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1.2 EXECUTIVE SUMMARY/BUSINESS PLAN

1.2.1 INTRODUCTION

Centre Wellington Hydro Ltd. ("CWH") is pleased to present its Cost of Service application for rates effective January 1, 2018. This application consists of the following nine (9) Exhibits, and a suite of OEB provided models to support 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

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

The application along with all supporting evidence will also be posted on the utility's website once the application is received by the Ontario Energy Board (OEB).

1.2.2 BUSINESS PLAN¹

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

¹ 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

2017

BUSINESS PLAN

The logo for Centre Wellington Hydro Ltd. features the letters "CW" in a bold, green, sans-serif font, followed by the word "hydro" in a blue, lowercase, sans-serif font. A stylized wavy line, colored green and blue, sweeps under the "CW" and under the "h" of "hydro".

CWhydro

Centre Wellington Hydro Ltd.
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1. Executive Summary

Centre Wellington Hydro Ltd. ("CWH") is a fully licensed distributor of electricity pursuant to a distribution license ED-2002-0493 issued by the Ontario Energy Board (the "OEB, Board") under the Ontario Energy Board Act, 1998 (the "Act").

The utility develops and manages an electrical distribution network in the Municipality of the Township of Centre Wellington in southwestern Ontario, specifically the town of Fergus and village of Elora, and delivers electricity to residential and commercial customers via its distribution system. CWH earns income based on fixed and volumetric service charges for the distribution of this electricity. The service charge prices are set through a periodic rate making process via applications to the OEB. Through this process, the OEB limits the maximum rate of return on equity to 8.78%.

CWH has applied for a yearly revenue requirement in the amount of \$3,707,317 for the period of 2018-2022. CWH plans to use the funds as follows:

- OMA Expenses = \$2,404,300
- Depreciation Expense = \$590,700
- Property taxes \$19,200
- Return on Capital \$985,517 (\$379,818 interest on debt, \$605,699 return on equity)
- Less \$292,400 of revenue offsets

1.1. Mission

- To efficiently deliver safe, reliable electrical energy to our customers within the Township of Centre Wellington
- To provide a safe and rewarding work environment for our employees
- To remain fiscally healthy and provide value to our shareholder
- To be a community partner, contributing to jobs, local business, community services, etc.

1.2. Strategic Goals and Initiatives (Results)

CWH has identified key areas of focus that support the utility's mission and the continued health and development of CWH.

1. Keep customers, shareholders and stakeholders informed so they can make effective decisions and in turn provide support for the utility.
2. Continue to form strategic alliances with other similar utilities who face similar issues and combine forces to share resources and address complex issues collectively.
3. Invest heavily in our people to continually enhance their skills, maintain their focus, and give them chances to develop and realize their potential within our organization.
4. Capitalize on technology to continually improve our reliability and efficiency and support opportunities for customers.

1.3. Objectives (steps to get to the result)

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

Customer Loyalty

We shall count on our customers, who ultimately own us, to help us thrive. We will earn that support by providing them with the highest levels of customer service, reliability and cost effectiveness. We will engage with them and support them in taking advantage of all available tools at their disposal including energy conservation programs, support programs and specialized attention when needed.

Provide Information

We shall keep people informed (customers, staff and shareholders). With complete, accurate and up-to-date information allowing them to make decisions which benefit all stakeholders and ensure the continued viability and effectiveness of the utility. Well informed local leaders, educated and engaged customers and well trained and experienced staff will round off the full circle of stakeholder involvement.

Strategic Alliances

There is a vast pool of people with experience, knowledge and expertise in the electric industry within the province, including the fraternity between utilities, partnerships with private consultants in many disciplines and contacts with vendors supplying the latest technologically advanced products for all distribution companies and customers. All the above is tapped through associations, partnerships (both informal and formal, for profit and not for profit corporations), forums and working groups. Working collectively and collaboratively, they can share ideas and resources, solve problems, adapt to new regulations and policy changes from governing bodies. CWH is a member of the following associations, partnerships, and groups:

- Electricity Distributors Association
- Cornerstone Hydro Electric Concepts Inc.
- Utility Collaborative Services
- Utilities Standards Forum

CWH also participates in groups on an ad hoc basis such as regional LDC Lines and Metering supervisors' meetings, Southwest conservation group, and Grid Smart City.

Invest in our People

We will invest and retain our quality people by making their experience at CWH positive, safe and progressive in the Industry. We will offer continuous opportunities for training and personal development; we will keep our staff informed and promote a culture of customer satisfaction

going hand in hand with employee satisfaction by listening to them and including their input regarding changes and improvements.

Capitalize on Technology

CWH has taken advantage of technology in the past, specific to the traditional grid, with positive results. For example, line losses have been reduced from 1.0497 to the current rate of 1.0453, in part due to implementing SCADA and lowering outage and duration of outages by installing automated distribution station equipment. Currently an Outage Management System is being tested which relies on the smart meter network for data and through CHEC a pilot program has been initiated with a Mobile Energy Solutions provider in hopes of creating cost effective mobile applications to improve the customer experience. With the advent of Smart Grid capabilities and all that goes with it – 2-way electricity flow, self-healing Grids and Grid connectivity to devices at the customer level, and real time information of all these connections, Utilities will need to keep pace. CWH views technological advancements as opportunities not threats and will have to capitalize on these opportunities. CWH will need to grow its repertoire of experience, adapt to the operational changes and accommodate new customer devices and customer offerings.

2. About the Utility

2.1 Utility Description

CWH was formed at the time of deregulation by the merging of the former Fergus PUC and Elora Hydro Electric Commission by the newly formed municipality of the Township of Centre Wellington, which is the sole owner of CWH. Servicing just under 7,000 customers in the town of Fergus and village of Elora it is one of the smaller LDCs in the province. The service territory is comprised of approximately 10 sq. km. of high density urban area, with customer density of approximately 680 per sq. km. To service both areas, CWH owns and operates two distinct distribution networks, one in each, Fergus and Elora. CWH is an embedded LDC and both distribution networks receive power from Hydro One at 44 kV, which is stepped down to 4.16 kV at six distribution stations, four of which are located in Fergus and two located in Elora. CWH employs 14 full time highly trained staff and is an active partner in the community we live and work in.

2.2 Corporate Structure of the Utility

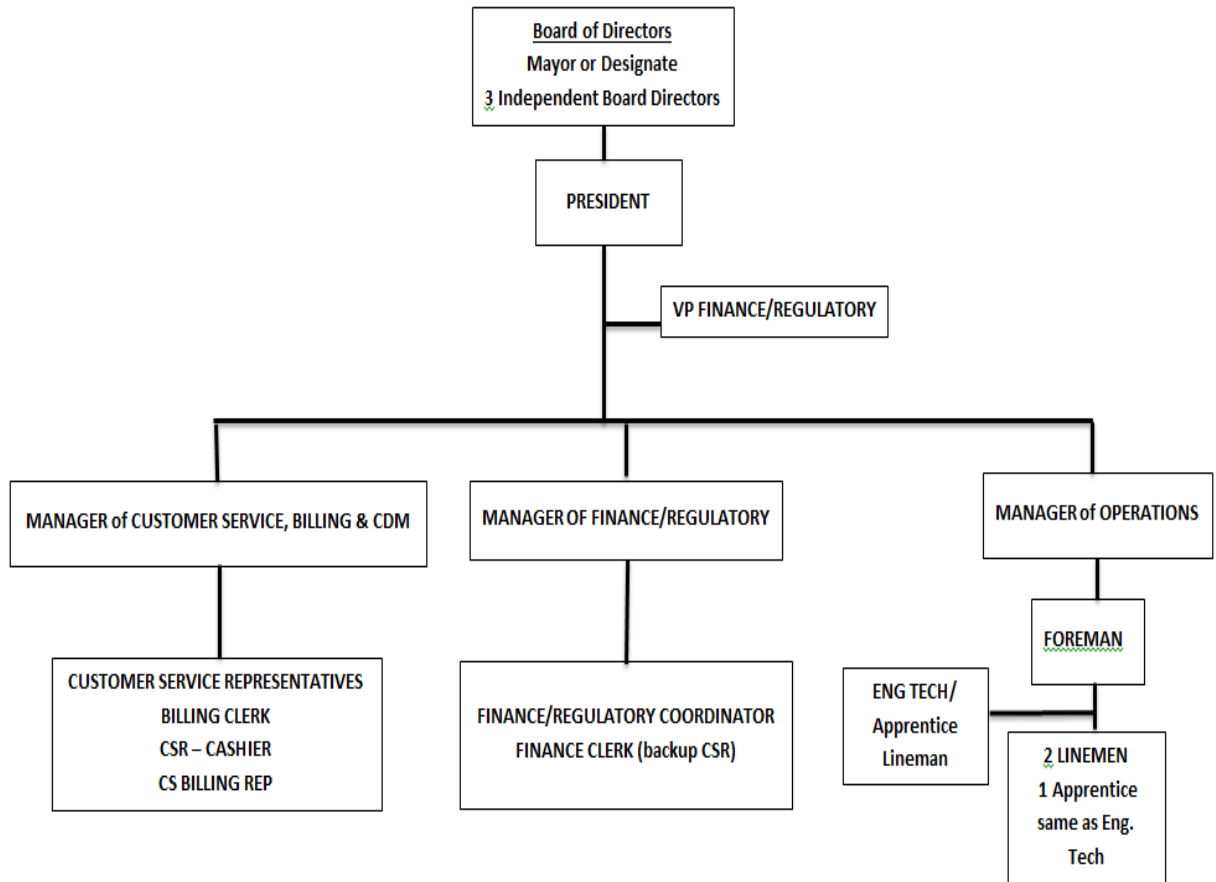
Centre Wellington Hydro is wholly owned by the Township of Centre Wellington, as can be seen in the figure below.

Table 1 - Corporate Structure



Table 2 – Organizational Chart

Centre Wellington Hydro Ltd. Organizational Chart



3. Economic Overview and Customer Description

3.1 *Economic Overview of the Service Area*

Traditionally a hub for agriculture and manufacturing, Centre Wellington's thriving business community offers a diverse industrial base whose growth sectors include manufacturing, agriculture, health services and creative industry. With a young, well-educated and skilled workforce coupled with access to local and international markets, there is plenty of opportunity to start, grow and achieve success in a wide variety of businesses.

According to Centre Wellington's growth management plan, the Township's population is expected to top 52,000 (or double in size) by 2041. The majority of these new citizens will be situated outside of CWH's territory but the influx of people and activity will increase business both small and large, which will affect CWH. A modest increase in residential, small commercial and industrial connections is expected over the next 10 years until all existing undeveloped land in CWH's service territory is developed.

Below is a table with CWH's current customer makeup by customer category:

<i>Customer Category</i>	<i>Count</i>
<i>General Service (<50kW)</i>	758
<i>General Service (>50kW)</i>	46
<i>Residential</i>	6107
<i>Total</i>	6911

4. 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 would;

- benefit existing and future customers;
- align customer and distributor interests;
- continue to support the achievement of important public policy objectives; and
- 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 effectiveness, 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 CWH continues to improve in its understanding of the needs and expectations of its customers and its delivery of services.

4.1 *Customer Focus*

CWH values customer input and feedback. Customers are engaged through education opportunities, surveys and directly by the utility for input on key initiatives. Customer satisfaction is measured on the Distributor Scorecard as well as a bi-annual survey and is incorporated into goal setting and the planning processes, with a focus on ensuring and improving customer satisfaction. Detailed information can be found in Exhibit 1.8: Customer Engagement.

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. Quantifying customer satisfaction involves accumulating specific customer perceptions, measured through bi-annual surveys—typically 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; it’s even more widespread in recent years with the evolution of Internet and app-based survey instruments.

In advance of its 2018 Cost of Service, CWH opened several lines of communication with its customers to get valuable feedback on the utility’s proposed capital and operational budget.

Examples of these customer initiatives can be found in Exhibit 1.8: Customer Engagement.

4.3 Alignment of Goals to Needs and Preference of Customers

CWH strives to address our customers' preferences and priorities and believe our goals are in synch with theirs. Below is direct feedback from our customers indicating their top priorities and CWH coinciding actions to address them:

Priority 1) Maintain and upgrade equipment

CWH uses 64% of rates for maintaining and upgrading the Distribution System.

Priority 2) Reduce time needed to restore power

CWH installed automated equipment in all Stations to reduce outage times.

Priority 3) Education about energy conservation

CWH is one of only six LDCs to meet provincial conservation targets, in respect to the 2010-2014 CDM program, thanks to customers' involvement and CWH's proactive work in educating customers and offering programs. CWH will endeavor to continue educating customers in all classes.

Priority 4) Invest in the electronic grid to reduce number of outages

CWH invested \$10M from 2012 to 2016 to rebuild six Stations to reduce outages and through the comprehensive Distribution System Plan ("DSP") will continue to invest prudently in their electrical grid.

Priority 5) Invest in tree trimming

CWH has a proactive two (2) year tree trimming cycle and uses outside contractors during high growth years, if required.

Priority 6) Burying overhead wires

CWH works closely with the Municipality and other utilities to rebuild infrastructure in a joint effort to reduce costs and go underground if viable.

4.4 Public Policy Responsiveness

CWH believes that the current state of the electricity sector is grounded through public policy that ensures the sustainability of generation, transmission and distribution, while considering economic and environmental consequences. CWH is doing its part by responsibly upgrading and maintaining its distribution system in stride with the useful life of the infrastructure and growth of the community in an efficient manner at reasonable cost. CWH's DSP is used as a tool to ensure the schedule for these activities are planned effectively and a balanced approach to spending is continued in to the foreseeable future. CWH is particularly proud of our continued low outage and duration of outage statistics that corroborate our effectiveness at

managing the distribution system. In recent years, public policy has driven environmental improvements in the sector by means of the LDC's Conservation and Demand Management obligations. CWH's CDM program was extremely effective in reducing electric usage in our service territory which is evident as we exceeded both the kWh consumption and kW demand targets that the IESO projected for us in the first CDM tranche. CWH endeavors to continue this success throughout future years and has collaborated with 6 other LDCs via a joint CDM plan that is currently under way.

4.5 Financial Performance

CWH 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 DSP will serve an important role in providing the future direction of financial expenditure and performance. Financial Results are discussed in detail at 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 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 result of this study, CWH 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 CWH's rating for the last 6 historical years of business. The PEG report uses econometrics to determine the cost efficiency of distributors. In 2013, the benchmarking groups expanded from three groups to five groups. Prior to 2013, CWH was in Group 3 which had the highest associated stretch factor assigned to it. In 2013, the Peg past performance was expanded to five groups. At that time CWH moved to group three with an associated stretch factor value of three and has continued to achieve a consistent rating. Group 1 (of 5) is ranked as the most efficient group. As seen below, CWH has achieved a consistent rating.

Table 2- PEG Past Performance (Stretch Factor)

	2011	2012	2013	2014	2015	2016
<i>Stretch Factor Cohort - Annual Result</i>	3	3	3	3	3	3
<i>Associated Stretch Factor Value</i>	.60	.60	.30	.30	.30	.30

The percentage difference between actual and predicted cost is the measure of cost performance. Despite rising costs due to inflation as well as increased capital spending to address ageing infrastructure replacement CWH has maintained its position in group three for the last four years.

Table 3 - Summary of Cost Performance Results

	2014	2015	2016
	<i>(History)</i>	<i>(History)</i>	<i>(History)</i>
<i>Cost Benchmarking Summary</i>			
<i>Actual Total Cost</i>	4,153,839	4,416,294	4,659,966
<i>Predicted Total Cost</i>	4,284,620	4,468,663	4,658,854
<i>Difference</i>	(130,781)	(52,369)	1,112
<i>Percentage Difference (Cost Performance)</i>	. -3.1%	-1.2%	0.0%
<i>Stretch Factor Cohort - Annual Result</i>	3	3	3

The utility's historical capital additions have also been historically stable which has been achieved by means of a solid well tracked budget process. Prior to 2012, CWH's capital additions were not as high as what is shown below in Table 3. CWH's original Asset Management Plan laid out a plan of extensive upgrades to all six of its stations over a 5-year period (2012 -2016). Further details can be found in the DSP in Exhibit 2.

Table 4 – Historical Capital Additions

	2014	2015	2016
<i>Capital Additions</i>	\$2,398,195	\$1,870,376	\$2,132,797

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 5 - Historical Revenues

		2013	2014	2015	2016
<i>Residential</i>	Fixed	\$15.22	\$15.43	\$15.63	\$18.30
	Variable	\$0.0140	\$0.0142	\$0.0144	\$0.0110
	Cust/Conn	5,911	5,947	5,961	5,987
	kWh	46,509,674	46,179,255	45,096,928	44,896,468
	Revenues	\$1,730,720	\$1,756,892	\$1,767,441	\$1,808,497
<i>GS<50</i>	Fixed	17.36	\$17.60	\$17.83	\$18.15
	Variable	\$0.0181	\$0.0184	\$0.0186	\$0.0189
	Cust/Conn	710	715	729	743
	kWh	20,402,986	20,579,247	21,408,682	23,270,826
	Revenues	\$517,097	\$529,666	\$ 554,178	\$ 601,535
<i>GS 50-2999</i>	Fixed	\$160.20	\$162.44	\$164.55	\$167.51
	Variable	3.4934	3.5423	3.5883	3.6529
	Cust/Conn	57	57	52	48
	kWh	64,015,205	58,374,224	55,645,246	53,531,010
	kW	165,373	154,260	148,977	145,124
	TA				
	Revenues	\$687,290.84	\$ 657,544.16	\$637,253.37	\$626,609.22
<i>GS 3000-4999</i>	Fixed	\$645.57	\$654.61	\$663.12	\$675.06
	Variable	2.7557	2.7943	2.8309	2.8816
	Cust/Conn	1	1	1	1
	kWh	18,608,986	18,461,823	17,295,612	18,344,949
	kW	42,815	43,264	41,433	43,591
	TA				
<i>USL</i>	Revenues	\$125,732.14	\$128,747.92	\$125,250.12	\$133,712.55
	Fixed	\$ 6.51	\$6.60	\$6.69	\$6.81
	Variable	\$0.0103	\$0.0104	\$0.0105	\$0.0107
	Cust/Conn	13	13	13	13
	kWh	548,407	563,396	563,839	562,067
<i>Sentinel Lights</i>	Revenues	\$6,664.15	\$6,888.92	\$6,963.95	\$7,076.48
	Fixed	\$4.46	\$4.52	\$4.58	\$4.66
	Variable	\$11.7852	\$11.9502	\$12.1056	\$12.3235
	Cust/Conn	31	31	31	29
	kWh	40,676	39,274	39,270	39,303
<i>Streetlights</i>	kW	113	109	109	109
	Revenues	\$2,990.85	\$2,984.01	\$3,023.27	\$2,964.94
	Fixed	\$1.82	\$1.85	\$1.87	\$1.90
	Variable	\$ 8.7641	\$8.8868	\$9.0023	\$9.1643
	Cust/Conn	1,696	1,705	1,707	1,705
<i>TOTAL</i>	kWh	1,151,811	1,141,797	976,129	566,049
	kW	3,174	3,151	2,727	1,555
	Revenues	\$ 64,857.89	\$65,853.31	\$62,854.35	\$53,124.49
	Cust/Conn	8,419	8,469	8,494	8,525
	kWh	151,277,745	145,339,016	141,025,705	141,210,672
<i>TOTAL</i>	kW	211,475	200,784	193,246	190,379
	Revenues	\$ 3,135,353.43	\$ 3,148,576.40	\$ 3,156,964.30	\$ 3,233,519.33

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

Table 6 – Residential Historical Bill Impacts

Year	2014	2015	2016	2017
<i>Monthly Charge</i>	15.43	15.63	18.30	21.02
<i>Volumetric</i>	0.0142	0.0144	0.0110	0.0074
Bill Impact	2.35%	-1.31%	2.70%	1.95%

Generally, bill impacts are subject to a modest increase during the IRM years – in CWH's case from 2015 to 2017. It is important to note that bill impacts also include the effects of the disposition of deferral and variance accounts from pass-through charge (regulatory assets).

5.2 Short and Long Term Capital Spending

CWH is very conscious of providing attention to its aging infrastructure. In its Distribution System Plan, it has presented graphical representations of the ages of its major system components and an overall representation of the average age of its system in historical and projected years. Using this information, it then forecasts the level of future capital investments to maintain a reasonable average life expectancy.

2017-2018 Capital Planning

Priorities and strategies for budget development are found within CWH's DSP which starts with background and drivers for capital investment in each of the four general categories: system renewal, system access, system service and general plant. These background drivers coupled with the condition of field assets which were assessed in 2015 formed the basis for determining priority spending for specific projects. This information is in turn used in further considerations through engagement with all partners/stakeholders (see below) involved in the planning process.

- customers
- the regional and municipal governments
- CDM program partners
- IESO
- Regional Infrastructure Planning Group – Kitchener, Waterloo, Cambridge, Guelph Region
- the transmission company – Hydro One
- the upstream distributor – Hydro One

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

CWH places a high priority on balancing its obligations to accommodate growth while addressing the upkeep and replacement of its aging infrastructure.

The key objectives of the capital investment program proposed by CWH for the next five to 10 years include:

- Ensuring customer needs for supply system security and reliability are met through implementation of cost effective solutions, by mitigating the risk of asset failures in service, and through economically efficient investments;
-
- Mitigating and reducing the public safety risks from distribution system operations;
-
- Meeting CWH's regulatory obligations to customer service, including the obligation to serve customers within the service territory and the obligation to relocate lines when requested by the Regional and Municipal Governments, in conjunction with road widening programs and compliance with Measurement Canada regulations related retail revenue metering;
-
- Providing access to connect green energy generation to distribution system through Smart grid development initiatives, improving protection, controls and monitoring of distribution stations and effective use of data provided by smart meters for energy conservation and demand management; and
-
- Improving worker safety and productivity and enhancing operating efficiency.

Key benefits of the above investment strategy are found in section 2.2 of CWH's DSP.

5.3 Operational Costs

CWH continually reviews its business and operational goals against; its workforce needs, its financial strength and the impact on its customers. CWH recognizes the importance and value of maintaining a skilled and engaged workforce, where all employees are customer focused and enjoy working for the utility. CWH analyzes its operation budget on a regular basis to ensure that it operates as closely to the budget amounts as possible and are aware if jobs are over or under budget and attempts to mitigate any overages. Operational planning focuses on balancing cost effective spending with practical operational requirements and finding efficiencies when possible.

5.4 Return on Equity

The actual return on equity for 2016 is 4.01%, which indicates a slight under earning when compared to the Board Approved 2013 rate of return. Further information on the topic of Return on Equity is can be found at Section 8.

5.5 Target Performance

This section summarizes the projected performance of the utility and the long-term perspective on the health and age of the distribution assets.

It captures the results of CWH's projected 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>	3	3

Table 8 - Target Cost Performance Results

	2017	2018
	(Bridge)	(Test Year)
<i>Cost Benchmarking Summary</i>		
<i>Actual Total Cost</i>	4,885,712	4,834,624
<i>Predicted Total Cost</i>	4,793,561	4,848,603
<i>Difference</i>	92,151	(13,979)
<i>Percentage Difference (Cost Performance)</i>	1.9%	-0.29%
<i>Stretch Factor Cohort - Annual Result</i>	3	3

Table 9 – Projected Capital Additions

	2017	2018
<i>Capital Additions</i>	\$1,377,600	\$875,300

Table 10 - Proposed Revenues

		2017	2018
<i>Residential</i>	Fixed	\$21.02	\$26.02
	Variable	\$0.0074	\$0.0041
	Cust/Conn	6,047	6,107
	kWh	45,507,125	44,716,576
	Revenues	\$1,862,166	\$2,091,907
<i>GS<50</i>	Fixed	\$18.44	\$21.07
	Variable	\$0.0192	\$0.0219
	Cust/Conn	750	758
	kWh	20,960,879	20,596,746
	Revenues	\$568,408.87	\$643,586
<i>GS 50-2999</i>	Fixed	\$170.19	\$170.53
	Variable	3.7113	4.2349
	Cust/Conn	45	45
	kWh	60,321,817	59,273,907
	kW	163,126	160,292
<i>GS 3000-4999</i>	Revenues	\$697,312.12	\$724,272
	Fixed	\$685.86	\$687.21
	Variable	2.9277	4.2301
	Cust/Conn	1	1
	kWh	18,961,919	18,632,513
<i>USL</i>	kW	44,308	43,538
	Revenues	\$137,950.85	\$169,967.05
	Fixed	\$6.92	\$7.90
	Variable	\$0.0109	\$0.0125
	Cust/Conn	13	13
<i>Sentinel Lights</i>	kWh	559,426	548,560
	Revenues	\$7,177.26	\$8,062.62
	Fixed	\$ 4.73	\$5.90
	Variable	\$12.5207	\$15,6432
	Cust/Conn	29	29
<i>Streetlights</i>	kWh	39,336	38,252
	kW	109	106
	Revenues	\$3,010.80	\$3,681.38
	Fixed	\$1.93	\$2.35
	Variable	\$9.3109	\$11.3575
<i>TOTAL</i>	Cust/Conn	1,710	1,716
	kWh	568,009	558,906
	kW	1,561	1,536
	Revenues	\$54,137.91	\$65,840.79
	Cust/Conn	8,595	8,669
	kWh	146,918,511	144,365,460
	kW	209,104	205,472
	Revenues	\$ 3,330,163.57	\$ 3,707,316.83

5.6 Future Outlook

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

CWH sets out to leverage technology to improve the customer experience. The utility has launched upgrades to its website to include an interactive reporting map and educational tools about the industry and regulatory processes which will increase communication with its customers. Through collaboration with organizations (such as CHEC), opportunities to test and pilot new technologies will be available, and ultimately positively affect the future of CWH.

6. Strategy and Implementation Summary

6.1 SWOT Analysis

The use of the SWOT (strengths, weaknesses, opportunities, and threats) analysis is not new to the utility and it has proven to be an important management tool that has helped evaluate key aspects of the utility to identify factors that will drive performance and decision making going forward.

Strengths and Weaknesses are generally associated with internal factors such as:

- Financial resources, such as funding, ability to meet its financial obligations.
- Physical resources, such as your utility's location, facilities and equipment.
- Human resources, such as employees, and target audiences – the customer
- Current processes, such as employee programs, department hierarchies and software systems

Opportunities and Threats are associated with external factors such as:

- Market trends, like 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 (customer) make up and types of loads
- Political, environmental and economic regulations.

6.2 CWH Strengths

High level of customer loyalty and satisfaction.

Highest levels of customer service (reliability, responsiveness and courtesy) have been achieved through years of positive, cooperative and productive relationships with our customers, contractors, and shareholder. CWH's size plays a role in this strength as we are easily accessible to all our stakeholders and intertwined within the fabric of the community including its businesses, clubs, associations and events. We are the trusted energy advisor to our customers and as such are positioned to evolve in stride with our customers as their options and needs transform.

Concern for our community and environment.

This concern has fostered a forward-thinking mindset within the organization that works toward balancing community needs including growth and opportunity with environmental impacts. CWH continually strives to implement new technologies to advance our capabilities and offerings and works with customers to assist them with opportunities to take advantage of new technologies for new and established customer connections. By improving processes and

efficiencies we can reduce or offset cost and wasteful electrical usage and the impact of larger inefficient equipment.

Collaboration and high performing, capable staff.

Staff are well trained, positive, safe, focused and adaptable to ever changing policies and understand the high priority put on the customers experience with CWH. All these attributes have been enhanced by the history of collaborating with outside organizations and other like-minded LDCs through formal and informal partnerships.

Condition of Distribution System and physical plant.

CWH's lines, poles, underground conductors, transformers, substations, etc. are in good condition without any advanced degradation of asset conditions. Our office and shop facilities are functional and no major expenditures in the future, other than normal upgrades, are required.

6.3 CWH Weaknesses

Ability to keep pace with technological advancements.

CWH's greatest strengths lie within the range of traditional utility activities but has proven to be adaptable with the inception of new technologies such as smart meters, SCADA, connecting renewable energy, and process changes such as billing and settlement processes that require new skill sets. CWH will need to continue keeping pace with these advancements through employee recruitment, training and development and collaboration.

Size of utility and number of staff.

CWH currently employs 14 full time staff members to carry out the day to day and long term activities of an LDC. Since the introduction of Bill 35 – The Energy Competition Act - there has been a continuous increase in activities introduced to Utilities through policy changes and regulation. Adapting to these changes and increased responsibilities while staying efficient and economically sound is challenging for a small LDC without increasing staffing levels. CWH will need to continue addressing this challenge through strategic alliances and collaborating with partners such as Cornerstone Hydro Electric Concepts, Utility Collaborative Services and the Electricity Distributors Association as well as continually investing in our people and or contracting outside services for specialized expertise when appropriate.

6.4 CWH Opportunities

Customized Service

Consumers want more control, choice and convenience; there will be opportunities in the future to expand services to accommodate these requests.

Collaboration

The new energy horizon will include smart design of communities with distributed generation, EV infrastructure, and energy efficient options for new devices presented through natural market incentive or government regulation. CWH is well positioned to partner with the community and developers on these possible projects.

Community support

CWH will support the community through education for schools and service groups on safety and conservation initiatives as well as support the local economy by purchasing goods and services of local business, offering high skilled employment, and providing billing services to the Municipality.

6.5 CWH Threats or Risks

Regulatory/Political Risk

As a regulated business, CWH is subject to the direction of Government legislated boards and committees. Major commitments for investments such as smart meters, billing systems for time of use rates and the implementation of renewable generation and CDM targets put increased pressure on distributors and their limited resources. Recent public pressure towards the energy sector in terms of the high cost of electricity has initiated a provincial government plan to reduce rates which the LDCs must administer at a cost, both monetary and from a staff resource perspective. In preparation for the upcoming election, focus will be put on high profile issues such as energy costs, climate change and reducing greenhouse gas emissions, further encouragement of renewable sources of energy, and promotion of electric vehicle use. Government actions on these issues could have implications for CWH and all LDCs alike.

Employee retention and continuity

Our staff is at the core of CWH's success and employee retention is a major risk, especially to an organization of our size. Attrition in the industry is at a peak and CWH is not immune to this with highly skilled and trained staff on the eve of retirement. CWH must continue to offer competitive compensation packages to employees and plan for succession. Retaining staff and offering advancement through continuous training and development will be key to success in the future.

7. Personnel Plan

CWH is facing the same challenges the electricity industry is, relative to its aging demographics and infrastructure. Matching the resource capability with work demands in the electricity sector requires good planning. Numerous contributing factors are affecting workforce planning, including a shortage of proficiently skilled personnel, and increased work demands, therefore CWH has opted to invest in its current staff members on the various aspects of successfully operating a utility.

CWH currently employs 14 full time employees; part time employees total 1.28 full time equivalents (FTEs). CWH notes that employee pay raises are indicative of current wage settlements within the industry.

8. Financial Results

CWH's financial performance has remained strong over the past 4 years with income of \$339,667, \$573,405, \$437,870 and \$211,605 for 2013, 2014, 2015 and 2016 respectively.

It is common for a utility to have a decreasing income the closer it gets to filing their cost of service application as the rate base for the utility was set in the previous Cost of Service. Over the period of the previous CoS, CWH had extensive money spent on their 6 distribution stations paid for through by both cash reserves and taking on debt. CWH has had a decline in their cash balance due to this increase in spending of the stations as well as other capital expenditures and expenses. CWH's bank balance remains healthy and is not anticipated to change from this situation.

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 has the potential to be significantly impacted by Conservation and Demand Management targets. Each LDC has a target to reduce its annual energy supplied (kWh). CWH's target is 8,730,000 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 prior to discussing financial results.

Table 11 - Load and Customer Forecast Table

		2013 Board Approved	2013	2014	2015	2016	2017	2018
<i>Residential</i>	Cust/Conn	5,858	5,911	5,947	5,961	5,987	6,047	6,107
	kWh	45,809,827	46,509,674	46,179,255	45,096,928	44,896,468	45,507,125	44,716,576
<i>GS<50</i>	Cust/Conn	738	710	715	729	743	750	758
	kWh	20,408,044	20,402,986	20,579,247	21,408,682	23,270,826	20,960,879	20,596,746
<i>GS 50-2999</i>	Cust/Conn	62	57	57	52	48	45	45
	kWh	61,309,307	64,015,205	58,374,224	55,645,246	53,531,010	60,321,817	59,273,907
	kW	157,640	165,373	154,260	148,977	145,124	163,126	160,292
	TA							\$ 47,415.00
<i>GS 3000-4999</i>	Cust/Conn	1	1	1	1	1	1	1
	kWh	16,959,953	18,608,986	18,461,823	17,295,612	18,344,949	18,961,919	18,632,513
	kW	37,416	42,815	43,264	41,433	43,591	44,308	43,538
	TA							22,450
<i>USL</i>	Cust/Conn	10	13	13	13	13	13	13
	kWh	604,378	548,407	563,396	563,839	562,067	559,426	548,560
<i>Sentinel Lights</i>	Cust/Conn	31	31	31	31	29	29	29
	kWh	37,461	40,676	39,274	39,270	39,303	39,336	38,252
	kW	104	113	109	109	109	109	106
<i>Streetlights</i>	Cust/Conn	1,738	1,696	1,705	1,707	1,705	1,710	1,716
	kWh	604,378	1,151,811	1,141,797	976,129	566,049	568,009	558,906
	kW	3,162	3,174	3,151	2,727	1,555	1,561	1,536
TOTAL	Cust/Conn	8,438	8,419	8,469	8,494	8,525	8,595	8,669
	kWh	145,733,348	151,277,745	145,339,016	141,025,705	141,210,672	146,918,511	144,365,460
	kW	198,322	211,475	200,784	193,246	190,379	209,104	205,472

Table 12 - Operation Costs Table

	2013 Board Approved	2013	2014	2015	2016	2017	2018
<i>Operations</i>	\$269,500	\$303,224	\$313,306	\$326,133	\$312,568	\$366,200	\$366,900
<i>Maintenance</i>	\$302,200	\$317,930	\$283,489	\$310,601	\$354,386	\$344,000	\$361,500
<i>Billing and Collecting</i>	\$446,705	\$434,218	\$437,448	\$449,490	\$461,688	\$487,500	\$520,700
<i>Community Relations</i>	\$28,600	\$25,327	\$31,565	\$23,290	\$51,588	\$55,900	\$43,500
<i>Administrative and General</i>	\$975,100	\$960,815	\$980,552	\$964,755	\$958,600	\$1,043,900	\$1,111,700
Total	\$2,022,105	\$2,041,514	\$2,046,360	\$2,074,268	\$2,138,832	\$2,297,500	\$2,404,300

8.2 Actual Return vs Allowed Return

Liquidity: Current Ratio (Current Assets/Current Liabilities)

CWH has experienced a consistent current ratio and expects the ratio to remain stable. In 2013 CWH started extensive work on 1 of its 6 distribution stations. A loan was secured from Infrastructure Ontario; however, it was not drawn on until 2013. Therefore, there was a considerable drop in the current ratio from 2011 (3.41) to 2012 (2.14.) Since this initial drop, the current ratio has only seen small changes. In 2014, at year-end the monthly Hydro One invoice was a payable and therefore decreased the ratio. In 2016, another decrease in the ratio was seen due to the last two station upgrades being paid for out of cash. The ratio still exceeds the indicator of good financial health.

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

CWH in the historic period referenced has increased its long-term debt by \$2.8M, while the equity has only increased by just under \$1M. CWH does not anticipate increasing the debt amount as it currently stands. CWH's debt rate at the end of 2016 was 55% of its rate base, versus the 60% that the OEB uses as its proportion. CWH is comfortable in this balanced stable position.

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

CWH's current distribution rates were rebased and approved by the OEB in 2013 and include an expected (deemed) regulatory return on equity of 8.98%. The OEB allows a distributor to earn within +/- 3% of the expected return on equity. The actual return on equity for 2016 is 4.01% which indicates a slight under earning when compared to the Board Approved 2013 rate of return. CWH had significant capital spending throughout the historic period of the last CoS and significantly increased the amount of long term debt it has. With the increase in debt not being in the last CoS it is understandable why CWH's ROE has been declining over the past years. 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 under earning when compared to the Board Approved 2013 rate of return. Because of the increase in capital spending between 2013 to 2016, CWH 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 level itself back at 8.78% as per Board Approved.

Table 13 - Return on Equity Table

	2013 BA	2014	2015	2016
<i>Return on Equity</i>	10.4%	7.19%	8.13%	4.01%

8.3 Profit and Loss

Outlined below, and in the following table, are some of the intrinsic facets of the projected profit and loss for CWH:

Operating Revenues for 2017 and 2018 are forecast to be \$3,977,892 and \$3,998,359.

Cost and Expenses for 2017 and 2018 are forecasted to be \$2,900,300 and \$3,014,200 Taxes for 2017 and 2018 are forecasted to be \$0 and \$0. CWH expects zero taxes to be paid in 2017 and 2018 due to utilizing loss carry forwards from prior periods and maximizing the CCA deductions for tax purposes.

The net profit for 2017 and 2018 is forecast to be \$639,050 and \$604,864, respectively.

As reflected in the Profit and Loss Table below the CWH realized an actual profit ranging from \$211,605 to \$573,405.

Management expects to maintain the same cost efficient operations in the coming years.

Table 14 - Profit and Loss Table

	Board Approved	Actual	Actual	Actual	Actual	Projected	Projected
<i>Derivation of Utility Income</i>		2013	2014	2016	2016	2017	2018
<i>Operating Revenues</i>							
<i>Distribution Revenues</i>	3,023,100	3,327,719	3,176,805	3,148,759	3,147,537	3,640,910	3,707,317
<i>Other Revenue</i>	251,700	322,373	367,782	438,987	300,146	339,700	292,400
<i>Total Operating Revenues</i>	3,274,800	3,650,092	3,544,588	3,587,745	3,447,683	3,980,610	3,999,717
<i>OM&A Expenses</i>	2,020,205	2,018,522	2,022,990	2,063,848	2,133,040	2,297,500	2,404,300
<i>Depreciation & Amortization</i>	508,619	877,169	547,856	543,004	548,179	585,500	590,700
<i>Property and Taxes</i>	36,400	14,849	14,454	14,643	19,795	17,300	19,200
<i>Total Costs & Expenses</i>	2,565,224	2,910,540	2,585,300	2,621,495	2,701,014	2,900,300	3,014,200
<i>Deemed Interest Expenses</i>	282,030	395,403	452,975	514,498	545,061	432,831	379,818
<i>Total Expenses</i>	2,847,254	3,305,943	3,038,275	3,135,992	3,246,075	3,333,131	3,394,018
<i>Utility Income before Income Taxes / PILs</i>	427,546	344,149	506,313	451,753	201,608	647,479	605,699
<i>PILs / Income Taxes</i>	3,445	-11,911	-80,460	-62,874	-28,349	0	0
<i>Adjustments for FS purposes (donations)</i>	0	-16,392	-13,368	-76,757	-18,352	-6,800	
<i>Utility Income</i>	424,101	339,667	573,405	437,870	211,605	640,679	605,699

8.4 Rate Base and Revenue Deficiency

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

The revenue deficiency for 2013, 2014, 2015 and 2016 was \$67,886, \$218,271, \$119,487 and \$(51,990) respectively.

Table 15 - Table of Rate Base and Revenue Deficiency

	Board Approved	Actual	Actual	Actual	Actual	Projected	Projected
	2013	2013	2014	2015	2016	2017	2018
Utility Income	424,101	339,667	573,405	437,870	211,605	640,679	605,699
<i>Gross Fixed Assets (year end)</i>	\$19,937,828	20,839,380	22,592,464	23,878,956	25,615,538	26,993,138	27,868,438
<i>Capital Expenditures (additions)</i>	474,595	3,563,698	2,398,195	1,870,376	2,132,797	1,377,600	875,300
<i>Accum Depreciation</i>	-10,505,194	-10,630,671	-10,591,251	-10,605,943	-10,873,877	-11,522,877	-12,217,077
<i>Remove Non-Distribution Assets (2180)</i>							
<i>Net Fixed Assets</i>	9,432,634	10,208,709	12,001,213	13,273,013	14,741,660	15,470,260	15,651,360
<i>Average Net Fixed Assets</i>	9,432,633	8,835,513	11,104,961	12,637,113	14,007,337	15,105,960	15,560,810
	11,778,711	11,131,854	13,476,581	15,131,662	16,781,230	18,025,597	17,246,554
<i>Utility Rate Base</i>	11,778,958	11,128,865	13,473,543	15,124,971	16,770,812	18,025,597	17,246,554
<i>Deemed Equity Portion of Rate Base</i>	4,711,583	4,451,546	5,389,417	6,049,989	6,708,325	7,210,239	6,898,622
<i>Income/(Equity Portion of Rate Base)</i>	9.00%	3.05%	4.26%	2.90%	1.26%	3.55%	3.51%
<i>Indicated Rate of Return</i>	5.99%	6.61%	7.62%	6.79%	5.68%	5.96%	5.71%
<i>Approved Rate of Return</i>	5.99%	5.99%	5.99%	5.99%	5.99%	5.99%	5.71%
<i>Sufficiency / (Deficiency) in Return</i>	0.00%	0.61%	1.62%	0.79%	(0.31%)	(0.04%)	0.00%
<i>Equity</i>	40%	40%	40%	40%	40%	40%	40%
<i>Short Term Debt</i>	4%	4%	4%	4%	4%	4%	4%
<i>Long Term Debt</i>	56%	56%	56%	56%	56%	56%	56%
<i>Equity Return</i>	8.98%	8.98%	8.98%	8.98%	8.98%	8.98%	8.78%
<i>Short Debt Return</i>	2.07%	2.07%	2.07%	2.07%	2.07%	2.07%	1.76%
<i>Long Debt Return</i>	4.14%	4.14%	4.14%	4.14%	4.14%	4.14%	3.81%
<i>Tax Rate</i>	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%	15.50%
Net Revenue Sufficiency / (Deficiency)	0	67,886	218,271	119,487	-51,990	-7,210	0

1.3 ADMINISTRATIVE

1.3.1 CONTACT INFORMATION²

Application contact information is as follows:

Applicants Name: Centre Wellington Hydro Ltd.

Applicants Address: PO Box 215

730 Gartshore Street

Fergus, ON

N1M 2W8

Applicants Contacts: Florence Thiessen, CPA CGA

Vice President/Treasurer

Email: Thiessen@cwhydro.ca

Phone: 519-843-2900 ext. 225

Fax: 519-843-7601

Applicants Counsel³: Michael Buonaguro

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

Phone: 416-767-1666

1.3.2 CONFIRMATION OF INTERNET ADDRESS

The Applicant's website address is www.cwhydro.ca.⁴

² MFR - Primary contact information (name, address, phone, fax, email)

³ MFR - Identification of legal (or other) representation

1.3.3 STATEMENT OF PUBLICATION

All of CWH's customers will be affected by this application.⁵

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 local community not-paid-for newspaper which has the highest circulation in its service area.⁶

- Wellington Advertiser, an unpaid local publication with an average circulation of approximately 39,994.

This application and all documents related to this application will be made available on CWH's website at: www.cwhydro.ca. The application will also be available on the OEB's website at www.ontarioenergyboard.ca, under Board File Number EB-2017-0032.

⁴ MFR - Applicant's internet address for viewing of application and any social media accounts used by the applicant to communicate with customers

⁵ 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

⁶ 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 Centre Wellington
Hydro Ltd. for an Order or Orders approving or
fixing just and reasonable distribution rates effective
January 1, 2018.⁷**

CWH 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").

CWH 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.

This Application is made in accordance with the Board's Chapter 2 of the Board's Filing Requirements for Transmission and Distribution Applications dated July 14, 2016. CWH accordingly applies to the Board for the following Order or Orders:

- An Order approving CWH's proposed distribution rates for the 2018 rate year, or such other rates as the Board may find to be just and reasonable, as the final rates effective January 1, 2018;
- an Order approving clearance of the balances recorded in certain deferral and variance accounts by means of rate riders effective January 1, 2018;
- an Order approving clearance of the balances recorded in certain deferral and variance accounts by means of rate riders effective January 1, 2018 for the 2018 rate year;

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

- An Order approving CWH's proposed distribution rates for 2018 rate year for MicroFIT classification from \$5.40 per month to \$10.00 per month.

CWH is an embedded distributor; the adjacent distributor is Hydro One Inc. CWH has no special conditions in its license.

ALIGN RATE YEAR WITH FISCAL YEAR:

The Application seeks to align the rate year with the fiscal year, moving rates from May 1st to April 30th for each year to January 1st to December 31th for each year. This application is for rates starting January 1, 2018.⁸

1.3.5 BILL IMPACTS⁹

The 2018 distribution rates proposed by CWH will result in overall bill impacts for residential and GS<50 customer classes as detailed in Table 1 below. A full list of the bill impacts applicable to all customer classes is found at Exhibit 8.1.14.

⁸ MFR - Requested effective date

⁹ 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

Table 1: Bill Impacts

Rate Impact Summary of Typical Use by Rate Class							
Rate Class	kWh	kW	#of Connections	2017 Bill \$	2018 Bill \$	\$ Difference	Total Bill Impact %
Residential	318			65.95	70.80	4.86	7.36%
Residential	750			135.19	138.98	3.79	2.80%
GS<50 kW	2000			341.02	358.34	17.32	5.08%
GS 50-2,999 kW	332500	840		52,552.78	52,760.53	207.75	.40%
GS 3,000-4,999 kW	1507000	3600		233,555.83	239,473.17	5,236.58	2.53%
USL	275		1	47.25	48.90	1.66	3.50%
Sentinel Lighting	75	0.3	1	19.82	22.63	2.81	14.18
Street Lighting	19051	45.36	548	4,371.48	4,723.14	351.66	8.04%

1.3.6 STATEMENT AS TO THE FORM OF HEARING REQUESTED

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.

CWH 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.¹⁰

1.3.7 PROPOSED ISSUES LIST

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

¹⁰ MFR – Form of hearing and why

1 **Planning/Capital**

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

- 4 • customer feedback and preferences
- 5 • productivity
- 6 • benchmarking of costs
- 7 • reliability and service quality
- 8 • impact on distribution rates
- 9 • trade-offs with OM&A spending
- 10 • government-mandated obligations, and
- 11 • the objectives of the Applicant and its customers.

12 **OM&A**

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

- 15 • customer feedback and preferences
- 16 • productivity
- 17 • benchmarking of costs
- 18 • reliability and service quality
- 19 • impact on distribution rates
- 20 • trade-offs with capital spending
- 21 • government-mandated obligations, and
- 22 • objectives of the Applicant and its customers.

23

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?

Accounting

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

Other

- Is the proposed MicroFit rate appropriate?

1.3.8 STATEMENT OF DEVIATION OF FILING REQUIREMENTS

Except where specifically identified in the Application, CWH followed Chapter 2 of the OEB's "Filing Requirements for Electricity Transmission and Distribution Applications", dated July 14, 2016 (the "Filing Requirements") and the OEB Handbook for Utility Rate Applications dated October 13, 2016 in order to prepare this application. The excel version of the completed 2018 Cost of Service checklist (OEB 2017 CoS Checklist version) is being filed in conjunction with this application.

1.3.9 CHANGES IN METHODOLOGIES

There have been no changes in methodologies since the previous Cost of Service, other than adopting MIFRS as directed by the board as at January 1, 2015.¹¹

The projections for the 2018 Test Year were prepared in accordance with CWH'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. Regulatory costs have been normalized over the five-year application period.

CWH bills all of its customers on a monthly billing cycle and therefore did not require an implementation.¹²

¹¹ MFR - Statement identifying and describing any changes to methodologies used vs previous applications

¹² MFR - Statement confirming that the distributor will have implemented monthly billing for all customers by December 31, 2016

1.3.10 BOARD DIRECTIVE FROM Pervious DECISIONS¹³

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

1.3.11 CONDITIONS OF SERVICE

The Conditions of Service for CWH can be found on applicant's website at¹⁴

http://www.cwhydro.ca/pdfs/Conditions_of_Service_Version_8_R2-2017_Revisions.pdf

In March 2017 CWH made cosmetic changes to its Conditions of Service. CWH's last change to its Conditions of Service was August 2014, which required the approval of CWH's customers and OEB.

1.3.12 ACCOUNTING STANDARDS FOR REGULATORY AND FINANCIAL REPORTING

Changes in Tax Status:

CWH 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 Order:

The Accounting Standard Board ("AcSB") deferred mandatory adoption of MIFRS for qualifying rate-regulated entities to January 1, 2016. However, per the 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.

¹³ 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)

¹⁴ 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

CWH confirms it implemented the regulatory accounting changes for depreciation and overhead capitalization in 2013. The 2018 Cost of Service Application has been filed on an MIFRS accounting basis.

Accounting Standard used in Application:

In accordance with the Filing Requirements, The Applicant has provided information for the historic years using the MIFRS method of presentation for 2013 and 2014 and MIFRS for 2015 and 2016. The Applicant has provided both the 2017 Bridge Year and the 2018 Test Year on an MIFRS basis.

Table 2: Accounting Standard-Fixed Asset Continuity Schedule

Year			
2013	Old CGAAP	New CGAAP	
2014	Old CGAAP	New CGAAP	
2015		New CGAAP	MIFRS
2016			MIFRS
2017			MIFRS
2018			MIFRS

CWH was not required to make changes to the capitalization policy, as CWH has never allocated administrative costs to capital projects.

Details with respect to the new useful lives applied to capital assets and the resulting impact on depreciation are provided in Exhibit 4.

CWH was not required to make changes related to Employee Future Benefits ("EFB") for 2015 and forward under MIFRS. No entries are posted to USoA 5645-OMERS Pensions and Benefits as this situation does not apply to CWH. However, CWH uses USoA 5646-Employee Pensions and OPEB to record actual cost of the life insurance premium paid for retired employees. Further explanation can be found in Exhibit 4.4 Workforce Planning and Employee Compensation.

1 **Employee Pension and Benefits.**

2 CWH did not include the cost of OPEBs in the capital expenditures. The full amount was
3 originally posted to account 5645-OMERS Pensions and Benefit, and then reallocated to 5646-
4 Employee Pensions and OPEBs once the error was realized. OPEBs expenses of retired
5 employees have always been included in administrative expenses and has never been included
6 in capital cost.

7 CWH's employees are members of the Ontario Municipal Employees Retirement System
8 ("OMERS"). OMERS is a multi-employer pension plan that most LDCs participate in, therefore the
9 pension benefit provided to CWH's employees is consistent with that of other LDCs. The plan is
10 a contributory defined benefit pension plan which is financed by equal contributions from the
11 employer and employee based on the employee's contributory earnings.

12 **Compliance with the Uniform System of Accounts**

13 CWH has followed the accounting principles and main categories of accounts as stated in the
14 OEB's Accounting Procedures Handbook (the "APH") and the Uniform System of Accounts
15 ("USoA") in the preparation of this Application.

16 The useful lives proposed by The Applicant in this Application are consistent with the useful lives
17 in the Kinectrics Report commissioned by the OEB dated July 8, 2010. The Applicant accounting
18 methodology change in this regard took effect January 1, 2013.

19 CWH does not and will continue not to capitalize administration and other general overhead
20 costs no longer permitted under MIFRS, as clarified by the Board in its letter dated February 24,
21 2010; accordingly CWH experienced no material changes to capitalized amounts in adopting
22 MIFRS. CWH will continue to ensure that the company is comparable to other distribution
23 utilities in the Province. The Applicant understands the need for comparability between
24 distribution utilities. CWH has adopted the various account changes prescribed by the Board in
25 relation to the USoA (Article 210 – Chart of Accounts and Account 220 – Account Descriptions).

1 Consistent with recent applications to the Board, CWH confirms that PST and HST has not been
2 included in its OM&A cost estimates.

3 Regulatory costs and incremental one-time costs have been normalized by allocating one fifth
4 of that total to the 2018 Test Year.

5 The CWH is not proposing other changes in methodology.

6 1.3.13 ACCOUNTING TREATMENT OF NON-UTILITY RELATED BUSINESS

7 CWH provides non-utility services on two distinct sectors which are "Street Lighting – repair and
8 maintenance" as well as "Water and Sewer – customer service and billing".

9 Net income related to providing Water and Sewer billing to the Township of Centre Wellington
10 has been included in the Other Operating Revenue and helps to offset cost to the electrical
11 ratepayers. Revenues and expenses related to Water and Sewer billing is included in account
12 4375 and 4380 as Non-Regulated Utility Operations.

13 Expenses for Street Lighting, labour, burdens, equipment and materials, are recorded in
14 accounts 1875 (for new streetlights) and 5615 (for repairs and maintenance). CWH invoices the
15 Township of Centre Wellington for these costs; they are not discounted or marked up.
16 Therefore no revenue or loss is created for Street Lighting by CWH.

17 Other non-utility business (such as CDM) is recorded in both accounts 4375 for income and
18 4380 for expenses and shall have no effect on the revenue requirement of The Applicant but
19 shall adhere to the OEB Accounting Procedure Handbook.

20 CWH is engaged in the delivery of the Independent Electricity System Operator's ("IESO")
21 (formerly the Ontario Power Authority prior to amalgamation with the IESO) conservation and
22 demand management programs. The accounting for these activities is segregated from CWH's
23 rate regulated activities in accordance with the Board's Accounting Procedures Handbook for
24 Electricity Distributors.

1.3.14 OPERATING ENVIRONMENT

CWH is incorporated under the Ontario Business Corporations Act, and is 100% owned by the Township of Centre Wellington. CWH is managed by a Board of Directors, which consists of one Chairman and three directors. One director is either the mayor or the mayor's designate. CWH has 14 full-time employees; a President, VP Finance/Regulatory, Manager of Operations, Manager of Finance/Regulatory, Manager of CSR/Billing and CDM, one billing clerk, two accounting staff, and two CSRs in the office and a Lead Hand, two Linemen and one engineering technician to address the outside plant matters. CWH, also employs part-time employees with an FTE count of 1.28 employees annually.

The President is responsible for all aspects of the company including long term strategic planning; safety, environment and training; labour relations; review and approval of budgets and tracking the company's financial targets and capital investments. He is the liaison with regulatory bodies, purchasing and stores, IESO and Hydro One, as well as conservation and demand management. The President also oversees the operation of the distribution system, customer service, billing and metering. The position is also responsible for human resources and succession planning; customer and shareholder relations; connection planning for new customers or generation; maintaining effective communication throughout the company; and ensuring that operations and office staff have access to highest quality information and training to allow them to perform their work safely and efficiently.

The Vice President of Finance / Regulatory is responsible for regulatory reporting; preparation of annual rate applications and budgets; tracking of the company's progress towards achieving financial targets and capital investments; liaisons with OEB, financial institutions, accountants and the Canada Revenue Agency; the supervision of Manager of Finance/Regulatory and providing guidance to the Manager of CSR/Billing and CDM and Manager of Operation on financial matters.

1 The Manager of Operations is responsible for ensuring that employees, contractors and the
2 public remain safe when interfacing with the distribution system; ensuring the reliable operation
3 – including maintenance and repair – of the distribution system and general plant; and ensuring
4 customer requests for electricity service are provided promptly and according to code; and
5 metering support.

6 The Manager of Finance/ Regulatory is responsible for Assisting with Rate Applications and RRR
7 reporting and annual budgets; payroll, government remittance; financial statements and
8 interaction with company auditors; accounts payable; inventory; miscellaneous receivables;
9 regulatory variance accounting; monthly settlements reporting; financial CIS system and IESO
10 reporting. This position is responsible for the preparation of Board of Director's agenda,
11 recording of minutes and follow-up on board related items.

12 Manager of CSR/Billing and CDM is responsible for customer billing, collections, external
13 communications with customers, and all aspects of CDM.

14 The linemen are responsible for building and maintaining the electrical power system from the
15 point of generation all the way to the customer's meters. Lines may be on overhead structures
16 or in underground vaults or trenches. This position typically requires trade certification or
17 enrollment in an apprenticeship program.

18 CWH expects status quo for the business conditions over the planning horizon of this report.
19 There are no known commercial or industrial expansion plans and minor growth in the
20 residential segments of the economy. There are no known planned closures in the industrial or
21 commercial segments of the economy. The lack of change in the economy means that there is
22 little growth based capital work proposed by CWH.

23

1.3.15 CORPORATE ORGANIZATION¹⁵

The Corporation of the Township of Centre Wellington:

The Corporation of the Township of Centre Wellington has 100% ownership of all shares in the Holding Company.

Centre Wellington Energy Inc.:

Centre Wellington Energy Inc. was incorporated under the laws of the Province of Ontario. The principle activity is as a Holding Company. Centre Wellington Energy Inc. has 100% ownership of all shares in the distribution company.

Centre Wellington Hydro Ltd.:

CWH was incorporated on May 11, 2000 under the laws of the Province of Ontario. 100% of CWH's shares are owned by the Holding Company that, in turn, is wholly owned by the Corporation of the Township of Centre Wellington. The principle activity of CWH is to provide distribution of electricity to the customers of the Town of Fergus and the Village of Elora in the Township of Centre Wellington. The Board of Directors consist of one Chairman and three directors. One of the directors is the mayor of the Township of Centre Wellington or their designate.

All management and staff work for the regulated LDC.

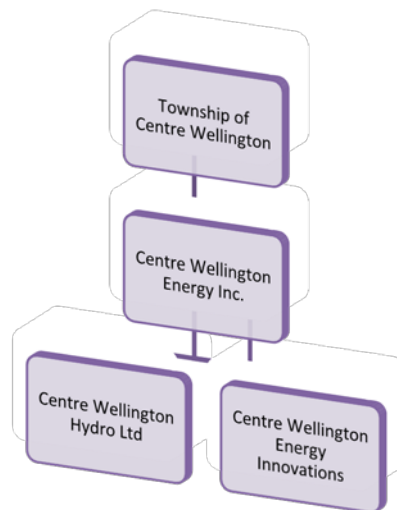
¹⁵ MFR - Description of the corporate and utility organizational structure, showing the main units and executive and senior management positions within the utility. Include a corporate entities relationship chart, showing the extent to which the parent company is represented on the utility company's 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

Reporting Relationship Between CWH and the Township of Centre Wellington

The Mayor or designate that sits on the CWH Board of Directors reports back to Township of Centre Wellington. Once a year CWH holds an official shareholders meeting where the Township council is informed what has taken place over the last year and CWH's provision.

The president of CWH also attends the regular council meetings of the Township and meets with various council members on different issues as they arise during the year.

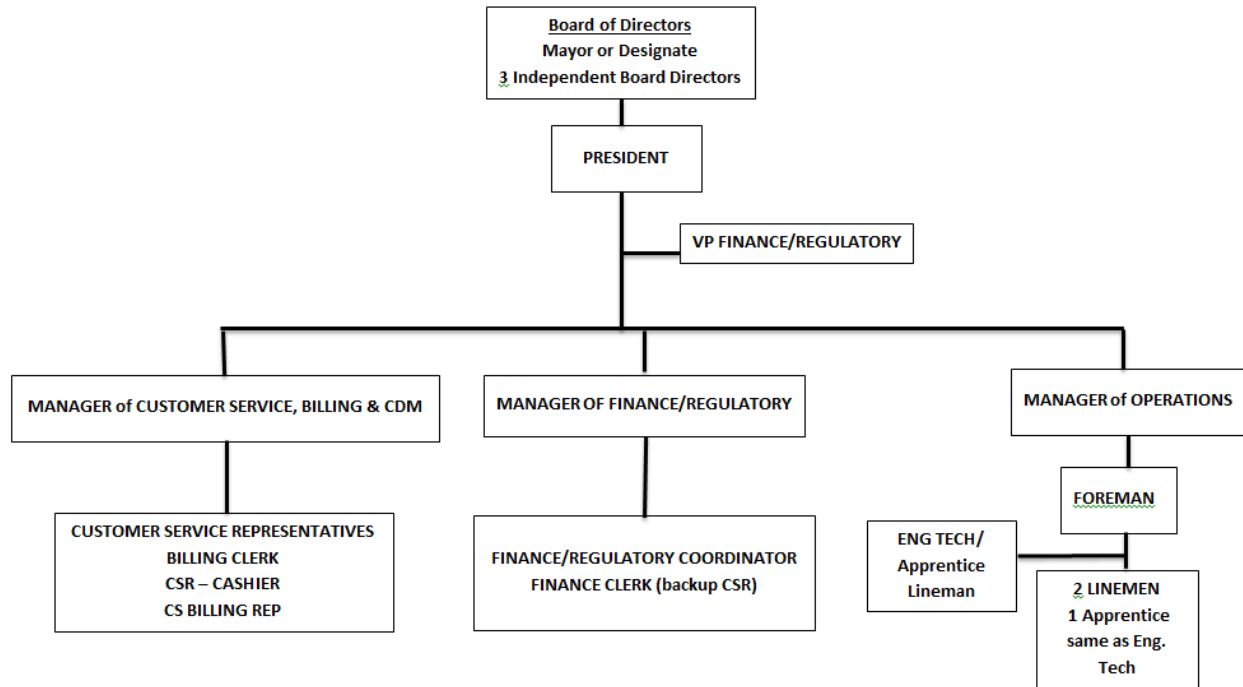
Table 3: Corporate Chart



1

Table 4: Organizational Chart

Centre Wellington Hydro Ltd. Organizational Chart



2

1.3.16 APPROVALS REQUESTED

The table below includes the list of approvals CWH is requesting and is populated in the OEB appendices.

Table 5: OEB Appendix 2-A List of Approvals Requested¹⁶

1	Approval to charge distribution rates effective January 1, 2018 to recover a service revenue requirement of \$3,707,317 which includes a revenue deficiency of \$465,817 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.
6	Approval to continue to charge Wholesale Market and Rural Rate Protection Charges approved in the Board Decision and Order in the matter of CWH 2017 Distribution Rates (EB-2016-0062).
7	Approval to continue the Specific Service Charges, Retail Service Charges, and Transformer Allowance approved in the Board Decision and Order in the matter of CWH's 2017 Distribution Rates (EB-2016-0062).
8	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.
9	Approval of the transition plan into fully fixed rates for residential customers as outlined in Exhibit 8

¹⁶ 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

1.4 DISTRIBUTION SYSTEM OVERVIEW

1.4.1 APPLICANT OVERVIEW

Description of Distributor:

CWH was incorporated on May 11, 2000 under the laws of the Province of Ontario. 100% of CWH's shares are owned by the Holding Company that, in turn, is wholly owned by the Corporation of the Township of Centre Wellington. The principle activity of CWH is to provide distribution of electricity to the customers of the Town of Fergus and the Village of Elora in the Township of Centre Wellington. The Board of Directors consists of one Chairman and three directors.

Name of distributor: Centre Wellington Hydro Ltd.

License number: ED-2002-0498

Mailing address: PO Box 217
730 Gartshore Street, Fergus, ON N1M 2W8

Key contacts: Florence Thiessen
Telephone: 519-843-2900 ext. 225
Fax: 519-843-7601
E-mail: Thiessen@cwhydro.ca

1 **Physical Characteristics:**¹⁷

2 CWH services the Town of Fergus and the Village of Elora, both of which are completely
3 contained within the municipal boundaries of the Township of Centre Wellington. The area is
4 embedded within Hydro One Networks Inc.¹⁸

5 Communities served: The Applicant serves 2 communities in Wellington
6 County: Town of Fergus and Village of Elora.
7

8 Adjacent distributors: Hydro One Networks Inc.
9

10 Characteristics: Large non-contiguous service area serving rural and
11 urban customers in Wellington County.
12

13 Embedded/Host: The Applicant is embedded in Hydro One Network
14 Inc.'s low voltage distribution system.
15

16 Total Service Area: 10.77 sq. km

17 Rural Service Area: none

18 Distribution Type: Electricity distribution

19 Municipal population: 26,693 – 2011 Census Data

¹⁷ MFR - Description of Service Area (including map, communities served)

¹⁸ 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

Population Served: 18,400 (Approximate as the Township of Centre Wellington no longer tracks the population of Fergus and Elora separately.)

Boundaries:

The distribution Licence authorizes CWH to distribute and sell electricity within the boundaries as stated below.

1. The former Town of Fergus as of December 31, 1998, now in the Township of Centre Wellington.
2. The former Village of Elora as of December 31, 1998, now in the Township of Centre Wellington.
3. Plan 61R9227, Part of Lot 14, Concession 2 of the former Township of Nichol, now within the Township of Centre Wellington and having municipal address of 950 Scotland Street.
4. 6497 Beatty Line North, Con 15, PT Lot 20 Plan 71 PT, Park Lots 14, 16 & 18 Desc Inc. RP 61R5701 Part 3 47, 42 AC in the former Township of Nichol.

CWH provides electrical distribution services to approximately 6,800 residential and commercial customers in its service area. The Applicant's service territory covers approximately 10.77 square kilometers. The Applicant has a total of 153 circuit kilometers of primary wire and underground cable installed of which 80 km or 52% is overhead. The overhead system includes 318 pole mounted transformers, 2720 poles, and 428 overhead switches. The Applicant underground distribution system accounts for approximately 48% of its overall distribution system. This portion of the distribution system is comprised primarily of 73 km of underground conductors, and associated distribution transformers.

The Applicant's distribution system is supplied by Hydro One Networks Inc. ("HONI"), primarily from the Fergus TS at a voltage level of 44 kV. The distribution system contains six municipal substations transforming voltage from 44 kV to 2.4/4.16kV. The six substations operate at a

primary voltage of 44 kV with secondary transformation to 2.4/4.16 kV, where they supply Distribution feeders owned by The Applicant for wide-area distribution to residential and commercial customers.

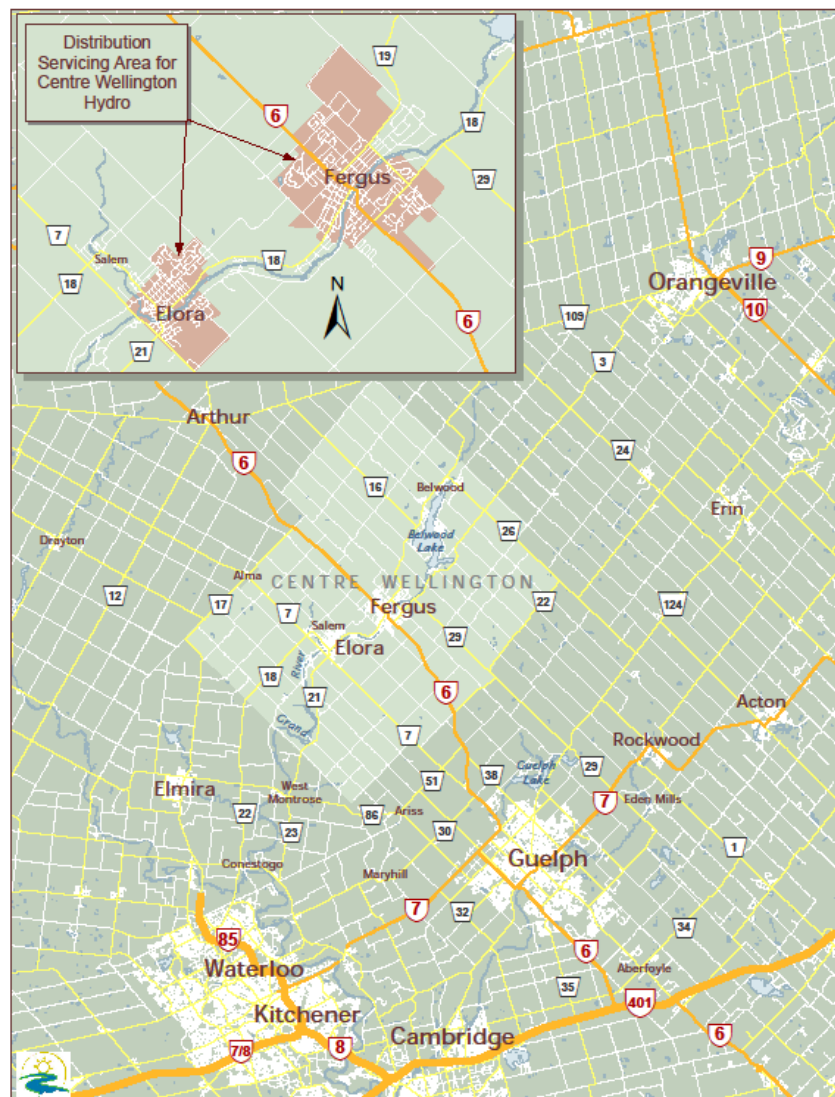
The Applicant is surrounded by Hydro One Networks with their nearest area office being located in Guelph.

Other Neighbouring Utilities:

- Waterloo North Hydro's service area is approximately 20 kilometers to the west.
- Guelph Hydro is approximately 20 kilometers to the south.
- Wellington North Power is approximately 20 kilometers to the north.

- 1 The map below shows the 2 communities that CWH operates in the Township of Centre
2 Wellington.

3 **Table 6: Geographical Map of CWH's Service Territory**



4

5

1 **Economic Overview**

2 The Township of Centre Wellington is a community in south-central Ontario. The community is
3 located approximately one hour west of Toronto. CWH is within a 30-minute drive to larger city
4 centers such as Guelph, Waterloo and Kitchener. Centre Wellington is within a 40-minute drive
5 to access the major 401 Highway. Traditionally a hub for agriculture and manufacturing, Centre
6 Wellington's thriving business community offers a diverse industrial base whose growth sectors
7 include manufacturing, agriculture, health services and creative industry. With a young, well-
8 educated and skilled workforce coupled with access to local and international markets, there is
9 plenty of opportunity to start, grow and achieve success in a wide variety of businesses.

10 According to Centre Wellington's growth management plan the Township population is
11 expected to top 52,000 (or double in size) by 2041. The majority of these new citizens will be
12 situated outside of CWH's territory but the influx of people and activity will increase business
13 both small and large that will affect CWH. A modest increase in residential and small commercial
14 and industrial connections are expected over the next 10 years until all existing undeveloped
15 land in CWH's service territory is developed.

16 The median household income for CWH is \$66,764 a year, higher than the national average of
17 \$54,089 a year. Note that those values were taken from the 2011 National Household Survey.
18 According to the same survey the median value of a dwelling in Centre Wellington was
19 \$300,625, which is slightly higher than the national average of \$280,552.

20 With respect to climate, CWH has a continental climate with cool winters, humid summers, and
21 short autumns and springs.

22 The first snowfalls of the year usually occur in mid-to-late November, but snow does not actually
23 cover the ground until late December. Before that, snow usually melts as soon as it hits the
24 ground.

1 In the spring, the snow usually starts melting in March, although occasional "warm breaks" with
2 temperatures as high as 10 °C (50 °F) usually occur once or twice in March.

3 In recent years, winters have gotten warmer, creating winter freezing rain, with three ice storms
4 affecting electrical service over the last 2 to 3 years.

5 In the summer, humidity is often common, especially in July. Although temperatures are usually
6 just under 30 °C (86 °F), with the humidity it can feel as hot as 35 °.

7 The Applicant expects that over the planning horizon of this report there will be:

- 8 • minimal residential and GS<50 kW customer class growth;
- 9 • a slight decrease in the GS>50 kW customer class demand;
- 10 • a slight increase in consumption for the Streetlight, Sentinel and USL customer classes.

11 **Host /Embedded Distributor**

12 CWH does not host any utilities within its service area.

13 CWH does not have any embedded utilities within its service area.

14 CWH is embedded within Hydro One's service territory. CWH is a registered Market Participant
15 dealing directly with the IESO. CWH is also billed by Hydro One from three meter points for
16 Network and Connection charges. Two of these points are located within the Village of Elora.

17 The Primary Metering Unit ("PMU") going into Elora is owned by CWH and is an additive PMU.

18 The Primary Metering Unit going out of Elora is a subtractive and is owned by Hydro One

19 Networks. CWH is billed on the difference between the two meters with an uplift of 1.0340. The
20 third meter is located at the Fergus TS and solely meters the Town of Fergus and is uplifted by

21 1.0063. CWH owns the 44 kV line within the licensed service area of the Town of Fergus.

1.4.3 TRANSMISSION OR HIGH VOLTAGE ASSETS¹⁹

The Applicant does not have any transmission or high voltage assets (>50kV) deemed by the Board as distribution assets and as such are not seeking approvals from the Board in that regards.

¹⁹ 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 CWH'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 executive 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

1.5.1 BUDGETING AND ECONOMIC ASSUMPTIONS²⁰

CWH 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 CWH's proposed rates for the 2013 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.

²⁰ 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 CWH'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 CWH'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, CWH'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. CWH develops capital programs on both a short and longer-term basis and prepares annual budgets and forecasts as the basis for capital investments. CWH'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;

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

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

Overall Budgeting Process

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

CWH strives to deliver its operating and capital plans on target and on a budget.

The OM&A costs presented in Exhibit 4 are the result of business planning and work prioritization process that ensures that most appropriate, cost effective solution are put in place to contain costs while still providing an acceptable level of service and reliability. The budget process used to determine OM&A and Capital budget involves the following steps:

- Detailed expenses for prior years are provided to the managers as well as expenditures to date in the current year.
- The expenses for all departments are built on analysis of previous years' actual information, current year forecast and known changes in external costs.
- An annual spreadsheet is used to analysis costs by job number and USoA account numbers. The spreadsheet is setup so that man hours and associated cost are equal to the number of FTEs that are expected to be on staff that year. It also takes into consideration materials, contractors, supplies, engineering fees, and miscellaneous expenses. CWH starts out with a zero budget and looking at previous years' actual expenses to determine if the expense is on-going or a one-time cost.
- After this process is completed, the budget forecast is again compared to the previous four years' actual expenditures to determine is an error was made.

- An inflation rate of 1.80% was used in 2017 and 2018 when the expense increase could not be specifically identified.

The forecasted capital budget is influenced by many factors: end of life infrastructure; CWH's capacity to finance the capital projects; staffing levels; outside influences, such as the Township of Centre Wellington capital projects within our service area; developers; customer demand and capacity; safety issues; reliability and regulatory requirements.

The budgets are presented to the Board of Directors in draft form and approved in final form in late December or early January. Once approved the budget is not changed unless an unforeseen expenditure occurs. If this happens the expenditure is taken to the Board of Directors for approval or re-prioritization of jobs to accommodate the additional expense if possible. The Board is updated quarterly as to the status of major projects, comparisons to budget, and remaining funds to be spent.

Both the 2017 Bridge and 2018 Test years have been compiled using MIFRS method of presentation. There were no impacts resulting from the change in accounting standards.

1.5.2 REVENUE REQUIREMENT²¹

The table below shows CWH's revenue requirement from the last Cost of Service in 2013 up to the proposed 2018 revenue requirement.

The proposed Base Revenue Requirement for the 2018 test year of \$3,707,317 reflects an increase of \$682,318 or 22.56% higher than the 2013 Board Approved. The revenue requirement between 2013 and 2016 has increased at a steady rate representing a deliberate pace of capital and operational investment. The increase in 2017 and 2018 is largely due to a) OM&A of \$382,195 as explained in Exhibit 4, b) depreciation of \$82,081 as presented in Exhibit 2, and c) \$279,387 in the regulated return on capital. Regulatory costs are also projected to be higher for

²¹ MFR - Revenue Requirement - service RR, increase (\$ and %) from change from previously approved, main drivers

2018 due to provisions for an oral hearing and the drafting of the Distribution System Plan by a third-party engineering firm. Year over year variances in OM&A are explained throughout Exhibit 4; Revenue Offsets are explained in detail at Exhibit 3; and Capital Expenditures are explained in detail at Exhibit 2.

Table 7: 2018 Proposed Revenue Requirements

Particular	Last Board Approved	2013	2014	2015	2016	2017	2018
OM&A Expenses	\$2,022,105	\$2,041,514	\$2,046,360	\$2,074,268	\$2,138,832	\$2,297,500	\$2,404,300
Depreciation Expense	\$508,619	\$614,297	\$547,856	\$543,003	\$548,179	\$585,500	\$590,700
Property Taxes	\$36,400	\$14,849	\$14,454	\$14,643	\$19,795	\$17,300	\$19,200
Total Distribution Expenses	\$2,567,124	\$2,670,661	\$2,608,669	\$2,631,914	\$2,706,806	\$2,900,300	\$3,014,200
Regulated Return On Capital	\$706,130	\$705,922	\$807,678	\$906,871	\$1,005,733	\$1,080,310	\$985,517
Grossed up PILs	\$3,445	\$41,249	-\$80,861	-\$63,532	-\$12,765	\$0	\$0
Service Revenue Requirement	\$3,276,699	\$3,417,831	\$3,335,487	\$3,475,253	\$3,699,774	\$3,980,610	\$3,999,717
Less: Revenue Offsets	-\$251,700	-\$309,555	-\$357,828	-\$428,343	-\$294,951	-\$339,700	-\$292,400
Base Revenue Requirement	\$3,024,999	\$3,108,276	\$2,977,659	\$3,046,910	\$3,404,823	\$3,640,910	\$3,707,317

1.5.3 RATE BASE AND CAPITAL PLANNING²²

The proposed Rate Base for the 2018 test year of \$17,246,554 reflects an increase of \$5,467,843, (46.4%) from the 2013 Board Approved. The increase reflects CWH's prudent investment in its distribution assets and is necessary in order to meet other regulatory requirements such as the "obligation to connect" new growth and the need to continuously meet electrical safety standards.

In the previous five years, a priority for CWH has been to rebuild/upgrade its six distribution stations. Capital spending of over \$5.5 M has been invested into the six stations. Details

²² 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

- 1 regarding the station upgrades and condition assessments to determine the priority of these
- 2 stations are presented in the Distribution System Plan in Exhibit 2 at Appendix B.
- 3 The utility is not proposing to recover any costs from any rate class for renewable energy
- 4 connections/expansions, smart grid, and regional planning initiatives. The table below shows the
- 5 change in Rate Base from the last Cost of Service in 2013 to the proposed 2018 Cost of Service.

6 **Table 8: Rate Base**

Particulars	Last Board Approved	2013	2014	2015	2016	2017	2018
Net Capital Assets in Service:							
Opening Balance	8,768,155	7,462,317	10,208,709	12,001,213	13,273,013	14,741,660	15,470,260
Ending Balance	10,097,111	10,208,709	12,001,213	13,273,013	14,741,660	15,470,260	15,651,360
Average Balance	9,432,633	8,835,513	11,104,961	12,637,113	14,007,337	15,105,960	15,560,810
Working Capital Allowance	2,346,078	2,296,341	2,371,620	2,494,549	2,773,893	2,919,637	1,685,744
Total Rate Base	11,778,711	11,131,854	13,476,581	15,131,662	16,781,230	18,025,597	17,246,554

7 **Table 9: Working Capital Allowance**

Expenses for Working Capital	Last Board Approved	2013	2014	2015	2016	2017	2018
Eligible Distribution Expenses:							
3500-Distribution Expenses - Operation	269,500	303,224	313,306	326,133	312,568	366,200	366,900
3550-Distribution Expenses - Maintenance	302,200	317,930	283,489	310,601	354,386	344,000	361,500
3650-Billing and Collecting	446,705	434,218	437,448	449,490	461,688	487,500	520,700
3700-Community Relations	28,600	25,327	31,565	23,290	51,588	55,900	43,500
3800-Administrative and General Expenses	975,100	960,815	980,552	964,755	958,600	1,043,900	1,111,700
Adjust to arrive to RRWF of DRO	-1,900						
Property Taxes	34,500	14,849	14,454	14,643	19,795	17,300	19,200
Total Eligible Distribution Expenses	2,054,705	2,056,363	2,060,813	2,088,911	2,158,627	2,314,800	2,423,500
3350-Power Supply Expenses	15,992,047	15,607,801	16,182,418	17,099,926	19,179,014	20,143,943	20,053,083
Total Expenses for Working Capital	18,046,752	17,664,165	18,243,232	19,188,837	21,337,641	22,458,743	22,476,583
Working Capital factor	13%	13%	13%	13%	13%	13%	7.5%
Total Working Capital	2,346,078	2,296,341	2,371,620	2,494,549	2,773,893	2,919,637	1,685,744

- 8
- 9 CWH has, for many years, strictly followed the best practices of the electricity distribution
 - 10 industry. This has included adhering to the Ontario Energy Board's (OEB) Distribution System

1 Code that sets out, among others, good utility practice and performance standards for the
2 industry in Ontario, and minimum inspection requirements for distribution equipment.

3 Consistent with best practices, over the years CWH has replaced or upgraded equipment
4 primarily when safety or reliability becomes a concern. The net result has been a significant
5 increase in rate base, mainly attributable to distribution station upgrades that will benefit CWH's
6 customers with sustained safety and reliability of the system over an extended period of time.
7 The distribution station upgrades are included in System Renewal in the table below.

8 The cost driver of the System Service category in 2013 was the transfer of the smart meters from
9 account 1555 to account 1860.

10 In the forecast years the cost driver for General Plant is the replacement of operation vehicles
11 that will come to the end of their useful life in the next five years. CWH will be replacing a large
12 number of their fleet vehicles within the next 5 years and therefore will see a decrease in the
13 General Plant category subsequent to 2022.

14

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

2 **Table 10: Capital Expenditure Summary**

CAPEX Category	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
System Access	\$97,757	\$29,825	\$174,730	\$289,576	\$305,200	\$30,600	\$24,900	\$25,400	\$25,900	\$26,400
System Renewal	\$1,995,715	\$2,282,585	\$1,115,005	\$1,654,016	\$474,400	\$512,500	\$503,300	\$527,300	\$538,500	\$1,228,100
System Service	\$1,206,427	\$5,298	-\$598	\$19,291	\$17,400	\$81,900	\$65,400	\$29,400	\$29,400	\$29,400
General Plant	\$269,839	\$86,530	\$587,285	\$169,915	\$580,600	\$250,300	\$157,000	\$392,800	\$126,200	\$141,800
Total Capital Expenditure	\$3,569,738	\$2,404,237	\$1,876,421	\$2,132,797	\$1,377,600	\$875,300	\$750,600	\$974,900	\$720,000	\$1,425,700

1.5.4 OVERVIEW OF OPERATION, MAINTENANCE, AND ADMINISTRATIVE COSTS²³

The increase of \$382,195 in OM&A spending from its 2013 (BA) Cost of Service to the 2018 Test Year can be attributed to several factors and are explained in detail in Exhibit 4.

Operation and Maintenance costs increased by \$156,700 or 27.4%; these costs are aimed at keeping the CWH's distribution system in good repair so as to ensure reliability and safety to workers and the public.

Billing and Collecting has increased by \$73,995 or 16.6%. Details are provided in Exhibit 4.

The increase in Administrative Expenses between 2013 BA and 2018 Test year is \$137,600.

Details are provided in Exhibit 4. CWH experienced a series of increases across a number of discrete items in this category of expenses above the rate of inflation, coupled with the effect of some reallocation of some existing costs to this category of expense.

The inflation rate of 1.8% was used where exact rates or increases could not be identified.

Table 11: Summary of Recoverable OM&A Expenses

	2013 Board Approved	2013	2014	2015	2016	2017	2018	Variance from Board Approved
Operations	\$269,500	\$303,224	\$313,306	\$326,133	\$312,568	\$366,200	\$366,900	\$97,400
Maintenance	\$302,200	\$317,930	\$283,489	\$310,601	\$354,386	\$344,000	\$361,500	\$59,300
Billing and Collecting	\$446,705	\$434,218	\$437,448	\$449,490	\$461,688	\$487,500	\$520,700	\$73,995
Community Relations	\$28,600	\$25,327	\$31,565	\$23,290	\$51,588	\$55,900	\$43,500	\$14,900
Administrative and General	\$975,100	\$960,815	\$980,552	\$964,755	\$958,600	\$1,043,900	\$1,111,700	\$136,600
Total	\$2,022,105	\$2,041,514	\$2,046,360	\$2,074,268	\$2,138,832	\$2,297,500	\$2,404,300	\$382,195
%Change (year over year)		1.0%	0.2%	1.4%	3.1%	7.4%	4.6%	18.9%

²³ 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 %).

1 **Table 12: Total Compensation included in OM&A**

	Board Approved						
	2013	2013	2014	2015	2016	2017	2018
Number of Employees (FTEs including Part-Time)¹							
Management (including executive)	-	-	-	-	-	-	-
Non-Management (union and non-union)	16.50	15.97	15.28	14.80	14.51	15.29	15.29
Total	16.50	16	15	15	15	15	15
Total Salary and Wages including overtime and incentive pay							
Management (including executive)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Management (union and non-union)	\$1,225,546	\$1,303,885	\$1,333,392	\$1,266,449	\$1,279,117	\$1,351,300	\$1,444,900
Total	\$1,225,546	\$1,303,885	\$1,333,392	\$1,266,449	\$1,279,117	\$1,351,300	\$1,444,900
Total Benefits (Current + Accrued)							
Management (including executive)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Management (union and non-union)	\$285,622	\$270,617	\$305,030	\$305,760	\$312,503	\$316,100	\$335,000
Total	\$285,622	\$270,617	\$305,030	\$305,760	\$312,503	\$316,100	\$335,000
Total Compensation (Salary, Wages, & Benefits)							
Management (including executive)	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Non-Management (union and non-union)	\$1,511,168	\$1,574,502	\$1,638,422	\$1,572,209	\$1,591,620	\$1,667,400	\$1,779,900
Total	\$1,511,168	\$1,574,502	\$1,638,422	\$1,572,209	\$1,591,620	\$1,667,400	\$1,779,900

2

3 1.5.5 LOAD FORECAST SUMMARY²⁴

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

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

- 11 • Wholesale Purchases (main)
- 12 ○ Heating Degree Days (included)

²⁴ MFR - Load Forecast Summary - load and customer growth, % change in kWh and customer numbers, methodology description

- 1 ○ Cooling Degree Days (included)
- 2 ○ Employment (included)
- 3 ○ Days per month(included)

4 Weather normalized values are determined by using the regression equation with a “9-year
5 average monthly degree days (2008-2016)”. The 9-year average is consistent with recent years’
6 weather and has been used in other electricity distribution rate applications and has been
7 accepted by the Board.

8 Allocation to specific weather sensitive rate classes (Residential, GS<50, GS>50) is based on the
9 average share of each classes’ actual retail kWh (exclusive of distribution losses) of actual
10 wholesale kWh for the 2008 to 2016 period.

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

13

1

Table 13: Load Forecast

Customers or Connections			
Customer Class Name	Actual	2018	% Change
	2013 Board Appr		
Residential	5,858	6,107	4.25%
General Service < 50 kW	738	758	2.71%
General Service 50 to 2999 kW	62	45	-27.42%
General Service 3000-4999 kW	1	1	0.00%
Unmetered Scattered Load	10	13	30.00%
Sentinel Lighting	31	29	-6.45%
Street Lighting	1,738	1,716	-1.27%
TOTAL	8,438	8,669	2.74%

2

Consumption (kWh)			
Customer Class Name	Actual	CDM	% Change
	2013 Board Appr	2018	
Residential	45,809,827	44,716,576	-2.39%
General Service < 50 kW	20,408,044	20,596,746	0.92%
General Service 50 to 2999 kW	61,309,307	59,273,907	-3.32%
General Service 3000-4999 kW	16,959,953	18,632,513	9.86%
Unmetered Scattered Load	604,378	548,560	-9.24%
Sentinel Lighting	37,461	38,252	2.11%
Street Lighting	1,130,191	558,906	-50.55%
TOTAL	146,259,161	144,365,460	-1.29%

3

Consumption (kW)			
Customer Class Name	Actual	CDM	% Change
	Last Board Appr.	2018	
Residential	0	0	
General Service < 50 kW	0	0	
General Service 50 to 2999 kW	157,640	160,292	1.68%
General Service 3000-4999 kW	37,416	43,538	16.36%
Unmetered Scattered Load	0	0	
Sentinel Lighting	104	106	1.92%
Street Lighting	3,162	1,536	-51.42%
TOTAL	198,322	205,472	3.61%

4

1.5.6 STATEMENT OF COST OF CAPITAL PARAMETERS²⁵

CWH 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, CWH seeks to recover a weighted average cost of capital of 5.71% through rates in the 2018 Test Year. CWH 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.

In calculating the applicable cost of capital, CWH 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"). CWH notes that consistent with Board policy, it used the weighted average long term debt rate of 3.81% as opposed to the deemed debt rate of 3.72%. CWH is not seeking any changes in its Capital Structure from its 2013 Board Approved Structure.

²⁵ MFR - Cost of Capital - Statement regarding use of OEB's cost of capital parameters; summary of any deviations

Table 14: Overview of Capital Structure

Particulars	Cost Rate		Return	
	(%)	(\$)	(%)	(\$)
Debt				
Long-term Debt	56.00%	\$9,658,070	3.81%	\$367,676
Short-term Debt	4.00%	\$689,862	1.76%	\$12,142
Total Debt	60.0%	\$10,347,933	3.67%	\$379,818
Equity				
Common Equity	40.00%	\$6,898,622	8.78%	\$605,699
Preferred Shares		\$ -		\$ -
Total Equity	40.0%	\$6,898,622	8.78%	\$605,699
	100.0%	\$17,246,554	5.71%	\$985,517

*2018 Rate Base

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

1.5.7 OVERVIEW OF COST ALLOCATION AND RATE DESIGN²⁶

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

CWH 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 in November of 2006, including all subsequent updates.

CWH 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).

²⁶ MFR - Cost Allocation & Rate Design - summary of any deviations from OEB methodologies, significant changes and summary of proposed mitigation plans

CWH 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 were outside the Board's target range after the cost allocation run. For those two classes, the utility proposes the reallocation of revenues to bring those classes within the Board's target range. 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.

Table 15: Proposed Allocation

Customer Class Name	Calculated R/C Ratio	Proposed R/C Ratio	Variance	Target Range	
				Floor	Ceiling
Residential	1.06	1.04	0.02	0.85	1.15
General Service < 50 kW	1.03	1.03	0.00	0.80	1.20
General Service 50 to 2999 kW	0.95	0.95	-0.00	0.80	1.20
General Service 3000-4999 kW	0.61	0.80	-0.19	0.80	1.20
Unmetered Scattered Load	0.91	0.91	0.00	0.80	1.20
Sentinel Lighting	0.74	0.80	-0.06	0.80	1.20
Street Lighting	0.76	.80	-0.04	0.80	1.20

In mid-year 2015, OEB introduced a new policy for all-fixed distribution rates for residential customers. CWH has implemented a four year phase-in period for the move to an all-fixed monthly service charge as required by the Board.

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 CWH specific other adders are added to the distribution rates to arrive at a final all-encompassing bill.

The table below shows CWHs 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.

Table 16: Existing vs. Proposed Rates

	Existing Rates			Proposed Rates		
	Fixed	Variable		Fixed	Variable	
Residential	\$21.02	\$0.0074		\$26.02	\$0.0041	kWh
General Service < 50 kW	\$18.44	\$0.0192		\$21.07	\$0.0219	kWh
General Service 50 to 2999 kW	\$170.19	\$3.7113		\$170.53	\$4.2349	kW
General Service 3000-4999 kW	\$685.86	\$2.9277		\$687.21	\$4.2301	kW
Unmetered Scattered Load	\$6.92	\$0.0109		\$7.90	\$0.0125	kWh
Sentinel Lighting	\$4.73	\$12.5207		\$5.90	\$15.6432	kW
Street Lighting	\$1.93	\$9.3109		\$2.35	\$11.3575	kW

1.5.8 OVERVIEW OF DEFERRAL AND VARIANCE ACCOUNT DISPOSITION²⁷

CWH proposes to dispose of a debit of \$245,893 related to Group 1 and \$145,273 for Group 2 Variance/Deferral Accounts. The balances in Group 1 and Group 2 balances are as of December 31, 2016 and are consistent with the utility's audited financial statements.

Group 1 and Group 2 DVA balances are proposed to be disposed of over 1 year.

CWH has followed the OEB's guidance as provided in the OEB's Electricity Distributor's Disposition of Variance Accounts Reporting Requirements Report, including disposing by RPP and non RPP appropriate categories.

²⁷ MFR - Deferral and Variance Accounts - total disposition (RPP and non-RPP), disposition period, new accounts requested

1

Table 17: Account and Balances Sought for Disposition/Recovery

		Amounts from Sheet 2	Allocator
LV Variance Account	1550	341,359	kWh
Smart Metering Entity Charge Variance Account	1551	(3,047)	# of Customers
RSVA - Wholesale Market Service Charge	1580	(329,142)	kWh
RSVA - Retail Transmission Network Charge	1584	(42,699)	kWh
RSVA - Retail Transmission Connection Charge	1586	9,575	kWh
RSVA - Power (excluding Global Adjustment)	1588	(34,483)	kWh
RSVA - Global Adjustment	1589	318,403	Non-RPP kWh
Disposition and Recovery/Refund of Regulatory Balances (2012)	1595	(1,514)	%
Disposition and Recovery/Refund of Regulatory Balances (2013)	1595	(2,077)	%
Disposition and Recovery/Refund of Regulatory Balances (2014)	1595	(5,351)	%
Disposition and Recovery/Refund of Regulatory Balances (2015)	1595	(5,131)	%
Total of Group 1 Accounts (including 1589)		245,893	
Other Regulatory Assets - Sub-Account - Deferred IFRS Transition Costs	1508	91,775	kWh
Other Regulatory Assets - Sub-Account - Incremental Capital Charges	1508	9,664	kWh
Other Regulatory Assets - Sub-Account - Other	1508	1,069	kWh
Retail Cost Variance Account - Retail	1518	42,287	kWh
Misc. Deferred Debits	1525	0	kWh
Retail Cost Variance Account - STR	1548	478	kWh
Total of Group 2 Accounts		145,273	
PILs and Tax Variance for 2006 and Subsequent Years (excludes sub-account and contra account)	1592	(863)	kWh
Total of Account 1592		(863)	
Renewable Generation Connection OM&A Deferral Account	1532	8,048	kWh
Total of Group 1 Accounts (1550, 1551, 1584, 1586 and 1595)		291,115	
Total of Account 1580 and 1588 (not allocated to WMPs)		(363,625)	
Balance of Account 1589 Allocated to Non-WMPs		318,403	
Group 2 Accounts (including 1592, 1532)		152,457	
IFRS-CGAAP Transition PP&E Amounts Balance + Return Component	1575	0	kWh
Accounting Changes Under CGAAP Balance + Return Component	1576	0	kWh
Total Balance Allocated to each class for Accounts 1575 and 1576		0	
Account 1589 reference calculation by customer and consumption			
Account 1589 / Number of Customers		\$36.73	

1.5.9 OVERVIEW OF BILL IMPACTS²⁸

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

The bill impact for each class is shown in the Table below. Although the overall bill impacts have increased for certain classes, CWH'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

Rate Impact Summary of Typical Use by Rate Class							
Rate Class	kWh	kW	# of Connections	2017 Bill \$	2018 Bill \$	\$ Difference	Total Bill Impact %
Residential	318			65.95	70.80	4.86	7.36%
Residential	750			124.38	127.86	3.49	2.80%
GS<50 kW	2000			341.02	349.30	8.28	2.43%
GS 50-2,999 kW	332500	840		52,552.78	52,760.53	207.75	0.40%
GS 3,000-4,999 kW	1507000	3600		233,555.83	239,473.17	5,917.34	2.53%
USL	275		1	47.25	48.90	1.66	3.50%
Sentinel Lighting	75	0.3	1	19.82	22.63	2.81	14.18%
Street Lighting	19051	45.36	548	4,371.48	4,723.14	351.66	8.04%

The impact is further adjusted by overall credit rate riders to dispose of the 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.

²⁸ 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 \$3,705,959. The Applicant has used \$50,000 as a materiality threshold throughout this application.

In Exhibit 4, CWH explains the use of a threshold considerably lower the \$50,000 for the purpose of explaining variances in expenses from year to year in order to provide a meaningful analysis of the increase in CWH's total OM&A expenses from the 2013 Board Approved amount to the proposed 2018 Test Year amount.

1.7 CUSTOMER ENGAGEMENT

1.7.1 OVERVIEW OF CUSTOMER ENGAGEMENT

The Report of the Board, Renewed Regulatory Framework for Electricity Distributors: A Performance Based Approach (the "RRFE Report") contemplates enhanced engagement between distributors and their customers to provide better alignment between distributor operational plans and customer needs and expectations.

CWH is proud of our historical track record of putting a high value on our customers, ensuring they receive reliable and safe electricity connections through prudent capital and maintenance spending, with high quality customer service. In recent years, with the advancement of technology coupled with enhanced means of communication, customers expect more information and want to be more active participants in the services provided them. CWH is meeting this challenge of enhanced customer engagement through different means and forums to customers in an effort to identify with them and understand what is important to them and what their meaningful priorities are. Examples of activities CWH uses to engage with its customers are:

- Customer satisfaction surveys
- Attending Home shows
- Attending Community events like Earth day
- Bill inserts
- Local news papers
- Local radio
- Open house
- Website
- Public information sessions
- School conservation and safety presentations
- Customer counter and reception

CWH is striving to align our operational plans and goals with our customers' needs and expectations through all of our customer engagement endeavors. We are also becoming more customer-centric by investing in new programs, and technologies that allow us to communicate more effectively and efficiently with our customers. Some of our current initiatives to maintain or improve our level of customer engagement are as outlined on the next few pages.

1.7.2 CUSTOMER SATISFACTION SURVEY

CWH conducted a customer satisfaction survey with its residential and GS<50 classes. CWH engaged UtilityPULSE to conduct an independent customer satisfaction survey for 2014. The survey asked customers questions on a wide range of topics, including: (a) power quality and reliability; (b) price; (c) billing and payment; (d) communications; and (e) the customer service experience. UtilityPULSE conducted the 2014 survey in April of 2014, with final results available in June 2014. The results are compiled into a final report outlining the overall customer satisfaction within the community as well as benchmarking the results against other Provincial and National participants. These results are then used to support internal discussions surrounding what is currently being done well, and what needs improvement.

With regard to the 2014 survey results, UtilityPULSE surveyed 612 respondents, consisting of 85% residential and 15% commercial. Highlights of CWH succeeding and Customers being satisfied as found in the survey are as follows:

ON Benchmark	CWH/ CHEC	
77%	85%	Credibility and Trust rating
83%	92%	Customer Satisfaction
25%	12%	Billing problems
61%	72%	Problems solved

1	79%	87%	CEPr: Customer Experience Performing rating
2	86%	92%	Provides reliable electricity
3	83%	90%	Quickly restores power
4	87%	90%	Electricity is a top priority
5	62%	78%	Operates a cost effective electricity system
6	80%	88%	Overall the utility provides excellent quality services
7	77%	84%	Leader in promoting energy conservation
8	63%	73%	Provides good value
9	76%	83%	CCEI: Customer Centric Engagement Index
10	17%	28%	Loyalty: Secure customers
11	B+	A	Report Card

12 The complete report is provided as an Appendix A to this exhibit.

13 **Improving Customer Experience from Survey Feedback²⁹**

14 After completing the first required customer satisfaction survey, which CWH received an “A”
15 grade on, CWH implemented cost effective changes to better communicate with our customers.
16 We now post outage information on our website, including the area affected, cause and
17 estimated time of restoration and, if it is a planned outage, the start time. This information is
18 presented using an interactive geographical map that customers can take advantage of to
19 report non-emergency/outage problems such as street light problems or tree limbs close to
20 wires etc. Staff review the map daily and generate the required work orders from customers’

²⁹ MFR – Discussion of any feedback provided by customers and how the feedback shaped the final application

1 feedback. Our customers also expect updates through media channels and CWH now
2 communicates outage issues with our local radio station, 101.1 FM The Grand, to communicate,
3 on air, periodic updates during outages and emergencies, in addition to posting these updates
4 on their radio stations Facebook and Twitter feeds. The local newspaper is also updated with the
5 same information to be posted on their social media feeds. The Survey indicated the telephone
6 is still the preferred method of communicating outages and in an effort to improve our
7 customers experience CWH switched from an after-hours message service to a 24-hour call
8 centre so that customers can speak directly to a customer service representative 24/7.

9 CWH used Redhead Media Solutions Inc. to perform its most recent Customer Satisfaction
10 Survey which was completed in the first quarter of 2017 with the final report delivered to CWH
11 on April 2nd. Redhead Media was retained through 14 CHEC members after a joint competitive
12 RFP was issued, once again showing value to our customers through collaboration with other
13 LDCs. CWH obtained an overall customer satisfaction index score of 77.3%. The final report
14 issued by Redhead is Appendix B to this exhibit.

15 1.7.3 FRONT DESK SUPPORT

16 CWH currently maintains front desk support allowing the customer and the utility to interact on
17 a direct basis. Social interaction is still one of the best ways to be in close contact with the
18 customer. People appreciate being heard and the opportunity to give feedback, which is
19 conveniently done when paying your electrical bill at the front counter of your local utility.

20 With a front desk, information is exchanged regularly with every customer interaction. Data
21 gathered through these interactions can then be used to improve business outcomes. In this
22 sense, front desk staff becomes pivotal to the business and bridges the gap between the
23 customer and other utility staff. CWH plans on continuing its front desk operations as a form of
24 customer engagement and to ensure expected customer service levels are maintained.

1.7.4 PUBLICATIONS

The majority of CWH's customers receive a physical bill in the mail, and CWH takes advantage of this opportunity to communicate additional information via messages in the form of separate inserts, and messages on the bill itself. Many of these messages are coordinated with announcements from the OEB, IESO, and other agencies, and include information about retailers, rate changes, conservation and demand management programs, electrical safety, and references to our website.

1.7.5 MEETINGS AND ADVERTISEMENTS³⁰

Meetings

CWH hosted public forums that provided an opportunity for all customers to learn about the company's distribution system investment plans and the potential rate impacts associated with these plans. The forums were led by senior management who were well-informed of the issues at hand. A summary of the customer feedback and discussions from these forums is as follows:

Information Session Feb 2015

CWH conducted information sessions in both Fergus and Elora with afternoon and evening timeslots to accommodate customers' busy schedules. These sessions were advertised on the local radio and newspaper but, unfortunately, they were not well attended. The few customers that did attend were not interested in completing a short questionnaire /survey.

³⁰ MFR - Overview of customer engagement activities; description of plans and how customer needs, preferences and expectations have been reflected in the application.

Centre Wellington Spring Home Show 2012 - 2016

CWH attends the Centre Wellington Spring Home show for 3 days in May of each year and enjoys some attention at its booth. At this event staff successfully sign customers up for CDM approved programs such as the Peak Saver Plus Program, assist customers to set up a user account for Customer Connect (CWH's web based meter data presentment and reporting tool) and educate the public about CDM programs and safety topics.

CWH Residential and Small Commercial Customer Open House October 2016

CWH held a residential and small commercial customer open house in Oct 2016 at its Gartshore Street administration and service centre. The purpose of this event was to invite customers to our work centre for them to see firsthand our operations both in the office and shop and to interact first hand with employees and to present them with information in regards to our upcoming Cost of Service application. Attendees were given a lot of attention in whichever area they were interested i.e. electricity usage presentment (customer connect), Conservation programs, safety and outside operations (bucket rides were available), and rates and rate setting.

CWH's presentation material for the open house is provided as an Appendix C to this Exhibit. The graphs/charts represented in this presentation are based on CWH's distribution rates that were in effect May 1, 2016.

Redhead Media Solutions was used to prepare for the open house and attend to record the event as well as compile the customer feedback. Redhead Media's complete report is provided as an Appendix D to this Exhibit.

Focus Group

CWH scheduled a Focus Group meeting in April of 2017 to specifically discuss future capital and maintenance plans and how they would have an effect on rates. An advertisement ran on the

1 local radio station for 10 days asking for interested participants from all customer classes to
2 contact CWH. Unfortunately, there was only one residential customer who inquired about the
3 Focus group and due to the lack of customer interest the meeting was cancelled.³¹

4 **CWH Commercial and Industrial meeting February 2017**

5 CWH held a Commercial and Industrial customer meeting for all GS>50 class customers on Feb
6 22, 2017 with the focus being on presenting CWH's current rate application process and
7 associated rate impacts. There was also a presentation from our Roving Energy Manager on
8 current CDM initiatives and opportunities for our customers. Invitations were mailed directly to
9 all customers and a follow up phone call was made if the customer did not respond. There was
10 a very good turnout with 18 customers present representing 13 companies of the 50 customers
11 in this class, or 26% representation. Similar to the residential small commercial open house,
12 customers were given an overview of CWH's operations and supplied information on CWH's
13 performance, reliability statistics, rates, priorities and planning through the DSP and were given
14 a chance to ask questions and give us feedback. A small questionnaire was part of the meeting
15 and again Redhead media was present to record the survey answers and verbal questions and
16 answers including general feedback and the overall meeting.

17 CWH's presentation material for the open house is provided as an Appendix E to this Exhibit.
18 The graphs/charts represented in this presentation are based on CWH's distribution rates that
19 were in effect May 1, 2016.

20 Redhead Media's complete report is provided as an Appendix F to this Exhibit.

21 No other means of communication other than the ones mentioned above were completed
22 regarding this application.³²

³¹ 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

1.7.7 CONSERVATION AND DEMAND MANAGEMENT

Conservation and Demand Management ("CDM") work conducted by CWH includes a number of initiatives that involves outreach to our customers. Reaching out to customers through CDM programs helps customers to better understand their local utility, while they become more knowledgeable about energy conservation. CWH continues to participate in a number of community events to highlight CDM program offerings.

Customers have expressed the need for extra consultation and assistance with various CDM programs. In response to this, utility staff makes direct contact with customers to assist them with their concerns and/or CDM program applications on an individual basis. These efforts provide a communication channel to energy conscious customers so that the needs and desires of these customers are better understood and addressed.

One extremely important CDM initiative that CWH has undertaken for the past several years is that of the Roving Energy Manager (REM) program. CHEC Association Members, including CWH, currently share a REM across their respective distribution territories in order to make this position as cost effective as possible. Key areas of responsibility for the REM include performing site visits, assessing potential areas for energy savings, and providing written reports where required.

The REM has been instrumental in assisting CWH with meeting its CDM goals and objectives, while engaging CWH's institutional, commercial, and industrial customers. Under the REM program, a mutually beneficial relationship is created whereby the needs and wants of the utilities larger customers are satisfied through CDM offerings, while the REM becomes a significant resource of knowledge to the utility. At the present time, CWH expects the REM program to continue into the foreseeable future.

³² 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

1.7.8 COMMUNITY INVOLVEMENT

It is important to CWH and its Shareholders that its employees support and give back to their community, and as such the utility participates in several community projects and events such as:

- Christmas Lights: CWH staff installs and removes Christmas lights throughout the town of Fergus and village of Elora annually, as well as participating in the Christmas parades.
- Flower baskets: CWH staff installs hanging baskets of flowers on decorative poles throughout Centre Wellington for the Horticultural society in the spring of each year.
- Bridge lighting: CWH worked with the BIA and Township to install LED coloured lighting on the walking bridge across the Grand river in downtown Fergus.
- July 1st celebrations: CWH staff installs flags on decorative poles.
- Centre Wellington Children Mighty Truck show: CWH staff attends (with equipment) this fundraiser intended to raise money for local playgrounds.
- Grand river: Cleanup day: CWH staff assist with removing refuse from the river during annual summer cleanup day.

1.7.9 SOCIAL SERVICES

Financial Assistance Program: CWH provides support through partnerships with the province's Low-income Energy Assistance Program (LEAP) program. This emergency financial assistance program is designed to help low-income customers who have difficulty making their electricity bill payments.

The LEAP program is discussed further in Exhibit 4, Tab 7 title "Leap, Charitable and Political Donations".

1.7.10 OTHER ENGAGEMENT ACTIVITIES

Other Potential Customer Activities Include:

- Newsletters, bill inserts, information bulletins, press releases
- Materials (Publications) – New accounts, developers, people with disabilities, etc.
- Meetings – Town Hall, customer specific, Chamber of Commerce, etc.
- Meetings – Association (i.e. EDA, ESA, CHEC, etc.), social entities, OEB,
- Education – Customers, school programs, etc.
- Outage Notification – Planned and unplanned
- Use of Social Media via media, notify customers of outages, open houses, etc.
- Collecting, tracking and reviewing key customer service/care metrics
- Supporting charitable or not-for-profit organizations in the community
- Forming alliances with other industry companies to improve service, reduce costs
- Service Orders (i.e.: Arranging for shut off/turn on, service calls, etc.)
- Data Analysis (i.e.: billing information, usage data, conservation data, etc.)
- Maintaining information about an account, preferences or permissions
- Responding to & tracking customer complaints
- Responding to & tracking customer suggestions
- Website, presenting information to customers and CWH offerings

CWH is of the opinion that Utilities have a higher chance of successfully engaging their customers when they first consider what will please those customers. It is critical for utilities to understand what really has meaning to their customers and how their customers form an opinion of the utility. Effective customer engagement addresses each of these through presenting meaningful information in an accessible manner.

1 **Table 19 - OEB Appendix 2-AC – Customer Engagement Activities Summary³³**

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.
Continuous Website Enhancements	Through surveys customers expressed the need for information to be available on the website.	CWH continues to develop online services and present information in a manner that our customers request it, including the ability to manage their account and energy usage.
Technology	Through front counter interaction, home show discussions and meetings the need to have tools available to help them understand and manage their electricity usage in real time, not waiting until after their received their bills	CWH offered an In Home Display (IHD) to customers that signed up for the Peaksaver plus program and these IHD's were very well received. We have since been offering them to customers that enquire about monitoring their usage in real time and request they sign up for customer connect and e-billing as an added bonus.
Outage Notification	Through surveys and phone conversations during outages customers have requested more information during outages.	CWH has implemented a cost effective solution that presents pertinent information during outages on an interactive web map.
Customer Satisfaction Surveys	Bi-Annual customer satisfaction surveys are conducted that will identify areas that customers feel CWH is performing well and will also identify problem areas or areas that could be improved.	CWH monitors the results of the surveys and takes immediate action to correct any problem areas and with areas of improvement we investigate and implement solutions to resolve the issues. We also use the survey to determine customers desire for ways to improve their service experience with us.
Participation in Home Shows	As part of our outreach programs to customers we go out into the community to meet with customers that may not call into the call centre or have an opportunity to review new services.	The Home Shows allow us the opportunity to meet face to face with our customers, introduce them to Conservation Programs that will help them reduce their energy consumption, learn about online services that will help them manage their bills and talk to them about safety related items.
Exhibits and presentations at community events	Customers request CWH's presence at some events and others we attend as outreach opportunities.	These events allow us to help provide more education on the electricity system, rates, energy usage and conservation as well as
School Education Program on Electrical Safety and Conservation	The Upper Grand District School Board within Centre Wellington schools has expressed their desire and the need to continue with the Electricity safety and conservation program in their schools.	CWH schedules Electrical and Conservation presentations for Kindergarten to grade 8 students in all schools within Centre Wellington on a 3 year schedules.
Community Support - LEAP	The LEAP program continues to be needed and is an important source of financial support for local families.	CWH funds \$4,800 towards the LEAP program annually.
Support of the local Food Bank and Christmas hamper Drive	Customer and community feedback has shown the importance of CWH's participation with the local food bank.	Annually, CWH makes donations towards the CW Food Bank to help families in need and rent the community hall for their annual Christmas hamper program.

33 MFR - Complete Appendix 2-AC Customer Engagement Activities Summary - identify how outcomes have shaped the application

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.
Paperless Billing	Through survey, phone calls and emails, and front desk discussions customers have shown interest in registering for paperless billing and simplify their billing experience.	Paperless billing is available to all customers. Customers are required to register for an online Customer Connect account and paperless billing to receive emails when their bill is ready. These emails have a short breakdown of the amount owing and date required. This allows customers to conveniently pay their bill, or if they require further details, they are able to log into their online account and download their complete monthly bill.
Billing Inserts	Through calls to our call centre and emails, customers have expressed the desire to be provided with information and details regarding programs and offerings from CWH, IESO and the OEB. Additionally, customers would like to be informed of any other changes that may affect their energy usage or billing.	Billing inserts are continuously created and delivered along with bills to share important information with customers. Inserts are also available at the reception area for customers to take with them after visiting the office.
Radio Advertisements	Customers have shown through survey and emails that they are interested in getting information about various programs that are offered.	Radio advertisements are aired when pertinent information in regards to specific CWH events or program offerings are being delivered.
CDM, including save on energy programs and use of a roving energy manager.	Through the most recent customer satisfaction survey customers place a high priority (level 3) on education about energy conservation.	Marketing save on energy programs through CWH's online website and newspaper adds. Support staff through roving energy manager to offer assistance to customers.
Christmas Lights and spring flowers.	CWH works with the Township on festive projects throughout the year, installs Christmas decorations and lights on downtown street light poles and trees at the Municipal office.	CWH crews install Christmas decorations and lights on downtown St light poles and trees at the Municipal office, and in the spring hang flower baskets on decorative poles and assist with pot placements.
In-Office Customer Engagement	CWH's office is open to all walk in customers and contractors.	Concerns or just general enquires are answered immediately by appropriate staff.
Children programs	CWH is involved with the community and enjoys working with groups that organize programs for children.	Safe communities day - Wellington County; CWH attends the annual safety day for children in Marden along with local fire departments, emergency services, and numerous other delegates. CWH staff also attends local fundraisers such as a local group that raises funds for playground equipment called Vic Terrace Mighty Machines Show.

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- 1
2 Trucks decorated for Fergus Santa Claus Parade.

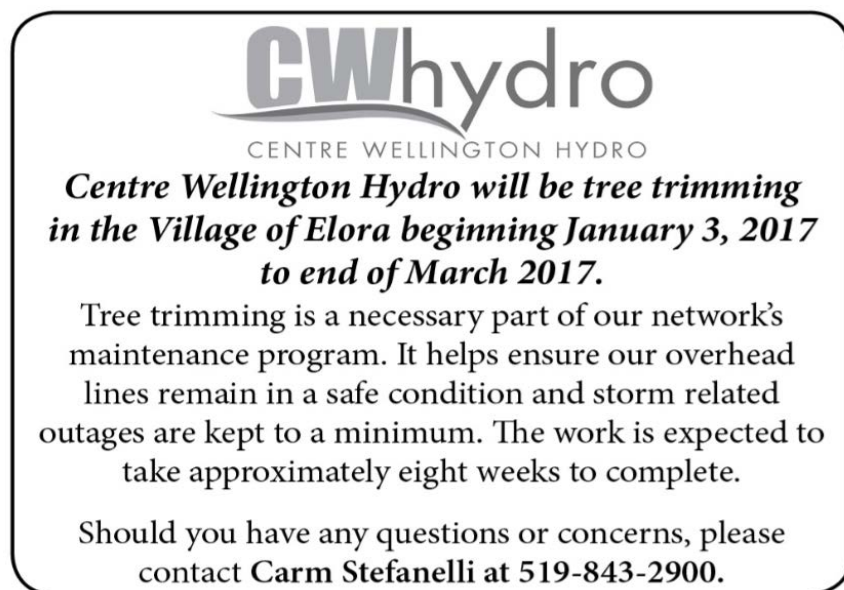
3



- 4
5 Electrical Safety and Conservation presentation to school children at one of Upper Grand District
6 Schools.

Advertisements

Additional communications were also issued in the form of local newspaper advertisements when customers may be affected by upgrades or maintenance projects. The following is a notice published in the Local Newspaper in regards to Tree Trimming activities being carried out by CWH staff.



Construction Project Communication

At times when customers will be affected by major upgrades or CWH construction projects notices are sent out in advance providing specific and relevant information regarding the project at hand. These notices are provided not only to inform customers of upcoming events, but to also provide a contact in case they have any comments, concerns or questions related to the project. The following figure is an example of a notice letter that was sent out on Oct 7, 2016, to advise customers of a project that occurred in their specific area.



Centre Wellington Hydro Ltd.
730 Gartshore St. P.O. Box 217, Fergus, Ontario, N1M 2W8
Phone: (519) 843-2900 Fax: (519) 843-7601 www.cwhydro.ca

October 7, 2016,

Dear Customer:

To better serve your current and future electrical needs and improve reliability and safety, Centre Wellington Hydro will be replacing the pole transformers and underground conductor on Highland Road, Shortreed Avenue and MacTavish Road.

The work will be on-going through the months of November and December 2016, and may require temporary power outages to your residence which you will be notified of in advance.

The excavation will be carried out by Drexler Construction and CWH crews will be on site during the project duration.

The planned work will require some boulevard excavation and replacement of streetlight poles and all landscaping will be reinstated.

CWH will also be installing new padmounted transformers at the current pole transformer locations.

Should you have any questions or concerns, please telephone (519) 843-2900 between 8:30 a.m. and 4:30 p.m.

Thank you for your cooperation.

Sincerely,

Carm Stefanelli
Superintendent

1

2

1.8 LETTERS OF COMMENT³⁴

1.8.1 LETTER OF COMMENT

CWH does not have any letter of comments to add at the time of the filing however, CWH is committed to addressing any comments or matters that are raised in letters of comment filed with the Board during the course of this proceeding and file those responses as additional evidence.

³⁴ MFR - All responses to matters raised in letters of comment filed with the OEB.

1.9 SCORECARD ANALYSIS

1.9.1 SCORECARD RESULTS AND ANALYSIS³⁵

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

CWH's 2015 Scorecard, which was published in the fall of 2016, is shown below. The Scorecard reflects the operational and financial performance of CWH. CWH has performed well relative to the OEB targets.

AMENDED JUNE 14, 2017

CWH strives to institute a culture of continuous improvement identifying areas where the effectiveness of the organization can be improved.

The ability to measure performance, by year-over-year comparisons and benchmarking against peers, provides important information for measuring operational effectiveness and identifying areas for improvement.

CWH will continue to monitor its business objectives to ensure that they are aligned with the OEB scorecard and actively drive cost reductions and productivity improvement.

CWH has provided the results of the PEG benchmarking in the Business Plan in Exhibit 1, section 1.2.2. The comments of continuous improvements and targets in this section regarding the scorecard were also considered after reviewing the PEG benchmarking spreadsheet that provided projections for the Bridge and Test year. In working with the Business Plan development, CWH looked at the PEG report and was able to identify that CWH is showing a movement towards being in Group 2 over the next two to three years.

³⁵ 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

1 While updating CWH's Business Plan to include in this CoS CWH:

- 2 ○ reviewed its mission statement to ensure that it informs the direction of the utility
- 3 and serve as a guide for long-term growth/development.
- 4 ○ detailed specific long term goals and short term objectives by developing an
- 5 action plan for each goal and objective, in section 1.2 and 1.3 of the Business Plan
- 6 ○ reviewed and updated its company history. It is especially important to document
- 7 the motivation (vision) of the utility and its shareholder.
- 8 ○ reviewed its current management structure, including the roles and
- 9 responsibilities of management team and employees. In doing so, CWH reviewed
- 10 areas for improvement in the current management structure to better understand
- 11 its obstacles.
- 12 ○ analyzed its economic conditions to better understand its effect on business
- 13 strategy – including consideration for load forecast, predicted capital and
- 14 operational costs, resources.
- 15 ○ analyzed its strengths and weaknesses to identify where it is the most vulnerable.
- 16
- 17

Scorecard - Centre Wellington Hydro Ltd.

9/22/2016

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%	96.60%	97.90%	⬆️	90.00%	
		Scheduled Appointments Met On Time	90.50%	97.60%	99.40%	91.70%	97.60%	⬆️	90.00%	
		Telephone Calls Answered On Time	99.70%	99.80%	99.90%	99.70%	99.60%	⬆️	65.00%	
	Customer Satisfaction	First Contact Resolution					0.5%			
		Billing Accuracy				99.99%	99.98%	⬆️	98.00%	
		Customer Satisfaction Survey Results				A	A			
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					84.10%			
		Level of Compliance with Ontario Regulation 22/04 ¹	NC	C	C	C	C	⬆️		C
		Serious Electrical Incident Index	0	0	0	0	0	⬆️		0
	System Reliability	Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	⬆️		0.000
		Average Number of Hours that Power to a Customer is Interrupted ²	0.33	0.26	2.87	0.02	0.14	⬆️		0.89
		Average Number of Times that Power to a Customer is Interrupted ²	0.89	0.74	0.89	0.08	0.06	⬆️		0.86
	Asset Management	Distribution System Plan Implementation Progress				80	89			
	Cost Control	Efficiency Assessment		3	3	3	3			
		Total Cost per Customer ³	\$568	\$599	\$614	\$617	\$654			
		Total Cost per Km of Line ³	\$22,916	\$26,707	\$27,271	\$27,509	\$29,247			
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 ⁴					18.11%			8.73 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	100.00%		100.00%			
		New Micro-embedded Generation Facilities Connected On Time			100.00%	100.00%	100.00%	⬆️	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	3.21	2.14	2.08	1.70	2.26			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.76	0.74	0.89	0.98	1.16			
		Profitability: Regulatory Return on Equity	8.01%	8.01%	8.98%	8.98%	8.98%			
		Deemed (included in rates) Achieved	3.34%	2.99%	10.40%	10.96%	8.13%			

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
⬆️ up ⬆️ down ⬆️ flat
Current year
● target met ● target not met

1.9.2 SCORECARD MD&A - GENERAL OVERVIEW

CWH has exceeded every Ontario Energy Board (OEB) Industry target for the Scorecard period. The continued high performance is a direct result of the investment CWH has made in rebuilding its infrastructure, maintaining its equipment to stay reliable and our commitment to customer service quality and focus on you, the customers.

At the end of 2016 CWH completed its 5-year schedule to rehabilitate all 6 stations between 2012 and 2016, which has aided in maintaining low outage statistics. Also helping low outage statistic scores is CWH's 2 year tree trimming rotation schedule, which keeps vegetation back from all power lines at a manageable pace. Another example of prudent maintenance is CWH's adoption of a program to repair and paint pad mounted transformers to extend the life of these assets and mitigate replacement costs.

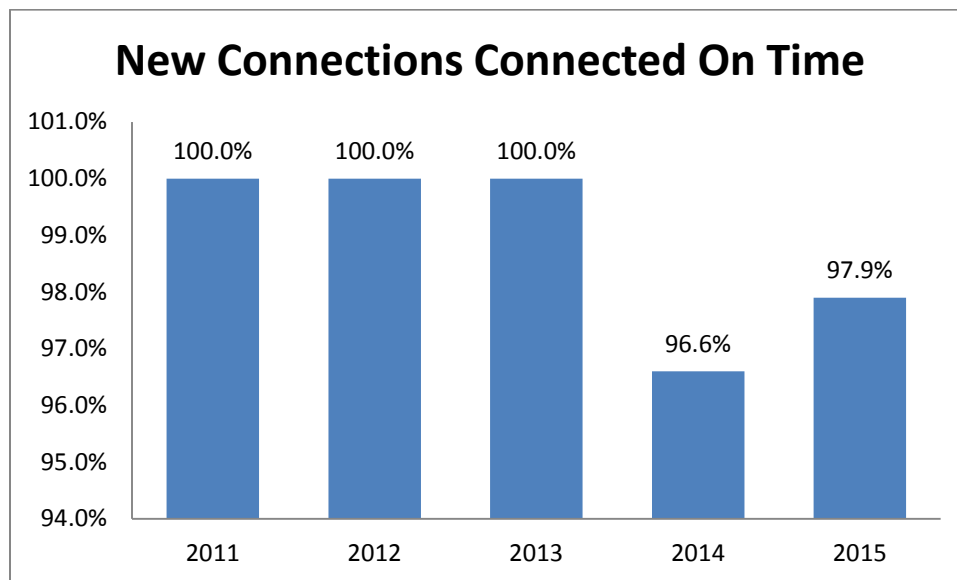
In 2015, CWH installed new office telephone equipment and added a call reporting and management software in the second quarter of 2016 to more accurately report on OEB measures.

Examples of continuous improvements include increased focus on replacement of assets that have reached the end of useful life. Improve reliability which supports maintenance of or improvement in the Service Quality indices.

Aside from processes, software, and technical updates and automation implementations, there is a culture of valuing our relationship with customers and their expectations at CWH. All CWH staff, management and Board members are committed to the customers we serve and strive to provide great service and system reliability at reasonable rates in a safe and efficient manner.

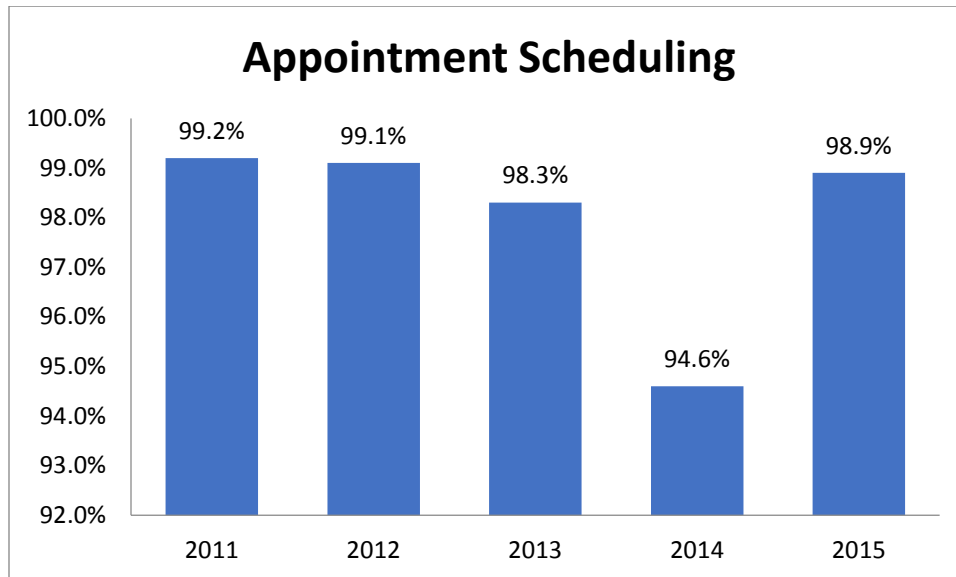
- New Residential/Small Business Services Connected on Time

CWH considers “New Services Connected on Time” as an important form of customer engagement as it is the utilities first opportunity to meet and/or exceed its customer’s expectations, which in turn affects the level of customer satisfaction within a utility’s territory. Between 2011 and 2015, CWH has scored between 96% and 100% on this performance measure. CWH has and plans to continue to exceed the Ontario Energy Board’s mandated target of 90% for this measure with the current processes that are in place. At this time, there are no issues that are of concern in order for CWH to exceed the OEB mandated target.



- Scheduled Appointments Met On Time

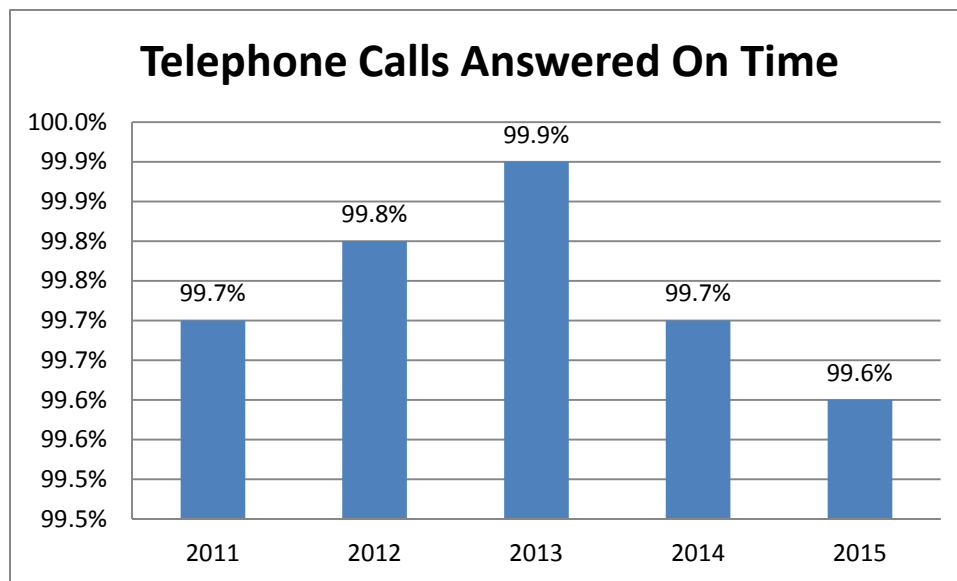
CWH considers "Scheduled Appointments Met" as an important form of customer engagement as customer presence is required for all types of appointments. Consistent with prior years, CWH exceeds the Ontario Energy Board's mandated target of 90% for this measure. CWH has shown a slight reduction in the number of scheduled appointments being met on time and this is generally due to electrician's requesting the disconnection / reconnection in the morning then not being ready for reconnection until the afternoon. CWH will continue to strive to meet customers' requests within the four-hour window period.



- Telephone Calls Answered On Time

CWH considers "Telephone Calls" to be an important communication tool for identifying and responding to its customers' needs and preferences. CWH's staff take pride in this statistic and note that CWH has never scored below 99% in this specific measure, over the past five years, which significantly exceeds the Ontario Energy Board mandated target of 65% for this measure. As the score is well within the OEB range no additional target improvements are required.

The amount of qualified incoming calls has declined over the time this measure has been tracked. The decrease in call volumes is attributed to increased customer engagement through emails, our website and online account access to account balances, time of use and conservation tips.



1.9.3 CUSTOMER SATISFACTION

- First Contact Resolution

CWH defines "First Contact Resolution" as the number of customer enquires that are not resolved by the first contact at the utility, resulting in the enquiry being escalated to an alternate contact at the utility, typically a supervisor or a manager. This includes all customer enquires that are made to a customer service representative whether by telephone, letter, e-mail, or in person.

CWH worked with the CHEC group to create a consistent set of measures among our utilities collectively and started tracking for this measure in 2015. This included training staff to ensure that calls are logged accurately.

Customer Service Representatives log calls, walk-ins, letters, and emails. If they are unable to address the concern on the initial contact and must forward, they mark the call as "unresolved first contact" so that we can track them as they pass them on to someone else within the organization.

CWH's CSR's have regular meetings to discuss new topics and issues as they arise. All of the CSR's participate in these meetings and other staff are included if there are topics that need to be shared with the front staff. The driver for this measure is ensuring CWH's staff are all informed of changes and having an open door policy with management so that any questions/issues are addressed quickly and correctly for the benefit of our customers.

- Billing Accuracy

Billing Accuracy is a new scorecard measure introduced by the Ontario Energy Board late in 2014, therefore 2015 was the first full year. It is defined as the number of accurate bills issued expressed as a percentage of total bills issued.

CWH considers timely and accurate billing to be an essential component of customer satisfaction. CWH has checks and measures in place to monitor the accuracy of the bills. For the two years of results, CWH has recorded 99.99% and 99.98%. CWH does not anticipate this measure to decline due to the billing process they are followed onsite.

1.9.4 SAFETY

- **Public Safety**

Public Safety is a scorecard measure introduced in 2014 by the Ontario Energy Board. The Public Safety measure is generated by the Electrical Safety Authority and is comprised of three components: Public Awareness of Electrical Safety, Compliance with Ontario Regulation 22/04, and the Serious Electrical Incident Index. A breakdown of the three components is as follows:

Component A – Public Awareness of Electrical Safety

- Component A consists of a new statistical survey that gauges the public's awareness of key electrical safety concepts related to electrical distribution equipment found in a utility's territory. The survey also provides a benchmark of the levels of awareness including identifying gaps where additional education and awareness efforts may be required. CWH's first public awareness survey score was 84.1%.

Component B – Compliance with Ontario Regulation 22/04

- Component B consists of a utility's compliance with Ontario Regulation 22/04 - Electrical Distribution Safety. Ontario Regulation 22/04 establishes the safety requirements for the design, construction, and maintenance of electrical distribution systems, particularly in relation to the approvals and inspections required prior to putting electrical equipment into service. Through our strong commitment to safety, CWH was found to be compliant with Ontario Regulation 22/04 (Electrical Distribution Safety) over the past four years.

Component C – Serious Electrical Incident Index

- Component C consists of the number of serious electrical incidents, including fatalities, which occur within a utility's territory. CWH has had zero fatalities and no (0) serious incidents within its service territory.

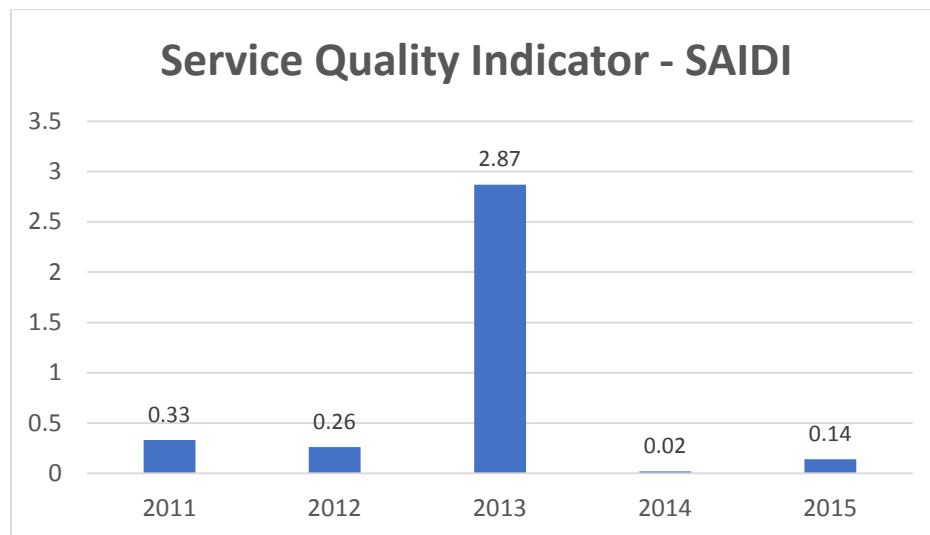
CWH has no reason to believe that their results within these measures would change in the near future.

1.9.5 SYSTEM RELIABILITY

- Average Number of Hours that Power to a Customer is Interrupted

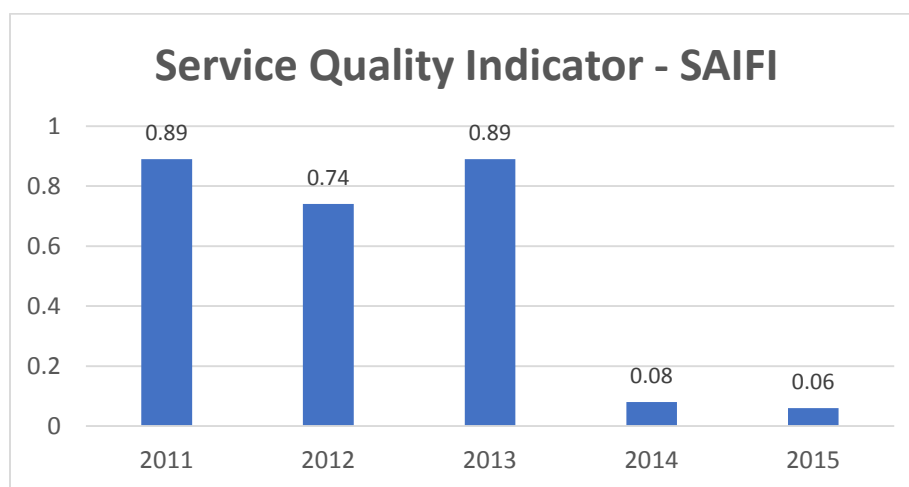
The average number of hours that power to a customer is interrupted is a measure of system reliability or the ability of a system to perform its required function. The Ontario Energy Board typically requires a utility to keep its hours of interruption within the range of its historical performance, however, outside factors such as severe weather, defective equipment, or even regularly scheduled maintenance can greatly impact this measure.

CWH views reliability of electrical service as a high priority for its customers and constantly monitors its system for signs of reliability degradation. CWH regularly maintains its distribution system to ensure its level of reliability is maintained. CWH attributes the low trend in outage duration to customers to major betterments to distribution substations over the last 4 years. The historic average for 2011 – 2015 is 0.724. In 2013 Centre Wellington Hydro's customer were impacted by two ice storms, one occurred on April 12, 2013 and the second one was on December 22, 2103. The latter storm was much more severe in our area.



- Average Number of Times that Power to a Customer is Interrupted

The average number of times that power to a customer is interrupted is another measure of system reliability and is also a high priority for CWH. As outlined above, the Ontario Energy Board typically requires a utility to keep this measure within the range of its historical performance and outside factors can greatly impact this measure. CWH's, average for the five-year period between 2011 and 2015 is 0.532 and attributed to the same major system betterments and lower than average weather related incidents in 2015, as mentioned above.



1.9.6 ASSET MANAGEMENT

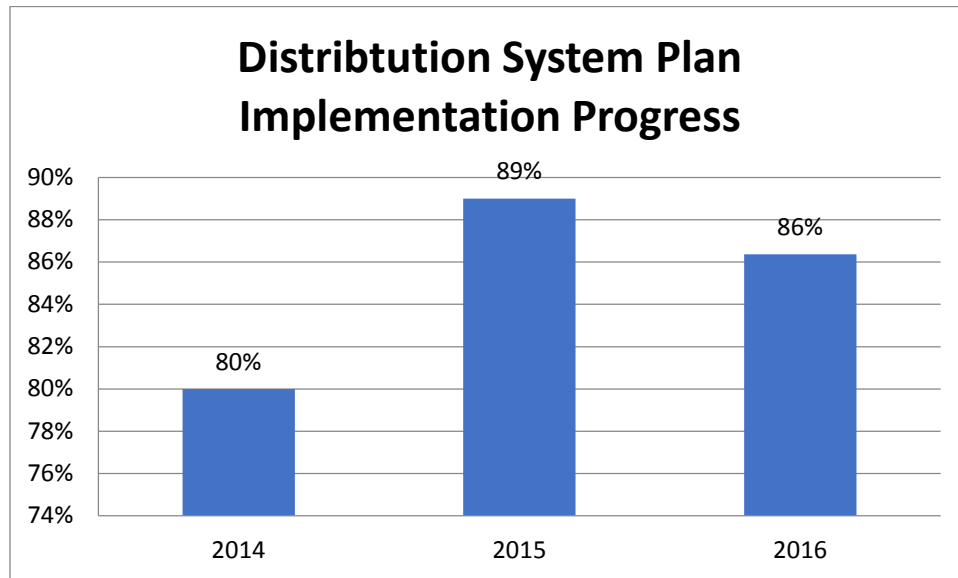
- Distribution System Plan Implementation Progress

The Distribution System Plan implementation progress was instituted by the Ontario Energy Board beginning in 2013. The Distribution System Plan outline forecasted capital expenditures over five (5) years, which are required to maintain and expand the utility's electricity system to serve its current and future customers. The Distribution System Plan Implementation Progress measure is intended to assess CWH's effectiveness at planning and implementing these capital expenditures. Consistent with other new measures, utilities were given an opportunity to define this measure in the manner that best fits their organization. As a result, this measure may differ from other utilities in the Province.

In 2013, CWH filed an Asset Management Plan (AMP) with their Cost of Service. The AMP only covered capital jobs to the end of 2015. In the past CWH has compared the jobs in the AMP to actuals to calculate this measure, however for 2016 there were no jobs in the AMP. For 2016, CWH is using the capital jobs that were budgeted for and approved by CWH's Board of Directors.

In any given year capital projects may be shuffled from the current year to the next or future years as unexpected capital projects are brought forward due to Municipal or Development projects taking priority. CWH makes every effort to control actual capital expenditures to ensure that total capital expenditures fall in line with the budget. Therefore, as the Distribution System Plan Implementation Progress indicates, planned capital project completion will exclude unexpected capital projects that are completed and is not an indication of planned/budgeted capital expenditure progress.

In CWH's 2018 CoS a DSP plan has been filed, therefore it will be used for 2017-2022.



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1.9.7 COST CONTROL

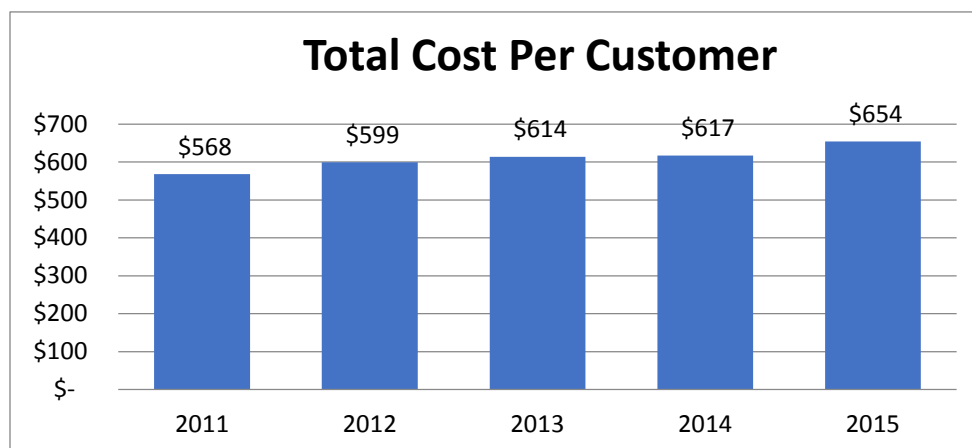
- Efficiency Assessment

On an annual basis, each utility in Ontario is assigned an efficiency ranking based on its performance. To determine a ranking, electricity distributors are divided into five groups based on the magnitude of the difference between their actual costs and predicted costs. CWH has remained in Group 3 in terms of efficiency for the life of the scorecard. Group 3 is considered average and is defined as having actual costs within +/- 10% of predicted costs. CWH will continue to strive to move towards group 2.

- Total Cost per Customer

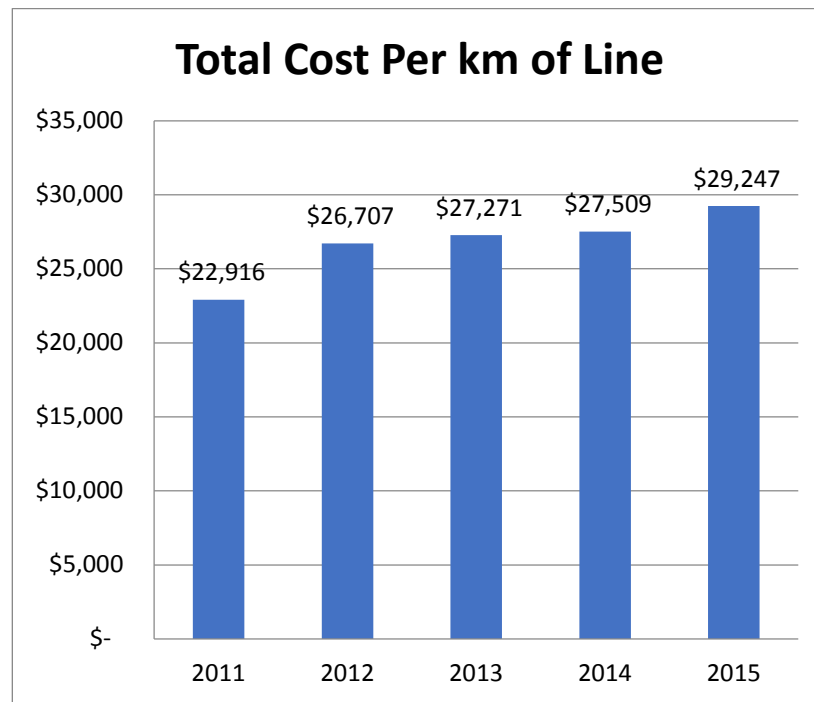
Total cost per customer is calculated as the sum of CWH's capital and operating costs, including certain adjustments to make the costs more comparable between utilities and dividing this cost figure by the total number of customers that CWH serves. Similar to most distributors in the province, CWH has experienced increases in its total costs required to deliver quality and reliable services to customers.

Going forward, utility costs are expected to keep pace with economic fluctuations; however, CWH will continue to explore productivity and efficiency improvements to help offset costs associated with distribution system enhancements, while maintaining the reliability and quality of its distribution system.



- Total Cost per Km of Line

The total cost used is the same total cost mentioned in Total Cost per Customer above and is then divided by CWH's total kilometers of line within our service territory. CWH's growth rate for its territory is considered low and as a result, the cost per km of line is expected to slowly increase as capital and operating costs increase. As we progress into the future, CWH will continue to seek innovative solutions to help ensure cost/km of line remains competitive and within acceptable limits to our customers.



1.9.8 CONSERVATION & DEMAND MANAGEMENT

- Net Cumulative Energy Savings

On the Conservation & Demand Management (CDM) portfolio a long history exists of CWH working in collaboration with Cornerstone Hydro Electric Concepts Association (CHEC) local distribution companies (LDCs). The CHEC LDCs recognized that working together would expedite program delivery and assist in maintaining cost effective delivery of programs. For the previous framework (2011-14) CWH was one of only 6 LDCs that met both the kWh and kW targets. While the new framework targets are challenging CWH is continuing its efforts. In 2015 CWH reached 18.11% of the energy targets set for the Conservation First Framework (CFF) period from 2015 to 2020. This is an excellent start to the new framework and customer contact and interest in further involvement in the programs appears high.

CWH along with 6 other LDCs have filed a combined CDM Plan for the CFF. The CDM Plan development was a result of consultation with CHEC Members, review of historical performance and consideration of the IESO Achievable Potential Study.

CWH will offer a full range of provincial programs in the service territory and continue to work collaboratively both with CHEC and other LDCs in an effort to develop new programs at the LDC and/or regional level.

CWH has a close relationship with its customers, has been active in community events and networking opportunities within the community. These activities provide excellent vehicles to share program information, obtain input from the customers and tailor delivery methods to meet local needs.

1.9.9 CONNECTION OF RENEWABLE GENERATION

- Renewable Generation Connection Impact Assessments Completed on Time

Electricity distributors are required to conduct Connection Impact Assessments (CIA's) on all renewable generation connections within 60 days of receiving authorization from the Electrical Safety Authority. CWH has developed and implemented an internal procedure to ensure compliance with this regulation. CWH has completed all CIA's within the appropriate period and therefore achieved 100% for this measure since its inception.

- New Micro-embedded Generation Facilities Connected On Time

Micro-embedded generation facilities consist of solar, wind, or other clean energy projects of less than 10 kW that are typically installed by homeowners, farms or small businesses. All projects, 100%, were connected within the prescribed timeframe of five (5) business days, which significantly exceeds the Ontario Energy Board's mandated target of 90% for this measure. CWH's process for these projects are well documented and CWH works closely with its customers and their contractors to ensure the customer's needs are met and/or exceeded.

1.9.10 FINANCIAL RATIOS

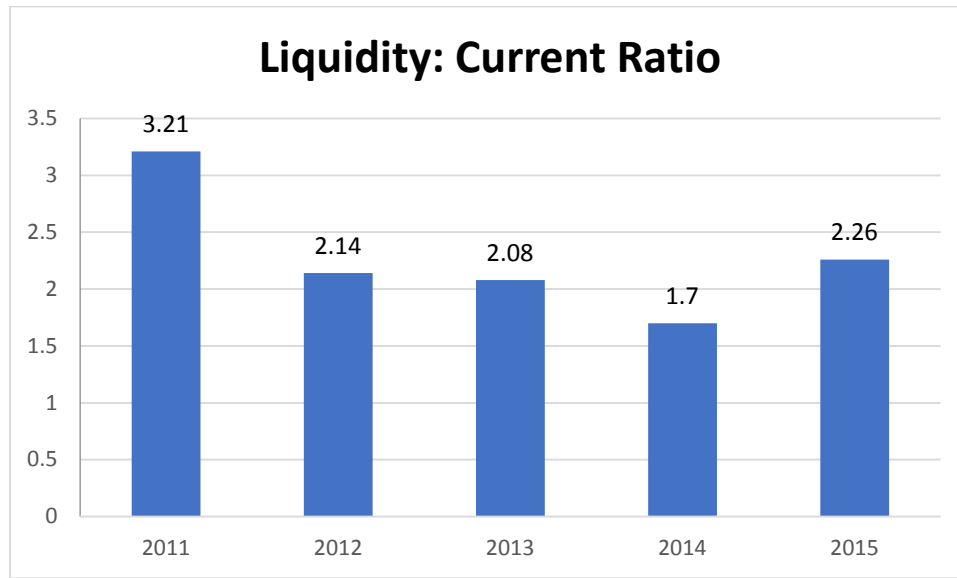
- Liquidity: Current Ratio (Current Assets/Current Liabilities)

As an indicator of financial health, a current ratio indicates a company's ability to pay its short term debts and financial obligations. Typically, a current ratio between 1 and 1.5 is considered good. If the current ratio is below 1, then a company may have problems meeting its current financial obligations.

CWH's current ratio is expected to remain financially healthy into the foreseeable future, CWH expects to show a reduction to the 2015 level of 2.26 due to completing the two remaining distribution station upgrades in 2016.

The 2011 figure was higher mainly due to the cash balance of CWH. CWH paid for the smart meter implementation without incurring debt. In 2013 CWH started the rehabilitation of its

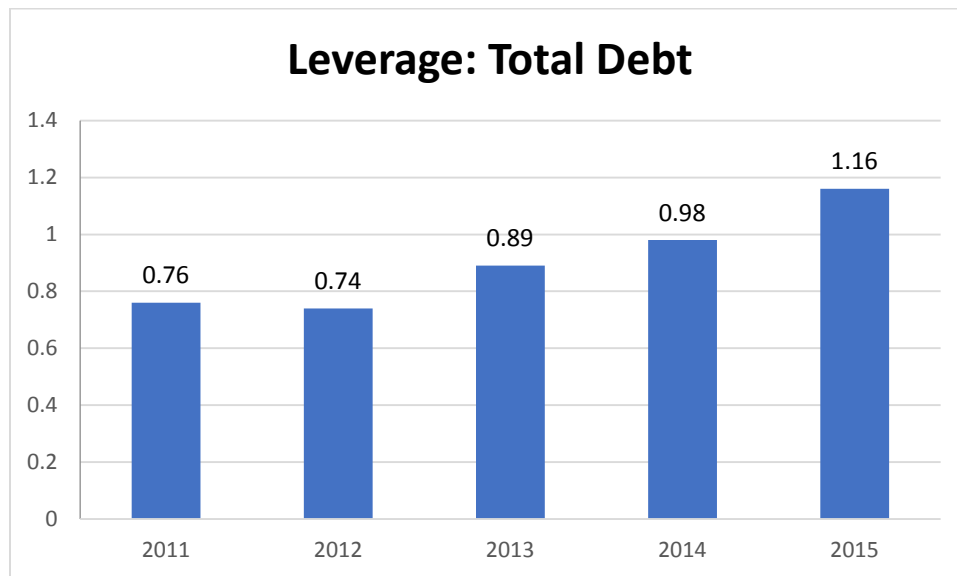
1 distribution stations. A loan was drawn on in 2013 after the completion of the first station in
2 2013. There were three draws made on the loan – 2013, 2014 and 2015. For details of the
3 station rehabilitation schedule, please see the DSP in Exhibit 2.



- 4
- 5 • Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio

6 The debt to equity ratio is a financial ratio indicating the relative proportion of shareholders'
7 equity and debt used to finance a company's assets. The Ontario Energy Board uses a
8 capital structure of 60% debt and 40% equity (a debt to equity ratio of 60/40 or 1.5) when
9 setting rates for an electricity utility. A high debt to equity ratio may indicate that an
10 electricity distributor may have difficulty generating sufficient cash flows to make its debt
11 payments, while a low debt-to-equity ratio may indicate that an electricity distributor is not
12 taking advantage of the increased profits that may be had through increased financial debt.

13 Over the last 5 years of this measure on the scorecard the total debt for CWH has increased
14 due to requiring a loan to pay for the rehabilitation of its six distribution stations, based on
15 a schedule as discussed in the DSP within Exhibit 2. CWH at this time does not have any
16 arrangements or anticipation to increase its amount of debt and therefore expects to
17 remain at the 2015 level.

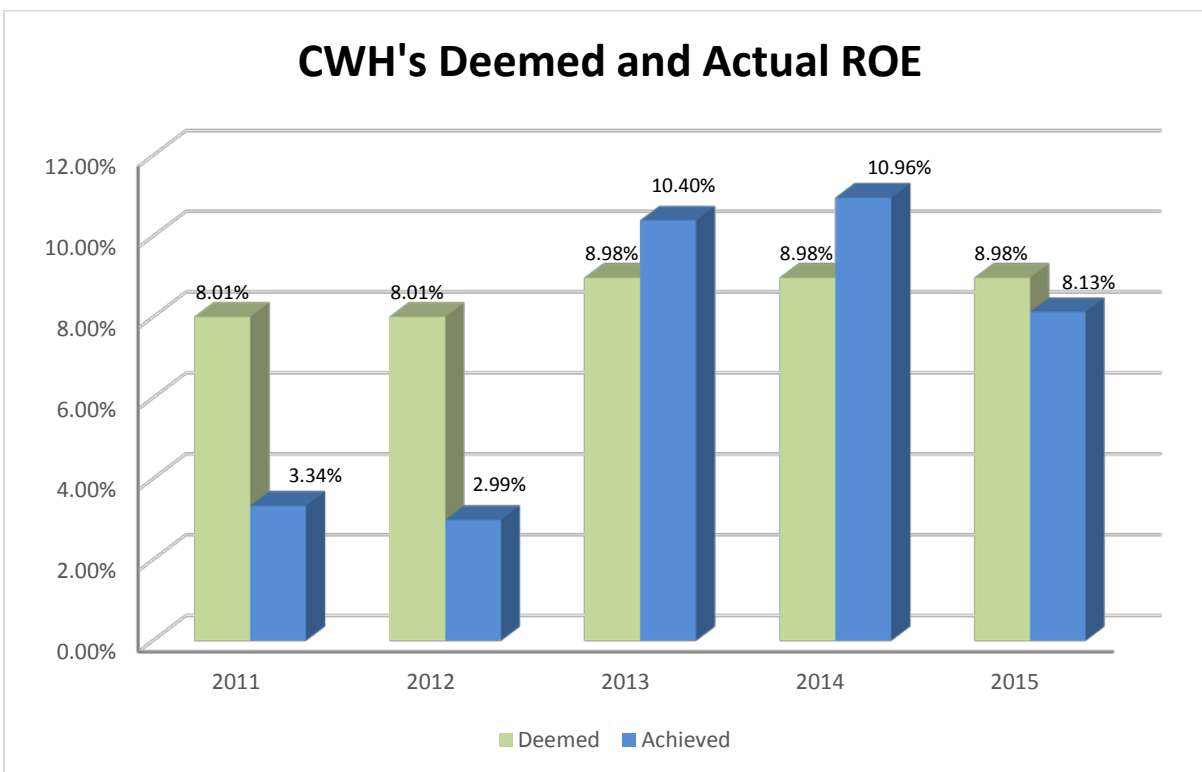


- Profitability: Regulatory Return on Equity – Deemed (included in rates)

Return on equity (ROE) measures the rate of return on shareholder equity. ROE demonstrates an organization's profitability or how well a company uses its investments to generate earnings growth. CWH's current distribution rates were approved by the Ontario Energy Board and include an expected (deemed) regulatory return on equity of 8.98%. The Ontario Energy Board allows a distributor to earn within +/- 3% of the expected return on equity. If a distributor performs outside of this range, it may trigger a regulatory review of the distributor's financial structure by the Ontario Energy Board.

- Profitability: Regulatory Return on Equity – Achieved

CWH's ROE for 2015 was 8.13%, which is almost where it is deemed to be. CWH's 2016 preliminary calculation of its ROE is below the deemed amount and falls outside the +/-3% range. CWH anticipates that the ROE for 2017 may also fall below the -3% range. CWH anticipates that the results of this CoS will bring CWH back in line with the deemed ROE. Over the last five years CWH's average ROE has been 7.16%.



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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 return on equity. CWH's metrics for historical years 2012 to 2016, the 2017 Bridge Year and the 2018 Test Year projection based on current rates are shown in Table 20 below.

Table 20: Financial Performance Financial Ratios

Financial Performance Financial Ratio				
Year	Liquidity Current Ratio Leverage	Total Debt to Equity Ratio Profitability	Regulatory Return on Equity - Deemed Profitability	Return on Equity-Achieved
2013	2.08	0.89	8.98	10.40
2014	1.70	0.98	8.98	10.96
2015	2.26	1.16	8.98	8.13
2016			8.98	4.01
2017 Bridge			8.98	
2018 Test			8.78	

CWH strives to be financially responsible in controlling capital and OM&A expenditures to provide a rate of return within the OEB allowed return on equity 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 STATEMENTS³⁶

The following attachments are presented in this next section.

- Appendix G Year ended 31 December, 2013
- Appendix H Year ended 31 December, 2014
- Appendix I Year ended 31 December, 2015
- Appendix J Year ended 31 December, 2016

1.10.2 RECONCILIATION BETWEEN FINANCIAL STATEMENTS AND RESULTS FIELD³⁷

CWH has presented RRR 2.1.13 reconciliations of USofA Mapped to the Audited Financial Statements for the years ended December 31, 2013, December 31, 2014, December 31, 2015 and December 31, 2016 as Appendices K, L, M and N.

RRR 2.1.13 USofA Mapped to Audited Financial Statements as at December 31, 2013, Appendix K. All variances are as a result of the audit which as conducted March – April 2014.

RRR 2.1.13 USofA Mapped to Audited Financial Statements as at December 31, 2014, Appendix L. All variances are as a result of the audit which as conducted March – April 2015. .

RRR 2.1.13 USofA Mapped to Audited Financial Statements as at December 31, 2015, Appendix M. All variances are as a result of the audit which as conducted March 2016.

RRR 2.1.13 USofA Mapped to Audited Financial Statements as at December 31, 2016, Appendix N. All variances are as a result of the audit which as conducted February – March 2017.

³⁶ MFR - Non-consolidated Audited Financial Statements for 2 most recent years (i.e. 3 years of historical actuals)

³⁷ 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 REPORT³⁸

The Applicant does not publish an annual report to its shareholders. Financial statements are presented yearly to the shareholder in a special meeting.

1.10.4 PROSPECTUS AND RECENT DEBT/SHARE ISSUANCE UPDATE³⁹

CWH does not issue debt or share nor do they publish any prospectus.

1.10.5 OTHER RELEVANT INFORMATION

CWH's previous Cost of Service application was approved on the basis of CGAAP (as per EB-2012-0113) therefore the utility has completed its comparative asset continuity schedules information relating to CGAAP for 2013 and 2014.

Tax Status

The utility is not seeking any changes in its tax status in this application.⁴⁰

Existing / Proposed Accounting Orders⁴¹

The Accounting Standards Board ("AcSB") deferred mandatory adoption of MIFRS for qualifying rate-regulated entities to January 1, 2015. However, per the 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. CWH confirms the required regulatory accounting changes for depreciation and capitalization policies were in place for 2013.

CWH has prepared the 2018 Cost of Service rate application under MIFRS.

³⁸ MFR - Annual Report and MD&A for most recent year of distributor and parent company, if applicable

³⁹ MFR - Rating Agency Reports, if available; Prospectuses, etc. for recent and planned public issuances

⁴⁰ MFR - Any change in tax status

⁴¹ MFR - Existing accounting orders and departures from the accounting orders and USoA

1 **Account Standards used in Application⁴²**

2 In accordance with the Board's Filing Requirements, CWH has provided information for 2013,
3 2014 under modified CGAAP. The 2015 actual, 2016 actual, 2017 Bridge Year, and 2018 Test
4 Year have been provided under MIFRS.

5 **Segregation of Rate Regulated Activities⁴³**

6 CWH is engaged in the delivery of the IESO's Conservation and Demand Management
7 Programs. The accounting of these activities is segregated from CWH's rate regulated activities
8 in accordance with the Board's Accounting Procedures Handbook for Electricity Distributors.

⁴² MFR - Accounting Standards used for financial statements and when adopted

⁴³ MFR - Confirmation that accounting treatment of any non-utility business has segregated activities from rate regulated activities

1.2 DISTRIBUTOR CONSOLIDATION⁴⁴

CWH has not acquired nor amalgamated with any other distributor(s) since its last rebasing application 2013 EB-2012-0113.

⁴⁴ 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

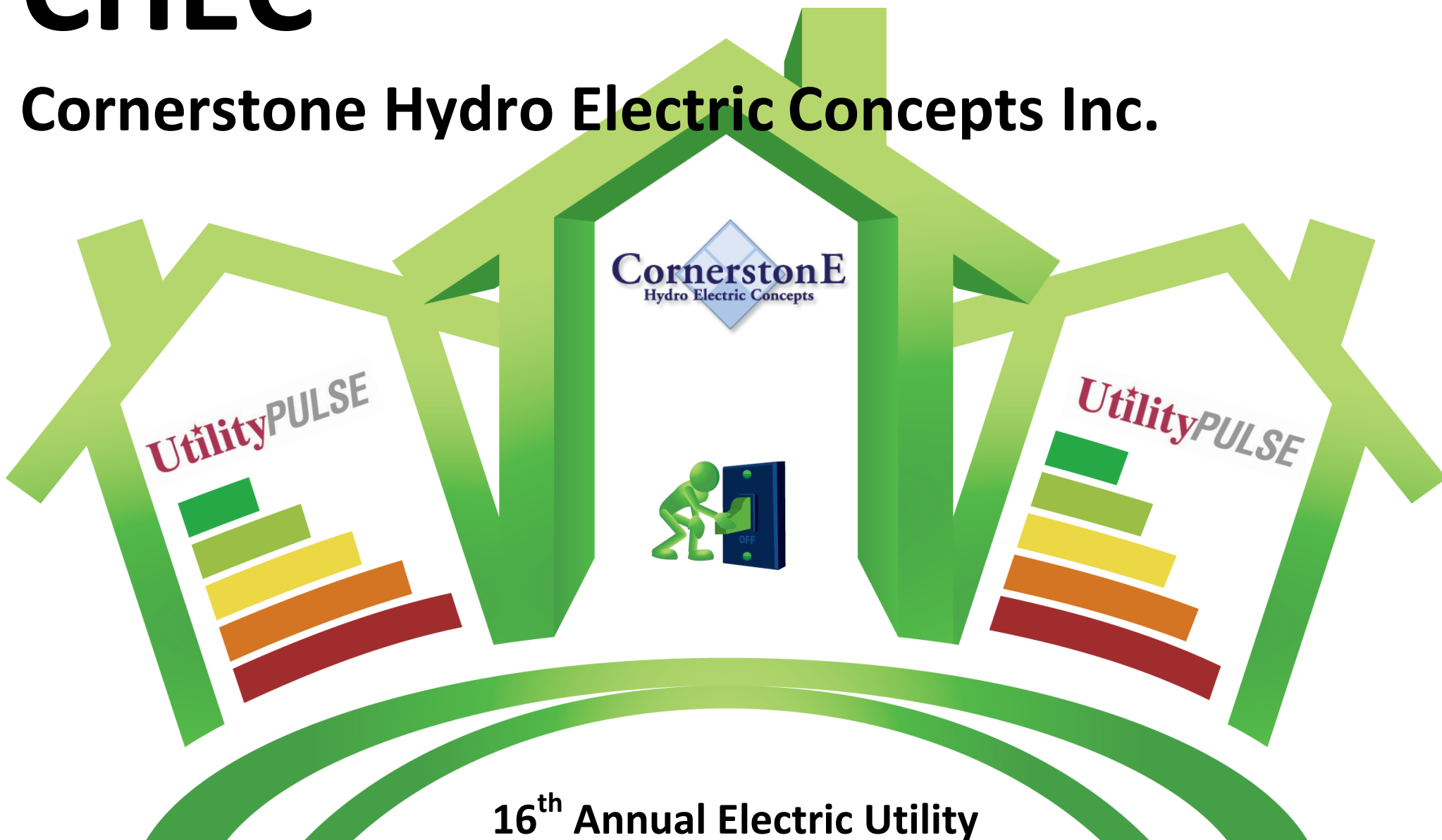
Appendix A	2014 Final Customer Satisfaction report
Appendix B	2017 Final Customer Satisfaction report
Appendix C	Fall 2016 Open House presentation
Appendix D	Fall 2016 Open House Report Redhead
Appendix E	C&I Presentation
Appendix F	C&I Redhead Report
Appendix G	Financial Statements for Year ended 31 December, 2013
Appendix H	Financial Statements for Year ended 31 December, 2014
Appendix I	Financial Statements for Year ended 31 December, 2015
Appendix J	Financial Statements for Year ended 31 December, 2016
Appendix K	RRR 2.1.13 USofA Mapped to Audited Financial Statements 2013
Appendix L	RRR 2.1.13 USofA Mapped to Audited Financial Statements 2014
Appendix M	RRR 2.1.13 USofA Mapped to Audited Financial Statements 2015
Appendix N	RRR 2.1.13 USofA Mapped to Audited Financial Statements 2016

Appendix A

2014 Customer Satisfaction Report

CHEC

Cornerstone Hydro Electric Concepts Inc.



**16th Annual Electric Utility
Customer Satisfaction Survey**

The purpose of this report is to profile the connection between Cornerstone Hydro Electric Concepts Inc. (CHEC) and its customers.

The primary objective of the Electric Utility Customer Satisfaction Survey is to provide information that will support discussions about improving customer care at every level in your utility.

The UtilityPULSE Report Card[®] and survey analysis contained in this report do not merely capture state of mind or perceptions about your customers' needs and wants - the information contained in this survey provides actionable and measurable feedback from your customers.

This is privileged and confidential material and no part may be used outside of CHEC without written permission from UtilityPULSE, the electric utility survey division of Simul Corporation.

All comments and questions should be addressed to:

Sid Ridgley, UtilityPULSE division, Simul Corporation

Toll free: 1-888-291-7892 or Local: 905-895-7900

Email: sidridgley@utilitypulse.com or sridgley@simulcorp.com



Executive summary

Rosemarie LeClair, Chair of the Ontario Energy Board, in a recent presentation (Ontario Energy Network, April 28, 2014) said the OEB's consumer centric regulatory framework defines the utility's obligation for planning, obligations for customer engagement and its responsibilities for monitoring and measuring performance results.

EB-2010-0379 Report of the Board: Scorecard Approach (ROB-SA) (March 5, 2014)

Throughout this report are connections to the OEB's Report of the Board. Where possible we have addressed the specifics in the document and, the "spirit" of the Scorecard Approach.

We believe that the data from interviewing over 10,000 electric utility customers so far, in 2014, supports 3 main conclusions:

- 1- Customers, almost universally, are concerned about the cost of electricity
- 2- Customers are resilient and can adapt to adversity, in fact, they are very tolerant when a utility goes through a very difficult situation
- 3- In a utility world that is used to "pushing information out", it has to invest in and hone its competencies in having 2-way interactions with customers.



Reasonable costs

9,943 Ontario survey respondents were asked if they agree or disagree with the following statement *“The cost of electricity is reasonable when compared to other utilities”*. 50% agree in 2014, and 62% agreed in 2010. Satisfaction with the utility is about the same in those respective years.

We can also say that issues in the electricity industry, as a whole, show that satisfaction ratings and other important measures are lower in 2014 than they were in 2013. A customer may be upset with the amount that electricity costs, or what is going on in the industry, but that may not translate to being upset with their own local utility.

Data from the 2014 survey shows that respondents who give their utilities high marks for respect, trust, and social responsibility also give their utilities high marks for providing high quality services, and better marks for both cost efficiency and reasonableness of costs.

The attributes which help an LDC to be seen as trusted and highly credible are: knowledge, integrity, involvement and trust. On demonstrating Credibility and Trust, CHEC has done well.

Overall, CHEC 85% [Ontario 77%; National 80%].

EB-2010-0379 ROB-SA: Comparability

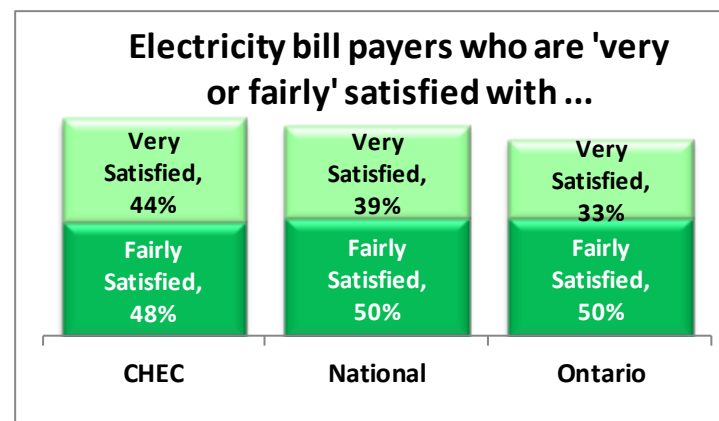
Your 2014 report contains data comparisons to:

- An Ontario-wide LDC benchmark
- A National LDC benchmark
- Previous year's ratings (where available)

- Ontario LDCs participating in the 2014 survey
- UtilityPULSE database

EB-2010-0379 ROB-SA: Customer Focus

There are 2 identified Performance Categories in the OEB Report, they are Customer Satisfaction & Service Quality. Performance measurements for these areas range from *'relatively easy to attain production statistics'* to *'harder to define and measure qualitative items'*. None-the-less this survey provides you with insights about how customers perceive performance of the utility.



Base: total respondents

EB-2010-0379 ROB-SA: Customer Focus - Customer Satisfaction - Satisfaction Survey Results

Customer satisfaction is one of the measures in the consumer centric regulatory framework. This rating is known as an effectiveness rating as it represents a sum total of perceptions and expectations that a customer has about their utility. Those expectations go far beyond “keeping the lights on”, “billing me properly”, and “restoring power quickly”.



CHEC SATISFACTION SCORES – Electricity customers' satisfaction					
Top 2 Boxes: 'very + fairly satisfied'	2014	2013	2012	2011	2010
PRE: Initial Satisfaction Scores	92%	92%	-	-	-
POST: End of Interview	93%	94%	-	-	-

Base: total respondents / (-) not a participant of the survey year

- **Satisfaction** happens when utility core services meet or exceed customer's needs, wants, or expectations.
- **Loyalty (Affinity)** occurs when a customer makes an emotional connection with their electric utility on a diverse range of expectations beyond core services.

Customer Affinity

Loyalty, for private industry, is a behavioural metric. Loyalty, for natural monopolies (like LDCs) is an attitudinal metric.

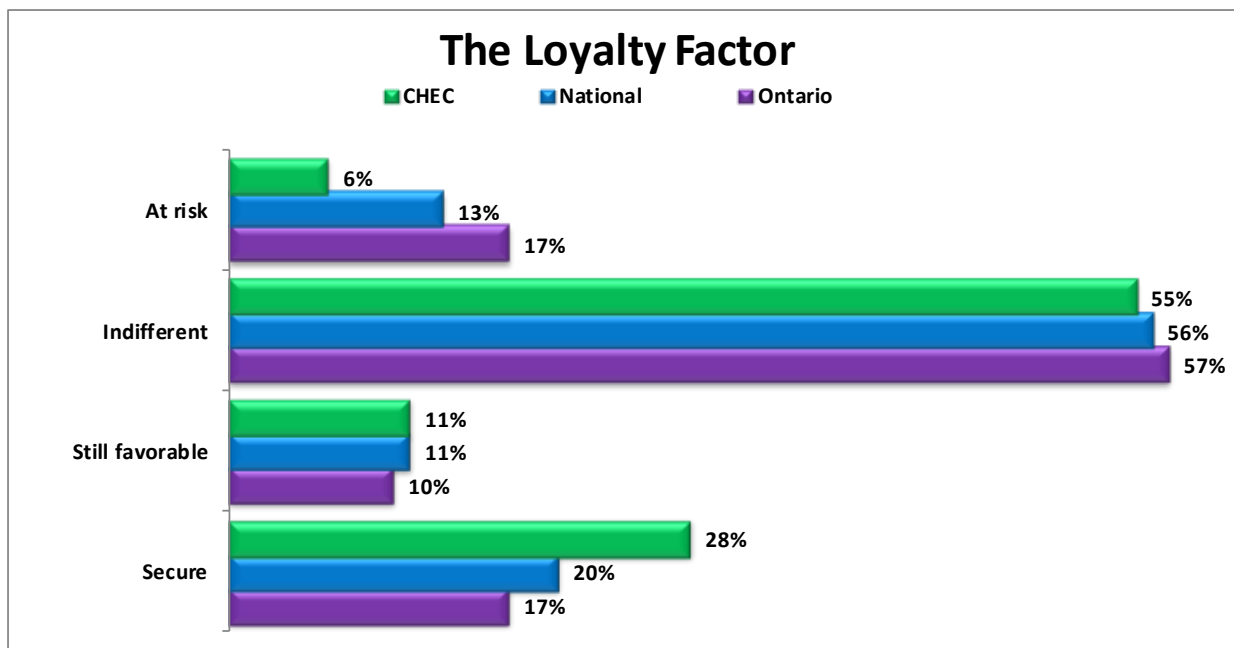
Customer Loyalty Groups				
	Secure	Favorable	Indifferent	At Risk
CHEC				
2014	28%	11%	55%	6%
2013	33%	13%	49%	5%

Base: total respondents



Even if customers can't defect, there is enormous value in making more of them loyal. Customers after all make the company's reputation. Reputation is ultimately what customers think – nothing else. To be successful and profitable, companies must take account of how they are perceived because companies do operate in a climate of opinion.

Loyal customers are more likely to see the world the way hydro management sees it. Customers feel their interests and the hydro's are often in common. Our survey results do reveal, loyal customers enhance the value of the utility. One example, 99% of Secure customers agree that overall CHEC 'provides excellent quality services' versus 58% of At Risk customers.



Base: total respondents

Utilities benefit from a trusted relationship with their empowered Customers. Higher levels of trust are the hallmarks of Secure customers. When people interact, either face-to-face, by telephone or on-line, if people do not trust each other, the interaction is not going to be efficient. Trust improves the speed at which the interaction can be accomplished. At Risk customers recall experiencing more outages and

more billing problems than Secure customers. What makes matters worse is, At Risk customers are about 2X more likely to contact the utility to deal with it.

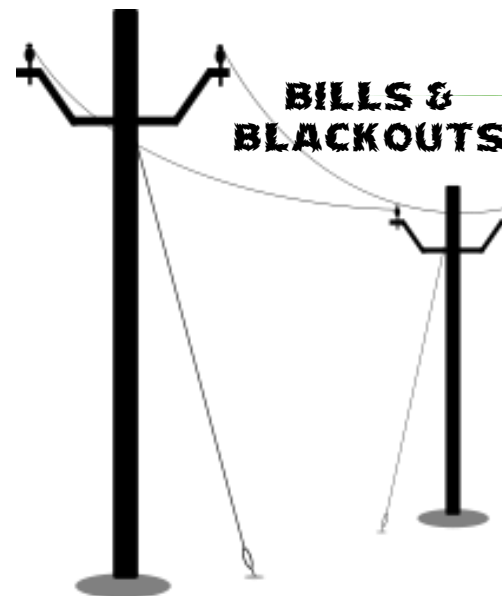
None-the-less problems will happen.

The Killer B's (Blackouts and Bills)

It is inevitable that there will be blackouts/power outages – the key is how a utility anticipates outages and more importantly, how it deals with them. It should also be noted that there is a disconnect between what a utility might call a “billing problem” and what a customer defines as a “billing problem”. Though both viewpoints are valid, employees need to be trained to answer those which cause the most concern with customers.

Percentage of Respondents indicating that they had a Blackout or Outage problem in the last 12 months			
	CHEC	National	Ontario
2014	36%	47%	49%
2013	36%	41%	35%
2012	-	44%	46%
2011	-	43%	43%
2010	-	45%	41%

Base: total respondents / (-) not a participant of the survey year



Percentage of Respondents indicating that they had a Billing problem in the last 12 months			
	CHEC	National	Ontario
2014	12%	16%	25%
2013	10%	8%	10%
2012	-	12%	13%
2011	-	10%	16%
2010	-	10%	12%

Base: total respondents / (-) not a participant of the survey year

What method did you use to contact your electric utility when you had a problem?



Base: data from the full 2014 database

Customers may prefer a particular communication channel today (i.e., 88% telephone), however, that does not mean the customer who prefers the telephone will not want, or eventually want another channel for communications. In addition, there could be variances in preferences based on the type of issue or transaction.

EB-2010-0379 ROB-SA: Customer Focus – Customer Satisfaction – Billing Accuracy

There is a difference between what a customer believes is a billing problem versus a technical or production level measurement. Without the benefit of production level numbers, 88% of respondents ‘agree strongly + somewhat’ that the utility has “accurate billing”. The Ontario benchmark rating is 77%.

EB-2010-0379 ROB-SA: Customer Focus – Customer Satisfaction – First Contact Resolution

This performance measure is not defined in the EB-2010-0379 ROB-SA March 5, 2014 document. First contact resolution is an outcome base measurement which is affected by: type of problem, competency levels of staff, empowerment levels of staff, and organization culture to name a few.

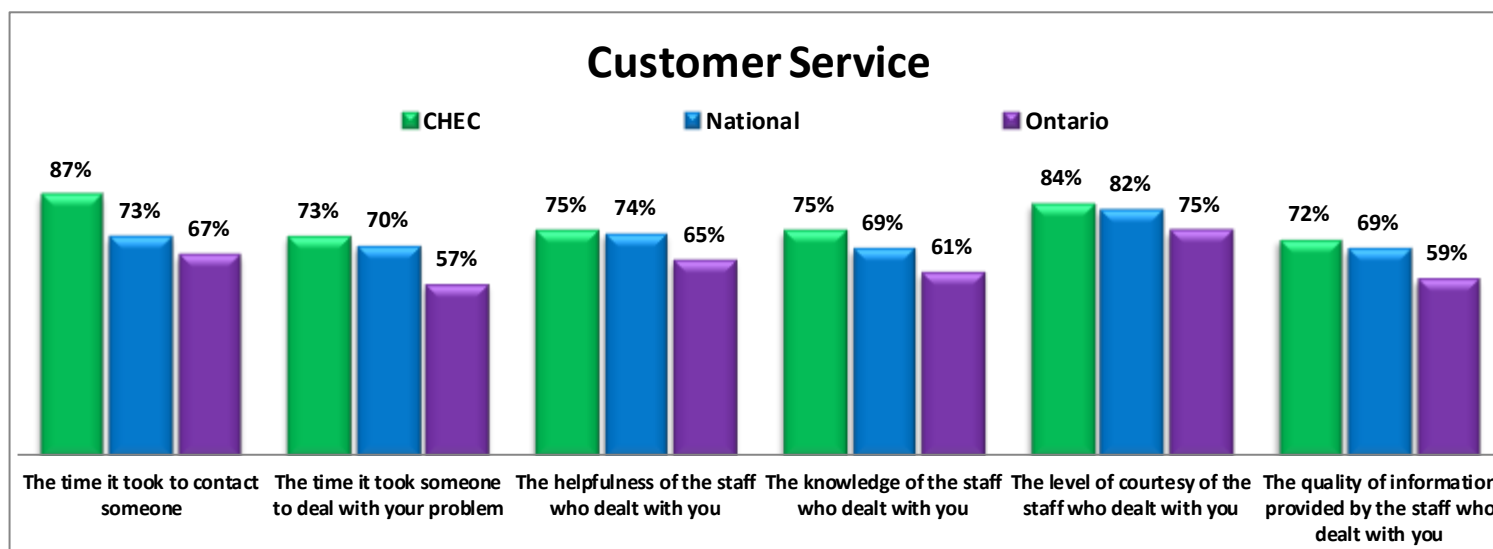
Your 2014 survey gives you the following information from respondents:

- 1- Satisfaction with the contact experience
- 2- A problem solved rating
- 3- A Customer Experience Performance rating (CEPr)



Satisfaction with the contact experience

When there are problems, how they are handled can validate or invalidate a customer's perception about the utility's competency in handling the problem, and in running the operation. Here is how Customers, who contacted your LDC, rated their one-on-one transaction.



Base: total respondents who contacted the utility

Customer expectations are on the rise and continue to change. Customers expect their utility to have customer care practices and services that are in-line with any other organization that is important to their everyday life. Setting realistic expectations and consistently delivering to those expectations are keys to higher levels of Customer satisfaction. The setting of customer expectations is tough, but the harder part is to deliver consistency.

Overall satisfaction with most recent experience			
	CHEC	National	Ontario
Top 2 Boxes: 'very + fairly satisfied'	78%	75%	62%

Base: total respondents who contacted the utility

Problem solved rating

Respondents who said that they contacted the utility were also asked “Do you consider the problem solved or not solved?” 72% of your LDC’s respondents said the problem was solved. The Ontario benchmark rating is 61%.

Customer Experience Performance rating (CEPr)

What do customers anticipate contact will be with their local utility when they have a problem? Will it be adversarial, or cooperative, or pleasant, etc. High numbers in CEPr indicate that a large majority of customers would agree that their next contact will be a good or positive one.



Customer Experience Performance rating (CEPr)			
	CHEC	National	Ontario
CEPr: all respondents	87%	82%	79%

Base: total respondents

EB-2010-0379 ROB-SA: Customer Focus – Service Quality

The three performance measures identified are all time based measures. They are: New Residential Services Connected on Time; Scheduled Appointments Met on Time; and, Telephone Calls Answered on Time. These are good examples of efficiency measures. In addition to time, there are other dimensions of Service Quality that Customers value.

Customer Service Quality			
Top 2 boxes, 'strongly + somewhat agree'	CHEC	National	Ontario
Deals professionally with customers' problems	87%	82%	78%
Pro-active in communicating changes and issues affecting Customers	81%	74%	73%
Quickly deals with issues that affect customers	85%	79%	74%
Customer-focused and treats customers as if they're valued	83%	74%	72%
Is a company that is 'easy to do business with'	88%	79%	75%
Cost of electricity is reasonable when compared to other utilities	64%	60%	55%
Provides good value for money	73%	67%	63%
Delivers on its service commitments to customers	89%	84%	82%

Base: total respondents with an opinion

EB-2010-0379 ROB-SA: Operational Effectiveness

With the exception of the Public Safety measure, which is yet to be defined, performance measures would typically take the form of a monitoring and measuring (quantitative) rating. Though customers may not have the benefit of numbers, they do have a perception.

Management Operations			
Top 2 boxes, 'strongly + somewhat agree'	CHEC	National	Ontario
Provides consistent, reliable electricity	92%	89%	86%
Quickly handles outages and restores power	90%	86%	83%
Makes electricity safety a top priority for employees and contractors	90%	89%	87%
Operates a cost effective electricity system	78%	69%	62%
Overall the utility provides excellent quality services	88%	83%	80%

Base: total respondents with an opinion

UtilityPULSE Report Card®

The purpose of the UtilityPULSE Report Card is to provide your utility with a snapshot of performance – it represents the sum total of respondents' ratings on 6 categories of attributes that research has shown are important to customers in influencing satisfaction and affinity levels with their utility.

CHEC's UtilityPULSE Report Card®

Performance

	CATEGORY	CHEC	National	Ontario
1	Customer Care	B+	B+	B
	Price and Value	B	B	C+
	Customer Service	A	B+	B
2	Company Image	A	B+	B+
	Company Leadership	A	B+	B+
	Corporate Stewardship	A	A	B+
3	Management Operations	A	A	A
	Operational Effectiveness	A	A	B+
	Power Quality and Reliability	A+	A	A
OVERALL		A	B+	B+

Base: total respondents



Corporate Image

Reputation, image, brand have to be actively managed. Positive impressions beget positive perceptions. Marketing communication includes positioning the utility in a way that makes customers want your utility and its services. Every utility has a brand, why not have the brand you want?

Attributes strongly linked to a hydro utility's image			
	CHEC	National	Ontario
Is a respected company in the community	88%	81%	78%
A leader in promoting energy conservation	84%	78%	77%
Keeps its promises to customers and the community	87%	79%	76%
Is a socially responsible company	88%	78%	77%
Is a trusted and trustworthy company	88%	82%	77%
Adapts well to changes in customer expectations	78%	71%	68%
Is 'easy to do business with'	88%	79%	75%
Provides good value for your money	73%	67%	63%
Overall the utility provides excellent quality services	88%	83%	80%
Operates a cost effective hydro-electric system	78%	69%	62%

Base: total respondents with an opinion


Customers, as human beings, are both rational and emotional. The rational side of the customer holds the LDC accountable for doing its job (as contracted), thereby fulfilling the customer's basic needs. The emotional side of the customer is about fulfilling expectations. Meeting rational needs – at best – gets the customer to a neutral state and at worst creates dissatisfaction. Emotional needs, when met, assuming base level rational needs are met, can move a customer from neutral to higher levels of satisfaction. The

industry is obsessed with rational concerns about customer behaviour, but the real motivation for customer behaviour is emotional, not rational.

What do customers think about electricity costs?

Ask a utility customer – anywhere in the province of Ontario – what do they think about electricity, there is a very high probability they will say electricity costs are too high or too expensive. For customers who said that they had a billing problem in the last 12 months, and stated that the problem was “high bills” or “high rates or charges”, there was very little variability between customers who could be called Secure, Favourable, Indifferent or At Risk. There was also very little variability between age groupings or income groupings.

Our survey database shows 50% more customers in 2014 citing complaints with “high bills” or “high rates or charges” than in 2010. There is a growing concern over electricity costs, especially as it relates to its portion of a household budget. This means the industry needs to monitor “ability to pay”.



Is paying for electricity a worry or major problem ...			
	CHEC	National	Ontario
Not really a worry	66%	69%	59%
Sometimes I worry	22%	20%	26%
Often it is a major problem	8%	7%	11%
Depends	2%	3%	2%

Base: total respondents

Supplemental Insights

Recognizing that customers' interests and needs continue to shift, we have provided data and insights, on a number of subjects such as e-care, e-billing, conservation and more.

Electric Industry Knowledge & SMART Grid

Beyond knowing that they need electricity to maintain their day to day activities, does the average person feel that they are actually knowledgeable about the electric utility industry?

Knowledge level about the electric utility industry	
	Ontario
Extremely knowledgeable	2%
Very knowledgeable	11%
Moderately knowledgeable	47%
Slightly knowledgeable	26%
Not very knowledgeable	14%
Don't know	1%

Base: total respondents in the Ontario Benchmark survey



Two-thirds (60%) of those polled in the Ontario Benchmark survey considered themselves moderately to extremely knowledgeable about the electric industry.

While it is evident that the SMART grid is still not a much talked about concept, only 34% have a basic or good understanding of what it is, oddly enough, 60% still think that it is important to pursue SMART grid implementation. It is also clear that the majority of respondents are very + somewhat supportive of the utility working with neighbouring utilities on SMART grid initiatives.

Level of knowledge about the SMART Grid	
	Ontario
I have a fairly good understanding of what it is and how it might benefit homes and businesses	9%
I have a basic understanding of what it is and how it might work	25%
I've heard of the term, but don't know much about it	36%
I have not heard of the term	29%
Don't know	1%

Base: total respondents in the Ontario Benchmark survey

Efforts to reduce energy consumption

Do customers believe there is a real pay-off for trying to reduce their energy consumption? Does this impact overall efforts to reduce consumption? Respondents were asked *"How active have you been in trying to reduce your electricity consumption?"* (Base: total respondents in the Ontario Benchmark survey)

- 94% feel they are "very + somewhat active" in trying to reduce electricity consumption, and
- 81% of those do believe their efforts have resulted in reduced energy consumption, of which
- 44% estimate that they were able to offset an energy consumption reduction of more than 10%, and
- 72% believe that these efforts translated to savings on their electricity bills.



Level of Activity in trying to reduce electricity consumption	
	Ontario
Very active	52%
Somewhat active	42%
Neither proactive or inactive	0%
Not active	2%
Not very active	3%

Base: total respondents in the Ontario Benchmark survey

Estimate of percentage reduction in consumption	
	Ontario
1 – 2 %	5%
3 – 5 %	10%
6 – 8 %	4%
9 – 10 %	15%
More than 10%	44%
Don't know	21%

Base: total respondents in the Ontario Benchmark survey whose active efforts have reduced consumption

Active efforts have reduced energy consumption



Base: total respondents in the Ontario Benchmark survey who have been active in trying to reduce energy consumption

Efforts to conserve have translated into savings on your electricity bill



Base: total respondents in the Ontario Benchmark survey whose active efforts have reduced consumption

Energy Conservation & Efficiency

Energy efficiency can be broken down into two areas: *better use of energy through improved energy-efficient technologies*; and *energy saving through changes in customer awareness and behaviour*.



Efforts to conserve energy				
Ontario LDCs	Yes	No	Already Done	Don't Know
Install energy-efficient light bulbs or lighting equipment	19%	9%	70%	1%
Install timers on lights or equipment	12%	50%	35%	2%
Shift use of electricity to lower cost periods	22%	17%	58%	3%
Install window blinds or awnings	12%	27%	60%	2%
Install a programmable thermostat	13%	25%	60%	2%
Have an energy expert conduct an energy audit	9%	71%	16%	4%
Removing old refrigerator or freezer for free	14%	44%	38%	4%
Join the peaksaverPLUS™ program	15%	49%	21%	16%
Replacing furnace with a high efficiency model	12%	33%	52%	4%
Replacing air-conditioner with a high efficiency model	14%	38%	44%	4%
Use a coupon to purchase qualified energy saving products	35%	39%	22%	5%

Base: An aggregate of respondents from 2014 participating LDCs



E-care and E-billing

Technology – specifically the internet—has allowed people access to far more information than ever before and the ability to do more than ever before.

Over the past six months have you accessed your local utility website?

29%

70%

Base: An aggregate of respondents from 2014 participating LDCs



Do you have access to the internet?

Ontario LDCs

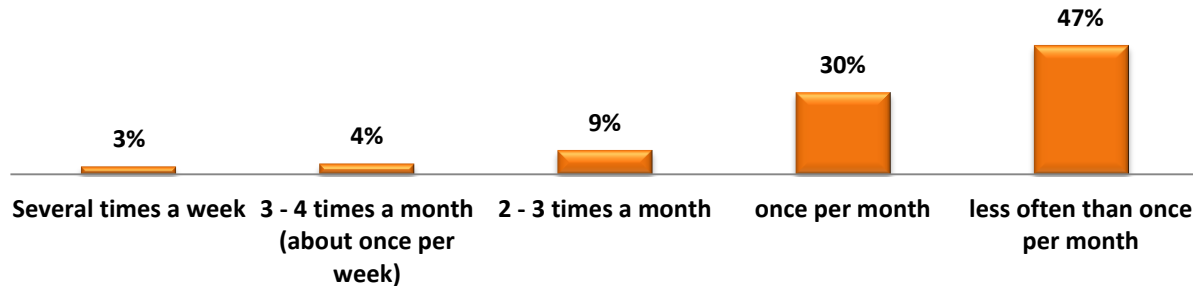
Yes 87%

No 13%

Base: An aggregate of respondents from 2014 participating LDCs

Frequency of accessing the utility's website

Ontario LDCs



Base: An aggregate of respondents from 2014 participating LDCs

Likelihood of using the internet for future customer care needs for things such as:	
Top 2 Boxes: 'very + somewhat likely'	Ontario LDCs
Setting up a new account	31%
Arranging a move	38%
Accessing information about your bill	55%
Accessing information about your electricity usage	54%
Accessing energy saving tips and advice	45%
Accessing information about Time Of Use rates	51%
Maintaining information about your account or preferences	51%
Paying your bill through the utility's website	32%
Getting information about power outages	47%
Arranging for service	40%

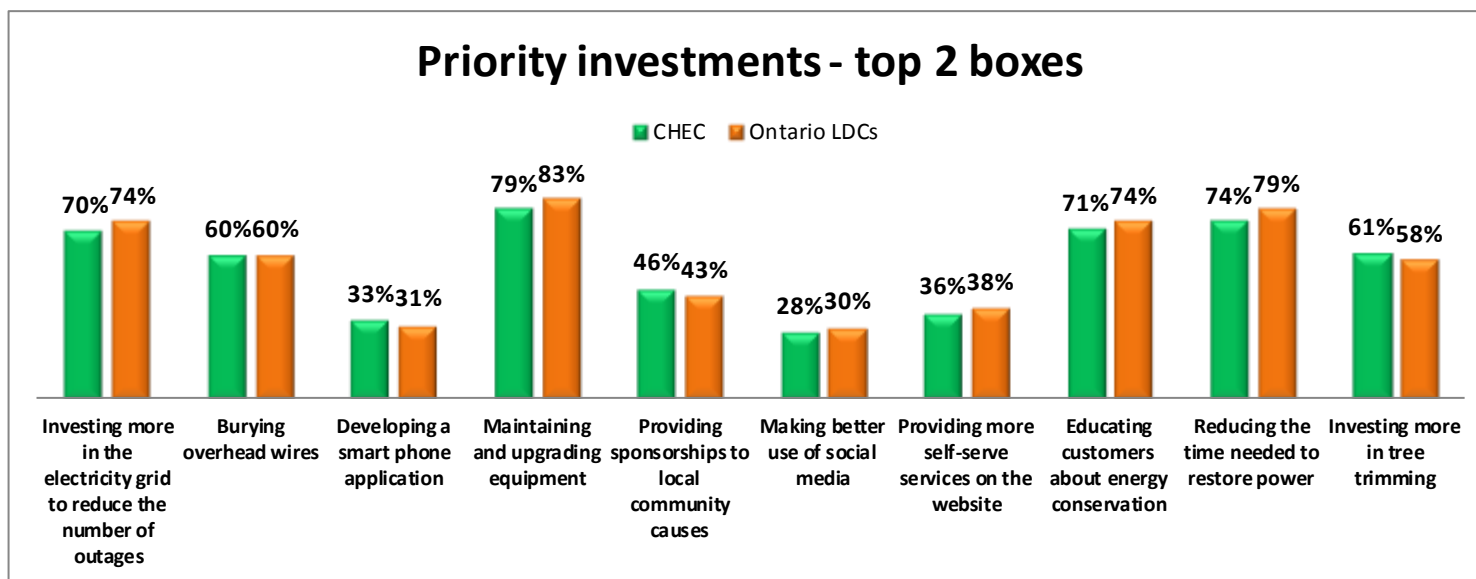
Base: An aggregate of respondents from 2014 participating LDCs

As society becomes increasingly more familiar with technology it will become a more popular medium for giving and receiving information. One could also say, demographics will also put more pressure on the technology channels. Unfortunately, customers adopt technology on their own timetable. This causes the utility to continue to improve existing channels while building the technological channels wanted by some today, but by the year 2020, demanded by many. Will your utility be ready?



Priority Investments

While regulation and reliability are top concerns in the utility industry, aging infrastructure is now a top operational concern. Customers agree with industry insiders that infrastructure renewal is a high priority. This year, respondents were asked for their views about prioritizing investments.



Base: An aggregate of respondents from 2014 participating LDCs / 90% of total respondents from the local

Some findings shown above correlate with some of the suggestions made by respondents on things the utility could do to improve. Percentage of comments received from all Ontario respondents were:

- 14% improve reliability (10% in 2010)
- 11% better maintenance (3% in 2010)

- 10% better communication (7% in 2010)

Are CHEC customers willing to foot the bill for further improvements? 46% of CHEC respondents expressed a willingness to pay at least something to better their electricity system. 46% of respondents were not willing to incur any additional costs while 9% were not sure of their position. Where respondents varied was on how much they were actually willing to pay.

Willingness to pay for further improvements	
Using the scale of \$0 to \$10 per month	CHEC
\$0	46%
\$1 - 2	7%
\$3 - 4	5%
\$5 - 6	21%
\$7 - 8	1%
\$9 - 10	11%
\$11+	1%
Don't know	9%

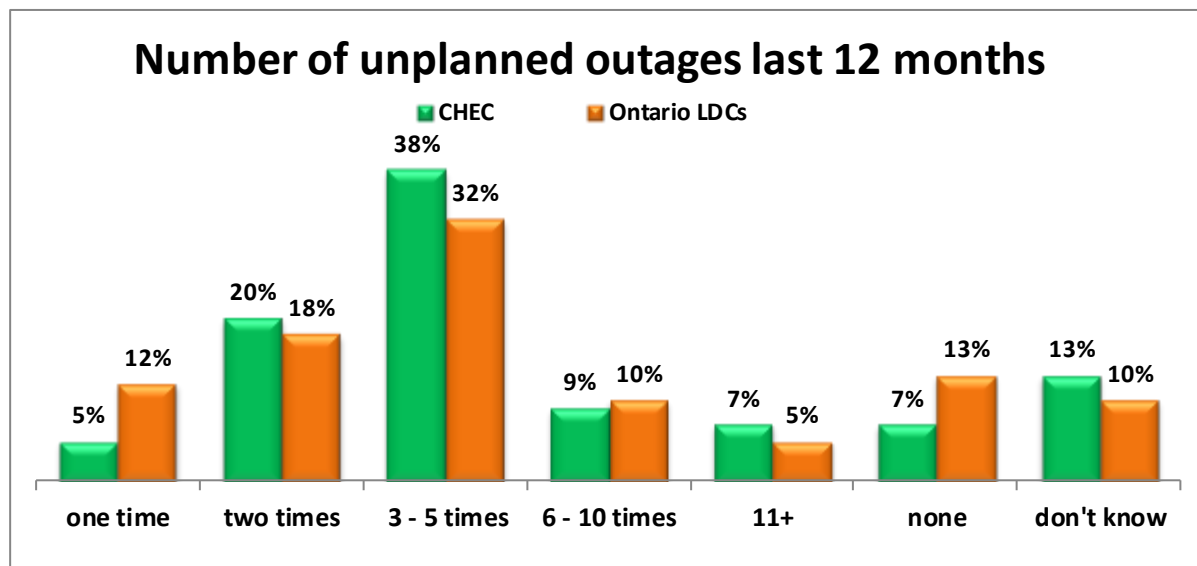
Base: total respondents



Outage Management

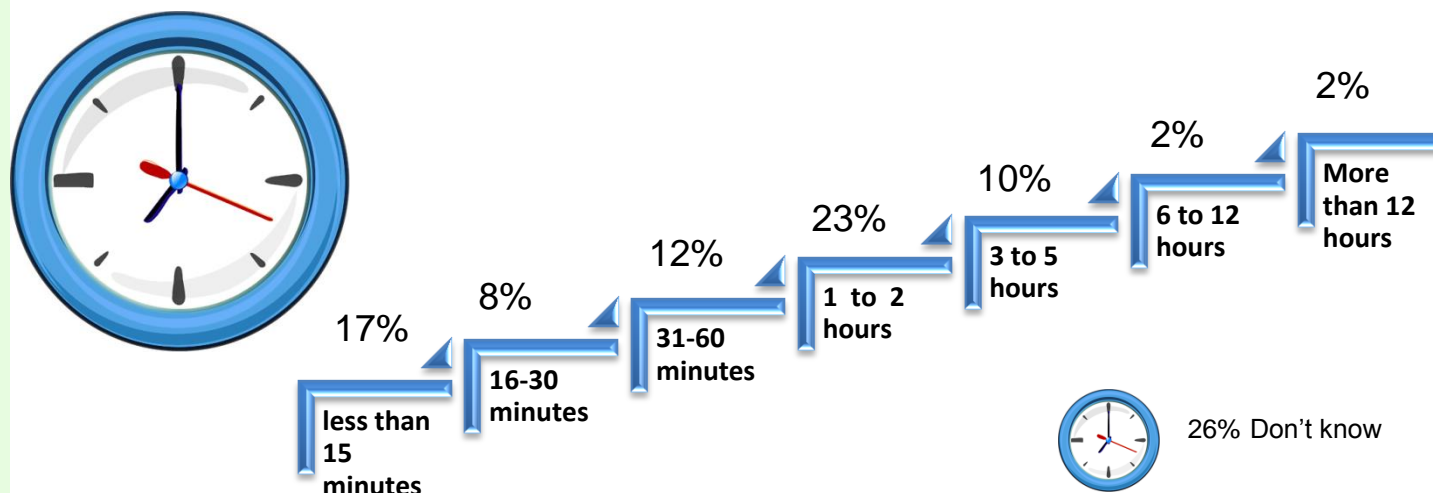
Whether an outage is planned or unplanned, the reality is that it is going to cause disruption and inconvenience under best case scenario and under worst case scenarios there could be safety and financial consequences.

However, one thing for certain, no matter what the scenario happens to be, customers are expecting their utility to keep them continually updated on the status of outages. Most importantly, and top priority, is to know the estimated restoration time. They also want to know the cause of the outage because they do not want to be a frequent outage customer.



Base: An aggregate of respondents from 2014 participating LDCs / 90% of total respondents from the local utility

When an unplanned outage occurs, how long, on average, is the outage?



Base: 90% of total respondents from the local utility

How a utility chooses to handle, manage and communicate with customers during an outage situation does affect customers' satisfaction with their utility. Customers want timely, accurate and relevant information about an outage and customers expect a utility to use various communication channels to ensure their message is getting out there. This means not only obtaining information via the call centre and IVR but customers have increasing expectations for proactive two-way communication through social media, utility websites and modern communication devices (e.g. tablets, smartphones) and apps.

Inability to provide the above information accurately and in a timely manner will result in customer complaints, increased call volumes to your call centres, create unwanted public and media attention, and negatively impact customer satisfaction.

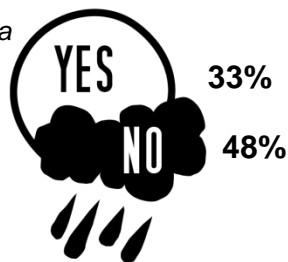
Utility's effectiveness during an unplanned outage		
Top 2 Boxes: 'very + somewhat effective'	Ontario LDCs	CHEC
Responding to questions	61%	71%
Providing a reason for the outage	61%	63%
Providing an estimate when power will be restored	60%	60%
Responding to the power outage	81%	84%
Restoring power quickly	85%	86%
Communicating updates periodically	64%	66%
Posting information to the website	35%	30%
Using media channels for providing updates	53%	45%

Base: An aggregate of respondents from 2014 participating LDCs / 90% of total respondents from the local utility

On December 20, 2013, a severe ice storm struck the central and eastern portions of Canada and the northeastern United States. The storm's devastation caused major damage to utility distribution lines, towers, transformers, poles and entire substations and resulted in large scale outages and blackouts

for long periods of time. The data suggests that customers are both tolerant and understanding when major outages take place.

Did you have a power outage during the ice storm in December 2013?



Base: total respondents

Percentage of Respondents who contacted their utility about the ice storm power outage	
CHEC	
Yes	17%
No	82%

Base: total respondents affected by the ice storm

CHEC Length of outage (during Ice Storm 2013)							
Less than 2 hours	2 – 4 hours	4+ hours or ½ day	12-18 hours or ½ - ¾ day	19-24 hours or 1 day	1 to 1.5 days	1.6 to 2 days	More than 2 days
21%	26%	14%	7%	6%	3%	1%	2%

Base: total respondents affected by the ice storm

Using social media and multi-channel communication modes still appear to be the exception when it comes to customers contacting their utilities. Results from this year's survey indicate that the telephone is still the most used and the preferred method of contact. Overall, 87% of all Ontario respondents affected by the ice storm who informed their local utility they were experiencing a power outage did so via telephone; 93% of CHEC customers used the telephone to contact their utility.



In your view, what is an acceptable period of time to go without electricity in situations like the ice storm?

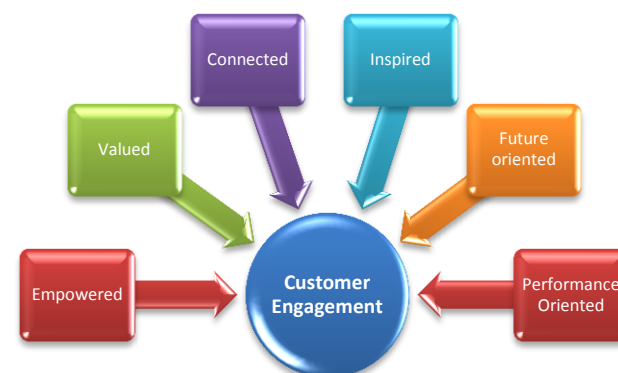


Base: total respondents affected by the ice storm

•None (the power shouldn't be going out)	8%
•Less than 2 hours	8%
•2 - 4 hours	18%
•4+ hours or 1/2 day	17%
•12 - 18 hours or 1/2 day to 3/4 day	7%
•19 - 24 hours or 1 day	13%
•1 to 1.5 days	6%
•1 .6 to 2 days	4%
•More than 2 days	6%

Customer Centric Engagement Index (CCEI)

The EB-2010-0379 ROB-SA report includes the following: “better engage with their customers to better understand and respond to their needs...” Conducting surveys (like this one), holding town hall meetings, focus groups, etc. are examples of engaging your customers. We call this an activity based definition of engagement. Asking 100 people to complete a survey is an engagement activity. This survey also provides you with an emotional look at engagement.



The CCEI index is a gauge of the amount of goodwill that has been generated. High numbers in CCEI suggests that there is a high level of goodwill amongst your customers – this is important for two reasons. First when something goes awry for the utility, goodwill helps the utility to be resilient. Second, goodwill encourages active participation in requests to participate in engagement activities or program offerings from the utility.

Utility Customer Centric Engagement Index (CCEI)			
	CHEC	National	Ontario
CCEI	83%	79%	76%

Base: total respondents

In a world of chaos and confusion what will a customer do? Find someone to help. In the electricity industry, the vast majority of customers turn to, and rely on, their local utility. Knowing that customers will turn to their electric utility requires utilities to really know their customers. Not easy when customer expectations continue to shift.

The shift is on. 15 years ago a utility could think about their customers in terms of usage, now they have to think about them in terms of personas (i.e., customer type). Currently, customer segmentation, for most utilities, consists of a number of “personas”. While this may be adequate today, in order to achieve high customer participation in programs and to optimize business processes there will be a need for granular targeting of communications.

Most utilities are quite comfortable “pushing” out communications in a one-way world. However, the shift is on because the new channels are 2-way; even without the new channels customers are expecting 2-way dialogue. The impact on a utility’s marketing-communications is significant.

Value is what a customer perceives they get in exchange for what they give up. The real challenge is educating customers on the value they receive. In the absence of a value proposition the primary thing people will talk about is cost.

We recommend having meaningful two-way dialogue with employees (and others) to leverage the results from your 2014 customer satisfaction survey derived from speaking with 612 CHEC customers [April 24 - May 2, 2014]. The electric utility business has demanding customers with high expectations.



UtilityPULSE

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June, 2014

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Satisfaction (pre & post)

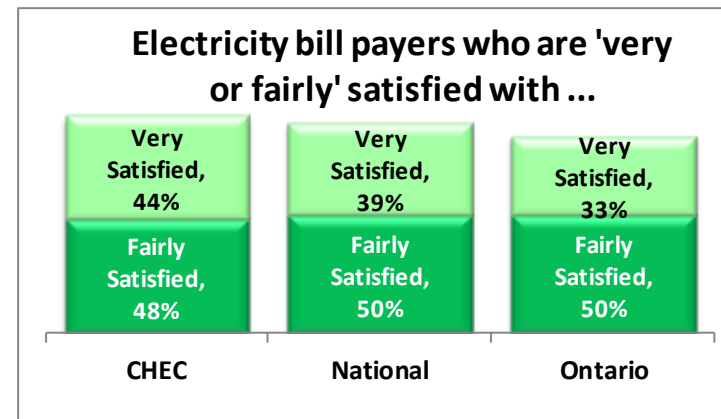
Customer Satisfaction is an intangible as it is the sum total of real experience, or perceptions of what an experience may be like when a customer is dealing with their LDC. Satisfaction is not a program, it is an outcome. Satisfaction, as a measurement, is a part of the Ontario Energy Board's Performance Measurement for Electricity Distributors: A Scorecard Approach (Ontario Energy Board, EB-2010-0379, March 5, 2014).

Satisfaction is an effectiveness rating of whether the objectives of process(s), service(s) or activities have been achieved. This makes Satisfaction, as a Scorecard measure, a rating that prompts discussion, planning, investing, and being connected to the Customer in order to effect an improved rating.

“Telephone calls answered on time” is an efficiency rating or a rating to assist in determining whether the right amount of resources have been used to deliver a process, service or activity. **Efficiency** is *about achieving objectives with the minimum amount of people, time, money and other resources*. For utilities reducing costs of delivering, supporting or maintaining a service is often the main driver for improving operational efficiency. While being obsessed with costs is important, the customer is also obsessed with quality. Finding the right balance between efficiency and effectiveness measures is difficult.

Effectiveness ratings are measures that keep the organization and its people more future focused than efficiency ratings. This is not to say that efficiency ratings are not important, they are. The customer does care that their problem was solved and that the telephone was answered in less than 30 seconds. After 16 years of continued research with electric utility customers, expectations of their electric utility go far beyond “keeping the lights on”, “billing me properly”, and “restoring power quickly”. However, acting quickly, yet not dealing with the customer concern, ultimately translates into a poor experience.

- **Satisfaction** happens when utility core services meet or exceed customer’s needs, wants, or expectations.
- **Loyalty** occurs when a customer makes an emotional connection with their electric utility on a diverse range of expectations beyond core services.



Base: total respondents

Satisfaction alone does not make a customer loyal; a willingness to commit and advocate for a company along with satisfaction identifies the three basic customer attitudes which underpin loyalty profiles. While satisfaction is an important component of loyalty, the loyalty definition needs to incorporate more attitudinal and emotive components.

Electricity bill payers who are 'very or fairly' satisfied with...					
	2014	2013	2012	2011	2010
CHEC	92%	92%	-	-	-
National	89%	90%	88%	89%	86%
Ontario	83%	90%	86%	84%	80%

Base: total respondents / (-) not a participant of the survey year

As noted in previous reports:

Our research has found that in the utility industry environment, especially in Ontario, where most utilities are municipally owned, satisfaction is a strong driver of customer trust which in turn can impact employee engagement. The satisfaction of public customers/citizens both improves employee engagement and is improved by it.



The synergy which exists between customer satisfaction and employee engagement has enormous implications for the performance of those who make up a utility's workforce. Many service personnel

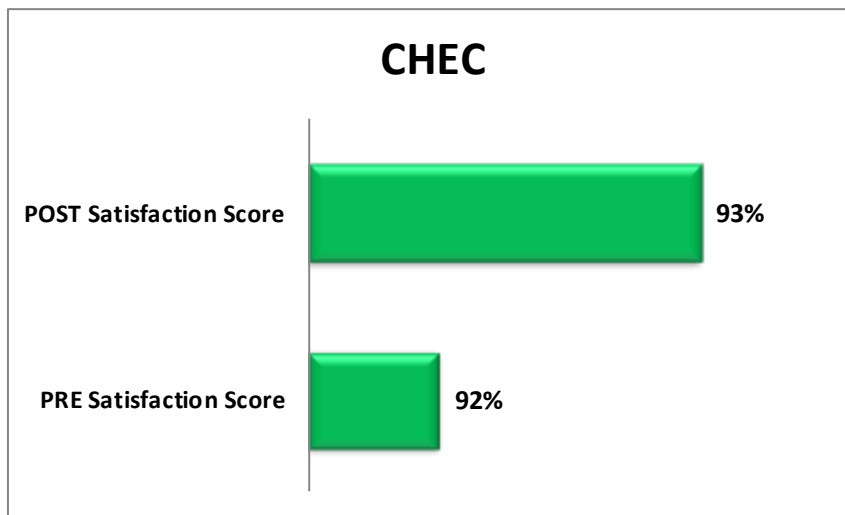
are motivated by their desire to help others; succeeding at this task (and having clear evidence that they have satisfied their “customers”) can help keep them motivated and engaged.

Satisfied employees, who are working in an organizational culture which promotes service excellence is critical, too. Many companies make the mistake of measuring only customer satisfaction. Measuring organizational culture is the key because employees play an integral role in the customer relationship. Employees do more than deliver customer service – they personalize the relationship between customer and the utility.

Creating loyal customers and loyal employees go hand in hand and it is the leaders of organizations that must create this alignment. Implementing service excellence works best when its principles are well understood and widespread collaboration is encouraged by management’s visible actions. In our experience, this is best achieved by driving change from the ‘top down’ at the same time as inspiring and fully engaging employees from the ‘bottom up’.

In the Simul/UtilityPULSE Customer Satisfaction survey, the overall satisfaction question is asked both at the beginning (PRE) and the end (POST).

Base: total respondents



Asking the general satisfaction question at the start of the survey avoids bias and we obtain a spontaneous rating. This allows measurement of customers' overall impressions of the utility prior to prompting them to think of specific aspects of the relationship. After we have asked about specific aspects of the customer experience, we gain a more *considered* (or conditioned) response.

SATISFACTION SCORES – Electricity customers' satisfaction			
Top 2 Boxes: 'very + fairly satisfied'	CHEC	National	Ontario
PRE: Initial Satisfaction Scores	92%	89%	83%
POST: End of Interview	93%	87%	80%

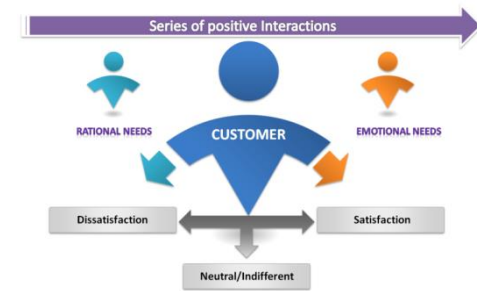
Base: total respondents

SATISFACTION SCORES – Electricity customers' satisfaction					
Top 2 Boxes: 'very + fairly satisfied'	2014	2013	2012	2011	2010
PRE: Initial Satisfaction Scores	92%	92%	-	-	-
POST: End of Interview	93%	94%	-	-	-

Base: total respondents / (-) not a participant of the survey year

Customers, as human beings, are both rational and emotional. The rational side of the customer holds the LDC accountable for doing its job (as contracted), thereby fulfilling the customer's basic needs. The emotional side of the customer is about fulfilling expectations. Meeting rational needs – at best –

gets the customer to a neutral state and at worst creates dissatisfaction. Emotional needs, when met, (assuming base level rational needs are met), can move a customer from neutral to higher levels of satisfaction.



Attributes strongly linked to a hydro utility's image			
	CHEC	National	Ontario
RATIONAL NEEDS			
Provides consistent, reliable electricity	92%	89%	86%
Quickly handles outages	90%	86%	83%
Accurate billing	88%	83%	77%
Provides good value for money	73%	67%	63%
Is 'easy to do business' with	88%	79%	75%
Operates a cost effective hydro-electric system	78%	69%	62%
EMOTIONAL NEEDS			
Deals professionally with customers' problems	87%	82%	78%
Provides information to help customers reduce electricity costs	80%	77%	75%
Pro-active in communicating changes	81%	74%	73%
Quickly deals with issues that affect customers	85%	79%	74%
Adapts well to changes in customer expectations	78%	71%	68%
Overall the utility provides excellent quality services	88%	83%	80%

Base: total respondents with an opinion

Customer Service

Customer service is a series of activities grouped in processes designed to provide customers and other stakeholders with information or assistance which address customers' needs. Those needs are far more diverse than they have ever been thereby, compelling customer service to change in response to increasing customer demands. Given the increase in fragmentation of customer type and customer problems, the need for building a customer-centric culture in line with customers' needs, preferences and expectations is important when customer satisfaction is important to the organization.

Customers don't want to be passed from CSR to CSR, unnecessary bureaucracy, to keep repeating why they are calling, to duplicate information already given, or to have to understand the inner workings of the utility organization. Customers are expecting an intelligent and personalized experience.

Respondents, who contacted their utility via the telephone or in-person, were asked about six aspects of their most recent experience with a representative from CHEC.

- Information – quality of information provided
- Staff attitude – level of courtesy
- Professionalism – the knowledge of staff
- Delivery – helpfulness of staff
- Timeliness – the length of time it took to get what they needed
- Accessibility – how easy it was to contact someone

Customer Service



Base: total respondents who contacted the utility

Satisfaction with Customer Service			
Top 2 Boxes: 'very + fairly satisfied'	CHEC	National	Ontario
The time it took to contact someone	87%	73%	67%
The time it took someone to deal with your problem	73%	70%	57%
The helpfulness of the staff who dealt with you	75%	74%	65%
The knowledge of the staff who dealt with you	75%	69%	61%
The level of courtesy of the staff who dealt with you	84%	82%	75%
The quality of information provided by the staff who dealt with you	72%	69%	59%

Base: total respondents who contacted the utility

Respondents, who contacted their utility via an electronic means, e.g., email, website, social media, were asked about four aspects of their most recent experience with a representative.

Satisfaction with Customer Service via electronic means	
Top 2 Boxes: 'very + fairly satisfied'	Overall
The timeliness of response	68%
The quality of information provided	65%
The helpfulness of the information	63%
The level of professionalism	72%

Base: data from the full 2014 database

The customer service representative's role is essential to effectively handling customer issues/incidents/problems/requests. Having a skilled, trained representative is vital for a positive customer experience when a customer decides to make contact. Respondents who did have contact with a utility representative within the last 12 months were asked about their overall satisfaction with *that* experience.

Overall satisfaction with most recent experience – Telephone & In-person			
	CHEC	National	Ontario
Top 2 Boxes: 'very + fairly satisfied'	78%	75%	62%

Base: total respondents who contacted the utility

Overall satisfaction with most recent experience – Electronic means	
Overall	
Top 2 Boxes: 'very + fairly satisfied'	68%

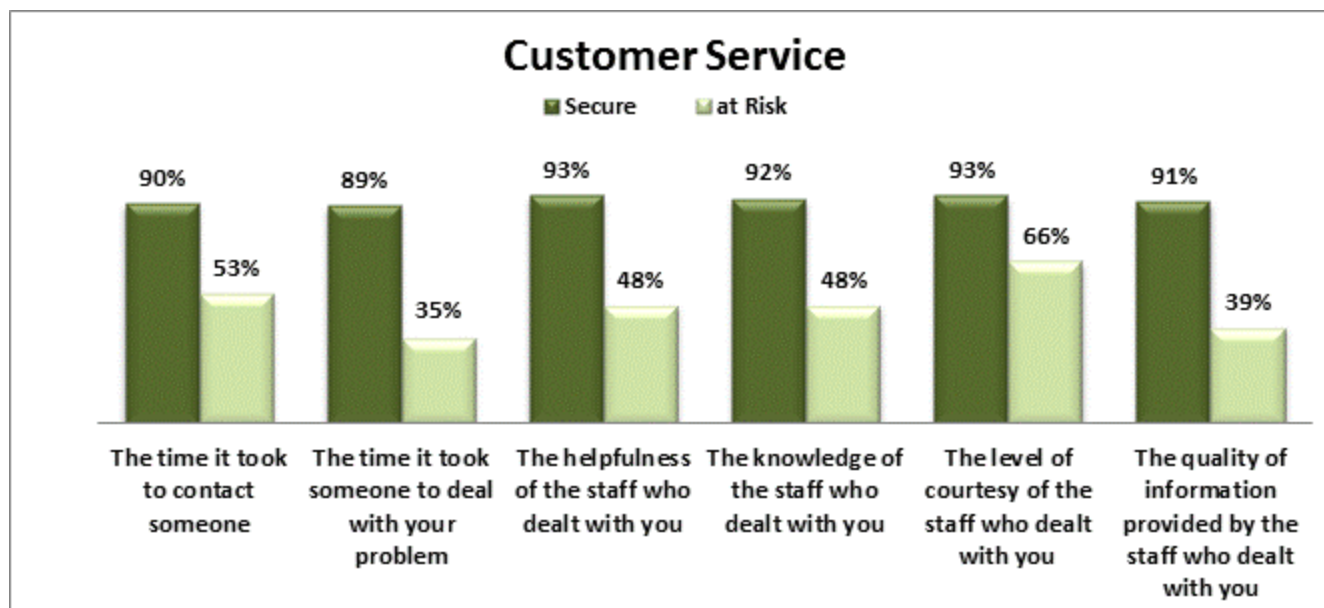
Base: data from the full 2014 database

Customers value speed and responsiveness especially as it relates to solving problems. The more flexibility you're able to offer and the more empowerment given to employees, the better able employees will be to meet those "speed" and "responsiveness" requirements. Customers benefit, too, when employees are able to resolve problem issues "on the spot" instead of having to "talk to my manager."

SATISFACTION SCORES – Electricity customers' satisfaction			
	Overall	Problems Solved	Problems Not Solved
Top 2 Boxes: 'very + fairly satisfied'	90%	90%	60%
Bottom 2 Boxes: 'fairly + very dissatisfied'	7%	7%	35%

Base: data from the full 2014 database

Empowerment is the backbone of the service recovery principle. In the face of error or problems, acting quickly and decisively, being empowered and turning a dissatisfied customer into a satisfied one tends to have a positive impact.



Base: data from the full 2014 database

Satisfaction with Customer Service			
Top 2 Boxes: 'very + fairly satisfied'	Overall	Recent Experience Satisfied	Recent Experience Dissatisfied
The time it took to contact someone	75%	86%	43%
The time it took someone to deal with your problem	68%	85%	19%
The helpfulness of the staff who dealt with you	76%	90%	33%
The knowledge of the staff who dealt with you	73%	88%	32%
The level of courtesy of the staff who dealt with you	82%	92%	56%
The quality of information provided by the staff who dealt with you	71%	88%	21%

Base: data from the full 2014 database

The service experience has a profound impact on customer service scores. The data shows a direct correlation between a satisfied customer experience and the ratings given across all six measures of person-to-person customer service. While there are a lot of things utilities cannot control, one thing they can control is the quality of service they provide.



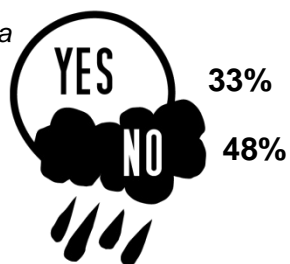
Important attributes which shape perceptions about service quality			
	CHEC	National	Ontario
Deals professionally with customers' problems	87%	82%	78%
Is pro-active in communicating changes and issues which may affect customers	81%	74%	73%
Quickly deals with issues that affect customers	85%	79%	74%
Customer-focused and treats customers as if they're valued	83%	74%	72%
Is a company that is 'easy to do business with'	88%	79%	75%
Cost of electricity is reasonable when compared to other utilities	64%	60%	55%
Provides good value for money	73%	67%	63%
Delivers on its service commitments to customers	89%	84%	82%
Trusted and trustworthy company	88%	82%	77%
Respected company in the community	88%	81%	78%
Provides information and tools to help manage electricity consumption	81%	77%	75%
Adapts well to changes in customer expectations	78%	71%	68%

Base: total respondents with an opinion

ICE STORM 2013

On December 20, 2013, a severe ice storm struck the central and eastern portions of Canada and the northeastern United States. The storm's devastation caused major damage to utility distribution lines, towers, transformers, poles and entire substations and resulted in large scale outages and blackouts for long periods of time. The data suggests that customers are both tolerant and understanding when major outages take place.

Did you have a power outage during the ice storm in December 2013?



Base: total respondents

Days after the storm passed through, thousands were left without power as crews worked around the clock in the affected areas, but difficult weather conditions -- including more snow and continued freezing temperatures -- was making power restoration a challenge.

CHEC Length of outage (during Ice Storm 2013)							
Less than 2 hours	2 – 4 hours	4+ hours or ½ day	12-18 hours or ½ - ¾ day	19-24 hours or 1 day	1 to 1.5 days	1.6 to 2 days	More than 2 days
21%	26%	14%	7%	6%	3%	1%	2%

Base: total respondents affected by the ice storm

A common communication channel used by customers is their website. Most utilities use their website to publish outage information to customers; timely information posted to your website could reduce the impact on other utility resources.

Percentage of Respondents who contacted their utility about the ice storm power outage	
CHEC	
Yes	17%
No	82%

Base: total respondents affected by the ice storm who contacted the utility about the outage during the storm

Some utilities websites provide customers with the start time of the outage, the number of customers impacted by the outage, and an outage map. Storm Centre landing pages on the utilities' websites have become a best practice where outage information is consolidated in one easy to access location. Social media will become increasingly important depending upon the severity of the outage. The reality is social media adoption rates are growing, which means, in time, these channels will become an additional means for providing information.



CHEC Method used to contact electric utility about outage during the 2013 ice storm						
Telephone	E-mail	Website	Twitter	facebook	In person	Don't know
93%	0%	4%	0%	0%	0%	4%

Base: total respondents affected by the ice storm who said they contacted the utility about the outage during the storm

In your view, what is an acceptable period of time to go without electricity in situations like the ice storm?



Base: total respondents affected by the ice storm

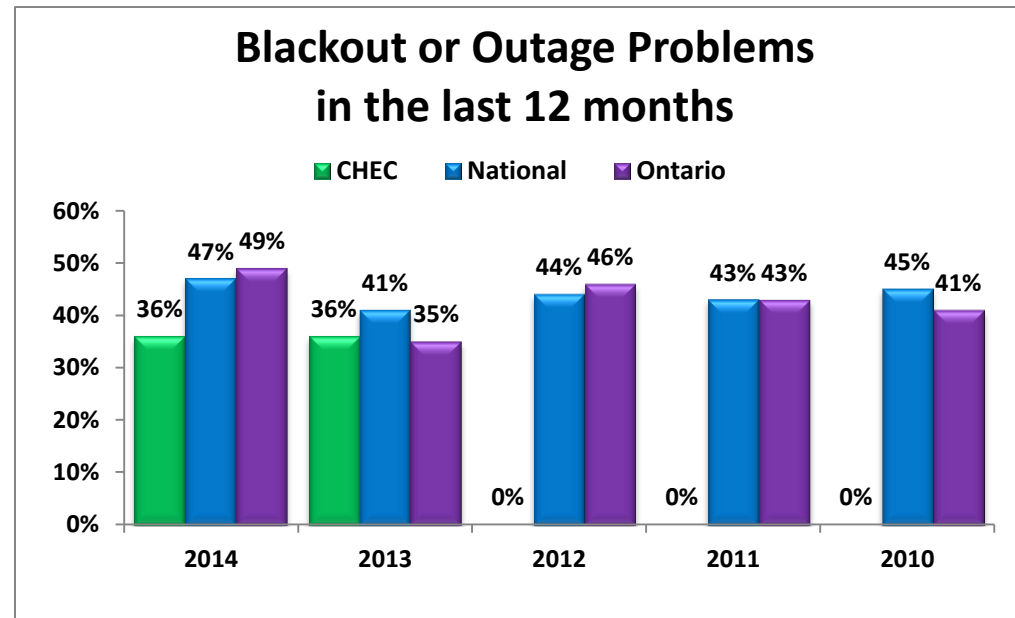
•None (the power shouldn't be going out)	8%
•Less than 2 hours	8%
•2 - 4 hours	18%
•4+ hours or 1/2 day	17%
•12 - 18 hours or 1/2 day to 3/4 day	7%
•19 - 24 hours or 1 day	13%
•1 to 1.5 days	6%
•1 .6 to 2 days	4%
•More than 2 days	6%

During any outage (planned or unplanned) restoring power quickly and safely is a top priority. Consistent and effective communication will drive the customer experience during an outage. If the customer starts to get mixed messages i.e. website versus radio and television news versus public service announcements are not in sync, then a customer could potentially perceive the situation as being not in order and therefore could also question safe and quick restoration. The more disarray the customer senses from mixed communication messages, the more intolerant they will become of the duration of the outage. Consistent updates across all channels will at least provide a sense of security – that the utility is on top of it and working to get things back up and running.

Bill payers' recent problems and problem resolution

Outages and billing problems, we call them the “Killer B’s”, the two issues that are most likely to cause grief to utility customers.

At one time, if the power went off for a few minutes, it was considered annoying and inconvenient. However, with so many devices hooked into the electricity system, even a small power outage can be truly aggravating. 90% of respondents with an opinion agree (top 2 boxes) CHEC “quickly handles outages and restores power”.



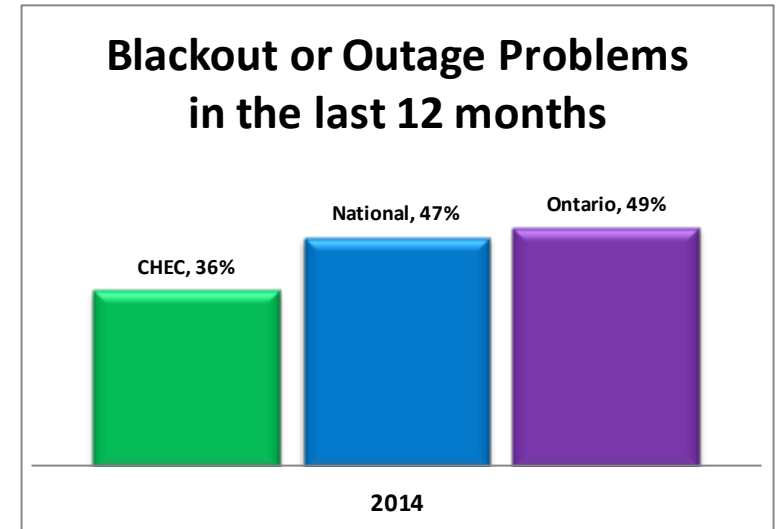
Base: total respondents / (-) not a participant of the survey year

Ideally, no one wants to go without electricity, however it is an inevitability that at some point the power will go out, especially during severe weather related events. During these instances, most customers will be somewhat flexible in their expectation for quick restoration. However, as an outage prolongs and impacts daily routines and when there is an uncertainty as to the expected restoration time, customers begin to become less understanding and more demanding.

Despite a utility's best efforts, there will be times when the power goes off.

Percentage of Respondents indicating that they had a Blackout or Outage problem in the last 12 months			
	CHEC	National	Ontario
2014	36%	47%	49%
2013	36%	41%	35%
2012	-	44%	46%
2011	-	43%	43%
2010	-	45%	41%

Base: total respondents / (-) not a participant of the survey year

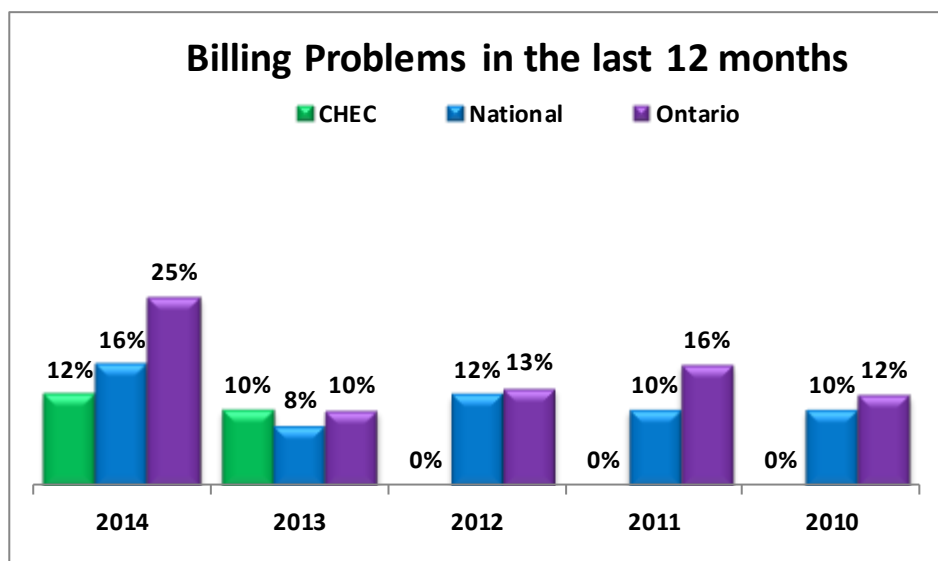


Base: total respondents

For most customers, their bill is the only thing they see (or pay attention to) from their utility provider. It not only tells them how much to pay, it documents their service usage, breaks down the various charges and provides

contact information for customer service. As the principal form of communication between a utility and its customers, utilities cannot underestimate the importance of billing.

When it comes to billing, customers expect zero-defect delivery. Customers expect timely and accurate billings which they understand. Incorrect information, miscalculated balances, bills that are too difficult to understand result in time logged by your CSR's as well as dissatisfied customers. Improving billing activities has an immediate impact on the revenue streams of a utility in terms of costs associated with managing call center applications.

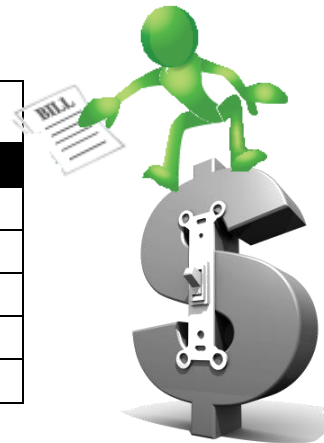


Base: total respondents



Percentage of Respondents indicating that they had a Billing problem in the last 12 months			
	CHEC	National	Ontario
2014	12%	16%	25%
2013	10%	8%	10%
2012	-	12%	13%
2011	-	10%	16%
2010	-	10%	12%

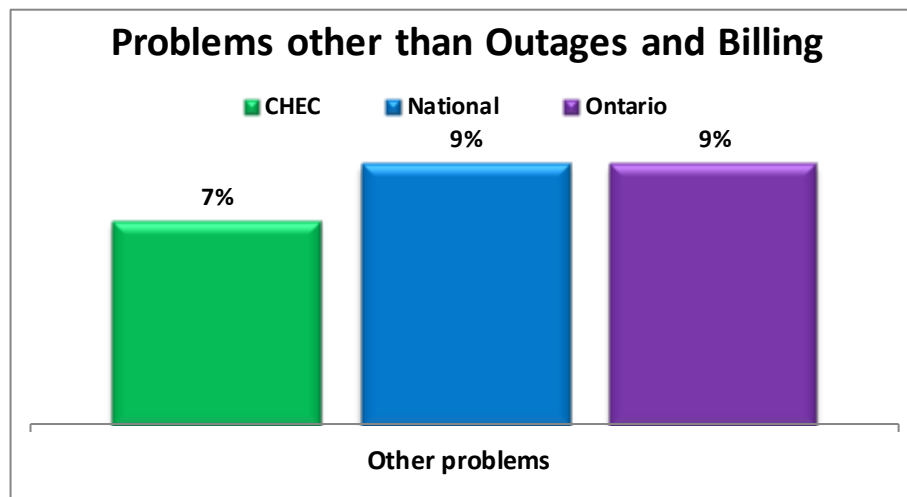
Base: total respondents / (-) not a participant of the survey year



Types of Billing Problems	
	CHEC
The amount owed was too high	62%
Complaint about rates or charges	15%
Pricing systems (tiers or flat)	4%
The payment made was recorded incorrectly	1%

Base: total respondents with billing problems

As it relates to problems, the Killer B's – Bills and Blackouts still occupy top ranking – while moving/setting up a new account, maintenance repairs, high bills, information on pricing, SMART meters and energy conservation are issues which also contribute to inbound call-centre calls.



Base: total respondents

Percentage of Respondents with problems other than billing or power outages in the last 12 months			
	CHEC	National	Ontario
Yes	7%	9%	9%
No	93%	90%	90%

Base: total respondents

The reality is, there will be outages, there will be billing issues and there will be other problems. The key is how the customer is looked after when the problem(s) arises. By understanding the complaint process and customer complaint behaviour, a utility can learn how to reduce the impact of an unfavourable service experience or complaint.

What method did you use to contact your electric utility when you had a problem?

Base: data from the full 2014 database



Customers care more about getting their problem solved than they do about following or using the utilities processes. Solving the customer's problem with the first interaction (often called first call resolution) is a driver of perception. Customers want to deal with someone who understands what they are calling about, they want to have access to the correct person to talk to and they expect this person to have the ability to inform and or make decisions to work through the customer's concern. The reality is that customers know we do not live in a perfect world and problems will arise. What customers want however, is to ultimately have their problem solved. When the problem is solved the utility benefits.

Percentage of Respondents who contacted their utility and had their problem solved in the last 12 months			
	CHEC	National	Ontario
Yes	72%	69%	61%
No	26%	26%	36%

Base: total respondents

Attributes describing operational effectiveness			
	Overall Score	Problem Solved	Problem Not Solved
Provides consistent, reliable electricity	90%	88%	82%
Delivers on its service commitments to customers	86%	86%	71%
Accurate billing	85%	83%	66%
Quickly handles outages and restores power	87%	84%	80%
Makes electricity safety a top priority	88%	88%	86%
Uses responsible environmental practices when completing work	85%	85%	75%
Is efficient at managing the hydro-electric system	82%	80%	65%
Is a company that is 'easy to do business with'	85%	83%	64%
Operates a cost effective hydro-electric system	73%	72%	54%
Overall the utility provides excellent quality services	85%	84%	70%

Base: data from the full 2014 database from those respondents with an opinion

Technology is considered by many in the electricity utility industry to be both a blessing and a curse. On one hand, the LDC (and other service providers) can benefit from embracing technology to reduce costs and hopefully improve service thereby, putting control into the hands of the customer. However, technology can enable the customer's dissatisfaction to go viral.

Loyalty levels of customers (i.e., Secure, Favorable, Indifferent, At Risk) do have a different “recall” as it relates to problems encountered.

Bill payers recalling a power failure or outage				
	Secure	Favorable	Indifferent	At Risk
Yes	31%	35%	46%	48%
No	68%	64%	52%	51%

Base: data from the full 2014 database

Bill payers recalling a billing problem				
	Secure	Favorable	Indifferent	At Risk
Yes	4%	6%	15%	46%
No	95%	93%	83%	51%

Base: data from the full 2014 database

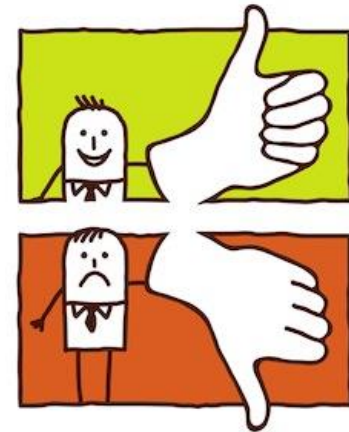
Bill payers who said their problem was solved				
	Secure	Favorable	Indifferent	At Risk
Yes	92%	79%	73%	35%
No	7%	17%	22%	59%

Base: data from the full 2014 database

Customer Experience Performance rating (CEPr)

Every touch point with customers on the phone, website or in-person influences what customers think and feel about the organization. The key is handling every individual element of an interaction with a customer so that he/she feels good at the end of the whole interaction and the utility achieves its business objectives.

Great experiences occur when all functions of the organization align with one another to achieve the outcomes your customers seek. A good customer experience starts with understanding what your customers care about most and understanding which promises are most important to your customers.

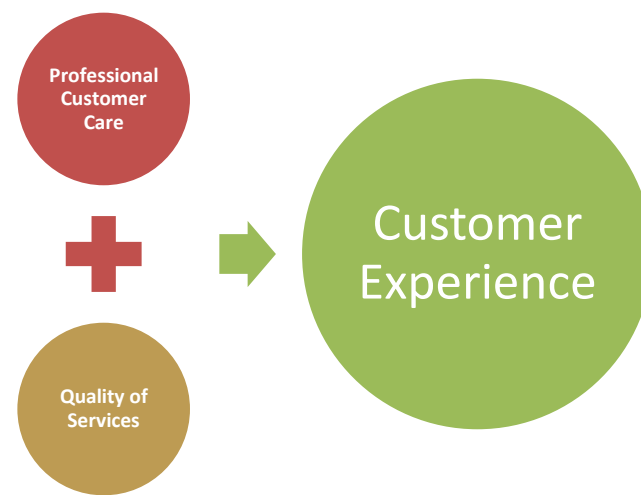


At the heart of the CEPr are 4 central questions:

- Are interactions with the organization professional and productive?
- Is the organization 'easy to deal with'?
- Does the organization effectively meet your needs?
- Does the organization provide high quality services?

Some of the factors which contribute to the overall Customer experience:

- Delivering accessible and consistent customer service
- Understanding customer expectations
- Maintaining timely resolution timelines
- Providing effective communication(s) according to customer needs
- Demonstrating responsiveness
- Speeding up problem resolution
- Conducting problem analysis to prevent recurring issues
- Easy to do business with
- Seeking customer feedback and following through on recommendations



Customer Experience Performance rating (CEPr)			
	CHEC	National	Ontario
CEPr: all respondents	87%	82%	79%

Base: total respondents

The CEPr (all respondents) for CHEC is 87%. This rating would suggest that a very large majority of customers have a belief that they will have a good to excellent experience dealing with a CHEC professional. However, the balance of respondents is not anticipating a good to excellent experience, and as such could be more challenging to serve.

The CEPr score is what we refer to as an effectiveness rating and is affected by many dimensions of service. While an excellent transaction today creates a positive experience today, the perception created is that future transactions will be excellent too, which is how you want your customers to feel. Of course a negative transaction creates the perception that future transactions will be negative. The key then is to emphasize problem resolution with a “one call” mindset.

The impact of Satisfied or Dissatisfied experiences on some operational attributes			
	CHEC	Recent Experience Satisfied	Recent Experience Dissatisfied
Provides consistent, reliable electricity	92%	91%	74%
Delivers on its service commitments to customers	89%	88%	62%
Accurate billing	88%	80%	60%
Quickly handles outages and restores power	90%	89%	74%
Makes electricity safety a top priority	90%	92%	73%
Uses responsible environmental practices when completing work	88%	89%	60%
Is efficient at managing the hydro-electric system	86%	83%	61%
Overall the utility provides excellent quality services	88%	87%	54%

Base: respondents who have contacted the utility

Customer Centric Engagement Index (CCEI)

The EB-2010-0379 ROB-SA report includes the following: “better engage with their customers to better understand and respond to their needs...” Conducting surveys (like this one), holding town hall meetings, focus groups, etc. are examples of engaging your customers. We call this an activity based definition of engagement. Asking 100 people to complete a survey is an engagement activity.

This survey also provides you with an emotional look at engagement. The CCEI index is a gauge of the amount of goodwill that has been generated. High numbers in CCEI suggests that there is a high level of goodwill amongst your customers – this is important for two reasons. First when something goes awry for the utility, goodwill helps the utility to be resilient. Second, goodwill encourages active participation in requests to participate in engagement activities or program offerings from the utility.

The UtilityPULSE Customer Engagement Index (CCEI) is a metric designed to get a more in-depth look at the attachment a customer has with your LDC and its brand.



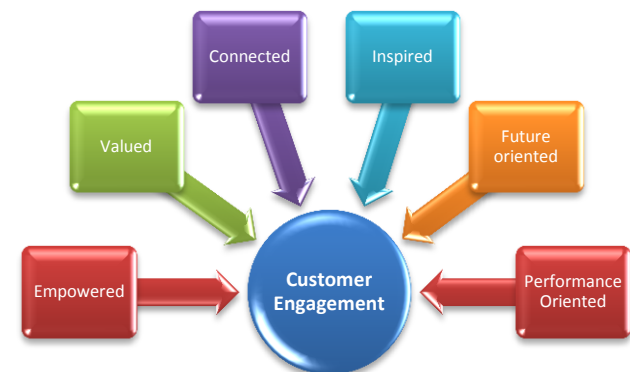
Your Annual UtilityPULSE survey tracks a customer's willingness to continue to do business, and willingness to recommend their local utility. Through a combination of calculations the end result is a Customer Loyalty index. That is, the number of customers that are: At risk, Indifferent, Favourable, Secure. The goal of every enterprise ought to be the creation of more Secure and Favourable customers. We believe that high levels of customer engagement correlate strongly to high levels of Secure and Favourable customer numbers.

We believe that a customer-centric definition of engagement is valuable to individuals, teams and executives in an LDC for determining what needs to be done to ensure that the organization is successful today and successful again tomorrow – in a changed world.

Engagement is how customers think, feel and act towards the organization. As such, ensuring that customers respond in a positive way requires that they are rationally satisfied with the services provided AND emotionally connected to your LDC and its brand. The more frequently and consistently an organization's products and services can connect with a customer, especially on an emotional level, the stronger and deeper the customer becomes engaged with the organization.

What does customer centric engagement look like?

UtilityPULSE has identified the six key dimensions of what defines customer engagement. They are: empowered, valued, connected, inspired, future oriented and performance oriented.



They include:

- Does the utility allow their customers to feel **empowered** about their interactions with the company and decisions affecting their electricity usage
- Does the utility give customers the sense of being **valued**
- Does the utility act in ways which allows customers to stay **connected**
- Do customers get **inspired** by the way the utility conducts business
- Is the utility forward thinking enabling customers to be **future oriented**
- Does the utility conduct operations in such a way that customers believe that they are truly **performance oriented** in achieving goals and results

Utility Customer Centric Engagement Index (CCEI)			
	CHEC	National	Ontario
CCEI	83%	79%	76%

Base: total respondents



Customer centric engagement is a measure of “goodwill” towards the utility. Customers who are less engaged, as measured by the CCEI are more concerned about costs than customers who are highly engaged. Customers who are highly engaged are more inclined to look past costs and money issues and use thoughtful analysis to make values-based decisions.

UtilityPULSE Report Card®

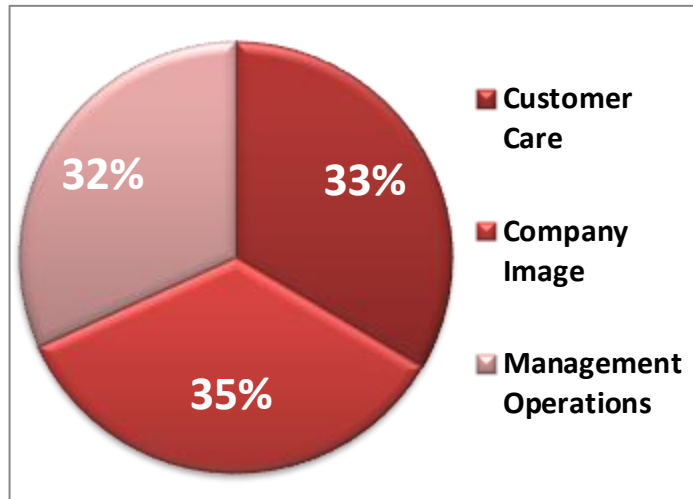
Simul's UtilityPULSE Report Card® is based on tens of thousands of customer interviews gathered over sixteen years. The purpose of the UtilityPULSE Report Card® is to provide electric utilities with a snapshot of performance – on the things that customers deem to be important. Research has identified over 20 attributes, sorted into six topic categories (we call these drivers), that customers have used to describe their utility when they have been satisfied or very satisfied with their utility. These attributes form the nucleus, or base, from which “scores” are assigned. Customer satisfaction and loyalty also play a major role in the calculations.

There are two main dimensions of the UtilityPULSE Report Card® the first is Customer psyche and the other is Customer perceptions about how the utility executes its business.

The Psyche of Customers

Every utility has virtually the same responsibility – provide safe and reliable electricity – yet not all customers are the same. The following chart shows the weight or significance of each category to the customer when forming their overall impression of the utility. Three major themes, each with two major categories make up the UtilityPULSE Report Card®. In effect the Report Card provides feedback about your customers' perception on the importance of each category and driver – as it relates to the benchmark.

UtilityPULSE Report Card® for CHEC



Base: total respondents

The UtilityPULSE Report Card® also provides customer perceptions about how your utility executes or performs its responsibilities. This is different, very different, from what a customer might say about a major concern or worry that they have about electricity. As our survey has shown since its inception the primary suggestion for improvement is “reduce prices”, which is also a major concern which your customers have about municipal taxes, gas for the vehicle, and other utilities.

Readers of this report should note that the categories and drivers are interdependent. Which means that, for example, failure to provide high levels of power quality and reliability will have a negative impact on customer perceptions as it relates to customer service. Customer care, when it doesn't meet customer expectations has a negative impact on Company Image, etc.

Defining the categories and major drivers:

Category: Customer Care

Drivers: Price and Value; Customer Service

Just because everyone likes good customer care, that in and by itself, is not a reason to provide it – though it may be important to do so. In highly competitive industries good customer service may be a differentiating factor. The case for electric utilities is simple, high levels of customer care result in less work (hence cost) of responding to customer inquiries and higher levels of acceptance of the utility's actions.

Price and Value:

Customers have to purchase electricity because life and lifestyle depend on it. This driver measures customer perceptions as to whether the total costs of electricity represent good value and whether the utility is seen as working in the best interests of its customers as it relates to keeping costs affordable.

Customer Service:

Customers do have needs and every now and again have to interface with their utility. How the utility handles various customers' requests and concerns is what this driver is all about. Promptly answering inquiries, providing sound information, keeping customers informed and doing so in a professional manner are the major components of this driver.

Category: Company Image

Drivers: Company Leadership; Corporate Stewardship

Utilities have an image even if they do not undertake any activities to try to build it. A company's image is both a simple and complex concept. It is simple because companies do create images that are easily described and recognized by their target customers. It is complex because it takes many discrete elements to create an image which includes, but is not limited to: advertising, marketing communications, publicity, service offering and pricing.

An electric utility trying to manage its image has one more challenge to deal with, and that is the electric industry itself. There are so many players that residential customers (in particular) don't know who does what or who is responsible for what. So when there are political or regulatory announcements, the local utility is often swept up into the collective reaction of the population.

Company Leadership

This driver is comprised of customer perceptions as it relates to industry leadership, keeping promises and being a respected company in the community.

Corporate Stewardship

Customers rely on electricity and want to know that their utility is both a trusted and credible organization that is well managed, is accountable, is socially responsible and has its financial house in order.

Category: Management Operations

Drivers: Operational Effectiveness; Power Quality and Reliability

Electrical power is the primary product which utilities provide their customers and, they have very high expectations that the power will be there when they need it. Customers have little tolerance for outages. The reality is, every utility has to get this part right...no excuses. It is the utility's core business. This category and its drivers are clearly the most important for fulfilling the rational needs of a utility's customers.

Operational Effectiveness

This driver measures customers' perceptions as they relate to ensuring that their utility runs smoothly. Attributes such as: accurate billing and meter reading, completing service work in a professional and timely manner and maintaining equipment in good repair are deemed as important to customers.

Power Quality and Reliability

Power outages are a fact of life – and, customers know it. They expect their utility to provide consistent, reliable electricity, handle outages and restore power quickly and make using electricity safely an important priority.

CHEC's UtilityPULSE Report Card®				
<i>Performance</i>				
	CATEGORY	CHEC	National	Ontario
1	Customer Care	B+	B+	B
	Price and Value	B	B	C+
	Customer Service	A	B+	B
2	Company Image	A	B+	B+
	Company Leadership	A	B+	B+
	Corporate Stewardship	A	A	B+
3	Management Operations	A	A	A
	Operational Effectiveness	A	A	B+
	Power Quality and Reliability	A+	A	A
OVERALL		A	B+	B+

Base: total respondents

As the UtilityPULSE Report Card® shows, the total customer experience with an electric utility is defined as more than “keeping the lights on”. Customers deal with your utility every day for a variety of reasons, most likely

because they need someone to help them solve a problem, answer a question or take their order for service. All your employees, from customer service representatives to linemen, leave a lasting impression on the customers they interact with. In effect there are many moments of truth. Moments of truth are every customer touch point that a utility has with their customers. Therefore, managing these moments of truth creates higher levels of Secure customers while reducing the number of At Risk customers that exist.

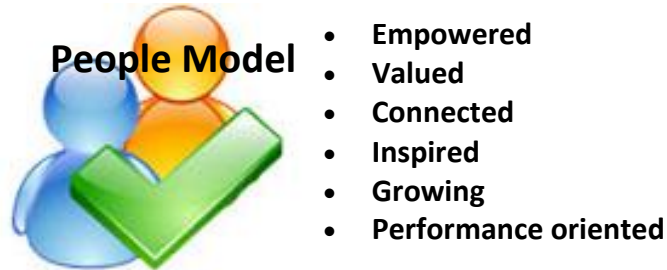
It's the small things done consistently that matter: Things like greeting every customer, whether on the phone or in person, in a friendly and helpful manner. Things like listening to the customer's needs, providing solutions to their problems and showing appreciation to the customer for their business.

Utilities now recognize customer communications as a valuable aspect of their business. The better a utility communicates with customers, in a manner that speaks to them, the more satisfied they are with their overall service. “Sending out information” is not the same as having a “conversation” with a customer. We believe that it is increasingly important to channel your communications to the various customer segments which exist.

Obviously employees – in every area – play a critical role in customer service success. Consequently how they feel about their job responsibilities and role in the company will be communicated indirectly through the level of service which they actually provide customers with whom they interact. The reality is engaged employees are the key to excellent customer care.

Our survey work with employees shows that there are many elements of an organizational culture to support the people model needed to achieve high levels of engagement.

Our research has identified 6 main drivers that promote and support people giving their best:



There are 12 key processes from “attracting employees” to “saying goodbye to employees” that are part of your people model to get the best performance from every employee.

We believe that taking the time to understand the difference between employee satisfaction and organizational culture is worthwhile from a resourcing perspective and from a people development perspective. Every organization has a culture – we believe that it is a leadership imperative to install and maintain a culture that ensures that you attain the achievements and successes of your utility’s many investments in people, technology and equipment.

The Loyalty Factor

If a customer is satisfied, it doesn't necessarily mean he or she is loyal. Satisfaction is about fulfilling promises/expectations; loyalty goes way beyond that by creating exceptional experiences and long-lasting relationships. There is a reason why marketing campaigns strive to build brand loyalty, not brand satisfaction. Measuring customer loyalty in an industry where many customers don't have a choice of providers doesn't make sense. Or does it?

The answer depends on how you define "customer loyalty."

Private industry often equates customer loyalty with basic customer retention. If a customer continues to do business with a company, that customer is, by definition, considered to be loyal. If this definition were applied to many companies in the utility industry, all customers would automatically be considered loyal. As such, measuring customer loyalty would appear to be unnecessary.

Natural monopolies (like LDCs) are not really different in what they should measure except that trying to determine which customers are "loyal" or "at risk" is not about their future behaviour but more about their "attitudinal" loyalty (are they advocates?).



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Perhaps a better or more relevant way for utilities to approach the definition of customer loyalty is to further expand how they think about loyalty. Consider the following definition: Customer loyalty is an emotional disposition on the part of the customer that affects the way(s) in which the customer (consistently) interacts, responds or reacts towards the company – its products & services and its brand.

So what does it mean to respond favourably to a company? At a basic level, this can mean choosing to remain a customer. As previously mentioned however, this is essentially a non-issue for many utility companies. It then becomes necessary to think beyond just customer retention. One needs to consider other ways in which customers can respond favourably toward a company.

Other favourable responses or behaviours can be classified into one of three categories that reflect the concept of customer loyalty:

- Participation
- Compliance or Influence
- Advocacy

Specific examples of potential participatory behaviour in the electric utility industry include:

- Signing up for programs that help the customer reduce or manage their energy consumption
- Using the utility as a consultant when selecting energy products and services from a third party
- Participating in pilot programs or research studies

Specific examples of potential compliance or influence behaviours that utility customers might exhibit include:

- Seeking the utility's advice or expertise on an energy-related issue



- Voluntarily cutting back on electricity usage if the utility advised the customer to do so
- Accepting the utility's energy advice or referrals to energy contractors or equipment
- Being influenced by the utility's opinion regarding energy- management advice, equipment, or technologies
- Providing personal information that enables the utility to better serve the customer
- Paying bills online

Creating customer advocates can be especially important for a company in a regulated industry. In the absence of customer advocates, or worse, in a situation where customers speak unfavourably about a company or actively work to support issues that are counter to those the company supports, companies can suffer a variety of negative consequences like increased business costs, lawsuits, fines and construction delays. For an electric utility, specific examples of potential advocacy behaviour include:

- Supporting the utility's positions or actions on energy-related public issues, including the environment
- Supporting the utility's position on the location and construction of facilities
- Providing testimonials about positive experiences with the utility

In sum, loyal behaviour in the utility industry may not be as evident as it is in a more competitive environment. Measuring customer loyalty in a generally non-competitive industry requires one to think about loyalty in non-traditional ways. Customer loyalty is an intangible asset that has positive consequences or outcomes associated with it no matter what the industry. Properly measuring loyalty among utility customers requires thoughtful probing to thoroughly identify the range of participation, compliance, and advocacy behaviours that will ultimately benefit the company in meaningful ways, and foster happier and more loyal customers.

The UtilityPULSE Customer Loyalty Performance Score segments customers into four groups: **Secure** – the most loyal - **Still Favorable**, **Indifferent**, and **At risk**.

Secure customers are “very satisfied” overall with their local electricity utility. They have a very high emotional connection with their utility and definitely would recommend their local utility.

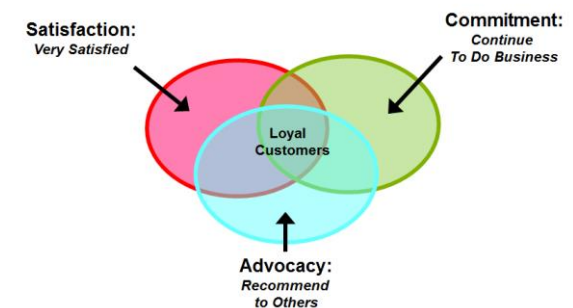
Still favorable customers are “very satisfied” overall, “definitely” or “probably” would recommend their local utility and not switch if they could.

Indifferent customers are less satisfied overall than secure and still-favorable customers and less inclined to recommend their local utility or say they would not switch.

At risk customers, who are “very dissatisfied” with their electricity utility, “definitely” would switch and “definitely” would not recommend it.

Loyalty is driven primarily by a company’s interaction with its customers and how well it delivers on their wants and needs.

Customer Loyalty Model

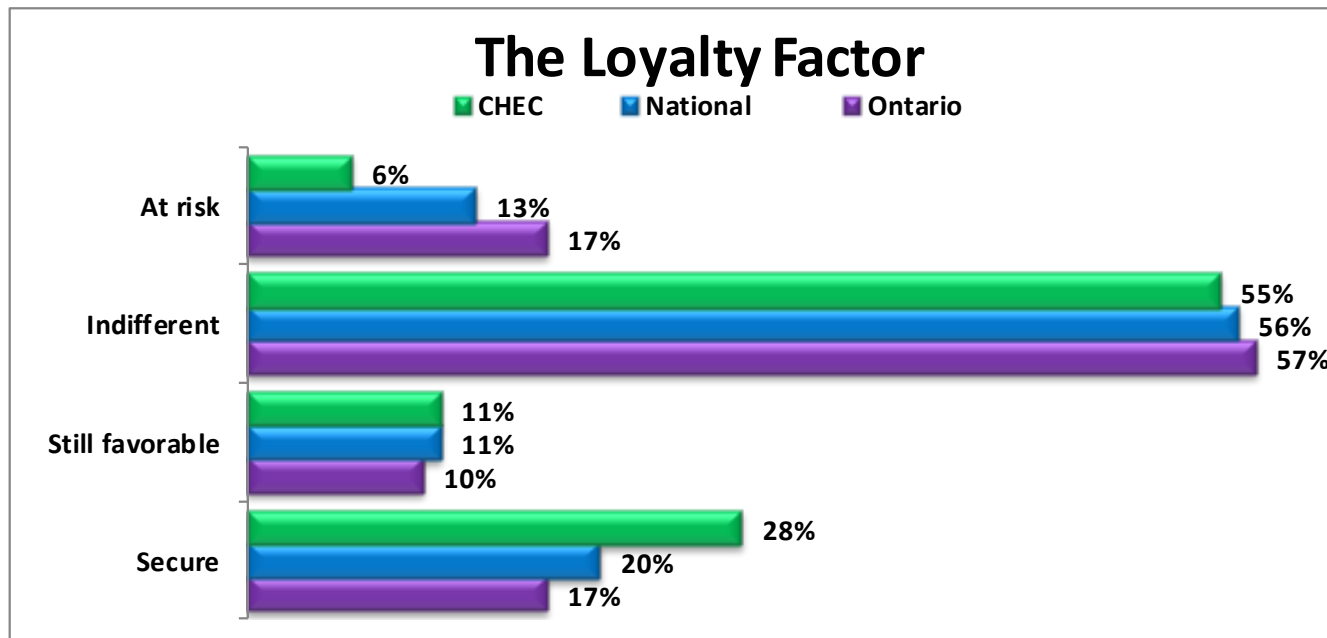


Loyalty is based on likelihood to:

- **Satisfaction:** overall satisfaction
- **Commitment:** continue as a customer
- **Advocacy:** willingness to recommend

Customer Loyalty Groups				
	Secure	Favorable	Indifferent	At Risk
CHEC				
2014	28%	11%	55%	6%
2013	33%	13%	49%	5%

Base: total respondents



Base: total respondents

Customer Loyalty Groups				
	Secure	Favorable	Indifferent	At Risk
Ontario				
2014	17%	10%	57%	17%
2013	24%	15%	51%	11%
2012	20%	13%	53%	14%
2011	17%	13%	54%	16%
2010	21%	12%	52%	15%
National				
2014	20%	11%	56%	13%
2013	26%	17%	47%	10%
2012	30%	13%	46%	11%
2011	28%	14%	46%	12%
2010	17%	14%	60%	9%

Base: total respondents



Secure customers' experiences and perceptions are distinct from those of Indifferent customers. There is yet an even greater gap between those identified as Secure versus At Risk.

- Problems are experienced and remain unresolved far more often by the Indifferent or At Risk segments in comparison to others. This is not an unusual finding.
- Other areas of interaction also revealed considerable differences among the segments. Consistently, Secure customers' perceptions are most positive.

Important attributes which shape perceptions about customer affinity			
	Overall	Secure	At Risk
Customer focused and treats customers as if they're valued	80%	95%	49%
Is pro-active in communicating changes and issues which may affect customers	79%	93%	56%
Deals professionally with customers' problems	85%	96%	61%
Provides information to help customers reduce their electricity costs	79%	92%	55%
Quickly deals with issues that affect customers	82%	95%	56%
Delivers on its service commitments to customers	86%	97%	67%
Provides information and tools to help manage electricity consumption	79%	92%	56%
Is 'easy to do business with'	85%	98%	55%
Adapts well to changes in customer expectations	75%	90%	45%
The cost of electricity is reasonable when compared to other utilities	62%	79%	37%
Provides good value for your money	70%	89%	38%
Provides consistent reliable electricity	90%	99%	77%
Operates a cost effective hydro-electric system	73%	91%	41%
Overall the utility provides excellent quality services	85%	98%	62%

Base: data from the full 2014 database from those respondents with an opinion

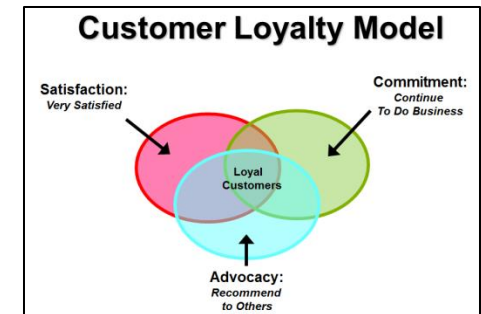
Customer commitment

Customer loyalty is a term that can be used to embrace a range of customer attitudes and behaviours. One of the metrics used to gauge loyalty is the measure of **retention**, or intention to buy again; this loyalty attitude is termed **commitment**.

Customer commitment to the local electricity supplier is a very important driver of customer loyalty in the electricity service industry. In a similar way to trust, commitment is considered an important ingredient in successful relationships. In simpler terms, commitment refers to the motivation to continue to do business with and maintain a relationship with a business partner i.e. the local utility.

For electric utilities, this measurement is about identifying the number of customers who feel that they “want to” vs “have to” do business with you. Potential benefits of commitment may include word of mouth communications - an important aspect of attitudinal loyalty. Committed customers have been known to demonstrate a number of beneficial behaviours, for example committed customers tend to:

- Come to you. One of the key benefits of establishing a good level of customer loyalty is that customers will come to you when they need a product or service.



- Validate information received from 3rd parties with information and expertise that you have.
- Try new products/initiatives.
- Perhaps they will even trust you when recommendations are made.
- Be more price tolerant.
- More receptivity of utility viewpoints on various issues.
- More tolerance of errors or issues that inevitably take a swipe at the utility.
- Stronger levels of perception regarding how the utility is managed.

Though customers can not physically leave you, they can emotionally leave you and when they do, it becomes an extreme challenge to garner their participation or support for utility initiatives.

Electricity customers' loyalty – ... Is a company that you would like to continue to do business with			
	CHEC	National	Ontario
Top 2 Boxes: 'Definitely + Probably' would continue	83%	74%	72%
Definitely would continue	57%	41%	35%
Probably would continue	27%	32%	37%
Might or might not continue	3%	8%	7%
Probably would not continue	4%	4%	5%
Definitely would not continue	3%	8%	10%

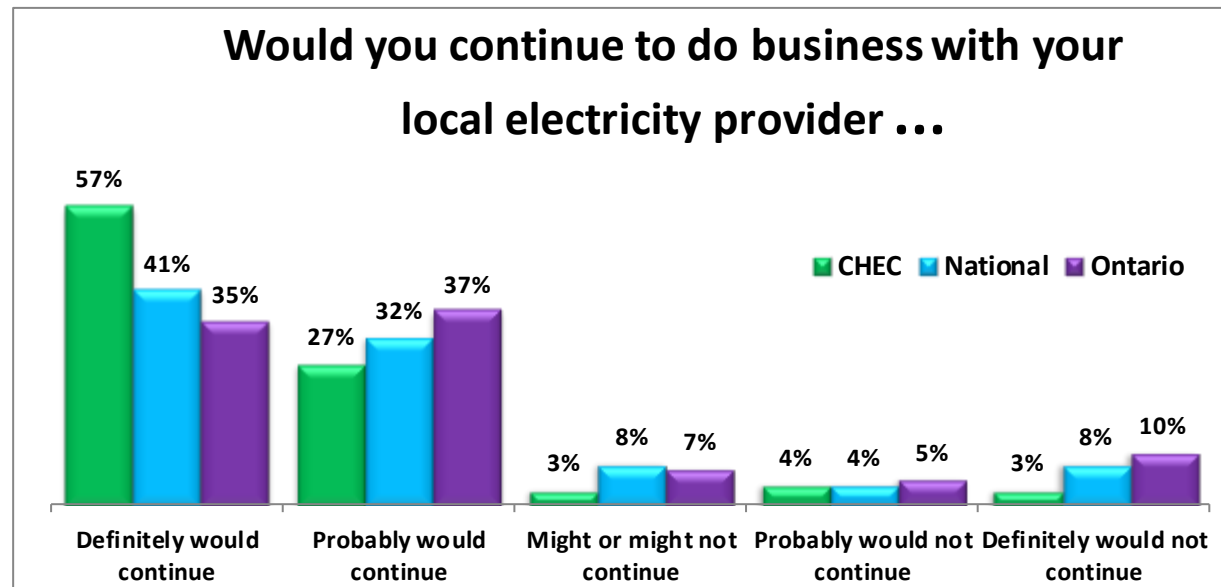
Base: total respondents

Electricity customers' loyalty – ... Is a company that you would like to continue to do business with				
CHEC	<\$40K	\$70K+	18-34	55+
Top 2 Boxes: 'Definitely + Probably' would continue	86%	85%	82%	85%

Base: total respondents

Electricity customers' loyalty – Is a company that you would like to continue to do business with					
CHEC	2014	2013	2012	2011	2010
Top 2 boxes: 'Definitely + Probably' would continue	83%	85%	-	-	-

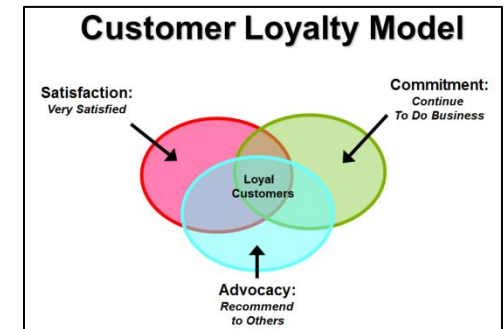
Base: total respondents



Base: total respondents

Word of mouth

Advocacy is one of the metrics measured in determining customer loyalty. Essentially, companies believe that a loyal customer is one that is spreading the value of the business to others, leading new people to the business and helping the company grow. Customer referrals, endorsements and spreading the word are extremely important forms of customer behaviour. For LDCs this is about generating positive referants about the LDC as a relevant and valuable enterprise.



When customers are loyal to a company, product or service, they not only are more likely to purchase from that company again, but they are more likely to recommend it to others – to openly share their positive feelings and experiences with others. In today's world, thanks to the Internet, they can tell and influence millions of people. That equates to new customers and revenue. The same holds true, if not more, when customers are disloyal. Disgruntled customers could share their negative experiences with an ever-widening audience, jeopardizing a company's reputation and resulting in fewer engaged customers and/or customers who are Favourable or Secure. Secure customers, typically are advocates and they are deeply connected and brand-involved.



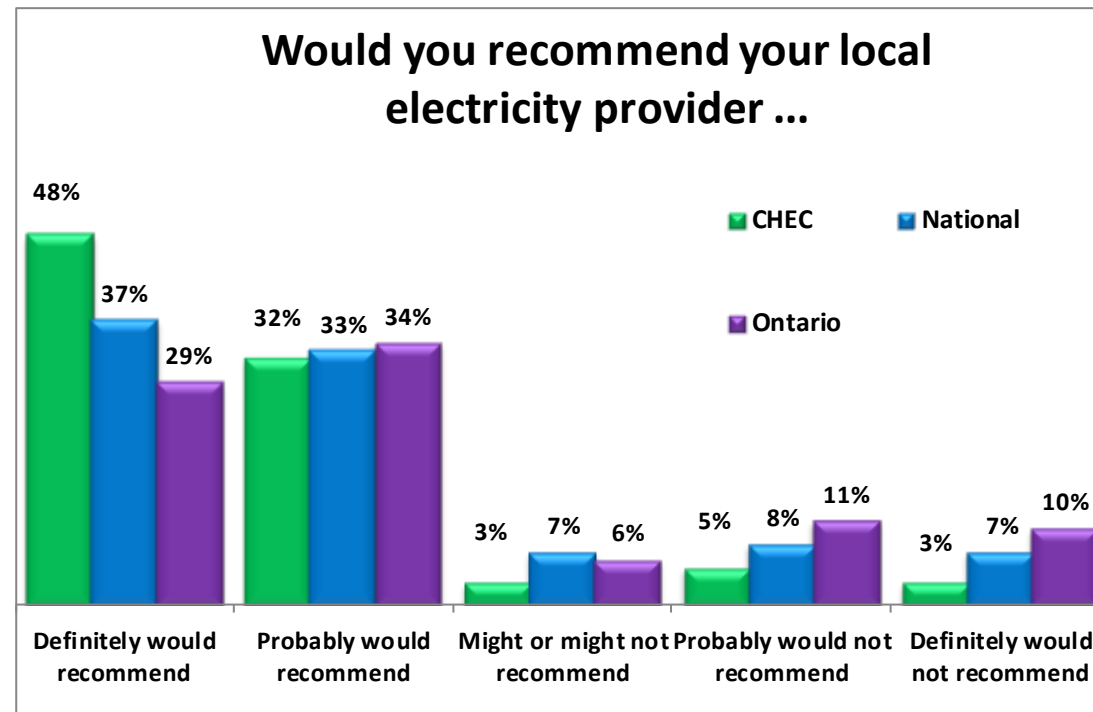
There are two forms of word of mouth which utilities need to understand. The first is Experience-based word of mouth which is the most common and most powerful form. It results from a customer's direct experience with the utility or the re-statement of a direct experience from a trusted source.

The second is Relay-based word of mouth. This is when customers pass along important messages to others based on what they have learned through the more traditional forms of communications. For example, if the utility was communicating an offer for "free LED lights" chances are high that the offer will be "relayed" to others through word of mouth.

For an electric utility, specific examples of potential positive advocacy behaviour include:

- Recommending that other customers specifically locate in the geographic area that is serviced by that utility
- Supporting the utility's positions or actions on energy-related public issues, including the environment
- Supporting the utility's position on the location and construction of facilities
- Providing testimonials about positive experiences with the utility

Would you tell me if you agree or disagree with the following statement? CHEC is a company that you would recommend to a friend or colleague ...



Base: total respondents

Word of mouth communication is a very powerful form of communication and influence. When customers are speaking to other customers (or their peers) it is more credible, goes through less perceptual filters and can enhance the view of services or products better than marketing communication.

Electricity customers' loyalty – ... is a company that you would recommend to a friend or colleague			
	CHEC	National	Ontario
Top 2 boxes: 'Definitely + Probably' would recommend	79%	69%	63%
Definitely would recommend	48%	37%	29%
Probably would recommend	32%	33%	34%
Might or might not recommend	3%	7%	6%
Probably would not recommend	5%	8%	11%
Definitely would not recommend	3%	7%	10%

Base: total respondents

Electricity customers' loyalty – is a company that you would recommend to a friend or colleague				
CHEC	<\$40K	\$70K+	18-34	55+
Top 2 boxes: 'Definitely + Probably' would recommend	82%	84%	73%	79%

Base: total respondents

Electricity customers' loyalty – is a company that you would recommend to a friend or colleague					
CHEC	2014	2013	2012	2011	2010
Top 2 boxes: 'Definitely + Probably' would recommend	79%	78%	-	-	-

Base: total respondents / (-) not a participant of the survey year

Corporate image

Customers may dislike what is going on in the electricity industry and they may have an intense dislike for the amount that they have to pay – but they may not dislike their local utility. We hear comments in the interviews such as: *“I hate how much electricity costs, but my utility does a good job.”*; *“Electricity is so expensive these days and it keeps going up and up, but thank goodness for XYZ hydro.”* Customers who are connected to the brand, respect the brand, are more likely to look favourably on their utility. The opposite is also true, customers who do not connect or respect the brand and who are upset with the industry produce very challenging customers when things go wrong.

Corporate Image/Brand, as a factor for influencing a customer’s perception about their utility has grown significantly in importance to customers. In 2006, Corporate Image/Brand had about an 18% weighting, Customer care had about a 26% weighting and Management operations had about a 56% weighting as it relates to affecting customer’s perceptions. Today, in 2014 all three areas are about equal in weighting.

Data from the 2014 survey show that respondents who give their utilities high marks for respect, trust, and social responsibility also give their utilities high marks for providing high quality services, and better marks for both cost efficiency and reasonableness of costs.



Reputation, image, brand has to be actively managed. Nothing is private anymore. Positive impressions beget positive perceptions. Below are some of the attributes measured in the annual UtilityPULSE survey which are strongly linked to a utility's image.

Attributes strongly linked to a hydro utility's image			
	CHEC	National	Ontario
Is a respected company in the community	88%	81%	78%
A leader in promoting energy conservation	84%	78%	77%
Keeps its promises to customers and the community	87%	79%	76%
Is a socially responsible company	88%	78%	77%
Is a trusted and trustworthy company	88%	82%	77%
Adapts well to changes in customer expectations	78%	71%	68%
Is 'easy to do business with'	88%	79%	75%
Provides good value for your money	73%	67%	63%
Overall the utility provides excellent quality services	88%	83%	80%
Operates a cost effective hydro-electric system	78%	69%	62%

Base: total respondents with an opinion

Every LDC has a brand and a brand image, while that image can be affected by events in the industry beyond the control of the LDC, the reality is there is a cost benefit to improving the customer experience, generating higher levels of customer engagement and growing the numbers of Favourable and Secure customers. Providing consistent reliable electricity while being seen as 'easy to do business with', along with providing

information and support for customers to use electricity more efficiently are core components of a successful relationship with customers. The reality is, every utility has an image – why not have the image you want? While keeping the lights on builds a customer’s belief that their utility is competent at what it does, image is about building a customer’s belief that they can be confident that their utility is successful today and will be successful again tomorrow.

Marketing – Communications			
	CHEC	National	Ontario
Topics that require more pro-active communication			
Cost of electricity is reasonable when compared to other utilities	64%	60%	55%
Provides information to help customers reduce electricity costs	80%	77%	75%
Adapts well to changes in customer expectations	78%	71%	68%
Operates a cost effective hydro-electric system	78%	69%	62%
Provides good value for money	73%	67%	63%
Topics that your utility scores very well on			
Is a trusted and trustworthy company	88%	82%	77%
Respected company in the community	88%	81%	78%
Accurate billing	88%	83%	77%
Overall the utility provides excellent quality services	88%	83%	80%
Provides consistent, reliable energy	92%	89%	86%

Base: total respondents with an opinion

Corporate Credibility & Trust

The foundation of every relationship is trust. Without it, engaging customers becomes a large challenge and when trust is low, or non-existent, feedback may not be truthful. Recognizing the myriad of events that have taken place in the industry, it has become increasingly important for a utility to be credible and trusted.

Establishing trust and credibility, whether with business partners, customers or regulators, is not achieved overnight. Creating credibility is a process, which advances only through honest, continuous communication between the utility, its regulators, and the public at large. Pro-active and credible communications from an LDC should do three things for its customers: 1- demonstrate competency 2- build confidence and 3- show a future orientation.

Attributes strongly linked to Credibility & Trust			
	CHEC	National	Ontario
Overall the utility provides excellent quality services	88%	83%	80%
Keeps its promises to customers and the community	87%	79%	76%
Customer-focused and treats customers as if they're valued	83%	74%	72%
Is a trusted and trustworthy company	88%	82%	77%

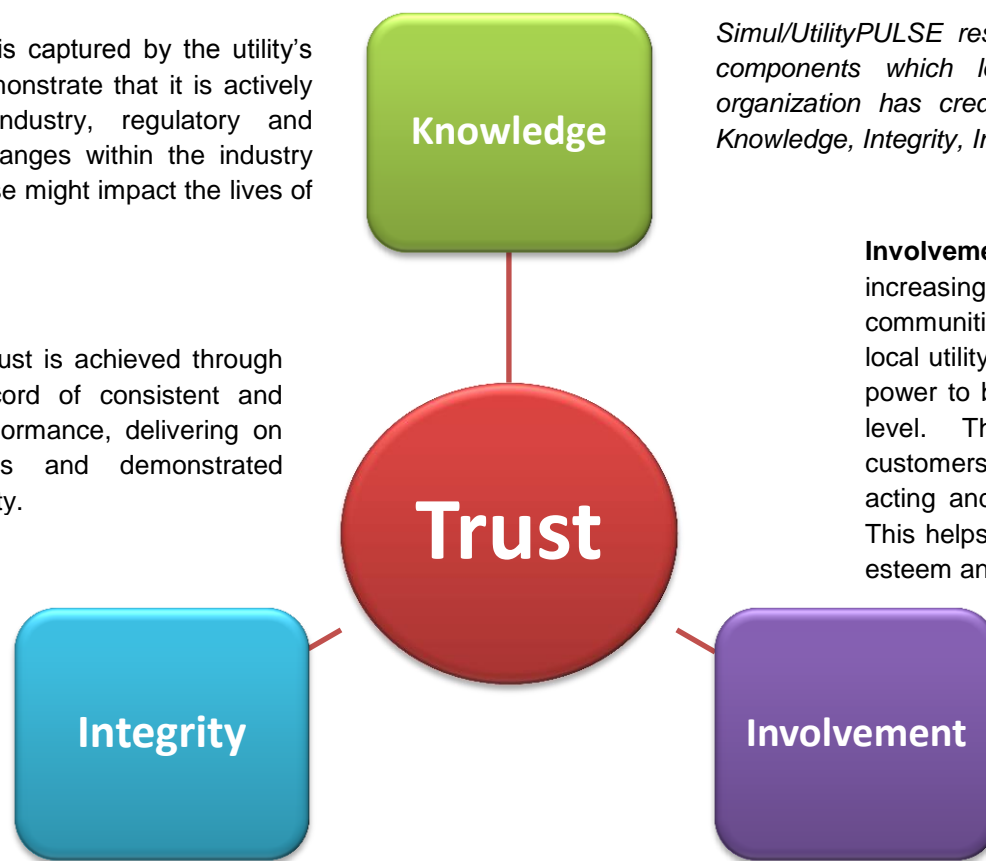
Base: total respondents with an opinion

Public trust in their local utility is the degree to which the public believes that the utility will act in a particular manner because the utility has incorporated the public's interest into its own. Utilities benefit from a trusted relationship with their empowered Customers. Trust and credibility can be thought of as indicators of the degree of confidence stakeholders have in your organization's ability to deliver on its commitments. Trust and credibility are outcomes based on what your utility actually does, not what it might be doing.

Knowledge is captured by the utility's ability to demonstrate that it is actively aware of industry, regulatory and economic changes within the industry and how these might impact the lives of customers.

Trust — Trust is achieved through a track record of consistent and reliable performance, delivering on commitments and demonstrated accountability.

Integrity is established by demonstrating adherence to a code of conduct. It requires consistently acting in accordance with the values and goals that have been communicated to customers.



Simul/UtilityPULSE research shows the under-pinning components which lead customers to believe an organization has credibility and can be trusted are: Knowledge, Integrity, Involvement and Trust.

Involvement — Corporate Involvement is increasingly important to Canadian communities as it is an opportunity for their local utility to use their resources and manpower to benefit people at the community level. This helps to build credibility as customers see that the organization is acting and delivering on its commitments. This helps customers regard the utility with esteem and respect.

Using the four components of demonstrating Credibility and Trust, the resultant index shows that LDCs enjoy a high level of credibility and trust. “It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you’ll do things differently.” [Warren Buffet]

<i>Credibility and Trust Index</i>	
Knowledge	The utility is seen as being knowledgeable about the services it provides, about what is happening in the industry, and how customers can reduce costs or create more value.
Integrity	The utility is seen as an organization that will act in the best interests of its customers and can be counted on to provide services and resolve problems in a professional manner.
Involvement	The utility is actively involved in the industry, in the community and in things that affect the customer.
Trust	The utility is an organization that can be trusted and is worthy of respect.
Overall CHEC 85% [Ontario 77%; National 80%]	



How can service to customers be improved?

Every business, even natural monopolies, need to keep a focus on its customers, its standards of operations and being responsive to problems. Insights into what isn't working or what can be done to improve often come from customers. Continuous improvement is the new normal.

Customers are more informed, more aware, more conscious of what's going on around big issues in the world around them and in this age of internet and social media, they are better equipped to influence service quality and outcomes. They have learned to compare products and services, to document and monitor customer service and satisfaction, and to request or demand higher quality. And, when things go wrong, customers also know that they are "one click" away from the world knowing about it.

As a further way to identify pressure points and areas of concern, respondents were asked to give their top two priorities for improvement to their local utility's service.

For 2014 there is heightened awareness for the need to maintain equipment, keep things up to date, improve reliability, and communicate effectively.

And we are interested in knowing what you think are the one or two most important things CHEC could do to improve service to their customers?

One or two most important things 'your local utility' could do to improve service	
CHEC	% of all suggestions
Better prices/lower rates	39%
Better maintenance	15%
Improve reliability of power	11%
Better online presence	10%
Eliminate SMART meters	7%
Improve/simplify/clarify billing	7%
Better communication with customers	7%
Be more efficient	7%
Information & incentives on energy conservation	6%
Extend service hours/availability of hydro representative	4%
Remove hidden costs on bills	3%
Staff related concerns	3%
Don't charge for previous debt	3%

Base: total respondents with suggestions

What do customers think about electricity costs?

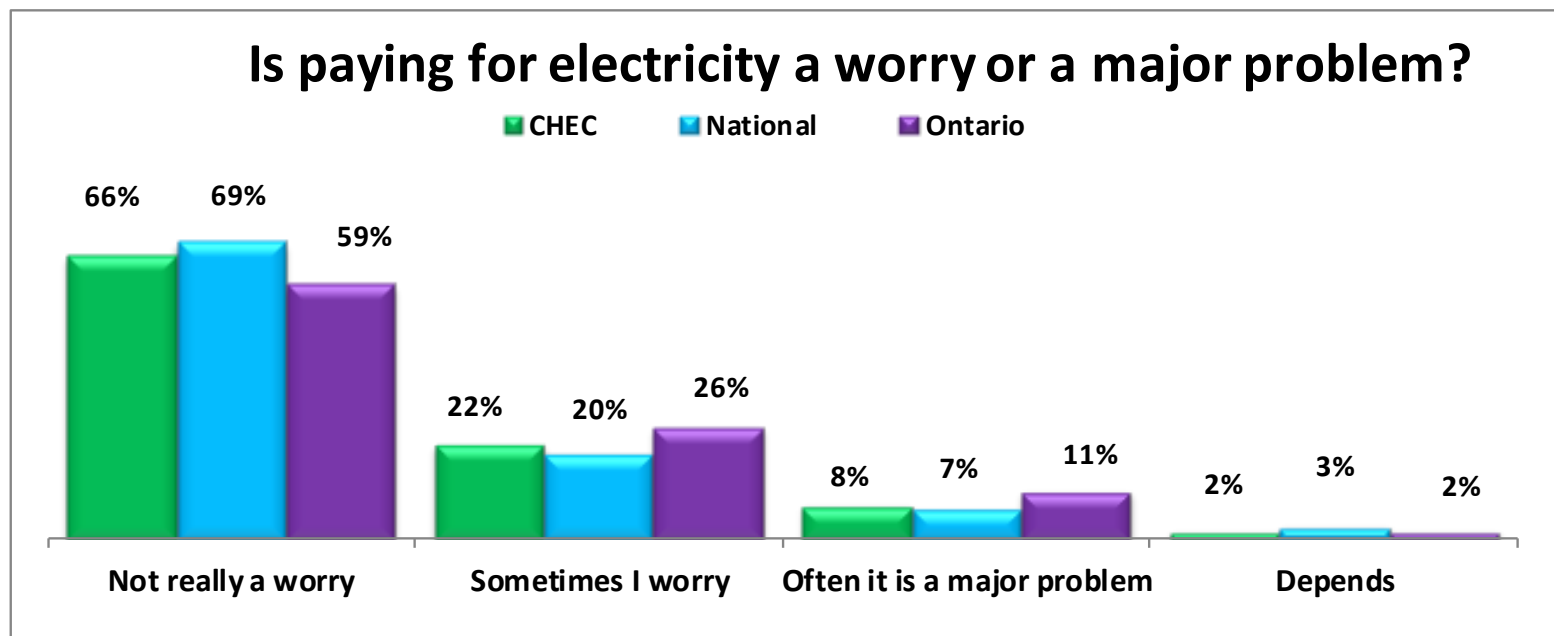
Ask a utility customer – anywhere in the province of Ontario – what do they think about electricity, there is a very high probability that they will say that electricity costs are too high or too expensive. For customers who said that they had a billing problem in the last 12 months, and stated that the problem was “high bills” or “high rates or charges”, there was very little variability between customers who could be called Secure, Favourable, Indifferent or At Risk. There was also very little variability between age groupings or income groupings.

In 2010, 44% of customers who said they had a billing problem cited “high bills” or “high rates or charges” as being the culprit. Our survey database for 2014 tells us the comparable number is 68%. In 5 years there has been much shift towards the issue being high bills and/or high rates. There is a growing concern over costs, which means that the industry needs to monitor “ability to pay”.

Next I am going to read a number of statements people might use about paying for their electricity. Which one comes closest to your own feelings, even if none is exactly right? Paying for electricity is not really a worry, Sometimes I worry about finding the money to pay for electricity, or Paying for electricity is often a major problem?

Is paying for electricity a worry or a major problem?				
	Not a worry	Sometimes	Often	Depends
CHEC				
2014	66%	22%	8%	2%
2013	67%	24%	4%	3%

Base: total respondents



Base: total respondents

Is paying for electricity a worry or a major problem?				
	Not a worry	Sometimes	Often	Depends
CHEC				
<\$40,000	46%	38%	14%	2%
\$40<\$70,000	64%	22%	11%	2%
\$70,000+	80%	11%	7%	1%

Base: total respondents

The UtilityPULSE database for 2014 shows respondents who have an income less than \$40,000 have almost 2X more billing problems than those who have income in excess of \$70K per year. 20% of customers <40K said they had a billing problem compared to 11% of respondents who had income over \$70K. However respondents in the lower income bracket are more likely to shift use of their electricity to lower cost periods.

Our data also shows that lower income customers are less likely to utilize energy conservations methods that cost money. More important however is the difference the <\$40K respondents vs the >\$70K as it relates to taking action or who have “already done” a conservation action. Installed a programmable thermostat? 44% “Done” <\$40K, 70% “Done” >\$70K. Installed timers: 26% vs 38% “Done”. Replaced Furnace: 43% vs 57% “Done”. Replaced air-conditioner: 35% vs 49%.

Ability to pay then has an impact on conservation.

Is paying for electricity a worry or a major problem?				
	Not a worry	Sometimes	Often	Depends
Ontario				
2014	59%	26%	11%	2%
2013	66%	21%	11%	1%
2012	59%	27%	11%	2%
2011	52%	31%	13%	3%
2010	67%	23%	8%	2%
National				
2013	69%	20%	7%	3%
2013	70%	18%	8%	2%
2012	67%	22%	8%	2%
2011	63%	25%	8%	2%
2010	71%	20%	6%	1%

Base: 2014 Ontario and National benchmark surveys

What do small commercial customers think?

Residential and small business customers create the bulk of a utility's service transactions every day—and account for more than half of the energy consumed — understanding their needs and expectations is becoming more important than ever before.

Interestingly the definition for small commercial customers is defined based on usage. While this definition is used for regulatory purposes, the reality is small commercial customers have many “personas”. Unfortunately customer information on small commercial customers rarely contains enough data to truly develop targeted communications.

Small Commercial Customer (General Service < 50kW Demand)

A small commercial customer is defined by the OEB as a non-residential customer in a less than 50 kW demand rate class. These customers are similar to the residential customer in that their bill does not have a demand component to it and their charges are based upon KWH of consumption. Most of these customers would occupy small storefront locations or offices

Data from the 2014 full database shows small commercial customers with higher satisfaction and having less outages than residential customers. However commercial customers are 2X more likely to contact their utility when the power goes off or when there is a billing problem.



Deposit requirements, monthly energy bills (and, therefore, energy usage), power quality, and reliability all directly impact a small business's financial situation. Unlike residential customers who tend to describe the cost of power interruptions in terms of a "inconvenience", commercial (and industrial) customers associate power interruptions with the cost of lost business, i.e., a loss in production is a loss in profits.

Likewise, based on the requirement of electricity to sustain business operations, there exists a difference in actual levels of demand response. For instance, small business and commercial users are unlikely to choose to decrease their electricity consumption if it is incompatible with efficient management of their business processes or threatens contracted deliveries to their primary product markets. In some cases, electricity consumption is a relatively small proportion of total input and operating costs, which substantially reduces the financial incentive for shutting down production during off peak pricing.

The tables associated with this report will contain Ontario LDC specific information as it relates to residential and commercial customers. Recognizing that smaller data samples are susceptible to greater data swings, for most LDCs there would be 60 or 90 responses from small commercial customers. We have compiled the following based on a group composite of all of our 2014 discussions with small commercial and residential customers.

Satisfaction: Pre & Post		
Satisfaction (Top 2 Boxes: 'very + somewhat satisfied')	Residential	Commercial
Initially	89%	91%
End of Interview	90%	93%

Base: total respondents from the full 2014 database

As it relates to the six attributes associated with customer service:

Very or fairly satisfied with...	Residential	Commercial
The time it took to contact someone	73%	78%
The time it took someone to deal with your problem	66%	76%
The helpfulness of the staff who dealt with your problem	74%	83%
The knowledge of the staff who dealt with your problem	71%	82%
The level of courtesy of the staff who dealt with your problem	81%	89%
The quality of information provided by the staff member	70%	79%

Base: total respondents from the full 2014 database



Commercial respondents had higher satisfaction levels with customer service versus Residential respondents.

Overall satisfaction with most recent experience		
	Residential	Commercial
Top 2 Boxes: 'very + somewhat satisfied'	73%	79%
Bottom 2 Boxes: 'somewhat + very dissatisfied'	24%	19%

Base: total respondents from the full 2014 database

Comparisons between Residential and Commercial		
Loyalty Groups	Residential	Commercial
Secure	22%	26%
Still Favourable	10%	12%
Indifferent	60%	55%
At risk	7%	7%

Base: total respondents from the full 2014 database

Loyalty Model Factors	Residential	Commercial
Very/somewhat satisfied	89%	91%
Definitely/probably would continue	82%	84%
Definitely/probably would recommend	75%	77%

Base: total respondents from the full 2014 database

Outages & Bill problems	Residential	Commercial
Respondents with outage problems	43%	28%
Respondents with billing problems	14%	13%

Base: total respondents from the full 2014 database

Attempts to contact local utility...	Residential	Commercial
Respondents with outage problems	18%	33%
Respondents with billing problems	31%	63%

Base: total respondents from the full 2014 database

Residential respondents reported a considerably higher incidence of outages.



Commercial respondents were more likely to call in about billing and outage problems.

Important attributes which describe operational effectiveness		
	Residential	Commercial
Provides consistent, reliable electricity	90%	91%
Delivers on its service commitments to customers	86%	87%
Accurate billing	85%	86%
Quickly handles outages and restores power	87%	88%
Makes electrical safety a top priority	88%	90%
Uses responsible environmental practices when completing work	85%	88%
Is efficient at managing the hydro-electric system	81%	83%
Is a company that is 'easy to do business with'	84%	85%
Operates a cost effective hydro-electric system	73%	74%

Base: total respondents with an opinion from the full 2014 database

Important attributes which shape perceptions about corporate image		
	Residential	Commercial
Is a respected company in the community	86%	87%
Maintains high standards of business ethics	84%	85%
A leader in promoting energy conservation	81%	83%
Keeps its promises to customers and the community	83%	84%
Is a socially responsible company	84%	85%
Is a trusted and trustworthy company	85%	86%
Adapts well to changes in customer expectations	75%	77%
Overall the utility provides excellent quality services	85%	86%

Base: total respondents with an opinion from the full 2014 database

Important attributes which shape perceptions about service quality and value		
	Residential	Commercial
Is pro-active in communicating changes and issues which may affect customers	79%	83%
Provides good value for money	70%	71%
Customer-focused and treats customers as if they're valued	79%	81%
Deals professionally with customers' problems	85%	86%
Quickly deals with issues that affect customers	82%	84%
Provides information and tools to help manage electricity consumption	80%	79%
Provides information to help customers reduce their electricity costs	79%	71%
The cost of electricity is reasonable when compared to other utilities	62%	64%

Base: total respondents with an opinion from the full 2014 database

Is paying for electricity a worry or a major problem?		
	Residential	Commercial
Not really a worry	66%	67%
Sometimes I worry	22%	21%
Often it is a major problem	7%	8%
Depends	2%	2%

Base: total respondents from the full 2014 database



When a weather related event occurs there is no distinction as to whom it will target – basically all those in its path will be affected. As it relates to the Ice Storm of 2013, the following are responses taken from all residential and commercial respondents who said they were affected by the storm.

Percentage of Respondents who contacted their utility about the ice storm power outage		
	Residential	Commercial
Yes	17%	22%
No	82%	75%

Base: total respondents from the full 2014 database who were affected by the ice storm



Length of outage (during Ice Storm 2013)								
	Less than 2 hours	2 – 4 hours	4+ hours or ½ day	12-18 hours or ½ - ¾ day	19-24 hours or 1 day	1 to 1.5 days	1.6 to 2 days	More than 2 days
Residential	21%	19%	21%	8%	5%	5%	4%	7%
Commercial	17%	20%	15%	7%	6%	4%	4%	9%

Base: total respondents from the full 2014 database who were affected by the ice storm

While technology has provided various channels for communications, the telephone remains the predominant means of communication at this point in time.

What method did you use to contact your electric utility about the outage during Ice Storm 2013?		
	Residential	Commercial
Telephone	86%	94%
E-mail	1%	1%
Social media - Twitter	1%	0%
In person	1%	0%
Other	2%	2%
Don't know	3%	2%

Base: total respondents from the full 2014 database who were affected by the ice storm



While there is no doubt a power outage will cause disruption in day to day events, the tolerance level in the wake of an outage is related to the amount of dependency on electricity in day to day workings. Regardless, respondents in this year's survey be they residential or commercial shared a common tolerance level for the length of time to go without electricity during an extreme event or situation.

In your view, what is an acceptable period of time to go without electricity in situations like Ice Storm 2013?		
	Residential	Commercial
None (the power shouldn't be going out)	7%	8%
Less than 2 hours	11%	12%
2-4 hours	17%	17%
4+ hours or ½ day	16%	14%
12 – 18 hours or ½ day to ¾ day	8%	6%
19 – 24 hours or 1 day	10%	10%
1 to 1.5 days	5%	4%
1.6 to 2 days	5%	7%
More than 2 days	4%	4%
Other	2%	1%
Don't know	14%	17%

Base: total respondents from the full 2014 database who were affected by the ice storm

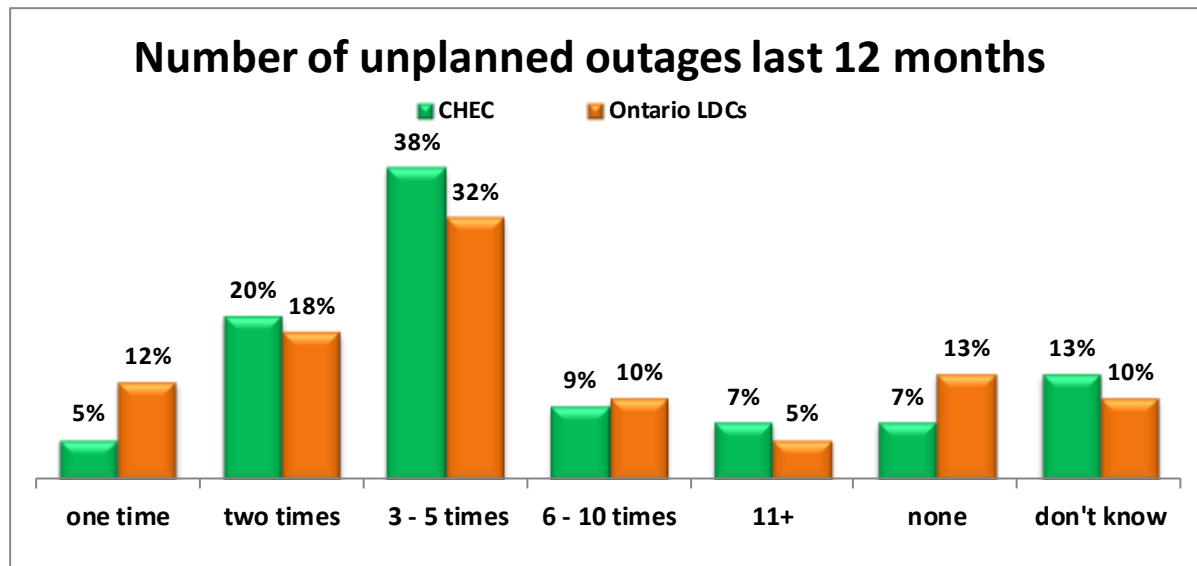


SUPPLEMENTAL QUESTIONS



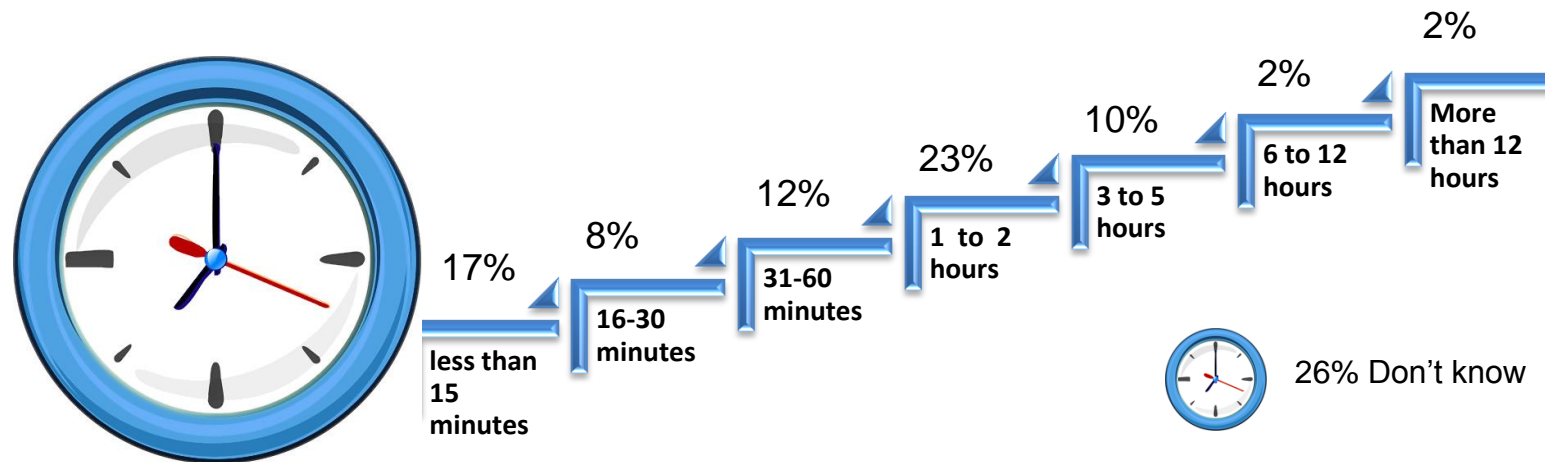
Outage Communications

Whether an outage is planned or unplanned, the reality is that it is going to cause disruption and inconvenience under best case scenarios and under worst case scenarios there could be safety and financial consequences. The impact of severe weather such as storms and other outage events are causing longer duration and more frequent outages.



Base: An aggregate of respondents from 2014 participating LDCs / 90% of total respondents from the local utility

When an unplanned outage occurs, how long, on average, is the outage?



Base: 90% of total respondents from the local utility

However, one thing for certain, no matter what the scenario happens to be, customers are expecting their utility to keep them continually updated on the status of outages. Most importantly, and top priority, is to know the estimated restoration time. They also want to know the cause of the outage because they do not want to be a frequent outage customer.

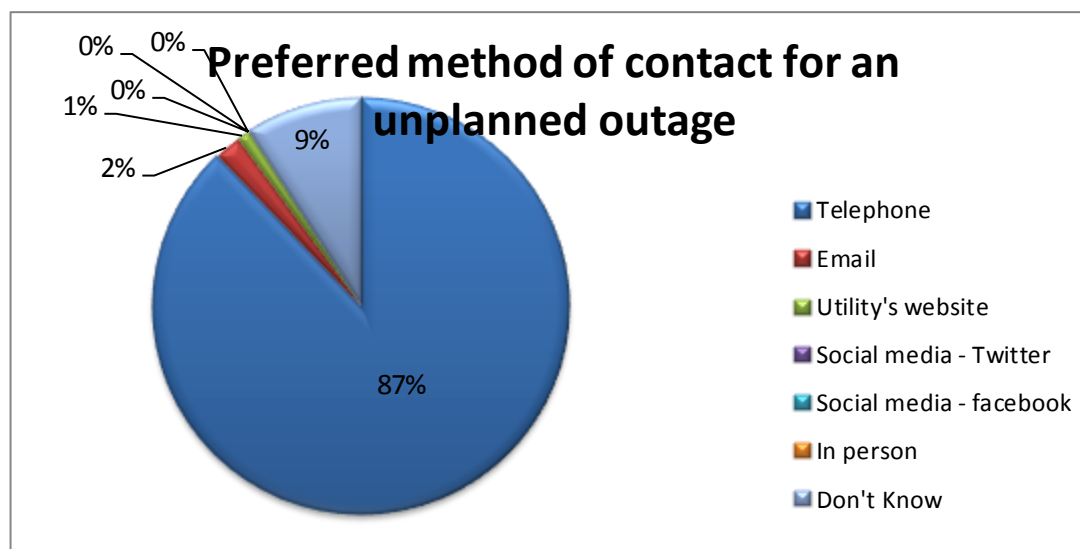
How a utility chooses to handle, manage and communicate with customers during an outage situation does affect customers' satisfaction with their utility. Customers want timely, accurate and relevant information about an outage and customers expect a utility various communication channels to ensure their message is getting out there. This means not only obtaining information via the call centre and IVR but customers have increasing

expectations for proactive two-way communication through social media, utility websites and modern communication devices (e.g. tablets, smartphones) and apps.

The types of information that customers require during an outage include:

- When will their power be restored?
- What areas are affected?
- How many customers are impacted?
- Have work crews been dispatched to the affected area and is the utility working to restore power?
- What was the cause of the power outage?
- What can customers do to cope during the outage?

Inability to provide the above information accurately and in a timely manner will result in customer complaints, increased call volumes to your call centres, create unwanted public and media attention, and negatively impact customer satisfaction.



Base: 90% of total respondents from the local utility

Utility's effectiveness during an unplanned outage		
Top 2 Boxes: 'very + somewhat effective'	Ontario LDCs	CHEC
Responding to questions	61%	71%
Providing a reason for the outage	61%	63%
Providing an estimate when power will be restored	60%	60%
Responding to the power outage	81%	84%
Restoring power quickly	85%	86%
Communicating updates periodically	64%	66%
Posting information to the website	35%	30%
Using media channels for providing updates	53%	45%

Base: An aggregate of respondents from 2014 participating LDCs / 90% of total respondents from the local utility

Customer expectations during an unplanned (and even planned) outage event:

- Communication about when they can expect their power to be restored
- Detailed information about what is happening in their community or service area
- Easy access to information – ideally from a familiar source

Keeping customers in the loop will help ease tensions during an outage event. An informed customer will be a less angry customer.

Priority Investments

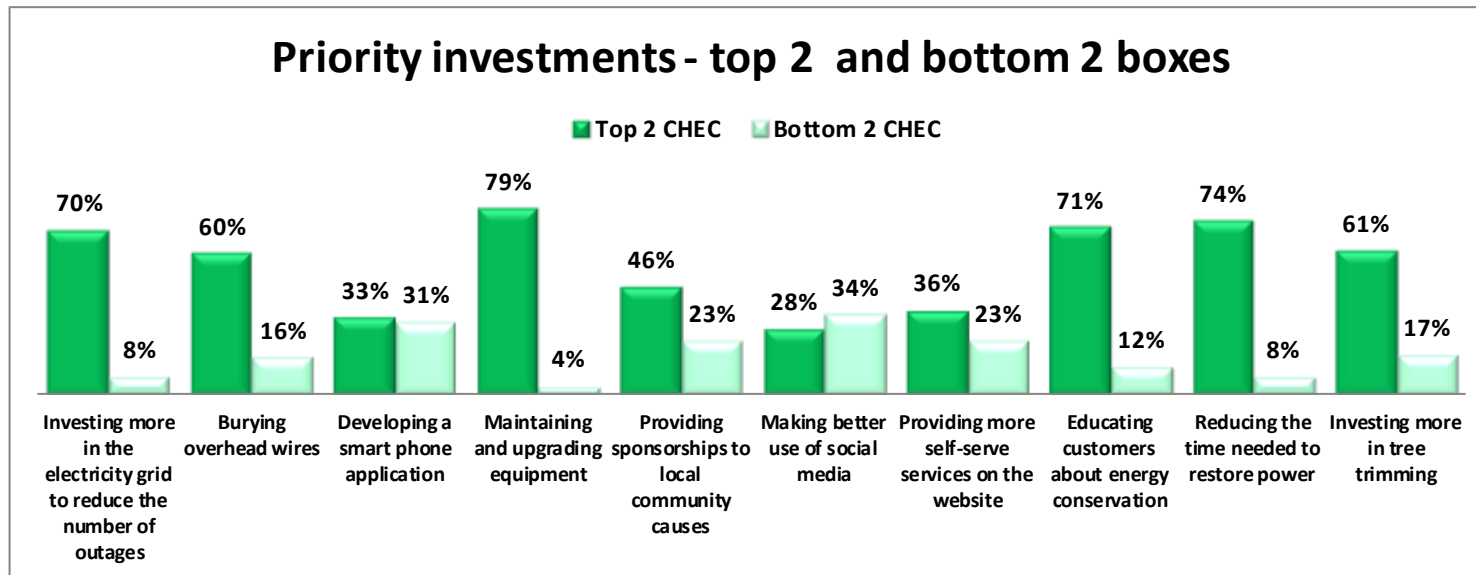
While regulation and reliability are top concerns in the utility industry, aging infrastructure is now a top operational concern. Major issues around electricity are that generation investment has been deferred and major improvements are needed in distribution and transmission. Customers agree with industry insiders that infrastructure renewal is a high priority.

When most people turn on a light, they rarely give much thought to the vast networks and complex systems behind them. Electricity networks are aging. A significant rise in the level of upgrades and renewals of network infrastructure is needed so that the infrastructure will be fit for its current and future purposes. The costs of the components of providing electricity – generation, transmission, distribution and retail – are all increasing, adding upward pressure on utility rates. Canadians are noticing infrastructure more than usual, and at least some are trying to think about it—because when it fails, it has disturbing consequences.

This year, respondents were asked for their views about prioritizing investments and activities since ensuring sustainability of infrastructure and maintaining affordable electricity costs is becoming more of a challenge.

Priority Investments		
Top 2 Boxes: 'Very high priority + High priority'	Ontario LDCs	CHEC
Investing more in the electricity grid to reduce the number of outages	74%	70%
Burying overhead wires	60%	60%
Developing a smart phone application	31%	33%
Maintaining and upgrading equipment	83%	79%
Providing sponsorships to local community causes	43%	46%
Making better use of social media	30%	28%
Providing more self-serve services on the website	38%	36%
Educating customers about energy conservation	74%	71%
Reducing the time needed to restore power	79%	74%
Investing more in tree trimming	58%	61%

Base: An aggregate of respondents from 2014 participating LDCs / 90% of total respondents from the local utility



Are CHEC customers willing to foot the bill for further improvements? 46% of CHEC respondents expressed a willingness to pay at least something to better their electricity system. 46% of respondents were not willing to incur any additional costs while 6% were not sure of their position. Where respondents varied was on how much they were actually willing to pay.

Willingness to pay for further improvements	
Using the scale of \$0 to \$10 per month	CHEC
\$0	46%
\$1 - 2	7%
\$3 - 4	5%
\$5 - 6	21%
\$7 - 8	1%
\$9 - 10	11%
\$11+	1%
Don't know	9%

Base: total respondents



Energy Conservation & Efficiency

Addressing homeowner and small business energy conservation behaviours is a vital part of the success or failure of this country's energy future. Local utilities play an important role for shaping energy efficiency and energy conservation behaviours.

Attributes linked to energy conservation		
Top 2 Boxes: 'agree + strongly agree'	Ontario LDCs	CHEC
Provides information to help customers reduce electricity costs	79%	80%
Provides information and tools to help manage electricity consumption	79%	81%
A leader in promoting energy conservation	81%	84%

Base: total respondents with an opinion

With arguably more responsibility for energy use and energy conservation falling to consumers, two questions arise: (1) What factors affect whether individuals decide to conserve energy? (2) How might the knowledge of these factors be used to impact energy conservation decision-making processes to convince consumers to adopt energy conservation behaviours?



Individual choices to conserve are constrained by individual factors including technological availability, financial resources, and individual knowledge and abilities. The critical factor in the creation of comprehensive energy conservation education programs is the recognition that the consumer's culture, attitudes, and household demographics are driving forces behind consumer actions.

Efforts to conserve energy				
Ontario LDCs	Yes	No	Already Done	Don't Know
Install energy-efficient light bulbs or lighting equipment	19%	9%	70%	1%
Install timers on lights or equipment	12%	50%	35%	2%
Shift use of electricity to lower cost periods	22%	17%	58%	3%
Install window blinds or awnings	12%	27%	60%	2%
Install a programmable thermostat	13%	25%	60%	2%
Have an energy expert conduct an energy audit	9%	71%	16%	4%
Removing old refrigerator or freezer for free	14%	44%	38%	4%
Join the peaksaverPLUS™ program	15%	49%	21%	16%
Replacing furnace with a high efficiency model	12%	33%	52%	4%
Replacing air-conditioner with a high efficiency model	14%	38%	44%	4%
Use a coupon to purchase qualified energy saving products	35%	39%	22%	5%

Base: An aggregate of respondents from 2014 participating LDCs

Since conservation usually implies inconvenience or sacrifice ie. an individual must use less energy, change a pattern of the time certain chores are done, a motivational factor needs to exist to really incite a change in behaviour i.e. a self-interest or social responsibility or monetary gain.

But focusing on the “vital few” changes you’re asking for has to be coupled with immediate and obvious feedback on the effects of change – especially at the start. If neither the dollar impact nor the environmental impact is significant at the level of individual change *and* the behaviour requires inconvenience or loss—it is unlikely that people will make the change.

As Rosemarie LeClaire stated in a presentation to the Ontario Energy Network (April 28, 2014), the industry has changed from a static energy system with largely passive and powerless consumers to one where customers want to be, expected to be, and should be more active in their energy use. Control has shifted from the utility to the customer. Like any major change there are early adopters, i.e., people who want to be proactive in the managing and monitoring of electricity use, and very late adopters i.e., people who resist having to actively manage their electricity use.

However there is a growing skepticism amongst customers who have made some energy conservation changes because they haven’t seen a decline in their utility bills. The danger of encouraging someone to make a behaviour change with no real resultant reward for the change, the unintended consequence is what is called “learned helplessness”. In other words, when people take action to solve a problem that fails, they almost always end up concluding that they have no control.

What is important then is to:

- Communicate effectively and realistically (it isn't all about saving money)
- Demonstrate the ease by which individuals can participate in various energy efficiency or energy conservation activities
- Provide testimonials from real people who have made changes
- Educate, educate, educate
- Address the biggest barrier to energy conservation efforts i.e., the costs involved in making a change, with financial incentives.



E-care

As customers pursue new, technology-enabled experiences with other service providers in the retail, telecommunications, and banking industries, they will expect the same from their utility.

Technology – specifically the internet—has allowed people access to far more information than ever before and the ability to do more than ever before: receive and pay bills on the internet, sign up for and change their services using the internet, find answers to their questions online about their accounts, i.e. statements, payments, balances and learn about products, services and topics, i.e., green energy, electricity pricing, etc.



Do you have access to the internet?	
Ontario LDCs	
Yes	87%
No	13%

Base: An aggregate of respondents from 2014 participating LDCs

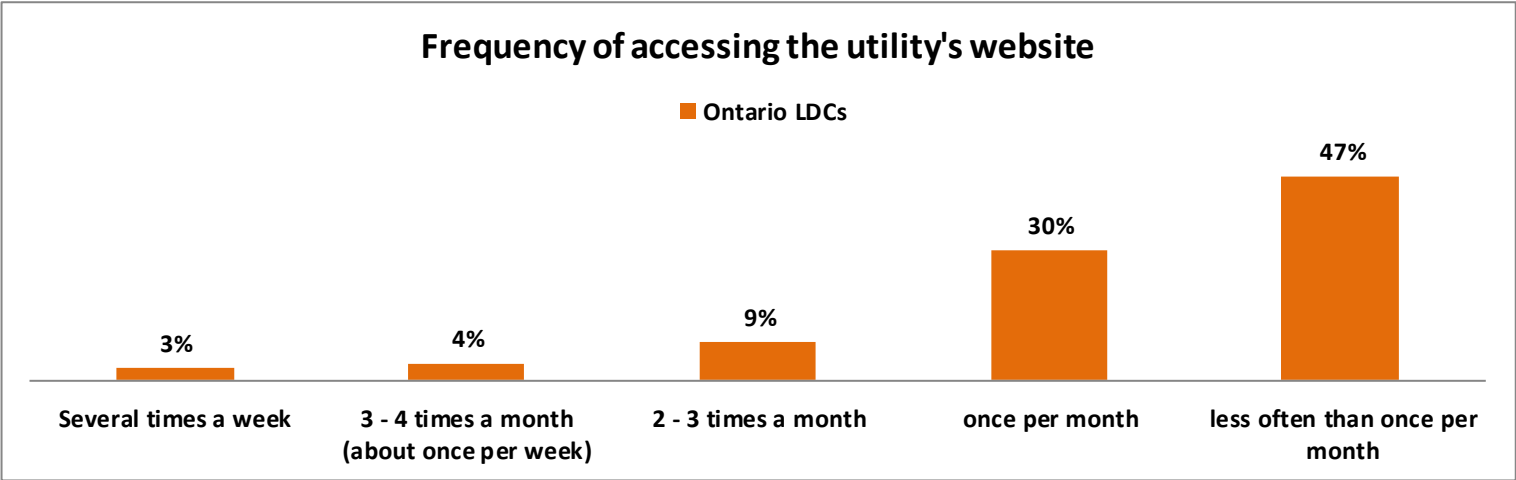
Utilities that provide their customers with access to information and empowerment tools will likely be better positioned to remain relevant and in touch with their customers. A challenge facing utilities right now is determining which tools and information delivery capabilities to build, and how to do so in a cost effective manner.

We asked respondents who were currently connected or had access to the internet if they in fact visited their local utility website.

Over the past six months have you accessed your local utility website?



Base: An aggregate of respondents from 2014 participating LDCs



Base: An aggregate of respondents from 2014 participating LDCs

The convenience and capability brought on by the internet allows customers to be empowered. Customers have the tools and knowledge to manage energy usage at their disposal. Empowerment also implies self-service and instant access to information.

Likelihood of using the internet for future customer care needs for things such as:	
Top 2 Boxes: 'very + somewhat likely'	Ontario LDCs
Setting up a new account	31%
Arranging a move	38%
Accessing information about your bill	55%
Accessing information about your electricity usage	54%
Accessing energy saving tips and advice	45%
Accessing information about Time Of Use rates	51%
Maintaining information about your account or preferences	51%
Paying your bill through the utility's website	32%
Getting information about power outages	47%
Arranging for service	40%

Base: An aggregate of respondents from 2014 participating LDCs

To keep up, utilities should develop a better understanding of their future customer, focus on the overall customer, stay current with the latest trends and technologies, and use information to create a more personalized, one-to-one experience.

Electric Utility Industry Knowledge & SMART Grid

Beyond knowing that electricity is needed to maintain their day to day activities, does the average person feel that they are actually knowledgeable about the electric utility industry?

Knowledge level about the electric utility industry	
	Ontario
Extremely knowledgeable	2%
Very knowledgeable	11%
Moderately knowledgeable	47%
Slightly knowledgeable	26%
Not very knowledgeable	14%
Don't know	1%

Base: total respondents in the Ontario Benchmark survey



Two-thirds (60%) of those polled considered themselves moderately to extremely knowledgeable about the electric industry.

In recent years, the concept of the “SMART Grid” has emerged—first using information technology as a means of improving electricity reliability—and then more recently—to improve efficiency, reduce pollution, and to incorporate more renewable and sustainable sources of generation. A smarter grid will become the SMART Grid over time, as new technologies bring us more benefits. However, what is the “SMART Grid” knowledge level held by consumers currently?

Once again, this year’s survey probed around the concept of SMART Grid. While it is evident that the SMART Grid is still not a much talked about concept, only 34% have a basic or good understanding of what it is, oddly enough, 60% still think that it is important to pursue SMART Grid implementation. It is also clear that the majority of respondents (78%) are ‘very + somewhat supportive’ of the utility working with neighbouring utilities on SMART Grid initiatives.

Level of knowledge about the SMART Grid	
	Ontario
I have a fairly good understanding of what it is and how it might benefit homes and businesses	9%
I have a basic understanding of what it is and how it might work	25%
I’ve heard of the term, but don’t know much about it	36%
I have not heard of the term	29%
Don’t know	1%

Base: total respondents in the Ontario Benchmark survey

Importance of pursuing implementation of the SMART Grid	
Ontario	
Very important	26%
Somewhat important	34%
Neither important or unimportant	6%
Somewhat unimportant	5%
Unimportant	8%
Don't know	21%

Base: total respondents in the Ontario Benchmark survey



Support towards working with neighbouring utilities on SMART Grid initiatives	
Ontario	
Very supportive	41%
Somewhat supportive	37%
Neither supportive or unsupportive	4%
Somewhat unsupportive	4%
Unsupportive	4%
Don't know	10%

Base: total respondents in the Ontario Benchmark survey

Consumer Energy Use Behaviour

Canadian consumers, like people throughout the rest of the world, have faced rapidly rising energy prices during the past decade, and they have had to become more focused on energy conservation and efficiency. The cost of heating and cooling homes, along with negative fallout from an economic recession, has forced individuals to focus on their energy use and expenditures.

Do customers believe there is a real pay-off for trying to reduce their energy consumption? Does this impact overall efforts to reduce consumption? Respondents were asked *“How active have you been in trying to reduce your electricity consumption?”*

- 94% feel they are “very + somewhat active” in trying to reduce electricity consumption, and
- 81% of those do believe their efforts have resulted in reduced energy consumption, of which
- 44% estimate that they were able to offset an energy consumption reduction of more than 10%, and
- 72% believe that these efforts translated to saving on their electricity bills.

Of course, there are a number of factors (external environment, individual attitudes, household demographics, and consumer choice) which contribute to consumer energy use behaviours and consequences. Identifying these factors which contribute to consumer energy conservation practices and using these factors to tailor energy conservation education programs to change consumer energy use attitudes and behaviours is one essential step to reduce overall energy use and expenditures.

Level of Activity in trying to reduce electricity consumption	
	Ontario
Very active	52%
Somewhat active	42%
Neither proactive or inactive	0%
Not active	2%
Not very active	3%

Base: total respondents in the Ontario Benchmark survey

Estimate of percentage reduction in consumption	
	Ontario
1 – 2 %	5%
3 – 5 %	10%
6 – 8 %	4%
9 – 10 %	15%
More than 10%	44%
Don't know	21%

Base: total respondents in the Ontario Benchmark survey whose active efforts have reduced consumption

Active efforts have reduced energy consumption



Base: total respondents in the Ontario Benchmark survey who have been active in trying to reduce energy consumption

Efforts to conserve have translated into savings on your electricity bill



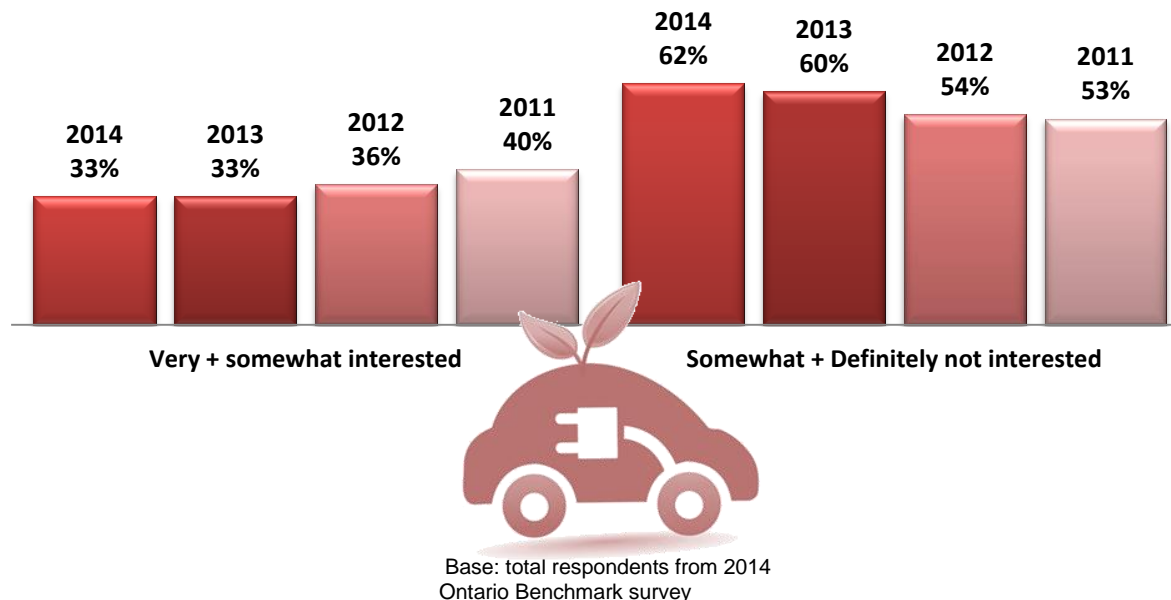
Base: total respondents in the Ontario Benchmark survey whose active efforts have reduced consumption

Purchasing an Electric Vehicle

There is enormous uncertainty about just how quickly the number of EVs on the road is set to grow over the long term. Mass commercialization of EVs has still not taken hold in today's public mindset. 33% of respondents indicated interest in purchasing a fully electric vehicle, consistent with 2013 findings of 34% but a drop since 2011 where 41% expressed interest in replacing conventional vehicles with EVs. 61% expressed little or no interest in EVs, virtually no change since last year, at 60%, however an since 2011, where 53% claimed disinterest in the electric vehicle.

A breakdown of gender support shows that 38% of men vs 27% of women are interested in the EV. There has been a drop in the "positive support" from respondents in the \$40k-\$70k income range from 45% interested in 2013 to just 28% in 2014.

Interest in purchasing a fully electric vehicle



Looking at age demographics, again, shows a shift in thinking about wanting to purchase an electric vehicle. 22% of older respondents (55+) versus 47% of respondents aged 35-54 are in favour of EVs replacing conventional cars. 43% of those aged 18-34 are receptive to the idea of purchasing an electric vehicle. When asked how long it would be before they would consider an EV as an option for their next car purchase, only 1 in 10 (11%) would consider an EV within the next 24 months.

Interest in purchasing a fully electric vehicle						
	Income <\$40K	Income \$40K<\$70K	Income \$70K +	Age 18-34	Age 35-54	Age 55+
Top 2 Boxes: 2014 'very + somewhat interested'	30%	28%	42%	27%	39%	28%
Top 2 Boxes: 2013 'very + somewhat interested'	22%	45%	43%	43%	47%	22%

Base: total respondents from 2014 Ontario Benchmark survey

Length of time before purchasing a fully electric vehicle	
Ontario	
Immediately to next 6 months	2%
7 to 12 months	2%
13 to 24 months	9%
Over 24 months	79%
Depends	5%
Don't know	3%

Base: total respondents from 2014 Ontario Benchmark survey



Method

The findings in this report are based on telephone interviews conducted for Simul Corp. by Greenwich Associates between April 24 - May 2, 2014, with 612 respondents who pay or look after the electricity bills from a list of residential and small and medium-sized business customers supplied by CHEC.

The sample of phone numbers chosen was drawn randomly to insure that each business or residential phone number on the list had an equal chance of being included in the poll.

The sample was stratified so that 85% of the interviews were conducted with residential customers and 15% with commercial customers.

In sampling theory, in 19 cases out of 20 (95% of polls in other words), the results based on a random sample of 612 residential and commercial customers will differ by no more than ± 3.96 percentage points where opinion is evenly split.

This means you can be 95% certain that the survey results do not vary by more than 3.96 percentage points in either direction from results that would have been obtained by interviewing all CHEC residential and small and medium-

sized commercial customers if the ratio of residential to commercial customers is 85%:15%.

The margin of error for the sub samples is larger. To see the error margin for subgroups use the calculator at <http://www.surveysystem.com/sscalc.htm>.

Interviewers reached 1,813 households and businesses from the customer list supplied by CHEC. The 612 who completed the interview represent a 34% response rate.

The findings for the Simul/UtilityPULSE National Benchmark of Electric Utility Customers are based on telephone interviews conducted March 3 through March 21, 2014, with adults throughout the country who are responsible for paying electric utility bills. The ratio of 85% residential customers and 15% small and medium-sized business customers in the National study reflects the ratios used in the local community surveys. The margin of error in the National poll is ± 2.7 percentage points at the 95% confidence level.

For the National study, the sample of phone numbers chosen was drawn by recognized probability sampling methods to insure that each region of the country was represented in proportion to its population and by a method

that gave all residential telephone numbers, both listed and unlisted, an equal chance of being included in the poll.

The data were weighted in each region of the country to match the regional shares of the population.

The margin of error refers only to sampling error; other non-random forms of error may be present. Even in true random samples, precision can be compromised by other factors, such as the wording of questions or the order in which questions were asked.

Random samples of any size have some degree of precision. A larger sample is not always better than a smaller sample. The important rule in sampling is not how many respondents are selected but how they are selected. A reliable sample selects poll respondents randomly or in a manner that insures that everyone in the population being surveyed has an equal chance of being selected.

How can a sample of only several hundred truly reflect the opinions of thousands or millions of electricity customers within a few percentage points?

Measures of sample reliability are derived from the science of statistics. At the root of statistical reliability is probability, the odds of obtaining a particular outcome by chance alone. For example, the chances of having a coin come up heads

in a single toss are 50%. A head is one of only two possible outcomes.

The chance of getting two heads in two coin tosses is less because two heads are only one of four possible outcomes: a head/head, head/tail, tail/head and tail/tail.

But as the number of coin tosses increases, it becomes increasingly more likely to get outcomes that are either close to or exactly half heads and half tails because there are more ways to get such outcomes. Sample survey reliability works the same way but on a much larger scale.

As in coin tosses, the most likely sample outcome is the true percentage of whatever we are measuring across the total customer base or population surveyed. Next most likely are outcomes very close to this true percentage. A statement of potential margin of error or sample precision reflects this.

Some pages in the computer tables also show the standard deviation (S.D.) and the standard error of the estimate (S.E.) for the findings. The standard deviation embraces the range where 68% (or approximately two-thirds) of the respondents would fall if the distribution of answers were a normal bell-shaped curve. The spread of responses is a way of showing how much the result deviates from the "standard mean" or average. In the CHEC data on corporate image, Simul

converted the answers to a point scale with 4 meaning agree strongly, 3 meaning agree somewhat and so on (see in the computer tables).

For example, the mean score is 3.68 for providing consistent, reliable electricity. The average is 3.21 for providing information to help customers reduce their energy costs.

For reliable electricity the standard deviation is 0.54. For affordable energy the S.D. is 0.86. These findings mean there is a wider range of opinion – meaning less consensus – about whether CHEC provides information to help customers to reduce their energy costs than about whether CHEC energy supplies are reliable.

Beneath the S.D. in the tables is the standard error of the estimate. The S.E. is a measure of confidence or reliability, roughly equivalent to the error margin cited for sample sizes. The S.E. measures how far off the sample's results are from the standard deviation. The smaller the S.E., the greater the reliability of the data.

In other words, a low S.E. indicates that the answers given by respondents in a certain group (such as residential bill payers or women) do not differ much from the probable

spread of the answers "predicted" in sampling and probability theory.

Certain questions pertaining to conservation and conservation efforts used an aggregate data approach whereby similar data sets were accumulated to form a larger sample size establishing a higher confidence interval, forecasting value and modeling data.

In these instances, all of the sub-datasets from the entire UtilityPULSE database for 2014 were concatenated in order to use the average of all the control samples for comparison. The cumulated population base for these questions was in excess of 6,500.

At a 95% confidence level the margin of error is ± 1.22 and at a 99% confidence level the margin of error would be ± 1.6 . So the aggregate strategy has given a very good population sample size which better, or more accurately, reflects the true feelings and beliefs of the population as a whole.

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Surveys & Polls

Customer Satisfaction and Loyalty
Benchmarking Surveys

Organization Culture Surveys

Customer Service Excellence

Service Excellence Leadership

Telephone Skills

Customer Care

Dealing with
Difficult Customers

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Appendix B

2017 Customer Satisfaction Report



2017 Customer Satisfaction Survey

Detailed Final Report

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1 INTRODUCTION

Background and Objectives

In October 2016, Redhead Media Solutions Inc. (Redhead) was retained via an RFP process by Hydro Electric Concepts Inc. (CHEC) to conduct a 2017 Customer Satisfaction Survey for 13 of its (then) 15-member Local Distribution Companies (LDCs) in Ontario. This survey is a required part of an LDC's Balanced Scorecard and other reporting and regulatory requirements for the Ontario Energy Board (OEB). For this project, Redhead partnered with a nationally recognized market research firm to assist with certain facets of the undertaking.

The complete group of participating CHEC LDCs are as follows:

- Centre Wellington Hydro
- Collus PowerStream
- Lakefront Utilities
- Lakeland Power Distribution
- Midland PUC
- Niagara-on-the-Lake Hydro
- Orangeville Hydro
- Ottawa River Power
- Renfrew Hydro
- Rideau St. Lawrence Distribution
- Wasaga Distribution
- Wellington North Power
- West Coast Huron Energy (Goderich Hydro)

Additionally, Redhead also provided services for this project to an LDC that became part of the CHEC group post-initial agreement (Grimsby Power).

Each company was then contracted individually for market research services specific to their LDC, including Centre Wellington Hydro.

This final report contains data specifically for Centre Wellington Hydro.

The survey is comprised of approximately 400 randomly selected interviews of Centre Wellington Hydro customers among the low volume customer base (residential customers and general service under 50kW customers; GS<50kW). Residential customers were asked to confirm that they receive an electricity or hydro bill from Centre Wellington Hydro and that they are the primary payer of that bill, or share the responsibility.

GS<50kW customers were also asked to confirm they receive an electricity or hydro bill from Centre Wellington Hydro, and additionally to confirm that the person who manages the organization's electricity bill was the one to complete the interview. The sample frame is stratified on region (where applicable) and consumption quartiles by rate class in accordance with the "Survey Implementation

Requirements” on page 4 of the “EDA/Innovative Customer Satisfaction Scorecard: Methodology & Survey Implementation Guide” which is contained in Appendix B of this report.

The objective of the survey is to provide an Overall Customer Satisfaction index score for Centre Wellington Hydro. This is a calculated aggregate value based on the responses of individuals to 9 core measures in the survey instrument.

Customer Satisfaction Index Score

LDC	Customer Satisfaction Index Score (Overall)
Centre Wellington Hydro	77.3%

2 METHODOLOGY

Target Respondents

The respondents to the survey were Ontario residents who are the primary bill payer or share the responsibility (if residential), or the person in-charge of managing the electricity bill at the organization if general service, who resided within one of the target LDC's service territories.

Service territories were determined based on the customer list provided by Centre Wellington Hydro.

Sample Size and Statistical Reliability

The final total completed surveys for Centre Wellington Hydro, and the associated margin of error is shown below.

All margins of error are shown at a 95% confidence level.

- E.g., the margin of error associated with a sample size of 400 for a large (infinite) population is ± 4.9 percentage points, 19 times out of 20.
- Since all of the LDCs have finite populations, we used the specific population sizes (i.e., the number of samples records received from each LDC) in the calculation of margin of error. Doing so is more accurate, and results in a narrower margin of error than if we simply assumed large (infinite) population for each.

Sample sizes were set according to the *LDC Customer Satisfaction Survey: Methodology & Survey Implementation Guide*, prepared for the Electrical Distributors Association (April 19, 2016 revision):

- Where possible, sample size of $n=400$.
- Distributors with 3000 to 4999 customers (residential + GS<50kW), $n=300$
- Distributors with <3000 customers (residential + GS<50kW), $n=200$

LDC	Customer Records from LDC	Completed Surveys	Sample Size as % of Customer list	Margin of Error @ 95% confidence level
Centre Wellington Hydro	6038	402	6.7%	+/- 4.7%

Sampling Methodology

Redhead was provided a sample list from Centre Wellington Hydro.

Customer lists included all basic information required such as name, telephone number, region (where applicable), customer type (residential or GS<50kW), LDC fee, Annual or Monthly consumption values.

Redhead then calculated which quartile group each resident belonged to by evenly dividing them into four groups within each region and customer type. These quartiles were calculated based on annual consumption value.

To minimize low response:

- Sample was loaded in batches to ensure the sample was fully utilized before moving onto fresh sample records;
- Calls were made between the hours of 4pm and 9pm ET; and
- Call backs were scheduled and honored between the hours of 9am and 9pm ET.

Sample Cleaning

Redhead cleaned the customer lists individually once received from each LDC to ensure the customer list counts reflected actual individual records that could be called. The following steps were taken during sample cleaning.

- All records with no phone numbers were removed.
- All phone numbers were checked to see if they were valid numbers (i.e. 10 digits, all numerical, etc.) and any bad cases were removed.
- When duplicates were detected based on phone number, the average of the consumption value was calculated and kept for one consolidated record. All others were removed.
- Residential and GS<50kW were separated into their own lists to be loaded and managed separately in the calling system.
- Regions within each customer list were given a numerical value to be used for calling quotas.

Questionnaire

The survey instrument was provided by CHEC as prepared by Innovative Research Group for the Electrical Distributors Association in consultation with the Ontario Energy Board.

The survey consisted of an introduction, overall satisfaction, power quality and reliability, billing and payment, customer service experience, communications, price, optional deeper dive questions, and final personal finance / sector mood measures.

Survey Soft-Launch

136 interviews were conducted in a soft-launch before the survey was fully launched (select markets).

The soft-launch was conducted to ensure:

- The suitability of the introduction;
- The length of the interview;
- That respondents understood the survey; and
- To ensure the data was being captured accurately.

No survey changes were required as a result of the pre-test.

Data Collection

Computer aided telephone interviews (CATI) were conducted within Centre Wellington Hydro's service territory.

Data was collected Q1, 2017 during the following time periods:

LDC	Started	Completed
Centre Wellington Hydro	January 17	March 3

Quality Control

- All interviewers were trained to understand the study's objectives;
- Detailed call records are kept by the automated CATI system, and are supplemented by output files to SPSS for productivity analysis (i.e., not subject to human error);
- The survey was soft launched in LDCs that had the most available sample, and the data was then checked before calling began in full for all LDCs;
- 100% of all surveys are digitally recorded for potential review (see next bullet);
- The Quality Assurance team listened to the actual recordings of five percent of completed surveys and compared the responses to those entered by the interviewer to ensure that responses from respondents are properly recorded;
- Team Supervisors conduct regular more formal evaluations with each interviewer, in addition to nightly monitoring of each interviewer on their team;
- Project Managers closely monitored the progress of data collection, including call record dispositions;
- All SPSS code is reviewed by a more senior researcher;
- All Report Builder output is reviewed by a more senior researcher; and
- All values in the report are reviewed by another team member to ensure accuracy.

Analysis of Findings and Data Weighting

For Centre Wellington Hydro's service territory, results were weighted to match the proportion of low volume rate class records as provided to Redhead after cleaning of the sample file. Where a region flag was also provided, results were weighted to the low volume rate class within each region and regions were weighted proportional one another based on the customer base as provided in the cleaned sample file.

- Please see the tables in Section 4 for more details regarding weighting for Centre Wellington Hydro.
- The Customer Satisfaction index scores have been highlighted and were calculated as described below, based on instructions from the EDA/Innovative.
- The "response values" referenced in the description below were also determined and provided by the EDA/Innovative.
- Data analysis and cross-tabulation have been conducted using SPSS and Report Builder software.

From the Methodology Guide:

This index score is calculated using the following process:

Step 1: Weight data to n=400 with each low volume rate class proportionate to its share of LDC customer base.

Step 2: Rescale the index score variables onto the 0 to 1 scale as indicated by the response values detailed below.

Step 3: The average result of the questions asked for each OEB topic and the overall satisfaction score will be added together³.

$$\begin{array}{rcl} & & \mathbf{B5} \\ + & & [\mathbf{C6+C7+C8}] \text{ divided by } 3 \\ + & & [\mathbf{D9+D10}] \text{ divided by } 2 \\ + & & \mathbf{E11} \\ + & & \mathbf{F12} \\ + & & \mathbf{G14} \\ = & & \mathbf{Total\ cumulative\ scores} \end{array}$$

Step 4: The total cumulative score from Step 2 will be divided by 6 to generate the Customer Satisfaction Index Score (bound between 0-1).

The chart on the following page illustrates how the Customer Satisfaction Index Score will be calculated.

As noted above, LDCs without a region flag were weighted to their low volume rate class proportion based on the cleaned sample file. LDCs with a region flag were weighted to their low volume rate class proportion within each region based on the cleaned sample file, and then regions were weighted proportionately to one another based on the customer base as provided in the cleaned sample file.

Specific values of the number of sample records, estimated population proportions, and final weighted sample counts within each LDC are provided in Section 4.. The sum of the regional population proportions within each LDC do not equal 100% due to rounding.

4 SAMPLE PROPORTION ESTIMATES

Centre Wellington Hydro					
Regions Flagged in Sample	Low Volume Rate Class	Sample Received	Rate Class Proportion	Estimated Population Proportion	Weighted Sample Count
Elora	Residential	1,656	91%	30%	110
	General Service < 50 kW	162	9%		11
Fergus	Residential	3,853	91%	70%	257
	General Service < 50 kW	367	9%		24
TOTAL	Residential	5,509	91%	100%	367
	General Service < 50 kW	529	9%		35
					402

5 SURVEY QUESTIONS AND RESPONSES

All survey questions for both the residential and GS<50kW customer types were provided as part of the RFP and are attached as Appendices C (Residential) and D (GS<50kW) along with the Methodology Guidelines (Appendix B). The survey script was tested for a variety of factors prior to launch (See sub section “Survey Soft-Launch”).

The Margin of Error for this survey is +/- 4.7% @95% confidence level. This is for the total of 402 responses. For GS<50kW responses (35), please note the Margin of Error is significantly higher (+/- 16.0%) due to the relatively small number of responses. Accordingly, any analysis of GS<50kW responses should have regard to this.

Please note tables with a red capital letter in a column denotes statistical testing at the 95% confidence level.

Customer Type

Customer Type – Low Volume Rate Class			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
Residential	91%	100% C	0%
General service business GS<50kWh	9%	0%	100% B

Core Measure

B4 -- How familiar are you with Centre Wellington Hydro, which operates the electricity distribution system in your community?			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
Very familiar	19%	17%	40% B
Somewhat familiar	47%	48%	34%
Not familiar	19%	19%	14%
Don't know	14%	15%	11%
Refused	0%	1%	0%

B5 -- Thinking specifically about the services provided to you and your community by Centre Wellington Hydro, overall, how satisfied are you with the services that you receive from Centre Wellington Hydro?			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total Answering	402	367	35
NET Satisfied	85%	86%	80%
NET Dissatisfied	6%	7%	6%
Very satisfied	51%	52%	49%
Somewhat satisfied	34%	34%	32%
Neither satisfied nor dissatisfied	5%	4%	11%
Somewhat dissatisfied	4%	4%	3%
Very dissatisfied	2%	2%	3%
Don't know	3%	4%	3%
Refused	0%	0%	0%

Power Quality and Reliability

C6 -- Satisfaction with the reliability of your electricity service - as judged by the number of power outages you experience.

	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Satisfied	94%	94%	92%
NET Dissatisfied	2%	2%	3%
Very satisfied	69%	69%	74%
Somewhat satisfied	24%	25%	17%
Neither satisfied nor dissatisfied	1%	1% C	0%
Somewhat dissatisfied	2%	2%	3%
Very dissatisfied	0%	0%	0%
Don't know	3%	3%	6%
Refused	0%	1%	0%

C7 -- Satisfaction with the amount of time it takes to restore power when power outages occur.

	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Satisfied	83%	83%	83%
NET Dissatisfied	3%	3%	9%
Very satisfied	52%	52%	57%
Somewhat satisfied	31%	31%	26%
Neither satisfied nor dissatisfied	2%	3% C	0%
Somewhat dissatisfied	3%	2%	9%
Very dissatisfied	0%	1%	0%
Don't know	10%	10%	9%
Refused	1%	1% C	0%

Centre Wellington Hydro 2017 Customer Satisfaction Survey

C8 -- Satisfaction with the quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in (the flickering or dimming of lights / flickering lights or may affect your equipment).

	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Satisfied	90%	90%	89%
NET Dissatisfied	2%	2% C	0%
Very satisfied	66%	66%	66%
Somewhat satisfied	24%	24%	23%
Neither satisfied nor dissatisfied	2%	2%	3%
Somewhat dissatisfied	1%	1% C	0%
Very dissatisfied	0%	1%	0%
Don't know	5%	5%	8%
Refused	0%	0%	0%

Billing and Payment

D9 -- Provides accurate bills.: For each of the following statements about the bills that you receive from Centre Wellington Hydro, please tell me how satisfied you are.

	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Satisfied	81%	81%	80%
NET Dissatisfied	3%	3%	3%
Very satisfied	55%	55%	54%
Somewhat satisfied	26%	26%	26%
Neither satisfied nor dissatisfied	3%	2%	9%
Somewhat dissatisfied	2%	2% C	0%
Very dissatisfied	1%	1%	3%
Don't know	12%	12%	9%
Refused	0%	1%	0%

D10 -- Provides convenient options to both receive and pay my bills.: For each of the following statements about the bills that you receive from Centre Wellington Hydro, please tell me how satisfied you are.

	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Satisfied	88%	89%	77%
NET Dissatisfied	7%	6%	17%
Very satisfied	67%	67%	66%
Somewhat satisfied	21%	22%	11%
Neither satisfied nor dissatisfied	1%	1% C	0%
Somewhat dissatisfied	3%	4%	3%
Very dissatisfied	4%	2%	14% B
Don't know	4%	4%	6%
Refused	0%	0%	0%

Customer Service Experience

E11 -- Overall, how satisfied or dissatisfied are you with the customer service provided by Centre Wellington Hydro?			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Satisfied	60%	59%	69%
NET Dissatisfied	4%	4%	9%
Very satisfied	48%	46%	60%
Somewhat satisfied	12%	13%	9%
Neither satisfied nor dissatisfied	3%	3%	3%
Somewhat dissatisfied	2%	2%	3%
Very dissatisfied	2%	2%	6%
Not applicable - No contact	31%	32% C	17%
Don't know	2%	2%	3%
Refused	0%	0%	0%

Communications

F12 -- Overall, how satisfied or dissatisfied are you with the communications that you receive from Centre Wellington Hydro related specifically to your electrical service?			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Satisfied	71%	72%	66%
NET Dissatisfied	6%	5%	14%
Very satisfied	37%	37%	40%
Somewhat satisfied	34%	35%	26%
Neither satisfied nor dissatisfied	11%	11%	14%
Somewhat dissatisfied	2%	2%	9%
Very dissatisfied	4%	4%	6%
Don't know	11%	12%	6%
Refused	0%	0%	0%

Price

G13 -- Before this survey, how familiar were you with the percentage of your (household/organization)'s electricity bill that went to Centre Wellington Hydro?			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
Very familiar	6%	6%	3%
Somewhat familiar	21%	22%	14%
Not familiar	58%	58%	63%
Don't know	15%	14%	20%
Refused	0%	0%	0%

G14 -- Do you feel that the (LDC fee from sample)% of your (household/organization)'s total electricity bill that you pay to Centre Wellington Hydro for the services they provide is ...?			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Reasonable	51%	53%	37%
NET Unreasonable	15%	14%	17%
Very reasonable	19%	20%	12%
Somewhat reasonable	32%	33%	26%
Somewhat unreasonable	9%	8%	14%
Very unreasonable	6%	6%	3%
Don't know	34%	33%	46%
Refused	0%	0%	0%

Environmental Controls

H16 -- Agreement with the statement: The cost of my electricity bill has a major impact (on my finances and requires I do without some other important priorities/on the bottom line of my organization and results in some important spending priorities and investments being put off).			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Agree	59%	58%	74% B
NET Disagree	35%	36% C	14%
Strongly agree	31%	29%	46%
Somewhat agree	29%	29%	29%
Somewhat disagree	23%	25% C	11%
Strongly disagree	11%	12% C	3%
Don't know/No opinion	5%	5%	11%
Refused	0%	1%	0%

H17 -- Agreement with the statement: Customers are well served by the electricity system in Ontario.			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total answering	402	367	35
NET Agree	50%	49%	60%
NET Disagree	28%	28%	26%
Strongly agree	16%	16%	20%
Somewhat agree	34%	33%	40%
Somewhat disagree	10%	11% C	3%
Strongly disagree	17%	17%	23%
Don't know/No opinion	21%	22%	14%
Refused	1%	1% C	0%

Index Score(s)

Overall Customer Satisfaction Index Score			
	Centre Wellington Hydro	Residential	General service business GS<50kWh
	A	B	C
Base: Total Answering	402	367	35
Customer Satisfaction index score	77.3%	77.5%	75.5%

Customer Satisfaction index score by H16 - The cost of my electricity bill has a major impact (on my finances and .../on the bottom line of my organization and ...).					
	Centre Wellington Hydro	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree
	A	B	C	D	E
Base: Total Answering	402	123	116	94	45
Customer Satisfaction index score	77%	73%	78% B	81% B	80% B

Customer Satisfaction Index Score by H17 - Customers are well served by the electricity system in Ontario.					
	Centre Wellington Hydro	Strongly agree	Somewhat agree	Somewhat disagree	Strongly disagree
	A	B	C	D	E
Base: Total Answering	402	66	136	42	69
Customer Satisfaction index score	77%	83% CDE	78% E	76%	71%

Customer Satisfaction Index Score by Consumption Tranches				
	Centre Wellington Hydro	Low consumption	Medium consumption	High consumption
	A	B	C	D
Base: Residential customers	367	162	138	67
Customer Satisfaction index score	77%	79% C	76%	76%

Centre Wellington Hydro 2017 Customer Satisfaction Survey

Customer Satisfaction Index – Upper and Lower Bound Plus CHEC Mean							
LDC	Customer Records from LDC	Completed Surveys	Margin of Error @ 95% confidence level	CSI Score	Lower Bound	Upper Bound	CHEC Mean
Centre Wellington Hydro	6038	402	+/- 4.7%	77.3%	72.6%	82.0%	77.8%

6 CONCLUSIONS

As can be seen in the table above, **Centre Wellington Hydro's Customer Satisfaction Index Score is 77.3%**, slightly below the mean average of all CHEC LDCs which was 77.8%. This falls within a tight spectrum of index scores we processed for all CHEC LDCs that participated in the survey via Redhead. When the confidence interval is applied to all index scores, there is significant overlap which underlines this similarity of performance and satisfaction.

Question scoring and index methodologies were prescribed by the EDA/Innovative. As such, there has been no additional analysis provided beyond the direction provided to meet the reporting guidelines. Should you wish further analysis of the data please contact our office to discuss.

7 OTHER

As of 2017, the requirements for a Customer Satisfaction survey is scheduled for biennial administration. It has been our pleasure to complete this work for Centre Wellington Hydro and trust that we met or exceeded your expectations. We look forward to working with you in again on this project in 2019.

Should you have any questions or comments about the contents of this report or regarding the administration of the survey, please contact:

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LDC Customer Satisfaction Scorecard

Methodology & Survey Implementation Guide

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LDC Customer Satisfaction Scorecard

This *Methodology & Survey Implementation Guide* is intended to be used as a tool for distributors and their market research firms as they implement their required LDC Customer Satisfaction scorecard surveys for both *residential* and *general service under 50 kW* customers.

One of the key objectives of the LDC Customer Satisfaction scorecard is comparability both between distributors and over time. As such, it is imperative that individual distributors execute the scorecard survey using the same standardized questions and methodological approach.

Within this guide you will find a background of the scorecard survey, detailed instructions on survey implementation, distributor's required deliverables to the OEB.

Accompanying this guide are copies of both residential and general service questionnaires.

Background

Members of the *Electricity Distributors Association's* (EDA) Communicators Council expressed interest in working with the OEB staff and members at the 2014 scorecard implementation working group to develop a standard scorecard survey questionnaire and methodology that will be available to all distributors and ensure consistency in practice throughout the industry.

While the new measures will ultimately (by 2018) have definitions established by the OEB that ensure consistency in reporting and comparability of results, the EDA has been tasked with developing the standardized questions and methodology – for the customer satisfaction component of the scorecard – in consultation with its members and other distributors.

The EDA commissioned *Innovative Research Group Inc.* (INNOVATIVE) in the summer of 2015 to assist with the development of:

1. standardized questionnaires for residential and general service (small business) customers; and
2. a standard methodological approach to implementing the surveys.

While INNOVATIVE held the pen in developing the surveys and methodological guidelines, the overall design of the customer satisfaction scorecard has been informed by iterative feedback from EDA staff, EDA members, Hydro One, industry stakeholders and OEB staff.

The LDC Customer Satisfaction scorecard development consultation followed the process outlined below:

- **July 2015: Review of publicly available customer feedback on key criteria for customer satisfaction.** INNOVATIVE reviewed the recent round of OEB filings for Qualitative feedback from customers on key considerations for their assessment of customer satisfaction.
- **July 2015: Develop DRAFT customer satisfaction measures.** EDA and INNOVATIVE develop draft questions and methodological design for stakeholder consideration.
- **August 13, 2015: Advisory Committee Workshop.** Shared draft materials and collect facilitated feedback on questions and methodological design with committee.
- **Sept. 17, 2015: Review preliminary draft with OEB.** Solicit OEB feedback on the direction of draft questions and methodological design.
- **Sept. 23, 2015: Communicators Council Workshop.** Shared REVISED draft material and collect facilitated feedback on questions and methodological design with broader group of LDCs.
- **Oct. 2, 2015: Solicit broader stakeholder feedback.** Send UPDATED questionnaire and methodology guide to all stakeholders (including Hydro One) for written comments.
- **Nov. 2015: Review Draft Customer Satisfaction Measures.** Review stakeholder feedback, present revisions on questions and methodological to EDA Board and management.
- **Dec. 16, 2015: Open Workshop Consultation.** Present process overview, review scorecard requirements and questionnaire and solicit stakeholder feedback.
- **Dec. 17, 2015 – January 13, 2016: Solicit LDC and industry stakeholder feedback.** Gather and review written feedback from broad industry stakeholders.
- **January 13, 2016: Customer Satisfaction Scorecard working group #1.** Work with working group to review industry feedback and best approaches to next iteration of draft questionnaire and methodology guide.
- **January 18, 2016: Distribute revised materials.** Distribute updated questionnaire and methodology guide based on feedback and working group discussions. Solicit additional feedback and comment from broad industry stakeholders.
- **February 2, 2016: Customer Satisfaction Scorecard working group #2.** Work with working group to review industry feedback and best approaches to next iteration of draft questionnaire and methodology guide.
- **February 11 - 21, 2016: Customer Satisfaction pilot study.** Test current draft questionnaire and help understand ease of comprehension and how the survey functions in-field.
- **February 22, 2016: Pilot Study review working group #3.** Review findings from pilot study and make changes to questionnaire based on working group discussions.

New Regulatory Environment for Distributors

The OEB's "**consumer-centric**" Renewed Regulatory Framework for Electricity (RRFE) shifts the focus from utility cost to value for customers. The protection of consumer interests and the promotion of economic efficiency and cost effectiveness within a financially viable industry are the foundation of the renewed regulatory framework.

To facilitate performance monitoring and eventually distributor benchmarking, the OEB will use a "scorecard" approach to effectively translate outcomes into a coherent set of performance measures. This approach effectively organizes performance information in a manner that facilitates evaluations and meaningful comparisons.

OEB Scorecard Requirements

Performance Outcomes	Performance Categories
Customer Focus: Services are provided in a manner that responds to identified customer preferences.	Service Quality
	Customer Satisfaction ►►
Operational Effectiveness: Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety
	System Reliability
	Asset Management
	Cost Control
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).	CDM Delivery
	Connection of Renewable Generation
Financial Performance: Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios

Scorecard Objectives

To meet OEB scorecard requirements, a standardized set of customer satisfaction questions have been developed in consultation with Ontario distributors.

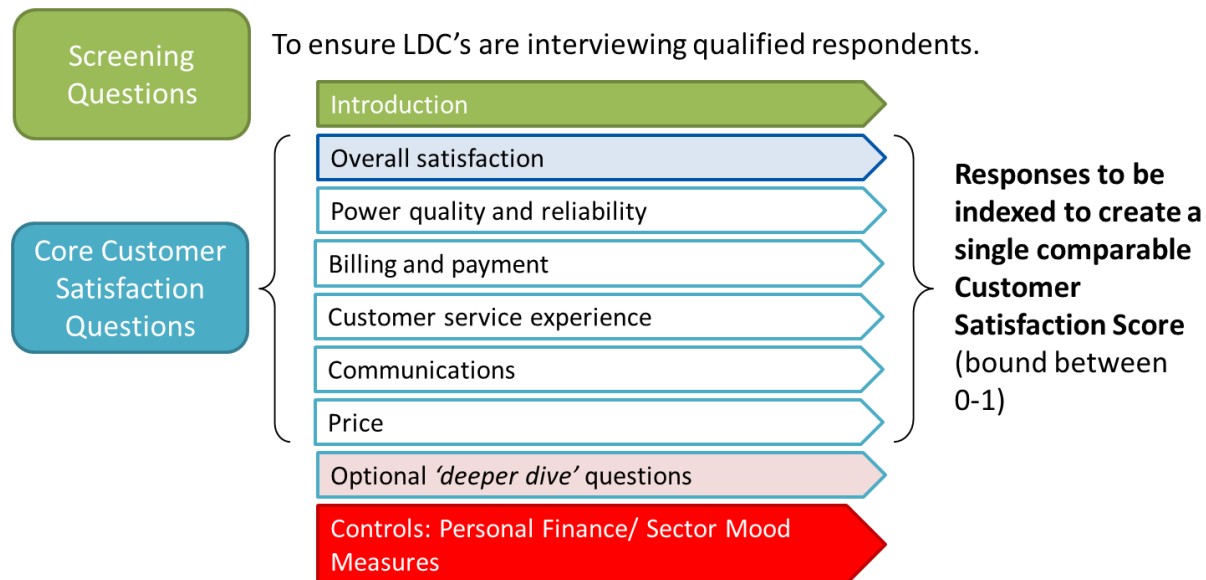
The scorecard surveys will canvass customer satisfaction in at least the following five key areas:

- (a) power quality and reliability;
- (b) price;
- (c) billing and payment;
- (d) communications; and
- (e) the customer service experience.

Standardized Questionnaire Design

Core Questions

The draft questionnaires consist of **17 core questions** for low volume customers (one for residential customers and one for general service under 50 kW customers). The surveys are structured as follows:



1. **Screening questions:** to ensure LDCs are surveying the proper person (the person in charge of paying their household electricity bill OR the individual responsible for overseeing / paying their organization's electricity bill [in the case of low-volume business customers]).
2. **Core measurement questions:** these are questions that answer the five OEB required categories - (a) power quality and reliability; (b) price; (c) billing and payment; (d) communications; and (e) the customer service experience.
3. **Survey control questions:** Since a key focus of the customer satisfaction scorecard measure is to identify actionable findings for continuous improvement, it is critical to be able to identify change caused by things that LDCs can influence from things LDCs cannot influence. Questions on financial considerations (*question H16*) and general attitudes toward the industry (*question H17*) are included in the surveys to help control externalities that may impact a LDC's overall customer satisfaction.

NOTE: Distributors are welcome to include their own custom questions in their surveys after question G15 (which is the end of the core measurement questions). Answers to these questions would remain proprietary to the distributors and would not need to be shared with the OEB.

Control Questions

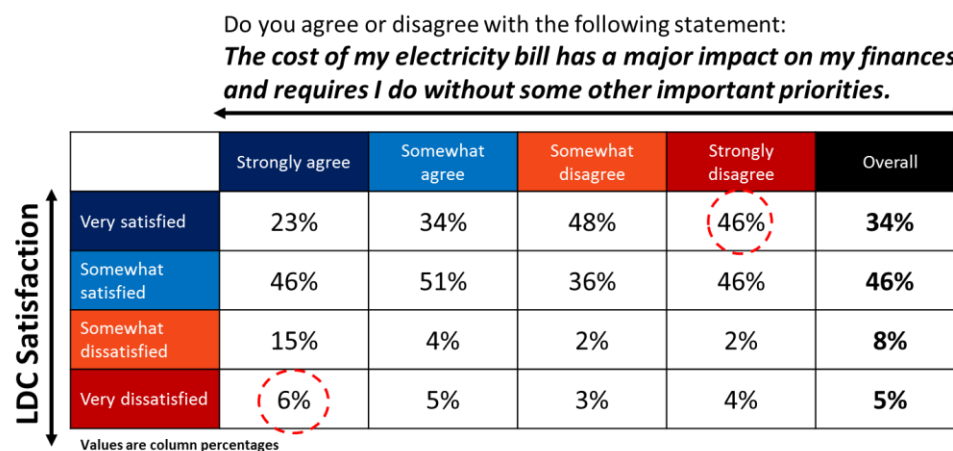
It is critical to be able to identify change in customer satisfaction caused by things that LDCs can influence from things LDCs cannot influence.

The image of an organization (in this case, LDCs) moves with **general perceptions of the sector** rather than in response to the local utility. In addition, perceptions of utilities are strongly correlated with **financial circumstances**. In tough times satisfaction can drop because more people are struggling with bills, not because of anything the LDC has done or not done.

Control questions ensure you can distinguish between utility driven change and external change. These questions include:

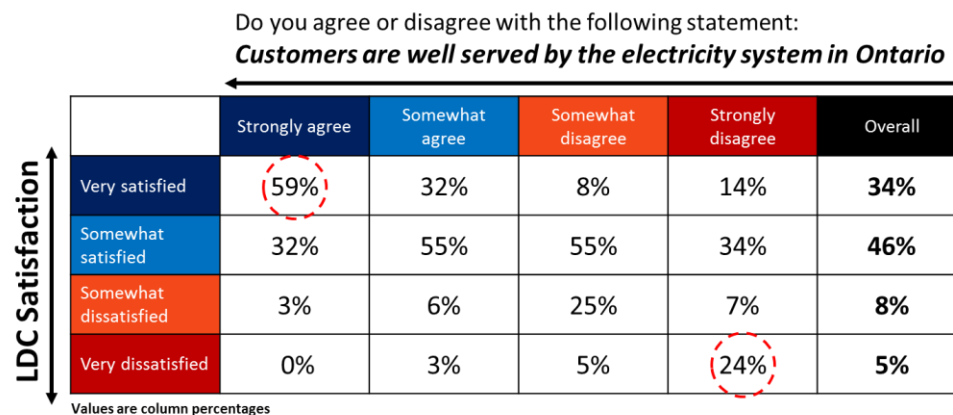
- **Personal financial circumstances** (*question H16*); and
- **General feelings towards the sector** (*question H17*)

Examples: LDC Satisfaction by Financial Hardship and by Sector Confidence:



Note: 'Don't know' not shown.

Source: February 2016 Pilot Test data (n=317)



Note: 'Don't know' not shown.

Source: February 2016 Pilot Test data (n=317)

Survey Implementation Requirements

In addition to following a standardized set of questions, distributors will also need to follow standard approaches to executing their customer satisfaction survey to ensure consistency in reporting and comparability of results.

Sample Size Requirements

Sample Size and Confidence Levels: The larger the survey sample size, the greater the confidence level (i.e. the smaller the margin of error):

n=1,000 sample size	MoE +/- 3.1% (19 times out of 20)
n=800 sample size	MoE +/- 3.5% (19 times out of 20)
n=600 sample size	MoE +/- 4.0% (19 times out of 20)
n=400 sample size	MoE +/- 4.9% (19 times out of 20)
n=200 sample size	MoE +/- 6.8% (19 times out of 20)

Margins of error apply the same to both LDCs with customer bases of 1 million or 10,000.

Recommendation: Given the OEB's requirement for *generalizable data* that is both comparable *over time* and *across the sector*, the total minimum sample of **low volume customers** should be n=400.

This sample should include customers from all low volume rate classes based on their proportions within each utilities customer base. For example, assume an LDC with 20,000 customers: 80% residential (16,000 customers), 15% general service under 50 kW (3,000 customers), and 5% consisting of larger customers outside of the low volume rate class. This LDC would survey n=400 low-volume customers in total: proportionately, 84% (n=337) of respondents would be residential and 16% (n=63) would be GS under 50 kW.¹

Of course, distributors are welcome to increase their sample size beyond the recommended required minimum of n=400.

Small Customer Base Sample Size Considerations: Completing a survey of n=400 can represent a challenge to some LDCs, particularly very small distributors. Should a distributor have a limited number of customers, exceptions to the required sample size should be considered by the OEB.

Required sample size considerations for small distributors:

- Distributors with **less than 5,000 customers** in a rate class (i.e. residential or GS under 50 kW), surveys should aim for a sample size of **n=300**.
- For LDCs with **less than 3,000 customers** in a rate class, a sample size goal of **n=200** is more appropriate.

¹ This scenario assume no farms, seasonal customers, or other low volume customers among the LDC's rate base.

Should the recommended samples sizes for small LDCs present an unfeasible target, it is recommended that “**reasonable efforts**” be documented in their OEB filings or **exemptions** should be requested from the OEB.

Short of obtaining an OEB exemption, LDCs should document “**reasonable efforts**” by reporting the number of calls made per customer telephone number on record and their customer survey response rates.

Representative Sample Requirements

A core requirement, as set out by the OEB, is that LDCs must demonstrate that their survey sample is representative of their actual customer base.

Representative samples simply mean we can compare the survey sample to the known characteristics of the customer base to confirm that the sample looks like the actual population. For most utilities, the only known customer base characteristics are geography, electricity usage, and rate class.

The originally recommended approach – which the OEB has accepted for rate applications under the RRFE – was a **stratified random sampling approach** based on known characteristics of customers bases such as **region** (where applicable) and **consumption by rate classes of low-volume consumers**. This concept of dividing the customer sample into quartiles based on electricity consumption is only to develop accurate quotas to ensure the sample is representative of a LDCs customer base.

The example used below is to illustrate a stratified random sampling approach:

Example of stratified sampling of LDC customers		Low consumption	Medium-low consumption	Medium-high consumption	High consumption
	Region 1	25	25	25	25
	Region 2	25	25	25	25
	Region 3	25	25	25	25
	Region 4	25	25	25	25
	TOTAL	n=100	n=100	n=100	n=100

Where LDCs have no distinguishable regional differences among customers in their service territory, **regional segmentation** could be dropped from the stratification sampling method.

Note: this approach to stratification would need to be replicated by each low volume rate class.

In terms of cost: whether an analyst breaks a sample by rate class into three or four groups creates no difference to the analyst’s time. Similarly, since professional call-centres control which numbers are dialled, when a quota is reached, the automated dialler system simply stops dialling any numbers from that segment. There is no cost to that.

Members do not need to use the sampling quotas for analysis. The key purpose of the use of quotas is not for analysis but to ensure the sample is representative. If the standard is to put the half the sample into one quota group, we run the risk that the middle group may skew towards high or low use.

Since there is no extra cost, no requirement to use the sample quotas for analysis, and a sample quality benefit in using the quartile system, this is the recommended approach for a minimum sample of n=400 low volume customers.

However, if the LDC prefers 3 rather than 4 categories, we would recommend using three equal categories (e.g. divide into thirds instead of quotas) rather than a large middle category and two smaller high and low categories.

Maintaining Traditional Analysis: Throughout the feedback period a number of LDCs expressed that they have traditionally analyzed their customer data by low-volume consumption (25%), mid-volume consumption (50%) and high-volume consumption (25%). For these LDCs, following a quartile system to sample customers works well: simply merge the two middle quartiles. As a result, LDCs who have traditionally followed this system of analysis maintain their traditional data analysis segments while enhancing the accuracy of representation of their survey sample at no additional costs.

Recommendation: LDCs should be left to demonstrate to the OEB how their surveys are representative to their customer base.

Field Execution Requirements

Consistency in survey execution among LDCs is important for comparability and representation of customers.

What's not appropriate for the execution of this survey?

- Voluntary online polls on a website would not be appropriate as it would not generate a representative sample of customers.

Suggested field execution requirements:

- Given the current limitations and inconsistent access to online sample of LDC customers, it is recommended that distributors conduct the Customer Satisfaction Scorecard via a stratified **random digit dialling telephone methodology** with questions that anticipate a future shift to online.
- As access to online customer sample becomes more readily available, LDCs may have the ability to migrate to an online methodology in coming years.

Recommendation: Customer Satisfaction surveys to be executed using a random digit dialling telephone survey approach from LDC provided list of low-volume customers (i.e. residential, general service under 50 kW, farms and seasonal ratepayers).

While online surveys are more cost effective, few LDCs have enough email addresses to adequately sample their customers. Telephone surveys are a universal option to all LDCs and currently more robust.

Question Order Effect

Question order matters. In order to meet OEB comparability requirements, scorecard questions always need to be asked before any custom or proprietary questions asked in the surveys. Inserting custom questions before or in between scorecard questions can “prime” or “educate” respondents, which will likely result in different responses to the same questions.

What’s not an appropriate way to ask these questions:

- Tacking on “Customer Satisfaction” to the end of pre-existing or future “non-scorecard” surveys.

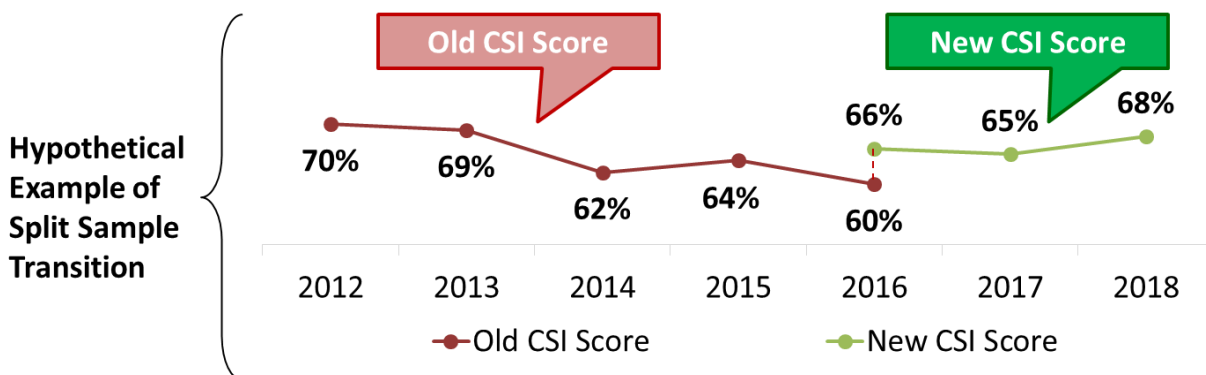
Following the prescribed question order:

- While LDCs are welcomed to ask additional custom questions of customers in the “**Customer Satisfaction**” questionnaire, they should be asked after the “**CORE QUESTIONS**”.
- Answers to **custom questions** would remain proprietary to the distributors and would not need to be shared with the OEB as part of their scorecard filing.

Incorporating Historical Tracking Questions

Preserving the value of tracking.

Many LDCs ask similar customer satisfaction questions using different wording or different scales on existing tracking surveys. LDCs that want to sustain tracking can run a transition year survey with split sample where half of the survey respondents answer items on the old scale/questions and half answer questions on the new scale/questions. This will allow LDCs to create an overlap year where they can compare and normalize the change in scales and/or question wording.



Customer Satisfaction Index Score

Calculating the Index Score

While other deliverables may be required of distributors following the execution of their surveys, at minimum each distributor must calculate and submit its *Customer Satisfaction Index Scores* for both its residential and general service surveys.

For the purpose of comparability, the same index score methodology will be applied for each distributor. A total of **9 key measurement questions** will be scored between 0 and 1 and form the basis of the Customer Satisfaction Index Score. In cases where there are multiple questions contributing to the index score within a section (e.g. *Power Quality and Reliability*), the score for each question will be added together and divided by the total number of questions from that section. The index will be developed as follows:

- Regardless of the initial sample size, the data will be weighted down to a single dataset of 400 with each low volume rate class proportionate to its share of the utilities customer base.
- The average result of the questions asked for each OEB topic and the overall satisfaction score will be added together.
- The sum of those scores will be divided by six to generate the **Customer Satisfaction Index**.

This **index score** is calculated using the following formulas:

Step 1: Weight data to n=400 with each low volume rate class proportionate to its share of LDC customer base.

Step 2: The average result of the questions asked for each OEB topic and the overall satisfaction score will be added together².

$$\begin{array}{rcl} & \mathbf{B5} & \\ + & [\mathbf{C6+C7+C8}] \text{ divided by } 3 & \\ + & [\mathbf{D9+D10}] \text{ divided by } 2 & \\ + & \mathbf{E11} & \\ + & \mathbf{F12} & \\ + & \mathbf{G14} & \\ = & \mathbf{\text{Total cumulative scores}} & \end{array}$$

Step 3: The sum of scores from Step 2 will be divided by 6 to generate the **Customer Satisfaction Index Score** (bound between 0-1).

The chart on the following page illustrates how the **Customer Satisfaction Index Score** will be calculated.

² See following section for “**response values**” assigned to each of the 9 key measurement questions.

All section points bound between 0 and 1

Overall Satisfaction (B5)	0 to 1pts
Power Quality and Reliability (C6-C8)	0 to 1pts
Billing and Payment (D9-D10)	0 to 1pts
Customer Service Experience (E11)	0 to 1pts
Communications (F12)	0 to 1pts
Price (G14)	0 to 1pts

Step 1



Weight data to **n=400** with each low volume rate class proportionate to its share of LDC customer base.

Step 2



The average results of the questions asked for **each OEB topic and the overall satisfaction score will be added together.**

Step 3



The sum of scores from **Step 2** will be divided by 6 to generate the **Customer Satisfaction Index Score.**

Index Score Response Values

The 9 key measurement questions should be scored using the following response values.

General Satisfaction Measure

- B5. Thinking specifically about the services provided to you and your community by [INSERT LDC NAME], overall, how satisfied are you with the services that you receive from [INSERT LDC NAME]. Would you say you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied* or would you say you *don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

Power Quality and Reliability

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*.

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

- C6. The reliability of your electricity service – as judged by the number of power outages you experience.
- C7. The amount of time it takes to restore power when power outages occur.
- C8. The quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering or dimming of lights.

Billing and Payment

I am now going to read you a few statements about the bills that you receive from [INSERT LDC NAME].

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*.

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

- D9. Provides accurate bills.
- D10. Provides convenient options to both **receive and pay my bills**.

Customer Service Experience

Now I'd like to ask you about the customer service you have received when dealing with employees of [INSERT LDC NAME], whether on the telephone, via email, in person or through online conversations including social media.

- E11. Overall, how satisfied or dissatisfied are you with the customer service provided by [INSERT LDC NAME]? Would you say you are *very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, very dissatisfied*, or would you say you *don't know*. If you have not been in contact with your distributor just let me know?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
06	Not applicable – Have not been in contact with LDC	0.50 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

Communications

I would now like you to think about the communications that you may receive from your [INSERT LDC NAME] without talking directly to an employee. This may include information found on their website, bill inserts, advertising, notices, emails, or social media sites.

- F12. Overall, how satisfied or dissatisfied are you with the communications that you receive from [INSERT LDC NAME] related specifically to your electrical service? Would you say you are *very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, very dissatisfied* or would you say you *don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts

Price

- G14. Do you feel that the [%]% of your total electricity bill that you pay to [INSERT LDC NAME] for the services they provide is *very reasonable, somewhat reasonable, somewhat unreasonable, very unreasonable* or would you say you *don't know*?

Code	Response	Score
01	Very reasonable	1.00 pts
02	Somewhat reasonable	0.66 pts
03	Somewhat unreasonable	0.33 pts
04	Very unreasonable	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

Reporting the Index Score

Ontario's Local Distribution Companies serve a widely diverse set of customers and communities. In order to ensure comparability among similar customer groups across utilities and over time, each Customer Satisfaction Index report should include the following four calculations:

1. **Overall Customer Satisfaction Index**
2. **Customer Satisfaction Index** by H16 (financial hardship)
3. **Customer Satisfaction Index** by H17 (sector confidence)
4. **Customer Satisfaction Index** by standard electricity consumption tranches.

Overall Customer Satisfaction Index

Below is an example of the overall customer satisfaction index scores as illustrated using sample data from the **February 2016 pilot survey**, conducted by INNOVATIVE for the EDA.

All section points bound between 0 and 1

Overall Satisfaction (B5)	0 to 1pts
Power Quality and Reliability (C6-C8)	0 to 1pts
Billing and Payment (D9-D10)	0 to 1pts
Customer Service Experience (E11)	0 to 1pts
Communications (F12)	0 to 1pts
Price (G14)	0 to 1pts



Step 1



The average results of the questions asked for **each OEB topic and the overall satisfaction score will be added together.**

Step 2



The sum of scores from **Step 2** will be divided by 6 to generate the **Customer Satisfaction Index Score.**

For the other three calculations, the Index should be reported in the rows with H16, H17 and the standard electricity consumption tranches in the columns. The Index Score should be reported as column percentages.

Customer Satisfaction Index by Question H16 (financial hardship)

Residential Version: *The cost of my electricity bill has a major impact on my finances and requires I do without some other important priorities.*

GS Version: *The cost of my electricity bill has a major impact on the bottom line of my organization and results in some important spending priorities and investments being put off.*

As mentioned earlier, question H16 is designed to disentangle changes in the Index due to changing financial circumstances outside of a distributor's control.

If the results within a category are consistent or growing, that indicates stable or improving performance even if financial circumstances are getting worse.

Impact on Finances	Customer Satisfaction Index Score
Strongly agree	.66
Somewhat agree	.74
Somewhat disagree	.79
Strongly disagree	.82
Overall CSI	.73

Note: 'Don't know/ No opinion' not shown

Customer Satisfaction Index by Question H17 (sector confidence)

Residential & GS Version: *Customers are well served by the electricity system in Ontario.*

Similarly, question H17 is designed to disentangle changes in the Index due to changing perceptions of the sector as a whole from changes due to local distributor performance.

If the results within a category are consistent or growing, that indicates stable or improving performance even if non-LDC controversies are raising skepticism towards the sector as a whole.

General Perception of Sector	Customer Satisfaction Index Score
Strongly agree	.81
Somewhat agree	.75
Somewhat disagree	.62
Strongly disagree	.57
Overall CSI	.73

Note: 'Don't know/ No opinion' not shown

Customer Satisfaction Index by Electricity Consumption Tranches

Different areas of the province have different patterns of electricity usage. Comparing Index scores among defined high and low usage groups across the province allows utilities with different usage patterns to be more easily compared.

Under this reporting requirement, LDCs would show their Index Score among all residential respondents who fall within a predetermined annual consumption level. This would help avoid

“outliers” in an LDC’s customer data (particularly for LDCs with customers with above average consumption levels and below average consumption levels).

Consumption tranches should be bound among common distribution levels of annual residential consumption: for example, below 6,000 kWh annually (500 kWh per month), between 6,000 kWh and 9,600 kWh annually (800 kWh per month) and above 9,600 kWh.

As such, LDCs would also report their Index Score for residential customers in each of the following three consumption groups:

Consumption Tranches	Indexed Score by Annual Household kWh
Low Consumption	Below 6,000 kWh in annual household consumption
Medium Consumption	6,000 kWh to under 9,600 kWh in annual household consumption
High Consumption	9,600 kWh or more in annual household consumption
Overall Residential CSI	Customer Satisfaction Index for <u>residential customers</u> only

Illustrative index scores are not available for this table as annual consumption data was not collected through the pilot survey.

Note: non-residential customers would not be included in this table as the variance in their consumption levels is considerably larger than residential customers and their sample size will be relatively small in most LDC Customer Satisfaction Scorecard surveys.



LDC Customer Satisfaction Scorecard

Residential Ratepayer Questionnaire

Revised: February 23rd, 2016

Prepared by:

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LDC Customer Satisfaction Questionnaire

Internal Questionnaire Notes

Method: Telephone (Random Digit Dialling)

Questionnaire Length: Approximately 8 minutes

Language: English

Sample Frame: Residential Customers

Sample Size: Minimum of n=400, proportionate mix of low volume customers

Scorecard Objectives

To meet OEB scorecard requirements, a standardized set of customer satisfaction questions have been developed in consultation with Ontario distributors.

The scorecard surveys will canvass customer satisfaction in the following five key areas:


- (a) power quality and reliability;
- (b) price;
- (c) billing and payment;
- (d) communications; and
- (e) the customer service experience.

Customer Satisfaction Index Score

To optimize comparability, each distributor will receive a **Customer Satisfaction Index Score** bound between 0 and 100%. The chart below illustrates how the Customer Satisfaction Index Score will be calculated.

All section points bound between 0 and 1

Overall Satisfaction (B5)	0 to 1pts
Power Quality and Reliability (C6-C8)	0 to 1pts
Billing and Payment (D9-D10)	0 to 1pts
Customer Service Experience (E11)	0 to 1pts
Communications (F12)	0 to 1pts
Price (G14)	0 to 1pts

Step 1  **Weight data to n=400** with each low volume rate class proportionate to its share of LDC customer base.

Step 2



The average results of the questions asked for **each OEB topic and the overall satisfaction score** will be added together.

Step 3



The sum of scores from **Step 2** will be divided by 6 to generate the **Customer Satisfaction Index Score**.

A. SCREENING AND QUALIFICATIONS

Hello, may I please speak to [customer name]?

Yes <speaking>

[go to INTRO]

Yes <transferred to contact>

[go to INTRO]

No <not available> “When is a good time to callback?”

[record callback time]

No <not interested in talking>

[THANK & TERMINATE]

Introduction

Hello, my name is _____ and I’m calling from [survey company] on behalf of [INSERT LDC NAME], your local electricity utility.

[Survey Company] is a [survey company description]. We have been hired by [INSERT LDC NAME] to find out how satisfied you are with their services and help them understand whether there are things they could be doing to better serve their customers.

We are simply interested in hearing your opinions – no attempt will be made to sell you anything.

- A1. Can I have roughly **8 minutes**¹ of your time to ask you some questions? All your responses will be kept strictly confidential.

Yes – I don’t mind

1 [CONTINUE]

No – Not primary bill payer (i.e. not best person to speak to)

2 [go to TRANSFER-1]

No – BAD TIME

3 [ARRANGE CALLBACK]

No – HARD REFUSAL

4 [THANK & TERMINATE]

MONIT [INTERNAL]

This call may be monitored or audio taped for quality control and evaluation purposes.

PRESS TO CONTINUE

1

- A2. Can you confirm that your household receives an electricity or hydro bill from [LDC / Billing Entity]?

YES

1 [CONTINUE]

NO

2 [THANK & TERMINATE]

DK (volunteered)

98 [THANK & TERMINATE]

¹ Will depend on the length of the final OEB approved questionnaire and whether an LDC elects to add custom proprietary questions.

Only those who pay bill qualify to be interviewed.

A3. Are you the person primarily responsible for paying the electricity or hydro bill in your household?

YES – primary electricity bill payer	1	[CONTINUE TO B]
YES – shared responsibility	2	[CONTINUE TO B]
NO	3	[go to TRANSFER]
DK (volunteered)	98	[THANK & TERMINATE]

TRANSFER

Can I speak with the person in your household who usually pays the electricity or hydro bill?

Yes	1	[BACK TO <u>INTRO</u>]
No – NOT AVAILABLE/BAD TIME – (ARRANGE CALLBACK)	2	[ARRANGE CALLBACK]
No – HARD REFUSAL	3	[THANK & TERMINATE]
Don't know (DNR)	98	[THANK & TERMINATE]

B. INTRODUCTION AND CORE MEASURE

The introduction is designed to prime respondents to start thinking about electricity and the part of the system that LDCs own and operate.

[PREAMBLE]

To begin, I'd like to ask you some questions about your electricity service.

Today we want to talk about [INSERT LDC NAME] and the local electricity system in your community. This is the system that takes the electricity from provincial transmission towers and brings it to your home through a network of wires, poles and other equipment that is owned and operated by [INSERT LDC NAME].

Familiarity: Good opportunity to ensure respondents consider the description they have just heard.

- B4. How familiar are you with [INSERT LDC NAME], which operates the electricity distribution system in your community? Would you say you are *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

Very familiar	1
Somewhat familiar	2
Not familiar	3
Don't know	98
Refused (DNR)	99

Core Measure

- B5. Thinking specifically about the services provided to you and your community by [INSERT LDC NAME], overall, how **satisfied** are you with the services that you receive from [INSERT LDC NAME]. Would you say you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied* or would you say you *don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

C. POWER QUALITY AND RELIABILITY

I'd now like to read you a few statements about the electrical service that you receive from **[INSERT LDC NAME]**.

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

- C6. The reliability of your electricity service – as judged by the number of power outages you experience.
- C7. The amount of time it takes to restore power when power outages occur.
- C8. The quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering or dimming of lights.

[END BATTERY]

D. BILLING AND PAYMENT

I am now going to read you a few statements about the bills that you receive from **[INSERT LDC NAME]**.

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say *you don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

[ROTATE D9 & D10]

D9. Provides accurate bills.

D10. Provides convenient options to both **receive and pay my bills**.

[END BATTERY]

E. CUSTOMER SERVICE EXPERIENCE

Now I'd like to ask you about the customer service you have received when dealing with employees of [INSERT LDC NAME], whether on the telephone, via email, in person or through online conversations including social media.

- E11. Overall, how satisfied or dissatisfied are you with the customer service provided by [INSERT LDC NAME]? Would you say you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*. If you have not been in contact with your distributor just let me know?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
06	Not applicable – Have not been in contact with LDC	0.50 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

F. COMMUNICATIONS

I would now like you to think about the communications that you may receive from your **[INSERT LDC NAME]** without talking directly to an employee. This may include information found on their website, bill inserts, advertising, notices, emails, or social media sites.

- F12. Overall, how satisfied or dissatisfied are you with the communications that you receive from **[INSERT LDC NAME]** related specifically to your electrical service? Would you say you are *very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, very dissatisfied* or would you say you *don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts

G. PRICE

NOTE: G13 is designed to ensure all respondents are aware of the basic concept of an electricity distributor so they don't confuse issues from other parts of the system with distributor performance.

- G13. While [INSERT LDC NAME] is responsible for collecting payment for the entire electricity bill, they retain only about [%%]% of the average residential customer's bill. The rest of the bill goes to power generation companies, transmission companies, the provincial government and regulatory agencies.

Before this survey, how familiar were you with the percentage of your electricity bill that went to [INSERT LDC NAME]? Would you say you were *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

Code	Response
01	Very familiar
02	Somewhat familiar
03	Not familiar
98	Don't know
99	Refused [DNR]

- G14. Do you feel that the [%%]% of your total electricity bill that you pay to [INSERT LDC NAME] for the services they provide is *very reasonable*, *somewhat reasonable*, *somewhat unreasonable*, *very unreasonable* or would you say you *don't know*?

Code	Response	Score
01	Very reasonable	1.00 pts
02	Somewhat reasonable	0.66 pts
03	Somewhat unreasonable	0.33 pts
04	Very unreasonable	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

Service Improvement Probe

- G15. Is there anything in particular you would like [INSERT LDC NAME] to do to improve its services to you? [OPEN]

Don't know (DNR)	98
Refused (DNR)	99

Note: This is the end of the core Customer Satisfaction Scorecard questions. Should LDCs wish to ask additional, customized questions, they would follow G15. All supplemental questions will be excluded from the publicly reported Customer Satisfaction Index Score and remain proprietary to the LDC.

H. ENVIRONMENTAL CONTROLS (CORE Q's)

Lastly, I'd like to ask you some general questions about the electricity system in Ontario.

For each statement please tell me if you would strongly agree, somewhat agree, somewhat disagree or strongly disagree. If you don't know enough to say or don't have an opinion just let me know.

01	Strongly agree
02	Somewhat agree
03	Somewhat disagree
04	Strongly disagree
98	Don't know/No opinion
99	Refused [DNR]

[ROTATE H16 & H17]

H16. The cost of my electricity bill has a major impact on my finances and requires I do without some other important priorities.

H17. Customers are well served by the electricity system in Ontario.

[END BATTERY]

THANK and END SURVEY

Thank you very much for taking the time to complete this survey.



LDC Customer Satisfaction Scorecard

General Service Questionnaire

Revised: February 23rd, 2016

Prepared by:

Innovative Research Group, Inc.
www.innovativeresearch.ca

Vancouver
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Vancouver BC | V6C 3K4

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Toronto, Ontario | M5E 1A7



LDC Customer Satisfaction Questionnaire

Internal Questionnaire Notes

Method: Telephone (Random Digit Dialling)

Questionnaire Length: Approximately 8 minutes

Language: English

Sample Frame: Small Business (General Service under 50kW)

Sample Size: Minimum of n=400, proportionate mix of low volume customers

Scorecard Objectives

To meet OEB scorecard requirements, a standardized set of customer satisfaction questions have been developed in consultation with Ontario distributors.

The scorecard surveys will canvass customer satisfaction in the following five key areas:

- (a) power quality and reliability;
- (b) price;
- (c) billing and payment;
- (d) communications; and
- (e) the customer service experience.

Customer Satisfaction Index Score

To optimize comparability, each distributor will receive a **Customer Satisfaction Index Score** bound between 0 and 100%. The chart below illustrates how the Customer Satisfaction Index Score will be calculated.

All section points bound between 0 and 1

Overall Satisfaction (B5)	0 to 1pts
Power Quality and Reliability (C6-C8)	0 to 1pts
Billing and Payment (D9-D10)	0 to 1pts
Customer Service Experience (E11)	0 to 1pts
Communications (F12)	0 to 1pts
Price (G14)	0 to 1pts

Step 1

Weight data to n=400 with each low volume rate class proportionate to its share of LDC customer base.



Step 2



The average results of the questions asked for **each OEB topic and the overall satisfaction score** will be added together.

Step 3



The sum of scores from **Step 2** will be divided by 6 to generate the **Customer Satisfaction Index Score**.

A. SCREENING AND QUALIFICATIONS

Hello, may I please speak to the person who is in charge of managing the electricity bill at your organization?

Yes <speaking>	[go to INTRO]
Yes <transferred to contact>	[go to INTRO]
No <not available> “When is a good time to callback?”	[record callback time]
No <not interested in talking>	[THANK & TERMINATE]

Introduction

Hello, my name is _____ and I’m calling from [survey company] on behalf of [INSERT LDC NAME], your local electricity utility.

[Survey Company] is a [survey company description]. We have been hired by [INSERT LDC NAME] to find out how satisfied you are with their services and help them understand whether there are things they could be doing to better serve their customers.

We are simply interested in hearing your opinions – no attempt will be made to sell you anything.

Can I please speak to the person who is in-charge of managing the electricity bill at your organization?

- | | |
|--|------------------------|
| 1) Yes, speaking <contact on the line> | [skip to A1] |
| 2) Yes <transferred to contact> | [skip to A1] |
| 3) No <not the right contact person> | [GO to “NEW”] |
| 4) No <busy> “When is a good time to callback?” | [record callback time] |
| 5) Maybe <may I ask who is calling?> | [skip to GATE] |

NEW. And ... can I have their ...

First Name _____

Last Name _____

Title/Position _____

Phone Number _____

ASK to be transferred ...

- if transferred → go to A1
- if not transferred → Thank & Add to Callback List

GATE. Hello, my name is _____ and I’m calling from [survey company] on behalf of [LDC], your local electricity utility.

INTERVIEWER NOTE: If gatekeeper asks the purpose of call → I’d like to ask the person in-charge of managing the electricity bill at your organization a few questions concerning a [LDC] customer consultation.

1) Yes <transferred to contact>

[skip to A1]

2) No <not available> “When is a good time to callback?”

[record callback time
and GO to “NEW”]

3) No <not interested in talking>

[Thank & Terminate]

A1 QUAL PREAMBLE:

Read preamble again, if transferred to new person:

Hello, my name is _____ and I’m calling from [survey company] on behalf of [INSERT LDC NAME], your local electricity utility.

[Survey Company] is a [survey company description]. We have been hired by [INSERT LDC NAME] to find out how satisfied you are with their services and help them understand whether there are things they could be doing to better serve their customers.

A1. Can I have roughly **8 minutes**¹ of your time to ask you some questions? All your responses will be kept strictly confidential.

Yes – I don’t mind

1 [CONTINUE]

No – Not primary bill payer (i.e. not best person to speak to)

2 [go to TRANSFER-1]

No – BAD TIME

3 [ARRANGE CALLBACK]

No – HARD REFUSAL

4 [THANK & TERMINATE]

MONIT [INTERNAL]

This call may be monitored or audio taped for quality control and evaluation purposes.

PRESS TO CONTINUE

1

A2. Can you confirm that your organization receives an electricity or hydro bill from [LDC / Billing Entity]?

YES

1 [CONTINUE]

NO

2 [THANK & TERMINATE]

DK (volunteered)

98 [THANK & TERMINATE]

¹ Will depend on the length of the final OEB approved questionnaire and whether an LDC elects to add custom proprietary questions.

Only those in charge of managing/overseeing organizations electricity bill will be interviewed.

A3. As part of your job, are you in charge of managing or overseeing your organization's electricity or hydro bill?

YES	1	[CONTINUE]
NO	2	"Can I speak to the person who manages your organization's electricity bill?" [Return to NEW]
DK	3	"Can I speak to the person who manages your organization's electricity bill?" [Return to NEW]

TRANSFER

Can I please speak to the person who is in-charge of managing the electricity bill at your organization?

Yes	1	[BACK TO <u>INTRO</u>]
No – NOT AVAILABLE/BAD TIME – (ARRANGE CALLBACK)	2	[ARRANGE CALLBACK]
No – HARD REFUSAL	3	[THANK & TERMINATE]
Don't know (DNR)	98	[THANK & TERMINATE]

B. INTRODUCTION AND CORE MEASURE

The introduction is designed to prime respondents to start thinking about electricity and the part of the system that LDCs own and operate.

[PREAMBLE]

To begin, I'd like to ask you some questions about your electricity service.

Today we want to talk about [INSERT LDC NAME] and the local electricity system in your community. This is the system that takes the electricity from provincial transmission towers and brings it to your organization through a network of wires, poles and other equipment that is owned and operated by [INSERT LDC NAME].

Familiarity: Good opportunity to ensure respondents consider the description they have just heard.

- B4. How familiar are you with [INSERT LDC NAME], which operates the electricity distribution system in your community? Would you say you are *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

Very familiar	1
Somewhat familiar	2
Not familiar	3
Don't know	98
Refused (DNR)	99

Core Measure

- B5. Thinking specifically about the services provided to you and your community by [INSERT LDC NAME], overall, how **satisfied** are you with the services that you receive from [INSERT LDC NAME]. Would you say you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied* or would you say you *don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

C. POWER QUALITY AND RELIABILITY

I'd now like to read you a few statements about the electrical service that you receive from **[INSERT LDC NAME]**.

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
04	Somewhat dissatisfied	0.25 pts
05	Very dissatisfied	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

- C6. The reliability of your electricity service – as judged by the number of power outages you experience.
- C7. The amount of time it takes to restore power when power outages occur.
- C8. The quality of the power delivered to you as judged by the absence of voltage fluctuations that can result in the flickering lights or may affect your equipment.

[END BATTERY]

D. BILLING AND PAYMENT

I am now going to read you a few statements about the bills that you receive from **[INSERT LDC NAME]**.

For each of the following statements, please tell me if you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*?

Code	Response	Score
01	Very satisfied	1.00 pts
02	Somewhat satisfied	0.75 pts
03	Neither satisfied or dissatisfied	0.50 pts
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05	Very dissatisfied	0.00 pts
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[ROTATE D9 & D10]

D9. Provides accurate bills.

D10. Provides convenient options to both **receive and pay my bills**.

[END BATTERY]

E. CUSTOMER SERVICE EXPERIENCE

Now I'd like to ask you about the customer service you have received when dealing with employees of [INSERT LDC NAME], whether on the telephone, via email, in person or through online conversations including social media.

- E11. Overall, how satisfied or dissatisfied are you with the customer service provided by [INSERT LDC NAME]? Would you say you are *very satisfied*, *somewhat satisfied*, *neither satisfied nor dissatisfied*, *somewhat dissatisfied*, *very dissatisfied*, or would you say you *don't know*. If you have not been in contact with your distributor just let me know?

Code	Response	Score
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06	Not applicable – Have not been in contact with LDC	0.50 pts
98	Don't know	0.50 pts
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F. COMMUNICATIONS

I would now like you to think about the communications that you may receive from your **[INSERT LDC NAME]** without talking directly to an employee. This may include information found on their website, bill inserts, advertising, notices, emails, or social media sites.

- F12. Overall, how satisfied or dissatisfied are you with the communications that you receive from **[INSERT LDC NAME]** related specifically to your electrical service? Would you say you are *very satisfied, somewhat satisfied, neither satisfied nor dissatisfied, somewhat dissatisfied, very dissatisfied* or would you say you *don't know*?

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G. PRICE

NOTE: G13 is designed to ensure all respondents are aware of the basic concept of an electricity distributor so they don't confuse issues from other parts of the system with distributor performance.

- G13. While [INSERT LDC NAME] is responsible for collecting payment for the entire electricity bill, they retain only about [%%]% of the average small business customer's bill. The rest of the bill goes to power generation companies, transmission companies, the provincial government and regulatory agencies.

Before this survey, how familiar were you with the percentage of your organization's electricity bill that went to [INSERT LDC NAME]? Would you say you were *very familiar*, *somewhat familiar*, *not familiar* or would you say you *don't know*?

Code	Response
01	Very familiar
02	Somewhat familiar
03	Not familiar
98	Don't know
99	Refused [DNR]

- G14. Do you feel that the [%%]% of your organization's total electricity bill that you pay to [INSERT LDC NAME] for the services they provide is *very reasonable*, *somewhat reasonable*, *somewhat unreasonable*, *very unreasonable* or would you say you *don't know*?

Code	Response	Score
01	Very reasonable	1.00 pts
02	Somewhat reasonable	0.66 pts
03	Somewhat unreasonable	0.33 pts
04	Very unreasonable	0.00 pts
98	Don't know	0.50 pts
99	Refused [DNR]	0.50 pts

Service Improvement Probe

- G15. Is there anything in particular you would like [INSERT LDC NAME] to do to improve its services to you? [OPEN]

Don't know (DNR)	98
Refused (DNR)	99

Note: This is the end of the core Customer Satisfaction Scorecard questions. Should LDCs wish to ask additional, customized questions, they would follow G15. All supplemental questions will be excluded from the publicly reported Customer Satisfaction Index Score and remain proprietary to the LDC.

H. ENVIRONMENTAL CONTROLS (CORE Q's)

Lastly, I'd like to ask you some general questions about the electricity system in Ontario.

For each statement please tell me if you would strongly agree, somewhat agree, somewhat disagree or strongly disagree. If you don't know enough to say or don't have an opinion just let me know.

01	Strongly agree
02	Somewhat agree
03	Somewhat disagree
04	Strongly disagree
98	Don't know/No opinion
99	Refused [DNR]

[ROTATE H16 & H17]

H16. The cost of my electricity bill has a major impact on the bottom line of my organization and results in some important spending priorities and investments being put off.

H17. Customers are well served by the electricity system in Ontario.

[END BATTERY]

THANK and END SURVEY

Thank you very much for taking the time to complete this survey.

ADDENDUM A

Further to some inquiries and comments Redhead has received since the final draft of the 2017 Customer Satisfaction Survey was released, it was felt appropriate to provide an addendum that addresses two specific areas of the survey. This language may assist you in the lens through which you view the survey and the results. Also, it may be of help when preparing applications for the Ontario Energy Board.

Timing of Survey:

LDC's in Ontario are required to administer a Customer Satisfaction Survey on a biennial basis. While this requirement is the same for all, it does not prescribe a specific time period that all LDC's will execute this work within. As such, LDC's may do this task in staggered years and at different times within the year.

This survey was commissioned in 2016 for field execution in Q1 2017. It should be noted that the time the survey was in field gathering responses, the political and public conversation taking place regarding rates was reaching fever-pitch. The Government announced a rate reduction on March 2, 2017, after almost all responses had been gathered.

Redhead believes this hyper-sensitive political climate may have had a cumulative negative effect on Customer Satisfaction Index Scores. Although "Section H" questions were not part of the Customer Satisfaction Index calculation, it did tie the issue of satisfaction and the price of and/or quality of the overall system together. When results are viewed through this lens, it becomes clear that those who feel the price is too high score the LDC lower on Customer Satisfaction and are "taking out some of their frustration" at the cost of electricity on the LDC despite its lack of control.

Comparison to Previous Survey Efforts:

While it is and often desirous to compare year-over-year or survey-over-survey results, it is not possible to do this with the LDCs previous efforts. This survey is unique and its questions and methodology does not correlate to any prior surveys the LDC. This survey needs to be regarded as stand-alone and the results as the start of new baseline measurement. Future surveys, containing the same base questions and Customer Satisfaction Index Calculation will be comparable.

As Redhead was contracted individually by LDCs for this survey, we have not provided the proprietary results of other LDCs in each report for comparative analysis. We have, however, provided this information to CHEC who may wish to share it among the group at their discretion.

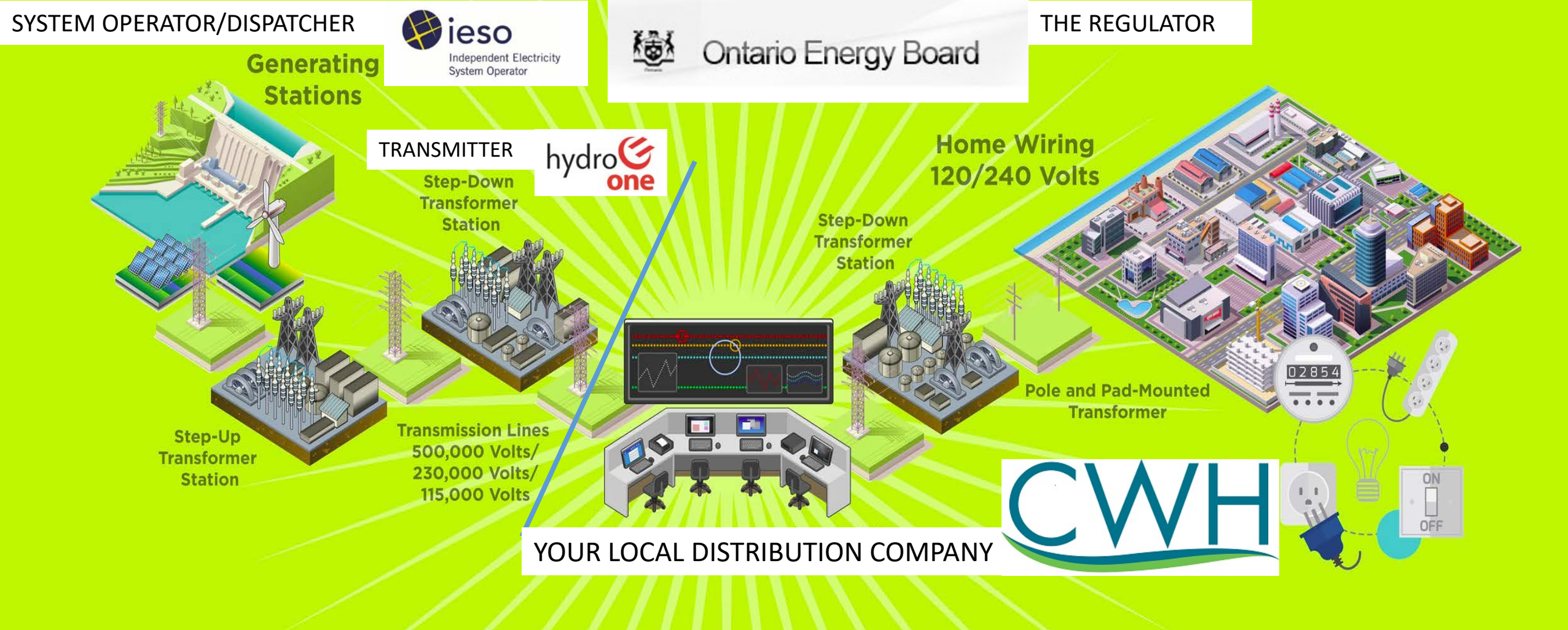
Appendix C

Fall 2016 Open House Presentation



Residential and Small Business Customer
Consultation

WELCOME



Who we are

Centre Wellington Hydro is a Local Distribution Company (LDC) wholly owned by the Township (you the tax payer). Our Service Territory is the town of Fergus and Elora. We own and operate the following major assets and more.

- 7,000 meters/customers
- 91 Kilometers of overhead lines
- 489 Underground transformers
- Service centre and admin office
- 6 Distribution stations
- 70 kilometers of underground lines
- 314 Overhead transformers
- 3,000 Poles

DISTRIBUTION RATE SETTING



CW Hydro is currently preparing a **rate application** to be filed with the **Ontario Energy Board (OEB)** in the **spring of 2017**.

In the application, CW Hydro will explain its plan for capital investment into the distribution system, operations and maintenance needs, as well as administration including finance and billing requirements.

It is **CW Hydro's goal to continue providing the high level of service you receive today**, with excellent system reliability, safety and customer satisfaction.

We want your feedback, including your priorities, which we will use to determine the direction we take with our System planning.

The OEB will assess CW Hydro's application which will include your feedback to determine **electricity rates (Distribution charges only) from 2018 – 2022**.

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%	96.60%	97.90%	⬆️	90.00%	
		Scheduled Appointments Met On Time	90.50%	97.60%	99.40%	91.70%	97.60%	⬆️	90.00%	
		Telephone Calls Answered On Time	99.70%	99.80%	99.90%	99.70%	99.60%	⬆️	65.00%	
	Customer Satisfaction	First Contact Resolution					0.5%			
		Billing Accuracy				99.99%	99.98%	⬆️	98.00%	
		Customer Satisfaction Survey Results				A	A			
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					84.10%			
		Level of Compliance with Ontario Regulation 22/04 ¹	NC	C	C	C	C	➡️		C
		Serious Electrical Incident Index	0	0	0	0	0	➡️		0
		Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	➡️		0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.33	0.26	2.87	0.02	0.14	●		0.89
		Average Number of Times that Power to a Customer is Interrupted ²	0.89	0.74	0.89	0.08	0.06	●		0.66
	Asset Management	Distribution System Plan Implementation Progress				80	89			
	Cost Control	Efficiency Assessment		3	3	3	3		0.72	
		Total Cost per Customer ³	\$568	\$599	\$614	\$617	\$654			
		Total Cost per Km of Line ³	\$22,916	\$26,707	\$27,271	\$27,509	\$29,247		0.53	
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 ⁴					18.11%			8.73 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	100.00%		100.00%			
		New Micro-embedded Generation Facilities Connected On Time			100.00%	100.00%	100.00%	➡️	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	3.21	2.14	2.08	1.70	2.26			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.76	0.74	0.89	0.98	1.16			
		Profitability: Regulatory Return on Equity	8.01%	8.01%	8.98%	8.98%	8.98%			
		Deemed (included in rates)	3.34%	2.99%	10.40%	10.96%	8.13%			

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

⬆️ up ⬆️ down ⬆️ flat

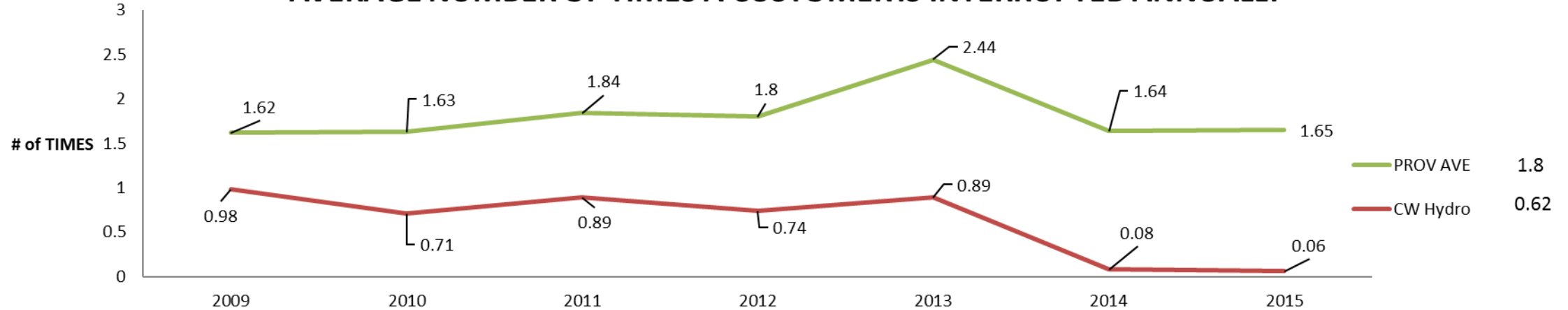
Current year

● target met ● target not met

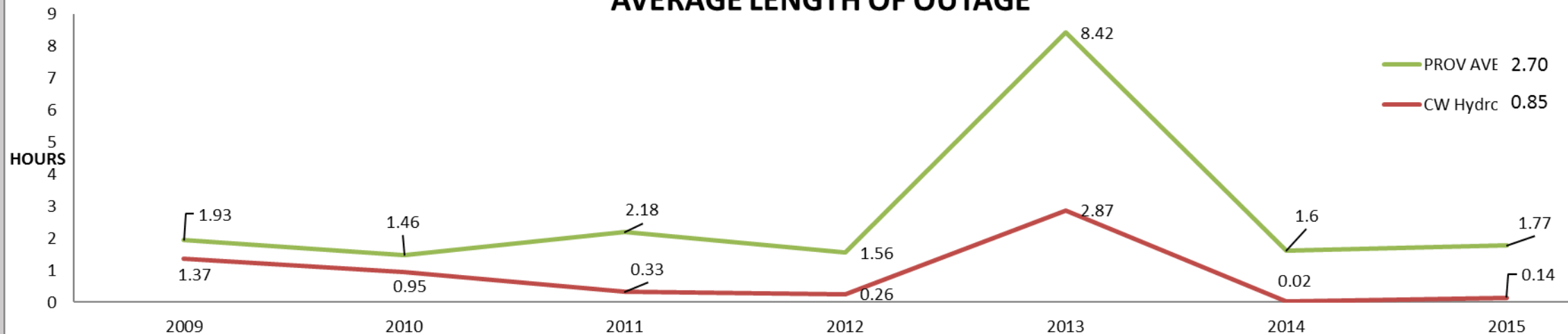
RELIABILITY



AVERAGE NUMBER OF TIMES A CUSTOMER IS INTERRUPTED ANNUALLY



AVERAGE LENGTH OF OUTAGE



Is CWH meeting your expectations for reliability and are you satisfied with performance?

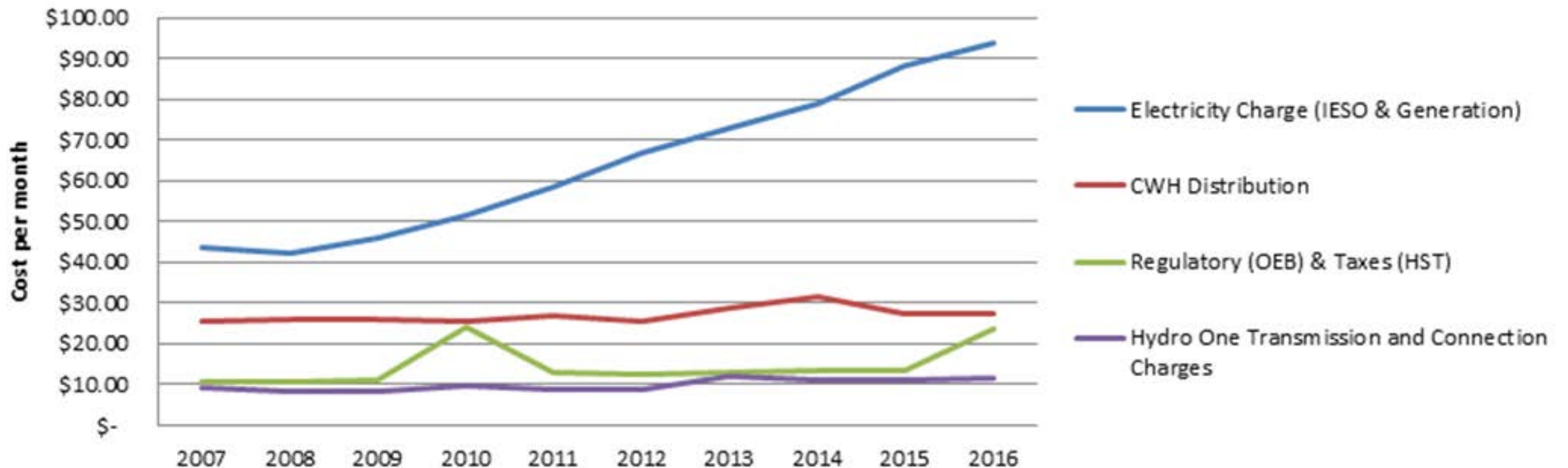


- ☐ Very satisfied
- ☐ Somewhat satisfied
- ☐ Neither satisfied nor dissatisfied
- ☐ Somewhat dissatisfied
- ☐ Very dissatisfied

Where does your money on the Hydro Bill go?



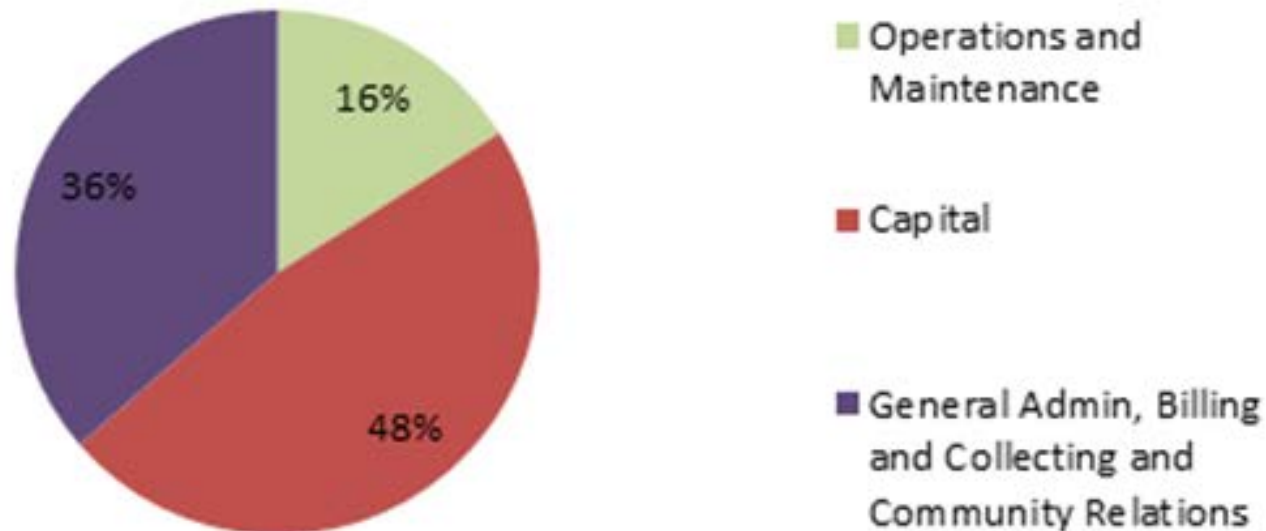
Average CW Hydro Residential Bill



What do distribution rates pay for?



Breakdown of CW Hydro Capital and OM&A Costs



Capital

Rebuilding stations, pole lines and replacing underground and overhead transformers, burying overhead wires

Operations and Maintenance

Restoring power during storms, tree trimming program, painting transformers, switch maintenance and meter replacements

General Administration, Billing

Includes all administrative functions, billing and collecting, finance, regulatory, records, customer service, all applicable software

Recognizing that only a small portion of your monthly bill stays with CWH, do you believe they provide value for your money?



- ☐ Agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Disagree

Feedback



2014 Customer Satisfaction Survey

The Survey was intended to provide information to support discussion about improving customer care at every level and provide actionable and measurable feedback from customers.

Overall CW Hydro's customer satisfaction survey score was an "A"

Highlights of  succeeding and Customers being satisfied from the Survey:

Reliability

Number and duration of outages well below provincial average and customers satisfied.

Customer Focus and Service Quality

CWH deals professionally with customers problems, is "easy to do business with" and delivers on its service commitments to customers.

Operational Effectiveness

Provides consistent, reliable electricity by quickly handling outages and restoring power while making safety a top priority for employees and contractors.

Energy Conservation and Efficiency

Our customers are actively taking steps to reduce and it is paying off! CWH met all conservation targets.

ADDRESSING CUSTOMER FEEDBACK



- Although responding to outages quickly and restoring power “fast” in the Utilities effectiveness during unplanned outages category, respondents wanted improvements in communication.
 - Posting information on the website
 - Communicating updates periodically
 - Providing reason for outage
 - Providing estimated time of restoration

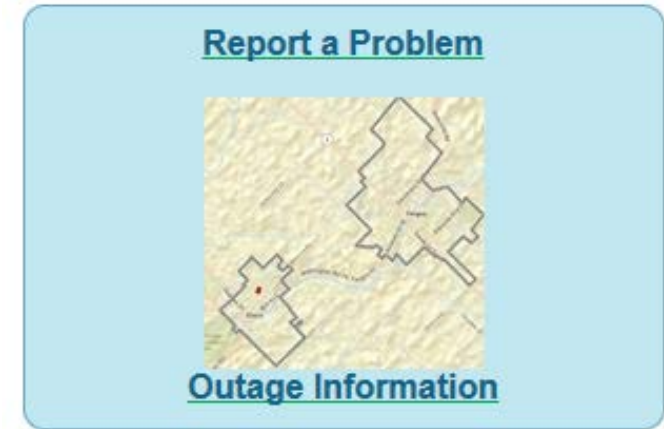
IMPROVING CUSTOMER EXPERIENCE FROM SURVEY FEEDBACK

CWH has implemented changes to the way we deal with outages:

- ❖ CWH now posts outage information on the website, including the area affected, cause and estimated time of restoration. If it is a planned outage, the start time will be indicated.

This map is also interactive and customers can report problems such as street light problems or tree limbs close to wires. Staff review the map daily and generate the required work orders.

*** Note – this site is not to be used to report emergencies or outages.**



CWH has an arrangement with our local radio station, 101.1 FM The Grand, to communicate, on air, periodic updates during outages and emergencies, as well as post these updates on their Facebook and Twitter feeds.

CWH switched to a 24 hour call centre and customers can speak directly to a customer service representative 24/7.





Is CWH doing a good job communicating information to you (outages, rate info, etc) and are you satisfied?

- ☐ Very satisfied
- ☐ Somewhat satisfied
- ☐ Neither satisfied nor dissatisfied
- ☐ Somewhat dissatisfied
- ☐ Very dissatisfied

CUSTOMER PRIORITY INVESTMENTS

From Survey



- ❖ Customer priorities in black

- ❖ CWH actions towards coinciding customer priorities

1. MAINTAIN AND UPGRADE EQUIPMENT

- ❖ CWH uses 64% of rates for maintaining and upgrading the Distribution System

2. REDUCE TIME NEEDED TO RESTORE POWER

- ❖ CWH installed automated equipment in all Stations to reduce outage times

3. EDUCATION ABOUT ENERGY CONSERVATION

- ❖ CWH one of only six Utilities (of >70) to meet provincial conservation targets thanks to customers involvement

4. INVEST IN THE ELECTRIC GRID TO REDUCE NUMBER OF OUTAGES

- ❖ CWH invested \$10M from 2012 to 2016 to rebuild six Stations to reduce outages

5. INVEST IN TREE TRIMMING

- ❖ CWH has a proactive two to three year tree trimming cycle and uses outside contractors during high growth years, when required.

6. BURYING OVERHEAD WIRES

- ❖ CWH works closely with the Municipality and other utilities to rebuild infrastructure in a joint effort to reduce costs and go underground if viable.

Centre Wellington Hydro 2018 to 2022 Planning

- CWH is at the end of a four year OEB approved Cost of Service term with aggressive capital expenditures of \$10M or \$2.5M annual investment primarily into rebuilding stations. Annual OM&A spending was \$2M
- CWH is finalizing future capital projects and maintenance needs by means of a Distribution System Plan (DSP) which takes into account the condition of assets and prioritising their replacement. As well as maintenance requirements to ensure poles, transformers, wires etc are being utilised to their full advantage.
- Preliminary budgets indicate that an annual Capital budget of approximately \$850K will be required for CWH to meet mandatory obligations and execute the DSP.
- It is CWH's goal to keep any rate increases (if necessary) relative to cost of inflation increases.

Do you agree with CWH's goal of managing costs and priorities of CWH in the coming years and are they in line with your expectations?



- ☐ Agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Disagree

Please provide your overall impression of CWH (1-10).



☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10

Please provide any comments you would like relating to CWH's service, reliability or rates and our planning.

Appendix D

Fall 2016 Open House Redhead Media Report



Centre Wellington Hydro 2016 Open House Questionnaire

Nov 3, 2016

REDHEAD
MEDIA SOLUTIONS 

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2 QUESTIONS AND ANSWERS..... 3

3 CONCLUSIONS..... 6

1 SUMMARY

In August 2016 Redhead Media Solutions (Redhead) was retained by Centre Wellington Hydro (CWH) to assist with the development of a questionnaire and public engagement specific to the CWH Customer Open House being held on October 4, 2016.

On various occasions, Redhead liaised with CWH CEO Wayne Dyce via email and phone to consider topics and wording that would be universal to both the public presentation and the questionnaire. Also discussed was how questions would be administered on-site during the open house as well as after the event.

Redhead provided personnel onsite the day of the event, from 2PM-7PM. The representative spoke with customers to administer the questionnaire and ask general questions relating to the service delivery of CWH. Attendees were incentivized to participate with a gift of a home “time of use” monitor provided by CWH.

The purpose of the questions was to establish general attitudes of the customer base towards CWH related to their service delivery as well as short and long term plans to improve infrastructure. The number of questions was limited to a small number making participation a quick and pleasant experience rather than a chore.

Due to a very modest participation rate in the open house as a whole, the number of respondents was extremely limited; however, almost every attendee took the time to provide answers and comments. The questionnaire remained open post event to solicit more responses from the customer base. A link to the questionnaire web address was maintained on the CWH website until late October.

The following information should be considered anecdotal and is not suitable as the basis for future decision-making as the number of participants is not considered statistically valid nor does it constitute a representative sample of CWH customers.

2 QUESTIONS AND ANSWERS

Q1

Is Centre Wellington Hydro (CHW) meeting your expectations for reliability and are you satisfied with their performance?

Very satisfied	17	94.44%
Somewhat satisfied	1	5.56%
Neither satisfied or dissatisfied	0	0.00%
Somewhat dissatisfied	0	0.00%
Very dissatisfied	0	0.00%
Total	18	

Q2

Is CWH doing a good job communicating information to you (outages, rate info, etc.) and are you satisfied?

Very satisfied	14	77.78%
Somewhat satisfied	3	16.67%
Neither satisfied or dissatisfied	1	5.56%
Somewhat dissatisfied	0	0.00%
Very dissatisfied	0	0.00%
Total	18	

Q3

Recognizing that only a small portion of your monthly bill stays with CWH, do you believe they provide value for your money?

Agree	14	77.78%
Somewhat agree	3	16.67%
Neither agree nor disagree	0	0.00%
Somewhat disagree	0	0.00%
Disagree	1	5.56%
Total	18	

Q4

Do you agree with CWH's goal of managing costs and priorities of CWH in the coming years and are they in line with your expectations?

Agree	13	72.22%
Somewhat agree	5	27.78%
Neither agree nor disagree	0	0.00%
Somewhat disagree	0	0.00%
Disagree	0	0.00%
Total	18	

Q5

Please provide your overall impression of CWH (1-10).

0	0	0.00%
1	0	0.00%
2	0	0.00%
3	0	0.00%
4	0	0.00%
5	0	0.00%
6	1	5.56%
7	1	5.56%
8	5	27.78%
9	5	27.78%
10	6	33.33%

Net Promoter Score	+55.56
---------------------------	---------------

Net promoter score is calculated by subtracting the percentage of detractors (0-6) from promoters (9-10) and establishing a score between -100 and +100. 7s and 8s are considered neutral. Net promoter score is a good indication of the overall satisfaction of an organization.

Participants were also invited to make further comment on any issues related to the service delivery of CWH. They were as follows:

- “Please disregard any offers that Hydro One may make to purchase Centre wellington Hydro...those utilities that have been bought are now sorrow, with increased rates and poorer service.”
- “I had a power outage on Thanksgiving weekend, just as the turkey was about to go into the oven! Hydro staff was quick to respond, and got us sorted out in time to get that bird cooked. Thanks so much!!”
- “At the open house very helpful, occasionally on the phone not as helpful or fourth coming with info as I would like.”

Using a format of direct engagement there was also an opportunity to have several conversations with participants regarding likes and/or dislikes re: CWH. Those conversations can be summarized to some specific points:

- Time of use pricing is hard on single mothers and seniors that are home during the day. Often hard to do tasks at night and makes people less productive overall.
- Hydro outages in town almost nil. Customer can count on one hand the number of outages in the past decade.
- Customer service over the phone not always great, but has been excellent in person.

- Combined bill with other utilities (water, sewer) makes hydro appear most costly than it is. Perception problem. Should have clearer delineation of costs for each service.

3 CONCLUSIONS

As noted earlier in this report, there are no statically valid conclusions that can be drawn from the number of responses; however, the expectation was that this would be the case. As a matter of customer education and engagement the open house and the materials provided served as well-executed community outreach. Redhead will be conducting a full customer service survey using statistically valid methodologies and sample sizes in Q1 2017.

Should you have any questions or comments about the contents of this report or regarding the administration of the questionnaire, please contact:

Graydon Smith
President
Redhead Media Solutions Inc.
416-505 Hwy 118 W.
Bracebridge, ON
P1L 2G7

Appendix E

C&I Presentation



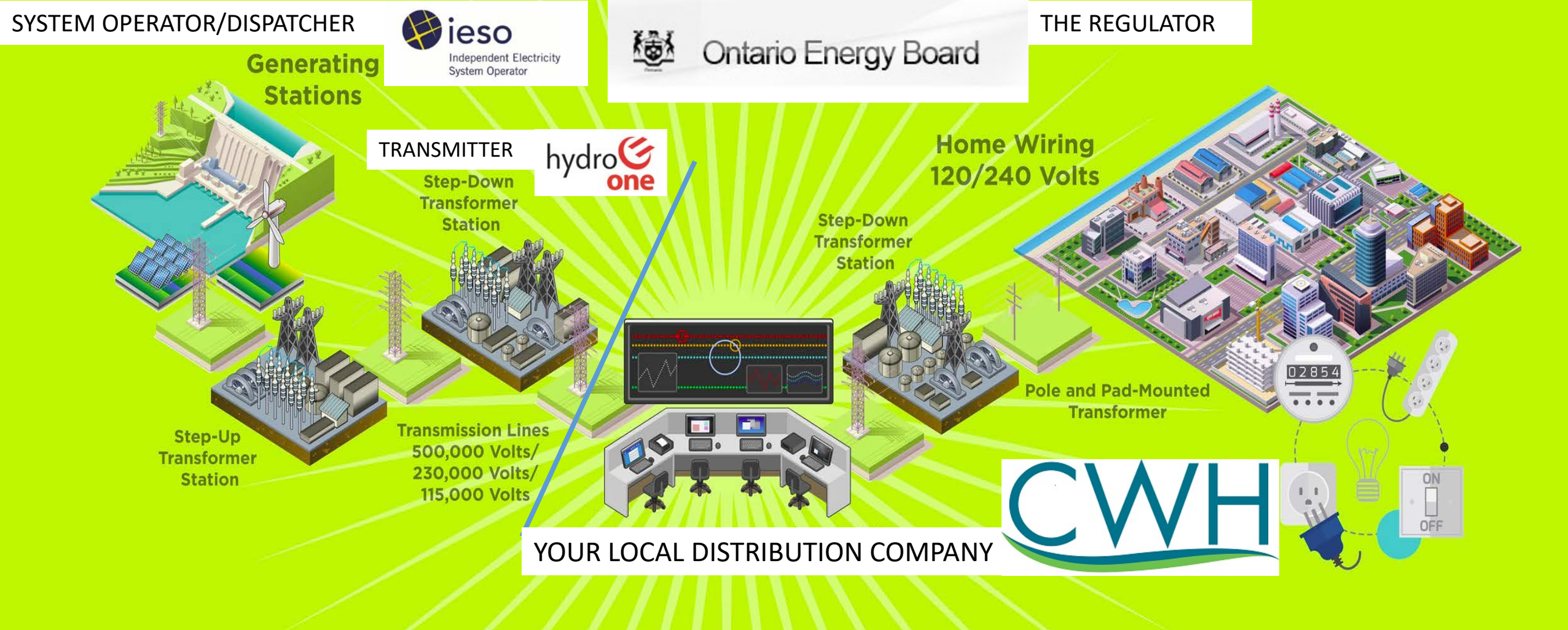
Commercial & Industrial Customers

WELCOME



Topics

- CWH overview
- Distribution Rate Setting
- CWH performance and reliability
- Rates
- Priorities
- Planning



Who we are

Centre Wellington Hydro is a Local Distribution Company (LDC) wholly owned by the Township (you the tax payer). Our Service Territory is the town of Fergus and Elora. We own and operate the following major assets and more.

- 7,000 meters/customers
- 91 Kilometers of overhead lines
- 489 Underground transformers
- Service centre and admin office
- 6 Distribution stations
- 70 kilometers of underground lines
- 314 Overhead transformers
- 3,000 Poles

DISTRIBUTION RATE SETTING



CW Hydro is currently preparing a **rate application** to be filed with the **Ontario Energy Board (OEB)** in the **spring of 2017**.

In the application, CW Hydro will explain its plan for capital investment into the distribution system, operations and maintenance needs, as well as administration including finance and billing requirements.

It is **CW Hydro's goal to continue providing the high level of service you receive today**, with excellent system reliability, safety and customer satisfaction.

We want your feedback, including your priorities, which we will use to determine the direction we take with our System planning.

The OEB will assess CW Hydro's application which will include your feedback to determine **electricity rates (Distribution charges only) from 2018 – 2022**.

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%	96.60%	97.90%	⬆️	90.00%	
		Scheduled Appointments Met On Time	90.50%	97.60%	99.40%	91.70%	97.60%	⬆️	90.00%	
		Telephone Calls Answered On Time	99.70%	99.80%	99.90%	99.70%	99.60%	⬆️	65.00%	
	Customer Satisfaction	First Contact Resolution					0.5%			
		Billing Accuracy				99.99%	99.98%	⬆️	98.00%	
		Customer Satisfaction Survey Results				A	A			
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					84.10%			
		Level of Compliance with Ontario Regulation 22/04 ¹	NC	C	C	C	C	➡️		C
		Serious Electrical Incident Index	0	0	0	0	0	➡️		0
	System Reliability	Number of General Public Incidents Rate per 10, 100, 1000 km of line	0.000	0.000	0.000	0.000	0.000	➡️		0.000
		Average Number of Hours that Power to a Customer is Interrupted ²	0.33	0.26	2.87	0.02	0.14	●		0.89
		Average Number of Times that Power to a Customer is Interrupted ²	0.89	0.74	0.89	0.08	0.06	●		0.66
	Asset Management	Distribution System Plan Implementation Progress				80	89			
	Cost Control	Efficiency Assessment		3	3	3	3		0.72	
		Total Cost per Customer ³	\$568	\$599	\$614	\$617	\$654			
		Total Cost per Km of Line ³	\$22,916	\$26,707	\$27,271	\$27,509	\$29,247		0.53	
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 ⁴					18.11%			8.73 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time		100.00%	100.00%		100.00%			
		New Micro-embedded Generation Facilities Connected On Time			100.00%	100.00%	100.00%	➡️	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	3.21	2.14	2.08	1.70	2.26			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.76	0.74	0.89	0.98	1.16			
		Profitability: Regulatory Return on Equity	8.01%	8.01%	8.98%	8.98%	8.98%			
		Deemed (included in rates) Achieved	3.34%	2.99%	10.40%	10.96%	8.13%			

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

⬆️ up ⬆️ down ⬆️ flat

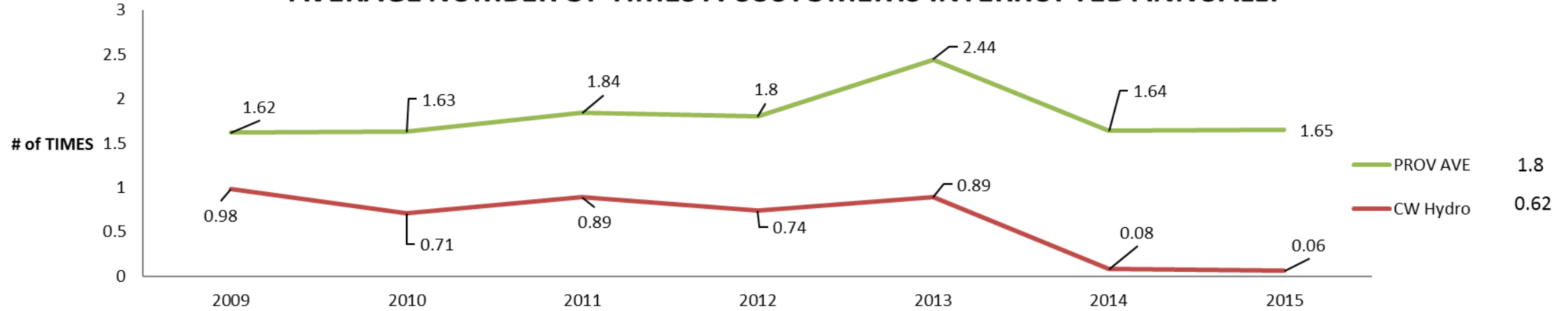
Current year

● target met ● target not met

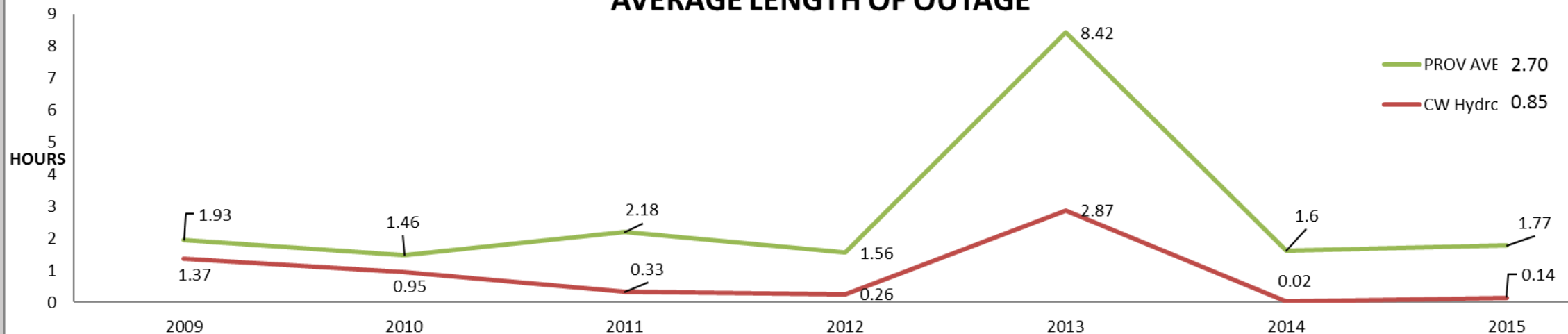
RELIABILITY



AVERAGE NUMBER OF TIMES A CUSTOMER IS INTERRUPTED ANNUALLY



AVERAGE LENGTH OF OUTAGE



Is CWH meeting your expectations for reliability and are you satisfied with performance?



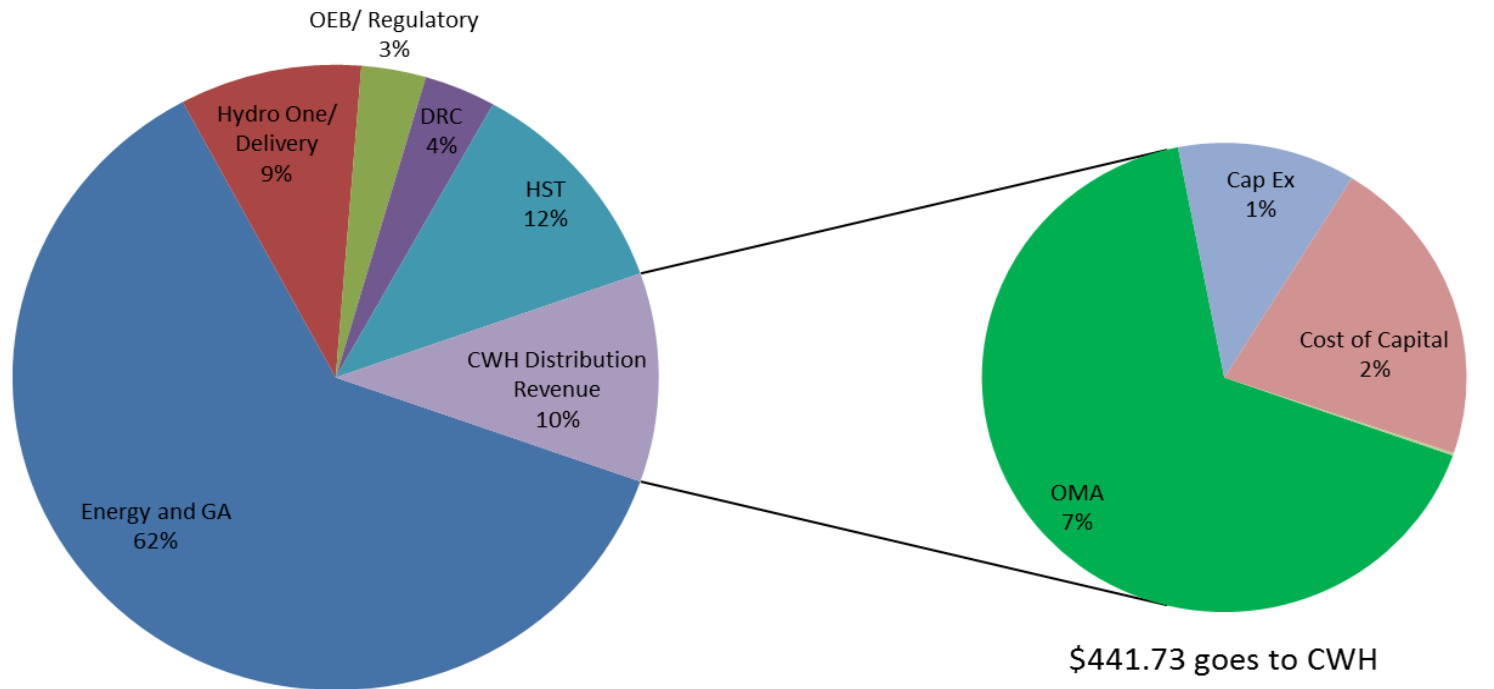
- ☐ Very satisfied
- ☐ Somewhat satisfied
- ☐ Neither satisfied nor dissatisfied
- ☐ Somewhat dissatisfied
- ☐ Very dissatisfied

Additional comments _____

Where does your bill payment go?



Centre Wellington Hydro Ltd. Average Monthly Bill: GS - 75 kW, 21,000 kWh (May 2016)



Total Bill \$4,091.12

\$441.73 goes to CWH

2% increase = \$1.94 or 0.05%

15% savings in OMA Costs = \$16.39 or
0.40% of the total bill

Capital

Rebuilding stations, pole lines and replacing underground and overhead transformers, burying overhead wires

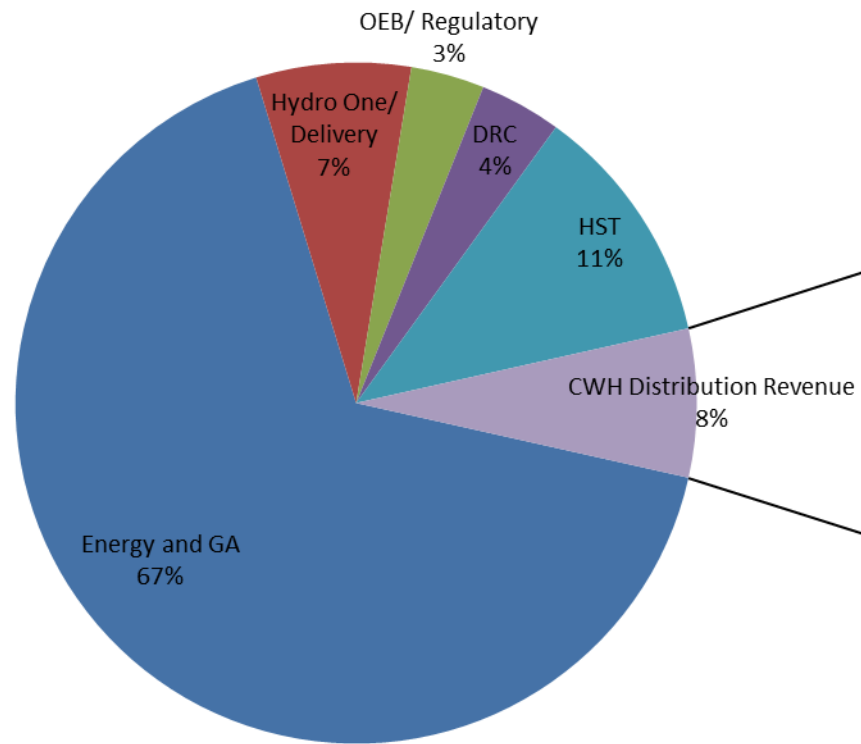
Operations and Maintenance

Restoring power during storms, tree trimming program, painting transformers, switch maintenance and meter replacements

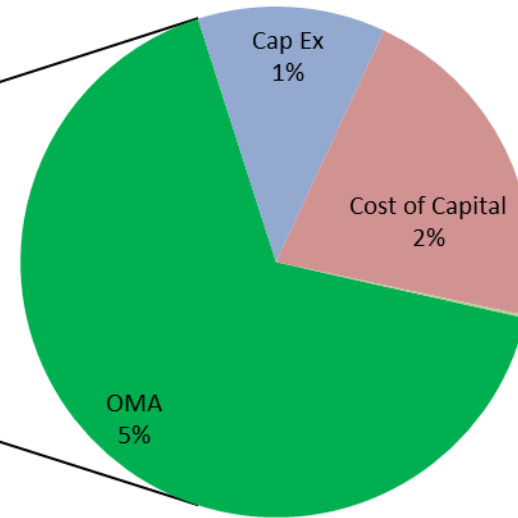
General Administration, Billing

Includes all administrative functions, billing and collecting, finance, regulatory, records, customer service, all applicable software

Centre Wellington Hydro Ltd.
Average Monthly Bill: GS - 150 kW, 56,400 kWh (May 2016)



Total Bill \$10,166.50

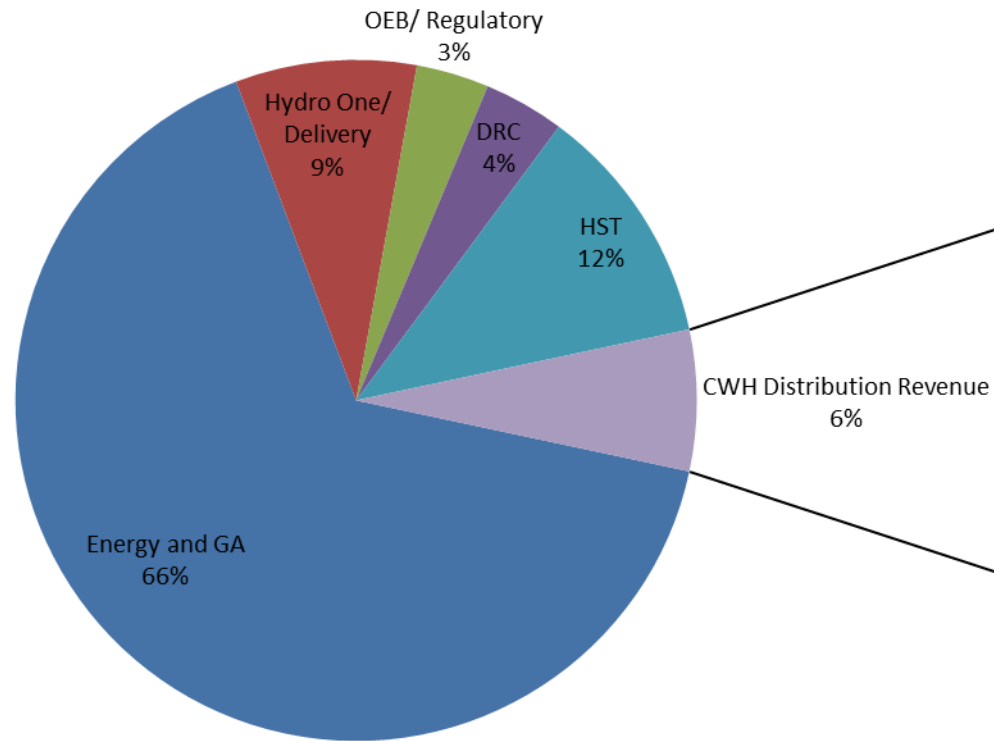


\$715.70 goes to CWH

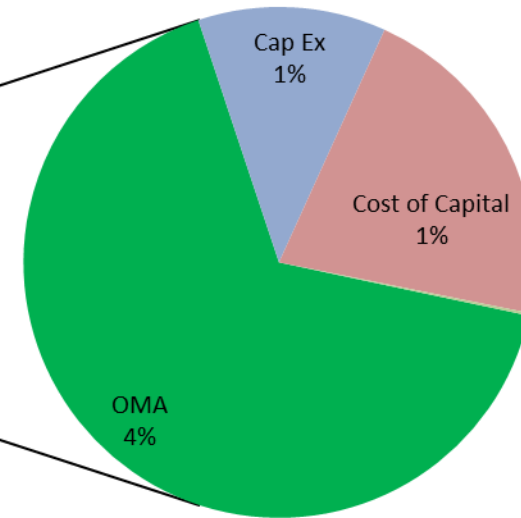
2% increase = \$3.15 or 0.03%

15% savings in OMA Costs =
\$26.55 or 0.26% of the total bill

Centre Wellington Hydro Ltd.
Average Monthly Bill: GS - 750 kW, 238,000 kWh (May 2016)



Total Bill \$43,431.96

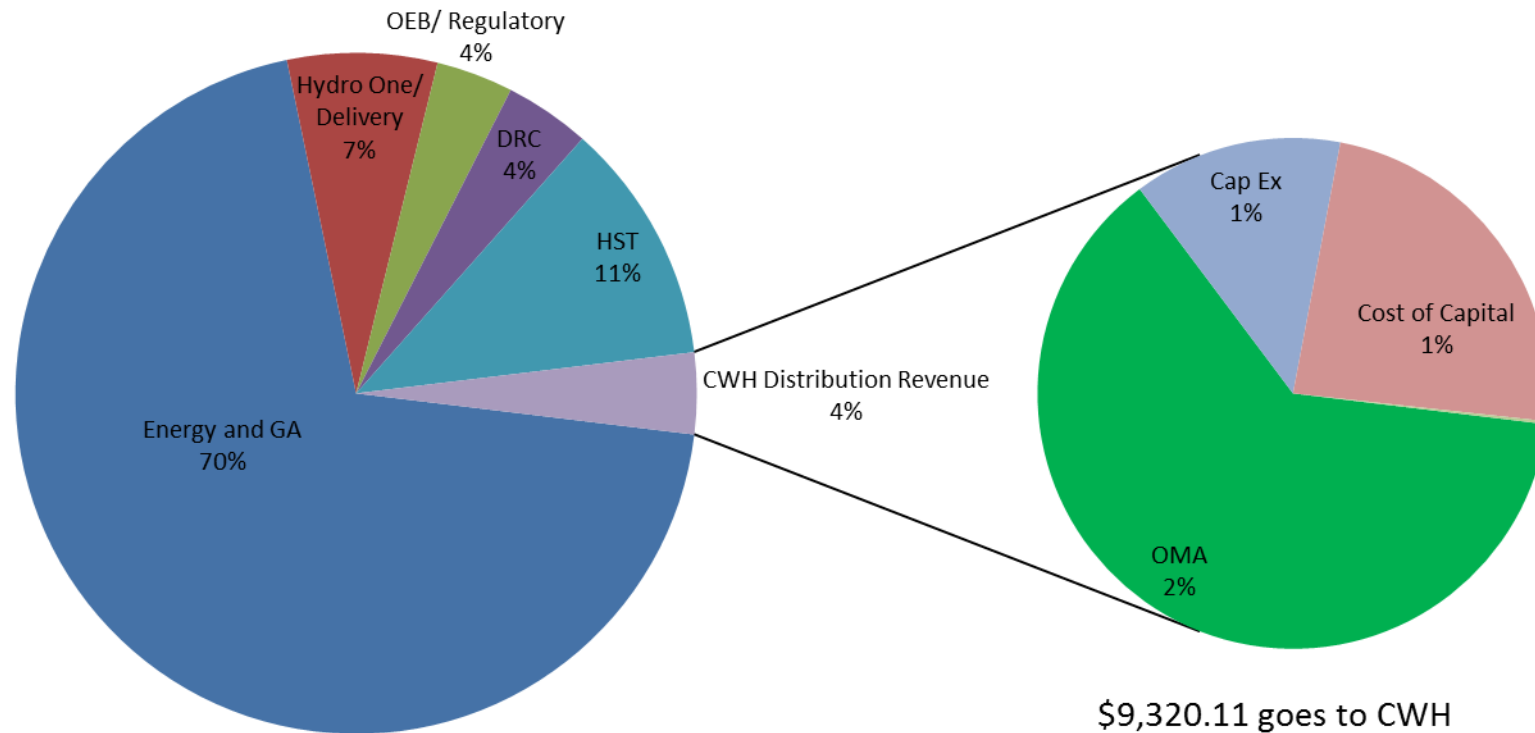


\$2,907.44 goes to CWH

2% increase = \$12.78 or 0.03%

15% savings in OMA Costs =
\$107.87 or .25% of the total bill

Centre Wellington Hydro Ltd.
Average Monthly Bill: GS - 3,000 kW, 1,400,000 kWh



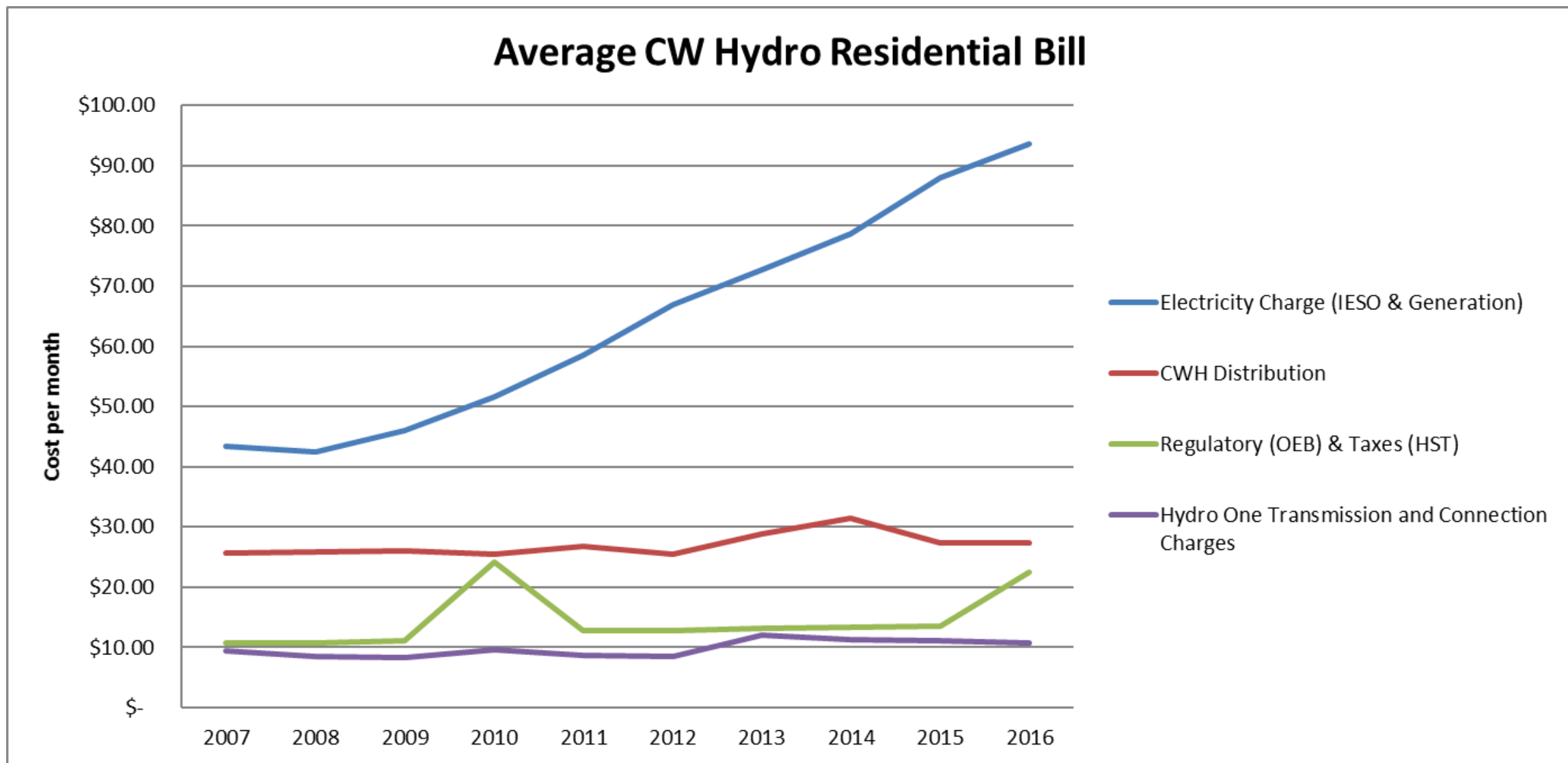
Total Bill \$241,259.13

\$9,320.11 goes to CWH

15% savings in OMA Costs = \$345.78
or .14% of the total bill

2% increase = \$40.96 or 0.02%

Electric bills have been going up



Recognizing that only a small portion of your monthly bill stays with CWH, do you believe its provides value for your money?



- ☐ Agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Disagree

Additional Comments _____

Feedback



2014 Customer Satisfaction Survey

The Survey was intended to provide information to support discussion about improving customer care at every level and provide actionable and measurable feedback from customers.

Overall CW Hydro's customer satisfaction survey score was an "A"

Highlights of  succeeding and Customers being satisfied from the Survey:

Reliability

Number and duration of outages well below provincial average and customers satisfied.

Customer Focus and Service Quality

CWH deals professionally with customers problems, is "easy to do business with" and delivers on its service commitments to customers.

Operational Effectiveness

Provides consistent, reliable electricity by quickly handling outages and restoring power while making safety a top priority for employees and contractors.

Energy Conservation and Efficiency

Our customers are actively taking steps to reduce and it is paying off! CWH met all conservation targets.

CUSTOMER PRIORITY INVESTMENTS

From Survey



- ❖ Customer priorities in black
- ❖ CWH actions toward coinciding customer priorities

1. MAINTAIN AND UPGRADE EQUIPMENT

- ❖ CWH uses 64% of its distribution rates for maintaining and upgrading the Distribution System

2. REDUCE TIME NEEDED TO RESTORE POWER

- ❖ CWH installed automated equipment in all Stations to reduce outage times

3. EDUCATION ABOUT ENERGY CONSERVATION

- ❖ CWH one of only six Utilities (of >70) to meet provincial conservation targets thanks to customers involvement

4. INVEST IN THE ELECTRIC GRID TO REDUCE NUMBER OF OUTAGES

- ❖ CWH invested \$10M from 2012 to 2016 to rebuild six Stations to reduce outages

5. INVEST IN TREE TRIMMING

- ❖ CWH has a proactive two to three year tree trimming cycle and uses outside contractors during high growth years, when required.

6. BURYING OVERHEAD WIRES

- ❖ CWH works closely with the Municipality and other utilities to rebuild infrastructure in a joint effort to reduce costs and go underground if viable.

Centre Wellington Hydro 2018 to 2022 Planning



- CWH last filed a Cost of Service Application in 2013 which covered 2013-2017. During that time, CWH invested 10M over 5 years primarily into rebuilding its stations. Annual Operating Costs were approved at \$2M.
- CWH is in the process of finalizing future capital projects and maintenance needs by means of a Distribution System Plan (DSP). The DSP takes into account the condition of assets and prioritising their replacement. As well as maintenance requirements to ensure poles, transformers, wires etc are being utilised to their full advantage.

	2011	2012	2013	2014	2015	2016	2017	2018
Capital Expenditure	641,441	1,968,943	2,840,909	2,398,195	1,870,376	1,995,700	1,055,500	886,300
Operation Expenditure	1,941,588	2,157,178	2,077,580	2,121,965	2,073,300	2,085,828	2,307,100	2,386,961

- Preliminary budgets indicate that an annual Capital budget of approximately \$1M will be required for CWH to meet mandatory obligations and execute the DSP.
- It is CWH's goal to keep any rate increases relative to the cost of inflation or $\approx 2\%$



Do you agree with CWH's goal of managing costs and priorities of CWH in the coming years and are they in line with your expectations?

- ☐ Agree
- ☐ Somewhat agree
- ☐ Neither agree nor disagree
- ☐ Somewhat disagree
- ☐ Disagree

Additional comments _____

Please provide your overall impression of CWH (1-10).



☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5 ☐ 6 ☐ 7 ☐ 8 ☐ 9 ☐ 10

Please provide any comments you would like relating to CWH's service, reliability or rates and our planning.

Appendix F

C&I Redhead Media Report



**Centre Wellington Hydro 2017 Commercial and Industrial Open
House and Consultation**

Final Report

March 14, 2017

REDHEAD 
MEDIA SOLUTIONS

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3 QUESTIONS AND ANSWERS	4
4 CONCLUSIONS	5
5 APPENDIX A – SURVEY COMMENTS.....	6
6 APPENDIX B- OPEN HOUSE QUESTIONS/COMMENTS	7

1 SUMMARY

In January 2017 Redhead Media Solutions (Redhead) was retained by Centre Wellington Hydro (CWH) to assist with the development of a questionnaire and public engagement specific to the CWH Commercial and Industrial Open House and Consultation held at the Centre Wellington Community Sportsplex on February 22, 2017.

Prior to the event, Redhead liaised with CWH CEO Wayne Dyce via email and phone to consider questions and wording that would be universal to both the commercial presentation and the embedded questionnaire. Also discussed was how questions would be administered on-site during the open house as well as after the event.

Redhead provided personnel onsite the day of the event, from 7:30AM-9:30AM, acting as an observer and noting the discussion and questions that were asked during the presentation. Our representative did not directly engage with participants. The survey was provided as a hard-copy form and collected upon completion. Notes of the dialogue and questions were also harvested throughout the meeting.

The purpose of the survey questions was to establish general attitudes of the commercial and industrial customer base towards CWH related to their service delivery, short and long term plans to improve infrastructure and rates. The number of questions was small and took a short amount of time to complete.

Of the total GS 50 customers invited to the event 13 companies were represented or 26% of the total in this customer class category. Most attendees took the time to provide answers and comments to the survey.

The following information should be considered anecdotal as the number of participants is not considered statistically valid nor does it constitute a representative sample of CWH customers.

2 PARTICIPANTS

Centre Wellington Hydro Commercial & Industrial Open House and Consultation:

Location: Centre Wellington Community Sportsplex Feb 22/17

Number of Attendees: 24 (total)

Number of Staff: 5

Number of CWH Board Members: 3

Survey Participants: 11

3 QUESTIONS AND ANSWERS

Q1

Is Centre Wellington Hydro (CHW) meeting your expectations for reliability and are you satisfied with their performance?

Very satisfied	6	54.55%
Somewhat satisfied	5	45.45%
Neither satisfied or dissatisfied	0	0.00%
Somewhat dissatisfied	0	0.00%
Very dissatisfied	0	0.00%
Total	11	

Q2

Recognizing that only a small portion of your monthly bill stays with CWH, do you believe they provide value for your money?

Agree	4	36.36%
Somewhat agree	6	54.55%
Neither agree nor disagree	0	0.00%
Somewhat disagree	1	9.09%
Disagree	0	0.00%
Total	11	

Q3

Do you agree with CWH's goal of managing costs and priorities of CWH in the coming years and are they in line with your expectations?

Agree	8	72.73%
Somewhat agree	2	18.18%
Neither agree nor disagree	0	0.00%
Somewhat disagree	1	9.09%
Disagree	0	0.00%
Total	11	

Q4

Please provide your overall impression of CWH (1-10).

0	0	0.00%
1	0	0.00%
2	0	0.00%
3	0	0.00%
4	0	0.00%

5	0	0.00%
6	0	0.00%
7	1	9.09%
8	5	45.45%
9	4	36.36%
10	1	9.09%
Net Promoter Score (Max 100, Min -100)		45.45

Net promoter score is calculated by subtracting the percentage of detractors (0-6) from promoters (9-10) and establishing a score between -100 and +100. 7s and 8s are considered neutral. Net promoter score is a good indication of the overall satisfaction of an organization.

As part of the survey, participants were also invited to make further comment on any issues related to the service delivery of CWH. They are available as Appendix 'A' to this report.

While the presentation was taking place, notes were kept re: questions asked and the general conversation. Those notes are available as Appendix 'B' to this report.

4 CONCLUSIONS

As noted earlier in this report, there are no statically valid conclusions that can be drawn from the number of responses; however, the expectation was that this would be the case. As a matter of customer education and engagement the open house and the materials provided served as well-executed community outreach. Redhead will be currently executing a full customer satisfaction survey using statistically valid methodologies and sample sizes in Q1 2017.

Should you have any questions or comments about the contents of this report or regarding the administration of the questionnaire, please contact:

Graydon Smith
President
Redhead Media Solutions Inc.
416-505 Hwy 118 W.
Bracebridge, ON
P1L 2G7

5 APPENDIX A – SURVEY COMMENTS (UNEDITED)

- Rate increases are acceptable to some degree if it equates to increased service.
- Continuous Global Adjustment increase makes our bill continue to rise regardless of energy savings/consumption.
- I believe you have your customers as your number one priority.
- Does a good job at (returning?) hydro and keeps outages to a minimum.
- The rates are too high.

More needs to be done to help small business cut costs of operation.

Reliability is good, but because of the Province's continual blunders there is an unfair load and burden on business.

- Overall satisfaction - very good.

Global Adjustment hard to predict.

unclear very useful and helpful tool to help predict monthly cost.

- Small "flickers" cause issues @ JEC. Probably more so than longer duration outages.

Current infrastructure seems to be reliable. We don't see many interruptions.

Global Adjustment aspect of billing is unpredictable and difficult to budget against. kWh are reducing due to conservation efforts however Global Adjustment leads to higher monthly costs.

Good to see that rates are remaining approx 2% of operating. Capital cost planning seems to be understood.

Excellent infrastructure support. Pole relocation - outage maintenance.

Support during troubleshooting @ floor level. Meter usage power monitoring.

Always easy to contact and get information related to service/outage etc.

- Would like to engage in energy saving opportunities.

Michael Champman - The Gund Company Canada mchapman@thegundcompany.com
519-843-4660

6 APPENDIX B- OPEN HOUSE QUESTIONS/COMMENTS (EDITED)

The following are questions or comments that came from the attendees at the open house:

General Presentation Questions:

Q: Is there focus on business reliability? Realizing that business customers are in need of reliable power?

A: Customer service focus is on all the customers equally. That isn't to say that a business wouldn't get special attention when needed.

Q: Are there energy audits for business?

A: Yes, although businesses are doing different things so the ability to assess for each situation can be very different.

Comment: When I look at my bill Global Adjustment (GA) is up 40%. Working to reduce hydro usage but the GA is still up. Very frustrating: a) tough to anticipate GA levels. Understand that CWH has no control over GA or base rates.

Khalid Hammel Questions:

Q: Is there an opportunity to recycle T5 Fixtures to somebody else that isn't using efficient products already and doesn't have the capital to upgrade to a product that would get a rebate?

A: The program requires recycling to the incentive provider. Program requires new products that satisfy minimum requirements.

Q/Comment: Not-for-profits should be able to use recycled, semi-efficient products and some sort of credit still accrue to the company that is doing the full-upgrade to current standard.

A: the concerns may be best addressed through the IESO and/or working group. CWH will follow-up.

Comment: Payback on investment from T5 to LED is 3.5 vs 1.5(ish) years for last upgrade.

Q: Is the company that a purchaser would be buying from (re: upgrades) helping with the program delivery?

A: Yes (or at least it is in their best interests to). It takes the admin load off the company.

Appendix G

Financial Statements for Year Ended 31 December, 2013

Financial Statements of

**CENTRE WELLINGTON
HYDRO LTD.**

Year ended December 31, 2013



KPMG LLP
Chartered Accountants
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada

Telephone (519) 747-8800
Fax (519) 747-8830
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the shareholder of Centre Wellington Hydro Ltd.

We have audited the accompanying financial statements of Centre of Wellington Hydro Ltd., which comprise the balance sheet as at December 31, 2013, the statements of earnings and retained earnings, comprehensive income and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' 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 our 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, we consider 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.

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



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Centre Wellington Hydro Ltd. as at December 31, 2013, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, flowing style. Below the signature is a long, horizontal, slightly wavy line that extends to the right, serving as a flourish or underline.

Chartered Professional Accountants, Licensed Public Accountants

April 29, 2014
Waterloo, Canada

CENTRE WELLINGTON HYDRO LTD.

Balance Sheet

December 31, 2013, with comparative information for 2012

	2013	2012
Assets		
Current assets:		
Cash	\$ 1,437,855	\$ 2,679,588
Accounts receivable	2,304,611	2,076,212
Unbilled revenue	1,862,812	1,453,279
Income taxes recoverable	10,370	84,118
Inventory	294,447	235,504
Prepaid expenses	46,481	60,990
	5,956,576	6,589,691
Property, plant and equipment (note 2)	10,223,021	7,725,105
Long-term investment (note 9)	25,101	17,642
Future income taxes	693,854	846,578
Regulatory assets, net (note 7)	-	240,285
	\$ 16,898,552	\$ 15,419,301

	2013	2012
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 2,973,200	\$ 3,263,408
Current portion of customer deposits	140,111	140,662
Current portion of long-term debt (note 3)	29,746	-
	<u>3,143,057</u>	<u>3,404,070</u>
Notes payable (note 3)	6,341,177	5,046,753
Post employment benefits (note 8)	154,283	154,417
Regulatory liabilities, net (note 7)	118,450	-
Shareholder's equity:		
Share capital (note 4)	5,035,066	5,035,066
Retained earnings	2,081,419	1,761,354
Accumulated other comprehensive income	25,100	17,641
	<u>2,106,519</u>	<u>1,778,995</u>
	<u>7,141,585</u>	<u>6,814,061</u>
Commitments (note 10)		
	<u>\$ 16,898,552</u>	<u>\$ 15,419,301</u>

See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

CENTRE WELLINGTON HYDRO LTD.

Statement of Earnings and Retained Earnings

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Revenue:		
Sales	\$ 15,607,801	\$ 14,172,223
Distribution revenue	3,354,687	2,879,108
	18,962,488	17,051,331
Cost of power	15,607,801	14,172,223
	3,354,687	2,879,108
Other income	291,200	403,352
Investment income	4,205	57,188
	3,650,092	3,339,648
Expenses:		
Amortization	877,169	609,506
General and administrative	1,014,851	1,102,574
Billing and collecting	434,218	468,118
Interest on long-term debt	395,403	384,479
Operating and maintenance	620,296	653,995
	3,341,937	3,218,672
Earnings before income taxes	308,155	120,976
Provision for payments in lieu of taxes (recovery):		
Current	(53,159)	(11,743)
Future	41,249	(6,780)
	(11,910)	(18,523)
Net earnings	320,065	139,499
Retained earnings, beginning of year	1,761,354	1,621,855
Retained earnings, end of year	\$ 2,081,419	\$ 1,761,354

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statement of Comprehensive Income

Year ended December 31, 2012, with comparative information for 2011

	2013	2012
Net earnings	\$ 320,065	\$ 139,499
Other comprehensive income: (note 1(b))		
Unrealized gain on available-for-sale financial assets	7,459	4,998
	\$ 327,524	\$ 144,497

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statement of Cash Flows

Year ended December 31, 2013, with comparative information for 2012

	2013	2012
Cash provided by (used in):		
Operations:		
Net earnings	\$ 320,065	\$ 139,499
Items not involving cash:		
Amortization of property, plant and equipment	898,414	682,305
Gain on disposal of property, plant and equipment	(10,063)	(1,453)
Change in post employment benefits	(134)	6,178
Future income taxes	41,249	(6,780)
Change in non-cash operating working capital:		
Accounts receivable	(228,399)	127,464
Unbilled revenue	(409,533)	324,168
Income taxes recoverable	73,748	232,716
Inventory	(58,943)	(934)
Prepaid expenses	14,509	388
Accounts payable and accrued liabilities	(290,207)	538,335
Customer deposits	(551)	(1,045)
Regulatory assets/liabilities, net	(748,296)	(351,675)
	(398,141)	1,689,166
Financing:		
Increase in long-term debt	1,324,170	-
Investments:		
Addition to property, plant and equipment	(2,185,281)	(1,968,345)
Proceeds from disposal of property, plant and equipment	17,519	4,212
	(2,167,762)	(1,964,133)
Decrease in cash	(1,241,733)	(274,967)
Cash, beginning of year	2,679,588	2,954,555
Cash, end of year	\$ 1,437,855	\$ 2,679,588
Supplemental cash flow information:		
Interest on long-term debt	\$ 395,403	\$ 384,779

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements

Year ended December 31, 2013

Centre Wellington Hydro Ltd. (the "Company") is a regulated electricity distribution company incorporated by Articles of Incorporation on August 22, 2000. This incorporation was required in accordance with the provincial government's Electricity Act, 1998. It commenced normal operations on November 1, 2000 when the assets of The Township of Centre Wellington Hydro Electric Commission were transferred to the Company by The Corporation of the Township of Centre Wellington. The Company is wholly owned by Centre Wellington Energy Inc. whose shareholder is the Township of Centre Wellington.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as described in Part V of the CPA Canada Handbook and on the basis of accounting principles for electrical utilities in Ontario as required by Ontario Energy Board ("OEB") under the authority of Section 52, 70(2) and (78) of the Ontario Energy Board Act, 1998, and reflect the policies as set forth in the Accounting Procedures Handbook for Electric Distribution Utilities.

(b) Financial instruments:

The financial instruments are classified in one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

In accordance with GAAP, the Company has undertaken the following:

- Cash is classified as assets held-for-trading and is measured at fair value.
- Marketable securities as available-for-sale are measured at fair value.
- Accounts receivable are classified as loans and receivables and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

Comprehensive income:

Comprehensive income is comprised of net income for the period plus other revenues, expenses, gains, and losses that are excluded from net income but recognized as changes in equity (net assets). The Company includes the unrealized gains and losses on available-for-sale financial assets as comprehensive income.

(c) Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

(d) Inventory:

Inventory is valued at the lower of cost and market value, where cost is generally determined on the average cost basis and market value determined at net realizable value.

(e) Employee future benefits:

Employee future benefits are recorded on an accrual basis. The accrued benefit obligations and current service cost are calculated using the projected benefits method pro-rated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employee's services rendered in the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The Company utilizes the corridor method of accounting for the actuarially determined experience gains (losses). The excess of the net accumulated actuarial gains (losses) over 10% of the accrued benefit obligation is amortized into expense over the average remaining service period of active employees.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

1. Significant accounting policies (continued):

(f) Property, plant and equipment:

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis using the following rates:

Land and land rights	0 - 50 years
Buildings	25 - 50 years
Distribution equipment	15 - 70 years
Vehicles	7 - 12 years
Other tools and equipment	8 - 15 years
Computer equipment	4 - 5 years

(g) Pension plan:

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

Prior to 2005, the Company recognized the expense related to this plan as contributions were made.

From January 2005 to April 2006, cash pension costs incurred by the Company were deferred and recognized as regulatory assets as per OEB direction, which are expected to be recovered in future distribution rates.

Commencing May 2006, the Company recognized the expense related to this plan as contributions were made.

(h) Revenue:

Revenue is recognized in the financial statements on the accrual basis when the energy is supplied to the users, whether billed or unbilled.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

1. Significant accounting policies (continued):

(i) Contributions in aid of construction:

Capital contributions are required contributions received from outside sources used to finance additions to property, plant and equipment. Capital contributions received are treated as a "credit" contra account included in the determination of property, plant and equipment. The amount is subsequently amortized by a charge to accumulated amortization and a credit to amortization expense, at an equivalent rate to that used for the amortization of the related property, plant and equipment.

(j) Regulatory accounts and rate setting:

Regulatory assets represent costs that have been deferred because it is probable that they will be recovered in future rates. Regulatory assets recognized at December 31, 2013 are disclosed in note 7. The Company continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates was no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment was made.

On November 16, 2012, the Company filed an application with the OEB seeking approval of a revenue requirement and related rates for the rate year commencing May 1, 2013 to April 30, 2014. On May 28, 2013, the OEB approved a base revenue requirement amount of \$3,274,799, along with the Company's tariff of rates and charges reflecting the Board's decision. The approved base revenue requirement will allow the Company to recover all distribution expenses, payments in lieu of income taxes ("PILs") requirements, and will allow the Company to earn a return on deemed equity of 8.98%. For regulatory purposes, deemed equity is equal to 43.33% of the defined rate base of assets. In addition, the OEB ordered a reduction of rates for the disposition of net regulatory liabilities in the amount of \$40,703 over a one year period.

(k) Payments in lieu of corporate income taxes:

The Company provides for PILs relating to its regulated business using the taxes payable method as permitted by CPA Canada and the OEB.

The Company is generally exempt from tax under the Income Tax Act (Canada), if not less than 90% of its capital is owned by the Township of Centre Wellington and not more than 10% of its income is derived from activities carried on outside the municipal boundaries of the Township. A corporation exempt under the Income Tax Act (Canada) is also generally exempt from tax under the Corporations Tax Act.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

1. Significant accounting policies (continued):

(k) Payments in lieu of corporate incomes taxes (continued):

The Company is a municipal electric utility ("MEU") for purposes of the PILs regime contained in the Electricity Act, 1998. This Act provides that a MEU that is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act is required to make, for each taxation year, a payment in lieu of taxes to the Ontario Electricity Financial Corporation in an amount approximating the tax that it would be liable to pay if it were not exempt from tax.

The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs through annual distribution rate adjustments as permitted by the OEB.

The PILs regime came into effect on October 1, 2001, at which time the Company was deemed to have commenced a new taxation year for purpose of determining its liability for PILs. Accordingly, the Company was deemed to have disposed of its assets at their then fair market value and to have reacquired such assets at that same amount.

The Company provides for PILs using the asset and liability method. Under this method, future tax assets and liabilities are recognized, to the extent such are determined likely to be realized, for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

2. Property, plant and equipment:

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
Land and land rights	\$ 91,837	\$ 7,707	\$ 84,130	\$ 84,874
Buildings	1,091,005	349,033	741,972	765,522
Distribution equipment	19,003,333	8,814,922	10,188,411	7,617,956
Vehicles	885,492	784,336	101,156	107,156
Other tools and equipment	629,516	453,709	175,807	192,172
Computer equipment	890,623	757,405	133,218	69,708
Contributed capital	(1,738,114)	(536,441)	(1,201,673)	(1,112,283)
	\$ 20,853,692	\$ 10,630,671	\$ 10,223,021	\$ 7,725,105

During the year, capital assets were increased at an aggregate cost of \$3,688,252 (2012 - \$2,047,494). Of this total, \$124,553 (2012 - \$79,149) were acquired by means of contributed capital, \$1,378,418 (2012 - \$nil) by transfer of smart meters from regulatory assets, and the remaining \$2,185,281 (2012 - \$1,968,345) paid in cash.

3. Notes payable:

	2013	2012
Demand promissory note payable to the Corporation of The Township of Centre Wellington, bearing interest at 7.25%	\$ 5,046,753	\$ 5,046,753
Ontario Infrastructure and Lands Corporation, note payable, bearing interest at 4.48%, payable in monthly installments, maturing in 2038	1,324,170	-
	6,370,923	5,046,753
Current portion of long-term debt	29,746	-
	\$ 6,341,177	\$ 5,046,753

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

3. Notes payable (continued):

Principal payments scheduled to be paid on long-term debt for the next five years and thereafter are as follows:

2014	\$	29,746
2015		31,107
2016		32,530
2017		34,017
2018		35,572
Thereafter		1,161,198
	\$	1,324,170

4. Share capital:

	2013	2012
Authorized:		
Unlimited number of common shares		
Issued:		
1,100 common shares	\$ 5,035,066	\$ 5,035,066

5. Related party transactions:

The Company provides water and sewage billing and collection services to the customers of the former Town of Fergus and the Village of Elora, as well as supplying street lighting energy and street lighting maintenance services to the former Town of Fergus and Village of Elora.

Revenue includes \$151,758 (2012 - \$148,277) from the Township. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

6. Income taxes:

Corporate income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 26.5% (2012 - 26.5%) to earnings from operations. The reasons for the differences and related tax effects are as follows:

	2013	2012
Earnings before income taxes	\$ 308,021	\$ 120,976
Expected income tax expense	81,626	32,059
Small business deduction	(35,422)	(13,082)
Capital cost allowance in excess of amortization	(27,983)	(20,963)
Other differences	(30,131)	(16,537)
Income tax recovery	\$ (11,910)	\$ (18,523)

As prescribed by a regulatory rate order, income tax expense is recovered through customer rates based on the taxes payable method based on regulatory taxable income. Therefore, rates do not include the recovery of future income taxes related to temporary differences between the tax basis of property, plant and equipment and their carrying amounts for accounting purposes. While the Company has recognized future income taxes associated with these differences, it is expected that when these amounts become payable they will be recovered through future rate revenues, a corresponding regulatory liability has been recorded.

7. Regulatory assets (liabilities), net:

	2013	2012
Settlement variances	\$ 204,813	\$ (144,795)
Regulatory liabilities disposed	(56,078)	(255,940)
Other regulatory liabilities	(267,185)	(348,645)
Smart meter costs, net of recovery	-	989,665
	\$ (118,450)	\$ 240,285

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

8. Post employment benefits:

Employee future benefits provided by the Company include medical and life insurance benefits. These plans provide benefits to certain employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render the services.

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation are as follows:

	2013
Discount rate	4.5%
Withdrawal rate	2.0%
Dental costs increase	5.0%
Medical costs increase	8.0% in 2011, declining to 6.9% in 2014

Information about the Company's defined benefit plan is as follows:

	2013	2012
Accrued pension benefit:		
Balance, beginning of year	\$ 154,417	\$ 148,239
Benefit cost for the year	12,080	14,120
Benefits paid for the year	(12,214)	(7,942)
Accrued benefit liability	\$ 154,283	\$ 154,417

The elements of the Company's post employment benefit plan costs recognized in the year are as follows:

	2013	2012
Current service cost	\$ 4,740	\$ 6,867
Interest on benefits	7,340	7,253
	\$ 12,080	\$ 14,120

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2013

8. Post employment benefits (continued):

The accrued benefit liability is comprised of the following:

	2013	2012
Accrued benefit obligation	\$ 164,328	\$ 164,462
Unamortized actuarial gain	(10,045)	(10,045)
	<u>\$ 154,283</u>	<u>\$ 154,417</u>

9. Long-term investment:

The Company received demutualization shares of a Canadian life insurance company. The shares have no fixed maturity date and are generally not exposed to interest rate risk.

10. Commitments:

Bank letters of credit have been issued to provide security for the Company's liability for power purchases from the Independent Electricity System Operator ("IESO"). These letters of credit will be drawn upon if the Company is in default of payment of its obligation to the IESO. The maximum potential payment is the face value of the bank letters of credit. At December 31, 2013, the letters of credit outstanding totalled \$975,000 (2012 - \$975,000).

11. Transition to International Financial Reporting Standards:

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Accounting Standards Board granted an optional deferral up to January 1, 2015 for IFRS adoption for entities subject to rate regulation. The Company elected to take the optional deferral of its adoption of IFRS; therefore, it continues to prepare its consolidated financial statements in accordance with Canadian GAAP accounting standards in Part V of the CPA Canada Handbook.

Appendix H

Financial Statements for Year Ended 31 December, 2014

Financial Statements of

**CENTRE WELLINGTON
HYDRO LTD.**

Year ended December 31, 2014



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada

Telephone (519) 747-8800
Fax (519) 747-8830
Internet www.kpmg.ca

INDEPENDENT AUDITORS' REPORT

To the shareholder of Centre Wellington Hydro Ltd.

We have audited the accompanying financial statements of Centre of Wellington Hydro Ltd., which comprise the balance sheet as at December 31, 2014, the statements of earnings and retained earnings, comprehensive income and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

Auditors' 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 our 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, we consider 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.

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



Page 2

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Centre Wellington Hydro Ltd. as at December 31, 2014, and its results of operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, flowing style and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

April 22, 2015
Waterloo, Canada

CENTRE WELLINGTON HYDRO LTD.

Balance Sheet

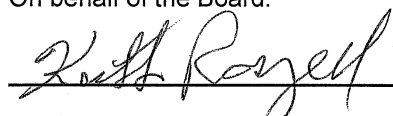
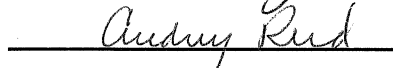
December 31, 2014, with comparative information for 2013

	2014	2013
Assets		
Current assets:		
Cash	\$ 2,056,561	\$ 1,437,855
Accounts receivable	2,744,287	2,304,611
Unbilled revenue	1,769,165	1,862,812
Income taxes recoverable	-	10,370
Inventory	305,209	294,447
Prepaid expenses	81,313	46,481
	6,956,535	5,956,576
Property, plant and equipment (note 2)	12,022,891	10,223,021
Long-term investment (note 9)	28,044	25,101
Future income taxes	1,146,937	693,854
	\$ 20,154,407	\$ 16,898,552

	2014	2013
Liabilities and Shareholder's Equity		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 4,181,373	\$ 2,973,200
Current portion of customer deposits	143,593	140,111
Current portion of long-term debt (note 3)	61,868	29,746
	<u>4,386,834</u>	<u>3,143,057</u>
Notes payable (note 3)	7,509,798	6,341,177
Post employment benefits (note 8)	161,980	154,283
Regulatory liabilities, net (note 7)	397,866	118,450
Shareholder's equity:		
Share capital (note 4)	5,035,066	5,035,066
Retained earnings	2,634,820	2,081,419
Accumulated other comprehensive income	28,043	25,100
	<u>2,662,863</u>	<u>2,106,519</u>
	<u>7,697,929</u>	<u>7,141,585</u>
Commitments (note 10)		
	<u>\$ 20,154,407</u>	<u>\$ 16,898,552</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director
 Director

CENTRE WELLINGTON HYDRO LTD.

Statement of Earnings and Retained Earnings

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Revenue:		
Sales	\$ 16,182,418	\$ 15,607,801
Distribution revenue	3,204,104	3,354,687
	19,386,522	18,962,488
Cost of power	16,182,418	15,607,801
	3,204,104	3,354,687
Other income	295,833	291,200
Investment income	44,650	4,205
	3,544,587	3,650,092
Expenses:		
Amortization	547,856	877,169
General and administrative	1,021,077	1,014,851
Billing and collecting	437,448	434,218
Interest on long-term debt	452,975	395,403
Operating and maintenance	612,289	620,296
	3,071,645	3,341,937
Earnings before income taxes	472,942	308,155
Provision for payments in lieu of taxes (recovery):		
Current	402	(53,159)
Future	(80,861)	41,249
	(80,459)	(11,910)
Net earnings	553,401	320,065
Retained earnings, beginning of year	2,081,419	1,761,354
Retained earnings, end of year	\$ 2,634,820	\$ 2,081,419

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statement of Comprehensive Income

Year ended December 31, 2012, with comparative information for 2011

	2014	2013
Net earnings	\$ 553,401	\$ 320,065
Other comprehensive income: (note 1(b))		
Unrealized gain on available-for-sale financial assets	2,493	7,459
	\$ 555,894	\$ 327,524

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statement of Cash Flows

Year ended December 31, 2014, with comparative information for 2013

	2014	2013
Cash provided by (used in):		
Operations:		
Net earnings	\$ 553,401	\$ 320,065
Items not involving cash:		
Amortization of property, plant and equipment	572,662	898,414
Loss (gain) on disposal of property, plant and equipment	23,437	(10,063)
Change in post employment benefits	7,697	(134)
Future income taxes	(80,861)	41,249
Change in non-cash operating working capital:		
Accounts receivable	(439,676)	(228,399)
Unbilled revenue	93,647	(409,533)
Income taxes recoverable	10,370	73,748
Inventory	(10,762)	(58,943)
Prepaid expenses	(34,832)	14,509
Accounts payable and accrued liabilities	1,208,174	(290,207)
Customer deposits	3,482	(551)
Regulatory assets/liabilities, net	(92,806)	(748,296)
	1,813,933	(398,141)
Financing:		
Increase in long-term debt	1,200,743	1,324,170
Investments:		
Addition to property, plant and equipment	(2,398,195)	(2,185,281)
Proceeds from disposal of property, plant and equipment	2,225	17,519
	(2,395,970)	(2,167,762)
Increase (decrease) in cash	618,706	(1,241,733)
Cash, beginning of year	1,437,855	2,679,588
Cash, end of year	\$ 2,056,561	\$ 1,437,855
Supplemental cash flow information:		
Interest on long-term debt	\$ 452,975	\$ 395,403

See accompanying notes to financial statements.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements

Year ended December 31, 2014

Centre Wellington Hydro Ltd. (the "Company") is a regulated electricity distribution company incorporated by Articles of Incorporation on August 22, 2000. This incorporation was required in accordance with the provincial government's Electricity Act, 1998. It commenced normal operations on November 1, 2000 when the assets of The Township of Centre Wellington Hydro Electric Commission were transferred to the Company by The Corporation of the Township of Centre Wellington. The Company is wholly owned by Centre Wellington Energy Inc. whose shareholder is the Township of Centre Wellington.

1. Significant accounting policies:

(a) Basis of presentation:

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") as described in Part V of the CPA Canada Handbook and on the basis of accounting principles for electrical utilities in Ontario as required by Ontario Energy Board ("OEB") under the authority of Section 52, 70(2) and (78) of the Ontario Energy Board Act, 1998, and reflect the policies as set forth in the Accounting Procedures Handbook for Electric Distribution Utilities.

(b) Financial instruments:

The financial instruments are classified in one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets or other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at fair value except for loans and receivables, held-to-maturity investments and other financial liabilities which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on their initial classification, as follows: held-for-trading financial assets are measured at fair value and changes in fair value are recognized in net earnings; available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive income until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

In accordance with GAAP, the Company has undertaken the following:

- Cash is classified as assets held-for-trading and is measured at fair value.
- Marketable securities as available-for-sale are measured at fair value.
- Accounts receivable are classified as loans and receivables and are measured at amortized cost, which, upon initial recognition, is considered equivalent to fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.
- Accounts payable and accrued liabilities and long-term debt are classified as other financial liabilities and are measured at amortized cost using the effective interest rate method.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

1. Significant accounting policies (continued):

(b) Financial instruments (continued):

Comprehensive income:

Comprehensive income is comprised of net income for the period plus other revenues, expenses, gains, and losses that are excluded from net income but recognized as changes in equity (net assets). The Company includes the unrealized gains and losses on available-for-sale financial assets as comprehensive income.

(c) Use of estimates:

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

(d) Inventory:

Inventory is valued at the lower of cost and market value, where cost is generally determined on the average cost basis and market value determined at net realizable value.

(e) Employee future benefits:

Employee future benefits are recorded on an accrual basis. The accrued benefit obligations and current service cost are calculated using the projected benefits method pro-rated on service and based on assumptions that reflect management's best estimate. The current service cost for a period is equal to the actuarial present value of benefits attributed to employee's services rendered in the period. Past service costs from plan amendments are amortized on a straight-line basis over the average remaining service period of employees active at the date of amendment. The Company utilizes the corridor method of accounting for the actuarially determined experience gains (losses). The excess of the net accumulated actuarial gains (losses) over 10% of the accrued benefit obligation is amortized into expense over the average remaining service period of active employees.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

1. Significant accounting policies (continued):

(f) Property, plant and equipment:

Property, plant and equipment are recorded at cost and are amortized on a straight-line basis using the following rates:

Land and land rights	0 - 50 years
Buildings	25 - 50 years
Distribution equipment	15 - 70 years
Vehicles	7 - 12 years
Other tools and equipment	8 - 15 years
Computer equipment	4 - 5 years

(g) Pension plan:

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

(h) Revenue:

Revenue is recognized in the financial statements on the accrual basis when the energy is supplied to the users, whether billed or unbilled.

(i) Contributions in aid of construction:

Capital contributions are required contributions received from outside sources used to finance additions to property, plant and equipment. Capital contributions received are treated as a "credit" contra account included in the determination of property, plant and equipment. The amount is subsequently amortized by a charge to accumulated amortization and a credit to amortization expense, at an equivalent rate to that used for the amortization of the related property, plant and equipment.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

1. Significant accounting policies (continued):

(j) Regulatory accounts and rate setting:

Regulatory assets represent costs that have been deferred because it is probable that they will be recovered in future rates. Regulatory assets recognized at December 31, 2014 are disclosed in note 7. The Company continually assesses the likelihood of recovery of regulatory assets. If recovery through future rates was no longer considered probable, the amounts would be charged to the results of operations in the period that the assessment was made.

On November 16, 2012, the Company filed an application with the OEB seeking approval of a revenue requirement and related rates for the rate year commencing May 1, 2013 to April 30, 2014. On May 28, 2013, the OEB approved a base revenue requirement amount of \$3,274,799, along with the Company's tariff of rates and charges reflecting the Board's decision. The approved base revenue requirement will allow the Company to recover all distribution expenses, payments in lieu of income taxes ("PILs") requirements, and will allow the Company to earn a return on deemed equity of 8.98%. For regulatory purposes, deemed equity is equal to 43.33% of the defined rate base of assets. In addition, the OEB ordered a reduction of rates for the disposition of net regulatory liabilities in the amount of \$40,703 over a one year period.

On July 17, 2013 the Company filed an IRM application seeking approval for an increase in distribution rates for the rate year commencing May 1, 2014 to April 30, 2015. On March 13, 2014 the OEB approved the IRM application using a price cap index adjustment of 1.4%.

(k) Payments in lieu of corporate income taxes:

The Company provides for PILs relating to its regulated business using the taxes payable method as permitted by CPA Canada and the OEB.

The Company is generally exempt from tax under the Income Tax Act (Canada), if not less than 90% of its capital is owned by the Township of Centre Wellington and not more than 10% of its income is derived from activities carried on outside the municipal boundaries of the Township. A corporation exempt under the Income Tax Act (Canada) is also generally exempt from tax under the Corporations Tax Act.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

1. Significant accounting policies (continued):

(k) Payments in lieu of corporate incomes taxes (continued):

The Company is a municipal electric utility ("MEU") for purposes of the PILs regime contained in the Electricity Act, 1998. This Act provides that a MEU that is exempt from tax under the Income Tax Act (Canada) and the Corporations Tax Act is required to make, for each taxation year, a payment in lieu of taxes to the Ontario Electricity Financial Corporation in an amount approximating the tax that it would be liable to pay if it were not exempt from tax.

The OEB's Electricity Distribution Rate Handbook provides for the recovery of PILs through annual distribution rate adjustments as permitted by the OEB.

The PILs regime came into effect on October 1, 2001, at which time the Company was deemed to have commenced a new taxation year for purpose of determining its liability for PILs. Accordingly, the Company was deemed to have disposed of its assets at their then fair market value and to have reacquired such assets at that same amount.

The Company provides for PILs using the asset and liability method. Under this method, future tax assets and liabilities are recognized, to the extent such are determined likely to be realized, for the future tax consequences attributable to differences between the financial carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the date of enactment or substantive enactment.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

2. Property, plant and equipment:

			2014	2013
	Cost	Accumulated amortization	Net book value	Net book value
Land and land rights	\$ 96,440	\$ 8,501	\$ 87,939	\$ 84,130
Buildings	1,091,005	372,583	718,422	741,972
Distribution equipment	20,978,571	8,947,350	12,031,221	10,188,411
Vehicles	923,118	809,121	113,997	101,156
Other tools and equipment	593,968	439,626	154,342	175,807
Computer equipment	693,770	586,911	106,859	133,218
Contributed capital	(1,762,730)	(572,841)	(1,189,889)	(1,201,673)
	\$ 22,614,142	\$ 10,591,251	\$ 12,022,891	\$ 10,223,021

During the year, capital assets were increased at an aggregate cost of \$2,422,811 (2013 - \$3,688,252). Of this total, \$24,616 (2013 - \$124,553) were acquired by means of contributed capital, \$nil (2013 - \$1,378,418) by transfer of smart meters from regulatory assets, and the remaining \$2,398,195 (2013 - \$2,185,281) paid in cash.

3. Notes payable:

	2014	2013
Demand promissory note payable to the Corporation of The Township of Centre Wellington, bearing interest at 7.25%	\$ 5,046,753	\$ 5,046,753
Ontario Infrastructure and Lands Corporation, note payable, bearing interest at 4.48%, payable in monthly installments, maturing in 2038	1,294,417	1,324,170
Ontario Infrastructure and Lands Corporation, note payable, bearing interest at 3.75%, payable in monthly installments, maturing in 2039	1,230,496	-
	7,571,666	6,370,923
Current portion of long-term debt	61,868	29,746
	\$ 7,509,798	\$ 6,341,177

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

3. Notes payable (continued):

Principal payments scheduled to be paid on long-term debt for the next five years and thereafter are as follows:

2014	\$	61,868
2015		64,464
2016		67,170
2017		69,990
2018		72,930
Thereafter		2,188,491
	\$	2,524,913

4. Share capital:

	2014	2013
Authorized:		
Unlimited number of common shares		
Issued:		
1,100 common shares	\$ 5,035,066	\$ 5,035,066

5. Related party transactions:

The Company provides water and sewage billing and collection services to the customers of the former Town of Fergus and the Village of Elora, as well as supplying street lighting energy and street lighting maintenance services to the former Town of Fergus and Village of Elora.

Revenue includes \$153,927 (2013 - \$151,758) from the Township. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

6. Income taxes:

Corporate income tax expense differs from the amount that would be computed by applying the federal and provincial statutory tax rates of 26.5% (2013 - 26.5%) to earnings from operations. The reasons for the differences and related tax effects are as follows:

	2014	2013
Earnings before income taxes	\$ 472,942	\$ 308,021
Expected income tax expense	125,330	81,626
Capital cost allowance in excess of amortization	(120,000)	(27,983)
Other differences	(85,789)	(65,553)
Income tax recovery	\$ (80,459)	\$ (11,910)

As prescribed by a regulatory rate order, income tax expense is recovered through customer rates based on the taxes payable method based on regulatory taxable income. Therefore, rates do not include the recovery of future income taxes related to temporary differences between the tax basis of property, plant and equipment and their carrying amounts for accounting purposes. While the Company has recognized future income taxes associated with these differences, it is expected that when these amounts become payable they will be recovered through future rate revenues, a corresponding regulatory liability has been recorded.

7. Regulatory assets (liabilities), net:

	2014	2013
Settlement variances	\$ 341,582	\$ 204,813
Regulatory liabilities disposed	44,479	(56,078)
Other regulatory liabilities	(783,927)	(267,185)
	\$ (397,866)	\$ (118,450)

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

8. Post employment benefits:

Employee future benefits provided by the Company include medical and life insurance benefits. These plans provide benefits to certain employees when they are no longer providing active service. Employee future benefit expense is recognized in the period in which the employees render the services.

The Company pays certain health, dental and life insurance benefits on behalf of its retired employees.

The significant actuarial assumptions adopted in measuring the accrued benefit obligation are as follows:

	2014
Discount rate	4.5%
Withdrawal rate	2.0%
Dental costs increase	5.0%
Medical costs increase	8.0% in 2011, declining to 6.9% in 2014

Information about the Company's defined benefit plan is as follows:

	2014	2013
Accrued pension benefit:		
Balance, beginning of year	\$ 154,283	\$ 154,417
Benefit cost for the year	11,700	12,080
Benefits paid for the year	(4,003)	(12,214)
Accrued benefit liability	\$ 161,980	\$ 154,283

The elements of the Company's post employment benefit plan costs recognized in the year are as follows:

	2014	2013
Current service cost	\$ 4,740	\$ 4,740
Interest on benefits	6,960	7,340
	\$ 11,700	\$ 12,080

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

8. Post employment benefits (continued):

The accrued benefit liability is comprised of the following:

	2014	2013
Accrued benefit obligation	\$ 172,025	\$ 164,328
Unamortized actuarial gain	(10,045)	(10,045)
	\$ 161,980	\$ 154,283

9. Long-term investment:

The Company received demutualization shares of a Canadian life insurance company. The shares have no fixed maturity date and are generally not exposed to interest rate risk.

10. Commitments:

Bank letters of credit have been issued to provide security for the Company's liability for power purchases from the Independent Electricity System Operator ("IESO"). These letters of credit will be drawn upon if the Company is in default of payment of its obligation to the IESO. The maximum potential payment is the face value of the bank letters of credit. At December 31, 2014, the letters of credit outstanding totalled \$975,000 (2013 - \$975,000).

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements, continued

Year ended December 31, 2014

11. Transition to International Financial Reporting Standards:

Publicly accountable enterprises in Canada were required to adopt International Financial Reporting Standards ("IFRS") in place of Canadian GAAP for annual reporting purposes for fiscal years beginning on or after January 1, 2011. The Accounting Standards Board granted an optional deferral up to January 1, 2015 for IFRS adoption for entities subject to rate regulation. The Company elected to take the optional deferral of its adoption of IFRS; therefore, it continues to prepare its consolidated financial statements in accordance with Canadian GAAP accounting standards in Part V of the CPA Canada Handbook.

The International Accounting Standards Board ("IASB") has approved IFRS 14 Regulatory Deferral Accounts in January 2014. This standard provides specific guidance on accounting for the effects of rate regulation and permits first-time adopters of IFRS to continue using previous GAAP to account for regulatory account balances while the IASB completes its comprehensive project in this area. Adoption of this standard is optional for entities eligible to use it. Deferral account balances and movements in the balances will be required to be presented as separate line items on the face of the financial statements distinguished from assets, liabilities, income and expenses that are recognized in accordance with other IFRSs. Extensive disclosures will be required to enable users of the financial statements to understand the features and nature of the risks associated with rate regulation and the effect of rate regulation on the entity's financial position, performance and cash flows.

Appendix I

Financial Statements for Year Ended 31 December, 2015

Financial Statements of

**CENTRE WELLINGTON
HYDRO LTD.**

Year ended December 31, 2015



KPMG LLP
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Centre Wellington Hydro Ltd.

We have audited the accompanying financial statements of Centre Wellington Hydro Ltd., which comprise the statements of financial position as at December 31, 2015, December 31, 2014 and January 1, 2014, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the years ended December 31, 2015, and December 31, 2014, and notes, comprising a summary of significant accounting policies and other explanatory information.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 our 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, we consider 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.

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



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Opinion

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, flowing style and is underlined with a single horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

April 27, 2016
Waterloo, Canada

CENTRE WELLINGTON HYDRO LTD.

Statements of Financial Position

		December 31,	December 31,	January 1,
	Note	2015	2014	2014
Assets				
Current assets				
Cash		\$ 2,116,931	\$ 2,056,561	\$ 1,437,855
Accounts receivable	5	2,439,653	2,744,287	2,304,611
Unbilled revenue		1,923,595	1,769,165	1,862,812
Income taxes receivable		---	---	10,370
Materials and supplies	6	356,975	305,209	294,447
Prepaid expenses		68,811	81,313	46,481
Total current assets		6,905,965	6,956,535	5,956,576
Non-current assets				
Property, plant and equipment	7	13,208,936	11,945,449	10,119,834
Intangible assets	8	119,400	102,058	103,187
Long term investment		28,867	28,044	25,101
Deferred tax assets	9	809,856	902,441	601,876
Total non-current assets		14,167,059	12,977,992	10,849,998
Total assets		21,073,024	19,934,527	16,806,574
Regulatory balances	10	778,518	1,080,098	808,706
Total assets and regulatory balances		\$ 21,851,542	\$ 21,014,625	\$ 17,615,280

See accompanying notes to the financial statements.


CENTRE WELLINGTON HYDRO LTD.

Statements of Financial Position

		December 31,	December 31,	January 1,
	Note	2015	2014	2014
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities	11	\$ 3,080,512	\$ 4,181,373	\$ 2,973,200
Income taxes payable		337	---	---
Long-term debt due within one year	12	113,863	61,868	29,746
Customer deposits		146,167	143,593	140,111
Total current liabilities		3,340,879	4,386,834	3,143,057
Non-current liabilities				
Long-term debt	12	9,301,864	7,509,798	6,341,177
Post-employment benefits	13	164,416	152,775	123,742
Deferred revenue		38,241	24,616	---
Total non-current liabilities		9,504,521	7,687,189	6,464,919
Total liabilities		12,845,400	12,074,023	9,607,976
Equity				
Share capital	14	5,035,066	5,035,066	5,035,066
Retained earnings		3,089,739	2,655,532	2,103,867
Accumulated other comprehensive income		14,920	14,097	25,100
Total equity		8,139,725	7,704,695	7,164,033
Total liabilities and equity		20,985,125	19,778,718	16,772,009
Regulatory balances	10	866,417	1,235,907	843,271
Total liabilities, equity and regulatory balances		\$ 21,851,542	\$ 21,014,625	\$ 17,615,280

See accompanying notes to the financial statements.

On behalf of the Board:

 Director

 Director

CENTRE WELLINGTON HYDRO LTD.

Statements of Comprehensive Income

Year ended December 31, 2015, with comparative information for 2014

	Note	2015	2014
Revenue			
Sale of energy		\$ 17,473,231	\$ 16,329,022
Distribution revenue		3,175,317	3,204,104
Other	15	367,840	295,833
		21,016,388	19,828,959
Operating expenses			
Cost of power purchased		17,386,243	16,397,847
General and administrative		1,053,060	1,022,813
Billing and collecting		449,490	437,448
Operating and maintenance		656,361	612,289
Depreciation and amortization		543,004	547,856
		20,088,158	19,018,253
Income from operating activities		928,230	810,706
Finance income	17	44,589	44,650
Finance costs	17	(514,498)	(452,975)
Income before income taxes		458,321	402,381
Income tax expense (recovery)	9	95,681	(298,126)
Net income for the year		362,640	700,507
Net movement in regulatory balances, net of tax		71,567	(148,842)
Net income for the year and net movement in regulatory balances		434,207	551,665
Other comprehensive income (loss)			
Remeasurement of post-employment benefits	13	---	(13,946)
Unrealized gain on available for sale investment		823	2,943
Other comprehensive income for the year		823	(11,003)
Total comprehensive income for the year		\$ 435,030	\$ 540,662

See accompanying notes to the financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statements of Changes in Equity

Year ended December 31, 2015, with comparative information for 2014

	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2014	\$5,035,066	\$2,103,867	\$ 25,100	\$ 7,164,033
Net Income and net movement in regulatory balances	---	551,665	---	551,665
Other comprehensive loss	---	---	(11,003)	(11,003)
Balance at December 31, 2014	5,035,066	2,655,532	14,097	7,704,695
Balance at January 1, 2015	\$5,035,066	\$2,655,532	\$ 14,097	\$ 7,704,695
Net income and net movement in regulatory balances	---	434,207	---	434,207
Other comprehensive income	---	---	823	823
Balance at December 31, 2015	\$5,035,066	\$3,089,739	\$ 14,920	\$ 8,139,725

See accompanying notes to the financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statements of Cash Flows

Year ended December 31, 2015, with comparative information for 2014

	2015	2014
Operating activities		
Net Income and net movement in regulatory balances	\$ 434,207	\$ 551,665
Adjustments for:		
Depreciation and amortization	588,442	555,870
Post-employment benefits	11,641	29,033
Loss (gain) on disposal of property, plant and equipment	(358)	27,361
Net finance costs	469,909	408,325
Income tax expense (recovery)	95,361	(298,126)
	1,599,202	1,274,128
Change in non-cash operating working capital:		
Accounts receivable	304,634	(439,676)
Unbilled revenue	(154,430)	93,647
Materials and supplies	(51,766)	(10,762)
Prepaid expenses	12,502	(34,832)
Accounts payable and accrued liabilities	(1,100,861)	1,208,173
Customer deposits	2,572	3,484
	(987,349)	820,034
Regulatory balances	(67,910)	121,244
Income tax paid	(2,437)	(6,017)
Interest paid	(514,498)	(452,975)
Interest received	44,589	44,650
Net cash from operating activities	71,597	1,801,064
Investing activities		
Purchase of property, plant and equipment	(1,811,277)	(2,399,210)
Proceeds on disposal of property, plant and equipment	10,385	22,459
Purchase of intangible assets	(68,021)	(30,966)
Contributions received from customers	13,625	24,616
Net cash used by investing activities	(1,855,288)	(2,383,101)
Financing activities		
Proceeds from long-term debt	1,905,930	1,230,496
Repayment of long-term debt	(61,869)	(29,753)
Net cash from financing activities	1,844,061	1,200,743
Change in cash	60,370	618,706
Cash, beginning of year	2,056,561	1,437,855
Cash, end of year	\$ 2,116,931	\$ 2,056,561

See accompanying notes to the financial statements.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

1. Reporting entity

Centre Wellington Hydro Ltd. (the "Corporation") is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the Township of Centre Wellington ("the Township"). The address of the Corporation's registered office is 730 Gartshore Street, Fergus, Ontario.

The Corporation delivers electricity and related energy services to residential and commercial customers in the Township. The Corporation is wholly owned by Centre Wellington Energy Inc. and the ultimate parent company is the Township of Centre Wellington.

The financial statements are for the Corporation as at and for the year ended December 31, 2015.

2. Basis of presentation

(a) Statement of compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

(b) Adoption of IFRS

These are the Corporation's first financial statements prepared in accordance with IFRS and IFRS 1 *First-time Adoption of International Financial Reporting Standards* has been applied. An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Corporation is provided in note 21.

The financial statements were approved by the Board of Directors on April 27, 2016.

(c) Basis of measurement

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(d) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

2. Basis of presentation (continued)

(e) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

- (i) Note 3(b) - measurement of unbilled revenue
- (ii) Notes 7, 8 - estimation of useful lives of its property, plant and equipment and intangible assets
- (iii) Note 10 - recognition and measurement of regulatory balances
- (iv) Note 13 - measurement of defined benefit obligations: key actuarial assumptions
- (v) Note 18 - recognition and measurement of provisions and contingencies

(f) Rate regulation

The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

The Corporation is required to bill customers for the debt retirement charge set by the province. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

2. Basis of presentation (continued)

(f) Rate regulation (continued)

Rate setting

Distribution revenue

For the distribution revenue included in sale of energy, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder’s equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (“IRM”) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand (“GDP IPI-FDD”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation 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 Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a COS application in October 2012 for rates effective May 1, 2013 to April 30, 2017. The Corporation has been granted a deferral of the COS application with the next COS application to be filed in April 2017 for January 1, 2018 rates. The GDP IPI-FDD for 2015 is 2.10%, the Corporation’s productivity factor is nil% and the stretch factor is 0.30%, resulting in a net adjustment of 1.80% to the previous year’s rates.

Electricity rates

The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies

The accounting policies set out below have been applied consistently in all years presented in these financial statements and in preparing the opening IFRS statement of financial position at January 1, 2014 for the purpose of the transition to IFRS.

(a) Financial instruments

All financial assets, except for the long term investment in marketable securities, are classified as loans and receivables and all financial liabilities are classified as other liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f). The long-term investment is classified as available for sale and measured at fair value with unrealized gains and losses recorded in other comprehensive income. The Corporation does not enter into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

(b) Revenue recognition

Sale and distribution of electricity

Revenue from the sale and distribution of electricity is recognized as the electricity is delivered to customers on the basis of cyclical meter readings and estimated customer usage since the last meter reading date to the end of the year. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to 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 Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered or contract milestones are achieved. Amounts received in advance of these milestones are presented as deferred revenue.

Certain customers and developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. Cash contributions are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(c) Materials and supplies

Materials and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(d) Property, plant and equipment

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date (see note 21(b)), less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

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

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

	Years
Buildings	25-50 years
Distribution equipment	15-70 years
Vehicles	7-12 years
Other tools and equipment	8-15 years
Computer equipment	3-6 years

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies (continued)

(e) Intangible assets

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2014 are measured at deemed cost established on the transition date (see note 21(b)), less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation after January 1, 2014, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost less accumulated amortization.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

	Years
Computer software	3-5 years
Land rights	0-50 years

(f) Impairment

(i) Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

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

(g) Customer deposits

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies (continued)

(i) Regulatory balances

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies (continued)

(j) Post-employment benefits

(i) Pension plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Post-employment benefits, other than pension

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies (continued)

(k) Leased assets

Leases, where the terms cause the Corporation to assume substantially all the risks and rewards of ownership, are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and the leased assets are not recognized on the Corporation's statement of financial position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Finance income and finance costs

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and dividend income.

Finance costs comprise interest expense on borrowings and net interest expense on post-employment benefits. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

(m) Income taxes

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the 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 Tax Acts as modified by the *Electricity Act*, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

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

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

3. Significant accounting policies (continued)

(m) Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

4. Standards issued but not yet adopted

The Corporation is evaluating the adoption of the following new and revised standards along with any subsequent amendments.

Revenue Recognition

The IASB has issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and various interpretations and establishes principles regarding the nature, amount, timing and uncertainty of revenue arising from contracts with customers. The standard requires entities to recognize revenue for the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is assessing the impact of IFRS 15 on its results of operations, financial position and disclosures.

Financial Instruments

In July 2014, the IASB issued a new standard, IFRS 9 Financial Instruments, which will replace IAS 39 Financial Instruments: Recognition and Measurement. The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 is part of the first phase of this project. IFRS 9 is effective for periods beginning on or after January 1, 2018 and must be applied retrospectively. The Corporation is assessing the impact of IFRS 9 on its results of operations, financial position, and disclosures.

Property, Plant and Equipment and Intangible Assets

In May 2014, the IASB issued amendments to IAS 16, Property, Plant and Equipment and IAS 38 Intangible Assets, which are effective for years beginning on or after January 1, 2016. The amendments clarify when revenue-based depreciation methods are permitted. The Corporation does not expect this to have an impact.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

4. Standards issued but not yet adopted (continued)

Leases

In January 2016, the IASB issued IFRS 16 to establish principles for the recognition, measurement, presentation and disclosures of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 replaces IAS 17 and it is effective for annual periods beginning on or after January 1, 2019. The Corporation is assessing the impact of IFRS 16 on its results of operations, financial position and disclosures.

5. Accounts receivable

	December 31, 2015	December 31, 2014	January 1, 2014
Trade customer receivables	\$ 2,114,268	\$ 2,487,266	\$ 2,055,879
Other receivables	325,385	257,021	248,732
	<u>\$ 2,439,653</u>	<u>\$ 2,744,287</u>	<u>\$ 2,304,611</u>

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

6. Materials and supplies

Amount written down due to obsolescence in 2015 was \$4,208 (2014 - recovery of \$1,127).

7. Property, plant and equipment

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in-Progress	Total
<i>Cost or deemed cost</i>					
Balance at January 1, 2015	\$ 796,678	\$ 11,263,001	\$ 387,868	\$ 21,677	\$ 12,469,224
Additions	---	1,277,054	517,250	16,973	1,811,277
Transfers	---	21,677	---	(21,677)	---
Disposals/retirements	---	(9,541)	(486)	---	(10,027)
Balance at December 31, 2015	\$ 796,678	\$ 12,552,191	\$ 904,632	\$ 16,973	\$ 14,270,474
Balance at January 1, 2014	\$ 796,678	\$ 8,972,427	\$ 336,417	\$ 14,312	\$ 10,119,834
Additions	---	2,323,983	53,550	21,677	2,399,210
Transfers	---	14,312	---	(14,312)	---
Disposals/retirements	---	(47,721)	(2,099)	---	(49,820)
Balance at December 31, 2014	\$ 796,678	\$ 11,263,001	\$ 387,868	\$ 21,677	\$ 12,469,224
<i>Accumulated depreciation</i>					
Balance at January 1, 2015	\$ 23,550	\$ 418,730	\$ 81,495	\$ ---	\$ 523,775
Depreciation	23,550	414,083	100,130	---	537,763
Balance at December 31, 2015	\$ 47,100	\$ 832,813	\$ 181,625	\$ ---	\$ 1,061,538
Balance at January 1, 2014	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Depreciation	23,550	418,730	81,495	---	523,775
Balance at December 31, 2014	\$ 23,550	\$ 418,730	\$ 81,495	\$ ---	\$ 523,775
<i>Carrying amounts</i>					
At December 31, 2015	\$ 749,578	\$ 11,719,378	\$ 723,007	\$ 16,973	\$ 13,208,936
At December 31, 2014	773,128	10,844,271	306,373	21,677	11,945,449
At January 1, 2014	796,678	8,972,427	336,417	14,312	10,119,834

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

8. Intangible assets

	Computer software	Land rights	Total
<i>Cost or deemed cost</i>			
Balance at January 1, 2015	\$ 100,126	\$ 34,027	\$ 134,153
Additions	68,021	---	68,021
Balance at December 31, 2015	168,147	34,027	202,174
Balance at January 1, 2014	73,763	29,424	103,187
Additions	26,363	4,603	30,966
Balance at December 31, 2014	\$ 100,126	\$ 34,027	\$ 134,153
<i>Accumulated amortization</i>			
Balance at January 1, 2015	\$ 31,301	\$ 794	\$ 32,095
Amortization	49,833	846	50,679
Balance at December 31, 2015	81,134	1,640	82,774
Balance at January 1, 2014	---	---	---
Amortization	31,301	794	32,095
Balance at December 31, 2014	\$ 31,301	\$ 794	\$ 32,095
<i>Carrying amounts</i>			
At December 31, 2015	\$ 87,013	\$ 32,387	\$ 119,400
At December 31, 2014	68,825	33,233	102,058
At January 1, 2014	73,763	29,424	103,187

9. Income tax expense

Current tax expense

	2015	2014
Current year	\$ 658	\$ ---
Adjustment for prior years	---	402
	\$ 658	\$ 402

Deferred tax expense (recovery)

	2015	2014
Origination and reversal of temporary differences	\$ 95,023	\$ 134,755
Increase in tax rate	---	(432,881)
	\$ 95,023	\$ (298,126)

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

9. Income tax expense (continued)

Reconciliation of effective tax rate

	2015	2014
Income before taxes	\$ 458,321	\$ 402,381
Canada and Ontario statutory Income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	121,455	106,631
Increase (decrease) in income taxes resulting from:		
Permanent differences	615	927
Changes and differences in deferred tax rate	---	(432,881)
Other	(26,389)	27,599
Income tax expense	\$ 95,681	\$ (297,724)

Significant components of the Corporation's deferred tax balances

	2015	2014	January 1, 2014
Deferred tax assets (liabilities):			
Property, plant and equipment	\$ 522,946	\$ 677,889	\$ 457,316
Post-employment benefits	43,570	38,446	15,842
Deferred revenue	(10,134)	(6,523)	---
Regulatory liabilities	253,474	192,629	128,718
	\$ 809,856	\$ 902,441	\$ 601,876

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

10. Regulatory balances

Reconciliation of the carrying amount for each class of regulatory balances

Regulatory deferral account debit balances	January 1, 2015	Additions	Recovery/ reversal	December 31, 2015	Remaining recovery/ reversal years
Retail settlement variances	\$ 787,771	\$ (305,342)	\$ ---	\$ 482,429	2-3
Regulatory transition to IFRS	88,909	2,052	---	90,961	3-4
Regulatory variances disposition	44,479	(131,245)	149,816	63,050	1
Other	158,939	(16,861)	---	142,078	1-3
	\$ 1,080,098	\$ (451,396)	\$ 149,816	\$ 778,518	

Regulatory deferral account debit balances	January 1, 2014	Additions	Recovery/ reversal	December 31, 2014	Remaining years
Retail settlement variances	\$ 483,043	\$ 304,728	\$ ---	\$ 787,771	1-4
Regulatory transition to IFRS	86,183	2,726	---	88,909	4-5
Regulatory variances disposition	---	44,479	---	44,479	1
Other	239,480	(80,541)	---	158,939	1-4
	\$ 808,706	\$ 271,392	\$ ---	\$ 1,080,098	

Regulatory deferral account credit balances	January 1, 2015	Additions	Recovery/ reversal	December 31, 2015	Remaining years
Retail settlement variances	\$ 563,676	\$ (212,886)	\$ ---	\$ 350,790	2-3
Deferred income tax	671,368	(158,556)	---	512,812	---
Other	863	1,952	---	2,815	1
	\$ 1,235,907	\$ (369,490)	\$ ---	\$ 866,417	

Regulatory deferral account credit balances	January 1, 2014	Additions	Recovery/ reversal	December 31, 2014	Remaining years
Retail settlement variances	\$ 329,875	\$ 233,801	\$ ---	\$ 563,676	1-4
Deferred income tax	457,318	214,050	---	671,368	---
Regulatory variances disposition	56,078	(56,078)	---	---	---
Other	---	863	---	863	1-2
	\$ 843,271	\$ 392,636	\$ ---	\$ 1,235,907	

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

10. Regulatory balances (continued)

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. An application has been made to the OEB to recover \$nil for the 2016 rate application as the Corporation did not meet the threshold test for the Group 1 deferral accounts. The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In 2015, the rate was 1.19%.

11. Accounts payable and accrued liabilities

	2015	2014	January 1, 2014
Accounts payable – energy purchases	\$ 1,615,281	\$ 2,679,865	\$ 1,408,957
Debt retirement charge payable to OEFC	77,102	82,918	84,414
Water and sewer charges payable	613,276	588,591	519,793
Other	774,853	829,999	960,036
	<u>\$ 3,080,512</u>	<u>\$ 4,181,373</u>	<u>\$ 2,973,200</u>

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

12. Long-term debt

	2015	2014	January 1, 2014
Demand promissory note payable to the Corporation of the Township of Centre Wellington, interest at 7.25%	\$ 5,046,753	\$ 5,046,753	\$ 5,046,753
Ontario Infrastructure loan, interest at 4.48%, payable in monthly instalments, due 2038 secured by a General Security Agreement	1,263,317	1,294,417	1,324,170
Ontario Infrastructure loan, interest at 3.75%, payable in monthly instalments, due 2039 secured by a General Security Agreement	1,199,727	1,230,496	---
Ontario Infrastructure loan, interest at 3.56%, payable in monthly instalments, due 2040 secured by a General Security Agreement	1,905,930	-	---
	9,415,727	7,571,666	6,370,923
Less current portion of long-term debt	113,863	61,868	29,746
	<u>\$ 9,301,864</u>	<u>\$ 7,509,798</u>	<u>\$ 6,341,177</u>

The note payable is due on demand to the Township. The Township has waived its right to demand payment until January 1, 2017.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

13. Post-employment benefits

(a) OMERS pension plan

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2015, the Corporation made employer contributions of \$107,866 to OMERS (2014 - \$114,193), of which \$20,150 (2014 - \$21,056) has been capitalized as part of PP&E and the remaining amount of \$87,716 (2014 - \$93,137) has been recognized in profit or loss. The Corporation estimates that a contribution of \$113,408 to OMERS will be made during the next fiscal year.

As at December 31, 2015, OMERS had approximately 450,000 members, of whom 14 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2014, which reported that the plan was 90.8% funded, with an unfunded liability of \$7.1 billion. This unfunded liability is likely to result in future payments by participating employers and members.

(b) Post-employment benefits other than pension

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and remeasurements recognized for post-employment benefit plans.

Reconciliation of the obligation	2015	2014
Defined benefit obligation, beginning of year	\$ 152,775	\$ 123,742
Included in profit or loss		
Current service cost	10,216	7,294
Interest cost	6,093	5,925
	169,084	136,961
Included in OCI		
Actuarial losses arising from: changes in financial assumptions	---	18,973
	169,084	155,934
Benefits paid	4,668	3,159
Defined benefit obligation, end of year	\$ 164,416	\$ 152,775

Actuarial assumptions	2015	2014
Discount (interest) rate	4.05%	4.05%
Salary levels	3.30%	3.30%
Medical Costs	6.40%	6.70%
Dental Costs	4.60%	4.60%

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

13. Post-employment benefits (continued)

(b) Post-employment benefits other than pension (continued)

A 1% increase or decrease in the assumed discount rate would have an insignificant effect on the defined benefit obligation.

14. Share capital

	2015	2014
Authorized:		
Unlimited number of common shares		
Issued:		
1,100 common shares	\$ 5,035,066	\$ 5,035,066

15. Other revenue

	2015	2014
Collection and other service charges	\$ 103,432	\$ 87,009
Water and sewer billing services	\$ 94,963	\$ 89,803
Rent	87,438	127,903
CDM programs	69,926	---
Gain (loss) on disposals	358	(27,361)
Other	11,723	18,479
	\$ 367,840	\$ 295,833

16. Employee salaries and benefits

	2015	2014
Salaries, wages and benefits	\$ 1,246,494	\$ 1,322,980
CPP and EI remittances	59,659	64,745
Contributions to OMERS	107,866	114,193
	\$ 1,414,019	\$ 1,501,918

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

17. Finance income and costs

	2015	2014
Finance income		
Interest income on bank deposits	\$ 44,589	\$ 44,650
Finance costs		
Interest expense on long-term debt	(497,315)	(436,189)
Interest expense on customer deposits	(1,127)	(1,419)
Other	(16,056)	(15,367)
	(514,498)	(452,975)
Net finance costs recognized in profit or loss	\$ (469,909)	\$ (408,325)

18. Commitments and contingencies

General Liability Insurance

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2015, no assessments have been made.

19. Related party transactions

(a) Parent and ultimate controlling party

The sole shareholder of the Corporation is Centre Wellington Energy Inc. Centre Wellington Energy Inc. is a wholly-owned subsidiary of the Township of Centre Wellington. The Township produces consolidated financial statements that are available for public use.

(b) Outstanding balances with related parties

	2015	2014	January 1, 2014
Township of Centre Wellington - receivable \$	225,475	\$ 167,228	\$ 147,706
Township of Centre Wellington - payable	(613,276)	(588,591)	(588,223)
Township of Centre Wellington - note Payable (note 12)	(5,046,753)	(5,046,753)	(5,046,753)
	\$ (5,434,554)	\$ (5,468,116)	\$ (5,487,270)

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

19. Related party transactions (continued)

(c) Transactions with ultimate parent (the Township)

The Corporation provides water and sewage billing and collection services to the customers of the former Town of Fergus and the Village of Elora, which are located within the Township, as well as supplying street light energy and street lighting maintenance services to the former Town of Fergus and Village of Elora. Revenue includes 156,875 (2014 - 153,927) from the Township for these services.

The Corporation also delivers electricity to the Township throughout the year for the electricity needs of the Township and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Township, including streetlight maintenance services, sentinel lights and water and waste water billing and customer care services.

(d) Key management personnel

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members. The compensation paid or payable is as follows:

	2015	2014
Directors' fees	\$ 47,446	\$ 44,020
Salaries and other benefits	278,113	220,818
	\$ 325,559	\$ 264,838

20. Financial instruments and risk management

Fair value disclosure

The carrying values of cash, accounts receivable, unbilled revenue, due from/to related parties and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the Ontario Infrastructure long-term debt at December 31, 2015 is \$4,585,861. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2015 ranged from 3.36% to 3.43%.

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

20. Financial instruments and risk management (continued)

(a) Credit risk

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Township of Centre Wellington. No single customer accounts for a balance in excess of 9.20% of total accounts receivable.

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 profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2015 is \$18,600 (2014 - \$18,600). An impairment loss of \$4,293 (2014 - \$16,711) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2015, approximately \$7,437 (2014 - \$4,085) is considered 60 days past due. The Corporation has over 6,700 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB and through credit insurance. As at December 31, 2015, the Corporation holds security deposits in the amount of \$146,167 (2014 - \$143,593).

(b) Market risk

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2015 would have increased interest expense on the long-term debt by \$84,937 (2014 - \$67,149), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

20. Financial instruments and risk management (continued)

(c) Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a \$2,000,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2015, no amounts had been drawn under the Corporation's credit facility.

The Corporation also has a facility for \$975,000 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which \$nil has been drawn and posted with the IESO (2014 - \$nil).

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2015, shareholder's equity amounts to \$8,139,725 (2014 - \$7,704,695) and long-term debt amounts to \$9,415,727 (2014 - \$7,571,666).

21. Explanation of transition to IFRS

As stated in note 2(b), these are the Corporation's first financial statements prepared in accordance with IFRS.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended December 31, 2015, the comparative information presented in these financial statements for the year ended December 31, 2014, and in the preparation of the opening IFRS Statement of Financial Position as at January 1, 2014 (the Corporation's date of transition).

In preparing its opening IFRS Statement of Financial Position, the Corporation has adjusted the amounts reported previously in the financial statements prepared in accordance with Canadian general accepted accounting principles (CGAAP). An explanation of how the transition from CGAAP to IFRS has affected the Corporation's financial position, financial performance and cash flows is set out in the following tables and the notes accompanying the tables.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

21. Explanation of transition to IFRS (continued)

Regulatory accounts

IFRS14: *Regulatory Deferral Accounts*, permits an entity to continue to account for regulatory deferral account balances in its financial statements in accordance with its previous GAAP when it adopts IFRS. An entity is permitted to apply the requirements of this standard in its first IFRS financial statements if and only if it conducts rate-regulated activities and recognized amounts that qualify as regulatory deferral account balances in its financial statements in accordance with its previous GAAP. This standard exempts an entity from applying paragraph 11 of IAS8: *Accounting policies, changes in accounting estimates and errors*, to its accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances.

IFRS 14 is effective from periods beginning on or after January 1, 2016, however, early application is permitted. The Corporation has elected to apply this Standard in its first IFRS financial statements.

IFRS 1 Exemptions

IFRS 1 *First-time adoption of International Financial Reporting Standards* sets out the procedures that the Corporation must follow when it adopts IFRS for the first time as the basis for preparing its financial statements. The Corporation is required to establish its IFRS accounting policies as at December 31, 2015 and, in general, apply these retrospectively to determine the IFRS opening statement of financial position as its date of transition, January 1, 2014. This standard provides a number of mandatory and optional exemptions to this general principle. These are set out below, together with a description in each case of the exemption adopted by the Corporation.

(a) Transfer of assets from customers

The corporation has elected to apply the transitional provisions in IFRIC 18 *Transfers of Assets from Customers*. This provision states that the effective date of this standard should be July 1, 2009 or the date of transition to IFRS whichever is the later.

(b) Deemed cost

IFRS 1 provides an optional exemption for a first-time adopter with rate-regulated activities to use the carrying amount of PP&E and intangible assets as deemed cost on transition date when the carrying amount includes costs that do not qualify for capitalization in accordance with IFRS. The Corporation elected this exemption and used the carrying amount of the PP&E and intangible assets under CGAPP as deemed cost on transition date. The carrying amount used as deemed cost is \$10,119,834 for PP&E and \$103,187 for intangible assets.

If an entity applies this exemption, at the date of transition to IFRS, it shall test for impairment each item for which this exemption is used. The assets were tested for impairment at the date of transition and it was determined that the assets were not impaired.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

21. Explanation of transition to IFRS (continued)

Reconciliation of statement of financial position and statement of changes in equity

January 1, 2014	Note	CGAAP	Presentation differences	Measurement & recognition differences	IFRS
Cash	-	1,437,855	-	-	1,437,855
Accounts receivable	-	2,304,611	-	-	2,304,611
Unbilled revenue	-	1,862,812	-	-	1,862,812
Income taxes receivable	-	10,370	-	-	10,370
Materials and supplies	-	294,447	-	-	294,447
Prepaid expenses	-	46,481	-	-	46,481
Long term investment	-	25,101	-	-	25,101
Property, plant and equipment	a	10,223,021	(103,187)	-	10,119,834
Intangible assets	a	-	103,187	-	103,187
Deferred tax assets	f	693,854	-	(91,978)	601,876
Total assets		16,898,552	-	(91,978)	16,806,574
Regulatory balances	d	-	808,706	-	808,706
Total assets and regulatory balances		16,898,552	808,706	(91,978)	17,615,280
Accounts payable and accrued liabilities	-	2,973,200	-	-	2,973,200
Long-term debt due within a year	-	29,746	-	-	29,746
Customer deposits	-	140,111	-	-	140,111
Long-term debt	-	6,341,177	-	-	6,341,177
Post-employment benefits	e	154,283	-	(30,541)	123,742
Total liabilities		9,638,517	-	(30,541)	9,607,976
Share capital	-	5,035,066	-	-	5,035,066
Retained earnings	e	2,081,419	-	22,448	2,103,867
Accumulated OCI	-	25,100	-	-	25,100
Total liabilities and equity		16,780,102	-	(8,093)	16,772,009
Regulatory balances	d	118,450	808,706	(83,885)	843,271
Total liabilities, equity and regulatory balances		16,898,552	808,706	(91,978)	17,615,280

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

21. Explanation of transition to IFRS (continued):

Reconciliation of statement of financial position and statement of changes in equity

December 31, 2014	Note	CGAAP	Presentation differences	Measurement & recognition differences	IFRS
Cash	-	2,056,561	-	-	2,056,561
Accounts receivable	-	2,744,287	-	-	2,744,287
Unbilled revenue	-	1,769,165	-	-	1,769,165
Material and supplies	-	305,209	-	-	305,209
Prepaid expenses	-	81,313	-	-	81,313
Long term investment	-	28,044	-	-	28,044
Property, plant and equipment	a, c	12,022,891	(77,442)	-	11,945,449
Intangible assets	a	-	102,058	-	102,058
Deferred tax assets	-	1,146,937	-	(244,496)	902,441
Total assets		20,154,407	24,616	(244,496)	19,934,527
Regulatory balances	d	-	1,080,098	-	1,080,098
Total assets and regulatory balances		20,154,407	1,104,714	(244,496)	21,014,625
Accounts payable and accrued liabilities	-	4,181,373	-	-	4,181,373
Long-term debt due within one year	-	61,868	-	-	61,868
Customer deposits	-	143,593	-	-	143,593
Deferred revenue	c	-	24,616	-	24,616
Long-term debt	-	7,509,798	-	-	7,509,798
Post-employment benefits	e	161,980	-	(9,205)	152,775
Total liabilities		12,058,612	24,616	(9,205)	12,074,023
Share capital	-	5,035,066	-	-	5,035,066
Retained earnings	e	2,634,820	-	20,712	2,655,532
Accumulated OCI	e	28,043	-	(13,946)	14,097
Total liabilities and equity		19,756,541	24,616	(2,439)	19,778,718
Regulatory balances	d	397,866	1,080,098	(242,057)	1,235,907
Total liabilities, equity and regulatory balances		20,154,407	1,104,714	(244,496)	21,014,625

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

21. Explanation of transition to IFRS (continued)

Reconciliation of net income for 2014

	Note	CGAAP	Presentation differences	Measurement & recognition differences	IFRS
Revenue					
Sale of energy	d	16,182,418	-	146,604	16,329,022
Distribution revenue	-	3,204,104	-	-	3,204,104
Other	-	295,833	-	-	295,833
Investment income	-	44,650	(44,650)	-	-
Operating expenses					
Cost of power purchased	d	16,182,418	-	215,429	16,397,847
Amortization	-	547,856	-	-	547,856
General and administrative	e	1,021,077	-	1,736	1,022,813
Billing and collecting	-	437,448	-	-	437,448
Operating and maintenance	-	612,289	-	-	612,289
Finance income	-	-	(44,650)	-	(44,650)
Finance costs	-	452,975	-	-	452,975
Income tax expense (recovery)	-	(80,459)	(217,667)	-	(298,126)
Net income for the year		553,401	217,667	(70,561)	700,507
Net movement in regulatory balances, net of tax	d	-	(217,667)	68,825	(148,842)
Net income and net movement in regulatory balances	-	553,401	-	(1,736)	551,665
Other comprehensive income (loss)					
Remeasurement of post-employment benefits	e	-	-	(13,946)	(13,946)
Unrealized gain on available for sale financial assets	-	2,943	-	-	2,943
Total comprehensive income for the year		556,344	-	(15,682)	540,662

Notes to the reconciliations

The impact on deferred tax of the adjustments described below is set out in note f.

- The Corporation has elected under IFRS 1 to use the carrying value of items of PP&E and intangible assets as the deemed cost at the date of transition. Therefore, there has been no change to the net PP&E and intangible assets at January 1, 2014. The effect of this transitional adjustment is a decrease to the original cost and accumulated depreciation of the affected PP&E and intangible assets by \$10,110,306 and \$520,365 respectively, the CGAAP accumulated depreciation amount, on January 1, 2014.
- IFRS requires that borrowing costs related to the construction of the qualifying assets be capitalized. The Corporation has applied IAS 23 to all qualifying assets that were in progress or commenced since January 1, 2014. No qualifying assets were identified and therefore no borrowing costs were capitalized for the year ended December 31, 2014.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2015

21. Explanation of transition to IFRS (continued)

Notes to the reconciliations (continued)

- c. Under CGAAP, customer contributions were netted against the cost of PP&E and amortized to profit or loss as an offset to depreciation expense, on the same basis as the related assets. Under IFRS, customer contributions are recognized as deferred revenue, not netted against PP&E, and amortized into profit or loss over the life of the related asset.

There is no effect of the above to deferred revenue at January 1, 2014 as the deemed cost exemption is used (see (b)). The effect at December 31, 2014 is to increase deferred revenue and PP&E by \$24,616.

- d. IFRS 14 permits a rate-regulated entity to continue to apply its previous GAAP accounting policies for the recognition and measurement of regulatory balances. However, all regulatory balances and related deferred tax amounts are reclassified to a new and separate section of the balance sheet. As well, the net income effect of all changes in regulatory balances must be segregated in a new separate section of the statement of income. The effect of the reclassifications enhances comparability of IFRS 14 compliance financial statements with those of entities not applying IFRS 14.
- e. The Corporation adopted the revised Employee Benefits standard effective January 1, 2014. This revised standard requires recognition of actuarial gains and losses through other comprehensive income. This decreased post-employment benefits by \$30,541 at January 1, 2014 and increased operating expenses by \$1,736 and decreased post-employment benefits by \$9,205 for the year ended and as at December 31, 2014.
- f. The above changes decreased the deferred tax asset as follows based on a tax rate of 26.5%:

	Note	2014	January 1, 2014
Post-employee benefits	e	\$ (2,439)	\$ (8,093)
Decrease in deferred tax asset		\$ (2,439)	\$ (8,093)

There are no material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under CGAAP.

Appendix J

Financial Statements for Year Ended 31 December, 2016

Financial Statements of

**CENTRE WELLINGTON
HYDRO LTD.**

Year ended December 31, 2016



KPMG LLP
115 King Street South
2nd Floor
Waterloo ON N2J 5A3
Canada
Tel 519 747-8800
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INDEPENDENT AUDITORS' REPORT

To the Shareholder of Centre Wellington Hydro Ltd.

We have audited the accompanying financial statements of Centre Wellington Hydro Ltd., which comprise the statement of financial position as at December 31, 2016, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 our 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, we consider 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.

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



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Opinion

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

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal stroke.

Chartered Professional Accountants, Licensed Public Accountants

April 5, 2017
Waterloo, Canada

CENTRE WELLINGTON HYDRO LTD.

Statement of Financial Position

December 31, 2016, with comparative information for 2015

	Note	2016	2015
Assets			
Current assets			
Cash		\$ 230,306	\$ 2,116,931
Accounts receivable	5	3,041,551	2,439,653
Unbilled revenue		2,011,477	1,923,595
Income taxes receivable		15,584	-
Materials and supplies	6	306,843	356,975
Prepaid expenses		90,890	68,811
Total current assets		5,696,651	6,905,965
Non-current assets			
Property, plant and equipment	7	14,775,767	13,208,936
Intangible assets	8	74,317	119,400
Long term investment		34,487	28,867
Deferred tax assets	9	776,273	809,856
Total non-current assets		15,660,844	14,167,059
Total assets		21,357,495	21,073,024
Liabilities			
Regulatory debit balances	10	889,451	778,518
Total assets and regulatory balances		\$ 22,246,946	\$ 21,851,542

See accompanying notes to the financial statements.

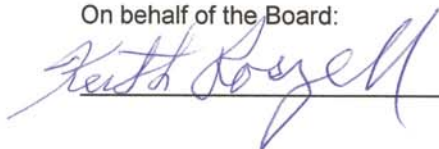
CENTRE WELLINGTON HYDRO LTD.

Statement of Financial Position
December 31, 2016, with comparative information for 2015

	Note	2016	2015
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	11	\$ 3,275,702	\$ 3,080,512
Income taxes payable		-	337
Long-term debt due within one year	12	118,346	113,863
Customer deposits		168,850	146,167
Total current liabilities		3,562,898	3,340,879
Non-current liabilities			
Long-term debt	12	9,183,508	9,301,864
Post-employment benefits	13	217,580	164,416
Deferred revenue		86,736	38,241
Total non-current liabilities		9,487,824	9,504,521
Total liabilities		13,050,722	12,845,400
Equity			
Share capital	14	5,035,066	5,035,066
Retained earnings		2,981,709	2,770,103
Accumulated other comprehensive income (loss)		(14,237)	14,920
Total equity		8,002,538	7,820,089
Total liabilities and equity		21,053,260	20,665,489
Regulatory credit balances	10	1,193,686	1,186,053
Total liabilities, equity and regulatory balances		\$ 22,246,946	\$ 21,851,542

See accompanying notes to the financial statements.

On behalf of the Board:

 Director

 Director

CENTRE WELLINGTON HYDRO LTD.

Statement of Comprehensive Income

Year ended December 31, 2016, with comparative information for 2015

	Note	2016	2015
Revenue			
Sale of energy		\$ 19,345,395	\$ 17,473,231
Distribution revenue		3,174,097	3,175,317
Other	15	238,230	367,840
		22,757,722	21,016,388
Operating expenses			
Cost of power purchased		19,397,385	17,386,243
General and administrative		990,955	1,053,060
Billing and collecting		461,688	449,490
Operating and maintenance		718,543	656,361
Depreciation and amortization		548,179	543,004
		22,116,750	20,088,158
Income from operating activities		640,972	928,230
Finance income	17	35,356	44,589
Finance costs	17	(545,061)	(514,498)
Income before income taxes		131,267	458,321
Income tax expense	9	30,538	95,681
Net income for the year		100,729	362,640
Net movement in regulatory balances, net of tax		110,877	71,567
Net income (loss) for the year and net movement in regulatory balances		211,606	434,207
Other comprehensive income (loss)			
Remeasurement of post-employment benefits	13	(34,777)	-
Unrealized gain on available for sale investment		5,620	823
Other comprehensive income (loss) for the year		(29,157)	823
Total comprehensive income for the year		\$ 182,449	\$ 435,030

See accompanying notes to the financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statement of Changes in Equity

Year ended December 31, 2016, with comparative information for 2015

	Share capital	Retained earnings	Accumulated other comprehensive income (loss)	Total
Balance at January 1, 2015	\$5,035,066	\$2,335,896	\$ 14,097	\$ 7,385,059
Net income and net movement in regulatory balances	-	434,207	-	434,207
Other comprehensive income	-	-	823	823
Balance at December 31, 2015	\$5,035,066	\$2,770,103	\$ 14,920	\$ 7,820,089
Balance at January 1, 2016	\$5,035,066	\$2,770,103	\$ 14,920	\$ 7,820,089
Net income and net movement in regulatory balances	-	211,606	-	211,606
Other comprehensive loss	-	-	(29,157)	(29,157)
Balance at December 31, 2016	\$5,035,066	\$2,981,709	\$ (14,237)	\$ 8,002,538

See accompanying notes to the financial statements.

CENTRE WELLINGTON HYDRO LTD.

Statements of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Operating activities		
Net Income and net movement in regulatory balances	\$ 211,606	\$ 434,207
Adjustments for:		
Depreciation and amortization	612,580	588,442
Post-employment benefits	5,848	11,641
Loss (gain) on disposal of property, plant and equipment	47,701	(358)
Net finance costs	509,705	469,909
Income tax expense	30,538	95,361
	1,417,978	1,599,202
Change in non-cash operating working capital:		
Accounts receivable	(601,898)	304,634
Unbilled revenue	(87,882)	(154,430)
Materials and supplies	50,132	(51,766)
Prepaid expenses	(22,079)	12,502
Accounts payable and accrued liabilities	195,190	(1,100,861)
Customer deposits	22,683	2,572
	(443,854)	(987,349)
Regulatory balances	(103,300)	(67,910)
Income tax paid	(337)	(2,437)
Interest paid	(545,061)	(514,498)
Interest received	35,356	44,589
Net cash from operating activities	360,782	71,597
Investing activities		
Purchase of property, plant and equipment	(2,185,898)	(1,811,277)
Proceeds on disposal of property, plant and equipment	3,869	10,385
Purchase of intangible assets	-	(68,021)
Contributions received from customers	48,495	13,625
Net cash used by investing activities	(2,133,534)	(1,855,288)
Financing activities		
Proceeds from long-term debt	-	1,905,930
Repayment of long-term debt	(113,873)	(61,869)
Net cash from financing activities	(113,873)	1,844,061
Change in cash	(1,886,625)	60,370
Cash, beginning of year	2,116,931	2,056,561
Cash, end of year	\$ 230,306	\$ 2,116,931

See accompanying notes to the financial statements.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

1. Reporting entity

Centre Wellington Hydro Ltd. (the "Corporation") is a rate regulated, municipally owned hydro distribution company incorporated under the laws of Ontario, Canada. The Corporation is located in the Township of Centre Wellington ("the Township"). The address of the Corporation's registered office is 730 Gartshore Street, Fergus, Ontario.

The Corporation delivers electricity and related energy services to residential and commercial customers in the Township. The Corporation is wholly owned by Centre Wellington Energy Inc. and the ultimate parent company is the Township of Centre Wellington.

The financial statements are for the Corporation as at and for the year ended December 31, 2016.

2. Basis of presentation

(a) Statement of compliance

The Corporation's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The financial statements were approved by the Board of Directors on April 5, 2017.

(b) Basis of measurement

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

(c) Functional and presentation currency

These financial statements are presented in Canadian dollars, which is the Corporation's functional currency. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

2. Basis of presentation (continued)

(d) Use of estimates and judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment is included in the following notes:

- (i) Note 3(b) - measurement of unbilled revenue
- (ii) Notes 7, 8 - estimation of useful lives of its property, plant and equipment and intangible assets
- (iii) Note 10 - recognition and measurement of regulatory balances
- (iv) Note 13 - measurement of defined benefit obligations: key actuarial assumptions
- (v) Note 18 - recognition and measurement of provisions and contingencies

(e) Rate regulation

The Corporation is regulated by the Ontario Energy Board ("OEB"), under the authority granted by the *Ontario Energy Board Act, 1998*. Among other things, the OEB has the power and responsibility to approve or set rates for the transmission and distribution of electricity, providing continued rate protection for electricity consumers in Ontario, and ensuring that transmission and distribution companies fulfill obligations to connect and service customers. The OEB may also prescribe license requirements and conditions of service to local distribution companies ("LDCs"), such as the Corporation, which may include, among other things, record keeping, regulatory accounting principles, separation of accounts for distinct businesses, and filing and process requirements for rate setting purposes.

The Corporation is required to bill customers for the debt retirement charge set by the province. The Corporation may file to recover uncollected debt retirement charges from Ontario Electricity Financial Corporation ("OEFC") once each year.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

2. Basis of presentation (continued)

(e) Rate regulation (continued)

Rate setting

Distribution revenue

For the distribution revenue included in sale of energy, the Corporation files a “Cost of Service” (“COS”) rate application with the OEB every five years where rates are determined through a review of the forecasted annual amount of operating and capital expenditures, debt and shareholder’s equity required to support the Corporation’s business. The Corporation estimates electricity usage and the costs to service each customer class to determine the appropriate rates to be charged to each customer class. The COS application is reviewed by the OEB and interveners and rates are approved based upon this review, including any revisions resulting from that review.

In the intervening years an Incentive Rate Mechanism application (“IRM”) is filed. An IRM application results in a formulaic adjustment to distribution rates that were set under the last COS application. The previous year’s rates are adjusted for the annual change in the Gross Domestic Product Implicit Price Inflation for Final Domestic Demand (“GDP IPI-FDD”) net of a productivity factor and a “stretch factor” determined by the relative efficiency of an electricity distributor.

As a licensed distributor, the Corporation 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 Corporation is required, pursuant to regulation, to remit such amounts to these third parties, irrespective of whether the Corporation ultimately collects these amounts from customers.

The Corporation last filed a COS application in October 2012 for rates effective May 1, 2013 to April 30, 2017. The Corporation has been granted a deferral of the COS application with the next COS application to be filed in April 2017 for January 1, 2018 rates. The GDP IPI-FDD for 2016 is 2.10%, the Corporation’s productivity factor is nil% and the stretch factor is 0.30%, resulting in a net adjustment of 1.80% to the previous year’s rates.

Electricity rates

The OEB sets electricity prices for low-volume consumers twice each year based on an estimate of how much it will cost to supply the province with electricity for the next year. All remaining consumers pay the market price for electricity. The Corporation is billed for the cost of the electricity that its customers use and passes this cost on to the customer at cost without a mark-up.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies

The accounting policies set out below have been applied consistently in all years presented in these financial statements.

(a) Financial instruments

All financial assets, except for the long term investment in marketable securities, are classified as loans and receivables and all financial liabilities are classified as other liabilities. These financial instruments are recognized initially at fair value plus any directly attributable transaction costs. Subsequently, they are measured at amortized cost using the effective interest method less any impairment for the financial assets as described in note 3(f). The long-term investment is classified as available for sale and measured at fair value with unrealized gains and losses recorded in other comprehensive income. The Corporation does not enter into derivative instruments.

Hedge accounting has not been used in the preparation of these financial statements.

(b) Revenue recognition

Sale and distribution of electricity

Revenue from the sale and distribution of electricity is recognized as the electricity is delivered to customers on the basis of cyclical meter readings and estimated customer usage since the last meter reading date to the end of the year. Revenue includes the cost of electricity supplied, distribution, and any other regulatory charges. The related cost of power is recorded on the basis of power used.

For customer billings related to 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 Corporation has determined that it is acting as a principal for these electricity charges and, therefore, has presented electricity revenue on a gross basis.

Customer billings for debt retirement charges are recorded on a net basis as the Corporation is acting as an agent for this billing stream.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (continued)

(b) Revenue recognition (continued)

Other revenue

Revenue earned from the provision of services is recognized as the service is rendered or contract milestones are achieved. Amounts received in advance of these milestones are presented as deferred revenue.

Certain customers and developers are required to contribute towards the capital cost of construction of distribution assets in order to provide ongoing service. Cash contributions are recorded as deferred revenue. When an asset other than cash is received as a capital contribution, the asset is initially recognized at its fair value, with a corresponding amount recognized as deferred revenue. The deferred revenue, which represents the Corporation's obligation to continue to provide the customers access to the supply of electricity, is amortized to income on a straight-line basis over the useful life of the related asset.

Government grants and the related performance incentive payments under CDM programs are recognized as revenue in the year when there is reasonable assurance that the program conditions have been satisfied and the payment will be received.

(c) Materials and supplies

Materials and supplies, the majority of which is consumed by the Corporation in the provision of its services, is valued at the lower of cost and net realizable value, with cost being determined on an average cost basis, and includes expenditures incurred in acquiring the materials and supplies and other costs incurred in bringing them to their existing location and condition.

(d) Property, plant and equipment

Items of property, plant and equipment ("PP&E") used in rate-regulated activities and acquired prior to January 1, 2015 are measured at the deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated depreciation. All other items of PP&E are measured at cost, or, where the item is contributed by customers, its fair value, less accumulated depreciation.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes contracted services, materials and transportation costs, direct labour, overhead costs, borrowing costs and any other costs directly attributable to bringing the asset to a working condition for its intended use.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

Borrowing costs on qualifying assets are capitalized as part of the cost of the asset based upon the weighted average cost of debt incurred on the Corporation's borrowings. Qualifying assets are considered to be those that take in excess of 12 months to construct.

When parts of an item of PP&E have different useful lives, they are accounted for as separate items (major components) of PP&E.

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

Major spare parts and standby equipment are recognized as items of PP&E.

The cost of replacing a part of an item of PP&E is recognized in the net book value of the item if it is probable that the future economic benefits embodied within the part will flow to the Corporation and its cost can be measured reliably. In this event, the replaced part of PP&E is written off, and the related gain or loss is included in profit or loss. The costs of the day-to-day servicing of PP&E are recognized in profit or loss as incurred.

The need to estimate the decommissioning costs at the end of the useful lives of certain assets is reviewed periodically. The Corporation has concluded it does not have any legal or constructive obligation to remove PP&E.

Depreciation is calculated to write off the cost of items of PP&E using the straight-line method over their estimated useful lives, and is generally recognized in profit or loss. Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted prospectively if appropriate. Land is not depreciated. Construction-in-progress assets are not depreciated until the project is complete and the asset is available for use.

The estimated useful lives are as follows:

	Years
Buildings	25-50 years
Distribution equipment	15-70 years
Vehicles	7-12 years
Other tools and equipment	8-15 years
Computer equipment	3-6 years

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (continued)

(e) Intangible assets

Intangible assets used in rate-regulated activities and acquired prior to January 1, 2015 are measured at deemed cost (carrying value as elected under IFRS 1) established on the transition date, less accumulated amortization. All other intangible assets are measured at cost.

Computer software that is acquired or developed by the Corporation after January 1, 2015, including software that is not integral to the functionality of equipment purchased which has finite useful lives, is measured at cost less accumulated amortization.

Payments to obtain rights to access land ("land rights") are classified as intangible assets. These include payments made for easements, right of access and right of use over land for which the Corporation does not hold title. Land rights are measured at cost less accumulated amortization.

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. Amortization methods and useful lives of all intangible assets are reviewed at each reporting date and adjusted prospectively if appropriate. The estimated useful lives are:

	Years
Computer software	3-5 years
Land rights	0-50 years

(f) Impairment

(i) Financial assets measured at amortized cost

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Interest on the impaired assets continues to be recognized through the unwinding of the discount. Losses are recognized in profit or loss. An impairment loss is reversed through profit or loss if the reversal can be related objectively to an event occurring after the impairment loss was recognized.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (continued)

(f) Impairment (continued)

(ii) Non-financial assets

The carrying amounts of the Corporation's non-financial assets, other than materials and supplies and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss.

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

(g) Customer deposits

Customer deposits represent cash deposits from electricity distribution customers and retailers to guarantee the payment of energy bills. Interest is paid on customer deposits.

Deposits are refundable to customers who demonstrate an acceptable level of credit risk as determined by the Corporation in accordance with policies set out by the OEB or upon termination of their electricity distribution service.

(h) Provisions

A provision is recognized if, as a result of a past event, the Corporation has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (continued)

(i) Regulatory balances

Regulatory deferral account debit balances represent costs incurred in excess of amounts billed to the customer at OEB approved rates. Regulatory deferral account credit balances represent amounts billed to the customer at OEB approved rates in excess of costs incurred by the Corporation.

Regulatory deferral account debit balances are recognized if it is probable that future billings in an amount at least equal to the deferred cost will result from inclusion of that cost in allowable costs for rate-making purposes. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. When the customer is billed at rates approved by the OEB for the recovery of the deferred costs, the customer billings are recognized in revenue. The regulatory debit balance is reduced by the amount of these customer billings with the offset to net movement in regulatory balances in profit or loss or OCI.

The probability of recovery of the regulatory deferral account debit balances is assessed annually based upon the likelihood that the OEB will approve the change in rates to recover the balance. The assessment of likelihood of recovery is based upon previous decisions made by the OEB for similar circumstances, policies or guidelines issued by the OEB, etc. Any resulting impairment loss is recognized in profit or loss in the year incurred.

When the Corporation is required to refund amounts to ratepayers in the future, the Corporation recognizes a regulatory deferral account credit balance. The offsetting amount is recognized in net movement in regulatory balances in profit or loss or OCI. The amounts returned to the customers are recognized as a reduction of revenue. The credit balance is reduced by the amount of these customer repayments with the offset to net movement in regulatory balances in profit or loss or OCI.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (continued)

(j) Post-employment benefits

(i) Pension plan

The Corporation provides a pension plan for all its full-time employees through Ontario Municipal Employees Retirement System ("OMERS"). OMERS is a multi-employer pension plan which operates as the Ontario Municipal Employees Retirement Fund ("the Fund"), and provides pensions for employees of Ontario municipalities, local boards and public utilities. The Fund is a contributory defined benefit pension plan, which is financed by equal contributions from participating employers and employees, and by the investment earnings of the Fund. To the extent that the Fund finds itself in an under-funded position, additional contribution rates may be assessed to participating employers and members.

OMERS is a defined benefit plan. However, as OMERS does not segregate its pension asset and liability information by individual employers, there is insufficient information available to enable the Corporation to directly account for the plan. Consequently, the plan has been accounted for as a defined contribution plan. The Corporation is not responsible for any other contractual obligations other than the contributions. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss when they are due.

(ii) Post-employment benefits, other than pension

The Corporation provides some of its retired employees with life insurance and medical benefits beyond those provided by government sponsored plans.

The obligations for these post-employment benefit plans are actuarially determined by applying the projected unit credit method and reflect management's best estimate of certain underlying assumptions. Remeasurements of the net defined benefit obligations, including actuarial gains and losses and the return on plan assets (excluding interest), are recognized immediately in other comprehensive income. When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognized immediately in profit or loss.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (continued)

(k) Leased assets

Leases, where the terms cause the Corporation to assume substantially all the risks and rewards of ownership, are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

All other leases are classified as operating leases and the leased assets are not recognized on the Corporation's statement of financial position. Payments made under operating leases are recognized in profit or loss on a straight-line basis over the term of the lease.

(l) Finance income and finance costs

Finance income is recognized as it accrues in profit or loss, using the effective interest method. Finance income comprises interest earned on cash and dividend income.

Finance costs comprise interest expense on borrowings and net interest expense on post-employment benefits. Finance costs are recognized in profit or loss unless they are capitalized as part of the cost of qualifying assets.

(m) Income taxes

The income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case, it is recognized in equity.

The Corporation is currently exempt from taxes under the Income Tax Act (Canada) and the Ontario Corporations Tax Act (collectively the "Tax Acts"). Under the *Electricity Act*, 1998, the Corporation makes payments in lieu of corporate taxes to the 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 Tax Acts as modified by the *Electricity Act*, 1998, and related regulations. Prior to October 1, 2001, the Corporation was not subject to income or capital taxes. Payments in lieu of taxes are referred to as income taxes.

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

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

3. Significant accounting policies (continued)

(m) Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the tax basis of assets and liabilities and their carrying amounts for accounting purposes. Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted, at the reporting date.

4. Standards issued but not yet adopted

The Corporation is evaluating the adoption of the following new and revised standards along with any subsequent amendments.

Revenue Recognition

The IASB has issued IFRS 15 Revenue from Contracts with Customers ("IFRS 15"). IFRS 15 replaces IAS 11 Construction Contracts, IAS 18 Revenue and various interpretations and establishes principles regarding the nature, amount, timing and uncertainty of revenue arising from contracts with customers. The standard requires entities to recognize revenue for the transfer of goods or services to customers measured at the amounts an entity expects to be entitled to in exchange for those goods or services. IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is assessing the impact of IFRS 15 on its results of operations, financial position and disclosures.

Financial Instruments

In July 2015, the IASB issued a new standard, IFRS 9 Financial Instruments, which will replace IAS 39 Financial Instruments: Recognition and Measurement. The replacement of IAS 39 is a multi-phase project with the objective of improving and simplifying the reporting for financial instruments. The issuance of IFRS 9 is part of the first phase of this project. IFRS 9 is effective for periods beginning on or after January 1, 2018 and must be applied retrospectively. The Corporation is assessing the impact of IFRS 9 on its results of operations, financial position, and disclosures.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

4. Standards issued but not yet adopted (continued)

Leases

In January 2016, the IASB issued IFRS 16 to establish principles for the recognition, measurement, presentation and disclosures of leases, with the objective of ensuring that lessees and lessors provide relevant information that faithfully represents those transactions. IFRS 16 replaces IAS 17 and it is effective for annual periods beginning on or after January 1, 2019. The Corporation is assessing the impact of IFRS 16 on its results of operations, financial position and disclosures.

5. Accounts receivable

	December 31, 2016	December 31, 2015
Trade customer receivables	\$ 2,746,598	\$ 2,114,268
Other receivables	294,953	325,385
	<u>\$ 3,041,551</u>	<u>\$ 2,439,653</u>

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

6. Materials and supplies

Amount written down due to obsolescence in 2016 was a recovery of \$60 (2015 – write-down of \$4,208).

7. Property, plant and equipment

	Land and buildings	Distribution equipment	Other fixed assets	Construction -in-Progress	Total
<i>Cost or deemed cost</i>					
Balance at January 1, 2016	\$ 796,678	\$12,552,191	\$ 904,632	\$ 16,973	\$14,270,474
Additions	73,701	1,994,405	96,214	21,578	2,185,898
Transfers	-	16,973	-	(16,973)	-
Disposals/retirements	-	(51,570)	-	-	(51,570)
Balance at December 31, 2016	\$ 870,379	\$14,511,999	\$1,000,846	\$ 21,578	\$16,404,802
Balance at January 1, 2015	\$ 796,678	\$11,263,001	\$ 387,868	\$ 21,677	\$12,469,224
Additions	-	1,277,054	517,250	16,973	1,811,277
Transfers	-	21,677	-	(21,677)	-
Disposals/retirements	-	(9,541)	(486)	-	(10,027)
Balance at December 31, 2015	\$ 796,678	\$12,552,191	\$ 904,632	\$ 16,973	\$14,270,474
<i>Accumulated depreciation</i>					
Balance at January 1, 2016	\$ 47,100	\$ 832,813	\$ 181,625	\$ -	\$ 1,061,538
Depreciation	24,953	414,361	128,183	-	567,497
Balance at December 31, 2016	\$ 72,053	\$ 1,247,174	\$ 309,808	\$ -	\$ 1,629,035
Balance at January 1, 2015	\$ 23,550	\$ 418,730	\$ 81,495	\$ -	\$ 523,775
Depreciation	23,550	414,083	100,130	-	537,763
Balance at December 31, 2015	\$ 47,100	\$ 832,813	\$ 181,625	\$ -	\$ 1,061,538
<i>Carrying amounts</i>					
At December 31, 2016	\$ 798,326	\$13,264,825	\$ 691,038	\$ 21,578	\$14,775,767
At December 31, 2015	749,578	11,719,378	723,007	16,973	13,208,936

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

8. Intangible assets

	Computer software	Land rights	Total
<i>Cost or deemed cost</i>			
Balance at January 1, 2016	\$ 168,147	\$ 34,027	\$ 202,174
Additions	-	-	-
Balance at December 31, 2016	\$ 168,147	34,027	202,174
Balance at January 1, 2015	\$ 100,126	\$ 34,027	\$ 134,153
Additions	68,021	-	68,021
Balance at December 31, 2015	\$ 168,147	34,027	202,174
<i>Accumulated amortization</i>			
Balance at January 1, 2016	\$ 81,134	\$ 1,640	\$ 82,774
Amortization	44,238	845	45,083
Balance at December 31, 2016	\$ 125,372	2,485	127,857
Balance at January 1, 2015	\$ 31,301	\$ 794	\$ 32,095
Amortization	49,833	846	50,679
Balance at December 31, 2015	\$ 81,134	1,640	82,774
<i>Carrying amounts</i>			
At December 31, 2016	\$ 42,775	\$ 31,542	\$ 74,317
At December 31, 2015	87,013	32,387	119,400

9. Income tax expense

Current tax expense (recovery)

	2016	2015
Current year	\$ (15,584)	\$ 658
	\$ (15,584)	\$ 658

Deferred tax expense (recovery)

	2016	2015
Origination and reversal of temporary differences	\$ 46,122	\$ 95,023
Tax adjustment included in other comprehensive income	(12,539)	-
	\$ 33,583	\$ 95,023

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

9. Income tax expense (continued)

Reconciliation of effective tax rate

	2016	2015
Income before taxes	\$ 131,267	\$ 458,321
Canada and Ontario statutory Income tax rates	26.5%	26.5%
Expected tax provision on income at statutory rates	34,786	121,455
Increase (decrease) in income taxes resulting from:		
Permanent differences	456	615
Other	(4,704)	(26,389)
Income tax expense	\$ 30,538	\$ 95,681

Significant components of the Corporation's deferred tax balances

	2016	2015
Deferred tax assets (liabilities):		
Property, plant and equipment	\$ 683,647	\$ 522,946
Post-employment benefits	57,658	43,570
Deferred revenue	22,985	(10,134)
Regulatory liabilities	11,983	253,474
	\$ 776,273	\$ 809,856

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

10. Regulatory balances

Reconciliation of the carrying amount for each class of regulatory balances

	January 1, 2016	Additions	Recovery/ reversal	December 31, 2016	Remaining recovery/ reversal years
Regulatory deferral account debit balances					
Retail settlement variances	\$ 482,429	\$ 179,739	\$ -	\$ 662,168	2
Regulatory transition to IFRS	90,961	10,501	-	101,462	2
Regulatory variances disposition	63,050	(63,050)	-	-	-
Other	142,078	(16,257)	-	125,821	2
	\$ 778,518	\$ 110,933	\$ -	\$ 889,451	

	January 1, 2015	Additions	Recovery/ reversal	December 31, 2015	Remaining years
Regulatory deferral account debit balances					
Retail settlement variances	\$ 787,771	\$ (305,342)	\$ -	\$ 482,429	2-3
Regulatory transition to IFRS	88,909	2,052	-	90,961	3-4
Regulatory variances disposition	44,479	(131,245)	149,816	63,050	1
Other	158,939	(16,861)	-	142,078	1-3
	\$ 1,080,098	\$ (451,396)	\$ 149,816	\$ 778,518	

	January 1, 2016	Additions	Recovery/ reversal	December 31, 2016	Remaining years
Regulatory deferral account credit balances					
Retail settlement variances	\$ 350,790	\$ 51,215	\$ -	\$ 402,005	2
Deferred income tax	832,448	(58,887)	-	773,561	2
Regulatory variances disposition	-	(58,253)	72,495	14,242	-
Other	2,815	1,063	-	3,878	2
	\$ 1,186,053	\$ (64,862)	\$ 72,495	\$ 1,193,686	

	January 1, 2015	Additions	Recovery/ reversal	December 31, 2015	Remaining years
Regulatory deferral account credit balances					
Retail settlement variances	\$ 563,676	\$ (212,886)	\$ -	\$ 350,790	2-3
Deferred income tax	991,004	(158,556)	-	832,448	-
Regulatory variances disposition	-	-	-	-	-
Other	863	1,952	-	2,815	1
	\$ 1,555,543	\$ (369,490)	\$ -	\$ 1,186,053	

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

10. Regulatory balances (continued)

The regulatory balances are recovered or settled through rates approved by the OEB which are determined using estimates of future consumption of electricity by its customers. Future consumption is impacted by various factors including the economy and weather. The Corporation has received approval from the OEB to establish its regulatory balances.

Settlement of the Group 1 deferral accounts is done on an annual basis through application to the OEB. An application has been made to the OEB to recover \$73,511 for the Lost Revenue Adjustment Mechanism Variance Account for the 2017 rate application. Approval is pending. The next COS application to be filed in April 2017 for January 1, 2018 rates. The OEB requires the Corporation to estimate its income taxes when it files a COS application to set its rates. As a result, the Corporation has recognized a regulatory deferral account for the amount of deferred taxes that will ultimately be recovered from/paid back to its customers. This balance will fluctuate as the Corporation's deferred tax balance fluctuates.

Regulatory balances attract interest at OEB prescribed rates, which are based on Bankers' Acceptances three-month rate plus a spread of 25 basis points. In 2016, the rate was 1.10%.

11. Accounts payable and accrued liabilities

	2016	2015
Accounts payable – energy purchases	\$ 1,609,822	\$ 1,615,281
Debt retirement charge payable to OEFC	51,762	77,102
Water and sewer charges payable	621,553	613,276
Other	992,565	774,853
	<u>\$ 3,275,702</u>	<u>\$ 3,080,512</u>

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

12. Long-term debt

	2016	2015
Demand promissory note payable to the Corporation of the Township of Centre Wellington, interest at 7.25%	\$5,046,753	\$ 5,046,753
Ontario Infrastructure loan, interest at 4.48%, payable in monthly instalments, due 2038 secured by a General Security Agreement	1,230,778	1,263,317
Ontario Infrastructure loan, interest at 3.75%, payable in monthly instalments, due 2039 secured by a General Security Agreement	1,167,792	1,199,727
Ontario Infrastructure loan, interest at 3.56%, payable in monthly instalments, due 2040 secured by a General Security Agreement	1,856,531	1,905,930
	<u>\$9,301,854</u>	<u>9,415,727</u>
Less current portion of long-term debt	\$118,346	113,863
	<u>\$9,183,508</u>	<u>\$ 9,301,864</u>

The note payable is due on demand to the Township. The Township has waived its right to demand payment until January 1, 2018.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

13. Post-employment benefits

(a) OMERS pension plan

The Corporation provides a pension plan for its employees through OMERS. The plan is a multi-employer, contributory defined pension plan with equal contributions by the employer and its employees. In 2016, the Corporation made employer contributions of \$130,230 to OMERS (2015 - \$107,866), of which \$16,568 (2015 - \$20,150) has been capitalized as part of PP&E and the remaining amount of \$113,662 (2015 - \$87,716) has been recognized in profit or loss. The Corporation estimates that a contribution of \$122,098 to OMERS will be made during the next fiscal year.

As at December 31, 2016, OMERS had approximately 470,000 members, of whom 14 are current employees of the Corporation. The most recently available OMERS annual report is for the year ended December 31, 2016, which reported that the plan was 93.4% funded, with an unfunded liability of \$5.7 billion. This unfunded liability is likely to result in future payments by participating employers and members.

(b) Post-employment benefits other than pension

The Corporation pays certain medical and life insurance benefits on behalf of some of its retired employees. The Corporation recognizes these post-employment benefits in the year in which employees' services were rendered. The Corporation is recovering its post-employment benefits in rates based on the expense and remeasurements recognized for post-employment benefit plans.

Reconciliation of the obligation	2016	2015
Defined benefit obligation, beginning of year	\$ 164,416	\$ 152,775
Included in profit or loss		
Current service cost	10,630	10,216
Interest cost	6,432	6,093
	181,478	169,084
Included in OCI		
Actuarial losses arising from: changes in financial assumptions	47,316	-
	228,794	169,084
Benefits paid	11,214	4,668
Defined benefit obligation, end of year	\$ 217,580	\$ 164,416

Actuarial assumptions	2016	2015
Discount (interest) rate	3.90%	4.05%
Salary levels	3.30%	3.30%
Medical Costs	6.20%	6.40%
Dental Costs	4.50%	4.60%

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

13. Post-employment benefits (continued)

(b) Post-employment benefits other than pension (continued)

A 1% increase in the assumed discount rate would result in the defined benefit obligation decreasing by \$30,000. A 1% decrease in the assumed discount rate would result in the defined benefit obligation increasing by \$38,000.

14. Share capital

	2016	2015
Authorized:		
Unlimited number of common shares		
Issued:		
1,100 common shares	\$ 5,035,066	\$ 5,035,066

15. Other revenue

	2016	2015
Collection and other service charges	\$ 158,356	\$ 103,432
Water and sewer billing services	34,855	94,963
Rent	79,842	87,438
CDM programs	828	69,926
Gain (loss) on disposals	(47,701)	358
Other	12,050	11,723
	\$ 238,230	\$ 367,840

16. Employee salaries and benefits

	2016	2015
Salaries, wages and benefits	\$ 1,292,089	\$ 1,246,494
CPP and EI remittances	60,119	59,659
Contributions to OMERS	130,230	107,866
	\$ 1,482,438	\$ 1,414,019

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

17. Finance income and costs

	2016	2015
Finance income		
Interest income on bank deposits	\$ 35,356	\$ 44,589
Finance costs		
Interest expense on long-term debt	(533,309)	(497,315)
Interest expense on customer deposits	(1,130)	(1,127)
Other	(10,622)	(16,056)
	(545,061)	(514,498)
Net finance costs recognized in profit or loss	\$ (509,705)	\$ (469,909)

18. Commitments and contingencies

General Liability Insurance

The Corporation is a member of the Municipal Electric Association Reciprocal Insurance Exchange (MEARIE). MEARIE is a pooling of public liability insurance risks of many of the LDCs in Ontario. All members of the pool are subjected to assessment for losses experienced by the pool for the years in which they were members, on a pro-rata basis based on the total of their respective service revenues. As at December 31, 2016, no assessments have been made.

19. Related party transactions

(a) Parent and ultimate controlling party

The sole shareholder of the Corporation is Centre Wellington Energy Inc. Centre Wellington Energy Inc. is a wholly-owned subsidiary of the Township of Centre Wellington. The Township produces consolidated financial statements that are available for public use.

(b) Outstanding balances with related parties

	2016	2015
Township of Centre Wellington - receivable	\$ 172,615	\$ 225,475
Township of Centre Wellington - payable	(621,553)	(613,276)
Township of Centre Wellington - note Payable (note 12)	(5,046,753)	(5,046,753)
	\$ (5,495,691)	\$ (5,434,554)

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

19. Related party transactions (continued)

(c) Transactions with ultimate parent (the Township)

The Corporation provides water and sewage billing and collection services to the customers of the former Town of Fergus and the Village of Elora, which are located within the Township, as well as supplying street light energy and street lighting maintenance services to the former Town of Fergus and Village of Elora. Revenue includes \$161,914 (2015 – 156,875) from the Township for these services.

The Corporation also delivers electricity to the Township throughout the year for the electricity needs of the Township and its related organizations. Electricity delivery charges are at prices and under terms approved by the OEB. The Corporation also provides additional services to the Township, including streetlight maintenance services, sentinel lights and water and waste water billing and customer care services.

(d) Key management personnel

The key management personnel of the Corporation have been defined as members of its board of directors and executive management team members. The compensation paid or payable is as follows:

	2016	2015
Directors' fees	\$ 38,802	\$ 47,446
Salaries and other benefits	289,118	278,113
	\$ 327,920	\$ 325,559

20. Financial instruments and risk management

Fair value disclosure

The carrying values of cash, accounts receivable, unbilled revenue, due from/to related parties and accounts payable and accrued liabilities approximate fair value because of the short maturity of these instruments. The carrying value of the customer deposits approximates fair value because the amounts are payable on demand.

The fair value of the Ontario Infrastructure long-term debt at December 31, 2016 is \$4,383,703. The fair value is calculated based on the present value of future principal and interest cash flows, discounted at the current rate of interest at the reporting date. The interest rate used to calculate fair value at December 31, 2016 ranged from 3.53% to 3.60%.

Financial risks

The Corporation understands the risks inherent in its business and defines them broadly as anything that could impact its ability to achieve its strategic objectives. The Corporation's exposure to a variety of risks such as credit risk, interest rate risk, and liquidity risk, as well as related mitigation strategies are discussed below.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

20. Financial instruments and risk management (continued)

(a) Credit risk

Financial assets carry credit risk that a counterparty will fail to discharge an obligation which could result in a financial loss. Financial assets held by the Corporation, such as accounts receivable, expose it to credit risk. The Corporation earns its revenue from a broad base of customers located in the Township of Centre Wellington. As at December 31, 2016, one customer accounts for a balance 11.2% of total accounts receivable (2015 – none in excess of 10.0%).

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 profit or loss. Subsequent recoveries of receivables previously provisioned are credited to profit or loss. The balance of the allowance for impairment at December 31, 2016 is \$18,600 (2015 - \$18,600). An impairment loss of \$2,133 (2015 - \$4,293) was recognized during the year.

The Corporation's credit risk associated with accounts receivable is primarily related to payments from distribution customers. At December 31, 2016, approximately \$18,886 (2015 - \$7,437) is considered 60 days past due. The Corporation has over 6,700 customers, the majority of whom are residential. Credit risk is managed through collection of security deposits from customers in accordance with directions provided by the OEB and through credit insurance. As at December 31, 2016, the Corporation holds security deposits in the amount of \$168,850 (2015 - \$146,167).

(b) Market risk

Market risks primarily refer to the risk of loss resulting from changes in commodity prices, foreign exchange rates, and interest rates. The Corporation currently does not have any material commodity or foreign exchange risk. The Corporation is exposed to fluctuations in interest rates as the regulated rate of return for the Corporation's distribution business is derived using a complex formulaic approach which is in part based on the forecast for long-term Government of Canada bond yields. This rate of return is approved by the OEB as part of the approval of distribution rates.

A 1% increase in the interest rate at December 31, 2016 would have increased interest expense on the long-term debt by \$93,588 (2015 - \$84,937), assuming all other variables remain constant. A 1% decrease in the interest rate would have an equal but opposite effect.

CENTRE WELLINGTON HYDRO LTD.

Notes to Financial Statements
Year ended December 31, 2016

20. Financial instruments and risk management (continued)

(c) Liquidity risk

The Corporation monitors its liquidity risk to ensure access to sufficient funds to meet operational and investing requirements. The Corporation's objective is to ensure that sufficient liquidity is on hand to meet obligations as they fall due while minimizing interest exposure. The Corporation has access to a \$2,000,000 credit facility and monitors cash balances daily to ensure that a sufficient level of liquidity is on hand to meet financial commitments as they become due. As at December 31, 2016, no amounts had been drawn under the Corporation's credit facility.

The Corporation also has a facility for \$975,000 (the "LC" facility) for the purpose of issuing letters of credit mainly to support the prudential requirements of the IESO, of which \$nil has been drawn and posted with the IESO (2015 - \$nil).

The majority of accounts payable, as reported on the statement of financial position, are due within 30 days.

(d) Capital disclosures

The main objectives of the Corporation, when managing capital, are to ensure ongoing access to funding to maintain and improve the electricity distribution system, compliance with covenants related to its credit facilities, prudent management of its capital structure with regard for recoveries of financing charges permitted by the OEB on its regulated electricity distribution business, and to deliver the appropriate financial returns.

The Corporation's definition of capital includes shareholder's equity and long-term debt. As at December 31, 2016, shareholder's equity amounts to \$8,002,538 (2015 - \$7,820,089) and long-term debt amounts to \$9,301,854 (2015 - \$9,415,727).

21. Adjustment of prior period figures

During 2016, the Corporation identified that it was not recording the net operating losses as part of the regulatory deferred income tax calculation. As a result, this adjustment has been applied retroactively with a revision of the 2015 financial statements. Specifically, the amounts recorded at December 31, 2015 for regulatory credit balances and retained earnings have increased and decreased by \$319,636 respectively.

Appendix K

RRR 2.1.13 USofA Mapped to Audited Financial Statements 2013

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2013

Account Number	F/S Section	F/S Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2013 Total Balance Sheet Grouped as per 2.1.7	2013 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.17 and Financial Statements	Explanation of Difference
Balance Sheet								
ASSETS								
1005	Current Assets	Cash	Cash	\$ 1,437,101.80				
1010	Current Assets	Cash	Working Funds	\$ 753.01	\$ 1,437,855	\$ 1,437,855	\$ (0)	
1100	Current Assets	Accounts Receivable	Customer AR	\$ 2,095,913.42				
1102	Current Assets	Accounts Receivable	Accounts Receivable - Services	\$ (25,034.87)				
1104	Current Assets	Accounts Receivable	A/R Recoverable	\$ 20,715.85				
1105	Current Assets	Accounts Receivable	AR-Merchand/Jobbing Etc	\$ 161,707.42				
1110	Current Assets	Accounts Receivable	Other AR	\$ 66,308.80				
1130	Current Assets	Accounts Receivable	Accum Prov for Uncoll Accts	\$ (15,000.00)	\$ 2,304,611	\$ 2,304,611	\$ (0)	
1120	Current Assets	Unbilled revenue	Accrued Utility Revenue	\$ 1,862,812.28	\$ 1,862,812	\$ 1,862,812	\$ 0	
2294	Current Assets	Income taxes recoverable	Accrued PIL Taxes Payable	\$ 10,369.52	\$ 10,370	\$ 10,370		
1190	Current Assets	Inventory	Misc Curr and Accrued Assets	\$ 7,689.35				
1330	Current Assets	Inventory	Plant Materials and Oper Supp	\$ 286,757.97	\$ 294,447	\$ 294,447	\$ 0	
1180	Current Assets	Prepaid expenses	Prepaid Expenses	\$ 46,481.06	\$ 46,481	\$ 46,481	\$ 0	
Total Current Assets						\$ 5,956,576		
1611	Assets	Property, plant and equipment	Computer Software	\$ 586,421.43				Classified as Acct 1925 on 2.1.7
1612	Assets	Property, plant and equipment	Land Rights	\$ 37,132.16				Classified as Acct 1806 on 2.1.7
1805	Assets	Property, plant and equipment	Land	\$ 46,065.54				
1806	Assets	Property, plant and equipment	Land Rights					
1808	Assets	Property, plant and equipment	Building & Fixtures	\$ 2,307.56				
1820	Assets	Property, plant and equipment	Distribution Station Equipment	\$ 3,586,216.57				
1825	Assets	Property, plant and equipment	Storage Battery Equipment	\$ 2,154.99				
1830	Assets	Property, plant and equipment	Poles, Towers and Fixtures	\$ 2,326,134.40				
1835	Assets	Property, plant and equipment	OH Conductors and Devices	\$ 1,677,352.59				
1840	Assets	Property, plant and equipment	Underground Conduit	\$ 1,577,100.63				
1845	Assets	Property, plant and equipment	UG Conductors & Devices	\$ 1,921,672.14				
1850	Assets	Property, plant and equipment	Line Transformers	\$ 3,237,300.92				
1855	Assets	Property, plant and equipment	Services	\$ 3,285,929.46				
1860	Assets	Property, plant and equipment	Meters	\$ 1,375,159.83				
1905	Assets	Property, plant and equipment	Land	\$ 8,639.65				
1908	Assets	Property, plant and equipment	Building & Fixtures	\$ 1,088,697.62				
1915	Assets	Property, plant and equipment	Office Furniture & Equip	\$ 98,897.03				
1920	Assets	Property, plant and equipment	Computer Equipment-Hardware	\$ 304,201.36				
1925	Assets	Property, plant and equipment	Computer Software					
1930	Assets	Property, plant and equipment	Transportaion Equipment	\$ 885,492.46				
1935	Assets	Property, plant and equipment	Stores Equipment	\$ 14,318.24				
1940	Assets	Property, plant and equipment	Tools, Shop & Garage Equip	\$ 84,432.70				
1945	Assets	Property, plant and equipment	Measurement & Testing Equip	\$ 55,448.81				
1950	Assets	Property, plant and equipment	Power Operated Equipment	\$ 66,172.85				
1955	Assets	Property, plant and equipment	Communication Equipment	\$ 36,119.57				
1960	Assets	Property, plant and equipment	Miscellaneous Equipment	\$ 12,803.51				
1980	Assets	Property, plant and equipment	System Supervisory Equipment	\$ 258,806.31				
1985	Assets	Property, plant and equipment	Sentinel Ltg Rental Units	\$ 2,516.21				
1995	Assets	Property, plant and equipment	Conts & Grants - Credit	\$ (1,738,113.80)				
2055	Assets	Property, plant and equipment	Contruction Work in Progress	\$ 14,311.94				
2105	Assets	Property, plant and equipment	Acc Amort of Elec Ut Plant	\$ (10,110,305.07)				
2120	Assets	Property, plant and equipment	AccDep-Intang Assets	\$ (520,365.18)	\$ 10,223,022	\$ 10,223,021	\$ 1	
1405	Assets	Long-term investment	LT Inv in Non-Assoc Co.s	\$ 25,101.00	\$ 25,101	\$ 25,101	\$ -	
2350	Assets	Future income taxes	Future Income Tax-Non-Curr	\$ 693,854.00	\$ 693,854	\$ 693,854	\$ -	
TOTAL ASSETS					\$ 16,898,553	\$ 16,898,552	\$ 1	

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2013

Account Number	F/S Section	F/S Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2013 Total Balance Sheet Grouped as per 2.1.7	2013 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.17 and Financial Statements	Explanation of Difference
LIABILITIES AND SHAREHOLDERS EQUITY								
2205	Current liabilities	Accounts payable and accrued liabilities	Accounts Payable	\$ (713,524.42)				
2208	Current liabilities	Accounts payable and accrued liabilities	Customer Credit Balances	\$ (54,383.06)				
2220	Current liabilities	Accounts payable and accrued liabilities	Misc Curr & Accd Liab	\$ (589,442.15)				
2250	Current liabilities	Accounts payable and accrued liabilities	DRC Payable	\$ (84,413.74)				
2256	Current liabilities	Accounts payable and accrued liabilities	IESO Fees Payable	\$ (1,222,892.32)				
2290	Current liabilities	Accounts payable and accrued liabilities	Commodity Taxes	\$ (31,092.46)				
2292	Current liabilities	Accounts payable and accrued liabilities	PR Deductions	\$ (58,006.73)				
2320	Current liabilities	Accounts payable and accrued liabilities	Other Misc Non-Current Liab	\$ (219,439.00)	\$ (2,973,194)	\$ (2,973,200)	\$ 6	
2210	Current Liabilities	Current portion of customers deposits	Curr Portion of Cust Deposits	\$ (80,000.00)				
2335	Current Liabilities	Current portion of customers deposits	Long Term Customer Deposits	\$ (60,110.94)	\$ (140,111)	\$ (140,111)	\$ 0	
2260	Current Liabilities	Current portion of long-term debt	Curr portion-Loan 2013 OILC	\$ (29,746.20)	\$ (29,746)	\$ (29,746)	\$ (0)	
						\$ (3,143,057)		
2550	Liabilities	Note payable	Advances from Associated Companies	\$ (5,046,753.21)			\$ -	
2525			Term Loans-L/T Port-2013 OILC	\$ (1,294,424.14)	\$ (6,341,177)	\$ (6,341,177)	\$ (0)	
2306	Liabilities	Post employment benefits	Employee Future Benefits	\$ (154,283.00)	\$ (154,283)	\$ (154,283)	\$ -	
1508	Liabilities	Regulatory liabilities, net	Other Regulatory Assets	\$ 86,182.57				
1518	Liabilities	Regulatory liabilities, net	RCVA - Retail	\$ 16,705.45				
1532	Liabilities	Regulatory liabilities, net	Renewable Connection OM&A Def Acct	\$ 7,680.57				
1548	Liabilities	Regulatory liabilities, net	RCVA-STR	\$ 213.77				
1550	Liabilities	Regulatory liabilities, net	LV Variance Account	\$ 333,369.18				
1551	Liabilities	Regulatory liabilities, net	SME Variance	\$ 9,086.04				
1555	Liabilities	Regulatory liabilities, net	Smart Meter	\$ 128,636.22				
1556	Liabilities	Regulatory liabilities, net	Smart Meter OM&A Var Acct					
1562	Liabilities	Regulatory liabilities, net	Deferred Payts In Lieu of Taxes					
1563	Liabilities	Regulatory liabilities, net	Contra-Def Pyts In Lieu of Tax	\$ 52,787.57				
1565	Liabilities	Regulatory liabilities, net	Cons & Dem Mgmt Exp & Rec					
1566	Liabilities	Regulatory liabilities, net	CDM Contra Account					
1568	Liabilities	Regulatory liabilities, net	LRAM Variance Account	\$ 24,370.26				
1580	Liabilities	Regulatory liabilities, net	RSVA-WMS	\$ (329,875.01)				
1582	Liabilities	Regulatory liabilities, net	RSVA-One Time					
1584	Liabilities	Regulatory liabilities, net	RSVA-NW	\$ 59,174.76				
1586	Liabilities	Regulatory liabilities, net	RSVA-CN	\$ 6,317.98				
1588	Liabilities	Regulatory liabilities, net	RSVA-Power	\$ (137,433.82)				
1589	Liabilities	Regulatory liabilities, net	RSVAGA	\$ 221,615.02				
1592	Liabilities	Regulatory liabilities, net	PILS A=and Taxes Variance	\$ -				
1595	Liabilities	Regulatory liabilities, net	Recoveries Regulatory Assets	\$ (56,077.59)				
2320	Liabilities	Regulatory liabilities, net	Other Misc Non-Current Liab portion	\$ (541,203.00)	\$ (118,450)	\$ (118,450)	\$ (0)	
3035	Shareholder's equity	Share capital	InstallsRecOnCapital Stk	\$ (5,035,065.66)	\$ (5,035,066)	\$ (5,035,066)	\$ 0	
3045	Shareholder's equity	Retained earnings	Unapprop Retained Earnings	\$ (2,081,418.83)	\$ (2,081,419)	\$ (2,081,419)	\$ 0	
3045	Shareholder's equity	Accumulated other comprehensive income	Unapprop Retained Earnings	\$ (25,100.00)	\$ (25,100)	\$ (25,100)	\$ -	
						\$ (2,106,519)		
						\$ (7,141,585)		
TOTAL LIABILITIES & SHAREHOLDERS EQUITY					\$ (16,898,546)	\$ (16,898,552)	\$ 6	

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2013

Account Number	F/S Section	F/S Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2013 Total Balance Sheet Grouped as per 2.1.7	2013 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.17 and Financial Statements	Explanation of Difference
Income Statement								
4006 Revenue	Sales		Residential Energy Sales	\$ (3,615,624.54)				
4025 Revenue	Sales		Street Lighting Energy Sales	\$ (91,710.32)				
4030 Revenue	Sales		Sentinel Lighting Energy Sales	\$ (2,220.55)				
4035 Revenue	Sales		General Energy Sales	\$ (7,279,617.75)				
4040 Revenue	Sales		OES/PA-Embed Dist-H1-Engy					
4050 Revenue	Sales		Revenue Adjustment	\$ (319,840.18)				
4055 Revenue	Sales		Energy Sales for Resale	\$ (1,644,884.74)				
4062 Revenue	Sales		Billed WMS	\$ (803,168.48)				
4066 Revenue	Sales		Billed NW	\$ (930,554.43)				
4068 Revenue	Sales		Billed CN	\$ (717,402.47)				
4075 Revenue	Sales		Billed LV	\$ (171,220.76)				
4076 Revenue	Sales		Billed SME	\$ (31,557.23)	\$ (15,607,801)	\$ (15,607,801)	\$ (0)	
4082 Revenue	Sales		Retailer Services Revenues	\$ (8,343.60)				
4084 Revenue	Sales		STR Revenues	\$ (77.00)				
4086 Revenue	Distribution revenue		SSS Administration Revenue	\$ (18,547.07)				
4080 Revenue	Distribution revenue		Distribution Services Revenue	\$ (3,327,718.96)	\$ (3,354,687)	\$ (3,354,687)	\$ 0	
						\$ (18,962,488)		
4708 Cost of Goods Sold	Cost of sales		Charges WMS	\$ 803,168.48				
4714 Cost of Goods Sold	Cost of sales		Charges - NW	\$ 930,554.43				
4716 Cost of Goods Sold	Cost of sales		Charges - CN	\$ 717,402.47				
4730 Cost of Goods Sold	Cost of sales		Rural Rate Assistance Expense					
4750 Cost of Goods Sold	Cost of sales		Charges-LV	\$ 171,220.76				
4751 Cost of Goods Sold	Cost of sales		Charges- SME	\$ 31,557.23	\$ 2,653,903	\$ 2,653,903	\$ 0	
4705 Cost of Goods Sold	Cost of power		Power Purchased	\$ 7,333,356.31				
4707 Cost of Goods Sold	Cost of power		Power Purchased GA	\$ 5,620,541.77	\$ 12,953,898	\$ 12,953,898	\$ 0	
						\$ 15,607,801		
Revenue less COGS						\$ (3,354,687)		
4210 Revenue	Other		Rent from Electric Property	\$ (77,599.69)				
4225 Revenue	Other		Late Payment Charges	\$ (14,560.62)				
4235 Revenue	Other		Misc Service Revenues	\$ (124,915.42)				
4355 Revenue	Other		Gain Disp of Util and Oth Prop	\$ (10,063.15)				
4360 Revenue	Other		Loss on Disposal	\$ 6,534.29				
4375 Revenue	Other		Revenues from non-Utility oper	\$ (434,125.09)				
4380 Revenue	Other		Expenses of Non-Utility Oper	\$ 369,137.14				
4390 Revenue	Other		Misc Non-Oper Income	\$ (5,607.50)	\$ (291,200)	\$ (291,200)	\$ (0)	
4405 Revenue	Investment income		Interest and Dividend Income	\$ (4,205.15)	\$ (4,205)	\$ (4,205)	\$ (0)	
Revenue less COGS plus Other Income and Investments						\$ (3,650,092)		
5705 Expenses	Amortization		Amort Exp Prop Plant Equip	\$ 747,139.72				
5715 Expenses	Amortization		Amort Exp Intang	\$ 130,029.74	\$ 877,169	\$ 877,169	\$ 0	
5610 Expenses	General and administrative		Management Salaries and Exp	\$ 283,129.83				
5615 Expenses	General and administrative		General Admin Salaries and Exp	\$ 247,318.90				
5620 Expenses	General and administrative		Office Supplies & Expenses	\$ 59,148.71				
5630 Expenses	General and administrative		Outside Services Employed	\$ 113,774.79				
5635 Expenses	General and administrative		Property Insurance	\$ 15,944.00				
5640 Expenses	General and administrative		Injuries and Damages	\$ 31,018.27				
5645 Expenses	General and administrative		Employee Pensions and Benefits	\$ 3,159.16				
5655 Expenses	General and administrative		Regulatory Expenses	\$ 95,870.77				
5660 Expenses	General and administrative		General Advertising Expenses	\$ 788.80				
5665 Expenses	General and administrative		Miscellaneous General Expenses	\$ 86,879.85				
5675 Expenses	General and administrative		Maintenance of General Plant	\$ 16,979.84				
5680 Expenses	General and administrative		ESA Fees	\$ 9,996.04				
6105 Expenses	General and administrative		Taxes Other Than Income Taxes	\$ 34,449.50				
6205 Expenses	General and administrative		Donations	\$ 13,000.00				
6215 Expenses	General and administrative		Penalties - Late Payment-Class Action					
6225 Expenses	General and administrative		Other Deductions	\$ 3,392.28	\$ 1,014,851	\$ 1,014,851	\$ (0)	
5310 Expenses	Billing and collecting		Meter Reading Exp	\$ 99,268.14				
5315 Expenses	Billing and collecting		Customer Billing	\$ 255,188.65				
5320 Expenses	Billing and collecting		Collecting	\$ 75,269.61				
5325 Expenses	Billing and collecting		Collect-Cash Over & Short	\$ (49.37)				
5335 Expenses	Billing and collecting		Bad Debt Expense	\$ 4,540.91				
5340 Expenses	Billing and collecting		Misc Customer Accounts Exp		\$ 434,218	\$ 434,218	\$ (0)	
6005 Expenses	Interest on long-term debt		Interest on Long Term Debt	\$ 9,914.20				
6030 Expenses	Interest on long-term debt		Int Debt AssocCo-CWTwp	\$ 365,889.60				
6035 Expenses	Interest on long-term debt		Other Interest Expense	\$ 19,599.10	\$ 395,403	\$ 395,403	\$ (0)	
5005 Expenses	Operating and maintenance		Operation Super & Eng	\$ 107,116.66				
5010 Expenses	Operating and maintenance		Load Dispatching	\$ 17,057.93				
5012 Expenses	Operating and maintenance		Stn Bldgs & Fixtures Exp	\$ 48,238.54				
5016 Expenses	Operating and maintenance		Dist Stn Eq MS	\$ 4,647.76				
5017 Expenses	Operating and maintenance		Dist Stn Eq - Oper Supplies	\$ 541.95				
5020 Expenses	Operating and maintenance		OH DistLines&Fdrs	\$ 470.47				
5025 Expenses	Operating and maintenance		OH Dist Lines - Oper Supplies	\$ 7,944.90				
5030 Expenses	Operating and maintenance		OH Subtrans Feeders-Oper	\$ 1,377.94				
5040 Expenses	Operating and maintenance		UG DistLn& Feeder-Labour	\$ 163.05				
5045 Expenses	Operating and maintenance		UG Lines & Feeders-Op Supplies & Exp					
5055 Expenses	Operating and maintenance		UG Dist Trans - Oper	\$ 6,067.28				

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2013

Account Number	F/S Section	F/S Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2013 Total Balance Sheet Grouped as per 2.1.7	2013 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.1.7 and Financial Statements	Explanation of Difference
5065 Expenses	Operating and maintenance		Meter Expenses	\$ 40,638.39				
5070 Expenses	Operating and maintenance		Customer Premises - Op Labour					
5085 Expenses	Operating and maintenance		Misc Distribution Exp	\$ 34,418.88				
5095 Expenses	Operating and maintenance		OH DLns&Fdrs-Rental Pd	\$ 4,674.17				
5105 Expenses	Operating and maintenance		Maint Super & Eng	\$ 47,299.74				
5110 Expenses	Operating and maintenance		Maint Bldgs & Fixt-Dist Stns					
5114 Expenses	Operating and maintenance		Maint of Dist Stn Equip	\$ 17,588.36				
5120 Expenses	Operating and maintenance		Maint Poles Towers & Fixtures	\$ 27,641.00				
5125 Expenses	Operating and maintenance		Maint OH Conductors & Devices	\$ 50,327.81				
5130 Expenses	Operating and maintenance		Maint OH Services	\$ 30,379.98				
5135 Expenses	Operating and maintenance		OH Lines & Feeds-Right of Way	\$ 55,161.39				
5145 Expenses	Operating and maintenance		Main of UG Conduit	\$ 4,062.15				
5150 Expenses	Operating and maintenance		Maint of UG Conductors & Dev	\$ 3,450.98				
5155 Expenses	Operating and maintenance		Maint of UG Services	\$ 53,473.82				
5160 Expenses	Operating and maintenance		Maint of Line Transformers	\$ 16,103.52				
5175 Expenses	Operating and maintenance		Maint of Meters	\$ 12,355.02				
5195 Expenses	Operating and maintenance		Mtc-OthlnstnCustPrem	\$ 86.60				
5410 Expenses	Operating and maintenance		Community Relations - Sundry	\$ 19,228.50				
5415 Expenses	Operating and maintenance		Energy Conservation	\$ 3,431.31				
5420 Expenses	Operating and maintenance		Community Safety Program					
5425 Expenses	Operating and maintenance		Misc Customer Serv & Info Exp	\$ 6,346.53	\$ 620,295	\$ 620,296	\$ (1)	
Earnings before income taxes (- = profit, + = loss)						\$ 3,341,937		
						\$ (308,155)		
6110 Prov for PILS: (recovery)	Current		Income Taxes	\$ (53,160.00)	\$ (53,160)	\$ (53,159)	\$ (1)	
6115 Prov for PILS: (recovery)	Future		Prov for Future Income Taxes	\$ 41,249.00	\$ 41,249	\$ 41,249	\$ -	
						\$ (11,910)		
NET EARNINGS					\$ (320,067)	\$ (320,065)	\$ (2)	
3045 Shareholder's equity	Retained earnings - Opening balance		Unapprop Retained Earnings	\$ (1,761,358.83)	\$ (1,761,359)	\$ (1,761,354)	\$ (5)	
RETAINED EARNINGS, END OF YEAR					\$ (2,081,426)	\$ (2,081,419)	\$ (7)	

Appendix L

RRR 2.1.13 USofA Mapped to Audited Financial Statements 2014

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2014 - Mapping of CGAAP to IFRS for 2015 Financial Stmt Presentation

Account Number	F/S Section	RRR 2.1.7 Section	F/S Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2014 Total Balance Sheet Grouped as per 2.1.7-CGAAP	Presentation Differences	Measurement & recognition differences	2014 Balances as per Audited Financial Statements IFRS Pages 33 & 34 of FS for 2015	Notes
Balance Sheet										
ASSETS										
1005 Assets		Current Assets	Cash	Cash	\$ 2,055,889.84					
1010 Assets		Current Assets	Cash	Working Funds	<u>\$ 670.72</u>	\$ 2,056,560.56			\$ 2,056,560.56	
1100 Assets		Current Assets	Accounts Receivable	Customer AR	\$ 2,524,843.89					
1102 Assets		Current Assets	Accounts Receivable	Accounts Receivable - Services	\$ (18,977.79)					
1104 Assets		Current Assets	Accounts Receivable	A/R Recoverable	\$ 64,819.83					
1105 Assets		Current Assets	Accounts Receivable	AR-Merchand/Jobbing Etc	\$ 100,638.26					
1110 Assets		Current Assets	Accounts Receivable	Other AR	\$ 91,562.57					
1130 Assets		Current Assets	Accounts Receivable	Accum Prov for Uncoll Accts	<u>\$ (18,600.00)</u>	\$ 2,744,286.76			\$ 2,744,286.76	
1120 Assets		Current Assets	Unbilled revenue	Accrued Utility Revenue	<u>\$ 1,769,165.27</u>	\$ 1,769,165.27			\$ 1,769,165.27	
2294 Assets		Current Liabilities	Income taxes recoverable	Accrued PIL Taxes Payable		\$ -			\$ -	
1190 Assets		Current Assets	Material and supplies	Misc Curr and Accrued Assets	\$ 6,694.34					
1330 Assets		Inventory	Material and supplies	Plant Materials and Oper Supp	<u>\$ 298,514.94</u>	\$ 305,209.28			\$ 305,209.28	
1180 Assets		Current Assets	Prepaid expenses	Prepaid Expenses	\$ 81,313.48	\$ 81,313.48			\$ 81,313.48	
1405 Assets		Non-Current Assets	Long-term investment	LT Inv in Non-Assoc Co.s	\$ 28,044.00	\$ 28,044.00			\$ 28,044.00	
1609 Assets		Intangible Plant	Property, plant and equipment	Cap Contributions Pd-Contracts	\$ 4,602.50		\$ (4,602.50)			Transfer accounts 1609, 1611 and 1612 to intagible Assets
1611 Assets		General Plant	Property, plant and equipment	Computer Software	\$ 505,697.57		\$ (505,697.57)			Transfer accounts 1609, 1611 and 1612 to intagible Assets
1612 Assets		Distribution Plant	Property, plant and equipment	Land Rights	\$ 37,132.16		\$ (37,132.16)			Transfer accounts 1609, 1611 and 1612 to intagible Assets
1805 Assets		Distribution Plant	Property, plant and equipment	Land	\$ 46,065.54					
1806 Assets		Distribution Plant	Property, plant and equipment	Land Rights						
1808 Assets		Distribution Plant	Property, plant and equipment	Building & Fixtures	\$ 2,307.56					
1820 Assets		Distribution Plant	Property, plant and equipment	Distribution Station Equipment	\$ 5,217,878.74					
1825 Assets		Distribution Plant	Property, plant and equipment	Storage Battery Equipment	\$ 2,154.99					
1830 Assets		Distribution Plant	Property, plant and equipment	Poles, Towers and Fixtures	\$ 2,439,505.45					
1835 Assets		Distribution Plant	Property, plant and equipment	OH Conductors and Devices	\$ 1,755,383.71					
1840 Assets		Distribution Plant	Property, plant and equipment	Underground Conduit	\$ 1,587,623.50					
1845 Assets		Distribution Plant	Property, plant and equipment	UG Conductors & Devices	\$ 2,021,441.05					
1850 Assets		Distribution Plant	Property, plant and equipment	Line Transformers	\$ 3,239,716.08					
1855 Assets		Distribution Plant	Property, plant and equipment	Services	\$ 3,311,101.75					
1860 Assets		Distribution Plant	Property, plant and equipment	Meters	\$ 1,382,088.76					
1905 Assets		General Plant	Property, plant and equipment	Land	\$ 8,639.65					
1908 Assets		General Plant	Property, plant and equipment	Building & Fixtures	\$ 1,088,697.62					
1915 Assets		General Plant	Property, plant and equipment	Office Furniture & Equip	\$ 92,353.88					
1920 Assets		General Plant	Property, plant and equipment	Computer Equipment-Hardware	\$ 188,072.87					
1925 Assets		General Plant	Property, plant and equipment	Computer Software						
1930 Assets		General Plant	Property, plant and equipment	Transportaion Equipment	\$ 923,118.18					
1935 Assets		General Plant	Property, plant and equipment	Stores Equipment	\$ 14,318.24					
1940 Assets		General Plant	Property, plant and equipment	Tools, Shop & Garage Equip	\$ 86,857.21					
1945 Assets		General Plant	Property, plant and equipment	Measurement & Testing Equip	\$ 43,116.67					
1950 Assets		General Plant	Property, plant and equipment	Power Operated Equipment	\$ 66,172.85					
1955 Assets		General Plant	Property, plant and equipment	Communication Equipment	\$ 17,022.36					

1960 Assets	General Plant	Property, plant and equipment	Miscellaneous Equipment	\$	12,803.51				
1980 Assets	General Plant	Property, plant and equipment	System Supervisory Equipment	\$	258,806.31				
1985 Assets	General Plant	Property, plant and equipment	Sentinel Ltg Rental Units	\$	2,516.21				
1995 Assets	General Plant	Property, plant and equipment	Conts & Grants - Credit	\$	(1,762,729.64)	\$	24,615.84		Transfer of Contributed Capital to deferred revenue 2440
2055 Assets	Other Capital Assets	Property, plant and equipment	Contruction Work in Progress	\$	21,677.45				
2105 Assets	Accumulated Amortization	Property, plant and equipment	Acc Amort of Elec Ut Plant	\$	(10,145,876.90)				
2120 Assets	Accumulated Amortization	Property, plant and equipment	AccAmort-Intang Assets	\$	(445,373.49)	\$	445,373.49		Transfer of Accum Amort to Intangible Assets Section
PP&E Assets		Total Property, plant and equipment		\$	-	\$	12,022,892.34	\$	(77,442.90) \$ - \$ 11,945,449.44

1609 Assets	Intangible Plant	Intangible Assets	Cap Contributions Pd-Contracts	\$	-	\$	4,602.50		Separated Intangible Assets from PP&E above
1611 Assets	General Plant	Intangible Assets	Computer Software	\$	-	\$	505,697.57		Separated Intangible Assets from PP&E above
1612 Assets	Distribution Plant	Intangible Assets	Land Rights	\$	-	\$	37,132.16		Separated Intangible Assets from PP&E above
2120 Assets	Accumulated Amortization	Intangible Assets	AccAmort-Intang Assets			\$	(445,373.49)		Separated Intangible Assets from PP&E above
		Total Intangible Assets		\$	-	\$	-	\$	102,058.74 \$ - \$ 102,058.74

2350 Assets	Non-Current Liabilities	Deferred tax Assets	Future Income Tax-Non-Curr	\$	1,146,937.00	\$	1,146,937.00	\$	(244,496.00) \$ 902,441.00 Adjustment for future taxes calculation
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TOTAL ASSETS				\$	20,154,408.69	\$	24,615.84	\$	(244,496.00) \$ 19,934,528.53
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1508 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	Other Regulatory Assets	\$	88,908.50				
1518 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	RCVA - Retail	\$	26,325.06				
1532 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	Renewable Connection OM&A Def Acct	\$	7,791.70				
1548 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	RCVA-STR	\$	354.67				
1550 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	LV Variance Account	\$	424,005.50				
1551 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	SME Variance	\$	8,190.38				
1555 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	Smart Meter	\$	33,661.23				
1556 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	Smart Meter OM&A Var Acct						
1562 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	Deferred Payts In Lieu of Taxes						
1565 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	Cons & Dem Mgmt Exp & Rec						
1566 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	CDM Contra Account						
1568 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	LRAM Variance Account	\$	82,615.86				
1588 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	RSVA-Power	\$	(51,195.53)				
1589 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	RSVAGA	\$	414,961.36				
1592 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	PILS A=and Taxes Variance						
1595 Liabilities	Other Assets & Deferred Charges	Regulatory liabilities, net	Recoveries Regulatory Assets	\$	44,478.67				
Regulatory Balances				\$	-	\$	1,080,097.40	\$	- \$ 1,080,097.40

TOTAL ASSETS AND REGULATORY BALANCES				\$	20,154,408.69	\$	1,104,713.24	\$	(244,496.00) \$ 21,014,625.93 \$ -
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LIABILITIES AND SHAREHOLDERS EQUITY									
2205 Liabilities	Current Liabilities	Accounts payable and accrued liabilities	Accounts Payable	\$	(2,004,573.29)				
2208 Liabilities	Current Liabilities	Accounts payable and accrued liabilities	Customer Credit Balances	\$	(83,052.13)				
2220 Liabilities	Current Liabilities	Accounts payable and accrued liabilities	Misc Curr & Accd Liab	\$	(1,298,054.73)				
2250 Liabilities	Current Liabilities	Accounts payable and accrued liabilities	DRC Payable	\$	(82,917.58)				
2256 Liabilities	Current Liabilities	Accounts payable and accrued liabilities	IESO Fees Payable	\$	(397,562.85)				
2290 Liabilities	Current Liabilities	Accounts payable and accrued liabilities	Commodity Taxes	\$	(72,998.02)				
2292 Liabilities	Current Liabilities	Accounts payable and accrued liabilities	PR Deductions	\$	(22,768.78)				
2320 Liabilities	Non-Current Liabilities	Accounts payable and accrued liabilities	Other Misc Non-Current Liab	\$	(219,439.00)	\$	(4,181,366.38)	\$	(4,181,366.38)
2260 Liabilities	Current Liabilities	Long-term debt due within one year	Curr portion-Loan 2013 OILC	\$	(61,867.62)	\$	(61,867.62)	\$	(61,867.62)
2210 Liabilities	Current Liabilities	Customer deposits	Curr Portion of Cust Deposits	\$	(75,000.00)				
2335 Liabilities	Non-Current Liabilities	Customer deposits	Long Term Customer Deposits	\$	(68,592.71)	\$	(143,592.71)	\$	(143,592.71)
2440 Liabilities	Other Revenues & Deferred Credits	Deferred revenue	Deferred Revenue			\$	(24,615.84)	\$	(24,615.84) Transfer of Contributed capital from 1995 account
2550 Liabilities	Long Term Debt	Long Term Debt	Advances from Associated Companies	\$	(5,046,753.21)				
2525 Liabilities	Long Term Debt	Long Term Debt	Term Loans-L/T Port-2013 OILC	\$	(2,463,044.52)	\$	(7,509,797.73)	\$	(7,509,797.73)

2306	Liabilities	Non-Current Liabilities	Post employment benefits	Employee Future Benefits	\$	(161,980.00)	\$	(161,980.00)	\$	9,205.00	\$	(152,775.00)	Changes in Post retirement benefits under IFRS
TOTAL LIABILITIES					\$	(12,058,604.44)	\$	(24,615.84)	\$	9,205.00	\$	(12,074,015.28)	
3035	Total Liabilites & equity	Shareholders' Equity	Share capital	InstallsRecOnCapital Stk	\$	(5,035,065.66)	\$	(5,035,065.66)			\$	(5,035,065.66)	
3045	Total Liabilities & equity	Shareholders' Equity	Retained earnings	Unapprop Retained Earnings	\$	(2,634,826.98)	\$	(2,634,826.98)	\$	(20,712.00)	\$	(2,655,538.98)	Adjustment for Post retirement benefit net of tax adjustment
3045	Total Liabilities & equity	Shareholders' Equity	Accumulated other comprehensive income	Unapprop Retained Earnings	\$	(28,043.00)	\$	(28,043.00)	\$	13,946.00	\$	(14,097.00)	Adjustment for Post retirement benefit net of tax adjustment
TOTAL LIABILITIES & EQUITY					\$	(19,756,540.08)	\$	(24,615.84)	\$	2,439.00	\$	(19,778,716.92)	
1508	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	Other Regulatory Assets	\$	88,908.50		\$	(88,908.50)				sheet
1518	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	RCVA - Retail	\$	26,325.06		\$	(26,325.06)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1532	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	Renewable Connection OM&A Def Acct	\$	7,791.70		\$	(7,791.70)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1548	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	RCVA-STR	\$	354.67		\$	(354.67)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1550	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	LV Variance Account	\$	424,005.50		\$	(424,005.50)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1551	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	SME Variance	\$	8,190.38		\$	(8,190.38)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1555	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	Smart Meter	\$	33,661.23		\$	(33,661.23)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1556	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	Smart Meter OM&A Var Acct									
1562	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	Deferred Payts In Lieu of Taxes									
1565	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	Cons & Dem Mgmt Exp & Rec									
1566	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	CDM Contra Account									
1568	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	LRAM Variance Account	\$	82,615.86		\$	(82,615.86)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1588	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-Power	\$	(51,195.53)		\$	51,195.53				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1589	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	RSVAGA	\$	414,961.36		\$	(414,961.36)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1592	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	PILS A=and Taxes Variance									
1595	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	Recoveries Regulatory Assets	\$	44,478.67		\$	(44,478.67)				Transfer of Regulatory Balances to Asset Portion of Balance sheet
1563	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	Contra-Def Pyts In Lieu of Tax	\$	(863.42)							
1580	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-WMS	\$	(512,416.18)							
1582	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-One Time									
1584	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-NW	\$	(3,025.83)							
1586	Regulatory balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-CN	\$	(48,233.27)							
2320	Regulatory balances	Non-Current Liabilities	Regulatory balances	Other Misc Non-Current Liab portion	\$	(913,425.00)			\$	242,057.00			Adjustment to deferred taxes under IFRS
Regulatory Balances					\$	(397,866.30)	\$	(1,080,097.40)	\$	242,057.00	\$	(1,235,906.70)	
Total liabilities, equity and regulatory balances					\$	(20,154,406.38)	\$	(1,104,713.24)	\$	244,496.00	\$	(21,014,623.62)	
Income Statement													
Revenues													
4006	Revenue	Sales of Electricity	Sales of energy	Residentail Energy Sales	\$	(4,155,626.68)		\$	26,196.92				Reverse adjustment for RSVA
4025	Revenue	Sales of Electricity	Sales of energy	Street Lighting Energy Sales	\$	(102,663.38)		\$	670.24				Reverse adjustment for RSVA
4030	Revenue	Sales of Electricity	Sales of energy	Sentinel Lighting Energy Sales	\$	(2,514.17)		\$	14.50				Reverse adjustment for RSVA
4035	Revenue	Sales of Electricity	Sales of energy	General Energy Sales	\$	(7,745,383.27)		\$	48,498.04				Reverse adjustment for RSVA
4040	Revenue	Sales of Electricity	Sales of energy	OES/PA-Embed Dist-H1-Engy									
4050	Revenue	Sales of Electricity	Sales of energy	Revenue Adjustment	\$	98,179.50							
4055	Revenue	Sales of Electricity	Sales of energy	Energy Sales for Resale	\$	(1,629,367.54)		\$	13,311.18				Reverse adjustment for RSVA
4062	Revenue	Sales of Electricity	Sales of energy	Billed WMS	\$	(667,868.59)		\$	(177,004.54)				Reverse adjustment for RSVA
4066	Revenue	Sales of Electricity	Sales of energy	Billed NW	\$	(995,873.72)		\$	(9,619.19)				Reverse adjustment for RSVA
4068	Revenue	Sales of Electricity	Sales of energy	Billed CN	\$	(670,065.86)		\$	(48,671.16)				Reverse adjustment for RSVA
4075	Revenue	Sales of Electricity	Sales of energy	Billed LV	\$	(247,917.58)							
4076	Revenue	Sales of Electricity	Sales of energy	Billed SME	\$	(63,316.94)							
Total Sales of energy					\$	(16,182,418.23)		\$	(146,604.01)	\$	(16,329,022.24)		
4082	Revenue	Revenue from Services-Distribution	Distribution revenue	Retailer Services Revenues	\$	(8,274.10)							
4084	Revenue	Revenue from Services-Distribution	Distribution revenue	STR Revenues	\$	(105.25)							

4086 Revenue	Revenue from Services-Distribution	Distribution revenue	SSS Administration Revenue	\$ (18,919.74)				
4080 Revenue	Revenue from Services-Distribution	Distribution revenue	Distribution Services Revenue	<u>\$ (3,176,805.09)</u>	\$ (3,204,104.18)		\$ (3,204,104.18)	
4210 Revenue	Other Other Revenues	Other	Rent from Electric Property	\$ (127,902.96)				
4225 Revenue	Other Other Revenues	Other	Late Payment Charges	\$ (15,668.29)				
4235 Revenue	Other Other Revenues	Other	Misc Service Revenues	\$ (136,713.48)				
4355 Revenue	Other Income / Deductions	Other	Gain Disp of Util and Oth Prop	\$ (19,115.60)				
4360 Revenue	Other Income / Deductions	Other	Loss on Disposal	\$ 46,477.09				
4375 Revenue	Other Income / Deductions	Other	Revenues from non-Utility oper	\$ (512,311.15)				
4380 Revenue	Other Income / Deductions	Other	Expenses of Non-Utility Oper	\$ 487,880.60				
4390 Revenue	Other Income / Deductions	Other	Misc Non-Oper Income	<u>\$ (18,479.34)</u>	\$ (295,833.13)		\$ (295,833.13)	
4405 Revenue	Investment Income	Investment income	Interest and Dividend Income	<u>\$ (44,650.23)</u>	\$ (44,650.23)	\$ 44,650.23	\$ -	Reallocated to Operating Expenses-Revenue Income on Statement
Operating Expenses								
4708 Operating Expenses	Other Power Supply Expenses	Cost of Power purchased	Charges WMS	\$ 667,868.59				
4714 Operating Expenses	Other Power Supply Expenses	Cost of Power purchased	Charges - NW	\$ 995,873.72		\$ (52,859.76)		Reverse RSVA Adjustment for Cost of Power
4716 Operating Expenses	Other Power Supply Expenses	Cost of Power purchased	Charges - CN	\$ 670,065.86		\$ (5,430.16)		Reverse RSVA Adjustment for Cost of Power
4730 Operating Expenses	Other Power Supply Expenses	Cost of Power purchased	Rural Rate Assistance Expense	\$ -				
4750 Operating Expenses	Other Power Supply Expenses	Cost of Power purchased	Charges-LV	\$ 247,917.58		\$ 85,241.72		Reverse RSVA Adjustment for Cost of Power
4751 Operating Expenses	Other Power Supply Expenses	Cost of Power purchased	Charges- SME	\$ 63,316.94		\$ (1,020.86)		Reverse RSVA Adjustment for Cost of Power
4705 Operating Expenses	Other Power Supply Expenses	Cost of Power purchased	Power Purchased	\$ 9,097,135.82				
4707 Operating Expenses	Other Power Supply Expenses	Cost of Power purchased	Power Purchased GA	<u>\$ 4,440,239.72</u>		\$ 189,497.38		Reverse RSVA Adjustment for Cost of Power
		Total Cost of Power Purchased			\$ 16,182,418.23	\$ 215,428.32	\$ 16,397,846.55	
5705 Operating Expenses	Amortization Expenses	Amortization	Amort Exp Prop Plant Equip	\$ 498,969.69				
5715 Operating Expenses	Amortization Expenses	Amortization	Amort Exp Intang	\$ 48,886.60	\$ 547,856.29		\$ 547,856.29	
5610 Operating Expenses	Administration & General Expenses	General and administrative	Management Salaries and Exp	\$ 294,572.58				
5615 Operating Expenses	Administration & General Expenses	General and administrative	General Admin Salaries and Exp	\$ 260,698.70				
5620 Operating Expenses	Administration & General Expenses	General and administrative	Office Supplies & Expenses	\$ 65,781.19				
5630 Operating Expenses	Administration & General Expenses	General and administrative	Outside Services Employed	\$ 100,164.39				
5635 Operating Expenses	Administration & General Expenses	General and administrative	Property Insurance	\$ 7,920.15				
5640 Operating Expenses	Administration & General Expenses	General and administrative	Injuries and Damages	\$ 40,722.98				
5645 Operating Expenses	Administration & General Expenses	General and administrative	Employee Pensions and Benefits	\$ 11,699.54		\$ 1,736.00		Difference in the way the expense calculated for Post employment benefits
5655 Operating Expenses	Administration & General Expenses	General and administrative	Regulatory Expenses	\$ 64,786.39				
5660 Operating Expenses	Administration & General Expenses	General and administrative	General Advertising Expenses	\$ 132.00				
5665 Operating Expenses	Administration & General Expenses	General and administrative	Miscellaneous General Expenses	\$ 94,290.97				
5675 Operating Expenses	Administration & General Expenses	General and administrative	Maintenance of General Plant	\$ 22,502.93				
5680 Operating Expenses	Administration & General Expenses	General and administrative	ESA Fees	\$ 9,981.99				
6105 Operating Expenses	Taxes	General and administrative	Taxes Other Than Income Taxes	\$ 34,455.12				
6205 Operating Expenses	Other Deductions	General and administrative	Donations	\$ 10,000.00				
6215 Operating Expenses	Other Deductions	General and administrative	Penalties - Late Payment-Class Action					
6225 Operating Expenses	Other Deductions	General and administrative	Other Deductions	<u>\$ 3,368.44</u>	\$ 1,021,077.37	\$ 1,736.00	\$ 1,022,813.37	
5309 Operating Expenses	Billing and Collecting	Billing and collecting	Supervision	\$ 31,436.42				
5310 Operating Expenses	Billing and Collecting	Billing and collecting	Meter Reading Exp	\$ 99,816.63				
5315 Operating Expenses	Billing and Collecting	Billing and collecting	Customer Billing	\$ 200,498.17				
5320 Operating Expenses	Billing and Collecting	Billing and collecting	Collecting	\$ 88,985.79				
5325 Operating Expenses	Billing and Collecting	Billing and collecting	Collect-Cash Over & Short	\$ (0.26)				
5335 Operating Expenses	Billing and Collecting	Billing and collecting	Bad Debt Expense	\$ 16,710.81				
5340 Operating Expenses	Billing and Collecting	Billing and collecting	Misc Customer Accounts Exp	<u>\$</u>	\$ 437,447.56		\$ 437,447.56	
5005 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	Operation Super & Eng	\$ 111,466.00				
5010 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	Load Dispatching	\$ 9,466.01				
5012 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	Stn Bldgs & Fixtures Exp	\$ 52,807.47				
5016 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	Dist Stn Eq MS	\$ 707.06				
5017 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	Dist Stn Eq - Oper Supplies	\$ 8,869.26				
5020 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	OH DistLines&Fdrs	\$ 1,183.80				
5025 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	OH Dist Lines - Oper Supplies	\$ 6,060.38				
5030 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	OH Subtrans Feeders-Oper	\$ 540.38				
5040 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	UG DistLn& Feeder-Labour					
5045 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	UG Lines & Feeders-Op Supplies & Exp					

5055 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	UG Dist Trans - Oper	\$	537.65				
5065 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	Meter Expenses	\$	50,190.20				
5070 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	Customer Premises - Op Labour						
5085 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	Misc Distribution Exp	\$	46,802.31				
5095 Operating Expenses	Distribution Expenses-Operations	Operating and maintenance	OH DLns&Fdrs-Rental Pd	\$	4,674.17				
5105 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint Super & Eng	\$	62,756.90				
5110 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint Bldgs & Fixt-Dist Stns	\$	1,133.00				
5114 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint of Dist Stn Equip	\$	11,497.42				
5120 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint Poles Towers & Fixtures	\$	21,218.35				
5125 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint OH Conductors & Devices	\$	3,812.05				
5130 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint OH Services	\$	35,646.96				
5135 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	OH Lines & Feeds-Right of Way	\$	49,269.67				
5145 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Main of UG Conduit	\$	38.15				
5150 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint of UG Conductors & Dev	\$	3,603.29				
5155 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint of UG Services	\$	84,383.45				
5160 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint of Line Transformers	\$	10,130.15				
5175 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Maint of Meters						
5195 Operating Expenses	Distribution Expenses-Mtce	Operating and maintenance	Mtc-OthInstOnCustPrem						
5410 Operating Expenses	Community Relations	Operating and maintenance	Community Relations - Sundry	\$	20,926.73				
5415 Operating Expenses	Community Relations	Operating and maintenance	Energy Conservation	\$	3,325.92				
5420 Operating Expenses	Community Relations	Operating and maintenance	Community Safety Program	\$	6,065.00				
5425 Operating Expenses	Community Relations	Operating and maintenance	Misc Customer Serv & Info Exp	\$	5,176.66	\$	612,288.39	\$	612,288.39
4405 Operating Expenses	Investment Income	Finance Income	Interest and Dividend Income	\$	-	\$	(44,650.23)	\$	(44,650.23) Transferred from Revenues - Investment Revenues
6005 Operating Expenses	Interest Expenses	Finance costs	Interest on Long Term Debt	\$	70,299.81				
6030 Operating Expenses	Interest Expenses	Finance costs	Int Debt AssocCo-CWTwp	\$	365,889.60				
6035 Operating Expenses	Interest Expenses	Finance costs	Other Interest Expense	\$	16,785.69	\$	452,975.10	\$	452,975.10
6110 Operating Expenses	Taxes	Income tax expense (recovery)	Income Taxes	\$	400.52				
6115 Operating Expenses	Taxes	Income tax expense (recovery)	Prov for Future Income Taxes	\$	(80,861.00)	\$	(80,460.48)	\$	(217,667.00) (298,127.48) Adjustment for future income taxes based on IFRS rules.
Net Income for the Year				\$	(553,403.31)	\$	(217,667.00)	\$	70,560.31 (700,510.00)
	Net movement in regulatory balances, net of tax	Net movement in regulatory balances, net of tax				\$	217,667.00	\$	(68,825.00) 148,842.00 Regular income statement presentation under IFRS - Unsure of UFoA tax account to post it to.
Net Movement in regulatory balances, net of tax						\$	217,667.00	\$	(68,825.00) 148,842.00
Net income an net movement in regulatory balances				\$	(553,403.31)	\$	-	\$	1,735.31 (551,668.00)
3045.000.3045 Other Comprehensive Income (Loss)	Shareholders' Equity	Remeasurement of post-employment benefits	Unappropriated Retained Earnings	\$	-			\$	13,946.00 13,946.00 Actural loss in 2014
3045.000.3046 Other Comprehensive Income (Loss)	Shareholders' Equity	Unrealized gain on available for sale financial assets	Accumulated Other Comprehensive Inc	\$	(2,943.00)			\$	(2,943.00) Income tax effect on the 2014 actural loss
Total comprehensive income for the year				\$	(556,346.31)	\$	-	\$	15,681.31 (540,665.00)

Appendix M

RRR 2.1.13 USofA Mapped to Audited Financial Statements 2015

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2015

Account Number	Financial Statement Section	RRR 2.1.7 Section	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2015 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.1.7 and Financial Statements	Explanation of Difference
Balance Sheet									
ASSETS									
1005	Current Assets	Current Assets	Cash	Cash	\$ 2,116,493.94				
1010	Current Assets	Current Assets	Cash	Working Funds	\$ 437.49	\$ 2,116,931.43	\$ 2,116,931.43	\$ -	
1100	Current Assets	Current Assets	Accounts Receivable	Customer AR	\$ 2,158,705.98				
1102	Current Assets	Current Assets	Accounts Receivable	Accounts Receivable - Services	\$ (25,838.35)				
1104	Current Assets	Current Assets	Accounts Receivable	A/R Recoverable	\$ -				
1105	Current Assets	Current Assets	Accounts Receivable	AR-Merchand/Jobbing Etc	\$ 203,637.77				
1110	Current Assets	Current Assets	Accounts Receivable	Other AR	\$ 121,747.86				
1130	Current Assets	Current Assets	Accounts Receivable	Accum Prov for Uncoll Accts	\$ (18,600.00)	\$ 2,439,653.26	\$ 2,439,653.26	\$ -	
1120	Current Assets	Current Assets	Unbilled revenue	Accrued Utility Revenue	\$ 1,923,595.16	\$ 1,923,595.16	\$ 1,923,595.16	\$ -	
2294	Current Assets	Current Liabilities	Income taxes recoverable	Accrued PIL Taxes Payable	\$ -	\$ -			
1190	Current Assets	Current Assets	Inventory/Materials and Supplies	Misc Curr and Accrued Assets	\$ 8,459.34				
1330	Current Assets	Inventory	Inventory/Materials and Supplies	Plant Materials and Oper Supp	\$ 348,515.46	\$ 356,974.80	\$ 356,974.80	\$ -	
1180	Current Assets	Current Assets	Prepaid expenses	Prepaid Expenses	\$ 68,810.89	\$ 68,810.89	\$ 68,810.89	\$ -	
Total Current Assets						\$ 6,905,965.54	\$ 6,905,965.54		
1609	Non-Current Assets	Intangible Plant	Intangible Assets	Cap Contributions Pd-Contracts	\$ 4,602.50				Classified as Acct 1610 on 2.1.7
1611	Non-Current Assets	General Plant	Intangible Assets	Computer Software	\$ 364,933.91				Classified as Acct 1925 on 2.1.7
1612	Non-Current Assets	Distribution Plant	Intangible Assets	Land Rights	\$ 37,132.16				Classified as Acct 1806 on 2.1.7
1805	Non-Current Assets	Distribution Plant	Property, plant and equipment	Land	\$ 46,065.54				
1806	Non-Current Assets	Distribution Plant	Property, plant and equipment	Land Rights	\$ -				
1808	Non-Current Assets	Distribution Plant	Property, plant and equipment	Building & Fixtures	\$ -				
1820	Non-Current Assets	Distribution Plant	Property, plant and equipment	Distribution Station Equipment	\$ 5,982,813.06				
1825	Non-Current Assets	Distribution Plant	Property, plant and equipment	Storage Battery Equipment	\$ -				
1830	Non-Current Assets	Distribution Plant	Property, plant and equipment	Poles, Towers and Fixtures	\$ 2,586,769.79				
1835	Non-Current Assets	Distribution Plant	Property, plant and equipment	OH Conductors and Devices	\$ 1,836,437.67				
1840	Non-Current Assets	Distribution Plant	Property, plant and equipment	Underground Conduit	\$ 1,651,422.19				
1845	Non-Current Assets	Distribution Plant	Property, plant and equipment	UG Conductors & Devices	\$ 2,031,176.11				
1850	Non-Current Assets	Distribution Plant	Property, plant and equipment	Line Transformers	\$ 3,276,921.01				
1855	Non-Current Assets	Distribution Plant	Property, plant and equipment	Services	\$ 3,392,513.53				
1860	Non-Current Assets	Distribution Plant	Property, plant and equipment	Meters	\$ 1,352,480.10				
1905	Non-Current Assets	General Plant	Property, plant and equipment	Land	\$ 8,639.65				
1908	Non-Current Assets	General Plant	Property, plant and equipment	Building & Fixtures	\$ 1,088,697.62				
1915	Non-Current Assets	General Plant	Property, plant and equipment	Office Furniture & Equip	\$ 94,569.56				
1920	Non-Current Assets	General Plant	Property, plant and equipment	Computer Equipment-Hardware	\$ 237,420.29				
1925	Non-Current Assets	General Plant	Property, plant and equipment	Computer Software	\$ -				
1930	Non-Current Assets	General Plant	Property, plant and equipment	Transportaion Equipment	\$ 1,152,602.50				

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2015

Account Number	Financial Statement Section	RRR 2.1.7 Section	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2015 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.17 and Financial Statements	Explanation of Difference
1935 Non-Current Assets		General Plant	Property, plant and equipment	Stores Equipment	\$ 14,318.24				
1940 Non-Current Assets		General Plant	Property, plant and equipment	Tools, Shop & Garage Equip	\$ 88,080.66				
1945 Non-Current Assets		General Plant	Property, plant and equipment	Measurement & Testing Equip	\$ 43,116.67				
1950 Non-Current Assets		General Plant	Property, plant and equipment	Power Operated Equipment	\$ 72,434.82				
1955 Non-Current Assets		General Plant	Property, plant and equipment	Communication Equipment	\$ 18,411.75				
1960 Non-Current Assets		General Plant	Property, plant and equipment	Miscellaneous Equipment	\$ 12,430.41				
1980 Non-Current Assets		General Plant	Property, plant and equipment	System Supervisory Equipment	\$ 258,806.31				
1985 Non-Current Assets		General Plant	Property, plant and equipment	Sentinel Ltg Rental Units	\$ 2,516.21				
1995 Non-Current Assets		General Plant	Property, plant and equipment	Conts & Grants - Credit	\$ (1,776,354.79)				
2055 Non-Current Assets		Other capital Assets	Property, plant and equipment	Contruccion Work in Progress	\$ 16,972.63				
2105 Non-Current Assets		Accumulated Amortization	Property, plant and equipment	Acc Amort of Elec Ut Plant	\$ (10,318,567.03)				
2120 Non-Current Assets		Accumulated Amortization	Intangible Assets	AccDep-Intang Assets	\$ (287,268.19)	\$ 13,290,094.88	\$ 13,208,935.49		
Non-Current Assets			Intangible Assets				\$ 119,400.38		
Sub-Total Assets Less amortization					\$	13,290,094.88	\$ 13,328,335.87	\$ (38,240.99)	Contributed Capital credit of \$38,240.99 for 2014 & 2015 Shown as a deferred Revenue under Non-current liabilities
1405 Non-Current Assets		Non-Current Assets	Long-term investment	LT Inv in Non-Assoc Co.s	\$ 28,867.00	\$ 28,867.00	\$ 28,867.00	\$ -	
2350 Non-Current Assets		Non-Current Liabilities	Deferred tax assets	Future Income Tax-Non-Curr	\$ 809,856.00	\$ 809,856.00	\$ 809,856.00	\$ -	
Total Non-current Assets					\$	14,128,817.88	\$ 14,167,058.87	\$ (38,240.99)	See above
Total Assets					\$	21,034,783.42	\$ 21,073,024.41	\$ (38,240.99)	See above
1508 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	Other Regulatory Assets	\$ 90,961.19				
1518 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	RCVA - Retail	\$ 34,545.77				
1532 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	Renewable Connection OM&A Def Acct	\$ 7,881.77				
1548 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	RCVA-STR	\$ 422.07				
1550 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	LV Variance Account	\$ 177,327.34				
1555 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	Smart Meter	\$ 2,030.66				
1556 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	Smart Meter OM&A Var Acct	\$ -				
1565 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	Cons & Dem Mgmt Exp & Rec	\$ -				
1568 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	LRAM Variance Account	\$ 97,197.49				
1588 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	RSVA-Power	\$ (40,709.65)				
1589 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	RSVA-Global Adjustment	\$ 345,811.36				
1595 Regulatory Balances		Other Assets & Deferred Charges	Regulatory balances	Recoveries Regulatory Assets	\$ 63,049.91				
Regulatory balance					\$	778,517.91	\$ 778,517.91	\$ -	
Total Assets					\$	21,813,301.33	\$ 21,851,542.32	\$ (38,240.99)	Contributed Capital credit of \$38,240.99 for 2014 & 2015 Shown as a deferred Revenue under Non-current liabilities

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2015

Account Number	Financial Statement Section	RRR 2.1.7 Section	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2015 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.17 and Financial Statements	Explanation of Difference
LIABILITIES AND SHAREHOLDERS EQUITY									
2205 Current liabilities		Current Liabilities	Accounts payable and accrued liabilities	Accounts Payable	\$ (794,695.78)				
2208 Current liabilities		Current Liabilities	Accounts payable and accrued liabilities	Customer Credit Balances	\$ (97,427.40)				
2220 Current liabilities		Current Liabilities	Accounts payable and accrued liabilities	Misc Curr & Accd Liab	\$ (1,356,131.05)				
2250 Current liabilities		Current Liabilities	Accounts payable and accrued liabilities	DRC Payable	\$ -				
2256 Current liabilities		Current Liabilities	Accounts payable and accrued liabilities	IESO Fees Payable	\$ (528,183.82)				
2290 Current liabilities		Current Liabilities	Accounts payable and accrued liabilities	Commodity Taxes	\$ (22,505.02)				
2292 Current liabilities		Current Liabilities	Accounts payable and accrued liabilities	PR Deductions	\$ (62,129.65)				
2294 Current liabilities		Current Liabilities	Income taxes payable	Accrual for Taxes Payment in Lieu of Taxes	\$ (337.00)		\$ (337.00)		
									Transfer of Future Income Taxes of \$512,812 from 2320 to Deferred Income Tax and included as part of the regulatory balances figure of \$866,416.93
2320 Current liabilities		Non-Current Liabilities	Accounts payable and accrued liabilities	Other Misc Non-Current Liab	\$ (732,251.00)	\$ (3,593,660.72)	\$ (3,080,511.72)	\$ (512,812.00)	
2210 Current Liabilities		Current Liabilities	Current portion of customers deposits	Curr Portion of Cust Deposits	\$ (75,000.00)				
2335 Current Liabilities		Non-Current Liabilities	Current portion of customers deposits	Long Term Customer Deposits	\$ (71,167.34)	\$ (146,167.34)	\$ (146,167.34)	\$ -	
2260 Current Liabilities		Current Liabilities	Current portion of long-term debt	Curr portion-Loan 2013 OILC	\$ (113,862.82)	\$ (113,862.82)	\$ (113,862.82)	\$ -	
Total Current Liabilities						\$ (3,853,690.88)	\$ (3,340,878.88)	\$ (512,812.00)	See above
2550 Non-Current Liabilities		Long Term Debt	Note payable	Advances from Associated Companies	\$ (5,046,753.21)			\$ -	
2525 Non-Current Liabilities		Long Term Debt	Note payable	Term Loans-L/T Port-2013 OILC	\$ (4,255,111.21)	\$ (9,301,864.42)	\$ (9,301,864.42)	\$ -	
2306 Non-Current Liabilities		Non-Current Liabilities	Post employment benefits	Employee Future Benefits	\$ (164,416.00)	\$ (164,416.00)	\$ (164,416.00)	\$ -	
2440 Non-Current Liabilities			Deferred Revenues	Deferred Revenues	\$ -	\$ -	\$ (38,240.99)	\$ 38,240.99	Contributed Capital credit of \$38,240.99 for 2014 & 2015 Shown as a deferred Revenue under Non-current liabilities
Total Non-Current Liabilities						\$ (9,466,280.42)	\$ (9,504,521.41)	\$ 38,240.99	See above
Total Liabilities						\$ (13,319,971.30)	\$ (12,845,400.29)	\$ (474,571.01)	See above
3035 Equity		Shareholders' Equity	Share capital	InstallsRecOnCapital Stk	\$ (5,035,065.66)	\$ (5,035,065.66)	\$ (5,035,065.66)	\$ -	
3045 Equity		Shareholders's Equity	Retained earnings	Unapprop Retained Earnings	\$ (2,655,532.29)	\$ (2,655,532.29)	\$ (3,089,739.44)	\$ 434,207.15	Offset below
3045 Equity		Shareholders's Equity	Accumulated other comprehensive income	Unapprop Retained Earnings	\$ (14,920.00)	\$ (14,920.00)	\$ (14,920.00)	\$ -	
3046 Equity		Shareholders Equity Acct 3046	Retained earnings	Balanced Transferred from Income		\$ (434,207.15)	\$ -	\$ (434,207.15)	Offset above
Total Equity						\$ (8,139,725.10)	\$ (8,139,725.10)	\$ -	

Centre Wellington Hydro Ltd
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For the Year 2015

Account Number	Financial Statement Section	RRR 2.1.7 Section	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2015 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.17 and Financial Statements	Explanation of Difference		
Total Liabilities and equity					\$	(21,459,696.40)	\$	(20,985,125.39)	\$	(474,571.01)	See above
1551	Regulatory Balances	Other Assets & Deferred Charges	Regulatory balances	SME Variance	\$	(1,951.56)					Classified on TB as 1592 as 1563 has been removed. Balance exist because PILs recovery rate rider went to April 30, 2014 and therefore wasn't fully recoved at time of 2013 COS application
1563	Regulatory Balances	Other Assets & Deferred Charges	Regulatory balances	Contra-Def Pyts In Lieu of Tax	\$	(863.42)					
1580	Regulatory Balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-WMS	\$	(274,809.00)					
1582	Regulatory Balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-One Time	\$	-					
1584	Regulatory Balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-NW	\$	(58,925.58)					
1586	Regulatory Balances	Other Assets & Deferred Charges	Regulatory balances	RSVA-CN	\$	(17,055.37)					
1592	Regulatory Balances	Other Assets & Deferred Charges	Regulatory balances	PILS and Taxes Variance	\$	-					
								Transfer of Future Income Taxes of \$512,812 from 2320 to Deferred Income Tax and included as part of the regulatory balances figure of \$866,416.93			
Regulatory Balances			Regulatory balances	Deferred Income Taxes	\$	(353,604.93)	\$	(866,416.93)	\$	512,812.00	
Total Liabilities, equity and regulatory balances					\$	(21,813,301.33)	\$	(21,851,542.32)	\$	38,240.99	See above

Income Statement											
4006	Revenue	Sales of Electricity	Sale of energy	Residentail Energy Sales	\$	(4,400,957.50)					
4025	Revenue	Sales of Electricity	Sale of energy	Street Lighting Energy Sales	\$	(97,541.03)					
4030	Revenue	Sales of Electricity	Sale of energy	Sentinel Lighting Energy Sales	\$	(2,680.06)					
4035	Revenue	Sales of Electricity	Sale of energy	General Energy Sales	\$	(8,039,607.70)					
4040	Revenue	Sales of Electricity	Sale of energy	OES/PA-Embed Dist-H1-Engy	\$	-					
4050	Revenue	Sales of Electricity	Sale of energy	Revenue Adjustment	\$	(167,047.42)					
4055	Revenue	Sales of Electricity	Sale of energy	Energy Sales for Resale	\$	(1,730,058.41)					
4062	Revenue	Sales of Electricity	Sale of energy	Billed WMS	\$	(730,522.73)					
4066	Revenue	Sales of Electricity	Sale of energy	Billed NW	\$	(953,515.50)					
4068	Revenue	Sales of Electricity	Sale of energy	Billed CN	\$	(672,711.90)					
4075	Revenue	Sales of Electricity	Sale of energy	Billed LV	\$	(242,373.31)					
4076	Revenue	Sales of Electricity	Sale of energy	Billed SME	\$	(62,910.72)	\$	(17,099,926.28)	\$	(17,473,231.77)	Gross up of customer billing to be recorded in sale of electricity/power revenue - to remove variances for regulatory adjustments
4082	Revenue	Revenue from Services-Distribution	Distribution revenue	Retailer Services Revenues	\$	(7,396.72)					
4084	Revenue	Revenue from Services-Distribution	Distribution revenue	STR Revenues	\$	(60.88)					
4086	Revenue	Revenue from Services-Distribution	Distribution revenue	SSS Administration Revenue	\$	(19,100.44)					
4080	Revenue	Revenue from Services-Distribution	Distribution revenue	Distribution Services Revenue	\$	(3,148,758.61)	\$	(3,175,316.65)	\$	(3,175,316.65)	\$ -

Centre Wellington Hydro Ltd
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For the Year 2015

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4210 Revenue		Other Operating Revenues	Other	Rent from Electric Property	\$ (87,437.80)				
4225 Revenue		Other Operating Revenues	Other	Late Payment Charges	\$ (14,251.86)				
4235 Revenue		Other Operating Revenues	Other	Misc Service Revenues	\$ (152,070.58)				
4355 Revenue		Other Income / Deductions	Other	Gain Disp of Util and Oth Prop	\$ (10,277.00)				
4360 Revenue		Other Income / Deductions	Other	Loss on Disposal	\$ 9,918.75				
4375 Revenue		Other Income / Deductions	Other	Revenues from non-Utility oper	\$ (763,889.42)				
4380 Revenue		Other Income / Deductions	Other	Expenses of Non-Utility Oper	\$ 661,890.99				
4390 Revenue		Other Income / Deductions	Other	Misc Non-Oper Income	<u>\$ (11,723.10)</u>	\$ (367,840.02)	\$ (367,840.02)	\$ -	
Total Revenue						\$ (20,643,082.95)	\$ (21,016,388.44)	\$ 373,305.49	See above
4708 Operating Expenses		Other Power Supply Expenses	Cost of power purchased	Charges WMS	\$ 730,522.73				
4714 Operating Expenses		Other Power Supply Expenses	Cost of power purchased	Charges - NW	\$ 953,515.50				
4716 Operating Expenses		Other Power Supply Expenses	Cost of power purchased	Charges - CN	\$ 672,711.90				
4730 Operating Expenses		Other Power Supply Expenses	Cost of power purchased	Rural Rate Assistance Expense	\$ -				
4750 Operating Expenses		Other Power Supply Expenses	Cost of power purchased	Charges-LV	\$ 242,373.31				
4751 Operating Expenses		Other Power Supply Expenses	Cost of power purchased	Charges- SME	\$ 62,910.72				
4705 Operating Expenses		Other Power Supply Expenses	Cost of power purchased	Power Purchased	\$ 8,258,503.31				
4707 Operating Expenses		Other Power Supply Expenses	Cost of power purchased	Power Purchased GA	<u>\$ 6,179,388.81</u>	\$ 17,099,926.28	\$ 17,386,242.51	\$ (286,316.23)	To record cost of power based on actual invoice values not adjusted for regulatory variance
5610 Operating Expenses		Administration & General Expenses	General and administrative	Management Salaries and Exp	\$ 364,886.57				
5615 Operating Expenses		Administration & General Expenses	General and administrative	General Admin Salaries and Exp	\$ 215,288.65				
5620 Operating Expenses		Administration & General Expenses	General and administrative	Office Supplies & Expenses	\$ 58,173.23				
5630 Operating Expenses		Administration & General Expenses	General and administrative	Outside Services Employed	\$ 42,200.02				
5635 Operating Expenses		Administration & General Expenses	General and administrative	Property Insurance	\$ 5,519.88				
5640 Operating Expenses		Administration & General Expenses	General and administrative	Injuries and Damages	\$ 32,743.73				
5645 Operating Expenses		Administration & General Expenses	General and administrative	Employee Pensions and Benefits	\$ 14,641.81				
5655 Operating Expenses		Administration & General Expenses	General and administrative	Regulatory Expenses	\$ 93,458.96				
5660 Operating Expenses		Administration & General Expenses	General and administrative	General Advertising Expenses	\$ 306.49				
5665 Operating Expenses		Administration & General Expenses	General and administrative	Miscellaneous General Expenses	\$ 98,005.64				
5675 Operating Expenses		Administration & General Expenses	General and administrative	Maintenance of General Plant	\$ 22,729.07				
5680 Operating Expenses		Administration & General Expenses	General and administrative	ESA Fees	\$ 10,043.28				
6105 Operating Expenses		Taxes	General and administrative	Taxes Other Than Income Taxes	\$ 18,304.93				
6205 Operating Expenses		Other Deductions	General and administrative	Donations	\$ 73,929.75				
6215 Operating Expenses		Other Deductions	General and administrative	Penalties - Late Payment-Class Action	\$ -				
6225 Operating Expenses		Other Deductions	General and administrative	Other Deductions	<u>\$ 2,827.51</u>	\$ 1,053,059.52	\$ 1,053,059.52		
5305 Operating Expenses		Billing and Collecting	Billing and collecting	Supervision	\$ 37,473.16				

Centre Wellington Hydro Ltd
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For the Year 2015

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5310 Operating Expenses		Billing and Collecting	Billing and collecting	Meter Reading Exp	\$ 103,048.34				
5315 Operating Expenses		Billing and Collecting	Billing and collecting	Customer Billing	\$ 200,099.41				
5320 Operating Expenses		Billing and Collecting	Billing and collecting	Collecting	\$ 104,579.83				
5325 Operating Expenses		Billing and Collecting	Billing and collecting	Collect-Cash Over & Short	\$ (3.40)				
5335 Operating Expenses		Billing and Collecting	Billing and collecting	Bad Debt Expense	\$ 4,293.04				
5340 Operating Expenses		Billing and Collecting	Billing and collecting	Misc Customer Accounts Exp	\$ -	\$ 449,490.38	\$ 449,490.38	\$ -	
5005 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	Operation Super & Eng	\$ 107,595.38				
5010 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	Load Dispatching	\$ 24,975.95				
5012 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	Stn Bldgs & Fixtures Exp	\$ 67,863.29				
5016 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	Dist Stn Eq MS	\$ 101.90				
5017 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	Dist Stn Eq - Oper Supplies	\$ 15,978.47				
5020 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	OH DistLines&Fdrs	\$ (26.33)				
5025 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	OH Dist Lines - Oper Supplies	\$ 10,230.18				
5030 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	OH Subtrans Feeders-Oper	\$ (7.26)				
5040 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	UG DistLn& Feeder-Labour	\$ -				
5045 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	UG Lines & Feeders-Op Supplies & Exp	\$ -				
5055 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	UG Dist Trans - Oper	\$ 1,441.85				
5065 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	Meter Expenses	\$ 33,526.61				
5070 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	Customer Premises - Op Labour	\$ -				
5085 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	Misc Distribution Exp	\$ 54,618.14				
5095 Operating Expenses		Distribution Expenses-Operation	Operating and maintenance	OH DLns&Fdrs-Rental Pd	\$ 6,172.31				
5105 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint Super & Eng	\$ 43,284.33				
5110 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint Bldgs & Fixt-Dist Stns	\$ -				
5114 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint of Dist Stn Equip	\$ 12,225.62				
5120 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint Poles Towers & Fixtures	\$ 13,107.17				
5125 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint OH Conductors & Devices	\$ 11,728.62				
5130 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint OH Services	\$ 27,419.25				
5135 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	OH Lines & Feeds-Right of Way	\$ 62,947.87				
5145 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Main of UG Conduit	\$ 1,406.16				
5150 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint of UG Conductors & Dev	\$ 3,477.39				
5155 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint of UG Services	\$ 90,045.51				
5160 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint of Line Transformers	\$ 42,219.92				
5175 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Maint of Meters	\$ 2,530.71				
5195 Operating Expenses		Distribution Expenses-Mtce	Operating and maintenance	Mtc-OthInstOnCustPrem	\$ 208.15				
5410 Operating Expenses		Community Relations	Operating and maintenance	Community Relations - Sundry	\$ 11,925.16				
5415 Operating Expenses		Community Relations	Operating and maintenance	Energy Conservation	\$ 3,374.21				
5420 Operating Expenses		Community Relations	Operating and maintenance	Community Safety Program	\$ -				
5425 Operating Expenses		Community Relations	Operating and maintenance	Misc Customer Serv & Info Exp	\$ 7,990.22	\$ 656,360.78	\$ 656,360.78	\$ -	
5705 Operating Expenses		Amortization Expenses	Depreciation and amortization	Amort Exp Prop Plant Equip	\$ 492,325.13				
5715 Operating Expenses		Amortization Expenses	Depreciation and amortization	Amort Exp Intangible	\$ 50,678.44	\$ 543,003.57	\$ 543,003.57	\$ -	
Total Operating Expenses						\$ 19,801,840.53	\$ 20,088,156.76	\$ (286,316.23)	See above

Centre Wellington Hydro Ltd
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For the Year 2015

Account Number	Financial Statement Section	RRR 2.1.7 Section	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2015 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.17 and Financial Statements	Explanation of Difference
Income from operating activities					\$	(841,242.42)	\$ (928,231.68)	\$ 86,989.26	See above
4405	Finance Income	Investment Income	Finance Income	Interest and Dividend Income	\$ (44,588.57)	\$ (44,588.57)	\$ (44,588.57)	\$ -	
6005	Finance Costs	Interest Expenses	Finance costs	Interest on Long Term Debt	\$ 131,424.95				
6030	Finance Costs	Interest Expenses	Finance costs	Int Debt AssocCo-CWTwp	\$ 365,889.60				
6035	Finance Costs	Interest Expenses	Finance costs	Other Interest Expense	\$ 17,183.29	\$ 514,497.84	\$ 514,497.84	\$ -	
Income before income taxes					\$	(371,333.15)	\$ (458,322.41)	\$ 86,989.26	See above
6110	Income Tax Expense (recovery)	Taxes	Income Tax Expense (Recovery)	Income Taxes	\$ 658.00	\$ 658.00	\$ 658.00		Adjustment for future income taxes related to regulatory being shown in provision for future taxes.
6115	Income Tax Expense (recovery)	Taxes	Income Tax Expense (Recovery)	Prov For Future Income taxes	\$ (63,532.00)	\$ (63,532.00)	\$ 95,024.00	\$ (158,556.00)	
Income tax expense (recovery)							\$ 95,682.00		
Net Income for the Year							\$ (362,640.41)		
Net Movement in regulatory balances, net of taxes					\$ -	\$ -	\$ (71,566.74)	\$ 71,566.74	Tax adjustment for future incomes taxes of \$158,556 less the gross up of customer billings and costs of \$86,989.26
Net Income for the year and next movement in regulatory balances					\$	(434,207.15)	\$ (434,207.15)		
Other Comprehensive income (loss)	Shareholders' Equity		Remeasurement of post-employment benefits	Accumulated Other Comprehensive Income-sub OPRB	\$ -	\$ -	\$ -		

Appendix N

RRR 2.1.13 USofA Mapped to Audited Financial Statements 2016

Centre Wellington Hydro Ltd
OEB RRR: 2.1.13 General Ledger Trial Balance Mapped to Audited Financial Statements
For the Year 2016

Account Number	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2016 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.1.7 and Financial Statements	Explanation of Difference
Balance Sheet							
ASSETS							
1005	Cash	Cash	\$ 229,751.11				
1010	Cash	Working Funds	\$ 554.92	\$ 230,306.03	\$ 230,306.00	\$ 0.03	
1100	Accounts Receivable	Customer AR	\$ 2,778,816.19				
1102	Accounts Receivable	Accounts Receivable - Services	\$ (13,617.85)				
1104	Accounts Receivable	A/R Recoverable	\$ 50,637.41				
1105	Accounts Receivable	AR-Merchand/Jobbing Etc	\$ 71,966.59				
1110	Accounts Receivable	Other AR	\$ 172,348.74				
1130	Accounts Receivable	Accum Prov for Uncoll Accts	\$ (18,600.00)	\$ 3,041,551.08	\$ 3,041,551.00	\$ 0.08	
1120	Unbilled revenue	Accrued Utility Revenue	\$ 2,011,476.81	\$ 2,011,476.81	\$ 2,011,477.00	\$ (0.19)	
2294	Income taxes recoverable	Accrued PIL Taxes Payable		\$ -	\$ 15,584.00	\$ (15,584.00)	On 2.1.7 reported under Current Liabilities
1190	Inventory/Materials and Supplies	Misc Curr and Accrued Assets	\$ 8,700.43				
1330	Inventory/Materials and Supplies	Plant Materials and Oper Supp	\$ 298,143.02	\$ 306,843.45	\$ 306,843.00	\$ 0.45	
1180	Prepaid expenses	Prepaid Expenses	\$ 90,888.30	\$ 90,888.30	\$ 90,890.00	\$ (1.70)	
Total Current Assets				\$ 5,681,065.67	\$ 5,696,651.00	\$ (15,585.33)	
1609	Intangible Assets	Cap Contributions Pd-Contracts	\$ 4,602.50				
1611	Intangible Assets	Computer Software	\$ 364,933.91				
1612	Intangible Assets	Land Rights	\$ 37,132.16				
1805	Property, plant and equipment	Land	\$ 46,065.54				
1806	Property, plant and equipment	Land Rights	\$ -				
1808	Property, plant and equipment	Building & Fixtures	\$ -				
1820	Property, plant and equipment	Distribution Station Equipment	\$ 6,868,763.03				
1825	Property, plant and equipment	Storage Battery Equipment	\$ -				
1830	Property, plant and equipment	Poles, Towers and Fixtures	\$ 2,693,545.97				
1835	Property, plant and equipment	OH Conductors and Devices	\$ 1,878,146.89				
1840	Property, plant and equipment	Underground Conduit	\$ 1,804,978.98				
1845	Property, plant and equipment	UG Conductors & Devices	\$ 2,104,104.11				
1850	Property, plant and equipment	Line Transformers	\$ 3,437,899.15				
1855	Property, plant and equipment	Services	\$ 3,584,637.13				
1860	Property, plant and equipment	Meters	\$ 1,359,852.51				
1905	Property, plant and equipment	Land	\$ 8,639.65				
1908	Property, plant and equipment	Building & Fixtures	\$ 1,162,398.62				
1915	Property, plant and equipment	Office Furniture & Equip	\$ 94,569.56				
1920	Property, plant and equipment	Computer Equipment-Hardware	\$ 291,414.52				
1925	Property, plant and equipment	Computer Software	\$ -				
1930	Property, plant and equipment	Transportation Equipment	\$ 1,180,970.08				
1935	Property, plant and equipment	Stores Equipment	\$ 14,318.24				
1940	Property, plant and equipment	Tools, Shop & Garage Equip	\$ 93,679.66				
1945	Property, plant and equipment	Measurement & Testing Equip	\$ 43,116.67				
1950	Property, plant and equipment	Power Operated Equipment	\$ 74,455.19				
1955	Property, plant and equipment	Communication Equipment	\$ 18,411.75				
1960	Property, plant and equipment	Miscellaneous Equipment	\$ 12,430.41				
1980	Property, plant and equipment	System Supervisory Equipment	\$ 258,806.31				
1985	Property, plant and equipment	Sentinel Ltg Rental Units	\$ 2,516.21				
1995	Property, plant and equipment	Conts & Grants - Credit	\$ (1,824,849.99)				
2055	Property, plant and equipment	Construction Work in Progress	\$ 21,578.46				
2105	Property, plant and equipment	Acc Amort of Elec Ut Plant	\$ (10,541,417.51)				
2120	Intangible Assets	AccDep-Intang Assets	\$ (332,351.60)	\$ 14,763,348.11	\$ 14,775,767.00		
	Intangible Assets				\$ 74,317.00		
				\$ 14,763,348.11	\$ 14,850,084.00	\$ (86,735.89)	Contributed Capital credit of \$86,736.19 (\$38,240.99 for 2014 & 2015 and credit of \$48,495.20 for 2016) Shown as a deferred Revenue under Non-current liabilities
1405	Long-term investment	LT Inv in Non-Assoc Co.s	\$ 34,486.95	\$ 34,486.95	\$ 34,487.00	\$ (0.05)	
2350	Deferred tax assets	Future Income Tax-Non-Curr	\$ 776,272.74	\$ 776,272.74	\$ 776,273.00	\$ (0.26)	
Total Non-current Assets				\$ 15,574,107.80	\$ 15,660,844.00	\$ (86,736.20)	See above
Total Assets				\$ 21,255,173.47	\$ 21,357,495.00	\$ (102,321.53)	See above
1508	Regulatory balances	Other Regulatory Assets	\$ 101,462.13				
1518	Regulatory balances	RCVA - Retail	\$ 41,840.95				
1532	Regulatory balances	Renewable Connection OM&A Def Acct	\$ 7,964.92				
1548	Regulatory balances	RCVA-STR	\$ 473.16				
1550	Regulatory balances	LV Variance Account	\$ 337,696.42				
1555	Regulatory balances	Smart Meter	\$ 2,030.66				
1556	Regulatory balances	Smart Meter OM&A Var Acct					
1565	Regulatory balances	Cons & Dem Mgmt Exp & Rec					
1568	Regulatory balances	LRAM Variance Account	\$ 73,511.28				
1586	Regulatory balances	RSVA-CN	\$ 9,458.75				
1589	Regulatory balances	RSVA-Global Adjustment	\$ 315,012.79				
					\$ 889,451.00		
Regulatory balance				\$ 889,451.06	\$ 889,451.00	\$ 0.06	

Account Number	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2016 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.1.7 and Financial Statements	Explanation of Difference				
							Contributed Capital credit of \$86,736.19 (\$38,240.99 for 2014 & 2015 and credit of \$48,495.20 for 2016) Shown as a deferred Revenue under Non-current liabilities. \$15,584.50 is recorded as a current liability below				
Total Assets				\$	22,144,624.53	\$	22,246,946.00	\$	(102,321.47)		
LIABILITIES AND SHAREHOLDERS EQUITY											
2205	Accounts payable and accrued liabilities	Accounts Payable	\$	(968,123.61)							
2208	Accounts payable and accrued liabilities	Customer Credit Balances	\$	(55,709.14)							
2220	Accounts payable and accrued liabilities	Misc Curr & Acct Liab	\$	(1,379,933.24)							
2250	Accounts payable and accrued liabilities	DRC Payable	\$	(51,762.42)							
2256	Accounts payable and accrued liabilities	IESO Fees Payable	\$	(533,061.23)							
2290	Accounts payable and accrued liabilities	Commodity Taxes	\$	(19,595.59)							
2292	Accounts payable and accrued liabilities	PR Deductions	\$	(48,077.27)							
2294	Income taxes payable	Accrual for Taxes Payment in Lieu of Taxes	\$	15,584.00							
2320	Accounts payable and accrued liabilities	Other Misc Non-Current Liab:Cont Cap	\$	(219,439.00)	\$	(3,260,117.50)	\$	(3,275,702.00)	\$	15,584.50	\$15,584 recorded as Asset above
2210	Current portion of customers deposits	Curr Portion of Cust Deposits	\$	(75,000.00)							
2335	Current portion of customers deposits	Long Term Customer Deposits	\$	(93,849.55)	\$	(168,849.55)	\$	(168,850.00)	\$	0.45	
2260	Current portion of long-term debt	Curr portion-Loan 2013 OILC	\$	(118,346.33)	\$	(118,346.33)	\$	(118,346.00)	\$	(0.33)	
Total Current Liabilities				\$	(3,547,313.38)	\$	(3,562,898.00)	\$	15,584.62		See above
2550	Note payable	Advances from Associated Companies	\$	(5,046,753.21)				\$	-		
2525	Note payable	Term Loans-L/T Port-2013 OILC	\$	(4,136,754.96)	\$	(9,183,508.17)	\$	(9,183,508.00)	\$	(0.17)	
2306	Post employment benefits	Employee Future Benefits	\$	(217,580.00)	\$	(217,580.00)	\$	(217,580.00)	\$	-	
2440	Deferred Revenues	Deferred Revenues	\$	-	\$	-	\$	(86,736.00)	\$	86,736.00	Contributed Capital credit of \$86,736.19 (\$38,240.99 for 2014 & 2015 and credit of \$48,495.20 for 2016) Shown as a deferred Revenue under Non-current liabilities
Total Non-Current Liabilities				\$	(9,401,088.17)	\$	(9,487,824.00)	\$	86,735.83		See above
Total Liabilities				\$	(12,948,401.55)	\$	(13,050,722.00)	\$	102,320.45		See above
3035	Share capital	InstallsRecOnCapital Stk	\$	(5,035,065.66)	\$	(5,035,065.66)	\$	(5,035,066.00)	\$	0.34	
3045	Retained earnings	Unapprop Retained Earnings	\$	(2,770,103.44)	\$	(2,770,103.44)	\$	(2,981,709.00)	\$	211,605.56	
3045	Accumulated other comprehensive income	Unapprop Retained Earnings	\$	14,237.31	\$	14,237.31	\$	14,237.00)	\$	0.31	
3046	Retained earnings	Balanced Transferred from Income			\$	(211,606.00)			\$	(211,606.00)	Offset above
Total Equity				\$	(8,002,537.79)	\$	(8,002,538.00)	\$	0.21		
Total Liabilities and equity				\$	(20,950,939.34)	\$	(21,053,260.00)	\$	102,320.66		See above
1551	Regulatory balances	SME Variance	\$	(3,014.78)							
1563	Regulatory balances	Contra-Def Pyts In Lieu of Tax	\$	(863.42)							
1580	Regulatory balances	RSVA-WMS	\$	(325,633.50)							
1582	Regulatory balances	RSVA-One Time									
1584	Regulatory balances	RSVA-NW	\$	(42,256.15)							
1588	Regulatory balances	RSVA-Power	\$	(34,115.42)							
1595	Regulatory balances	Recoveries Regulatory Assets	\$	(14,241.61)							
1592	Regulatory balances	PILS and Taxes Variance									
2320	OthNonCur	OthNonCurLiabs: Future Taxes	\$	(773,561.00)			\$	(1,193,686.00)	\$	0.12	
Regulatory balances				\$	(1,193,685.88)	\$	(1,193,686.00)	\$	0.12		
Total Liabilities, equity and regulatory balances				\$	(22,144,625.22)	\$	(22,246,946.00)	\$	102,320.78		See above
Income Statement											
4006	Sale of energy	Residentail Energy Sales	\$	(4,877,530.16)							
4025	Sale of energy	Street Lighting Energy Sales	\$	(65,658.76)							
4030	Sale of energy	Sentinel Lighting Energy Sales	\$	(2,988.41)							
4035	Sale of energy	General Energy Sales	\$	(9,403,253.55)							
4040	Sale of energy	OES/PA-Embed Dist-H1-Engy									
4050	Sale of energy	Revenue Adjustment	\$	(79,835.89)							
4055	Sale of energy	Energy Sales for Resale	\$	(1,962,860.17)							
4062	Sale of energy	Billed WMS	\$	(812,474.41)							
4066	Sale of energy	Billed NW	\$	(953,293.62)							
4068	Sale of energy	Billed CN	\$	(714,385.78)							
4075	Sale of energy	Billed LV	\$	(243,652.22)							
4076	Sale of energy	Billed SME	\$	(63,081.00)	\$	(19,179,013.97)	\$	(19,345,395.00)	\$	166,381.03	Gross up of customer billing to be recorded in sale of electricity/power revenue - to remove variances for regulatory adjustments
4082	Distribution revenue	Retailer Services Revenues	\$	(7,172.09)							
4084	Distribution revenue	STR Revenues	\$	(60.23)							
4086	Distribution revenue	SSS Administration Revenue	\$	(19,327.24)							
4080	Distribution revenue	Distribution Services Revenue	\$	(3,147,537.34)	\$	(3,174,096.90)	\$	(3,174,097.00)	\$	0.10	

Account Number	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2016 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.1.7 and Financial Statements	Explanation of Difference
4210 Other		Rent from Electric Property	\$ (79,841.88)				
4225 Other		Late Payment Charges	\$ (12,908.31)				
4235 Other		Misc Service Revenues	\$ (150,907.35)				
4355 Other		Gain Disp of Util and Oth Prop					
4360 Other		Loss on Disposal	\$ 47,701.06				
4375 Other		Revenues from non-Utility oper	\$ (625,842.22)				
4380 Other		Expenses of Non-Utility Oper	\$ 595,618.91				
4390 Other		Misc Non-Oper Income	\$ (12,050.32)	\$ (238,230.11)	\$ (238,230.00)	\$ (0.11)	
Total Revenue				\$ (22,591,340.98)	\$ (22,757,722.00)	\$ 166,381.02	See above
4708 Cost of power purchased		Charges WMS	\$ 812,474.41				
4714 Cost of power purchased		Charges - NW	\$ 953,293.62				
4716 Cost of power purchased		Charges - CN	\$ 714,385.78				
4730 Cost of power purchased		Rural Rate Assistance Expense					
4750 Cost of power purchased		Charges-LV	\$ 243,652.22				
4751 Cost of power purchased		Charges- SME	\$ 63,081.00				
4705 Cost of power purchased		Power Purchased	\$ 8,659,823.73				
4707 Cost of power purchased		Power Purchased GA	\$ 7,732,303.21	\$ 19,179,013.97	\$ 19,397,385.00	\$ (218,371.03)	To record cost of power based on actual invoice values not adjusted for regulatory variance
5610 General and administrative		Management Salaries and Exp	\$ 360,770.12				
5615 General and administrative		General Admin Salaries and Exp	\$ 208,942.81				
5620 General and administrative		Office Supplies & Expenses	\$ 67,518.28				
5630 General and administrative		Outside Services Employed	\$ 53,214.51				
5635 General and administrative		Property Insurance	\$ 5,579.28				
5640 General and administrative		Injuries and Damages	\$ 42,093.93				
5645 General and administrative		Employee Pensions and Benefits					
5646 General and administrative		OPEB	\$ 16,744.34				
5655 General and administrative		Regulatory Expenses	\$ 77,609.94				
5660 General and administrative		General Advertising Expenses					
5665 General and administrative		Miscellaneous General Expenses	\$ 87,624.95				
5675 General and administrative		Maintenance of General Plant	\$ 22,486.64				
5680 General and administrative		ESA Fees	\$ 10,223.27				
6105 General and administrative		Taxes Other Than Income Taxes	\$ 19,795.10				
6205 General and administrative		Donations	\$ 16,489.75				
6215 General and administrative		Penalties - Late Payment-Class Action					
6225 General and administrative		Other Deductions	\$ 1,862.23	\$ 990,955.15	\$ 990,955.00	\$ 0.15	
5305 Billing and collecting		Supervision	\$ 57,885.78				
5310 Billing and collecting		Meter Reading Exp	\$ 106,918.86				
5315 Billing and collecting		Customer Billing	\$ 210,220.11				
5320 Billing and collecting		Collecting	\$ 84,530.30				
5325 Billing and collecting		Collect-Cash Over & Short	\$ 0.55				
5335 Billing and collecting		Bad Debt Expense	\$ 2,132.87				
5340 Billing and collecting		Misc Customer Accounts Exp	\$ -	\$ 461,688.47	\$ 461,688.00	\$ 0.47	
5005 Operating and maintenance		Operation Super & Eng	\$ 71,727.41				
5010 Operating and maintenance		Load Dispatching	\$ 15,500.36				
5012 Operating and maintenance		Stn Bldgs & Fixtures Exp	\$ 75,720.90				
5016 Operating and maintenance		Dist Stn Eq MS	\$ 1,305.17				
5017 Operating and maintenance		Dist Stn Eq - Oper Supplies	\$ 12,483.68				
5020 Operating and maintenance		OH DistLines&Fdrs	\$ 2,346.78				
5025 Operating and maintenance		OH Dist Lines - Oper Supplies	\$ 5,198.53				
5030 Operating and maintenance		OH Subtrans Feeders-Oper					
5040 Operating and maintenance		UG DistLn& Feeder-Labour					
5045 Operating and maintenance		UG Lines & Feeders-Op Supplies & Exp					
5055 Operating and maintenance		UG Dist Trans - Oper	\$ 4,555.24				
5065 Operating and maintenance		Meter Expenses	\$ 59,018.69				
5070 Operating and maintenance		Customer Premises - Op Labour					
5085 Operating and maintenance		Misc Distribution Exp	\$ 58,407.31				
5095 Operating and maintenance		OH DLns&Fdrs-Rental Pd	\$ 6,304.25				
5105 Operating and maintenance		Maint Super & Eng	\$ 26,845.09				
5110 Operating and maintenance		Maint Bldgs & Fixt-Dist Stns					
5114 Operating and maintenance		Maint of Dist Stn Equip	\$ 5,735.53				
5120 Operating and maintenance		Maint Poles Towers & Fixtures	\$ 26,822.22				
5125 Operating and maintenance		Maint OH Conductors & Devices	\$ 41,708.68				
5130 Operating and maintenance		Maint OH Services	\$ 52,958.98				
5135 Operating and maintenance		OH Lines & Feeds-Right of Way	\$ 66,114.57				
5145 Operating and maintenance		Main of UG Conduit	\$ 3,227.96				
5150 Operating and maintenance		Maint of UG Conductors & Dev	\$ 2,503.14				
5155 Operating and maintenance		Maint of UG Services	\$ 114,268.19				
5160 Operating and maintenance		Maint of Line Transformers	\$ 14,202.10				
5175 Operating and maintenance		Maint of Meters					
5195 Operating and maintenance		Mtc-OthInstOnCustPrem					
5410 Operating and maintenance		Community Relations - Sundry	\$ 31,323.69				
5415 Operating and maintenance		Energy Conservation	\$ 6,744.83				
5420 Operating and maintenance		Community Safety Program					
5425 Operating and maintenance		Misc Customer Serv & Info Exp	\$ 13,519.80	\$ 718,543.10	\$ 718,543.00	\$ 0.10	
5705 Depreciation and amortization		Amort Exp Prop Plant Equip	\$ 503,095.88				
5715 Depreciation and amortization		Amort Exp Intangible	\$ 45,083.41	\$ 548,179.29	\$ 548,179.00	\$ 0.29	
Total Operating Expenses				\$ 21,898,379.98	\$ 22,116,750.00	\$ (218,370.02)	See above
Income from operating activities				\$ (692,961.00)	\$ (640,972.00)	\$ (51,989.00)	See above
4405 Finance Income		Interest and Dividend Income	\$ (35,355.89)	\$ (35,355.89)	\$ (35,356.00)	\$ 0.11	
6005 Finance costs		Interest on Long Term Debt	\$ 167,419.02				

Account Number	Financial Statement Line	G/L Account Description	Ending Balance GL Balances as reported in 2.1.7	2015 Total Balance Sheet Grouped as per 2.1.7	2016 Balances as per Audited Financial Statements	Difference Between GL Balances on 2.17 and Financial Statements	Explanation of Difference
6030 Finance costs		Int Debt AssocCo-CWTwp	\$ 365,889.60				
6035 Finance costs		Other Interest Expense	\$ 11,751.96	\$ 545,060.58	\$ 545,061.00	\$ (0.42)	
Income before income taxes				\$ (183,256.31)	\$ (131,267.00)	\$ (51,989.31)	See above
6110 Income Tax Expense (Recovery)		Income Taxes	\$ (15,584.00)	\$ (15,584.00)	\$ (15,584.00)		
6115 Income Tax Expense (Recovery)		Prov For Future Income taxes	\$ (12,765.00)	\$ (12,765.00)		\$ (12,765.00)	Adjustment for future income taxes related to regulatory being shown in provision for future taxes.
Income tax expense (recovery)					\$ 30,538.00		
Net Income for the Year					\$ (100,729.00)		
Net Movement in Regulatory balances, net of taxes			\$ -	\$ -	\$ (110,877.00)	\$ 110,877.00	Tax adjustment for future incomes taxes of \$58,887 plus the gross up of customer billings and costs of \$51,990.30
Net Income for the year and next movement in regulatory balances				\$ (211,606.00)	\$ (211,606.00)		