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September 20, 2017

Delivered by Email, RESS & Courier

Ms. Kirsten Walli
Board Secretary
Ontario Energy Board
2300 Yonge Street
Suite 2701
Toronto, ON M4P 1E4

Dear Ms. Walli:

**Re: InnPower Corporation
2017 Rate Application (EB-2016-0085)
Technical Conference Undertaking Responses**

Pursuant to Procedural Order No. 3, please find enclosed InnPower Corporation's responses to all of the undertakings marked during the technical conference.

Together with these responses, InnPower is filing a complete set of updated models (requested but not formally marked as an undertaking). These models have been reviewed for completeness and accuracy, and no additional audit efforts will be undertaken.

If you require any further information, please contact the undersigned.

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

John A.D. Vellone

cc: Intervenor of record in EB-2016-0085

UNDERTAKING JT1.1

Undertaking:

TO PROVIDE THE FINANCIAL STATEMENTS FOR INNSERVICES CORPORATION.

Reference: Transcript dated September 12, 2017 from page 2, lines 17 to page 4, line 11.

Response:

The InnServices Utilities Inc. Audited IFRS 2016 Financial Statements were filed in confidence with the Ontario Energy Board on September 13, 2017. A copy of the letter requesting confidential treatment of the financial statements is available online at: http://www.rds.ontarioenergyboard.ca/webdrawer/webdrawer.dll/webdrawer/rec/583567/view/InnPower_Ltr_ConfidentialityREQ_20170911.PDF. Complete hard copies of the financial statements were delivered to the Board in accordance with the Practice Direction on Confidential Filings.

Witness: Jennifer Cowles

UNDERTAKING JT1.2

Undertaking:

TO FILE AN UPDATE TO TABLE 2.1.

Reference: Transcript dated September 12, 2017 from page 10, line 25 to page 12, line 5.

Response:

Table 2.1 from the DSP has been updated in Table JT1.2 below to reflect the error in contributions explained at the start of the technical conference.

Table JT1.2 Historical and Forecast Capital Expenditure and System O & M

Category	Historical					Forecast				
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000	\$ '000
System Access	1,750	1,039	1,263	896	1,084	1,757	2,534	1,658	1,709	2,129
System Renewal	654	987	697	487	999	1,216	1,140	2,919	2,400	2,109
System Service	586	1,377	2,819	2,944	1,743	245	79	961	1,006	824
General Plant	828	1,348	253	13,250	661	1,187	1,423	897	680	706
Total	3,818	4,751	5,031	17,578	4,487	4,405	5,176	6,434	5,794	5,769
System O&M	1,761	1,787	1,814	1,805	1,986	2,246	2,245	2,246	2,246	2,246
*0 months of actual data included in 2016.										

Witness: Daryn Thompson/Michael Davison

UNDERTAKING JT1.3

Undertaking:

TO EXPLAIN THE INCREASE IN DISCONNECTION NOTICES BETWEEN 2014 AND 2015.

Reference: Transcript dated September 12, 2017 page 16, lines 8-21.

Response:

To assist with the explanation as to why there was an increase in disconnect notices between 2014 and 2015, three tables have been prepared. Table JT1.3A represents the comparison of usage and billed amounts for 2014 and 2015. Table JT1.3B represents the comparison of late monthly late payment charges for 2014 and 2015. Table JT1.3C represents the electric accounts receivable aging comparison for 2014 and 2015.

The increase in late payment charges can depend on a variety of factors. In Table JT1.3A below, there was an increase of billed amounts from 2014 to 2015 on an average of 10%. There were weather factors in 2015 that may have played a part for some customers. The extreme cold winter in 2015 may have seen many customer's bills increase, making it more difficult to pay on time. In addition, the summer of 2015 saw a spike in consumption and cost as it was much warmer than 2014.

Table JT1.3A Calculation of Average Cost Increases 2014 to 2015

Based on Residential Customers						
	2014		2015			
Month	Sum of usage_	Sum of Billed Amount	Sum of usage_	Sum of Billed Amount	KWH delta	total cost delta
1	16379015.44	2631636.20	14844381.22	2629236.50	-9.37%	0%
2	17466985.82	2813906.38	16906263.70	3023545.05	-3.21%	7%
3	14955218.34	2432377.59	16266029.83	2941009.73	8.76%	21%
4	15294722.68	2456850.83	14274593.86	2557288.70	-6.67%	4%
5	11587580.06	1922741.38	10940774.95	2091171.69	-5.58%	9%
6	9833121.96	1793406.15	10005423.69	2001652.14	1.75%	12%
7	10541056.63	1929863.90	9913946.46	2022051.78	-5.95%	5%
8	11450189.99	2057962.70	12836682.76	2509499.25	12.11%	22%
9	11521627.57	2053961.49	12007589.77	2354077.10	4.22%	15%
10	9968060.20	1848198.35	11180147.02	2222109.16	12.16%	20%
11	10531538.10	1924292.36	10611037.56	2089290.83	0.75%	9%
12	12848843.13	2329647.21	11257216.34	2286752.45	-12.39%	-2%
						10% Average Costs Increase

In addition, analysis on the late payment charges in Table JT1.3B indicate an average increase of late payment charges applied in 2015 of 19%. This increase represents a delay in payments received which can lead to more issues with disconnection notices should they remain unpaid without payment arrangements made.

Table JT1.3B Calculation of InnPower Late Payment Charges Increases 2014 to 2015

InnPower Late Payment Charges 2014/2015				
Month/Year	Late Payment Charges	Month/Year	Late Payment Charges	2014-2015 % change
Jan-14	\$ 6,790.45	Jan-15	\$ 9,435.96	39%
Feb-14	\$ 6,205.67	Feb-15	\$ 8,952.76	44%
Mar-14	\$ 6,525.58	Mar-15	\$ 7,681.84	18%
Apr-14	\$ 7,675.05	Apr-15	\$ 8,198.03	7%
May-14	\$ 7,426.93	May-15	\$ 8,312.84	12%
Jun-14	\$ 5,905.45	Jun-15	\$ 6,966.23	18%
Jul-14	\$ 6,486.49	Jul-15	\$ 7,497.47	16%
Aug-14	\$ 6,448.35	Aug-15	\$ 6,589.73	2%
Sep-14	\$ 6,903.56	Sep-15	\$ 7,076.04	2%
Oct-14	\$ 5,943.56	Oct-15	\$ 7,553.11	27%
Nov-14	\$ 5,740.98	Nov-15	\$ 6,670.40	16%
Dec-14	\$ 4,684.81	Dec-15	\$ 5,893.28	26%
Total	\$ 76,736.88		\$ 90,827.69	
				19% Average increase

As seen in table *Table JT1.3C* below, the aging reports show a 14% increase in receivables year over year in the 0-30 days bucket. This increase in receivables could place customers that may have been below the \$100.00 collection threshold to be placed above the threshold, spawning an issuance of a disconnect notice should the account not be paid or arrangements made. In addition a 10 % increase annually extending into 31-60 days which indicates that customers were finding it more difficult to pay arrears in 2015.

Table JT1.3C InnPower Year over Year Increase in Aged Accounts 2014 to 2015

InnPower Electric Aging reports 2014/2015					
2014	0-30 days	31-60 days	61-90 days	90-120 days	total
Jan	3314580.57	50945.86	10596.46	210046.91	3586169.8
Feb	4013794.00	52405.09	17070.41	211947.3	4295216.8
Mar	3651503.25	61284.14	27617.72	224979.89	3965385
Apr	3708286.05	130052.8	19187.55	248980.4	4106506.8
May	2590706.05	229922.96	53144.59	251336.9	3125110.5
Jun	2591063.13	189131.24	95795.32	270744.01	3146733.7
Jul	2738843.82	169278.19	88807.19	308873.5	3305802.7
Aug	2786984.02	98954.79	97066.19	337727.4	3320732.4
Sep	2793947.17	80934.82	49911.7	331809.71	3256603.4
Oct	2686877.61	44549.41	13800.34	294393.44	3039620.8
Nov	2708732.52	45282.17	17341.7	292765.31	3064121.7
Dec	2213113.16	48445.01	11389.81	183745.22	2456693.2
Totals	35798431.35	1201186.48	501728.98	3167349.99	40668696.80
2015	0-30 days	31-60 days	61-90 days	90-120 days	total
Jan	3411960.24	134158.52	22066.63	189907.49	3758092.88
Feb	4154194.80	57534.13	30703.22	189901.41	4432333.56
Mar	4264681.99	64232.76	28064.86	202287.34	4559266.95
Apr	3850336.39	103747.65	27989.34	220394.29	4202467.67
May	3308642.77	190792.47	34792.29	226048.41	3760275.94
Jun	2962554.37	231007.64	49296.42	253501.98	3496360.41
Jul	2830029.48	185441.34	103565.18	278661.06	3397697.06
Aug	3369509.30	92855.42	86660.61	291054.6	3840079.93
Sep	3548744.57	99239.8	38488.67	309597.32	3996070.36
Oct	3436750.05	49150.85	24399.68	281847.15	3792147.73
Nov	2878970.97	44481.34	22124.41	268719.48	3214296.2
Dec	2693425.84	72297.58	16373.54	110811.07	2892908.03
Totals	40709800.77	1324939.50	484524.85	2822731.60	45341996.72
YOY Increase/Decrease	14%	10%	-3%	-11%	11%

Witness: Shannon Brown

UNDERTAKING JT1.4

Undertaking:

TO AMEND THE TABLE FILED IN RESPONSE TO 1 STAFF 13 TO INCLUDE FOR 2013 TO 2016, TO ADD SEPARATE LINES THAT SHOW THE FEES COLLECTED FOR THE DELIVERY OF A DISCONNECTION NOTICE, AS WELL AS A DISTINCT LINE THAT SHOWS ANY FEES COLLECTED ON THE DISCONNECTION PROCESS ITSELF, AND A LINE FOR LATE-PAYMENT REVENUE.

Reference: Transcript dated September 12, 2017 page 18, line 14 to page 20, line 17.

Response:

Please find Table JT1.4 below that includes the number of disconnection notices, disconnects and late payment revenues that has been amended to include 2013 as well as break down the fees collected in the disconnection process.

Table JT1.4 Disconnect Notice Delivery Charges, Disconnection/Reconnection Charges and Overdue Interest/Not Sufficient Funds Charges from 2013 – 2016

USoA#	USoA Description	Charge Type	2013	2014	2015	2016
		Disconnect Notices	3047	2761	3408	3344
		YOY Increase/Decrease		-9%	23%	-2%
		Disconnects	399	230	244	251
		YOY Increase Decrease		-42%	6%	3%
4235	Specific Service Charges	Disconnect Notice Delivery Charges	\$43,020	\$39,975	\$48,510	\$47,750
4235	Specific Service Charges	Disc/Reconnect Charges	\$10,880	\$7,688	\$11,095	\$13,009
4225	Late Payment Charges	Overdue Interest/NSF Charges	\$73,904	\$84,703	\$96,925	\$109,071

Witness: Shannon Brown

UNDERTAKING JT1.5

Undertaking:

TO UPDATE THE 2017 CAPITAL BUDGET APPENDIX 2AA WITH CURRENT SPENDING, PROJECT BY PROJECT, TO JULY 2017; ALSO TO PROVIDE THE 2016 ACTUAL SPENDING FOR WORK DONE IN THE BRIDGE YEAR, FROM JANUARY TO JULY 2016.

Reference: Transcript dated September 12, 2017 page 27, line 21 to page 31, line 3.

Response:

Actual capital expenditures year to date on a project by project basis to July 30th, 2017 is shown in Table JT1.5A. For comparison purposes, actual capital expenditures to July 30th, 2016 is shown in Table JT1.5B (the 2016 data could not be broken down on a project by project basis but totals were available).

InnPower is on track to spend more than what was forecasted in the test year on capital expenditures. As more fully detailed below, the actual spending has changed in several material respects versus what was originally forecasted in the Application. Despite now anticipating total expenditures higher than originally forecast, InnPower is not proposing to change the requested forecasted amount in the rate Application.

Explanations for the actual expenditures that will occur in 2017 relative to each line item are included in the notes below Tables JT1.5A.

Table JT1.5A Capital Expenditures YTD to July 30th 2017

Capital Expenditure								
July 30, 2017 YTD							2017	2017
Budget Indicator	Notes	Project	Actual Cost YTD	Actual Contribution	WIP	Net ytd Actual Cost with WIP	Budget-Net	Year End Forecast-Net
BASE	Note 1	IPC2017Base1 - IPC2017SA01 50%, IPC2017SR01 50%	107,645.56	.00	76,204.28	\$ 183,849.84	\$ 233,765	\$ 233,765
	Note 2	IPC2017Base2 - IPC2017SA02	1,059.68	-1,059.68	196,588.34	\$ 196,588.34	\$ 22,767	\$ 132,929
	Note 3	IPC2017Base3 - IPC2017SA03	168,335.99	-258,050.17	333,766.72	\$ 244,052.54	\$ -	\$ -
	Note 4	IPC2017Base4 - IPC2017SA04	142,929.27	-142,395.66	384,260.00	\$ 384,793.61	\$ 128,256	\$ 2,103,476
BASE Total			419,970.50	-401,505.51	990,819.34	\$ 1,009,284.33	\$ 384,788	
CAR		IPC2017SA05 - Meters	15,032.96	.00	43,964.46	\$ 58,997.42	\$ 230,000	\$ 230,000
		IPC2017SA06 - Intersection Widening IBR & Yonge St	.00	.00	314.71	\$ 314.71	\$ 272,430	\$ -
	Note 5	IPC2017SR03 - Pole Replacement Program	72,057.43	.00	1,203.06	\$ 73,260.49	\$ 126,470	\$ 126,470
	Note 5	IPC2017SR04 - Infrastructure Replacements and Betterments	32,754.83	.00	71,440.51	\$ 104,195.34	\$ 150,253	\$ 150,253
	Note 5	IPC2017SR05 - Line Redlosure Refurbishments - 4 Year Cycle	.00	.00	.00	\$ -	\$ 15,944	\$ 15,945
	Note 5	IPC2017SR06 - DS Oil Re-inhibit Treatment	.00	.00	193.49	\$ 193.49	\$ 27,527	\$ 27,527
	Note 5	IPC2017SR07 - Padmounted Transformer and Switchgear Replacements and Pa	.00	.00	1,469.78	\$ 1,469.78	\$ 43,710	\$ 43,710
	Note 5	IPC2017SR08 - Station Rehab	2,910.00	.00	8,213.61	\$ 11,123.61	\$ 104,300	\$ 104,300
	Note 6	IPC2017SA07 - IBR & 5 SR	.00	.00	4,415.83	\$ 4,415.83	\$ 415,364	\$ -
		IPC2017SR09 - Ewart Street Rebuild - Phased Approach	.00	.00	116,275.67	\$ 116,275.67	\$ 105,000	\$ 155,000
	Note 5	IPC2017SR02 - Substandard Transformer Rehab	69,079.81	.00	49,365.77	\$ 118,445.58	\$ 85,000	\$ 85,000
	Note 5	IPC2017SR10 - Transformers	303,991.10	.00	.00	\$ 303,991.10	\$ 100,000	\$ 100,000
		IPC2017SR11 - Reliability Rebuild: Subtransmission	81,664.93	.00	45,568.10	\$ 127,233.03	\$ 245,650	\$ 520,650
		IPC2017SR12 - Reliability Rebuild: Distribution	.00	.00	31,665.65	\$ 31,665.65	\$ 95,000	\$ 112,500
	Note 5	IPC2017SS01 - Distribution SCADA Controlled Load Interrupting Gang Switch	.00	.00	.00	\$ -	\$ 75,000	\$ 75,000
	Note 7	IPC2017SS02 - Repoling:Big Bay Pt Rd - Friday Harbour DS to Friday Harbour De	.00	.00	.00	\$ -	\$ -	\$ -
	Note 8	IPC2017SS03 - Repoling:Lockhart Rd - Huronia Rd to Stroud DS	.00	.00	162,589.02	\$ 162,589.02	\$ 618,933	\$ 170,000
	Note 5	IPC2017SS04 - Sandy Cove DS Automation	.00	.00	7,249.24	\$ 7,249.24	\$ 125,000	\$ 125,000
	Note 9	IPC2017SS05 - Line Extension: Mapleview Drive Prince William to Yonge St	.00	.00	.00	\$ -	\$ 837,831	\$ -
	Note 9	IPC2017SS06 - Repoling:5 SR - McKay Road to Salem Rd	.00	.00	.00	\$ -	\$ 635,999	\$ -
	Note 5	IPC2017SS07 - DS Transformer Oil Containment	.00	.00	77.39	\$ 77.39	\$ 45,000	\$ 45,000
	Note 9	IPC2017SS08 - Repoling:McKay Rd - 5 SR to 10 SR	.00	.00	.00	\$ -	\$ 400,041	\$ -
		IPC2017GP01 - IT Hardware	20,601.45	.00	.00	\$ 20,601.45	\$ 165,000	\$ 130,000
		IPC2017GP02 - IT Software	27,327.15	.00	5,585.00	\$ 32,912.15	\$ 95,000	\$ 72,500
		IPC2017GP03 - Furniture and Equipment	.00	.00	.00	\$ -	\$ 15,000	\$ 5,000
		IPC2017GP04 - Buildings and Fixtures	7,953.73	.00	.00	\$ 7,953.73	\$ 15,000	\$ 43,000
		IPC2017GP05 - Finance IT	17,723.77	.00	16,659.44	\$ 34,383.21	\$ 77,000	\$ 77,000
		IPC2017GP06 - Engineering IT	.00	.00	1,622.01	\$ 1,622.01	\$ 167,325	\$ 62,325
		IPC2017GP07 - Measuring Tools & Equipment & Meter	.00	.00	.00	\$ -	\$ 23,000	\$ 27,195
		IPC2017GP08 - Fleet Tools	5,360.20	.00	.00	\$ 5,360.20	\$ 15,750	\$ 15,750
		IPC2017GP09 - Stores Equipment	.00	.00	.00	\$ -	\$ 5,250	\$ 5,250
		IPC2017GP10 - Tools, Shop and Garage Equipment	4,356.78	.00	-686.42	\$ 3,670.36	\$ 24,150	\$ 24,150
		IPC2017GP11 - Measurement and Testing Equipment	.00	.00	.00	\$ -	\$ 28,000	\$ 28,000
		IPC2017GP12 - Replacement Double Bucket Truck - 1993 Altec	.00	.00	153,000.00	\$ 153,000.00	\$ 373,500	\$ -
		IPC2017GP13 - Fleet Vehicle Replacement 1-2006 Ford 1/2 Ton	.00	.00	.00	\$ -	\$ 45,000	\$ -
		IPC2017GP14 - Tech & Locator Vehicles (x4)	.00	.00	.00	\$ -	\$ 87,000	\$ -
		IPC2017GP15 - Distribution Fault Current Indicators	.00	.00	.00	\$ -	\$ 18,760	\$ 18,760
		IPC2017GP16 - System Supervisory	2,963.04	.00	.00	\$ 2,963.04	\$ 32,400	\$ 32,400
							\$ 6,711,162.56	\$ 5,097,855.21
CAR Subtotal			663,777.18	.00	720,186.32	\$ 1,383,963.50		
Subtotal			1,083,747.68	-401,505.51	1,711,005.66			
Grand Total Excluding WIP						\$ 682,242.17		
Grand Total Including 2017 WIP Expenditures						\$ 1,693,945.16		
Grand Total Including Cumulative WIP Expenditures						\$ 2,418,725.65		
Work in Progress (incl. contributions)			Actual Cost YTD					
Opening Balance			724,780.49					
Change for the Year			1,011,702.99					
Current Month Ending Balance			1,736,483.48					

Table JT1.5B Capital Expenditures YTD to July 30th 2016

July 30, 2016 YTD					
Budget Indicator	Project	Actual Cost YTD	Actual Contribution	WIP	Net ytd Actual Cost with WIP
BASE	IPC2017Base1 - IPC2017SA01 50%, IPC2017SR01 50%	130,743.38	.00	.00	\$ 130,743.38
	IPC2017Base2 - IPC2017SA02	.00	.00	.00	\$ -
	IPC2017Base3 - IPC2017SA03	234,158.98	-265,412.12	.00	-\$ 31,253.14
	IPC2017Base4 - IPC2017SA04	198,317.19	-196,557.41	.00	\$ 1,759.78
BASE Total		563,219.55	-461,969.53	.00	\$ 101,250.02
CAR	IPC2017SA05 - Meters	57,798.76	.00	.00	\$ 57,798.76
	IPC2016DO001 - Substandard Infrastructure Replacement	23,644.45	.00	.00	\$ 23,644.45
	IPC2017SR03 - Pole Replacement Program	102,163.17	.00	.00	\$ 102,163.17
	IPC2017SR04 - Infrastructure Replacements and Betterments	92,081.31	.00	.00	\$ 92,081.31
	IPC2017SR05 - Line Redlosure Refurbishments - 4 Year Cycle	1,906.99	.00	.00	\$ 1,906.99
	IPC2017SR06 - DS Oil Re-inhibit Treatment	10,863.02	.00	.00	\$ 10,863.02
	IPC2017SR07 - Padmounted Transformer and Switchgear Rep	32,194.61	.00	.00	\$ 32,194.61
	IPC2016DO007 - McKay Rd Rebuild from 5th SR to 10th SR	.00	.00	.00	\$ -
	IPC2016DO008 - Cedar Point DS Transformer Upgrade	.00	.00	.00	\$ -
	IPC2016DO010 - IBR & 5 SR	.00	.00	.00	\$ -
	IPC2016DO012 - Station Reliability Upgrade	.00	.00	.00	\$ -
	IPC2016DO013 - Stroud DS Automation	.00	.00	.00	\$ -
	IPC2016DO014 - BBP DS-Friday Harbour North Entrance	.00	.00	.00	\$ -
	IPC2016DO015 - Ewart Street Rebuild	.00	.00	.00	\$ -
	IPC2016DO016 - Transformers	.00	.00	.00	\$ -
	IPC2017SS02 - Repoling:Big Bay Pt Rd - Friday Harbour DS to	.00	.00	.00	\$ -
	IPC2017SS03 - Repoling:Lockhart Rd - Huronia Rd to Stroud C	.00	.00	.00	\$ -
	IPC2017SS04 - Sandy Cove DS Automation	.00	.00	.00	\$ -
	IPC2017SS05 - Line Extension: Mapleview Drive Prince Willia	.00	.00	.00	\$ -
	IPC2017SS06 - Repoling:5 SR - McKay Road to Salem Rd	.00	.00	.00	\$ -
	IPC2017SS07 - DS Transformer Oil Containment	.00	.00	.00	\$ -
	IPC2017SS08 - Repoling:McKay Rd - 5 SR to 10 SR	.00	.00	.00	\$ -
	IPC2017GP01 - IT Hardware	72,532.94	.00	.00	\$ 72,532.94
	IPC2017GP02 - IT Software	10,040.00	.00	.00	\$ 10,040.00
	IPC2017GP03 - Furniture and Equipment	.00	.00	.00	\$ -
	IPC2017GP04 - Buildings and Fixtures	.00	-30,160.00	.00	-\$ 30,160.00
	IPC2017GP05 - Finance IT	4,775.45	.00	.00	\$ 4,775.45
	IPC2017GP06 - Engineering IT	1,963.81	.00	.00	\$ 1,963.81
	IPC2017GP08 - Fleet Tools	4,809.47	-10,499.00	.00	-\$ 5,689.53
	IPC2017GP09 - Stores Equipment	.00	.00	.00	\$ -
	IPC2017GP10 - Tools, Shop and Garage Equipment	.00	.00	.00	\$ -
	IPC2017GP11 - Measurement and Testing Equipment	.00	.00	.00	\$ -
	IPC2017GP12 - Replacement Double Bucket Truck - 1993 Alte	.00	.00	.00	\$ -
	IPC2017GP13 - Fleet Vehicle Replacement 1-2006 Ford 1/2 T	.00	.00	.00	\$ -
	IPC2017GP14 - Tech & Locator Vehicles (x4)	.00	.00	.00	\$ -
	IPC2017GP15 - Distribution Fault Current Indicators	7,510.34	.00	.00	\$ 7,510.34
	IPC2017GP16 - System Supervisory	412.66	.00	.00	\$ 412.66
CAR Subtotal		422,696.98	-40,659.00	.00	\$ 382,037.98
Subtotal		985,916.53	-502,628.53	1,590,815.02	
Grand Total Excluding WIP					\$ 483,288.00
Grand Total Including 2016 WIP Expenditures					\$ 1,276,376.41
Grand Total Including Cumulative WIP Expenditures					\$ 2,074,103.02
Work in Progress (incl. contributions)	Actual Cost YTD				
Opening Balance	797,726.61				

Notes

Note 1 - Base 1 - Upon comparison of 2017 July costs to 2016, the projected year end cost is in line and on track for 2017.

Note 2 - Base 2 - 2016 we had no expenses incurred on unbudgeted regional or municipal county works projects that are partially contributed, however for 2017 we are projecting gross capital of approximately \$200,000 and a net capital of \$133,000 for year-end costs.

Note 3 - Base 3 - We expect the net costs of 2017 to be similar to 2016.

Note 4 - Base 4 - The projected increase in capital investment related to subdivision developments is expected to be considerably higher for 2017 as compared to 2016 with the multiple subdivision projects expected to be energized by year end. As shown below in the table the net capital increase of roughly \$2,000,000.

Base 4 - Budget to Forecasted 2017			
	Transfer price	Contribution	Net Investment
Subdivisions energized August 2017 as Base 4			
Alcona	684,055	476,305	
Ballymore Phase 2&3	234,644	187,198	
Friday Harbour Phase 2	790,899	643,113	
Top Hills	128,909	109,468	
Churchill Downs	181,459	153,520	
Cookshill North	194,790	154,193	
San Diego Phase 2B	210,169	164,007	
Subtotal	2,424,925	1,887,804	
Additional Base 4 projects on track to be completed in 2017			
Friday Harbour Phase 1	13,131,775	11,462,620	
Revised FH Ph 1 (w/o stn)	7,831,775	6,265,420	
TOTAL	10,256,700	8,153,224	2,103,476
2017 Budget	641,280	513,024	128,256
Increase in Budget to Forecasted of Capital Investment 2017			1,975,220

Note 5 - Projects are typically completed in second half of the year.

Note 6 - Pending County confirmation to proceed.

Note 7 - Project moved to base 4 for system access of subdivision.

Note 8 - Pending Municipal approvals for intersection reconstruction.

Note 9 - These projects are deferred due to developer delays.

Witness: Michael Davison/Daryn Thompson

UNDERTAKING JT1.6

Undertaking:

TO UPDATE THE FORECASTED CONTRIBUTIONS IN THE TABLE IN 2 VECC 6.

Reference: Transcript dated September 12, 2017 page 37, lines 10-26.

Response:

Table JT1.6 Updated Table from 2 VECC 6

Summary						
	2017	2018	2019	2020	2021	TOTAL
System Access - Before Contributions	\$ 5,910,324	\$14,360,445	\$ 11,585,662	\$ 12,158,616	\$ 13,257,615	\$57,272,661
Contributions	-\$ 4,153,553	-\$11,826,225	-\$ 9,927,905	-\$ 10,450,036	-\$ 11,128,590	-\$47,486,308
System Access - Net of Contributions	\$ 1,756,771	\$ 2,534,220	\$ 1,657,757	\$ 1,708,580	\$ 2,129,025	\$ 9,786,353
System Renewal - Before Contributions	\$ 1,215,739	\$ 1,140,219	\$ 2,919,105	\$ 2,399,973	\$ 2,109,321	\$ 9,784,357
Contributions (None)	0	0	0	0	0	\$ -
System Renewal - Net of Contributions	\$ 1,215,739	\$ 1,140,219	\$ 2,919,105	\$ 2,399,973	\$ 2,109,321	\$ 9,784,357
System service - Before Contributions	\$ 245,000	\$ 78,750	\$ 960,800	\$ 1,005,589	\$ 823,897	\$ 3,114,036
Contributions (None)	0	0	0	0	0	\$ -
System Service - Net of Contributions	\$ 245,000	\$ 78,750	\$ 960,800	\$ 1,005,589	\$ 823,897	\$ 3,114,036
General Plant - Before Contributions	\$ 1,187,135	\$ 1,423,156	\$ 896,813	\$ 680,317	\$ 706,287	\$ 4,893,708
Contributions (None)	0	0	0	0	0	\$ -
General Plant - Net of Contributions	\$ 1,187,135	\$ 1,423,156	\$ 896,813	\$ 680,317	\$ 706,287	\$ 4,893,708
TOTAL - BEFORE CONTRIBUTIONS	\$ 8,558,198	\$17,002,570	\$ 16,362,380	\$ 16,244,495	\$ 16,897,120	\$75,064,763
CONTRIBUTIONS - TOTAL	-\$ 4,153,553	-\$11,826,225	-\$ 9,927,905	-\$ 10,450,036	-\$ 11,128,590	-\$47,486,308
TOTAL - NET OF CONTRIBUTIONS	\$ 4,404,645	\$ 5,176,345	\$ 6,434,475	\$ 5,794,459	\$ 5,768,530	\$27,578,454

Witness: Michael Davison

UNDERTAKING JT1.7

Undertaking:

TO PROVIDE THE ACTUAL RATES OF RETURN FOR INNPPOWER THAT TAKE INTO ACCOUNT ALL THE LOSS CARRY FORWARDS AND LOSS CARRY BACKWARDS FOR 2013 TO 2016.

Reference: Transcript dated September 12, 2017 page 44, line 19 to page 46, line 24.

Response:

InnPower is providing revised calculations of ROE for the period of 2011 to 2016 to show the effect of loss carry forward and loss carry back amounts. The OEB calculations that InnPower used for the revisions were the applicable calculations that were used in each of the corresponding years. As shown in the table, when a loss is reduced by applying it to a prior period, as is the case in 2014, the recalculated ROE for 2014 is increased. However, the offset is a reduction in ROE for the years prior that it was applied to. In the case of 2014 losses, they were carried back to 2011, 2012 and a portion carried forward to 2015.

Regulated Return on Equity						
	2011	2012	2013	2014	2015	2016
Deemed	8.01	8.01	8.98	8.98	8.98	8.98
Achieved as Reported RRR	8.58	1.96	6.70	5.82	7.61	3.90
Recalc with LCF and LCB	-3.20	-12.19	7.00	22.20	6.43	6.90

These tax losses are resulting from timing differences, not operational losses, largely due to the difference in depreciation and CCA rates (depreciation is accounting basis and CCA is tax basis) but also with regard to regulatory balances that are pushed to the balance sheet for accounting purposes but not tax purposes. Over time these differences offset each other.

InnPower applied the losses back to get tax refunds from amounts in prior years. This increased our cash flow which improved our liquidity. Rate payors benefit from this strategy as it lowers the amount borrowed and interest costs. The new corporate headquarters and the additional debt has increased the debt to equity ratio beyond the OEB deemed 60/40. InnPower is endeavouring to reduce our ratio to within the deemed and improve its financial performance. The shareholder is supporting this effort by suspending dividends and providing a cash injection. Dividends were suspended for the last quarter of 2014 and have not been re-instated to date. In 2016, the shareholder injected \$1,600,000 of equity into InnPower. The use of the loss carry back as a tax strategy is a third mechanism that InnPower is using to improve our liquidity issues

Witness: Jennifer Cowles

UNDERTAKING JT1.8

Undertaking:

IN OM&A, WHAT ARE THE INCREMENTAL COSTS AT BEING IN THE NEW BUILDING VS COSTS AT THE OLD BUILDING USING ACTUAL 2014-2016 AND FORECAST 2017 DATA.

Reference: Transcript dated September 12, 2017 page 59, line 9 to page 60, line 21.

Response:

The incremental OM&A costs at being in the new building vs. costs at the old building using actual 2014-2016 data are shown in the table below.

Table JT1.8 Building Expenses – 7251 Yonge Street vs 2073 Commerce Park Drive

Building Expenses - 7251 Yonge Street vs. 2073 Commerce Park Drive										
	New Building			Old Building			2017 to 2014 Variance		2016 to 2014 Variance	
	2017	2016	2015	2016	2015	2014				
Property Taxes	102,000.00	101,489.21	86,203.70		14,861.93	20,127.75	\$ 81,872.25		\$ 81,361.46	
Insurance	56,000.00	55,208.16	43,942.58			36,678.00	\$ 19,322.00		\$ 18,530.16	
Hydro/Water/Sewer	55,000.00	55,577.75	44,704.58		17,117.87	38,034.25	\$ 16,965.75		\$ 17,543.50	
Gas	10,000.00	9,914.03	12,560.68			-	\$ 10,000.00		\$ 9,914.03	
Security	1,044.00	1,044.00	1,044.00			1,044.50	-\$ 0.50		-\$ 0.50	
Janitorial	22,500.00	22,500.00	25,477.94		813.48	14,100.00	\$ 8,400.00		\$ 8,400.00	
Snow Plowing	11,000.00	10,499.72	9,609.42			13,111.90	-\$ 2,111.90		-\$ 2,612.18	
Grass Cutting	420.00	420.00	420.00			480.00	-\$ 60.00		-\$ 60.00	
Phone/Internet	32,000.00	32,124.91	25,706.25	18,480.00	-	33,042.75	-\$ 1,042.75		-\$ 917.84	
Miscellaneous	22,000.00	21,801.22	2,658.94		2,456.54	16,630.93	\$ 5,369.07		\$ 5,170.29	
	\$ 311,964.00	\$ 310,578.99	\$ 252,328.09	\$ 18,480.00	\$ 35,249.82	\$ 173,250.08	\$ 138,713.92		\$ 137,328.91	
Net Incremental Costs at 7251 Yonge Street Vs 2073 Commerce Park Drive (\$)										
						\$ 138,713.92				
1. \$101194.25 or 73% of the incremental cost of the new building for maintenance is directly attributable to the increase in property tax and insurance. 2. Hydro/Water/Sewer have increased due to waste water as 2061 Commerce was on septic 3. The cost per Sq Ft for maintenance expense in the new building is \$7.46 for 2017 exppenses (311,964 /41,800 sq ft) 4. The cost per Sq Ft for the maintenance expense at the old building site was \$21.32 (173,250/8,128 sq ft)										
Notes:										
1 All expenses exclude tax, except for hydro expenses										
2 Insurance is property only.										
3 Old building heated by electric, new building gas.										
4 Old building was on septic, new building has sewer included in new rates.										
5 Internet at old building still exists for old building for communication network										

Witness: Brenda Pinke

UNDERTAKING JT1.9

Undertaking:

TO ADVISE IF THE 170,229 IS CALCULATED AS AN AVERAGE OF SO MANY YEARS.

Reference: Transcript dated September 12, 2017 page 62, line 23 to page 64, line 17.

Response:

The 2017 budgeted amount of \$170,229 for vegetation management is a combination of quoted pricing from 3rd party contractors (see JT1.9B for example of source of the cycle trimming costs) and historical average spends over the previous five years as more fully detailed below.

2017 Budget: \$170,229

InnPower's four year average cost for its vegetation management work, based on actual spending, is \$208,775 per year. The 2017 budget of \$170,229 reflects a reduction of 18% from its average cost.

InnPower uses a model-based approach to budget its vegetation program that is a hybrid of both historical averages and actual tender prices received from its forestry contractor. The vegetation budget includes the following components:

1. Contractor quoted pricing for Cycle trimming. This is a fixed price as provided in the tender. This varies each year depending on the area selected for that year. The tender price for 2017 is \$65,580.
2. Contractor quoted pricing for Outside ROW tree removal. The unit price is provided in the tender, but the actual total cost will vary depending on scope. The budgeted amount for 2017 is \$35k based on the scope selected for this year.
3. Off Cycle trimming (based on customer request and other tree clearing requests): This amount is based on historical spending is \$16k
4. Storm cleanup. This amount is hard to predict but we have used historical data as a guide. The 2017 budget allows for an amount of \$53,649 for storm cleanup.

1. Contractor quoted pricing for Cycle trimming. This is a fixed price as provided in the tender. This varies each year depending on the area selected for that year. The tender price for 2017 is \$65,580.
2. Contractor quoted pricing for Outside ROW tree removal. The unit price is provided in the tender, but the actual total cost will vary depending on scope. The budgeted amount for 2017 is \$35k based on the scope selected for this year.
3. Off Cycle trimming (based on customer request and other tree clearing requests): This amount is based on historical spending is \$16k
4. Storm cleanup. This amount is hard to predict but we have used historical data as a guide. The 2017 budget allows for an amount of \$53,649 for storm cleanup.

Table JT1.9B Cycle Based Prices for 2016 & 2017



InnPower Corporation

11.2 Cycle Based Prices for 2016 & 2017

2016 Prices			
Item	Unit of Work	Colour	Unit Price
1.	CONTRACT PRICE FOR CYCLE #2	(Purple)	\$ 1290.00
2.	CONTRACT PRICE FOR CYCLE #3	(Aqua)	\$ 5250.00
3.	CONTRACT PRICE FOR CYCLE #5	(Red)	\$ 17250.00
4.	CONTRACT PRICE FOR CYCLE #11	(Blue)	\$ 8475.00
5.	CONTRACT PRICE FOR CYCLE # 12	(Magenta)	\$ 10050.00
6.	CONTRACT PRICE FOR CYCLE # 19	(Pink)	\$ 11400.00
2017 Prices			
1.	CONTRACT PRICE FOR CYCLE #1	(Red)	\$ 4070.00
2.	CONTRACT PRICE FOR CYCLE #4	(Green)	\$ 17580.00
3.	CONTRACT PRICE FOR CYCLE #6	(Magenta)	\$ 14025.00
4.	CONTRACT PRICE FOR CYCLE #10	(Green)	\$ 10150.00
5.	CONTRACT PRICE FOR CYCLE # 13	(Purple)	\$ 2400.00
6.	CONTRACT PRICE FOR CYCLE # 14	(Green)	\$ 3780.00
7.	CONTRACT PRICE FOR CYCLE # 20	(Green)	\$ 13,575.00

\$ 53,715

\$ 65,580
\$ 119,295

11.3 Removal & Clean-up Prices for 2016 & 2017

Witness: Brenda Pinke and Michael Davison

UNDERTAKING JT1.10

Undertaking:

TO PROVIDE A RESPONSE TO DOCUMENTS ENTITLED "INNPOWER LETTERS OF COMMENT AFTERNOON COMMUNITY MEETING, MARCH 9, 2017, REDACTED" AND "INNPOWER LETTERS OF COMMENT, EVENING COMMUNITY MEETING, REDACTED, 2017, MARCH 9TH."

Reference: Transcript dated September 12, 2017 page 70, lines 1-27.

Response:

Responses to all letters of comment, including those completed during the community meetings, have been completed, redacted, and attached to these responses. Please see "Ex_JT1.10_Customer_Letters_Redacted" appended to these responses.

Witness: Shannon Brown

UNDERTAKING JT1.11

Undertaking:

TO PROVIDE CUSTOMER ACCOUNT AND CONNECTIONS TO AUGUST 31, 2017.

Reference: Transcript dated September 12, 2017 page 78, line 25 to page 79 line 10.

Response:

Table JT1.11 provides the actual customer account and connection numbers to August 31, 2017. The numbers in the highlighted in yellow are forecast for the balance of 2017.

Table JT1.11 Customer Account and Connections to August 31, 2017

# of cust	R	G		E	SL	S	
2017	Resident	GS<50	USL	GS>50	Sent Light	Str Lights	Total
Jan	15,377	1,023	75	78	165	2,884	19,602
Feb	15,382	1,022	75	78	165	2,909	19,631
Mar	15,396	1,015	74	85	162	2,909	19,641
Apr	15,409	1,015	74	85	162	2,916	19,661
May	15,441	1,023	73	85	161	2,985	19,768
Jun	15,475	1,028	73	85	161	2,985	19,807
Jul	15,592	1,037	73	89	161	3,025	19,977
Aug	15,641	1,044	73	89	161	3,025	20,033

Residential, GS < 50 and GS> 50 are customers.

USL, Sentinel Lights and Street Lights are connections.

Witness: Shannon Brown

UNDERTAKING JT1.12

Undertaking:

TO EXPLAIN THE DISCREPANCY BETWEEN 2 VECC 6 AND APPENDIX 2BA WITH RESPECT TO 2013 OF \$65,229 AND WITH RESPECT TO 2016 OF \$1.651 MILLION.

Reference: Transcript dated September 12, 2017 page 85, line 14 to page 89 line 18.

Response:

OEB Staff prepared and presented Exhibit KT1.4 to assist with understanding this concern. This Exhibit is reproduced again below with explanations provided.

KT- 1.4													
<u>OEB Staff Calculation - Capital Contributions</u>													
		2012		2013		2014		2015		2016		2017	
A - Total Contributions as per 2.0-VECC-6		-	1,643,538	-	494,092	-	1,416,471	-	2,266,077	-	3,986,075	-	1,869,254
B - Total Contributions as per Appendix 2-AA, Capital Projects Table, line 36, and as per Appendix 2-BA, Fixed Asset Continuity Schedule, cells E54, E195, E256, E317, E378 Excel filed August 3, 2017. (Note immaterial \$42k discrepancy between Appendix 2-AA and Appendix 2-BA relating to 2015)		-	1,643,538	-	428,863	-	1,416,471	-	2,225,541	-	2,334,510	-	1,869,254
C = A - B Discrepancy between 2.0-VECC-6 and Appendix 2-AA/Appendix 2-BA		-	0	-	65,229	-	-	40,536	-	1,651,565	-	1	
JT-1.6		The discrepancies between the compiled table provided in response to IR 2-VECC-6 is as follows;											
2013 - the DSP tables were not updated to reflect the capital contributions as identified in the fixed asset continuity tables.													
2015 - the DSP tables and Appendix 2-AA were not updated to reflect the actual capital contributions of \$2,267,837. The correct value is \$2,267,837. This change occurred with the amended application by removing the leasing area of the new administration building.													
2016 - the capital contributions reflected in the table provided in response to IR 2-VECC-6 reflects the "forecasted" capital contributions for 2016. Appendix 2-AA & Appendix 2-AB reflect 2016 actuals a. The DSP tables were not updated.													

OEB Staff Calculation - Capital Contributions							OEB Staff Calculation - Capital Contributions Revised Based on JTL 2 September 18, 2017						
	2012	2013	2014	2015	2016	2017		2012	2013	2014	2015	2016	2017
A - Total Contributions as per 2.0-VECC-6	- 1,643,538	- 494,092	- 1,416,471	- 2,266,077	- 3,986,075	- 1,869,254	A - Total Contributions as per 2.0-VECC-6	- 1,643,538	- 428,863	- 1,416,471	- 2,267,837	- 2,334,510	- 4,153,553
B - Total Contributions as per Appendix 2-AA, Capital Projects Table, line 36, and as per Appendix 2-BA, Fixed Asset Continuity Schedule, cells E54, E195, E256, E317, E378 Excel filed August 3, 2017. (Note immaterial \$42k discrepancy between Appendix 2-AA and Appendix 2-BA relating to 2015)	- 1,643,538	- 428,863	- 1,416,471	- 2,225,541	- 2,334,510	- 1,869,254	B - Total Contributions as per Appendix 2-AA, Capital Projects Table, line 36, and as per Appendix 2-BA, Fixed Asset Continuity Schedule, cells E54, E195, E256, E317, E378 Excel filed August 3, 2017. (Note immaterial \$42k discrepancy between Appendix 2-AA and Appendix 2-BA relating to 2015)	- 1,643,538	- 428,863	- 1,416,471	- 2,267,837	- 2,334,510	- 4,153,553
C = A - B Discrepancy between 2.0-VECC-6 and Appendix 2-AA/Appendix 2-BA	- 0	- 65,229	-	- 40,536	- 1,651,565	1	C = A - B Discrepancy between 2.0-VECC-6 and Appendix 2-AA/Appendix 2-BA	- 0	-	-	-	- 0	-
InnPower Response													
In review of KT1.4, InnPower has determined that the inconsistencies are due to the fact that the DSP tables have not been updated.													
In response to 2.0-VECC-6 the prepared table was created utilizing the DSP values versus the Appendix 2-AA and Appendix 2-BA.													
The discrepancy for 2016 is a result of the 2016 actuals not being updated in the DSP. The revised table now reflects Appendix 2-AA and Appendix 2-B													

Witness: Brenda Pinke and Michael Davison

UNDERTAKING JT1.13

Undertaking:

TO PROVIDE THE REVISED 2017 NUMBERS IN KT1.3 AND EXPLAIN IF THERE IS A WIDE DISCREPANCY BETWEEN THE CAPEX GROWTH RATE AND PROPOSED GROWTH RATE IN CUSTOMERS FROM 2016 TO 2017.

Reference: Transcript dated September 12, 2017 page 89, line 19 to page 91 line 5.

Response:

As more fully detailed in the comprehensive DSP that was filed with the Application, the proposed capital expenditures in the test year are driven by more variables than simply customer growth. While growth may be a driver for System Access projects, there is not a direct correlation between customer growth and System Access spending. This is because for new residential developments, the electricity infrastructure is installed first pursuant to contribution agreements with the developers – but the new customers only get added months or years later. There are other drivers for System Access projects such as municipal relocation requests, which are not tied to growth. System Service projects are not driven by growth, they are driven by reliability. System Renewal projects are not driven by growth, they are driven by the detailed asset condition assessments attached to the DSP and the resulting renewal needs. Finally, General Plant projects are not driven by growth. They are driven by business needs for fleet, tools and equipment, IT systems, and facilities.

Table JT1.13 provides a more specific response to the calculations in KT1.3.

Table JT1.13 Exhibit KT1.3 OEB Staff Calculation – Capital Expenditures versus Customer Growth Rate Revised with Undertaking JT-1.2

<u>OEB Staff Calculation - Capital Expenditures versus Customer Growth Rate Revised with Undertaking JT-1.2</u>									
			2016	2017	% Change - 2017 vs 2016				
		F - Total Capital Expenditures, Net of Contributions, as per Appendix 2-AA, Capital Projects Table, line 158, as per Appendix 2-AB, Capital Expenditure Summary from DSP Excel filed August 3, 2017, and also as per DSP Table 2-1 : Historical and forecast capital expenditures and system O&M (Note small \$61k discrepancy between Appendix 2-AA/Appendix 2-AB and DSP Table 2-1 relating to 2016)	4,548,158	4,404,649	-3.2%				
		G - Total Capital Expenditures, Net of Contributions, as per Appendix 2-BA, Fixed Asset Continuity Schedule, cells E60, E201, E262, E323, E384 Excel filed August 3, 2017	4,548,159	4,404,649	-3.2%				
		H = F - G Discrepancies between Appendix 2-AA/Appendix 2-AB/DSP Table 2-1 and Appendix 2-BA	-	1	-				
		I - Total Capital Expenditures, net of Contributions, as per 2.0-VECC-6	4,548,159	4,404,649	-3.2%				
		J = I - G Discrepancies between 2.0-VECC-6 and Appendix 2-BA	-	0	-				
% Change - 2017 vs 2016									% Change - 2017 vs 2016
		#Cust	2016	2017	2018	2019	2020	2021	
	DSP Fig 1-4	Res	15836	16185	17329	18480	19475	20472	
2.2%		GS<50	1085	349	1144	1151	995	997	2.2%
2.2%		GS>50	74	24	69	79	67	68	2.2%
0.0%				0	0	0	0	0	0.0%
	Exhibit 3	Res	15202	15555	-	-	-	-	
1.7%		GS<50	1016	353	-	-	-	-	2.3%
2.6%		GS>50	76	18	-	-	-	-	1.8%
0.0%				-2	-	-	-	-	-2.6%
InnPower Response									
In review of KT1.3 InnPower has determined that the inconsistencies are a result of the DSP not being updated throughout the application timeframe. In responding to IR 2.0-VECC-6 the presented table was created from the DSP versus Appendix 2-AA and Appendix 2-AB. InnPower has revised KT1.3 to reflect the updates provided in undertaking JT1.2 and has updated the customer numbers resulting from YTD actuals (August 2017).									
The resulting capex growth rate is -3.2% from 2016 to 2017 and the customer growth rate is 2.3% for residential, 1.8% for GS<50 and -2.6% for GS>50. InnPower is of the view that both the capex and customer growth rates are in line and that no wide discrepancy exists.									

Witness: Jennifer Cowles/Walter Malcolm/Brenda Pinke

UNDERTAKING JT1.14

Undertaking:

TO EXPLAIN THE \$65,000 DISCREPANCY IN 2016 AND THE \$2.3 MILLION DISCREPANCY IN 2015.

Reference: Transcript dated September 12, 2017 page 98, line 12 to page 99 line 8.

Response:

OEB Staff Calculation - Capital Expenditures							
	2012	2013	2014	2015	2016	2017	
F - Total Capital Expenditures, Net of Contributions, as per Appendix 2-AA, Capital Projects Table, line 158, as per Appendix 2-AB, Capital Expenditure Summary from DSP Excel filed August 3, 2017, and also as per DSP Table 2-1 : Historical and forecast capital expenditures and system O&M (Note small \$61k discrepancy between Appendix 2-AA/Appendix 2-AB and DSP Table 2-1 relating to 2016)	3,818,378	4,751,135	5,031,383	17,577,706	4,548,158	6,688,946	
G - Total Capital Expenditures, Net of Contributions, as per Appendix 2-BA, Fixed Asset Continuity Schedule, cells E60, E201, E262, E323, E384 Excel filed August 3, 2017	NA	4,751,136	5,031,383	15,262,964	4,548,159	6,688,948	
H = F - G Discrepancies between Appendix 2-AA/Appendix 2-AB/DSP Table 2-1 and Appendix 2-BA	NA -	1 -	0	2,314,742	- 1	- 2	
I - Total Capital Expenditures, net of Contributions, as per 2.0-VECC-6	3,818,378	4,685,906	5,031,383	17,537,166	4,486,793	6,688,945	
J = I - G Discrepancies between 2.0-VECC-6 and Appendix 2-BA	NA -	65,229	- 0	2,274,202	- 61,366	- 3	
InnPower Response							
The 2 identified discrepancies (Line H and Line J) were a result of the changes undertaken to reflect the IRM EB-2014-0084 Decision with respect to the new Administration building. The Fixed Asset Continuity schedules (Appendix 2-BA) were updated however Appendix 2-AA and Appendix 2-AB were not updated.							

Witness: Brenda Pinke

UNDERTAKING JT1.15

Undertaking:

TO PROVIDE AN EXPLANATION RELATED TO THE DOUBLE BUCKET MODEL.

Reference: Transcript dated September 12, 2017 page 99, line 9 to page 100 line 26.

Response:

The double bucket truck that was previously anticipated to go into service in Q4 of 2017 is now expected to go into service in Q1 of 2018.

InnPower does not agree that the cost of \$490,000 should not be included in rate base in the test year. This would amount to a selective reduction to one category of test year capital expenditures without also adjusting for increases in other categories.

For example, please refer to Undertaking JT1.5. As explained in Note 4, actual System Access expenditures in the “Base 4” category are well in excess of budget. Basically, due to very high home prices, developments year-to-date in the InnPower service area have proceeded much faster than were conservatively forecasted. Budgeted amounts for Base 4 (net of contributions) was \$128,256. Actual as of the end of August 2017 is (net of contributions) already \$557,324. Forecasted for the end of 2017 is now (net of contributions) \$2,103,476.

If an update to reflect actuals year-to-date is to be done, it should be done on a comprehensive basis across the entire capital program. It is not correct to reflect only reductions in one category and not reflect corresponding increases in other categories.

The models filed with these undertaking responses have not been updated to reflect the removal of the double bucket truck in 2017.

Witness: Michael Davison

UNDERTAKING JT1.16

Undertaking:

TO PROVIDE A REVISED FIGURE 1.5 WITH CDM INCLUDED.

Reference: Transcript dated September 12, 2017 page 101, line 3 to page 103 line 20.

Response:

System Loading											
Description	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Utility Winter Peak Load (kW) - w/o DG	49,221	46,737	57,349	50,885	50,982	52,874	54,502	60,462	66,618	71,792	77,100
Utility Summer Peak Load (kW) - w/o DG	48,959	50,554	52,444	44,978	50,218	52,030	53,589	59,297	65,193	70,148	75,232
Energy Savings (MWh) CDM						2,023	2,103	3,495	1,212	2,329	
Winter Peak	49,350	47,249	58,027	51,364	51,649	54,319	56,447	62,798	69,238	74,704	80,304
Summer Peak	49,224	51,196	53,227	45,869	51,992	54,397	56,667	62,761	69,065	74,429	79,921

Figure 4-6

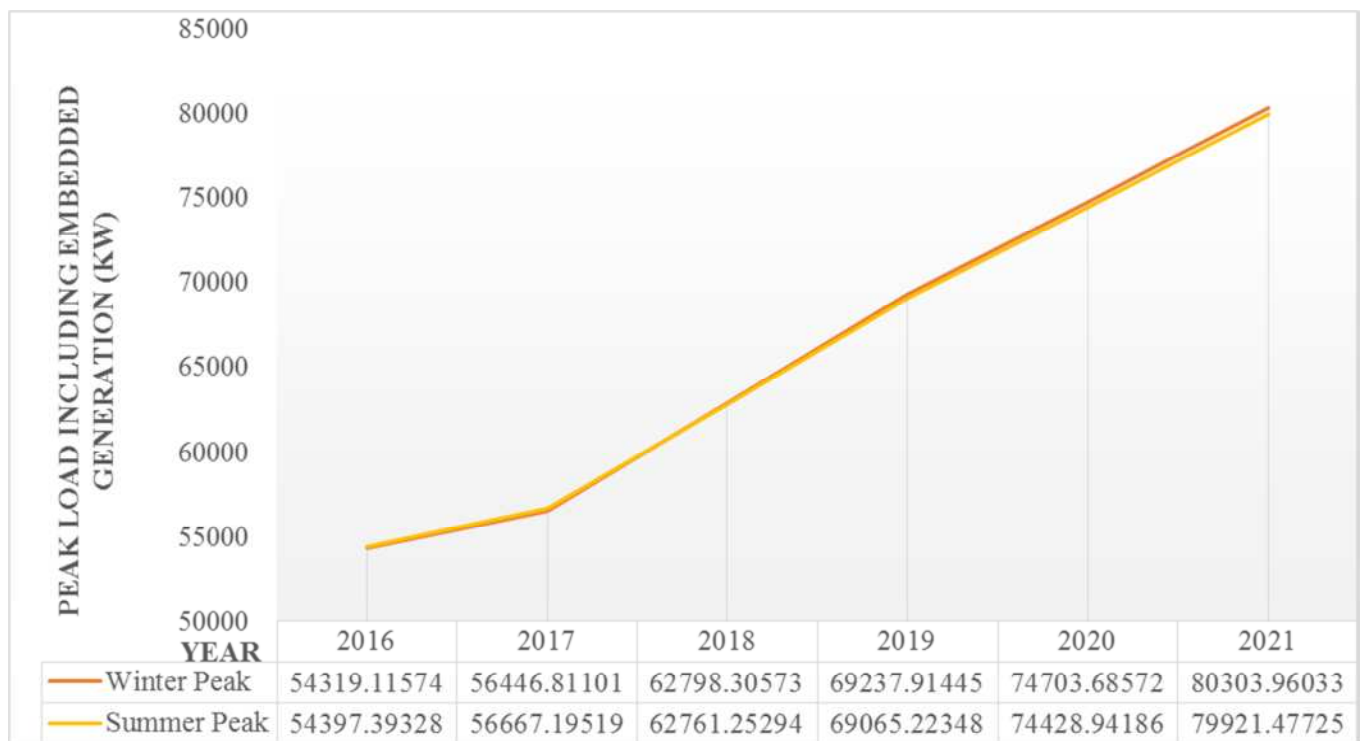
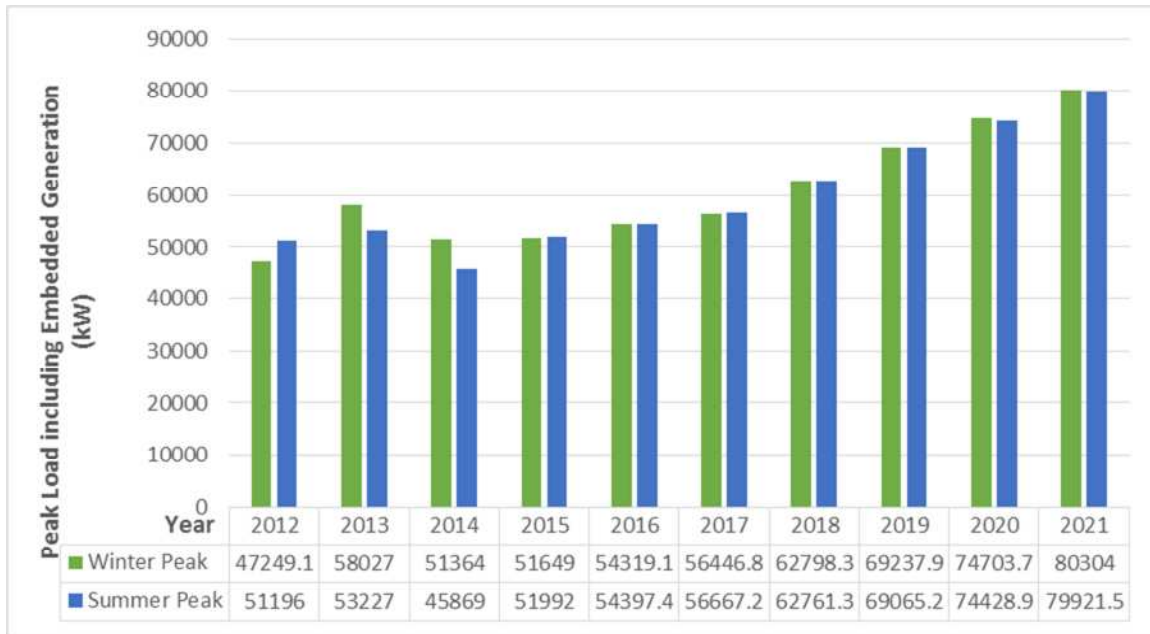


Figure 1-5



Witness: Brenda Pinke

UNDERTAKING JT1.17

Undertaking:

TO EXPLAIN THE DISCREPANCIES BETWEEN APPENDIX 2H OF 1.0 STAFF 13, PAGE 28 AND FILED IN EXHIBIT 3 OF THE AUGUST 14TH, 2017 INTERROGATORY RESPONSES, PAGE 139; AND BETWEEN THE VERSION OF APPENDIX 2K OF FILED AUGUST 4TH AS PART OF INTERROGATORY 4.0 STAFF 49, PAGE 158; IN INTERROGATORY 4 STAFF 34, PAGE 183; INTERROGATORY 4.0 STAFF 53, PAGE 174; AND INTERROGATORY 4.0 VECC 30, PAGE 204.

Reference: Transcript dated September 12, 2017 page 130, line 17 to page 133 line 3.

Response:

InnPower has reviewed this undertaking and the associated transcript to provide a clear response. It is InnPower view that the concern is around Appendix 2-H Other Revenues and Appendix 2-K Employee Compensation.

Appendix 2-H Other Revenues

This Appendix is contained in the IRR document in response to,

1.0 Staff-13 page 28, and Section 2.3.3 Other Revenue Table 3.42 page 139,

Appendix 2-H presented on page 28 is the most up to date version and is reflected in the Chapter 2 Appendixes uploaded on August 2, 2017 and presented below.

**Appendix 2-H
Other Operating Revenue**

USoA #	USoA Description	2013 Actual	2014 Actual	2015 Actual ²	Actual Year ²	Bridge Year ²	Test Year
		2013	2014	2015	2015	2016	2017
	<i>Reporting Basis</i>	<i>CGAAP</i>	<i>CGAAP</i>	<i>CGAAP</i>	<i>MIFRS</i>	<i>MIFRS</i>	<i>MIFRS</i>
4210	Rent from Electric Property	-\$ 153,289	-\$ 169,620	-\$ 161,207	-\$ 162,034	-\$ 162,034	-\$ 162,034
4225	Late Payment Charges	-\$ 73,904	-\$ 84,703	-\$ 96,925	-\$ 96,925	-\$ 111,252	-\$ 111,252
4235	Specific Service Charges	-\$ 116,157	-\$ 139,676	-\$ 156,170	-\$ 156,170	-\$ 159,223	-\$ 170,000
4245	Deferred Revenues - Contributions	\$ -	\$ -	\$ -	-\$ 313,330	-\$ 376,051	-\$ 522,116
4355	Gain on Dispositions	\$ -	-\$ 4,450	-\$ 440,397	-\$ 440,397	\$ 8,791	\$ 183,094
4375	Revenues from Non Utility Operations	-\$ 682,460	-\$ 801,855	-\$ 775,120	-\$ 775,120	-\$ 1,354,978	-\$ 1,087,311
4380	Expenses of Non Utility Operations	\$ 627,785	\$ 718,395	\$ 689,823	\$ 689,823	\$ 1,250,847	\$ 983,861
4390	Misc Non Operating Expense	-\$ 11,015	-\$ 10,882	-\$ 30,116	-\$ 30,116	-\$ 57,992	-\$ 60,000
4405	Interest and Dividend Income	-\$ 26,558	-\$ 39,974	-\$ 27,918	-\$ 27,918	-\$ 29,388	-\$ 30,000
	Total	-\$ 435,598	-\$ 532,765	-\$ 998,029	-\$ 1,312,186	-\$ 991,280	-\$ 975,758
	Specific Service Charges	-\$ 116,157	-\$ 139,676	-\$ 156,170	-\$ 156,170	-\$ 159,223	-\$ 170,000
	Late Payment Charges	-\$ 73,904	-\$ 84,703	-\$ 96,925	-\$ 96,925	-\$ 111,252	-\$ 111,252
	Other Operating Revenues (4210 & 4245)	-\$ 153,289	-\$ 169,620	-\$ 161,207	-\$ 475,364	-\$ 538,084	-\$ 684,150
	Other Income or Deductions (4355, 4375, 4380, 4390, 4405)	-\$ 92,248	-\$ 138,766	-\$ 583,728	-\$ 583,728	-\$ 182,721	-\$ 10,356
	Total	-\$ 435,598	-\$ 532,765	-\$ 998,029	-\$ 1,312,186	-\$ 991,280	-\$ 975,758

Table 3.42 on page 139 reflects a version that was submitted the May version of the application and did not reflect the 2017 correction to late payment charges from \$75,000

To \$111,252 or the changes in 4210 for pole attachments from \$326,649 to \$162,034. The entire Exhibit 3 was re-submitted with the IR responses and this error was not caught.

Appendix 2-K

This Appendix is contained in the IRR document in response to,

4.0-Staff-49 page 158, 4.0 Staff-53 page 174, 4.0-SEC-34 page 183 and 4.0 VECC-30 page 204,

Appendix 2-K presented on page 158, and 183 is the most up to date version and is reflected in the Chapter 2 Appendixes uploaded on August 2, 2017 and presented below.

Appendix 2-K Employee Costs

	Last Rebasings Year - 2013- Board Approved	Last Rebasings Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time) ¹						
Management (including executive)	11	11	11	10	10	10
Non-Management (union and non-union)	28	28	27	34	34	34
Total	39	39	38	44	44	44
Total Salary and Wages including overtime and incentive pay						
Management (including executive)	\$ 1,263,246	\$ 1,367,623	\$ 1,305,406	\$ 1,289,707	\$ 1,188,414	\$ 1,140,261
Non-Management (union and non-union)	\$ 1,876,914	\$ 1,892,440	\$ 2,109,248	\$ 2,262,387	\$ 2,514,913	\$ 2,282,760
Total	\$ 3,140,160	\$ 3,260,063	\$ 3,414,655	\$ 3,552,094	\$ 3,703,327	\$ 3,423,021
Total Benefits (Current + Accrued) ²						
Management (including executive)	\$ 252,649	\$ 252,649	\$ 256,012	\$ 260,564	\$ 187,648	\$ 232,278
Non-Management (union and non-union)	\$ 375,383	\$ 375,383	\$ 417,326	\$ 433,000	\$ 385,257	\$ 414,958
Total	\$ 628,032	\$ 628,032	\$ 673,338	\$ 693,564	\$ 572,905	\$ 647,236
Total Compensation (Salary, Wages, & Benefits)						
Management (including executive)	\$ 1,515,895	\$ 1,620,272	\$ 1,561,418	\$ 1,550,271	\$ 1,376,062	\$ 1,372,539
Non-Management (union and non-union)	\$ 2,252,297	\$ 2,267,823	\$ 2,526,574	\$ 2,695,387	\$ 2,900,170	\$ 2,697,718
Total	\$ 3,768,192	\$ 3,888,095	\$ 4,087,993	\$ 4,245,658	\$ 4,276,232	\$ 4,070,257

The Appendix 2-K tables reflected on page 174 and 204 reflect a version which was corrected after the table was pasted into the document for 4.0 Staff-53 and 4.0 VECC-30 due to timing as to when the IR's were answered.

Witness: Jennifer Cowles

UNDERTAKING JT1.18

Undertaking:

TO CONFIRM THE TOTAL REGULATORY COSTS REQUESTED.

Reference: Transcript dated September 12, 2017 page 133, line 4 to page 134 line 4.

Response:

InnPower confirms that with the update to Appendix 2-M the requested regulatory cost for 2017 will be \$102,012. This consists of 2017 ongoing costs for \$71,712 and 1/5 of one-time costs of \$151,500 thus \$71,712 plus \$30,300 for a total of 102,012.

Witness: Jennifer Cowles/Brenda Pinke

UNDERTAKING JT1.19

Undertaking:

WITH RESPECT TO THE PROPOSED 3 PERCENT REDUCTION IN THE TEST YEAR BUDGET, WITH RESPECT TO THE OM&A PROGRAMS THAT ARE FORECASTED FOR THE TEST YEAR, TO CONFIRM WHAT REDUCTION IN SCOPE OF THOSE PROGRAMS, IF ANY, IS INNPPOWER PROPOSING TO ACHIEVE THAT 3 PERCENT REDUCTION, ON A PROGRAM-BY-PROGRAM BASIS.

Reference: Transcript dated September 12, 2017 page 134, line 5 to page 136 line 15.

Response:

The 3% reduction in the OM&A Test Year budget represents a value of \$197,269. This undertaking was to provide further clarification to IR 4.0-Staff-49 as to how InnPower will achieve the 3% reduction in OM&A, identify any impacts to OM&A Programs as outlined in Appendix 2-JC and to achieve the 4 performance outcomes of Customer Focus, Operational Effectiveness, Public Policy Responsiveness and Financial Performance.

InnPower is confident that the OM&A programs presented will support the achieving of the performance outcomes and continued improvement in InnPower Scorecard metrics. The following reductions to support the 3% reduction of are presented in Table JT1.19 below.

Table JT1.19 Reductions in OM&A Test Year budget

Program	Category	Savings	Comments	APH
Administration	Audit, Legal and Consulting	\$ 10,000.00	reduction in annual financial audit due to RFP	5630
	MGMT, Admin, Finance, Reg & IT	\$ 14,800.00	reduction in Board meetings from 12 to 5 annually	5605
		\$ 5,100.00	reduction in misc expense (dues, conf and meals)	5610
		\$ 11,000.00	reduction in misc expense (dues, conf and mileage)	5615
		\$ 31,957.00	Allocation of Reg/Conservation MGR to CFF	5615
All	Labour	\$ 28,674.00	Return to 2016 OT levels with all vacancies filled	multiple
	Continuous Process Improvements	\$ 50,000.00	Establishment of Efficiency Committee	multiple
		\$ 40,000.00	Synergies with TOI, fleet maintenance, purchasing, etc	multiple
	Total	\$ 191,531.00		

Witness: Walter Malcolm

UNDERTAKING JT1.20

Undertaking:

TO PROVIDE THE OM&A BREAKDOWN TO THE END OF JULY, INCLUDING LABOUR VERSUS NON-LABOUR.

Reference: Transcript dated September 12, 2017 page 143, line 20 to page 144 line 16.

Response:

InnPower has reflected the actual unaudited OM&A by program as of July 31, 2017, with labour and non-labour components separated. Please refer to Table JT1.20 for the OM&A Breakdown to the end of July 2017, including Labour vs. non-labour costs.

Table JT1.20 Appendix 2-JC updated to include the OM & A Breakdown to the end of July 2017, including Labour vs. non-labour costs

Appendix 2-JC OM&A Programs Table					
Programs	2017 Test Year		YTD July 31, 2017	YTD July 31, 2017	YTD July 31, 2017
Reporting Basis	MIFRS		Labour	Non-Labour	Total
Operations					
1) Distribution Station	66,760		5,416	37,133	42,549
2) Overhead Distribution Operations	169,591		107,872	14,157	122,029
3) Underground Distribution Operations	136,637		9,306	32,172	41,479
4) Distribution Meters	262,730		51,795	94,276	146,071
5) Customer Workorders	173,206		27,603	37,158	64,762
6) Engineering/ Systems Ops/Line Constru/SCADA/Ops Admin	722,204		399,862	75,046	474,908
Sub-Total	1,531,128		601,855	289,942	891,797
Maintenance					
1) Overhead Distribution Lines/Feeders	410,167		69,587	75,837	145,424
2) Underground Distribution Lines/Feeders	136,079		52,350	54,545	106,895
3) Distribution Meters	27,888		279	13,274	13,553
4) Distribution Transformers	73,628		6,025	8,886	14,911
Sub-Total	647,761		128,241	152,542	280,784
Community Relations					
1) Community Relations	11,640		0	1,827	1,827
Sub-Total	11,640		0	1,827	1,827
Customer Service					
1) Bad Debts	77,600		0	38,248	38,248
2) Customer Service & Billings	702,939		187,052	137,770	324,822
3) Customer Collections	368,742		165,531	43,937	209,468
Sub-Total	1,149,280		352,582	219,955	572,537
Administration					
1) Information Systems	335,309		0	176,230	176,230
2) Insurance	106,700		0	65,797	65,797
3) Audit, Legal and Consulting	175,667		0	121,198	121,198
4) Building and Office Supplies	322,574		0	181,642	181,642
5) Management, Administrative, Finance, Regulatory and IT	1,613,297		831,773	45,069	876,842
6) Regulatory Affairs (assessment & application costs)	97,000		0	75,796	75,796
Sub-Total	2,650,546		831,773	665,732	1,497,505
Miscellaneous					
Total	5,990,356		1,914,451	1,329,999	3,244,450

Witness: Jennifer Cowles

UNDERTAKING JT1.21

Undertaking:

TO FILE THE NOTICE OF ASSESSMENT THAT SUPPORTS THE INCREASE DESCRIBED UNDER "NEW CORPORATE HEADQUARTERS" IN 4.0 STAFF 49 PAGE 163.

Reference: Transcript dated September 12, 2017 page 152, line 25 to page 153 line 15.

Response:

Please see "Ex_JT1.21Property_Tax_Bill" and "Ex_JT1.21MPAC_Assessment" appended to these responses.

Witness: Jennifer Cowles

UNDERTAKING JT1.22

Undertaking:

TO CONFIRM THAT THE RATES IN TAB 13 OF THE REVENUE REQUIREMENT WORK FORM ARE CONSISTENT WITH THE RATES IN THE APPROVED TARIFF SHEET FILED WITH THE INTERROGATORIES.

Reference: Transcript dated September 12, 2017 page 156, line 17 to page 157 line 11.

Response:

The rates in Tab 13 of the Revenue Requirement Work Form are now consistent with the Proposed Tariff which has been updated to reflect changes resulting from the Technical Conference on September 12 – 13th, 2017.

Witness: Brenda Pinke

UNDERTAKING JT1.23

Undertaking:

TO UPDATE THE TABLE FILED IN RESPONSE TO 8 STAFF 57 ENTITLED "FIXED CHARGE ANALYSIS PREVIOUS COS APPLICATION EB-2012-0139 SETTLEMENT" TO REFLECT THE ACTUAL BOARD-APPROVED TARIFF FOR 2016.

Reference: Transcript dated September 12, 2017 page 158, line 22 to page 159 line 26.

Response:

InnPower has updated the table presented in 8.0-Staff-57 to reflect 2016 Approved Rates and the fixed/variable split at the time of the IRR filing. The table is below.

Table JT1.23 EB-2016-0085

EB-2016-0085 Fixed Charge Analysis						
Customer Class	Current Volumetric Split	Current Fixed Charge Split	Total	Fixed Rate Based on Current Fixed/Variable Revenue Proportions	2016 Rates From OEB Approved Tariff	Minimum System with PLCC Adjustment (Ceiling Fixed Charge From Cost Allocation Model)
Residential	30.49%	69.51%	100.00%	33.26	24.85	38.08
GS < 50 kW	38.86%	61.14%	100.00%	45.49	34.33	39.95
GS >50 to 4999 kW	77.05%	22.95%	100.00%	229.34	151.60	118.70
Sentinel Lights	40.30%	59.70%	100.00%	14.84	11.20	29.18
Street Lighting	23.52%	76.48%	100.00%	4.65	5.72	5.62
Unmetered and Scattered	46.67%	53.33%	100.00%	14.02	10.57	26.51

Witness: Brenda Pinke/Bruce Bacon

UNDERTAKING JT1.24

Undertaking:

TO PROVIDE THE CALCULATIONS FOR THE TWO BURDEN RATES IN 8 STAFF 69.

Reference: Transcript dated September 12, 2017 page 165, line 27 to page 166 line 23.

Response:

InnPower has provided both the burden rate breakdown in Table JT1.24A and the hourly burdened rate calculation for 2017 in Table JTT1.24B for both the CSR and Manager positions. An estimate of these hourly rates was used in the analysis to support the specific service charges.

Both the CSR and Manager burden rates are the same and for 2017 have been calculated as follows:

Table JT1.24A Breakdown of Burden Rate

Description	2017 Burden Rate
EI/CPP/EHT	9.2%
WSIB	1.2%
Health/Dental/Life	5.8%
Vacation/Stat/Floater/Sick	20.4%
OMERS	14.6%
Total Payroll Burden % Net Salary	51.2%

Table JT1.4B Calculation of Burdened Rates

Position	Unburdened Hrly Rate	Burden Calc	Burden	Burdened Hrly Rate	Rate IRR 8.0-Staff-69
Customer Service Manager	\$50.54	50.54*.512	\$25.88	\$76.42	\$72.50
Customer Service Rep.	\$30.94	30.94*.512	\$15.84	\$46.78	\$45.20

Actuals for 2017, are presented in the above tables instead of prior year estimates that were previously used to prepare the analysis to support the requested charge.

Witness: Jennifer Cowles/Shannon Brown/Michael Davison

UNDERTAKING JT1.25

Undertaking:

TO REVISE THE RESPONSE TO 8 STAFF 72 TO REFLECT ACCOUNT 4235 INSTEAD OF ACCOUNT 4375.

Reference: Transcript dated September 12, 2017 page 168, line 4 to page 169 line 5.

Response:

Please find below the completed table with detail for each specific charge contained in USoA Account 4235.

IR 8.0-Staff-72 –InnPower has applied to increase certain of its specific service charges by amounts ranging from 26% to 152%. However, OEB staff notes that InnPower has decreased its forecast of revenues from specific service charges from \$192,331 to \$170,000.

a) Please complete the following table (based on Schedule 11-3 in the Rate Handbook) with detail for each specific charge contained in USoA Account 4235.

Charge Description	Charge Rate	2014 Actual Revenue	2015 Actual Revenue	2016 Actual Revenue	2017 Rate	2017 Volume	2017 Revenue
Total Revenue							

b) Please explain all variances between 2016 actual revenues and 2017 forecast.

c) Please provide any correction to InnPower's forecast of Other Revenues in a revised Revenue Requirement Workform and other schedules as requested in OEB staff IRs 1-Staff-1, 1-Staff-2 and 1-Staff-3.

InnPower Response

Table JT1.25 presents Account 4235 from 2014 to 2017 forecast as requested. Please note that charges for temporary services were included in recoverable work orders for the 2014 to 2016 timeframe.

Table JT1.25 Charge Breakdown for 2014-2017

ACCOUNT 4235 Breakdown							
Charge Description	Charge Rate	2014 Actual Revenue	2015 Actual Revenue	2016 Actual Revenue	2017 Rate	2017 Volume	2017 Revenue
Misc Service Reconnection regular hours	\$ 40.00	\$ 5,745.00	\$ 7,564.48	\$ 9,200.00	\$ 65.00	117	\$ 7,605.00
Misc Service Reconnection after hours	\$ 185.00	\$ 1,528.11	\$ 3,530.94	\$ 2,984.05	\$ 185.00	23	\$ 4,255.00
Misc Service Reconnection after hours at pole	\$ 415.00	\$ 415.00	\$ -	\$ 825.00	\$ 415.00	0	
Misc Service Change of Occupancy	\$ 30.00	\$ 67,890.00	\$ 75,240.00	\$ 74,666.10	\$ 30.00	2,500	\$ 75,000.00
Misc Service Arrears Certificates	\$ 15.00	\$ 1,423.10	\$ 1,504.06	\$ 1,096.95	\$ 15.00	128	\$ 1,920.00
Misc Service Collection Charges	\$ 15.00	\$ 39,975.00	\$ 48,510.00	\$ 47,750.00	\$ 15.00	3,200	\$ 48,000.00
Recoverable Workorders Labour		(53,369.48)	(30,227.02)	(24,236.55)			(35,944.35)
Recoverable Workorders Material		(18,797.82)	(3,972.79)	(563.13)			(7,777.91)
Recoverable Workorders Vehicles		(13,428.23)	(756.17)	(4,097.75)			(6,094.05)
Recoverable Workorders Purchases		(3,741.56)	(728.44)	0.00			(1,490.00)
Recoverable Workorders Subcontractors		16,865.40	(59,094.80)	(133,304.32)			(58,511.24)
Recoverable Workorders Billed		84,875.90	\$ 109,435.04	\$ 193,030.79			129,113.91
Misc Services Unbilled		10,297.28	\$ 5,164.22	-\$ 8,128.61			2,444.30
Temporary service install/remove -OH no transformer					\$ 632.00	4	\$ 2,528.00
Temporary service install/remove -UG no transformer					\$ 468.00	3	\$ 1,404.00
Temporary service install/remove- OH with transformer					\$2,525.00	3	\$ 7,575.00
		\$ 139,677.70	\$ 156,169.52	\$ 159,222.53			\$170,027.65

Witness: Shannon Brown/Michael Davison

UNDERTAKING JT1.26

Undertaking:

TO PROVIDE NOTICES OF ASSESSMENT FOR 2014 AND 2015.

Reference: Transcript dated September 12, 2017 page 170, lines 8-16.

Response:

Please see “Ex_JT1.26.2014” and “Ex_JT1.26.2015” appended to these responses.

Witness: Jennifer Cowles

UNDERTAKING JT1.27

Undertaking:

TO EXPLAIN HOW THE LOSS OCCURRED IN 2014 AND HOW IT RELATES TO THE REGULATORY CHANGE TO MIFRS.

Reference: Transcript dated September 12, 2017 page 170, line 17 to page 174 line 10.

Response:

As presented in the attachment JT1.27 Excerpts from InnPower 2014 Tax Return, the calculation from accounting net income to Net Income for Income Tax Purposes has a number of adjustments.

- 1) The amortization of tangible assets at \$1,417,235 is the largest amount in the schedule that is added back to net income. The corresponding capital cost allowance that is subsequently deducted from net income is \$2,631,505. This contributed \$1,214,270 to the net loss for income tax purposes.
- 2) Another significant contributors to the net loss is a Regulatory Reserve taken out of income in the amount of \$1,632,190. These are cost of power expenses that are pushed from the Income Statement (Statement of Comprehensive Income – IFRS) to the Balance Sheet (Statement of Financial Position – IFRS) for accounting purposes but that are reductions to net income for tax purposes.
- 3) The losses in 2014, as stated above, are partially due to the difference between depreciation and CCA, and the timing of regulatory differences between the cost of power and the sale of power. These existed prior to IFRS, however, the difference arising between depreciation and CCA became a larger annual amount as the useful lives were extended for depreciation purposes.
- 4) The loss in 2013 was not as large as 2014 due to a tax error in Schedule 1. \$682,327 was added to taxable income instead of reduced from taxable income, for the year end regulatory balances. This was corrected in the 2014 tax return, which contributed to the higher losses. The taxable loss would have been (\$1,419,226) in 2013 and the taxable loss in 2014 would have been (\$1,264,262).
- 5) InnPower adopted International Financial Reporting Standards on January 1, 2015. Although restatement of 2014 financials for comparative purposes was done, this does not have an effect on the 2014 losses for tax purposes. In 2012, InnPower changed the useful lives of its capital assets as an accounting estimate change and in our 2013 cost of service the difference in depreciation was allocated to APH account 1576 and returned to rate payors through a rate rider over a four year period starting in May 2013. This also does not account for the losses in 2014 and is a separate item.

The revised ROE calculations are based on the loss carry backs as they were applied and does not reflect additional corrections between the 2013 and 2014 tax returns beyond the correction already in the 2014 return

Please see "Ex_JT1.27.2014_Tax_Return" appended to these responses.

Witness: Jennifer Cowles

UNDERTAKING JT1.28

Undertaking:

RE: ACCOUNTS 1588 AND 89 ARE PP TRUE-UPS WITH IESO AND GA REASONABILITY TEST. YOU HAD SHOWN 2015 RPP TRUE-UP CREDIT OF 148,378 IN ACCOUNT 1588 IN THE CONTINUITY SCHEDULE. SO: TO ADVISE WHETHER THIS IS RELATED TO AMOUNT THAT WAS DISPOSED IN 2015 OR WAS IT RELATED TO AMOUNT FOR 2016, OR IN TERMS -- LIKE, THE END OF THE YEAR KIND OF ADJUSTMENT, THAT YOU HAVEN'T YET DONE THE TRUE-UP WITH IESO; TO ANSWER, WITH RESPECT TO KT1.6, ALL OF STAFF'S QUESTIONS REFERENCE 9 STAFF 68 IN RELATION TO ACCOUNTS 1588 AND 1589 AND THE GA REASONABILITY TEST.

Reference: Transcript dated September 12, 2017 page 174, line 11 to page 177 line 24.

Questions from Exhibit KT1.6:

Response:

Re: 9.0-Staff-68 part f)

Account 1588 & 1589, RPP True-ups with the IESO, GA Reasonability Test

- 6) Innpower has indicated that it included the 2015 RPP true-up credit amount of \$148,378 in Account 1588 in the Continuity Schedule.
 - a) Please indicate whether this amount was accrued in the amount disposed in 2015 and shown in the Continuity Schedule. If not, please remove this amount from the Continuity Schedule.
 - b) Please indicate if there is an amount included in the ending 2015 balance that relates to the RPP true-up that was done with the IESO in 2016. If so, please include the amount of that true-up as an adjustment in the Continuity Schedule.
 - c) Please recalculate rate rider 2 after the above two adjustments have been made to the balances.
 - d) There is a discrepancy between the amount proposed for disposition per the GA Reasonability test workform (Dr. \$818,091) and the claim amount per the EDDVAR continuity schedule (Dr. \$367,434). Please confirm the amount proposed for disposition.
 - e) If the amount proposed for disposition is Dr. \$818,091 as indicated on the GA Reasonability test workform, please provide explanation of the difference in the "Note 6" part of the GA Reasonability test.

- f) OEB staff notes that Innpower has not used the current version of the GA Reasonability test filed with the OEB. For example, the consumption appear to exclude unbilled volumes. Also, OEB staff notes that the amounts for consumption are from December 1, 2014 to November 30, 2015 and not for the calendar year 2015.
 - i. Please provide an updated GA Reasonability test using Tab 7.a GA Analysis Workform of the DVA Continuity Schedule Workform for 2018 posted on the OEB's website on July 24, 2017.
 - ii. Please provide an alternative analysis removing 2014 amounts from this schedule, and including December 2015 related consumption amounts.
 - iii. Please also indicate which components booked in 1589 (i.e. expenses, revenues, RPP true-ups) relate to which consumption period (i.e. December 1, 2014 to November 30, 2015).

Ref: GA Reasonability Test — OEB's updated version named GA Analysis Workform

- 7) In booking expense journal entries for Charge Type 1142 (formerly 142), and Charge Type 148 from the IESO invoice, please confirm which of the following approaches is used:
 - a) Charge Type 1142 is booked into Account 1588. Charge Type 148 is pro-rated based on RPP/non-RPP consumption and then booked into Account 1588 and 1589, respectively
 - b) Charge Type 148 is booked into Account 1589. The portion of Charge Type 1142 equaling RPP-HOEP for RPP consumption is booked into Account 1588. The portion of Charge Type 1142 equaling GA RPP is credited into Account 1589.
 - c) Another approach. Please explain this approach in detail.
- 8) With regards to the Dec. 31 balance in Account 1589,
 - a) Please indicate whether the following items that flow into the account is based on estimates/accruals or actuals at year end.
 - b) If there are reconciling items #1a, 1b in the GA Analysis Workform or if there are any proposed adjustments to Account 1589 in the DVA Continuity Schedule for the true up impacts, please quantify the adjustment that relate to each of the following items.
 - i. Revenues (i.e. is unbilled revenues trued up)
 - ii. Expenses - GA non-RPP (Charge Type 148) with respect to the quantum dollar amount and RPP/non-RPP pro-ratio percentages

- iii. Credit of GA RPP (Charge Type 142) if the approach under IR 1b is used
- 9) With regards to the Dec. 31 balance in Account 1588:
- a) Please indicate whether the following items that flow into the account are based on estimates/accruals or actuals at year end.
 - b) With respect to the proposed adjustments to Account 1588 in the DVA Continuity Schedule for the impacts of RPP settlement true up, please quantify the adjustment that relate to each of the following items.
 - i. Revenues (i.e. is unbilled revenues trued up)
 - ii. Expenses - Commodity (Charge Type 101)
 - iii. Expenses - GA RPP (Charge Type 148) with respect to the quantum dollar amount and RPP/non-RPP pro-ratio percentages

RPP Settlement (Charge Type 1142 - including any data used for determining the RPP/HOEP/RPP GA components of the charge type)

InnPower Response

The numbering of the response below attempts to reproduce the somewhat haphazard numbering in the question above.

Accounts 1588 and 89 are PP true ups with IESO and GA Reasonability test. You had shown 2015 RPP true-up credit of \$148,378 in account 1588 in the continuity schedule. So: To advise whether this is related to the amount that was disposed of in 2015 or was it related to the amount for 2016, or in terms – like, the end of the year kind of adjustment, that you haven't yet done the true up with IESO; to answer, with respect to KT1.6, all of staff's questions reference 9 Staff 68 in relation to accounts 1588 and 1589 and the GA Reasonability Test.

RE: 9.0-Staff-68 part f)

6 (a)The amount of \$148,377 was not accrued in the amount disposed of for 2015.

b) As per IRR 9.0-Staff-68 f, InnPower has adjusted the EDDVAR continuity schedule for account 1588 to reflect the RPP true-up amount of \$148,377, done in 2016 with the IESO. InnPower included that amount as an adjustment in the continuity schedule submitted on August 3, 2017 in excel file, 2017_DVA_Continuity_Schedule_IRR_20170803.

c)The rate rider was recalculated as part of the file submitted August 3, 2017 and is reflected in the tariff sheets submitted that same day.

- d) Please disregard the previously submitted GA Reasonability test work form. The claim amount for disposition in 1589 is \$367,434 from the EDDVAR continuity schedule.
- e) The amount proposed for disposition is not \$818,091.
- f) Please find the current version of the GA Reasonability test work form attached as JT1.28 KT1.6 Updated 2015 GA Reasonability Test.
- 7) InnPower confirms that in booking expense journal entries for charge type 1142 (formerly 142) and charge type 148 from the IESO invoice InnPower books 1142 to account 1588 and 148 is prorated based on RPP/non-RPP consumption and then booked into account 1588 and 1589 respectively. InnPower has not previously reconciled non-RPP GA. This is something that InnPower will undertake on a go forward basis.
- 8) a) With regard to the December 31 balance in account 1589, revenues and expenses, which flow into the account, are based on actuals at year-end. The IESO reconciliation is not booked until the following year and is not accrued for at year-end.
- b) Please see the details in the GA Reasonability test work form for details on the reconciling items.
- 9) a) With regard to the December 31 balance in account 1588, revenues and expenses, which flow into the account, are based on actuals at year-end. The IESO reconciliation is not booked until the following year and is not accrued for at year-end.
- b) In 2015 the RPP reconciliation was performed on an annual basis and the proposed adjustment(s) in the DVA continuity schedule as a result of the RPP reconciliation are as follows:
- i) There are no adjustments to revenue
 - ii) There are no adjustments to charge type 101
 - iii) There are no adjustments to charges type 148

RPP Settlement Charge - The annual reconciliation adjustment to charge type 1142 (formerly 142) for 2015 is \$148,378. Please find the 2015 annual RPP reconciliation attached as JT1.28 KT1.6 2015 Reconciliation Worksheet.

Please see files

“InnPower_Ex_JT1.28_KT1.6_Updated_2015_GA_Reasonability_Test_20170920.xlsx” and
“InnPower_Ex_JT1.28_KT1.6_2015_Reconciliation_Worksheet_20170920.xlsx” attached to these responses.

Witness: Jennifer Cowles and Brenda Pinke

UNDERTAKING JT2.1

Undertaking:

TO PROVIDE A LIST OF COST CHANGES RELATED TO THE NEW BUILDING AND TO EXPLAIN THEM.

Reference: Transcript dated September 13, 2017 page 50, line 19 to page 51 line 20.

Response:

Capital Comparison			
	7251 Young St		2073 Commerce Park DR
2014 Value in Ratebase			\$ 440,510
2015 Value in Ratebase	\$ 9,964,561		\$ -
Expense Comparison			
	7251 Young St		2073 Commerce Park DR
2014 Expense	0		\$ 173,250.08
2015 Expense	\$ 252,328.09		\$ -

Witness: Brenda Pinke

UNDERTAKING JT2.2

Undertaking:

TO PROVIDE A TABLE DETAILING AMOUNTS PAID BY INNSERVICES TO INNPOWER DURING THE TEST YEAR SHOWING AMOUNTS, REASON FOR PAYMENT, AND CALCULATION.

Reference: Transcript dated September 13, 2017 page 60, line 7 to page 62 line 8.

Response:

Please see Table JT2.2 for YTD amounts paid to InnPower from InnServices Utilities Inc., with amounts and service description as of July 31, 2017.

Table JT2.2 IPC Invoiced to InnServices

IPC Invoiced to InnServices					
YTD July 31, 2017					
Service		Cost	Admin @ 1%	HST	Total
Financial Services	Labour	210,955	2,110	27,698	240,762
Rental		5,460		710	6,170
W/WW Billing services		142,620		18,541	161,160
Occupancy Charges		8,283		1,077	9,360
Reimbursements from IUI:					
Consulting		4,239			4,239
Mileage		266			266
Conference & Seminars		4,716			4,716
Other		267			267
Total					426,941

InnPower has \$60,000 budgeted in other income for rental, however this figure includes rental from other customers, not just InnServices (ie. Garage space).

InnPower has budgeted \$245,000 as revenue from W/WW Billing Services with an expense offset of \$145,550 for labour and meter expense. From table above: $\$142,000/7 \times 12 = \$244,491$

InnPower has budgeted \$4,000 for admin fees for financial services. From table above: $\$2110/7 \times 12 = \$3,617$

For the financial services labour component, InnPower recovers the burdened amount from InnServices. This amount was not budgeted within the other income accounts as it well below the materiality threshold.

Going forward InnPower can allocate an amount to 4375 and an offsetting and equal credit to 4380.

The other small amounts are expensed directly to an Interco account and invoiced to InnServices. InnPower does not budget for these amounts as they are fully recoverable and immaterial.

Witness: Jennifer Cowles

UNDERTAKING JT2.3

Undertaking:

TO PROVIDE A BREAKDOWN OF HOW MUCH IT COSTS INNPOWER TO ISSUE A BILL.

Reference: Transcript dated September 13, 2017 page 64, line 12 to page 65 line 8.

Response:

Table JT2.3 Cost per Electric Bill provides a breakdown of how much it costs InnPower to issue a bill. The cost per electric bill as well as the cost per bill for additional water costs (e.g. labour and meter reading). InnPower has then combined both costs per bill and split the cost into a 50/50 share. This indicates that the cost per water bill is \$2.33 per bill and InnPower's pending contracted rate is \$2.40 per bill. By including water and wastewater billing with the electric bill the cost of an electric bill is reduced to \$2.33 per bill as the contract covers the cost of the water and wastewater share. Without water and wastewater billing, the cost per electric bill would be \$3.32.

Table JT2.3 Cost per Electric Bill

2016 actuals	<u>Electric</u>	<u>Water additional costs</u>	<u>Electric & Water /bill per bill</u>	Share 50%
Supervisory billing	\$ 25,470.89			
Billing Labour	\$ 244,454.12	\$ 90,262.49		
Annual CIS Maintenance	\$ 75,000.00			
Meter Reading	\$ 134,346.76	\$ 75,198.43		
subtotal	\$ 479,271.77	\$ 165,460.92		
number of bills annually	198,000	124,000		
cost per bill	\$ 2.42	\$ 1.33		
plus postage/bill	\$ 0.80			
plus bill stock/bill	\$ 0.10			
total per bill	\$ 3.32	\$ 1.33	\$ 4.65	\$ 2.33

Witness: Shannon Brown

UNDERTAKING JT2.4

Undertaking:

TO RECONCILE TABLE 30 WITH THE TABLE ON PAGE 103 OF THE INTERROGATORIES AND WITH TABLE 3.5 ON PAGE 102 OF THE INTERROGATORIES.

Reference: Transcript dated September 13, 2017 page 83, line 1 to page 85 line 13.

Response:

Table JT2.4 provides the requested reconciliation of Table 30 with the Table on page 103 of the interrogatories and with table 3.5 on page 102 of the interrogatories.

Table JT2.4A Reconciliation Table of Table 30 and Table 3.5

Based on Data in Table 3-25 and Table 3-30

Rate Class General Service 50 to 4,999 kW	kWh	Number of 2017 Average Customers	Usage per Customer	Comment
Non-normalized Weather Billed Energy Forecast				
2017(Not Normalized)	58,031,490	75.6	767,108	As per Table 3-5 for 2016
Adjustment for Hydro One Load Transfer				
2017	0	75.6	0	
Adjustment for Weather				
2017	(791,675)	75.6	(10,465)	
Adjustment for CDM				
2017	(1,109,272)	75.6	(14,663)	
Weather Normalized Billed Energy Forecast				
2017 Test - Normalized	56,130,544	75.6	741,980	As per Table 3-5 for 2017

Also, in Table 3-30 the 2016 kW for the General Service 50 to 4,999 kW rate class should be 150,802. The value of 141,987 was incorrect and was the result of an incorrect cell reference in this table only.

Table JT2.4A has been updated to reflect the updated load forecast resulting from the changes requested in the technical conference.

Table JT2.4B Reconciliation Table Based on Updated Date in Table 3-25 and Table 3-30 from Updated Load Forecast reflecting the outcome of the Technical Conference

Based on Updated Data in Table 3-25 and Table 3-30 from Updated Load Forecast reflecting the outcome of the Technical Conference

Rate Class General Service 50 to 4,999 kW	kWh	Number of 2017 Average Customers	Usage per Customer	Comment
Non-normalized Weather Billed Energy Forecast				
2017(Not Normalized)	67,121,982	87.5	767,108	As per Table 3-5 for 2016
Adjustment for Hydro One Load Transfer				
2017	0	87.5	0	
Adjustment for Weather				
2017	(2,924,868)	87.5	(33,427)	
Adjustment for CDM				
2017	(1,074,517)	87.5	(12,280)	
Weather Normalized Billed Energy Forecast				
2017 Test - Normalized	63,122,597	87.5	721,401	As per Table 3-5 for 2017

The evidence to support the updated load forecast is provided in “InnPower_Ex_JT2.4_Updated_Load_Forecast_Evidence_20170920.docx” attached to these responses.

Witness: Bruce Bacon

UNDERTAKING JT2.5

Undertaking:

TO REFILE YOUR SERVICE LIFE COMPARISON 2BB TO INCLUDE THE SERVICE LIVES YOU ARE ACTUALLY PROPOSING IN THIS PROCEEDING, AND THE DEPRECIATION RATES THAT GO WITH THOSE SERVICE LIVES, TO WHATEVER NUMBER OF DECIMALS IS NECESSARY TO GET IT RIGHT.

Reference: Transcript dated September 13, 2017 page 85, line 14 to page 87 line 17.

Response:

InnPower is refiling our Appendix 2-BB Service Life Comparison table with additional decimal points and corrections, as InnPower is not proposing any changes to previously approved service lives.

Appendix 2-BB
 Service Life Comparison
 Table F-1 from Kinetics Report¹

Parent*	#	Asset Details			Useful Life			#NAME?	USoA Account Description	Current		Proposed		Outside Range of	
		Category Component Type			MIN UL	TUL	MAX UL			Years	Rate	Years	Rate	Below Min TUL	Above Max TUL
OH	1	Fully Dressed Wood Poles	Overall		35	45	75	1830	Poles, Towers and Fixtures	45	2.2%	45	2.2%	No	No
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	2	Fully Dressed Concrete Poles	Overall		50	60	80	1830	Poles, Towers and Fixtures	60	1.7%	60	1.7%	No	No
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	3	Fully Dressed Steel Poles	Overall		60	60	80								
			Cross Arm	Wood	20	40	55								
				Steel	30	70	95								
	4	OH Line Switch			30	45	55	1835	Overhead Conductors & Devices	45	2.2%	45	2.2%	No	No
	5	OH Line Switch Motor			15	25	25								
TS & MS	6	OH Line Switch RTU			15	20	20								
	7	OH Integral Switches			35	45	60								
	8	OH Conductors			50	60	75	1835	Overhead Conductors & Devices	60	1.7%	60	1.7%	No	No
	9	OH Transformers & Voltage Regulators			30	40	60	1850	Line Transformers	40	2.5%	40	2.5%	No	No
	10	OH Shunt Capacitor Banks			25	30	40								
	11	Reclosers			25	40	55								
	12	Power Transformers	Overall		30	45	60	1850	Line Transformers	40	2.5%	40	2.5%	No	No
			Bushing		10	20	30								
			Tap Changer		20	30	60								
	13	Station Service Transformer			30	45	55								
	14	Station Grounding Transformer			30	40	40								
UG	15	Station DC System	Overall		10	20	30	1820	Distribution Station Equipment	30	3.3%	30	3.3%	No	No
			Battery Bank		10	15	15								
			Charger		20	20	30								
	16	Station Metal Clad Switchgear	Overall		30	40	60								
			Removable Breaker		25	40	60								
	17	Station Independent Breakers			35	45	65								
	18	Station Switch			30	50	60								
	19	Electromechanical Relays			25	35	50								
	20	Solid State Relays			10	30	45								
	21	Digital & Numeric Relays			15	20	20								
	22	Rigid Busbars			30	55	60								
S	23	Steel Structure			35	50	90								
	24	Primary Paper Insulated Lead Covered (PILC) Cables			60	65	75								
	25	Primary Ethylene-Propylene Rubber (EPR) Cables			20	25	25								
	26	Primary Non-Free Retardant (TR) Cross Linked Polyethylene (XLPE) Cables Direct Buried			20	25	30	1845	Underground Conductors & Devices	40	2.5%	40	2.5%	No	Yes
	27	Primary Non-TR XLPE Cables in Duct			20	25	30	1845	Underground Conductors & Devices	40	2.5%	40	2.5%	No	Yes
	30	Secondary PILC Cables			70	75	80								
	31	Secondary Cables Direct Buried			25	35	40	1855	Service	40	2.5%	40	2.5%	No	No
	32	Secondary Cables in Duct			35	40	60	1855	Service	40	2.5%	40	2.5%	No	No
	33	Network Transformers	Overall		20	35	50								
			Protector		20	35	40								
	34	Pad-Mounted Transformers			25	40	45	1850	Line Transformers	40	2.5%	40	2.5%	No	No
S	35	Submersible/Vault Transformers			25	35	45	1850	Line Transformers	40	2.5%	40	2.5%	No	No
	36	UG Foundation			35	55	70	1840	Underground Conduit	60	1.7%	60	1.7%	No	No
	37	UG Vaults	Overall		40	60	80								
			Roof		20	30	45								
	38	UG Vault Switches			20	35	50								
	39	Pad-Mounted Switchgear			20	30	45								
	40	Ducts			30	50	85	1840	Underground Conduit	40	2.5%	40	2.5%	No	No
	41	Concrete Encased Duct Banks			35	55	80								
	42	Cable Chambers			50	60	80								
	43	Remote SCADA			15	20	30	1980	Remote SCADA	15	6.7%	15	7%	No	No

Table F-2 from Kinetics Report¹

#	Asset Details		Useful Life Range		USoA Account Number	USoA Account Description	Current		Proposed		Outside Range of	
	Category Component Type						Years	Rate	Years	Rate	Below Min Range	Above Max Range
1	Office Equipment		5	15	1915	Office Furniture & Equipment	10	10.0%	10	10.0%	No	No
2	Vehicles	Trucks & Buckets	5	15	1930	Transportation Equipment	8	12.5%	8	12.5%	No	No
		Trailers	5	20	1930	Transportation Equipment	20	5.0%	20	5.0%	No	No
		Trucks under 3 Tons	5	10	1930	Transportation Equipment	5	20.0%	5	20.0%	No	No
3	Administrative Buildings		50	75	200/201	Building & Fixtures	50	2.0%	50	2.0%	No	No
4	Leasehold Improvements		Lease dependent		N/A		0		0			
5	Station Buildings	Station Buildings	50	75								
		Parking	25	30	1808	Building & Fixtures	30	3.3%	30	3.3%	No	No
		Fence	25	60	1808	Building & Fixtures	25	4.0%	25	4.0%	No	No
		Roof	20	30	1808	Building & Fixtures	20	5.0%	20	5.0%	No	No
6	Computer Equipment	Hardware	3	5	1920	Computer Equipment - Hardware	5	20.0%	5	20.0%	No	No
		Software	2	5	1925	Computer Equipment - Software	3	33.3%	3	33.3%	No	No
7	Equipment	Power Operated	5	10	N/A							
		Stores	5	10	1935	Stores Equipment	10	10.0%	10	10.0%	No	No
		Tools, Shop, Garage Eq	5	10	1940	Tools, Shops Garage Equipment	10	10.0%	10	10.0%	No	No
		Measurement & Testing	5	10	1945	Measurement and Testing Equipment	10	10.0%	10	10.0%	No	No
8	Communication	Towers	60	70	1955	Communication Equipment	60	1.7%	60	1.7%	No	No
		Wireless	2	10	1955	Communication Equipment	10	10.0%	10	10.0%	No	No
9	Residential Energy Meters		25	35	1860	Meters	15	6.7%	15	6.7%	Yes	No
10	Industrial/Commercial Energy Meters		25	35	1860	Meters	15	6.7%	15	6.7%	Yes	No
11	Wholesale Energy Meters		15	30	N/A							
12	Current & Potential Transformer (CT & PT)		35	50	1860	Meters	45	2.2%	45	2.2%	No	No
13	Smart Meters		5	15	1860	Meters	15	6.7%	15	6.7%	No	No
14	Repeaters - Smart Metering		10	15								
15	Data Collectors - Smart Metering		15	20								

MS = Transformer and Municipal Stations UG = Underground Systems S = Monitoring and Control Systems

Note 1: Tables F-1 and F-2 above are to be used as a reference in order to complete columns J, K, L and N.
 See pages 17-19 of Kinetics Report

Witness: Jennifer Cowles

UNDERTAKING JT2.6

Undertaking:

TO EXPLAIN THE CAPITALIZATION OF THE DIRECT LABOUR COSTS AS DESCRIBED IN 4-VECC-30.

Reference: Transcript dated September 13, 2017 page 87, line 18 to page 89 line 1.

Response:

As stated in the undertaking, the compensation costs are going down, and percentage of our compensation capitalizing on is higher. However, the direct capitalized labour is increased in 2017 because it is a forecasted amount, which has not been adjusted to be levelled to reflect the internal staff hours to the external subcontract labour hours. In comparison 2013 to 2016 direct labour capitalized is the actual total amount, which has been levelled to the internally compensated staff, and subcontract amounts actually used.

Witness: Michael Davison

UNDERTAKING JT2.7

Undertaking:

TO PROVIDE AN UPDATED VERSION OF 8-SEC-44.

Reference: Transcript dated September 13, 2017 page 95, line 4 to page 97 line 13.

Response:

Table JT2.7 Updated Table of 8-SEC-44

Appendix 2-R Loss Factors								5-Year Average
		2011	2012	2013	2014	2015	2016	
Losses Within Distributor's System								
A(1)	"Wholesale" kWh delivered to distributor (higher value)	246,758,167	245,129,838	251,758,061	253,254,986	255,774,983	259,382,036	253,059,981
A(2)	"Wholesale" kWh delivered to distributor (lower value)	240,111,859	239,421,445	246,360,766	248,174,858	251,300,561	256,963,685	248,444,263
B	Portion of "Wholesale" kWh delivered to distributor for its Large Use Customer(s)							-
C	Net "Wholesale" kWh delivered to distributor = A(2) - B	240,111,859	239,421,445	246,360,766	248,174,858	251,300,561	256,963,685	248,444,263
D	"Retail" kWh delivered by distributor	233,601,583	229,950,205	232,845,910	238,347,364	242,586,977	242,084,899	237,163,071
E	Portion of "Retail" kWh delivered by distributor to its Large Use Customer(s)							-
F	Net "Retail" kWh delivered by distributor = D - E	233,601,583	229,950,205	232,845,910	238,347,364	242,586,977	242,084,899	237,163,071
G	Loss Factor in Distributor's system = C / F	1.0279	1.0412	1.0580	1.0412	1.0359	1.0615	1.0476
Losses Upstream of Distributor's System								
H	Supply Facilities Loss Factor	1.0238	1.0220	1.0205	1.0179	1.0101	1.0101	1.0161
	Total Losses							
I	Total Loss Factor = G x H	1.0523	1.0641	1.0797	1.0599	1.0464	1.0722	1.0645
JT-2.7	InnPower Response							
	InnPower has updated the table for 8-SEC-44 reflecting the 5 year average from 2012 - 2016 to reflect the loss factor with 2016 actuals.							

Witness: Brenda Pinke

UNDERTAKING JT2.8

Undertaking:

TO PROVIDE THE COMPENSATION COMPONENTS AND UPLIFT RELATED TO THE HOURLY BILLING RATE.

Reference: Transcript dated September 13, 2017 page 97, line 14 to page 99 line 20.

Response:

InnPower provides financial services to InnServices and invoices the burdened labour rate plus a 1% uplift. Table JT2.8 2017 IPC Financial Services Hourly Rates list the positions and hourly rates plus uplift for the employees of InnPower who allocate a portion of their time to InnServices for financial services, including finance, payroll and IT.

The rates used for the period January – June 2017 are prior to union wage increases, and the wages shown for July – December 2017 are post union wage increases.

Table JT2.8 2017 IPC Financial Services Hourly Rates

2017 IPC Financial Services Hourly Rates						
Position	Base Rate (Jan-Jun 2017), \$/per hr	Burdened Rate (Jan-June 2017), \$/per Hr	Uplift 1% (Jan-June 2017)\$/Hr	Base Rate (July-Dec 2017), \$/per HR	Burdened Rate (July-Dec 2017), \$/per Hr	Uplift %1 (Jul-Dec 2017)\$/Hr
1	50.54	76.32	0.76	50.54	76.32	0.76
2	31.25	47.19	0.47	31.25	47.19	0.47
3	32.17	48.58	0.49	32.81	49.54	0.50
4	30.56	46.15	0.46	31.17	47.07	0.47
5	26.30	39.71	0.40	26.30	39.71	0.40
6	16.00	24.16	0.24	16.00	24.16	0.24
7	43.32	65.41	0.65	43.32	65.41	0.65
8	50.07	75.61	0.76	50.07	75.61	0.76
9	30.94	46.72	0.47	31.56	47.66	0.48
10	34.81	52.56	0.53	35.51	53.62	0.54

Witness: Jennifer Cowles

Roll No. 4316-010-021-14210-0000

Customer ID. INNIS0062

Bill No. 637762

Name and Address

INNPOWER CORPORATION

ACCOUNTS PAYABLE
7251 YONGE STREET

INNISFIL
ON L9S 0J3

Municipal Address/Legal Description

7251 - YONGE ST
INNISFIL CON 7 PT LOT 16 RP
51R38291 PART 1

MONTHLY PAP Status NOT ENROLLED
June to October PAP Payments \$0.00

Mortgage Payment in Lieu Properties

Mortgage No.

Assessment		Municipal		County		Education	
Tax Class	Municipal Levies	Tax Rate (%)	Amount	Tax Rate (%)	Amount	Tax Rate (%)	Amount
XHN	\$4,421,475	CommNC TXf sharedPIL NS- Town	0.01638173	\$72,431.41	0.00368790	\$16,305.96	
XHN	\$4,421,475	CommNC TXf sharedPIL NS-cap	0.00091397	\$4,041.10			
XHN	\$4,421,475	CommNC TXf sharedPIL NS-pol	0.00187512	\$8,290.80			
XKN	\$219,800	CommNC TXfull EXLshared PIL NS	0.00348733	\$766.52	0.00258153	\$567.42	0.00798000
XKN	\$219,800	Cap-CommNC TXfull EXL sharedPIL	0.00063980	\$140.63			\$1,754.00
XKN	\$219,800	Pol-CommNC TXfull EXLsharedPIL	0.00131263	\$288.52			
XTN	\$752,325	Commercial Full-New Constructi	0.00498173	\$3,747.88	0.00368790	\$2,774.50	0.01140000
XTN	\$752,325	Comm New Const - Capital Levy	0.00091397	\$687.60			\$8,576.51
XTN	\$752,325	Policing Comm Full-New Constru	0.00187512	\$1,410.70			

Levy Sub Total Municipal \$91,805.16 County \$19,647.88 Education \$10,330.51

Special Charges/Credits	Installments	Summary
	August 30, 2017 \$18,728.14	Tax Levy Sub-Total \$121,783.55
	October 30, 2017 \$27,047.00	Special Charges/Credits \$0.00
		2017 Tax Cap Adjustment \$0.00
		Final 2017 Taxes \$121,783.55
		Less Interim Billing \$67,689.45
		Past Due/Credit -\$8,318.9
Total \$0.00		Total Amount Due \$45,775.14

Comments

Are you taking advantage of one of our Pre-Authorized Payment Plans?
Call 705-436-3710 or visit our website www.innisfil.ca to find out how.
For Internet and telephone banking, please use your 19 digit roll number.



Town of Innisfil
2101 Innisfil Beach Road
Innisfil, Ontario L9S 1A1 (705) 436-3710
2nd Tax Installment
PLEASE RETURN THIS STUB
WITH YOUR PAYMENT

If a receipt is required, return entire Tax Bill with a self-addressed stamped envelope.

☐ Cheque ☐ Cash ☐ Debit

Due Date October 30, 2017
Roll # 4316-010-021-14210-0000
Name(s) INNPOWER CORPORATION

Customer ID. INNIS0062

Total Due \$27,047.00



Issue Date:
October 18, 2016

Property Assessment Notice

For the 2017 to 2020
property taxation years



DGA0003168 16 8/12 10/02 PAN
INNPOWER CORPORATION
7251 YONGE ST
INNISFIL ON L9S 0J3

THIS IS NOT A TAX BILL.

The Municipal Property Assessment Corporation (MPAC) is responsible for assessing and classifying more than five million properties in Ontario in compliance with the *Assessment Act* and regulations set by the Government of Ontario.

MPAC's updated value of your property is \$5,924,000

Account information:

Roll Number	43 16 010 021 14210 0000
AboutMyProperty™ Access Key	D2VZ6GGQ7WQC
Your property's location and description	7251 YONGE ST INNISFIL CON 7 PT LOT 16 RP 51R38291 PART 1 INNISFIL TOWN
Municipality	INNISFIL TOWN
School support - see Attachment (1)	

Assessment overview:

MPAC's assessed value of your property as of January 1, 2016	\$5,924,000
MPAC's assessed value of your property as of January 1, 2012	\$5,761,000
Between 2012 and 2016 , your property's assessed value changed by	\$163,000

If you disagree with your assessment or classification, you can file a Request for Reconsideration and MPAC will review your assessment, free of charge. You also have the option to file an appeal with the Assessment Review Board (ARB). For more information visit www.aboutmyproperty.ca.

How will my municipality use MPAC's property assessment?

Under the phase-in provision in the *Assessment Act*, an increase in assessed value is introduced gradually. A decrease in assessed value will be introduced immediately. The January 1, 2016 assessed value and classification of your property will be used as the basis for calculating your 2017 to 2020 property taxes.

Tax Year	Total Assessed Value	Request for Reconsideration Deadline	ABR Appeal Deadline*
2016	\$5,761,000		
2017	\$5,393,600	February 15, 2017	March 31, 2017
2018	\$5,570,400	March 31, 2018	March 31, 2018
2019	\$5,747,200	March 31, 2019	March 31, 2019
2020	\$5,924,000	March 31, 2020	March 31, 2020

*If you submit a Request for Reconsideration, the last day to file an appeal is 90 days after the issue date listed on the Request for Reconsideration results letter you receive from MPAC.

****Please see Attachment (1) for the breakdown of your assessment for each property classification associated with your property.****

To learn more about how your property was assessed, see the information on page two of this Notice. For more information on the Request for Reconsideration process, property assessment and taxation, visit www.aboutmyproperty.ca.

This Property Assessment Notice has important information for you as a property owner.

Please review it and file it away for your records.

No action is required

unless you disagree with your assessment.

CONTACT US

1 866 296-MPAC (6722)
TTY 1 877 889-MPAC (6722)
Monday to Friday
8 a.m. to 5 p.m.

If you have accessibility needs, please call us for assistance.




www.aboutmyproperty.ca

About My
Property.ca

How does MPAC assess my property?

Roll Number:	43 16 010 021 14210 0000
Property summary:	
Property type	Large office building
Property information	Lot area: 3.56 acres

Our assessors are trained experts in the field of valuation and apply appraisal industry standards and best practices. **Three common approaches** are used to determine the current value of a property:

-  Direct (Sales) Comparison Approach
-  Cost Approach
-  Income Approach

To establish the Current Value Assessment for properties in Ontario, MPAC typically collects cost and income data, and analyzes sales. Current Value Assessment is used by most assessment jurisdictions in North America. MPAC's assessments and data are also used by banks, insurance companies and the real estate industry.

To learn more about how MPAC assesses property and/or to see the details MPAC has on file for your property, visit www.aboutmyproperty.ca. Methodology Guides and Market Valuation Reports are also available on the site, free of charge.

Have questions about your property assessment?

Register and log in to www.aboutmyproperty.ca to learn more about how your property was assessed, see the information we have on file, as well as compare it to others in your area. You can register using the Roll Number and Access Key found on page one of this Notice.



Have questions?
We're here to help. Contact us at 1 866 296-6722 and one of our property assessment experts will help guide you through your Notice. Have a question about your property taxes? Contact your municipality for assistance.

Still not sure about your property's assessed value?
You can file a Request for Reconsideration and MPAC will review your assessment, free of charge. You also have the option to file an appeal with the ARB. Your Request for Reconsideration and appeal deadlines are listed on page one of this Notice.

Ontario's property assessment system



The Municipal Property Assessment Corporation

determines Current Value Assessments and classifications for all properties in Ontario.



The Provincial Government passes legislation, sets assessment policies and

determines education tax rates. The Province also operates an independent assessment appeal tribunal – the Assessment Review Board (ARB).



The Ontario Property Taxpayer



Municipalities determine revenue requirements, set municipal tax rates and collect property taxes to pay for your municipal services.

These services may include:



Police and fire protection



Roads, sidewalks and public transit



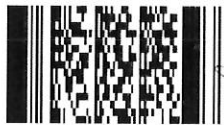
Waste management



Parks and leisure facilities



Ministry of Finance
33 King St W
PO Box 622
Oshawa ON L1H 8H6



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0000016

INNPOWER CORPORATION
ATTENTION: C/O LAURIE ANN COOLEGE TREASUR
7251 YONGE ST
INNISFIL ON L9S 0J3

HPL - tL059

Issue Date

06-Jul-2015

Business No.

892422817TW0001

Reference No.

L0427494976

Notice of Assessment - Hydro Payment in Lieu

Electricity Act, 1998, Corporations Tax Act

Your account has been assessed resulting in a balance as indicated below.

Period Ending: 31-Dec-2014	Return As Filed
Total Federal Tax	\$0.00
Total Ontario Tax	\$0.00
Total Credits	(\$24,652.00)
Loss Carry-back	\$0.00
Total Tax Payable	(\$12,326.00)
Interest	\$0.00
Current Penalty	\$0.00
Credits/Payments	\$0.00
Total Assessment	\$0.00

As of 06-Jul-2015, including the amount assessed above, you have an overall credit balance on your account of (\$12,326.00).

If you have any questions concerning this Notice of Assessment, please call the number listed below. After discussion with a ministry representative, if you still do not agree with this assessment you have the right to file a Notice of Objection with the Objections and Appeals Branch within 180 days of the issue date of this form. Any taxes, interest and penalties that are outstanding as a result of the assessment are due and payable even if you have filed, or intend to file, a Notice of Objection.

If you have any questions or require additional information, please visit our website or call the Ministry of Finance at the number listed below.

Ministry use only

Enquiries

1 866 ONT-TAXS
1 866 668-8297

Fax 1 866 888-3850

Teletypewriter (TTY)
Internet

1 800 263-7776
ontario.ca/finance



Ministry of Finance
33 King St W
PO Box 622
Oshawa ON L1H 8H6



0000008



INNPOWER CORPORATION
ATTENTION: C/O LAURIE ANN COOLEGE TREASUR
7251 YONGE ST
INNISFIL ON L9S 0J3

HPL - tl059

Issue Date 19-Jul-2016

Business No. 892422817TW0001

Reference No. L0236021056

Notice of Assessment - Hydro Payment in Lieu

Electricity Act, 1998, Corporations Tax Act

Your account has been assessed resulting in a balance as indicated below.

Period Ending: 31-Dec-2015	Return As Filed
Total Federal Tax	\$190,841.00
Total Ontario Tax	\$134,312.00
Total Credits	\$0.00
Loss Carry-back	\$0.00
Total Tax Payable	\$325,153.00
Interest	\$1,492.73
Current Penalty	\$0.00
Credits/Payments	(\$326,645.73)
Total Assessment	<u>\$0.00</u>

As of 19-Jul-2016, including the amount assessed above, you have an overall credit balance on your account of (\$50,206.27).

If you have any questions concerning this Notice of Assessment, please call the number listed below. After discussion with a ministry representative, if you still do not agree with this assessment you have the right to file a Notice of Objection with the Objections and Appeals Branch within 180 days of the issue date of this form. Any taxes, interest and penalties that are outstanding as a result of the assessment are due and payable even if you have filed, or intend to file, a Notice of Objection.

If you have any questions or require additional information, please visit our website or call the Ministry of Finance at the number listed below.

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Canada Revenue
AgencyAgence du revenu
du Canada

Net Income (Loss) for Income Tax Purposes

SCHEDULE 1

Corporation's name	Business Number	Tax year end Year Month Day
INNPOWER CORPORATION	89242 2817 RC0001	2014-12-31

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

Amount calculated on line 9999 from Schedule 125 388,297 A

Add:

Provision for income taxes – current	101	-26,458	
Provision for income taxes – deferred	102	519,000	
Amortization of tangible assets	104	1,417,235	
Scientific research expenditures deducted per financial statements	118	73,063	
Non-deductible meals and entertainment expenses	121	7,306	
Reserves from financial statements – balance at the end of the year	126	75,073	
Subtotal of additions		2,065,219	2,065,219

Other additions:**Miscellaneous other additions:**

600 INVENTORY ADJUSTMENT	290	30,563	
601 Amortization Expensed	291	50,479	
603 Par. 12 (1)(x) contributions capitalized on F/S		1,412,597	
Inducement - ITA 12(1)(x)		3,165	
Total	293	1,415,762	
604 CO-OP EDUCATION TAX CREDITS CLAIMED		5,367	
APPRENTICE CREDITS		6,959	
Total	294	12,326	
Subtotal of other additions	199	1,509,130	1,509,130
Total additions	500	3,574,349	3,574,349 B
Amount A plus amount B			3,962,646

Deduct:

Gain on disposal of assets per financial statements	401	4,450	
Capital cost allowance from Schedule 8	403	2,631,505	
Cumulative eligible capital deduction from Schedule 10	405	19,009	
SR&ED expenditures claimed in the year from Form T661 (line 460)	411	44,360	
Reserves from financial statements – balance at the beginning of the year	414	682,327	
Subtotal of deductions		3,381,651	3,381,651

Other deductions:

Miscellaneous other deductions:

700 Ss. 13(7.4) election re Contributions in aid of construction	390	1,412,597	
701 CDN GAAP deferred credits	391	165,124	
702 Regulatory Reserve taken out of income	392	1,632,190	
704			
Total	394		
Subtotal of other deductions	499	3,209,911	3,209,911
Total deductions	510	6,591,562	6,591,562
Net income (loss) for income tax purposes – enter on line 300 of the T2 return			-2,628,916

Canada Revenue Agency
Agence du revenu
du Canada

Schedule 4

Corporation Loss Continuity and Application

Corporation's name	Business number	Tax year-end Year Month Day
INNPOWER CORPORATION	89242 2817 RC0001	2014-12-31

- Use this form to determine the continuity and use of available losses; to determine a current-year non-capital loss, farm loss, restricted farm loss, or limited partnership loss; to determine the amount of restricted farm loss and limited partnership loss that can be applied in a year; and to ask for a loss carryback to previous years.
- A corporation can choose whether or not to deduct an available loss from income in a tax year. The corporation can deduct losses in any order. However, for each type of loss, deduct the oldest loss first.
- According to subsection 111(4) of the *Income Tax Act*, when control has been acquired, no amount of capital loss incurred for a tax year ending before that time is deductible in computing taxable income in a tax year ending after that time. Also, no amount of capital loss incurred in a tax year ending after that time is deductible in computing taxable income of a tax year ending before that time.
- When control has been acquired, subsection 111(5) provides for similar treatment of non-capital and farm losses, except as listed in paragraphs 111(5)(a) and (b).
- For information on these losses, see the *T2 Corporation – Income Tax Guide*.
- File one completed copy of this schedule with the T2 return, or send the schedule by itself to the tax centre where the return is filed.
- All legislative references are to the *Income Tax Act*.

Part 1 – Non-capital losses**Determination of current-year non-capital loss**Net income (loss) for income tax purposes -2,628,916 A**Deduct:** (increase a loss)

Net capital losses deducted in the year (enter as a positive amount) a

Taxable dividends deductible under section 112 or subsections 113(1) or 138(6) b

Amount of Part VI.1 tax deductible c

Amount deductible as prospector's and grubstaker's shares – Paragraph 110(1)(d.2) d

Subtotal (total of amounts a to d) B

Subtotal (amount A minus amount B; if positive, enter "0") -2,628,916 C**Deduct:** (increase a loss)

Section 110.5 or subparagraph 115(1)(a)(vii) – Addition for foreign tax deductions D

Subtotal (amount C minus amount D) -2,628,916 E**Add:** (decrease a loss)

Current-year farm loss (whichever is less: the net loss from farming or fishing included in the income, or the non-capital loss before deducting the farm loss) F

Current-year non-capital loss (amount E plus amount F; if positive, enter "0") -2,628,916 G

If amount G is negative, enter it on line 110 as a positive.

Continuity of non-capital losses and request for a carryback

Non-capital loss at the end of the previous tax year e

Deduct: Non-capital loss expired* **100** fNon-capital losses at the beginning of the tax year (amount e minus amount f) **102** H**Add:**Non-capital losses transferred on an amalgamation or the wind-up of a subsidiary corporation **105** gCurrent-year non-capital loss (from amount G) **110** 2,628,916 hSubtotal (amount g plus amount h) 2,628,916 ISubtotal (amount H plus amount I) 2,628,916 J

* A non-capital loss expires as follows:

- after 10 tax years if it arose in a tax year ending after March 22, 2004, and before 2006; and
- after 20 tax years if it arose in a tax year ending after 2005.

An allowable business investment loss becomes a net capital loss after 10 tax years if it arose in a tax year ending after March 22, 2004.

Part 1 – Non-capital losses (continued)**Deduct:**

Other adjustments (includes adjustments for an acquisition of control)	150	i
Section 80 – Adjustments for forgiven amounts	140	j
Subsection 111(10) – Adjustments for fuel tax rebate		j.1
Non-capital losses of previous tax years applied in the current tax year	130	k
Enter amount k on line 331 of the T2 Return.		
Current and previous year non-capital losses applied against current-year taxable dividends subject to Part IV tax**	135	l
Subtotal (total of amounts i to l)		K
Non-capital losses before any request for a carryback (amount J minus amount K)		2,628,916 L

Deduct – Request to carry back non-capital loss to:

First previous tax year to reduce taxable income	901	m
Second previous tax year to reduce taxable income	902	684,195 n
Third previous tax year to reduce taxable income	903	o
First previous tax year to reduce taxable dividends subject to Part IV tax	911	p
Second previous tax year to reduce taxable dividends subject to Part IV tax	912	q
Third previous tax year to reduce taxable dividends subject to Part IV tax	913	r
Total of requests to carry back non-capital losses to previous tax years (total of amounts m to r)	684,195	684,195 M
Closing balance of non-capital losses to be carried forward to future tax years (amount L minus amount M)	180	1,944,721 N

** Amount l is the total of lines 330 and 335 from Schedule 3, *Dividends Received, Taxable Dividends Paid, and Part IV Tax Calculation*.

Part 2 – Capital losses**Continuity of capital losses and request for a carryback**

Capital losses at the end of the previous tax year	200	a
Capital losses transferred on the amalgamation or the wind-up of a subsidiary corporation	205	b
Subtotal (amount a plus amount b)		A

Deduct:

Other adjustments (includes adjustments for an acquisition of control)	250	c
Section 80 – Adjustments for forgiven amounts	240	d
Subtotal (amount c plus amount d)		B
Subtotal (amount A minus amount B)		C

Add: Current-year capital loss (from the calculation on Schedule 6, <i>Summary of Dispositions of Capital Property</i>)	210	D
Unused non-capital losses that expired in the tax year*		e
Allowable business investment losses (ABIL) that expired as non-capital losses in the tax year**		f
Enter amount e or f, whichever is less	215	g
ABILs expired as non-capital loss: line 215 divided by 0.500000	220	E
Subtotal (total of amounts C to E)		F

Note

If there has been an amalgamation or a windup of a subsidiary, do a separate calculation of the ABIL expired as non-capital loss for each predecessor or subsidiary. Add all these amounts and enter the total on line 220 above.

* If the losses were incurred in a tax year ending after March 22, 2004, and before 2006, enter the losses from the 11th previous tax year. Enter the losses from the 21st previous tax year if the losses were incurred in a tax year ending after 2005. Enter the part that was not used in previous years and the current year on line e.

** If the losses were incurred in a tax year ending after March 22, 2004, enter the losses from the 11th previous tax year. Enter the full amount on line f.