



## EXHIBIT 4 – OPERATING EXPENSES

2018 Cost of Service

Hydro Hawkesbury Inc.  
EB-2017-0048

## TABLE OF CONTENT

1	<b>4.1 Overview .....</b>	<b>6</b>
2	4.1.1 Overview .....	6
3	<b>4.2 Summary &amp; Cost Driver Tables.....</b>	<b>12</b>
4	4.2.1 Summary of Cost drivers .....	12
5	4.2.2 Year over year variance analysis .....	15
6	4.2.3 Actual vs Inflation.....	21
7	<b>4.3 Program Delivery Costs with Variance Analysis .....</b>	<b>23</b>
8	4.3.1 Program Descriptions .....	23
9	<b>4.4 Workforce Planning and Employee</b>	
10	<b>Compensation .....</b>	<b>31</b>
11	<b>4.5 Shared services &amp; Corporate Cost Allocation .....</b>	<b>38</b>
12	<b>4.6 Purchases of Non- Affiliate Services, One Time</b>	
13	<b>Cost, Regulatory Costs .....</b>	<b>39</b>
14	4.6.1 Non-Affiliate Services .....	39
15	4.6.2 One Time Costs .....	49
16	4.6.3 Regulatory Costs.....	49
17	<b>4.7 LEAP, Charitable &amp; Political Donations .....</b>	<b>52</b>
18	<b>4.8 Depreciation, Amortization and Depletion.....</b>	<b>54</b>
19	4.8.1 Filing Requirments Applicable to HHI .....	54
20	4.8.2 Depreciation Rates and Methodology .....	58
21	4.8.3 Depreciation Expense Associated with Retirement	
22	Obligation .....	59

1	4.8.4 Adoption of the Half Year Rule .....	59
2	4.8.5 Depreciation and Capitalization Policy .....	59
3	<b>4.9 Taxes &amp; Payments in Lieu of Taxes (PILS).....</b>	<b>62</b>
4	4.9.1 Overview of PILs.....	62
5	<b>4.10 Non- Recoverable and Disallowed Expenses .....</b>	<b>65</b>
6	<b>4.11 PILs Intergrity Check .....</b>	<b>66</b>
7	<b>4.12 Conservation and Demand Management .....</b>	<b>67</b>
8	4.12.1 Conservation and Demand Management	
9	Overview.....	67
10	4.12.2 LRAM Variance Account (LRAMVA) .....	69
11	<b>Appendices .....</b>	<b>71</b>

## Table of Figures

1	Table 1 - Total OM&A, Depreciation and Income Taxes .....	7
2	Table 2 - Total OM&A, Depreciation and Income Taxes .....	7
3	Table 3 – OEB Appendix 2-JA – Summary of Recoverable OM&A Expenses.....	9
4	Table 4 – OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table.....	12
5	Table 5 - 2014 Actual vs. 2014 Board Approved.....	15
6	Table 6 - 2015 Actual vs. 2014 Actual .....	16
7	Table 7 - 2015 Actual vs. 2016 Actual .....	17
8	Table 8 - 2016 Actual vs. 2017 Bridge Year.....	17
9	Table 9 - 2017 Bridge vs. 2018 Test Year .....	18
10	Table 10 – OEB Appendix 2-L Recoverable OM&A Cost per Customer and FTE .....	19
11	Table 11 - Cost per Customer (as per 2015 PEG Report).....	20
12	Table 12 – Cost per customer for LDCs with <10000 Customers (as per 2015 PEG Report) .....	20
13	Table 13 - Inflation vs. 2018 Test Year .....	21
14	Table 14 - OEB Appendix 2-JC – OM&A Programs Table .....	23
15	Table 15 - OEB Appendix 2-K – Employee Compensation .....	32
16	Table 16 - Benefit Expenses .....	32
17	Table 17 - Details Compensation Accounts .....	34
18	Table 18 - Headcount (number of months worked per year).....	35
19	Table 19 - Supplier List .....	40
20	Table 21 - Regulatory Costs specific to the 2018 Cost of Service .....	50
21	Table 22 – OEB Appendix 2-M Regulatory Costs.....	51
22	Table 23 – 2014-2016 Leap funding as per 2.1.16 RRR.....	53

1	Table 24 - Depreciation Rates.....	61
2	Table 25 - Tax Provision for the Test Year.....	63
3	Table 26 - Summary of Requested LRAM Amounts .....	70

## 4.1 OVERVIEW

### 4.1.1 OVERVIEW

The operating costs found in this exhibit represent expenditures that are required to maintain and operate HHI's distribution system assets at the targeted levels of performance, to meet customer expectations, ensure public and employee safety and provide quality service. These operating costs are necessary to comply with the Distribution System Code, environmental requirements, and government direction. OM&A expenses consist of, but are not limited to; the required expenditures necessary to maintain and operate HHI's distribution system assets; the costs associated with metering, billing, and collecting from HHI's customers; the costs associated with ensuring the safety of all stakeholders; and costs to maintain distribution service quality and reliability.

While preparing its 2017 Bridge and 2018 Test budgets, HHI took into consideration the bill impacts associated with these OM&A costs. For every iteration of the budget, the bill impacts were analyzed and the OM&A budget modified to minimize bill impacts to the customers as much as possible. The final 2018 proposed budget was presented to the board of directors on February 21, 2017.

HHI's 2018 Test Year operating costs are projected to be \$1,210,114, which represents an increase of \$83,373 from its 2014 Cost of Service or 7.4%. Details are presented in Table 1 below. Table 2 shows historical and budgeted OM&A costs by major function.

**Table 1 - Total OM&A, Depreciation and Income Taxes**

	2014 Board Approved	2018	Diff
<i>Operations</i>	\$96,550	\$95,593	-\$957
<i>Maintenance</i>	\$205,700	\$204,514	-\$1,186
<i>Billing and Collecting</i>	\$426,315	\$476,632	\$50,317
<i>Community Relations</i>	\$200	\$0	-\$200
<i>Administrative and General</i>	\$397,976	\$433,375	\$35,399
<b>Total</b>	<b>\$1,126,741</b>	<b>\$1,210,114</b>	<b>\$83,373</b>
<b>%Change (year over year)</b>			<b>7.4%</b>

**Table 2 - Total OM&A, Depreciation and Income Taxes**

	Board Approved	2014	2015	2017	2017	2018
<i>Operations</i>	\$96,550	\$51,300	\$55,990	\$68,472	\$113,406	\$95,593
<i>Maintenance</i>	\$205,700	\$181,555	\$179,949	\$168,399	\$194,970	\$204,514
<i>Billing and Collecting</i>	\$426,315	\$395,636	\$409,354	\$418,864	\$462,696	\$476,632
<i>Community Relations</i>	\$200	\$0	\$0	\$0	\$0	\$0
<i>Administrative and General</i>	\$397,976	\$342,177	\$299,046	\$341,082	\$422,354	\$433,375
<b>Total</b>	<b>\$1,126,741</b>	<b>\$970,668</b>	<b>\$944,340</b>	<b>\$996,817</b>	<b>\$1,193,426</b>	<b>\$1,210,114</b>
<i>%Change (year over year)</i>		-13.9%	-2.7%	5.6%	19.7%	1.4%
<i>%Change from 2014 BA</i>		-13.9%	-16.2%	-11.5%		

The most noticeable variances occur between 2014 to 2016 with overall costs decreasing by an average of 15% per year. Most OM&A variances from the 2014 Board Approved can be attributed to two major events that impacted both the utility's finance and operational costs. The first event was the delay in building the 110KV TS which caused the utility significant cashflow issues. As a result, HHI was forced to adopt a more conservative approach to spending to ensure that it could pay its suppliers and creditors. Details related to the 110KV are discussed in detail throughout Exhibit 2.

The second event is related to the unexpected illness (and ultimately the loss) of the Assistant Manager and VP of Finance. The position in questions was left intentionally unoccupied from August 2015 to August of 2016. This was done in hopes that the Assistant Manager would return. The position was filled internally in January of 2017 through a promotion. Now that the Assistant Manager and Director of Finance (Title of the position is now Accountant) is filed and

the 110KV is in service, 2017's OM&A is more in line with what HHI expects regular yearly OM&A costs will be going forward.

Billing and Collecting shows an increase of \$50K. The major contributor to the increase in Billing and Collecting costs is the forecasted increase in bad debt. With new legislation restricting the ability of utilities to disconnect residential customers that are delinquent in their payments for electricity HHI has forecast an increase in the number of customers who will be sent to the Collection agency due to customers not paying their bills during the winter months. Starting in March of 2016 HHI also incurred costs associated with 3<sup>rd</sup> party service agency (ERTH Holdings) to assist with customer billing functions while the billing clerk was on maternity leave. Lastly, Regulatory Costs projected for 2018 include provisions for this cost of service application.<sup>1</sup>

Specifics regarding year over year variances are presented in Section 4.2.2 of this Exhibit and a comparison to an inflationary increase is presented at Section 4.3.2.

### **Inflation Rate and Assumptions**

The CPI rate is a measure that can fluctuate significantly from quarter to quarter. Using the most recent rate does not always reflect the historical trends nor predicted trends; therefore HHI typically uses the flat rate of 2% of inflation for budgeting purposes. The Bank of Canada aims to keep inflation at the 2% midpoint of an inflation-control target range of 1% to 3% and recently reported CPI median of 2%. Therefore, the utility deems it appropriate to use 2% as an inflation rate.

### **Other Assumptions**

HHI employs five unionized employees and two non-unionized employees. (ref: Section 4.4). All non-union salaries are adjusted pursuant to the union contract. The non-unionized employees are adjusted on a yearly basis to reflect the inflation factor (ref: Section 4.2.3). The utility does

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<sup>1</sup> MFR - Brief explanation of test year OM&A levels, cost drivers, significant changes, trends, inflation rate assumed, business environment changes



not have any affiliates and is not a virtual utility <sup>2</sup>(ref: Section 4.4). The utility does not expect any significant changes in its business environment (ref: Business Plan) other than an increase in residential customers (ref: Exhibit 3). The utility does not expect to hire any additional employees in the 2018-2022 period, however two linemen are scheduled to retire in 2018. Work normally performed by those linemen will be outsourced to Sproule Inc. going forward (ref: Business Plan, Section 4.4).

HHI notes that it does not capitalizes overhead. Therefore, there are no increases in OM&A as a result of the MIFRS policy. Appendix 2-D Overhead Expenses is not applicable in HHI's case.<sup>3 4</sup>

OEB Appendix 2-JA below shows a summary of HHI Operations, Maintenance and Administrative ("OM&A") costs as required by the OEB's filing guidelines.

**Table 3 – OEB Appendix 2-JA – Summary of Recoverable OM&A Expenses<sup>5</sup>**

Reporting Basis	NEWGAAP Board Approved	NEWGAAP 2014	MIFRS 2015	MIFRS 2016	MIFRS 2017	MIFRS 2018
<b>Operations</b>	\$96,550	\$51,300	\$55,990	\$68,472	\$113,406	\$95,593
<b>Maintenance</b>	\$205,700	\$181,555	\$179,949	\$168,399	\$194,970	\$204,514
<b>SubTotal</b>	\$302,250	\$232,855	\$235,940	\$236,871	\$308,376	\$300,107
<b>%Change (year over year)</b>		-23.0%	1.3%	0.4%	30.2%	-2.7%
<b>%Change (Test Year vs Last Rebasing Year - Actual)</b>						28.9%
<b>Billing and Collecting</b>	\$426,315	\$395,636	\$409,354	\$418,864	\$462,696	\$476,632
<b>Community Relations</b>	\$200	\$0	\$0	\$0	\$0	\$0
<b>Administrative and General+LEAP</b>	\$397,976	\$342,177	\$299,046	\$341,082	\$422,354	\$433,375
<b>SubTotal</b>	\$824,491	\$737,813	\$708,401	\$759,946	\$885,050	\$910,007
<b>%Change (year over year)</b>		-10.5%	-4.0%	7.3%	16.5%	2.8%
<b>%Change (Test Year vs Last Rebasing Year - Actual)</b>						10.4%
<b>Total</b>	\$1,126,741	\$970,668	\$944,340	\$996,817	\$1,193,426	\$1,210,114
<b>%Change (year over year)</b>		-13.9%	-2.7%	5.6%	19.7%	1.4%

<sup>2</sup> MFR - Identification of all shared services among affiliates and parent company; identification of the extent to which the applicant is a "virtual utility".

<sup>3</sup> MFR - Identification of change in OM&A in test year in relation to change in capitalized overhead.

<sup>4</sup> MFR - OM&A variance analysis for test year with respect to bridge and historical years; Appendix 2-D

<sup>5</sup> MFR - Summary of recoverable OM&A expenses; Appendix 2-JA

1

	<b>Board Approved</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>Operations</b>	\$96,550	\$51,300	\$55,990	\$68,472	\$113,406	\$95,593
<b>Maintenance</b>	\$205,700	\$181,555	\$179,949	\$168,399	\$194,970	\$204,514
<b>Billing and Collecting</b>	\$426,315	\$395,636	\$409,354	\$418,864	\$462,696	\$476,632
<b>Community Relations</b>	\$200	\$0	\$0	\$0	\$0	\$0
<b>Administrative and General</b>	\$397,976	\$342,177	\$299,046	\$341,082	\$422,354	\$433,375
<b>Total</b>	\$1,126,741	\$970,668	\$944,340	\$996,817	\$1,193,426	\$1,210,114
<b>%Change (year over year)</b>		-13.9%	-2.7%	5.6%	19.7%	1.4%

2

	<b>Board Approved</b>	<b>2014</b>	<b>Variance</b>	<b>2015</b>	<b>Variance</b>	<b>2017</b>	<b>Variance</b>	<b>2017</b>	<b>Variance</b>	<b>2018</b>	<b>Variance</b>
<b>Operations</b>	\$96,550	\$51,300	\$45,250	\$55,990	\$4,691	\$68,472	\$12,482	\$113,406	\$44,934	\$95,593	-\$17,813
<b>Maintenance</b>	\$205,700	\$181,555	\$24,145	\$179,949	-\$1,606	\$168,399	-\$11,551	\$194,970	\$26,571	\$204,514	\$9,544
<b>Billing and Collecting</b>	\$426,315	\$395,636	\$30,679	\$409,354	\$13,718	\$418,864	\$9,510	\$462,696	\$43,832	\$476,632	\$13,936
<b>Community Relations</b>	\$200	\$0	\$200	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
<b>Administrative and General</b>	\$397,976	\$342,177	\$55,799	\$299,046	-\$43,131	\$341,082	\$42,036	\$422,354	\$81,272	\$433,375	\$11,021
<b>Total OM&amp;A Expenses</b>	\$1,126,741	\$970,668	\$156,073	\$944,340	-\$26,328	\$996,817	\$52,477	\$1,193,426	\$196,609	\$1,210,114	\$16,689
<b>Adjustments for Total non-recoverable items (from Appendices 2-JA and 2-JB)</b>											
<b>Total Recoverable OM&amp;A Expenses</b>	\$1,126,741	\$970,668	\$156,073	\$944,340	-\$26,328	\$996,817	\$52,477	\$1,193,426	\$196,609	\$1,210,114	\$16,689
<b>Variance from previous year</b>				-\$26,328		\$52,477		\$196,609		\$16,689	
<b>Percent change (year over year)</b>				-3%		6%		20%		1%	
<b>Percent Change: Test year vs. Most Current Actual</b>						21.40%					
<b>Simple average of % variance for all years</b>						24.67%					6%
<b>Compound Annual Growth Rate for all years</b>											5.7%
<b>Compound Growth Rate (2014 vs. 2014 Actuals)</b>						2.69%					

## 4.2 SUMMARY & COST DRIVER TABLES

### 4.2.1 SUMMARY OF COST DRIVERS

In accordance with the OEB's minimum filing requirements, OEB Appendix 2-JB, OM&A Cost Drivers, presented below outlines the key drivers of OM&A costs over the period of 2014 to 2018. An overview of the reasons behind the costs drivers is presented following the table, and detailed explanations are presented in Section 4.2.2-Year over Year Variance Analysis.

**Table 4 – OEB Appendix 2-JB – Recoverable OM&A Cost Driver Table<sup>6</sup>**

Reporting Basis	NEWGAAP	MIFRS	MIFRS	MIFRS	MIFRS
OM&A	2014BA- 2014	2014-2015	2015-2016	2016-2017	2017-2018
<b>Opening Balance (2014 opening balance uses 2014 Board Approved)</b>	\$1,126,741.00	\$970,668.00	\$944,340.00	\$996,817.00	\$1,193,426.00
<b>5014-Transformer Station Equipment - Operation Labour</b>			\$12,013	\$36,131	-\$20,536
<b>5015-Transformer Station Equipment - Operation Supplies and Expenses</b>			-\$10,348		
<b>5016-Distribution Station Equipment - Operation Labour</b>	-\$11,740				
<b>5065-Meter Expense</b>	-\$15,903				
<b>5125-Maintenance of Overhead Conductors and Devices</b>		\$10,961			
<b>5130-Maintenance of Overhead Services</b>			-\$17,929	\$12,252	
<b>5135-Overhead Distribution Lines and Feeders - Right of Way</b>				\$10,099	
<b>5310-Meter Reading Expense</b>	-\$10,576				
<b>5315-Customer Billing</b>			\$24,170		
<b>5335-Bad Debt Expense</b>	-\$14,954	\$19,293		\$31,125	
<b>5610-Management Salaries and Expenses</b>		-\$37,014	-\$15,683	\$33,837	
<b>5620-Office Supplies and Expenses</b>	-\$12,614				
<b>5630-Outside Services Employed</b>		\$17,264	\$32,970	\$25,562	-\$24,100
<b>5655-Regulatory Expenses</b>		-\$16,302	\$12,499	\$15,079	\$27,022
<b>5675-Maintenance of General Plant</b>	-\$19,379				
<b>Total of decrease in costs where individual costs&lt;10K</b>	-\$87,375	-\$55,202	-\$31,326		
<b>Total of increase in costs where individual costs&lt;10K</b>	\$16,468	\$34,672	\$46,111	\$32,524	\$34,302
<b>Closing Balance</b>	<b>\$970,668</b>	<b>\$944,340</b>	<b>\$996,817</b>	<b>\$1,193,426</b>	<b>\$1,210,114</b>
<b>% Difference</b>	-13.9%	-2.7%	5.6%	19.7%	1.4%

<sup>6</sup> MFR - Recoverable OM&A cost drivers; Appendix 2-JB

HHI did not experience any variances in excess of the materiality threshold during the 2014 to 2018 period; however, HHI felt that the variances noted below were worth explaining.

### **5014-Transformer Station Equipment - Operation Labour**

2016-2017 - An increase of \$36,131.

- HHI incurred O&M costs related to the transformer (55T) which is to be used as a backup transformer at the 110KV station. The transformer needed to be inspected to make sure it was functional. (\$18,400). Some minor repairs were required to stop some leaks (\$12,000) and to ensure it complied with all requirements of all stakeholders. HHI also purchased spare parts (for reliability) from Siemens for the circuit switcher (\$5,440)

### **5315-Customer Billing**

2015-2016 - The increase of \$24,170 is due to HHI hiring Erth to assist in billing function while a customer service representative was on maternity leave.

### **5335-Bad Debt Expense**

2016-2017 - The increase of \$31,125 is related to collection costs and bad debt. With the new legislation in place where a utility cannot disconnect residential customers prior to April 30 of the calendar year, HHI has forecast an increase in the number of customers who will be sent to a Collection agency due to customers not paying their bills during the winter months.

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

2016-2017 - The increase of \$33,837 is due to the normalizing of costs after the utility lost its Assistant Manager/VP of Finance; the increase in 2017 represents the costs associated with that position being filled.

### **5630-Outside Services Employed**

2014-2015 - An increase of \$17,264

- HHI hired Sage to train a current employee to be able to perform certain accounting functions previously done by the Assistant Manager/VP of Finance on sick leave. (\$5,000)
- HHI also increased its use of Deloitte in the absence of Assistant Manager/VP of Finance. (\$11,000)
- HHI saw a small increase in its IT fees which are performed by the United Counties of Prescott and Russell. (\$1,400)

2015-2016 - An increase of \$32,970

- 1       • With the Assistant Manager/VP of Finance on sick leave, HHI hired Alba for book keeping
- 2       services in advance of the yearly audit. (\$12,550)
- 3       • HHI incurred additional costs from Deloitte in work done to produce financial statements
- 4       in MIFRS.
- 5

6   2016-2017 - An increase of \$25,562.

- 7       • Similar to 2015-2016, HHI hired Alba for book keeping services in advance of the yearly
- 8       audit and incurred additional costs from Deloitte.

9   **5655-Regulatory Expenses**

10   2017-2018 - The increase of \$27,022 is due to costs related to developing the Distribution  
11   System Plan, legal review of this cost of service application, assistance in the upcoming  
12   settlement conference, provision for the costs of a oral hearing and two interveners. Note that  
13   all regulatory costs have been amortized over a period of 5 years. Details of the proposed  
14   Regulatory Costs are presented in Section 4.6.3 of this Exhibit.

#### 4.2.2 YEAR OVER YEAR VARIANCE ANALYSIS

The following section provides explanations of the year over year cost variances and drivers. HHI did not experience any increases above the threshold of \$50,000. However, the utility chose to highlight and explain variances that it considers significant enough to warrant justification. The variances explained include both increases and decreases. For each significant change within its control, HHI has described the reasons and decision that was made to manage the cost increase/decrease and the alternatives.<sup>7</sup>

Tables 5-9 below show the year over year variances of OM&A expenses for 2014 Board Approved to the 2018 Test Year. A variance analysis of expenses over 10k follow the tables.

**Table 5 - 2014 Actual vs. 2014 Board Approved**

	2014 Board Approved	2014	Variance
<i>Operations</i>	\$96,550	\$51,300	\$-45,250
<i>Maintenance</i>	\$205,700	\$181,555	\$-24,145
<i>Billing and Collecting</i>	\$426,315	\$395,636	\$-30,679
<i>Community Relations</i>	\$200	\$0	\$200
<i>Administrative and General</i>	\$397,976	\$342,177	\$-55,799
<i>Total OM&amp;A Expenses</i>	\$1,126,741	\$970,668	\$-156,073

The total OM&A costs in 2014 were \$156,073 lesser than the 2014 Board Approved amount. The breakdown of each category shows small variances well under the materiality threshold in the 2014 Board Approved vs. 2014 Actual. The 2014 budgets were based on an average of the four previous years plus 4% inflationary increase. 5065 - Meter expenses were over budgeted due to previous years activities related to smart meter implementation. 5035 - transformer testing (PCB) were also lower than expected. 5055-Underground Distribution Transformers – Operation costs were lower than anticipated. Accounts 5014/5015/5017 – Transformer Equipment related costs were kept to a minimum mostly due to issues with the 110KV. Maintenance related costs

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<sup>7</sup> For each significant change within the applicant's control describe business decision that was made to manage the cost increase/decrease and the alternatives

were lower than expected due to lower number of reported maintenance calls. On Billing and Collecting related costs, the anticipated expenses related to meter reading were lower than expected. With respect to Administrative Costs, the utility put on hold needed maintenance to the building and needed office supply and expenses to focus its efforts on the issues related to the 110KV substation.

**Table 6 - 2015 Actual vs. 2014 Actual**

	2014	2015	Variance
<i>Operations</i>	\$51,300	\$55,990	\$4,691
<i>Maintenance</i>	\$181,555	\$179,949	-\$1,606
<i>Billing and Collecting</i>	\$395,636	\$409,354	\$13,718
<i>Community Relations</i>	\$0	\$0	\$0
<i>Administrative and General</i>	\$342,177	\$299,046	-\$43,131
<i>Total OM&amp;A Expenses</i>	\$970,668	\$944,340	-\$26,328

The total OM&A expenses in 2015 were \$26,328 less than the 2014 Actual amount. The main contributor to the variance was a decrease of 37,014 in 5610-Management Salaries and Expenses.

The decrease in Administrative and General costs were due HHI's Assistant Manager becoming ill starting in the summer of 2015 through to the summer 2016.

Regulatory Costs also decreased by \$16,302 in 2015 due to normalizing of regulatory costs following the 2014 Cost of Service (VECC \$10,693, OEB Costs \$3,722 and Deloitte \$2,250.). HHI notes that actual costs were recorded in account 5655- Regulatory Costs in 2014 as opposed to the total amortized costs over four years.)

The increase in Billing and Collecting Costs of \$13,718 is due to the temporary of outsourcing of billing function to Erth Holdings during the absence of the Customer Service Representative and the Assistant Manager.

All other major functions show minimal variances, all well under the materiality threshold.



**Table 7 - 2015 Actual vs. 2016 Actual**

	2015	2016	Variance
<i>Operations</i>	\$55,990	\$68,472	\$12,482
<i>Maintenance</i>	\$179,949	\$168,399	-\$11,551
<i>Billing and Collecting</i>	\$409,354	\$418,864	\$9,510
<i>Community Relations</i>	\$0	\$0	\$0
<i>Administrative and General</i>	\$299,046	\$341,082	\$42,036
<i>Total OM&amp;A Expenses</i>	\$944,340	\$996,817	\$52,477

The total OM&A expenses in 2016 were \$52,477 greater than 2015 Actual.

The increase of \$12,482 in Operation costs is offset by the decrease of \$11,551 in Maintenance costs. The most noticeable increase of \$42,036 in Administrative and General Costs can be attributed to an increase of \$32,970 in 5630-Outside Services Employed and \$12,499 in 5655-Regulatory Costs. As explained in the summary of Cost Drivers at Section 4.2.1, the increase in Outside Services Employed is due to HHI having to hire 3rd party services to assist while its Assistant Manager/VP of Finance was on sick leave.

**Table 8 - 2016 Actual vs. 2017 Bridge Year**

	2016	2017	Variance
<i>Operations</i>	\$68,472	\$113,406	\$44,934
<i>Maintenance</i>	\$168,399	\$194,970	\$26,571
<i>Billing and Collecting</i>	\$418,864	\$462,696	\$43,832
<i>Community Relations</i>	\$0	\$0	\$0
<i>Administrative and General</i>	\$341,082	\$422,354	\$81,272
<i>Total OM&amp;A Expenses</i>	\$996,817	\$1,193,426	\$196,609

The total OM&A expenses in 2017 are \$196,609 greater than 2016 Actual.

The increase in Billing and Collecting of \$43,832 is mainly due to an increase of \$31,125 related to collection costs and bad debt. With the new legislation in place where a utility cannot disconnect residential customers prior to April 30 in any year, HHI has forecast an increase in the number of customers who will be sent to the Collection agency due to customers not paying their bills during the winter months. HHI considers this cost to be outside of its control. That said, the utility will continue to work with the customers to ensure payment where possible.

Other marginal increases in costs related to Billing and Collecting can be attributed to general increase in postage costs. Postage has gone from \$0.60 per letter in 2014 to \$0.82 in 2017 per letter with a projected increase of 1.8% in 2018 or \$0.83 per letter (7K).

The increase in Administrative and General Costs of \$81,262 can attributed to three specific reasons: 1) an increase of \$33,837 in 5610-Management Salaries and Expenses due to normalization of costs following the unexpected illness of the utility's Assistant Manager; 2) an increase in Regulatory Costs of \$25,562 related to costs associated with the DSP, and 3) an the increase of \$25,562 related to Outside Services where the utility was forced to use 3<sup>rd</sup> party billing services and other services while the VP was away on sick leave.

**Table 9 - 2017 Bridge vs. 2018 Test Year**

	2017	2018	Variance
<i>Operations</i>	\$113,406	\$95,593	-\$17,813
<i>Maintenance</i>	\$194,970	\$204,514	\$9,544
<i>Billing and Collecting</i>	\$462,696	\$476,632	\$13,936
<i>Community Relations</i>	\$0	\$0	\$0
<i>Administrative and General</i>	\$422,354	\$433,375	\$11,021
<i>Total OM&amp;A Expenses</i>	\$1,193,426	\$1,210,114	\$16,689

The total OM&A expenses in 2018 are projected to be \$16,689 greater than 2017 Actual.

The increase in Administrative and General Costs of \$11,021 is mostly due to an increase of \$27,022 in Regulatory costs which is offset by a decrease of -\$24,100 in costs related to Outside Services due to normalization. The increase in Billing and Collection costs, although marginal, can be attributed to an increase in billing costs related to providing billing services to new customers and an overall increase in postage costs.

The increase in Administrative and General costs of \$50,524 is for the most part due to new regulatory requirements (i.e. the requirement to produce a Distribution System Plan) and provisions for a costlier proceeding (i.e. the cost of an oral hearing, the cost of a community meeting, the cost of two interveners instead of one), should it be required. (Details are discussed in Section 4.6.3).

The costs related to operation and maintenance and community relations remain stable with variances well below the materiality threshold.

### Cost per Customer

OEB Appendix 2-L Employee Costs at Table 10 below shows an OM&A cost per customer of \$208 in 2018 in comparison to 172 in the 2014 Board Approved.

**Table 10 – OEB Appendix 2-L Recoverable OM&A Cost per Customer and FTE<sup>8</sup>**

		2014 Board Approved	2014	2015	2016	2017	2018
<b>OM&amp;A Costs</b>							
<b>O&amp;M</b>		\$302,250.00	\$232,855.01	\$235,939.54	\$236,870.72	\$308,375.92	\$300,107.00
<b>Admin Expenses</b>		\$397,976.00	\$342,177.17	\$299,046.38	\$341,082.01	\$422,353.85	\$433,375.07
<b>Total Recoverable OM&amp;A from Appendix 2-JB<sup>5</sup></b>		\$700,226.00	\$575,032.18	\$534,985.92	\$577,952.73	\$730,729.76	\$733,482.07
<b>Number of Customers<sup>2,4</sup></b>		5682	5624	5526	5511	5520	5542
<b>Number of FTEs<sup>3,4</sup></b>		7	7	7	7	7	7
<b>Customers/FTEs</b>		811.71	803.39	789.48	787.27	788.62	791.76
<b>OM&amp;A cost per customer</b>							
<b>O&amp;M per customer</b>		53	41	43	43	56	54
<b>Admin per customer</b>		70	61	54	62	77	78
<b>Total OM&amp;A per customer</b>		123	102	97	105	132	132
<b>OM&amp;A cost per FTE</b>							
<b>O&amp;M per FTE</b>		43,179	33,265	33,706	33,839	44,054	42,872
<b>Admin per FTE</b>		56,854	48,882	42,721	48,726	60,336	61,911
<b>Total OM&amp;A per FTE</b>		100,032	82,147	76,427	82,565	104,390	104,783

<sup>5</sup>\*Customers do not include connections

<sup>8</sup> MFR - Recoverable OM&A Cost per customer and per FTE; Appendix 2-L

Table 11 below shows HHI's PEG ranking for 2014 and 2015 and projected costs for 2016 to 2018. Table 12 shows HHI's most recent published results (2015). As can be seen for the table, HHI has the lowest cost per customer amongst utilities with less than 10,000 customers. Compared to all other utilities, HHI best efficiency ranking in the province. With the projected increase in customers in 2018. This has been the case since 2009 (using 2004-2006 reported costs)

**Table 11 - Cost per Customer (as per 2015 PEG Report)<sup>9</sup>**

	2014	2015	2016	2017	2018
<i>Cost Performance (%)</i>	-57.1%	-68.1%	-55.9%	-45.0%	-48.88%
<i>Total Cost per km of line</i>	\$21,050	\$21,120	\$23,591	\$27,115	\$27,326
<i>Efficiency</i>	1	1	1	1	1

**Table 12 – Cost per customer for LDCs with <10000 Customers (as per 2015 PEG Report)**

<i>Utility Name</i>	<i>Year</i>	<i>Efficiency Ranking</i>	<i>Efficiency %</i>	<i>Cost /Cust</i>	<i>Costs</i>	<i>Cust</i>
<i>Hydro Hawkesbury Inc.</i>	2015	1	-61.17%	261	1,436,164	5,510
<i>Cooperative Hydro Embrun Inc.</i>	2015	1	-27.26%	533	1,097,457	2,059
<i>Rideau St. Lawrence Distribution Inc.</i>	2015	3	-6.71%	548	3,208,656	5,860
<i>Hearst Power Distribution Company Limited</i>	2015	2	-20.96%	579	1,564,645	2,703
<i>Renfrew Hydro Inc.</i>	2015	4	12.24%	584	2,494,345	4,270
<i>Northern Ontario Wires Inc.</i>	2015	1	-32.12%	608	3,690,659	6,075
<i>Kenora Hydro Electric Corporation Ltd.</i>	2015	3	-8.70%	618	3,438,978	5,569
<i>Tillsonburg Hydro Inc.</i>	2015	3	7.81%	648	4,574,042	7,059
<i>Centre Wellington Hydro Ltd.</i>	2015	3	-1.29%	654	4,416,294	6,757
<i>Espanola Distribution Corporation</i>	2015	2	-21.68%	658	2,165,145	3,289
<i>Fort Frances Power Corporation</i>	2015	3	5.69%	660	2,461,019	3,729
<i>Midland Power Utility Corporation</i>	2015	4	15.86%	681	4,830,423	7,096
<i>Niagara-On-The-Lake Hydro Inc.</i>	2015	3	-3.37%	706	6,362,425	9,008
<i>Chapleau Public Utilities Corporation</i>	2015	4	24.02%	735	902,761	1,229
<i>Wellington North Power Inc.</i>	2015	4	14.58%	791	2,945,979	3,725
<i>Sioux Lookout Hydro Inc.</i>	2015	3	1.63%	818	2,275,167	2,780
<i>West Coast Huron Energy Inc.</i>	2015	5	35.88%	820	3,126,308	3,812
<i>Atikokan Hydro Inc.</i>	2015	3	5.49%	936	1,546,519	1,653

<sup>9</sup> MFR - Recoverable OM&A Cost per customer and per FTE; Appendix 2-L

#### 4.2.3 ACTUAL VS INFLATION

Utilities are under constant pressure to relate their spending to cost inflation; therefore, in the preparation of the Test Year budget, HHI has calculated the year over year inflationary increase in OM&A costs at a rate of 2% and compared to its 2018 operating costs.

As can be seen in Table 13 below, if the utility had applied an inflationary increase only, the 2018 resulting costs would be \$33,899 higher.

**Table 13 - Inflation vs. 2018 Test Year**

As filed

	<b>Board Approved</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<i>Operations</i>	\$96,550	\$51,300	\$55,990	\$68,472	\$113,406	\$95,593
<i>Maintenance</i>	\$205,700	\$181,555	\$179,949	\$168,399	\$194,970	\$204,514
<i>Billing and Collecting</i>	\$426,315	\$395,636	\$409,354	\$418,864	\$462,696	\$476,632
<i>Community Relations</i>	\$200	\$0	\$0	\$0	\$0	\$0
<i>Administrative and General</i>	\$397,976	\$342,177	\$299,046	\$341,082	\$422,354	\$433,375
<b>Total</b>	<b>\$1,126,741</b>	<b>\$970,668</b>	<b>\$944,340</b>	<b>\$996,817</b>	<b>\$1,193,426</b>	<b>\$1,210,114</b>
<i>%Change (year over year)</i>		-13.9%	-2.7%	5.6%	19.7%	1.4%

#### 2% increase per year

	<b>Board Approved</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<i>Operations</i>	\$96,550	\$98,481	\$100,451	\$102,460	\$104,509	\$106,599
<i>Maintenance</i>	\$205,700	\$209,814	\$214,010	\$218,290	\$222,656	\$227,109
<i>Billing and Collecting</i>	\$426,315	\$434,841	\$443,538	\$452,409	\$461,457	\$470,686
<i>Community Relations</i>	\$200	\$204	\$208	\$212	\$216	\$221
<i>Administrative and General</i>	\$397,976	\$405,936	\$414,054	\$422,335	\$430,782	\$439,398
<b>Total</b>	<b>\$1,126,741</b>	<b>\$1,149,276</b>	<b>\$1,172,261</b>	<b>\$1,195,707</b>	<b>\$1,219,621</b>	<b>\$1,244,013</b>

#### Difference between Actuals and Inflationary Projections

	<b>Board Approved</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
<i>Operations</i>	\$96,550	-\$47,181	-\$44,461	-\$33,988	\$8,897	-\$11,006
<i>Maintenance</i>	\$205,700	-\$28,259	-\$34,061	-\$49,892	-\$27,686	-\$22,595
<i>Billing and Collecting</i>	\$426,315	-\$39,205	-\$34,184	-\$33,545	\$1,239	\$5,946
<i>Community Relations</i>	\$200	-\$204	-\$208	-\$212	-\$216	-\$221
<i>Administrative and General</i>	\$397,976	-\$63,758	-\$115,008	-\$81,253	-\$8,428	-\$6,023
<b>Total</b>	<b>\$1,126,741</b>	<b>-\$178,607</b>	<b>-\$227,921</b>	<b>-\$198,889</b>	<b>-\$26,195</b>	<b>-\$33,899</b>

- 1 When budgeting, HHI generally tries to use the inflation rate of 2% per USoA account, however,
- 2 in HHI's case, unexpected events, as discussed throughout this section prevented the utility from
- 3 following its intended yearly budgets.

## 4.3 PROGRAM DELIVERY COSTS WITH VARIANCE ANALYSIS

### 4.3.1 PROGRAM DESCRIPTIONS

Appendix 2-JC below shows the year over year variances of OM&A programs for 2014 Board Approved to 2018. The utility selected and adopted these programs based on a review of OM&A Programs that were introduced in recent Cost of Service applications which categorize the USoA account/functions based on the RRFE categories, Customer Focus, Operational Effectiveness, Public Responsiveness.

HHI feels it important to note that the utility prefers to use the traditional USoA accounting for purposes of planning and budgeting. That said, in order to comply with the OEB requirement, the utility fully plans on tracking and reporting on a "programs" basis going forward, in addition to continuing to use the USoA accounting methodology for its internal use.

Table 14 below shows year over year variance using the RRFE categorization. No variance analysis of expenses exceeding the materiality threshold was identified.

**Table 14 - OEB Appendix 2-JC – OM&A Programs Table<sup>10</sup>**

							Test Year Versus Last Rebasing	Test Year Versus Most Current Actuals
Programs	2014 Board Approved	2014	2015	2016	2017	2018	Variance (\$)	Variance (\$)
<b>Customer Focus</b>								
Customer Service, Mailing Costs, Billing and Collections	\$426,515	\$397,976	\$397,558	\$415,798	\$428,943	\$442,199	\$15,684	\$26,401
Bad Debts	\$30,000	\$15,046	\$34,339	\$24,973	\$56,098	\$57,225	\$27,225	\$32,252
Service Locates								
<b>Sub-Total</b>	<b>\$456,515</b>	<b>\$413,022</b>	<b>\$431,897</b>	<b>\$440,772</b>	<b>\$485,041</b>	<b>\$499,424</b>	<b>\$42,909</b>	<b>\$58,653</b>
<b>Operational Effectiveness</b>								
Operational Effectiveness Administration	\$229,600	\$218,216	\$176,540	\$170,655	\$210,006	\$216,404	-\$13,196	\$45,749
Regulation Consultant-Services	\$86,000	\$72,545	\$73,507	\$118,975	\$159,616	\$162,538	\$76,538	\$43,563
Distribution Maintenance System	\$347,250	\$258,476	\$255,288	\$259,303	\$331,257	\$324,132	-\$23,118	\$64,829
<b>Sub-Total</b>	<b>\$662,850</b>	<b>\$549,237</b>	<b>\$505,334</b>	<b>\$548,933</b>	<b>\$700,879</b>	<b>\$703,074</b>	<b>\$40,224</b>	<b>\$154,141</b>

<sup>10</sup> MFR - Completed Appendix 2-JC OM&A Programs Table - completed by program or major functions; include variance analysis limited to variances that are outliers, between test year and last OEB approved and most recent actuals, including an explanation for each significant change whether the change was within or outside the applicant's control and explanation of why

<b>Public and Regulatory Responsiveness</b>								
Electrical safety Authority	\$5,300	\$6,410	\$5,109	\$5,112	\$5,506	\$5,616	\$316	\$504
<b>Sub-Total</b>	<b>\$5,300</b>	<b>\$6,410</b>	<b>\$5,109</b>	<b>\$5,112</b>	<b>\$5,506</b>	<b>\$5,616</b>	<b>\$316</b>	<b>\$504</b>
<b>Miscellaneous</b>								
LEAP donations	\$2,076	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	-\$76	\$0
<b>Sub-Total</b>	<b>\$2,076</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>\$2,000</b>	<b>-\$76</b>	<b>\$0</b>
<b>TOTAL OM&amp;A</b>	<b>\$1,126,741</b>	<b>\$970,668</b>	<b>\$944,340</b>	<b>\$996,817</b>	<b>\$1,193,426</b>	<b>\$1,210,114</b>	<b>\$83,449</b>	<b>\$213,297</b>

- 1
- 2 **Program Overview**
- 3 HHI aims to meet or exceed the system maintenance and inspection requirements of the
- 4 Ontario Energy Board's (OEB's) Distribution System Code (DSC) in order to minimize
- 5 subsequent repair and/or replacement costs. Section 4.4.1, of the DSC states:
- 6 "A distributor shall maintain its distribution system in accordance with good utility
- 7 practice and performance standards to ensure reliability and quality of electricity service,
- 8 on both a short-term and long-term basis."
- 9 The following OM&A maintenance programs are consistent with good utility practices.

## 10 **Customer Focus**

- 11 • Customer Service, Mailing Costs, Billing and Collections
- 12 • Bad Debts Collection
- 13 • Service Locates

## 14 **Operational Effectiveness**

- 15 • Operational and Maintenance
- 16 • Regulation Consultant-Services
- 17 • Distribution Maintenance System

## 18 **Public and Regulatory Responsiveness**

- 19 • Safety Compliance



- LEAP donations

Each program is discussed further below.

### **Customer Focus**

#### **Customer Service, Mailing Costs, Billing and Collections (5310, 5315, 5320, 5325, 5410, 5620)**

HHI's Billing and Customer Service department are responsible for Billing and Collections activities that include:

- (1) correctly computing and billing customers using approved rates, rate riders, rate adders, loss factors and other regulated rates and charges,
- (2) testing and promoting Customer Information System enhancements to support regulatory changes which is done by Erth Holdings.
- (3) processing bill payments promptly to satisfy cash flow requirements, and
- (4) managing delinquent accounts appropriately so that all customers pay for the services provided to them.

The Billing department is also responsible for handling day to day customer inquiries regarding their accounts and fielding numerous other questions as they relate to Government and Regulatory policy, conservation and demand management, pricing and consumption inquiries. In addition to these functions, customer service representatives are also responsible for the processing of payments dropped off at the office, customer move ins and outs, activations of the Equal Payment program, and numerous other administrative tasks. This department fields approximately 7,500 calls per year.

As the number of electricity end users in the service area increases and changes occurs within Ontario's electricity market, HHI's call and correspondence volumes will continue to increase.

The Billing group is responsible for all billing activities supporting approximately 5,560 customers in HHI's service areas. This includes the provision of monthly billing that

1 results in HHI issuing over 68,094 invoices annually. The Billing Department is  
2 responsible for managing Electronic Business Transactions ("EBTs") and retailer  
3 settlement functions for just over 195 retailer accounts; account adjustments; processing  
4 of meter changes (e.g. re-verification); and another various account related field service  
5 orders, and mailing services. In 2016 HHI produced approximately 68,094 bills, monthly  
6 and final bills, with a billing accuracy rate of 99.96%.

7 HHI offers customers several billing and payment options including an equal payment  
8 plan, pre-authorized withdrawal, drop box, payment over the counter and credit card  
9 payments. In addition, customers can view their usage and manage their consumption  
10 using an online application.

#### 11 **Bad Debts Collection (5335)**

12 Collection activity is not exclusive to overdue accounts; it also includes the adoption and  
13 continued application of a prudent Credit Policy and the Customer Service Amendments  
14 consistent with the OEB's Distribution System Code.

15 HHI utilizes an early collections process to minimize the number of accounts that near  
16 the disconnection stage. Active accounts are collected through phone calls and hand  
17 delivered letters. Overdue final accounts are assigned to a Collection Agency 60 days  
18 after the due date.

#### 19 **Service Locates (5075)**

20 A significant portion of HHI's distribution system is buried. Whenever HHI's customers  
21 are preparing to excavate they contact Ontario One Call to request that a Locate be  
22 performed. Ontario One Call relays the customer's request to HHI'S line department and  
23 /or Sproule Powerline (the contractor for HHI). A customer service employee fulfills the  
24 request within the mandated 5 business day window; this data is valid for 30 calendar  
25 days. The employee provides the data directly to the requesting customer so that the  
26 customer can safely commence their planned excavation.

**Operational Effectiveness**

**Distributions System - Operations and Maintenance**

**(5014,5015,5016,5017,5020,5025,5035,5040,5045,5065,5095)**

Operations and maintenance expenses include all costs relating to the operation and maintenance of the HHI distribution system that are necessary to keep the distribution system in a state of good repair.

Maintenance work helps to identify those areas that require capital investments. HHI is then able to adjust capital spending priorities to address these matters. This process is described in more detail in HHI's Distributions System Plan. HHI's maintenance strategy is an important part of its overall strategy of minimizing the life cycle costs of assets by minimizing reactive and emergency-type work, through an effective maintenance of the distribution system.

HHI 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.

Operations and Maintenance expenses include all costs relating to the operation and maintenance of the HHI distribution system. The work typically involves inspection, testing, cleaning, and verification activities. This includes both direct labor costs and non-capital material spending to support both scheduled and reactive maintenance events. As of 2013, the utility no longer allocated any burdens to its costs.

From time to time HHI outsources some Operations and Maintenance to Sproule Powerline Construction Ltd ("SPL"). HHI currently has two linesmen which are both scheduled to retire in 2018. When the linesmen retire, their functions will be outsourced to SPL.

SPL has worked with HHI and other local utilities in the Ottawa Region for over 20 years. With 35 years of experience in the industry, the company uses trained personnel and advanced equipment to provide cost effective and reliable service. Its range of services include;

- (1) Underground and overhead utility installations
- (2) Streetlight installation and maintenance
- (3) Substation construction and maintenance
- (4) Thermographic inspections
- (5) Trimming and removal of branches/trees
- (6) Utility locates
- (7) Insulator corn blasting
- (8) Excavation and site work

HHI's linemen along with SPL's tasks include: Distribution & Transformer Station; Tree trimming; Overhead Lines, conductor, devices & services; Underground Lines, conductors, devices & services; Poles Towers and Fixtures. Metering is done by HHI's operations staff.

With respect to Metering, HHI performs the following services; installation, testing, and commissioning of new metering and for the ongoing operations of existing metering, both simple and complex metering installations. Testing of complex metering installations ensures the accuracy of the installation (e.g. to verify that the appropriate meter multipliers are applied through the billing process). Metering proactively investigates potential diversion and/or theft of power that may give rise to unsafe conditions or risk other customers being inappropriately held financially responsible for costs.

Maintenance work on both Overhead and Underground Lines, conductor, devices & services involve regular inspection to identify concerns requiring immediate attention should those concerns exist. Most of the work HHI'S performs planned work and categorized as priority scheduled work or normally scheduled work.

1 Except for pole replacements, transformer replacements, and wire replacements, the bulk  
2 of the work described above is charged to maintenance. It is expected that the  
3 maintenance budget will be fully utilized with the normal volume of maintenance work.

4 A portion of all hydro poles are tested by HHI having expertise in using non-invasive  
5 testing methods, and if deemed necessary, invasive pole testing methods i.e. sample  
6 boring. The current rate of pole testing will see every pole testing in approximately 4  
7 years. The results as a report stating the pole condition and a relative rating of when the  
8 pole should be replaced or the remaining life expectancy of the pole. The performance  
9 system report suggests that the replacement of the poles to be replaced should be  
10 accelerated to minimize the risk of an incident due to a defective pole.

11 **Administrative Effectiveness (5605, 5610, 5615, 5635, 5640, 5645)**

12 This program includes all administrative costs incurred annually to run the utility on a  
13 day-to-day basis.

14 This program includes the cost of general advertising that is not directly related to  
15 another department. It also includes the cost of industry association dues and  
16 memberships. HHI is a member of the EDA which keeps the utilities up-to-date on what  
17 is happening within the electrical industry, provides leadership and guidance on matters  
18 before the OEB Board and the Ministry of Energy.

19 **Regulatory & compliance (5655,5630)**

20 Regulatory and compliance includes all aspects of the preparation of cost of  
21 service and IRM rate applications, including consultants and wages and benefits  
22 for staff time spent in this area. Also included are the cost related to the RRR  
23 reporting, OEB annual assessments, cost awards, and fees. This program also  
24 covers professional costs associated with Regulatory Affairs. HHI has hired a  
25 third-party service to assist with the preparation of rate applications, input to the  
26 regulatory bodies and when necessary assist with regulatory filings. This function  
27 is also responsible for monitoring all applicable legislation.

1 This also includes costs to contributing and achieving the new Renewed  
2 Regulatory Framework performance outcomes of Customer Focus, Operational  
3 Effectiveness, and Public Policy Responsiveness. The utility relies on some  
4 external services mostly for accounting/audit purposes however in 2015 and 2016  
5 the utility

6 **Public and regulatory responsiveness**

7 **Electrical safety authority fees (5680)**

8 Electrical safety authority fees are 3rd party fees which are passed on to the Utility. This  
9 program includes the fees paid for permits, inspection and test and approvals performed  
10 by the Electrical Safety Authority. HHI has no control over these costs.

11 **Leap (6205)**

12 Low-Income Assistance Program (LEAP) is included under Deductions Donation Expense  
13 (USoA #6205). This amount is based on the Board's determination that the greater of  
14 0.12% of a distributor's Board-approved distribution revenue requirement or \$2,000  
15 should be included in the utility's costs.

#### 4.4 WORKFORCE PLANNING AND EMPLOYEE COMPENSATION

HHL operates with 7 full-time employees. A General Manager, an accountant, 3 CSR's and two linemen.

##### **Compensation – Non-Union/Union**

5 of 7 employees of the utility are union employees; Although the compensation levels are reviewed by the general manager and the Board of Directors, the increase in total compensation paid to all employees is attributable to the Union contract in force.<sup>111213</sup>

##### **Pension and Benefits**

HHL and its employees participate in the OMERS retirement plan.

Table 15 below shows employee compensation from 2014 to 2018. In accordance with Board policy which states that: "Where there are three, or fewer, full-time equivalents (FTEs) in any category, HHL may aggregate this category with the category to which it is most closely related. This higher level of aggregation may be continued, if required, to ensure that no category contains three, or fewer, FTEs", the Applicant has aggregated information relating to its 3 full time employees in the FTE class. The number of employees is based on the compensation of the number of full-time equivalent (FTE) positions throughout each of the fiscal years.

A detailed summary of benefit program costs is presented in Table 16. Total benefits have increased 4.13% between the 2014 Actual and 2018 Test Years as a result of statutory rate increases and wage increases.

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<sup>11</sup> Description of previous and proposed workforce plans, including compensation strategy

<sup>12</sup> MFR - Details of employee benefit programs including pensions for last OEB approved, historical, bridge and test; must agree with tax section

<sup>13</sup> MFR - Discussion of the outcomes of previous plans and how those outcomes have impacted their proposed plans including an explanation of the reasons for all material changes to headcount and compensation. Explanation for all years includes:

- year over year variances
- basis for performance pay, eligible employee groups, goals, measures, and review process for pay-for-performance plans,
- relevant studies (e.g. compensation benchmarking)

1

**Table 15 - OEB Appendix 2-K – Employee Compensation<sup>14</sup>**

	2014	2015	2016	2017	2018
<b>Number of Employees (FTEs including Part-Time)<sup>1</sup></b>					
Management (including executive)	blank intentionally				
Non-Management (union and non-union)	blank intentionally				
Total	7	7	7	7	7
<b>Total Salary and Wages including overtime and incentive pay</b>					
Management (including executive)	blank intentionally				
Non-Management (union and non-union)	blank intentionally				
Total	\$462,846	\$426,101	\$347,549	\$414,383	\$426,516
<b>Benefits</b>					
Management (including executive)	blank intentionally				
Non-Management (union and non-union)	blank intentionally				
Total	\$2,084	\$1,978	\$1,711	\$2,107	\$2,169
<b>Total Compensation (Salary, Wages, &amp; Benefits)</b>					
Management (including executive)	blank intentionally				
Non-Management (union and non-union)	blank intentionally				
Total	\$464,930	\$428,079	\$349,260	\$416,490	\$428,685

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**Table 16 - Benefit Expenses**

	2014	2015	2016	2017	2018
<b>BENEFIT</b>	<b>Actual</b>	<b>Actual</b>	<b>Actual</b>	<b>Bridge</b>	<b>Test</b>
<i>STATUTORY (Vacances)</i>	\$43,427.67	\$34,012.41	\$27,629.39	\$39,998.86	\$45,791.90
<i>CPP (Total)</i>	\$34,397.80	\$31,309.80	\$26,516.22	\$32,307.54	\$26,668.24
<i>CPP (Employee)</i>	\$17,160.01	\$15,625.98	\$13,224.64	\$16,153.77	\$13,334.12
<i>CPP (Employer)</i>	\$17,237.79	\$15,683.82	\$13,291.58	\$16,153.77	\$13,334.12
<i>EI (Total)</i>	\$16,150.43	\$14,609.88	\$12,380.25	\$13,042.77	\$10,992.32
<i>EI (Employee)</i>	\$6,729.71	\$6,087.87	\$5,158.80	\$5,434.48	\$4,580.13
<i>EI (Employer)</i>	\$9,420.72	\$8,522.01	\$7,221.45	\$7,608.29	\$6,412.19
<i>WSIB (Employer ONLY)</i>	\$4,867.77	\$4,459.83	\$3,341.09	\$4,374.96	\$3,362.25
<i>MEARIE (Total)</i>	\$51,608.13	\$53,519.51	\$52,299.95	\$56,570.18	\$57,627.96
<i>MEARIE (Employee)</i>	\$4,177.08	\$3,949.70	\$3,339.86	\$4,037.65	\$2,487.73
<i>MEARIE (Employer)</i>	\$47,431.05	\$49,569.81	\$48,960.09	\$52,532.53	\$55,140.23
<i>OMERS (Total)</i>	\$90,628.64	\$83,129.20	\$67,505.32	\$80,634.06	\$64,222.00
<i>OMERS (Employee)</i>	\$45,314.32	\$41,564.60	\$33,752.66	\$40,317.03	\$32,111.00
<i>OMERS (Employer)</i>	\$45,314.32	\$41,564.60	\$33,752.66	\$40,317.03	\$32,111.00
<i>EHT (Total)</i>	\$9,144.39	\$8,430.83	\$6,035.36	\$7,900.97	\$5,227.97

<sup>14</sup> MFR - Employee Compensation - completed Appendix 2-K



1   **Staffing and Compensation Strategy**

2   HHI confirms that its staffing and compensation strategy has not changed significantly since its  
3   last Cost of Service but that the composition of its workforce has changed partly due to  
4   unforeseen events and as a result of the retirement of a linesman in 2016 whose function was  
5   either spread out across the other linesmen or on occasion outsourced to Sproule as required.

6   With respect to succession planning, HHI is of the mind that finding qualified staff in smaller  
7   rural areas can be challenging. Therefore, similar to other smaller utilities, HHI prefers to invest  
8   time and energy in training its existing employees rather than hiring skilled workers. HHI's view  
9   is that risks associated with hiring are mitigated because the employer already knows the  
10   employee and has experience with the employee's work ethic, ability to work with others and  
11   problem-solving skills. The learning curve is also cut down because its existing employees  
12   understand the utility and energy sector.

13   In doing so HHI must also balance reliance on third party contractors, and use its workforce to  
14   its best advantage for the customer and community. The utility evaluates on a yearly basis its  
15   agreements with its consultants and contractors to ensure that they are the best option possible  
16   for the utility.

17   HHI does not use specific benchmarking studies to determine salary ranges. That said, HHI and  
18   its shareholder are well aware of the salary ranges in neighbouring utilities and use the  
19   neighbouring salaries as a guideline. HHI is also aware of recently published surveys and  
20   publications such as the Sunshine List and attests that its salaries and increases over the past 4  
21   years are well below those published in the Sunshine list. (The utility did an in-depth analysis of  
22   comparable industry related entities on the sunshine list and found that its average yearly  
23   increase was 5% less those entities.)

24   With respect to annual wage increases the utility applies the rates to all employees as per the  
25   Union contract in force. Management is not treated differently from union employees. All rate  
26   increases are the same through the Utility.

The salaries and wage amounts include all salaries and wages paid inclusive of, vacations, float holidays, sick leave, bereavement leave, union meetings and other miscellaneous paid leave. The benefit amounts include the employer's portion of statutory benefits (CPP and EI), employer contributions to EHT, WSIB, OMERS and HHI's costs for providing extended health care, dental, long-term disability, life insurance and the Employee Assistance Program. The utility does not have any Ontario Post-Employment Benefits nor an Actuarial Report and as such, Appendix 2-KA does not apply in this case. <sup>15</sup> <sup>16</sup>

#### **Employee Staffing Levels:**

Table 18 at the next page shows the movement of staffing levels from 2014-2018. Management and staffing levels have not changed significantly since HHI's last Cost of Service Application. The only change in staffing levels has been during transition periods for retirement replacements or succession planning purposes. There are no anticipated staffing increases for the 2017 Test Year.

**Table 17 - Details Compensation Accounts**

	2014 BA	2014	2015	2016	2017	2018
5605-Executive Salaries and Expenses	112000	107369	101804	107567	110494	114119
5610-Management Salaries and Expenses	78000	76479	39465	23783	57620	59349

The costs included in account 5605 are Board of Director and General Manager's costs and the General Manager's salary.

Account 5610 include the accountant's salary, district meeting, and seminars.

<sup>15</sup> MFR - Completed Appendix 2-KA - accounting method for pension and OPEBs

<sup>16</sup> MFR - Most recent actuarial report on employee benefits, pension and OPEBs

**Table 18 - Headcount (number of months worked per year)**

**2014**

Year	Category	Description	Hired	Transf	Res'D	Term	Ret'D	Other		Mgt	Trade s	Offic e	Total
<b>Opening Balance</b>													
	Management	Management								1			1
	Management	Assist Mgr/VP Fin								1			1
	Csr	Customer Service										1	1
	Csr	Customer Service										1	1
	Csr	Customer Service/Billing										1	1
	Lines	Line Work									1		1
	Lines	Line Work									1		1
	Lines	Line Work						X					0
<b>Closing Balance</b>										2	2	3	7

**2015**

Year	Category	Description	Hired	Transf	Res'D	Term	Ret'D	Other		Mgt	Trade s	Offic e	Total
<b>Opening Balance</b>													
	Management	Management								1			1
	Management	Assist Mgr/VP Fin								1			2
	Csr	Customer Service										1	3
	Csr	Customer Service										1	4
	Csr	Customer Service/Billing										1	5
	Lines	Line Work									1		6
	Lines	Line Work									1		7
<b>Closing Balance</b>										2	2	3	7

**2016**

Year	Category	Description	Hired	Transf	Res'D	Term	Ret'D	Other		Mgt	Trade s	Offic e	Total
<b>Opening Balance</b>													<b>7</b>
	Management	Management								1			8
	Management	Assist Mgr/VP Fin						X					8
	Csr	Customer Service										1	9
	Csr	Customer Service										1	10
	Csr	Customer Service/Billing										1	11
	Lines	Line Work									1		12
	Lines	Line Work									1		13
<b>Closing Balance</b>										<b>1</b>	<b>2</b>	<b>3</b>	<b>6</b>

1

**2017**

Year	Category	Description	Hired	Transf	Res'D	Term	Ret'D	Other		Mgt	Trade s	Offic e	Total
<b>Opening Balance</b>													
	Management	Management								1			1
	Management	Accountant	X							1			2
	Csr	Customer Service										1	3
	Csr	Customer Service										1	4
	Lines	Line Work									1		5
	Lines	Line Work									1		6
	Csr	Customer Service	X									1	7
<b>Closing Balance</b>										<b>2</b>	<b>2</b>	<b>3</b>	<b>7</b>

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**2018**

Year	Department	Description	Hired	Transf	Res'D	Term	Ret'D	Other		Mgt	Trade s	Offic e	Total
<b>Opening Balance</b>													
	Management	Management								1			1
	Management	Accountant								1			2
	Csr	Customer Service										1	3
	Csr	Customer Service										1	4
	Lines	Line Work					x						0
	Lines	Line Work											0
	Csr	Customer Service					x					1	5
<b>Closing Balance</b>										<b>2</b>	<b>0</b>	<b>3</b>	<b>5</b>

#### 4.5 SHARED SERVICES & CORPORATE COST ALLOCATION

HHI does not have any affiliates and as such is not subject to shared services or corporate cost allocation<sup>17 18</sup> Appendix 2-N is not applicable in HHI's case. Therefore, the Appendix was not populated<sup>19 20 21</sup>

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<sup>17</sup> MFR - Identification of all shared services among affiliates and parent company; identification of the extent to which the applicant is a "virtual utility"

<sup>18</sup> MFR - Allocation methodology for corporate and shared services, list of costs and allocators, including any third party review

<sup>19</sup> MFR - Completed Appendix 2-N for service provided or received for historical, bridge and test; including reconciliation with revenue included in Other Revenue

<sup>20</sup> MFR - Shared Service and Corporate Cost Variance analysis - test year vs last OEB approved and most recent actual

<sup>21</sup> MFR - Identification of any Board of Director costs for affiliates included in LDC costs

## 4.6 PURCHASES OF NON- AFFILATE SERVICES, ONE TIME COST, REGULATORY COSTS

### 4.6.1 NON-AFFILIATE SERVICES

HHI's purchases equipment, materials, and services in a cost-effective manner with full consideration given to price as well as product quality, the ability to deliver on time, reliability, compliance with engineering specifications and quality of service. Vendors are screened to ensure knowledge, reputation, and the capability to meet HHI's needs. The procurement of goods and/or services for HHI is carried out with highest of ethical standards and consideration to the public nature of the expenditures.

Purchase Authorization: The General Manager, with the input for expenses outside the budget, from the board members, approves all purchases of goods and/or services.

Tendering: When goods or services are tendered, a Tender/Request for Proposal/Request for Quote will be issued to a minimum of three vendors, if availability permits. Once again, the General Manager, along with the input of the board members, shall authorize the acceptance of all external costs and contracts.

Although tendering processes provide essential information to potential suppliers and ensure a fair chance for businesses, the tendering process is not always possible in small towns where there is a limited supply of skilled services that can provide support to utilities. The utility does not have a written procurement policy<sup>22</sup> per se, however as described above, the General Manager, with the input of board members, approves all purchases of goods and/or services.

Hydro One, Tandem Energy Services Inc. Erth hodings, the United Counties of Prescott (IT) and Russell, and Sproule Powerline Const. Ltd have consistent yearly transactions, some in excess of the materiality threshold of \$50,000. These specific suppliers offer services that are not commonly found in the service area or general surrounding area or offer efficiencies due to their

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<sup>22</sup> Purchased Non-Affiliated Services - file a copy of procurement policy (signing authority, tendering process, non-affiliate service purchase compliance)

- 1 intimate knowledge of HHI's distribution system, (i.e., Sproule Powerline Construction Ltd).<sup>23</sup>  
2 HHI's 2015 Vendor list is presented at the next page.

**Table 19 - Supplier List**

**2014**

Name	Description of Activity	Tendering Process(Cost Approach/Contract)	Total
IESO	Power Purchase Market Participant	Cost Approach	\$8,897,194
UCPR	It Services	Contract	\$3,161
Garage Papineau	Truck Maintenance	Cost Approach	\$62
Erth Holdings	Service Provider - Billing	Contract	\$119,296
Pfb	Security (Alarm) Surveillance System	Cost Approach	\$366
Denise Sabourin	Clothing Allowance	Cost Approach	\$254
Ago	Clothing Linemen	Cost Approach	\$1,386
Michel Poulin	Clothing Allowance	Cost Approach	\$567
Harris Computer	User Group Fees	Cost Approach	\$433
Elster	Smart Meters	Cost Approach	\$11,323
Jg Barrette	Lights & Equipment /Meter Base Repair	Cost Approach	\$2,322
OEB	Assessments and Hearing Costs	Cost Approach	\$10,986
Ontario Electricity Financial	Debt Retirement Charge	Cost Approach	\$1,018,385
Canada Post	Stamps for Full Year	Cost Approach	\$38,812
Richard Malette	Truck Maintenance	Cost Approach	\$3,863
Studio Lettrage	Phase Markers (Red, White, Blue)	Cost Approach	\$69
Le Regional	Outage Notices	Cost Approach	\$565
Le Carillon	Outage Notices	Cost Approach	\$610
Deloitte	Accounting (Year -End and Support)	Cost Approach	\$19,662
Occational Labour			\$141,553
Main Industrial	Tools & Equipment	Cost Approach	\$120
Hawkesbury Auto Part	Supplies for Trucks	Cost Approach	\$32
Sage	Accounting Software	Cost Approach	\$4,528
Pitney Bowes	Mailing Equipment Rental	Contract	\$4,167
Stella Jones	Poles	Cost Approach	\$10,290
Lucette Denis	Cleaning Services	Cost Approach	\$3,328
Ace Electric	Meter Base West Substation & Material	Cost Approach	\$1,144
Tandem Energy	Regulatory Services	Contract	\$33,900
Chabot Design	Web Site Maintenance	Cost Approach	\$633
Canpar	Mail Service	Cost Approach	\$220

<sup>23</sup> For material transactions that are not in compliance with procurement policy, or that were undertaken pursuant to exceptions contemplated within the policy, an explanation as to why as well as a summary of the nature and cost of the product, and a description of the specific methodology used for selecting the vendor



Bertrand Supplies	Tools & Equipment	Cost Approach	\$347
Peterborough Utilities	Msp	Contract	\$29,161
Jiffy Auto	Truck Maintenance	Cost Approach	\$579
Utilismart	Settlement (Mdm/R Etc.)	Contract	\$29,580
Schultz Barrette	Land Survey Sub 115 Kv	Cost Approach	\$2,220
Distributor Gf	CT's And Pt.'s For Metering	Cost Approach	\$1,148
MT)	License Truck	Cost Approach	\$835
Centraide	Leap	Contract	\$2,000
FedEx	Mail Service	Cost Approach	\$166
BPR-Energie Inc	Eng. Services Sub 115 Kv	Contract	\$30,078
MEA Reciprocal	Liability Insurance	Cost Approach	\$3,518
MEA Insurance Exchange	Auto Insurance	Cost Approach	\$2,715
National Bank	Petty Cash	Cost Approach	\$288
Lineman Testing Lab	Equipment Testing Live Work	Cost Approach	\$814
Safe and Dependable Fire Extinguishers	Office Fire Extinguishers	Cost Approach	\$120
Hansen Software	Phone Data Collection Software	Cost Approach	\$254
Ontario One Call	Locate	Cost Approach	\$953
Transformateur Pioneer	New 44Kv Transformer	Cost Approach	\$121,068
Gauthier Auto Glass	(Bell Mobility) Cell Phones Michel & Linda	Cost Approach	\$898
Gray Hawk	Toilet Repair Kit	Cost Approach	\$30
Vitrierie Gauthier	Door Lock Repair	Cost Approach	\$68
Bob Lawn	Pole Installation Services	Cost Approach	\$7,791
Pennsylvania Transformer Tech Inc	Transformer 115 Kv	Cost Approach	\$209,232
Eda	Association Dues	Cost Approach	\$18,645
Public Sectors Digest	Asset Management Software	Cost Approach	\$3,509
Norm Rigging	Forms For 115 Kv Sub	Contract	\$28,883
Eastern Ontario Ready Mix	Concrete For 115 Kv Sub	Cost Approach	\$4,207
Pitney Works	Postage Refill and Ink	Cost Approach	\$694
Pierre Perreault Garage	Rust Treatment Trucks	Cost Approach	\$599
Tetrattech	Eng. Services Sub 115 Kv	Contract	\$15,933
Thibert Printing	Pre-Printed Forms Office Supplies	Cost Approach	\$844
Hydro Ottawa	Meter Maintenance	Cost Approach	\$140
Ge	Substation Betterment 44Kv and 115 Kv	Contract	\$272,942
Home Hardware	Tools & Equipment	Cost Approach	\$347
ESA	Annual Audit and Fees	Contract	\$5,016
Cwb Institute	ESA Audit	Contract	\$2,315
Jacques Sauve	Clothing Allowance	Cost Approach	\$260
Hydro Hawkesbury	Employee Allowance Dec 2014	Cost Approach	\$700
Maxiburo	Office Supplies	Cost Approach	\$4,190
D&A Business	Accpacc Support	Cost Approach	\$4,512
Hydro One	Power Purchase 44 Kv	Cost Approach	\$7,956,518
Maude Crete	Clothing Allowance	Cost Approach	\$255
WSIB	Worker Compensation	Cost Approach	\$4,868
Theoret Martel Insurance	Office, Equipment and Liability Insurance	Cost Approach	\$8,024
HD Supply	Line Equipment	Cost Approach	\$14,976

Benson	Tires Trucks	Cost Approach	\$1,196
Econo Gas	Gas Trucks	Cost Approach	\$8,787
Receveur General Canada	Radio License (Office)	Cost Approach	\$311
Richard Auto Glass	Safety Equipment, Chainsaw Equipment	Cost Approach	\$895
Jacinthe Chabot	Clothing Allowance	Cost Approach	\$254
Ville Hawkesbury	Property Taxes, Dividend, Dispatch	Cost Approach	\$106,658
Pierre Brunette	Clothing Allowance	Cost Approach	\$226
King Garage	Truck Safety Check	Cost Approach	\$153
Min of Finance	E.H.T	Cost Approach	\$9,144
Lakeport Power	Electrical Equipment	Cost Approach	\$31,968
Jesstec	Meter Base Adapters	Cost Approach	\$1,006
Sproule Powerline	Powerline Services	Cost Approach	\$203,285
Herb-O-Dem	Substation Weed Control	Cost Approach	\$283
Receveur General Canada	Hst	Cost Approach	\$496,866
Ontario Electricity Financial	Monthly Pils	Cost Approach	\$37,307
Cupe	Employees Collective Rep	Cost Approach	\$4,972
Omers	Pension Plan Employees	Cost Approach	\$90,629
Burlington Business Forms	Billing Forms And Envelopes	Cost Approach	\$4,219
Equipement Saisonier Grenville	Chainsaw & Equipement	Cost Approach	\$230
John Jennings	Microfit Customer Payment	Contract	\$5,580
Gaetan Clement	Microfit Customer Payment	Contract	\$8,233
Shuttle Management	Microfit Customer Payment	Contract	\$13,304
Ck Hawkesbury	Microfit Customer Payment	Contract	\$9,700
Sonia Lapense	Microfit Customer Payment	Contract	\$412
Patrick Denis	Microfit Customer Payment	Contract	\$762
Amaresco	Fit Customer Payment	Contract	\$51,059
G&S Electric	Meter Base , Plus And Retrofit Payment	Cost Approach	\$2,219
Mearie Group	Employees Benefit	Cost Approach	\$55,202
Customer Refunds	Refund Deposit Or Credit Balances On Customer Accounts	Cost Approach	\$59,736

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**2015**

Name	Description of Activity	Tendering Process /Cost Approach	Total
IESO	Power Purchase Market Participant	Cost Approach	\$9,254,115.7
UCPR	It Services	Contract	\$8,591.8
Erth Holdings	Service Provider - Billing	Contract	\$112,970.7
Pfb	Security (Alarm) Surveillance System	Cost Approach	\$366.1
OPA	Crm License	Cost Approach	\$1,203.5
Denise Sabourin	Clothing Allowance	Cost Approach	\$254.3
Ago	Clothing Linemen	Cost Approach	\$1,363.3
Michel Poulin	Clothing Allowance	Cost Approach	\$565.0
Harris Computer	2015 Members Dues	Cost Approach	\$433.0
Elster	Smart Meters	Cost Approach	\$8,008.8
Jg Barrette	Electrical Supplies	Cost Approach	\$22.0
OEB	Assessments and Hearing Costs	Cost Approach	\$10,927.4
Ontario Electricity Financial	Debt Retirement Charge	Cost Approach	\$992,509.3
Canada Post	Stamps	Cost Approach	\$40,618.8
Richard Malette	Truck Maintenance	Cost Approach	\$2,734.2
Deloitte	Accounting (Year -End and Support)	Cost Approach	\$28,621.9
Occasional			\$27,341.1
Main Industrial	Tools & Equipment	Cost Approach	\$225.3
Sage	Accounting Software	Cost Approach	\$4,603.1
Pitney Bowes	Mailing Equipment Rental	Contract	\$4,227.5
Stella Jones	Poles	Cost Approach	\$12,218.1
Lucette Denis	Cleaning Services	Cost Approach	\$3,328.0
Ace Electric	Wires for Metering	Cost Approach	\$228.8
Tandem Energy	Regulatory Services	Contract	\$33,900.0
Chabot Design	Web Site Maintenance	Cost Approach	\$316.3
Canpar	Mail Service	Cost Approach	\$265.7
Atlantic Braids	Cables for Boom Truck	Cost Approach	\$206.8
Bertrand Supplies	Tools & Equipment	Cost Approach	\$30.5
Peterborough Utilities	Msp	Contract	\$15,390.3
Jiffy Auto	Truck Maintenance	Cost Approach	\$33.9
Utilismart	Settlement (Mdm/R Etc)	Contract	\$29,860.4
Schultz Barrette	Land Survey	Cost Approach	\$565.0
Distributor Gf	CT's And Pt.'s For Metering	Cost Approach	\$1,352.6
Mto	License Trucks	Cost Approach	\$891.0
Centraide	Leap	Contract	\$2,000.0
BPR-Energie Inc	Eng. Services Sub 115 Kv	Contract	\$1,237.4
MEA Reciprocal	Liability Insurance	Cost Approach	\$8,523.4
MEA Insurance Exchange	Auto Insurance	Cost Approach	\$2,742.0
National Bank	Petty Cash	Cost Approach	\$964.8
Lineman Testing Lab	Equipment Testing Live Work	Cost Approach	\$1,408.2

Safe and Dependable Fire Extinguishers	Office Fire Extinguishers	Cost Approach	\$262.7
Unik Collection	Collection Charges	Cost Approach	\$83.9
Hansen Software	Phone Data Collection Software	Cost Approach	\$254.3
Ontario One Call	Locate	Cost Approach	\$981.9
Canadian Credit Protection	Collection Charges	Cost Approach	\$84.7
Bob Lawn	Pole Installation Services	Cost Approach	\$6,861.9
Eda	Association Dues	Cost Approach	\$18,871.0
Public Sectors Digest	Asset Management Software	Cost Approach	\$3,631.5
Commercial Equipment	Bucket Liner	Cost Approach	\$1,054.9
Pitney Works	Postage Refill and Ink	Cost Approach	\$1,211.9
Tetrattech	Eng. Services Sub 115 Kv	Contract	\$61,374.3
Urban Environment Center	Cdm Plan 2015 Service Provider Delivery	Contract	\$154,162.5
Thibert Printing	Pre-Printed Forms Office Supplies	Cost Approach	\$1,214.7
Design Workshop	Pre-Printed Forms Office Supplies	Cost Approach	\$209.2
Hydro Ottawa			\$2,394.3
Ge	Eng. Services Sub 115 Kv	Contract	\$384,082.2
Home Hardware	Tools & Equipment	Cost Approach	\$472.7
ESA	Annual Audit and Fees	Contract	\$3,379.1
Cwb Institute	ESA Audit	Contract	\$2,393.8
Jacques Sauve	Clothing Allowance	Cost Approach	\$226.0
Maxiburo	Office Supplies	Cost Approach	\$7,563.2
D&A Business	Accpacc Support	Cost Approach	\$3,981.6
Hydro One	Power Purchase 44 Kv	Cost Approach	\$8,935,972.9
Maude Crete	Clothing Allowance	Cost Approach	\$254.3
WSIB	Worker Compensation	Cost Approach	\$4,459.8
Theoret Martel Insurance	Office, Equipment and Liability Insurance	Cost Approach	\$8,618.4
Hd Supply	Line Equipement	Cost Approach	\$7,986.0
Benson	Tires Trucks	Cost Approach	\$698.6
Econo Gas	Gas Trucks	Cost Approach	\$6,493.0
Receveur General Canada	Radio License (Office)	Cost Approach	\$311.0
Stantec Eng	Eng. Serve Ce Sub 115 Kv And Oh Line Diagram	Cost Approach	\$32,542.5
Richard Autoglas	Safety Equipment, Chainsaw Equipment	Cost Approach	\$874.9
Jacinthe Chabot	Clothing Allowance	Cost Approach	\$254.3
Ville Hawkesbury	Property Taxes, Dividend, Dispatch	Cost Approach	\$105,979.3
Kinectrics	Dielectric Testing on Truck and Equipment	Cost Approach	\$4,349.4
Anixter	Line Equipment	Cost Approach	\$1,892.8
King Garage	Truck Safety Check /And Tires	Cost Approach	\$959.1
Min Of Finance	E.H.T.	Cost Approach	\$8,430.8
Lakeport Power	Line Equipment	Cost Approach	\$44,022.4
Centre De Service A L'Emploie	Summer Student Services	Contract	\$5,049.2
Jesstec	Meter Base Adapters	Cost Approach	\$1,594.1
Bell Canada	Telephone Service	Cost Approach	\$4,031.3
Shepherds Utility Equipment	Line Equipment	Cost Approach	\$334.6
Sproule Powerline	Powerline Services	Cost Approach	\$70,047.6
Herb-O-Dem	Substation Weed Control	Cost Approach	\$282.5

Receveru General Canada	Hst	Cost Approach	\$515,613.2
Ontario Electricity Financial	Monthly Pils	Cost Approach	\$288,180.1
Cupe	Employees Collective Rep	Cost Approach	\$4,315.6
Omers	Pension Plan Employees	Cost Approach	\$83,129.2
Burlington Business Forms	Billing Forms and Envelopes	Cost Approach	\$6,996.7
John Jennings	MicroFit Customer Payment	Contract	\$5,759.1
Gaetan Clement	MicroFit Customer Payment	Contract	\$8,588.9
Shuttle Management	MicroFit Customer Payment	Contract	\$13,956.7
Ck Hawkesbury	MicroFit Customer Payment	Contract	\$11,133.3
Sonia Lapense	MicroFit Customer Payment	Contract	\$2,317.2
Patrick Denis	MicroFit Customer Payment	Contract	\$3,823.7
Amaresco	MicroFit Customer Payment	Contract	\$57,965.3
G&S Electric	Fit Customer Payment	Contract	\$4,589.2
Car-Lan	Boom Safety Check	Cost Approach	\$389.3
Mearie Group	Employees Benefit	Cost Approach	\$53,519.5
Customer Refunds	Refund Deposit Or Credit Balances On Customer Accounts	Cost Approach	\$53,496.6

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**2016**

<b>Name</b>	<b>Description of Activity</b>	<b>Tendering Process /Cost Approach</b>	<b>Total</b>
Ieso	Power Purchase Market Participant	Cost Approach	\$10,610,797.37
Ucpr	It Services	Contract	\$6,103.38
Garage Chartrand & Pineau Inc.	Truck Maintenance	Cost Approach	\$204.09
Erth Holdings	Service Provider - Billing	Contract	\$163,766.10
Pfb	Security (Alarm) Surveillance System	Cost Approach	\$201.60
Opa	Crm License	Cost Approach	
Denise Sabourin	Clothing Allowance	Cost Approach	\$254.25
Ago	Clothing Linemen	Cost Approach	\$914.22
Michel Poulin	Clothing Allowance	Cost Approach	\$565.00
Harris Computer	2015 Members Dues	Cost Approach	\$431.73
Elster	Smart Meters	Cost Approach	\$26,850.02
Jg Barrette	Electrical Supplies	Cost Approach	\$1,926.28
Oeb	Assessments and Hearing Costs	Cost Approach	\$23,425.91
Presse Commerce	Magazine	Cost Approach	\$290.61
Ontario Electricity Financial	Debt Retirement Charge	Cost Approach	\$704,389.06
Canada Post	Stamps	Cost Approach	\$42,162.49
Richard Malette	Truck Maintenance	Cost Approach	\$2,666.57
Le Carillon	Customer Notice	Cost Approach	\$717.55
Deloitte	Accounting (Year -End and Support)	Cost Approach	\$54,240.00
Occasional			\$1,153,925.26
Main Industrial	Tools & Equipment	Cost Approach	\$163.03
Pitney Bowes	Mailing Equipment Rental	Contract	\$5,530.60
Stella Jones	Poles	Cost Approach	\$12,181.10
Lucette Denis	Cleaning Services	Cost Approach	\$1,920.00
Ace Electric	Wires for Metering	Cost Approach	\$2,273.45
Tandem Energy	Dereg Services	Contract	\$25,425.00
Pierre Duval	Cell Long Distance for Hydro	Cost Approach	\$10.17
Chabo Design	Web Site Maintenance	Cost Approach	\$4,621.70
Canpar	Mail Service	Cost Approach	\$286.21
Atlantic Braids	Cables for Boom Truck	Cost Approach	
Hawkesbury Transport & Excavation Inc	Tarmac for Pole Setting	Cost Approach	\$282.00
Bertrand Supplies	Tools & Equipment	Cost Approach	\$80.00
Peterborough Utilities	Msp	Contract	\$3,958.54
Jiffy Auto	Truck Maintenance	Cost Approach	
Utilismart	Settlement ( Mdm/R Etc)	Contract	\$24,943.04
Schultz Barrette	Land Survey	Cost Approach	
Distributor Gf	Ct'S And Pt'S For Metering	Cost Approach	
Mto	License Trucks	Cost Approach	\$1,794.00
Centraide	Leap	Contract	\$2,000.00
Fedex	Ship High Voltage (Linemans Testing Lab)	Cost Approach	\$409.66
Bpr-Energie Inc	Eng Services Sub 115 Kv	Contract	

Mea Reciprocal	Liability Insurance	Cost Approach	\$8,650.80
Mea Insurance Exchange	Auto Insurance	Cost Approach	\$2,989.00
Nationa Bank	Petty Cash	Cost Approach	\$788.30
Qrx Technology Grp/Kerr Norton	Toners	Cost Approach	\$1,085.28
Lineman Testing Lab	Equipment Testing Live Work	Cost Approach	\$832.81
Safe And Dependable Fire Extenguishers	Office Fire Extinguishers	Cost Approach	\$298.27
Hansen Software	Phone Data Collection Software	Cost Approach	\$254.25
Ontario One Call	Locate	Cost Approach	\$603.76
Canadian Credit Protection	Collection Charges	Cost Approach	\$84.70
Bob Lawn	Pole Installation Services	Cost Approach	\$4,799.69
Eda	Association Dues	Cost Approach	\$19,097.00
Hawk Reg Board of Waste Mngt	Waste Dips	Cost Approach	\$350.30
Public Sectors Digest	Asset Management Software	Cost Approach	
Commercial Equipment	Bucket Liner	Cost Approach	
Pitney Works	Postage Refill and Ink	Cost Approach	
Pierre Perreault Garage Inc.	Krown	Cost Approach	\$598.84
Tetrattech	Eng. Services Sub 115 Kv	Contract	\$27,895.41
Urban Environment Center	Cdm Plan 2015 Service Provider Delivery	Contract	\$67,274.16
Aesi Acumen Engineered Solutions International Inc.	D.S.P.	Contract	\$192.10
Lysanne St-Pierre	Cleaning Services	Cost Approach	\$377.07
Thibert Printing	Pre-Printed Forms Office Supplies	Cost Approach	\$751.45
Design Workshop	Pre-Printed Forms Office Supplies	Cost Approach	
Hydro Ottawa			
Ge Canada Inc.	Eng. Services Sub 115 Kv	Contract	\$102,592.98
Ge Canada International Inc.	Circuits Switcher Control Repair	Contract	\$61,246.00
Home Hardware	Tools & Equipment	Cost Approach	\$383.71
Esa	Annual Audit and Fees	Contract	\$3,389.08
Cwb Institute	Esa Audit	Contract	\$2,387.91
Jacques Sauve	Clothing Allowance	Cost Approach	
Maxiburo	Office Supplies	Cost Approach	\$3,807.42
Alba Tenue De Livres	Accounting	Contract	\$6,575.00
D&A Business	Accpacc Support	Cost Approach	\$3,574.99
Hydro One	Power Purchase 44 Kv	Cost Approach	\$10,695,454.08
Maude Crete	Clothing Allowance	Cost Approach	\$254.25
Wsib	Worker Compensation	Cost Approach	\$3,531.63
Theoret Martel Insurance	Office, Equipment and Liability Insurance	Cost Approach	\$8,822.52
Hd Supply	Line Equipment	Cost Approach	
Benson	Tires Trucks	Cost Approach	\$920.56
Econo Gas	Gas Trucks	Cost Approach	\$5,591.75
Receveur General Canada	Radio License (Office)	Cost Approach	\$311.00
Stantec Eng	Eng. Service Sub 115 Kv And Oh Line Diagram	Cost Approach	\$72,118.72
Richard Auto glass	Safety Equipment, Chainsaw Equipment	Cost Approach	\$743.68
Jacinthe Chabot	Clothing Allowance	Cost Approach	\$254.25
Ville Hawkesbury	Property Taxes, Dividend, Dispatch	Cost Approach	\$177,381.81
Kinetrics	Dielectric Testing on Truck and Equipment	Cost Approach	
Cogeco Connexion Inc.	Internet Service	Cost Approach	\$2,085.60
Anixter	Line Equipment	Cost Approach	\$23,376.07

King Garage	Truck Safety Check /And Tires	Cost Approach	\$152.55
Min of Finance	E.H.T.	Cost Approach	\$8,430.83
Lakeport Power	Line Equipment	Cost Approach	\$53,798.43
Centre De Service A L'Emploie	Summer Student Services	Contract	\$22,252.05
Jesstec	Meter Base Adapters	Cost Approach	\$4,493.51
Bell Canada	Telephone Service	Cost Approach	\$8,434.52
Bell Canada	Pole Rental Agreement	Contract	\$4,100.77
Shepherds Utility Equipment	Line Equipment	Cost Approach	\$535.55
Sproule Powerline	Powerline Services	Cost Approach	\$123,989.74
Herb-O-Dem	Substation Weed Control	Cost Approach	\$339.00
Revenue Canada	Hst	Cost Approach	\$400,753.58
Ontario Electricity Financial	Monthly Pils	Cost Approach	\$149,894.37
Cupe	Employees Collective Rep	Cost Approach	\$3,946.68
Omers	Pension Plan Employees	Cost Approach	\$70,791.66
Burlington Business Forms	Billing Forms and Envelopes	Cost Approach	\$1,667.46
Equipment's Grenville 2016 Inc.	Chainsaw (Right of Way)	Cost Approach	\$573.73
John Jennings	MicroFit Customer Payment	Contract	\$6,921.10
Gaetan Clement	MicroFit Customer Payment	Contract	\$8,542.30
Shuttle Management	MicroFit Customer Payment	Contract	\$14,764.75
Ck Hawkesbury	MicroFit Customer Payment	Contract	\$11,757.71
Sonia Lapense	MicroFit Customer Payment	Contract	\$2,417.31
Patrick Denis	MicroFit Customer Payment	Contract	\$3,971.47
Amaresco	MicroFit Customer Payment	Contract	\$65,059.24
G&S Electric	Fit Customer Payment	Contract	\$29,094.11
Car-Lan	Boom Safety Check	Cost Approach	
Mearie Group	Employees Benefit	Cost Approach	\$52,299.95
Customer Refunds	Refund Deposit or Credit Balances On Customer Accounts	Cost Approach	\$217,880.16



#### 4.6.2 ONE TIME COSTS

There is only 1 noteworthy one-time costs increase that warrant an explanation which are the costs associated with the herein cost of service application. In compliance with policy and requirements, the costs are being amortized over a period of 5 years. Regulatory Costs, which are explained in detail in the next section, include costs related to the Distribution System Plan and provisions for an oral hearing. These costs apply to the 2018 Test Year.<sup>24</sup>

With the exception of Regulatory Costs, all other costs presented in the OM&A are considered regular year over year expenses.

#### 4.6.3 REGULATORY COSTS

HHIs Regulatory Costs include two major components. The first being costs related to the filing of the herein application and second, the yearly contract with Tandem Energy Services for assistance in regulatory services.

The costs related to Cost of Service application include costs of having an Engineering firm develop the Distribution System Plan, legal review, external accounting fees related to populating the PILs model and reviewing balances in the deferral and variance accounts. The regulatory costs proposed in this application also include provisions for legal fees related to an Oral Hearing if the parties are unable to reach a full settlement and includes a provision for up to two interveners. The utility proposes to remove these costs if the application is dealt with via written hearing or parties reach a full settlement and if only one intervener gets involved in the application. All regulatory costs listed below are tracked in account 5655 – Regulatory Expenses. Costs directly associated with the Cost of Service application are amortized over a period of 5 years (2018-2022).

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<sup>24</sup> Identification of one-time costs in historical, bridge, test; explanation of cost recovery in test (or future years)

**Table 20 - Regulatory Costs specific to the 2018 Cost of Service**

	2018
<i>3<sup>rd</sup> party Engineering Firm (DSP)</i>	\$25,000.00
<i>Auditors (PILs + DVAs + IRs)</i>	\$11,000.00
<i>Engineering Firm (IRs+Oral Hearing)</i>	\$12,500.00
<i>Production &amp; Submission (Print)</i>	\$1,500.00
<i>Public Notice (OEB)</i>	\$1,500.00
<i>Legal Assistance (Review, IRs, Settlement, DRO)</i>	\$32,000.00
<i>Legal - Oral hearing, Reply Submission</i>	\$40,000.00
<i>Intervenor costs (x2)</i>	\$60,000.00
<i>Total Cost of Service Filing costs</i>	\$183,500.00
<i>Amortized over 5 years</i>	\$36,700

Account 5655 also include OEB Assessment Costs which have increased by 41% over 2014 Board Approved.

HHI has renewed its fixed yearly contract agreement with Tandem Energy Services Inc. ("TESI") to assist the utility with its regulatory needs. The fixed fee includes regulatory services such as: preparing various documentation and submissions required to meet the regulatory requirements of the utility; Provide advice so that the utility operates in continuous compliance with OEB regulations; preparation and defense of rate applications; assist in creating a work environment that facilitates the utility's understanding the regulatory requirements.

Costs associated with the Accounting firms are reported in account 5630-Outside Services while Table 21 below shows HHI's regulatory costs for the 3 historical years, bridge and test year. A detailed breakdown of regulatory costs for the 2018 Cost of Service application is presented in table 28.<sup>25</sup>

<sup>25</sup> Regulatory costs - breakdown of actual and forecast, supporting information related to CoS application, proposed recovery (i.e. amortized?).

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**Table 21 – OEB Appendix 2-M Regulatory Costs<sup>26</sup>**

Regulatory Cost Category		USoA Account	Ongoing or One-time Cost?	Last Rebasing Year Board Approved	2014	2015	2016	2017	2018
1	OEB Annual Assessment	5655	On-Going	\$10,986	\$9,255	\$21,958	\$23,055	\$24,208	\$10,986
2	OEB Section 30 Costs (Applicant-originated)								
3	OEB Section 30 Costs (OEB-initiated)								
4	Expert Witness costs for regulatory matters								
5	Legal costs for regulatory matters								
6	Consultants' costs for regulatory matters	5655	On-Going	\$30,000	\$30,000	\$30,000	\$30,000	\$33,000	\$33,000
7	Operating expenses associated with staff resources allocated to regulatory matters								
8	Operating expenses associated with other resources allocated to regulatory matters								
9	Other regulatory agency fees or assessments	5655	On-Going	\$500				\$500	
10	Any other costs for regulatory matters (Cost of Service)	5655/5630	One-Time	\$9,700					\$36,700
11	Intervenor costs								
12	Sub-total - Ongoing Costs			\$46,200	\$35,942	\$36,194	\$39,812	\$43,500	\$95,527
13	Sub-total - One-time Costs								\$0.00
14	Total			\$46,200	\$35,942	\$36,194	\$39,812	\$43,500	\$95,527

2

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<sup>26</sup> MFR - Completed Appendix 2-M

#### 4.7 LEAP, CHARTIABLE & POLITICAL DONATIONS

HHI has included \$2,000 for the Low-Income Assistance Program (LEAP) under Deductions Donation Expense-LEAP (USoA #6205). This amount is based on the Board's determination that the greater amount of 0.12% of a distributor's Board-approved distribution revenue requirement or \$2,000 should be included in the utility's costs.

HHI has partnered with United Way- Centraide / Prescott Russell to assist in a program intended to provide emergency relief to eligible low-income customers who may be having trouble paying current arrears to be our lead agency.

The United Way of Prescott-Russell will pre-screen customers to see if they meet the household low-income criteria, and other eligibility requirements, including if the customer is in threat of disconnection for non-payment.

HHI has a policy in place where donations are made primarily to charities or local groups that service residents in its service areas. HHI confirms that no charitable donations have been included in OM&A expenses for 2018 other than the \$2,000 for LEAP funding. <sup>272829</sup>

In compliance with OEB policy, HHI:

1. Collects money from ratepayers for LEAP EFA in the amount approved by the OEB as part of the recoverable OM&A expenses;
2. Transfers program funds to United Way- Centraide;
3. Allows United Way- Centraide to determine funding allocations within their service territory by geography;
4. Receives a monthly report from the United Way- Centraide agency showing the disbursements and balance of the LEAP funds remaining.

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<sup>27</sup> MFR - LEAP - the greater of 0.12% of forecasted service revenue requirement or \$2,000 should be included in OM&A and recovered from all rate classes

<sup>28</sup> MFR - Detailed information for all contributions that are claimed for recovery

<sup>29</sup> MFR - Charitable Donations - the applicant must confirm that no political contributions have been included for recovery

5. Leaves the assessment of eligibility of HHI customers and records to United Way-Centraide

6. Confirms customer and account information used in determining program eligibility, including information on payment history and arrears owing; and

Reports to the OEB in accordance with OEB reporting requirements through filings 2.1.16 which are presented in the table below.

**Table 22 – 2014-2016 Leap funding as per 2.1.16 RRR**

<i>Year</i>	<b>Leap fund received Distributor</b>	<b>Agency administration and program delivery</b>	<b>Grants to distributor customers</b>	<b>Total grants disbursed</b>	<b>Total funds disbursed</b>	<b>Customer</b>	<b>Avg. grant per accepted applicant</b>	<b>Overall Avg.</b>
2014	\$2,000	260.87	1739.13	1739.13	2000	5	347.83	347.83
2015	\$2,000	260.87	1739.13	1739.13	2000	4	434.78	434.78
2016	\$2,000	260.87	1739.13	1739.13	2000	4	434.78	434.78

## 4.8 DEPRECIATION, AMORTIZATION AND DEPLETION

### 4.8.1 FILING REQUIREMENTS APPLICABLE TO HHI

*The following section confirms that applicable depreciation requirements for HHI.*

*1) For the transition year (2014), the applicant may file two appendices, one under Revised CGAAP and one under MIFRS, depending on the materiality of impacts. See the specific instructions under each appendix below for further details.*

*The above requirement is not applicable in HHI's case*

*2) For applicants that are reflecting accounting policy changes for the first time in a rebasing application, the applicant must file two appendices in the year that the applicant implemented changes to its capitalization and depreciation policies (2012 or 2013), one before and one after the policy changes.*

*The above requirement is not applicable in HHI's case*

*3) Applicants should provide CGGAP and Revised CGAAP schedules (i.e. as indicated in the first two columns of the above table) to support balances in Account 1576 if the account has yet to be disposed of.*

*The above requirement is not applicable in HHI's case*

#### **Appendix 2-BA - Fixed Asset Schedule**

*Applicants are to provide Appendix 2-BA in accordance with the years and corresponding accounting standards noted in the above table to provide a year over year continuity in fixed assets.*

*(Appendix 2-BA - Fixed Asset Schedule has been completed and filed starting with 2014 Revised CGAAP)*

*For the transition year (2014), the applicant should file two appendices, one under Revised CGAAP and one under MIFRS if the change between Revised CGAAP and MIFRS is material. If the change*

from the accounting standards is not material, the applicant may choose only to provide one appendix under MIFRS. However, the applicant must also indicate the fixed asset net book value balance under Revised CGAAP, the total dollar value of the change and explain why it is not material.

HHI confirms that there were no changes from the accounting standards from 2014 Revised CGAAP to 2015. Both schedules are identical (same dollar value) since the only change related to the conversion was the adoption of new useful lives which was adopted on January 1, 2013.

### **Regulatory Gross Assets of Property, Plant, and Equipment**

For an applicant that adopted IFRS on January 1, 2015, for financial reporting purposes, the applicant must establish the continuity of historical cost by using the December 31, 2013, gross regulatory assets of property, plant, and equipment as the opening January 1, 2014, regulatory gross assets. The applicant must provide schedules (including Appendix 2-BA, Fixed Asset Continuity Schedule) which must identify the following details to substantiate the continuity of historical cost for regulatory purposes:

- December 31, 2013, regulatory gross assets of property, plant, and equipment, by asset class; and
- January 1, 2014, regulatory gross assets of property, plant, and equipment, by asset class.

Completed and Filed starting with 2014 Revised CGAAP (Since the utility filed its last Cost of Service in 2014, the utility used 2014 as an opening balance instead of 2013)

### **Accumulated Depreciation**

For an applicant that adopted IFRS on January 1, 2015, for financial reporting purposes, the applicant must establish the continuity of historical cost by using the December 31, 2013, regulatory accumulated depreciation as the opening January 1, 2014, regulatory accumulated depreciation. The applicant must provide schedules (including Appendix 2-BA, Fixed Asset Continuity Schedule) which must identify the following details to substantiate the continuity of historical cost for regulatory purposes:

- December 31, 2013, regulatory accumulated depreciation, by asset class; and
- January 1, 2014, regulatory accumulated depreciation, by asset

Completed and Filed starting with 2014 Revised CGAAP (Since the utility filed its last Cost of Service in 2014, the utility used 2014 as an opening balance instead of 2013)

## **Appendix 2-Cx - Depreciation and Amortization**

Applicants are to provide Appendix 2-Cx in accordance with the years and corresponding accounting standards listed in the above table.

The above requirement is not applicable in HHI's case

If an applicant is reflecting changes to its depreciation policies for the first time in a rebasing application, the applicant should complete Appendix 2-CA to 2-CG (changes made in 2012) or Appendix 2-CA to 2-CF (changes made in 2013). In this set of appendices, the applicant will need to indicate the year it made the accounting policy changes. The applicant must provide data starting from the year it made changes to its capitalization and depreciation policies.

The above requirement is not applicable in HHI's case

\*Depreciation accounting policy changes were mandated by the Board by January 1, 2013. In general, no further changes to an applicant's depreciation policy (i.e. assets' service lives) are expected after the Board mandated changes by January 1, 2013. The set of Appendix 2-CA to 2-CG assumes this to be the case. If the applicant has made any changes to its depreciation policy after the Board mandated changes, applicants must identify the change, explain the nature of the change, the reason for the change, quantify the impact of the change, and quantify the depreciation expense before and after the change

The above requirement is not applicable in HHI's case

- If an applicant changed depreciation policies and reflected these changes in a prior rebasing application, the applicant should complete Appendix 2-CH. The applicant must provide data starting from the earlier of 1) all historical years back to its last



rebasings; or 2) at least three years of historical actuals, in addition to Bridge Year and Test Year forecasts.

Completed and Filed starting with 2014 Revised CGAAP (Since the utility filed its last Cost of Service in 2014, the utility used 2014 as an opening balance instead of 2013)

**Appendix 2-E - Account 1575, IFRS-CGAAP Transitional PP&E Amounts (2-EA), Account 1576, Accounting Changes Under CGAAP (2-EB, 2-EC)**

1) For an applicant that has a balance in Account 1576 to dispose of:

If an applicant changed capitalization and depreciation policies effective January 1, 2012, the applicant must complete Appendix 2-EB.

The above requirement is not applicable in HHI's case

If an applicant changed capitalization and depreciation policies effective January 1, 2013, the applicant must complete Appendix 2-EC.

The above requirement is not applicable in HHI's case

2) For an applicant that has a balance in Account 1575 to dispose of:

The applicant must complete 2-EA

The above requirement is not applicable in HHI's case

If the applicant did not make any further PP&E accounting policy changes beyond the capitalization and depreciation policy changes as mandated by the Board by January 1, 2013 (i.e. no further changes made upon transition to IFRS), the applicant must indicate this and does not need to complete Appendix 2-EA

HHI confirms that it has not made any further PP&E accounting policy changes beyond the capitalization and depreciation policy changes as mandated by the Board by January 1, 2013 (i.e. no further changes made upon transition to MIFRS). As such, HHI does not need to complete Appendix 2-EA.

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

*An applicant must provide a summary of the dollar impacts of MIFRS to each component of the revenue requirement (e.g. rate base, operating costs, etc.), including the overall impact on the proposed revenue requirement. Accordingly, the applicant must identify financial differences and resulting revenue requirement impacts arising from the adoption of MIFRS as compared to CGAAP. If the applicant is reflecting the changes in capitalization and depreciation policies for the first time in a rebasing application, then a comparison between MIFRS and CGAAP before the change in accounting policies should be completed. If the applicant changed capitalization and depreciation policies and reflected these changes in a prior rebasing application, then a comparison between MIFRS and CGAAP after the change in accounting policies should be completed*

*HHI confirms that it changed depreciation rates in its prior rebasing application. As such a comparison between MIFRS and 2014 Revised CGAAP has been completed in Appendix 2-Y.*

**4.8.2 DEPRECIATION RATES AND METHODOLOGY**

In accordance with the July 17, 2012, letter from the Board on Regulatory accounting policy direction regarding changes to depreciation expense and capitalization policies and as such, HHI has adopted the Kinetrics proposed useful lives and componentization on January 1, 2013.<sup>30</sup> The revised methodology was included in HHI's 2014 Cost of Service rate application EB-2013-0000.

Continuity Statements of the historical and forecasted depreciation expenses are presented on the next page and are filed in Excel format along with this application.<sup>31</sup>

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<sup>30</sup> MFR - Explanation of any deviations from the practice of depreciating significant parts or components of PP&E separately

<sup>31</sup> MFR - Depreciation, Amortization and Depletion details by asset group for historical, bridge and test years. Include asset amount and rate of depreciation/amortization. Must agree to accumulated depreciation in Appendix 2-BA under rate base

**Appendix 2-CH<sup>1</sup>**  
**Depreciation and Amortization Expense**

Account	Description	Year	2014	IFRS	(same as NewGAAP)		Years	Depreciation Rate	2014	2014 Depreciation	Variance <sup>2</sup>
		Opening Regulatory	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation			Depreciation	Expense per Appendix 2-B Fixed	
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) <sup>1</sup>	(f)	(g) = 1 / (f)	(h) = (e) / (f)		(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	52,975	-38,888	91,863	13,784	98,755	5.00	20.00%	19,751	19,751	\$ 0.00
1612	Land Rights (Formally known as Account 1906)	5,980		5,980		5,980	-		0	0	\$ -
1612	Land Rights (Formally known as Account 1906)			0		0	70.00	1.43%	0		\$ -
1805	Land	20,000		20,000		20,000	-		0		\$ -
1808	Buildings - Equipment			0		0	10.00	10.00%	0		\$ -
1808	Buildings - Equipment			0		0	20.00	5.00%	0		\$ -
1808	Buildings - Major Repairs			0		0	25.00	4.00%	0		\$ -
1808	Buildings - Major Repairs			0		0	30.00	3.33%	0		\$ -
1808	Buildings - Brick, Stone, Concrete and Steel			0		0	50.00	2.00%	0		\$ -
1810	Leasehold Improvements			0		0			0		\$ -
1815	Transformer Station Equipment >50 kV	374,745	-67,650	442,395		442,395	45.00	2.22%	9,831	9,831	\$ -
1820	Distribution Station Equipment <50 kV	932,300	-303,445	1,235,745	42,750	1,257,120	45.00	2.22%	27,936	27,936	\$ -
1825	Storage Battery Equipment			0		0			0	0	\$ -
1830	Poles, Towers & Fixtures	399,347	-449,947	849,295	24,310	861,450	45.00	2.22%	19,143	19,143	\$ 0.00
1835	Overhead Conductors & Devices	205,937	-400,232	606,169	31,221	621,780	60.00	1.67%	10,363	10,363	\$ 0.00
1840	Underground Conduit	39,269	-98,131	137,400		137,400	50.00	2.00%	2,748	2,748	\$ -
1845	Underground Conductors & Devices	135,067	-164,273	299,340		299,340	30.00	3.33%	9,978	9,978	\$ -
1850	Line Transformers	201,804	-195,556	397,360		397,360	40.00	2.50%	9,934	9,934	\$ -
1855	Services (Overhead & Underground)	23,769	-9,583	33,352	1,095	33,900	30.00	3.33%	1,130	1,130	\$ 0.00
1860	Meters	61,500	204,978	-143,478	-54,357	-170,656	25.00	4.00%	-6,826	-6,826	\$ -
1860	Meters (Smart Meters)	487,653	-144,839	632,492	9,666	637,325	15.00	6.67%	42,488	42,488	\$ 0.00
1905	Land	28,300		28,300		28,300	-		0		\$ -
1908	Buildings & Fixtures - Equipment	185,427	-82,440	267,867	13,386	274,560	15.00	6.67%	18,304	18,304	\$ -
1908	Buildings & Fixtures - Driveways			0		0	20.00	5.00%	0		\$ -
1908	Buildings & Fixtures - Major Repairs	130,259	-51,316	181,575		181,575	25.00	4.00%	7,263	7,263	\$ -
1908	Buildings & Fixtures - Brick Store etc	293,749	-119,151	412,900		412,900	50.00	2.00%	8,258	8,258	\$ -
1910	Leasehold Improvements			0		0			0		\$ -
1915	Office Furniture & Equipment (10 years)	16,027	-13,404	29,431	457	29,660	10.00	10.00%	2,966	2,966	\$ 0.00
1915	Office Furniture & Equipment (5 years)			0		0			0	0	\$ -
1920	Computer Equipment - Hardware			0		0	5.00	20.00%	0	0	\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0		0			0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	7,065	-6,248	13,313	1,404	14,015	5.00	20.00%	2,803	2,803	\$ 0.00
1930	Transportation Equipment - under 3 Tons			0		0	5.00	20.00%	0		\$ -
1930	Transportation Equipment - 3 Tons & Over	6,392	-14,056	20,448		20,448	8.00		2,556	2,556	\$ -
1935	Stores Equipment			0		0	10.00	10.00%	0	0	\$ -
1940	Tools, Shop & Garage Equipment	13,562	-9,228	22,790		22,790	10.00	10.00%	2,279	2,279	\$ -
1945	Measurement & Testing Equipment			0		0	10.00	10.00%	0	0	\$ -
1950	Power Operated Equipment	1,552	-104	1,656		1,656	8.00	12.50%	207	207	\$ 0.00
1955	Communications Equipment			0		0			0		\$ -
1955	Communication Equipment (Smart Meters)			0		0			0		\$ -
1960	Miscellaneous Equipment			0		0			0		\$ -
1970	Load Management Controls Customer Premises			0		0			0		\$ -
1975	Load Management Controls Utility Premises			0		0			0		\$ -
1980	System Supervisor Equipment			0		0	15.00	6.67%	0		\$ -
1985	Miscellaneous Fixed Assets			0		0			0		\$ -
1990	Other Tangible Property			0		0			0		\$ -
1995	Contributions & Grants			0		0	39.75	2.52%	0	0	\$ -
etc.	Construction in progress	804,777		804,777	707,031	1,158,293			0		\$ -
etc.		-226,430		-226,430		-226,430			0	-6,402	\$ 6,402.00
				0		0			0		\$ -
<b>Total</b>		4,201,028	-1,963,514	6,164,542	790,747	6,559,915			191,112	184,710	\$ 6,402.00

Year 2015 IFRS

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2015	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2015 Depreciation Expense	2015 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (I)	Variance <sup>2</sup>
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) <sup>1</sup>	(f)	(g) = 1 / (f)	(h) = (e) / (f)		(m) = (h) - (I)
1611	Computer Software (Formally known as Account 1925)	66,759	-29,645	96,404	5,813	99,310	5.00	20.00%	19,862	19,862	\$ -
1612	Land Rights (Formally known as Account 1906)	5,980		5,980		5,980	-		0	0	\$ -
1612	Land Rights (Formally known as Account 1906)			0		0	70.00	1.43%	0		\$ -
1805	Land	20,000		20,000		20,000	-		0		\$ -
1808	Buildings - Equipment			0		0	10.00	10.00%	0		\$ -
1808	Buildings - Equipment			0		0	15.00	6.67%	0		\$ -
1808	Buildings - Equipment			0		0	20.00	5.00%	0		\$ -
1808	Buildings - Major Repairs			0		0	25.00	4.00%	0		\$ -
1808	Buildings - Major Repairs			0		0	30.00	3.33%	0		\$ -
1808	Buildings - Brick, Stone, Concrete and Steel			0		0	50.00	2.00%	0		\$ -
1810	Leasehold Improvements			0		0	-		0		\$ -
1815	Transformer Station Equipment >50 kV	374,745	-67,307	442,052	1,947	443,025	45.00	2.22%	9,845	9,845	\$ -
1820	Distribution Station Equipment <50 kV	975,050	-206,171	1,181,221	320,188	1,341,315	45.00	2.22%	29,807	29,807	\$ -
1825	Storage Battery Equipment			0		0	-		0		\$ -
1830	Poles, Towers & Fixtures	423,658	-437,245	860,902	88,560	905,182	45.00	2.22%	20,115	20,115	\$ 0.00
1835	Overhead Conductors & Devices	237,159	-391,038	628,196	27,607	642,000	60.00	1.67%	10,700	10,700	\$ -
1840	Underground Conduit	39,269	-98,131	137,400		137,400	50.00	2.00%	2,748	2,748	\$ -
1845	Underground Conductors & Devices	135,067	-156,353	291,420		291,420	30.00	3.33%	9,714	9,714	\$ -
1850	Line Transformers	201,804	-177,161	378,965	11,110	384,520	40.00	2.50%	9,613	9,613	\$ -
1855	Services (Overhead & Underground)	24,864	-9,482	34,347	667	34,680	30.00	3.33%	1,156	1,156	\$ 0.00
1860	Meters	7,143	-782	7,925		7,925	25.00	4.00%	317	317	\$ -
1860	Meters (Smart Meters)	497,319	-143,571	640,889	-827	640,476	15.00	6.67%	42,698	42,698	\$ 0.00
1905	Land	28,300		28,300		28,300	-		0		\$ -
1908	Buildings & Fixtures - Equipment	198,813	-82,437	281,250		281,250	15.00	6.67%	18,750	18,750	\$ -
1908	Buildings & Fixtures - Equipment			0		0	15.00	6.67%	0		\$ -
1908	Buildings & Fixtures - Driveways			0		0	20.00	5.00%	0		\$ -
1908	Buildings & Fixtures - Major Repairs	130,259	-51,316	181,575		181,575	25.00	4.00%	7,263	7,263	\$ -
1908	Buildings & Fixtures - Brick Store etc	293,749	-119,151	412,900		412,900	50.00	2.00%	8,258	8,258	\$ -
1910	Leasehold Improvements			0		0			0		\$ -
1915	Office Furniture & Equipment (10 years)	16,484	-13,838	30,323	7,254	33,950	10.00	10.00%	3,395	3,395	\$ -
1915	Office Furniture & Equipment (5 years)			0		0			0		\$ -
1920	Computer Equipment - Hardware			0		0	5.00	20.00%	0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0		0			0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	8,468	-2,507	10,975		10,975	5.00	20.00%	2,195	2,195	\$ -
1930	Transportation Equipment - under 3 Tons			0		0	5.00	20.00%	0		\$ -
1930	Transportation Equipment - 3 Tons & Over	6,392	-14,056	20,448		20,448	8.00	12.50%	2,556	2,556	\$ -
1935	Stores Equipment			0		0	10.00	10.00%	0		\$ -
1940	Tools, Shop & Garage Equipment	13,562	-9,228	22,790		22,790	10.00	10.00%	2,279	2,279	\$ -
1945	Measurement & Testing Equipment			0		0	10.00	10.00%	0		\$ -
1950	Power Operated Equipment	1,552	-104	1,656		1,656	8.00	12.50%	207	207	\$ -
1955	Communications Equipment			0		0			0		\$ -
1955	Communication Equipment (Smart Meters)			0		0			0		\$ -
1960	Miscellaneous Equipment			0		0			0		\$ -
1970	Load Management Controls Customer Premises			0		0			0		\$ -
1975	Load Management Controls Utility Premises			0		0			0		\$ -
1980	System Supervisor Equipment			0		0			0		\$ -
1985	Miscellaneous Fixed Assets			0		0			0		\$ -
1990	Other Tangible Property			0		0			0		\$ -
1995	Contributions & Grants			0		0			0		\$ -
1609	Other Tangible Property	1,511,809		1,511,809	141,544	1,582,581			0		\$ -
etc.	Construction in progress	-226,430		-226,430	-93,493	-273,176	41.64	2.40%	-6,561	-6,561	\$ 0.00
etc.				0		0			0		\$ -
				0		0			0		\$ -
<b>Total</b>		4,991,775	-2,009,521	7,001,296	510,370	7,256,481			194,918	194,918	\$ 0.00

Year 2016 IFRS

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2016	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2016 Depreciation Expense	2016 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance <sup>2</sup>
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) <sup>1</sup>	(f)	(g) = 1 / (f)	(h) = (e) / (f)		(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	72,572	3,938	68,634	3,999	70,634	5.00	20.00%	14,127	14,127	\$ 0.00
1612	Land Rights (Formally known as Account 1906)	5,980		5,980		5,980	-		0	0	\$ -
1612	Land Rights (Formally known as Account 1906)			0		0	70.00	1.43%	0		\$ -
1805	Land	20,000		20,000		20,000			0		\$ -
1808	Buildings			0		0	10.00	10.00%	0		\$ -
1808	Buildings			0		0	15.00	6.67%	0		\$ -
1808	Buildings			0		0	20.00	5.00%	0		\$ -
1808	Buildings			0		0	25.00	4.00%	0		\$ -
1808	Buildings			0		0	30.00	3.33%	0		\$ -
1808	Buildings			0		0	50.00	2.00%	0		\$ -
1810	Leasehold Improvements			0		0			0		\$ -
1815	Transformer Station Equipment >50 kV	376,692	-40,559	417,251	59,244	446,873	45.00	2.22%	9,931	9,931	\$ 0.00
1820	Distribution Station Equipment <50 kV	1,295,238	-307,502	1,602,740	54,101	1,629,791	45.00	2.22%	36,218	36,218	\$ 0.00
1825	Storage Battery Equipment			0		0			0		\$ -
1830	Poles, Towers & Fixtures	512,217	-427,757	939,975	65,573	972,761	45.00	2.22%	21,617	21,617	\$ -
1835	Overhead Conductors & Devices	264,766	-364,258	629,024	69,003	663,526	60.00	1.67%	11,059	11,059	\$ 0.00
1840	Underground Conduit	39,269	-95,631	134,900		134,900	50.00	2.00%	2,698	2,698	\$ -
1845	Underground Conductors & Devices	135,067	-141,006	276,073	11,013	287,580	30.00	3.33%	9,386	9,386	\$ -
1850	Line Transformers	212,914	-164,042	376,956	5,696	379,804	40.00	2.50%	9,495	9,495	\$ 0.00
1855	Services (Overhead & Underground)	25,531	-9,612	35,143	241	35,264	30.00	3.33%	1,175	1,175	\$ -
1860	Meters	7,143	-763	7,906		7,906	25.00	4.00%	316	316	\$ -
1860	Meters (Smart Meters)	496,492	-141,523	638,015	22,719	649,375	15.00	6.67%	43,292	43,292	\$ 0.00
1905	Land	28,300		28,300		28,300			0		\$ -
1908	Buildings & Fixtures			0		0	5.00	20.00%	0		\$ -
1908	Buildings & Fixtures - Equipment			0		0	10.00	10.00%	0		\$ -
1908	Buildings & Fixtures - Equipment	198,813	-82,437	281,250		281,250	15.00	6.67%	18,750	18,750	\$ -
1908	Buildings & Fixtures - Driveways			0		0	20.00	5.00%	0		\$ -
1908	Buildings & Fixtures - Major Repairs	130,259	-51,316	181,575		181,575	25.00	4.00%	7,263	7,263	\$ -
1908	Buildings & Fixtures - Brick Store etc	293,749	-101,651	395,400	52,500	421,650	50.00	2.00%	8,433	8,433	\$ -
1910	Leasehold Improvements			0		0			0		\$ -
1915	Office Furniture & Equipment (10 years)	23,739	-11,210	34,949		34,949	10.00	10.00%	3,495	3,495	\$ 0.00
1915	Office Furniture & Equipment (5 years)			0		0			0		\$ -
1920	Computer Equipment - Hardware			0		0	5.00	20.00%	0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0		0			0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	8,468	546	7,923	844	8,345	5.00	20.00%	1,669	1,669	\$ 0.00
1930	Transportation Equipment			0		0	5.00	20.00%	0		\$ -
1930	Transportation Equipment	6,392	-3,848	10,240		10,240	8.00	12.50%	1,280	1,280	\$ -
1935	Stores Equipment			0		0			0		\$ -
1940	Tools, Shop & Garage Equipment	13,562	-3,261	16,823	7,415	20,530	10.00	10.00%	2,053	2,053	\$ 0.00
1945	Measurement & Testing Equipment			0		0	10.00	10.00%	0		\$ -
1950	Power Operated Equipment	1,552	-104	1,656		1,656	8.00	12.50%	207	207	\$ -
1955	Communications Equipment			0		0			0		\$ -
1955	Communication Equipment (Smart Meters)			0		0			0		\$ -
1960	Miscellaneous Equipment			0		0			0		\$ -
1970	Load Management Controls Customer Premises			0		0			0		\$ -
1975	Load Management Controls Utility Premises			0		0			0		\$ -
1980	System Supervisor Equipment			0		0			0		\$ -
1985	Miscellaneous Fixed Assets			0		0			0		\$ -
1990	Miscellaneous Fixed Assets			0		0			0		\$ -
1995	Contributions & Grants			0		0			0		\$ -
1609	Other Tangible Property	1,653,353		1,653,353	1,153,904	2,230,305			0		\$ -
2055	Construction in progress	-319,923		-319,923	-17,741	-328,793	39.26	2.55%	-8,375	-8,375	\$ 0.01
etc.				0		0			0		\$ -
	<b>Total</b>	<b>5,502,145</b>	<b>-1,941,998</b>	<b>7,444,143</b>	<b>1,488,511</b>	<b>8,188,399</b>			<b>194,088</b>	<b>194,088</b>	<b>\$ 0.01</b>

Year 2017 IFRS

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2017	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2017 Depreciation Expense	2017 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance <sup>2</sup>
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) <sup>1</sup>	(f)	(g) = 1 / (f)	(h) = (e) / (f)		(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	76,571	27,381	49,190	31,000	64,690	5.00	20.00%	12,938	12,938	\$ -
1612	Land Rights (Formally known as Account 1906)	5,980		5,980		5,980	-		0		\$ -
1612	Land Rights (Formally known as Account 1906)			0		0	70.00	1.43%	0		\$ -
1805	Land	20,000		20,000		20,000	-		0		\$ -
1808	Buildings			0		0	10.00	10.00%	0		\$ -
1808	Buildings			0		0	15.00	6.67%	0		\$ -
1808	Buildings			0		0	20.00	5.00%	0		\$ -
1808	Buildings			0		0	25.00	4.00%	0		\$ -
1808	Buildings			0		0	30.00	3.33%	0		\$ -
1808	Buildings			0		0	50.00	2.00%	0		\$ -
1810	Leasehold Improvements			0		0			0		\$ -
1815	Transformer Station Equipment >50 kV	435,936	1,401,126	-965,190	3,525,000	797,310	45.00	2.22%	17,718	17,718	\$ -
1820	Distribution Station Equipment <50 kV	1,349,340	-303,485	1,652,825	5,000	1,655,325	45.00	2.22%	36,785	36,785	\$ -
1825	Storage Battery Equipment			0		0			0		\$ -
1830	Poles, Towers & Fixtures	577,790	-498,580	1,076,370	60,000	1,106,370	45.00	2.22%	24,586	24,586	\$ -
1835	Overhead Conductors & Devices	333,769	-360,759	694,528	29,584	709,320	60.00	1.67%	11,822	11,822	\$ -
1840	Underground Conduit	39,269	-88,381	127,650		127,650	50.00	2.00%	2,553	2,553	\$ -
1845	Underground Conductors & Devices	146,080	-133,410	279,490	10,000	284,490	30.00	3.33%	9,483	9,483	\$ -
1850	Line Transformers	218,610	-163,450	382,060	9,000	386,560	40.00	2.50%	9,664	9,664	\$ -
1855	Services (Overhead & Underground)	25,772	-9,608	35,380	2,500	36,630	30.00	3.33%	1,221	1,221	\$ -
1860	Meters	7,143	-782	7,925		7,925	25.00	4.00%	317	317	\$ -
1860	Meters (Smart Meters)	519,211	-117,084	636,295	30,169	651,380	15.00	6.67%	43,425	43,425	\$ -
1905	Land	28,300		28,300		28,300	-		0		\$ -
1908	Buildings & Fixtures			0		0	5.00	20.00%	0		\$ -
1908	Buildings & Fixtures - Equipment			0		0	10.00	10.00%	0		\$ -
1908	Buildings & Fixtures - Equipment	198,813	-82,442	281,255	2,000	282,255	15.00	6.67%	18,817	18,817	\$ -
1908	Buildings & Fixtures - Driveways			0		0	20.00	5.00%	0		\$ -
1908	Buildings & Fixtures - Major Repairs	130,259	-51,316	181,575		181,575	25.00	4.00%	7,263	7,263	\$ -
1908	Buildings & Fixtures - Brick Store etc	346,249	-119,151	465,400		465,400	50.00	2.00%	9,308	9,308	\$ -
1910	Leasehold Improvements			0		0			0		\$ -
1915	Office Furniture & Equipment (10 years)	23,739	-7,051	30,790	3,500	32,540	10.00	10.00%	3,254	3,254	\$ -
1915	Office Furniture & Equipment (5 years)			0		0			0		\$ -
1920	Computer Equipment - Hardware			0		0	5.00	20.00%	0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0		0			0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	9,312	2,772	6,540	2,600	7,840	5.00	20.00%	1,568	1,568	\$ -
1930	Transportation Equipment			0		0	5.00	20.00%	0		\$ -
1930	Transportation Equipment	6,392	6,392	0		0	8.00	12.50%	0	0	\$ -
1935	Stores Equipment			0		0			0		\$ -
1940	Tools, Shop & Garage Equipment	20,977	-4,773	25,750	1,000	26,250	10.00	10.00%	2,625	2,625	\$ -
1945	Measurement & Testing Equipment			0		0	10.00	10.00%	0		\$ -
1950	Power Operated Equipment	1,552	-108	1,660	1,000	2,160	8.00	12.50%	270	270	\$ -
1955	Communications Equipment			0		0			0		\$ -
1955	Communication Equipment (Smart Meters)			0		0			0		\$ -
1960	Miscellaneous Equipment			0		0			0		\$ -
1970	Load Management Controls Customer Premises			0		0			0		\$ -
1975	Load Management Controls Utility Premises			0		0			0		\$ -
1980	System Supervisor Equipment			0		0			0		\$ -
1985	Miscellaneous Fixed Assets			0		0			0		\$ -
1990	Miscellaneous Fixed Assets			0		0			0		\$ -
1995	Contributions & Grants			0		0			0		\$ -
1609	Other Tangible Property	2,807,257		2,807,257	-2,807,257	1,403,628			0		\$ -
2055	Construction in progress	-337,664		-337,664		-337,664	38.15	2.62%	-8,851	-8,851	\$ 0.00
etc.				0		0			0		\$ -
	<b>Total</b>	6,990,656	-502,710	7,493,366	905,096	7,945,914			204,766	204,766	\$ 0.00

Year 2018 IFRS

Account	Description	Opening Regulatory Gross PP&E as at Jan 1, 2018	Less Fully Depreciated	Net for Depreciation	Additions	Total for Depreciation	Years	Depreciation Rate	2018 Depreciation Expense	2018 Depreciation Expense per Appendix 2-B Fixed Assets, Column K (l)	Variance <sup>2</sup>
		(a)	(b)	(c)	(d)	(e) = (c) + ½ x (d) <sup>1</sup>	(f)	(g) = 1 / (f)	(h) = (e) / (f)		(m) = (h) - (l)
1611	Computer Software (Formally known as Account 1925)	107,571	28,716	78,855	1,000	79,355	5.00	20.00%	15,871	15,871	\$ -
1612	Land Rights (Formally known as Account 1906)	5,980		5,980		5,980	-		0		\$ -
1612	Land Rights (Formally known as Account 1906)			0		0	70.00	1.43%	0		\$ -
1805	Land	20,000		20,000		20,000	-		0		\$ -
1808	Buildings			0		0	10.00	10.00%	0		\$ -
1808	Buildings			0		0	15.00	6.67%	0		\$ -
1808	Buildings			0		0	20.00	5.00%	0		\$ -
1808	Buildings			0		0	25.00	4.00%	0		\$ -
1808	Buildings			0		0	30.00	3.33%	0		\$ -
1808	Buildings			0		0	50.00	2.00%	0		\$ -
1810	Leasehold Improvements			0		0			0		\$ -
1815	Transformer Station Equipment >50 kV	3,960,936	-67,734	4,028,670		4,028,670	45.00	2.22%	89,526	89,526	\$ -
1820	Distribution Station Equipment <50 kV	1,354,340	-115,585	1,469,925		1,469,925	45.00	2.22%	32,665	32,665	\$ -
1825	Storage Battery Equipment			0		0			0		\$ -
1830	Poles, Towers & Fixtures	637,790	-539,318	1,177,108	81,500	1,217,858	45.00	2.22%	27,064	27,064	\$ -
1835	Overhead Conductors & Devices	363,353	-360,802	724,155	27,930	738,120	60.00	1.67%	12,302	12,302	\$ -
1840	Underground Conduit	39,269	-88,381	127,650		127,650	50.00	2.00%	2,553	2,553	\$ -
1845	Underground Conductors & Devices	156,080	-123,780	279,860	20,000	289,860	30.00	3.33%	9,662	9,662	\$ -
1850	Line Transformers	227,610	-163,475	391,085	17,350	399,760	40.00	2.50%	9,994	9,994	\$ -
1855	Services (Overhead & Underground)	28,272	-9,608	37,880	3,500	39,630	30.00	3.33%	1,321	1,321	\$ -
1860	Meters	7,143	-782	7,925		7,925	25.00	4.00%	317	317	\$ -
1860	Meters (Smart Meters)	549,380	-117,084	666,464	14,300	673,614	15.00	6.67%	44,908	44,908	\$ 0.00
1905	Land	28,300		28,300		28,300	-		0		\$ -
1908	Buildings & Fixtures			0		0	5.00	20.00%	0		\$ -
1908	Buildings & Fixtures - Equipment			0		0	10.00	10.00%	0		\$ -
1908	Buildings & Fixtures - Equipment	200,813	-82,452	283,265	2,000	284,265	15.00	6.67%	18,951	18,951	\$ -
1908	Buildings & Fixtures - Driveways			0		0	20.00	5.00%	0		\$ -
1908	Buildings & Fixtures - Major Repairs	130,259	-51,316	181,575		181,575	25.00	4.00%	7,263	7,263	\$ -
1908	Buildings & Fixtures - Brick Store etc	346,249	-119,151	465,400		465,400	50.00	2.00%	9,308	9,308	\$ -
1910	Leasehold Improvements			0		0			0		\$ -
1915	Office Furniture & Equipment (10 years)	27,239	-4,946	32,185	3,750	34,060	10.00	10.00%	3,406	3,406	\$ -
1915	Office Furniture & Equipment (5 years)			0		0			0		\$ -
1920	Computer Equipment - Hardware			0		0	5.00	20.00%	0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 22/04)			0		0			0		\$ -
1920	Computer Equip.-Hardware(Post Mar. 19/07)	11,912	5,577	6,335	4,500	8,585	5.00	20.00%	1,717	1,717	\$ -
1930	Transportation Equipment			0		0	5.00	20.00%	0		\$ -
1930	Transportation Equipment	6,392	6,392	0		0	8.00	12.50%	0		\$ -
1935	Stores Equipment			0		0			0		\$ -
1940	Tools, Shop & Garage Equipment	21,977	-3,713	25,690		25,690	10.00	10.00%	2,569	2,569	\$ -
1945	Measurement & Testing Equipment			0		0	10.00	10.00%	0		\$ -
1950	Power Operated Equipment	2,552	-112	2,664		2,664	8.00	12.50%	333	333	\$ -
1955	Communications Equipment			0		0			0		\$ -
1955	Communication Equipment (Smart Meters)			0		0			0		\$ -
1960	Miscellaneous Equipment			0		0			0		\$ -
1970	Load Management Controls Customer Premises			0		0			0		\$ -
1975	Load Management Controls Utility Premises			0		0			0		\$ -
1980	System Supervisor Equipment			0		0			0		\$ -
1985	Miscellaneous Fixed Assets			0		0			0		\$ -
1990	Miscellaneous Fixed Assets			0		0			0		\$ -
1995	Contributions & Grants			0		0			0		\$ -
1609	Other Tangible Property			0		0			0		\$ -
etc.		-337,664		-337,664		-337,664	38.15	2.62%	-8,851	-8,851	\$ 0.00
	<b>Total</b>	<b>7,895,752</b>	<b>-1,807,555</b>	<b>9,703,307</b>	<b>175,830</b>	<b>9,791,222</b>			<b>280,878</b>	<b>280,878</b>	<b>\$ 0.00</b>



#### 4.8.3 DEPRECIATION EXPENSE ASSOCIATED WITH RETIREMENT OBLIGATION

HHI does not have any asset retirement obligations (AROs) or any associated depreciation or accretion expenses related to an asset retirement obligation.<sup>32</sup>

#### 4.8.4 ADOPTION OF THE HALF YEAR RULE

HHI confirms that it has applied the half-year rule for the purposes of computing the net book value of Property, Plant and Equipment and General Plant to include in rate base.<sup>33</sup> Under the half-year rule acquisitions and investments made during the year are amortized assuming they entered service at the mid-point of the year.

#### 4.8.5 DEPRECIATION AND CAPITALIZATION POLICY

HHI's Depreciation rates and Capitalization Policy are presented below and also presented in Exhibit 2.<sup>34 35 36</sup>

##### **Capitalization Policy**

HHI's capitalization policy has not changed since its last Cost of Service in 2014 other than it now records capital assets at cost in accordance with MIFRS accounting principles as well as guidelines set out by the Ontario Energy Board, where applicable.

All expenditures by the Corporation are classified as either capital or operating expenditures. The intention of these classifications is to allocate costs across accounting periods in a manner that appropriately matches those costs with the related current and future economic benefits. The amount to be capitalized is the cost to acquire or construct a capital asset, including any

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<sup>32</sup> MFR - Identification of any Asset Retirement Obligations and associated depreciation, accretion expense

<sup>33</sup> MFR – Identification of historical depreciation practice and proposal for test year. Variances from half- year rule.

<sup>34</sup> MFR - Copy of depreciation/amortization policy, or equivalent written description; summary of changes to depreciation/amortization policy since last CoS

<sup>35</sup> MFR - Explanation of any deviations from the practice of depreciating significant parts or components of PP&E separately

<sup>36</sup> MFR - For any depreciation expense policy or asset service lives changes since its last rebasing application:

- identification of the changes and detailed explanation for the causes of the changes, including any changes subsequent to those made by January 1, 2013

- use of Kinectrics study or another study to justify changes in useful life

- list detailing all asset service lives tied to USoA, detail differences in TUL from Kinectrics and explain differences outside of minimum and maximum TUL range from Kinectrics; Appendix 2-BB

- File applicable depreciation appendices as provided in Chapter 2 MIFRS Appendices (Appendix 2-CA to 2-CK)



ancillary costs incurred to place a capital asset into its intended state of operation. HHI does not currently capitalize interest on funds used for construction.

HHI's adherence to the capitalization policy can be described as follows:

- ✓ Assets that are intended to be used on an on-going basis and are expected to provide future economic benefit (generally considered to be greater than one year) will be capitalized.
- ✓ General Plant items with an estimated useful life greater than one year and valued at greater than \$500 will be capitalized.
- ✓ Expenditures that create a physical betterment or improvement of the asset (i.e. there is a significant increase in the physical output or service capacity, or the useful life of the capital asset is extended) will be capitalized.
- ✓ With respect to vehicles, please note that HHI does not own any vehicles.
- ✓ Maintenance services are contracted out.

- 1 Indirect overhead costs, such as general and administration costs that are not directly
- 2 attributable to an asset, are not capitalized.

3 **Table 23 - Depreciation Rates**

<b>Account</b>	<b>Description</b>	<b>Years</b>
1611	Computer Software (Formally known as Account 1925)	5.00
1612	Land Rights (Formally known as Account 1906)	70.00
1808	Buildings - Equipment	10.00
1808	Buildings - Equipment	20.00
1808	Buildings - Major Repairs	25.00
1808	Buildings - Major Repairs	30.00
1808	Buildings - Brick, Stone, Concrete and Steel	50.00
1815	Transformer Station Equipment >50 kV	45.00
1820	Distribution Station Equipment <50 kV	45.00
1830	Poles, Towers & Fixtures	45.00
1835	Overhead Conductors & Devices	60.00
1840	Underground Conduit	50.00
1845	Underground Conductors & Devices	30.00
1850	Line Transformers	40.00
1855	Services (Overhead & Underground)	30.00
1860	Meters	25.00
1860	Meters (Smart Meters)	15.00
1908	Buildings & Fixtures - Equipment	15.00
1908	Buildings & Fixtures - Driveways	20.00
1908	Buildings & Fixtures - Major Repairs	25.00
1908	Buildings & Fixtures - Brick Store etc	50.00
1915	Office Furniture & Equipment (10 years)	10.00
1920	Computer Equipment - Hardware	5.00
1920	Computer Equip.-Hardware(Post Mar. 19/07)	5.00
1930	Transportation Equipment - under 3 Tons	5.00
1930	Transportation Equipment - 3 Tons & Over	8.00
1935	Stores Equipment	10.00
1940	Tools, Shop & Garage Equipment	10.00
1945	Measurement & Testing Equipment	10.00
1950	Power Operated Equipment	8.00
1980	System Supervisor Equipment	15.00
1995	Contributions & Grants	39.75

## 4.9 TAXES & PAYMENTS IN LIEU OF TAXES (PILS)

### 4.9.1 OVERVIEW OF PILS

HHI is required to make payments in lieu of income taxes ("taxes") based on its taxable income. HHI files Federal/Provincial tax returns annually.

There have been no special circumstances that would require specific tax planning measures to minimize taxes payable. There are no outstanding audits, reassessments or disputes relating the tax returns filed by HHI.

There are no non-utility activities included in HHI's financial results. Therefore the entire amount of PILs payable is considered in the proposed allowance to be included in the revenue requirement.

HHI has used the OEB PILs Tax Work Form model to calculate the amount of taxes for inclusion in its 2015 rates. PILs have been calculated under MIFRS accounting policies. The PILS model was completed by HHI's external auditor BDO to ensure that the current and proposed tax rates have been applied, that the amount of PILS calculated appears reasonable and that the integrity checks established in the Boards Minimum Filing Requirements have been adhered to.

HHI's taxes for the 2018 Test Year. Under the new accounting policies, HHI's PILs amount to \$9,773.

The income tax sheet from the Revenue Requirement Work form is presented on the next page, and the PILs model is being filed in conjunction with this application.<sup>37</sup> Actual Most recent federal and provincial tax returns are presented in Attachment 1 of this Exhibit.<sup>38</sup>

There are no other taxes than the PILs presented in this Exhibit.<sup>39</sup>

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<sup>37</sup> MFR - Completed version of the PILs model (PDF and Excel); derivation of adjustments for historical, bridge, test years

<sup>38</sup> MFR - Most recent federal and provincial tax returns

<sup>39</sup> MFR - Explanation of how taxes other than income taxes or PILS (e.g. property taxes) are derived

1

**Table 24 - Tax Provision for the Test Year**

<b>Particulars</b>	<b>Application</b>
<b><u>Determination of Taxable Income</u></b>	
<i>Utility net income before taxes</i>	\$302,560
<i>Adjustments required to arrive at taxable utility income</i>	(\$247,497)
<i>Taxable income</i>	\$50,063
<b><u>Calculation of Utility income Taxes</u></b>	
<i>Income taxes</i>	\$8,259
<i>Capital taxes</i>	\$ -
<i>Total taxes</i>	\$8,259
<i>Gross-up of Income Taxes</i>	\$1,458
<i>Grossed-up Income Taxes</i>	\$9,717
<i>PILs / tax Allowance (Grossed-up Income taxes + Capital taxes)</i>	\$9,717
<i>Other tax Credits</i>	\$ -
<b><u>Tax Rates</u></b>	
<i>Federal tax (%)</i>	10.50%
<i>Provincial tax (%)</i>	4.50%
<i>Total tax rate (%)</i>	15.00%

- 2 The utility's latest tax return is presented at the Attachment 1 of this Exhibit.
- 3 HHI is not claiming Apprenticeship Training Tax Credits because the utility outsources all its
- 4 capital work to a third-party service.

HHI confirms that it has use of the stand-alone principle when determining PILs amounts. Its auditors Deloitte verified the following information;

- ✓ it has exercised sound tax planning and that for rate setting purposes, it maximized tax credits and take the maximum deductions allowed if it made sense for the utility to do so.
- ✓ It has excluded from PILs calculations both when they were created, and when they were collected, regardless of the actual tax treatment accorded those amounts.
- ✓ A copy of the most recent Federal and Provincial tax is presented in Attachment 2 of this Exhibit.<sup>40</sup>
- ✓ Detailed calculations of Income Tax or PILs are shown in the OEB PILs model filed along with this application.
- ✓ There were no adjustments (e.g., Tax credits<sup>41</sup>, CCA adjustments) for the Historical, Bridge and Test Years and as such, no supporting schedules and calculations and explanations for "other additions" and "other deductions" were required.<sup>42</sup>

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<sup>40</sup> MFR - Financial Statements included with tax returns if different from those filed with application

<sup>41</sup> MFR - Calculation of Tax Credits; redact where required (filing of unredacted versions is not required)

<sup>42</sup> MFR - Supporting schedules and calculations identifying reconciling items

1 **4.10 NON- RECOVERABLE AND DISALLOWED EXPENSES<sup>43</sup>**

- 2 HHI confirms that expenses that are deemed non-recoverable in the revenue requirement (e.g.  
3 individual charitable donations) or disallowed for regulatory purposes have been excluded from  
4 the regulatory tax calculation.

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<sup>43</sup> MFR - Exclude from regulatory tax calculation any non-recoverable or disallowed expenses

**4.11 PILS INTEGRITY CHECK <sup>44</sup>**

HHI and its external auditors confirm to the best of their knowledge that the following integrity checks have been completed in its application. In completing the PILs model, Deloitte confirms that;

- ✓ the depreciation and amortization added back in the application's PILs model agree with the numbers disclosed in the rate base section of the application;
- ✓ the capital additions and deductions in the UCC/ CCA Schedule 8 agree with the rate base section for historical, bridge and test years;
- ✓ Schedule 8 of the most recent federal T2 tax return filed with the application has a closing December 31st historic year UCC that agrees with the opening bridge year UCC at January 1st;
- ✓ The CCA deductions in the application's PILs tax model for historical, bridge and test years agree with the numbers in the UCC schedules for the same years filed in the application;
- ✓ Loss carry-forwards, if any, from the tax returns (Schedule 4) agree with those disclosed in the application;
- ✓ CCA is maximized even if there are tax loss carry-forwards; and
- ✓ A statement is included in the application as to when the losses, if any, will be fully utilized.

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<sup>44</sup> MFR - Completion of Integrity checks listed on p.41; statement confirming completion

## 4.12 CONSERVATION AND DEMAND MANAGEMENT

### 4.12.1 CONSERVATION AND DEMAND MANAGEMENT OVERVIEW

Conservation and Demand Management ("CDM") programs for electricity distributors were first approved by the OEB in 2004, and have expanded since becoming a more important part of the energy policy in Ontario. The Board developed and issued the CDM Code for Electricity Distributors (the "CDM Code") on September 16, 2010, to support the CDM framework. The CDM Code sets out the obligations along with requirements, with which electricity distributors must comply in relation to the CDM targets set out in their licenses for January 1, 2011, to December 31, 2014, CDM target period. The CDM Code was created in response to a Directive dated March 31, 2010, by the Minister of Energy and Infrastructure pursuant to sections 27.1 and 27.2 of the Ontario Energy Board Act, 1998. Section 12 of the Directive states that lost revenues that result from CDM programs should not act as a disincentive to a distributor. The Board issued detailed guidelines on the lost revenue adjustment mechanism ("LRAM") related to CDM programs implemented under the CDM code. HHI calculated the LRAM Variance Account balance ("LRAMVA") in compliance with the requirements set out in the following guidelines issued by the Board:

The Guideline for Electricity Distributor Conservation and Demand Management (EB-2012-0003, the "2012 CDM Guidelines"), dated April 26, 2012, describes the mechanism to capture the difference between the results of actual verified impacts of authorized CDM activities undertaken by the distributor between 2011 and 2014 and the level of activities embedded into rates through the distributor's load forecast. This guideline also describes the establishment of the LRAM Variance Account and the method to record the related lost revenues.

The *Conservation and Demand Management Requirement Guidelines for Electricity Distributors* (EB-2014-0278, the "2015 CDM Guidelines"), issued by the OEB on December 19, 2014, are applicable to CDM programs beginning January 1, 2015. These guidelines require distributors to continue to rely on the LRAMVA to track and dispose of lost revenues that result from approved CDM programs between 2015 and 2020.

The Report of the OEB: *Updated Policy for the Lost Revenue Adjustment Mechanism Calculation:*



1 *Lost Revenues and Peak Demand Savings from Conservation and Demand Management*

2 *Programs* (EB-2016-0182 – the “LRAMVA Report”), issued on May 19, 2016, outlines the  
3 OEB’s policy with respect to the treatment of peak demand savings for the LRAM Variance  
4 Account calculation for demand billed customers.

5 HHI began delivering CDM programs in 2011 to meet the mandated targets. The emphasis has  
6 been on Independent Electricity System Operator (IESO) Contracted Province-Wide Programs to  
7 residential and general service customers. HHI has not sought approval for Board-approved  
8 CDM programs. HHI has filed its CDM Strategy with the OEB in accordance with the CDM Code  
9 for Electricity Distributors in the fall of 2010.

10 The IESO provides funding for HHI’s CDM programs. HHI’s funding portfolio for 2011 to 2014  
11 was approximate \$242,000 and \$525,743 for the 2015-2020 period. Funding and expenditures  
12 for the delivery of IESO Contracted Province-Wide Programs are kept separate and tracked in  
13 Non-Distribution Revenue Accounts in accordance with the guidance in Chapter 5, Accounting  
14 Treatment of the CDM Code. Therefore, CDM activities are not included in the calculation  
15 revenue requirement or revenue offsets.

16 HHI’s intent is to meet demand and energy reduction requirements by delivering IESO-  
17 Contracted Province-Wide programs. HHI will not be applying for any OM&A costs related to  
18 the administration and delivery of CDM programs to be recovered through the revenue  
19 requirement.

20

4.12.2 LRAM VARIANCE ACCOUNT (LRAMVA)<sup>45</sup>

On March 31, 2010, the Minister of Energy and Infrastructure issued a directive (the "Directive") to the Board regarding electricity CDM targets to be met by licensed electricity distributors. The Directive required that the Board amend the licenses of distributors to add, as a condition of the license, the requirement for distributors to achieve reductions in electricity demand through the delivery of CDM programs over a four-year period beginning January 1, 2011. Section 12 of the Directive required that the Board have regard to the objective that lost revenues that result from CDM Programs should not act as a disincentive to a distributor. On April 26, 2012, the Board issued Guidelines for Electricity Distributor Conservation and Demand Management ("CDM Guidelines"). In keeping with the Directive, the Board adopted a mechanism to capture the difference between the results of actual, verified impacts of authorized CDM activities undertaken by distributors between 2011 and 2014 and the level of activities embedded into rates through the distributor's load forecast in an LRAM variance account.

Distributors must continue to track the variances between the OEB approved CDM adjustment to their load forecasts and the actual CDM results in the LRAMVA for the 2015 - 2020 period.

Table 25 below shows the total LRAMVA recovery sought by the utility.

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<sup>45</sup> MFR - LRAMVA - disposition of balance. Distributors must provide new LRAMVA Workform in a working Excel file and provide the following:

- statement indicating use of most recent input assumptions when calculating lost revenue
- statement indicating reliance on most recent CDM evaluation report from IESO; copy of report
- Tables for each rate class showing lost revenue by year; list of programs applicable to rate class. Within each separate rate class table, a list of all the CDM programs/initiatives applicable to that rate class and the energy savings (kWh) and peak demand (kW) savings assigned to those programs/initiatives.. For peak demand (kW) savings, the monthly multiplier amount used to convert the peak demand (kW) savings value included in the IESO's final results report into an annual value for each program
- lost revenue calculations - energy savings by class and OEB-approved variable charge
- statement that indicates if carrying charges are requested

**Table 25 - Summary of Requested LRAM Amounts**

<i>Description</i>	<b>Residential</b>	<b>General Service &lt; 50 kW</b>	<b>General Service 50 - 4999 kW</b>	<b>Total</b>
<i>2011 Forecast</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>2011 Actuals</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Amount Cleared</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>2012 Forecast</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>2012 Actuals</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>Amount Cleared</i>	\$0.00	\$0.00	\$0.00	\$0.00
<i>2013 Forecast</i>	(\$3,873.75)	(\$1,014.02)	\$0.00	(\$4,887.77)
<i>2013 Actuals</i>	\$586.61	\$1,474.32	\$1,304.87	\$3,365.80
<i>Amount Cleared</i>	\$0.00	\$0.00	\$0.00	
<i>2014 Forecast</i>	\$6,118.33	\$1,482.92	\$4,385.83	\$11,987.09
<i>2014 Actuals</i>	\$588.57	\$1,474.32	\$1,307.81	\$3,370.71
<i>Amount Cleared</i>	\$0.00	\$0.00	\$0.00	
<i>2015 Forecast</i>	\$7,251.36	\$1,590.77	\$5,562.77	\$14,404.90
<i>2015 Actuals</i>	\$3,772.89	\$4,032.99	\$2,629.63	\$10,435.51
<i>Amount Cleared</i>	\$0.00	\$0.00	\$0.00	
<i>Carrying Charges</i>	\$71.93	\$99.33	\$191.73	\$362.99
<i>Total LRAMVA Balance</i>	\$14,515.95	\$9,140.64	\$15,382.65	\$39,039.24

HHI has used the most recent input assumptions when calculating lost revenue and has relied on the most recent final evaluation report from the Independent Electricity System Operator (IESO) in support of its LRAM calculation for its contracted province-wide CDM programs ("IESO Programs") for 2013-2015. Lost revenues are based on Board approved variable charges and carrying charges through to April 30, 2015, up until 2014 are requested. (HHI changed its rate year to January 1 in its 2014 Cost of Service)

HHI is not currently requesting recovery of lost revenue resulting from Board-approved programs. The IESO-Contracted Province-Wide CDM Programs Final 2015 Results are provided in Attachment 2 to this Exhibit.

None of the estimated CDM load reductions were factored into the load forecast underpinning HHI's 2013, 2014, and 2015 rates. HHI has calculated any carrying charges for the applicable periods using the quarterly rates prescribed by the Board.

1 For further details, please refer to the enclosed Excel OEB LRAM Work form and IESO 2015 Final  
2 Report.

3 **APPENDICES**

4

Appendix A	IESO Report
Appendix B	PDF of Income Tax
Appendix C	PILs

5

1

**Appendix A – 2011-2014 Final IESO report**

2

**The 2015 Final IESO report is  
being filed in Excel format.**



saveONenergy™

### Message from the Vice President:

The IESO is pleased to provide the enclosed 2011-2014 Final Results Report. This report is designed to help populate LDC Annual Reports that will be submitted to the Ontario Energy Board (OEB) in September 2015.

### 2011-2014 Conservation Framework Highlights:

- LDCs have made significant achievements against dual energy and peak demand savings targets. Collectively, the LDCs have achieved 109% of the energy target and 70% of the peak demand target.
- Momentum has built as we transition to the Conservation First Framework. 2014 demonstrated an achievement of over 1 TWh of net incremental energy savings, positioning us well for average net incremental energy savings of 1.2 TWh required in the new framework to meet our 2020 CDM targets.
- Throughout the past framework, program results have become more predictable year over year as noted in the increasingly smaller variance between quarterly preliminary results and verified final results.
- Customer engagement continued to increase in both the Consumer and Business Programs. Between 2011 - 2014 consumers have purchased over 10 million energy efficient products through the saveONenergy COUPONS program. Customers in RETROFIT continue to declare a positive experience participating in the program with 86% likely to recommend.
- saveONenergy has seen a steady and significant increase in unaided brand awareness by 33% from 2011-2014
- Conservation is becoming even more cost-effective as programs become more efficient and effective. 2014 proved early investments in long lead time projects will pay off with the high savings now being realized in programs like PROCESS & SYSTEMS and RETROFIT. Within 4 cents per kWh, Conservation programs continue to be a valuable and cost effective resource for customers across the province.

The 2011-2014 Final Results within this report vary from the Draft 2011-2014 Final Results Report for the following reasons:

- Savings from Time of Use pricing are included in the Final Results Report. Overall the province saved 55 MWs from Time-of-Use pricing in 2014, or 0.73% of residential summer peak demand.
- Between August 4th and August 28th, the IESO and LDCs have worked collaboratively to reconcile projects from 2011-2014 Final Results Report to ensure every eligible project was captured and accurately reported.
- Verified savings from Innovation Fund pilots are also included for participating LDCs.

All results will be considered final for the 2011-2014 Conservation Framework. Any additional program activity not captured in the 2011-2014 Final Results Report will not be included as part of a future adjustment process.

Please continue to monitor saveONenergy E-blasts for future updates and should you have any other questions or comments please contact [LDC.Support@ieso.ca](mailto:LDC.Support@ieso.ca).

We appreciate your collaboration and cooperation throughout the reporting and evaluation process and we look forward to the success ahead in the Conservation First Framework.

Sincerely,

Terry Young

Table of Contents			
Summary		Provides a summary of the LDC specific IESO-Contracted Province-Wide Program performance to date: achievement against target using scenerio 1, sector breakdown and progress to target for the LDC community.	<a href="#">3</a>
LDC-Specific Performance (LDC Level Results)			
Table 1	LDC Initiative and Program Level Net Savings	Provides LDC-specific initiative-level results (activity, net peak demand and energy savings, and how each initiative contributes to targets).	<a href="#">4</a>
Table 2	LDC Adjustments to Net Verified Results	Provides LDC-specific initiative level adjustments from previous years' (activity, net peak demand and energy savings).	<a href="#">5</a>
Table 3	LDC Realization Rates & NTGs	Provides LDC-specific initiative-level realization rates and net-to-gross ratios.	<a href="#">6</a>
Table 4	LDC Net Peak Demand Savings (MW)	Provides a portfolio level view of LDC achievement of net peak demand savings against OEB target.	<a href="#">7</a>
Table 5	LDC Net Energy Savings (GWh)	Provides a portfolio level view of LDC achievement of net energy savings against OEB target.	<a href="#">7</a>
Province-Wide Data - (LDC Performance in Aggregate)			
Table 6	Provincial Initiative and Program Level Net Savings	Provides province-wide initiative-level results (activity, net peak demand and energy savings, and how each initiative contributes to targets).	<a href="#">8</a>
Table 7	Provincial Adjustments to Net Verified Results	Provides province-wide initiative level adjustments from previous years (activity, net peak demand and energy savings).	<a href="#">9</a>
Table 8	Provincial Realization Rates & NTGs	Provides province-wide initiative-level realization rates and net-to-gross ratios.	<a href="#">10</a>
Table 9	Provincial Net Peak Demand Savings (MW)	Provides a portfolio level view of provincial achievement of net peak demand savings against the OEB target.	<a href="#">11</a>
Table 10	Provincial Net Energy Savings (GWh)	Provides a portfolio level view of achievement of provincial net energy savings against the OEB target.	<a href="#">11</a>
Appendix			
-	Methodology	Detailed descriptions of methods used for results.	<a href="#">12 to 21</a>
-	Reference Tables	Consumer Program allocation methodology.	<a href="#">22 to 23</a>
-	Glossary	Definitions for terms used throughout the report.	<a href="#">24</a>
Table 11	LDC Initiative and Program Level Gross Savings	Provides LDC-specific initiative-level results (gross peak demand and energy savings).	<a href="#">25</a>
Table 12	LDC Adjustments to Gross Verified Results	Provides LDC-specific initiative level adjustments from previous years (gross peak demand and energy savings).	<a href="#">26</a>
Table 13	Provincial Initiative and Program Level Gross Savings	Provides province-wide initiative-level results (gross peak demand and energy savings).	<a href="#">27</a>
Table 14	Provincial Adjustments to Gross Verified Results	Provides province-wide initiative level adjustments from previous years (gross peak demand and energy savings).	<a href="#">28</a>

## IESO-Contracted Province-Wide CDM Programs: 2011-2014 Final Results Report

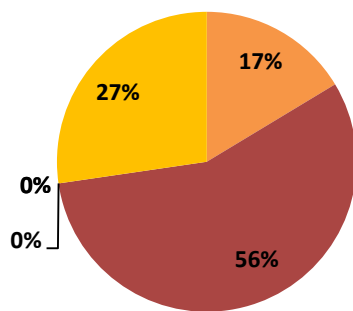
LDC: Hydro Hawkesbury Inc.

Final 2014 Achievement Against Targets	2014 Incremental	2011-2014	
		Achievement Against Target	% of Target Achieved
Net Annual Peak Demand Savings (MW)	0.3	0.7	39.6%
Net Energy Savings (GWh)	1.3	7.6	82.2%

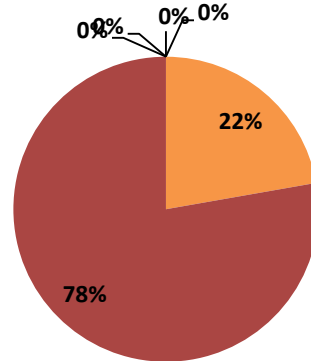
Unless otherwise noted, results are presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

### Achievement by Sector

2014 Incremental  
Peak Demand Savings (MW)



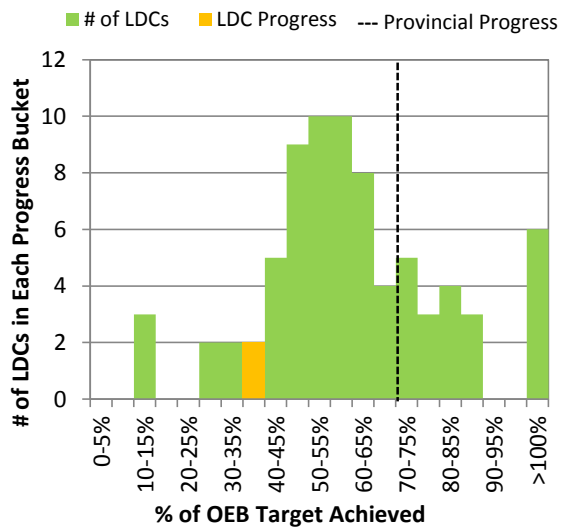
2014 Incremental  
Energy Savings (GWh)



Consumer Business Industrial HAP ACP Other

### Comparison: LDC Achievement vs. LDC Community Achievement (Progress to Target)

% of OEB Peak Demand Savings  
Target Achieved



% of OEB Energy Savings Target Achieved

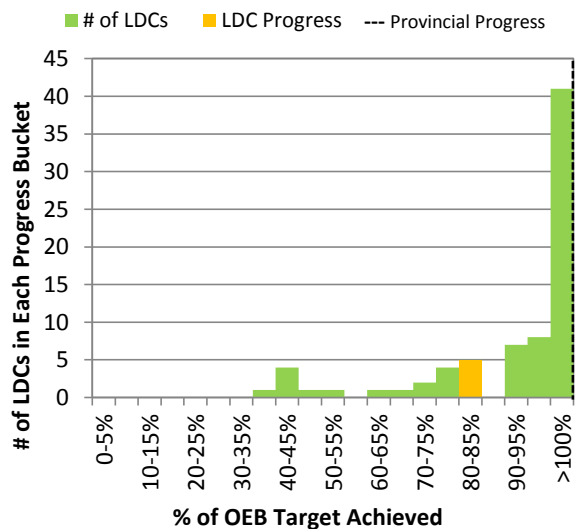




Table 1: Hydro Hawkesbury Inc. Initiative and Program Level Net Savings by Year

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program															
Appliance Retirement	Appliances	29	13	9	14	2	1	1	1	12,263	5,304	3,836	5,900	4	78,536
Appliance Exchange	Appliances	14	2	3	2	1	0	1	0	1,855	400	1,108	739	2	10,859
HVAC Incentives	Equipment	15	32	35	40	6	8	6	10	12,690	14,153	11,762	19,498	31	136,243
Conservation Instant Coupon Booklet	Items	755	43	485	1,454	2	0	1	3	27,819	1,949	10,743	39,645	6	178,254
Bi-Annual Retailer Event	Items	1,327	1,479	1,317	6,725	2	2	2	11	40,962	37,329	23,946	171,307	17	495,034
Retailer Co-op	Items	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Demand Response	Devices	0	22	26	34	0	10	13	19	0	76	56	0	19	133
Residential Demand Response (IHD)	Devices	0	19	23	30	0	0	0	0	0	0	0	0	0	0
Residential New Construction	Homes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Consumer Program Total						14	21	23	45	95,589	59,212	51,452	237,089	79	899,058
Business Program															
Retrofit	Projects	6	13	8	9	68	89	46	131	470,057	471,791	210,279	727,889	334	4,443,865
Direct Install Lighting	Projects	25	44	74	8	59	39	66	11	149,570	145,123	228,680	36,002	155	1,470,090
Building Commissioning	Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
New Construction	Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Audit	Audits	0	0	0	1	0	0	0	13	0	0	0	65,274	13	65,274
Small Commercial Demand Response	Devices	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Business Program Total						127	128	113	155	619,627	616,914	438,959	829,165	502	5,979,229
Industrial Program															
Process & System Upgrades	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Monitoring & Targeting	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Energy Manager	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Retrofit	Projects	1	0	0	0	9	0	0	0	104	0	0	0	9	416
Demand Response 3	Facilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Industrial Program Total						9	0	0	0	104	0	0	0	9	416
Home Assistance Program															
Home Assistance Program	Homes	0	0	67	0	0	0	1	0	0	0	18,172	0	1	36,239
Home Assistance Program Total						0	0	1	0	0	0	18,172	0	1	36,239
Aboriginal Program															
Home Assistance Program	Homes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Direct Install Lighting	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aboriginal Program Total						0	0	0	0	0	0	0	0	0	0
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	1	0	0	0	0	0	0	0	1,838	0	0	0	0	7,352
High Performance New Construction	Projects	0	0	0	0	0	0	0	0	560	153	0	0	0	2,700
Toronto Comprehensive	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
LDC Custom Programs	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total						0	0	0	0	2,398	153	0	0	1	10,052
Other															
Program Enabled Savings	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Time-of-Use Savings	Homes	0	0	0	n/a	0	0	0	75	0	0	0	0	75	0
LDC Pilots	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Total						0	0	0	75	0	0	0	0	75	0
Adjustments to 2011 Verified Results															
Adjustments to 2012 Verified Results															
Adjustments to 2013 Verified Results															
Energy Efficiency Total						149	139	124	255	717,718	676,202	508,526	1,066,254	646	6,924,861
Demand Response Total (Scenario 1)						0	10	13	19	0	76	56	0	19	133
Adjustments to Previous Years' Verified Results Total						0	1	15	40	0	8,968	79,889	185,440	55	699,677
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						149	150	151	315	717,718	685,247	588,471	1,251,694	721	7,624,671
Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).														Full OEB Target:	
*Includes adjustments after Final Reports were issued														1,820	
Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year														9,280,000	
% of Full OEB Target Achieved to Date (Scenario 1):														39.6%	
														82.2%	

Table 2: Adjustments to Hydro Hawkesbury Inc. Net Verified Results due to Variances

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
														2014	2014
Consumer Program															
Appliance Retirement	Appliances	0	0	0		0	0	0		0	0	0		0	0
Appliance Exchange	Appliances	0	0	0		0	0	0		0	0	0		0	0
HVAC Incentives	Equipment	-4	3	6		-2	1	2		-3,281	1,667	3,063		1	-1,995
Conservation Instant Coupon Booklet	Items	11	0	1		0	0	0		384	0	33		0	1,603
Bi-Annual Retailer Event	Items	114	0	0		0	0	0		3,043	0	0		0	12,173
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential New Construction	Homes	0	0	0		0	0	0		0	0	0		0	0
Consumer Program Total						-1	1	2		147	1,667	3,096		1	11,781
Business Program															
Retrofit	Projects	1	6	0		2	22	0		8,821	132,385	0		24	431,444
Direct Install Lighting	Projects	0	0	22		0	0	28		0	0	97,159		28	194,318
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	0	0	0		0	0	0		0	0	0		0	0
Energy Audit	Audits	0	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Business Program Total						2	22	28		8,821	132,385	97,159		51	625,763
Industrial Program															
Process & System Upgrades	Projects	0	0	0		0	0	0		0	0	0		0	0
Monitoring & Targeting	Projects	0	0	0		0	0	0		0	0	0		0	0
Energy Manager	Projects	0	0	0		0	0	0		0	0	0		0	0
Retrofit	Projects	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Industrial Program Total						0	0	0		0	0	0		0	0
Home Assistance Program															
Home Assistance Program	Homes	0	0	28		0	0	3		0	0	31,112		3	62,133
Home Assistance Program Total						0	0	3		0	0	31,112		3	62,133
Aboriginal Program															
Home Assistance Program	Homes	0	0	0		0	0	0		0	0	0		0	0
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	0	0	0		0	0	0		0	0	0		0	0
High Performance New Construction	Projects	0	0	0		0	0	0		0	0	0		0	0
Toronto Comprehensive	Projects	0	0	0		0	0	0		0	0	0		0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total						0	0	0		0	0	0		0	0
Other															
Program Enabled Savings	Projects	0	0	0		0	0	0		0	0	0		0	0
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
LDC Pilots	Projects	0	0	0		0	0	0		0	0	0		0	0
Other Total						0	0	0		0	0	0		0	0
Adjustments to 2011 Verified Results						1				8,968				1	35,495
Adjustments to 2012 Verified Results							23				134,052			23	401,538
Adjustments to 2013 Verified Results								32				131,367		32	262,644
Total Adjustments to Previous Years' Verified Results						1	23	32		8,968	134,052	131,367		55	699,677

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above is presented in the implementation year. Adjustments in Table 1 reflect persisted savings in the year in which that adjustment is verified.

Table 3: Hydro Hawkesbury Inc. Realization Rate &amp; NTG

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
<b>Consumer Program</b>																
Appliance Retirement	1.00	1.00	n/a	n/a	0.51	0.47	0.42	0.42	1.00	1.00	n/a	n/a	0.52	0.47	0.44	0.44
Appliance Exchange	1.00	1.00	1.00	1.00	0.52	0.52	0.53	0.53	1.00	1.00	1.00	1.00	0.52	0.52	0.53	0.53
HVAC Incentives	1.00	1.00	n/a	1.00	0.60	0.49	0.48	0.51	1.00	1.00	n/a	1.00	0.59	0.49	0.48	0.51
Conservation Instant Coupon Booklet	1.00	1.00	1.00	1.00	1.14	1.00	1.11	1.71	1.00	1.00	1.00	1.00	1.11	1.05	1.13	1.74
Bi-Annual Retailer Event	1.00	1.00	1.00	1.00	1.13	0.91	1.04	1.74	1.00	1.00	1.00	1.00	1.10	0.92	1.04	1.75
Retailer Co-op	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Demand Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Demand Response (IHD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential New Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Business Program</b>																
Retrofit	0.93	0.93	0.90	0.83	0.75	0.76	0.71	0.75	1.35	1.05	0.98	1.16	0.76	0.78	0.74	0.76
Direct Install Lighting	1.08	0.68	0.81	0.78	0.93	0.94	0.94	0.94	0.90	0.85	0.84	0.83	0.93	0.94	0.94	0.94
Building Commissioning	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
New Construction	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Energy Audit	n/a	n/a	n/a	0.96	n/a	n/a	n/a	0.68	n/a	n/a	n/a	1.00	n/a	n/a	n/a	0.67
Small Commercial Demand Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small Commercial Demand Response (IHD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Demand Response 3	0.76	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Industrial Program</b>																
Process & System Upgrades	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Monitoring & Targeting	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Energy Manager	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Retrofit																
Demand Response 3	0.84	n/a	n/a	n/a	n/a	n/a	n/a	n/a	1.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Home Assistance Program</b>																
Home Assistance Program	n/a	n/a	1.44	n/a	n/a	n/a	1.00	n/a	n/a	n/a	0.85	n/a	n/a	n/a	1.00	n/a
<b>Aboriginal Program</b>																
Home Assistance Program	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Direct Install Lighting	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Pre-2011 Programs completed in 2011</b>																
Electricity Retrofit Incentive Program	0.77	n/a	n/a	n/a	0.52	n/a	n/a	n/a	0.77	n/a	n/a	n/a	0.52	n/a	n/a	n/a
High Performance New Construction	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00	0.50	0.50	0.50	0.50
Toronto Comprehensive	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Multifamily Energy Efficiency Rebates	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LDC Custom Programs	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Other</b>																
Program Enabled Savings	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Time-of-Use Savings	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LDC Pilots	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## Summary Achievement Against CDM Targets

Results are recognized using current IESO reporting policies. Energy efficiency resources persist for the duration of the effective useful life. Any upcoming code changes are taken into account. Demand response resources persist for 1 year (Scenario 1). Please see methodology tab for more detailed information.

**Table 4: Net Peak Demand Savings at the End User Level (MW) (Scenario 1)**

Implementation Period	Annual			
	2011	2012	2013	2014
2011 - Verified	0.1	0.1	0.1	0.1
2012 - Verified†	0.0	0.2	0.1	0.1
2013 - Verified†	0.0	0.0	0.2	0.1
2014 - Verified†	0.0	0.0	0.0	0.3
Verified Net Annual Peak Demand Savings Persisting in 2014:				0.7
Hydro Hawkesbury Inc. 2014 Annual CDM Capacity Target:				1.8
Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):				39.6%

**Table 5: Net Energy Savings at the End User Level (GWh)**

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
2011 - Verified	0.7	0.7	0.7	0.7	2.8
2012 - Verified†	0.0	0.7	0.7	0.7	2.1
2013 - Verified†	0.0	0.1	0.6	0.6	1.3
2014 - Verified†	0.0	0.1	0.19	1.3	1.5
Verified Net Cumulative Energy Savings 2011-2014:					7.6
Hydro Hawkesbury Inc. 2011-2014 Annual CDM Energy Target:					9.3
Verified Portion of Cumulative Energy Target Achieved in 2014 (%):					82.2%

†Includes adjustments to previous years' verified results

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Table 6: Province-Wide Initiatives and Program Level Net Savings by Year (Scenario 1)

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh) 2014
Consumer Program															
Appliance Retirement	Appliances	56,110	34,146	20,952	22,563	3,299	2,011	1,433	1,617	23,005,812	13,424,518	8,713,107	9,497,343	8,221	159,100,415
Appliance Exchange	Appliances	3,688	3,836	5,337	5,685	371	556	1,106	1,178	450,187	974,621	1,971,701	2,100,266	2,973	10,556,192
HVAC Incentives	Equipment	92,748	87,540	96,286	113,002	32,037	19,060	19,552	23,106	59,437,670	32,841,283	33,923,592	42,888,217	93,755	447,009,930
Conservation Instant Coupon Booklet	Items	567,678	30,891	347,946	1,208,108	1,344	230	517	2,440	21,211,537	1,398,202	7,707,573	32,802,537	4,531	137,258,436
Bi-Annual Retailer Event	Items	952,149	1,060,901	944,772	4,824,751	1,681	1,480	1,184	8,043	29,387,468	26,781,674	17,179,841	122,902,769	12,389	355,157,348
Retailer Co-op	Items	152	0	0	0	0	0	0	0	2,652	0	0	0	0	10,607
Residential Demand Response	Devices	19,550	98,388	171,733	241,381	10,947	49,038	93,076	117,513	24,870	359,408	390,303	8,379	117,513	782,960
Residential Demand Response (IHD)	Devices	0	49,689	133,657	188,577	0	0	0	0	0	0	0	0	0	0
Residential New Construction	Homes	27	21	279	2,367	0	2	18	369	743	17,152	163,690	2,330,865	390	2,712,676
Consumer Program Total						49,681	72,377	116,886	154,267	133,520,941	75,796,859	70,049,807	212,530,376	239,772	1,112,588,565
Business Program															
Retrofit	Projects	2,828	6,481	9,746	10,925	24,467	61,147	59,678	70,662	136,002,258	314,922,468	345,346,008	462,903,521	213,493	2,631,401,223
Direct Install Lighting	Projects	20,741	18,691	17,833	23,784	23,724	15,284	18,708	23,419	61,076,701	57,345,798	64,315,558	84,503,302	73,304	604,196,658
Building Commissioning	Buildings	0	0	0	5	0	0	0	988	0	0	0	1,513,377	988	1,513,377
New Construction	Buildings	25	98	158	226	123	764	1,584	6,432	411,717	1,814,721	4,959,266	20,381,204	8,904	37,390,767
Energy Audit	Audits	222	357	589	473	0	1,450	2,811	6,323	0	7,049,351	15,455,795	30,874,399	10,583	82,934,042
Small Commercial Demand Response	Devices	132	294	1,211	3,652	84	187	773	2,116	157	1,068	373	319	2,116	1,916
Small Commercial Demand Response (IHD)	Devices	0	0	378	820	0	0	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	145	151	175	180	16,218	19,389	23,706	23,380	633,421	281,823	346,659	0	23,380	1,261,903
Business Program Total						64,617	98,221	107,261	133,319	198,124,253	381,415,230	430,423,659	600,176,121	332,769	3,358,699,887
Industrial Program															
Process & System Upgrades	Projects	0	0	5	10	0	0	294	9,692	0	0	2,603,764	72,053,255	9,986	77,260,782
Monitoring & Targeting	Projects	0	1	3	5	0	0	0	102	0	0	0	502,517	102	502,517
Energy Manager	Projects	1	132	306	379	0	1,086	3,558	5,191	0	7,372,108	21,994,263	40,436,427	8,384	95,324,998
Retrofit	Projects	433	0	0	0	4,615	0	0	0	28,866,840	0	0	0	4,613	115,462,282
Demand Response 3	Facilities	124	185	281	336	52,484	74,056	162,543	166,082	3,080,737	1,784,712	4,309,160	0	166,082	9,174,609
Industrial Program Total						57,098	75,141	166,395	181,066	31,947,577	9,156,820	28,907,187	112,992,199	189,168	297,725,188
Home Assistance Program															
Home Assistance Program	Homes	46	5,920	29,654	25,424	2	566	2,361	2,466	39,283	5,442,232	20,987,275	19,582,658	5,370	77,532,571
Home Assistance Program Total						2	566	2,361	2,466	39,283	5,442,232	20,987,275	19,582,658	5,370	77,532,571
Aboriginal Program															
Home Assistance Program	Homes	0	0	717	1,125	0	0	267	549	0	0	1,609,393	3,101,207	816	6,319,993
Direct Install Lighting	Projects	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Aboriginal Program Total						0	0	267	549	0	0	1,609,393	3,101,207	816	6,319,993
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	2,028	0	0	0	21,662	0	0	0	121,138,219	0	0	0	21,662	484,552,876
High Performance New Construction	Projects	182	73	19	3	5,098	3,251	772	134	26,185,591	11,901,944	3,522,240	688,738	9,255	148,181,415
Toronto Comprehensive	Projects	577	15	4	5	15,805	0	0	281	86,964,886	0	0	2,479,840	16,086	350,339,385
Multifamily Energy Efficiency Rebates	Projects	110	0	0	0	1,981	0	0	0	7,595,683	0	0	0	1,981	30,382,733
LDC Custom Programs	Projects	8	0	0	0	399	0	0	0	1,367,170	0	0	0	399	5,468,679
Pre-2011 Programs completed in 2011 Total						44,945	3,251	772	415	243,251,550	11,901,944	3,522,240	3,168,578	49,382	1,018,925,088
Other															
Program Enabled Savings	Projects	33	71	46	43	0	2,304	3,692	5,500	0	1,188,362	4,075,382	19,035,337	11,496	30,751,187
Time-of-Use Savings	Homes	0	0	0	n/a	0	0	0	54,795	0	0	0	0	54,795	0
LDC Pilots	Projects	0	0	0	1,174	0	0	0	1,170	0	0	0	5,061,522	1,170	5,061,522
Other Total						0	2,304	3,692	61,466	0	1,188,362	4,075,382	24,096,859	67,462	35,812,709
Adjustments to 2011 Verified Results															
Adjustments to 2012 Verified Results															
Adjustments to 2013 Verified Results															
Energy Efficiency Total						136,610	109,191	117,536	224,457	603,144,419	482,474,435	554,528,447	975,639,300	575,647	5,896,382,612
Demand Response Total (Scenario 1)						79,733	142,670	280,099	309,091	3,739,185	2,427,011	5,046,495	8,698	309,091	11,221,389
Adjustments to Previous Years' Verified Results Total						0	1,406	6,901	35,030	0	18,689,081	43,684,221	195,185,880	43,006	645,389,397
OPA-Contracted LDC Portfolio Total (inc. Adjustments)						216,343	253,267	404,536	568,578	606,883,604	503,590,526	603,259,163	1,170,833,878	927,745	6,552,993,397
Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).														Full OEB Target:	
*Includes adjustments after Final Reports were issued														1,330,000	
Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year														6,000,000,000	
% of Full OEB Target Achieved to Date (Scenario 1):														70%	
														109%	

Table 7: Adjustments to Province-Wide Net Verified Results due to Variances

Initiative	Unit	Incremental Activity (new program activity occurring within the specified reporting period)				Net Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Net Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)				Program-to-Date Verified Progress to Target (excludes DR)	
		2011*	2012*	2013*	2014	2011	2012	2013	2014	2011	2012	2013	2014	2014 Net Annual Peak Demand Savings (kW)	2011-2014 Net Cumulative Energy Savings (kWh)
Consumer Program															
Appliance Retirement	Appliances	0	0	0		0	0	0		0	0	0		0	0
Appliance Exchange	Appliances	0	0	0		0	0	0		0	0	0		0	0
HVAC Incentives	Equipment	-18,839	2,319	4,705		-5,270	479	1,037		-9,707,002	955,512	1,838,408		-3,754	-32,284,656
Conservation Instant Coupon Booklet	Items	8,216	0	1,050		16	0	2		275,655	0	23,571		18	1,149,763
BI-Annual Retailer Event	Items	81,817	0	0		108	0	0		2,183,391	0	0		108	8,733,563
Retailer Co-op	Items	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Residential New Construction	Homes	20	2	193		1	1	72		14,667	985	441,938		74	945,497
Consumer Program Total						-5,145	480	1,111		-7,233,290	956,497	2,303,917		-3,555	-21,664,975
Business Program															
Retrofit	Projects	312	876	961		3,208	7,233	11,961		16,266,129	42,498,052	78,146,280		22,056	347,545,386
Direct Install Lighting	Projects	444	197	51		501	204	46		1,250,388	736,541	164,667		620	7,158,143
Building Commissioning	Buildings	0	0	0		0	0	0		0	0	0		0	0
New Construction	Buildings	15	29	72		850	1,304	2,241		3,604,553	4,825,774	8,636,179		4,401	46,187,216
Energy Audit	Audits	119	77	270		604	439	2,383		2,945,189	2,145,367	13,100,635		3,426	44,418,129
Small Commercial Demand Response	Devices	0	0	0		0	0	0		0	0	0		0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Business Program Total						5,162	9,181	16,631		24,066,259	50,205,734	100,047,761		30,503	385,148,444
Industrial Program															
Process & System Upgrades	Projects	0	0	2		0	0	324		0	0	968,659		324	1,937,318
Monitoring & Targeting	Projects	0	1	3		0	0	54		0	528,000	639,348		54	2,862,696
Energy Manager	Projects	1	93	101		27	1,067	2,395		241,515	8,266,841	25,814,853		4,345	81,853,489
Retrofit	Projects	0	0	0		0	0	0		0	0	0		0	0
Demand Response 3	Facilities	0	0	0		0	0	0		0	0	0		0	0
Industrial Program Total						27	1,067	2,774		241,515	8,794,841	27,422,860		4,723	61,215,516
Home Assistance Program															
Home Assistance Program	Homes	0	887	2,898		0	222	791		0	1,316,749	4,321,794		1,009	12,515,300
Home Assistance Program Total						0	222	791		0	1,316,749	4,321,794		1,009	8,581,177
Aboriginal Program															
Home Assistance Program	Homes	0	0	133		0	0	134		0	0	563,715		134	1,127,430
Direct Install Lighting	Projects	0	0	0		0	0	0		0	0	0		0	0
Aboriginal Program Total						0	0	134		0	0	563,715		134	1,127,430
Pre-2011 Programs completed in 2011															
Electricity Retrofit Incentive Program	Projects	12	0	0		138	0	0		545,536	0	0		138	2,182,145
High Performance New Construction	Projects	37	4	15		1,507	363	-184		2,398,941	2,832,533	-993,596		1,686	16,106,171
Toronto Comprehensive	Projects	0	15	4		0	672	185		0	4,523,517	1,324,388		857	16,219,327
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0		0	0	0		0	0
LDC Custom Programs	Projects	0	0	0		0	0	0		0	0	0		0	0
Pre-2011 Programs completed in 2011 Total						1,645	1,035	2		2,944,477	7,356,050	330,792		2,682	11,104,528
Other															
Program Enabled Savings	Projects	33	55	33		1,776	3,712	2,020		7,727,573	11,481,687	10,688,564		7,509	86,732,481
Time-of-Use Savings	Homes	0	0	0		0	0	0		0	0	0		0	0
LDC Pilots	Projects	0	0	0		0	0	0		0	0	0		0	0
Other Total						1,776	3,712	2,020		7,727,573	11,481,687	10,688,564		7,509	86,732,481
Adjustments to 2011 Verified Results						3,465				27,746,535				3,215	110,143,550
Adjustments to 2012 Verified Results							15,697				80,111,558			15,401	238,780,637
Adjustments to 2013 Verified Results								23,463				145,679,403		24,391	296,465,211
Adjustments to Previous Years' Verified Results Total						3,465	15,697	23,463		27,746,535	80,111,558	145,679,403		43,006	645,389,397

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Adjustments to previous years' results shown in this table will not align to adjustments shown in Table 1 as the information presented above is presented in the implementation year. Adjustments in Table 1 reflect persisted savings in the year in which that adjustment is verified.

**Table 8: Province-Wide Realization Rate & NTG**

Initiative	Peak Demand Savings								Energy Savings							
	Realization Rate				Net-to-Gross Ratio				Realization Rate				Net-to-Gross Ratio			
	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014	2011	2012	2013	2014
<b>Consumer Program</b>																
Appliance Retirement	1.00	1.00	1.00	1.00	0.51	0.46	0.42	0.45	1.00	1.00	1.00	1.00	0.46	0.47	0.44	0.47
Appliance Exchange	1.00	1.00	1.00	1.00	0.51	0.52	0.53	0.53	1.00	1.00	1.00	1.00	0.52	0.52	0.53	0.53
HVAC Incentives	1.00	1.00	1.00	1.00	0.60	0.50	0.48	0.48	1.00	1.00	1.00	1.00	0.50	0.49	0.48	0.48
Conservation Instant Coupon Booklet	1.00	1.00	1.00	1.00	1.14	1.00	1.11	1.69	1.00	1.00	1.00	1.00	1.00	1.05	1.13	1.73
Bi-Annual Retailer Event	1.00	1.00	1.00	1.00	1.12	0.91	1.04	1.74	1.00	1.00	1.00	1.00	0.91	0.92	1.04	1.75
Retailer Co-op	1.00	n/a	n/a	n/a	0.68	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Demand Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential Demand Response (IHD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Residential New Construction	1.00	3.65	0.78	1.03	0.41	0.49	0.63	0.63	3.65	7.17	3.09	0.62	0.49	0.49	0.63	0.63
<b>Business Program</b>																
Retrofit	1.06	0.93	0.92	0.84	0.72	0.75	0.73	0.71	0.93	1.05	1.01	0.98	0.75	0.76	0.73	0.72
Direct Install Lighting	1.08	0.69	0.82	0.78	1.08	0.94	0.94	0.94	0.69	0.85	0.84	0.83	0.94	0.94	0.94	0.94
Building Commissioning	n/a	n/a	n/a	1.97	n/a	n/a	n/a	1.00	n/a	n/a	n/a	1.16	n/a	n/a	n/a	1.00
New Construction	0.50	0.98	0.68	0.71	0.50	0.49	0.54	0.54	0.98	0.99	0.76	0.79	0.49	0.49	0.54	0.54
Energy Audit	n/a	n/a	1.02	0.96	n/a	n/a	0.66	0.68	n/a	n/a	0.97	1.00	n/a	n/a	0.66	0.67
Small Commercial Demand Response	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Small Commercial Demand Response (IHD)	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Demand Response 3	0.76	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Industrial Program</b>																
Process & System Upgrades	n/a	n/a	0.85	0.96	n/a	n/a	0.94	0.79	n/a	n/a	0.87	0.96	n/a	n/a	0.93	0.80
Monitoring & Targeting	n/a	n/a	n/a	0.59	n/a	n/a	n/a	1.00	n/a	n/a	n/a	0.36	n/a	n/a	n/a	1.00
Energy Manager	n/a	1.16	0.90	0.91	n/a	0.90	0.90	0.90	1.16	1.16	0.90	0.96	0.90	0.90	0.90	0.85
Retrofit	1.11	n/a	n/a	n/a	0.72	n/a	n/a	n/a	0.91	n/a	n/a	n/a	0.75	n/a	n/a	n/a
Demand Response 3	0.84	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Home Assistance Program</b>																
Home Assistance Program	1.00	0.32	0.26	0.49	0.70	1.00	1.00	1.00	0.32	0.99	0.88	0.78	1.00	1.00	1.00	1.00
<b>Aboriginal Program</b>																
Home Assistance Program	n/a	n/a	0.05	0.15	n/a	n/a	1.00	1.00	n/a	n/a	0.95	0.97	n/a	n/a	1.00	1.00
Direct Install Lighting	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Pre-2011 Programs completed in 2011</b>																
Electricity Retrofit Incentive Program	0.80	n/a	n/a	n/a	0.54	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
High Performance New Construction	1.00	1.00	1.00	n/a	0.49	0.50	0.50	0.50	1.00	1.00	1.00	n/a	0.50	0.50	0.50	0.50
Toronto Comprehensive	1.13	n/a	n/a	n/a	0.50	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Multifamily Energy Efficiency Rebates	0.93	n/a	n/a	n/a	0.78	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LDC Custom Programs	1.00	n/a	n/a	n/a	1.00	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Other</b>																
Program Enabled Savings	n/a	1.06	1.00	0.86	n/a	1.00	1.00	1.00	n/a	2.26	1.00	0.98	n/a	1.00	1.00	1.00
Time-of-Use Savings	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
LDC Pilots	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a

## Summary Provincial Progress Towards CDM Targets

**Table 9: Province-Wide Net Peak Demand Savings at the End User Level (MW)**

Implementation Period	Annual			
	2011	2012	2013	2014
<b>2011</b>	216.3	136.6	135.8	129.0
<b>2012†</b>	1.4	253.3	109.8	108.2
<b>2013†</b>	0.6	7.0	404.5	122.0
<b>2014†</b>	1.4	10.8	34.2	568.6
<b>Verified Net Annual Peak Demand Savings in 2014:</b>				<b>927.7</b>
<b>2014 Annual CDM Capacity Target:</b>				<b>1,330</b>
<b>Verified Portion of Peak Demand Savings Target Achieved in 2014 (%):</b>				<b>69.8%</b>

**Table 10: Province-Wide Net Energy Savings at the End-User Level (GWh)**

Implementation Period	Annual				Cumulative
	2011	2012	2013	2014	2011-2014
<b>2011</b>	606.9	603.0	601.0	582.3	2,393.1
<b>2012†</b>	18.7	503.6	498.4	492.6	1,513.3
<b>2013†</b>	1.7	44.4	603.3	583.4	1,232.8
<b>2014†</b>	7.3	44.8	191.0	1,170.8	1,413.9
<b>Verified Net Cumulative Energy Savings 2011-2014:</b>					<b>6,553.0</b>
<b>2011-2014 Cumulative CDM Energy Target:</b>					<b>6,000</b>
<b>Verified Portion of Cumulative Energy Target Achieved in 2014 (%):</b>					<b>109.2%</b>

*†Includes adjustments to previous years' verified results*

*Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year*



## METHODOLOGY

All results are at the end-user level (not including transmission and distribution losses)

EQUATIONS	
Prescriptive Measures and Projects	<b>Gross Savings = Activity * Per Unit Assumption</b> <b>Net Savings = Gross Savings * Net-to-Gross Ratio</b> <b>All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)</b>
Engineered and Custom Projects	<b>Gross Savings = Reported Savings * Realization Rate</b> <b>Net Savings = Gross Savings * Net-to-Gross Ratio</b> <b>All savings are annualized (i.e. the savings are the same regardless of time of year a project was completed or measure installed)</b>
Demand Response	<b>Peak Demand: Gross Savings = Net Savings = contracted MW at contributor level * Provincial contracted to ex ante ratio</b> <b>Energy: Gross Savings = Net Savings = provincial ex post energy savings * LDC proportion of total provincial contracted MW</b> <b>All savings are annualized (i.e. the savings are the same regardless of the time of year a participant began offering DR)</b>
Adjustments to Previous Years' Verified Results	All variances from the Final Annual Results Reports from prior years will be adjusted within this report. Any variances with regards to projects counts, data lag, and calculations etc., will be made within this report. Considers the cumulative effect of energy savings.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
<b>Consumer Program</b>			
Appliance Retirement	Includes both retail and home pickup stream. Retail stream allocated based on average of 2008 & 2009 residential throughput; Home pickup stream directly attributed by postal code or customer selection.	Savings are considered to begin in the year the appliance is picked up.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Appliance Exchange	When postal code information is provided by customer, results are directly attributed to the LDC. When postal code is not available, results allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year that the exchange event occurred.	
HVAC Incentives	Results directly attributed to LDC based on customer postal code.	Savings are considered to begin in the year that the installation occurred.	

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Conservation Instant Coupon Booklet	LDC-coded coupons directly attributed to LDC. Otherwise results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year in which the coupon was redeemed.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Bi-Annual Retailer Event	Results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year in which the event occurs.	
Retailer Co-op	When postal code information is provided by the customer, results are directly attributed. If postal code information is not available, results are allocated based on average of 2008 & 2009 residential throughput.	Savings are considered to begin in the year of the home visit and installation date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
Residential Demand Response	Results are directly attributed to LDC based on data provided to IESO through project completion reports and continuing participant lists.	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year and accounts for any "snapback" in energy consumption experienced after the event. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Residential New Construction	Results are directly attributed to LDC based on LDC identified in application in the iCon system. Initiative was not evaluated in 2011, reported results are presented with forecast assumptions as per the business case.	Savings are considered to begin in the year of the project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumption multiplied by the uptake in the market (gross) taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
<b>Business Program</b>			
Efficiency: Equipment Replacement	Results are directly attributed to LDC based on LDC identified at the facility level in the iCon system. Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see page for Building type to Sector mapping.	Savings are considered to begin in the year of the actual project completion date in the iCON system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
	Additional Note: project counts were derived by filtering out invalid statuses (e.g. Post-Project Submission - Payment denied by LDC) and only including projects with an "Actual Project Completion Date" in 2014)		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Direct Installed Lighting	Results are directly attributed to LDC based on the LDC specified on the work order.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined using the verified measure level per unit assumptions multiplied by the uptake of each measure accounting for the realization rate for both peak demand and energy to reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings take into account net-to-gross factors such as free-ridership and spillover for both peak demand and energy savings at the program level (net).
Existing Building Commissioning Incentive	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the actual project completion date.	Peak demand and energy savings are determined by the total savings for a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
New Construction and Major Renovation Incentive	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the actual project completion date.	
Energy Audit	Projects are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year of the audit date.	Peak demand and energy savings are determined by the total savings resulting from an audit as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Commercial Demand Response (part of the Residential program schedule)	Results are directly attributed to LDC based on data provided to IESO through project completion reports and continuing participant lists	Savings are considered to begin in the year the device was installed and/or when a customer signed a peaksaver PLUS™ participant agreement.	Peak demand savings are based on an ex ante estimate assuming a 1 in 10 weather year and represents the "insurance value" of the initiative. Energy savings are based on an ex post estimate which reflects the savings that occurred as a result of activations in the year. Savings are assumed to persist for only 1 year, reflecting that savings will only occur if the resource is activated.
Demand Response 3 (part of the Industrial program schedule)	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.
<b>Industrial Program</b>			
Process & System Upgrades	Results are directly attributed to LDC based on LDC identified in application.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Monitoring & Targeting	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the incentive project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).
Energy Manager	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the project was completed by the energy manager. If no date is specified the savings will begin the year of the Quarterly Report submitted by the energy manager.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net).

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Efficiency: Equipment Replacement Incentive (part of the C&I program schedule)	Results are directly attributed to LDC based on LDC identified at the facility level in the saveONenergy CRM; Projects in the Application Status: "Post-Stage Submission" are included (excluding "Payment denied by LDC"); Please see "Reference Tables" tab for Building type to Sector mapping.	Savings are considered to begin in the year of the actual project completion date on the iCON CRM system.	Peak demand and energy savings are determined by the total savings for a given project as reported in the iCON CRM system (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). Both realization rate and net-to-gross ratios can differ for energy and demand savings and depend on the mix of projects within an LDC territory (i.e. lighting or non-lighting project, engineered/custom/prescriptive track).
Demand Response 3	Results are attributed to LDCs based on the total contracted megawatts at the contributor level as of December 31st, applying the provincial ex ante to contracted ratio (ex ante estimate/contracted megawatts); Ex post energy savings are attributed to the LDC based on their proportion of the total contracted megawatts at the contributor level.	Savings are considered to begin in the year in which the contributor signed up to participate in demand response.	Peak demand savings are ex ante estimates based on the load reduction capability that can be expected for the purposes of planning. The ex ante estimates factor in both scheduled non-performances (i.e. maintenance) and historical performance. Energy savings are based on an ex post estimate which reflects the savings that actually occurred as a results of activations in the year. Savings are assumed to persist for 1 year, reflecting that savings will not occur if the resource is not activated and additional costs are incurred to activate the resource.

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
<b>Home Assistance Program</b>			
Home Assistance Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross), taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.
<b>Aboriginal Program</b>			
Aboriginal Program	Results are directly attributed to LDC based on LDC identified in the application.	Savings are considered to begin in the year in which the measures were installed.	Peak demand and energy savings are determined using the measure level per unit assumption multiplied by the uptake of each measure (gross), taking into account net-to-gross factors such as free-ridership and spillover (net) at the measure level.



Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Pre-2011 Programs completed in 2011			
Electricity Retrofit Incentive Program	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012, 2013 or 2014 assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported. A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results ( <a href="http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports">http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports</a> ).
High Performance New Construction	Results are directly attributed to LDC based on customer data provided to the OPA from Enbridge; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	
Toronto Comprehensive	Program run exclusively in Toronto Hydro-Electric System Limited service territory; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation.		

Initiative	Attributing Savings to LDCs	Savings 'start' Date	Calculating Resource Savings
Multifamily Energy Efficiency Rebates	Results are directly attributed to LDC based on LDC identified in the application; Initiative was not evaluated in 2011, 2012, 2013 or 2014, assumptions as per 2010 evaluation.	Savings are considered to begin in the year in which a project was completed.	Peak demand and energy savings are determined by the total savings from a given project as reported (reported). A realization rate is applied to the reported savings to ensure that these savings align with EM&V protocols and reflect the savings that were actually realized (i.e. how many light bulbs were actually installed vs. what was reported) (gross). Net savings takes into account net-to-gross factors such as free-ridership and spillover (net). If energy savings are not available, an estimate is made based on the kWh to kW ratio in the provincial results from the 2010 evaluated results ( <a href="http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports">http://www.powerauthority.on.ca/evaluation-measurement-and-verification/evaluation-reports</a> ).
Data Centre Incentive Program	Program run exclusively in PowerStream Inc. service territory; Initiative was not evaluated in 2011, assumptions as per 2009 evaluation.		
EnWin Green Suites	Program run exclusively in ENWIN Utilities Ltd. service territory; Initiative was not evaluated in 2011 or 2012, assumptions as per 2010 evaluation.		

### Consumer Program Allocation Methodology

Results can be allocated based on average of 2008 & 2009 residential throughput for each LDC (below) when additional information is not available. Source: OEB Yearbook Data 2008 & 2009

Local Distribution Company	Allocation
Algoma Power Inc.	0.2%
Atikokan Hydro Inc.	0.0%
Attawapiskat Power Corporation	0.0%
Bluewater Power Distribution Corporation	0.6%
Brant County Power Inc.	0.2%
Brantford Power Inc.	0.7%
Burlington Hydro Inc.	1.4%
Cambridge and North Dumfries Hydro Inc.	1.0%
Canadian Niagara Power Inc.	0.5%
Centre Wellington Hydro Ltd.	0.1%
Chapleau Public Utilities Corporation	0.0%
COLLUS Power Corporation	0.3%
Cooperative Hydro Embrun Inc.	0.0%
E.L.K. Energy Inc.	0.2%
Enersource Hydro Mississauga Inc.	3.9%
ENTEGRUS	0.6%
ENWIN Utilities Ltd.	1.6%
Erie Thames Powerlines Corporation	0.4%
Espanola Regional Hydro Distribution Corporation	0.1%
Essex Powerlines Corporation	0.7%
Festival Hydro Inc.	0.3%
Fort Albany Power Corporation	0.0%
Fort Frances Power Corporation	0.1%
Greater Sudbury Hydro Inc.	1.0%
Grimsby Power Inc.	0.2%
Guelph Hydro Electric Systems Inc.	0.9%
Haldimand County Hydro Inc.	0.4%
Halton Hills Hydro Inc.	0.5%
Hearst Power Distribution Company Limited	0.1%
Horizon Utilities Corporation	4.0%
Hydro 2000 Inc.	0.0%
Hydro Hawkesbury Inc.	0.1%
Hydro One Brampton Networks Inc.	2.8%
Hydro One Networks Inc.	30.0%
Hydro Ottawa Limited	5.6%
Innisfil Hydro Distribution Systems Limited	0.4%
Kashechewan Power Corporation	0.0%
Kenora Hydro Electric Corporation Ltd.	0.1%
Kingston Hydro Corporation	0.5%
Kitchener-Wilmot Hydro Inc.	1.6%
Lakefront Utilities Inc.	0.2%

Lakeland Power Distribution Ltd.	0.2%
London Hydro Inc.	2.7%
Middlesex Power Distribution Corporation	0.1%
Midland Power Utility Corporation	0.1%
Milton Hydro Distribution Inc.	0.6%
Newmarket - Tay Power Distribution Ltd.	0.7%
Niagara Peninsula Energy Inc.	1.0%
Niagara-on-the-Lake Hydro Inc.	0.2%
Norfolk Power Distribution Inc.	0.3%
North Bay Hydro Distribution Limited	0.5%
Northern Ontario Wires Inc.	0.1%
Oakville Hydro Electricity Distribution Inc.	1.5%
Orangeville Hydro Limited	0.2%
Orillia Power Distribution Corporation	0.3%
Oshawa PUC Networks Inc.	1.2%
Ottawa River Power Corporation	0.2%
Parry Sound Power Corporation	0.1%
Peterborough Distribution Incorporated	0.7%
PowerStream Inc.	6.6%
PUC Distribution Inc.	0.9%
Renfrew Hydro Inc.	0.1%
Rideau St. Lawrence Distribution Inc.	0.1%
Sioux Lookout Hydro Inc.	0.1%
St. Thomas Energy Inc.	0.3%
Thunder Bay Hydro Electricity Distribution Inc.	0.9%
Tillsonburg Hydro Inc.	0.1%
Toronto Hydro-Electric System Limited	12.8%
Veridian Connections Inc.	2.4%
Wasaga Distribution Inc.	0.2%
Waterloo North Hydro Inc.	1.0%
Welland Hydro-Electric System Corp.	0.4%
Wellington North Power Inc.	0.1%
West Coast Huron Energy Inc.	0.1%
Westario Power Inc.	0.5%
Whitby Hydro Electric Corporation	0.9%
Woodstock Hydro Services Inc.	0.3%

## Reporting Glossary

**Annual:** the peak demand or energy savings that occur in a given year (includes resource savings from new program activity and resource savings persisting from previous years).

**Cumulative Energy Savings:** represents the sum of the annual energy savings that accrue over a defined period (in the context of this report the defined period is 2011 - 2014). This concept does not apply to peak demand savings.

**End-User Level:** resource savings in this report are measured at the customer level as opposed to the generator level (the difference being line losses).

**Free-ridership:** the percentage of participants who would have implemented the program measure or practice in the absence of the program.

**Incremental:** the new resource savings attributable to activity procured in a particular reporting period based on when the savings are considered to 'start'.

**Initiative:** a Conservation & Demand Management offering focusing on a particular opportunity or customer end-use (i.e. Retrofit, Fridge & Freezer Pickup).

**Net-to-Gross Ratio:** The ratio of net savings to gross savings, which takes into account factors such as free-ridership and spillover

**Net Energy Savings (MWh):** energy savings attributable to conservation and demand management activities net of free-riders, etc.

**Net Peak Demand Savings (MW):** peak demand savings attributable to conservation and demand management activities net of free-riders, etc.

**Program:** a group of initiatives that target a particular market sector (e.g. Consumer, Industrial).

**Realization Rate:** A comparison of observed or measured (evaluated) information to original reported savings which is used to adjust the gross savings estimates.

**Settlement Account:** the grouping of demand response facilities (contributors) into one contractual agreement

**Spillover:** Reductions in energy consumption and/or demand caused by the presence of the energy efficiency program, beyond the program-related gross savings of the participants. There can be participant and/or non-participant spillover.

**Unit:** for a specific initiative the relevant type of activity acquired in the market place (i.e. appliances picked up, projects completed, coupons redeemed).

Table 11: Hydro Hawkesbury Inc. Initiative and Program Level Gross Savings by Year

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement**	Appliances	3	1	1	2	24,002	5,304	8,164	12,511
Appliance Exchange**	Appliances	3	0	1	1	3,599	400	2,106	1,404
HVAC Incentives	Equipment	11	16	13	21	21,341	29,109	25,001	41,121
Conservation Instant Coupon Booklet	Items	1	0	1	2	25,213	1,848	9,537	22,963
Bi-Annual Retailer Event	Items	2	2	2	6	37,493	40,731	22,917	97,924
Retailer Co-op	Items	0	0	0	0	0	0	0	0
Residential Demand Response	Devices	0	10	13	19	0	76	56	0
Residential Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0
Residential New Construction	Homes	0	0	0	0	0	0	0	0
Consumer Program Total		21	29	31	52	111,649	77,469	67,780	175,923
Business Program									
Retrofit	Projects	91	111	65	164	615,160	556,097	285,815	879,024
Direct Install Lighting	Projects	55	53	70	11	161,081	174,415	242,279	38,143
Building Commissioning	Buildings	0	0	0	0	0	0	0	0
New Construction	Buildings	0	0	0	0	0	0	0	0
Energy Audit	Audits	0	0	0	20	0	0	0	97,278
Small Commercial Demand Response	Devices	0	0	0	0	0	0	0	0
Small Commercial Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	0	0	0	0	0	0	0	0
Business Program Total		146	164	135	195	776,241	730,512	528,094	1,014,445
Industrial Program									
Process & System Upgrades	Projects	0	0	0	0	0	0	0	0
Monitoring & Targeting	Projects	0	0	0	0	0	0	0	0
Energy Manager	Projects	0	0	0	0	0	0	0	0
Retrofit	Projects	13	0	0	0	161	0	0	0
Demand Response 3	Facilities	0	0	0	0	0	0	0	0
Industrial Program Total		13	0	0	0	161	0	0	0
Home Assistance Program									
Home Assistance Program	Homes	0	0	1	0	0	0	18,172	0
Home Assistance Program Total		0	0	1	0	0	0	18,172	0
Aboriginal Program									
Home Assistance Program	Homes	0	0	0	0	0	0	0	0
Direct Install Lighting	Projects	0	0	0	0	0	0	0	0
Aboriginal Program Total		0	0	0	0	0	0	0	0
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	1	0	0	0	3,535	0	0	0
High Performance New Construction	Projects	0	0	0	0	1,121	305	0	0
Toronto Comprehensive	Projects	0	0	0	0	0	0	0	0
Multifamily Energy Efficiency Rebates	Projects	0	0	0	0	0	0	0	0
LDC Custom Programs	Projects	0	0	0	0	0	0	0	0
Pre-2011 Programs completed in 2011 Total		1	0	0	0	4,656	305	0	0
Other									
Program Enabled Savings	Projects	0	0	0	0	0	0	0	0
Time-of-Use Savings	Homes	0	0	0	75	0	0	0	0
LDC Pilots	Projects	0	0	0	0	0	0	0	0
Other Total		0	0	0	75	0	0	0	0
Adjustments to 2011 Verified Results			0	0	0		9,743	0	0
Adjustments to 2012 Verified Results				20	13			104,647	73,901
Adjustments to 2013 Verified Results					33				140,525
Energy Efficiency Total		181	183	154	302	892,706	808,210	613,989	1,190,368
Demand Response Total		0	10	13	19	0	76	56	0
Adjustments to Previous Years' Verified Results Total		0	0	20	45	0	9,743	104,647	214,426
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		181	193	187	366	892,706	818,029	718,692	1,404,793

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

\*Includes adjustments after Final Reports were issued

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results

\*\*Net results substituted for gross results due to unavailability of data

Table 12: Adjustments to Hydro Hawkesbury Inc. Gross Verified Results due to Variances

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement	Appliances	0	0	0		0	0	0	
Appliance Exchange	Appliances	0	0	0		0	0	0	
HVAC Incentives	Equipment	-3	2	3		-5,521	3,441	6,537	
Conservation Instant Coupon Booklet	Items	0	0	0		357	0	29	
Bi-Annual Retailer Event	Items	0	0	0		3,308	0	0	
Retailer Co-op	Items	0	0	0		0	0	0	
Residential Demand Response	Devices	0	0	0		0	0	0	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	0	0	0		0	0	0	
Consumer Program Total		-3	2	3		-1,856	3,441	6,566	
Business Program									
Retrofit	Projects	3	18	0		11,599	175,107	0	
Direct Install Lighting	Projects	0	0	29		0	0	102,937	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	0	0	0		0	0	0	
Energy Audit	Audits	0	0	0		0	0	0	
Small Commercial Demand Response	Devices	0	0	0		0	0	0	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	0	0	0		0	0	0	
Business Program Total		3	18	29		11,599	175,107	102,937	
Industrial Program									
Process & System Upgrades	Projects	0	0	0		0	0	0	
Monitoring & Targeting	Projects	0	0	0		0	0	0	
Energy Manager	Projects	0	0	0		0	0	0	
Retrofit	Projects	0	0	0		0	0	0	
Demand Response 3	Facilities	0	0	0		0	0	0	
Industrial Program Total		0	0	0		0	0	0	
Home Assistance Program									
Home Assistance Program	Homes	0	0	3		0	0	31,112	
Home Assistance Program Total		0	0	3		0	0	31,112	
Aboriginal Program									
Home Assistance Program	Homes	0	0	0		0	0	0	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Aboriginal Program Total		0	0	0		0	0	0	
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	0	0	0		0	0	0	
High Performance New Construction	Projects	0	0	0		0	0	0	
Toronto Comprehensive	Projects	0	0	0		0	0	0	
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0	
LDC Custom Programs	Projects	0	0	0		0	0	0	
Pre-2011 Programs completed in 2011 Total		0	0	0		0	0	0	
Other									
Program Enabled Savings	Projects	0	0	0		0	0	0	
Time-of-Use Savings	Homes	0	0	0		0	0	0	
LDC Pilots	Projects	0	0	0		0	0	0	
Other Total		0	0	0		0	0	0	
Adjustments to 2011 Verified Results		0				9,743			
Adjustments to 2012 Verified Results			20				178,548		
Adjustments to 2013 Verified Results				36				140,615	
Total Adjustments to Previous Years' Verified Results		0	20	36		9,743	178,548	140,615	

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results

Table 13: Province-Wide Initiatives and Program Level Gross Savings by Year

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement**	Appliances	6,750	2,011	3,151	3,579	45,971,627	13,424,518	18,616,239	20,315,770
Appliance Exchange**	Appliances	719	556	2,101	2,238	873,531	974,621	3,746,106	3,990,372
HVAC Incentives	Equipment	53,209	38,346	40,418	48,467	99,413,430	66,929,213	71,225,037	90,274,814
Conservation Instant Coupon Booklet	Items	1,184	231	464	1,442	19,192,453	1,325,898	6,842,244	19,000,254
Bi-Annual Retailer Event	Items	1,504	1,622	1,142	4,626	26,899,265	29,222,072	16,441,329	70,254,471
Retailer Co-op	Items	0	0	0	0	3,917	0	0	0
Residential Demand Response	Devices	10,390	49,038	93,076	117,513	23,597	359,408	390,303	8,379
Residential Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0
Residential New Construction	Homes	0	1	29	587	1,813	4,884	259,826	3,699,786
Consumer Program Total		73,757	91,805	140,380	178,452	192,379,633	112,240,615	117,521,084	207,543,846
Business Program									
Retrofit	Projects	34,201	78,965	82,896	98,849	184,070,265	387,817,248	478,410,896	642,515,421
Direct Install Lighting	Projects	22,155	20,469	19,807	24,794	65,777,197	68,896,046	68,140,249	89,528,509
Building Commissioning	Buildings	0	0	0	988	0	0	0	1,513,377
New Construction	Buildings	247	1,596	2,934	11,911	823,434	3,755,869	9,183,826	37,742,970
Energy Audit	Audits	0	1,450	4,283	9,367	0	7,049,351	23,386,108	46,012,517
Small Commercial Demand Response	Devices	55	187	773	2,116	131	1,068	373	319
Small Commercial Demand Response (IHD)	Devices	0	0	0	0	0	0	0	0
Demand Response 3	Facilities	21,390	19,389	23,706	23,380	633,421	281,823	346,659	0
Business Program Total		78,048	122,056	134,399	171,405	251,304,448	467,801,406	579,468,111	817,313,113
Industrial Program									
Process & System Upgrades	Projects	0	0	313	12,287	0	0	2,799,746	90,463,617
Monitoring & Targeting	Projects	0	0	0	102	0	0	0	502,517
Energy Manager	Projects	0	1,034	3,953	5,767	0	7,067,535	24,438,070	44,929,364
Retrofit	Projects	6,372	0	0	0	38,412,408	0	0	0
Demand Response 3	Facilities	176,180	74,056	162,543	166,082	4,243,958	1,784,712	4,309,160	0
Industrial Program Total		182,552	75,090	166,809	184,238	42,656,366	8,852,247	31,546,976	135,895,498
Home Assistance Program									
Home Assistance Program	Homes	4	1,777	2,361	2,466	56,119	5,524,230	20,987,275	19,582,658
Home Assistance Program Total		4	1,777	2,361	2,466	56,119	5,524,230	20,987,275	19,582,658
Aboriginal Program									
Home Assistance Program	Homes	0	0	267	549	0	0	1,609,393	3,101,207
Direct Install Lighting	Projects	0	0	0	0	0	0	0	0
Aboriginal Program Total		0	0	267	549	0	0	1,609,393	3,101,207
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	40,418	0	0	0	223,956,390	0	0	0
High Performance New Construction	Projects	10,197	6,501	772	268	52,371,183	23,803,888	3,522,240	1,377,475
Toronto Comprehensive	Projects	33,467	0	0	802	174,070,574	0	0	7,085,257
Multifamily Energy Efficiency Rebates	Projects	2,553	0	0	0	9,774,792	0	0	0
LDC Custom Programs	Projects	534	0	0	0	649,140	0	0	0
Pre-2011 Programs completed in 2011 Total		87,169	6,501	772	1,070	460,822,079	23,803,888	3,522,240	8,462,733
Other									
Program Enabled Savings	Projects	0	2,177	3,692	5,500	0	525,011	4,075,382	19,035,337
Time-of-Use Savings	Homes	0	0	0	54,795	0	0	0	0
LDC Pilots	Projects	0	0	0	1,170	0	0	0	5,061,522
Other Total		0	2,177	3,692	60,296	0	525,011	4,075,382	19,035,337
Adjustments to 2011 Verified Results			13,266	645	1,601		48,705,294	20,581	6,028
Adjustments to 2012 Verified Results				8,632	13,449			54,301,893	59,098,939
Adjustments to 2013 Verified Results					34,727				206,413,158
Energy Efficiency Total		213,515	156,735	168,583	289,384	942,317,539	616,320,385	753,683,966	1,210,925,694
Demand Response Total		208,015	142,670	280,099	309,091	4,901,107	2,427,011	5,046,495	8,698
Adjustments to Previous Years' Verified Results Total		0	13,266	9,277	49,777	0	48,705,294	54,322,474	265,518,125
OPA-Contracted LDC Portfolio Total (inc. Adjustments)		421,530	312,671	457,958	648,252	947,218,646	667,452,690	813,052,934	1,476,452,516

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results

\*\*Net results substituted for gross results due to unavailability of data



Table 14: Adjustments to Province-Wide Gross Verified Results due to Variances

Initiative	Unit	Gross Incremental Peak Demand Savings (kW) (new peak demand savings from activity within the specified reporting period)				Gross Incremental Energy Savings (kWh) (new energy savings from activity within the specified reporting period)			
		2011	2012	2013	2014	2011	2012	2013	2014
Consumer Program									
Appliance Retirement	Appliances	0	0	0		0	0	0	
Appliance Exchange	Appliances	0	0	0		0	0	0	
HVAC Incentives	Equipment	-8,759	1,091	2,157		-16,241,086	1,952,473	3,873,449	
Conservation Instant Coupon Booklet	Items	15	0	1		255,975	0	20,668	
Bi-Annual Retailer Event	Items	117	0	0		2,373,616	0	0	
Retailer Co-op	Items	0	0	0		0	0	0	
Residential Demand Response	Devices	0	0	0		0	0	0	
Residential Demand Response (IHD)	Devices	0	0	0		0	0	0	
Residential New Construction	Homes	1	1	115		330,093	2,009	701,488	
Consumer Program Total		-8,628	1,092	2,273		-13,281,402	1,954,483	4,595,605	
Business Program									
Retrofit	Projects	4,511	10,114	16,584		22,046,931	58,528,789	108,677,566	
Direct Install Lighting	Projects	541	217	49		1,346,618	781,858	174,460	
Building Commissioning	Buildings	0	0	0		0	0	0	
New Construction	Buildings	3,287	2,673	4,151		11,323,593	9,884,305	15,992,924	
Energy Audit	Audits	656	488	3,631		2,391,744	2,386,374	19,822,524	
Small Commercial Demand Response	Devices	0	0	0		0	0	0	
Small Commercial Demand Response (IHD)	Devices	0	0	0		0	0	0	
Demand Response 3	Facilities	0	0	0		0	0	0	
Business Program Total		8,996	13,491	24,414		37,108,886	71,581,326	144,667,473	
Industrial Program									
Process & System Upgrades	Projects	0	0	426		0	0	1,232,785	
Monitoring & Targeting	Projects	0	0	54		0	528,000	639,348	
Energy Manager	Projects	29	1,071	2,687		0	8,968,007	28,893,596	
Retrofit	Projects	0	0	0		0	0	0	
Demand Response 3	Facilities	0	0	0		0	0	0	
Industrial Program Total		29	1,071	3,168		0	9,496,007	30,765,729	
Home Assistance Program									
Home Assistance Program	Homes	0	222	791		0	1,316,749	4,321,794	
Home Assistance Program Total		0	222	791		0	1,316,749	4,321,794	
Aboriginal Program									
Home Assistance Program	Homes	0	0	134		0	0	563,715	
Direct Install Lighting	Projects	0	0	0		0	0	0	
Aboriginal Program Total		0	0	134		0	0	563,715	
Pre-2011 Programs completed in 2011									
Electricity Retrofit Incentive Program	Projects	266	0	0		1,049,108	0	0	
High Performance New Construction	Projects	13,072	727	405		23,905,663	5,665,066	1,535,048	
Toronto Comprehensive	Projects	0	1,920	529		0	12,924,335	3,783,965	
Multifamily Energy Efficiency Rebates	Projects	0	0	0		0	0	0	
LDC Custom Programs	Projects	0	0	0		0	0	0	
Pre-2011 Programs completed in 2011 Total		13,337	2,647	934		24,954,771	18,589,400	5,319,013	
Other									
Program Enabled Savings	Projects	1,776	3,712	2,020		1,673,712	11,481,687	10,688,564	
Time-of-Use Savings	Homes	0	0	0		0	0	0	
LDC Pilots	Projects	0	0	0		0	0	0	
Other Total		1,776	3,712	2,020		1,673,712	11,481,687	10,688,564	
Adjustments to 2011 Verified Results		15,511				50,455,967			
Adjustments to 2012 Verified Results			22,235				114,419,652		
Adjustments to 2013 Verified Results				33,734				200,921,892	
Adjustments to Previous Years' Verified Results Total		15,511	22,235	33,734		50,455,967	114,419,652	200,921,892	

Activity and savings for Demand Response resources for each year represent the savings from all active facilities or devices contracted since January 1, 2011 (reported cumulatively).

\*Includes adjustments after Final Reports were issued

Results presented using scenario 1 which assumes that demand response resources have a persistence of 1 year

Gross results are presented for informational purposes only and are not considered official 2014 Final Verified Results

1

**Appendix B – Most Recent federal and provincial tax returns**

2

Federal Tax Instalments

Federal tax instalments

For the taxation year ended

2017-12-31

Business number

89059 2611 RC0001

The following is a list of federal instalments payable for the current taxation year. The last column indicates the instalments payable to Canada Revenue Agency. The instalments are due no later than on the dates indicated, otherwise non-deductible interest will be charged. Payment may be made by cheque or money order payable to the Receiver General either at an authorized financial institution or filed with **the appropriate remittance voucher at the following address:**

**Canada Revenue Agency**  
**875 Heron Road**  
**Ottawa ON K1A 1B1**

Note that you may also be able to pay by telephone or Internet banking. For more information, consult the *Corporation Instalment Guide*.

Monthly instalment workchart

Date	Monthly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2017-01-31	18,055				18,055
2017-02-28	18,055				18,055
2017-03-31	18,055				18,055
2017-04-30	18,055				18,055
2017-05-31	18,055				18,055
2017-06-30	18,055				18,055
2017-07-31	18,055				18,055
2017-08-31	18,055				18,055
2017-09-30	18,055				18,055
2017-10-31	18,055				18,055
2017-11-30	18,055				18,055
2017-12-31	18,050				18,050
Totals	216,655				216,655

Quarterly instalment workchart

Date	Quarterly tax instalments	Refund transferred to instalments	Instalments paid	Cumulative difference	Instalments payable
2017-03-31					
2017-06-30					
2017-09-30					
2017-12-31					
Totals					

Instalment method

Indicate instalment method chosen [1-3]

1

1st Instalment base method

If payment of instalments other than quarterly instalments is delayed, indicate the MONTH in which you want them to begin (1=January, 2=February, etc.).

1

Select this box if you want the instalments to be calculated without taking the applicable threshold into account

☐

**Quarterly instalments calculation**

The corporation must meet requirements 1 to 5 to be eligible for quarterly instalments for a tax year.

- 1 – Is the corporation a Canadian-controlled private corporation (CCPC)? ☒ Yes ☐ No
- 2 – Did the corporation claim any deduction under the section 125, during either the current or previous year? ☒ Yes ☐ No
- 3 – Is the corporation's, or any of its associated corporations', taxable income for the current or previous year less than or equal to \$500,000? ☐ Yes ☒ No
- 4 – Is the corporation and any associated corporations' taxable capital employed in Canada for the current or previous year less than or equal to \$10,000,000? ☒ Yes ☐ No
- 5 – Does the corporation have a perfect compliance history in the last 12 months? ☒ Yes ☐ No

If you do not want to use the quarterly instalments option, select this box to go back to monthly instalments. ☐**1 – 1st Instalment base method**

1st Instalment base amount (amount N below)	$216,655 \div 12 =$	18,055
	<b>Monthly instalments required</b>	18,055
Quarterly tax instalments required	$216,655 \div 4 =$	

**2 – Combined 1st and 2nd instalment base method**Select this box if you want the first 2 payments\* to be calculated without taking the applicable threshold into account? ☐**2nd Monthly instalment base amount**

Indicate: Part I tax		93,813	
Part VI, VI.1 and XIII.1 tax	+		
Federal adjustment for amalgamation, winding up or transfer	+		
Provincial tax, other than Alberta, Québec and Ontario	+		
Ontario tax	+	52,257	
Provincial adjustment for amalgamation, winding up or transfer	+		
<b>Total</b>	=	$146,070 \div 12 =$	12,173 <b>A</b>
1/12 of estimated current year credits (M below /12)			
		<b>Each of the first two instalment payments</b>	= 12,173 <b>B</b>
Total tax from N below		216,655	
Amount B above x 2	–	24,346	
	=	$192,309 \div 10 =$	19,231
		<b>Each of the remaining ten instalment payments</b>	= 19,231

**2nd Quarterly instalment base amount**

Indicate: Part I tax		93,813	
Part VI, VI.1 and XIII.1 tax	+		
Federal adjustment for amalgamation, winding up or transfer	+		
Provincial tax, other than Alberta, Québec and Ontario	+		
Ontario tax	+	52,257	
Provincial adjustment for amalgamation, winding up or transfer	+		
<b>Total</b>	=	$146,070 \div 4 =$	36,518 <b>A</b>
1/4 of estimated current year credits (M below /4)			
		<b>The first instalment payment</b>	= <b>B</b>
Total tax from N below		216,655	
Amount B above	–		
	=	$216,655 \div 3 =$	72,219
		<b>Each of the remaining three instalment payments</b>	=

\* It is the first payment if the quarterly instalments are applicable.

**3 – Estimated tax method**

Instalment base amount (amount N below)	$\div 12 =$	
	<b>Monthly instalments required</b>	
Quarterly tax instalments required	$\div 4 =$	

Instalment base calculation

Federal tax	1st instalment base method	Estimated tax method
<b>Taxable income</b>	<u>1,034,550</u>	
<b>Calculation of tax payable</b>		
Federal part I tax	393,129	
Recapture of investment tax credit	+	+
Refundable tax on a CCPC's investment income	+	+
<b>Subtotal</b>	<u>= 393,129</u>	<u>= A</u>
<b>Deduction</b>		
Small business deduction	87,500	
Investment corporation deduction	+	+
Federal tax abatement	103,455	+
Manufacturing and processing profits deduction	+	+
Non-business foreign tax credit	+	+
Business foreign tax credit	+	+
Tax reduction, general and accelerated	69,492	+
Logging tax credit	+	+
Investment tax credit per Schedule 31	+	+
Eligible Canadian bank deduction	+	+
Qualifying environmental trust tax credit	+	+
<b>Subtotal</b>	<u>= 260,447</u>	<u>= B</u>
<b>Federal tax summary</b>		
Total part I tax payable (A minus B)	132,682	C
Part VI tax	+	D
Part VI.1 tax	+	E1
Part XIII.1 tax	+	E2
Parts I, VI, VI.1 and XIII.1	<b>Total</b> = 132,682	<u>= F</u>
<b>Federal adjustments</b>		
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x 365 / 365	x 365 / 365
<b>Subtotal</b>	<u>= 132,682</u>	<u>=</u>
Federal adjustment for amalgamation, winding up or transfer	+	+ N/A
<b>Total federal tax after adjustments</b>	<u>= 132,682</u>	<u>= G</u>
<b>Provincial tax</b>		
Provincial/territorial tax other than Alberta, Québec and Ontario before provincial refundable tax credits	+	+ H
<b>Ontario tax</b>		
Income tax	83,973	
Corporate minimum tax paid (credited)	+	
Special additional tax on life insurance corporations	+	
<b>Total Ontario tax</b>	<u>= 83,973</u>	<u>+ I</u>
Harmonized provincial tax (H + I)		
<b>Provincial/territorial tax other than Alberta and Québec before provincial refundable tax credits</b>	<u>= 83,973</u>	<u>= J</u>
<b>Provincial adjustments</b>		
Adjustment for short taxation years multiplied by 365 and divided by the number of days in the year if less than 365	x 365 / 365	x 365 / 365
<b>Subtotal</b>	<u>= 83,973</u>	<u>=</u>
Provincial adjustment for amalgamation, winding up or transfer	+	+ N/A
<b>Total provincial tax after adjustments</b>	<u>= 83,973</u>	<u>= K</u>
<b>Total of tax before refundable credits**</b>	<u>= 216,655</u>	<u>= L</u>

Instalment base calculation (continued)

Estimated current year credits			
Investment tax credit refund			
Dividend refund	+		+
Federal capital gains refund	+		+
Provincial and territorial capital gains refund	+		+
NRO allowable refund per Schedule 26	+		+
Tax withheld at source	+		+
Other estimated credits	+		+
Provincial/territorial refundable tax credits other than Alberta, Québec and Ontario*	+		+
Ontario refundable tax credits*	+		+
Total estimated current year credits	=		= M
Instalment base amount (L – M)		216,655	N

\* For more details with regards to the impact of the refundable tax credits in the instalment base calculation, consult the Help.

\*\* For instalments payable, the amount on line G will only be included in the amount of line L when it exceeds \$3,000. The same rule applies to line K.

Information Return for Corporations Filing Electronically

- You have to complete this return for every initial and amended T2 Corporation Income Tax Return electronically filed to the Canada Revenue Agency (CRA) on your behalf.
- By completing Part 2 and signing Part 3, you acknowledge that, under the *Income Tax Act*, you have to keep all records used to prepare your corporation income tax return, and provide this information to us on request.
- Part 4 must be completed by either you or the electronic transmitter of your corporation income tax return.
- Give the signed original of this return to the transmitter and keep a copy in your own records for six years.
- Do not submit** this form to the CRA unless we ask for it.
- We are responsible for ensuring the confidentiality of your electronically filed tax information only after we have accepted it.

This return is for your records. Do not send it to us unless we ask for it.

Part 1 – Identification

Corporation's name HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.			Business number 89059 2611 RC0001
Tax year ▶	From Y M D 2016-01-01	To Y M D 2016-12-31	Is this an amended return? . . . . . <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Part 2 – Declaration

Enter the following amounts, if applicable, from your corporation income tax return for the tax year noted above:

Net income (or loss) for income tax purposes from Schedule 1, financial statements, or GIFI (line 300)	1,034,550
Part I tax payable (line 700)	132,682
Part II surtax payable (line 708)	
Part III.1 tax payable (line 710)	
Part IV tax payable (line 712)	
Part IV.1 tax payable (line 716)	
Part VI tax payable (line 720)	
Part VI.1 tax payable (line 724)	
Part XIV tax payable (line 728)	
Net provincial and territorial tax payable (line 760)	83,973

Part 3 – Certification and authorization

I, POULIN Last name MICHEL First name DIRECTEUR GÉNÉRAL Position, office, or rank

am an authorized signing officer of the corporation. I certify that I have examined the corporation T2 income tax return, including accompanying schedules and statements, and that the information given on the T2 return and this T183 Corp information return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

I authorize the transmitter identified in Part 4 to electronically file the corporation income tax return identified in Part 1. The transmitter can also modify the information originally filed in response to any errors Canada Revenue Agency identifies. This authorization expires when the Minister of National Revenue accepts the electronic return as filed.

<u>2017-03-19</u> Date (yyyy/mm/dd)	<u>Signature of an authorized signing officer of the corporation</u>	<u>(613) 632-6689</u> Telephone number
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Part 4 – Transmitter identification

The following transmitter has electronically filed the tax return of the corporation identified in Part 1.

<u>DELOITTE LLP</u> Name of person or firm	<u>A3491</u> Electronic filer number
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Privacy statement

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

T2 Corporation Income Tax Return

200

This form serves as a federal, provincial, and territorial corporation income tax return, unless the corporation is located in Quebec or Alberta. If the corporation is located in one of these provinces, you have to file a separate provincial corporation return.

All legislative references on this return are to the federal *Income Tax Act* and *Income Tax Regulations*. This return may contain changes that had not yet become law at the time of publication.

Send one completed copy of this return, including schedules and the *General Index of Financial Information* (GIFI), to your tax centre or tax services office. You have to file the return within six months after the end of the corporation's tax year.

For more information see [cra.gc.ca](http://cra.gc.ca) or Guide T4012, *T2 Corporation - Income Tax Guide*.

055 Do not use this area

Identification

Business number (BN) 001 89059 2611 RC0001

Corporation's name

002 HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.

Address of head office

Has this address changed since the last time we were notified? 010 1 Yes 2 No X

(If yes, complete lines 011 to 018.)

011 850 TUPPER STREET

012 City Province, territory, or state

015 HAWKESBURY 016 ON

Country (other than Canada) Postal code/Zip code

017 018 K6A 3S7

Mailing address (if different from head office address)

Has this address changed since the last time we were notified? 020 1 Yes 2 No X

(If yes, complete lines 021 to 028.)

021 c/o

022 023 City Province, territory, or state

025 HAWKESBURY 026 ON

Country (other than Canada) Postal code/Zip code

027 028 K6A 3S7

Location of books and records (if different from head office address)

Has this address changed since the last time we were notified? 030 1 Yes 2 No X

(If yes, complete lines 031 to 038.)

031 850 TUPPER STREET

032 City Province, territory, or state

035 HAWKESBURY 036 ON

Country (other than Canada) Postal code/Zip code

037 038 K6A 3S7

040 Type of corporation at the end of the tax year

1 X Canadian-controlled private corporation (CCPC) 4 Corporation controlled by a public corporation

2 Other private corporation 5 Other corporation (specify, below)

3 Public corporation

If the type of corporation changed during the tax year, provide the effective date of the change 043 Year Month Day

To which tax year does this return apply?

Tax year start Tax year-end  
Year Month Day Year Month Day  
060 2016-01-01 061 2016-12-31

Has there been an acquisition of control resulting in the application of subsection 249(4) since the tax year start on line 060? 063 1 Yes 2 No X

If yes, provide the date control was acquired 065 Year Month Day

Is the date on line 061 a deemed tax year-end according to subsection 249(3.1)? 066 1 Yes 2 No X

Is the corporation a professional corporation that is a member of a partnership? 067 1 Yes 2 No X

Is this the first year of filing after:  
Incorporation? 070 1 Yes 2 No X  
Amalgamation? 071 1 Yes 2 No X

If yes, complete lines 030 to 038 and attach Schedule 24.

Has there been a wind-up of a subsidiary under section 88 during the current tax year? 072 1 Yes 2 No X

If yes, complete and attach Schedule 24.

Is this the final tax year before amalgamation? 076 1 Yes 2 No X

Is this the final return up to dissolution? 078 1 Yes 2 No X

If an election was made under section 261, state the functional currency used 079

Is the corporation a resident of Canada? 080 1 Yes X 2 No  
If no, give the country of residence on line 081 and complete and attach Schedule 97.

081

Is the non-resident corporation claiming an exemption under an income tax treaty? 082 1 Yes 2 No X

If yes, complete and attach Schedule 91.

If the corporation is exempt from tax under section 149, tick one of the following boxes:

085 1 Exempt under paragraph 149(1)(e) or (l)  
2 Exempt under paragraph 149(1)(j)  
3 Exempt under paragraph 149(1)(t)  
4 Exempt under other paragraphs of section 149

Do not use this area

095 096 898



**Attachments****Financial statement information:** Use GIF1 schedules 100, 125, and 141.**Schedules** – Answer the following questions. For each **yes** response, **attach** the schedule to the T2 return, unless otherwise instructed.

	Yes	Schedule
Is the corporation related to any other corporations? . . . . .	<b>150</b> <input type="checkbox"/>	9
Is the corporation an associated CCPC? . . . . .	<b>160</b> <input type="checkbox"/>	23
Is the corporation an associated CCPC that is claiming the expenditure limit? . . . . .	<b>161</b> <input type="checkbox"/>	49
Does the corporation have any non-resident shareholders who own voting shares? . . . . .	<b>151</b> <input type="checkbox"/>	19
Has the corporation had any transactions, including section 85 transfers, with its shareholders, officers, or employees, other than transactions in the ordinary course of business? Exclude non-arm's length transactions with non-residents . . . . .	<b>162</b> <input type="checkbox"/>	11
If you answered <b>yes</b> to the above question, and the transaction was between corporations not dealing at arm's length, were all or substantially all of the assets of the transferor disposed of to the transferee? . . . . .	<b>163</b> <input type="checkbox"/>	44
Has the corporation paid any royalties, management fees, or other similar payments to residents of Canada? . . . . .	<b>164</b> <input type="checkbox"/>	14
Is the corporation claiming a deduction for payments to a type of employee benefit plan? . . . . .	<b>165</b> <input type="checkbox"/>	15
Is the corporation claiming a loss or deduction from a tax shelter? . . . . .	<b>166</b> <input type="checkbox"/>	T5004
Is the corporation a member of a partnership for which a partnership account number has been assigned? . . . . .	<b>167</b> <input type="checkbox"/>	T5013
Did the corporation, a foreign affiliate controlled by the corporation, or any other corporation or trust that did not deal at arm's length with the corporation have a beneficial interest in a non-resident discretionary trust (without reference to section 94)? . . . . .	<b>168</b> <input type="checkbox"/>	22
Did the corporation own any shares in one or more foreign affiliates in the tax year? . . . . .	<b>169</b> <input type="checkbox"/>	25
Has the corporation made any payments to non-residents of Canada under subsections 202(1) and/or 105(1) of the <i>Income Tax Regulations</i> ? . . . . .	<b>170</b> <input type="checkbox"/>	29
Did the corporation have a total amount over \$1 million of reportable transactions with non-arm's length non-residents? . . . . .	<b>171</b> <input type="checkbox"/>	T106
For private corporations: Does the corporation have any shareholders who own 10% or more of the corporation's common and/or preferred shares? . . . . .	<b>173</b> <input checked="" type="checkbox"/>	50
Has the corporation made payments to, or received amounts from, a retirement compensation plan arrangement during the year? . . . . .	<b>172</b> <input type="checkbox"/>	
Does the corporation earn income from one or more Internet webpages or websites? . . . . .	<b>180</b> <input type="checkbox"/>	88
Is the net income/loss shown on the financial statements different from the net income/loss for income tax purposes? . . . . .	<b>201</b> <input checked="" type="checkbox"/>	1
Has the corporation made any charitable donations; gifts of cultural or ecological property; or gifts of medicine? . . . . .	<b>202</b> <input type="checkbox"/>	2
Has the corporation received any dividends or paid any taxable dividends for purposes of the dividend refund? . . . . .	<b>203</b> <input checked="" type="checkbox"/>	3
Is the corporation claiming any type of losses? . . . . .	<b>204</b> <input type="checkbox"/>	4
Is the corporation claiming a provincial or territorial tax credit or does it have a permanent establishment in more than one jurisdiction? . . . . .	<b>205</b> <input checked="" type="checkbox"/>	5
Has the corporation realized any capital gains or incurred any capital losses during the tax year? . . . . .	<b>206</b> <input type="checkbox"/>	6
i) Is the corporation claiming the small business deduction and reporting income from: a) property (other than dividends deductible on line 320 of the T2 return), b) a partnership, c) a foreign business, or d) a personal services business; or		
ii) does the corporation have aggregate investment income at line 440? . . . . .	<b>207</b> <input type="checkbox"/>	7
Does the corporation have any property that is eligible for capital cost allowance? . . . . .	<b>208</b> <input checked="" type="checkbox"/>	8
Does the corporation have any property that is eligible capital property? . . . . .	<b>210</b> <input checked="" type="checkbox"/>	10
Does the corporation have any resource-related deductions? . . . . .	<b>212</b> <input type="checkbox"/>	12
Is the corporation claiming deductible reserves (other than transitional reserves under section 34.2)? . . . . .	<b>213</b> <input type="checkbox"/>	13
Is the corporation claiming a patronage dividend deduction? . . . . .	<b>216</b> <input type="checkbox"/>	16
Is the corporation a credit union claiming a deduction for allocations in proportion to borrowing or an additional deduction? . . . . .	<b>217</b> <input type="checkbox"/>	17
Is the corporation an investment corporation or a mutual fund corporation? . . . . .	<b>218</b> <input type="checkbox"/>	18
Is the corporation carrying on business in Canada as a non-resident corporation? . . . . .	<b>220</b> <input type="checkbox"/>	20
Is the corporation claiming any federal, provincial, or territorial foreign tax credits, or any federal logging tax credits? . . . . .	<b>221</b> <input type="checkbox"/>	21
Does the corporation have any Canadian manufacturing and processing profits? . . . . .	<b>227</b> <input type="checkbox"/>	27
Is the corporation claiming an investment tax credit? . . . . .	<b>231</b> <input type="checkbox"/>	31
Is the corporation claiming any scientific research and experimental development (SR&ED) expenditures? . . . . .	<b>232</b> <input type="checkbox"/>	T661
Is the total taxable capital employed in Canada of the corporation and its related corporations over \$10,000,000? . . . . .	<b>233</b> <input type="checkbox"/>	33/34/35
Is the total taxable capital employed in Canada of the corporation and its associated corporations over \$10,000,000? . . . . .	<b>234</b> <input type="checkbox"/>	
Is the corporation claiming a surtax credit? . . . . .	<b>237</b> <input type="checkbox"/>	37
Is the corporation subject to gross Part VI tax on capital of financial institutions? . . . . .	<b>238</b> <input type="checkbox"/>	38
Is the corporation claiming a Part I tax credit? . . . . .	<b>242</b> <input type="checkbox"/>	42
Is the corporation subject to Part IV.1 tax on dividends received on taxable preferred shares or Part VI.1 tax on dividends paid? . . . . .	<b>243</b> <input type="checkbox"/>	43
Is the corporation agreeing to a transfer of the liability for Part VI.1 tax? . . . . .	<b>244</b> <input type="checkbox"/>	45
Is the corporation subject to Part II - Tobacco Manufacturers' surtax? . . . . .	<b>249</b> <input type="checkbox"/>	46
For financial institutions: Is the corporation a member of a related group of financial institutions with one or more members subject to gross Part VI tax? . . . . .	<b>250</b> <input type="checkbox"/>	39
Is the corporation claiming a Canadian film or video production tax credit refund? . . . . .	<b>253</b> <input type="checkbox"/>	T1131
Is the corporation claiming a film or video production services tax credit refund? . . . . .	<b>254</b> <input type="checkbox"/>	T1177
Is the corporation subject to Part XIII.1 tax? (Show your calculations on a sheet that you identify as Schedule 92.) . . . . .	<b>255</b> <input type="checkbox"/>	92

Attachments – continued from page 2

	Yes	Schedule
Did the corporation have any foreign affiliates in the tax year?	<input type="checkbox"/>	T1134
Did the corporation own or hold specified foreign property where the total cost amount of all such property, at any time in the year, was more than CAN\$100,000?	<input type="checkbox"/>	T1135
Did the corporation transfer or loan property to a non-resident trust?	<input type="checkbox"/>	T1141
Did the corporation receive a distribution from or was it indebted to a non-resident trust in the year?	<input type="checkbox"/>	T1142
Has the corporation entered into an agreement to allocate assistance for SR&ED carried out in Canada?	<input type="checkbox"/>	T1145
Has the corporation entered into an agreement to transfer qualified expenditures incurred in respect of SR&ED contracts?	<input type="checkbox"/>	T1146
Has the corporation entered into an agreement with other associated corporations for salary or wages of specified employees for SR&ED?	<input type="checkbox"/>	T1174
Did the corporation pay taxable dividends (other than capital gains dividends) in the tax year?	<input checked="" type="checkbox"/>	55
Has the corporation made an election under subsection 89(11) not to be a CCPC?	<input type="checkbox"/>	T2002
Has the corporation revoked any previous election made under subsection 89(11)?	<input type="checkbox"/>	T2002
Did the corporation (CCPC or deposit insurance corporation (DIC)) pay eligible dividends, or did its general rate income pool (GRIP) change in the tax year?	<input checked="" type="checkbox"/>	53
Did the corporation (other than a CCPC or DIC) pay eligible dividends, or did its low rate income pool (LRIP) change in the tax year?	<input type="checkbox"/>	54

Additional information

Did the corporation use the International Financial Reporting Standards (IFRS) when it prepared its financial statements?	270	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Is the corporation inactive?	280	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
What is the corporation's main revenue-generating business activity?	221122 Electric Power Distribution		
Specify the principal products mined, manufactured, sold, constructed, or services provided, giving the approximate percentage of the total revenue that each product or service represents.	284	ELECTRICITY DISTRIBUTOR	285 100.000 %
	286		287 %
	288		289 %
Did the corporation immigrate to Canada during the tax year?	291	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Did the corporation emigrate from Canada during the tax year?	292	1 Yes <input type="checkbox"/>	2 No <input checked="" type="checkbox"/>
Do you want to be considered as a quarterly instalment remitter if you are eligible?	293	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>
If the corporation was eligible to remit instalments on a quarterly basis for part of the tax year, provide the date the corporation ceased to be eligible	294	Year Month Day	
If the corporation's major business activity is construction, did you have any subcontractors during the tax year?	295	1 Yes <input type="checkbox"/>	2 No <input type="checkbox"/>

Taxable income

Net income or (loss) for income tax purposes from Schedule 1, financial statements, or GIFL.	300	1,034,550	A
<b>Deduct:</b> Charitable donations from Schedule 2	311		
Cultural gifts from Schedule 2	313		
Ecological gifts from Schedule 2	314		
Gifts of medicine from Schedule 2	315		
Taxable dividends deductible under section 112 or 113, or subsection 138(6) from Schedule 3	320		
Part VI.1 tax deduction*	325		
Non-capital losses of previous tax years from Schedule 4	331		
Net capital losses of previous tax years from Schedule 4	332		
Restricted farm losses of previous tax years from Schedule 4	333		
Farm losses of previous tax years from Schedule 4	334		
Limited partnership losses of previous tax years from Schedule 4	335		
Taxable capital gains or taxable dividends allocated from a central credit union	340		
Prospector's and grubstaker's shares	350		
Subtotal			B
Subtotal (amount A minus amount B) (if negative, enter "0")		1,034,550	C
Section 110.5 additions or subparagraph 115(1)(a)(vii) additions	355		D
<b>Taxable income</b> (amount C plus amount D)	360	1,034,550	
Income exempt under paragraph 149(1)(t)	370		
<b>Taxable income</b> for a corporation with exempt income under paragraph 149(1)(t) (line 360 minus line 370)		1,034,550	Z
<b>Taxable income</b> for the year from a personal services business**			Z.1

\* This amount is equal to 3.5 times the Part VI.1 tax payable at line 724 on page 9.

\*\* For a taxation year that ends after 2015.

Small business deduction

Canadian-controlled private corporations (CCPCs) throughout the tax year

Income from active business carried on in Canada from Schedule 7	400	1,034,550	A
Taxable income from line 360 on page 3, minus 100/28 3.57143 of the amount on line 632* on page 8, minus 4 times the amount on line 636** on page 8, and minus any amount that, because of federal law, is exempt from Part I tax	405	1,034,550	B
Business limit (see notes 1 and 2 below)	410	500,000	C

- Notes:
- For CCPCs that are not associated, enter \$ 500,000 on line 410. However, if the corporation's tax year is less than 51 weeks, prorate this amount by the number of days in the tax year divided by 365, and enter the result on line 410.
  - For associated CCPCs, use Schedule 23 to calculate the amount to be entered on line 410.

Business limit reduction:

Amount C	500,000	x	415 ***	D	=		E
				11,250			
Reduced business limit (amount C minus amount E) (if negative, enter "0")						425	500,000 F
Business limit the CCPC assigns under subsection 125(3.2) (amount O below)							G
Amount F minus amount G							500,000 H

Small business deduction

Amount A, B, C, or H, whichever is the least	500,000	x	Number of days in the tax year before January 1, 2016		x	17 % =	1
			Number of days in the tax year	366			
Amount A, B, C, or H, whichever is the least	500,000	x	Number of days in the tax year after December 31, 2015	366	x	17.5 % =	87,500 2
			Number of days in the tax year	366			
Total of amounts 1 and 2 (enter amount I on line J on page 8)							430 87,500 I

- \* Calculate the amount of foreign non-business income tax credit deductible on line 632 without reference to the refundable tax on the CCPC's investment income (line 604) and without reference to the corporate tax reductions under section 123.4.
- \*\* Calculate the amount of foreign business income tax credit deductible on line 636 without reference to the corporation tax reductions under section 123.4.

\*\*\* Large corporations

- If the corporation is not associated with any corporations in both the current and previous tax years, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the prior year minus \$10,000,000) x 0.225%.
- If the corporation is not associated with any corporations in the current tax year, but was associated in the previous tax year, the amount to be entered on line 415 is: (total taxable capital employed in Canada for the current year minus \$10,000,000) x 0.225%.
- For corporations associated in the current tax year, see Schedule 23 for the special rules that apply.

Specified corporate income and assignment under subsection 125(3.2)

J	K	L	M
Name of corporation receiving the income and assigned amount	Business number of the corporation	Income for the small business deduction given to the corporation identified in column J [under clause 125(1) (a)(i)(B)] <sup>3</sup>	Business limit assigned to corporation identified in column J <sup>4</sup>
1.			

- Notes:
3. This amount is [as defined in subsection 125(7) **specified corporate income** (a)(i)] the total of all amounts each of which is income from an active business of the corporation for the year from the provision of services or property to a private corporation (directly or indirectly, in any manner whatever) if
- (A) at any time in the year, the corporation (or one of its shareholders) or a person who does not deal at arm's length with the corporation (or one of its shareholders) holds a direct or indirect interest in the private corporation, and
- (B) it is not the case that all or substantially all of the corporation's income for the year from an active business is from the provision of services or property to
- (I) persons (other than the private corporation) with which the corporation deals at arm's length, or
- (II) partnerships with which the corporation deals at arm's length, other than a partnership in which a person that does not deal at arm's length with the corporation holds a direct or indirect interest.
4. The amount of the business limit you assign cannot be greater than the amount in column L.

**General tax reduction for Canadian-controlled private corporations****Canadian-controlled private corporations throughout the tax year**

Taxable income from page 3 (line 360 or amount Z, whichever applies)		1,034,550	A
Lesser of amounts B9 and H9 from Part 9 of Schedule 27			B
Amount K13 from Part 13 of Schedule 27			C
Personal services business income	432		D
Amount used to calculate the credit union deduction (amount F from Schedule 17)			E
Amount from line 400, 405, 410, or amount H on page 4, whichever is the least		500,000	F
Aggregate investment income from line 440 on page 6*			G
Subtotal (add amounts B to G)		500,000	H
Amount A minus amount H (if negative, enter "0")		534,550	I
General tax reduction for Canadian-controlled private corporations – Amount I multiplied by	13 %	69,492	J

Enter amount J on line 638 on page 8.

\* Except for a corporation that is, throughout the year, a cooperative corporation (within the meaning assigned by subsection 136(2)) or a credit union.

**General tax reduction****Do not complete this area if you are a Canadian-controlled private corporation, an investment corporation, a mortgage investment corporation, a mutual fund corporation, or any corporation with taxable income that is not subject to the corporation tax rate of 38%.**

Taxable income from page 3 (line 360 or amount Z, whichever applies)			K
Lesser of amounts B9 and H9 from Part 9 of Schedule 27			L
Amount K13 from Part 13 of Schedule 27			M
Personal services business income	434		N
Amount used to calculate the credit union deduction (amount F from Schedule 17)			O
Subtotal (add amounts L to O)			P
Amount K minus amount P (if negative, enter "0")			Q
General tax reduction – Amount Q multiplied by	13 %		R

Enter amount R on line 639 on page 8.

**Refundable portion of Part I tax****Canadian-controlled private corporations throughout the tax year**Aggregate investment income from Schedule 7 ..... **440** ..... A

Amount A ..... x  $\frac{\text{Number of days in the tax year before January 1, 2016}}{\text{Number of days in the tax year 366}} \times 26 \frac{2}{3} \% =$  ..... 1

Amount A ..... x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year 366}} \times 30 \frac{2}{3} \% =$  ..... 2

Subtotal (amount 1 **plus** amount 2) ..... ► ..... BForeign investment income from Schedule 7 ..... **445** ..... C

Amount C ..... x  $\frac{\text{Number of days in the tax year before January 1, 2016}}{\text{Number of days in the tax year 366}} \times 9 \frac{1}{3} \% =$  ..... 3

Amount C ..... x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year 366}} \times 8 \% =$  ..... 4

Subtotal (amount 3 **plus** amount 4) ..... DForeign non-business income tax credit from line 632 on page 8 **minus** amount D (if negative, enter "0") ..... EAmount B **minus** amount E (if negative, enter "0") ..... F

Foreign non-business income tax credit from line 632 on page 8 ..... G

Number of days in the tax year before January 1, 2016 ..... x 35 = ..... 5

Number of days in the tax year 366

Number of days in the tax year after December 31, 2015 .....  $\frac{366}{366} \times 38 \frac{2}{3} =$  ..... 38.66667 6

Number of days in the tax year 366

Subtotal (amount 5 **plus** amount 6) ..... 38.6667 H

Amount G ..... x  $\frac{100}{38.6667} \times \frac{100}{38.6667} =$  ..... I

Taxable income from line 360 on page 3 ..... 1,034,550 J

**Deduct:**

Amount from line 400, 405, 410, or amount H on page 4, whichever is the least ..... 500,000 K

Amount I ..... L

Foreign business income tax credit from line 636 on page 8 ..... x 4 = ..... M

Subtotal (total of amounts K to M) ..... 500,000 ► ..... 500,000 N

Subtotal (amount J **minus** amount N) ..... 534,550 O

Amount O ..... 534,550 x  $\frac{\text{Number of days in the tax year before January 1, 2016}}{\text{Number of days in the tax year 366}} \times 26 \frac{2}{3} \% =$  ..... 7

Amount O ..... 534,550 x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year 366}} \times 30 \frac{2}{3} \% =$  ..... 163,929 8

Subtotal (amount 7 **plus** amount 8) ..... 163,929 ► ..... 163,929 PPart I tax payable **minus** investment tax credit refund (line 700 **minus** line 780 from page 9) ..... 132,682 Q**Refundable portion of Part I tax** – Amount F, P, or Q, whichever is the least ..... **450** ..... R

## Refundable dividend tax on hand

Refundable dividend tax on hand at the end of the previous tax year	460	
<b>Deduct:</b>		
Dividend refund for the previous tax year	465	
		▶ A
<b>Add the total of:</b>		
Refundable portion of Part I tax from line 450 on page 6		B
Total Part IV tax payable from Schedule 3		C
Net refundable dividend tax on hand transferred from a predecessor corporation on amalgamation, or from a wound-up subsidiary corporation	480	
		▶ D
<b>Refundable dividend tax on hand at the end of the tax year – Amount A plus amount D</b>	<b>485</b>	

## Dividend refund

<b>Private and subject corporations at the time taxable dividends were paid in the tax year</b>			
Taxable dividends paid in the tax year from line 460 on page 3 of Schedule 3		84,467	E
Amount E	84,467	$\times \frac{\text{Number of days in the tax year before January 1, 2016}}{\text{Number of days in the tax year}}$	$\times 33 \text{ } 1 / 3 \% = 1$
		366	
Amount E	84,467	$\times \frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year}}$	$366 \times 38 \text{ } 1 / 3 \% = 2$
		366	
		Subtotal (amount 1 plus amount 2)	32,379 ▶ 32,379 F
Refundable dividend tax on hand at the end of the tax year from line 485 above			G
<b>Dividend refund – Amount F or G, whichever is less</b>			H
Enter amount H on line 784 on page 9.			

Part I tax

Base amount Part I tax – Taxable income from page 3 (line 360 or amount Z, whichever applies) multiplied by 38 % \* . . 550 393,129 A

Personal services business income tax (section 123.5)

Taxable income from a personal services business 555 x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the taxation year}}$   $\frac{366}{366}$  x 5 % = 560 B

Recapture of investment tax credit from Schedule 31 . . . . . 602 C

Calculation for the refundable tax on the Canadian-controlled private corporation's (CCPC) investment income (if it was a CCPC throughout the tax year)

Aggregate investment income from line 440 on page 6 . . . . . D

Taxable income from line 360 on page 3 . . . . . 1,034,550 E

Deduct:

Amount from line 400, 405, 410, or amount H on page 4, whichever is the least . . . . . 500,000 F

Net amount (amount E minus amount F) 534,550 534,550 G

Amount D or G, whichever is less x  $\frac{\text{Number of days in the tax year before January 1, 2016}}{\text{Number of days in the tax year}}$   $\frac{366}{366}$  x 6 2 / 3 % = 1

Amount D or G, whichever is less x  $\frac{\text{Number of days in the tax year after December 31, 2015}}{\text{Number of days in the tax year}}$   $\frac{366}{366}$  x 10 2 / 3 % = 2

Refundable tax on CCPC's investment income (amount 1 plus amount 2) . . . . . 604 H

Subtotal (add amounts A, B, C, and H) 393,129 I

Deduct:

Small business deduction from line 430 on page 4 . . . . . 87,500 J

Federal tax abatement . . . . . 608 103,455

Manufacturing and processing profits deduction from Schedule 27 . . . . . 616

Investment corporation deduction . . . . . 620

Taxed capital gains 624

Additional deduction – credit unions from Schedule 17 . . . . . 628

Federal foreign non-business income tax credit from Schedule 21 . . . . . 632

Federal foreign business income tax credit from Schedule 21 . . . . . 636

General tax reduction for CCPCs from amount J on page 5 . . . . . 638 69,492

General tax reduction from amount R on page 5 . . . . . 639

Federal logging tax credit from Schedule 21 . . . . . 640

Eligible Canadian bank deduction under section 125.21 . . . . . 641

Federal qualifying environmental trust tax credit . . . . . 648

Investment tax credit from Schedule 31 . . . . . 652

Subtotal 260,447 260,447 K

Part I tax payable – Amount I minus amount K . . . . . 132,682 L

Enter amount L on line 700 on page 9.

Privacy statement

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

Summary of tax and credits

Federal tax		
Part I tax payable from amount L on page 8	700	132,682
Part II surtax payable from Schedule 46	708	
Part III.1 tax payable from Schedule 55	710	
Part IV tax payable from Schedule 3	712	
Part IV.1 tax payable from Schedule 43	716	
Part VI tax payable from Schedule 38	720	
Part VI.1 tax payable from Schedule 43	724	
Part XIII.1 tax payable from Schedule 92	727	
Part XIV tax payable from Schedule 20	728	

Add provincial or territorial tax:		Total federal tax	132,682
Provincial or territorial jurisdiction	750 ON		
(if more than one jurisdiction, enter "multiple" and complete Schedule 5)			
Net provincial or territorial tax payable (except Quebec and Alberta)	760	83,973	
Total tax payable		770	216,655 A

Deduct other credits:		
Investment tax credit refund from Schedule 31	780	
Dividend refund from amount H on page 7	784	
Federal capital gains refund from Schedule 18	788	
Federal qualifying environmental trust tax credit refund	792	
Canadian film or video production tax credit refund (Form T1131)	796	
Film or video production services tax credit refund (Form T1177)	797	
Tax withheld at source	800	
Total payments on which tax has been withheld	801	
Provincial and territorial capital gains refund from Schedule 18	808	
Provincial and territorial refundable tax credits from Schedule 5	812	
Tax instalments paid	840	146,070
Total credits		890 146,070
		146,070 B

Refund code	894	Overpayment		Balance (amount A minus amount B)	70,585
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Direct deposit request

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

☐ Start

☐ Change information

910

Branch number

914

Institution number

918

Account number

If the corporation is a Canadian-controlled private corporation throughout the tax year, does it qualify for the one-month extension of the date the balance of tax is due?

896 1 Yes ☐ 2 No ☒

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

920 A3491

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

Balance unpaid 70,585

For information on how to make your payment, go to [cra.gc.ca/payments](http://cra.gc.ca/payments).

Certification

I, 950 POULIN

951 MICHEL

954 DIRECTEUR GÉNÉRAL

Last name

First name

Position, office, or rank

am an authorized signing officer of the corporation. I certify that I have examined this return, including accompanying schedules and statements, and that the information given on this return is, to the best of my knowledge, correct and complete. I also certify that the method of calculating income for this tax year is consistent with that of the previous tax year except as specifically disclosed in a statement attached to this return.

955 2017-03-19

Signature of the authorized signing officer of the corporation

956 (613) 632-6689

Date (yyyy/mm/dd)

Telephone number

Is the contact person the same as the authorized signing officer? If no, complete the information below

957 1 Yes ☒ 2 No ☐

958

959

Name of other authorized person

Telephone number

Language of correspondence – Langue de correspondance

Indicate your language of correspondence by entering 1 for English or 2 for French.

Indiquez votre langue de correspondance en inscrivant 1 pour anglais ou 2 pour français.

990 2

CORPORATE TAXPREP / TAXPREP DES SOCIÉTÉS - EP26 VERSION 2016 V2.0

Page 9



## Schedule of Instalment Remittances

Name of corporation contact \_\_\_\_\_  
Telephone number \_\_\_\_\_

Effective interest date	Description (instalment remittance, split payment, assessed credit)	Amount of credit
		146,070
<b>Total amount of instalments claimed (carry the result to line 840 of the T2 Return)</b>		<b>146,070 A</b>
<b>Total instalments credited to the taxation year per T9</b>		<b>146,070 B</b>

### Transfer

Account number	Taxation year end	Amount	Effective interest date	Description
From:				
To:				
From:				
To:				
From:				
To:				
From:				
To:				
From:				
To:				

Canada Revenue  
AgencyAgence du revenu  
du Canada**SCHEDULE 100**

Form identifier 100

**GENERAL INDEX OF FINANCIAL INFORMATION – GIF1**

Corporation's name	Business number	Tax year end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

**Balance sheet information**

Account	Description	GIFI	Current year	Prior year
<b>Assets</b>				
	Total current assets . . . . .	<b>1599</b> +	4,572,475	3,998,213
	Total tangible capital assets . . . . .	<b>2008</b> +	7,328,321	5,822,069
	Total accumulated amortization of tangible capital assets . . . . .	<b>2009</b> –	599,500	398,597
	Total intangible capital assets . . . . .	<b>2178</b> +		
	Total accumulated amortization of intangible capital assets . . . . .	<b>2179</b> –		
	Total long-term assets . . . . .	<b>2589</b> +	373,200	192,805
	* Assets held in trust . . . . .	<b>2590</b> +		
	<b>Total assets</b> (mandatory field) . . . . .	<b>2599</b> =	<u>11,674,496</u>	<u>9,614,490</u>

<b>Liabilities</b>				
	Total current liabilities . . . . .	<b>3139</b> +	5,746,157	4,669,349
	Total long-term liabilities . . . . .	<b>3450</b> +	1,461,765	861,970
	* Subordinated debt . . . . .	<b>3460</b> +		
	* Amounts held in trust . . . . .	<b>3470</b> +		
	<b>Total liabilities</b> (mandatory field) . . . . .	<b>3499</b> =	<u>7,207,922</u>	<u>5,531,319</u>

<b>Shareholder equity</b>				
	<b>Total shareholder equity</b> (mandatory field) . . . . .	<b>3620</b> +	4,466,574	4,083,171

	<b>Total liabilities and shareholder equity</b> . . . . .	<b>3640</b> =	<u>11,674,496</u>	<u>9,614,490</u>
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<b>Retained earnings</b>				
	<b>Retained earnings/deficit – end</b> (mandatory field) . . . . .	<b>3849</b> =	<u>2,777,228</u>	<u>2,393,825</u>

\* Generic item

Form identifier 125

GENERAL INDEX OF FINANCIAL INFORMATION – GIF

Corporation's name	Business number	Tax year end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

Income statement information

Description	GIFI
Operating name . . . . .	0001
Description of the operation . . . . .	0002
Sequence number . . . . .	0003 01

Account	Description	GIFI	Current year	Prior year
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Income statement information

Total sales of goods and services . . . . .	8089 +	13,325,430	13,371,920
Cost of sales . . . . .	8518 –	10,792,163	11,199,154
Gross profit/loss . . . . .	8519 =	2,533,267	2,172,766
Cost of sales . . . . .	8518 +	10,792,163	11,199,154
Total operating expenses . . . . .	9367 +	1,453,185	1,376,429
Total expenses (mandatory field) . . . . .	9368 =	12,245,348	12,575,583
Total revenue (mandatory field) . . . . .	8299 +	12,841,495	13,103,014
Total expenses (mandatory field) . . . . .	9368 –	12,245,348	12,575,583
Net non-farming income . . . . .	9369 =	596,147	527,431

Farming income statement information

Total farm revenue (mandatory field) . . . . .	9659 +		
Total farm expenses (mandatory field) . . . . .	9898 –		
Net farm income . . . . .	9899 =		

Net income/loss before taxes and extraordinary items . . . . .	9970 =	596,147	527,431
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Total other comprehensive income . . . . .	9998 =		
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Extraordinary items and income (linked to Schedule 140)

Extraordinary item(s) . . . . .	9975 –		
Legal settlements . . . . .	9976 –		
Unrealized gains/losses . . . . .	9980 +		
Unusual items . . . . .	9985 –		
Current income taxes . . . . .	9990 –	216,655	146,070
Future (deferred) income tax provision . . . . .	9995 –	-88,378	-35,856
Total – Other comprehensive income . . . . .	9998 +		
Net income/loss after taxes and extraordinary items (mandatory field) . . . . .	9999 =	467,870	417,217

Notes Checklist

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

- Parts 1, 2, and 3 of this schedule must be completed from the perspective of the person (referred to in these parts as the **accountant**) who prepared or reported on the financial statements. If the person preparing the tax return is not the accountant referred to above, they must still complete Parts 1, 2, 3, and 4, as applicable.
- For more information, see Guide RC4088, *General Index of Financial Information (GIFI)* and T4012, *T2 Corporation – Income Tax Guide*.
- Complete this schedule and include it with your T2 return along with the other GIFI schedules.

Part 1 – Information on the accountant who prepared or reported on the financial statements

Does the accountant have a professional designation? **095** 1 Yes ☒ 2 No ☐

Is the accountant connected\* with the corporation? **097** 1 Yes ☐ 2 No ☒

Note

If the accountant does not have a professional designation or is connected to the corporation, you do not have to complete Parts 2 and 3 of this schedule. However, you **do have** to complete Part 4, as applicable.

\* A person connected with a corporation can be: (i) a shareholder of the corporation who owns more than 10% of the common shares; (ii) a director, an officer, or an employee of the corporation; or (iii) a person not dealing at arm's length with the corporation.

Part 2 – Type of involvement with the financial statements

Choose the option that represents the highest level of involvement of the accountant: **198**

Completed an auditor's report 1 ☒

Completed a review engagement report 2 ☐

Conducted a compilation engagement 3 ☐

Part 3 – Reservations

If you selected option 1 or 2 under **Type of involvement with the financial statements** above, answer the following question:

Has the accountant expressed a reservation? **099** 1 Yes ☐ 2 No ☒

Part 4 – Other information

If you have a professional designation and are not the accountant associated with the financial statements in Part 1 above, choose one of the following options: **110**

Prepared the tax return (financial statements prepared by client) 1 ☐

Prepared the tax return and the financial information contained therein (financial statements have not been prepared) 2 ☐

Were notes to the financial statements prepared? **101** 1 Yes ☒ 2 No ☐

If **yes**, complete lines 104 to 107 below:

Are subsequent events mentioned in the notes? **104** 1 Yes ☐ 2 No ☒

Is re-evaluation of asset information mentioned in the notes? **105** 1 Yes ☐ 2 No ☒

Is contingent liability information mentioned in the notes? **106** 1 Yes ☐ 2 No ☒

Is information regarding commitments mentioned in the notes? **107** 1 Yes ☒ 2 No ☐

Does the corporation have investments in joint venture(s) or partnership(s)? **108** 1 Yes ☐ 2 No ☒

## Part 4 – Other information (continued)

### Impairment and fair value changes

In any of the following assets, was an amount recognized in net income or other comprehensive income (OCI) as a result of an impairment loss in the tax year, a reversal of an impairment loss recognized in a previous tax year, or a change in fair value during the tax year?

**200** 1 Yes ☐ 2 No ☒

If **yes**, enter the amount recognized:

		In net income Increase (decrease)		In OCI Increase (decrease)
Property, plant, and equipment	<b>210</b>		<b>211</b>	
Intangible assets	<b>215</b>		<b>216</b>	
Investment property	<b>220</b>			
Biological assets	<b>225</b>			
Financial instruments	<b>230</b>		<b>231</b>	
Other	<b>235</b>		<b>236</b>	

### Financial instruments

Did the corporation derecognize any financial instrument(s) during the tax year (other than trade receivables)?

**250** 1 Yes ☐ 2 No ☒

Did the corporation apply hedge accounting during the tax year?

**255** 1 Yes ☐ 2 No ☒

Did the corporation discontinue hedge accounting during the tax year?

**260** 1 Yes ☐ 2 No ☒

### Adjustments to opening equity

Was an amount included in the opening balance of retained earnings or equity, in order to correct an error, to recognize a change in accounting policy, or to adopt a new accounting standard in the current tax year?

**265** 1 Yes ☐ 2 No ☒

If **yes**, you have to maintain a separate reconciliation.

**Name: HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.**

**BN: 89059 2611 RC 0001**

**Tax Year Start: 2016-01-01**

**Tax Year End: 2016-12-31**

During the year the corporation acquired (or made additions and alterations to) a building for non-residential use and is electing to include this building (or these additions and alterations to a building) in Class 1b for an accelerated depreciation rate.

**SCHEDULE 100****GENERAL INDEX OF FINANCIAL INFORMATION – GIF1**

Form identifier 100

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

**Assets – lines 1000 to 2599**

<b>1000</b>	1,074,609	<b>1060</b>	2,142,020	<b>1061</b>	-57,456
<b>1122</b>	95,423	<b>1480</b>	1,304,769	<b>1484</b>	13,110
<b>1599</b>	4,572,475	<b>1600</b>	48,300	<b>1601</b>	5,980
<b>1680</b>	675,321	<b>1681</b>	-102,542	<b>1684</b>	2,807,257
<b>1774</b>	76,571	<b>1775</b>	-53,740	<b>1783</b>	3,652,920
<b>1784</b>	-413,071	<b>1787</b>	61,972	<b>1788</b>	-30,147
<b>2008</b>	7,328,321	<b>2009</b>	-599,500	<b>2421</b>	87,302
<b>2424</b>	285,898	<b>2589</b>	373,200	<b>2599</b>	11,674,496

**Liabilities – lines 2600 to 3499**

<b>2620</b>	3,417,190	<b>2680</b>	70,585	<b>2700</b>	1,432,533
<b>2920</b>	663,216	<b>2960</b>	162,633	<b>3139</b>	5,746,157
<b>3320</b>	396,733	<b>3321</b>	67,259	<b>3325</b>	681,447
<b>3328</b>	316,326	<b>3450</b>	1,461,765	<b>3499</b>	7,207,922

**Shareholder equity – lines 3500 to 3640**

<b>3500</b>	1,689,346	<b>3600</b>	2,777,228	<b>3620</b>	4,466,574
<b>3640</b>	11,674,496				

**Retained earnings – lines 3660 to 3849**

<b>3660</b>	2,393,825	<b>3680</b>	467,870	<b>3700</b>	-84,467
<b>3849</b>	2,777,228				

**SCHEDULE 125****GENERAL INDEX OF FINANCIAL INFORMATION – GIF1**

Form identifier 125

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

**Description**Sequence number . . . . . **0003** 01**Revenue – lines 8000 to 8299**

<b>8000</b>	13,325,430	<b>8089</b>	13,325,430	<b>8210</b>	-6,187
<b>8230</b>	-483,935	<b>8249</b>	6,187	<b>8299</b>	12,841,495

**Cost of sales – lines 8300 to 8519**

<b>8320</b>	10,792,163	<b>8518</b>	10,792,163	<b>8519</b>	2,533,267
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**Operating expenses – lines 8520 to 9369**

<b>8670</b>	194,087	<b>8714</b>	-12,116	<b>8964</b>	236,871
<b>9180</b>	14,843	<b>9270</b>	261,554	<b>9284</b>	757,946
<b>9367</b>	1,453,185	<b>9368</b>	12,245,348	<b>9369</b>	596,147

**Extraordinary items and taxes – lines 9970 to 9999**

<b>9970</b>	596,147	<b>9990</b>	216,655	<b>9995</b>	-88,378
<b>9999</b>	467,870				



- The purpose of this schedule is to provide a reconciliation between the corporation's net income (loss) as reported on the financial statements and its net income (loss) for tax purposes. For more information, see the T2 *Corporation Income Tax Guide*.
- All legislative references are to the *Income Tax Act*.

Enter amount E on line 300 of the T2 return.

Canada Revenue  
AgencyAgence du revenu  
du Canada**Dividends Received, Taxable Dividends Paid, and  
Part IV Tax Calculations****Schedule 3**

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

- This schedule is for the use of any corporation to report:
  - non-taxable dividends under section 83;
  - deductible dividends under subsection 138(6);
  - taxable dividends deductible from income under section 112, subsection 113(2) and paragraphs 113(1)(a), (b) or (d); or
  - taxable dividends paid in the tax year that qualify for a dividend refund.
- All legislative references are to the federal *Income Tax Act*.
- The calculations in this schedule apply only to private or subject corporations.
- A recipient corporation is **connected** with a payer corporation at any time in a tax year, if at that time the recipient corporation:
  - controls the payer corporation, other than because of a right referred to in paragraph 251(5)(b); or
  - owns more than 10% of the issued share capital (with full voting rights), and shares that have a fair market value of more than 10% of the fair market value of all shares of the payer corporation.
- If you need more space, continue on a separate schedule.
- File one completed copy of this schedule with your *T2 Corporation Income Tax Return*.
- Column A1 – Enter "X" if dividends received from a foreign source.
- Column F1 – Enter the amount of dividends received reported in column 240 that are eligible.
- Column F2 – Enter the code that applies to the deductible taxable dividend.

**Part 1 – Dividends received in the tax year**

- Do **not** include dividends received from foreign non-affiliates.
- Complete columns B, C, D, H and I **only** if the payer corporation is **connected**

**Important instructions to follow if the payer corporation is connected**

- If your corporation's tax year-end is different than that of the **connected** payer corporation, your corporation could have received dividends from more than one tax year of the payer corporation. If so, **use a separate line** to provide the information for each tax year of the payer corporation.
- When completing Column J and K use the **special calculations provided in the notes**.

A Name of payer corporation (from which the corporation received the dividend)	A1	B Enter 1 if payer corporation is <b>connected</b>	C Business Number of <b>connected</b> corporation	D Tax year-end of the payer corporation in which the sections 112/113 and subsection 138(6) dividends in column F were paid YYYY/MM/DD	E Non-taxable dividend under section 83
<b>200</b>		<b>205</b>	<b>210</b>	<b>220</b>	<b>230</b>
Total of column E (enter amount on line 402 of Schedule 1)					

F	F1	F2	G	H	I	J	K
Taxable dividends deductible from taxable income under section 112, subsections 113(2) and 138(6), and paragraphs 113(1)(a), (a.1),(b), or (d) <sup>note 1</sup>	Eligible dividends (included in column F)		Amount of dividend included in column F that was received <b>before 2016</b>	Total taxable dividends paid by <b>connected</b> payer corporation (for tax year in column D)	Dividend refund of the <b>connected</b> payer corporation (for tax year in column D) <sup>note 2</sup>	Dividends (from Column G) received <b>before 2016</b> <b>multiplied</b> by 33 1/3% <sup>note 3</sup>	Dividends received <b>after 2015</b> (column F <b>minus</b> column G) <b>multiplied</b> by 38 1/3% <sup>note 4</sup>
<b>240</b>			<b>241</b>	<b>250</b>	<b>260</b>	<b>270</b>	<b>275</b>
Total of column F (enter amount on line 320 of the T2 Return)						Total of column J (enter amount on line a in Part 2)	Total of column K (enter amount on line b in Part 2)

- 1 If taxable dividends are received, enter the amount in column 240, but if the corporation is not subject to Part IV tax (such as a public corporation other than a subject corporation as defined in subsection 186(3)), enter "0" in column 270 or column 275 as applicable. Life insurers are not subject to Part IV tax on subsection 138(6) dividends.
- 2 If the connected payer corporation's tax year ends after the corporation's balance-due day for the tax year (two or three months, as applicable), you have to estimate the payer's dividend refund when you calculate the corporation's Part IV tax payable.
- 3 For dividends received **before 2016** from **connected** corporations, Part IV tax on dividends is equal to: Column G **multiplied** by Column I **divided** by Column H.
- 4 For dividends received **after 2015** from **connected** corporations, Part IV tax on dividends is equal to: the result of Column F **minus** column G, **multiplied** by Column I **divided** by Column H.

Part 2 – Calculation of Part IV tax payable

Part IV tax on dividends received **before 2016**, before deductions (Total of column J in part 1) . . . \_\_\_\_\_ a

Part IV tax on dividends received **after 2015**, before deductions (Total of column K in part 1) . . . \_\_\_\_\_ b

Part IV tax before deductions (amount a **plus** amount b) . . . . . \_\_\_\_\_ **L**

**Deduct:**

Part IV.I tax payable on dividends subject to Part IV tax (from line 360 of Schedule 43) . . . . . **320** \_\_\_\_\_

Subtotal (amount L **minus** line 320) \_\_\_\_\_ **M**

**Deduct:**

Current-year non-capital loss claimed to reduce Part IV tax . . . . . **330** \_\_\_\_\_ c

Non-capital losses from previous years claimed to reduce Part IV tax . . . . . **335** \_\_\_\_\_ d

Current-year farm loss claimed to reduce Part IV tax . . . . . **340** \_\_\_\_\_ e

Farm losses from previous years claimed to reduce Part IV tax . . . . . **345** \_\_\_\_\_ f

Total losses applied against Part IV tax (total of amounts c to f) \_\_\_\_\_ g

**If your tax year begins after December 31, 2015:**

Amount g **multiplied** by 38 1 / 3 % . . . . . \_\_\_\_\_ h

**If your tax year begins before January 1, 2016:**

Amount b or M whichever is less

\_\_\_\_\_ ÷ 38 1 / 3 % . . . = \_\_\_\_\_ 1

Amount 1 or g, whichever is less . . . . . \_\_\_\_\_ 2

Amount g **minus** amount 2 . . . . . \_\_\_\_\_ 3

Amount 2 \_\_\_\_\_ x 38 1 / 3 % = \_\_\_\_\_ i

Amount 3 \_\_\_\_\_ x 33 1 / 3 % = \_\_\_\_\_ j

Subtotal (amount i **plus** amount j) \_\_\_\_\_ k

Amount h or amount k, whichever applies . . . . . \_\_\_\_\_ **N**

Part IV tax payable (amount M **minus** amount N, if negative enter "0") . . . . . **360** \_\_\_\_\_

(enter amount on line 712 of the T2 return)

**Part 3 – Taxable dividends paid in the tax year that qualify for a dividend refund**

If your corporation's tax year-end is different than that of the connected recipient corporation, your corporation could have paid dividends in more than one tax year of the recipient corporation. If so, use a separate line to provide the information for each tax year of the recipient corporation.

	O Name of connected recipient corporation  <b>400</b>	P Business Number  <b>410</b>	Q Tax year-end of connected recipient corporation in which the dividends in column R were received YYYY/MM/DD <b>420</b>	R Taxable dividends paid to connected corporations  <b>430</b>	R1 Eligible dividends (included in column R)
1	Corporation Ville de Hawkesbury	10698 4644 RC0001	2016-12-31	84,467	
Total of column R				84,467	
Total taxable dividends paid in the tax year to other than connected corporations				<b>450</b>	
Eligible dividends (included in line 450)				450a	
Total taxable dividends paid in the tax year that qualify for a dividend refund (total of column R plus line 450)				<b>460</b>	84,467

**Part 4 – Total dividends paid in the tax year**

Complete this part if the total taxable dividends paid in the tax year that qualify for a dividend refund (line 460) is different from the total dividends paid in the tax year.

Total taxable dividends paid in the tax year for the purposes of a dividend refund (from above)	84,467
Other dividends paid in the tax year (total of 510 to 540)	
Total dividends paid in the tax year	<b>500</b> 84,467

**Deduct:**

Dividends paid out of capital dividend account	<b>510</b>	
Capital gains dividends	<b>520</b>	
Dividends paid on shares described in subsection 129(1.2)	<b>530</b>	
Taxable dividends paid to a controlling corporation that was bankrupt at any time in the year	<b>540</b>	
Subtotal (total of lines 510 to 540)		▶ S
Total taxable dividends paid in the tax year that qualify for a dividend refund (Line 500 minus amount S)		84,467 T

Tax Calculation Supplementary – Corporations

Schedule 5

Corporation's name	Business Number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

- Use this schedule if, during the tax year, the corporation:
  - had a permanent establishment in more than one jurisdiction (corporations that have no taxable income should only complete columns A, B and D in Part 1);
  - is claiming provincial or territorial tax credits or rebates (see Part 2); or
  - has to pay taxes, other than income tax, for Newfoundland and Labrador, or Ontario (see Part 2).
- All legislative references mentioned in this schedule are from the *Income Tax Regulations*.
- For more information, see the *T2 Corporation – Income Tax Guide*.
- Enter the regulation number in field 100 of Part 1.

100

Enter the Regulation that applies (402 to 413).

A Jurisdiction Tick yes if the corporation had a permanent establishment in the jurisdiction during the tax year. *	B Total salaries and wages paid in jurisdiction	C (B x taxable income) / G	D Gross revenue	E (D x taxable income) / H	F Allocation of taxable income (C + E) x 1/2** (where either G or H is nil, do not multiply by 1/2)
Newfoundland and Labrador 003 1 Yes <input type="checkbox"/>	103		143		
Newfoundland and Labrador Offshore 004 1 Yes <input type="checkbox"/>	104		144		
Prince Edward Island 005 1 Yes <input type="checkbox"/>	105		145		
Nova Scotia 007 1 Yes <input type="checkbox"/>	107		147		
Nova Scotia Offshore 008 1 Yes <input type="checkbox"/>	108		148		
New Brunswick 009 1 Yes <input type="checkbox"/>	109		149		
Quebec 011 1 Yes <input type="checkbox"/>	111		151		
Ontario 013 1 Yes <input type="checkbox"/>	113		153		
Manitoba 015 1 Yes <input type="checkbox"/>	115		155		
Saskatchewan 017 1 Yes <input type="checkbox"/>	117		157		
Alberta 019 1 Yes <input type="checkbox"/>	119		159		
British Columbia 021 1 Yes <input type="checkbox"/>	121		161		
Yukon 023 1 Yes <input type="checkbox"/>	123		163		
Northwest Territories 025 1 Yes <input type="checkbox"/>	125		165		
Nunavut 026 1 Yes <input type="checkbox"/>	126		166		
Outside Canada 027 1 Yes <input type="checkbox"/>	127		167		
<b>Total</b>	<b>129</b> <b>G</b>		<b>169</b> <b>H</b>		

\* "Permanent establishment" is defined in subsection 400(2).  
 \*\* For corporations other than those described under section 402, use the appropriate calculation described in the Regulations to allocate taxable income.

- Notes:**
1. After determining the allocation of taxable income, you have to calculate the corporation's provincial or territorial tax payable. For more information on how to calculate the tax for each province or territory, see the instructions for Schedule 5 in the *T2 Corporation – Income Tax Guide*.
  2. If the corporation has provincial or territorial tax payable, complete Part 2.
  3. If the corporation is a member of a partnership and the partnership had a permanent establishment in a jurisdiction, select the jurisdiction in Column A and include your proportionate share of the partnership's salaries and wages and gross revenue in columns B and D, respectively.

**- Part 2 – Ontario tax payable, tax credits, and rebates**

Total taxable income	Income eligible for small business deduction	Provincial or territorial allocation of taxable income	Provincial or territorial tax payable before credits
1,034,550	500,000	1,034,550	83,973

**Ontario basic income tax** (from Schedule 500) . . . . . **270** 118,973**Deduct:** Ontario small business deduction (from Schedule 500) . . . . . **402** 35,000Subtotal 83,973 ▶ 83,973 A6**Add:**Ontario additional tax re Crown royalties (from Schedule 504) . . . . . **274**Ontario transitional tax debits (from Schedule 506) . . . . . **276**Recapture of Ontario research and development tax credit (from Schedule 508) . . . . . **277**Subtotal                      ▶ B6Subtotal (amount A6 **plus** amount B6) 83,973 C6**Deduct:**Ontario resource tax credit (from Schedule 504) . . . . . **404**Ontario tax credit for manufacturing and processing (from Schedule 502) . . . . . **406**Ontario foreign tax credit (from Schedule 21) . . . . . **408**Ontario credit union tax reduction (from Schedule 500) . . . . . **410**Ontario political contributions tax credit (from Schedule 525) . . . . . **415**Subtotal                      ▶ D6Subtotal (amount C6 **minus** amount D6) (if negative, enter "0") 83,973 E6**Deduct:** Ontario research and development tax credit (from Schedule 508) . . . . . **416**Ontario corporate income tax payable before Ontario corporate minimum tax credit and Ontario community food program donation tax credit for farmers (amount E6 **minus** amount on line 416) (if negative, enter "0") . . . . . 83,973 F6**Deduct:**Ontario corporate minimum tax credit (from Schedule 510) . . . . . **418**Ontario community food program donation tax credit for farmers (from Schedule 2) . . . . . **420**Ontario corporate income tax payable (amount F6 **minus** amounts on line 418 and line 420) (if negative, enter "0") . . . . . 83,973 G6**Add:**Ontario corporate minimum tax (from Schedule 510) . . . . . **278**Ontario special additional tax on life insurance corporations (from Schedule 512) . . . . . **280**Subtotal                      ▶ H6Total Ontario tax payable before refundable credits (amount G6 **plus** amount H6) . . . . . 83,973 I6**Deduct:**Ontario qualifying environmental trust tax credit . . . . . **450**Ontario co-operative education tax credit (from Schedule 550) . . . . . **452**Ontario apprenticeship training tax credit (from Schedule 552) . . . . . **454**Ontario computer animation and special effects tax credit (from Schedule 554) . . . . . **456**Ontario film and television tax credit (from Schedule 556) . . . . . **458**Ontario production services tax credit (from Schedule 558) . . . . . **460**Ontario interactive digital media tax credit (from Schedule 560) . . . . . **462**Ontario sound recording tax credit (from Schedule 562) . . . . . **464**Ontario book publishing tax credit (from Schedule 564) . . . . . **466**Ontario innovation tax credit (from Schedule 566) . . . . . **468**Ontario business-research institute tax credit (from Schedule 568) . . . . . **470**Subtotal                      ▶ J6**Net Ontario tax payable or refundable credit** (amount I6 **minus** amount J6) . . . . . **290** 83,973 K6

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

**Summary**

Enter the total net tax payable or refundable credits for all provinces and territories on line 255.

<b>Net provincial and territorial tax payable or refundable credits</b>	.....	<b>255</b>	<u>83,973</u>
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If the amount on line 255 is positive, enter the net provincial and territorial tax payable on line 760 of the T2 return.  
If the amount on line 255 is negative, enter the net provincial and territorial refundable tax credits on line 812 of the T2 return.

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## Schedule 8

## Capital Cost Allowance (CCA)

Corporation's name	Business Number	Tax year end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

For more information, see the section called "Capital Cost Allowance" in the *T2 Corporation Income Tax Guide*.

Is the corporation electing under *Regulation 1101(5q)*?

101

1 Yes ☐2 No ☒

1 Class number (See Note)	Description	2 Undepreciated capital cost at the beginning of the year (amount from column 12 of last year's schedule 8)	3 Cost of acquisitions during the year (new property must be available for use)*	4 Adjustments and transfers**	5 Proceeds of dispositions during the year (amount not to exceed the capital cost)	6 50% rule (1/2 of the amount, if any, by which the net cost of acquisitions exceeds column 5)***	7 Reduced undepreciated capital cost	8 CCA rate % ****	9 Recapture of capital cost allowance***** (line 107 of Schedule 1)	10 Terminal loss (line 404 of Schedule 1)	11 Capital cost allowance (for declining balance method, column 7 multiplied by column 8, or a lower amount) (line 403 of Schedule 1) *****	12 Undepreciated capital cost at the end of the year (column 6 plus column 7 minus column 11)
200		201	203	205	207	211		212	213	215	217	220
1. 1	Transm + Distr 1988 and later	742,991			0		742,991	4	0	0	29,720	713,271
2. 2	Transm + Distr before 1988	254,479			0		254,479	6	0	0	15,269	239,210
3. 8	Office equipment	15,834			0		15,834	20	0	0	3,167	12,667
4. 10	Computer	169			0		169	30	0	0	51	118
5. 1	Building	508,262			0		508,262	4	0	0	20,330	487,932
6. 8	Equipment (Tools)	7,210	7,415		0	3,708	10,917	20	0	0	2,183	12,442
7. 10	Rolling stock	2,591			0		2,591	30	0	0	777	1,814
8. 45	Computer 22-03-04 to 18-03-07	69			0		69	45	0	0	31	38
9. 47	Transm + Distr Feb 22, 2005 and later	1,952,223	277,595		0	138,798	2,091,020	8	0	0	167,282	2,062,536
10. 50	Computer > 18-03-07	1,142	844		0	422	1,564	55	0	0	860	1,126
11. 12	Software	2,907	3,999		0	2,000	4,906	100	0	0	4,906	2,000
12. 95	Construction in progress	1,653,353	1,153,904		0	576,952	2,230,305	0	0	0		2,807,257
13. 1b	Additions bâties		52,500		0	26,250	26,250	6	0	0	1,575	50,925
Totals		5,141,230	1,496,257			748,130	5,889,357				246,151	6,391,336



**Note:** Class numbers followed by a letter indicate the basic rate of the class taking into account the additional deduction allowed.

Class 1a:  $4\% + 6\% = 10\%$  (class 1 to 10%), class 1b:  $4\% + 2\% = 6\%$  (class 1 to 6%).

\* Include any property acquired in previous years that has now become available for use. This property would have been previously excluded from column 3. List separately any acquisitions that are not subject to the 50% rule, see *Regulation 1100(2)* and (2.2).

\*\* Enter in column 4, "Adjustments and transfers", amounts that increase or reduce the undepreciated capital cost.

Items that **increase** the undepreciated capital cost include amounts transferred under section 85, or transferred on amalgamation or winding-up of a subsidiary. Items that **reduce** the undepreciated capital cost include government assistance received or entitled to be received in the year, or a reduction of capital cost after the application of section 80. See the *T2 Corporation Income Tax Guide* for other examples of adjustments and transfers to include in column 4.

\*\*\* The net cost of acquisitions is the cost of acquisitions (column 3) **plus** or **minus** certain adjustments and transfers from column 4. For information on the exceptions to the 50% rule, as well as how to calculate the amounts to enter in column 6 in those cases, see Interpretation Bulletin IT-285, *Capital Cost Allowance - General Comments*.

\*\*\*\* Enter a rate only if you are using the declining balance method. For any other method (for example the straight-line method, where calculations are always based on the cost of acquisitions), enter N/A. Then enter the amount you are claiming in column 11.

\*\*\*\*\* For every entry in column 9, the "Recapture of capital cost allowance" there must be a corresponding entry in column 5, "Proceeds of dispositions during the year". The recapture and terminal loss rules do not apply to passenger vehicles in Class 10.1.

\*\*\*\*\* If the tax year is shorter than 365 days, prorate the CCA claim. Some classes of property do not have to be prorated. See the *T2 Corporation Income Tax Guide* for more information.

T2 SCH 8 (14)

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## SCHEDULE 10

## CUMULATIVE ELIGIBLE CAPITAL DEDUCTION

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

- For use by a corporation that has eligible capital property. For more information, see the *T2 Corporation Income Tax Guide*.
- A separate cumulative eligible capital account must be kept for each business.

## Part 1 – Calculation of current year deduction and carry-forward

<b>Cumulative eligible capital - Balance at the end of the preceding taxation year</b> (if negative, enter "0")	200	8,429	A
<b>Add:</b> Cost of eligible capital property acquired during the taxation year	222		
Other adjustments	226		
Subtotal (line 222 plus line 226)		x 3 / 4 =	B
Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an eligible capital property to the corporation after December 20, 2002	228	x 1 / 2 =	C
amount B minus amount C (if negative, enter "0")			D
Amount transferred on amalgamation or wind-up of subsidiary	224		E
Subtotal (add amounts A, D, and E)	230	8,429	F
<b>Deduct:</b> Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all eligible capital property during the taxation year	242		G
The gross amount of a reduction in respect of a forgiven debt obligation as provided for in subsection 80(7)	244		H
Other adjustments	246		I
(add amounts G, H, and I)		x 3 / 4 =	248 J
<b>Cumulative eligible capital balance</b> (amount F minus amount J)		8,429	K
(if amount K is negative, enter "0" at line M and proceed to Part 2)			
Cumulative eligible capital for a property no longer owned after ceasing to carry on that business	249		
amount K		8,429	
less amount from line 249			
<b>Current year deduction</b>		8,429 x 7.00 % =	250 590 *
(line 249 plus line 250) (enter this amount at line 405 of Schedule 1)		590	590 L
<b>Cumulative eligible capital - Closing balance</b> (amount K minus amount L) (if negative, enter "0")	300	7,839	M

\* You can claim any amount up to the maximum deduction of 7%. The deduction may not exceed the maximum amount prorated by the number of days in the taxation year divided by 365.

**Part 2 – Amount to be included in income arising from disposition**

(complete this part only if the amount at line K is negative)

Amount from line K (show as positive amount)				N
Total of cumulative eligible capital (CEC) deductions from income for taxation years beginning after June 30, 1988	400		1	
Total of all amounts which reduced CEC in the current or prior years under subsection 80(7)	401		2	
Total of CEC deductions claimed for taxation years beginning before July 1, 1988	402		3	
Negative balances in the CEC account that were included in income for taxation years beginning before July 1, 1988	408		4	
Line 3 minus line 4 (if negative, enter "0")			5	
Total of lines 1, 2 and 5			6	
Amounts included in income under paragraph 14(1)(b), as that paragraph applied to taxation years ending after June 30, 1988 and before February 28, 2000, to the extent that it is for an amount described at line 400			7	
Amounts at line T from Schedule 10 of previous taxation years ending after February 27, 2000			8	
Subtotal (line 7 plus line 8)	409		9	
Line 6 minus line 9 (if negative, enter "0")				O
Line N minus line O (if negative, enter "0")				P
		Line 5	x 1 / 2 =	Q
Line P minus line Q (if negative, enter "0")				R
		Amount R	x 2 / 3 =	S
Amount N or amount O, whichever is less				T
<b>Amount to be included in income</b> (amount S plus amount T) (enter this amount on line 108 of Schedule 1)			410	

SHAREHOLDER INFORMATION

Name of corporation	Business Number	Tax year end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

All private corporations must complete this schedule for any shareholder who holds 10% or more of the corporation's common and/or preferred shares.

Provide only one number per shareholder

Name of shareholder (after name, indicate in brackets if the shareholder is a corporation, partnership, individual, or trust)		Business Number (If a corporation is not registered, enter "NR")	Social insurance number	Trust number	Percentage common shares	Percentage preferred shares
100		200	300	350	400	500
1	THE CORPORATION OF THE TOWN OF HAWKESBURY	10698 4644 RC0001			100.000	
2						
3						
4						
5						
6						
7						
8						
9						
10						

General Rate Income Pool (GRIP) Calculation

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

On: 2016-12-31

- If you are a Canadian-controlled private corporation (CCPC) or a deposit insurance corporation (DIC), use this schedule to determine the general rate income pool (GRIP).
- When an eligible dividend was paid in the tax year, file a completed copy of this schedule with your *T2 Corporation Income Tax Return*. Do not send your worksheets with your return, but keep them in your records in case we ask to see them later.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool, and low rate income pool.

Eligibility for the various additions

Answer the following questions to determine the corporation's eligibility for the various additions:

2006 addition

1. Is this the corporation's first taxation year that includes January 1, 2006?

☐ Yes ☒ No
2. If not, what is the date of the taxation year end of the corporation's first year that includes January 1, 2006?  
Enter the date and go directly to question 4

2006-12-31
3. During that first year, was the corporation a CCPC or would it have been a CCPC if not for the election of subsection 89(11) ITA?

☒ Yes ☐ No
- If the answer to question 3 is yes, complete Part "GRIP addition for 2006".

Change in the type of corporation

4. Was the corporation a CCPC during its preceding taxation year?

☒ Yes ☐ No
5. Corporations that become a CCPC or a DIC

☐ Yes ☒ No
- If the answer to question 5 is yes, complete Part 4.

Amalgamation (first year of filing after amalgamation)

6. Corporations that were formed as a result of an amalgamation

☐ Yes ☒ No

If the answer to question 6 is yes, answer questions 7 and 8. If the answer is no, go to question 9.
7. Was one or more of the predecessor corporations neither a CCPC nor a DIC?

☐ Yes ☐ No

If the answer to question 7 is yes, complete Part 4.
8. Was one or more of the predecessor corporation a CCPC or a DIC during the taxation year that ended immediately before amalgamation?

☐ Yes ☐ No

If the answer to question 8 is yes, complete Part 3.

Winding-up

9. Has the corporation wound-up a subsidiary in the preceding taxation year?

☐ Yes ☒ No

If the answer to question 9 is yes, answer questions 10 and 11. If the answer is no, go to Part 1.
10. Was the subsidiary neither a CCPC nor a DIC during its last taxation year?

☐ Yes ☐ No

If the answer to question 10 is yes, complete Part 4.
11. Was the subsidiary a CCPC or a DIC during its last taxation year?

☐ Yes ☐ No

If the answer to question 11 is yes, complete Part 3.

**Part 1 – General rate income pool (GRIP)**

GRIP at the end of the previous tax year	100	1,117,062	A
Taxable income for the year (DICs enter "0") *	110	1,034,550	B
Income for the credit union deduction * (amount E in Part 3 of Schedule 17)	120		
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less *	130	500,000	
For a CCPC, the lesser of aggregate investment income (line 440 of the T2 return) and taxable income *	140		
Subtotal (add lines 120, 130, and 140)		500,000	C
Income taxable at the general corporate rate (amount B minus amount C) (if negative enter "0")	150	534,550	
After-tax income (line 150 multiplied by 0.72 (the general rate factor for the tax year))	190	384,876	D
Eligible dividends received in the tax year	200		
Dividends deductible under section 113 received in the tax year	210		
Subtotal (line 200 plus line 210)			E
GRIP addition:			
Becoming a CCPC (amount PP in Part 4)	220		
Post-amalgamation (total of amounts EE in Part 3 and amounts PP in Part 4)	230		
Post-wind-up (total of amounts EE in Part 3 and amounts PP in Part 4)	240		
Subtotal (add lines 220, 230, and 240)	290		F
Subtotal (add amounts A, D, E, and F)		1,501,938	G
Eligible dividends paid in the previous tax year	300		
Excessive eligible dividend designations made in the previous tax year	310		
(If becoming a CCPC (subsection 89(4) applies), enter "0" on lines 300 and 310.)			
Subtotal (line 300 minus line 310)			H
GRIP before adjustment for specified future tax consequences (amount G minus amount H) (amount can be negative)	490	1,501,938	
Total GRIP adjustment for specified future tax consequences to previous tax years (amount W in Part 2)	560		
GRIP at the end of the tax year (line 490 minus line 560)	590	1,501,938	

Enter this amount on line 160 of Schedule 55.

\* For lines 110, 120, 130, and 140, the income amount is the amount before considering specified future tax consequences. This phrase is defined in subsection 248(1). It includes the deduction of a loss carryback from subsequent tax years, a reduction of Canadian exploration expenses and Canadian development expenses that were renounced in subsequent tax years (e.g., flow-through share renunciations), reversals of income inclusions where an option is exercised in subsequent tax years, and the effect of certain foreign tax credit adjustments.

**Part 2 – GRIP adjustment for specified future tax consequences to previous tax years**

Complete this part if the corporation's taxable income of any of the previous three tax years took into account the specified future tax consequences defined in subsection 248(1) from the current tax year. Otherwise, enter "0" on line 560.

First previous tax year 2015-12-31

Taxable income before specified future tax consequences from the current tax year	758,755	J1
Enter the following amounts before specified future tax consequences from the current tax year:		
Income for the credit union deduction (amount E in Part 3 of Schedule 17)		K1
Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less	500,000	L1
Aggregate investment income (line 440 of the T2 return)		M1
Subtotal (add amounts K1, L1, and M1)	500,000	N1
Subtotal (amount J1 minus amount N1) (if negative, enter "0")	258,755	O1

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences . . . . . P1

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . Q1

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . R1

Aggregate investment income (line 440 of the T2 return) . . . . . S1

Subtotal (add amounts Q1, R1, and S1) ► T1

Subtotal (amount P1 minus amount T1) (if negative, enter "0") ► U1

Subtotal (amount O1 minus amount U1) (if negative, enter "0") ► V1

**GRIP adjustment for specified future tax consequences to the first previous tax year**

(amount V1 multiplied by 0.72 ) . . . . . **500**

**Second previous tax year** 2014-12-31

Taxable income before specified future tax consequences from the current tax year . . . . . 747,850 J2

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . K2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . 500,000 L2

Aggregate investment income (line 440 of the T2 return) . . . . . M2

Subtotal (add amounts K2, L2, and M2) 500,000 ► 500,000 N2

Subtotal (amount J2 minus amount N2) (if negative, enter "0") 247,850 ► 247,850 O2

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences . . . . . P2

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) . . . Q2

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less . . . R2

Aggregate investment income (line 440 of the T2 return) . . . . . S2

Subtotal (add amounts Q2, R2, and S2) ► T2

Subtotal (amount P2 minus amount T2) (if negative, enter "0") ► U2

Subtotal (amount O2 minus amount U2) (if negative, enter "0") ► V2

**GRIP adjustment for specified future tax consequences to the second previous tax year**

(amount V2 multiplied by 0.72 ) . . . . . **520**

Part 2 – GRIP adjustment for specified future tax consequences to previous tax years (continued)

Third previous tax year 2013-12-31

Taxable income before specified future tax consequences from the current tax year 327,394 J3

Enter the following amounts before specified future tax consequences from the current tax year:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) K3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less 327,394 L3

Aggregate investment income (line 440 of the T2 return) M3

Subtotal (add amounts K3, L3, and M3) 327,394 327,394 N3

Subtotal (amount J3 minus amount N3) (if negative, enter "0") O3

Future tax consequences that occur for the current year					
Amount carried back from the current year to a prior year					
Non-capital loss carry-back (paragraph 111 (1)(a) ITA)	Capital loss carry-back	Restricted farm loss carry-back	Farm loss carry-back	Other	Total carrybacks

Taxable income after specified future tax consequences P3

Enter the following amounts after specified future tax consequences:

Income for the credit union deduction (amount E in Part 3 of Schedule 17) Q3

Amount on line 400, 405, 410, or 425 of the T2 return, whichever is less R3

Aggregate investment income (line 440 of the T2 return) S3

Subtotal (add amounts Q3, R3, and S3) T3

Subtotal (amount P3 minus amount T3) (if negative, enter "0") U3

Subtotal (amount O3 minus amount U3) (if negative, enter "0") V3

GRIP adjustment for specified future tax consequences to the third previous tax year

(amount V3 multiplied by 0.72 ) 540

Total GRIP adjustment for specified future tax consequences to previous tax years: (add lines 500, 520, and 540) (if negative, enter "0") W

Enter amount W on line 560 in part 1.

Part 3 – Worksheet to calculate the GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year)

nb. 1 Post amalgamation Post wind-up

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary corporation was a CCPC or a DIC in its last tax year. In the calculation below, **corporation** means a predecessor or a subsidiary. The last tax year for a predecessor corporation was its tax year that ended immediately before the amalgamation and for a subsidiary corporation was its tax year during which its assets were distributed to the parent on the wind-up.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Corporation's GRIP at the end of its last tax year AA

Eligible dividends paid by the corporation in its last tax year BB

Excessive eligible dividend designations made by the corporation in its last tax year CC

Subtotal (amount BB minus amount CC) DD

GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was a CCPC or a DIC in its last tax year) EE

(amount AA minus amount DD)

After you complete this calculation for each predecessor and each subsidiary, calculate the total of all the EE amounts. Enter this total amount on:

- line 230 for post-amalgamation; or
- line 240 for post-wind-up.



**Part 4 – Worksheet to calculate the GRIP addition post-amalgamation, post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC****nb. 1** Corporation becoming a CCPC ☐ Post amalgamation ☐ Post wind-up ☐

Complete this part when there has been an amalgamation (within the meaning assigned by subsection 87(1)) or a wind-up (to which subsection 88(1) applies) and the predecessor or subsidiary was not a CCPC or a DIC in its last tax year. Also, use this part for a corporation becoming a CCPC. In the calculation below, **corporation** means a corporation becoming a CCPC, a predecessor, or a subsidiary.

For a post-wind-up, include the GRIP addition in calculating the parent's GRIP at the end of its tax year that immediately follows the tax year during which it receives the assets of the subsidiary.

Complete a separate worksheet for **each** predecessor and **each** subsidiary that was not a CCPC or a DIC in its last tax year. Keep a copy of this calculation for your records, in case we ask to see it later.

Cost amount to the corporation of all property immediately before the end of its previous/last tax year ..... FF

The corporation's money on hand immediately before the end of its previous/last tax year ..... GG

Total of subsection 111(1) losses that would have been deductible in calculating the corporation's taxable income for the previous/last tax year if the corporation had had unlimited income from each business carried on and each property held and had realized an unlimited amount of capital gains for the previous/last tax year:

Non-capital losses	.....	a
Net capital losses	.....	b
Farm losses	.....	c
Restricted farm losses	.....	d
Limited partnership losses	.....	e
Subtotal (add amounts a to e)	.....	1

Total of all amounts deducted under subsection 111(1) in calculating the corporation's taxable income for the previous/last tax year:

Non-capital losses	.....	f
Net capital losses	.....	g
Farm losses	.....	h
Restricted farm losses	.....	i
Limited partnership losses	.....	j
Subtotal (add amounts f to j)	.....	2

Unused and unexpired losses at the end of the corporation's previous/last tax year  
(amount 1 minus amount 2) ..... HH

Subtotal (add amounts FF, GG, and HH) ..... II

All the corporation's debts and other obligations to pay that were outstanding immediately before the end of its previous/last tax year ..... JJ

Paid-up capital of all the corporation's issued and outstanding shares of capital stock immediately before the end of its previous/last tax year ..... KK

All the corporation's reserves deducted in its previous/last tax year ..... LL

The corporation's capital dividend account immediately before the end of its previous/last tax year ..... MM

The corporation's low rate income pool immediately before the end of its previous/last tax year ..... NN

Subtotal (add amounts JJ to NN) ..... OO

**GRIP addition post-amalgamation or post-wind-up (predecessor or subsidiary was not a CCPC or a DIC in its last tax year), or the corporation is becoming a CCPC** (amount II minus amount OO) (if negative, enter "0") ..... PP

After you complete this worksheet for each predecessor and each subsidiary, calculate the total of all the PP amounts. Enter this total amount on:

- line 220 for a corporation becoming a CCPC;
- line 230 for post-amalgamation; or
- line 240 for post-wind-up.

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Schedule 55

## Part III.1 Tax on Excessive Eligible Dividend Designations

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

- Every corporation resident in Canada that pays a taxable dividend (other than a capital gains dividend within the meaning assigned by subsection 130.1(4) or 131(1)) in the tax year must file this schedule.
- Canadian-controlled private corporations (CCPC) and deposit insurance corporations (DIC) must complete Part 1 of this schedule. All other corporations must complete Part 2.
- Every corporation that has paid an eligible dividend must also file Schedule 53, *General Rate Income Pool (GRIP) Calculation*, or Schedule 54, *Low Rate Income Pool (LRIP) Calculation*, whichever is applicable.
- File the completed schedules with your *T2 Corporation Income Tax Return* no later than six months from the end of the tax year.
- All legislative references are to the *Income Tax Act* and the *Income Tax Regulations*.
- Subsection 89(1) defines the terms eligible dividend, excessive eligible dividend designation, general rate income pool (GRIP), and low rate income pool (LRIP).
- The calculations in Part 1 and Part 2 do not apply if the excessive eligible dividend designation arises from the application of paragraph (c) of the definition of excessive eligible dividend designation in subsection 89(1). This paragraph applies when an eligible dividend is paid to artificially maintain or increase the GRIP or to artificially maintain or decrease the LRIP.

Do not use this area

## Part 1 – Canadian-controlled private corporations and deposit insurance corporations

Taxable dividends paid in the tax year <b>not included</b> in Schedule 3	_____	
Taxable dividends paid in the tax year <b>included</b> in Schedule 3	84,467	
Total taxable dividends paid in the tax year	<b>100</b> 84,467	
Total eligible dividends paid in the tax year	<b>150</b> _____	A
GRIP at the end of the tax year (line 590 on Schedule 53) (if negative, enter "0")	<b>160</b> 1,501,938	B
Excessive eligible dividend designation (line 150 <b>minus</b> line 160)	_____	C
<b>Deduct:</b>		
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	<b>180</b> _____	D
Subtotal (amount C <b>minus</b> amount D)	_____	E
<b>Part III.1 tax on excessive eligible dividend designations – CCPC or DIC</b> (amount E <b>multiplied by</b> 20 %) <b>190</b>	_____	F
Enter the amount from line 190 on line 710 of the T2 return.		

## Part 2 – Other corporations

Taxable dividends paid in the tax year <b>not included</b> in Schedule 3	_____	
Taxable dividends paid in the tax year <b>included</b> in Schedule 3	_____	
Total taxable dividends paid in the tax year	<b>200</b> _____	
Total excessive eligible dividend designations in the tax year (amount from line A of Schedule 54)	_____	G
<b>Deduct:</b>		
Excessive eligible dividend designations elected under subsection 185.1(2) to be treated as ordinary dividends *	<b>280</b> _____	H
Subtotal (amount G <b>minus</b> amount H)	_____	I
<b>Part III.1 tax on excessive eligible dividend designations – Other corporations</b> (amount I <b>multiplied by</b> 20 %) <b>290</b>	_____	J
Enter the amount from line 290 on line 710 of the T2 return.		

\* You can elect to treat all or part of your excessive eligible dividend designation as a separate taxable dividend in order to eliminate or reduce the Part III.1 tax otherwise payable. You must file the election on or before the day that is 90 days **after** the day the notice of assessment for Part III.1 tax was sent. We will accept an election before the assessment of the tax. For more information on how to make this election, go to [www.cra.gc.ca/eligibledividends](http://www.cra.gc.ca/eligibledividends).

Ontario Corporation Tax Calculation

Corporation's name	Business number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

- Use this schedule if the corporation had a permanent establishment (as defined in section 400 of the federal *Income Tax Regulations*) in Ontario at any time in the tax year and had Ontario taxable income in the year.
- All legislative references are to the federal *Income Tax Act* and *Income Tax Regulations*.
- This schedule is a worksheet only. You do not have to file it with your *T2 Corporation Income Tax Return*.

Part 1 – Ontario basic rate of tax for the year

Ontario basic rate of tax for the year	11.5 %	A
--	--------	---

Part 2 – Calculation of Ontario basic income tax

Ontario taxable income *	1,034,550	B
Ontario basic income tax: amount B multiplied by Ontario basic rate of tax for the year (rate A from Part 1)	118,973	C

If the corporation has a permanent establishment in more than one jurisdiction, or is claiming an Ontario tax credit in addition to Ontario basic income tax, or has Ontario corporate minimum tax or Ontario special additional tax on life insurance corporations payable, enter amount C on line 270 of Schedule 5, *Tax Calculation Supplementary – Corporations*. Otherwise, enter it on line 760 of the T2 return.

\* If the corporation has a permanent establishment only in Ontario, enter the amount from line 360 or line Z, whichever applies, of the T2 return. Otherwise, enter the taxable income allocated to Ontario from column F in Part 1 of Schedule 5.

**Part 3 – Ontario small business deduction (OSBD)**

Complete this part if the corporation claimed the federal small business deduction under subsection 125(1) or would have claimed it if subsection 125(5.1) had not been applicable in the tax year.

Income from active business carried on in Canada (amount from line 400 of the T2 return)	1,034,550	1
Federal taxable income, less adjustment for foreign tax credit (amount from line 405 of the T2 return)	1,034,550	2
Federal business limit before the application of subsection 125(5.1) (amount from line 410 of the T2 return)	500,000	3

**Ontario business limit reduction:**

Amount from line 3 500,000 a

**Deduct:**

Amount from line E of the T2 return  $\times \frac{\text{Number of days in the tax year after May 1, 2014}}{\text{Number of days in the tax year}} = \frac{366}{366} =$  b

Reduced Ontario business limit (amount a **minus** amount b) (if negative, enter "0") 500,000 c

Business limit the CCPC assigns under subsection 125(3.2) ITA d

Amount c **minus** amount d 500,000 **▶** 500,000 4

Enter the least of amounts 1, 2, 3, and 4 500,000 D

Ontario domestic factor (ODF):  $\frac{\text{Ontario taxable income}^*}{\text{Taxable income earned in all provinces and territories}^{**}} = \frac{1,034,550.00}{1,034,550} =$  1.00000 E

Amount D  $\times$  ODF (line E) 500,000 e

Ontario taxable income (amount B from Part 2) 1,034,550 f

Reduced Ontario business limit (amount e **minus** amount f) (if negative, enter "0") 500,000 F

OSBD rate for the year 7 % G

**Ontario small business deduction:** amount F **multiplied** by rate G 35,000 H

Enter amount H on line 402 of Schedule 5.

\* Enter amount B from Part 2.

\*\* Includes the offshore jurisdictions for Nova Scotia and Newfoundland and Labrador.

**Part 4 – Ontario adjusted small business income**

Complete this part if the corporation was a Canadian-controlled private corporation throughout the tax year and is claiming the Ontario tax credit for manufacturing and processing or the Ontario credit union tax reduction.

**Ontario adjusted small business income** (lesser of amount D and amount d from Part 3) 500,000 I

Enter amount I on line K in Part 5 of this schedule or on line B in Part 2 of Schedule 502, *Ontario Tax Credit for Manufacturing and Processing*, whichever applies.

**Part 5 – Calculation of credit union tax reduction**

Complete this part and Schedule 17, *Credit Union Deductions*, if the corporation was a credit union throughout the tax year.

Amount D from Part 3 of Schedule 17 . . . . . J

**Deduct:**

Ontario adjusted small business income (amount I from Part 4) . . . . . K

Subtotal (amount J **minus** amount K) (if negative, enter "0") . . . . . L

Amount L **multiplied** by rate G from Part 3 . . . . . M

Ontario domestic factor (line E from Part 3) . . . . . 1.00000 N

**Ontario credit union tax reduction** (amount M **multiplied** by ODF from line N) . . . . . O

Enter amount O on line 410 of Schedule 5.

**CORPORATIONS INFORMATION ACT ANNUAL RETURN FOR ONTARIO CORPORATIONS**

Name of corporation	Business Number	Tax year-end Year Month Day
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	89059 2611 RC0001	2016-12-31

- This schedule should be completed by a corporation that is incorporated, continued, or amalgamated in Ontario and subject to the Ontario *Business Corporations Act* (BCA) or Ontario *Corporations Act* (CA), except for registered charities under the federal *Income Tax Act*. This completed schedule serves as a *Corporations Information Act* Annual Return under the *Ontario Corporations Information Act*.
- Complete parts 1 to 4. Complete parts 5 to 7 only to report change(s) in the information recorded on the Ontario Ministry of Government Services (MGS) public record.
- This schedule must set out the required information for the corporation as of the date of delivery of this schedule.
- A completed Ontario *Corporations Information Act* Annual Return must be delivered within six months after the end of the corporation's tax year-end. The MGS considers this return to be delivered on the date that it is filed with the Canada Revenue Agency (CRA) together with the corporation's income tax return.
- It is the corporation's responsibility to ensure that the information shown on the MGS public record is accurate and up-to-date. To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. Visit [www.ServiceOntario.ca](http://www.ServiceOntario.ca) for more information.
- This schedule contains non-tax information collected under the authority of the Ontario *Corporations Information Act*. This information will be sent to the MGS for the purposes of recording the information on the public record maintained by the MGS.

**Part 1 – Identification**

<b>100</b> Corporation's name (exactly as shown on the MGS public record)	HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.		
Jurisdiction incorporated, continued, or amalgamated, whichever is the most recent	<b>110</b> Date of incorporation or amalgamation, whichever is the most recent	Year Month Day	<b>120</b> Ontario Corporation No.
Ontario		2000-10-25	1436779

**Part 2 – Head or registered office address (P.O. box not acceptable as stand-alone address)**

<b>200</b> Care of (if applicable)			
<b>210</b> Street number	<b>220</b> Street name/Rural route/Lot and Concession number	<b>230</b> Suite number	
850	Tupper Street		
<b>240</b> Additional address information if applicable (line 220 must be completed first)			
<b>250</b> Municipality (e.g., city, town)	<b>260</b> Province/state	<b>270</b> Country	<b>280</b> Postal/zip code
Hawkesbury	ON	CA	K6A 3S7

**Part 3 – Change identifier**

Have there been any changes in any of the information most recently filed for the public record maintained by the MGS for the corporation with respect to names, addresses for service, and the date elected/appointed and, if applicable, the date the election/appointment ceased of the directors and five most senior officers, or with respect to the corporation's mailing address or language of preference? To review the information shown for the corporation on the public record maintained by the MGS, obtain a Corporation Profile Report. For more information, visit [www.ServiceOntario.ca](http://www.ServiceOntario.ca).

**300** ☐ 1 If there have been no changes, enter 1 in this box and then go to "Part 4 – Certification."  
If there are changes, enter 2 in this box and complete the applicable parts on the next page, and then go to "Part 4 – Certification."

**Part 4 – Certification**

I certify that all information given in this *Corporations Information Act* Annual Return is true, correct, and complete.

**450** POULIN **451** MICHEL  
Last name First name

**454** \_\_\_\_\_,  
Middle name(s)

**460** ☐ 1 Please enter one of the following numbers in this box for the above-named person: 1 for director, 2 for officer, or 3 for other individual having knowledge of the affairs of the corporation. If you are a director and officer, enter 1 or 2.

Note: Sections 13 and 14 of the Ontario *Corporations Information Act* provide penalties for making false or misleading statements or omissions.

Complete the applicable parts to report changes in the information recorded on the MGS public record.

**Part 5 – Mailing address**

<b>500</b>	<input type="checkbox"/> Please enter one of the following numbers in this box: <div style="display: flex; flex-direction: column; margin-left: 10px;"> <div>1 - Show no mailing address on the MGS public record.</div> <div>2 - The corporation's mailing address is the same as the head or registered office address in Part 2 of this schedule.</div> <div>3 - The corporation's complete mailing address is as follows:</div> </div>							
<b>510</b>	Care of (if applicable)							
<b>520</b>	Street number	<b>530</b>	Street name/Rural route/Lot and Concession number	<b>540</b>	Suite number			
<b>550</b>	Additional address information if applicable (line 530 must be completed first)							
<b>560</b>	Municipality (e.g., city, town)		<b>570</b>	Province/state	<b>580</b>	Country	<b>590</b>	Postal/zip code

**Part 6 – Language of preference**

<b>600</b>	<input type="checkbox"/> Indicate your language of preference by entering <b>1</b> for English or <b>2</b> for French. This is the language of preference recorded on the MGS public record for communications with the corporation. It may be different from line 990 on the T2 return.
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Corporate Taxpayer Summary

Corporate information

Corporation's name . . . . .HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.

Taxation Year . . . . .2016-01-01 to 2016-12-31

Jurisdiction . . . . .Ontario

BC	AB	SK	MB	ON	QC	NB	NS	NO	PE	NL	XO	YT	NT	NU	OC
<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Corporation is associated . . . . .N

Corporation is related . . . . .N

Number of associated corporations . . . . .

Type of corporation . . . . .Canadian-Controlled Private Corporation

Total amount due (refund) federal and provincial\* . . . . .70,585

\* The amounts displayed on lines "Total amount due (refund) federal and provincial" are all listed in the help. Press F1 to consult the context-sensitive help.

Summary of federal information

Net income . . . . .	1,034,550
Taxable income . . . . .	1,034,550
Donations . . . . .	
Calculation of income from an active business carried on in Canada . . . . .	1,034,550
Dividends paid . . . . .	84,467
Dividends paid – Regular . . . . .	84,467
Dividends paid – Eligible . . . . .	
Balance of the low rate income pool at the end of the previous year . . . . .	
Balance of the low rate income pool at the end of the year . . . . .	
Balance of the general rate income pool at the end of the previous year . . . . .	1,117,062
Balance of the general rate income pool at the end of the year . . . . .	1,501,938
Part I tax (base amount) . . . . .	393,129

<b>Credits against part I tax</b>	<b>Summary of tax</b>	<b>Refunds/credits</b>
Small business deduction . . . . .87,500	Part I . . . . .132,682	ITC refund . . . . .
M&P deduction . . . . .	Part IV . . . . .	Dividends refund . . . . .
Foreign tax credit . . . . .	Part III.1 . . . . .	Instalments . . . . .146,070
Investment tax credits . . . . .	Other* . . . . .	Surtax credit . . . . .
Abatement/Other* . . . . .172,947	Provincial or territorial tax . . . . .83,973	Other* . . . . .
		<b>Balance due/refund (–)</b> . . . . .70,585

\* The amounts displayed on lines "Other" are all listed in the Help. Press F1 to consult the context-sensitive help.

Summary of federal carryforward/carryback information

Carryforward balances

Cumulative eligible capital . . . . .7,839



**Summary of provincial information – provincial income tax payable**

	Ontario	Québec (CO-17)	Alberta (AT1)
Net income . . . . .	1,034,550		
Taxable income . . . . .	1,034,550		
% Allocation . . . . .	100.00		
Attributed taxable income . . . . .	1,034,550		
Tax payable before deduction* . . . . .	118,973		
Deductions and credits . . . . .	35,000		
Net tax payable . . . . .	83,973		
Attributed taxable capital . . . . .	N/A		N/A
Capital tax payable** . . . . .	N/A		N/A
Total tax payable*** . . . . .	83,973		
Instalments and refundable credits . . . . .			
Balance due/Refund (-) . . . . .	83,973		
<b>Logging tax payable (COZ-1179)</b>			
Tax payable . . . . .	N/A		N/A

\* For Québec, this includes special taxes.

\*\* For Québec, this includes compensation tax and registration fee.

\*\*\* For Ontario, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations. The Balance due/Refund is included in the federal Balance due/refund.

**Summary – taxable capital****Federal**

Corporate name	Taxable capital used to calculate the business limit reduction (T2, line 415)	Taxable capital used to calculate the SR&ED expenditure limit for a CCPC (Schedules 31 and 49)	Taxable capital used to calculate line 233 of the T2 return	Taxable capital used to calculate line 234 of the T2 return
HYDRO HAWKESBURY INC. / HAWKESBURY HYDRO INC.	4,083,171	4,083,171	4,466,574	4,466,574
Total	4,083,171	4,083,171	4,466,574	4,466,574

**Québec**

Corporate name	Paid-up capital used to calculate the Québec business limit reduction (CO-771) and to calculate the additional deduction for transportation costs of remote manufacturing SMEs (CO-156.TR)	Paid-up capital used to calculate the tax credit for investment (CO-1029.8.36.IN)	Paid-up capital used to calculate the 1 million deduction (CO-1137.A and CO-1137.E)
Total			

Ontario

Corporate name	Specified capital used to calculate the expenditure limit – Ontario innovation tax credit (Schedule 566)
Total	

Other provinces

Corporate name	Capital used to calculate the Newfoundland and Labrador capital deduction on financial institutions (Schedule 306)
Total	

## Five-Year Comparative Summary

	Current year	1st prior year	2nd prior year	3rd prior year	4th prior year
<b>Federal information (T2)</b>					
Taxation year end	<b>2016-12-31</b>	<b>2015-12-31</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Net income	1,034,550	758,755	747,850	480,381	309,170
Taxable income	1,034,550	758,755	747,850	327,394	
Active business income	1,034,550	758,755	747,850	480,381	309,170
Dividends paid	84,467	84,467	84,467	84,467	84,467
Dividends paid – Regular	84,467	84,467	84,467	84,467	84,467
Dividends paid – Eligible					
LRIP – end of the previous year					
LRIP – end of the year					
GRIP – end of the previous year	1,117,062	930,758	752,306	752,306	752,306
GRIP – end of the year	1,501,938	1,117,062	930,758	752,306	752,306
Donations					
Balance due/refund (-)	70,585	2,889	143,181	37,307	
<b>Line 996 – Amended tax return</b>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Loss carrybacks requested in prior years to reduce taxable income</b>					
Taxation year end	<b>2016-12-31</b>	<b>2015-12-31</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Taxable income before loss carrybacks	N/A	N/A	747,850	327,394	
Non-capital losses	N/A	N/A			
Net capital losses (50%)	N/A	N/A			
Restricted farm losses	N/A	N/A			
Farm losses	N/A	N/A			
Listed personal property losses (50%)	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted taxable income after loss carrybacks	N/A	N/A	747,850	327,394	
<b>Losses in the current year carried back to previous years to reduce taxable income (according to Schedule 4)</b>					
Taxation year end	<b>2016-12-31</b>	<b>2015-12-31</b>	<b>2014-12-31</b>	<b>2013-12-31</b>	<b>2012-12-31</b>
Adjusted taxable income before current year loss carrybacks*	N/A	758,755	747,850	327,394	N/A
Non-capital losses	N/A				N/A
Net capital losses (50%)	N/A				N/A
Restricted farm losses	N/A				N/A
Farm losses	N/A				N/A
Listed personal property losses (50%)	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted taxable income after loss carrybacks	N/A	758,755	747,850	327,394	N/A

\* The adjusted taxable income before current year loss carryback takes into account loss carrybacks that were made in prior taxation years.

**Loss carrybacks requested in prior years to reduce taxable dividends subject to Part IV tax**

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before loss carrybacks	N/A	N/A			
Non-capital losses	N/A	N/A			
Farm losses	N/A	N/A			
Total loss carried back to prior years	N/A	N/A			
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A	N/A			

**Losses in the current year carried back to previous years to reduce taxable dividends subject to Part IV tax (according to Schedule 4)**

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Adjusted Part IV tax multiplied by the multiplication factor**, before current-year loss carrybacks***	N/A				N/A
Non-capital losses	N/A				N/A
Farm losses	N/A				N/A
Total current year losses carried back to prior years	N/A				N/A
Adjusted Part IV tax multiplied by the multiplication factor**, after loss carrybacks	N/A				N/A

\*\* The multiplication factor is 3 for dividends received before January 1, 2016, and 100 / 38 1/3 for dividends received after December 31, 2015.

\*\*\* The adjusted Part IV tax multiplied by the multiplication factor before current-year loss carrybacks takes into account loss carrybacks that were made in prior taxation years. This amount is multiplied by the multiplication factor to help you determine the loss amount that must be used to reduce Part IV tax payable to zero.

**Federal taxes**

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Part I	132,682	93,813	92,178	36,014	
Part IV					
Part III.1					
Other*					

\* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.

**Credits against part I tax**

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
Small business deduction	87,500	85,000	85,000	55,657	
M&P deduction					
Foreign tax credit					
Investment tax credit					
Abatement/other*	172,947	109,514	107,005	32,739	

\* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.

**Refunds/credits**

Taxation year end	2016-12-31	2015-12-31	2014-12-31	2013-12-31	2012-12-31
ITC refund					
Dividend refund					
Instalments	146,070	143,181			
Surtax credit					
Other*					

\* The amounts displayed on lines "Other" are all listed in the help. Press F1 to consult the context-sensitive help.

**Ontario**

Taxation year end	<u>2016-12-31</u>	<u>2015-12-31</u>	<u>2014-12-31</u>	<u>2013-12-31</u>	<u>2012-12-31</u>
Net income	1,034,550	758,755	747,850	480,381	309,170
Taxable income	1,034,550	758,755	747,850	327,394	
% Allocation	100.00	100.00	100.00	100.00	100.00
Attributed taxable income	1,034,550	758,755	747,850	327,394	
Surtax					
Income tax payable before deduction	118,973	87,257	86,003	37,650	
Income tax deductions /credits	35,000	35,000	35,000	36,357	
Net income tax payable	83,973	52,257	51,003	1,293	
Taxable capital					
Capital tax payable					
Total tax payable*	83,973	52,257	51,003	1,293	
Instalments and refundable credits					
Balance due/refund**	83,973	52,257	51,003	1,293	

\* For taxation years ending before January 1, 2009, this includes the corporate minimum tax and the premium tax. For taxation years ending after December 31, 2008, this includes the corporate minimum tax, the Crown royalties' additional tax, the transitional tax debit, the recaptured research and development tax credit and the special additional tax debit on life insurance corporations.

\*\* For taxation years ending after December 31, 2008, the Balance due/Refund is included in the federal Balance due/refund.

1

**Appendix C – PDF of PILs Model**

2

# Income Tax/PILs Workform for 2017 Filers

Version 1.0

Utility Name	Hydro Hawkesbury Inc.
Assigned EB Number	EB-2017-0048
Name and Title	Hydro Hawkesbury Inc.
Phone Number	613-632-6689
Email Address	mpoulin@hydrohawkesbury.ca
Date	12-Jul-17
Last COS Re-based Year	2014

Note: Drop-down lists are shaded blue; Input cells are shaded green.

*This Workbook Model is protected by copyright and is being made available to you solely for the purpose of filing your rate application. You may use and copy this model for that purpose, and provide a copy of this model to any person that is advising or assisting you in that regard. Except as indicated above, any copying, reproduction, publication, sale, adaptation, translation, modification, reverse engineering or other use or dissemination of this model without the express written consent of the Ontario Energy Board is prohibited. If you provide a copy of this model to a person that is advising or assisting you in preparing the application or reviewing your draft rate order, you must ensure that the person understands and agrees to the restrictions noted above.*

*While this model has been provided in Excel format and is required to be filed with the applications, the onus remains on the applicant to ensure the accuracy of the data and the results.*

## Instructions

### Purpose

The purpose of this workbook is to calculate the estimated Payment in Lieu of Taxes (PILs) for the Test Year. The calculation of PILs for the Test Year is on tab **T0** and is based on the inputs on the other tabs.

Tab **S Summary** is a summary of the amounts to be transferred to the Data Input Sheet of the Revenue Requirement Workform.

### Methodology

To calculate the PILs for the Test Year:

- 1) input the balances from the income tax return of the Historical Year in tabs **H1** to **H13**.
- 2) input the balances for the subsequent two (2) years (the Bridge Year and the Test Year).

Inputs should include:

- non-deductible expenses (Schedule 1 - **B1** and **T1**)
- capital additions (Schedule 8 - **B8** and **T8**)
- cumulative eligible expenditures (Schedule 10 - **B10** and **T10**)
- non-deductible reserves (Schedule 13 - **B13** and **T13**)

3) make any other adjustments and inputs required so that the PILs amount calculated for the Test Year on tab **T0** is reasonable.

### Other Notes

Tabs **H1** to **H13** relate to the Historical Year.

Tabs **B1** to **B13** relate to the Bridge Year.

Tabs **T1** to **T13** relate to the Test Year.

The amounts on tabs **H1** to **H13** should agree to the tax return filed with the Canada Revenue Agency. Any CRA audit adjustments or corrections should also be reflected.

It is assumed the net income before tax for the Test Year is equal to the Return on Equity. Return on Equity is calculated on tab **A**.

On tab "**A. Data Input Sheet**", input the "Rate Base" amount and "Return on Rate Base" amounts.

For the 2017 Application, the "Test Year" is 2017, the "Historical Year" is 2015, and the "Bridge Year" is 2016.

Updated: June 14, 2016



Ontario Energy Board

# Income Tax/PILs Workform for 2017 Filers

[1. Info](#)

[S. Summary](#)

[A. Data Input Sheet](#)

[B. Tax Rates & Exemptions](#)

## Historical Year

[H0 - PILs, Tax Provision Historical Year](#)

[H1 - Adj. Taxable Income Historical Year](#)

[H4 - Schedule 4 Loss Carry Forward Historical Year](#)

[H8 - Schedule 8 Historical](#)

[H10 - Schedule 10 CEC Historical Year](#)

[H13 - Schedule 13 Tax Reserves Historical](#)

## Bridge Year

[B0 - PILs, Tax Provision Bridge Year](#)

[B1 - Adj. Taxable Income Bridge Year](#)

[B4 - Schedule 4 Loss Carry Forward Bridge Year](#)

[B8 - Schedule 8 CCA Bridge Year](#)

[B10 - Schedule 10 CEC Bridge Year](#)

[B13 - Schedule 13 Tax Reserves Bridge Year](#)

## Test Year

[T0 PILs, Tax Provision Test Year](#)

[T1 Taxable Income Test Year](#)

[T4 Schedule 4 Loss Carry Forward Test Year](#)

[T8 Schedule 8 CCA Test Year](#)

[T13 Schedule 13 Reserve Test Year](#)





Ontario Energy Board

# Income Tax/PILs Workform for 2017 Filers

No inputs required on this worksheet.

# Income Tax/PILs Workform for 2017 Filers

		Test Year	Bridge Year
<b>Rate Base</b>	S	\$ 8,615,028	\$ 9,671,336
<b>Return on Ratebase</b>			
Deemed ShortTerm Debt %	4.00%	T \$ 344,601	$W = S * T$
Deemed Long Term Debt %	56.00%	U \$ 4,824,416	$X = S * U$
Deemed Equity %	40.00%	V \$ 3,446,011	$Y = S * V$
Short Term Interest Rate	1.76%	Z \$ 6,065	$AC = W * Z$
Long Term Interest	3.59%	AA \$ 173,259	$AD = X * AA$
<b>Return on Equity (Regulatory Income)</b>	8.78%	AB \$ 302,560	$AE = Y * AB$ <a href="#">I1</a>
<b>Return on Rate Base</b>		<b>\$ 481,883</b>	$AF = AC + AD + AE$

## Questions that must be answered

- Does the applicant have any Investment Tax Credits (ITC)?
- Does the applicant have any SRED Expenditures?
- Does the applicant have any Capital Gains or Losses for tax purposes?
- Does the applicant have any Capital Leases?
- Does the applicant have any Loss Carry-Forwards (non-capital or net capital)?
- Since 1999, has the applicant acquired another regulated applicant's assets?
- Did the applicant pay dividends?  
*If Yes, please describe what was the tax treatment in the manager's summary.*
- Did the applicant elect to capitalize interest incurred on CWIP for tax purposes?

Historical Year	Bridge Year	Test Year
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
No	No	No
Yes	Yes	Yes
Yes	Yes	Yes



Ontario Energy Board

# Income Tax/PILs Workform for 2017 Filers

## Tax Rates

**Federal & Provincial**  
As of May 16, 2016

### Federal income tax

General corporate rate  
Federal tax abatement  
Adjusted federal rate

Rate reduction

### Federal Income Tax

### Ontario income tax

### Combined federal and Ontario

### Federal & Ontario Small Business

Federal small business threshold  
Ontario Small Business Threshold

Federal small business rate

Ontario small business rate

	Effective January 1, 2012	Effective January 1, 2013	Effective January 1, 2014	Effective January 1, 2015	Effective January 1, 2016	Effective January 1, 2017
General corporate rate	38.00%	38.00%	38.00%	38.00%	38.00%	38.00%
Federal tax abatement	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%	-10.00%
Adjusted federal rate	28.00%	28.00%	28.00%	28.00%	28.00%	28.00%
Rate reduction	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%	-13.00%
Federal Income Tax	15.00%	15.00%	15.00%	15.00%	15.00%	15.00%
Ontario income tax	11.50%	11.50%	11.50%	11.50%	11.50%	11.50%
Combined federal and Ontario	26.50%	26.50%	26.50%	26.50%	26.50%	26.50%
Federal small business threshold	500,000	500,000	500,000	500,000	500,000	500,000
Ontario Small Business Threshold	500,000	500,000	500,000	500,000	500,000	500,000
Federal small business rate	11.00%	11.00%	11.00%	11.00%	10.50%	10.50%
Ontario small business rate	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%

## Notes

- The Ontario Energy Board's proxy for taxable capital is rate base.
- Regarding the small business deduction, if applicable,
  - If taxable capital exceeds \$15 million, the small business rate will not be applicable.
  - If taxable capital is below \$10 million, the small business rate would be applicable.
  - If taxable capital is between \$10 million and \$15 million, the appropriate small business rate will be calculated.



# Income Tax/PILs Workform for 2017 Filers

## PILs Tax Provision - Historical Year

**Note: Input the actual information from the tax returns for the historical year.**

Regulatory Taxable Income  
Combined Tax Rate and PILs

Ontario Tax Rate (Maximum 11.5%)  
Federal tax rate (Maximum 15%)  
Combined tax rate (Maximum 26.5%)

8.12%  
12.83%

B  
C

[H1](#)

Wires Only

\$ 1,034,550 A

20.94% D = B+C

Total Income Taxes

Investment Tax Credits  
Miscellaneous Tax Credits

Total Tax Credits

\$ 216,655 E = A \* D

F

G

\$ - H = F + G

Corporate PILs/Income Tax Provision for Historical Year

\$ 216,655 I = E - H

# Income Tax/PILs Workform for 2017 Filers

### Adjusted Taxable Income - Historical Year

[illegible]

				0
<b>Total Additions</b>		<b>685,144</b>	<b>0</b>	<b>685,144</b>
<b>Deductions:</b>				
Gain on disposal of assets per financial statements	401			0
Dividends not taxable under section 83	402			0
Capital cost allowance from Schedule 8	403	246,151		246,151
Terminal loss from Schedule 8	404			0
Cumulative eligible capital deduction from Schedule 10	405	590		590
Allowable business investment loss	406			0
Deferred and prepaid expenses	409			0
Scientific research expenses claimed in year	411			0
Tax reserves claimed in current year	413			0
Reserves from financial statements - balance at beginning of year	414			0
Contributions to deferred income plans	416			0
Book income of joint venture or partnership	305			0
Equity in income from subsidiary or affiliates	306			0
<i>Other deductions: (Please explain in detail the nature of the item)</i>				
Interest capitalized for accounting deducted for tax	390			0
Capital Lease Payments	391			0
Non-taxable imputed interest income on deferral and variance accounts	392			0
	393			0
	394			0
ARO Payments - Deductible for Tax when Paid				0
ITA 13(7.4) Election - Capital Contributions Received				0
ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds				0
Deferred Revenue - ITA 20(1)(m) reserve				0
Principal portion of lease payments				0
Lease Inducement Book Amortization credit to income				0
Financing fees for tax ITA 20(1)(e) and (e.1)				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
<b>Total Deductions</b>		<b>246,741</b>	<b>0</b>	<b>246,741</b>
<b>Net Income for Tax Purposes</b>		<b>1,034,550</b>	<b>0</b>	<b>1,034,550</b>
Charitable donations from Schedule 2	311			0
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320			0
Non-capital losses of preceding taxation years from Schedule 4	331			0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332			0
Limited partnership losses of preceding taxation years from Schedule 4	335			0
<b>TAXABLE INCOME</b>		<b>1,034,550</b>	<b>0</b>	<b>1,034,550</b>



Ontario Energy Board

# Income Tax/PILs Workform for 2017 Filers

## Schedule 7-1 Loss Carry Forward - Historical

### Corporation Loss Continuity and Application

	Total	Non-Distribution Portion	Utility Balance
<b>Non-Capital Loss Carry Forward Deduction</b>			
Actual Historical			0

[B4](#)

	Total	Non-Distribution Portion	Utility Balance
<b>Net Capital Loss Carry Forward Deduction</b>			
Actual Historical			0

[B4](#)

# Income Tax/PILs Workform for 2017 Filers

## Schedule 8 - Historical Year

Class	Class Description	UCC End of Year Historical per tax returns	Less: Non- Distribution Portion	UCC Regulated Historical Year
1	Distribution System - post 1987	1,201,203		1,201,203
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	50,925		50,925
2	Distribution System - pre 1988	239,210		239,210
8	General Office/Stores Equip	25,109		25,109
10	Computer Hardware/ Vehicles	118		118
10.1	Certain Automobiles	1,814		1,814
12	Computer Software	2,000		2,000
13 <sub>1</sub>	Lease # 1			0
13 <sub>2</sub>	Lease #2			0
13 <sub>3</sub>	Lease # 3			0
13 <sub>4</sub>	Lease # 4			0
14	Franchise			0
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs			0
42	Fibre Optic Cable			0
43.1	Certain Energy-Efficient Electrical Generating Equipment			0
43.2	Certain Clean Energy Generation Equipment			0
45	Computers & Systems Software acq'd post Mar 22/04	38		38
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)			0
47	Distribution System - post February 2005	2,062,536		2,062,536
50	Data Network Infrastructure Equipment - post Mar 2007	1,126		1,126
52	Computer Hardware and system software			0
95	CWIP	2,807,257		2,807,257
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
				0
	SUB-TOTAL - UCC	6,391,336	0	6,391,336





# Income Tax/PILs Workform for 2017 Filer

## Schedule 10 CEC - Historical Year

### Cumulative Eligible Capital

8,429

#### Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

Subtotal

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

x 1/2 = 0

0

Amount transferred on amalgamation or wind-up of subsidiary

0

Subtotal

8,429

#### Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

Subtotal

x 3/4 = 0

### Cumulative Eligible Capital Balance

8,429

### Current Year Deduction

8,429 x 7% = 590

### Cumulative Eligible Capital - Closing Balance

7,839



# Income Tax/PILs Workform for 2

## Schedule 13 Tax Reserves - Historical

### Continuity of Reserves

Description	Historical Balance as per tax returns	Non-Distribution Eliminations	Utility Only
Capital Gains Reserves ss.40(1)			0
<b>Tax Reserves Not Deducted for accounting purposes</b>			
Reserve for doubtful accounts ss. 20(1)(l)			0
Reserve for goods and services not delivered ss. 20(1)(m)			0
Reserve for unpaid amounts ss. 20(1)(n)			0
Debt & Share Issue Expenses ss. 20(1)(e)			0
Other tax reserves			0
			0
			0
			0
			0
			0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financial Statement Reserves (not deductible for Tax Purposes)</b>			
General Reserve for Inventory Obsolescence (non-specific)			0
General reserve for bad debts			0
Accrued Employee Future Benefits:			0
- Medical and Life Insurance			0
- Short & Long-term Disability			0
- Accumulated Sick Leave			0
- Termination Cost			0
- Other Post-Employment Benefits			0
Provision for Environmental Costs			0
Restructuring Costs			0
Accrued Contingent Litigation Costs			0
Accrued Self-Insurance Costs			0
Other Contingent Liabilities			0
Bonuses Accrued and Not Paid Within 180 Days of Year-End ss. 78(4)			0
Unpaid Amounts to Related Person and Not Paid Within 3 Taxation Years ss. 78(1)			0
Other			0
			0
			0
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>



# Income Tax/PILs Workform for 2017 Filers

## PILS Tax Provision - Bridge Year

### Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	4.5%	\$ 7,377	4.5%	<b>B</b>
Federal (Max 15%)	15.0%	10.5%	\$ 17,214	10.5%	<b>C</b>

Combined effective tax rate (Max 26.5%)

### Total Income Taxes

Investment Tax Credits  
Miscellaneous Tax Credits

### Total Tax Credits

### Corporate PILs/Income Tax Provision for Bridge Year

## Wires Only

Reference

[B1](#)

\$ 163,940 **A**

15.00% **D = B + C**

\$ 24,591 **E = A \* D**

**F**

**G**

\$ - **H = F + G**

\$ 24,591 **I = E - H**

### Note:

1. This is for the derivation of Bridge year PILs income tax expense and should not be used for Test year revenue requirement calculations.



# Income Tax/PILs Workform for 2017 Filers

## Adjusted Taxable Income - Bridge Year

	T2S1 line #	Working Paper Reference	Total for Regulated Utility
Income before PILs/Taxes	A		362,095

<b>Additions:</b>			
Interest and penalties on taxes	103		
Amortization of tangible assets	104		191,828
Amortization of intangible assets	106		12,938
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves deducted in prior year	125	B13	0
Reserves from financial statements- balance at end of year	126	B13	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
<b>Other Additions</b>			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		



# Income Tax/PILs Workform for 2017 Filers

## Adjusted Taxable Income - Bridge Year

	295		
ARO Accretion expense			
Capital Contributions Received (ITA 12(1)(x))			
Lease Inducements Received (ITA 12(1)(x))			
Deferred Revenue (ITA 12(1)(a))			
Prior Year Investment Tax Credits received			
<b>Total Additions</b>			<b>204,766</b>
<b>Deductions:</b>			
Gain on disposal of assets per financial statements	401		
Dividends not taxable under section 83	402		
Capital cost allowance from Schedule 8	403	B8	402,372
Terminal loss from Schedule 8	404		
Cumulative eligible capital deduction from Schedule 10	405	B10	549
Allowable business investment loss	406		
Deferred and prepaid expenses	409		
Scientific research expenses claimed in year	411		
Tax reserves claimed in current year	413	B13	0
Reserves from financial statements - balance at beginning of year	414	B13	0
Contributions to deferred income plans	416		
Book income of joint venture or partnership	305		
Equity in income from subsidiary or affiliates	306		
<i>Other deductions: (Please explain in detail the nature of the item)</i>			
Interest capitalized for accounting deducted for tax	390		
Capital Lease Payments	391		
Non-taxable imputed interest income on deferral and variance accounts	392		
	393		
	394		
ARO Payments - Deductible for Tax when Paid			
ITA 13(7.4) Election - Capital Contributions Received			



# Income Tax/PILs Workform for 2017 Filers

## Adjusted Taxable Income - Bridge Year

ITA 13(7.4) Election - Apply Lease Inducement to cost of Leaseholds			
Deferred Revenue - ITA 20(1)(m) reserve			
Principal portion of lease payments			
Lease Inducement Book Amortization credit to income			
Financing fees for tax ITA 20(1)(e) and (e.1)			
<b>Total Deductions</b>		calculated	402,921
<b>Net Income for Tax Purposes</b>		calculated	163,940
Charitable donations from Schedule 2	311		
Taxable dividends deductible under section 112 or 113, from Schedule 3 (item 82)	320		
Non-capital losses of preceding taxation years from Schedule 4	331	B4	0
Net-capital losses of preceding taxation years from Schedule 4 (Please include explanation and calculation in Manager's summary)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
<b>TAXABLE INCOME</b>		calculated	163,940



Ontario Energy Board

# Income Tax/PILs Workform for 2017 Filers

## Corporation Loss Continuity and Application

### Schedule 4 Loss Carry Forward - Bridge Year

Non-Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)	<u>B1</u>	0
Balance available for use in Test Year	calculated	0
<b>Amount to be used in Bridge Year</b>	<u>B1</u>	0
Balance available for use post Bridge Year	calculated	0

T4

Net Capital Loss Carry Forward Deduction		Total
Actual Historical	<u>H4</u>	0
Application of Loss Carry Forward to reduce taxable income in Bridge Year		
Other Adjustments Add (+) Deduct (-)		
Balance available for use in Test Year	calculated	0
<b>Amount to be used in Bridge Year</b>		
Balance available for use post Bridge Year	calculated	0

T4



### Schedule 8 CCA - Bridge Year

Class	Class Description	Working Paper Reference	UCC Regulated Historical Year	Additions	Disposals (Negative)	UCC Before 1/2 Yr Adjustment	1/2 Year Rule {1/2 Additions Less Disposals}	Reduced UCC	Rate %	Bridge Year CCA		UCC End of Bridge Year
1	Distribution System - post 1987	H8	\$ 1,201,203			\$ 1,201,203	\$ -	\$ 1,201,203	4%	\$ 48,048		\$ 1,153,155
1 Enhanced	Non-residential Buildings Reg. 1100(1)(a.1) election	H8	\$ 50,925	\$ 2,000		\$ 52,925	\$ 1,000	\$ 51,925	6%	\$ 3,116		\$ 49,810
2	Distribution System - pre 1988	H8	\$ 239,210			\$ 239,210	\$ -	\$ 239,210	6%	\$ 14,353		\$ 224,857
8	General Office/Stores Equip	H8	\$ 25,109	\$ 5,500		\$ 30,609	\$ 2,750	\$ 27,859	20%	\$ 5,572		\$ 25,037
10	Computer Hardware/ Vehicles	H8	\$ 118			\$ 118	\$ -	\$ 118	30%	\$ 35		\$ 83
10.1	Certain Automobiles	H8	\$ 1,814			\$ 1,814	\$ -	\$ 1,814	30%	\$ 544		\$ 1,270
12	Computer Software	H8	\$ 2,000	\$ 31,000		\$ 33,000	\$ 15,500	\$ 17,500	100%	\$ 17,500		\$ 15,500
13 1	Lease # 1	H8				\$ -	\$ -	\$ -		\$ -		\$ -
13 2	Lease #2	H8				\$ -	\$ -	\$ -		\$ -		\$ -
13 3	Lease # 3	H8				\$ -	\$ -	\$ -		\$ -		\$ -
13 4	Lease # 4	H8				\$ -	\$ -	\$ -		\$ -		\$ -
14	Franchise	H8				\$ -	\$ -	\$ -		\$ -		\$ -
17	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than Bldgs	H8				\$ -	\$ -	\$ -	8%	\$ -		\$ -
42	Fibre Optic Cable	H8				\$ -	\$ -	\$ -	12%	\$ -		\$ -
43.1	Certain Energy-Efficient Electrical Generating Equipment	H8				\$ -	\$ -	\$ -	30%	\$ -		\$ -
43.2	Certain Clean Energy Generation Equipment	H8				\$ -	\$ -	\$ -	50%	\$ -		\$ -
45	Computers & Systems Software acq'd post Mar 22/04	H8	\$ 38			\$ 38	\$ -	\$ 38	45%	\$ 17		\$ 21
46	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	H8				\$ -	\$ -	\$ -	30%	\$ -		\$ -
47	Distribution System - post February 2005	H8	\$ 2,062,536	\$ 3,671,253		\$ 5,733,789	\$ 1,835,627	\$ 3,898,163	8%	\$ 311,853		\$ 5,421,936
50	Data Network Infrastructure Equipment - post Mar 2007	H8	\$ 1,126	\$ 2,600		\$ 3,726	\$ 1,300	\$ 2,426	55%	\$ 1,334		\$ 2,392
52	Computer Hardware and system software	H8				\$ -	\$ -	\$ -	100%	\$ -		\$ -
95	CWIP	H8	\$ 2,807,257	-\$ 2,807,257		\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
						\$ -	\$ -	\$ -		\$ -		\$ -
TOTAL			\$ 6,391,336	\$ 905,096	\$ -	\$ 7,296,432	\$ 1,856,177	\$ 5,440,256		\$ 402,372	B1	\$ 6,894,060





# Income Tax/PILs Workform for 2017 Filer

## Schedule 10 CEC - Bridge Year

### Cumulative Eligible Capital

Reference

[H10](#)

7,839

#### Additions

Cost of Eligible Capital Property Acquired during Test Year

Other Adjustments

Subtotal

x 3/4 = 0

Non-taxable portion of a non-arm's length transferor's gain realized on the transfer of an ECP to the Corporation after Friday, December 20, 2002

x 1/2 = 0

0 0

Amount transferred on amalgamation or wind-up of subsidiary

0

Subtotal

7,839

#### Deductions

Proceeds of sale (less outlays and expenses not otherwise deductible) from the disposition of all ECP during Test Year

Other Adjustments

Subtotal

x 3/4 = 0

Cumulative Eligible Capital Balance

7,839

Current Year Deduction

7,839

x 7% =

549

Cumulative Eligible Capital - Closing Balance

7,290



# Income Tax/PILs Workform for 2017 Filers

## Schedule 13 Tax Reserves - Bridge Year

### Continuity of Reserves

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



# Income Tax/PILs Workform for 2017 Filers

## PILs Tax Provision - Test Year

### Regulatory Taxable Income

	Tax Rate	Small Business Rate (If Applicable)	Taxes Payable	Effective Tax Rate	
Ontario (Max 11.5%)	11.5%	4.5%	\$ 2,478	4.5%	<b>B</b>
Federal (Max 15%)	15.0%	10.5%	\$ 5,782	10.5%	<b>C</b>

Combined effective tax rate (Max 26.5%)

### Total Income Taxes

Investment Tax Credits  
Miscellaneous Tax Credits

### Total Tax Credits

### Corporate PILs/Income Tax Provision for Test Year

Corporate PILs/Income Tax Provision Gross Up <sup>1</sup>

Income Tax (grossed-up)

### Note:

1. This is for the derivation of revenue requirement and should not be used for sufficiency/deficiency calculations.

### Wires Only

<u>T1</u>	\$ 55,063	<b>A</b>	
	15.00%	<b>D = B + C</b>	
	\$ 8,259	<b>E = A * D</b>	
		<b>F</b>	
		<b>G</b>	
	\$ -	<b>H = F + G</b>	
	\$ 8,259	<b>I = E - H</b>	<a href="#">S. Su</a>
	85.00%	<b>J = 1-D</b>	
	\$ 1,458	<b>K = I/J-I</b>	
	\$ 9,717	<b>L = K + I</b>	<a href="#">S. Su</a>



# Income Tax/PILs Workform for 2017 File

## Taxable Income - Test Year

	Working Paper Reference	Test Year Taxable Income
<b>Net Income Before Taxes</b>	<u>A.</u>	302,560

	T2 S1 line #		
<b>Additions:</b>			
Interest and penalties on taxes	103		
Amortization of tangible assets 2-4 ADJUSTED ACCOUNTING DATA P489	104		280,878
Amortization of intangible assets 2-4 ADJUSTED ACCOUNTING DATA P490	106		
Recapture of capital cost allowance from Schedule 8	107		
Gain on sale of eligible capital property from Schedule 10	108		
Income or loss for tax purposes- joint ventures or partnerships	109		
Loss in equity of subsidiaries and affiliates	110		
Loss on disposal of assets	111		
Charitable donations	112		
Taxable Capital Gains	113		
Political Donations	114		
Deferred and prepaid expenses	116		
Scientific research expenditures deducted on financial statements	118		
Capitalized interest	119		
Non-deductible club dues and fees	120		
Non-deductible meals and entertainment expense	121		
Non-deductible automobile expenses	122		
Non-deductible life insurance premiums	123		
Non-deductible company pension plans	124		
Tax reserves beginning of year	125	<u>T13</u>	0
Reserves from financial statements- balance at end of year	126	<u>T13</u>	0
Soft costs on construction and renovation of buildings	127		
Book loss on joint ventures or partnerships	205		
Capital items expensed	206		
Debt issue expense	208		
Development expenses claimed in current year	212		
Financing fees deducted in books	216		
Gain on settlement of debt	220		
Non-deductible advertising	226		
Non-deductible interest	227		
Non-deductible legal and accounting fees	228		
Recapture of SR&ED expenditures	231		
Share issue expense	235		
Write down of capital property	236		
Amounts received in respect of qualifying environment trust per paragraphs 12(1)(z.1) and 12(1)(z.2)	237		
<i>Other Additions: (please explain in detail the nature of the item)</i>			
Interest Expensed on Capital Leases	290		
Realized Income from Deferred Credit Accounts	291		
Pensions	292		
Non-deductible penalties	293		
	294		



<b>Total Deductions</b>		calculated	<b>528,375</b>
<b>NET INCOME FOR TAX PURPOSES</b>		calculated	<b>55,063</b>
Charitable donations	311		
Taxable dividends received under section 112 or 113	320		
Non-capital losses of preceding taxation years from Schedule 7-1	331	<u>I4</u>	0
Net-capital losses of preceding taxation years (Please show calculation)	332		
Limited partnership losses of preceding taxation years from Schedule 4	335		
<b>REGULATORY TAXABLE INCOME</b>		calculated	<b>55,063</b>

T0



Ontario Energy Board

# Income Tax/PILs Workform for 2017 Filers

## Schedule 7-1 Loss Carry Forward - Test Year

### Corporation Loss Continuity and Application

	Working Paper Reference	Total	Non-Distribution Portion	Utility Balance
<b>Non-Capital Loss Carry Forward Deduction</b>				
Actual/Estimated Bridge Year	<a href="#">B4</a>	0		0
				0
Other Adjustments Add (+) Deduct (-)	<a href="#">T1</a>	0		0
Balance available for use in Future Years	calculated	0	0	0
<b>Amount to be used in Test Year</b>	<a href="#">T1</a>	0		0
Balance available for use post Test Year	calculated	0	0	0

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

 Ontario Energy Board

# Income Tax/PILs Workform for 2017 Filers

## Schedule 8 CCA - Test Year

<b>Class</b>	<b>Class Description</b>	<b>Working Paper Reference</b>	<b>UCC Test Year Opening Balance</b>	<b>Additions</b>	<b>Disposals (Negative)</b>	<b>UCC Before 1/2 Yr Adjustment</b>	<b>1/2 Year Rule {1/2 Additions Less Disposals}</b>	<b>Reduced UCC</b>	<b>Rate %</b>	<b>Test Year CCA</b>		<b>UCC End of Test Year</b>
<b>1</b>	Distribution System - post 1987	B8	\$ 1,153,155			\$ 1,153,155	\$ -	\$ 1,153,155	4%	\$ 46,126		\$ 1,107,029
<b>1 Enhanced</b>	Non-residential Buildings Reg. 1100(1)(a.1) election	B8	\$ 49,810	2,000		\$ 51,810	\$ 1,000	\$ 50,810	6%	\$ 3,049		\$ 48,761
<b>2</b>	Distribution System - pre 1988	B8	\$ 224,857			\$ 224,857	-	\$ 224,857	6%	\$ 13,491		\$ 211,366
<b>8</b>	General Office/Stores Equip	B8	\$ 25,037	3,750		\$ 28,787	\$ 1,875	\$ 26,912	20%	\$ 5,382		\$ 23,405
<b>10</b>	Computer Hardware/ Vehicles	B8	\$ 83			\$ 83	-	\$ 83	30%	\$ 25		\$ 58
<b>10.1</b>	Certain Automobiles	B8	\$ 1,270			\$ 1,270	-	\$ 1,270	30%	\$ 381		\$ 889
<b>12</b>	Computer Software	B8	\$ 15,500	1,000		\$ 16,500	\$ 500	\$ 16,000	100%	\$ 16,000		\$ 500
<b>13 1</b>	Lease # 1	B8	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
<b>13 2</b>	Lease #2	B8	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
<b>13 3</b>	Lease # 3	B8	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
<b>13 4</b>	Lease # 4	B8	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
<b>14</b>	Franchise	B8	\$ -			\$ -	\$ -	\$ -		\$ -		\$ -
<b>17</b>	New Electrical Generating Equipment Acq'd after Feb 27/00 Other Than E	B8	\$ -			\$ -	\$ -	\$ -	8%	\$ -		\$ -
<b>42</b>	Fibre Optic Cable	B8	\$ -			\$ -	\$ -	\$ -	12%	\$ -		\$ -
<b>43.1</b>	Certain Energy-Efficient Electrical Generating Equipment	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
<b>43.2</b>	Certain Clean Energy Generation Equipment	B8	\$ -			\$ -	\$ -	\$ -	50%	\$ -		\$ -
<b>45</b>	Computers & Systems Software acq'd post Mar 22/04	B8	\$ 21			\$ 21	\$ -	\$ 21	45%	\$ 9		\$ 11
<b>46</b>	Data Network Infrastructure Equipment (acq'd post Mar 22/04)	B8	\$ -			\$ -	\$ -	\$ -	30%	\$ -		\$ -
<b>47</b>	Distribution System - post February 2005	B8	\$ 5,421,936	164,580		\$ 5,586,516	\$ 82,290	\$ 5,504,226	8%	\$ 440,338		\$ 5,146,178
<b>50</b>	Data Network Infrastructure Equipment - post Mar 2007	B8	\$ 2,392	4,500		\$ 6,892	\$ 2,250	\$ 4,642	55%	\$ 2,553		\$ 4,339
<b>52</b>	Computer Hardware and system software	B8	\$ -			\$ -	\$ -	\$ -	100%	\$ -		\$ -
<b>95</b>	CWIP	B8	\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
<b>14.1</b>	Eligible Capital Property (acq'd pre Jan 1, 2017) <sup>1</sup>	B10	\$ 7,290			\$ 7,290	-	\$ 7,290	7%	\$ 510		\$ 6,780
<b>14.1</b>	Eligible Capital Property (acq'd post Jan 1, 2017) <sup>1</sup>		\$ -			\$ -	\$ -	\$ -	5%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
			\$ -			\$ -	\$ -	\$ -	0%	\$ -		\$ -
	TOTAL		\$ 6,901,350	\$ 175,830	\$ -	\$ 7,077,180	\$ 87,915	\$ 6,989,265		\$ 527,865	T1	\$ 6,549,315

1 The 2016 Federal Budget proposed changes to eligible capital property, effective January 1, 2017. These changes are considered to be substantively enacted under IFRS as it was tabled for first reading in the House of Commons. The PILS model reflect the removal of the Eligible Capital Property regime and the addition of the new Class 14.1 CCA pool.





# Income Tax/PILs Workform for 2017 Filers

## Schedule 13 Tax Reserves - Test Year

### Continuity of Reserves

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