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Exhibit 4:

OPERATING COSTS

Exhibit 4: Operating Costs

Tab 1 (of 6): Overview

OVERVIEW

The evidence in *Exhibit 4* explains NOW Inc's Operating Costs, which consist of Operations, Maintenance & Administration (OM&A), Depreciation & Amortization and Taxes as summarized in **Table 1** below.

Table 1: Operating Costs

	Historical Years			Bridge Year	Test Year
	2013	**2014**	**2015**	**2016**	**2017**
OM&A	$3,557,519	$2,468,517	$2,395,218	$ 2,675,686	$ 2,907,906
Depreciation	$ 655,388	$ 357,653	$ 366,475	$ 390,396	$ 439,680
Taxes	$ 292,359	$ 47,535	$ 40,701	-$ 23,433	$ 16,330
Total	**$4,505,266**	**$2,873,705**	**$2,802,394**	**$ 3,042,649**	**$ 3,363,916**

OM&A costs are discussed below and also in *E4/T2/S1 "Summary and Cost Driver Tables" and E4/T3/S1 "Program Delivery Costs.* Depreciation & Amortization costs are discussed in *E4/T4/S1 "Depreciation Policy"* and Taxes are discussed in *E4/T5/S1 "Overview of Payments in Lieu of Taxes" Exhibit 4 Tab 5 "Taxes or Payments in Lieu of Taxes (PILs) and Property Taxes".*

OM&A - OVERVIEW

NOW Inc's required OM&A for the 2017 Test Year is $2,907,906. This amount and the corresponding amounts for 2013 to 2017 are summarized in **Table 2** below.

Table 2: OM&A Expense 2013 to 2017

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
OPERATIONS	**500,179**	**600,841**	**749,465**	**618,070**	**617,237**	**815,665**
MAINTENANCE	**602,566**	**631,448**	**487,822**	**509,810**	**592,253**	**697,590**
CUSTOMER SERVICE	**756,864**	**1,072,708**	**584,730**	**752,020**	**714,670**	**746,564**
ADMINISTRATION	**580,871**	**1,252,523**	**646,500**	**515,318**	**751,526**	**648,087**
Total	**2,440,480**	**3,557,519**	**2,468,517**	**2,395,218**	**2,675,686**	**2,907,906**

OM&A costs represent NOW Inc's integrated set of asset maintenance and operations activities required to meet customer needs. This includes providing services to customers connected to NOW Inc.'s distribution system; meeting the requirements of the OEB's Standard Supply Service Code, Retail Settlement Code and Distribution System Code; meeting public and employee safety objectives, environmental requirements and government direction; and maintaining distribution business service quality and reliability at targeted performance levels. A detailed discussion of the specific work programs in each of these categories is provided in *E4/T3/S1*

NOW Inc.'s forecasted 2016 and 2017 OM&A costs were developed as part of its annual business planning process which was reviewed and approved by the NOW Inc. Board of Directors on June 23, 2016.

NOW Inc.'s proposed 2017 Test Year OM&A of $2,907,906 represents an increase of $467,426 from the 2013 OEB approved level of $2,440,480. It should be noted that in 2013, *"for purposes of settlement the parties have agreed with NOW to remove the allocation of depreciation from OM&A both for reporting purposes and in the context of the working capital calculation*" (Settlement Agreement pg. 23 of 41). As the actual accounting and work program costing includes allocated depreciation, in this application, for presentation and comparative purposes, the settled 2013 OM&A value of $2,304,546 has been increased by $135,932 to $2,440,480 and depreciation expense reduced by the same amount (reference EB-2012-0153, Decision and Rate Order, Appendix 1 of 7 pg. 2). This enables the adjusted 2013 Board Approved OM&A amount to be compared to 2013 Actual - 2017 Test Year OM&A on consistent component cost basis. This is also consistent with the adjustment for "Fully Allocated Depreciation" that is required to be made in the Fixed Asset Continuity Schedule (Appendix 2-BA).

This increase in OM&A of $467,426 between 2013 approved and 2017 Test Year represents a 19.2% increase over four years, or a compound average annual increase of approximately 4.5%. Inflation (as estimated based the OEB inflation factor calculation) has been approximately 1.8% per year over this period, translating into compound growth of 7.4% over four years. Work Program details of NOW Inc.'s operating costs for the 2013 - 2017 period are provided in **Table 3** below.

Table 3: OM&A Programs

Programs	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
Operations						
Transformer/Substation	31,052	43,998	54,010	33,422	35,127	36,327
Customer Premises	157,980	231,360	297,935	190,479	210,008	262,861
Load Dispatching	189,909	193,028	267,817	245,549	222,079	284,124
Eng & Ops Admin	103,960	123,276	110,971	132,045	131,715	205,321
Meter Expenses	17,278	9,179	18,733	16,574	18,308	27,032
Sub-Total	500,179	600,841	749,466	618,069	617,237	815,665
Maintenance						
Maintenance of O/H Lines	279,357	342,134	264,778	346,016	415,205	490,902
Maintenace of Line Transformers	34,967	48,374	16,487	16,422	20,345	29,041
Maintenance of U/G Conductors	131,085	117,747	126,132	58,615	52,732	56,989
Tree Trimming and Vegetation Control	157,157	123,193	80,426	88,758	103,971	120,658
Sub-Total	602,566	631,448	487,823	509,811	592,253	697,590
Customer Service						
Billing and Collecting	539,292	472,521	400,036	418,112	458,320	473,441
Meter Reading	196,520	202,578	172,016	182,394	191,476	198,123
Bad Debt	21,052	397,609	12,678	151,514	64,874	75,000
Sub-Total	756,864	1,072,708	584,730	752,020	714,670	746,564
Administration						
Administration	457,672	1,030,493	517,395	399,379	431,353	447,537
Regulatory	23,464	115,755	27,063	28,028	229,644	107,305
Outside Services	63,687	66,876	65,432	51,545	51,585	53,133
Property	36,048	39,399	36,610	36,366	38,944	40,112
Sub-Total	580,871	1,252,523	646,500	515,318	751,526	648,087
Total	**2,440,480**	**3,557,520**	**2,468,519**	**2,395,218**	**2,675,686**	**2,907,906**

Over the 2013 to 2017 period, costs related to Maintenance, Customer Billing and Administration increased by $151,940 (7.8%) which is consistent with the estimated rate of inflation (7.4%). Operations costs increased by $315,486 (63.1%) primarily due to increased work on Customer Premises ($104,881), Load Dispatching ($94,215) and Engineering and Operations ($101,361).

NOW Inc.'s OM&A expenditures have been prudent and have taken into account many cost reduction strategies and focus to ensure a reliable and safe system while ensuring customers are satisfied.

SUMMARY OF OM&A COST DRIVERS

A summary of key cost drivers from 2013 to 2017 is as follows:

- Inflationary pressures have increased the cost of labour and material. It is estimated that inflation is approximately 1.8% per year over the period.
- Increase in operation activities at customer premises due to increased customer requests such as locates, service upgrades and trouble calls.
- Increased Engineering and Operations costs associated with increased requirements such as distribution system planning, outage management and reporting requirements
- Increase in maintenance for overhead lines as a result of aging infrastructure
- Bad Debt expenses have risen as a number of small businesses have gone bankrupt in addition to several residential customers
- Due to the small staff complement, regulatory related expenses have increased as a result of the need to utilize external consultants for rate applications to meet increased OEB requirements.
- NOW Inc. disposed of its smart meters Jan 1, 2013 and as a result the 2013 OM&A includes costs $577,497 that were deferred in account 1556 which increased the 2013 actuals compared to a typical year

OVERALL COST TREND

NOW Inc.'s OM&A costs have increased $467,426 over the 2013 OEB approved amounts. This represents a compound 4.5% per annum increase based on the 2013 OEB approved amount.

NOW Inc. has continued to work diligently on system maintenance in order to ensure that the system is reliable and safe. Customer premises work has increased as a result of more customer locates and service upgrades. Load Dispatching which entails repairs to overhead and underground wires/services, repairs to pole mount transformers, repairs to OH /UG feeders, replacement of primary switches, line patrols infrared scanning, due to increasing demand for animal guards and repairs. Engineering and Operation costs are increasing as a result of program implementation in order to assist both crew effectiveness and customer satisfaction in regards to outage management reduction and information. The outage management system will also assist in distribution system planning and reporting requirements. These increases in OM&A will benefit customers and allow them to be more informed by having access to more information.

There is no material customer growth anticipated as a result of geography and the local economy. This is consistent with historic trends.

NOW Inc. will increase preventive maintenance, such as the addition of animal interference guards, as a result of outage incidents by this cause. These initiatives will assist in reducing unplanned outages.

Fleet management costs play a significant role in OM&A levels. If a large vehicle becomes disabled, repair bills can be significant and a replacement must be rented in order to continue to maintain the distributions system.

Labour costs decreased from 2013 to 2015 as a result of staff vacancies that were not replaced as a result of efficiency gains. Staff that have left and were not fully replaced include the CEO, a billing clerk, accounts payable clerk and a lineman. The lineman retired in 2014 and is scheduled to be replaced in 2017 in order to ensure a full staff complement on the outside crew due to increasing work requirements. NOW Inc.'s CEO position was eliminated effective Dec 31, 2014 reducing Administration costs. Responsibilities of this position have been incorporated into the work of the General Manager and Chief Financial Officer positions.

In 2016, staff levels are at a minimum level in order to maintain effective operations. With increasing work load for outside and inside staff, NOW Inc. will need to replace any future vacancies and will strive to create more efficiencies in order to maintain costs savings that resulted from staff turnover.

OM&A PRODUCTIVITY

NOW Inc. is ranked amongst the most efficient utilities in the Province, while maintaining a high level of reliability. This has been achieved in part by utilizing shared resources (with Cochrane Telecom Services) which allows for more efficient use of labour. Additionally NOW Inc. is a member of a number of groups which allows for more purchasing power to reduce cost of materials. Additionally, the benefit of shared experience and expertise is obtained from fellow utilities which allows for best practices to be used.

According to the Pacific Economics Group (PEG) report “Productivity and Benchmarking Research in Support of Incentive Rate Setting in Ontario”, issued in November 2013, NOW Inc. was ranked as the third most efficient utility in the Province (out of 73 utilities). As a result, NOW Inc. was assigned to Group 1, with a stretch factor assignment of “0” indicating that significant productivity gains have been achieved by the utility. This validates the efforts that have been undertaken as NOW Inc. has reduced costs and achieved a high level efficiency gains.

In PEGs subsequent annual updates to the benchmarking of cost performance, the most recent being released on August 4, 2016 by the OEB, NOW Inc. has continued to be ranked as a highly efficient utility. NOW Inc. remains in the Group 1 Cohort which is represents the highest category of efficiency. NOW Inc. is a Distributor with good measured cost performance and has fewer opportunities to reduce costs as many cost efficiencies have already been achieved. According the PEG Report, cost performance over three years has been more than 25% better than average when comparing actual and predicted costs.

The following Table 4, which is OEB Appendix 2-L provides trends on OM&A per customer and per FTE. It should be noted that the FTE values provided reflect FTE's of NOW Inc. and do not include FTE's associated with purchased services from the Cochrane Telecom Services (CTS) affiliate. This is consistent with Reporting and Recordkeeping methodology for calculating FTE's. Further information on FTE's required in support of NOW Inc. activities can be found at E4/T3/S2 *'Employee Compensation"*

Table 4: Recoverable OM&A Cost per Customer and per FTE

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
Total Recoverable OM&A from Appendix 2-JB [5]	$ 2,440,480	$ 3,557,520	$ 2,468,517	$ 2,395,218	$ 2,675,686	$ 2,907,906
Number of Customers [2,4]	6,113	6,091	6,078	6,101	6,100	6,097
Number of FTEs [3,4]	4.2	4.5	4.5	3.5	3.5	3.5
Customers/FTEs	1,455.48	1,353.56	1,350.67	1,743.14	1,742.86	1,742.00
Total OM&A per customer	$ 399.23	$ 584.06	$ 406.14	$ 392.59	$ 438.64	$ 476.94
Total OM&A per FTE	$ 581,067	$ 790,560	$ 548,559	$ 684,348	$ 764,482	$ 830,830

Exhibit 4: Operating Costs

Tab 2 (of 6): Program Delivery Appendices

PROGRAM DELIVERY APPENDICES

The following appendices are for the program delivery costs, which can be found in Exhibit 4, Tab 3.

- E4/T2/S1/ATT1: 2-JA Summary of Recoverable OM&A expenses
- E4/T2/S1/ATT2: 2-JB Recoverable OM&A Cost Driver
- E4/T2/S1/ATT3: 2-JC OM&A Programs Table
- E4/T2/S1/ATT4: 2-L Recoverable OM&A Cost per Customer and per FTE

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Appendix 2-JA
Summary of Recoverable OM&A Expenses

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Reporting Basis	**CGAAP**	**CGAAP**	**CGAAP**	**MIFRS**	**MIFRS**	**MIFRS**
Operations	$ 500,179	$ 600,841	$ 749,465	$ 618,070	$ 617,237	$ 815,665
Maintenance	$ 602,566	$ 631,448	$ 487,822	$ 509,810	$ 592,253	$ 697,590
SubTotal	**$ 1,102,745**	**$ 1,232,289**	**$ 1,237,287**	**$ 1,127,880**	**$ 1,209,490**	**$ 1,513,255**
%Change (year over year)			0.4%	-8.8%	7.2%	25.1%
%Change (Test Year vs Last Rebasing Year - Actual)						22.8%
Billing and Collecting	$ 756,864	$ 1,072,708	$ 584,730	$ 752,020	$ 714,670	$ 746,564
Community Relations						
Administrative and General	$ 580,871	$ 1,252,523	$ 646,500	$ 515,318	$ 751,526	$ 648,087
SubTotal	**$ 1,337,735**	**$ 2,325,231**	**$ 1,231,230**	**$ 1,267,338**	**$ 1,466,196**	**$ 1,394,651**
%Change (year over year)			-47.0%	2.9%	15.7%	-4.9%
%Change (Test Year vs Last Rebasing Year - Actual)						-40.0%
Total	**$ 2,440,480**	**$ 3,557,520**	**$ 2,468,517**	**$ 2,395,218**	**$ 2,675,686**	**$ 2,907,906**
%Change (year over year)			-30.6%	-3.0%	11.7%	8.7%

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Operations	$ 500,179	$ 600,841	$ 749,465	$ 618,070	$ 617,237	$ 815,665
Maintenance	$ 602,566	$ 631,448	$ 487,822	$ 509,810	$ 592,253	$ 697,590
Billing and Collecting	$ 756,864	$ 1,072,708	$ 584,730	$ 752,020	$ 714,670	$ 746,564
Community Relations	$ -	$ -	$ -	$ -	$ -	$ -
Administrative and General	$ 580,871	$ 1,252,523	$ 646,500	$ 515,318	$ 751,526	$ 648,087
Total	**$ 2,440,480**	**$ 3,557,520**	**$ 2,468,517**	**$ 2,395,218**	**$ 2,675,686**	**$ 2,907,906**
%Change (year over year)			-30.6%	-3.0%	11.7%	8.7%

	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	Variance 2013 BA – 2013 Actuals	2014 Actuals	Variance 2014 Actuals vs. 2013 Actuals	2015 Actuals	Variance 2015 Actuals vs. 2014 Actuals	2016 Bridge Year	Variance 2016 Bridge vs. 2015 Actuals	2017 Test Year	Variance 2017 Test vs. 2016 Bridge
Operations	$ 500,179	$ 600,841	-$ 100,662	$ 749,465	$ 148,624	$ 618,070	-$ 131,395	$ 617,237	-$ 833	$ 815,665	$ 198,428
Maintenance	$ 602,566	$ 631,448	-$ 28,882	$ 487,822	-$ 143,626	$ 509,810	$ 21,988	$ 592,253	$ 82,443	$ 697,590	$ 105,337
Billing and Collecting	$ 756,864	$ 1,072,708	-$ 315,844	$ 584,730	-$ 487,978	$ 752,020	$ 167,290	$ 714,670	-$ 37,350	$ 746,564	$ 31,894
Community Relations	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Administrative and General	$ 580,871	$ 1,252,523	-$ 671,652	$ 646,500	-$ 606,023	$ 515,318	-$ 131,182	$ 751,526	$ 236,208	$ 648,087	-$ 103,439
Total OM&A Expenses	$ 2,440,480	$ 3,557,520	-$ 1,117,040	$ 2,468,517	-$ 1,089,003	$ 2,395,218	-$ 73,299	$ 2,675,686	$ 280,468	$ 2,907,906	$ 232,220
Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)											
Total Recoverable OM&A Expenses	$ 2,440,480	$ 3,557,520	-$ 1,117,040	$ 2,468,517	-$ 1,089,003	$ 2,395,218	-$ 73,299	$ 2,675,686	$ 280,468	$ 2,907,906	$ 232,220
Variance from previous year				-$ 1,089,003		-$ 73,299		$ 280,468		$ 232,220	
Percent change (year over year)				-31%		-3%		12%		9%	
Percent Change: Test year vs. Most Current Actual						21.40%					
Simple average of % variance for all years						-18.26%					-3%
Compound Annual Growth Rate for all years											-4.0%
Compound Growth Rate (2015 Actuals vs. 2013 Actuals)						-12.35%					

Note:

1 "BA" = Board-Approved
2 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
3 Recoverable OM&A that is included on these tables should be identical to the recoverable OM&A that is shown for the corresponding periods on Appendix 2-JB.

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Appendix 2-JB
Recoverable OM&A Cost Driver Table

OM&A	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Reporting Basis	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
Opening Balance	$ 2,440,480	$ 3,557,520	$ 2,468,516	$ 2,395,215	$ 2,675,683
TRANSFORMER/SUBSTATION	$ 12,946	$ 10,012	-$ 20,588	$ 1,705	$ 1,200
CUSTOMER PREMISES	$ 73,380	$ 66,575	-$ 107,455	$ 19,529	$ 52,853
LOAD DISPATCHING	$ 3,119	$ 74,788	-$ 22,268	-$ 23,470	$ 62,045
ENG & OPS ADMINISTRATION	$ 19,316	-$ 12,305	$ 21,074	-$ 330	$ 73,606
METER EXPENSES	-$ 8,099	$ 9,554	-$ 2,159	$ 1,734	$ 8,724
Subtotal	$ 100,662	$ 148,624	-$ 131,396	-$ 832	$ 198,428
MAINTENANCE O/H LINES	$ 62,777	-$ 77,357	$ 81,238	$ 69,189	$ 75,697
MAINTENANCE OF LINE TRANSFORM	$ 13,407	-$ 31,888	-$ 64	$ 3,923	$ 8,696
MAINTENANCE U/G CONDUCTORS	-$ 13,338	$ 8,385	-$ 67,518	-$ 5,883	$ 4,257
TREE TRIMMING AND VEGETATION C	-$ 33,964	-$ 42,767	$ 8,332	$ 15,213	$ 16,687
Subtotal	$ 28,882	-$ 143,627	$ 21,988	$ 82,442	$ 105,337
BILLING AND COLLECTING	-$ 66,771	-$ 72,485	$ 18,076	$ 40,208	$ 15,121
METER READING	$ 6,058	-$ 30,562	$ 10,378	$ 9,082	$ 6,647
BAD DEBT	$ 376,557	-$ 384,931	$ 138,836	-$ 86,640	$ 10,126
Subtotal	$ 315,844	-$ 487,978	$ 167,290	-$ 37,350	$ 31,894
ADMINISTRATION	$ 572,821	-$ 513,098	-$ 118,016	$ 31,974	$ 16,184
REGULATORY EXPENSES	$ 92,291	-$ 88,692	$ 965	$ 201,616	-$ 122,339
OUTSIDE SERVICES	$ 3,189	-$ 1,444	-$ 13,887	$ 40	$ 1,548
PROPERTY EXPENSE	$ 3,351	-$ 2,789	-$ 245	$ 2,578	$ 1,168
Subtotal	$ 671,652	-$ 606,023	-$ 131,183	$ 236,208	-$ 103,439
Closing Balance	$ 3,557,520	$ 2,468,516	$ 2,395,215	$ 2,675,683	$ 2,907,903

Notes:

1 For each year, a detailed explanation for each cost driver and associated amount is requied in Exhibit 4.
2 For purposes of assessing incremental cost drivers, the closing balance for each year becomes the opening balance for the next year.
3 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
4 Opening Balance for "Last Rebasing Year" (cell B15) should be equal to the Board-Approved amount.

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Appendix 2-JC
OM&A Programs Table

Programs	Last Rebasing Year (2013 Board-Approved)	Last Rebasing Year (2013 Actuals)	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year	Variance (Test Year vs. 2015 Actuals)	Variance (Test Year vs. Last Rebasing Year (2013 Board-Approved)
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS	MIFRS	
Operations								
Transformer/Substation	31,052	43,998	54,010	33,422	35,127	36,327	2,905	5,275
Customer Premises	157,980	231,360	297,935	190,479	210,008	262,861	72,382	104,881
Load Dispatching	189,909	193,028	267,817	245,549	222,079	284,124	38,575	94,215
Eng & Ops Admin	103,960	123,276	110,971	132,045	131,715	205,321	73,276	101,361
Meter Expenses	17,278	9,179	18,733	16,574	18,308	27,032	10,458	9,754
Sub-Total	500,179	600,841	749,466	618,069	617,237	815,665	197,596	315,486
Maintenance								
Maintenance of O/H Lines	279,357	342,134	264,778	346,016	415,205	490,902	144,886	211,545
Maintenace of Line Transformers	34,967	48,374	16,487	16,422	20,345	29,041	12,619	-5,926
Maintenance of U/G Conductors	131,085	117,747	126,132	58,615	52,732	56,989	-1,626	-74,096
Tree Trimming and Vegetation Control	157,157	123,193	80,426	88,758	103,971	120,658	31,900	-36,499
							0	0
Sub-Total	602,566	631,448	487,823	509,811	592,253	697,590	187,779	95,024
Customer Service								
Billing and Collecting	539,292	472,521	400,036	418,112	458,320	473,441	55,329	-65,851
Meter Reading	196,520	202,578	172,016	182,394	191,476	198,123	15,729	1,603
Bad Debt	21,052	397,609	12,678	151,514	64,874	75,000	-76,514	53,948
							0	0
							0	0
Sub-Total	756,864	1,072,708	584,730	752,020	714,670	746,564	-5,456	-10,300
Administration								
Administration	457,672	1,030,493	517,395	399,379	431,353	447,537	48,158	-10,135
Regulatory	23,464	115,755	27,063	28,028	229,644	107,305	79,277	83,841
Outside Services	63,687	66,876	65,432	51,545	51,585	53,133	1,588	-10,554
Property	36,048	39,399	36,610	36,366	38,944	40,112	3,746	4,064
							0	0
Sub-Total	580,871	1,252,523	646,500	515,318	751,526	648,087	132,769	67,216
Miscellaneous							0	0
Total	**2,440,480**	**3,557,520**	**2,468,519**	**2,395,218**	**2,675,686**	**2,907,906**	**512,688**	**467,426**

Notes:

1 Please provide a breakdown of the major components of each OM&A Program undertaken in each year. Please ensure that all Programs below the materiality threshold are included in the miscellaneous line. Add more Programs as required.

2 The applicant should group projects appropriately and avoid presentations that result in classification of significant components of the OM&A budget in the miscellaneous category

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Appendix 2-L
Recoverable OM&A Cost per Customer and per FTE [1]

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
OM&A Costs						
O&M	$ 1,102,745	$ 1,232,289	$ 1,237,287	$ 1,127,880	$ 1,209,490	$ 1,513,255
Admin Expenses	$ 1,337,735	$ 2,325,231	$ 1,231,230	$ 1,267,338	$ 1,466,196	$ 1,394,651
Total Recoverable OM&A from Appendix 2-JB [5]	$ 2,440,480	$ 3,557,520	$ 2,468,517	$ 2,395,218	$ 2,675,686	$ 2,907,906
Number of Customers [2,4]	6,113	6,091	6,078	6,101	6,100	6,097
Number of FTEs [3,4]	18.8	18.45	18.1	16.1	15.7	16.7
Customers/FTEs	325.16	330.14	335.80	378.94	388.54	365.09
OM&A cost per customer						
O&M per customer	$ 180.39	$ 202.31	$ 203.57	$ 184.87	$ 198.28	$ 248.20
Admin per customer	$ 218.83	$ 381.75	$ 202.57	$ 207.73	$ 240.36	$ 228.74
Total OM&A per customer	$ 399.23	$ 584.06	$ 406.14	$ 392.59	$ 438.64	$ 476.94
OM&A cost per FTE						
O&M per FTE	$ 58,656.65	$ 66,790.73	$ 68,358.40	$ 70,054.66	$ 77,037.58	$ 90,614.07
Admin per FTE	$ 71,156.12	$ 126,028.78	$ 68,023.76	$ 78,716.65	$ 93,388.28	$ 83,512.04
Total OM&A per FTE	$ 129,812.77	$ 192,819.51	$ 136,382.15	$ 148,771.30	$ 170,425.86	$ 174,126.11

Notes:

1 If it has been more than three years since the applicant last filed a cost of service application, additional years of historical actuals should be incorporated into the table, as necessary, to go back to the last cost of service application. If the applicant last filed a cost of service application less than three years ago, a minimum of three years of actual information is required.
2 The method of calculating the number of customers must be identified. Should correspond with data provided in Appendix 2-IB
3 The method of calculating the number of FTEs must be identified. See also Appendix 2-K
4 The number of customers and the number of FTEs should correspond to mid-year or average of January 1 and December 31 figures.
5 For the test year, the applicant should take into account the system O&M (line 22 of Appendix 2-AB) in developing its forecasted OM&A.

Exhibit 4: Operating Costs

Tab 3 (of 6): Program Delivery Costs

PROGRAM DELIVERY COSTS

OM&A PROGRAM DELIVERY COSTS

The electricity industry has been rapidly undergoing many changes since NOW Inc.'s last cost of service application in 2013. There have been new initiatives from both the Province and the OEB for enhanced customer service, customer engagement, transitioning to IFRS and OESP. The electricity industry is vital to commercial success and economic development in all sectors and NOW Inc. will continue to strive for continuous improvement in areas that will benefit customers while listening and incorporating customer feedback.

OM&A expenses include all costs relating to the operation, maintenance, and administration of NOW Inc.'s distribution system. It includes direct work program costs which include labour, benefits and material and service costs as well as support costs such as fleet, stores/purchasing, health and safety, training and engineering and purchased services.

Table 1 provides NOW Inc.'s Operations, Maintenance, Customer Service and Administration costs from 2013 to 2017.

Table 1: OM&A Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
OPERATIONS	500,179	600,841	749,465	618,070	617,237	815,665
MAINTENANCE	602,566	631,448	487,822	509,810	592,253	697,590
CUSTOMER SERVICE	756,864	1,072,708	584,730	752,020	714,670	746,564
ADMINISTRATION	580,871	1,252,523	646,500	515,318	751,526	648,087
Total	2,440,480	3,557,519	2,468,517	2,395,218	2,675,686	2,907,906

2013 Actual Compared to 2013 OEB Approved

Table 2: 2013 OEB Approved vs 2013 Actual OM&A

		Historical	Variance	
	2013 APPROVED	2013	2013 vs 2013 APPROVED	
TRANSFORMER/SUBSTATION	31,052	43,998	*12,946*	*42%*
CUSTOMER PREMISES	157,980	231,360	*73,380*	*46%*
LOAD DISPATCHING	189,909	193,028	*3,119*	*2%*
ENGINEERING & OPERATIONS	103,960	123,276	*19,316*	*19%*
METER EXPENSES	17,278	9,179	*-8,099*	*-47%*
Total OPERATIONS EXPENSES	**500,179**	**600,841**	***100,662***	***20%***
MAINTENANCE O/H LINES	279,357	342,134	*62,777*	*22%*
MAINTENANCE OF LINE TRANSFORMERS	34,967	48,374	*13,407*	*38%*
MAINTENANCE U/G CONDUCTORS	131,085	117,747	*-13,338*	*-10%*
TREE TRIMMING AND VEGETATION CONTI	157,157	123,193	*-33,964*	*-22%*
Total MAINTENACE EXPENSES	**602,566**	**631,448**	***28,882***	***5%***
BILLING AND COLLECTING	539,292	472,521	*-66,771*	*-12%*
METER READING	196,520	202,578	*6,058*	*3%*
BAD DEBT	21,052	397,609	*376,557*	*1789%*
Total CUSTOMER SERVICE EXPENSES	**756,864**	**1,072,708**	***315,844***	***42%***
ADMINISTRATION	457,672	1,030,493	*572,821*	*125%*
REGULATORY EXPENSES	23,464	115,755	*92,291*	*393%*
OUTSIDE SERVICES	63,687	66,876	*3,189*	*5%*
PROPERTY EXPENSE	36,048	39,399	*3,351*	*9%*
Total ADMINISTRATION EXPENSES	**580,871**	**1,252,523**	***671,652***	***116%***
	2,440,480	**3,557,519**	***1,117,039***	***46%***

The 2013 actual OM&A was $1,117,039 (46%) higher than OEB approved primarily due to the following material variances:

- The mandated disposition of smart meters effective January 1, 2013. The disposition resulted in $492,497 added to the Administration program, and $85,000 of ongoing costs included in the Billing and Collecting program.

- The remaining $80,000 overage in Administration costs are as result of the 2013 costs for administrative and billing software being recorded in the Administration program while the OEB approved cost included these in the Billing and Collecting program. This is the primary reason that Billing and Collecting appears underspent as compared to the OEB approved amount.

- A significant bad debt expense associated with the bankruptcy of a GS>50 customer ($381,363)

- Regulatory expenses were $92,291 greater than OEB approved as a result of non-recovered costs associated with the cost of service process, primarily related to consultant support. NOW Inc. had two rounds of interrogatories as well as a settlement conference which resulted in additional legal fees, consultant fees and cost awards, all of which were underestimated when developing the budget on which the OEB approved amount was based.

Other work program changes include:

- Customer premises were $73,380 higher than OEB approved primarily due to the increase in customer site visits and associated work which increased 19% from 2012 to 2013. The increase resulted in more labour and vehicle charges for this work program which was greater than forecasted.

- Maintenance of O/H Lines expenses being poles, overhead conductors, and overhead services were $62,777 (22%) higher than OEB approved primarily due to the need to shift work from maintenance of underground conductors and tree trimming and vegetation control.

- Billing and Collecting expenses were $66,771 (12%) lower than OEB approved as a result of a staff vacancy in 2013 that was not replaced. As work responsibilities were re-aligned there was also a decrease in billing material expenses.

OPERATIONS

This section describes the Operations work programs. Operations costs in the 2017 Test Year are $248,903 (44%) higher than 2013 actual costs. The costs in each major area are shown in **Table 3** below.

Table 3: Operations OM&A

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
TRANSFORMER/SUBSTATION	31,052	43,998	54,010	33,422	35,127	36,327
CUSTOMER PREMISES	157,980	231,360	297,935	190,479	210,008	262,861
LOAD DISPATCHING	189,909	193,028	267,817	245,549	222,079	284,124
ENGINEERING & OPERATIONS	103,960	123,276	110,971	132,045	131,715	205,321
METERS	17,278	9,179	18,733	16,574	18,308	27,032
OPERATIONS	**500,179**	**600,841**	**749,465**	**618,070**	**617,237**	**815,665**

Transformer/Substation

Table 4 provides the Transformer/Substation expenditures for 2013 -2017.

Table 4: Transformer/Substation Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
TRANSFORMER/SUBSTATION	31,052	43,998	54,010	33,422	35,127	36,327

The Transformer/Substation work program includes direct labour and material costs to maintain equipment for feeders for overhead and underground wires. It further includes transformer and substation maintenance, which involves monthly visual inspections and annual oil sampling. This includes monthly visual inspections on pole-mount and pad-mount transformers as well as station buildings are performed. The work program also includes vegetation control at substations.

A third party performs oil sampling and inspections at NOW Inc. stations on an annual basis. The results of the inspection are factored into the maintenance plans for stations. The report for 2015 can be found in E2/T2/S2/Att.1.

NOW Inc.'s maintenance strategy is to minimize reactive and emergency-type work through an effective program (including predictive and preventative actions). These assets are crucial distribution system components which carry major consequences in case of failure. In 2013 and 2014 program costs were higher than planned as there was an issue with bad connectors which needed to be changed. NOW Inc. received trouble calls regarding flickering, partial power, low voltage, reliability and customer complaints. As a result, it was determined that there was an issue with mechanical connectors. The connectors failed as a result of environmental conditions that resulted in freeze and thaw stages over a short period of time. Water would get in the connector and re-freeze which pushed the connectors apart. Primary and secondary needed to be removed and changed which eliminated base burning. The age of the assets were 30-50 years old and resulted in approximately 100 changes per community. The preventative maintenance program has now been substantially completed as determined by line patrol by section of the communities and age of feeders.

Furthermore, with the anticipated introduction of the outage management system, NOW Inc. foresees additional controls and predictive measures being applied.

Customer Premises

Table 5 provides the Customer Premises expenditures for 2013 -2017.

Table 5: Customer Premises Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
CUSTOMER PREMISES	157,980	231,360	297,935	190,479	210,008	262,861

The Customer Premises program is driven by customer demand and includes labour, vehicle charges, materials and other costs related to providing services to assets on customer's premises. Such work entails the performing of cable locates; meeting customer appointments; addressing trouble calls; disconnection and reconnection of meters; investigation of service complaints; addressing customer concerns; and installing voltage recorders. Customer Premises expenditures help ensure customer satisfaction by addressing overall customer issues and concerns.

In 2013 there was a 19% increase in customer locates and site visits. Furthermore, the following year, 2014 saw an additional 32% increase in customer locates and site visits. Over the two years, a 57% increase was experienced, thus resulting in higher expenses. In 2015 there was a decline in customer locates and site visits. This is summarized in **Table 6** below.

Table 6: Customer Locates

	Historical				Bridge Year	Test Year
	2012	2013	2014	2015	2016	2017
Customer Locates	524	621	824	741	775	800

In 2017 customer premise expenditures are $104,881 (66%) higher than 2013 approved primarily due to expanding work level in the area with greater customer interaction and requests due to increased customer awareness of the need to notify all utilities. The volume and increasing demand required more costs and assists in ensuring customer satisfaction. In 2017 customer premises expenditures are $72,382 (38%) higher than 2015 primarily due to increased volume of work required at customer premises. An expected active construction season and the implementation of an outage management software system and integration will increase costs as the system will allow for more identification and preventative maintenance programs that will benefit customers.

PRODUCTIVITY – cost increases are partially offset by increased productivity due to reduction in trouble calls and flickering as a result of the preventive maintenance replacing connectors which reduce the costs on an ongoing basis. Additionally, resources are scheduled to tackle programs in a systematic practice to reduce roll out costs and efficiency of the workforce. This reduces the amount of required overtime hours while taking into account customer impact regarding outages and scheduling them at the least intrusive time.

Load Dispatching

Table 7 provides the Load Dispatching expenditures for 2013 - 2017.

Table 7: Load Dispatching Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
LOAD DISPATCHING	189,909	193,028	267,817	245,549	222,079	284,124

The Load Dispatching expenditures are incurred to maintain all overhead and underground feeders, overhead services, transformers (pole mount and pad mount), underground conductors, primary switches, and other related fixtures. Pro-active maintenance of these assets typically involves cyclical line patrols with infrared scanning and repairs to primary and secondary conductors.

The increase in 2014 is a result of the usage of a new thermal imaging camera, which identified “hot spots” within the distribution system. As a consequence, additional line patrols ensued and more preventative maintenance occurred. All of these factors will help to provide a decrease in line loss and an increase in service reliability.

Issues in the load dispatching work program have been identified and deferred into the next couple of years due to prioritization. NOW Inc. has issues with switches breaking, however more urgent jobs are done first. Nuisance animal calls have resulted in the installation of more animal guards. In 2014-2015, 40 guards per community were installed per year; this will increase to 100 per community as animals continue to interfere with lines causing reliability issues.

In 2017 load dispatching expenditures are $94,215 (50%) higher than 2013 approved primarily due to the increasing need for animal guards and the implementation of an outage management system. In 2017 load dispatching expenditures are $38,575 (16%) higher than 2015 primarily due to the increasing amount of animal guards being installed.

PRODUCTIVITY – Cost increases are partially offset by increased productivity related to the installation of animal guards which reduces the amount of no power call outs and saves vehicle and labour costs associated with afterhours call outs. The guards are being installed in key locations by targeting risk areas. The installations are done in a systematic manner in order to attain efficiencies in the installation which reduces time required to complete the tasks.

Engineering and Operations Administration

Table 8 provides Engineering and Operations Administration expenditures for 2013 - 2017.

Table 8: Engineering & Operations Administration Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
ENGINEERING & OPERATIONS	103,960	123,276	110,971	132,045	131,715	205,321

Engineering and Operations Administration activities involve the supervision of various planning projects including the GIS mapping and the Distribution System Plan in 2017.

In 2017 engineering and operations expenditures are $101,361 (97%) higher than 2013 approved and 2017 engineering and operations expenditures are $73,276 (55%) higher than 2015 primarily due to an increase related to the implementation of an outage management system. The outage management system will be provided by a third party at an annual cost of $30,000. This system will be a valuable tool to NOW Inc. wherein problematic areas will be more easily identified and rectified. Customers will benefit from shorter outages and less downtime. In 2017 NOW Inc. will continue to improve on the asset management and distribution planning processes in support of a future update to the Distribution System Plan with a forecasted cost of $30,000.

Meters

Table 9 provides Meter expenditures for 2013 -2017.

Table 9: Meter Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
METERS	17,278	9,179	18,733	16,574	18,308	27,032

The primary activity of the Meters work program is to verify the accuracy of all residential, commercial, industrial and wholesale meters for billing purposes. All meters are subject to various processes to ensure accuracy as there are various requirements that must be maintained to ensure installations are meeting Measurement Canada requirements.

These expenditures are largely driven by costs associated with installations, commissioning, testing and reading meters, which are performed by a third party. The increase in 2017 is representative of a consistent trend, wherein additional meters will require replacement and verification.

There has been no pervasive testing yet as we are waiting to see if it will be allowed to test in batches.

MAINTENANCE

NOW's maintenance strategy is to predict and prevent system failures. Its maintenance plan involves the testing of elements of the distributions systems through activities such as infrared thermography testing, transformer oil analysis and routine visual equipment inspections. Any identified deficiencies are prioritized and addressed. Its preventative maintenance activities include inspection, servicing, repair of network components and regularly scheduled tree trimming. This includes overhead and pad mounted load break switch maintenance and regular inspection and repair of substation components and ancillary equipment.

This section describes the Maintenance work programs. Maintenance expenditures include all direct labour costs and material spending to support scheduled and reactive maintenance events related to NOW Inc.'s distribution system. The costs in each major area are shown in **Table 10** below.

Table 10: Maintenance Expenditures 2013 – 2017

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
MAINTENANCE O/H LINES	279,357	342,134	264,778	346,016	415,205	490,902
MAINTENANCE OF LINE TRANSFORMERS	34,967	48,374	16,487	16,422	20,345	29,041
MAINTENANCE U/G CONDUCTORS	131,085	117,747	126,132	58,615	52,732	56,989
TREE TRIMMING AND VEGETATION CONTROL	157,157	123,193	80,426	88,758	103,971	120,658
Total MAINTENANCE EXPENSES	**602,566**	**631,448**	**487,822**	**509,810**	**592,253**	**697,590**

Maintenance of Overhead Lines

Table 11 provides the Maintenance of Overhead Lines expenditures for 2013 -2017.

Table 11: Maintenance of Overhead Lines Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
MAINTENANCE O/H LINES	279,357	342,134	264,778	346,016	415,205	490,902

Overhead Line maintenance primarily involves remedial work that has been identified as a result of a visual inspection. This entails the replacement of broken insulators, cross-arms, frayed conductors, etc. Normally, these problems arise due to age, deterioration, adverse weather, climate changes, and animal interference (squirrels, crows) Inspections of overhead lines are conducted on a monthly basis via line patrols. Maintenance is an important factor to ensure service reliability and mitigate future outages.

In 2017 maintenance of overhead lines expenditures are $211,545 (76%) higher than 2013 approved primarily due to the prioritization of work programs that have seen corresponding reductions in Maintenance of Line Transformers, Maintenance if Underground Conductors, and Vegetation Control. The remaining increase is a result of increased focus on overhead lines and responding to increased maintenance needs. In 2017 maintenance of overhead lines expenditures are $144,886 (42%) higher than 2015 primarily due to the deferral of this work program to respond to other business activities in 2015. The projects deferred are being resumed in 2016 and 2017 as the third-party project (which was beneficial to customers through funded capital upgrades) concludes.

PRODUCTIVITY – Cost increases are partially offset by increased productivity related to planning more preventative maintenance during business hours in order to minimize trouble calls that require after hours call outs.

Maintenance of Line Transformers

Table 12 provides the Maintenance of Line Transformers Expenditures for 2013 - 2017.

Table 12: Maintenance of Line Transformers Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
MAINTENANCE OF LINE TRANSFORMERS	34,967	48,374	16,487	16,422	20,345	29,041

The Maintenance of Line Transformers involves remedial work that has been identified as a result of a visual inspection. This includes replacement of one or more components. Visual inspections of overhead lines and transformers are conducted on a monthly basis via line patrols. It is noted that these expenditures have decreased from 2013 Board Approved and Actual levels and are not expected to increase significantly. This is the anticipated result of the successful implementation of the outage management system, which will identify problematic areas and allow for proactive maintenance.

In 2017 maintenance of line transformers expenditures are $5,926 (17%) lower than 2013 approved primarily due to fewer issues with transformers, which resulted in less maintenance required. In 2017 maintenance of line transformers expenditures are $12,619 (77%) higher than 2015 primarily due to slightly more anticipated work on transformers.

PRODUCTIVITY – Cost increases are partially offset by increased productivity related to the low failure rate of transformers.

Maintenance of Underground Conductors

Table 13 provides the Maintenance of Underground Conductors Expenditures for 2013 - 2017.

Table 13: Maintenance of Underground Conductors Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
MAINTENANCE U/G CONDUCTORS	131,085	117,747	126,132	58,615	52,732	56,989

The Maintenance of Underground Conductors involves remedial work, such as replacement and repair, which has been identified as a result of a visual inspection at the termination point. Inspections of switches, air brakes, and ground disturbances, visual of pole dip feed versus riser load are conducted on a monthly basis via line patrols. Expenses decreased in 2015, primarily as a result of a primary burn off, which occurred in 2013 and 2014. Burn off is when a bad connector will burn through the conductor and drop it to the ground, or the top of the switch will fail. The connector burn off and resulting arc will break the wire down. This upgrade which entailed replacing the old connectors, also replacing porcelain switches and terminators to polymer, has resulted in lower maintenance costs.

In 2017 maintenance of underground conductors expenditures are $74,096 (56%) lower than 2013 approved primarily due to the above mentioned burn off issue which has had a positive impact, by reducing costs and failures. In 2017 maintenance of underground conductors expenditures are not materially different than 2015.

PRODUCTIVITY – Productivity in this work program relates to the strategy that NOW Inc. has taken to work to eliminate underground feeds and reroute them to an overhead system which is less costly to maintain and replace.

Tree Trimming and Vegetation Control

Table 14 provides the Tree Trimming and Vegetation Control Expenditures for 2013 - 2017.

Table 14: Tree Trimming and Vegetation Control Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
TREE TRIMMING AND VEGETATION CONTROL	157,157	123,193	80,426	88,758	103,971	120,658

Tree Trimming and Vegetation Control expenditures are costs associated with managing trees, plants and shrubs in the distribution easements within the service area. This involves tree trimming and removals or reactive (wind storm) program. Vegetation Control involves the removal of growth around other distribution assets.

Given the large geographic region in which NOW Inc. operates and the nature of the location, there is an abundance of vegetation which requires monitoring. The communities prefer to keep trees for beautification and as a result, mature trees are growing and require more attention. Additionally, the program is cyclical, thus requiring more resources every few years in order to meet the growth sequence of vegetation.

Moreover, the municipality of Cochrane has ceased to maintain laneways, thus creating additional maintenance for NOW Inc., where the majority of assets are located.

Tree trimming is a seasonal activity occurring primarily in the summer. The cycle is approximately every three years and is planned to have every community to have some maintenance each year and more significant every three years. This work program typically occurs from Late May to October and is performed in-house.

In 2017 tree trimming and vegetation management expenditures are $36,499 (23%) lower than 2013 approved primarily due to cost reductions as a result of an agreement entered into with the three service territory towns that has NOW Inc. cut the trees where hazards exists and public works now chips it and removes it. This new savings reduces labour costs and wear and tear of NOW Inc.'s chipper.

In 2017 tree trimming and vegetation management expenditures are $31,900 (36%) higher than 2015 primarily due to increased laneway vegetation as waste management now occurs on the roadway, and as such laneways are not maintained to the same level as in the past. NOW Inc. is working with the communities to ensure that work is allocated properly among the towns.

PRODUCTIVITY – Cost decreases are partially due to increased productivity related to initiatives such as having public works remove trees and plant trees on the opposite side of the road where they will grow and not interfere with NOW Inc.'s distribution system.

CUSTOMER SERVICE

Expenditures in each of the work program areas of Customer Service are provided in **Table 15**.

Table 15: Customer Service Expenditures 2013 - 2017

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
BILLING AND COLLECTING	539,292	472,521	400,036	418,112	458,320	473,441
METER READING	196,520	202,578	172,016	182,394	191,476	198,123
BAD DEBT	21,052	397,609	12,678	151,514	64,874	75,000
Total CUSTOMER SERVICE EXPENSES	**756,864**	**1,072,708**	**584,730**	**752,020**	**714,670**	**746,564**

Billing and Collecting

Table 16 provides the Billing and Collecting expenditures for the 2013-2017 period.

Table 16: Billing and Collecting Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
BILLING AND COLLECTING	539,292	472,521	400,036	418,112	458,320	473,441

The billing and collecting group is responsible for customer care including billing, collecting, account inquiry, and general customer service to approximately 6,000 customers in NOW Inc.'s three geographic service territories. The group provides high quality service through personal engagement and professionalism. Answering calls live during business hours (without an automated attendant) resonates with customers as demonstrated by customer engagement results. After business hours, calls are automatically redirected to a third party call centre which will provide details and relay information to on call staff as needed.

The Billing and Collecting group is among the first line of contact for all customer enquiries through a variety of means, whether it be over the telephone, in-person, or fax. NOW Inc. accepts billing and payment options including an equal payment plan, and pre-authorized payment.

Bill payment options available to customers include in person via cash, cheques, or debit, or remotely via internet banking, local banks, or pre-authorized debit. The customer service group assists customers with setting up these billing and payment options as well as trouble shooting and customer problems.

There are approximately 72,000 invoices issued annually to customers in a monthly billing process. This process involves hand stuffing envelopes for stuffers when the folding machine cannot accommodate the insert.

The customer service group also provides support for issues regarding account inquiry, pre-authorized debit and equal billing, complaints, bill disputes and smart meter complaints, along with payment options and other discrepancies.

Outage notifications are also sent by this department for key commercial customers as well as coordinating information to other customers. During outages during office hours, customer service staff answer calls and explain outages and estimated restoration times through contact with outside staff.

Customer service staff responsibilities include trouble shooting customer call and assisting them in the understanding of bills and what actions may be contributing to higher bills. Staff look at individual callers' accounts to analyze their consumption history and use this information to assist customers in understanding what happened, and how bills can be reduced in the future. As such this group educates customers on CDM initiatives.

In 2017 billing and collecting expenditures are $65,851 (12%) lower than 2013 approved primarily due to the continued effect of not replacing a billing clerk. This decrease in staffing has been possible through achieving greater efficiencies. Subsequent to the staff reduction NOW Inc. implemented an electronic payment management system that posts electronic banking payments directly to the CIS system. This process eliminates the need for billing clerks to manually post all electronic payments. This system went live in

2015 and has allowed billing clerks to maintain the increasing responsibilities of regulatory and customer service levels.

In 2017, billing and collecting expenditures are $55,329 (13%) higher than 2015 primarily due to inflation along with increasing costs associated with more customer engagement activities including customer education, and administration of initiatives. There is also an increase in variable costs, as more customers take advantage of electronic payments and the fees associated with the service increase. The increased variable costs have reduced the required labour hours to manually input customer payment details. This has improved accuracy and helped enable the reduction of the FTE count.

Meter Reading

Table 17 provides the Meter Reading expenditures from 2013 to 2017.

Table 17: Meter Reading Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
METER READING	196,520	202,578	172,016	182,394	191,476	198,123

NOW Inc.'s metering infrastructure system consists of over 6,000 smart meters. SENSUS has been contracted to read smart meters and provide all necessary meter data on a daily basis. SENSUS is also transmits the Advanced Metering Infrastructure (AMI) Network Component data between NOW Inc. and the Meter Data Management Repository (MDM/R).

MeterSense is NOW Inc.'s Operational Data Store (ODS) and receives the meter data from SENSUS and communicates with the MDM/R in various functions. MeterSense receives exceptions from the MDM/R and validates, edits, and estimates our smart meter data. NOW Inc. can create CMEP files in MeterSense to be sent to the MDM/R and populate any missing/estimated data for any one of our active smart meters.

Utilismart operates a secure Meter Data Management (MDM) that collects, validates, stores, and presents SmartGrid data. It processes both wholesale (delivery points) and retail meters (interval) along with Streetlight loads/profiles for all three communities. Utilismart uses telephone lines to gain access to interval meters which NOW Inc. pays for. NOW Inc. connects to Utilismart and receives the WAP (weighted average price) and Global Adjustment on a daily basis. This is all necessary to provide monthly billing to our customers. Also accessed through Utilismart is our NSLS (Net System Load Shape) which is transferred to the billing system. The NSLS is sent electronically to all Retailers that have enrolled customers and that have Service Agreements with in on a daily basis. The Utilismart website has various reports that pertain to wholesale metering and large commercial customers that have interval meters.

In order to work with the MDM/R there is a need to send information files back and forth between the two systems. NOW Inc. uses Cleo VL Trader for this purpose. Cleo VL Trader provides a secure file transfer between N.O.W and the MDM/R. All smart meter data and customer billing information is transferred to the MDM/R via Synchronization Files. Without it, NOW Inc. could not update any changes to our meters or billing in the MDM/R.

Some meters are still read by NOW Inc. staff and labour and vehicle costs associate are also recorded in this work program. These costs have decreased as a result of smart meter implementation, but there remains the need for manual reading for the residual meters still in service.

In 2017 meter reading expenditures are $1,603 (1%) higher than 2013 approved. In 2017 meter reading expenditures are $15,729 (9%) higher than 2015 primarily due to increased third party costs that are required to operate the system. As NOW Inc. continues to take advantage of smart meter technology, providers costs are expected to increase accordingly.

Bad Debt

Table 18 provides the Bad Debt Expenditures for 2013 – 2017. NOW Inc. has experience significant volatility and an increase in Bad Debt Expense from the 2013 Board Approved level.

Table 18: Bad Debt Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
BAD DEBT	21,052	397,609	12,678	151,514	64,874	75,000

Bad debt expense represents the change in the provision of accounts receivable balance based on assessment of accounts that cannot be collected from customers. The provision is calculated by examining the aged accounts receivable listing and the number of days outstanding. NOW Inc. uses history and specific customer account identification in determining the accounts that will not likely be recovered.

NOW Inc. continues to work with customers to collect outstanding payments while following the regulations governing disconnection and payment arrangements.

NOW Inc. does receive deposit from customers, however, it has been found that receiving deposits from some residential customers is detrimental to the disconnection process, as it must be applied before disconnection, which can result in a delay in the disconnection process. In that time, the account balance can increase significantly which poses a collection risk to the utility. NOW Inc. continues to seek deposits when deemed reasonable.

Customer deposits from commercial customers are also evaluated and assessed in order to hedge risk to the utility while ensuring that the result is fair to all parties.

Bad Debts expense in 2017 is significantly higher than the last OEB approved in 2013 due to recent history and the increasing cost of power, which is the collection responsibility of the LDC even though it is a pass through cost that the LDC cannot control.

In 2013 NOW Inc. had a customer bankruptcy that ended up leaving a balance owing of $381,362. This amount was written off as a bad debt expense in 2013. It should be noted that this write-off was higher than the 2013 OEB Approved Net Income of $261,250 and contributed significantly to the ROE of -13.11% in 2013. This customer was a major employer and NOW Inc.'s second largest customer and was identified as a risk in the last Cost of Service Application (EB-2012-0153 Settlement Agreement page 16 of 41). This account was managed and monitored regularly and NOW Inc. management had several in-person meetings with the customer which resulted in payment arrangements. This process allowed for the account to be at a reasonable level until payments stopped and subsequent inquiries led it to believe that payments would be made shortly. A disconnection notice was prepared, however the customer went into bankruptcy protection the day before notice was to be delivered. NOW Inc. managed the customer to the best of its ability.

Subsequently, 2014 did not have any significant collection issues and collections seemed normal. However in 2015, there was a significant increase in Bad Debts Expense. This was not the result of any one significant customer, but rather multiple small businesses that would leave $10k-$15k balances after bankruptcy. There was, also a higher level of Residential write offs based on aged accounts receivable and an assessment of the status of collection efforts with overdue customers.

As a result, the amounts forecasted for 2016 and 2017 represent current market conditions and the escalation of the cost of power. NOW Inc. will continue to manage collections and look into more ways to try and reduce risk of not being able to collect overdue customer accounts.

ADMINISTRATION

Work programs and their costs associate with Administration of NOW Inc.'s operations are in **Table 19**.

Table 19: Administration Expenses 2013 - 2017

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
ADMINISTRATION	457,672	1,030,493	517,395	399,379	431,353	447,537
REGULATORY EXPENSES	23,464	115,755	27,063	28,028	229,644	107,305
OUTSIDE SERVICES	63,687	66,876	65,432	51,545	51,585	53,133
PROPERTY EXPENSE	36,048	39,399	36,610	36,366	38,944	40,112
Total ADMINISTRATION EXPENSES	**580,871**	**1,252,523**	**646,500**	**515,318**	**751,526**	**648,087**

Administration

Table 20 provides the administration expenses from 2013 – 2017.

Table 20: Administration Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
ADMINISTRATION	457,672	1,030,493	517,395	399,379	431,353	447,537

The administration work programs expenses associate with the overall operations of the utility. Costs include executive costs, management costs, information systems, advertising, office supplies, and other administration costs. 2013 Actual costs are $572,821 higher than OEB Approved primarily due to the mandated disposition of smart meters effective January 1, 2013.

Executive

The Executive costs are associated with the Board of Directors. The Board of Directors (BoD) are responsible for the oversight of the utility and are compensated with a stipend and per diem for meetings and travel. Training costs are included for the BoD in order to ensure that they remain informed on the utility and regulatory issues. In addition, travel costs are required as there is Board representation from all service territories

(Kapuskasing, Iroquois Falls, and Cochrane), and as such more travel is required in order to attend meetings.

Composition of the Executive changed at the end of 2014 as a result of a corporate reorganization. To reduce costs, the BOD eliminated the Chief Executive Officer (CEO) position which was replaced by a General Manager position. As such one FTE was eliminated and cost savings were a direct result. The work load was shifted to the existing General Manger, and Chief Financial Officer. As a result more work is provided by remaining staff members in order to continue to complete the required work projects and tasks.

Management

Administration includes costs associated with the Chief Financial Officer (CFO), and the Executive Assistant (EA). The CFO performs numerous duties as staffing is limited. Duties include the accounting and financial management and reporting, regulatory reporting, regulatory applications, budgeting, coordinating with other utilities, and any other requirements that arise. In addition to wages, all payroll burdens and benefits associated with the CFO and EA are included in Administration.

The EA performs multiple tasks and does more than a typical EA. Functions performed by NOW Inc.'s EA include office organization, reconciliations, generic accounting entries, payroll, and coordination of the CDM program. Costs associated with CDM are allocated to CDM accounts and are excluded from Administration expenses.

Travel and training costs for management staff are also included in administration costs. Travel costs are essential to ensure that the utility remains current on issues as they develop as well as the necessary networking that results in greater efficiencies and sharing of knowledge. As regulation changes more training is required in order to stay abreast of updated and new requirements. Due to NOW Inc.'s geographic location in Northern Ontario, travel is more costly than for counterparts in Southern Ontario. Most travel and training is done in Toronto, which is a one way eight hour drive if weather and traffic are reasonable. Alternatively, the nearest airport is over 100 kilometers away, and then with limited daily flights that are more expensive and have been over $350 for a one way trip. With the larger distances, more travel time and accommodations are required. Travel is reduced and many events are participated in by teleconferencing when possible.

Information Systems and Office Supplies

IT systems and office supplies are included under administration. Cost include, after hours service, printer supplies, telephone charges, stationary, and other office supplies. Information systems includes charges for our Billing software and Customer Information System, charges for our accounting software and other IT related costs.

The billing system is provided by a third party that provides software and support. This costs has increased in the past and is anticipated to continue to increase as more regulation requires greater customization and effort on the part of our provider.

The accounting system has been used for the past several years in conjunction with affiliates. Utilizing the same system as our affiliates has helped reduce costs by sharing the fees. The accounting system has created efficiencies, as reporting is more streamlined, and allows for flexibility of reports in order to accommodate financial presentations and reports for regulatory filings. This has saved numerous hours which has assisted in the reduction of the workforce.

In 2017 administration expenditures are $10,135 (2%) lower than 2013 approved primarily due to the reduction of the management position of CEO which is partially offset by the allocation of business info systems in this work program since the last rate application.

In 2017 administration expenditures are $48,158 (12%) higher than 2015 primarily due to general inflation and costs associated with managing the utility including travel and training; travel and training costs in 2015 were less than typical due to scheduling conflicts. Moving forward, the expanding requirements on the utility require greater interaction and education in order to maintain effective customer service and standards expected of the local utility.

Regulatory Expenses

Table 21 shows the costs for regulatory for 2013 – 2017.

Table 21: Regulatory Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
REGULATORY EXPENSES	23,464	115,755	27,063	28,028	229,644	107,305

Regulatory expenses have significant fluctuation year over year as a result of Cost of Service Filings. Costs included are for consultant services, legal, OEB fees, cost awards, and intervener fees.

The bulk of these fees occur in relation to Cost of Service proceedings. The last Cost of Service was for 2013 rates. The proceeding in 2013 was lengthy and burdensome to NOW Inc.. Actual one-time costs incurred exceeded the OEB approved costs and were not recovered by NOW Inc.. Three interveners, along with two rounds of interrogatories and settlement conference, resulted in more consultant fees, legal fees that were not anticipated, and higher intervener costs than expected. As a result, for 2017, NOW Inc. has budgeted its regulatory expenses in line with actual costs from the last proceeding and anticipating more legal involvement. As NOW Inc. is a small utility, the use of consultants is a necessity and essential to assist in preparing a complete rate application.

In 2017 regulatory expenditures are $83,841 higher than 2013 approved primarily due to the 2013 OEB Approved amount being understated as compared to actual costs incurred (e.g. consulting, intervenor, legal and other support costs) for the 2013 Rate Application. Based on costs incurred, NOW Inc. did not fully recover costs associated with the 2013 Rate Application. As such, based on 2013 costs, the forecast for the 2017 Cost of Service Application represents a more realistic cost for regulatory requirements.

NOW Inc. does not have staff that are regulatory, and as a result multiple duties are required of the limited staff. The consultants assist in the application though regulatory guidance and evidence preparation support, Distribution System Planning, Load Forecasting, Cost Allocation, LRAMVA calculations and other required tasks.

In 2017 regulatory expenditures are $79,277 higher than 2015 primarily due to 2017 Costs of Service costs being incurred in 2017 and only on-going regulatory costs are included in 2015. In addition to the one-time costs, an increase in annual OEB fees is included in 2017 based on the new funding model and increased assessment costs that have been received. Regulatory costs are discussed in further detail in E4/T3.

Outside Services

Table 22 outlines the costs for outside services from 2013 – 2017.

Table 22: Outside Services Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
OUTSIDE SERVICES	63,687	66,876	65,432	51,545	51,585	53,133

Outside services are third party costs for services rendered. A large part of outside services is the costs of the financial audit of NOW Inc. These costs represent nearly half of the outside services fees. These fees have decreased in the past as a result of greater audit efficiencies derived from new accounting software which provides greater control and ease of use which assist the auditors in their work. The auditors fees are increasing in 2016 and 2017 as a result of mandated changes and the conversion to IFRS reporting. IFRS requires more work on the part of the external auditors and as such the fees will increase over historical amounts. Comparing costs in 2017 to 2013 are down $10k as a result of efficiencies and less legal requirements on an ongoing basis. Cost in 2017 are slightly higher than costs in 2015 and are conservative given the potential fee increases for auditors in regards to IFRS costs that will be ongoing.

Costs also include membership in the Electrical Distributors Association which allows NOW Inc. to have an advocate that can act on its behalf. The EDA allows management to stay up to date and allows for more streamlined information.

Legal fees are also a part of the outside services provided. These are exclusive of regulatory legal fees. Fees associated with the maintenance of our CGIS database are also charged to outside services. These costs are shared with affiliates which allows for NOW Inc.'s cost to be lower than if contracting this service on its own.

Property Expenses

Table 23 contains the expenses associated with property from 2013-2017.

Table 23: Property Expenditures

		Historical			Bridge Year	Test Year
	2013 APPROVED	2013	2014	2015	2016	2017
PROPERTY EXPENSE	36,048	39,399	36,610	36,366	38,944	40,112

NOW Inc. owns property in the three communities that are served. The bulk of property expenses is property insurance that NOW Inc. has on its properties. This coverage provides security against loss incurred on property which would help minimize impact to customers should an event take place that can be claimed on the insurance. Competitive rates are received for this coverage. Costs in this program have not materially changed although they are higher than 2013 approved and 2015 actual costs.

In 2017 property expenditures are $4,064 (11%) higher than 2013 approved primarily due to increase costs associated with property insurance.

In 2017 property expenditures are $3,746 (10%) higher than 2015 primarily due to a premium discount that was provided in 2015. This discount was not extended to 2016 and has resulted in the increased forecast in 2016 and 2017.

EMPLOYEE COMPENSATION

COMPENSATION OVERVIEW

Northern Ontario Wires Inc.'s (NOW Inc.) compensation plan is designed to engage qualified personnel that will derive benefits to customers. Pay structures are designed to be reflective of the industry marketplace for Union employees and the Management structure is designed to be at the 25th percentile of the industry average for comparative jobs.

The salary grids in place are for base pay, and NOW Inc. does not provide incentive based compensations, but has a benefit package for active employees including an OMERS pension. NOW Inc. faces challenges in regards to employee staffing as a result of the northern geographic locations in which it operates. The three service territories are isolated from major population centres and as such it can prove difficult to attract and retain skilled employees.

Additionally, the labour force at NOW Inc. is aging and there are will be several outside personnel that are expected to be retiring within a short span of each other. This will provide a challenge for replacing and training new personnel in order to maintain quality service to our customers.

CUPE COMPENSATION

NOW Inc.'s employees are all unionized except for four management staff positions being the General Manager, Chief Financial Officer, Billing and Collection Manager, and the Executive Assistant. All other employees are contracted to NOW Inc. through the affiliate company Cochrane Telecom Services. The shared services agreement is explained and provided in E4/T3/S3.

The compensation for CUPE represented employees is negotiated thorough the collective bargaining process. The collective agreement defines the terms and conditions of employment and is set for a fixed and negotiated term. In this heavily unionized workforce, NOW Inc. has limited ability to reduce compensation, especially when facing challenges attracting qualified candidates. The industry and the competitive nature of skilled lineman add increased pressure on wages and benefits. The current contract in place came into effect July 1, 2015 and expires June 30, 2019.

MANAGEMENT COMPENSATION

NOW Inc.'s management compensations is designed around a salary grid with five steps. Each position has its own pay range on the grid based on accountabilities, qualifications, and experience.

The management compensation structure is twofold:

1. An employees base salary within the salary grid dependent on performance, experience, and accountability, and;
2. A benefit plan to cover health and dental coverage for the employee and family which is designed to be consistent with the union employees.

There is no short term incentive (STI) program, as salaries are designed to ensure that bill impacts to customers are not overly burdened by management compensation practices. Staff members ensure that all duties and tasks as assigned are completed even with the limited staff levels.

As a result of cost pressures, and some efficiency gains, NOW Inc. has reduced its management team by 1/5th by not replacing the CEO position (after 2014 departure) and allocating duties and responsibilities among the remaining management staff with significant costs savings as compensation levels were not materially adjusted. As a result there has been a reduction in costs related to this position.

In 2016, Northern Ontario Wires Inc. has 4 staff (3.5 FTE) and receives operational support from Cochrane Telecom Services through a shared services agreement. **Table 1** provides a summary of staff positions and levels from 2013 to 2017.

Table 1: Employee Positions and Head Count (FTE's)

Employees Positions	OEB Approved 2013	2013 Actual	2014 Actual	2015 Actual	2016 Bridge	2017 Test
NOW Inc. Employees						
President & CEO		1.0	1.0	-	-	-
GM & President*		1.0	1.0	1.0	1.0	1.0
CFO		1.0	1.0	1.0	1.0	1.0
Ex. Assistant		0.5	0.5	0.5	0.5	0.5
Customer Service		1.0	1.0	1.0	1.0	1.0
Total NOW Inc.	**4.2**	**4.5**	**4.5**	**3.5**	**3.5**	**3.5**
CTS Outside Employees						
Lead Hand (Kap)		1.0	0.9	-	-	-
Lead Hand (IF)		1.0	1.0	1.0	1.0	1.0
Lead Hand (C)		1.0	1.0	1.0	1.0	1.0
Lead Hand (Kap)		1.0	1.0	1.0	1.0	1.0
Journey/Lineman		1.0	1.0	1.0	1.0	1.0
Journey/Lineman		1.0	1.0	1.0	1.0	1.0
Journey/Lineman		1.0	1.0	1.0	1.0	1.0
Journey/Lineman		1.0	1.0	1.0	1.0	1.0
Journey/Lineman		1.0	1.0	1.0	1.0	1.0
Journey/Lineman		-	-	-	-	1.0
Total Outside Crew		**9.0**	**8.9**	**8.0**	**8.0**	**9.0**
CTS Office Employees						
Accounting Clerk		0.50	0.50	0.40	-	-
Payroll Clerk		0.30	-	-	-	-
Purchasing Mng.		0.40	0.40	0.40	0.40	0.40
Information Tech		0.25	0.25	0.25	0.25	0.25
AP and Payroll		0.50	0.50	0.50	0.50	0.50
Stockkeeper		0.35	0.35	0.35	0.35	0.35
Collections/Cashier		0.50	0.50	0.50	0.50	0.50
Billing Clerk		0.90	0.90	0.90	0.90	0.90
Billing Clerk		0.90	0.90	0.90	0.90	0.90
Collections/Cashier		0.40	0.40	0.40	0.40	0.40
Total		**5.00**	**4.70**	**4.60**	**4.20**	**4.20**
Total CTS	**14.6**	**14**	**13.6**	**12.6**	**12.2**	**13.2**
Total FTEs	**18.8**	**18.5**	**18.1**	**16.1**	**15.7**	**16.7**

* President responsibilities added in 2015

EMPLOYEE HEADCOUNT

NOW Inc.'s staffing levels from 2013 to 2017 are shown in **Table 1**:

NOW Inc.'s regular staff count was 18.5 FTE's in 2013. However, NOW Inc. has taken advantage of productivity enhancements and has not replaced vacancies created by staff attrition. Some of these vacancies are not being considered for replacements at this time as NOW Inc. is planning on continuing to generate efficiencies to lower costs. An outside staff member expected to retire will need to be replaced in 2017 in order to continue with operational needs and ensure that customers are not to be negatively impacted by a skeleton crew.

Some of the productivity achieved that allowed for the reduction of FTE's include:

- New financial system providing administration, payroll, and finance efficiencies
- Cash management initiative to electronically upload payment information into the billing system
- Reorganization of resources and duties

As the need arises, NOW Inc. will continue to strive for efficiencies, and will review outsourcing of certain functions should the need arise.

NOW Inc. is required to plan ahead significantly for succession planning due to the specific challenges of attracting and retaining skilled labour in Northern Ontario. Due to the isolated locations with many environmental challenges for individuals and families from other areas of the province, more time is needed to recruit individuals that would like to stay in the North.

STAFFING CATEGORIES

NOW Inc. has two categories of staff. Union staff contracted from the CTS Affiliate and Management Staff.

STAFF CONTRACTED FROM AFFILIATE

Staff contracted by NOW Inc.'s affiliate are unionized members of The Canadian Union of Public Employees Local Union 71 (CUPE). The current contract is effective from July 1, 2015 to June 30, 2019. Staff are categorized between outside crew and office staff, with varying hour of work and pay scale.

a) OUTSIDE CREW

The outside line crew work a standard 40 hour work week, additional requirements include overtime, and on-call time. One significant challenge with the outside crew is the location NOW Inc.'s service territory. The service territory has three communities that are 170 kilometers apart on the Highway 11 corridor in Northern Ontario. In the winter months, these roads can become treacherous as they are single lane and have a high density of large animals and traffic along the Trans-Canada Highway. Road closures are a common occurrence in winter months which would hamper NOW Inc.'s ability to respond to call outs and emergencies in the service territories if operations were centrally located.

As a result, NOW Inc. has three service centres, with one being located in each community along with a separate crew located out of each. By having three crews, NOW Inc. is able to respond to call outs quickly regardless of road closures. This provides benefit to our customers as outages times are reduced and service is provided in a timelier manner.

b) OFFICE STAFF

Office staff is centrally located in Cochrane and provide services to all three service territories. Office hours are a standard 35 hour work week. Office staff is also unionized with CUPE with the same collective agreement as the outside staff. The office staff are all employees of NOW Inc.'s affiliate and are contracted to NOW Inc. as needed which generates efficiencies. Functions of the office staff include, IT, Accounts Payable, Payroll, Billing, Collections, General Office Clerk, Purchasing and Stockkeeping. These employees and functions being shared with the affiliate allow for reduced costs for NOW

Inc. by being able to maintain a smaller FTE count than would be necessary if operated in isolation of an affiliate.

MANAGEMENT STAFF

Management staff at NOW Inc. work on confidential matters and are responsible for the many facets of the organization. Included in the is category are General Manager, Chief Financial Officer, Customer Service Manager, and an Executive Assistant. There are four full-time employees on the management team for NOW Inc.. The management staff work extra hours but do not qualify for overtime.

NOW Inc. also hires students as temporary staff to assist in the office during the summer months as well as power lineman students to work with the line crew to assist the students in gaining experience and allowing for the training of potential future line crew.

NOW Inc. continues to promote a productive and efficient workforce with customer focus as a central priority. As a result of numerous efficiencies, NOW Inc. has been able to operate with fewer staff than approved in 2013. NOW Inc. is currently at a point where, not replacing any further vacancies would harm the operations of the utility. Operationally, staff is lean and the office has cross trained where feasible so that during short absences the operations can continue to operate. If staffing levels were to decrease any further, then customers would be negatively impacted through customer service or service quality.

Even with the steady increase in regulatory and reporting requirements, NOW Inc. has not increase staff levels, and has not replaced vacancies as they have arisen. As a result the management team has assumed greater responsibility and workloads in order to meet the requirements placed upon NOW Inc.. At times, however, due to the limited resources in house, NOW Inc. needs to contract out certain functions in order to complete regulatory requirements. Such areas include support services related to regulatory requirements and conservation and demand management programs.

SUCCESSION PLANNING

NOW Inc.'s succession plan must be managed carefully and is a key challenge for the utility. Areas of concern are the expected Outside Staff retirements that will be occurring in the coming years. These staff positions will need to be replaced before the retirements occur so that new hires can be trained prior to experienced staff hanging up the tools. This is an added cost to the utility as wages makes up a significant portion of the annual budget. This cost adds pressure to the bill impacts, but is necessary for the continued success of the organization.

The issue of aging workforce is not limited to NOW Inc. and as a result, there is increased competition for limited resources in the utility industry. As a result it may be more difficult to attract and retain key individuals that are in demand throughout the industry.

NOW Inc. will continue to monitor the succession planning issue and ensure that employees are sufficiently cross trained in order to assist new hires that may not have the necessary experience upon hiring.

NOW Inc. is one of the most efficient LDC's in Ontario according to the PEG report. Even so, cost pressure from the workforce is a real issue and NOW Inc. will continue to improve productivity in order to try and minimize future rate increases.

TRAINING INITIATIVES

As NOW Inc. is a small utility, there are not extensive internal developed training programs. Office and management staff take part in external training through a variety of providers. Regulatory training is provided through MEARIE or the EDA are there are also collaborative meetings and discussions with other LDCs.

NOW Inc. has ongoing health and safety training and skills upgrades for employees. Mandated training by the Occupational Health & Safety Act (OHSA) and other standards that apply to daily operations are monitored to ensure compliance. Training may include, but is not limited to:

- Legislative and industry requirements e.g. MTO, MOE, IHSA etc.
- Mandatory training as prescribed by OSHA and its regulations e.g. WHIMIS, PPE specific training, equipment safety training, etc.
- CPR and First Aid

HEALTH AND SAFETY

NOW Inc.'s commitment to Health and Safety is significant and involves monitoring conformance to established standards and policies, determining the effectiveness of safety training and monitoring the resolution of safety recommendations/audits; commitment to continuous improvement in training; and identifying and correcting root causes for system deficiencies.

BENEFITS PROGRAM

OVERVIEW

Employer paid benefits are a key piece of NOW Inc.'s total compensation package. An reasonable level of benefits serve to attract, retain and motivate employees and the added security allows for overall health, wellness and productivity.

NOW Inc. maintains and offers employees a comprehensive and competitive benefit package that includes, Extended Health, Dental, Life Insurance, AD&D, LTD, STD, and a defined benefit retirement plan (OMERS). This package is consistent among management and CUPE employees with minor variances.

NOW Inc. also contributes to mandatory programs including Employers Health Tax, Canada Pension Plan, Employment Insurance, and Workers Safety Insurance Board premiums.

Benefits are paid for retirees with 30 years employment until 65 and then can convert to a personally funded plan. Life benefits are provided until death at a reducing rate as is common among LDC's.

BENEFITS

Benefits premiums are fully paid by NOW Inc. for both union and management employees. This allows for healthier workforce who ensures that they get the treatment necessary which in turn benefits the employer. Benefits are subject to a maximum and are result of the collective agreement.

PENSION PLAN

Pension costs have increased approximately 6% since 2013. NOW Inc. is a member of the OMERS group and matches member contributions 100%. In 2015, NOW Inc. saw a decrease in contributions as a result of the discontinuation of the CEO position.

OMERS Contributions:

	2013	2014	2015
NOW	$ 48,701	$ 50,677	$ 37,621
CTS	$ 91,572	$ 92,259	$ 97,695
Total	$ 140,273	$ 142,936	$ 135,316

LIFE INSURANCE

The NOW Inc. Life Insurance provisions allow for basic and optional coverage. Basic Life benefits are paid by the employer while any optional coverage elected by the employees are paid for by the employees.

Life coverage for CUPE members is 1.5 times the annual basic earnings. This is a taxable benefit to the employee as it is paid by the employer. This benefit with reduced coverage will continue until death.

Life coverage for management is 2 times the basic annual earnings subject to a maximum. This coverage is reduced and paid until death. This benefit is taxable as it is paid by the employer.

OPTIONAL LIFE INSURANCE

Optional coverage can be obtained by the employees through the company plan, but is paid by the employees. This benefit continues until the employee reaches the age 65 at which time the Optional Life coverage will terminate.

POST RETIREMENT BENEFITS

Employees that retire with a defined level of service are eligible for employer paid post-retirement benefits. The extended health and dental plan continue until the retiree reaches age 65 at which time the can covert to personal coverage under an separate individual plan. Life coverage is provided until death at a reducing rate until a floor is reached. NOW Inc. receives and actuarial report every few years. The actuarial valuations will continue to be done taking into account the IFRS requirements and is provided in E4/T3/S2/Att3.

BENEFITS SUMMARY

Health benefits have increased over 25% over the 2013-2017 periods, and are a result of premium increases by the insurance provider. This is a combination of the passing along of provider costs as well as increasing in the wage rate which increase benefits that are tied to level of compensation.

NOW Inc. has retained a service provider that provides benefits to all affiliate in an effort to reduce costs by utilizing economies of scale. Periodically benefits are put out to tender in order to obtain the most competitive rates.

COMPENSATION ESCALATION

The following schedule shows the wage escalation from 2013 to 2017:

Year	Union	Management
2013	$1.00* + 2%	2%
2014	2.5%	2%
2015	2%	2.4%
2016	1.5%	1.3%
2017	$0.80* + 2%	**

* Only Electric Department reveices base increase
** Ontario CPI Index

The rate adjustments for the Electric Department have been designed to be comparative to other utilities.

OVERTIME

Overtime is exclusive to the unionized employees as management is not entitled to overtime pay. The overtime pay results from approximately 60% emergency work (storms, damages and outages) and 40% from planned work and coordinating outages with Hydro One.

The collective agreement outlines the rules for overtime in determining what time is eligible. Time is either paid at time and a half or double time depending on the day of the week. Union employees also have the ability to bank overtime hours at the appropriate rate to a maximum of eighty hours for outside staff and seventy hours for inside staff.

Overtime is monitored by the General Manager to ensure projects and costs are done on a priority basis while increasing efficiencies.

SHORT-TERM INCENTIVE COMPENSATION

NOW Inc. does not have any form of STI compensation.

TOTAL COMPENSATION COSTS

Table 2 outlines the total compensation costs for NOW Inc. from 2013 to 2017.

Table 2: Employee Cost Overview

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	4.2	4.5	4.5	3.5	3.5	3.5
Non-Management (union and non-union)	14.6	14.0	13.6	12.6	12.2	13.2
Total	18.8	18.5	18.1	16.1	15.7	16.7
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	$ 343,682	$ 409,460	$ 459,366	$ 328,853	$ 337,749	$ 345,411
Non-Management (union and non-union)	$ 922,279	$ 920,392	$ 939,014	$ 933,605	$ 900,235	$1,001,414
Total	$ 1,265,961	$ 1,329,852	$ 1,398,380	$ 1,262,458	$ 1,237,984	$1,346,825
Total Benefits (Current + Accrued) [2]						
Management (including executive)	$ 114,208	$ 117,493	$ 141,048	$ 87,864	$ 94,404	$ 95,772
Non-Management (union and non-union)	$ 280,334	$ 136,557	$ 211,500	$ 231,702	$ 276,084	$ 301,776
Total	$ 394,542	$ 254,050	$ 352,549	$ 319,565	$ 370,488	$ 397,548
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 457,890	$ 526,953	$ 600,414	$ 416,717	$ 432,153	$ 441,183
Non-Management (union and non-union)	$ 1,202,613	$ 1,056,949	$ 1,150,514	$ 1,165,307	$ 1,176,319	$1,303,190
Total	$ 1,660,503	$ 1,583,902	$ 1,750,928	$ 1,582,024	$ 1,608,472	$1,744,373

Management (including executive) costs in Appendix 2-K include NOW Inc. management and Board of Director costs.

The following tables summarize the year over year changes in total compensation and staffing levels:

Table 3 below summarizes 2013 Actual over 2013 OEB Approved changes:

Table 3: 2013 Actual vs 2013 Approved Variance

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	Variance
Number of Employees (FTEs including Part-Time)[1]			
Management (including executive)	4.2	4.5	0.3
Non-Management (union and non-union)	14.6	14.0	- 0.6
Total	18.8	18.5	- 0.4
Total Salary and Wages including ovetime and incentive pay			
Management (including executive)	$ 343,682	$ 409,460	$ 65,778
Non-Management (union and non-union)	$ 922,279	$ 920,392	-$ 1,887
Total	$ 1,265,961	$ 1,329,852	$ 63,891
Total Benefits (Current + Accrued) [2]			
Management (including executive)	$ 114,208	$ 117,493	$ 3,285
Non-Management (union and non-union)	$ 280,334	$ 136,557	-$ 143,777
Total	$ 394,542	$ 254,050	-$ 140,492
Total Compensation (Salary, Wages, & Benefits)			
Management (including executive)	$ 457,890	$ 526,953	$ 69,063
Non-Management (union and non-union)	$ 1,202,613	$ 1,056,949	-$ 145,664
Total	$ 1,660,503	$ 1,583,902	-$ 76,601

The staffing level approved in the 2013 Approved year was based on actual staffing without any anticipated changes. NOW Inc. is not a large utility and operates in three non-contiguous service territories that require three outside crews, with one crew per service territory. In 2013 there was a reorganization that resulted in more FTE's in relation to management staff that had an impact of +0.3 FTE and approximately $66,000. The union staff had a reduction as a vacancy in the billing department was not replaced.

Table 4 below summarizes 2014 Actual over 2013 Actual changes:

Table 4: 2014 Actual vs 2013 Actual Variance

	Last Rebasing Year - 2013- Actual	2014 Actuals	Variance
Number of Employees (FTEs including Part-Time)[1]			
Management (including executive)	4.5	4.5	0.0
Non-Management (union and non-union)	14.0	13.6	- 0.4
Total	18.5	18.1	- 0.4
Total Salary and Wages including ovetime and incentive pay			
Management (including executive)	$ 409,460	$ 459,366	49,905.8
Non-Management (union and non-union)	$ 920,392	$ 939,014	18,621.6
Total	$ 1,329,852	$ 1,398,380	$ 68,527
Total Benefits (Current + Accrued) [2]			
Management (including executive)	$ 117,493	$ 141,048	23,555.2
Non-Management (union and non-union)	$ 136,557	$ 211,500	74,943.3
Total	$ 254,050	$ 352,549	$ 98,498
Total Compensation (Salary, Wages, & Benefits)			
Management (including executive)	$ 526,953	$ 600,414	$ 73,461
Non-Management (union and non-union)	$ 1,056,949	$ 1,150,514	$ 93,565
Total	$ 1,583,902	$ 1,750,928	$ 167,026

In 2014, Management staff FTE count remained unchanged, and total compensation increased $73,461. This was a result of inflation of 2% and vacation payout. The management benefits increased $23,555, primarily as a result of benefit provider costs increasing. In 2014, there was a 15% increase in health benefit costs. Additionally there was in increase in pension costs associated with employee earnings.

Also in 2014 union staff FTEs was reduced by 0.4 FTE as a result of a lineman retiring that was not replaced. The reduction in FTE mitigated some of the union escalation increases and the increase from Apprentice to Lineman as a result of outside crew moving up the union scale. Additionally there is a benefit costs increase of 15% related to outside crew wage rates and an increase on the wage scale.

Table 5 below summarizes 2015 Actual over 2014 Actual changes:

Table 5: 2015 Actual vs 2014 Actual Variance

	2014 Actuals	2015 Actuals	Variance
Number of Employees (FTEs including Part-Time)[1]			
Management (including executive)	4.5	3.5	- 1.0
Non-Management (union and non-union)	13.6	12.6	- 1.0
Total	18.1	16.1	- 2.0
Total Salary and Wages including ovetime and incentive pay			
Management (including executive)	$ 459,366	$ 328,853	- 130,513.0
Non-Management (union and non-union)	$ 939,014	$ 933,605	- 5,408.2
Total	$ 1,398,380	$ 1,262,458	-$ 135,921
Total Benefits (Current + Accrued) [2]			
Management (including executive)	$ 141,048	$ 87,864	- 53,184.6
Non-Management (union and non-union)	$ 211,500	$ 231,702	20,201.5
Total	$ 352,549	$ 319,565	-$ 32,983
Total Compensation (Salary, Wages, & Benefits)			
Management (including executive)	$ 600,414	$ 416,717	-$ 183,698
Non-Management (union and non-union)	$ 1,150,514	$ 1,165,307	$ 14,793
Total	$ 1,750,928	$ 1,582,024	-$ 168,904

At the end of 2014, the management staff was reduced by 1 FTE as the CEO position was not replaced and duties were assigned to the Operations Superintendent under the new position General Manager. The reduction of $183,698 is primarily a result of this elimination and the associated one time payouts that occurred in 2014 prior to the departure of the CEO. The management team received and inflationary adjustment of 2.4% which is determined using the Ontario CPI Index for November of the preceding year.

The union FTE's were reduced in 2015 by 1 as a result of a line crew retirement. In addition to the remaining portion of the vacancy left in 2014. The union wage rate increase of 2% coupled by more line crew reaching the top tier of the union pay scale increased wages for union staff. The health benefit costs increased a further 8% in 2015 as well as pension costs increasing 6%.

Table 6 below summarizes 2016 Bridge Year over 2015 Actual changes:

Table 6: 2016 Bridge vs 2015 Actual Variance

	2015 Actuals	2016 Bridge Year	Variance
Number of Employees (FTEs including Part-Time)[1]			
Management (including executive)	3.5	3.5	-
Non-Management (union and non-union)	12.6	12.2	- 0.4
Total	16.1	15.7	- 0.4
Total Salary and Wages including ovetime and incentive pay			
Management (including executive)	$ 328,853	$ 337,749	8,896.0
Non-Management (union and non-union)	$ 933,605	$ 900,235	- 33,370.4
Total	$ 1,262,458	$ 1,237,984	-$ 24,474
Total Benefits (Current + Accrued) [2]			
Management (including executive)	$ 87,864	$ 94,404	6,540.3
Non-Management (union and non-union)	$ 231,702	$ 276,084	44,382.2
Total	$ 319,565	$ 370,488	$ 50,923
Total Compensation (Salary, Wages, & Benefits)			
Management (including executive)	$ 416,717	$ 432,153	$ 15,436
Non-Management (union and non-union)	$ 1,165,307	$ 1,176,319	$ 11,012
Total	$ 1,582,024	$ 1,608,472	$ 26,448

Management staff is not anticipated to change from 2015 levels. An inflationary adjustment of 1.3% was given in accordance with Ontario CPI Index from November of 2015. The remaining amount resulted from staff moving up on the pay grid. Health and pension benefits are anticipated to increase as seen historically.

The union staff level reduced by 0.4 FTE's a result of the retirement of the shared Accounts Payable Clerk in 2015. This position was combined with the existing payroll clerk due to internal efficiencies and reorganization of work responsibilities. The elimination of this position will result in reduced costs in 2016 which helps offset the increasing cost pressure from resulting benefit increases. The overall change in total compensation for union employees is in line with the reduction of 0.4 FTE and the increasing costs associated with employees.

The staffing level for 2016 is minimalist as many former positions have been combined. This has been possible as a result of productivity gains. However, any further reduction would negatively impact the overall service quality that NOW Inc. is able to provide. Additional challenges include scheduling and cross training as staff resources are sparse.

Table 7 below summarizes 2017 Test Year over 2016 Bridge Year changes:

Table 7: 2017 Test vs 2016 Bridge Variance

	2016 Bridge Year	2017 Test Year	Variance
Number of Employees (FTEs including Part-Time)[1]			
Management (including executive)	3.5	3.5	-
Non-Management (union and non-union)	12.2	13.2	1.0
Total	15.7	16.7	1.0
Total Salary and Wages including ovetime and incentive pay			
Management (including executive)	$ 337,749	$ 345,411	7,662.0
Non-Management (union and non-union)	$ 900,235	$ 1,001,414	101,179.0
Total	$ 1,237,984	$ 1,346,825	$ 108,841
Total Benefits (Current + Accrued) [2]			
Management (including executive)	$ 94,404	$ 95,772	1,368.0
Non-Management (union and non-union)	$ 276,084	$ 301,776	25,692.0
Total	$ 370,488	$ 397,548	$ 27,060
Total Compensation (Salary, Wages, & Benefits)			
Management (including executive)	$ 432,153	$ 441,183	$ 9,030
Non-Management (union and non-union)	$ 1,176,319	$ 1,303,190	$ 126,871
Total	$ 1,608,472	$ 1,744,373	$ 135,901

Management staff level is not expected to change and wages are forecast to increase 2.2% as a result of the inflation increase and changes in salary grid position. Health benefit costs are expected to grow at a lower rate than in prior years as a result of the maturity of the contract.

Union staffing is anticipated to increase by 1 FTE as NOW Inc. is planning on adding a lineman position which will replace a position that was vacated and not replaced in the preceding years. This will restore the complement and assist in succession planning as NOW Inc.'s workforce is aging. The additions of the Lineman FTE along with the union contract increase are the primary drivers of the variance from 2016 to 2017. The benefit increase is primarily as a result of the new lineman in relation to Health benefits and pension costs and other additional statutory obligations.

The pension rate charged by OMERS of which NOW Inc. is a member has been stable since 2013. As a result, and the good standing of OMERS, it is anticipated that this contribution rate will remain unchanged for the 2017 Test Year.

The schedule below shows the pension contribution rate has been stable since 2013:

	YMPE	NRA 65 Up to YMPE	over YMPE
2016	54,900	9.00%	14.60%
2015	53,600	9.00%	14.60%
2014	52,500	9.00%	14.60%
2013	51,100	9.00%	14.60%
2012	50,100	8.30%	12.80%

SUMMARY

In order to ensure continued success of NOW Inc., being able to attract motivate, and retain the right people is essential. It is expected that the labour challenges facing the industry will impact NOW Inc. with additional challenges due to the geographic location. As such, it is necessary that NOW Inc. position itself as an attractive place to work. It is essential that NOW Inc. have competitive wages with a rewarding work-life balance that is desired by people who like to settle in Northern Ontario.

File Number:	EB-2016-0096
Exhibit:	4
Tab:	3
Schedule:	2
Attachment:	1
Page:	1
Date:	26-Aug-16

Appendix 2-K
Employee Costs

	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time)[1]						
Management (including executive)	4.2	4.5	4.5	3.5	3.5	3.5
Non-Management (union and non-union)	14.6	14.0	13.6	12.6	12.2	13.2
Total	18.8	18.5	18.1	16.1	15.7	16.7
Total Salary and Wages including ovetime and incentive pay						
Management (including executive)	$ 343,682	$ 409,460	$ 459,366	$ 328,853	$ 337,749	$ 345,411
Non-Management (union and non-union)	$ 922,279	$ 920,392	$ 939,014	$ 933,605	$ 900,235	$ 1,001,414
Total	$ 1,265,961	$ 1,329,852	$ 1,398,380	$ 1,262,458	$ 1,237,984	$ 1,346,825
Total Benefits (Current + Accrued) [2]						
Management (including executive)	$ 114,208	$ 117,493	$ 141,048	$ 87,864	$ 94,404	$ 95,772
Non-Management (union and non-union)	$ 280,334	$ 136,557	$ 211,500	$ 231,702	$ 276,084	$ 301,776
Total	$ 394,542	$ 254,050	$ 352,549	$ 319,565	$ 370,488	$ 397,548
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	$ 457,890	$ 526,953	$ 600,414	$ 416,717	$ 432,153	$ 441,183
Non-Management (union and non-union)	$ 1,202,613	$ 1,056,949	$ 1,150,514	$ 1,165,307	$ 1,176,319	$ 1,303,190
Total	$ 1,660,503	$ 1,583,902	$ 1,750,928	$ 1,582,024	$ 1,608,472	$ 1,744,373

Note:

[1] If an applicant wishes to use headcount, it must also file the same schedule on an FTE basis.

[2] Current employee benefits, plus Pension and Other Post-Employment Benefits costs, as recorded for recovery in distribution rates. Should be consistent with OPEBs costs as documented in Appendix 2-KA.

File Number:	EB-2016-0096
Exhibit:	4
Tab:	3
Schedule:	2
Attachment:	2
Page:	1
Date:	26-Aug-16

Appendix 2-KA
OPEBs (Other Post-Employment Benefits) Costs

A Please indicate if OPEBs were recovered on a cash or accrual accounting basis for each year since the distributor started to recover OPEBs in distribution rates from customers: Accrual

Notes:
(Please add any information to explain the accounting basis used for OPEBs cost recovery in rate setting. If basis is other than Cash or Accrual, an explanation is required.)

B Please complete the following table:

OPEBS	First Year of recovery to 2011	2012	2013	2014	2015	2016	2017	Total
Amounts included in Rates								
OM&A	$ 72,666	$ 40,008	$ 45,454	$ 37,302	$ 33,623	$ 32,917	$ 33,813	$ 295,783
Capital	$ 3,613	$ 1,993	$ 1,763	$ 1,354	$ 1,351	$ 1,378	$ 1,406	$ 12,858
Total	$ 76,279	$ 42,001	$ 47,217	$ 38,656	$ 34,974	$ 34,295	$ 35,219	$ 308,641
Paid benefit amounts	$ 41,094	$ 29,356	$ 25,303	$ 21,050	$ 24,502	$ 25,248	$ 26,510	$ 193,063
Net excess amount included in rates relative to amounts actually paid.	$ 35,185	$ 12,645	$ 21,914	$ 17,606	$ 10,472	$ 9,047	$ 8,709	$ 115,578

C Please describe what the distributor has done with the recoveries in excess of cash payments:

The recoveries in excess of cash payments have remained in NOW Inc.s operating accounts.

MONDELIS
ACTUARIAL

515 Riverbend Drive, Suite 102, Kitchener, ON N2K 3S3 Phone: (519) 579-1255

May 5, 2015

Monika Malherbe
Director of Corporate Services
Corporation of Cochrane
171 Fourth Avenue
Cochrane, ON P0L 1C0

Dear Monika:

Re: Northern Ontario Wires Inc. Post-Employment Benefits Accounting

Northern Ontario Wires Inc. (the "Corporation") has retained the services of Mondelis Actuarial Service Corp to perform a valuation of post-employment benefits as at January 1, 2014. The results have been prepared in accordance with Part V of the CPA Canada Handbook ("CICA") for fiscal 2014.

We understand the Corporation has adopted IFRS effective January 1, 2015. Comparative results for fiscal 2014 and projections for fiscal years 2015 and 2016 have been prepared in accordance with International Accounting Standard 19 ("IAS 19").

The detailed calculations and a summary of membership data, plan provisions and assumptions are provided in this report.

SUMMARY OF RESULTS

The following table summarizes the results for fiscal year 2014.

	Fiscal 2014
	$
Benefit Expense/(Income)	4,463
Financial position – Dec 31	
Benefit obligation	60,071
Fair value of plan assets	—
Funded (unfunded) status	(60,071)
Unamortized amounts – Dec 31	
Actuarial gains/(losses)	22,650
Prior service costs	(8,104)
Accrued Benefit Asset/(Liability) – Dec 31	(74,617)

BENEFIT OBLIGATION AS AT JANAURY 1, 2014

	Extended Health ($)	Dental ($)	Life ($)	Total ($)
Active	28,698	9,874	2,264	40,836
Retired	7,620	3,661	3,414	14,695
Total	36,318	13,535	5,678	55,531

Benefit obligation is based on a discount rate of 4.50%

RECONCILIATION OF BENEFIT OBLIGATION

Benefit Obligation as at January 1, 2014 – before assumption changes and experience (4.5% discount rate)	112,300
Change in membership demographics	(46,000)
Change in mortality and termination assumptions	300
Change in trend rate assumption	2,000
Change in claims costs assumption	(13,100)
Benefit Obligation as at January 1, 2014 (4.5% discount rate)	55,500

ASSUMPTIONS AND METHODS

Actuarial Assumptions

	Fiscal 2014
Economic Factors	
Discount rate for calculation of Fiscal 2014 Benefit Expense	4.50%
Discount rate for calculation of December 31, 2014 disclosures and estimate of Fiscal 2015 Benefit Expense	3.75%
Inflation Rate	2.5% per annum
Dental Cost Trend Rates	4.0% per annum
Extended Health Care Trend Rates	8.00% in 2016; decreasing by 0.25% per annum to an ultimate rate of 5.0%
Demographic Factors	
Retirement age	Later of age 60 and age that employee will attain 30 years of service
Mortality	Canadian Pensioners' Mortality Table Public Sector projected on a generational basis using CPM Improvement Scale B (CPM2014Publ) (Last valuation used UP94@2020)
Termination of employment	Ontario Medium Termination Rates truncated at age 55 (Last valuation used 2% per year to age 55)
Disability	None provision for future disability was made.
Loadings Sales tax	 8.0%

Age difference between retiree and spouse	Female spouse is assumed to be 3 years younger
Members electing coverage at retirement	100%
Percentage electing family coverage	
Current retirees	Current elected coverage
Future retirees	80%

In the table above, all rates and percentages are annualized unless otherwise noted.

Discount Rate used under PSAB 3250/3255

A discount rate of 3.75% is used to determine the value of obligations at December 31, 2014; this is the single rate which equates to values determined using the CIA-Fiera Capital spot rate yield curve in effect at that date, which is used as a proxy for the Corporation's cost of borrowing.

Actuarial Methods

The following list outlines the methods that have been used to value the plan for accounting purposes.

- the benefit obligation and the current service cost were calculated using the projected benefit method pro-rated on service
- the attribution period is from the date of hire to date employee is first eligible for post retirement benefits.

Claims Costs

Claims costs for extended health and dental benefits were based on 2014 monthly premium rates provided by the Corporation as follows (including loadings):

	Extended Health	**Dental**
Single	124.73	50.45
Family	320.31	156.83

MEMBERSHIP

We have based our valuation on membership data effective December 31, 2014 as supplied by the Corporation. Age and service as at January 1, 2014 is summarized in the following tables:

Number of employees	4
Average age	42.3
Average service	15.6
Average earnings	81,875

Number of retirees	2
Average age	63.3
Average life insurance	100,000

	Active Employees				Retired Employees		
Age Group	**Male**	**Female**	**Total**	**Average Service**	**Male**	**Female**	**Total**
20-25	0	0	0	0.00			
25-30	1	0	1	1.42			
30-35	0	0	0	0.00			
35-40	0	0	0	0.00			
40-45	0	1	1	13.99			
45-50	1	0	1	25.41			
50-55	0	1	1	21.67			
55-60	0	0	0	0.00	0	0	0
60-65	0	0	0	0.00	2	0	2
65-70					0	0	0
70-75					0	0	0
75-80					0	0	0
80-85					0	0	0
85-90					0	0	0
90-95					0	0	0
Totals	2	2	4	15.62	2	0	2

PLAN PROVISIONS

The following summarizes the provisions of the plan for retiree benefit coverage. The summary is based on information provided by the Corporation.

Benefits	Extended Health and Dental Life Insurance • Employee – 200% of earnings at retirement, maximum of $100,000 • Spouse - $10,000
Eligibility	Full-time employees that retire from active service with a minimum of 30 years of service
Coverage Period	From date of early retirement to age 65, spouse life insurance benefit to when employee attains age 70
Survivor Coverage	To age 65
Retiree cost share (as % of premium)	0%

CERTIFICATION

I confirm the following:

- The Plan's benefits are defined benefits for purposes of CICA and IAS 19.
- The valuation and extrapolation thereof were performed in accordance with the standards of the Canadian Institute of Actuaries. The financial statement items resulting from this extrapolation were determined in accordance with my understanding of CICA and IAS 19.
- The results herein were prepared using the Corporation's best-estimate assumptions as at December 31, 2014.
- I am not aware of any events subsequent to December 31, 2014 which, in my opinion, would have a material impact on the results of the valuations and extrapolations.
- I am a member in good standing of the Canadian Institute of Actuaries. I understand that this report will be used for audit evidence and may be relied on under the terms of the CIA/CICA Joint Policy Statement as described in Section 1630 of the Canadian Institute of Actuaries Standards of Practice.
- I am, and Mondelis Actuarial Services Corp is, independent with respect to the Corporation.
- The data upon which this extrapolation is based are sufficient and reliable for the purposes of the extrapolation.
- This report has been prepared, and my opinion given, in accordance with generally accepted actuarial practice.

Emerging experience differing from assumptions will result in gains and losses which will be revealed in future valuations.

I am available at your convenience to provide you with any additional information that you may require.

Respectfully submitted,

Ian Ingham, FCIA, FSA

ACCOUNTING SCHEDULE 2014 - CICA

	CICA
Fiscal Year	**2014**
Discount rate	
At start of year	4.50%
At end of year	3.75%
Interest rate on assets	N/A
Expected Avg Remaining Service Lifetime	13.0
Reconcile Obligation	
Obligation at start of year	55,531
Change in obligation on revaluation	
Current service cost	2,256
Member contributions	0
Benefit payments	(5,726)
Interest on obligation	2,472
Expected obligation at end of year	54,533
Actual obligation at end of year	60,071
Total (Gain)/Loss recognized in year	5,538
Reconcile Assets	
Assets at start of year	0
Member contributions	0
Employer contributions	5,726
Benefit payments	(5,726)
Expected interest on assets	0
Expected asset at end of year	0
Actual asset at end of year	0
(Gain)/Loss recognized in year	0
Pension Expense	
Current service cost	2,256
Interest on obligation	2,472
Interest on assets	0
Amortize transition amount	1,621
Amortize plan improvements	0
Amortize gains and losses	(1,886)
Pension expense	4,463

ACCOUNTING SCHEDULE 2014 - CICA

	CICA
Fiscal Year	**2014**
Discount rate	
At start of year	4.50%
At end of year	3.75%
Transition (Asset)/Liability	
Transition amount at start of year	9,725
Amortization in year	(1,621)
Transition amount at end of year	8,104
Unamortized Prior Service Costs	
Unamortized prior service at start of year	0
Benefits added in year	0
Amortization in year	0
Unamortized prior service at end of year	0
Unamortized (Gains) & Losses	
Unamortized (gain)/loss at start of year	(30,074)
(Gain)/Loss in year	5,538
Amortization in year	1,886
Unamortized (gain)/loss at end of year	(22,650)
Balance Sheet Asset (Liability)	
Asset/(Liability) at start of period	75,880
Expense in year	4,463
Employer contributions	(5,726)
Asset/(Liability) at end of period	74,617
Reconcile Balance Sheet Asset to Funded Status	
Funded status	(60,071)
Unamortized transition amount	8,104
Unamortized prior service costs	0
Unamortized (gains) & losses	(22,650)
Balance Sheet Asset/(Liability)	(74,617)
Sensitivity Testing: Change in obligation	
1% increase in discount rate	8,211
1% decrease in discount rate	(6,764)

ACCOUNTING SCHEDULE IFRS

	Comparative IFRS	Projection IFRS	Projection IFRS
Fiscal Year	**2014**	**2015**	**2016**
Discount rate			
At start of year	4.50%	3.75%	3.75%
At end of year	3.75%	3.75%	3.75%
Interest rate on assets	N/A	N/A	N/A
Expected Avg Remaining Service Lifetime	13.0	13.0	13.0
Reconcile Obligation			
Obligation at start of year	55,531	60,071	57,286
Change in obligation on revaluation			
Current service cost	2,256	2,694	2,795
Member contributions	0	0	0
Benefit payments	(5,726)	(7,689)	(94)
Interest on obligation	2,472	2,210	2,251
Expected obligation at end of year	54,533	57,286	62,238
Actual obligation at end of year	60,071	57,286	62,238
Total (Gain)/Loss recognized in year	5,538	0	0
Reconcile Assets			
Assets at start of year	0	0	0
Member contributions	0	0	0
Employer contributions	5,726	7,689	94
Benefit payments	(5,726)	(7,689)	(94)
Expected interest on assets	0	0	0
Expected asset at end of year	0	0	0
Actual asset at end of year	0	0	0
(Gain)/Loss recognized in year	0	0	0
Pension Expense			
Current service cost	2,256	2,694	2,795
Interest on obligation	2,472	2,210	2,251
Interest on assets	0	0	0
Past service costs (including curtailment)	0	0	0
Settlement loss (gain)	0	0	0
Pension expense	4,728	4,904	5,046

ACCOUNTING SCHEDULE IFRS

	Comparative IFRS	Projection IFRS	Projection IFRS
Fiscal Year	**2014**	**2015**	**2016**
Discount rate			
At start of year	4.50%	3.75%	3.75%
At end of year	3.75%	3.75%	3.75%
Remeasurements of the net defined benefit liability (asset)			
Actuarial loss (gain) on the defined benefit obligation	5,538	0	0
Actuarial loss (gain) on plan assets	0	0	0
Total amount recognized in other comprehensive income	5,538	0	0
Transition (Asset)/Liability			
Transition amount at start of year	9,725	0	0
Transfer to Balance Sheet on Conversion	(9,725)		
Amortization in year	0	0	0
Transition amount at end of year	0	0	0
Unamortized (Gains) & Losses			
Unamortized (gain)/loss at start of year	(30,074)	0	0
Transfer to Balance Sheet on Conversion	30,074		
(Gain)/Loss in year	5,538	0	0
Amortization in year	(5,538)	0	0
Unamortized (gain)/loss at end of year	0	0	0
Balance Sheet Asset (Liability)			
Asset/(Liability) at start of period	75,880	60,071	57,286
Transfer to Balance Sheet on Conversion	(20,349)		
Expense in year	4,728	4,904	5,046
Amount recognized in other comprehensive income	5,538	0	0
Employer contributions	(5,726)	(7,689)	(94)
Asset/(Liability) at end of period	60,071	57,286	62,238
Reconcile Balance Sheet Asset to Funded Status			
Funded status	(60,071)	(57,286)	(62,238)
Unamortized transition amount	0	0	0
Unamortized prior service costs	0	0	0
Unamortized (gains) & losses	0	0	0
Balance Sheet Asset/(Liability)	(60,071)	(57,286)	(62,238)
Sensitivity Testing: Change in obligation			
1% decrease in discount rate	8,211		
1% increase in discount rate	(6,764)		

SHARED SERVICES & CORPORATE COST ALLOCATIONS

SERVICES PROVIDED BY CTS (COCHRANE TELECOM SERVICES) TO NOW INC.

A Services Agreement between Cochrane Telecom Services (formerly Cochrane Public Utilities Commission) and an affiliate and Northern Ontario Wires and Northern Ontario Energy (also an affiliate) was established November 1, 2000 and revised January 2016 and is in effect and provided in E4/T3/S3/Att2.

Cochrane Telecom Services is a telephone/internet company that is owned 100% by the Corporation of the Town of Cochrane. The former Cochrane Public Utilities Commission (Cochrane PUC) consisted of an electric department, telephone/internet department and water/sewer department. These departments had one collective agreement and one group of managers. They shared an administration building and a service centre building. With deregulation in 2000 it was required that the assets of the electric department be transferred into Northern Ontario Wires Inc. All employees remained as employees of Cochrane PUC and a services agreement was established to administer the relationship in compliance with the affiliate relationship code.

In 2003 the Public Utilities Commission was abolished and a separate Board appointed by the Shareholder was established to oversee the operations of the water/sewer department and telephone/internet department. The telephone/internet department was renamed “Cochrane Telecom Services” and eventually the water/sewer department was transferred to the Town of Cochrane.

Effective January 1, 2007 NOW Inc. moved its five management positions from the employ of Cochrane Telecom Services to NOW Inc. Three of the five management positions worked exclusively for Northern Ontario Wires while the CEO and Executive Assistant continued to provide services to Cochrane Telecom Services. Their costs were allocated to CTS in accordance with the time spent on CTS functions. The CEO position was eliminated after the end of 2014. The remainder of the labour requirements of NOW Inc. is provided by unionized employees through Cochrane Telecom Services.

The Shared Services Agreement between CTS and NOW Inc. enables NOW Inc. to receive comprehensive business support (e.g. purchasing, billing, collecting, information technology, stockkeeping, payroll, collections, cashier), while not having to employ full-time positions. This cost sharing arrangement is beneficial to NOW Inc. as the services provided are comprised of a portion of FTEs.

CTS Labour Resources Allocation Methodology

Linemen and billing clerks are charged based on actual time worked to NOW Inc. or CTS. Linemen provide a daily timesheet to indicate where their costs are to be coded.

Labour costs for six administrative and support services employees are also allocated to NOW Inc. These positions allocate time to each affiliate based on actual time spent to ensure that there is no cross subsidization. Each position and time tracking results are reviewed annually to ensure that the needs of each company/department are being met and costs are being allocated based on resource use.

Office Rent and Service Centre Rent

NOW Inc. continues to share a service centre and administrative building with Cochrane Telecom Services. These facilities are owned by Cochrane Telecom Services and an annual rental charge is allocated to NOW Inc. based in Square Footage occupied and usage of the facilities by NOW Inc.

NOW Inc. is allocated 40% of actual costs of operating and maintaining the administration building (referred to as Office Rent). Office rent costs include building operations, maintenance and annual depreciation, and shared computer hardware and software costs (including general ledger, payroll and inventory).

NOW Inc. is allocated 35% of actual costs of operating and maintaining the service centre (referred to as Service Centre Rent) based on square footage occupied and usage of the facilities by NOW Inc.

In total, CTS provides NOW Inc. with $1,339,680 of direct service charges. Historical years are summarized in OEB Appendix 2-N Shared Services Corporate Cost Allocation (E4/T3/S3/Att1).

SERVICES PROVIDED BY NOW INC. TO CTS

Effective January 1, 2007 NOW Inc. moved its five management positions from the employ of Cochrane Telecom Services to NOW Inc. Three of the five management positions work exclusively for NOW Inc. while the CEO and Executive Assistant continued to provide services to Cochrane Telecom Services. Their costs were allocated to CTS in accordance with the time spent on CTS functions. As of the end of 2014, the CEO position was eliminated and associated responsibilities were transferred to the NOW Inc. General Manager and the Chief Financial Officer. The financial impact of this change is reflected in the allocation of shared services costs. In 2017, services provided by NOW Inc. to CTS are forecast to be $69,193. Historical years are summarized in OEB Appendix 2-N Shared Services Corporate Cost Allocation (E4/T3/S3/Att1).

SERVICES BY NORTHERN ONTARIO WIRES INC. TO NORTHERN ONTARIO ENERGY INC. (NOE Inc.)

NOE Inc. is 100% owned by the Corporation of the Town of Cochrane. It has a separate Board of Directors. The General Manager and Chief Financial Officer for NOW Inc. provide basic oversight and financial services for NOE Inc. The General Manager and CFO allocate time spent on NOE Inc. activity as it is performed. This is forecast to be $13,769 in 2017. Historical years are summarized in OEB Appendix 2-N Shared Services Corporate Cost Allocation (E4/T3/S3/Att1).

MANAGEMENT FEE

Direct labour and facility costs charged by CTS to NOW Inc. are subject to a 12% Management Fee. The Management Fee includes CTS costs associated with management and supervision of support staff, labour relations, human resources and other costs not directly charged to NOW Inc.

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Appendix 2-N

Year: 2013 to 2017

Name of Company From	Name of Company To	Service Offered	Pricing Methodology	Allocation	G/L Account	Actual 2013	Actual 2014	Actual 2015	Bridge 2016	Test 2017
Part 1 - Costs subject to Management Fees as per Services Agreement (CTS&NOW)										
CTS	NOW Inc.	Wages and Benefits	Actual Costs	Based on Timesheet and position occupied.	Various - as per USoA	$ 1,212,861	$ 1,142,142	$ 1,174,726	$ 1,161,671	$ 1,287,171
NOW Inc.	CTS	CREDIT - FOR SERVICES PROVIDED BY NOW MANAGEMENT EMPLOYEES TO CTS			5605 & 5615	-$ 102,283	-$ 67,375	-$ 69,000	-$ 51,778	-$ 52,676
CTS	NOW Inc.	Office Rental	Share of Actual Costs -	based on Square Footage occupied/ Usage of facilities by NOW Activity	various- allocate to Billing & Collecting and Admin accounts	$ 34,957	$ 36,000	$ 25,654	$ 26,500	$ 27,295
CTS	NOW Inc.	Service Centre Rer	Share of Actual Costs	based on Square Footage occupied/ Usage of facilities by NOW Activity	various OM&A	$ 26,463	$ 24,346	$ 24,181	$ 24,480	$ 25,214
NOW Inc.	TOTAL NET COSTS FOR CALCULATING MANAGEMENT FEES	Labour, Billing & Administration services	Per Services Agreement = Cost + 12%			**$ 1,171,999**	**$ 1,135,113**	**$ 1,155,561**	**$ 1,160,873**	**$ 1,287,004**
MANAGEMENT FEES (12% of net costs)					**5630**	**$ 140,640**	**$ 136,214**	**$ 138,667**	**$ 139,305**	**$ 154,440**
Change							*-$ 4,426*	*$ 2,454*	*$ 637*	*$ 15,136*
Part 2 - Other Shared Services/Cost Allocation not subject to Management Fees										
NOW Inc.	NOE Inc.	Trucks/ Equipment Rental & Inventory Sales		Based on time and materials used	Various - as per USoA	$ 22,367	$ 9,303	$ 9,489	$ 9,679	$ 9,872
NOW Inc.	NOE Inc.	Financial CFO, Billing and Stockeeper	Actual Cost	Estimate of Time Spent on NOE Functions	Various - as per USoA	$ 4,691	$ 5,047	$ 3,746	$ 3,821	$ 3,897
NOW Inc.	CTS	Pole Rental	As per OEB Tariff of Rates and Charges		4210	$ 16,517	$ 16,517	$ 16,517	$ 16,517	$ 16,517

SERVICES AGREEMENT

THIS AGREEMENT made as of the 1st day of November, 2000.
REVISED January 1, 2016

BETWEEN:

NORTHERN ONTARIO WIRES INC.,
a business corporation governed by
the laws of the Province of Ontario

("NOW")

OF THE FIRST PART

-and-

NORTHERN ONTARIO ENERGY INC.,
a business corporation governed by
the laws of the Province of Ontario

("NOE")

OF THE SECOND PART

-and-

COCHRANE TELECOM SERVICES,
Of the Corporation of the Town of Cochrane
Governed under the laws of the Province of Ontario

("CTS")

OF THE THIRD PART

RECITALS:

A. The Corporation of the Town of Cochrane and the Corporation of the Town of Iroquois Falls entered into a Merger Agreement dated October 27, 2000, pursuant to which they established the terms and conditions upon which each Town would merge the businesses of the electricity portion of the Cochrane Public Utilities Commission and the Iroquois Falls Hydro-Electric Commission.

B. The Town of Cochrane and the Town of Iroquois Falls created NOW and NOE (collectively the "Corporations") and transferred to the Corporations pursuant to transfer by-laws substantially all of the assets and liabilities of each Town, the Iroquois Falls Hydro-Electric Commission and the electricity portion of the Cochrane Public Utilities

Commission associated with the generation, distribution, transmission and retailing of electricity and associated businesses.

C. Section 6 of the said Merger Agreement provides that NOW and NOE will enter into a services agreement with the Cochrane Public Utilities Commission, pursuant to which the Cochrane Public Utilities Commission will agree to carry out substantially all of the day-to-day activities of NOW and NOE, including the operations, administration and operational support of NOW and NOE. In 2003, the Cochrane Public Utilities Commission changed its name to Cochrane Telecom Services of the Corporation of the Town of Cochrane.

D. NOW and NOE require the services of a contractor to provide certain management services to NOW and NOE;

E. In 2007 NOW created its own management team, wherein all outside personnel listed in Schedule “A” of the Collective Agreement as “Electrical Department” are now under the direct supervision of a NOW manager.

F. Notwithstanding Section E, NOW and NOE wish to appoint CTS to provide certain management services to NOW and NOE, and CTS wishes to accept such appointment, upon and subject to the terms and conditions set forth in this Agreement;

NOW THEREFORE THIS AGREEMENT WITNESSES THAT in consideration of the fees, other payments and mutual covenants provided for in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is acknowledged by each of the Parties, the Parties covenant and agree as follows:

1. INTERPRETATION

Words or phrases defined in Schedule “A” to this Agreement shall have the meaning ascribed to them in that Schedule unless the context expressly or by necessary implication otherwise requires. In this Agreement, where the context so admits, words importing the singular include the plural and vice-versa and words importing gender include all genders.

2. APPOINTMENT OF CTS

2.1 Appointment by NOW and NOE

NOW and NOE appoint CTS to provide certain management services to NOW and NOE upon and subject to the terms and conditions of this Agreement.

2.2 Acceptance by CTS

CTS accepts its appointment to provide certain management services to NOW and NOE upon and subject to the terms and conditions of this Agreement.

2.3 CTS and Independent Contractor

Nothing in this Agreement shall be construed as or shall constitute a partnership or joint venture between CTS and the Corporations and each Party expressly disclaims any intention to create a partnership or joint venture. Except as otherwise expressly provided in this Agreement, the duties to be performed and the obligations assumed by CTS under this Agreement shall be performed and assumed by CTS as an independent contractor and not as the agent or otherwise as the representative of the Corporations. The Corporations acknowledge and agree that the business of CTS includes the management of the business affairs of CTS and that this Agreement shall not be construed as in any way restricting the business of CTS.

3. REPRESENTATION AND WARRANTY BY CTS

CTS represents and warrants that it has, and throughout the Term will continue to have, the required expertise, skill, personnel and experience to fulfill its obligations and duties under this Agreement. CTS acknowledges and agrees that the Corporations are relying on the truthfulness and accuracy of this representation and warranty in entering into this Agreement.

4. TERM

4.1 Initial Term

This Agreement, and the appointment of CTS, shall commence on the 1st day of November, 2000 and, subject to early termination in accordance with the provisions of Article 9, shall continue for a term of ten (10) years until the 31st day of October, 2010 (the “Term”).

4.2 Renewal

This Agreement may be renewed by NOW and/or NOE after the initial ten (10) year term for successive renewal terms of ten (10) years upon NOW and NOE giving written notice to CTS to that effect at least one (1) year prior to the termination of the initial term or renewal term, as the case may be. The Management Fees payable hereunder for any renewal term shall be negotiated and agreed to by the Corporations and CTS prior to the commencement of such renewal term, failing which the matter shall be referred to arbitration in accordance with the provisions of section 10 hereof.

5. DUTIES OF CTS

5.1 Standard of Performance of CTS

CTS shall perform and carry out all its obligations and duties under this Agreement honestly, in good faith, competently, efficiently, with due care and attention and in a business-like manner. CTS shall make appropriate employees of CTS available to the Corporations from time to time as is necessary to discharge CTS’s management and administration responsibilities under this Agreement.. CTS shall select employees that are suitable and qualified to perform the acts or provide the services for which they are appointed or retained by CTS and CTS shall properly supervise all such employees, provided that NOW or NOE shall have the right to notify CTS that any such employee selected by CTS and providing senior management services is not acceptable to NOW or NOE, in which case CTS shall not utilize such employee in providing services to NOW or NOE pursuant to this Agreement and shall provide alternate personnel to perform such services.

5.2 General Duties and Obligations of CTS

5.2.1 Management and Administration

Upon and subject to the terms of this Agreement and, in particular, but without limitation, Section 5.1 and Article 6, CTS shall administer and manage aspects of the day-to-day operations of NOW and NOE that are not administered directly by NOW staff.

5.2.2 Value Enhancement Strategies

CTS shall develop for review and consideration by the Corporations and advise the Corporations with respect to strategies, opportunities, policies and programs for the development and improvement of the operations of the Corporations. Such advice will be submitted by CTS to the Boards of Directors of NOW and NOE, as applicable.

5.3 Specific Duties and Obligations of CTS

The specific duties and obligations of CTS, under this Agreement shall include, without limiting Section 5.2, the following:

5.3.1 Administrative Services

Provide budgetary, accounting, billing, collecting, payroll and financial services, including assisting the Corporations in their financial planning.

5.3.2 Management Services

Carry out invoicing and collection of accounts for customers of the Corporations; respond to customer concerns and complaints; provide such marketing services, as are deemed advantageous by the Corporations; provide management of the human resources activities of the Corporations; provide information systems and system analysis services; ensure that payments in lieu of taxes are properly calculated and paid on time. A detailed description of these services is set forth in Schedule “B” hereto.

5.3.3 Collections

It is agreed that, that CTS shall maintain a separate cash and transaction journal to record daily payments received from customers and applied to customer accounts.

5.4 Personnel

5.4.1 Required Personnel

CTS shall engage employees and properly instruct all personnel as may be required for the satisfactory performance of the joint responsibilities under this Agreement.

5.4.2 Responsibility for Personnel

All of the personnel required to provide management services hereunder shall be employees of CTS. The remuneration of all of CTS's personnel shall be solely for the account of CTS.

5.4.3 Compliance With Laws

CTS, NOW and NOE shall at all times comply with all applicable collective agreements and other applicable employment standards, occupational health and safety, Highway Traffic Act, workers' compensation and human rights legislation relating to employees and personnel working at the Corporations.

5.4.4 Disclosure

At the request of NOW or NOE, CTS shall provide the Corporations with any and all information and documentation relating to the employees of CTS working at NOW or NOE.

5.4.5 Utilization of Others

For greater certainty, the parties hereby expressly agree that in providing the Management services hereunder CTS may utilize the advice and assistance and may engage the services of such other firms, professionals, persons or third parties, as it may reasonably determine necessary or appropriate and the costs and expenses of such services shall, without duplication, be recoverable from the Corporations in accordance with the provisions of this Agreement, provided, however, that CTS shall be liable for the acts and omissions of such third parties.

5.5 Conduct of Work

5.5.1 CTS agrees that when performing its services in connection with this Agreement, that it shall ensure:

(a) that its services to the Corporations are in compliance with all of the applicable requirements of the Energy Competition Act, 1998, the Independent Electricity System Operator ("IESO") and of the OEB, including the Affiliate Relationship Code for Electricity Distributors and Transmitters issued by the OEB and any amendments or additions thereto;

(b) that sharing personnel and information between NOW and NOE will not disadvantage potential or actual competitors of NOW, thereby placing NOW at risk of violation of the OEB's Affiliate Relationship Code for Electricity Distributors and Transmitters.

(c) that its employees, contractors and subcontractors are Qualified;

(d) that safe working practices are used in carrying out the services; and

(e) that any and all of its employees, workers, agents, contractors and subcontractors and servants, at all times, comply with Applicable Laws including applicable rules of the Electric Utilities Safety Association (EUSA), the Workplace Safety and Insurance Act, 1997 and the Occupational Health and Safety Act and any amendments or additions thereto.

5.5.2 All services shall comply with Applicable Law and be in accordance with Good Utility Practice.

5.6 <u>Changes</u>

NOW or NOE may from time to time request changes in the scope of the services to be performed hereunder by CTS, and such requests are subject to the following procedure:

5.6.1 NOW or NOE shall advise CTS in writing of the desired change or modification;

5.6.2 CTS will assess the impact of the desired changes or modifications on the total cost of the services, the time frame for completion and any further areas which, in the opinion of CTS, is likely to be affected by the desired changes;

5.6.3 CTS shall notify NOW or NOE, as applicable, in writing of its estimates and shall await instructions from NOW or NOE on whether or not to proceed with the changes or modifications;

5.6.4 any changes or modifications which increase the fee to be charged to NOW or NOE hereunder shall be implemented only with the prior written approval of the Board of Directors of NOW or NOE;

5.6.5 any increased fee caused by the desired changes or modifications shall be billed to NOW or NOE, as applicable, and are recoverable outside any limit of maximum fees under this Agreement.

6. CONTROL BY THE CORPORATIONS

6.1 <u>General Control by the Corporations</u>

CTS shall not take any action unless that action:

6.1.1 is authorized by the terms of this Agreement; or

6.1.2 has been approved by NOW or NOE, as applicable, provided that in the event of an emergency, where NOW or NOE, as applicable, or their duly authorized representatives cannot be reasonably located for the purpose of giving its approval, CTS may take such actions as it reasonably determines if in CTS's opinion the failure to act could:

(a) result in a hazardous situation which could cause personal injury or damage to property, or

(b) impair the value of NOW or NOE's investment, as applicable, or

(c) expose any of CTS, NOW or NOE, as applicable, to the imposition of penalties, fines, imprisonment or any other liability,

and shall notify the Corporations in writing of any such actions as soon as practicable thereafter.

6.2 <u>The Corporations' Right to Issue Directives</u>

NOW or NOE may, from time to time, at CTS's request or at NOW or NOE's own initiative, issue written directives and instructions and establish written policies and procedures governing the duties and obligations of CTS and the performance by CTS of its duties and obligations under this Agreement and shall provide those directives, instructions, policies and procedures to CTS. CTS shall at all times act in accordance with such directives, instructions, policies and procedures provided that such directives, instructions and policies shall not oblige CTS to perform any duty or obligation not provided for in this Agreement and shall not have the effect of putting CTS into default under this Agreement.

6.3 <u>Approval of the Corporations</u>

Notwithstanding, and without limiting, any other provisions in this Agreement, CTS in its capacity as manager shall not undertake any of the following matters without the prior approval of NOW or NOE:

6.3.1 those matters specifically identified in this Agreement as requiring the approval of either of the Corporations.

6.3.2 those matters requiring the approval of the IESO or the OEB.

6.4 <u>Approval and Response Time</u>

In the event that approval of NOW or NOE is required pursuant to this Agreement, CTS shall deliver written notice in the manner set forth in section 11.6 setting forth particulars of the matter and requesting approval of NOW or NOE. NOW or NOE shall endeavour to respond to any request by CTS for the approval of NOW or NOE or for the directions or instructions of NOW or NOE within five (5) Business Days, or such other period as is expressly provided for in this Agreement.

7. MANAGEMENT FEES

7.1 Level of Management Fees

(a) It is acknowledged that NOW is regulated by the OEB and that the management fees payable by NOW will be calculated and paid in accordance with the OEB's regulatory requirements in force from time to time. Currently, such fees must be calculated, at the CTS's long run incremental cost, plus a reasonable mark-up for fixed common costs (the "Mark-up"). The fees that NOE pays the CTS for its services are unregulated, but, because NOE must also make payments in lieu of taxes, management fees must be reasonable for such tax purposes.

(b) NOW and NOE, as applicable, will pay CTS the cost of the services (as hereinafter defined) and a fee of 12% on items (i), (iv) and (v) of the cost of the services, being a reasonable Mark-up for fixed common costs.

(c) The cost of the services shall include cost recoveries for:

(i) expenditures for wages and for salaries and a reasonable portion of employee future liabilities of outdoor workers, clerks and other personnel of the CTS while engaged in providing services to the Corporations;

(ii) expenditures for material used in or required in connection with the performance of the services hereunder;

(iii) the cost of all the expendable materials, supplies and tools;

(iv) the cost of office and other commercial space utilized in the operations of NOW and NOE; and

(v) such other expenditures in connection with the services hereunder as may be approved by NOW or NOE as applicable.

(d) It is acknowledged by the parties hereto that the reduction of costs by the CTS is a direct benefit to the Corporations because these reductions will be passed through to NOW and NOE. Accordingly, the Corporations and the CTS agree to negotiate in good faith within the six month period after the execution of this Agreement to agree upon a bonus to be earned by CTS as an incentive to the CTS, out of the cost savings passed through to NOW and NOE, for reducing the cost of the services.

7.2 Payment

7.2.1 Estimate

Prior to the commencement of each Fiscal Year, NOW, NOE and CTS shall discuss the anticipated services required by the Corporations from CTS for the next Fiscal Year.

Each annual budget of the Corporations shall contain an estimate of the Management Fees payable to CTS for the ensuing Fiscal Year based upon the anticipated time to be expended by the CTS's personnel in rendering the services hereunder. The Management Fees for any Fiscal Year (or portion thereof, if such is the case) shall be paid to CTS monthly, in advance, in equal monthly installments, on the basis of the estimate referred to above.

7.2.2 <u>Time Sheets or Estimates</u>

CTS shall cause its personnel providing services to NOW to maintain daily time sheets or estimates describing the time expended by such personnel of the CTS in rendering the management services and detailing the actual services provided.

7.2.3 <u>Actual Fees</u>

The actual Management Fees for any Fiscal Year shall be calculated by CTS utilizing the time sheets maintained pursuant to Section 7.2.2. CTS time charges shall not exceed by more than 10% in any Fiscal Year the Management Fees payable under Section 7.1.1 estimated in the applicable annual budget of the Corporations, without obtaining the prior written approval of the Corporations. Within thirty (30) days after the completion of each Fiscal Year, CTS shall submit a final statement to the Corporations which shall present the management services provided during the prior Fiscal Year, a summary of the time expended by the personnel of CTS, the other items forming part of the cost of the services, the Mark-up charged on the cost of the services and applicable taxes, and state the actual Management Fee payable.

7.2.4 <u>Adjustment</u>

If the amount which has been paid on account of the estimated Management Fees for any Fiscal Year differs from the actual Management Fees, the necessary adjusting payment shall be made by the Corporations or CTS, as the case may be, within thirty (30) days after the actual Management Fees payable have been determined in accordance with Section 7.2.3.

7.2.5 <u>Records and Audit</u>

(a) CTS and NOW shall keep complete and accurate documentation supporting the final audited statements.. The Corporation, through their representatives, employees, auditors and authorized persons, shall have the right, at the Corporations' expense, to inspect and audit the documentation at any time during the Term and for one (1) year thereafter during reasonable business hours, for the purpose of determining the sufficiency and accuracy thereof and the final annual statements.

(b) CTS shall maintain NOW's books in conformity with the OEB's Uniform System of Accounts. These accounts will be summarized and reported to the OEB in accordance with the OEB's requirements, and to NOW for use for its planning activities. If the OEB's requirements for NOW also requires the CTS to keep its books in accordance with the OEB's Uniform System of Accounts, the CTS will comply.

7.2.6 Determination by Auditors

If required, the auditors of the Corporations shall determine the amount paid on account of Management Fees and the actual Management Fees payable by the Corporations. If the Corporations and CTS do not agree with the determination of the auditors of the Corporations, the issue shall be submitted to final and binding arbitration as provided for in the last paragraph of section 10 hereof.

7.3 Expenses

7.3.1 General

Except as otherwise expressly approved by NOW or NOE, CTS shall pay all of its own costs and expenses incurred in fulfilling its obligations under this Agreement.

7.3.2 Travel and Lodging

CTS shall be entitled to be reimbursed, in accordance with its policy, for the travel and lodging expenses it has incurred in the course of providing services under this Agreement.

7.3.3 Invoices for Permitted Expenses

CTS shall provide invoices for all out-of-pocket costs and expenses in respect of which CTS is entitled to be reimbursed together with such supporting materials as may be appropriate.

7.4 Hardship

If, during the Term of this Agreement, a situation arises which is beyond the reasonable anticipation or control of either party and which results in a material disadvantage to one party, the Parties will endeavour in good faith to renegotiate the terms of this Agreement to the end that this Agreement shall operate between the Parties with fairness. The party disadvantaged shall make a request for revision within a reasonable time from the moment it becomes aware of the event and of its effect on the economy of this Agreement. The request shall indicate the grounds on which it is based. The Parties shall then consult one another with a view to revising this Agreement on an equitable basis in order to ensure that neither party suffers excessive prejudice. The request for revision does not of itself suspend performance of this Agreement. If the Parties are unable to agree on the revision to this Agreement within sixty (60) days of the request, the matter shall be referred to binding arbitration pursuant to Section 10.3 of this Agreement.

8. REPORTS BY CTS

8.1 In furtherance of its obligation to provide management services to the Corporations, CTS shall do the following:

8.1.1 maintain appropriate books of account and records to be maintained at the offices of NOW, with respect to all activities undertaken by CTS in performance of this Agreement.

9. TERMINATION OF CTS' APPOINTMENT

9.1 Event of Default

9.1.1 Notice of Default

If an Event of Default occurs, NOW or NOE, as applicable, may provide a notice to CTS (the "Default Notice") of such Event of Default which shall specify in reasonable detail the Event of Default.

9.1.2 Return Notice

Within five (5) Business Days after delivery by NOW or NOE of the Default Notice, CTS shall provide notice to NOW or NOE which shall specify whether or not CTS believes that it will be reasonably able to cure the Event of Default within thirty (30) days and a proposed timetable and course of action for curing the Event of Default.

9.1.3 Right of Termination

NOW or NOE, as applicable, shall have the right to terminate this Agreement by notice to CTS stating that this Agreement is terminated and the reason for termination if CTS fails to:

(a) commence diligent efforts to rectify the Event of Default within ten (10) days after the date of receipt by CTS of the Default Notice; or

(b) either,

(i) rectify the Event of Default within thirty (30) days after the date of receipt by CTS of the Default Notice; or

(ii) if CTS is not able to rectify the Event of Default within such thirty (30) day period, notwithstanding its diligent efforts to do so, and CTS requests by notice in writing to NOW or NOE, as applicable prior to the expiry of the thirty (30) day period a longer period to rectify the Event of Default, such longer period to which NOW or NOE may consent in writing prior to the end of the thirty (30) day period, such consent not be unreasonably or arbitrarily withheld.

Such termination shall be effective as of the last day of the month following the month in which the notice of termination is delivered by NOW or NOE to CTS.

9.1.4 Liquidated Damages

If NOW terminates this Agreement pursuant to this section 9.1.1, upon the effective date of such termination, CTS shall pay to NOW or NOE, as applicable, as liquidated damages and not as a penalty an amount equal to the management fees payable by NOW to CTS pursuant to this Agreement for the previous six completed calendar months. The parties acknowledge that in terminating this Agreement by virtue of an Event of Default, NOW or NOE will suffer significant business losses and costs and expenses in searching for and retaining new management services for its business operations. The parties accordingly acknowledge that the amount of the liquidated damages set forth above is a bona fide and reasonable estimate of the damages, costs and expenses which would be incurred by NOW or NOE upon such a termination.

9.2 Termination for Insolvency

CTS shall forthwith provide written notice to NOW or NOE, as applicable, in the event that an Event of Insolvency occurs, whereupon NOW or NOE, as applicable, may elect, in its sole and unfettered discretion, to terminate this Agreement by notice to CTS stating that this Agreement is terminated. In the event that CTS receives a notice of a petition in bankruptcy, it shall forthwith deliver a copy thereof to NOW or NOE and provide such information with respect thereto as may be required by NOW or NOE, so that NOW or NOE may decide if an Event of Insolvency has occurred.

9.3 Termination by CTS

If NOW or NOE fails to:

9.3.1 Payments

Make any payment which it is obliged to make or provide under this Agreement; or

9.3.2 Directions

Give such directions as were properly requested by CTS for the performance of its obligations under this Agreement in the time provided to give such directions,

CTS may give written notice to NOW or NOE, as applicable, specifying in reasonable detail the matter complained of. If, in the case of a monetary default, within ten (10) days after receipt of such notice NOW fails to cure the matter complained of, or, in the case of a non-monetary default, if NOW fails to begin to cure such failure within thirty (30) days after receipt of such notice CTS may terminate this Agreement upon providing written notice to NOW and NOE and the termination of this Agreement shall be effective as of the date which is thirty (30) days after the date on which the notice of termination is given by CTS.

9.4 Obligations on Termination

9.4.1 If this Agreement is terminated, by expiration or otherwise, CTS shall, upon the termination becoming effective:

(a) <u>Deliver Books and Records</u>

deliver to NOW and NOE all records and documents relating to NOW and NOE which are then in the possession or control of CTS;

(b) <u>Vacate</u>

peacefully leave and cause its personnel to peacefully leave any sites of the Corporations and return and cause its personnel to return all keys to the Corporations;

(c) <u>Computer Records</u>

deliver to NOW and NOE a hard copy and an electronic copy of all files and records maintained by CTS with respect to NOW and NOE and that are stored electronically and return to NOW and NOE all records, books, papers, data, notes, memoranda, reports, proposals, software, discs and other electronic or computer data, improvements, drawings, storage, media, manuals, lists, correspondence, specifications, materials or any other documents properly belonging to NOW and NOE, together with any copies or reproductions which have come into CTS's possession prior to or during the term of this Agreement (collectively, the "Computer Records"). CTS shall use its reasonable best efforts to provide the electronic copy in a format which is compatible with NOW's and NOE's electronic data maintenance system. CTS shall ensure that it does not give NOE any information that is the property of NOW and that is not also available to actual or potential competitors of NOW.

(d) <u>Otherwise Assist</u>

otherwise instruct its personnel to promptly provide all reasonable assistance and information requested by NOW and NOE, in order to settle all matters outstanding under this Agreement, and to enable the smooth transition of management of NOW and NOE from CTS to the Corporations or any other CTS appointed by NOW.

9.4.2 If this Agreement is terminated by expiration or otherwise, NOW shall, unless otherwise agreed to by CTS, upon the termination becoming effective:

(a) offer employment to those employees of CTS who have provided substantial services hereunder to NOW (the "Employees") as determined by CTS acting reasonable on substantially the same terms of employment as enjoyed by the Employees on the effective date of termination of this Agreement; or

(b) designate to CTS those Employees which NOW does not wish to employ, whereupon CTS shall terminate the employment of such designated Employees and NOW shall be responsible for and immediately pay to CTS all termination and other severance costs incurred by CTS in relation to any such terminations of employment.

9.5 Rights on Termination

Any termination of this Agreement shall terminate all rights and obligations of the Parties to this Agreement except:

9.5.1 rights and obligations with respect to amounts owing or to remedies, if either CTS or the Corporations shall be entitled to an accounting as to the fees or other monies payable to CTS or by CTS;

9.5.2 rights and obligations with respect to any event which occurred prior to the effective date of the termination of this Agreement;

9.5.3 Sections 9.4, 9.5, 9.6, 9.7, 11.1 and 11.2 of this Agreement,

which shall survive any termination of this Agreement and shall remain in full force and effect thereafter.

9.6 Confidentiality

9.6.1 CTS acknowledges that it has and will have access to confidential and proprietary information relating to each of the Corporations and their operations and agrees that such confidential and proprietary information shall not be used by it for any purpose other than the purposes of this Agreement and shall not be disclosed by CTS to any third party without the prior written consent of NOW or NOE, as applicable, except to employees or the Directors of CTS who have entered into an agreement with CTS to ensure the confidentiality and security of the Confidential Information. CTS agrees that it will not provide any confidential and proprietary information of NOW to NOE without NOW's prior written consent. CTS further acknowledges that it is aware of the provisions of the Shareholders Agreement relating to the Corporations and agrees to be bound by the confidential provisions of such Shareholders Agreement. All confidential and proprietary information that CTS has access to or acquires in the course of providing the services hereunder shall be used by CTS only for the benefit of the Corporations. CTS will promptly notify the Corporations in the event any unauthorized person obtains access to the Confidential Information. If any of the provisions of this Section 9.6 are violated in any material respect by CTS or its agents or employees, the Corporations shall have the right, in addition to any other right hereunder, to terminate this Agreement immediately upon notice thereof to CTS. The parties agree that injunctive relief in addition to any other right or remedy is an appropriate remedy to enforce the provisions of this Section 9.6 and the Corporations' proprietary rights, should the need arise.

9.6.2 Upon termination of this Agreement, CTS will deliver to the Corporations the Computer Records referred to in Section 9.4.3 of this Agreement.

9.6.3 CTS's obligations under this Section 9.6 shall survive the termination of the Agreement.

9.7 <u>Non Solicitation</u>

During the term of this Agreement and for a period of one (1) year from the date of termination of this Agreement, CTS agrees that it will not, without the prior written consent of the Corporations, which consent may be unreasonably or arbitrarily withheld, directly or indirectly through any of its affiliates or associates (as such terms are defined in the Business Corporations Act, Ontario), solicit, offer employment to or employ any of the employees of the Corporations.

10. DISPUTE RESOLUTION

Except as otherwise provided in this Agreement, the Corporations and CTS will act reasonably in exercising their rights and discharging their duties pursuant to this Agreement. At any time while this Agreement and any of its provisions are in force, should any dispute, difference of opinion, computation, or question arise between any of the parties hereto (the "Disputing Parties") touching this Agreement or any part thereof (other than the provisions of sections 9.6 and 9.7 hereof) which cannot be resolved by the provisions hereof or by the agreement of the parties, then such dispute, difference of opinion, computation, or question (collectively a "Dispute") shall be arrived at and settled as herein provided:

10.1 within two (2) Business Days of written notice by any party hereto of a Dispute, each party shall designate in writing to the other a Representative. The Representatives shall meet as often as necessary during a twenty (20) Business Day period following notice of the Dispute (or such other time period as the Representatives may agree) to gather and furnish to the other all information with respect to the Dispute which is appropriate and germane to its resolution. The Representatives shall negotiate in good faith in an effort to resolve the Dispute without the necessity of any proceedings. The specific format for such discussions will be left to the discretion of the Representatives;

10.2 if the Representatives cannot resolve the Dispute within that twenty (20) Business Day period, the dispute will be immediately referred by the Representatives to the following individuals (or their designated representatives) for a period of ten (10) Business Days for further good faith efforts to resolve the Dispute: for NOW or NOE, the Chairman of the Board and, for CTS, a member of senior management of CTS (who is not on the Board of either NOW or NOE);

10.3 if the Dispute is not resolved by those individuals within a ten (10) Business Day period, then either of the parties may initiate proceedings as set forth below; provided, however, that such proceedings for resolution of any Dispute may not be commenced until the earlier of thirty (30) Business Days after the initial notice of the Dispute or thirty (30) Business Days before the statute of limitations governing any cause of action or relating to the dispute would expire, unless preliminary or temporary relief of an emergency nature is sought by one of the parties.

If the parties are not successful in resolving the Dispute informally, they agree to submit the matter to final and binding arbitration in accordance with the provisions of the Arbitration Act, 1991 (Ontario), as amended. Arbitration hereunder shall be held in Cochrane, Ontario or such other place in Ontario as the parties may agree. The substantive and procedural law of the Province of Ontario shall apply to the proceedings. Equitable remedies shall be available in any arbitration. Neither punitive damages nor trebled or otherwise escalated damages shall be awarded. Judgement upon the award rendered in any arbitration may be entered in any court having jurisdiction thereof, or application may be to such court for a judicial acceptance of the award and enforcement thereof, as the law of such jurisdiction may require or allow. Nothing contained herein shall prejudice the right of any party to apply to any court of appropriate jurisdiction for temporary or preliminary injunctive or other equitable relief. The costs of the arbitration will be determined by the arbitrator in his sole discretion.

11. GENERAL

11.1 <u>Indemnity by NOW and NOE</u>

Both during and after the termination of this Agreement, NOW and NOE shall indemnify and save CTS and its employees, officers and directors harmless from any action, cause of action, suit, debt, cost, expense, liability, claim or demand whatsoever at law or in equity, in connection with the performance by CTS of any and all of its obligations under this Agreement or pursuant to the policies, instructions and procedures of NOW and NOE including, without limitation, any damage or injury whatsoever to any employee or other Person or property arising out of the administration of NOW and NOE, or any assets of NOW and NOE during the Term of this Agreement, provided the indemnity provided under this Section 11.1 shall not extend to any negligence or malfeasance of CTS or its employees, officers, directors, agents or any other Person for whom it is responsible at law other than those caused by a peril or event against which NOW and NOE is liable to insure, in which event the indemnity is limited to the portion of the cost, damage or loss not recovered pursuant to insurance.

11.2 <u>Indemnity by CTS</u>

Both during and after the termination of this Agreement, CTS shall indemnify and save NOW and NOE and their employees, officers and directors harmless in respect of any action, cause of action, suit, debt, cost, expense, liability, claim or demand whatsoever, at law or in equity, arising by reason of any,

11.2.1 negligence or malfeasance of CTS or its employees, officers, directors, agents or any other Person for whom it is responsible at law; or

11.2.2 breach by CTS of any provision under this Agreement.

other than those caused by a peril or event against which NOW and NOE is liable to insure, in which event the indemnity is limited to the portion of the cost, damage or loss not recovered pursuant to insurance.

11.3 Insurance

NOW and NOE will maintain, at their expense, insurance on its real and personal property and public liability insurance and carry CTS as an additional insured. The insurance policy shall contain a waiver of any subrogation rights which the Corporations' insurers may have against CTS whether any such damage is caused by the act, omission or negligence of CTS.

CTS will maintain, at its expense, fidelity bond insurance covering its employees who handle or are responsible for handling the Corporations' funds, insuring against loss, theft, embezzlement, or other fraudulent acts on the part of employees. CTS will carry the Corporations as an additional insured and loss payee on such policy. CTS shall provide the Corporations with copies of all such insurance policies. CTS will also maintain at all times throughout the term of this Agreement, public liability and property damage insurance with respect to CTS's operations at the sites of the Corporations in such reasonable amounts and with such reasonable deductibles as determined from time to time by the Corporations. The insurance policy shall contain a waiver of any subrogation rights which CTS's insurers may have against the Corporations, whether any such damage is caused by the act, omission or negligence of the Corporations.

11.4 Environment

11.4.1 The Corporations shall in respect of the assets and operations which are the subject of this Agreement be responsible for all environmental liability which results from:

(a) the operations of the Corporations;

(b) any products, goods or materials brought onto property or used by the Corporations.

11.4.2 CTS shall in respect of the assets and operations which are the subject of this Agreement be responsible for all environmental liability which results from:

(a) CTS's operations; or

(b) any products, goods or materials brought onto property or used by CTS or by a person with the express or implied consent of CTS.

11.5 Regulatory Matters

11.5.1 Nothing in this Agreement shall derogate from, restrict or limit the rights and obligations of the parties under applicable law including, without limitation, the Electricity Act, 1998 (Ontario) and the Telecommunications Act (Canada) and any conflict or inconsistency shall be resolved in favour of applicable law.

11.5.2 The parties acknowledge that the subject matter of this Agreement may be subject to ruling of one or more governmental bodies including the OEB, the IMO and CRTC from time to time. The parties agree to consult and negotiate in good faith, in the event that any term of this Agreement is affected by such ruling.

11.6 <u>Notice</u>

Any notice or other communication required or permitted to be given under or for the purposes of this Agreement shall be in writing and shall be sufficiently given if delivered personally to the Party to whom the notice or other communication is to be given, or if transmitted by telecopier or other form of recorded communication during the transmission of which no indication of failure of receipt is communicated to the sender;

11.6.1 in the case of a notice to the Corporations:

153 Sixth Avenue
P.O. Box 640
COCHRANE, ON P0L 1C0

11.6.2 in the case of a notice to CTS at:

Cochrane Telecom Services
153 Sixth Avenue
P.O. Box 640
COCHRANE, ON P0L 1C0

or at such other address as the Party to whom such notice is to be given shall have last notified to the Party giving the same in the manner provided in this Section. Any notice delivered to a Party in accordance with this Section shall be deemed to have been given and received on the day it is so delivered at such address, provided that if such day is not a Business Day, then the notice shall be deemed to have been given and received on the Business Day next following such day. Any notice transmitted by telecopier or other form of recorded communication to a Party in accordance with this Section shall be deemed to be given and received on the day of its transmission if such day is a Business Day and the transmission is completed before 6:00 p.m. and, if not, on the next following Business Day.

11.7 <u>Further Assurances</u>

Each of the Parties hereto shall promptly do, make, execute and deliver, or cause to be done, made, executed and delivered, all such further acts, documents and things as the other Party hereto may reasonably require from time to time for the purpose of giving effect to this Agreement and shall use reasonable efforts and take all such steps as may be reasonably within its power to implement to its full extent the provisions of this Agreement.

11.8 <u>Assignment</u>

11.8.1 <u>By CTS</u>

This Agreement and all rights, entitlements, duties and obligations arising from it shall not be assigned in whole or in part by CTS unless the assignment is approved by NOW and NOE, which approval may be arbitrarily withheld.

11.8.2 By the Corporations

This Agreement and all rights, entitlements, duties and obligations arising from it shall not be assigned in whole or in part by NOW or NOE without the prior written consent of CTS, which consent shall not be arbitrarily or unreasonably withheld.

11.8.3 Transfer of Utility or Dissolution of CTS

Without the prior written consent of NOW, which consent shall not be arbitrarily or unreasonably withheld, there shall be no transfer of any utility from CTS to the Corporation of the Town of Cochrane, and no dissolution of CTS.

11.8.4 Change of Control of NOW or NOE

Without the prior written consent of CTS, which consent shall not be arbitrarily or unreasonably withheld, there shall be no effective change in the voting control of NOW or NOE.

11.9 Extended Meanings

Words importing persons shall include individuals, partnerships, associations, trusts, unincorporated organizations and corporations.

11.10 Time of Essence

Time is of the essence in this Agreement.

11.11 Severability

Any provision of this Agreement which is illegal, prohibited or unenforceable in any jurisdiction shall as to such jurisdiction, be ineffective to the extent of such illegality, prohibition or unenforceability without invalidating the remaining provisions hereof or affecting the validity or enforceability of such provision in any jurisdiction.

11.12 Force Majeure

Notwithstanding anything to the contrary contained herein, if any Party hereto is bona fide delayed or hindered in or prevented from the performance of any work, term, covenant or act required hereunder by reason of strikes, labour disputes, lock outs, power failures, riots, insurrections, sabotage, rebellions, war, acts of God, or any other cause beyond the reasonable control of the Party delayed in the performance of any work, term, covenant or act required hereunder, then performance of the same is excused for the period of the delay and the Party so delayed shall be entitled to perform such work, term, covenant or act within a reasonable time period after the expiration of the period of such delay; provided however that the Party so delayed is acting and continues at all times to act in good faith and in a reasonable manner with respect to such condition or cause and provided that, if the delay exceeds thirty (30) days and the cause of the delay is personal to CTS then at any time after the expiry of such period, the Party in whose favour the work, term, covenant or act was to be performed may terminate this Agreement forthwith by notice in writing.

The Party delayed will notify the other Party as soon as practicable after becoming aware of an event giving rise to a delay under this Section and will, from time to time, notify the other Party of the expected duration of the period of the delay.

The financial condition of a Party or any lack of funds on the part of a Party shall be deemed not to be a condition or cause beyond the reasonable control of that Party unless the lack of funds is on the part of CTS and is caused by the failure of NOW or NOE to pay CTS any sums to be provided by NOW or NOE hereunder.

11.13 Change in Laws

The rights and obligations of the Parties hereto under this Agreement shall be subject to all Applicable Law having jurisdiction over the Parties hereto. In the event, however, that any Applicable Law shall change and, in the judgement of either party hereto such change substantially alters the relationship between the Parties under this Agreement, or the advantage derived from such relationship, either party may request the other party hereto to modify this Agreement, and if, within thirty (30) days subsequent to making such requests, the Parties hereto are unable to agree upon a mutually satisfactory modification hereof, then the adversely affected party may either refer the matter to binding arbitration pursuant to Section 10.3 hereof or terminate this Agreement on 30 days prior written notice to the other party.

11.14 No Waiver

No consent or waiver, express or implied, by a Party to or of any breach or default by the other Party in the performance of such other Party of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other Party hereunder. Failure on the part of a Party to complain of any act or failure to act by the other or to declare the other Party in default, irrespective of how long such failure continues, shall not constitute a waiver by such first mentioned Party of its rights hereunder.

11.15 Governing Law

This Agreement is made pursuant to and shall be governed and interpreted in accordance with the laws of the Province of Ontario and the laws of Canada applicable therein.

11.16 Entire Agreement

This Agreement constitutes the entire agreement between the Parties respecting the subject matter herein and supersedes all prior agreements, undertakings, negotiations and discussions between the Parties, whether oral or written, and there are no warranties, representations or other agreements between the Parties in connection with the subject matter hereof except as specifically set forth herein. All amendments to this Agreement shall be made in writing and executed by the Parties hereto.

11.17 Accounting Principles

All accounting terms not specifically defined herein shall be construed in accordance with generally accepted accounting principles in Canada.

11.18 Enurement

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

IN WITNESS WHEREOF the Parties have duly executed this Agreement as of the day, month and year first above written.

NORTHERN ONTARIO WIRES INC.

Per: ____________________________
Name: Dan Boucher
Title: General Manager

Per: ____________________________
Name: Monika Malherbe
Title: Chair

NORTHERN ONTARIO ENERGY INC.

Per: ____________________________
Name: Geoffrey Sutton
Title: Chief Financial Officer

Per: ____________________________
Name: Jean-Luc Brousseau
Title: Chair

COCHRANE TELECOM SERVICES

Per: ____________________________
Name: Scott Mitchell
Title: General Manager

Per: ____________________________
Name: JP Ouellette
Title: CAO

SCHEDULE "A"

DEFINITIONS

In this Agreement, unless there is something in the subject matter or context inconsistent therewith, the following words shall have the respective meanings ascribed to them as follows:

1. "**Affiliate**" of any party hereto means any corporation which is an affiliate of the applicable party within the meaning of the Business Corporations Act, R.S.O. 1990, c. B.16.

2. **"Agreement", "this Agreement", "the Agreement", "hereto", "hereof", "herein", "hereby", "hereunder"** and similar expressions means or refer to this Agreement, as amended or supplemented from time to time in writing by the Parties.

3. **"Applicable Law"** means any and all applicable laws, including environmental laws, statutes, codes, licensing requirements, treaties, directives, rules, regulations, protocols, policies, by-laws (of general application), orders, injunctions, rulings, awards, judgements, or decrees or any requirements or decision or agreement with or by any government or governmental department, commission board, court authority or agency and includes the standards of the Town and codes, licenses and rulings issued by the OEB, the IMO and the CRTC.

4. **"Business Day"** means any day which is not a Saturday, Sunday or statutory holiday under the laws of the Province of Ontario or the laws of Canada applicable therein.

5. **"Corporations"** means NOW and NOE collectively.

6. **"Event of Default"** means any default under this Agreement including, without limitation, either of the following:

   6.1 any failure by CTS to perform or comply with its duties and obligations under this Agreement; and

   6.2 a situation in which the personnel of CTS who are providing services hereunder do not have the requisite skills or experience to provide management services to the Corporations.

7. **"Event of Insolvency"** means the occurrence of any one of the following events:

   7.1 if any Party:

      7.1.1 other than in connection with a bona fide corporate reorganization which does not otherwise contravene this Agreement, is wound up, dissolved, liquidated or has its existence terminated or has any resolution passed therefore or makes a general assignment for the benefit of its creditors or a proposal under the Bankruptcy and Insolvency Act, as amended or re-enacted from time to time;

7.1.2 makes an application to the applicable court for a compromise or arrangement under the Companies' Creditors Arrangement Act (Canada), as amended or re-enacted from time to time; or

7.1.3 files any written request, application, answer or other document seeking or consenting to any re-organization, arrangement, composition, re-adjustment, liquidation or similar relief for itself under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors generally including, without limitation, any notice of intention to make a proposal pursuant to the Bankruptcy and Insolvency Act;

7.1.4 if a court of competent jurisdiction enters an order, judgement or decree against such Party which approves or provides for any reorganization, arrangement, composition, re-adjustment, liquidation, dissolution, winding-up, termination of existence, declaration of bankruptcy or insolvency or similar relief with respect to such Party, under any present or future law relating to bankruptcy, insolvency or other relief for or against debtors generally and such order, judgement or decree remains unvacated and unstayed for an aggregate period of thirty (30) days (whether or not consecutive) from the date it is made;

7.1.5 if any trustee in bankruptcy, receiver, receiver and manager, liquidator or any other officer with similar powers is appointed for or with respect to such Party and that appointment remains in effect for an aggregate period of thirty (30) days (whether or not consecutive) from the date of the appointment; or

7.1.6 if an encumbrancer or anyone acting on behalf of an encumbrancer takes possession of all or substantially all of the property of CTS and remains in possession for an aggregate period of thirty (30) days (whether or not consecutive) from the first date of the taking of possession.

8. **"Fiscal Year"** means a period of twelve (12) consecutive months ending on December 31, or such other date as designated in writing by the Corporations, or such other period as may be designated in writing from time to time by the Corporations, provided that any such other period shall not be effective unless CTS receives written notice of such period at least ninety (days) prior to the first day of such period; provided that the initial Fiscal Year shall be the period commencing on the date of this Agreement and ending on December 31, 2001.

9. **"Good Utility Practice"** means any of the practices, methods and acts engaged in or approved by a significant portion of the electrical utilities of comparable numbers of customers and geographic area in North America during the relevant time period, or any of the practices, methods and acts which, in the exercise of reasonable judgement in light of the facts known at the time the decision was made, could have been expected to

accomplish the desired result at a reasonable cost consistent with good business practices, reliability, safety and expedition. Good Utility Practice is not intended to be limited to optimum practices or methods, or act to the exclusion of all others, but rather to include all practices, methods, or acts generally accepted in North America.

10. **“IESO”** has the same meaning as in subsection 2 (1) of the Electricity Act, 1998.

11. **“Management Fees”** means the aggregate of all net fees payable to CTS pursuant to Sections 7.1.1 and 7.1.2.

12. **“OEB”** means the Ontario Energy Board and any successor or other governmental regulatory authority in respect of the electricity industry in Ontario.

13. **“Parties”** means CTS, NOW and NOE and their respective permitted successors and assigns.

14. **“Person”** means an individual, partnership, corporation, government or any department or agency thereof, trustee, or unincorporated organization and the heirs, executors, administrators or legal representatives or an individual.

15. **“Qualified”** means the worker or workers in question are duly qualified under Applicable Law (including the requirements of the Occupational Health and Safety Act, with respect to working near electrical hazards) or the entity uses only such qualified workers, to carry on the work in question, as applicable.

16. **“Term”** has the meaning ascribed to it in Section 4.

SCHEDULE "B"

Description of Services. The Management Services provided by CTS to the Corporations pursuant to Section 5.3.2 shall consist of the following categories:

(a) **General Corporate**. CTS shall provide to the Corporations general office, corporate and other management services including, without limitation, the following services (collectively, the "General Corporate Services"):

(i) Corporate accounting, including, without limitation, fixed asset accounting, maintenance of accounting books and records, review, preparation and consolidation of corporate financial information, including financial information of all subsidiaries and preparation of monthly, quarterly and annual financial reports and the review, analysis, consultation and recommendation concerning special projects;

(ii) Finance, including, without limitation, treasury and cash management services (including reconciliation of bank accounts), monitoring and preparation for payment of accounts payable, maintenance of bank relationships

(iii) Transportation, including, without limitation, fleet maintenance, fleet replacement management, analysis of inbound and outbound freight costs, verification of payment of freight and warehousing charges, damage prevention activities, monitoring of warehousing / distribution operations;

(iv) Taxation, including, without limitation, , compliance with federal and provincial tax requirements, computations of tax payments and filings of required declarations and vouchers, preparation and filing of any applicable federal and provincial tax or payment in lieu of tax returns, preparation of monthly sales tax returns, advising purchasing department personnel regarding proper sales tax procedures, auditing of accounts payable, listing invoices to ensure proper tax liability, monitoring progress on outstanding tax audits, preparation and filing of any compliance reporting to regulators, and monitoring of evolving regulatory requirements to ensure continuing compliance;

(v) Management information systems services such as implementation, maintenance and servicing of various information systems and programs related to payroll matters, human resources, management reporting, roll outs, ordering and shipping, statistical quality control, statistic process control, order fulfillment system, and periodic review of the effectiveness of the information systems;

(vi) Internal audit services, including without limitation, evaluation of the adequacy, application and effectiveness of internal financial controls, internal controls relating to computer operations, systems and security, monitoring and preservation of corporate assets, monitoring of compliance with corporate policies, guidelines and procedures, co-ordination with external auditors, and reporting of audit findings and follow-up;

(vii) Risk management and insurance, including, without limitation, ensuring the adequacy of, provision and maintenance of insurance coverage for property, business interruption, automobile, general liability, employee fidelity, bonds and other types of exposures as are required and/ or standard in the industry, assistance in the filing and negotiations of claims and their follow-up, and administrative services in relation to the foregoing;

(viii) Administrative services, including, without limitation, communications and public relations, commercial property leases, filing, records and archive services, management of the Corporations' real and immoveable property, wherever situated, whether such real and immoveable property is owned or leased.

(ix) Such other general management services as are ancillary to the provision of any of the above or upon which the Parties may from time to time agree.

(b) **Human Resources.** CTS shall provide to the Corporations general human resources services, including, without limitation, the following (collectively, the "Human Resources Services"): corporate employee relations, labour relations services including negotiation and management of collective agreements and grievances and co-ordination of related legal matters, management of employee/ pension and benefits plans, including payroll services for non-unionized employees and coordination of employee health and safety plans and the CTS shall report on a regular basis to the Operations, Health, Safety and Environmental Committee in connection with such services.

(c) **Distribution Facilities Operations.** CTS shall provide to the Corporations general services required to ensure the continued operations of the Corporations' facilities (the "**Facilities**"), at levels of service quality and reliability that are the higher of OEB prescribed levels and Good Utility Practice, such operations to include, without limitation, the following (collectively the "**Facilities Operation Services**"); general management and maintenance of the Facilities, purchasing and procurement services including supply chain management, the negotiation of supply contracts and management of computerized purchasing, inventory and invoice matching systems, technical support and testing services, general administration and personnel services including the use and operation of computer programs, including monitoring of information systems, system engineering and planning services and technical services.

PURCHASE OF NON-AFFILIATE SERVICES

NOW Inc. purchases supplies and services from third parties in order to distribute electricity to its customers. E4/T3/S4/Att1 lists NOW Inc.'s expenditures on purchased products and services in 2015 in excess of $50,000 from any single supplier. While spending projections are not prepared on this basis, NOW Inc. expects its pattern of expenditures to remain generally consistent with recent history.

NOW Inc.'s procurement policy appears as E4/T3/S4/Att2 to this schedule and NOW Inc. confirms that purchases are in compliance with this policy. NOW Inc. purchases equipment, materials and services in a cost effective manner with full consideration given to price as well as product quality, the ability to deliver on time, reliability, compliance with engineering specifications and quality of services. Vendors are screened to ensure knowledge, reputation, and the capability to meet NOW Inc.'s needs. The procurement of goods and services for NOW Inc. is carried out with the highest of ethical standards and consideration to the public nature of the expenditures.

NOW Inc. is also a member of the North-East District Buying Consortium (NEDBC). The NEDBC is a group of nine utilities that have entered into a Joint Venture Agreement that solicits price quotations from appropriate potential supplies in respect of goods and services. The purpose of this group is to facilitate cooperative efforts with a view to obtaining volume discounts from suppliers by reason of aggregated purchases.

Purchases From Vendors Exceeding $50k
2015

Vendor Code	Vendor Name		Total
8042	HD SUPPLY POWER SOLUTIONS		$ 165,776
19000	SENSUS METERING SYSTEMS		$ 115,214
2016	BURMAN ENERGY		$ 80,616
1028	HARRIS COMPUTER SYSTEMS		$ 75,899
15008	OMERS		$ 75,243
13011	MEARIE VEHICLE INSURANCE PROGRAM		$ 60,265
16001	POWERTEL UTILITIES CONTRACTORS LIMITED		$ 59,046

Policies and Procedures			
Department	Northern Ontario Wires Inc.	Issued	
Section	General	Effective:	Jan 31, 2011
Subject:	**PURCHASING**	Page:	1 of 6
Approved by:		Revised:	

1. POLICY

1.0 Northern Ontario Wires Inc. shall implement a policy to ensure safe purchasing and that procedures for acquiring goods are within accounting standards.

2. PURPOSE

2.0 The purpose of this statement of policy and procedure is to ensure that products purchased met the requirements of Ontario Regulation 22/04, Electrical Distribution Safety.

2.1 Additionally, this policy will ensure that accounting guidelines are followed.

3. SCOPE

3.0 This statement of policy and procedure is applicable to all purchases made for Northern Ontario Wires Inc.

4. RESPONSIBILITY

4.0 <u>Purchasing Agent</u>

The Purchasing Agent (or designate) is responsible for maintaining stock / project inventory for Northern Ontario Wires Inc. He/she will conduct the necessary planning that addresses NOW's existing distribution system, current needs and future needs, as provided to him/her by the representatives of department heads

The Purchasing Agent (or designate) has the authority to issue Purchase Orders (POs) for the maintenance of stock, service centre and vehicles. Purchase Orders must be issued:

- For all purchases of goods and services;
- Prior to the date of the goods being ordered or services being rendered;
- Signed by the Purchasing Agent

Purchase Orders for <u>***special order stock***</u> must also be signed by the department supervisor.
Purchase Orders for orders with <u>***individual item cost in excess of $500.00***</u> and/or a <u>***total cost in excess of $2,500.00***</u> must also be signed by the Department Supervisor.

Purchase Orders for an ***individual items cost in excess of $1,000.00*** and/or a ***total cost in excess of $5,000.00*** must also be signed by the Chief Financial Officer or General Manager.

4.1 Supervisors

Supervisors have been issued Purchase Order books. Purchase Orders must be issued:

- For all purchases of goods and services;
- Prior to the date of the goods being orders or services being rendered;
- Signed by the Supervisor (except as indicated for Purchasing Agent);

Purchase Orders for orders with an ***individual item cost in excess of $1,000.00*** and/or a ***total costs in excess of $5,000.00*** must also be signed by the Chief Financial Officer or General Manager.

5. PROCEDURE

5.0 Approved Equipment Inventory

Inventory that is held in stores for the distribution system, covered under Regulation 22/04, will be approved and documented as outlined in the regulation.

5.1 Approved Equipment

Equipment for use in NOW's distribution system will be certified by one of the following methods:

(a) The equipment has been certified by a certification organization; or
(b) The equipment has been field-evaluated and approved by an accredited field-evaluation agency; or
(c) The equipment has been field-evaluated and approved by the *Electrical Safety Authority (ESA)*.

In addition, equipment is certified by meeting the following conditions:

(a) A certification organization has issued a report certifying that the equipment conforms to applicable standards;
(b) The above report(s) is available to *ESA* from the certification organization;

(c) The equipment purchases complies with all standards of design and construction and all terms and conditions set out in the report; and/or
(d) The equipment bears the certification organization's mark for use in Canada.

5.2 Product Changes

The Purchasing Agent shall provide the supplier with a list of approved NOW part numbers. The supplier or NOW may initiate changes to the part description.

Supplier changes are provided to the Purchasing Agent and NOW changes are made known to the supplier. Purchasing Specifications are updated or a new part number and Purchasing Specification created are subject to the same aforementioned approval process. Following approval, the inventory control database is updated. All original and revised specifications are kept.

5.3 Purchasing Process

The Purchasing Agent (or designate) shall review all Purchase Orders, which are then faxed or mailed to the supplier (if required). The Purchasing Agent shall retain a hard copy of the Purchase Order on file. Formal acknowledgement of contract acceptance from the supplier is maintained where applicable.

All equipment falling under Regulation 22/04 shall have an equipment approval sheet outlining the above stated requirements. This includes all product(s) kept in inventory. Inventory is tracked through QDS Software. QDS is consistent with production description and product numbering found in the equipment approval sheets. The Purchasing Agent shall maintain a binder with a complete list of all approved products, which includes a part number cross-reference to the QDS software.

Equipment ordered for the electrical distribution system not found in inventory is subject to the same requirements under Regulation 22/04. Non-inventory products and the applicable approval documentation shall be attached to the corresponding Purchase Order and will be tracked for two (2) years. New additions shall also be tracked for a period of two (2) years.

Note: Northern Ontario Wires Inc. does not normally perform product verification at their supplier's premises; verification is conducted at the receiving/ inspection stage. In the event product verification is required to be performed at the supplier's premises, the requirements will be identified on the Purchase Order.

Verification of sub-contracted product by a customer is permitted only where contracted and shall not absolve Northern Ontario Wires Inc. of the responsibility to provide acceptable product, nor shall it preclude subsequent rejection by the customer. Verification of products used by contractors shall fall to the contractor administrator (*refer to Contractor Safety Policy)*.

All non-major equipment that is purchased will be inspected for a safety rating (i.e. CSA, ANSI, etc.) and if not approved will NOT be introduced into inventory or general use.

5.4 <u>Store Activities</u>

<u>Receipt and Inspection of Product</u>

Purchased material is delivered to the receiving area or to a NOW designated location. For products delivered to the receiving area, the Purchasing Agent (or designate) shall conduct the following activities:

(a) Check the received product(s) against the Bill of Lading (B/L); identify any anomalies and provide a copy of the Bill of Lading to the carrier;
(b) Perform receiving inspection in conjunction with the individual assigning the requisition, where applicable;
(c) Compare delivery against the packing slip and Purchase Order;
(d) Document anomalies on the packing slip;
(e) Count the product(s) or item(s) delivered;
(f) Spot check the contents;
(g) The Purchasing Agent shall be made aware of any anomalies in order to resolve issues with suppliers.
(h) Forward certification, if provided by the supplier to the individual assigning the requisition for review and approval before accepting product(s) (i.e. transformer manufacturer's test results, inspection certificates for electricity meters, etc.);
(i) Identify accepted product on the Purchase Order, date and initial;
(j) For hazardous materials, obtain a current copy of MSDS and any other relevant information and add to MSDS binder;
(k) Transport accepted and inventoried product(s) to storage location, ensuring the product bears appropriate identification;
(l) Transport non-accepted product(s) to requisitionner's storage location;

Product delivered directly to a NOW designated location (i.e. concrete, poles, etc.) is inspected by the individual assigning the requisition or an authorized person. The date and initials of the recipient receiving the product(s) acknowledges that the above tasks have been completed. The receiving personnel must input receipt of product(s) into inventory.

Release and Delivery of Inventoried Product

All product(s) may be picked up from storage, or if urgently needed, may be delivered to personnel on site.

Release of inventoried product(s) to users is facilitated by the completion of a material requisition. A work order number must also be provided. The material requisition must be signed and dated by the user or supervisor.

Inventoried product(s) may be released to a contractor (i.e. Construction Company). The material requisition must be initiated and authorized by NOW personnel prior to loading the product(s).

The Purchasing Agent (or designate) is not authorized to substitute product(s) listed on the material requisition. Substitutions may only be made at the discretion of a competent person or the engineering department, consistent with approved drawings.

Unused and undamaged inventoried product(s) or product removed from installations may be returned to inventory.

6. DEFINITIONS

Material requisitions: a form used to keep track of materials charged to a particular job or department. The form contains such items as job number, department, description of the material, and quantity.

Purchase Order: a document used to approve, track, and process purchased items. A purchase order is used to communicate a purchase to a supplier. It is also used as an authorization to purchase. A purchase order will state quantities, costs, and delivery dates. The purchase order is also used to process and track receipts and supplier invoices/ payments associated with the purchase.

7. REVISION

Name/ Position	Signed	Date
Dan Boucher Electrical Superintendent		
Denis Lamarche Purchasing Manager		

ONE TIME COSTS

NOW Inc. has incurred one-time costs in the preparation for the 2017 Cost of Service Application. These incremental costs are projected to be $333,025 and are summarize in the **Table 1**:

Table 1: One-Time Costs

Description	*Bridge Year 2016*	*Test Year 2017*	*Total*
Consultant Costs	$ 138,529	$ 55,000	**$ 193,529**
Legal Costs	$ 20,000	$ 33,000	**$ 53,000**
Special Studies (DSP, Customer Eng.)	$ 31,590		**$ 31,590**
Incremental Operating Expenses		$ 10,000	**$ 10,000**
Intervenor Costs		$ 44,906	**$ 44,906**
Total One-Time Costs	**$ 190,119**	**$ 142,906**	**$ 333,025**

NOW Inc. does not have a large staff (16.7 FTE), and none are exclusive to regulatory work. As such, there is reliance on consultant support to assist in preparation of the Cost of Service Application. The Application is significant and onerous, there are not even one FTE equivalent that can be spent on the application through the process due to numerous competing priorities and limited resources. In order to meet the Requirements, the hiring of consultants for the Distribution System Plan was essential in addition to Consultants for the application process.

NOW Inc. also retained a strategic consulting firm that provided guidance on customer engagement requirements and assisted in ensuring NOW Inc.'s survey would meet the requirements and assist the DSP.

Legal costs are forecasted based on last Cost of Service Application. These service are external as NOW Inc. does not have in-house counsel.

Intervenor and Board costs are anticipated to be similar to what was actually incurred during the 2013 Cost of Service Application and have been forecasted as such. NOW

Inc. did not fully recover costs from last Cost of Service Application and has identified 2017 COS application costs for recovery in this application.

NOW Inc. is requesting approval for one-time incremental costs associated with this proceeding ($333,025) to be recovered over a five year period. Accordingly, the 2017 Test Year Regulatory Expense includes $66,605 which represents 1/5th of the Total One Time Costs related to the 2017 Cost of Service Application.

REGULATORY COSTS

The most significant regulatory cost relates to preparation and support for the 2017 COS rate hearing. Other regulatory costs consist of the OEB annual assessments as well, Section 30 cost awards, ongoing regulatory activities and other cost incurred to implement regulatory requirements.

NOW Inc. does not have a regulatory department, and ongoing regulatory accounting, RRR filings and other regulatory matters are the responsibility of the Chief Financial Officer. In addition, the Chief Financial Officer is also responsible for preparing and coordinating the Cost of Service Application. Other office staff is also used for submissions to the IESO, and to prepare sections of other regulatory reporting. All functions work together in order to ensure that information required is presented.

Staff costs are not allocated directly to regulatory costs as the salaries are included in the Administration work program. No overtime is provided to management for any incremental work required for the Cost of Service Application.

Attachment 1 to this exhibit is OEB Appendix 2-M and identifies ongoing and one-time regulatory costs. One-Time regulatory costs associated with the Cost of Service Application are discussed in E4/T3/S5.

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Appendix 2-M
Regulatory Cost Schedule

	Regulatory Cost Category	USoA Account	USoA Account Balance	Ongoing or One-time Cost? [2]	Last Rebasing Year (2013 Board Approved)	Most Current Actuals Year 2015	2016 Bridge Year	Annual % Change	2017 Test Year	Annual % Change
	(A)	(B)	(C)	(D)	(E)	(F)	(G)	(H) = [(G)-(F)]/(F)	(I)	(J) = [(I)-(G)]/(G)
1	OEB Annual Assessment	5655		On-Going	$ 17,000	$ 20,732	$ 30,000	44.70%	$ 31,000	3.33%
2	OEB Section 30 Costs (Applicant-originated)									
3	OEB Section 30 Costs (OEB-initiated)	5655		On-Going	$ 900	$ 1,711	$ 3,285	91.99%	$ 3,300	0.46%
4	Expert Witness costs for regulatory matters									
5	Legal costs for regulatory matters	5630		One-Time			$ 20,000		$ 33,000	65.00%
6	Consultants' costs for regulatory matters	5630		One-Time	$ 7,500		$ 170,119		$ 55,000	-67.67%
7	Operating expenses associated with staff resources allocated to regulatory matters			One-Time					$ 10,000	
8	Operating expenses associated with other resources allocated to regulatory matters [1] - Ongoing consultants	5630		On-Going		$ 2,812	$ 2,900	3.13%	$ 3,000	3.45%
9	Other regulatory agency fees or assessments	5655		On-Going	$ 800	$ 800	$ 800	0.00%	$ 800	0.00%
10	Any other costs for regulatory matters (please define)	5655		On-Going	$ 25,000	$ 1,974	$ 2,540	28.67%	$ 2,600	2.36%
11	Intervenor costs	5655		One-Time	$ 3,750				$ 44,906	
12	Sub-total - Ongoing Costs [3]		$ -		$ 43,700	$ 28,029	$ 39,525	41.01%	$ 40,700	2.97%
13	Sub-total - One-time Costs [4]		$ -		$ 11,250	$ -	$ 190,119		$ 142,906	-24.83%
14	Total		$ -		$ 54,950	$ 28,029	$ 229,644	719.31%	$ 183,606	-20.05%

Please fill out the following table for all one-time costs related to this cost of service application to be amortized over the test year plus the IRM period.

		Historical Year(s)	2016 Bridge Year	2017 Test Year	
4	Expert Witness costs				
5	Legal costs		$ 20,000	$ 33,000	$ 53,000
6	Consultants' costs		$ 170,119	$ 55,000	$ 225,119
7	Incremental operating expenses associated with staff resources allocated to this application.			$ 10,000	$ 10,000
8	Incremental operating expenses associated with other resources allocated to this application. [1]				$ -
11	Intervenor costs			$ 44,906	$ 44,906
			190119.17	142906	333025.17
					66605.034

Notes:

1 Please identify the resources involved.
2 Where a category's costs include both one-time and ongoing costs, the applicant should prove a separate breakdown between one-time and ongoing costs.
3 Sum of all ongoing costs identified in rows 1 to 11 inclusive.
4 Sum of all one-time costs identified in rows 1 to 11 inclusive.

LOW INCOME ENERGY ASSISTANCE PROGRAMS

The March 2009 report issued by the OEB entitled "Report of the Board: Low Income Energy Assistance Program" (LEAP Report) determined that "the greater of 0.12% of the distributor's Board Approved distribution revenue requirement, or $2,000 is a reasonable commitment of distributors to LEAP." Accordingly, NOW Inc. has included in this application, a LEAP funding amount of $4,600 calculated by multiplying the Service Revenue Requirement of $3,832,485 by 0.12%. A summary of LEAP program expenditures is included in **Table 1**.

Table 1: LEAP Funding

	Historical			Bridge Year	Test Year
	2013	2014	2015	2016	2017
LEAP Funding	3,500	3,500	3,500	3,500	4,600

NOW Inc. has partnered with the Cochrane District Social Services Administration Board (CDSSAB) as the program administrator. As NOW Inc. services three distinct Northern communities, the LEAP funds are allocated accordingly so that customers in each community have a pool of funds to access.

The delivery of LEAP relies heavily on the cooperation between NOW Inc. and CDSSAB. It is expected that as CDSSAB screens and assesses applicants in need, that they may refer customer not only for LEAP, but also for customer service measures and/or conservation programs.

NOW Inc. acknowledges that Account 6205 Donations is generally non-recoverable. However, NOW Inc. has included $4,600 in its 2017 Test Year as the LEAP funding of Account 6205 is recoverable.

It is understood that the LEAP amount for 2017 will be adjusted to reflect the final approved Service Revenue Requirement in this application.

CHARITABLE AND POLITICAL DONATIONS

NOW Inc. confirms that no charitable donations (other than LEAP funding as discussed in E4/T3/S7) have been included in revenue requirement. NOW Inc. also confirms that it does not make political contributions.

Exhibit 4: Operating Costs

Tab 4 (of 6): Depreciation and Amortization

DEPRECIATION POLICY

Under CGAAP NOW Inc. followed the guidance as specified in the Board's Accounting Procedures Handbook. NOW Inc. recorded PP&E as pooled assets based on major accounting classes in the year of capitalization, and generally consisted of high level asset groupings such as overhead distribution, underground distribution, as well as distinct components such as buildings and rolling stock.

The OEB retained Kinectrics Inc. to prepare a study entitled Asset Depreciation Study for the Ontario Energy Board, dated July 8, 2010, ("OEB Asset Depreciation Study") available on the OEB's website. NOW Inc. applied its professional judgment to establish a new level of asset componentization under IFRS which is consistent with the requirements under IAS 16.9. NOW Inc. determined that some of the assets identified were individually insignificant and would not be recognized as separate assets or components under IFRS. NOW Inc.'s asset management practices are to replace immaterial and insignificant components at the same time as the significant component, if it is more prudent and efficient to do so at the time of replacement. Therefore, while there remains a degree of pooling of capital assets under IFRS, NOW Inc. has a more detailed level componentization than previously recognized under CGAAP. Due to their nature, buildings and rolling stock (fleet vehicles) will continue to be separately-identified assets and will not be pooled. As an outcome of the OEB Asset Depreciation Study, distributors remain responsible for the review and updates of their capital asset service lives for financial reporting and regulatory requirements.

Asset Retirement Practice

Under IFRS an asset should be derecognized when it is disposed or when no future economic benefits are expected from its use. Any gain or loss upon early de-recognition should be included in profit or loss when the item is de-recognized.

The Board Report states:
"Where a utility for financial reporting purposes under IFRS has accounted for the amount of gain or loss on the retirement of assets in a pool of like assets as a charge or credit to income, for reporting and rate application filings the utility shall reclassify such gains and losses as depreciation expense and disclose the amount separately. Where a utility for financial reporting purposes under IFRS has reported a gain or loss on disposition of individual assets, such amounts should be identified separately in rate filings for review by the Board."

Consistent with guidance in the Board Report, NOW Inc. will record the loss or gain from any de-recognition of assets as depreciation expense and disclose it separately. In order to comply with IFRS requirements, NOW Inc. has set up processes to enable tracking items of plant removed from the distribution system. NOW Inc. is implementing new asset management and planning initiatives, including the utilization of additional tools.

Under IFRS, NOW cannot capitalize customer contributions as part of its net capital assets, but instead will defer the contributions as a liability and amortize them as revenue.

According to the Board Report:

"For regulatory reporting and rate making purposes the amount of customer contributions will be treated as deferred revenue to be included as an offset to rate base and amortized to income over the life of the facility to which it relates".

Consistent with the Board's guidance, NOW Inc. is recording customer contributions received after January 1, 2012 as deferred revenue and amortizing them as revenue over the life of the related asset. For the purpose of this Application, capital contributions are included as an offset to rate base and the related amortized revenue as an offset to depreciation expense.

Depreciation and amortization expense for 2013 – 2017 is summarized in E4/T4/S1/Att1 which is OEB Appendix 2-CH.

NOW Inc. has not changed the depreciation policy or asset service lives since the last Cost of Service proceeding.

Table 1: Asset Service Lives

	Current		Proposed		Kinectrics			
Asset Class	**Years**	**Rate**	**Years**	**Rate**	**Low**	**High**	**Below Minimum Range**	**Above Maximum Range**
Distribution Stations - Buildings and Infrastructure	30	3%	30	3%	50	75	Yes	No
Poles. Towers, Fixtures	45	2%	45	2%	35	75	No	No
Overhead Conductors and Devices	45	2%	45	2%	50	75	Yes	No
Underground Conduit	45	2%	45	2%	30	85	No	No
Underground Conductor and Devices	35	3%	35	3%	35	60	No	No
Transformers	45	2%	45	2%	30	60	No	No
Overhead Services	35	3%	35	3%	50	75	Yes	No
Office Equipment	7	14%	7	14%	5	15	No	No
Vehicles - Trucks & Buckets	8	13%	8	13%	5	15	No	No
Vehicles - Trailers	8	13%	8	13%	5	20	No	No
Vehicles - Vans	5	20%	5	20%	5	10	No	No
Buildings	30	3%	30	3%	50	75	Yes	No
Computer - Hardware	5	20%	5	20%	3	5	No	No
Computer - Software	7	14%	7	14%	2	5	No	Yes
Stores Equipment	10	10%	10	10%	5	10	No	No
Tools & Equipments	5	20%	5	20%	5	10	No	No
Residential Energy Meters	25	4%	25	4%	25	35	No	No
Industrial/Commercial Meters	25	4%	25	4%	25	35	No	No
Wholesale Energy Meters	25	4%	25	4%	15	30	No	No
Smart Meters	15	7%	15	7%	5	15	No	No
Data Collectors - Smart Metering	15	7%	15	7%	15	20	No	No

NOW Inc. retained a consultant to review and adjust service lived to be in relation to the Kinectrics study prior to the last Cost of Service Application in 2013. The results in **Table 1** were a result of that process while taking into account the current asset condition.

The distribution station building and infrastructure is below the Kinectrics range due to the fact that NOW Inc. is working to eliminate the distribution stations. As a result, the useful life of the existing structures is not within the useful life range in the Kinectrics study. Should new facilities be acquired, they will be evaluated against the Kinectrics range.

Overhead Conductor and Devices are five years under the Kinectrics range in order to achieve amortization that is consistent with the condition of the assets. This is also the case for Overhead Services.

Buildings owned by NOW Inc. have useful lives below the Kinectrics range by 20 years as a result of the buildings not being new when acquired. The useful life of 30 years is representative of the remaining useful life of the assets. Taking into account the age of the buildings prior to acquisition, the useful life would have been within the Kinectrics range.

Computer software rates are 2 years above the Kinectrics upper range. This is typical of most significant software acquisitions as determined by past experience. Other software in relation to servers have useful lives that fall within the Kinectrics Range.

The deviations from the Kinectrics ranges are not material and result in lives that reflect the condition of assets as discussed.

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Appendix 2-CH[1]
Depreciation and Amortization Expense
Revised CGAAP or MIFRS

Assumes the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application

Accounting Standard	Revised CGAAP
Year	**2013**

Account	Description	Opening Regulatory Gross PP&E as at Jan. 1 (a)	Less Fully Depreciated (b)	Net for Depreciation (c)	Additions (d)	Total for Depreciation [2] (e) = (c) + ½ x (d)	Years (f)	Depreciation Rate (g) = 1 / (f)	Current Year Depreciation Expense (h) = (e) / (f)	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J (l)	Variance [3] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 159,158		**$ 159,158**	$ 30,616	**$ 174,466**	7.00	14.29%	**$ 24,924**	$ 23,441	**$ 1,483**
1612	Land Rights (Formally known as Account 1906)	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1805	Land	$ 87,700		**$ 87,700**	$ -	**$ 87,700**		0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 385,577		**$ 385,577**	$ 133,783	**$ 452,469**	30.00	3.33%	**$ 15,082**	$ 15,459	**-$ 377**
1810	Leasehold Improvements	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ 3,644		**$ 3,644**	$ -	**$ 3,644**	30.00	3.33%	**$ 121**	$ -	**$ 121**
1820	Distribution Station Equipment <50 kV	$ 556,393		**$ 556,393**	$ -	**$ 556,393**	28.00	3.57%	**$ 19,871**	$ 19,581	**$ 290**
1825	Storage Battery Equipment	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 2,787,996		**$ 2,787,996**		**$ 2,787,996**	25.00	4.00%	**$ 111,520**	$ 120,900	**-$ 9,380**
1835	Overhead Conductors & Devices	$ 1,657,849		**$ 1,657,849**	$ 190,428	**$ 1,753,063**	45.00	2.22%	**$ 38,957**	$ 29,778	**$ 9,179**
1840	Underground Conduit	$ 112,571	$ 101,659	**$ 10,912**	$ -	**$ 10,912**	8.00	12.50%	**$ 1,364**	$ 1,364	**$ -**
1845	Underground Conductors & Devices	$ 3,690	$ 1,278	**$ 2,412**	$ -	**$ 2,412**	8.00	12.50%	**$ 302**	$ 301	**$ 1**
1850	Line Transformers	$ 749,129	$ 352,643	**$ 396,486**	$ 87,841	**$ 440,407**	30.00	3.33%	**$ 14,680**	$ 18,723	**-$ 4,043**
1855	Services (Overhead & Underground)	$ 294,061	$ 173,049	**$ 121,012**	$ 42,542	**$ 142,283**	12.00	8.33%	**$ 11,857**	$ 10,103	**$ 1,754**
1860	Meters	$ 31,277		**$ 31,277**	$ -	**$ 31,277**	25.00	4.00%	**$ 1,251**	$ 1,278	**-$ 27**
1860	Meters (Smart Meters)	$ 886,212		**$ 886,212**	$ -	**$ 886,212**	15.00	6.67%	**$ 59,081**	$ 58,065	**$ 1,016**
1905	Land	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1910	Leasehold Improvements	$ 4,692		**$ 4,692**	$ -	**$ 4,692**	5.00	20.00%	**$ 938**	$ 938	**$ 0**
1915	Office Furniture & Equipment (10 years)	$ 17,607	$ 15,000	**$ 2,607**	$ -	**$ 2,607**	10.00	10.00%	**$ 261**	$ 404	**-$ 143**
1915	Office Furniture & Equipment (5 years)	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equipment - Hardware	$ 91,509	$ 76,520	**$ 14,989**	$ -	**$ 14,989**	3.00	33.33%	**$ 4,996**	$ 12,764	**-$ 7,768**
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 501,882		**$ 501,882**	$ -	**$ 501,882**	15.00	6.67%	**$ 33,459**	$ 34,115	**-$ 656**
1930	Transportation Equipment	$ 1,505,079		**$ 1,505,079**	$ 224,313	**$ 1,617,236**	8.00	12.50%	**$ 202,154**	$ 204,312	**-$ 2,158**
1935	Stores Equipment	$ 680		**$ 680**	$ 1,501	**$ 1,431**	7.00	14.29%	**$ 204**	$ 282	**-$ 78**
1940	Tools, Shop & Garage Equipment	$ 192,397		**$ 192,397**	$ 12,485	**$ 198,640**	8.00	12.50%	**$ 24,830**	$ 25,514	**-$ 684**
1945	Measurement & Testing Equipment	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1950	Power Operated Equipment	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ 4,638		**$ 4,638**	$ -	**$ 4,638**	5.00	20.00%	**$ 928**	$ 790	**$ 138**
1955	Communication Equipment (Smart Meters)	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1960	Miscellaneous Equipment	$ 6,603		**$ 6,603**	$ -	**$ 6,603**	5.00	20.00%	**$ 1,321**	$ 2,641	**-$ 1,320**
1970	Load Management Controls - Customer Premises	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1975	Load Management Controls Utility Premises	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1985	Miscellaneous Fixed Assets	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1990	Other Tangible Property	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	$ -		**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
	Total	**$ 10,040,344**	**$ 720,149**	**$ 9,320,195**	**$ 723,509**	**$ 9,681,950**			**$ 568,101**	**$ 580,753**	**-$ 12,652**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) (under MIFRS)										
	Total Depreciation Expense								**$ 568,101**		

Notes:

1 The appendix should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.

2 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

3 The applicant must provide an explanation of material variances in evidence.

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

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Appendix 2-CH[1]
Depreciation and Amortization Expense
Revised CGAAP or MIFRS

Assumes the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application

Accounting Standard	MIFRS
Year	**2014**

Account	Description	Opening Regulatory Gross PP&E as at Jan. 1 (a)	Less Fully Depreciated (b)	Net for Depreciation (c)	Additions (d)	Total for Depreciation [2] (e) = (c) + ½ x (d)	Years (f)	Depreciation Rate (g) = 1 / (f)	Current Year Depreciation Expense (h) = (e) / (f)	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [3] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 189,774	$ -	**$ 189,774**	$ -	**$ 189,774**	7.00	14.29%	**$ 27,111**	$ 21,703	**$ 5,408**
1612	Land Rights (Formally known as Account 1906)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1805	Land	$ 87,700	$ -	**$ 87,700**	$ -	**$ 87,700**		0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 519,360	$ -	**$ 519,360**	$ 10,228	**$ 524,474**	30.00	3.33%	**$ 17,482**	$ 19,059	**-$ 1,577**
1810	Leasehold Improvements	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ 3,644	$ -	**$ 3,644**	$ -	**$ 3,644**	30.00	3.33%	**$ 121**	$ -	**$ 121**
1820	Distribution Station Equipment <50 kV	$ 556,393	$ -	**$ 556,393**	$ -	**$ 556,393**	28.00	3.57%	**$ 19,871**	$ 19,581	**$ 290**
1825	Storage Battery Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 2,787,996	$ -	**$ 2,787,996**	$ 156,027	**$ 2,866,010**	25.00	4.00%	**$ 114,640**	$ 124,949	**-$ 10,309**
1835	Overhead Conductors & Devices	$ 1,848,277	$ -	**$ 1,848,277**	$ 113,882	**$ 1,905,218**	45.00	2.22%	**$ 42,338**	$ 33,256	**$ 9,082**
1840	Underground Conduit	$ 112,571	$ 101,659	**$ 10,912**	$ -	**$ 10,912**	8.00	12.50%	**$ 1,364**	$ 1,364	**$ -**
1845	Underground Conductors & Devices	$ 3,690	$ 1,278	**$ 2,412**	$ -	**$ 2,412**	8.00	12.50%	**$ 302**	$ 302	**-$ 1**
1850	Line Transformers	$ 836,970	$ 352,643	**$ 484,327**	$ 35,857	**$ 502,256**	30.00	3.33%	**$ 16,742**	$ 20,143	**-$ 3,401**
1855	Services (Overhead & Underground)	$ 336,603	$ 173,049	**$ 163,554**	$ 41,377	**$ 184,243**	12.00	8.33%	**$ 15,354**	$ 10,694	**$ 4,660**
1860	Meters	$ 31,277	$ -	**$ 31,277**	$ -	**$ 31,277**	25.00	4.00%	**$ 1,251**	$ 1,278	**-$ 27**
1860	Meters (Smart Meters)	$ 886,212	$ -	**$ 886,212**	$ 8,210	**$ 890,317**	15.00	6.67%	**$ 59,354**	$ 59,355	**-$ 1**
1905	Land	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1910	Leasehold Improvements	$ 4,692	$ -	**$ 4,692**	$ -	**$ 4,692**	5.00	20.00%	**$ 938**	$ 470	**$ 468**
1915	Office Furniture & Equipment (10 years)	$ 17,607	$ 15,000	**$ 2,607**	$ -	**$ 2,607**	10.00	10.00%	**$ 261**	$ 191	**$ 70**
1915	Office Furniture & Equipment (5 years)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equipment - Hardware	$ 91,509	$ 76,520	**$ 14,989**	$ 1,800	**$ 15,889**	3.00	33.33%	**$ 5,296**	$ 1,861	**$ 3,435**
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 501,882	$ -	**$ 501,882**	$ -	**$ 501,882**	15.00	6.67%	**$ 33,459**	$ 34,115	**-$ 656**
1930	Transportation Equipment	$ 1,729,392	$ -	**$ 1,729,392**	$ 261,375	**$ 1,860,080**	8.00	12.50%	**$ 232,510**	$ 229,446	**$ 3,064**
1935	Stores Equipment	$ 2,181	$ -	**$ 2,181**	$ -	**$ 2,181**	7.00	14.29%	**$ 312**	$ 282	**$ 30**
1940	Tools, Shop & Garage Equipment	$ 204,882	$ -	**$ 204,882**	$ 5,007	**$ 207,386**	8.00	12.50%	**$ 25,923**	$ 27,367	**-$ 1,444**
1945	Measurement & Testing Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1950	Power Operated Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ 4,638	$ -	**$ 4,638**	$ -	**$ 4,638**	5.00	20.00%	**$ 928**	$ 791	**$ 137**
1955	Communication Equipment (Smart Meters)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1960	Miscellaneous Equipment	$ 6,603	$ -	**$ 6,603**	$ -	**$ 6,603**	5.00	20.00%	**$ 1,321**	$ -	**$ 1,321**
1970	Load Management Controls - Customer Premises	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1975	Load Management Controls Utility Premises	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1985	Miscellaneous Fixed Assets	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1990	Other Tangible Property	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
	Total	**$ 10,763,853**	**$ 720,149**	**$ 10,043,704**	**$ 633,763**	**$ 10,360,586**			**$ 616,878**	**$ 606,207**	**$ 10,671**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) (under MIFRS)										
	Total Depreciation Expense								**$ 616,878**		

Notes:

1 The appendix should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
2 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
3 The applicant must provide an explanation of material variances in evidence.

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

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Appendix 2-CH[1]
Depreciation and Amortization Expense
Revised CGAAP or MIFRS

Assumes the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application

Accounting Standard	MIFRS
Year	**2015**

Account	Description	Opening Regulatory Gross PP&E as at Jan. 1 (a)	Less Fully Depreciated (b)	Net for Depreciation (c)	Additions (d)	Total for Depreciation [2] (e) = (c) + ½ x (d)	Years (f)	Depreciation Rate (g) = 1 / (f)	Current Year Depreciation Expense (h) = (e) / (f)	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [3] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 189,774	$ -	**$ 189,774**	$ -	**$ 189,774**	7.00	14.29%	**$ 27,111**	$ 20,730	**$ 6,381**
1612	Land Rights (Formally known as Account 1906)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1805	Land	$ 87,700	$ -	**$ 87,700**	$ -	**$ 87,700**		0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 529,588	$ -	**$ 529,588**	$ 1,165	**$ 530,171**	30.00	3.33%	**$ 17,672**	$ 21,068	**-$ 3,396**
1810	Leasehold Improvements	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ 3,644	$ -	**$ 3,644**	$ -	**$ 3,644**	30.00	3.33%	**$ 121**	$ -	**$ 121**
1820	Distribution Station Equipment <50 kV	$ 556,393	$ -	**$ 556,393**	$ 11,743	**$ 562,265**	28.00	3.57%	**$ 20,081**	$ 19,886	**$ 195**
1825	Storage Battery Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 2,944,023	$ -	**$ 2,944,023**	$ 198,591	**$ 3,043,319**	25.00	4.00%	**$ 121,733**	$ 128,139	**-$ 6,406**
1835	Overhead Conductors & Devices	$ 1,962,159	$ 33,256	**$ 1,928,903**	$ 89,749	**$ 1,973,778**	45.00	2.22%	**$ 43,862**	$ 35,515	**$ 8,347**
1840	Underground Conduit	$ 112,571	$ 101,659	**$ 10,912**	$ -	**$ 10,912**	8.00	12.50%	**$ 1,364**	$ 1,364	**$ -**
1845	Underground Conductors & Devices	$ 3,690	$ 1,278	**$ 2,412**	$ -	**$ 2,412**	8.00	12.50%	**$ 302**	$ 301	**$ 1**
1850	Line Transformers	$ 872,827	$ 352,643	**$ 520,184**	$ 65,578	**$ 552,973**	30.00	3.33%	**$ 18,432**	$ 21,016	**-$ 2,584**
1855	Services (Overhead & Underground)	$ 377,980	$ 173,049	**$ 204,931**	$ 44,341	**$ 227,102**	23.00	4.35%	**$ 9,874**	$ 11,781	**-$ 1,907**
1860	Meters	$ 31,277	$ -	**$ 31,277**	$ -	**$ 31,277**	25.00	4.00%	**$ 1,251**	$ 3,101	**-$ 1,850**
1860	Meters (Smart Meters)	$ 894,422	$ -	**$ 894,422**	$ 5,088	**$ 896,966**	15.00	6.67%	**$ 59,798**	$ 65,203	**-$ 5,405**
1905	Land	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1910	Leasehold Improvements	$ 4,692	$ -	**$ 4,692**	$ -	**$ 4,692**	5.00	20.00%	**$ 938**	$ -	**$ 938**
1915	Office Furniture & Equipment (10 years)	$ 17,607	$ 15,000	**$ 2,607**	$ -	**$ 2,607**	10.00	10.00%	**$ 261**	$ 192	**$ 69**
1915	Office Furniture & Equipment (5 years)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equipment - Hardware	$ 93,309	$ 76,520	**$ 16,789**	$ 6,000	**$ 19,789**	7.00	14.29%	**$ 2,827**	$ 2,264	**$ 563**
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 501,882	$ -	**$ 501,882**	$ -	**$ 501,882**	15.00	6.67%	**$ 33,459**	$ 34,115	**-$ 656**
1930	Transportation Equipment	$ 1,990,767	$ 113,322	**$ 1,877,445**	$ -	**$ 1,877,445**	8.00	12.50%	**$ 234,681**	$ 229,167	**$ 5,514**
1935	Stores Equipment	$ 2,181	$ -	**$ 2,181**	$ -	**$ 2,181**	7.00	14.29%	**$ 312**	$ 282	**$ 30**
1940	Tools, Shop & Garage Equipment	$ 209,889	$ 27,367	**$ 182,522**	$ 2,500	**$ 183,772**	8.00	12.50%	**$ 22,972**	$ 22,189	**$ 783**
1945	Measurement & Testing Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1950	Power Operated Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ 4,638		**$ 4,638**	$ -	**$ 4,638**	5.00	20.00%	**$ 928**	$ 395	**$ 533**
1955	Communication Equipment (Smart Meters)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1960	Miscellaneous Equipment	$ 6,603	$ 6,603	**$ -**	$ -	**$ -**	5.00	20.00%	**$ -**	$ -	**$ -**
1970	Load Management Controls - Customer Premises	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1975	Load Management Controls Utility Premises	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1985	Miscellaneous Fixed Assets	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1990	Other Tangible Property	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
	Total	**$ 11,397,616**	**$ 900,697**	**$ 10,496,919**	**$ 424,755**	**$ 10,709,297**			**$ 617,977**	**$ 616,708**	**$ 1,269**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) (under MIFRS)										
	Total Depreciation Expense								**$ 617,977**		

Notes:

1 The appendix should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
2 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
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General **Applicants must provide a breakdown of depreciation and amortization expense in the above format for all relevant accounts. Asset Retirement Obligations (AROs), depreciation and accretion expense should be disclosed separately consistent with the Notes of historical Audited Financial Statements.**

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Appendix 2-CH[1]
Depreciation and Amortization Expense
Revised CGAAP or MIFRS

Assumes the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application

Accounting Standard	MIFRS
Year	**2016**

Account	Description	Opening Regulatory Gross PP&E as at Jan. 1 (a)	Less Fully Depreciated (b)	Net for Depreciation (c)	Additions (d)	Total for Depreciation [2] (e) = (c) + ½ x (d)	Years (f)	Depreciation Rate (g) = 1 / (f)	Current Year Depreciation Expense (h) = (e) / (f)	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [3] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 189,774	$ 42,433	**$ 147,341**	$ 388,964	**$ 341,823**	7.00	14.29%	**$ 48,832**	$ 47,692	**$ 1,140**
1612	Land Rights (Formally known as Account 1906)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1805	Land	$ 87,700	$ -	**$ 87,700**	$ -	**$ 87,700**		0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 530,753	$ 40,127	**$ 490,626**	$ -	**$ 490,626**	30.00	3.33%	**$ 16,354**	$ 19,373	**-$ 3,019**
1810	Leasehold Improvements	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ 3,644	$ -	**$ 3,644**	$ -	**$ 3,644**	30.00	3.33%	**$ 121**	$ -	**$ 121**
1820	Distribution Station Equipment <50 kV	$ 568,136	$ 39,467	**$ 528,669**	$ 70,000	**$ 563,669**	28.00	3.57%	**$ 20,131**	$ 21,082	**-$ 951**
1825	Storage Battery Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 3,142,614	$ -	**$ 3,142,614**	$ 276,000	**$ 3,280,614**	25.00	4.00%	**$ 131,225**	$ 134,260	**-$ 3,035**
1835	Overhead Conductors & Devices	$ 2,051,908	$ 68,286	**$ 1,983,622**	$ 69,250	**$ 2,018,247**	45.00	2.22%	**$ 44,850**	$ 37,319	**$ 7,531**
1840	Underground Conduit	$ 112,571	$ 101,659	**$ 10,912**	$ -	**$ 10,912**	8.00	12.50%	**$ 1,364**	$ 1,364	**$ -**
1845	Underground Conductors & Devices	$ 3,690	$ 1,278	**$ 2,412**	$ -	**$ 2,412**	8.00	12.50%	**$ 302**	$ 301	**$ 1**
1850	Line Transformers	$ 938,405	$ 352,643	**$ 585,762**	$ 69,250	**$ 620,387**	30.00	3.33%	**$ 20,680**	$ 22,815	**-$ 2,135**
1855	Services (Overhead & Underground)	$ 422,321	$ 173,049	**$ 249,272**	$ -	**$ 249,272**	23.00	4.35%	**$ 10,838**	$ 12,625	**-$ 1,787**
1860	Meters	$ 31,277	$ 4,379	**$ 26,898**	$ -	**$ 26,898**	25.00	4.00%	**$ 1,076**	$ 2,291	**-$ 1,215**
1860	Meters (Smart Meters)	$ 899,510	$ -	**$ 899,510**	$ 15,000	**$ 907,010**	15.00	6.67%	**$ 60,467**	$ 60,467	**$ 0**
1905	Land	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1910	Leasehold Improvements	$ 4,692	$ 470	**$ 4,222**	$ -	**$ 4,222**	5.00	20.00%	**$ 844**	$ -	**$ 844**
1915	Office Furniture & Equipment (10 years)	$ 17,607	$ 15,261	**$ 2,346**	$ -	**$ 2,346**	10.00	10.00%	**$ 235**	$ 60	**$ 175**
1915	Office Furniture & Equipment (5 years)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equipment - Hardware	$ 99,309	$ 76,520	**$ 22,789**	$ 15,000	**$ 30,289**	7.00	14.29%	**$ 4,327**	$ 4,100	**$ 227**
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 501,882	$ -	**$ 501,882**	$ -	**$ 501,882**	15.00	6.67%	**$ 33,459**	$ 33,500	**-$ 41**
1930	Transportation Equipment	$ 1,990,767	$ 345,292	**$ 1,645,475**	$ 85,000	**$ 1,687,975**	8.00	12.50%	**$ 210,997**	$ 201,253	**$ 9,744**
1935	Stores Equipment	$ 2,181	$ -	**$ 2,181**	$ -	**$ 2,181**	7.00	14.29%	**$ 312**	$ 175	**$ 137**
1940	Tools, Shop & Garage Equipment	$ 212,389	$ 72,528	**$ 139,862**	$ 7,500	**$ 143,612**	8.00	12.50%	**$ 17,951**	$ 15,195	**$ 2,756**
1945	Measurement & Testing Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1950	Power Operated Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ 4,638	$ -	**$ 4,638**	$ -	**$ 4,638**	5.00	20.00%	**$ 928**	$ -	**$ 928**
1955	Communication Equipment (Smart Meters)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1960	Miscellaneous Equipment	$ 6,603	$ 6,603	**$ -**	$ -	**$ -**	5.00	20.00%	**$ -**	$ -	**$ -**
1970	Load Management Controls - Customer Premises	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1975	Load Management Controls Utility Premises	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1985	Miscellaneous Fixed Assets	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1990	Other Tangible Property	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
	Total	**$ 11,822,371**	**$ 1,339,994**	**$ 10,482,377**	**$ 995,964**	**$ 10,980,359**			**$ 625,292**	**$ 613,872**	**$ 11,420**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) (under MIFRS)										
	Total Depreciation Expense								**$ 625,292**		

Notes:

1 The appendix should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.
2 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.
3 The applicant must provide an explanation of material variances in evidence.

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

Appendix 2-CH[1]
Depreciation and Amortization Expense
Revised CGAAP or MIFRS

Assumes the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application

Accounting Standard	MIFRS
Year	2017

Account	Description	Opening Regulatory Gross PP&E as at Jan. 1 (a)	Less Fully Depreciated (b)	Net for Depreciation (c)	Additions (d)	Total for Depreciation [2] (e) = (c) + ½ x (d)	Years (f)	Depreciation Rate (g) = 1 / (f)	Current Year Depreciation Expense (h) = (e) / (f)	Depreciation Expense per Appendix 2-BA Fixed Assets, Column J	Variance [3] (m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	$ 578,738	$ 42,433	**$ 536,305**	$ 115,000	**$ 593,805**	7.00	14.29%	**$ 84,829**	$ 86,293	**-$ 1,464**
1612	Land Rights (Formally known as Account 1906)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1805	Land	$ 87,700	$ -	**$ 87,700**	$ -	**$ 87,700**		0.00%	**$ -**	$ -	**$ -**
1808	Buildings	$ 530,753	$ 40,127	**$ 490,626**	$ -	**$ 490,626**	30.00	3.33%	**$ 16,354**	$ 19,373	**-$ 3,019**
1810	Leasehold Improvements	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1815	Transformer Station Equipment >50 kV	$ 3,644	$ -	**$ 3,644**	$ -	**$ 3,644**	30.00	3.33%	**$ 121**	$ -	**$ 121**
1820	Distribution Station Equipment <50 kV	$ 638,136	$ 39,467	**$ 598,669**	$ 50,000	**$ 623,669**	28.00	3.57%	**$ 22,274**	$ 21,977	**$ 297**
1825	Storage Battery Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1830	Poles, Towers & Fixtures	$ 3,418,614	$ -	**$ 3,418,614**	$ 417,500	**$ 3,627,364**	25.00	4.00%	**$ 145,095**	$ 142,035	**$ 3,060**
1835	Overhead Conductors & Devices	$ 2,121,158	$ 68,286	**$ 2,052,872**	$ 101,250	**$ 2,103,497**	45.00	2.22%	**$ 46,744**	$ 39,231	**$ 7,513**
1840	Underground Conduit	$ 112,571	$ 101,659	**$ 10,912**	$ -	**$ 10,912**	8.00	12.50%	**$ 1,364**	$ 1,364	**$ -**
1845	Underground Conductors & Devices	$ 3,690	$ 1,278	**$ 2,412**	$ -	**$ 2,412**	8.00	12.50%	**$ 302**	$ 301	**$ 1**
1850	Line Transformers	$ 1,007,655	$ 352,643	**$ 655,012**	$ 101,250	**$ 705,637**	30.00	3.33%	**$ 23,521**	$ 24,692	**-$ 1,171**
1855	Services (Overhead & Underground)	$ 422,321	$ 173,049	**$ 249,272**	$ -	**$ 249,272**	23.00	4.35%	**$ 10,838**	$ 12,625	**-$ 1,787**
1860	Meters	$ 31,277	$ 4,379	**$ 26,898**	$ -	**$ 26,898**	25.00	4.00%	**$ 1,076**	$ 1,936	**-$ 860**
1860	Meters (Smart Meters)	$ 914,510	$ -	**$ 914,510**	$ 15,000	**$ 922,010**	15.00	6.67%	**$ 61,467**	$ 61,467	**$ 0**
1905	Land	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1908	Buildings & Fixtures	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1910	Leasehold Improvements	$ 4,692	$ 470	**$ 4,222**	$ -	**$ 4,222**	5.00	20.00%	**$ 844**	$ -	**$ 844**
1915	Office Furniture & Equipment (10 years)	$ 17,607	$ 15,261	**$ 2,346**	$ -	**$ 2,346**	10.00	10.00%	**$ 235**	$ 60	**$ 175**
1915	Office Furniture & Equipment (5 years)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equipment - Hardware	$ 114,309	$ 76,520	**$ 37,789**	$ 10,000	**$ 42,789**	7.00	14.29%	**$ 6,113**	$ 6,300	**-$ 187**
1920	Computer Equip.-Hardware(Post Mar. 22/04)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1920	Computer Equip.-Hardware(Post Mar. 19/07)	$ 501,882	$ -	**$ 501,882**	$ -	**$ 501,882**	15.00	6.67%	**$ 33,459**	$ 32,885	**$ 574**
1930	Transportation Equipment	$ 2,075,767	$ 556,289	**$ 1,519,478**	$ -	**$ 1,519,478**	8.00	12.50%	**$ 189,935**	$ 188,694	**$ 1,241**
1935	Stores Equipment	$ 2,181	$ -	**$ 2,181**	$ -	**$ 2,181**	7.00	14.29%	**$ 312**	$ 68	**$ 244**
1940	Tools, Shop & Garage Equipment	$ 219,889	$ 90,479	**$ 129,410**	$ 17,500	**$ 138,160**	8.00	12.50%	**$ 17,270**	$ 12,216	**$ 5,054**
1945	Measurement & Testing Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1950	Power Operated Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1955	Communications Equipment	$ 4,638	$ -	**$ 4,638**	$ -	**$ 4,638**	5.00	20.00%	**$ 928**	$ -	**$ 928**
1955	Communication Equipment (Smart Meters)	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1960	Miscellaneous Equipment	$ 6,603	$ 6,603	**$ -**	$ -	**$ -**	5.00	20.00%	**$ -**	$ -	**$ -**
1970	Load Management Controls - Customer Premises	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1975	Load Management Controls Utility Premises	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1980	System Supervisor Equipment	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1985	Miscellaneous Fixed Assets	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1990	Other Tangible Property	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
1995	Contributions & Grants	$ -	$ -	**$ -**	$ -	**$ -**		0.00%	**$ -**	$ -	**$ -**
	Total	**$ 12,818,335**	**$ 1,568,943**	**$ 11,249,392**	**$ 827,500**	**$ 11,663,142**			**$ 663,080**	**$ 651,517**	**$ 11,563**
	Depreciation exp. adj. from gain or loss on the retirement of assets (pool of like assets) (under MIFRS)										
	Total Depreciation Expense								**$ 663,080**		

Notes:

1 The appendix should be submitted for the Test Year, Bridge Year and all relevant historical years. At a minimum , the applicant must provide data for the earlier of: 1) all historical years back to its last rebasing; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.

2 Board policy of the "half-year" rule - the applicant must ensure that additions in the year attract a half-year depreciation expense in the first year. Deviations from this standard practice must be supported in the application.

3 The applicant must provide an explanation of material variances in evidence.

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

Exhibit 4: Operating Costs

Tab 5 (of 6): Taxes or Payments in Lieu of Taxes (PILs) and Property Taxes

OVERVIEW OF PROVISION IN LIEU OF TAXES (PILS)

NOW Inc. is subject to the PILs regime, and therefore remits payments in lieu of corporate taxes to the Ontario Energy Financial Corporation, to be applied against the stranded debt of the former Ontario Hydro.

NOW Inc. files Federal and Provincial tax returns annually. There have been no special circumstances that would require specific tax planning measures to minimize taxes payable.

There are no non-utility activities included in NOW Inc.'s 2017 Test Year, therefore the entire amount of PILs payable is considered in the proposed allowance to be included in the revenue requirement.

There are no outstanding audits, reassessments or disputes relating the tax returns filed by NOW Inc.

The model used to derive the 2017 Test Year Payment in Lieu of Taxes ("PILS") amount of $16,330 is provided in E4/T5/S1/Att1

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

Version **1.02**

Utility Name	Northern Ontario Wires Inc.
Assigned EB Number	EB-2016-0096
Name and Title	Geoff Sutton, CFO
Phone Number	705-272-6669
Email Address	geoffs@nowinc.ca
Date	26-Aug-16
Last COS Re-based Year	**2013**

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 applications, the onus remains on the applicant to ensure the accuracy of the data and the results.

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Income Tax/PILs Workform for 2017 Filers

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Income Tax/PILs Workform for 2017 Filers

No inputs required on this worksheet.

Inputs on Service Revenue Requirement Worksheet

The Service Revenue Requirement is in the 'Revenue Requirement Workform' - Tab 3.

Item	Working Paper Reference		
Adjustments required to arrive at taxable income	as below	**-192,951**	
Test Year - Payments in Lieu of Taxes (PILs)	T0	**13,881**	
Test Year - Grossed-up PILs	T0	**16,330**	
Effective Federal Tax Rate	T0	**10.5%**	
Effective Ontario Tax Rate	T0	**4.5%**	
Calculation of Adjustments required to arrive at Taxable Income			
Regulatory Income (before income taxes)	T1	285,489	
Taxable Income	T1	92,538	
Difference	calculated	-192,951	as above

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

			Test Year	Bridge Year	
Rate Base		S	**$ 7,766,288**	**$ 8,207,679**	
Return on Ratebase					
Deemed ShortTerm Debt %	4.00%	T	$ 310,652	*W = S * T*	
Deemed Long Term Debt %	56.00%	U	$ 4,349,121	*X = S * U*	
Deemed Equity %	40.00%	V	$ 3,106,515	*Y = S * V*	
Short Term Interest Rate	1.65%	Z	$ 5,126	*AC = W * Z*	
Long Term Interest	4.09%	AA	$ 177,954	*AD = X * AA*	
Return on Equity (Regulatory Income)	9.19%	AB	**$ 285,489**	*AE = Y * AB*	T1
Return on Rate Base			**$ 468,568**	*AF = AC + AD + AE*	

Questions that must be answered

	Historical Year	Bridge Year	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?	No	No	No
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	No
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.*	No	No	No
8. Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?	No	No	No

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

Tax Rates Federal & Provincial As of May 16, 2016	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017
Federal income tax						
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	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	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%	10.50%	10.50%
Ontario small business rate	4.50%	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. Regarding the small business deduction, if applicable,
   a. If taxable capital exceeds $15 million, the small business rate will not be applicable.
   b. If taxable capital is below $10 million, the small business rate would be applicable.
   c. If taxable capital is between $10 million and $15 million, the appropriate small business rate will be calculated.

Ontario Energy Board

Income Tax/PILs Workform for 2017 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	$ 282,453	**A**
Combined Tax Rate and PILs	Ontario Tax Rate (Maximum 11.5%)	4.50%	**B**			
	Federal tax rate (Maximum 15%)	11.00%	**C**			
	Combined tax rate (Maximum 26.5%)				15.50%	**D = B+C**
Total Income Taxes					**$ 43,780**	**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					**$ 43,780**	**I = E - H**

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

Adjusted Taxable Income - Historical Year

	T2S1 line #	Total for Legal Entity	Non-Distribution Eliminations	Historic Wires Only
Income before PILs/Taxes	**A**	202,783		202,783
Additions:				
Interest and penalties on taxes	103			0
Amortization of tangible assets	104	616,709		616,709
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	2,709		2,709
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			0
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			0
Soft costs on construction and renovation of buildings	127			0
Book loss on joint ventures or partnerships	205			0
Capital items expensed	206			0
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			0
Realized Income from Deferred Credit Accounts	291			0
Pensions	292			0
Non-deductible penalties	293			0
	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
				0
Provision for Income Taxes- current		43,780		43,780
Provision for Income Taxes- deferred		-3,079		-3,079
				0
				0
				0
				0
				0
				0
				0
Total Additions		**660,119**	**0**	**660,119**
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	579,733		579,733
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	716		716

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			0
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			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	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		**580,449**	**0**	**580,449**
Net Income for Tax Purposes		**282,453**	**0**	**282,453**
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		**282,453**	**0**	**282,453**

H0

Ontario Energy Board

Income Tax/PILs Workform for 2017 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	B4

Net Capital Loss Carry Forward Deduction	Total	Non-Distribution Portion	Utility Balance	
Actual Historical			0	B4

Income Tax/PILs Workform for 2017 Filers

Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non-Distribution Portion	UCC Regulated Historical Year	Working Paper Reference
1	Distribution System - post 1987	1,283,999		1,283,999	B8
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election			0	B8
2	Distribution System - pre 1988	3,256,159		3,256,159	B8
8	General Office/Stores Equip	135,937		135,937	B8
10	Computer Hardware/ Vehicles	511,647		511,647	B8
10.1	Certain Automobiles			0	B8
12	Computer Software			0	B8
13_1	Lease # 1	1,643		1,643	B8
13_2	Lease #2			0	B8
13_3	Lease # 3			0	B8
13_4	Lease # 4			0	B8
14	Franchise			0	B8
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	2,135		2,135	B8
42	Fibre Optic Cable			0	B8
43.1	Certain Energy-Efficient Electrical Generating Equipment			0	B8
43.2	Certain Clean Energy Generation Equipment			0	B8
45	Computers & Systems Software acq'd post Mar 22/04			0	B8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0	B8
47	Distribution System - post February 2005	898,067		898,067	B8
50	Data Network Infrastructure Equipment - post Mar 2007	587		587	B8
52	Computer Hardware and system software			0	B8
95	CWIP			0	B8
				0	
				0	
6	CWIP	265,547		265,547	
				0	
				0	
				0	
				0	
				0	
				0	
				0	
	SUB-TOTAL - UCC	6,355,721	0	6,355,721	

Schedule 10 CEC - Historical Year

Cumulative Eligible Capital				**10,226**	
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				**10,226**	
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				**10,226**	
Current Year Deduction			**10,226**	**x 7% = 716**	
Cumulative Eligible Capital - Closing Balance				**9,510**	B10

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

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	B13
Tax Reserves Not Deducted for accounting purposes				
Reserve for doubtful accounts ss. 20(1)(l)			0	B13
Reserve for goods and services not delivered ss. 20(1)(m)			0	B13
Reserve for unpaid amounts ss. 20(1)(n)			0	B13
Debt & Share Issue Expenses ss. 20(1)(e)			0	B13
Other tax reserves			0	B13
			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	B13
General reserve for bad debts			0	B13
Accrued Employee Future Benefits:			0	B13
- Medical and Life Insurance			0	B13
-Short & Long-term Disability			0	B13
-Accmulated Sick Leave			0	B13
- Termination Cost			0	B13
- Other Post-Employment Benefits			0	B13
Provision for Environmental Costs			0	B13
Restructuring Costs			0	B13
Accrued Contingent Litigation Costs			0	B13
Accrued Self-Insurance Costs			0	B13
Other Contingent Liabilities			0	B13
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0	B13
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0	B13
Other			0	B13
			0	
			0	
Total	**0**	**0**	**0**	

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

PILS Tax Provision - Bridge Year

						Reference	Wires Only	
Regulatory Taxable Income						B1	-$ 156,220	A
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate				
Ontario (Max 11.5%)	11.5%	4.5%	-$ 7,030	4.5%	B			
Federal (Max 15%)	15.0%	10.5%	-$ 16,403	10.5%	C			
Combined effective tax rate (Max 26.5%)							15.00%	D = B + C
Total Income Taxes							$ -	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 = E - H

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 2017 Filers

Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	A		-143,861
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		563,330
Amortization of intangible assets	106		47,692
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		
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	0
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			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
	295		

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

Adjusted Taxable Income - Bridge Year

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			**611,022**
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	622,715
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	B10	666
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	0
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		
	394		
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			

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

Adjusted Taxable Income - Bridge Year

Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
Total Deductions		calculated	**623,381**
Net Income for Tax Purposes		calculated	**-156,220**
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	**-156,220**

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

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	156,220	
Balance available for use in Test Year	calculated	156,220	
Amount to be used in Bridge Year	B1	0	
Balance available for use post Bridge Year	calculated	156,220	T4

Net 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 (-)			
Balance available for use in Test Year	calculated	0	
Amount to be used in Bridge Year			
Balance available for use post Bridge Year	calculated	0	T4

Ontario Energy Board

Income Tax/PILs Workform for 2017 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}	Reduced UCC	Rate %	Bridge Year CCA		UCC End of Bridge Year	Working Paper Reference
1	Distribution System - post 1987	H8	$ 1,283,999			$ 1,283,999	$ -	$ 1,283,999	4%	$ 51,360		$ 1,232,639	T8
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	H8				$ -	$ -	$ -	6%	$ -		$ -	T8
2	Distribution System - pre 1988	H8	$ 3,256,159			$ 3,256,159	$ -	$ 3,256,159	6%	$ 195,370		$ 3,060,789	T8
8	General Office/Stores Equip	H8	$ 135,937	$ 22,500		$ 158,437	$ 11,250	$ 147,187	20%	$ 29,437		$ 129,000	T8
10	Computer Hardware/ Vehicles	H8	$ 511,647	$ 85,000		$ 596,647	$ 42,500	$ 554,147	30%	$ 166,244		$ 430,403	T8
10.1	Certain Automobiles	H8				$ -	$ -	$ -	30%	$ -		$ -	T8
12	Computer Software	H8				$ -	$ -	$ -	100%	$ -		$ -	T8
13 1	Lease # 1	H8	$ 1,643			$ 1,643	$ -	$ 1,643	29%	$ 468		$ 1,175	T8
13 2	Lease #2	H8				$ -	$ -	$ -		$ -		$ -	T8
13 3	Lease # 3	H8				$ -	$ -	$ -		$ -		$ -	T8
13 4	Lease # 4	H8				$ -	$ -	$ -		$ -		$ -	T8
14	Franchise	H8				$ -	$ -	$ -		$ -		$ -	T8
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	H8	$ 2,135			$ 2,135	$ -	$ 2,135	8%	$ 171		$ 1,964	T8
42	Fibre Optic Cable	H8				$ -	$ -	$ -	12%	$ -		$ -	T8
43.1	Certain Energy-Efficient Electrical Generating Equipment	H8				$ -	$ -	$ -	30%	$ -		$ -	T8
43.2	Certain Clean Energy Generation Equipment	H8				$ -	$ -	$ -	50%	$ -		$ -	T8
45	Computers & Systems Software acq'd post Mar 22/04	H8		$ 388,964		$ 388,964	$ 194,482	$ 194,482	45%	$ 87,517		$ 301,447	T8
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8				$ -	$ -	$ -	30%	$ -		$ -	T8
47	Distribution System - post February 2005	H8	$ 898,067	$ 499,500		$ 1,397,567	$ 249,750	$ 1,147,817	8%	$ 91,825		$ 1,305,742	T8
50	Data Network Infrastructure Equipment - post Mar 2007	H8	$ 587			$ 587	$ -	$ 587	55%	$ 323		$ 264	T8
52	Computer Hardware and system software	H8				$ -	$ -	$ -	100%	$ -		$ -	T8
95	CWIP	H8				$ -	$ -	$ -		$ -		$ -	T8
						$ -	$ -	$ -		$ -		$ -	
						$ -	$ -	$ -		$ -		$ -	
6	CWIP					$ -	$ -	$ -		$ -		$ -	
						$ -	$ -	$ -		$ -		$ -	
						$ -	$ -	$ -		$ -		$ -	
						$ -	$ -	$ -		$ -		$ -	
						$ -	$ -	$ -		$ -		$ -	
						$ -	$ -	$ -		$ -		$ -	
						$ -	$ -	$ -		$ -		$ -	
						$ -	$ -	$ -		$ -		$ -	
	TOTAL		$ 6,090,174	$ 995,964	$ -	$ 7,086,138	$ 497,982	$ 6,588,156		$ 622,715	B1	$ 6,463,423	

Schedule 10 CEC - Bridge Year

				Reference	
Cumulative Eligible Capital				H10	**9,510**
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					**9,510**
Deductions					
Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year					
Other Adjustments	0				
Subtotal		**x 3/4 =**			**0**
Cumulative Eligible Capital Balance					**9,510**
Current Year Deduction		**9,510**	**x 7% =**		**666** B1
Cumulative Eligible Capital - Closing Balance					**8,844** T10

Ontario Energy Board

Income Tax/PILs Workform for 2017 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		Change During the Year	Disallowed Expenses
						Additions	Disposals				
Capital Gains Reserves ss.40(1)	H13	0		0				0	T13	0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(l)	H13	0		0				0	T13	0	
Reserve for goods and services not delivered ss. 20(1)(m)	H13	0		0				0	T13	0	
Reserve for unpaid amounts ss. 20(1)(n)	H13	0		0				0	T13	0	
Debt & Share Issue Expenses ss. 20(1)(e)	H13	0		0				0	T13	0	
Other tax reserves	H13	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	B1	**0**	**0**	**0**	B1	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	H13	0		0				0	T13	0	
General reserve for bad debts	H13	0		0				0	T13	0	
Accrued Employee Future Benefits:	H13	0		0				0	T13	0	
- Medical and Life Insurance	H13	0		0				0	T13	0	
-Short & Long-term Disability	H13	0		0				0	T13	0	
-Accmulated Sick Leave	H13	0		0				0	T13	0	
- Termination Cost	H13	0		0				0	T13	0	
- Other Post-Employment Benefits	H13	0		0				0	T13	0	
Provision for Environmental Costs	H13	0		0				0	T13	0	
Restructuring Costs	H13	0		0				0	T13	0	
Accrued Contingent Litigation Costs	H13	0		0				0	T13	0	
Accrued Self-Insurance Costs	H13	0		0				0	T13	0	
Other Contingent Liabilities	H13	0		0				0	T13	0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	H13	0		0				0	T13	0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	H13	0		0				0	T13	0	
Other	H13	0		0				0	T13	0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	B1	**0**	**0**	**0**	B1	**0**	**0**

Ontario Energy Board

Income Tax/PILs Workform for 2017 Filers

PILs Tax Provision - Test Year

						Wires Only	
Regulatory Taxable Income					T1	$ 92,538	**A**
	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate			
Ontario (Max 11.5%)	11.5%	4.5%	$ 4,164	4.5%	**B**		
Federal (Max 15%)	15.0%	10.5%	$ 9,716	10.5%	**C**		
Combined effective tax rate (Max 26.5%)						15.00%	**D = B + C**
Total Income Taxes						**$ 13,881**	**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						**$ 13,881**	**I = E - H** S. Summary
Corporate PILs/Income Tax Provision Gross Up [1]				85.00%	**J = 1-D**	**$ 2,450**	**K = I/J-I**
Income Tax (grossed-up)						**$ 16,330**	**L = K + I** S. Summary

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 for 2017 Filers

Taxable Income - Test Year

	T2 S1 line #	Working Paper Reference	Test Year Taxable Income
Net Income Before Taxes		A.	285,489
Additions:			
Interest and penalties on taxes	103		
Amortization of tangible assets *2-4 ADJUSTED ACCOUNTING DATA P489*	104		562,374
Amortization of intangible assets *2-4 ADJUSTED ACCOUNTING DATA P490*	106		86,293
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		
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	0
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		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		
	295		
	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			**648,667**
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	684,779
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10 CEC	405	T10	619
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	0
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		
	394		
	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	**685,398**
NET INCOME FOR TAX PURPOSES		calculated	**248,757**
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	156,220
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	**92,538**

T0

Ontario Energy Board

Income Tax/PILs Workform for 2017 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	156,220		156,220
				0
Other Adjustments Add (+) Deduct (-)	T1	0		0
Balance available for use in Future Years	calculated	156,220	0	156,220
Amount to be used in Test Year	T1	156,220		156,220
Balance available for use post Test Year	calculated	0	0	0

Net Capital Loss Carry Forward Deduction		Total	Non-Distribution Portion	Utility Balance
Actual/Estimated Bridge Year	B4	0		0
				0
Other Adjustments Add (+) Deduct (-)				0
Balance available for use in Future Years	calculated	0	0	0
Amount to be used in Test Year				0
Balance available for use post Test Year	calculated	0	0	0

Ontario Energy Board

Income Tax/PILs Workform for 2017 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	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Test Year CCA		UCC End of Test Year
1	Distribution System - post 1987	B8	$ 1,232,639			$ 1,232,639	$ -	$ 1,232,639	4%	$ 49,306		$ 1,183,333
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	$ -			$ -	$ -	$ -	6%	$ -		$ -
2	Distribution System - pre 1988	B8	$ 3,060,789			$ 3,060,789	$ -	$ 3,060,789	6%	$ 183,647		$ 2,877,142
8	General Office/Stores Equip	B8	$ 129,000	27,500		$ 156,500	$ 13,750	$ 142,750	20%	$ 28,550		$ 127,950
10	Computer Hardware/ Vehicles	B8	$ 430,403			$ 430,403	$ -	$ 430,403	30%	$ 129,121		$ 301,282
10.1	Certain Automobiles	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
12	Computer Software	B8	$ -			$ -	$ -	$ -	100%	$ -		$ -
13 1	Lease # 1	B8	$ 1,175			$ 1,175	$ -	$ 1,175	40%	$ 468		$ 707
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 Bl	B8	$ 1,964			$ 1,964	$ -	$ 1,964	8%	$ 157		$ 1,807
42	Fibre Optic Cable	B8	$ -			$ -	$ -	$ -	12%	$ -		$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
43.2	Certain Clean Energy Generation Equipment	B8	$ -			$ -	$ -	$ -	50%	$ -		$ -
45	Computers & Systems Software acq'd post Mar 22/04	B8	$ 301,447	115,000		$ 416,447	$ 57,500	$ 358,947	45%	$ 161,526		$ 254,921
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	$ -			$ -	$ -	$ -	30%	$ -		$ -
47	Distribution System - post February 2005	B8	$ 1,305,742	685,000		$ 1,990,742	$ 342,500	$ 1,648,242	8%	$ 131,859		$ 1,858,882
50	Data Network Infrastructure Equipment - post Mar 2007	B8	$ 264			$ 264	$ -	$ 264	55%	$ 145		$ 119
52	Computer Hardware and system software	B8	$ -			$ -	$ -	$ -	100%	$ -		$ -
95	CWIP	B8	$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
6	CWIP		$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
			$ -			$ -	$ -	$ -	0%	$ -		$ -
	TOTAL		$ 6,463,423	$ 827,500	$ -	$ 7,290,923	$ 413,750	$ 6,877,173		$ 684,779	T1	$ 6,606,144

Ontario Energy Board

Income Tax/PILs Workform for 2016 Filers

Schedule 10 CEC - Test Year

Cumulative Eligible Capital

Cumulative Eligible Capital				B10	8,844
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				8,844
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					8,844
Current Year Deduction (Carry Forward to Tab "Test Year Taxable Income")			8,844	x 7% =	619
Cumulative Eligible Capital - Closing Balance					8,225

Ontario Energy Board

Income Tax/PILs Workform for 2017 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		Change During the Year	Disallowed Expenses
Capital Gains Reserves ss.40(1)	B13	0		0				0		0	
Tax Reserves Not Deducted for accounting purposes											
Reserve for doubtful accounts ss. 20(1)(l)	B13	0		0		0	0	0		0	
Reserve for goods and services not delivered ss. 20(1)(m)	B13	0		0				0		0	
Reserve for unpaid amounts ss. 20(1)(n)	B13	0		0				0		0	
Debt & Share Issue Expenses ss. 20(1)(e)	B13	0		0				0		0	
Other tax reserves	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	T1	**0**	**0**	**0**	T1	**0**	**0**
Financial Statement Reserves (not deductible for Tax Purposes)											
General Reserve for Inventory Obsolescence (non-specific)	B13	0		0				0		0	
General reserve for bad debts	B13	0		0				0		0	
Accrued Employee Future Benefits:	B13	0		0				0		0	
- Medical and Life Insurance	B13	0		0				0		0	
-Short & Long-term Disability	B13	0		0				0		0	
-Accmulated Sick Leave	B13	0		0				0		0	
- Termination Cost	B13	0		0				0		0	
- Other Post-Employment Benefits	B13	0		0				0		0	
Provision for Environmental Costs	B13	0		0				0		0	
Restructuring Costs	B13	0		0				0		0	
Accrued Contingent Litigation Costs	B13	0		0				0		0	
Accrued Self-Insurance Costs	B13	0		0				0		0	
Other Contingent Liabilities	B13	0		0				0		0	
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)	B13	0		0				0		0	
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)	B13	0		0				0		0	
Other	B13	0		0				0		0	
		0		0				0		0	
		0		0				0		0	
Total		**0**	**0**	**0**	T1	**0**	**0**	**0**	T1	**0**	**0**

HISTORICAL PILS

NOW Inc.'s 2015 federal and provincial corporate income tax return is provided in E4/T5/S2/Att1. The 2015 Notice of Assessment is provided in E4/T5/S2/Att2.

Tax Summary

Corporation name NORTHERN ONTARIO WIRES INC.

Tax year ending 2015/12/31

Taxable income

Net income for tax purposes		282,453
Charitable donations and gifts	-	
Taxable dividends	-	
Losses of prior years	-	
Other adjustments	±	
Taxable income	=	282,453

Part I tax

38% of taxable income			107,332
Surtax		+	
Recapture of investment tax credit		+	
Refundable tax on CCPC investment income		+	
Active business income	282,453		
Small business deduction		-	48,017
Federal tax abatement		-	28,245
Manufacturing and processing deduction		-	
Additional deduction - credit unions		-	
Foreign tax credits		-	
Investment tax credit		-	
Other deductions and credits		-	
Part I tax		=	31,070

Tax payable

Part I tax			31,070
Taxable dividends received			
GRIP at the end of the tax year	193,055		
LRIP at the end of the tax year			
Part III.1 tax		+	
Part IV tax		+	
Other federal tax payable		+	
Subtotal		=	31,070
Provincial and territorial tax (except AB,QC)		+	12,710
Provincial tax on large corporations (NB,NS)		+	
Tax payable		+	43,780
Tax instalments paid		-	23,549
Investment tax credit refund		-	
Taxable dividends paid			
Dividend refund		-	
Other refundable credits		-	
Balance owing (refund) on federal return		=	20,231
Provincial income tax (AB,QC)			
Capital and other provincial taxes		+	
Tax instalments and credits		-	
Other provincial taxes		=	
Total balance owing (refund)			20,231

Provincial tax

	% Provincial allocation	Taxable income	Income tax	Capital and other provincial taxes	Tax instalments and credits	Net provincial tax
Newfoundland						
Prince Edward Island						
Nova Scotia						
New Brunswick						
Ontario	100.0000	282,453	12,710			12,710
Manitoba						
Saskatchewan						
British Columbia						
Yukon Territory						
Northwest Territories						
Nunavut						
	Schedule 5 provincial tax payable		12,710			
Alberta						
Québec						
		Totals	12,710			12,710

Loss continuity

	Current year carry back	Carryforward end of year
Capital		
Non-capital		
Farm		
Restricted farm		
Limited partnership		
Listed personal property		

Other carryforwards

Capital dividend account	
Refundable dividend tax on hand (net of dividend refund)	
Unused Part 1.3 tax credit	
Unused surtax credits	
Foreign business tax credits	
Donations and gifts	
Investment tax credits	
Ontario S510 (CMT) losses	212,585
Ontario S510 (CMT) credit	

5 Year Tax Summary

Years Ending:	2015/12/31	2014/12/31	2013/12/31	2012/12/31	2011/12/31
Taxable income					
Net Income for tax purposes	282,453	268,132	(208,364)	(109,031)	117,467
Charitable donations and gifts	-	-	-	-	-
Taxable dividends	-	-	-	-	-
Losses of other years	-	-	-	-	-
Other adjustments	±	±	±	±	±
Taxable income	= 282,453	= 268,132	=	=	= 117,467
Active business income	282,453	268,132			117,467
Part I tax					
38% of taxable income	107,332				44,637
Surtax	+	+	+	+	+
Recapture of investment tax credit	+	+	+	+	+
Refundable tax on CCPC investment income	+	+	+	+	+
Small business deduction	- 48,017	-	-	-	- 19,969
Federal tax abatement	- 28,245	-	-	-	- 11,747
Manufacturing and processing deduction	-	-	-	-	-
Additional deduction - credit unions	-	-	-	-	-
Foreign tax credits	-	-	-	-	-
Resource deduction		-	-	-	-
Political contribution tax credit		-	-	-	-
Investment tax credit	-	-	-	-	- 2,000
Other deductions and credits	-	-	-	-	-
Part I tax	= 31,070	=	=	=	= 10,921
Tax payable					
Part I tax	31,070				10,921
Part I.3 tax		+	+	+	+
Part III.1 tax payable	+	+	+	+	+
Part IV tax	+	+	+	+	+
Other federal tax payable	+	+	+	+	+
Subtotal	= 31,070	=	=	=	= 10,921
Provincial and territorial tax (except AB,QC)	+ 12,710	+	+	+	+
Provincial tax on large corporations (NB,NS)	+	+	+	+	+
Tax payable	= 43,780	=	=	=	= 10,921
Tax instalments made	- 23,549	-	- 17,500	-	-
Investment tax credit refund	-	-	-	-	-
Dividend refund	-	-	-	-	-
Other refundable credits	-	-	- 10,000	-	- 4,878
Balance owing (refund)	= 20,231	=	= (27,500)	=	= 6,043
Provincial income tax (AB,QC)					
Capital and other provincial taxes	+	+	+	+	+
Tax instalments and credits	-	-	-	-	-
Other provincial taxes	=	=	=	=	=
Total taxes owing (refund)	20,231		(27,500)		6,043

2013 - 2016 Corporate information

General information

Business number: 88840 0611 RC 0002

Legal name of corporation: NORTHERN ONTARIO WIRES INC.

Operating name of corporation, if different:

Change of name since Dept. last notified? [ ] Yes [X] No

If *yes*, are there articles of amendment? [ ] Yes [ ] No

Taxation year

Start: 2015/01/01 End: 2015/12/31

Floating fiscal year end with a full year? [ ] Yes [X] No

Prior year-end date: 2014/12/31

Where the fiscal period of the corporation exceeds 365 days, is the corporation deemed to have a tax year end of December 31, 2008 under subsection 249(3) of the Income Tax Act? [ ] Yes [ ] No

Has taxation year end changed since last return was filed? [ ] Yes [X] No

If *yes*, why has it changed? N/A

If change in control, provide date:

Deemed tax year-end under 249(3.1)? [ ] Yes [X] No

Previous tax year end deemed to be December 31, 2008 under 249(3)? [ ] Yes [X] No

Filing

Internet file this return? [X] Yes [ ] No

Confirmation number:

Complete return from GIFI? [X] Yes [ ] No

Gross Revenue	17,620,695
Total assets	10,733,936

Was the corporation an associated CCPC in the previous year? [X] Yes [ ] No

Taxable capital employed in Canada for the previous taxation year.	8,373,409
Taxable capital of the associated group for the previous taxation year	8,384,390
Total taxable capital employed in Canada of the corporation and its related corporations.	7,661,115
Total taxable capital employed in Canada of the corporations and its associated corporations (Applicable to taxation years starting in 2008 and later)	7,661,115

Date of incorporation:

Date of amalgamation: 2001/12/06

Date of dissolution:

Date of bankruptcy:

Is corporation a professional corporation that is a member of a partnership? [ ] Yes [X] No

First year of filing after incorporation? [ ] Yes [X] No

First year of filing after amalgamation? [ ] Yes [X] No

Section 88 wind-up of sub. during the year? [ ] Yes [X] No

Final year before amalgamation? [ ] Yes [X] No

Final return up to dissolution? [ ] Yes [X] No

Is the corporation bankrupt? [ ] Yes [X] No

Elected not to be a CCPC under 89(11) [ ] Yes [X] No

If an election was made under section 261, state the functional currency used

Corporation exempt from tax? N/A

Language of correspondence changed since Dept. last notified? [ ] Yes [X] No

Language of correspondence: English

Is this an amended tax return? [ ] Yes [X] No

Is this return being prepared by a tax preparer for a fee? [X] Yes [ ] No

Jurisdiction

Provincial or territorial jurisdiction: ON

Is the corporation a resident of Canada? [X] Yes [ ] No

If *no*, give country of residence:

Type of corporation

Type of corporation at end of taxation year: Canadian-controlled private corporation (CCPC)

If Other corporation, please specify:

If Other corporation, is corporation eligible for the small business deduction? [X] Yes [ ] No

Did the type of corporation change during the year? [ ] Yes [X] No

If *yes*, provide the date of change:

Special corporation status: N/A

Type of corporation at end of previous taxation year (Carried forward from the previous T2 return): Canadian-controlled private corporation (CCPC)

Type of business

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements? [ ] Yes [X] No

Is the corporation inactive? [ ] Yes [X] No

What is the corporation's main revenue-generating business activity? (Press F6) 221122

Specify the principal products or services provided and their percentage of total revenue

1. SERVICES 100.000 %
2. %
3. %

Did the corporation immigrate to Canada during the taxation year? [ ] Yes [X] No

Did the corporation emigrate from Canada during the taxation year? [ ] Yes [X] No

If the corporation's major business activity is construction, did you have any sub-contractors during the tax year? [ ] Yes [ ] No

2013 - 2016 Corporate information

Head office address

Address changed since Dept. last notified? ☐ Yes ☒ No

Address: 8 TH AVENUE

Suite:

City: COCHRANE
Province: ON
Country:

Postal code: P0L 1C0
Telephone number: (705) 272-4232
Fax number: ( ) -

Mailing address

Address changed since Dept. last notified? ☐ Yes ☒ No

Date of change:

Use the following address: head office

Care of:

Address: 8 TH AVENUE

Suite:

City: COCHRANE
Province: ON
Country:

Postal code: P0L 1C0

Location of books and records

Address changed since Dept. last notified? ☐ Yes ☒ No

Use the following address: head office

Address: 8 TH AVENUE

City: COCHRANE
Province: ON
Country:

Postal code: P0L 1C0

Signing officer

Title (Mr, Ms, Dr, etc): MR

First name: GEOFFREY

Last name: SUTTON

Position, office or rank: CFO

Address: 8 TH AVENUE

City: COCHRANE
Province: ON
Country: CA

Postal code: P0L 1C0
Telephone number: (705) 272-4232
Signing date: 2016/05/27

Contact person

Same as signing officer? ☒ Yes ☐ No

Name: GEOFFREY SUTTON

Telephone number: (705) 272-4232
Fax number: ( ) -

Additional information

Contact position / name:
email address:

2013 - 2016 Corporate information

British Columbia

British Columbia account number: -

Is this an amended return? ☐ Yes ☒ No

Is the corporation exempt from tax? ☐ Yes ☒ No

If yes, provide reason

Is this the final taxation year? ☐ Yes ☒ No

If yes, provide reason

Is the corporation a bank, a trust company or a credit union? ☐ Yes ☒ No

If yes, is the corporation:

1. ☐ based in BC with head office in BC?
2. ☐ an authorized foreign bank?
3. ☐ none of the above?

Alberta

AT1 Net File? ☒ Yes ☐ No

Third-Party service provider (for AT1 Net File)? ☐ Yes ☐ No

AT1 Net File confirmation number

Alberta account number

SIC code: 9999

Special corporation status: N/A

Final return information

Was there a transfer of property under federal ITA subsection 85(1), 85(2) or 97(2) that occurred after May 30, 2001, and during the taxation year being reported? ☐ Yes ☒ No

Specify reason for final return: N/A

Date of amalgamation, if applicable

Date operations ceased, if a dissolution

Saskatchewan

Saskatchewan account number

Manitoba

Manitoba account number: M

Ontario

Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent: ON

Ontario specialty type: 19

Has the Ontario specialty type changed during the year? ☐ Yes ☒ No

The Ontario allocation factor (OAF) for the previous taxation year: 100.000 %

Annual return for Ontario corporations (S546, S547 and S548)

Annual return for Ontario corporations required? ☐ Yes ☒ No

Ontario corporation number: 1503399

Authorized person same as signing officer? ☒ Yes ☐ No

Last name: SUTTON

First name: GEOFFREY

Middle name

Title ☐ Director ☐ Officer ☒ Other individual

2013 - 2016 Corporate information

Québec

Québec enterprise number (NEQ)			
Identification number	IC 0001		
Internet file CO-17?	[X] Yes	[ ] No	
Confirmation number			
Please choose the license fee (Information Return for Enterprise Register)			
Did the corporation receive government assistance during the fiscal period?	[ ] Yes	[X] No	
If *yes*, indicate the amount of the assistance			
How was it applied?			
Is the corporation applying for a temporary tax exemption for marketing intellectual property?	[ ] Yes	[X] No	
Is the corporation claiming the temporary exemption for a new corporation?	[ ] Yes	[X] No	
Start date of the exemption period			
End date of the exemption period			
Paid-up capital for the previous taxation year	3,086,651		
Total assets for the previous taxation year	11,131,881		
Is the corporation a mining corporation that has not reached the production stage?	[ ] Yes	[X] No	
Start date of production, if the mining corporation has reached the production stage			
Is the corporation a financial institution?	[ ] Yes	[X] No	
Is the corporation an oil refinery?	[ ] Yes	[X] No	

Is the corporation a farm or fishing corporation?	[ ] Yes	[X] No
Does the end-date of the fiscal period (indicated on line 05) coincide with the date when the corporation became or ceased to be a Canadian-controlled private corporation (CCPC)?	[ ] Yes	[X] No
Is this an amended return?	[ ] Yes	[X] No
Is the corporation an agent corporation, a dummy corporation or a general partner?	[ ] Yes	[X] No
Has the corporation ceased its activities?	[ ] Yes	[X] No
Did the corporation continue to operate another business during the year?	[ ] Yes	[X] No
Did the corporation dispose of property in respect of which section 518 applies?	[ ] Yes	[X] No
Is the information on file with the Enterprise Register correct?	[ ] Yes	[ ] No
Did the corporation wind up one or more of its subsidiaries during the year?	[ ] Yes	[X] No

If yes, indicate the Québec enterprise number (NEQ) or identification number of the corporation or corporations and the date of winding-up:

Were the tax attributes of the Canadian subsidiary or subsidiaries that were wound up transferred to the corporation?	[ ] Yes	[ ] No
Does the corporation hold an interest in one or more partnerships?	[ ] Yes	[X] No

If yes, enter the partnership's Québec enterprise number (NEQ) or identification number and the percentage of its interest.

	%
	%
	%
	%

Previous taxation years

Twenty first prior taxation year-end	1994/12/31	Tenth prior taxation year-end	2005/12/31
Twentieth prior taxation year-end	1995/12/31	Ninth prior taxation year-end	2006/12/31
Nineteenth prior taxation year-end	1996/12/31	Eighth prior taxation year-end	2007/12/31
Eighteenth prior taxation year-end	1997/12/31	Seventh prior taxation year-end	2008/12/31
Seventeenth prior taxation year-end	1998/12/31	Sixth prior taxation year-end	2009/12/31
Sixteenth prior taxation year-end	1999/12/31	Fifth prior taxation year-end	2010/12/31
Fifteenth prior taxation year-end	2000/12/31	Fourth prior taxation year-end	2011/12/31
Fourteenth prior taxation year-end	2001/12/31	Third prior taxation year-end	2012/12/31
Thirteenth prior taxation year-end	2002/12/31	Second prior taxation year-end	2013/12/31
Twelfth prior taxation year-end	2003/12/31	First prior taxation year-end	2014/12/31
Eleventh prior taxation year-end	2004/12/31		

Office Use

Preparer ID	MTB
Partner ID	dg
Reviewer ID	
Office number	
Client reference #	
Client referred by:	

[ ] Prior client [ ] New client

Preparer Information

Name	CBMN FINANCIAL SERVICES INC
Firm	CBMN FINANCIAL SERVICES INC
Street address	2 ASH STREET
P.O. Box, RR	
City	KAPUSKASING
Province	ONTARIO
Postal code	P5N 3H4
Phone	(705) 337-6411
Fax	(705) 335-6563
Email	kapuskasing@collinsbarrow.com
NEQ	

T2 CORPORATION INCOME TAX RETURN

Protected B when completed

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** 88840 0611 RC 0002

Corporation's name

002 NORTHERN ONTARIO WIRES 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 8 TH AVENUE

012

City **015** COCHRANE — Province, territory, or state **016** ON

Country (other than Canada) **017** — Postal code/Zip code **018** P0L 1C0

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

022 8 TH AVENUE

023

City **025** COCHRANE — Province, territory, or state **026** ON

Country (other than Canada) **027** — Postal code/Zip code **028** P0L 1C0

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 8 TH AVENUE

032

City **035** COCHRANE — Province, territory, or state **036** ON

Country (other than Canada) **037** — Postal code/Zip code **038** P0L 1C0

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**

To which tax year does this return apply?

Tax year start **060** 2015/01/01 — Tax year-end **061** 2015/12/31

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**

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**		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**		3
Is the corporation claiming any type of losses?	**204**		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**		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**		33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over $10,000,000?	**234**		-----
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?	**255**		92 *

*** We do not print this schedule.**

Attachments - Continued from page 2

		Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	271	☐	T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN$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	☐	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	☐	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

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes ☐	2 No X
Is the corporation inactive?	280	1 Yes ☐	2 No X

Specify the principal product(s) mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.

284	SERVICES	285	100.000 %
286		287	%
288		289	%

Did the corporation immigrate to Canada during the tax year?	291	1 Yes ☐	2 No X
Did the corporation emigrate from Canada during the tax year?	292	1 Yes ☐	2 No X
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes ☐	2 No ☐
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		
If the corporation's major business activity is construction, did you have any sub-contractors during the tax year?	295	1 Yes ☐	2 No ☐

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFI			300	282,453	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")				282,453	C
Add: Section 110.5 additions or subparagraph 115(1)(a)(vii) additions			355		D
Taxable income (amount C **plus** amount D)			360	282,453	
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**	282,453	A
Taxable income from line 360 on page 3, **minus** 100/28 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**	282,453	B
Business limit (see notes 1 and 2 below)	**410**	400,000	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 400,000 X **415** *** D / 11,250 = ________ E

Reduced business limit (amount C **minus** amount E) (if negative, enter "0")	**425**	400,000	F

Small business deduction

Amount A, B, C, or F, whichever is the least	282,453	x	Number of days in the tax year before January 1, 2016 / Number of days in the tax year	365 / 365	x 17% =	48,017	1
Amount A, B, C, or F, whichever is the least	282,453	x	Number of days in the tax year after December 31, 2015, and before January 1, 2017 / Number of days in the tax year	/ 365	x 17.5% =	0	2

Total of amounts 1 and 2 (enter amount G on line I on page 7) **430** 48,017 G

* 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 the previous tax years, the amount to be entered at 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 at 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)			282,453	A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27		B		
Amount K13 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	282,453	F		
Aggregate investment income from line 440 on page 6*		G		
Subtotal (**add** amounts B to G)	282,453	▶	282,453	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 of 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, 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 B9 and H9 from Part 9 of Schedule 27		L		
Amount K13 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 of 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			282,453	F	

Deduct:

Amount on line 400, 405, 410, or 425 on page 4, whichever is the least	282,453	G
Foreign non-business income tax credit from line 632 of page 7 ____ x 100/35 = ____		H
Foreign business income tax credit from line 636 of page 7 ____ x 4.00000 = ____		I
Subtotal	282,453 ▶ 282,453	J

	K x 26 2/3% =		L
Part I tax payable minus investment tax credit refund (line 700 **minus** line 780 from page 8)		31,070	M
Refundable portion of Part I tax – Amount E, L, or M, whichever is the least	**450**	0	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**		0	

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	X 1/3		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		0	U

Enter amount U on line 784 on page 8.

Part I tax

Base amount of Part I tax taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by 38%			**550**	107,332	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	282,453	D			
Deduct: Amount on line 400, 405, 410, or 425 of page 4, whichever is the least	282,453	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)		107,332	H

Deduct:

Small business deduction from line 430 on page 4		48,017	I		
Federal tax abatement	**608**	28,245			
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		76,262	▶	76,262	J
Part I tax payable – Amount H **minus** amount J				31,070	K

Enter amount K on line 700 on page 8.

Privacy statement

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source **http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 047.

Summary of tax and credits

Federal tax

Part I tax payable from amount K on page 7	**700**	31,070
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		31,070

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**	12,710		
Total provincial or territorial tax		12,710 ▶		12,710
Total tax payable			**770**	43,780 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**	23,549	
Total credits	**890**	23,549	23,549 B

Refund Code **894** ☐ Overpayment ____________

Balance (line A **minus** line B) 20,231

Direct Deposit Request

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

☐ Start ☐ Change information **910** ____________ Branch number

914 ____________ Institution number **918** ____________ Account number

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

Balance unpaid 20,231

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

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 ☒ NA ☐

If this return was prepared by a tax preparer for a fee, provide their EFILE number **920** A3809

Certification

I, **950** SUTTON (Last name) **951** GEOFFREY (First name) **954** CFO (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 2016/05/27 (Date) ____________ Signature of the authorized signing officer of the corporation **956** (705) 272-4232 (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 **959** (   )   - Telephone number

Language of correspondence - Langue de correspondance

Indicate your language of correspondence by entering **1** for English or **2** for French. **990** 1
Indiquez votre langue de correspondance en inscrivant **1** pour anglais ou **2** pour français.

Canada Revenue Agency / Agence du revenu du Canada

NET INCOME (LOSS) FOR INCOME TAX PURPOSES

Schedule 1
Code 1101

- 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			A	202,783 A
Add:				
Provision for income taxes - current	**101**	43,780		
Provision for income taxes - deferred	**102**	(3,079)		
Amortization of tangible assets	**104**	616,709		
Loss on disposal of assets	**111**	2,709		
Total of lines 101 to 199	**500**	660,119	▶	660,119 B
Amount A **plus** amount B				862,902
Deduct:				
Capital cost allowance from Schedule 8	**403**	579,733		
Cumulative eligible capital deduction from Schedule 10	**405**	716		
Total of lines 401 to 499	**510**	580,449	▶	580,449
Net income (loss) for income tax purposes - enter on line 300 on page 3 of the T2 return				282,453

Canada Revenue Agency / Agence du revenu du Canada

Schedule 5
Code 1501

Tax Calculation Supplementary – Corporations

Protected B when completed

Part 1 - Allocation of taxable income

100 ____________ Enter the regulation that applies (402 to 413) from page 1.

A		B	C	D	E	F
Jurisdiction Tick **Yes** if the corporation had a permanent establishment in the jurisdiction during the tax year. *		Total salaries and wages paid in jurisdiction	(B x taxable income) ÷ G	Gross revenue attributable to jurisdiction	(D x taxable income) ÷ H	Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador	**003** 1 Yes ☐	**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**		282,453
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**		282,453

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

** 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 on the following pages.

Part 2 - Provincial and territorial tax payable, tax credits, and rebates

Newfoundland and Labrador

Newfoundland and Labrador tax before credits (from Schedule 307)	200			
Add: Newfoundland and Labrador offshore tax (from Schedule 307)	205			
Gross Newfoundland and Labrador tax		▸		A1
Deduct:				
Newfoundland and Labrador political contribution tax credit	500			
Contribution — 891				
Newfoundland and Labrador foreign tax credit (from Schedule 21)	501			
Newfoundland and Labrador manufacturing processing profits tax credit (from Schedule 300)	503			
Newfoundland and Labrador venture capital tax credit (from Schedule 308)	504			
Newfoundland and Labrador direct equity tax credit (from Schedule 303)	505			
Newfoundland and Labrador resort property investment tax credit (from Schedule 304)	507			
Subtotal		▸		B1
Subtotal (amount A1 **minus** amount B1) (if negative, enter "0")				C1
Add: Newfoundland and Labrador capital tax on financial institutions(from Schedule 305)			518	
Total Newfoundland and Labrador tax payable before refundable credits (amount C1 **plus** amount on line 518) (if negative, enter "0")				D1
Deduct:				
Newfoundland and Labrador research and development tax credit (from Schedule 301)	520			
Newfoundland and Labrador film and video industry tax credit *	521			
Certificate number — 821				
Subtotal		▸		E1
Net Newfoundland and Labrador tax payable or refundable credit (amount D1 **minus** amount E1) (if a credit, enter amount in brackets) Include this amount on line 255.			209	F1

* To claim the credit, file the original or a copy of the certificate with your T2 return. If you are filing your T2 return electronically, send the original or a copy of the certificate to your tax centre.

Prince Edward Island

Prince Edward Island tax before credits (from Schedule 322)			210	A2
Deduct:				
Prince Edward Island political contribution tax credit	525			
Contribution — 892				
Prince Edward Island foreign tax credit (from Schedule 21)	528			
Prince Edward Island corporate investment tax credit (from Schedule 321)	530			
Subtotal		▸		B2
Net Prince Edward Island tax payable (amount A2 **minus** amount B2) (if negative, enter "0") Include this amount on line 255.			214	C2

Part 2 - Provincial and territorial tax payable, tax credits, and rebates (continued)

Nova Scotia

Nova Scotia tax before credits (from Schedule 346)			215			
Add:						
Nova Scotia offshore tax (from Schedule 346)			220			
Recapture of Nova Scotia research and development tax credit (from Schedule 340)			221			
Gross Nova Scotia tax					▶	A3
Deduct:						
Nova Scotia political contribution tax credit			550			
Contribution	893					
Nova Scotia foreign tax credit (from Schedule 21)			554			
Nova Scotia corporate tax reduction for new small businesses * (from Schedule 341)			556			
Certificate number	834					
Subtotal					▶	B3
Total Nova Scotia tax payable before refundable credits (amount A3 **minus** amount B3) (if negative, enter "0")						C3
Deduct:						
Nova Scotia film industry tax credit **			565			
Certificate number	836					
Nova Scotia research and development tax credit (from Schedule 340)			566			
Nova Scotia digital media tax credit **			567			
Certificate number	838					
Nova Scotia capital investment tax credit ***			568			
Subtotal					▶	D3
Net Nova Scotia tax payable or refundable credit (amount C3 **minus** amount D3) (if a credit, enter amount in brackets) Include this amount on line 255.					224	E3

* The amount of Nova Scotia corporate tax reduction for new small businesses cannot be more than the gross Nova Scotia tax **minus** all other Nova Scotia tax credits (including the refundable credits).

** To claim the credit, file the original or a copy of the certificate with your T2 return. If you are filing your T2 return electronically, send the original or a copy of the certificate to your tax centre.

*** To claim the credit, file the original or a copy of the certificate with your T2 return. If you are filing your T2 return electronically, keep the certificate in case we ask for it later.

New Brunswick

New Brunswick tax before credits (from Schedule 366)			225			
Add:						
Recapture of New Brunswick research and development tax credit (from Schedule 360)			573			
Gross New Brunswick tax					▶	A4
Deduct:						
New Brunswick political contribution tax credit			575			
Contribution	894					
New Brunswick foreign tax credit (from Schedule 21)			576			
New Brunswick small business investor tax credit (from Schedule 367)			578			
Subtotal					▶	B4
Total New Brunswick tax payable before refundable credits (amount A4 **minus** amount B4) (if negative, enter "0")						C4
Deduct:						
New Brunswick film tax credit *			595			
Certificate number	850					
New Brunswick research and development tax credit (from Schedule 360)			597			
Subtotal					▶	D4
Net New Brunswick tax payable or refundable credit (amount C4 **minus** amount D4) (if a credit, enter amount in brackets) Include this amount on line 255.					229	E4

* To claim the credit, file the original certificate with your T2 return. If you are filing your T2 return electronically, send the original certificate to your tax centre.

Part 2 - Provincial and territorial tax payable, tax credits, and rebates (continued)

Ontario

Ontario basic income tax (from Schedule 500)	**270**	32,482		
Deduct: Ontario small business deduction (from Schedule 500)	**402**	19,772		
Subtotal		12,710	12,710	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)			12,710	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")			12,710	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")			12,710	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")			12,710	G6
Add:				
Ontario corporate minimum tax (from Schedule 510)	**278**			
Ontario special additional tax on life insurance corporations (from Schedule 512)	**280**			
Subtotal				H6
Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6)			12,710	I6
Deduct:				
Ontario qualifying environmental trust tax credit	**450**			
Ontario co-operative education tax credit (from Schedule 550)	**452**			
Ontario apprenticeship training tax credit (from Schedule 552)	**454**			
Ontario computer animation and special effects tax credit (from Schedule 554)	**456**			
Ontario film and television tax credit (from Schedule 556)	**458**			
Ontario production services tax credit (from Schedule 558)	**460**			
Ontario interactive digital media tax credit (from Schedule 560)	**462**			
Ontario sound recording tax credit (from Schedule 562)	**464**			
Ontario book publishing tax credit (from Schedule 564)	**466**			
Ontario innovation tax credit (from Schedule 566)	**468**			
Ontario business-research institute tax credit (from Schedule 568)	**470**			
Subtotal				J6
Net Ontario tax payable or refundable credit (amount I6 **minus** amount J6) (if a credit, enter amount in brackets) Include this amount on line 255.		**290**	12,710	K6

Part 2 - Provincial and territorial tax payable, tax credits, and rebates (continued)

Manitoba

Manitoba tax before credits (from Schedule 383)			**230**	A7
Deduct:				
Manitoba foreign tax credit (from Schedule 21)	**601**			
Manitoba rental housing construction tax credit (from Schedule 394)	**602**			
Manitoba manufacturing investment tax credit (from Schedule 381)	**605**			
Manitoba research and development tax credit (from Schedule 380)	**606**			
Manitoba co-op education and apprenticeship tax credit (from Schedule 384)	**603**			
Manitoba odour-control tax credit (from Schedule 385)	**607**			
Manitoba small business venture capital tax credit (from Schedule 387)	**608**			
Manitoba cooperative development tax credit (from Schedule 390)	**609**			
Manitoba Neighbourhoods Alive! tax credit (from Schedule 391)	**610**			
Subtotal		▸		B7
Total Manitoba tax payable before refundable credits (amount A7 **minus** amount B7) (if negative, enter "0")				C7
Deduct:				
Manitoba cultural industries printing tax credit	**611**			
Manitoba refundable cooperative development tax credit (from Schedule 390)	**612**			
Manitoba refundable research and development tax credit (from Schedule 380)	**613**			
Manitoba interactive digital media tax credit	**614**			
Manitoba book publishing tax credit (from Schedule 389)	**615**			
Manitoba green energy equipment tax credit	**619**			
Manitoba film and video production tax credit (from Schedule 388)	**620**			
Manitoba refundable manufacturing investment tax credit (from Schedule 381)	**621**			
Manitoba refundable co-op education and apprenticeship tax credit (from Schedule 384)	**622**			
Manitoba refundable odour-control tax credit for agricultural corporations (from Schedule 385)	**623**			
Manitoba data processing investment tax credits (from Schedule 392)	**324**			
Manitoba nutrient management tax credit (from Schedule 393)	**325**			
Manitoba refundable rental housing construction tax credit (from Schedule 394)	**326**			
Manitoba community enterprise development tax credit	**327**			
Subtotal		▸		D7
Net Manitoba tax payable or refundable credit (amount C7 **minus** amount D7)			**234**	E7

(if a credit, enter amount in brackets) Include this amount on line 255.

Saskatchewan

Saskatchewan tax before credits (from Schedule 411)				235	A8
Deduct:					
Saskatchewan political contribution tax credit		624			
Contribution	890				
Saskatchewan foreign tax credit (from Schedule 21)		625			
Saskatchewan manufacturing and processing profits tax reduction (from Schedule 404)		626			
Saskatchewan manufacturing and processing investment tax credit (from Schedule 402)		630			
Saskatchewan research and development tax credit (from Schedule 403)		631			
Saskatchewan royalty tax rebate (from Schedule 400)		632			
Subtotal					B8
Total Saskatchewan tax payable before refundable credits (amount A8 **minus** amount B8) (if negative, enter "0")					C8
Deduct:					
Saskatchewan qualifying environmental trust tax credit		641			
Saskatchewan film employment tax credit *		643			
Certificate number	860				
Saskatchewan refundable manufacturing and processing investment tax credit (from Schedule 402)		644			
Saskatchewan refundable research and development tax credit (from Schedule 403)		645			
Subtotal					D8
Net Saskatchewan tax payable or refundable credit (amount C8 **minus** amount D8) (if a credit, enter amount in brackets) Include this amount on line 255.				239	E8

* To claim the credit, file the original or a copy of the certificate with your T2 return. If you are filing your T2 return electronically, send the original or a copy of the certificate to your tax centre.

Part 2 - Provincial and territorial tax payable, tax credits, and rebates (continued)

British Columbia

British Columbia tax before credits (from Schedule 427)	240			
Add:				
Recapture of British Columbia scientific research and experimental development (SR&ED) tax credit (from Form T666)	241			
Gross British Columbia tax				A10
Deduct:				
British Columbia foreign tax credit (from Schedule 21)	650			
British Columbia logging tax credit	651			
British Columbia political contribution tax credit	653			
Contribution 896				
British Columbia small business venture capital tax credit	656			
Credit at the end of previous tax year 880				
Current-year credit 881				
Certificate number (from SBVC 10) 882				
British Columbia manufacturing and processing tax credit (from Schedule 426)	660			
British Columbia SR&ED non-refundable tax credit (from Form T666)	659			
Subtotal				B10
Total British Columbia tax payable before refundable credits (amount A10 **minus** amount B10) (if negative, enter "0")				C10
Deduct:				
British Columbia qualifying environmental trust tax credit	670			
British Columbia film and television tax credit (from Form T1196)	671			
British Columbia production services tax credit (from Form T1197)	672			
British Columbia mining exploration tax credit (from Schedule 421)	673			
British Columbia SR&ED refundable tax credit (from Form T666)	674			
British Columbia book publishing tax credit (amount on line 886 multiplied by 90%)	665			
Base amount of Support for Publishers received in the tax year 886				
British Columbia training tax credit (from Schedule 428)	679			
British Columbia interactive digital media tax credit (from Schedule 429)	680			
British Columbia shipbuilding and ship repair industry tax credit (from Schedule 430)	681			
Subtotal				D10
Net British Columbia tax payable or refundable credit (amount C10 **minus** amount D10) (if a credit, enter amount in brackets) Include this amount on line 255.			244	E10

Yukon

Yukon tax before credits (from Schedule 443)			245	A11
Deduct:				
Yukon political contribution tax credit	675			
Contribution 897				
Yukon foreign tax credit (from Schedule 21)	676			
Yukon manufacturing and processing profits tax credit (from Schedule 440)	677			
Subtotal				B11
Total Yukon tax payable before refundable credit (amount A11 **minus** amount B11) (if negative, enter "0")				C11
Deduct:				
Yukon research and development tax credit (from Schedule 442)			698	D11
Net Yukon tax payable or refundable credit (amount C11 **minus** amount D11) (if a credit, enter amount in brackets) Include this amount on line 255.			249	E11

Part 2 - Provincial and territorial tax payable, tax credits, and rebates (continued)

Northwest Territories

Northwest Territories tax before credits (from Schedule 461)			250	A12
Deduct:				
Northwest Territories political contribution tax credit		700		
Contribution	898			
Northwest Territories foreign tax credit (from Schedule 21)		701		
Northwest Territories investment tax credit (from Schedule 460)		705		
Subtotal			▸	B12
Net Northwest Territories tax payable (amount A12 **minus** amount B12) (if negative, enter "0")			254	C12

Include this amount on line 255.

Nunavut

Nunavut tax before credits (from Schedule 481)			260	A13
Deduct:				
Nunavut political contribution tax credit		725		
Contribution	899			
Nunavut foreign tax credit (from Schedule 21)		730		
Subtotal			▸	B13
Total Nunavut tax payable before refundable credit (amount A13 **minus** amount B13) (if negative, enter "0")				C13
Deduct: Nunavut business training tax credit (from Schedule 490)			740	D13
Net Nunavut tax payable or refundable credit (amount C13 **minus** amount D13)			264	E13

(if negative, enter "0") Include this amount on line 255 below.

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	12,710

If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 on page 8 of the T2 return.
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 on page 8 of the T2 return.

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Protected B when completed

Schedule 8
Code 0603

CAPITAL COST ALLOWANCE

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	2 Undepreciated capital cost at the beginning of the year (amount from column 13 of last year's schedule 8)	3 Cost of acquisitions during the year (new property must be available for use) (see note 1 below)	4 Adjustments and transfers (show amounts that will reduce the underpreciated capital cost in brackets) (see note 2 below)	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 Undepreciated capital cost (column 2 **plus** column 3 **plus** or **minus** column 4 **minus** column 5)	7 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5) (see note 3 below)	8 Reduced undepreciated capital cost (column 6 **minus** column 7)	9 CCA rate % (see note 4 below)	10 Recapture of capital cost allowance (see note 5 below)	11 Terminal loss	12 Capital cost allowance (for declining balance method, column 8 **multiplied** by column 9, or a lower amount) (see note 6 below)	13 Undepreciated capital cost at the end of the year (column 6 **minus** column 12)
	200	**201**	**203**	**205**	**207**		**211**		**212**	**213**	**215**	**217**	**220**
1	1	195,588	1,165			196,753	583	196,170	4			7,847	188,906
2	1	15,531				15,531		15,531	4			621	14,910
3	1	1,125,191				1,125,191		1,125,191	4			45,008	1,080,183
4	2	2,067,838	415,091			2,482,929	207,546	2,275,383	6			136,523	2,346,406
5	2	967,822				967,822		967,822	6			58,069	909,753
6	8	261				261		261	20			52	209
7	8	5,486				5,486		5,486	20			1,097	4,389
8	8	139,704	8,500			148,204	4,250	143,954	20			28,791	119,413
9	8	3,250				3,250		3,250	20			650	2,600
10	10	24,287				24,287		24,287	30			7,286	17,001
11	10	706,637				706,637		706,637	30			211,991	494,646
12	17	2,321				2,321		2,321	8			186	2,135
13	8	11,658				11,658		11,658	20			2,332	9,326
14	47	976,160				976,160		976,160	8			78,093	898,067
15	6	41,608	160,507	63,432		265,547	80,254	185,293	10				265,547
16	50	64,737		(63,432)		1,305		1,305	55			718	587
17	13	2,112				2,112		2,112	NA			469	1,643
									NA				
	Totals	6,350,191	585,263				292,633	6,642,821				579,733	6,355,721

Canada

CAPITAL COST ALLOWANCE

Additional information for Class 43.1 and 43.2 assets

1 CCA class row number from column 200		2 Type of asset code	3 Province where the asset is located	4 Percentage allocated to the asset

Note 1. 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).

Note 2. Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost (column 6).
Items that **increase** the undepreciated capital cost:
– Amounts transferred under section 85, or transferred on amalgamation and winding-up of a subsidiary.
Items that **reduce** the undepreciated capital cost (show amounts that reduce the undepreciated capital cost in brackets):
– 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.

Note 3. 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*.

Note 4. 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 12.

Note 5. For every entry in column 10, 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.

Note 6. 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.

S8Supp

Reconciliation of NBV and UCC

NBV of capital assets, beginning of year		6,526,827		
Less: Land	-	290,551		
NBV of depreciable capital assets, beginning of year		6,236,276		6,236,276
UCC beginning of year		6,350,191		
Less: Opening Class 14 balance	-			
Adjusted UCC		6,350,191	-	6,350,191
Timing difference, beginning of year				(113,915) A
CCA and amortization				
CCA claimed (except class 14)	+	579,733		
Terminal loss	+			
Recapture	-			
Amortization per financial statements	-	616,709		
Class 10.1				
Difference on purchase (cost ______ less ceiling ______)	+			
Beginning UCC less CCA in year of disposal	+			
Proceeds from disposal of class 10.1 asset	-			
Gains and losses				
Gain on disposal of capital assets per financial statements	+			
Capital loss portion of total loss	+			
Loss on disposal of capital assets per financial statements	-	2,709		
Capital gain portion of total gain	-			
Other				
Operating leases capitalized for financial statement purposes	+			
Deductible items capitalized for financial statement purposes	+			
Section 85 difference	+			
Pre-valuation day depreciation	+			
	+			
	+			
Timing difference, current year		(39,685)	+	(39,685) B
Timing difference, end of year (A + B)				(153,600) C
Proof				
NBV of capital assets, end of year		6,493,126		
Less: Land	-	291,007		
NBV of depreciable capital assets, end of year		6,202,119		6,202,119
UCC end of year		6,355,721		
Less: Ending Class 14 balance	-			
Adjusted UCC		6,355,721	-	6,355,721
Timing difference as at 2015/12/31 (amount D should equal amount C)				(153,602) D

Notes

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RELATED AND ASSOCIATED CORPORATIONS

Schedule 9
Code 1101

- 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 **100**	Country of residence (other than Canada) **200**	Business number (see note 1) **300**	Relationship code (see note 2) **400**	Number of common shares you own **500**	% of common shares you own **550**	Number of preferred shares you own **600**	% of preferred shares you own **650**	Book value of capital stock **700**
1	NORTHERN ONTARIO ENERGY IN(		86150 3191 RC 0001	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

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CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Schedule 10
Code 0201

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**	10,226	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**	10,226	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) (if amount K is negative, enter "0" at line M and proceed to Part 2)				10,226	K
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business			**249**		
amount K	10,226				
less amount from line 249					
Current year deduction	10,226	x 7% =	**250**	716 *	
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)				716	
				716	L
Cumulative eligible capital – Closing balance (amount K minus amount L) (if negative, enter "0")			**300**	9,510	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

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 66.6667		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**	

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Schedule 23
Code 0901

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

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

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

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

Allocating the business limit

Date filed (do not use this area) **025** ____

Enter the calendar year to which the agreement applies **050** 2015

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

	1 Names of associated corporations **100**	2 Business Number of associated corporations **200**	3 Association code **300**
1	NORTHERN ONTARIO WIRES INC.	88840 0611 RC 0002	1
2	NORTHERN ONTARIO ENERGY INC.	86150 3191 RC 0001	1

Allocate business limit using: ☒ % ☐ $

	Taxation year Start	Taxation year End	4 Business limit for the year (before the allocation) $	Allocating business limit 5 Percentage of the business limit (%) **350**	Allocating business limit 6 Business limit allocated * $ **400**	Allocating business limit 7 Gross Part I.3 tax for business limit reduction
1	2015/01/01	2015/12/31	500,000	80.000	400,000	
2	2015/01/01	2015/12/31	500,000	20.000	100,000	
TOTALS				100.000	A 500,000	

If the taxation year of the corporation filing this form is less than 51 weeks, enter the prorated business limit in this box. $ 400,000

AGREEMENT AMONG ASSOCIATED CCPCs TO ALLOCATE THE BUSINESS LIMIT

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.

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SHAREHOLDER INFORMATION

Schedule 50

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) **100**	Business Number (If a corporation is not registered, enter "NR") * **200**	Social Insurance Number * **300**	Trust Number (If a trust number is not available, enter "NA") * **350**	Percentage common shares **400**	Percentage preferred shares **500**
1	TOWN OF COCHRANE	10698 4495 RC 0001			100.000	
		RC				

* For a taxation year commencing before January 1, 2004, if the shareholder is a trust, enter NR at field 200 or NA at field 300. Do not enter a trust number in field 350.

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BALANCE SHEET INFORMATION

Schedule 100

Assets	Code	Current year	Prior year
Cash and deposits	**1000**		
Accounts Receivable	1060	1,748,217	1,681,412
Trade accounts receivable	1062	1,657,482	2,120,373
Taxes receivable	1066		23,549
Inventories	1120	255,159	243,146
Prepaid expenses	1484	126,217	99,121
Land	1600	87,700	87,700
Buildings	1680	462,854	532,589
Accumulated amortization of buildings	1681	(40,596)	(90,427)
Machinery, equipment, furniture and fixtures	1740	4,670,878	7,408,975
Accumulated amortization of machinery, equipment, furniture and fixtures	1741	(508,775)	(3,381,653)
Motor vehicles	1742	1,275,650	1,877,445
Accumulated amortization of motor vehicles	1743	(458,613)	(831,241)
Radio and communication equipment	1772	221,248	560,639
Accumulated amortization of radio and communication equipment	1773	(39,467)	(370,715)
Other machinery and equipment	1785	80,439	223,311
Accumulated amortization of other machinery and equipment	1786	(50,901)	(172,794)
Furniture and fixtures	1787	411,728	802,252
Accumulated amortization of furniture and fixtures	1788	(115,172)	(454,394)
Other capital assets under construction	1920	496,153	335,140
Future income taxes - shown long-term	2421	20,736	17,657
Other long term assets	2420	432,999	476,751
Total assets	**2599**	10,733,936	11,188,836

Liabilities	Code	Current year	Prior year
Bank overdraft	**2600**	736,771	703,782
Amounts payable and accrued liabilities	2620	1,922,499	2,622,562
Current portion of long term liability	2920	307,778	296,631
Deposits received	2961	78,487	36,792
Long term debt	3140	3,964,066	4,271,849
Long term obligations / commitments / capital leases	3321	58,425	59,954
Due to related parties - current amounts	2860	85,341	32,127
Deferred income - shown long-term	3220	122,003	
Other long term liabilities	3320	134,405	56,955
Taxes payable	2680	20,231	
Total liabilities	**3499**	7,430,006	8,080,652

Equity	Code	Current year	Prior year
Common shares	**3500**	4,106,593	4,106,593
Retained earnings / deficit	**3600**	(802,663)	(998,409)
Total equity	**3620**	3,303,930	3,108,184
Total liabilities and equity	**3640**	10,733,936	11,188,836

Retained earnings	Code	Current year	Prior year
Retained earnings/deficit-start	**3660**	(998,409)	(1,279,858)
Net income / loss *	**3680**	202,783	261,100
Prior period adjustments	3720		20,349
Other items affecting retained earnings	3740	(7,037)	
Total retained earnings	**3849**	(802,663)	(998,409)

* The amount on line 3680 must equal the amount on line 9999 of S125 or S140 without considering line 9998.

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INCOME STATEMENT INFORMATION

Schedule 125

Details

Operating name, if different from the corporations' legal name
0001 ______

Description of operation, if filing multiple Schedules 125
0002 ______

Sequence number
0003 ______

Revenue	Code	Current year	Prior year
Trade sales of goods and services	**8000**	17,222,742	16,424,465
Total sales of goods and services	**8089**	17,222,742	16,424,465
Other revenue	8230	400,662	364,157
Realized gains / losses on disposal of assets	8210	(2,709)	
Total revenue	**8299**	17,620,695	16,788,622

Cost of sales	Code	Current year	Prior year
Opening inventory	**8300**		
Purchases / cost of materials	8320	14,422,963	13,450,479
Cost of sales	**8518**	14,422,963	13,450,479
Gross profit / loss (item 8089 - item 8518)	**8519**	2,799,779	2,973,986

Operating expenses	Code	Current year	Prior year
Amortization of tangible assets	8670	616,709	606,158
Interest on long term debt	8714	165,563	173,210
Other expenses	9270	786,723	896,302
Selling expenses	9273	704,774	541,304
General and administrative expenses	9284	680,479	814,033
Total operating expenses	**9367**	2,954,248	3,031,007
Total expenses	**9368**	17,377,211	16,481,486
Net non-farming income	**9369**	243,484	307,136

Farming revenue	Code	Current year	Prior year
Grains and oilseeds	**9370**		
Total farm revenue	**9659**		

Farming expenses	Code	Current year	Prior year
Crop expenses	**9660**		
Total farm expenses	**9898**		
Net farm income	**9899**		
Net income / loss before taxes and extraordinary items	**9970**	243,484	307,136

Other comprehensive income

	Code	Current year	Prior year
Revaluation surplus	**7000**		
Defined benefit gains/losses	**7002**	+	+ (5,538)
Foreign operation translation gains/losses	**7004**	+	+
Equity instruments gains/losses	**7006**	+	+
Cash flow hedge effective portion gains/losses	**7008**	+	+
Income tax relating to components of other comprehensive income	**7010**	+	+
Miscellaneous other comprehensive income	**7020**	+	+
Total - Other comprehensive income		=	= (5,538)

Summary

Complete this section if only one Schedule 125 is filed, Schedule 140 is used to summarize the information from multiple Schedules 125.

	Code	Current year	Prior year
Extraordinary items	**9975**	-	-
Legal settlements	**9976**	-	-
Unrealized gains / losses	**9980**	+	+
Unusual items	**9985**	-	-
Current income taxes	**9990**	- 43,780	- 41,560
Future income tax provision	**9995**	- (3,079)	- 5,975

Total - Other comprehensive income	9998	+		+	(5,538)
Net income / loss after taxes and extraordinary items	9999	=	202,783	=	254,063

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Schedule 141
Code 1002

NOTES CHECKLIST

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the “accountant”) who prepared or reported on the financial statements. If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.
- For more information, see Guide RC4088, *General Index of Financial Information* (GIFI) and Guide T4012, *T2 Corporation – Income Tax Guide.*
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

Part 1 – Information on the accountant who prepared or reported on the financial statements

Does the accountant have a professional designation?	**095**	1 Yes [X]	2 No [ ]
Is the accountant connected* with the corporation?	**097**	1 Yes [ ]	2 No [X]

* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Note:
If the accountant does not have a professional designation **or** is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you do have to complete Part 4, as applicable.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: **198**

Completed an auditor's report	1	[X]
Completed a review engagement report	2	[ ]
Conducted a compilation engagement	3	[ ]

Part 3 – Reservations

If you selected option "1" or "2" under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation?	**099**	1 Yes [ ]	2 No [X]

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options. **110**

Prepared the tax return (financial statements prepared by client)	1	[ ]
Prepared the tax return and the financial information contained therein (financial statements have not been prepared)	2	[ ]

Were notes to the financial statements prepared?	**101**	1 Yes [X]	2 No [ ]

If **yes**, complete lines 104 to 107 below:

Are subsequent events mentioned in the notes?	**104**	1 Yes [ ]	2 No [X]
Is re-evaluation of asset information mentioned in the notes?	**105**	1 Yes [ ]	2 No [X]
Is contingent liability information mentioned in the notes?	**106**	1 Yes [ ]	2 No [X]
Is information regarding commitments mentioned in the notes?	**107**	1 Yes [ ]	2 No [X]
Does the corporation have investments in joint venture(s) or partnership(s)?	**108**	1 Yes [X]	2 No [ ]

Part 4 – Other information (continued)

Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year? **200** 1 Yes ☐ 2 No ☐

If **yes**, enter the amount recognized:		**In net income** Increase(decrease)		**In OCI** Increase (decrease)
Property, plant, and equipment	**210**		**211**	
Intangible assets	**215**		**216**	
Investment property	**220**			
Biological assets	**225**			
Financial instruments	**230**		**231**	
Other	**235**		**236**	

Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)? **250** 1 Yes ☐ 2 No ☐

Did the corporation apply hedge accounting during the tax year? **255** 1 Yes ☐ 2 No ☐

Did the corporation discontinue hedge accounting during the tax year? **260** 1 Yes ☐ 2 No ☐

Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year? **265** 1 Yes ☐ 2 No ☐

If **yes**, you have to maintain a separate reconciliation.

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Schedule 500
Protected B when completed

Ontario Corporation Tax Calculation

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

Part 1 – Ontario basic rate of tax for the year

Ontario basic rate of tax for the year	11.5 %	A

Part 2 - Calculation of Ontario basic income tax

Ontario taxable income *	282,453	B
Ontario basic income tax: amount B **multiplied** by Ontario basic rate of tax for the year (rate A from Part 1)	32,482	C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 on page 8 of the T2 return.

* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, from page 3 of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

Part 3 - Ontario small business deduction (OSBD)

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)		282,453	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)		282,453	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)		400,000	3

Ontario business limit reduction:

Amount from line 3 ... 400,000 a

Deduct:

Amount from line E on page 4 of the T2 return ______ x (Number of days in the tax year after May 1, 2014 365 / Number of days in the tax year 365) = ______ b

Reduced Ontario business limit (amount a **minus** amount b) (if negative, enter "0") ... 400,000 ▸ 400,000 4

Enter the least of amounts 1, 2, 3 and 4 ... 282,453 D

Ontario domestic factor (ODF): Ontario taxable income * 282,453 / Taxable income earned in all provinces and territories ** 282,453 = 1.00000 E

Amount D x ODF (line E) ... 282,453 c

Ontario taxable income (amount B from Part 2) ... 282,453 d

Ontario small business income (lesser of amount c and amount d) ... 282,453 F

OSBD rate for the year ... 7.0 % G

Ontario small business deduction: amount F **multiplied** by rate G ... 19,772 H

Enter amount H on line 402 of Schedule 5.

* Enter amount B from Part 2.

** Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

Part 4 - Ontario adjusted small business income

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

Ontario adjusted small business income (lesser of amount D and amount d from Part 3) ... 282,453 I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

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Part 5 - Calculation of credit union tax reduction

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

Amount D from Part 3 of Schedule 17		J		
Deduct:				
Ontario adjusted small business income (amount I from Part 4)		K		
Subtotal (amount J **minus** amount K) (if negative, enter "0")		L		
Amount L **multiplied** by rate G from Part 3				M
Ontario domestic factor (line E from Part 3)			1.00000	N
Ontario credit union tax reduction (amount M **multiplied** by ODF from line N)				O

Enter amount O on line 410 on Schedule 5.

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SCHEDULE 510
Code 0904
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ONTARIO CORPORATE MINIMUM TAX

- 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**	10,733,936
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**	1
Total assets (total of lines 112 to 116)		10,733,937
Total revenue of the corporation for the tax year **	**142**	17,620,695
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**	1
Total revenue (total of lines 142 to 146)		17,620,696

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.

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Part 2 – Adjusted net income/loss for CMT purposes

Net income/loss per financial statements*			210	202,783
Add (to the extent reflected in income/loss):				
Provision for current income taxes/cost of current income taxes	220	43,780		
Provision for deferred income taxes (debits)/cost of future income taxes	222			
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		43,780 ▶		43,780 A
Deduct (to the extent reflected in income/loss):				
Provision for recovery of current income taxes/benefit of current income taxes	320			
Provision for deferred income taxes (credits)/benefit of future income taxes	322	3,079		
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		3,079 ▶		3,079 B
Adjusted net income/loss for CMT purposes (line 210 **plus** amount A **minus** amount B).			490	243,484

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).

Protected B
when completed

Part 2 – Calculation of adjusted net income/loss for CMT purposes (continued)

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;
- 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.
- 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**		
Deduct:				
CMT loss available (amount R from Part 7)	456,069			
Minus: Adjustment for an acquisition of control * **518**				
Adjusted CMT loss available	456,069 ▶		456,069	C
Net income subject to CMT calculation (if negative, enter "0")		**520**		

Amount from line 520 ______ x (Number of days in the tax year before July 1, 2010 ______ / Number of days in the tax year 365) x 4.0 % = ______ 1

Amount from line 520 ______ x (Number of days in the tax year after June 30, 2010 365 / Number of days in the tax year 365) x 2.7 % = ______ 2

Subtotal (amount 1 **plus** amount 2) ______ 3

Gross CMT: amount on line 3 above x OAF ** %	**540**		
Deduct:			
Foreign tax credit for CMT purposes ***	**550**		
CMT after foreign tax credit deduction (line 540 **minus** line 550) (if negative, enter "0")			D
Deduct:			
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			
Net CMT payable (if negative, enter "0")			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*			G		
Deduct:					
CMT credit expired*	600				
CMT credit carryforward at the beginning of the current tax year * (see note below)			▶	620	
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)					H
Deduct:					
CMT credit deducted in the current tax year (amount P from Part 5)					I
Subtotal (amount H **minus** amount I)					J
Add:					
Net CMT payable (amount E from Part 3)					
SAT payable (amount O from Part 6 of Schedule 512)					
Subtotal			▶		K
CMT credit carryforward at the end of the tax year (amount J **plus** amount K)				670	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)						M
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			12,710	1		
For a corporation that is not a life insurance corporation:						
CMT after foreign tax credit deduction (amount D from Part 3)		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:				6		
Subtotal (if negative, enter "0")			12,710	▶	12,710	N
Ontario corporate income tax payable before CMT credit (amount F6 from Schedule 5)			12,710			
Deduct:						
Total refundable tax credits excluding Ontario qualifying environmental trust tax credit (amount J6 **minus** line 450 from Schedule 5)						
Subtotal (if negative, enter "0")			12,710	▶	12,710	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 ☐

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.

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when completed

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 *		456,069 Q		
Deduct:				
CMT loss expired*	**700**			
CMT loss carryforward at the beginning of the tax year * (see note below)		456,069 ▶	**720**	456,069
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)				456,069 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)				243,484
Subtotal (if negative, enter "0")				212,585 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**	212,585 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.

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when completed

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
Code 0901

ONTARIO CORPORATE MINIMUM TAX – TOTAL ASSETS AND REVENUE FOR ASSOCIATED CORPORATIONS

- 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 corporations' share of any partnership(s)/joint venture(s) total assets and total revenue.
- 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	NORTHERN ONTARIO ENERGY INC.	86150 3191 RC 0001	1	1
		Total	**450** 1	**550** 1

Enter the total assets from line 450 on line 116 in Part 1 of Schedule 510, *Ontario Corporate MinimumTax*.

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 two 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 two 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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Business Consent

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Read **all** the instructions before filling in this form.

Use this form either to consent to the release of, or changes to, confidential information about your business accounts, based on the authorization level you choose, to the named representative, **or** to cancel consent for an existing representative. For more information on the two levels of authorization, see the instructions for Part 3.
Once completed, **send this form to your tax centre** (see Instructions). You can also view, give, **or** cancel consent online using "My Business Account" at **www.cra.gc.ca/mybusinessaccount**. Representatives can manage their own authorizations at **www.cra.gc.ca/representatives**.
Do not use this form **if**:

- you are a selected listed financial institution (SLFI) for GST/HST purposes, or QST purposes, or both; **and**
- you have an RT program account that includes QST information.

Instead, use Form RC7259, *Business Consent for Selected Listed Financial Institutions*. For more information, including the definition of an SLFI for GST/HST **and** QST purposes, go to **www.cra.gc.ca/slfi**. If you need help determining **which form to use**, call **1-855-666-5166**.

Part 1 - Business Information

Fill in this part to identify your business. You **must** fill in all fields.

Business Name: NORTHERN ONTARIO WIRES INC.　　Business number (BN): 888400611

Part 2 – Authorize a representative

Fill in the information for either **(a) or (b)**.

(a) Authorize access by telephone, fax and by mail

If you are giving consent to an individual, enter their full name. If you are giving consent to a firm, enter the name and BN of the firm. If you want us to deal with a specific individual in that firm, enter the individual's name **and** the firm's name and BN. If you do not identify an individual of the firm, then you are giving us consent to deal with anyone from that firm.

Note: If you are authorizing a representative (individual, group, or firm), provide their telephone number.

Name of individual: ____________　　Telephone number: (　　) -

Name of firm: ____________　　BN: ____________

or

(b) Authorize online access (includes access by telephone, fax, and mail)

You can authorize your representative to deal with us through our online service for representatives. The individual, group, or firm you are authorizing must first be registered with the "Represent a Client" service at **www.cra.gc.ca/representatives** before you can authorize their online access. Our online service does **not** have a specific fiscal year option, so your representative will have **access to all fiscal years**.

You **must** enter all the information for **only one** of the following options:

- the RepID, the name of the individual, **and** their telephone number;
- the GroupID, the name of the group, **and** their telephone number; **or**
- the BN, the name of the firm, **and** their telephone number.

RepID:		Name of individual:		Telephone number:	(　　) -
or					
Group ID:	G	Name of group:		Telephone number:	(　　) -
or					
BN:	872219159	Name of firm:	CBMN FINANCIAL SERVICES INC	Telephone number:	(705) 337-6411

Part 3 – Select the program accounts, fiscal years and authorization level

Select the program accounts, authorization level **and** the fiscal years that the individual, group or firm (identified in Part 2) is authorized to access. You may also automatically expire authorization by entering an expiry date. For more information, see the instructions for Part 3.

Choose **only one** of the following three choices. Tick **one** box, either **(a)**, **(b)** or **(c)** and enter information as needed.

☐ (**a**) Level 1 authorization applied to all program accounts **and all** fiscal years.
Level 1 authorization allows the CRA to **only disclose** information on your program accounts.

Expiry date: ____________

or

☒ (**b**) Level 2 authorization applied to **all** program accounts **and all** fiscal years.
Level 2 authorization allows the CRA to disclose information **and accept changes** to your program accounts.

Expiry date: ____________

or

☐ (**c**) **Specific program accounts**. This authorization applies only to the program accounts, authorization levels and fiscal years you choose.
If you choose this option, you **must** fill in section "Details of program accounts and fiscal years."

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Part 3 – Select the program accounts, fiscal years and authorization level (continued)

Details of program accounts and fiscal years

Fill in this area **only** if you ticked box (**c**).
You **must** provide at least one program identifier and fill in the row (see the instructions for Part 3).

1. Enter a two letter program identifier from the list of supported program accounts.
2. Choose an option. Either tick the box "All reference numbers" for the program identifier **or** enter a specific reference number for the program identifier.
3. Provide the authorization level. Tick **either "Authorization level 1"** to allow the CRA to **only disclose** information **or "Authorization level 2"** to disclose information **and accept changes** to your program account.
4. Choose an option. Either tick the box "All fiscal years" to allow unlimited access **or** enter a specific fiscal year. If you choose option (**b**) for online access in Part 2 above, specific fiscal years authorization is **not** available.
5. **Optional**. You can also enter an expiry date to automatically cancel the authorization.

If more authorizations or more than four program identifiers are needed, fill in more RC59 forms.

Program identifier (two letters)	**All reference numbers**	**or**	**Specific reference number** (last four digits)	**Authorization level** (tick 1 **or** 2)	**All fiscal years**	**or**	**Specific fiscal year** (not available for online access)	**Expiry date**
				1 **2**			**Year End**	
☐	☐	or	☐	☐ or ☐	☐	or		
☐	☐	or	☐	☐ or ☐	☐	or		
☐	☐	or	☐	☐ or ☐	☐	or		
☐	☐	or	☐	☐ or ☐	☐	or		

Part 4 – Cancel one or more authorizations

Fill in this part **only** to **cancel** authorizations. For more information, see the instructions for Part 4.

☐ **A**. Cancel **all** authorizations for **all** accounts.

☐ **B**. Cancel **all** authorizations, only for the individual, group, or firm identified below.

☐ **C**. Cancel **all** authorizations, only for the following program account:
Program identifier: ☐ Reference number: ________

☐ **D**. Cancel authorization for the individual, group, or firm identified below for the following program account:
Program identifier: ☐ Reference number: ________

RepID: ________ Name of individual: ________
or
GroupID: G Name of group: ________
or
BN: ________ Name of firm: ________

Part 5 – Certification

You **must sign and date** this form. The CRA **must** receive this form **within six months** of the date it was signed or it will **not** be processed. This form **must only** be signed by an individual with **proper authority** for the business, for example, an owner, a partner of a partnership, a corporate director, an officer of a non-profit organization, a trustee of an estate, or an individual with delegated authority. An **authorized representative cannot** sign this form **unless** they have **delegated authority**. If the name of the individual signing this form does not **exactly match** CRA records, this form will not be processed. Forms that cannot be processed, for any reason, will be returned to the business. To avoid processing delays, you **must** make sure that the CRA has complete and valid information on your business files **before** you sign this form.

By **signing and dating** this form, you authorize the CRA to deal with the individual, group, or firm listed in Part 2 of this form in a manner based on the level of authorization provided in Part 3 **or** cancel an authorization listed in Part 4. We may contact you to confirm the information you have provided. For more information, see the instructions for Part 5.

The individual signing this form is:

☐ an owner ☐ a corporate director ☐ a trustee of an estate
☐ a partner of a partnership ☐ an officer of a non-profit organization ☐ an individual with delegated authority

First name: GEOFFREY Last name: SUTTON

Title: CFO Telephone number: (705) 272-4232

I certify that the information given on this form is correct and complete.

Signature: ▶ ________ Date 2016/05/27

Tax instalments paid

Jurisdiction	Description	Date	Amount
Federal		2015/01/01	23,549
Federal			
		Total	23,549

* Enter Québec instalments paid on form CO-1027.VE

Summary by jurisdiction

Federal	23,549	Manitoba	
Alberta			
Saskatchewan			

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Information Return for Corporations Filing Electronically

- You have to complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed to the Canada Revenue Agency (CRA) on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the *Income Tax Act*, you have to keep all records used to prepare your corporation income tax return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your corporation income tax return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- **Do not submit** this form to the CRA unless we ask for it.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted it.

Part 1 – Identification

Corporation's name		Business number
NORTHERN ONTARIO WIRES INC.		88840 0611 RC 0002
Tax year: From 2015/01/01	To 2015/12/31	Is this an amended return? 1 Yes ☐ 2 No ☒

Part 2 – Declaration

Enter the following amounts, if applicable, from your corporation income tax return for the tax year noted above:

Net income (or loss) for income tax purposes from Schedule 1, financial statements of GIFI (line 300)	282,453
Part I tax payable (line 700)	31,070
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	12,710

Part 3 – Certification and authorization

I, SUTTON (Last name) GEOFFREY (First name) CFO (Position, office or rank),

am an authorized signing officer of the corporation. I certify that I have examined the corporation T2 income tax return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information 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.

I authorize the transmitter identified in Part 4 to electronically file the corporation income tax return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

Date	Signature of an authorized signing officer of the corporation	Telephone number
2016/05/27		(705) 272-4232

Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

Name of person or firm: CBMN FINANCIAL SERVICES INC   Electronic filer number: A3809

Privacy statement

Personal information is collected under the *Income Tax Act* to administer tax, benefits, and related programs. It may also be used for any purpose related to the administration or enforcement of the Act such as audit, compliance and the payment of debts owed to the Crown. It may be shared or verified with other federal, provincial/territorial government institutions to the extent authorized by law. Failure to provide this information may result in interest payable, penalties or other actions. Under the *Privacy Act*, individuals have the right to access their personal information and request correction if there are errors or omissions. Refer to Info Source **http://www.cra-arc.gc.ca/gncy/tp/nfsrc/nfsrc-eng.html**, personal information bank CRA PPU 047.

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2015 Statement A
Corporations/Co-operatives

Participant Profile

Corporation Name
NORTHERN ONTARIO WIRES INC.

First Name / Last Name (name of corporate representative)
GEOFFREY SUTTON

Address	Town/City	Province	Postal Code
8 TH AVENUE	COCHRANE	ON	P0L 1C0

Telephone (days)	Telephone (evenings)	Fax Number
(705) 272-4232	( ) -	( ) -

Email Address

AgriStability/CAIS PIN ____ Trust Number: T____

This information is used for: ☐ AgriStability and AgriInvest ☒ AgriStability ☐ AgriInvest

Business Number 888400611 RC 0002 Industry Code ____

The participant is: (check all applicable boxes)
☒ a corporation ☐ a communal organization
☐ a co-operative ☐ a member of a partnership

Language of preference: ☒ English ☐ French

Province/territory of main farmstead: ON

Province of main residence as of December 31, 2015: ON

Number of years the operation has farmed: ____

Was 2015 your final year of farming? ☐ Yes ☐ No

Have you completed a production cycle on at least one of the commodities you produced? ☐ Yes ☐ No

If "no" to the above question, were you unable to complete a production cycle due to disaster circumstances? ☐ Yes ☐ No

Are you, or anyone who participated in the preparation of this form on your behalf, a current or former federal public office holder or employee of Agriculture and Agri-Food Canada? ☐ Yes ☐ No

Authorized contact

Name
GEOFFREY SUTTON
NORTHERN ONTARIO WIRES INC.

Address	Town/City	Province	Postal Code
8 TH AVENUE	COCHRANE	ON	P0L 1C0

Telephone (days)	Fax Number
(705) 272-4232	( ) -

Email Address
kapuskasing@collinsbarrow.com

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2015 Statement A
Corporations/Co-operatives

Operation # 1 of 1

Identification - Complete a Statement B for each additional farming operation

Single Farm [X] Partnership [ ]

Note: If you indicate you are in a partnership, complete the partnership information section on page 3.

Method of accounting- enter code that applies:
Enter Code 1 for accrual method for tax purposes.
Enter Code 2 for cash method for tax purposes.
1

Fiscal Period
From: 2015/01/01 To: 2015/12/31

Was your farming operation involved in any of the following: (check all applicable boxes for this operation)
[ ] a member of a feeder association [ ] a crop share (landlord) [ ] a crop share (tenant)

Income

Enter the applicable code for each entry on the form. The codes are listed in the Commodity List and the Program Payment List included in Guide RC4060, *Farming Income and the AgriStability and AgriInvest Programs*. Round all income amounts to the nearest dollar.

Commodity Sales & Program Payments	Code	Amount
Total A	**9950**	$

Other Farming Income	Line	Amount
Other program payments	**9540**	
Business Risk Management (BRM) and Disaster Assistance Payments	**9544**	
Resales, rebates, GST/HST for allowable expenses	**9574**	
Resales, rebates, GST/HST for non-allowable expenses	**9575**	
Recapture of capital cost allowance (CCA)	**9575**	
Agricultural contract work	**9601**	
Patronage dividends	**9605**	
Interest	**9607**	
Gravel	**9610**	
Trucking (farm-related only)	**9611**	
Resales of commodities purchased	**9612**	
Leases (gas, oil well, surface, etc.)	**9613**	
Machine rental	**9614**	
Other (specify):	**9600**	
	9600	
	9600	
	9600	
	9600	
	9600	
	Total B	$ 0

Summary of Income	
Total A	
Total B	+
Total Income	$

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2015 Statement A
Corporations/Co-operatives

PIN: ________________________

Expenses

Enter the applicable code for each entry on the form. The codes are listed in the Commodity List and the Program Payment List included in Guide RC4060, *Farming Income and the AgriStability and AgriInvest Programs*. Round all expense amounts to the nearest dollar.

Commodity Purchases and Repayment of Program Benefits	Code	Amount
Point of sale adjustments	575	
Total C	9960	$

Allowable Expenses	Line	Amount
Containers and twine	9661	
Fertilizers and soil supplements	9662	
Pesticides and chemical treatments	9663	
Insurance premiums (crop or production)	9665	
Veterinary fees, medicine, and breeding fees	9713	
Minerals and salts	9714	
Machinery (gasoline, diesel fuel, oil)	9764	
Electricity	9799	
Freight and shipping	9801	
Heating fuel	9802	
Arm's length salaries	9815	
Storage/drying	9822	
Commissions and levies	9836	
Private insurance premiums for allowable commodities	9953	
	Total D	$ 0

Non-Allowable Expenses	Line	Amount
Machinery (repairs, licenses, insurance)	9760	
Machinery lease/rental	9765	
Advertising and promotion costs	9792	
Building and fence repairs	9795	
Land clearing and draining	9796	
Agricultural contract work	9798	
Other insurance premiums	9804	
Interest (real estate, mortgage, other)	9805	
Memberships/subscription fees	9807	
Office expenses	9808	
Legal and accounting fees	9809	
Property taxes	9810	
Rent (land, buildings, pastures)	9811	
Non-arm's length salaries	9816	
Motor vehicle expenses	9819	
Small tools	9820	
Soil testing	9821	
Licenses/permits	9823	
Telephone	9824	
Quota rental (tobacco, dairy)	9825	
Gravel	9826	
Purchases of commodities resold	9827	
Motor vehicle interest and leasing costs	9829	
Allowance on eligible capital property	9935	716
Capital cost allowance	9936	579,733
Mandatory inventory adjustments - prior year	9937	
Optional inventory adjustments - prior year	9938	
Terminal loss	9896	
Other (specify):	9896	
	9896	
	9896	
	9896	
	9896	
	9896	
	9896	
	9896	
	9896	
	9896	
	9896	
	Total E	$ 580,449

Summary of Expenses		
Total C		
Total D	+	
Total E	+	580,449
Total Expenses	$	580,449

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2015 Statement A
Corporations/Co-operatives

Summary of Farming Activities (if applicable)

Other Items	Code	Amount	Other Items	Code	Amount
Gross farming income	9959		Optional inventory adjustments - current year	9941	
Total farming expenses	9968	580,449	Mandatory inventory adjustments - current year	9942	
Net farming income (loss) before adjustments	9969	(580,449)	Net farming income (loss) after adjustments	9944	(580,449)
Other deductions	9940		Net farming income (loss)	9946	(580,449)

Shareholder / Member Information

Number of members in co-operative	865		Total number of outstanding common shares (voting and non-voting)	854	

Name of Shareholder/Member	AgriStability/AgriInvest Participant Identification Number (PIN)	Number of Common Shares Per Shareholder 855

Partnership Information

Note: Ensure you provide your partner/partners' PIN(s).

Partnership Name:

AgriStability/AgriInvest Participant Identification Number (PIN)	Only enter the first and last name if the partner is an individual		Only enter the corporation name if the partner is a corporation	Share %
			Enter your percentage share of the partnership	
	Partner's first name	Partner's last name		

Federal tax instalments

This worksheet is provided for estimation purposes only and should not be relied upon solely to schedule installment payments. Always verify installment payment requirements according to the latest T7B-CORP as well as any schedule of installment payments issued by the CRA and/or Provincial authority upon assessment.

Instalment base

	Estimate for current year	First instalment base	Second instalment base
Year-end	2016/12/31	2015/12/31	2014/12/31
Taxable income		282,453	268,132
Base amount of Part I tax		107,332	
Corporate surtax			
Recapture of investment tax credit			
Refundable tax on CCPC's investment income			
Small business deduction		48,017	
Federal tax abatement		28,245	
Manufacturing and processing profits deduction			
Foreign tax credits			
Tax reductions			
Political contribution tax credit			
Investment tax credit			
Other credits			
Part I tax payable		31,070	
Part VI tax payable			
Part VI.1 tax payable			
Part XIII.1 tax payable			
Total of Parts I, VI, VI.1 and XIII.1 tax payable		31,070	
Net provincial or territorial tax payable (excluding Ontario)			
Ontario - Single administration			
Income tax payable		12,710	
Corporate minimum tax payable			
Capital tax payable			
Ontario special additional tax on life insurance corporations			
Total tax payable		43,780	
Days in taxation year	365	365	365
Tax payable adjusted for short taxation years		43,780	
Estimated credits:			
Investment tax credit refund			
Dividend refund			
Other federal credits			
Other provincial credits			
Total estimated credits			
Instalment base (excludes federal and/or provincial component on or below the $3,000 threshold)		43,780	
Monthly payment		3,648	

Instalment payment options

- [ ] 1. based on estimated taxes for the current year
- [ ] 2. based on the first instalment base
- [x] 3. based on the first and second instalment base
- [ ] 4. instalments are not required

Does the corporation qualify for quarterly Instalments*? ☐ Yes ☐ No

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

Instalment payments

Date	Instalments required	Instalments paid	Instalments payable
2016/01/31			
2016/02/29			
2016/03/31	4,378		
2016/04/30	4,378		
2016/05/31	4,378		13,134
2016/06/30	4,378		4,378
2016/07/31	4,378		4,378
2016/08/31	4,378		4,378
2016/09/30	4,378		4,378
2016/10/31	4,378		4,378
2016/11/30	4,378		4,378
2016/12/31	4,378		4,378
Total	43,780		43,780

Related and Associated Corporations Summary

		Corporation #1	Corporation #2	Corporation #3	Total
Corporation name		NORTHERN ONTARIO WIRES INC.	NORTHERN ONTARIO ENERGY INC.		
Business number		88840 0611 RC 0002	86150 3191 RC 0001	RC	
Taxation year end		2015/12/31	2015/12/31		
Federal					
Schedule 9	# of common shares owned				
	% of common shares owned				
	# of preferred shares owned				
	% of preferred shares owned				
	Book value of capital stock				
Schedule 23	Business limit (before allocation)	500,000	500,000		1,000,000
	% of the business limit	80.000	20.000		100.000
	Allocation of the business limit	400,000	100,000		500,000
Schedule 49	Allocation of SR&ED expenditure limit	3,000,000			3,000,000
Capital tax					
Schedule 39	Allocation of capital deduction	1,000,000,000			1,000,000,000
Alberta					
AT1 Schedule 1	% of business limit	80.000	20.000		100.000
	Allocation of the base amount	160,000	40,000		200,000
AT1 Schedule 6	Allocation of Crown royalty shelter				
Ontario					
Schedule 511	Total assets	10,733,936	1		10,733,937
	Total revenue	17,620,695	1		17,620,696
Schedule 566	Allocation of OITC expenditure limit				
Schedule 568	Allocation of OBRITC expenditure limit	20,000,000			20,000,000
Québec					
CO-1137.E	% of the $1,000,000 deduction	100.0000			100.0000
	Paid-up capital	3,086,651			3,086,651
CO-1138.1	Allocation of farming and fishing deduction				
RD-1029.7	Assets				
RD-1029.7.8	Allocation of SR&ED expenditure limit				
CO-771.1.3.V	% of the business limit	80.0000	20.0000		100.0000
	Allocation of the business limit	400,000	100,000		500,000
Manitoba					
MCT1	Allocation of capital deduction	10,000,000			10,000,000

Canada Revenue Agency | Agence du revenu du Canada

Shawinigan-Sud QC G9P 5H9

Date	June 2, 2016
Business Number	88840 0611 RC0002
Tax year-end	December 31, 2015

0002490

NORTHERN ONTARIO WIRES INC.
C/O LOUISE ROBICHAUD
153 SIXTH AVENUE, P.O. BOX 640
COCHRANE ON P0L 1C0

CORPORATION NOTICE OF ASSESSMENT

RESULTS

This notice explains the results of our assessment of the "T2 Corporation Income Tax Return" for the tax year indicated above. It also explains any changes we may have made to the return.

Result of this Assessment :	$	0.00
Prior balance:	$	0.00
		=================
Total balance:	$	0.00

Please refer to the Summary and Explanation for additional information.

Canada Revenue Agency / Agence du revenu du Canada

NORTHERN ONTARIO WIRES INC.

Date	June 2, 2016
Business Number	88840 0611 RC0002
Tax year-end	December 31, 2015

CORPORATION NOTICE OF ASSESSMENT

SUMMARY OF ASSESSMENT

	$ Reported	$ Assessed
Federal tax:		
Part I	0.00	0.00
Total federal tax:		$ 0.00
Net balance:		$ 0.00
Result of this assessment:		$ 0.00
Prior balance:		$ 0.00
Total balance:		$ 0.00

Andrew Treusch
Commissioner of Revenue

EXPLANATION

We have revised the GRIP opening balance on Schedule 53, "General Rate Income Pool (GRIP) Calculation," to $0.00, to agree with our records.

We have revised the T2 return amount on line 400, 405, 410, or 425 reported on Schedule 53, "General Rate Income Pool (GRIP) Calculation," to $282,453.00, to agree with the calculated amount.

We have revised the GRIP at the end of the tax year on Schedule 53, "General Rate Income Pool (GRIP) Calculation," to $0.00, to agree with the calculated amount.

For general information regarding filing an objection, determining a corporation's losses, or reassessment periods, please refer to the "T2 Corporation Income Tax Guide" or visit our Web site at www.cra.gc.ca.

Use My Business Account to see and manage your tax information online. Check your return balances, manage direct deposit and addresses, submit an enquiry, set up online mail, and more. To register for My Business Account, go to www.cra.gc.ca/mybusinessaccount.

For information visit www.cra.gc.ca, phone or write to:

Business Enquiries: 1-800-959-5525
Shawinigan Tax Centre
4695 Shawinigan-Sud Boulevard
Shawinigan-Sud QC G9P 5H9
Fax 819-536-4486

Sudbury Tax Services Office

PROPERTY TAXES

NOW Inc. pays property tax on company owned property to the towns of Kapuskasing, Cochrane and Iroquois Falls. This is summarized in **Table 1**.

Table 1: Property Taxes

Municipality	2013	2014	2015	2016	2017
Kapuskasing	$ 7,605	$ 8,511	$ 9,468	$ 10,783	$ 11,009
Cochrane	$ 1,707	$ 1,817	$ 1,948	$ 2,089	$ 2,133
Iroquois Falls	$ 2,724	$ 2,758	$ 6,449	$ 6,487	$ 6,623
Total	**$ 12,037**	**$ 13,085**	**$ 17,865**	**$ 19,359**	**$ 19,766**

Property tax assessments are outside of NOW Inc.'s control. In 2015 Iroquois Falls taxes increased as a result of the reassessment of the service centre.

NON-RECOVERABLE AND DISALLOWED EXPENSES

NOW Inc. does not have any expenses that are non-recoverable or disallowed for tax purposes.

INTEGRITY CHECKS

NOW Inc. confirms that it has reviewed the filing requirements section 2.4.5.2 “Integrity Checks” and these have been completed in this application. NOW Inc. has considered the following:

- The depreciation and amortization added back in the application’s PILs model agree with the numbers disclosed in the rate base section of the application;
- The capital additions and deductions in the UCC/CCA Schedule 8 agree with the rate base section for historic, bridge and test years;
- Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31st historic year UCC that agrees with the opening bridge year UCC at January 1st ;
- The CCA deductions in the application’s PILs tax model for historic, bridge and test years agree with the numbers in the UCC schedules for the same years filed in the application;
- There are no loss carry-forwards from the 2015 tax return. NOW Inc. expects to generate loss carry-forwards in 2016 to be fully applied in 2017;
- CCA is maximized;
- Accounting OPEB and pension amounts have not been added back on Schedule 1.
- The income tax rate used to calculate the tax expense is consistent with the utility’s actual tax facts and evidence filed in this application.

Exhibit 4: Operating Costs

Tab 6 (of 6): Conservation and Demand Management

LOST REVENUE ADJUSTMENT MECHANISM

Lost Revenue Adjustment Mechanism (“LRAM”)

On April 26, 2012, the OEB issued Guidelines for Electricity Distributor Conservation and Demand Management (EB-2012-0003 – the “CDM Guidelines”). In this report the Board approved a mechanism to capture the difference between the results of actual, verified impacts of authorized CDM activities undertaken by distributors between 2011 and 2014 and the level of activities embedded in rates in the load forecast into an LRAM variance account.

LRAM Variance Account (LRAMVA)

The Lost Revenue Adjustment Mechanism (LRAM) and associated Lost Revenue Adjustment Mechanism Variance Account (LRAMVA) allow distributors to account for the differences between the forecasted impacts of CDM programs and the actual results of the CDM programs carried out by the distributor. NOW Inc. is including with this Application a proposal for the disposition of Account 1568 - LRAMVA balances as of December 31, 2015.

These balances represent the impacts of CDM savings from 2011-2014 programs. NOW Inc. engaged Burman Energy Consultants Group Inc. (“Burman”) to assist with the calculations to prepare its application for lost revenues. The calculations in support of NOW Inc.’s LRAM and LRAMVA claims and associated report (the “Burman Report”) are included in E4/T6/S1/Att1. NOW Inc.’s 2011 to 2014 Final CDM results are included in the Burman Report. The tables and calculations by class can be found at page 12 of the Burman Report. NOW Inc. has not included any OEB-approved programs in its LRAM or LRAMVA claims.

Carrying charges are being requested for the LRAMVA claim. Please refer to E9/T2/S5 for the calculation of NOW Inc.'s disposition of its LRAMVA balance which is also included in the completed DVA Continuity Schedule.

In its LRAMVA claim, NOW Inc. is including the disposition of a residual balance of -$2,091 associated with a LRAMVA claim that was previously approved. In addition, Burman has calculated a total LRAMVA amount of $29,540 for the period 2011-2014. These two amounts result in a total claim of $27,449 for disposition in this Application.

Table 1 sets out the LRAMVA by customer class:

Table 1: LRAMVA by Customer Class

Results	Lost Revenue Adjustment Mechanism Summary By Rate Class					
Year	Residential	GS <= 50 kW	GS > 50 kW			Total
2014	$ 7,420	$ 25,700	$ 980			$ 34,099
2013	$ 4,415	$ 13,887	$ 722			$ 19,024
2012	$ 1,785	$ 7,249	$ 504			$ 9,538
Total	$ 13,620	$ 46,835	$ 2,206			$ 62,661
Forecast	$ 19,490	$ 8,964	$ 4,668			$ 33,122
Net	$ (5,870)	$ 37,872	$ (2,462)			$ 29,540

The LRAMVA baseline of 1,223,666 kWh represents the forecasted 2013 savings as well as the persistence of 2012 programs in 2013, all of which were incorporated in NOW Inc.'s 2013 load forecast. NOW Inc. is making a claim for LRAMVA variances for 2012, 2013, and 2014. In 2012, NOW Inc achieved 978,415 kWh, falling 245,251 kWh short of the target. In 2013, NOW Inc realized 1,647,424 kWh from its 2013 programs plus persistence from 2012, achieving 423,758 kWh over the target. In 2014, NOW Inc. realized 2,612,732 kWh of savings, 1,389,066 kWh over the target from its 2014 CDM programs as well as persistence from 2012 and 2013.

NOW Inc. will continue to track the variances between the OEB-approved CDM adjustment to its load forecast in this Application and its actual CDM results from the

2015-2020 CDM framework. NOW Inc.'s proposal for its LRAMVA baseline going forward is set out in the Load Forecast Report at E3/T1/S2/Att1.

NOW Inc. has used the most recent input assumptions available at the time of the program evaluation when calculating its lost revenue amount.

NOW Inc. has relied on the most recent and appropriate final CDM evaluation report from the IESO in support of its lost revenue calculation. NOW Inc. has not filed an excel model and has relied upon the LRAM calculation as provided in the Burman Report.

LRAMVA has been calculated by Burman as the Board model does not distribute persistence in subsequent years between rate classes on the same basis as the IESO report. The Burman Report uses the most recent IESO persistence information exactly as reported.

4309 Lloydtown-Aurora Road, King, ON, L7B 0E6 ● Phone: 1-877-662-5489 ● Fax: 905-939-4606 ● Email: info@burmanenergy.ca ● www.burmanenergy.ca

NORTHERN ONTARIO WIRES INC.

LRAMVA SUPPORT

August 25, 2016

PREPARED BY: JARRETT URECH, CET

REVIEWED BY: BART BURMAN, MBA BA.SC. P.ENG

Table of Contents

Executive Summary

Burman Energy Consultants group has calculated Northern Ontario Wires's LRAMVA value for the period of 2012 through 2014 to be a total of $29,539.62 . This number was derived by calculating the total LRAM value of $62,661.26 and subtracting the already forcasted lost revenue already collected of $33,121.65 .

Introduction

Since the completion of Third Tranche CDM programs and reporting, LDCs across Ontario have sought to recover revenues lost to successful CDM programming. The mechanism that enables this recovery is the Lost Revenue Adjustment Mechanism (LRAM).

On April 26, 2012, new Board-issued CDM Guidelines were enacted that provide updated LRAM details. For CDM programs delivered within the 2011 to 2014 term, the Board established the Lost Revenue Adjustment Variance Account (LRAMVA). This account captures the variance between the Board-approved CDM forecast and the actual CDM results.

The variance calculated from this comparison must be recorded in separate sub-accounts per the applicable customer rate classes.

LDCs must apply for the disposition of the balance in the LRAMVA as part of their cost of service (COS) applications or on an annual basis, as part of their IRM rate applications.

The LRAM mechanism determines persistent CDM impacts realized after 2010, for those distributors whose load forecast has not been updated.

Terms

Term	Description
Persistence	CDM savings during the subsequent years after the first year savings.
Extension Framework	The conservation period between 2011 and 2015
Conservation First Framework	The conservation period between 2015 and 2020.
CDM	Conservation and Demand Management
LRAM	Lost Revenue Adjustment Mechanism
LRAMVA	Lost Revenue Adjustment Mechanism Variance Account
COS	Cost of Service
IRM	Incentive Regulation Model

Scope of Work

Specifically, Burman Energy will perform the following in its work undertaking:

1) Collect and outline savings for the following data sets:
    i. CDM Results for programs as applicable for the LRAMVA period.
    ii. Forecasted savings for Conservation and Demand Management programs (Last Approved).
2) Collect additional data as outlined:
    i. LDC volumetric distribution rates for LRAMVA years.
    ii. Completed Retrofit projects for years for which retrofit savings are reported.
3) Calculate by initiative and year the lost revenue values.
4) Calculate the currently recovered lost revenue from the load forecast.
5) Outline the net LRAMVA values by year and overall.
6) Provide summary report with supporting information.

About Burman Energy Consultants Group Inc.

Burman Energy is a vibrant, growing company, and has provided energy conservation program planning, administration and delivery services since the inception of IESO programs in 2007. Serving 39 CDM client LDCs in Ontario, we currently have over 30 staff with specialized expertise in CDM planning and program administration, marketing, technical review and support, quality control, and contractor management. In 2013, Bart Burman, President of Burman Energy, was inducted into Worldwide Who's Who for Excellence in Energy Consulting, and in 2014/15, Bart sits as chair of the EDA's Commercial Steering Committee.

Burman Energy has adopted a new structured approach to fulfilling its contracted obligations with our numerous and diverse LDC CDM clients. Recognizing, in practice, the significant peaks and valleys associated with sustaining a consistent high standard of service on time delivery, our organizational focus continues to be to ensure adequate and flexible staff resources. Cross training in several different aspects of program execution has historically enabled us to make this approach extremely effective in meeting our clients' timeliness criteria.

As a process centric organization, our starting point is to use stock, off the shelf, proven process designs, and adjust collaboratively, in discussion with you, our client, for your specific LDC protocols as required. From this common basis for understanding, identification of roles and associated accountabilities can be easily determined. In addition, this work, up front, provides for a more solid basis upon which to convey pricing options.

Burman Energy Consultants Group Inc. is headquartered at

4309 Lloydtown Aurora Rd., King, ON, L7B 0E6
Telephone: 905.939.7676 Web: www.burmanenergy.ca
Fax: 905.939.4606 Email: info@burmanenergy.ca

Lost Revenue Adjustment Mechanism History

From 2005 to the end of 2010, distributors delivered CDM programs either through approved distribution rate funding by way of the third installment of their incremental market adjusted revenue requirement (“MARR”), or through contracts with the IESO. Some distributors received incremental distribution rate funding separate from MARR. To promote the participation in and the delivery of CDM programs by distributors, the Board made available an LRAM regardless of whether the CDM programs were funded by the IESO or through distribution rates.

Lost Revenue Adjustment Mechanism Outline

In preparation of this document, Burman Energy performed this analysis in compliance with Guidelines for Electricity Distributor Conservation and Demand Management EB-2012-0003 with specific reference to the following:

> 13.6 LRAM & Shared Savings Mechanism for Pre-CDM Code Activities
>
> The Board notes that the Filing Requirements for Transmission and Distribution Applications state the following:
>
>> Distributors intending to file an LRAM or SSM application for CDM Programs funded through distribution rates, or an LRAM application for CDM Programs funded by the IESO between 2005 and 2010, shall do so as part of their 2012 rate application filings, either cost-of-service or IRM. If a distributor does not file for the recovery of LRAM or SSM amounts in its 2012 rate application, it will forego the opportunity to recover LRAM or SSM for this legacy period of CDM activity.
>
> The 2008 CDM Guidelines state as follows: “lost revenues are only accruable until new rates (based on a new revenue requirement and load forecast) are set by the Board, as the CDM savings would be assumed to be incorporated in the load forecast at that time”. The intent of the LRAM in the 2008 CDM Guidelines was to keep electricity distributors revenue neutral for CDM activities implemented by the distributor during the years in which its rates were set using the incentive regulation mechanism, and that future LRAM claims should be unnecessary once a distributor rebases and updates its load forecast.
>
> The Board therefore expects that LRAM for pre-2011 CDM activities should be completed with the 2012 rate applications, outside of persisting historical CDM impacts realized after 2010 for those distributors whose load forecast has not been updated as part of a cost of service application.

This summary is extracted from the "Guidelines for Electricity Distributor Conservation and Demand Management" (EB-2012-0003). This document can be found at:
http://www.ontarioenergyboard.ca/oeb/_Documents/EB-2012-0003/CDM_Guidelines_Electricity_Distributor.pdf

Lost Revenue Adjustment Mechanism Variance Account Outline

With specific reference to the following:

13.2 LRAM Mechanism for 2011- 2014

The Board will adopt an approach for LRAM for the 2011-2014 CDM period that is similar to that adopted in relation to natural gas distributor DSM activities. The Board will authorize the establishment of an LRAM variance account ("LRAMVA") to capture, at the customer rate-class level, the difference between the following:

i. The results of actual, verified impacts of authorized CDM activities undertaken by electricity distributors between 2011-2014 for both Board-Approved CDM programs and IESO-Contracted Province-Wide CDM programs in relation to activities undertaken by the distributor and/or delivered for the distributor by a third party under contract (in the distributor's franchise area); and

ii. The level of CDM program activities included in the distributor's load forecast (i.e. the level embedded into rates).

Distributors will generally be expected to include a CDM component in their load forecast in cost of service proceedings to ensure that its customers are realizing the true effects of conservation at the earliest date possible date and to mitigate the variance between forecasted revenue losses and actual revenue losses. If the distributor has included a CDM load reduction in its distribution rates, the amount of the forecast that was adjusted for CDM at the rate class level would be compared to the actual DCM results verified by an independent third party for each year of the CDM program (i.e., 2011 to 2014) in accordance with the IESO's EM&V Protocols as set out in Section 6.1 of the CDM Code. The variance calculated from this comparison result in a credit or a debit to the ratepayers at the customer rate class level in the LRAMVA. The LRAM amount is determined by applying, by customer class, the distributor's Board-approved variable distribution charge applicable to the class to the volumetric variance (positive or negative) described in the paragraph above. The calculated lost revenues will be recorded in the LRAMVA. Distributors will be expected to report the balance in the LRAMVA as part of the reporting and record-keeping requirements on an annual basis.

This summary is extracted from the "Guidelines for Electricity Distributor Conservation and Demand Management" (EB-2012-0003). This document can be found at:
http://www.ontarioenergyboard.ca/oeb/_Documents/EB-2012-0003/CDM_Guidelines_Electricity_Distributor.pdf

Summary Of Lost Revenue Adjustments

LRAMVA Summary

Burman Energy Consultants Group Inc. (Burman Energy) has prepared the following LRAMVA tables, representing the variance amount to be recorded in the LRAM Variance Account. The amount is the calculated result of the lost revenues by customer class based on the volumetric impact of the load reductions arising from the CDM measures implemented, multiplied by Northern Ontario Wires's Board-approved variable distribution changes applicable to the customer rate class in which the volumetric variance occurred. The calculations provided by Burman Energy do not include carrying charges or adjustments based on CDM reductions as included in any CDM Load reduction forecast.

Results Year	Lost Revenue Adjustment Mechanism Year					
	2012	2013	2014			
2014	$ -	$ -	$ 14,786			
2013	$ -	$ 8,750	$ 9,140			
2012	$ 6,352	$ 6,814	$ 7,235			
2011	$ 3,186	$ 3,460	$ 2,937			
Total	$ 9,538	$ 19,024	$ 34,099			
Forecast	$ 10,173	$ 11,078	$ 11,871			
Net	$ (634)	$ 7,946	$ 22,228			
Variance				$ 29,540		

Results Year	Lost Revenue Adjustment Mechanism Summary By Rate Class					
	Residential	GS <= 50 kW	GS > 50 kW			Total
2014	$ 7,420	$ 25,700	$ 980			$ 34,099
2013	$ 4,415	$ 13,887	$ 722			$ 19,024
2012	$ 1,785	$ 7,249	$ 504			$ 9,538
Total	$ 13,620	$ 46,835	$ 2,206			$ 62,661
Forecast	$ 19,490	$ 8,964	$ 4,668			$ 33,122
Net	$ (5,870)	$ 37,872	$ (2,462)			$ 29,540

Reference Material

The following IESO documents were used to prepare the LRAMVA calculations:

i. [2006-2014]_RATES_DATABASE_FROM TARIFFS.xls
ii. 2011-2014 Northern Ontario Wires Results with Persistence.xls
iii. Northern Ontario Wires [2012-2014] Retrofit Project Lists

Methodology

Burman Energy would like to present a summary of the methodology used to calculate the LRAMVA figures in this report for the purposes of auditing.

Burman Energy collects the following information as the sources for the values calculated in this report:

- Rate Database documents from the Ontario Energy Board (OEB) website for all years that are being calculated.
- Final CDM results and their persistence into future years received directly from the IESO or from the Local Distributor.
- Retrofit & High Performance New Construction (HPNC) project data with kW, kWh and Rate Class information for each project.
- The forecasted CDM results from the distributors most recently approved Cost of Service application (COS).

Burman Energy takes the results of each initiative where the savings for the LRAMVA report period are not equal to zero and enters the figures into the report. The values entered into the report are organized by results year, rate class, and then initiative. The rate classes outlined here are examples and may not be actual customer classes for this local distribution company.

Results from 2014
Residential
HVAC Incentives
RESIDIENTIAL TOTAL
GS Less Than 50 kW
Retrofit
GS LESS THAN 50 KW TOTAL
GS Greater Than 50 kW
Retrofit
GS GREATER THAN 50 KW TOTAL
Large Use
Retrofit
LARGE USE TOTAL
RESULTS FROM 2014 TOTAL

The results for Retrofit and HPNC items are initially collected for all rate classes then using verified project savings the result savings are divided into the appropriate rate classes.

Year	Application Type	LDC	Demand Savings	Energy Savings	Rate Class	Sector
2014	Retrofit	rn Ontario Wi	24.39	103,433	GS>50	Industrial
2014	Retrofit	rn Ontario Wi	1.80	427,112	GS<50	Business

kW	GS>50	93.13%	GS<50	6.87%	Large Use	0.00%
kWh		19.50%		80.50%		0.00%

Volumetric distribution rates are derived by using the rate database provided on the OEB website directly as they appear. These volumetric distribution rates are collected for each rate class for the years during the LRAMVA reporting period and one year prior are entered into the report along with their effective date. Burman Energy uses the effective date to create a weighted volumetric rate for each of the calendar years (Jan1st through Dec 31st) years in the reporting period. A summary of the calculation is presented below:

$$Weighted\ Rate = \left(Rate_{old} * \left(\frac{Months\ at\ Old}{12}\right)\right) + \left(Rate_{new} * \left(\frac{Months\ at\ New}{12}\right)\right)$$

The weighted volumetric rate is multiplied by the savings metric selected by rate class (the Residential and GS<50 metric is kWh and the GS>50 and Large Use metric is kW). The resulting figure is then subject to global modifiers based on initiative (eg. Demand Response 3 is taken at a factor of 0% due to the type of savings it provides).

$$LRAM(kW) = Weighted\ Rate * Modifier\%_{If\ Applicable} * \left((kW_{Per\ Month} * Months\ at\ old\ Rate) + (kW_{Per\ Month} * Months\ at\ New\ Rate)\right)$$

$$LRAM\ (kWh) = Weighted\ Rate * Modifier\%_{If\ Applicable} * kWh_{Annual}$$

The totals are outlined at the bottom of each section with a summary by rate class presented near the bottom of the table for comparison to the forecasted figures.

If the distributor had forecasted CDM savings Burman Energy takes the values and applies same methods outlined for the savings results to calculate the total lost revenue that has already been recovered for the reporting period.

The recovered lost revenue is subtracted from the calculated LRAM resulting in the net figures or Variance. These figures are outlined by reporting period year and as an overall.

Supporting Attachments

Northern Ontario Wires Inc. LRAMVA CALCULATIONS
OPA Conservation & Demand Management Programs
Initiative Results at End-User Level

	2011	2012				2013				2014			
Initiative Name	Volumetric Rate	Net Summer Peak Demand Savings (kW)	Net Energy Savings (kWh)	Distribution Volumetric Rate (Effective Date: Feb 1)	2012 LRAMVA	Net Summer Peak Demand Savings (kW)	Net Energy Savings (kWh)	Distribution Volumetric Rate (Effective Date: Jun 1)	2013 LRAMVA	Net Summer Peak Demand Savings (kW)	Net Energy Savings (kWh)	Distribution Volumetric Rate (Effective Date: May 1)	2014 LRAMVA
LRAM CDM Results and Persistence													
Results from 2014													
Residential													
Appliance Exchange	0.0134			0.0135				0.0154		0.41	738.88	0.0157	$ 11.53
Appliance Retirement	0.0134			0.0135				0.0154		2.19	14,541.74	0.0157	$ 226.85
Bi-Annual Retailer Event	0.0134			0.0135				0.0154		8.54	130,450.00	0.0157	$ 2,035.02
Conservation Instant Coupon Booklet	0.0134			0.0135				0.0154		2.26	30,293.81	0.0157	$ 472.58
Home Assistance Program	0.0134			0.0135				0.0154		0.10	1,692.70	0.0157	$ 26.41
HVAC Incentives	0.0134			0.0135				0.0154		3.38	6,490.77	0.0157	$ 101.26
RESIDENTIAL TOTAL		**0.00**	**0**		**$ -**	**0.00**	**0**		**$ -**	**16.89**	**184,208**		**$ 2,873.64**
GS Less Than 50 kW													
Direct Install Lighting	0.0133			0.0134				0.015		130.71	482,772.06	0.0153	$ 7,338.14
Retrofit	0.0133			0.0134				0.015		1.26	289,101.91	0.0153	$ 4,394.35
Time-of-Use Savings	0.0133			0.0134				0.015		43.67	0.00	0.0153	$ -
GS LESS THAN 50 KW TOTAL		**0.00**	**0**		**$ -**	**0.00**	**0**		**$ -**	**175.64**	**771,874**		**$ 11,732.48**
GS Greater Than 50 kW													
Retrofit	0.6806			0.688				0.8698		17.06	70,011.42	0.8846	$ 180.07
GS GREATER THAN 50 KW TOTAL		**0.00**	**0**		**$ -**	**0.00**	**0**		**$ -**	**17.06**	**70,011**		**$ 180.07**
RESULTS FROM 2014 TOTAL		**0.00**	**0**		**$ -**	**0.00**	**0**		**$ -**	**209.58**	**1,026,093**		**$ 14,786.20**
Results from 2013													
Residential													
Annual Coupons	0.0134			0.0135		0.55	8,180.88	0.0154	$ 119.51	0.55	8,180.88	0.0157	$ 127.62
Appliance Exchange	0.0134			0.0135		0.21	369.44	0.0154	$ 5.40	0.21	369.44	0.0157	$ 5.76
Appliance Retirement	0.0134			0.0135		1.68	11,768.69	0.0154	$ 171.92	1.68	11,768.69	0.0157	$ 183.59
Bi-Annual Retailer Events	0.0134			0.0135		1.26	18,234.82	0.0154	$ 266.38	1.26	18,234.82	0.0157	$ 284.46
Conservation Instant Coupon Booklet	0.0134			0.0135		0.00	25.00	0.0154	$ 0.37	0.00	25.00	0.0157	$ 0.39
Home Assistance Program	0.0134			0.0135		10.88	129,810.28	0.0154	$ 1,896.31	10.33	119,324.25	0.0157	$ 1,861.46
HVAC	0.0134			0.0135		0.79	1,531.66	0.0154	$ 22.37	0.79	1,531.66	0.0157	$ 23.89
RESIDENTIAL TOTAL		**0.00**	**0**		**$ -**	**15.37**	**169,921**		**$ 2,482.26**	**14.82**	**159,435**		**$ 2,487.18**
GS Less Than 50 kW													
Energy Audit	0.0133			0.0134		0.01	64.27	0.015	$ 0.92	0.01	64.27	0.0153	$ 0.98
Energy Audit Funding	0.0133			0.0134		17.63	96,901.54	0.015	$ 1,388.92	17.63	96,901.54	0.0153	$ 1,472.90
Retrofit	0.0133			0.0134		4.27	20,517.91	0.015	$ 294.09	4.27	20,517.91	0.0153	$ 311.87
Small Business Lighting	0.0133			0.0134		87.11	310,069.49	0.015	$ 4,444.33	87.11	310,069.49	0.0153	$ 4,713.06
GS LESS THAN 50 KW TOTAL		**0.00**	**0**		**$ -**	**109.02**	**427,553**		**$ 6,128.26**	**109.02**	**427,553**		**$ 6,498.81**
GS Greater Than 50 kW													
Retrofit	0.6806			0.688		14.62	71,535.09	0.8698	$ 139.28	14.62	71,535.09	0.8846	$ 154.30
GS GREATER THAN 50 KW TOTAL		**0.00**	**0**		**$ -**	**14.62**	**71,535**		**$ 139.28**	**14.62**	**71,535**		**$ 154.30**
RESULTS FROM 2013 TOTAL		**0.00**	**0**		**$ -**	**139.01**	**669,009**		**$ 8,749.80**	**138.46**	**658,523**		**$ 9,140.29**
Results from 2012													
Residential													
Appliance Exchange	0.0134	1.33	2,297.79	0.0135	$ 31.00	1.33	2,297.79	0.0154	$ 33.57	1.33	2,297.79	0.0157	$ 35.85
Appliance Retirement	0.0134	2.07	15,584.64	0.0135	$ 210.26	2.07	15,584.64	0.0154	$ 227.67	2.07	15,584.64	0.0157	$ 243.12
Bi-Annual Retailer Event	0.0134	1.57	28,426.29	0.0135	$ 383.52	1.57	28,426.29	0.0154	$ 415.26	1.57	28,426.29	0.0157	$ 443.45
Conservation Instant Coupon Booklet	0.0134	0.24	1,484.06	0.0135	$ 20.02	0.24	1,484.06	0.0154	$ 21.68	0.24	1,484.06	0.0157	$ 23.15
HVAC	0.0134	0.00	8.81	0.0135	$ 0.12	0.00	8.81	0.0154	$ 0.13	0.00	8.81	0.0157	$ 0.14
HVAC Incentives	0.0134	0.22	373.65	0.0135	$ 5.04	0.22	373.65	0.0154	$ 5.46	0.22	373.65	0.0157	$ 5.83
RESIDENTIAL TOTAL		**5.44**	**48,175**		**$ 649.96**	**5.44**	**48,175**		**$ 703.76**	**5.44**	**48,175**		**$ 751.53**
GS Less Than 50 kW													
Direct Install Lighting	0.0133	85.28	315,820.16	0.0134	$ 4,229.36	85.28	315,820.16	0.015	$ 4,526.76	85.28	315,820.16	0.0153	$ 4,800.47
Energy Audit	0.0133	16.22	78,945.00	0.0134	$ 1,057.21	16.22	78,945.00	0.015	$ 1,131.55	16.22	78,945.00	0.0153	$ 1,199.96
Energy Audit Funding	0.0133	5.18	25,176.25	0.0134	$ 337.15	5.18	25,176.25	0.015	$ 360.86	5.18	25,176.25	0.0153	$ 382.68
GS LESS THAN 50 KW TOTAL		**106.68**	**419,941**		**$ 5,623.72**	**106.68**	**419,941**		**$ 6,019.16**	**106.68**	**419,941**		**$ 6,383.11**
GS Greater Than 50 kW													
Retrofit	0.6806	9.55	6,483.83	0.688	$ 78.80	9.55	6,483.83	0.8698	$ 91.03	9.55	6,483.83	0.8846	$ 100.84
GS GREATER THAN 50 KW TOTAL		**9.55**	**6,484**		**$ 78.80**	**9.55**	**6,484**		**$ 91.03**	**9.55**	**6,484**		**$ 100.84**
RESULTS FROM 2012 TOTAL		**121.67**	**474,600**		**$ 6,352.48**	**121.67**	**474,600**		**$ 6,813.95**	**121.67**	**474,600**		**$ 7,235.49**
Results from 2011													
Residential													
Appliance Exchange	0.0134	0.59	824.40	0.0135	$ 11.12	0.59	824.40	0.0154	$ 12.04	0.33	590.14	0.0157	$ 9.21
Appliance Retirement	0.0134	3.88	28,618.46	0.0135	$ 386.11	3.88	28,618.46	0.0154	$ 418.07	3.77	28,517.37	0.0157	$ 444.87
Bi-Annual Retailer Event	0.0134	1.90	33,509.57	0.0135	$ 452.10	1.90	33,509.57	0.0154	$ 489.52	1.90	33,509.57	0.0157	$ 522.75
Conservation Instant Coupon Booklet	0.0134	1.26	20,550.91	0.0135	$ 277.27	1.26	20,550.91	0.0154	$ 300.21	1.26	20,550.91	0.0157	$ 320.59
HVAC Incentives	0.0134	0.34	634.63	0.0135	$ 8.56	0.34	634.63	0.0154	$ 9.27	0.34	634.63	0.0157	$ 9.90
RESIDENTIAL TOTAL		**7.97**	**84,138**		**$ 1,135.16**	**7.97**	**84,138**		**$ 1,229.12**	**7.60**	**83,803**		**$ 1,307.32**
GS Less Than 50 kW													
Direct Install Lighting	0.0133	46.60	121,356.33	0.0134	$ 1,625.16	46.60	121,356.33	0.015	$ 1,739.44	29.96	71,391.86	0.0153	$ 1,085.16
GS LESS THAN 50 KW TOTAL		**46.60**	**121,356**		**$ 1,625.16**	**46.60**	**121,356**		**$ 1,739.44**	**29.96**	**71,392**		**$ 1,085.16**
GS Greater Than 50 kW													
Retrofit	0.6806	51.59	298,320.55	0.688	$ 425.55	51.59	298,320.55	0.8698	$ 491.58	51.59	298,320.55	0.8846	$ 544.58
GS GREATER THAN 50 KW TOTAL		**51.59**	**298,321**		**$ 425.55**	**51.59**	**298,321**		**$ 491.58**	**51.59**	**298,321**		**$ 544.58**
RESULTS FROM 2011 TOTAL		**106.16**	**503,815**		**$ 3,185.87**	**106.16**	**503,815**		**$ 3,460.14**	**89.15**	**453,515**		**$ 2,937.06**
Summary By Rate Class													
Residential	0.0134	13.41	132,313.20	0.0135	$ 1,785.13	28.78	302,233.98	0.0154	$ 4,415.13	44.75	475,620.50	0.0157	$ 7,419.68
General Service Less Than 50 kW	0.0133	153.28	541,297.75	0.0134	$ 7,248.88	262.30	968,850.95	0.015	$ 13,886.86	421.30	1,690,760.46	0.0153	$ 25,699.56
General Service Greater Than 50 kW	0.6806	61.14	304,804.38	0.688	$ 504.35	75.76	376,339.47	0.8698	$ 721.89	92.82	446,350.89	0.8846	$ 979.79
SUMMARY BY RATE CLASS TOTAL		**227.83**	**978,415**		**$ 9,538.35**	**366.84**	**1,647,424**		**$ 19,023.88**	**558.87**	**2,612,732**		**$ 34,099.03**
LRAM CDM RESULTS AND PERSISTENCE TOTAL		**227.83**	**978,415.33**		**$ 9,538.35**	**366.84**	**1,647,424.40**		**$ 19,023.88**	**558.87**	**2,612,731.85**		**$ 34,099.03**
Load Forecast CDM Component													
Residential	0.0134	0.00	445,995.00	0.0135	**$ 6,017.22**	0.00	445,995.00	0.0154	**$ 6,515.24**	0.00	445,995.00	0.0157	**$ 6,957.52**
General Service Less Than 50 kW	0.0133	0.00	208,824.00	0.0134	**$ 2,796.50**	0.00	208,824.00	0.015	**$ 2,993.14**	0.00	208,824.00	0.0153	**$ 3,174.12**
General Service Greater Than 50 kW	0.6806	1,977.00	568,847.00	0.688	**$ 1,358.96**	1,977.00	568,847.00	0.8698	**$ 1,569.84**	1,977.00	568,847.00	0.8846	**$ 1,739.10**
LOAD FORECAST CDM COMPONENT TOTAL		**1,977.00**	**1,223,666.00**		**$ 10,172.67**	**1,977.00**	**1,223,666.00**		**$ 11,078.22**	**1,977.00**	**1,223,666.00**		**$ 11,870.75**
NORTHERN ONTARIO WIRES INC. NET LRAMVA TOTAL (LRAM MINUS FORECAST)		**-1,749.17**	**-245,250.67**		**-$ 634.32**	**-1,610.16**	**423,758.40**		**$ 7,945.66**	**-1,418.13**	**1,389,065.85**		**$ 22,228.28**
Lost Revenue Adjustment Mechanism Variance													$29,539.62

METHODOLOGY

All results are at the end-user level (not including transmission and distribution losses)

EQUATIONS:

PRESCRIPTIVE MEASURES/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/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)

#	Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Consumer Program				
1	Appliance Retirement	Includes both retail and home pickup stream; Retail stream allocated based on average of 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.
2	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 residential throughput	Savings are considered to begin in the year that the exchange event occurred	
3	HVAC Incentives	Results directly attributed to LDC based on customer postal code	Savings are considered to begin in the year that the installation occurred	
4	Conservation Instant Coupon Booklet	LDC-coded coupons directly attributed to LDC; Otherwise results are allocated based on average of 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. Reported results are presented with verified per unit assumptions and net-to-gross ratio from Bi-Annual Retailer Event and Conservation Instant Coupon Booklet initiatives.
5	Bi-Annual Retailer Event	Results are allocated based on average of residential throughput	Savings are considered to begin in the year in which the event occurs.	
6	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 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. Reported results are presented with verified per unit assumptions and net-to-gross ratio from Bi-Annual Retailer Event and Conservation Instant Coupon Booklet initiatives.
7	Residential Demand Response	Results are directly attributed to LDC based on data provided to OPA 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
8	Residential New Construction	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system; 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 a 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				
9	Efficiency: Equipment Replacement	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).
10	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).
11	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).
12	New Construction and Major Renovation Incentive	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated, reported results are presented with reported assumptions.	Savings are considered to begin in the year of the actual project completion date.	
13	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
14	Commercial Demand Response (part of the Residential program schedule)	Results are directly attributed to LDC based on data provided to OPA 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.
15	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 of the relevant year, 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				
16	Process & System Upgrades	Results are directly attributed to LDC based on LDC identified in application in the saveONenergy CRM system.	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).
17	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).
18	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
19	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).
20	Demand Response 3	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st of the relevant year, 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.
Home Assistance Program				
21	Home Assistance Program	Results are directly attributed to LDC based on LDC identified in the application; reported results are presented with forecast assumptions as per the business case.	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.
Legacy Programs Completed in Current Year				
22	Electricity Retrofit Incentive Program	Results are directly attributed to LDC based on LDC identified in the application.	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 (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
23	High Performance New Construction	Results are directly attributed to LDC based on customer data provided to the OPA from the gas utility.	Savings are considered to begin in the year in which a project was completed.	
24	Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Limited service territory		

#	Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
25	Multifamily Energy Efficiency Rebates	Results are directly attributed to LDC based on LDC identified in the application	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 (http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports).
26	Data Centre Incentive Program	Program run exclusively in PowerStream Inc. service territory		
27	EnWin Green Suites	Program run exclusively in ENWIN Utilities Ltd. service territory		