



## EXHIBIT 1 – ADMINISTRATIVE DOCUMENTS

2018 Cost of Service

Cooperative Hydro Embrun Inc.  
EB-2017-0035

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## 1.2 EXECUTIVE SUMMARY

### 1.2.1 INTRODUCTION

Cooperative Hydro Embrun Inc. ("CHEI") is pleased to present its Cost of Service application for rates effective January 1, 2018. This application consists of the following Exhibits, and Excel live models in support of the evidence presented in this application.

- ✓ Exhibit 1: Administrative Documents
  - ✓ Exhibit 2: Rate Base and DSP
  - ✓ Exhibit 3: Revenues
  - ✓ Exhibit 4: Operation, Maintenance and Administrative Costs
  - ✓ Exhibit 5: Cost of Capital
  - ✓ Exhibit 6: Revenue Requirement
  - ✓ Exhibit 7: Cost Allocation
  - ✓ Exhibit 8: Rate Design
  - ✓ Exhibit 9: Deferral and Variance Accounts
- 
- ✓ EB-2017-0035 CHEI 2018 Benchmarking Forecast Model
  - ✓ EB-2017-0035 CHEI 2018 Cost Allocation
  - ✓ EB-2017-0035 CHEI 2018 LRAMVA Workform
  - ✓ EB-2017-0035 CHEI 2018 PILs Workform
  - ✓ EB-2017-0035 CHEI 2018 Rev Req Workform
  - ✓ EB-2017-0035 CHEI 2018 RTSR Workform
  - ✓ EB-2017-0035 CHEI 2018 Load Forecast Model
  - ✓ EB-2017-0035 CHEI 2018 Update Demand Data
  - ✓ EB-2017-0035 CHEI 2018 COS Checklist
  - ✓ EB-2017-0035 CHEI 2018 DVA Continuity Schedule

1        ✓ EB-2017-0035 CHEI 2018 Chapter 2 Appendices <sup>1</sup>

2        All documents have been submitted to the OEB via their website.

3        The application along with all supporting evidence will also be posted on the utility's website  
4        and customers informed of the filing via Twitter and Facebook once the application is accepted  
5        by the Ontario Energy Board (OEB).

6        1.2.2 BUSINESS PLAN<sup>2</sup>

7        In compliance with the Rates Handbook issued on October 13, 2016, the utility is pleased to  
8        present its 2018 Business Plan in the next Section.

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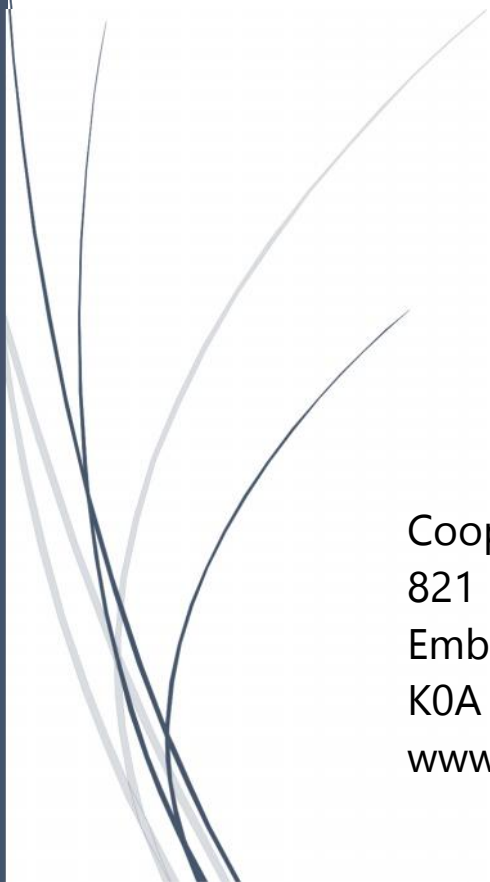
<sup>1</sup> MFR - Chapter 2 appendices in live Microsoft Excel format

<sup>2</sup> MFR - Plain language description of objectives and business plan and how they relate to the application and the RRFE objectives. Description should aid the OEB in understanding the impacts of the business plan on key areas such as customer service, system reliability, costs and bill impacts. Description of how customer feedback is reflected



A dark blue vertical bar on the left side of the page, with a grey arrow pointing right towards the title.

# 2017 BUSINESS PLAN

Several thin, curved, light blue lines in the bottom left corner, resembling stylized grass or reeds.

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## 1. Executive Summary

Cooperative Hydro Embrun Inc. ("CHEI" or the "Utility") is a fully licensed distributor of electricity under distribution license ED-2002-0493 issued by the Ontario Energy Board (the "OEB" or the "Board") under the Ontario Energy Board Act, 1998 (the "Act").

The utility develops and manages an electrical distribution network in the Prescott-Russell region, specifically the town of Embrun, and delivers electricity to five customer classes via its distribution system: residential, commercial (small and large general service classes), street lighting and unmetered scattered loads. CHEI earns income based on fixed and volumetric service charges for the distribution of this electricity. The service charges are set through a periodic rate making process via applications to the OEB.

The utility currently operates with revenues of \$830,391 and has applied for a revenue requirement of \$1,149,245 for the 2018 rate year to form the base revenue requirement for rates during a 2018-2022 term of rates under the Board's Renewed Regulatory Framework for Electricity Distributors (the "RRFE"). CHEI plans to use the incremental funds mainly to:

- fund the costs associated with a new 44kV substation.
- fund the costs associated with a 3rd party engineering firm to develop the Distribution System Plan required under the RRFE.
- revamp its website to encourage customer engagement in accordance with the objectives of the RRFE.
- fund increased use of accounting services to comply with increased demands from the OEB.

### 1.1. Mission

CHEI is committed to meeting the needs of customers through effective customer engagement and ensuring the safe and reliable delivery of electricity through efficient operations, strong fiscal management, ongoing system renewal, and conservation initiatives.

### 1.2. Strategic Goals and Initiatives (result)

CHEI has identified five key areas of focus that support the utility's mission:

- ✓ To provide safe, efficient, and reliable delivery of electricity to customers.
- ✓ To maintain costs at a reasonable level, find cost efficiencies wherever possible and to make prudent investments on behalf of its customers.
- ✓ To provide a safe and engaging work environment for its employees.
- ✓ To engage with customers and the community.
- ✓ To plan and deliver system improvements required to ensure future supply.

### ***1.3. Objectives (steps to get to the result)***

CHEI plans on achieving its strategic goals by setting and meeting the following objectives:

- ✓ Improve grid reliability.
- ✓ Create a service-based utility whose primary goal is to exceed customers' expectations at a reasonable cost.
- ✓ Promote the long-term, efficient provision of utility services consistent with OEB policy.
- ✓ Work with other utilities in the promotion of both efficient and sustainable environment.
- ✓ Operate effectively with the staff currently in place.
- ✓ Reduce operational costs where and when possible.
- ✓ Develop and adopt an actionable plan to improve customer experience.

## About the Utility

### **2.1 Utility Description**

Embrun is a community in the Eastern Ontario region. Embrun is part of the larger Township of Prescott-Russell. With a population of 8,048 (entire town) or 5,655 (urban area), it is the largest community in Russell Township.

The community, which is largely (but not exclusively) francophone, is located approximately a twenty-five-minute drive from Ottawa, an hour and a half from Montreal, and a five-hour drive from Toronto. Embrun is located near Trans-Canada Highway 417.

CHEI currently relies on 36 km of circuits and 280 transformers to deliver approximately 28,472,872 kWh of energy to approximately 2,155 customers. CHEI is entirely embedded within Hydro One Networks Inc.'s low voltage system. There are no other neighbouring electricity distribution utilities. The Town of Embrun is also served with natural gas.

Of its approximately 2000 customers situated in the Town of Embrun, 91% are residential customers and 9% are commercial customers. The rest of Embrun's customers are attributable to the Street Lighting and Unmetered Scattered Load customer classes.

CHEI operates with three full-time employees which include; a General Manager, and two customer service representatives.

The General Manager is responsible for all internal and external financial activities of the company including liaison with banks and other financial institutions; providing financial reports to its shareholder; development of budgets and tracking the company's progress towards achieving approved financial targets; coordinating metering, information systems and customer billing, liaison with regulatory bodies including the OEB; accountants and conservation and demand management. The General Manager oversees the operation of the distribution system. He is responsible for ensuring that contractors remain safe when interfacing with the distribution system; ensuring the reliable operation – including maintenance and repair – of the distribution system; and ensuring that customer requests for electricity service are provided promptly and according to code.

All 3 employees are responsible customer enquiries, providing human resources support including salary and benefit services; maintaining effective communications throughout the company.

CHEI must also balance reliance on third party contractors and consultants, and using its workforce to its best advantage for the customer and community.

## **2.2 Utility Ownership**

CHEI is structured as a Cooperative Utility registered under the Co-operative Corporations Act in September of 2000.

CHEI is a utility that is tasked with the delivery of electricity. Profits are either reinvested for infrastructure or distributed to members in the form of dividends, paid on a member's investment into the cooperative.

CHEI is based on voluntary and open membership with a one-time cost of \$10 per member. Membership is available to all persons able to use their services and willing to accept the responsibilities of membership, without gender, social, racial, political or religious discrimination. If a member wishes to leave the cooperative or moves out of the service area, the membership fee is refunded back to the customer. CHEI is a democratic organization controlled by its members, who actively participate in decision making. The elected representatives are accountable to the membership, and members have equal voting rights (one member, one vote). Each customer is a member and owner of the business with an equal say as every other member of the cooperative. The utility currently has 1455 members.

## 2. Economic Overview and Customer Description

### 3.1 *Economic Overview of the Service Area*

Russell Township serves a vibrant, caring, bilingual and growing population of approximately 16,000 individuals that includes (primarily) young families, educated professionals, spirited entrepreneurs and talented tradespeople in a rural setting.

Embrun is defined as a bedroom community: a majority of the population works in nearby Ottawa and commutes into the city on a daily basis. A large proportion of these people are individuals with post-secondary education who work in the Canadian civil service or Ottawa's large high-tech sector. Such has been the case since the mid-20th century. Before then, agriculture was the primary source of income for the town. Embrun has three elementary schools and one secondary school. Because Ontario divides the education system into English Public, English Catholic, French Public, and French Catholic streams, which school Embrun children attend depend on which stream they come from.

Most the population of Embrun is between ages 25-49 with a median age of 39. 77% of residents work, and 11% are self-employed. 93% of Embrun's workforce travel to Ottawa for work. The most common occupations are: Business, Finance & Administration (21.6%), Sales & Service (15.3%), Trades, Transport & Equip Operators (14.3%) and Education, Law, Social, Community & Government (14%)

The median income for Embrun residents is \$40,567 a year, higher than the Ontario average of \$29,335 a year. Note that those values include all inhabitants over the age of 15 with any reported income, meaning that (for example) teenagers working minimum wage on their days off school would be included. If only full-time workers are included, the median income for Embrun residents rises to \$50,096 a year, still above the Ontario average, which for this category is \$44,748 a year.

Embrun has a continental climate with cool winters, humid summers, and short autumns and springs.

While there are no definite plans for growth in the area, there are a few plans for subdivision development which may spur some residential growth in the area. Considered a bedroom community for the city of Ottawa, families wishing to get out of the city but still work in the city are moving to urban service areas such as Embrun and buying townhomes or garden homes. It is expected that this trend will continue for the next few years.

Embrun anticipates slow but steady growth in both the recent past and future years. In 2014, a 381-unit subdivision was built. In 2015, a second 130-unit subdivision was also constructed. In 2016, the utility energized a 50-unit subdivision, a 21-unit condo, and a 25-unit condo is in the process of being built, and lastly, a 100-unit subdivision is being planned for 2018.



### 3. Outcomes of the Renewed Regulatory Framework

On October 18, 2012, the Ontario Energy Board (“The Board”) issued its *“Report of the Board: A Renewed Regulatory Framework for Electricity Distributors: A Performance-Based Approach.”* The report set out a comprehensive performance-based approach for the Renewed Regulatory Framework which promotes the achievement of outcomes that;

- ✓ benefit existing and future customers
- ✓ align customer and distributor interests
- ✓ continue to support the achievement of important public policy objectives
- ✓ place a greater focus on delivering value for money

On March 5, 2014, the Board issued its report on *“Performance Measurement for Electricity Distributors: A Scorecard Approach.”* The report set out the Board’s policies on the measures that are to be used to assess a distributor’s effectiveness and improvement in achieving customer focus, operational efficiencies, public policy responsiveness, and financial performance to the benefit of existing and future customers.

With the above in mind, the next section provides an account of how CHEI continues to improve in its understanding of the needs and expectations of its customers and its delivery of services.

#### 4.1 Customer Focus

CHEI values customer input and feedback. Customers are engaged through education opportunities, surveys and directly by the utility for input on the main initiatives. Customer satisfaction is measured on the Distributor Scorecard as well as a bi-annual survey and then incorporated into goal setting and planning processes with a focus on ensuring and improving customer satisfaction. By increasing and enhancing customer engagement and communications, CHEI is helping customers make better choices and create healthy, sustainable results for the community it serves.

#### 4.2 Seeking Customer Input

Customer satisfaction largely depends on whether a utility’s products or services fulfill a customer’s expectations—i.e., whether it meets, exceeds, or falls short of expectations. Quantifying customer satisfaction involves accumulating customer perceptions, measured through bi-annual surveys—in CHEI’s case, using a 5- or 10-point scale, ranging from “extremely dissatisfied” to “extremely” satisfied. Customer Satisfaction Surveys are useful tools to understand how customers perceive the service they receive. CHEI is also embracing new ways to effectively connect with its customers such as the opening of a new Twitter account, launched in 2016 to help with customer communications for outages and during conservation campaigns.

In advance of its 2018 Cost of Service, the utility opened lines of communication with its customers to get valuable feedback on the utility's proposed capital and operational budget. The utility further engaged with its customers using the following activities.

✓ **Press Release**

Press release distribution is an inexpensive method of reaching out to customers. When compared with paid advertising, press release distribution is almost always the more affordable option.

CHEI also sees a press release as a way of boosting the company's visibility which is important for a small utility. A press release such as the one issued by CHEI let customers know who we are, what we do, and why they need us.

✓ **Website Update**

The utility has updated its website to show it's current and upcoming capital project. This new section of the website will be updated monthly so that CHEI's customers can understand and comment on the utility's decision regarding its operational and capital planning.

✓ **Info letter via e-mail**

Bill inserts are an excellent way to communicate relevant information to our customers. CHEIs has created an electronic letter which was sent to all clients with email addresses on file and also posted on Twitter.

✓ **Annual Meeting**

The utility held a General Assembly annual meeting on April 18, 2017, where the General Manager presented the utility's 2017 and 2018 Capital Budget. The utility presented its budgets by RRFE grouping (system access, renewal, services and general plant) and USoA account. The General Manager discussed in details the specifics around the need and costs related to the new 44KV substation. Fifty customers attended the meeting. None of the attendees provide feedback on the utility's proposed capital budget other than to thank the utility for its presentation and praising the utility for their good work.

CHEI takes its responsibility of informing, educating and responding to customer needs as a top priority. Fundamental sector change in recent years, has precipitated the need for increased customer communications.

### ***4.3 Alignment of Goals to Needs and Preference of Customers***

CHEI's customer satisfaction results and finding based on discussions with its customers supports the valid hypothesis that good service—i.e., high levels of reliability, or low SAIDI— combined with reasonable prices are essential to satisfying customers. In other words, all customers expect reliable service at the lowest prices possible.

High level of reliability requires system-wide investments - notably enhancing the distribution system to provide more reliable service can be expensive. Much like other utilities, CHEI must frequently consider trade-offs between costs and benefits; that is, to target initiatives that will provide the biggest bang—or increase in customer satisfaction.

In addition to system-wide investments, CHEI continues to focus on reducing its costs to demonstrate to customers that they are delivering as much value per dollar as possible. CHEI has found that the key is to strike the right balance in delivering initiatives, such as properly pacing upgrades to its distribution system when possible, all while improving its customer interfaces or customizing customer engagement programs.

CHEI has also found that a large segment of customer dissatisfaction with reliability is caused by the utility's loss of power by its supplier. For example, a series of storms in recent years leading to loss of power from Hydro One may have had a significant effect on customer satisfaction, specifically on power quality and reliability as well as communications related to outage restorations. Larger utilities might be able to act almost immediately on outages; however, in the case of embedded utilities such as CHEI, it can take some time before the embedded distributor is informed of the issue and can effectively communicate the cause of the issue to its customers. The customer is the final link in a supply chain that is exposed to the risks of generators, transmitters and government directives all of which are beyond the control and influence of CHEI. Nonetheless, in the eyes of the customer, loss of power, regardless of the cause, ultimately becomes a reflection of the distributor's reputation and brand.

The utility feels that it moving in a positive direction. The survey results helped to identify customer attitudes about the utility's conservation programs, smart meters and TOU rates, electricity prices and CHEI's standing and reputation in the community. The results will assist CHEI in fine tuning its programs, services and communications use direct and reliable customer feedback. CHEI's goal going forward will be to develop and communicate an actionable plan to continuously improve its communication with its customers during power outages, regardless of the cause.

As explained in section 4.2, in advance of its 2018 Cost of Service, CHEI has reached out to its customers seeking feedback and input on their views and preferences. Based on this customer feedback, CHEI is confident that with the communication plan in place, the utility's capital budget, as proposed in the Distribution System Plan, supports CHEI's customer priority and preferences. For obvious reasons, CHEI's priority for 2017-2018 is to make sure that the current transformer does not reach over capacity and that the construction of the new 44KV is done on time and a budget so that the utility can provide electricity to its customers in a reliable and responsible manner. Other priorities involve maintenance of its poles and meters at a steady pace to minimize rate shock.

As indicated in the Distribution System Plan and supporting reports from Stantec, current peak loading of 7,871.1kVA (winter) is above the capacity of its current transformer if fans are not present. It is Stantec and CHEI's opinion that the completion of several new subdivisions and infill will cause the system loading to surpass the ONAF (fan rated) capacity of the single transformer. It is, therefore, imperative that the utility focuses its attention on reliability by building a 44kV substation.

CHEI's reliability, safety and cost efficiency metrics are among the highest in the province and it intends on continuing this trend in future years. CHEI is committed to providing its employees with a safe and injury-free workplace as well as delivering its services in a manner that ensures both customer and public safety. Our customers have high expectations of reliability and CHEI strives to meet and exceed those expectations on a daily basis, now and into the future,, as demonstrated by CHEI's comprehensive Distribution System Plan.

CHEI also ensures both safety and reliability at a cost per customer among the lowest in the province. This focus is achieved through a continuous focus on providing value for money for our customers including innovative solutions, cost sharing, and careful selection of the initiatives that provide the best return on investment.

#### **4.4 Public Policy Responsiveness**

In 2016 GreenSaver continued to focus on the commercial and institutional sector which represent CHEI's largest potential for conservation and savings. As expected, the Retrofit Program continued to generate the largest proportion of energy savings.

GreenSaver's Program Delivery Team and our Key Account Reps continually provided front-end uptake services to prospective Retrofit participants. We found that customers often do not have internal resources available to preparing Retrofit applications, especially in smaller companies. Therefore, GreenSaver's services as Applicant Representatives has empowered customers with the ability to apply for the Retrofit Program and opened a new dialogue about energy conservation.

In late 2016, GreenSaver has launched an extensive Commercial Outreach campaign. The Outreach Campaign employed a three-prong approach;

- ✓ targeting the Top 10 Commercial Customers to develop or strengthen an ongoing CDM relationship;
- ✓ researching business profiles and preparing industry specific letters and outreach plans for the over all customers, and
- ✓ doing a two-phase telephone outreach campaign, first to the over 25KW users, then the remaining, smaller customers.

In 2016 GreenSaver prepared Version 2 of the Joint CFF 2015-2020 CDM Plan. The CDM Plan revision allowed CHEI to redistribute targets based on 2015 results, to create a more realistic forecast for the

CFF Framework. PSUI and HPNC were added as available programs in order to allow CHEI customers to access these programs if requested.

Additionally, GreenSaver made efforts to promote the Home Assistance Program, designing and printing a HAP Buckslip which was distributed to CHEI customers in October. To date, the Buckslip has resulted in several applications generated for individual customers, the most interest CHEI has seen for HAP this year.

CHEI plans on continuing its efforts to instill a conservation culture and promote the adoption of conservation and demand management programming to its customers.

## ***4.5 Financial Performance***

CHEI continues to record solid financial performance metrics. Key factors to this financial success are effective business planning, a continuous focus on operational efficiency, and managing capital and expense expenditures to budget. The Business Plan and Distribution System Plan will serve a major role in providing the future direction of financial investment and performance. Financial Results are discussed in detail in Section 8 of this Business Plan.

## 5. Performance Metrics and Benchmarking

Another development that has brought utility customer satisfaction to the forefront is the use of benchmarking studies, which compare levels of customer satisfaction across utilities. High scores in benchmarking studies can show that utilities are recognized as being the best in class.

Perhaps the most widely-known benchmark of efficiency rating comes from the PEG report which surveys all 71 utilities in Ontario. The PEG analysis is one of the only instruments that compares utilities' cost efficiencies on a consistent basis and is publicly available.

PEG produces an annual report that provides a ranking of the utilities included in the study, summarizes the results, and provides insight into the trends in utility efficiency scoring.

As a consequence of this study, CHEI has expended considerable effort to understand the drivers of their efficiency ranking and has undertaken initiatives to improve their scores.

The following section reviews past performances and introduces future performances based on load forecast and forecasted capital and operational expenditures.

### 5.1 Past performances

The PEG Past Performance table below shows CHEI's rating for the last three historical years of business. The PEG report uses econometrics to determine the cost efficiency of distributors. Group 1 (of 5) is ranked as the most efficient group. As can be seen, CHEI has achieved the highest ranking possible.

**Table 1 - PEG Past Performance (Stretch Factor)**

	2014	2015	2016
<i>Stretch Factor Cohort - Annual Result</i>	2	1	1

The percentage difference between actual and predicted cost is the measure of cost performance. Utilities with larger negative differences between actual and predicted costs, such as CHEI, are better cost performers and therefore eligible for lower stretch factors. This table shows CHEI's difference between its actual costs and predicted, and although total costs have increased, costs performances are improving.

**Table 2 - Summary of Cost Performance Results**

	2014	2015	2016
	(History)	(History)	(History)
<b>Cost Benchmarking Summary</b>			
<b>Actual Total Cost</b>	<b>1,052,237</b>	<b>1,097,457</b>	<b>1,119,904</b>
<b>Predicted Total Cost</b>	<b>1,415,586</b>	<b>1,530,324</b>	<b>1,802,737</b>
<b>Difference</b>	<b>(363,350)</b>	<b>(432,867)</b>	<b>(682,833)</b>
<b>Percentage Difference (Cost Performance)</b>	<b>-29.7</b>	<b>-33.2%</b>	<b>-47.6%</b>
<b>Stretch Factor Cohort - Annual Result</b>	<b>2</b>	<b>1</b>	<b>1</b>

The utility's historical capital additions have also been historically stable which has been achieved using a solid well tracked budget process.

**Table 3 - Historical Capital Spending**

	2014	2015	2016
<b>Capital Additions</b>	<b>\$319,706</b>	<b>\$213,115</b>	<b>\$458,645</b>

The utility's Rate Base has increased proportionally to its capital investments and as such has remained historically as stable as its other financial metrics.

**Table 4 - Historical Revenues**

		2014	2015	2016
<b>Residential</b>	Fixed	\$14.56	\$14.77	\$18.25
	Variable	\$0.0136	\$0.0138	\$0.0106
	Cust/Conn	1,809	1,884	1,965
	kWh	19,479,913	19,377,540	19,268,403
	Revenues	580,995	601,330	634,580
<b>General Service &lt; 50 kW</b>	Fixed	\$16.98	\$17.23	\$17.57
	Variable	\$0.0140	\$0.0142	\$0.0145
	Cust/Conn	165	165	161
	kWh	4,699,450	4,594,197	4,547,781
	Revenues	99,413	99,353	99,888
<b>General Service &gt; 50 kW - 4999 kW</b>	Fixed	\$189.25	\$191.99	\$195.73
	Variable	\$3.5066	\$3.5574	\$3.6268
	Cust/Conn	11	11	11
	kWh	4,189,855	4,316,369	4,242,389
	kW	18,735	12,238	12,058
<b>Unmetered Scattered Load</b>	Revenues	90,677	68,878	69,568
	Fixed	\$20.08	\$20.37	\$20.77
	Variable	\$0.0052	\$0.0053	\$0.0054
	Cust/Conn	18	18	17
<b>Streetlighting</b>	kWh	89,075	94,284	93,284
	Revenues	4,800	4,900	4,741
	Fixed	\$1.88	\$1.91	\$1.95
	Variable	\$7.6728	\$7.7841	\$7.9359
<b>Total</b>	Cust/Conn	409	451	558
	kWh	359,464	373,173	321,015
	kW	1,003	1,050	917
	Revenues	16,923	18,510	20,334
	<b>Cust/Conn</b>	<b>2,412</b>	<b>2,529</b>	<b>2,712</b>
	<b>kWh</b>	<b>28,817,757</b>	<b>28,755,563</b>	<b>28,472,872</b>
	<b>kW</b>	<b>19,738</b>	<b>13,288</b>	<b>12,975</b>
	<b>Revenues</b>	<b>\$792,808.48</b>	<b>\$792,971.20</b>	<b>\$829,111.68</b>

The utility's revenues per class and overall revenues have also been historically steady.



**Table 5 - Historical Bill Impacts**

Year	2014	2015	2016	2017
	CoS	IRM	IRM	IRM
<i>Monthly Charge</i>	\$14.56	\$14.77	\$18.25	\$21.87
<i>Volumetric</i>	\$0.0136	\$0.0138	\$0.0106	\$0.0072
<b>Bill Impact</b>	<b>1.60%</b>	<b>3.88%</b>	<b>7.88%</b>	<b>1.35%</b>

Bill impacts are subject to a modest increase during the years between Cost of Service (Incentive Regulation Mechanism) – in CHEI's case from 2015 to 2017. It's important to note that bill impacts also include the effects of the disposition of deferral and variance accounts from the pass-through charges (regulatory assets).

## 5.2 Short and Long Term Capital Spending

CHEI is focused on maintaining its high performance levels in all aspects of its capital investments and planning activities to comply with its regulatory obligations and responsibilities to the Ontario Energy Board (OEB) and the Electrical Safety Authority (ESA).

At the core of CHEI's mandate, is the responsibility to deliver a trusted source of safe, efficient, and reliable power to its customers, which supports growth and accommodates economic development in the town of Embrun.

CHEI strives to provide safe, reliable service while minimizing the life cycle costs of assets by doing predictive and preventative work. CHEI places a high priority on the upkeep and replacement of its aging infrastructure. Distribution equipment that was placed in-service over 40 years ago, in many cases, has reached its normal useful life. Therefore, CHEI is faced with the ongoing replacement of this aging infrastructure. Customer expectations for reliability are high and can only be met with a well-maintained distribution system. Thus, investment in replacement equipment along with its associated operational costs has become a continuous reality for CHEI as it commits to satisfying the essential community needs.

### 2017-2018 Capital Planning

A newly developed Distribution System Plan forms the basis for the utility's capital and maintenance programs. The Distribution System Plan reflects the latest performance priorities of the distribution system and serves as a placeholder for the longer-term projects recommended from the condition (age risk ratings) assessments.

Priorities and strategies for budget development include the following:

- The construction of a new transformer, which will come into service at the end of 2017, is ensuring that an adequate supply of electricity will continue to power the city's growth for years to come.
- Replacement of poles and transformers as they show sign of deterioration
- Installing distributions assets to power new subdivisions.

## **5-10 Year Capital Planning to Accommodate Growth and Aging Infrastructure**

Under a 5-10-year capital investment plan, the company has embarked on a prudent course to maintain the utility's equipment assets.

CHEI places a high priority on balancing its obligations to accommodate growth while addressing the upkeep and replacement of its aging infrastructure. The following are the actions that CHEI plans to take over the next 5-10 years to bring about the desired future.

- Priority will be given to CHEI's legislated/mandatory requirements; for example:
  - System access including the obligation to connect customers – mostly Residential, but Commercial as well.
  - Accommodate City, Region, Ministry, etc. mandatory project requirements.
  - Meet the OEB's – and other regulatory bodies' – quality, reliability, health, safety, environmental, etc. performance standards.
- To safeguard the major investments already made in its critical assets and continue to maintain and upgrade as necessary.
- Continue to invest prudently in modern information technology to provide customers with clear, meaningful bills that can assist them in managing their electricity usage.
- Optimal life extension, for example:
  - Intensify condition monitoring to minimize uncertainty regarding decisions relating to equipment maintenance, renewal, and replacement.
  - Where economically viable, refurbish cables and equipment in-situ to extend their reliable useful lives.

## **5.3 Operational Costs**

CHEI's Operations strategy is to provide safe, reliable service at an appropriate level of quality throughout the licensed service areas.

CHEI continually reviews its business and operational goals against its workforce needs, its financial strength and the impact on its customers. CHEI recognizes the importance and value of maintaining a skilled and engaged workforce, where all employees are customer focused and enjoy working for the utility. CHEI's analyzes its operation budget monthly to make sure that it does not stray far from its budgets thus ensuring that its ROE stays within range of its approved ROE. The utility is very

mindful that every dollar of increase in operation costs means that a dollar more is collected from the customers. Therefore, operational planning focuses mainly on efficiency and finding reductions wherever possible. Historical and projected costs are shown in Table 6 below.

**Table 6 – Operating Costs**

	<b>Board Approved</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<i>Operations</i>	\$20,900	\$28,851	\$39,764	\$34,209	\$35,830	\$37,769
<i>Maintenance</i>	\$40,300	\$44,655	\$26,251	\$46,223	\$50,645	\$56,215
<i>Billing and Collecting</i>	\$170,174	\$166,891	\$210,565	\$177,779	\$198,023	\$209,970
<i>Community Relations</i>	\$4,000	\$6,982	\$8,363	\$7,863	\$7,500	\$7,875
<i>Administrative and General</i>	\$320,905	\$321,703	\$328,131	\$346,810	\$359,618	\$410,142
<b>Total</b>	<b>\$556,279</b>	<b>\$569,081</b>	<b>\$613,072</b>	<b>\$612,883</b>	<b>\$651,616</b>	<b>\$721,971</b>
<i>%Change (year over year)</i>		2.3%	7.7%	0.0%	6.3%	10.8%

## 5.4 Return on Equity

The actual Return on Equity for 2016 is 4.37% which indicates a underearning when compared to the Board Approved 2014 rate of return. Further information on the topic of Return on Equity can be found in Section 8.

## 5.5 Target Performance

This section summarizes the projected performance of the utility taking into consideration the long-term perspective of the health and age of the distribution assets. It captures the results of CHEI's expected PEG performance, Rate Base and projected revenues based on its priorities for capital investments and operational expenditures.

**Table 7 - PEG Target Performance (Stretch Factor)**

	2017	2018
<i>Stretch Factor Cohort - Annual Result</i>	1	1

**Table 8 - Target Cost Performance Results**

	2017	2018
<i>Cost Benchmarking Summary</i>		
<i>Actual Total Cost</i>	1,177,757	1,200,300
<i>Predicted Total Cost</i>	1,918,872	1,994,266
<i>Difference</i>	(741,115)	(793,966)
<i>Percentage Difference (Cost Performance)</i>	-48.8%	-50.77%
<i>Stretch Factor Cohort - Annual Result</i>	1	1

**Table 9 - Proposed Rate Base**

	2017	2018
<i>Capital Additions</i>	\$1,706,996	\$150,205

**Table 10 - Proposed Revenues by Class**

	Year	2017	2018
<b>Residential</b>	Fixed	\$21.87	\$29.53
	Variable	\$0.0072	\$0.0059
	Cust/Conn	2,040	2,100
	kWh	21,046,900	21,616,344
	Revenues	\$686,915	\$872,187
<b>General Service &lt; 50 kW</b>	Fixed	\$17.90	\$21.68
	Variable	\$0.0015	\$0.0088
	Cust/Conn	168	172
	kWh	4,941,575	5,043,563
	Revenues	\$43,424	\$89,329
<b>General Service &gt; 50 kW - 4999 kW</b>	Fixed	\$199.45	\$199.45
	Variable	\$3.6957	\$5.3463
	Cust/Conn	9	9
	kWh	3,657,936	2,827,501
	kW	12,701	12,736
<b>Unmetered Scattered Load</b>	Fixed	\$21.16	\$21.16
	Variable	\$0.0055	\$0.0175
	Cust/Conn	17	17
	kWh	82,356	82,127
	Revenues	\$4,883	\$5,857
<b>Streetlighting</b>	Fixed	\$1.99	\$4.09
	Variable	\$8.0867	\$44.1518
	Cust/Conn	517	530
	kWh	385,594	393,969
	kW	590	603
<b>Total</b>	Revenues	\$17,115	\$52,630
	Cust/Conn	2,751	2,828
	kWh	30,114,361	29,963,504
	kW	13,291	13,339
		\$820,815	\$1,109,634

## **5.6 Future Outlook**

In 2016, CHEI took steps to weave reliability and sustainability into all aspects of its operations – from the power supply to encouraging and helping customers incorporate green features into their homes and businesses. Even though CHEI is a small utility, planning is something it has always done well and will continue to do so in the coming years.

CHEI also set out to leverage technology to improve the customer experience. Since then, the utility has launched a series of technology enhancements to increase communication with its customers and upgrade its website to include capital projects and educational tools about the industry and regulatory processes.

## 6. Strategy and Implementation Summary

### 6.1 SWOT Analysis

The use of the SWOT (strengths, weaknesses, opportunities, and threats) analysis is new to the utility, however it has already proven to be a valuable management tool that has helped CHEI review key aspects of the utility to identify factors that will drive performance and decision making going forward.

Strengths and Weaknesses are associated with internal factors such as:

- ✓ Financial resources, such as funding and ability to meet its financial obligations.
- ✓ Physical resources, such as the utility's location, facilities, and equipment.
- ✓ Human resources, such as employees, volunteers, and target audiences
- ✓ Access to natural resources, trademarks, patents and copyrights
- ✓ Current processes, such as employee programs, department hierarchies, and software systems

Opportunities and Threats are associated with external factors such as:

- ✓ Market trends such as new products and technology or shifts in audience needs
- ✓ Economic trends, such as local, national and international financial trends
- ✓ Funding, such as donations, legislature, and other sources
- ✓ Demographics, such as a target audience's age, race, gender and culture
- ✓ Political, environmental and economic regulations.

### 6.2 CHEI Strengths

#### ✓ Cooperative

CHEI values the community it serves and the environment in which it operates but most importantly it values the cooperative ownership structure it operates under. Sharing ownership gives people a stake, creating greater engagement, interest, and concern for the long-term benefit of the business. Studies consistently show that the commitment ownership brings boosts in productivity because people are invested, emotionally and financially, in the business. CHEI is living proof of this statement.

Sharing ownership can also harness innovation, by giving those who understand the business most reason to contribute to its development. When customers are also owners, there is an incentive, and a reward, for contributions.

✓ **Small LDC in a small town**

While the values of top management have a significant impact on the performance of businesses of all sizes, in small businesses, social performance is more directly and personally shaped by management. A Smaller town with a smaller utility such as CHEI is more socially and economically embedded within the community in which they operate than are managers of big utilities. Managers of a small utility are more likely to live in the city or town where they conduct business. They are long term residents. Their children attend local schools and play in local parks. Their families personally benefit from safe streets and vital community. The absence of an infrastructure that exists in larger cities increases the business 'motivation to work for general community betterment. Long-term residence in a town is associated with knowing a greater number of other residents, interacting with them in multiple venues (as church members, employees, neighbours, and friends), and knowing more residents beyond the acquaintanceship level. Each relationship represents a potential personal invitation to get involved in a community organization and to engage with customers. If the community has a pattern of residents working together to promote community betterment, the more people a business owner knows, the greater the likelihood he or she will be personally invited to get involved in community projects or this case, have a voice and an opinion that is sure to be heard. In smaller towns such as Embrun, customer engagement is not always done at the utility's head office; it is often done at while waiting in line at the grocery store, bank or the gas pump.

The most important feature of a small town is that they provide a sense of community. The community is much more than belonging to something. It's about doing something together that makes belonging matter. They actively participate in their community by joining a volunteer fire departments, social associations, and cooperatives such as CHEI. They have small summer fairs where people can directly talk to staff and give their inputs. It is the active engagement of individuals that create a sense of belonging.

✓ **Employees**

CHEI cares about its employees always ensuring a safe work environment, with opportunities for personal growth and development, and fair remuneration and management practices.

CHEI's management team also strives to lead by example. What this means is that active participation by the general manager promotes and encourages employee learning, engagement, and participation. CHEI understand that having the right team in place is critical to the success of the business and such dynamics can only be achieved when a utility invests in its employees. Studies show that high levels of employee engagement in an organization are linked to superior business performance, including increased employee retention & profitability, customer excellence, and safety performance.

Going forward, the utility will continue to identify the key gaps between the talent in place and the talent required to drive business success and provides clear expectations and feedback to manage performance



✓ **Customers and Community**

CHEI values the input and feedback of its customers and partners and respects the needs and expectations of its customers. CHEI take pride in making significant contributions to its community programs in which we can add value such as fundraising, energy conservation projects and business development activities.

✓ **Forward Looking**

CHEI analyses budgets, trends and performances monthly and makes decisions that help manage the cost, reliability, and availability of electricity supply to its customers on the long term.

✓ **Value and Financial Health**

CHEI is focused on value for money for its customers (who are also the shareholders.) They strive to provide their services in the most efficient and cost-effective manner possible. CHEI's team consistently seeks opportunities to improve its service offering to deliver greater value.

## **6.3 CHEI Weaknesses**

✓ **Dependency on third party assistance to meet its regulatory requirements.**

CHEI has statutory obligations and responsibilities to the Ontario Energy Board (OEB) and the Electrical Safety Authority (ESA). Both regulator issue comprehensive OEB codes and guidelines that come with compliance and reporting requirements. As a small utility with only three employees, it can be difficult to conform to an ever-changing regulatory environment. Planning and budgeting for the unexpected can be difficult – especially with the current five-year rate rebasing period. CHEI is also finding that much of the new requirements require expertise which goes beyond those of its current staff and as such, the utility must often turn to third-party experts (such is the case for the DSP) to bring external expertise to meet the requirements and level of standards which regulators expect. Under those circumstances, the utility will often “shop around” and negotiate rates and costs to find the best value for money.

✓ **Managing unexpected costs beyond the utility's control.**

As mentioned in the section above, planning and budgeting for the unexpected can be difficult – especially with the current five-year rate rebasing period. For the most part, the utility plans for significant investments well in advance, however, unexpected costs can arise as a result of a change in legislation or new regulatory requirements. Most

larger utilities can absorb these cost without much impact on rates or performance. However, as smaller utility, CHEI can be materially affected when faced with cost pressures that are beyond its control or ability to plan for.

## **6.4 CHEI Opportunities**

- ✓ To form strategic alliances with like-minded LDCs to realize greater efficiencies and integrate new ideas that improve operations and ensure sustainability in an evolving energy sector.
- ✓ To drive down operating costs as much as possible.
- ✓ To meet and monitor the utility's allocated Conservation targets as closely as possible.
- ✓ To position the utility as, reliable and customer-focused LDC, with high levels of trust
- ✓ To disaffirm negative perceptions that prevail, particularly in respect to energy increases
- ✓ To build a stronger presence within the community.
- ✓ To engage current and prospective employees and partnerships; inspire them, build trust and position CHEI as a great place to work or as a great partner.

## **6.5 CHEI Threats**

In addition to its many regulatory responsibilities, the business of distributing electricity has several basic risk considerations that must be managed successfully to ensure business continuity.

The following areas of exposure were identified and evaluated as part of the CHEI risk profile:

### **✓ Reliability**

Although the utility's reliability metrics are well above the OEB's standards, customers have very high service expectations, and any system interruptions should be handled quickly and professionally. Reputational risks can occur when incidents and outages are not perceived to be addressed in a quick and efficient manner. Customers accept the occasional power outage, but confidence is eroded when they cannot get access to timely information on the nature of the incident and an estimate of restoration times.

If an unplanned outage occurs within CHEI's service area, CHEI will immediately contact its operations contractor and escalate the issues. If an issue occurs where the utility suspects that it is outside of its territory, the utility will contact Hydro One in Winchester to let them know that the CHEI service area is out. For planned outage, the customers affected will be contacted at least 48 hours before either by phone or by mail.

For all outages, CHEI personnel updates its social medias and attempts to give as much details as possible to its customers regarding the location, area affected and timing of the restoration of power.

✓ **Succession Planning**

Within the next five years, CHEI may see the leave of its current General Manager due to his eligibility to retire. The utility recognizes that finding a candidate with industry specific competencies in smaller rural LDCs is tough. As such, over the past year, CHEI has put substantive effort into its succession planning which involves training its employees on every aspect of the utility. Documenting processes have also become a priority.

✓ **Mandated Consolidation**

The Drummond Report is a document commissioned by the provincial government to look at ways the province can balance its books over the next six years. It was released in early 2012. The province's Drummond Commission recommends the consolidation of Ontario's 80 local distribution companies into regional centres to create economies of scale. A sector review panel which followed the Drummond Report's recommendation stated that forced consolidation is the key that would see the existing utility companies reduced to 8-12 regional utilities under the umbrella of Hydro One. Although the Association of Municipalities of Ontario (AMO) and the Electricity Distributors Association have opposed the recommendation to consolidate the local utilities and for the time being, the report has been shelved, the utility is mindful that the proposition could be resurrected in future years.

✓ **Cross-fuel competition**

Historically, utilities haven't been directly subject to price competition for products due to geographic franchise arrangements—although cross-fuel competition in many areas could be quite fierce.

Investment in utility infrastructure is projected to increase as growth in sales is declining. At the same time, alternatives to the grid are becoming more widespread and cost competitive. Also, the rates for delivering power are almost always volume-based, which means that defections of customers can have a large impact on unit rates. Thus, attracting and retaining customers to keep prices affordable is more important than ever.

Queen's Park has called upon the Ontario Energy Board (OEB), the provincial energy regulator, to look for ways to expand the gas distribution grid to parts of the province. These are mostly rural and northern communities which could hurt the utility's rates going forward.

## 7. Personnel Plan

CHEI is facing the same challenges the electricity industry is about its aging demographics and infrastructure. Matching the resource capability with the work demands in the electricity sector requires planning which is what CHEI is currently executing. Numerous contributing factors are impacting workforce planning, including a shortage of proficiently skilled labour, and increased work demands, therefore, CHEI has opted to invest instead in its current staff members on the various aspects of running a utility.

CHEI currently employs one General Manager and two customer service representatives. CHEI does not plan to hire additional staff in 2017 and 2018. CHEI notes that employee pay raises reflect the rate of inflation. As explained in Section 2.1, CHEI must also rely on third party contractors and consultants, mainly for the maintenance of the distribution system and assistance with meeting its regulatory requirements.

CHEI continually reviews its business and operational goals against; its workforce needs, its financial strength and the impact on its customers. CHEI recognizes the importance and value of maintaining a highly skilled and engaged workforce, where all employees are customer focused and proud to work for the utility.

**Table 11 - FTE Employment**

<i>Trades &amp; Technical Positions</i>	Current #'s	Minimum #'s	2017 Budget #s	2018 Budget #s
<i>General Manager</i>	1	1	1	1
<i>Customer Service Rep</i>	2	2	2	2

## 8. Financial Results

CHEI's financial performance has remained strong over the past four years with an income of 124,000, 91,000 and 79,000 for 2014, 2015 and 2016 respectively. The utility's solid performance has allowed the cooperative members to received dividends of \$22,000, \$20,000 and \$20,000 for 2014, 2015 and 2016 respectively.

By the end of 2017, CHEI will be under-earning due mainly to the increase in capital spending related to the 44Kv substation and a one-time administrative cost associated with an OEB audit. Details of the substation are presented in the utility's Distribution System Plan, and details relating to one-time costs are explained in the utility's Cost of the Service application, specifically throughout Exhibit 4. The rate or return for 2018 is expected to be 8.78% as prescribed by the OEB.

**Table 12 – Financial Ratios from Scorecards**

	<b>Financial Ratios</b>			
	Liquidity: Current Ratio (Current Assets/Current Liabilities)	Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	Profitability (Approved ROE)	Regulatory Return on Equity (Achieved ROE)
2011	3.19	0	9.36%	6.26%
2012	3.24	0	9.36%	10.28%
2013	3.14	0	9.36%	8.43%
2014	3.09	0	9.36%	4.35%
2015	2.87		9.36%	1.53%

### 8.1 Important Assumptions

Load forecasting affects all aspects of the utility's future including supply capacity of the distribution system and revenue requirements. The load forecast also the potential to be significantly impacted by Conservation and Demand Management targets. Each LDC has a target to reduce its annual energy supplied (kWh). CHEI's target is 1,790,000 kWh in energy reduction 2015-2020.

Since expenses and revenues are often closely tied to the utility's customer count and load, it is important to go over the utility's historical and projected load before discussing financial results. CHEI's customer growth is primarily in the Residential Class. The utility projects a small yet steady increase in the GS<50 class and virtually no change in the Unmetered Scattered Load, Street Light. Overall, the trend table shows a slow yet stable growth in customers. CHEI's load and customer projections support the Economic Outlook Summary which indicates that population growth is expected to remain modest in 2017 and 2018. The second important assumption is the stability of

operating costs. Table 13 below shows the utility historical operating costs and projected costs for 2017.

**Table 13 - Load and Customer Forecast Table**

	Year	2014	2015	2016	2017	2018	2018 CDM Adjusted
<b>Residential</b>	Cust/Conn	1,800	1,847	1,927	2,040	2,100	2,100
	kWh	19,479,913	19,377,540	19,268,403	21,046,900	21,676,646	21,616,344
	kW						
<b>General Service &lt; 50 kW</b>	Cust/Conn	159	165	163	168	172	172
	kWh	4,701,954	4,594,197	4,538,610	4,941,575	5,057,633	5,043,563
	kW						
<b>General Service &gt; 50 to 4999 kW</b>	Cust/Conn	11	11	11	9	9	9
	kWh	4,346,251	4,316,369	4,274,953	3,657,936	2,835,388	2,827,501
	kW	12,214	12,238	12,169	12,701	12,772	12,736
<b>USL</b>	Cust/Conn	19	19	18	17	17	17
	kWh	89,075	94,284	94,284	82,356	82,356	82,127
	kW	-	-	-	-	-	-
<b>Street Lighting</b>	Cust/Conn	409	430	505	517	530	530
	kWh	359,464	373,173	376,348	385,594	395,068	393,969
	kW	1,003	1,050	576	590	605	603
<b>Total</b>	Cust/Conn	2,398	2,471	2,623	2,751	2,828	2,828
	kWh	28,976,657	28,755,563	28,552,598	30,114,361	30,047,092	29,963,504
	kW	13,217	13,288	12,745	13,291	13,377	13,339

CHEI's 2018 Test Year operating costs are projected to be \$721,971 which represents an increase of \$165,692 from its 2014 Cost of Service or 29.8%. These operating costs are necessary to comply with the Distribution System Code, environmental requirements, and government direction. The increase in OM&A in 2018 from the 2014 Board Approved are attributed to operation and maintenance costs (approx. \$17K and \$16K respectively), include activities such as repairs to the underground distribution system and an increase in locates due to new subdivisions. Billing in Collecting costs have also increased by due to an increase in bad debt, collection charges and costs associated with the billing system. The increase in Administrative Costs is for the most part related to an increase in Regulatory Costs necessary to comply with new policies and requirements.

**Table 14 - Operation Costs Table**

	<b>Board Approved</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<i>Operations</i>	\$20,900	\$28,851	\$39,764	\$34,209	\$35,830	\$37,769
<i>Maintenance</i>	\$40,300	\$44,655	\$26,251	\$46,223	\$50,645	\$56,215
<i>Billing and Collecting</i>	\$170,174	\$166,891	\$210,565	\$177,779	\$198,023	\$209,970
<i>Community Relations</i>	\$4,000	\$6,982	\$8,363	\$7,863	\$7,500	\$7,875
<i>Administrative and General</i>	\$320,905	\$321,703	\$328,131	\$348,890	\$362,118	\$410,142
<b>Total</b>	<b>\$556,279</b>	<b>\$569,081</b>	<b>\$613,072</b>	<b>\$614,963</b>	<b>\$654,116</b>	<b>\$421,971</b>

## 8.2 Actual Return vs. Allowed Return

### ✓ Liquidity: Current Ratio (Current Assets/Current Liabilities)

CHE's current ratio declined slightly from 3.14 in 2013 to 3.09 in 2014 and further declined to 2.87 in 2015. The ratio still exceeds the indicator of good financial health.

### ✓ Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio

Up until 2017, CHE has never carried debt instruments. By Board policy, the utility used a deemed capital structure of 60% debt, 40% equity when establishing rates. In early 2017, the utility incurred a long-term debt to finance the 44Kv substation. The utility is borrowing \$1,000,000 over a period of 20 years at a fixed rate of 2.90%. The remainder of the cost related to the 44Kv substation is funded through the utility's cash reserve.

### ✓ Profitability: Regulatory Return on Equity – Deemed (included in current rates)

CHE's current distribution rates were rebased and approved by the OEB in 2014 and included an expected (deemed) regulatory return on equity of 9.36%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. The actual return on equity for 2016 is 4.37% which indicates a underearning when compared to the Board Approved 2014 rate of return. Because of the increase in capital spend for 2017, CHEI expects that the utility will show significant under-earnings in 2017. But with the Cost of Service scheduled for 2018, the return on equity will rebalance itself at 8.78%.

### ✓ Profitability: Regulatory Return on Equity – Achieved (2016)

The actual return on equity for 2016 is 4.37% which indicates a slight underearning when compared to the Board Approved 2014 rate of return. Because of the increase in capital spend for 2017, CHEI expects that the utility will show significant under-earnings in 2017. With the Cost of Service scheduled for 2018, the return on equity will balance at 8.78% as per Board Approved.

**Table 15 - Return on Equity Table**

	2014 BA	2014	2015	2016
Return on Equity	9.85%	4.35%	1.53%	3.87%



### 8.3 Profit and Loss

Outlined below, and in the following table, are some of the essential components of the projected profit and loss for CHEI:

Operating Revenues for 2017 and 2018 are forecast to be \$820,815 and \$1,109,634.

Cost and Expenses for 2017 and 2018 are predicted to be \$808,709 and \$886,804.

Taxes for 2017 and 2018 are predicted to be \$7,357 and \$6,380 respectively.

The net profit for 2017 and 2018 is forecast to be -102,625 and 165,343, respectively.

As reflected in the Past Performance Table CHEI realized a profit ranging from \$91,965 in 2015 to \$126,214 in 2016. CHEI anticipates that due to the completion of the 44kV substation in 2017 and new rates only coming into effect on January 1, 2018 – the utility will see a significant deficit in 2017.

**Table 16 - Profit and Loss Table**

	Board Approved	Actual	Actual	Actual	Projected	Projected
<i>Derivation of Utility Income</i>	2014	2014	2015	2016	2017	2018
<b>Operating Revenues</b>						
<i>Distribution Revenues</i>	858,144	784,466	796,608	828,016	842,198	1,109,634
<i>Other Revenue</i>	30,281	45,162	52,325	50,821	36,770	28,789
<b>Total Operating Revenues</b>	<b>888,425</b>	<b>829,628</b>	<b>848,933</b>	<b>878,836</b>	<b>878,968</b>	<b>1,138,424</b>
<b>OM&amp;A Expenses</b>	556,279	572,561	614,897	614,963	651,616	721,971
<i>Depreciation &amp; Amortization</i>	132,429	119,533	118,183	124,120	145,817	165,121
<b>Total Costs &amp; Expenses</b>	<b>688,708</b>	<b>692,094</b>	<b>733,080</b>	<b>739,083</b>	<b>797,433</b>	<b>887,092</b>
<i>Deemed Interest Expenses</i>	81,922	-115	843	0	117,823	79,719
<b>Total Expenses</b>	<b>770,630</b>	<b>691,979</b>	<b>733,923</b>	<b>739,083</b>	<b>915,256</b>	<b>966,811</b>
<b>Utility Income before Income Taxes / PILs</b>	<b>117,795</b>	<b>137,649</b>	<b>115,009</b>	<b>139,753</b>	<b>-36,288</b>	<b>171,613</b>
<i>PILs / Income Taxes</i>	8,922	12,873	23,044	13,540	7,357	6,380
<i>Adjustments for FS purposes (donations)</i>			0			
<b>Utility Income</b>	<b>108,873</b>	<b>124,776</b>	<b>91,965</b>	<b>126,213</b>	<b>-43,645</b>	<b>165,233</b>

## 8.4 Rate Base and Revenue Deficiency

As shown in the following table, CHEI's revenue deficiency has steadily grown indicating that it is time for the utility to re-establish its rates based on its costs.

The revenue deficiency for 2014, 2015 and 2016 was -\$56,787, -\$99,825, -\$114,619 respectively. The largest deficiency is forecasted to be -\$200,230 in 2017 – justifiably so.

**Table 17 - Table of Rate Base and Revenue Deficiency**

	Board Approved	Actual	Actual	Actual	Projected	Projected
	2014	2014	2015	2016	2017	2018
<b>Utility Income</b>	<b>108,873</b>	<b>-124,653</b>	<b>-91,966</b>	<b>-126,214</b>	<b>-43,645</b>	<b>165,233</b>
Gross Fixed Assets (year end)	3,970,647	3,789,238	4,002,353	4,433,945	6,140,941	6,291,146
Capital Expenditures (additions)	<b>474,595</b>	<b>319,706</b>	<b>213,115</b>	<b>458,645</b>	<b>1,706,996</b>	<b>150,205</b>
Accum Depreciation	-1,360,666	-1,425,558	-1,543,741	-1,652,667	-1,798,484	-1,963,605
Remove Non-Distribution Assets (2180)						
Net Fixed Assets	2,609,981	2,371,349	2,458,611	2,781,278	4,342,457	4,327,541
Average Net Fixed Assets	2,372,683	2,285,056	2,411,146	2,619,945	3,561,867	4,334,999
Utility Rate Base	2,907,927	2,765,468	2,935,943	3,198,887	4,182,288	4,704,825
Deemed Equity Portion of Rate Base	1,163,171	1,106,187	1,174,377	1,279,555	1,672,915	1,881,930
Income/(Equity Portion of Rate Base)	9.36%	-4.51%	-3.13%	-3.95%	-1.04%	3.51%
Indicated Rate of Return	6.56%	4.51%	3.16%	2.90%	1.77%	5.21%
Approved Rate of Return	6.56%	6.56%	6.56%	6.56%	6.56%	5.21%
Sufficiency / (Deficiency) in Return	0.00%	(2.05%)	(3.40%)	(3.66%)	(4.79%)	0.00%
Equity	40%	40%	40%	40%	40%	40%
Short Term Debt	4%	4%	4%	4%	4%	4%
Long Term Debt	56%	56%	56%	56%	56%	56%
Equity Return	9.36%	9.36%	9.36%	9.36%	9.36%	8.78%
Short Debt Return	2.11%	2.11%	2.11%	2.11%	2.11%	1.76%
Long Debt Return	4.88%	4.88%	4.88%	4.88%	4.88%	2.90%
Tax Rate	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
<b>Net Revenue Sufficiency / (Deficiency)</b>	<b>0</b>	<b>-56,787</b>	<b>-99,825</b>	<b>-117,077</b>	<b>-200,230</b>	<b>0</b>

## 1.3 ADMINISTRATIVE

### 1.3.1 CONTACT INFORMATION<sup>3</sup>

Application contact information is as follows:

Applicants Name: Cooperative Hydro Embrun Inc.

Applicants Address: 821 rue Notre-Dame

Suite 200

Embrun, ON

CHEI's Contact Info. Benoit Lamarche

General Manager

blamarche@hydrembrun.ca

613-443-5110

CHEIs Counsel: Michael Buonaguro<sup>4</sup>

Email: Michael Buonaguro <mrb@mrb-law.com>

Phone: 416-767-1666

### 1.3.2 CONFIRMATION OF INTERNET ADDRESS<sup>5</sup>

The application is posted on CHEI's website address at [www.hydroembrun.com](http://www.hydroembrun.com), and a message to that effect was posed on the utility's website and Twitter site.

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<sup>3</sup> MFR - Primary contact information (name, address, phone, fax, email)

<sup>4</sup> MFR - Identification of legal (or other) representation

<sup>5</sup> MFR - Applicant's internet address for viewing of application and any social media accounts used by the applicant to communicate with customers

### 1.3.3 STATEMENT OF PUBLICATION<sup>6</sup>

Upon receiving the Letter of Direction and the Notice of Application and Hearing from the Board, the OEB will arrange to have the Notice of Application and Hearing for this proceeding published in the following local community not-paid-for newspaper which has the highest circulation in its service area.

- ✓ The News/Le Reflet”, a bilingual unpaid local publication with an average circulation of approximately 13,000.

Once the Notice of Application and Hearing has been published in the above listed newspapers, CHEI will file an Affidavit of Publication.

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<sup>6</sup> MFR - Statement identifying where notice should be published and why.

#### 1.3.4 LEGAL APPLICATION

**In the matter of; the Ontario Energy Board Act, 1998; S.O. 1998,  
c.15, Schedule B, as amended; and in the matter of; an  
Application by CHEI for an Order or Orders approving or fixing  
just and reasonable distribution rates effective January 1, 2018.<sup>7</sup>**

CHEI is a fully licensed distributor of electricity under distribution license ED-2002-0493 issued by the Ontario Energy Board (the "OEB" or the "Board") under the Ontario Energy Board Act, 1998 (the "Act").

CHEI hereby applies to the Board pursuant to section 78 of the Act for an Order or Orders approving or fixing just and reasonable distribution rates effective January 1, 2018.<sup>8</sup>

This Application is made in accordance with the Board's Chapter 2 of the Board's Filing Requirements for Transmission and Distribution Applications dated January 2, 2014. CHEI accordingly applies to the Board for the following Order or Orders:

- 1) Approval to charge distribution rates effective January 1, 2018 to recover a service revenue requirement of \$1,107,885 which includes a revenue deficiency of \$198,507 as detailed in Exhibit 6. The schedule of proposed rates is set out in Exhibit 8.;
- 2) Approval of the Distribution System Plan as outlined in Exhibit 2 Section 2.5.2.
- 3) Approval of a revised MicroFit monthly service charge as outlined in Exhibit 3 and 8.
- 4) Approval to adjust the Retail Transmission Rates – Network and Connection as detailed in Exhibit 8.
- 5) Approval of the proposed loss factors as detailed in Exhibit 8.

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<sup>7</sup> MFR - Statement identifying all deviations from Filing Requirements; identify concerns with models or changes to models

<sup>8</sup> MFR - Requested effective date

- 6) Approval to continue to charge Wholesale Market and Rural Rate Protection Charges approved in the Board Decision and Order in the matter of CHEI 2017 Distribution Rates (EB-2016-0062).
- 7) Approval of the rate riders for a one year disposition of the Group 1 and Group 2 and Other Deferral and Variance Accounts as detailed in Exhibit 9.
- 8) Approval to dispose of balances in the LRAM variance account as presented in Exhibit 9.
- 9) Such other approvals that CHEI may request and that the OEB accepts.

#### Certification of accuracy and completeness of application:

CHEI hereby certifies that the application has been reviewed and approved by the General Manager and its Board of Director and CHEI and confirms that the information and evidence presented herein is accurate to the best of CHEI's knowledge.<sup>9</sup>

#### Confidential Information:

CHEI confirms that the application does not include any confidential information.<sup>10</sup>

#### Align rate year with fiscal year:

CHEI aligned its rate year with its fiscal year as part of its 2014 Cost of Service. Therefore, no further adjustments are required in that respect.<sup>11</sup>

CHEI notes that it has no special conditions in its license.

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<sup>9</sup> MFR - Certification by a senior officer that the evidence filed is accurate, consistent and complete

<sup>10</sup> MFR - Confidential Information - Practice Direction has been followed

<sup>11</sup> MFR - Aligning rate year with fiscal year - request for proposed alignment

### 1.3.5 BILL IMPACTS<sup>12</sup>

The 2018 distribution rates proposed by CHEI will result in overall bill impacts for residential at 750kWh of 6.84% and GS<50 at 200kWh customer classes of -1.74% as detailed in Table 1 below. A full list of the bill impacts applicable to all customer classes is found in Exhibit 8, Section 8.1.4 of this application. All CHEI's customers will be affected by this application.<sup>13</sup>

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<sup>12</sup> MFR - Bill impacts - distribution only impacts for 750 kWh residential and 2000 kWh GS<50 (sub-total A of Tariff Schedule and Bill Impact Spreadsheet Model) to be used for notice

<sup>13</sup> MFR - Statement identifying customers materially affected by the application including any change to any rate or charge and specific statement of what individual customer or customer groups would be affected by the proposed change

1

**Table 1- Total Bill Impacts**

<b>RATE CLASSES / CATEGORIES</b> <i>(eg: Residential TOU, Residential Retailer)</i>	<b>Units</b>	<b>Usage</b>	<b>Sub-Total</b>						<b>Total</b>	
			<b>A</b>		<b>B</b>		<b>C</b>		<b>A + B + C</b>	
			\$	%	\$	%	\$	%	\$	%
RESIDENTIAL SERVICE CLASSIFICATION – TOU	kWh	310	9.32	38.66	9.81	35.75	9.81	30.86	9.77	15.20
RESIDENTIAL SERVICE CLASSIFICATION – RPP	kWh	310	9.32	38.66	9.81	35.75	9.81	30.86	9.77	15.72
RESIDENTIAL SERVICE CLASSIFICATION - TOU	kWh	750	8.18	29.99	8.52	24.86	8.51	19.03	8.41	6.84
RESIDENTIAL SERVICE CLASSIFICATION - RPP	kWh	750	8.18	29.99	8.52	24.86	8.51	19.03	8.41	7.01
GENERAL SERVICE LESS THAN 50 kW SERVICE CLASSIFICATION - RPP	kWh	2000	3.48	-7.32	4.92	-7.52	4.95	-5.46	5.21	-1.74
GENERAL SERVICE 50 TO 4,999 KW SERVICE CLASSIFICATION - Non-RPP (Other)	kW	80	20.71	4.18	-100.35	-12.70	-92.26	-7.89	104.25	-1.90
UNMETERED SCATTERED LOAD SERVICE CLASSIFICATION - Non-RPP (Other)	kWh	300	3.58	15.69	3.64	14.41	4.06	5.95	4.06	6.16
STREET LIGHTING SERVICE CLASSIFICATION - Non-RPP (Retailer)	kW	48	448.76	9.04	369.93	7.19	373.34	7.03	421.88	4.95

Subtotal A: represents the distributor's fixed and variable charges

Subtotal B: represents Subtotal A plus low voltage charges and deferral and variance rate riders

Subtotal C: represents Subtotal B network connection and transmission charge

Total Bill impacts includes Subtotal C and administrative charges, pass-through charges, commodity and taxes.



### 1.3.6 STATEMENT AS TO THE FORM OF HEARING REQUESTED<sup>14</sup>

This Application is supported by written evidence. The written evidence will be pre-filed and may be amended from time to time, prior to the Board's final decision on the Application.

CHEI requests that pursuant to Section 34.01 of the Board's Rules of Practice and Procedure, this proceeding be conducted by way of written hearing but understands that if certain issues remain unsettled post settlement, the utility may be asked to participate in an oral hearing.

### 1.3.7 PROPOSED ISSUES LIST<sup>15</sup>

In establishing the overall appropriateness of the proposed rates, CHEI anticipates that the following issues will be addressed by the Board and interveners.

#### Planning

#### Capital

Is the level of planned capital expenditures appropriate and is the rationale for planning and pacing choices appropriately and adequately explained, giving due consideration to:

- ✓ customer feedback and preferences
- ✓ productivity
- ✓ benchmarking of costs
- ✓ reliability and service quality
- ✓ impact on distribution rates
- ✓ trade-offs with OM&A spending
- ✓ government-mandated obligations, and
- ✓ the objectives of the Applicant and its customers.

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<sup>14</sup> MFR - Form of hearing requested and why

<sup>15</sup> MFR - List of approvals requested (and relevant section of legislation), including accounting orders - a PDF copy of Appendix 2-A should be provided in this section

## OM&A

Is the level of planned OM&A expenditures appropriate and is the rationale for planning choices appropriate and adequately explained, giving due consideration to:

- ✓ customer feedback and preferences
- ✓ productivity
- ✓ benchmarking of costs
- ✓ reliability and service quality
- ✓ impact on distribution rates
- ✓ trade-offs with capital spending
- ✓ government-mandated obligations, and
- ✓ the objectives of the Applicant and its customers.

## Revenue Requirement

- ✓ Are all elements of the Revenue Requirement reasonable, and have they been appropriately determined in accordance with OEB policies and practices?
- ✓ Has the Revenue Requirement been accurately determined based on these elements?

## Load Forecast, Cost Allocation, and Rate Design

- ✓ Are the proposed load and customer forecast, loss factors, CDM adjustments and resulting billing determinants appropriate, and, to the extent applicable, are they an appropriate reflection of the number and energy and demand requirements of the applicant's customers?
- ✓ Are the proposed cost allocation methodology, allocations, and revenue-to-cost ratios appropriate?
- ✓ Are the applicant's proposals, including the proposed fixed/variable splits, for rate design appropriate?

Are the proposed Retail Transmission Service Rates and Low Voltage Service Rates appropriate?

1    **Accounting**

- 2        ✓ Have all impacts of any changes in accounting standards, policies, estimates and  
3           adjustments been properly identified and recorded, and is the rate-making treatment of  
4           each of these impacts appropriate?
- 5        ✓ Are the applicant's proposals for deferral and variance accounts, including the balances  
6           in the existing accounts and their disposition, and the continuation of existing accounts  
7           appropriate?

8    **Other**

- 9        ✓ Is the proposed MicroFit rate appropriate?

### 1.3.8 STATEMENT OF DEVIATION OF FILING REQUIREMENTS<sup>16</sup>

Except where specifically identified in the Application, CHEI followed Chapter 2 of the OEB's "Filing Requirements for Electricity Transmission and Distribution Applications," dated July 21, 2016 (the "Filing Requirements") in order to prepare this application. The Excel version of the complete 2018 Cost of Service checklist is being filed in conjunction with this application.

### 1.3.9 CHANGES IN METHODOLOGIES<sup>17</sup>

The projections for the 2018 Test Year were prepared in accordance with CHEI's budget process as described in Section 1.4 of this Exhibit. All processes are in compliance with policies, directives and rules and guidelines from the Ontario Energy Board and other regulators.

### 1.3.10 BOARD DIRECTIVE FROM PERVIOUS DECISIONS

At the date of this submission, CHEI is not aware of any Board Directives from any previous Board Decisions and/or Orders that require addressing in this Application.<sup>18</sup>

### 1.3.11 CONDITIONS OF SERVICE

CHEI's conditions of service were updated in the spring of 2016 and can be found on the utility's website at [www.hydroembrun.com](http://www.hydroembrun.com). CHEI confirms that that the conditions of service do not purport to establish any charges that are not approved as part of the posted tariff sheet Conditions of Service but that the tariff sheet is posted on the utility's website.<sup>19</sup>

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<sup>16</sup> MFR - Statement identifying all deviations from Filing Requirements; identify concerns with models or changes to models

<sup>17</sup> MFR - Statement identifying and describing any changes to methodologies used vs previous applications

<sup>18</sup> MFR - Identification of OEB directions from any previous OEB Decisions and/or Orders. The applicant must clearly indicate how these are being addressed in the current application (e.g., filing of a study as directed in a previous decision)

<sup>19</sup> MFR - Reference to Conditions of Service - LDC does not need to file Conditions of Service, but must provide reference to website and confirm version is current; identify if there are changes to Conditions of Service (a) since last CoS application or (b) as a result of the current application. Confirmation that there are no rates and charges linked in the Conditions of Service that are not in the distributor's Tariff of Rates and Charges must be provided

## 1.3.12 ACCOUNTING STANDARDS FOR REGULATORY AND FINANCIAL REPORTING

### Changes in Tax Status:<sup>20</sup>

CHEI is a corporation incorporated pursuant to the Ontario Business Corporations Act and has not had a change in tax status since its last Cost of Service Application.

### Existing/Proposed Accounting Orders<sup>21</sup>

The Accounting Standard Board ("AcSB") adopted of MIFRS for qualifying rate-regulated entities on January 1, 2015. In accordance with a Board's letter of July 17, 2013, electricity distributors electing to remain on CGAAP were required to implement regulatory accounting changes for depreciation expenses and capitalization policies by January 1, 2013.

CHEI confirms it implemented the regulatory accounting changes for depreciation in 2013 and that its 2014 Cost of Service application was approved on the basis of these new changes to depreciations expenses. The 2018 Cost of Service Application is being filed based on the MIFRS accounting basis

### Accounting Standard used in Application

CHEI confirms that it made the required changes to its depreciation rates in 2013 such that they were embedded in the last rebasing year. CHEI adopted MIFRS in January of 2015. The details with respect to these changes are provided in Exhibit 2 and Exhibit 4. Details with respect to the new useful lives applied to capital assets and the resulting impact on depreciation are shown in Exhibit 4.

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<sup>20</sup> Any change in tax status

<sup>21</sup> Accounting Standards used for financial statements and when adopted

In accordance with the Filing Requirements, CHEI has provided information for the historical years using modified CGAAP presentation for 2014 and MIFRS for 2015. CHEI has provided the 2017 Bridge Year based on MIFRS and the 2018 Test Year is presented on an MIFRS basis.<sup>22</sup>

#### Employee Pension and Benefits.

CHEI does not have any Employee Future Benefits (“EFB”) and as such, has not recorded any costs in OM&A in USoA 5645. CHEI notes that Appendix 2-YA is not applicable in this case.

#### Compliance with the Uniform System of Accounts<sup>23</sup>

CHEI has followed the accounting principles and main categories of accounts as stated in the OEB’s Accounting Procedures Handbook (the “APH”) and the Uniform System of Accounts (“USoA”) in the preparation of this Application.

The useful lives proposed by CHEI in this Application are consistent with the useful lives in the Kinectrics Report commissioned by the OEB dated July 8, 2010. CHEI’s accounting methodology change in this regard took effect in 2013 pursuant to Board policy.

CHEI has never capitalized administration and other general overhead costs, which is, in any event, no longer permitted under MIFRS.

CHEI has also adopted the various account changes prescribed by the Board in relation to the USoA (Article 210 – Chart of Accounts and Account 220 – Account Descriptions). Consistent with recent applications to the Board, CHEI no longer includes PST in its OM&A cost estimates. Regulatory costs and one-time incremental costs for 2018 have been normalized by allocating one fifth of those costs to the 2018 Test Year.

CHEI is not proposing other changes in methodology. The OEB Appendix 2-Y below shows that the 2018 Revenue Requirement under MIFRS is identical to the scenario under NEWCGAAP.

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<sup>22</sup> MFR - State accounting standard(s) used in historical, bridge and test years. Provide a summary of changes to its accounting policies made since the applicant’s last cost of service filing. Identify all material changes or confirm no material changes in the adoption of IFRS. Appendix 2-Y

<sup>23</sup> Existing accounting orders and departures from the accounting orders and USoA

**Table 2 – OEB Appendix 2-Y Summary of Impacts to Revenue Requirement from Transition to MIFRS**

Revenue Requirement Component	2018	2018	Difference	Reasons why the revenue requirement component is different under MIFRS		
	MIFRS	NEWCGAAP				
<b>Closing NBV 2017</b>	\$4,342,456.97	\$4,342,456.97	\$ -	no change		
<b>Closing NBV 2018</b>	\$4,327,540.66	\$4,327,540.66	\$ -	no change		
<b>Average NBV</b>	\$4,334,998.82	\$4,334,998.82	\$ -			
<b>Working Capital</b>	\$369,826.03	\$369,826.03	\$ -	no change		
<b>Rate Base</b>	\$4,704,824.85	\$4,704,824.85	\$ -			
<b>Return on Rate Base</b>	\$244,952.00	\$244,952.00	\$ -	no change		
			\$ -			
<b>OM&amp;A</b>	\$721,971.00	\$721,971.00	\$ -	no change		
<b>Depreciation</b>	\$165,121.00	\$165,121.00	\$ -	no change		
<b>PILs or Income Taxes</b>	\$4,630.00	\$4,630.00	\$ -	no change		
			\$ -			
<b>Less: Revenue Offsets</b>	-\$28,789.00	-\$28,789.00	\$ -	no change		
			\$ -			
			\$ -			
			\$ -			
<b>Insert description of additional item(s) and new rows if needed.</b>			\$ -			
<b>Total Base Revenue Requirement</b>	\$1,107,885.00	\$1,107,885.00	\$ -	no change		

## Monthly Billing<sup>24</sup>

CHEI confirms that all its customers are billed on a monthly basis as of 2013 and increased costs related to the transition were approved in the 2014 Cost of Service.

### 1.3.13 ACCOUNTING TREATMENT OF NON-UTILITY RELATED BUSINESS

CHEI is engaged in the delivery of the Independent Electricity System Operator's ("IESO") (previously before amalgamation it was the Ontario Power Authority) conservation and demand management programs. The accounting for these activities is segregated from CHEI's rate regulated activities in accordance with the Board's Accounting Procedures Handbook for Electricity Distributors.

Apart from the above and the sale of electricity to its customers, CHEI engages in no other business activities.<sup>25</sup>

### 1.3.14 OPERATING ENVIRONMENT

The utility's operating environment has not changed since its last Cost of Service in 2014. A description of the operating environment and ownership description is presented in section 2.1 and 2.2 of the Business Plan and duplicated below for ease of reference.

*Embrun is a community in the Eastern Ontario region. Embrun is part of the larger Township of Prescott-Russell. With a population of 8,048 (entire town) or 5,655 (urban area), it is the largest community in Russell Township.*

*The community, which is largely (but not exclusively) francophone, is located approximately a twenty-five-minute drive from Ottawa, an hour and a half from Montreal, and a five-hour drive from Toronto. Embrun is located near Trans-Canada Highway 417.*

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<sup>24</sup> MFR - Statement confirming that the distributor will have implemented monthly billing for all customers by December 31, 2016

<sup>25</sup> MFR - Confirmation that accounting treatment of any non-utility business has segregated activities from rate regulated activities



*CHEI currently relies on 36 km of circuits and 280 transformers to deliver approximately 28,472,872 kWh of energy to approximately 2,155 customers. CHEI is entirely embedded within Hydro One Networks Inc.'s low voltage system. There are no other neighbouring electricity distribution utilities. The Town of Embrun is also served with natural gas.*

*Of its approximately 2000 customers situated in the Town of Embrun, 91% are residential customers, and 9% are commercial customers. The rest of Embrun's customers are attributable to the Street Lighting and Unmetered Scattered Load customer classes.*

*CHEI operates with three full-time employees which include a General Manager and two customer service representatives.*

*The General Manager is responsible for all internal and external financial activities of the company including liaison with banks and other financial institutions; providing financial reports to its shareholder; development of budgets and tracking the company's progress towards achieving approved financial targets; coordinating metering, information systems and customer billing, liaison with regulatory bodies including the OEB; accountants, purchasing and stores; and conservation and demand management. The General Manager oversees the operation of the distribution system. He is responsible for ensuring that contractors remain safe when interfacing with the distribution system; ensuring the reliable operation – including maintenance and repair – of the distribution system, and ensuring that customer requests for electricity service are provided promptly and according to code.*

*All 3 employees are responsible for responding to customer enquiries, providing human resources support and maintaining effective communications throughout the company.*

*CHEI must also balance reliance on third party contractors and consultants, and use its workforce to its best advantage for the customer and community.*

1        *CHEI is structured as a Cooperative Utility registered under the Co-operative*  
2        *Corporations Act in September of 2000.*

3        *Utility Ownership*

4        *CHEI is a utility that is tasked with the delivery of electricity. Profits are either*  
5        *reinvested for infrastructure or distributed to members in the form of dividends,*  
6        *paid on a member's investment into the cooperative.*

7        *CHEI is based on voluntary and open membership with a one-time cost of \$10*  
8        *per member. Membership is available to all persons able to use their services*  
9        *and willing to accept the responsibilities of membership, without gender, social,*  
10       *racial, political or religious discrimination. If a member wishes to leave the*  
11       *cooperative or moves out of the service area, the membership fee is refunded*  
12       *back to the customer. CHEI is a democratic organization controlled by its*  
13       *members, who actively participate in decision making. The elected*  
14       *representatives are accountable to the membership, and members have equal*  
15       *voting rights (one member, one vote). Each customer is a member and owner of*  
16       *the business with an equal say as every other member of the cooperative. The*  
17       *utility currently has 1455 members.*

### 1.3.15 CORPORATE ORGANIZATION

CHEI currently employs 3 employees, which include:

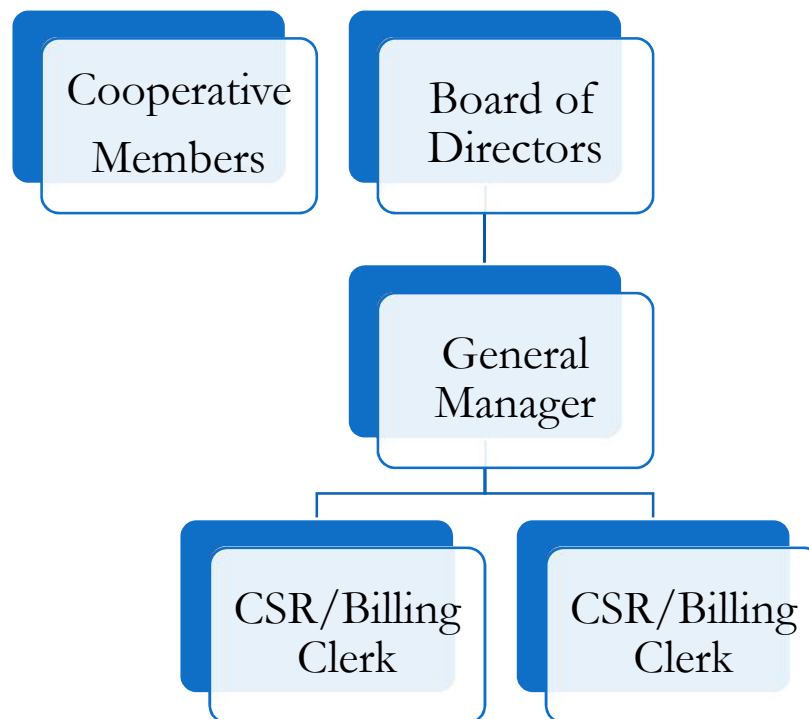
- ✓ A General Manager;
- ✓ 2 billing and customer service clerk (since Oct 2014)

The above relationships are shown in the Utility Organization Chart on the next page.<sup>26</sup>

The description of each employee's role within the utility is discussed at the previous section.

With respect to the Corporate Organization, the Cooperative Members are represented by the Board of Directors which make decisions on behalf of the members. The Organizational and Corporate Chart are shown in a single table below.

**Table 3 - Organizational and Corporate Structure Chart**



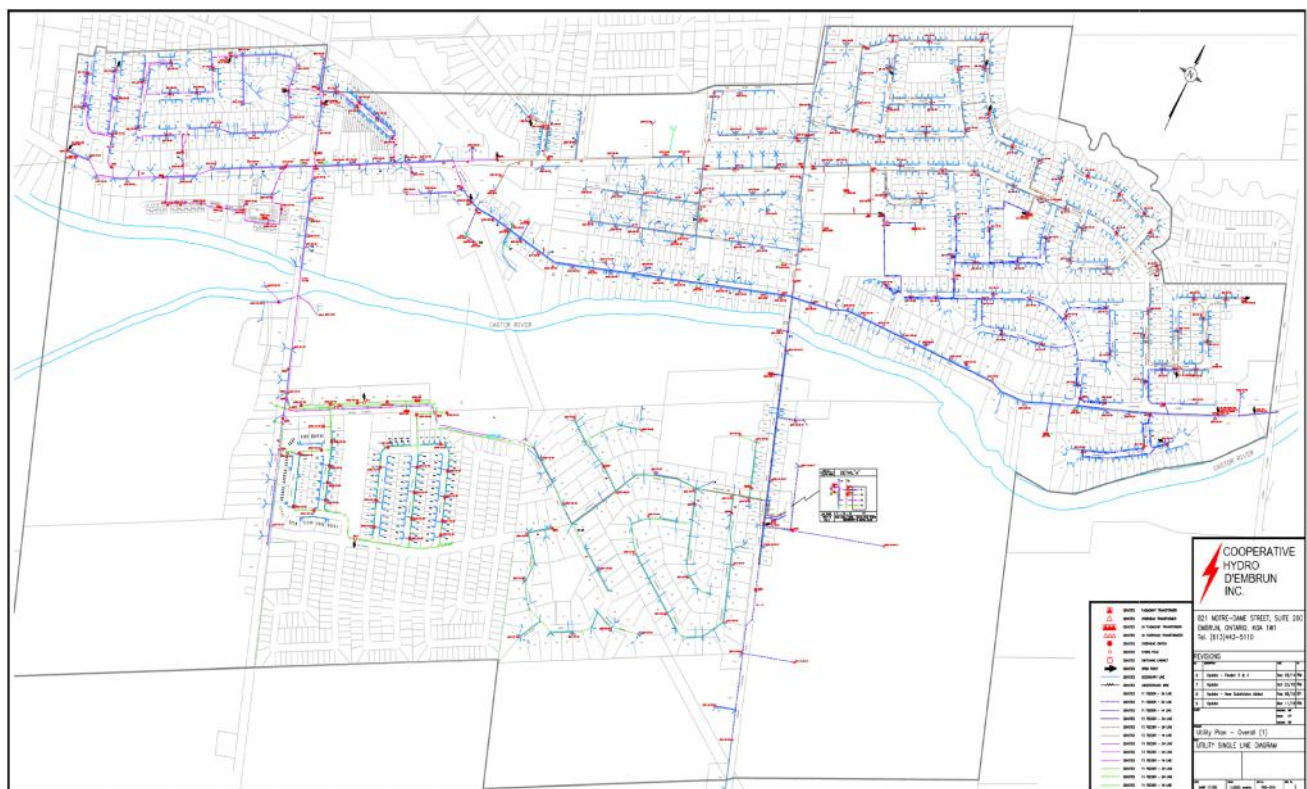
<sup>26</sup> MFR - Description of the corporate and utility organizational structure, showing the main units and executive and senior management positions within the utility. Include a corporate entities relationship chart, showing the extent to which the parent company is represented on the utility company's Board of Directors and a description of the reporting relationships between utility and parent company management. Also include any planned changes in corporate or operational structure, including any changes in legal organization and control

## 1.4 DISTRIBUTION SYSTEM OVERVIEW

### 1.4.1 APPLICANT OVERVIEW<sup>27</sup>

CHEI's service area is an embedded utility completely contained within the municipal boundaries of the town of Embrun therefore the utility only serves the community of Embrun. The area is embedded within the Hydro One Networks Inc. The map below shows the utility's service area.<sup>28</sup>

**Table 4 - Map of Service Area**



CHEI provides electrical distribution services to approximately 2155 residential and commercial customers in its service area. CHEI's service territory covers approximately 5 square kilometers. CHEI has a total of 34 circuit kilometers of primary wire and underground cable installed of

<sup>27</sup> MFR - Description of whether the distributor is a host distributor and/or embedded distributor. Identification of embedded and/or host distributors; if partially embedded provide %load from host distributor. If the distributor is a host, the applicant should identify whether there is a separate Embedded Distributor customer class or if any embedded distributors are included in other customer classes such as GS > 50 kW

<sup>28</sup> MFR - Description of Service Area (including map, communities served)

which 16 km or 47% is overhead. The overhead system includes 280 poles mounted transformers, 432 poles. CHEI underground distribution system accounts for approximately 53% of 16 its overall distribution system. This portion of the distribution system is comprised primarily of 18 km of underground conductors, all associated distribution transformers.

CHEI's distribution system is supplied by Hydro One Networks Inc. ("HONI"), primarily from the Chesterville TS at a voltage level of 44 kV. The distribution system contains 1 municipal substation transforming voltage from 44 kV to 4.8 kV delta. The 1 substations operate at a primary voltage of 4.8kV with secondary transformation to 4.8 kV, where they supply Distribution feeders owned by CHEI for wide-area distribution to residential and commercial customers. A new 44kV-8.32kV transformer which is expected to be commissioned by October 2017 is being added to the distribution system. Details on the new substation are presented in the Distribution System Plan in Exhibit 2.

**Table 5 - Utility Description**

*Service Area*    *Description of Applicant*  
(as of end of 2016)

<b><i>Community Served</i></b>	Embrun
<b><i># of Metered Customers</i></b>	1965 Residential
	161 General Service
	11 Over 50
	17 USL
<b><i>Total Service Area</i></b>	5 Sq km
<b><i>Rural Service Area</i></b>	0 Sq km
<b><i>System Peak- Max</i></b>	6446 kW
<b><i>System Peak - 2015</i></b>	5776 kW
<b><i>Host Distributor</i></b>	Hydro One
<b><i>Load provided by host</i></b>	100%

## Economic Overview

CHEI's economic overview is also presented in section 2.3 of the Business Plan and duplicated below for ease of reference.

*Russell Township serves a vibrant, caring, bilingual and growing population of approximately 16,000 individuals that includes (primarily) young families, educated professionals, spirited entrepreneurs and talented tradespeople in a rural setting.*

*Embrun is defined as a bedroom community: a majority of the population works in nearby Ottawa and commutes into the city on a daily basis. A large proportion of these people are individuals with post-secondary education who work in the Canadian civil service or Ottawa's large high-tech sector. Such has been the case since the mid-20th century. Before then, agriculture was the primary source of income for the town. Embrun has three elementary schools and one secondary school. Because Ontario divides the education system into English Public, English Catholic, French Public, and French Catholic streams, which school Embrun children attend depend on which stream they come from.*

*Most the population of Embrun is between ages 25-49 with a median age of 39. 77% of residents work, and 11% are self-employed. 93% of Embrun's workforce travel to Ottawa for work. The most common occupations are: Business, Finance & Administration (21.6%), Sales & Service (15.3%), Trades, Transport & Equip Operators (14.3%) and Education, Law, Social, Community & Government (14%)*

*The median income for Embrun residents is \$40,567 a year, higher than the Ontario average of \$29,335 a year. Note that those values include all inhabitants over the age of 15 with any reported income, meaning that (for example) teenagers working minimum wage on their days off school would be included. If only full-time workers are included, the median income for Embrun residents rises to \$50,096 a year, still above the Ontario average, which for this category is \$44,748 a year.*

1

2

*Embrun has a continental climate with cool winters, humid summers, and short  
autumns and springs.*

3

4

*While there are no definite plans for growth in the area, there are a few plans for  
subdivision development which may spur some residential growth in the area.*

5

6

*Considered a bedroom community for the city of Ottawa, families wishing to get  
out of the city but still work in the city are moving to urban service areas such as  
Embrun and buying townhomes or garden homes. It is expected that this trend  
will continue for the next few years.*

7

8

9

10

*Embrun anticipates slow but steady growth in both the recent past and future  
years. In 2014, a 381-unit subdivision was built. In 2015, a second 130-unit  
subdivision was also constructed.*

11

12

13

*In 2016, the utility energized a 50-unit subdivision, a 21-unit condo, and a 25-unit  
condo is in the process of being built, and lastly, a 100-unit subdivision is being  
planned for 2018.*

14

15

16

#### 1.4.2 HOST /EMBEDDED DISTRIBUTOR

CHEI is an embedded distributor who receives electricity at distribution level voltages from Hydro One Networks Inc. CHEI does not have any embedded distributors within its territory.<sup>29</sup>

#### 1.4.3 TRANSMISSION OR HIGH VOLTAGE ASSETS

Per ANSI standard C84.1-1989, "Low" voltage is described as 600V and below. "Medium" voltage is 2.4kV through 69kV. "High" voltage is 115kV through 230kV and "Extra-High" voltage is 345kV to 765kV, while "Ultra-high" voltage is 1.1MV. The higher voltage of the transformer (primary or secondary) is the voltage on which the transformer is designated.

CHEI currently operates a 44KV substation and by the end of 2017, will be operating a second 44KV substation which technically could be classified as "high-voltage."<sup>30</sup>

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<sup>29</sup> MFR - Identification of embedded and/or host distributors; if partially embedded provide %load from host distributor. If the distributor is a host, the applicant should identify whether there is a separate Embedded Distributor customer class or if any embedded distributors are included in other customer classes such as GS > 50 kW

<sup>30</sup> MFR - Statement as to whether or not the distributor has had any transmission or high voltage assets deemed by the OEB as distribution assets and whether or not there are any such assets the distributor is seeking approval for in this application



## 1.5 APPLICATION SUMMARY

This section is devoted to defining each element of CHEI's 2018 cost-of-service, explaining how each element is computed and explaining the relationship between the various components.

The major components covered in this application summary are as follows:

- ✓ Budgeting Assumptions
- ✓ Revenue Requirement
- ✓ Rate Base and Capital Planning
- ✓ Overview of Operation Maintenance and Administrative Costs
- ✓ Load Forecast Summary
- ✓ Statement of Cost of Capital Parameters
- ✓ Overview of Cost Allocation and Rate Design
- ✓ Overview of Deferral and Variance Account Disposition
- ✓ Overview of Bill Impacts

### Budgeting and Economic Assumptions<sup>31</sup>

CHEI compiles budget information for the three major components of the budgeting process: (1) revenue forecasts; (2) operating, maintenance and administration ("OM&A"); and (3) capital costs.

#### Revenue Forecast

The revenue forecasts are based on throughput volume and existing rates for the 2017 Bridge Year and CHEI's proposed rates for the 2014 Test Year. The forecasted volumes have been weather normalized and consider such factors as new customer additions and load for all classes of customers. Details are presented in Section 3.1.4. The forecast has been adjusted to reflect the CDM initiatives currently undertaken by the applicant.

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<sup>31</sup> MFR - Budgeting and Accounting Assumptions - economic overview and identification of accounting standard used for test year and brief explanation of impacts arising from any change in standards

## **OM&A Costs**

OM&A costs presented in Exhibit 4 show CHEI's maintenance and customer focused activity needed to meet public and employee objectives. These costs are essential in order to comply with the Distribution System Code, environmental requirements, and government direction, and to maintain distribution business service quality and reliability at targeted performance levels. OM&A costs also include providing services to customers connected to CHEI's distribution system and meeting the requirements of the OEB's Standard Supply Code and Retail Settlement Code.

The proposed OM&A cost expenditures for the 2018 Test Year are the result of planning and work prioritization process that ensures that the most appropriate, cost effective solutions are put in place.

## **Capital Costs**

In managing its capital assets, CHEI's primary objectives are to optimize asset performance in a cost-effective manner, enhance safety, protect the environment, improve operational efficiency, maintain high standards of reliability, adhere to regulation and meet customer demand. CHEI develops capital programs on both a short and longer-term basis and prepares annual budgets and forecasts as the basis for capital investments. CHEI's approach to managing its distribution system is comprised of the following two key strategies:

System Planning; add new assets and/or replace assets that are at or nearing the end of their useful life. This includes consideration for:

- ✓ Capital Investment
- ✓ Contingency Planning
- ✓ Managing and Sustaining Existing Assets;

CHEI's approach to managing its distribution assets is described in more detail in CHEI's Distribution System Plan.

Capital costs in Exhibit 2 have been developed with the key strategies above in mind.

1 **Overall Budgeting Process**

2 The capital and operating budgets are prepared annually by management and reviewed and  
3 approved by the Board of Directors. Once approved, the budget is only revised if a material  
4 change in plan is required. In such cases, the revised budget is once again approved by the  
5 Board of Directors.

6 CHEI continues to deliver its operating and capital plans on target and on a budget.

7 **Revenue Requirement<sup>32</sup>**

8 The table below shows CHEI's revenue requirement from the last Cost of Service in 2014 up to  
9 the proposed 2018 revenue requirement.

10 The proposed Revenue Requirement for the 2018 test year of \$1,107,885 reflects an increase of  
11 \$249,741 or 29.81%% higher than the 2014 Board Approved. The revenue requirement between  
12 2014 and 2016 has increased at a steady rate representing a deliberate pace of capital and  
13 operational investment. The increase in 2017 and 2018 is largely due to a) the increase in the  
14 Regulated Return on Capital due to the capital addition of the new 44KV Substation to Rate  
15 Base, b) an increase in locates and underground maintenance work, and c) an OEB audit which  
16 caused the utility to incur outside accounting costs. Regulatory costs are also projected to be  
17 higher for 2018 due to provisions for an oral hearing and the drafting of the Distribution System  
18 Plan by a third-party engineering firm. Year over year variances in OM&A are explained  
19 throughout Exhibit 4 and Revenue Offsets and explained in detail at Exhibit 3.

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<sup>32</sup> MFR - Revenue Requirement - service RR, increase (\$ and %) from change from previously approved, main drivers

1

**Table 6 - 2018 Proposed Revenue Requirements**

<i>Particular</i>	<i>Last Board Approved</i>	<i>2014</i>	<i>2015</i>	<i>2016</i>	<i>2017</i>	<i>2018</i>	<i>Var from 2014BA</i>
<i>OM&amp;A Expenses</i>	\$556,279	\$569,081	\$613,072	\$601,025	\$651,616	\$721,971	165,692
<i>Depreciation Expense</i>	\$132,429	\$119,533	\$118,183	\$124,120	\$145,817	\$165,121	\$32,121
<i>Property Taxes</i>	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<i>Total Distribution Expenses</i>	\$688,708	\$688,614	\$731,255	\$725,145	\$797,433	\$887,092	\$887,092
<i>Regulated Return on Capital</i>	\$190,795	\$181,401	\$192,618	\$209,766	\$274,408	\$244,952	\$54,157
<i>Grossed up PILs</i>	\$8,922	\$12,873	\$23,044	\$13,540	\$5,902	\$4,630	\$-4,292
<b><i>Service Revenue Requirement</i></b>	\$888,425	\$882,889	\$946,917	\$948,452	\$1,077,743	\$1,136,675	\$248,250
<i>Less: Revenue Offsets</i>	-\$30,281	-\$45,162	-\$52,325	-\$38,963	-\$36,770	-\$28,789	\$1,492
<b><i>Base Revenue Requirement</i></b>	\$858,144	\$837,726	\$894,592	\$909,489	\$1,040,973	\$1,107,885	\$248,741
<b><i>Year over year variance</i></b>	-2.38%	6.79%	1.67%	14.46%	6.43%	-2.38%	29.81%

2

### 3 Rate Base and Capital Planning<sup>33</sup>

4 The proposed Rate Base for the 2018 test year of \$4,704,825 reflects an increase of \$1,796,898  
5 from the 2014 Board Approved. The increase suggests a prudent and reasonable investment in  
6 the distribution assets and is necessary in order to meet other regulatory requirements such as  
7 “obligation to connect” new growth and the need to maintain the highest electrical safety  
8 standards. Capital priorities include the construction of a new transformer, which will come into  
9 service at the end of 2017, ensuring that an adequate supply of electricity will continue to power  
10 the city’s growth for years to come. It also includes the replacement of poles and transformers  
11 as they show sign of deterioration and the installation of distributions assets to power new  
12 subdivisions.

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<sup>33</sup> MFR - Rate Base and DSP - major drivers of DSP, rate base for test year, change from last approved (\$ and %), capital expenditures requested for the test year, change in capital expenditures from last approved (\$ and %), summary of costs requested for renewable energy connections/expansions, any O.Reg 339/09 planned recovery, capex for test year, change from last approved, costs for any REG-related, smart grid, regional planning projects

The utility is not proposing to recover any costs from any rate class for renewable energy connections/expansions, smart grid, and regional planning initiatives. The table below shows the change in Rate Base from the last Cost of Service in 2014 to the proposed 2018 Cost of Service.

**Table 7 - Rate Base**

	NEWCGAAP	NEWCGAAP	MIFRS	MIFRS	MIFRS	MIFRS	
<b>Particulars</b>	<b>Last OEB Board Approved</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Var from 2014BA</b>
<i>Net Capital Assets in Service:</i>							
<i>Opening Balance</i>	2,201,600	2,206,431	2,363,680	2,458,612	2,781,278	4,342,457	2,140,857
<i>Ending Balance</i>	2,543,766	2,363,680	2,458,612	2,781,278	4,342,457	4,327,541	1,783,775
<b>Average Balance</b>	2,372,683	2,285,056	2,411,146	2,619,945	3,561,867	4,334,999	1,962,316
<i>Working Capital Allowance</i>	535,243	479,700	524,560	577,130	620,421	369,826	-165,417
<b>Total Rate Base</b>	2,907,927	2,764,755	2,935,706	3,197,075	4,182,288	4,704,825	1,796,898
<b>Year over year variance</b>		-4.92%	6.18%	8.90%	30.82%	12.49%	38.21%

**Table 8 - Working Capital Allowance**

	NEWCGAAP	NEWCGAAP	MIFRS	MIFRS	MIFRS	MIFRS	
<b>Expenses for Working Capital</b>	<b>Last OEB Board Approved</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>Var from 2014BA</b>
3500-Distribution Expenses - Operation	20,900	28,851	39,764	34,209	35,830	37,769	16,869
3550-Distribution Expenses - Maintenance	40,300	44,655	26,251	46,223	50,645	56,215	15,915
3650-Billing and Collecting	170,174	166,891	210,565	177,779	198,023	209,970	39,796
3700-Community Relations	4,000	6,982	8,363	7,863	7,500	7,875	3,875
3800-Administrative and General Expenses	318,905	319,703	328,131	334,952	359,618	410,142	91,237
6105-Taxes other than Income Taxes	2,000						-2,000
6205-Sub-account LEAP Funding							
<b>Total Eligible Distribution Expenses</b>	556,279	567,081	613,072	601,025	651,616	721,971	165,692
3350-Power Supply Expenses	3,560,978	3,122,917	3,422,003	3,838,439	4,120,850	4,209,043	648,065
<b>Total Expenses for Working Capital</b>	4,117,257	3,689,998	4,035,075	4,439,464	4,772,466	4,931,014	813,757
Working Capital factor	13.0%	13.0%	13.0%	13.0%	13.0%	7.5%	-6.5%
<b>Total Working Capital</b>	535,243	479,700	524,560	577,130	620,421	369,826	-165,417

CHEI has, for many years, strictly followed the best practices of the electricity distribution industry. This has included adhering to the Ontario Energy Board's (OEB) Distribution System

Code that sets out, among others, good utility practice and performance standards for the industry in Ontario, and minimum inspection requirements for distribution equipment. Consistent with best practices, over the years CHEI has replaced or upgraded equipment when economically viable. The net result has been that while the average age of the system has increased slightly, the reliability of the system has steadily improved to meet the expectations of CHEI's customers. This has been achieved with only a moderate long-term increase in customers' bills.

Details of historical and projected capital expenses are summarized in the table below

**Table 9 - Capital Expenditure Summary**

	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS
	2014	2015	2016	2017	2018
<i>Sub-Total System Access</i>	1,150,190	337,996	399,233	1,726,096	1,150,190
<i>Sub-Total System Renewal</i>	33,150	19,609	44,096	20,000	33,150
<i>Sub-Total System Service</i>			9,264	85,900	
<i>Sub-Total General Plant</i>	41,568	3,653	12,503	7,000	\$5,700
<i>Contribution</i>	971,342	148,144	6,451	132,000	971,342
<i>Total Capital Expenditures</i>	253,566	213,115	458,645	1,706,996	253,566

#### Major capital cost drivers 2014

System Access:

- Subdivision Faubourg Ste-Marie: \$1 001 927
- 4<sup>th</sup> Feeder Cloutier Drive: \$67 358

#### Major capital cost drivers 2015

System Access:

- 1           -    Oligo Project Quatres Saison: \$239 868

2    **Major capital cost drivers 2016**

3       System Access:

- 4           -    Engineering Cost New Substation: \$50 013  
5           -    Fourth Feeder Notre-Dame: \$118 850  
6           -    Fourt Feeder Ste-Marie: \$128 750

7    **Major capital cost drivers 2017**

8       System Access:

- 9           -    Versaille III Subdivision: \$119 200  
10          -    New Substation & Engineering: \$1 517 396

11      System Service:

- 12          -    Four Way Tie in Switch: \$39 650  
13          -    336 MCM Conductors Blais Street: \$46 250

14   **Major capital cost drivers 2018**

15      System Renewal:

- 16          -    Pole replacement: \$41,500  
17          -Distribution Transformer replacement: \$54,280

## Overview of Operation, Maintenance, and Administrative Costs<sup>34</sup>

The increase of \$165,692K in OM&A spending from its 2014 (BA) Cost of Service to the 2018 Test Year can be attributed to several factors. Operation and Maintenance costs are for the most part aimed at CHEI's distribution system substations and its protective equipment, along with general maintenance on overhead and underground assets. The costs related to operations and maintenance accounts for approximately \$17K and 15K respectively. Administrative Costs include inflationary increases in salaries, increased costs in billing services and increase in regulatory costs all of which are discussed in Exhibit 4. Major costs drivers are presented at the next page.

**Table 10 - Summary of Recoverable OM&A Expenses**

	Board Approved	2014	2015	2016	2017	2018	Var from 2014 BA
<i>Operations</i>	\$20,900	\$28,851	\$39,764	\$34,209	\$35,830	\$37,769	16,869
<i>Maintenance</i>	\$40,300	\$44,655	\$26,251	\$46,223	\$50,645	\$56,215	15,915
<b>SubTotal</b>	<b>\$61,200</b>	<b>\$73,506</b>	<b>\$66,014</b>	<b>\$80,432</b>	<b>\$86,475</b>	<b>\$93,984</b>	<b>32,784</b>
<i>%Change (year over year)</i>		20.1%	-10.2%	21.8%	7.5%	8.7%	53.65%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>							
<i>Billing and Collecting</i>	\$170,174	\$166,891	\$210,565	\$177,779	\$198,023	\$209,970	39,796
<i>Community Relations</i>	\$4,000	\$6,982	\$8,363	\$7,863	\$7,500	\$7,875	3,875
<i>Administrative and General+LEAP</i>	\$320,905	\$321,703	\$328,131	\$334,952	\$359,618	\$410,142	89,237
<b>SubTotal</b>	<b>\$495,079</b>	<b>\$495,575</b>	<b>\$547,058</b>	<b>\$520,594</b>	<b>\$565,141</b>	<b>\$627,987</b>	<b>132,908</b>
<i>%Change (year over year)</i>		0.1%	10.4%	-4.8%	8.6%	11.1%	26.8%
<i>%Change (Test Year vs Last Rebasing Year - Actual)</i>							
<b>Total</b>	<b>\$556,279</b>	<b>\$569,081</b>	<b>\$613,072</b>	<b>\$601,025</b>	<b>\$651,616</b>	<b>\$721,971</b>	<b>165,692</b>
<i>%Change (year over year)</i>		2.3%	7.7%	-2.0%	8.4%	10.8%	29.10%

<sup>34</sup> MFR - OM&A Expense - OM&A for test year and change from last approved (\$ and %), summary of drivers, inflation assumed, total compensation for test year and change from last approved (\$ and %).



**Table 11 – OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table**

OM&A	2014	2015	2016	2017	2018
<b>Opening Balance</b>	\$630,975.00	\$569,081.00	\$613,072.00	\$612,883.00	\$651,616.00
<b>5315-Customer Billing</b>		\$44,203	-\$33,024	\$14,829	\$11,732
<b>5605-Executive Salaries and Expenses</b>					
<b>5610-Management Salaries and Expenses</b>		\$11,904			
<b>5655-Regulatory Expenses</b>					\$38,300
<b>Total of Variances &lt; \$5000</b>	\$12,115	-\$12,116	\$20,977	\$23,904	\$20,323
<b>Closing Balance</b>	\$569,081	\$613,072	\$601,025	\$651,616	\$721,971

### **5315-Customer Billing**

2015 - an increase of \$44,203 from 2014 costs.

- Severance pay after terminating an employee (45K)

2017 - an increase of \$14,829 from 2016 costs.

- Increase in Bad Debt and Collection Charges (7K)
- Increase in salaries for 2 CSR/Billing Clerks (7k)

2018 - an increase of \$11,732 from 2017 costs.

- Increase CIS costs from Ottawa River Power (4K)
- Increase in salaries for 2 CSR/Billing Clerks (7k)

### **5610-Management Salaries and Expenses**

2015 - an increase of \$11,904 from 2014 costs.

- due to pay out of vacation time that was not taken.

### **5655-Regulatory Expenses**

2018 - an increase of \$38,323 in Regulatory Expenses from 2017 costs.

due to costs related to developing the Distribution System Plan, legal review of the application and assistance in the upcoming settlement conference and provision for oral hearing and two interveners.

The inflation factor used for budgeting purposes is 2%. Total Compensation is shown in the table below and discussed in detail in Section 4.4 of Exhibit 4.

**Table 12 – OEB Appendix 2-K Total Compensation included in OM&A**

	2014 BA	2014	2015	2016	2017	2018
<b>Number of Employees (FTEs including Part-Time)<sup>1</sup></b>						
<b>Management (including executive)</b>	1	1	1	1	1	1
<b>Non-Management (union and non-union)</b>	2	2	2	2	2	2
<b>Total</b>	3	3	3	3	3	3
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>						
<b>All employees (including executive)</b>	\$181,355	\$218,103	\$243,808	\$260,768	\$245,143	\$256,650

### Load Forecast Summary<sup>35</sup>

The load forecast for 2018 is based on a methodology which predicts class specific consumption using a multiple regression analysis that relates historical monthly wholesale kWh usage to monthly historical heating degree days and cooling degree days.

In CHEI's case, variation in monthly electricity consumption is influenced by four main factors – weather (e.g. heating and cooling), which is by far the most dominant effect on most systems, the number of days per month and an "Employment" factor. Specifics relating to each variable used in the regression analysis are presented in the next section.

- ✓ Wholesale Purchases (main)
  - Heating Degree Days (included)
  - Cooling Degree Days (included)
  - Employment (included)
  - Days per month(included)

Weather normalized values are determined by using the regression equation with a "10-year average monthly degree days (2007-2016)". The 10-year average is consistent with recent years'

<sup>35</sup> MFR - Load Forecast Summary - load and customer growth, % change in kWh and customer numbers, methodology description

weather and has been used in other electricity distribution rate applications and has been accepted by the Board.

Allocation to specific weather sensitive rate classes (Residential, GS<50, GS>50) is based on the average share of each classes' actual retail kWh (exclusive of distribution losses) of actual wholesale kWh for the 2007 to 2016 period.

The 2018 Load Forecast is presented on the next page, and detailed explanations of the load forecast can be found in Exhibit 3.

**Table 13 - Load Forecast**

	2014 Board Approved	2014 Board Approved	2014 Board Approved	2018	2018	2018
<i>Customer Class Name</i>	<i>Customer</i>	<i>kWh</i>	<i>Kw</i>	<i>Customers</i>	<i>Kw</i>	<i>kWh</i>
<b>Residential</b>	2,048	22,293,395		2,100		21,616,344
<b>General Service &lt; 50 kW</b>	168	5,055,559		172		5,043,563
<b>General Service &gt; 50 to 4999 kW</b>	11	4,276,256	12,633	9	12,736	2,827,501
<b>Unmetered Scattered Load</b>	20	91,446		17		82,127
<b>Street Lighting</b>	425	382,524	1,023	530	603	393,969
<b>TOTAL</b>	2672	32,099,180	13656	2828	13339	29,693,504

## Statement of Cost of Capital Parameters<sup>36</sup>

CHEI has followed the Report of the Board on Cost of Capital for Ontario's Regulated Utilities, December 11, 2009, in determining the cost of capital.

In this application, CHEI seeks to recover a weighted average cost of capital of 5.21% through rates in the 2018 Test Year. CHEI has followed the Report of the Board on Cost of Capital for Ontario's Regulated Utilities, December 11, 2009, as well as the Review of the Existing Methodology of the Cost of Capital for Ontario's Regulated Utilities, January 14, 2016, in determining the applicable cost of capital.

<sup>36</sup> MFR - Cost of Capital - Statement regarding use of OEB's cost of capital parameters; summary of any deviations

In calculating the applicable cost of capital, CHEI has used the OEB's deemed capital structure of 56% long-term debt, 4% short-term debt, and 40% equity, and Cost of Capital parameters in the OEB's letter of October 27, 2016, for the allowed return on equity ("ROE"). CHEI is not seeking any changes in its Capital Structure from its 2014 Board Approved Structure. CHEI notes that consistent with Board policy, it used the actual long term debt rate of 2.90% as opposed to the deemed debt rate of 3.72% for its newly incurred third party debt.

**Table 14 - Overview of Capital Structure**

<i>Particulars</i>	<b>Cost Rate</b>		<b>Return</b>	
	(%)	(\$)	(%)	(\$)
<i>Debt</i>				
<i>Long-term Debt</i>	56.00%	\$2,634,702	2.90%	\$76,406
<i>Short-term Debt</i>	4.00%	\$188,193	1.76%	\$3,312
<i>Total Debt</i>	60.0%	\$2,822,895	2.82%	\$79,719
<i>Equity</i>				
<i>Common Equity</i>	40.00%	\$1,881,930	8.78%	\$165,233
<i>Preferred Shares</i>				
<i>Total Equity</i>	40.0%	\$1,881,930	8.78%	\$165,233
	100.0%	\$4,704,825*	5.21%	\$244,952

\*2018 Rate Base

CHEI commits to updating its Cost of Capital forecast in accordance with applicable OEB updates to the Board's cost of capital parameters.

## Overview of Cost Allocation and Rate Design<sup>37</sup>

The main objectives of a Cost Allocation study are to provide information on any apparent cross-subsidization among a distributor's rate.

CHEI has prepared and is filing a cost allocation information filing consistent with the utility's understanding of the Directions, the Guidelines, the Model and the Instructions issued by the Board back in November of 2006 and all subsequent updates.

CHEI has prepared a Cost Allocation Study for 2018 based on an allocation of the 2018 test year costs (i.e., the 2018 forecast revenue requirement) to the various customer classes using allocators that are based on the forecast class loads (kW and kWh) by class, customer counts, etc.

CHEI has used the updated Board-approved Cost Allocation Model and followed the instructions and guidelines issued by the Board to enter the 2018 data into this model.

Two of the classes' revenue to cost ratios fell outside the Board range. For those two classes, the utility proposes reallocation of revenues to reduce the impact on the bills. The table below shows the utility's proposed Revenue to Cost reallocation based on an analysis of the proposed results from the Cost Allocation Study vs. the Board imposed floor and ceiling ranges. Further details on Cost Allocation can be found in Exhibit 7.

**Table 15 - Proposed Allocation**

Customer Class Name	Target Range					
	Calculated R/C Ratio	Proposed R/C Ratio	Variance	Floor	Ceiling	
<i>Residential</i>	1.02	0.99	0.03	0.85	1.15	
<i>General Service &lt; 50 kW</i>	0.54	0.90	-0.36	0.80	1.20	
<i>General Service &gt; 50 to 4999 kW</i>	<b>1.88</b>	<b>1.50</b>	0.38	0.80	1.20	
<i>Unmetered Scattered Load</i>	<b>1.31</b>	<b>1.20</b>	0.11	0.80	1.20	
<i>Street Lighting</i>	0.79	0.80	-0.01	0.80	1.20	

<sup>37</sup> MFR - Cost Allocation & Rate Design - summary of any deviations from OEB methodologies, significant changes and summary of proposed mitigation plans

In mid-year 2015, OEB introduced a new policy for all-fixed distribution rates for residential customers. Until now, distribution rates for the residential class have been a blend of fixed and variable rates as shown below. To reduce the impact on customer bills, CHEI has implemented a four or five-year phase-in period for the move to an all-fixed monthly service charge.

For all other classes, distribution revenues are derived from a combination of fixed monthly charges and volumetric charges based either on consumption (kWh) or demand (kW). Commodity Charges and deferral and variance rate riders, along with CHEI specific other adders are added to the distribution rates to arrive at a final all-encompassing bill.

The table below shows CHEI's existing rates in comparison to the 2018 proposed rates. As can be seen, the fixed charge for the Residential class is increasing while the variable charge is decreasing. Details can be found in Exhibit 8.

**Table 16 - Proposed Rates**

Customer Class Name	Existing Rates		Proposed Rates		per
	Fixed Rate	Variable Rate	Fixed Rate	Variable Rate	
<i>Residential</i>	\$21.8700	\$0.0072	\$31.99	\$0.0046	kWh
<i>General Service &lt; 50 kW</i>	\$17.9000	\$0.0015	\$21.68	\$0.0112	kWh
<i>General Service &gt; 50 to 4999 kW</i>	\$199.4500	\$3.6957	\$199.45	\$3.9545	kW
<i>Unmetered Scattered Load</i>	\$21.1600	\$0.0055	\$21.16	\$0.0174	kWh
<i>Street Lighting</i>	\$1.9900	\$8.0867	\$1.99	\$17.4164	kW

## Overview of Deferral and Variance Account Disposition<sup>38</sup>

CHEI proposes to dispose of a debit of \$2,374 related to Group 1 and \$21,561 for Group 2 Variance/Deferral Accounts. The balances in Group 1 and Group 2 balances are as of December 1, 2016 and are consistent with the utility's audited financial statements with the exception of account 1595 which is currently undergoing an OEB audit.

<sup>38</sup> MFR - Deferral and Variance Accounts - total disposition (RPP and non-RPP), disposition period, new accounts requested

- 1 A net debit balance of \$10,951 recorded in account 1568 being the Lost Revenue Adjustment
- 2 Mechanism Variance Account.
- 3 Group 1 and Group 2 DVA balances are proposed to be disposed of over 1 year.
- 4 CHEI confirms that it has followed the OEB's guidance as provided in the OEB's Electricity
- 5 Distributor's Disposition of Variance Accounts Reporting Requirements Report.

6 **Table 17 - Account and Balances sought for disposition/recovery**

	Acct	2016 Y/E Balance	Allocator
<i>LV Variance Account</i>	1550	101,520	kWh
<i>Smart Metering Entity Charge Variance Account</i>	1551	(155)	# of Customers
<i>RSVA - Wholesale Market Service Charge</i>	1580	(69,838)	kWh
<i>RSVA - Retail Transmission Network Charge</i>	1584	25,616	kWh
<i>RSVA - Retail Transmission Connection Charge</i>	1586	36,818	kWh
<i>RSVA - Power (excluding Global Adjustment)</i>	1588	(91,587)	kWh
<i>RSVA - Global Adjustment</i>	1589	38,265	Non-RPP kWh
<b>Total of Group 1 Accounts (excluding 1589)</b>		<b>2,374</b>	
<i>Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs</i>	1508	21,571	# of Customers
<b>Total of Group 2 Accounts</b>		<b>21,571</b>	
<i>LRAM Variance Account</i>	1568	<b>10,951</b>	
<i>(Account 1568 - total amount allocated to classes)</i>		10,951	
<b>Variance</b>		<b>0</b>	
<i>Renewable Generation Connection OM&amp;A Deferral Account</i>	1532	<b>0</b>	kWh

## Overview of Bill Impacts<sup>39</sup>

A summary of the bill impacts by class is presented below. Detailed explanations of the bill impacts are presented in Exhibit 8.

The bill impacts vary by customer class, ranging from a decrease of -1.94% for the GS> 50 class to increases of 6.68% for the General Service <50 class at 2000kWh. The bill impact for each class is shown in the Table below.

Although the overall bill impacts have increased for certain classes, CHEI's proposed 2018 revenue requirement is needed to remain in compliance with its regulators and meet its mandate and commitment to providing safe, reliable, cost-effective services and products achieving sustainable growth while respecting the community and the environment.

**Table 18 - Bill Impacts associated with Revenue Requirement**

<i>Customer Class Name</i>	<i>Commodity</i>	<i>Consumption</i>	<i>Bill Impacts</i>
<i>Residential</i>	TOU	310	15.20%
<i>Residential</i>	TOU	750	6.48%
<i>Residential</i>	TOU	1000	4.89%
<i>Residential</i>	TOU	2000	1.58%
<i>General Service &lt; 50 kW</i>	TOU	2,000	-1.74%
<i>General Service &gt; 50 to 4999 kW</i>	RPP	33,000	-1.90%
<i>Unmetered Scattered Load</i>	RPP	300	6.16%
<i>Street Lighting</i>	RPP	20,000	4.95%
<b><i>Average Bill Impact</i></b>			<b>4.45%</b>

The impact is further adjusted by overall credit rate riders to dispose of the significant balances owed to ratepayers that have accumulated in certain variance accounts. Decreases in rates for retail transmission service and wholesale market service also contribute to reducing the utility's distribution rates further.

<sup>39</sup> MFR - Bill Impacts - total impacts (\$ and %) for all classes for typical customers



## 1.6 MATERIALITY THRESHOLD

The Minimum Filing Requirements state that a distributor with a distribution revenue requirement less than \$10 million must use \$50,000 as a materiality threshold. With a proposed base revenue requirement of \$ \$1,107,885, CHEI has used this amount as a materiality threshold throughout this application.<sup>40</sup>

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<sup>40</sup> MFR - Materiality threshold; additional details beyond the threshold if necessary

## 1.7 CUSTOMER ENGAGEMENT

### 1.7.1 OVERVIEW OF CUSTOMER ENGAGEMENT

In keeping with the requirements of the Renewed Regulatory Framework for Electricity which contemplates enhanced engagement between distributors and their customers to better align a distributor's operational plans with its customers' needs and expectations. In response, CHEI is increasing its efforts in engaging customers to understand their needs better. CHEI has always, and will continue to focus on its customers by striving to provide superior service to its customer base. The utility is investing time and effort in new capabilities, programs, and technologies that allow it to communicate more effectively and efficiently with our customers. Some of CHEI's current and future initiatives include.<sup>41</sup>

- ✓ Improved Communication with Customers during calls.
- ✓ Customer satisfaction survey
- ✓ Presentation at Annual General Assembly Meeting
- ✓ Use of Bill Insert to communicate various newsletter and promote e-billing
- ✓ Outage Notification – Planned and unplanned
- ✓ Increase Use of Social Media, contests, promotions, etc.
- ✓ Overhaul of the utility's website
  - New educational section of the website
  - Major Project
  - Promotion of Conservation and Demand Management Programs

**Improved Communication with the Customers during calls:** CHEI's Customer Engagement Strategy focuses on achieving goals such as engaging customers using a variety of methods and channels to understand their needs and preferences; enhancing the customer service experience

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<sup>41</sup> MFR - Overview of customer engagement activities; description of plans and how customer needs, preferences and expectations have been reflected in the application.

for CHEI's customers by offering services that meet or exceed their expectations; improving efficiency thereby lowering costs where possible and increase consumer energy literacy.

While **reliable service** and **value** continue to be key drivers of satisfaction, CHEI believes that a customer's evaluation of their utility is also determined by the quality of their **customer service experience**.

Among the three major drivers of customer satisfaction, **reliability**, given its already high levels, offers little incremental room for improvement, and customers' perception of "**value**" is inherently subject to distributor bill impacts as well as the overall price of energy. The clear implication is that utilities seeking to make a meaningful impact on customer satisfaction should turn their focus to **customer service**.

Most customer interactions revolve around outages, billing problems, or other issues with a negative connotation. Despite this negative connotation, CHEI believes that these incidents often represent utilities' best opportunity to drive important business outcomes, from improved customer satisfaction, to lower cost to serve, to greater cross-promotion of new services such as Conservation and Demand Management programs.

The quick solution would be to create an overload of new customer touchpoints, however conventional approaches to customer engagement can be expensive and can also lead to information fatigue. CHEI, therefore, believes that a more nuanced approach to customer engagement that prioritizes quality over quantity is appropriate in its case.

CHEI has identified key moments in the customer lifecycle that apply to CHEI's customer interactions. CHEI believes that these key moments represent the best opportunity to drive specific, measurable outcomes such as improved satisfaction. The identifiable key moments include the following;

- Move in / move out
- Billing inquiries
- Technical issues
- Loss of supply (outage)

- Home renovations and upgrade
- Rate Change

Customers generally contact their utility for very predictable reasons. Knowing this, CHEI's team is looking to capitalize on the highest-leverage opportunities for engaging with its customers. The key moments listed above represent the best opportunity to drive specific, measurable outcomes such as improved satisfaction, obtain feedback and recommendations from customers and enhanced cross-promotion of new services, all of which align with fundamental objectives of customer engagement.

**Customer satisfaction survey:** CHEI conducted its bi-annual Customer Satisfaction Survey in December of 2016. The survey and results are discussed in the next Section (1.8.2) of this Exhibit.

**Annual General Assembly Meeting:** The utility held a Town Hall meeting on April 18, 2017, where the General Manager presented the 2017 and 2018 Capital Budget by RRFE grouping (system access, renewal, services and general plant) and also by USoA accounts. The General Manager discussed in details the specifics around the need and costs related to the new 44KV substation. Fifty customers attended the meeting. None of the attendees provide feedback on the utility's proposed capital budget other than to thank the utility for its presentation and praise the utility for their good work. <sup>4243</sup>

**Newsletter:** In advance of the Annual General Assembly Meeting discussed above, the utility sent out a 2-page summary of its 2017 and 2018 proposed capital budget. The 2-page newsletter was sent via email to 422 customers, as a bill inserts to all customers, posted in the local newspaper and posted on both Facebook and Twitter. The newsletter is presented in Appendix F of this Exhibit. <sup>44 45</sup>

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<sup>42</sup> MFR - Discussion on how customers were informed of the proposals being considered for inclusion in the application and the value of those proposals to customers i.e. costs, benefits, and the impact on rates

<sup>43</sup> MFR - Discussion of any feedback provided by customers and how the feedback shaped the final application

<sup>44</sup> MFR - Discussion on how customers were informed of the proposals being considered for inclusion in the application and the value of those proposals to customers i.e. costs, benefits, and the impact on rates

<sup>45</sup> MFR - Reference to any other communication sent to customers about the application i.e. bill inserts, town hall meetings or other forms of out reach and the feedback received from customers through these engagement activities

1 **Outage Notification – Planned and unplanned:** CHEI has increased its communication with its  
2 customers with respect to planned and unplanned outage notification. The utility now posts its  
3 outages and as much detail regarding the timing, location, and length of the outage on its  
4 website, Twitter, and Facebook. Planned outages are communicated directly to the affected  
5 customers.

6 **Use of Social Media, contests, promotions, etc.:** Social Media is a useful and powerful tool  
7 that can be used effectively to help address challenges and reinforce activities undertaken by  
8 the utility. CHEI has used Facebook for many years and has recently activated a Twitter account.  
9 The utility is increasing its use both Twitter and Facebook to communicate important  
10 information with its customers.

11 **Overhaul of the Utility's Website:** CHEI has recently launched a new and refreshed website.  
12 The new website is part of a broader strategy to engage in new ways with CHEI's customers and  
13 partners and to position the company as a more mature utility with innovative and industry-  
14 leading business practices. New features of the website include:

15 ✓ **New educational section of the website:** The utility has incorporated a new "Electricity  
16 101" section of the website where information of the electricity industry and rate process  
17 is presented and explained.

18 ✓ **Major Projects:** The new website also includes a "Major Project" section where the  
19 customer can find a list and details of current capital projects.

20 ✓ **Promotion of Conservation and Demand Management Programs:** CHEI has been  
21 providing Conservation and Demand Management programs since 2010, actively  
22 working with the IESO (formerly the OPA), consultants, government and other agencies,  
23 surrounding regional distributors and customers. Consultations will continue throughout  
24 the plan years.

25 **Update to the conditions of service:** The utility updated its Conditions of Service in the spring  
26 of 2016. The document and content were completely revamped to be compliant with the most

- 1 up to date codes and policies. The document's new format and layout is also easier to follow  
2 and navigate through.

3 **Table 19 - OEB Appendix 2-AC – Customer Engagement Activities<sup>46</sup>**

Provide a list of customer engagement activities	Provide a list of customer needs and preferences identified through each engagement activity	Actions taken to respond to identified needs and preferences. If no action was taken, explain why.
<b>Newsletter</b>	No comments received	No action required
<b>Annual General Assembly meeting</b>	No comments on proposed capital budget.	No action required
<b>Customer Satisfaction Survey</b>	List of comments is presented at Appendix D of this Exhibits	Comments were address on the utility's website and notice posted on social media.

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<sup>46</sup> MFR - Complete Appendix 2-AC Customer Engagement Activities Summary - identify how outcomes have shaped the application

## 1.7.2 CUSTOMER SATISFACTION SURVEY

As part of a commitment to provide customers with reliable and quality utility services that meet current and future needs, CHEI surveyed its customers in December of 2016. The 2016 survey is the second bi-annual survey conducted by the utility. The first survey was conducted in 2014.

The objectives of the survey included measuring;

- ✓ Utility's overall performance.
- ✓ Reliability.
- ✓ Billing and Payment Options
- ✓ The quality of service provided by customer care.
- ✓ The quality of service provided by field employees.
- ✓ Customer awareness and usage of the department's online services.
- ✓ Customer support for greater use of renewable energy.
- ✓ Customer opinions regarding how aggressively sustainable practices should be pursued.
- ✓ Cost of Electricity
- ✓ Overall Performance

The survey was developed in-house back in 2014 through a collaborative effort of, Hearst Power Distribution Company Limited Inc. Hydro Hawkesbury Inc., Hydro 2000 Inc., Cooperative Hydro Embrun, Chapleau Public Utilities. ("The Group"). (Note that Chapleau was not involved in the drafting of the survey but is now using it as their bi-annual survey)

The main purpose of the collaborative effort was to minimize the cost of the survey by the sharing of intellect and resources.

In preparation for its 2016 survey, CHEI briefly contemplated using 3rd party company to conduct the survey but felt that the survey conducted by the 3rd party firm was unjustifiably limiting its sample to a random selection of 300-400 customers; CHEI felt all its customer should have equal opportunity to complete the survey, rather than a random sample.

1 Developing an in-house survey gives the utility more control and flexibility surrounding the  
2 delivery of the survey. For example, back in 2014, CHEI received feedback that although the  
3 survey was appreciated, it was also too long. Therefore, in preparation for its 2016 survey, the  
4 utility cut down the number of questions from 54 to 32. The utility also included educational  
5 questions where if the customer answered in a certain manner, they could follow a link to the  
6 educational section of the website.

7 The utility used Survey Monkey to publish its survey and posted it on its website. A bill insert  
8 communicating the survey and prize was included in all bills. The utility established that the  
9 desired sampling margin of error (confidence interval) was to be no greater than (+/-) 5  
10 percentage points at a 95% confidence level. With those parameters, the recommended sample  
11 size was determined to be 325. The margin of error is a measure of the precision of a sample  
12 estimate of the population value. It uses probability to demonstrate the precision of a sample  
13 estimate by providing a range of values in which a sample value would be expected to fall. In  
14 general, margin of error provides a 95% confidence interval. The utility received 382 responses  
15 therefore the survey is representative of the public opinion.

16 The survey was conducted between December 4 and 24, 2016 and yielded a customer  
17 satisfaction ranking of 86%. A summary of the results is presented on the next page, and the  
18 complete report is provided as an Appendix D to this Exhibit.

19 The utility intends on continuing surveying its customers on a bi-annual basis in an effort  
20 monitor and assess residential and commercial customer knowledge, perceptions and  
21 satisfaction regarding utility services.



**Table 20 – Calculation of Overall Customer Satisfaction**

After having taken this survey, how would you rate Cooperative Hydro Embrun's overall performance in serving you?

*Rating*      Responses to English survey      Responses to French Survey

<b>Answer Options</b>	Response Percent	Response Count	Response Percent	Response Count	Max Value	Actual Total Value	%
<b>Excellent</b>	52.9%	54	50.7%	138	4	768	
<b>Good</b>	43.1%	44	41.5%	113	3	471	
<b>Fair</b>	2.9%	3	6.6%	18	2	42	
<b>Poor</b>	1.0%	1	1.1%	3	1	4	
<b>answered question</b>		102		272	1496	1285	85.89
		4					

## 1.8 LETTERS OF COMMENT

### 1.8.1 LETTER OF COMMENT

The utility does not have any letter of comments at the time of the filing however the utility has categorized comments received in the survey and have presented them as part of the Customer Satisfaction Survey results at Appendix D.<sup>47</sup>

Note that that the utility has published responses to the comments on their website.

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<sup>47</sup> MFR - All responses to matters raised in letters of comment filed with the OEB.

## 1.9 SCORECARD ANALYSIS

### 1.9.1 SCORECARD RESULTS AND ANALYSIS<sup>48</sup>

The Management Discussion on Scorecard Results is presented below. However, please refer to Section 2.4 of the Business Plan where a detailed analysis of historical and projected Scorecard results are presented.

#### Asset Management

The Distribution System Plan detailing the utility's historical and projected capital plan can be found in Exhibit 2 of this application.

#### Connection of Renewable Generation

CHEI has maintained 100% timely connection of renewable installations. CHEI will continue to provide the staff resources to maintain an efficient and effective methodology to connect renewable installations. Details on renewable installations can be found in Exhibit 2 of this application.

#### Conservation & Demand Management

Under the new regulations, CHEI has developed a CDM plan to meet the 2015-2020 energy targets under the Conservation First Framework. CHEI has submitted and received approval from the IESO on the Conservation First Framework 2015- 2020 CDM Plan. The CDM plan has being filed in conjunction with this application

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<sup>48</sup> MFR - Discussion of performance for each of the distributor's scorecard measures over the last five years; drivers for its performance, plans for continuous improvement, identify performance improvement targets, forecast of efficiency assessment using the PEG forecasting model for the test year, discussion on how distributor's self-assessment has informed its business plan and the application

## Customer Satisfaction

CHEI has conducted its bi-annual customer satisfaction survey which is presented at Section 1.8 of this Exhibit. Customers are generally satisfied with CHEI however in the most recent survey customers are dissatisfied with the costs on their electricity bill, which is consistent with previous results. While CHEI manages less than 17% of the total customer bill, it continues its efforts to maintain appropriate cost control while providing a safe and reliable delivery of power to its customers.

## Cost Control

CHEI recently graduated from Group 2 to Group 1 under the PEG efficiency assessment report. Despite having achieved the highest efficiency grouping, CHEI continues to strive to achieve greater efficiency through productivity improvements and cost control, without compromising safety and reliability. The utility intends on maintaining its Group 1 efficiency form the next rate period.

## Safety

Safety remains a core attribute of CHEI's as it delivers power to its employees and customers daily. CHEI continues to strive to communicate on safety throughout our distribution system through various methods including safety orientations, on-line, outreach, and telephone.

## Service Quality

CHEI has exceeded the minimum targets established by the OEB. CHEI has made great achievements over previous results through its customer focus and training.

## System Reliability

The reliability of the system remains a cornerstone of CHEI with attention to vegetation management (mostly tree trimming), and re-investment in the distribution system infrastructure. Most interruptions continue to be as a result of increased storm activity.

## 1 Overall

2 CHEI has continued to reflect a customer focused, financially sound, safe and reliable Local  
3 Distribution Company. Customer satisfaction and feedback inform and influence CHEI's  
4 operations, which are reflected in the continued low number of dissatisfied customers. CHEI  
5 continues to be a financially strong company that re-invests in technology that will bring  
6 improvements to customer interactions, system reliability, and safety.

7 The table below shows the current Scorecard on the OEB website.

Scorecard - Cooperative Hydro Embrun Inc.

9/29/2016

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	Trend	Target	
									Industry	Distributor
Customer Focus  Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	100.00%	100.00%	100.00%	100.00%	90.50%	U	90.00%	
		Scheduled Appointments Met On Time	100.00%	100.00%	100.00%	100.00%	100.00%	U	90.00%	
		Telephone Calls Answered On Time	93.30%	96.00%	97.00%	97.60%	92.80%	U	65.00%	
	Customer Satisfaction	First Contact Resolution				92%	92%			
		Billing Accuracy				99.98%	99.30%	U	98.00%	
		Customer Satisfaction Survey Results				90%	90%			
Operational Effectiveness  Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness					75.00%			
		Level of Compliance with Ontario Regulation 22/04 <sup>1</sup>	C	C	C	C	C	U		C
		Serious Electrical Incident Index	0	0	0	0	0	U		0
	System Reliability	Number of General Public Incidents	0	0	0	0	0	U		0
		Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	U		0.000
		Average Number of Hours that Power to a Customer is Interrupted <sup>2</sup>	9.00	0.08	0.04	0.01	0.03	U		1.83
	Asset Management	Average Number of Times that Power to a Customer is Interrupted <sup>2</sup>	3.00	0.02	0.02	0.13	0.01	U		0.64
		Distribution System Plan Implementation Progress				In Progress	In Progress			
		Efficiency Assessment		2	2	2	1			
	Cost Control	Total Cost per Customer <sup>3</sup>	\$560	\$532	\$568	\$530	\$533			
		Total Cost per Km of Line <sup>3</sup>	\$40,516	\$38,571	\$39,819	\$31,886	\$30,485			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings <sup>4</sup>					6.73%			1.79 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time								
		New Micro-embedded Generation Facilities Connected On Time			100.00%	100.00%	100.00%	U	90.00%	
Financial Performance  Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	3.19	3.24	3.14	3.09	2.87			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.00	0.00	0.00	0.00	0.00			
		Profitability: Regulatory								
		Deemed (included in rates)	9.85%	9.85%	9.36%	9.36%	9.36%			
		Return on Equity								
		Achieved	6.26%	10.28%	8.43%	4.35%	1.53%			

1. Compliance with Ontario Regulation 22/04 assessed: Compliant (C); Needs Improvement (NI); or Non-Compliant (NC).

2. The trend's arrow direction is based on the comparison of the current 5-year rolling average to the fixed 5-year (2010 to 2014) average distributor-specific target on the right. An upward arrow indicates decreasing reliability while downward indicates improving reliability.

3. A benchmarking analysis determines the total cost figures from the distributor's reported information.

4. The CDM measure is based on the new 2015-2020 Conservation First Framework. This measure is under review and subject to change in the future.

Legend:

5-year trend  
U up U down U flat  
Current year  
● target met ● target not met

## 1.10 FINANCIAL INFORMATION

The OEB's RRFE for electricity distributors includes Financial Performance as one of the performance measurements. The four-financial metrics included are liquidity, leverage, deemed return on equity and achieved a return on equity. CHEI'S metrics for historical years 2011 to 2015, the 2016 Bridge Year and the 2017 Test Year are discussed in detail in Section 8 of the Business Plan. CHEI has replicated the information below for ease of reference.

**Table 21 – Financial Ratios from Scorecards**

	Financial Ratios			
	Liquidity: Current Ratio (Current Assets/Current Liabilities)	Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	Profitability (Approved ROE)	Regulatory Return on Equity (Achieved ROE)
2011	3.19	0	9.36%	6.26%
2012	3.24	0	9.36%	10.28%
2013	3.14	0	9.36%	8.43%
2014	3.09	0	9.36%	4.35%
2015	2.87		9.36%	1.53%

### 1.10.1 FINANCIAL RESULTS

CHEI's financial performance has remained strong over the past four years with an income of 124,000, 91,000 and 79,000 for 2014, 2015 and 2016 respectively. The utility's solid performance has allowed the cooperative members to received dividends of \$22,000, \$20,000 and \$20,000 for 2014, 2015 and 2016 respectively.

By the end of 2017, CHEI will be under-earning due mainly to the increase in capital spending related to the 44Kv substation and a one-time administrative cost associated with an OEB audit. Details of the substation are presented in the utility's Distribution System Plan, and details relating to one-time costs are explained in the utility's Cost of the Service application, specifically throughout Exhibit 4. The rate or return for 2018 is expected to be 8.78% as prescribed by the OEB.

## Actual Return vs. Allowed Return

### **Liquidity: Current Ratio (Current Assets/Current Liabilities)**

CHE's current ratio declined slightly from 3.14 in 2013 to 3.09 in 2014 and further declined to 2.87 in 2015. The ratio still exceeds the indicator of good financial health.

### **Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio**

Up until 2017, CHE has never carried debt instruments. By Board policy, the utility used a deemed capital structure of 60% debt, 40% equity when establishing rates. In early 2017, the utility incurred a long-term debt to finance the 44Kv substation. The utility is borrowing \$1,000,000 over a period of 20 years at a fixed rate of 2.90%. The remainder of the cost related to the 44Kv substation is funded through the utility's cash reserve.

### **Profitability: Regulatory Return on Equity – Deemed (included in current rates)**

CHE's current distribution rates were rebased and approved by the OEB in 2014 and included an expected (deemed) regulatory return on equity of 9.36%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. The actual return on equity for 2016 is 4.37% which indicates a underearning when compared to the Board Approved 2014 rate of return. Because of the increase in capital spend for 2017, CHEI expects that the utility will show significant under-earnings in 2017. But with the Cost of Service scheduled for 2018, the return on equity will rebalance itself at 8.78%.

### **Profitability: Regulatory Return on Equity – Achieved (2016)**

The actual return on equity for 2016 is 4.37% which indicates a slight underearning when compared to the Board Approved 2014 rate of return. Because of the increase in capital spend for 2017, CHEI expects that the utility will show significant under-earnings in 2017. With the Cost of Service scheduled for 2018, the return on equity will balance at 8.78% as per Board Approved.

**Table 22 - Return on Equity Table**

	2014 BA	2014	2015	2016
Return on Equity	9.85%	4.35%	1.53%	3.87%



## Profit and Loss

Outlined below, and in the following table, are some of the essential components of the projected profit and loss for CHEI:

- ✓ Operating Revenues for 2017 and 2018 are forecast to be \$820,815 and \$1,109,634.
- ✓ Cost and Expenses for 2017 and 2018 are predicted to be \$808,709 and \$886,804.
- ✓ Taxes for 2017 and 2018 are predicted to be \$7,357 and \$6,380 respectively.
- ✓ The net profit for 2017 and 2018 is forecast to be -\$102,625 and \$165,343, respectively.

As reflected in the Past Performance Table CHEI realized a profit ranging from \$91,965 in 2015 to \$126,214 in 2016. CHEI anticipates that due to the completion of the 44kV substation in 2017 and new rates only coming into effect on January 1, 2018 – the utility will see a significant deficit in 2017.

**Table 23 - Profit and Loss Table**

	Board Approved	Actual	Actual	Actual	Projected	Projected
<i>Derivation of Utility Income</i>	2014	2014	2015	2016	2017	2018
<b>Operating Revenues</b>						
<i>Distribution Revenues</i>	858,144	784,466	796,608	828,016	909,378	1,107,885
<i>Other Revenue</i>	30,281	45,162	52,325	50,821	36,770	28,789
<b>Total Operating Revenues</b>	<b>888,425</b>	<b>829,628</b>	<b>848,933</b>	<b>878,836</b>	946,148	1,136,675
<b>OM&amp;A Expenses</b>	556,279	572,561	614,897	614,963	651,616	721,971
<i>Depreciation &amp; Amortization</i>	132,429	119,533	118,183	124,120	145,817	165,121
<b>Total Costs &amp; Expenses</b>	<b>688,708</b>	<b>692,094</b>	<b>733,080</b>	<b>739,083</b>	0	0
<i>Deemed Interest Expenses</i>	81,922	-115	843	0	797,433	887,092
<b>Total Expenses</b>	<b>770,630</b>	<b>691,979</b>	<b>733,923</b>	<b>739,083</b>	117,831	79,719
<b>Utility Income before Income Taxes / PILs</b>	<b>117,795</b>	<b>137,649</b>	<b>115,009</b>	<b>139,753</b>	915,263	966,811
<i>PILs / Income Taxes</i>	8,922	12,873	23,044	13,540	30,885	169,864
<i>Adjustments for FS purposes (donations)</i>			0			
<b>Utility Income</b>	<b>108,873</b>	<b>124,776</b>	<b>91,965</b>	<b>126,213</b>	<b>24,983</b>	<b>165,233</b>

## RATE BASE AND REVENUE DEFICIENCY

As shown in the following table, CHEI's revenue deficiency has steadily grown indicating that it is time for the utility to re-establish its rates based on its costs.

The revenue deficiency for 2014, 2015 and 2016 was -\$56,787, -\$99,825, -\$114,619 respectively. The largest deficiency is forecasted to be -\$200,230 in 2017 due to the addition of a new 44Kv Transformer Station.

**Table 24 - Table of Rate Base and Revenue Deficiency**

	Board Approved	Actual	Actual	Actual	Projected	Projected
	2014	2014	2015	2016	2017	2018
<b>Utility Income</b>	<b>108,873</b>	<b>-124,653</b>	<b>-91,966</b>	<b>-126,213</b>	<b>24,983</b>	<b>165,233</b>
<i>Gross Fixed Assets (year end)</i>	3,970,647	3,789,238	4,002,353	<b>4,433,945</b>	<b>6,140,941</b>	<b>6,291,146</b>
<i>Capital Expenditures (additions)</i>	<b>474,595</b>	<b>319,706</b>	<b>213,115</b>	<b>458,645</b>	<b>1,706,996</b>	<b>150,205</b>
<i>Accum Depreciation</i>	-1,360,666	-1,425,558	-1,543,741	-1,652,667	-1,798,484	-1,963,605
<i>Remove Non-Distribution Assets (2180)</i>						
<i>Net Fixed Assets</i>	2,609,981	2,371,349	2,458,611	2,781,278	4,342,457	4,327,541
<i>Average Net Fixed Assets</i>	2,372,683	2,285,056	2,411,146	2,619,945	3,561,867	4,334,999
<i>Utility Rate Base</i>	2,907,927	2,765,468	2,935,943	3,197,346	4,182,547	4,704,825
<i>Deemed Equity Portion of Rate Base</i>	1,163,171	1,106,187	1,174,377	1,278,938	1,673,019	1,881,930
<i>Income/(Equity Portion of Rate Base)</i>	9.36%	-4.51%	-3.13%	-3.95%	0.60%	3.51%
<i>Indicated Rate of Return</i>	6.56%	4.51%	3.16%	2.90%	3.41%	5.21%
<i>Approved Rate of Return</i>	6.56%	6.56%	6.56%	6.56%	6.56%	5.21%
<i>Sufficiency / (Deficiency) in Return</i>	0.00%	(2.05%)	(3.40%)	(3.66%)	(3.15%)	0.00%
<i>Equity</i>	40%	40%	40%	40%	40%	40%
<i>Short Term Debt</i>	4%	4%	4%	4%	4%	4%
<i>Long Term Debt</i>	56%	56%	56%	56%	56%	56%
<i>Equity Return</i>	9.36%	9.36%	9.36%	9.36%	9.36%	8.78%
<i>Short Debt Return</i>	2.11%	2.11%	2.11%	2.11%	2.11%	1.76%
<i>Long Debt Return</i>	4.88%	4.88%	4.88%	4.88%	4.88%	2.90%
<i>Tax Rate</i>	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
<b>Net Revenue Sufficiency / (Deficiency)</b>	<b>0</b>	<b>-56,787</b>	<b>-99,825</b>	<b>-116,976</b>	<b>-131,612</b>	<b>0</b>

CHEI strives to be financially responsible in controlling capital and OM&A expenditures to provide a rate of return within the OEB allowed a return on equity is thereby meeting the

shareholder's expectations while continuing to reinvest in its distribution system to meet customer expectations and operational efficiencies for the safe and reliable delivery of electricity.

#### 1.10.1 HISTORICAL FINANCIAL STATEMENTS

The following attachments are presented in this next section.<sup>49</sup>

✓ Appendix A Year ended 31 December 2016

✓ Appendix B Year ended 31 December 2015

#### 1.10.2 RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND RESULTS FIELD<sup>50</sup>

A detailed reconciliation between the financial results shown in CHEI's RRR filings, Audited Financial Statements and with the regulatory financial results filed in the application is presented in Appendix C of this Exhibit. All variances are as a result of the audit of account 1595 which still ongoing as at the time of the filing.

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<sup>49</sup> MFR - Non-consolidated Audited Financial Statements for 2 most recent years (i.e. 3 years of historical actuals)

<sup>50</sup> MFR - Detailed reconciliation of AFS with regulatory financial results filed in the application, with identification of any deviations that are being proposed

### 1.10.3 ANNUAL REPORT

The utility's most recent annual report is presented at Appendix E of this Exhibit.<sup>51</sup>

### 1.10.4 PROSPECTUS AND RECENT DEBT/SHARE ISSUANCE UPDATE

CHEI does not issue debt or share nor do they publish any prospectus.<sup>52</sup>

### 1.10.5 OTHER RELEVANT INFORMATION

#### Distributor Consolidation

CHEI is not currently contemplating selling its utility or amalgamating with other utilities.<sup>53</sup>

The utility does not have any additional or relevant information other than what is being filed in this application.

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<sup>51</sup> MFR - Annual Report and MD&A for most recent year of distributor and parent company, if applicable

<sup>52</sup> MFR - Rating Agency Reports, if available; Prospectuses, etc. for recent and planned public issuances

<sup>53</sup> MFR - If a distributor has acquired or amalgamated with another distributor, identify any incentives that formed part of the acquisition or amalgamation transaction if the incentive represents costs that are being proposed to remain or enter rate base and/or revenue requirement.

## APPENDICES

Appendix A	Financial Statements 2015 / 2016
Appendix B	Financial Statements 2015 / 2014
Appendix C	Reconciliation for RRR to FS
Appendix D	Survey Results (French and English)
Appendix E	Annual Report
Appendix F	Newsletter
Appendix G	PDF of List of Approvals

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**Appendix A Financial Statements 2015 / 2016**

# Embrun Hydro Cooperative Inc.

## Financial Statements

For the year ended December 31, 2016

# Coopérative Hydro Embrun inc.

## États financiers

Pour l'exercice clos le 31 décembre 2016

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## Independent Auditor's Report

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## Rapport de l'auditeur indépendant

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To the members of Embrun Hydro Cooperative Inc.

We have audited the accompanying financial statements of Embrun Hydro Cooperative Inc., which comprise the statement of financial position as at December 31, 2016, and the statements of operations, of changes in equity and statement of cash flows for the year ended December 31, 2016, and the notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

Aux membres de la Coopérative Hydro Embrun inc.

Nous avons effectué l'audit des états financiers ci-joints de la Coopérative Hydro Embrun inc., qui comprennent l'état de la situation financière au 31 décembre 2016, et les états du résultat, de la variation des capitaux propres et le tableau des flux de trésorerie pour l'exercice clos le 31 décembre 2016 ainsi que les notes afférentes aux états financiers.

### Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux Normes internationales d'information financière, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

### Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.



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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Embrun Hydro Cooperative Inc. as at December 31, 2016, and its financial performance and its cash flows for the year ended December 31, 2016 in accordance with International Financial Reporting Standards.

Chartered Professional Accountants, Licensed Public Accountants

Embrun, Ontario  
Report Date (en)

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

**Opinion**

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Coopérative Hydro Embrun inc. au 31 décembre 2016, ainsi que de sa performance financière et de ses flux de trésorerie pour l'exercice clos le 31 décembre 2016, conformément aux Normes internationales d'information financière.

Comptables professionnels agréés, experts-comptables autorisés

Embrun (Ontario)  
le date

**Embrun Hydro Cooperative Inc.**  
**Statement of Financial Position**  
December 31

**Coopérative Hydro Embrun inc.**  
**État de la situation financière**  
31 décembre

	2016	2015	
<b>Asset</b>			<b>Actif</b>
Cash	\$ 445,957	\$ 718,040	Encaisse
Term deposit (Note 5)	1,000,000	1,000,000	Dépôt à terme (Note 5)
Accounts receivable (Note 7)	412,267	397,748	Débiteurs (Note 7)
Unbilled service revenue	459,517	411,945	Produits provenant de services non facturés
			Palements tenant lieu d'impôts à recevoir (Note 8)
Payments in lieu of taxes receivables (Note 8)	6,060	-	
	2,323,801	2,527,733	
Property and equipment (Note 4)	4,102,614	3,813,808	Immobilisations corporelles (Note 4)
<b>Total Assets</b>	<b>6,426,415</b>	<b>6,341,541</b>	<b>Total des actifs</b>
			<b>Soldes débiteurs de comptes de report réglementaires et d'impôt différé connexe (Note 3)</b>
Regulatory deferral account debit balances and related deferred tax (Note 3)	277,954	242,725	
<b>Total Assets and Regulatory Deferral Account Debit Balances</b>	<b>\$ 6,704,369</b>	<b>\$ 6,584,266</b>	<b>Total des actifs et soldes débiteurs des comptes de report réglementaires</b>
<b>Liabilities and Members' Equity</b>			<b>Passifs et capitaux propres</b>
<b>Liabilities</b>			<b>Passifs</b>
Accounts payable and accrued liabilities	\$ 846,164	\$ 846,770	Créditeurs et frais courus
Payments in lieu of taxes payable (Note 8)	-	6,824	Palements tenant lieu d'impôt à payer (Note 8)
Deferred revenues	31,153	8,452	Revenus reportés
Patronage payable	20,000	20,000	Ristournes à payer
	897,317	882,046	
Contributions in aid of construction (Note 6)	1,321,334	1,355,197	Apports affectés à la construction (Note 6)
Customer deposits (Note 7)	9,263	7,863	Dépôts de clients (Note 7)
Deferred taxes	13,016	6,997	Impôt différé
<b>Total Liabilities</b>	<b>2,240,930</b>	<b>2,252,103</b>	<b>Total des passifs</b>
<b>Members' Equity</b>			<b>Capitaux propres</b>
Share capital (Note 10)	14,550	13,800	Capital-actions (Note 10)
Retained earnings	1,546,741	1,420,528	Bénéfices non répartis
Contributed surplus	2,862,994	2,862,994	Surplus d'apport
<b>Total Members' Equity</b>	<b>4,424,285</b>	<b>4,297,322</b>	<b>Total des capitaux propres</b>
<b>Total Liabilities and Members' Equity</b>	<b>6,665,215</b>	<b>6,549,425</b>	<b>Total des passifs et capitaux propres</b>
			<b>Soldes créditeurs de comptes de report réglementaires et d'impôt différé connexe (Note 3)</b>
Regulatory deferral account credit balances and related deferred tax (Note 3)	39,154	34,841	
<b>Total Liabilities, Members' Equity and Regulatory Deferral Account Credit Balances</b>	<b>\$ 6,704,369</b>	<b>\$ 6,584,266</b>	<b>Total des passifs, des capitaux propres et des soldes créditeurs de comptes de report réglementaires</b>

Signed on behalf of the Board of Directors' by:

Signé au nom du conseil d'administration:

Director	_____	Administrateur
Director	_____	Administrateur
Director	_____	Administrateur

**Embrun Hydro Cooperative Inc.**  
**Statement of Changes in Members'**  
**Equity**

For the year ended December 31

**Coopérative Hydro Embrun inc.**  
**État des variations des capitaux propres**

Pour l'exercice clos le 31 décembre

	Share Capital / Capital-actions	Retained Earnings / Bénéfices non répartis	Contributed Surplus / Surplus d'apport	Total / Total	
<b>Balance at January 1, 2015</b>	\$ 13,340	\$ 1,328,562	\$ 2,862,994	\$ 4,204,896	<b>Solde au 1 janvier 2015</b>
Profit for the year and net movements in regulatory deferral account balances	-	91,966	-	91,966	Résultat pour l'exercice et mouvement net des soldes de comptes de report réglementaires
Net variation of share-capital	460	-	-	460	Variation nette du capital-actions
<b>December 31, 2015</b>	13,800	1,420,528	2,862,994	4,297,322	<b>31 décembre 2015</b>
Profit for the year and net movements in regulatory deferral account balances	-	126,213	-	126,213	Résultat pour l'exercice et mouvement net des soldes de comptes de report réglementaires
Net variation of share-capital	750	-	-	750	Variation nette du capital-actions
<b>December 31, 2016</b>	\$ 14,550	\$ 1,546,741	\$ 2,862,994	\$ 4,424,285	<b>31 décembre 2016</b>

**Embrun Hydro Cooperative Inc.**  
**Statement of Operations**  
For the year ended December 31

**Coopérative Hydro Embrun inc.**  
**État des résultats**  
Pour l'exercice clos le 31 décembre

	2016	2015	
<b>Revenue</b>			<b>Produits</b>
Electricity Sales	\$ 3,819,653	\$ 3,403,554	Électricité
Distribution	824,857	793,208	Distribution
Other (Note 11)	81,200	80,824	Autres revenus (Note 11)
	<u>4,725,710</u>	<u>4,277,586</u>	
<b>Expenses</b>			<b>Charges</b>
Advertising and promotion	11,943	12,188	Publicité et promotion
Amortization of property and equipment (Note 4)	164,433	156,564	Amortissement des immobilisations corporelles (Note 4)
Bad debts	4,960	5,001	Mauvaises créances
Customer billing	84,713	85,155	Facturation des clients
Energy purchases	3,819,653	3,403,554	Achats en énergie
Insurance	4,729	3,916	Assurance
Membership fees	5,900	5,800	Frais d'associations
Office	23,941	28,362	Frais de bureau
Other expenses	160	302	Autres charges
Professional fees	82,537	74,407	Frais professionnels
Rent	14,253	14,100	Loyer
Repairs and maintenance of network	69,170	54,910	Entretien et réparations du réseau
Salaries and benefits - Directors	29,694	27,662	Salaires et avantage sociaux - Administrateurs
Salaries and benefits - Employees (Note 9)	251,232	286,238	Salaires et avantage sociaux - Employés (Note 9)
Telephone	13,749	12,135	Téléphone
Travel	6,170	4,824	Voyage
Patronage	20,000	20,000	Ristournes
	<u>4,607,237</u>	<u>4,195,118</u>	
<b>Income from operating activities</b>	<b>118,473</b>	<b>82,468</b>	<b>Produits provenant des activités d'exploitation</b>
<b>Finance income</b>	<b>33,443</b>	<b>33,432</b>	<b>Produits financiers</b>
<b>Finance cost</b>	<b>(305)</b>	<b>(890)</b>	<b>Frais financiers</b>
<b>Loss on disposal of property and equipment</b>	<b>(11,858)</b>	<b>-</b>	<b>Perte sur disposition d'immobilisations corporelles</b>
<b>Income before provision for payment in lieu of taxes</b>	<b>139,753</b>	<b>115,010</b>	<b>Résultat avant provision pour paiement tenant lieu d'impôts</b>
<b>Provision for payment in lieu of taxes Current (Note 8)</b>	<b>13,540</b>	<b>23,044</b>	<b>Provision pour paiement tenant lieu d'impôts Exigible (Note 8)</b>
<b>Profit for the year</b>	<b>\$ 126,213</b>	<b>\$ 91,966</b>	<b>Résultat pour l'exercice</b>

The notes are an integral part of these financial statements.

Les notes complémentaires font partie intégrante des états financiers.

**Embrun Hydro Cooperative Inc.**  
**Statement of Cash Flows**  
For the year ended December 31

**Coopérative Hydro Embrun inc.**  
**État des flux de trésorerie**  
Pour l'exercice clos le 31 décembre

	2016	2015	
<b>Cash flows from operating activities</b>			<b>Flux de trésorerie liés aux activités d'exploitation</b>
Profit for the year	\$ 126,213	\$ 91,966	Résultat pour l'exercice
Adjustments to reconcile income to net cash used in operating activities:			Ajustements pour rapprocher le résultat et l'encaisse nette utilisée par les activités d'exploitation:
Amortization of property and equipment	164,433	156,564	Amortissement des immobilisations corporelles
Amortization of contributions in aid of construction	(40,313)	(38,381)	Amortissement des apports affectés à la construction
Loss on disposal of property and equipment	11,858	-	Perte sur disposition d'immobilisations corporelles
Changes in non-cash working capital			Variation des éléments hors caisse du fonds de roulement
Accounts receivable	(14,519)	(18,236)	Débiteurs
Unbilled service revenue	(47,572)	3,393	Produits provenant de services non facturés
Accounts payable and accrued liabilities	(606)	50,612	Créditeurs et frais courus
Payments in lieu of taxes receivables / payables	(12,884)	30,494	Paievements tenant lieu d'impôts à recevoir / à payer
Customer deposits	1,400	2,250	Dépôts de clients
Deferred revenues	22,701	6,488	Revenus reportés
Patronage payable	-	(1,935)	Ristournes à payer
	<u>210,711</u>	<u>283,215</u>	
<b>Cash flows from investing activities</b>			<b>Flux de trésorerie liés aux activités d'investissement</b>
Purchase of property and equipment	(465,096)	(287,448)	Acquisition d'immobilisations corporelles
Changes in regulatory deferral account balances	(24,898)	(40,000)	Variation des soldes de comptes de report réglementaires
	<u>(489,994)</u>	<u>(327,448)</u>	
<b>Cash flows from financing activities</b>			<b>Flux de trésorerie liés aux activités de financement</b>
Contributions in aid of construction	6,450	82,004	Apports affectés à la construction
Issuance of share capital	2,530	2,740	Émission de capital-actions
Redemption of share capital	(1,780)	(2,280)	Rachat de capital-actions
	<u>7,200</u>	<u>82,464</u>	
<b>Net (decrease) increase in cash</b>	<b>(272,083)</b>	<b>38,231</b>	<b>Augmentation nette de la trésorerie</b>
<b>Cash, beginning of the year</b>	<b>718,040</b>	<b>679,809</b>	<b>Encaisse, début de l'exercice</b>
<b>Cash, end of the year</b>	<b>\$ 445,957</b>	<b>\$ 718,040</b>	<b>Encaisse, fin de l'exercice</b>

The notes are an integral part of these financial statements.

Les notes complémentaires font partie intégrante des états financiers.

## 1. Cooperative's Information

The Embrun Hydro Cooperative Inc.'s (the "Cooperative") main business activity is the distribution of electricity under a license issued by the Ontario Energy Board ("OEB"). The Cooperative owns and operates an electricity distribution system, which delivers electricity to approximately 2,155 customers located in Embrun, Ontario.

The Province, through its regulator the OEB exercises statutory authority through setting or approving all rates charged by the Cooperative and establishing standards of service for the Cooperative's customers. Rates are set by the OEB on an annual basis for January 1 to December 31.

Operating in regulated environment exposes the Cooperative to regulatory and recovery risk.

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulatory regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

## 1. Renseignements sur la Coopérative

La principale activité de la Coopérative Hydro Embrun inc. (la "Coopérative") est la distribution d'énergie électrique en vertu d'un permis de la Commission de l'énergie de l'Ontario (la « CEO »). La Coopérative détient et exploite un réseau de distribution d'énergie électrique, qui fournit de l'électricité à environ 2 155 clients à Embrun (Ontario).

Par l'entremise de la CEO, son organisme de réglementation, la Province détient le pouvoir légal pour établir et approuver tous les tarifs demandés par la Coopérative, ainsi que pour établir les normes de services des clients de la Coopérative. Les tarifs sont fixés par la CEO sur une base annuelle, soit du 1<sup>er</sup> janvier au 31 décembre.

Comme elle exerce ses activités dans un environnement réglementé, la Coopérative est exposée au risque réglementaire et au risque de recouvrement.

Le risque réglementaire est le risque que la Province et son organisme de réglementation, la CEO, mettent sur pied un programme de réglementation qui imposerait des conditions interdisant au secteur de la distribution de l'énergie électrique de fixer un taux de rendement acceptable assurant la viabilité financière de ses activités commerciales, y compris le recouvrement des dépenses engagées pour aider les autres acteurs du marché de l'énergie électrique, comme des coûts de transition et d'autres actifs réglementaires. Toutes les demandes de modification des charges de distribution de l'énergie électrique doivent être approuvées par la CEO.

**1. Cooperative's Information (continued)**

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. Embrun Hydro Cooperative Inc. is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The address of the Cooperative's corporate office and principal place of business is 821 Notre-Dame Street, Suite 200, Embrun, Ontario, Canada.

**1. Renseignements sur la Coopérative (suite)**

Le développement de la réglementation au sein du marché de l'électricité en Ontario, y compris les consultations actuelles et potentielles entre la CEO et les parties intéressées, peuvent avoir une incidence sur les tarifs de distribution et les autres éléments de recouvrement autorisés à l'avenir. La Coopérative Hydro Embrun inc. doit acquitter un coût de service dans le cadre d'un mécanisme réglementaire en vertu duquel la CEO établit les produits nécessaires pour i) recouvrer les coûts d'exploitation prévus, tels que l'amortissement et l'impôt sur le revenu, pour fournir le service réglementé et ii) pour offrir un rendement ou une assiette tarifaire justes et raisonnables sur les services publics. Puisque les conditions d'exploitation peuvent s'avérer différentes des prévisions, les rendements réels obtenus peuvent être différents des rendements approuvés.

L'adresse du siège social de la Coopérative et de son principal établissement est le 821 rue Notre-Dame, Suite 200, Embrun (Ontario), Canada.

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**2. Basis of Presentation**

**a) Statement of compliance**

The financial statements of Embrun Hydro Cooperative Inc. have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements were authorized for issue by the Board of Directors on Report Date (en).

**2. Mode de présentation**

**a) Déclaration de conformité**

Les états financiers de la Coopérative Hydro Embrun inc. ont été préparés conformément aux Normes internationales d'information financière (« IFRS »), telles que publiées par l'International Accounting Standards Board (« IASB »).

La publication des états financiers a été autorisée par le Conseil d'administration le date.

**2. Basis of Presentation (continued)**

b) Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars (CDN\$), which is also the Cooperative's functional currency, and all values are rounded to the nearest dollar, unless when otherwise indicated.

c) Judgment and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Cooperative's accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are:

- The calculation of the impairment of accounts receivable (Note 7); and
- The determination for the provision for Payment in Lieu of Taxes since there are many transactions and calculations for which the ultimate tax determination is uncertain (Note 8);

In addition, in preparing the financial statements the notes to the financial statements were ordered such that the most relevant information was presented earlier in the notes and the disclosures that management deemed to be immaterial were excluded from the notes to the financial statements. The determination of the relevance and materiality of disclosures involved significant judgement.

**2. Mode de présentation (suite)**

b) Mode d'évaluation

Les états financiers ont été préparés selon la méthode du coût historique. Ils sont présentés en dollars canadiens, qui est également la monnaie fonctionnelle de la Coopérative, et à moins d'indication contraire, tous les montants ont été arrondis au dollars près.

c) Jugement et estimations

La préparation des états financiers selon les IFRS exige que la direction fasse appel à certaines estimations comptables critiques. Elle exige également que la direction fasse preuve de jugement lors de l'application des méthodes comptables de la Coopérative. Les secteurs exigeant un jugement ou des estimations critiques dans l'application des méthodes comptables et pour lesquels le risque d'ajustement significatif aux valeurs comptables des actifs et passifs constatés dans les états financiers du prochain exercice est le plus important sont les suivants :

- le calcul de la dépréciation des débiteurs (Note 7); et
- la détermination de la provision pour paiement tenant lieu d'impôts, compte tenu du nombre élevé de transactions et de calculs pour lesquels la détermination finale des impôts est incertaine (Note 8);

De plus, les notes aux états financiers ont été préparées de manière à présenter les renseignements les plus pertinents en premier et à exclure toute information jugée non significative par la direction. L'évaluation du caractère pertinent ou significatif de ces informations repose largement sur le jugement.



### 3. Regulatory Deferral Account Balances

Regulatory deferral account balances arise from rate regulation. Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets.

Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process.

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

### 3. Soldes de comptes de report réglementaires

Les soldes de comptes de report réglementaires découlent de la réglementation des tarifs. Les soldes de comptes de report réglementaires sont comptabilisés et évalués au coût, initialement et ultérieurement. Ils sont évalués pour dépréciation selon la même méthode que celle utilisée pour les autres actifs non financiers.

Les soldes créditeurs de comptes de report réglementaires sont associés à certains revenus gagnés au cours de la présente période ou des périodes antérieures, dont le retour aux consommateurs est prévu au cours des périodes futures par le biais du processus d'établissement de tarifs.

Les soldes débiteurs de comptes de report réglementaires représentent les revenus futurs associés à certains coûts engagés au cours de la présente période ou des périodes antérieures, dont le recouvrement auprès des clients est prévu dans les périodes futures par le biais du processus d'établissement de taux. La direction évalue continuellement la possibilité de recouvrement des actifs réglementaires. Si le recouvrement par le biais de tarifs ultérieurs n'était plus jugé probable, les montants seraient portés en charges dans les résultats d'exploitation au cours de la période durant laquelle l'évaluation est réalisée.

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2016

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2016

**3. Regulatory Deferral Account Balances**  
(continued)

All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the Cooperative has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

**3. Soldes de comptes de report réglementaires**  
(suite)

Tous les montants reportés en tant que soldes débiteurs de comptes de report réglementaires sont assujettis à l'approbation de la CEO. En d'autres termes, les montants à reporter pourraient être modifiés par l'organisme de réglementation. Les périodes de recouvrement restantes correspondent aux périodes prévues. Quant aux périodes réelles de recouvrement ou de règlement, elles pourraient changer en fonction de l'approbation de la CEO. Compte tenu des décisions et articles de règlement antérieurs, existants ou à venir, la Coopérative détient des montants dont elle a prévu le recouvrement auprès des clients (ou le retour aux clients) au cours de périodes ultérieures, comme il est indiqué ci-dessous. Par conséquent, les soldes de comptes de report réglementaires sont les suivants :

<u>Regulatory Deferral Account Debit</u>				<u>Soldes débiteurs de comptes de report réglementaires</u>			
	Hydro one recovery / Recouvrement par Hydro One	Rebassing costs / Frais de rebassing	Deferred tax / Impôt différé	Smart meters / Compteurs intelligents	"RARA" recovery / Recouvrement "CARR"	Total / Total	
December 31, 2014	\$ 56,664	\$ 38,800	\$ 6,442	\$ 6,086	\$ 103,094	\$ 211,086	31 décembre 2014
Balances arising in the period	10,825	(9,700)	555	18,649	11,310	31,639	Soldes au cours de la période
December 31, 2015	67,489	29,100	6,997	24,735	114,404	242,725	31 décembre 2015
Balances arising in the period	33,876	(9,700)	6,019	3,680	1,354	35,229	Soldes au cours de la période
December 31, 2016	\$ 101,365	\$ 19,400	\$ 13,016	\$ 28,415	\$ 115,758	\$ 277,954	31 décembre 2016

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2016

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2016

**3. Regulatory Deferral Account Balances**  
(continued)

Regulatory Deferral Account Credit

	Settlement variances / Écart de règlement	IFRS transition costs / Coûts de conversion IFRS	Total / Total	Net Regulatory (liabilities) Assets / Actifs (passifs) réglementaires nets
December 31, 2014	\$ 47,218	\$ (3,460)	\$ 43,758	\$ 167,328
Balances arising in the period	(4,429)	(4,488)	(8,917)	40,556
December 31, 2015	42,789	(7,948)	34,841	207,884
Balances arising in the period	17,936	(13,623)	4,313	30,916
December 31, 2016	\$ 60,725	\$ (21,571)	\$ 39,154	\$ 238,800

Rebasing costs

Every five years, the cooperative has to file a request to the OEB for the approval of its billing rates. The costs incurred are recorded as a regulatory asset and are amortized using the straight-line method over a five year period.

Smart meters

In 2009, the smart meters were installed at every customer. From 2010 to 2012, the cooperative has incurred costs for the implementation of the software related to smart meters.

"RARA" recovery

On December 23, 2013 the OEB ordered that the approved regulatory asset balances be aggregated into a single regulatory account. The approved balance will be recovered over periods of 1 and 2 years. The RARA is credited with recovery amounts and is debited by OEB prescribed carrying charges.

Settlement variances

This account is comprised of the variances between amounts charged by the Cooperative to customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the Cooperative after May 1, 2002. The settlement variances relate primarily to service charges, non-competitive electricity charges, imported power charges and the global adjustment.

**3. Soldes de comptes de report réglementaires**  
(suite)

Soldes créditeurs de comptes de report réglementaires

Net Regulatory  
(liabilities)  
Assets /  
Actifs (passifs)  
réglementaires  
nets

31 décembre 2014	
Soldes au cours de la période	
31 décembre 2015	
Soldes au cours de la période	
31 décembre 2016	

Frais de rebasing

À tous les cinq ans, la coopérative doit faire une demande à la CEO pour l'approbation des taux de facturation. Les coûts engendrés pour cette demande sont comptabilisés en tant qu'actif réglementé et sont amortis selon la méthode linéaire sur une période de cinq ans.

Compteurs intelligents

En 2009, des compteurs intelligents ont été installés pour chaque client. De 2010 à 2012, la coopérative a accumulé des coûts pour l'implantation d'un logiciel pour les compteurs intelligents.

Recouvrement "CARR"

Le 23 décembre 2013, la CEO a exigé que le solde des actifs réglementés autorisés soient combinés dans un seul compte réglementé. Le solde autorisé de ce compte sera recouvert sur des périodes de 1 et 2 ans. Le CARR est crédité avec les montants récupérés et est débité par les frais d'intérêts prescrits par la CEO.

Écarts de règlement

Ce compte comprend les écarts entre les montants facturés aux clients par la Coopérative établis selon les tarifs réglementés, ainsi que le coût correspondant du service d'électricité non concurrentiel encouru par la Coopérative après le 1<sup>er</sup> mai 2002. Les écarts de règlement sont liés principalement aux frais d'administration, aux frais d'électricité non concurrentiels, aux frais d'importation de l'énergie et aux ajustements généraux.

3. Regulatory Deferral Account Balances  
(continued)

Deferred tax

The recovery from, or refund to, customers of future income taxes through future rates is recognized as a regulatory deferral account balance. The deferred tax asset balance is presented within the total regulatory deferral account balances presented in the statement of financial position.

IFRS transition costs

During 2013, the OEB consultation process was set up to determine the effect of IFRS on local distribution companies. The consultation concluded that prudently incurred administrative costs directly related to IFRS transition would be recoverable from ratepayers on the same basis as other administrative costs. The OEB has approved the collection from customers to cover the expected one-time costs of implementing IFRS.

3. Soldes de comptes de report réglementaires  
(suite)

Impôt différé

Le recouvrement d'impôts futurs auprès des clients (ou leur remboursement aux clients) par le biais de tarifs ultérieurs est comptabilisé dans le solde de compte de report réglementaire. Le solde des actifs d'impôt différé est présenté dans l'état de la situation financière sous le total des soldes de comptes de report réglementaires.

Coûts de conversion aux IFRS

Au cours de 2013, le processus de consultation de la CEO a été mis au point afin de déterminer l'incidence des IFRS sur les entreprises de distribution locales. La consultation a conclu que des frais d'administration prudemment engagés directement liés à la conversion aux IFRS seraient recouvrables auprès des contribuables selon la même méthode que celle employée pour les autres frais d'administration. La CEO a approuvé ce recouvrement auprès des clients, lequel est destiné à couvrir les coûts non récurrents liés à l'adoption des IFRS.

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4. Property and Equipment

Major spares such as spare transformers and other items kept as standby/back up equipment are accounted for as property and equipment since they support the Cooperative's distribution system reliability.

Depreciation of property and equipment is recorded in the Statement of operations on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The estimated useful lives are as follows:

Computers	20%
Distribution system	1.67 to/à 2.86%
Office equipment	10%
Smart meters	6.67%
Tools	10%
Land is not depreciated	

4. Immobilisations corporelles

Les pièces de remplacements majeures, comme les transformateurs et les autres éléments conservés comme équipement de rechange, sont comptabilisées dans les immobilisations corporelles, car elles assurent la fiabilité du réseau de distribution de la Coopérative.

L'amortissement des immobilisations corporelles est comptabilisé dans l'état des résultats selon la méthode linéaire sur la durée de vie utile estimative des actifs correspondants. Les durées de vie utiles estimatives, les valeurs résiduelles et les méthodes d'amortissement sont révisées annuellement à la fin de chaque période de présentation de l'information financière.

Les durées de vie utiles estimatives se détaillent comme suit :

Ordinateurs
Système de distribution
Équipement de bureau
Compteurs intelligents
Outils
Les terrains n'ont pas été amortis

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2016

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2016

**4. Property and Equipment (continued)**

Property and equipment consists of the following:

**4. Immobilisations corporelles (suite)**

Ces immobilisations corporelles sont les suivantes :

	Land / Terrain	Computers / Ordinateurs	Distribution system / Système de distribution	Office equipment / Équipement de bureau	
<b>Cost</b>					<b>Coût</b>
Balance at December 31, 2014	\$ 50,000	\$ 152,965	\$ 4,721,519	\$ 55,315	Solde, au 31 décembre 2014
Additions	-	2,692	274,551	961	Acquisitions
Balance at December 31, 2015	50,000	155,657	4,996,070	56,276	Solde, au 31 décembre 2015
Additions	-	3,525	444,069	1,564	Acquisitions
Disposals	-	-	(27,052)	-	Dispositions
Balance at December 31, 2016	\$ 50,000	\$ 159,182	\$ 5,413,087	\$ 57,840	Solde, au 31 décembre 2016
<b>Depreciation and impairment losses</b>					<b>Amortissement et pertes de valeur</b>
Balance at December 31, 2014	\$ -	\$ 96,649	\$ 1,455,095	\$ 36,382	Solde, au 31 décembre 2014
Depreciation for the year	-	10,283	119,193	3,965	Amortissement pour l'exercice
Balance at December 31, 2015	-	106,932	1,574,288	40,347	Solde, au 31 décembre 2015
Depreciation for the year	-	10,139	127,345	2,861	Amortissement pour l'exercice
Disposals	-	-	(15,194)	-	Dispositions
Balance at December 31, 2016	\$ -	\$ 117,071	\$ 1,686,439	\$ 43,208	Solde, au 31 décembre 2016
<b>Carrying amounts</b>					<b>Valeur comptable</b>
At December 31, 2015	\$ 50,000	\$ 48,725	\$ 3,421,782	\$ 15,929	Au 31 décembre 2015
At December 31, 2016	\$ 50,000	\$ 42,111	\$ 3,726,648	\$ 14,632	Au 31 décembre 2016

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2016

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2016

**4. Property and Equipment (continued)**

	Smart meters / Compteurs intelligents	Tools / Outils	Total / Total
<b>Cost</b>			
Balance at December 31, 2014	\$ 335,928	\$ 8,486	\$ 5,324,213
Additions	9,244	-	287,448
Balance at December 31, 2015	345,172	8,486	5,611,661
Additions	8,523	7,415	465,096
Disposals	-	-	(27,052)
Balance at December 31, 2016	<b>\$ 353,695</b>	<b>\$ 15,901</b>	<b>\$ 6,049,705</b>
<b>Depreciation and impairment losses</b>			
Balance at December 31, 2014	\$ 48,423	\$ 4,740	\$ 1,641,289
Depreciation for the year	22,703	420	156,564
Balance at December 31, 2015	71,126	5,160	1,797,853
Depreciation for the year	23,296	791	164,432
Disposals	-	-	(15,194)
Balance at December 31, 2016	<b>\$ 94,422</b>	<b>\$ 5,951</b>	<b>\$ 1,947,091</b>
<b>Carrying amounts</b>			
At December 31, 2015	\$ 274,046	\$ 3,326	\$ 3,813,808
At December 31, 2016	<b>\$ 259,273</b>	<b>\$ 9,950</b>	<b>\$ 4,102,614</b>

**4. Immobilisations corporelles (suite)**

<b>Coût</b>	
Solde, au 31 décembre 2014	
Acquisitions	
Solde, au 31 décembre 2015	
Acquisitions	
Dispositions	
Solde, au 31 décembre 2016	
<b>Amortissement et pertes de valeur</b>	
Solde, au 31 décembre 2014	
Amortissement pour l'exercice	
Solde, au 31 décembre 2015	
Amortissement pour l'exercice	
Dispositions	
Solde, au 31 décembre 2016	
<b>Valeur comptable</b>	
Au 31 décembre 2015	
Au 31 décembre 2016	

**5. Term Deposit**

The cooperative's term deposit of \$1,000,000 earns interest at a rate of 1.6 %, maturing on July 7, 2017.

**5. Dépôt à terme**

Le dépôt à terme de la coopérative de 1 000 000\$ porte un taux d'intérêt de 1,6 % et vient à échéance le 7 juillet 2017.

## 6. Revenue Recognition

As a licensed distributor, the Cooperative is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Cooperative is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Cooperative ultimately collects these amounts from customers. The Cooperative has presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity is recognized on an accrual basis, including unbilled revenues accrued in respect of electricity delivered but not yet billed. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

Other revenues, which include revenues from pole rentals, retailers' revenue and other revenues are recognized at the time services are provided. Where the Cooperative has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as contributions in aid of construction and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction.

## 6. Comptabilisation des produits

À titre de distributeur autorisé, la Coopérative est responsable de la facturation aux clients pour l'électricité produite par des tiers et pour les coûts liés à la fourniture de services d'électricité tels que les services de transmission et d'autres services fournis par des tiers. En vertu de la réglementation, la Coopérative doit remettre ces montants à ces tiers, et ce, sans égard au fait que la Coopérative, ultimement, recouvre ou non ces montants auprès des clients. La Coopérative a présenté les produits tirés de ces activités sur une base brute.

Les produits tirés de la vente et de la distribution d'électricité sont comptabilisés selon la méthode de la comptabilisation d'exercice et comprennent les produits non facturés courus relativement à l'électricité fournie, mais non encore facturée. Les produits tirés de la vente et de la distribution d'énergie comprennent les montants facturés aux clients en guise de frais administratifs de distribution. Ces montants sont comptabilisés à partir des relevés de compteurs.

Les autres produits, tels que les produits tirés de la location des poteaux, les produits des détaillants et les autres produits, sont comptabilisés au moment où le service est fourni. Dans les cas où la Coopérative a une obligation permanente de fournir un service, les produits sont comptabilisés à mesure que le service est fourni et les montants facturés d'avance sont comptabilisés en tant que produits reportés.

Lorsque les produits estimés sont moindres que les coûts liés à la prestation des services ou lorsque de l'équipement spécial est nécessaire pour répondre aux besoins spécifiques des clients, certaines immobilisations peuvent être acquises ou construites grâce à un soutien financier obtenu sous la forme d'apports de clients. Comme ces apports permettent d'assurer la fourniture continue d'électricité aux clients, ils sont classés en tant qu'apports affectés à la construction et sont amortis en tant que produits selon la méthode linéaire sur la durée de vie utile des immobilisations construites ou des apports d'actifs.

Les apports de capital sont d'abord comptabilisés à leur juste valeur, et les montants correspondants sont comptabilisés en tant qu'apports affectés à la construction.

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2016

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2016

**6. Revenue Recognition (continued)**

The continuity of deferred contributions in aid of construction is as follows:

	2016	2015	
Net deferred contributions, beginning of year	\$ 1,355,197	\$ 1,311,574	Apports reportés nets au début de l'exercice
Contributions in aid of construction received	6,450	82,004	Apports reçus affectés à la construction
Contributions in aid of construction recognized as other revenue	(40,313)	(38,381)	Apports affectés à la construction comptabilisés à titre d'autres produits
Net deferred contributions, end of year	\$ 1,321,334	\$ 1,355,197	Apports reportés nets, à la fin de l'exercice

All contributions in aid of construction are cash contributions. There has not been any contributions of property and equipment.

**6. Comptabilisation des produits (suite)**

La continuité des apports reportés affectés à la construction se détaille comme suit :

Tous les apports affectés à la construction sont des apports en trésorerie. Il n'y a pas eu d'apports provenant des immobilisations corporelles.

**7. Accounts Receivable and Customer Deposits**

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement. The balance of the allowance for impairment at December 31, 2016 is nil (2015 - \$609). The Cooperative's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2016, approximately \$25,293 (2015 - \$18,709) is considered 60 days past due. The Cooperative has approximately 2,155 customers, the majority of which are residential.

Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB.

Customer deposits represents cash deposits from electricity distribution customers and retailers, as well as construction deposits. Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Cooperative in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

**7. Débiteurs et dépôts de clients**

La valeur comptable des débiteurs est réduite au moyen d'une provision pour dépréciation et le montant de la perte de valeur correspondante est comptabilisé dans l'état des résultats. Les recouvrements ultérieurs des débiteurs pour lesquels une provision a déjà été comptabilisée précédemment sont crédités dans l'état des résultats. Au 31 décembre 2016, le solde de la provision pour dépréciation est nul (2015 - 609\$). Au chapitre des débiteurs, le risque de crédit de la Coopérative concerne principalement les paiements provenant des clients de distribution. Au 31 décembre 2016, les comptes en souffrance depuis 60 jours s'élève à 25 293\$ (2015 - 18 709\$). La Coopérative compte environ 2 155 clients, dont la majorité provient du secteur résidentiel.

Pour gérer le risque de crédit, la Coopérative perçoit des dépôts de garantie auprès des clients conformément aux directives de la CEO.

Les dépôts de clients sont constitués des dépôts en trésorerie provenant des clients et des détaillants de distribution d'électricité, ainsi que des dépôts pour la construction. Les dépôts provenant des clients de distribution d'électricité sont remboursables aux clients lorsque leur niveau de risque de crédit devient acceptable selon le jugement de la Coopérative, lequel est fondé sur les politiques de la CEO, ou lorsque leur contrat de distribution d'électricité prend fin.



**8. Payments in Lieu of Taxes Payable**

The Cooperative is a Municipal Electricity Utility ("MEU") for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As an MEU, the Cooperative is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the Cooperative is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

PILs expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances (See Note 3).

Significant judgment is required in determining the provision for PILs. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Cooperative recognizes liabilities for anticipated tax audit issues based on the Cooperative's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

**8. Paiement tenant lieu d'impôts à payer**

Aux fins du régime de paiements tenant lieu d'impôts dans la *Loi de 1998 sur l'électricité*, la Coopérative est considérée comme un service municipal d'électricité. À ce titre, elle est exonérée des impôts exigibles en vertu de *Loi de l'impôt sur le revenu* (Canada) et de la *Loi sur l'imposition des corporations* (Ontario).

En vertu de la *Loi de 1998 sur l'électricité*, la Coopérative doit verser des paiements tenant lieu d'impôts à la Société financière de l'industrie de l'électricité de l'Ontario (la « SFIEO ») pour chaque exercice. Le calcul de ces paiements est déterminé par les règlements sur le calcul du revenu imposable, du capital imposable et de tout autre montant pertinent prévus par la *Loi de l'impôt sur le revenu* (Canada) et la *Loi sur l'impôt des corporations* (Ontario), et peut être modifié par la *Loi de 1998 sur l'électricité* et ses règlements d'application.

Les paiements tenant lieu d'impôts comprennent l'impôt exigible et l'impôt différé. Ces impôts sont comptabilisés en résultat net, sauf s'ils sont liés à des éléments comptabilisés directement en capitaux propres ou en soldes de comptes de report réglementaires (voir la Note 3).

La détermination de la provision pour paiements tenant lieu d'impôts repose largement sur le jugement. Dans le cours normal des activités, il existe un nombre élevé de transactions et de calculs pour lesquels la détermination finale des impôts est incertaine. Advenant une vérification fiscale, la Coopérative comptabilise des provisions pour impôts selon son interprétation actuelle des lois fiscales. Toute différence entre le résultat final de cette vérification et les montants initialement comptabilisés aura une influence sur la provision pour impôt exigible et impôt différé au cours de la période où cette différence est déterminée.

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2016

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2016

**8. Payments in Lieu of Taxes Payable**  
(continued)

Significant components of the payments in lieu of taxes expense are as follows:

	2016	2015
<b>Current tax</b>		
Based on current year taxable income	\$ 13,540	\$ 19,874
Adjustments for insufficient provision in prior periods	-	3,170
<b>Total provision for payment in lieu of taxes</b>	<b>\$ 13,540</b>	<b>\$ 23,044</b>

The income tax expense varies from amounts which would be computed by applying the Cooperative's combined statutory income tax rate as follows:

	2016	2015
Basic rate applied to profit before provision for payments in lieu of taxes	\$ 69,178	\$ 56,930
Increase (decrease) in income tax resulting from:		
Small business deduction	(22,114)	(21,136)
Abatement of federal income tax	(9,026)	(11,155)
General tax reduction for CCPC	-	(3,053)
Temporary differences	(24,497)	(1,712)
Other	(1)	3,170
<b>Provision for payments in lieu of taxes</b>	<b>\$ 13,540</b>	<b>\$ 23,044</b>
<b>Effective rate applied to profit before provision for payments in lieu of taxes</b>	<b>49.50 %</b>	<b>49.50 %</b>

**8. Paiement tenant lieu d'impôts à payer (suite)**

Les composantes importantes des paiements tenant lieu d'impôts de la Coopérative s'établissent comme suit :

**Impôts exigibles**  
Basé sur le revenu imposable pour l'exercice en cours  
Ajustements pour provisions insuffisantes des périodes précédentes  
**Total de la provision pour paiement tenant lieu d'impôts**

La charge d'impôt sur le revenu diffère des montants qui seraient obtenus en appliquant le taux d'imposition combiné prévu par la loi :

Taux de base appliqué aux bénéfices avant provision pour paiements tenant lieu d'impôts  
Augmentation (diminution) de l'impôt sur le revenu découlant de :  
Déduction accordée aux petites entreprises  
Abattement d'impôt fédéral  
Réduction d'impôt générale pour les SPCC  
Écarts temporels  
Autres  
**Provision pour paiements tenant lieu d'impôts**  
**Taux effectif appliqué aux bénéfices avant provision pour paiements tenant lieu d'impôts**

## 9. Employee Future Benefits

### Defined contribution plan

The employees of the Cooperative participate in a defined contribution pension plan. The contributions are established by a percentage of the employee's salary. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The employer portion of amounts paid to the plan during the year was \$10,253 (2015 - \$11,880). The contributions were made for current service and these have been recognized in net income in the "Salaries and benefits - Employees" account.

## 9. Avantages sociaux futurs

### Régime à cotisations définies

Les employés de la Coopérative participent à un régime de retraite à cotisations définies. Les cotisations sont établies en fonction d'un pourcentage du salaire de l'employé(e). La cotisation, qui est payable contre les services rendus durant la période, est comptabilisée en charges au cours de celle-ci. La part de l'employeur des montants payés au régime au cours de l'exercice était de 10 253\$ (2015 - 11 880\$). Les cotisations ont été faites pour des services courants au cours de la période et elles ont été comptabilisées au résultat net au poste "Salaires et avantages sociaux - Employés".

## 10. Share Capital

An unlimited number of common shares at \$10 are authorized for issue. There are no preference shares.

## 10. Capital-actions

Un nombre illimité d'actions ordinaires de 10\$ peut être émis. Il n'y a pas d'actions privilégiées.

	2016	2015	
<i>Issued</i>			<i>Émis</i>
1,455 shares (2015 - 1,380)	\$ 14,550	\$ 13,800	1 455 actions (2015 - 1 380)

All shares are ranked equally with regards to the Cooperative's residual assets.

Toutes les actions sont classées sur un pied d'égalité en ce qui a trait aux actifs résiduels de la Coopérative.

## 11. Other Revenue

	2016	2015
Pole rentals	\$ 6,452	\$ 5,917
Amortization of contributions in aid of construction (Note 6)	40,313	38,381
Retailers' revenue	3,159	3,400
Other revenue	31,276	33,126
	<u>\$ 81,200</u>	<u>\$ 80,824</u>

## 11. Autres produits

Location des poteaux  
Amortissement des apports affectés à la construction (Note 6)  
Produits des détaillants  
Autres produits

## 12. Commitments

The cooperative signed a contract with K-Line Maintenance & Construction Ltd. for the construction of an electricity distribution plant. The construction of the distribution plant is planned for 2017. The cost to fulfil this contract is established at \$1,487,396.

The cooperative signed a contract with Acumen Engineered Solutions International Inc. for the Distribution System Plan. This contract expires in July 2017. The payment of the consultation fees is \$24,500.

The cooperative signed a contract with Stantec Consulting Ltd. for the design of the electricity distribution plant. The contract will be fulfilled during the year 2017. The remaining balance to be paid for this contract is \$25,777.

The cooperative signed a contract for the rental of its office space. This contract expires in December 2020. The Cooperative has an option to terminate the agreement with a 6 month in advance warning. The rent payment is \$1,175 per month.

The cooperative signed a contract with Tandem Energy Services Inc. for consultation services for the optimization of daily operations and for the OEB's regulatory requirements. This contract expires in December 2020. The annual payment of the consultation fees is \$33,000.

The minimum annual contract payments for the next four years are as follows:

2017	\$ 1,577,723
2018	33,000
2019	33,000
2020	33,000
2021	33,000

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## 13. Comparative Figures

Certain figures for the previous year have been reclassified to conform to the presentation adopted in the current year.

## 12. Engagements

La coopérative a signé un contrat avec K-Line Maintenance & Construction Ltd. pour la construction d'un plan de distribution d'électricité. La construction du plan de distribution est prévue pour l'année 2017. Le coût total pour réaliser ce contrat est de 1 487 396\$.

La coopérative a signé un contrat avec Acumen Engineered Solutions International Inc. pour l'établissement d'un plan pour le système de distribution. Ce contrat vient à échéance en juillet 2017. Le paiement des frais de consultation est de 24 500\$.

La coopérative a signé un contrat avec Stantec Consulting Ltd. pour la conception des plans pour le plan de distribution d'électricité. Le contrat se terminera durant l'exercice de 2017. La balance restante à payer pour ce contrat est de 25 777\$.

La coopérative a signé un contrat pour la location de ses bureaux. Ce contrat vient à échéance en décembre 2020. La Coopérative a une option d'annulation avec un avertissement de 6 mois d'avance. Le paiement de location est de 1 175\$ par mois.

La coopérative a signé un contrat avec Tandem Energy Services Inc. pour des services de consultation pour l'optimisation des opérations quotidiennes et pour les exigences réglementaires de la CEO. Ce contrat vient à échéance en décembre 2020. Le paiement annuel des frais de consultation est de 33 000\$.

Les paiements minimaux des engagements pour les quatre prochaines années sont les suivants :

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## 13. Chiffres comparatifs

Certains chiffres de l'exercice précédent ont été reclassés afin de rendre leur présentation identique à celle de l'exercice courant.

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**14. Standards, Amendments and Interpretations  
Not Yet Effective**

The Cooperative has not yet determined the extent of the impact of the following new standards, interpretations and amendments, which have not been applied in these financial statements:

- IFRS 9 - Financial Instruments;
- IFRS 15 - Revenue from Contracts with Customers; and
- IFRS 16 - Leases.

**14. Normes, modifications et interprétations  
publiées, mais non encore entrées en  
vigueur**

Pour le moment, la Coopérative n'a pas déterminé l'ampleur des effets des normes, interprétations et modifications ci-dessous, et ces dernières n'ont pas été appliquées aux présents états financiers :

- IFRS 9, *Instruments financiers*;
- IFRS 15, Produits des activités ordinaires tirés de contrats conclus avec des clients; et
- IFRS 16, Contrats de location.

**Appendix B Financial Statements 2014 / 2015**

# **Embrun Hydro Cooperative Inc.**

## **Financial Statements**

For the year ended December 31, 2015

# **Coopérative Hydro Embrun inc.**

## **États financiers**

Pour l'exercice clos le 31 décembre 2015

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## Independent Auditor's Report

## Rapport de l'auditeur indépendant

To the members of Embrun Hydro Cooperative Inc.

We have audited the accompanying financial statements of Embrun Hydro Cooperative Inc., which comprise the statements of financial position as at December 31, 2015, December 31, 2014 and January 1, 2014, and the statements of operations, of changes in equity and statement of cash flows for the years ended December 31, 2015 and December 31, 2014, and the notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

Aux membres de la Coopérative Hydro Embrun inc.

Nous avons effectué l'audit des états financiers ci-joints de la Coopérative Hydro Embrun inc., qui comprennent les états de la situation financière au 31 décembre 2015, au 31 décembre 2014 et au 1 janvier 2014, et les états du résultat, des variations des capitaux propres et le tableau des flux de trésorerie pour les exercices clos le 31 décembre 2015 et le 31 décembre 2014 ainsi que les notes afférentes aux états financiers.

### Responsabilité de la direction pour les états financiers

La direction est responsable de la préparation et de la présentation fidèle de ces états financiers conformément aux Normes internationales d'information financière, ainsi que du contrôle interne qu'elle considère comme nécessaire pour permettre la préparation d'états financiers exempts d'anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs.

### Responsabilité de l'auditeur

Notre responsabilité consiste à exprimer une opinion sur les états financiers, sur la base de notre audit. Nous avons effectué notre audit selon les normes d'audit généralement reconnues du Canada. Ces normes requièrent que nous nous conformions aux règles de déontologie et que nous planifions et réalisons l'audit de façon à obtenir l'assurance raisonnable que les états financiers ne comportent pas d'anomalies significatives.

Un audit implique la mise en œuvre de procédures en vue de recueillir des éléments probants concernant les montants et les informations fournis dans les états financiers. Le choix des procédures relève du jugement de l'auditeur, et notamment de son évaluation des risques que les états financiers comportent des anomalies significatives, que celles-ci résultent de fraudes ou d'erreurs. Dans l'évaluation de ces risques, l'auditeur prend en considération le contrôle interne de l'entité portant sur la préparation et la présentation fidèle des états financiers afin de concevoir des procédures d'audit appropriées aux circonstances, et non dans le but d'exprimer une opinion sur l'efficacité du contrôle interne de l'entité. Un audit comporte également l'appréciation du caractère approprié des méthodes comptables retenues et du caractère raisonnable des estimations comptables faites par la direction, de même que l'appréciation de la présentation d'ensemble des états financiers.





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

**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Embrun Hydro Cooperative Inc. as at December 31, 2015, December 31, 2014 and January 1, 2014, and the results of its performance and its cash flows for the years ended December 31, 2015 and December 31, 2014 in accordance with International Financial Reporting Standards.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants

Embrun, Ontario  
March 18, 2016

Nous estimons que les éléments probants que nous avons obtenus sont suffisants et appropriés pour fonder notre opinion d'audit.

**Opinion**

À notre avis, les états financiers donnent, dans tous leurs aspects significatifs, une image fidèle de la situation financière de la Coopérative Hydro Embrun inc. au 31 décembre 2015, au 31 décembre 2014 et au 1 janvier 2014, ainsi que des résultats de sa performance financière et de ses flux de trésorerie pour les exercices clos le 31 décembre 2015 et le 31 décembre 2014, conformément aux Normes internationales d'information financière.

*BDO Canada SRL*

Comptables professionnels agréés, experts-comptables autorisés

Embrun (Ontario)  
le 18 mars 2016

**Embrun Hydro Cooperative Inc.**  
**Statement of Financial Position**

**Coopérative Hydro Embrun inc.**  
**État de la situation financière**

	December 31, 2015 / 31 décembre 2015	December 31, 2014 / 31 décembre 2014	January 1, 2014 / 1 janvier 2014	
<b>Asset</b>				<b>Actif</b>
Cash	\$ 718,040	\$ 679,809	\$ 975,643	Encaisse
Term deposit (Note 5)	1,000,000	1,000,000	1,000,000	Dépôt à terme (Note 5)
Accounts receivable (Note 7)	397,748	379,512	336,370	Débiteurs (Note 7)
				Produits provenant de services non facturés
Unbilled service revenue	411,945	415,338	429,337	Palements tenant lieu d'impôts à recevoir (Note 8)
Payments in lieu of taxes receivables (Note 8)	-	23,670	16,511	
	2,527,733	2,498,329	2,757,861	
Property and equipment (Note 4)	3,813,808	3,682,924	2,645,685	Immobilisations corporelles (Note 4)
Deferred taxes	-	-	5,672	Impôt différé
<b>Total Assets</b>	<b>6,341,541</b>	<b>6,181,253</b>	<b>5,409,218</b>	<b>Total des actifs</b>
Regulatory deferral account debit balances and related deferred tax (Note 3)	246,588	231,078	73,491	Soldes débiteurs de comptes de report réglementaires et d'impôt différé connexe (Note 3)
<b>Total Assets and Regulatory Deferral Account Debit Balances</b>	<b>\$ 6,588,129</b>	<b>\$ 6,412,331</b>	<b>\$ 5,482,709</b>	<b>Total des actifs et soldes débiteurs des comptes de report réglementaires</b>
<b>Liabilities and Members' Equity</b>				<b>Passifs et capitaux propres</b>
<b>Liabilities</b>				<b>Passifs</b>
Accounts payable and accrued liabilities	\$ 846,768	\$ 796,157	\$ 853,474	Créditeurs et frais courus
Payments in lieu of taxes payable (Note 8)	6,824	-	-	Palements tenant lieu d'impôt à payer (Note 8)
Deferred revenues	8,452	1,964	72,565	Revenus reportés
Patronage payable	20,000	21,935	42,870	Ristournes à payer
	882,044	820,056	968,909	
Contributions in aid of construction (Note 6)	1,355,197	1,311,574	365,446	Apports affectés à la construction (Note 6)
Customer deposits (Note 7)	7,863	5,613	4,599	Dépôts de clients (Note 7)
Deferred taxes	6,997	6,442	-	Impôt différé
<b>Total Liabilities</b>	<b>2,252,101</b>	<b>2,143,685</b>	<b>1,338,954</b>	<b>Total des passifs</b>
<b>Members' Equity</b>				<b>Capitaux propres</b>
Share capital (Note 10)	13,800	13,340	13,230	Capital-actions (Note 10)
Retained earnings	1,420,528	1,328,562	1,203,911	Bénéfices non répartis
Contributed surplus	2,862,994	2,862,994	2,862,994	Surplus d'apport
<b>Total Members' Equity</b>	<b>4,297,322</b>	<b>4,204,896</b>	<b>4,080,135</b>	<b>Total des capitaux propres</b>
<b>Total Liabilities and Members' Equity</b>	<b>6,549,423</b>	<b>6,348,581</b>	<b>5,419,089</b>	<b>Total des passifs et capitaux propres</b>
Regulatory deferral account credit balances and related deferred tax (Note 3)	38,706	63,750	63,620	Soldes créditeurs de comptes de report réglementaires et d'impôt différé connexe (Note 3)
<b>Total Liabilities, Members' Equity and Regulatory Deferral Account Credit Balances</b>	<b>\$ 6,588,129</b>	<b>\$ 6,412,331</b>	<b>\$ 5,482,709</b>	<b>Total des passifs, des capitaux propres et des soldes créditeurs de comptes de report réglementaires</b>

Signed on behalf of the Board of Directors' by:

Signé au nom du conseil d'administration:

Director	Administrateur
Director	Administrateur
Director	Administrateur

The notes are an integral part of these financial statements.

Les notes complémentaires font partie intégrante des états financiers.

**Embrun Hydro Cooperative Inc.**  
**Statement of Changes in Members'**  
**Equity**

For the year ended December 31

**Coopérative Hydro Embrun inc.**  
**État des variations des capitaux propres**

Pour l'exercice clos le 31 décembre

	Share Capital / Capital-actions	Retained Earnings / Bénéfices non répartis	Contributed Surplus / Surplus d'apport	Total / Total	
<b>Balance at January 1, 2014</b>	\$ 13,230	\$ 1,203,911	\$ 2,862,994	\$ 4,080,135	<b>Solde au 1 janvier 2014</b>
Profit for the year and net movements in regulatory deferral account balances	-	124,651	-	124,651	Résultat pour l'exercice et mouvement net des soldes de comptes de report réglementaires
Net variation of share-capital	110	-	-	110	Variation nette du capital-actions
<b>December 31, 2014</b>	13,340	1,328,562	2,862,994	4,204,896	<b>31 décembre 2014</b>
Profit for the year and net movements in regulatory deferral account balances	-	91,966	-	91,966	Résultat pour l'exercice et mouvement net des soldes de comptes de report réglementaires
Net variation of share-capital	460	-	-	460	Variation nette du capital-actions
<b>December 31, 2015</b>	<b>\$ 13,800</b>	<b>\$ 1,420,528</b>	<b>\$ 2,862,994</b>	<b>\$ 4,297,322</b>	<b>31 décembre 2015</b>

**Embrun Hydro Cooperative Inc.**  
**Statement of Operations**  
For the year ended December 31

**Coopérative Hydro Embrun inc.**  
**État des résultats**  
Pour l'exercice clos le 31 décembre

	2015	2014	
<b>Revenue</b>			<b>Produits</b>
Electricity Sales	\$ 3,403,554	\$ 3,104,525	Électricité
Distribution	793,208	781,229	Distribution
Other (Note 11)	80,824	59,370	Autres revenus (Note 11)
	<u>4,277,586</u>	<u>3,945,124</u>	
<b>Expenses</b>			<b>Charges</b>
Advertising and promotion	12,188	12,462	Publicité et promotion
Amortization of property and equipment (Note 4)	156,564	144,747	Amortissement des immobilisations corporelles (Note 4)
Bad debts	5,001	5,473	Mauvaises créances
Customer billing	85,155	88,951	Facturation des clients
Energy purchases	3,403,554	3,104,525	Achats en énergie
Insurance	3,916	5,199	Assurance
Membership fees	5,800	5,600	Frais d'associations
Office	28,362	26,753	Frais de bureau
Other expenses	302	209	Autres charges
Professional fees	74,407	68,905	Frais professionnels
Rent	14,100	14,025	Loyer
Repairs and maintenance of network	54,910	62,239	Entretien et réparations du réseau
Salaries and benefits - Directors	27,662	32,437	Salaires et avantage sociaux - Administrateurs
Salaries and benefits - Employees (Note 9)	286,238	232,538	Salaires et avantage sociaux - Employés (Note 9)
Telephone	12,135	12,276	Téléphone
Travel	4,824	4,576	Voyage
Patronage	20,000	21,935	Ristournes
	<u>4,195,118</u>	<u>3,842,850</u>	
<b>Income from operating activities</b>	<b>82,468</b>	<b>102,274</b>	<b>Produits provenant des activités d'exploitation</b>
<b>Finance income</b>	<b>33,432</b>	<b>36,686</b>	<b>Produits financiers</b>
<b>Finance cost</b>	<b>(890)</b>	<b>(1,436)</b>	<b>Frais financiers</b>
<b>Income before provision for payment in lieu of taxes</b>	<b>115,010</b>	<b>137,524</b>	<b>Résultat avant provision pour paiement tenant lieu d'impôts</b>
<b>Provision for payment in lieu of taxes Current (Note 8)</b>	<b>23,044</b>	<b>12,873</b>	<b>Provision pour paiement tenant lieu d'impôts Exigible (Note 8)</b>
<b>Profit for the year</b>	<b>\$ 91,966</b>	<b>\$ 124,651</b>	<b>Résultat pour l'exercice</b>

**Embrun Hydro Cooperative Inc.**  
**Statement of Cash Flows**  
For the year ended December 31

**Coopérative Hydro Embrun inc.**  
**État des flux de trésorerie**  
Pour l'exercice clos le 31 décembre

	2015	2014	
<b>Cash flows from operating activities</b>			<b>Flux de trésorerie liés aux activités d'exploitation</b>
Profit for the year	\$ 91,966	\$ 124,651	Résultat pour l'exercice
Adjustments to reconcile income to net cash used in operating activities:			Ajustements pour rapprocher le résultat et l'encaisse nette utilisée par les activités d'exploitation:
Amortization of property and equipment	156,564	144,747	Amortissement des immobilisations corporelles
Amortization of contributions in aid of construction	(38,381)	(25,214)	Amortissement des apports affectés à la construction
Changes in non-cash working capital			Variation des éléments hors caisse du fonds de roulement
Accounts receivable	(18,236)	(43,142)	Débiteurs
Unbilled service revenue	3,393	13,999	Produits provenant de services non facturés
Accounts payable and accrued liabilities	50,611	(57,317)	Créditeurs et frais courus
Payments in lieu of taxes receivables / payables	30,494	(7,159)	Palements tenant lieu d'impôts à recevoir / à payer
Customer deposits	2,250	1,014	Dépôts de clients
Deferred revenues	6,488	(70,601)	Revenus reportés
Patronage payable	(1,935)	(20,935)	Ristournes à payer
	<b>283,214</b>	<b>60,043</b>	
<b>Cash flows from investing activities</b>			<b>Flux de trésorerie liés aux activités d'investissement</b>
Purchase of property and equipment	(287,448)	(1,224,909)	Acquisition d'immobilisations corporelles
Changes in regulatory deferral account balances	(39,999)	(102,420)	Variation des soldes de comptes de report réglementaires
	<b>(327,447)</b>	<b>(1,327,329)</b>	
<b>Cash flows from financing activities</b>			<b>Flux de trésorerie liés aux activités de financement</b>
Contributions in aid of construction	82,004	971,342	Apports affectés à la construction
Issuance of share capital	2,740	1,710	Émission de capital-actions
Redemption of share capital	(2,280)	(1,600)	Rachat de capital-actions
	<b>82,464</b>	<b>971,452</b>	
<b>Net increase (decrease) in cash</b>	<b>38,231</b>	<b>(295,834)</b>	<b>Augmentation nette de la trésorerie</b>
<b>Cash, beginning of the year</b>	<b>679,809</b>	<b>975,643</b>	<b>Encaisse, début de l'exercice</b>
<b>Cash, end of the year</b>	<b>\$ 718,040</b>	<b>\$ 679,809</b>	<b>Encaisse, fin de l'exercice</b>

**1. Cooperative's Information**

The Embrun Hydro Cooperative Inc.'s (the "Cooperative") main business activity is the distribution of electricity under a license issued by the Ontario Energy Board ("OEB"). The Cooperative owns and operates an electricity distribution system, which delivers electricity to approximately 2,080 customers located in Embrun, Ontario.

The Province, through its regulator the OEB exercises statutory authority through setting or approving all rates charged by the Cooperative and establishing standards of service for the Cooperative's customers. Rates are set by the OEB on an annual basis for January 1 to December 31.

Operating in regulated environment exposes the Cooperative to regulatory and recovery risk.

Regulatory risk is the risk that the Province and its regulator, the OEB, could establish a regulatory regime that imposes conditions that restrict the electricity distribution business from achieving an acceptable rate of return that permits financial sustainability of its operations including the recovery of expenses incurred for the benefit of other market participants in the electricity industry such as transition costs and other regulatory assets. All requests for changes in electricity distribution charges require the approval of the OEB.

**1. Renseignements sur la Coopérative**

La principale activité de la Coopérative Hydro Embrun inc. (la "Coopérative") est la distribution d'énergie électrique en vertu d'un permis de la Commission de l'énergie de l'Ontario (la « CEO »). La Coopérative détient et exploite un réseau de distribution d'énergie électrique, qui fournit de l'électricité à environ 2 080 clients à Embrun (Ontario).

Par l'entremise de la CEO, son organisme de réglementation, la Province détient le pouvoir légal pour établir et approuver tous les tarifs demandés par la Coopérative, ainsi que pour établir les normes de services des clients de la Coopérative. Les tarifs sont fixés par la CEO sur une base annuelle, soit du 1<sup>er</sup> janvier au 31 décembre.

Comme elle exerce ses activités dans un environnement réglementé, la Coopérative est exposée au risque réglementaire et au risque de recouvrement.

Le risque réglementaire est le risque que la Province et son organisme de réglementation, la CEO, mettent sur pied un programme de réglementation qui imposerait des conditions interdisant au secteur de la distribution de l'énergie électrique de fixer un taux de rendement acceptable assurant la viabilité financière de ses activités commerciales, y compris le recouvrement des dépenses engagées pour aider les autres acteurs du marché de l'énergie électrique, comme des coûts de transition et d'autres actifs réglementaires. Toutes les demandes de modification des charges de distribution de l'énergie électrique doivent être approuvées par la CEO.



**1. Cooperative's Information (continued)**

Regulatory developments in Ontario's electricity industry, including current and possible future consultations between the OEB and interested stakeholders, may affect distribution rates and other permitted recoveries in the future. Embrun Hydro Cooperative Inc. is subject to a cost of service regulatory mechanism under which the OEB establishes the revenues required (i) to recover the forecast operating costs, including depreciation and amortization and income taxes, of providing the regulated service, and (ii) to provide a fair and reasonable return on utility investment, or rate base. As actual operating conditions may vary from forecast, actual returns achieved can differ from approved returns.

The address of the Cooperative's corporate office and principal place of business is 821 Notre-Dame Street, Suite 200, Embrun, Ontario, Canada.

**2. Basis of Presentation**

a) Statement of compliance

The financial statements of Embrun Hydro Cooperative Inc. have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These are the Cooperative's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. They should be read in conjunction with the 2014 Canadian generally accepted accounting principles ("Canadian GAAP") financial statements and related notes. In this context, the term "Canadian GAAP" refers to generally accepted accounting principles before the adoption of IFRS.

The financial statements were authorized for issue by the Board of Directors on March 9, 2016.

**1. Renseignements sur la Coopérative (suite)**

Le développement de la réglementation au sein du marché de l'électricité en Ontario, y compris les consultations actuelles et potentielles entre la CEO et les parties intéressées, peuvent avoir une incidence sur les tarifs de distribution et les autres éléments de recouvrement autorisés à l'avenir. La Coopérative Hydro Embrun inc. doit acquitter un coût de service dans le cadre d'un mécanisme réglementaire en vertu duquel la CEO établit les produits nécessaires pour i) recouvrer les coûts d'exploitation prévus, tels que l'amortissement et l'impôt sur le revenu, pour fournir le service réglementé et ii) pour offrir un rendement ou une assiette tarifaire justes et raisonnables sur les services publics. Puisque les conditions d'exploitation peuvent s'avérer différentes des prévisions, les rendements réels obtenus peuvent être différents des rendements approuvés.

L'adresse du siège social de la Coopérative et de son principal établissement est le 821 rue Notre-Dame, Suite 200, Embrun (Ontario), Canada.

**2. Mode de présentation**

a) Déclaration de conformité

Les états financiers de la Coopérative Hydro Embrun inc. ont été préparés conformément aux Normes internationales d'information financière (« IFRS »), telles que publiées par l'International Accounting Standards Board (« IASB »). Ce sont les premiers états financiers de la Coopérative dressés selon les IFRS et l'IFRS 1, *Première application des Normes internationales d'information financière*, a été appliquée. Ces états financiers doivent être lus à la lumière des états financiers et des notes complémentaires de 2014 préparés conformément aux principes comptables généralement reconnus du Canada (« PCGR du Canada »). Dans ce contexte, le terme « PCGR du Canada » renvoie aux normes comptables généralement reconnues avant l'adoption des IFRS.

La publication des états financiers a été autorisée par le Conseil d'administration le 9 mars 2016.

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**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2015

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2015

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**2. Basis of Presentation (continued)**

b) First time adoption of IFRS

The adoption of IFRS 14, Regulatory Deferral Accounts, resulted in a significant change in presentation, as regulatory deferral accounts are now presented separately from assets and liabilities.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Cooperative is provided in Note 13.

c) Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Canadian dollars (CDN\$), which is also the Cooperative's functional currency, and all values are rounded to the nearest dollar, unless when otherwise indicated.

d) Judgment and Estimates

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Cooperative's accounting policies. The areas involving critical judgments and estimates in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements within the next financial year are:

- The calculation of the impairment of accounts receivable (Note 7); and
- The determination for the provision for Payment in Lieu of Taxes since there are many transactions and calculations for which the ultimate tax determination is uncertain (Note 8);

In addition, in preparing the financial statements the notes to the financial statements were ordered such that the most relevant information was presented earlier in the notes and the disclosures that management deemed to be immaterial were excluded from the notes to the financial statements. The determination of the relevance and materiality of disclosures involved significant judgement.

**2. Mode de présentation (suite)**

b) Première application des IFRS

L'adoption de l'IFRS 14, Comptes de report réglementaires a entraîné une modification significative de la présentation comme suit : les comptes de report réglementaires sont désormais présentés séparément des actifs et des passifs.

Les effets de la transition vers les IFRS sur la présentation de la situation financière, de la performance financière et des flux de trésorerie de la Coopérative sont expliqués à la Note 13.

c) Mode d'évaluation

Les états financiers ont été préparés selon la méthode du coût historique. Ils sont présentés en dollars canadiens, qui est également la monnaie fonctionnelle de la Coopérative, et à moins d'indication contraire, tous les montants ont été arrondis au dollars près.

d) Jugement et estimations

La préparation des états financiers selon les IFRS exige que la direction fasse appel à certaines estimations comptables critiques. Elle exige également que la direction fasse preuve de jugement lors de l'application des méthodes comptables de la Coopérative. Les secteurs exigeant un jugement ou des estimations critiques dans l'application des méthodes comptables et pour lesquels le risque d'ajustement significatif aux valeurs comptables des actifs et passifs constatés dans les états financiers du prochain exercice est le plus important sont les suivants :

- le calcul de la dépréciation des débiteurs (Note 7); et
- la détermination de la provision pour paiement tenant lieu d'impôts, compte tenu du nombre élevé de transactions et de calculs pour lesquels la détermination finale des impôts est incertaine (Note 8);

De plus, les notes aux états financiers ont été préparées de manière à présenter les renseignements les plus pertinents en premier et à exclure toute information jugée non significative par la direction. L'évaluation du caractère pertinent ou significatif de ces informations repose largement sur le jugement.



### 3. Regulatory Deferral Account Balances

The Cooperative has early adopted IFRS 14, Regulatory Deferral Accounts, to reflect the impact of regulation on its operations. In accordance with IFRS 14, the Cooperative has continued to apply the accounting policies it applied in accordance with the pre-changeover Canadian GAAP for the recognition, measurement and impairment of assets and liabilities arising from rate regulation. These are referred to as regulatory deferral account balances. Regulatory deferral account balances are recognized and measured initially and subsequently at cost. They are assessed for impairment on the same basis as other non-financial assets.

Regulatory deferral account credit balances are associated with the collection of certain revenues earned in the current period or in prior period(s), that are expected to be returned to consumers in future periods through the rate-setting process.

Regulatory deferral account debit balances represent future revenues associated with certain costs incurred in the current period or in prior period(s), that are expected to be recovered from consumers in future periods through the rate-setting process. Management continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates is no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment is made.

### 3. Soldes de comptes de report réglementaires

Pour tenir compte des effets de la réglementation sur ses activités, la Coopérative a adopté de façon anticipée l'IFRS 14, Comptes de report réglementaires. Conformément à cette norme, la Coopérative a continué d'appliquer les méthodes comptables pré-basculément des PCGR du Canada pour la comptabilisation, l'évaluation et la dépréciation des actifs et des passifs découlant de la réglementation des tarifs. Ces actifs et passifs sont désignés sous le nom de soldes de comptes de report réglementaires. Les soldes de comptes de report réglementaires sont comptabilisés et évalués au coût, initialement et ultérieurement. Ils sont évalués pour dépréciation selon la même méthode que celle utilisée pour les autres actifs non financiers.

Les soldes créditeurs de comptes de report réglementaires sont associés à certains revenus gagnés au cours de la présente période ou des périodes antérieures, dont le retour aux consommateurs est prévu au cours des périodes futures par le biais du processus d'établissement de tarifs.

Les soldes débiteurs de comptes de report réglementaires représentent les revenus futurs associés à certains coûts engagés au cours de la présente période ou des périodes antérieures, dont le recouvrement auprès des clients est prévu dans les périodes futures par le biais du processus d'établissement de taux. La direction évalue continuellement la possibilité de recouvrement des actifs réglementaires. Si le recouvrement par le biais de tarifs ultérieurs n'était plus jugé probable, les montants seraient portés en charges dans les résultats d'exploitation au cours de la période durant laquelle l'évaluation est réalisée.

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2015

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2015

**3. Regulatory Deferral Account Balances**  
(continued)

All amounts deferred as regulatory deferral account debit balances are subject to approval by the OEB. As such, amounts subject to deferral could be altered by the regulators. Remaining recovery periods are those expected and the actual recovery or settlement periods could differ based on OEB approval. Due to previous, existing or expected future regulatory articles or decisions, the Cooperative has the following amounts expected to be recovered by customers (returned to customers) in future periods and as such regulatory deferral account balances are comprised of:

**3. Soldes de comptes de report réglementaires**  
(suite)

Tous les montants reportés en tant que soldes débiteurs de comptes de report réglementaires sont assujettis à l'approbation de la CEO. En d'autres termes, les montants à reporter pourraient être modifiés par l'organisme de réglementation. Les périodes de recouvrement restantes correspondent aux périodes prévues. Quant aux périodes réelles de recouvrement ou de règlement, elles pourraient changer en fonction de l'approbation de la CEO. Compte tenu des décisions et articles de règlement antérieurs, existants ou à venir, la Coopérative détient des montants dont elle a prévu le recouvrement auprès des clients (ou le retour aux clients) au cours de périodes ultérieures, comme il est indiqué ci-dessous. Par conséquent, les soldes de comptes de report réglementaires sont les suivants :

<u>Regulatory Deferral Account Debit</u>				<u>Soldes débiteurs de comptes de report réglementaires</u>			
	Hydro one recovery / Recouvrement par Hydro One	Rebassing costs / Frais de rebassing	Deferred tax / Impôt différé	Smart meters / Compteurs intelligents	"RARA" recovery / "CARR"	Total / Total	
January 1, 2014	\$ 54,163	\$ 33,291	\$ (5,672)	\$ 27,223	\$ (35,514)	\$ 73,491	1er janvier 2014
Balances arising in the period	969	5,509	12,114	387	138,608	157,587	Soldes au cours de la période
December 31, 2014	55,132	38,800	6,442	27,610	103,094	231,078	31 décembre 2014
Balances arising in the period	13,031	(9,700)	555	314	11,310	15,510	Soldes au cours de la période
December 31, 2015	\$ 68,163	\$ 29,100	\$ 6,997	\$ 27,924	\$ 114,404	\$ 246,588	31 décembre 2015

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2015

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2015

**3. Regulatory Deferral Account Balances**  
(continued)

Regulatory Deferral Account Credit

	Settlement variances / Écart de règlement	IFRS transition costs / Coûts de conversion IFRS	Total / Total	Net Regulatory (liabilities) Assets / Actifs (passifs) réglementaires nets
January 1, 2014	\$ 27,758	\$ 35,862	\$ 63,620	\$ 9,871
Balances arising in the period	17,928	(17,798)	130	157,457
December 31, 2014	45,686	18,064	63,750	167,328
Balances arising in the period	(2,222)	(22,822)	(25,044)	40,554
December 31, 2015	\$ 43,464	\$ (4,758)	\$ 38,706	\$ 207,882

Rebasing costs

Every five years, the cooperative has to file a request to the OEB for the approval of its billing rates. The costs incurred are recorded as a regulatory asset and are amortized using the straight-line method over a five year period.

Smart meters

In 2009, the smart meters were installed at every customer. From 2010 to 2012, the cooperative has incurred costs for the implementation of the software related to smart meters.

"RARA" recovery

On December 23, 2013 the OEB ordered that the approved regulatory asset balances be aggregated into a single regulatory account. The approved balance will be recovered over periods of 1 and 2 years. The RARA is credited with recovery amounts and is debited by OEB prescribed carrying charges.

Settlement variances

This account is comprised of the variances between amounts charged by the Cooperative to customers, based on regulated rates, and the corresponding cost of non-competitive electricity service incurred by the Cooperative after May 1, 2002. The settlement variances relate primarily to service charges, non-competitive electricity charges, imported power charges and the global adjustment.

**3. Soldes de comptes de report réglementaires**  
(suite)

Soldes créditeurs de comptes de report réglementaires

Net Regulatory  
(liabilities)  
Assets /  
Actifs (passifs)  
réglementaires  
nets

1er janvier 2014	\$ 9,871
Soldes au cours de la période	157,457
31 décembre 2014	167,328
Soldes au cours de la période	40,554
31 décembre 2015	\$ 207,882

Frais de rebasing

À tous les cinq ans, la coopérative doit faire une demande à la CEO pour l'approbation des taux de facturation. Les coûts engendrés pour cette demande sont comptabilisés en tant qu'actif réglementé et sont amortis selon la méthode linéaire sur une période de cinq ans.

Compteurs intelligents

In 2009, the smart meters were installed at every customer. From 2010 to 2012, the cooperative has incurred costs for the implementation of the software related to smart meters.

Recouvrement "CARR"

Le 23 décembre 2013, la CEO a exigé que le solde des actifs réglementés autorisés soient combinés dans un seul compte réglementé. Le solde autorisé de ce compte sera recouvert sur des périodes de 1 et 2 ans. Le CARR est crédité avec les montants récupérés et est débité par les frais d'intérêts prescrits par la CEO.

Écarts de règlement

Ce compte comprend les écarts entre les montants facturés aux clients par la Coopérative établis selon les tarifs réglementés, ainsi que le coût correspondant du service d'électricité non concurrentiel encouru par la Coopérative après le 1<sup>er</sup> mai 2002. Les écarts de règlement sont liés principalement aux frais d'administration, aux frais d'électricité non concurrentiels, aux frais d'importation de l'énergie et aux ajustements généraux.

**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2015

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2015

**3. Regulatory Deferral Account Balances**  
(continued)

Deferred tax

The recovery from, or refund to, customers of future income taxes through future rates is recognized as a regulatory deferral account balance. The deferred tax asset balance is presented within the total regulatory deferral account balances presented in the statement of financial position.

IFRS transition costs

During 2013, the OEB consultation process was set up to determine the effect of IFRS on local distribution companies. The consultation concluded that prudently incurred administrative costs directly related to IFRS transition would be recoverable from ratepayers on the same basis as other administrative costs. The OEB has approved the collection from customers to cover the expected one-time costs of implementing IFRS.

**3. Soldes de comptes de report réglementaires**  
(suite)

Impôt différé

Le recouvrement d'impôts futurs auprès des clients (ou leur remboursement aux clients) par le biais de tarifs ultérieurs est comptabilisé dans le solde de compte de report réglementaire. Le solde des actifs d'impôt différé est présenté dans l'état de la situation financière sous le total des soldes de comptes de report réglementaires.

Coûts de conversion aux IFRS

Au cours de 2013, le processus de consultation de la CEO a été mis au point afin de déterminer l'incidence des IFRS sur les entreprises de distribution locales. La consultation a conclu que des frais d'administration prudemment engagés directement liés à la conversion aux IFRS seraient recouvrables auprès des contribuables selon la même méthode que celle employée pour les autres frais d'administration. La CEO a approuvé ce recouvrement auprès des clients, lequel est destiné à couvrir les coûts non récurrents liés à l'adoption des IFRS.

**4. Property and Equipment**

Major spares such as spare transformers and other items kept as standby/back up equipment are accounted for as property and equipment since they support the Cooperative's distribution system reliability.

Depreciation of property and equipment is recorded in the Statement of operations on a straight-line basis over the estimated useful life of the related asset. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each annual reporting period.

The estimated useful lives are as follows:

Computers	20%
Distribution system	1.67 to/à 2.86%
Office equipment	10%
Smart meters	6.67%
Tools	10%
Land is not depreciated	

**4. Immobilisations corporelles**

Les pièces de remplacements majeures, comme les transformateurs et les autres éléments conservés comme équipement de rechange, sont comptabilisées dans les immobilisations corporelles, car elles assurent la fiabilité du réseau de distribution de la Coopérative.

L'amortissement des immobilisations corporelles est comptabilisé dans l'état des résultats selon la méthode linéaire sur la durée de vie utile estimative des actifs correspondants. Les durées de vie utiles estimatives, les valeurs résiduelles et les méthodes d'amortissement sont révisées annuellement à la fin de chaque période de présentation de l'information financière.

Les durées de vie utiles estimatives se détaillent comme suit :

Ordinateurs
Système de distribution
Équipement de bureau
Compteurs intelligents
Outils
Les terrains n'ont pas été amortis

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**4. Property and Equipment (continued)**

Property and equipment consists of the following:

**4. Immobilisations corporelles (suite)**

Ces immobilisations corporelles sont les suivantes :

	Land / Terrain	Computers / Ordinateurs	Distribution system / Système de distribution	Office equipment / Équipement de bureau	
<b>Cost</b>					<b>Coût</b>
Balance at January 1, 2014	\$ 50,000	\$ 112,029	\$ 3,642,966	\$ 54,683	Solde, au 1 janvier 2014
Additions	-	40,936	1,157,625	632	Acquisitions
Reclassification	-	-	(79,072)	-	Reclassification
Balance at December 31, 2014	50,000	152,965	4,721,519	55,315	Solde, au 31 décembre 2014
Additions	-	2,692	274,551	961	Acquisitions
Balance at December 31, 2015	\$ 50,000	\$ 155,657	\$ 4,996,070	\$ 56,276	Solde, au 31 décembre 2015
<b>Depreciation and impairment losses</b>					<b>Amortissement et pertes de valeur</b>
Balance at January 1, 2014	\$ -	\$ 77,846	\$ 1,391,876	\$ 31,923	Solde, au 1 janvier 2014
Depreciation for the year	-	18,803	99,368	4,459	Amortissement pour l'exercice
Reclassification	-	-	(36,149)	-	Reclassification
Balance at December 31, 2014	-	96,649	1,455,095	36,382	Solde, au 31 décembre 2014
Depreciation for the year	-	10,283	119,193	3,965	Amortissement pour l'exercice
Balance at December 31, 2015	\$ -	\$ 106,932	\$ 1,574,288	\$ 40,347	Solde, au 31 décembre 2015
<b>Carrying amounts</b>					<b>Valeur comptable</b>
At January 1, 2014	\$ 50,000	\$ 34,183	\$ 2,251,090	\$ 22,760	Au 1 janvier 2014
At December 31, 2014	\$ 50,000	\$ 56,316	\$ 3,266,424	\$ 18,933	Au 31 décembre 2014
At December 31, 2015	\$ 50,000	\$ 48,725	\$ 3,421,782	\$ 15,929	Au 31 décembre 2015

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**4. Property and Equipment (continued)**

	Smart meters / Compteurs intelligents	Tools / Outils	Total / Total
<b>Cost</b>			
Balance at January 1, 2014	\$ 310,212	\$ 8,486	\$ 4,178,376
Additions	25,716	-	1,224,909
Reclassification	-	-	(79,072)
Balance at December 31, 2014	335,928	8,486	5,324,213
Additions	9,244	-	287,448
Balance at December 31, 2015	\$ 345,172	\$ 8,486	\$ 5,611,661
<b>Depreciation and impairment losses</b>			
Balance at January 1, 2014	\$ 26,885	\$ 4,161	\$ 1,532,691
Depreciation for the year	21,538	579	144,747
Reclassification	-	-	(36,149)
Balance at December 31, 2014	48,423	4,740	1,641,289
Depreciation for the year	22,703	420	156,564
Balance at December 31, 2015	\$ 71,126	\$ 5,160	\$ 1,797,853
<b>Carrying amounts</b>			
At January 1, 2014	\$ 283,327	\$ 4,325	\$ 2,645,685
At December 31, 2014	\$ 287,505	\$ 3,746	\$ 3,682,924
At December 31, 2015	\$ 274,046	\$ 3,326	\$ 3,813,808

**4. Immobilisations corporelles (suite)**

<b>Coût</b>	
Solde, au 1 janvier 2014	
Acquisitions	
Reclassification	
Solde, au 31 décembre 2014	
Acquisitions	
Solde, au 31 décembre 2015	
<b>Amortissement et pertes de valeur</b>	
Solde, au 1 janvier 2014	
Amortissement pour l'exercice	
Reclassification	
Solde, au 31 décembre 2014	
Amortissement pour l'exercice	
Solde, au 31 décembre 2015	
<b>Valeur comptable</b>	
Au 1 janvier 2014	
Au 31 décembre 2014	
Au 31 décembre 2015	

**5. Term Deposit**

The cooperative's term deposit of \$1,000,000 earns interest at a rate of 1.65 %, maturing on July 7, 2016.

**5. Dépôt à terme**

Le dépôt à terme de la coopérative de 1 000 000\$ porte un taux d'intérêt de 1,65 % et vient à échéance le 7 juillet 2016.



## **6. Revenue Recognition**

As a licensed distributor, the Cooperative is responsible for billing customers for electricity generated by third parties and the related costs of providing electricity service, such as transmission services and other services provided by third parties. The Cooperative is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Cooperative ultimately collects these amounts from customers. The Cooperative has presented the electricity revenues on a gross basis.

Revenues from the sale and distribution of electricity is recognized on an accrual basis, including unbilled revenues accrued in respect of electricity delivered but not yet billed. Sale and distribution of energy revenue is comprised of customer billings for distribution service charges. Customer billings for distribution service charges are recorded based on meter readings.

Other revenues, which include revenues from pole rentals, retailers' revenue and other revenues are recognized at the time services are provided. Where the Cooperative has an ongoing obligation to provide services, revenues are recognized as the service is performed and amounts billed in advance are recognized as deferred revenue.

Certain assets may be acquired or constructed with financial assistance in the form of contributions from customers when the estimated revenue is less than the cost of providing service or where special equipment is needed to supply the customers' specific requirements. Since the contributions will provide customers with ongoing access to the supply of electricity, these contributions are classified as contributions in aid of construction and are amortized as revenue on a straight-line basis over the useful life of the constructed or contributed asset.

When an asset is received as a capital contribution, the asset is initially recognized at its fair value, with the corresponding amount recognized as contributions in aid of construction.

## **6. Comptabilisation des produits**

À titre de distributeur autorisé, la Coopérative est responsable de la facturation aux clients pour l'électricité produite par des tiers et pour les coûts liés à la fourniture de services d'électricité tels que les services de transmission et d'autres services fournis par des tiers. En vertu de la réglementation, la Coopérative doit remettre ces montants à ces tiers, et ce, sans égard au fait que la Coopérative, ultimement, recouvre ou non ces montants auprès des clients. La Coopérative a présenté les produits tirés de ces activités sur une base brute.

Les produits tirés de la vente et de la distribution d'électricité sont comptabilisés selon la méthode de la comptabilisation d'exercice et comprennent les produits non facturés courus relativement à l'électricité fournie, mais non encore facturée. Les produits tirés de la vente et de la distribution d'énergie comprennent les montants facturés aux clients en guise de frais administratifs de distribution. Ces montants sont comptabilisés à partir des relevés de compteurs.

Les autres produits, tels que les produits tirés de la location des poteaux, les produits des détaillants et les autres produits, sont comptabilisés au moment où le service est fourni. Dans les cas où la Coopérative a une obligation permanente de fournir un service, les produits sont comptabilisés à mesure que le service est fourni et les montants facturés d'avance sont comptabilisés en tant que produits reportés.

Lorsque les produits estimés sont moindres que les coûts liés à la prestation des services ou lorsque de l'équipement spécial est nécessaire pour répondre aux besoins spécifiques des clients, certaines immobilisations peuvent être acquises ou construites grâce à un soutien financier obtenu sous la forme d'apports de clients. Comme ces apports permettent d'assurer la fourniture continue d'électricité aux clients, ils sont classés en tant qu'apports affectés à la construction et sont amortis en tant que produits selon la méthode linéaire sur la durée de vie utile des immobilisations construites ou des apports d'actifs.

Les apports de capital sont d'abord comptabilisés à leur juste valeur, et les montants correspondants sont comptabilisés en tant qu'apports affectés à la construction.

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**6. Revenue Recognition (continued)**

The continuity of deferred contributions in aid of construction is as follows:

	2015	2014	
Net deferred contributions, beginning of year	\$ 1,311,574	\$ 365,446	Apports reportés nets au début de l'exercice
Contributions in aid of construction received	82,004	971,342	Apports reçus affectés à la construction
Contributions in aid of construction recognized as other revenue	(38,381)	(25,214)	Apports affectés à la construction comptabilisés à titre d'autres produits
Net deferred contributions, end of year	\$ 1,355,197	\$ 1,311,574	Apports reportés nets, à la fin de l'exercice

All contributions in aid of construction are cash contributions. There has not been any contributions of property and equipment.

**6. Comptabilisation des produits (suite)**

La continuité des apports reportés affectés à la construction se détaille comme suit :

Tous les apports affectés à la construction sont des apports en trésorerie. Il n'y a pas eu d'apports provenant des immobilisations corporelles.

**7. Accounts Receivable and Customer Deposits**

The carrying amount of accounts receivable is reduced through the use of an allowance for impairment and the amount of the related impairment loss is recognized in the income statement. Subsequent recoveries of receivables previously provisioned are credited to the income statement. The balance of the allowance for impairment at December 31, 2015 is \$609 (2014 - \$267). The Cooperative's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2015, approximately \$18,709 (2014 - \$9,717) is considered 60 days past due. The Cooperative has approximately 2,080 customers, the majority of which are residential.

Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB.

Customer deposits represents cash deposits from electricity distribution customers and retailers, as well as construction deposits. Deposits from electricity distribution customers are refundable to customers demonstrating an acceptable level of credit risk as determined by the Cooperative in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

**7. Débiteurs et dépôts de clients**

La valeur comptable des débiteurs est réduite au moyen d'une provision pour dépréciation et le montant de la perte de valeur correspondante est comptabilisé dans l'état des résultats. Les recouvrements ultérieurs des débiteurs pour lesquels une provision a déjà été comptabilisée précédemment sont crédités dans l'état des résultats. Au 31 décembre 2015, le solde de la provision pour dépréciation est de 609\$ (2014 - 267\$). Au chapitre des débiteurs, le risque de crédit de la Coopérative concerne principalement les paiements provenant des clients de distribution. Au 31 décembre 2015, les comptes en souffrance depuis 60 jours s'élève à 18 709\$ (2014 - 9 717\$). La Coopérative compte environ 2 080 clients, dont la majorité provient du secteur résidentiel.

Pour gérer le risque de crédit, la Coopérative perçoit des dépôts de garantie auprès des clients conformément aux directives de la CEO.

Les dépôts de clients sont constitués des dépôts en trésorerie provenant des clients et des détaillants de distribution d'électricité, ainsi que des dépôts pour la construction. Les dépôts provenant des clients de distribution d'électricité sont remboursables aux clients lorsque leur niveau de risque de crédit devient acceptable selon le jugement de la Coopérative, lequel est fondé sur les politiques de la CEO, ou lorsque leur contrat de distribution d'électricité prend fin.



**8. Payments in Lieu of Taxes Payable**

The Cooperative is a Municipal Electricity Utility ("MEU") for purposes of the payments in lieu of taxes ("PILs") regime contained in the Electricity Act, 1998. As an MEU, the Cooperative is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act (Ontario).

Under the Electricity Act, 1998, the Cooperative is required to make, for each taxation year, PILs to Ontario Electricity Financial Corporation ("OEFC"). These payments are calculated in accordance with the rules for computing taxable income and taxable capital and other relevant amounts contained in the Income Tax Act (Canada) and the Corporation Tax Act (Ontario) as modified by the Electricity Act, 1998, and related regulations.

PILs expense comprises of current and deferred tax. Current tax and deferred tax are recognized in net income except to the extent that it relates to items recognized directly in equity or regulatory deferral account balances (See Note 3).

Significant judgment is required in determining the provision for PILs. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Cooperative recognizes liabilities for anticipated tax audit issues based on the Cooperative's current understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

**8. Paiement tenant lieu d'impôts à payer**

Aux fins du régime de paiements tenant lieu d'impôts dans la *Loi de 1998 sur l'électricité*, la Coopérative est considérée comme un service municipal d'électricité. À ce titre, elle est exonérée des impôts exigibles en vertu de *Loi de l'impôt sur le revenu* (Canada) et de la *Loi sur l'imposition des corporations* (Ontario).

En vertu de la *Loi de 1998 sur l'électricité*, la Coopérative doit verser des paiements tenant lieu d'impôts à la Société financière de l'industrie de l'électricité de l'Ontario (la « SFIEO ») pour chaque exercice. Le calcul de ces paiements est déterminé par les règlements sur le calcul du revenu imposable, du capital imposable et de tout autre montant pertinent prévus par la *Loi de l'impôt sur le revenu* (Canada) et la *Loi sur l'impôt des corporations* (Ontario), et peut être modifié par la *Loi de 1998 sur l'électricité* et ses règlements d'application.

Les paiements tenant lieu d'impôts comprennent l'impôt exigible et l'impôt différé. Ces impôts sont comptabilisés en résultat net, sauf s'ils sont liés à des éléments comptabilisés directement en capitaux propres ou en soldes de comptes de report réglementaires (voir la Note 3).

La détermination de la provision pour paiements tenant lieu d'impôts repose largement sur le jugement. Dans le cours normal des activités, il existe un nombre élevé de transactions et de calculs pour lesquels la détermination finale des impôts est incertaine. Advenant une vérification fiscale, la Coopérative comptabilise des provisions pour impôts selon son interprétation actuelle des lois fiscales. Toute différence entre le résultat final de cette vérification et les montants initialement comptabilisés aura une influence sur la provision pour impôt exigible et impôt différé au cours de la période où cette différence est déterminée.

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**8. Payments in Lieu of Taxes Payable**  
(continued)

Significant components of the payments in lieu of taxes expense are as follows:

	2015	2014
<b>Current tax</b>		
Based on current year taxable income	\$ 19,874	\$ 9,580
Adjustments for insufficient provision in prior periods	3,170	3,293
<b>Total provision for payment in lieu of taxes</b>	<b>\$ 23,044</b>	<b>\$ 12,873</b>

The income tax expense varies from amounts which would be computed by applying the Cooperative's combined statutory income tax rate as follows:

	2015	2014
Basic rate applied to profit before provision for payments in lieu of taxes	\$ 56,930	\$ 68,074
Increase (decrease) in income tax resulting from:		
Small business deduction	(21,136)	(7,940)
Abatement of federal income tax	(11,155)	(6,181)
General tax reduction for CCPC	(3,053)	(3,734)
Temporary differences	(1,712)	(37,481)
Other	3,170	135
<b>Provision for payments in lieu of taxes</b>	<b>\$ 23,044</b>	<b>\$ 12,873</b>
<b>Effective rate applied to profit before provision for payments in lieu of taxes</b>	<b>49.50 %</b>	<b>49.50 %</b>

**8. Paiement tenant lieu d'impôts à payer (suite)**

Les composantes importantes des paiements tenant lieu d'impôts de la Coopérative s'établissent comme suit :

**Impôts exigibles**  
Basé sur le revenu imposable pour l'exercice en cours  
Ajustements pour provisions insuffisantes des périodes précédentes  
**Total de la provision pour paiement tenant lieu d'impôts**

La charge d'impôt sur le revenu diffère des montants qui seraient obtenus en appliquant le taux d'imposition combiné prévu par la loi :

Taux de base appliqué aux bénéfices avant provision pour paiements tenant lieu d'impôts  
Augmentation (diminution) de l'impôt sur le revenu découlant de :  
Dédution accordée aux petites entreprises  
Abattement d'impôt fédéral  
Réduction d'impôt générale pour les SPCC  
Écarts temporels  
Autres  
**Provision pour paiements tenant lieu d'impôts**  
**Taux effectif appliqué aux bénéfices avant provision pour paiements tenant lieu d'impôts**

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**9. Employee Future Benefits**

Defined contribution plan

The employees of the Cooperative participate in a defined contribution pension plan. The contributions are established by a percentage of the employee's salary. The contribution payable in exchange for services rendered during a period is recognized as an expense during that period. The employer portion of amounts paid to the plan during the year was \$11,880 (2014 - \$12,872). The contributions were made for current service and these have been recognized in net income in the "Salaries and benefits - Employees" account.

**9. Avantages sociaux futurs**

Régime à cotisations définies

Les employés de la Coopérative participent à un régime de retraite à cotisations définies. Les cotisations sont établies en fonction d'un pourcentage du salaire de l'employé(e). La cotisation, qui est payable contre les services rendus durant la période, est comptabilisée en charges au cours de celle-ci. La part de l'employeur des montants payés au régime au cours de l'exercice était de 11 880\$ (2014 - 12 872\$). Les cotisations ont été faites pour des services courants au cours de la période et elles ont été comptabilisées en résultat net au poste "Salaires et avantages sociaux - Employés".

**10. Share Capital**

An unlimited number of common shares at \$10 are authorized for issue. There are no preference shares.

**10. Capital-actions**

Un nombre illimité d'actions ordinaires de \$10 peut être émis. Il n'y a pas d'actions privilégiées.

	2015	2014	
<i>Issued</i>			<i>Émis</i>
1,380 shares (2014 - 1,334; January 1, 2014 - 1,323)	\$ 13,800	\$ 13,340	1 380 actions (2014 - 1 334; 1 janvier 2014 - 1,323)

All shares are ranked equally with regards to the Cooperative's residual assets.

Toutes les actions sont classées sur un pied d'égalité en ce qui a trait aux actifs résiduels de la Coopérative.

**11. Other Revenue**

	2015	2014
Pole rentals	\$ 5,917	\$ 6,561
Amortization of contributions in aid of construction (Note 6)	38,381	25,214
Retailers' revenue	3,400	3,345
Other revenue	33,126	24,250
	<u>\$ 80,824</u>	<u>\$ 59,370</u>

**11. Autres produits**

Location des poteaux
Amortissement des apports affectés à la construction (Note 6)
Produits des détaillants
Autres produits

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**12. Commitments**

The cooperative signed a contract with Ottawa River Energy Solutions Inc. sub-contracting their customer invoicing. The contract expires August 31, 2016. The annual payment is based on the number of invoices produced in the year and the cost per invoice is increased by 3% annually.

The cooperative signed a contract for the rental of its office space. This contract expires in December 2020. The Cooperative has an option to terminate the agreement with a 6 month in advance warning. The rent payment is \$1,175 per month.

The cooperative signed a contract with Tandem Energy Services Inc. for consultation services for the optimization of daily operations and for the OEB's regulatory requirements. This contract expires in August 2016. The annual payment of the consultation fees is \$30,000.

The minimum annual contract payment for the next year is \$39,874.

**12. Engagements**

La coopérative a signé un contrat avec Ottawa River Energy Solutions Inc. pour que cette corporation s'occupe de la facturation. Le contrat vient à échéance le 31 août 2016. Le paiement annuel est basé sur le nombre de factures produites pendant l'année et le coût par facture est augmenté de 3% annuellement.

La coopérative a signé un contrat pour la location de ses bureaux. Ce contrat vient à échéance en décembre 2020. La Coopérative a une option d'annulation avec un avertissement de 6 mois d'avance. Le paiement de location est de 1 175\$ par mois.

La coopérative a signé un contrat avec Tandem Energy Services Inc. pour des services de consultation pour l'optimisation des opérations quotidiennes et pour les exigences réglementaires de la CEO. Ce contrat vient à échéance en août 2016. Le paiement annuel des frais de consultation est de 30 000\$.

Les paiements minimaux des engagements pour la prochaine année est 39 874\$.

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**13. First Time Adoption of International Financial Reporting Standards**

IFRS 1, *First Time Adoption of International Financial Reporting Standards*, requires that comparative financial information be provided. As a result, the first date at which the Cooperative has applied IFRS was January 1, 2014 (the "Transition Date"). IFRS 1 requires first-time adopters to retrospectively apply all effective IFRS standards as of the reporting date, which for the Cooperative will be December 31, 2015. However, it also provides for certain optional exemptions and certain mandatory exceptions for first-time IFRS adoption.

The IFRS 1 applicable exemptions and exceptions applied in the conversion from pre-changeover Canadian GAAP to IFRS are as follows:

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**13. Première application des Normes internationales d'information financière**

L'IFRS 1, *Première application des Normes internationales d'information financière*, exige que l'information financière comparative soit fournie. Par conséquent, la date à laquelle la Coopérative a appliqué les normes IFRS pour la première fois était le 1<sup>er</sup> janvier 2014 (la « date de transition »). L'IFRS 1 exige que les nouveaux adoptants appliquent de manière rétrospective toutes les IFRS en vigueur à la date de clôture, laquelle fixée au 31 décembre 2015 pour la Coopérative. Toutefois, les IFRS fournissent également certaines exemptions facultatives et certaines exceptions obligatoires pour les nouveaux adoptants.

Les exemptions et exceptions de l'IFRS 1 appliquées lors de la transition des PCGR du Canada pré-basculement aux IFRS sont les suivantes :

**13. First Time Adoption of International  
Financial Reporting Standards (continued)**

**Mandatory exceptions:**

**Derecognition of financial assets and liabilities**

The Cooperative has applied the derecognition requirements in IAS 39 prospectively for transactions occurring on or after January 1, 2014. As a result any non-derivative financial assets or non-derivative financial liabilities derecognized in accordance with pre-changeover Canadian GAAP as a result of a transaction that occurred before January 1, 2014, have not been recognized in accordance with IFRS unless they qualify for recognition as a result of a later transaction or event.

**Estimates**

The estimates previously made by the Cooperative under pre-changeover Canadian GAAP were not revised for the application of IFRS, except where necessary to reflect any difference in accounting policy or where there was objective evidence that those estimates were in error. As a result, the Cooperative has not used hindsight to revise estimates.

**Optional elections:**

**Business Combinations**

The Cooperative has elected not to retrospectively apply IFRS 3, Business Combinations, to business combinations that occurred prior to its Transition Date and such business combinations have not been restated.

**13. Première application des Normes  
internationales d'information financière  
(suite)**

**Exceptions obligatoires :**

**Décomptabilisation des actifs et passifs financiers**

Pour les transactions réalisées le 1<sup>er</sup> janvier 2014 ou après, la Coopérative a appliqué de manière rétrospective les exigences en matière de décomptabilisation de l'IAS 39. Par conséquent, tous les actifs ou passifs financiers non dérivés qui sont décomptabilisés conformément aux PCGR du Canada pré-basculément à la suite d'une transaction réalisée avant le 1<sup>er</sup> janvier 2014 n'ont pas été comptabilisés conformément aux IFRS, à moins qu'ils ne soient admissibles à la comptabilisation en raison d'une transaction ou d'un événement survenu ultérieurement.

**Estimations**

Les estimations, qui avaient été faites au préalable par la Coopérative en vertu des PCGR du Canada pré-basculément n'ont pas été révisées lors de l'application des IFRS, sauf s'il était nécessaire de tenir compte des différences de méthode comptable ou s'il y avait des éléments probants indiquant que ces estimations étaient erronées. Par conséquent, la Coopérative n'a pas utilisé l'information a posteriori pour réviser les estimations.

**Choix facultatifs :**

**Regroupements d'entreprises**

La Coopérative a choisi de ne pas appliquer l'IFRS 3, *Regroupements d'entreprises*, de manière rétrospective aux regroupements d'entreprises qui ont eu lieu avant sa date de transition. Aussi, ces regroupements d'entreprises n'ont pas été retraités.

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**Embrun Hydro Cooperative Inc.**  
**Notes to the Financial Statements**  
For the year ended December 31, 2015

**Coopérative Hydro Embrun inc.**  
**Notes aux états financiers**  
Pour l'exercice clos le 31 décembre 2015

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**13. First Time Adoption of International  
Financial Reporting Standards (continued)**

**Transition of Canadian GAAP equity to IFRS**

IFRS 1 requires an entity to reconcile cash flows and equity for prior periods.

The transition to IFRS did not have an impact on the statements of cash flows and changes in equity as the transition items are reclassifications within the relevant statements.

**Regulatory assets and liabilities**

Regulatory assets and liabilities that were recognized under pre-changeover Canadian GAAP have been reclassified to the regulatory deferral account balance as either a debit balance or a credit balance. The amount recorded as a regulatory asset and liabilities, respectively, under pre-changeover Canadian GAAP was \$167,328, and \$-. This transitional adjustment is a reclassification on the Statement of Financial Position and has no impact on the Statement of Changes in Members' Equity or the Statement of Operations.

**13. Première application des Normes  
internationales d'information financière  
(suite)**

**Transition des PCGR du Canada pré-basculément  
et les IFRS en matière de capitaux propres**

L'IFRS 1 exige qu'une entité présente un rapprochement entre les flux de trésorerie et les capitaux propres pour les périodes antérieures.

La transition aux IFRS n'a pas d'influence sur les états des flux de trésorerie et des variations des capitaux propres car les éléments de transition constituent des reclassement au sein des états pertinents.

**Actifs et passifs réglementaires**

Les actifs et les passifs réglementaires qui ont été comptabilisés conformément aux PCGR du Canada pré-basculément ont été reclassés dans le solde de compte de report réglementaire, soit à titre de solde débiteur ou de solde créditeur. Les montants comptabilisés à titre d'actifs et passifs réglementaires conformément aux PCGR du Canada pré-basculément étaient respectivement de 167 328\$ et de -\$-. Cet ajustement transitoire constitue un reclassement dans l'état de la situation financière et n'a aucune incidence sur l'état des variations des capitaux propres ou l'état des résultats.



**14. Standards, Amendments and Interpretations  
Not Yet Effective**

Certain pronouncements were issued by the IASB or the IFRS Interpretations Committee that are mandatory for accounting years beginning after January 1, 2016 or later years. As discussed in Note 3 the Cooperative early adopted IFRS 14, Regulatory Deferral Accounts. In addition as disclosed in Note 2 under significant judgements and estimates, the Cooperative applied judgments related to the order and exclusion of immaterial disclosures, consistent with the amendment to IAS 1, Presentation of Financial Statements, which were also adopted early.

The Cooperative has not yet determined the extent of the impact of the following new standards, interpretations and amendments, which have not been applied in these financial statements:

- IFRS 9 - Financial Instruments;
- IFRS 15 - Revenue from Contracts with Customers; and
- IFRS 16 - Leases

**14. Normes, modifications et interprétations  
publiées, mais non encore entrées en  
vigueur**

L'IASB ou l'IFRS Interpretations Committee ont émis certaines prises de position devenues exécutoires pour les exercices ouverts à compter du 1<sup>er</sup> janvier 2016. Comme il a été mentionné à la Note 3, la Coopérative a adopté de façon anticipée l'IFRS 14, *Comptes de report réglementaires*. De plus, comme il a été mentionné à la Note 2, sous la rubrique des jugements et estimations critiques, l'ordre des informations à fournir ou l'évaluation de leur caractère non significatif repose sur le jugement de la Coopérative, conformément à la modification de l'IAS 1, *Présentation des états financiers*, qui a elle aussi été adoptée de façon anticipée.

Pour le moment, la Coopérative n'a pas déterminé l'ampleur des effets des normes, interprétations et modifications ci-dessous, et ces dernières n'ont pas été appliquées aux présents états financiers :

- IFRS 9, *Instruments financiers*;
- IFRS 15, Produits des activités ordinaires tirés de contrats conclus avec des clients; et
- IFRS 16, Contrats de location;

## **Appendix C Reconciliation for RRR to FS**



**Coopérative Hydro Embrun inc./Embrun Hydro Cooperative Inc.**

Year End: December 31, 2016

**Leadsheet Summary**

<b>Account</b>	<b>2016</b>	<b>2015</b>
100501 OPERATING ACCOUNT - CAISSE	345,227.28	345,684.31
101000 PETTY CASH	400.00	400.00
100501-20 SAVINGS BANK ACCOUNT-CAISSE	100,329.30	371,956.18
<b>A Cash &amp; Bank</b>	<b>445,956.58</b>	<b>718,040.49</b>
100501-10 DEPOT A TERME	1,000,000.00	1,000,000.00
<b>B Temporary Investments</b>	<b>1,000,000.00</b>	<b>1,000,000.00</b>
114005 HST RECEIVABLE	24,710.55	0.00
114007 EMPLOYEES A/R RRSP	0.00	265.00
<b>C Accounts Receivable</b>	<b>24,710.55</b>	<b>265.00</b>
110000 CUSTOMER ACCOUNTS RECEIVABLE	378,525.36	326,453.69
110002 A/R - RETAILERS	(1,077.02)	0.00
114002 IESO A/R	3,344.80	0.00
114003 OESP RECEIVABLE	1,921.50	34,408.25
114006 OLIGO A/R INVOICE 2015-37	0.00	34,774.85
<b>C. 1 Electric energy</b>	<b>382,714.64</b>	<b>395,636.79</b>
114000 INTEREST RECEIVABLE	1,473.52	1,516.99
<b>C. 2 Accrued interest</b>	<b>1,473.52</b>	<b>1,516.99</b>
159200 HST ITC	81.44	81.44
110401-01 ARIYVON SAUVÉ	945.00	0.00
110401-04 A/R DAGENAI -FEU	945.00	0.00
110401-05 AR/HYDRO 2000	406.79	375.00
110401-06 AR/MARTIN BERTRAND	0.00	0.08
110401-09 AR-JANIC MARION	165.00	0.00
110401-10 AR/NATHALIE ST-ONGE	495.00	306.25
110401-12 AR/PEGGY REASON	0.00	175.00
110401-15 AR/PAUL SEGUIN	0.00	0.00
110401-16 A/R CINDY LANDRY	0.00	0.40
110401-40 AR/MARC CHARRON	330.00	0.00
<b>C. 3 Sundry</b>	<b>3,368.23</b>	<b>938.17</b>
113000 ACCUM PROV FOR UNCOLL ACCOUNTS	0.00	(608.56)
<b>C. 4 Allowance for doubtful accounts</b>	<b>0.00</b>	<b>(608.56)</b>
112000 ACCRUED UTILITY REVENUES	459,517.35	411,944.56
<b>C. 5 Unbilled revenues</b>	<b>459,517.35</b>	<b>411,944.56</b>
161100 COMPUTER SOFTWARE -FORMER 192501	128,583.83	127,218.83
180500 LAND - SUB #1	50,000.00	50,000.00
182000 MUN DIST STA EQUIP - SUB #1	410,310.05	360,297.28

183000 POLES, FIXTURES	796,245.72	749,198.61
183500 O/H CONDUCTORS,DEVICES	891,677.72	662,283.01
184500 U/G CONDUCTORS, DEVICES	1,882,035.52	1,853,266.32
185000 LINE TRANSFORMERS	1,189,854.83	1,150,236.33
185500 CUSTOMER NEW SERVICES	225,408.32	203,233.32
185503 CUSTOMER SERVICES - O/H	17,554.64	17,554.64
186000 METERS	353,694.86	345,172.12
191500 OFFICE FURNITURE & EQUIPMENT	53,519.50	51,956.35
192000 COMPUTER EQUIPMENT - HARDWARE	30,598.55	28,438.61
193500 STORES EQUIPMENT	4,320.00	4,320.00
194500 MEASUREMENT & TESTING EQUIP	15,901.08	8,486.00
199500 CONTRIBUTIONS & GRANTS	(1,615,759.64)	(1,609,309.14)
199501 ACCUM AMORT - CONTRIBUTED CAPL	294,425.26	254,111.90
210500 ACC. AMORT. - SUB TRANS FEEDER	(1,947,092.06)	(1,797,853.26)
<b>U. 1 Capital assets</b>	<b>2,781,278.18</b>	<b>2,458,610.92</b>
160600 ORGANIZATION COSTS	374.03	374.03
218001 ACC.AMORTINTAGIBLE	(374.03)	(374.03)
<b>U. 2 Incorporation fees</b>	<b>0.00</b>	<b>0.00</b>
150803 IFRS Transition Cost	21,372.53	7,872.53
700000 WAP-NOT BILLED	(413,004.71)	(657,049.93)
700001 WAP-NOT BILLED	413,004.71	657,049.93
150803-10 Carrying Charge IFRS Transition Charge	198.94	75.21
<b>W Deferred Charges</b>	<b>21,571.47</b>	<b>7,947.74</b>
146000 NO-CUR ASSET/REBASING"ELENCHUS	131,428.76	131,428.76
146001 NO-CUR ASSET/REBASING"BDO	37,309.00	37,309.00
146002 NO-CUR ASSET/REBASING"OTHERS	1,764.00	1,764.00
146003 NO-CUR ASSET/REBASING INTERVENER	11,576.92	11,576.92
146004 IRM 2011-2014"ELENCHUS	31,197.16	31,197.16
146005 IRM 2011 OTHERS	31,657.50	31,657.50
146006 Rebasing Expenses Recovery	(244,933.34)	(244,933.34)
146007 Rebasing Expenses Recovery2014	(29,100.00)	(19,400.00)
146050 2014 NON-CURRENT ASSET/REBAS 2014 COSTS	48,500.00	48,500.00
<b>W. 1 Rebassing</b>	<b>19,400.00</b>	<b>29,100.00</b>
155000 LV SHARE RESIDENTIAL	98,815.78	66,346.04
155001 LV SHARE UNDER 50KW	(1,130.00)	(1,130.00)
155100 Smart Metering Entity Charge Variance	(208.71)	(725.54)
155001-10 RSVA-LV	3,834.18	2,947.28
155100-10 Carrying Chg..Smart Metering Entity Charge	54.02	51.03
<b>W. 2 Hydro one regulatory asset</b>	<b>101,365.27</b>	<b>67,488.81</b>
158001 RSVA - WHOLESLE MRKT VARIANCE	(69,292.43)	(70,976.70)
158401 RSVA - NETWORK TRANS VARIANCE	25,292.30	4,655.37
158601 RSVA - TRANS CONNNECT VARIANCE	36,330.14	19,215.38
158801 RSVA - POWER VARIANCE	(91,644.92)	(31,783.79)
158802 RSVA-PRO-BENEFIT	0.00	7,625.97
158803 RPP SETTLEMENT	0.00	534.95

158900 RSVA -GLOBAL ADJUSTMENT	37,231.19	28,835.89
158001-01 RSVA - OESP VARIANCE-WHOSALE	2,433.19	0.00
158001-02 RSVA -CBR VARIANCE-WHOSALE	131.57	0.00
158001-10 RSVA-WMS	(3,122.00)	(2,349.91)
158001-11 RSVA-WMS-OESP	12.48	0.00
158001-12 RSVA-WMS-CBR	0.42	0.00
158401-10 RSVA-NW	324.09	176.84
158601-10 RSVA-CN	486.98	189.27
158801-10 RSVA-SSS	57.83	521.19
158900-10 RSVA -GLOBAL ADJUSTMENT-CARRYING CHARGE	1,034.07	566.17
<b>W. 3 Settlement variances</b>	<b>(60,725.09)</b>	<b>(42,789.37)</b>
156201 DISPOSITION OF BALANCE 156200 -RESIDENTIAL	0.00	26,570.20
156202 DISPOSITION OF BALANCE 156200 - BELOW 50KW	0.00	6,387.55
156203 DISPOSITION OF BALANCE 156200 - OVER 50 KW	0.00	5,527.57
156204 DISPOSITION OF BALANCE 156200 - UNMETERED SCATTERED	0.00	758.60
156205 DISPOSITION OF BALANCE 156200 - STREETLIGHTS	0.00	954.20
159501 CARRYING CHG APPROVED FOR DISP. 2009	0.00	600.22
159503 PRINCIPLE BALANCE FOR DISPOSITION 2010	(102,096.02)	(102,096.02)
159504 CARRYING CHARGES APPROVED FOR DISPOSITION 2010	1,261.38	(692.36)
159505 CARRYING CHARGES ON 2010 BAL. APPROVED FOR DISPOSITION	120.60	120.60
159506 PRINC. BAL. FOR PILLS DISPOSITION 2010	(32,937.00)	(32,937.00)
159507 CARRYING CHGS APPROVED FOR PILLS DISP. 2010	(9,601.00)	(9,601.00)
159508 PRINCIPAL BAL APP 2012 STRANDED METERS	42,923.99	42,923.99
159509 PRINCIPAL BAL APP 2012 COS	(32,198.96)	(32,198.96)
159512 RESIDENTIAL - DISPOSITION VARIANCE 2012	83,522.65	83,522.65
159513 RESIDENTIAL - GLOBAL ADJUSTMENT 2012	(2,318.71)	(2,318.71)
159514 RES.- RATE RIDER STR. METER ASSETS	(34,840.03)	(34,840.03)
159515 RES - RATE RIDER GLOBAL ADJ. (2014)	522.25	522.25
159516 RES - RATE RIDER DEF/VAR ACCT (2014)	89,604.56	89,604.56
159522 BELOW 50KW - DISPOSITION VARIANCE 2012	19,995.04	19,995.04
159523 BELOW 50KW - GLOBAL ADJUSTMENT 2012	(963.54)	(963.54)
159524 BELOW 50 - RATE RIDER STRAND MET. ASSETS	(2,885.92)	(2,885.92)
159525 BELOW 50 - RATE RIDER DISP. GLOB. ADJ. (2014)	271.73	271.73
159526 BELOW 50 - RATE RIDER DEF/VAR. (2014)	20,655.63	20,655.63
159532 OVER 50 KW - DISPOSITION VARIANCE 2012	11,459.64	11,459.64
159533 OVER 50KW - GLOBAL ADJUSTMENT 2012	(7,683.27)	(7,683.27)
159534 > 50 - RATE RIDER DISP. GLOB. ADJ (2014)	3,406.68	3,406.68
159535 > 50 - RATE RIDER DISP DEF/VAR. ACCT (2014)	12,056.32	12,056.32
159542 ST. LIGHTING - DISPOSITION VARIANCE 2012	1,474.32	1,474.32
159544 STR. LIGHTS-RATE RIDER. DISP. GLOB ADJ (2014)	491.28	491.28
159545 STR. LIGHTS-RATE RIDER DISP. DEF/VAR. (2014)	1,617.96	1,617.96
159552 USL - DISPOSITION VARIANCE 2012	374.88	374.88
159553 USL - GLOBAL ADJUSTMENT 2012	(38.23)	(38.23)
159554 USL-RATE RIDER GLOB. ADJ. (2014)	9.59	9.59
159555 USL- RATE RIDER DISP. DEF/VAR. (2014)	409.80	409.80
159562 INTERVAL - DISPOSITION VARIANCE 2012	6,420.09	6,420.09
159563 INTERVAL - RATE RIDER DISP. GLOB. ADJ	(4,365.58)	(4,365.58)
159564 INTERVAL - RATE RIDER DISP. GLOB. ADJ (2014)	2,134.78	2,134.78
159565 INTERVAL - RATE RIDER DISP. DEF/VAR ACCTS (2014)	6,754.83	6,754.83

159565-01 DISPOSITION OF BALANCE 156200 -RESIDENTIAL	26,570.20	0.00
159565-02 DISPOSITION OF BALANCE 156200 - BELOW 50KW	6,387.55	0.00
159565-03 DISPOSITION OF BALANCE 156200 - OVER 50 KW	5,527.57	0.00
159565-04 DISPOSITION OF BALANCE 156200 - UNMETERED SCATTERED	758.60	0.00
159565-05 DISPOSITION OF BALANCE 156200 - STREETLIGHTS	954.20	0.00
<b>W. 7 Regulatory Assets</b>	<b>115,757.86</b>	<b>114,404.34</b>
159201 FUTUR INCOME TAX	13,016.00	6,997.00
<b>W. 8 Future income tax asset/liability</b>	<b>13,016.00</b>	<b>6,997.00</b>
153500 SMART GRID OM&A EXPENSES	26,347.34	26,347.34
153501 INTEREST ON SMART GRID OM&A EXPENSES	1,867.03	1,577.14
157600 DISP. 1576 AMORT. OEB DECISION 2014	(39,272.00)	(39,272.00)
157610 RES-RATE RIDER DISP 1576	27,199.20	24,871.44
157611 BELOW 50-RATE RIDER DISP 1576	6,501.84	5,974.02
157612 OVER 50-RATE RIDER DISP 1576	3,683.31	3,366.29
157613 ST.LIGHT-RATE RIDER DISP 1576	489.78	446.46
157614 USL-RATE RIDER DISP 1576	127.67	116.73
157615 INTERVAL-RATE RIDER DISP 1576	2,057.76	1,899.86
157600-10 CARRYING CHARGE. 1576 AMORT. OEB DECISION 2014	(586.74)	(592.31)
<b>W. 9 Smart grid</b>	<b>28,415.19</b>	<b>24,734.97</b>
161000 GOODWILL	0.00	158,352.37
218002 ACC.AMORTI-GOODWILL	0.00	(158,352.37)
<b>X Goodwill</b>	<b>0.00</b>	<b>0.00</b>
220501 ACCOUNTS PAYABLE - HYDRO ONE	(724,914.41)	(692,044.62)
220506 GST PAYABLE	0.00	(3,424.18)
220508 AUDITOR PAYABLE/PAYABLE	(10,000.00)	(7,500.00)
220513 PAYABLE YEAR END 2016	(43,692.80)	(15,842.81)
220514 SEVERANCE PAY - CINDY LANDRY	0.00	(28,106.30)
220800 CUSTOMER CREDIT BALANCES	(63,263.07)	(85,340.37)
222001 Income Tax Remit from Patronage	720.00	720.00
225001 DEBT RETIREMENT CHG	(5,010.56)	(15,230.14)
229034 HST TAXES	0.00	0.00
<b>CC Accounts Payable</b>	<b>(846,160.84)</b>	<b>(846,768.42)</b>
222000 ACCRUED LIABILITIES - CURRENT	(20,000.00)	(20,000.00)
<b>CC-1 Ristraines à payer</b>	<b>(20,000.00)</b>	<b>(20,000.00)</b>
229400 ACCRUAL FOR TAXES - PILS	6,060.00	(6,824.00)
<b>FF Income taxes payable</b>	<b>6,060.00</b>	<b>(6,824.00)</b>
229400-01 FUTURE INCOME TAXES	(13,016.00)	(6,997.00)
<b>FF1 Future income taxes</b>	<b>(13,016.00)</b>	<b>(6,997.00)</b>
146010 NO-CUR ASSET/OPA REV-PAB- RES	(35,000.00)	(35,000.00)
146013 Conservation 1st Framework 25% Pre-Funding 2015-20	(27,232.25)	0.00
146020 NO-CUR ASSET/OPA EXP-PAB- RES	24,073.10	24,073.10
146025 NO-CUR ASSET/OPA EXP-PAB- LOW INCOME	6,483.75	6,483.75

146026 NO-CUR ASSET/OPA REV-PAB- LOW INCOME	(3,037.36)	(3,037.36)
146030 NO-CUR ASSET/OPA REV-PAB- COM	(119,680.00)	(119,680.00)
146040 NO-CUR ASSET/OPA EXP-PAB- COM	67,675.27	67,675.27
146060 NO-CUR ASSET/EXP-SWITCH PEAK SAVER PLUS - 2013	32,466.60	32,466.60
146061 AZTEK HOME DISPLAY	34,125.50	34,125.50
146062 Reconcile PAB 2011-2014-IESO	1,904.28	1,904.28
146008-01 PAB EXTENSION 2015 REVENUE LOW INCOME	(5,100.00)	(5,100.00)
146008-02 PAB EXTENSION 2015 REVENUE RESIDENTIAL	(43,000.00)	(43,000.00)
146008-03 PAB EXTENSION 2015 REVENUE C & I	(36,200.00)	(36,200.00)
146008-04 PAB EXTENSION 2015 EXPENSES LOW INCOME	13,148.77	12,211.54
146008-05 PAB EXTENSION 2015 EXPENSES CONSUMER RESIDENTIAL	24,085.02	23,147.79
146008-06 PAB EXTENSION 2015 EXPENSES C & I	41,425.55	40,488.29
146008-07 Reconciliation Appendix A IESO	1,971.13	0.00
146008-08 PAB 2015 INCENTIVE APPENDIX A IESO	3,669.53	0.00
146008-09 OVERPAY GEENSAVER CONTRACT PAB 2015	(6,135.50)	0.00
146013-02 GreenSaver Training	1,194.55	0.00
146013-03 SALARIES/CONTRACT	1,020.00	0.00
146060-10 NO-CUR ASSET/EXP-SWITCH INSTALLED PEAK SAVER PLUS	3,042.00	3,042.00
146060-11 OPA - INVOICE PAID	(12,113.14)	(12,113.14)
146060-12 AZTECK -UTIL-ASSIST EXPENSES 2015	60.00	60.00
<b>KK Customer deposits</b>	<b>(31,153.20)</b>	<b>(8,452.38)</b>
233500 CUSTOMER DEPOSITS - LONG TERM	(9,262.76)	(7,862.76)
<b>KK. 1 Customer Deposits</b>	<b>(9,262.76)</b>	<b>(7,862.76)</b>
233510 MEMBERSHIP	(14,550.00)	(13,800.00)
<b>RR Member's shares</b>	<b>(14,550.00)</b>	<b>(13,800.00)</b>
301000 CONTRIBUTE SURPLUS	(2,862,993.70)	(2,862,993.70)
304500 UNAPPROPRIATED RETAINED EARNIN	0.00	0.00
305500 ADJUSTMENT RETAINED EARNING	(1,420,529.59)	(1,328,564.12)
<b>SS Retained Earnings</b>	<b>(4,283,523.29)</b>	<b>(4,191,557.82)</b>
407600 SMART METERING ENTITY CHARGE BILLED-RESIDENTIAL	(17,229.12)	(16,752.49)
407601 SMART METERING ENTITY CHARGE BILLED-LESS THAN 50KW	(1,557.18)	(1,696.19)
408000 RESIDENTIAL MNTHLY SERVICE CHG	(420,568.62)	(328,026.81)
408001 RESIDENTIAL DIST VOL RATE-KWH	(204,250.17)	(267,408.56)
408002 SSS ADMINISTRATION CHARGE	(5,628.88)	(5,391.08)
408010 GS<50 MONTHLY SERVICE CHARGE	(34,632.25)	(34,148.69)
408011 BELOW 50 DIST VOL RATE	(65,236.33)	(65,241.44)
408012 <50 -SSS ADMINISTRATION CHARGE	(458.27)	(453.23)
408020 GS>50 MONTHLY SERVICE CHARGE	(18,861.85)	(18,431.04)
408021 GS>50 DIST VOL RATE - KWH	(27,955.21)	(27,971.15)
408022 >50KW - SSS ADMIN CHARGE	(16.59)	(15.00)
408023 INTERVAL - SERVICE CHARGE	(7,046.28)	(6,911.64)
408024 INTERVAL - DIST VOL RATE - KWH	(15,778.05)	(15,581.57)
408025 INTERVAL - SSS ADMIN CHARGE	(9.00)	(9.00)
408040 STREET LIGHTING MNTHLY S/C	(11,581.05)	(9,855.60)
408041 STREET LIGHTING DIST VOL RATE	(7,279.72)	(8,135.46)
408042 STREETLGHTS - SSS ADMIN CHG	(1.25)	0.00

408050 UNMETERED-SSS ADMIN CHG	(39.75)	(36.00)
408060 UNMETERED MTHLY SERVICE CHARGE	(4,277.93)	(4,399.92)
408061 UNMETERED VOLUMETRIC CHARGE	(503.64)	(499.32)
408070 S/C MICROFIT	(731.88)	(692.64)
475100 Smart Metering Entity Charge	18,786.30	18,448.68
<b>500.02 Revenus de service</b>	<b>(824,856.72)</b>	<b>(793,208.15)</b>
408202 FIXED MTHLY CHARGE	(2,520.00)	(2,640.00)
408203 VARIABLE MTHLY CHARGE	(394.50)	(473.50)
408204 BILL READY CHARGE	(236.70)	(284.10)
408401 STR REVENUE-REQUEST FEE	(7.75)	(2.25)
<b>500.02. 1 OTH - Revenus de services</b>	<b>(3,158.95)</b>	<b>(3,399.85)</b>
421000 RENT FROM ELECT PROP - POLES	(6,451.64)	(5,917.42)
<b>500.04 Location des poteaux</b>	<b>(6,451.64)</b>	<b>(5,917.42)</b>
437505 CDM 2015 PAB INCENTIVE CUSTOMERS/IESO REFUND	(3,214.85)	0.00
437507 PAYMENT IESO FRAMEWORK 2016-2020	(23,804.00)	0.00
438005 CDM 2015 PAB RETROFIT DONE BY CUSTOMER	3,214.85	0.00
437506-01 Retrofit JC Pharmacy	5,040.00	0.00
437506-02 Green Saver Expenses	17,760.00	0.00
437506-03 HAP - GREEN SAVER PAYMENT	1,004.00	0.00
<b>500.06 OTH - Settlement - retrofit</b>	<b>0.00</b>	<b>0.00</b>
422500 LATE PAYMENT CHARGES - RESIDEN	(6,715.20)	(6,066.36)
422501 LATE PAYMENT CHARGE - COMM	(4,567.60)	(3,879.77)
<b>500.02. 2 OTH - Frais de retard</b>	<b>(11,282.80)</b>	<b>(9,946.13)</b>
423501 MISC SERVICE REV - SET UP FEE	(6,465.00)	(6,420.00)
423505 RETURN CHEQUE	(570.00)	(285.00)
423506 COLLECTION CHARGE-LETTER DELIVERY	(11,560.00)	(9,480.00)
437501 OPA -PAB FUND SALARIES	0.00	(9,347.04)
439000 MISC NON-OP INCOME - MISC	(8,661.13)	(4,894.14)
439001 OPA PROGRAM GRANTS	(3,669.53)	0.00
533003 RECONNECTION CHARGES	(350.00)	(150.00)
439000-10 OPA - SW - AZ	0.00	(2,549.30)
<b>500.08 Autres revenus</b>	<b>(31,275.66)</b>	<b>(33,125.48)</b>
440500 INTEREST INCOME - BANK	(19,701.00)	(21,674.37)
440501 INTEREST INCOME - VARIANCE	(2,459.59)	(1,811.27)
<b>500.10 Revenus d'interets</b>	<b>(22,160.59)</b>	<b>(23,485.64)</b>
400610 ON PEAK RESIDENTIAL	(645,175.65)	(559,848.36)
400611 OFF PEAK RESIDENTIAL	(1,117,969.50)	(1,039,110.12)
400612 MID PEAK RESIDENTIAL	(440,458.37)	(402,586.90)
400680 PROV. BENEFIT SPOT CUST	(450,746.29)	(356,346.11)
400685 ELECTRICITY CHARGE	112,933.45	205,847.15
400686 ENERGY-RPP-MULTI-UNIT < 50W	(5,874.81)	(6,039.55)
400687 ENERGY-RPP-MULTI-UNIT > 50W	(85,578.75)	(68,015.61)
400696 ELECTRICITY CHARGE UNMETERED	(9,185.01)	(8,095.92)

401010 ON PEAK LESS THAN 50	(170,935.03)	(152,065.84)
401011 OFF PEAK LESS THAN 50	(221,346.20)	(205,265.71)
401012 MID PEAK LESS THAN 50	(117,489.56)	(109,845.94)
401500 INTERVAL METERED-SSS ENERGY CH	(26,648.42)	(40,348.91)
402500 STREET LIGHTING ENERGY SPOT PRICE	(1,839.27)	0.00
403514 >50KW - SSS - ENERGY CHARGE	(17,705.75)	(21,919.21)
405530 RETAILER COP - DIRECT ENG	(60.39)	(634.25)
405535 RETAILER BRUCE POWER	(2,055.73)	(3,459.51)
405560 RETAILER COP - JUST ENERGY	(5,850.80)	(10,488.11)
405562 RETAILER SUMMIT	(3,324.46)	(4,182.03)
405563 RETAILER ONIT	(4,404.92)	(7,966.93)
405565 RETAILER HUDSON ENERGY	(17,676.71)	(39,770.54)
<b>500.12 Power Purchased</b>	<b>(3,231,392.17)</b>	<b>(2,830,142.40)</b>
470501 MICRO FIT GENERATION	63,286.95	61,673.93
470502 COMMODITY PURCHASE HYDRO ONE	228,141.23	438,868.68
470700 GLOBAL ADJUSTMENT	2,939,963.99	2,329,599.79
<b>500.12A Power Purchased</b>	<b>3,231,392.17</b>	<b>2,830,142.40</b>
406200 RES WHOLESALE MARTKET SERV REV	(92,468.79)	(117,774.36)
406201 <50KW WHOLESALE MARKET SRV REV	(21,824.08)	(27,925.21)
406202 >50KW WHOLESALE MARKET SRV REV	(12,977.40)	(16,947.62)
406203 INTERVAL WHOLESALE MARKT SV RV	(7,380.20)	(9,286.86)
406204 STLIGHT WHOLESALE MARKET SV RV	(1,540.34)	(2,268.10)
406206 WHOLESALE MARTKET UNMETERED	(447.16)	(572.40)
406210 OESP - RESIDENTIAL	(21,195.42)	0.00
406211 OESP - RESIDENTIAL CREDITS	14,674.73	0.00
406220 OESP - UNDER <50 KW	(5,002.57)	0.00
406230 OESP - OVER >50 KW	(2,974.76)	0.00
406240 OESP - INTERVALS	(1,691.88)	0.00
406250 OESP - USL	(102.34)	0.00
406260 OESP - STREETLIGHTS	(353.13)	0.00
406261 RES WHOLESALE MARTKET CBR CLASS B	(8,216.59)	0.00
406262 <50KW WHOLESALE MARKET CBR CLASS B	(1,939.58)	0.00
406263 >50KW WHOLESALE MARKET CBR CLASS B	(1,153.48)	0.00
406264 INTERVAL WHOLESALE MARKT CBR CLASS B	(656.02)	0.00
406265 STLIGHT WHOLESALE CBR CLASS B	(136.90)	0.00
406266 WHOLESALE CBR CLASS B UNMETERED	(40.04)	0.00
406211-01 OESP - REFUND HYDRO ONE	(14,674.73)	0.00
<b>500.13 Power Purchased Wholesale</b>	<b>(180,100.68)</b>	<b>(174,774.55)</b>
470800 WHOSALE MARKET CHARGE	136,638.22	174,774.55
470801 OESO SUPPORT PROGRAM	31,320.10	0.00
470802 WHOSALE MARKET CBR	12,142.36	0.00
<b>500.13A Power Purchased Wholesale</b>	<b>180,100.68</b>	<b>174,774.55</b>
406600 TRANS. NETWORK SERV RATE-REV	(139,678.29)	(133,776.39)
406601 <50KW NETWORK SERVICE RATE	(30,553.79)	(32,334.09)
406602 >50KW NETWORK SERVICE REV	(19,434.06)	(20,826.24)
406603 INTERVAL NETWORK SERVICE RATE	(10,968.67)	(11,601.44)

406604 STLIGHT NETWORK SERVICE REV	(1,744.32)	(2,087.88)
406606 TRANS. NETWORK UNMETERED	(626.46)	(663.24)
<b>500.15 Power purchased Network</b>	<b>(203,005.59)</b>	<b>(201,289.28)</b>
471400 NETWORK TRANS. CHARGE	203,005.59	201,289.28
<b>500.15A Power purchased low voltage</b>	<b>203,005.59</b>	<b>201,289.28</b>
407500 LV CHARGES BILLED - CUSTOMER	0.00	0.00
407501 LV CHARGES BILLED-RESIDENTIAL	(34,685.00)	(34,201.55)
407502 LV CHARGES BILLED-BELOW 50KW	(7,276.34)	(7,350.95)
407503 LV CHARGES BILLED-OVER 50KW	(4,569.25)	(4,661.10)
407504 LV CHARGES BILLED-UNMETERED	(149.24)	(150.84)
407505 LV CHARGES BILLED-STREET LIGHT	(420.40)	(478.98)
407506 INTERVAL - LV CHARGE	(2,578.89)	(2,596.47)
<b>500.17 Power purchased low voltage</b>	<b>(49,679.12)</b>	<b>(49,439.89)</b>
475000 Low Voltage Charge	49,679.12	49,439.89
<b>500.17A Power purchased low voltage</b>	<b>49,679.12</b>	<b>49,439.89</b>
406800 TRANS. CONNECTION SERVICE-REV	(108,904.17)	(101,795.83)
406801 <50KW LINE&TRANS CONNECTION RV	(22,309.10)	(22,045.96)
406802 >50KW LINE&TRAN CONNECT REV	(14,370.73)	(14,226.98)
406803 INTERVAL LINE&TRAN CONNECT RV	(8,110.91)	(7,925.25)
406804 STLIGHT LINE&TRANS CONNECT REV	(1,322.12)	(1,461.96)
406806 TRANS. CONNECTION UNMETERED	(458.06)	(451.92)
<b>500.18 Power purchased Connection</b>	<b>(155,475.09)</b>	<b>(147,907.90)</b>
471600 CONNECTION NETWORK CHARGE	155,475.09	147,907.90
<b>500.18A Power purchased Connection</b>	<b>155,475.09</b>	<b>147,907.90</b>
541000 COMM RELATION CHAM OF COMM	755.00	460.00
541004 COMM REL - MARKETING	5,526.64	7,287.70
541006 COMM REL - GENERAL CUST REL	1,581.20	615.00
620500 DONATIONS	2,080.00	1,825.00
620501 DONATIONS LEAP FUNDING	2,000.00	2,000.00
<b>520.02 Advertisement</b>	<b>11,942.84</b>	<b>12,187.70</b>
533500 BAD DEBT EXPENSE	4,959.84	5,001.28
<b>520.04 Bad debt</b>	<b>4,959.84</b>	<b>5,001.28</b>
563500 PROPERTY INSURANCE	1,957.01	1,854.00
564000 MEARIE INSURANCE	2,772.15	2,062.40
<b>520.12 Insurance</b>	<b>4,729.16</b>	<b>3,916.40</b>
561502 MEMBERSHIPS - EDA	5,900.00	5,800.00
<b>520.18 Memberships and licenses</b>	<b>5,900.00</b>	<b>5,800.00</b>
501202 Payment in Lieu Property Tax	160.00	302.05
<b>520.20 Miscellaneous</b>	<b>160.00</b>	<b>302.05</b>



508500 MISC. EXPENSE-PETTY CASH	3,104.68	3,361.23
508501 MISC. EXPENSES-IMPERIAL COFFEE	271.84	783.98
508502 MISC. GENERAL EXPENSES	5,620.27	5,029.95
511001 OFFICE CLEANING	3,980.00	3,540.00
531504 CUSTOMER BILLING - LAB COMPUTE	0.00	165.00
531506 CUSTOMER BILLING - SUPPLIES	1,125.77	1,974.92
561004 DISTRICT MEETING-SEMINAR	1,259.89	2,914.12
561504 ANNUAL MEETING MEMBERS	1,687.00	2,015.79
562004 MISC. SUPPLIES	4,445.55	4,165.44
562010 COURRIER	100.30	211.88
563006 OUTSIDE SERVICE-MISCELLANEOUS	2,346.17	4,199.75
<b>520.22 Office</b>	<b>23,941.47</b>	<b>28,362.06</b>
563001 OUTSIDE SERVICES - BDO	30,647.00	26,394.00
563004 OUTSIDE SERVICES -HYDRO ONE	265.00	0.00
563005 OUTSIDE SERVICES QUASAR AUDIT	2,113.19	2,118.38
563007 REBASING COST 2014	9,700.00	9,700.00
565501 REGULATORY EXPENSES - CONSULTANT TANDEM	30,000.00	30,000.00
565502 REGULATORY EXPENSES - OTHER	9,811.70	6,194.21
<b>520.24 Professional fees</b>	<b>82,536.89</b>	<b>74,406.59</b>
567000 RENTS	14,252.75	14,100.00
<b>520.28 Rent</b>	<b>14,252.75</b>	<b>14,100.00</b>
560500 BOAR OF DIR - SALARIES	29,694.00	27,661.80
<b>520.35</b>	<b>29,694.00</b>	<b>27,661.80</b>
561501 EMPLOYER PORTION GROUP BENEFIT	16,641.73	18,873.22
531500-01 SALARIES-BRIGITTE	58,341.28	58,499.76
531500-02 SALARY-CINDY	0.00	40,106.30
531500-12 SALARIES-FELIX	46,386.62	45,307.17
531500-14 SALARIES-CHANTAL	2,101.25	0.00
561000-01 MANAGEMENT SALARIES	92,719.98	90,320.66
561501-01 Monthly Payroll & Remittance Summary	13,947.33	12,144.14
561501-02 WSIB	2,521.42	2,472.03
561501-03 GREAT WEST EMPLOYEE PORTION	8,319.61	6,635.45
561501-04 DPSP EMPLOYER PORTION	10,252.62	11,879.72
<b>520.36 Salaries and Benefits</b>	<b>251,231.84</b>	<b>286,238.45</b>
562003 TELEPHONES	2,475.24	2,430.93
562005 INTERNET- WIRELESS ROGERS DATA CENTRES	1,419.50	1,284.40
562007 Bank Charge	2,231.56	1,772.86
562008 ONCALL	2,111.66	2,103.25
562003-01 SMART METER-TELEPHONE	5,510.67	4,543.10
<b>520.42 Telephone</b>	<b>13,748.63</b>	<b>12,134.54</b>
561505 TRANSPORTATION	6,169.50	4,823.62
<b>520.46 Travel</b>	<b>6,169.50</b>	<b>4,823.62</b>
501201 SUBSTATION - MUNICIPAL TAXES	1,146.48	1,147.73

503500 DIST TRANSF - OPERATIONS	3,185.14	1,512.50
506500 DIST METERS - OPERATIONS	907.50	1,595.00
507501 LOCATES- ON1CALL	236.63	543.33
507504 U/G OPER - LOCATES	19,205.00	24,981.25
508503 JANITORIAL PRODUCT	371.29	506.93
511000 UNIFIRST	699.40	1,298.96
511400 SUB STATION MAINTENANCE	3,971.74	2,858.70
511401 SUB STATION -ELECTRICITY	2,161.80	2,234.35
512000 OVERHEAD MAINT - POLES, FIXTUR	6,652.08	2,693.00
512500 OVERHEAD MAINT - CONDUCT/DEVIC	5,419.25	4,521.75
513500 TREE TRIMMING	7,672.50	5,995.00
515000 U/G MAINT - CONDUCTORS/DEVICES	9,924.75	0.00
515500 U/G MAINT - CUSTOMER SERVICES3	2,000.00	0.00
568000 ELECTRICAL SAFETY AUTH FEES	1,875.14	1,913.10
511000-01 COST OF ELECTRICITY	3,741.24	3,108.78
<b>520.52 Distribution</b>	<b>69,169.94</b>	<b>54,910.38</b>
533002 COLLECTION CHARGES-DELIVERY PERSON	2,880.00	2,550.00
533004 PANA ELECTRIC-COST TO RECONNECT (DISCONNECT)	1,400.00	1,250.00
531500-06 BILLING-ORPC	42,787.94	37,077.15
531500-07 MASS COMMUNICATION-COLL SM	0.00	1,973.95
531500-08 MDMR EXPENSES-HARRIS UTIL-ASSIST	15,739.52	15,470.48
531500-09 WEB PORTAL- ITM GROUP	2,406.80	1,338.66
562002-01 POSTAGE NEOPOST	19,499.13	23,006.32
562004-01 BILLING SUPPLIES	0.00	2,488.86
<b>520.54 Facturation et collection des clients</b>	<b>84,713.39</b>	<b>85,155.42</b>
424000 Ristournes	20,000.00	20,000.00
<b>520.56 Patronage - Ristournes</b>	<b>20,000.00</b>	<b>20,000.00</b>
570502 AMORT - Contributions	(40,313.36)	(38,380.92)
<b>530.01</b>	<b>(40,313.36)</b>	<b>(38,380.92)</b>
570501 AMORT. EXP. - -PROPERTY PLANT	164,432.97	156,564.00
<b>530.02 Amortization of tangible</b>	<b>164,432.97</b>	<b>156,564.00</b>
436000 Loss on disposal of assets	11,857.72	0.00
<b>530.06 Gain (loss) on disposals</b>	<b>11,857.72</b>	<b>0.00</b>
561507 BANK CHARGE	305.12	47.09
603501 OTHER INTEREST EXP	0.00	842.78
603502 OTHER INTEREST EXP - CUST DEP	0.00	(0.04)
<b>530.08 Bank charges</b>	<b>305.12</b>	<b>889.83</b>
611000 INCOME TAXES	13,540.00	23,044.00
<b>540.02 Current taxes</b>	<b>13,540.00</b>	<b>23,044.00</b>
	<b>0.00</b>	<b>0.00</b>
<b>Net Income</b>	<b>126,213.66</b>	<b>91,965.47</b>

Account	Rep	Rep 12/14
100501 OPERATING ACCOUNT - CAISSE	345,684.31	268,931.56
101000 PETTY CASH	400.00	400.00
100501-20 SAVINGS BANK ACCO	371,956.18	410,477.51
<b>A Cash &amp; Bank</b>	<b>718,040.49</b>	<b>679,809.07</b>
100501-10 DEPOT A TERME	1,000,000.00	1,000,000.00
<b>B Temporary Investments</b>	<b>1,000,000.00</b>	<b>1,000,000.00</b>
114005 HST RECEIVABLE	0.00	7,174.59
114007 EMPLOYEES A/R RRSP	265.00	0.00
114001-10 OPA RECEIVABLE/DIRECT INSTALLED	0.00	3,421.00
<b>C Accounts Receivable</b>	<b>265.00</b>	<b>10595.59</b>
110000 CUSTOMER ACCOUNTS R	326,453.69	330,188.92
114003 OCEB RECEIVABLE	34,408.25	33,352.39
114006 OLIGO A/R INVOICE 2015-	34,774.85	0.00
<b>C. 1 Electric energy</b>	<b>395,636.79</b>	<b>363,541.31</b>
114000 INTEREST RECEIVBLE	1,516.99	1,870.40
<b>C. 2 Accrued interest</b>	<b>1,516.99</b>	<b>1,870.40</b>
159200 HST ITC	81.44	81.44
110401-02 AR/Robert Crowe	0.00	1,472.00
110401-05 AR/D.SEGUIN	375.00	0.00
110401-06 AR/MARTIN BERTRAND	0.08	0.00
110401-07 AR/DEVCORE	0.00	1,156.25
110401-10 AR/LIGHT ELECTRIC	306.25	156.25
110401-12 AR/JULIE MARC LEDUC	175.00	0.00
110401-16 A/R CINDY LANDRY	0.40	155.98
110701-43 AR/MUNICIPALITE RUSSELL	0.00	750.00
<b>C. 3 Sundry</b>	<b>938.17</b>	<b>3771.92</b>
113000 ACCUM PROV FOR UNCOLL ACCOUNTS	(608.56)	(267.45)
<b>C. 4 Allowance for doubtful acco</b>	<b>(608.56)</b>	<b>(267.45)</b>
110710 AJUSTEMENT RECEVABLE - BDO	0.00	310.00
112000 ACCRUED UTILITY REVENUES	411,944.56	415,027.77
<b>C. 5 Unbilled revenues</b>	<b>411,944.56</b>	<b>415,337.77</b>
147500 Expenses CDM Framework	0.00	0.00
<b>L Prepaid Expenses</b>	<b>0.00</b>	<b>0.00</b>
161100 COMPUTER SOFTWARE	127,218.83	125,911.01
180500 LAND - SUB #1	50,000.00	50,000.00
182000 MUN DIST STA EQUIP - SUB #1	360,297.28	284,887.52
183000 POLES, FIXTURES	749,198.61	746,536.11
183500 O/H CONDUCTORS,DEVICES	662,283.01	661,398.51
184500 U/G CONDUCTORS, DEVICES	1,853,266.32	1,709,174.17
185000 LINE TRANSFORMERS	1,150,236.33	1,039,998.83
185500 CUSTOMER NEW SERVICES	203,233.32	188,549.32
185503 CUSTOMER SERVICES -O/H	17,554.64	17,164.64
186000 METERS	345,172.12	0.00
191500 OFFICE FURNITURE & EQUIPMENT	51,956.35	50,994.75
192000 COMPUTER EQUIPMENT	28,438.61	27,053.66
193500 STORES EQUIPMENT	4,320.00	4,320.00
194500 MEASUREMENT & TESTING EQUIP	8,486.00	8,486.00
199500 CONTRIBUTIONS & GRANTS	-1,609,309.14	-1,461,164.94
199501 ACCUM AMORT - CONTRIBUTED CAPL	254,111.90	215,730.98
199510 OLIGO CONTRIBUTION WORK IN PROGRESS	0.00	-66,140.00
210500 ACC. AMORT. - SUB TRANS FEEDER	-1,797,853.26	-1,641,289.26
182000-10 WORK IN PROGRESS-SUBSTATION	0.00	73,809.76
186000-01 Smart meters	0.00	335,927.86
<b>U. 1 Capital assets</b>	<b>2,458,610.92</b>	<b>2,371,348.92</b>
160600 ORGANIZATION COSTS	374.03	374.03
218001 ACC.AMORTINTAGIBLE	(374.03)	(374.03)
<b>U. 2 Incorporation fees</b>	<b>0.00</b>	<b>0.00</b>
150803 IFRS Transition Cost	7,872.53	0.00
157500 IFRS-CGAAP TRANSITION	0.00	3,410.00
700000 WAP-NOT BILLED	-657,049.93	-985,397.73

700001 WAP-NOT BILLED				657,049.93	985,397.73
150803-10 Carrying Charge IFRS T	65.80	9.41	0.00	75.21	0.00
157500-10 Carrying Charge IFRS				0.00	50.12
<b>W Deferred Charges</b>				<b>7,947.74</b>	<b>3,460.12</b>
146000 NO-CUR ASSET/REBASING'ELENCHUS				131,428.76	131,428.76
146001 NO-CUR ASSET/REBASING"BDO				37,309.00	37,309.00
146002 NO-CUR ASSET/REBASING"OTHERS				1,764.00	1,764.00
146003 NO-CUR ASSET/REBASING INTERVENER				11,576.92	11,576.92
146004 IRM 2011-2014"ELENCHUS				31,197.16	31,197.16
146005 IRM 2011 OTHERS				31,657.50	31,657.50
146006 Rebasing Expenses Recovery				-244,933.34	-244,933.34
146007 Rebasing Expenses Recovery 2015				-19,400.00	-9,700.00
146050 2014 NON-CURRENT ASSET/REBAS 2015 COSTS				48,500.00	48,500.00
<b>W. 1 Rebassing</b>				<b>29,100.00</b>	<b>38,800.00</b>
155000 LV SHARE RESIDENTIAL				66,346.04	53,996.47
155001 LV SHARE UNDER 50KW				-1,130.00	-1,130.00
155001-10 RSVA-LV				2,947.28	2,265.58
<b>W. 2 Hydro one regulatory asset</b>				<b>68,163.32</b>	<b>55,132.05</b>
155100 Smart Metering Entity Charge Variance				(725.54)	1,498.96
158001 RSVA - WHOLESLE MRKT VARIANCE				-70,976.70	-78,223.39
158401 RSVA - NETWORK TRANS VARIANCE				4,655.37	2,342.21
158601 RSVA - TRANS CONNECT VARIANCE				19,215.38	-1,007.46
158801 RSVA - POWER VARIANCE				-31,783.79	868.01
158802 RSVA-PRO-BENEFIT				7,625.97	0.00
158803 RPP SETTLEMENT				534.95	0.00
158900 RSVA -GLOBAL ADJUSTMENT				28,835.89	28,835.89
155100-10 Carrying Chg..Smart Metering Entity Charge				51.03	33.15
158001-10 RSVA-WMS				-2,349.91	-1,442.41
158401-10 RSVA-NW				176.84	209.59
158601-10 RSVA-CN				189.27	124.54
158801-10 RSVA-SSS				521.19	856.44
158900-10 RSVA -GLOBAL ADJUSTEMENT-CARRYING CHARGE				566.17	218.18
<b>W. 3 Settlement variances</b>				<b>-43,463.88</b>	<b>-45,686.29</b>
157600 DISP. 1576 AMORT. OEB DECISION 2015				-39,272.00	-39,272.00
157610 RES-RATE RIDER DISP 1576				24,871.44	12,276.75
157611 BELOW 50-RATE RIDER DISP 1576				5,974.02	2,982.20
157612 OVER 50-RATE RIDER DISP 1576				3,366.29	1,700.10
157613 ST.LIGHT-RATE RIDER DISP 1576				446.46	219.89
157614 USL-RATE RIDER DISP 1576				116.73	56.56
157615 INTERVAL-RATE RIDER DISP 1576				1,899.86	960.83
157600-10 CARRYING CHARGE. 1576 AMORT. OEB DECISION 2015				(592.31)	(448.12)
<b>W. 6 Smart meters</b>				<b>-3,189.51</b>	<b>-21,523.79</b>
159501 CARRYING CHG APPROVED FOR DISSP 2009				600.22	261.84
159503 PRINCIPLE BALANCE FOR DISPOSITION 2010				-102,096.02	-102,096.02
159504 CARRYING CHARGES APPROVED FOR DISPOSITION 2010				(692.36)	-1,797.15
159505 CARRYING CHARGES ON 2010 BAL. APPROVED FOR DISPO				120.60	120.60
159506 PRINC. BAL. FOR PILLS D DISPOSITION 2010				-32,937.00	-32,937.00
159507 CARRYING CHGS APPROVED FOR PILLS DISP. 2010				-9,601.00	-9,601.00
159508 PRINCIPAL BAL APP 2012 STRANDED METERS				42,923.99	42,923.99
159509 PRINCIPAL BAL APP 2012 VOS				-32,198.96	-32,198.96
159512 RESIDENTIAL - DISPOSITION VARIANCE 2012				83,522.65	83,522.65
159513 RESIDENTIAL - GLOBAL ADJUSTMENT 2012				-2,318.71	-2,318.71
159514 RES.- RATE RIDER STR. METER ASSETS				-34,840.03	-31,902.47
159515 RES - RATE RIDER GLOBAL ADJ. (2014)				522.25	522.25
159516 RES - RATE RIDER DEF/VAR ACCT (2014)				89,604.56	80,677.45
159522 BELOW 50KW - DISPOSITION VARIANCE 2012				19,995.04	19,995.04
159523 BELOW 50KW - GLOBAL ADJUSTMENT 2012				(963.54)	(963.54)
159524 BELOW 50 - RATE RIDER STRAND MET. ASSETS				-2,885.92	-2,639.92
159525 BELOW 50 - RATE RIDER DISP. BLOB. ADJ (2014)				271.73	271.73
159526 BELOW 50 - RATE RIDER DEF/VAR (2014)				20,655.63	18,745.59
159532 OVER 50 KW - DISPOSITION VARIANCE 2012				11,459.64	11,459.64
159533 OVER 50KW - GLOBAL ADJUSTMENT 2012				-7,683.27	-7,683.27
159534 > 50 - RATE RIDER DISP. GLOB. ADJ. (2014)				3,406.68	3,140.90
159535 > 50 - RATE RIDER DISP DISP. DEF/VAR ACCT (2014)				12,056.32	11,020.09
159542 ST. LIGHTING - DISPOSITION VARIANCE 2012				1,474.32	1,474.32
159544 STR. LIGHTS-RATE RIDER DISP. BLOD. ADJ (2014)				491.28	450.34
159545 STR. LIGHTS-RATE RIDER DISP. DEF/VAR (2014)				1,617.96	1,483.13

159552 USL - DISPOSITION VARIANCE 2012	374.88	374.88
159553 USL - GLOBAL ADJUSTMENT 2012	(38.23)	(38.23)
159554 USL-RATE RIDER GLOB. ADJ (2014)	9.59	9.59
159555 USL- RATE RIDER DISP. DEF/VAR (2014)	409.80	373.65
159562 INTERVAL - DISPOSITION VARIANCE 2012	6,420.09	6,420.09
159563 INTERVAL - RATE RIDER DISP. GLOB. ADJ	-4,365.58	-4,365.58
159564 INTERVAL - RATE RIDER DISP. GLOB. ADJ. (2014)	2,134.78	1,968.41
159565 INTERVAL - RATE RIDER DISP. DEF/VAR ACCTS (2014)	6,754.83	6,228.39
159565-01 DISPOSITION OF BALANCE 156200- RESIDENTIAL	26,570.20	26,570.20
159565-02 DISPOSITION OF BALANCE 156200- BELOW 50KW	6,387.55	6,380.62
159565-03 DISPOSITION OF BALANCE 156200- OVER 50KW	5,527.57	5,527.57
159565-04 DISPOSITION OF BALANCE 156200- UNTEMETED SCATTERED LIGHTS	758.60	758.60
159565-05 DISPOSITION OF BALANCE 156200- STREETLIGHTS	954.20	954.20
<b>W. 7 Regulatory Assets</b>	<b>114,404.34</b>	<b>103,093.91</b>
159201 FUTUR INCOME TAX	6,997.00	6,442.00
<b>W. 8 Future income tax asset/li</b>	<b>6,997.00</b>	<b>6,442.00</b>
153500 SMART GRID OM&A EXPENSES	26,347.34	26,347.34
153501 INTEREST ON SMART GRID OM&A EXPDENSES	1,577.14	1,262.93
<b>W. 9 Smart grid</b>	<b>27,924.48</b>	<b>27,610.27</b>
161000 GOODWILL	158,352.37	158,352.37
218002 ACC.AMORTI-GOODWILL	-158,352.37	-158,352.37
<b>X Goodwill</b>	<b>0.00</b>	<b>0.00</b>
220501 ACCOUNTS PAYABLE - HYDRO ONE	-692,044.62	-648,705.80
220506 GST PAYABLE	-3,424.18	0.00
220508 AUDITOR PAYABEPAYABLE	-7,500.00	-10,000.00
220510 LV CHARGE EST.PAYABLE 06/04	0.00	(137.00)
220513 PAYABLE YEAR END 2015	-15,842.81	-31,072.61
220514 Payable - Cindy Landry	-28,106.30	0.00
220800 CUSTOMER CREDIT BALANCES	-85,340.37	-90,629.62
222001 Income Tax Remit fromPatronage	720.00	720.00
225001 DEBT RETIREMENT CHG	-15,230.14	-16,328.91
229034 HST TAXES	0.00	0.00
<b>CC Accounts Payable</b>	<b>-846,768.42</b>	<b>-796,153.94</b>
222000 ACCRUED LIABILITIES - CURRENT	-20,000.00	-21,935.00
<b>CC-1 Ristrounes à payer</b>	<b>-20,000.00</b>	<b>-21,935.00</b>
229400 ACCRUAL FOR TAXES - PILS	-6,824.00	23,670.00
<b>FF Income taxes payable</b>	<b>-6,824.00</b>	<b>23,670.00</b>
229400-01 FUTURE INCOME TAX	-6,997.00	-6,442.00
<b>FF1 Future income taxes</b>	<b>-6,997.00</b>	<b>-6,442.00</b>
146010 NO-CUR ASSET/OPA REV-PAB-RES	-35,000.00	-35,000.00
146020 NO-CUR ASSET/OPA EXP-PAB-RES	24,073.10	27,519.50
146025 NO-CUR ASSET/OPA EXP-PAB-LOW INCOME	6,483.75	3,037.35
146026 NO-CUR ASSET/OPA REV-PAB-LOW INCOME	-3,037.36	-3,037.36
146030 NO-CUR ASSET/OPA REV-PAB-COM	-119,680.00	-119,680.00
146040 NO-CUR ASSET/OPA EXP-PAB-COM	67,675.27	67,675.27
146060 NO-CUR ASSET/EXP-SWITCH PEAK SAVER PLUS - 2013	32,466.60	32,466.60
146061 AZTEK HOME DISPLAY	34,125.50	34,125.50
146062 Reconcile PAB 2011-2014-I	1,904.28	0.00
146008-01 PAB EXTENSION 2015	-5,100.00	0.00
146008-02 PAB EXTENSION 2015	-43,000.00	0.00
146008-03 PAB EXTENSION 2015	-36,200.00	0.00
146008-04 PAB EXTENSION 2015	12,211.54	0.00
146008-05 PAB EXTENSION 2015	23,147.79	0.00
146008-06 PAB EXTENSION 2015	40,488.29	0.00
146060-10 NO-CUR ASSET/EXP-SWITCH INSTALLED PEAK SAVER PLUS	3,042.00	3,042.00
146060-11 OPA - INVOICE PAID	-12,113.14	-12,113.14
146060-12 AZTECK -UTIL-ASSIST	60.00	0.00
<b>KK Customer deposits</b>	<b>-8,452.38</b>	<b>-1,964.28</b>
233500 CUSTOMER DEPOSITS - LONG TERM	-7,862.76	-5,612.76
<b>KK. 1 Customer Deposits</b>	<b>-7,862.76</b>	<b>-5,612.76</b>
233510 MEMBERSHIP	-13,800.00	0.00
233600 MEMBERSHIPS	0.00	(13340.00)

<b>RR Member's shares</b>	<b>-13,800.00</b>	<b>-13,340.00</b>
301000 CONTRIBUTE SURPLUS	-2,862,993.70	-2,862,993.70
304500 UNAPPROPRIATED RETAINED EARNIN	0.00	0.00
305500 ADJUSTMENT RETAINED EARNING	-1,328,564.12	-1,203,910.70
<b>SS Retained Earnings</b>	<b>-4,191,557.82</b>	<b>-4,066,904.40</b>
407600 SMART METERING ENTITY CHARGE BILLED-RESIDENTIAL	-16,752.49	-16,974.35
407601 SMART METERING ENTITY CHARGE BILLED-LESS THAN 50KW	-1,696.19	-1,525.34
408000 RESIDENTIAL MNTHLY SERVICE CHG	-328,026.81	-315,717.39
408001 RESIDENTIAL DIST VOL RATE-KWH	-267,408.56	-264,926.19
408002 SSS ADMINISTRATION CHARGE	-5,391.08	-5,203.10
408010 GS<50 MONTHLY SERVICE CHARGE	-34,148.69	-33,637.19
408011 BELOW 50 DIST VOL RATE	-65,241.44	-65,848.34
408012 <50 -SSS ADMINISTRATION CHARGE	(453.23)	(443.22)
408020 GS>50 MONTHLY SERVICE CHARGE	-18,431.04	-18,282.40
408021 GS>50 DIST VOL RATE - KWH	-27,971.15	-28,122.65
408022 >50KW - SSS ADMIN CHARGE	(15.00)	(18.00)
408023 INTERVAL - SERVICE CHARGE	-6,911.64	-6,813.00
408024 INTERVAL - DIST VOL RATE - KWH	-15,581.57	-15,756.41
408025 INTERVAL - SSS ADMIN CHARGE	(9.00)	(9.00)
408040 STREET LIGHTING MNTHLY S/C	-9,855.60	-9,227.04
408041 STREET LIGHTING DIST VOL RATE	-8,135.46	-7,696.44
408050 UNMETERED-SSS ADMIN CHG	(36.00)	(36.37)
408060 UNMETERED MTHLY SERVICE CHARGE	-4,399.92	-4,366.73
408061 UNMETERED VOLUMETRIC CHARGE	(499.32)	(463.70)
408070 S/C MICROFIT	(692.64)	(626.22)
408072 RESIDENTIAL-rate rider LRAM	0.00	-3,771.42
408073 OVER 50 - rate rider LRAM	0.00	(107.22)
408074 INTERVAL- rate rider LRAM	0.00	(49.04)
475100 Smart Metering Entity Charge	18,448.68	18,391.92
<b>500.02 Revenus de service</b>	<b>-793,208.15</b>	<b>-781,228.84</b>
408201 RETAIL SER REV - SERVICE AGREE	0.00	(100.00)
408202 FIXED MTHLY CHARGE	-2,640.00	-2,440.00
408203 VARIABLE MTHLY CHARGE	(473.50)	(502.00)
408204 BILL READY CHARGE	(284.10)	(301.20)
408401 STR REVENUE-REQUEST FEE	(2.25)	(1.75)
<b>500.02. 1 OTH - Revenus de ser</b>	<b>-3,399.85</b>	<b>-3,344.95</b>
421000 RENT FROM ELECT PROP - POLES	-5,917.42	-6,561.26
<b>500.04 Location des poteaux</b>	<b>-5,917.42</b>	<b>-6,561.26</b>
422500 LATE PAYMENT CHARGE - RESIDEN	-6,066.36	-5,115.12
422501 LATE PAYMENT CHARGE - COMM	-3,879.77	-2,848.02
<b>500.02. 2 OTH - Frais de retard</b>	<b>-9,946.13</b>	<b>-7,963.14</b>
423501 MISC SERVICE REV - SET UP FEE	-6,420.00	-4,680.00
423505 RETURN CHEQUE	(285.00)	(240.00)
423506 COLLECTION CHARGE-LETTER DELIVERY	-9,480.00	-9,660.00
437501 OPA -PAB FUND SALARIES	-9,347.04	-9,270.10
437504 REVENU BUSINEES LIGHTNING	0.00	-21,859.00
438003 OPA Expenses Program Direct Install	0.00	21,859.00
439000 MISC NON-OP INCOME - MISC	-4,894.14	0.00
533003 RECONNECTION CHARGE	(150.00)	(400.00)
439000-10 OPA - SW - AZ	-2,549.30	0.00
<b>500.08 Autres revenus</b>	<b>-33,125.48</b>	<b>-24,250.10</b>
440500 INTEREST INCOME - BANK	-21,674.37	-27,163.13
440501 INTEREST INCOME - VARIANCE	-1,811.27	-1,559.52
<b>500.10 Revenus d'interets</b>	<b>-23,485.64</b>	<b>-28,722.65</b>
400610 ON PEAK RESIDENTIAL	-559,848.36	-478,629.04
400611 OFF PEAK RESIDENTIAL	-1,039,110.12	-971,296.03
400612 MID PEAK RESIDENTIAL	-402,586.90	-376,157.63
400680 PROV. BENEFIT SPOT CUST	-356,346.11	-253,145.94
400685 ELECTRICITY CHARGE	205,847.15	217,378.38
400686 ENERGY-RPP-MULTI-UNIT < 50W	-6,039.55	-5,338.63
400687 ENERGY-RPP-MULTI-UNIT > 50W	-68,015.61	-35,837.43
400696 ELECTRICITY CHARGE UNMETERED	-8,095.92	-6,966.21
401010 ON PEAK LESS THAN 50	-152,065.84	-132,913.20
401011 OFF PEAK LESS THAN 50	-205,265.71	-199,092.03

401012 MID PEAK LESS THAN 50	-109,845.94	-104,098.22
401500 INTERVAL METERED-SSS ENERGY CH	-40,348.91	-61,278.30
403514 >50KW - SSS - ENERGY CHARGE	-21,919.21	-62,499.45
405530 RETAILER COP - DIRECT ENG	(634.25)	(760.72)
405535 RETAILER BRUCE POWER	-3,459.51	-4,641.76
405540 RETAILER CANADA ENERGY	0.00	(163.13)
405560 RETAILER COP - JUST ENERGY	-10,488.11	-34,480.31
405562 RETAILER SUMMIT	-4,182.03	0.00
405563 RETAILER ONIT	-7,966.93	0.00
405565 RETAILER HUDSON ENERGY	-39,770.54	0.00
405630 RETAILER SUMMIT	0.00	-5,565.55
405690 RETAILER HUDSON ENERNY	0.00	-51,340.38
<b>500.12 Power Purchased</b>	<b>-2,830,142.40</b>	<b>-2,566,825.58</b>
470501 MICRO FIT GENERATION	61673.93	58640.00
470502 COMMODITY PURCHASE HYDRO ONE	438,868.68	888,513.00
470600 PROVINCIAL BENEFITS	0.00	1,617,437.86
470700 GLOBAL ADJUSTMENT	2,329,599.79	0.00
<b>500.12A Power Purchased</b>	<b>2,830,142.40</b>	<b>2,564,590.86</b>
406200 RES WHOLESALE MARTKET SERV REV	-117,774.36	-79,769.63
406201 <50KW WHOLESALE MARKET SRV REV	-27,925.21	-28,369.75
406202 >50KW WHOLESALE MARKET SRV REV	-16,947.62	-17,158.94
406203 INTERVAL WHOLESALE MARKET SV RV	-9,286.86	-9,054.81
406204 STLIGHT WHOLESALE MARKET SV RV	-2,268.10	-2,169.46
406206 WHOLESALE MARTKET UNMETERED	(572.40)	(537.31)
<b>500.13 Power Purchased Wholesale</b>	<b>-174,774.55</b>	<b>-137,059.90</b>
470800 WHOSALE MARKET CHARGE	174,774.55	137,059.90
<b>500.13A Power Purchased Wholesale</b>	<b>174,774.55</b>	<b>137,059.90</b>
406600 TRANS. NETWORK SERV RATE-REV	-133,776.39	-134,971.53
406601 <50KW NETWORK SERVICE RATE	-32,334.09	-34,061.34
406602 >50KW NETWORK SERVICE REV	-20,826.24	-21,797.35
406603 INTERVAL NETWORK SERVICE RATE	-11,601.44	-12,212.47
406604 STLIGHT NETWORK SERVICE REV	-2,087.88	-2,056.20
406606 TRANS. NETWORK UNMETERED	(663.24)	(645.81)
<b>500.15 Power purchased Network</b>	<b>-201,289.28</b>	<b>-205,744.70</b>
471400 NETWORK TRANS. CHARGE	201,289.28	198,627.88
<b>500.15A Power purchased low voltage</b>	<b>201,289.28</b>	<b>198,627.88</b>
407501 LV CHARGES BILLED-RESIDENTIAL	-34,201.55	-35,064.95
407502 LV CHARGES BILLED-BELOW 50KW	-7,350.95	-7,520.82
407503 LV CHARGES BILLED-OVER 50KW	-4,661.10	-4,754.17
407504 LV CHARGES BILLED-UNMETERED	(150.84)	(142.48)
407505 LV CHARGES BILLED-STREET LIGHT	(478.98)	(459.72)
407506 INTERVAL - LV CHARGE	-2,596.47	-2,663.66
<b>500.17 Power purchased low voltage</b>	<b>-49,439.89</b>	<b>-50,605.80</b>
475000 Low Voltage Charge	49,439.89	52,840.52
<b>500.17A Power purchased low voltage</b>	<b>49,439.89</b>	<b>52,840.52</b>
406800 TRANS. CONNECTION SERVICE-REV	-101,795.83	-96,398.17
406801 <50KW LINE&TRANS CONNECTION RV	-22,045.96	-23,043.99
406802 >50KW LINE&TRAN CONNECT REV	-14,226.98	-14,731.77
406803 INTERVAL LINE&TRAN CONNECT REV	-7,925.25	-8,253.83
406804 STLIGHT LINE&TRANS CONNECT REV	-1,461.96	-1,424.40
406806 TRANS. CONNECTION UNMETERED	(451.92)	(436.98)
<b>500.18 Power purchased Connection</b>	<b>-147,907.90</b>	<b>-144,289.14</b>
471600 CONNECTION NETWORK CHARGE	147907.90	151405.96
<b>500.18A Power purchased Connection</b>	<b>147907.9</b>	<b>151405.96</b>
541000 COMM RELATION CHAM OF COMM	460.00	0.00
541004 COMM REL - MARKETING	7,287.70	6,981.61
541006 COMM REL - GENERAL CUST RELATION	615.00	0.00
620500 DONATIONS	1,825.00	3,480.00
620501 DONATIONS LEAP FUNDING	2,000.00	2,000.00
<b>520.02 Advertisement</b>	<b>12,187.70</b>	<b>12,461.61</b>
533500 BAD DEBT EXPENSE	5,001.28	5,472.65

<b>520.04 Bad debt</b>	<b>5,001.28</b>	<b>5,472.65</b>
563500 PROPERTY INSURANCE	1,854.00	1,854.00
564000 MEARIE INSURANCE	2,062.40	3,344.60
<b>520.12 Insurance</b>	<b>3,916.40</b>	<b>5,198.60</b>
561502 MEMBERSHIPS - EDA	5,800.00	5,600.00
<b>520.18 Memberships and licenses</b>	<b>5,800.00</b>	<b>5,600.00</b>
501202 Payment in Lieu Property Tax	302.05	208.56
<b>520.20 Miscellaneous</b>	<b>302.05</b>	<b>208.56</b>
508500 MISC. EXPENSE-PETTY CASH	3,361.23	1,784.49
508501 MISC. EXPENSES-IMPERIRIAL COFFEE	783.98	382.83
508502 MISC. GENERAL EXPENSES	5,029.95	5,982.96
511001 OFFICE CLEANING	3,540.00	4,800.00
531504 CUSTOMER BILLING - LAB COMPUTER	165.00	0.00
531506 CUSTOMER BILLING - SUPPLIES	1,974.92	0.00
561004 DISTRICT MEETING-SEMINAR	2,914.12	0.00
561503 SEMINAR - TRAINING -MEETING	0.00	1,701.73
561504 ANNUAL MEETING MEMBERS	2,015.79	1,776.65
562002 POSTAGE	0.00	148.00
562004 MISC. SUPPLIES	4,165.44	5,117.96
562010 COURRIER	211.88	152.85
563006 OUTSIDE SERVICE-MISCELLANEOUS	4,199.75	4,905.33
<b>520.22 Office</b>	<b>28,362.06</b>	<b>26,752.80</b>
563001 OUTSIDE SERVICES - BDO	26,394.00	21,159.09
563002 OUTSIDE SERVICES-TANDEM ENERGY	0.00	30,000.00
563005 OUTSIDE SERVICES QUASAR AUDIT	2,118.38	2,103.89
563007 REBASING COST 2014	9,700.00	9,700.00
565501 REGULATORY EXPENSES - CONSULTANT TANDEM	30,000.00	0.00
565502 REGULATORY EXPENSES - OTHER	6,194.21	5,941.63
<b>520.24 Professional fees</b>	<b>74,406.59</b>	<b>68,904.61</b>
567000 RENTS	14,100.00	14,025.00
<b>520.28 Rent</b>	<b>14,100.00</b>	<b>14,025.00</b>
560500 BOAR OF DIR - SALARIES	27,661.80	32,436.80
<b>520.35</b>	<b>27,661.80</b>	<b>32,436.80</b>
561501 GEN'L SAL & EXP - GEN'L ADMIN	18,873.22	17,180.79
531500-01 SALARIES-BRIGITTE	58,499.76	54,038.98
531500-02 SALARY-CINDY	40,106.30	22,837.11
531500-11 SALARIES-VANESSA	0.00	724.00
531500-12 SALARIES-FELIX	45,307.17	22,397.82
561000-01 MANAGEMENT SALARIES	90,320.66	81,330.79
561501-01 Monthly Payroll & Remittance Summary	12,144.14	11,434.78
561501-02 WSIB	2,472.03	2,275.60
561501-03 GREAT WEST EMPLOYEE PORTION	6,635.45	7,445.26
561501-04 DPSP EMPLOYER PORTION	11,879.72	12,872.42
<b>520.36 Salaries and Benefits</b>	<b>286,238.45</b>	<b>232,537.55</b>
562003 TELEPHONES	2,430.93	4,588.99
562005 INTERNET- WIRELESS ROGERS DATA CENTRE	1,284.40	1,183.01
562007 Bank Charge	1,772.86	0.00
562008 ONCALL	2,103.25	2,560.85
562003-01 SMART METER-TELEPHONE	4,543.10	3,943.09
<b>520.42 Telephone</b>	<b>12,134.54</b>	<b>12,275.94</b>
561505 TRANSPORTATION	4,823.62	4,576.00
<b>520.46 Travel</b>	<b>4,823.62</b>	<b>4,576.00</b>
501201 SUBSTATION - MUNICIPAL TAXES	1,147.73	1,156.61
503500 DIST TRANSF - OPERATIONS	1,512.50	2,787.14
506500 DIST METERS - OPERATIONS	1,595.00	657.50
507501 LOCATES- ON1CALL	543.33	891.55
507504 U/G OPER - LOCATES	24,981.25	14,999.34
508503 JANITORIAL PRODUCT	506.93	0.00
511000 UNIFIRST	1,298.96	1,292.20
511400 SUB STATION MAINTENANCE	2,858.70	5,502.11
511401 SUB STATION -ELECTRICITY	2,234.35	1,453.45



512000 OVERHEAD MAINT - POLE. FIXTURE	2,693.00	5,601.39
512500 OVERHEAD MAINT - CONDUCT/DEVIC	4,521.75	11,230.64
513500 TREE TRIMMING	5,995.00	9,462.50
516000 TRANSFORMER PAD MAINT.	0.00	2,862.14
568000 ELECTRICAL SAFETY AUTH FEES	1,913.10	1,891.98
511000-01 COST OF ELECTRICITY	3,108.78	2,450.43
<b>520.52 Distribution</b>	<b>54,910.38</b>	<b>62,238.98</b>
533002 COLLECTION CHARGES-DELIVERY PERSON	2,550.00	2,622.85
533004 PANA ELECTRIC-COST TO RECONNECTION (DISCONNECT)	1,250.00	1,485.00
531500-06 BILLING-ORPC	37,077.15	37,956.00
531500-07 MASS COMMUNICATION-COLL SM	1,973.95	1,672.80
531500-08 MDMR EXPENSES-HARRIS UTIL-ASSIST	15,470.48	18,083.37
531500-09 WEB PORTAL- ITM GROUP	1,338.66	0.00
562002-01 POSTAGE NEOPOST	23,006.32	22,846.34
562004-01 BILLING SUPPLIES	2,488.86	4,284.95
<b>520.54 Facturation et collection</b>	<b>85,155.42</b>	<b>88,951.31</b>
424000 Ristournes	20,000.00	21,935.00
<b>520.56 Patronage - Ristournes</b>	<b>20,000.00</b>	<b>21,935.00</b>
570502 AMORT - Contributions	-38,380.92	-25,214.10
<b>530.01</b>	<b>-38,380.92</b>	<b>-25,214.10</b>
570501 AMORT. EXP. - -PROPERTY PLANT	156,564.00	144,747.43
<b>530.02 Amortization of tangible</b>	<b>156,564.00</b>	<b>144,747.43</b>
561507 BANK CHARGE	47.09	1,320.70
603501 OTHER INTEREST EXP	842.78	115.08
603502 OTHER INTEREST EXP - CUST DEP	(0.04)	0.00
<b>530.08 Bank charges</b>	<b>889.83</b>	<b>1435.78</b>
611000 INCOME TAXES	23,044.00	12,873.00
<b>540.02 Current taxes</b>	<b>23,044.00</b>	<b>12,873.00</b>
	<b>0.00</b>	<b>0.00</b>
<b>Net Income (Loss)</b>	<b>91,965.47</b>	<b>124,653.42</b>

03-24-2016

10:17 AM

Prepared by
<a href="#">CB 01/11/2016</a>
EQCR

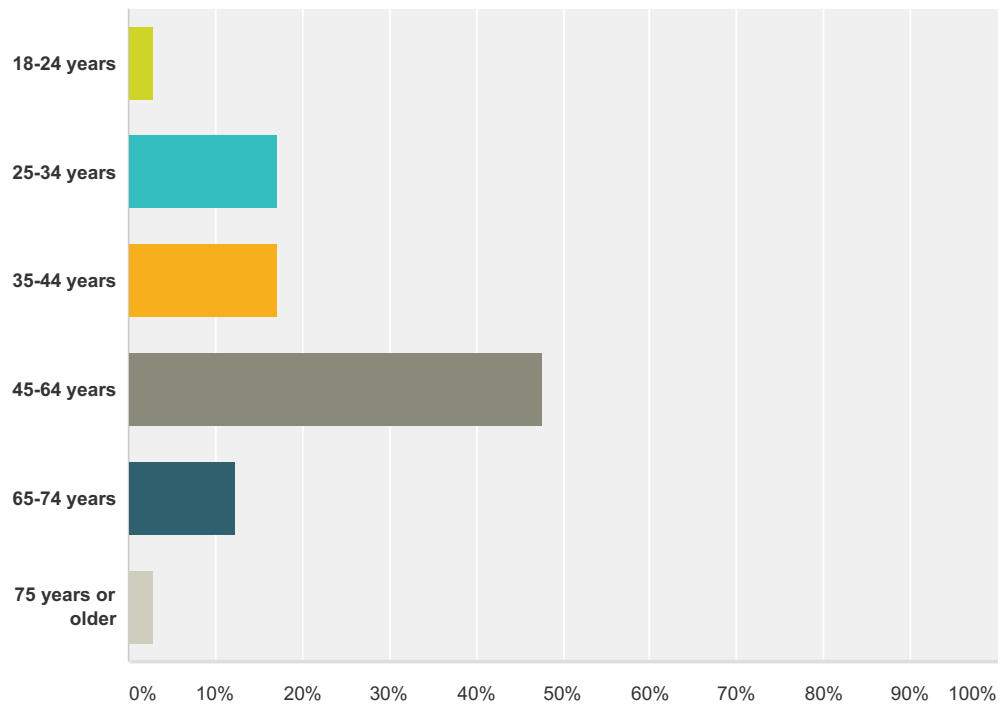
## **Appendix D Survey Results (English)**

**Q1 Please enter your account number below to have your name entered in a draw to win \$100 credit on your hydro bill. To respond anonymously, please leave the input box blank.**

Answered: 101 Skipped: 4

## Q2 In which age category listed below do you belong in?

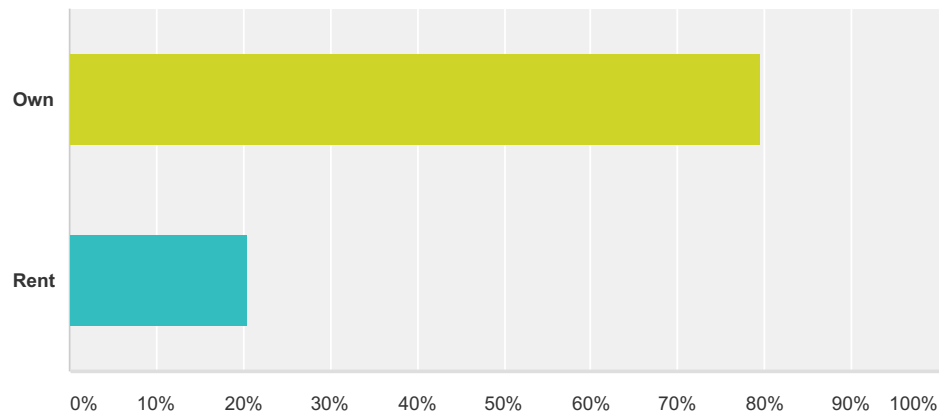
Answered: 105 Skipped: 0



Answer Choices	Responses
18-24 years	2.86% 3
25-34 years	17.14% 18
35-44 years	17.14% 18
45-64 years	47.62% 50
65-74 years	12.38% 13
75 years or older	2.86% 3
<b>Total</b>	<b>105</b>

### Q3 Do you currently own or rent your home?

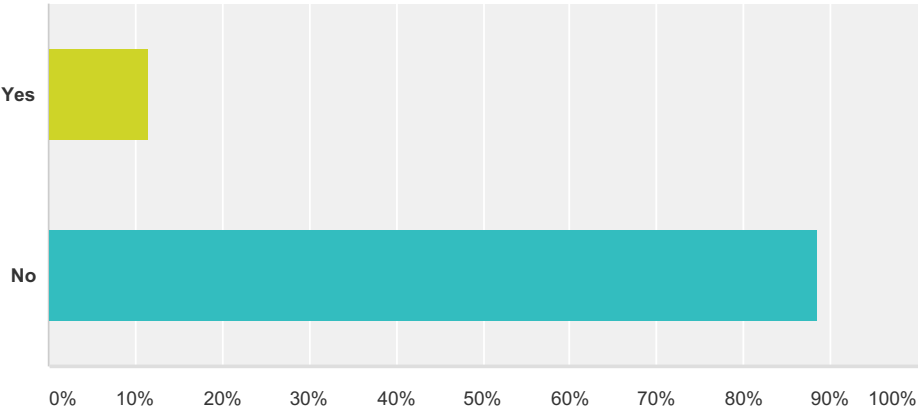
Answered: 103 Skipped: 2



Answer Choices	Responses	
Own	79.61%	82
Rent	20.39%	21
<b>Total</b>		<b>103</b>

Q4 Do you purchase your electricity from a retailer?

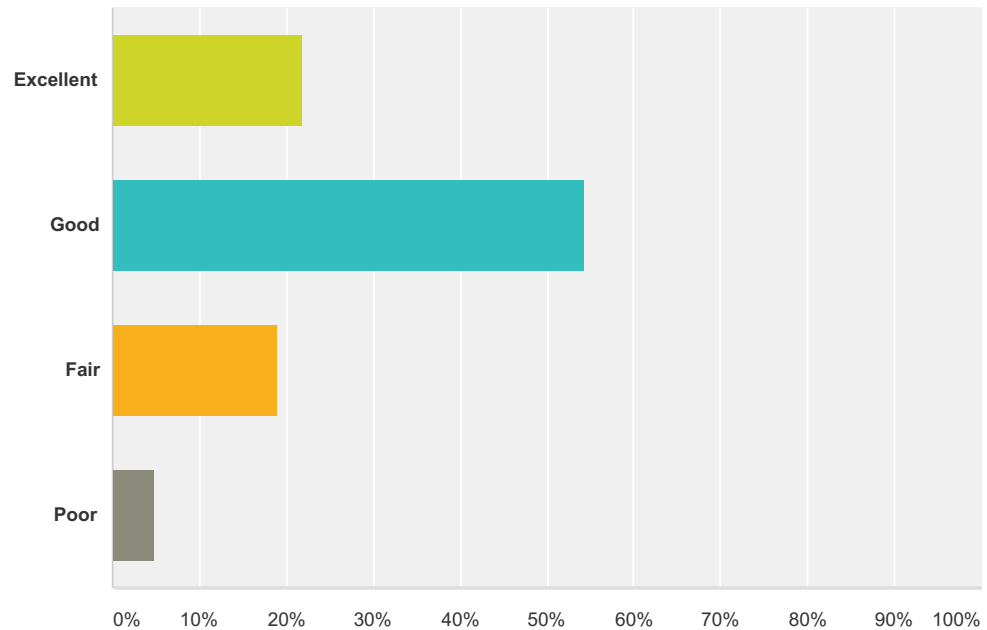
Answered: 105 Skipped: 0



Answer Choices	Responses	
Yes	11.43%	12
No	88.57%	93
Total		105

**Q5 How would you rate Cooperative Hydro  
Embrun's ability in restoring service when a  
power outage occurs.**

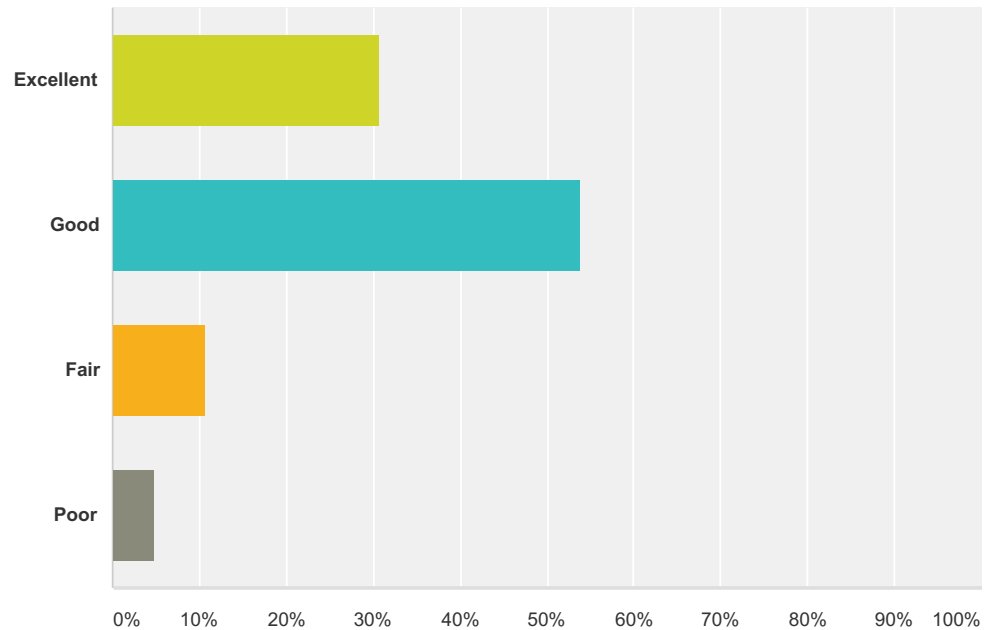
Answered: 105 Skipped: 0



Answer Choices	Responses	
Excellent	21.90%	23
Good	54.29%	57
Fair	19.05%	20
Poor	4.76%	5
<b>Total</b>		<b>105</b>

**Q6 How would you rate Cooperative Hydro  
Embrun's ability in being reachable by  
telephone during an outage.**

Answered: 104 Skipped: 1

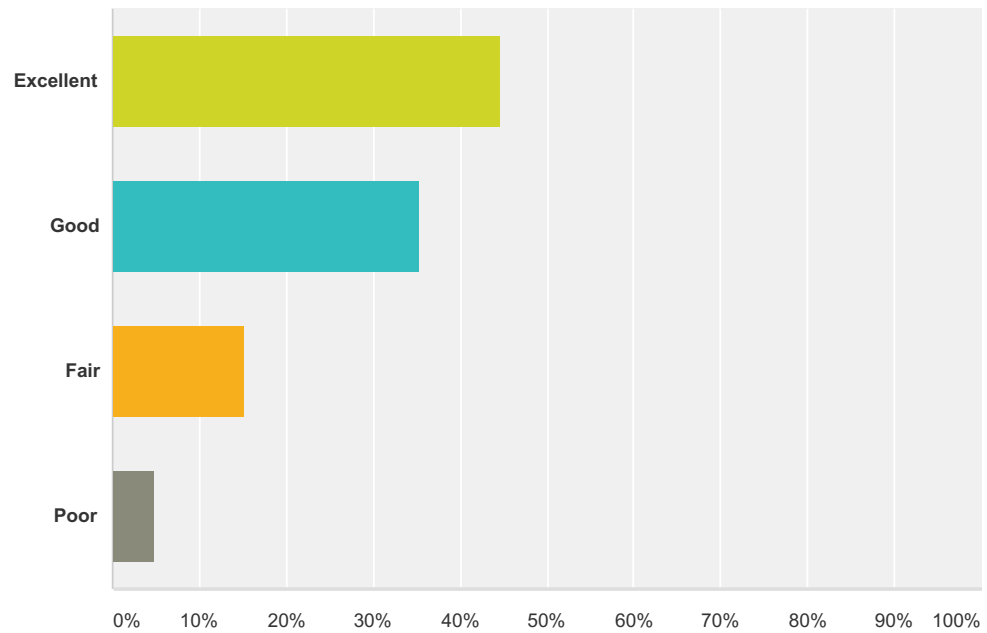


Answer Choices	Responses	
Excellent	30.77%	32
Good	53.85%	56
Fair	10.58%	11
Poor	4.81%	5
<b>Total</b>		<b>104</b>



### Q7 In terms of overall reliability of electric service. Would you rate it as?

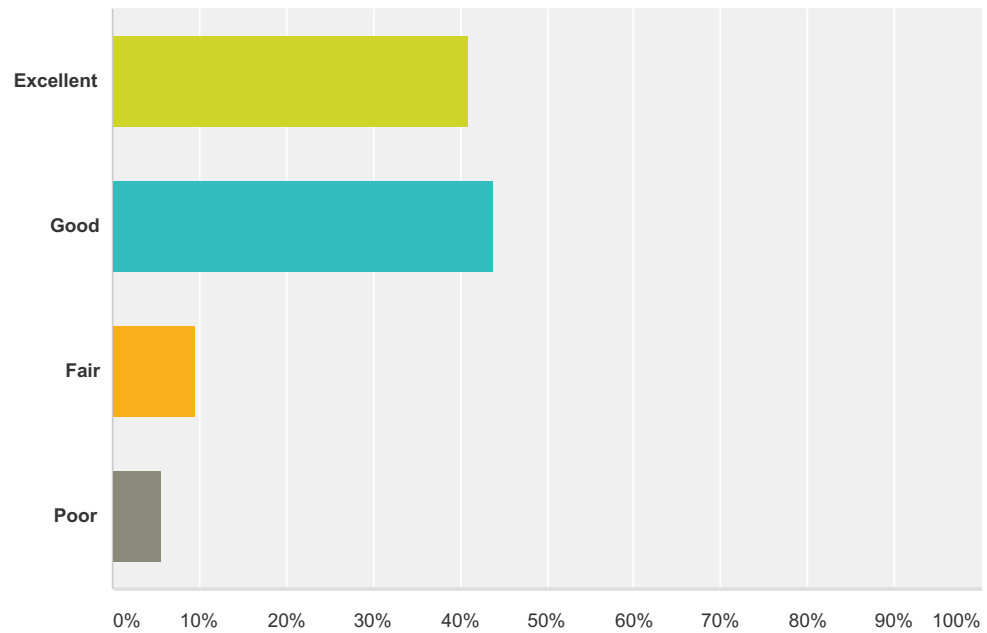
Answered: 105 Skipped: 0



Answer Choices	Responses	
Excellent	44.76%	47
Good	35.24%	37
Fair	15.24%	16
Poor	4.76%	5
<b>Total</b>		<b>105</b>

## Q8 How would you rate the "ease of understanding your bill"?

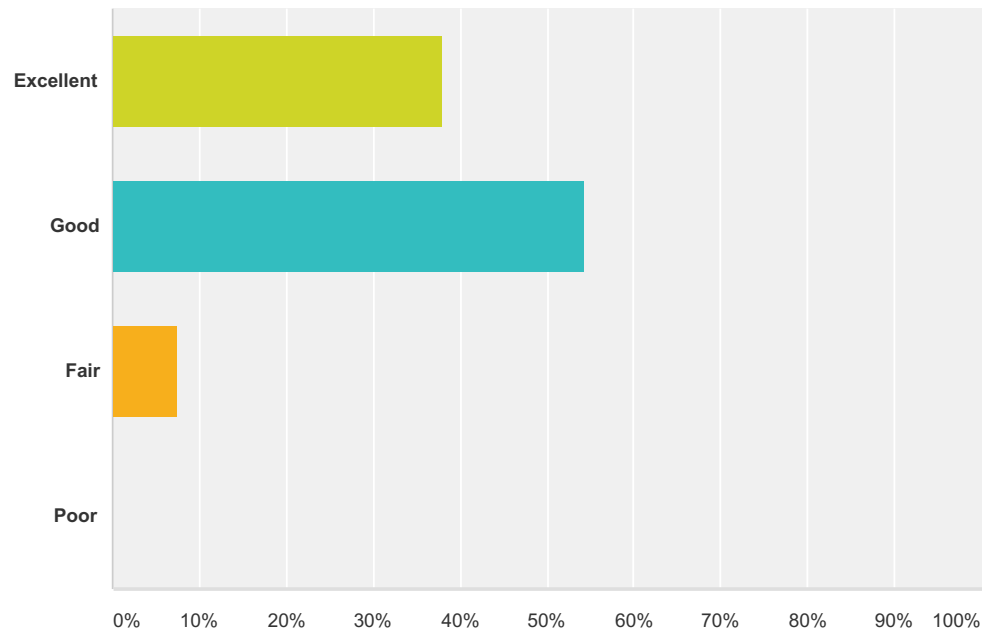
Answered: 105 Skipped: 0



Answer Choices	Responses
Excellent	40.95% 43
Good	43.81% 46
Fair	9.52% 10
Poor	5.71% 6
<b>Total</b>	<b>105</b>

## Q9 How would you rate the "Accuracy" of your bill?

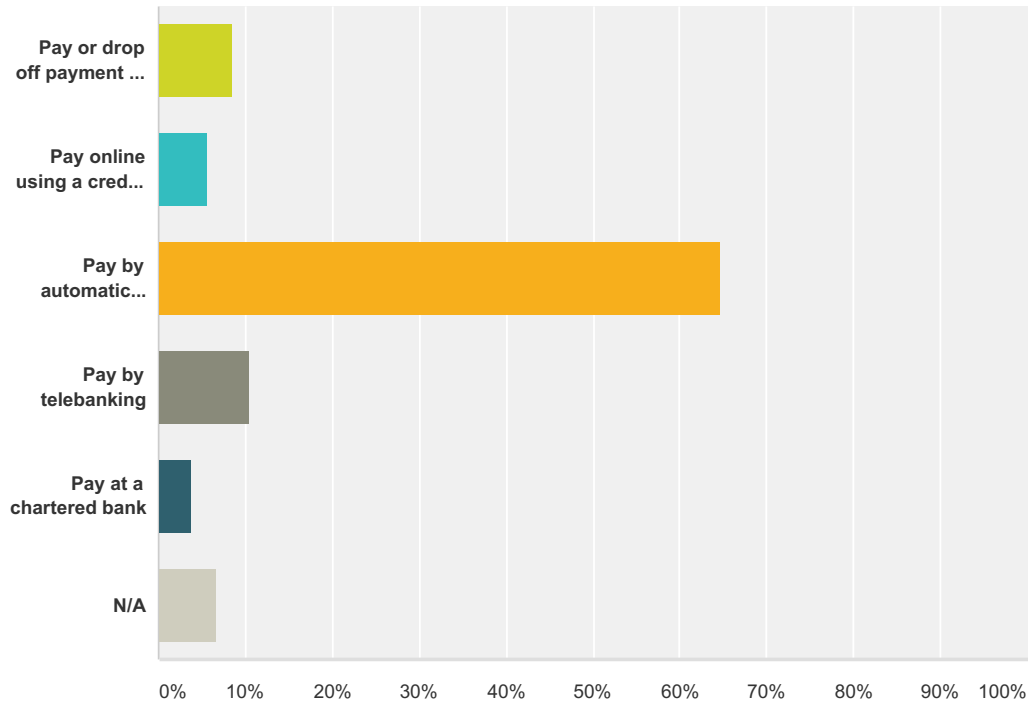
Answered: 105 Skipped: 0



Answer Choices	Responses	
Excellent	38.10%	40
Good	54.29%	57
Fair	7.62%	8
Poor	0.00%	0
<b>Total</b>		<b>105</b>

**Q10 Cooperative Hydro Embrun offers its customers some alternative payment options. Please indicate which of them you were aware of prior to taking this survey.**

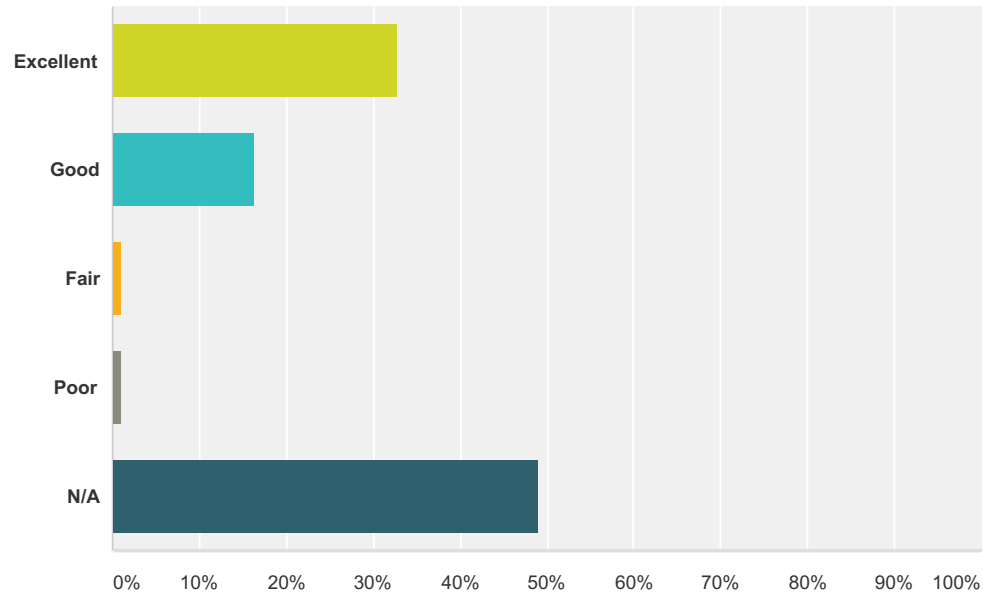
Answered: 105 Skipped: 0



Answer Choices	Responses	
Pay or drop off payment at the utility head office	8.57%	9
Pay online using a credit card	5.71%	6
Pay by automatic withdrawal from your checking or savings account	64.76%	68
Pay by telebanking	10.48%	11
Pay at a chartered bank	3.81%	4
N/A	6.67%	7
<b>Total</b>		<b>105</b>

**Q11 Thinking about your most recent contact with Cooperative Hydro Embrun, how knowledgeable was the person you spoke to?**

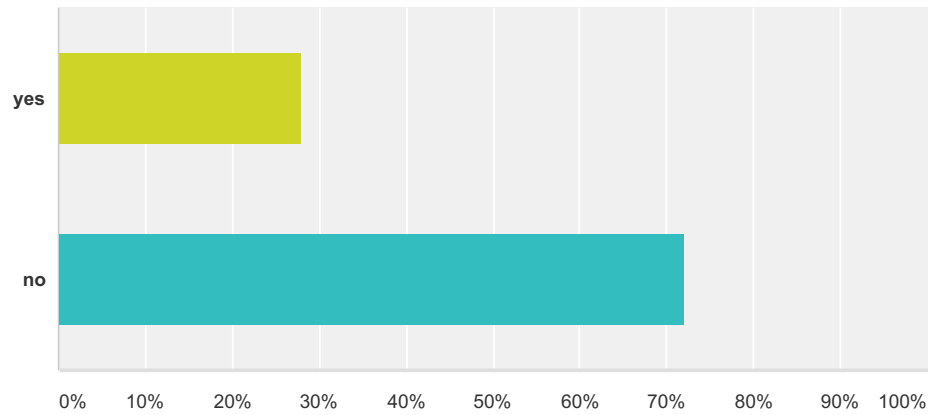
Answered: 104 Skipped: 1



Answer Choices	Responses	
Excellent	32.69%	34
Good	16.35%	17
Fair	0.96%	1
Poor	0.96%	1
N/A	49.04%	51
Total Respondents: 104		

**Q12 During the past 12 months, have you contacted the utility's customer service for any information or assistance?**

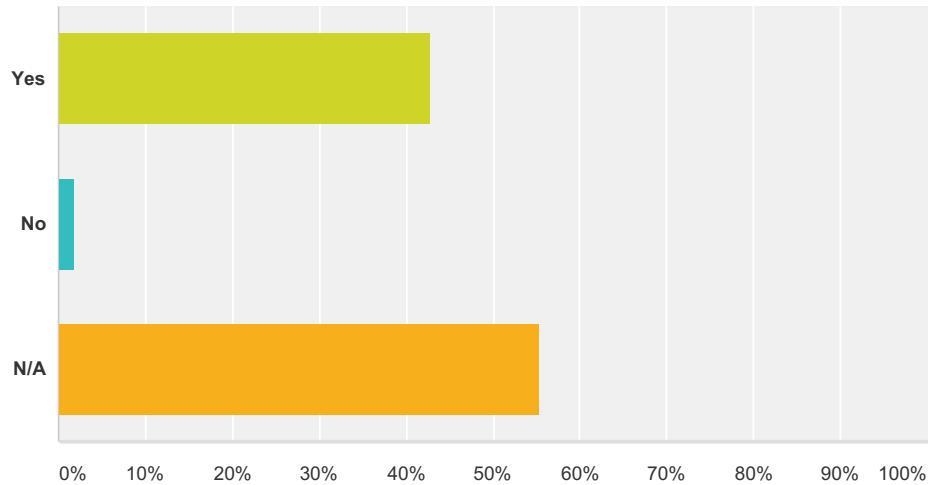
Answered: 104 Skipped: 1



Answer Choices	Responses	
yes	27.88%	29
no	72.12%	75
<b>Total</b>		<b>104</b>

**Q13 Thinking about your most recent contact with Cooperative Hydro Embrun, did the customer care representative provide you with the information you needed?**

Answered: 105 Skipped: 0



Answer Choices	Responses	
Yes	42.86%	45
No	1.90%	2
N/A	55.24%	58
<b>Total</b>		<b>105</b>

**Q14 If not, what information did you need  
that the customer care representative did  
not provide?**

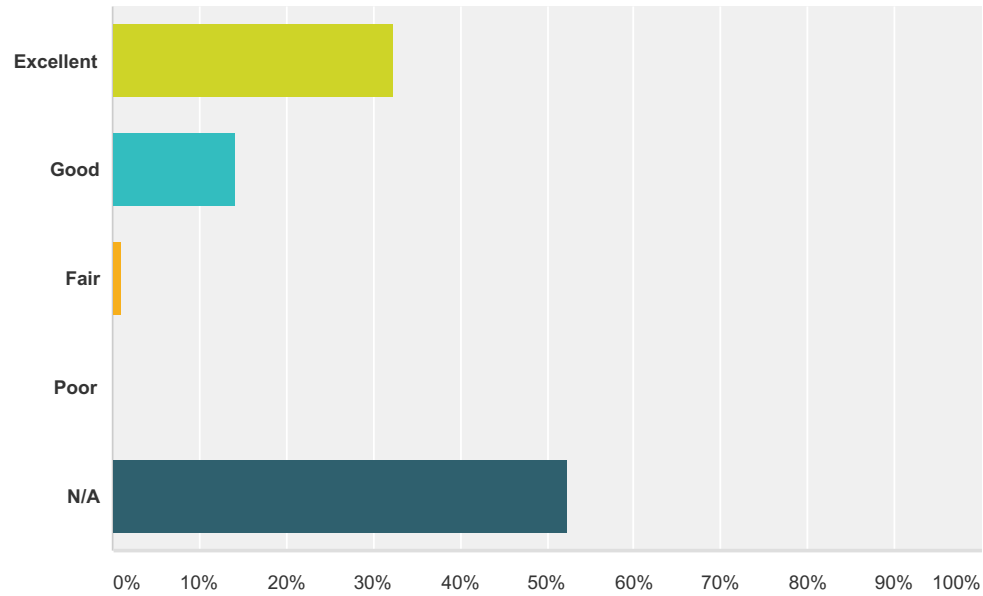
Answered: 0   Skipped: 105

Answer Choices	Responses
Response:	0.00% 0



**Q15 Overall, how would you rate the customer care representative's performance in handling your request for information?**

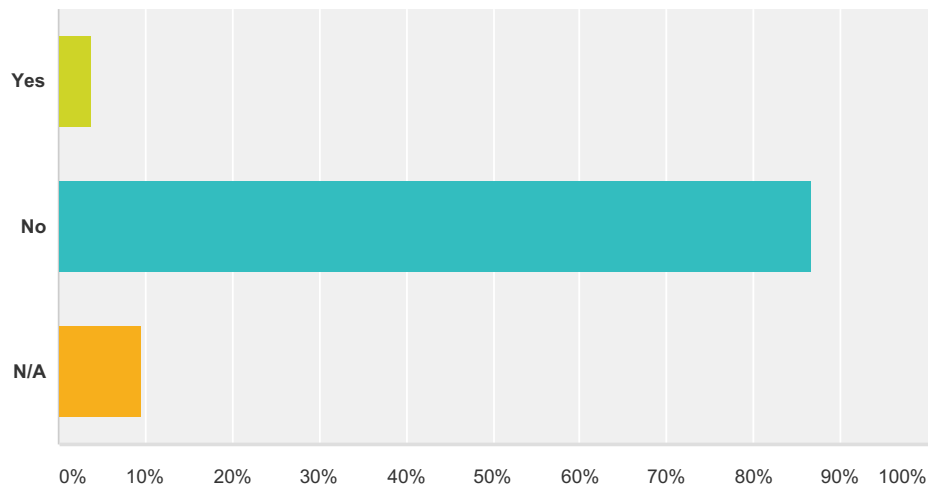
Answered: 105 Skipped: 0



Answer Choices	Responses	
Excellent	32.38%	34
Good	14.29%	15
Fair	0.95%	1
Poor	0.00%	0
N/A	52.38%	55
<b>Total</b>		<b>105</b>

**Q16 Cooperative Hydro Embrun's field employees (or agents acting on behalf of the utility) perform tasks such as installing, maintaining and repairing utility services. During the past 12 months, have you had any contact with a field employee where you requested assistance or asked for information?**

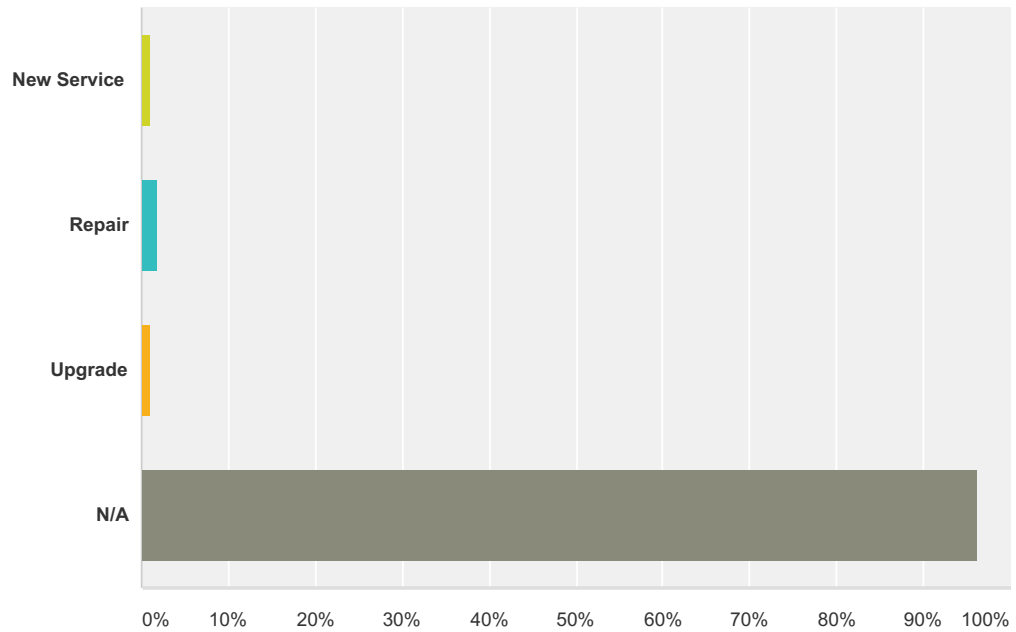
Answered: 104 Skipped: 1



Answer Choices	Responses	
Yes	3.85%	4
No	86.54%	90
N/A	9.62%	10
<b>Total</b>		<b>104</b>

**Q17 Thinking about your most recent contact with a field employee, what type of utility service was this contact related to?**

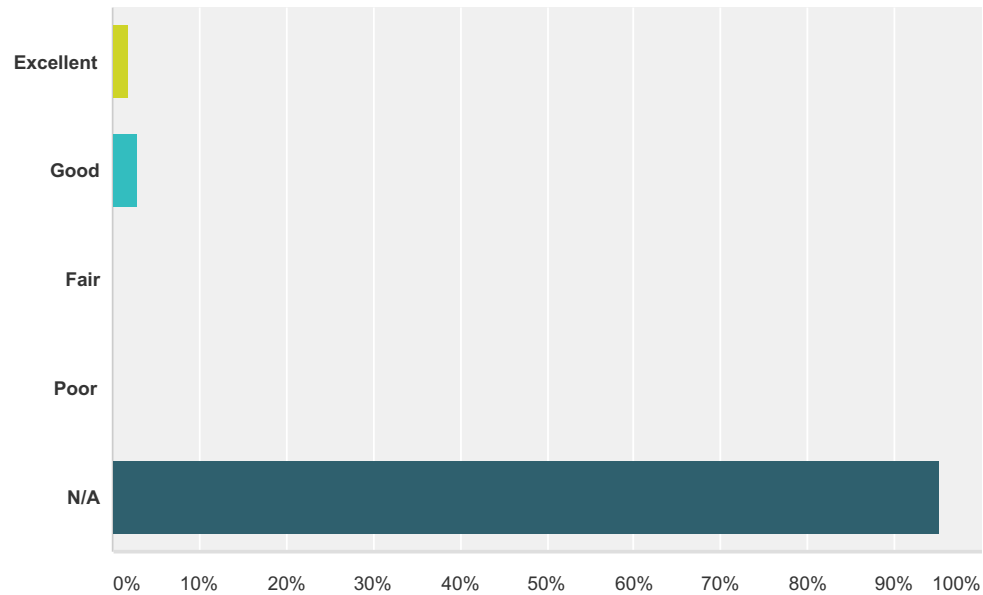
Answered: 105 Skipped: 0



Answer Choices	Responses	
New Service	0.95%	1
Repair	1.90%	2
Upgrade	0.95%	1
N/A	96.19%	101
<b>Total</b>		<b>105</b>

### Q18 Still thinking about your most recent contact with a field employee, how would you rate the employee's knowledge?

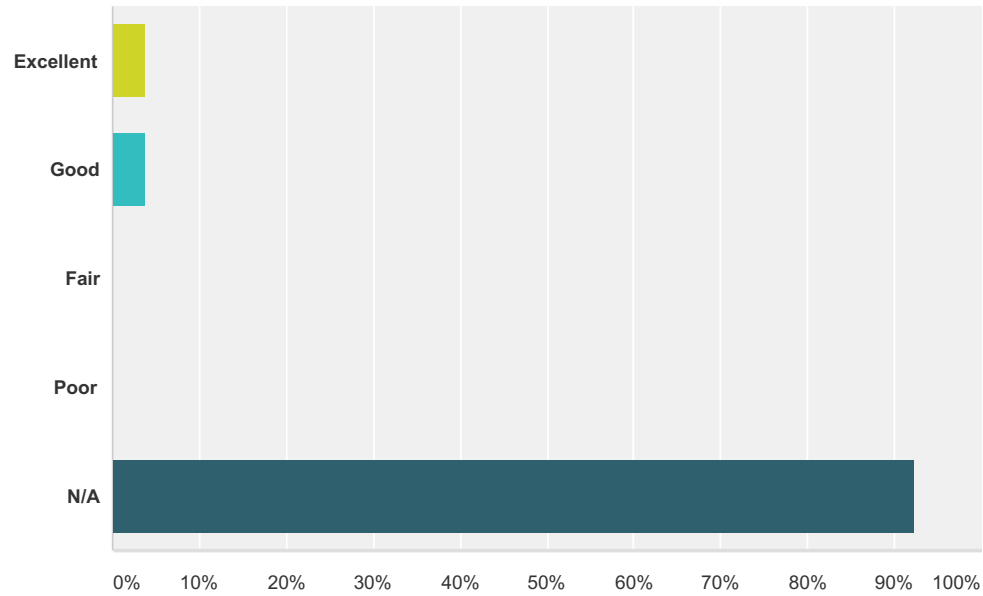
Answered: 105 Skipped: 0



Answer Choices	Responses	
Excellent	1.90%	2
Good	2.86%	3
Fair	0.00%	0
Poor	0.00%	0
N/A	95.24%	100
<b>Total</b>		<b>105</b>

**Q19 Still thinking about your most recent contact with a department field employee, how would you rate your overall experience?**

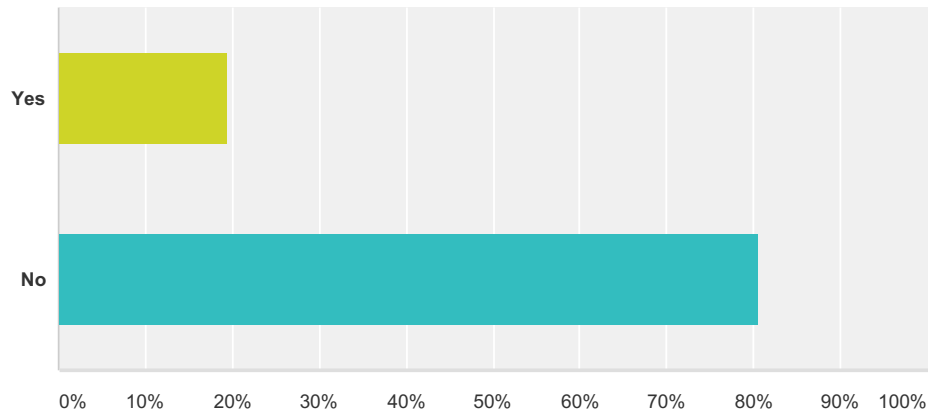
Answered: 104 Skipped: 1



Answer Choices	Responses	
Excellent	3.85%	4
Good	3.85%	4
Fair	0.00%	0
Poor	0.00%	0
N/A	92.31%	96
<b>Total</b>		<b>104</b>

**Q20 Other than utility bill inserts, have you heard or seen any communications from your utility during the past 12 months?**

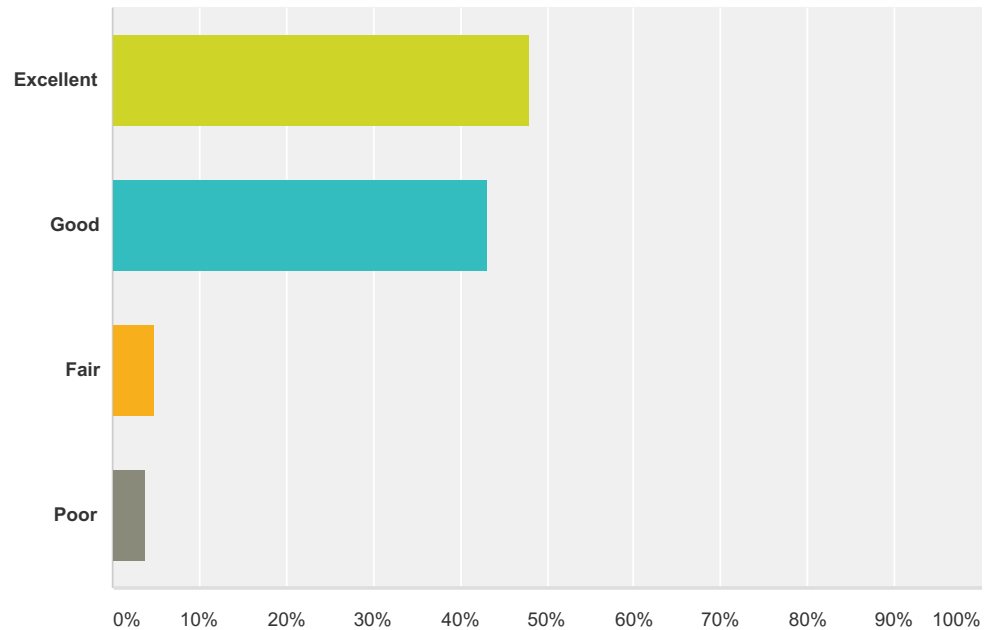
Answered: 103 Skipped: 2



Answer Choices	Responses	
Yes	19.42%	20
No	80.58%	83
Total		103

**Q21 Please indicate how well Cooperative Hydro Emburn performs in communicating with you.**

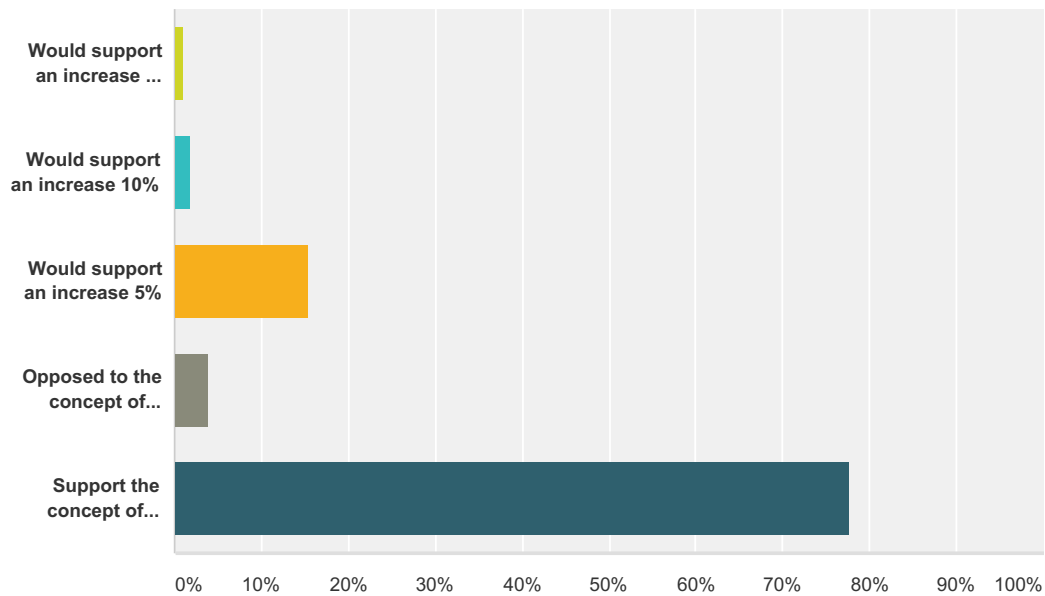
Answered: 104 Skipped: 1



Answer Choices	Responses	
Excellent	48.08%	50
Good	43.27%	45
Fair	4.81%	5
Poor	3.85%	4
<b>Total</b>		<b>104</b>

**Q22 One of the ways that utilities reduce consumption of fossil fuels is by providing electricity from renewable energy sources, which may be more costly than conventional energy sources. How would you feel about the use of renewable energy sources if it increased your monthly electric bill?**

Answered: 103 Skipped: 2

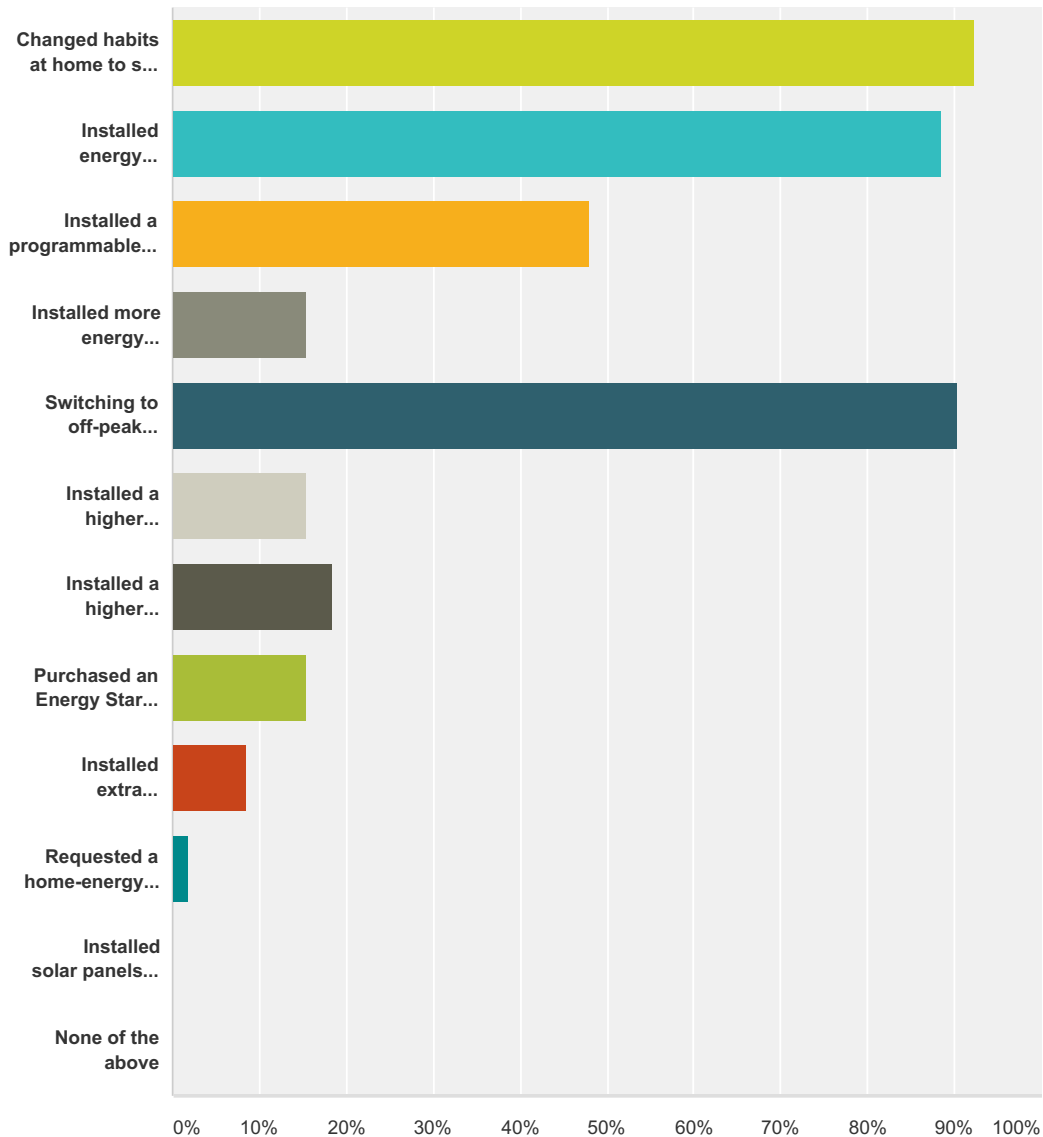


Answer Choices	Responses	
Would support an increase of 15%	0.97%	1
Would support an increase 10%	1.94%	2
Would support an increase 5%	15.53%	16
Opposed to the concept of conservation	3.88%	4
Support the concept of conservation but opposed to bill increase.	77.67%	80
<b>Total</b>		<b>103</b>



**Q23 Please indicate which, if any, of these things your household has done in the past two years to reduce consumption.**

Answered: 104 Skipped: 1



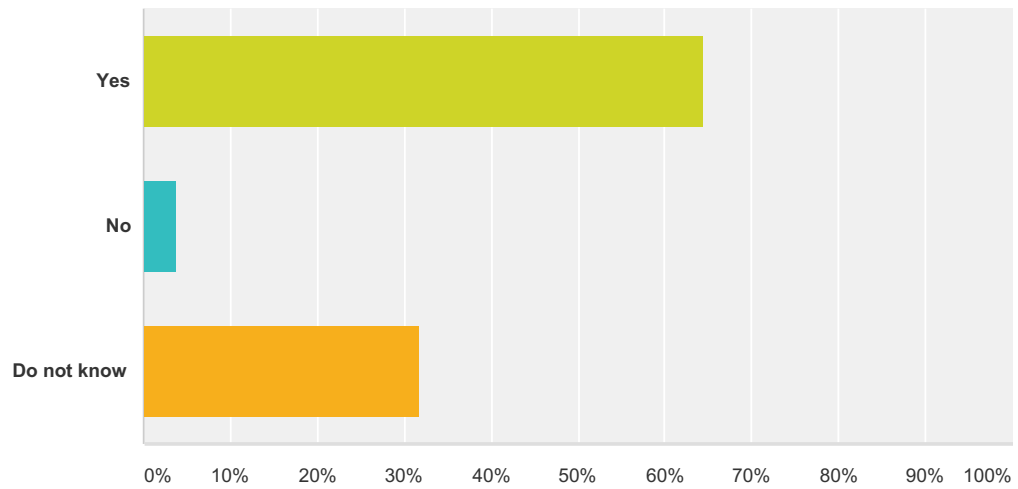
Answer Choices	Responses
Changed habits at home to save energy, such as raising your thermostat in summer, lowering it in winter and turning off lights that are not needed.	92.31% 96
Installed energy efficient CFL or LED light bulbs.	88.46% 92
Installed a programmable thermostat.	48.08% 50
Installed more energy efficient doors or windows.	15.38% 16
Switching to off-peak periods.	90.38% 94
Installed a higher efficiency water heater.	15.38% 16

## CHEI Survey Residential 2016

Installed a higher efficiency heating/cooling system.	<b>18.27%</b>	19
Purchased an Energy Star appliance for your home.	<b>15.38%</b>	16
Installed extra insulation.	<b>8.65%</b>	9
Requested a home-energy audit.	<b>1.92%</b>	2
Installed solar panels or other renewable energy generation at home.	<b>0.00%</b>	0
None of the above	<b>0.00%</b>	0
<b>Total Respondents: 104</b>		

## Q24 Would you say that your utility is a leader in promoting energy conservation?

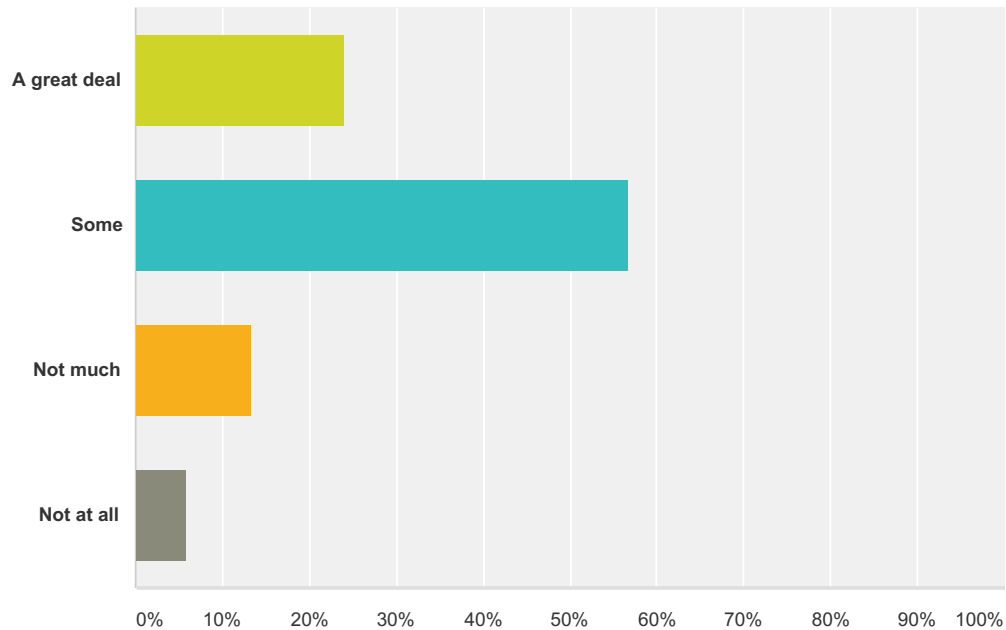
Answered: 104 Skipped: 1



Answer Choices	Responses	
Yes	64.42%	67
No	3.85%	4
Do not know	31.73%	33
<b>Total</b>		<b>104</b>

**Q25 To what extent, if any, is the cost of electrical service a strain on your household budget? Would you say?**

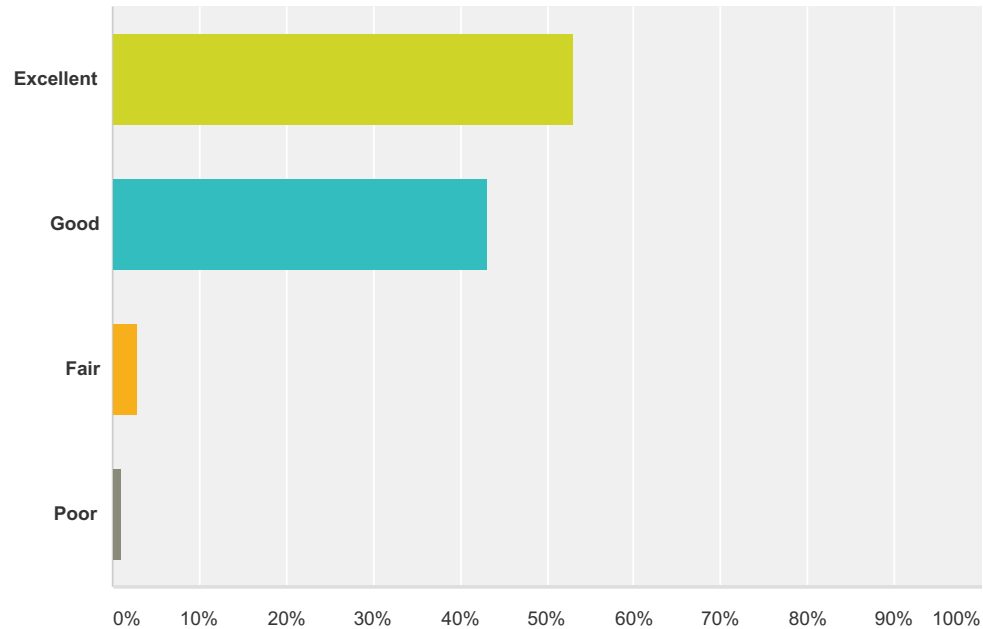
Answered: 104 Skipped: 1



Answer Choices	Responses	
A great deal	24.04%	25
Some	56.73%	59
Not much	13.46%	14
Not at all	5.77%	6
<b>Total</b>		<b>104</b>

**Q26 After having taken this survey, how would you rate Cooperative Hydro Embrun's overall performance in serving you?**

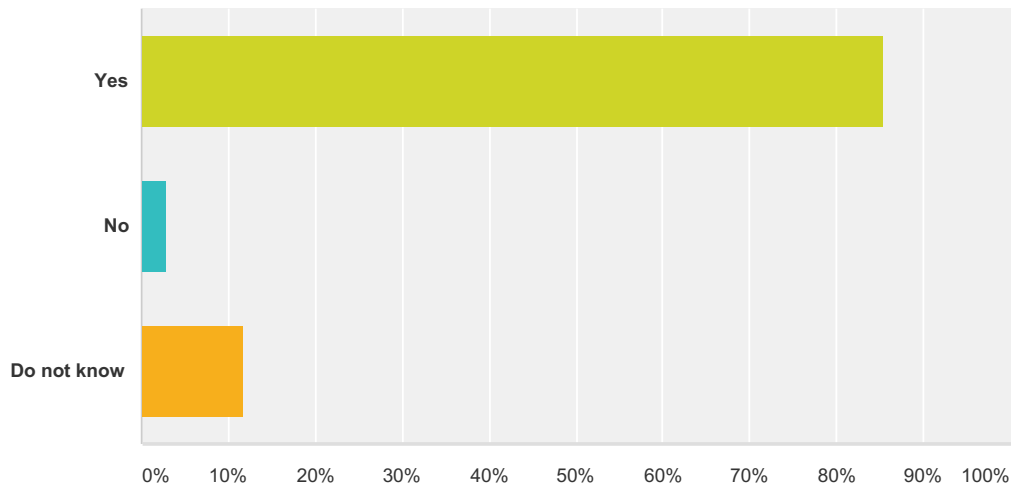
Answered: 102 Skipped: 3



Answer Choices	Responses	
Excellent	52.94%	54
Good	43.14%	44
Fair	2.94%	3
Poor	0.98%	1
<b>Total</b>		<b>102</b>

## Q27 Would you say that your utility a respected company in the community?

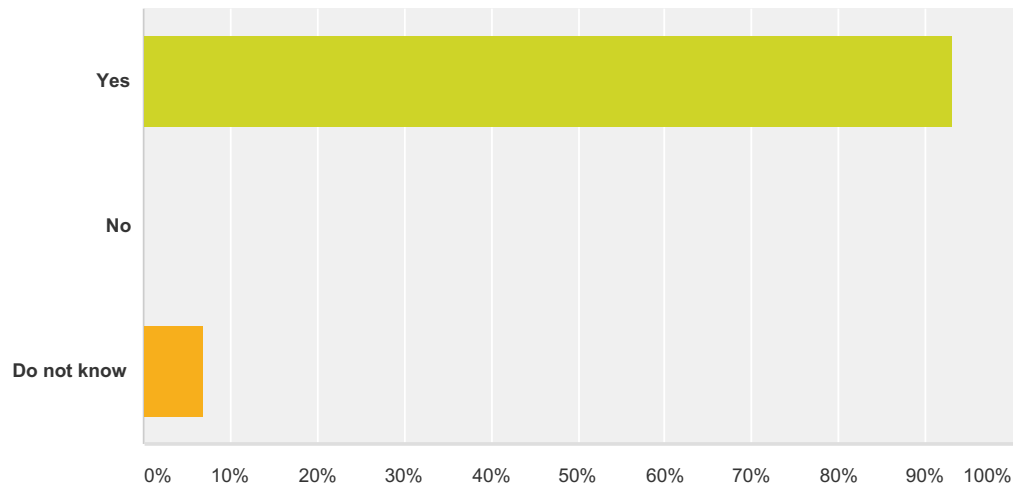
Answered: 102 Skipped: 3



Answer Choices	Responses	
Yes	85.29%	87
No	2.94%	3
Do not know	11.76%	12
<b>Total</b>		<b>102</b>

## Q28 Would you describe your utility as being approachable?

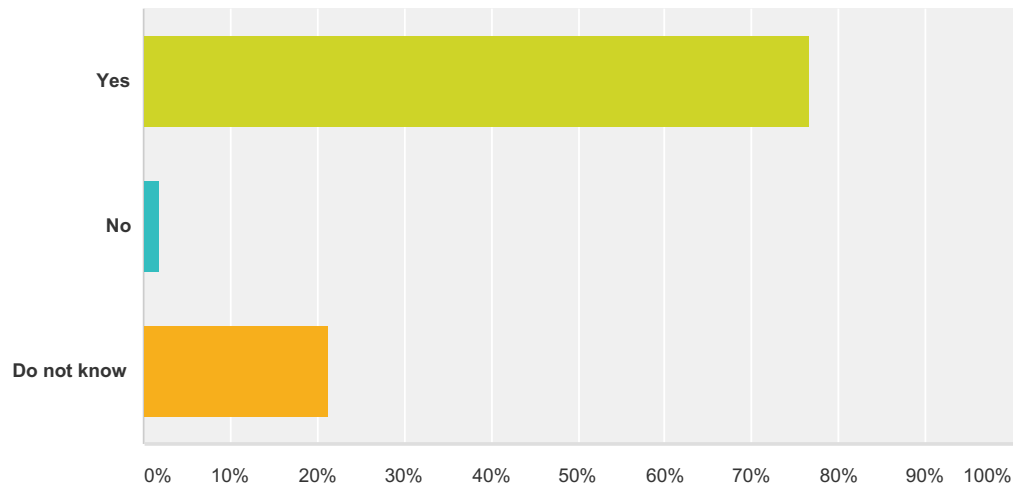
Answered: 102 Skipped: 3



Answer Choices	Responses	
Yes	93.14%	95
No	0.00%	0
Do not know	6.86%	7
<b>Total</b>		<b>102</b>

## Q29 In your opinion, should your utility remain a cooperative?

Answered: 103 Skipped: 2



Answer Choices	Responses	
Yes	76.70%	79
No	1.94%	2
Do not know	21.36%	22
<b>Total</b>		<b>103</b>

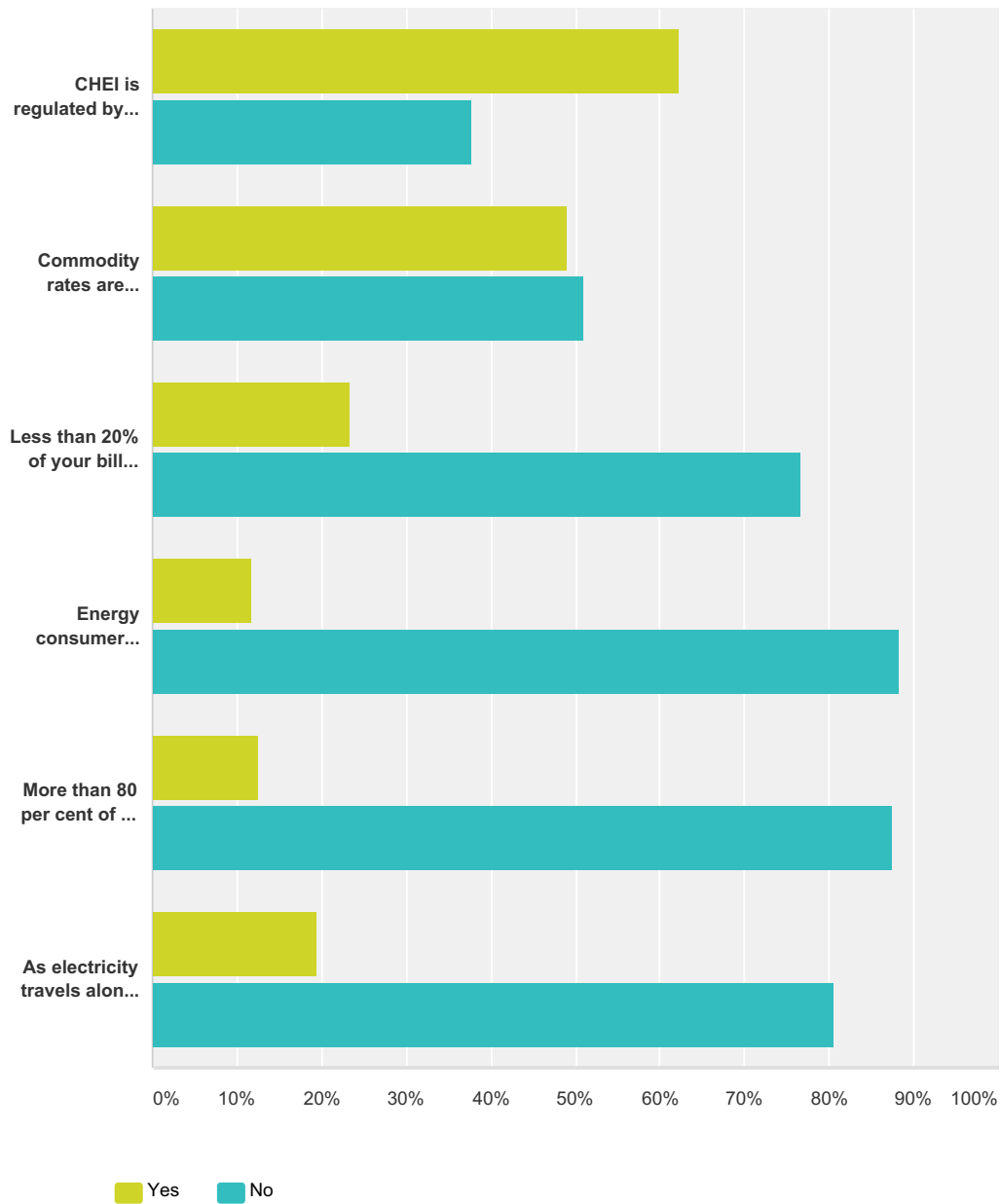


**Q30 Please provide any general comments  
in the text box below.**

Answered: 9 Skipped: 96

## Q31 Did you know that...

Answered: 103 Skipped: 2



	Yes	No	Total
CHEI is regulated by the OEB who's role is to approved rates that are just and reasonable.	62.14% 64	37.86% 39	103
Commodity rates are determined by the Ontario Energy Board and change every May and November of each year?	49.02% 50	50.98% 52	102
Less than 20% of your bill goes back to Cooperative Hydro Embrun to cover costs related to electrical distribution?	23.30% 24	76.70% 79	103
Energy consumer organizations intervene in CHEI's rate cases by presenting arguments and evidence, providing expert witnesses, and by challenging utility arguments?.	11.65% 12	88.35% 91	103

## CHEI Survey Residential 2016

More than 80 per cent of the province's energy needs are met by fossil fuels while conservation efforts have been targeted at electricity, which is the smallest and cleanest of our major energy sources	<b>12.62%</b> 13	<b>87.38%</b> 90	103
As electricity travels along a power line, a small amount of energy is lost. To account for these losses, the OEB approves an adjustment factor in your electricity bill.	<b>19.42%</b> 20	<b>80.58%</b> 83	103

### Q30 Please provide any general comments in the text box below.

Answered: 9 Skipped: 96

#	Responses	Date
1	<b>Communication</b> An automated message when power goes out would help customers to get an idea what the problem is and when power will be restored.	12/23/2016 1:37 PM
2	<b>Payment Option</b> I would like to see an option to pay my bill via credit card that does not involve a transaction from a third party and the associated transaction fee. This is my only bill payment that charges a fee to pay a bill by credit card.	12/7/2016 1:21 PM
3	<b>Costs</b> Please reduce rates for lower middle class customers.	11/30/2016 8:26 PM
4	<b>General View</b> Difficult to answer several of these questions due to being new to the area and Hydro Embrun.	11/29/2016 9:42 AM
5	<b>Reliability</b> Every so often there's a power outage - I don't know why - it's never due to bad weather. I feel the customers should get a rebate when they are inconvenienced by a power outage - twice in the past month!	11/26/2016 11:49 AM
6	<b>Costs</b> Comparing my bills to those residents of ottawa, I would say our cooperative bill is much lower than theirs. Very happy	11/24/2016 9:20 AM
7	<b>Costs</b> Good service and good prices	11/22/2016 6:34 PM
8	<b>Communication</b> Although I have done all kinds of measures to conserve energy my kWh have increased 4 kWh per day more compared to last year? Find this confusing! Put all ener Star appliances in Kitchen, new furnace and AC Are high efficiency, so does not make sense. Hydro costs are too much for a service that goes out all the time for no reason. Installed a generator too because of the lack of reliability of services in Embrun!	11/20/2016 4:25 PM
9	<b>Costs</b> reduce the price per kwh. the prices are to high...	11/19/2016 11:34 AM

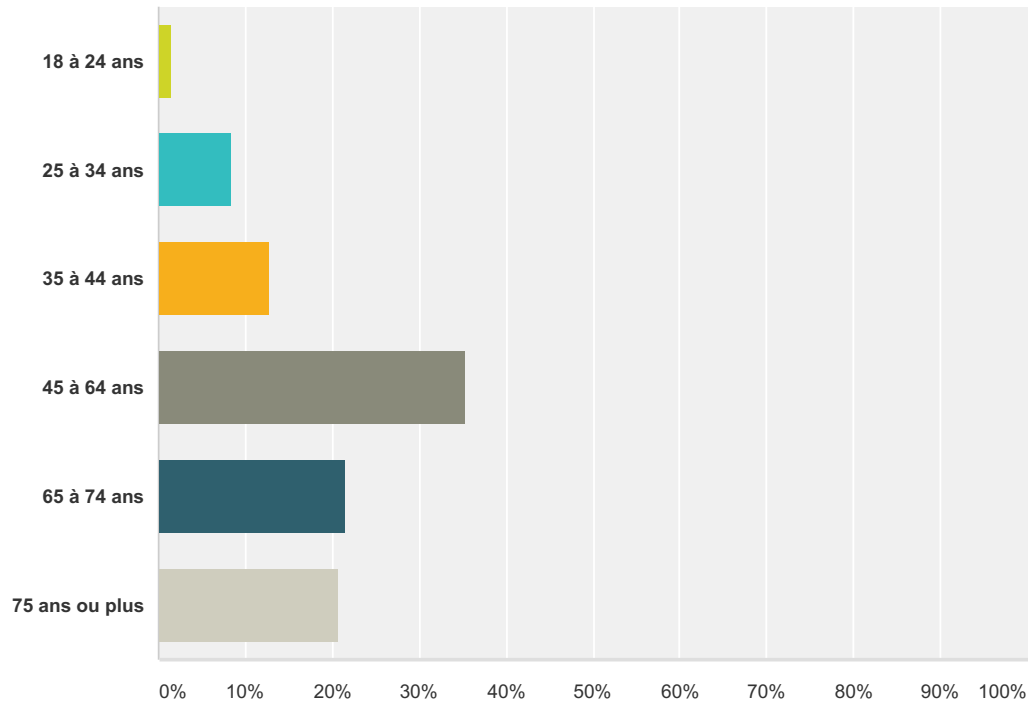
## **Appendix E Survey Results (French)**

**Q1 Inscrivez votre numéro de compte pour avoir une chance de gagner \$100 sur votre facture d'électricité. Laissez la case vide pour remplir le sondage de façon anonyme.**

Answered: 265 Skipped: 12

## Q2 À quel groupe d'âge appartenez-vous?

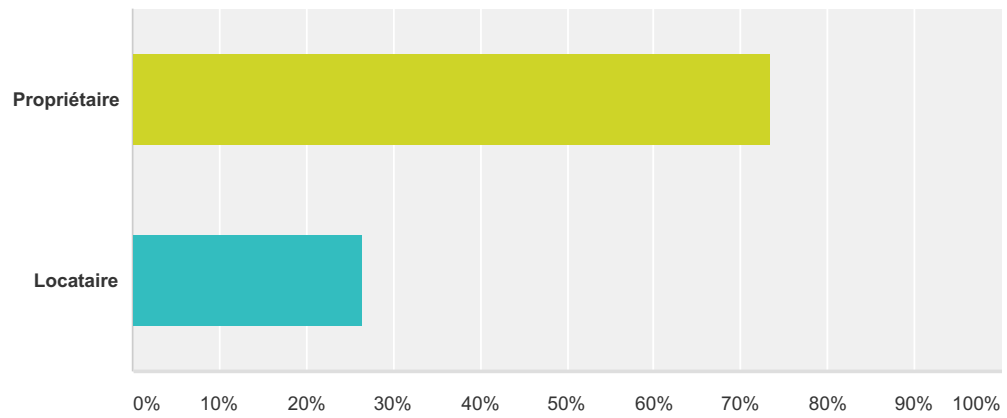
Answered: 275 Skipped: 2



Answer Choices	Responses
18 à 24 ans	1.45% 4
25 à 34 ans	8.36% 23
35 à 44 ans	12.73% 35
45 à 64 ans	35.27% 97
65 à 74 ans	21.45% 59
75 ans ou plus	20.73% 57
<b>Total</b>	<b>275</b>

### Q3 Êtes-vous le propriétaire ou le locataire de cette résidence?

Answered: 275 Skipped: 2

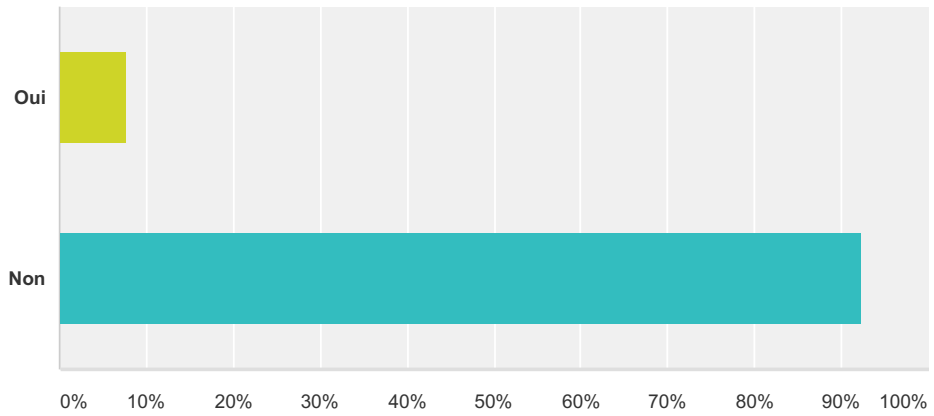


Answer Choices	Responses	
Propriétaire	73.45%	202
Locataire	26.55%	73
<b>Total</b>		<b>275</b>



## Q4 Achetez-vous votre électricité d'un détaillant?

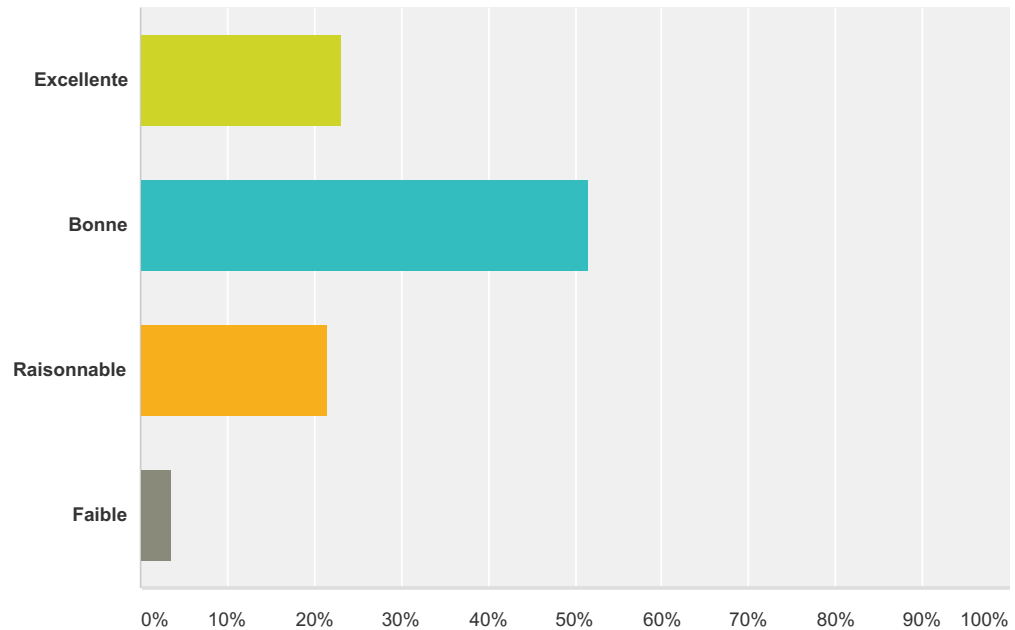
Answered: 275 Skipped: 2



Answer Choices	Responses	
Oui	7.64%	21
Non	92.36%	254
<b>Total</b>		<b>275</b>

### Q5 Comment évaluez-vous la capacité de Coopérative Hydro Embrun à rétablir le service après une panne d'électricité.

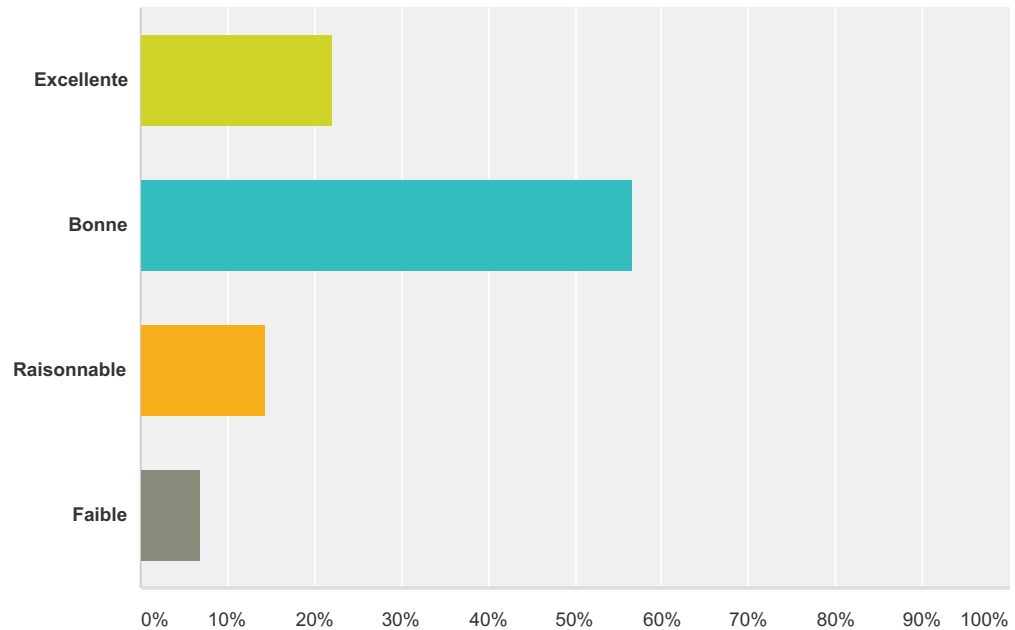
Answered: 275 Skipped: 2



Answer Choices	Responses	
Excellente	23.27%	64
Bonne	51.64%	142
Raisonnable	21.45%	59
Faible	3.64%	10
<b>Total</b>		<b>275</b>

**Q6 Comment évaluez-vous la capacité de  
Coopérative Hydro Embrun à être joignable  
par téléphone pendant une panne.**

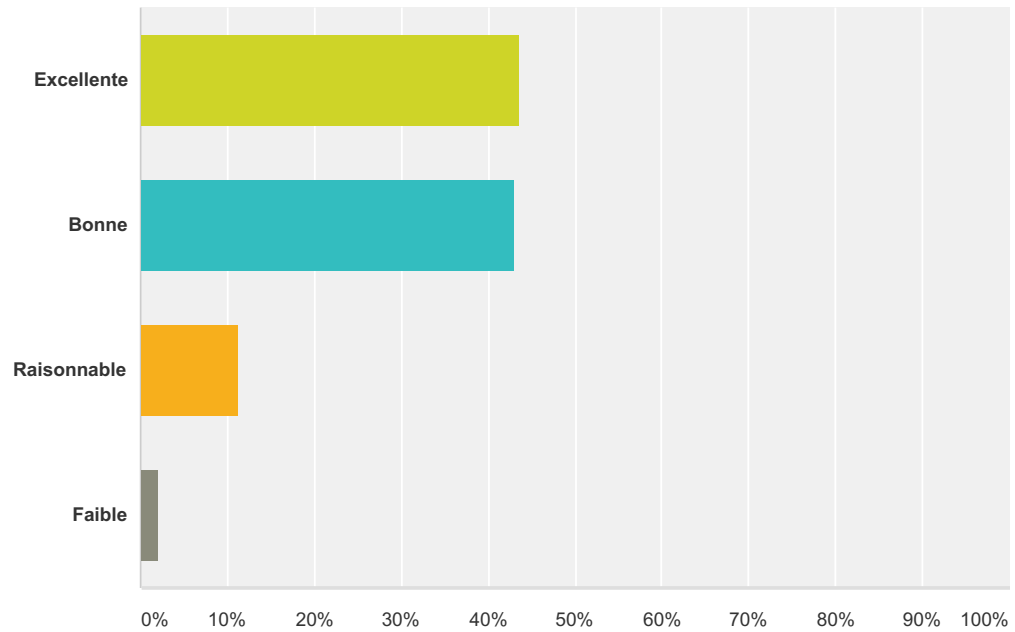
Answered: 272 Skipped: 5



Answer Choices	Responses	
Excellente	22.06%	60
Bonne	56.62%	154
Raisonnable	14.34%	39
Faible	6.99%	19
<b>Total</b>		<b>272</b>

## Q7 En ce qui concerne la fiabilité globale du service électrique, comment l'évaluez-vous?

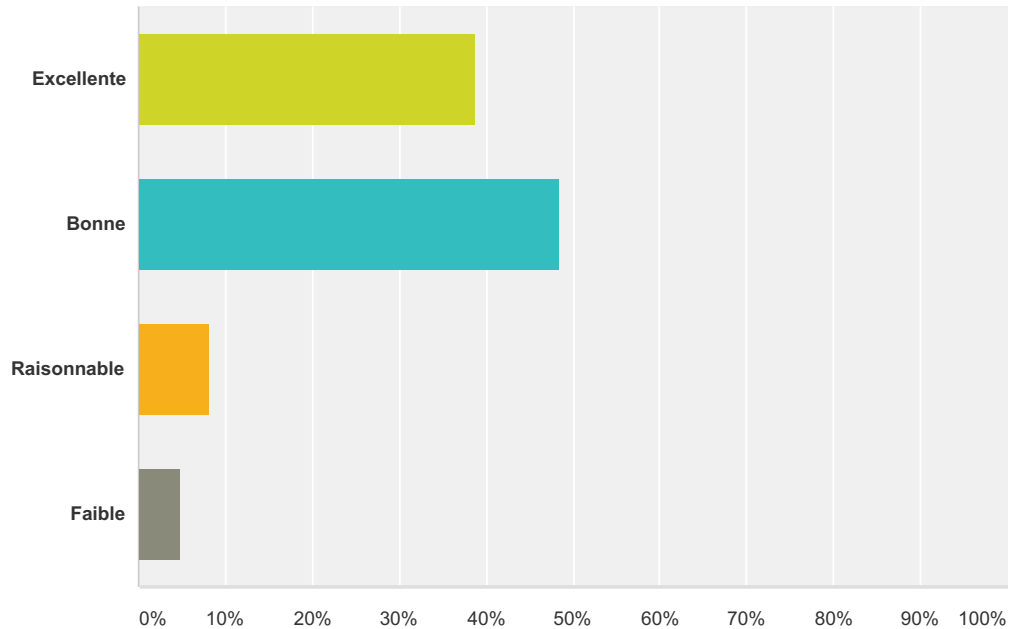
Answered: 275 Skipped: 2



Answer Choices	Responses	
Excellente	43.64%	120
Bonne	42.91%	118
Raisonnable	11.27%	31
Faible	2.18%	6
<b>Total</b>		<b>275</b>

**Q8 En ce qui a trait à la facturation,  
comment évaluez-vous chaque catégorie ci-  
dessous? Facilité à comprendre votre  
facture.**

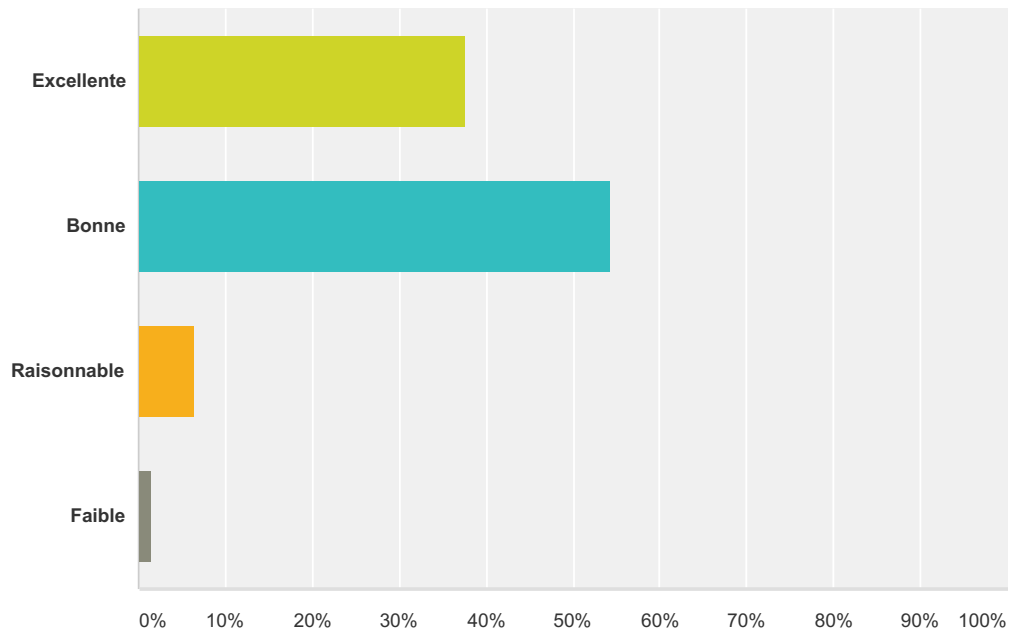
Answered: 273 Skipped: 4



Answer Choices	Responses	
Excellente	38.83%	106
Bonne	48.35%	132
Raisonnable	8.06%	22
Faible	4.76%	13
<b>Total</b>		<b>273</b>

## Q9 Comment évaluez-vous la précision de votre facture.

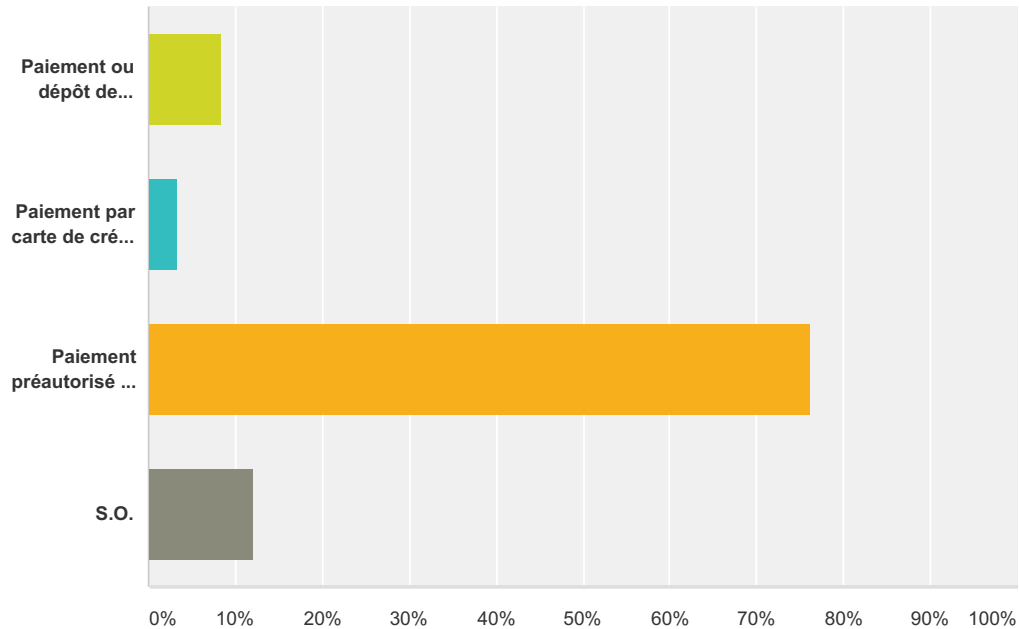
Answered: 274 Skipped: 3



Answer Choices	Responses	
Excellente	37.59%	103
Bonne	54.38%	149
Raisonnable	6.57%	18
Faible	1.46%	4
<b>Total</b>		<b>274</b>

**Q10 Coopérative Hydro Embrun offre à ses clients des modes de paiement alternatifs. Veuillez indiquer lequel vous était familier avant de répondre à ce sondage.**

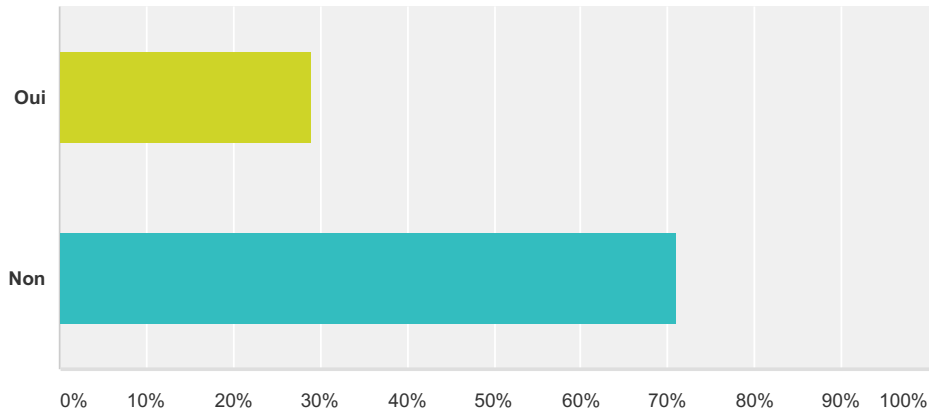
Answered: 274 Skipped: 3



Answer Choices	Responses	
Paielement ou dépôt de paiement au siège social.	8.39%	23
Paielement par carte de crédit en ligne.	3.28%	9
Paielement préautorisé par prélèvements automatiques de votre compte bancaire.	76.28%	209
S.O.	12.04%	33
<b>Total</b>		<b>274</b>

**Q11 Au cours des 12 derniers mois, avez-vous communiqué avec le service à la clientèle du service public pour de l'information ou de l'aide?**

Answered: 275 Skipped: 2

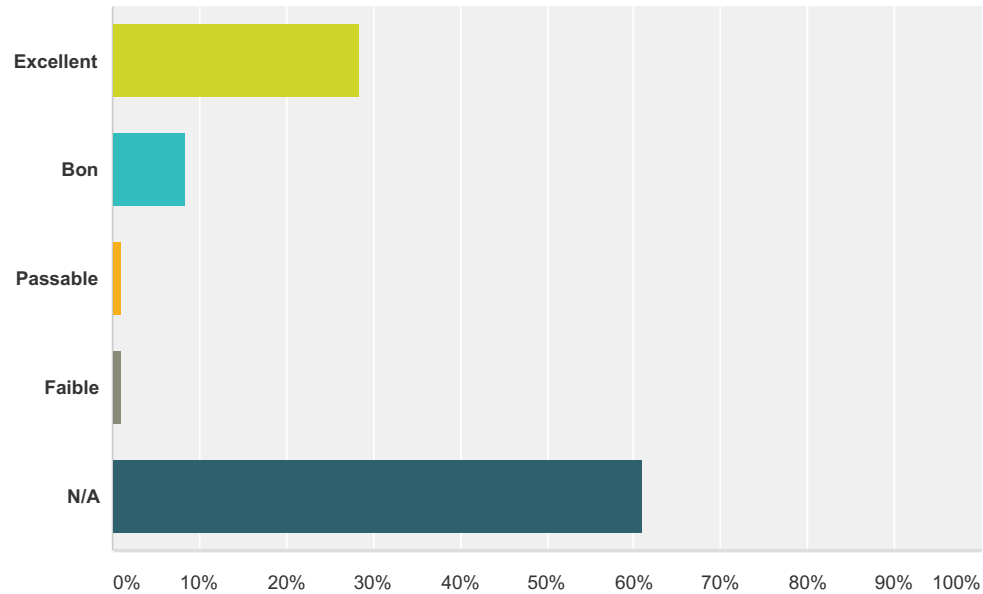


Answer Choices	Responses	
Oui	29.09%	80
Non	70.91%	195
<b>Total</b>		<b>275</b>



**Q12 En pensant à votre plus récente interaction avec la Coopérative Hydro Embrun, comment était instruit la personne à qui vous avez parlé?**

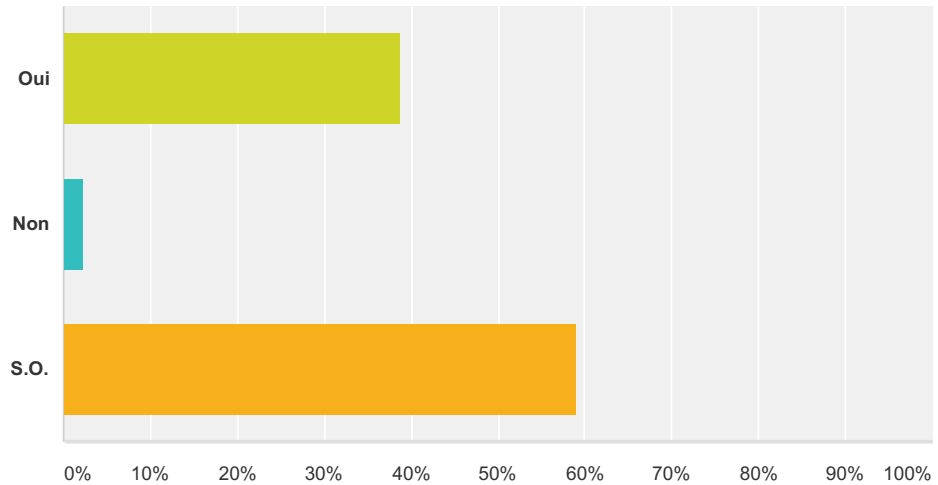
Answered: 274 Skipped: 3



Answer Choices	Responses	
Excellent	28.47%	78
Bon	8.39%	23
Passable	1.09%	3
Faible	1.09%	3
N/A	60.95%	167
Total Respondents: 274		

**Q13 En pensant à votre plus récente interaction avec le Centre du service à la clientèle, le représentant du service à la clientèle vous a-t-il fourni les renseignements dont vous aviez besoin**

Answered: 271 Skipped: 6



Answer Choices	Responses	
Oui	38.75%	105
Non	2.21%	6
S.O.	59.04%	160
Total		271

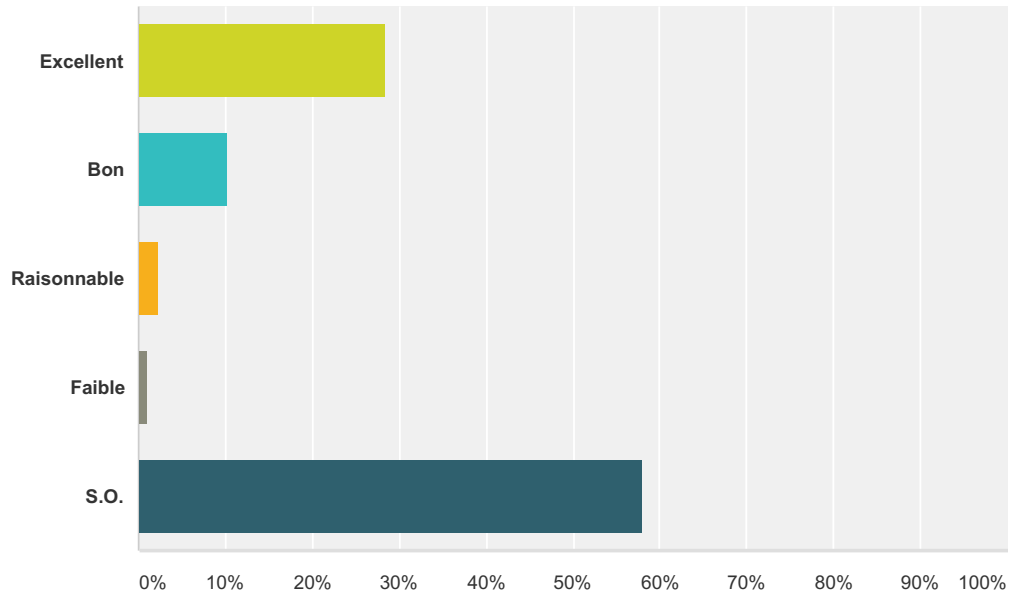
**Q14 Sinon, quelle information aviez-vous  
besoin de la part du représentant du service  
à la clientèle?**

Answered: 8 Skipped: 269

Answer Choices	Responses	
Response:	100.00%	8

**Q15 Dans l'ensemble, comment évaluez-vous la façon dont le représentant du service à la clientèle a traité votre demande?**

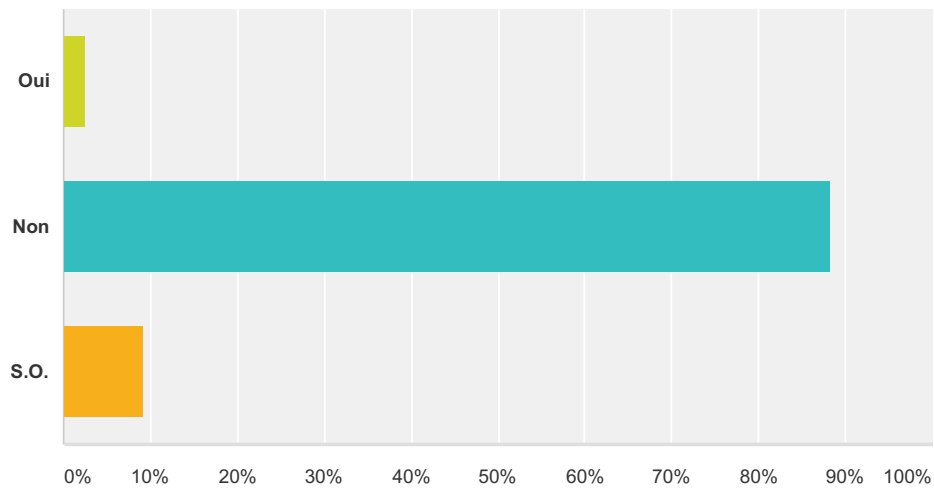
Answered: 272 Skipped: 5



Answer Choices	Responses	
Excellent	28.31%	77
Bon	10.29%	28
Raisonnable	2.21%	6
Faible	1.10%	3
S.O.	58.09%	158
<b>Total</b>		<b>272</b>

**Q16 Les employés sur le terrain de la Coopérative Hydro Embrun exécutent certaines tâches comme l'installation, l'entretien et la réparation des services publics. Au cours des 12 derniers mois, avez-vous eu des contacts avec un employé sur le terrain pour demander de l'aide ou de l'information?**

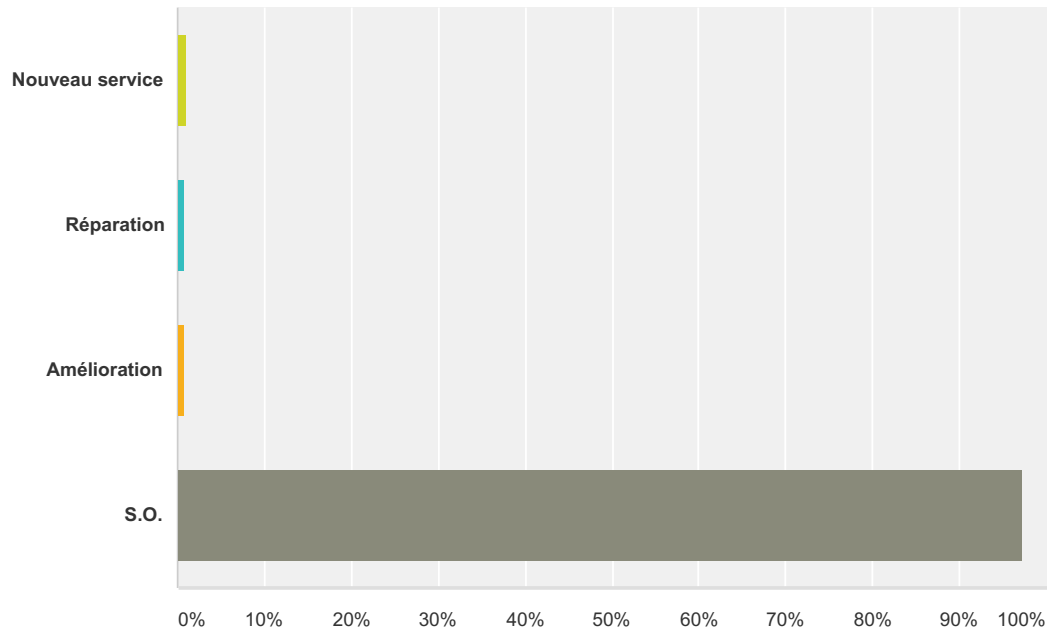
Answered: 273 Skipped: 4



Answer Choices	Responses	
Oui	2.56%	7
Non	88.28%	241
S.O.	9.16%	25
<b>Total</b>		<b>273</b>

**Q17 En pensant à votre plus récent contact avec un employé sur le terrain, quel était le type de service requis?**

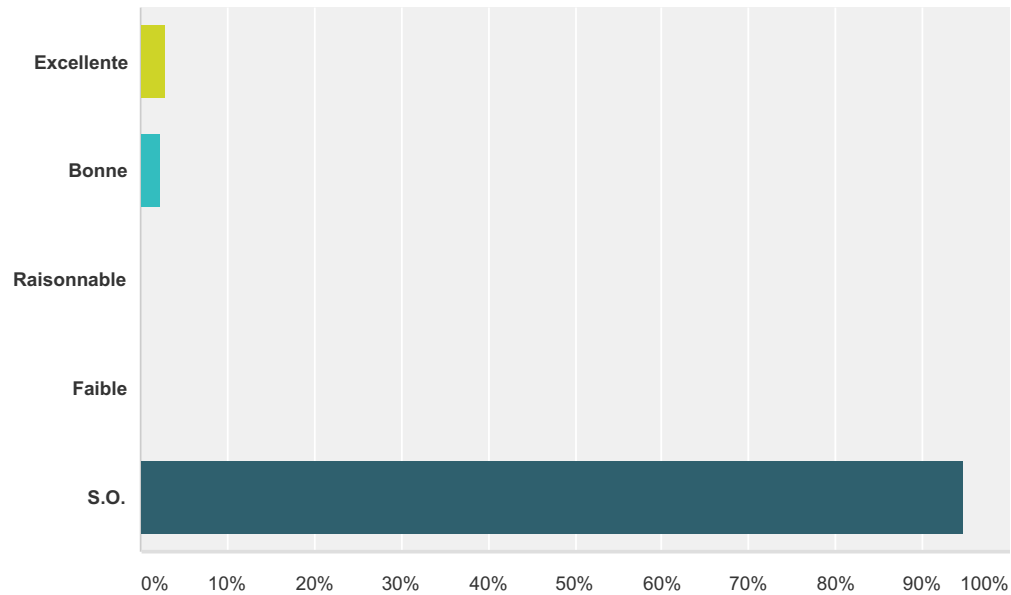
Answered: 265 Skipped: 12



Answer Choices	Responses	
Nouveau service	1.13%	3
Réparation	0.75%	2
Amélioration	0.75%	2
S.O.	97.36%	258
<b>Total</b>		<b>265</b>

**Q18 Toujours par rapport à votre plus récent contact avec un employé sur le terrain, veuillez évaluer sa connaissance.**

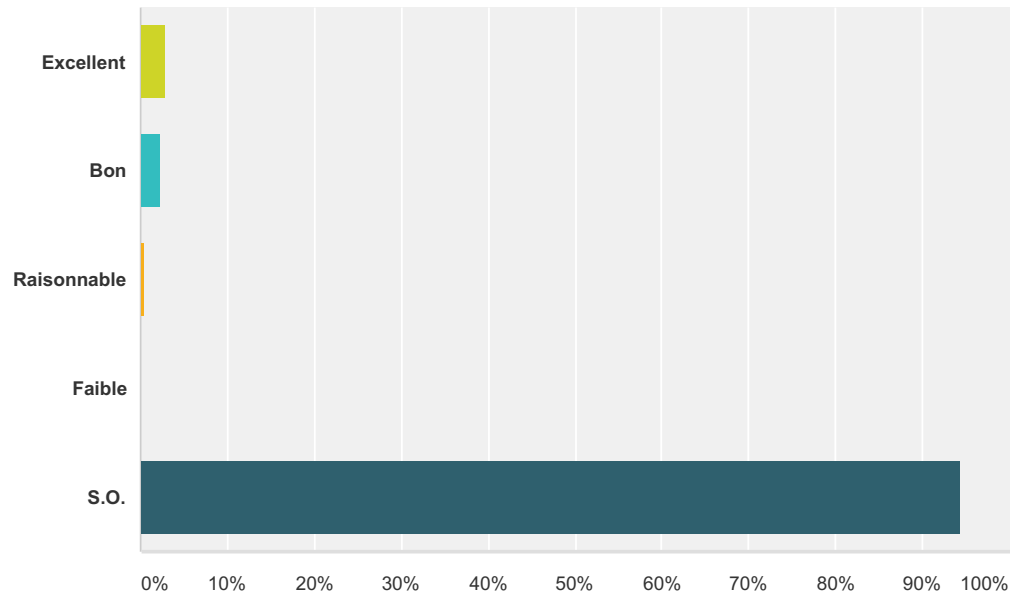
Answered: 266 Skipped: 11



Answer Choices	Responses	
Excellente	3.01%	8
Bonne	2.26%	6
Raisonnable	0.00%	0
Faible	0.00%	0
S.O.	94.74%	252
<b>Total</b>		<b>266</b>

**Q19 Toujours par rapport à votre plus récent contact avec un employé sur le terrain, veuillez évaluer votre expérience.**

Answered: 266 Skipped: 11

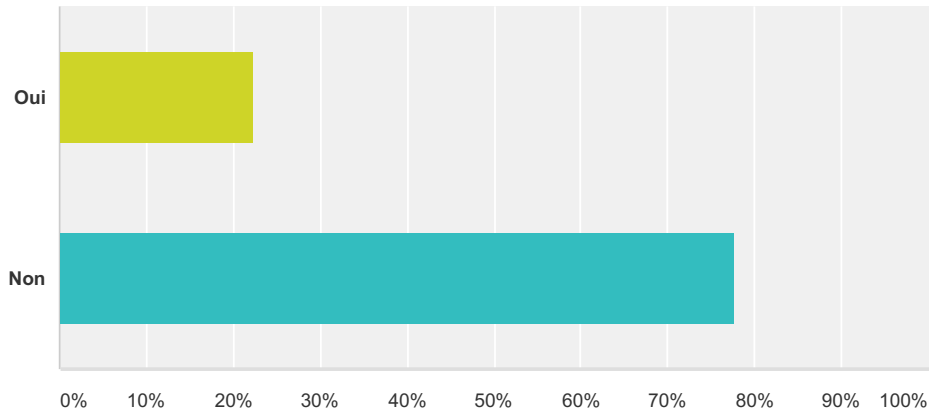


Answer Choices	Responses	
Excellent	3.01%	8
Bon	2.26%	6
Raisonnable	0.38%	1
Faible	0.00%	0
S.O.	94.36%	251
<b>Total</b>		<b>266</b>



**Q20 Mis à part vos factures, avez-vous vu ou avez-vous entendu d'autres types de communication en provenance de la Coopérative Hydro Embrun au cours des 12 derniers mois?**

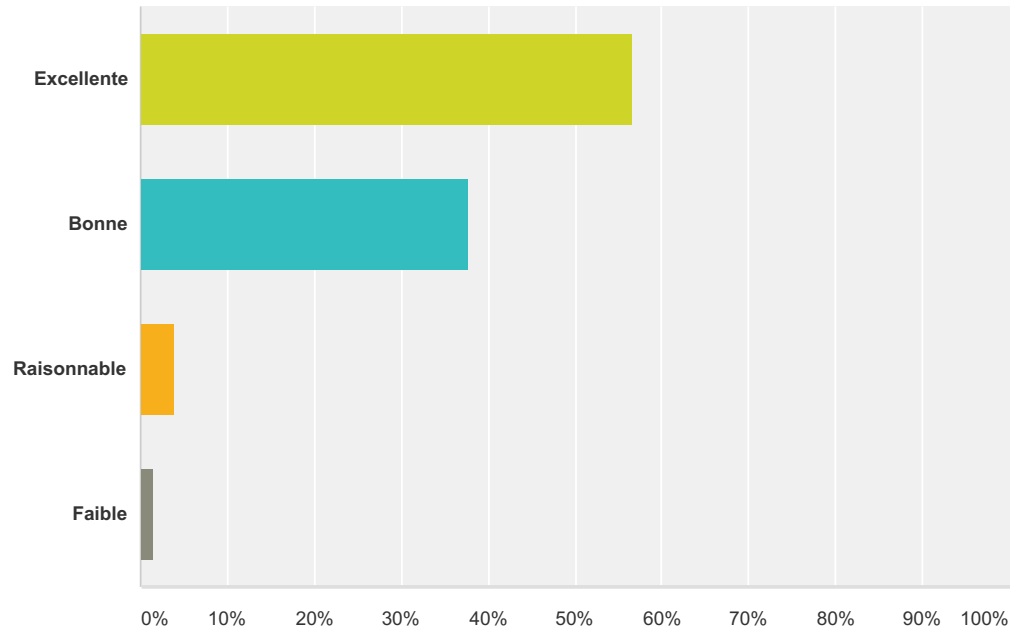
Answered: 272 Skipped: 5



Answer Choices	Responses	
Oui	22.43%	61
Non	77.57%	211
<b>Total</b>		<b>272</b>

**Q21 Veuillez évaluer la performance de la  
Coopérative Hydro Embrun en ce qui  
concerne la communication avec sa  
clientèle.**

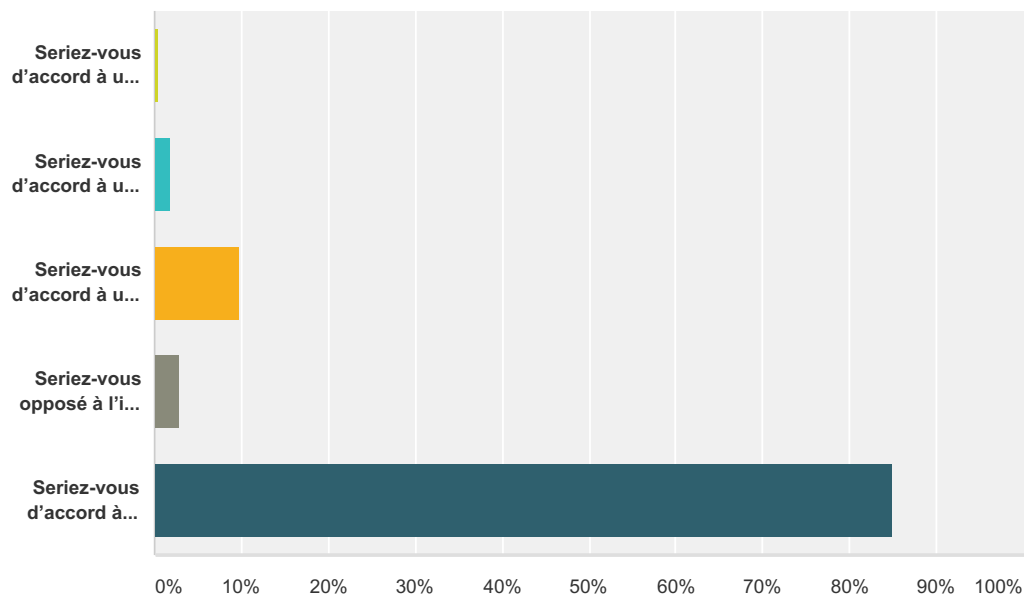
Answered: 272 Skipped: 5



Answer Choices	Responses	
Excellente	56.62%	154
Bonne	37.87%	103
Raisonnable	4.04%	11
Faible	1.47%	4
<b>Total</b>		<b>272</b>

**Q22 Une façon utilisée par les services publics pour réduire la consommation de combustible fossile est d'offrir de l'électricité produite à partir de sources d'énergie renouvelable, qui peuvent s'avérer plus coûteuses que des sources d'énergie traditionnelle. Comment réagiriez-vous par rapport à l'utilisation de sources d'énergie renouvelable si cela augmenterait votre facture d'électricité mensuelle?**

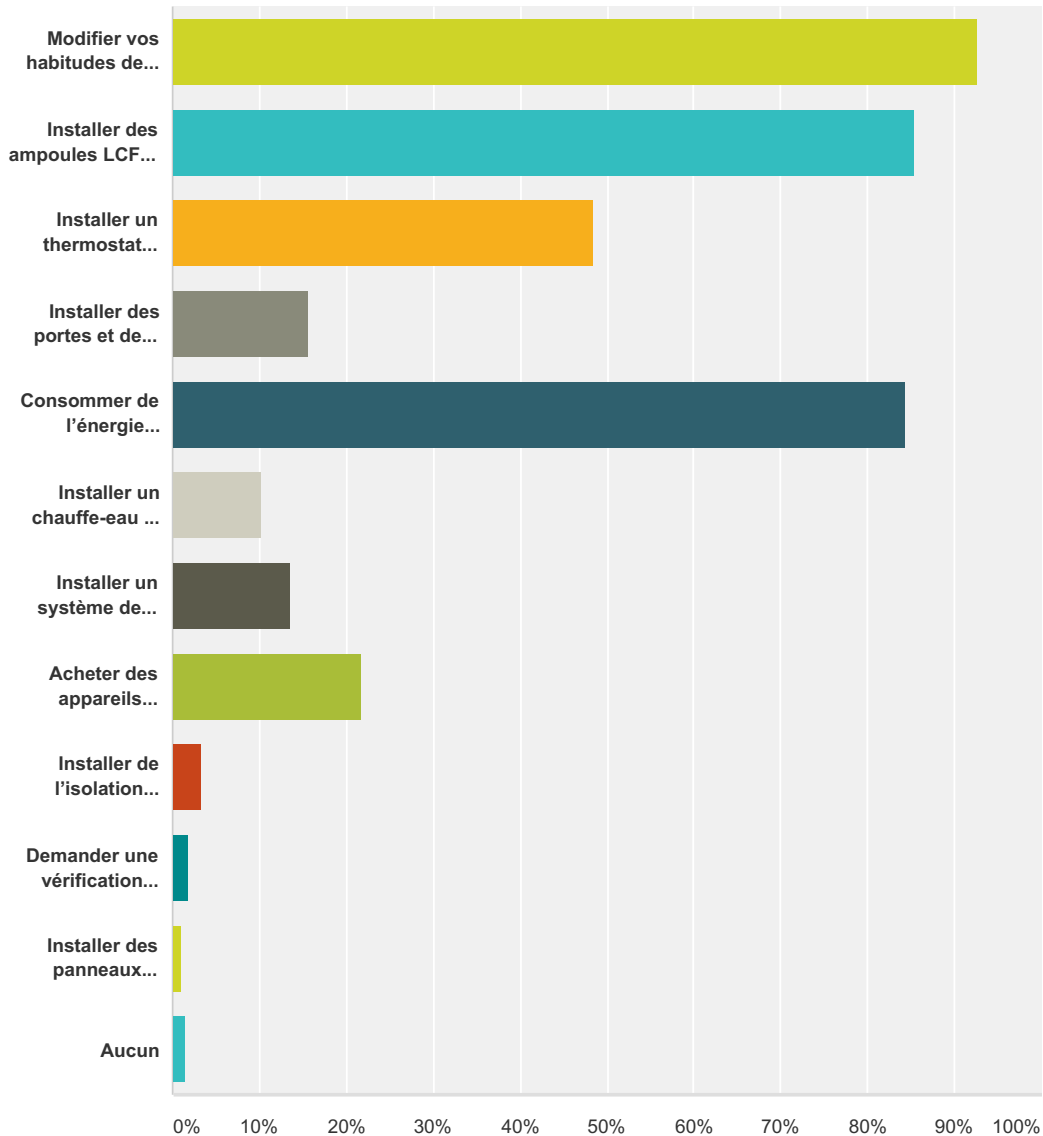
Answered: 273 Skipped: 4



Answer Choices	Responses	
Seriez-vous d'accord à une augmentation de 15 %?	0.37%	1
Seriez-vous d'accord à une augmentation de 10 %?	1.83%	5
Seriez-vous d'accord à une augmentation de 5 %?	9.89%	27
Seriez-vous opposé à l'idée de conserver l'énergie?	2.93%	8
Seriez-vous d'accord à l'idée de conserver l'énergie, mais opposé à l'idée d'une augmentation?	84.98%	232
<b>Total</b>		<b>273</b>

**Q23 Veuillez indiquer, s'il y a lieu, ce que vous et votre famille avez fait au cours des deux dernières années pour réduire votre consommation.**

Answered: 273 Skipped: 4



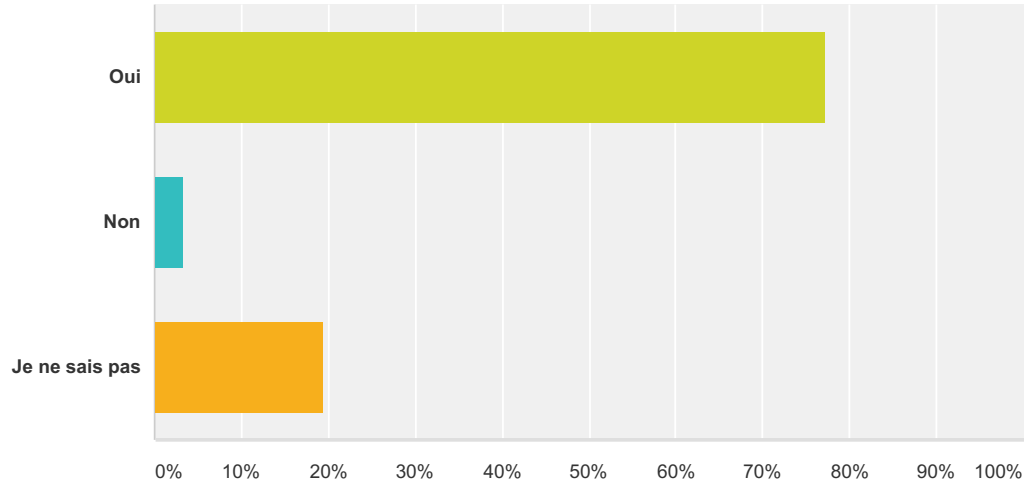
Answer Choices	Responses
Modifier vos habitudes de consommation d'énergie, comme augmenter le réglage du thermostat à l'été, le diminuer à l'hiver et éteindre les lumières lorsqu'elles ne servent pas.	92.67% 253
Installer des ampoules LCF ou DEL.	85.35% 233
Installer un thermostat programmable.	48.35% 132

## 2016 CHEI Sondage Résidentiel

Installer des portes et des fenêtres écoénergétiques.	<b>15.75%</b> 43
Consommer de l'énergie pendant les périodes creuses.	<b>84.25%</b> 230
Installer un chauffe-eau à haut rendement.	<b>10.26%</b> 28
Installer un système de chauffage et de refroidissement à haut rendement.	<b>13.55%</b> 37
Acheter des appareils électroménagers Energy Star pour votre résidence.	<b>21.61%</b> 59
Installer de l'isolation supplémentaire.	<b>3.30%</b> 9
Demander une vérification énergétique résidentielle.	<b>1.83%</b> 5
Installer des panneaux solaires ou autres sources d'énergie renouvelable dans votre résidence.	<b>1.10%</b> 3
Aucun	<b>1.47%</b> 4
<b>Total Respondents: 273</b>	

**Q24 Diriez-vous que votre service public joue un rôle important dans la promotion de la conservation d'énergie?**

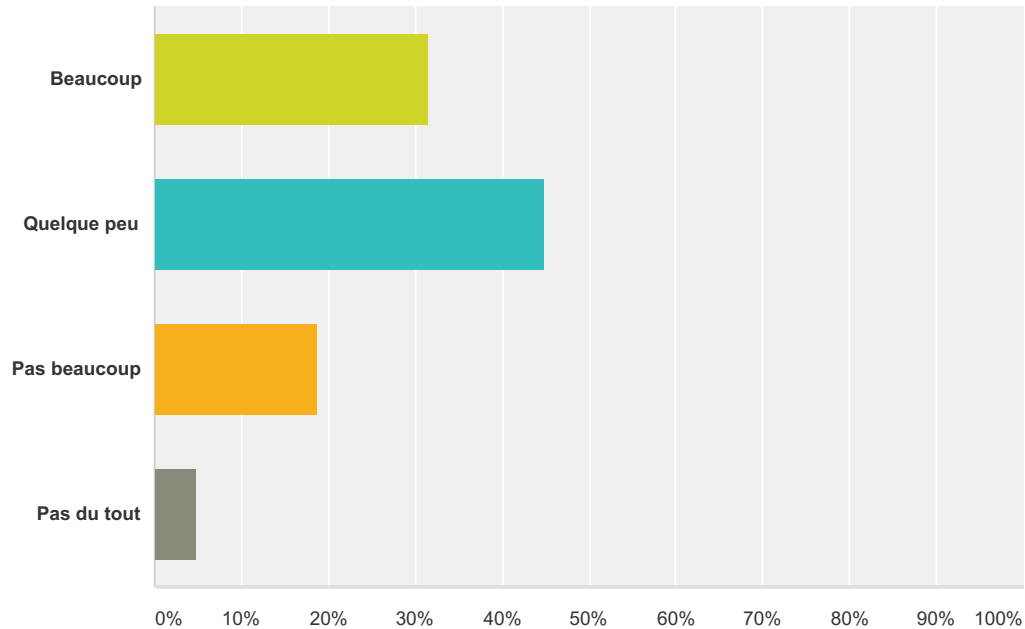
Answered: 272 Skipped: 5



Answer Choices	Responses	
Oui	77.21%	210
Non	3.31%	9
Je ne sais pas	19.49%	53
<b>Total</b>		<b>272</b>

**Q25 S'il y a lieu, dans quelle mesure le coût des services d'électricité est-il un fardeau sur votre budget familial? Vous jugez que ce coût vous affecte...**

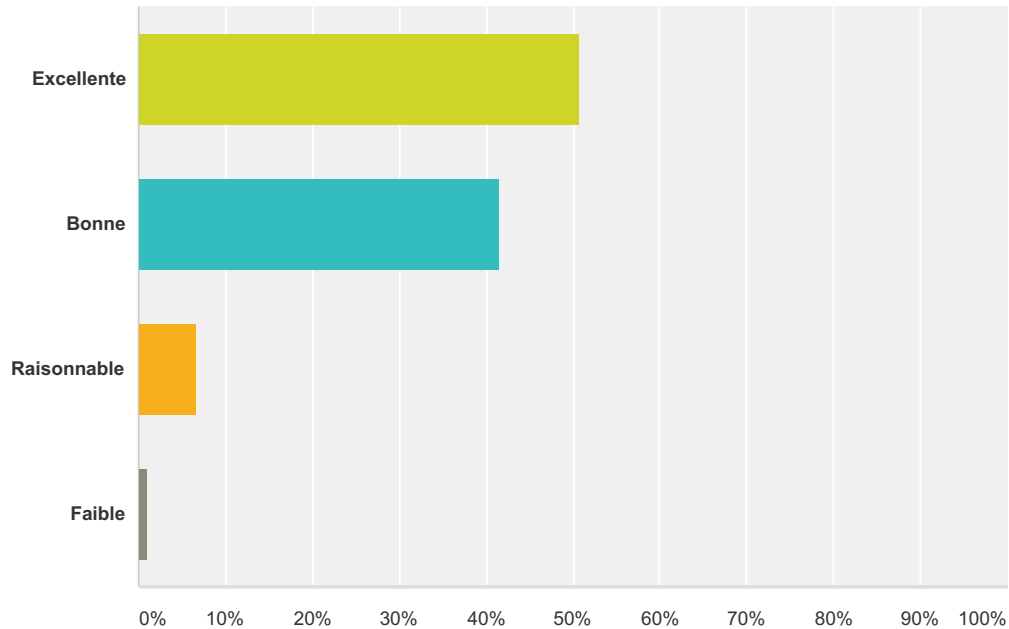
Answered: 272 Skipped: 5



Answer Choices	Responses	
Beaucoup	31.62%	86
Quelque peu	44.85%	122
Pas beaucoup	18.75%	51
Pas du tout	4.78%	13
<b>Total</b>		<b>272</b>

**Q26 En considérant l'ensemble, comment évaluez-vous la performance globale de la Coopérative Hydro Embrun par rapport au service?**

Answered: 272 Skipped: 5

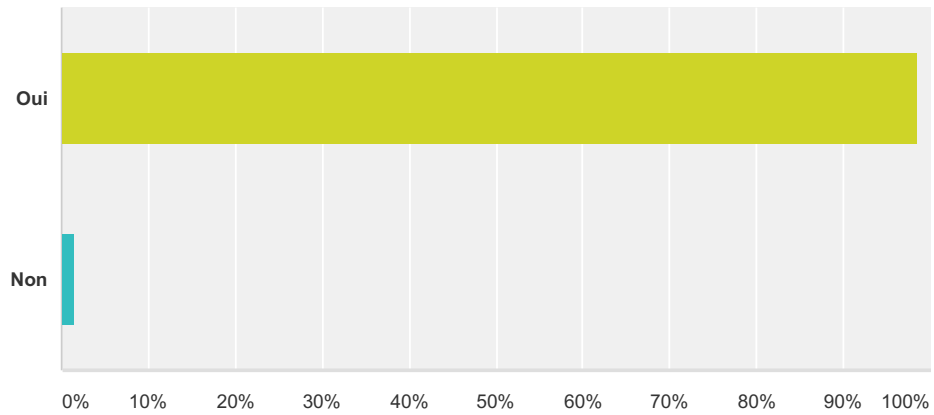


Answer Choices	Responses	
Excellente	50.74%	138
Bonne	41.54%	113
Raisonnable	6.62%	18
Faible	1.10%	3
<b>Total</b>		<b>272</b>



**Q27 Diriez-vous que votre service public est  
une société respectée dans votre  
communauté?**

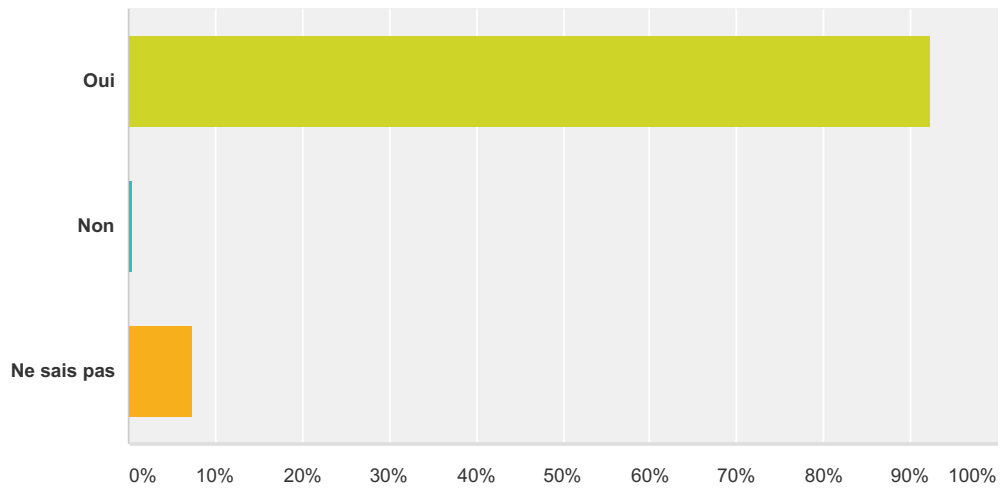
Answered: 269 Skipped: 8



Answer Choices	Responses	
Oui	98.51%	265
Non	1.49%	4
<b>Total</b>		<b>269</b>

## Q28 Vous décririez votre utilité comme étant accessible/approchable?

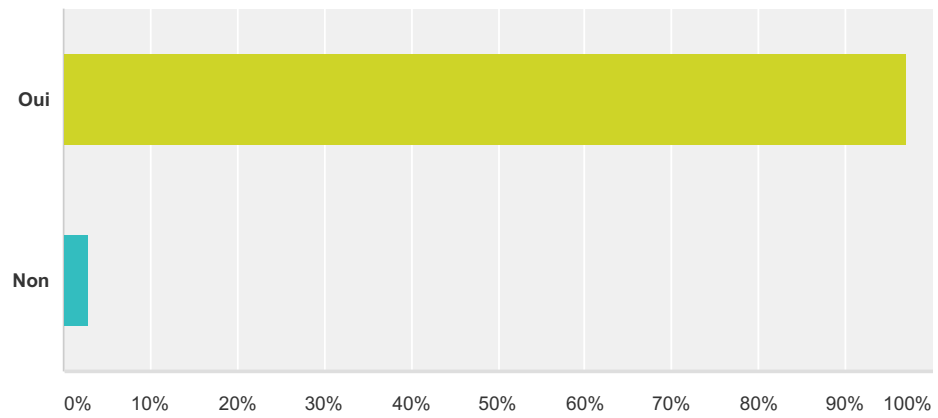
Answered: 270 Skipped: 7



Answer Choices	Responses	
Oui	92.22%	249
Non	0.37%	1
Ne sais pas	7.41%	20
<b>Total</b>		<b>270</b>

## Q29 Est-ce que votre service public devrait rester une coopérative?

Answered: 271 Skipped: 6



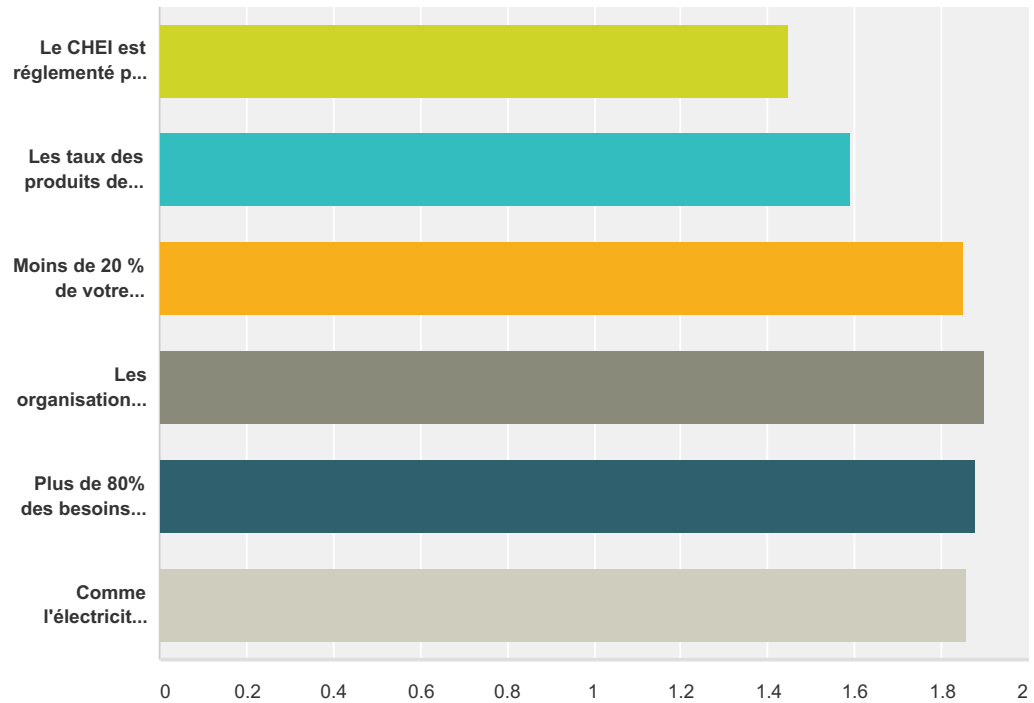
Answer Choices	Responses	
Oui	97.05%	263
Non	2.95%	8
Total		271

**Q30 Inscrire vos commentaires  
supplémentaires dans la case ci-dessous**

Answered: 15   Skipped: 262

### Q31 Saviez-vous...

Answered: 270 Skipped: 7



	Oui	Non	Total	Weighted Average
Le CHEI est réglementé par la CEO (Commission de l'énergie de l'Ontario), qui a pour rôle d'approuver des taux justes et raisonnables.	54.81% 148	45.19% 122	270	1.45
Les taux des produits de base sont déterminés par la Commission de l'énergie de l'Ontario et changent tous les mois de mai et de novembre de chaque année?	41.48% 112	58.52% 158	270	1.59
Moins de 20 % de votre facture retourne à la Cooperative Hydro Embrun pour couvrir les coûts liés à la distribution électrique?	15.19% 41	84.81% 229	270	1.85
Les organisations de consommateurs d'énergie interviennent dans les affaires tarifaires du CHEI en présentant des arguments et des preuves, en fournissant des témoins experts et en contestant les arguments de l'utilité?	9.63% 26	90.37% 244	270	1.90
Plus de 80% des besoins énergétiques de la province sont comblés par des combustibles fossiles alors que les efforts de conservation visent l'électricité, qui est la plus petite et la plus propre de nos principales sources d'énergie	11.52% 31	88.48% 238	269	1.88
Comme l'électricité circule le long d'une ligne électrique, une petite quantité d'énergie est perdue. Pour tenir compte de ces pertes, la CEO approuve un facteur d'ajustement dans votre facture d'électricité.	14.07% 38	85.93% 232	270	1.86

### Q30 Inscrire vos commentaires supplémentaires dans la case ci-dessous

Answered: 15 Skipped: 262

#	Responses	Date
1	<b>Costs</b> We are Senior, and our bill is expensive, no matter what I try to save. Every month it's expensive that we do have problem at times to pay. I was never late, I have to take on my groceries monthly to pay the Hydro. Embrun Hydro, has been very nice to me and my husband. They have the best customer service.	1/25/2017 11:07 AM
2	<b>Customer Service</b> Certains employés du service à la clientèle sont excellents d'autres pas fameux	12/21/2016 5:45 PM
3	<b>General View</b> chanceux d'avoir hydro embrun, bon service lors de panne	12/21/2016 3:20 PM
4	<b>General View</b> important de l'appartenance de la coopérative	12/15/2016 10:40 AM
5	<b>Communication</b> Pouvoir vous rejoindre 24 / 24 lors de manque d'electricite pour savoir comment d'abonnes affecter et vers quel heure l'electricite va etre de retour.	12/12/2016 7:12 PM
6	Vous devriez faire relire vos textes en français pour en corriger les fautes! Exemples : "instruit" ou encore "utilité" ou approchable ne sont pas employés correctement.	12/4/2016 5:06 PM
7	<b>General View</b> Je crois que je suis bien desservi avec Hydro Embrun et que la Coopérative est bien géré.	11/29/2016 10:53 AM
8	<b>Customer Service</b> La cooperative nous donne accès à un meilleur service et des services plus personnalisés.	11/29/2016 10:49 AM
9	<b>Patronage Refund</b> Donner plus gros rendement au client coop	11/24/2016 10:09 PM
10	<b>Costs</b> Comparé aux taux électricité au Québec et ailleurs, les coûts sont trop dispendieux pour le service et la quantité recue	11/24/2016 11:18 AM
11	<b>Reliability</b> Le seul problème que j'ai avec hydro embrun est le fait qu'on perd l'électricité trop souvent. Pour la question 29, il devrait avoir une case "je ne sais pas" parce que je ne sais pas c'est quoi la difference entre une coopérative et ... l'autre option.	11/21/2016 7:25 AM
12	<b>Communication</b> J'aimerais que la Coopérative serait plus facile à rejoindre en cas de panne pour répondre à nos questions même en dehors des heures d'ouvertures surtout que nous avons un petit commerce. En cas de panne avec Hydro-One, nous pouvions les rejoindre facilement en tout temps et ils étaient assez précis avec l'information. Merci.	11/19/2016 5:22 PM
13	<b>General View</b> Nous venons tout juste d'être desservie (1 mois) par Embrun Hydro alors notre expérience avec le service est limitée.	11/18/2016 3:37 PM
14	<b>Customer Service</b> Services est toujours bon et les membres au telephone sont toujours très polit.	11/16/2016 9:31 PM
15	<b>Customer Service</b> excellente équipe	11/14/2016 3:17 PM

## **Appendix F   Annual Report**







821 NOTRE-DAME STREET, SUITE 200, EMBRUN ON KOA 1W1

BUSINESS HOURS

Monday	9 am - 5 pm
Tuesday	9 am - 5 pm
Wednesday	9 am - 5 pm
Thursday	9 am - 5 pm
Friday	9 am - 5 pm

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STANDBY SERVICE IN CASE OF POWER FAILURE  
**24 HOURS A DAY**

Telephone: (613) 443-5110

Fax: (613) 443-0495

Info: [info@hydroembrun.ca](mailto:info@hydroembrun.ca)

Website : [www.hydroembrun.ca](http://www.hydroembrun.ca)

Facebook : Coopérative Hydro Embrun

## NOTICE OF MEETING

PLEASE BE ADVISED THAT COOPÉRATIVE HYDRO EMBRUN INC. WILL HOLD ITS ANNUAL GENERAL MEETING AT 7 PM ON TUESDAY APRIL 18, 2017 AT THE KNIGHTS OF COLUMBUS HALL, 5 FORGET STREET, EMBRUN.

Jean Martel  
President

Luc Bruyère  
Secretary

## **DIRECTORS FOR 2016**

### **BOARD OF DIRECTORS**

JEAN MARTEL	President	2018
LUC BRUYÈRE	Secretary	2017
PIERRE CARRIÈRE	Director	2016

### **STAFF**

BENOIT LAMARCHE	General Manager
BRIGITTE LAROCQUE	Administrative Coordinator
FÉLIX LALONDE	Assistant to Administration

### **CONTRACTOR FOR DISTRIBUTION SYSTEM**

SPROULE POWERLINE

### **TEXT EDITING**

AGENCE FRANCINE

### **ENGINEER**

STANTEC CONSULTING GROUP

### **FOUNDING MEMBERS**

GEORGES CARDINAL	LUC BRUYÈRE
CAMILLE PICHÉ	JEAN LESSARD
JEAN MARTEL	LUCIE LAPOINTE
JEAN-PAUL LAFRANCE	PIERRE CARRIÈRE
DIANE ROY	

## **AGENDA**

- 1) Call to Order and Declaration of Quorum
- 2) Adoption of the Agenda
- 3) Adoption of the Minutes of April 6, 2016
- 4) President's Message
- 5) Significant Developments, Social Responsibility Report and Statistics
- 6) Auditor's Report and Presentation of Financial Statements
- 7) Appointment of Auditor
- 8) Director's Election
- 9) Ratification of adoption of refund for distribution purposes
- 10) General Manager's Report
- 11) Question Period
- 12) Door Prizes
- 13) Closure of Meeting

**A light lunch will be served.**

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**16th ANNUAL GENERAL MEETING  
TUESDAY, APRIL 6, 2016  
MINUTES**

**Members' Registration :**

From 6:30 pm to 7 pm registration for members : Jean Martel, Jean Murphy, Luc Bruyère, Donald Benoit, Pierre Carrière, Diane Carrière, Florian et Jeannine Duval, Georgette Bisailon, Francine Martel, Laurent et Desneiges Vincent, Louis Bourdeau, Jean Poirier, Réjean et Rita Gervais, Jeannette Marcil, Thérèse St-Amour, Sylvain Bourdeau, Maurice Godard, Raymond Fortin, Fernand et Juliette Bourdeau, Claude Bastien, Jean-Jacques Arcand, Réjeanne Bourgeois, Denis et Edna Brisson, Léopold Bruyère, Cécile Roy, Brigitte Larocque.

Other persons in attendance: Benoit Lamarche, General Manager of the Coopérative, Sylvain Levac, auditor for BDO, Brigitte Larocque, employee and Félix Lalonde, employee.

Guest: Yvan Brousseau, energy consultant

**1. Call to Order and Declaration of Quorum**

Mr. Jean Martel called the meeting to order at 7:10 pm welcoming members to the 16<sup>th</sup> annual general meeting and thanking them for their loyalty. Mr. Luc Bruyère proceeded with the reading of the Notice of meeting and confirmed the presence of 29 members therefore ascertaining quorum of the meeting. 40 persons were present.

**2. Adoption of the Agenda**

Mr. Jean Martel presented the agenda.  
Motion moved by: Jeannine Duval  
Motion seconded by: Léopold Bruyère  
That the agenda be adopted as presented.

Motion carried.

**3. Adoption of previous General Meeting's Minutes held April 7, 2015.**

Motion moved by: Desneiges Vincent  
Motion seconded by: Sylvain Bourdeau  
That the minutes of the general meeting held on April 7, 2015 be adopted as presented.

Motion carried.

#### **4. President's Message**

The president, Mr. Jean Martel, confirmed the mission of the company. It is being able to supply the best possible quality/price with an impeccable service to its clients.

He mentioned that the Coopérative has 1,380 members.

He also mentioned all present projects like the residential development, the installation of infrastructure of the 4<sup>th</sup> circuit and the increase of capacity at the distribution station and all costs associated to this service.

Finally, he thanked all the personnel, Benoit, Brigitte and Félix for their good work.

Motion moved by: Claude Bastien

Motion seconded by: Louis Bourdeau

That the president's message be adopted as presented.

Motion carried.

#### **5. Significant Developments in 2015**

Mr. Luc Bruyère summarized the significant developments for the year 2015:

- Agreement and economic evaluation finalized for the project Quatre Saisons for a total of 135 units;
- The Coopérative is moving forward with the conservation plan for 2015-2020;
- Announcement from the Minister of Energy removing the debt recovery charge for all clients;
- For future needs of the Coopérative, a conference call is held with Hydro One, Stantec and the board of directors to discuss distribution stations in their respective territories;
- 78 new services are connected.

## **Statistics**

Mr. Benoit Lamarche explained the kWh sold among different classes for a total of 28,755,563 kWh representing 2,079 clients. He refers to the table of patronage returns since the existence of the Coopérative. He further refers to a comparison table of rates as of March 1, 2016 and notes that the Coopérative is a middle player.

## **Social Responsibility Report**

Mr. Pierre Carrière presented the social report:

- The Coopérative contributes with the development human resources
- Grants are distributed to various local non-profits
- The Coopérative is active towards the success of the community.

Moved by: Diane Carrière

Seconded by: Paulette Leroux

That the significant developments, the social responsibility and the statistics be adopted as presented.

Motion carried.

## **6. 2015 Auditor's Report and Presentation of Financial Statements**

Mr. Sylvain Levac, BDO auditor, presented the 2015 Auditor's Report and the financial statements as they appeared in the Annual Report.

Moved by: Jeannine Duval

Seconded by: Maurice Godard

That the 2015 Auditor's Report and the financial statements are adopted as presented.

Motion carried.

## **7. Appointment of Auditor**

The president informed the members that the Coopérative had not received any proposition concerning the nomination of a new firm for auditing. Therefore, he asked the members to confirm BDO-Dunwoody as auditors of the Coopérative Hydro Embrun Inc. for the fiscal year ending December 31, 2016.

Moved by: Louis Bourdeau

Seconded by: Maurice Godard



That BDO be appointed as Coopérative Hydro Embrun Inc. auditors for the year ending December 31, 2016.

Motion carried.

#### **8. Director's Election**

The president read the nomination report. This year, one position is to be filled. The Coopérative received one nomination dated December 31, 2015, in the person of Mr. Jean Martel, nominated and seconded by Donald Benoit and Réjean Gervais.

Moved by: Laurent Vincent

Seconded by: Paulette Leroux

That Mr. Jean Martel is elected, by acclamation, director of Coopérative Embrun Hydro Inc. for a three-year term.

Motion carried.

#### **9. Ratification of adoption of refund for distribution purposes**

Moved by: Claude Bastien

Seconded by: Raymond Fortin

That the patronage of 17.38% of profits before taxes in the amount of \$20,000.00 be distributed among our members effective December 31, 2015. This amount will be credited to the invoice of the customers.

#### **10. General Manager's Message**

Mr. Lamarche thanked the directors for the great work they do and have the Coopérative's interest at heart. He also thanked Brigitte Larocque and Félix Lalonde.

He then introduced the guest speaker, Mr. Yvan Brousseau, energy consultant.

Mr. Brousseau thanked the directors for the invitation. He proceeded in giving information regarding energy. He mentioned the local improvement cost and solar panel programs.

Mr. Lamarche then asked Félix Lalonde to do a presentation via the website. He proceeded by showing to members how the electricity arrives in Embrun. He explained also what happens when we have a failure.

One member asked why the lines are not buried and Mr. Lamarche replied that the work involved is too costly.

Mr. Lamarche then proceeded to show members the website of the Ontario Energy Board. By clicking the consumer tab, clients can study their costs in consumption during one year. Mr. Lamarche encouraged members to visit the website and then proceeded to the website of the Coopérative.

Moved by: Laurent Vincent  
Seconded by: Diane Carrière  
That the manager's report be adopted as presented.

Motion carried.

**11. Questions and comments: none**

**12. Door Prizes:** The Board of Directors remitted \$20.00 to all members as a door prize.

**13. Closure of Meeting**

The president, Mr. Jean Martel, requested closure of the meeting.

Moved by: Réjean Gervais

Seconded by: Maurice Godard

That the meeting be closed at 8:45 pm.

Motion carried.

**Members were invited to a light lunch.**

---

Jean Martel, President

---

Luc Bruyère, Secretary

## **PRESIDENT'S MESSAGE**

April 18<sup>th</sup>, 2017

Dear Members,

The board of directors of the Cooperative is very proud of the accomplishment of the Cooperative despite the many challenges it faces given its small size. Indeed, the Cooperative is subject to the same regulatory framework of the Ontario Energy Board as Hydro One, Hydro Ottawa or Toronto Hydro. It goes without saying that this gives our personnel and the Board many challenges. The reason for being of the Cooperative is the same as on the day it was established, namely to offer an excellent local bilingual service and very competitive electrical distribution rate.

Let us hope that the Ontario government will make the right decisions concerning its supply of energy to ensure affordable electrical rates for Ontarians and the competitiveness of the Province so as to attract business. As such, the agreement to supply electricity to Ontario by Quebec is a step in the right direction. According to this agreement, Quebec will supply a minimum of two terawatt-hours of electricity per year to Ontario at a confidential rate.

In the spring of the year, the Cooperative will begin the construction of its new sub-station with K-Line at a cost of \$ 1,487 million. The construction of this sub-station is necessary because our current sub-station is 30 years old and has reached its transformation capacity in order to serve the growing population of the Village of Embrun. The Cooperative needed to make this investment to ensure a reliable distribution system and an uninterrupted supply of electricity to its members.

In order to highlight the progress of the Cooperative since its beginning, I submit the following comparative numbers taken from the 2001 and 2016 financial statements.

	<b>2001</b>	<b>2016</b>
Sale of electricity	2 058 081 \$	4 725 710 \$
Net profit	69 669 \$	139 753 \$
Patronage	8 025 \$	20 000 \$
 Assets	 3 242 841 \$	 6 704 369 \$
Liabilities	3 186 701 \$	2 240 930 \$
Members equity	2 919 134	4 424 285
Members	1301	2155

The success of any business depends on its employees. The board of directors acknowledge all the efforts and dedication that our general manager, Benoit Lamarche, devotes to the success of the Cooperative. Mrs Brigitte Larocque, our administrative coordinator, provides technical support between the Cooperative and its suppliers. Mr. Félix Lalonde, our assistant manager, is the liaison person between the Cooperative and its members. Many thanks for your loyalty to the Cooperative and its members.

Your President

*Jean Martel*

Coopérative Hydro Embrun Inc.

## SIGNIFICANT DEVELOPMENTS IN 2016

- **January:** Operational and capital budgets adopted for the year 2016;
- **February :** Installation of the 4<sup>th</sup> circuit on Notre-Dame Street;  
Report from the Ministry of Environment regarding the site;  
First draft of the Directors handbook;
- **March :** Revision of the service conditions of the Coopérative;
- **April :** At the 15<sup>th</sup> annual meeting, the Coopérative remitted \$20,000 in patronage return to its members.
- **May :** Service costs of the Coopérative are prepared;
- **June :** Meeting to prepare a plan of our distribution system according to the Ontario Energy Board criterias.  
The directors' handbook is adopted;  
Tenders are made to financial institutions.
- **July :** First draft received of the subdivision plans by Elicor Domaines Versailles Phase III being 41 units.
- **August :** The Coopérative submits to the Ontario Energy Board its rates effective January 1, 2017.  
The Coopérative also purchased a measuring unit to evaluate all of the poles on its territory.
- **September :** A revision of the low flow study on our distribution system by Stantec. This report will be used to determine cost of service to be submitted on April 30, 2017.  
The study done in December shows an excellent condition

of the system.

- **October :** The Ontario Energy Board renders public the score card of the Coopérative for the year 2015.  
Hawkesbury Hydro and the Coopérative purchased a measuring unit to inspect the poles.  
Motion was carried by the Coopérative to adopt plans and specs by Stantec for the new distribution station
  
- **November :** Six companies accepted to submit an offer for the new distribution system.  
Agreement with the company AESI to prepare a plan for the distribution system by evaluating the status of the Installations and submitting a five year plan for the Coopérative.  
  
A three year agreement with the company Tandem Energy specializing in regulation of electricity.
  
- **December :** The Coopérative retained the services of K-Line for the construction of the new distribution station in the amount of \$1,487,396.00.

**In Brief...**

- Seventy seven (77) new services were added to the system.
- The Coopérative has collaborated with the following companies :  
  
Ottawa Hydro  
Hydro 2000  
Hawkesbury Hydro  
Ottawa River Power Corporation
- On December 31, 2016, the Coopérative had 1,455 members, an increase of 75 new members.

## Statistics

### Kwh sold 2016

CLASSES	KWH SOLD	NUMBER OF CLIENTS
RESIDENTIAL	19 268 403	1965
COMMERCIAL >50KW	4 242 389	11
COMMERCIAL <50KW	4 547 781	161
STREET LIGHTS	321 015	1
CUSTOMERS WITH NO METERS	93 284	17
TOTAL	28 472 872	2155

**PATRONAGE REMITTED SINCE THE EXISTENCE OF THE COOPÉRATIVE**

<b>YEAR</b>	<b>PATRONAGE</b>
<b>2001</b>	<b>8 025,00 \$</b>
<b>2002</b>	<b>53 250,00 \$</b>
<b>2003</b>	<b>31 350,00 \$</b>
<b>2004</b>	<b>16 820,00 \$</b>
<b>2005</b>	<b>12 775,00 \$</b>
<b>2006</b>	<b>0,00 \$</b>
<b>2007</b>	<b>34 155,00 \$</b>
<b>2008</b>	<b>22 370,00 \$</b>
<b>2009</b>	<b>24 610,00 \$</b>
<b>2010</b>	<b>19 705,00 \$</b>
<b>2011</b>	<b>24 018,00 \$</b>
<b>2012</b>	<b>55 915,00 \$</b>
<b>2013</b>	<b>42 870,00 \$</b>
<b>2014</b>	<b>21 935,00 \$</b>
<b>2015</b>	<b>20 000,00 \$</b>
<b>2016</b>	<b>20 000,00 \$</b>
<b>TOTAL</b>	<b>407 798.00 \$</b>



**RESIDENTIAL RATES COMPARISON AS OF APRIL 1<sup>st</sup>, 2017**

**MONTHLY SERVICE FEES  
DISTRIBUTION FEES**

<b>Company</b>	<b>Consumption Kwh</b>	<b>Cost</b>
<b>Hydro Hawkesbury</b>	<b>1 000</b>	<b>\$ 17.25</b>
<b>Ottawa River Power</b>	<b>1 000</b>	<b>\$ 26.65</b>
<b>Renfrew Hydro</b>	<b>1 000</b>	<b>\$ 29.05</b>
<b>Coopérative Hydro Embrun</b>	<b>1 000</b>	<b>\$ 29.32</b>
<b>Hydro 2000</b>	<b>1 000</b>	<b>\$ 30.31</b>
<b>Hydro Ottawa</b>	<b>1 000</b>	<b>\$ 31.95</b>
<b>Hydro One</b>	<b>1 000</b>	<b>\$ 57.02</b>

## **SOCIAL RESPONSIBILITY REPORT**

### **The Community**

After 16 years of operation, the Coopérative Hydro Embrun Inc. is adapting very well despite all the changes made by the industry. A \$10.00 contribution allows users to become members.

### **Board of Directors**

In 2016, the Coopérative's directors have safeguarded your interests while keeping abreast of all changes occurring in the electricity industry. They were your voice in the many decisions made at monthly meetings and out-of-town meetings.

### **Members' share to patronage**

A patronage of \$20,000.00 representing 14.31% of benefit before income tax as of December 31, 2016., will be distributed to all members of the Coopérative. This amount, which represents 2.42% of distribution fees, will be paid to all members. This amount will be credited to the members' account.

### **Service Fees**

Each year, the Board of Directors reviews service fees. For more information, please call our office during business hours.

### **Human Resources Development**

The Board of Directors attended meetings in order to keep up to date with the latest industry developments. Employees took several software courses.

## **Community Development**

The Coopérative made donations to the following local non-profit organizations:

- Knights of Columbus
- Embrun High School (Scholarship Fund)
- Club Joie de Vivre
- Richelieu Club
- Winchester Hospital
- La Maison des Arts
- Cancer Society
- St-Jacques Parish
- Amies pour la Vie
- Groupe Action pour l'enfant
- The Phénix

### **In Brief...**

This summarizes how the Coopérative contributed to our community's progress.

## **DIRECTOR'S ELECTION FOR 2016**

Nominations received as of December 31, 2016

Director position: 3 year term

Pierre Carrière..... Moved by Donald Benoit and seconded by Laurent Vincent

This candidate only will be presented for members' approval at the annual meeting, in accordance with the Coopérative's prevailing regulations.

## **SERVICES PROVIDED BY THE COOPÉRATIVE**

### **TECHNICAL SERVICES:**

- Wire location
- Underground service
- Overhead service
- Meter inspection
- Cost estimate
- Subdivision drawings and specifications
- Tree branch maintenance
- Information on household appliances' monthly power consumption

### **PAYMENT METHODS**

- Debit card
- Preauthorized payments
- Cheques
- Equal billing
- Telepayment
- Cash
- Postal money orders

## **Appendix G Newsletter**



# Coopérative Hydro Embrun inc.

821 rue Notre Dame Suite 200, Embrun ON K0A1W1

Téléphone: (613) 443-5110

Télécopieur: (613) 443-0495

[www.hydroembrun.ca](http://www.hydroembrun.ca)

Ce que vous devez savoir !

La Coopérative Hydro Embrun Inc. soumettra son coût de service à la Commission de l'énergie de l'Ontario. Cette procédure doit être suivie tous les quatre ans. Le but est d'expliquer les dépenses des quatre dernières années pour s'assurer que les prévisions pour 2017 et 2018 sont raisonnables.

Le conseil d'administration de votre Coopérative a bien établi ses priorités en dépenses capitales pour 2017-2018.

Voici le résumé des dépenses en capital:

## 2017

### Accès au système

Depuis 2016, deux projets d'envergure se sont concrétisés et des nouveaux clients se branchent à notre système de distribution; en moyenne 75 nouveaux services annuellement depuis les deux dernières années. La Coopérative prévoit le même scénario pour 2017, pour un coût de 28 000.00\$. Également, un nouveau projet sera réalisé en 2017 au coût de 180 700.00\$, avec une contribution du développeur d'environ 132 000.00\$.

Le conseil d'administration travaille depuis 2012 à la construction d'un nouveau poste de distribution qui sera construit en parallèle avec le poste actuel, situé sur le Chemin St-Jacques à Embrun.

Plusieurs raisons ont fait que la Coopérative procède à la construction en 2017.

- La durée de vie du poste actuel a atteint 53 %.
- Sa capacité de charge a atteint 69%.
- Hydro One termine son entente en 2018. Cette entente permettait à la Coopérative d'obtenir du pouvoir des stations avoisinantes d'Hydro One en cas de panne majeure sur le poste actuel.
- Avec la fin de l'entente, la nouvelle station pourra prendre la charge de la station actuelle en cas de panne majeure.
- Finalement, le rapport de la firme Stantec, en date du 20 décembre 2016, recommande un nouveau poste de distribution.

La firme Stantec a été mandatée de préparer un appel d'offre incluant les spécifications prédéterminées à huit compagnies spécialisées dans le domaine.

Six compagnies ont soumis une proposition variant de 1 487 396.00\$ à 2 204 128.00\$.

La construction du nouveau poste de distribution a été octroyée à la compagnie K-Line Maintenance & Construction, au coût de 1 487 396.00\$. Un frais d'ingénieur additionnel de 30 000.00\$ est prévu pour le projet.

Le nouveau poste de distribution sera en activité en octobre 2017.

### Renouvellement du système

Un budget annuel de 20 000.00\$ a été prévu pour le remplacement des pièces à l'intérieur des transformateurs souterrains.

### Service du système

Deux projets compléteront les travaux du 4e circuit débuté en 2013, lesquels desservent les rues St-Thérèse, Promenade Cloutier, St-Moritz, Ste-Marie, Notre-Dame.



# Ce que vous devez savoir !

Le premier projet sera l'installation d'interrupteurs au coût de 39 650.00\$, qui serviront à redistribuer le pouvoir en cas de panne.

Le deuxième projet, au montant de 46 250.00\$, sera de remplacer le fil primaire existant (2/0) par une dimension plus grande (336 MCM), qui permettra de supporter la charge du circuit de la rue Notre-Dame.

En résumé, un montant de 1 706 996.00\$ est prévu au budget 2017.

## Plan général

En 2017, un logiciel antivirus sera nécessaire, ainsi qu'une mise à jour du site web de la Coopérative, pour un coût total de 4 500.00\$. Du côté équipement, ordinateurs et autre, l'achat d'un scanner et une tablette pour un coût total de 2500.00\$

## 2018

### Renouvellement du système

En 2016, la Coopérative Hydro Embrun a fait l'achat, avec Hydro Hawkesbury, d'un outil pour analyser nos poteaux (432). Huit poteaux devront être remplacés au coût de 48 000.00\$, car leur durée de vie est complétée. Même situation pour les transformateurs aériens en service (280): Onze devront être remplacés, et ce, au coût de 54 280.00\$. Également, un budget de 20 000.00\$ a été prévu, comme mentionné en 2017, pour les transformateurs souterrains. Une contribution capitale est prévue également au budget, soit de 5 775.00\$

### Plan général

Pour que nos employés(e)s travaillent avec efficacité dans leur milieu de travail, la Coopérative se procurera de l'équipement de bureau dont un ordinateur, divers logiciels et du mobilier, au coût de 5 700.00\$

### Accès au système

Comme mentionné en 2017, la création de 75 nouveaux services est prévue en 2018, au montant de 28,000.00\$

En résumé, nous prévoyons 150 205.00\$ au budget capital 2018.

**La Coopérative désire obtenir votre opinion des dépenses en capitale pour les années 2017-2018. Vous pouvez émettre vos commentaires par :**

**Courriel :** [info@hydroembrun.ca](mailto:info@hydroembrun.ca)

**Téléphone:** 613.443.5110

**Courrier:** Coopérative Hydro Embrun Inc.  
821 rue Notre-Dame Suite 200  
Embrun ON K0A 1W1