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October 6, 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)
Undertaking Responses**

Pursuant to Procedural Order No. 5, please find enclosed InnPower Corporation's Undertaking Responses to J1.1-J2.6 marked during the Hearing on October 3 and October 4, 2017.

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

Yours very truly,

BORDEN LADNER GERVAIS LLP

Per:

Original signed by Ada Keon on behalf of John A.D. Vellone

John A.D. Vellone

cc: Intervenors of record in EB-2016-0085

UNDERTAKING J1.1

Undertaking:

TO FILE AN UPDATED VERSION OF THE DOCUMENTS AT EXHIBIT K1.1 PAGE 52, 53, AND 54.

Reference: Transcript dated October 3, 2017 from page 19 line 6 to page 20 line 14.

Response:

InnPower has provided an updated Rate Design Policy for Residential Customers in Table J1.1 which changes the Number of Required Rate4 Design Policy Transition Years from 3 to 4. The 4 year request is in line with InnPower's request for an additional transitional year as referenced in Exhibit 8, page 6, line 3 of the November 28, 2016 submission.

The change to 4 years reduces the charge in the Fixed rate from \$4.71 (at 3 years) to \$3.53

Table J1.1 Rate Design Policy for Residential Customers

New Rate Design Policy For Residential Customers				
Please complete the following tables.				
A) Data Inputs				
Test Year Billing Determinants for Residential Class				
Customers	15,555			
kWh	144,001,990			
Proposed Residential Class Specific Revenue Requirement ¹	\$ 8,742,674.35			
Residential Base Rates on Current Tariff				
Monthly Fixed Charge (\$)	24.85			
Distribution Volumetric Rate (\$/kWh)	0.0139			
B) Current Fixed/Variable Split				
	Base Rates	Billing Determinants	Revenue	% of Total Revenue
Fixed	24.850	15,555	\$ 4,638,426.45	69.86%
Variable	0.0139	144,001,990	\$ 2,001,627.66	30.14%
TOTAL	-	-	\$ 6,640,054.11	-
C) Calculating Test Year Base Rates				
Number of Required Rate Design Policy Transition Years ²	4			
	Test Year Revenue @ Current F/V Split	Test Year Base Rates @ Current F/V Split	Reconciliation - Test Year Base Rates @ Current F/V Split	
Fixed	\$ 6,107,217.09	32.72	\$ 6,107,417.04	
Variable	\$ 2,635,457.26	0.0183	\$ 2,635,236.42	
TOTAL	\$ 8,742,674.35	-	\$ 8,742,653.46	
	New F/V Split	Revenue @ new F/V Split	Final Adjusted Base Rates	Reconciliation @ Adjusted Rates
Fixed	77.39%	\$ 6,766,081.41	36.25	\$ 6,766,316.25
Variable	22.61%	\$ 1,976,592.95	0.0137	\$ 1,972,827.26
TOTAL	-	\$ 8,742,674.35	-	\$ 8,739,143.51
Checks³				
Change in Fixed Rate	\$ 3.53			
Difference Between Revenues @ Proposed Rates and Class Specific Revenue Requirement	-\$ 3,530.84			
	-0.04%			

UNDERTAKING J1.2

Undertaking:

TO PROVIDE A CORRECTED VERSION OF TABLE 2K.

Reference: Transcript dated October 3, 2017 from page 26 line 6 to page 28 line 11.

Response:

InnPower has provided an updated Appendix 2-K with an update to the number of FTEs, such that the number corresponds with the FTE number in 4-VECC-31(b). Please note, the dollar figures have not changed.

Appendix 2-K						
Employee Costs						
	Last Rebasing Year - 2013- Board Approved	Last Rebasing Year - 2013- Actual	2014 Actuals	2015 Actuals	2016 Bridge Year	2017 Test Year
Number of Employees (FTEs including Part-Time)¹						
Management (including executive)	11.00	11.00	11.00	10.00	10.00	10.50
Non-Management (union and non-union)	28.00	29.00	28.32	33.20	34.20	33.12
Total	39.00	40.00	39.32	43.20	44.20	43.62
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

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

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

UNDERTAKING J1.3

Undertaking:

(1) TO ADVISE WHETHER ALL ONECALL COSTS ARE RELATED TO CONTRACTOR COSTS;
(2) TO PROVIDE THE SPECIFIC AMOUNTS IN OVERHEAD DISTRIBUTION OPERATIONS AND CUSTOMER WORK ORDERS THAT THE LEGISLATION SPECIFICALLY ACCOUNTS FOR VERSUS OTHER DRIVERS OF THE INCREASE.

Reference: Transcript dated October 3, 2017 from page 28 line 14 to page 29 line 21.

Response:

(1) No, but almost 90% of the cost is paid to contractors.

(a) A majority of our locating work is performed by our contractors. However, the administrative work pertaining to processing locate orders, and most of the after-hours locating services are performed by internal staff.

(2) (a) Overhead Distribution Operations:

The cost increase in this account in the amount of \$68,138 is attributed to an increase in on-call duties. Legislative requirements did not impact this account.

(b) Customer work orders:

The cost increase in this account in the amount of \$130,984 is attributed to an increase in the legislative requirements as implemented by Ontario 1 Call for the processing of locate requests. Starting in 2013 we have seen a large increase in the number of locate requests received. Comparing year-end figures in 2016 to 2012 locate requests, we noted an increase of 230%. A majority of this cost (approximately 90% or \$118k) is paid to the contractor for performing locate services. 10% (\$13k) of this cost is for internal staff labour.

UNDERTAKING J1.4

Undertaking:

TO FILE A SHAREHOLDER DECLARATION.

Reference: Transcript dated October 3, 2017 from page 86 line 17 to page 88 line 21.

Response:

The shareholder declaration was handed out during the oral hearing on October 4, 2017 and marked as Exhibit K2.1. It was filed on RESS on October 4, 2017, file name "InnPower_Ex_K2.1_20171004.pdf."

THE CORPORATION OF THE
TOWN OF INNISFIL

SHAREHOLDER DIRECTION
RELATING TO
INNISFIL HYDRO DISTRIBUTION SYSTEMS LIMITED
AND
INNISFIL ENERGY SERVICES LIMITED

Prepared by:

GRAHAM, WILSON AND GREEN

Suite 107, 190 Cundles Road E.

BARRIE, ONTARIO

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SHAREHOLDER DIRECTION

WHEREAS Innisfil Hydro Distribution Systems Limited ("Distribution Systems") and Innisfil Energy Services Limited ("Energy Services") are incorporations incorporated under the *Business Corporations Act* (Ontario) (Distribution Systems and Energy Services are hereinafter collectively referred to as the "Corporations");

AND WHEREAS the Town of Innisfil (the "Shareholder") is the beneficial owner of all of the issued shares of the Corporations;

AND WHEREAS the Corporations are the successors to the business of The Hydro-Electric Commission of The Corporation of the Town of Innisfil (the "Commission");

AND WHEREAS the business of the Corporations (the "Business") is subject to the provisions of the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998* being Schedules A and B, respectively, to the *Energy Competition Act, 1998*, S.O. c.15, as such statutes may be amended or re-enacted from time to time;

AND WHEREAS the Shareholder wishes to establish certain principles of governance of the Corporations;

NOW THEREFORE THIS DIRECTION WITNESSES:

ARTICLE I INTERPRETATION

1.01 Definitions

In this Direction, in addition to the terms defined in the recitals, the following terms will have the meanings set out below:

"Business Plan" means a five year business plan and budget for the Corporation prepared and approved in accordance with Section 6.01;

"Board" mean the boards of directors of the Corporations and the term "Board" used in the singular context may be used with specific reference to either of them.

"Cash Flow" means the increase (decrease) in cash of Distribution Systems or Energy Services, as the case may be, including cash provided by (used in) operating activities, investing activities and financing activities but before deducting the Dividend, as calculated and presented in the Corporation's unconsolidated audited annual Financial Statements;

"Dividend" has the meaning given to it in Section 7.02;

"Financial Statements" means, for any particular period, audited or unaudited (as stipulated- in this Direction), consolidated or unconsolidated (as stipulated in this Direction), comparative financial statements of the Corporation consisting of not less than a balance sheet, a statement of income and retained earnings, a

statement of changes in financial position, a report or opinion of the Auditor (in the case of audited Financial Statements) and such other statements, reports, notes and information prepared in accordance with generally accepted accounting principles (consistently applied) and as are required in accordance with any applicable law;

"Lien" means any mortgage, hypothec, encumbrance, lien or security interest, regardless of form, that secures the payment of any indebtedness or liability or the observance or performance of any obligation;

"OBCA" means the *Business Corporations Act* (Ontario), as such statute may be amended or reenacted from time to time;

"Person" means an individual, a natural person or a body corporate;

"Regulator" means the Ontario Energy Board, the Independent Electricity Market Operator and each other governmental or regulatory authority having jurisdiction over either of the Corporations;

"Third party" means a person who deals at arm's length (as interpreted by subsection 251(1) of the *Income Tax Act* (Canada)) with the Corporations.

1.02 Regulatory Matters

In the event of any conflict between any approval or direction or other requirement of the Shareholder under this Direction and any decision, order or policy of any Regulator, the decision, order or policy of the Regulator shall govern and the Corporations will at all times comply with any decision, order or policy of the Regulator whether or not an approval or direction has first been given in respect thereof by the Shareholder under this Direction. For greater certainty, the Corporations will not seek any order from any Regulator for any matter that would require the approval of the Shareholder under this Direction without first giving notice of its intention to seek such an order to the Shareholder.

ARTICLE 2 OBJECTIVES AND PRINCIPLES

2.01 Purposes

The purposes of this Direction are as follows:

- (a) subject to the authority of the Boards to manage or supervise the management of the business and affairs of the Corporations, to provide the Boards with the Shareholder's fundamental principles regarding their businesses;
- (b) to inform the residents of the Town of Innisfil of the Shareholder's fundamental principles regarding the business; and
- (c) to set out the accountability, responsibility and relationship between the Boards and the Shareholder; and

- (d) to give direction to the Board as to the Shareholder's view of the "best interests" of the Corporations.

2.02 Shareholder Objectives

The Shareholder's objectives in connection with its relationship with the Corporations are as follows:

- (a) the value of the Corporations be maintained or increased;
- (b) the Shareholder's income stream from the Corporations be comparable to the Shareholder's estimated financial benefit if the Commission had been sold as a going concern; and
- (c) the Corporation's consumers not be unduly impacted by the succession of the Commission by the Corporations.

2.03 Principles

The following principles should govern the operation of the Corporations:

- (a) The Business is integral to the well-being and the infrastructure of the Town of Innisfil. It is in the best interests of the Corporations that they conduct their affairs:
 - (i) on a commercially prudent basis;
 - (ii) in a manner consistent with public policy as it may be reflected by relevant legislative authority from time to time.
- (b) Distribution Systems will provide reliable, effective and efficient electricity distribution.
- (c) Distribution rates applicable to customers of Distribution Systems will be set by its Board in accordance with the rates approved by the Ontario Energy Board from time to time.
- (d) The Business is at all times subject to such licences, codes, policies, rules, orders, interim orders, approvals, consents and other actions of any Regulator.
- (e) The Corporations will operate with a high priority on customer service.
- (f) The Corporations will operate in a safe and environmentally responsible manner.
- (g) The Corporations will promote the wise use of energy and environmental responsibility.

ARTICLE 3
BUSINESS OF THE CORPORATIONS

3.01 Business of Energy Services

Energy Services may engage in any of the following business activities permitted by the *Ontario Energy Board Act, 1998*:

- (a) selling electricity;
- (b) owning, operating or having an ownership interest in an electricity generation facility;
- (c) retailing electricity;
- (d) distributing or retailing gas or any other energy product which is carried through pipes or wires to the user,
- (e) business activities that develop or enhance the ability of Distribution Systems to carry on any of the activities contemplated by subsections 3.1 (c) or (d) or subsection 3.2 (b);
- (f) business activities, the principal purpose of which is to use more effectively the assets of the distribution system of the Distribution Systems, including, without limiting the generality of the foregoing, meter installation and reading services, and billing services;
- (g) managing or operating a public utility or sewage service;
- (h) renting or selling hot water heaters;
- (i) providing services relating to improving energy efficiency; and
- (j) using the real property that Energy Services has the right to use for the purpose of providing telecommunications services or entering into agreements with any third party authorizing such third party to use such real property for the purpose of providing telecommunications services.

3.02 Business of the Distribution Systems

The Distribution Systems may engage only in the following business activities:

- (a) selling electricity to every person connected to the distribution system of Distribution Systems;
- (b) transmitting or distributing electricity;

- (c) business activities, the principal purpose of which is to use more effectively the assets of the distribution system of Distribution Systems including, without limiting the generality of the foregoing, meter installation and reading services, and billing, services;
- (d) using the real property that Distribution Systems has the right to use for the purpose of providing telecommunications services, or entering into agreements with any third party, to use such real property for the purpose of providing telecommunications services.

ARTICLE 4 OPERATION AND CONTROL

4.01 Board of Directors and Responsibilities

Subject to any matters requiring approval of the Shareholder pursuant to this Direction, the Boards will supervise the management of the business and affairs of the Corporations, including the following specific matters:

- (a) establishment of the Business Plan;
- (b) establishing appropriate reserves consistent with sound financial principles and the financial performance objectives set out herein;
- (c) approving any dividend payment or distribution of capital in excess of the payments provided for in Section 7.02;
- (d) selecting bankers and other financial institutions and establishing all banking authorities; and
- (e) appointing the officers of the Corporations.

4.02 Qualifications of Directors

A majority of the Boards will be residents of Canada. In electing directors to the Board the Shareholder will give due regard to the qualifications of candidates, including:

- (a.) experience or knowledge with respect to:
 - (i) public utility commissions or boards of major corporations or other commercial enterprises;
 - (ii) corporate finance;
 - (iii) corporate governance;
 - (iv) market development;

- (v) energy industries;
- (vi) public policy issues and laws relating to the electricity industry; and
- (vii) environmental matters, labour relations and occupational health and safety issues.

- (b) commercial sensitivity and acumen;
- (c) independence of judgment; and
- (d) personal integrity.

4.03 Vacancies

If a member of a Board ceases to be a director for any reason, the Shareholder will fill the vacancy created thereby as soon as reasonably possible.

4.04 Composition and Term

The composition of each Board and term of office for a director of a Board shall be determined by the by-laws of each respective Corporation.

4.05 Conflict of Interest Policy

The directors and officers of the Corporation will strictly abide by the requirements of the OBCA and the Corporation in respect of conflicts of interest, including any requirements in respect of disclosure and abstention from voting.

4.06 Remuneration

The remuneration of the members of the Board for their respective services as directors will be as determined by the by-laws of each respective Corporation.

ARTICLE 5 SHAREHOLDER MATTERS

5.01 Decisions of the Shareholder

Any approvals or decisions that the Shareholder must provide will be made by way of Resolution of the Council of The Corporation of the Town of Innisfil.

5.02 Matters Requiring Shareholder Approval

The Corporations will not carry out any action which requires the approval of the Shareholders pursuant to the OBCA. In addition, without the approval of the Shareholder, the Corporations will not:

- (a) provide any financial assistance, whether by loan, guarantee or otherwise, to any director or officer of the Corporations; or
- (b) make any capital expenditures in an amount exceeding \$500,000.00, save for those specifically provided for on the Business Plan.

ARTICLE 6 REPORTING

6.01 Business Plan

Not later than 60 days prior to the end of each fiscal year, the Boards will approve and submit to the Treasurer of the Town of Innisfil a business plan for the next five fiscal years (the "Business Plan"). The Business Plan will be prepared on a consistent basis with the Business Plan then in effect. The Corporations will carry on the business and operations in accordance with the Business Plan which will include, in respect of the period covered by such plan:

- (a) the strategic direction which the Corporations will undertake;
- (b) an operating and capital expenditure budget for the next fiscal year and an operating and capital expenditure projection for each fiscal year thereafter, including the resources necessary to implement the draft business plan;
- (c) the projected annual revenues and profits for each fiscal year for the Corporation;
- (d) pro forma consolidated and unconsolidated financial statements, including projected dividend payments to the Shareholder;
- (e) an acquisition budget setting forth the nature and type of capital expenditures proposed to be made in the following fiscal year supported by explanations, notes and information upon which the budget was based;

6.02 Review of Business Plan

The Treasurer of the Town of Innisfil shall review the Business Plan not later than 30 days prior to the end of each fiscal year and shall make a report to Council of the Town of Innisfil. Any comments of the Treasurer or the Council concerning the Business Plan shall be conveyed to the Boards prior to the end of the current fiscal year.

6.03 Quarterly Reports

Within 45 days after the end of each fiscal quarter, the Boards will prepare (on a consistent basis with the previous fiscal quarter) and submit to the Treasurer of the Town of Innisfil a quarterly report. The quarterly report will include, in respect of the immediately preceding fiscal quarter:

- (a) quarterly unaudited consolidated and unconsolidated Financial Statements;
- (b) such explanations, notes and information as is required to explain and account for any material change to the operations or prospects of the business;

6.04 Access to Records

The duly appointed representatives of the Shareholder shall have unrestricted access to the books and records of the Corporations during normal business hours. Such representatives shall treat all information of the Corporations with the same level of care and confidentiality as any confidential information of the Shareholder.

6.05 Audit

The Corporations' Financial Statements will be audited annually. The first auditor of the Corporations is BDO Dunwoody, LL.P., Chartered Accountants, (the "Auditor")

6.06 Accounting

The Corporation will, in consultation with the Auditor, adopt and use the accounting policies and procedures which may be approved by the Boards from time to time and all such policies and procedures will be in accordance with generally accepted accounting principles and applicable regulatory requirements.

6.07 Annual Financial Statements

The Board will cause the Auditor to deliver, as soon as practicable and in any event within 90 days after the end of each fiscal year, the audited Financial Statements of the Corporations for consideration by the Shareholder.

ARTICLE 7 FINANCIAL PERFORMANCE

7.01 Financial Performance

The Board will be responsible for ensuring that the Corporations meet the financial performance standards set out in this Article 7.

7.02 Dividend Policy

Subject to any law, the Corporations will pay to the Shareholder a quarterly cash dividend (the "Distribution Systems Dividend") which will be the greater of \$0 and the Corporations' Cash Flow adjusted for changes in cash balance to meet the Corporations' on going operational requirements.

7.03 Operation Policy

The Corporations will, taking account of the principals and objectives set forth herein:

- (a) employ the most efficient cost structure available for like businesses;
- (b) mandate the creation and implementation of cost reduction programs to ensure that distribution costs are minimized; and
- (c) maximize return on the Shareholder's equity.

7.04 Amendments

This Direction may be amended solely at the discretion of the Shareholder. The Shareholder will provide prior written notice to the Boards of any proposed amendments to this Direction.

DATED at Innisfil this day of 2000.

THE TOWN OF INNISFIL

Per:

PAUL G. LANDRY, CLERK

UNDERTAKING J1.5

Undertaking:

TO PROVIDE AN UPDATE TO JULY 31ST, 2016 OF THE OM&A PROGRAM TABLES AT JT1.20, APPENDIX 2JC, PAGE 17 OF EXHIBIT K1.5.

Reference: Transcript dated October 3, 2017 from page 100 line 3 to page 102 line 9.

Response:

Appendix 2-JC has been updated to include July 31, 2016 year to date financial information and year over year variance for OM&A Programs. The overall variance is mainly from the ice storm costs that occurred in March/April of 2016, adding approx. \$250k to the Maintenance 1) Overhead Distribution Lines/Feeders Total. If this amount is removed from the total year to date for 2016, we would be 99% year over year.

Appendix 2-JC OM&A Programs Table								
Programs	2017 Test Year		YTD July 31, 2017	YTD July 31, 2017	YTD July 31, 2017	YTD July 31, 2016	Variance Y/Y	Comment
Reporting Basis	MIFRS		Labour	Non-Labour	Total	Total		
Operations								
1) Distribution Station	66,760		5,416	37,133	42,549	30,584	139%	
2) Overhead Distribution Operations	169,591		107,872	14,157	122,029	65,800	185%	
3) Underground Distribution Operations	136,637		9,306	32,172	41,479	52,316	79%	
4) Distribution Meters	262,730		51,795	94,276	146,071	132,627	110%	
5) Customer Workorders	173,206		27,603	37,158	64,762	72,715	89%	
6) Engineering/Systems Ops/Line Constr/SCADA/Ops Admin	722,204		399,862	75,046	474,908	391,203	121%	
Sub-Total	1,531,128		601,855	289,942	891,797	745,445	120%	
Maintenance								
1) Overhead Distribution Lines/Feeders	410,167		69,587	75,837	145,424	429,811	34%	ice storm costs in 2016
2) Underground Distribution Lines/Feeders	136,079		52,350	54,545	106,895	87,069	123%	
3) Distribution Meters	27,888		279	13,274	13,553	11,975	113%	
4) Distribution Transformers	73,628		6,025	8,886	14,911	7,992	187%	
Sub-Total	647,761		128,241	152,542	280,784	536,646	52%	
Community Relations								
1) Community Relations	11,640		0	1,827	1,827	5,576	33%	
Sub-Total	11,640		0	1,827	1,827	5,576	33%	
Customer Service								
1) Bad Debts	77,600		0	38,248	38,248	88,245	43%	
2) Customer Service & Billings	702,939		187,052	137,770	324,822	341,923	95%	
3) Customer Collections	368,742		165,531	43,937	209,468	201,109	104%	
Sub-Total	1,149,280		352,582	219,955	572,537	631,277	91%	
Administration								
1) Information Systems	335,309		0	176,230	176,230	186,358	95%	
2) Insurance	106,700		0	65,797	65,797	65,716	100%	
3) Audit, Legal and Consulting	175,667		0	121,198	121,198	130,002	93%	
4) Building and Office Supplies	322,574		0	181,642	181,642	228,462	80%	
5) Management, Administrative, Finance, Regulatory and IT	1,613,297		831,773	45,069	876,842	873,219	100%	
6) Regulatory Affairs (assessment & application costs)	97,000		0	75,796	75,796	125,486	60%	
Sub-Total	2,650,546		831,773	665,732	1,497,505	1,609,243	93%	
Miscellaneous								
Total	5,990,356		1,914,451	1,329,999	3,244,450	3,528,387	92%	

UNDERTAKING J1.6

Undertaking:

TO PROVIDE AN UPDATE TO 2N.

Reference: Transcript dated October 3, 2017 from page 128 line 22 to page 129 line 24.

Response:

Appendix 2-N of the Chapter 2 Appendices has been updated to reflect a revised forecast for 2017 financial services; including both price and cost for the service. InnPower would be agreeable to increasing other income by the 1% additional admin fee of \$1,130 and also reducing administrative labour by \$112,981 for the 2017 Test Year.

Appendix 2-N Shared Services and Corporate Cost Allocation ¹

Year: 2017

Shared Services

Name of Company		Service Offered	Pricing Methodology	Price for the Service	Cost for the Service
From	To			\$	\$
InnPower Corporation	InnServices (TOI)	Water Waste Water Billing	Negotiated Agreement	245,000	193,530
InnPower Corporation	InnServices (TOI)	Financial Services	Negotiated Agreement	346,309	232,198

UNDERTAKING J1.7

Undertaking:

TO UPDATE THE COST OF POWER IN THE REVENUE REQUIREMENT WORK FORM FILED SEPTEMBER 20TH, TAB 4, RATE BASE, LINE 7.

Reference: Transcript dated October 3, 2017 from page 136 line 17 to page 139 line 9.

Response:

InnPower has updated the Cost of Power reflecting the latest RPP Pricing Report issued on April 20, 2017 but has also reflected the reduction in the commodity charges of \$0.033/kWh as outlined in the report titled “Regulated Price Plan Prices and the Global Adjustment Modifier for the Period July 1, 2017 to April 30, 2018” dated June 22, 2017. The revised Cost of Power utilizing the updated RPP Pricing Reports is \$25,764 025.

A copy of the worksheet is presented below:

2017 Load Forecast	kWh	kW	2015 %RPP
Residential	144,001,990		94%
General Service < 50 kW	31,418,007		83%
General Service 50 to 4,999 kW	63,122,597	174,966	4%
Street Lighting	561,223	1,599	0%
Sentinel Lighting	103,052	286	84%
Unmetered Scattered Load	461,015		94%
TOTAL	239,667,884	176,851	

Electricity - Commodity RPP	2017	2017 Loss			
Class per Load Forecast RPP	Forecasted	Factor	2017		
Residential	135,361,871	1.0604	143,541,989	\$0.08190	\$11,756,089
General Service < 50 kW	26,076,946	1.0604	27,652,814	\$0.08190	\$2,264,765
General Service 50 to 4,999 kW	2,524,904	1.0604	2,677,488	\$0.08190	\$219,286
Street Lighting	0	1.0604	0	\$0.08190	\$0
Sentinel Lighting	86,563	1.0604	91,795	\$0.08190	\$7,518
Unmetered Scattered Load	433,354	1.0604	459,542	\$0.08190	\$37,637
TOTAL	164,483,638		174,423,628		\$14,285,295

Electricity - Commodity Non-RPP	2017	2017 Loss			
Class per Load Forecast	Forecasted	Factor	2017		
Residential	8,640,119	1.0604	9,162,255	\$0.07748	\$709,891
General Service < 50 kW	5,341,061	1.0604	5,663,829	\$0.07748	\$438,834
General Service 50 to 4,999 kW	60,597,693	1.0604	64,259,701	\$0.07748	\$4,978,842
Street Lighting	561,223	1.0604	595,139	\$0.07748	\$46,111
Sentinel Lighting	16,488	1.0604	17,485	\$0.07748	\$1,355
Unmetered Scattered Load	27,661	1.0604	29,332	\$0.07748	\$2,273
TOTAL	75,184,246		79,727,742		\$6,177,305

<u>Transmission - Network</u>		Volume			
Class per Load Forecast		Metric	2017		
Residential		kWh	152,704,243	\$0.0067	\$1,018,779
General Service < 50 kW		kW	33,316,644	\$0.0061	\$202,777
General Service 50 to 4,999 kW		kW	174,966	\$2.3860	\$417,464
Street Lighting		kWh	1,599	\$1.8579	\$2,970
Sentinel Lighting		kW	286	\$1.8673	\$535
Unmetered Scattered Load		kW	488,875	\$0.0061	\$2,975
TOTAL					\$1,645,501

<u>Transmission - Connection</u>		Volume			
Class per Load Forecast		Metric	2017		
Residential		kWh	152,704,243	\$0.0050	\$758,509
General Service < 50 kW		kWh	33,316,644	\$0.0047	\$157,417
General Service 50 to 4,999 kW		kW	174,966	\$2.6359	\$461,189
Street Lighting		kW	1,599	\$1.3895	\$2,221
Sentinel Lighting		kW	286	\$2.0600	\$590
Unmetered Scattered Load		kWh	488,875	\$0.0047	\$2,310
TOTAL					\$1,382,237

<u>Wholesale Market Service</u>		Volume			
Class per Load Forecast		Metric	2017		
Residential		kWh	152,704,243	\$0.0036	\$549,735
General Service < 50 kW		kWh	33,316,644	\$0.0036	\$119,940
General Service 50 to 4,999 kW		kWh	66,937,189	\$0.0036	\$240,974
Street Lighting		kWh	595,139	\$0.0036	\$2,143
Sentinel Lighting		kWh	109,279	\$0.0036	\$393
Unmetered Scattered Load		kWh	488,875	\$0.0036	\$1,760
TOTAL			254,151,369		\$914,945

<u>Rural Rate Assistance</u>		Volume			
Class per Load Forecast		Metric	2017		
Residential		kWh	152,704,243	\$0.0021	\$320,679
General Service < 50 kW		kWh	33,316,644	\$0.0021	\$69,965
General Service 50 to 4,999 kW		kWh	66,937,189	\$0.0021	\$140,568
Street Lighting		kWh	595,139	\$0.0021	\$1,250
Sentinel Lighting		kWh	109,279	\$0.0021	\$229
Unmetered Scattered Load		kWh	488,875	\$0.0021	\$1,027
TOTAL			254,151,369		\$533,718

OESP		Volume Metric	2017		
Class per Load Forecast					
Residential		kWh	152,704,243		\$0
General Service < 50 kW		kWh	33,316,644		\$0
General Service 50 to 4,999 kW		kWh	66,937,189		\$0
Street Lighting		kWh	595,139		\$0
Sentinel Lighting		kWh	109,279		\$0
Unmetered Scattered Load		kWh	488,875		\$0
TOTAL			254,151,369		\$0

LV		Volume Metric(w/o losses)	2017		
Class per Load Forecast					
Residential		kWh	144,001,990	\$0.0025	\$359,150
General Service < 50 kW		kWh	31,418,007	\$0.0024	\$74,536
General Service 50 to 4,999 kW		kW	174,966	\$1.3235	\$231,567
Street Lighting		kW	1,599	\$0.6977	\$1,115
Sentinel Lighting		kW	286	\$1.0344	\$296
Unmetered Scattered Load		kWh	461,015	\$0.0024	\$1,094
TOTAL			176,057,864		\$667,758

Summary	2017	Calculation Of SME Charges			
4062-OESP	\$ -				
SME	\$ 157,265				
4705-Power Purchased	\$ 20,462,601				
4708-Charges-WMS	\$ 914,945				
4714-Charges-NW	\$ 1,645,501				
4716-Charges-CN	\$ 1,382,237				
4730-Rural Rate Assistance	\$ 533,718				
4750-Low Voltage	\$ 667,758				
TOTAL	25,764,025				
		Customers	Rate		
		Residential	15,555	0.79	\$147,459
		GS<50	1,034	0.79	\$9,806
					\$157,265

UNDERTAKING J1.8

Undertaking:

TO CLARIFY FIGURES IN THE WORKSHEET.

Reference: Transcript dated October 3, 2017 from page 149 line 12 to page 153 line 21.

Response:

Upon review of the submitted DVA continuity file, "2017_DVA_Continuity_Schedule_CoS_v2_7 TC_20170920.xlsx," and discussion with Board staff it was determined that in the DVA continuity schedule the \$148,378 adjustment was incorrectly entered as a credit as opposed to a debit. Changing the entry in the continuity schedule reduced the balance in account 1588 from a credit balance of \$481,351 to a credit balance of \$184,595.

In conjunction with the review of account 1588, a review of the GA reasonability work form, "InnPower_Ex_JT1.28_KT1.6_2015_GA_Reasonability_Test_20170920.xlsx," was also completed. The above noted file indicated an unresolved GA difference of \$220,746 or 3.8% of the expected GA Payments to IESO. As noted in the GA Reasonability work form, a portion of the unresolved difference can be attributed to the way InnPower calculates and records the breakdown of RPP vs. Non-RPP Global Adjustment (GA). In order to accurately calculate the portion of the GA included in the RPP settlement true up, InnPower will need to perform a reconciliation on the allocation of the GA balances allocated monthly to account 1589.

In the interest of time to complete the cost of service application, InnPower would like to remove their request to dispose of accounts 1588 and 1589 at this time. InnPower left the DVA Continuity Schedule with the 1588 and 1589 balances intact. However to reflect this in the rate rider calculations, InnPower has removed the amounts for 1588 and 1589 in the Allocation of Balances worksheet. InnPower will perform the reconciliation and true up on accounts 1588 and 1589 and proceed to request disposition during the next IRM process.

Please see file "InnPower_Ex_J1.8_2017_DVA Continuity Schedule CoS v2_20171006.xlsx" attached to these responses.

UNDERTAKING J1.9

Undertaking:

TO RECALCULATE THE LOAD FACTOR BASED UPON A LOSS FACTOR OF 6.04.

Reference: Transcript dated October 3, 2017 from page 158 line 16 to page 159 line 23.

Response:

Please see file “InnPower_Ex_J1.9_2017 Load Forecast_20171006.xlsx” attached to these responses.

UNDERTAKING J2.1

Undertaking:

TO PROVIDE A COPY OF THE REVISED STRATEGIC DIRECTION AND 2017 BUDGET.

Reference: Transcript dated October 4, 2017 from page 37 line 2 to page 41 line 6.

Response:

Please see file “InnPower_Ex_J2.1 2017 Operating Capital_Budget_20171006.pdf” and file “InnPower_Ex_J2.1_Corporation PowerPoint Presentation 2017 AGM_20171006.pdf” attached to these responses.

InnPower Corporation

2017 Operating & Capital Budget

December 13, 2016



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2017 Operating & Capital Budget

Executive Summary



1. Introduction

The annual budget is InnPower's action plan for the coming fiscal year, based upon a series of company objectives and used for planning, control and performance evaluation. The annual strategic budget is comprised of a capital budget, an operating budget and a financial budget. It is used to communicate InnPower's plans to interested parties, coordinate activities between departments and motivate managers to perform within identified restraints. The budget ensures achievement of plans through a planning control framework, is a tool for decision making and used for benchmarking against which actual results can be measured.

Management compiles the necessary data to complete the budget, which is then used by various stakeholders to assess the viability of the plan, control expenditures and evaluate performance. The Ontario Energy Board, auditors, shareholders and board are all interested in the actual performance compared to budget.

Statement of Current Regulation in Ontario:

The Ontario Energy Board (OEB) oversees Ontario's electricity sector through legislation, regulation and directives determined by the provincial government and the department of the Minister of Energy. In the Ontario Energy Board's 2016-2019 Business Plan there is a continuing emphasis on a consumer centric approach to regulation, with the goal of equipping consumers with energy knowledge and tools to make informed decisions. A number of programs have been implemented or planned to achieve this goal. The OEB also recognizes the pace of change in the industry as a result of new technologies for generation, transportation and use of energy. Utilities are expected to improve performance and productivity to deliver cost effective energy service to consumers.

There are four primary objectives that the OEB is focusing on for the 2016-2019 timeframe:

1. Empowering consumers
2. Enhancing utility performance
3. Enabling access to competitive energy choices
4. Enhancing regulatory effectiveness

The OEB 2016-2019 Business Plan can be found at:

http://www.ontarioenergyboard.ca/oeb/Documents/Corporate/OEB_Business_Plan_2016-2019.pdf

Areas of Focus for the Budget:

The areas of focus for InnPower Corporation (IPC) within the 5 year plan are:

- a. To effectively prioritize capital spending to meet the needs of growing our distribution system while maintaining reliable and power quality levels, and
- b. Effective cost management and increasing efficiencies.

2. Budget Objectives

Highlight the Key Goals and Outcomes for the Budget:

The guiding principles that were utilized in the 2017-2021 budget are:

1. Minimize impacts to existing customers;
2. Growth to pay for growth via Economic Evaluation;
3. Staff resources will be evaluated in conjunction with customer growth, demand and/or market changes; and
4. Maintain InnPower's OEB performance rating.

The budget reflects debt levels remaining within the required banking debt covenant without further shareholder equity injections while managing capital infrastructure requirements due to anticipated customer growth. This is accomplished by InnPower accessing deposits provided by developers to fund the initial outlay for capital growth projects.

3. Budget Highlights

Key Elements of the Budget are:

Growth in Electricity Demand

Estimated cumulative load growth (kWh) of 19% from 2016 to 2021.

Revenue Growth

Total revenue for 2016 forecast is \$37.2m growing to \$57.2m by 2021. This is a 54% cumulative growth.

Number of New Customers

Estimated new customers from 2016 to 2021 is 5,641.

Price of Electricity

Commodity prices and transmission costs are estimated to increase by 10% per year.

Wages and Salary Increases

Wages and salary increases are estimated at 2%.

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Net Capital Expenditure (system access, system renewal, system service, general plant)

Net capital expenditures are categorized by system access, system renewal, system service and general plant as provided by the Distribution System Plan (DSP). Average annual capital expenditures for the next 5 years are \$6.9m.

Distribution Revenues and Net Earnings after Taxes

Distribution revenue and net earnings are anticipated to grow over the next 5 years by 65% and 219% respectively.

Dividend and Interest Payments to Shareholder

The budget is reflecting 100% reinvestment within IPC for capital infrastructure.

Forecast Interest Rate on Borrowed Funds

The interest rate for 2016 is 2%, 2017 4% and 2018-2021 is 3%.

Statement of Comprehensive Income (000's)

	2016 Budget	2016 Projection	2017 Budget	% Inc(Dec)
Revenue	37,504	35,937	40,364	12.3%
Cost of Power	28,059	26,896	29,181	8.5%
Gross Margin	9,445	9,041	11,183	23.7%
Controllable Costs	6,119	6,042	6,266	3.7%
Net Earnings	702	611	2,053	236.0%

2017 Operating & Capital Budget

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Statement of Financial Position (000's)

	2015 Actual	2016 Projection	2017 Budget	% Inc(Dec)
Current Assets	8,679	7,625	7,625	0.0%
Non-Current Assets	61,229	67,252	73,056	8.6%
Reg DVA	850	502	(5)	-101.0%
Total Assets	70,758	75,379	80,676	7.0%
Current Liabilities	11,406	8,633	12,025	39.3%
Long Term Liabilities	42,003	47,391	47,553	0.3%
Total Liabilities	53,409	56,024	59,578	6.3%
S/H Equity	17,129	18,921	20,665	9.2%
Reg DVA	220	434	433	-0.2%
Total S/H Equity and Liabilities	70,758	75,379	80,676	7.0%

Statement of Cash Flows (000's)

	2016 Budget	2016 Projection	2017 Budget	% Inc(Dec)
Cash from Operating Activities	2,731	8,322	10,961	31.7%
Cash from Investing Activities	(9,859)	(8,242)	(8,623)	4.6%
Cash from Financing Activities	7,128	(80)	(2,339)	2823.8%
Cash end of Period	-	-	-	0.0%

4. Strategic Plan

Mission:

Our companies shall provide safe, reliable and competitively priced electricity distribution, products and services for our customers.

Vision:

Achieving superior performance within a fast paced and dynamic industry. To support and contribute to the company's sustained growth and profitability and to maximize shareholder value.

Strategic Imperatives:

InnPower Corporation believes our balanced approach, in conjunction with the guiding principles support the outcomes and objectives of the Renewed Regulatory Framework for Electricity (RRFE):

- Shift the focus from utility cost to value for customers
- Better align utility reliability and quality of service levels with customer expectations
- Institutionalize continuous improvement and innovation
- Provide for a comprehensive approach to network investments to achieve optimum results
- Better align timing and pattern of expenditures with cost recovery
- Provide a sustainable, predictable, efficient and effective regulatory framework

The following key examples support these principles in the day to day activities of InnPower Corporation and the preparation of this COS Application:

1. Removal of additional FTE's requested by departments in 2016 and 2017 reduced the OM&A expenses by \$676,897.
2. Reduction in Discretionary and Material Projects reduced the Capital amount by \$3,811,161.
3. Customer forecasts (growth and demand) have been adjusted to reflect realistic connection rates additions.
4. Year over year improvement in InnPower Corporation's Performance metrics.

Organizational Effectiveness:

As InnPower Corporation's capital spending needs to remain high to support our growth, it is more essential than ever to execute effective prioritization to meet the needs of growing our distribution system, maintaining acceptable reliability and power quality levels and demonstrate rate competitiveness. As a result, InnPower will need to rely on effective cost management and increasing efficiencies. As an organization, our strategies will focus on the following:

Customer Satisfaction: Provide reliable, responsive, and affordable services in line with explicit, customer-accepted service levels. Receive timely customer feedback to maintain responsiveness to customer needs and emergencies.

Employee and Leadership Development: Recruits and retains a workforce that is competent, motivated, adaptive, and safe-working. Establish a participatory, collaborative organization dedicated to continual learning and improvement. Ensure employee institutional knowledge is retained and improved upon over time. Provides a focus on and emphasizes opportunities for professional and leadership development and strives to create an integrated and well-coordinated senior leadership team.

Operational Optimization: Ensures ongoing, timely, cost-effective, reliable, and sustainable performance improvements in all facets of its operations. Minimizes resource use, loss, and impacts from day-to-day operations. Maintains awareness of information and operational technology developments to anticipate and support timely adoption of improvements.

Financial Viability: Understands the full life-cycle cost of the utility and establishes and maintains an effective balance between debt, asset values, operations and maintenance expenditures, and operating revenues. Establishes predictable rates—consistent with community expectations and acceptability—adequate to recover costs and plan and invest for future needs.

Infrastructure Stability: Understands the condition of and costs associated with critical infrastructure assets. Maintains and enhances the condition of all assets over the long-term at the lowest possible life-cycle cost and acceptable risk consistent with customer, community, and regulator-supported service levels, and consistent with anticipated growth and system reliability goals. Assures asset repair, rehabilitation, and replacement efforts are coordinated within the community to minimize disruptions and other negative consequences.

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Operational Resiliency: Ensures utility leadership and staff work together to anticipate and avoid problems. Proactively identifies, assesses, establishes tolerance levels for, and effectively manages a full range of business risks (including legal, regulatory, financial, environmental, safety, security, and natural disaster-related) in a proactive way consistent with industry trends and system reliability goals.

Stakeholder Understanding and Support: Bring about understanding and support from oversight bodies, community interests, and regulatory bodies for service levels, rate structures, operating budgets, capital improvement programs, and risk management decisions. Actively involves stakeholders in the decisions that will affect them.

5. Economic Outlook

The economic outlook for the next couple of years within Ontario remain positive on growth. Innisfil will be exceeding the country and provincial growth forecast.

Economic Indicator	2015F	2016F	2017F	2018F	2019F	2020F	2021F
Real GDP % Canada	1.1	1.1	1.9	1.9	1.9	1.9	1.9
Real GDP % Ontario	2.7	2.6	2.5	2.4	2.6	2.0	2.1
Employment Growth % Innisfil		2.5	2.5	2.6	2.6	2.6	2.6
Population Growth % Innisfil		8.0	10.6	10.1	6.5	5.4	4.5
Housing Start (Units) Innisfil		674	580	717	668	581	662
Retail Sales Growth % Canada	1.3	3.7	3.6	3.6	3.9	3.9	3.9
Retail Sales Growth % Ontario	5.7	6.1	4.7	5.8	5.7	5.0	5.0
CPI % Canada	1.1	1.7	1.8	1.8	1.8	1.8	1.8
CPI % Ontario	1.2	2.0	1.9	2.1	2.2	2.3	2.3

Table source data from Statistics Canada. Innisfil employment indicator based on the 2014 DC Background Study via load forecast model.

The Town of Innisfil's economy is evolving. Looking forward to the 2031 planning horizon, the Town's employment base is anticipated to continue to diversify with continued economic growth in goods producing sectors related to transportation and warehousing, logistics, advanced manufacturing and

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construction, combined with strong employment growth in traditional and emerging service sectors.

For the Town of Innisfil, this includes the retail and tourism sector as well as knowledge-based sectors such as professional and scientific services, information technology, health and social services, research and development, education and the broader public sector. In planning for growth over the long term, these sectors are anticipated to be amongst the key growth areas of the Town's local economy.

The Town of Innisfil is located within one of the fastest growing City/Regions in North America – the Greater Golden Horseshoe. Strong population and labour force growth within the regional market area is a key driver of local employment growth in the Town of Innisfil. Firstly, population growth within the Town and surrounding area drives demand for population-related services. Secondly, access to a diverse and growing labour force pool within the local and surrounding market area is typically cited by businesses and real estate brokers as one of the key factors considered with respect to business attraction and investment in the industrial and office sector.

6. Regulatory Environment

The industry is currently undergoing a major review of the regulatory rate setting process otherwise known as the RRFE (Renewed Regulatory Framework for Electricity Distributors). The Board issued a policy document on October 18, 2012 and has now established working groups to outline transition and implementation timelines.

The renewed regulatory framework is a comprehensive performance-based approach to regulation that is based on the achievement of outcomes that ensure that Ontario's electricity system provides value for money for customers. Outcomes such as Customer Focus, Operational Effectiveness and Public Policy Responsiveness are therefore considered appropriate for distributors. The Board believes that emphasizing results rather than activities, will better respond to customer preferences, enhance distributor productivity and promote innovation.

The Board has developed a set of related policies to facilitate the achievement of these performance outcomes. The Board's policies for setting distributor rates are supported by fundamental principles of good asset management; coordinated, long term planning; and a common set of performance measures, including productivity expectations. The three main policies are Rate-Setting, Planning and Measuring Performance. Rate-Setting will now include three rate setting methods, namely, 4th Generation, Custom, and Annual Incentive Rate-Setting Index. Planning now introduces a required five year capital plan that is integrated to include smart grid investments and regional planning where warranted. There are also proposed

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amendments to the Transmission Code to facilitate the execution of regional plans. Measuring Performance will introduce new standards and measures that link performance to the outcomes listed above. It will also introduce a scorecard approach for annual reporting.

In developing the policies in this Report, the Board has been guided by five main objectives. These objectives are:

1. To protect the interests of consumers with respect to prices and the adequacy, reliability and quality of electricity service.
2. To promote economic efficiency and cost effectiveness in the generation, transmission, distribution, sale and demand management of electricity and to facilitate the maintenance of a financially viable electricity industry.
3. To promote electricity conservation and demand management in a manner consistent with the policies of the Government of Ontario, including having regard to the consumer's economic circumstances
4. To facilitate the implementation of a smart grid in Ontario.
5. To promote the use and generation of electricity from renewable energy sources in a manner consistent with the policies of the Government of Ontario, including the timely expansion or reinforcement of transmission systems and distribution systems to accommodate the connection of renewable energy generation facilities.

Further changes to the industry include:

The 905 mega merger (Horizon, PowerStream, Enersource, and Hydro One Brampton) and the privatization of Hydro One continue in the forefront of the industry. In 2016 the following mergers/amalgamations/sales were announced:

- Midland PUC RFP for sale
- Orillia/Hydro One
- Peterborough/Hydro One
- Wasaga Distribution Inc. reviewing options for merger or sale under review
- Oshawa /Whitby/Veridian under review

Ontario Rebate for Electricity Consumers Act – electricity pricing concerns has prompted the Ministry of Energy to introduce the OREC – Ontario Rebate for Electricity Consumers Act which is scheduled to be implemented effective January 1, 2017. This change follows the removal of the OCEB and the introduction of the OESP credit/charge effective January 1, 2017.

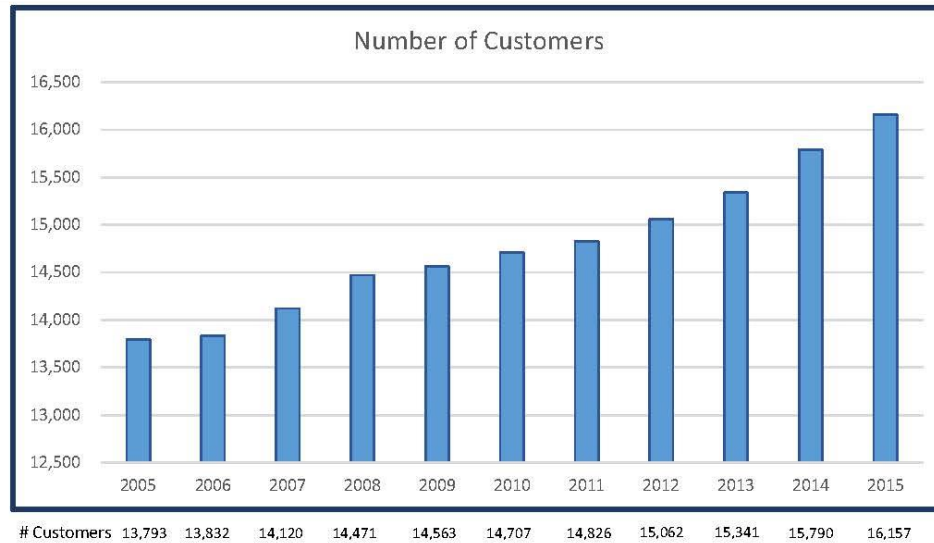
Bill 218 – amendments to the electricity Act to allow the OEB the power “The Board is given the power to make rules and license conditions respecting the periods during which gas or electricity may not be disconnected from low-volume consumers”. If passed this change could have serious impacts to InnPower as disconnects are an effective tool in minimizing write-offs.

7. Customer and Load Growth

InnPower Corporation continues to grow in total customers. The following charts show the growth experienced over the past 10 years in number of customers and load.

Customer Growth

Customer Class	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential	12,821	12,949	13,132	13,472	13,636	13,747	13,854	14,061	14,315	14,728	15,073
GS<50	890	816	916	925	855	892	904	932	960	993	1,010
GS>50	82	67	72	74	72	68	68	69	66	69	74
# of Customers	13,793	13,832	14,120	14,471	14,563	14,707	14,826	15,062	15,341	15,790	16,157
% Growth		0.28%	2.08%	2.49%	0.64%	0.99%	0.81%	1.59%	1.85%	2.93%	2.32%



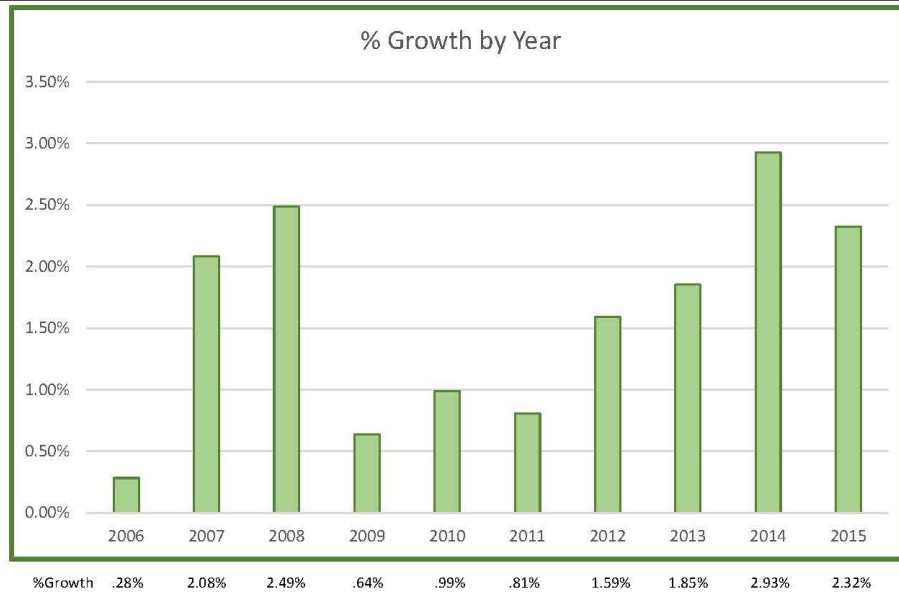
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Load Growth

Load Data (kW)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Average Damand	45178	41483	41342	41276	41970	44322	41923	43559	47425	42782	45342
Peak Demand	62729	48245	48562	49100	49692	51327	49220	46737	57349	50885	51737
Season	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter	Winter



8. Top Customers

The following chart shows our top 25 customers in terms of annual distribution revenues:

Number	Customer	Annual Distribution Revenues	% Total Revenues
1	TOWN OF INNISFIL-PARKS & REC	\$ 63,062.93	0.74%
2	INNSERVICES UTILITIES INC.	\$ 45,616.27	0.54%
3	PORAVER NORTH AMERICA INC	\$ 44,305.92	0.52%
4	INNSERVICES UTILITIES INC.	\$ 34,551.72	0.41%
5	TEMPO PLASTICS LIMITED	\$ 33,253.49	0.39%
6	PARKBRIDGE COMMUNITIES INC	\$ 30,848.49	0.36%
7	ONTARIO LOTTERY & GAMING CORP	\$ 29,153.18	0.34%
8	ROGERS COMMUNICATIONS CANADA INC	\$ 22,026.45	0.26%
9	TOWN OF INNISFIL	\$ 17,758.30	0.21%
10	ONTARIO LOTTERY & GAMING CORP	\$ 17,471.33	0.21%
11	GEORGIAN DOWNS LIMITED	\$ 17,039.51	0.20%
12	KELL FARMS LTD	\$ 16,222.11	0.19%
13	GEORGIAN COLLEGE	\$ 15,650.19	0.18%
14	SIMCOE COUNTY BRD OF EDUCATION	\$ 15,537.41	0.18%
15	SOBEYS INC	\$ 14,899.04	0.18%
16	SIMCOE MUSKOKA CATHOLIC	\$ 13,726.91	0.16%
17	400 MARKET INC	\$ 13,413.61	0.16%
18	RIOCAN MANAGEMENT INC	\$ 12,447.22	0.15%
19	PRECISION WASTE SYSTEMS LTD	\$ 11,816.61	0.14%
20	LOBLAWS PROPERTIES LTD	\$ 11,629.40	0.14%
21	761307 ONTARIO INC	\$ 11,478.91	0.14%
22	2463848 ONTARIO INC	\$ 10,795.38	0.13%
23	SOBEYS CAPITAL INC	\$ 10,709.60	0.13%
24	HYDRO ONE NETWORKS INC	\$ 10,211.66	0.12%
25	RIOCAN MANAGEMENT INC	\$ 9,158.30	0.11%
Total		\$ 532,783.94	6.29%

The above table shows that InnPower Corporation is dependent on its residential and general service customers. The Top 25 customers only account for 6.29% of distribution revenues.

9. Utility Size and Billing Comparisons

Growth of the Utility:

The Provincial growth in 2015 for all LDC's is 1.72% which includes organic and merger/amalgamation growth. InnPower Corporation's growth for 2015 is 2.32% which is all organic.

Comparison to Other Utilities:

Rate Comparison's for LDC's with similar Sq. Km or Service Territory

Rate Comparison's for Shoulder LDC's

LDC	Residential Customers	Distribution Rate	Square Km	Rural or Urban	Peg Ranking	Growth
InnPower Corporation	15,073	\$38.82	292	Rural	3	2.32%
Hydro One Inc	1,141,369	\$52.51	960,800	Rural	5	3.09%**
Powerstream	321,424	\$24.02	806	Urban	3	1.55%

**Includes non-organic growth from amalgamations

Rate Comparison's for LDC's with similar customer #'s

LDC	Residential Customers	Distribution Rate	PEG Ranking	Growth
InnPower Corporation	15,073	\$38.82	3	2.32%
St. Thomas Energy	15,207	\$27.65	3	0.91%
COLLUS PowerStream	14,715	\$26.07	2	1.00%
Woodstock Hydro Service	14,507	\$31.38	4	1.40%

2017 Operating & Capital Budget

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The following 7 LDC's achieved a greater than 2% growth in 2015:

	Cooperative Hydro Embrun Inc.	Hydro One Brampton Networks Inc.	Hydro One Networks Inc.	InnPower Corporation	Milton Hydro Distribution Inc.	Niagara- on-the- Lake Hydro Inc.	Oshawa PUC Networks Inc.
PEG Ranking	Group 1	Group 3	Group 5	Group 3	Group 3	Group 3	Group 2
Residential	1,884	143,095	1,141,369	15,073	32,992	7,551	51,467
General Service (under 50)	164	9,374	107,260	1,010	2,570	1,336	3,964
General Service (over 50)	11	1,630	7,901	74	300	121	517
Large User Customers	-	6	-	-	3	-	1
Sub Transmission Customers	-	-	486	-	-	-	-
Total Customers	2,059	154,105	1,257,016	16,157	35,865	9,008	55,949
Prior Yr. Customers	1,985	149,618	1,219,292	15,790	35,111	8,672	54,731
% Increase in Growth	103.7%	103.0%	103.1%	102.3%	102.1%	103.9%	102.2%

10. Proposed Capital Budget

Electricity distribution is a capital-intensive business. In order to connect and service new customers, investments in plant such as poles, lines, transformers and services need to be made to be able to bring electricity to homes and businesses. Details can be found in “Tab 3”.

System Access

System access investments are modifications to InnPower’s distribution system (including asset relocations) that InnPower is obligated to perform to provide customers with access to electricity services via the distribution system. Drivers for this investment category are customer service requests, other third party infrastructure development requests, and mandated service obligations (e.g. as per the Distribution System Code).

System Renewal

System renewal investments involve replacing and/or refurbishing system assets to extend the original service life of the assets and thereby maintain the ability of InnPower’s distribution system to provide customers with electricity services. Assets and asset systems may be at the end of their service life due to failure, failure risk, substandard performance, high performance risk, or functional obsolescence.

System Service

System service investments are modifications to InnPower’s distribution system to ensure the distribution system continues to meet distributor operational objectives while addressing anticipated future customer electricity service requirements. Drivers for this investment category include expected changes in load that will constrain the ability of the system to provide consistent service delivery and meeting system operational objectives in safety, reliability, power quality, and system efficiency.

General Plant

General plant investments are modifications, replacements or additions to InnPower’s assets that are not part of its distribution system; including land and buildings; tools and equipment; rolling stock and electronic devices and software used to support day to day business and operations activities. Drivers for this investment category include system capital investment support, system maintenance support, business operations efficiency, and non-system physical plant.

2017 Operating & Capital Budget

Executive Summary



Key Highlights of the Capital Budget:

Major Heading	2016 Budget Gross	2016 Forecast Gross	2017 Budget Gross	2017 Budget-Contributions	2017 Budget-Net
System Access Total	\$2,732,573	\$2,139,343	\$3,054,951	-\$ 1,869,254	\$1,185,697
System Renewal Total	\$1,136,744	\$1,142,794	\$1,215,739	\$ -	\$1,215,739
System Service Total	\$2,505,220	\$2,054,211	\$3,100,374	\$ -	\$3,100,374
General Plant Total	\$660,502	\$571,002	\$1,401,135	\$ -	\$1,401,135
Grand Total	\$7,035,039	\$5,907,351	\$8,772,199	-\$ 1,869,254	\$6,902,945

Source of Funds		
Source of Funds	(\$000's)	%
Capital Contributions	1,869	32
Contributions from Others	2,855	49
Borrowings	1,064	18

11. Proposed Operating Budget

Key Highlights of the Operating Budget ("Tab 4"):

Operating Budget Summary			
	2016 Budget	2016 Forecast	2017 Budget
	(\$000's)	(\$000's)	(\$000's)
Distribution Revenue	9,446	9,041	11,183
Controllable Costs	6,119	6,042	6,266
Depreciation	2,463	2,464	2,819
Interest Costs	1,459	1,221	1,205
Total Costs	10,207	9,893	10,473
Taxes	-	-	141
Net Earnings	702	612	2,052

Statement of Revenues (000's)

	2016 Budget	2016 Projection	2017 Budget	% Inc(Dec)
Electricity Sales	28,059	26,896	29,181	8.5%
Distribution Revenue	9,446	9,041	11,183	23.7%
Total Revenue	37,505	35,937	40,364	12.3%
Gain on disposals	-	-	-	0.0%
Other Revenue	1,142	1,299	1,428	9.9%
Total Other Revenue	1,142	1,299	1,428	9.9%

2017 Operating & Capital Budget

Executive Summary



Operating Expenses by Category (000's)

	2016 Budget	2016 Projection	2017 Budget	% Inc(Dec)
Operations	1,569	1,553	1,578	1.6%
Maintenance	530	727	668	-8.1%
Billing and Collecting	1,204	1,089	1,185	8.8%
Community Relations	10	11	13	18.2%
Administration	2,806	2,662	2,822	6.0%
Total Assets	6,119	6,042	6,266	3.7%

12. Rate of Return

2015 Rate of Return	
OEB Deemed Rate of Return:	8.98%
IPC Actual Rate of Return:	7.61%

13. Payments to Shareholder

Historically IPC has paid, on average, annual dividends to the Town of Innisfil of \$625,000. Effective 2015 dividends have been suspended due to the current debt restraints. For the next 5 year plan, IPC is proposing the rate of return remain within the company to ensure prudent financial planning in relation to the actual timing of the anticipated customer growth.

14. Long Range Forecast

Capital Plan Along with Forecasted Balance Sheets and CashFlow Statements for the Same Period detailed in “Tab 5”.

Long Range Forecast 2018-2021

Major Heading	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
System Access Total	\$ 2,555,520	\$ 1,923,136	\$ 1,995,409	\$ 1,542,080
System Renewal Total	\$ 1,140,219	\$ 2,919,105	\$ 2,399,973	\$ 2,139,321
System Service Total	\$ 2,828,750	\$ 1,275,800	\$ 1,556,279	\$ 1,402,122
General Plant Total	\$ 1,428,156	\$ 1,251,813	\$ 685,317	\$ 711,287
Grand Total	\$ 7,952,645	\$ 7,369,854	\$ 6,636,978	\$ 5,794,810

15. Utility Customer Classifications

Customer Classes (2017)				
Class	Total Customers/ Connections	Total MWh	Current Revenue (\$000's)	Projected Revenue (\$000's)
Residential	15,930	149,932	6,834	9,081
General Service (under 50)	1,052	32,368	702	943
Unmetered Scattered Loads	74	530	19	25
General Service (over 50)	72	55,989	598	797
Streetlights	3,030	670	283	299
Sentinel Lights	161	98	34	47

InnPower Corporation undertook the following utility bill comparisons. Please note that all rates reflect both fixed and variable calculations at 800 kWh.

Executive Summary

- Average monthly distribution rate for the province is \$64.19.
- Average monthly distribution rate for PEG Group 3 LDC's is \$29.75 (IPC is ranked in Group 3).
- In the Group 3 ranking, the average number of residential customers is 42,758.
- IPC has 15,073 residential customers at the end of 2015.

16. Capital Structure (Debt/Equity Ratio)

The credit facilities agreement with TD Bank permit IPC to use leverage up to a maximum of 65% debt to equity.

Capital intensive industries tend to have higher debt to equity ratios. A high ratio is often associated with high risk as a result of volatile earning from interest expense. The Bank of Canada has kept the key interest rate low and a rate hike is not forecast in the foreseeable future.

Capital Structure			
	2016 Budget	2016 Forecast	2017 Budget
	%	%	%
Debt to Equity Structure	71.84	64.77	61.62

17. Key Performance Indicators

Key financial ratios have been calculated and presented under "Tab #6". The ratios have been graphed to show trends. The graphs show the current year including historical and forecast. Favourable trends are highlighted in green, unfavourable trends in red and stable trends are shown in yellow.

The KPI's will be used as management tools on a go forward basis to improve operations and enhance shareholder value.

18. Wage Increases

Negotiated Collective Agreement:

The Power Workers' Union ratified a three-year Collective Agreement on October 3, 2016, reflecting a 2% increase in wages effective July 7, 2016. The financial impact for union salaries for 2017 will be approximately \$37,500.

On October 24, 2016, the Board of Directors passed a resolution approving a 2% increase for non-union employees, effective July 1, 2016. The financial impact to non-union salaries for 2017 will be approximately \$35,000.

19. Service Quality Indicators (SQI's)

Service Reliability

Index	Including outages caused by loss of supply					Excluding outages caused by loss of supply				
	2011	2012	2013	2014	2015	2011	2012	2013	2014	2015
SAIDI	0.98	1.34	2.10	4.70	1.47	3.09	1.04	2.14	4.79	1.73
SAIFI	1.12	0.71	0.92	3.14	0.75	1.68	1.39	1.10	3.52	0.99

SAIDI = System Average Interruption Duration Index

SAIFI = System Average Interruption Frequency Index

Service Quality

Indicator	OEB Minimum Standard	2011	2012	2013	2014	2015
Low Voltage Connections	90.0%	81.20%	95.30%	89.90%	96.40%	97.90%
High Voltage Connections	90.0%					
Telephone Accessibility	65.0%	95.80%	74.60%	67.10%	70.60%	80.40%
Appointments Met	90.0%	60.40%	64.30%	83.00%	94.40%	91.80%
Written Response to Enquires	80.0%	100.00%	100.00%	100.00%	98.40%	97.50%
Emergency Urban Response	80.0%					
Emergency Rural Response	80.0%	100.00%	100.00%	100.00%	100.00%	100.00%
Telephone Call Abandon Rate	10.0%	0.10%	6.80%	8.90%	7.50%	9.50%
Appointment Scheduling	90.0%	57.70%	98.30%	97.60%	97.90%	97.80%
Rescheduling a Missed Appointment	100.0%					
Reconnection Performance Standard	85.0%	93.00%	97.20%	98.60%	98.90%	99.70%

Statement of Comprehensive Income

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Forecast</u>	<u>2017</u> <u>Budget</u>
<u>Revenue</u>			
Electricity Sales	30,172,755	26,896,051	32,099,619
Distribution Revenue	8,785,942	9,040,709	11,183,112
Gain on Disposal of Property, Plant and Equipment	444,258	0	0
Other Revenue	876,950	1,299,296	1,428,276
Total Revenue	40,279,905	37,236,056	44,711,007
<u>Expenses</u>			
Purchased Power	29,656,547	26,896,051	32,099,619
Operating Expenses	5,572,564	6,041,816	6,265,949
Depreciation and Amortization	2,044,275	2,464,246	2,818,780
Loss on Disposal of Property, Plant and Equipment	33,856	166,450	183,095
Total Expenses	37,307,242	35,568,563	41,367,442
Income from Operating Activities	2,972,663	1,667,493	3,343,565
Finance Income	3,642	10,000	10,000
Finance Cost	1,077,830	1,231,122	1,215,450
Income Before Provision for Payment in Lieu of Taxes	1,898,476	446,371	2,138,115
Payments in Lieu of Taxes	350,342	0	140,564
Profit for the Year Before Net Movements in Regulatory	1,548,134	446,371	1,997,551
Net Movement in Regulatory Deferral Account Balances	(330,720)	165,124	55,041
Profit for the Year & Net Movements in DVA	1,217,414	611,495	2,052,592
Other Comprehensive Income	0	0	0
Comprehensive Income	1,217,414	611,495	2,052,592
<u>Retained Earnings</u>			
Retained Earnings - Opening Balance	5,684,264	6,276,678	8,068,794
Dividends	(625,000)	625,000	0
Equity Injection	0	555,620	0
Comprehensive Income	1,217,414	611,495	2,052,592
Retained Earnings	6,276,678	8,068,794	10,121,385

Statement of Financial Position

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Forecast</u>	<u>2017</u> <u>Budget</u>
ASSETS			
<u>Current Assets</u>			
Cash and cash equivalents	0	0	0
Current Investment	0	0	0
Receivables	3,925,138	3,200,000	3,200,000
Unbilled Service Revenue	3,646,860	3,605,000	3,605,000
Inventory	451,746	470,000	470,000
Prepays	400,146	350,000	350,000
Payments in Lieu of Taxes Recoverable	255,169	0	0
Current Assets	8,679,059	7,625,000	7,625,000
<u>Non-Current Assets</u>			
Property and Equipment	60,069,268	65,829,391	71,602,359
Intangible Assets	649,367	689,138	719,896
Long Term Investment	21,721	0	0
Deferred Taxes	488,985	733,500	733,500
Non-Current Assets	61,229,341	67,252,029	73,055,755
Total Assets	69,908,401	74,877,029	80,680,755
Regulatory Deferral Account Debit Balances & Related	849,583	501,513	(5,100)
Total Assets and Regulatory Deferral Account Balances	70,757,984	75,378,542	80,675,655
LIABILITIES AND SHAREHOLDER'S EQUITY			
<u>Current Liabilities</u>			
Bank Indebtedness	1,471,813	0	0
Accounts Payable and Accrued Liabilities	7,382,720	6,550,000	9,705,374
Customer Deposits	19,984	0	0
Current Portion of Long Term Debt	2,531,312	2,083,399	2,010,558
Current Liabilities	11,405,829	8,633,399	11,715,932
<u>Long Term Liabilities</u>			
Contributions in Aid of Construction	10,775,890	14,570,716	15,783,145
Customer Deposits	243,768	110,000	110,000
Employee Future Benefits	163,498	0	0
Long Term Debt	30,819,711	32,710,189	31,659,749
Long Term Liabilities	42,002,867	47,390,905	47,552,894
Liabilities	53,408,696	56,024,304	59,268,825
<u>Shareholder's Equity</u>			
Capital Stock	10,852,444	10,852,444	10,852,444
Retained Earnings	6,276,679	8,068,794	10,121,386
Shareholder's Equity	17,129,123	18,921,238	20,973,830
Total Liabilities & Shareholder's Equity	70,537,819	74,945,542	80,242,655
Regulatory Deferral Account Credit Balances and Related	220,165	433,000	433,000
Total Shareholder's Equity, Liabilities and Regulatory	70,757,984	75,378,542	80,675,655

Statement of Cash Flows

	<u>2015</u> <u>Actual</u>	<u>2016</u> <u>Forecast</u>	<u>2017</u> <u>Budget</u>
Cash Flows from Operating Activities			
Net Earnings	1,217,414	611,495	2,052,592
Depreciation and Amortization of Property, Plant	2,044,275	2,464,246	2,818,780
Gain/Loss on Disposal of Property, Plant and	0	0	0
Employee Future Benefits	88,425	(163,498)	0
Provision for Payments in Lieu of Taxes	16,152	10,654	0
Finance Costs	1,077,830	1,231,122	1,215,450
 <u>Change in Non-Cash Working Capital</u>			
Changes in Receivables	(1,077,060)	725,138	0
Changes in Unbilled Revenue	(152,947)	41,860	0
Changes in Inventory	(12,649)	(18,254)	0
Changes in Prepaid	(62,545)	50,146	0
Changes in Accounts Payable and Accrued	(1,512,904)	(832,720)	3,155,374
Changes in Customer Deposits	70,369	(153,752)	0
Changes in Contributions in Aid of Construction	10,775,890	3,794,825	1,212,429
Changes in Regulatory Deferral Account Balances	603,230	560,905	506,613
Change in Non-Cash Working Capital	8,631,385	4,168,150	4,874,416
 Income taxes recovered	0	0	0
Cash from Operating Activities	<u>13,075,481</u>	<u>8,322,168</u>	<u>10,961,237</u>
 Cash Flows from Investing Activities			
Purchase of property, plant and equipment	(16,361,303)	(8,264,139)	(8,622,505)
Proceeds on disposal of investment	0	21,721	0
Cash from Investing Activities	<u>(16,361,303)</u>	<u>(8,242,419)</u>	<u>(8,622,505)</u>
 Cash Flows from Financing Activities			
Bank indebtedness	1,471,813	(1,471,813)	0
Advance & Repayment of Short Term Debt	0	0	0
Advance & Repayment of Long Term Debt	1,215,429	1,442,565	(1,123,282)
Interest paid	(1,077,830)	(1,231,122)	(1,215,450)
Dividends	(625,000)	625,000	0
Equity	779,826	555,620	(0)
Cash from Financing Activities	<u>1,764,238</u>	<u>(79,749)</u>	<u>(2,338,732)</u>
 Net Increase (Decrease) in Cash	(1,521,585)	0	(0)
 Cash, Beginning of Period	<u>1,521,585</u>	<u>0</u>	<u>0</u>
 Cash, End of Period	<u><u>0</u></u>	<u><u>0</u></u>	<u><u>(0)</u></u>

Capital Budget Summary

Sub-Category	2016 Budget Gross	2016 Forecast Gross	2017 Budget Gross	2017 Budget-Contributions	2017 Budget-Net
System Access - Total	\$ 2,732,573	\$ 2,139,343	\$ 3,054,951	-\$ 1,869,254	\$ 1,185,697
Base Total	\$ 1,710,216	\$ 1,987,643	\$ 1,737,970	-\$ 1,470,067	\$ 267,904
Metering Total	\$ 147,500	\$ 147,500	\$ 230,000	\$ -	\$ 230,000
County Road Widening Total	\$ 874,857	\$ 4,200	\$ 1,086,981	-\$ 399,187	\$ 687,794
System Renewal - Total	\$ 1,136,744	1,142,794	\$ 1,215,739	\$ -	\$ 1,215,739
Base Total	\$ 137,500	137,505	\$ 116,885	\$ -	\$ 116,885
Lines-Reliability (Dist.) Total	\$ 690,492	\$ 694,753	\$ 677,668	\$ -	\$ 677,668
U/G-Reliability (Dist.) Total	\$ 83,256	\$ 83,256	\$ 43,710	\$ -	\$ 43,710
Lines-Reliability (SubT.) Total	\$ -	\$ -	\$ 245,650	\$ -	\$ 245,650
Stations-Reliability Total	\$ 225,496	\$ 227,280	\$ 131,827	\$ -	\$ 131,827
System Service - Total	\$ 2,505,220	\$ 2,054,211	\$ 3,100,374	\$ -	\$ 3,100,374
Automation-Lines (Dist.) Total	\$ -	\$ -	\$ 75,000	\$ -	\$ 75,000
Automation-Stations Total	\$ 164,590	\$ 164,590	\$ 125,000	\$ -	\$ 125,000
Load Servicing-Lines (Dist.) Total	\$ 762,614	\$ 365,371	\$ 2,236,442	\$ -	\$ 2,236,442
Load Servicing-Lines (SubT) Total	\$ -	\$ -	\$ 618,932	\$ -	\$ 618,932
Load Servicing-Stations Total	\$ 1,578,016	\$ 1,524,250	\$ -	\$ -	\$ -
Stations-Miscellaneous Total	\$ -	\$ -	\$ 45,000	\$ -	\$ 45,000
General Plant - Total	\$ 660,502	\$ 571,002	\$ 1,401,135	\$ -	\$ 1,401,135
IT Total	\$ 488,500	\$ 411,500	\$ 568,325	\$ -	\$ 568,325
Furniture and Equipment Total	\$ 15,000	\$ 10,000	\$ 15,000	\$ -	\$ 15,000
Buildings and Fixtures Total	\$ 15,000	\$ 7,500	\$ 165,000	\$ -	\$ 165,000
Tools, Equipment, etc. Total	\$ 58,000	\$ 58,000	\$ 96,150	\$ -	\$ 96,150
Vehicles Total	\$ -	\$ -	\$ 505,500	\$ -	\$ 505,500
SCADA Total	\$ 84,002	\$ 84,002	\$ 51,160	\$ -	\$ 51,160

Capital Budget Details

Major Heading	Sub Heading	Description	2016 Budget Gross	2016 Forecast Gross	2017 Budget Gross	2017 Budget-Contributions	2017 Budget-Net	No.
System Access	Base	Base 1 (50%)	\$137,500	\$137,505	\$116,880		\$116,880	IPC2017SA01
		Base 2	\$36,248	\$14,200	\$34,254	-\$11,486	\$22,768	IPC2017SA02
		Base 3	\$900,530	\$1,200,000	\$945,557	-\$945,557	\$-	IPC2017SA03
		Base 4	\$635,938	\$635,938	\$641,280	-\$513,024	\$128,256	IPC2017SA04
	Base Total		\$1,710,216	\$1,987,643	\$1,737,970	-\$1,470,067	\$267,904	
	Metering	Metering	\$147,500	\$147,500	\$230,000		\$230,000	IPC2017SA05
	Metering Total		\$147,500	\$147,500	\$230,000	\$-	\$230,000	
	County Road Widening	Intersection Widening: IBR & Yonge St			\$430,000	-\$157,570	\$272,430	IPC2017SA06
		Intersection Widening: IBR & 5 SR	\$656,981	\$4,200	\$656,981	-\$241,617	\$415,364	IPC2017SA07
		IBR & 20 SR	\$217,876					
	County Road Widening Total		\$874,857	\$4,200	\$1,086,981	-\$399,187	\$687,794	
System Renewal	Base	Base 1 (50%)	\$137,500	\$137,505	\$116,885		\$116,885	IPC2017SR01
	Base Total		\$137,500	\$137,505	\$116,885	\$-	\$116,885	
	Lines-Reliability (Dist.)	Substandard Transformer Rehab	\$109,505	\$109,505	\$85,000		\$85,000	IPC2017SR02
		Pole Replacement Program	\$200,914	\$205,175	\$126,470		\$126,470	IPC2017SR03
		Infrastructure Replacements and Betterments	\$143,098	\$143,098	\$150,253		\$150,253	IPC2017SR04
		Line Recloser Refurbishments - 4 Year Cycle	\$15,186	\$15,186	\$15,945		\$15,945	IPC2017SR05

Capital Budget Details (cont'd)

Major Heading	Sub Heading	Description	2016 Budget Gross	2016 Forecast Gross	2017 Budget Gross	2017 Budget-Contributions	2017 Budget-Net	No.
System Renewal	Lines-Reliability (Dist.)	Ewart Street Rebuild - Phased Approach	\$101,790	\$101,790	\$105,000		\$105,000	IPC2017SR09
		Transformers	\$120,000	\$120,000	\$100,000		\$100,000	IPC2017SR10
		Reliability Rebuild: Distribution			\$95,000		\$95,000	IPC2017SR12
	Lines-Reliability (Dist.) Total		\$690,492	\$694,753	\$677,668	\$-	\$677,668	
	U/G-Reliability (Dist.)	Padmounted Transformer and Switchgear Replacements and Painting	\$83,256	\$83,256	\$43,710		\$43,710	IPC2017SR07
	U/G-Reliability (Dist.) Total		\$83,256	\$83,256	\$43,710	\$-	\$43,710	
	Lines-Reliability (SubT.)	Reliability Rebuild: Subtransmission			\$245,650		\$245,650	IPC2017SR11
	Lines-Reliability (SubT.) Total		\$-	\$-	\$245,650	\$-	\$245,650	
	Stations-Reliability	DS Oil Re-inhibit Treatment	\$26,216	\$28,000	\$27,527		\$27,527	IPC2017SR06
		Station rehab	\$199,280	\$199,280	\$104,300		\$104,300	IPC2017SR08
	Stations-Reliability Total		\$225,496	\$227,280	\$131,827	\$-	\$131,827	

Capital Budget Details (cont'd)

Major Heading	Sub Heading	Description	2016 Budget Gross	2016 Forecast Gross	2017 Budget Gross	2017 Budget-Contribution s	2017 Budget-Net	No.
System Service	Automation-Lines (Dist.)	Distribution SCADA controlled load interrupting gang switch			\$75,000		\$75,000	IPC2017SS01
	Automation-Lines (Dist.) Total		\$-	\$-	\$75,000	\$-	\$75,000	
	Automation-Stations	Sandy Cove DS automation			\$125,000		\$125,000	IPC2017SS04
		Stroud DS Automation	\$164,590	\$164,590				
	Automation-Stations Total		\$164,590	\$164,590	\$125,000	\$-	\$125,000	
	Load Servicing-Lines (Dist.)	Repoling: Big Bay Point Road - Friday Harbour)		\$362,573	\$362,570		\$362,570	IPC2017SS02
		Line Extension: Maplevue Drive Prince William to Yonge St			\$837,831		\$837,831	IPC2017SS05
		Repoling: 5 SR - McKay Road to Salem Rd	\$362,573		\$636,000		\$636,000	IPC2017SS06
		Repoling: McKay Rd - 5 SR to 10 SR	\$400,041	\$2,798	\$400,041		\$400,041	IPC2017SS08
	Load Servicing-Lines (Dist.) Total		\$762,614	\$365,371	\$2,236,442	\$-	\$2,236,442	

Capital Budget Details (cont'd)

Major Heading	Sub Heading	Description	2016 Budget Gross	2016 Forecast Gross	2017 Budget Gross	2017 Budget-Contributions	2017 Budget-Net	No.
System Service	Load Servicing-Lines (SubT)	Repoling: Lockhart Road - Huronia Road to Stroud DS			\$618,932		\$618,932	IPC2017SS03
	Load Servicing-Lines (SubT) Total		\$-	\$-	\$618,932	\$-	\$618,932	
	Load Servicing-Stations	Cedar Point DS Upgrade	\$1,578,016	\$1,524,250				
	Load Servicing-Stations Total		\$1,578,016	\$1,524,250	\$-	\$-	\$-	
	Stations-Miscellaneous	DS Transformer oil containment			\$45,000		\$45,000	IPC2017SS07
	Stations-Miscellaneous Total		\$-	\$-	\$45,000	\$-	\$45,000	
General Plant	IT	IT Hardware	\$130,000	\$130,000	\$165,000		\$165,000	IPC2017GP01
		IT Software	\$115,000	\$115,000	\$95,000		\$95,000	IPC2017GP02
		Finance IT	\$122,000	\$65,000	\$121,000		\$121,000	IPC2017GP05
		Engineering IT	\$121,500	\$101,500	\$187,325		\$187,325	IPC2017GP06
	IT Total		\$488,500	\$411,500	\$568,325	\$-	\$568,325	
	Furniture and Equipment	Furniture and Equipment	\$15,000	\$10,000	\$15,000		\$15,000	IPC2017GP03
	Furniture and Equipment Total		\$15,000	\$10,000	\$15,000	\$-	\$15,000	
	Buildings and Fixtures	Buildings and Fixtures	\$15,000	\$7,500	\$165,000		\$165,000	IPC2017GP04
	Buildings and Fixtures Total		\$15,000	\$7,500	\$165,000	\$-	\$165,000	

Capital Budget Details (cont'd)

Major Heading	Sub Heading	Description	2016 Budget Gross	2016 Forecast Gross	2017 Budget Gross	2017 Budget-Contributions	2017 Budget-Net	No.
General Plant	Tools, Equipment, etc.	Measuring Tools & Equipment IT & Meter			\$23,000		\$23,000	IPC2017GP07
		Fleet Tools	\$15,000	\$15,000	\$15,750		\$15,750	IPC2017GP08
		Stores Equipment	\$5,000	\$5,000	\$5,250		\$5,250	IPC2017GP09
		Tools, Shop and Garage Equipment	\$23,000	\$23,000	\$24,150		\$24,150	IPC2017GP10
		Measurement and Testing Equipment	\$15,000	\$15,000	\$28,000		\$28,000	IPC2017GP11
	Tools, Equipment, etc. Total		\$58,000	\$58,000	\$96,150	\$-	\$96,150	
	Vehicles	Replacement Double Bucket Truck - 1993 Altec			\$373,500		\$373,500	IPC2017GP12
		Fleet vehicle replacement 1-2006 Ford 1/2 ton			\$45,000		\$45,000	IPC2017GP13
		Tech Vehicles (x2)			\$87,000		\$87,000	IPC2017GP14
	Vehicles Total		\$-	\$-	\$505,500	\$-	\$505,500	
	SCADA	Distribution Fault Current Indicators	\$41,002	\$41,002	\$18,760		\$18,760	IPC2017GP15
		System Supervisory	\$43,000	\$43,000	\$32,400		\$32,400	IPC2017GP16
	SCADA Total		\$84,002	\$84,002	\$51,160	\$-	\$51,160	
Grand Total			\$7,035,039	\$5,907,351	\$8,772,199	-\$1,869,254	\$6,902,945	

Statement of Revenues Detail (000's)

	2016 Budget	2016 Projection	2017 Budget	% Inc(Dec)
Electricity Sales	28,059	26,896	29,181	8.5%
Residential	7,479	7,213	8,984	24.6%
General Service <50 KW	802	761	956	25.6%
General Service >50 KW	629	670	841	25.6%
Sentinel Lights	39	40	47	18.9%
Street Lights	412	273	263	(3.5%)
USL	19	19	23	18.7%
SSS Admin and Retail Charges	59	59	62	6.1%
Microfit	6	6	6	0.0%
Distribution Revenue	9,446	9,041	11,183	23.7%
Pole Rentals	155	155	160	3.2%
Late Payment Charges	108	108	78	(27.9%)
Recoverables	60	60	60	0.0%
Misc. Service Charges	132	132	110	(16.9%)
Gains/Losses Used Inventory Returns from Disp.	30	30	30	0.0%
Misc Non-Utility-Water	235	235	245	4.3%
IESL Management Fee	12	12	12	0.0%
Misc Non-Utility OPA	830	830	830	0.0%
Misc Non-Utility-Water	-142	-142	-146	2.5%
IESL Expenses	-8	-8	-8	0.0%
Non-Utility Exp OPA	-830	-830	-830	0.0%
Misc Non-Utility Income	160	160	160	0.0%
Carrying Charges-Reg accts	20	20	20	0.0%
SRED Revenue	50	50	50	0.0%
Deferred Revenue	486	487	657	34.9%
Other Revenue	1,298	1,299	1,428	109.9%
Total Revenue	38,803	37,236	41,793	12.2%

Operating Expenses by Category Detail (000's)

	2016 Budget	2016 Projection	2017 Budget	% Inc(Dec)
Operation Supervsn & Eng	225	224	226	1.2%
Load Dispatching	19	19	20	3.1%
Station Bldgs & Fixture Exps	53	56	55	(1.8%)
DS Equip - Operating Labour	10	10	10	3.0%
DS Equip - Op Supplies & Exps	4	4	4	3.4%
OH Dist Lines & Fdrs - Op Labour	141	141	153	8.3%
OH Dist L&Fdrs - Op Sup & Exps	8	8	8	3.2%
OH Subtrans Fdrs - Operation	2	2	2	4.3%
OH Dist Transformers - Operation	1	1	1	6.9%
U/G Dist L&Fdrs - Op Labour	38	32	29	(9.8%)
U/G Dist L&Fdrs - Op Sup & Exps	108	108	112	3.9%
Meter Expense	282	279	271	(3.1%)
Cust Premises - Op Labour	72	65	63	(2.4%)
Cust Premises - Mat'l & Exp	112	112	115	3.2%
Misc Distribution Expense	485	481	498	3.6%
Overhead Dist Lines - Rental	11	12	11	(8.3%)
Total Distribution Operations	1,569	1,553	1,578	1.6%
Maint Supervsn & Engineering	14	1	1	2.1%
Maint - Station Equipment	50	62	58	(7.0%)
Maint - Poles, Towers & Fixtures	6	5	20	294.4%
Maint O/H Conductors & Devices	65	41	118	186.9%
Maint O/H Services	59	63	66	3.8%
O/H Dist L&Fdrs - ROW	154	384	170	(55.7%)
Maint U/G Conductors & Devices	11	16	19	20.1%
Maintenance U/G Services	117	109	114	4.5%
Maint Line Transformers	19	19	20	6.3%
Maint Pdmnt Transformers	6	2	55	2,657.8%
Maintenance of Meters	29	25	28	9.9%
Total Distribution Maintenance	530	727	668	(8.1%)
Total Distribution Expenses	2,099	2,280	2,246	(1.5%)
BC Supervision Labour	131	99	125	26.5%
Meter Read	20	13	14	14.0%
Customer Billing	460	424	467	10.1%
Collecting	371	348	397	13.8%
Collecting Cash Over & Short	0	0	0	0.0%
Bad Debt Expense	75	80	80	0.0%
Miscellaneous Customer Accts	146	125	101	(19.0%)
Total Billing and Collecting Expenses	1,204	1,089	1,185	8.8%

Operating Expenses by Category Detail (000's)

	2016 Budget	2016 Projection	2017 Budget	% Inc(Dec)
Community Relations Sundry	7	8	9	20.0%
Energy Conservation	0	0	0	0.0%
Community Safety Programs	1	1	1	50.0%
Miscellaneous Customer Service	2	3	3	0.0%
Total Community Relations Expenses	10	11	13	15.9%
Executive Salaries and Exp	253	289	296	2.5%
Mgmt Salaries and Expense	357	281	293	4.3%
General Admin Salary & Expense	1,025	967	1,004	3.9%
Office Supplies	195	215	213	(1.1%)
Outside Services	186	155	168	8.4%
Property Insurance	46	55	56	1.4%
Injury and Damages Insurance	58	58	60	4.0%
Employee Pension and Benefits	18	18	19	3.0%
Regulatory Expense	96	96	108	13.0%
Miscellaneous General	126	117	136	15.9%
Rent	1	1	1	0.0%
Maintenance of General Plant	334	298	322	8.0%
ESA Fees	10	10	10	3.6%
Taxes	89	89	123	37.8%
Donations & Other Admin Expense	13	13	14	7.1%
Total General and Administration Expenses	2,806	2,661	2,822	6.0%
Total Community Relations Expenses	10	11	13	15.9%
Total Administration Expenses	2,816	2,672	2,835	6.1%

Statement of Comprehensive Income

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<u>4 Year Plan</u>	<u>4 Year Plan</u>	<u>4 Year Plan</u>	<u>4 Year Plan</u>
<u>Revenue</u>				
Electricity Sales	31,337,029	34,120,542	36,947,524	39,860,596
Distribution Revenue	11,839,287	12,769,730	13,669,601	14,556,224
Gain on Disposal of Property, Plant and Equipment	0	0	0	0
Other Revenue	1,710,583	2,067,130	2,429,855	2,801,958
Total Revenue	44,886,898	48,957,402	53,046,980	57,218,778
<u>Expenses</u>				
Purchased Power	31,337,029	34,120,542	36,947,524	39,860,596
Operating Expenses	6,383,718	6,518,441	6,645,959	6,786,135
Depreciation and Amortization	3,316,167	3,852,769	4,364,256	4,837,472
Loss on Disposal of Property, Plant and Equipment	200,678	220,746	242,820	267,102
Total Expenses	41,237,592	44,712,497	48,200,558	51,751,306
Income from Operating Activities	3,649,307	4,244,905	4,846,422	5,467,473
Finance Income	10,200	10,404	10,612	10,824
Finance Cost	1,259,227	1,344,417	1,377,610	1,280,995
Income Before Provision for Payment in Lieu of Taxes	2,400,280	2,910,892	3,479,424	4,197,302
Payments in Lieu of Taxes	192,327	226,527	276,052	332,688
Profit for the Year Before Net Movements in Regulatory	2,207,953	2,684,365	3,203,372	3,864,614
Net Movement in Regulatory Deferral Account Balances	20,000	20,000	20,000	20,000
Profit for the Year & Net Movements in Regulatory	2,227,953	2,704,365	3,223,372	3,884,614
Other Comprehensive Income	0	0	0	0
Comprehensive Income	2,227,953	2,704,365	3,223,372	3,884,614
<u>Retained Earnings</u>				
Retained Earnings - Opening Balance	10,121,386	12,349,339	15,053,704	18,277,076
Bank indebtedness	0	0	0	0
Comprehensive Income	2,227,953	2,704,365	3,223,372	3,884,614
Retained Earnings	12,349,339	15,053,704	18,277,076	22,161,690

Statement of Financial Position

	<u>2018</u> <u>4 Year Plan</u>	<u>2019</u> <u>4 Year Plan</u>	<u>2020</u> <u>4 Year Plan</u>	<u>2021</u> <u>4 Year Plan</u>
ASSETS				
<u>Current Assets</u>				
Cash and cash equivalents	0	0	0	0
Current Investment	0	0	0	0
Receivables	3,264,000	3,329,280	3,395,866	3,463,783
Unbilled Service Revenue	3,677,100	3,750,642	3,825,655	3,902,168
Inventory	479,400	488,988	498,768	508,743
Prepays	357,000	364,140	371,423	378,851
Payments in Lieu of Taxes Recoverable	0	0	0	0
Current Assets	7,777,500	7,933,050	8,091,711	8,253,545
<u>Non-Current Assets</u>				
Property and Equipment	86,320,979	99,978,120	112,813,040	124,753,347
Intangible Assets	586,204	341,910	(17,883)	(409,510)
Long Term Investment	0	0	0	0
Deferred Taxes	733,500	733,500	733,500	733,500
Non-Current Assets	87,640,683	101,053,530	113,528,657	125,077,336
Total Assets	95,418,183	108,986,580	121,620,368	133,330,882
Regulatory Deferral Account Debit Balances & Related Deferred Taxes	(5,100)	(5,100)	(5,100)	(5,100)
Total Assets and Regulatory Deferral Account	95,413,083	108,981,480	121,615,268	133,325,782
LIABILITIES AND SHAREHOLDER'S EQUITY				
<u>Current Liabilities</u>				
Bank Indebtedness	0	0	0	0
Accounts Payable and Accrued Liabilities	11,584,299	10,778,224	10,144,840	9,428,851
Customer Deposits	0	0	0	0
Current Portion of Long Term Debt	4,083,259	4,114,431	4,152,621	4,189,065
Current Liabilities	15,667,558	14,892,655	14,297,461	13,617,916
<u>Long Term Liabilities</u>				
Contributions in Aid of Construction	24,759,366	33,361,859	42,160,811	53,581,512
Customer Deposits	112,200	114,444	116,733	119,068
Employee Future Benefits	0	0	0	0
Long Term Debt	31,239,176	34,273,373	35,477,743	32,560,152
Long Term Liabilities	56,110,742	67,749,677	77,755,287	86,260,731
Liabilities	71,778,300	82,642,332	92,052,748	99,878,647
<u>Shareholder's Equity</u>				
Capital Stock	10,852,444	10,852,444	10,852,444	10,852,444
Retained Earnings	12,349,339	15,053,704	18,277,076	22,161,690
Shareholder's Equity	23,201,783	25,906,148	29,129,520	33,014,134
Total Liabilities & Shareholder's Equity	94,980,083	108,548,480	121,182,268	132,892,782
Regulatory Deferral Account Credit Balances and Related Deferred Taxes	433,000	433,000	433,000	433,000
Total Shareholder's Equity, Liabilities and Regulatory Deferral Account Credit Balances	95,413,083	108,981,480	121,615,268	133,325,782

Statement of Cash Flows

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
	<u>4 Year Plan</u>	<u>4 Year Plan</u>	<u>4 Year Plan</u>	<u>4 Year Plan</u>
Cash Flows from Operating Activities				
Net Earnings	2,227,953	2,704,365	3,223,372	3,884,614
Depreciation and Amortization of Property, Plant	3,316,167	3,852,769	4,364,256	4,837,472
Gain/Loss on Disposal of Property, Plant and	0	0	0	0
Employee Future Benefits	0	0	0	0
Provision for Payments in Lieu of Taxes	0	0	0	0
Finance Costs	1,259,227	1,344,417	1,377,610	1,280,995
<u>Change in Non-Cash Working Capital</u>				
Changes in Receivables	(64,000)	(65,280)	(66,586)	(67,917)
Changes in Unbilled Revenue	(72,100)	(73,542)	(75,013)	(76,513)
Changes in Inventory	(9,400)	(9,588)	(9,780)	(9,975)
Changes in Prepaid	(7,000)	(7,140)	(7,283)	(7,428)
Changes in Accounts Payable and Accrued	1,878,925	(806,075)	(633,384)	(715,989)
Changes in Customer Deposits	2,200	2,244	2,289	2,335
Changes in Contributions in Aid of Construction	8,976,221	8,602,494	8,798,952	11,420,700
Changes in Regulatory Deferral Account Balances	0	0	0	0
Change in Non-Cash Working Capital	10,704,846	7,643,113	8,009,196	10,545,212
Income taxes recovered	0	0	0	0
Cash from Operating Activities	17,508,193	15,544,663	16,974,433	20,548,292
Cash Flows from Investing Activities				
Purchase of property, plant and equipment	(17,901,095)	(17,265,616)	(16,839,383)	(16,386,151)
Proceeds on disposal of investment	0	0	0	0
Cash from Investing Activities	(17,901,095)	(17,265,616)	(16,839,383)	(16,386,151)
Cash Flows from Financing Activities				
Bank indebtedness	0	0	0	0
Advance & Repayment of Short Term Debt	0	0	0	0
Advance & Repayment of Long Term Debt	1,652,129	3,065,369	1,242,559	(2,881,147)
Interest paid	(1,259,227)	(1,344,417)	(1,377,610)	(1,280,995)
Dividends	0	0	0	0
Equity	0	0	0	0
Cash from Financing Activities	392,902	1,720,952	(135,050)	(4,162,141)
Net Increase (Decrease) in Cash	(0)	0	0	(0)
Cash, Beginning of Period	0	0	0	0
Cash, End of Period	(0)	0	0	(0)

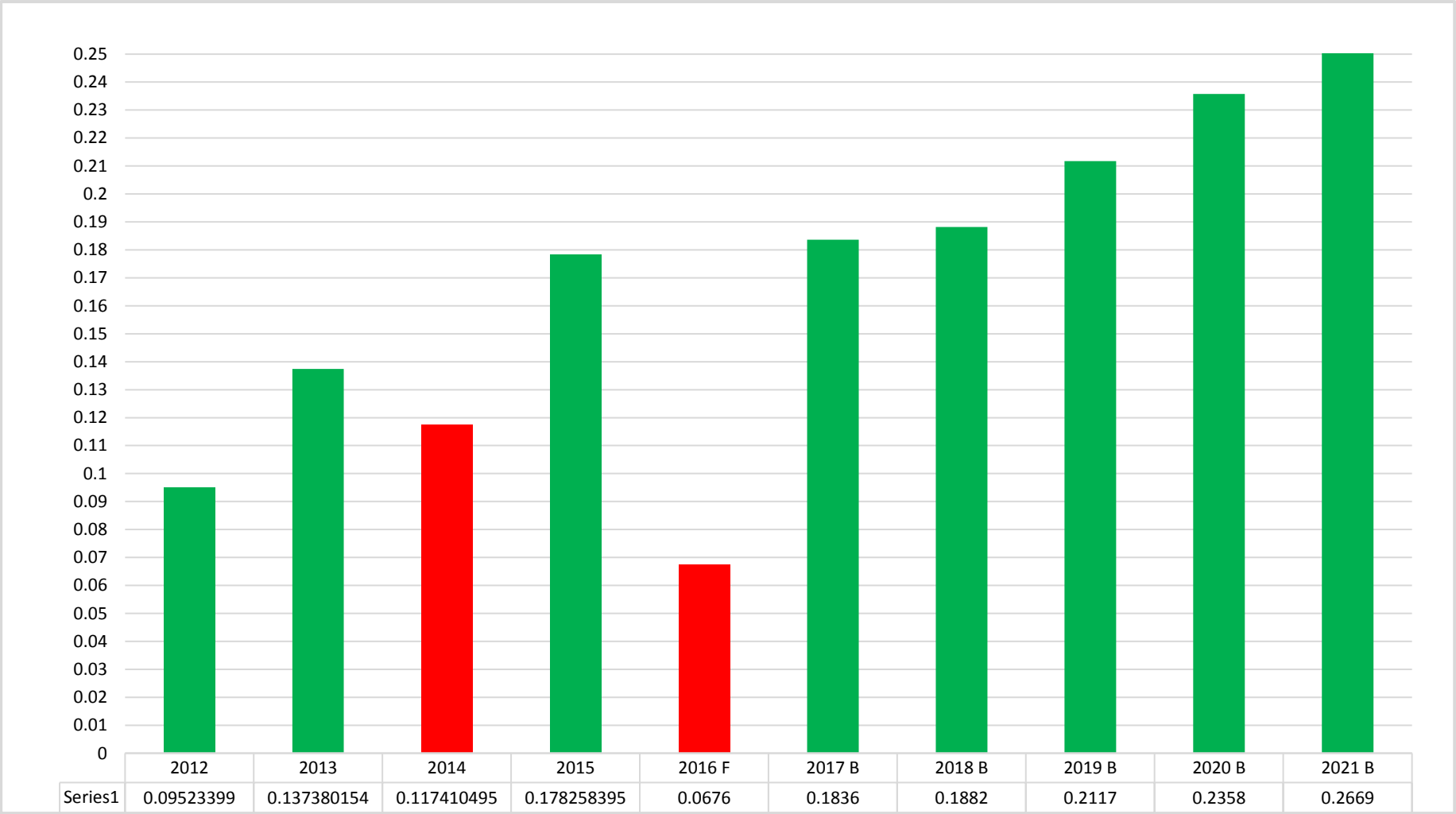
CAPITAL BUDGET LONG RANGE FORECAST 2018-2021

Major Heading	Sub Heading	2018 Forecast	2019 Forecast	2020 Forecast	2021 Forecast
System Access	Base Total	\$ 1,242,920	\$ 1,257,772	\$ 1,274,109	\$ 1,292,080
	Metering Total	\$ 370,000	\$ 250,000	\$ 250,000	\$ 250,000
	County Road Widening Total	\$ 942,600	\$ 415,364	\$ 471,300	\$ -
System Renewal	Base Total	\$ 122,725	\$ 128,861	\$ 135,304	\$ 148,834
	Lines-Reliability (Dist.) Total	\$ 714,008	\$ 1,021,583	\$ 1,263,784	\$ 1,103,464
	U/G-Reliability (Dist.) Total	\$ 45,895	\$ 748,190	\$ 300,599	\$ 303,129
	Lines-Reliability (SubT.) Total	\$ 89,933	\$ 844,429	\$ 428,060	\$ 438,214
	Stations-Reliability Total	\$ 167,659	\$ 176,042	\$ 272,226	\$ 145,680
System Service	Automation-Lines (Dist.) Total	\$ 78,750	\$ 312,688	\$ 325,071	\$ 273,075
	Automation-Lines (SubT.) Total	\$ -	\$ 148,500	\$ 155,925	\$ -
	Load Servicing-Lines (Dist.) Total	\$ -	\$ 450,000	\$ 692,440	\$ 727,062
	Load Servicing-Lines (SubT) Total	\$ -	\$ 315,000	\$ 330,750	\$ 347,288
	Load Servicing-Stations Total	\$ 2,750,000	\$ -	\$ -	\$ -
	Stations-Miscellaneous Total	\$ -	\$ 49,613	\$ 52,093	\$ 54,698
General Plant	IT Total	\$ 440,516	\$ 424,000	\$ 395,000	\$ 400,000
	Furniture and Equipment Total	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
	Buildings and Fixtures Total	\$ 15,000	\$ 15,000	\$ 15,000	\$ 15,000
	Tools, Equipment, etc. Total	\$ 283,208	\$ 87,118	\$ 91,222	\$ 95,533
	Vehicles Total	\$ 627,025	\$ 645,918	\$ 101,079	\$ 114,337
	SCADA Total	\$ 47,408	\$ 64,778	\$ 68,016	\$ 71,417

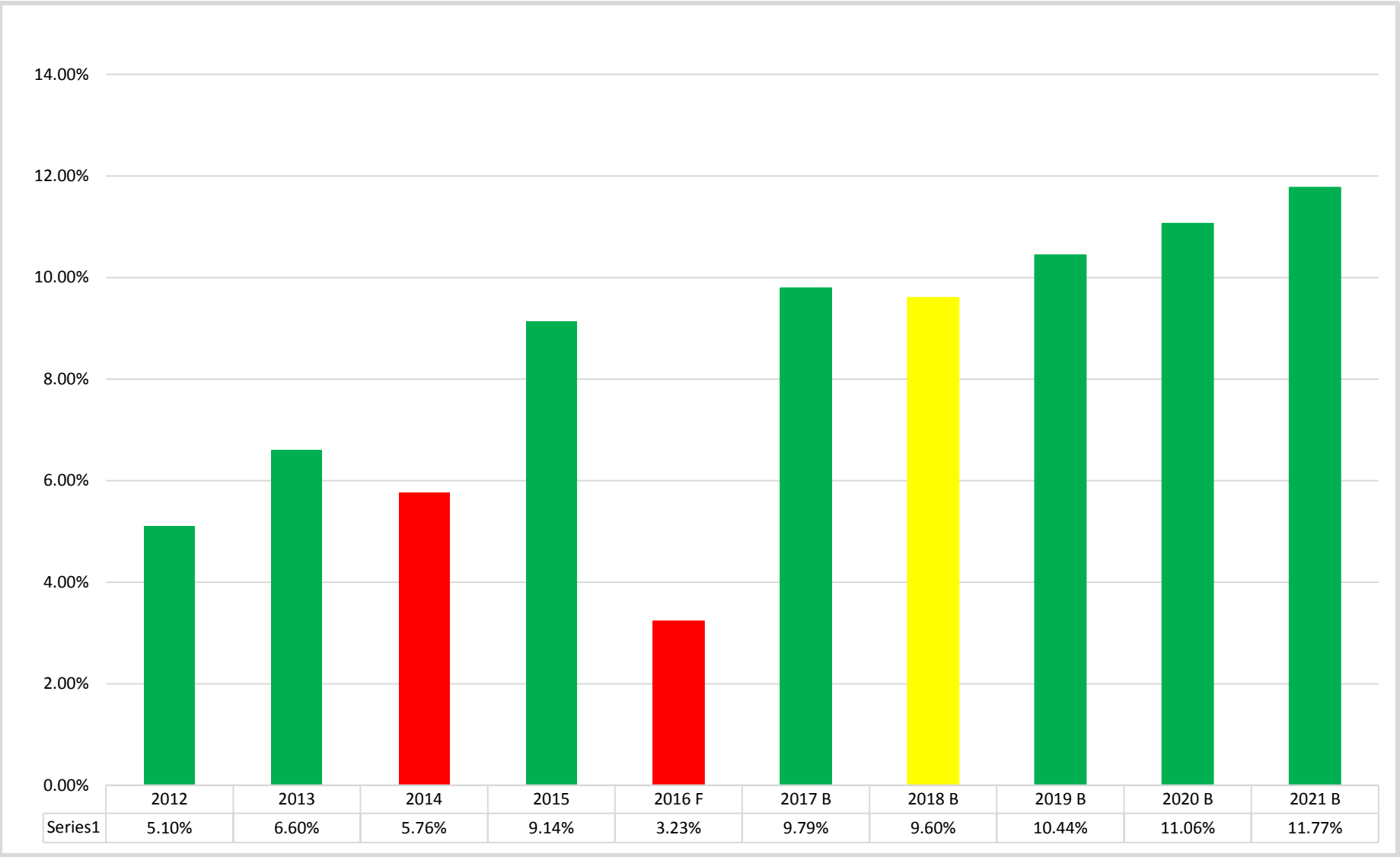
INNPOWER CORPORATION

Key Performance Indicators	2012	2013	2014	2015	2016 F	2017 B	2018 B	2019 B	2020 B	2021 B
PROFITABILITY										
Profit Margin	9.52%	13.74%	11.74%	17.83%	6.76%	18.36%	18.82%	21.17%	23.58%	26.69%
Return on Equity	5.10%	6.60%	5.76%	9.14%	3.23%	9.79%	9.60%	10.44%	11.06%	11.77%
Return on Invested Capital	2.65%	2.89%	1.89%	3.01%	1.14%	3.76%	3.81%	4.21%	4.69%	5.57%
COST EFFICIENCY										
Controllable Costs Per Customer	\$ 318.12	\$ 322.96	\$ 330.30	\$ 341.43	\$ 356.69	\$ 358.49	\$ 349.52	\$ 334.94	\$ 323.36	\$ 314.53
Controllable Costs Per MWh	\$ 21.26	\$ 21.70	\$ 22.23	\$ 23.10	\$ 25.39	\$ 25.72	\$ 25.36	\$ 24.73	\$ 24.21	\$ 23.83
ASSET OPTIMIZATION										
Total Revenue per \$ of Fixed Asset	\$ 1.13	\$ 1.07	\$ 1.04	\$ 0.80	\$ 0.70	\$ 0.72	\$ 0.70	\$ 0.71	\$ 0.72	\$ 0.78
Distribution Revenue per \$ Fixed Assets	\$ 0.31	\$ 0.25	\$ 0.23	\$ 0.18	\$ 0.18	\$ 0.20	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.21
Fixed Assets per MWh	\$ 123.22	\$ 133.07	\$ 143.50	\$ 203.44	\$ 214.93	\$ 228.76	\$ 243.75	\$ 251.02	\$ 254.42	\$ 245.66
DEBT MANAGEMENT										
Debt Equity Ratio	48.10%	56.28%	67.10%	67.03%	64.77%	61.62%	60.35%	59.71%	57.64%	52.68%
Interest Rate Coverage X	2.3	2.3	2.0	1.7	1.5	2.8	3.0	3.2	3.6	4.3
CASH FLOW MANAGEMENT										
Days Accounts Receivable Outstanding	42.6	41.2	48.3	50.8	32.5	28.9	27.6	25.9	24.5	23.2
Inventory Turnover Ratio	21.8	16.5	17.6	19.4	19.2	23.8	24.7	26.1	27.4	28.6
Working Capital Ratio	52.93%	68.55%	97.80%	66.07%	45.92%	50.54%	57.13%	51.30%	46.68%	42.48%
Current Ratio	1.1	0.6	0.5	0.7	0.9	0.7	0.5	0.5	0.6	0.6

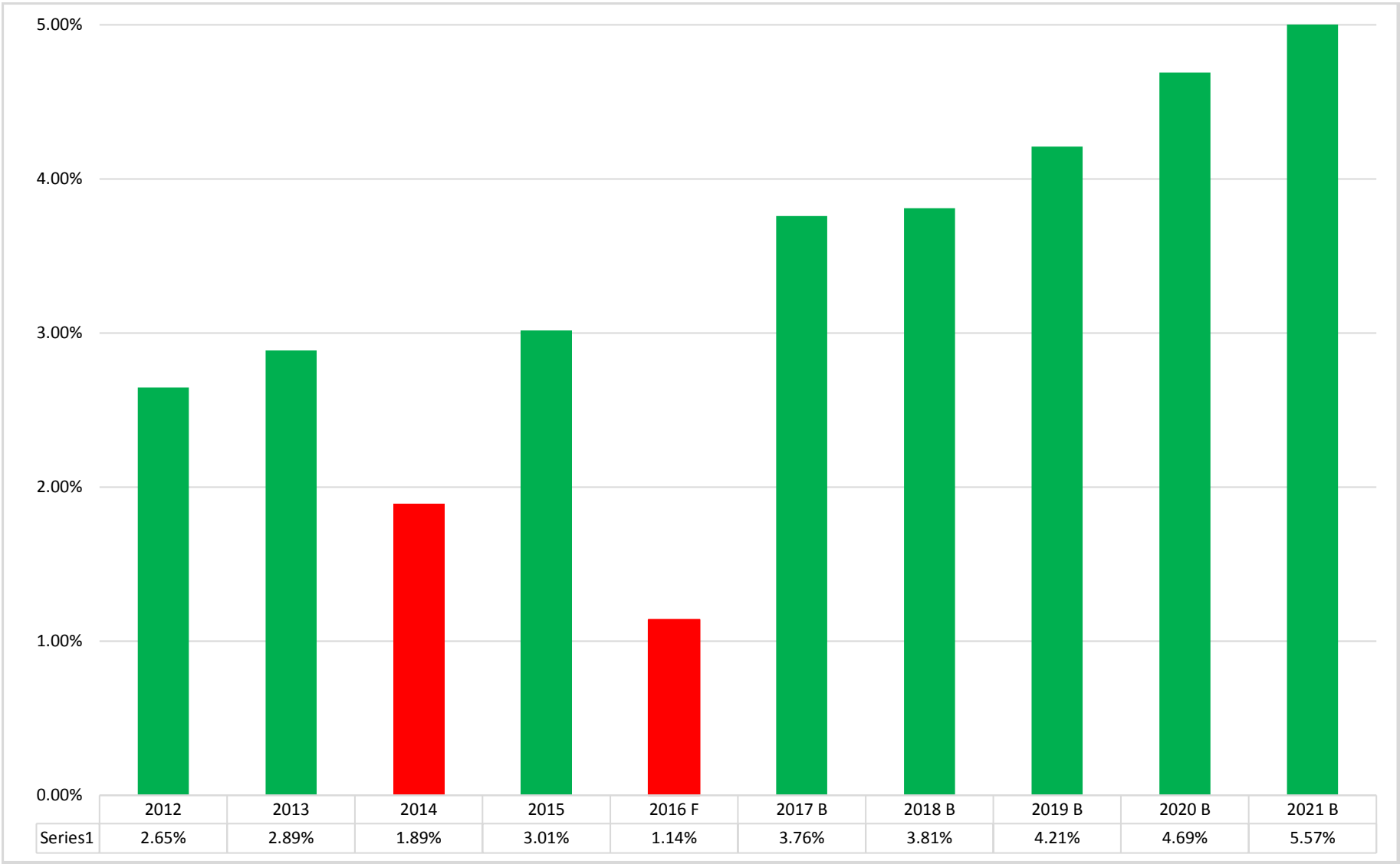
PROFIT MARGIN



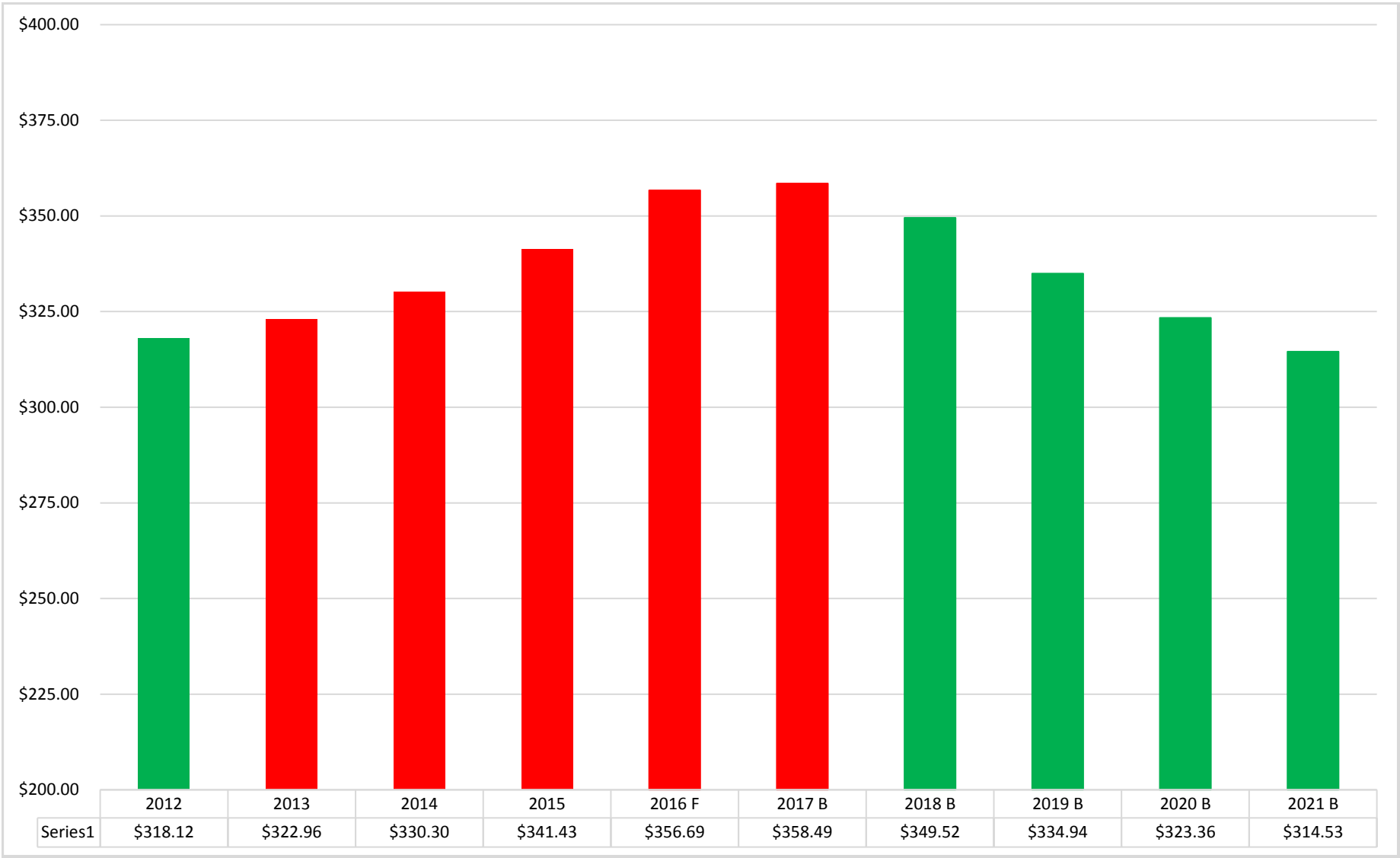
RETURN ON EQUITY



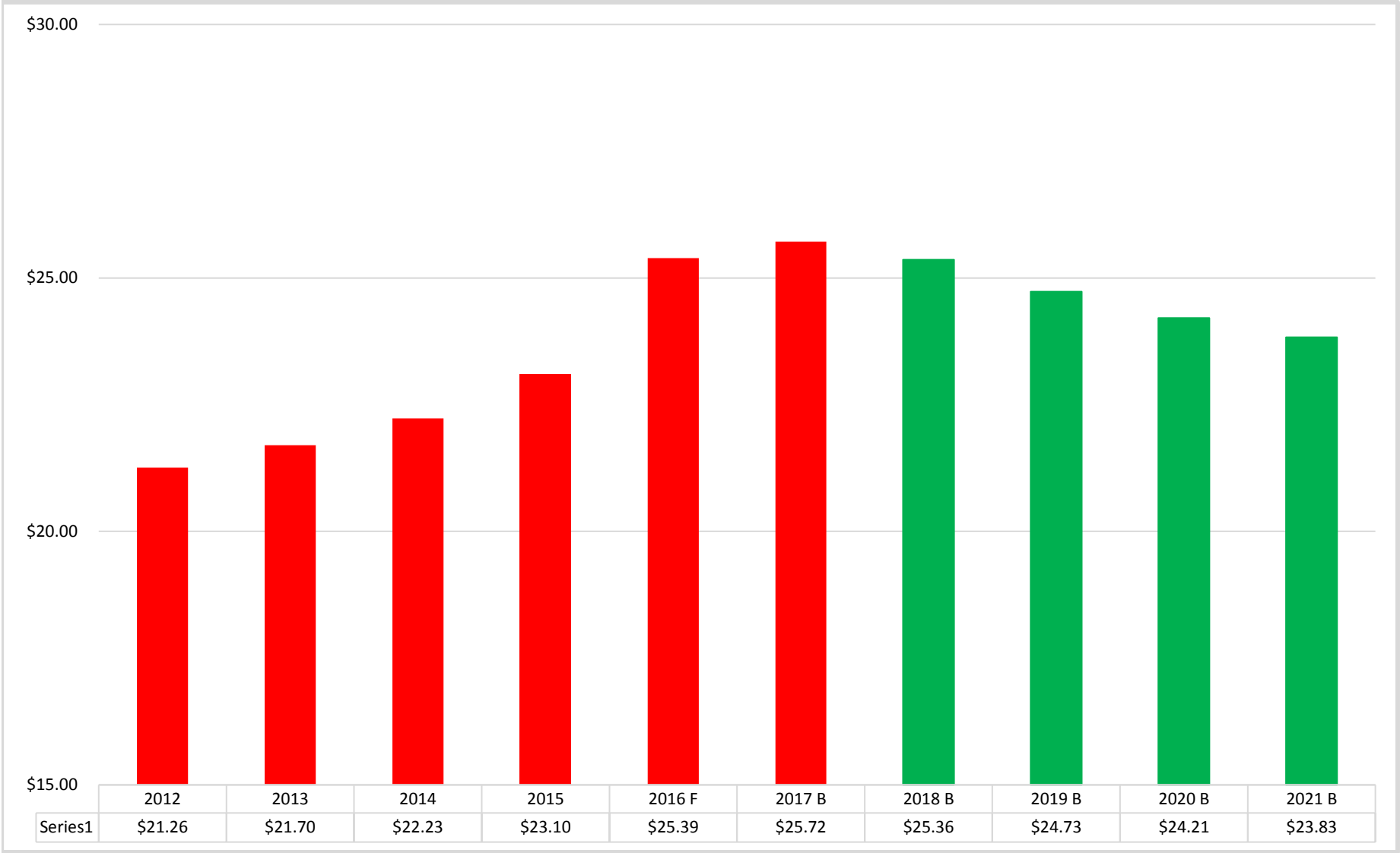
RETURN ON INVESTED CAPITAL



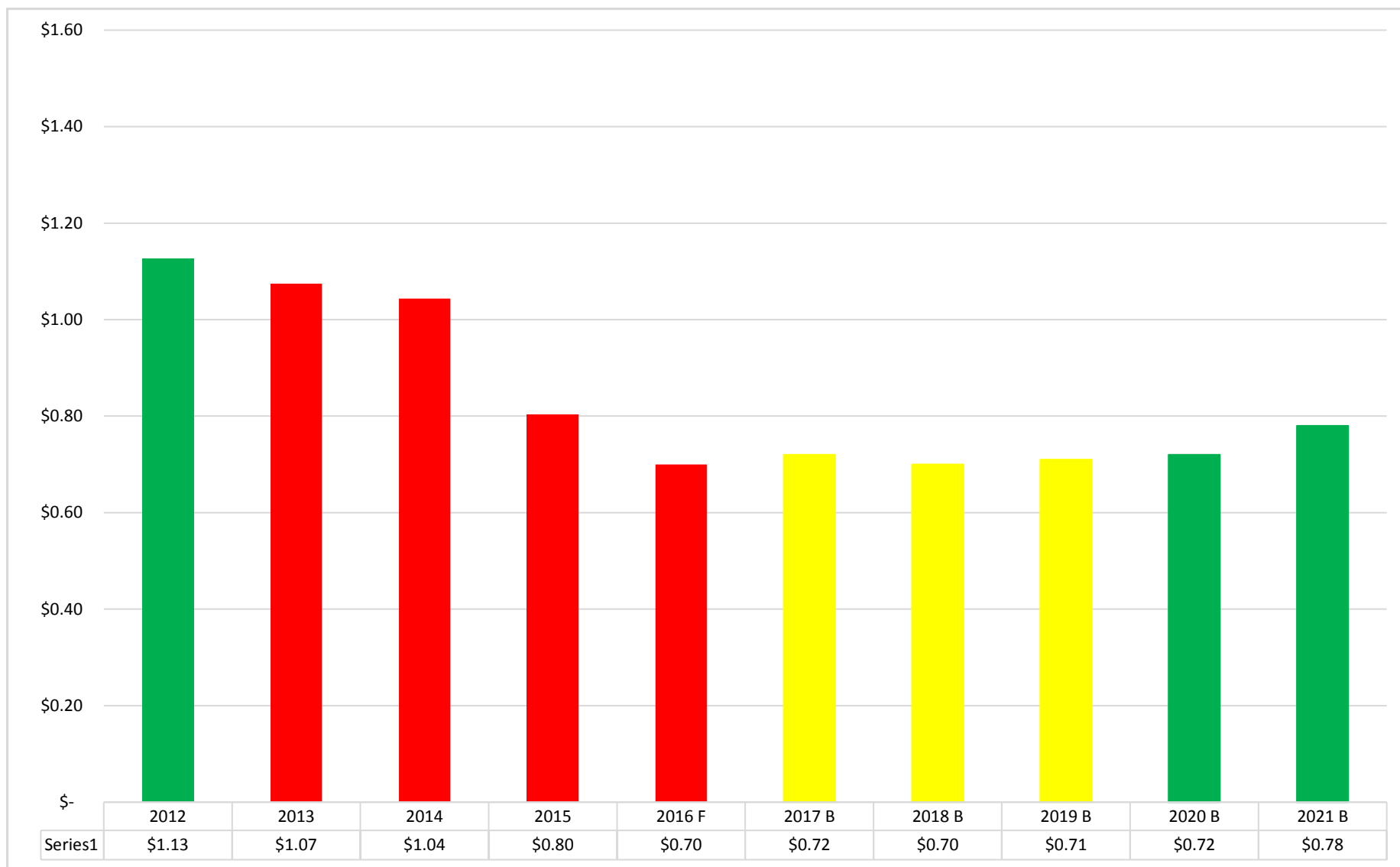
CONTROLLABLE COSTS PER CUSTOMER



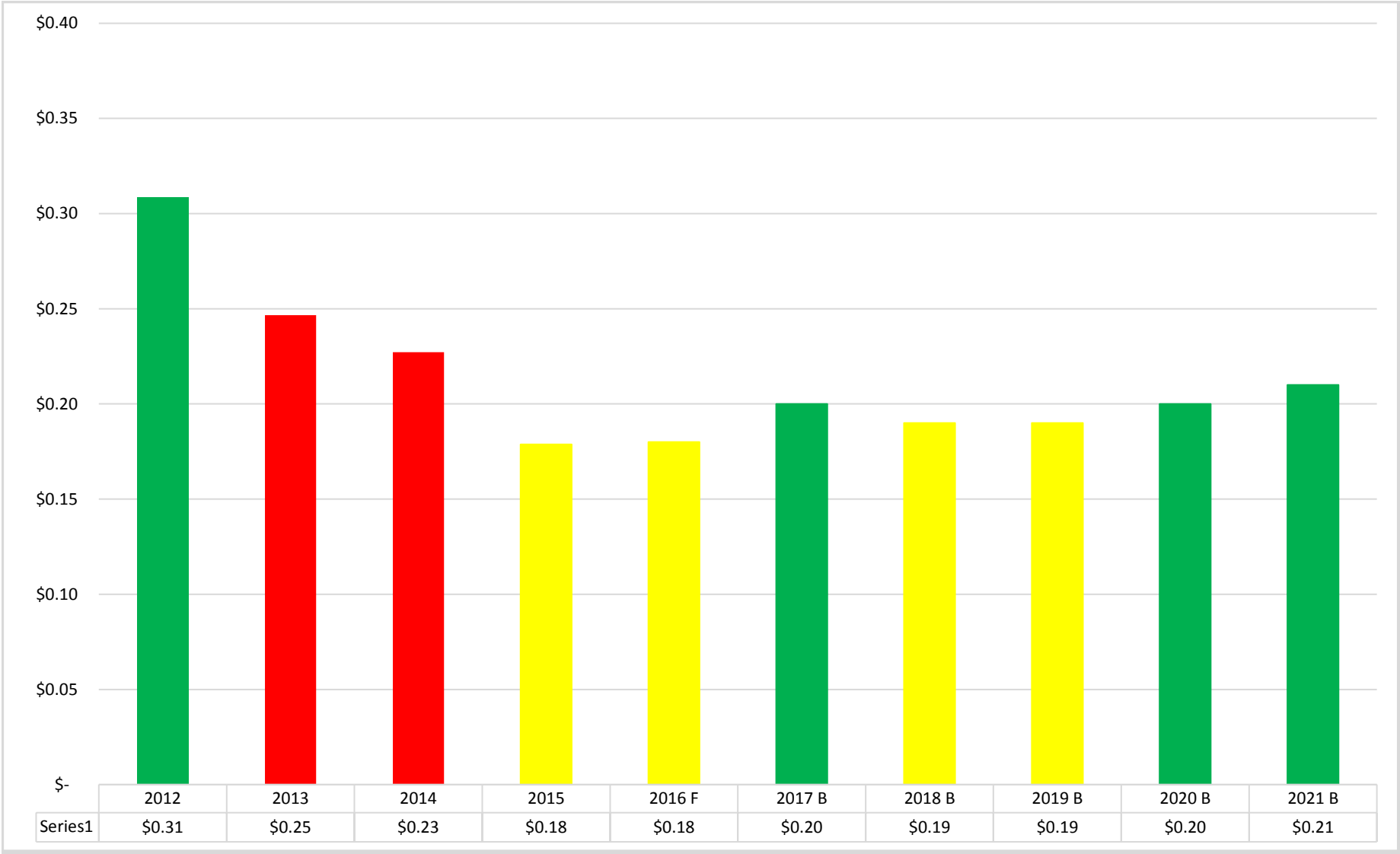
CONTROLLABLE COST PER MWh



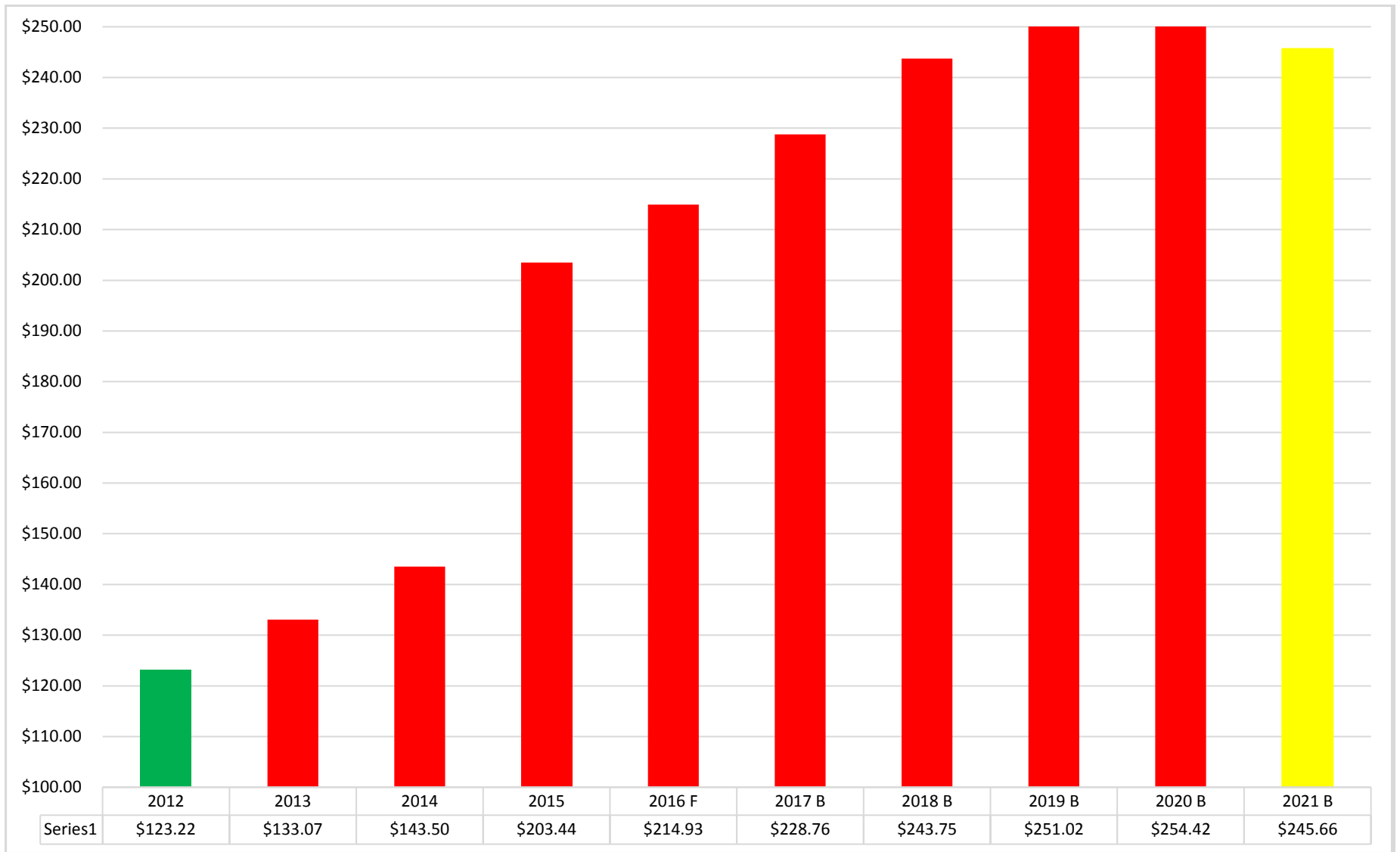
TOTAL REVENUE PER \$ OF FIXED ASSET



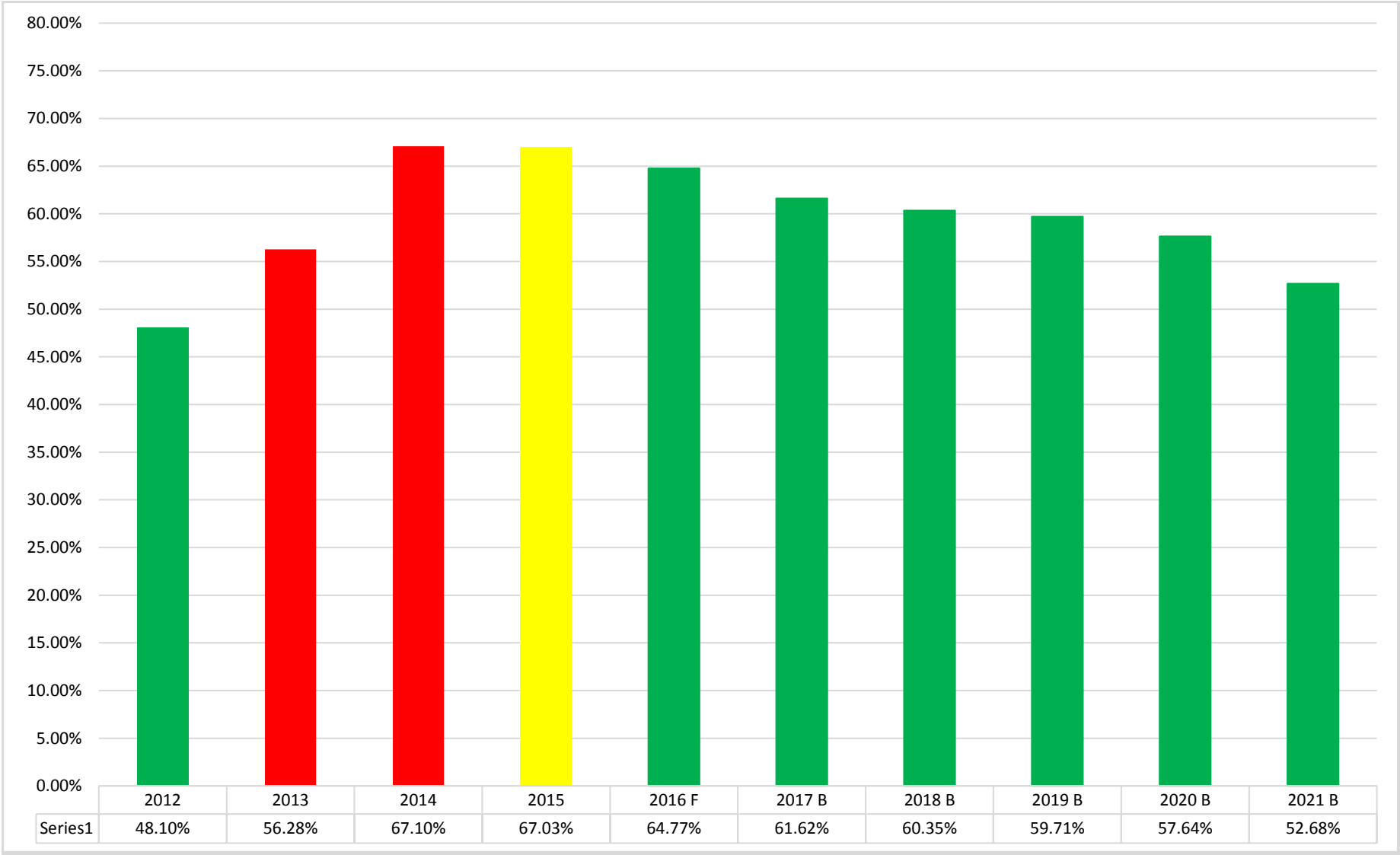
DISTRIBUTION REVENUE PER \$ OF FIXED ASSET



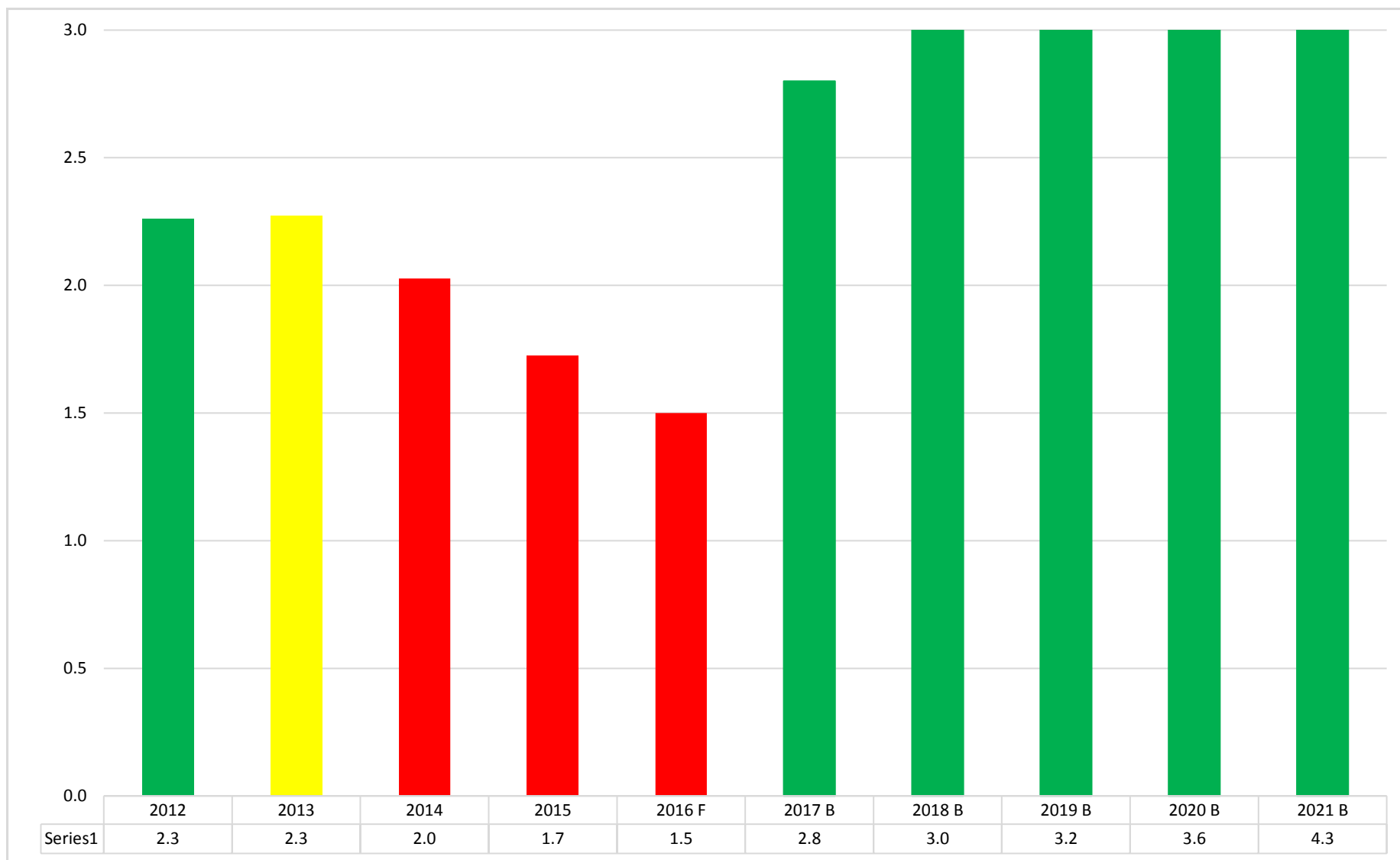
FIXED ASSETS PER MWh



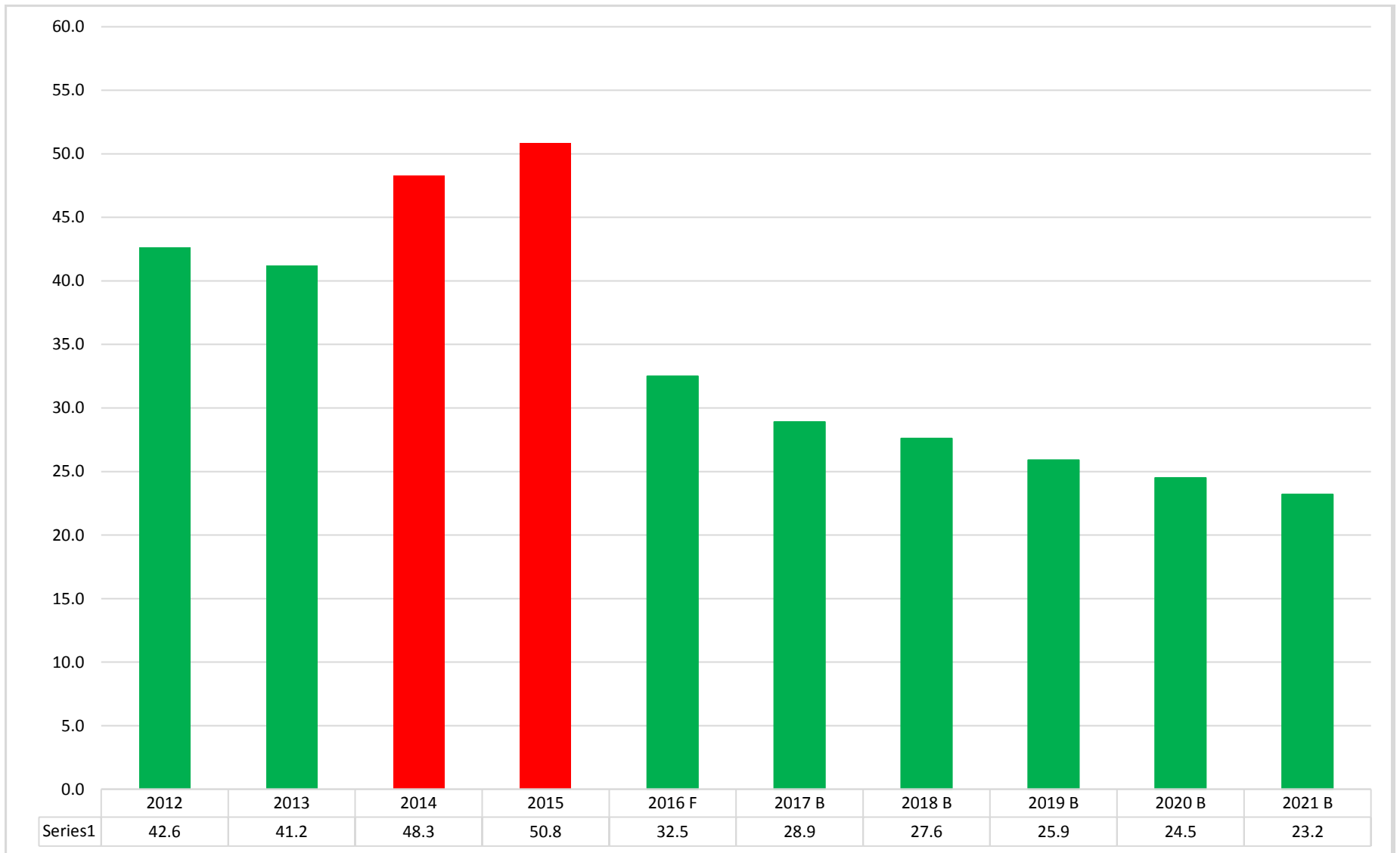
DEBT EQUITY RATIO



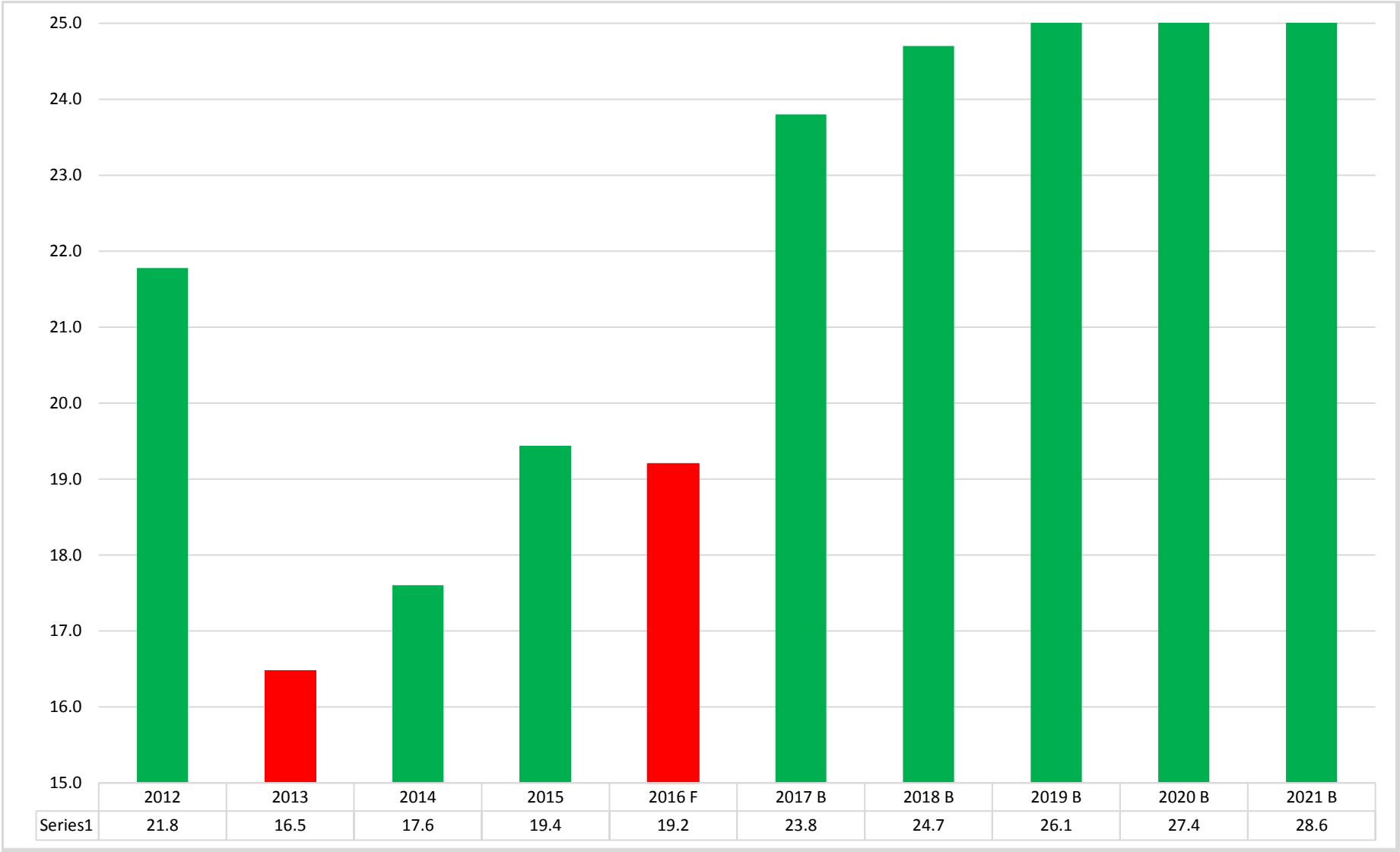
INTEREST RATE COVERAGE X



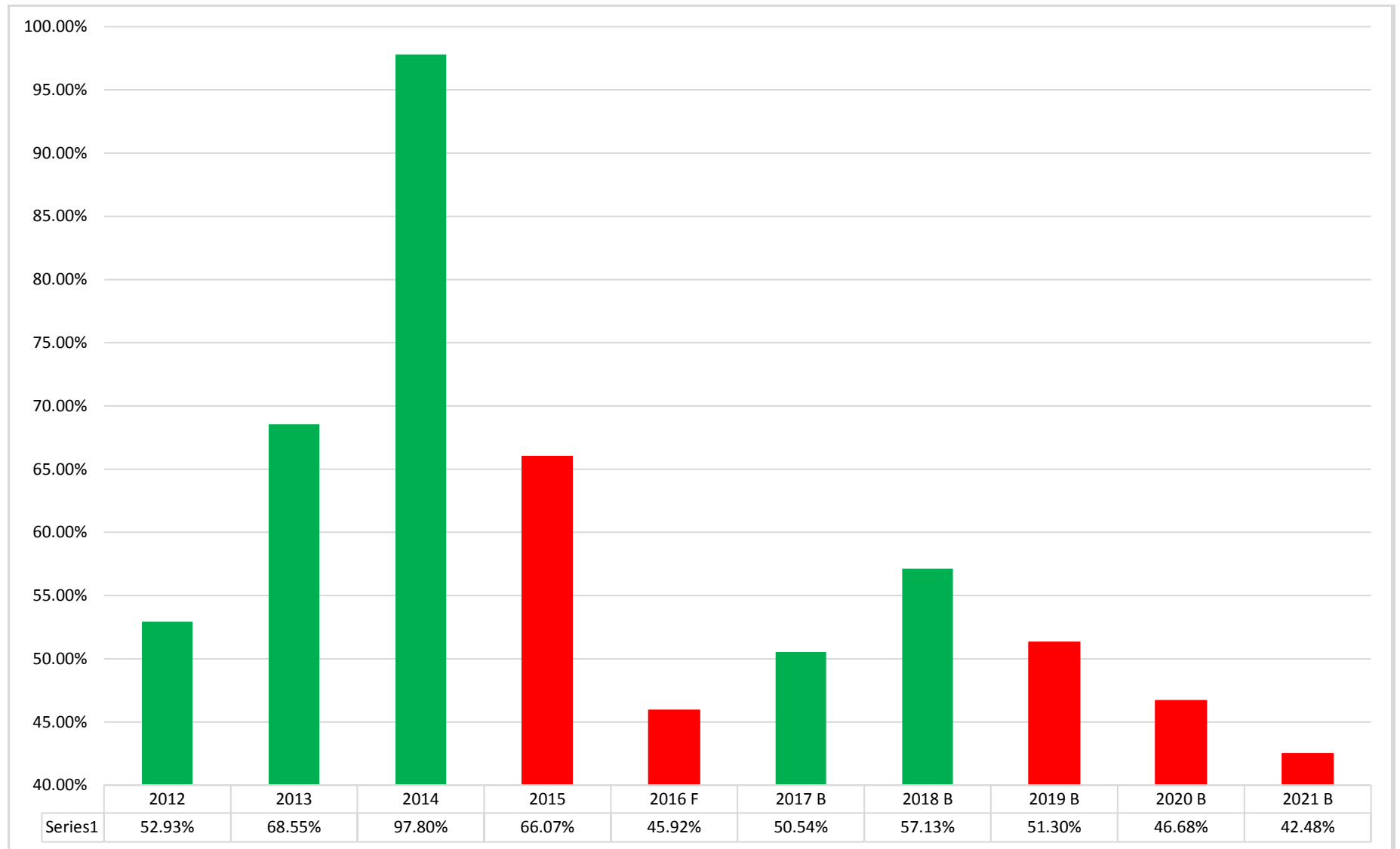
DAYS ACCOUNTS RECEIVABLE OUTSTANDING



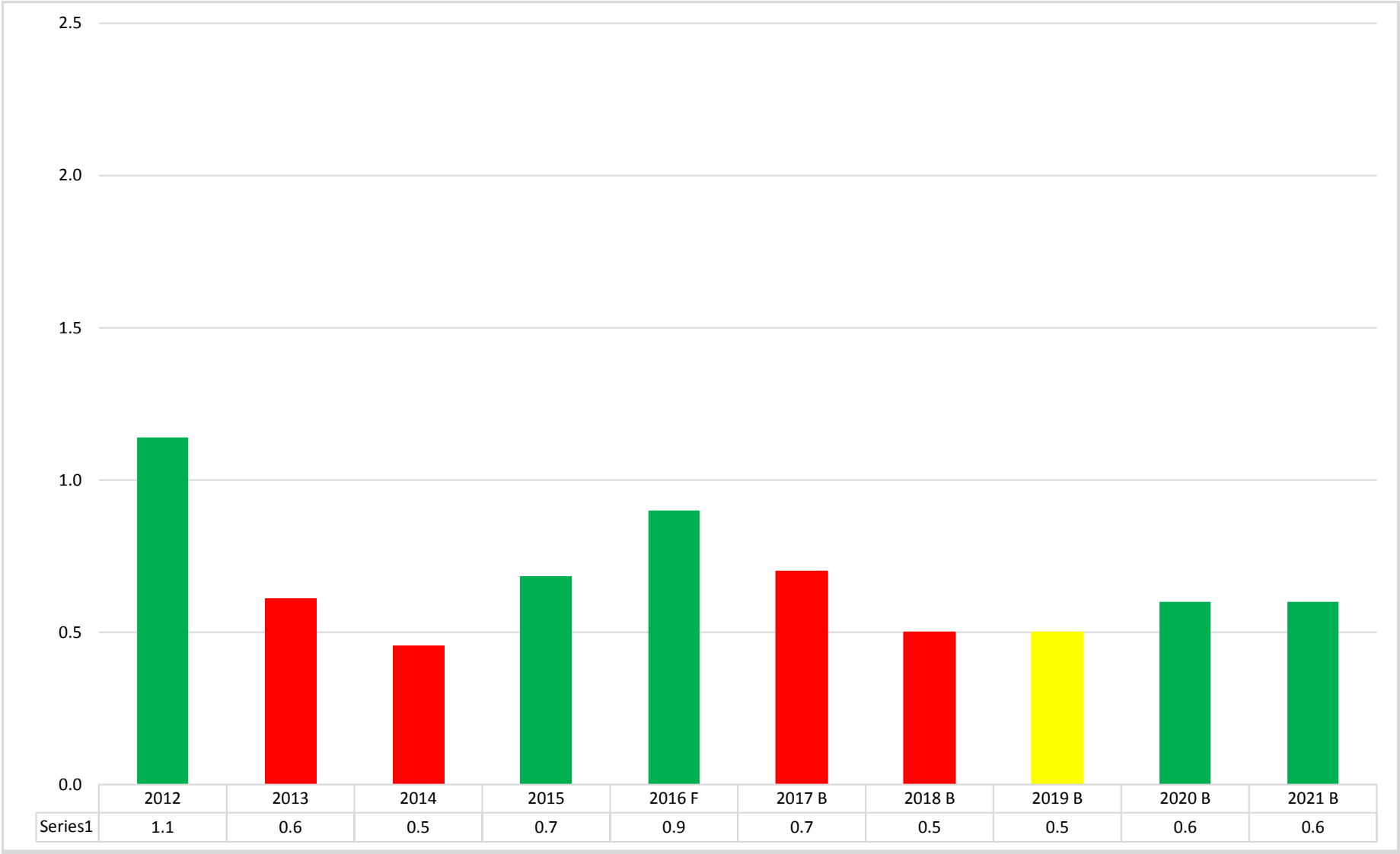
INVENTORY TURNOVER RATIO



WORKING CAPITAL RATIO

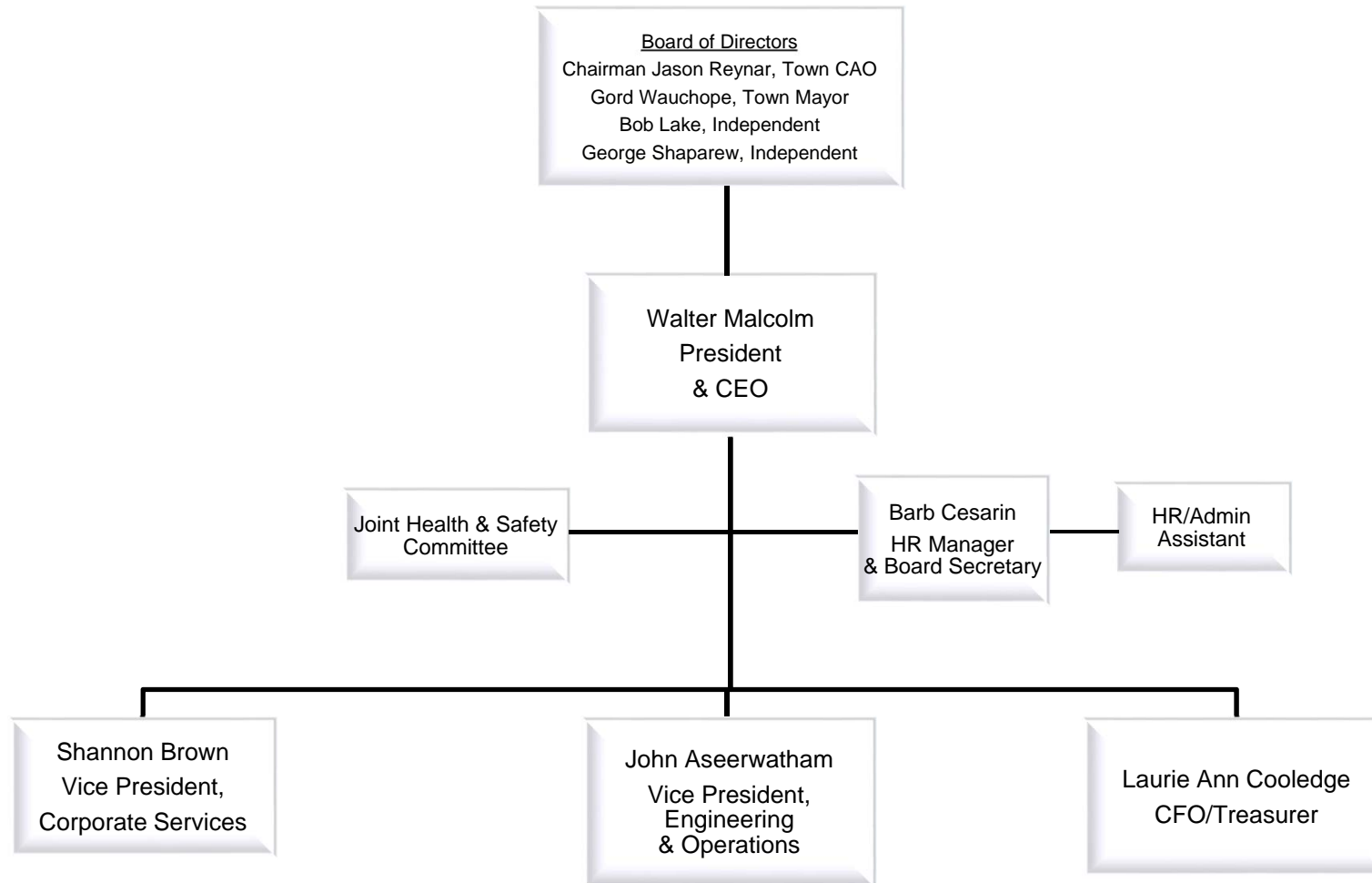


CURRENT RATIO



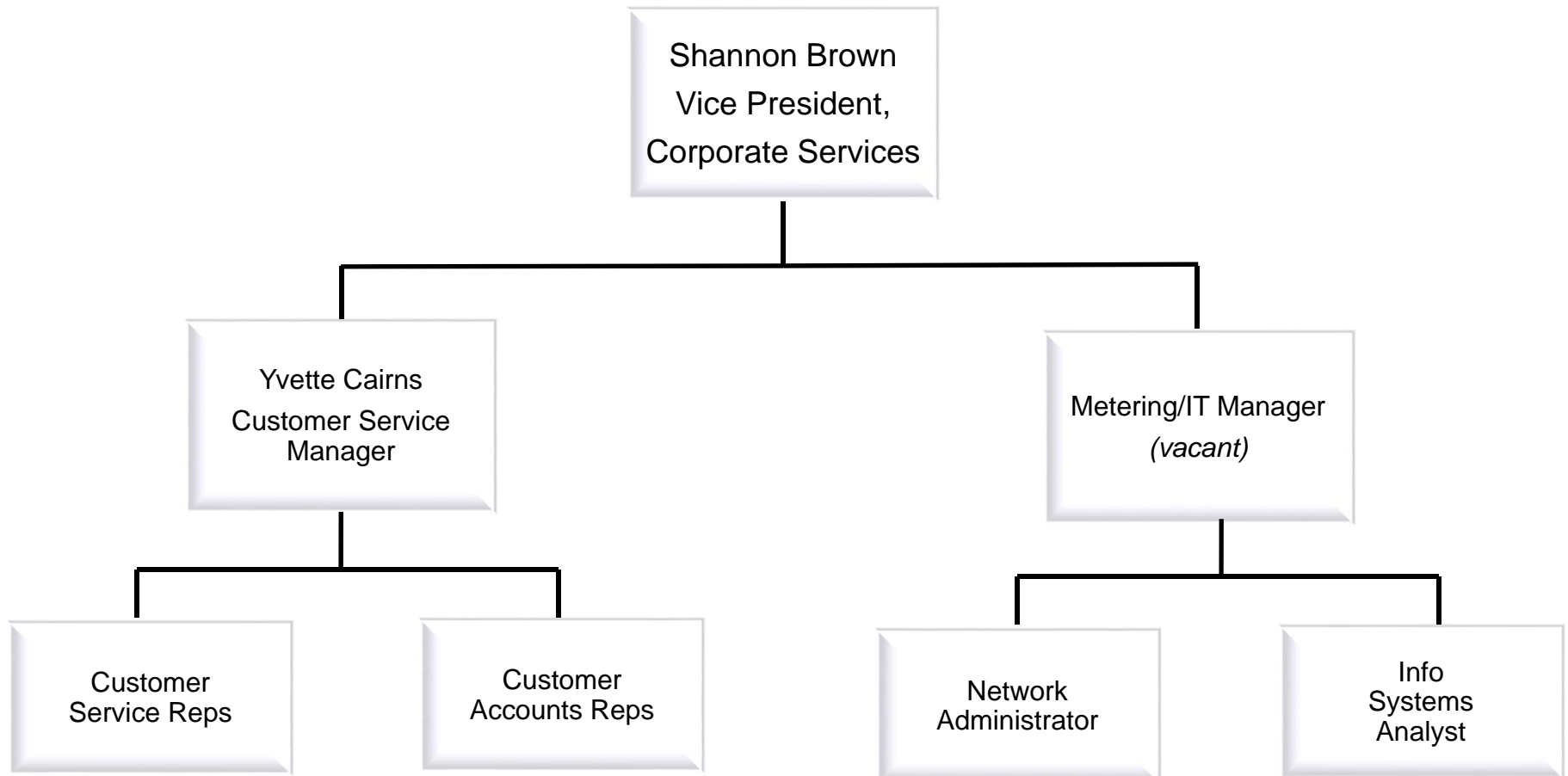
Organizational Chart

Senior Management



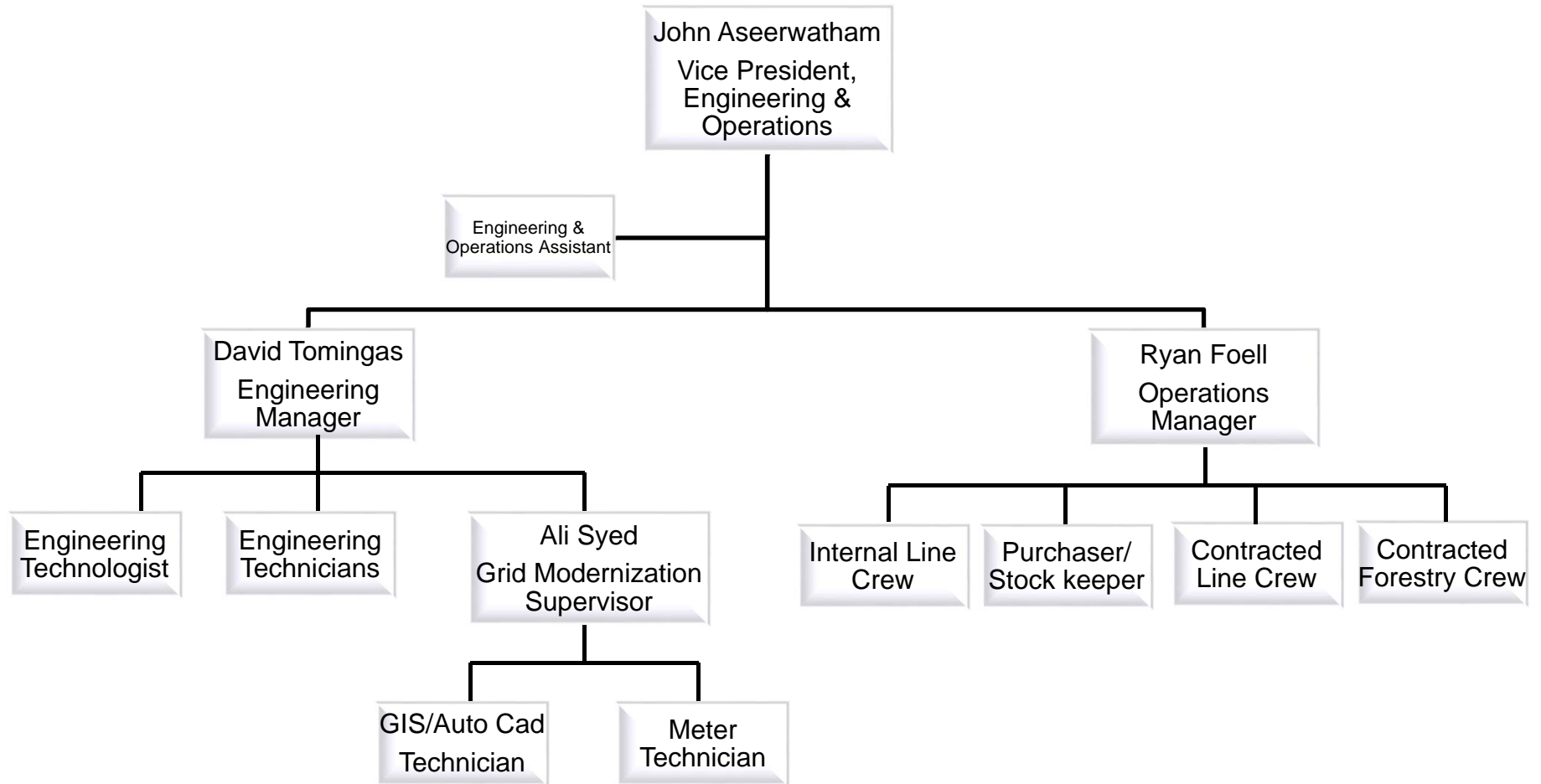
Organizational Chart

Corporate Services



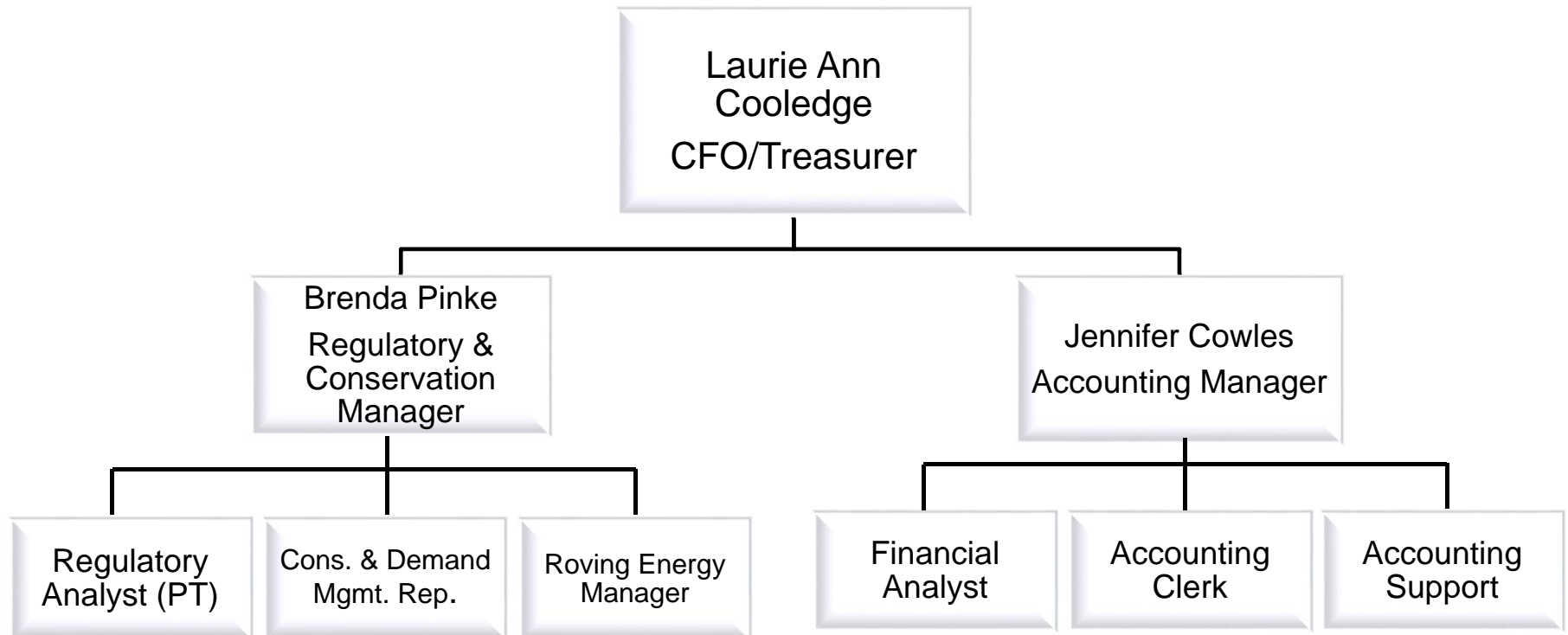
Organizational Chart

Engineering & Operations



Organizational Chart

Financial Services



December 13, 2016

To the Members of the Board:

PROPOSED 2017 CAPITAL AND OPERATING BUDGETS

The President and CEO and the CFO/Treasurer, in consultation with the Senior Management Team recommend the following:

1. That the staff report and the presentation of the 2017 Capital and Operating Budgets be received;
2. That the 2017 Capital Budget be approved;
3. That the 2017 Operating Budget be approved; and
4. That the Five Year Capital Plan be received.

InnPower Corporation Update

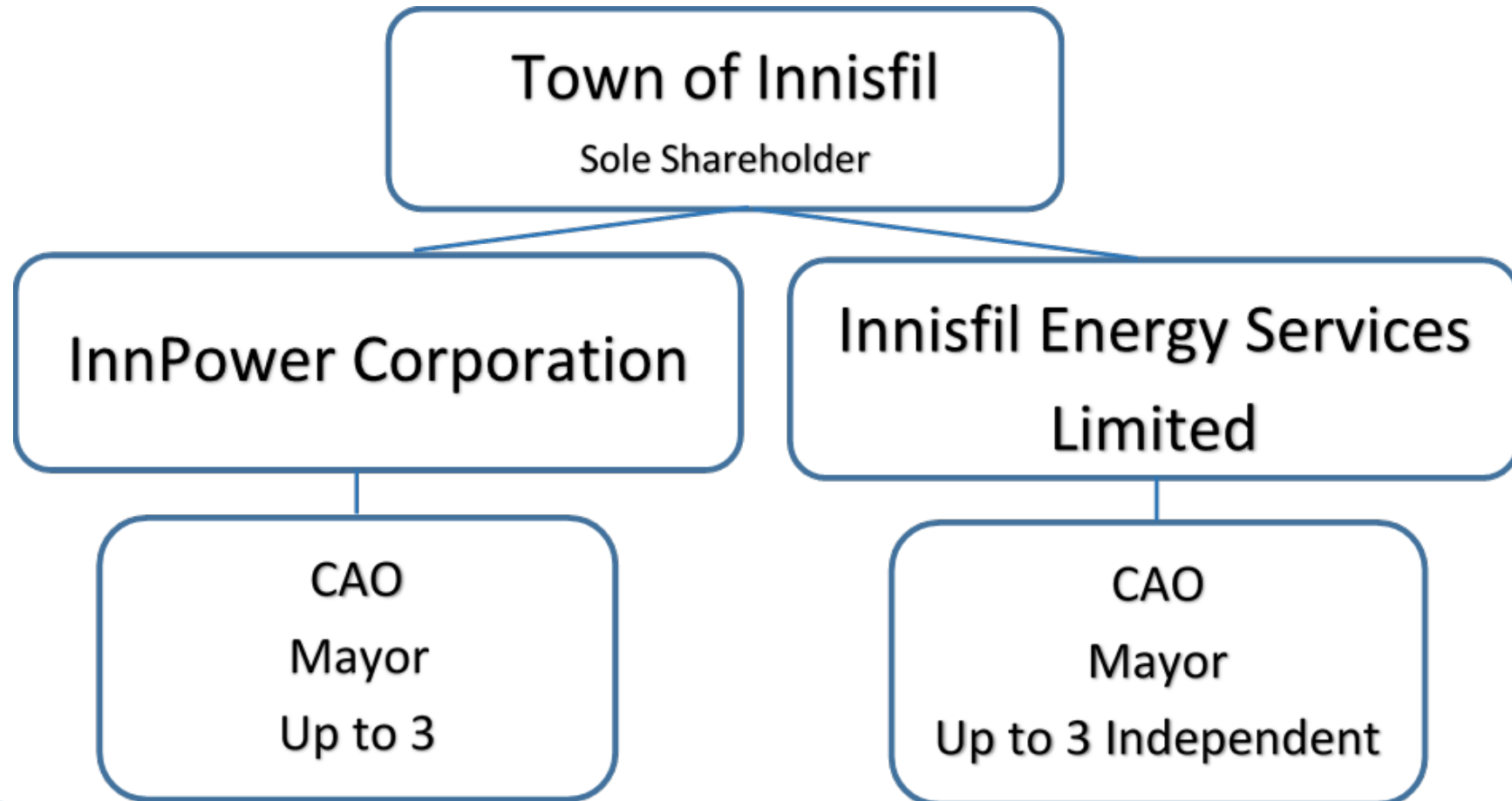
Annual General Meeting

June 7, 2017



InnPower Corporation

Organizational Structure



InnPower Corporation's Service Territory

InnPower Corporation

- ▶ 292 Sq. Km – 219 Rural
- ▶ Overhead Km of Line – 660
- ▶ Underground Km Line – 173

Customers

Residential – 15,073

General Service <50 – 1,010

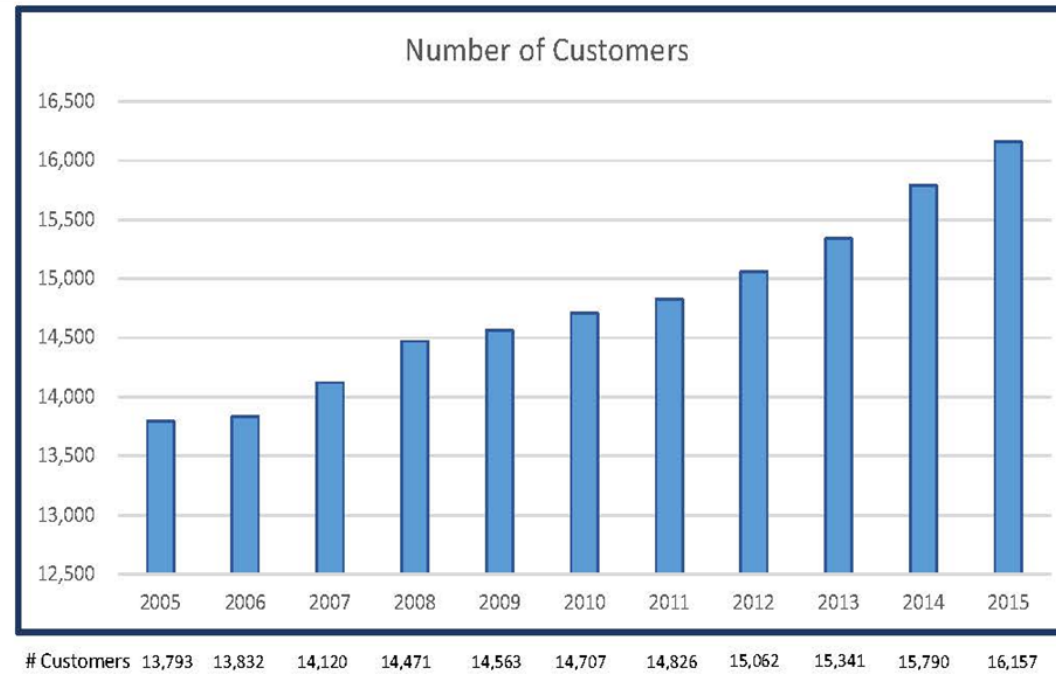
General Service ≥ 50 Kw – 74

of Customers per Sq. Km – 55

of Customers per Km Line – 19

Customer Growth 2005–2015

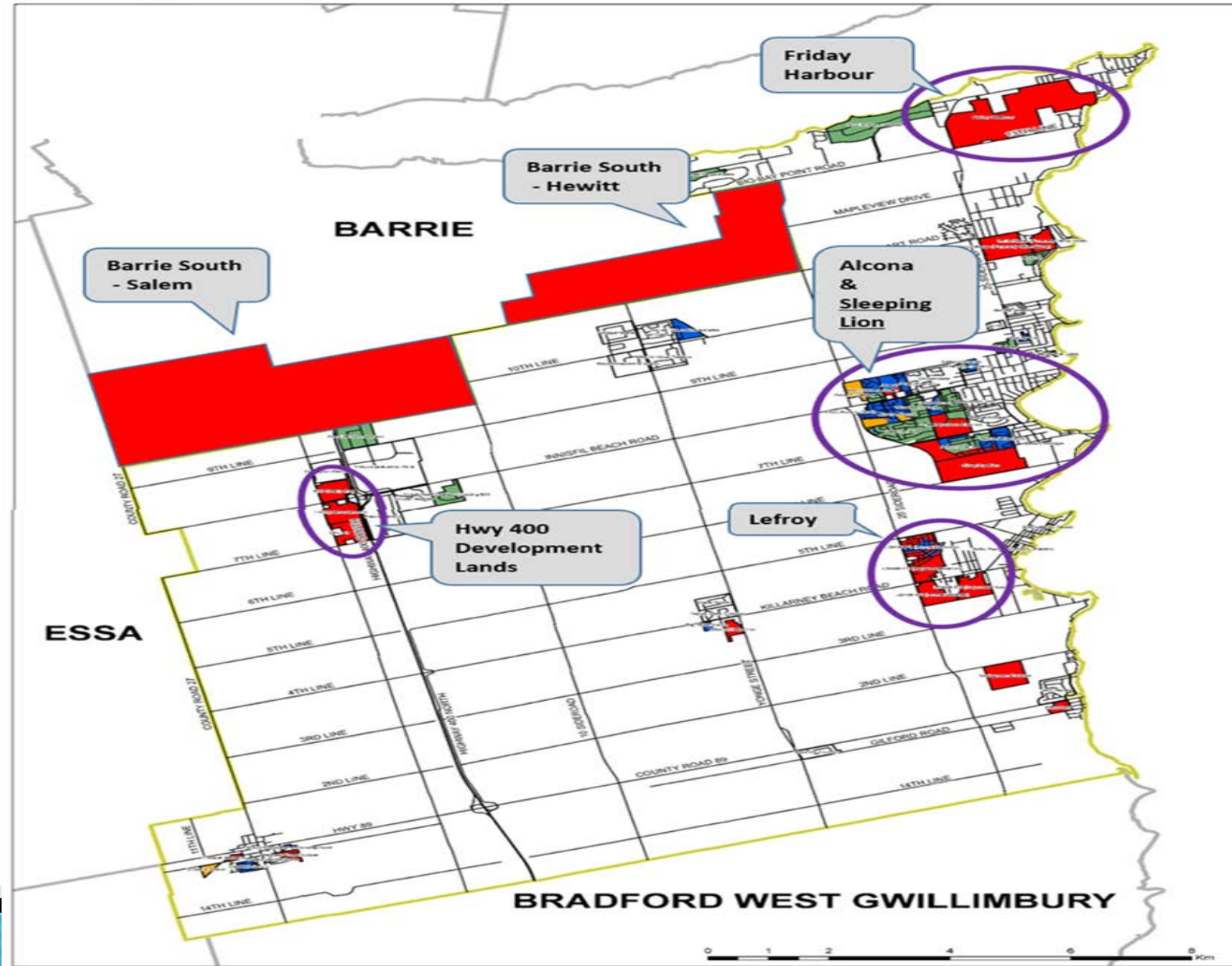
Customer Class	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Residential	12,821	12,949	13,132	13,472	13,636	13,747	13,854	14,061	14,315	14,728	15,073
GS<50	890	816	916	925	855	892	904	932	960	993	1,010
GS>50	82	67	72	74	72	68	68	69	66	69	74
# of Customers	13,793	13,832	14,120	14,471	14,563	14,707	14,826	15,062	15,341	15,790	16,157
% Growth		0.28%	2.08%	2.49%	0.64%	0.99%	0.81%	1.59%	1.85%	2.93%	2.32%



Employment and Population Growth 2031

Source	Population	Employment
Innisfil, 2011 Census and 2006 employment estimate	33,080	5,700
Innisfil Official Plan, 2031	56,000	13,100
Simcoe Official Plan, 2031	65,000	13,100
Provincial Growth Plan, 2031	56,000	13,100
Provincial Growth Plan, 2031 plus Friday Harbour and Sleeping Lion	65,240	13,100





InnPower Corporation

Statement of Financial Position

(Expressed in 000's Canadian Dollars)

As at December 31

	2016	2015
Assets		
Current Assets		
Receivables (Note 5)	\$ 6,685	\$ 5,500
Unbilled service revenue	4,246	3,847
Inventory (Note 6)	466	452
Prepaid expenses	378	400
Payments in lieu of taxes recoverable (Note 10)	1,055	255
Total Current Assets	<u>12,830</u>	<u>10,254</u>
Non-Current Assets		
Property, plant and equipment (Note 7)	64,418	60,069
Intangible assets (Note 8)	577	649
Investment (Note 9)	-	22
Deferred taxes (Note 10)	<u>38</u>	<u>489</u>
Total Non-Current Assets	<u>65,033</u>	<u>61,229</u>
Total Assets	<u>77,863</u>	<u>71,483</u>
Regulatory Deferral Account Debit Balances and Related Deferred Taxes (Note 11)	<u>2,023</u>	<u>895</u>
Total Assets and Regulatory Deferral Account Balances	<u>\$ 79,886</u>	<u>\$ 72,378</u>

+8.9%

InnPower Corporation

Statement of Financial Position

(Expressed in 000's Canadian Dollars)

As at December 31

	2016	2015
Liabilities		
Current Liabilities		
Bank indebtedness (Note 16)	\$ 1,819	\$ 1,472
Accounts payable and accrued liabilities (Note 12)	9,307	7,767
Contributions in aid of construction (Note 13)	413	357
Customer deposits (Note 14)	1,671	1,210
Short term debt (Note 17)	-	1,602
Current portion of long term debt (Note 18)	2,520	2,596
Total Current Liabilities	<u>15,730</u>	<u>15,004</u>
Non-Current Liabilities		
Contributions in aid of construction (Note 13)	12,255	10,419
Customer deposits (Note 14)	395	244
Employee future benefits (Note 15)	140	163
Long term debt (Note 18)	31,210	29,153
Total Non-Current Liabilities	<u>44,000</u>	<u>39,979</u>
Total Liabilities	<u>59,730</u>	<u>54,983</u>
Shareholder's Equity		
Share capital (Note 19)	10,852	10,852
Retained earnings	7,577	6,284
Contributed surplus (Note 19)	1,600	-
Accumulated other comprehensive income	26	(7)
Total Shareholder's Equity	<u>20,055</u>	<u>17,129</u>
Total Liabilities and Shareholder's Equity	<u>79,785</u>	<u>72,112</u>
Regulatory Deferral Account Credit Balances and Related Deferred Tax (Note 11)	<u>101</u>	<u>266</u>
Total Liabilities, Shareholder's Equity and Regulatory Deferral Account Credit Balances	<u>\$ 79,886</u>	<u>\$ 72,378</u>

+8.6%

+17.1%

InnPower Corporation

Statement of Comprehensive Income

(Expressed in 000's Canadian Dollars)

Year Ended December 31

	2016	2015
Revenue		
Electricity sales	\$ 34,071	\$ 30,705
Distribution revenue	9,302	8,785
Gain on disposal of property, plant and equipment	-	410
Other	977	877
Total Revenue	<u>44,350</u>	<u>40,777</u>
Expenses		
Purchased power	35,806	30,606
Operating expenses (Note 21)	5,848	5,580
Depreciation and amortization	2,349	2,044
Loss on disposal of property, plant and equipment	15	-
Total Expenses	<u>44,018</u>	<u>38,230</u>
Income from operating activities	332	2,547
Other Income		
Finance income	-	4
Finance cost	<u>(1,246)</u>	<u>(1,073)</u>
(Loss) income before (recovery of) provision for payments in lieu of taxes	(914)	1,478
(Recovery) payments in lieu of taxes		
Current (Note 10)	(285)	(2)
Deferred (Note 10)	<u>439</u>	<u>348</u>
Total (recovery) payments in lieu of taxes	<u>154</u>	<u>346</u>
(Loss) profit for the year before net movements in regulatory deferral account balances	<u>(1,068)</u>	<u>1,132</u>
Net movements in regulatory deferral account balances related to profit or loss and the related deferred tax movement (Note 11)	<u>1,736</u>	<u>86</u>
Profit for the year and net movements in regulatory deferral account balances	<u>668</u>	<u>1,218</u>
Other comprehensive income: items that will not be reclassified to profit or loss, net of income tax		
Remeasurements of defined benefit plan (Note 15), net of tax of \$12 (2015 - \$Nil)	<u>33</u>	<u>-</u>
Other comprehensive income for the year, net of tax	<u>33</u>	<u>-</u>
Total comprehensive income for the year	<u>\$ 701</u>	<u>\$ 1,218</u>

+8.8%

+15.1%

-57.6%

2016 Shareholder Equity

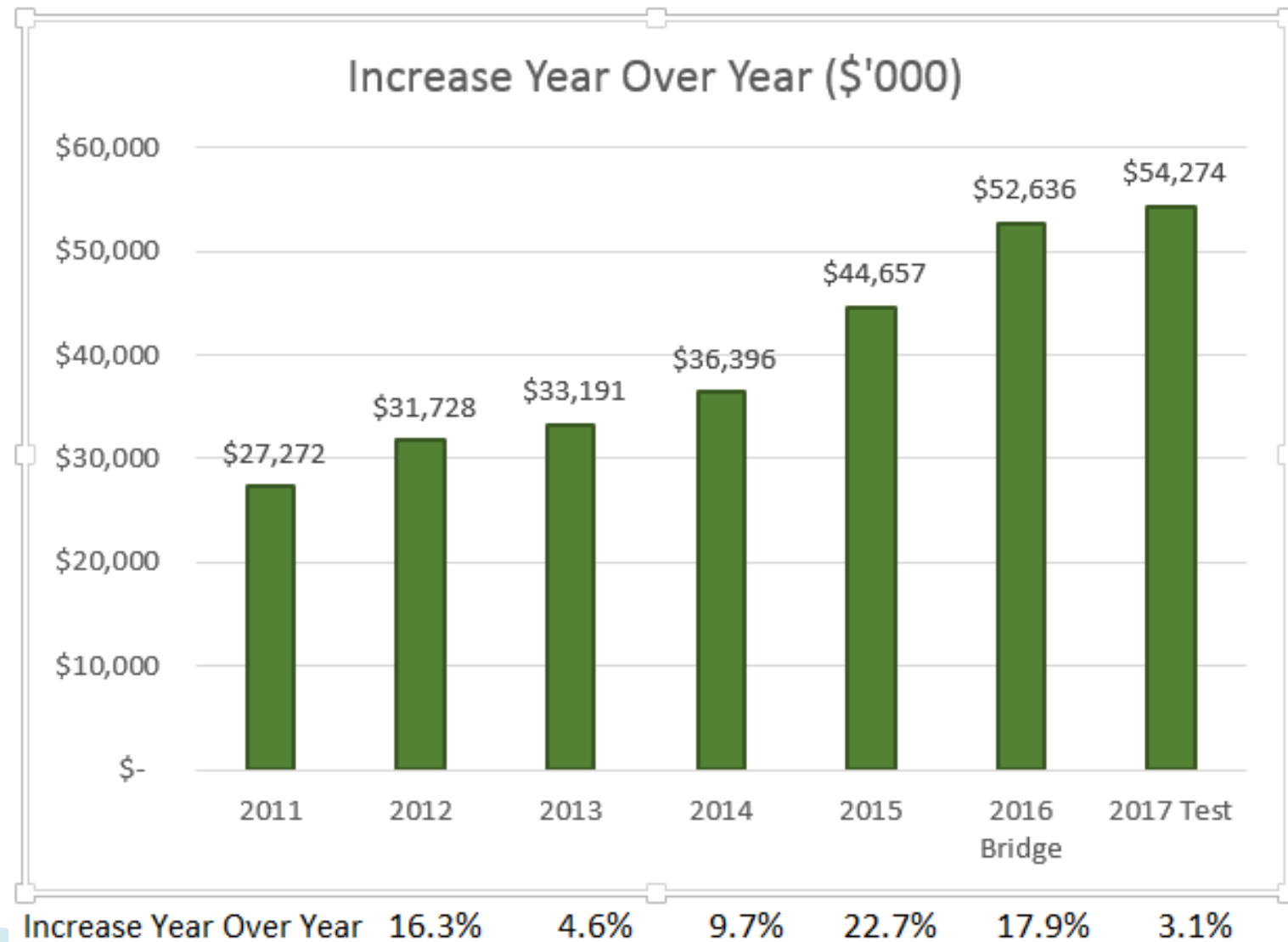
Shareholder's Equity

Share capital (Note 19)	10,852	10,852
Retained earnings	7,577	6,284
Contributed surplus (Note 19)	1,600	-
Accumulated other comprehensive income	<u>26</u>	<u>(7)</u>
Total Shareholder's Equity	<u>20,055</u>	<u>17,129</u>

17.1%

7.7%

Net Capital Assets



Financial Modeling

- Equity injection requirement totalling \$1.6m already received
 - 2016 \$1.6m (received)
- Annual Capital funding requirements; Equity portion 40%
 - Ongoing capital equity funding via ROE
- Potential for reinstatement of dividend distribution for 2018

Auditor Appointment

- ▶ Auditor appointment is pending RFP results and will be addressed later in the summer

Key Performance Indicators

Key Performance Indicators	2012	2013	2014	2015	2016	2017 B	2017 COS	2018 B	2019 B	2020 B	2021 B
PROFITABILITY											
Profit Margin	9.52%	13.74%	11.74%	17.83%	12.26%	22.07%	17.47%	18.82%	21.17%	23.58%	26.69%
Return on Equity	5.10%	6.60%	5.76%	9.14%	5.68%	9.79%	8.78%	9.60%	10.44%	11.06%	11.77%
Return on Invested Capital	2.65%	2.89%	1.89%	3.01%	2.05%	3.76%	3.51%	3.81%	4.21%	4.69%	5.57%
COST EFFICIENCY											
Controllable Costs Per Customer	\$ 318.12	\$ 322.96	\$ 330.30	\$ 341.43	\$ 350.81	\$ 358.49	\$ 352.80	\$ 349.52	\$ 334.94	\$ 323.36	\$ 314.53
Controllable Costs Per MWh	\$ 21.26	\$ 21.70	\$ 22.23	\$ 23.10	\$ 24.26	\$ 25.72	\$ 25.47	\$ 25.36	\$ 24.73	\$ 24.21	\$ 23.83
ASSET OPTIMIZATION											
Total Revenue per \$ of Fixed Asset	\$ 1.13	\$ 1.07	\$ 1.04	\$ 0.80	\$ 0.88	\$ 0.69	\$ 0.84	\$ 0.70	\$ 0.71	\$ 0.72	\$ 0.78
Distribution Revenue per \$ Fixed Assets	\$ 0.31	\$ 0.25	\$ 0.23	\$ 0.18	\$ 0.19	\$ 0.17	\$ 0.21	\$ 0.19	\$ 0.19	\$ 0.20	\$ 0.21
Fixed Assets per MWh	\$ 123.22	\$ 133.07	\$ 143.50	\$ 203.44	\$ 204.32	\$ 228.76	\$ 214.54	\$ 243.75	\$ 251.02	\$ 254.42	\$ 245.66
DEBT MANAGEMENT											
Debt Equity Ratio	48.10%	56.28%	67.10%	67.03%	63.93%	61.62%	60.00%	60.35%	59.71%	57.64%	52.68%
Interest Rate Coverage X	2.3	2.3	2.0	2.4	0.3	2.8	2.8	3.0	3.2	3.6	4.3
CASH FLOW MANAGEMENT											
Days Accounts Receivable Outstanding	42.6	41.2	48.3	50.8	56.3	30.4	27.1	27.6	25.9	24.5	23.2
Inventory Turnover Ratio	21.8	16.5	17.6	19.4	20.0	19.8	23.2	24.7	26.1	27.4	28.6
Working Capital Ratio	52.93%	68.55%	97.80%	66.07%	64.90%	50.54%	47.14%	57.13%	51.30%	46.68%	42.48%
Current Ratio	1.1	0.6	0.5	0.7	0.8	0.7	0.7	0.5	0.5	0.6	0.6

Scorecard - Innpower Corporation

9/29/2016

Performance Outcomes	Performance Categories	Measures	2011	2012	2013	2014	2015	Trend	Target	
									Industry	Distributor
Customer Focus Services are provided in a manner that responds to identified customer preferences.	Service Quality	New Residential/Small Business Services Connected on Time	81.20%	95.30%	89.90%	98.40%	97.90%	↕	90.00%	
		Scheduled Appointments Met On Time	60.40%	64.30%	83.00%	94.40%	91.80%	↕	90.00%	
		Telephone Calls Answered On Time	95.80%	74.60%	67.10%	70.60%	80.40%	↕	65.00%	
	Customer Satisfaction	First Contact Resolution				99.006%	98.99			
		Billing Accuracy				99.95%	99.94%	↕	98.00%	
		Customer Satisfaction Survey Results				A	A			
Operational Effectiveness Continuous improvement in productivity and cost performance is achieved; and distributors deliver on system reliability and quality objectives.	Safety	Level of Public Awareness					88.00%			
		Level of Compliance with Ontario Regulation 22/04 ¹	C	C	C	C	C	↔		C
		Serious Electrical Incident Index	Number of General Public Incidents		0	0	0	0	↔	0
			Rate per 10, 100, 1000 km of line		0.000	0.000	0.000	0.000	↔	0.000
	System Reliability	Average Number of Hours that Power to a Customer is Interrupted ²	0.98	1.34	2.10	4.70	1.47	↕		2.09
		Average Number of Times that Power to a Customer is Interrupted ²	1.12	0.71	0.92	3.14	0.75	↕		1.41
	Asset Management	Distribution System Plan Implementation Progress				In Progress	In Progress			
	Cost Control	Efficiency Assessment		3	3	3	3			
		Total Cost per Customer ³	\$695	\$720	\$732	\$781	\$883			
		Total Cost per Km of Line ³	\$13,782	\$13,842	\$14,168	\$14,693	\$17,126			
Public Policy Responsiveness Distributors deliver on obligations mandated by government (e.g., in legislation and in regulatory requirements imposed further to Ministerial directives to the Board).	Conservation & Demand Management	Net Cumulative Energy Savings ⁴					14.22%			13.01 GWh
	Connection of Renewable Generation	Renewable Generation Connection Impact Assessments Completed On Time	100.00%	100.00%		100.00%				
		New Micro-embedded Generation Facilities Connected On Time			100.00%	100.00%	100.00%	↔	90.00%	
Financial Performance Financial viability is maintained; and savings from operational effectiveness are sustainable.	Financial Ratios	Liquidity: Current Ratio (Current Assets/Current Liabilities)	0.61	1.10	0.63	0.41	0.78			
		Leverage: Total Debt (includes short-term and long-term debt) to Equity Ratio	0.84	0.93	1.30	2.04	2.03			
		Profitability: Regulatory Return on Equity	Deemed (included in rates)		8.01%	8.01%	8.98%	8.98%		
			Achieved		8.58%	1.96%	6.70%	5.82%	7.61%	

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

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

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

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

Legend: 5-year trend
 ↕ up ↕ down ↔ flat
 Current year
 ● target met ● target not met

Customer focus

Custom Performance Report - 2015

Distributor	New Residential/Small Business Services Connected on Time (Target: 90%)	Scheduled Appointments Met on Time (Target: 90%)	Telephone Calls Answered on Time (Target: 65%)	First Contact Resolution	Billing Accuracy (Target: 98%)	Customer Satisfaction Survey Results
Hydro One Networks Inc.	97.5%	98.5%	76.4%	82%	98.59%	85%
Innpower Corporation	97.9%	91.8%	80.4%	98.99	99.94%	A
PowerStream Inc.	99.5%	94.7%	78.4%	71.5%	99.29%	90.5%

Operational effectiveness

Custom Performance Report - 2015

Distributor							Level of Public Awareness	Level of Compliance with Ontario Regulation 22/04 (Target: fully compliant)	Number of General Public Incidents	Rate per 10, 100, 1000 km of line	Average Number of Hours Power to Customer is Interrupted	Average Number of Times Power to Customer is Interrupted	Distribution System Plan Implementation on Progress	Efficiency Assessment (1 = most efficient 5 = least efficient)	Total Cost (\$) per Customer	Total Cost (\$) per Km of Line
Hydro One Networks Inc.							81%	C	5	0.042	12.22	3.07	116%	5	983	10198
Innpower Corporation							86%	C	0	0	1.47	0.75	In Progress	3	883	17126
PowerStream Inc.							78%	C	1	0.132	1.93	1.42	99.8%	3	723	33839


Public policy responsiveness and financial performance

Custom Performance Report - 2015

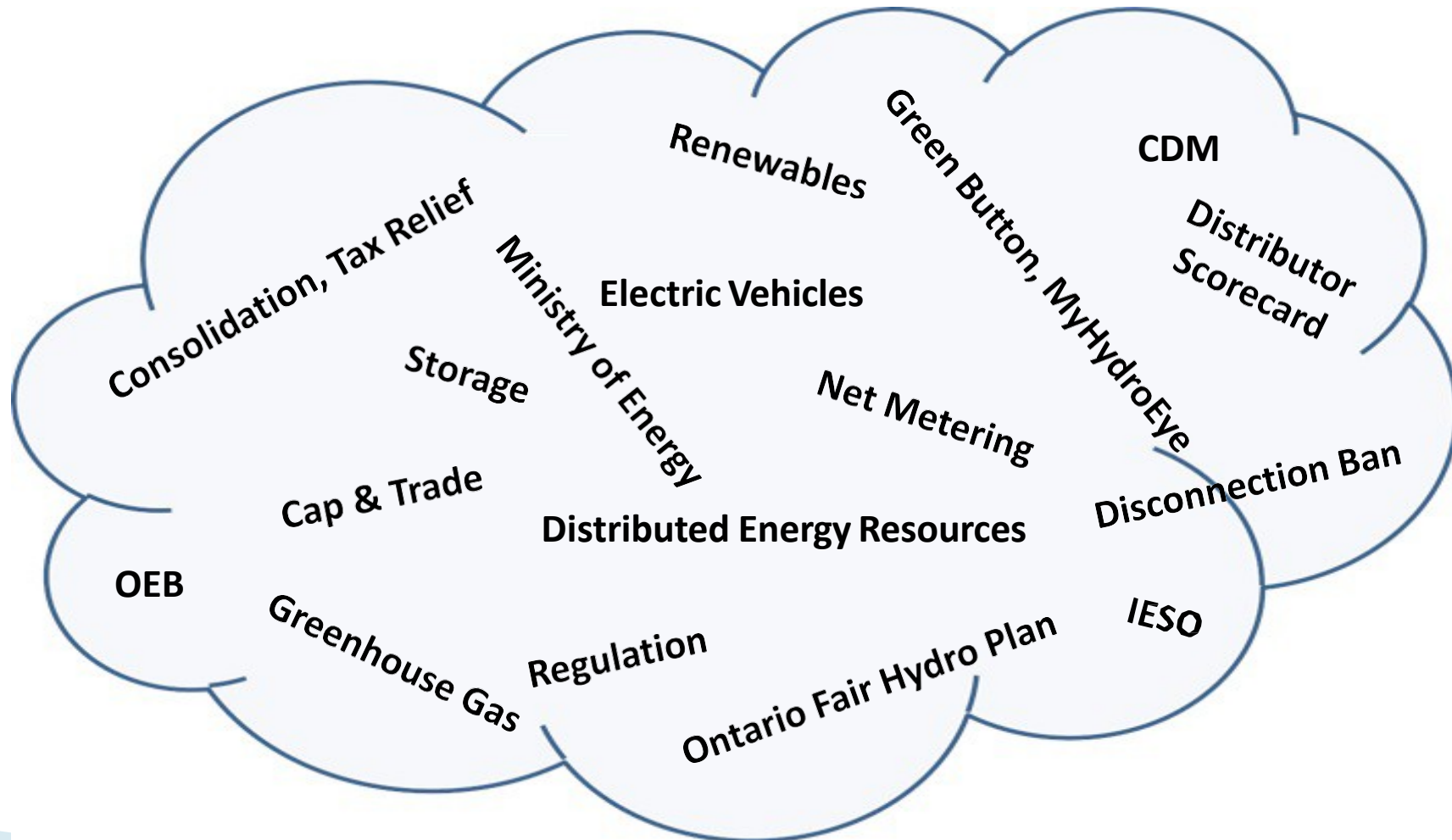
Distributor																		Net Cumulative Energy Savings (Percent of Target Achieved)	Renewable Generation Connection Impact Assessments Completed on Time	New Micro-Embedded Generation Facilities Connected on Time (Target: 90%)	Liquidity: Current Ratio	Leverage: Total Debt to Equity Ratio	Profitability: Regulatory Return on Equity - Deemed	Profitability: Regulatory Return on Equity - Achieved
Hydro One Networks Inc.																		17.27%	100%	99.78%	0.97	1.19	9.3%	8.77%
Innpower Corporation																		14.22%		100%	0.78	2.03	8.98%	7.61%
PowerStream Inc.																		14.29%	100%	87.5%	0.80	1.50	8.93%	6.65%

Rate application process

<i>Jun 2016</i>	<i>InnPower submits Custom IR</i>
<i>Nov 28, 2016</i>	<i>InnPower's Cost of Service Application</i>
<i>Mar 9, 2017</i>	<i>Community Day Sessions</i>
<i>May 8, 2017</i>	<i>InnPower Amends Application in response to customer feedback</i>
<i>Jun 2017</i>	<i>Interrogatories</i>
<i>TBD</i>	<i>Technical Conference & Undertakings (if required)</i>
<i>TBD</i>	<i>Settlement Conference</i>
<i>TBD</i>	<i>Oral Hearing – for unsettled issues</i>



Current Environment



InnPower Corporation Strategic Imperatives



Align utility reliability and quality of service levels with customer expectations

InnPower Corporation Strategic Imperatives



Shift the focus from utility cost to value for customers

InnPower Corporation Strategic Imperatives



Better align timing and pattern of expenditures with cost recovery

InnPower Corporation Strategic Imperatives

Institutionalize continuous improvement and innovation



Efficiency Committee



Customer Engagement Committee

Community Day – March 9, 2017

The OEB facilitated a presentation on the rate application process which was open to all Innisfil residents.

InnPower also presented details of InnPower's Cost of Service application.

Key issues raised by residents are identified in the following slides.




Customer comments and InnPower response

Easter Weekend 2016

COMMENT: Ice storm costs should not be recouped in rates.


INNPOWER RESPONSE: Amended the application to remove the Z-Factor for the Major Event Day.
Reduction in amount of \$296k.



Customer comments and InnPower response

COMMENT: Retroactive rates to January 1, 2017 not acceptable.


INNPOWER RESPONSE: Amended the application to change the effective date of the resulting rate changes to July 1, 2017.



Customer comments and InnPower response

COMMENT: Issue with size and cost of the new administrative building.


INNPOWER RESPONSE: Amended the application to remove the leasing space from capital rate base, and to remove the associated maintenance costs and offsetting revenue.



Customer comments and InnPower response

COMMENT: Burdensome impact of rate increases on residents, particularly seniors and those on fixed incomes.

INNPOWER RESPONSE: Amended the application to further reduce our OM&A by a blanket 3% or \$197k reduction and removed the LRAM request for a reduction of \$26k.



Budget Reductions Applied to the COS Application



Reduction – Original Submission	\$ 676,897
Reduction – Amended Submission	<u>449,000</u>
Total OM&A Reductions	\$1,125,897



\$3,811,161

Rate Base Reduction

\$2,000,000

Rate payers not funding “leased area” of InnPower.



Year over Year improvement in
InnPower Corporations' Performance
metrics

InnPower Corporation Cost of Service (COS) Application

- ▶ **7.93** re-amended following Community Day
- ▶ ~~**8.59**~~ resubmitted prior to Community Day
- ▶ ~~**\$10.69**~~ original increase in OEB Notice for Residential Rates

OM&A reduction of \$1,125,897

Capital reduction of \$3,811,161

Rate Base reduction of \$2,000,000

LDC Consolidation – Options

**Horizontal Integration
With City Departments
(shared services)**

Joint Ventures

Mergers


**Vertical Integration with
Construction/Tech Co's**

**Cooperatives
(CHEC)**

Acquisition

**Functional Area
Consolidation with
other LDC's**

Horizontal integration

- ▶ Shared executive for InnPower, InnServices and Energy Services
 - ▶ Water and wastewater billing services
 - ▶ Services to InnServices including Finance, IT, Payroll, Conservation and Customer Service
 - ▶ Office space rentals for InnServices; meeting space availability
 - ▶ Shared fleet maintenance
 - ▶ Communication towers
 - ▶ Facility rental for daycare centre as part of Town campus
 - ▶ Local ownership of the utility, local customer service presence
 - ▶ Conservation events and focus
 - ▶ Alignment with Town goals and values
- 



– COMING SOON –

25% OFF

YOUR HYDRO BILL

LEARN MORE →

Authorized by the official agent of the Ontario Liberal Party

Ontario Fair Hydro Plan (OFHP)

WHY ELECTRICITY RATES HAVE RISEN

1

- Decades of under investment in electricity system

2

- Decision to migrate to clean, renewable power

OFHP – SUMMARY OF DETAILS

25%

Refinancing of Global Adjustment (Funded by Ratepayer)

- Reduction in bills, for households, small businesses and farms, includes 8% OREC (HST)

OESP

Funded by Ratepayer – Move to Provincial Treasury

- Increased discounts, removal of delivery charges for on-reserve indigenous customers

RRRP

Funded by Ratepayer – Move to Provincial Treasury

- Expand the RRRP to provide distribution charge relief to rural and remote customers

Affordability Fund

Funded by Provincial Treasury

- Financial assistance for energy efficiency improvements for certain low-income customers

ICI Program

Funded by Ratepayer

- If participants (0.5 – 5 MW customers) reduce demand during peak hours they can be exempt from GA in the following year

Summer of 2017 – Legislation and Regulation Pending

OFHP – RATES

- ▶ As part of this plan, rate increases over the next four years would be held to the rate of inflation for everyone!

Rate comparison with OFHP implementation

2016 Rate Comparators with OFHP Impacts				
	InnPower	Powerstream	Hydro One R2 Density	
Distribution Charges	\$ 30.40	\$ 32.52	\$ 82.66	
Delivery Charges	\$ 7.88	\$ 8.92	\$ 9.03	
Commodity/Regulatory	\$ 75.07	\$ 74.96	\$ 75.11	
Total Bill (before taxes)	\$ 113.35	\$ 116.40	\$ 166.80	
HST at 8%	\$ 9.07	\$ 9.31	\$ 13.34	
Total Bill	\$ 122.42	\$ 125.71	\$ 180.14	

Questions ?

UNDERTAKING J2.2

Undertaking:

TO FILE A COPY OF INNPOWER'S MOST RECENT QUARTERLY REPORT TO THE TOWN OF INNISFIL, REDACTED AS REQUIRED.

Reference: Transcript dated October 4, 2017 from page 41 line 24 to page 43 line 11.

Response:

Please see file "InnPower_Ex_J2.2_Quarterly Report_20171006.pdf" attached to these responses.

INNPOWER CORPORATION
BOARD OF DIRECTORS MEETING

SEPTEMBER 26, 2017

Staff Report

SECOND QUARTER 2017 FINANCIAL STATEMENTS

(Presented by: Jennifer Cowles)

Summary

Operating Results

The financial statements for both the first and second quarter are included, with commentary based on the second quarter results.

Statement of Comprehensive Income (SCI)

Revenue

Sale of power is 98% to prior year due to a slight decrease in load of less than 1% and 117% to budget due to commodity rate increases in excess of budgeted increases. Time-of-use rates started to decrease again in May and July of this year with implementation of the Fair Hydro Plan. Sale of power is the revenue charged to our customers for commodity, transmission and LV. The movement of the variance between revenue and cost for the regulatory accounts is reflected on the Net movement in regulatory deferral account balances line. We have under-collected \$641K from our customers for the pass through costs for cost of power.

Distribution revenue is 98% to prior year due to the slight decrease in load. Distribution revenue is 80% to budget due to the delay of the Cost of Service and approval of new rates. An interim rate order from the Ontario Energy Board directed InnPower to continue with the existing 2016 Tariffs in the meantime.

Other revenue is 132% to prior year due mainly to increases in capital contributions and the associated recognition of deferred revenue. Other revenue is 89% to budget due to the delay of contribution revenue and recoverable billing. The cost of service and operational vacancies have caused a delay in job closing processes and approvals.

Expenses

Purchased power expense is 98% to prior year and 117% to budget. This is the pass through costs for the cost of power; i.e. commodity, transmission and LV. The movement of the variance for the regulatory accounts to the Statement of Financial Position is reflected on the Net movement in regulatory deferral account balances line.

Operating costs are 91% to prior year due to the higher costs from the ice storm last Easter and 89% to budget due to the staff vacancies, and expenses charged back to InnServices for staffing in Finance, HR and IT.

Profit net of regulatory balances

Earnings from operations are 350% to prior year and 89% to budget due to the explanations provided above.

Statement of change in equity

This statement reflects the net income year to date increase to shareholder equity.

Statement of Financial Position (SFP)

Assets

Property, equipment and intangibles (net of contributions) are 108% to prior year and 97% to budget. Net regulatory assets have increased year over year mainly due to higher costs than revenue billed for the RSVA accounts from ratepayers.

Liabilities

Current liabilities have decreased from 2016 with the conversion of bank indebtedness to long-term debt.

Long-term liabilities have increased due to the additional contributions at the end of 2016 and are higher than budget due to the allocation between short and long-term debt.

Statement of Cash Flow (SCF)

The statement of cash flow presented in IFRS format shows the new debt of \$3.1M acquired in January 2017 but relating to the 2016 CAPEX.

Recommendation

It is recommended that the Board hereby receive the Second Quarter 2017 Financial Report, and

FURTHER resolve not to approve a dividend at this time.

**InnPower Corporation
Financial Statements
March 31, 2017**

Unaudited

InnPower Corporation Summarized Operating Results

Three Months Ending March 31st, 2017

	Monthly		Actual vs %	
	Actual	Prior Year	Budget	Prior Year
Distribution Revenue	900,396	781,987	952,126	115%
Other Revenue	74,153	60,092	106,773	123%
Expenses	761,705	765,088	793,744	100%
Earnings from operations	212,843	76,992	265,155	276%
NI after tax and interest and DVA	122,187	170,112	(214,023)	72%
Distribution plant capital	222,579	258,646	152,122	86%
General plant capital	32,629	91,375	35,120	36%
Total capital expenditures	255,208	350,021	187,242	73%
Total DVA	(417,456)	(35,587)	(30,988)	

	Year to date		Actual vs %		Full Year 2017
	Actual	Prior Year	Budget	Prior Year	
Distribution Revenue	2,303,163	2,290,362	2,850,244	101%	11,183,112
Other Revenue	237,002	256,761	321,976	92%	1,428,276
Expenses	2,023,208	2,077,248	2,280,660	97%	9,267,824
Earnings from operations	516,956	469,875	891,560	110%	3,343,564
NI after tax and interest and DVA	232,140	201,841	(214,027)	115%	2,052,592
Distribution plant capital	677,469	659,986	354,662	103%	5,974,607
General plant capital	65,668	179,750	378,838	37%	1,468,635
Total capital expenditures	743,137	839,736	733,500	88%	7,443,242
Total DVA	1,998,626	988,328	-		501,513

InnPower Corporation
Statement of Financial Position

	March 2017	March 2016	Variance	YTD Budget	Variance	December 2016
UNAUDITED						
Assets						
Current Assets						
Cash and cash equivalents	\$ 404,451	\$ -	404,451	-	404,451	\$ -
Receivables	3,449,557	5,154,856	(1,705,299)	3,700,000	(250,443)	6,684,630
Unbilled service revenue	3,967,179	3,494,249	472,930	3,605,000	362,179	4,246,435
Inventory	473,879	488,865	(14,986)	470,000	3,879	466,228
Prepays	404,543	392,527	12,016	370,000	34,543	378,064
Payments in lieu of taxes recoverable	1,003,637	485,517	518,120	-	1,003,637	1,003,637
Total Current Assets	9,703,246	10,016,014	(312,768)	8,145,000	1,558,246	12,778,994
Non-Current Assets						
Property, plant and equipment	64,637,540	59,984,599	4,652,941	65,707,561	(1,070,021)	64,418,312
Intangible assets	532,395	977,219	(444,824)	648,446	(116,051)	577,246
Investment	-	-	-	-	-	-
Deferred taxes	38,351	488,985	(450,634)	733,500	(695,149)	38,351
Total Non-Current Assets	65,208,286	61,450,803	3,757,483	67,089,507	(1,881,221)	65,033,909
Total Assets	74,911,532	71,466,817	3,444,715	75,234,507	(322,975)	77,812,903
Regulatory Deferral Account Debit Balances and Related Deferred Taxes	1,974,340	1,161,591	812,749	(5,100)	1,979,440	2,023,686
Total Assets and Regulatory Deferral Account Balances	\$ 76,885,872	\$ 72,628,408	\$ 4,257,464	\$ 75,229,407	\$ 1,656,465	\$ 79,836,589
						102.2%

InnPower Corporation Statement of Financial Position

	March 2017	March 2016	Variance	YTD Budget	Variance	December 2016
Liabilities						
Current Liabilities						
Bank indebtedness	\$ -	\$ 2,013,972	(2,013,972)	0%	\$ -	\$ 1,819,280
Accounts payable and accrued liabilities	6,856,556	7,191,577	(335,021)	95%	7,338,855	9,306,657
Contributions in aid of construction	305,690	357,000	(51,310)	86%	-	412,777
Customer deposits	38,304	19,984	18,320	192%	-	1,671,261
Deferred taxes	-	-	-	-	38,304	-
Short term debt	-	-	-	-	-	-
Current portion of long term debt	765,829	698,484	67,345	110%	(916,565)	2,519,595
Total Current Liabilities	7,966,379	10,281,017	(2,314,638)	78%	9,021,249	15,729,570
Non-Current Liabilities						
Contributions in aid of construction	12,407,896	10,588,453	1,819,443	117%	14,598,805	12,255,572
Customer deposits	359,675	351,314	8,361	102%	110,000	394,528
Employee future benefits	144,762	167,993	(23,231)	86%	-	139,779
Long term debt	35,755,560	33,729,783	2,025,777	106%	32,359,142	31,210,188
Total Non-Current Liabilities	48,667,893	44,837,543	3,830,350	109%	47,067,947	44,000,067
Total Liabilities	56,634,272	55,118,560	1,515,712	103%	56,089,196	59,729,637
Shareholder's Equity						
Share capital	12,452,444	10,852,444	1,600,000	115%	10,852,444	12,452,444
Retained earnings	7,759,470	6,485,520	1,273,950	120%	7,854,767	7,527,330
Accumulated other comprehensive income	25,926	(7,000)	32,926	-370%	-	25,926
Total Shareholder's Equity	20,237,840	17,330,964	2,906,876	117%	18,707,211	20,005,700
Total Liabilities and Shareholder's Equity	76,872,112	72,449,524	4,422,588	106%	74,796,407	79,735,337
Regulatory Deferral Account Credit Balances and Related Deferred Tax	13,760	178,884	(165,124)	8%	433,000	101,252
Total Shareholder's Equity, Liabilities and Regulatory Deferral Account Credit Balance:	\$ 76,885,872	\$ 72,628,408	\$ 4,257,464		\$ 75,229,407	\$ 79,836,589

InnPower Corporation
Statement of Comprehensive Income
Three Months Ending March 31st, 2017

UNAUDITED

	2017	2016	Variance	YTD %	YTD Budget	Variance	YTD %	2017 Budget	% of Budget
Revenue									
Electricity sales	\$ 8,943,705	\$ 8,752,520	\$ 191,185	102%	\$ 7,374,705	\$ 1,569,000	121%	\$ 29,181,471	31%
Distribution revenue	2,303,163	2,290,362	12,801	101%	2,850,244	(547,081)	81%	11,183,112	21%
Gain on disposal of property, plant and equipment	-	(1,906)	1,906	0%	-	-	-	-	-
Other	237,002	258,668	(21,666)	92%	321,976	(84,974)	74%	1,428,276	17%
Total revenue	<u>11,483,870</u>	<u>11,299,643</u>	<u>184,226</u>	<u>102%</u>	<u>10,546,925</u>	<u>936,945</u>	<u>109%</u>	<u>41,792,859</u>	<u>27%</u>
Expenses									
Purchased power	9,059,244	8,664,911	394,334	105%	8,192,412	866,832	111%	29,181,471	31%
Operating expenses	1,429,060	1,501,475	(72,415)	95%	1,540,210	(111,150)	93%	6,265,949	23%
Depreciation and amortization	569,548	575,773	(6,225)	99%	694,677	(125,129)	82%	2,818,780	20%
Loss on disposal of property, plant and equipment	24,600	-	24,600	-	45,773	(21,173)	54%	183,095	13%
Total expenses	<u>11,082,452</u>	<u>10,742,159</u>	<u>340,294</u>	<u>103%</u>	<u>10,473,072</u>	<u>609,380</u>	<u>106%</u>	<u>38,449,295</u>	<u>29%</u>
Income from operating activities	<u>401,417</u>	<u>557,485</u>	<u>(156,067)</u>	<u>72%</u>	<u>73,853</u>	<u>327,564</u>	<u>544%</u>	<u>3,343,564</u>	<u>12%</u>
Finance income	379	53	326	715%	2,503	(2,124)	15%	10,000	4%
Finance cost	<u>(305,065)</u>	<u>(280,601)</u>	<u>(24,464)</u>	<u>105%</u>	<u>(296,526)</u>	<u>(8,539)</u>	<u>103%</u>	<u>(1,215,450)</u>	<u>25%</u>
Income before provision for (recovery of) payment in lieu of taxes	<u>96,731</u>	<u>276,937</u>	<u>(180,205)</u>	<u>35%</u>	<u>(220,170)</u>	<u>316,901</u>	<u>-44%</u>	<u>2,138,115</u>	<u>5%</u>
Payments(recovery) in lieu of taxes	-	-	-	-	35,138	(35,138)	0%	-	-
Current	-	-	-	-	-	-	-	140,564	0%
Deferred	-	-	-	-	<u>35,138</u>	<u>(35,138)</u>	<u>0%</u>	<u>140,564</u>	<u>0%</u>
Total payments (recovery) in lieu of taxes	-	-	-	-	-	-	-	-	-
Profit for the year before net movements in regulatory deferral account balances	<u>96,731</u>	<u>276,937</u>	<u>(180,206)</u>	<u>35%</u>	<u>(255,308)</u>	<u>352,039</u>	<u>-38%</u>	<u>1,997,551</u>	<u>5%</u>
Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement	<u>135,409</u>	<u>(75,096)</u>	<u>210,505</u>	<u>-180%</u>	<u>41,281</u>	<u>94,128</u>	<u>328%</u>	<u>55,041</u>	<u>246%</u>
Profit for the year and net movements in regulatory deferral account balances	<u>232,140</u>	<u>201,841</u>	<u>30,299</u>	<u>115%</u>	<u>(214,027)</u>	<u>446,167</u>	<u>-108%</u>	<u>2,052,592</u>	<u>11%</u>
Other comprehensive income : items that will not be reclassified to profit or loss, net of income tax	-	-	-	-	-	-	-	-	-
Remeasurements of defined benefit plan, net of tax	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	<u>\$ 232,140</u>	<u>\$ 201,841</u>	<u>\$ 30,299</u>	<u>115%</u>	<u>\$ (214,027)</u>	<u>\$ 446,167</u>	<u>-108%</u>	<u>\$ 2,052,592</u>	<u>11%</u>

InnPower Corporation
Statement of Change in Equity

Three Months Ending March 31st, 2017	Share capital	Retained earnings	Accumulated other comprehensive income	Total
December 31, 2016	12,452,444	7,527,330	25,926	20,261,007
Profit for the year and net movements in regulatory deferral account balances	-	232,140	-	232,140
Other comprehensive income, net of tax	-	-	-	-
Equity Injection	-	-	-	-
Dividends	\$ -	\$ -	\$ -	\$ -
March 31, 2017	\$ 12,452,444	\$ 7,759,470	\$ 25,926	\$ 20,493,147

InnPower Corporation
Statement of Cash Flows

Three Months Ending March 31st, 2017

UNAUDITED

	YTD 2017	YTD 2016	Variance	% Variance	YTD Budget	Variance	% Variance	Full Year Budget
Cash flows from operating activities								
Net income for the year	\$ 232,140	\$ 201,841	\$ 30,299	115%	\$ (214,027)	\$ 446,167	-108%	\$ 2,052,592
Adjustments								
Depreciation and amortization of property, plant and equipment and intangible assets	622,185	402,399	219,786	155%	694,677	(72,492)	90%	2,818,780
Loss on disposal of property, plant and equipment	-	1,906	(1,906)	0%	-	-	-	-
and intangible assets	4,983	4,495	488	111%	-	4,983	-	-
Employee future benefits	-	(230,348)	230,348	0%	-	-	-	-
Provision for payments in lieu of taxes	305,065	280,601	24,464	109%	296,526	8,539	103%	1,215,450
Finance costs								
Change in non-cash working capital	0							
Receivables	3,235,073	345,257	2,889,816	937%	(500,000)	3,735,073	-647%	-
Unbilled service revenue	279,256	152,611	126,645	183%	-	279,256	-	-
Inventory	(7,651)	(37,119)	29,468	21%	-	(7,651)	-	-
Prepaid expense	(26,479)	7,619	(34,098)	-348%	(20,000)	(6,479)	-	-
Accounts payable and accrued liabilities	(2,450,101)	(575,470)	(1,874,631)	426%	788,854	(3,238,955)	132%	-
Customer deposits	(1,667,810)	(1,083,101)	(584,709)	154%	-	(1,667,810)	-311%	3,155,374
Contributions in aid of construction	45,237	169,563	(124,326)	27%	28,091	17,146	-	-
Regulatory deferral account balances	(38,146)	(353,289)	315,143	11%	506,613	(544,759)	-8%	1,212,429
Income taxes recovered	533,753	(713,035)	1,246,787	-75%	1,580,734	(1,046,981)	34%	506,613
Net cash flows from operating activities	533,753	(713,035)	1,246,787	-75%	1,580,734	(1,046,981)	34%	4,874,416
Cash flows from investing activities								
Proceeds on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Proceeds on disposal of investment	-	21,721	-	-	-	-	-	-
Purchase of property, plant and equipment	(796,562)	(647,488)	(149,074)	123%	(532,156)	(264,406)	150%	(8,622,505)
and intangible assets	(796,562)	(625,767)	(149,074)	127%	(532,156)	(264,406)	150%	(8,622,505)
Net cash flows from investing activities	(796,562)	(625,767)	(149,074)	127%	(532,156)	(264,406)	150%	(8,622,505)
Cash flows from financing activities								
Bank indebtedness	-	2,013,972	(2,013,972)	0%	-	-	-	-
Advances of short term debt	-	(1,601,998)	1,601,998	0%	-	-	-	-
Repayment of short term debt	-	-	-	-	-	-	-	-
Advances of long term debt	3,100,000	2,910,072	189,928	107%	-	3,100,000	-	-
Repayment of long term debt	(308,394)	(230,830)	(77,564)	134%	(752,052)	443,658	41%	(1,123,282)
Interest paid	(305,065)	(280,601)	(24,464)	109%	(296,526)	(8,539)	103%	(1,215,450)
Equity Injection	-	-	-	-	-	-	-	-
Dividends paid in cash	-	-	-	-	-	-	-	-
Net cash flows from financing activities	2,486,541	2,810,615	(324,074)	88%	(1,048,578)	3,535,119	-237%	(2,338,732)
Net increase (decrease) in cash during the year	2,223,731	1,471,813	751,918	151%	-	2,223,731	-	-
Cash, beginning of period	(1,819,280)	(1,471,813)	(347,467)	124%	-	(1,819,280)	-	-
Cash, end of period	\$ 404,451	\$ -	\$ 404,451	-	\$ -	\$ 404,451	-	\$ -

InnPower Corporation

Regulatory Assets Detail

Three Months Ending March 31st, 2017

		YTD		MTD		February		March		Reg Asset	Reg Liability
		Change		Change		LTD		LTD			
Regulatory Assets											
1460.901	Deferred Tax Asset - Reg Liabilities	-	6	-		58,520		58,520		58,520	-
1508	Other Regulatory Assets			2		14,521		14,523		14,523	-
1518--+1548	RCVA Retail & STR	9,334		3,678		118,484		122,163		122,163	-
1531--+1532	Renewable Generation	-		-		-		-		-	-
1555--+1556	Smart Meters	(135)		(46)		(46,299)		(46,346)		-	46,346
1550	LV Variance Account	93,283		27,687		959,227		986,914		-	-
1551	Smart Meter Entity	(808)		(391)		(10,685)		(11,076)		-	11,076
1563	Deferred PILS Recovery	-		-		4,169		4,169		4,169	-
1568	LRAM	9		3		4,967		4,970		4,970	-
1592	PST Savings	-		-		1,613		1,613		-	-
1580	RSVA WMS	(59,657)		(54,120)		(860,536)		(914,656)		-	-
1584	RSVA NW	34,671		4,375		854,133		858,508		-	-
1586	RSVA CN	48,673		7,550		824,343		831,894		-	-
1588	RSVA Power	149,575		(256,179)		(283,997)		(540,175)		-	-
1589	RSVA Global Adjustment	(151,296)		(108,666)		650,919		542,253		1,766,349.60	-
1595	Recov of Reg Assets	(126,793)		(41,349)		140,462		99,114		99,114	-
	Total Reg Assets	(3,137)		(417,456)		2,429,842		2,012,386		2,012,386	
Regulatory Liabilities											
1576	Accounting Changes Under CGAAP	41,281		13,760		(27,521)		(13,760)		-	13,760
Total Reg Liabilities											
Totals										2,012,386	1,998,626

**InnPower Corporation
Financial Statements
June 30, 2017**

Unaudited

InnPower Corporation Summarized Operating Results

Sixth Month Ending June 30th, 2017

	Monthly			Actual vs %	
	Actual	Prior Year	Budget	Prior Year	Budget
Distribution Revenue	760,233	884,001	896,519	86%	85%
Other Revenue	82,176	90,811	116,817	90%	70%
Expenses	689,579	640,626	732,999	108%	94%
Earnings from operations	152,829	334,186	280,337	46%	55%
NI after tax and interest and DVA	53,735	38,765	473,744	139%	11%
Distribution plant capital	289,338	320,367	459,939	90%	63%
General plant capital	18,698	65,420	84,513	29%	22%
Total capital expenditures	308,037	385,788	544,452	80%	57%
Total DVA	201,145	(585,536)	(30,988)		

	Year to date			Actual vs %			Full Year
	Actual	Prior Year	Budget	Prior Year	Budget	Rate App	2017
Distribution Revenue	4,442,383	4,528,389	5,587,241	98%	80%	49%	11,183,112
Other Revenue	600,645	456,245	674,633	132%	89%	127%	1,428,276
Expenses	4,013,381	4,284,908	4,680,175	94%	86%	51%	9,267,824
Earnings from operations	1,029,647	699,726	1,581,699	147%	65%	61%	3,343,564
NI after tax and interest and DVA	423,489	121,082	473,744	350%	89%	85%	2,052,592
Distribution plant capital	1,240,312	1,196,176	1,268,633	104%	98%	58%	5,974,607
General plant capital	98,667	287,608	719,779	34%	14%	23%	1,468,635
Total capital expenditures	1,338,979	1,483,784	1,988,412	90%	67%	52%	7,443,242
Total DVA	2,352,302	929,152	-				501,513

InnPower Corporation Statement of Financial Position

UNAUDITED

Assets

	June 2017	June 2016	Variance	YTD Budget	Variance	December 2016
Current Assets						
Cash and cash equivalents	\$ 1,024,880	\$ -	1,024,880	- \$	1,024,880	\$ -
Receivables	3,343,171	5,052,452	(1,709,281)	3,550,000	(206,829)	6,684,630
Unbilled service revenue	3,199,101	2,988,499	210,602	3,605,000	(405,899)	4,246,435
Inventory	482,449	465,364	17,085	470,000	12,449	466,228
Prepays	291,950	292,350	(400)	310,000	(18,050)	378,064
Payments in lieu of taxes recoverable	531,289	820,451	(289,162)	-	531,289	1,003,637
Total Current Assets	8,872,840	9,619,116	(746,276)	7,935,000	937,840	12,778,994
Non-Current Assets						
Property, plant and equipment	64,866,574	60,021,601	4,844,973	66,653,127	(1,786,553)	64,418,312
Intangible assets	512,629	981,761	(469,132)	637,837	(125,208)	577,246
Investment	-	-	-	-	-	-
Deferred taxes	38,351	488,985	(450,634)	733,500	(695,149)	38,351
Total Non-Current Assets	65,417,554	61,492,347	3,925,207	68,024,464	(2,606,910)	65,033,909
Total Assets	74,290,394	71,111,463	3,178,931	75,959,464	(1,669,070)	77,812,903
Regulatory Deferral Account Debit Balances and Related Deferred Taxes	2,352,301	1,650,017	702,284	(5,100)	2,357,401	2,023,686
Total Assets and Regulatory Deferral Account Balances	\$ 76,642,695	\$ 72,761,480	\$ 3,881,215	\$ 75,954,364	\$ 688,331	\$ 79,836,589

InnPower Corporation

Statement of Financial Position

	June 2017	June 2016	Variance	YTD Budget	Variance	December 2016
Liabilities						
Current Liabilities						
Bank indebtedness	\$ -	\$ 2,589,453	(2,589,453)	0%	\$ -	\$ 1,819,280
Accounts payable and accrued liabilities	6,369,606	6,303,165	66,441	101%	8,127,700	9,306,657
Contributions in aid of construction	237,128	357,000	(119,872)	66%	-	412,777
Customer deposits	38,304	19,984	18,320	192%	-	1,671,261
Deferred taxes	-	-	-	-	38,304	-
Short term debt	-	-	-	-	-	-
Current portion of long term debt	541,022	495,961	45,061	109%	1,471,862	2,519,595
Total Current Liabilities	7,186,060	9,765,563	(2,579,503)	74%	9,599,562	15,729,570
Non-Current Liabilities						
Contributions in aid of construction	12,752,480	10,704,831	2,047,649	119%	14,921,463	12,255,572
Customer deposits	369,660	376,008	(6,348)	98%	110,000	394,528
Employee future benefits	149,746	172,487	(22,741)	87%	-	139,779
Long term debt	35,755,560	33,729,783	2,025,777	106%	31,495,357	31,210,188
Total Non-Current Liabilities	49,027,446	44,983,109	4,044,337	109%	46,526,820	44,000,067
Total Liabilities	56,213,506	54,748,672	1,464,834	103%	56,126,382	59,729,637
Shareholder's Equity						
Share capital	12,452,444	10,852,444	1,600,000	115%	10,852,444	12,452,444
Retained earnings	7,950,819	7,029,761	921,058	113%	8,542,538	7,527,330
Accumulated other comprehensive income	25,926	(7,000)	32,926	-370%	-	25,926
Total Shareholder's Equity	20,429,189	17,875,205	2,553,984	114%	19,394,982	20,005,700
Total Liabilities and Shareholder's Equity	76,642,695	72,623,877	4,018,818	106%	75,521,364	79,735,337
Regulatory Deferral Account Credit Balances and Related Deferred Tax	-	137,603	(137,603)	0%	433,000	101,252
Total Shareholder's Equity, Liabilities and Regulatory Deferral Account Credit Balance:	\$ 76,642,695	\$ 72,761,480	\$ 3,881,215		\$ 75,954,364	\$ 79,836,589

InnPower Corporation
Statement of Comprehensive Income

Sixth Month Ending June 30th, 2017

UNAUDITED

	2017	2016	Variance	YTD %	YTD Budget	Variance	YTD %	2017 Budget	% of Budget
Revenue									
Electricity sales	\$ 15,924,958	\$ 16,211,534	\$ (286,576)	98%	\$ 13,665,738	\$ 2,259,220	117%	\$ 29,181,471	55%
Distribution revenue	4,442,383	4,528,389	(86,006)	98%	5,587,241	(1,144,858)	80%	11,183,112	40%
Gain on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	-
Other	600,645	456,245	144,400	132%	674,633	(73,988)	82%	1,428,276	42%
Total revenue	20,967,986	21,196,168	(228,182)	99%	19,927,612	1,040,374	105%	41,792,859	50%
Expenses									
Purchased power	16,547,992	17,303,223	(755,231)	96%	14,170,273	2,377,719	117%	29,181,471	57%
Operating expenses	2,846,161	3,120,824	(274,663)	91%	3,193,932	(347,771)	89%	6,265,949	45%
Depreciation and amortization	1,141,903	1,156,170	(14,267)	99%	1,394,696	(252,793)	82%	2,818,780	41%
Loss on disposal of property, plant and equipment	25,317	7,914	17,403	320%	91,547	(66,230)	28%	183,095	14%
Total expenses	20,561,373	21,588,131	(1,026,758)	95%	18,850,448	1,710,925	102%	38,449,295	53%
Income from operating activities	406,613	(391,963)	798,576	-104%	1,077,164	(670,551)	38%	3,343,564	12%
Finance income	2,163	55	2,108	3933%	5,002	(2,839)	43%	10,000	22%
Finance cost	(626,979)	(603,825)	(23,154)	104%	(593,183)	(33,796)	106%	(1,215,450)	52%
Income before provision for (recovery of) payment in lieu of taxes	(218,203)	(995,733)	777,530	22%	488,983	(707,186)	-45%	2,138,115	-10%
Payments(recovery) in lieu of taxes									
Current	-	-	-	-	70,280	(70,280)	0%	-	-
Deferred	-	-	-	-	-	-	-	140,564	0%
Total payments (recovery) in lieu of taxes	-	-	-	-	70,280	(70,280)	0%	140,564	0%
Profit for the year before net movements in regulatory deferral account balances	(218,203)	(995,733)	777,530	22%	418,703	(636,906)	-52%	1,997,551	-11%
Net movement in regulatory deferral account balances related to profit or loss and the related deferred tax movement									
Profit for the year and net movements in regulatory deferral account balances	641,692	1,116,815	(475,123)	57%	55,041	586,651	1166%	55,041	1166%
Other comprehensive income : items that will not be reclassified to profit or loss, net of income tax	423,489	121,082	302,407	350%	473,744	(50,255)	89%	2,052,592	21%
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	-
Other comprehensive income for the year, net of tax	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year	\$ 423,489	\$ 121,082	\$ 302,407	350%	\$ 473,744	\$ (50,255)	89%	\$ 2,052,592	21%

InnPower Corporation
Statement of Change in Equity

Sixth Month Ending June 30th, 2017	Share capital	Retained earnings	Accumulated other comprehensive income	Total
December 31, 2016	12,452,444	7,527,330	25,926	20,261,007
Profit for the year and net movements in regulatory deferral account balances	-	423,489	-	423,489
Other comprehensive income, net of tax	-	-	-	-
Equity Injection	-	-	-	-
Dividends	\$ -	\$ -	\$ -	\$ -
June 30, 2017	\$ 12,452,444	\$ 7,950,819	\$ 25,926	\$ 20,684,496

InnPower Corporation

Statement of Cash Flows

Sixth Month Ending June 30th, 2017

UNAUDITED

	YTD 2017	YTD 2016	Variance	% Variance	YTD Budget	Variance	% Variance	Full Year Budget
Cash flows from operating activities								
Net income for the year	\$ 423,489	\$ 121,082	\$ 302,407	350%	\$ 473,744	\$ (50,255)	89%	\$ 2,052,592
Adjustments								
Depreciation and amortization of property, plant and equipment and intangible assets	1,038,412	1,212,103	(173,691)	86%	1,394,696	(356,284)	74%	2,818,780
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
and intangible assets								
Employee future benefits	9,967	8,989	978	111%	-	9,967	-	-
Provision for payments in lieu of taxes	-	(565,282)	565,282	0%	-	-	-	-
Finance costs	626,979	603,825	23,154	104%	593,183	33,796	106%	1,215,450
Change in non-cash working capital	0							
Receivables	3,341,459	447,661	2,893,798	746%	(350,000)	3,691,459	-955%	-
Unbilled service revenue	1,047,334	658,361	388,973	159%	-	1,047,334	-	-
Inventory	(16,221)	(13,618)	(2,603)	119%	-	(16,221)	-	-
Prepaid expense	86,114	107,796	(21,682)	80%	40,000	46,114	215%	-
Accounts payable and accrued liabilities	(2,937,051)	(838,882)	(2,098,169)	350%	1,577,700	(4,514,751)	-186%	3,155,374
Customer deposits	(1,657,825)	(1,058,407)	(599,418)	157%	-	(1,657,825)	-	-
Contributions in aid of construction	321,259	285,941	35,318	112%	350,748	(29,488)	92%	1,212,429
Regulatory deferral account balances	(429,867)	(882,996)	453,129	49%	506,613	(936,480)	-85%	506,613
Income taxes recovered	1,854,049	86,573	1,767,476	2142%	4,586,684	(2,732,635)	40%	4,874,416
	472,348	-	472,348	-	-	472,348	-	-
Net cash flows from operating activities	2,326,397	86,573	2,239,824	2687%	4,586,684	(2,260,287)	51%	10,961,237
Cash flows from investing activities								
Proceeds on disposal of property, plant and equipment	-	-	-	-	-	-	-	-
Proceeds on disposal of investment	-	21,721	-	-	-	-	-	-
Purchase of property, plant and equipment and intangible assets	(1,422,057)	(1,496,830)	74,773	95%	(2,167,131)	745,074	66%	(8,622,505)
	(1,422,057)	(1,475,109)	74,773	96%	(2,167,131)	745,074	66%	(8,622,505)
Net cash flows from investing activities								
Cash flows from financing activities								
Bank indebtedness	-	2,589,453	(2,589,453)	0%	-	-	-	-
Advances of short term debt	-	(1,601,998)	1,601,998	0%	-	-	-	-
Repayment of short term debt	-	-	-	-	-	-	-	-
Advances of long term debt	3,100,000	2,910,072	189,928	107%	-	3,100,000	-	-
Repayment of long term debt	(533,201)	(433,353)	(99,848)	123%	(1,826,369)	1,293,168	29%	(1,123,282)
Interest paid	(626,979)	(603,825)	(23,154)	104%	(593,183)	(33,796)	106%	(1,215,450)
Equity Injection	-	-	-	-	-	-	-	-
Dividends paid in cash	-	-	-	-	-	-	-	-
Net cash flows from financing activities	1,939,820	2,860,349	(920,529)	68%	(2,419,552)	4,359,372	-80%	(2,338,732)
Net increase (decrease) in cash during the year	2,844,160	1,471,813	1,372,347	193%	(0)	2,844,160	641114301%	-
Cash, beginning of period	(1,819,280)	(1,471,813)	(347,467)	124%	-	(1,819,280)	-	-
Cash, end of period	\$ 1,024,880	\$ -	\$ 1,024,880	-	\$ 0	\$ 1,024,880	231022603%	\$ -

InnPower Corporation

Regulatory Assets Detail

Sixth Month Ending June 30th, 2017

		YTD		MTD		May		June		Reg Asset	Reg Liability
		Change		Change		LTD	LTD	LTD	LTD		
Regulatory Assets											
1460.901	Deferred Tax Asset - Reg Liabilities	-		-		20,472	20,472	20,472	20,472	20,472	-
1508	Other Regulatory Assets	12		2		14,527	14,527	14,529	14,529	14,529	-
1518--+1548	RCVA Retail & STR	10,708		801		122,737	122,737	123,537	123,537	123,537	-
1531--+1532	Renewable Generation	-		-		-	-	-	-	-	-
1555--+1556	Smart Meters	(271)		(45)		(46,437)	(46,437)	(46,482)	-	-	46,482
1550	LV Variance Account	198,318		43,381		1,048,568	1,048,568	1,091,949	1,091,949	-	-
1551	Smart Meter Entity	(1,680)		(410)		(11,537)	(11,537)	(11,947)	-	-	11,947
1563	Deferred PLS Recovery	-		-		4,169	4,169	4,169	4,169	4,169	-
1568	LRAM	18		3		4,976	4,976	4,979	4,979	4,979	-
1592	PST Savings	-		-		1,613	1,613	1,613	-	-	-
1580	RSVA WMS	(227,969)		844		(1,083,812)	(1,083,812)	(1,082,968)	-	-	-
1584	RSVA NW	118,220		47,861		894,195	894,195	942,056	942,056	-	-
1586	RSVA CN	125,587		39,171		869,636	869,636	908,807	908,807	-	-
1588	RSVA Power	(2,381)		69,337		(761,469)	(761,469)	(692,132)	(692,132)	-	-
1589	RSVA Global Adjustment	415,340		42,947		1,065,942	1,065,942	1,108,889	2,278,214.30	0	35,169.71
1595	Recov of Reg Assets	(261,076)		(42,746)		7,577	7,577	(35,170)	0	0	-
	Total Reg Assets	374,826		201,145		2,151,157	2,151,157	2,352,302	2,352,302	2,352,302	-
Regulatory Liabilities											
1576	Accounting Changes Under CGAAP	55,041		0		0	0	0	-	-	0
Total Reg Liabilities											
										Totals	
										2,352,302	0
										2,352,302	0

UNDERTAKING J2.3

Undertaking:

TO ADVISE WHERE THE FIXED ASSET CONTINUITY SHOWS THE 10.9; to confirm whether there are costs beyond 10.9 million that are included in the 2017 test-year rate base related to the building.

Reference: Transcript dated October 4, 2017 from page 58 line 21 to page 63 line 9.

Response:

The \$10,896,704 approved in the ICM settlement EB-2014-0085 is allocated as follows in the Continuity Schedules:

- 1) 1905 LAND asset addition in 2013 Continuity Schedule of \$1,015,496
- 2) 1908 BUILDING asset addition in 2015 Continuity Schedule of \$10,000,549. The remainder of the additions in this category pertain to two other asset additions separate from the New Building asset; \$68,583 (pole bunks) and \$11,377 (storage yard fence), for a total of \$10,080,510 in the schedule.
- 3) 1915 FURNITURE asset addition in 2015 Continuity Schedule of \$125,165. The remainder of the additions in this category pertain to smaller additions during the year totalling \$29,066 and unrelated to New Building requirements, for a total of \$154,231 in the schedule.

The total of these three New Building asset amounts is \$11,141,210. This is \$244,506 in excess of the \$10,896,704 approved in the ICM as a result of cost overruns. InnPower's total actual cost is \$13,491,210, and for the purpose of this application, InnPower has removed the \$2,350,000 from the 1908 Building additions to reflect the removal of the leasing space from rate base.

UNDERTAKING J2.4

Undertaking:

TO CORRECT TWO ENTRIES IN THE APPENDIX.

Reference: Transcript dated October 4, 2017 from page 72 line 1 to page 73 line 7.

Response:

App. 2-BA Asset Continuity schedule cell J378 has been updated to reflect the increase in capital contributions depreciation due to the increase in capital contributions in the test year.

App. 2-H Other Oper Rev cell H18 has been updated to reflect the deferred revenue increase as a result of the increase in capital contributions in the test year.

App. 2-BA	Previous Sept 20, 2017	Revised Oct 6, 2017
Cont. Dep'n Additions	\$ 522,116	\$ 547,497
App. 2-H	Previous Sept 20, 2017	Revised Oct 6, 2017
Deferred Revenue	-\$ 522,116	-\$ 547,497

Appendix 2-BA
Fixed Asset Continuity Schedule ¹

Accounting Standard MIFRS
Year 2017

CCA Class ²	OEB Account ³	Description ³	Cost				Accumulated Depreciation				
			Opening Balance	Additions ⁴	Disposals ⁵	Closing Balance	Opening Balance	Additions	Disposals ⁶	Closing Balance	Net Book Value
12	1611	Computer Software (Formally known as Account 1925)	\$ 688,702	\$ 339,325	\$ -	\$ 1,028,027	\$ 465,360	\$ 286,493	\$ -	\$ 751,853	\$ 276,174
CEC	1612	Land Rights (Formally known as Account 1906)	\$ 394,446	\$ -	\$ -	\$ 394,446	\$ 40,542	\$ 12,099	\$ -	\$ 52,641	\$ 341,205
N/A	1805	Land	\$ 1,049,593	\$ -	\$ -	\$ 1,049,593	\$ -	\$ -	\$ -	\$ -	\$ 1,049,593
47	1808	Buildings									
13	1810	Leasehold Improvements									
47	1815	Transformer Station Equipment >50 kV									
47	1820	Distribution Station Equipment <50 kV	\$ 7,282,718	\$ 325,114	\$ -	\$ 7,607,832	\$ 552,117	\$ 255,544	\$ -	\$ 807,661	\$ 6,800,171
47	1825	Storage Battery Equipment									
47	1830	Poles, Towers & Fixtures	\$ 9,727,364	\$ 2,921,679	\$ 13,200	\$ 12,635,843	\$ 704,935	\$ 299,804	\$ 110	\$ 1,004,629	\$ 11,631,214
47	1835	Overhead Conductors & Devices	\$ 10,914,695	\$ 2,266,734	\$ 6,600	\$ 13,174,829	\$ 662,190	\$ 263,900	\$ 55	\$ 926,035	\$ 12,248,794
47	1840	Underground Conduit	\$ 2,978,799	\$ 221,375	\$ -	\$ 3,200,174	\$ 243,679	\$ 123,124	\$ -	\$ 366,802	\$ 2,833,372
47	1845	Underground Conductors & Devices	\$ 8,006,048	\$ 133,881	\$ 3,080	\$ 8,136,848	\$ 753,833	\$ 274,863	\$ 28	\$ 1,028,668	\$ 7,107,980
47	1850	Line Transformers	\$ 5,650,377	\$ 746,731	\$ 151,800	\$ 6,245,308	\$ 475,914	\$ 230,096	\$ 660	\$ 705,350	\$ 5,539,958
47	1855	Services (Overhead & Underground)	\$ 3,878,392	\$ 505,121	\$ -	\$ 4,383,513	\$ 275,507	\$ 125,788	\$ -	\$ 401,296	\$ 3,982,217
47	1860	Meters (Smart Meters)	\$ 2,295,454	\$ 250,632	\$ 9,350	\$ 2,536,736	\$ 542,522	\$ 202,134	\$ 83	\$ 744,673	\$ 1,792,163
47	1860	Meters									
N/A	1905	Land	\$ 1,015,496	\$ -	\$ -	\$ 1,015,496	\$ -	\$ -	\$ -	\$ -	\$ 1,015,496
47	1908	Buildings & Fixtures	\$ 10,088,239	\$ 15,000	\$ -	\$ 10,103,239	\$ 346,408	\$ 222,587	\$ -	\$ 568,995	\$ 9,534,244
13	1910	Leasehold Improvements									
8	1915	Office Furniture & Equipment (10 years)	\$ 230,265	\$ 15,000	\$ -	\$ 245,265	\$ 58,001	\$ 29,531	\$ -	\$ 87,532	\$ 157,733
8	1915	Office Furniture & Equipment (5 years)									
10	1920	Computer Equipment - Hardware	\$ 498,996	\$ 165,000	\$ -	\$ 663,996	\$ 235,520	\$ 140,109	\$ -	\$ 375,630	\$ 288,367
45	1920	Computer Equip.-Hardware(Post Mar. 22/04)									
45.1	1920	Computer Equip.-Hardware(Post Mar. 19/07)									
10	1930	Transportation Equipment	\$ 524,917	\$ 505,500	\$ -	\$ 1,030,417	\$ 349,371	\$ 173,935	\$ -	\$ 523,305	\$ 507,111
8	1935	Stores Equipment	\$ 135,335	\$ 5,250	\$ -	\$ 140,585	\$ 25,481	\$ 15,225	\$ -	\$ 40,706	\$ 99,878
8	1940	Tools, Shop & Garage Equipment	\$ 331,421	\$ 39,900	\$ -	\$ 371,321	\$ 123,972	\$ 49,159	\$ -	\$ 173,131	\$ 198,190
8	1945	Measurement & Testing Equipment	\$ 29,667	\$ 69,760	\$ -	\$ 99,427	\$ 12,291	\$ 9,149	\$ -	\$ 21,441	\$ 77,987
8	1950	Power Operated Equipment									
8	1955	Communications Equipment									
8	1955	Communication Equipment (Smart Meters)									
8	1960	Miscellaneous Equipment									
47	1970	Load Management Controls Customer Premises									
47	1975	Load Management Controls Utility Premises									
47	1980	System Supervisor Equipment	\$ 2,558,336	\$ 32,400	\$ -	\$ 2,590,736	\$ 420,336	\$ 159,163	\$ -	\$ 579,499	\$ 2,011,237
47	1985	Miscellaneous Fixed Assets									
47	1990	Other Tangible Property									
47	1995	Contributions & Grants	\$ 13,624,079	\$ 4,153,553	\$ -	\$ 17,777,632	\$ 955,730	\$ 547,497	\$ -	\$ 1,503,227	\$ 16,274,405
47	2440	Deferred Revenue ⁵									
		Sub-Total	\$ 54,655,180	\$ 4,404,649	\$ 184,030	\$ 58,875,799	\$ 5,332,249	\$ 2,325,807	\$ 936	\$ 7,657,119	\$ 51,218,680
		Less Socialized Renewable Energy Generation Investments (input as negative)									
		Less Other Non Rate-Regulated Utility Assets (input as negative)									
		Total PP&E	\$ 54,655,180	\$ 4,404,649	\$ 184,030	\$ 58,875,799	\$ 5,332,249	\$ 2,325,807	\$ 936	\$ 7,657,119	\$ 51,218,680
		Depreciation Expense adj. from gain or loss on the retirement of assets (pool of like assets), if applicable ⁶									
		Total					\$ 2,325,807				
10		Transportation								\$ 173,935	
8		Stores Equipment								\$ 547,497	
										\$ 2,699,369	

Less: Fully Allocated Depreciation
Transportation
Contributions
Net Depreciation

Appendix 2-H
Other Operating Revenue

USoA #	USoA Description	2013 Actual	2014 Actual	2015 Actual ¹	Actual Year ²	Bridge Year ²	Test Year
	Reporting Basis	CGAAP	CGAAP	CGAAP	MIFRS	MIFRS	MIFRS
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	\$ 378,051	\$ 547,497
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	\$ 1,088,441
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	\$ 1,002,269
	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	\$ 709,531
	Other Income or Deductions (4355, 4375, 4380, 4390, 4405)	\$ 92,248	\$ 138,766	\$ 583,728	\$ 583,728	\$ 182,721	\$ 11,486
	Total	\$ 435,598	\$ 532,765	\$ 998,029	\$ 1,312,186	\$ 991,280	\$ 1,002,269

UNDERTAKING J2.5

Undertaking:

TO IDENTIFY AND ISOLATE COSTS INVOLVED WITH THE LEASEHOLD IMPROVEMENTS EMBEDDED IN THE 2017.

Reference: Transcript dated October 4, 2017 from page 77 line 13 to page 78 line 12.

Response:

No leasehold improvement costs have been included in the 2017 test year amounts for capital or OM&A.

UNDERTAKING J2.6

Undertaking:

TO PROVIDE THE BALANCES IN THE GL ACCOUNTS ACCUMULATED TO DATE.

Reference: Transcript dated October 4, 2017 from page 79 line 17 to page 82 line 23.

Response:

The following are summaries of the rate riders that had sunset dates of December 31, 2016, but which were continued into 2017 per the Interim Rate Order. Balances are recoveries or refunds to August 31, 2017.

1) The capital gains rate rider was a refund to rate payers for the capital gain on the sale of the old buildings and land as indicated in the ICM EB-2014-0086. It had a sunset date of December 31, 2016. InnPower continued to refund customers based on the interim rate order. As a result, InnPower over refunded \$77,610.22 to rate payers.

Capital Gains - December 31, 2016	2015		2016		August 2017		Total disposition	Over disposed
	Proposed disposition	Actual disposition	Proposed disposition	Actual disposition	Proposed disposition	Actual disposition		
4080.100.008 Cap Gains Disp 2015 - Residential	199,441.46	95,311.54	-	104,703.94	-	69,735.08	269,750.56	70,309.10
4080.110.008 Cap Gains Disp 2015 - GS<50kW	20,287.65	9,293.65	-	10,025.85	-	6,473.15	25,792.65	5,505.00
4080.111.008 Cap Gains Disp 2015 - USL	580.19	254.32	-	278.87	-	185.97	719.16	138.97
4080.115.008 Cap Gains Disp 2015 - GS>50kW	18,369.26	8,071.21	-	9,379.70	-	6,578.05	24,028.96	5,659.70
4080.120.008 Cap Gains Disp 2015 - Street Lightin	11,840.36	3,675.86	-	2,192.65	-	1,521.17	7,389.68	(4,450.68)
4080.125.008 Cap Gains Disp 2015 - Sentinel Light	1,481.08	683.27	-	752.60	-	493.34	1,929.21	448.13
	252,000.00	117,289.85	-	127,333.61	-	84,986.76	329,610.22	77,610.22

2) As per the ICM decision, the ICM rate rider was to have ended December 31, 2016. InnPower would have completed its 2016 COS application and would have been implementing new rates as of January 1, 2017. The ICM rates were to be in place until InnPower filed its next COS application, which would have been rates effective January 1, 2017. At that time InnPower would have included the building into its rate base and therefore would be included in InnPower's distribution rates. As a result, InnPower over recovered \$647,339.65 from rate payers. To qualify the \$647,339.65, over or under recovery would depend on the actual implementation date of 2017 rates.

2015		2016		2017		August 2017		
ICM - December 31, 2016	Proposed recovery	Actual recovery	Proposed recovery	Actual recovery	Proposed recovery	Actual recovery	Total recovered	Over recovered
ICM Recovery	(839,131.80)	(792,648.92)	(839,131.80)	(913,284.71)	-	(619,669.62)	(2,325,603.25)	(647,339.65)

3) The 2016 DVA Rate Rider in account 1595 had a sunset date of December 31, 2016. InnPower continued to recover based on the interim rate order. As a result, InnPower over recovered \$209,922.33 from its rate payers.

1595-2016 - December 31, 2016		2016		May 2017		August 2017		August 2017	
		Proposed recovery	Actual recovery	Proposed recovery	Actual recovery	Proposed recovery	Actual recovery	Total recovered	Over recovered
1595.800.108	2016 IRM	685,588.00	(472,939.13)	-	(212,487.31)	-	(133,032.93)	(818,459.37)	(132,871.37)
1595.801.108	2016 IRM carrying charges	(82,519.00)	4769.19	-	577.74	-	121.11	5,468.04	(77,050.96)
								Total over recovered	(209,922.33)