000,000 **minus** amount A; if negative, enter "0") . . . . 3,000,000 B

$ 40,000,000 **minus** line 398 from Part 9 . . . . a

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

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

For an associated corporation:

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

Where the tax year of the corporation is less than 51 weeks, calculate the amount of the expenditure limit as follows:

Amount D or E ______ x Number of days in the tax year / 365 = 365 . . . . F

Your SR&ED expenditure limit for the year (enter the amount from line D, E, or F, whichever applies) **410**

* Amount D or E cannot be more than $3,000,000.

Part 11 – Investment tax credits on SR&ED expenditures

Current expenditures (line 350 from Part 8) or the expenditure limit (line 410 from Part 10), whichever is less*	420		x	35 %	=	G
Line 350 **minus** line 410 (if negative, enter "0")**	430		x	15 %	=	H
Line 410 **minus** line 350 (if negative, enter "0")			b			
Capital expenditures (line 360 from Part 8) or amount b above, whichever is less*	440		x	35 %	=	I
Line 360 **minus** amount b above (if negative, enter "0")**	450		x	15 %	=	J
Repayments (amount from line 370 in Part 8)						

If a corporation makes a repayment of any government or non-government assistance, or contract payments that reduced the amount of qualified expenditures for ITC purposes, the amount of the repayment is eligible for a credit at the rate that would have applied to the repaid amount. Enter the amount of the repayment on the line that corresponds to the appropriate rate.**

460		x	35 %	=		c
480		x	15 %	=		d

Subtotal (amount c **plus** amount d) ▶ K

Current-year SR&ED ITC (total of amounts G to K; enter on line 540 in Part 12) L

* For corporations that are not CCPCs, enter "0" for amounts G and I.

** For tax years that end after 2013, the general SR&ED rate is reduced from 20% to 15%, except that, for 2014 tax years that start before 2014, the reduction is pro-rated based on the number of days in the tax year that are after 2013.

Part 12 – Current-year credit and account balances – ITC from SR&ED expenditures

ITC at the end of the previous tax year			M
Deduct:			
Credit deemed as a remittance of co-op corporations	510		
Credit expired	515		
Subtotal (line 510 **plus** line 515)		▶	N
ITC at the beginning of the tax year (amount M **minus** amount N)		520	
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	530		
Total current-year credit (from amount L in Part 11)	540		
Credit allocated from a partnership	550		
Subtotal (total of lines 530 to 550)		▶	O
Total credit available (line 520 **plus** amount O)			P
Deduct:			
Credit deducted from Part I tax (enter at amount E in Part 30)	560		
Credit carried back to the previous year(s) (amount S from Part 13)	e		
Credit transferred to offset Part VII tax liability	580		
Subtotal (total of line 560, amount e, and line 580)		▶	Q
Credit balance before refund (amount P **minus** amount Q)			R
Deduct:			
Refund of credit claimed on SR&ED expenditures (from Part 14 or 15, whichever applies)		610	
ITC closing balance on SR&ED (amount R **minus** line 610)		620	

Part 13 – Request for carryback of credit from SR&ED expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	911	
2nd previous tax year				Credit to be applied	912	
3rd previous tax year				Credit to be applied	913	
				Total (enter at amount e in Part 12)		S

Part 14 – Refund of ITC for qualifying corporations – SR&ED

Complete this part only if you are a qualifying corporation as determined at line 101 in Part 2.

Is the corporation an excluded corporation as defined under subsection 127.1(2)? . . . 650 1 Yes [ ] 2 No [X]

Current-year ITC (lines 540 **plus** 550 from Part 12 **minus** amount K from Part 11) . . . ______ f

Refundable credits (amount f above or amount R from Part 12, whichever is less)* . . . ______ T

Deduct:

Amount T or amount G from Part 11, whichever is less . . . ______ U

Net amount (amount T **minus** amount U; if negative, enter "0") . . . ______ V

Amount V **multiplied** by 40 % . . . ______ W

Add:

Amount U . . . ______ X

Refund of ITC (amount W **plus** amount X – enter this, or a lesser amount, on line 610 in Part 12) . . . ______ Y

Enter the total of lines 310 from Part 5 and 610 from Part 12 on line 780 of the T2 return.

* If you are also an excluded corporation [as defined in subsection 127.1(2)], this amount must be multiplied by 40%. Claim this, or a lesser amount, as your refund of ITC for amount Y.

Part 15 – Refund of ITC for CCPCs that are not qualifying or excluded corporations – SR&ED

Complete this box only if you are a CCPC that is not a qualifying or excluded corporation as determined at line 101 in Part 2.

Credit balance before refund (amount R from Part 12) . . . ______ Z

Deduct:

Amount Z or amount G from Part 11, whichever is less . . . ______ AA

Net amount (amount Z **minus** amount AA; if negative, enter "0") . . . ______ BB

Amount BB or amount I from Part 11, whichever is less . . . ______ CC

Amount CC **multiplied** by 40 % . . . ______ DD

Add :

Amount AA . . . ______ EE

Refund of ITC (amount DD **plus** amount EE) . . . ______ FF

Enter FF, or a lesser amount, on line 610 in Part 12 and also on line 780 of the T2 return.

Recapture – SR&ED

Part 16 – Recapture of ITC for corporations and corporate partnerships – SR&ED

You will have a recapture of ITC in a year when **all** of the following conditions are met:

- you acquired a particular property in the current year or in any of the 20 previous tax years, if the credit was earned in a tax year ending after 1997 and did not expire before 2008;
- you claimed the cost of the property as a qualified expenditure for SR&ED on Form T661;
- the cost of the property was included in calculating your ITC or was the subject of an agreement made under subsection 127(13) to transfer qualified expenditures; and
- you disposed of the property or converted it to commercial use after February 23, 1998. This condition is also met if you disposed of or converted to commercial use a property that incorporates the particular property previously referred to.

Note:

The recapture **does not apply** if you disposed of the property to a non-arm's-length purchaser who intended to use it all or substantially all for SR&ED. When the non-arm's-length purchaser later sells or converts the property to commercial use, the recapture rules will apply to the purchaser based on the historical ITC rate of the original user.

You will report a recapture on the T2 return for the year in which you disposed of the property or converted it to commercial use. In the following tax year, add the amount of the ITC recapture to the SR&ED expenditure pool.

If you have more than one disposition for calculations 1 and 2, complete the columns for each disposition for which a recapture applies, using the calculation formats below.

Calculation 1 – If you meet all of the above conditions

Amount of ITC you originally calculated for the property you acquired, or the original user's ITC where you acquired the property from a non-arm's length party, as described in the note above **700**	Amount calculated using ITC rate at the date of acquisition (or the original user's date of acquisition) on either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value of the property (in any other case) **710**	Amount from column 700 or 710, whichever is less

Subtotal (enter this amount at amount C in Part 17) ______ A

Calculation 2 – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil in amount B in Part 16 on page 9.

A Rate that the transferee used in determining its ITC for qualified expenditures under a subsection 127(13) agreement **720**	B Proceeds of disposition of the property if you dispose of it to an arm's length person; or, in any other case, enter the fair market value of the property at conversion or disposition **730**	C Amount, if any, already provided for in Calculation 1 (This allows for the situation where only part of the cost of a property is transferred under a subsection 127(13) agreement.) **740**

Calculation 2 (continued) – Only if you transferred all or a part of the qualified expenditure to another person under an agreement described in subsection 127(13); otherwise, enter nil in amount B below.

D Amount determined by the formula (A x B) – C	E ITC earned by the transferee for the qualified expenditures that were transferred **750**	F Amount from column D or E, whichever is less

Subtotal (enter this amount at amount D in Part 17) ______ B

Calculation 3

As a member of the partnership, you will report your share of the SR&ED ITC of the partnership after the SR&ED ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 550 in Part 12. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 760 below.

Corporate partner's share of the excess of SR&ED ITC (amount to be reported at amount E in Part 17) **760** ________

Part 17 – Total recapture of SR&ED investment tax credit

Recaptured ITC for calculation 1 from amount A in Part 16		C
Recaptured ITC for calculation 2 from amount B in Part 16		D
Recaptured ITC for calculation 3 from line 760 in Part 16		E
Total recapture of SR&ED investment tax credit – total of amounts C to E Enter amount F at amount A in Part 29.		F

Pre-Production Mining

Part 18 – Pre-production mining expenditures

Exploration information

A mineral resource that qualifies for the credit means a mineral deposit from which the principal mineral to be extracted is diamond, a base or precious metal deposit, or a mineral deposit from which the principal mineral to be extracted is an industrial mineral that, when refined, results in a base or precious metal.

In column 800, list all minerals for which pre-production mining expenditures have taken place in the tax year.

For each of the minerals reported in column 800, identify each project (in column 805), mineral title (in column 806), and mining division (in column 807) where title is registered. If there is no mineral title, identify only the project and mining division.

List of minerals 800	Project name 805

Mineral title 806	Mining division 807

Pre-production mining expenditures*

Exploration:

Pre-production mining expenditures that the corporation incurred in the tax year for the purpose of determining the existence, location, extent, or quality of a mineral resource in Canada:

Prospecting	810	
Geological, geophysical, or geochemical surveys	811	
Drilling by rotary, diamond, percussion, or other methods	812	
Trenching, digging test pits, and preliminary sampling	813	

Development:

Pre-production mining expenditures incurred in the tax year for bringing a new mine in a mineral resource in Canada into production in reasonable commercial quantities and incurred before the new mine comes into production in such quantities:

Clearing, removing overburden, and stripping	820	
Sinking a mine shaft, constructing an adit, or other underground entry	821	

Other pre-production mining expenditures incurred in the tax year:

Description 825	Amount 826

Add amounts in column 826		►	A
Total pre-production mining expenditures (total of lines 810 to 821 and amount A)	830		

Deduct:

Total of all assistance (grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line 830 above	832		
Excess (line 830 **minus** line 832) (if negative, enter "0")			B

Add:

Repayments of government and non-government assistance	835		
Pre-production mining expenditures (amount B **plus** line 835)			C

* A pre-production mining expenditure is defined under subsection 127(9).

Part 19 – Current-year credit and account balances – ITC from pre-production mining expenditures

ITC at the end of the previous tax year				D
Deduct:				
Credit deemed as a remittance of co-op corporations	841			
Credit expired	845			
Subtotal (line 841 **plus** line 845)				E
ITC at the beginning of the tax year (amount D **minus** amount E)	850			
Add:				
Credit transferred on amalgamation or wind-up of subsidiary	860			
Pre-production mining expenditures* incurred before January 1, 2013 (applicable part of amount C from Part 18)	870	x 10 % =	a	
Pre-production mining exploration expenditures incurred in 2013 (applicable part of amount C from Part 18)	872	x 5 % =	b	
Pre-production mining development expenditures incurred in 2014 (applicable part of amount C from Part 18)	874	x 7 % =	c	
Pre-production mining development expenditures incurred in 2015 (applicable part of amount C from Part 18)	876	x 4 % =	d	
Current year credit (total of amounts a to d)	880			F
Total credit available (total of lines 850, 860, and amount F)				G
Deduct:				
Credit deducted from Part I tax (enter at amount F in Part 30)	885			
Credit carried back to the previous year(s) (amount I from Part 20)			e	
Subtotal (line 885 **plus** amount e)				H
ITC closing balance from pre-production mining expenditures (amount G **minus** amount H)	890			

* Also include pre-production mining development expenditures incurred before 2014 and pre-production mining development expenditures incurred after 2013 and before 2016 that are eligible for transitional relief.

Part 20 – Request for carryback of credit from pre-production mining expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	921	
2nd previous tax year				Credit to be applied	922	
3rd previous tax year				Credit to be applied	923	
				Total (enter at amount e in Part 19)		I

Apprenticeship Job Creation

Part 21 – Total current-year credit – ITC from apprenticeship job creation expenditures

If you are a related person as defined under subsection 251(2), has it been agreed in writing that you are the only employer who will be claiming the apprenticeship job creation tax credit for this tax year for each apprentice whose contract number (or social insurance number or name) appears below? (If not, you cannot claim the tax credit.) . . . . 611 1 Yes ☐ 2 No ☐

For each apprentice in their first 24 months of the apprenticeship, enter the apprenticeship contract number registered with Canada, or a province or territory, under an apprenticeship program designed to certify or license individuals in the trade. For the province, the trade must be a Red Seal trade. If there is no contract number, enter the social insurance number (SIN) or the name of the eligible apprentice.

	A Contract number (SIN or name of apprentice) 601	B Name of eligible trade 602	C Eligible salary and wages* 603	D Column C x 10 % 604	E Lesser of column D or $ 2,000 605
1.	Briscoe, Mark	Powerline Technician	30,482	3,048	2,000
				Total current-year credit (enter at line 640 in Part 22)	2,000 A

* Net of any other government or non-government assistance received or to be received.

Part 22 – Current-year credit and account balances – ITC from apprenticeship job creation expenditures

ITC at the end of the previous tax year			2,000 B
Deduct:			
Credit deemed as a remittance of co-op corporations	612		
Credit expired after 20 tax years	615		
Subtotal (line 612 **plus** line 615)			C
ITC at the beginning of the tax year (amount B **minus** amount C)	625		2,000
Add:			
Credit transferred on amalgamation or wind-up of subsidiary	630		
ITC from repayment of assistance	635		
Total current-year credit (amount A from Part 21)	640	2,000	
Credit allocated from a partnership	655		
Subtotal (total of lines 630 to 655)		2,000	2,000 D
Total credit available (line 625 **plus** amount D)			4,000 E
Deduct:			
Credit deducted from Part I tax (enter at amount G in Part 30)	660		
Credit carried back to the previous year(s) (amount G from Part 23)		a	
Subtotal (line 660 **plus** amount a)			F
ITC closing balance from apprenticeship job creation expenditures (amount E **minus** amount F)	690		4,000

Part 23 – Request for carryback of credit from apprenticeship job creation expenditures

	Year	Month	Day			
1st previous tax year				Credit to be applied	931	
2nd previous tax year				Credit to be applied	932	
3rd previous tax year				Credit to be applied	933	
				Total (enter at amount a in Part 22)		G

Child Care Spaces

Part 24 – Eligible child care spaces expenditures

Enter the eligible expenditures that the corporation incurred to create licensed child care spaces for the children of the employees and, potentially, for other children. The corporation cannot be carrying on a child care services business. The eligible expenditures include:

- the cost of depreciable property (other than specified property); and
- the specified child care start-up expenditures;

acquired or incurred only to create new child care spaces at a licensed child care facility.

Cost of depreciable property from the current tax year

	CCA* class number 665	Description of investment 675	Date available for use 685	Amount of investment 695
1.				

Total cost of depreciable property from the current tax year 715 ____

Add:

Specified child care start-up expenditures from the current tax year . . . . . 705 ____

Total gross eligible expenditures for child care spaces (line 715 **plus** line 705) . . . . . ____ A

Deduct:

Total of all assistance (including grants, subsidies, rebates, and forgivable loans) or reimbursements that the corporation has received or is entitled to receive in respect of the amounts referred to at line A . . . . . 725 ____

Excess (amount A **minus** line 725) (if negative, enter "0") . . . . . ____ B

Add:

Repayments by the corporation of government and non-government assistance . . . . . 735 ____

Total eligible expenditures for child care spaces (amount B **plus** line 735) . . . . . 745 ____

* CCA: capital cost allowance

Part 25 – Current-year credit – ITC from child care spaces expenditures

The credit is equal to 25% of eligible child care spaces expenditures incurred to a maximum of $10,000 per child care space created in a licensed child care facility.

Eligible expenditures (from line 745) . . . . . ____ x 25 % = ____ C

Number of child care spaces . . . . . 755 ____ x $ 10,000 = ____ D

ITC from child care spaces expenditures (amount C or D, whichever is less) . . . . . ____ E

Part 26 – Current-year credit and account balances – ITC from child care spaces expenditures

ITC at the end of the previous tax year					F
Deduct:					
Credit deemed as a remittance of co-op corporations	765				
Credit expired after 20 tax years	770				
Subtotal (line 765 **plus** line 770)			▶		G
ITC at the beginning of the tax year (amount F **minus** amount G)			775		
Add:					
Credit transferred on amalgamation or wind-up of subsidiary	777				
Total current-year credit (amount E from Part 25)	780				
Credit allocated from a partnership	782				
Subtotal (total of lines 777 to 782)			▶		H
Total credit available (line 775 **plus** amount H)					I
Deduct:					
Credit deducted from Part I tax (enter at amount H in Part 30)	785				
Credit carried back to the previous year(s) (amount K from Part 27)			a		
Subtotal (line 785 **plus** amount a)			▶		J
ITC closing balance from child care spaces expenditures (amount I **minus** amount J)			790		

Part 27 – Request for carryback of credit from child care space expenditures

	Year Month Day			
1st previous tax year	2013-12-31	Credit to be applied	941	
2nd previous tax year	2012-12-31	Credit to be applied	942	
3rd previous tax year	2011-12-31	Credit to be applied	943	
		Total (enter at amount a in Part 26)		K

Recapture – Child Care Spaces

Part 28 – Recapture of ITC for corporations and corporate partnerships – Child care spaces

The ITC will be recovered against the taxpayer's tax otherwise payable under Part I of the Act if, at any time within 60 months of the day on which the taxpayer acquired the property:

- the new child care space is no longer available; or
- property that was an eligible expenditure for the child care space is:
  - disposed of or leased to a lessee; or
  - converted to another use.

If the property disposed of is a child care space, the amount that can reasonably be considered to have been included in the original ITC (paragraph 127(27.12)(a)) . . . . **792** ____________

In the case of eligible expenditures (paragraph 127(27.12)(b)), the lesser of:

The amount that can reasonably be considered to have been included in the original ITC . . . . **795** ____________

25% of either the proceeds of disposition (if sold in an arm's length transaction) or the fair market value (in any other case) of the property . . . . **797** ____________

Amount from line 795 or line 797, whichever is less . . . . ____________ A

Corporate partnerships

As a member of the partnership, you will report your share of the child care spaces ITC of the partnership after the child care spaces ITC has been reduced by the amount of the recapture. If this amount is a positive amount, you will report it on line 782 in Part 26. However, if the partnership does not have enough ITC otherwise available to offset the recapture, then the amount by which reductions to ITC exceed additions (the excess) will be determined and reported on line 799 below.

Corporate partner's share of the excess of ITC **799** ____________

Total recapture of child care spaces investment tax credit (total of line 792, amount A, and line 799) . . . . ____________ B
Enter amount B at amount B in Part 29.

Summary of Investment Tax Credits

Part 29 – Total recapture of investment tax credit

Recaptured SR&ED ITC (from amount F in Part 17) . . . . ____________ A

Recaptured child care spaces ITC (from amount B in Part 28) . . . . ____________ B

Total recapture of investment tax credit (amount A **plus** amount B) . . . . ____________ C
Enter amount C on line 602 of the T2 return.

Part 30 – Total ITC deducted from Part I tax

ITC from investments in qualified property deducted from Part I tax (from line 260 in Part 5) . . . . ____________ D

ITC from SR&ED expenditures deducted from Part I tax (from line 560 in Part 12) . . . . ____________ E

ITC from pre-production mining expenditures deducted from Part I tax (from line 885 in Part 19) . . . . ____________ F

ITC from apprenticeship job creation expenditures deducted from Part I tax (from line 660 in Part 22) . . . . ____________ G

ITC from child care space expenditures deducted from Part I tax (from line 785 in Part 26) . . . . ____________ H

Total ITC deducted from Part I tax (total of amounts D to H) . . . . ____________ I
Enter amount I at line 652 of the T2 return.

Privacy Act, Personal Information Bank number CRA PPU 047

Attached Schedule with Total

C – Eligible salary and wages

Title C – Eligible salary and wages

Description	Amount
Eligible Wages	30,482 00
Total	30,482 00

Summary of Investment Tax Credit Carryovers

Continuity of investment tax credit carryovers

CCA class number 97 Apprenticeship job creation ITC

Current year

Addition current year (A)	Applied current year (B)	Claimed as a refund (C)	Carried back (D)	ITC end of year (A-B-C-D)
2,000				2,000

Prior years

Taxation year	ITC beginning of year (E)	Adjustments (F)	Applied current year (G)	ITC end of year (E-F-G)
2013-12-31	2,000			2,000
2012-12-31				
2011-12-31				
2010-12-31				
2009-12-31				
2008-12-31				
2007-12-31				
2006-12-31				
2005-12-31				
2004-12-31				*
2003-12-31				
2002-12-31				
2001-12-31				
2000-12-31				
1999-12-31				
				*
Total	2,000			2,000

B+C+D+G **Total ITC utilized**

* The **ITC end of year** includes the amount of ITC expired from the 10th preceding year if it is before January 1, 1998, or the amount of ITC expired from the 20th preceding year if it is after December 31, 1997. Note that this credit expires at the end of the tax year and any expired credit will be posted to line 215, 515, 615, 770 or 845, as applicable, in Schedule 31 the following year.

Canada Revenue Agency / Agence du revenu du Canada

Schedule 33

Taxable Capital Employed in Canada – Large Corporations

Corporation's name	Business number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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 year-end amounts:

	Line	Amount		Total	
Reserves that have not been deducted in computing income for the year under Part I	101	4,818,978			
Capital stock (or members' contributions if incorporated without share capital)	103	16,161,663			
Retained earnings	104	12,878,030			
Contributed surplus	105				
Any other surpluses	106				
Deferred unrealized foreign exchange gains	107				
All loans and advances to the corporation	108	30,700,962			
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 under paragraph 181.2(3)(g) for a partnership in which the corporation held a membership interest at the end of the year, either directly or indirectly through another partnership (see note below)	112				
Subtotal (**add** lines 101 to 112)		64,559,633	▶	64,559,633	A

Deduct the following amounts:

	Line	Amount		Total	
Deferred tax debit balance at the end of the year	121				
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				
Deferred unrealized foreign exchange losses at the end of the year	124				
Subtotal (**add** lines 121 to 124)			▶		B
Capital for the year (amount A **minus** amount B) (if negative, enter "0")	190			64,559,633	

Note: Line 112 is determined as follows:

- An amount for a partnership is the proportion of 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.
- In determining an amount for a partnership, do not include amounts owing by the partnership
  - to any corporation that held a membership interest in the partnership either directly or indirectly through another partnership.
  - to any partnership in which a corporation described above held a membership interest either directly or indirectly through another partnership.
- The proportion of an amount for a partnership 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	400,640
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 payable 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 each member of which was, throughout the year, another corporation (other than a financial institution) that was not exempt from tax under this Part (otherwise than because of paragraph 181.1(3)(d)), or another partnership described in paragraph 181.2(4)(d.1).	406	
An interest in a partnership (see note 2 below)	407	
Investment allowance for the year (add lines 401 to 407)	490	400,640

Notes:

1. 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 a non-resident corporation that at no time in the year carried on business in Canada through a permanent establishment).
2. Where the corporation has an interest in a partnership held either directly or indirectly through another partnership, refer to subsection 181.2(5) for additional rules regarding the carrying value of an interest in a partnership.
3. 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, refer to to subsection 181.2(6) for special rules that may apply.

Part 3 – Taxable capital

Capital for the year (line 190)		64,559,633	C
Deduct: Investment allowance for the year (line 490)		400,640	D
Taxable capital for the year (amount C **minus** amount D) (if negative, enter "0")	500	64,158,993	

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) 64,158,993 x Taxable income earned in Canada **610** 1,000 / Taxable income 1,000 = **Taxable capital employed in Canada** **690** 64,158,993

Notes:
1. Regulation 8601 gives details on calculating the amount of taxable income earned in Canada.
2. 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.
3. In the case of an airline corporation, Regulation 8601 should be considered when completing the above calculation.

To be completed by a corporation that was a non-resident of Canada throughout the year and carried on a business through a permanent establishment in Canada

Total of all amounts each of which is the carrying value at the end of the year of an asset of the corporation used in the year or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada			701	
Deduct the following amounts:				
Corporation's indebtedness at the end of the year [other than indebtedness described in any of paragraphs 181.2(3)(c) to (f)] that may reasonably be regarded as relating to a business it carried on during the year through a permanent establishment in Canada	711			
Total of all amounts each of which is the carrying value at the end of year of an asset described in subsection 181.2(4) of the corporation that it used in the year, or held in the year, in the course of carrying on any business during the year through a permanent establishment in Canada	712			
Total of all amounts each of which is the carrying value at the end of year of an asset of the corporation that is a ship or aircraft the corporation operated in international traffic, or personal or movable property used or held by the corporation in carrying on any business during the year through a permanent establishment in Canada (see note below)	713			
Total deductions (**add** lines 711, 712, and 713)			►	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 0.225%)		I

Enter this amount at line 415 of the T2 return.

Attached Schedule with Total

Part 1 – All loans and advances to the corporation

Title Part 1 – All loans and advances to the corporation

Description	Amount	
Current portion of bank loan	552,754	00
Customer Deposits Current	228,837	00
Customer Deposits Long-Term	227,293	00
Long term portion of bank loan	9,841,457	00
Note Payable	16,141,970	00
Bank	3,708,651	00
Total	30,700,962	00

Attached Schedule with Total

Part 2 – A loan or advance to another corporation (other than a financial institution)

Title Part 2 – A loan or advance to another corporation (other than a financial ir

Description	Amount	
Due from affiliated companies		
Prepaid expenses	400,640	00
Total	400,640	00

Attached Schedule with Total

Part 1 – Reserves that have not been deducted in computing income for the year under Part I

Title Part 1 – Reserves that have not been deducted in computing income for th

Description	Amount	
sch 13 reserves	796,006	00
future tax liability LT	4,022,972	00
Total	4,818,978	00

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SCHEDULE 50

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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.

	Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)	Provide only one number per shareholder: 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	Halton Hills Community Energy	87307 4876 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 53

GENERAL RATE INCOME POOL (GRIP) CALCULATION

Name of corporation	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 RC0001	2014-12-31

On: 2014-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- Subsections referred to in this schedule are from the I*ncome Tax Act*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006? . . . . . Yes ☐ No ☒
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006? Enter the date and go directly to question 4 2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA? . . . . . Yes ☐ No ☐
   If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year? . . . . . Yes ☒ No ☐
5. Corporations that become a CCPC or a DIC . . . . . Yes ☐ No ☒
   If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation . . . . . Yes ☐ No ☒
   If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC? . . . . . Yes ☐ No ☐
   If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation? . . . . . Yes ☐ No ☐
   If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year? . . . . . Yes ☐ No ☒
   If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year? . . . . . Yes ☐ No ☐
    If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year? . . . . . Yes ☐ No ☐
    If the answer to question 11 is yes, complete Part 3.

Part 1 – Calculation of general rate income pool (GRIP)

GRIP at the end of the previous tax year			100	2,708,300 A
Taxable income for the year (DICs enter "0") *		110	B	
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120			
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *	130			
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140			
Subtotal (**add** lines 120, 130, and 140)		▶ C		
Income taxable at the general corporate rate (line B **minus** line C) (if negative enter "0")		150		
After-tax income (line 150 x general rate factor for the tax year ** 0.72)			190	D
Eligible dividends received in the tax year		200		
Dividends deductible under section 113 received in the tax year		210		
Subtotal (**add** lines 200 and 210)		▶		E
GRIP addition:				
Becoming a CCPC (line PP from Part 4)		220		
Post-amalgamation (total of lines EE from Part 3 and lines PP from Part 4)		230		
Post-wind-up (total of lines EE from Part 3 and lines PP from Part 4)		240		
Subtotal (**add** lines 220, 230, and 240)		▶	290	F
Subtotal (**add** lines A, D, E, and F)				2,708,300 G
Eligible dividends paid in the previous tax year		300		
Excessive eligible dividend designations made in the previous tax year		310		
Note: If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.				
Subtotal (line 300 **minus** line 310)		▶		H
GRIP before adjustment for specified future tax consequences (line G **minus** line H) (amount can be negative)			490	2,708,300
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W from Part 2)			560	544,009
GRIP at the end of the tax year (line 490 **minus** line 560)			590	2,164,291

Enter this amount on line 160 of Schedule 55.

* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

** The **general rate factor** for a tax year is 0.68 for any portion of the tax year that falls before 2010, 0.69 for any portion of the tax year that falls in 2010, 0.70 for any portion of the tax year that falls in 2011, and 0.72 for any portion of the tax year that falls after 2011. Calculate the general rate factor in Part 5 for tax years that straddle these dates.

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2013-12-31

Taxable income before specified future tax consequences from the current tax year		J1
Enter the following amounts before specified future tax consequences from the current tax year:		
Income for the credit union deduction (amount E in Part 3 of Schedule 17)	K1	
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less	L1	
Aggregate investment income (line 440 of the T2 return)	M1	
Subtotal (**add** lines K1, L1, and M1)	▶	N1
Subtotal (line J1 **minus** line N1) (if negative, enter "0")	▶	O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ________ P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ________ Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ________ R1

Aggregate investment income (line 440 of the T2 return) . . . . ________ S1

Subtotal (**add** lines Q1, R1, and S1) ________ ▶ ________ T1

Subtotal (line P1 **minus** line T1) (if negative, enter "0") ________ ▶ ________ U1

Subtotal (line O1 **minus** line U1) (if negative, enter "0") ________ V1

GRIP adjustment for specified future tax consequences to the first previous tax year

(line V1 **multiplied by** the general rate factor for the tax year 0.72) . . . . **500** ________

Second previous tax year 2012-12-31

Taxable income before specified future tax consequences from the current tax year . . . . ________ J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ________ K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ________ L2

Aggregate investment income (line 440 of the T2 return) . . . . ________ M2

Subtotal (**add** lines K2, L2, and M2) ________ ▶ ________ N2

Subtotal (line J2 **minus** line N2) (if negative, enter "0") ________ ▶ ________ O2

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**

Taxable income after specified future tax consequences . . . . ________ P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ________ Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ________ R2

Aggregate investment income (line 440 of the T2 return) . . . . ________ S2

Subtotal (**add** lines Q2, R2, and S2) ________ ▶ ________ T2

Subtotal (line P2 **minus** line T2) (if negative, enter "0") ________ ▶ ________ U2

Subtotal (line O2 **minus** line U2) (if negative, enter "0") ________ V2

GRIP adjustment for specified future tax consequences to the second previous tax year

(line V2 **multiplied by** the general rate factor for the tax year 0.72) . . . . **520** ________

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2011-12-31

Taxable income before specified future tax consequences from the current tax year 1,872,876 J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ L3

Aggregate investment income (line 440 of the T2 return) . . . . ______ M3

Subtotal (**add** lines K3, L3, and M3) ______ ▶ ______ N3

Subtotal (line J3 **minus** line N3) (if negative, enter "0") 1,872,876 ▶ 1,872,876 O3

Future tax consequences that occur for the current year Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	**Capital loss carry-back**	**Restricted farm loss carry-back**	**Farm loss carry-back**	**Other**	**Total carrybacks**
755,568					755,568

Taxable income after specified future tax consequences 1,117,308 P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . ______ Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . . ______ R3

Aggregate investment income (line 440 of the T2 return) . . . . ______ S3

Subtotal (**add** lines Q3, R3, and S3) ______ ▶ ______ T3

Subtotal (line P3 **minus** line T3) (if negative, enter "0") 1,117,308 ▶ 1,117,308 U3

Subtotal (line O3 **minus** line U3) (if negative, enter "0") 755,568 V3

GRIP adjustment for specified future tax consequences to the third previous tax year
(line V3 **multiplied by** the general rate factor for the tax year 0.72) **540** 544,009

Total GRIP adjustment for specified future tax consequences to previous tax years:
(**add** lines 500, 520, and 540) (if negative, enter "0") . . . . 544,009 W

Enter amount W on line 560.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation . . . ☐ Post wind-up . . . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year . . . . ______ AA

Eligible dividends paid by the corporation in its last tax year . . . . ______ BB

Excessive eligible dividend designations made by the corporation in its last tax year . . . . . . ______ CC

Subtotal (line BB **minus** line CC) ______ ▶ ______ DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)
(line AA **minus** line DD) . . . . ______ EE

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE lines. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC

nb. 1 Corporation becoming a CCPC . . . . . . ☐ Post amalgamation . . . . ☐ Post wind-up . . . . ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year . . . . ________ FF

The corporation's money on hand immediately before the end of its previous/last tax year . . . . ________ GG

Unused and unexpired losses at the end of the corporation's previous/last tax year:

Non-capital losses . . . . ________

Net capital losses . . . . ________

Farm losses . . . . ________

Restricted farm losses . . . . ________

Limited partnership losses . . . . ________

Subtotal ________ ► ________ HH

Subtotal (**add** lines FF, GG, and HH) ________ II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year . . . . ________ JJ

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year . . . . ________ KK

All the corporation's reserves deducted in its previous/last tax year . . . . ________ LL

The corporation's capital dividend account immediately before the end of its previous/last tax year . . . . ________ MM

The corporation's low rate income pool immediately before the end of its previous/last tax year . . . . ________ NN

Subtotal (**add** lines JJ, KK, LL, MM, and NN) ________ ► ________ OO

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC (line II **minus** line OO) (if negative, enter "0") . . . . ________ PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP lines. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

Part 5 – General rate factor for the tax year

Complete this part to calculate the general rate factor for the tax year.

0.68	x	number of days in the tax year before January 1, 2010 / number of days in the tax year	/ 365	. . . . =		QQ
0.69	x	number of days in the tax year in 2010 / number of days in the tax year	/ 365	. . . . =		RR
0.7	x	number of days in the tax year in 2011 / number of days in the tax year	/ 365	. . . . =		SS
0.72	x	number of days in the tax year after December 31, 2011 / number of days in the tax year	365 / 365	. . . . =	0.720000000	TT

General rate factor for the tax year (total of lines QQ to TT) . . . . 0.72000 UU

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SCHEDULE 55

PART III.1 TAX ON EXCESSIVE ELIGIBLE DIVIDEND DESIGNATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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		1,296,560		
Total taxable dividends paid in the tax year	100	1,296,560		
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		2,164,291	B
Excessive eligible dividend designation (line 150 **minus** line 160)				C
Deduct:				
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends*	180			D
Subtotal (amount C **minus** amount D)				E
Part III.1 tax on excessive eligible dividend designations – CCPC or DIC (amount E **multiplied** by 20 %)	190			F

Enter the amount from line 190 on line 710 of the T2 return.

Part 2 – Other corporations

Taxable dividends paid in the tax year **not included** in Schedule 3				
Taxable dividends paid in the tax year **included** in Schedule 3				
Total taxable dividends paid in the tax year	200			
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)				G
Deduct:				
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends*	280			H
Subtotal (amount G **minus** amount H)				I
Part III.1 tax on excessive eligible dividend designations – Other corporations (amount I **multiplied** by 20 %)	290			J

Enter the amount from line 290 on line 710 of the T2 return.

* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to **www.cra.gc.ca/eligibledividends**.

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Schedule 510

Ontario Corporate Minimum Tax

Corporation's name	Business number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 RC0001	2014-12-31

- File this schedule if the corporation is subject to Ontario corporate minimum tax (CMT). CMT is levied under section 55 of the *Taxation Act, 2007* (Ontario), referred to as the "Ontario Act".
- Complete Part 1 to determine if the corporation is subject to CMT for the tax year.
- A corporation not subject to CMT in the tax year is still required to file this schedule if it is deducting a CMT credit, has a CMT credit carryforward, or has a CMT loss carryforward or a current year CMT loss.
- A corporation that has Ontario special additional tax on life insurance corporations (SAT) payable in the tax year must complete Part 4 of this schedule even if it is not subject to CMT for the tax year.
- A corporation is exempt from CMT if, throughout the tax year, it was one of the following:
  1) a corporation exempt from income tax under section 149 of the federal *Income Tax Act*;
  2) a mortgage investment corporation under subsection 130.1(6) of the federal Act;
  3) a deposit insurance corporation under subsection 137.1(5) of the federal Act;
  4) a congregation or business agency to which section 143 of the federal Act applies;
  5) an investment corporation as referred to in subsection 130(3) of the federal Act; or
  6) a mutual fund corporation under subsection 131(8) of the federal Act.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Determination of CMT applicability

Total assets of the corporation at the end of the tax year *	112	77,063,278
Share of total assets from partnership(s) and joint venture(s) *	114	
Total assets of associated corporations (amount from line 450 on Schedule 511)	116	75,469,309
Total assets (total of lines 112 to 116)		152,532,587
Total revenue of the corporation for the tax year **	142	66,141,708
Share of total revenue from partnership(s) and joint venture(s) **	144	
Total revenue of associated corporations (amount from line 550 on Schedule 511)	146	104,535,887
Total revenue (total of lines 142 to 146)		170,677,595

The corporation is subject to CMT if:
– for tax years ending before July 1, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are more than $5,000,000, or the total revenue for the year of the corporation or the associated group of corporations is more than $10,000,000.
– for tax years ending after June 30, 2010, the total assets at the end of the year of the corporation or the associated group of corporations are equal to or more than $50,000,000, and the total revenue for the year of the corporation or the associated group of corporations is equal to or more than $100,000,000.
If the corporation is not subject to CMT, do not complete the remaining parts unless the corporation is deducting a CMT credit, or has a CMT credit carryforward, a CMT loss carryforward, a current year CMT loss, or SAT payable in the year.

* **Rules for total assets**
– Report total assets according to generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– Do not include unrealized gains and losses on assets and foreign currency gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.
– The amount on line 114 is determined at the end of the last fiscal period of the partnership or joint venture that ends in the tax year of the corporation. Add the proportionate share of the assets of the partnership(s) and joint venture(s), and deduct the recorded asset(s) for the investment in partnerships and joint ventures.
– A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

** **Rules for total revenue**
– Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
– If the tax year is less than 51 weeks, **multiply** the total revenue of the corporation or the partnership, whichever applies, by 365 and **divide** by the number of days in the tax year.
– The amount on line 144 is determined for the partnership or joint venture fiscal period that ends in the tax year of the corporation. If the partnership or joint venture has 2 or more fiscal periods ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.
– A corporation's share in a partnership or joint venture is determined under paragraph 54(5)(b) of the Ontario Act and, if the partnership or joint venture had no income or loss, is calculated as if the partnership's or joint venture's income were $1 million. For a corporation with an indirect interest in a partnership or joint venture, determine the corporation's share according to paragraph 54(5)(c) of the Ontario Act.

Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements *			210	3,419,317
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220			
Provision for deferred income taxes (debits)/cost of future income taxes	222	231,731		
Equity losses from corporations	224			
Financial statement loss from partnerships and joint ventures	226			
Dividends deducted on financial statements (subsection 57(2) of the Ontario Act), excluding dividends paid by credit unions under subsection 137(4.1) of the federal Act	230			
Other additions (see note below):				
Share of adjusted net income of partnerships and joint ventures **	228			
Total patronage dividends received, not already included in net income/loss	232			
281	282			
283	284			
Subtotal		231,731		231,731 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320	452,226		
Provision for deferred income taxes (credits)/benefit of future income taxes	322			
Equity income from corporations	324			
Financial statement income from partnerships and joint ventures	326			
Dividends deductible under section 112, section 113, or subsection 138(6) of the federal Act	330			
Dividends not taxable under section 83 of the federal Act (from Schedule 3)	332			
Gain on donation of listed security or ecological gift	340			
Accounting gain on transfer of property to a corporation under section 85 or 85.1 of the federal Act ***	342			
Accounting gain on transfer of property to/from a partnership under section 85 or 97 of the federal Act ****	344			
Accounting gain on disposition of property under subsection 13(4), subsection 14(6), or section 44 of the federal Act *****	346			
Accounting gain on a windup under subsection 88(1) of the federal Act or an amalgamation under section 87 of the federal Act	348			
Other deductions (see note below):				
Share of adjusted net loss of partnerships and joint ventures **	328			
Tax payable on dividends under subsection 191.1(1) of the federal Act **multiplied** by 3	334			
Interest deducted/deductible under paragraph 20(1)(c) or (d) of the federal Act, not already included in net income/loss	336			
Patronage dividends paid (from Schedule 16) not already included in net income/loss	338			
381	382			
383	384			
385	386			
387	388			
389	390			
Subtotal		452,226		452,226 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B)			490	3,198,822

If the amount on line 490 is positive and the corporation is subject to CMT as determined in Part 1, enter the amount on line 515 in Part 3.

If the amount on line 490 is negative, enter the amount on line 760 in Part 7 (enter as a positive amount).

Note

In accordance with *Ontario Regulation 37/09*, when calculating net income for CMT purposes, accounting income should be adjusted to:

– exclude unrealized gains and losses due to mark-to-market changes or foreign currency changes on specified mark-to-market property (assets only);
– include realized gains and losses on the disposition of specified mark-to-market property not already included in the accounting income, if the property is not a capital property or is a capital property disposed in the year or in a previous tax year ended after March 22, 2007.

"Specified mark-to-market property" is defined in subsection 54(1) of the Ontario Act.

These rules also apply to partnerships. A corporate partner's share of a partnership's adjusted income flows through on a proportionate basis to the corporate partner.

* **Rules for net income/loss**

– Banks must report net income/loss as per the report accepted by the Superintendent of Financial Institutions under the federal *Bank Act*, adjusted so consolidation and equity methods are not used.

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

– Life insurance corporations must report net income/loss as per the report accepted by the federal Superintendent of Financial Institutions or equivalent provincial insurance regulator, before SAT and adjusted so consolidation and equity methods are not used. If the life insurance corporation is resident in Canada and carries on business in and outside of Canada, **multiply** the net income/loss by the ratio of the Canadian reserve liabilities **divided** by the total reserve liability. The reserve liabilities are calculated in accordance with Regulation 2405(3) of the federal Act.

– Other corporations must report net income/loss in accordance with generally accepted accounting principles, except that consolidation and equity methods must not be used. When the equity method has been used for accounting purposes, equity losses and equity income are removed from book income/loss on lines 224 and 324 respectively.

– Corporations, other than insurance corporations, should report net income from line 9999 of the GIFI (Schedule 125) on line 210.

** The share of the adjusted net income of a partnership or joint venture is calculated as if the partnership or joint venture were a corporation and the tax year of the partnership or joint venture were its fiscal period. For a corporation with an indirect interest in a partnership through one or more partnerships, determine the corporation's share according to clause 54(5)(c) of the Ontario Act.

*** A joint election will be considered made under subsection 60(1) of the Ontario Act if there is an entry on line 342, and an election has been made for transfer of property to a corporation under subsection 85(1) of the federal Act.

**** A joint election will be considered made under subsection 60(2) of the Ontario Act if there is an entry on line 344, and an election has been made under subsection 85(2) or 97(2) of the federal Act.

***** A joint election will be considered made under subsection 61(1) of the Ontario Act if there is an entry on line 346, and an election has been made under subsection 13(4) or 14(6) and/or section 44 of the federal Act.

For more information on how to complete this part, see the *T2 Corporation – Income Tax Guide*.

Part 3 – CMT payable

Adjusted net income for CMT purposes (line 490 in Part 2, if positive)		515	3,198,822	
Deduct:				
CMT loss available (amount R from Part 7)				
Minus: Adjustment for an acquisition of control *	518			
Adjusted CMT loss available		▶		C
Net income subject to CMT calculation (if negative, enter "0")		520	3,198,822	

Amount from line 520: 3,198,822 x (Number of days in the tax year before July 1, 2010 / Number of days in the tax year: 365) x 4 % = ______ 1

Amount from line 520: 3,198,822 x (Number of days in the tax year after June 30, 2010: 365 / Number of days in the tax year: 365) x 2.7 % = 86,368 2

Subtotal (amount 1 **plus** amount 2) 86,368 3

Gross CMT: amount on line 3 above x OAF **	540	86,368	
Deduct:			
Foreign tax credit for CMT purposes ***	550		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")		86,368	D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")		86,368	E

Enter amount E on line 278 of Schedule 5, *Tax Calculation Supplementary – Corporations*, and complete Part 4.

* Enter the portion of CMT loss available that exceeds the adjusted net income for the tax year from carrying on a business before the acquisition of control. See subsection 58(3) of the Ontario Act.

*** Enter "0" on line 550 for life insurance corporations as they are not eligible for this deduction. For all other corporations, enter the cumulative total of amount J for the province of Ontario from Part 9 of Schedule 21 on line 550.

** **Calculation of the Ontario allocation factor (OAF):**

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "Ontario," enter "1" on line F.

If the provincial or territorial jurisdiction entered on line 750 of the T2 return is "multiple," complete the following calculation, and enter the result on line F:

Ontario taxable income **** / Taxable income ***** = ______

Ontario allocation factor . . . . 1.00000 F

**** Enter the amount allocated to Ontario from column F in Part 1 of Schedule 5. If the taxable income is nil, calculate the amount in column F as if the taxable income were $1,000.

***** Enter the taxable income amount from line 360 or amount Z of the T2 return, whichever applies. If the taxable income is nil, enter "1,000".

Part 4 – Calculation of CMT credit carryforward

CMT credit carryforward at the end of the previous tax year *		77,576	G		
Deduct:					
CMT credit expired *	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)		77,576 ▶	620	77,576	
Add:					
CMT credit carryforward balances transferred on an amalgamation or the windup of a subsidiary (see note below)			650		
CMT credit available for the tax year (amount on line 620 **plus** amount on line 650)				77,576	H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)				77,576	J
Add:					
Net CMT payable (amount E from Part 3)		86,368			
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal		86,368 ▶		86,368	K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)			670	163,944	L

* For the first harmonized T2 return filed with a tax year that includes days in 2009:

– do not enter an amount on line G or line 600;

– for line 620, enter the amount from line 2336 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line G the amount from line 670 of Schedule 510 from the previous tax year.

Note: If you entered an amount on line 620 or line 650, complete Part 6.

Part 5 – Calculation of CMT credit deducted from Ontario corporate income tax payable

CMT credit available for the tax year (amount H from Part 4)				77,576	M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			1		
For a corporation that is not a life insurance corporation:					
CMT after foreign tax credit deduction (amount D from Part 3)	86,368	2			
For a life insurance corporation:					
Gross CMT (line 540 from Part 3)		3			
Gross SAT (line 460 from Part 6 of Schedule 512)		4			
The **greater** of amounts 3 and 4		5			
Deduct: line 2 or line 5, whichever applies:		86,368	6		
Subtotal (if negative, enter "0")			▶		N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)					
Deduct:					
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)		34,140			
Subtotal (if negative, enter "0")			▶		O
CMT credit deducted in the current tax year (least of amounts M, N, and O)					P

Enter amount P on line 418 of Schedule 5 and on line I in Part 4 of this schedule.

Is the corporation claiming a CMT credit earned before an acquisition of control? **675** 1 Yes [ ] 2 No [X]

If you answered **yes** to the question at line 675, the CMT credit deducted in the current tax year may be restricted. For information on how the deduction may be restricted, see subsections 53(6) and (7) of the Ontario Act.

Part 6 – Analysis of CMT credit available for carryforward by year of origin

Complete this part if:
- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	CMT credit balance *
10th previous tax year	680
9th previous tax year	681
8th previous tax year	682
7th previous tax year	683
6th previous tax year	684
5th previous tax year	685
4th previous tax year	686
3rd previous tax year	687
2nd previous tax year	688
1st previous tax year	689
Total **	

* CMT credit that was earned (by the corporation, predecessors of the corporation, and subsidiaries wound up into the corporation) in each of the previous 10 tax years and has not been deducted.

** Must equal the total of the amounts entered on lines 620 and 650 in Part 4.

Part 7 – Calculation of CMT loss carryforward

CMT loss carryforward at the end of the previous tax year * . . . . ______ Q

Deduct:

CMT loss expired * . . . . 700 ______

CMT loss carryforward at the beginning of the tax year * (see note below) . . . . ______ ► 720 ______

Add:

CMT loss transferred on an amalgamation under section 87 of the federal Act ** (see note below) . . . . 750 ______

CMT loss available (line 720 **plus** line 750) . . . . ______ R

Deduct:

CMT loss deducted against adjusted net income for the tax year (lesser of line 490 (if positive) and line C in Part 3) . . . . ______

Subtotal (if negative, enter "0") ______ S

Add:

Adjusted net loss for CMT purposes (amount from line 490 in Part 2, if **negative**) (enter as a positive amount) . . . . 760 ______

CMT loss carryforward balance at the end of the tax year (amount S **plus** line 760) . . . . 770 ______ T

* For the first harmonized T2 return filed with a tax year that includes days in 2009:
- do not enter an amount on line Q or line 700;
- for line 720, enter the amount from line 2214 of Ontario CT23 Schedule 101, *Corporate Minimum Tax (CMT)*, for the last tax year that ended in 2008.

For other tax years, enter on line Q the amount from line 770 of Schedule 510 from the previous tax year.

** Do not include an amount from a predecessor corporation if it was controlled at any time before the amalgamation by any of the other predecessor corporations.

Note: If you entered an amount on line 720 or line 750, complete Part 8.

Part 8 – Analysis of CMT loss available for carryforward by year of origin

Complete this part if:

- the tax year includes January 1, 2009; or
- the previous tax year-end is deemed to be December 31, 2008, under subsection 249(3) of the federal Act.

Year of origin	Balance earned in a tax year ending before March 23, 2007 *	Balance earned in a tax year ending after March 22, 2007 **
10th previous tax year	810	820
9th previous tax year	811	821
8th previous tax year	812	822
7th previous tax year	813	823
6th previous tax year	814	824
5th previous tax year	815	825
4th previous tax year	816	826
3rd previous tax year	817	827
2nd previous tax year	818	828
1st previous tax year		829
Total ***		

* Adjusted net loss for CMT purposes that was earned (by the corporation, by subsidiaries wound up into or amalgamated with the corporation before March 22, 2007, and by other predecessors of the corporation) in each of the previous 10 tax years that ended before March 23, 2007, and has not been deducted.

** Adjusted net loss for CMT purposes that was earned (by the corporation and its predecessors, but not by a subsidiary predecessor) in each of the previous 20 tax years that ended after March 22, 2007, and has not been deducted.

*** The total of these two columns must equal the total of the amounts entered on lines 720 and 750.

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SCHEDULE 511

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 RC0001	2014-12-31

- For use by corporations to report the total assets and total revenue of all the Canadian or foreign corporations with which the filing corporation was associated at any time during the tax year. These amounts are required to determine if the filing corporation is subject to corporate minimum tax.
- Total assets and total revenue include the associated corporation's share of any partnership(s)/joint venture(s) total assets and total revenue.
- Attach additional schedules if more space is required.
- File this schedule with the *T2 Corporation Income Tax Return.*

	Names of associated corporations 200	Business number (Canadian corporation only) (see Note 1) 300	Total assets* (see Note 2) 400	Total revenue** (see Note 2) 500
1	Halton Hills Community Energy Corporation	87307 4876 RC0001	18,103,882	1,884,555
2	Southwestern Energy Inc.	87097 1181 RC0003	3,169,256	1,314,600
3	Town of Halton Hills	NR	50,000,000	100,000,000
4	Harvester Energy Canada Inc.	80616 5650 RC0001	3,600	0
5	Southwestern Energy Inc.	87097 1181 RC0004	4,192,571	1,336,732
		Total	450 75,469,309	550 104,535,887

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate Minimum Tax*.
Enter the total revenue from line 550 on line 146 in Part 1 of Schedule 510.

Note 1: Enter ¨NR¨ if a corporation is not registered.

Note 2: If the associated corporation does not have a tax year that ends in the filing corporation's current tax year but was associated with the filing corporation in the previous tax year of the filing corporation, enter the total revenue and total assets from the tax year of the associated corporation that ends in the previous tax year of the filing corporation.

*** Rules for total assets**

- Report total assets in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- Include the associated corporation's share of the total assets of partnership(s) and joint venture(s) but exclude the recorded asset(s) for the investment in partnerships and joint ventures.
- Exclude unrealized gains and losses on assets that are included in net income for accounting purposes but not in income for corporate income tax purposes.

**** Rules for total revenue**

- Report total revenue in accordance with generally accepted accounting principles, adjusted so that consolidation and equity methods are not used.
- If the associated corporation has 2 or more tax years ending in the filing corporation's tax year, **multiply** the sum of the total revenue for each of those tax years by 365 and **divide** by the total number of days in all of those tax years.
- If the associated corporation's tax year is less than 51 weeks and is the only tax year of the associated corporation that ends in the filing corporation's tax year, **multiply** the associated corporation's total revenue by 365 and **divide** by the number of days in the associated corporation's tax year.
- Include the associated corporation's share of the total revenue of partnerships and joint ventures.
- If the partnership or joint venture has 2 or more fiscal periods ending in the associated corporation's tax year, **multiply** the sum of the total revenue for each of the fiscal periods by 365 and **divide** by the total number of days in all the fiscal periods.

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SCHEDULE 546

CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS

Name of corporation	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 RC0001	2014-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit **www.ServiceOntario.ca** for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

Part 1 – Identification

100 Corporation's name (exactly as shown on the MGS public record)
Halton Hills Hydro Inc.

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	**110** Date of incorporation or amalgamation, whichever is the most recent (Year Month Day)	**120** Ontario Corporation No.
Ontario	1999-04-13	1349889

Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)

200 Care of (if applicable)

210 Street number	**220** Street name/Rural route/Lot and Concession number	**230** Suite number
43	Alice St	

240 Additional address information if applicable (line 220 must be completed first)

250 Municipality (e.g., city, town)	**260** Province/state	**270** Country	**280** Postal/zip code
Acton	ON	CA	L7J 2A9

Part 3 – Change identifier

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit **www.ServiceOntario.ca**.

300 [2] If there have been no changes, enter **1** in this box and then go to "Part 4 – Certification."
If there are changes, enter **2** in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

Part 4 – Certification

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

450 Smelsky (Last name) **451** David (First name)

454 ____________________, (Middle name(s))

460 [2] Please enter one of the following numbers in this box for the above-named person: **1** for director, **2** for officer, or **3** for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter **1** or **2**.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Complete the applicable parts to report changes in the information recorded on the MGS public record.

Part 5 – Mailing address

500 Please enter one of the following numbers in this box:
1 - Show no mailing address on the MGS public record.
2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.
3 - The corporation's complete mailing address is as follows:

510 Care of (if applicable)

520 Street number **530** Street name/Rural route/Lot and Concession number **540** Suite number

550 Additional address information if applicable (line 530 must be completed first)

560 Municipality (e.g., city, town) **570** Province/state **580** Country **590** Postal/zip code

Part 6 – Language of preference

600 Indicate your language of preference by entering **1** for English or **2** for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.

CRA internal form identifier 547

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

Please photocopy this page and complete Part 7 only for each additional individual for whom director/officer information changes are being reported.

Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name	705 First name	710 Middle name(s)
White	Ken	

720 Street number	730 Street name/Rural route/Lot and Concession number	740 Suite number
22	Trillium Terrace	

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town)	770 Province/state	780 Country	790 Postal/zip code
Acton	ON	CA	L7J 2W8

Director

Is this director a resident Canadian? . . . 795 **1** Yes [X] **2** No [ ]

(applies to directors of corporations with share capital only)

	Date elected/appointed Year Month Day		Date ceased, if applicable Year Month Day
796	2011-03-01	797	2014-03-31

Officer information

Position		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

Once you have completed this page, complete the certification in Part 4 of this schedule.

CRA internal form identifier 547

Part 7 – Director/Officer information

- **Director:** If the individual named in this part is a director (or must be reported ceased as a director), complete lines 700 to 797.
- **Officer:** If the individual named in this part is one of the corporation's five most senior officers (or must be reported ceased in an officer position), complete lines 700 to 790 and the applicable lines from 801 to 912.
- **Director and officer:** If the individual named in this part is a director and one of the corporation's five most senior officers (or must be reported ceased in these position(s)), complete lines 700 to 797 and the applicable lines from 801 to 912.
- The corporation is required to show information on the MGS public record for all its directors and a maximum of five of its most senior officers. If the MGS public record shows more than five officer positions, report cease dates for all except the corporation's five most senior officer positions.
- To report changes to the name of a director/officer, or changes to both the address and the date elected/appointed of a director/officer, enter the director/officer information exactly as shown incorrectly on the public record, with a cease date, and then photocopy and complete only Part 7 with the correct director/officer information.

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Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name	Young
705 First name	Eleanor
710 Middle name(s)	
720 Street number	61
730 Street name/Rural route/Lot and Concession number	Samuel Crescent
740 Suite number	
750 Additional address information if applicable (line 730 must be completed first)	
760 Municipality (e.g., city, town)	Georgetown
770 Province/state	ON
780 Country	CA
790 Postal/zip code	L7G 5H3

Director

Is this director a resident Canadian? . . . 795 **1** Yes X **2** No ☐

(applies to directors of corporations with share capital only)

796 Date elected/appointed Year Month Day: 2014-05-01

797 Date ceased, if applicable Year Month Day:

Officer information

Position	Line	Date appointed Year Month Day	Line	Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

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Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name	705 First name	710 Middle name(s)
Goebelle	Graeme	

720 Street number	730 Street name/Rural route/Lot and Concession number	740 Suite number
76	River Drive	18

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town)	770 Province/state	780 Country	790 Postal/zip code
Georgetown	ON	CA	L7G 3G2

Director

Is this director a resident Canadian? . . . 795 **1** Yes [X] **2** No [ ]

(applies to directors of corporations with share capital only)

	Date elected/appointed Year Month Day		Date ceased, if applicable Year Month Day
796	2014-05-01	797	

Officer information

		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

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Part 7 – Director/Officer information

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Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name	705 First name	710 Middle name(s)
Albert	Roger	

720 Street number	730 Street name/Rural route/Lot and Concession number	740 Suite number
20	Cotswold Court	

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town)	770 Province/state	780 Country	790 Postal/zip code
Georgetown	ON	CA	L7G 5E5

Director

Is this director a resident Canadian? . . . **795** **1** Yes X **2** No

(applies to directors of corporations with share capital only)

796 Date elected/appointed Year Month Day: 2014-05-01

797 Date ceased, if applicable Year Month Day:

Officer information

Position		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

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Full name and address for service (P.O. box not acceptable as stand-alone address). The name entered in lines 700 to 710 must be exactly as shown on the MGS public record.

700 Last name: Hammell	**705** First name: Roger	**710** Middle name(s):
720 Street number: 8875	**730** Street name/Rural route/Lot and Concession number: Fifth Line North RR #3	**740** Suite number:
750 Additional address information if applicable (line 730 must be completed first):		
760 Municipality (e.g., city, town): Halton Hills	**770** Province/state: ON	**780** Country: CA
790 Postal/zip code: L7G 4S6		

Director

Is this director a resident Canadian? . . . **795** **1** Yes X **2** No ☐

(applies to directors of corporations with share capital only)

796 Date elected/appointed (Year Month Day): 2014-09-08

797 Date ceased, if applicable (Year Month Day):

Officer information		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

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700 Last name	705 First name	710 Middle name(s)
May	Wesley	

720 Street number	730 Street name/Rural route/Lot and Concession number	740 Suite number
31	Lookout Court	

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town)	770 Province/state	780 Country	790 Postal/zip code
Georgetown	ON	CA	L7G 6P1

Director

Is this director a resident Canadian? . . . 795 **1** Yes X **2** No ☐

(applies to directors of corporations with share capital only)

796 Date elected/appointed Year Month Day: 2014-09-08

797 Date ceased, if applicable Year Month Day:

Officer information

Position		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

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700 Last name: Van Haeren	705 First name: Ralph	710 Middle name(s):
720 Street number: 57	730 Street name/Rural route/Lot and Concession number: Samuel Crescent	740 Suite number:

750 Additional address information if applicable (line 730 must be completed first)

760 Municipality (e.g., city, town): Georgetown	770 Province/state: ON	780 Country: CA	790 Postal/zip code: L7G 5H3

Director

Is this director a resident Canadian? . . . 795 **1** Yes [X] **2** No [ ]

(applies to directors of corporations with share capital only)

796 Date elected/appointed Year Month Day: 2014-09-08

797 Date ceased, if applicable Year Month Day:

Officer information

Position		Date appointed Year Month Day		Date ceased, if applicable Year Month Day
President	801		802	
Secretary	806		807	
Treasurer	811		812	
General Manager	816		817	
Chair	821		822	
Chairperson	826		827	
Chairman	831		832	
Chairwoman	836		837	
Vice-Chair	841		842	
Vice-President	846		847	
Assistant Secretary	851		852	
Assistant Treasurer	856		857	
Chief Manager	861		862	
Executive Director	866		867	
Managing Director	871		872	
Chief Executive Officer	876		877	
Chief Financial Officer	881		882	
Chief Information Officer	886		887	
Chief Operating Officer	891		892	
Chief Administrative Officer	896		897	
Comptroller	901		902	
Authorized Signing Officer	906		907	
Other (untitled)	911		912	

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Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 550

ONTARIO CO-OPERATIVE EDUCATION TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 RC0001	2014-12-31

- Use this schedule to claim an Ontario co-operative education tax credit (CETC) under section 88 of the *Taxation Act, 2007* (Ontario).
- The CETC is a refundable tax credit that is equal to an eligible percentage (10% to 30%) of the eligible expenditures incurred by a corporation for a qualifying work placement. The maximum credit amount is $1,000 for each qualifying work placement ending before March 27, 2009, and $3,000 for each qualifying work placement beginning after March 26, 2009. For a qualifying work placement that straddles March 26, 2009, the maximum credit amount is prorated.
- Eligible expenditures are salaries and wages (including taxable benefits) paid or payable to a student in a qualifying work placement, or fees paid or payable to an employment agency for services performed by the student in a qualifying work placement. These expenditures must be paid on account of employment or services, as applicable, at a permanent establishment of the corporation in Ontario. Expenditures for a work placement (WP) are not eligible expenditures if they are greater than the amounts that would be paid to an arm's length employee.
- A WP must meet all of the following conditions to be a qualifying work placement:
  - the student performs employment duties for a corporation under a qualifying co-operative education program (QCEP);
  - the WP has been developed or approved by an eligible educational institution as a suitable learning situation;
  - the terms of the WP require the student to engage in productive work;
  - the WP is for a period of at least 10 consecutive weeks or, in the case of an internship program, not less than 8 consecutive months and not more than 16 consecutive months;
  - the student is paid for the work performed in the WP;
  - the corporation is required to supervise and evaluate the job performance of the student in the WP;
  - the institution monitors the student's performance in the WP; and
  - the institution has certified the WP as a qualifying work placement.
- Make sure you keep a copy of the letter of certification from the Ontario eligible educational institution containing the name of the student, the employer, the institution, the term of the WP, and the name/discipline of the QCEP to support the claim. Do not submit the letter of certification with the *T2 Corporation Income Tax Return*.
- File this schedule with the *T2 Corporation Income Tax Return*.

Part 1 – Corporate information

110 Name of person to contact for more information: David Smelsky

120 Telephone number including area code: (519) 853-3700

Is the claim filed for a CETC earned through a partnership?* . . . . . **150** 1 Yes [ ] 2 No [X]

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

Enter the percentage of the partnership's CETC allocated to the corporation . . . . . **170** ______ %

* When a corporate member of a partnership is claiming an amount for eligible expenditures incurred by a partnership, complete a Schedule 550 for the partnership as if the partnership were a corporation. Each corporate partner, other than a limited partner, should file a separate Schedule 550 to claim the partner's share of the partnership's CETC. The allocated amounts can not exceed the amount of the partnership's CETC.

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act*, 2007 (Ontario)? . . . . . **210** 1 Yes [ ] 2 No [X]

If you answered **no** to question 1 or **yes** to question 2, then the corporation is **not eligible** for the CETC.

Part 3 – Eligible percentage for determining the eligible amount

Corporation's salaries and wages paid in the previous tax year * **300** 2,676,884

For eligible expenditures incurred before March 27, 2009:

- If line 300 is $400,000 or less, enter 15% on line 310.
- If line 300 is $600,000 or more, enter 10% on line 310.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 310 using the following formula:

$$\text{Eligible percentage} = 15\% - \left[5\% \times \left(\frac{\text{amount on line 300} \textbf{ minus } \$400{,}000}{\$200{,}000} \right) \right]$$

Eligible percentage for determining the eligible amount . . . . . **310** 10.000 %

For eligible expenditures incurred after March 26, 2009:

- If line 300 is $400,000 or less, enter 30% on line 312.
- If line 300 is $600,000 or more, enter 25% on line 312.
- If line 300 is more than $400,000 and less than $600,000, enter the percentage on line 312 using the following formula:

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

Eligible percentage for determining the eligible amount . . . . . **312** 25.000 %

* If this is the first tax year of an amalgamated corporation and subsection 88(9) of the *Taxation Act, 2007* (Ontario) applies, enter the salaries and wages paid in the previous tax year by the predecessor corporations.

Part 4 – Calculation of the Ontario co-operative education tax credit

Complete a separate entry for each student for each qualifying work placement that ended in the corporation's tax year. If a qualifying work placement would otherwise exceed four consecutive months, divide the WP into periods of four consecutive months and enter each full period of four consecutive months as a separate WP. If the WP does not divide equally into four-month periods and if the period that is less than 4 months is 10 or more consecutive weeks, then enter that period as a separate WP. If that period is less than 10 consecutive weeks, then include it with the WP for the last period of 4 consecutive months. Consecutive WPs with two or more associated corporations are deemed to be with only one corporation, as designated by the corporations.

	A Name of university, college, or other eligible educational institution **400**	B Name of qualifying co-operative education program **405**
1.	Mohawk College	IT
2.	Cambiran College	Powerline Technician
3.	Cambiran College	Powerline Technician
4.	Cambiran College	Powerline Technician
5.	Conestoga College	Powerline Technician
6.	Conestoga College	Powerline Technician
7.	Conestoga College	Powerline Technician
8.	Conestoga College	Powerline Technician
9.	Mohawk College	IT
10.		

	C Name of student **410**	D Start date of WP (see note 1 below) **430**	E End date of WP (see note 2 below) **435**
1.	Grant Bryer	2014-01-06	2014-04-06
2.	Graeme Thompson	2014-05-12	2014-08-29
3.	Zack Etmenski	2014-05-12	2014-08-14
4.	Dustin Hanzelka	2014-05-12	2014-09-01
5.	Jeremy Jacobs	2014-01-06	2014-05-02
6.	Brett Johnston	2014-01-06	2014-05-02

	C Name of student 410	D Start date of WP (see note 1 below) 430	E End date of WP (see note 2 below) 435
7.	Stefan Puchnatyj	2014-01-06	2014-05-02
8.	Brady Swartz	2014-05-06	2014-09-02
9.	Grant Bryer	2014-04-07	2014-08-29
10.			

Note 1: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the start date for the separate WP.

Note 2: When the WP has been divided into separate periods because it exceeds four consecutive months, enter the end date for the separate WP.

Part 4 – Calculation of the Ontario co-operative education tax credit (continued)

	F1 Eligible expenditures before March 27, 2009 (see note 1 below) 450	Eligible percentage before March 27, 2009 (from line 310 in Part 3)	F2 Eligible expenditures after March 26, 2009 (see note 1 below) 452	Eligible percentage after March 26, 2009 (from line 310a in Part 3)	X Number of consecutive weeks of the WP completed by the student before March 27, 2009 (see note 3 below)	Y Total number of consecutive weeks of the student's WP (see note 3 below)
1.		10.000 %	8,912	25.000 %		13
2.		10.000 %	10,714	25.000 %		16
3.		10.000 %	9,333	25.000 %		13
4.		10.000 %	11,714	25.000 %		16
5.		10.000 %	12,298	25.000 %		17
6.		10.000 %	11,586	25.000 %		17
7.		10.000 %	11,384	25.000 %		17
8.		10.000 %	12,439	25.000 %		16
9.		10.000 %	8,912	25.000 %		21
10.		10.000 %		25.000 %		

	G Eligible amount (eligible expenditures **multiplied** by eligible percentage) (see note 2 below) 460	H Maximum CETC per WP (see note 3 below) 462	I CETC on eligible expenditures (column G or H, whichever is less) 470	J CETC on repayment of government assistance (see note 4 below) 480	K CETC for each WP (column I or column J) 490
1.	2,228	3,000	2,228		2,228
2.	2,679	3,000	2,679		2,679
3.	2,333	3,000	2,333		2,333
4.	2,929	3,000	2,929		2,929
5.	3,075	3,000	3,000		3,000
6.	2,897	3,000	2,897		2,897
7.	2,846	3,000	2,846		2,846
8.	3,110	3,000	3,000		3,000
9.	2,228	3,000	2,228		2,228
10.					

Ontario co-operative education tax credit (total of amounts in column K) **500** 24,140 **L**

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

Amount L ______ x percentage on line 170 in Part 1 ______ % = ... **M**

Enter amount L or M, whichever applies, on line 452 of Schedule 5, *Tax Calculation Supplementary – Corporations*. If you are filing more than one Schedule 550, add the amounts from line L or M, whichever applies, on all the schedules and enter the total amount on line 452 of Schedule 5.

Note 1: Reduce eligible expenditures by all government assistance, as defined under subsection 88(21) of the *Taxation Act, 2007* (Ontario), that the corporation has received, is entitled to receive, or may reasonably expect to receive, for the eligible expenditures, on or before the filing due date of the *T2 Corporation Income Tax Return* for the tax year.

Note 2: Calculate the eligible amount (Column G) using the following formula:

Column G = (column F1 x percentage on line 310) + (column F2 x percentage on line 312)

Note 3: If the WP ends before March 27, 2009, the maximum credit amount for the WP is $1,000.
If the WP begins after March 26, 2009, the maximum credit amount for the WP is $3,000.
If the WP begins before March 27, 2009, and ends after March 26, 2009, calculate the maximum credit amount using the following formula:

($1,000 x X/Y) + [$3,000 x (Y – X)/Y]

where "X" is the number of consecutive weeks of the WP completed by the student before March 27, 2009, and "Y" is the total number of consecutive weeks of the student's WP.

Note 4: When claiming a CETC for repayment of government assistance, complete a **separate entry** for each repayment and complete columns A to E and J and K with the details for the previous year WP in which the government assistance was received. Include the amount of government assistance repaid in the tax year multiplied by the eligible percentage for the tax year in which the government assistance was received, to the extent that the government assistance reduced the CETC in that tax year.

Canada Revenue Agency / Agence du revenu du Canada

SCHEDULE 552

ONTARIO APPRENTICESHIP TRAINING TAX CREDIT

Name of corporation	Business Number	Tax year-end Year Month Day
Halton Hills Hydro Inc.	86742 9623 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: David Smelsky

120 Telephone number including area code: (519) 853-3700

Is the claim filed for an ATTC earned through a partnership? * . . . . . . **150** 1 Yes [ ] 2 No [X]

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

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

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

Part 2 – Eligibility

1. Did the corporation have a permanent establishment in Ontario in the tax year? . . . . . . **200** 1 Yes [X] 2 No [ ]
2. Was the corporation exempt from tax under Part III of the *Taxation Act, 2007* (Ontario)? . . . . . . **210** 1 Yes [ ] 2 No [X]

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

Part 3 – Specified percentage

Corporation's salaries and wages paid in the previous tax year * **300** 2,676,884

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:

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

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:

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

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	Briscoe, Mark

	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.	PE1663	2012-05-14	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) 441	H2 Number of days employed as an apprentice in the tax year after March 26, 2009 (see note 1 below) 442	H3 Number of days employed as an apprentice in the tax year (column H1 **plus** column H2) 440	I Maximum credit amount for the tax year (see note 2 below) 445
1.		365	365	10,000

	J1 Eligible expenditures before March 27, 2009 (see note 3 below) 451	J2 Eligible expenditures after March 26, 2009 (see note 3 below) 452	J3 Eligible expenditures for the tax year (column J1 **plus** column J2) 450	K Eligible expenditures **multiplied** by specified percentage (see note 4 below) 460
1.		83,655	83,655	29,279

	L ATTC on eligible expenditures (lesser of columns I and K) 470	M ATTC on repayment of government assistance (see note 5 below) 480	N ATTC for each apprentice (column L or column M, whichever applies) 490
1.	10,000		10,000

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 ________ x percentage on line 170 in Part 1 ________ % = ... ________ **P**

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

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

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

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

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

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

APPENDIX 4-H

2014 IESO DRAFT FINAL CDM RESULT

saveONenergy

Message from the Vice President:

The IESO is pleased to provide the enclosed Draft 2011-2014 Final Results Report. This report is designed to provide preliminary information on the 2014 results and to help populate LDC annual report templates that will be submitted to the OEB in September 2015.

2011-2014 Conservation Framework Highlights:

- LDCs have been able to make significant gains towards both energy and demand savings targets. Collectively, the LDCs have achieved 107% of the energy target and 64% of the peak demand target (these results are slightly higher than the Q4 2014 reported results mainly thanks to last year's adjustments and favorable verified year end performance indicators).
- Throughout the past framework, program results have become more predictable year over year as noted in the increasingly smaller variance between quarterly preliminary results and verified final results.
- Customer engagement continued to rise in both Consumer and Business Programs. Between 2011 - 2014 consumers have purchased over 1.2 million energy efficient products through the saveONenergy COUPONS program. Customers in RETROFIT continue to declare a positive experience participating in the program with 86% likely to recommend.
- saveONenergy has seen a steady and significant increase in unaided brand awareness by 33% from 2011-2014

Please note that the 2014 draft results within this report may vary from the Q4 2014 preliminary report for the following reasons:

- Improvements in net-to-gross values: The province-wide net-to-gross ratio for Conservation Instant Coupon Booklet and Bi-Annual Retailer Event has increased by 67% for peak demand and 68% for energy savings over 2013.
- Improvements in realization rates: The realization rates for Home Assistance program have increased by 123% over reported results in 2013, while Energy Manager program realization rate for energy saw a 7% increase over 2013.
- 2013 Adjustments: Adjustments for 2013 have been included in this report alongside the 2011-2012 adjustments. These adjustments to previous year's results ensure that energy and demand savings are properly categorized in the year that they were achieved and that any omissions and/or errors identified after the release of the 2011-2013 Final Results Report are properly accounted for and reported to the LDCs. The results will be identified in the year in which the verified savings are reported, however the cumulative effect will be calculated from the implementation year. The process for including adjustments to previous year's results was developed in collaboration with the LDC Data and Reporting Working Group.

These results are considered draft and may be subject to change. This report does not include results for Time-of-Use and any potential Pilot Programs. These results will be included in the Final 2014 Results Reports. The IESO is committed to providing LDCs with the opportunity to review and provide feedback on draft results. To ensure that all inquiries can be directed to the appropriate IESO contact and addressed prior to the release of the final results, please e-mail a list of questions and/or concerns to LDC Support (LDC.Support@ieso.ca) by EOD Tuesday, August 12, 2015.

The Final 2014 Results Report will be available to all LDCs on or before August 31, 2015. All results will be considered final for the 2011-2014 Conservation Framework. Any additional program activity not captured in the 2014 Results Report will not be included as part of a future adjustment process.

We appreciate your collaboration and cooperation throughout the reporting and evaluation process and we look forward to the success ahead in the Conservation First Framework.

Please continue to monitor saveONenergy E-blasts for any future updates and should you have any other questions or comments please contact LDC.Support@ieso.ca.

Sincerely,

Terry Young

Table of Contents

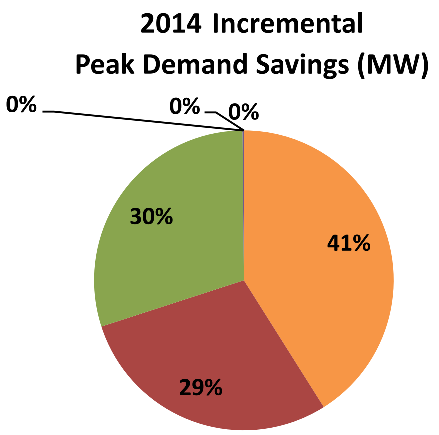
IESO-Contracted Province-Wide CDM Programs Draft 2011-2014 Final Results Report

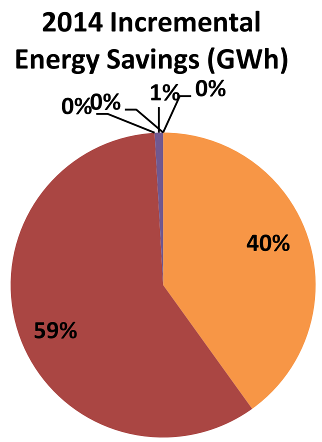
LDC: Halton Hills Hydro Inc.

Final 2014 Achievement Against Targets	2014 Incremental	2011-2014 Achievement Against Target	% of Target Achieved
Net Annual Peak Demand Savings (MW)	1.3	2.3	**37.3%**
Net Energy Savings (GWh)	3.1	19.5	**86.9%**

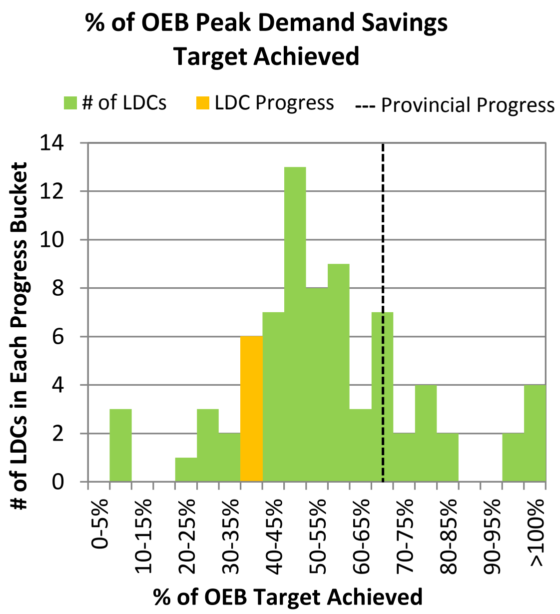
Unless otherwise noted, results are presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Achievement by Sector





Comparison: LDC Achievement vs. LDC Community Achievement (Progress to Target)



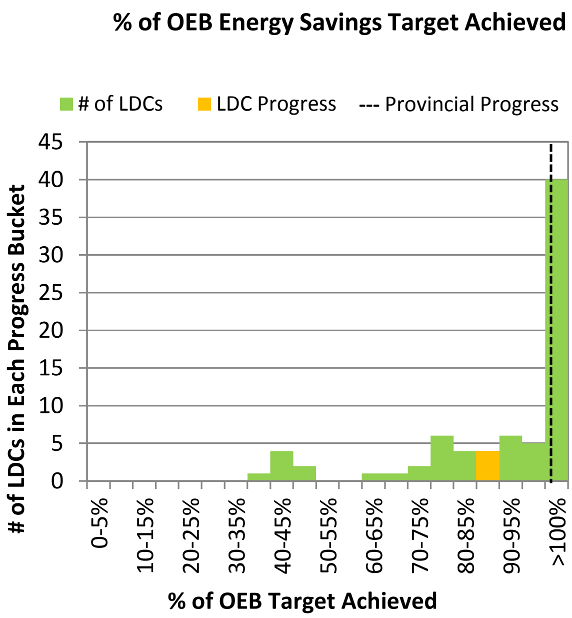


Table 1: Halton Hills Hydro Inc. Initiative and Program Level Net Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR): 2014 Net Annual Peak Demand Savings (kW)	Program-to-Date Verified Progress to Target (excludes DR): 2011-2014 Net Cumulative Energy Savings (kWh)
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program															
Appliance Retirement	Appliances	229	109	59	78	13	6	4	5	94,294	44,553	25,479	34,352	27	595,740
Appliance Exchange	Appliances	13	17	21	36	1	3	4	7	1,192	4,504	7,758	13,300	15	46,215
HVAC Incentives	Equipment	474	421	490	514	174	90	97	101	319,154	152,190	164,883	186,909	462	2,249,857
Conservation Instant Coupon Booklet	Items	2,809	169	1,905	5,654	6	1	3	12	104,256	7,655	42,197	154,153	22	678,535
Bi-Annual Retailer Event	Items	5,213	5,808	5,172	26,414	9	8	6	44	160,889	146,623	94,055	672,862	68	1,944,398
Retailer Co-op	Items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Demand Response	Devices	179	593	593	936	100	272	221	330	257	2,046	962	0	330	3,265
Residential Demand Response (IHD)	Devices	0	473	473	815	0	0	0	0	0	0	0	0	0	0
Residential New Construction	Homes	0	0	0	16	0	0	0	8	0	0	0	125,988	8	125,988
Consumer Program Total						**303**	**380**	**336**	**508**	**680,041**	**357,570**	**335,335**	**1,187,563**	**933**	**5,643,997**
Business Program															
Retrofit	Projects	9	20	33	43	48	264	131	273	377,208	1,766,601	647,285	1,546,658	716	9,649,861
Direct Install Lighting	Projects	38	11	10	19	42	9	9	21	97,298	35,757	31,355	76,510	69	603,667
Building Commissioning	Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Construction	Buildings	0	0	0	2	0	0	0	24	0	0	0	126,132	24	126,132
Energy Audit	Audits	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Small Commercial Demand Response	Devices	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	1	1	1	1	78	78	79	40	3,050	1,139	1,061	0	40	5,250
Business Program Total						**168**	**352**	**220**	**358**	**477,556**	**1,803,496**	**679,701**	**1,749,300**	**850**	**10,384,910**
Industrial Program															
Process & System Upgrades	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Monitoring & Targeting	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Manager	Projects	0	0	1	0	0	0	0	0	0	0	0	0	0	0
Retrofit	Projects	2	0	0	0	16	0	0	0	103,574	0	0	0	16	414,297
Demand Response 3	Facilities	1	1	3	3	421	289	824	370	24,735	6,964	18,771	0	370	50,469
Industrial Program Total						**438**	**289**	**824**	**370**	**128,309**	**6,964**	**18,771**	**0**	**386**	**464,766**
Home Assistance Program															
Home Assistance Program	Homes	0	0	165	54	0	0	12	2	0	0	127,118	26,376	13	277,578
Home Assistance Program Total						**0**	**0**	**12**	**2**	**0**	**0**	**127,118**	**26,376**	**13**	**277,578**
Aboriginal Program															
Home Assistance Program	Homes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct Install Lighting	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aboriginal Program Total						**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	6	0	0	0	113	0	0	0	606,286	0	0	0	113	2,425,145
High Performance New Construction	Projects	0	0	0	0	0	1	0	0	1,182	599	0	0	1	6,527
Toronto Comprehensive	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LDC Custom Programs	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total						**113**	**1**	**0**	**0**	**607,468**	**599**	**0**	**0**	**114**	**2,431,672**
Other															
Program Enabled Savings	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Time-of-Use Savings	Homes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Total						**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Adjustments to 2011 Verified Results							**-38**	**0**	**0**		**-57,349**	**0**	**0**	**-38**	**-229,397**
Adjustments to 2012 Verified Results								**15**	**0**			**74,655**	**672**	**15**	**225,979**
Adjustments to 2013 Verified Results									**22**				**168,822**	**22**	**337,785**
Energy Efficiency Total						**422**	**382**	**267**	**498**	**1,865,333**	**2,158,481**	**1,140,130**	**2,963,238**	**1,555**	**19,143,938**
Demand Response Total (Scenario 1)						**599**	**639**	**1,125**	**740**	**28,041**	**10,149**	**20,794**	**0**	**740**	**58,984**
Adjustments to Previous Years' Verified Results Total						**0**	**-38**	**15**	**23**	**0**	**-57,349**	**74,655**	**169,493**	**0**	**334,367**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**1,021**	**983**	**1,407**	**1,260**	**1,893,374**	**2,111,280**	**1,235,579**	**3,132,731**	**2,295**	**19,537,289**
													Full OEB Target:	**6,150**	**22,480,000**
													% of Full OEB Target Achieved to Date (Scenario 1):	**37.3%**	**86.9%**

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

*Includes adjustments after Final Reports were issued

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Table 2: Adjustments to Halton Hills Hydro Inc. Net Verified Results due to Variances

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
														2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program															
Appliance Retirement	Appliances	0	0	0		0	0	0		0	0	0		0	0
Appliance Exchange	Appliances	0	0	0		0	0	0		0	0	0		0	0
HVAC Incentives	Equipment	-136	15	26		-38	3	6		-70,812	6,164	9,702		-30	-245,352
Conservation Instant Coupon Booklet	Items	45	0	6		0	0	0		1,509	0	129		0	6,295
Bi-Annual Retailer Event	Items	448	0	0		1	0	0		11,954	0	0		1	47,814
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential New Construction	Homes	0	0	0		0	0	0		0	0	0		0	0
Consumer Program Total						**-38**	**3**	**6**		**-57,349**	**6,164**	**9,831**		**-29**	**-191,243**
Business Program															
Retrofit	Projects	0	1	3		0	12	15		0	69,162	130,237		27	467,960
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	0	0	0		0	0	0		0	0	0		0	0
Energy Audit	Audits	0	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Business Program Total						**0**	**12**	**15**		**0**	**69,162**	**130,237**		**27**	**467,960**
Industrial Program															
Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
Energy Manager	Projects	0	0	1		0	0	0		0	0	10,468		0	20,935
Retrofit	Projects	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Industrial Program Total						**0**	**0**	**0**		**0**	**0**	**10,468**		**0**	**20,935**
Home Assistance Program															
Home Assistance Program	Homes	0	0	18		0	0	2		0	0	18,428		2	36,714
Home Assistance Program Total						**0**	**0**	**2**		**0**	**0**	**18,428**		**2**	**36,714**
Aboriginal Program															
Home Assistance Program	Homes	0	0	0		0	0	0		0	0	0		0	0
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	0	0	0		0	0	0		0	0	0		0	0
High Performance New Construction	Projects	0	0	0		0	0	0		0	0	0		0	0
Toronto Comprehensive	Projects	0	0	0		0	0	0		0	0	0		0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total						**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Other															
Program Enabled Savings	Projects	0	0	0		0	0	0		0	0	0		0	0
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						**0**	**0**	**0**		**0**	**0**	**0**		**0**	**0**
Adjustments to 2011 Verified Results						**-38**				**-57,349**				**-38**	**-229,397**
Adjustments to 2012 Verified Results							**15**				**75,326**			**15**	**225,979**
Adjustments to 2013 Verified Results								**22**				**168,963**		**22**	**337,785**
Total Adjustments to Previous Years' Verified Results						**-38**	**15**	**22**		**-57,349**	**75,326**	**168,963**		**0**	**334,367**

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above is presented in the implementation year. Adjustements in Table 1 reflect persisted savings in the year in which that adjustment is verified.

Table 3: Halton Hills Hydro Inc. Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement	1.00	1.00	n/a	n/a	0.51	0.47	0.42	0.43	1.00	1.00	n/a	n/a	0.52	0.47	0.44	0.43
Appliance Exchange	1.00	1.00	1.00	1.00	0.52	0.52	0.53	0.53	1.00	1.00	1.00	1.00	0.52	0.52	0.53	0.53
HVAC Incentives	1.00	1.00	n/a	1.00	0.61	0.50	0.48	0.51	1.00	1.00	n/a	1.00	0.60	0.49	0.48	0.51
Conservation Instant Coupon Booklet	1.00	1.00	1.00	1.00	1.14	1.00	1.11	1.69	1.00	1.00	1.00	1.00	1.11	1.05	1.13	1.73
Bi-Annual Retailer Event	1.00	1.00	1.00	1.00	1.13	0.91	1.04	1.74	1.00	1.00	1.00	1.00	1.10	0.92	1.04	1.75
Retailer Co-op	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Demand Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Demand Response (IHD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential New Construction	n/a	n/a	n/a	0.78	n/a	n/a	n/a	0.63	n/a	n/a	n/a	0.37	n/a	n/a	n/a	0.63
Business Program																
Retrofit	0.93	0.94	0.89	0.85	0.74	0.78	0.70	0.72	1.28	1.10	0.98	1.00	0.74	0.78	0.70	0.72
Direct Install Lighting	1.08	0.68	0.81	0.78	0.93	0.94	0.94	0.94	0.90	0.85	0.84	0.83	0.93	0.94	0.94	0.94
Building Commissioning	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Construction	n/a	n/a	n/a	0.73	n/a	n/a	n/a	0.54	n/a	n/a	n/a	1.02	n/a	n/a	n/a	0.54
Energy Audit	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small Commercial Demand Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small Commercial Demand Response (IHD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Demand Response 3	0.76	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Industrial Program																
Process & System Upgrades	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Monitoring & Targeting	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Energy Manager	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Retrofit																
Demand Response 3	0.84	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Home Assistance Program																
Home Assistance Program	n/a	n/a	0.94	1.08	n/a	n/a	1.00	1.00	n/a	n/a	0.87	0.72	n/a	n/a	1.00	1.00
Aboriginal Program																
Home Assistance Program	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Direct Install Lighting	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program	0.77	n/a	n/a	n/a	0.52	n/a	n/a	n/a	0.77	n/a	n/a	n/a	0.52	n/a	n/a	n/a
High Performance New Construction	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50
Toronto Comprehensive	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Multifamily Energy Efficiency Rebates	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LDC Custom Programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other																
Program Enabled Savings	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Time-of-Use Savings	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Summary Achievement Against CDM Targets

Results are recognized using current IESO reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year (Scenario 1). Please see methodology tab for more detailed information.

Table 4: Net Peak Demand Savings at the End User Level (MW) (Scenario 1)

Implementation Period	Annual			
	2011	**2012**	**2013**	**2014**
2011 - Verified	1.0	0.4	0.4	0.4
2012 - Verified†	0.0	1.0	0.3	0.3
2013 - Verified†	0.0	0.0	1.4	0.3
2014 - Verified†	0.0	0.0	0.0	1.3
Verified Net Annual Peak Demand Savings Persisting in 2014:				**2.3**
Halton Hills Hydro Inc. 2014 Annual CDM Capacity Target:				**6.2**
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				**37.3%**

Table 5: Net Energy Savings at the End User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	**2012**	**2013**	**2014**	**2011-2014**
2011 - Verified	1.9	1.9	1.9	1.8	7.5
2012 - Verified†	-0.1	2.1	2.1	2.1	6.3
2013 - Verified†	0.0	0.1	1.2	1.2	2.5
2014 - Verified†	0.0	0.0	0.2	3.1	3.3
Verified Net Cumulative Energy Savings 2011-2014:					**19.5**
Halton Hills Hydro Inc. 2011-2014 Annual CDM Energy Target:					**22.5**
Verified Portion of Cumulative Energy Target Achieved in 2014 (%):					**86.9%**

†Includes adjustments to previous years' verified results

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Table 6: Province-Wide Initiatives and Program Level Net Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR): 2014 Net Annual Peak Demand Savings (kW)	Program-to-Date Verified Progress to Target (excludes DR): 2011-2014 Net Cumulative Energy Savings (kWh)
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program															
Appliance Retirement	Appliances	56,110	34,146	20,952	22,563	3,299	2,011	1,433	1,569	23,005,812	13,424,518	8,713,107	9,495,506	8,174	159,098,578
Appliance Exchange	Appliances	3,688	3,836	5,337	5,685	371	556	1,106	1,178	450,187	974,621	1,971,701	2,100,266	2,973	10,556,192
HVAC Incentives	Equipment	92,748	87,540	96,286	113,002	32,037	19,060	19,552	23,106	59,437,670	32,841,283	33,923,592	42,888,217	93,755	447,009,930
Conservation Instant Coupon Booklet	Items	567,678	30,891	347,944	1,208,108	1,344	230	517	2,440	21,211,537	1,398,202	7,707,573	32,802,537	4,531	137,258,436
Bi-Annual Retailer Event	Items	952,149	1,060,901	944,772	4,824,751	1,681	1,480	1,184	8,043	29,387,468	26,781,674	17,179,841	122,902,769	12,389	355,157,348
Retailer Co-op	Items	152	0	0	0	0	0	0	0	2,652	0	0	0	0	10,607
Residential Demand Response	Devices	19,550	98,388	171,733	238,173	10,947	49,038	93,076	115,915	24,870	359,408	390,303	8,378	115,915	782,959
Residential Demand Response (IHD)	Devices	0	49,689	133,657	188,575	0	0	0	0	0	0	0	0	0	0
Residential New Construction	Homes	26	22	104	232	0	2	18	351	743	17,152	163,690	2,280,459	371	2,662,270
Consumer Program Total						**49,681**	**72,377**	**116,886**	**152,602**	**133,520,941**	**75,796,859**	**70,049,807**	**212,478,131**	**238,108**	**1,112,536,320**
Business Program															
Retrofit	Projects	2,819	6,134	9,749	10,686	24,467	61,147	59,678	68,439	136,002,258	314,922,468	345,346,008	442,715,205	211,270	2,611,212,907
Direct Install Lighting	Projects	20,741	18,691	17,833	23,784	23,724	15,284	18,708	23,419	61,076,701	57,345,798	64,315,558	84,503,302	73,304	604,196,658
Building Commissioning	Buildings	0	0	0	2	0	0	0	133	0	0	0	157,250	133	157,250
New Construction	Buildings	22	100	152	220	123	764	1,584	3,429	411,717	1,814,721	4,959,266	12,332,317	5,901	29,341,880
Energy Audit	Audits	293	690	857	281	0	1,450	2,811	3,756	0	7,049,351	15,455,795	18,341,873	8,017	70,401,517
Small Commercial Demand Response	Devices	132	294	1,211	3,637	84	187	773	2,106	157	1,068	373	62	2,106	1,659
Small Commercial Demand Response (IHD)	Devices	0	0	378	820	0	0	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	145	151	175	180	16,218	19,389	23,706	21,121	633,421	281,823	346,659	0	21,121	1,261,903
Business Program Total						**64,617**	**98,221**	**107,261**	**122,402**	**198,124,253**	**381,415,230**	**430,423,659**	**558,050,009**	**321,852**	**3,316,573,776**
Industrial Program															
Process & System Upgrades	Projects	0	0	5	10	0	0	294	9,338	0	0	2,603,764	72,370,894	9,633	77,578,421
Monitoring & Targeting	Projects	0	1	4	5	0	0	0	102	0	0	0	502,517	102	502,517
Energy Manager	Projects	1	139	545	375	0	1,086	3,558	5,191	0	7,372,108	21,994,263	40,430,448	8,385	95,319,018
Retrofit	Projects	433	0	0	0	4,615	0	0	0	28,866,840	0	0	0	4,613	115,462,282
Demand Response 3	Facilities	124	185	281	336	52,484	74,056	162,543	166,082	3,080,737	1,784,712	4,309,160	0	166,082	9,174,609
Industrial Program Total						**57,098**	**75,141**	**166,395**	**180,713**	**31,947,577**	**9,156,820**	**28,907,187**	**113,303,859**	**188,814**	**298,036,847**
Home Assistance Program															
Home Assistance Program	Homes	46	5,033	29,092	21,956	2	566	2,361	1,960	39,283	5,442,232	20,987,275	16,082,261	4,864	74,032,174
Home Assistance Program Total						**2**	**566**	**2,361**	**1,960**	**39,283**	**5,442,232**	**20,987,275**	**16,082,261**	**4,864**	**74,032,174**
Aboriginal Program															
Home Assistance Program	Homes	0	0	717	1,125	0	0	267	549	0	0	1,609,393	3,101,207	816	6,319,993
Direct Install Lighting	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aboriginal Program Total						**0**	**0**	**267**	**549**	**0**	**0**	**1,609,393**	**3,101,207**	**816**	**6,319,993**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	2,028	0	0	0	21,662	0	0	0	121,138,219	0	0	0	21,662	484,552,876
High Performance New Construction	Projects	179	69	4	0	5,098	3,251	772	0	26,185,591	11,901,944	3,522,240	0	9,121	147,492,677
Toronto Comprehensive	Projects	577	0	0	0	15,805	0	0	0	86,964,886	0	0	0	15,805	347,859,545
Multifamily Energy Efficiency Rebates	Projects	110	0	0	0	1,981	0	0	0	7,595,683	0	0	0	1,981	30,382,733
LDC Custom Programs	Projects	8	0	0	0	399	0	0	0	1,367,170	0	0	0	399	5,468,679
Pre-2011 Programs completed in 2011 Total						**44,945**	**3,251**	**772**	**0**	**243,251,550**	**11,901,944**	**3,522,240**	**0**	**48,967**	**1,015,756,510**
Other															
Program Enabled Savings	Projects	32	71	46	40	0	2,304	3,692	5,134	0	1,188,362	4,075,382	16,298,528	11,130	28,014,377
Time-of-Use Savings	Homes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Total						**0**	**2,304**	**3,692**	**5,134**	**0**	**1,188,362**	**4,075,382**	**16,298,528**	**11,130**	**28,014,377**
Adjustments to 2011 Verified Results							**1,406**	**641**	**805**		**18,689,081**	**1,736,381**	**6,383,797**	**2,601**	**106,399,308**
Adjustments to 2012 Verified Results								**6,260**	**4,501**			**41,947,840**	**7,921,127**	**10,680**	**149,958,229**
Adjustments to 2013 Verified Results									**23,462**				**149,334,137**	**23,462**	**294,729,486**
Energy Efficiency Total						**136,610**	**109,191**	**117,536**	**158,137**	**603,144,419**	**482,474,435**	**554,528,447**	**919,305,555**	**509,327**	**5,840,048,867**
Demand Response Total (Scenario 1)						**79,733**	**142,670**	**280,099**	**305,224**	**3,739,185**	**2,427,011**	**5,046,495**	**8,440**	**305,224**	**11,221,131**
Adjustments to Previous Years' Verified Results Total						**0**	**1,406**	**6,901**	**28,767**	**0**	**18,689,081**	**43,684,221**	**163,639,062**	**36,744**	**551,087,023**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						**216,343**	**253,267**	**404,536**	**492,128**	**606,883,604**	**503,590,526**	**603,259,163**	**1,082,953,057**	**851,294**	**6,402,357,020**
													Full OEB Target:	**1,330,000**	**6,000,000,000**
													% of Full OEB Target Achieved to Date (Scenario 1):	**64%**	**106.7%**

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

*Includes adjustments after Final Reports were issued

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Table 7: Adjustments to Province-Wide Net Verified Results due to Variances

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
														2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014	2014
Consumer Program															
Appliance Retirement	Appliances	0	0	0		0	0	0		0	0	0		0	0
Appliance Exchange	Appliances	0	0	0		0	0	0		0	0	0		0	0
HVAC Incentives	Equipment	-18,839	2,319	4,705		-5,270	479	1,037		-9,707,002	955,512	1,838,408		-3,754	-32,284,656
Conservation Instant Coupon Booklet	Items	8,216	0	1,048		16	0	2		275,655	0	23,571		18	1,149,763
Bi-Annual Retailer Event	Items	81,817	0	0		108	0	0		2,183,391	0	0		108	8,733,563
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential New Construction	Homes	19	3	18		1	1	212		13,767	1,884	3,446,445		214	6,953,611
Consumer Program Total						**-5,145**	**480**	**1,250**		**-7,234,189**	**957,396**	**5,308,424**		**-3,415**	**-15,655,961**
Business Program															
Retrofit	Projects	303	529	964		3,204	4,443	11,903		16,216,165	28,739,635	80,310,415		19,229	310,485,860
Direct Install Lighting	Projects	444	197	51		501	204	46		1,250,388	736,541	164,667		620	7,158,143
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	12	31	66		828	1,321	1,983		3,520,620	4,886,808	7,225,170		4,042	43,017,908
Energy Audit	Audits	190	410	538		515	396	1,933		2,507,838	1,931,107	10,628,007		2,844	37,080,687
Small Commercial Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Business Program Total						**5,048**	**6,364**	**15,865**		**23,495,011**	**36,294,091**	**98,328,259**		**26,736**	**381,532,436**
Industrial Program															
Process & System Upgrades	Projects	0	0	2		0	0	324		0	0	968,659		324	1,937,318
Monitoring & Targeting	Projects	0	1	4		0	170	180		0	528,000	1,086,865		350	3,757,730
Energy Manager	Projects	1	100	340		27	93	2,281		241,515	1,280,523	25,274,661		3,400	58,610,783
Retrofit	Projects	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Industrial Program Total						**27**	**263**	**2,785**		**241,515**	**1,808,523**	**27,330,185**		**4,075**	**60,025,404**
Home Assistance Program															
Home Assistance Program	Homes	0	0	2,336		0	0	561		0	0	3,193,968		559	6,339,674
Home Assistance Program Total						**0**	**0**	**561**		**0**	**0**	**3,193,968**		**559**	**6,339,674**
Aboriginal Program															
Home Assistance Program	Homes	0	0	133		0	0	134		0	0	563,715		134	1,127,430
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						**0**	**0**	**134**		**0**	**0**	**563,715**		**134**	**1,127,430**
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	12	0	0		138	0	0		545,536	0	0		138	2,182,145
High Performance New Construction	Projects	34	0	0		1,407	0	0		2,065,200	0	0		1,407	8,260,800
Toronto Comprehensive	Projects	0	0	0		0	0	0		0	0	0		0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total						**1,545**	**0**	**0**		**2,610,736**	**0**	**0**		**1,545**	**10,442,945**
Other															
Program Enabled Savings	Projects	32	55	33		1,377	3,712	2,020		7,697,402	11,481,687	10,670,798		7,110	86,576,264
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
Other Total						**1,377**	**3,712**	**2,020**		**7,697,402**	**11,481,687**	**10,670,798**		**7,110**	**86,576,264**
Adjustments to 2011 Verified Results						**2,852**				**26,810,475**				**2,601**	**106,399,308**
Adjustments to 2012 Verified Results							**10,819**				**50,541,698**			**10,680**	**149,958,229**
Adjustments to 2013 Verified Results								**22,616**				**145,395,348**		**23,462**	**294,729,486**
Adjustments to Previous Years' Verified Results Total						**2,852**	**10,819**	**22,616**		**26,810,475**	**50,541,698**	**145,395,348**		**36,744**	**551,087,023**

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above is presented in the implementation year. Adjustements in Table 1 reflect persisted savings in the year in which that adjustment is verified.

Table 8: Province-Wide Realization Rate & NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program																
Appliance Retirement	1.00	1.00	1.00	1.00	0.51	0.46	0.42	0.45	1.00	1.00	1.00	1.00	0.46	0.47	0.44	0.47
Appliance Exchange	1.00	1.00	1.00	1.00	0.51	0.52	0.53	0.53	1.00	1.00	1.00	1.00	0.52	0.52	0.53	0.53
HVAC Incentives	1.00	1.00	1.00	1.00	0.60	0.50	0.48	0.48	1.00	1.00	1.00	1.00	0.50	0.49	0.48	0.48
Conservation Instant Coupon Booklet	1.00	1.00	1.00	1.00	1.14	1.00	1.11	1.69	1.00	1.00	1.00	1.00	1.00	1.05	1.13	1.73
Bi-Annual Retailer Event	1.00	1.00	1.00	1.00	1.12	0.91	1.04	1.74	1.00	1.00	1.00	1.00	0.91	0.92	1.04	1.75
Retailer Co-op	1.00	n/a	n/a	n/a	0.68	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Demand Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Demand Response (IHD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential New Construction	1.00	3.65	0.78	1.03	0.41	0.49	0.63	0.63	3.65	7.17	3.09	0.62	0.49	0.49	0.63	0.63
Business Program																
Retrofit	1.06	0.93	0.92	0.84	0.72	0.75	0.73	0.72	0.93	1.05	1.01	0.98	0.75	0.76	0.73	0.72
Direct Install Lighting	1.08	0.69	0.82	0.78	1.08	0.94	0.94	0.94	0.69	0.85	0.84	0.83	0.94	0.94	0.94	0.94
Building Commissioning	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Construction	0.50	0.98	0.68	0.71	0.50	0.49	0.54	0.54	0.98	0.99	0.76	0.80	0.49	0.49	0.54	0.54
Energy Audit	n/a	n/a	1.02	0.68	n/a	n/a	0.66	0.68	n/a	n/a	0.97	0.67	n/a	n/a	0.66	0.67
Small Commercial Demand Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small Commercial Demand Response (IHD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Demand Response 3	0.76	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Industrial Program																
Process & System Upgrades	n/a	n/a	0.85	0.96	n/a	n/a	0.94	0.76	n/a	n/a	0.87	0.96	n/a	n/a	0.93	0.80
Monitoring & Targeting	n/a	n/a	n/a	0.51	n/a	n/a	n/a	1.00	n/a	n/a	n/a	0.38	n/a	n/a	n/a	1.00
Energy Manager	n/a	1.16	0.90	0.91	n/a	0.90	0.90	0.90	1.16	1.16	0.90	0.96	0.90	0.90	0.90	0.90
Retrofit	1.11	n/a	n/a	n/a	0.72	n/a	n/a	n/a	0.91	n/a	n/a	n/a	0.75	n/a	n/a	n/a
Demand Response 3	0.84	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Home Assistance Program																
Home Assistance Program	1.00	0.32	0.26	0.58	0.70	1.00	1.00	1.00	0.32	0.99	0.88	0.77	1.00	1.00	1.00	1.00
Aboriginal Program																
Home Assistance Program	n/a	n/a	0.05	0.15	n/a	n/a	1.00	1.00	n/a	n/a	0.95	0.97	n/a	n/a	1.00	1.00
Direct Install Lighting	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Pre-2011 Programs completed in 2011																
Electricity Retrofit Incentive Program	0.80	n/a	n/a	n/a	0.54	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
High Performance New Construction	1.00	1.00	1.00	n/a	0.49	0.50	0.50	0.50	1.00	1.00	1.00	n/a	0.50	0.50	0.50	0.50
Toronto Comprehensive	1.13	n/a	n/a	n/a	0.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Multifamily Energy Efficiency Rebates	0.93	n/a	n/a	n/a	0.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LDC Custom Programs	1.00	n/a	n/a	n/a	1.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Other																
Program Enabled Savings	n/a	1.06	1.00	0.86	n/a	1.00	1.00	1.00	1.06	2.26	1.00	0.98	1.00	1.00	1.00	1.00
Time-of-Use Savings	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

Summary Provincial Progress Towards CDM Targets

Table 9: Province-Wide Net Peak Demand Savings at the End User Level (MW)

Implementation Period	Annual			
	2011	2012	2013	2014
2011	216.3	136.6	135.8	129.0
2012†	1.4	253.3	109.8	108.2
2013†	0.6	7.0	404.5	122.0
2014†	0.8	5.3	27.9	492.1
Verified Net Annual Peak Demand Savings in 2014:				**851.3**
2014 Annual CDM Capacity Target:				**1,330**
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				**64.0%**

Table 10: Province-Wide Net Energy Savings at the End-User Level (GWh)

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011	606.9	603.0	601.0	582.3	2,393.1
2012†	18.7	503.6	498.4	492.6	1,513.3
2013†	1.7	44.4	603.3	583.4	1,232.8
2014†	6.4	14.3	159.7	1,083.0	1,263.2
Verified Net Cumulative Energy Savings 2011-2014:					**6,402.4**
2011-2014 Cumulative CDM Energy Target:					**6,000**
Verified Portion of Cumulative Energy Target Achieved in 2014 (%):					**106.7%**

†Includes adjustments to previous years' verified results

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

METHODOLOGY

All results are at the end-user level (not including transmission and distribution losses)

EQUATIONS	
Prescriptive Measures and Projects	**Gross Savings = Activity * Per Unit Assumption** **Net Savings = Gross Savings * Net-to-Gross Ratio** **All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)**
Engineered and Custom Projects	**Gross Savings = Reported Savings * Realization Rate** **Net Savings = Gross Savings * Net-to-Gross Ratio** **All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)**
Demand Response	**Peak Demand: Gross Savings = Net Savings = contracted MW at contributor level * Provincial contracted to ex ante ratio** **Energy: Gross Savings = Net Savings = provincial ex post energy savings * LDC proportion of total provincial contracted MW** **All savings are annualized (i.e. the savings are the same regardless of the time of year a participant began offering DR)**
Adjustments to Previous Years' Verified Results	All variances from the Final Annual Results Reports from prior years will be adjusted within this report. Any variances with regards to projects counts, data lag, and calculations etc., will be made within this report. Considers the cumulative effect of energy savings.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Consumer Program			
Appliance Retirement	Includes both retail and home pickup stream. Retail stream allocated based on average of 2008 & 2009 residential throughput; Home pickup stream directly attributed by postal code or customer selection.	Savings are considered to begin in the year the appliance is picked up.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Appliance Exchange	When postal code information is provided by customer, results are directly attributed to the LDC. When postal code is not available, results allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year that the exchange event occurred.	
HVAC Incentives	Results directly attributed to LDC based on customer postal code.	Savings are considered to begin in the year that the installation occurred.	

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Conservation Instant Coupon Booklet	LDC-coded coupons directly attributed to LDC. Otherwise results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year in which the coupon was redeemed.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Bi-Annual Retailer Event	Results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year in which the event occurs.	
Retailer Co-op	When postal code information is provided by the customer, results are directly attributed. If postal code information is not available, results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year of the home visit and installation date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Residential Demand Response	Results are directly attributed to LDC based on data provided to IESO through project completion reports and continuing participant lists.	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year and accounts for any “snapback” in energy consumption experienced after the event. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Residential New Construction	Results are directly attributed to LDC based on LDC identified in application in the iCon system. Initiative was not evaluated in 2011, reported results are presented with forecast assumptions as per the business case.	Savings are considered to begin in the year of the project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Business Program			
Efficiency: Equipment Replacement	Results are directly attributed to LDC based on LDC identified at the facility level in the iCon system. Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see page for Building type to Sector mapping.	Savings are considered to begin in the year of the actual project completion date in the iCON system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
	Additional Note: project counts were derived by filtering out invalid statuses (e.g. Post-Project Submission - Payment denied by LDC) and only including projects with an "Actual Project Completion Date" in 2014)		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Direct Installed Lighting	Results are directly attributed to LDC based on the LDC specified on the work order.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumptions multiplied by the uptake of each measure accounting for the realization rate for both peak demand and energy to reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings take into account net-to-gross factors such as free-ridership and spillover for both peak demand and energy savings at the program level (net).
Existing Building Commissioning Incentive	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined by the total savings for a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
New Construction and Major Renovation Incentive	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the actual project completion date.	
Energy Audit	Projects are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the audit date.	Peak demand and energy savings are determined by the total savings resulting from an audit as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Commercial Demand Response (part of the Residential program schedule)	Results are directly attributed to LDC based on data provided to IESO through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.
Demand Response 3 (part of the Industrial program schedule)	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.
Industrial Program			
Process & System Upgrades	Results are directly attributed to LDC based on LDC identified in application.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Monitoring & Targeting	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
Energy Manager	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the project was completed by the energy manager. If no date is specified the savings will begin the year of the Quarterly Report submitted by the energy manager.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping.	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
Demand Response 3	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Home Assistance Program			
Home Assistance Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross), taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Aboriginal Program			
Aboriginal Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross), taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012, 2013 or 2014 assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported. A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
High Performance New Construction	Results are directly attributed to LDC based on customer data provided to the OPA from Enbridge; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	
Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Limited service territory; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation.		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Multifamily Energy Efficiency Rebates	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
Data Centre Incentive Program	Program run exclusively in PowerStream Inc. service territory; Initiative was not evaluated in 2011, assumptions as per 2009 evaluation.		
EnWin Green Suites	Program run exclusively in ENWIN Utilities Ltd. service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation.		

Consumer Program Allocation Methodology

Results can be allocated based on average of 2008 & 2009 residential throughput for each LDC (below) when additional information is not available. Source: OEB Yearbook Data 2008 & 2009

Local Distribution Company	Allocation
Algoma Power Inc.	0.2%
Atikokan Hydro Inc.	0.0%
Attawapiskat Power Corporation	0.0%
Bluewater Power Distribution Corporation	0.6%
Brant County Power Inc.	0.2%
Brantford Power Inc.	0.7%
Burlington Hydro Inc.	1.4%
Cambridge and North Dumfries Hydro Inc.	1.0%
Canadian Niagara Power Inc.	0.5%
Centre Wellington Hydro Ltd.	0.1%
Chapleau Public Utilities Corporation	0.0%
COLLUS Power Corporation	0.3%
Cooperative Hydro Embrun Inc.	0.0%
E.L.K. Energy Inc.	0.2%
Enersource Hydro Mississauga Inc.	3.9%
ENTEGRUS	0.6%
ENWIN Utilities Ltd.	1.6%
Erie Thames Powerlines Corporation	0.4%
Espanola Regional Hydro Distribution Corporation	0.1%
Essex Powerlines Corporation	0.7%
Festival Hydro Inc.	0.3%
Fort Albany Power Corporation	0.0%
Fort Frances Power Corporation	0.1%
Greater Sudbury Hydro Inc.	1.0%
Grimsby Power Inc.	0.2%
Guelph Hydro Electric Systems Inc.	0.9%
Haldimand County Hydro Inc.	0.4%
Halton Hills Hydro Inc.	0.5%
Hearst Power Distribution Company Limited	0.1%
Horizon Utilities Corporation	4.0%
Hydro 2000 Inc.	0.0%
Hydro Hawkesbury Inc.	0.1%
Hydro One Brampton Networks Inc.	2.8%
Hydro One Networks Inc.	30.0%
Hydro Ottawa Limited	5.6%
Innisfil Hydro Distribution Systems Limited	0.4%
Kashechewan Power Corporation	0.0%
Kenora Hydro Electric Corporation Ltd.	0.1%
Kingston Hydro Corporation	0.5%
Kitchener-Wilmot Hydro Inc.	1.6%
Lakefront Utilities Inc.	0.2%

Lakeland Power Distribution Ltd.	0.2%
London Hydro Inc.	2.7%
Middlesex Power Distribution Corporation	0.1%
Midland Power Utility Corporation	0.1%
Milton Hydro Distribution Inc.	0.6%
Newmarket - Tay Power Distribution Ltd.	0.7%
Niagara Peninsula Energy Inc.	1.0%
Niagara-on-the-Lake Hydro Inc.	0.2%
Norfolk Power Distribution Inc.	0.3%
North Bay Hydro Distribution Limited	0.5%
Northern Ontario Wires Inc.	0.1%
Oakville Hydro Electricity Distribution Inc.	1.5%
Orangeville Hydro Limited	0.2%
Orillia Power Distribution Corporation	0.3%
Oshawa PUC Networks Inc.	1.2%
Ottawa River Power Corporation	0.2%
Parry Sound Power Corporation	0.1%
Peterborough Distribution Incorporated	0.7%
PowerStream Inc.	6.6%
PUC Distribution Inc.	0.9%
Renfrew Hydro Inc.	0.1%
Rideau St. Lawrence Distribution Inc.	0.1%
Sioux Lookout Hydro Inc.	0.1%
St. Thomas Energy Inc.	0.3%
Thunder Bay Hydro Electricity Distribution Inc.	0.9%
Tillsonburg Hydro Inc.	0.1%
Toronto Hydro-Electric System Limited	12.8%
Veridian Connections Inc.	2.4%
Wasaga Distribution Inc.	0.2%
Waterloo North Hydro Inc.	1.0%
Welland Hydro-Electric System Corp.	0.4%
Wellington North Power Inc.	0.1%
West Coast Huron Energy Inc.	0.1%
Westario Power Inc.	0.5%
Whitby Hydro Electric Corporation	0.9%
Woodstock Hydro Services Inc.	0.3%

Reporting Glossary

Annual: the peak demand or energy savings that occur in a given year (includes resource savings from new program activity and resource savings persisting from previous years).

Cumulative Energy Savings: represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

End-User Level: resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses).

Free-ridership: the percentage of participants who would have implemented the program measure or practice in the absence of the program.

Incremental: the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start'.

Initiative: a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

Net-to-Gross Ratio: The ratio of net savings to gross savings, which takes into account factors such as free-ridership and spillover

Net Energy Savings (MWh): energy savings attributable to conservation and demand management activities net of free-riders, etc.

Net Peak Demand Savings (MW): peak demand savings attributable to conservation and demand management activities net of free-riders, etc.

Program: a group of initiatives that target a particular market sector (e.g. Consumer, Industrial).

Realization Rate: A comparison of observed or measured (evaluated) information to original reported savings which is used to adjust the gross savings estimates.

Settlement Account: the grouping of demand response facilities (contributors) into one contractual agreement

Spillover: Reductions in energy consumption and/or demand caused by the presence of the energy efficiency program, beyond the program-related gross savings of the participants. There can be participant and/or non-participant spillover.

Unit: for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Table 11: Halton Hills Hydro Inc. Initiative and Program Level Gross Savings by Year

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement**	Appliances	27	6	8	10	187,877	44,553	53,801	72,620
Appliance Exchange**	Appliances	2	3	8	14	2,313	4,504	14,740	25,269
HVAC Incentives	Equipment	287	180	199	213	533,114	308,749	344,667	393,320
Conservation Instant Coupon Booklet	Items	6	1	3	7	94,547	7,259	37,460	89,292
Bi-Annual Retailer Event	Items	8	9	6	25	147,267	159,984	90,012	384,626
Retailer Co-op	Items	0	0	0	0	0	0	0	0
Residential Demand Response	Devices	100	272	221	0	257	2,046	962	0
Residential Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0
Residential New Construction	Homes	0	0	0	13	0	0	0	199,980
Consumer Program Total		**430**	**470**	**446**	**283**	**965,374**	**527,094**	**541,643**	**1,165,107**
Business Program									
Retrofit	Projects	64	310	188	371	507,684	2,004,802	923,577	2,096,294
Direct Install Lighting	Projects	39	12	10	22	104,786	42,974	33,220	81,060
Building Commissioning	Buildings	0	0	0	0	0	0	0	0
New Construction	Buildings	0	0	0	45	0	0	0	233,577
Energy Audit	Audits	0	0	0	0	0	0	0	0
Small Commercial Demand Response	Devices	0	0	0	0	0	0	0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	78	78	79	0	3,050	1,139	1,061	0
Business Program Total		**181**	**401**	**277**	**438**	**615,520**	**2,048,915**	**957,857**	**2,410,932**
Industrial Program									
Process & System Upgrades	Projects	0	0	0	0	0	0	0	0
Monitoring & Targeting	Projects	0	0	0	0	0	0	0	0
Energy Manager	Projects	0	0	0	0	0	0	0	0
Retrofit	Projects	22	0	0	0	135,547	0	0	0
Demand Response 3	Facilities	421	289	824	0	24,735	6,964	18,771	0
Industrial Program Total		**443**	**289**	**824**	**0**	**160,281**	**6,964**	**18,771**	**0**
Home Assistance Program									
Home Assistance Program	Homes	0	0	12	2	0	0	127,118	26,376
Home Assistance Program Total		**0**	**0**	**12**	**2**	**0**	**0**	**127,118**	**26,376**
Aboriginal Program									
Home Assistance Program	Homes	0	0	0	0	0	0	0	0
Direct Install Lighting	Projects	0	0	0	0	0	0	0	0
Aboriginal Program Total		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	217	0	0	0	1,165,935	0	0	0
High Performance New Construction	Projects	0	1	0	0	2,364	1,199	0	0
Toronto Comprehensive	Projects	0	0	0	0	0	0	0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0	0	0	0	0	0
LDC Custom Programs	Projects	0	0	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total		**218**	**1**	**0**	**0**	**1,168,299**	**1,199**	**0**	**0**
Other									
Program Enabled Savings	Projects	0	0	0	0	0	0	0	0
Time-of-Use Savings	Homes	0	0	0	0	0	0	0	0
Other Total		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Adjustments to 2011 Verified Results			**-63**	**0**	**0**		**-104,089**	**0**	**0**
Adjustments to 2012 Verified Results				**21**	**1**			**97,055**	**1,348**
Adjustments to 2013 Verified Results					**31**				**219,261**
Energy Efficiency Total		**673**	**522**	**433**	**723**	**2,881,434**	**2,574,022**	**1,624,595**	**3,602,415**
Demand Response Total		**599**	**639**	**1,125**	**0**	**28,041**	**10,149**	**20,794**	**0**
Adjustments to Previous Years' Verified Results Total		**0**	**-63**	**21**	**32**	**0**	**-104,089**	**97,055**	**220,609**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		**1,272**	**1,098**	**1,580**	**755**	**2,909,475**	**2,480,082**	**1,742,444**	**3,823,023**

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

*Includes adjustments after Final Reports were issued

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results

**Net results substituted for gross results due to unavailability of data

Table 12: Adjustments to Halton Hills Hydro Inc. Gross Verified Results due to Variances

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement	Appliances	0	0	0		0	0	0	
Appliance Exchange	Appliances	0	0	0		0	0	0	
HVAC Incentives	Equipment	-64	6	12		-118,486	12,527	20,340	
Conservation Instant Coupon Booklet	Items	0	0	0		1,401	0	113	
Bi-Annual Retailer Event	Items	1	0	0		12,995	0	0	
Retailer Co-op	Items	0	0	0		0	0	0	
Residential Demand Response	Devices	0	0	0		0	0	0	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	0	0	0		0	0	0	
Consumer Program Total		**-63**	**6**	**12**		**-104,089**	**12,527**	**20,453**	
Business Program									
Retrofit	Projects	0	15	19		0	85,876	168,891	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	0	0	0		0	0	0	
Energy Audit	Audits	0	0	0		0	0	0	
Small Commercial Demand Response	Devices	0	0	0		0	0	0	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	0	0	0		0	0	0	
Business Program Total		**0**	**15**	**19**		**0**	**85,876**	**168,891**	
Industrial Program									
Process & System Upgrades	Projects	0	0	0		0	0	0	
Monitoring & Targeting	Projects	0	0	0		0	0	0	
Energy Manager	Projects	0	0	0		0	0	11,631	
Retrofit	Projects	0	0	0		0	0	0	
Demand Response 3	Facilities	0	0	0		0	0	0	
Industrial Program Total		**0**	**0**	**0**		**0**	**0**	**11,631**	
Home Assistance Program									
Home Assistance Program	Homes	0	0	2		0	0	18,428	
Home Assistance Program Total		**0**	**0**	**2**		**0**	**0**	**18,428**	
Aboriginal Program									
Home Assistance Program	Homes	0	0	0		0	0	0	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Aboriginal Program Total		**0**	**0**	**0**		**0**	**0**	**0**	
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	0	0	0		0	0	0	
High Performance New Construction	Projects	0	0	0		0	0	0	
Toronto Comprehensive	Projects	0	0	0		0	0	0	
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0	
LDC Custom Programs	Projects	0	0	0		0	0	0	
Pre-2011 Programs completed in 2011 Total		**0**	**0**	**0**		**0**	**0**	**0**	
Other									
Program Enabled Savings	Projects	0	0	0		0	0	0	
Time-of-Use Savings	Homes	0	0	0		0	0	0	
Other Total		**0**	**0**	**0**		**0**	**0**	**0**	
Adjustments to 2011 Verified Results		**-63**				**-104,089**			
Adjustments to 2012 Verified Results			**21**				**98,403**		
Adjustments to 2013 Verified Results				**33**				**219,403**	
Total Adjustments to Previous Years' Verified Results		**-63**	**21**	**33**		**-104,089**	**98,403**	**219,403**	

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results

Table 13: Province-Wide Initiatives and Program Level Gross Savings by Year

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement**	Appliances	6,750	2,011	3,151	3,471	45,971,627	13,424,518	18,616,239	20,310,975
Appliance Exchange**	Appliances	719	556	2,101	2,238	873,531	974,621	3,746,106	3,990,372
HVAC Incentives	Equipment	53,209	38,346	40,418	48,467	99,413,430	66,929,213	71,225,037	90,274,814
Conservation Instant Coupon Booklet	Items	1,184	231	464	1,442	19,192,453	1,325,898	6,842,244	19,000,254
Bi-Annual Retailer Event	Items	1,504	1,622	1,142	4,626	26,899,265	29,222,072	16,441,329	70,254,471
Retailer Co-op	Items	0	0	0	0	3,917	0	0	0
Residential Demand Response	Devices	10,390	49,038	0	0	23,597	359,408	390,303	0
Residential Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0
Residential New Construction	Homes	0	1	29	557	1,813	4,884	259,826	3,619,776
Consumer Program Total		**73,757**	**91,805**	**47,304**	**60,800**	**192,379,633**	**112,240,615**	**117,521,084**	**207,450,662**
Business Program									
Retrofit	Projects	34,201	78,965	82,896	95,652	184,070,265	387,817,248	478,410,896	613,159,090
Direct Install Lighting	Projects	22,155	20,469	19,807	24,794	65,777,197	68,896,046	68,140,249	89,528,509
Building Commissioning	Buildings	0	0	0	133	0	0	0	157,250
New Construction	Buildings	247	1,596	2,934	6,350	823,434	3,755,869	9,183,826	22,837,624
Energy Audit	Audits	0	1,450	4,283	5,565	0	7,049,351	23,386,108	27,335,131
Small Commercial Demand Response	Devices	55	187	773	0	131	1,068	373	0
Small Commercial Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	21,390	19,389	23,706	0	633,421	281,823	346,659	0
Business Program Total		**78,048**	**122,056**	**134,399**	**132,493**	**251,304,448**	**467,801,406**	**579,468,111**	**753,017,605**
Industrial Program									
Process & System Upgrades	Projects	0	0	313	12,287	0	0	2,799,746	90,463,617
Monitoring & Targeting	Projects	0	0	0	102	0	0	0	502,517
Energy Manager	Projects	0	1,034	3,953	5,767	0	7,067,535	24,438,070	44,922,720
Retrofit	Projects	6,372	0	0	0	38,412,408	0	0	0
Demand Response 3	Facilities	176,180	74,056	162,543	0	4,243,958	1,784,712	4,309,160	0
Industrial Program Total		**182,552**	**75,090**	**166,809**	**18,156**	**42,656,366**	**8,852,247**	**31,546,976**	**135,888,854**
Home Assistance Program									
Home Assistance Program	Homes	4	1,777	2,361	1,960	56,119	5,524,230	20,987,275	16,082,261
Home Assistance Program Total		**4**	**1,777**	**2,361**	**1,960**	**56,119**	**5,524,230**	**20,987,275**	**16,082,261**
Aboriginal Program									
Home Assistance Program	Homes	0	0	267	549	0	0	1,609,393	3,101,207
Direct Install Lighting	Projects	0	0	0	0	0	0	0	0
Aboriginal Program Total		**0**	**0**	**267**	**549**	**0**	**0**	**1,609,393**	**3,101,207**
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	40,418	0	0	0	223,956,390	0	0	0
High Performance New Construction	Projects	10,197	6,501	772	0	52,371,183	23,803,888	3,522,240	0
Toronto Comprehensive	Projects	33,467	0	0	0	174,070,574	0	0	0
Multifamily Energy Efficiency Rebates	Projects	2,553	0	0	0	9,774,792	0	0	0
LDC Custom Programs	Projects	534	0	0	0	649,140	0	0	0
Pre-2011 Programs completed in 2011 Total		**87,169**	**6,501**	**772**	**0**	**460,822,079**	**23,803,888**	**3,522,240**	**0**
Other									
Program Enabled Savings	Projects	0	2,177	3,692	5,134	0	525,011	4,075,382	0
Time-of-Use Savings	Homes	0	0	0	0	0	0	0	0
Other Total		**0**	**2,177**	**3,692**	**5,134**	**0**	**525,011**	**4,075,382**	**0**
Adjustments to 2011 Verified Results			**13,266**	**645**	**820**		**48,705,294**	**20,581**	**4,192**
Adjustments to 2012 Verified Results				**8,632**	**5,935**			**54,301,893**	**13,266,294**
Adjustments to 2013 Verified Results					**32,374**				**199,862,478**
Energy Efficiency Total		**213,515**	**156,735**	**168,583**	**219,092**	**942,317,539**	**616,320,385**	**753,683,966**	**1,115,540,589**
Demand Response Total		**208,015**	**142,670**	**187,022**	**0**	**4,901,107**	**2,427,011**	**5,046,495**	**0**
Adjustments to Previous Years' Verified Results Total		**0**	**13,266**	**9,277**	**39,128**	**0**	**48,705,294**	**54,322,474**	**213,132,965**
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		**421,530**	**312,671**	**364,882**	**258,221**	**947,218,646**	**667,452,690**	**813,052,934**	**1,328,673,554**

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results

**Net results substituted for gross results due to unavailability of data

Table 14: Adjustments to Province-Wide Gross Verified Results due to Variances

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement	Appliances	0	0	0		0	0	0	
Appliance Exchange	Appliances	0	0	0		0	0	0	
HVAC Incentives	Equipment	-8,759	1,091	2,157		-16,241,086	1,952,473	3,873,449	
Conservation Instant Coupon Booklet	Items	15	0	1		255,975	0	20,668	
Bi-Annual Retailer Event	Items	117	0	0		2,373,616	0	0	
Retailer Co-op	Items	0	0	0		0	0	0	
Residential Demand Response	Devices	0	0	0		0	0	0	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	0	1	337		328,256	3,845	5,470,547	
Consumer Program Total		**-8,628**	**1,092**	**2,495**		**-13,283,238**	**1,956,319**	**9,364,664**	
Business Program									
Retrofit	Projects	4,504	6,218	16,496		22,046,931	40,101,273	111,752,602	
Direct Install Lighting	Projects	541	217	49		1,346,618	781,858	174,460	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	3,243	2,695	3,672		11,323,593	9,973,078	13,379,944	
Energy Audit	Audits	526	424	2,945		2,391,744	2,070,646	16,081,199	
Small Commercial Demand Response	Devices	0	0	0		0	0	0	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	0	0	0		0	0	0	
Business Program Total		**8,814**	**9,553**	**23,162**		**37,108,886**	**52,926,856**	**141,388,204**	
Industrial Program									
Process & System Upgrades	Projects	0	0	426		0	0	1,232,785	
Monitoring & Targeting	Projects	0	170	180		0	528,000	1,086,865	
Energy Manager	Projects	29	103	2,557		0	1,422,803	28,293,383	
Retrofit	Projects	0	0	0		0	0	0	
Demand Response 3	Facilities	0	0	0		0	0	0	
Industrial Program Total		**29**	**273**	**3,164**		**0**	**1,950,803**	**30,613,033**	
Home Assistance Program									
Home Assistance Program	Homes	0	0	561		0	0	3,193,968	
Home Assistance Program Total		**0**	**0**	**561**		**0**	**0**	**3,193,968**	
Aboriginal Program									
Home Assistance Program	Homes	0	0	134		0	0	563,715	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Aboriginal Program Total		**0**	**0**	**134**		**0**	**0**	**563,715**	
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	266	0	0		1,049,108	0	0	
High Performance New Construction	Projects	12,872	0	0		23,905,663	0	0	
Toronto Comprehensive	Projects	0	0	0		0	0	0	
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0	
LDC Custom Programs	Projects	0	0	0		0	0	0	
Pre-2011 Programs completed in 2011 Total		**13,137**	**0**	**0**		**24,954,771**	**0**	**0**	
Other									
Program Enabled Savings	Projects	1,377	3,712	2,020		1,673,712	11,481,687	10,670,798	
Time-of-Use Savings	Homes	0	0	0		0	0	0	
Other Total		**1,377**	**3,712**	**2,020**		**1,673,712**	**11,481,687**	**10,670,798**	
Adjustments to 2011 Verified Results		**14,730**				**50,454,131**			
Adjustments to 2012 Verified Results			**14,631**				**68,315,665**		
Adjustments to 2013 Verified Results				**31,536**				**195,794,382**	
Adjustments to Previous Years' Verified Results Total		**14,730**	**14,631**	**31,536**		**50,454,131**	**68,315,665**	**195,794,382**	

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

*Includes adjustments after Final Reports were issued

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results