Consolidated financial statements of

PowerStream Holdings Inc.

December 31, 2015

PowerStream Holdings Inc.
December 31, 2015

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Independent Auditor's Report

To the Shareholders of
PowerStream Holdings Inc.

We have audited the accompanying consolidated financial statements of PowerStream Holdings Inc., which comprise the consolidated balance sheet as at December 31, 2015, the consolidated statements of income and comprehensive income, changes in equity and of cash flows for the year ended December 31, 2015, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of PowerStream Holdings Inc. as at December 31, 2015, and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
March 9, 2016

PowerStream Holdings Inc.

Consolidated balance sheet

as at December 31, 2015

(In thousands of dollars)

	2015	2014
	$	$
Assets		
Current assets		
Cash	**7,389**	23,723
Accounts receivable (Note 18(c))	**107,167**	96,959
Unbilled revenue	**95,184**	113,159
Due from related parties (Note 11)	**3,358**	2,893
Inventories (Note 7)	**3,226**	3,085
Income tax receivable	**9,734**	6,208
Prepaids and other assets	**11,855**	11,232
	237,913	257,259
Long-term assets		
Property, plant and equipment (Note 8)	**1,125,171**	1,035,498
Intangible assets (Note 9)	**58,096**	44,038
Long-term deposits	**6,078**	3,009
Investment in a joint venture (Note 6)	**8,169**	7,536
Deferred tax assets (Note 21)	**8,156**	14,645
Goodwill (Note 9(b))	**42,605**	42,543
	1,486,188	1,404,528
Liabilities		
Current liabilities		
Short-term debt (Note 12(a))	**50,000**	25,000
Infrastructure Ontario financing (Note 12(b))	**74,691**	67,656
Customer deposits	**16,374**	14,629
Accounts payable and accrued liabilities (Note 10)	**149,997**	136,311
Short-term notes payable (Note 25)	**1,439**	-
Due to related parties (Note 11)	**19,073**	16,929
Liability for subdivision development	**4,820**	5,268
Current portion of finance lease obligation (Note 17)	**360**	337
Current portion of notes payable (Note 13)	**20,000**	-
	336,754	266,130
Long-term liabilities		
Notes payable (Note 13)	**162,430**	182,430
Debentures payable (Note 13)	**347,408**	347,288
Finance lease obligation (Note 17)	**16,095**	16,455
Long term notes payable (Note 25)	**960**	-
Post-employment benefits obligation (Note 14)	**18,311**	17,362
Deferred revenue	**138,405**	120,651
Other long-term liabilities	**656**	394
	684,265	684,580
	1,021,019	950,710
Shareholders' equity		
Share capital (Note 15)	**354,183**	339,183
Accumulated other comprehensive income	**2,083**	1,819
Retained earnings	**108,903**	112,816
	465,169	453,818
	1,486,188	1,404,528

Approved on behalf of the Board on March 9 , 2016

_______________ Director _______________ Director

The accompanying notes are an integral part of this financial statement

PowerStream Holdings Inc.

Consolidated statement of income and other comprehensive income
year ended December 31, 2015

(In thousands of dollars)

	2015	2014
	$	$
Revenue (Note 11(a))		
Sale of energy	**1,021,312**	927,323
Distribution revenue	**159,438**	157,584
Other revenue (Note 23)	**34,849**	26,748
Total revenue	**1,215,599**	1,111,655
Cost of power purchased	**1,010,699**	941,261
Operating expenses (Note 20)	**103,398**	92,477
Depreciation and amortization	**49,433**	42,496
	1,163,530	1,076,234
	52,069	35,421
Loss on derecognition of property, plant and equipment	**(1,271)**	(2,077)
Share in (loss)/income from joint venture (Note 6)	**837**	463
Interest income	**308**	401
Interest expense	**(24,935)**	(22,186)
Income before income taxes	**27,008**	12,022
Income tax expense (recovery) (Note 21)	**2,805**	(532)
Net income	**24,203**	12,554
Other comprehensive income		
Remeasurement of defined benefit obligation, net of tax of $96 (2014 - $922) (Note 14(b))	**264**	2,558
Total income and other comprehensive income for the year	**24,467**	15,112

The accompanying notes are an integral part of this financial statement

PowerStream Holdings Inc.

Consolidated statement of changes in equity
year ended December 31, 2015
(In thousands of dollars)

	Share capital	Accumulated other comprehensive income	Retained earnings	Total
	$	$	$	$
As at January 1, 2014	288,718	(739)	122,996	410,975
Dividends paid	-	-	(22,734)	(22,734)
Issuance of common shares (Note 15)	32,000	-	-	32,000
Issuance of Class A common shares (Note 15)	18,465	-	-	18,465
Transactions with owners	339,183	(739)	100,262	438,706
Net income	-	-	12,554	12,554
Other comprehensive income, (net of tax - $922)	-	2,558	-	2,558
Total income and other comprehensive income for the year	-	2,558	12,554	15,112
Balance at December 31, 2014	339,183	1,819	112,816	453,818
Dividends paid	-	-	(28,116)	(28,116)
Issuance of common shares (Note 15)	15,000	-	-	15,000
Transactions with owners	354,183	1,819	84,700	440,702
Net income	-	-	24,203	24,203
Other comprehensive income, (net of tax of $96)	-	264	-	264
Total income and other comprehensive income for the year	-	264	24,203	24,467
Balance at December 31, 2015	**354,183**	**2,083**	**108,903**	**465,169**

PowerStream Holdings Inc.

Consolidated statement of cash flows
year ended December 31, 2015
(In thousands of dollars)

	2015	2014
	$	$
Operating activities		
Net income for the year	**24,203**	12,554
Adjustments to determine cash provided by operating activities		
Remeasurement of defined benefit obligation	**360**	3,480
Share of loss/(income) from joint venture		
(net of 2015 dividend of $204 (2014 - $183))	**(633)**	(280)
Depreciation of property, plant and equipment	**46,412**	41,344
Amortization of intangible assets	**5,341**	3,357
Post-employment benefits	**949**	(1,955)
Loss on disposal of property, plant and equipment	**506**	2,032
Amortization of debenture issuance costs	**120**	32
Amortization of deferred revenue	**(3,013)**	(2,454)
Finance costs	**24,627**	21,784
Income tax expense	**2,805**	(532)
	101,677	79,362
Net change in non-cash operating working capital (Note 22)	**24,586**	(857)
Cash generated from operating activities	**126,263**	78,505
Interest paid	**(24,586)**	(22,661)
	101,677	55,844
Financing activities		
Dividends paid	**(28,116)**	(22,734)
Proceeds from Infrastructure Ontario financing	**7,035**	19,341
Proceeds from the issuance of common shares	**15,000**	50,465
Proceeds from issuance of debenture (net)	**-**	149,000
Proceeds (repayment) of short-term debt	**25,000**	(45,000)
Payment of finance lease obligation	**(337)**	(315)
	18,582	150,757
Investing activities		
Proceeds on sale of property, plant and equipment	**1,185**	-
Acquisition from Smart Tec Energy Inc.	**(2,047)**	-
Advance on asset purchase	**-**	(10,112)
Contributions received from customers	**20,767**	21,763
Purchase of intangible assets	**(15,720)**	(18,562)
Purchase of property, plant and equipment	**(140,778)**	(168,599)
	(136,593)	(175,510)
(Decrease) increase in cash during the year	**(16,334)**	31,091
Cash (Bank indebtedness), beginning of year	**23,723**	(7,368)
Cash end of year	**7,389**	23,723

1. Description of the business

PowerStream Holdings Inc. (the "Corporation") was incorporated on July 24, 2013, under the Business Corporations Act (Ontario) as the parent company of the wholly owned subsidiary of PowerStream Inc. and PowerStream Energy Services Inc. PowerStream Holdings Inc. is owned by the Corporation of the City of Vaughan (the "City of Vaughan"), through its wholly owned subsidiary, Vaughan Holdings Inc.; the Corporation of the City of Markham (the "City of Markham"), through its wholly owned subsidiary, Markham Enterprises Corporation; and the Corporation of the City of Barrie (the "City of Barrie"), through its wholly owned subsidiary, Barrie Hydro Holdings Inc. PowerStream Holdings Inc., is incorporated and domiciled in Canada with its head and registered office located at 161 Cityview Boulevard, Vaughan, ON L4H 0A9.

The principal activities of the Corporation and its subsidiaries (the "Group") are described in Note 5.

The accompanying consolidated Group financial statements include the accounts of the Corporation and its subsidiaries: PowerStream Inc. and PowerStream Energy Services Inc.

2. Basis of preparation

(a) *Statement of compliance*

These consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board (IASB).

(b) *Basis of measurement*

The consolidated financial statements have been prepared on a historical cost basis. The consolidated financial statements incorporate the financial statements of the Corporation and the subsidiaries controlled by the Corporation.

(c) *Basis of consolidation*

The Corporation controls a subsidiary if it is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the investees. All subsidiaries have a reporting period date of December 31. Consolidation of the Group financial statements is for the period beginning January 1, 2013 when effective control of the parent company took place due to common shareholding, as a result of the reorganization of PowerStream Inc. under IAS 27 *Consolidated and Separate Financial Statements*

The Corporation accounts for its investment in PowerStream Inc., its subsidiary, at cost, in its separate financial statements. The Corporation, shall measure cost at the carrying amount of its share of the equity items shown in the separate financial statements of the original entity, PowerStream Inc., at the date of the reorganization.

(d) *Consolidation*

Consolidation of a subsidiary begins when the Corporation obtains control over the subsidiary and ceases when the Corporation loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of income or loss and other comprehensive income from the date the Corporation gains control until the date when the Corporation ceases to control the subsidiary.

Income or loss and each component of other comprehensive income are attributed to the owners of the Corporation.

The Group prepares consolidated Group financial statements. All intercompany balances and transactions are eliminated on consolidation, including unrealized gains and losses on transactions between Group companies. Where unrealized losses on intra-group asset sales are reversed on consolidation, the underlying asset is also tested for impairment from a group perspective.

2. Basis of preparation (continued)

(e) Presentation currency

The consolidated financial statements are presented in Canadian dollars, which is also the Corporation and subsidiary's functional currency. All financial information has been rounded to the nearest thousand, except when otherwise noted.

(f) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS requires management to make estimates, assumptions and judgments that affect the application of accounting policies and the amounts reported and disclosed in the consolidated financial statements. Estimates and underlying assumptions are continually reviewed and are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Significant sources of estimation uncertainty, assumptions and judgments include the following:

(i) *Unbilled revenue*

The measurement of unbilled revenue is based on an estimate of the amount of electricity delivered and sub-metering services provided to customers between the date of the last bill and the end of the year.

(ii) *Useful lives of depreciable assets*

Depreciation and amortization expense is based on estimates of the useful lives of property, plant and equipment and intangible assets. Useful lives of property, plant and equipment and intangible assets are based on management's judgment, historical experience, suppliers' estimates and an asset study conducted by an independent consulting firm.

(iii) *Cash Generating Units ("CGU")*

Determining CGU's for impairment testing is based on Management's judgment. This requires an estimation of the value in use. The value in use calculation requires an estimate of the future cash flows expected to arise from the CGU and a suitable discount rate in order to calculate the present value.

(iv) *Acquisitions*

Determining whether or not a purchase of assets constitutes a business acquisition requires the use of Management's judgement.

(v) *Valuation of financial instruments*

As described in Note 18, the discounted cash flow model is used to estimate the fair value of the financial instruments for disclosure purposes.

(vi) *Other areas*

There are a number of other areas in which estimates are made; these include accounts receivable, inventories, the fair value of the net assets acquired in business acquisitions, post-employment benefits and income taxes. These amounts are reported based on the amounts expected to be recovered/refunded and an appropriate allowance has been provided based on the best estimate of unrecoverable amounts.

3. Significant accounting policies

The Group's financial statements are the representations of management prepared in accordance with IFRS. The accounting policies set out below have been applied consistently to all years presented in these consolidated financial statements, unless otherwise indicated.

The consolidated financial statements reflect the following significant accounting policies:

(a) Rate regulation

The Ontario Energy Board Act, 1998 gave the Ontario Energy Board ("OEB") increased powers and responsibilities to regulate the electricity industry. These powers and responsibilities include the power to approve or fix rates for the transmission and distribution of electricity, the power to provide continued rate protection for rural and remote electricity customers and the responsibility for ensuring that distribution companies fulfill obligations to connect and service customers. The OEB may prescribe license requirements and conditions including, among other things, specified accounting records, regulatory accounting principles, and filing process requirements for rate-setting purposes.

The Group recognizes revenue when electricity is delivered to customers based on OEB approved rates. Operating costs and expenses are recorded when incurred, unless such costs qualify for recognition as part of an item of property, plant and equipment or as an intangible asset.

(b) Revenue recognition

(i) Electricity distribution and sale

Revenue from the sale and distribution of electricity is recorded on the basis of cyclical billings based on electricity usage and also includes unbilled revenue accrued in respect of electricity delivered but not yet billed. Revenue is generally comprised of the following:

- Electricity Price and Related Rebates. The electricity price and related rebates represent a pass through of the commodity cost of electricity.
- Distribution Rate. The distribution rate is designed to recover the costs incurred by the Group in delivering electricity to customers, as well as the ability to earn the OEB allowed rate of return. Distribution charges are regulated by the OEB and typically comprise a fixed charge and a usage-based (consumption) charge.
- Retail Transmission Rate. The retail transmission rate represents a pass through of costs charged to the Group for the transmission of electricity from generating stations to the Group's service area. Retail transmission rates are regulated by the OEB.
- Wholesale Market Service Charge. The wholesale market service charge represents a pass through of various wholesale market support costs charged by the Independent Electricity System Operator ("IESO").

(ii) Other revenue

Other revenue includes revenue from the sale of other services, contributions from customers, performance incentive payments, service order fees, sub-metering management fees and other miscellaneous revenues.

Revenue related to the sale of other services is recognized as the services are rendered. Revenue related to the generation of revenue from renewable generation sources is recognized as the output is produced.

Revenue from sub-metering management fees is recognized as the services are rendered.

Certain items of property, plant and equipment are acquired or constructed with financial assistance in the form of contributions from developers or customers ("customer contributions"). Such contributions, whether in cash or in-kind, are recognized as deferred revenue and amortized into income over the life of the related assets. Contributions in-kind are valued at their fair value at the date of their contribution.

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

(ii) Other revenue (continued)

Performance incentive payments under Conservation and Demand Management ("CDM") programs are recognized by the Group when there is reasonable assurance that the program conditions have been satisfied and the incentive payment will be received.

Government grants under CDM programs are recognized when there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(c) Finance and borrowing costs

Finance costs comprise interest expense on borrowings and are recognized on an accrual basis using the effective interest rate method.

Borrowing costs are calculated using the effective interest rate method and are recognized as finance costs, unless they are capitalized as part of the cost of a qualifying asset, which is an asset that takes a substantial period of time to get ready for its intended use.

(d) Financial instruments

Financial assets and financial liabilities are initially recognized at fair value and are subsequently accounted for based on their classification as loans and receivables or as other liabilities. Transaction costs for financial assets classified as loans and receivables and financial liabilities classified as other liabilities are capitalized as part of the carrying value at initial recognition.

(i) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, such financial assets are carried at amortized cost using the effective interest rate method, less any impairment losses. Losses are recognized in net income when the loans and receivables are derecognized or impaired.

Loans and receivables are assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset and the loss event has had a negative effect on estimated future cash flows of the asset which are reliably measureable.

Loans and receivables are comprised of cash, accounts receivable, unbilled revenue and amounts due from related parties.

(ii) Other liabilities

All non-derivative financial liabilities are classified as other liabilities. Subsequent to initial recognition, other liabilities are measured at amortized cost using the effective interest method.

Financial liabilities are derecognized when either the Group is discharged from its obligation, the obligation expires, or the obligation is cancelled or replaced by a new financial liability with substantially modified terms.

Financial liabilities are further classified as current or non-current depending on whether they will fall due within twelve months after the balance sheet date or beyond.

Other liabilities are comprised of bank indebtedness, short-term debt, Infrastructure Ontario financing, customer deposits, accounts payable and accrued liabilities, amounts due to related parties, notes payable, debentures payable, bank term loan, Infrastructure Ontario debentures, and liability for subdivision development.

(In thousands of dollars)

3. Significant accounting policies (continued)

(e) Inventories

Inventories, which consist of parts and supplies acquired for internal construction or consumption, are valued at the lower of cost and net realizable value. Cost is determined on a weighted-moving average basis and includes expenditures incurred in acquiring the inventories and other costs to bring the inventories to their existing location and condition.

(f) Property, plant and equipment

Property, plant and equipment ("PP&E") is measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and includes contracted services, cost of materials, direct labour and borrowing costs incurred in respect of qualifying assets. When parts of an item of PP&E have different useful lives, they are accounted for as separate components of PP&E.

Major spare parts and standby equipment are recognized as items of PP&E. Property, plant and equipment in the course of construction are carried at cost, cost includes expenditures that are directly attributable to the construction of the asset. These assets are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation on these assets commences when the assets are ready for their intended use.

When items of PP&E are retired or otherwise disposed of, a gain or loss on disposal is determined by comparing the proceeds from disposal with the carrying amount of the item and is included in net income.

Depreciation of PP&E is recognized on a straight-line basis over the estimated useful life of each component of PP&E. The estimated useful lives for the current and comparative years are as follows:

Land and buildings	
Land	Indefinite
Buildings	10 to 60 years
Distribution and other assets	
Scan transponder	20 years
Transformer stations	20 to 40 years
Transformers and meters	6 to 50 years
Plant and equipment	3 to 20 years
Other	3 to 37.5 years

Depreciation methods and useful lives are reviewed at each financial year-end and any changes are adjusted prospectively.

(g) Intangible assets

Intangible assets include land rights, computer software, non-compete agreements, sub-metering contracts and capital contributions. Capital contributions relate to the contributions made to Hydro One for a transformer station that was built outside the City of Barrie.

Land rights held by the Group are effective in perpetuity and there is no foreseeable limit to the period over which the rights are expected to provide benefit to the Group. Land rights have therefore been assessed as having an indefinite useful life and are not amortized. Land rights are measured at cost.

Computer software, non-compete agreements, sub-metering contracts and capital contributions are measured at cost less accumulated amortization and impairment losses.

Computer software, non-compete agreements, sub-metering contracts and capital contributions are amortized on a straight-line basis over the estimated useful lives from the date that they are available for use. The estimated useful lives for the current and comparative periods are as follows:

Computer software	4 to 10 years
Sub-metering contracts and non-compete agreements	10 to 21 years
Capital contributions	17 years

3. Significant accounting policies (continued)

(g) Intangible assets (continued)

Amortization methods and useful lives are reviewed at each financial year-end and adjusted prospectively.

(h) Goodwill

Goodwill represents the excess of the purchase price over the fair value assigned to the Group's interest of the net identifiable assets acquired on the acquisition, by predecessor corporations, of the former Richmond Hill Hydro Inc., Penetanguishene Hydro, Essa Hydro, New Tecumseth Hydro and Bradford West Gwillimbury Hydro. It also represents the excess of the purchase price over the fair value assigned to the Group's interest of the net identifiable assets acquired on the acquisition of Smart Tec Commercial.

Goodwill is measured at cost and is not amortized. The Group's policy on goodwill arising on acquisition of an associate is described in note 3(n) below.

(i) Business acquisitions

Acquisitions of businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values of assets given, liabilities incurred or assumed and the equity instruments issued by the Corporation in exchange for control of the acquired business. Where the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, it is measured at fair value at the acquisition date.

(j) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite lives are tested annually for impairment and when circumstances indicate that the carrying value may be impaired. An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group has four CGU's, the rate regulated business, the Permitted Generation Business unit, the Residential sub-metering business unit and the Commercial sub-metering business unit. CGU's were determined as Management views the Group as having four distinct lines of business.

The recoverable amount of an asset or CGU is the greater of its value in use and fair value less costs of disposal. Value in use is calculated as the present value of the estimated future cash flows expected to be derived from an asset or CGU.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows that are largely independent of those from other assets or CGUs. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

Impairment losses are recognized in net income. Impairment losses relating to CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the CGUs and then to reduce the carrying amounts of the other assets in the CGUs on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

3. Significant accounting policies (continued)

(k) Employee benefits

The Group provides both short-term employee benefits and post-employment benefits. The post-employment benefits are provided through a defined benefit plan.

A defined benefit plan is a post-retirement benefit plan that specifies either the benefits to be received by an employee, or the method of determining those benefits.

(i) Short-term employee benefits

Short-term employee benefit obligations are recognized as the related services are rendered to the Group. Short-term employee benefit obligations are measured on an undiscounted basis and recognized as an expense unless the amount qualifies for capitalization as part of the cost of an item of inventory, PP&E or an intangible asset.

(ii) Multi-employer defined benefit plan

The Group provides a pension plan to its full-time employees through the Ontario Municipal Employees Retirement System ("the OMERS plan"). The OMERS plan is a multi-employer defined benefit plan which provides pensions for employees of Ontario municipalities, local boards, public utilities and school boards. The OMERS plan is financed by equal contributions from participating employers and employees, and by the investment earnings of the fund.

It is not practicable to determine the present value of the Group's obligation or the related current service cost under the OMERS plan as OMERS computes its obligations in accordance with an actuarial valuation in which all the benefit plans are co-mingled and therefore information for individual plans cannot be determined. As a result, the Group accounts for the OMERS plan as a defined contribution plan where contributions to the OMERS plan are recognized as an employee benefit expense in the periods during which services are rendered by employees.

(iii) Non-pension defined benefit plans

The Group provides certain health, dental and life insurance benefits under unfunded defined benefit plans to its eligible retired employees (the "defined benefit plans").

The Group's net obligation in respect of the defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The calculated benefit is discounted to determine its present value. The discount rate is the yield at the reporting date on corporate bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid. The calculation of the defined benefit obligation is performed by an independent qualified actuary using the projected unit credit method.

Remeasurement of the net defined benefit liability, which is comprised of actuarial gains and losses, is recognized immediately in the balance sheet with a charge or credit to other comprehensive income in the year in which they occur.

Past service costs arising from plan amendments is recognized immediately in net income at the earlier of the date the plan amendment occurs or when any related restructuring costs or termination benefits are recognized.

(l) Customer deposits

Customer deposits are collections from customers to guarantee the payment of energy bills. Deposits that are refundable to customers on demand are classified as a current liability. Interest is paid on customer deposits.

3. Significant accounting policies (continued)

(m) Leases

Leases in which the Group assumes substantially all of the risks and rewards of ownership are classified as finance leases. On initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Payments under finance leases are apportioned between interest expense and a reduction of the outstanding liability.

Other leases are operating leases and are not recognized in the Group's balance sheet. Payments made under operating leases are recognized as an expense on a straight-line basis over the term of the lease.

(n) Corporate income taxes and payment in lieu of corporate income taxes ("PILs")

Under the Electricity Act, 1998, PowerStream Inc. is required to make payments in lieu of corporate taxes to the Ontario Electricity Financial Corporation ("OEFC"). The payments in lieu of taxes are calculated on a basis as if the subsidiary was a taxable company under the Income Tax Act (Canada).

PowerStream Energy Services Inc. is required to make corporate tax payments to Canada Revenue Agency as it is a taxable company under the Income Tax Act (Canada).

Income tax expense comprises current and deferred tax and is recognized in net income except to the extent that it relates to items recognized directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized, using the liability method, on temporary differences arising between the carrying amount of balance sheet items and their corresponding tax basis, using the substantively enacted income tax rates for the years in which the differences are expected to reverse.

In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for deductible temporary differences, to the extent that it is probable that future taxable income will be available against which they can be utilized.

(o) Investments in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. The Group owns 50% of Collingwood PowerStream Utility Services Corp. ("Collus PowerStream"). This investment is accounted for using the equity method and is recognized initially at cost.

Any excess cost over the acquisition of the Group's share of the net fair value of the identifiable assets and liabilities of Collus PowerStream is recognized as goodwill and included in the carrying value of the investment.

If Collus PowerStream is in a loss position, then when the Group's share of losses in Collus PowerStream equals or exceeds its interest, the Group would discontinue recognizing its share of further losses.

The consolidated financial statements include the Group's share of the (loss) / income and other comprehensive (loss)/income of Collus PowerStream for the year ended December 31, 2015.

4. Future accounting changes

There are a number of new standards and amendments to standards effective for annual periods beginning after 1 January 2015 and earlier application is permitted; however, the Group has not early applied the following new or amended standards in preparing these financial statements:

- IFRS 9 *Financial Instruments* - replaces the existing guidance in IAS 39 *Financial Instruments: Recognition and Measurement*. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has not yet assessed the impact of this standard on the financial statements.
- IFRS 15 Revenue from Contracts with Customers – this standard establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 18 Transfer of Assets from Customers. IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018, with early adoption permitted. The Group has not yet assessed the impact of this standard on the financial statements

The following new or amended standards are not expected to have a significant impact on the Group's financial statements.

- IFRS 14, Regulatory deferral accounts
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11)
- Clarification of Acceptable Methods of Depreciation and Amortization (Amendments to IAS 16 and IAS 38)
- Equity method in Separate Financial Statements - Amendments to IAS 27
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)*
- Annual Improvements to IFRSs 2012–2014 Cycle – various standards
- Disclosure initiative - Amendments to IAS 1

5. Interests in subsidiaries

The principal activity of the Group through its wholly owned subsidiary PowerStream Inc., is distribution of electricity in the service areas of Alliston, Aurora, Barrie, Beeton, Bradford West Gwillimbury, Markham, Penetanguishene, Richmond Hill, Thornton, Tottenham and Vaughan in the Province of Ontario, under a license issued by the Ontario Energy Board ("OEB"). The Group is regulated under the OEB and adjustments to the distribution rates require OEB approval.

As a condition of its distribution license, the Group is required to meet specified Conservation and Demand Management ("CDM") targets for reductions in electricity consumption and peak electricity demand. As part of this initiative, the Group is delivering Ontario Power Authority ("OPA") funded programs in order to meet its targets.

Under the Green Energy and Green Economy Act, 2009, the Group and other Ontario electricity distributors have new opportunities and responsibilities for enabling renewable generation. The Group has commenced operations of a Permitted Generation Business unit, in 2010, as permitted by these changes.

PowerStream Energy Services Inc., a subsidiary of the Group, was incorporated on July 25, 2013, under the Business Corporations Act (Ontario) as a subsidiary of the Group.

PowerStream Energy Trust owns non-cumulative preference shares of PowerStream Energy Services Inc. These shares have been reclassified as part of financial liabilities as they have no voting rights attached to them, no participation upon liquidation, dissolution or winding down of subsidiary and are not entitled to receive dividends.

The principal activity of PowerStream Energy Services Inc. is unit sub-metering to condominium owners within the Province of Ontario. The OEB issued their trading license on October 10, 2013.

(In thousands of dollars)

5. Interests in subsidiaries (continued)

(a) Composition of the group

Set out below are the details of the subsidiaries held directly by the Group:

Name of the Subsidiary		Proportion of ownership interests held by the Group **2015**	2014
PowerStream Inc.	Distribution of electricity	**100%**	100%
PowerStream Energy Services Inc.	Retail unit sub-metering	**100%**	100%

There are no significant restrictions on the Group's ability to access or use the assets and settle the liabilities of the Group. There are no significant restrictions from the Group's borrowing arrangements, nor any significant commitments. There has been no change in the Group's ownership interest in its subsidiaries during the year.

6. Investment in a joint venture

The Group owns a 50% interest in Collus PowerStream, a joint venture of which the Group has joint control. The cost of the investment includes transaction costs and the share of Collus PowerStream's income/(loss) and other comprehensive income/(loss) since the acquisition. Collus PowerStream is involved in the distribution of electricity in Collingwood, Thornbury, Stayner and Creemore, as well as the provision of other utility services in the service area of Clearview and the Town of The Blue Mountains in the Province of Ontario. Collus PowerStream's principal place of business is the Town of Collingwood.

The following judgments were used in determining that the investment was a joint venture:

- Joint control was established by assessing that both the Group and the City of Collingwood have unanimous consent over relevant activities within Collus. This was done through the agreements that were signed.
- This classification of the investment in Collus PowerStream as a joint venture was determined through analysis of the rights and obligations of the investment, specifically the legal structure.

Summarized financial information for Collus PowerStream follows. There were no significant restrictions from borrowing arrangements or any commitments incurred on behalf of Collus PowerStream in relation to the Group.

	2015	2014
	$	$
Total assets	**30,789**	27,709
Total liabilities	**21,722**	20,876
Net revenue	**9,368**	7,452
Total income and other comprehensive income	**1,674**	925
Share of income and other comprehensive income	**837**	463

(In thousands of dollars)

7. Inventories

During fiscal 2015, an amount of $196 (2014 - $59) was recorded as an expense for the write-down to net realizable value of obsolete or damaged inventory.

8. Property, plant and equipment

	Land and buildings	Distribution and other assets	Construction work-in-progress	Total
	$	$	$	$
Cost				
Balance at January 1, 2014	66,263	893,399	53,110	1,012,772
Additions and transfers, net	6,202	136,522	27,085	169,809
Disposals	(19)	(4,219)	-	(4,238)
Balance at December 31, 2014	72,446	1,025,702	80,195	1,178,343
Additions and transfers, net	5,694	171,783	-	177,477
Additions from acquisition	-	1,021	-	1,021
Disposals / transfers	(9)	(2,114)	(40,720)	(42,843)
Balance at December 31, 2015	**78,131**	**1,196,392**	**39,475**	**1,313,998**
Accumulated depreciation				
Balance at January 1, 2014	3,382	98,598	-	101,980
Depreciation expense	1,190	40,154	-	41,344
Disposals	-	(479)	-	(479)
Balance at December 31, 2014	4,572	138,273	-	142,845
Depreciation expense	1,263	45,149	-	46,412
Disposals	-	(430)	-	(430)
Balance at December 31, 2015	**5,835**	**182,992**	**-**	**188,827**
Carrying amounts				
At December 31, 2014	67,874	887,429	80,195	1,035,498
At December 31, 2015	**72,296**	**1,013,400**	**39,475**	**1,125,171**

Included in PP&E costs is $18,833 (2014 - $16,910) of capitalized expenses and $671 (2014 - $654) of interest capitalized during the year. Interest costs have been capitalized at a rate of 3.75% (2014 – 5.81%) for rate-regulated business, at a rate of 1.68% (2014 - 1.82%) for Permitted Generation Business and at a rate of 90-days bankers' acceptance rate plus 160 basis points (2014 – unaudited – 90 days bankers' acceptance rate plus 160 basis points) for the energy services business.

The Group leases its operations centre under a finance lease agreement. The leased operations centre is secured as collateral against the lease obligation. At December 31, 2015, the net carrying amount of the operations centre was $13,894 (2014 - $14,624).

(In thousands of dollars)

9. Intangible assets and goodwill

(a) Intangible assets

	Land rights	Other intangibles	Work-in-progress	Capital contributions	Total
	$	$	$	$	$
Cost					
Balance at January 1, 2014	827	15,307	15,686	4,972	36,792
Additions	46	2,939	15,577	-	18,562
Balance at December 31, 2014	873	18,246	31,263	4,972	55,354
Additions	26	46,957	-	-	46,983
Additions through acquisition		3,679	-	-	3,679
Transfers	-	-	(31,263)	-	(31,263)
Balance at December 31, 2015	**899**	**68,882**	**-**	**4,972**	**74,753**
Accumulated amortization					
Balance at January 1, 2014	-	7,353	-	606	7,959
Amortization expense	-	3,068	-	289	3,357
Balance at December 31, 2014	-	10,421	-	895	11,316
Amortization expense	-	5,053	-	288	5,341
Balance at December 31, 2015	**-**	**15,474**	**-**	**1,183**	**16,657**
Carrying amounts					
At December 31, 2014	873	7,825	31,263	4,077	44,038
At December 31, 2015	**899**	**53,408**	**-**	**3,789**	**58,096**

Included in intangible assets is $755 (2014 - $797) of interest capitalized during the year.

(b) Impairment testing of goodwill and indefinite life intangible assets

For the purpose of impairment testing, goodwill with a carrying amount of $42,543 (2014 - $42,543) and land rights with a carrying amount of $899 (2014 - $873) are allocated to the Corporation's rate regulated CGU.

In addition, goodwill with a carrying amount of $62 (2014 - Nil) was purchased at part of the acquisition from Smart Tec Energy Inc. during 2015 and allocated to the Commercial sub-metering CGU.

The Corporation tested goodwill and land rights for impairment as at December 31, 2015, in accordance with its policy described in Note 3.

The total recoverable amounts of $1,112,890, being $1,008,700, $99,358, and $4,832 for the rate regulated, Permitted Generation Business, and Commercial sub-metering unit CGUs respectively, were determined based on its value in use.

The Corporation has used discounted cash flow analysis to determine value-in-use. The value in use was determined in a similar manner at December 31, 2015, and December 31, 2014.

(In thousands of dollars)

9. Intangible assets and goodwill (continued)

(b) Impairment testing of goodwill and indefinite life intangible assets (continued)

The calculation of value in use for the rate regulated CGU was based on the following key assumptions:

- Cash flows were projected based on past experience and actual operating results using a 5 year forecast with growth rates of 2.50% (2014 - 2.50%) built into the forecast. Growth rates were determined using the Bank of Canada inflation forecast.
- A pre-tax discount rate of 5.9% (2014 - 5.66%) and terminal value was used to discount the cash flows; this is derived from the Weighted Average Cost of Capital calculation. A discount rate increase of 1% would result in the carrying amount of the regulated CGU exceeding the recoverable amount by $262.

The calculation of value in use for the Permitted Generation Business unit CGU was based on the following key assumptions:

- Cash flows were projected based on past experience and actual operating results using a 5 year forecast with declining rates of 0.9% (2014 - 2.5%) built into the forecast. Declining rates were determined by the declining efficiency of solar assets due to aging.
- A pre-tax discount rate of 6.71% (2014 - 5.50%) and terminal value was used to discount the cash flows; this is derived from the cost of borrowing on solar debentures.
- A discount rate increase of 7.0% would result in the carrying amount of the Permitted Generation Business unit CGU exceeding the recoverable amount by $115.

The calculation of value in use for the Commercial sub-metering CGU was based on the following key assumptions:

- Cash flows were projected based on past experience and actual operating results using a 5 year forecast.
- A pre-tax discount rate of 7.8% (2014 – nil) and terminal value was used to discount the cash flows; this is derived from the Weighted Average Cost of Capital calculation. A discount rate increase of 1% would result in the carrying amount of the regulated CGU exceeding the recoverable amount by $132.

Guidance in IAS 36 Impairment of Assets Appendix A, was applied in determining the Weighted Average Cost of Capital ("WACC") which is not asset specific.

10. Accounts payable and accrued liabilities

	2015	2014
	$	$
Accounts payable - energy purchases	**84,149**	82,881
Debt retirement charge payable - OEFC	**4,526**	4,600
Payroll payable	**5,816**	6,165
Interest payable	**3,836**	3,844
Commodity taxes payable	**934**	(44)
Customer receivables in credit balances	**5,360**	4,279
Other accounts payable and accrued liabilities	**45,376**	34,586
	149,997	136,311

(In thousands of dollars)

11. Related party balances and transactions

(a) Balances and transactions with jointly controlling shareholders

The amount due to/(from) related parties is comprised of amounts payable to/(receivable from) the City of Vaughan, the City of Markham and the City of Barrie and their wholly-owned subsidiaries.

Components of the amounts due to / (from) related parties are as follows:

	2015	2014
	$	$
Due from:		
City of Vaughan	**988**	778
City of Markham	**1,366**	1,083
City of Barrie	**1,004**	1,032
	3,358	2,893
Due to:		
City of Vaughan	**(9,865)**	(8,266)
City of Markham	**(8,926)**	(8,381)
City of Barrie	**(282)**	(282)
	(19,073)	(16,929)

Significant related party transactions with the jointly controlling shareholders not otherwise disclosed separately in the consolidated financial statements, are summarized below:

	2015			2014		
	City of Vaughan	**City of Markham**	**City of Barrie**	City of Vaughan	City of Markham	City of Barrie
	$	**$**	**$**	$	$	$
Revenue						
Energy and distribution	**6,800**	**6,820**	**7,368**	6,233	6,189	7,256
Shared services	**1,779**	**1,687**	**-**	1,727	2,029	-
Total revenue	**8,579**	**8,507**	**7,368**	7,960	8,218	7,256
Expenses						
Realty taxes	**615**	**548**	**269**	640	502	268
Facilities rental and other	**23**	**69**	**52**	5	66	42
Total	**7,941**	**7,890**	**7,047**	7,315	7,650	6,946

These transactions are in the normal course of operations and are recorded at the exchange amount. The Group has certain operating leases with the City of Vaughan, City of Markham and City of Barrie to lease rooftops on a number of buildings for which feed-in tariff contracts have been obtained. The current year lease expense has been included in the 'Facilities rental and other' line on the table above, and the future operating lease commitments have been disclosed in Note17(b).

(b) Inter-company transactions

The Corporation has a service level agreement with Collus PowerStream, where the Corporation provides a number of back office service functions to Collus PowerStream. The amount charged of $12 (2014 - $12) is based on the percentage of time spent for these services.

(In thousands of dollars)

11. Related party balances and transactions (continued)

(c) Key management personnel compensation

Key management personnel are comprised of the Group's senior management team. The compensation paid or payable to key management personnel is as follows:

	2015	2014
	$	$
Short-term employment benefits and salaries	**8,673**	8,225
Post-employment benefits	**1,064**	1,006
	9,737	9,231

12. Short-term debt

(a) Credit facilities

On December 17, 2008, the Corporation executed an unsecured credit facility with a Canadian chartered bank. The credit facility is renewable annually. The credit facility agreement provides an extendible 364-day committed revolving credit facility of $75,000, an uncommitted demand facility of $50,000, and uncommitted Letter of Guarantee facilities of $20,000. As of December 31, 2015, the Corporation utilized $Nil (2014 - $ Nil) of the 364-day committed revolving credit facilities and $15,000 (2014 – Nil) of the uncommitted demand facility.

In addition to the above, the Corporation entered into a second unsecured credit facility agreement with a Canadian chartered bank that provided for a committed line of credit of up to $150,000. This committed facility matures on February 12, 2017. As of December 31, 2015, the Corporation utilized $35,000 (2014 - $25,000) of this facility.

As at December 31, 2015, the Corporation had utilized $14,999 (2014 - $14,999) of the uncommitted Letter of Guarantee facility for a letter of credit that was provided to the IESO to mitigate the risk of default on energy payments. With the opening of Ontario's electricity market to wholesale and retail competition on May 1, 2002 ("Open Access"), the IESO requires all purchasers of electricity in Ontario to provide security to mitigate the risk of their default based on their expected purchases from the IESO administered spot market. The IESO could draw on the letter of credit if the Corporation defaults on its payment. Further, as at December 31, 2015, an additional $359 (2014 - $364) of the uncommitted Letter of Guarantee facility was utilized as security for operating projects.

The 364-day committed revolving credit facility can be drawn upon by direct advances, bearing interest at the lower of prime plus 0% or Bankers' Acceptance of a stamping fee plus 95 basis points (0.95% per annum). The uncommitted demand facility bears an interest rate at the lower of prime minus 0.30% or Bankers' Acceptance stamping fee plus 68 basis points (0.68% per annum). The Letter of Guarantee facility bears a charge of 50 basis points (0.50%) per annum.

The second committed credit facility bears an interest rate at Bankers' Acceptance stamping fee plus 70 basis points (0.70% per annum), with commitment fee of 10.5 basis points applied to the unutilized balance.

The amount of short-term debt drawn on the available credit facilities consists of:

	2015	2014
	$	$
Uncommitted credit facility	**15,000**	-
Committed credit facility	**35,000**	25,000
	50,000	25,000

(In thousands of dollars)

12. Short-term debt (continued)

(b) Ontario Infrastructure and Lands Corporation ("Infrastructure Ontario") financing

On October 15, 2010 the Corporation secured financing with Infrastructure Ontario for its Permitted Generation Business unit. The funding is available for up to 5 years from the date that the agreement was signed, with an extension to March 31, 2016.

As at December 31, 2015, the Corporation has utilized $75,348 (2014 - $68,015) of the $90,000 financing facility, of which $3,995 (2014 - $4,293) has been transferred to a long-term debenture and $657 in principal repayments have been made to date. Principal repayments of $177 will be paid for 12 months following December 31, 2015 and therefore are classified as current liabilities. Each advance bears interest at a floating rate per annum as determined by Infrastructure Ontario. The advance interest rate at December 31, 2015 was 1.60% (2014 - 1.86%) and interest expense for the year was $1,015 (2014 $654).

A note in the amount of $979 bears interest at a rate of 4.09% per annum, payable on May 15 and November 15 each year, and matures on November 17, 2031.

A note in the amount of $964 bears interest at a rate of 3.54% per annum, payable on February 15 and August 15 each year, and matures on August 1, 2032.

A note in the amount of $2,709 bears interest at a rate of 3.85% per annum, payable on March 1 and September 1 each year, and matures on March 1, 2033.

The Corporation will pay Infrastructure Ontario a stand-by fee calculated at a rate of 25 basis points (0.25%) on the advanced balance of the committed amount should the Corporation fail to draw any funds pursuant to the agreement from Infrastructure Ontario during any period of 12 consecutive months commencing initially from October 15, 2010, and subsequently from the date of the draw of any such funds until the earlier of the facility termination date March 31, 2016, or the full advance of the committed amount. Infrastructure Ontario financing is secured by the assets of the Permitted Generation Business unit. The financial covenants require a debt service coverage ratio of 1:1 or higher, a debt to capital ratio of 70% or lower, and a current ratio of 1:1 or higher.

This financing is presented as a current liability as a waiver related to non-compliance with the current ratio of 1:1 or higher and the debt service coverage covenants was not received.

13. Long-term debt

(a) Debentures payable

	2015	2014
	$	$
3.958% unsecured Series A debentures due July 30, 2042, interest payable in arrears semi-annually on January 30 and July 30	**198,291**	198,256
3.239% unsecured Series B debentures due November 21, 2024, interest payable in arrears semi-annually on May 21 and November 21	**149,117**	149,032
	347,408	347,288

The debentures rank pari passu with all of the Corporation's other senior unsubordinated and unsecured obligations.

Interest expense on these debentures payable was $12,767 (2014 - $8,476).

(In thousands of dollars)

13. Long-term debt (continued)

(a) Debentures payable (continued)

The debentures are subject to a financial covenant. This covenant requires that neither the Corporation nor any designated subsidiary may incur any funded obligation (other than non-recourse debt, capital lease obligations, intercompany indebtedness and purchase money obligations) unless the aggregate principal amount of the consolidated funded obligations does not exceed 75% of the total consolidated capitalization. As at December 31, 2015, the Corporation is in compliance with this covenant.

(b) Notes payable

	2015	2014
	$	$
Promissory note issued to the City of Vaughan	**78,236**	78,236
Deferred interest on promissory note issued to the City of Vaughan	**8,743**	8,743
Promissory note issued to the City of Markham	**67,866**	67,866
Deferred interest on promissory note issued to the City of Markham	**7,585**	7,585
Promissory note issued to the City of Barrie	**-**	20,000
Total long term notes payable	**162,430**	182,430
Less current portion:		
Promissory note issued to the City of Barrie	**20,000**	-
Total short tem notes payable	**20,000**	**-**
Total notes payable	**182,430**	182,430

Interest expense on these notes payable was $9,927 (2014 - $9,927).

On June 1, 2004, an unsecured 20 year term promissory note was issued to the City of Vaughan in the amount of $78,236. Interest thereon commenced on June 1, 2004, at an annual rate of 5.58%.

On June 1, 2004, an unsecured 20 year term promissory note was issued to the City of Markham in the amount of $67,866. Interest thereon commenced on June 1, 2004, at an annual rate of 5.58%.

On December 31, 2008, an unsecured 16 year term promissory note was issued to the City of Barrie in the amount of $20,000. Interest thereon commenced on January 1, 2009, is at an annual rate of 5.58%.

The three promissory notes are repayable 90 days following demand by the City of Vaughan, the City of Markham, and the City of Barrie, with subordination and conditions. The City of Vaughan and City of Markham notes have been classified as long-term as they will not demand repayment before January 1, 2017. The City of Barrie promissory notes have been classified as short term as there is a potential that the City of Barrie will call the promissory note during 2016.

At the request of the City of Vaughan and the City of Markham, eight quarters of interest were deferred commencing October 1, 2006, and initially payable October 31, 2013. In 2013, it was agreed that this deferred interest will be repayable in full on October 31, 2018, and is subject to 4.03% interest rate.

(In thousands of dollars)

14. Post-employment benefits obligation

(a) Multi-employer defined benefit plan

During fiscal 2015, the expense recognized in conjunction with the OMERS plan, which is equal to contributions due for the year was $6,216 (2014 - $5,782). At December 31, 2015, $1,176 (2014 - $853) of contributions were payable to the OMERS plan and were included in accounts payable and accrued liabilities on the balance sheet.

As at December 31, 2014, OMERS had approximately 450,000 members, of whom approximately 550 are current employees of the Corporation. The accrued benefit obligation of the OMERS plan as shown in OMERS financial statements as at December 31, 2014 (the latest financial statements available as at the reporting date), is $76,924 million, with a funding deficit of $7,078 million. The funding deficit will result in future payments by the participating employers.

The Group shares in the actuarial risks of the other participating entities in the OMERS plan and its future contributions may therefore be increased due to actuarial losses relating to the other participating entities. In addition, the withdrawal of other participating entities from the OMERS plan may also result in an increase to the Group's future contribution requirements.

(b) Non-pension defined benefit plans

A reconciliation of the obligation for the defined benefit plans is as follows:

	2015	2014
	$	$
Defined benefit obligation, beginning of the year	**17,362**	19,317
Amounts recognized in net income:		
Current service cost	**1,004**	915
Interest expense	**687**	909
	1,691	1,824
Amounts recognized in other comprehensive income:		
Actuarial (gains)/losses arising from changes in demographic assumptions	**-**	(1,364)
Actuarial (gains)/losses arising from changes in financial assumptions	**(360)**	(2,116)
	(360)	(3,480)
Payments from the plan	**(382)**	(299)
Defined benefit obligation, end of the year	**18,311**	17,362

The obligation for the defined benefit plans is presented in the balance sheet as post-employment benefits.

The significant actuarial assumptions used to determine the present value of the obligation for the defined benefit plans are as follows:

	2015	2014
	%	%
Discount rate	**4.00**	4.00
Rate of compensation increase	**3.50**	3.50
Medical benefits costs escalation	**6.66**	4.60 - 7. 00
Dental benefits costs escalation	**4.60**	4.60

(In thousands of dollars)

15. Share capital

The Group’s authorized share capital is made up of an unlimited number of common shares, and an unlimited number of Class A non-voting common shares, all of which are without nominal or par value.

The share capital issued during the period is as follows:

	Common shares		Class A common shares		Total
	Shares issued	$	Shares issued	$	$
Balance at January 1, 2014	100,000	247,183	69,223	41,535	288,718
Issued for cash	12,945	32,000	30,776	18,465	50,465
Balance at December 31, 2014	112,945	279,183	99,999	60,000	339,183
Issued for cash	6,068	15,000	-	-	15,000
Balance at December 31, 2015	**119,013**	**294,183**	**99,999**	**60,000**	**354,183**

Of the total 119,013 common shares issued by PowerStream Holdings Inc., 53,931 common shares are registered under Vaughan Holdings Inc., 40,684 common shares are registered under Markham Enterprises Corporation and 24,398 common shares are registered under Barrie Hydro Holdings Inc.

Of the total 99,999 (2014 - 99,999) Class A common shares issued by PowerStream Holdings Inc.; 45,314 (2014 - 45,314) Class A common shares are registered under Vaughan Holdings Inc., 34,184 (2014 - 34,184) Class A common shares are registered under Markham Enterprises Corporation and 20,501 (2014 - 20,501) Class A common shares are registered under Barrie Hydro Holdings Inc.

Dividends

The Group has established a dividend policy to pay a minimum of 50% of Modified IFRS (“MIFRS”, framework used for reporting to the OEB) net income to PowerStream Holdings Inc., excluding the Permitted Generation Business unit income, with consideration given to the following:

- Cash position at the beginning of the current year;
- Working capital requirements for the current year; and
- Net capital expenditures required for the current year.

The Group paid a dividend of $157.58 per share (2014 - $165.75) on the common shares during the year, amounting to a total dividend of $17,108 (2014 - $16,575). There is no tax effect as the dividends are paid out on an after tax basis.

15. Share capital (continued)

Dividends (continued)

The Group has also established a dividend policy for its Permitted Generation Business unit to distribute a dividend on the Class A common shares to PowerStream Holdings Inc., determined as follows:

- The Group will target an IRR of 10.5% on the Permitted Generation Business Unit. As each project is completed by the Permitted Generation Business Unit, the Group expects to make distributions calculated with reference to the Class A common shares equity injections made by the Shareholders from time to time, provided that the amount of each dividend will be at the discretion of the Board of Directors ("Board") and may be greater or lesser than the below having regard to the financial and operating results of the Group as a whole;
  - For purposes of the dividend declaration that follows receipt of the unaudited IFRS financial statements for the Permitted Generation Business unit at mid-year, such amounts shall be the greater of:
    - The amounts reported in the most recent unaudited year-end IFRS financial statements for the Permitted Generation Business unit, or
    - The sum of fifty percent (50%) of the amounts reported in the most recent unaudited year-end IFRS financial statements for the Permitted Generation Business unit plus 100% of the amounts reported in the most recent unaudited mid-year IFRS financial statements for the Permitted Generation Business unit (i.e. for a six-month period).
- In the post-construction period or earlier as determined by the Board, the net free cash flow will be paid to the holders of the Class A common shares subject to the criteria listed below:
  - Dividends will be declared by the Group's Board of Directors after due consideration is given to the following:
    - All financial covenants on any debt issued by the Group.
    - Qualifications to meet external bond rating criteria and ensure no adverse impact on the current credit rating of the Group. The Group will advise the Shareholders of its credit rating from time to time (and at least on an annual basis).
    - Cash flow requirements of the Permitted Generation Business Unit of the Group to meet working capital requirements and short-term (2 year) plans of capital expenditures.
    - The maintenance of the planned 60/40 debt to equity ratio.

In 2015, the Group paid a dividend of $110.08 per share (2014 - $88.97) on the Class A common shares during the year, amounting to a total dividend of $ 11,008 (2014 - $6,159). There is no tax effect as the dividends are paid out on an after tax basis.

16. Insurance

The Group maintains appropriate types and levels of insurance with major insurers. With respect to liability insurance, the Group is a member of the Municipal Electricity Association Reciprocal Insurance Exchange ("MEARIE"). A reciprocal insurance exchange may be defined as a group of persons formed for the purpose of exchanging reciprocal contracts of indemnity or inter-insurance with each other. MEARIE is licensed to provide general liability insurance to its members.

Insurance premiums charged to each member consist of a levy per thousands of dollars of service revenue subject to a credit or surcharge based on each member's claims experience. The maximum coverage is $24,000 for liability insurance, $499,217 for property insurance, $15,000 for vehicle insurance, and $4,500 for credit insurance; plus $10,000 excess coverage on top of the regular liability and vehicle coverage.

(In thousands of dollars)

17. Leases

(a) *Finance leases*

The Group leases its operations centre under a 25 year lease agreement. The lease agreement includes both land and building elements. Upon entering into this lease arrangement, the Group classified the building element of the lease as a finance lease since it was determined that substantially all of the benefits and risks incidental to ownership of the operation centre were transferred to the Group (the lessee). The component of the annual basic rent related to the land is classified and recorded as an operating lease and the component related to the building is classified as a finance lease.

			2015
	Future minimum lease payments (including interest)	**Interest**	**Present value of minimum lease payments**
	$	**$**	**$**
Less than one year	**1,430**	**1,070**	**360**
Between one and five years	**7,363**	**4,938**	**2,425**
More than five years	**20,492**	**6,822**	**13,670**
	29,285	**12,830**	**16,455**

			2014
	Future minimum lease payments (including interest)	Interest	Present value of minimum lease payments
	$	$	$
Less than one year	1,430	1,093	337
Between one and five years	7,257	5,088	2,168
More than five years	22,029	7,743	14,287
	30,716	13,924	16,792

Interest on the lease obligation during fiscal 2015 amounted to $1,093 (2014 - $1,115) based on the rate of 6.57% per annum (2014 - 6.57%). Amortization of the corresponding PP&E during fiscal 2015 amounted to $731 (2014 - $731) based on the straight-line method with a useful life equal to the term of the lease (25 years). The Corporation has the option to purchase within twelve months before the expiry of the original lease in 2034, or an option of three five year lease extensions.

(In thousands of dollars)

17. Leases (continued)

(b) Operating leases

The Group is also committed to lease agreements for various vehicles, equipment, rooftops and the land portion of the finance lease for solar projects that have been classified as operating leases. The leases typically run for a period of 5 to 20 years.

The future, minimum non-cancellable annual lease payments (including the land portion of the operating centre lease referred to in (a) above) are as follows:

	2015	2014
	$	$
Less than one year	**3,133**	3,141
Between one and five years	**15,558**	15,548
More than five years	**31,219**	34,363
	49,910	53,052

During the year ended December 31, 2015, an expense of $3,138 (2014 - $3,126) was recognized in net income in respect of operating leases.

18. Financial instruments and risk management

(a) Fair value of financial instruments

The Group's accounting policies relating to the recognition and measurement of financial instruments are disclosed in Note 3(d).

The carrying amount of cash, accounts receivable, unbilled revenue, amounts due from related parties, bank indebtedness, liability for subdivision development, short-term debt, short- term Infrastructure Ontario financing, customer deposits, accounts payable and accrued liabilities and amounts due to related parties approximates fair value because of the short maturity of these instruments. The carrying value and fair value of the Group's other financial instruments are as follows:

		2015		2014
Description	**Carrying value**	**Fair value**	Carrying value	Fair value
	$	**$**	$	$
Liabilities				
Notes payable	**182,430**	**217,108**	182,430	219,338
Debentures payable	**347,408**	**348,647**	347,288	353,756
	529,838	**565,755**	529,718	573,094

The carrying amounts shown in the table are included in the balance sheet under the indicated captions. In addition, the fair value of the $3,995 (2014 - $4,293) Infrastructure Ontario debentures, which have been reclassified as a current liability (see Note 12), is $4,075 (2014 - $4,324) as at December 31, 2015.

(In thousands of dollars)

18. Financial instruments and risk management (continued)

(a) Fair value of financial instruments (continued)

Financial instruments which are disclosed at fair value are to be classified using a three - level hierarchy. Each level reflects the inputs used to measure the fair values disclosed of the financial liabilities, and are as follows:

- Level 1: inputs are unadjusted quoted prices of identical instruments in active markets,
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3: inputs for the liabilities that are not based on observable market data (unobservable inputs).

The Group’s fair value hierarchy is classified as Level 2 for notes and debentures payable. The classification for disclosure purposes has been determined in accordance with generally accepted pricing models, based on discounted cash flow analysis, with the most significant inputs being the contractual terms of the instrument discounted, and the market discount rates that reflects the credit risk of counterparties.

(b) Risk factors

The Group understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Group’s exposure to a variety of risks such as credit risk, interest rate risk and liquidity risk as well as related mitigation strategies have been discussed below. However, the risks described below are not exhaustive of all the risks nor will the mitigation strategies eliminate the Group’s exposure to all risks listed.

(c) Credit risk

The Group’s primary source of credit risk to its accounts receivable result from customers failing to discharge their dues for electricity consumed and billed.

The Corporation has approximately 375,010 (2014 - 370,005) residential and commercial customers. In order to mitigate such potential credit risks, the Corporation has taken various measures in respect of its Energy customers such as collecting security deposits amounting to $17,742 (2014 - $16,158) in accordance with OEB guidelines, reviewing Dun & Bradstreet (“D&B”) reports for the top 3000 commercial customers with an outstanding balance of $5 or more, in-house collection department as well as external collection agencies and a bad debt insurance policy for $4,500 (2014 - $4,500) related to energy receivables. Thus, the Corporation monitors and limits its exposure to such credit risks on an ongoing basis.

Pursuant to their respective terms, accounts receivable are aged as follows at December 31:

	2015		2014	
	Total		Total	
	$	**%**	$	%
Less than 30 days	**79,973**	**72**	78,893	80
30 - 60 days	**15,801**	**14**	12,936	13
61 - 90 days	**5,419**	**5**	3,504	4
Greater than 91 days	**9,833**	**9**	3,268	3
Total outstanding	**111,026**	**100**	98,601	100
Less: allowance for doubtful accounts	**(3,859)**	**(3)**	(1,642)	(2)
	107,167	**97**	96,959	98

(In thousands of dollars)

18. Financial instruments and risk management (continued)

(c) Credit risk (continued)

As at December 31, 2015, there was no significant concentration of credit risk with respect to any financial assets.

(d) Interest rate risk

The Group manages its exposure to interest rate risk by issuing long term fixed rate debt in the form of debentures, promissory notes and bank loans. It also ensures that all payment obligations are met by adopting proper capital planning.

As part of the Group’s revolving demand operating credit facility, the Group may utilize the line of credit for working capital and/or capital expenditure purposes. Such short-term borrowing may expose the Group to short-term interest rate fluctuations as follows:

	2015	2014
364 day revolving facility		
Prime based loans	**PR*+0.0% p.a.**	PR*+0.0% p.a.
Bankers Acceptances	**SF*+0.95% p.a.**	SF*+0.95% p.a.
Demand facility		
Prime based loans	**PR*–0.30% p.a.**	PR*–0.30% p.a.
Bankers acceptances	**SF*+0.68% p.a.**	SF*+0.68% p.a.
Bankers acceptances (Secondary)	**SF*+0.70% p.a.**	SF*+0.70% p.a.
Letter of guarantee facility	**0.50% p.a.**	0.50% p.a.
Infrastructure Ontario financing	**Floating rate p.a.**	Floating rate p.a.

Note: PR - Prime Rate, SF* - Stamping Fee*

A sensitivity analysis was conducted to examine the impact of a change in the prime rate or stamping fee on the short-term debt. A variation of 1% (100 basis points), with all other variables held constant, would increase or decrease the annual interest expense by approximately $455.

Cash balances that are not required for day to day obligations earn an interest of Prime minus 1.7% per annum. Fluctuations in this interest rate could impact the level of interest income earned by the Group.

(In thousands of dollars)

18. Financial instruments and risk management (continued)

(e) Liquidity risk

Liquidity risks are those risks associated with the Group's inability to meet obligations associated with financial liabilities such as repayment of principal or interest payments on debts.

The Group monitors its liquidity risks on a regular basis to ensure there is sufficient cash flow to meet the obligations as they fall due, as well as minimize the interest expense. Cash flow forecasts are prepared to monitor liquidity risks. Liquidity risks associated with financial liabilities are as follows:

			2015			2014
Maturity period	**Principal ***	**Interest**	**Total**	Principal *	Interest	Total
	$	**$**	**$**	$	$	$
Less than 1 year	**331,574**	**23,563**	**355,137**	256,396	24,533	280,929
1-5 years	**17,287**	**111,623**	**128,910**	17,283	112,299	129,582
6-10 years	**295,220**	**76,090**	**371,310**	316,291	90,242	406,533
Over 10 years	**198,291**	**122,540**	**320,831**	200,315	130,442	330,757
	842,372	**333,816**	**1,176,188**	790,285	357,516	1,147,801

* The principal includes $2,592 (2014 - $2,712) of unamortized deferred issuing cost.

(f) Hedging/derivative risk

The Group has a swap and derivative transaction policy to enable the Group to enter into agreements such as interest rate swaps where 100% of the floating rate risk is hedged into a fixed rate. This is done for prudent risk management purposes and not speculative purposes.

The Group has not entered into any such transactions during the year current or prior years.

19. Capital structure

The Group's main objectives in the management of capital are to:

(i) Ensure that there is access to various funding options at the lowest possible rates for the various capital initiatives and working capital requirements necessary for the rate-regulated business;

(ii) Ensure compliance with various covenants related to its short-term debt, Infrastructure Ontario financing, bank term loan, debentures payable and Infrastructure Ontario debentures;

(iii) Consistently maintain a high credit rating for the Group;

(iv) Maintain a split of approximately 60% debt, 40% equity as recommended by the OEB;

(v) Ensure interest rate fluctuations are mitigated primarily by long term borrowings as well as capital planning; and

(vi) Deliver appropriate financial returns to shareholders.

(In thousands of dollars)

19. Capital structure (continued)

The Group considers shareholders' equity, long-term debt and certain short-term debt as its capital. The capital structure as at December 31, is as follows:

	2015	2014
	$	$
Short-term debt		
Short-term debt (Note 12)	50,000	25,000
Infrastructure Ontario financing (Note 12)	74,691	67,656
Notes payable (Note 13)	20,000	-
Long-term debt		
Debentures payable (Note 13)	347,408	347,288
Notes payable (Note 13)	162,430	182,430
Total debt	654,529	622,374
Shareholders' equity		
Share capital (Note 15)	354,183	339,183
Accumulated other comprehensive income	2,083	1,819
Retained earnings	108,903	112,816
Total equity	465,169	453,818
Total	1,119,698	1,076,192

As at December 31, 2015, the Group was in compliance with covenants related to its short-term debt, bank term loan and debentures payable. The Group is in a temporary breach of a covenant related to Infrastructure Ontario financing and expects to receive a waiver following the reporting date. Details relating to covenants are disclosed in Note 12 and Note 13.

The Group is within the debt and equity requirements of the OEB. The Group's dividend policy is disclosed in Note 15.

20. Operating expenses

Operating expenses comprise:

	2015	2014
	$	$
Labour	49,815	50,359
Contract/consulting	18,460	16,696
Materials	1,896	1,660
Vehicle	1,399	1,579
Other	31,828	22,183
Total	103,398	92,477

(In thousands of dollars)

21. Income taxes

(a) Income tax expense

PILs recognized in net income comprise the following:

	2015	2014
	$	$
Current tax recovery	**(3,526)**	(7,501)
Deferred tax expense	**6,331**	6,969
Income tax expense (recovery)	**2,805**	(532)

(b) Reconciliation of effective tax rate

The PILs income tax expense differs from the amount that would have been recorded using the combined Canadian federal and provincial statutory income tax rates. The reconciliation between the statutory and effective tax rates is as follows:

	2015	2014
	$	$
Income before taxes	**27,008**	12,022
Statutory Canadian federal and provincial income tax rates	**26.50%**	26.50%
Expected tax provision on income at statutory rates	**7,157**	3,186
Increase (decrease) in income taxes resulting from:		
Permanent differences	**68**	(5)
Adjustments in respect of prior years	**(70)**	(1,929)
Scientific Research & Experimental Development tax credit	**(1,122)**	(1,374)
Burden filing reserve reversal	**(2,800)**	-
Other	**(428)**	(410)
Income tax expense (recovery)	**2,805**	(532)

Statutory Canadian federal and provincial income tax rates for the current year comprise 15% (2014 - 15%) for federal corporate tax and a rate of 11.5% (2014 - 11.5%) for corporate tax in Ontario. There was no change in the federal and provincial corporate tax rates in 2015.

(In thousands of dollars)

21. Income taxes (continued)

(c) Deferred tax balances

Deferred tax assets/(liabilities) are attributable to the following:

	2015	2014
	$	$
Employee future benefits	**4,852**	4,601
Property, plant and equipment	**279**	3,102
Intangible assets	**965**	1,098
Non-capital loss	**6,204**	1,877
Tax credit carry-overs	**765**	2,482
Other deductible temporary differences	**(4,909)**	1,485
	8,156	14,645

Management has a plan in place to utilize the above losses and draw down this asset.

Movement in deferred tax balances during the year were as follows:

	2015	2014
	$	$
Balance at January 1	**14,645**	22,537
Recognized in net income	**(6,331)**	(6,970)
Business acquisition	**(62)**	-
Recognized in OCI related to employee future benefits	**(96)**	(922)
Balance at December 31	**8,156**	14,645

22. Net change in non-cash operating working capital

	2015	2014
	$	$
Accounts receivable	**(10,157)**	(6,330)
Unbilled revenue	**17,975**	2,681
Due from related parties	**(465)**	(360)
Inventories	**(141)**	(129)
Prepaids and other assets	**(623)**	(233)
Long-term deposits	**(3,069)**	-
Customer deposits	**1,686**	1,272
Accounts payable and accrued liabilities	**13,694**	507
Due to related parties	**2,144**	1,154
Liability for subdivision development	**(448)**	(332)
Other long-term liabilities	**262**	394
Deferred revenue	**(295)**	-
Capital accruals in the prior year	**9,603**	10,122
Capital accruals in the current year	**(5,580)**	(9,603)
	24,586	(857)

(In thousands of dollars)

23. Other revenue

	2015	2014
	$	$
Renewable generation	**16,699**	10,878
Other	**18,150**	15,870
	34,849	26,748

24. Contingencies, commitments and guarantees

(a) Contingencies - legal claims

The Group has been named as a defendant in several actions. No provision has been recorded in the consolidated financial statements for these possible obligations as the Group expects that these claims are adequately covered by its insurance.

(b) Commitments

As at December 31, 2015, the Group has entered into agreements for capital projects and is committed to making payments of $18,330 in 2016.

(c) Guarantees

In the normal course of business, the Group enters into agreements that meet the definition of a guarantee as follows:

(i) The Group has provided indemnities under lease agreements for the use of various operating facilities. Under the terms of these agreements the Group agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.

(ii) Indemnity has been provided to all directors and/or officers of the Group for various items including, but not limited to, all costs to settle suits or actions due to association with the Group, subject to certain restrictions. The Group has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a trustee, director or officer of the Group. The maximum amount of any potential future payment cannot be reasonably estimated.

(iii) In the normal course of business, the Group has entered into agreements that include indemnities in favor of third parties, such as purchase and sale agreements, confidentiality agreements, engagement letters with advisors and consultants, outsourcing agreements, leasing contracts, information technology agreements and service agreements. These indemnification agreements may require the Group to compensate counterparties for losses incurred by the counterparties as a result of breaches in representation and regulations or as a result of litigation claims or statutory sanctions that may be suffered by the counterparty as a consequence of the transaction. The terms of these indemnities are not explicitly defined and the maximum amount of any potential reimbursement cannot be reasonably estimated.

The nature of these indemnification agreements prevents the Group from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, the Group has not made any significant payments under such or similar indemnification agreements and therefore no amount has been accrued in the balance sheet with respect to these agreements.

(In thousands of dollars)

25. Business acquisition

On March 31, 2015, the Corporation acquired 100% of the water sub-metering assets used in Smart Tec's commercial condominium properties. This purchase was to enable the Corporation to expand into the commercial water metering business.

Included in the Company's revenue and net loss for the year ended December 31, 2015 is $412 and $238 respectively, attributable to the acquisition of Smart Tec. If the acquisition had occurred on January 1, 2015, management estimates that the Corporation's revenue would have been $550 and net income would have been $318. In determining these amounts management assumed the same trending of revenue occurred from the beginning of the year. The consideration transferred is detailed below is interest bearing, and is paid in installments over three years.

	$
Cash	2,047
Short term liablility*	1,410
Long term liability*	940
Total consideration paid or payable	4,397

*The purchase price for the acquisition of Smart Tec was structured in three installment payments. $2,047 paid on the closing date, $1,410 paid on March 31, 2016 and $940 paid on March 31, 2017. These liabilities accrue interest from the closing date to payment date at the Bank of Canada prime lending rate. Interest accrued on these were $29 for short term liability and $20 for long term liability.

Acquisition related costs amounting to $20 have been excluded from the consideration transferred and have been recorded as an expense in statement of loss and other comprehensive loss in the current year as operating expenses.

The following table summarizes the assets and liabilities purchased at the date of acquisition:

	$
Meters	1,021
Non-compete agreements	938
Customer lists	2,741
Accounts receivable	51
Goodwill	62
Total assets purchased	4,813
Customer deposits	(59)
Deferred tax liabilitiy	(62)
Deferred revenues	(295)
Total liabilities purchased	(416)
Net assets purchased	4,397

25. Business acquisition (continued)

The valuation techniques used to value the above assets were as follows:

Assets acquired	Valuation technique used
Property, plant and equipment	Market comparison technique – quoted market prices for similar items were used.
Intangibles	Differential Valuation and Multi-period excess earning method. The differential valuation was used for the non-compete where two different scenarios were used. The first was if the non-compete was in place and the second was if the non-compete was not, the difference between the scenarios is the fair value. The Multi-period excess earning method considers the present value of net cash flows expected to be generated by the customer relationship, by excluding any cash flows related to the contributory assets.

26. Subsequent event

On February 26, 2016 the Corporation finalized the purchase of additional sub-metering assets in the amount of $1,677.

27. Prior year's comparatives

Certain of prior year's figures have been reclassified to conform to the current year's presentation.